REVENIO

ENABLING EASY & EFFICIENT DIAGNOSIS

REPORT BY THE BOARD OF DIRECTORS
AND FINANCIAL STATEMENTS

2019

Content

Report by the Board of Directors

January 1–December 31, 2019

Operating on the international market, Revenio is a health technology group and a global pioneer in ophthalmic diagnostic solutions. With the strategic acquisition completed in spring 2019, the company strengthened its position in the eye diagnostics value chain.

Revenio is known for the globally renowned Icare devices for measuring intraocular pressure as well as the Centervue range of fundus imaging devices. The Group's range of ophthalmic diagnostic products includes devices for detecting age-related eye diseases, such as glaucoma, macular degeneration, and diabetic retinopathy, in their early stages.

Revenio's strong expertise in technology, a strict quality system applied throughout the supply chain, and an understanding of different markets provide a strong basis for the company to be a global leader in health-tech-related screening devices in the future as well. Continuous investment in research and product development will open up new opportunities for the Group and strengthen the market position of its existing products.

As a health technology group, Revenio is also running research and development projects to identify and bring new health technology products to market. At the moment, the research team is focusing on bringing systems for diagnostics and treatment planning of conditions such as skin cancer and asthma to market.

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

To carry out the acquisition, Revenio established an Italian subsidiary, Revenio Italy S.R.L., which purchased the acquired company's shares. Revenio Italy S.R.L. owns 100% of the shares of CenterVue SpA. CenterVue SpA, in turn, owns 100% of the US subsidiary CenterVue Inc.

Business operations and developments in the operating environment

Revenio's markets are global and influenced by structural long-term growth drivers, primarily the globally increasing incidence of eye diseases caused by population aging. As populations age, diseases such as glaucoma, diabetic retinopathy, and macular degeneration are becoming increasingly common. Revenio's position in the eye diagnostics value chain is strong. The company's profitable growth is based on a comprehensive range of products for the entire ophthalmic diagnostic care value chain, unique technology, and a global distribution network.

Revenio is the market and technology leader in handheld tonometers for measuring intraocular pressure with its Icare product line, protected with more than 20 patents worldwide.

The company's research and product development team is constantly working to bring more new products to market for new target groups.

CenterVue's fundus imaging devices are known for their quality, reliability, and ease of use, and they have achieved good product awareness on the highly competitive global market.

Sales were brisk during the fiscal year, particularly in Germany, the US, Australia, Russia, Canada, Sweden, and Italy.

The CenterVue acquisition was completed at the end of April 2019, and the integration work has progressed as planned. With the strategic acquisition, Revenio strengthened its position in the eye diagnostics value chain. The company's range of ophtalmic diagnosis products incluces devices for detecting age-related eye diseases in their early stages.

On November 25, 2019, Timo Hildén became temporary President & CEO after the end of Mikko Moilanen's CEO term.

In December, Revenio's new fundus imaging device, DSRplus, obtained approval from the US Food and Drug Administration (FDA) and was granted a CE marking in Europe. Sales and marketing of the new product started at the end of 2019 in Europe and in the beginning of 2020 in the United States. DRSplus will gradually replace the already in 2011 launched DRS.

The new-generation tonometer for professional use, Icare ic200, was launched in early 2019. The product received sales permits in Europe, Australia, Canada, and Japan during the period. The product obtained approval from the FDA after the end of the review period in January 2020.

In the US, at-home IOP measurements by patients during the treatment process obtained Medicare coverage as part of the coverage policy for physiologic monitoring. The new compensability policy covers patient training, use of the device, and analysis of the measurement results, which is expected to have a positive impact on the sales of the Icare HOME tonometer in the US.

Cooperation with distributors of the Ventica® system has been intensified during the review period. The objective is to get reference clinics operating in different markets to adopt the system and hence build strong local support and user acceptance for the system. Clinical trials were carried out in various countries and their number will be increased during 2020 to demonstrate the benefits of the device in patient work to clinicians.

Development of the hyperspectral camera Cutica® is progressing and clinical trials will continue. The use of artificial intelligence for the automatic processing of image material has been studied during the period.

Net sales, profitability and profit

Revenio reports the health technology business as one entity.

Revenio Group's net sales in January 1–December 31,2019 totaled EUR 49.5 (30.7) million, representing net sales growth of 61.4%. Exchange rate-adjusted growth in January-December was 58.6% or 2.8 percentage points lower than reported growth due to the strengthening of the US dollar. The acquisition of CenterVue has only had a minor impact on the Group's exchange rate adjustments in January–December.

EBITDA totaled EUR 14.6 (10.8) million, or 29.5% of net sales, up by 36.0%. EBITDA was weighed down by non-recurring acquisition costs amounting to EUR 2.8 million. EBITDA, adjusted with non-recurring costs and the acquisition cost effect of CenterVue, was 17.4 million, an increase of 61.7%. The adjusted EBITDA ration was 35.1 (35.1) %.

Earnings before tax totaled EUR 12.3 (10.2) million, an increase of 19,9% from the preceding year.

In January–December, operating profit totaled EUR 12.6 (10.2) million, an increase of 23,4%. Operating profit was 25.5 (33.3)% of net sales, down -7.8% from the previous year. Operating profit was weighed down by non-recurring acquisition costs amounting to EUR 2.8 million and the impact of the acquisition cost of CenterVue's inventories. Operating profit adjusted by non-recurring acquisition costs and the impact of the acquisition cost of CenterVue's inventories was EUR 15.4 million, an increase of 50,5%.

Undiluted earnings per share came to EUR 0.365 (0.339). Undiluted earnings per share adjusted by non-recurring acquisition costs amounted to EUR 0.473.

Balance sheet, financial position, investments, and acquisition

The consolidated balance sheet total stood at EUR 109.8 (22.1) million on December 31, 2019. Shareholders' equity came to EUR 64.4 (18.1) million. At the end of the review period, net liabilities amounted to EUR 2.2 (-10.1) million and net gearing stood at 3.4 (-55.6) %. The consolidated equity ratio was 58.6 (81.8) % and return on equity 22.7 (47.6) %. The Group's liquid assets amounted to EUR 26.7 (10.4) million on December 31, 2019.

The Group's financial position remained stable in the period under review. The consolidated goodwill recorded on the balance sheet on December 31, 2019 was EUR 50.4 (1.2) million.

To finance the acquisition, Revenio agreed on debt financing subject to customary conditions with Danske Bank A/S, Finland Branch ("Danske Bank"). The negotiated debt financing package consists of a fixed-term loan of EUR 30 million, which is amortized by EUR 1.05 million repayments per quarter with the outstanding amount payable three years from the completion of the acquisition. The acquisition was also partly financed through a directed share issue, which was used to accumulate new capital amounting to a total of EUR 41.2 million after expenses.

Cash flow from operations totaled EUR 12.4 (10.4) million. The Group's purchases of PPE and intangible assets totaled EUR 59,7 (1.8) million. Investments focused mainly on the CenterVue acquisition.

CenterVue acquisition

Revenio signed an agreement in April 2019 to acquire Italian company CenterVue in order to strengthen its position as a leading global provider of ophthalmological devices for diagnostics of the eye. The acquisition was completed at the end of April 2019. The purchase price of EUR 69 million was paid in cash, for which Revenio had secured debt financing subject to customary conditions. In addition, the parties agreed on an arrangement whereby Revenio will pay an additional purchase price of EUR 1 million if the conditions agreed on by the parties for the additional purchase price are met by the end of 2020.

Personnel and management

Mikko Moilanen, M.Sc. (EE), was appointed as the President & CEO on April 15, 2019, after CEO Timo Hildén, at his own request, moved to lead the integration work related to the CenterVue acquisition. Moilanen acted in the position from August 5 to November 25, 2019. Timo Hildén was appointed as the temporary CEO on November 25, 2019. The recruitment process for the new CEO is underway.

Giuliano Barbaro (M.Sc.Eng.), R&D Director of Imaging Devices, was appointed as a member of Revenio Group Corporation Management Team on January 1, 2020.

The Management Team of Revenio Group includes (at the time of the financial statement bulletin's publication) Revenio Group Corporation's CEO Timo Hildén (chair), R&D Director of Imaging Devices Giuliano Barbaro, QA Director Heli Huopaniemi, Operations Director Ari Isomäki, Sales and Marketing Director Tomi Karvo, CFO Robin Pulkkinen, and R&D Director of Tonometers Mika Salkola.

The annualized average number of personnel employed by the Group in January–December amounted to 88 (48). At the end of the period, the number of employees was 120 (53), an increase of 67 employees. The growth was due to both the CentreVue acquisition and new recruitments.

AVERAGE NUMBER OF EMPLOYEES DURING THE REVIEW PERIOD

	DEC 31, 2019	DEC 31, 2018	DEC 31, 2017
Revenio Group	88	53	41

Wages, salaries, and other remuneration in January–December totaled EUR 8.3 (4.4) million.

Shares, share capital, and management and employee holdings

On December 31, 2019, the Revenio Group Corporation's fully paid-up share capital registered with the Trade Register was EUR 5,314,918.72 and the number of shares totaled 26,544,742.

The company has one class of share, and all shares confer the same voting rights and an equal right to dividends and the company's funds. On December 31, 2019, the President & CEO, members of the Board of Directors and their related parties held 4.8% of the company's shares, or 1 272 505 shares, and 3.9% of the option rights.

During the review period, the number of shares increased by 29,742 following subscriptions made on the basis of the 2015A stock option scheme, by 94,353 following subscriptions made on the basis of the 2015B option scheme and by 54,171 following subscriptions made on the basis of the 2015C option scheme. Series 2015A option rights were used to subscribe for 29,742 shares, 2015B option rights to subscribe for 94,353 shares and 2015C option rights to subscribe for 54,171 shares. In addition, 2,350,000 new shares were issued as a result of a directed share issue to partially finance the acquisition of CenterVue. Following these subscriptions and the share issue, the number of shares and votes of Revenio Group Oyj increased to 26,544,742.

In late 2015, the employees of Revenio Group established a personnel fund, into which any bonuses earned by employees working in Finland on the basis of incentive schemes can be paid.

The Annual General Meeting of Revenio Group Corporation held on March 20, 2019 decided that 40% of Board members' emoluments will be settled in the form of company shares. On May 13, 2019, Revenio Group Corporation transferred a total of 3,029 of its own shares (REGV1) to the members of Revenio Group Corporation's Board of Directors as part of the remuneration of the Board. The shares were transferred using the trade volume weighted average value of the share on the day following the release of the Interim Report January 1– March 31, 2019. By December 31, 2019, shares had been transferred as follows: A total of 1,009 shares were transferred to Board Chair Pekka Rönkä, as a result of which his ownership of instruments issued by the company amounts to 6,777 shares. A total of 505 shares were transferred to Board member Ari Kohonen, as a result of which his personal and his related parties' ownership of instruments issued by the company amounts to 128 756 shares. A total of 505 shares were transferred to Board member Pekka Tammela, as a result of which his ownership of instruments issued by the company amounts to 70 407 shares. A total of 505 shares were transferred to Board member Kyösti Kakkonen, as a result of which his personal and his related parties' ownership of instruments issued by the company amounts to 1,062,179 shares. A total of 505 shares was transferred to Board member Ann-Christine Sundell, as a result of which her ownership of instruments issued by the company amounts to 4,376 shares. As a result of these transfers, the share-based Board member fees have been settled in full. After the transfers, Revenio Group Corporation holds 53,184 of its own shares.

Directed share issue

Revenio Group Corporation announced on April 24, 2019 its intention to offer up to 2,350,000 new shares to a limited number of institutional investors in an accelerated book-build offering in the form of a directed share issue deviating from the shareholders' preemptive subscription rights.

The Board of Directors of the company decided in its meeting on April 24, 2019 to issue 2,350,000 shares in the offering based on the authorization granted by the Annual General Meeting on March 20, 2018. The subscription price was EUR 18.00 per share, amounting to a total of EUR 42.3 million before commissions and expenses. The subscription price was 4.1 percent lower than the closing price of the company share on April 24, 2019. The subscription price was recorded in full to the company's reserve for invested unrestricted equity. The share issue accumulated new capital amounting to a total of EUR 41.2 million after expenses.

Following the registration of the shares subscribed for in the share issue, the total number of shares in the company was 26,366,476. The shares subscribed corresponded approximately 9.8% of all Revenio shares and voting rights prior to the share issue and 8.9% directly after the share issue.

The proceeds from the share issue were used to finance the acquisition of CenterVue SpA to support the company's growth strategy, optimize the capital structure of the company, and to expand the company's shareholder base and thus enhance the liquidity of the company's share.

The shares were entered in the Trade Register on April 26, 2019, and trading of the shares together with the old shares commenced on Nasdaq Helsinki Ltd on May 9, 2019.

Authorization for the purchase of own shares

On March 20, 2019, the AGM authorized the Board to make the decision to buy back a maximum of 2,401,647 of the company's own shares in one or several tranches using the company's non-restricted equity capital. The authorization is valid until April 30, 2020 and supersedes the buyback authorization granted on March 20, 2018.

Current option schemes

Based on the share issue authorization granted by the Annual General Meeting of March 19, 2015, Revenio Group Corporation's Board of Directors decided, on August 10, 2015, to implement a new option scheme comprising a maximum of 150,000 option rights. One option right entitles its holder to subscribe for three shares. New shares subscribed for via the option program entitle the holder to a dividend from the year of subscription onwards. The option rights will be allocated, as determined by the Board of Directors, to key personnel employed or to be employed by the Revenio Group in accordance with the terms and conditions of the option scheme.

These option rights are divided into three series: Series A (50,000), Series B (50,000), and Series C (50,000). The subscription periods for options were as follows: Series A: May 31, 2017–May 31, 2019; Series B: May 31, 2018–May 31, 2020; and Series C: May 31, 2019–May 31, 2021. The share subscription price for Series B options will be the trade-weighted average price of Revenio share quoted on Nasdaq Helsinki Ltd during the period September 1–October 15, 2016 plus 15 per cent, and for Series C options the trade-weighted average price of Revenio share quoted on Nasdaq Helsinki Ltd during the period September 1–October 15, 2017 plus 15 per cent. The subscription price for Series B options was EUR 9.84 and for Series C options EUR 12.78 on December 31, 2019. In accordance with the terms and conditions of the option scheme, the subscription price is reduced by the amount of dividends decided before the share subscription, on the record date of each dividend payment.

A total of 178,266 shares were subscribed under the 2015 option scheme.

Share plan

On March 20, 2018 and June 20, 2019, the Board of Directors of Revenio Group Corporation decided on a long-term incentive scheme directed towards the President & CEO and other Management Team of Revenio Group. Long-term incentive schemes form part of the company's remuneration program for key personnel and are aimed at supporting the implementation of the company's strategy and harmonizing the objectives of key personnel and company shareholders in order to grow the company's value.

The performance-based incentive schemes have a three-year earning period. The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets.

Trading on Nasdaq Helsinki

During the period January 1–December 31, 2019, the Revenio Group Corporation's share turnover on the Nasdaq Helsinki exchange totaled EUR 123.9 (90.9) million, representing 6.0 (6.5) million shares or 22.4 (27.2) % of all shares outstanding. The highest trading price was EUR 28.05 (16.60) and the lowest was EUR 12.56 (11.35). At the end of the period, the closing price was EUR 26.25 (12.56), and the weighted average share price for the period was EUR 20.8 (13.93). The Revenio Group Corporation's market value stood at EUR 697 (302) million on December 31, 2019.

JANUARY–DECEMBER 2019	TURNOVER, NUMBER OF SHARES	VALUE TOTAL, EUR	HIGHEST, EUR	LOWEST, EUR	AVERAGE PRICE, EUR	LATEST, EUR
REG1V	5,957,650	123,916,519	28.05	12.56	20.80	26.25

SUMMARY OF TRADING ON NASDAQ HELSINKI
1.1.–31.12.2019

	DEC 31, 2019	DEC 31, 2018
Market value, EUR	696,799,478	301,646,939
Number of shareholders	12,338	9,340

Flagging notifications

On November 27, 2019, Revenio Group Corporation was notified of a change in shareholder ownership, in accordance with Chapter 9, Section 5 of the Securities Market Act, in which the number of shares and votes in Revenio Group Corporation held by William Demant Invest A/S rose above 5%. William Demant Invest A/S's share of Revenio Group Corporation shares and votes was, at the time of the notification, 8.28%, or 2,192,838 shares.

On January 24, 2019, Revenio was notified of a change in shareholder ownership, in accordance with Chapter 9, Section 5 of the Securities Market Act, in which the number of shares and votes in Revenio Group Corporation held by SMALLCAP World Fund, Inc. rose above 5%. SMALLCAP World Fund, Inc.'s share of Revenio Group Corporation shares and votes was, at the time of the notification, 5.2580%, or 1,262,791 shares.

MAJOR SHAREHOLDERS ON DECEMBER 31, 2019

		NO. OF SHARES	%
1	Joensuun Kauppa ja Kone Oy	1,056,600	3.98
2	Ilmarinen Mutual Pension Insurance Company	558,264	2.10
3	Evli Finnish Small Cap investment fund	500,000	1.88
4	Siik Rauni Marjut	309,895	1.17
5	Fennia Mutual Insurance Company	269,466	1.02
6	Eyemaker's Finland Oy	265,000	1.00
7	Investment Fund Aktia Capital	250,000	0.94
8	Longhorn Capital Oy	197,760	0.75
9	SEB Finland Small Cap	177,010	0.67
10	Nordea Pro Finland Fund	169,829	0.64
	Nominee-registered owners, total	**9,052,222**	**34.10**

Management transactions

Transactions in Revenio securities by members of Revenio Group Corporation's management during the review period have been published as stock exchange releases and can be viewed on the company website.

Governance

Corporate Governance

In its decision-making and corporate governance, Revenio Group Corporation abides by the Finnish Limited Liability Companies Act, other legal provisions concerning listed companies, Revenio Group Corporation's Articles of Association, and the rules and guidelines issued by Nasdaq Helsinki Ltd. The company complies with the Finnish Corporate Governance Code approved on September 19, 2019 and issued on January 1, 2020 by the Securities Market Association.

Revenio's Corporate Governance statements are published annually simultaneously with the company's Annual Report on the company website at www.reveniogroup.fi/sites/default/files/2020-02/Revenio_corporate_governance_statement_2019.pdf. The company's Corporate Governance statements are available in the Investors section of the company website at www.reveniogroup.fi/en/investors/corporate-governance.

Annual General Meeting and Board authorizations in effect

Decisions by the Annual General Meeting of Revenio Group Corporation on March 20, 2019

1. FINANCIAL STATEMENTS, BOARD AND AUDITORS

The Annual General Meeting (AGM) confirmed the company's financial statements for the financial year January 1–December 31, 2018 and discharged the members of the Board of Directors and the Managing Director from liability.

The Annual General Meeting decided to elect five members to the Board of Directors. Ari Kohonen, Pekka Rönkä, Kyösti Kakkonen, Ann-Christine Sundell, and Pekka Tammela were reelected as Board members. At its organization meeting, held after the Annual General Meeting, the Board of Directors elected Pekka Rönkä as Chairman of the Board.

The AGM decided that the Chair of the Board be entitled to an annual emolument of EUR 48,000 and the other Board members to an annual emolument of EUR 24,000.

A total of 40% of Board members' emoluments will be paid out in the form of company shares, while 60% will comprise a monetary payment.

The AGM further decided that a fee of EUR 500 per meeting be paid to members of any committees.

The AGM re-appointed Deloitte Oy, Authorized Public Accountants, as the company's auditors, with Merja Itäniemi, Authorized Public Accountant, as the principal auditor. The AGM decided to compensate the auditors upon the presentation of an invoice approved by the company.

2. ANNUAL PROFIT DISTRIBUTION AND DIVIDEND DISTRIBUTION

The AGM decided to accept the Board's proposal on profit distribution, according to which the parent company's profit for the financial period, EUR 5,430,430.59, will be added to retained earnings, and a dividend of EUR 0.28 per share will be paid. Dividends will be paid to shareholders who have been registered in the company's shareholder register, maintained by Euroclear Finland Ltd, by the dividend record date March 22, 2019. The dividend payment date is March 29, 2019.

3. AUTHORIZING THE BOARD OF DIRECTORS TO DECIDE TO REPURCHASE THE COMPANY'S OWN SHARES

The AGM authorized the Board to make the decision to buy back a maximum of 2,401,647 of the company's own shares following the approval of the above-mentioned Board proposal on a bonus issue, in one or several tranches, using the company's non-restricted equity capital. The company may buy back shares to develop its capital structure, to finance and implement any corporate acquisitions or other transactions, and to implement share-based incentive plans or otherwise transfer or cancel them.

The company may buy back shares in public trading on marketplaces whose rules and regulations allow the Company to trade in its own shares. In such a case, the Company will buy back shares through a directed purchase, that is, in a proportion other than its shareholders' holdings in Company shares, with the consideration for the shares based on their publicly quoted market price. This will be done in such a manner that the minimum price of the purchased shares equals the lowest market price quoted in public trading during the authorization period, and, similarly, their highest price equals the highest market price quoted in public trading during that period.

This authorization is valid until April 30, 2020. This authorization shall supersede the buyback authorization granted at the AGM of March 20, 2018.

4. AUTHORIZATION TO THE BOARD OF DIRECTORS TO DECIDE ON A SHARE ISSUE AND ON THE GRANTING OF STOCK OPTIONS AND OTHER SPECIAL RIGHTS GIVING ENTITLEMENT TO SHARES

The Board rescinded its proposal.

Board of Directors and Auditors

The members of the Board of Directors from January 1 to December 31, 2019 were Ari Kohonen, Kyösti Kakkonen, Ann-Christine Sundell, Pekka Tammela, and Pekka Rönkä, who served as chair.

The Board of Directors decided on May 10, 2019 to establish an Audit Committee. The members of the Audit Committee are Pekka Tammela (chair), Pekka Rönkä, and Ann-Christine Sundell. The members of the Audit Committee have sufficient expertise and experience with respect to the committee's area of responsibility and the mandatory tasks relating to auditing.

In 2019, the Board of Directors met 28 times, and the average attendance of Board members at meetings was 97%. In 2018, the attendance rate was 100%.

In 2019, the Audit Committee met 3 times, and the attendance rate was 100%.

In the course of the financial year, the company made, in total, EUR 144,000 in monetary payments as Board emoluments. In addition, a total of 3,029 Revenio Group Corporation shares were granted as Board emoluments. Members of the Audit Committee were paid a fee of EUR 500 per meeting, totaling EUR 4,500.

Deloitte Oy, Authorized Public Accountants, acts as the company's auditors, with Merja Itäniemi, Authorized Public Accountant, as the principal auditor.

Audit Committee

The Board elected the following members from among its members for the Committee: Pekka Tammela, Pekka Rönkä, and Ann-Christine Sundell.

In accordance with the Limited Liability Companies Act, the duties of the Audit Committee are to:

- monitor and assess the financing reporting system;
- monitor and assess the efficiency of internal control and auditing as well as of the risk management systems;

- monitor and assess how agreements and other legal acts between the company and its related parties meet the requirements of the ordinary course of business and market terms;
- monitor and evaluate the independence of the auditor and, in particular, the offering of services other than auditing services by the auditor;
- monitor the company's auditing;
- prepare the appointment of the company's auditor.

In addition, the tasks of the company Audit Committee include:

- monitoring the statutory auditing of the financial statements and consolidated financial statements as well as the reporting process and ensure their accuracy;
- supervising the financial reporting process;
- reviewing the effectiveness of Revenio Group Corporation's internal control and risk management systems, the Group's risks, and the quality and scope of risk management;
- approving the internal audit guidelines and reviewing the internal audit plans and reports;
- reviewing the description of the main features of the internal control and risk management systems in relation to the financial reporting process, which is included in the company's Corporate Governance Statement;
- evaluating the independence and work of the statutory auditor and proposing a resolution on the election and fee of the auditor;
- evaluating compliance with laws, regulations, and company policies and monitoring significant litigations of Group companies;
- executing any other duties bestowed upon it by the Board.

Remuneration

Revenio's remuneration reporting consists of the Remuneration Policy presented to the Annual General Meeting at least once every four years and, from 2020, the Remuneration Report, presented each year, which provides information on the fees paid to the company's governing bodies in the financial period. The company will publish a Salary and Remuneration Report for 2019 as a separate document available on the company's website at www.reveniogroup.fi/en/investors/corporance-governance-statement. In addition, the company's website provides information on the current remuneration schemes of the Board of Directors and the President & CEO as well information on the remuneration of the Group Management Team on an aggregate level.

Assessment of significant risks and uncertainty factors

The Revenio Group's risks are divided into strategic, operational, trade cycle, hazard, financial, and political risks.

The Group's strategic risks include competition in all sectors, the threat posed by new competing products, and any other actions of the company's rivals that may affect the competitive situation. Another strategic risk is related to the ability to succeed in R&D activities and to maintain a competitive product mix. The Group develops new technologies under the name, Revenio Research Oy as well as CenterVue SpA, and any failure in the commercialization of individual development projects may result in the depreciation of capitalized development expenses, with an impact on the result. Strategic risks in the Group's segments that require special expertise are also associated with the successful management and development of key human resources and the management of the subcontractor and supplier network.

Corporate acquisitions and the purchase of assets with growth potential related to health tech are part of the Group strategy. The success of these acquisitions has a significant impact on the achievement of growth and profitability targets. Acquisitions may also change the Group's risk profile.

Strategic risks and the need for action are regularly assessed and are monitored in connection with day-to-day management, monthly Group reporting, and annual strategy updates.

Operational risks are associated with the retention and development of major customers, the operations of the distribution network, and success in extending the customer base and markets. In the health technology sector especially, operational risks include factors related to expansion into new markets, such as various countries' national regulations of marketing authorizations for medical instruments and the related official decisions concerning the health care market. Success in health tech R&D projects launched in accordance with the strategy can also be classified as an operational risk.

The operational risks related to the manufacture, product development, and production control of medical instruments are estimated to be higher than average, because of the sector's requirements concerning quality.

Hazard risks are covered by insurance. Property and business interruption insurance provides protection against risks in these areas. The business pursued is covered by international liability insurance.

Financial risks can be further categorized into credit, interest-rate, liquidity, and foreign exchange risks. To manage credit loss risks, the Group has taken out credit insurance that covers all companies in the Group. Every month, and more frequently if necessary, the Board, in its meetings, assesses matters related to financial issues. If required, the Board provides decisions and guidelines for the management of financial risks concerning interest-rate and currency hedging, for instance. The liquidity risk can be affected by the availability of external financing, the development of the Group's credit standing, the trend in business operations, and changes in the payment behavior of customers. Liquidity risks are monitored by means of cash forecasts, which are drawn up for periods of 12 months at the most at a time.

Revenio Group sells its' products in nearly 100 countries. Trade policy uncertainties, an unstable political situation, Brexit, and any protective tariffs may affect demand for Revenio Group's products. Revenio actively monitors political developments in different market areas from the risk management perspective. Developments in the political operating environment and legislation may have an impact on Revenio Group's business.

Disputes

The company is not currently involved in any disputes or trials that would have a significant impact on the Group's financial position according to the opinion of the Board.

Corporate responsibility

Responsibility is an important part of Revenio Group's operations. The company's corporate responsibility priorities are based on its strategic guidelines and the value created for stakeholders, society, the environment, and the climate. In every aspect of its operations, the Group takes into account the special characteristics of the business and operating environment in the field of health technology and supports the UN's Sustainable Development Goals.

The company has prioritized eight of the Sustainable Development Goals that are closely linked to the company's business and which it considers it can impact the most.

Research and development activities

R&D expenditure during the fiscal year totaled EUR 4.2 (3.5) million. A total of EUR 0.5 (1.2) million of R&D costs were capitalized during the reporting period.

Major events after the review period

There were no major events after the review period.

Financial guidance for 2020

Revenio Group's reported net sales are estimated to grow very strongly from the previous year and profitability is to remain at a healthy level without non-recurring items.

The Board's Proposal to the Annual General Meeting

The Group's profit for the period was EUR 9,343,230.59 and the parent company's profit was EUR 11,494,043.37. The parent company's distributable earnings on December 31, 2019 totaled EUR 63,355,280.69. The Board of Directors will propose to the Annual General Meeting on March 19, 2020 that the parent company's distributable earnings be distributed by paying a per-share dividend of EUR 0.30 (0.28), or a total of EUR 7,963,422.60, against the total number of shares at the close of the reporting period. The remainder of the distributable earnings will be retained in equity.

In the Board's opinion, the proposed distribution of earnings does not endanger the parent company's or Group's liquidity.

Key figures

12 MONTHS, IFRS

	1–12/2019	1–12/2018	1–12/2017	1–12/2016	1–12/2015
Net sales, TEUR	49,474	30,658	26,791	23,434	20,250
Net sales, TEUR	12,593	10,205	8,120	7,058	5,760
Operating profit, TEUR	25.5	33.3	30.3	30.1	28.4
Profit before taxes, TEUR	12,273	10,235	8,290	7,116	5,903
Profit before taxes, %	24.8	33.4	30.9	30.4	29.2
Net profit for financial period, TEUR	9,343	8,103	6,850	5,584	6,497
Net profit, %	18.9	26.4	25.6	23.8	32.1
Gross capital expenditure in non-current assets, TEUR	68,167	1,895	816	1,494	2,273
Gross capital expenditure, % of net sales	137.8	6.2	3.0	6.4	11.2
R&D expenses, TEUR	4,227	3,477	2,379	776	882
R&D expenses, %	8.5	11.3	8.9	3.3	4.4
Return on equity, %*	22.7	47.6	44.3	37.2	48.0
Return on investment, %*	22.6	59.5	53.2	45.6	55.0
Equity ratio, %	58.6	81.8	84.0	78.9	81.6
Net leveraging, %	2.2	-55.6	-47.6	-43.8	-48.3
Leveraging	44.8	1.8	2.1	5.0	6.1
Average number of personnel	88	48	41	41	37

* Reference information adjusted in accordance with the share issue.

12 MONTHS, IFRS

KEY INDICATORS PER SHARE	1–12/2019	1–12/2018	1–12/2017	1–12/2016	1–12/2015
Earnings per share, continuing operations, EUR*	0.36	0.34	0.29	0.23	0.20
Earnings per share, discontinued operations, EUR	0.00	0.00	0.00	0.00	0.08
Equity attributable to equity owners of the parent company per share, EUR	2.42	0.75	0.67	0.66	0.65
Dividend per share, EUR	0.30	0.28	0.26	0.25	0.23
Dividend payout ratio, %	85.1	82.6	90.3	105.8	82.1
Effective dividend yield, %	1.1	2.2	2.2	2.4	2.4
P/E ratio, continuing operations	72.0	37.0	41.7	43.5	46.7
Diluted number of shares at end of period	26,544,742	24,016,476	7,979,406	7,979,406	7,946,428
Diluted number of shares average during period (acquired own shares excluded)	25,645,898	23,960,263	7,975,947	7,968,685	7,936,670
Share price, year low, EUR	12.56	11.35	29.23	22.20	14.33
Share price, year high, EUR	28.05	16.60	41.41	30.74	34.90
Share price, average, EUR	20.80	13.93	34.09	25.66	22.06
Share price at end of period, EUR	26.25	12.56	36.00	30.48	28.61
Market capitalization at end of period, MEUR	696.8	301.6	287.3	243.2	227.3
Turnover, number of shares	5,957,650	6,521,878	6,611,787	5,640,423	8,467,779
Turnover, %	22.4	27.2	27.6	23.6	35.5

* Reference information adjusted in accordance with the share issue.

Definition of key figures:

EBITDA	Operating profit + amortization + impairments
Earnings / share	$\frac{\text{Net profit for the period (share calculated for the parent company's shareholders)}}{\text{Average number of shares during the period} - \text{own shares purchased}}$
Operating profit (EBIT) before taxes	Operating profit + financial income – financial expenses
Equity ratio, %	$\frac{\text{Shareholders' equity on balance sheet + non-controlling interest}}{\text{Balance sheet total – advance payments received}} \times 100$
Net gearing, %	$\frac{\text{Interest-bearing debt – cash \& equivalents}}{\text{Total equity}} \times 100$
Return on equity (ROE), %	$\frac{\text{Profit for the financial period}}{\text{Shareholders' equity + non-controlling interest}} \times 100$
Return on investment (ROI), %	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing debt}} \times 100$
Average share price	$\frac{\text{Total value of shares traded during the period, euros}}{\text{Total number of shares traded during period}}$
Gearing, %	$\frac{\text{Interest-bearing net liabilities}}{\text{Total equity}} \times 100$
Equity / share	$\frac{\text{Equity attributable to shareholders}}{\text{Number of shares at end of the period}}$
Dividend payout ratio, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Final share price at the end of the period}}$

Alternative performance measure

Revenio Group's revenue is impacted heavily by the fluctuations of the EUR/USD exchange rate. As a alternative performance measure we have presented our revenue also with constant exchanges rates.

ALTERNATIVE PERFORMANCE MEASURE, TEUR	1–12/2019	1–12/2018
Reported net sales	49,474	30,658
Effect of exchange rates on net sales	-841	495
Net sales adjusted with the effect of exchange rates	48,634	31,154
Growth in net sales, adjusted with the effect of exchange rates	58.6%	14.9%
Reported net sales growth	61.4%	14.4%
Difference, % points	2.8%	0.5%

Distribution of shareholdings and information about shareholders

Major shareholders

December 31, 2019

		NO. OF SHARES	% OF SHARES AND % OF VOTING RIGHTS
1	Joensuun Kauppa ja Kone Oy	1,056,600	3.98
2	Ilmarinen Mutual Pension Insurance Company	558,264	2.10
3	Evli Finnish Small Cap Fund	500,000	1.88
4	Siik Rauni Marjut	309,895	1.17
5	Fennia Mutual Insurance Company	269,466	1.02
6	Eyemaker´s Finland Oy	265,000	1.00
7	Sijoitusrahasto Aktia Capital	250,000	0.94
8	Longhorn Capital Oy	197,760	0.75
9	SEB Finland Small Cap Investment Fund	177,010	0.67
10	Nordea Pro Finland Fund	169,829	0.64
	Others	22,790,918	85.86
	Total	**26,544,742**	**100.0**

Shareholders by sector

Dec 31, 2019

	NO. OF SHARES	PERCENTAGE OF SHARES AND PERCENTAGE OF VOTING RIGHTS
Non-Finnish holders	377,095	1.42
Corporations	2,936,751	11.06
Financial and insurance institutions	11,791,428	44.42
Households	10,881,204	40.99
Public entities	558,264	2.10
Total	**26,544,742**	**100.0**
Of which nominee registered	**9,052,222**	**34.10**

Shareholders by share ownership

Dec 31, 2019

SHARES, GTY	NO. OF SHARE-HOLDERS	PERCENTAGE OF SHARE-HOLDERS	NO. OF SHARES	PERCENTAGE OF SHARES AND PERCENTAGE OF VOTING RIGHTS
1 – 100	4,962	40.22	225,787	0.85
101 – 500	4,169	33.79	1,059,112	3.99
501 – 1,000	1,324	10.73	960,879	3.62
1,001 – 5,000	1,430	11.59	3,104,501	11.70
5,001 – 10,000	215	1.74	1,486,763	5.60
10,001 – 50,000	192	1.56	4,031,743	15.19
50,001 – 100,000	23	0.19	1,644,421	6.20
100,001 – 500,000	18	0.15	3,474,344	13.09
500,001 –	5	0.04	10,557,192	39.77
Total	**12,338**	**100.0**	**26,544,742**	**100.0**

The notes to the financial statements form an essential part of the financial statements.

Consolidated comprehensive profit & loss statement

TEUR

	NOTE NO.	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Net sales	1, 2	**49,474**	**30,658**
Other operating income	3	**1,311**	**201**
Use of materials and services			
Materials:			
Purchases during the financial period		-5,899	-4,400
Change in inventories		-5,396	-569
External services		-3,642	-2,863
Materials and services total		**-14,937**	**-7,832**
Employee benefit expenses	4		
Salaries and fees		-8,325	-4,443
Indirect personnel costs			
Pension costs		-1,156	-700
Other indirect personnel expenses		-291	-26
Employee benefit expenses total		**-9,772**	**-5,170**
Depreciation, amortization, and impairment	5, 6		
Depreciation		-2,023	-545
Depreciation and amortization total		**-2,023**	**-545**

TEUR

	NOTE NO.	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Other operating expenses	6, 7	**-11,460**	**-7,107**
Operating profit		**12,593**	**10,205**
Financial income and expenses	6, 8		
Financial income		5	47
Financial expenses		-325	-16
Financial income and expenses total		**-320**	**30**
Profit before taxes		**12,273**	**10,235**
Taxes	9		
Income taxes		-2,930	-2,132
Taxes total		**-2,930**	**-2,132**
Profit for the period		**9,343**	**8,103**
Other comprehensive income items			
Items that may be reclassified subsequently to profit or loss			
Translation differences from foreign operations		19	13
Items that are not reclassified to profit or loss			
Remeasurements of defined benefit liabilities		-6	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**9,356**	**8,116**
Earnings per share calculated from the profit Earnings per share*	10		
Undiluted earnings per share (EUR)		0.37	0.34
Diluted earnings per share (EUR)		0.36	0.34
Basic earnings per share (EUR), net profit for the period		0.37	0.34
Diluted earnings per share (EUR), net profit for the period		0.36	0.34

*Reference information adjusted in accordance with the share issue

The notes to the financial statements form an essential part of the financial statements.

Consolidated balance sheet

TEUR

ASSETS	NOTE NO.	DEC 31, 2019	DEC 31, 2018
Non-current assets			
Goodwill	11	50,409	1,191
Other intangible assets	12	19,438	4,161
Property, plant, and equipment	13	1,809	917
Right-of-use assets	14	757	0
Other receivables		83	83
Deferred tax assets	15	0	56
Non-current assets total		**72,496**	**6,409**
Current assets			
Inventories	16	3,452	1,512
Trade and other receivables	17	6,402	3,620
Deferred tax assets	15	766	174
Cash and cash equivalents	18	26,675	10,378
Current assets total		**37,295**	**15,685**
ASSETS TOTAL		**109,791**	**22,093**

TEUR

EQUITY AND LIABILITIES	NOTE NO.	DEC 31, 2019	DEC 31, 2018
Equity	20, 21, 26		
Share capital		5,315	5,315
Fair value reserve		300	300
Reserve for invested unrestricted equity		51,152	7,824
Other reserves		280	280
Retained earnings		7,999	5,083
Translation differences		57	38
Own shares		-740	-769
SHAREHOLDERS' EQUITY TOTAL		**64,363**	**18,071**

TEUR

LIABILITIES	NOTE NO.	DEC 31, 2019	DEC 31, 2018
Non-current liabilities			
Deferred tax liabilities	15	4,120	0
Interest-bearing non-current liabilities	23, 26	23,817	176
Lease liabilities		367	0
Pension obligations	4	428	0
Other non-current liabilities	24	1,155	0
Non-current liabilities total		**29,888**	**176**
Current liabilities			
Current tax liabilities		1,030	0
Interest-bearing current liabilities	23, 26	4,259	148
Lease liabilities		420	0
Provisions	22	397	0
Trade and other payables	25	9,434	3,698
Current liabilities total		**15,540**	**3,846**
LIABILITIES TOTAL		**45,428**	**4,022**
EQUITY AND LIABILITIES TOTAL		**109,791**	**22,093**

The notes to the financial statements form an essential part of the financial statements.

Consolidated cash flow statement

TEUR

CASH FLOW FROM OPERATIONS	NOTE NO.	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Profit for the period		9,343	8,103
Adjustments:			
Non-cash items	19	3,799	789
Interest and other financial expenses	8	403	91
Interest and other financial gains	8	-83	-121
Taxes	9	3,112	2,132
Change in working capital:			
Change in trade and other receivables	17	-403	-536
Change in inventories	16	-729	509
Changes in trade and other payables	25	996	860
Change in working capital, total		-136	833
Interests paid	8	-291	-57
Interest received	8	5	0
Taxes paid	9	-3,663	-1,354
Net cash flow from operations		**12,489**	**10,416**

TEUR

CASH FLOW FROM INVESTING ACTIVITIES	NOTE NO.	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Acquisitions of subsidiaries less cash and cash equivalents at acquisition time		-58,227	0
Purchase of tangible assets	13	-824	-393
Purchase of intangible assets	12	-661	-1,413
Net cash flow from investing activities		**-59,713**	**-1,807**

TEUR

CASH FLOW FROM FINANCING ACTIVITIES	NOTE NO.	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Directed share issue		42,300	0
Share issue-related transaction costs		-1,072	0
Short-term loans drawn	23	4,200	0
Long-term loans drawn		25,800	0
Repayments of loans	23	-2,248	-17
Dividends paid	20	-6,709	-6,221
Share subscription through exercised options	20	1,857	644
Acquisition of own shares		0	-709
Payments of lease agreement liabilities		-580	0
Net cash flow from financing activities		**63,549**	**-6,303**
Net change in cash and credit accounts		**16,326**	**2,307**
Cash and cash equivalents at beginning of period	18	10,378	7,954
Effect of exchange rates		54	118
Cash and cash equivalents at end of period	18	26,675	10,378

Consolidated statement of changes in equity

PARENT COMPANY SHAREHOLDERS' EQUITY, EUR THOUSAND

	Equity	Reserve for invested unrestricted equity	Other reserves	Own shares	Translation differences	Retained earnings	Total equity
EQUITY JAN 1, 2018	**5,315**	**7,161**	**580**	**-99**	**4**	**3,028**	**15,988**
Comprehensive profit							
Net profit for the period						8,103	**8,103**
Other comprehensive income					35	-21	**13**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**35**	**8,082**	**8,116**
Transactions with owners							
Dividend distribution						-6,221	**-6,221**
Purchase of own shares				-670			**-670**
Share-based payments adjusted by taxes						243	**243**
Other direct entries to retained earnings						-48	**-48**
Exercised options		663					**663**
Transactions with owners total	**0**	**663**	**0**	**-670**	**0**	**-6,026**	**-6,033**
Equity, Dec 31, 2018	**5,315**	**7,824**	**580**	**-769**	**38**	**5,083**	**18,071**
Impact of adopting IFRS 16						**-29**	**-29**
EQUITY JAN 1, 2019	**5,315**	**7,824**	**580**	**-769**	**38**	**5,054**	**18,042**
Comprehensive profit							
Net profit for the period						9,343	**9,343**
Other comprehensive income					19	13	**32**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**19**	**9,356**	**9,375**
Transactions with owners							
Dividend distribution						-6,709	**-6,709**
Share-based remuneration				29			**29**
Share-based payments adjusted by taxes						**347**	**347**
Other direct entries to retained earnings						-50	**-50**
Directed share issue		42,300					**42,300**
Direct costs resulting from the issue of new shares adjusted by taxes		-857					**-857**
Exercised options		1,886					**1,886**
Transactions with owners total	**0**	**43,328**	**0**	**29**	**0**	**-6,412**	**36,946**
Equity Dec 31, 2019	**5,315**	**51,152**	**580**	**-740**	**57**	**7,999**	**64,363**

Notes to the consolidated financial statements

Dec 31, 2019

General

Revenio Group is a Finnish, globally operating health technology corporation whose worldwide success is based on intraocular pressure measurement technology that has a strong patent. The Revenio Group comprises Icare Finland Oy, Icare USA Inc., Revenio Italy S. R. L, CenterVue SpA, CenterVue Inc., Done Medical Oy, Revenio Research Oy, and Oscare Medical Oy. Revenio Group's main business is the design, manufacture, and sales of medical instruments for the early detection of glaucoma, diabetic retinopathy, and macular degeneration, and the monitoring of these during the treatment process. The continuing operations of the Revenio Group constitute a single reported business area. Besides Finland, the company operates in Italy and the United States. The Group companies Revenio Italy S.R.L. and CenterVue SpA are located in Italy. Icare Finland Oy and CenterVue SpA also have subsidiaries in the United States.

Revenio Group Corporation (1700625-7) is the parent company of the Revenio Group. The company is a public limited company registered in Finland, with its domicile in the City of Vantaa, and is listed on the Nasdaq Helsinki Stock Exchange since October 2001. The company's registered address is Äyritie 22, 01510 Vantaa, Finland.

The figures in the consolidated financial statements are expressed in thousands of euros.

The Board of Directors of the Revenio Group Corporation approved these financial statements for publication at its meeting on February 20, 2020. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements at the Annual General Meeting following their issuance. The Annual General Meeting may also decide on amendments to the financial statements.

Copies of the financial statements are available at the Head Office of the Group's parent company and on the company's website at: www.revenio.fi/en

Accounting principles for the consolidated financial statements

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS, approved for use in the EU. The IAS and IFRS Standards and SIC and IFRIC Interpretations in effect on December 31, 2019 have been applied. International Financial Reporting Standards refer to the Standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation (EU) no 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation complementing the IFRS Standards.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting principles. These are disclosed under "Critical accounting estimates and judgments" below.

The consolidated financial statements are presented in the euro currency, which is the operational and accounting currency for the Group's parent company and all of its subsidiaries, with the exception of Icare USA Inc. and CenterVue Inc, whose operating currency is the U.S. dollar.

Application of new or revised IFRS Standards and IFRIC Interpretations

The consolidated financial statements have been prepared on the same principles as in 2018, with the exception of the following new Standards, Interpretations, and amendments to existing Standards, which the Group has applied as of January 1, 2019.

- IFRS 16 Leases
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017: Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19: Employee Benefits Plan Amendment, Curtainment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

The Management estimates that the application of the above amendments will have no impact on the Group's consolidated financial statements, except for IFRS 16 Leases.

The Group has adopted the IFRS 16 Leases Standard from the beginning of the financial period starting on January 1, 2019. The Standard will not be applied retroactively and reference information has not been adjusted. As a result, almost all lease agreements have been entered in the balance sheet. The Group's off-balance-sheet rent liabilities for business premises amounted to EUR 953,000 on December 31, 2018. In addition, the Group had lease agreements for parking spaces, cars, and office equipment totaling EUR 157,000 on December 31, 2018. The Group has also signed new agreements in 2019. Lease liabilities have been discounted using the incremental borrowing rate, and a lease liability of EUR 1,011,000 was entered in the balance sheet on January 1, 2019. Similarly, a right-of-use asset was recorded as if the Standard had always been applied. The right-of-use asset of EUR 984,000 recorded on January 1, 2019 was discounted at the incremental borrowing rate. The lease term of the lease agreements is defined as the non-cancellable period of the lease. The Group does not consider the exercise of extension or termination options as reasonably certain and they have therefore not been taken into account in the definition of the lease term. Liabilities not recognized in the balance sheet include short-term or low-value lease agreements. In accordance with IFRS 16, the rental cost associated with lease agreements entered in the balance sheet will be replaced by the interest expense associated with lease liabilities and right-of-use asset depreciation in the income statement.

As a result of this change, the reported operating margin, operating profit, and net financial expenses will increase. The change will have a negative impact on balance sheet key figures, such as leveraging.

	TEUR
Obligations related to operating leases on December 31, 2018	1,110
Discounted using the lessee's incremental borrowing rate at the initial date of application	1,022
Less: short-term leases not recognized as a liability	11
Less: short-term leases of low-value items not recognized as a liability	0
Lease liabilities recognized as at January 1, 2019	1,011
Long-term lease liabilities	516
Short-term lease liabilities	495

Subsidiary companies

Subsidiary companies are companies in which the Group has a controlling interest. The Group has a controlling interest in a company if the interest exposes the Group to the company's variable returns or entitles it to such returns, and the Group is able to influence these returns by exercising its power over the company. Subsidiary companies are consolidated wholly from and including the date on which the Group has acquired the right of control. The consolidation will cease when the right of control ends.

The amount of shareholders' equity attributable to non-controlling interests is recognized either at fair value or at an amount corresponding to the non-controlling interests' proportion of the individualized net assets. The recognition principles are determined separately for each acquisition. The recognition of goodwill created through acquisitions is detailed in the section Goodwill.

The acquisition of subsidiaries is accounted for using the acquisition method. The amount by which the transferred consideration, non-controlling interest in the acquiree, and the previously held interest exceeds the fair value of the acquired net assets is recognized as goodwill.

Any contingent consideration is recognized at fair value on the acquisition date and classified as a liability or shareholder equity. Contingent consideration classified as a liability is measured at fair value on the last day of each reporting period and the resulting profit or loss is recognized in the consolidated income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed are initially measured at their acquisition-date fair values, gross of non-controlling interest. The consideration paid for the acquisition is the fair value of the assets transferred, the equity interests issued, and the liabilities incurred to the former owners. If the acquisition cost is less than the acquired net assets, the resulting profit is recognized through profit or loss at the date of acquisition. All acquisition-related costs, except for the costs of issuing debt or equity securities, are recognized as expenses in the periods in which the costs are incurred and the services are received.

Acquired companies are consolidated from the moment when the Group has acquired the right of control, and divested companies are consolidated until the moment when the right of control ceases to exist. All intercompany transactions, receivables, payables, unrealized profits, and internal distribution of profit between subsidiaries are eliminated as part of the consolidation process. Unrealized losses are not eliminated if the loss is a result of impairment. The distribution of profit or loss between owners of the parent company and non-controlling interests is presented in a separate income statement. The distribution of comprehensive profit between owners of the parent company and non-controlling interests is presented in the comprehensive income statement. The comprehensive profit is shared between parent company owners and non-controlling interests even if it means that the share of non-controlling interests becomes negative. The share of equity of non-controlling interests is presented on the balance sheet as a separate item under equity.

Changes in the parent company's holdings in subsidiaries that do not lead to loss of right of control are treated as equity-related transactions. In gradual acquisitions, the earlier holdings are recognized at fair value, and the subsequent profit is recognized in other operating income or the loss in other operating expenses. When the Group ceases to have control, any retained interest in the equity is re-assessed to its fair value at the date when control is lost, with the change in carrying amount recognized as a gain or loss.

Translation of foreign currency items

Transactions in foreign currency are recognized in the Group's operating currency (euro) using the exchange rate in effect on the date of the transaction. Monetary foreign currency items are translated into euros using the rates prevailing on the last day of the reporting period.

Gains or losses from the translation of foreign-currency transactions and monetary items are recognized via a gain or a loss. Exchange rate gains and losses are included in the corresponding items above operational profit. Exchange rate gains and losses from financing are recorded in financial gains and losses.

Translation of the financial statements of Group companies outside Finland

The income and expense items in the separate income statements of Group companies outside Finland are translated into euros at the average rate in the financial period, and balance sheets are translated using the rates in effect on the last day of the reporting month. The income and comprehensive income translations at varying exchange rates in the income statement and comprehensive income statement on the one hand, and on the Balance Sheet on the other, create a translation difference recognized under equity, the effect of which is recorded in other comprehensive income items. The accumulated translation differences are treated as gain or loss in the case of divestments.

When a Group company outside Finland is founded by the Group itself, its acquisition does not entail goodwill or adjustments to its fair book value that should be translated into euros at the rate in effect on the last day of the reporting month.

Recognition principles

The proceeds from the sale of the products and services are shown as net sales to the amount to which the group expects to be entitled for the goods and services promised to the customer. Revenue from sales is recognized when the customer gains control over the goods or services (performance obligation).

A performance obligation is an item of goods or services from which the customer may separately benefit. A performance obligation is an individual indicator, device, or maintenance service. As a rule, control is transferred to the customer upon delivery as per the terms and conditions of agreement. The sale of tonometers, probes and macular imaging devices represents more than 99% of the Group's net sales.

Government grants

Government grants for offsetting realized expenses are recorded under other operating income. Government grants are recognized at the same time as the expenses relating to the target of the grant are recorded as an expense. The Group estimates that it will fulfil the conditions for the grants and considers it reasonably certain that the recognized grants will be awarded.

Operating profit

Operating profit is the net sum of net sales plus other operating income, less consumption of materials and services adjusted with change in inventories, less employee benefit expenses, depreciation, amortization, and any impairment losses, as well as other operating expenses. All other items in the income statement are disclosed after the operating profit. Exchange rate differences are included in the operating profit if they arise from items related to operations. Otherwise they are recognized in financial items.

Research and development expenses

Research expenses are recognized through profit or loss. Development expenses for new or more advanced products are capitalized on the balance sheet as intangible goods from the moment the product is technically feasible, it can be utilized commercially, and it is estimated that commercial benefits can be extracted from it. Capitalized development expenses include those material, work, and testing costs directly attributable to the completion of the product for its intended use. Development expenses recognized as expenses earlier are not capitalized later.

Amortization is recognized for a good from the moment it is ready for use. A good not yet ready for use is annually tested for impairment. After initial recording, capitalized R&D expenses are recognized adjusted by amortization on the purchase cost and impairment. The useful life of capitalized R&D costs is 10 years on average, during which period they are recorded as expenses through straight-line amortization.

Employee benefits

Pension obligations

The Group's pensions are handled by external pension insurance companies. The Group has both defined contribution and defined benefit pension plans. Expenses related to defined contribution plans are recorded as expenses for the financial period they arise.

Revenio also has an individual supplementary pension scheme for a limited personnel group. The insured retirement age is 63 years. These supplementary pensions are arranged with external pension insurance companies.

Defined benefit pension plans

The Group has a defined benefit pension plan (TFR) in Italy. In the TFR plan, employees are entitled to an accrued benefit that is paid as a lump sum either upon retirement or termination of the employment relationship. If the employer has less than 50 employees, the employees continue to accrue new TFR benefit. The Group's TFR plan fulfils this requirement. The plan is unfunded and the Group has no related asset items.

The defined benefit pension plan is recognized in the balance sheet as a liability based on the difference between the present value of the pension obligations and the fair value of plan assets. Liabilities are calculated as the present values of estimated cash flows discounted at the interest rate corresponding to the interest rate of high-quality bonds issued by companies. Actuarial gains and losses are recognized in comprehensive income and are not subsequently reclassified to profit or loss. Current service cost, past service cost, and net interest on the net defined benefit liability are recognized in the income statement.

If the yields of the bonds on which the discount rate is based change, the Group may have to adjust the discount interest rate. This will affect both net defined benefit liabilities and items recognized in other comprehensive income due to remeasurements. TFR benefits are linked to inflation, and growth in the inflation rate will increase the defined benefit obligation. If the development of the employer's productivity lags behind inflation, the acceleration of inflation may increase the deficit of defined benefit plans.

The Group's defined benefit obligations relate to the provision of benefits for employed members. The expected increase in life expectancy will have effect on the amount of the Group's defined benefit obligations. The TFR benefit is accrued annually on the basis of the employee's annual salary. If actual salary growth is higher than the salary increase rate assumption used for calculating the pension obligation, this may increase the amount of the pension obligation.

Share-based payments

The Group has a share-based incentive program in which shares can be subscribed for at a price defined in the program. The benefits granted on the basis of the arrangement are recognized at fair value at grant date, and they are recorded in the income statement on a straight-line basis during the vesting period. The expense at grant date is based on fair value calculated according to the Black-Scholes option pricing model. The effect on the financial result of the arrangement is presented in the income statement under employee benefit expenses. Granted options are equity instruments. When option rights are exercised, the considerations received on the basis of share subscriptions are recorded in the unrestricted equity reserve under shareholders' equity.

The Group also has two long-term share-based incentive schemes. The current programs apply to the earning years 2018–2020 and 2019–2021. The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets.

Benefits granted under the share plan are recognized as expenses in the income statement steadily over time up until the payout.

Lease agreements

The Group as lessee

Short-term lease agreements and leases concerning low-value assets are recognized in the income statement as an expense on a straight-line basis over the period of the lease. All other leases are entered in the balance sheet under tangible assets at the fair value of the leased asset at the commencement of the lease term or the present value of the minimum lease payments, if shorter. Lease obligations are entered in the lease liability. Assets entered under intangible assets are amortized based on the estimated useful life of the asset or over the lease period, if shorter. Lease payments are apportioned between repayment of principal and the financing charge so as to produce a constant rate of interest on the remaining balance of the liability.

The Group leases the warehouses and office premises it uses, as well as equipment and vehicles, under non-cancelable operating leases. As of January 1, 2019, the Group has recognized right-of-use assets for these leases, with the exception of short-term leases or leases of low-value assets. Minimum lease payments not recognized in the balance sheet payable on the basis of other non-cancelable leases:

	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Within 1 year	52	460
In more than 1 and no more than 5 years	4	493
Total	**55**	**953**

The Group does not act as a lessor towards external parties.

Provisions

Provisions are recognized in the balance sheet when a present legal or constructive obligation has arisen as a result of a past event, and it is probable that this will cause future expenses and the amount of the obligation can be reliably estimated. A provision for warranties is recognized when the underlying products are sold. The warranty provision is estimated on the basis of historical warranty expense data and is presented as non-current or current provision depending on the length of the warranty period. The amount and probability of provisions requires management estimates and assumptions. Actual results may differ from these estimates.

Income taxes

The tax expense in the income statement comprises the tax based on the company's taxable income for the period together with deferred taxes. The tax based on taxable income for the period is the taxable income of the Group companies calculated according to the applicable tax rate. The tax is adjusted for any tax related to previous periods. Deferred tax is calculated on all temporary differences between their book and actual tax values. Deferred tax is not recognized for accountable assets and liabilities not concerning the combination of operations when the recognition of such an asset or liability will neither affect accounting results nor taxable income at the time of the transaction. Deferred tax is not recognized for non-deductible goodwill impairment or for distributable earnings of subsidiaries where it is probable that the difference will not reverse in the foreseeable future.

The principal temporary differences, i.e. deferred taxes, arise from internal margins on inventories and changes in the fair value of intangible rights arising in connection with acquisitions.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit, against which the temporary differences can be utilized, will be available.

Property, plant and equipment

Property, plant, and equipment are valued at original acquisition cost less accumulated depreciation and amortization as well as impairment losses. Property, plant, and equipment are amortized using the straight-line method based on the estimated useful life of the asset. The estimated useful lives for machinery and equipment are 3–5 years. When a part of property, plant and equipment is dealt with as a separate entity, costs related to its replacement are capitalized. In other cases, costs arising later are included in the accounting for a tangible asset only if it is likely that the asset will generate commercial benefit to the Group, and the acquisition cost of the asset can be reliably determined. Other repair and maintenance costs are recognized through profit or loss as realized. The residual value and useful life of assets are checked at least in connection with each financial statement and, if necessary, adjusted to reflect changes in the expectation of economic benefit. Gains and losses from disposals are determined by comparing the disposal proceeds with the book amount and are included in other operating income or expenses. The depreciation period of right-of-use assets is the lease term or the useful life of the asset, if shorter.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired company at the date of acquisition. For companies acquired before January 1, 2004, goodwill represents the excess of the cost of an acquisition over the book value of the Group's share of the net assets of the acquired company at the date of acquisition.

Goodwill is not amortized but tested annually for any impairment. For this purpose, goodwill is attributed to two cash-generating units that the Group expects to benefit from the combination of operations having created the goodwill. Goodwill is valued at acquisition cost less impairment losses. Regardless of whether any indications of impairment exist, the recoverable amount for goodwill is assessed annually. The recoverable amount is the fair value of the asset less disposal cost, or the fair value, if higher. Fair value means estimated future cash flows from the said asset or cash-generating unit that are discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized when the book value of an asset item is greater than its recoverable amount. The impairment loss is recognized in the income statement.

The assessment of fair value is based on estimates of future cash flows. Cash flows are most affected by discount interest rates, closing values, as well as the assumptions and estimates used in assessing cash flows. Management determines the discount interest rate based on the WACC method (Weighted Average Cost of Capital). Even though management estimates that the assessments have been made with due diligence, the estimates may differ significantly from actual future values. Discounted cash flows are calculated at the level of cash-generating units.

Other intangible assets

An intangible asset is recognized on the balance sheet only if its acquisition cost can be reliably determined and it is likely that the asset will generate commercial benefit to the Group.

Other intangible assets with a limited useful life are recognized on the balance sheet and expensed on a straight-line basis over their useful lives. For acquisitions after January 1, 2004, intangible assets are valued at fair value. Estimated useful lives for various assets are:

Technology-based intangible assets	straight-line depreciation 17 years
Customer-based intangible assets	straight-line depreciation 15 years
Patents, trademarks, and brands	straight-line depreciation 10 years
Software	straight-line depreciation 3–7 years
Capitalized product development expenses	straight-line depreciation 3-10 years

The Group has no intangible assets with an unlimited useful life.

Impairments of tangible and intangible assets

The Group management continuously reviews Group items for any indication of impairment. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount is the higher of the asset item's fair value less the cost arising from disposal and its value in use. When determining value in use, the expected future net cash flows from the asset item or cash-generating unit are discounted based on their present values. The interest rate calculated using the WACC method (Weighted Average Cost of Capital) before taxes is used as the discount interest rate. Factors that affect the interest in the WACC calculation include a risk-free interest rate, the cost of borrowed capital, the risk premium on the stock market, the beta coefficient, and the industry's capital structure.

An impairment loss is recognized when the book value of an asset item is greater than its recoverable amount. The impairment loss is recognized in the income statement. For other asset items except goodwill, the impairment loss can later be reversed if a change in the estimates used for determining the recoverable amount has occurred. The impairment loss is, however, not reversed by more than what the book value of the asset would be without the recognition of the impairment loss.

Factors considered by the Group management as central to determining whether impairment testing should be done include the asset item's significantly lower profit in comparison with previous or expected future profits, negative changes in the industry or market conditions or threats thereof, and significant changes in the way the asset item is used or in the business strategy.

Financial assets

Categorization

The Group's financial assets are classified in the following categories: measured at amortized cost, measured at fair value through other comprehensive income items or measured subsequently at fair value through profit or loss.

Financial assets are classified and valued when recorded for the first time in the balance sheet. Classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

Financial assets that are valued at amortized costs are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms for items falling under financial assets give rise on specified dates to cash flows to be realized at specific times that constitute solely payments of principal and interest on the principal outstanding.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ITEMS

Financial assets that are valued at fair value through other comprehensive income items are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and the contractual terms for items falling under financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FINANCIAL ASSETS SUBSEQUENTLY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets subsequently measured at fair value through profit and loss are assets that are not measured at amortized cost or at fair value through other comprehensive income items.

FINANCIAL ASSETS — RECOGNITION AND MEASUREMENT

Expected credit losses on assets measured at amortized cost shall be recognized proactively by evaluating the credit risk geographically and by customer group.

The acquisition and disposal of financial assets are recognized based on the date of the transaction. Financial assets are derecognized when rights to the cash flows from the investment have expired or been transferred, and the Group has transferred an essential part of their ownership-related risks and rewards. Financial assets available for sale and recognized through profit and loss are subsequently measured at fair value.

Loans and other receivables are measured at amortized cost using the effective interest method.

Unrealized and realized gains and losses due to changes in fair value relating to assets categorized as financial assets at fair value through profit or loss are recognized in operating profit in the accounting period in which they arise. Dividend income from financial assets recognized at fair value, through profit or loss, are recorded on the income statement as other income when the right to payment has arisen for the Group.

When securities categorized as available for sale are sold or depreciated, the changes in fair value recognized in equity are included under the income statement item "other operating profit/loss net."

Interest on securities available for sale, calculated using the effective interest method, is recognized in financial items on the income statement. Dividends from equity instruments available for sale are recognized in other income in the income statement when the right to payment has arisen for the Group.

The fair values of quoted investments are based on current bid prices. If there is no active market for a financial asset, fair value is established by using valuation techniques. These include the use of recent arm's length transactions, the fair values of other instruments that are substantially the same, or the present value of discounted cash flows.

On each closing date, it is evaluated whether objective evidence exists that a financial asset is impaired. For available-for-sale equity instruments, a significant or prolonged decrease in their fair values below the acquisition cost is considered to constitute evidence of impairment. The accumulated loss, determined as the difference between acquisition cost and current fair value less previously recognized impairment loss for the said asset, is transferred through profit or loss. An impairment loss relating to equity investment is not later reversed through profit or loss.

Trade receivables

Trade receivables are recognized at original invoiced price less impairment loss. An impairment loss is recognized when evidence exists that the company cannot collect its receivables in accordance with the initial terms and conditions. The impairment loss is the difference between the book value of the receivables and their recoverable amount, and it corresponds to the present value of expected cash flows. Evidence is regularly considered to exist when a receivable is more than 180 days outstanding and when no credit insurance, or a security through other means, is available. External evidence of a risk related to a receivable even before it is 180 days outstanding will lead to the recognition of impairment loss. Such evidence may be, for example, the debtor's significant economic difficulties, company reorganization, or bankruptcy proceedings. The impairment loss is recognized in the income statement in other operating expenses.

In addition, the Group estimates the expected credit losses for the full lifetime of the sales receivables. For the assessment of expected credit losses, sales receivables are grouped geographically and by customer group, and the credit loss provision is recognized based on past experience. The balance sheet values of sales and other receivables constitute the maximum credit risk amounts. No significant credit risk concentrations are included in the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits withdrawable on demand, and other liquid short-term investments with original maturities of one month or less from acquisition.

Financial liabilities

Group loans are classified at amortized cost using the effective interest method to be measured later. Loans are recognized at fair value less transaction costs at the time of acquisition. Financial liabilities include current and non-current liabilities. Financial liabilities are categorized as current unless the Group has an unconditional right to postpone payment at least for 12 months after the closing date.

Commissions associated with loan commitments are recognized as transaction costs to the extent that it is probable that the entire loan commitment, or part of it, will be taken up. In such a case, the commission is entered in the balance sheet until the loan is taken up. When it is, the commission associated with the loan commitment is recognized as part of the transaction cost. If the loan commitment is unlikely to be taken up, the commission is recognized as an advance payment for a liquidity service and is amortized as a cost for the period of the loan commitment.

A financial liability is removed from the balance sheet when the contractual obligations related to the liability expire. If needed, credit accounts are included in loans recognized in current debt.

The fair values of all financial assets and liabilities are presented in Note 23.

Equity

Outstanding ordinary shares are presented as share capital. Transaction costs due to the issuance of new equity instruments are presented as a deduction from equity. The own shares repurchased by Revenio Group Corporation are presented as a deduction from equity. Dividend distribution is recognized as a deduction from equity once the payment of dividend has been approved by the Annual General Meeting.

Reserve for invested unrestricted equity

The invested unrestricted equity fund includes other equity investments and the subscription price of shares to the extent this price is not recognized in share capital by an explicit decision.

Fair value reserve

The difference between the fair value and the subscription price of directed share issues used for consideration for acquired operations is recognized in the fair value reserve.

Other reserves

Other reserves include the option schemes implemented in 2010–2012.

Inventories

Inventories are recognized at the lower of cost and net realizable value. The acquisition cost is determined using the FIFO method. The net realizable value is the estimated selling price in a conventional transaction less the cost to make the sale. The acquisition cost of completed products and work in progress comprises direct costs such as materials, direct costs of labor, other direct costs, and the allocation of the variable manufacturing overheads and fixed overhead at normal operating capacity.

Critical accounting estimates and assumptions

The preparation of the financial statements requires the use of estimates and assumptions about the future. The actual results may differ from these estimates and assumptions. In addition, judgment needs to be exercised in the application of accounting principles.

The most significant items of the financial statements where the management has been required to use its judgment and for which the estimates include significant uncertainty are presented below.

In acquired businesses, management judgement has been exercised in the definition of the fair value of intangible assets and estimation of the economic life of the assets. Assumptions based on the management's best knowledge have also been used in the definition of the additional purchase price. Assumptions and judgment have been exercised to determine the actuarial assumptions used for calculating the present value of the defined benefit pension plans. These assumptions are presented in Note 4.

Goodwill is tested on an annual basis for signs of impairment as described in the accounting policies above. The recoverable amounts of cash-generating units are defined based on value in use. These calculations require the use of estimates on the profitability of the business and on all factors that may affect it. For intangible assets with a limited useful life, it is estimated annually whether any indications of their impairment exist. If such indications are detected, the intangible assets are subjected to impairment testing. The recoverable amounts of cash-generating units are defined based on value in use. These calculations require the use of estimates. More information on the impairment testing of goodwill and intangible assets is provided in Note 11.

Besides the Group strategy, and action and financial plans and prognoses for the coming years, Group management bases its prognoses on estimates about the macro- and micro-economic factors that affect demand in the business. The estimates used reflect actual history and are consistent with external information.

New and revised standards and interpretations to be adopted later

The IASB has published the following standards or amendments to IFRS standards. The changes will be effective for financial periods beginning after January 1, 2019, and they are not estimated to have an impact on the company's future financial statements.

IFRS 17 Insurance Contracts	The Standard replaces IFRS 4.
IFRS 10 and IAS 28	Amendment to Sales or contributions of assets between an investor and its associate or joint venture.
IFRS 3	Amendments to definition of a business.
IAS 1 and IAS 8	Amendments to definition of materiality.

The IASB has published a revised conceptual framework. No changes were made to current standards, but companies should consider the appropriateness of their accounting policies.

1) Operating segments

The Group consists of a single reportable segment formed out of its independent subsidiaries with business operations and the parent company. The previously separately reported parent company is presented as part of the health technology segment as of January 1, 2019. The reference information has been adjusted accordingly.

The health technology segment reported by the Group designs, manufactures, and sells health tech products for screening and monitoring. The focus is on devices that support the diagnosis and treatment of eye diseases, skin cancer, and asthma for a customer base comprising healthcare professionals and patients.

Information about geographical areas

2019, TEUR	FINLAND	OTHER EUROPE	OTHERS	TOTAL
Net sales	919	10,416	38,140	**49,474**
Assets	27,334	74,875	7,582	**109,791**
Capital expenditure	2,454	65,704	8	**68,167**

2018, TEUR	FINLAND	OTHER EUROPE	OTHERS	TOTAL
Net sales	832	7,299	22,527	**30,658**
Assets	19,541	0	2,552	**22,093**
Capital expenditure	1,757	0	55	**1,812**

2) Net sales

	2019 TEUR	2018 TEUR
Net sales, goods	49,474	30,658
Total	**49,474**	**30,658**

3) Other operating income

	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Grants and subsidies received	236	201
Change in purchase price debt	1,048	0
Others	28	0
Total	**1,311**	**201**

As a result of negotiations following the acquisition, the company has recognized an adjustment of EUR 1,048,000 in other income and the purchase price debt.

4) Employee benefit expenses

	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Salaries and wages	-8,325	-4,443
Pension costs – defined benefit plans	-55	0
Pension costs – defined contribution plans	-1,101	-700
Other indirect personnel expenses	-291	-26
Total	**-9,772**	**-5,170**

AVERAGE NUMBER OF GROUP PERSONNEL DURING FINANCIAL PERIOD	**JAN 1–DEC 31, 2019**	JAN 1–DEC 31, 2018
	88	49

Information on management's employment benefits, shareholdings, and option rights are presented in Note 29. Related party transactions. Information on options granted are presented in Note 21. Share-based payments.

DEFINED BENEFIT PLANS	**DEC 31, 2019 TEUR**
Defined benefit pension liabilities recognized in the balance sheet	
Present value of funded obligations	428
Fair value of assets	0
Present value of funded obligations on Dec 31, 2019	**428**

DEFINED BENEFIT PENSION COSTS RECOGNIZED IN THE INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT	JAN 1–DEC 31, 2019 TEUR
Current service cost	-52
Interest cost	-3
Pension costs in the income statement	**-55**
Actuarial gains and losses	-6
Defined benefit pension costs recognized in the income statement and comprehensive income statement	**-61**

PRESENT VALUE OF FUNDED OBLIGATIONS	JAN 1–DEC 31, 2019 TEUR
Obligation at the beginning of the period	0
Acquired businesses	410
Service cost	52
Interest cost	3
Actuarial gains and losses arising from changes in financial assumptions	6
Benefits paid	-42
Present value of funded obligations	**428**

CHANGES IN THE FAIR VALUES OF PLAN ASSETS	JAN 1–DEC 31, 2019 TEUR
Fair value of plan assets Jan 1	0
Interest income from assets	0
Contributions paid by the employer to the plan	42
Benefits paid	-42
Fair values of plan assets on Dec 31	**0**

CHANGES OF LIABILITIES PRESENTED IN THE BALANCE SHEET	JAN 1–DEC 31, 2019 TEUR
Liabilities Jan 1	0
Acquired businesses	410
Pension costs in the income statement	55
Pension costs in the comprehensive income statement	6
Benefits paid	-42
Liabilities Dec 31	**428**

ACTUARIAL ASSUMPTIONS USED	JAN 1–DEC 31, 2019 TEUR
Discount interest rate, %	0.5%
Future salary increase rate, %	4.1%
Inflation assumption, %	1.1%
Employee turnover, %	8.0%

IMPACT OF CHANGES IN KEY ASSUMPTIONS ASSUMPTION	CHANGE IN ASSUMPTION	EFFECT OF GROWTH IN ASSUMPTION, TEUR	EFFECT OF GROWTH IN ASSUMPTION, %
Discount rate	0.5%	-29	**-7%**
Future salary increase rate	0.5%	19	**4%**
Inflation	0.5%	-14	**-3%**
Employee turnover	0.5%	14	**3%**

5) Depreciation, amortization, and impairment

	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Depreciation and amortization by type of asset		
Machinery and equipment	-457	-307
Right-of-use assets	-581	0
Technology-based intangible assets	-735	-214
Customer-based intangible assets	-232	0
Other intangible assets	-18	-23
Depreciation, amortization, and impairment during financial period, total	**-2,023**	**-545**

6) Amounts recognized for leases in the income statement

	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Depreciation of right-of-use assets		
Business premises	-479	0
Vehicles	-87	0
Other	-15	0
Financial expenses		
Interest expenses	-16	0
Other operating expenses, leases		
Expenses from short-term leases	-93	0
Expenses from low-value leases	-5	0
Expenses related to variable lease payments not included in lease liabilities	-33	0

	JAN 1–DEC 31, 2019 TEUR
Cash outflow from leases in 2019	-580

7) Other operating expenses

	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Voluntary personnel expenses	-620	-360
Rent	-88	-373
Office space expenses	-63	-36
IT, machinery, and equipment expenses	-720	-626
Marketing and travel expenses	-3,249	-2,030
R&D expenses	-1,573	-1,066
Administrative services	-5,263	-2,568
Other operating expenses	116	-48
Total	**-11,460**	**-7,107**

AUDITOR'S FEES	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Deloitte Oy		
Auditing fees	-121	-45
Certificates and statements	-17	-5
Other services	0	-7
Total	**-138**	**-57**

8) Financial expenses (net)

	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Interest on financial liabilities	-214	-5
Exchange rate losses	-20	0
Other financial expenses	-91	-11
Interest income	5	0
Exchange rate gains	0	46
Other financial income	0	0
Total	**-320**	**30**

9) Income taxes

	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Tax based on the taxable income for the period	-3,474	-1,478
Tax from previous financial periods	7	-1
Change in deferred tax liabilities and assets	537	-653
Income taxes	**-2,930**	**-2,132**

Reconciliation of tax expenses in the income statement and taxes calculated using the parent company tax rate 20% (20%):

TAX RATE RECONCILIATION	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Profit before taxes	12,273	10,235
Income tax using parent company tax rate	-2,455	-2,047
Different tax rates of foreign subsidiaries	-241	-27
Non-taxable income	967	44
Non-deductible expenses	-1,238	-89
Temporary differences created and reversed in deferred tax assets and liabilities	30	24
Tax adjustments for previous fiscal years	7	-1
Tax losses for previous fiscal years recognized as deferred tax assets	0	-36
Taxes recognized in income statement	**-2,930**	**-2,132**

10) Earnings per share

The basic earnings per share are calculated by dividing the profit for the period by the weighted average number of outstanding shares during the financial period.

	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Profit for the period (TEUR)	9,343	8,103
Profit for the period attributable to owners of parent (TEUR), continuing operations	9,343	8,116
Weighted average number of outstanding shares during the financial period (own shares deducted), qty	25,645,898	23,927,841
Undiluted earnings per share (EUR)	0,37	0,34
Diluted earnings per share (EUR)	0,36	0,34

The diluted earnings per share are calculated by dividing profit for the period by the weighted average number of outstanding shares during the financial period, including the diluting effect of stock options. The 50,492 (114,000) stock options had a diluting effect of 66,269 shares at the end of the financial period.

11) Goodwill

GOODWILL	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Acquisition cost Jan 1	1,191	1,191
Book value Jan 1	1,191	1,191
Acquisition cost Dec 31	50,409	1,191
Book value Dec 31	**50,409**	**1,191**
Breakdown of book values of goodwill:		
CGU1: Icare	1,191	1,191
CGU2: CenterVue	49,218	0
Book value Dec 31	**50,409**	**1,191**

Goodwill impairment tests

For goodwill impairment testing in the 2019 financial period, the Group consisted of two cash-generating units to which the goodwill stated on the consolidated balance sheet is allocated. The cash-generating units and the goodwill concentrated in them were as follows:

CASH-GENERATING UNIT (CGU)	GOODWILL TEUR
CGU1: Icare	1,191
CGU2: CenterVue	49,218
Total goodwill Dec 31, 2019	**50,409**

This goodwill has accumulated through corporate acquisitions.

The justifications for recognizing goodwill have been separately assessed in connection with each corporate acquisition. The justification for recognizing Icare Finland Oy's goodwill is the proprietary intraocular pressure measurement technology it has developed and owns, and the strong competitiveness and market potential of the products based on the technology. The justification for recognizing CenterVue's goodwill is the macular imaging technologies it has developed and owns, and their strong competitiveness and market potential.

The recoverable amounts from CGUs are determined by the value-in-use method. The cash flow projections are based on forecasts approved by management and covering a five-year period. According to IAS 36, goodwill does not generate cash flows that are independent of those from other assets or asset groups.

In addition to strategy, latest budgets, and forecasts, management bases its cash flow projections on an estimate of the effect of the recent trade cycle changes on the capability of the CGUs to generate cash flows, and on other external information management deems to have this effect. The assumptions used are consistent with past developments, and, in management's opinion, moderate in respect of the growth and profitability opportunities in the coming years.

The pre-tax discount interest rate used for calculating value-in-use is determined separately for each cash-generating unit using the WACC (Weighted Average Cost of Capital) method, which projects the total cost of own and borrowed capital taking into account the specific risks of the assets. The percentage of increase in the terminal value is assumed to be 2% and WACC 9.25%.

Goodwill impairment testing sensitivity analysis

According to the sensitivity analysis performed using goodwill testing methods, the following changes may also occur in key items without any need to lower existing goodwill:

CASH-GENERATING UNIT (CGU)	INCREASE IN DISCOUNT RATE, PERCENTAGE POINTS	DECREASE IN THE OPERATING PROFIT LEVEL OF THE UNIT
CGU1: Icare	484.9	99.0
CGU2: CenterVue	16.2	16.1

As far as the assessment of the GGUs' recoverable amount is concerned, management is of the opinion that no potential change in any key forecast factor, reasonably assessed, could result in a situation in which the goodwill recorded in the consolidated balance sheet would have to be lowered.

12) Other intangible assets

JAN 1–DEC 31, 2019 TEUR	TECHNOLOGY-BASED	CUSTOMER-BASED	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost Jan 1	0	0	5,604	**5,604**
Increase during the period	0	0	672	**672**
Acquired businesses	8,606	5,211	1,783	**15,600**
Decreases during period	0	0	0	**0**
Acquisition cost Dec 31	8,606	5,211	8,058	**21,876**
Accumulated depreciation Jan 1	0	0	-1,442	**-1,442**
Depreciation during the year	-337	-232	-427	**-996**
Decreases during period	0	0	0	**0**
Accumulated depreciation Dec 31	-337	-232	-1,869	**-2,438**
Book value Dec 31	**8,268**	**4,980**	**6,189**	**19,438**
Book value Jan 1	**0**	**0**	**4,161**	**4,161**

JAN 1–DEC 31, 2018 TEUR	MUUT AINEETTOMAT HYÖDYKKEET	YHTEENSÄ
Acquisition cost Jan 1	4,188	**4,188**
Increase during the period	1,419	**1,419**
Decreases during period	-3	**-3**
Acquisition cost Dec 31	5,604	**5,604**
Accumulated depreciation Jan 1	-1,203	**-1,203**
Depreciation during the year	-243	**-243**
Decreases during period	3	**3**
Accumulated depreciation Dec 31	-1,442	**-1,442**
Book value Dec 31	**4,161**	**4,161**
Book value Jan 1	**2,986**	**2,986**

13) Property, plant, and equipment

MACHINERY AND EQUIPMENT	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Acquisition cost Jan 1	2,593	2,175
Increase during the period	950	476
Acquired businesses	405	0
Decreases during period	-48	-57
Acquisition cost Dec 31	3,901	2,593
Accumulated depreciation Jan 1	-1,794	-1,547
Depreciation during the year	-448	-307
Decreases during period	48	61
Accumulated depreciation Dec 31	-2,194	-1,794
Book value Dec 31	**1,707**	**800**
Book value Jan 1	**800**	**627**

ADVANCE PAYMENTS AND PURCHASES IN PROGRESS	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Acquisition cost Jan 1	117	204
Increase during the period	557	90
Decreases during period	-573	-176
Acquisition cost Dec 31	101	117
Book value Dec 31	**101**	**117**
Book value Jan 1	**117**	**204**

14) Right-of-use assets

	BUSINESS PREMISES	CARS	DEVICES	JAN 1–DEC 31, 2019 TEUR TOTAL	JAN 1–DEC 31, 2018 TEUR TOTAL
Acquisition cost Jan 1	1,238	145	15	1,398	0
Increase during the period	7	212	15	233	0
Acquired businesses	138	17	0	155	0
Decreases during period	0	0	0	0	0
Acquisition cost Dec 31	1,382	374	29	1,786	0
Accumulated depreciation Jan 1	-377	-28	-8	-414	0
Depreciation during the year	-479	-87	-15	-581	0
Accumulated depreciation for acquired business operations	-31	-3	0	-34	0
Accumulated depreciation Dec 31	-887	-118	-24	-1,029	0
Book value Dec 31	495	256	6	**757**	**0**
Book value Jan 1	861	117	6	**984**	**0**

15) Deferred tax assets and liabilities

ITEMIZATION OF DEFERRED TAX ASSETS, 2019	JAN 1, 2019 TEUR	ACQUIRED BUSINESSES TEUR	RECOGNIZED IN THE INCOME STATEMENT TEUR	DEC 31, 2019 TEUR
Internal inventory margin	174	164	213	**551**
Other temporary differences	56	70	89	**215**
Total	**230**	**234**	**302**	**766**

ITEMIZATION OF DEFERRED TAX ASSETS, 2018	JAN 1, 2018 TEUR	RECOGNIZED IN THE INCOME STATEMENT TEUR	DEC 31, 2018 TEUR
Internal inventory margin	147	27	**174**
Confirmed losses	696	-696	**0**
Other temporary differences	32	24	**56**
Total	**875**	**-645**	**230**

ITEMIZATION OF DEFERRED TAX LIABILITIES, 2019	JAN 1, 2019 TEUR	ACQUIRED BUSINESSES TEUR	RECOGNIZED IN THE INCOME STATEMENT TEUR	DEC 31, 2019 TEUR
Measurement of tangible and intangible assets at fair value in connection with combinations of business	0	4,633	-514	**4,120**
Other temporary differences	8	0	217	**225**
Total	**8**	**4,633**	**-297**	**4,344**

ITEMIZATION OF DEFERRED TAX LIABILITIES, 2018	JAN 1, 2018 TEUR	RECOGNIZED IN THE INCOME STATEMENT TEUR	DEC 31, 2018 TEUR
Other temporary differences	0	8	**8**
Total	**0**	**8**	**8**

	DEC 31, 2019	DEC 31, 2018
Deferred tax assets net	0	222
Deferred tax liabilities net	3,578	0

16) Inventories

	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Materials and supplies	826	736
Work in progress/advance payments	402	343
Finished products	2,224	433
Total	**3,452**	**1,512**

17) Trade and other receivables

	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Trade receivables	5,147	2,796
Other receivables	430	313
Advances paid	824	511
Total	**6,402**	**3,620**

UNITED STATES, USD	NOT FALL-EN DUE	< 30 DAYS	> 30 DAYS	> 60 DAYS	> 90 DAYS	TOTAL
Hospitals and public corporations						
ECL coefficient	0%	0%	0%	1%	5%	
Gross book value	781	585	137	20	255	**1,778**
ECL over validity period	0	0	0	0	13	**13**
Other						
ECL coefficient	0%	0%	0%	2%	4%	
Gross book value	0	735	276	107	125	**1,243**
ECL over validity period	0	0	0	2	5	**7**

OTHER COUNTRIES, EUR	NOT FALL-EN DUE	< 30 DAYS	> 30 DAYS	> 60 DAYS	> 90 DAYS	TOTAL
ECL coefficient	0%	1%	2%	3%	5%	
Gross book value	1,629	268	6	0	27	**1,931**
ECL over validity period	0	3	0	0	1	**4**
ECL coefficient	1%	1%	2%	5%	13%	
Gross book value	1,511	128	0	0	1	**1,640**
ECL over validity period	8	1	0	0	0	**9**

18) Cash and cash equivalents

	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Bank accounts and cash in hand	26,675	10,378
Total	**26,675**	10,378

19) Adjustments to cash flows from operating activities

	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Non-cash operations:		
Depreciation, amortization, and impairment	2,023	545
Others	1,775	244
Total	**3,799**	**789**

20) Changes in the number of shares and their impact on equity

The following presents the changes in the number of shares and their impact on shareholder equity in the 2018 and 2019 financial periods.

	NUMBER OF SHARES	SHARE CAPITAL TEUR	RESERVE FOR INVESTED UNRESTRICTED EQUITY, TEUR	OWN SHARES	TOTAL TEUR
JAN 1, 2018	**7,979,406**	**5,315**	**7,161**	**-99**	**12,377**
Free share issue Mar 22, 2018	15,958,812				
Share issue with A option rights Jun 27, 2018	9,687		80		80
Share issue with A option rights Nov 8, 2018	50,856		419		419
Share issue with A option rights Dec 28, 2018	17,715		146		146
Treasury shares held by company May 3, 2018			18	39	58
Treasury shares held by company Nov 8, 2018–Nov 20, 2018				-709	-709
DEC 31, 2018	**24,016,476**	**5,315**	**7,824**	**-769**	**12,371**

	NUMBER OF SHARES	SHARE CAPITAL TEUR	RESERVE FOR INVESTED UNRESTRICTED EQUITY, TEUR	OWN SHARES	TOTAL TEUR
JAN 1, 2019	**24 016 476**	**5,315**	**7,824**	**-769**	**12,371**
Directed share issue April 26, 2019	2,350 000		42,300		42,300
Share issue with A option rights May 9, 2019	6,270		50		50
Share issue with A option rights Jun 25, 2019	23,472		187		187
Share issue with B option rights Jun 25, 2019	15,045		148		148
Share issue with B option rights Oct 24, 2019	44,367		437		437
Share issue with C option rights Oct 24, 2019	12,900		165		165
Share issue with B option rights Dec 20, 2019	34,941		344		344
Share issue with C option rights Dec 20, 2019	41,271		527		527
Treasury shares held by company May 13, 2019			28	29	58
31.12.2019	**26,544,742**	**5,315**	**52,009**	**-740**	**56,584**

All issued shares have been paid in full. The company's share capital consists of 26,544,742 shares of a single class. At the end of the financial period, the company held 53,184 of its own shares (REG1V). All shares confer an equal right to dividends and the company's funds.

The Board of Directors proposes to the ordinary Annual General Meeting convening on March 19, 2020 that the parent company's distributable funds are used as follows:

– Payment of a dividend of EUR 0.30 per share, a total of EUR 7,963,422.60 with the number of shares at the end of the financial period

– Retention of the remainder of distributable funds in equity.

21) Share-based payments

Option rights of personnel

Option program 2015

The company has a stock option program decided by the Board of Directors on August 10, 2015, based on the authorization of the Annual General Meeting on March 19, 2015, comprising a maximum of 150,000 option rights. Each option right entitles the holder to subscribe to three Revenio Group Corporation shares.

The option rights are divided into three series: Series A (50,000), Series B (50,000), and Series C (50,000). The subscription periods for options are as follows: Series A: May 31, 2017–May 31, 2019; Series B: May 31, 2018–May 31, 2020; and Series C: May 31, 2019–May 31, 2021.

The share subscription price for Series 2015A options will be the trade-weighted average price of the Revenio share quoted on NASDAQ OMX Helsinki Oy during the period September 1–October 15, 2015 plus 15 percent, EUR 8.23; for Series 2015B options, the trade-weighted average price of the Revenio share quoted on NASDAQ OMX Helsinki Oy during the period September 1–October 15, 2016 plus 15 percent, EUR 10.12; and for Series 2015C options, the trade-weighted average price of the Revenio share quoted on NASDAQ OMX Helsinki Oy during the period September 1–October 15, 2017 plus 15 percent, EUR 13.06.

On the record date of dividend distribution, the subscription price is decreased by the amount of dividend decided between the end of the determination period and the beginning of the share subscription period.

By way of deviation from the shareholders' preemptive subscription right, the option rights will be granted, without consideration, to Revenio Group's key personnel and to Revenio's wholly owned subsidiary, Done Medical Oy. The shareholders' preemptive subscription right is waived as the option rights are intended to constitute a part of the incentive program of Revenio Group.

The option rights will be allocated, as determined by the Board of Directors, to key personnel employed or to be employed by the Revenio Group. Subsidiaries will be granted the option rights that are not allocated to the Group's personnel.

CHANGES IN OPTIONS	2019
Exercisable options in beginning of financial period	114,000
New options granted during financial period	7,000
Options returned to the company	0
Reallocated options	0
Used options	59,422
Expired options	4,086
Outstanding options at end of financial period	40,492
Exercisable options at end of financial period	50,492

Definition of fair value

The Group uses the Black-Scholes model for determining the fair value of options. The expected volatility is determined on the basis of actual historical share price development, taking into account the remaining validity periods of the options. The fair value of the shares is based on actual quotations.

Management incentive scheme

The Board of Directors of the Revenio Group Corporation has decided on two share-based long-term incentive schemes directed towards the Management Team of the Revenio Group.

Long-term incentive schemes form part of the company's remuneration program for key personnel and are set up to support the implementation of the company's strategy and harmonize the objectives of key personnel and the company in order to increase the company's value.

Performance share plan 2018–2020

A program for the earning years 2018-2020 was launched as part of the long-term share-based incentive scheme. The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets.

The amount of bonus payable to the participants depends on the achievement of the pre-set targets. No bonus will be paid if the targets are not met, or if the participant's work or employment relationship ends before the bonus is paid. The performance share plan shall cover a maximum of 10 persons and the objectives of the plan shall be related to the absolute total yield of the company's share and the cumulative operating result over a period of three years.

If the targets of the incentive scheme are met, the bonuses will be paid in the spring of 2021 in the year following the earning period. The total amount of share bonus to be paid on the basis of the program earning period shall not exceed around 50,000 shares in Revenio Group Corporation. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares. However, in certain circumstances the company has the right to pay the entire bonus in cash.

Performance share plan 2019–2021

A program for the earning years 2019-2021 was launched as part of the long-term share-based incentive scheme. The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets. The amount of bonus payable to the participants depends on the achievement of the pre-set targets. No bonus will be paid if the targets are not met, or if the participant's work or employment relationship ends before the bonus is paid. The performance share plan shall cover a maximum of 10 persons and the objectives of the plan shall be related to the absolute total yield of the company's share and the cumulative operating result over a period of three years. If the targets of the incentive scheme are met, the bonuses will be paid in the spring of 2022 in the year following the earning period. The total amount of share bonus to be paid on the basis of the program earning period shall not exceed around 50,000 shares in Revenio Group Corporation. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares. However, in certain circumstances the company has the right to pay the entire bonus in cash.

22) Provisions

SHORT-TERM PROVISIONS	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Provisions Jan 1	0	0
Acquired businesses	613	0
Changes in reserves	-216	0
Short-term provisions Dec 31	**397**	**0**

23) Classification of financial liabilities

DEC 31, 2019	AT FAIR VALUE THROUGH PROFIT OR LOSS	AMORTIZED COST	BOOK VALUE	FAIR VALUE
Interest-bearing non-current liabilities	0	24,185	24,185	24,185
Non-interest-bearing non-current liabilities	986	0	986	986
Interest-bearing current liabilities	0	4,679	4,679	4,679
Trade payables and other non-interest-bearing current liabilities	0	10,464	10,464	10,464
DEC 31, 2018				
Interest-bearing non-current liabilities	0	176	176	176
Interest-bearing current liabilities	0	148	148	148
Trade payables and other non-interest-bearing current liabilities	0	3,698	3,698	3,698

All non-current loans are fixed-rate, and their book values have been measured at amortized cost. The average interest rate is 0,75% (2018: 1%). All of the Group's current and non-current financial liabilities are in the euro denomination. The loans will mature by 2022.

The Group's interest-bearing debt at end of period:

FINANCIAL LIABILITY	USE	INITIAL AMOUNT, EUR THOUSAND	PRINCIPAL OUTSTANDING, EUR THOUSAND	YEAR WHEN ESTABLISHED
TEKES loan	Initial financing of the subsidiary	502	176	2010–2013
Loan from financial institution	Acquired businesses	30,000	27,900	2019

The loan related to the acquired business operations includes covenants, which the company has complied with during the 2019 financial period. The loan is secured by mortgages on Revenio Group Corporation assets worth EUR 91,000,000.

The table below details the contractual maturity analysis. The figures are not discounted and include both interest and principal payments.

DEC 31, 2019	NOTE NO.	UNDER 1 YEAR	1–2 YEARS	2–5 YEARS	OVER 5 YEARS	CASH FLOW TOTAL
Trade payables and other non-interest bearing liabilities	25	10,464	0	0	0	**10,464**
Lease liabilities		431	204	174	0	**810**
Interest-bearing debt						
principal	23	4,259	4,259	19,559	0	**28,076**
interest payments		164	137	47	0	**348**

DEC 31, 2018	NOTE NO.	UNDER 1 YEAR	1–2 YEARS	2–5 YEARS	OVER 5 YEARS	CASH FLOW TOTAL
Trade payables and other non-interest-bearing debt	25	3,698	0	0	0	**3,698**
Interest-bearing debt						
principal	23	148	117	59	0	**324**
interest payments		3	3	1	0	**7**

24) Other non-current liabilities

	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Additional purchase cost for acquired business operations	986	0
Liabilities for share-based payments	170	0
Total	**1,155**	**0**

25) Trade and other payables

	DEC 31, 2019 TEUR	DEC 31, 2018 TEUR
Accounts payable	4,943	1,077
Other liabilities	794	83
Accrued expenses and deferred income	4,727	2,538
Total	**10,464**	**3,698**
Material items included in accrued liabilities and deferred income		
Accrued personnel expenses	2,252	1,232
Income taxes	1,030	0
Other accruals and deferred income	1,445	1,306
Total	**4,727**	**2,538**

26) Capital structure

The Group's capital management activities seek to optimize capital structure and thereby support the Group's business activities by ensuring normal operating conditions for business activities, while also increasing shareholder value and aiming for the best possible profit.

Capital structure can be influenced by dividend distribution and the issue of shares. The Group may vary and adjust the amount of dividends paid to shareholders, or the number of new shares issued, or decide to sell assets in order to reduce its debts.

The Group monitors its capital structure through leveraging. At the end of 2019, the Group's interest-bearing net liabilities totaled EUR 2.2 million (EUR -10.1 million at the end of 2018) and leveraging stood at 3.4 (-55.6)%. When calculating leveraging, interest-bearing net liabilities are divided by shareholders' equity. Net liabilities comprise debts less receivables and cash equivalents. The Group's strategy is to keep leveraging below 25 percent. There has been no change in this strategy since the previous year.

Net leveraging increased from 2.2% to 3.4% as a result of the adoption of IFRS 16 Leases. Both net liabilities and gross assets grew on January 1, 2019 due to the recognition of right-of-use assets and lease liabilities.

The loan taken out by the Group for the acquisition includes the following covenants:

The ratio of net debt to EBITDA may not exceed 3
At least EUR 30 million has been accumulated through the share issue
Net leveraging may not exceed 35%

The Group has complied with these covenants throughout the reporting period. The ratio of net debt to EBITDA was 15.3% on December 31, 2019.

	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Financial liabilities	28,863	324
Cash and cash equivalents	26,675	10,378
Net debt	2,189	-10,054
Equity, total	64,363	18,071
Gearing ratio	3,4%	-55,6%

27) Commitments

The company has mortgages on company assets worth EUR 91,000,000. Mortgages on company assets are used as collateral for loans.

28) Acquired businesses

Purchases in the financial period 2019

Revenio completed the acquisition of the entire share capital of the Italian company CenterVue S.p.A. ("CenterVue") on April 30, 2019. Italian company CenterVue is one of the leading global supplier of ophthalmological devices. Its products are an excellent complement to Revenio's portfolio of products focused on tonometry. With the acquisition of CenterVue, Revenio gained a profitable growth company and its strong product portfolio for diagnostics of the eye. Upon closing of the transaction, Revenio will have the capacity to offer its customers ophthalmologic products on a one-stop-shop basis, which provides an excellent foundation for future growth. The acquisition also provided Revenio with a significant amount of non-glaucoma-related optical expertise, which it did not previously have.

The purchase price was paid in cash. In addition, the parties agreed on an arrangement whereby Revenio will pay an additional purchase price of EUR 1,0 million if the conditions agreed on by the parties for the additional purchase price are met by the end of 2020.

The purchase consideration was paid with debt and the proceeds from the directed share issue. The debt financing related to the arrangement consists of a three-year term loan in an aggregate amount of EUR 30 million. The fair value of the identifiable intangible assets acquired at the date of acquisition was EUR 15.6 million, comprising technology (EUR 8.6 million), customer relations (EUR 5.2 million), and marketing-related intangible assets (EUR 1.8 million). The acquired inventories measured at fair value amounted to EUR 2.4 million at the time of acquisition. The gross trade receivables amount to EUR 2.2 million, of which EUR 38,000 is considered to be uncollectable. Goodwill (provisional) amounts to EUR 49.2 million. The goodwill consists of workforce, synergies, and expansion into new product areas.

The acquisition-related costs of EUR 2.8 million are included in operating expenses in the 2019 consolidated comprehensive income statement and in net cash flow from operations in the cash flow statement. Net sales of the acquired business operations for the period May 1–December 31, 2019 totaled EUR 14.8 million and operating profit was EUR 3.4 million. According to management's assessment, if the acquisition had been carried out on January 1, 2019, consolidated net sales would have amounted to EUR 21.0 million and operating profit would have been EUR 4.6 million. The identifiable assets acquired, the liabilities assumed, and the consideration transferred in the business combination have been provisionally recognized. The provisional values at the time of acquisition and the cash flow effect of the acquisition were as follows:

Preliminary recognized fair values and goodwill arising from the acquisition at the time of acquisition

PURCHASE PRICE	TEUR
Acquisition price	68,087
Additional purchase cost	986
Total purchase price	**69,073**

CASH FLOW	TEUR
Purchase price paid	-67,040
Cash acquired	8,812
Total cash flow	**-58,228**

ASSETS	TEUR
Non-current assets	
Tangible assets	525
Intangible assets	15,600
Non-current assets total	**16,125**
Current assets	
Inventories	2,364
Trade and other receivables	2,521
Cash and cash equivalents	8,812
Current assets total	**13,697**
ASSETS TOTAL	**29,822**

LIABILITIES	TEUR
Non-current liabilities	
Deferred tax liabilities	4,399
Liabilities arising from employee benefits	410
Financial liabilities	61
Non-current liabilities total	**4,870**
Current liabilities	
Provisions	613
Trade and other payables	3,558
Tax liabilities	867
Financial liabilities	60
Current liabilities total	**5,098**
LIABILITIES TOTAL	**9,968**

Net assets	19,854
Purchase price	69,073
Goodwill	49,219

29) Related parties and remuneration of management

PARENT AND SUBSIDIARY RELATIONSHIPS OF THE GROUP:	DOMINCILE	HOLDING
Parent company Revenio Group Corporation	Vantaa	
Done Medical Oy	Seinäjoki	100.0%
Icare Finland Oy	Helsinki	100.0%
Revenio Research Oy	Vantaa	100.0%
Oscare Medical Oy	Helsinki	100.0%
Icare USA Inc	Missouri	100.0%
CenterVue SpA	Padova	100.0%
CenterVue Inc	Fremont	100.0%
Revenio Italy SRL	Milano	100.0%

All Group companies are consolidated in the parent company's consolidated financial statements.

EMPLOYMENT BENEFITS FOR MANAGEMENT	JAN 1–DEC 31, 2019 TEUR	JAN 1–DEC 31, 2018 TEUR
Management includes the Board and the Group's Management Team		
Salaries and other short-term employment benefits	2,733	1,673
Other long-term benefits	74	54
Pension costs	465	177
Total	**3,273**	**1,905**

Expenses arising from incentive programs are recognized as provisions in the financial statements of the year of their determination and are presented under Related party transactions in the financial period during which the Board of Directors decides on their payment.

SALARIES AND REMUNERATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO:	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
CEO Timo Hildén	500	417
CEO Mikko Moilanen	349	0
Pekka Rönkä, Chair of the Board	50	48
Ari Kohonen, member of the Board	24	24
Pekka Tammela, member of the Board	26	24
Kyösti Kakkonen, member of the Board	24	24
Ann-Christine Sundell, member of the Board	26	24
Total	**997**	**561**

The Chair of the Board should be paid a director's fee of EUR 48,000 per annum and other Board members a director's fee of EUR 24,000 per annum. In accordance with the decision of the Annual General Meeting, a total of 40% of Board members' emoluments will be paid out in the form of company shares, and 60% will comprise a monetary payment.

The President & CEO's service contract is fixed-term.

During the financial period, no credit loss provisions or expenses have been recognized for lost or uncertain related party transactions.

Members of the Management Team deemed to be related parties and the managing directors of subsidiaries possessed the following option rights at the end of the financial period:

OPTION RIGHT	DEC 31, 2019	DEC 31, 2018
2015	14,850	25,500
Total	**14,850**	**25,500**

By way of deviation from the shareholders' preemptive subscription right, the option rights for 2015 listed above will be granted, without consideration, to Revenio Group's key personnel and to Revenio Group Corporation's wholly owned subsidiary, Done Medical Oy. The shareholders' preemptive subscription right is waived as the option rights are intended to constitute a part of the incentive program of Revenio Group. One option right entitles the holder to subscribe for three Revenio Group Corporation shares. The main principles of the option program's conditions are detailed above in Note 19 Share-based payments. No option rights have been granted to members of the Board of Directors.

There are also two share-based long-term incentive schemes for the Revenio Group Corporation management team. Long-term incentive schemes form part of the company's remuneration program for key personnel and are set up to support the implementation of the company's strategy and harmonize the objectives of key personnel and the company in order to increase the company's value. The main principles of the program conditions are detailed above in Note 21 Share-based payments.

COST IMPACT OF SHARE-BASED PAYMENTS	JAN 1–DEC 31, 2018
Paid as shares	264,730,10

30) Management of financial risks

Financial risks and the risk management process

The management of financial risks is the responsibility of the CEO together with the Board of Directors. The Board defines the main outlines of the company's financing and the general management principles for financial risks, and it gives guidelines as necessary for any special issues such as liquidity risk, interest risk, credit risk, and the investment of surplus liquid funds. The Board of Directors discusses the Group's financial standing and funding at its monthly meetings.

According to its strategy, the company may seek growth through acquisitions of companies and business operations. The implementation of these acquisitions may require debt financing. Debt can also be used for other strategic and operational purposes decided on by the Board. Equity financing may also be used for all financing needs, in particular for acquisitions of companies and business operations.

Types of financial risks

In its operational activities, the company may be exposed to several types of financial risks, including changes in currency exchange rates, interest rates, and changes in the stock market. A central objective of financial risk management is to identify financial market risks that are relevant to the Group, and seek to minimize the harmful effects of financial market changes on the Group's profit.

The main areas of financial risk management are:

(I) CURRENCY RISK

The United States is a significant export market for the company's Health Tech segment. The company has a subsidiary in the United States through which sales are conducted on the U.S. market. The operating currency of the subsidiary is the U.S. dollar. In sales to and local purchases in the U.S., the company is exposed to a risk of fluctuating exchange rates between the U.S. dollar and the euro. At the end of the financial period, the company's cash and cash equivalents in U.S. dollars were USD 3,450,833.81. In the event the Euro strengthens against the U.S. dollar by 10 percent, this would decrease the company's cash and cash equivalents on the closing date by EUR 307,000.

Invoicing between Icare Finland Oy and Icare US Inc. and also between CenterVue SpA and CenterVue Inc. takes place in USD. The currency risk is borne by Icare Finland Oy and CenterVue SpA since business transactions between Group companies are not hedged against currency risks. Sales in U.S. dollars represent approximately 48,2% of the total net sales of the Group's continuing functions. Icare Inc. had USD 1,469,000 and CenterVue Inc. USD 1,553,000 in account receivables from sales on the closing date. Icare Inc. had USD 600,000 and CenterVue Inc. USD 2,448,000 cash in bank on the closing date. On Icare Finland Oy's and Revenio Group Plc's USD accounts were USD 403,000 on the closing date.

(II) INTEREST RATE RISK

In the company's balance sheet structure, interest rate risk is involved in borrowings. The Group's profit and cash flow from operations are, to an essential extent, independent of fluctuations in market interest.

When taking up new financing, for example for corporate acquisitions, the company always evaluates the need for interest rate hedging, taking into account the amount of debt, hedging costs, and expected interest rate development during the financing period. All of the Group's borrowings have fixed interest rates.

As the Group does not have floating rate loans, the Group is not exposed to interest rate risk arising from changes in interest rates. The company has no interest rate investments or derivatives to which cash flow hedging would be applied.

(III) CREDIT RISK

The Group's credit policy lays down the requirements for selling on credit and the requirements for credit management. The credit quality of a new customer is controlled by applying for a credit insurance limit if necessary every time a new customer relationship is established. The credit limit and credit sales eligibility is reassessed if the customer's purchase volumes change or if the credit insurance company changes the granted credit limit as a result of a change in the customer's credit quality.

No single customer or customer group constitutes a significant credit risk concentration for the Group. During the financial period, credit losses and credit loss reserves recognized through profit and loss totaled EUR 68,676.33 (2018: EUR 47,500.12). The theoretical maximum credit risk at the end of the period corresponds to the book value of sales receivables. The aging of sales receivables is presented in Note 17.

(IV) LIQUIDITY RISK

The most significant factor affecting the sufficiency of liquid funds in the short term is the profitability of the business operations. Thus the development of cash flows from operations is affected by management's profitability management measures, and additionally, operational risks and external risks such as general economic development, financial market conditions, and other macroeconomic demand factors over which the company management has no control.

The Group's liquidity remained good in 2019, although the Group withdrew a EUR 30,000,000 loan to finance the CenterVue acquisition. Liquid funds were decreased in 2019 by the payment of dividends. On December 31, 2019, the Group's cash and cash equivalents totaled EUR 26,675,000 (2018: EUR 10,378,000). The company continuously monitors and assesses the financing needs of its business operations to ensure sufficient liquidity for financing its operations.

The Board of Directors follows the actual and forecast development of the Group's liquidity monthly, and decides on possible corrective actions.

31) Events after the financial period

There were no major events after the financial period.

Parent company profit & loss statement (FAS)

EUR

	APPENDIX	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Net sales	1	**713,417.57**	**475,118.82**
Employee benefit expenses			
Salaries and fees	2	-1,786,321.46	-1,058,216.57
Indirect personnel costs			
Pension costs		-206,433.99	-202,165.26
Other indirect personnel expenses		-66,991.27	-10,937.10
Personnel expenses total		**-2,059,746.72**	**-1 271,318.93**
Depreciation, amortization, and impairment			
Planned depreciation		-3,519.00	-7,288.57
Depreciation and amortization total		**-3,519.00**	**-7,288.57**
Other operating expenses	3	**-1,656,677.41**	**-1,108,183.53**
NET PROFIT/LOSS		**-3,006,525.56**	**-1,911,672.21**
Financial income and expenses	4		
Other financial income and interest receivable		4,102,193.58	66,525.61
Interest and other financial expenses		-1,347,072.44	-610.20
Financial income and expenses total		**2,755,121.14**	**65,915.41**
PROFIT/LOSS BEFORE APPROPRIATION AND TAXES		**-251,404.42**	**-1,845,756.80**
Appropriation	5	**14,046,656.78**	**8,622,567.49**
Income taxes for the financial period	6	**-2,301,208.99**	**-1,346,380.10**
NET PROFIT/LOSS		**11,494,043.37**	**5,430,430.59**

Parent company balance sheet (FAS)

EUR

ASSETS	APPENDIX	DEC 31, 2019	DEC 31, 2018
NON-CURRENT ASSETS	7		
Intangible assets			
Other non-current expenses in progress		1,809.00	0,00
Intangible assets, total		**1,809.00**	**0,00**
Tangible assets			
Machinery and equipment		3,815.54	7,334.54
Tangible assets total		**3,815.54**	**7,334.54**
Investments	8		
Holdings in Group companies		8,860,993.74	6,850,993.74
Holdings total		**8,860,993.74**	**6,850,993.74**
NON-CURRENT ASSETS TOTAL		**8,866,618.28**	**6,858,328.28**
CURRENT ASSETS			
Non-current receivables			
Receivables from Group companies		68,400,000.00	200,000.00
Other receivables		83,234.40	83,234.40
Non-current receivables, total		**68,483,234.40**	**283,234.40**
Short-term receivables			
Receivables from Group companies	9	17,491,274.39	13,732,596.82
Loans receivable		12.18	492.59
Other receivables		22,907.98	71,910.5
Advances paid	10	95,147.74	102,099.8
Short-term receivables total		**17,609,342.29**	**13,907,099.71**
Bank and cash		**9,132,481.54**	**6,325,983.86**
INVENTORIES AND SHORT-TERM ASSETS TOTAL		**95,225,058.23**	**20,516,317.97**
TOTAL ASSETS		**104,091,676.51**	**27,374,646.25**

EUR

SHAREHOLDER EQUITY AND LIABILITIES	APPENDIX	DEC 31, 2019	DEC 31, 2018
SHAREHOLDER EQUITY	11		
Share capital		5,314,918.72	5,314,918.72
Reserve for invested non-restricted equity		51,269,667.73	7,054,879.93
Retained earnings		591,569.58	1,870,012.63
Profit for the period		11,494,043.37	5,430,430.59
SHAREHOLDERS' EQUITY TOTAL		**68,670,199.40**	**19,670,241.87**
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	12	23,700,000.00	0,00
Liabilities to Group companies		327,715.00	43,406.73
Accrued expenses and deferred income		239,323.00	89,179.18
Non-current receivables, total		**24,267,038.00**	**132,585.91**
Current liabilities			
Loans from financial institutions		4,200,000.00	0,00
Accounts payable		159,394.64	96,617.07
Liabilities to Group companies	13	5,278,560.89	6,607,400.98
Other liabilities		88,505.43	2,939.77
Accrued expenses and deferred income	14	1,427,978.15	864,860.65
Current liabilities total		**11,154,439.11**	**7,571,818.47**
BORROWED CAPITAL TOTAL		**35,421,477.11**	**7,704,404.38**
LIABILITIES TOTAL		**104,091,676.51**	**27,374,646.25**

Parent company cash flow statement (FAS)

EUR

CASH FLOW FROM OPERATING ACTIVITIES	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Profit/loss before appropriations and taxes	-251,404.42	-1,845,756.80
Adjustments		
Returned impairments on consolidated loans	0.00	-33,891.66
Impairments on subsidiary receivables	-2,941,566.94	0.00
Planned depreciation	3,519.00	7,288.57
Financial income and expenses	186,445.80	-32,023.75
Other items	694,763.86	146,779.18
Change in working capital:		
Change in non-interest-bearing current receivables	-1,646,192.93	-1,300,205.64
Change in non-interest-bearing current liabilities	-55,836.99	193,347.63
Interest and payments paid from operations	-1,347,144.56	-608.47
Interest and payments received from operations	1,160,698.76	66,523.88
Direct taxes paid	-1,636,073.83	-1,151,990.94
Cash flow from operations	**-5,832,792.25**	**-3,950,538.00**

EUR

CASH FLOW FROM INVESTMENT ACTIVITIES	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Investment in tangible and intangible assets	-1,809.00	-10,557.40
Loans granted	-68,200,000.00	0.00
Purchased subsidiary shares	-2,010,000.00	0.00
Cash flow from investing activities	**-70,211,809.00**	**-10,557.40**

EUR

CASH FLOW FROM FINANCING ACTIVITIES	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
Rights issue	42,300,000.00	0,00
Share subscription through exercised options	1,857,187.80	644,063.34
Acquisition of own shares	0.00	-708,767.40
Withdrawals and repayments of short-term borrowings	4,200,000.00	0.00
Withdrawals and repayments of long-term borrowings	23,700,000.00	0.00
Dividends paid and other distribution of profits	-6,708,873.64	-6,221,238.66
Group account liabilities	1,512,177.64	1,919,705.24
Group contributions received and paid	11,990,607.13	7,449,120.72
Cash flow from financing activities	**78,851,098.93**	**3,082,883.24**

CHANGE IN CASH AND CASH EQUIVALENTS	**2,806,497.68**	**-878,212.16**
Cash and cash equivalents at beginning of period	6,325,983.86	7,204,196.02
Cash and cash equivalents at end of period	9,132,481.54	6,325,983.86
Change in cash and cash equivalents	**2,806,497.68**	**-878,212.16**

Notes to parent company financial statements Dec 31, 2019

Accounting principles for the parent company financial statements

Basis of preparation

The financial statements of the parent company Revenio Group Corporation have been prepared in accordance with the Finnish Accounting Act, Limited Liability Companies Act, and the Finnish Accounting Standards (FAS).

Valuation and depreciation principles

Valuation of non-current assets

The company's non-current assets are stated at acquisition cost less planned depreciation. The depreciation plan is defined based on experiences. Value adjustments are made based on the difference between the acquisition cost and the residual value and estimated useful life.

The bases for planned depreciation are as follows:

Intangible rights	3 years	straight-line depreciation
Other non-current expenses	3 years	straight-line depreciation
Machinery and equipment	3 years	straight-line depreciation

Subsidiaries

Direct expenses from the acquisition of subsidiary companies are recognized in the acquisition cost of subsidiary company holdings. The Group management continuously reviews Group items for any indication of impairment. If there are such indications, the amount recoverable from the said asset item is assessed.

Employee benefits

Personnel pension security is handled by external pension insurance companies. Pension costs are recorded as expenses in the year in which they are incurred.

The company's Management Team participates in a long-term share plan, within which programs are valid for the earning years 2018–2020 and 2019–2021. The minimum, target and maximum bonus of each participant shall be decided separate, as well as performance criteria and the related targets.

Benefits obtained under the share plan are recognized as expenses in the profit and loss statement steadily over time up until the payout.

Notes to the profit & loss statement

1) Distribution of net sales

	JAN 1–DEC 31, 2019 EUR	JAN 1–DEC 31, 2018 EUR
Administrative services to subsidiaries	713,417.57	475,118.82
Net sales total	**713,417.57**	**475,118.82**

2) Salaries and remunerations

	JAN 1–DEC 31, 2019 EUR	JAN 1–DEC 31, 2018 EUR
President & CEO	-602,901.00	-403,124.20
Board Members	-144,000.00	-144,000.00
Other salaries and remunerations	-1,006,997.10	-423,099.37
Total	**-1,753,898.10**	**-970,223.57**
Accrued salaries and remunerations total	**-1,786,321.46**	**-1 058,216.57**

AVERAGE NUMBER OF PERSONNEL DURING PERIOD	**JAN 1–DEC 31, 2019**	JAN 1–DEC 31, 2018
Management	3	3
Others	3	3
Total	**6**	**6**

3) Other operating expenses

	JAN 1–DEC 31, 2019 EUR	JAN 1–DEC 31, 2018 EUR
Rent of business premises	-71,053.01	-69,573.75
Vehicle and travel expenses	-206,710.11	-108,748.15
Machinery and equipment expenses	-86,928.81	-45,247.10
Marketing and entertainment	-92,984.46	-127,678.35
Expert services purchased	-988,837.43	-590,877.16
Administrative expenses	-47,861.77	-149,051.85
Returned loan losses	0.00	111,072.41
Other operating expenses	-162,301.82	-128,079.58
Total	**-1,656,677.41**	**-1 108,183.53**
Auditor's fees		
Deloitte Oy		
Auditing fees	-40,000.00	-39,000.00
Certificates and statements	-17,000.00	-5,000.00
Tax consultation	0.00	-7,100.00
Total	**-57,000.00**	**-51,100.00**
Other audit firms		
Auditing fees	0.00	-530.00
Certificates and statements	-540.00	0.00
Other fees	-108,536.25	-124,607.00
Total	**-109,076.25**	**-125,137.00**

4) Financial income and expenses

FINANCIAL INCOME AND EXPENSES FROM GROUP COMPANIES	JAN 1–DEC 31, 2019 EUR	JAN 1–DEC 31, 2018 EUR
Interest income from Group companies	1,160,525.25	32,298.20
Returned impairments on consolidated loans	2,941,566.94	33,891.66
Total	**4,102,092.19**	**66,189.86**

FINANCIAL INCOME AND EXPENSES FROM OTHERS	JAN 1–DEC 31, 2019 EUR	JAN 1–DEC 31, 2018 EUR
Interest income from others	173.51	335.75
Interest expenses from loans from financial institutions	-192,652.34	0.00
Interest payable to others	-746.39	-82.82
Loan management expenses	-71,200.00	0.00
Other financial expenses	-1,082,545.83	-527.38
Total	**-1,346,971.05**	**65,915.41**

5) Appropriation

	JAN 1–DEC 31, 2019 EUR	JAN 1–DEC 31, 2018 EUR
Group contributions received	15,200,000.00	12,650,000.00
Group contributions paid	-1,153,343.22	-4,027,432.51
Total	**14,046,656.78**	**8,622,567,49**

6) Income taxes

	JAN 1–DEC 31, 2019 EUR	JAN 1–DEC 31, 2018 EUR
Income tax for appropriation	-2,809,331,36	-1,724,513.50
Income tax for actual operations	510,071.24	378,133.40
Income tax for previous fiscal years	-1,948.87	0.00
Total	**-2,301,208.99**	**-1,346,380.10**

Notes to balance sheet assets

7) Changes in fixed assets itemized by balance sheet item

	DEC 31, 2019 EUR	DEC 31, 2018 EUR
TANGIBLE ASSETS		
Machinery and equipment		
Acquisition cost Jan 1	33,115.96	36,699.11
Increase during the period	0.00	10,557.40
Decreases during period	0.00	-14,140.55
Acquisition cost Dec 31	33,115.96	33,115.96
Accumulated depreciation Jan 1	-25,781.42	-32,633.40
Depreciation during the year	-3,519.00	-7,288.57
Decreases of accumulated depreciation	0.00	14,140.55
Accumulated depreciation Dec 31	-29,300.42	-25,781.42
Book value Dec 31	**3,815.54**	**7,334.54**
Book value Jan 1	**7,334.54**	**4,065.71**
HOLDINGS IN GROUP COMPANIES		
Acquisition cost Jan 1	6,850,993.74	6,850,993.74
Increase during the period	2,010,000.00	0.00
Acquisition cost Dec 31	**8,860,993.74**	**6,850,993.74**
Book value Dec 31	**8,860,993.74**	**6,850,993.74**

8) Holdings in other companies Dec 31, 2019

GROUP COMPANIES	DOMICILE	OWNERSHIP SHARE
Done Medical Oy	Seinäjoki	100%
Icare Finland Oy	Helsinki	100%
Oscare Medical Oy	Helsinki	100%
Revenio Italy S.R.L.	Milano	100%
Revenio Research Oy	Helsinki	100%

9) Receivables from Group companies

	DEC 31, 2019 EUR	DEC 31, 2018 EUR
NON-CURRENT RECEIVABLES FROM GROUP COMPANIES		
Capital loan receivables	68,400,000.00	200,000.00
Total	**68,400,000.00**	**200,000.00**
CURRENT RECEIVABLES FROM GROUP COMPANIES		
Trade receivables	159,576.31	124,916.91
Other receivables from Icare Finland Oy	12,802,998.09	10,746,948.44
Other receivables from other group companies	3,317,474.91	2,793,629.69
Accrued income	1,211,225.08	67,101.78
Total	**17,491,274.39**	**13,732,596.82**
Receivables from Group companies, total	**85,891,274.39**	**13,932,596.82**

10) Principal items in prepaid expenses and accrued income

	DEC 31, 2019 EUR	DEC 31, 2018 EUR
Personnel expenses	44,696.96	36,000.00
Prepaid expenses	50,450.78	66,099.80
Total	**95,147.74**	**102,099.80**

Notes to balance sheet liabilities

11) Changes in equity

	DEC 31, 2019 EUR	DEC 31, 2018 EUR
Share capital		
Share capital Jan 1	5,314,918.72	5,314,918.72
Share capital Dec 31	**5,314,918.72**	**5,314,918.72**
Reserve for invested non-restricted equity		
Reserve for invested non-restricted equity Jan 1	7,823,769.05	7,161,208.23
Right issue	42,300,000.00	0,00
Share subscriptions with stock options	1,857,187.80	644,063.34
Profit from transferred shares	28,465.45	18,497.48
Reserve for invested non-restricted equity Dec 31	**52,009,422.30**	**7,823,769.05**
Profit/loss from previous financial periods		
Profit/loss from previous financial periods Jan 1	7,300,443.22	8,091,251.29
Dividends	-6,708,873.64	-6,221,238.66
Profit/loss from previous financial periods Dec 31	**591,569.58**	**1,870,012.63**

	DEC 31, 2019 EUR	DEC 31, 2018 EUR
Amount paid for own shares in possession of the company		
Own shares in possession of the company Jan 1	-768,889.11	-99,224.25
Purchase of own shares	0.00	-708,767.39
Shares transferred as fees to members of the Board	29,134.55	39,102.52
Own shares in possession of the company Dec 31	**-739,754.57**	**-768,889.11**
Profit/loss for the period Dec 31	**11,494,043.37**	**5,430,430.59**
Equity total Dec 31	**68,670,199.41**	**19,670,241.88**
Calculation of the amount of distributable unrestricted equity on 31 Dec		
Invested unrestricted capital reserve	51,269,667.74	7,054,879.94
Retained earnings	591,569.58	1,870,012.63
Profit for the period	11,494,043.37	5,430,430.59
Distributable funds Dec 31	**63,355,280.69**	**14,355,323.16**

The share capital of Revenio Group Corporation on December 31, 2019 was EUR 5,314,918.72 and the number of shares was 26,544,742 kappaletta. There is one class of shares. All shares confer an equal right to dividends and the company's funds.

On the closing date, the company held 53,184 of its own shares (REG1V).

12) Non-current liabilities

Loans from financial institutions

As at December 31, 2019, the parent company had interest-bearing non-current liabilities amounting to EUR 23.7 million. The company does not have any loans falling due later than within five years. At the end of 2018, the company did not have any interest-bearing loans.

13) Intra-group liabilities

	DEC 31, 2019 EUR	DEC 31, 2018 EUR
Current intra-group liabilities		
Intra-group bank account	4,432,942.63	2,920,764.99
Other liabilities	845,618.26	3,686,635.99
Total	**5,278,560.89**	**6,607,400.98**

14) Principal items of accrued liabilities and deferred income

	DEC 31, 2019 EUR	DEC 31, 2018 EUR
Personnel expenses	651,951.13	317,003.11
Income taxes	665,135.16	469,032.40
Other accruals and deferred income	110,891.86	78,825.14
Total	**1,427,978.15**	**864,860.65**

15) Notes to collateral and commitments

Banks and financial institutions have granted Revenio Group Corporation mortgages on company assets worth EUR 91,000.000, and these are used as collateral for the loan.

LEASE COMMITMENTS	**DEC 31, 2019 EUR**	DEC 31, 2018 EUR
Lease commitments maturing next year	31,371.60	12,823.96
Lease commitments maturing later than next year	45,270.82	16,159.78
Total	**76,642.42**	**28,983.74**

Lease agreements run for 2–5 years and do not include special notice or purchase option clauses.

RENT LIABILITIES	**DEC 31, 2019 EUR**	DEC 31, 2018 EUR
Rent liabilities for office premises, maturing next year	387,023.40	313,195.68
Rent liabilities for office premises, maturing later than next year	161,259.75	157,722.10
Total	**548,283.15**	**470,917.78**

16) Other notes

STOCK OPTION RIGHTS GRANTED TO PERSONNEL AND MANAGEMENT

Option rights of personnel

Option program 2015

The company has a stock option program decided by the Board of Directors on August 10, 2015, based on the authorization of the Annual General Meeting on March 19, 2015, comprising a maximum of 150,000 option rights. Each option right entitles the holder to subscribe to three Revenio Group Corporation shares.

The option rights are divided into three series: Series A (50,000), Series B (50,000), and Series C (50,000). The subscription periods for options are as follows: Series A: May 31, 2017–May 31, 2019; Series B: May 31, 2018–May 31, 2020; and Series C: May 31, 2019–May 31, 2021.

The share subscription price for Series 2015A options will be the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1– October 15, 2015 plus 15%, EUR 8.23; for Series 2015B options the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1– October 10, 2016 plus 15%, EUR 10.12; and for Series 2015C options the trade-weighted average price of the Revenio Group Corporation share quoted on NASDAQ OMX Helsinki Oy during the period September 1–October 15, 2017 plus 15%, EUR 13.06.

On the record date of dividend distribution, the subscription price is decreased by the amount of dividend decided between the end of the determination period and the beginning of the share subscription period.

By way of deviation from the shareholders' preemptive subscription right, the option rights will be granted, without consideration, to Revenio Group's key personnel and to Revenio Group Corporation's wholly owned subsidiary, Done Medical Oy. The shareholders' preemptive subscription right is waived as the option rights are intended to constitute a part of the incentive program of Revenio Group.

The option rights will be allocated, as determined by the Board of Directors, to key personnel employed or to be employed by the Revenio Group. Subsidiaries will be granted the option rights that are not allocated to the Group's personnel.

The number of shares and stock option rights held by the members of the Board of Directors, the President and CEO, and entities in their control on Dec 31, 2019

	%	NUMBER OF SHARES AND OPTION RIGHTS
Shares	4.8%	1,272,505
Option rights	4.0%	2,000

As of December 31, 2019, the company held 53,184 of its own shares (REG1V). The authorization to repurchase the company's own shares is valid until April 30, 2020. No authorizations to issue shares were valid on December 31, 2019.

Management incentive scheme

The Board of Directors of Revenio Group Corporation has decided on two share-based long-term incentive schemes directed towards the Management Team of Revenio Group. Long-term incentive schemes form part of the company's remuneration program for key personnel and are set up to support the implementation of the company's strategy and harmonize the objectives of key personnel and the company in order to increase the company's value.

Management incentive scheme, performance share plan 2018-2020

A program for the earning years 2018–2020 was launched as part of the long-term share-based incentive scheme. The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets.

The amount of bonus payable to the participants depends on the achievement of the pre-set targets. No bonus will be paid if the targets are not met, or if the participant's work or employment relationship ends before the bonus is paid. The performance share plan shall cover a maximum of 10 persons and the objectives of the plan shall be related to the absolute total yield of the company's share and the cumulative operating result over a period of three years.

If the targets of the incentive scheme are met, the bonuses will be paid in the spring of 2021 in the year following the earning period. The total amount of share bonus to be paid on the basis of the program earning period shall not exceed around 50,000 shares in Revenio Group Corporation. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares. However, in certain circumstances the company has the right to pay the entire bonus in cash.

Management incentive scheme, performance share plan 2019–2021

A program for the earning years 2019–2021 was launched as part of the long-term share-based incentive scheme. The Board of Directors shall decide separately on the minimum, target and maximum bonus of each participant, as well as performance criteria and the related targets.

The amount of bonus payable to the participants depends on the achievement of the pre-set targets. No bonus will be paid if the targets are not met, or if the participant's work or employment relationship ends before the bonus is paid. The performance share plan shall cover a maximum of 10 persons and the objectives of the plan shall be related to the absolute total yield of the company's share and the cumulative operating result over a period of three years.

If the targets of the incentive scheme are met, the bonuses will be paid in the spring of 2022, in the year following the earning period. The total amount of share bonus to be paid on the basis of the program earning period shall not exceed around 50,000 shares in Revenio Group Corporation. The number of shares in question is gross earnings minus the amount of cash required to cover taxes due on the share bonus and any other tax-like payments, after which the remaining net bonus shall be paid in shares. However, in certain circumstances the company has the right to pay the entire bonus in cash.

During the financial year 2019, the company has recognized a total of EUR 264,730.09 as expense and non-current accruals under the incentive scheme.

Signatures to the Financial Statements and Report by the Board of Directors

Vantaa, February 19, 2020

Board of Directors and President & CEO of Revenio Group Corporation

Pekka Rönkä
Chair of the Board

Ann-Christine Sundell
Board member

Ari Kohonen
Board member

Kyösti Kakkonen
Board member

Pekka Tammela
Board member

Timo Hildén
President & CEO

Auditor's note

We have issued an audit report today based on the audit we have performed.

Helsinki, February 21, 2020

Deloitte Oy
Authorized Public Accountants

Merja Itäniemi
Authorized Public Accountant

Auditor’s report

To the Annual General Meeting of Revenio Group Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Revenio Group Oyj (business identity code 1700625-7) for the year ended 31 December 2019. The financial statements comprise the statement of comprehensive income, consolidated balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7, Other operating expenses, to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

REVENUE RECOGNITION

Key audit matter	How our audit addressed the key audit matter
Refer to Accounting principles for the consolidated financial statements and Notes 1 and 2 in the consolidated financial statements. • Consolidated net sales of 49.5 million Euros include the income from the sale of health technology products. • Income from the sale of health technology products is recognized when customer gains control over the goods. • For audit purposes, the key is that the accurate timing and amount of revenue recognized is correct. • This matter is a significant risk of material misstatement referred to in EU Regulation No 537/241, point (c) of Article 10(2).	• We have assessed the controls relating to the revenue recognition process and the revenue recognition. • We have assessed the accounting principles and practices associated with revenue recognition to assess that the recognition principles meet the requirements of International Financial Reporting Standards. • We have audited the accurate timing and the amount of revenue by substantive analytical procedures and tested a sample of revenue transactions. • As part of the audit of revenue recognition principles, we have compared sales transactions recorded in accounting to the corresponding contract and delivery documentation. • We have evaluated the appropriateness and sufficiency of the presentation in the consolidated financial statements.

ACQUISITION OF CENTERVUE S.P.A.

Key audit matter	How our audit addressed the key audit matter
Refer to Accounting principles for the consolidated financial statements and Note 28 in the consolidated financial statements. • Revenio acquired the shares of the Italian company CenterVue S.p.A.on April 30, 2019. • The provisional purchase price was 69.1 million Euros based on the management's estimate. • Revenio acquired the shares of the Italian company CenterVue S.p.A.on April 30, 2019. • In the acquired businesses management judgement has been exercised in the definition of the fair value of the intangible assets and their economic lifetime. Assumptions based on the management's knowledge have also been used in the definition of the additional purchase price. • The identifiable assets acquired, the liabilities assumed, and the consideration transferred in the business combination have been provisionally recognized in the Financial statements as at December 31, 2019.	• We have reviewed the related key specifications, reports and agreements in order to evaluate the accounting treatment of the acquisition and related management approach. • We have evaluated the determination of the preliminary consideration transferred based on IFRS 3 requirements. • We have evaluated the determination of identifiable assets acquired, the liabilities assumed and initial valuation. • We have evaluated and challenged the methods and the management assumptions used in the calculations. • We have evaluated the appropriateness and sufficiency of the presentation in the consolidated financial statements.

VALUATION OF GOODWILL AND OTHER INTANGIBLE ASSETS

Key audit matter

Refer to Accounting principles for the consolidated financial statements and Notes 11, 12 and 28 in the consolidated financial statements.

- The consolidated statement of financial position for the year ended 31 December 2019 includes goodwill for a value of 50.4 million Euros and other intangible assets for a value of 19.4 million Euros.
- The goodwill and other intangible assets consist mainly of the identifiable assets acquired, the liabilities assumed and the value of goodwill in relation to the acquisition of CenterVue.
- Other intangible assets also include development costs, relating to the development of health technology products.
- The valuation principles and the impairment testing of goodwill and other intangible assets involves management judgment and estimates. Therefore, this item is addressed as a key audit matter.
- The most significant items requiring management judgements relate to:
    - The future cash flows
    - The preparation of financial plans and prognoses for the coming years
    - The demand in the business.

How our audit addressed the key audit matter

- We have reviewed and evaluated the management's key methods and assumptions used in the impairment tests.
- We have evaluated indications of impairment detected by management and performed audit procedures relating to the documentation of impairment testing.
- We have tested the mathematical accuracy of the models used for impairment testing.
- We have evaluated and challenged the forecasts used in the calculations and related changes.
- We compared the prior year forecasts to the realized historical data.
- We have assessed the appropriateness of the sensitivity analysis prepared by the management.
- We have evaluated the appropriateness and sufficiency of the presentation in the consolidated financial statements.

There are no key audit matters concerning the parent company's financial statements that should be communicated in the auditor's report.

There are no significant risks of material misstatement referred to in EU regulation No 537/241, point (c) of Article 10(2) relating to the parent company's financial statements.

Responsibilities of the Board of Directors and the Chief Executive Officer for the Financial Statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Chief Executive Officer are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on March 22, 2017, and our appointment represents a total period of uninterrupted engagement of 3 years.

Other Information

The Board of Directors and the Chief Executive Officer are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, February 21, 2020

Deloitte Oy
Audit Firm

Merja Itäniemi
Authorized Public Accountant

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