

Revenio Group Corporation: Interim report 1 January–30 September 2023

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

Q3/2023: Net sales fell short of expectations in a challenging economic environment but profit margin remained at a good level

July–September 2023

- Net sales totaled EUR 22.0 (24.1) million, showing a decline of 8.9%
- The currency-adjusted decline of net sales in July-September was 6.6%
- Operating profit was EUR 6.0 (7.7) million, or 27.4% of net sales, down by 21.4%
- EBITDA was EUR 7.1 (8.5) million, down by 17.3%
- The EUR 0.2 million non-recurring costs of one-time projects had a negative impact on the operating profit and EBITDA for the review period. The adjusted operating profit was EUR 6.2 (7.7) million, or 28.1% of net sales, down by 19.3%. The adjusted EBITDA declined by 15.5% compared to the EBITDA in the review period.
- Cash flow from operations totaled EUR 5.6 (7.1) million
- Earnings per share came to EUR 0.168 (0.226)
- Revenio updated its financial guidance on August 1, 2023

January–September 2023

- Net sales totaled EUR 67.4 (68.7) million, showing a decline of 1.9%
- The currency-adjusted growth of net sales in January–September was 1.3%
- Operating profit was EUR 16.9 (20.3) million, or 25.0% of net sales, down by 17.1%
- EBITDA was EUR 19.8 (22.9) million, down by 13.7%
- The EUR 1.0 million non-recurring costs of one-time projects had a negative impact on the operating profit and EBITDA for the review period. The adjusted operating profit was EUR 17.8 (20.3) million, or 26.4% of net sales, down by 12.3%. The adjusted EBITDA declined by 9.4% compared to the adjusted EBITDA in the review period.
- Cash flow from operations totaled EUR 5.6 (11.5) million. The cash flow from operations during the second quarter was significantly affected by the Italian subsidiary's income tax payments.
- Earnings per share came to EUR 0.449 (0.605)
- On March 23, 2023, the Annual General Meeting decided to distribute a dividend of EUR 0.36 (0.34) per share

Group key figures

MEUR	7-9/2023	7-9/2022	Change-%	1-9/2023	1-9/2022	Change-%
Net sales	22.0	24.1	-8.9	67.4	68.7	-1.9
Gross margin	15.6	17.7	-12.0	47.7	49.7	-4.0
Gross margin - %	70.8	73.3	-2.5	70.8	72.4	-1.6

EBITDA	7.1	8.5	-17.3	19.8	22.9	-13.7
EBITDA-%	32.1	35.4	-3.3	29.3	33.3	-4.0
Adjusted EBITDA	7.2	8.5	-15.5	20.7	22.9	-9.4
Adjusted EBITDA-%	32.8	35.4	-2.5	30.8	33.3	-2.6
Operating profit, EBIT	6.0	7.7	-21.4	16.9	20.3	-17.1
Operating profit-%, EBIT	27.4	31.7	-4.3	25.0	29.6	-4.6
Adjusted Operating profit, EBIT	6.2	7.7	-19.3	17.8	20.3	-12.3
Adjusted Operating profit-%, EBIT	28.1	31.7	-3.6	26.4	29.6	-3.2
Return on investment-%, ROI	5.5	7.4	-1.9	15.6	19.8	-4.2
Return on equity-%, ROE	4.9	7.3	-2.4	13.0	19.6	-6.6
Earnings per share	0.168	0.226		0.449	0.605	
	30.9.2023	30.9.2022	Change, %-point			
Equity ratio-%	72.2	67.4	4.8			
Gearing-%	-1.2	-1.1	-0.1			

Financial guidance for 2023, updated on August 1, 2023

Revenio Group's exchange rate-adjusted net sales growth is estimated to be between 1 - 5 percent compared to 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 2023:

"The economic environment remained challenging in the third quarter and in addition, the large microperimetry deal in 2022 made the comparables challenging. It should be noted that our product portfolio is currently lacking a microperimeter, as the previous version of that product reached the end of its life cycle at the end of 2022. Our net sales declined by 8.9% in the review period. We achieved strong growth in the net sales of retinal imaging devices in the third quarter. The exchange rate-adjusted sales of intraocular pressure measurement devices were flat for the same period, marking a return to the trend line seen before the COVID-19 pandemic. Exchange rate-adjusted net sales for the third quarter declined by 6.6% and net sales for January–September increased by 1.3%.

We have made good progress with the sales of the iCare ILLUME screening solution in Central and Eastern Europe, and new trials are underway. The feedback we have received from specialist physicians has been very positive. We are in the process of starting to sell the iCare ILLUME screening solution in other European countries as well.

We have a highly efficient order-delivery process: we do not accumulate longer order backlogs that are typical of our industry. Even though the third quarter was weaker than what we are used to seeing from us, it is important to understand that our profitability is very strong for our industry.

We expect the economic environment to remain challenging through the remainder of the year, and this has been taken into consideration in the guidance we issued on August 1, 2023. Our medium-term growth targets and outlook remain unchanged. We expect the market situation to normalize starting from the second half of next year, although recent geopolitical developments give cause for concern. When investments in eye care recover, we will be in an excellent position to accelerate our growth. The drivers of our growth – the increase in eye diseases caused by ageing population and the rising standard of living, and cost pressures in health care – create demand pressure, and we have a competitive product portfolio that enables us to respond to that demand. We have the capacity to complement organic growth with acquisitions due to our strong balance sheet. We actively survey the markets to identify potential acquisition targets to accelerate our growth and expand our product portfolio in the eye diagnostics market.”

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, 2023, 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 1–6/2023 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 2022, with the exception of the following amendments to the existing standards, which the Group has applied as of January 1, 2023:

Amendments made to IFRS 17, IAS 1, IAS 8 and IAS 12.

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

MEUR	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
NET SALES	22.0	24.1	67.4	68.7	97.0
Other operating income	0.0	0.1	0.0	0.1	0.3
Materials and services	-6.4	-6.4	-19.7	-19.0	-27.2
Employee benefits	-4.5	-4.7	-14.3	-14.6	-19.4
Depreciation, amortization, and impairment	-1.0	-0.9	-2.9	-2.6	-3.4
Other operating expenses	-4.0	-4.6	-13.6	-12.3	-17.6
NET PROFIT/LOSS	6.0	7.7	16.9	20.3	29.7
Financial income and expenses (net)	-0.1	0.0	-0.7	0.1	-0.6
PROFIT BEFORE TAXES	5.9	7.6	16.2	20.5	29.1
Income taxes	-1.5	-1.6	-4.2	-4.4	-7.3
NET PROFIT	4.5	6.0	11.9	16.1	21.8
Other comprehensive income items	0.4	0.3	-0.4	1.1	0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4.9	6.3	11.6	17.2	22.1
Earnings per share, EUR	0.168	0.226	0.449	0.605	0.818

Consolidated balance sheet

MEUR	30.9.2023	30.9.2022	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Goodwill	59.4	60.2	59.8
Intangible assets	16.9	17.4	17.1
Tangible assets	3.3	3.1	2.8
Right-of-use assets	3.1	1.8	1.7
Other non-current financial assets	2.3	0.0	0.4
Other receivables	0.1	0.5	0.2
Deferred tax assets	2.8	0.1	1.6
TOTAL NON-CURRENT ASSETS	87.8	83.0	83.6
CURRENT ASSETS			
Inventories	10.0	6.8	6.7
Trade and other receivables	10.8	13.7	13.7
Cash and cash equivalents	19.3	22.3	32.1
TOTAL CURRENT ASSETS	40.1	44.5	52.5
TOTAL ASSETS	128.0	127.5	136.1
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	52.2	52.4	52.4
Other reserves	0.3	0.3	0.3
Retained earnings/loss	36.2	28.5	34.3

Translation difference	-0.1	1.0	0.2
Own shares held by the company	-1.7	-1.9	-1.9
TOTAL SHAREHOLDERS' EQUITY	92.5	85.9	90.9
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3.5	3.4	3.7
Financial liabilities	11.8	16.1	15.0
Lease liabilities	1.7	1.0	0.9
TOTAL LONG-TERM LIABILITIES	17.1	20.5	19.5
CURRENT LIABILITIES			
Trade and other payables	12.5	15.6	20.1
Provisions	0.5	0.5	0.5
Financial liabilities	4.2	4.2	4.2
Lease liabilities	1.2	0.9	0.9
TOTAL CURRENT LIABILITIES	18.5	21.2	25.7
TOTAL LIABILITIES	35.5	41.6	45.2
TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	128.0	127.5	136.1

Consolidated statement of changes in equity

	Share capital	Reserve for unrestricted equity	Reserve for invested equity	Other reserves	Retained earnings	Translation difference	Own shares	Total equity
MEUR								
Balance 1 Jan 2023	5.3	52.4	0.6	34.3	0.2	-1.9	90.9	
Dividend distribution	0.0	0.0	0.0	-9.6	0.0	0.0	-9.6	
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	-0.5	0.0	0.0	-0.4	
Total comprehensive income	0.0	0.0	0.0	11.9	-0.4	0.0	11.6	
Balance 30 September 2023	5.3	52.2	0.6	36.2	-0.1	-1.7	92.5	

	Share capital	Reserve for unrestricted equity	Reserve for invested equity	Other reserves	Retained earnings	Translation difference	Own shares	Total equity
MEUR								
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	

Consolidated cash flow statement

MEUR	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
CASH FLOW FROM OPERATIONS					
Profit for the period	4.5	6.0	11.9	16.1	21.8
Adjustments:					
Depreciation, amortization, and impairment	1.0	0.9	2.9	2.6	3.4
Other non-cash items	0.4	0.7	0.7	0.9	0.5
Interest and other financial expenses	-0.1	0.2	1.0	0.4	1.3
Interest income and other financial income	-0.1	-0.1	-0.5	-0.6	-0.6
Taxes	1.5	1.6	4.2	4.4	7.3
Other adjustments	-0.1	0.0	-0.6	-0.8	-1.0
Change in working capital:					
Changes in sales and other receivables	0.6	-2.2	2.8	-4.5	-4.6
Changes in current assets	-1.1	-0.6	-3.3	-0.4	-0.3
Changes in trade and other payables	-0.1	1.7	-6.2	-1.6	1.7
Change in working capital, total	-0.5	-1.0	-6.7	-6.5	-3.2
Interest paid	-0.2	-0.1	-0.5	-0.2	-0.3
Interest received	0.1	0.0	0.1	0.0	0.1
Taxes paid	-0.9	-1.0	-6.9	-4.7	-6.0
NET CASH FLOW FROM OPERATING ACTIVITIES	5.6	7.1	5.6	11.5	23.2
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of tangible assets	-0.8	-0.2	-1.5	-1.1	-1.1
Purchase of intangible assets	-0.4	-0.2	-1.2	-0.9	-0.9
Investments in other investments	-1.9	0.0	-1.9	-0.4	-0.2
NET CASH FLOW FROM INVESTING ACTIVITIES	-3.1	-0.4	-4.7	-2.3	-2.2
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of loans	-1.1	-1.1	-3.2	-3.2	-4.3
Dividends paid	0.0	0.0	-9.6	-9.0	-9.0
Payments of lease agreement liabilities	-0.4	-0.2	-0.9	-0.6	-0.8
NET CASH FLOW FROM FINANCING ACTIVITIES	-1.4	-1.3	-13.6	-12.9	-14.1
Net change in cash and credit accounts	1.0	5.4	-12.7	-3.7	6.9
Cash and cash equivalents at beginning of period	17.9	17.0	32.1	25.2	25.2
Effect of exchange rates	0.4	-0.1	-0.1	0.8	-0.1
Cash and cash equivalents at end of period	19.3	22.3	19.3	22.3	32.1

Key figures

MEUR	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Net sales	22.0	24.1	67.4	68.7	97.0
Ebitda	7.1	8.5	19.8	22.9	33.1
Ebitda-%	32.1	35.4	29.3	33.3	34.1
Operating profit	6.0	7.7	16.9	20.3	29.7
Operating profit-%	27.4	31.7	25.0	29.6	30.6
Pre-tax profit	5.9	7.6	16.2	20.5	29.1
Pre-tax profit-%	27.1	31.6	23.9	29.8	30.0

Net profit	4.5	6.0	11.9	16.1	21.8
Net profit-%	20.3	24.9	17.7	23.4	22.4
Gross capital expenditure	3.2	0.5	4.6	3.1	4.5
Gross capital expenditure-%	14.4	2.1	6.8	4.6	4.7
R&D costs	2.2	2.2	6.8	6.4	8.6
R&D costs-% from net sales	10.2	9.0	10.1	9.3	8.9
Gearing-%	-1.2	-1.1	-1.2	-1.1	-13.1
Equity ratio-%	72.2	67.4	72.2	67.4	66.8
Return on investment-% (ROI)	5.5	7.4	15.6	19.8	28.2
Return on equity-% (ROE)	4.9	7.3	13.0	19.6	25.7
Earnings per share, EUR	0.168	0.226	0.449	0.605	0.818
Equity per share, EUR	3.47	3.22	3.47	3.22	3.41
Average no. of employees	214	198	214	191	194
Cash flow from operating activities	5.6	7.1	5.6	11.5	23.2
Cash flow from investing activities	-3.1	-0.4	-4.7	-2.3	-2.2
Net cash used in financing activities	-1.4	-1.3	-13.6	-12.9	-14.1
Total cash flow	1.0	5.4	-12.7	-3.7	6.9

Contingent liabilities

Revenio Group has made a minority investment during the review period and has a commitment to acquire the remaining shares if certain criteria are met. The shares will be acquired at the latest in the third quarter of 2024 and the maximum contingent liability is 8.1 million euros.

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)	1-9/2023
Reported net sales	67,439
Effect of exchange rates on net sales	224
Net sales adjusted by the effect of exchange rates	67,215
Growth in net sales, adjusted by the effect of exchange rates	1.3%
Reported net sales growth	-1.9%
Difference, % points	3.2%

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)	1-9/2023	1-9/2022
Operating profit, EBIT	16,854	20,342
Depreciation, amortization, and impairment	2,903	2,559
EBITDA	19,758	22,901
Operating profit adjusted by non-recurring costs (EUR thousand)	1-9/2023	1-9/2022
Operating profit, EBIT	16,854	20,342
Costs from one-time projects	983	0
Adjusted operating profit, EBIT	17,837	20,342
EBITDA adjusted by non-recurring acquisition costs	1-9/2023	1-9/2022
EBITDA	19,758	22,901
Costs from one-time projects	983	0
Adjusted, EBITDA	20,741	22,901

Formulas

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

Audiocast and conference call

Revenio will hold an audiocast and teleconference, primarily for investors, analysts, and the media, on Thursday, October 26, 2023, at 3:00 p.m. Finnish time. In the event, Revenio's President and CEO Jouni Toijala and CFO Robin Pulkkinen will present the Company's results for Q3/2023. The invitation to the event was published as a press release on October 12, 2023.

Audiocast: <https://revenio.videosync.fi/q3-2023-result>

To ask questions, please join the teleconference by registering using the following link:

<http://palvelu.flik.fi/teleconference/?id=10010583>

After the registration, you will be provided with a phone number, user ID and a conference ID to access the conference. To ask a question, please press *5 on your telephone keypad to enter the queue.

A recording of the audiocast will be published on www.reveniogroup.fi/en/ after the event.

Capital Markets Day 2023

Revenio will organize a Capital Markets Day on Thursday, November 30, 2023 at 2.00 pm. The event will take place in Sanomatalo (Töölönlahdenkatu 2) in Helsinki.

On Capital Markets Day, the company's key personnel create an in-depth overview of Revenio's strategy, finances, markets, products and operations. The day will include presentations by CEO Jouni Toijala, CFO Robin Pulkkinen and other members of the leadership team.

Anyone can follow the event via a live webcast at <https://revenio.videosync.fi/cmd2023/>. The presentation materials and the recording of the event will be available at www.reveniogroup.com/en/investors/cmd_2023 after the event. The Capital Markets Day and all materials are in English.

It is possible to ask questions to Revenio's management throughout the event via the webcast.

The detailed program will be published on www.reveniogroup.com/en/investors/cmd_2023 closer to the event.

In order to attend the event at Sanomatalo, please register via email to elina.kari@revenio.fi by Monday, November 20 at the latest. You do not need to register for the webcast in advance.

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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www.reveniogroup.fi/en/

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 2022, the Group's net sales totaled EUR 97.0 million, with an operating profit of EUR 29.7 million. Revenio Group Corporation is listed on Nasdaq Helsinki with the trading code REG1V.