



Q1  
2016

REVENIO GROUP CORPORATION  
**INTERIM REPORT**  
JANUARY-MARCH

Due to an amendment to the Securities Market Act, which came into force on November 26, 2015, the descriptive sections of Revenio's interim reports Q1/2016 and Q1-Q3/2016 will be shorter and more concise than before. The table sections will be reported in accordance with previous practices. The figures are unaudited.

## **Sales grew in all key market areas. Operating profit fell slightly from the previous year.**

### **January–March 2016 in brief, continuing Group operations**

- Net sales growth continued. Profitability fell slightly short of the previous year's figure, mainly due to growth investments implemented according to plan.
- Net sales totaled EUR 5.2 million (EUR 4.6 million), showing an increase of 12.9 per cent.
- The operating result decreased by 6.2 per cent to EUR 1.3 million (EUR 1.4 million).
- The decrease in operating profit was due to planned human resource investments required for the global sales launch of Icare HOME and Icare ic100 tonometers, and for the asthma and skin cancer product development projects.
- The number of personnel during the review period was 41 (29), an increase of 12 persons.
- Earnings per share from continuing operations came to EUR 0.12 (0.16). Besides exchange rates, deferred taxes contributed to the fall in earnings per share.
- In March Revenio reported that FDA did not grant sales permit for Icare HOME tonometer in the US. The company has started actions to submit a new sales license application.
- After the review period in April 20, 2016 the company received notification that the FDA has granted sales permit for Icare ic100 tonometer in the US.

### **Key figures, continuing operations, EUR million**

	<b>1.1.-31.3.2016</b>	<b>1.1-31.3.2015</b>	<b>Change-%</b>
Net sales, Group	5.2	4.6	12.9
Operating profit, Group	1.3	1.4	-6.2
Net sales, Health Tech	5.2	4.6	12.9
Operating profit, Health Tech	1.6	1.7	-5.8
Undiluted earnings per share	0.12	0.16	-23.0
Diluted earnings per share	0.12	0.15	-22.7
Cash flow from operating activities	0.5	3.1	-84.8
	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>Change, %-point</b>
Equity ratio-%	74.1	69.7	4.4
Gearing-%	-24.9	-38.5	13.6

## **Financial guidance for 2016**

Net sales growth is expected to remain strong. Profitability is expected to remain at a healthy level despite growth investments.

## **Business trends in Q1/2016, continuing operations**

Revenio Group's net sales grew in all key market areas, amounting to EUR 5.2 million (EUR 4.6 million) and showing an increase of 12.9 per cent. Net sales were affected by the growth of sales in all key market areas, especially in the US.

Sales of the new generation Icare ic100 tonometer were successfully launched in Europe, which affected sales of the previous version, Icare TA01, to some extent.

A sales license application was filed for the Icare ic100 tonometer in the United States in December 2015. After the review period in April 20, 2016 the company received notification that the FDA has granted sales permit for Icare ic100 tonometer in the US. The company has readiness to launch Icare ic100 tonometer immediately and to deliver first lot of equipment for sale in the US markets.

Probe sales showed strong growth, up 23 per cent on the previous year, representing 28 per cent of net sales.

In March, the United States Food and Drug Administration FDA decided to reject the sales license application for Icare HOME. Icare has taken steps to initiate a new feasibility study; once this has been completed, the company will file a new sales license application with the FDA. The new application license is expected to be filed during 2016.

Revenio Research Oy's development projects on product concepts related to skin cancer and asthma are progressing as planned. Test measurements with the prototype of a device designed for skin cancer diagnostics will begin this spring.

Revenio Group's operating profit for the period amounted to EUR 1.3 million (EUR 1.4 million), falling 6.2 per cent short of the same period a year earlier. This can be primarily attributed to higher salary costs resulting from preparations for the global sales launch of Icare HOME and Icare ic100 tonometers and research and development related to asthma and skin cancer products. Recruitment focused on sales and marketing and product development personnel. Most of the recruited employees joined the company in late 2015, which has an impact on the salary costs for the period.

## **Olli-Pekka Salovaara, President and CEO, comments on the first quarter of 2016:**

“Sales in the United States, our largest individual market area, developed as planned. Sales grew in all key market areas and organic growth continued.

An updated version of the Icare TA01i tonometer, the ic100, was granted a CE marking in Europe in late 2015 and thereby a sales permit in the EU. The market launch and sales of this new generation product in Europe began during the review period. The Icare ic100 has required significant investments, and while we expect it to gradually replace the Icare TA01i tonometer launched in 2003, we believe that the TA01 will continue to generate healthy sales for several years, particularly in developing countries. After the review period in April 20, 2016 we received notification that the FDA has granted sales permit for Icare ic100 tonometer in the US. Icare's marketing team is ready to launch this new generation product in the US market. This is a significant milestone for us.

Probe sales showed steady growth, but we expect sales to become more substantial following growth in device sales and increasingly active use of the devices.

We were very disappointed with the decision of the United States Food and Drug Administration in March to reject the sales license application for the Icare HOME tonometer, against our expectations and discussions with the authorities. After an analysis, we decided to take immediate action and to start making preparations for a new feasibility study. After this study has been completed, Icare will submit a new sales license application to the FDA, probably before the year-end.

The product concept development work carried out at Revenio Research on the detection, patient-led screening and follow up of asthma and skin cancer is proceeding as planned. Development work on the asthma detection product is progressing as planned and according to schedule. I believe we will be able to disclose more details this year on the global launch schedule for both products.

Oscare Medical has signed its first significant sales agreement with a Nordic pharmacy chain.

When assessing the development of operating profit in the second and third quarter of 2016, it is important to note that most of the twelve new employees recruited to support the global sales launches of the Icare HOME and Icare ic100, and the asthma and skin care product development projects, joined the company in the final quarter of 2015. Personnel required in support of our planned growth has now been recruited and salary costs are expected to remain at the current level throughout 2016.”

## Financial review January 1 – March 31, 2016

<b>Group key figures and ratios (MEUR)</b>	<b>1-3/2016</b>	<b>1-3/2015</b>	<b>1-12/2015</b>
Net sales, continuing operations	5.2	4.6	20.3
Ebitda, continuing operations	1.5	1.5	6.3
Ebitda-%, continuing operations	28.8	33.5	31.1
Operating profit, continuing operations	1.3	1.4	5.8
Operating profit-%, continuing operations	25.7	30.9	28.4
Pre-tax profit, continuing operations	1.3	1.6	5.9
Pre-tax profit-%, continuing operations	25.4	34.0	29.2
Net profit from discontinued operations	0.0	0.3	1.9
Net profit, continuing operations	1.0	1.2	4.6
Net profit-%, continuing operations	18.4	26.9	22.7
Gross capital expenditure	0.3	0.5	2.3
Gross capital expenditure-%	5.8	10.9	11.2
R&D costs	0.4	0.4	0.9
R&D costs-% from net sales	8.0	9.0	4.5
Gearing-%	-24.9	-38.5	-48.3
Equity ratio-%	74.1	69.7	81.6
Return on investment-% (ROI)	39.4	32.6	42.1
Return on equity-% (ROE)	30.1	55.2	33.9
Undiluted earnings per share, EUR, continuing operations	0.12	0.16	0.61
Diluted Earnings per share, EUR, continuing operations	0.12	0.15	0.61
Equity per share, EUR	1.36	1.27	1.52
Average no. of employees, continuing operations	41	29	37
Cash flow from operating activities	0.5	3.1	4.9
Cash flow from discontinued activities	0.0	0.3	2.0
Cash flow from investing activities	-0.3	0.7	1.3
Net cash used in financing activities	-5.0	-3.1	-4.1
Total cash flow	-4.8	1.0	4.2

<b>Consolidated comprehensive income statement (MEUR)</b>	<b>1-3/2016</b>	<b>1-3/2015</b>	<b>1-12/2015</b>
NET SALES	5.2	4.6	20.3
Other operating income	0.0	0.0	0.1
Materials and services	-1.3	-1.2	-5.3
Employee benefits	-1.2	-0.7	-3.9
Depreciation/amortization	-0.2	-0.1	-0.5
Other operating expenses	-1.2	-1.2	-4.8
OPERATING PROFIT, CONTINUING OPERATIONS	1.3	1.4	5.8
Financial expenses (net)	0.0	0.1	0.1
PRE-TAX PROFIT, CONTINUING OPERATIONS	1.3	1.6	5.9
Income tax expense	-0.4	-0.3	-1.3

Net profit from continuing operations	1.0	1.2	4.6
Net profit from discontinued operations	0.0	0.3	1.9
NET PROFIT	1.0	1.5	6.5
TOTAL COMPREHENSIVE INCOME	1.0	1.5	6.5
Net profit attributable to:			
Parent company shareholders	1.0	1.5	6.8
Non-controlling interests	-0.1	-0.1	-0.3
Total comprehensive income attributable to:			
Parent company shareholders	1.0	1.5	6.8
Non-controlling interests	-0.1	-0.1	-0.3
Earnings per share, undiluted,EUR, continuing operations	0.12	0.16	0.61
Earnings per share, diluted,EUR, continuing operations	0.12	0.15	0.61

## Consolidated balance sheet (MEUR)

	31 March 2016	31 March 2015	31 Dec 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	0.7	0.6	0.7
Goodwill	1.2	1.2	1.2
Intangible assets	3.8	3.1	3.7
Deferred tax assets	0.1	0.3	0.2
TOTAL NON-CURRENT ASSETS	5.8	5.3	5.8
CURRENT ASSETS			
Inventories	1.9	1.4	1.8
Trade and other receivables	2.5	2.3	2.6
Cash and cash equivalents	3.5	5.1	8.3
TOTAL CURRENT ASSETS	8.0	8.9	12.6
Non-current assets held for sale	0.0	0.3	0.0
TOTAL ASSETS	13.8	14.4	18.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5.3	5.3	5.3
Share premium	2.4	2.4	2.4
Fair value reserve	0.3	0.3	0.3
Invested unrestricted capital reserve	4.5	4.6	4.6
Retained earnings/loss	-1.7	-2.4	2.8
TOTAL EQUITY, attributable to holders of parent company equity	10.8	10.3	15.5
Non-controlling interests	-0.6	-0.3	-0.5
TOTAL SHAREHOLDERS' EQUITY	10.3	10.0	15.0
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0.0	0.0	0.0

Provisions	0.0	0.1	0.0
Financial liabilities	0.5	0.6	0.5
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>0.5</b>	<b>0.8</b>	<b>0.5</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2.7	2.5	2.5
Financial liabilities	0.3	0.6	0.4
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>3.0</b>	<b>3.1</b>	<b>2.9</b>
Long-term liabilities held for sale	0.0	0.4	0.0
<b>TOTAL LIABILITIES</b>	<b>3.6</b>	<b>4.4</b>	<b>3.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13.8</b>	<b>14.4</b>	<b>18.4</b>

### Consolidated statement of change in equity (MEUR)

	Share capital	Share Premium	Other Reserves	Retained Earnings	Holding Minority	Total Equity
Balance 1 Jan 2016	5.3	2.4	4.9	2.8	-0.5	15.0
Dividend distribution	0.0	0.0	0.0	-5.6	0.0	-5.6
Acquisition of own shares	0.0	0.0	-0.2	0.0	0.0	-0.2
Options expense adjustment	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	0.0	1.0	-0.1	1.0
Balance 31 March 2016	5.3	2.4	4.8	-1.7	-0.6	10.3
	Share capital	Share Premium	Other Reserves	Retained Earnings	Holding Minority	Total Equity
Balance 1 Jan 2015	5.3	2.4	4.9	-0.4	-0.2	12.1
Dividend distribution	0.0	0.0	0.0	-3.6	0.0	-3.6
Used option rights	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	0.0	1.8	-0.3	1.5
Balance 31 March 2015	5.3	2.4	4.9	-2.1	-0.5	10.0

### Consolidated cash flow statement (MEUR)

	1-3/2016	1-3/2015	1-12/2015
Net profit	1.0	1.5	4.6
Adjustments to net profit	0.2	0.0	0.4
Taxes	0.4	0.3	1.3
Change in working capital	-0.9	1.3	-0.5
Interest paid	0.0	0.0	-0.3
Interest received	0.0	0.0	0.4
Taxes paid	-0.1	0.0	-1.1
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>0.5</b>	<b>3.1</b>	<b>4.9</b>
Cash flow from discontinued operations	0.0	0.3	1.9
Sales of subsidiaries			

and associates' shares (net)	0.0	1.2	2.8
Purchase of PPE	-0.3	0.0	-0.4
Purchase of Intangible assets	-0.1	-0.5	-1.1
NET CASH USED IN INVESTING ACTIVITIES	-0.3	0.7	1.3
Cash flow from discontinued operations	0.0	0.0	0.0
Used options rights	0.0	0.0	0.0
Buyback of own shares	-0.2	0.0	0.0
Paid dividends and repayments of capital	-4.7	-3.0	-3.6
Repayments of long-term borrowings	-0.1	-0.1	-0.6
Long-term loans received	0.0	0.0	0.0
Finance lease principal payment	0.0	0.0	0.0
NET CASH USED IN FINANCING ACTIVITIES	-5.0	-3.1	-4.1
Cash flow from discontinued operations	0.0	0.0	0.2
Net change in cash and equivalents	-4.8	1.0	4.2
Cash and equivalents. period-start	8.3	4.1	4.1
Cash and equivalents. period-end	3.5	5.1	8.3

The difference of totals in the statement of change in equity and cash flow statements dividend paid is caused by the tax withholdings that are paid in April. All bonuses according to the group's incentive program were paid during the review period.

### Net sales and segment margins (MEUR)

	Health Tech	Parent company	Group
Net sales 1-3/2016	5.2	0.0	5.2
Net sales 1-3/2015	4.6	0.0	4.6
Change (%)	13	0	13
Segment profit margin 1-3/2016	1.6	-0.3	1.3
Segment profit margin 1-/2015	1.7	-0.3	1.4
Change (%)	-5.8	-4	-6



## Main shareholders 31 March 2016

	No. of shares	%
1. Joensuun Kauppa ja Kone Oy	591,509	7 %
2. Merivirta Jyri	500,000	6 %
3. Gerako Oy	340,000	4 %
4. Sijoitusrahasto Evli Suomi Pienyhtiöt	308,646	4 %
5. Keskinäinen Eläkevakuutusyhtiö Etera	265,000	3 %
6. Alpisalo Mia	181,400	2 %
7. Sijoitusrahasto Danske Invest Suomen Pienyhtiöt	170,000	2 %
8. Eyemaker's Finland Oy	155,000	2 %
9. Sijoitusrahasto Evli Suomi Select	125,900	2 %
10. Salovaara Olli-Pekka	104,207	1 %

## Formulas

$$\text{Earnings per share:} = \frac{\text{net profit for the period}}{\text{average number of shares during period}}$$

$$\text{Equity per share:} = \frac{\text{equity attributable to shareholders}}{\text{number of shares at end of period}}$$

$$\text{Average share price:} = \frac{\text{total EUR value of shares traded}}{\text{total number of shares traded during period}}$$

$$\text{Pre-tax profit-\%:} = \text{operating profit} + \text{financing income} - \text{financing expenses}$$

$$\text{Return on equity-\% (ROE):} = \frac{100 \times \text{profit for the financial period}}{\text{shareholders' equity} + \text{non-controlling interest (average during period)}}$$

$$\text{Return on investment-\% (ROI):} = \frac{100 \times \text{profit before taxes} + \text{interest and other financial expenses}}{\text{balance sheet total} - \text{non-interest-bearing debt (average during period)}}$$

$$\text{Equity ratio-\%:} = \frac{100 \times \text{balance sheet equity} + \text{non-controlling interest}}{\text{balance sheet total} - \text{advance payments received}}$$

$$\text{Net gearing-\%:} = \frac{100 \times \text{interest-bearing debt} - \text{cash \& equivalents}}{\text{total equity}}$$

$$\text{Equity per share:} = \frac{\text{equity attributable to shareholders}}{\text{number of shares at end of period}}$$

$$\text{Gearing-\%:} = \frac{100 \times \text{interest-bearing net debt}}{\text{equity total}}$$

## **General statement**

Certain statements in this report are estimates based on the management's best knowledge at the time they were made. They therefore involve a certain amount of inherent risk and uncertainty. The estimates may change in the event of significant changes in general economic conditions.

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Board of Directors

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## **The Revenio Group in brief**

Revenio is a Finnish, globally operating health technology corporation whose worldwide success is based on a strongly patented intraocular pressure measurement technology. The Revenio Group consists of Icare Finland Oy, Revenio Research Oy and Oscare Medical Oy, in which Revenio holds a 53% interest. The common denominators of Revenio's business operations include screening, follow-up and the global need to make cost savings through preventive health care. 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 focus of Revenio's screening technology is on the early detection of glaucoma, osteoporosis, skin cancer and asthma, and the monitoring of these during the treatment process.

In 2015, Revenio Group's net sales totaled MEUR 20.3, with its operating margin for continuing operations standing at 28.4 %. Revenio Group Corporation is listed on Nasdaq Helsinki.