

Revenio Group Corporation: Interim report January 1–March 31, 2024

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

Q1/2024: Soft start for the year as expected, however, net cash flow from operations was strong

January – March 2024

- Net sales totaled EUR 23.6 (23.2) million, showing an increase of 1.8%
- The currency-adjusted net sales in January–March decreased 0.5%
- Operating profit was EUR 5.1 (6.2) million, representing 21.8% of net sales, down by 16.6%. The operating profit was impacted by our decision to apply for FDA approval for iCare ILLUME screening solution. The costs in the review period were approximately EUR 0.6 million.
- EBITDA was EUR 6.2 (7.1) million, down by 12.0%
- Net cash flow from operations totaled EUR 4.6 (0.3) million. The net cash flow from operations was strong due to smaller payments from the incentive programs. In addition to these, paid taxes and trade receivables decreased.
- Earnings per share came to EUR 0.137 (0.159)
- The Annual General Meeting was held after the review period on April 4, 2024. Dividend was set at EUR 0.38 (0.36) and paid on April 15, 2024 after the review period.

Group key figures

MEUR	1-3/2024	1-3/2023	Change-%
Net sales	23.6	23.2	1.8
Gross margin	16.6	16.4	1.6
Gross margin - %	70.3	70.5	-0.2
EBITDA	6.2	7.1	-12.0
EBITDA-%	26.3	30.5	-4.1
Operating profit, EBIT	5.1	6.2	-16.6
Operating profit-%, EBIT	21.8	26.6	-4.8
Return on investment-%, ROI	4.4	6.0	-1.4
Return on equity-%, ROE	3.6	4.8	-1.2
Earnings per share	0.137	0.159	
	31.3.2024	31.3.2023	Change, %-point
Equity ratio-%	74.5	64.0	10.5
Gearing-%	-7.0	-13.1	6.1

Financial guidance for 2024

Revenio Group's exchange rate-adjusted net sales are estimated to grow 5-10 percent 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 first quarter of 2024

The year started softly as we expected. Despite the challenging comparables, our net sales grew by 1.8% from last year to EUR 23.6 (23.2) million. Exchange rates improved the net sales in the review period. Exchange rate-adjusted net sales decreased by 0.5 percent from the comparison period. The sales increased particularly in the United States and EMEA (Europe, Middle-East, Africa). Sales of the iCare IC200 tonometer developed positively in the first quarter. Also, the sales of iCare DRSpplus fundus imaging devices were very strong. We are also starting to see some early indications of positive activity from the private equity-owned optometry sector in the US.

Our operating profit was EUR 5.1 (6.2) million or 21.8 (26.6) percent of net sales. The operating profit was impacted by our decision to apply for the U.S. Food and Drug Administration (FDA) approval for iCare ILLUME screening solution. iCare ILLUME screening solution, which includes iCare DRSpplus fundus imaging device, iCare ILLUME cloud platform, and AI, is an integral part of our growth strategy. The FDA approval-related costs in the review period were approximately EUR 0.6 million. These costs decreased the operating profit by almost 3 percentage points. When assessing our profitability, it should be noted that our profitability is very strong in our industry.

The development of the net cash flow from operations was very strong in the first quarter of the year, due to notably smaller payments from the incentive programs. In addition, paid taxes and trade receivables decreased.

The process concerning the reimbursement policy for the iCare HOME2 tonometer is proceeding as planned in the United States. According to our estimates, we expect to receive the US CMS (Centers for Medicare & Medicaid Services) decision on the HCPCS reimbursement code for the iCare HOME2 intraocular pressure measurement device during the last quarter of 2024. This code is required by insurers for the reimbursement of the intraocular pressure measurement device to patients. Our objective is to expand the reimbursement policy to cover the device, either in full or in part, as part of the patient's care pathway. Furthermore, the product development of the successor of the iCare MAIA microperimeter is progressing as planned.

During the strategy period 2024–2026, from 2025 and onwards, we seek to grow three times faster than the market growth. The drivers of our growth are the prevalence of eye diseases caused by population aging and the increased standard of living, as well as the increase in lifestyle diseases, cost pressures in health care, and shortage of eye care personnel, as well as the development of ophthalmological treatment. We provide innovative and user-friendly products and software solutions for these challenges that improve the quality of clinical diagnostics and streamline patient care pathways. We also 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 in the eye diagnostics market.

In Q1, we have continued to advance in our sustainability themes. We will report on our sustainability in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) as part of the Board of Directors' report for 2025. For this, we are conducting a double materiality assessment.

Although the decrease of interest rates by central banks has been delayed and geopolitical uncertainty has increased, we still remain confident in the improvement of the market situation starting from the second half of 2024. Despite the short-term challenges caused by macroeconomics and the geopolitical situation, we are confident that we are on track with Revenio's strategy period's financial targets.

Revenio Group's strategy

The cornerstones of the strategy for 2024–2026 are:

1. Improve the quality of clinical diagnostics with targeted product innovations
2. Optimize clinical care pathways with connected and predictive solutions
3. Enhance customer focus in operations & sales
4. Continue to develop People & Culture as a foundational strength
5. Continue sustainable and profitable growth

FINANCIAL REVIEW

INTERIM REPORT JANUARY 1–MARCH 31, 2024, 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 half-year report are drawn up in accordance with IAS 34 Interim Financial Reporting.

This report has been drawn up in accordance with the same reporting principles as the 2023 financial statements, except for the following amendments to the existing standards, which the Group has applied as of January 1, 2024:

Amendments made to IAS 1, IAS 7, IFRS 7 and IFRS 16.

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	1-3/2024	1-3/2023	1-12/2023
NET SALES	23.6	23.2	96.6
Other operating income	0.0	0.0	0.2
Materials and services	-7.0	-6.8	-28.3
Employee benefits	-5.7	-5.0	-19.1
Depreciation, amortization, and impairment	-1.1	-0.9	-3.9
Other operating expenses	-4.7	-4.3	-19.0
NET PROFIT/LOSS	5.1	6.2	26.3
Financial income and expenses (net)	-0.3	-0.4	-1.0
PROFIT BEFORE TAXES	4.8	5.8	25.4
Income taxes	-1.2	-1.5	-6.3
NET PROFIT	3.6	4.2	19.1
Other comprehensive income items	0.2	-0.3	-0.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3.9	3.9	18.8
Earnings per share, EUR	0.137	0.159	0.719

Consolidated balance sheet

MEUR	31.3.2024	31.3.2023	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Goodwill	59.3	59.4	59.4
Intangible assets	19.1	16.9	18.6
Tangible assets	2.1	2.8	2.3
Right-of-use assets	3.3	1.6	3.6
Other non-current financial assets	2.3	0.4	2.3
Other receivables	0.0	0.0	0.0
Deferred tax assets	2.7	1.6	2.8
TOTAL NON-CURRENT ASSETS	88.9	82.8	89.1
CURRENT ASSETS			
Inventories	10.9	7.0	10.5
Trade and other receivables	15.3	12.5	16.3
Cash and cash equivalents	23.8	30.2	21.5
TOTAL CURRENT ASSETS	50.1	49.7	48.3
TOTAL ASSETS	138.9	132.5	137.4
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5.3	5.3	5.3
Fair value reserve	0.4	0.3	0.4
Reserve for invested unrestricted capital	52.2	52.2	52.2
Other reserves	0.3	0.3	0.3
Retained earnings/loss	47.2	28.5	43.5
Translation difference	-0.1	-0.1	0.0

Own shares held by the company	-1.7	-1.8	-1.7
TOTAL SHAREHOLDERS' EQUITY	103.5	84.8	99.9
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3.2	3.4	3.3
Financial liabilities	9.7	13.9	10.8
Lease liabilities	2.0	0.8	2.3
TOTAL LONG-TERM LIABILITIES	15.0	18.0	16.3
CURRENT LIABILITIES			
Trade and other payables	14.3	24.1	15.0
Provisions	0.6	0.5	0.6
Financial liabilities	4.2	4.2	4.2
Lease liabilities	1.4	0.9	1.4
TOTAL CURRENT LIABILITIES	20.5	29.6	21.2
TOTAL LIABILITIES	35.4	47.7	37.5
TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	138.9	132.5	137.4

Consolidated statement of changes in equity

	Share capital	Reserve for unrestricted equity	Other reserves	Retained earnings	Translation difference	Own shares	Total equity
MEUR							
Balance 1 Jan 2024	5.3	52.2	0.6	43.5	0.0	-1.7	99.9
Dividend distribution	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.1	0.0	0.0	0.1
Total comprehensive income	0.0	0.0	0.0	3.6	-0.1	0.0	3.5
Balance 31 March 2024	5.3	52.2	0.6	47.2	-0.1	-1.7	103.5

	Share capital	Reserve for unrestricted 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	-0.1	0.0	0.0	0.0	0.1	0.0
Other direct entries to retained earnings	0.0	0.0	0.0	-0.4	0.0	0.0	-0.4
Total comprehensive income	0.0	0.0	0.0	4.2	-0.3	0.0	3.9
Balance 31 March 2023	5.3	52.2	0.6	28.5	-0.1	-1.8	84.8

Consolidated cash flow statement

MEUR	1-3/2024	1-3/2023	1-12/2023
CASH FLOW FROM OPERATIONS			
Profit for the period	3.6	4.2	19.1
Adjustments:			
Depreciation, amortization, and impairment	1.1	0.9	3.9
Other non-cash items	0.2	0.3	1.3
Interest and other financial expenses	0.3	0.7	1.5
Interest income and other financial income	-0.1	-0.3	-0.7
Taxes	1.2	1.5	6.3
Other adjustments	0.0	-0.5	-0.6
Change in working capital:			
Changes in sales and other receivables	0.9	1.6	-2.7
Changes in current assets	-0.4	-0.2	-3.7
Changes in trade and other payables	-0.8	-5.8	-3.6
Change in working capital, total	-0.3	-4.4	-10.0
Interest paid	-0.2	-0.2	-0.8
Interest received	0.0	0.1	0.2
Taxes paid	-1.1	-2.1	-9.4
NET CASH FLOW FROM OPERATING ACTIVITIES	4.6	0.3	10.9
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible assets	-0.1	-0.1	-0.7
Purchase of intangible assets	-1.0	-0.3	-3.4
Investments in other investments	0.0	0.0	-1.9
NET CASH FLOW FROM INVESTING ACTIVITIES	-1.0	-0.5	-6.0
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of loans	-1.1	-1.1	-4.2
Dividends paid	0.0	0.0	-9.6
Payments of lease agreement liabilities	-0.4	-0.2	-1.2
NET CASH FLOW FROM FINANCING ACTIVITIES	-1.4	-1.3	-15.0
Net change in cash and credit accounts	2.2	-1.5	-10.1
Cash and cash equivalents at beginning of period	21.5	32.1	32.1
Effect of exchange rates	0.1	-0.4	-0.4
Cash and cash equivalents at end of period	23.8	30.2	21.5

Key consolidated figures

MEUR	1-3/2024	1-3/2023	1-12/2023
Net sales	23.6	23.2	96.6
Ebitda	6.2	7.1	30.3
Ebitda-%	26.3	30.5	31.4
Operating profit	5.1	6.2	26.3
Operating profit-%	21.8	26.6	27.3
Pre-tax profit	4.8	5.8	25.4

Pre-tax profit-%	20.5	24.9	26.3
Net profit	3.6	4.2	19.1
Net profit-%	15.4	18.2	19.8
Gross capital expenditure	1.1	0.1	5.8
Gross capital expenditure-%	4.5	0.6	6.1
R&D costs	3.0	2.3	10.4
R&D costs-% from net sales	12.7	10.0	10.8
Gearing-%	-7.0	-13.1	-1.2
Equity ratio-%	74.5	64.0	72.2
Return on investment-% (ROI)	4.4	6.0	23.5
Return on equity-% (ROE)	3.6	4.8	20.0
Earnings per share, EUR	0.137	0.159	0.719
Equity per share, EUR	3.88	3.18	3.74
Average no. of employees	219	212	214
Cash flow from operating activities	4.6	0.3	10.9
Cash flow from investing activities	-1.0	-0.5	-6.0
Net cash used in financing activities	-1.4	-1.3	-15.0
Total cash flow	2.2	-1.5	-10.1

Contingent liabilities

Revenio Group has made a minority investment during year 2023 and has a commitment to acquire the remaining shares if certain criteria are met at the latest in the third quarter of 2024. 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, we also present our net sales with the exchange rate effect eliminated.

Alternative growth indicator (EUR thousand)	1-3/2024
Reported net sales	23,619
Effect of exchange rates on net sales	366
Net sales adjusted by the effect of exchange rates	23,254
Growth in net sales, adjusted by the effect of exchange rates	-0.5%
Reported net sales growth	1.8%
Difference, % points	-2.3%

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)	1-3/2024	1-3/2023
Operating profit, EBIT	5,148	6,170
Depreciation, amortization, and impairment	1,070	898
EBITDA	6,219	7,067

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, April 25, 2024, at 3:00 p.m. Finnish time. At the event, Revenio's President and CEO Jouni Toijala and CFO Robin Pulkkinen will present the Company's results for Q1/2024. The invitation to the event was published as a press release on April 11, 2024.

Audiocast: <https://revenio.videosync.fi/q1-2024/>

To ask questions, please join the teleconference by registering using the following link: <https://palvelu.flik.fi/teleconference/?id=50048930>

After the registration, you will be provided with phone numbers 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.

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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Board of Directors

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Revenio Group in brief

Revenio is a global provider of comprehensive eye care diagnostic solutions. The group offers fast, user-friendly, and reliable tools for diagnosing glaucoma, diabetic retinopathy, and macular degeneration (AMD). 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.

In 2023, the Group's net sales totaled EUR 96.6 million, with an operating profit of EUR 26.3 million. Revenio Group Corporation is listed on Nasdaq Helsinki with the trading code REG1V.