

Revenio Group Corporation: Interim report 1 January–30 September 2022

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

Q3/2022: A quarter of very strong growth followed by strong profitability and cash generation

July–September 2022

- Net sales totaled EUR 24.1 (19.4) million, showing an increase of 24.6%
- The currency-adjusted growth of net sales in July-September was 12.2%
- Operating profit was EUR 7.7 (5.9) million, or 31.7% of net sales, up by 28.9%
- EBITDA was EUR 8.5 (6.7) million, up 26.9%
- Cash flow from operations totaled EUR 7.1 (5.8) million
- Undiluted earnings per share came to EUR 0.226 (0.175)

January–September 2022

- Net sales totaled EUR 68.7 (55.0) million, showing an increase of 24.9%
- The currency-adjusted growth of net sales in January–September was 16.0%
- Sales grew very strongly in all our key markets
- Operating profit was EUR 20.3 (15.0) million, or 29.6% of net sales, up by 35.7%
- The EUR 0.7 million non-recurring costs of the Oculo acquisition had a negative impact on the operating profit for the comparison period. Compared to the adjusted operating profit for the comparison period, the operating profit increased by 29.8%.
- EBITDA was EUR 22.9 (17.2) million, up 33.4%
- Cash flow from operations totaled EUR 11.5 (10.5) million
- Undiluted earnings per share came to EUR 0.605 (0.446)
- On April 8, 2022, the Annual General Meeting decided to distribute a dividend of EUR 0.34 (0.32) per share

Key consolidated figures, EUR million

	7-9/2022	7-9/2021	Change-%	1-9/2022	1-9/2021	Change-%
Net sales	24.1	19.4	24.6	68.7	55.0	24.9
Gross margin	17.7	13.9	27.3	49.7	38.9	27.8
Gross margin - %	73.3	71.7	1.6	72.4	70.8	1.6
EBITDA	8.5	6.7	26.9	22.9	17.2	33.4
EBITDA-%	35.4	34.7	0.7	33.3	31.2	2.1
Operating profit, EBIT	7.7	5.9	28.9	20.3	15.0	35.7
Operating profit-%, EBIT	31.7	30.7	1.1	29.6	27.3	2.4
Return on investment-%, ROI	7.4	6.2	1.2	19.8	15.6	4.2

Return on equity-%, ROE	7.3	6.5	0.8	19.6	16.6	3.0
Undiluted earnings per share	0.226	0.175		0.605	0.446	
	30.9.2022	30.9.2021	Change, %-point			
Equity ratio-%	67.4	64.0	3.4			
Gearing-%	-1.1	11.2	-12.3			

Financial guidance for 2022

Revenio Group's exchange rate-adjusted net sales are estimated to grow strongly from the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.

President and CEO Jouni Toijala comments on the third quarter of 2022:

"As we had expected, sales performance in the third quarter was very strong in all of our key markets. Our net sales grew by 24.6%, supported by exchange rates, and our operating profit increased by 28.9%. Moreover, profitability and cash flow were strong. During the quarter, we closed a sizeable deal related to a multinational clinical research trial.

The demand for both our product groups continued at a high level. In particular Australia, Japan, Germany, India and Korea were very strong in terms of sales during the period. Sales to the United States also continued on a strong growth projection. The sales of DRSplus, the Eidon product family and the intraocular pressure measurement devices have developed extremely well. iCare HOME2 has received excellent customer feedback, praising the product for its unparalleled usability and durability. During April, we introduced the iCare ILLUME screening solution, which utilizes artificial intelligence in the screening of diabetic retinopathy. iCare ILLUME has been presented in numerous international events during the review period, attracting lots of interest. The solution will be launched in Australia at the end of October. In Europe we, together with our distributors in selected markets, are launching iCare ILLUME's sales activities and customer pilots.

Sustainability is a key part of our strategy, and the KPIs related to it form a part of the short-term incentive program of our entire Leadership Team. We support the UN Sustainable Development Goals 2030, and our sustainability program is built strongly on the value we create for our stakeholders, the society and the environment. During the review period, we implemented an independent sustainability assessment of our Finnish operations (Icare Finland) and achieved the Silver Level status putting us on the top quartile compared to the reference group. We intend to extend these audits to all our locations in the next few years. Furthermore, we started the assessment of the net impact of Revenio's sustainability measures and the Group's business on the society using a net impact assessment model developed by an independent auditor. Our net impact profile based on artificial intelligence and scientific research shows that Revenio is a company with a strong positive net impact. We will be also reporting these results and our sustainability program in more detail in our sustainability report for 2022, which will be published next spring.

The availability and price of electronic components in the global market continued to be challenging but this, however, has not had a significant impact on our ability to make deliveries. We have been able to cover the increased component prices in our customer pricing. We have attempted to prepare for the case that these global challenges will continue at least until the second quarter of 2023.

After the review period in October, we received a certificate for Icare Finland Oy's intraocular pressure measurement devices, including the software, in accordance with the new European medical device regulation MDR (Medical Device Regulation). I am really proud of our organization, which received certification well before the end of the 2024 transition period set by the EU Commission.

Visibility into the coming quarters remain challenging due to geopolitical tensions and the comprehensive changes in European security landscape. The possible slowdown of the economy and the increasing interest level makes the market more turbulent. We are monitoring the situation actively to ensure our sales and our ability to make deliveries even during these times.

I wish to thank our personnel for, once again, achieving outstanding performance through its competence and engagement to our shared objectives.”

The effects of the war in Ukraine on Revenio

The security situation in Europe has changed drastically since Russia invasion of Ukraine. Revenio stopped all its business in Russia and Belarus in the first quarter of the year. Revenio's sales in Russia have been limited prior to the war, accounting for less than two per cent of net sales.

Strategy

The cornerstones of Revenio's strategy are:

1. Focus fully on the eye care market
2. Improve the quality of clinical diagnostics with targeted product innovations
3. Transform clinical care pathways with eye care focused software solutions
4. Continue to develop stronger distribution and build on iCare brand awareness and client experience
5. Continue strong profitable growth

INTERIM REPORT JANUARY 1–SEPTEMBER 30, 2022, 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 1–6/2022 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 2021, with the exception of the following amendments to the existing standards, which the Group has applied as of January 1, 2022:

Amendments made to IFRS 3, IAS 16, and IAS 37 and yearly improvements 2018-2020.

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

Consolidated comprehensive income statement (EUR million)

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
NET SALES	24.1	19.4	68.7	55.0	78.8
Other operating income	0.1	0.0	0.1	0.1	0.9
Materials and services	-6.4	-5.5	-19.0	-16.1	-23.0
Employee benefits	-4.7	-4.1	-14.6	-11.6	-16.4
Depreciation, amortization, and impairment	-0.9	-0.8	-2.6	-2.2	-3.6
Other operating expenses	-4.6	-3.1	-12.3	-10.3	-14.5
NET PROFIT/LOSS	7.7	5.9	20.3	15.0	22.1
Financial income and expenses (net)	0.0	0.0	0.1	0.0	0.0
PROFIT BEFORE TAXES	7.6	5.9	20.5	14.9	22.1
Income taxes	-1.6	-1.2	-4.4	-3.1	-4.8
NET PROFIT	6.0	4.7	16.1	11.8	17.3
Other comprehensive income items	0.3	-0.2	1.1	0.0	0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6.3	4.5	17.2	11.9	17.5
Earnings per share, undiluted, EUR	0.226	0.175	0.605	0.446	0.652
Earnings per share, diluted, EUR	0.226	0.175	0.605	0.446	0.652

Consolidated balance sheet (EUR million)

	30.9.2022	30.9.2021	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	3.1	2.2	2.6
Goodwill	60.2	59.5	59.8
Intangible assets	17.4	18.6	18.2
Right-of-use assets	1.8	0.8	1.7
Other receivables	0.5	0.1	0.2
Deferred tax assets	0.1	0.1	0.0
TOTAL NON-CURRENT ASSETS	83.0	81.4	82.4
CURRENT ASSETS			

Inventories	6.8	5.8	6.4
Trade and other receivables	13.7	8.5	9.2
Deferred tax assets	1.7	1.3	1.3
Cash and cash equivalents	22.3	16.5	25.2
TOTAL CURRENT ASSETS	44.5	32.0	42.2
TOTAL ASSETS	127.5	113.4	124.6
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	52.4	52.6	52.6
Other reserves	0.3	0.3	0.3
Retained earnings/loss	28.5	16.6	22.1
Translation difference	1.0	-0.3	0.0
Own shares held by the company	-1.9	-2.1	-2.1
TOTAL SHAREHOLDERS' EQUITY	85.9	72.6	78.4
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3.4	3.7	3.6
Financial liabilities	16.1	20.2	0.8
Lease liabilities	1.0	0.5	0.9
TOTAL LONG-TERM LIABILITIES	20.5	24.4	5.3
CURRENT LIABILITIES			
Trade and other payables	15.6	11.4	16.9
Provisions	0.5	0.4	0.5
Financial liabilities	4.2	4.3	22.7
Lease liabilities	0.9	0.4	0.8
TOTAL CURRENT LIABILITIES	21.2	16.4	40.9
TOTAL LIABILITIES	41.6	40.8	46.2
TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	127.5	113.4	124.6

Consolidated statement of changes in equity (EUR million)

	Share capital	Reserve for unrestricted equity	Other Reserves	Retained Earnings	Translation difference	Own shares	Total Equity
Balance 1 Jan 2022	5.3	52.6	0.6	22.1	0.0	-2.1	78.4
Dividend distribution	0.0	0.0	0.0	-9.0	0.0	0.0	-9.0
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	-0.6	0.0	0.0	-0.6
Total comprehensive income	0.0	0.0	0.0	16.1	1.1	0.0	17.2
Balance 30 September 2022	5.3	52.4	0.6	28.5	1.0	-1.9	85.9

	Share capital	Reserve for 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	-0.8	0.0	0.0	-0.8
Used option rights	0.0	0.3	0.0	0.0	0.0	0.0	0.3
Total comprehensive income	0.0	0.0	0.0	11.9	0.0	0.0	11.9
Balance 30 September 2021	5.3	52.6	0.6	16.6	-0.3	-2.1	72.6

Consolidated cash flow statement (EUR million)

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
CASH FLOW FROM OPERATIONS					
Profit for the period	6.0	4.7	16.1	11.8	17.3
Adjustments:					
Depreciation, amortization, and impairment	0.9	0.8	2.6	2.2	3.6
Other non-cash items	0.7	0.1	0.9	0.3	0.6
Interest and other financial expenses	0.2	0.1	0.4	0.3	0.4
Interest income and other financial income	-0.1	-0.1	-0.6	-0.3	-0.4
Taxes	1.6	1.2	4.4	3.1	4.8
Other adjustments	0.0	0.0	-0.8	-1.0	-1.1
Change in working capital:					
Changes in sales and other receivables	-2.2	-0.1	-4.5	1.1	0.4
Changes in current assets	-0.6	0.0	-0.4	-0.9	-1.5
Changes in trade and other payables	1.7	-0.2	-1.6	-2.0	2.2
Change in working capital, total	-1.0	-0.3	-6.5	-1.9	1.1
Interest paid	-0.1	-0.1	-0.2	-0.2	-0.2

Interest received	0.0	0.0	0.0	0.0	0.0
Taxes paid	-1.0	-0.6	-4.7	-3.8	-4.5
NET CASH FLOW FROM OPERATING ACTIVITIES	7.1	5.8	11.5	10.5	21.5
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisitions of subsidiaries less cash and cash equivalents at acquisition time	0.0	0.0	0.0	-11.3	-11.3
Purchase of tangible assets	-0.2	-0.2	-1.1	-0.7	-1.2
Purchase of intangible assets	-0.2	-0.2	-0.9	-0.4	-1.0
Investments in other investments	0.0	0.0	-0.4	0.0	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	-0.4	-0.4	-2.3	-12.4	-13.5
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of loans	-1.1	-1.1	-3.2	-2.2	-3.2
Dividends paid	0.0	0.0	-9.0	-8.5	-8.5
Share subscription through exercised options	0.0	0.0	0.0	0.3	0.3
Payments of lease agreement liabilities	-0.2	-0.2	-0.6	-0.5	-0.7
NET CASH FLOW FROM FINANCING ACTIVITIES	-1.3	-1.3	-12.9	-10.9	-12.1
Net change in cash and credit accounts	5.4	4.1	-3.7	-12.8	-4.2
Cash and cash equivalents at beginning of period	17.0	12.1	25.2	28.9	28.9
Effect of exchange rates	-0.1	0.3	0.8	0.4	0.5
Cash and cash equivalents at end of period	22.3	16.5	22.3	16.5	25.2

Key figures (EUR million)

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Net sales	24.1	19.4	68.7	55.0	78.8
Ebitda	8.5	6.7	22.9	17.2	25.7
Ebitda-%	35.4	34.7	33.3	31.2	32.7
Operating profit	7.7	5.9	20.3	15.0	22.1
Operating profit-%	31.7	30.7	29.6	27.3	28.1
Pre-tax profit	7.6	5.9	20.5	14.9	22.1
Pre-tax profit-%	31.6	30.4	29.8	27.2	28.1
Net profit	6.0	4.7	16.1	11.8	17.3
Net profit-%	24.9	24.1	23.4	21.5	22.0
Gross capital expenditure	0.5	0.6	3.1	13.2	15.7
Gross capital expenditure-%	2.1	2.9	4.6	23.9	19.9
R&D costs	2.2	1.6	6.4	4.8	6.5
R&D costs-% from net sales	9.0	8.3	9.3	8.7	8.3
Gearing-%	-1.1	11.2	-1.1	11.2	-1.0
Equity ratio-%	67.4	64.0	67.4	64.0	63.0
Return on investment-% (ROI)	7.4	6.2	19.8	15.6	22.4
Return on equity-% (ROE)	7.3	6.5	19.6	16.6	23.4
Undiluted earnings per share, EUR	0.226	0.175	0.605	0.446	0.652

Diluted Earnings per share, EUR	0.226	0.175	0.605	0.446	0.652
Equity per share, EUR	3.22	2.72	3.22	2.72	2.94
Average no. of employees	198	168	191	158	167
Cash flow from operating activities	7.1	5.8	11.5	10.5	21.5
Cash flow from investing activities	-0.4	-0.4	-2.3	-12.4	-13.5
Net cash used in financing activities	-1.3	-1.3	-12.9	-10.9	-12.1
Total cash flow	5.4	4.1	-3.7	-12.8	-4.2

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 US dollar. As an alternative growth indicator, the company also presents net sales with the exchange rate effect eliminated.

Alternative growth indicator (EUR thousand)	1-9/2022
Reported net sales	68,718
Effect of exchange rates on net sales	5,400
Net sales adjusted by the effect of exchange rates	63,318
Growth in net sales, adjusted by the effect of exchange rates	16.0%
Reported net sales growth	24.9%
Difference, % points	-8.9%

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)	1-9/2022	1-9/2021	1-12/2021
Operating profit, EBIT	20,342	14,988	22,103
Depreciation, amortization, and impairment	2,559	2,179	3,620
EBITDA	22,901	17,168	25,722
Operating profit adjusted by non-recurring costs (EUR thousand)	1-9/2022	1-9/2021	1-12/2021
Operating profit, EBIT	20,342	14,988	22,103
Cutica-related impairment	0	0	628

Non-recurring costs of the acquisition	0	678	678
Adjusted operating profit, EBIT	20,342	15,667	23,409
EBITDA adjusted by non-recurring acquisition costs	1-9/2022	1-9/2021	1-12/2021
EBITDA	22,901	17,168	25,722
Non-recurring costs of the acquisition	0	678	678
Adjusted, EBITDA	22,901	17,846	26,401

Formulas

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

Audiocast and conference call

President & CEO Jouni Toijala and CFO Robin Pulkkinen will present the Q3/2022 results in an audiocast and a conference call for analysts and investors at 3.00 p.m. (EEST) on the same day.

The audiocast can be followed at <https://revenio.videosync.fi/q3-2022-results>

Conference call dial-in numbers:

Finland Local Helsinki: +358 9 2319 5436

Standard International Access UK-Wide: +44 (0) 33 0551 0211

Sweden Local Stockholm: +46 (0) 8 5051 0086

UK Local UK-Wide: +44 (0) 33 0551 0202

USA Local Atlanta: +1 678 805 0961

USA Local New York: +1 646 843 4609

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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.

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Revenio Group in brief

Revenio is a leading company in the global market for ophthalmological devices and software solutions. Revenio's ophthalmic diagnostic solutions include intraocular pressure (IOP) measurement devices (tonometers), fundus imaging devices, and perimeters as well as clinical software under the iCare brand. iCare is a trusted partner in ophthalmic diagnostics, offering physicians fast, easy-to-use, and reliable tools for the diagnosis of glaucoma, diabetic retinopathy, and macular degeneration (AMD). iCare Solutions provide digital clinical tools that drive greater efficiency and enhance quality in eye care.

In 2021, the Group's net sales totaled EUR 78.8 million, with an operating profit of EUR 22.1 million. Revenio Group Corporation is listed on Nasdaq Helsinki with the trading code REG1V.