REVENIO GROUP

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

The future looks bright

Under the iCare brand, Revenio offers excellent tonometers, fundus imaging devices and perimeters. The next step in the company's evolution is to move from being an equipment supplier to providing complete ophthalmic diagnostic solutions, where software and a proprietary AI algorithm are critical. The strong core business will improve its performance in the coming years, and the company has attractive growth prospects, an excellent track record of shareholder value creation and of ability to transform. We consider the current valuation level to be quite attractive in relation to the earnings growth outlook for the coming years and reiterate our Accumulate recommendation with a target price of EUR 32.0.

Balanced mix of new and old in eye health technology

In a decade, Revenio has grown from a niche player in one technology to a global provider of ophthalmic devices and software solutions. iCare ophthalmometers, with their superior RBT technology, have become market leaders in their segment, and as patent protection weakens, Revenio has a very long lead over its competitors. iCare imaging devices have also grown strongly, improving profitability along the way. In particular, the DRSplus camera and the EIDON product family are highly competitive, giving the company two strong pillars. A new growth driver, diabetic retinopathy screening, has also been found in imaging devices, where DRSplus can also be combined with the proprietary Thirona Retina AI algorithm. Software solutions (such as ILLUME) have been added to the overall offering, which in the long term will enable the transition from a high-end equipment manufacturer to a total solutions provider. The company is still in the early stages of this journey due to the lack of FDA approvals, but early indications from Europe are promising. The next logical target for expansion, in our view, would be the OCT market, where the company has not found affordable takeover targets.

By far the most profitable company in the sector has built a strong foundation for profit growth

Revenio's profitability has been weak in recent years, but we are not concerned about the company's competitiveness. iCare tonometers are back on track, the installed base is growing, and probes already account for about 45% of tonometers sales. Imaging devices (in particular DRSplus and the Eidon family) are gaining market share and will continue to grow many times faster than the overall market. We estimate that more than 30% of Revenio's revenue is recurring, giving the company a strong base to build on. The company's growth is supported by a number of moats related to competitive protection of technologies (such as patents), brand and reputation, and a high barrier to entry. From a sluggish current level, earnings growth will be strong in the coming years (projected EPS growth of around 25% from 2025-2027), with double-digit revenue growth at a gross margin of around 70%. At the same time, the company is maturing new growth initiatives, such as ILLUME and AI solutions in imaging devices and software and HOME2 tonometers to carry the weight in the future. The main risks are related to the weakening of patent protection for RBT technology (potentially increasing competition), the development of the company's growth ambitions (FDA approvals) and the success of the software strategy in the AI-driven disruption.

Moderate valuation relative to earnings growth outlook

Once earnings growth kicks in, Revenio's valuation (2025e adj. EV/EBIT 21x) is attractive, but the investor should be compensated for bearing the forecast risk. We believe the relative valuation is reasonable and the DCF model supports our target price. Longer-term expected returns are particularly attractive, and we believe total returns of around 20% are realistic over the next few years. We consider the overall risk/reward ratio to be attractive.

Recommendation
Accumulate
(was Accumulate)

Target price:
32.00 EUR
(was EUR 32.00)

Share price:
28.18

Business risk
●●○○○

Valuation risk
●●●○○

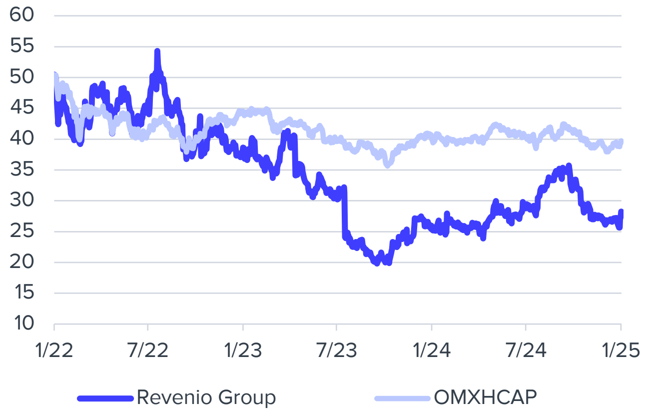
	2023	2024e	2025e	2026e
Revenue	97	105	119	139
growth-%	0%	9%	13%	16%
EBIT adj.	28.5	27.5	34.2	42.8
EBIT-% adj.	29.5 %	26.2 %	28.7 %	30.8 %
Net income	19.1	19.0	25.8	32.8
EPS (adj.)	0.80	0.78	1.01	1.27
P/E (adj.)	31.5	35.9	28.0	22.2
P/B	6.7	6.9	6.0	5.2
Dividend yield-%	1.5 %	1.3 %	1.9 %	2.5 %
EV/EBIT (adj.)	23.4	27.0	21.2	16.3
EV/EBITDA	22.0	24.1	19.3	14.8
EV/S	6.9	7.1	6.1	5.0

Source: Inderes

Guidance (Unchanged)

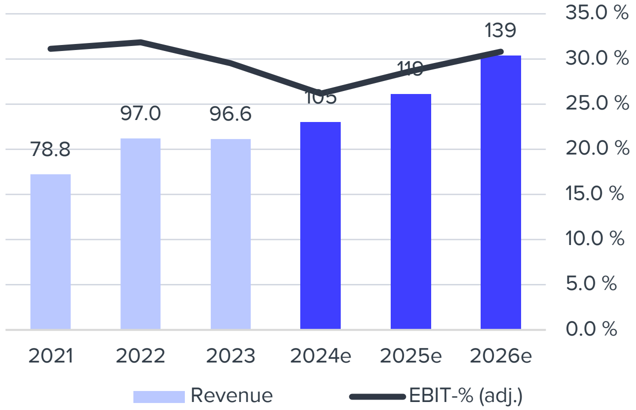
Revenio Group's exchange rate-adjusted revenue is estimated to grow 5-10 percent from the previous year and profitability, excluding non-recurring items, is estimated to remain at a good level.

Share price



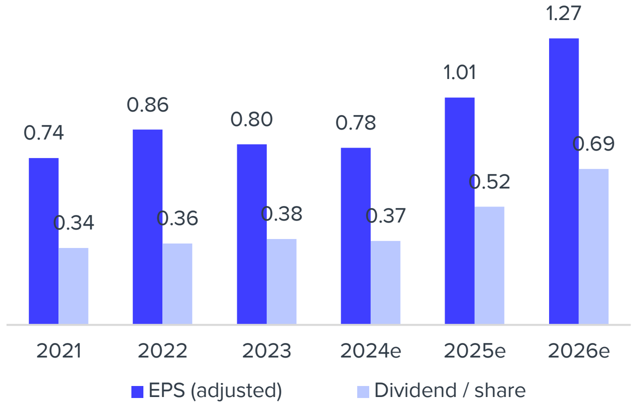
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Earnings growth in the short and long term
- More than 30% of revenue is recurring and this share is growing
- Strong competitive protection and market growth drivers offering support
- New products, software and AI have significant long-term potential
- Excellent track record of value creation
- Potential acquisitions (especially OCT)

Risk factors

- The patent protection of the iCare tonometer has been reduced and competition has emerged in RBT technology, which is a long-term threat
- Success in sometimes unpredictable FDA approval processes (especially ILLUME incl. Thirona)
- Medium-term commercial breakthrough success of growth products (ILLUME, HOME family and Thirona cluster)
- Success in the rapid growth of imaging devices
- Increasing competition and the AI transition

Valuation	2024e	2025e	2026e
Share price	28.2	28.2	28.2
Number of shares, millions	26.6	26.6	26.6
Market cap	749	749	749
EV	742	723	700
P/E (adj.)	35.9	28.0	22.2
P/E	39.3	29.1	22.9
P/B	6.9	6.0	5.2
P/S	7.1	6.3	5.4
EV/Sales	7.1	6.1	5.0
EV/EBITDA	24.1	19.3	14.8
EV/EBIT (adj.)	27.0	21.2	16.3
Payout ratio (%)	52.0 %	54.0 %	56.0 %
Dividend yield-%	1.3 %	1.9 %	2.5 %

Source: Inderes

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Revenio Group in brief

Revenio is a global leader in ophthalmic devices and software solutions that focuses on solutions for eye care.

CAGR +22.4%

Revenue growth in 2016-2023

CAGR +22.0%

Adjusted EBIT growth in 2016-2023

96.6 MEUR

Revenue 2023

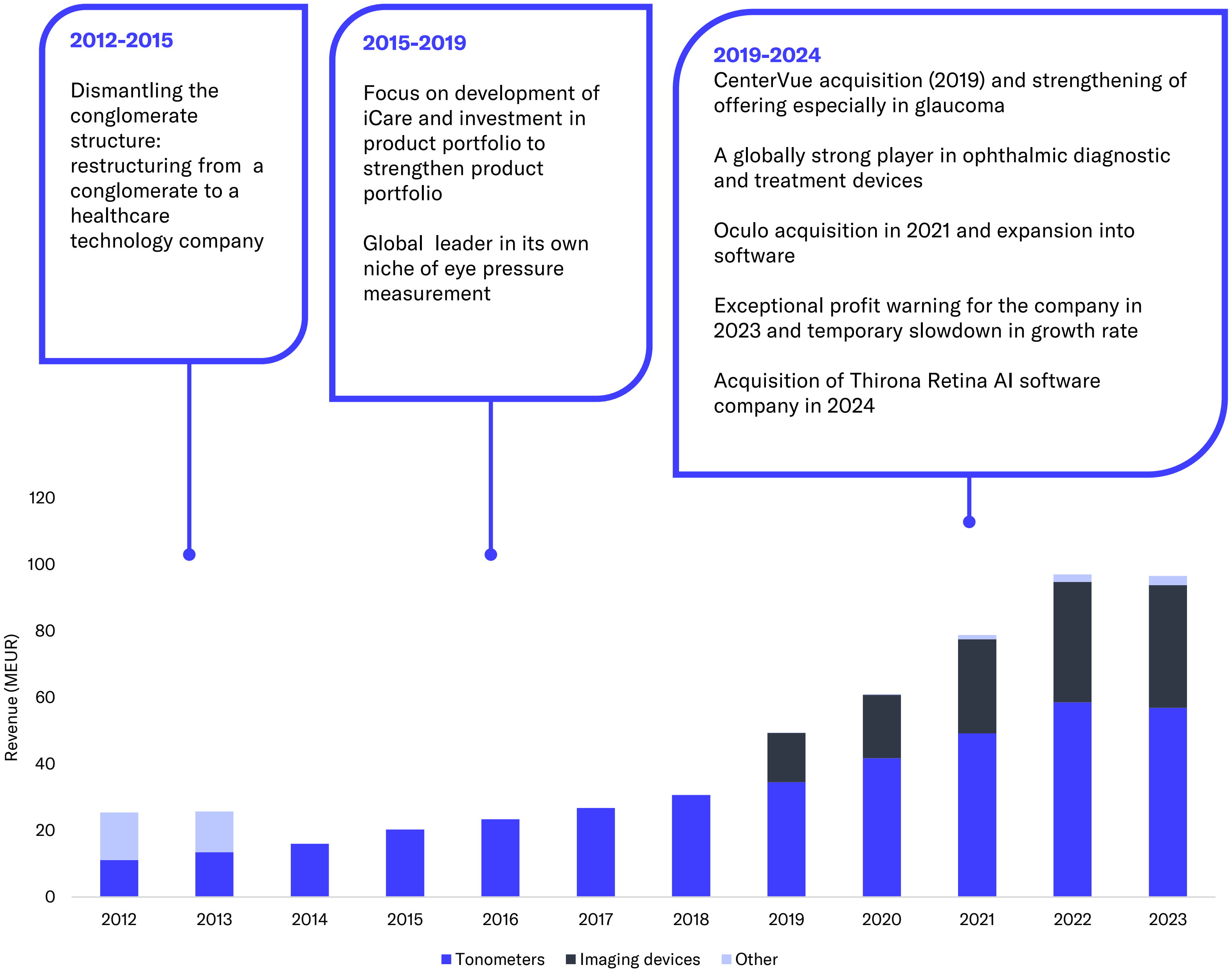
26.3 MEUR (27.3% of revenue)

EBIT 2023

59% / 38% / 3%

Tonometers / Imaging devices / Software

Inderes' estimate of the revenue breakdown in 2024



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Company description

Eye disease health technology company

Revenio Group is a Finnish leader in ophthalmic equipment and software solutions, with particular strengths in equipment and software solutions for the detection and treatment of eye diseases. The company's offering covers all devices and software solutions needed for screening and treatment of glaucoma. The company's devices are also used to detect and treat diabetic retinopathy and macular degeneration. In its business, Revenio focuses on product development and sales and all manufacturing is outsourced.

Revenio has a long history as a conglomerate until the early 2010s. In 2012, the company launched a structural change from a conglomerate to a health technology company. The company divested its operations outside health technology and invested heavily in developing the iCare tonometers product portfolio and new development templates in screening for asthma and skin cancer. In connection with the 2020 strategy update, Revenio limited its focus purely to eye diseases, which put the above-mentioned growth areas outside the core business. During the structural change, the company's market cap grew from a good 39 MEUR to well over 1.5 BNEUR, which depicts the value creation of the restructuring and the company's expertise in allocating capital.

Acquisitions have expanded the offering

In April 2019, a new chapter started in Revenio's story as the company grew from a niche player specialized in intraocular pressure measurement to a global player in eye diseases by acquiring the Italian CenterVue. Revenio does not report key figures for the different businesses, but we estimate that imaging devices accounted for almost 40% of revenue in 2024.

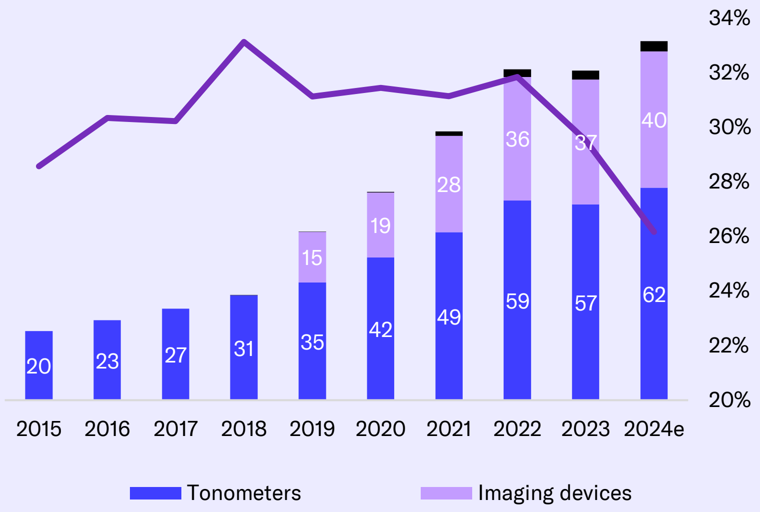
In 2021, the company expanded its offering into software with the acquisition of cloud-based eye care software platform Oculo. Shortly thereafter, in 2022, the company launched iCare ILLUME, a screening solution powered by the Oculo platform. In the updated 2023 strategy, integrated care pathways and diabetic retinopathy screening, among others, are clear new growth areas.

As part of its expansion into end-to-end solutions, Revenio acquired the Dutch AI software company Thirona Retina in 2024, which was already the AI provider for the ILLUME solution. However, the company can also sign new AI partnerships and easily add them to its platform. Oculo, ILLUME and Thirona are steps in Revenio's expansion from a pure hardware manufacturer to a total solution provider where software plays an important role. The company annually spends some 10% of its revenue on product development.

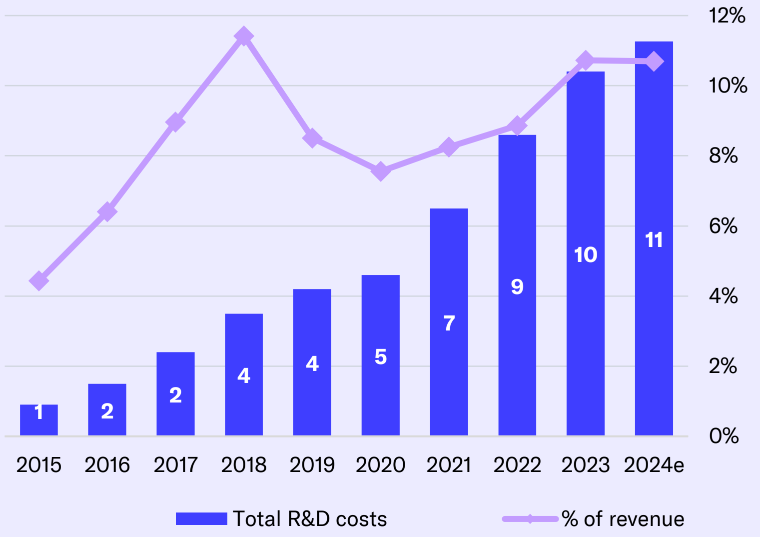
Product portfolio

Revenio can offer a one-stop solution for devices needed for eye disease screening and diagnostics and the company is one of the main global players in this area. As a rule, these products have strong competitive protection, which is based on patents, regulatory approval, respected brands within eye diseases, and software and algorithms related to the products. Revenio's key product areas are:

Revenue (MEUR) and profitability development*



R&D costs (MEUR) and share of revenue



* The breakdown of revenue has not been published; this is an estimate by Inderes. 2024 is Inderes forecast.

Company description and business model 2/4

- **iCare tonometers** and their probes are the cash cow of Revenio. The tonometers continue to be based on an extensively patented rebound tonometer (RBT) technology, which is still gaining market share from outdated tonometry. **Probe sales** for the devices brings solid and increasing income to the company.
- **HOME2 that is part of the iCare tonometer product family** is a tonometer intended for pressure measurement by the patient themselves, which creates new markets for iCare's RBT technology. The product is Revenio's fastest growing product in terms of revenue, but volumes are still limited. As growth continues, HOME2 will be important for Revenio, but no major breakthrough is in sight.
- With the **CenterVue acquisition**, the product portfolio expanded to devices needed for imaging of the fundus and perimeter visual field testing that are used in the diagnostics and treatment of glaucoma, macular degeneration, and diabetic retinopathy. The strengths of the products now sold under the iCare brand lie especially in imaging technologies, the quality of images and ease of use. Imaging devices (in particular Eidon and DRSplus) have managed to strongly increase their still relatively small market share, especially in the US, in recent years.
- With the **Oculo acquisition**, Revenio expanded its product range to software in March 2021. Oculo is an Australian software platform for eye care that combines clinical communication, telehealth, remote patient monitoring and data analytics capabilities. Oculo will continue to be sold as a stand-alone software product in Australia, but the more important aspect of the overall project is the acquisition of the technology platform and know-how. Revenio has used the platform and expertise in its ILLUME solution on its way to a complete solution.
- **The iCare ILLUME screening solution** was launched in spring 2022 and combines images taken with Revenio's iCare DRSplus imaging device with Thirona's artificial intelligence. Revenio acquired Thirona Retina in 2024, giving it ownership of the company's **RetCAD solution**. The earning logic of the solution is based not only on devices, but also on monthly platform fees and AI usage fees. The solution will be sold in Europe, because expansion to the US will require a separate FDA approval for the use with AI.
- **Outside the strategy** are **Ventica**, developed for the diagnosis and monitoring of asthma in children, and the **Cutica** hyperspectral camera, an imaging technology for skin cancer screening licensed by Revenio. The company is looking for potential interested parties to continue the business outside the group for Cutica and Ventica, as the products don't fall within the target area of the company's strategy.

Strategy

Building on strong drivers and growth markets

Revenio's strategy is based on a market that is underpinned by structural long-term growth drivers. The main long-term growth driver is globally increasing eye diseases as the population ages. Key diseases for Revenio that become more common as the population ages are glaucoma, diabetic retinopathy, and macular degeneration. The ophthalmic diagnostics market is valued at approximately 3.3 BNUSD worldwide, with equipment sales estimated to grow at more than 4% annually.

Revenio's main products

iCare tonometers
(iCare IC100 and iCare IC200)

HOME meters for home use
(ICare HOME product family)

Disposable probes

iCare ophthalmic microscope tonometer
(iCare ST500)

Devices for fundus imaging
(ICare Eidon AF and iCare DRSplus)

Perimeters
(iCare COMPASS and iCare MAIA)

Oculo / ILLUME software platform

Oculo

iCare ILLUME screening solution

(including RetCAD algorithm from Thirona)

Company description and business model 3/4

Revenio's current strategy also includes increased expansion into the diabetic retinopathy screening market, which is expected to grow to 1 BNUSD by 2030. In addition, the glaucoma home monitoring (HOME2) market is an exciting driver for the company and is expected to grow to 750 MUSD by 2030, once key reimbursement decisions are made. Last year, however, reimbursement decisions were negative.

Digital strategy to deliver software and AI-assisted screening

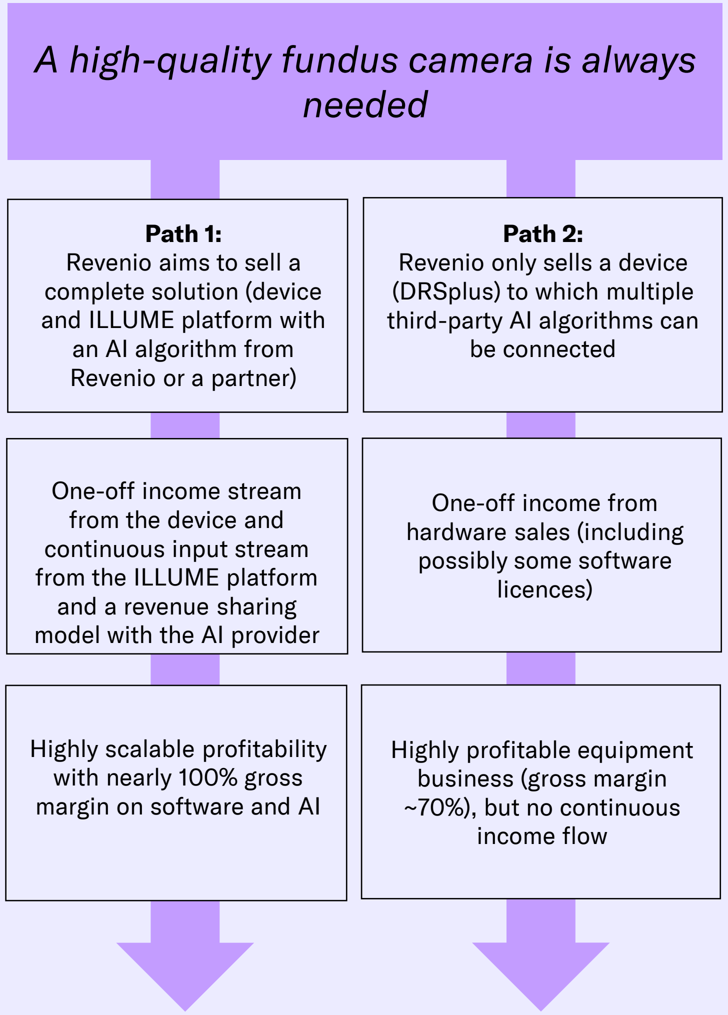
Revenio aims to expand its offering beyond ophthalmic devices to support software and holistic care chains in general. The capacity to treat common eye diseases is currently inadequate and the importance of telemedicine is growing. Drivers have created the need for more effective clinical collaboration between healthcare professionals by creating systems that enable more efficient diagnosis and communication between patients and physicians. The software solutions will also enable Revenio to further leverage the data generated by iCare devices to support clinical decision-making.

In response to these trend, Revenio, with a strong focus on devices, launched its software strategy in 2021 with the acquisition of Oculo, a company specializing in the development of software for secure, quick sharing of clinical imaging, referrals and other clinical communications between healthcare professionals. The Oculo platform has been leveraged in Revenio's ILLUME solution, launched in spring 2022, combining the company's iCare DRSplus imaging device with Thirona's AI. With Revenio's acquisition of Thirona Retina in 2024, the value chain of the entire solution will be fully "owned" by the company, and the ongoing revenue stream from AI will be fully retained by the company. The use of AI is a big trend for the future, but so far it has focused solely on the diagnosis of diabetic retinopathy. In the future, AI is also likely to be used to screen for other eye diseases, such as glaucoma and macular degeneration. Preliminary research shows that in the longer term, fundus imaging may also have the potential to screen for neurological and cardiovascular diseases. This opens up interesting long-term opportunities for the company.

We understand that sales of the ILLUME solution have taken off, especially in Europe, and the company has gained a large number of customers for its solution. According to the company, the reception at industry conferences has been "extremely positive". The company is targeting growth particularly in the US, where clinical trials and FDA approval are required for the combination of device and AI (DRSplus and Thirona). At the moment, the best guess for obtaining clearance is the end of 2025. In Europe, it is sufficient that studies have been carried out separately for the device and the algorithm, and both have been approved. However, the European AI market is still small.

In addition to a complete ILLUME solution that enables continuous revenue streams, another strategic focus for Revenio is to maximize device sales so that the iCare DRSplus device works with as many AI providers as possible. In this case, the company will not enjoy a steady income stream, but the equipment business is very profitable for the company. Revenio's device (iCare DRSplus) is included in the AI partner's FDA submission, but there is no visibility on the timeline (already late).

Revenio's two-headed AI strategy



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Core product portfolio is in good shape

Revenio has a strong core product portfolio and a proven track record of highly competitive technology, and the company continues to have significant organic growth opportunities in its core areas, particularly in imaging devices. The renewal of the product portfolio and the displacement of competing IOP measurement technologies have been reflected in iCare's continued strong growth. iCare's tonometer patent protection for key technologies has been weakened and Reichert launched a competing RBT product in the US market in early 2024. In Europe, a similar product has been on the market for a long time but has not become a significant competitive threat. Revenio has not seen any change in the veterinary market, where Reichert has been a competitor for some time. Here, Revenio's market position remains very strong and the business extremely profitable.

The imaging devices product portfolio is also highly competitive. New products and product innovations for fundus imaging have been very successful, with DRSplus and Eidon Ultra Wide Field (UWF) still leading the way. However, in the field of imaging, the technology is aging faster due to its rapid development (the life cycle of RBT technology is likely to be decades). For imaging devices, we expect current products to be highly competitive for 3-5 years, but maintaining a competitive advantage will require continued successful investment in product development.

In the medium term, the growth rate of core products will slow from historical levels. Broadening the product range and moving from a "pure equipment supplier" to a total solutions provider is therefore critical in the long term. We see this as a sensible strategic move, although so far the software strategy has been a burden on the bottom line.

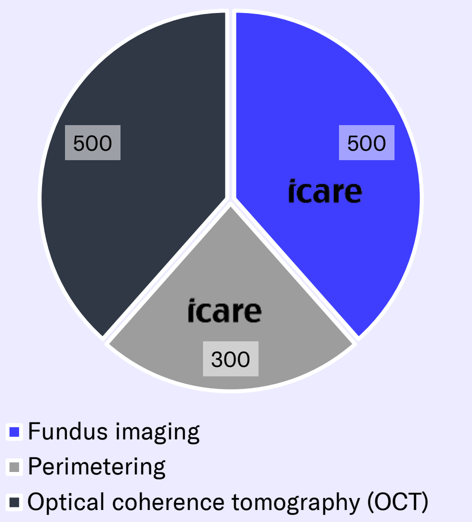
According to the company, about one-third of product development is focused on the software side and two-thirds on the hardware side. For hardware, we expect product development to focus on developing next-generation versions of current products and new solutions for eye diseases. New product launches include the iCare ST500 and the redesigned iCare MAIA microperimeter, which will be available in Q1'25.

Expanding the product portfolio in the future

The clearest place to expand Revenio's equipment range is in our opinion optical coherence tomography (OCT) that is part of the imaging market. The share of this of the around USD 1.3 billion imaging market is around EUR 500 million and so far, Revenio has no offering in this segment. We expect Revenio to grow in the region in the medium term, either through internal product development (very challenging) or through acquisitions (valuation levels are high). Through M&A, expansion could be rapid if the pieces fall into place.

With the acquisition of Thirona Retina, Revenio has become more involved in the AI development and its proprietary AI algorithm opens up a large market potential for the company. However, Thirona's competitiveness may be considered questionable until it has FDA approval. Devices will be needed anyway, but the revenue and scalability that AI brings is very attractive in the long term. In the long term, the biggest winners in the industry are likely to be those who manage to create the best comprehensive solution and the ecosystem around it. Revenio aims to do this with a state-of-the-art camera and a seamless end-to-end solution, where the company has its own AI and the data moves through the care chain on the Revenio platform.

Imaging market breakdown (MUSD)



Estimate of Revenio's market shares:

- **Tonometers:** Revenio is the market leader in the small segment with over 30% market share
- **Relevant market for imaging devices:** Revenio's market share is possibly around 5-7%
- Revenio's market share is higher in fundus imaging and lower in visual field measurement
- For the OCT market, Revenio has no supply

Evolution of Revenio's products

	Product area	Installed device base	Price range (for customer)	Revenue 2024 estimate	Gross margin profile	Development stage	Weight in valuation
Core business	iCare tonometers	>140,000	EUR 2,500-5,000	~31 MEUR	>80%	Growing	Very high
	iCare HOME2	>9,000	EUR 1,500-2,500	<5 MEUR	>70%	Market creation / Growth	High
	iCare probes	>40 million / year (volume)	< EUR 1	~28 MEUR	>60%	Growth	Very high
	Imaging devices	>15,000	EUR 14,000-50,000	~40 MEUR	>70%	Growth	Very high
Strategic examination	Ventica						Negligible
	Cutica						Negligible

All figures are based on Inderes' estimates and assessments


iCare IC100 and IC200


iCare HOME2

iCare probes

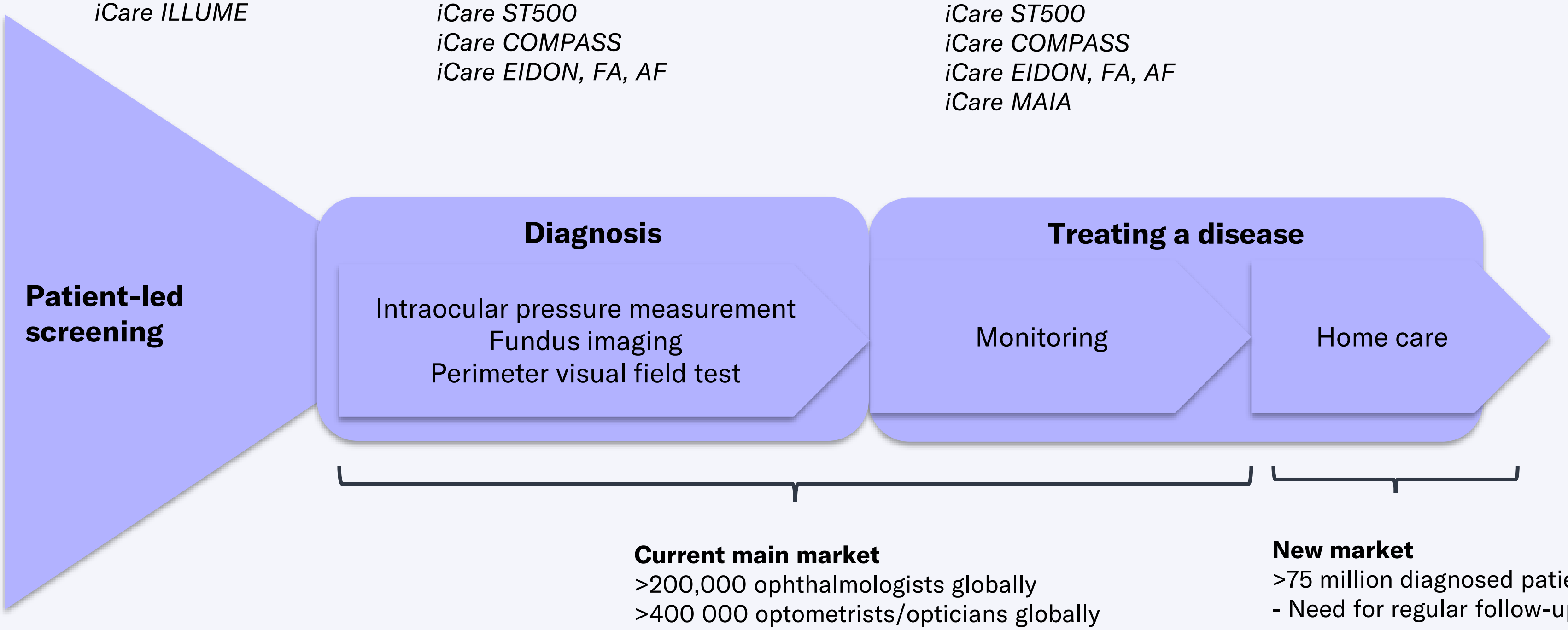

iCare DRSplus

iCare COMPASS


ICare TONOVET Pro / Plus

Revenio's products as part of eye diseases screening and treatment

- *iCare IC100*
  iCare DRS(plus)
  iCare ILLUME
- *iCare IC100*
  iCare IC200
  iCare ST500
  iCare COMPASS
  iCare EIDON, FA, AF
- *iCare IC100*
  iCare IC200
  iCare ST500
  iCare COMPASS
  iCare EIDON, FA, AF
  iCare MAIA
- *iCare HOME(2)*



Current main market
>200,000 ophthalmologists globally
>400 000 optometrists/opticians globally
- Extensive offering for eye disease diagnosis and treatment

New market
>75 million diagnosed patients
- Need for regular follow-up

Developing market
>150 million people suffering from glaucoma[1]
>150 million people suffering from diabetic retinopathy[2]
>170 million people suffering from macular degeneration[3]
- Screening becoming more common will create new demand
- Opticians, general practitioners and nurses as users

Source: Inderes, 1) Opthalmology, volume 121, Nov-14, 2) Pennington K. & DeAngelis M (2016) Epidemology of age- related macular degeneration, 3) IAPB Vision Atlas: Diabetic Retinopathy - silently blinding millions of people world-wide.

Investment profile

Investment profile

We believe that Revenio's long-term, extremely high-quality and profitable earnings growth story is back on track after an exceptionally weak period. The core business is on a solid growth path and profitability is excellent despite future investments. Growth in traditional device sales will slow in the medium term, but the company has new growth drivers and, with the acquisitions of Oculo and Thirona, has moved from being a pure device manufacturer to a total solutions provider. Revenio has an excellent track record of implementing a growth strategy that creates shareholder value and an ability to allocate capital both to M&A transactions and own product development. Developing iCare to top form and creating a credible strategy focused on eye diseases has created enormous shareholder value over the past decade.

Revenio’s market has healthy long-term growth drivers and equipment sales in the sector are expected to grow at around 4% per year. The market for AI-assisted eye screening represents a significant growth opportunity, but it is still in its infancy. Revenio is supported by deep competitive moats related to technology protection, brand and reputation, a generally slow-moving industry and a high barrier to entry. iCare's RBT technology lost key patents last year, but Revenio's tonometers have not been impacted in terms of competitiveness and pricing power. In imaging devices, the company doesn’t have the same dominant position as iCare. However, the prospects for strong market share growth are very good.

Competitive products are clearly visible in the company’s financial development. Revenio is by far the most profitable company in the industry (in a weak year 2023, EBIT >25%) and generates a strong and growing cash flow due to its low investment needs. The level of risk in the business is moderate, although the company is not immune to changes in the operating environment. The company continuously invests in product development to maintain its competitive advantages in the long term (around 10% of revenue).

In the long term, we find Revenio’s ability to renew and build a comprehensive product offering that combines software and products within the target segment of eye diseases interesting. In the area of eye diseases the company is still a medium-weight challenger compared to the giants in the sector (like Carl Zeiss Meditec). The current strategy and product portfolio has good elements for iCare rising to a clearly bigger size class and become one of the more significant players in the sector over the next decade. This may require expansion into the OCT market, which is missing from the current product portfolio.

Risk profile

The risk level of Revenio's business is low for a growth company. The rate of change in the industry is slow, demand is defensive, and the product portfolio is relatively dispersed. revenue is quite dispersed geographically even though the weight of the US is high (~ 50%). Profitability is at an excellent level, the cost structure is efficient, and the business model does not tie up considerable amounts of capital. We believe the main risks are related to the sustainability of the company’s competitive advantages in the long term as patent protection weakens. In the medium term, Revenio's new growth ambitions must be successful if profitable growth is to continue in the future. In our view, these include the HOME product family, software solutions and AI solutions (ILLUME / Thirona).

Summary of the SWOT analysis

Strengths	Weaknesses
• More than 30% of revenue is recurring • Very competitive products • Market leader in tonometers • Strong competitive advantage (especially tonometers) • Strong megatrends	• The software strategy has yet to be proven • Lack of FDA approvals (AI) • Lack of OCT equipment and potential uptake of the technology • Limited resources in relation to industry giants
• Strong growth in imaging devices • The ecosystem created by the ILLUME solution • The ultimate breakthrough for the HOME product family • The Thirona AI as a whole	• Increased competition in RBT technology • Thirona's ultimate competitiveness in AI • Problems with the FDA • Potential industry disruption with AI
Opportunities	**Threats**

Topics to be monitored in the company's strategy in the coming years:

- Ability to sustain growth in tonometer sales (emergence of RBT competitors) and strong growth in imaging devices (strong market share growth)
- Successful ramp-up of iCare HOME
- Expansion into the US market for diabetic retinopathy screening with the ILLUME solution
- Possible expansion into optical coherence tomography (OCT) in imaging devices in the medium term

Investment profile

1. Strong track record of creating shareholder value and ability to allocate capital
2. Good position in a market with structural long-term growth drivers
3. Competitive products and strong moats against competitors
4. Strong cash flow enables investments in new growth initiatives
5. More than 30% of revenue is recurring and highly profitable

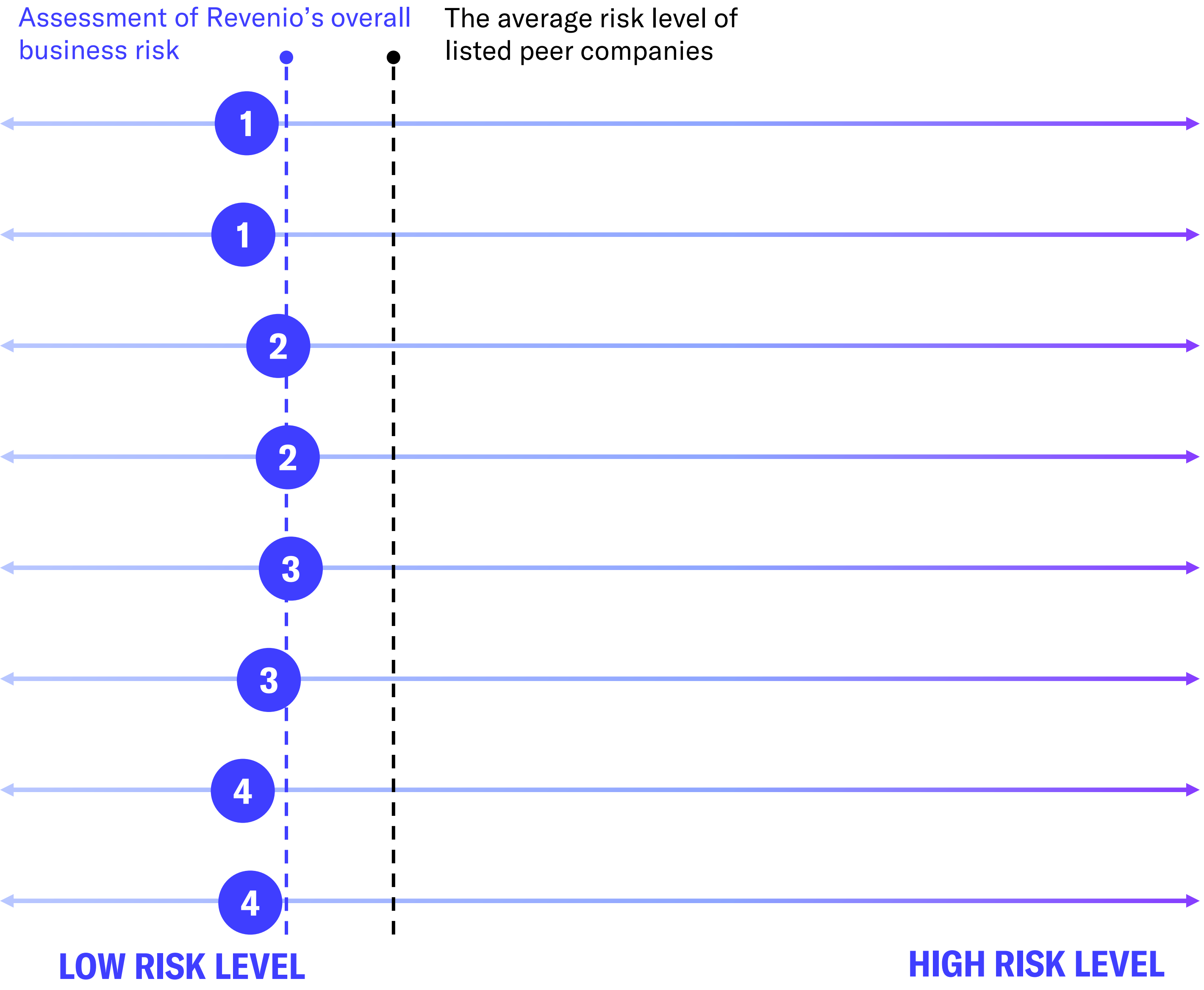
Potential

- iCare's RBT technology continues displacing old products, there is still growth potential left
- Growth in the market share of imaging devices
- Success of the iCare HOME (2) product
- Potential of the ILLUME total solution (including AI)
- Success of software and AI strategy and expansion into integrated care pathways
- Expansion into new areas of the ophthalmic target market (e.g. OCT)

Risks

- Competitors' success in RBT and weakening pricing power
- Weakening of the patent protection of products
- The volume of HOME product remaining low
- Failure in software/AI strategy
- Negative market development and transformation
- Still relatively high expectations for the future

Risk profile of the business



1	OPERATING ENVIRONMENT	Rate of change in the industry	A relatively slow-moving sector due to a conservative client base, but there is movement, especially with the rise of AI.
		Company's development stage	Mature, proven competitive products and new growth potential (ILLUME).
2	REVENUE	Market cyclicality	Defensive market with strong growth drivers beyond economic cycles.
		Revenue diversification and continuity	Revenue is spread across several markets and several products; the average price is quite low and probes bring a significant ongoing element.
3	PROFITABILITY	Scalability of costs	Scalable business model, procurement and manufacturing costs are flexible.
		Cost structure	Very strong profitability, high gross margin throughout.
4	CAPITAL STRUCTURE	Capital commitment	The business ties up little capital and the company also has no significant product development investments that are circulated through the balance sheet.
		Need for financing	Strong balance sheet and copious cash flow gives the company good leeway. Acquisitions could require new capital.

Tonometers 1/6

Description of operations

Revenion iCare develops, sells and markets easy-to-use, portable and pain-free eye pressure monitors (tonometers). These use the company's widely patented rebound technology (RBT), or resilient ketonometry. The product and technology are based on MD, general practitioner Antti Kontiola's invention made in the 1990s. Descriptive for the industry is that it has taken 30 years for iCare technology to become an industry standard.

Tonometers are used for the screening of glaucoma as part of its diagnosis as well as for its follow-up. iCare's growth has mainly been based on replacing old technologies (air-puff and applanation) in the use of ophthalmologists. In comparison to its competitors, iCare has been overwhelming in terms of accuracy, usability and cost. We estimate that ~60% of Revenio's revenue come from tonometers.

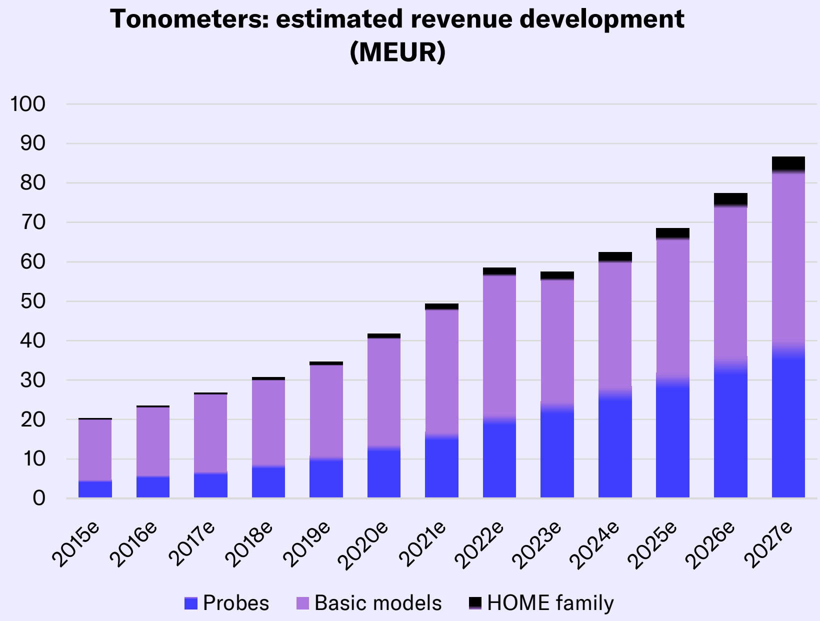
Main markets

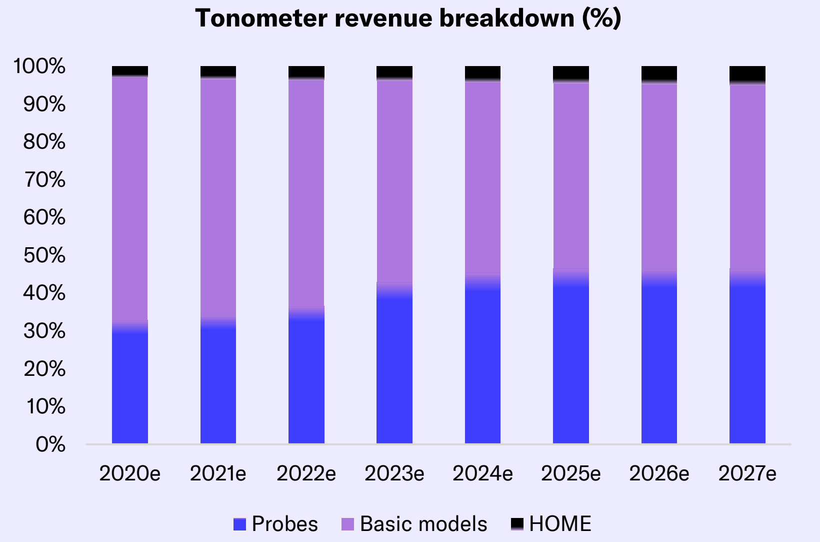
In addition to ophthalmologists, the users and customers of iCare products include opticians, optometrists, general practitioners, nurses and veterinarians. The company's HOME2 product also makes the patients themselves a potential customer. The main market is the US, which accounts for ~50% of revenue. We estimate that Europe's share is ~30% and other markets account for around ~20%. The company has an established market position in many western countries and through its distribution network is present in virtually all major markets. Consequently, the availability of untapped growth areas is limited or small in relation to the overall market.

We estimate that around 55% of iCare's revenue come from device sales and rest from disposable probe sales. We also estimate that approximately one tenth of the revenue is based on meters meant for veterinary and laboratory use (VET and LAB products). The HOME product family still accounts for a low share of sales, we estimate less than 5%. From a margin perspective, equipment sales (margins >80%) are slightly more valuable than probe sales (margins ~70%), but the latter provides important business continuity. Probe sales have also grown faster than equipment sales in recent years as usage has increased.

Glaucoma and intraocular pressure measurement

Glaucoma is a symptomless eye disease, which is often detected by accident in an ophthalmologist's examination. Elevated intraocular pressure will unnoticeably damage the optic nerve, eventually also damaging vision. Glaucoma is one of the most important causes of blindness that can be prevented. A prerequisite for preventing the disease from progressing to blindness is its early detection, as well as careful treatment and follow-up, where intraocular pressure measurement plays an integral role. According to various estimates, there are some 80 million glaucoma patients worldwide. The number of undiagnosed people and those suffering from glaucoma without knowing it is estimated to be equal. The key driver for the number of glaucoma patients is the aging of the population. The average incidence of the disease in the population aged over 65 is around 4% and this population is expected to double by 2050, which would mean 45 million new glaucoma patients. The intraocular pressure measurement method developed by iCare (RBT) willplay an important role in screening, preventing and treatment of glaucoma.





Tonometers 2/6

Business model

iCare has a very scalable business model, which runs with a light organization. A considerable part of operations are generated by partners and the company focuses on core operations that are sales and product development. Continuity is brought into the business model by the sales of disposable probes.

We estimate the total production cost of iCare tonometers to be a couple of hundred euros in total depending on the model (IC100, IC200, HOME). We believe, the production cost of probes is under EUR 0.2 with new efficient production lines. According to our estimate, the average sales price of a tonometer to a distribution channel is over EUR 2,000 and approximately EUR 0.6 for probes. The gross margin for the iCare as a whole is around 80%. Very high distribution channel margins are typical for health care devices. Therefore, the average sales prices of iCare's devices for end customers have been in the range of 2,500 to 5,000 euros, and so the distributive trade margin is somewhere in the 40% to 50% range. However, there are significant differences between countries and products. The high margin of the distributor is explained by the distributor’s critical role in the sales chain and the relatively small sales volumes of the devices.

In addition to device sales, the sale of disposable probes used in iCare devices brings continuity to the business, accounting for an estimated 45% of sales. According to our estimate, an average iCare device in customer use consumes more than 300 probes per annum. Thus, with a lifetime of ten years and a price per probe of approximately EUR 0.6, the sale of a device will generate up to EUR 2,000 in probe sales revenue for iCare over its lifetime. In the long term, probe sales could well reach 50% of the business, which we believe is not far off.

Production, distribution, and product development

The production of iCare’s tonometers and probes has been outsourced to domestic subcontractors but the company owns part of the production equipment itself. iCare uses its own personnel for R&D and for managing the outsourced R&D service suppliers. With product development, the company tries to strengthen its product portfolio and patent new features for the devices, as well as chart new application areas for the RBT technology, for example, in the diagnostics of other eye diseases.

iCare's products typically have their own country-specific distributors for each target group. For human tonometers there is typically one distributor specialized in ophthalmologists and another in opticians. Tonometers for animals have their own distributors. In the US, iCare has built its own independent sales organization and has no distribution partner except for VET products.

Technology and competitors

The generally approved IOP measurement standard is based on Goldmann's applanation method developed in the 1950s. The weaknesses of the method are the need to use anesthesia for the eye, need of calibration (reliability dependent on the user) and the training required for using the devices. In addition to Goldmann's applanation, the TonoPen (Reichert) based on applanation entered the market later on, which owing to its portability and small size competes with iCare. During its lifetime, iCare has won market share especially from TonoPen devices.

Income streams

Tonometers
~32 %
(2024e)

Probes
~ 27% (
2024e)

Imaging devices
~38 % (2024e)

Software
~3 %
(2024e)

Sales and distribution

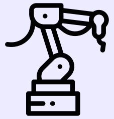
Own sellers (USA)

Country-specific resellers

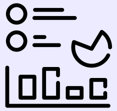
Online store (iCare)

Costs

Product development ~10% of revenue



Materials and manufacturing ~30% of revenue



Sales and marketing

Administration

Tonometers 3/6

In technologies, another competitor of iCare is air-puff, an open technology which entered the market in the 1990s. The lifespan of air-puff seems to be short as it has not been successful in challenging iCare's RBT technology due to the size, precision, price, and patient experience of the device. After the COVID pandemic started air-puff lost popularity due to the hygiene challenges, which iCare does not have (disposable probes). This further strengthened the competitive advantage of the RBT technology.

Tonometers based on iCare's patented RBT technology and method are based on so-called rebound tonometry technology. In practice, in this method a very small and light-weight probe touches the cornea very quickly, during which the device analyses the deceleration of the probe and the speed of its rebounding from the cornea. The key benefits of the technology are 1) painless for the patient (no anesthesia), 2) quick measurement 3) ease of use and easy to learn to use (no calibration, easy to maintain), and 4) small size and portability of the device. iCare's technology has in several studies been found to achieve the accuracy of the standard of the field, the Goldmann method, or to be even more reliable. Ease of use and quick training is a central advantage when the meters are sold to customer groups other than ophthalmologists.

In the development curve of IOP measurement technologies, iCare is displacing methods based on applanation and air-puff in developed countries and is leaping straight ahead of applanation and air-puff in developing countries. We believe iCare is now a market leader in the area with a market share of over 30%. iCare's key competitors are large device manufacturers typically with an extensive product offering in eye diseases.

Individual players are, e.g., the US Reichert (owner Ametek, NYSE: AME), the British Keeler (owner Halma Plc. LSE: HLMA) and the Japanese Topcon (TSE: 7732). These manufacturers make both applanation and air-puff devicesf, and Reichert has released devices based on the RBT technology. In the devices delivered by these competitors, IOP measurement may be one part of a wider device entity whose total price can be tens of thousands of euros. If the ophthalmologist has to use anesthesia for the eye in the examination in any case, the use of applanation is natural, and iCare's meter is not needed. Many ophthalmologists are, however, using iCare's easy-to-use and portable device next to the applanation method.

Patents and competitive protection

iCare's technology and products are protected by more than 20 patents related to method and mechanics. An important basic patent for iCare expired in the US in 2019, which has enabled a competing product that is similar to the company's original TA-01 product to enter the market. The first competitor to utilize RBT technology is Reichert that launched its Tono-Vera Vet product in February 2021 in the US for veterinarians. Reichert has also had a human RBT technology on the European market for several years. In the spring of 2024, Reichert also received FDA approval in the US, and we understand that the company has priced the device relatively aggressively. However, according to Revenio, this has not yet been reflected in its own sales or in a significant increase in competition. In Europe too, Reichert has not put pressure on pricing. We understand that Reichert's product is based on iCare's old RBT technology and is significantly inferior to iCare's current models.

Competing equipment manufacturers

Reichert AMETEK

Reichert Tono-Vera

(rebound tonometers)

Keeler

Keeler KAT Applanation Tonometer

(applanation)

TOPCON

Topcon CT-800

(air-puff)

Intraocular pressure measurement technologies

Evolution of IOP measurement

iCare compared to other technologies

Features	iCare RBT	TonoPen applanation	Topcon air-puff	Reichert air-puff	Goldmann applanation	Reichert RBT**
Price range	EUR 2,500-5,000	EUR 1,800-3,000	EUR 6,000-9,000	EUR 4,500-9,000	EUR 200-1,200	EUR 3,100-3,600
Accuracy*	+/-1.2-2.2	+/-1.8-3.1	+/-4	+/-4	0	+/-1.2-2.2
Portable	Yes	Yes	No	No	No	Yes
Calibration	No	Yes/No	Yes	Yes	Yes	No
User training	5-10 min	<30 min	<20 min	<20 min	> 2 weeks	<15 min
Patient's experience	Painless	Unpleasant (anesthesia)	Unpleasant (air-puff)	Unpleasant (air-puff)	Unpleasant (anesthesia)	Painless

*Compared to Goldman measurement **Reichert is the first that has launched a competitive device with RBT technology First only for veterinarians, later for human use.

Source: iCare, Inderes

Tonometers 4/6

In terms of quality, Reichert is not a threat to Revenio, but it could theoretically put downward pressure on prices. In general, customers value reliability and are not particularly price-sensitive. The threat of a competing RBT device should be monitored, especially in the US where it is still a new challenger. On the positive side, having an RBT competitor means that Revenio is no longer the only one driving adoption and creating a market for the technology.

iCare has continuously strengthened its patent protection by patenting new features, so that the expiration of patents does not allow copying of certain features of the new generation products (IC100 and IC200). We expect that generation of competition in RBT technology is not likely to lead to significant price erosion. The price sensitivity of the customers is limited and developing the devices is expensive. In addition, RBT technology becoming more common would probably speed up the market moving away from air-puff and applanation, which could also support iCare as its competitiveness remains strong.

Key factors protecting iCare from competition next to the patents are IPRs related to technology, reliability and the brand, quality, regulatory approvals, distribution channels and doctors' high threshold to adopt new methods. The calculation method of iCare's meter also involves iCare's own algorithm, which means full copying of the device in terms of measuring results is practically impossible also after patent protection ends. The company has built a strong reputation among ophthalmologists thanks to quality and reliability of its products and operations, as well as a distribution channel to customers which are important competitive factors.

We do not expect that a new competing technology generation will be created for the rebound technology over the next decade. It's more likely that after iCare's patent protection expires, the current competitors that are specialized in eye diseases will launch more competing products based on the rebound technology on the markets. Like iCare, these operators would have ready distribution channels and a strong brand.

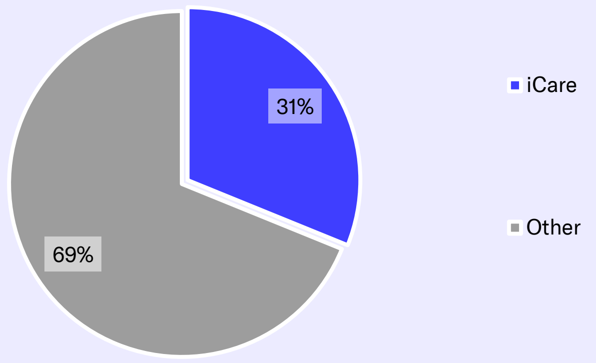
Market potential

Market potential of basic meters

The market potential of tonometers is based on the around 80 million people who are known to suffer from glaucoma and another 80 million people who suffer from the disease without knowing it. iCare's growth is still based on displacing competing technologies especially in ophthalmologists' use as part of glaucoma treatment, monitoring and diagnosis. The screening of glaucoma and emergence of screening mechanisms will introduce new, larger user groups for the devices in society, such as opticians, general practitioners and nurses. In the treatment of glaucoma, home care and self-monitoring of eye pressure represent a significant market potential for iCare.

iCare's RBT technology has more than a third of the over 200 MUSD ophthalmometer market. In terms of the RBT technology, we estimate that the market will grow over the next 5-10 years when the openness of the technology increases the supply, and the increasing importance of hygiene weakens the competitiveness of air-puff and applanation methods further. In particular, we expect air-puff (estimated at a >100 MUSD market) to lose significant market share to RBT technology as the gradual market transformation that has been underway for three decades continues.

iCare RBT's market share



Tonometers 5/6

iCare's still nearly 100% market share in rebound technology (RBT) will slowly erode as the market is shared by other rebound equipment manufacturers. We estimate that iCare has as the category leader in RBT technology preconditions for a market share of clearly over 50% in the long run.

We estimate the long-term market potential for iCare's rebound technology (excluding the HOME product) at 100-200 MEUR per year (estimated 2024 revenue ~62 MEUR, of which probes ~28 MEUR). According to our calculations iCare's sales per ophthalmologist on the mature Finnish market is over EUR 1,000 per year. The global number of ophthalmologists is around 200,000 (no growth) and assuming a 50% penetration in ophthalmologists for RBT technology the potential is around EUR 100 million. According to our estimates other user groups (optometrists/opticians 400,000 and general practitioners) represent as large as market potential for iCare as ophthalmologists in the long term. This year we estimate that iCare's devices will be used to make more than 40 million measurements (probe consumption 2024e). When this figure is compared to the number of glaucoma patients (80 million) and the global need for screening, the company's potential in the global market can still be considered very significant. We emphasize that the calculations are indicative estimates to outline the overall market.

Revenio's market share varies significantly around the world. iCare dominates some individual markets, such as the Nordic countries, but there is still significant growth potential in other markets. In many large countries (such as the US, France, Germany, the UK, South Korea, Australia, and Brazil), the company still has markets to conquer, but pockets of growth are limited (e.g., in France, market share is very low). iCare also has relatively virgin markets in emerging countries where it has significant growth potential. These markets include China and India. In China, the company has now invested and, we believe, achieved strong growth, while we have no information on the situation in India (potentially a strong region for Topcon).

In growing and new markets, iCare's key growth driver is device sales. In mature, the growth driver is probe sales, which follows installed device base growth.

HOME product family

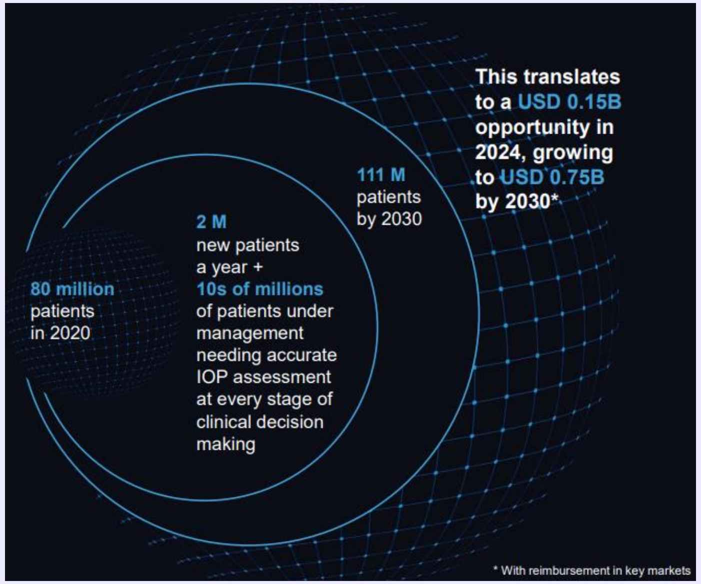
Home measuring as a product category

The HOME product for patient self-measurement creates a market for iCare that leverages the company's existing technology and customer base. The device has been in the market since 2014, after which governmental permits have been applied for and recognition has been built for the product. The product received US marketing approval in early 2017, a new enhanced HOME2 product was launched in early 2021, and the product received FDA approval in early 2022.

The HOME product in the US can take advantage of the generic loan equipment reimbursement codes, which brought home inspections into the reimbursement scope in the summer of 2019. Revenio applied for a separate code for the device in the US in 2024, but the authorities said that reimbursement was already available and did not see the need for separate reimbursement. This was a setback for HOME, as a reimbursement decision could have facilitated the creation of a market. Now it seems that HOME will have to make do without separate reimbursements.

HOME's growth drivers in the long term are:

- The sales potential per ophthalmologist or clinic is many times higher than for basic equipment, as the equipment can be loaned to patients. For example, instead of a single device, batches of 5-10 devices can be sold and patients can purchase the device themselves.
- In home use, more devices break down, which means higher volumes of replacement devices.
- Home measurement means more frequent measurements and thus a higher probe consumption.
- The communication between the patient and the doctor takes place through iCare's own cloud service, which strengthens competitive protection and customer loyalty.
- Utilizing the measurement data accumulated in the cloud service also opens new opportunities for glaucoma treatment and research.



Tonometers 6/6

The idea of the HOME product is based on the follow-up of intraocular pressure as a time series, which is based on measurements made by the patient at home. This provides a much more accurate picture of the change in eye pressure compared to visits to the doctor, and gives the doctor better information about the effectiveness of the medication.

In the HOME product concept the treating doctor loans the patient a device with which the patient can measure their own intraocular pressure at home. The results are delivered directly to the treating doctor through Revenio’s cloud service. With home measurement the patient’s intraocular pressure can be monitored as a time series at different times of the day. The patient is also spared several expensive doctor’s visits

We estimate that the initial sales volume of the HOME product was a few hundred units per year (single units mainly for trial use). Volume growth has been slower than we anticipated, but we estimate that volumes have now reached a few thousand units per year. Stronger growth still waits for home measuring becoming more popular, which would allow multiple clinics to order equipment in large batches. However, even during the COVID pandemic, home measurements did not gain significant popularity in the industry.

It may eventually be that a major breakthrough will require changes in treatment practice ("standard of care"). These changes often require years, even if the benefit to the patient is clear. The proliferation of telecare concepts could contribute to the growth of HOME. The change has been further slowed down by Revenio having to create the market almost by itself. As far as we know, there is no comparable product from competitors.

HOME's growth drivers and competitors

The ramp-up of the HOME product was a multi-year process where iCare created the market for its product. The HOME product has significant long-term potential and could become significantly larger than the company's base equipment business as the market grows. Once a patient has been diagnosed with glaucoma, continuous monitoring of eye pressure is an important part of managing the condition. iCare HOME provides a simple and cost-effective solution for continuous eye pressure monitoring.

However, the volume will depend on how widespread home measurement becomes and how quickly it is introduced. It’s therefore very difficult to assess the sales potential of HOME at this stage. All 80 million diagnosed patients are potential users, which means a market potential of tens of millions of euros for the probes alone. Revenio has estimated that if HOME achieves the necessary reimbursement status in the main market, the home monitoring market for glaucoma would grow to 0.75 BNEUR by 2030. This assessment should be treated with skepticism as there is currently no prospect of individual reimbursement. Nevertheless, the market and sales of the HOME product family will continue to grow as awareness of the solution spreads.

In our opinion, there is currently no relevant competitor to Revenio's HOME product, but other players have also recognized the potential of continuous IOP measurement. This has given rise to at least two competing technologies. According to our analysis, neither has managed to break into the market.

The Swiss Sensimed Triggerfish tonometer is based on a contact lens that continuously monitors eye pressure. The results are analyzed using Sensimed software and the product has FDA approval (2016). The challenge with Sensimed is that Sensimed only measures changes in eye pressure. As such, the instrument's results are not comparable to, for example, the industry standard Goldmann. The expense of using the device is also high compared to iCare.

German company Implandata has developed an eye pressure implant called EyeMate. The technology is based on an implant surgically placed in the eye during cataract surgery, which makes it an expensive and inconvenient solution. The product received a "Breakthrough Device" designation from the FDA in spring 2021, and the latest generation of the product also carries the CE mark. We understand that EyeMate has not progressed to the commercial stage either, but after potential FDA approval, EyeMate is worth following.

Imaging devices 1/4

Basics

CenterVue that Revenio acquired in April 2019 is an Italian company focusing on eye disease diagnosis and treatment and specializing in fundus imaging devices founded in 2008. Revenio's imaging devices are CenterVue's technology that now are found under the familiar and renowned iCare brand. The devices use confocal imaging technology that, unlike conventional fundus imaging, generates a high-resolution color image of the ocular fundus. This helps make the correct diagnosis, in treatment and monitoring. Fundus imaging can be used to diagnose, manage, and prevent several eye diseases like diabetic retinopathy, glaucoma, and macular degeneration.

The imaging device product family covers four product areas: 1) glaucoma diagnosis, 2) diagnosis and monitoring of macular degeneration, 3) diagnosis and monitoring of diabetic retinopathy (DR), and 4) cataract diagnosis. Revenio's product offering that used to focus on glaucoma expanded into several eye diseases with the acquisition. Revenio now has a comprehensive product range and strong technological expertise in these areas of eye disease.

In terms of the care pathway, the imaging device product family covers everything from patient-led screening to diagnosis and disease treatment. DRS products mainly act as helping devices in screening for opticians while the more expensive EIDON product family and COMPASS product are used to help diagnosis and treatment among ophthalmologists. The MAIA product is mainly used to support disease treatment. Revenio's product portfolio extensively covers screening, diagnosis and treatment of eye diseases linked with aging. Especially in terms of glaucoma, the company can now offer a one-stop solution for its customers.

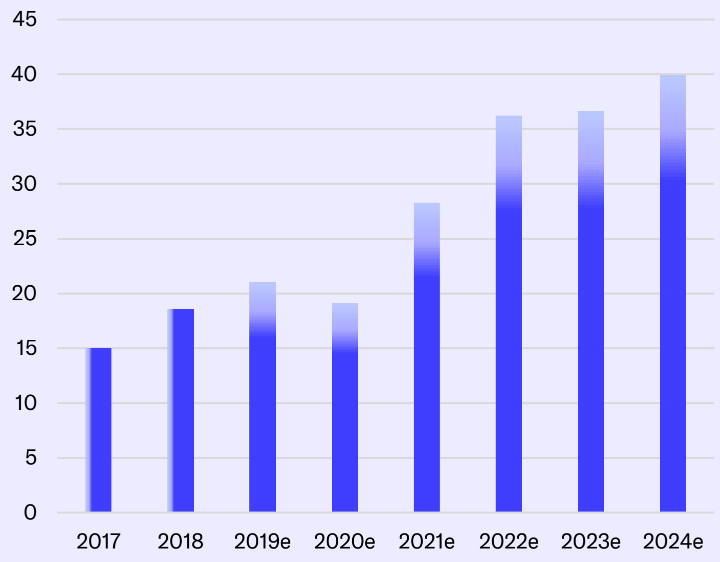
Business model

Imaging products are offered for opticians' screening use (basic products like DSRplus) and more sophisticated and clearly higher price class products are sold for ophthalmologist use. We estimate the end-customer price of the devices to be between EUR 14,000 and 50,000. The company can deliver a maintenance package with the device entity, but the share of continuous income is low. We estimate that the company has an installed base of at least 15,000 devices.

Next to conventional device sales, software licenses are sold on the imaging side where the share of the software of the order can be as much as 20%. This increases the gross margins. Revenio sells licenses with the devices with the help of which the images can be transferred directly to the patient management system. This makes the devices easier to use but the devices can also be used without a license. In addition, Revenio sells extended guarantees for the devices. However, there is no actual recurring revenue in the devices, and they don't, e.g., translate into "probe sales".

The production of imaging devices, like tonometers, is outsourced and Revenio has achieved significant cost synergies from production since the CenterVue acquisition. CenterVue's gross margins were around 62% before the merger, but we understand that they have already risen to 70% (tonometers are as high as 80%). The market for fundus imaging devices is inherently more competitive and manufacturing the devices is inherently more expensive (e.g. lenses), but the company has been able to increase production efficiency and software sales, especially with the DRSplus product. These factors have clearly raised the gross margins.

Revenue of imaging devices (estimate, MEUR)



Imaging devices 2/4

CenterVue operates like Revenio in the US with its own sales organization and elsewhere through distributors. As the target groups are the same, significant synergies in sales and marketing have been achieved. In recent years, the operations have been brought together under the iCare brand, and the reception has been very positive. With a broader offering, Revenio is an increasingly relevant customer also for large operators. Previously Revenio was able to offer an excellent solution for one rather small segment but now the company is a credible player in a wider area. The same reasons would support further portfolio expansion.

Markets

The growth drivers in imaging devices are connected to glaucoma, macular degeneration, diabetic retinopathy, and to some extent cataract becoming more common. The combining factor in diseases becoming more common is the aging of the population. In glaucoma, the growth drivers for imaging devices are similar to tonometers.

For diabetic retinopathy, the growth is driven by the need for diabetics to have their eyes examined regularly, which means a huge need for screening. The driver is a strong increase in diabetes: 8.4%of adults suffered from diabetes in 2014 while the share in 1980 was 4.7%. Currently an estimated 422 million people are suffering from diabetes (source: WHO) of whom some 35% suffer from diabetic retinopathy. In 2040, the number of diabetics is estimated to grow to 642 million, which supports market growth. Globally an estimated 196 million people suffer from macular degeneration and the number is expected to grow to 299 million by 2040.

The global market of imaging devices is around 1.3 BNUSD of which Revenio's current product offering covers a share of some 800 MUSD. Of this, around 500 MUSD is for fundus imaging and 300 MUSD for perimeters. Optical coherence tomography (OCT) is outside the current offering whose market value is around USD 500 million. We believe this would be a logical expansion area for Revenio's product offering, and the company has been actively exploring various opportunities (acquisition/product development). In the medium term, we believe Revenio will offer devices also in this segment.

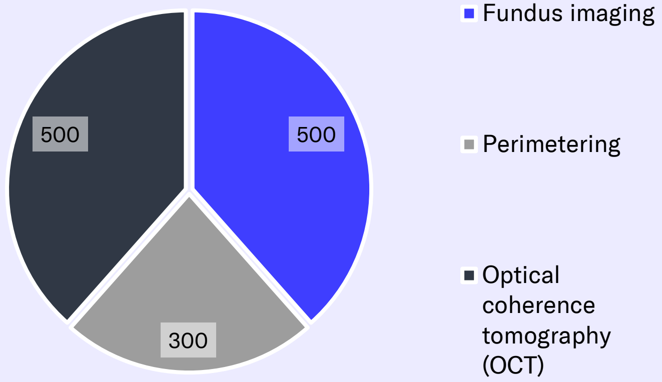
The US is an important market, and its share of total sales is around 50%. The fundus imaging market is expected to grow at a compound annual growth rate of around 4% in the medium term, depending on the source. The long-term potential of imaging devices is enhanced by the fact that other diseases can also be detected by fundus imaging.

The key customer segments for imaging devices are ophthalmologists, optometrists, and opticians. The customer base focuses on ophthalmologists just like in tonometers. Of interest are primary care units in the United States that may be activated in diabetic retinopathy screening, especially with the introduction of reimbursement for the use of AI. The use of AI will also be supported by so-called HEDIS treatment points. In addition, imaging devices have considerable potential in pharmaceutical companies that need new research equipment for clinical research required by authorities. Agreements with pharmaceutical companies can be important for the MAIA product.

Technology

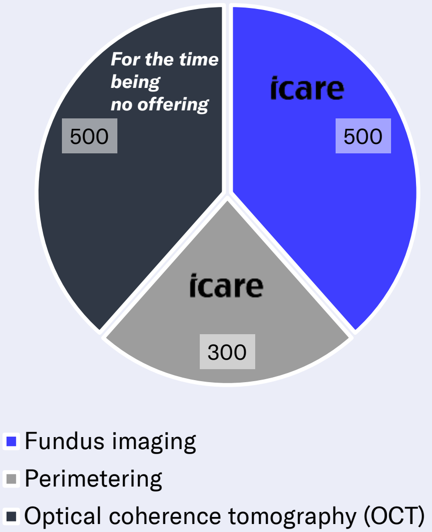
iCare's technology leadership in confocal imaging devices is protected by more than 20 patents, with more pending. Like Revenio, CenterVue has historically spent around 10% of its revenue on product development, and currently the ratio is potentially even higher for imaging devices.

Imaging market breakdown (MUSD)



Imaging market and Revenio’s imaging products

Imaging market breakdown (MUSD)



Main use purposes:
1) glaucoma diagnosis, 2) diagnosis and monitoring of macular degeneration, 3) diagnosis and monitoring of diabetic retinopathy (DR), and 4) cataract diagnosis.

Fundus imaging

Price range EUR 14,000-20,000

iCare DRS+ (and DRS)

Price range EUR 30,000-40,000

iCare EIDON (Ultra-Widefield)

Confocal imaging technology that enables true colors and easy-to-use automation.

+ perimeter visual field testing

Price range EUR 30,000-40,000

iCare COMPASS

Price range EUR 40,000-50,000

iCare MAIA

iCare EIDON and MAIA products combine fundus imaging and automated perimeter visual field testing.

Source: Revenio / Inderes. Price ranges are Inderes’ estimates for new devices including taxes. Prices can vary considerably in different areas.

Imaging devices 3/4

Key strengths in imaging technology is linked to the ease of use of the devices (”auto focus”), the precision of imaging, clearer colors (”True-color”), and speed. The products stand out especially in the level of automation and image quality. The customer's decision to buy is often driven by the fact that old equipment is difficult to use and doesn’t provide sufficient image quality.

In imaging the competing devices are primarily laser-based devices which results in reddish images. iCare’s True-color confocal technology that shows the actual colors inside the ocular fundus has no direct competitors. Confocal technology can separate the ocular fundus clearly better than competing solutions. iCare DRSplus is a confocal imaging system for the fundus that uses white LED light to generate true-color images with high details. This practically brings a new standard to an efficient and working image of the ocular fundus. In addition, the imaged pupil can be smaller than before, which means the image can be taken from all patients. DRSplus is fast and automated, which makes it attractive.

Main products

On the imaging side, Revenio has two clear cash cows. The first is iCare DRSplus, which has sold very well in recent years. In terms of features and quality, the product is highly competitive among the low-price range of equipment. Its success is also supported by the fact that its target group is also wider than normal (opticians, general practitioners, pharmacies, etc.). DRSplus is Revenio’s best-selling single imaging device.

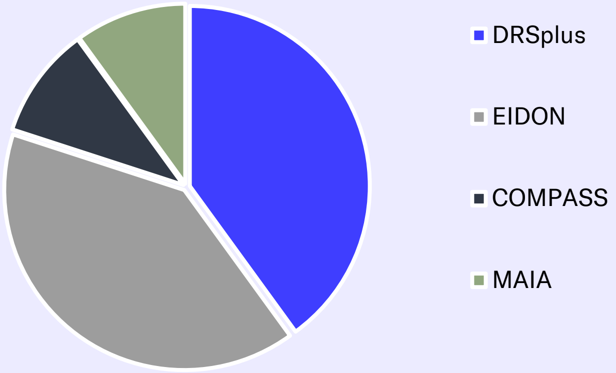
Another cash cow can be found in the iCare EIDON product family, whose competitiveness improved significantly with the Ultra Widefield module (launch at the end of 2021). In recent years, we believe the EIDON product family has gained significant market share and is the best-selling product family in imaging devices.

Revenio hasn’t published a breakdown of its imaging devices revenue by product or product family, but we estimate that the iCare EIDON product family is the largest with around 45-50% of revenue. We estimate that the single most important product is the iCare DRSplus (in the 40% ballpark), so together these fundus imaging devices dominate sales. In perimeters (field of vision measurements), Revenio's position is much weaker, and we estimate that the iCare COMPASS product family accounted for approximately 10% of revenue. iCare MAIA historically accounted for an estimated 5-10% of revenue, we estimate, but the product was discontinued after 2022. The redesigned MAIA will be launched in Q1'25, after which we expect sales of at least 5 MEUR in 2025. This is pure growth for Revenio compared to last year, as there were no sales of the product in the last years. The difficulty with perimeters is apparently caused by the larger Zeiss, whose equipment has reached the "standard position". The figures are rough estimates based on assumptions of delivery volumes, average prices, and division of the device portfolio.

Competitive situation and market shares

Revenio's overall market share in the relevant imaging devices market is around 5-7%, which is still very low in relation to the quality of its product offering. The company's share is certainly higher in strong areas, but it is not yet a constraint on growth in any segment.

Estimated breakdown of imaging device revenue (2025e)



Imaging devices 4/4

Revenio has significantly increased its market share over the last few years. Following the acquisition of CenterVue, we estimate that imaging devices has grown at an annual rate of around 15%, compared to a market growth rate of 4-5%.

The market for imaging devices is fragmented and there is no clear leader on the market. The biggest is Carl Zeiss Meditec whose market share is possibly around 20%. Important players are Optos, the Japanese NIDEK and Kowa, as well as Topcon, Canon, and Heidelberg Engineering. There is also Optovue and Optopol in OCT technology and Optomed of Finland, the market leader in handheld fundus cameras. iCare is one of the top ten players in imaging.

The competitive situation varies considerably in the different segments of the market. The key difference is in perimeter visual field testing where Zeiss dominates the market with a 50% market share. In our view, the iCare COMPASS product could have considerable market potential in this segment because the product would have a clear competitive edge compared to other devices due the technology related to following the eye. However, this is a very conservative market in which Zeiss is defending its strong market position. In our view, Revenio's market share in this segment has remained low, even though the iCare COMPASS product should have excellent features for its price range.

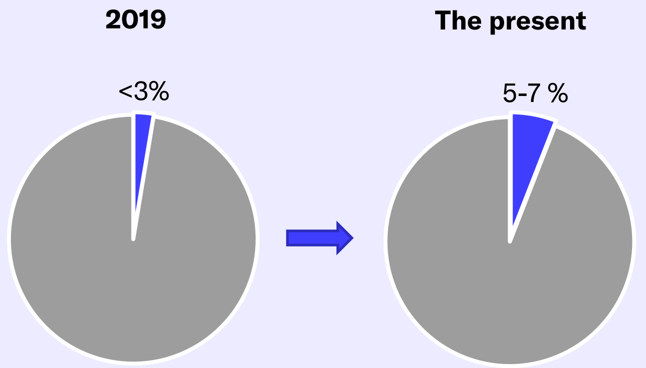
We believe the biggest players in fundus imaging are Optos and Topcon with market shares of around 20-30%. Zeiss, NIDEK and Heidelberg are also important players. The competitive landscape is similar to that of tonometers, where Revenio has become a technology leader with its solution. On the imaging side, the company is clearly a challenger, but the growth prospects are very strong, at least until the next major technological developments in (competing) products.

Good conditions for winning market shares

We believe that our imaging device products are highly competitive, which will allow Revenio to grow many times faster than the market in the coming years. In our view, Revenio has a strong competitive advantage in imaging devices, but its robustness is much less certain than in ophthalmometers. With the relatively rapid development of imaging technology, the increasing importance of AI and software, and the relatively more competitive nature of the market, maintaining competitiveness requires ever better quality, lower prices, and more efficient manufacturing. As a result, Revenio is constantly called upon to innovate, both to win market shares and later to defend them.

For example, the lifecycle of an iCare DRS product is normally at least 7-10 years. The development of a new product takes at least three years considering regulatory approvals so new challengers are not expected at least right away. The industry is generally very slow moving and even a superior new technology easily requires a decade to reach a market share of over 50%. We can therefore be relatively confident that the current product portfolio will be very competitive in the medium term (3-5 years).

Estimated development of Revenio's imaging devices market share from 2019 to the present



Technological development of fundus imaging

Evolution of fundus imaging

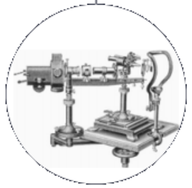
centervue

1860

The retina of a living person is scanned (William Jackman and J.D. Webster)

1900

1930



First commercial fundus camera (Johan Nordenson and Zeiss Camera)

1950

Fundus angiography

1990

First confocal ophthalmoscope (Roedenstock)

2000

First digital fundus camera

2010

First automated fundus camera

2014

First true-color confocal technology imaging device

Biggest competitors in imaging devices

ZEISS CARL ZEISS MEDITEC

optos

TOPCON

HAAG-STREIT

NIDEK

HEIDELBERG ENGINEERING

Canon

oculus

Source: Inderes, Revenio CMD 2021

Software and digital strategy 1/3

From equipment manufacturer to total solutions provider

As the population ages, eye disease will continue to increase and the shortage of ophthalmologists will become more pronounced. To meet the need for care, software and artificial intelligence are increasingly needed to help streamline care processes and do some of the diagnostic work. In the long run, the biggest winners in the industry are likely to be those who can create the best overall solution and ecosystem that enables revenue streams from multiple stages of the care pathway.

Revenio's business has historically been primarily equipment sales. To respond to this development, Revenio expanded its strategy in 2021 to include the software side, with the aim of becoming more involved in eye care pathways. The first step was the acquisition of Oculo in March 2021, which primarily brought software and platform expertise to the company. In particular, Revenio has used Oculo for its ILLUME artificial intelligence platform, which combines Revenio's DRSplus eye tracking camera with Thirona's AI algorithm. Another important step in the digital strategy was the acquisition of Thirona Retina, which gave the company the RetCAD AI algorithm for diabetic retinopathy and AI expertise. Ultimately, the company aims to build a holistic eye care ecosystem that would provide the company with an additional moat and access to multiple revenue streams across the care pathway.

Eye care software platform Oculo

Oculo is an Australian software platform for eye care that combines clinical communication, telehealth, remote patient monitoring and data analytics capabilities. The Oculo cloud-based software platform is transforming eye care by enabling and enhancing clinical collaboration, bridging disconnected data silos for sharing data and images and facilitating better and more cost-effective patient care in the eye care market. In 2021, Oculo software was used by more than 3,200 optometrists and more than 770 ophthalmologists, who have processed more than one million patients with the software. Founded in 2016, Oculo's revenue in 2020 was just over 1 MEUR (excluding grant income) and its EBITDA was around EUR -860,000. Oculo's billings have been low because the company has been primarily looking to expand its network, as the platform business is theoretically highly scalable as it grows. Oculo quickly achieved a good market position in Australia with the help of large key customers (e.g. Specsavers) and had also started internationalization.

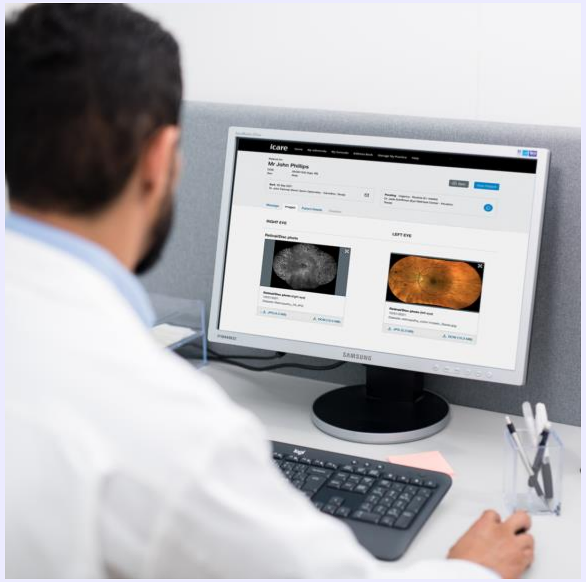
Oculo’s business is based on a scalable software platform and invoicing is continuous monthly billing in line with SaaS. Oculo’s software platform combines the parties involved in eye care. The challenge has been that, e.g., optometrists and ophthalmologists are siloed in their own systems, and, for example, eye images are sitll distributed by fax or mail. This means disruptions in the flow of information and poor image quality, adding friction to the care pathway. Oculo has created an easy-to-use and efficient software platform that digitalizes the process.

We understand that Oculo has few direct competitors. On the other hand, the market potential of Oculo is difficult to assess, as the company's earnings potential is still a mystery in Australia as well. It is clear is that market size won’t limit the growth potential of the very small Oculo for a long time to come.

Progress of Revenio's software strategy:

- In 2021, the acquisition of Oculo, gaining software and platform expertise specific to care pathways.
- In 2022, the company launched the ILLUME screening solution, which combines Oculo's proprietary software platform, the DRSplus eye tracking camera (images), and enables the use of a partner's AI.
- In 2024, Revenio acquired the AI company Thirona Retina, through which the company gains its own AI algorithm and AI expertise for the group.

iCare OCULO



Software and digital strategy 2/3

Oculo is part of a wider strategy for Revenio

Oculo provided Revenio with important expertise and access to the critical medical device software market, where the company's competitors had been investing heavily for years. With Oculo's care pathway-focused approach, market entry can potentially be made with significantly lower investments. In addition, Oculo enables more comprehensive solutions for ophthalmologists using the iCare HOME eye pressure monitor.

The financial impact of the Oculo acquisition has been reflected in particular in increased R&D investments in 2021-2023. Revenio has said that about a third of its R&D investment is in software (Oculo and ILLUME) and the rest in hardware. The company previously estimated that Oculo would reach breakeven in 2023. However, Oculo's contribution is difficult to quantify as the investment in selling Oculo as a standalone software was very modest. Oculo's biggest strategic role for Revenio has been the development of the ILLUME platform, to which we understand investments have been directed. On the ILLUME side, the company can sell Oculo's own platform, but in the big picture, we see Oculo primarily as a product development project. With Oculo's expertise, Revenio can create a complete solution that combines devices, a care pathway and the use of AI in diagnosis. Through this, Revenio has the potential to build an ecosystem with AI partners around the treatment of eye diseases.

Two pillars in the AI strategy

Artificial intelligence is set to transform the market in the coming years. AI is already proven to be effective and competent in the interpretation of fundus images, the diagnosis of eye diseases and ophthalmologic processes. As Revenio moves more toward integrated and predictive eye care pathways (especially diabetic retinopathy screening) with the 2023 strategy update, the role of AI and software in general will become even more important.

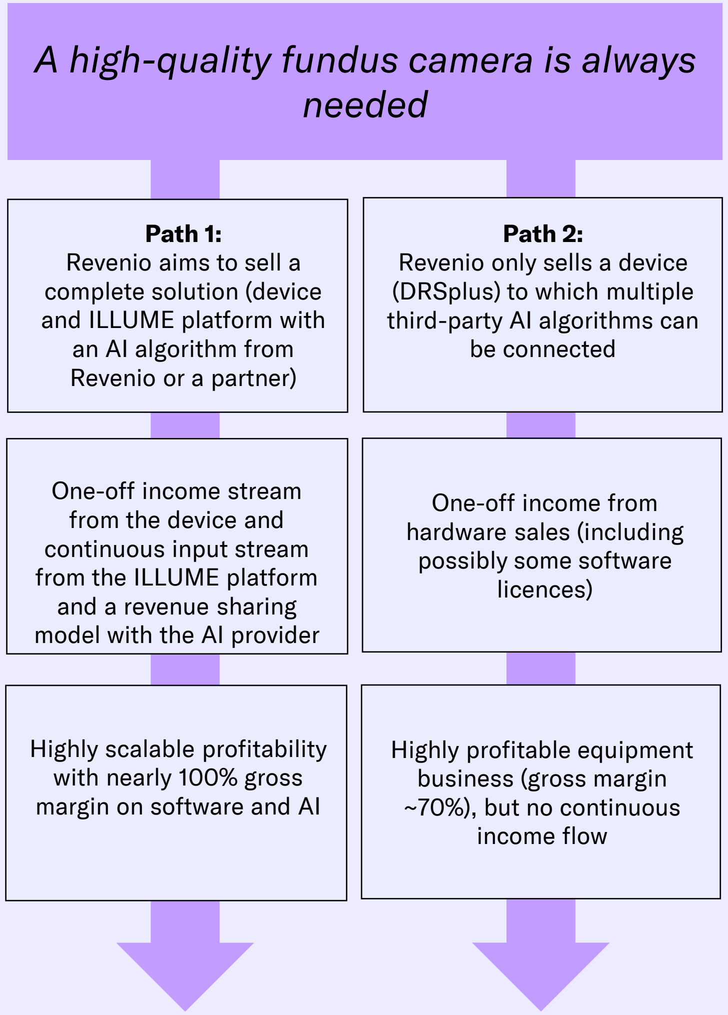
In the case of diabetic retinopathy, the use of AI is being driven in part by a reimbursement code in the US that will make AI imaging a profitable business for many. As the years go by, AI will take over more and more of diagnostics because of its learning power and necessity. There is already a wide range of indications, many of which are related to fundus imaging.

Revenio's own AI strategy has two pillars: 1) maximize device sales for all parties by enabling the integration of proprietary equipment with multiple algorithm vendors, and 2) also seek AI revenue streams by selling end-to-end solutions (ILLUME with Thirona AI). The optimal user experience is achieved by purchasing a comprehensive solution that gives the customer seamless access to images stored in the cloud and the patient's care pathway. This will also allow Revenio to generate significantly higher revenues than hardware sales alone in the long term. However, in some countries it is virtually impossible to expand economically with your own platform and AI partner, so it makes sense to simply maximize device sales.

Thirona Retina AI

The collaboration between Thirona and Revenio started when the companies combined the Revenio camera and Thirona Retina's RetCAD AI algorithm to diagnose diabetic retinopathy in the ILLUME solution. Thirona was initially an external AI partner, but in 2024 Revenio bought the company. This means that Revenio has its own AI algorithm, which it can use in the ILLUME solution itself or sell to others.

Revenio's two-headed AI strategy



Software and digital strategy 3/3

This is a very rare combination, as hardware manufacturers have generally stayed away from competitive AI development. Now Revenio also has strong AI expertise and visibility throughout the chain. The purchase price of Thirona (6.7 MEUR) was very moderate, which makes us consider the deal a good strategic move. In addition to our own ILLUME solution, the RetCAD algorithm is also supplied to competitors such as Topcon, Tomey, Nidek, Canon and Optomed. In the longer term, however, we expect the majority of Thirona Retina's revenue to be generated internally, i.e., from Revenio. In this way, we also think of Thirona as more of a product development effort.

Ultimately, we believe the quality of this investment (and acquisition) will depend on the competitiveness of Thirona Retina's AI algorithm. We believe that the results seen with Revenio in combination with the DRSplus camera are very good, but until FDA approval of the combination and "official" results of the studies, there is uncertainty about the competitiveness of the overall solution. Thirona Retina does not currently have FDA approval for any camera. To our knowledge, there are only three AI algorithms approved by the FDA: IDX-DR (first approval 2018), EyeArt (Eyenuk 2020) and AEYE Health (2021). Revenio wants to join this group with Retina. Clinical trials are underway and FDA approval is realistically expected by the end of 2025.

The ILLUME solution is an important growth driver for the future

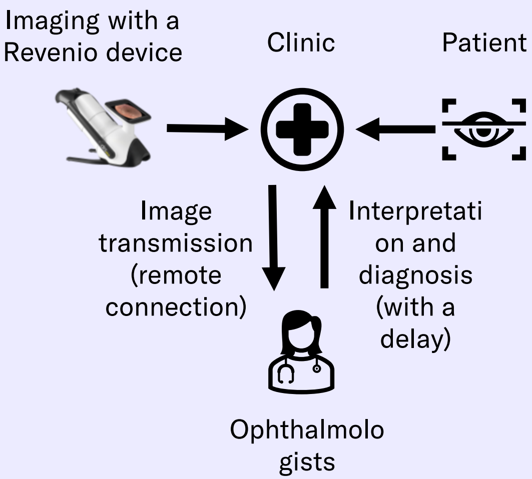
In the spring of 2022, Revenio launched the iCare ILLUME screening solution with images from Revenio's DRSplus device. The images are sent through the ILLUME platform to Thirona's RetCAD algorithm for analysis, and the AI screens the images for diabetic retinopathy and instantly generates a report of findings. Algorithms from other AI providers can also be connected to the ILLUME platform, but the optimal solution for Revenio would of course be to keep the whole thing in its own hands.

The company also has an FDA submission pending for a combination of a third-party AI algorithm and a DRSplus device. There is no visibility into this FDA process as it is driven by Revenio's AI partner. The approval process has already taken longer than originally expected, so the final outcome is uncertain. In principle, however, the process should be completed by 2025.

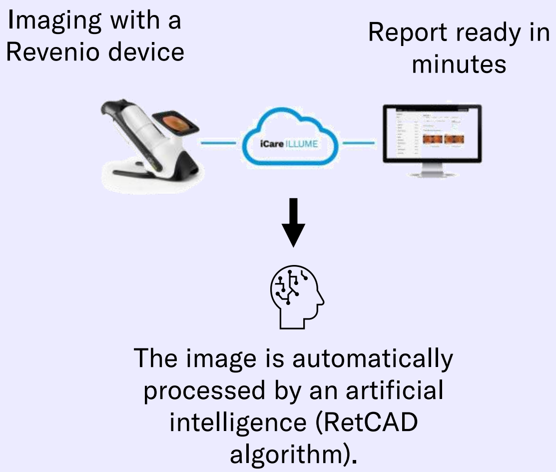
In the absence of FDA approval, ILLUME is currently sold in Europe. In Europe, the company has already won numerous customers for its solution, and the feedback it has received at industry conferences has been "extremely" positive. However, revenue of the complete solution is still very small. The role of the solution varies in different areas: an AI solution can support clinical decision making, act in a fully autonomous way (if accepted by the regulator), or support human decision-making in situations where humans are not able to make decisions (e.g. big data).

The DRSplus also has the capability to upgrade software on existing equipment. However, it seems unlikely that optometrists, for example, would begin widespread screening for diabetic retinopathy. However, for some customers, the option may be attractive and would accelerate growth. In any case, ILLUME is a very interesting new opening that significantly increases the long-term potential of the company. In a good scenario, the AI solution could become a significant growth driver in the medium term, and we see the overall solution as one of the critical factors for Revenio's long-term development. We also estimate that growth would be highly profitable and scalable due to the transaction-based business model.

Simplified description of traditional fundus screening (Revenio included for device sales only)



Simplified description of fundus screening with ILLUME (Revenio receives device revenue as well as ongoing software revenue)



Software and digital strategy

Key elements of Revenio's digital strategy

Competence	**Systems and software expertise from the acquisition of Oculo**		**AI expertise from Thirona Retina**	
Solution	**Oculo** • An eye care software platform that combines clinical communication, telehealth, remote patient monitoring and data analytics expertise • Estimated revenue last year around 2 MEUR	**Thirona Retina** • RetCAD algorithm screens the fundus for eye diseases such as diabetic retinopathy, macular degeneration and glaucoma • Estimated revenue last year less than 1 MEUR (external)	**ILLUME** • Complete fundus screening solution combining Revenio's DRSplus imaging device and RetCAD algorithm from Thirona Retina acquisition • Possibility to add other AI algorithms to the platform in the future • The ILLUME platform is based on Oculo and the product development expertise of the Oculo team	
Sales strategy	Oculo is sold as standalone software, particularly in Australia and New Zealand, and will be sold as part of a complete solution in other markets in the future	In addition to using our own ILLUME solution, the RetCAD algorithm is also delivered separately to Revenio's competitors, including Topcon, Tomey, Nidek, Canon and Optomed.	**Alternative 1:** Revenio aims to sell a complete solution (device and ILLUME platform using Revenio's or a partner's AI algorithm)	**Alternative 2:** Revenio only sells a device (DRSplus) to which multiple third-party AI algorithms can be connected
Income streams	Continuous monthly income under a SaaS model	Ongoing transaction-based revenue from imaging	One-off income stream from the device and continuous input stream from the ILLUME platform and a revenue sharing model with the AI provider	One-off income from hardware sales (including possibly some software licences)

Estimates 1/6

Tonometers

Growth estimates

We are using three parameters to forecast tonometer sales: basic device sales, HOME sales, and probe sales. Device sales are evaluated through the sales volume and average prices (the sales price to the distribution channel). We estimate probe sales through the size of the installed device base and average probe consumption. The estimate model is based on a set of individual data reported in the company's history, which is becoming increasingly difficult to maintain as the company's offering expands. Uncertain assumptions had to be made in the background, which is why we do not publish separate forecasting models for the businesses.

In our estimates, we estimate iCare's traditional tonometer sales volume growth to be around 6% in 2025-2027 (CAGR). We expect growth to be slow in 2025 with a weak market, but to accelerate in the coming years (partial recovery). iCare's technology will continue to gain market share from older technologies, and the company has new offerings such as the ST500. In addition, we expect average prices to continue to increase moderately due to continued strong pricing power, but our assumptions are relatively moderate given the overall pricing pressure in the industry.

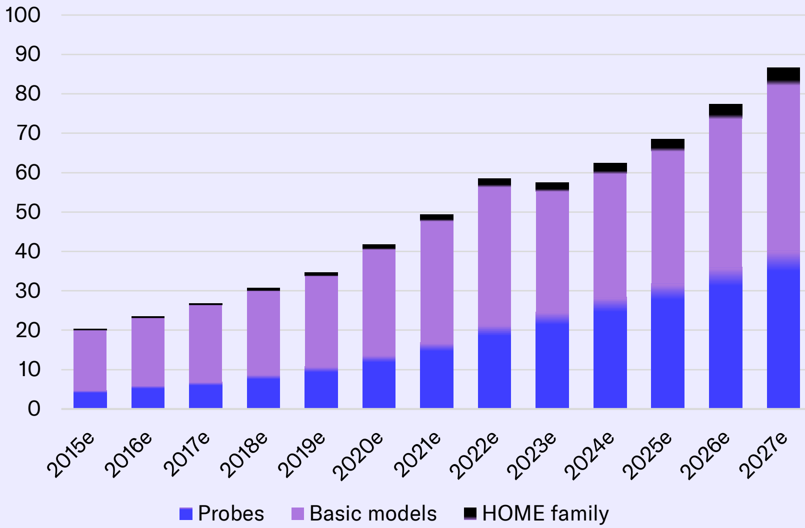
We believe the largest opportunity for tonometers is in the Chinese market, where the company sees significant growth through 2024. The company's market share in China is very small, which means there is plenty of potential for growth. However, China is a difficult market in many ways: a problematic regulatory environment, a country that favors local companies and tries to gain a technological advantage. In public (or publicly subsidized) health care, procurement must be particularly local. However, after the investments made in recent years, Revenio has a good chance of improving its position in China.

iCare's probe sales is a derivate of the growth of the device base. Probe sales have been growing faster than equipment sales for a long time due to the growth of the installed base and the increased use of devices/probes. Our estimate is that one device in the device portfolio utilizes an average of over 300 probes per year, which means that iCare's devices are used for over 45 million measurements annually. We estimate the average price of the probes to be just over EUR 0.6, by which we the share of probes to be 45% of the revenue of tonometers. We expect probe revenue to grow by more than 10% (CAGR%) between 2025 and 2027, driven by the growth of the installed base (including HOME), increasing usage, and adoption of probes.

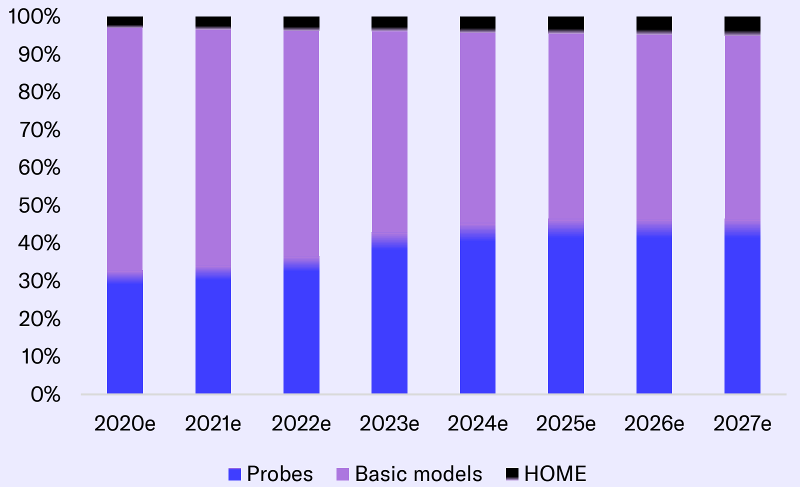
Home care devices

Forecasting HOME is very challenging as the product and concept are still in the ramp-up phase and a major breakthrough may require a change in treatment practices. So far, the revenue from the product has been low (2024 estimate: ~3 MEUR), but the need for home measurements is clear and the HOME2 product has been well received. We expect HOME to sell 2-3 thousand units this year and to grow by about 20% annually in the coming years, as home measurements "slowly" advance in the US and elsewhere. We estimate the average price of the device to be less than EUR 1,300 for the distributor. We estimate that the growth and installed base of HOME products will be significantly higher than in the past. HOME has long been the company's fastest-growing single product, but the starting point years ago appeared to be significantly lower than before. In addition, the fact that HOME did not receive a separate reimbursement code in the US last year, which we had expected to accelerate its breakthrough, weighs on growth forecasts.

Tonometers: estimated revenue development (MEUR)



Tonometer revenue breakdown (%)



Estimates 2/6

Our current assessment is that the breakthrough of HOME into a high-volume product may require changes in treatment practices (especially in the US), which will take time. We continue to see HOME as an important medium-term growth driver, but our forecasts and assumptions for HOME are particularly uncertain.

Key figures for tonometers

Based on a combination of device, HOME and probe sales, we forecast tonometer revenue to grow at a CAGR of around 12% between 2025 and 2027. In 2027, the business is forecast to reach ~86 MEUR, with basic equipment accounting for 48%, probes 47%, and HOME 5%. To date, the business has been driven by sales of base units and probes, with HOME accelerating growth as the fastest growing single product. The company already has a very strong market position in the sector, which will inevitably lead to growth in line with the market in the long term if the HOME product family does not start to grow more strongly in the medium term.

The important thing to note on the tonometer side is that we estimate that the recurring revenue from probes is already about 45%. From an investor's point of view, this is a very valuable revenue stream, because it continues to be very profitable despite the market situation. This puts Revenio in an excellent position for the future.

In terms of profitability, gross operating margins are excellent, and we see no material change. We understand that the company has managed to improve the gross margin for probes and the level is very high (possibly ~70%), but still lower than for equipment (~80%). This makes growth extremely profitable, but we do not expect profitability to improve significantly over the long term.

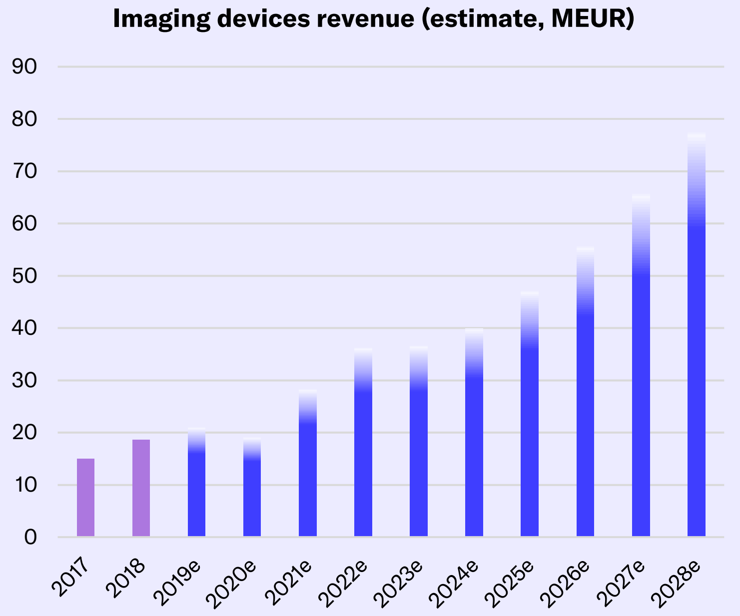
Imaging devices

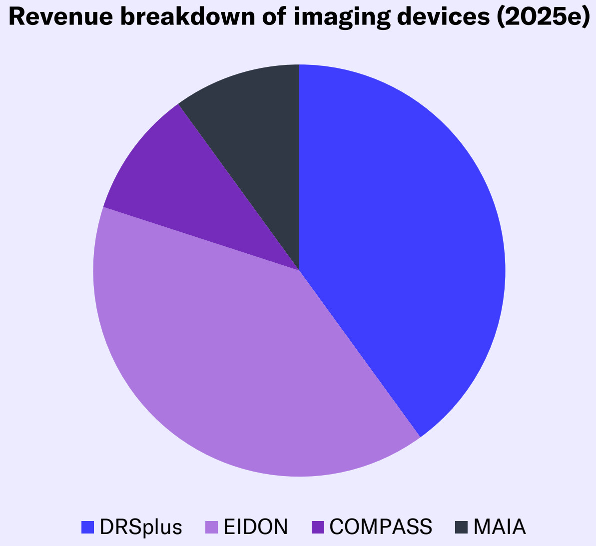
Growth estimates

Revenio has not disclosed the revenue distribution of CenterVue's or Revenio's imaging devices, but we have tried to perceive the revenue distribution to different product families, products' sales volumes, and device portfolios. Based on these rough estimates, we have created a predictive model for imaging devices that should be used as a rough guide.

We estimate that the single most important product for imaging devices in terms of sales volume has been DRS and now the spearhead is the new generation DRSplus. We estimate that new equipment will be priced in the range of EUR 9,000-10,000 for distributors, and we estimate that DRS products account for around 40% of imaging devices revenue. We estimate that the gross margin of DRSplus is very high (estimate >70%), especially when customers include the software package offered (up to 20% of the purchase price). DRSplus is also versatile, and we expect it to grow in screening solutions (diabetic retinopathy), where Revenio has successfully made its first steps in recent years. We believe DRSplus will continue to be a strong growth driver for imaging devices in the coming years as it gains market share and expands into new areas.

EIDON is by far the most important product family, and we estimate that it now represents about 45-50% of imaging device revenue. The competitiveness of the product family is strong, especially with the Ultra Widefield module, which continues to have a very good outlook. We estimate that the average price of the products for distributors is over EUR 20,000. EIDON has emerged as the second spearhead for imaging devices, alongside DRSplus, and we expect it to continue to grow strongly ahead of the overall market.





Estimates 3/6

We estimate that the remaining 10-15% of imaging device revenue has traditionally been split between COMPASS and MAIA products. However, the last few years have been exceptional in this regard, as the MAIA product has not been available since Revenio sold its end-of-lifecycle equipment at the end of 2022. The new MAIA is expected to be launched in Q1'25 and the return of the product would provide the company with around 5 MEUR of organic growth in 2025, which would also represent a higher-than-normal share of total sales (partly due to pent-up demand). MAIA represents the highest price category (up to EUR 30,000 for a reseller), but volumes are limited. For example, pharmaceutical development companies can place major single orders and the size of these orders could be significant for Revenio.

The COMPASS product has failed to make a breakthrough its own product segment, which is dominated by Zeiss. The potential of the product family is significant, but major commercial success seems relatively unlikely. COMPASS has long been attractively priced for its features, and we estimate that the average price for distributors is also around EUR 22,000. Given the lack of breakthroughs to date, we expect the COMPASS product family to remain relatively sluggish in the future, pending a potential change in momentum (product or market change).

We expect strong profitable growth and market share gains in imaging devices

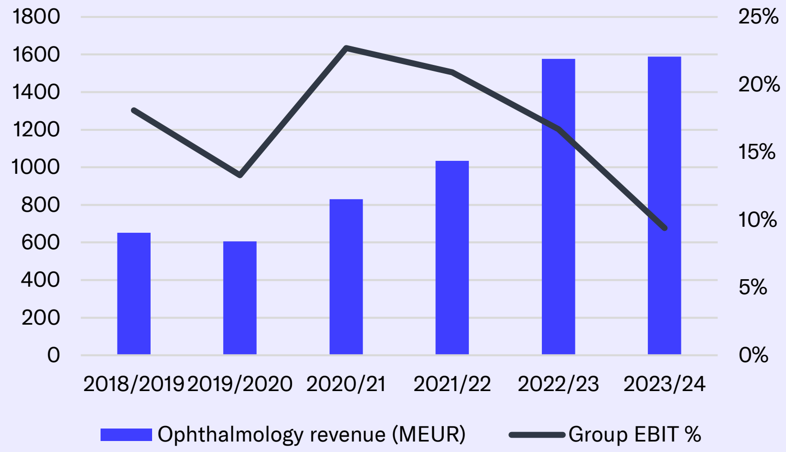
The years after 2020 are excellent for imaging equipment, but by 2023 the stagnant demand has disappeared, and by 2024 the global market may not grow at all, especially due to the weak performance of China. This is reflected in the performance of the major companies in the sector (Zeiss and Topcon), which we have highlighted on the right. The market outlook for early 2025 is also weak, but the market will soon return to a healthy growth path (around 4%). On the imaging side, iCare's market share is still very small relative to the company's offering, giving it the potential to grow strongly ahead of the market. DRSplus and the EIDON product family are both highly competitive and will increase market share.

In 2014-2018, CenterVue's revenue grew by an average of 26% p.a. In 2018, revenue was 18.6 MEUR and EBIT was 3.9 MEUR, which means a very good profitability of 21%. This was the last year as an independent company before the acquisition. We estimate the revenue of imaging devices to be around 40 MEUR in 2024, which would imply an annual growth of just over 14% from 2018 to 2024. It was not an easy period (pandemic, inflation and rising interest rates), but it was still very positive. Despite strong growth and a competitive product portfolio, we estimate Revenio's market share in imaging devices to be around 5-7%. We forecast that growth will accelerate to around 17% per year from 2025-2027, which will gradually increase the market share to around 10%.

Under Revenio's leadership, the company's profitability has steadily improved. We estimate that imaging device gross margins are already in the same range as tonometers. There is considerable uncertainty in the estimates, especially in the longer term, as the market is more dynamic than that of tonometers and there is currently no continuous element of revenue ("probes"). More than five years from now, the competitive landscape may change dramatically as products are renewed. Imaging devices are particularly relevant to the ILLUME solution and could become a strong growth driver over the next five years.

Major competitors and market developments

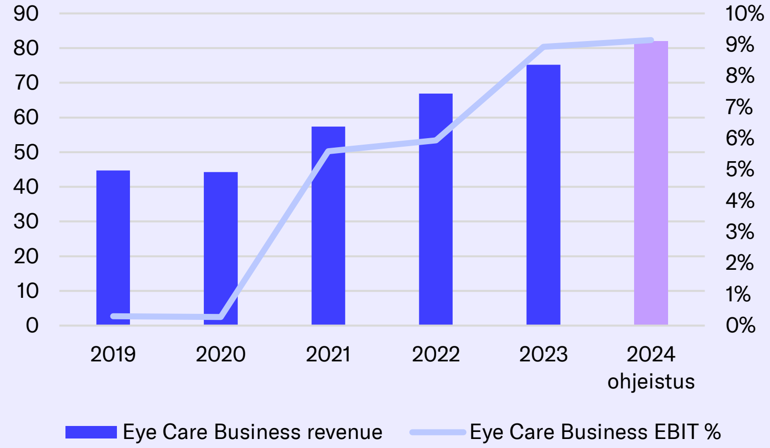
Carl Zeiss key figures



Carl Zeiss outlook 2024/25 (12/11/2024 link):

- The market situation remains difficult, especially in China
- Moderate revenue growth including inorganic growth (DORC acquisition)
- EBITA margin slightly improves (2023/24: 12.0%)

Topcon key figures (billion yen)



Estimates 4/6

Software

The Software segment includes the combined revenues of Oculo, ILLUME based on the company's expertise, and the acquired Thirona Retina. To our understanding, there is no active investment in Oculo's legacy business (resources diverted to ILLUME), which distorts the overall picture. ILLUME and Thirona, on the other hand, are potential future growth drivers with very high gross margins after initial investments. In principle, Thirona's future revenue stream should also be concentrated on the ILLUME solution, if our assumption of a decline in other customer accounts is ultimately correct. As a result, the future of the segment rests heavily on ILLUME's shoulders.

In 2024, we estimate that the majority of the segment's ~3 MEUR revenue will come from Oculo, with ILLUME still very small and minimal impact from Thirona (acquisition in August). We expect Software to grow strongly in the future, but we estimate that it will not reach significant scale until after FDA clearance of the ILLUME solution. We expect this to take place by the end of 2025, after which stronger growth would be possible. However, there is also significant growth potential in Europe from the currently expected very small size as ILLUME becomes more widespread. Although the profitability potential of the segment is very high, we do not currently consider it to be a profit driver due to significant fixed costs.

We recommend taking the estimates of the Software segment with a very high degree of caution, as they are so far largely educated guesses. The Software revenue stream may be very relevant in the future, after which we will seek significantly more accurate estimates.

Revenio Group

Q4'24 and the whole year 2024

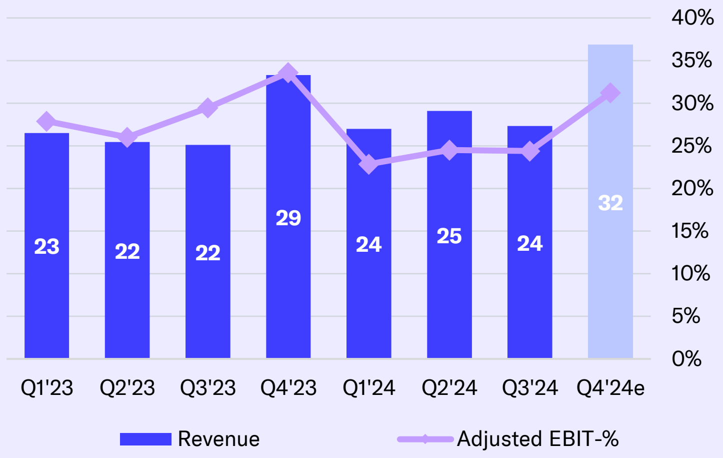
By combining the forecasts for tonometers, imaging devices and Software, we get Revenio's group-level forecasts. There is only one seasonally active quarter left for 2024, which we expect to be strong. The reported revenue and earnings are also supported by the EUR/USD exchange rate. We expect Q4 revenue to reach 32.2 MEUR, an increase of well over 10% from a strong comparison period. However, we estimate that about half of this will be FX-related, so we expect comparable revenue growth of "only" about 5%. This would bring Revenio's revenue close to the midpoint of the company's guidance range (5-10%) for 2024 revenue growth at constant exchange rates.

The strong reported revenue growth will also support EBIT in Q4, which we expect to be around 9.8 MEUR (Q4'23: 9.5 MEUR). Gross margins are expected to be slightly above 70%, but the forecast includes a significant increase in personnel costs (recruitment and bonuses) and other costs (ILLUME FDA studies). The company has guided profitability to be at "a good level" excluding non-recurring items. In 2024, we expect EBIT margin to be just over 25% excluding one-time costs. We expect R&D investment this year to be slightly above the normal level of 10%.

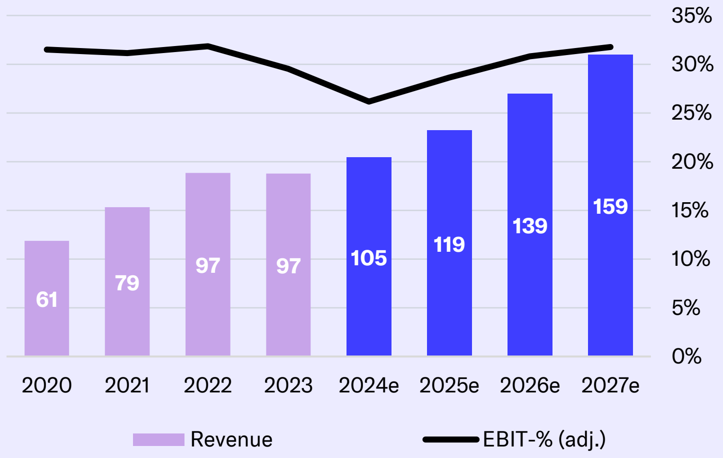
2025

In 2025, we estimate that revenue will grow by 13% to 119 MEUR. The market outlook is not good, but the company has its own growth drivers. On the tonometer side, the IC200 continues to rise to support average prices, HOME continues its strong growth trajectory, and probe sales increase almost automatically.

Revenue and EBIT % (adj.)



Revenue and profitability development



Estimates 5/6

In addition, we expect the newly launched ST500 to make a good contribution to tonometer growth. On the imaging side, DRSplus is benefiting from increased use of screening and the EIDON product family continues to grow. We estimate that it is realistic to expect at least around 5 MEUR of revenue from the comeback of the MAIA product, which would mean direct growth from 2024. In addition, we expect growth in the Software segment, driven in particular by ILLUME. As a result, we expect Revenio to deliver double-digit revenue growth (above 10%), even though the overall market outlook is currently relatively weak.

For 2025, we forecast an EBIT of around 33 MEUR, which would imply an EBIT margin of around 28%. The profitability of Revenio's businesses is scaling well in theory thanks to high gross margins, but the company's fixed costs are still under upward pressure, and the AI investments will be fully reflected in the cost structure in 2025. We estimate that Revenio's "normal" gross margin will remain around 70%, but we expect cost inflation to be significant. We expect earnings growth of around 25-30% next year.

Longer-term estimates

Beyond 2025, we forecast a slight acceleration in revenue growth to 15-16%, in line with the target level indicated in the company's strategy (acceleration from over 12% or 3x market growth of ~4%). In 2026, we still expect broad-based growth, but the main driver will be the FDA approval of the ILLUME solution at the end of 2025. Nevertheless, it is good to know that the old core business will continue to dominate earnings and growth in the medium term. In the longer term, we expect growth to slow but remain several times higher than the industry. At the terminal, we expect revenue growth of 3.2%.

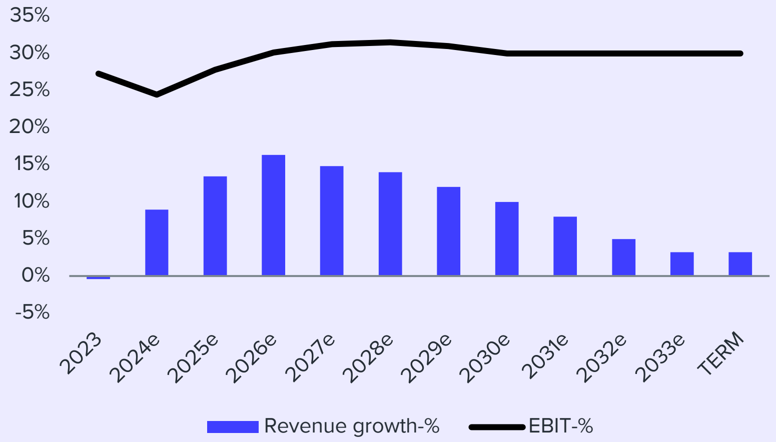
At the same time, Revenio is "maturing" future growth drivers, the most important of which in our opinion are HOME2 tonometers, ILLUME and AI solutions in imaging devices and software. The potential success of ILLUME would be particularly lucrative as it would support both imaging device sales (DRSplus) and software and AI revenues. These revenue streams are still minimal in relation to the whole, but there is a lot of potential in them. The long-term outlook remains very strong.

In 2026-2027, we expect Revenio's EBIT margin to return to a gentle upward curve, rising above the 30% level. The scaling of profitability could be stronger, but we expect the company to make significant investments in growth initiatives in the coming years. The competitive situation may also gradually intensify (patent expiries), although there are no signs of this at present. In the long term, we have assumed a "neutral" level for Revenio of around 30%, where the company's adjusted EBIT margin will hover between 2016 and 2021.

Balance sheet and cash flow

Revenio's balance sheet is again very strong and net gearing is negative. As a result of the acquisitions, the company has about 64 MEUR of goodwill and about 22 MEUR of intangible rights (partly PPAs) on its balance sheet, but these are not of concern to us. The company hasn't significantly capitalized its development costs and the items on the balance sheet are also critically reviewed. In recent years, we have seen several write-offs of Ventica and Cutica, but their value on the balance sheet is now zero. Going forward, therefore, surprises can only be positive for the balance sheet.

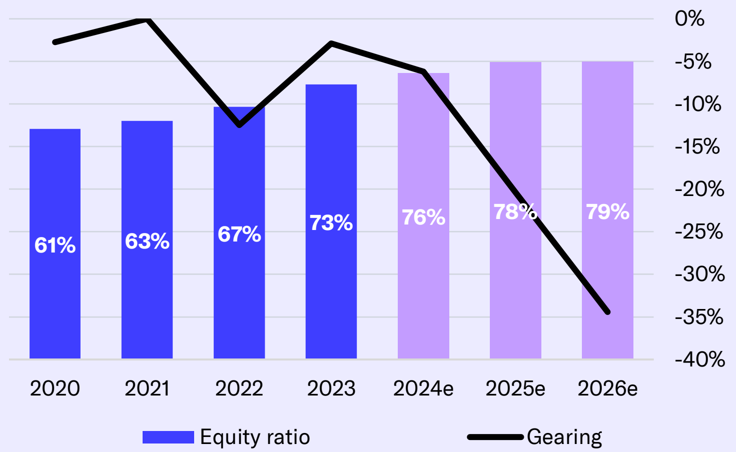
Long-term growth and profitability assumptions



Revenio's past development 2014-2023:

- Revenue growth 22% (CAGR)
- EBIT margin median 29%
- EBIT growth 22% (CAGR)

Balance sheet development



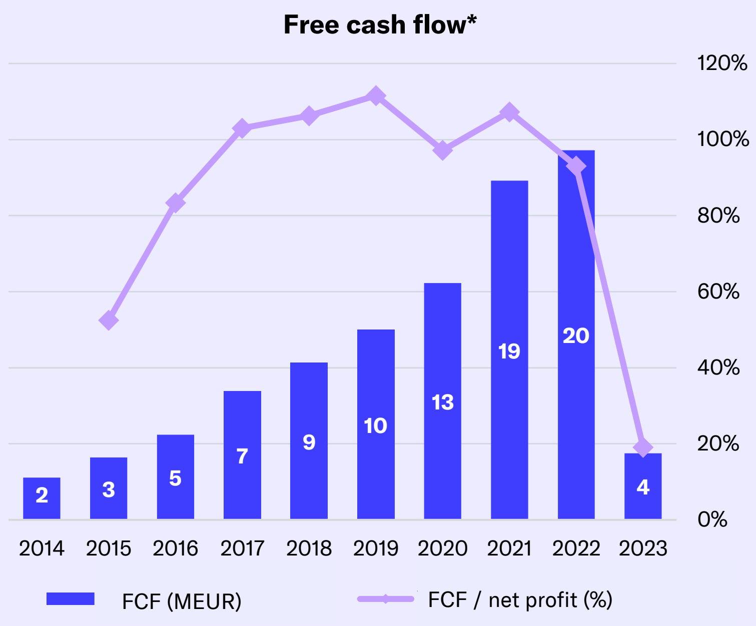
Estimates 6/6

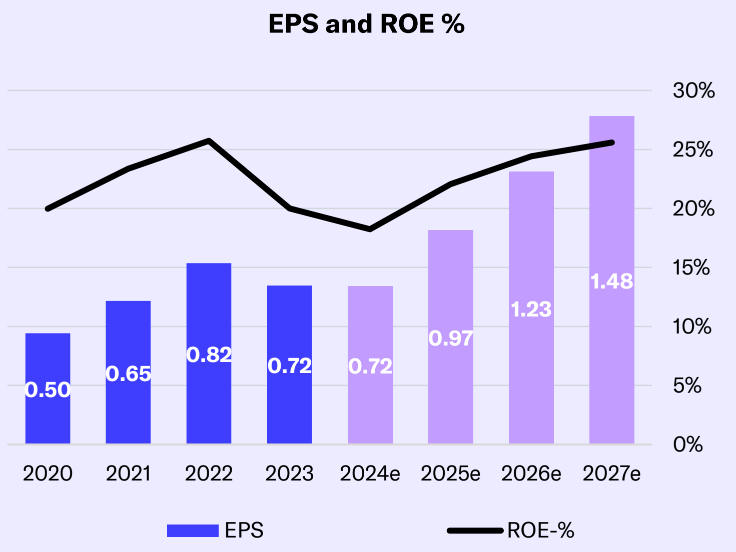
Revenio's cash flow from operating activities has traditionally been strong, as the business ties up little working capital and investment needs (excluding acquisitions) are moderate. The company invests heavily in product development, but again, most of this is expensed as incurred. In 2023, the working capital commitment was very high and the company had to pay prepaid taxes in Italy (CenterVue) based on the previous year's excellent performance, but we believe the situation is already returning to normal. As a result, the business generates ample cash flow, which the company has historically been very successful in allocating.

Slight estimate revisions in both directions

In connection with this report, we made minor estimate revisions. The main reason for the increase in the 2024 projections was the positive Q4 revisions, mainly driven by the significant strengthening of the US dollar against the euro. More than 50% of Revenio's revenue comes from the US, and strong dollar sales are now translating into more euro revenue and also improving the company's relative profitability. After the negative impact in Q3, we expect a broadly similar positive impact in Q4. In the long run, investors should try to eliminate the impact of currency fluctuations and focus on actual business performance.

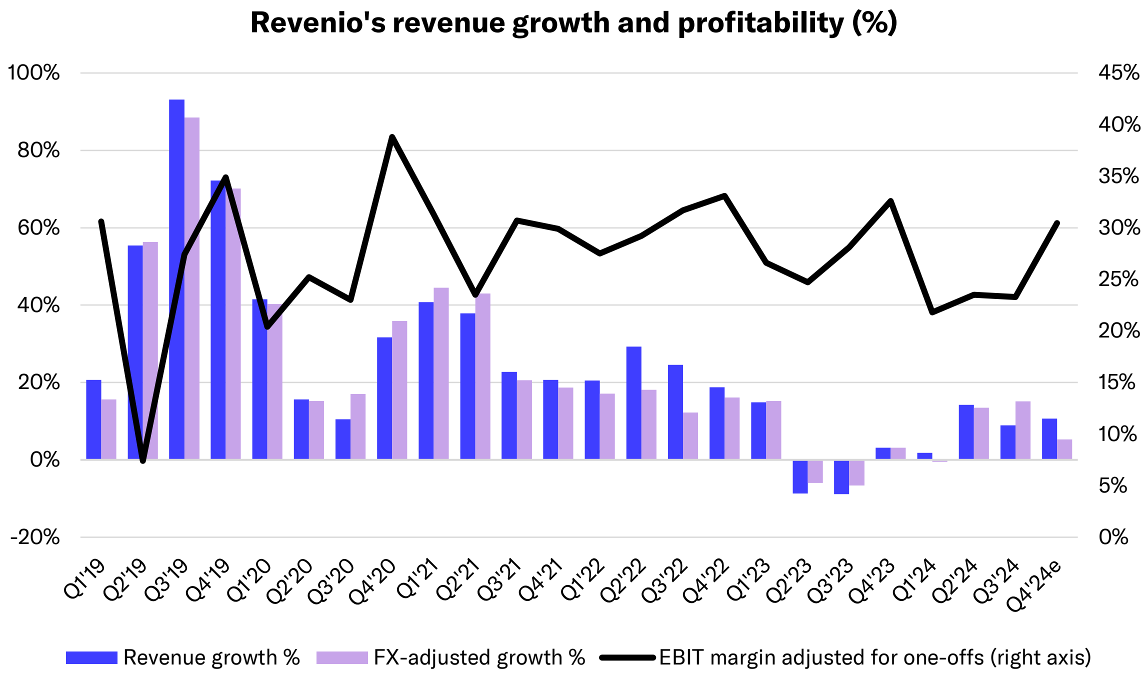
We have slightly lowered our revenue forecasts for the next few years, and this has had some impact on our earnings forecasts. Overall, earnings forecasts for the next few years fell by 3-4%. There were two main reasons for the estimate cuts: 1) the weak market outlook and 2) the reassessment of the HOME product family portfolio and growth. There have also been delays in FDA approval of new products, but these had little impact on our short-term expectations. In the longer term, however, it is essential that the ILLUME solution (DRSplus camera, Thirona AI, ILLUME software platform), which is in the company's own hands, continues to progress according to plan.

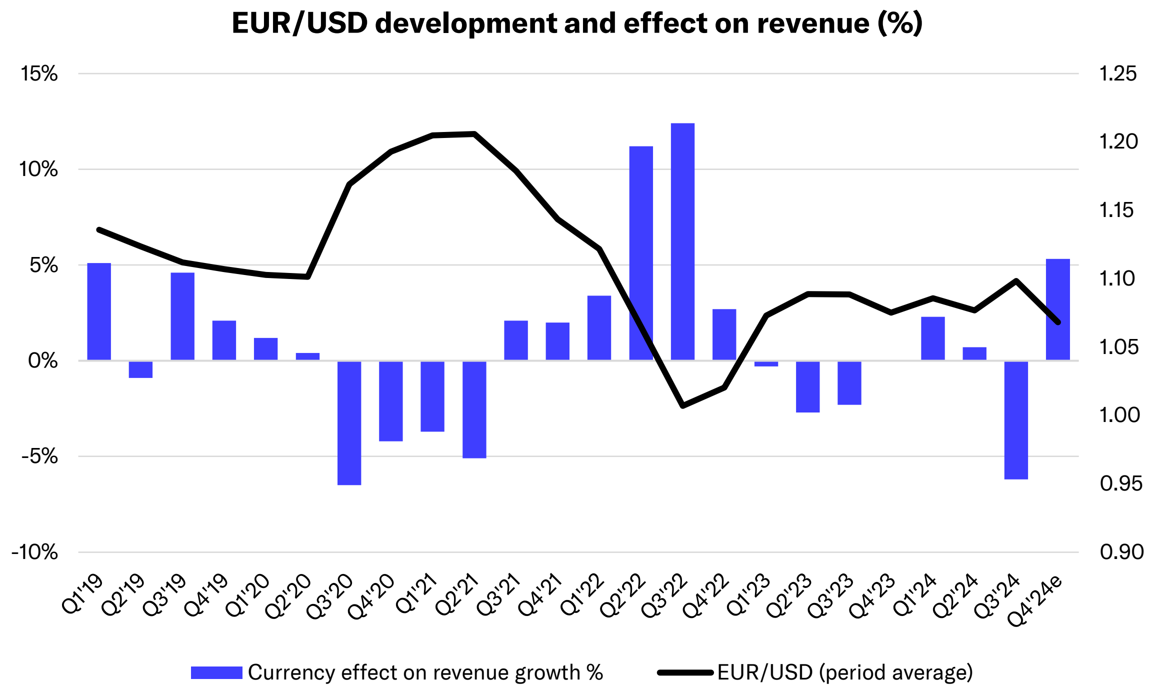




* Calculation method: Net cash flow from operating activities - Net cash flow from investing activities adjusted for acquisitions and divestments - IFRS16 lease liabilities included in net cash flow from financing activities

Exchange rate effects and estimate revisions





Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	104	105	1%	121	119	-1%	141	139	-2%
EBITDA	30.0	30.8	3%	38.5	37.4	-3%	48.4	47.1	-3%
EBIT (exc. NRIs)	26.8	27.5	3%	35.3	34.2	-3%	44.4	42.8	-4%
EBIT	25.0	25.7	3%	34.3	33.2	-3%	43.4	41.8	-4%
PTP	24.7	25.4	3%	34.5	33.4	-3%	44.2	42.6	-4%
EPS (excl. NRIs)	0.76	0.78	3%	1.04	1.01	-3%	1.32	1.27	-4%
DPS	0.36	0.37	3%	0.54	0.52	-3%	0.72	0.69	-4%

Source: Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	**78.8**	**97.0**	**23.2**	**22.3**	**22.0**	**29.1**	**96.6**	**23.6**	**25.4**	**23.9**	**32.2**	**105**	**119**	**139**	**159**
Tonometers (estimate)	49.2	58.5	14.9	14.4	11.6	16.5	57.4	14.9	16.0	13.2	18.1	62.3	68.5	77.4	86.7
Imaging devices (estimate)	28.3	36.2	7.7	7.3	9.7	11.9	36.6	8.0	8.7	9.9	13.3	39.9	46.9	54.9	63.7
Software (estimate)	0.9	2.2	0.6	0.6	0.7	0.7	2.6	0.7	0.7	0.8	0.8	3.0	3.9	6.5	9.0
Other products (estimate)	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**25.7**	**33.1**	**7.1**	**5.6**	**7.1**	**10.5**	**30.3**	**6.2**	**7.1**	**6.7**	**10.8**	**30.8**	**37.4**	**47.1**	**54.7**
Depreciation	-3.6	-3.4	-0.9	-1.0	-1.0	-1.0	-3.9	-1.1	-1.8	-1.2	-1.0	-5.1	-4.2	-5.3	-4.9
EBIT (excl. NRI)	**24.5**	**30.9**	**6.5**	**5.8**	**6.5**	**9.8**	**28.5**	**5.4**	**6.2**	**5.8**	**10.1**	**27.5**	**34.2**	**42.8**	**50.7**
EBIT	**22.1**	**29.7**	**6.2**	**4.7**	**6.0**	**9.5**	**26.3**	**5.1**	**5.3**	**5.5**	**9.8**	**25.7**	**33.2**	**41.8**	**49.8**
Net financial items	0.0	-0.6	-0.4	-0.2	-0.1	-0.3	-1.0	-0.3	0.2	-0.1	-0.1	-0.3	0.2	0.7	1.4
PTP	**22.1**	**29.1**	**5.8**	**4.5**	**5.9**	**9.2**	**25.4**	**4.8**	**5.5**	**5.4**	**9.7**	**25.4**	**33.4**	**42.6**	**51.2**
Taxes	-4.8	-7.3	-1.5	-1.2	-1.5	-2.1	-6.3	-1.2	-1.3	-1.6	-2.2	-6.4	-7.6	-9.8	-11.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**17.3**	**21.8**	**4.2**	**3.3**	**4.4**	**7.1**	**19.1**	**3.6**	**4.1**	**3.8**	**7.5**	**19.0**	**25.8**	**32.8**	**39.4**
EPS (adj.)	**0.74**	**0.86**	**0.17**	**0.17**	**0.18**	**0.28**	**0.80**	**0.14**	**0.19**	**0.16**	**0.29**	**0.78**	**1.01**	**1.27**	**1.52**
EPS (rep.)	**0.65**	**0.82**	**0.16**	**0.12**	**0.17**	**0.27**	**0.72**	**0.14**	**0.16**	**0.14**	**0.28**	**0.72**	**0.97**	**1.23**	**1.48**

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	29.0 %	23.1 %	14.9 %	-8.7 %	-8.9 %	3.1 %	-0.4 %	1.8 %	14.2 %	8.9 %	10.6 %	8.9 %	13.4 %	16.3 %	14.8 %
Adjusted EBIT growth-%		25.9 %	10.4 %	-22.0 %	-18.6 %	1.5 %	-7.6 %	-16.6 %	7.6 %	-9.9 %	2.8 %	-3.5 %	24.2 %	25.1 %	18.4 %
EBITDA-%	32.7 %	34.1 %	30.5 %	25.3 %	32.1 %	36.1 %	31.4 %	26.3 %	27.8 %	27.9 %	33.5 %	29.3 %	31.3 %	34.0 %	34.3 %
Adjusted EBIT-%	31.1 %	31.8 %	27.9 %	26.0 %	29.5 %	33.6 %	29.5 %	22.9 %	24.5 %	24.4 %	31.2 %	26.2 %	28.7 %	30.8 %	31.8 %
Net earnings-%	22.0 %	22.5 %	18.2 %	14.8 %	20.1 %	24.5 %	19.8 %	15.3 %	16.3 %	15.9 %	23.2 %	18.1 %	21.6 %	23.6 %	24.7 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**70.8**	**77.5**	**85.9**	**86.4**	**85.2**
Goodwill	59.8	59.4	63.7	63.7	63.7
Intangible assets	4.3	7.1	10.6	10.6	8.9
Tangible assets	2.8	2.3	2.5	3.0	3.5
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.4	2.3	2.5	2.5	2.5
Other non-current assets	1.9	3.6	3.6	3.6	3.6
Deferred tax assets	1.6	2.8	3.1	3.1	3.1
Current assets	**52.5**	**48.3**	**47.3**	**62.9**	**88.6**
Inventories	6.7	10.5	10.5	10.7	11.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	13.7	16.3	15.8	16.7	18.0
Cash and equivalents	32.1	21.5	21.0	35.4	59.4
Balance sheet total	**136**	**137**	**144**	**159**	**182**

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**90.9**	**99.9**	**109**	**125**	**144**
Share capital	5.3	5.3	5.3	5.3	5.3
Retained earnings	34.3	43.5	52.4	68.3	87.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	51.3	51.1	51.1	51.1	51.1
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**20.1**	**16.9**	**13.5**	**10.9**	**10.9**
Deferred tax liabilities	3.7	3.3	3.3	3.3	3.3
Provisions	0.5	0.6	0.6	0.6	0.6
Interest bearing debt	15.8	13.0	9.6	7.0	7.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**25.2**	**20.6**	**21.5**	**23.3**	**28.0**
Interest bearing debt	5.0	5.6	4.7	3.0	3.0
Payables	20.2	15.0	16.8	20.3	25.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**136**	**137**	**144**	**159**	**182**

Valuation 1/3

Basics of the investment story

Revenio is one of the biggest success stories of the last decade on the Helsinki Stock Exchange. Revenio's market cap rose from around 30 MEUR in 2012 to just north of 1.8 BNEUR in the middle of the 2021 boom and has been on a downward trend since then. The current market cap is around 750 MEUR and the valuation levels have also come back down to earth. In any case, Revenio has done an excellent job of creating shareholder value.

We believe that Revenio has all the prerequisites for an excellent future development. The core business continues to grow profitably, and the company has systematically invested in new growth areas and product development. Over the next five years, existing growth drivers will need to be expanded in order to sustain significantly above-market growth in the future. The most important of these are HOME2 tonometers, ILLUME and AI solutions in imaging devices and software. The acquisition of Thirona Retina in 2024 brought AI expertise and an AI algorithm to the group, significantly increasing the company's future potential. Again, the purchase price was very modest (6.7 MEUR), although valuations of AI companies have generally been very high in recent years. The outlook would be further improved by an extension of the product offering to the OCT market. Revenio would then have all the pieces and could become a major global player in the industry.

In our opinion, relatively little attention has been paid to the fact that it is estimated that more than 30% of Revenio's revenue is already recurring in nature. Most of this is high-margin probe sales and service, but there is also very high-margin software sales. In addition to strong earnings growth prospects, the reasonable valuation is supported by an excellent track record of shareholder value creation, a slow-moving industry, generally good business predictability and a moderate risk profile. It is easy to predict that the company will continue to create significant shareholder value.

We believe the risk profile of Revenio's business is exceptionally low as the industry is defensive and the company's competitive advantages are strong. The main risks relate to the weakening of patent protection for the RBT technology after 2023, as well as the potential intensification of competition and the timely development of the company's own growth ambitions.

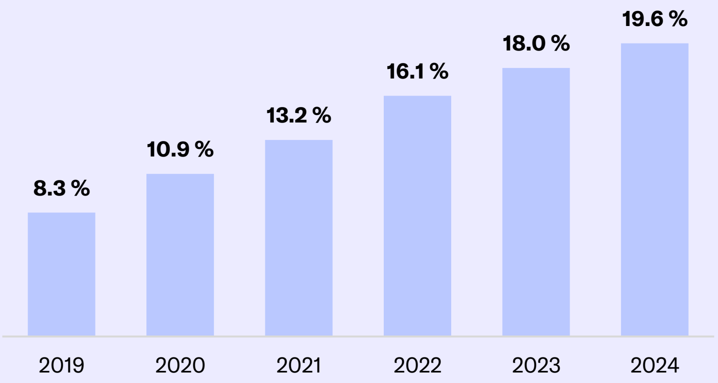
A certain amount of support can also be found in the list of Revenio's owners. The largest owner is Demant (William Demant Foundation), a major player in healthcare technology, whose ownership has steadily increased year over year (2024: 19.6%). Unlike pension funds, Demant is an industry expert and long-term owner, which is why we see their strong confidence in Revenio as a positive signal for its products, technologies and strategy. While we see Demant's significant ownership as a positive factor in principle, it also means that Revenio will not be bought out on the stock market without Demant's blessing.

As an interesting factor in the industry, Topcon, a peer company, is currently being "auctioned" on the Tokyo Stock Exchange. According to Bloomberg, at least KKR and EQT private equity funds have made a bid for the company, and Japan Investment Corp, which is backed by the Japanese government, is also apparently in the running. As a result, Topcon's share price began to rise sharply in early December.

Valuation	2024e	2025e	2026e
Share price	28.2	28.2	28.2
Number of shares, millions	26.6	26.6	26.6
Market cap	749	749	749
EV	742	723	700
P/E (adj.)	35.9	28.0	22.2
P/E	39.3	29.1	22.9
P/B	6.9	6.0	5.2
P/S	7.1	6.3	5.4
EV/Sales	7.1	6.1	5.0
EV/EBITDA	24.1	19.3	14.8
EV/EBIT (adj.)	27.0	21.2	16.3
Payout ratio (%)	52.0 %	54.0 %	56.0 %
Dividend yield-%	1.3 %	1.9 %	2.5 %

Source: Inderes

William Demant Fonden: development of stake



Valuation 2/3

Valuation multiples

In our opinion, the most relevant valuation ratios for Revenio are P/E and especially EV/EBIT, which takes into account the company's strong balance sheet. Over the last 10 years, Revenio's average P/E and EV/EBIT ratios have been around 34x and 27x respectively (median for NTM results 2015-2025). Normal ranges might be 30-40x for P/E and 20-30x for EV/EBIT, although the peaks are much higher for both.

Revenio currently trades at 29x P/E and 22x EV/EBIT based on Bloomberg consensus forecasts. In other words, the levels are at the bottom of the ranges we consider neutral. With our own 2025e forecasts, the P/E is 28x and the EV/EBIT is 21x, and with the 2026 forecasts, the multiples are even lower (22x and 16x). Looking 12 months ahead, the focus is likely to be on projections for 2026. We believe the multiples are quite moderate for a defensive growth company with strong earnings growth prospects in the coming years. If the annual EPS growth of just under 25% we expect for 2025-2027 were to materialize, the expected return would now be excellent.

Peer group

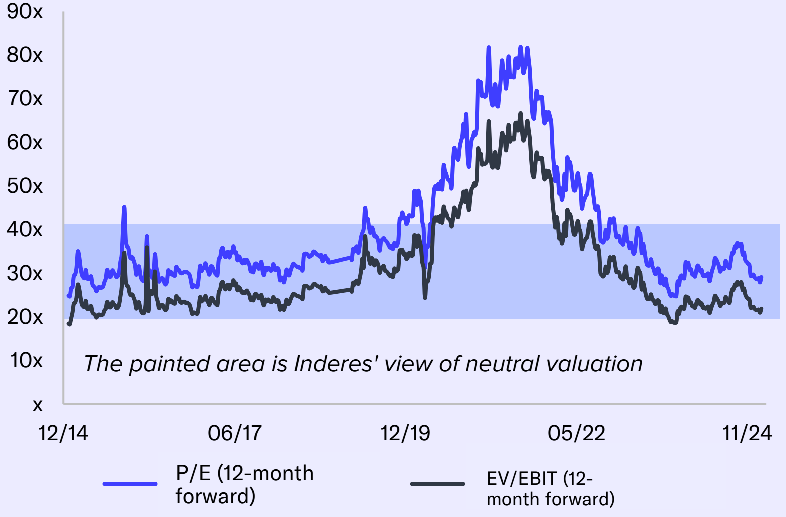
Many of Revenio's competitors are listed but primarily they are part of a large group. Reichert owned by Ametek group and Keeler's Halam group are both listed companies that are large investment companies or conglomerates. Also in the Topcon group the business relative to Revenio is a relatively small share of the group. We think that the closest peer is Carl Zeiss Meditec, which is focused on the same sector. Zeiss has a much broader business than Revenio and is much larger. Zeiss has been in trouble lately, with organic growth stagnating and profitability collapsing - a similar situation to Revenio in 2023, which was only reflected with a delay (Revenio didn't have similar order book). As a result, Zeiss' share price (LTM: -54%) and valuation (see graph) have fallen sharply. Today, Zeiss' 12-month forward P/E is about 21x and EV/EBIT is about 17x, according to Bloomberg consensus, compared to over 40x and 30x a few years ago. In fact, we now think the company is priced quite interestingly.

An interesting name in the peer group is Demant (Denmark), which has almost the same main owner as Revenio. The William Demant Foundation has announced its intention to own 55-60% of Demant for the foreseeable future. Otherwise, the peer group consists of companies that are linked to the industry but are not actual peers. Cooper specializes in contact lenses and eye surgeries, and EssilorLuxottica is a giant in lenses, as well as eye and sunglasses. In addition, Medtronic is one of the largest companies in health care technology that also has solutions related to eye diseases (mainly other, however). Revenio has historically tended to trade at a significant premium to its peer group, which we believe is justified. Unfortunately, the usefulness of the peer group in valuation is limited.

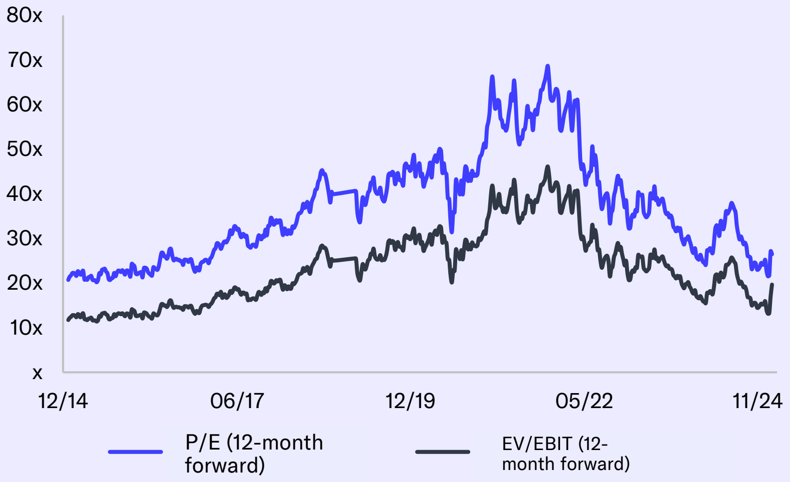
DCF calculation

Our cash flow calculation (DCF) gives a value of EUR 32-33 for Revenio. The DCF is driven by assumptions of good long-term growth and profitability, but we believe our long-term forecasts currently look very reasonable. After the next five years, we expect revenue growth to slow down significantly and terminal growth to be only 3.2%.

Develoopment of Revenio's key figures



Development of Zeiss' key figures



Source: Inderes, data collected on January 17, 2025.

Valuation 3/3

We expect profitability (EBIT margin) to normalize to the 30% level that the company's adjusted EBIT margin was at prior to the investment phase in 2016-2021. In the long run, profitability could be expected to scale with growth, but we use a 30% assumption for the terminal.

In the cash flow calculation, we have used a cost of equity of 8.4%, which is also the weighted average cost of capital (WACC) as we don't assume that the company uses debt leverage. Revenio's business would stand up well to the use of debt leverage, but even now the balance sheet is net debt-free. With interest rates already falling in Europe, we believe the yield requirement is well justified, even if it is well below the equity market average.

The weight of the terminal period (66%) is high and underlines the high expectations for the long term, which is always a risk for growth companies. Given the slow-moving nature of the industry and Revenio's strong competitive advantages, we do not believe this is unreasonable for the company. However, it is clear that despite the relatively good long-term visibility, it is impossible to predict a ten-year time horizon.

The DCF model is sensitive to changes in key assumptions, so we recommend that you review not only calculation itself (page 46), but also the sensitivity calculations in the notes (page 47).

Longer-term expected return

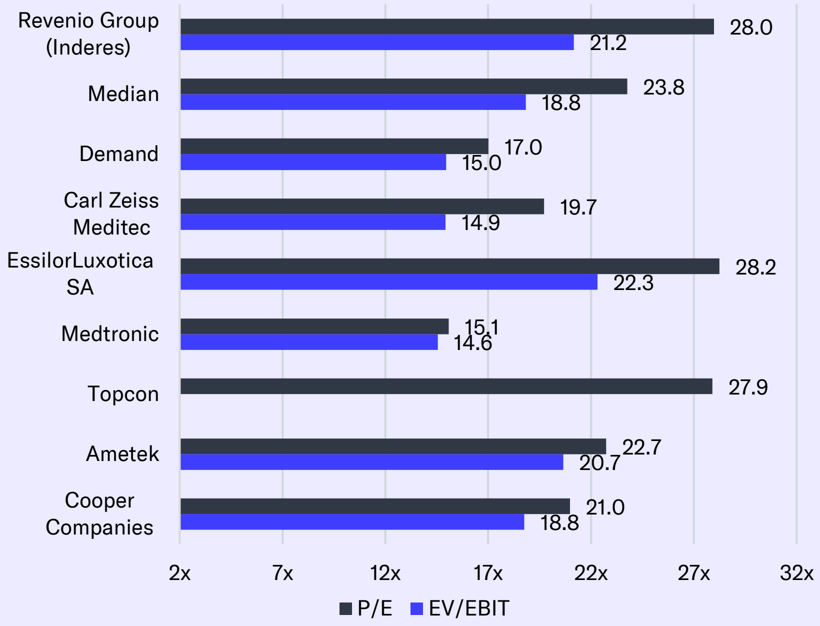
We believe that Revenio's expected return is very attractive, especially in the long term, thanks to its strong earnings growth prospects. We forecast the company's earnings per share to grow at a CAGR of around 25% per year between 2025 and 2027, making it an excellent return driver. We believe that the current valuation (2025e EV/EBIT 21x) is also sustainable in the longer term if Revenio manages to systematically develop its growth drivers and thus maintain a strong growth outlook. The earnings growth we expect would then be reflected in an increase in the share price. If earnings growth were to come solely from a very strong performance in the core business, the longer-term earnings growth outlook would deteriorate and the acceptable valuation would come under pressure. At the same time, it should be noted that the 2025 forecast already includes strong earnings growth.

Of course, forecasting strong earnings growth is always fraught with risk, which is why we estimate the long-term return to be around 20%. This also takes into account the dividend yield, which is currently low but will increase in line with future results. For the period 2024-2026, we forecast a dividend yield of 1-3%.

Valuation summary

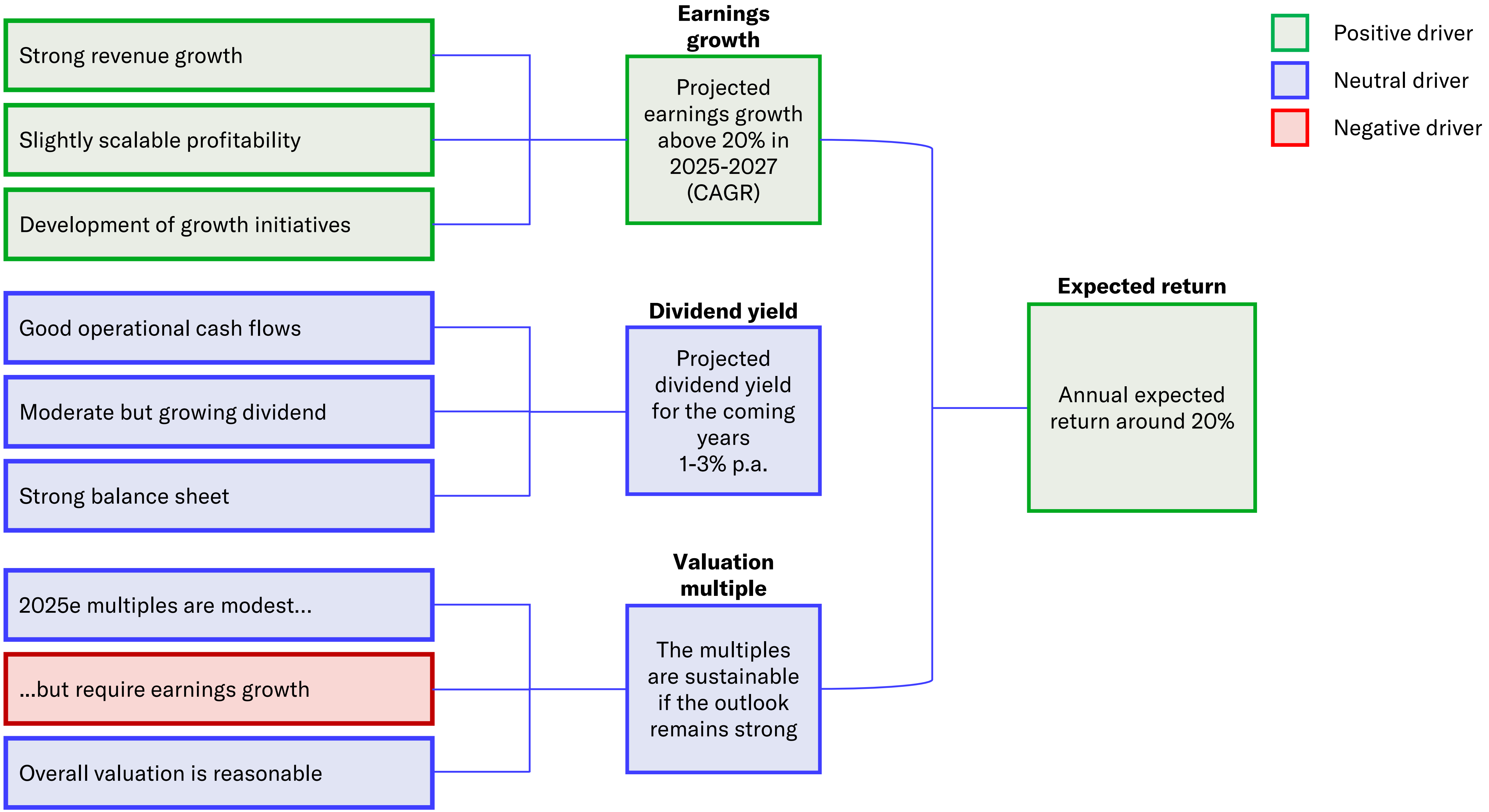
Revenio's valuation is not favorable given current earnings levels, but we believe it is very attractive given the company's potential. We believe it is important to note that Revenio is currently in a significant investment phase (FDA studies, ILLUME and Thirona) at a time when the market situation in the sector is exceptionally sluggish. We think the overall valuation of the company is quite attractive and the expected return on the stock is very good over the next few years as the company's earnings growth driver starts to move the company forward again. We consider the risk/reward ratio to be attractive, but after the recent price increase, the upside to our target price of EUR 32 doesn't warrant a more positive view than an Accumulate recommendation. In other words, we reiterate our previous view on the stock.

Peer group valuation multiples (2025e)



Source: Refinitiv, data collected on January 17, 2025

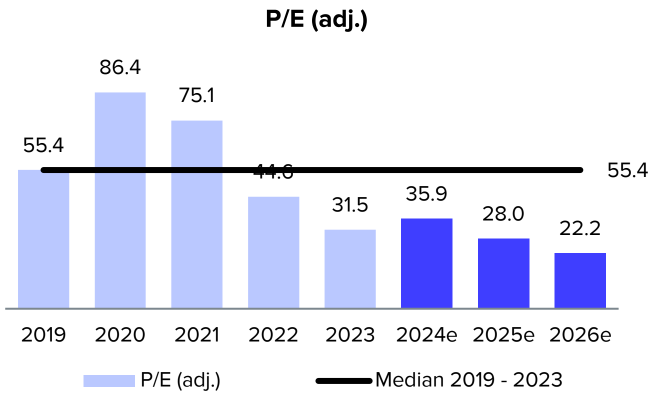
Total shareholder return drivers

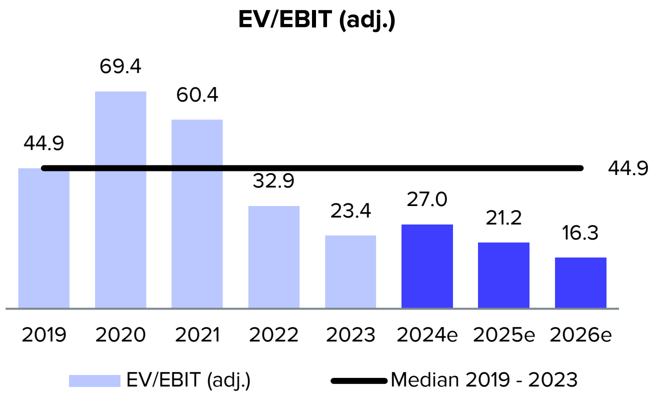


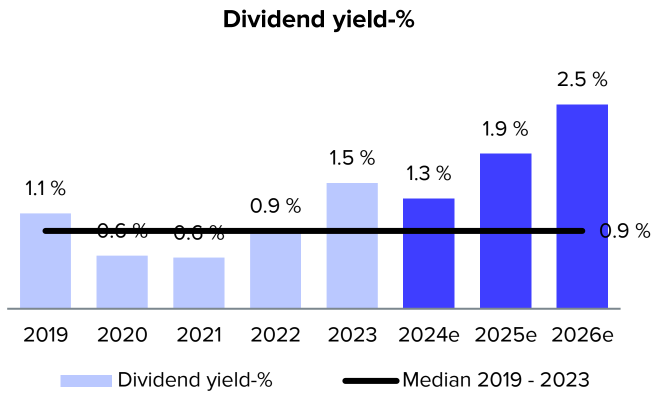
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	26.3	50.3	55.6	38.6	25.2	**28.2**	**28.2**	**28.2**	**28.2**
Number of shares, millions	26.0	26.6	26.7	26.6	26.6	**26.6**	**26.6**	**26.6**	**26.6**
Market cap	697	1337	1482	1026	670	**749**	**749**	**749**	**749**
EV	700	1335	1482	1015	667	**742**	**723**	**700**	**674**
P/E (adj.)	55.4	86.4	75.1	44.6	31.5	**35.9**	**28.0**	**22.2**	**18.6**
P/E	73.0	>100	85.7	47.1	35.1	**39.3**	**29.1**	**22.9**	**19.0**
P/B	10.8	19.2	18.9	11.3	6.7	**6.9**	**6.0**	**5.2**	**4.5**
P/S	14.1	21.9	18.8	10.6	6.9	**7.1**	**6.3**	**5.4**	**4.7**
EV/Sales	14.1	21.9	18.8	10.5	6.9	**7.1**	**6.1**	**5.0**	**4.2**
EV/EBITDA	47.9	61.5	57.6	30.6	22.0	**24.1**	**19.3**	**14.8**	**12.3**
EV/EBIT (adj.)	44.9	69.4	60.4	32.9	23.4	**27.0**	**21.2**	**16.3**	**13.3**
Payout ratio (%)	85.1 %	63.6 %	52.4 %	43.9 %	52.9 %	**52.0 %**	**54.0 %**	**56.0 %**	**60.0 %**
Dividend yield-%	1.1 %	0.6 %	0.6 %	0.9 %	1.5 %	**1.3 %**	**1.9 %**	**2.5 %**	**3.2 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	**MEUR**	**MEUR**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**
Revenio Group	752	753	22.6	18.8	19.7	16.6	6.4	5.7	29.6	24.8	1.7	2.0
Cooper Companies	18071	20475	20.6	18.8	17.0	15.5	5.1	4.8	23.4	21.0		
Ametek	40582	42466	22.3	20.7	18.6	17.3	5.9	5.6	24.7	22.7	0.7	0.7
Topcon	1895	2295			14.5	11.7	1.7	1.6	43.6	27.9	1.5	1.6
Medtronic	109643	129578	15.5	14.6	13.8	12.9	4.0	3.8	16.2	15.1	3.2	3.3
EssilorLuxotica SA	111677	121408	24.7	22.3	16.5	15.0	4.3	4.0	31.6	28.2	1.8	2.0
Carl Zeiss Meditec	4272	4857	18.2	14.9	12.4	10.7	2.2	2.1	23.7	19.7	1.5	1.8
Demand	8594	10571	16.4	15.0	12.6	11.6	3.3	3.1	19.6	17.0		
Optomed (Inderes)	85	86				22.0	4.2	3.2				
Revenio Group (Inderes)	**749**	**742**	**27.0**	**21.2**	**24.1**	**19.3**	**7.1**	**6.1**	**35.9**	**28.0**	**1.3**	**1.9**
Average			**23.1**	**20.3**	**17.7**	**16.3**	**4.4**	**4.0**	**29.8**	**24.9**	**1.4**	**1.6**
Median			**22.3**	**18.8**	**16.8**	**15.5**	**4.3**	**4.0**	**27.1**	**23.8**	**1.5**	**1.7**
Diff-% to median			***21%***	***12%***	***44%***	***25%***	***65%***	***50%***	***32%***	***18%***	***-13%***	***10%***

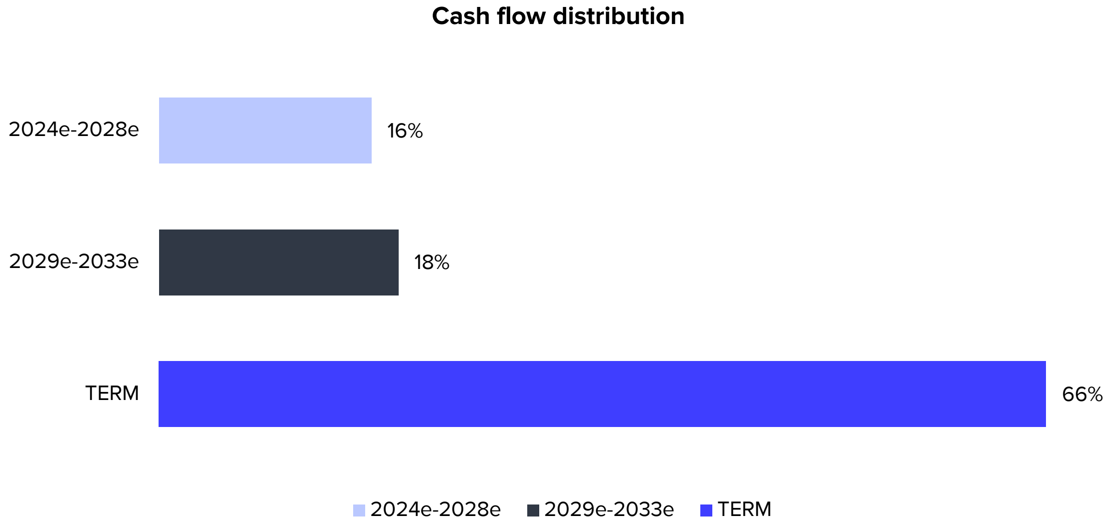
Source: Refinitiv / Inderes

DCF-calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-0.4 %	8.9 %	13.4 %	16.3 %	14.8 %	14.0 %	12.0 %	10.0 %	8.0 %	5.0 %	3.2 %	3.2 %
EBIT-%	27.3 %	24.4 %	27.8 %	30.1 %	31.2 %	31.5 %	31.0 %	30.0 %	30.0 %	30.0 %	30.0 %	30.0 %
EBIT (operating profit)	**26.3**	**25.7**	**33.2**	**41.8**	**49.8**	**57.2**	**63.1**	**67.2**	**72.5**	**76.2**	**78.6**	
+ Depreciation	3.9	5.1	4.2	5.3	4.9	4.7	4.7	4.9	5.2	5.5	5.5	
- Paid taxes	-7.9	-6.7	-7.6	-9.8	-11.8	-13.6	-15.1	-16.1	-17.4	-18.2	-18.9	
- Tax, financial expenses	-0.4	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
+ Tax, financial income	0.1	0.1	0.2	0.3	0.4	0.6	0.7	0.7	0.8	0.8	0.9	
- Change in working capital	-11.6	2.3	2.3	3.0	2.6	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	
Operating cash flow	**10.5**	**26.4**	**32.2**	**40.5**	**45.8**	**48.5**	**53.1**	**56.4**	**60.9**	**64.0**	**66.0**	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-8.2	-12.2	-3.7	-3.2	-3.4	-4.0	-4.6	-5.5	-5.5	-5.2	-5.5	
Free operating cash flow	**2.4**	**14.2**	**28.5**	**37.3**	**42.4**	**44.5**	**48.5**	**50.9**	**55.4**	**58.8**	**60.4**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	2.4	14.2	28.5	37.3	42.4	44.5	48.5	50.9	55.4	58.8	60.4	1191
Discounted FCFF		**14.3**	**26.4**	**31.9**	**33.4**	**32.4**	**32.5**	**31.5**	**31.6**	**30.9**	**29.3**	**577**
Sum of FCFF present value		871	857	831	799	765	733	700	669	637	606	577
Enterprise value DCF		**871**										
- Interest bearing debt		-18.6										
+ Cash and cash equivalents		21.5										
-Minorities		0.0										
-Dividend/capital return		-10.1										
Equity value DCF		**864**										
Equity value DCF per share		**32.5**										

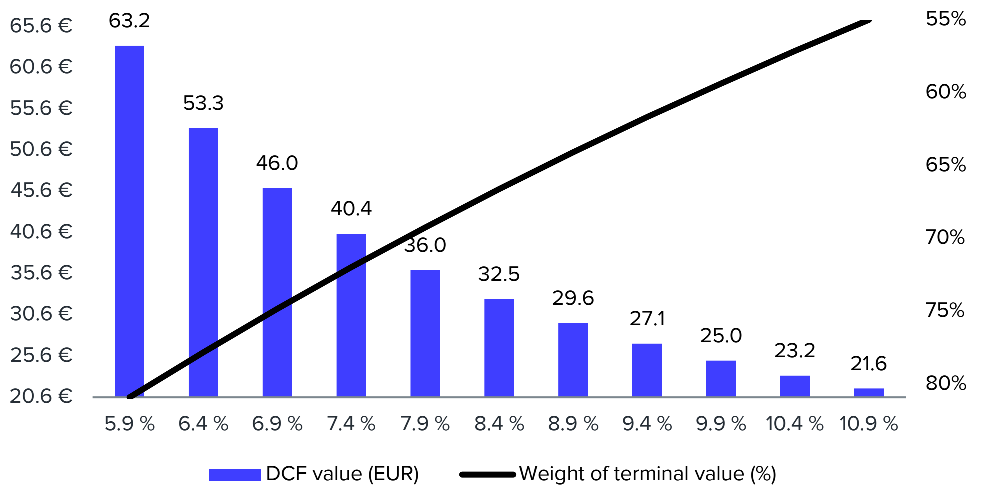
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	4.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.4 %**
Weighted average cost of capital (WACC)	**8.4 %**

Source: Inderes

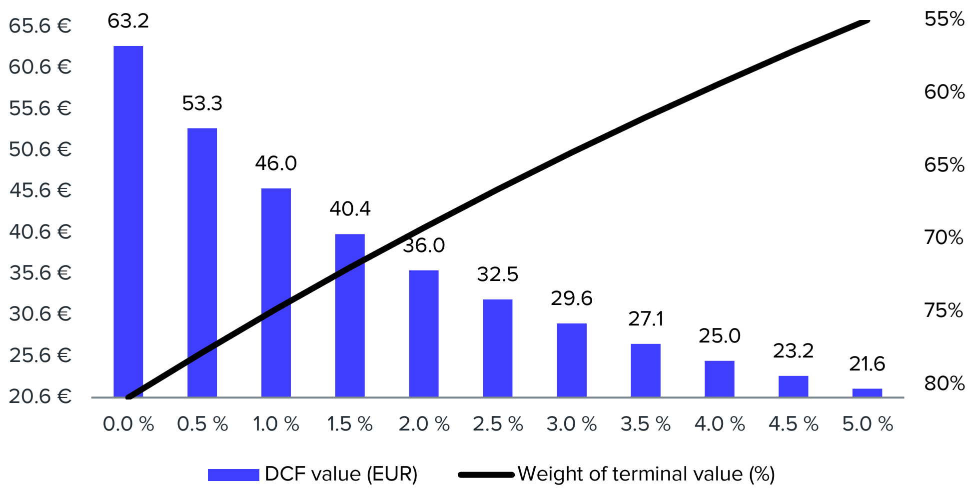


DCF sensitivity calculations and key assumptions in graphs

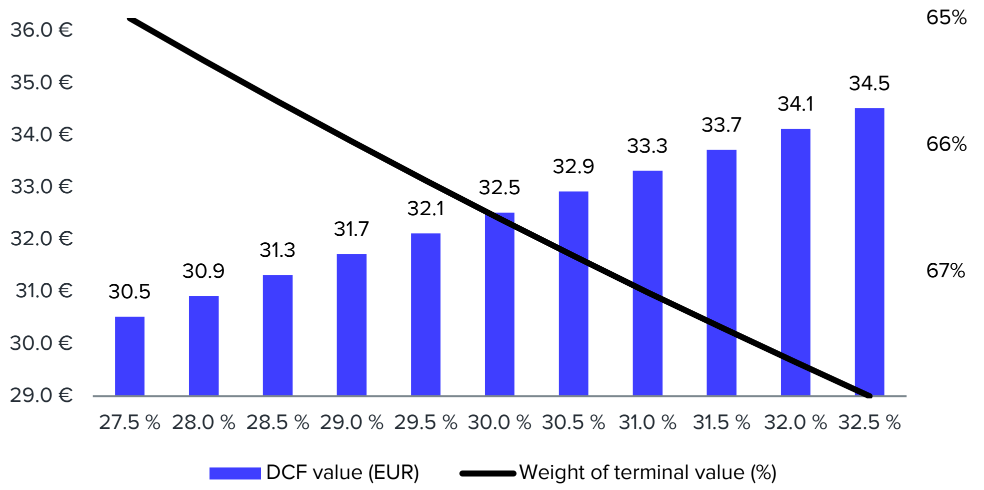
Sensitivity of DCF to changes in the WACC-%



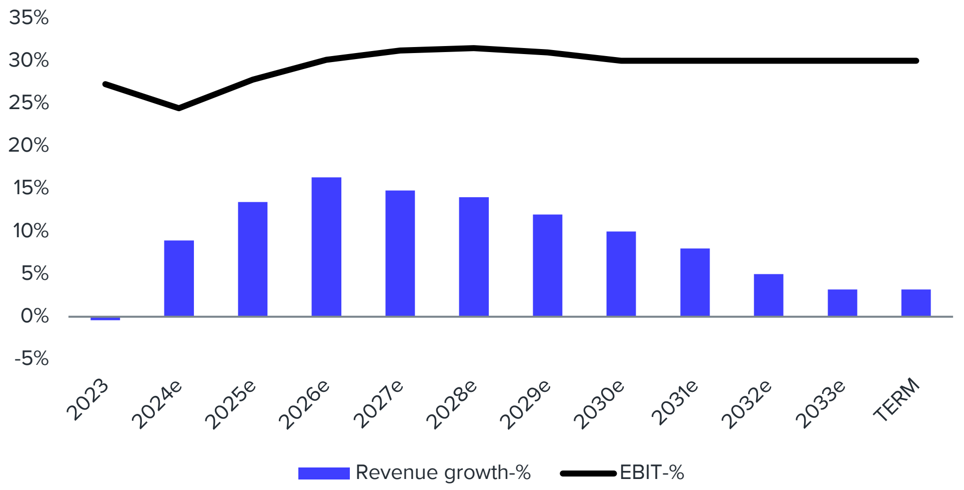
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2021	2022	2023	2024e	2025e
Revenue	78.8	97.0	96.6	**105.2**	**119.4**
EBITDA	25.7	33.1	30.3	**30.8**	**37.4**
EBIT	22.1	29.7	26.3	**25.7**	**33.2**
PTP	22.1	29.1	25.4	**25.4**	**33.4**
Net Income	17.3	21.8	19.1	**19.0**	**25.8**
Extraordinary items	-2.4	-1.2	-2.2	**-1.8**	**-1.0**

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	124.6	136.1	137.4	**143.9**	**158.9**
Equity capital	78.4	90.9	99.9	**108.8**	**124.7**
Goodwill	59.8	59.8	59.4	**63.7**	**63.7**
Net debt	0.0	-11.3	-2.9	**-6.8**	**-25.4**

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	25.7	33.1	30.3	**30.8**	**37.4**
Change in working capital	2.4	-1.5	-11.6	**2.3**	**2.3**
Operating cash flow	22.7	24.0	10.5	**26.4**	**32.2**
CAPEX	-15.8	-2.9	-8.2	**-12.2**	**-3.7**
Free cash flow	6.7	21.1	2.4	**14.2**	**28.5**

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S	18.8	10.5	6.9	**7.1**	**6.1**
EV/EBITDA	57.6	30.6	22.0	**24.1**	**19.3**
EV/EBIT (adj.)	60.4	32.9	23.4	**27.0**	**21.2**
P/E (adj.)	75.1	44.6	31.5	**35.9**	**28.0**
P/B	18.9	11.3	6.7	**6.9**	**6.0**
Dividend-%	0.6 %	0.9 %	1.5 %	**1.3 %**	**1.9 %**

Source: Inderes

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)	0.65	0.82	0.72	**0.72**	**0.97**
EPS (adj.)	0.74	0.86	0.80	**0.78**	**1.01**
OCF / share	0.85	0.90	0.40	**0.99**	**1.21**
FCF / share	0.25	0.79	0.09	**0.53**	**1.07**
Book value / share	2.94	3.42	3.76	**4.09**	**4.69**
Dividend / share	0.34	0.36	0.38	**0.37**	**0.52**

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	29%	23%	0%	**9%**	**13%**
EBITDA growth-%	19%	29%	-9%	**2%**	**21%**
EBIT (adj.) growth-%	28%	26%	-8%	**-3%**	**24%**
EPS (adj.) growth-%	27%	17%	-7%	**-2%**	**28%**
EBITDA-%	32.7 %	34.1 %	31.4 %	**29.3 %**	**31.3 %**
EBIT (adj.)-%	31.1 %	31.8 %	29.5 %	**26.2 %**	**28.7 %**
EBIT-%	28.1 %	30.6 %	27.3 %	**24.4 %**	**27.8 %**
ROE-%	23.4 %	25.7 %	20.0 %	**18.2 %**	**22.1 %**
ROI-%	22.1 %	27.6 %	23.3 %	**21.7 %**	**26.3 %**
Equity ratio	63.0 %	66.8 %	72.7 %	**75.7 %**	**78.5 %**
Gearing	0.0 %	-12.5 %	-2.9 %	**-6.2 %**	**-20.4 %**

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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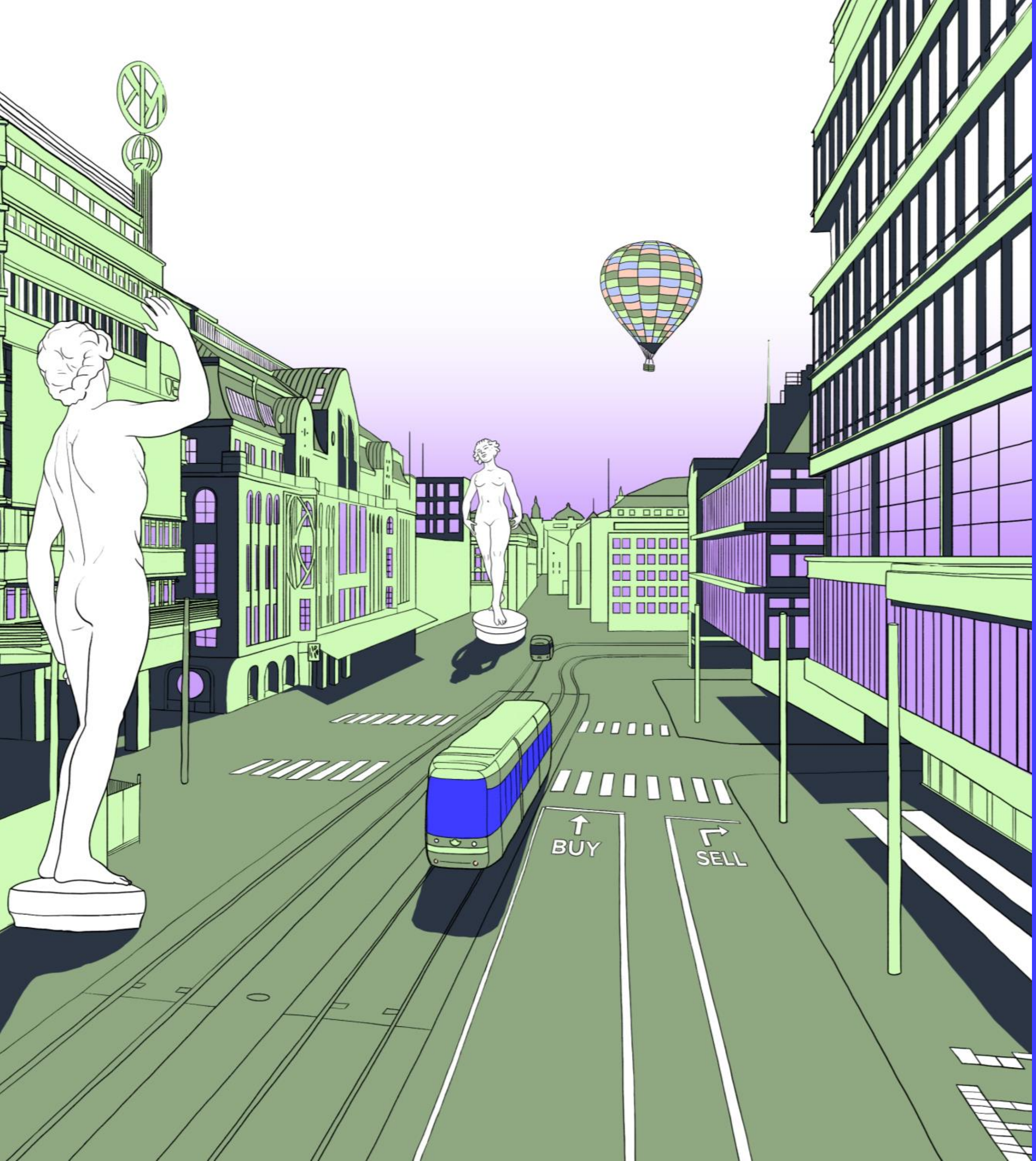
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/21/2020	Accumulate	31.00 €	28.85 €
3/19/2020	Buy	24.00 €	18.48 €
4/23/2020	Accumulate	25.00 €	22.75 €
8/7/2020	Reduce	34.00 €	33.50 €
10/23/2020	Reduce	36.00 €	38.05 €
12/21/2020	Reduce	44.00 €	48.65 €
2/12/2021	Accumulate	60.00 €	53.00 €
4/26/2021	Accumulate	65.00 €	59.20 €
Analyst changed			
6/9/2021	Accumulate	65.00 €	59.50 €
8/6/2021	Reduce	65.00 €	64.80 €
10/22/2021	Accumulate	58.00 €	55.40 €
2/11/2022	Accumulate	48.00 €	44.30 €
4/7/2022	Reduce	48.00 €	47.96 €
4/29/2022	Reduce	48.00 €	47.58 €
8/5/2022	Reduce	52.00 €	54.30 €
10/28/2022	Reduce	40.00 €	39.48 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
1/27/2023	Reduce	40.00 €	37.62 €
2/10/2023	Reduce	38.00 €	37.26 €
3/20/2023	Accumulate	38.00 €	34.66 €
4/28/2023	Reduce	38.00 €	39.24 €
8/3/2023	Accumulate	26.00 €	24.08 €
8/11/2023	Accumulate	26.00 €	23.20 €
10/4/2023	Buy	26.00 €	19.81 €
10/27/2023	Buy	24.50 €	19.90 €
12/7/2023	Accumulate	25.50 €	23.66 €
2/16/2024	Reduce	28.00 €	27.94 €
4/4/2024	Accumulate	28.00 €	25.86 €
4/26/2024	Accumulate	28.00 €	23.86 €
8/9/2024	Accumulate	32.00 €	28.82 €
11/1/2024	Accumulate	32.00 €	29.50 €
1/20/2025	Accumulate	32.00 €	28.18 €



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