VALUE CREATORS

REVENIO

Translation: Original report published in Finnish on 10/1/2024 at 12:15 noon EEST.

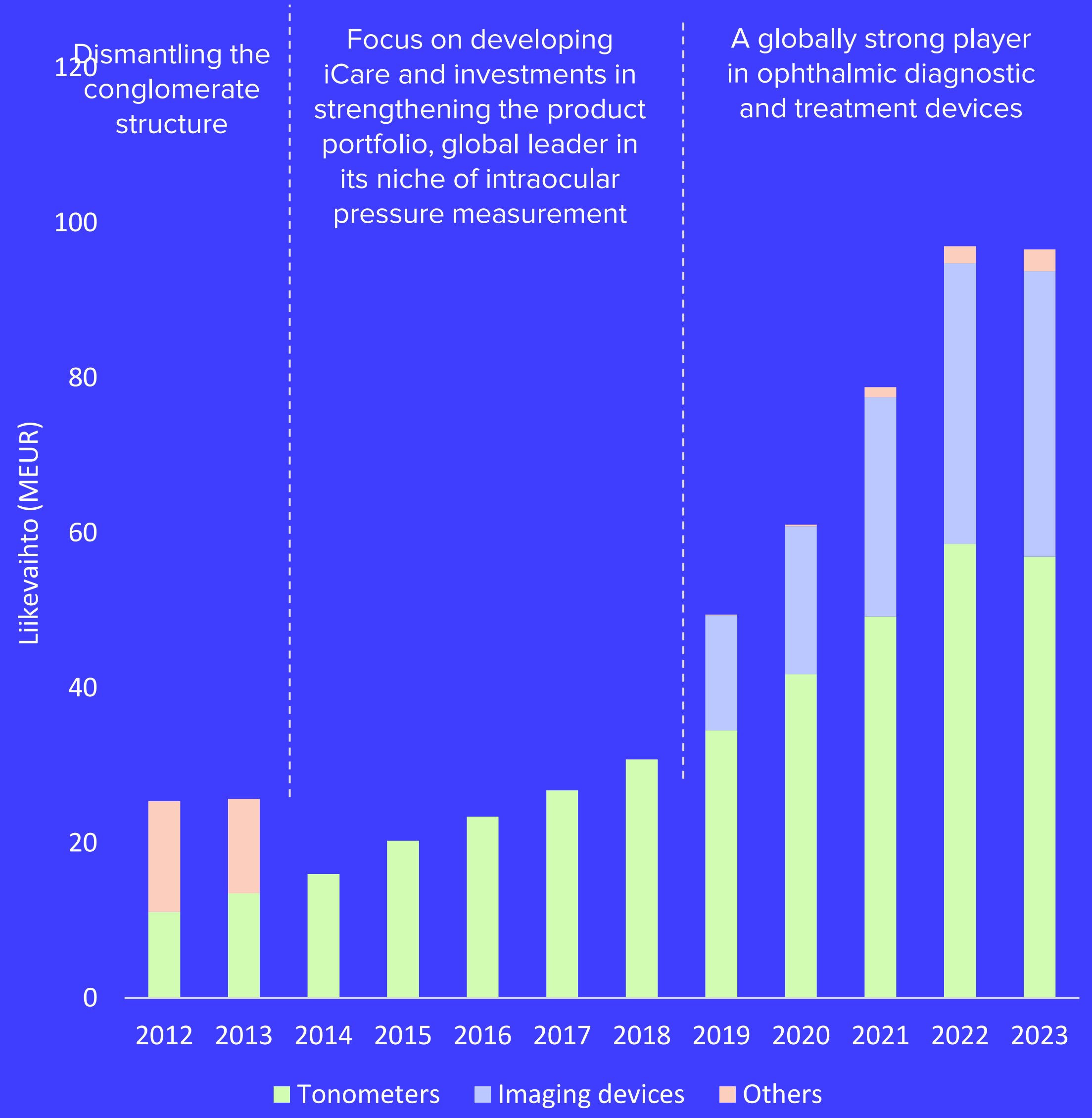
CONNECTING INVESTORS AND COMPANIES.

VALUE CREATORS CONCEPT

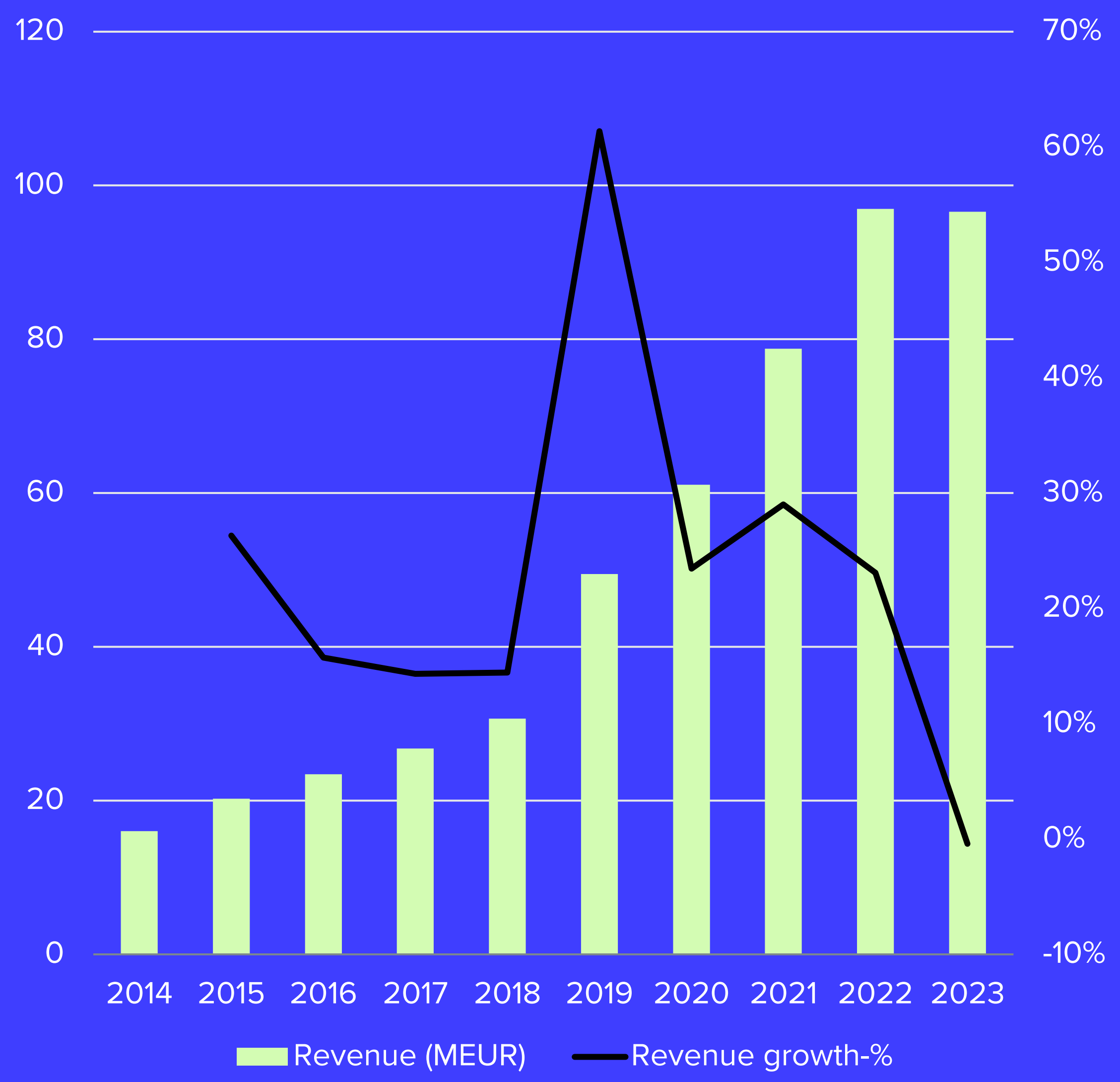
- In the Value Creators concept, we highlight companies that have created substantial shareholder value
- The reports do not include forecasts; they are based solely on historical data and key figures derived from it
- We evaluate companies based on the following indicators:
    - Revenue development
    - Operating profit development and profitability (%)
    - Return on capital (%)
    - Cash flow generated from operations
    - Share price development and historical valuations
    - Data is primarily sourced from Bloomberg
- We look at the long-term development and all figures are presented with the time series 2014-2023
- The reports do not constitute investment recommendations

REVENIO IN BRIEF
TIMELINE

NB!
Revenio has not reported the breakdown of revenue, but the graph below is based on Inderes' estimates.

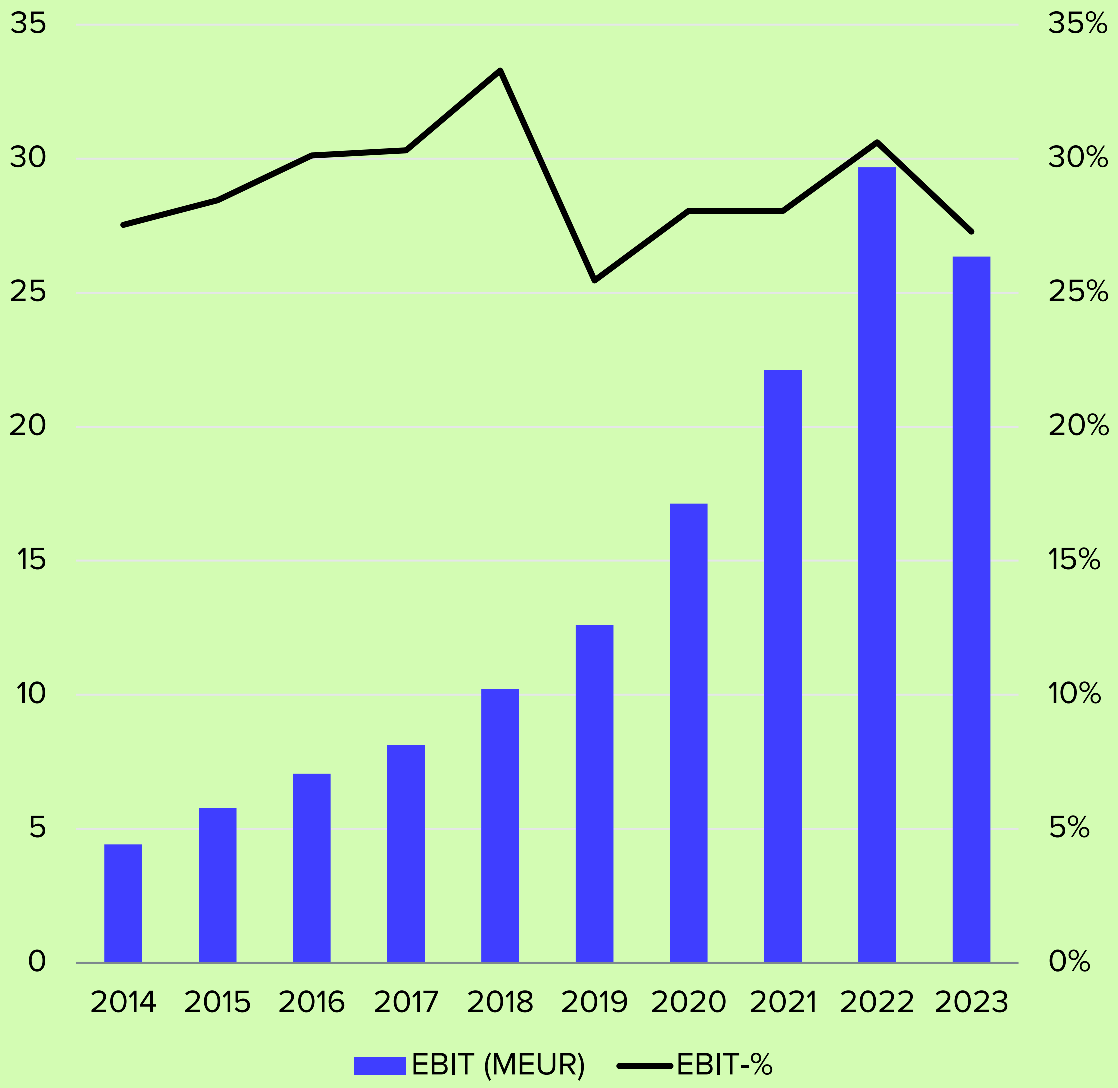


- Revenio is a global leader in ophthalmic devices and software solutions that focuses on solutions for eye care
- 2012-2015: Structural change from a conglomerate to a health technology company
- 2015-2019: Focus on developing iCare and strengthening the product portfolio. The company becomes a global leader in its niche of intraocular pressure measurement (tonometers)
- 2019-2023: The acquisition of CenterVue (2019) expands the offering into imaging devices, making Revenio a strong global player in ophthalmic diagnostic and treatment devices



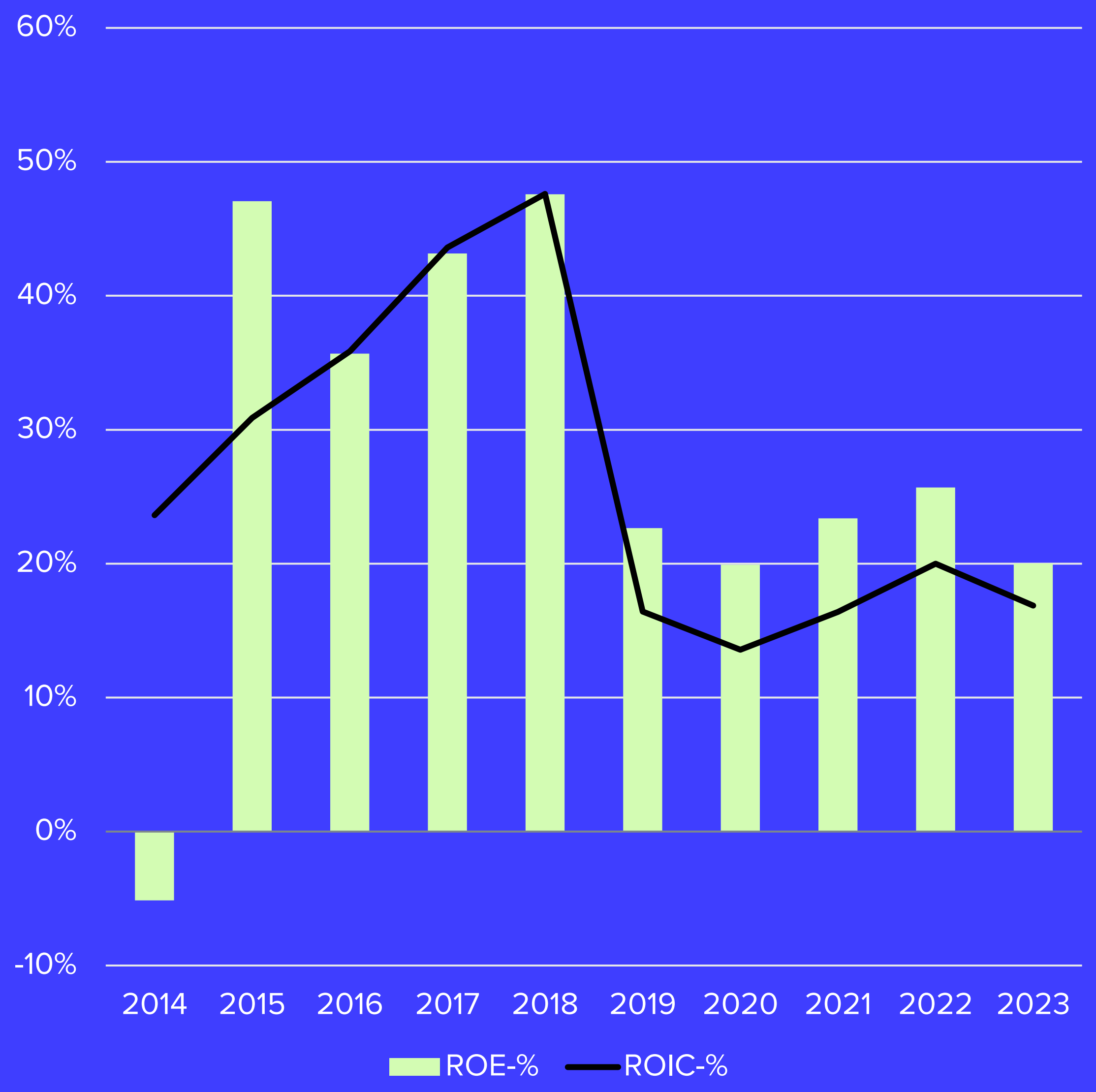
REVENUE GROWTH: 22% CAGR

- Revenio's revenue has grown at a CAGR of 22% over the last ten years
- During this period, Revenio’s iCare has grown from a very small market share to become the clear market leader in tonometers.
- Growth has been accelerated in particular by the CenterVue acquisition in 2019



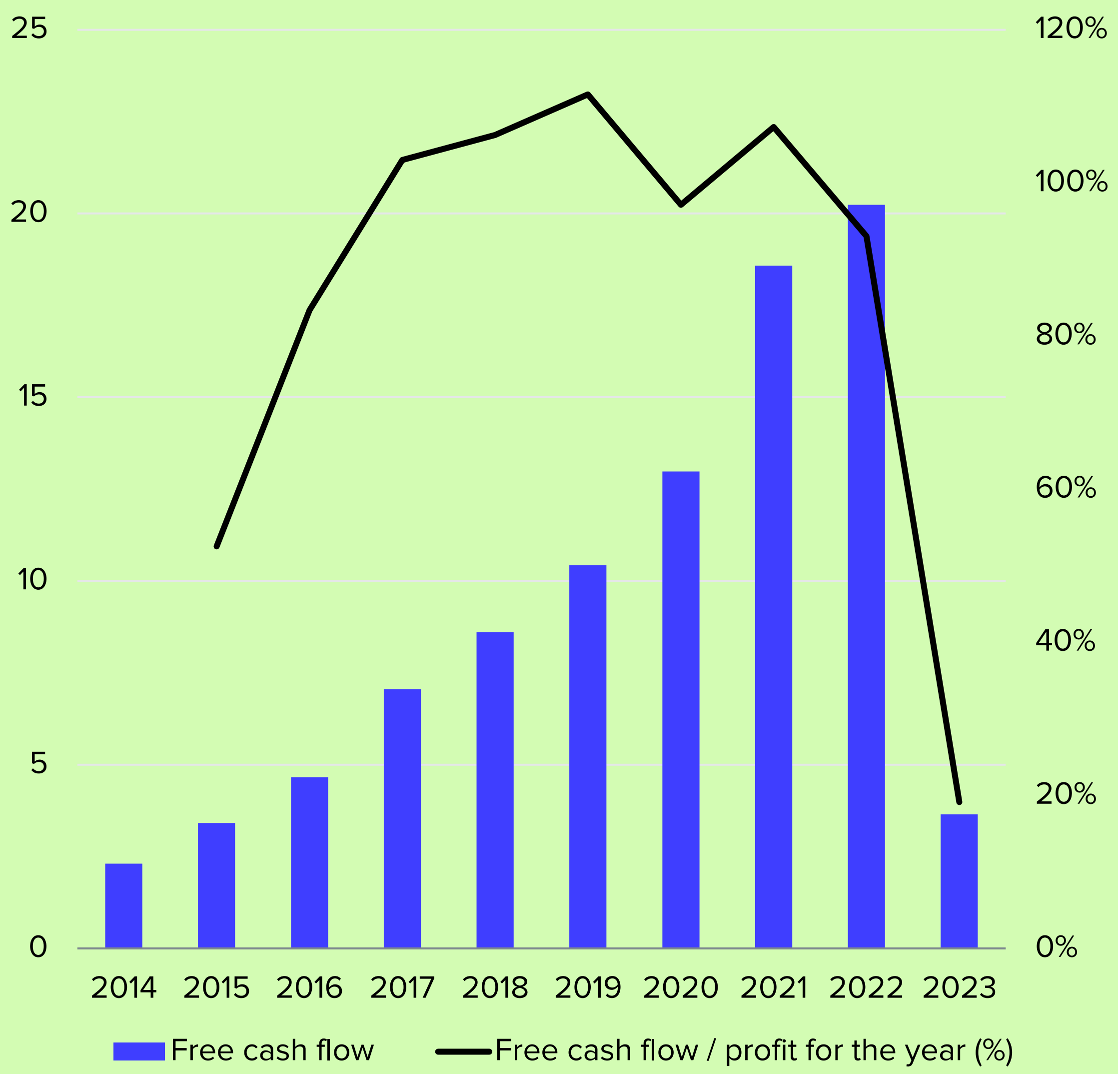
OPERATING PROFIT GROWTH: 22% CAGR

- Operating profit has grown in line with revenue, while the operating profit margin has remained unchanged in the big picture
- The operating profit margin has remained high, ranging between 25% and 33%, which is well above the general industry level
- Profitability scales well thanks to high gross margins (over 70%), but growth has required investment in organization and product development as the portfolio expands



RETURN ON EQUITY: AVERAGE: ~30%

- Return on equity (ROE): 28% (average)
- Return on invested capital (ROIC): 26% (average)
- Return on new invested capital (RONIC) for the whole period: 16%
- Return on capital ratios were fierce prior to the CenterVue acquisition, which significantly increased the company's balance sheet
- The business does not require significant investment, especially when manufacturing is outsourced
- R&D costs have averaged around 8% of revenue over the period
- The 2014 figures are weak due to other business activities at the time

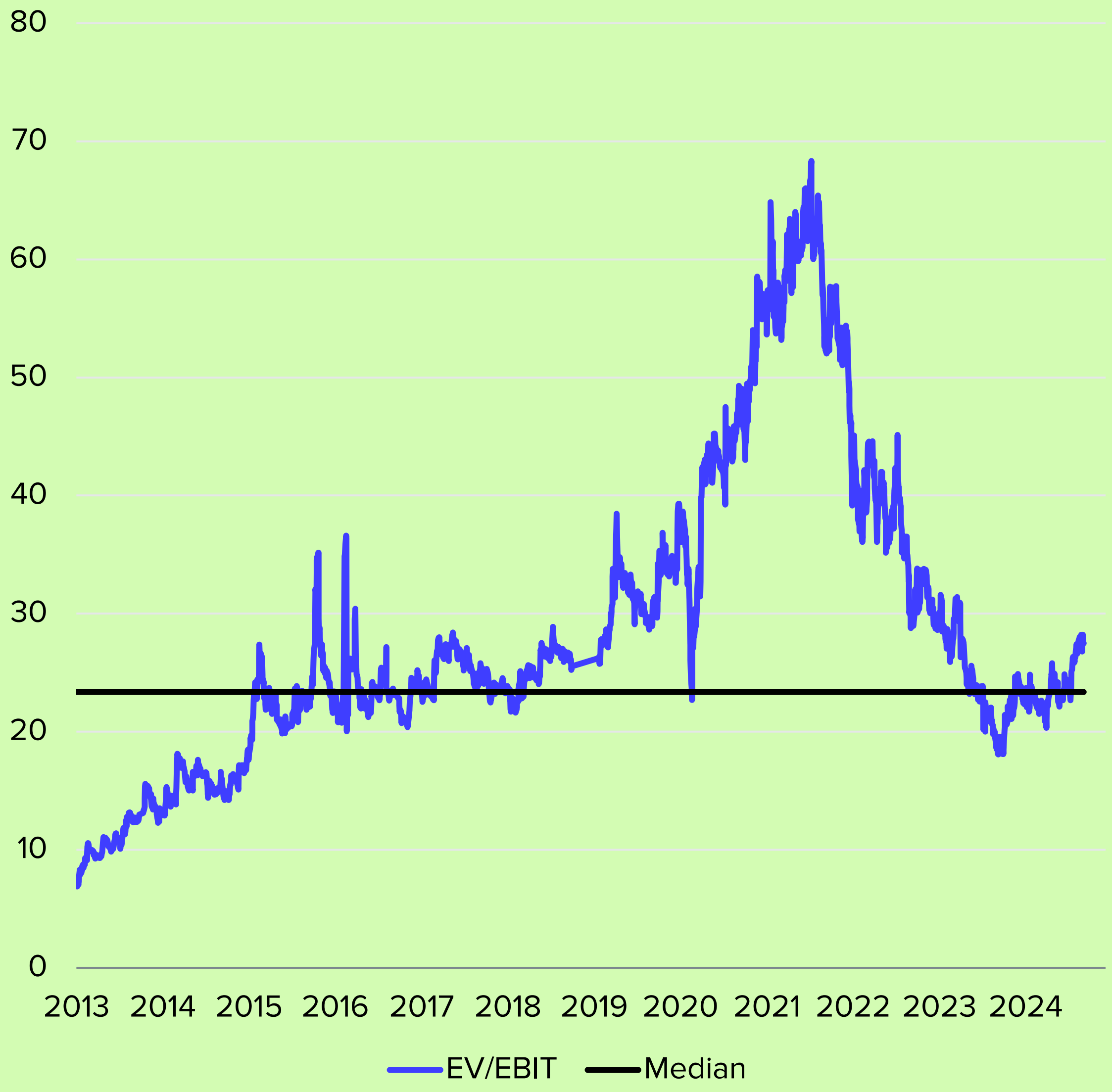


CASH FLOW: MOSTLY ABUNDANT

- Free cash flow generated by the business has been largely abundant
- On average, free cash flow has been on par with the company's net profit
- Cash flow in 2023 was exceptionally weak due to a high working capital commitment, an exceptional tax burden and increased investments
- The situation has normalized during H1'24 (free cash flow > net result)

SHARE PRICE RETURN: > 22% (CAGR, 2014->)

- Since the beginning of 2014, Revenio's share price has increased by around 732% to its current level (9/30/2024: EUR 34.52)
- The annual increase in the share value has been about 22%, in line with the company's earnings growth
- Revenio has paid dividends over the period, and according to Bloomberg, the total return on the stock over the period was around 888%.
- Total return for the period is approximately 24% per annum
- Although returns have been extremely strong for the entire period, the stock is down nearly 40% over the last three years
- NB! Bloomberg data was collected on September 30, 2024



HISTORICAL VALUATION

- Revenio has historically been highly valued, with significant valuation volatility
- The average EV/EBIT multiple has been approximately 29x, while the median is around 25x
- The data presented in the graph comes from Bloomberg and was collected on September 13, 2024: this key figure compares the current enterprise value (EV) with the consensus forecast for the next 12 months (EBIT)
- We do not express an opinion on the current valuation of the company in this report

KEY FACTORS BEHIND THE SUCCESS?*

- A major competitive advantage: patented rebound technology that enables the production of superior tonometers
- Successful expansion of product portfolio with CenterVue acquisition
- Strong growth in the larger imaging devices market
- Continued good profitability and low capital requirements

*Inderes estimates

METHODOLOGY

WHY WE USE SELECTED KPIs

- Revenue growth indicates demand for the company's product or service
- Profitability, as measured by operating profit margin, reflects factors such as pricing power, business model effectiveness and operational efficiency
- Return on capital, when combined with revenue growth and profitability metrics, indicates capital efficiency and value creation relative to the cost of capital (e.g., WACC)
- Free cash flow demonstrates the ability of the company and its business model to generate essential cash flows, which are critical to determining the overall value of the company
- Share price development typically reflects the company’s ability to create long-term shareholder value
- Together, these metrics provide a comprehensive view of the quality of the business, especially when analyzed over time

NOTES ON THE KEY FIGURES

This report is based on Bloomberg data on revenue, EBIT, ROE-%, ROIC-%, share price and valuation multiples (such as EV/EBIT). However, we have made our own calculations of RONIC-% for the full period and free cash flow generated from operations. The calculation methods used are set out below.

RONIC-% (FOR THE ENTIRE PERIOD)

RONIC is calculated as the ratio of the change in operating income NOPAT T+1 - NOPAT T+0 to the change in invested capital ICT+1 - ICT+0. In practice, this tells the investor how much new capital the company has had to invest new capital in its business to achieve operational profit growth.

$$RONIC = \frac{NOPAT_1 - NOPAT_0}{IC_1 - IC_0}$$

Since we calculate the RONIC-% for the entire 10-year period, it reflects the average return on new invested capital over the entire period.

Free cash flow generated by the business

Basic calculation is: net cash flow from operations - net cash flow from investments adjusted for acquisitions and divestitures - IFRS16 rental liabilities in the net cash flow from financing. Sometimes additional corrections are needed to get the right picture, but we aim to keep figures comparable between companies.

The calculation method particularly reflects the ability of the business to generate cash flow. It does not take a position on capital allocation, but management's ability to allocate capital is reflected in other figures, particularly over the longer term.

THANK YOU!

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