

EuroEyes



EuroEyes International Eye Clinic Limited

2022 Interim Results Presentation

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EuroEyes



1H2022 Company Performance Overview

EuroEyes is the Market Leader in Europe



Established by Dr. Jørn S. Jørgensen **in 1993**, in Hamburg Germany



Focusing on **refractive surgery** for the correction of ametropia



EuroEyes treats **over 25,000 patients** with nearsightedness or farsightedness, astigmatism, presbyopia or cataracts **every year**



Continuous Growth
28 clinics and consultation centers in Germany, China, and Denmark

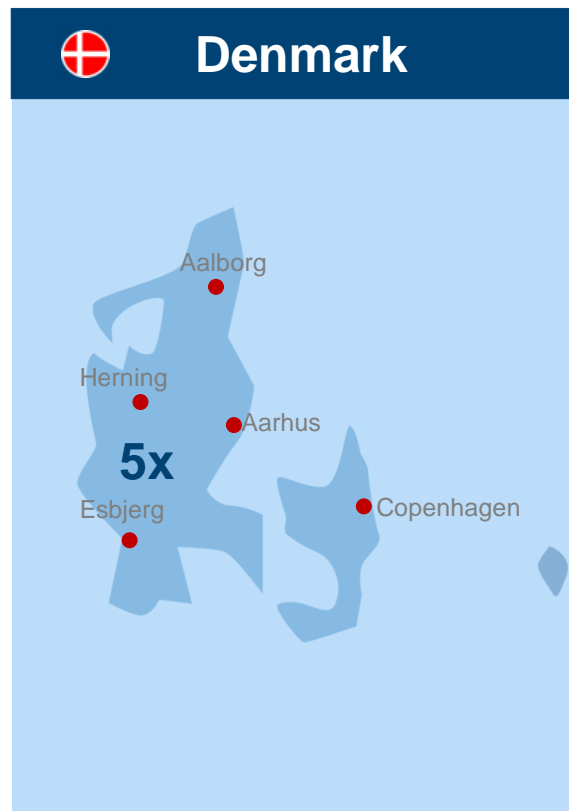


Industry Leader
Implanted the most trifocal lenses worldwide and most ICL contact lenses in Europe.



German ophthalmology excellence
with over 25 years of Experience

29 clinics and consultation centres worldwide



And more to come: Lease contracts signed for

- Wiesbaden, Baden-Baden, Kiel
- London Knightsbridge

We select exclusive locations for our clinics



 **Beijing**



 **Jin Mao Tower Shanghai**



 **IFC Tower Guangzhou**



 **Hamburg** Headquarter GER



 **Berlin** Sony Center



 **Frankfurt**

EuroEyes Scope of Services

EuroEyes product overview



Nearsighted
< - 8 diopres

ReLEx smile – customized treatment
for Myopia and Astigmatism



Higher level nearsightedness
> - 8 diopres

ICL – (Intraocular Contact Lens)
implantation



**Age 45+ progressive or
reading glasses**

Trifocal lenses – Presbyopic
Refractive Lens Exchange



Cataract

Mono- or Multifocal lenses
Laser Lens Removal

LASER

LENS

Patient Payment Method - Focus on Consumer Market

EuroEyes' revenue all comes from patients' **out of pocket payment**.

No government health insurance is covered, thus we are **not affected by change of government insurance policy**.



1H2022 – clear impact of COVID

Total Revenue

HK\$315,626,000

-1.3% YoY

Adjusted Gross Profit²

HK\$144,279,000

-11.7% YoY

45.7% Margin

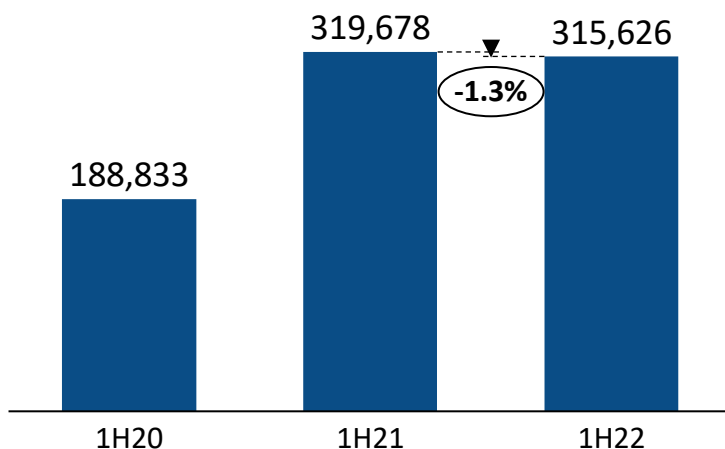
Adjusted Net Profit After Tax³

HK\$53,537,000

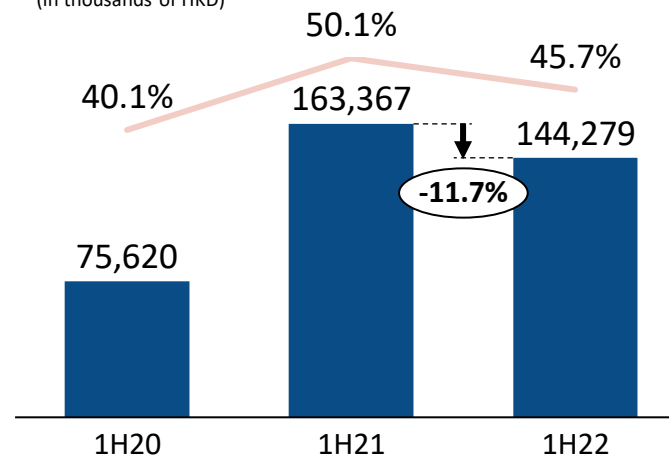
-28.2% YoY

17.0% Margin

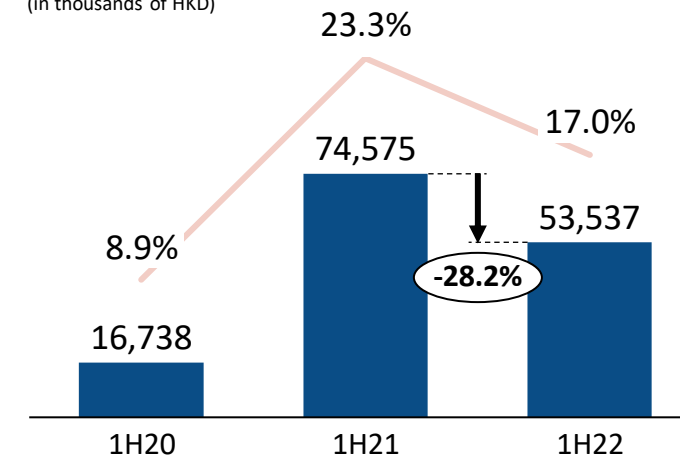
(in thousands of HKD)



(in thousands of HKD)



(in thousands of HKD)



Note:

1. Eliminating the EUR-HKD currency fluctuation effect (EUR equivalent), revenue up 8.0% YoY, adjusted gross profit down 3.5% YoY, and adjusted net profit after tax down 21.7% YoY
2. Adjusted gross profit is derived from adding share-based compensation expenses for surgeons and clinic pre-operating expenses to the gross profit
3. Adjusted net profit after tax for the period is derived from 1) adding pre-operating expenses for new clinics, 2) foreign exchange loss in relation to the proceeds from the global offering, 3) share-based compensation expenses, 4) acquisition-related costs, and 5) loss on fair value change of contingent consideration payable

EUR decline against HKD seriously affects reported numbers – no operational effect

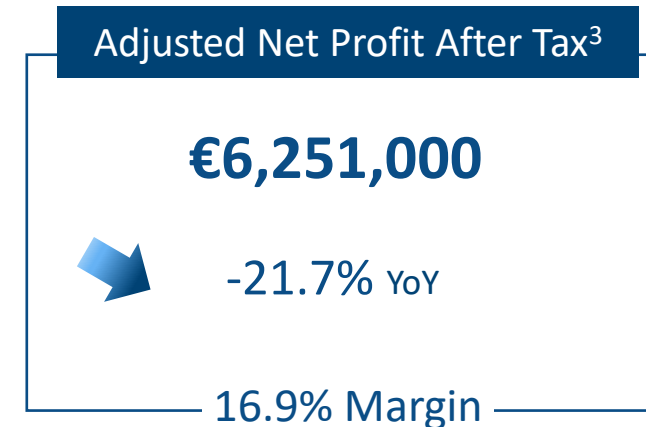
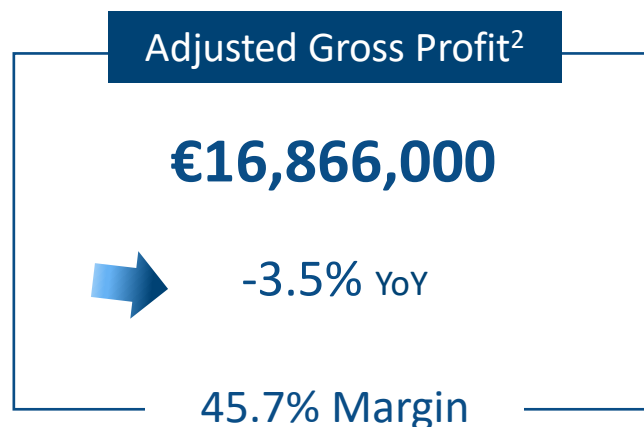
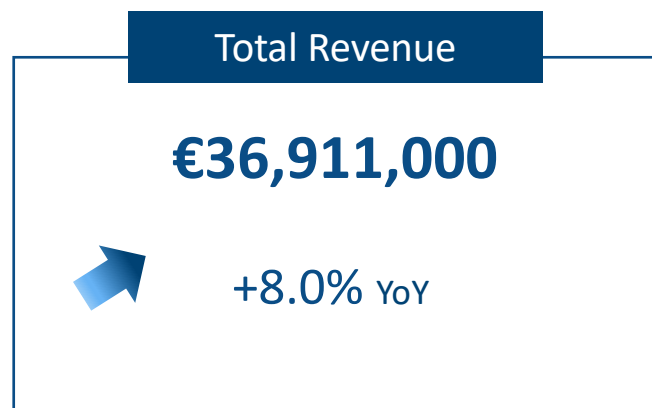
Weak EUR to HKD currency

- The average exchange rate of **EUR** (our functional currency) to **HKD** (our reporting currency) during the first half of 2022 declined **8.6%** compared to the corresponding period of 2021
- However, the unfavorable currency fluctuation has no operational effect

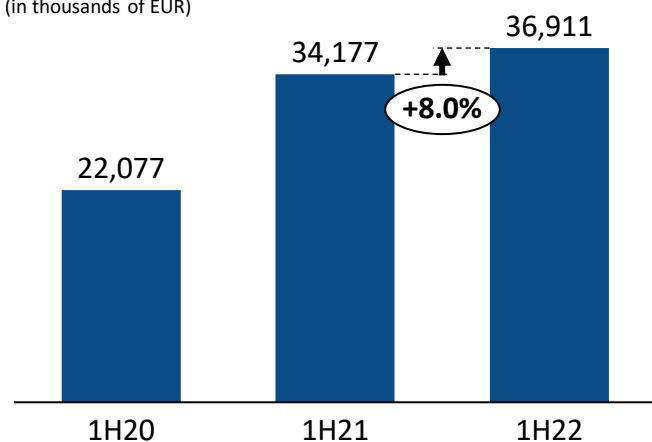
EUR to HKD Exchange Rate



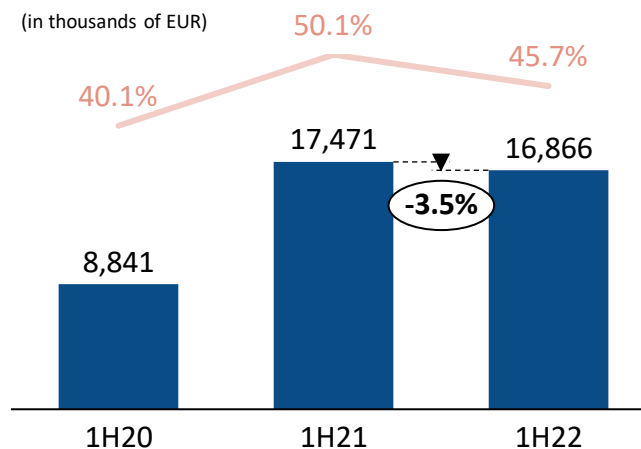
1H2022 – eliminating the EUR-HKD currency fluctuation effect



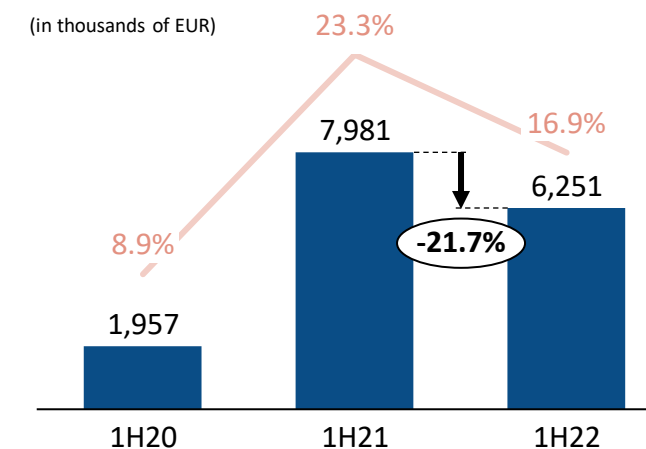
(in thousands of EUR)



(in thousands of EUR)



(in thousands of EUR)



Note:

- Adjusted gross profit is derived from adding employee share-based compensation expenses for surgeons and clinic pre-operating expenses to the gross profit
- Adjusted net profit after tax for the period is derived from 1) adding pre-operating expenses for new clinics, 2) foreign exchange loss in relation to the proceeds from the global offering, 3) share-based compensation expenses, 4) acquisition-related costs, and 5) loss on fair value change of contingent consideration payable

COVID-19 Control Measures in China

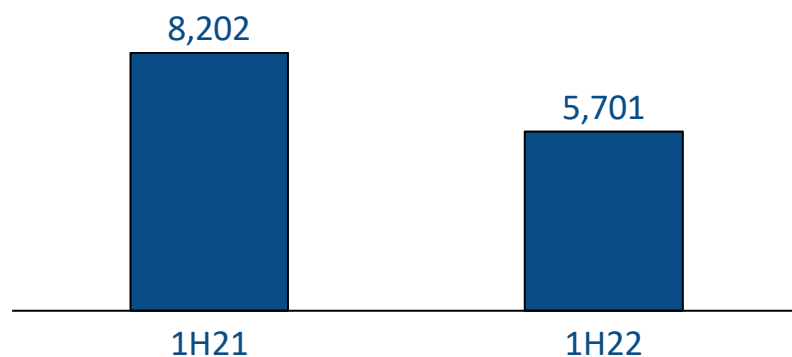
Multiple COVID-outburst in China

- Multiple waves of Omicron variant outbreaks emerged in China in 1H22
- Two-month citywide static management in Shanghai, and strict control measures in Beijing, Hangzhou, Shenzhen, etc.
- Intracity and intercity travel restrictions
- Resumed normal operations, but strict public health measures still have an impact on our surgery numbers



Revenue PRC (Eliminating currency fluctuation effect)

(in thousands of EUR)



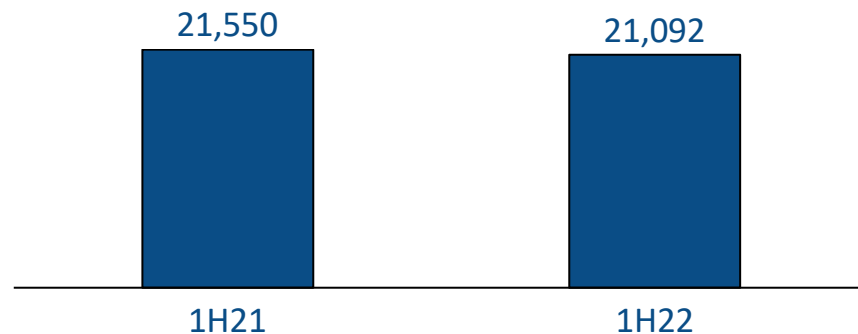
Travelling/holiday #1 priority in Europe

Travel Demand in Europe

- Germans were not allowed to travel for two years.
- lifted inter-country travel restrictions across Europe lead to a surge in travel and holiday
- Consumer are interested in vacation and travel
- Lot of patients postpone their surgery to H2/2022
- Onetime seasonal effect

 **Revenue Germany** (Eliminating currency fluctuation effect)

(in thousands of EUR)



DESTINATIONS FOOD & DRINK NE

Mayhem predicted for travel this summer



COVID-19 control policy in Denmark

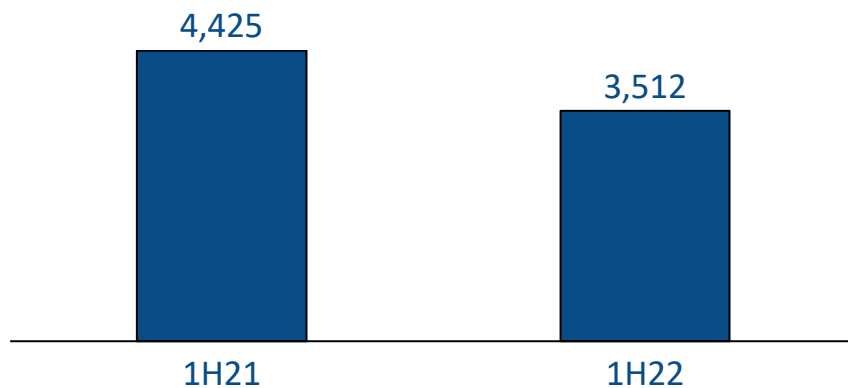
Prolonged Clinic Construction Period Due to COVID-19

- Prolonged construction period of new Copenhagen clinic in early 2022 due to COVID-19 control policy in Denmark
- Around 60-day of vacancy for surgery operation
- Operated the first surgery in March 2022
- New COO Denmark strengthens the management team



Revenue Denmark (Eliminating currency fluctuation effect)

(in thousands of EUR)



We are expecting a rebound in the second half of the year

Business gets back to pre-COVID level



- Strict control measures in China have been eased.
- Intracity and intercity travel is allowed
- Business in China resumed normal levels



- The Copenhagen clinic open for business



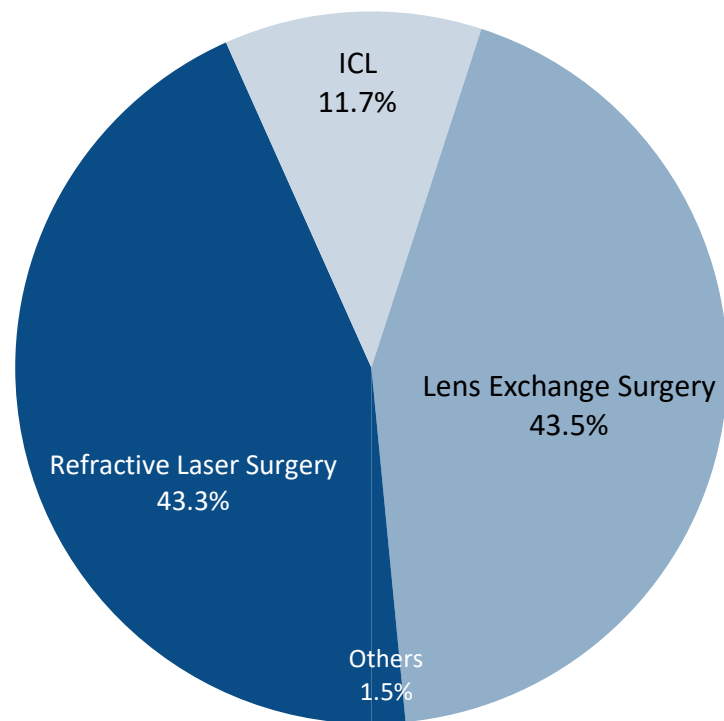
- When vacation season ends in Germany, the surgery demand is expected to rebound



Rapid Growth in Specialized Lens Surgeries

Revenue by Type of Surgery 1H2022

Lens surgeries: **55.2%**
of total surgery revenue



Note:

1. In EuroEyes' service portfolio:

- **Lens surgeries** include Phakic Lens (ICL) Surgery and Lens Exchange Surgery
- **Refractive laser surgery** include SMILE, PRESBYOND, LASIK, etc.



7-Time World Champion

The Most Zeiss Trifocal Lenses
Exchange Surgeries Worldwide



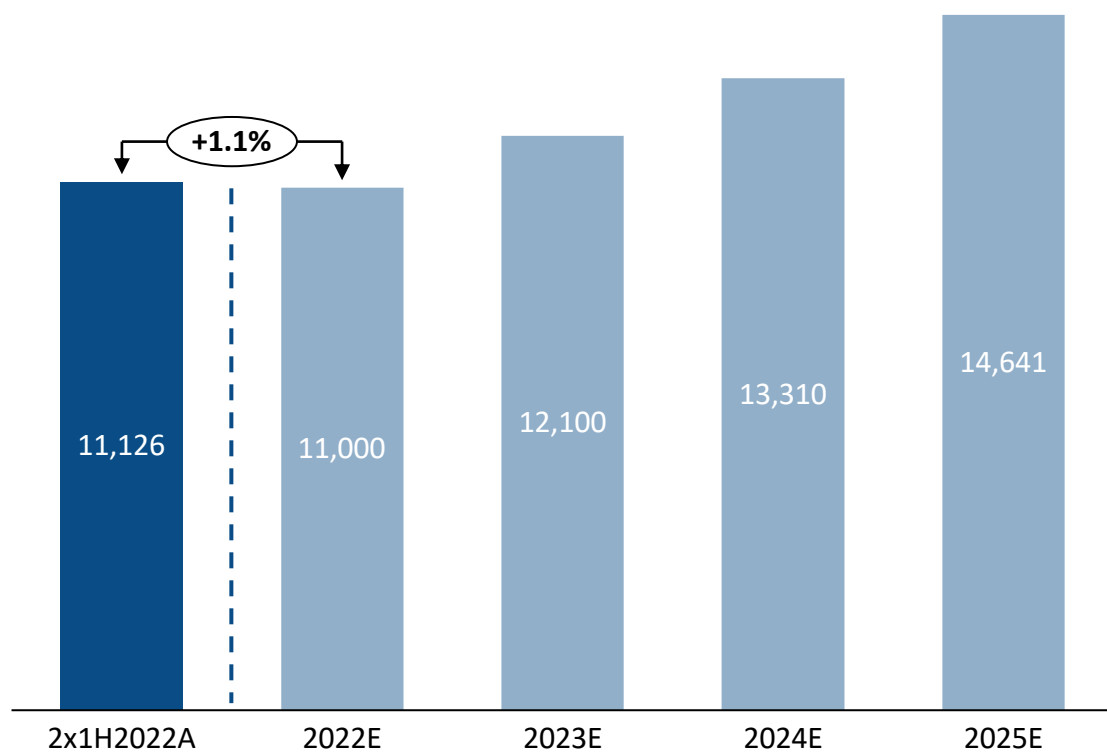
European Champion

The Most phakic Lens (ICL)
Surgeries in Europe

LoVC in line with the agreed business case

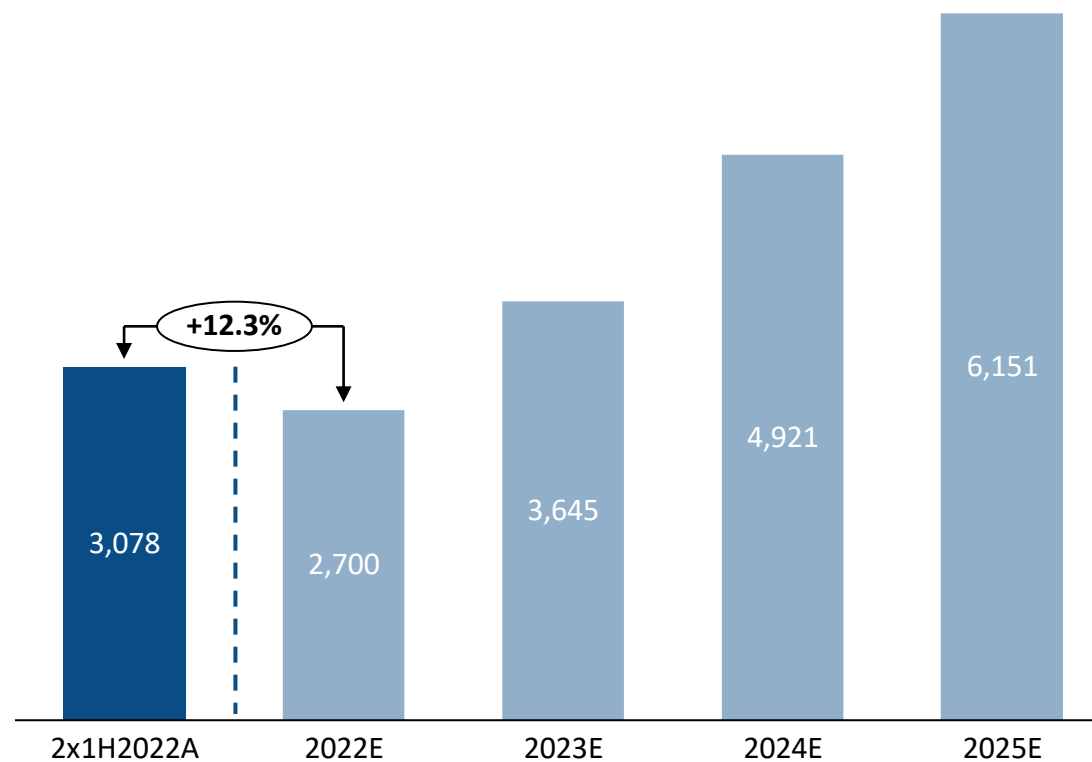
Revenue Target

(in thousands of GBP)



EBIT Target

(in thousands of GBP)



EuroEyes

EuroEyes 2025 – Strategy Update

New Clinic Pipeline

City	Country	Site selection	Lease contract signing	Design confirmation	Construction	Trail operation
Chengdu		Clinic				March 2022
Copenhagen		Flagship Clinic				March 2022
London		Knightsbridge Clinic				Q1 / 2023
Hong Kong		Flagship Clinic				Q2 / 2023
Beijing		Consultation Centre				Q2 / 2023
Shanghai		Consultation Centre				Q2 / 2023
Wiesbaden		Clinic				Q4 / 2022
Baden-Baden		Clinic				Q4 / 2022
Kiel		Clinic				Q1 / 2023
Clinic		Consultation Centre	Expected Time			

PRC – Organic Growth with New Clinics



Chengdu clinic - Located in high-end commercial area Taikoo Li



- Despite the COVID-19 pandemic, we managed to open two new clinics -- Chongqing and Chengdu
- New Chengdu clinic is located in high-end commercial area Taikoo Li, with floor area of 454.8 square meters
- Commenced operation in **March 2022**. Received rousing welcome by local patients
- Short break-even period expected

Denmark – Bright outlook with new clinic and legendary ambassador

New Flagship clinic in Copenhagen

- Operated the first surgery in March 2022
- Located in Parken Stadium, an almost 30-year landmark in Copenhagen, which is one of the most prominent sports buildings worldwide
- Larger in scale, able to meet the increasing demand in Denmark
- Opening ceremony on the 24th of October

Ambassador: Football Legend Michael Laudrup

- Michael Laudrup is one of the greatest football players in the history of European football
- Endorsement and attraction of EuroEyes in Denmark



London – New Premium Clinic in Knightsbridge

Knightsbridge, London

- Long-Term-Lease contract signed on 17th of May
- Strip-Out done, fit-out starting soon
- Leading luxury department store Harrods with very affluent customers only 100m away
- High frequency of pedestrians and cars
- More than 60% foreign inhabitants (especially Arabs, Asians and Russians)



Germany – Wiesbaden / Baden-Baden / Kiel

Wiesbaden

- Capital City of the state Hesse
- Development of untouched western Rhine-region

Baden-Baden

- Famous worldwide as a **spa and culture town and a top-class reputation for healthcare**
- Finalized sketch designing

Kiel

- Capital and most populous city in the northern state of Schleswig-Holstein of Germany



Prominent new members of EuroEyes Global Medical Advisory Board



Dr. med Joern S. Joergensen
EuroEyes Founder, CEO



Professor Dan Reinstein
EuroEyes Executive Board
Member



Lecturer, Dr. med. Ralf-
Christian Lerche
Medical Director EuroEyes



Professor Thomas
F. W. Neuhann
University Eye Clinic Munich



Professor Michael C. Knorz
University Eye Clinic
Mannheim



Professor Gerd Auffahrt
University Eye Clinic Heidelberg
Apple Institute
Top 2 The Ophthalmologist



Professor Yao Ke
University Eye Clinic Zhejiang
President of the Chinese
Ophthalmology Society



Professor Burkhard Dick
University Eye Clinic Bochum
Top 100 The Ophthalmologist

PRC – Tri-party Agreement of Mutual Cooperation

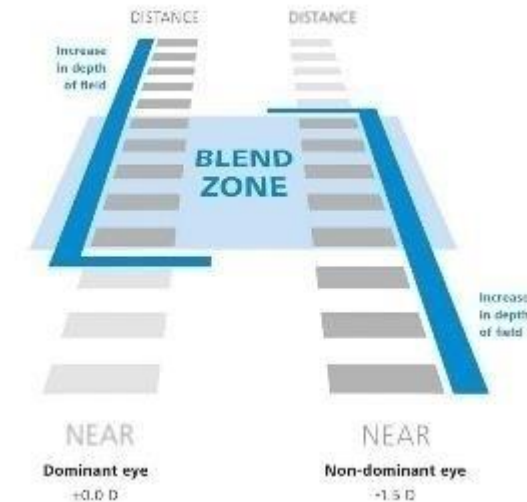
Surgeons and Ophthalmologists Nurture in China

- In July 2022, EuroEyes signed a tri-party agreement of mutual cooperation with **Eye Center of Second Affiliated Hospital Zhejiang University School of Medicine (浙二眼科)** and David J. Apple International Laboratory for Ocular Pathology & International Vision Correction Research Centre (IVCRC), **University Eye Clinic of the Ruprecht-Karls-University of Heidelberg (海德堡大学眼科诊所屈光研究中心)**.
- Help identify more young talented **Chinese eye doctors**, and enable EuroEyes to attract talented European to train and achieve experiences in China
- Help nurture a new generation of eye doctors, and enhance the skills of surgeons at EuroEyes and in China and Germany
- Foster new innovations in ophthalmology



PRC – PRESBYOND® to launch in China!

- Prof Dan Reinstein, inventor of PRESBYOND® Laser Blended Vision, announced to launch the surgery **in China** in the second half of 2022!
- **PRESBYOND® Laser Blended Vision** will enable EuroEyes to treat an ever **larger and younger group of patients** (40+) suffering with the onset of presbyopic symptoms.
- This will also enable those presbyopia patients who are afraid to do lens exchange surgery to accept a new solution to presbyopia.



PRC – China is getting back to pre-COVID level

- With the strict COVID control measures eased in China, our business resumed normal
- Stronger management support possible with reduced overseas travel quarantine
- The consultation numbers are getting back to pre-COVID levels.



EuroEyes

1H2022 Financial Overview



1H2022 Overview

Total Revenue

HK\$315,626,000

-1.3% YoY

Eliminating currency fluctuation effect
+8.0% YoY

Adjusted Gross Profit ²

HK\$144,279,000

-11.7% YoY

45.7% Margin

Eliminating currency fluctuation effect
-3.5% YoY

Adjusted Net Profit After Tax ³

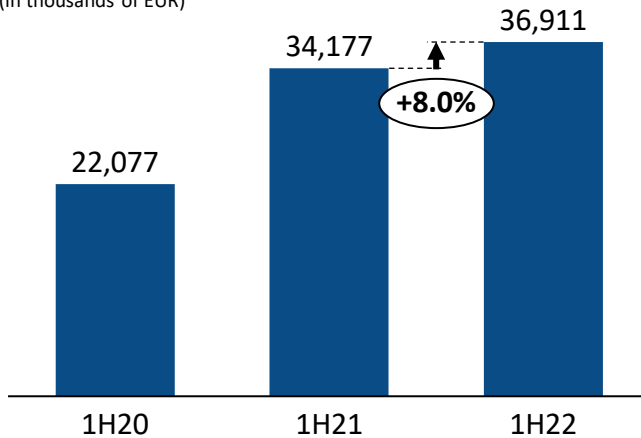
HK\$53,537,000

-28.2% YoY

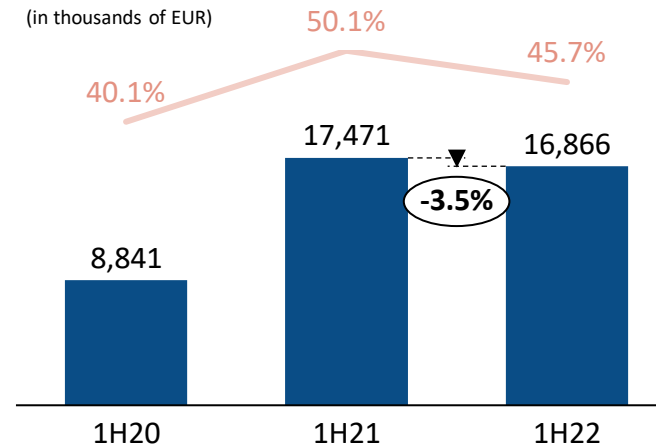
16.9% Margin

Eliminating currency fluctuation effect
-21.7% YoY

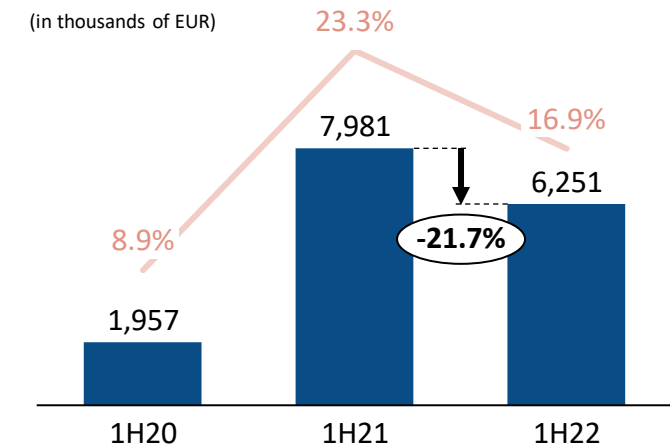
(in thousands of EUR)



(in thousands of EUR)



(in thousands of EUR)

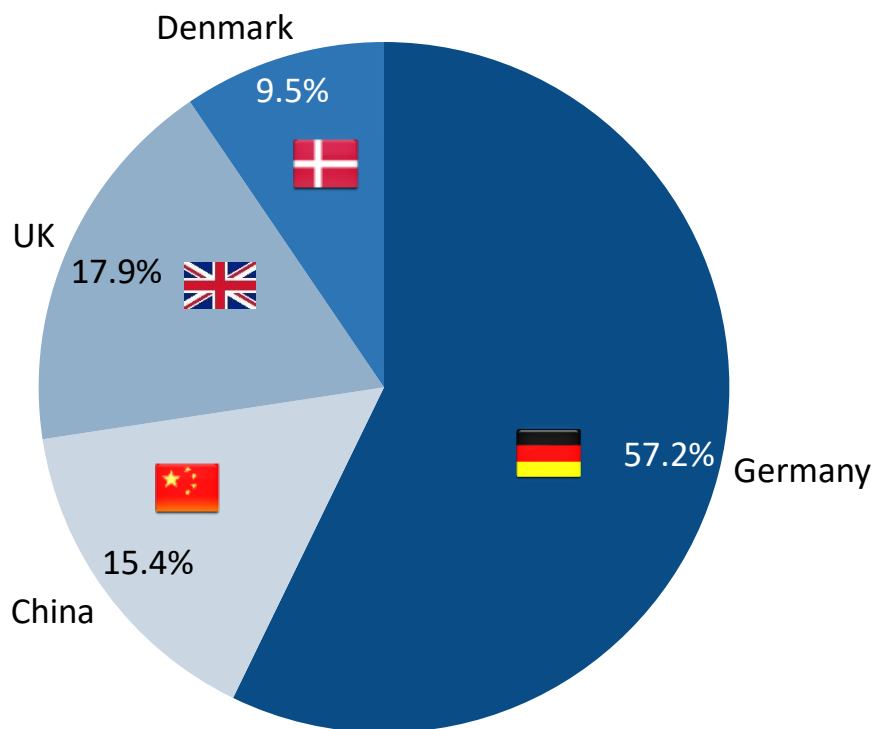


Note:

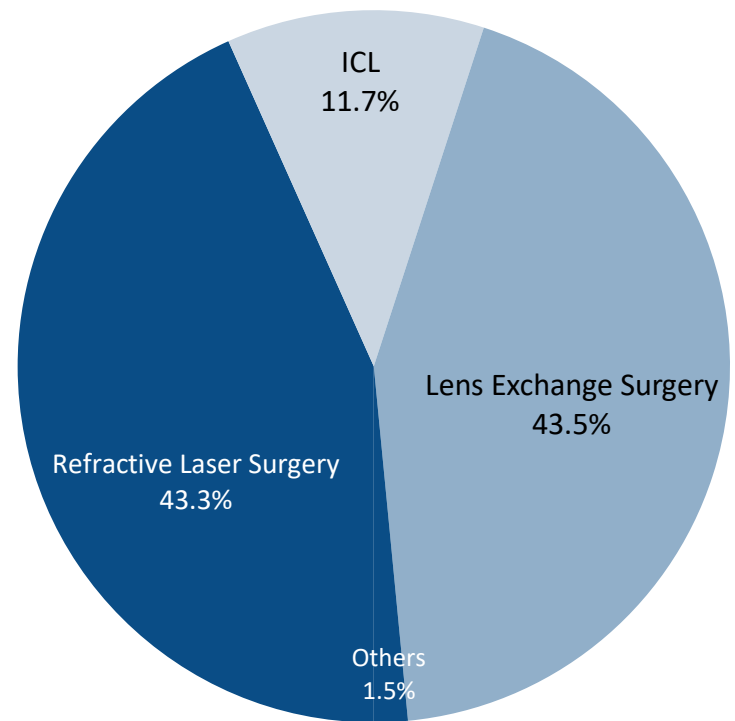
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LoVC contributes with 18% to the total revenue

Group Revenue Distribution 1H2022



Revenue by Type of Surgery 1H2022

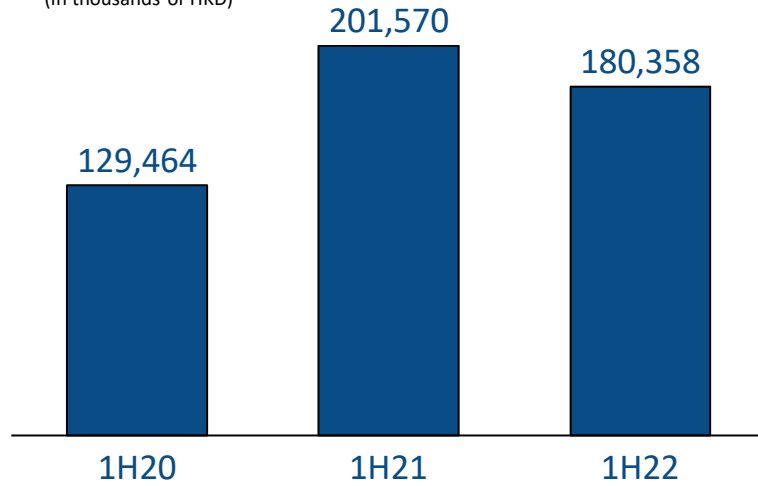


Revenue Country-by-Country



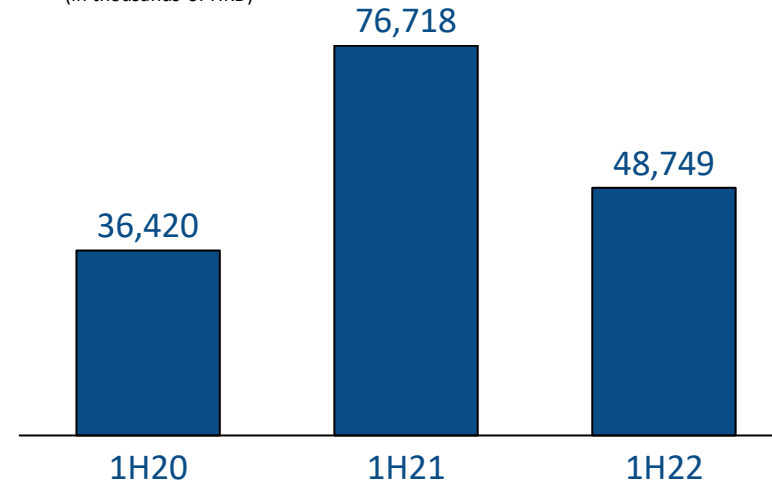
Revenue in Germany

(in thousands of HKD)



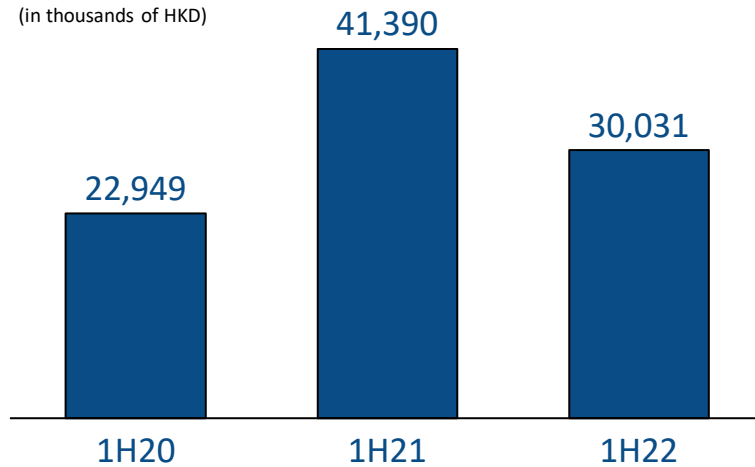
Revenue in the PRC

(in thousands of HKD)



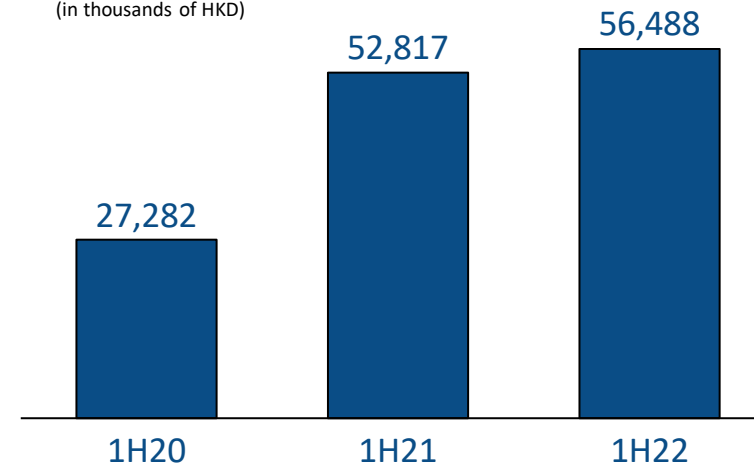
Revenue in Denmark

(in thousands of HKD)



Revenue in the UK

(in thousands of HKD)



COVID affected capacity utilization negatively

Number of Surgery

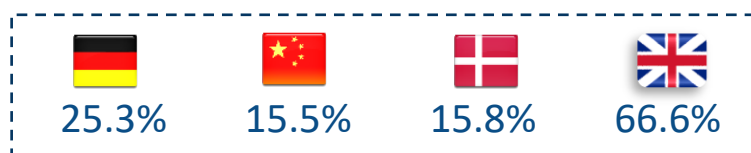
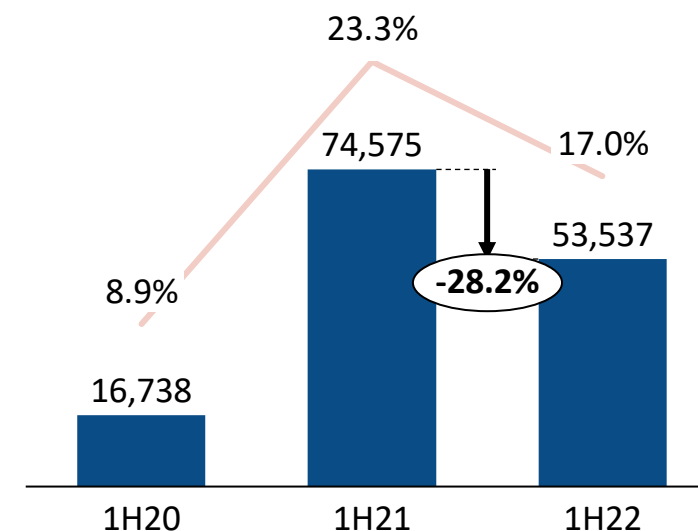
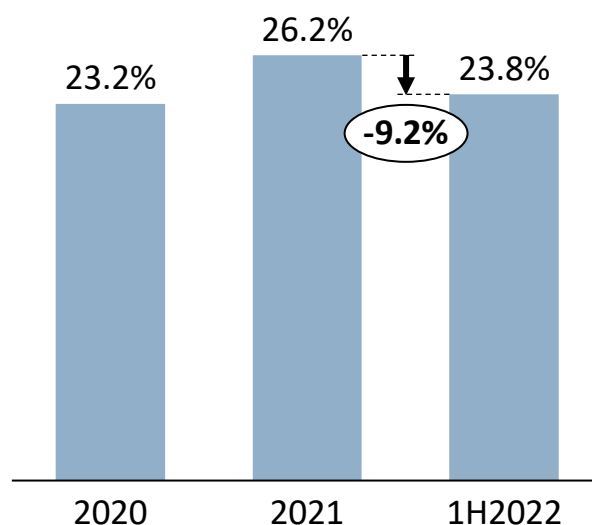
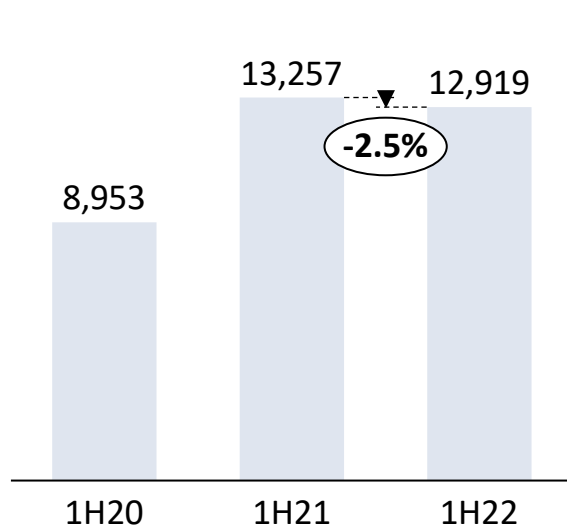
12,919

Capacity Utilization Rate

23.8%

Adjusted NPAT Margin

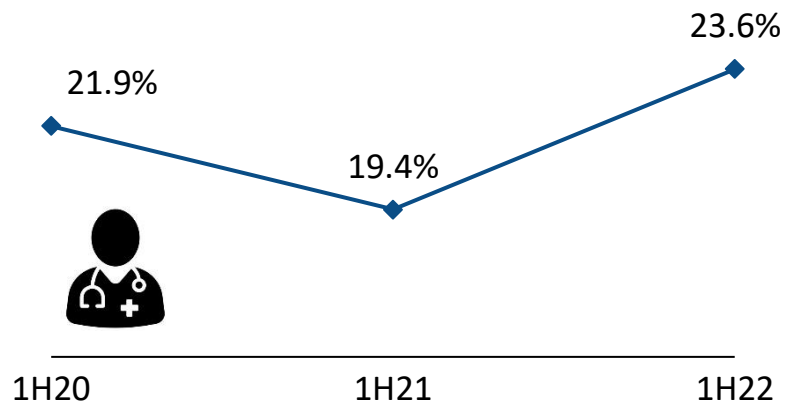
17.0%



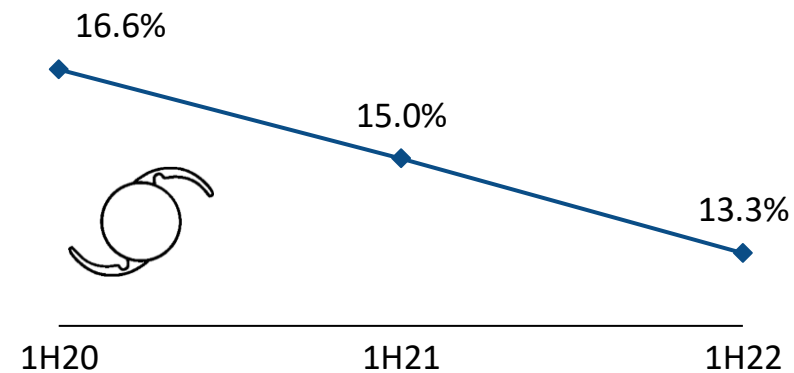
Note: EuroEyes capacity utilization rate measures the proportion of potential surgery appointments that is actually occupied by surgeries.

Cost of Sales Ratios Remains Low

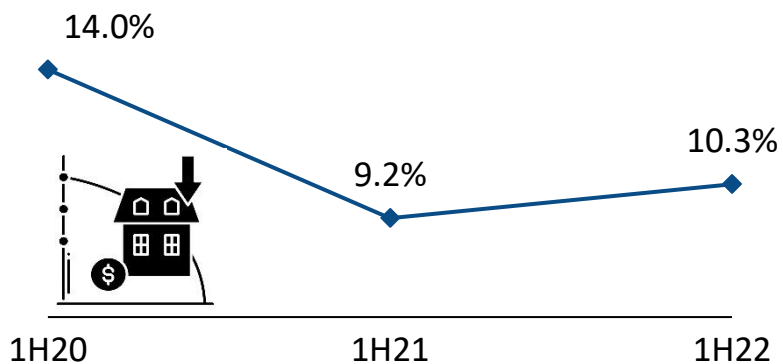
Salaries & Doctors' Fees



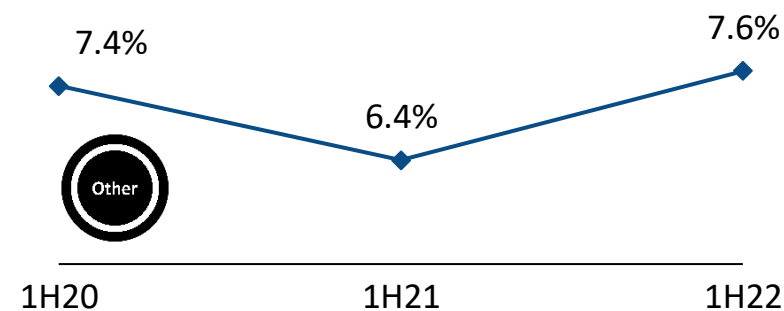
Raw Materials & Consumables



Depreciation

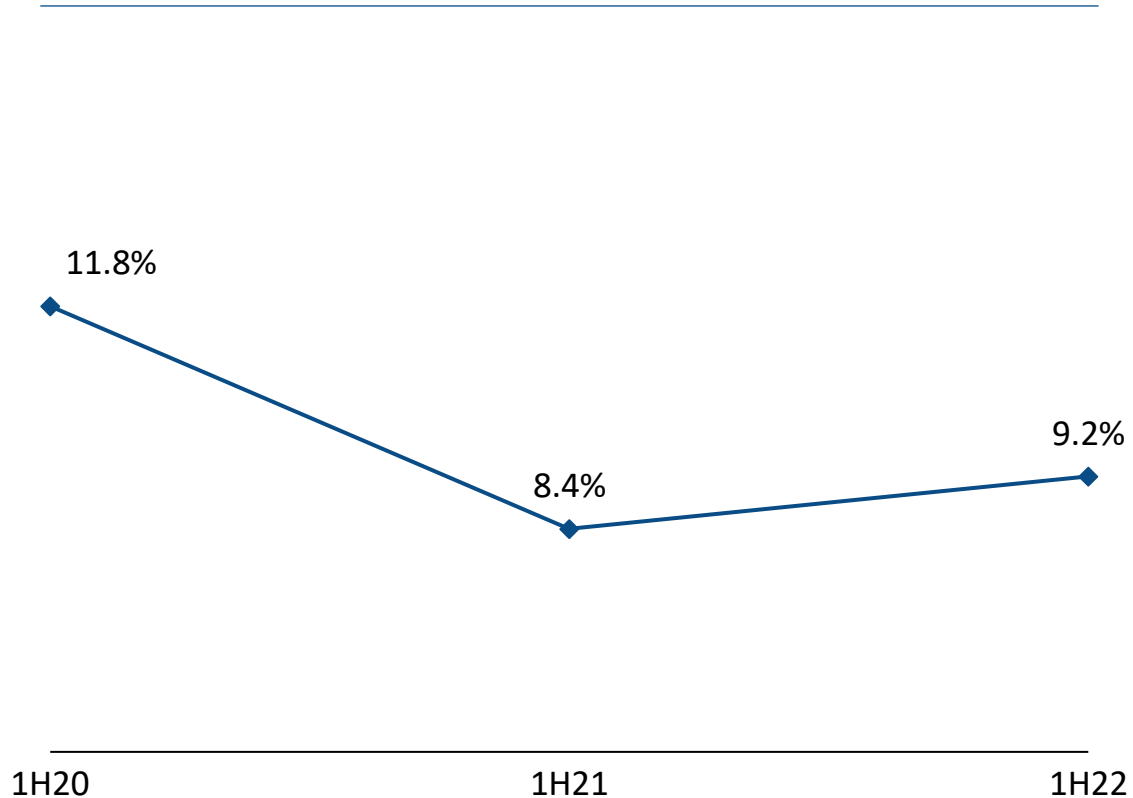


Others

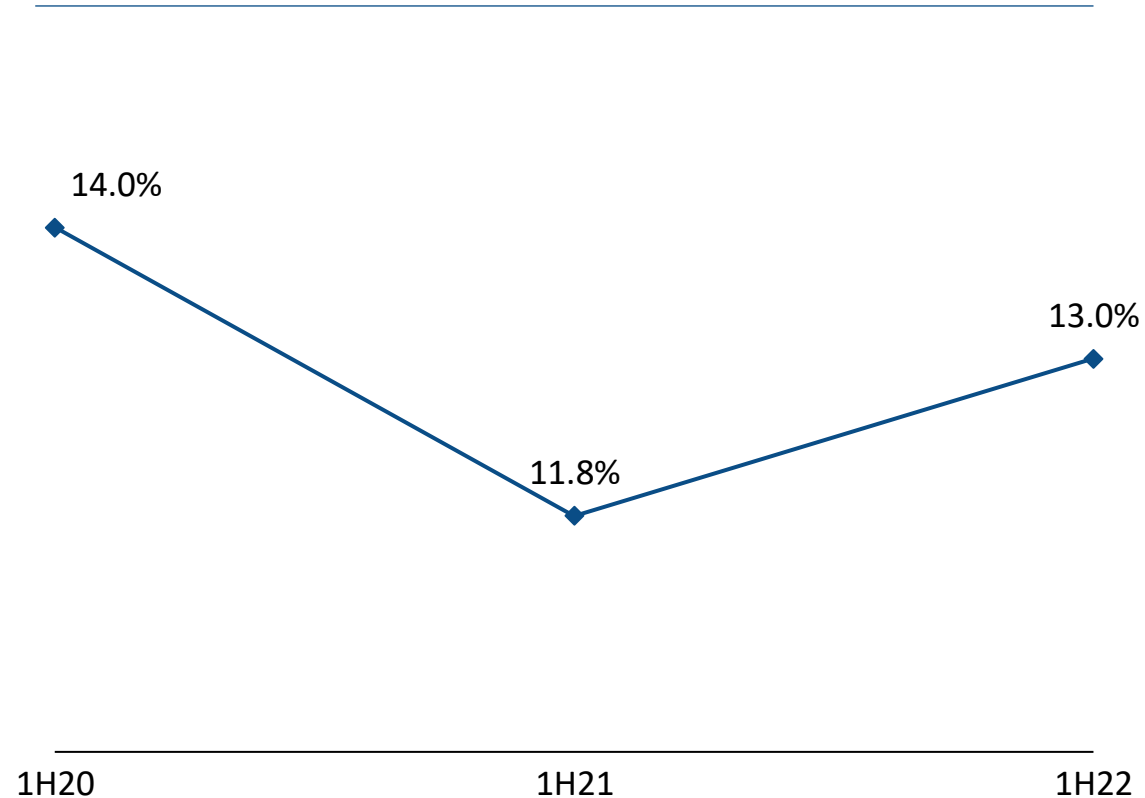


Effective Cost Control

Sales Expense Ratio



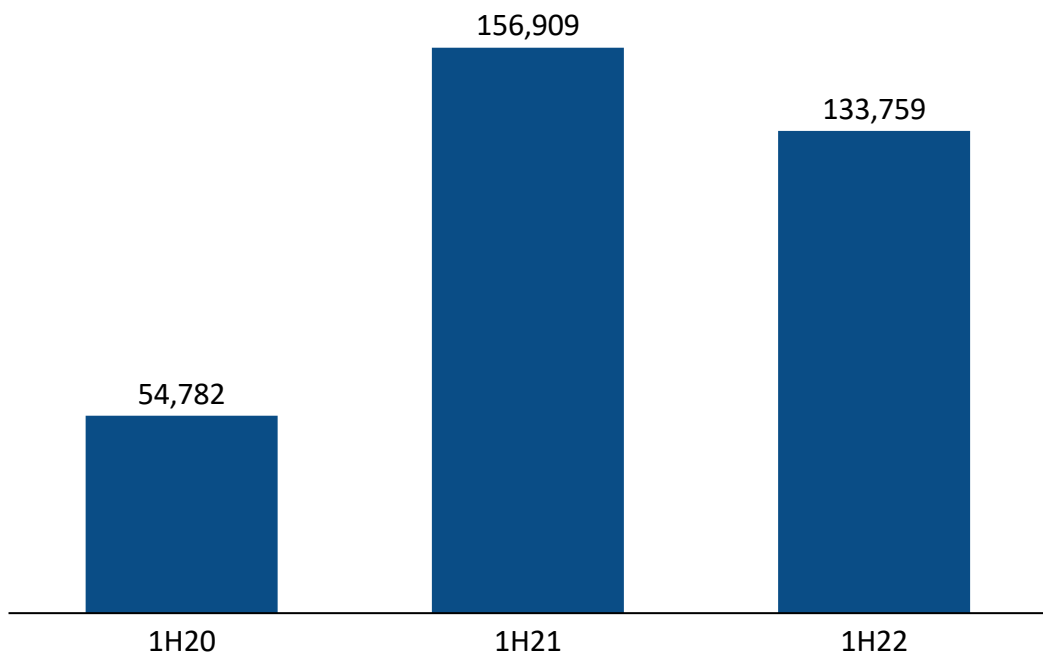
Administrative Expenses Ratio



Healthy Cash Flow Against Unfavorable Economic Environment

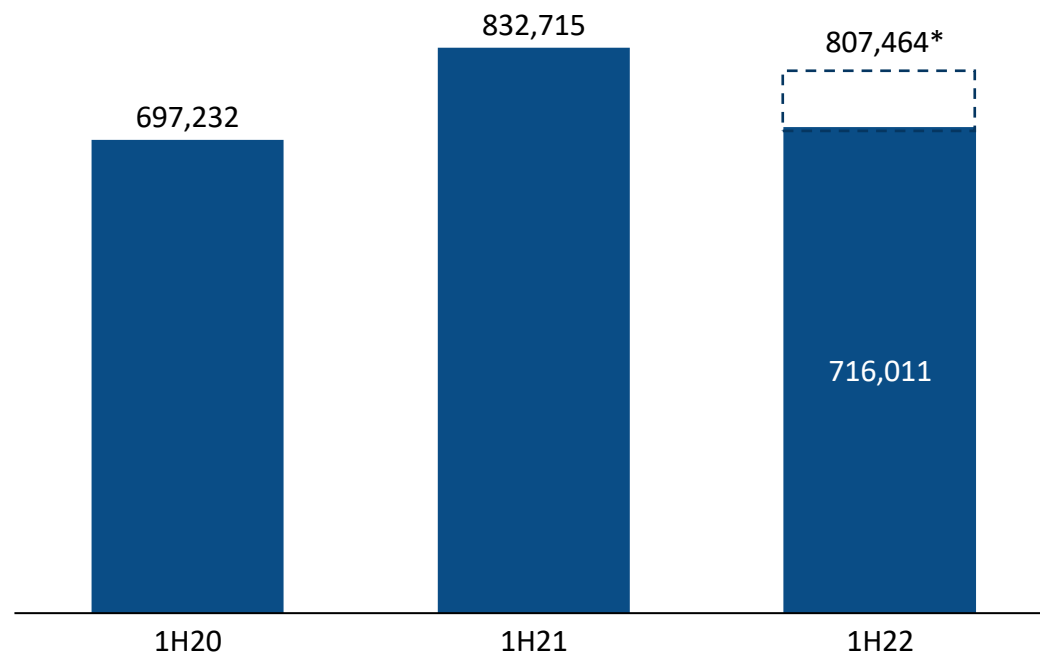
Operating Cash Flow

(in thousands of HKD)



Cash and Cash Equivalents

(in thousands of HKD)



*Including payment for LoVC purchase of HKD91,453

Key Take-Aways

1H2022 was hard



In 1H2022 we had strict COVID control measure in China

New Copenhagen clinic in Denmark delayed due to COVID

Unprecedented summer vacation interests

We are back on Pre-COVID level

back on track

Now we are back on pre-COVID level

COVID is not over -
but we learn to
live with it

Promising pipeline



New clinics in Copenhagen and Chengdu with promising start

New Knightsbridge clinic in the making

3 new clinics in Germany

China is back to pre-COVID levels

Expect to Rebound



Looking ahead,
We are confident in a
REBOUND
for a strong second half
of 2022



Thank You For Your Attention!

1H2022 Overview

Key Financial Data in 1H2022

	The Period ended 30 June					
	2022	2021	Change YoY	2022	2021	Change YoY
	HKD'000	HKD'000	%	EUR€'000	EUR€'000	%
Revenue	315,626	319,678	-1.3%	36,911	34,177	8.0%
Cost of Sales	(173,072)	(159,853)	8.3%	(20,240)	(17,090)	18.4%
Gross Profit	142,554	159,825	-10.8%	16,671	17,087	-2.4%
Gross Profit Margin (%)	45.2%	50.0%	-4.8 p.p	45.2%	50.0%	-4.8 p.p
Adjusted gross profit	144,279	163,367	-11.7%	16,866	17,471	-3.5%
Adjusted gross profit margin(%)	45.7%	51.1%	-5.4 p.p	45.7%	51.1%	-5.4 p.p
Net Profit After Tax	43,467	65,578	-33.7%	5,083	7,011	-27.5%
Net Profit Margin (%)	13.8%	20.5%	-6.7 p.p	13.8%	20.5%	-6.7 p.p
Adjusted net profit	53,537	74,575	-28.2%	6,251	7,981	-21.7%
Adjusted net profit margin(%)	17.0%	23.3%	-6.3 p.p	16.9%	23.4%	-6.5 p.p

Non-IFRS Adjustments

HK\$'000	The Period ended 30 June		The Year ended 31 December			
	2022	2021	2020	2019	2018	2017
Revenue	315,626	632,931	473,818	429,692	397,394	325,956
Reported gross profit	142,554	312,545	214,100	177,721	161,100	115,733
Adjustment – Share-based compensation expenses	1,178	4,848	-	-	-	-
- Pre-operating expenses	547	-	-	3,238	-	-
Adjusted gross profit	144,279	317,393	214,100	180,959	161,100	115,733
Adjusted gross profit margin (%)	45.7%	50.1%	45.2%	42.1%	40.5%	35.5%
Reported net profit/(loss)	43,467	132,384	64,073	(3,686)	39,692	75,544
Adjustment - listing expenses	-	-	-	42,219	11,193	-
- Share-based compensation expenses	1,707	11,325	-	-	-	-
- Pre-operating expenses	1,077	1,326	532	7,573	-	-
- Acquisition-related costs	3,293	-	-	-	-	-
- Loss on fair value change of contingent consideration payable	2,497	-	-	-	-	-
- Compensation for early termination of lease contract	-	-	-	-	-	(53,666)
- Foreign exchange loss/ (gain) related to the proceeds from global offering	1,496	(7,757)	6,009	4,177	-	-
Adjusted net profit	53,537	137,278	70,614	50,283	50,885	21,888
Adjusted net profit margin (%)	17.0%	21.7%	14.9%	11.7%	12.8%	6.7%