

Revenio Group Corporation: Interim report January 1–March 31, 2021

The figures in parentheses refer to the corresponding period in the previous year unless otherwise stated.

Exceptionally high organic growth driven by the company's main products

January–March 2021

- Net sales totaled EUR 16.8 (11.9) million, showing an increase of 40.8%
- The currency-adjusted growth of net sales in January–March was 44.5%, or 3.7 percentages stronger than the reported growth
- The strong development of business was attributable to good sales performance in all of Revenio's key markets. The development of the sales of imaging devices was also positive in the first quarter and there is a willingness to also invest in capital equipment
- Operating profit was EUR 4.6 (2.4) million, representing 27.5% of net sales and growth of 90.4%. Operating profit adjusted with non-recurring acquisition costs of EUR 0.6 million was EUR 5.2 million, representing 31.3% of net sales, an increase of 116.6%
- EBITDA was EUR 5.3 (3.1) million, up 72.2%. EBITDA adjusted with non-recurring acquisition costs of EUR 0.6 million was EUR 5.9 million, representing 35.3% of net sales, an increase of 92.9%
- In March, Revenio announced the acquisition of Oculo. The execution of the transaction is expected to take place in the beginning of the second quarter of 2021. Oculo is an Australian eye care software platform that combines clinical communication, telehealth, remote patient monitoring, and data analytics capabilities
- Cash flow from operations totaled EUR 0.6 (-0.3) million
- At its Capital Markets Day held in March, Revenio presented its updated strategy that focuses on clinical eye care solutions
- Undiluted earnings per share came to EUR 0.141 (0.075)
- The Annual General Meeting was held on March 17, 2021

Key consolidated figures, EUR million

	1–3/2021	1–3/2020	Change, %	1–12/2020
Net sales	16.8	11.9	40.8	61.1
Gross margin	12.0	8.5	40.7	43.3
Gross margin, %	71.7	71.7	-0.1	71.0
EBITDA	5.3	3.1	72.2	21.7
EBITDA, %	31.5	25.8	5.7	35.5
Operating profit, EBIT	4.6	2.4	90.4	17.1
Operating profit %, EBIT	27.5	20.4	7.2	28.1
Return on investment, % (ROI)	5.2	2.6	2.6	18.1
Return on equity, % (ROE)	5.6	3.0	2.6	19.9

Earnings per share, undiluted	0.141	0.075	0.505
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	3/31/2021	3/31/2020	Change, %-points
Equity ratio, %	60.3	61.1	-0.8
Net gearing, %	6.5	6.1	0.4

Financial guidance for 2021

COVID-19 pandemic continues to cause uncertainty related to the markets. Revenio Group’s exchange rate-adjusted net sales are estimated to grow strongly from the previous year and profitability is to remain at a good level without non-recurring items.

President and CEO Jouni Toijala comments on the first quarter of 2021:

“Our performance in the first quarter was exceptionally strong in terms of net sales growth. The demand for intraocular pressure measurement devices and probes remained high in the first quarter. Sales of retinal imaging devices turned to growth and there are signs of a recovery to the pre-pandemic level. Our sales grew very strongly in all of our main markets.

Our strategy development effort culminated in our Capital Markets Day event held in March, where we presented our updated strategy that is focused on eye care solutions. Our objective is to improve the quality of clinical diagnostics with targeted product innovations and to transform clinical care pathways with software solutions focused on eye care. In line with our strategy, we will continue to build iCare brand awareness and enhance the client experience. At the same time, we will nurture our unique culture and values. Our goal is to continue strong profitable growth. As we are focusing on the eye care market, we are actively seeking commercial partners for our non-core businesses Cutica and Ventica.

The Oculo acquisition that we announced in March is an integral part of our strategy and it represents a significant step toward software connected eye care. The acquisition strengthens our expertise in clinical software solutions for eye care and supports our position as a key player in the field of comprehensive clinical eye diagnostics solutions. The significance of eye-related telehealth and technology-enhanced eye care models is growing rapidly, and we want to take an active role in this development. Software solutions significantly enhance the patient eye care pathway and the processes of eye care professionals. The cloud-based Oculo software platform is transforming eye care by enabling and enhancing clinical collaboration, bridging disconnected data silos for sharing data and images, and facilitating better and more cost-effective patient care in the eye care market. The execution of the transaction is expected to take place in the beginning of the second quarter of 2021.

Our EBITDA was EUR 5.3 million, despite of the non-recurring expenses of EUR 0.6 million related to the Oculo acquisition. Revenio’s relative investment level in R&D and sales and marketing will be on a

somewhat higher level during 2021 and 2022 than historically. Sales of the Oculo software solution will increase the recurring revenue portion of the Revenio sales going forward and also improve the gross margin.

DRSplus has received very positive feedback from the market and the demand for the product is high around the world.

iCare HOME2 was launched in March and the sales of the product will start during the second quarter. The new iCare PATIENT2 mobile app allows patients to monitor their intraocular pressure measurement results via iOS or Android mobile devices and conveniently send the results to professionals to be monitored via the iCare CLINIC cloud service. iCare HOME2 and PATIENT2 give patients the opportunity to actively participate in the treatment process by submitting valuable data to health care professionals. This substantially improves the patient's eye care pathway and the processes of eye care professionals.

Our strong performance in the first quarter again underscored the strong capabilities and efficiency of our organization, which is something that I am very happy about.”

Impact of the COVID-19 pandemic and actions taken

The risks and uncertainties related to the global COVID-19 pandemic were present in the global business environment in the first quarter of 2021 and the pandemic continues to create an atmosphere of uncertainty globally.

The entire Revenio Group has worked largely remotely, to the extent allowed by various job duties, since the early stages of the pandemic. Meetings have mostly been conducted remotely. The remote work recommendation has been continued for the time being, taking the guidelines issued by the local authorities into consideration. The sales and marketing organization has arranged a number of product webinars for customers and distributors, and we have received positive feedback on these. Revenio has continued its research and development projects without interruption in spite of the COVID-19 pandemic.

The pandemic impact on our supply chain has been limited. The COVID 19 situation demands more emphasis on hygiene to which our tonometers and disposable probes suite well resulting in additional sales. Imaging devices, on the other hand, are capital goods, and their market is expected to recover more slowly, as they require both face-to-face presentations and physical installation and deployment.

Revenio's balance sheet and operating profit remained strong throughout the review period. The COVID-19 pandemic has not had a significant impact on Revenio's financial position. No material changes have been observed in customers' liquidity.

FINANCIAL REVIEW

INTERIM REPORT JANUARY 1–MARCH 31, 2021, TABLES

Accounting policies applied in the preparation of the interim report

This interim report is not prepared in accordance with IAS 34. Revenio Group adheres to half-year reporting in accordance with the Securities Markets Act and, for the first three and nine months of the year, publishes interim reports to present key information on the Group's financial performance. The financial figures presented in this interim report are unaudited. The financial statement bulletin and the interim report for 1–6/2021 are drawn up in accordance with IAS 34 Interim Financial Reporting.

This report has been drawn up in accordance with the same principles as the financial statements for 2020, with the exception of the following amendments to the existing standards, which the Group has applied as of January 1, 2021:

Amendments made as part of Phase 2 of Interest Rate Benchmark Reform to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16.

In the management's estimate, the adoption of the above-mentioned standards does not have a significant impact on the Group's financial statements.

Consolidated comprehensive income statement (EUR million)

	1–3/2021	1–3/2020	1–12/2020
NET SALES	16.8	11.9	61.1
Other operating income	0.0	0.1	1.3
Materials and services	-4.8	-3.4	-17.7
Employee benefits	-3.1	-2.9	-12.7
Depreciation, amortization, and impairment	-0.7	-0.6	-4.6
Other operating expenses	-3.7	-2.7	-10.2
NET PROFIT/LOSS	4.6	2.4	17.1
Financial income and expenses (net)	0.1	0.0	-0.4
PROFIT BEFORE TAXES	4.7	2.4	16.7
Income taxes	-1.0	-0.4	-3.4
NET PROFIT	3.7	2.0	13.4
Other comprehensive income items	0.2	0.1	-0.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3.9	2.1	12.8
Earnings per share, undiluted, EUR	0.141	0.075	0.505
Earnings per share, diluted, EUR	0.141	0.075	0.504

Consolidated balance sheet (EUR million)

	3/31/2021	3/31/2020	12/31/2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	2.0	1.8	2.0
Goodwill	50.4	50.4	50.4
Intangible assets	16.6	19.2	16.9
Right-of-use assets	0.8	0.9	0.9
Other receivables	0.1	0.1	0.2
Deferred tax assets	0.0	0.0	0.0
TOTAL NON-CURRENT ASSETS	70.0	72.4	70.4
CURRENT ASSETS			
Inventories	5.5	3.8	4.9
Trade and other receivables	7.9	5.9	9.3
Deferred tax assets	1.4	1.0	1.0
Cash and cash equivalents	21.9	23.9	28.9
TOTAL CURRENT ASSETS	36.6	34.6	44.0
TOTAL ASSETS	106.6	107.0	114.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5.3	5.3	5.3
Fair value reserve	0.3	0.3	0.3
Reserve for invested unrestricted capital	52.5	51.7	52.5
Other reserves	0.3	0.3	0.3
Retained earnings/loss	8.2	10.0	14.0
Translation difference	-0.1	0.2	-0.3
Own shares held by the company	-2.2	-2.4	-2.3
TOTAL SHAREHOLDERS' EQUITY	64.3	65.4	69.7
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3.9	4.1	3.9
Financial liabilities	22.4	25.4	22.4
Lease liabilities	0.3	0.5	0.4
TOTAL LONG-TERM LIABILITIES	26.5	30.1	26.6
CURRENT LIABILITIES			
Trade and other payables	11.4	7.5	12.6
Provisions	0.3	0.4	0.3
Financial liabilities	3.6	3.2	4.6
Lease liabilities	0.5	0.4	0.6
TOTAL CURRENT LIABILITIES	15.8	11.5	18.1
TOTAL LIABILITIES	42.4	41.6	44.7

TOTAL SHAREHOLDERS' EQUITY
AND TOTAL LIABILITIES

106.6 107.0 114.4

Consolidated statement of changes in equity (EUR million)

	Share capital	Reserve for invested unrestricted equity	Other Reserves	Retained Earnings	Translation difference	Own shares	Total Equity
Balance 1 Jan 2021	5.3	52.5	0.6	14.0	-0.3	-2.3	69.7
Dividend distribution	0.0	0.0	0.0	-8.5	0.0	0.0	-8.5
Disposal and purchase of own shares	0.0	-0.2	0.0	0.0	0.0	0.2	0.0
Other direct entries to retained earnings	0.0	0.0	0.0	-1.1	0.0	0.0	-1.1
Used option rights	0.0	0.2	0.0	0.0	0.0	0.0	0.2
Total comprehensive income	0.0	0.0	0.0	3.7	0.2	0.0	3.9
Balance 31 March 2021	5.3	52.5	0.6	8.2	-0.1	-2.2	64.3

	Share capital	Reserve for invested unrestricted equity	Other Reserves	Retained Earnings	Translation difference	Own shares	Total Equity
Balance 1 Jan 2020	5.3	51.2	0.6	8.0	0.1	-0.7	64.4
Disposal and purchase of own shares	0.0	0.0	0.0	0.0	0.0	-1.6	-1.6
Other direct entries to retained earnings	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1
Used option rights	0.0	0.5	0.0	0.0	0.0	0.0	0.5
Total comprehensive income	0.0	0.0	0.0	2.1	0.1	0.0	2.2
Balance 31 March 2020	5.3	51.7	0.6	10.0	0.2	-2.4	65.4

Consolidated cash flow statement (EUR million)

	1-3/2021	1-3/2020	1-12/2020
CASH FLOW FROM OPERATIONS			
Profit for the period	3.7	2.0	13.4
Adjustments:			
Depreciation, amortization, and impairment	0.7	0.6	4.6
Other non-cash items	-0.7	0.1	0.5

Interest and other financial expenses	0.1	0.1	0.4
Interest income and other financial income	-0.1	0.0	0.0
Taxes	1.0	0.4	3.4
Change in working capital:			
Changes in sales and other receivables	1.4	0.5	-2.9
Changes in current assets	-0.7	-0.4	-1.4
Changes in trade and other payables	-1.9	-2.3	1.0
Change in working capital, total	-1.2	-2.1	-3.3
Interest paid	-0.1	-0.1	-0.3
Interest received	0.0	0.0	0.0
Taxes paid	-2.7	-1.3	-3.4
NET CASH FLOW FROM OPERATING ACTIVITIES	0.6	-0.3	15.2
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible assets	-0.2	-0.2	-0.8
Purchase of intangible assets	-0.1	-0.1	-0.7
Loans granted	0.0	0.0	-0.1
NET CASH FLOW FROM INVESTING ACTIVITIES	-0.3	-0.3	-1.6
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of loans	-1.1	-1.1	-2.2
Dividends paid	-6.6	0.0	-7.9
Share subscription through exercised options	0.2	0.5	1.3
Acquisition of own shares	0.0	-1.6	-1.6
Payments of lease agreement liabilities	-0.2	-0.2	-0.7
NET CASH FLOW FROM FINANCING ACTIVITIES	-7.6	-2.3	-11.1
Net change in cash and credit accounts	-7.2	-2.9	2.6
Cash and cash equivalents at beginning of period	28.9	26.7	26.7
Effect of exchange rates	0.2	0.1	-0.4
Cash and cash equivalents at end of period	21.9	23.9	28.9

Key consolidated figures, EUR million

	1-3/2021	1-3/2020	1-12/2020
Net sales	16.8	11.9	61.1
EBITDA	5.3	3.1	21.7
EBITDA-%	31.5	25.8	35.5
Operating profit	4.6	2.4	17.1
Operating profit-%	27.5	20.4	28.1
Profit before taxes	4.7	2.4	16.7
Profit before taxes, %	28.1	20.0	27.4
Net result for the period	3.7	2.0	13.4
Net result for the period, %	22.3	16.6	21.9
Gross capital expenditure	0.2	0.6	2.4
Gross capital expenditure-% from net sales	1.1	4.7	3.9

R&D costs	1.3	1.2	4.6
R&D costs-% from net sales	8.0	10.0	7.5
Net gearing-%	6.5	6.1	-2.4
Equity ratio-%	60.3	61.1	60.9
Return on investment-% (ROI)	5.2	2.6	18.1
Return on equity-% (ROE)	5.6	3.0	19.9
Undiluted earnings per share, EUR	0.141	0.075	0.505
Diluted Earnings per share, EUR	0.141	0.075	0.504
Equity per share, EUR	2.41	2.46	2.61
Average no. of employees	144	121	143
Cash flow from operating activities	0.6	-0.3	15.2
Cash flow from investing activities	-0.3	-0.3	-1.6
Net cash used in financing activities	-7.6	-2.3	-11.1
Total cash flow	-7.2	-2.9	2.6

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 US dollar. As an alternative growth indicator, we also present our net sales with the exchange rate effect eliminated.

Alternative growth indicator (EUR thousand)	1-3/2021	1-3/2020
Reported net sales	16,763	11,903
Effect of exchange rates on net sales	354	-165
Net sales adjusted by the effect of exchange rates	17,116	11,738
Growth in net sales, adjusted by the effect of exchange rates	44.5 %	
Reported net sales growth	40.8 %	
Difference, % points	3.7 %	

Alternative profitability indicator EBITDA (EUR thousand)

EBITDA = Operating profit + depreciation + impairment

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

Alternative profitability indicator (EBITDA) (EUR thousand)	1-3/2021	1-3/2020	1-12/2020
Operating profit, EBIT	4,613	2,423	17,130
Depreciation, amortization, and impairment	670	645	4,563
EBITDA	5,283	3,068	21,693

Operating profit adjusted by non-recurring costs (EUR thousand)	1-3/2021	1-3/2020	1-12/2020
Operating profit, EBIT	4,613	2,423	17,130
Impairment losses related to Cutica			1,937
Non-recurring costs of the acquisition	634	0	0
Adjusted operating profit, EBIT	5,247	2,423	19,067

EBITDA adjusted by non-recurring acquisition costs (EUR thousand)	1-3/2021	1-3/2020	1-12/2020
EBITDA	5,283	3,068	21,693
Non-recurring costs of the acquisition	634	0	0
Adjusted operating profit, EBITDA	5,917	3,068	21,693

Formulas

EBITDA	=		EBITDA = Operating profit + amortization + impairment
Gross margin	=		$\frac{\text{Sales revenue} - \text{variable costs}}{\text{Sales revenue}}$
Earnings per share	=		$\frac{\text{Net profit for the period (attributable to the parent company's shareholders)}}{\text{Average number of shares during the period} - \text{own shares purchased}}$
Profit before taxes	=		Operating profit + financial income – financial expenses
Equity ratio, %	=	100 x	$\frac{\text{Shareholders' equity on the balance sheet} + \text{non-controlling interest}}{\text{Balance sheet total} - \text{advance payments received}}$
Net gearing, %	=	100 x	$\frac{\text{Interest-bearing debt} - \text{cash and cash equivalents}}{\text{Total equity}}$
Return on equity (ROE), %	=	100 x	$\frac{\text{Profit for the period}}{\text{Shareholders' equity} + \text{non-controlling interest}}$
Return on investment (ROI), %	=	100 x	$\frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{\text{Balance sheet total} - \text{non-interest-bearing debt}}$
Equity per share	=		$\frac{\text{Equity attributable to shareholders}}{\text{Number of shares at the end of the period}}$

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 the general economic conditions.

Revenio Group Corporation
Board of Directors

For further information, please contact:

Jouni Toijala, President & CEO, tel. +358 50 484 0085
jouni.toijala@revenio.fi

Robin Pulkkinen, CFO, tel. +358 50 505 9932
robin.pulkkinen@revenio.fi
www.revenio.fi

DISTRIBUTION:

Nasdaq Helsinki Oy
Financial Supervisory Authority (FIN-FSA)
Principal media
www.revenio.fi

Revenio Group in brief

Revenio is a health tech group operating in the international market and a global leader in ophthalmological devices and software solutions. Revenio Group's ophthalmic diagnostic solutions include intraocular pressure (IOP) measurement devices (tonometers), retinal imaging devices, and perimeters under the iCare brand. The main tools for the detection and diagnosis of glaucoma and its monitoring during treatment are intraocular pressure measurement (tonometry), retinal imaging, and visual field tests (perimetry).

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

In 2020, the Group's net sales totaled EUR 61.1 million and its operating profit amounted to EUR 17.1 million. Revenio Group Corporation is listed on Nasdaq Helsinki with the trading code REG1V.