

# EuroEyes



## **EuroEyes International Eye Clinic Limited**

2022 Annual Results Presentation

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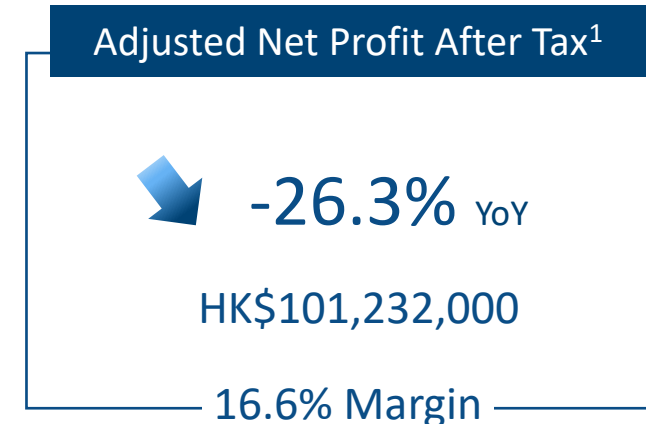
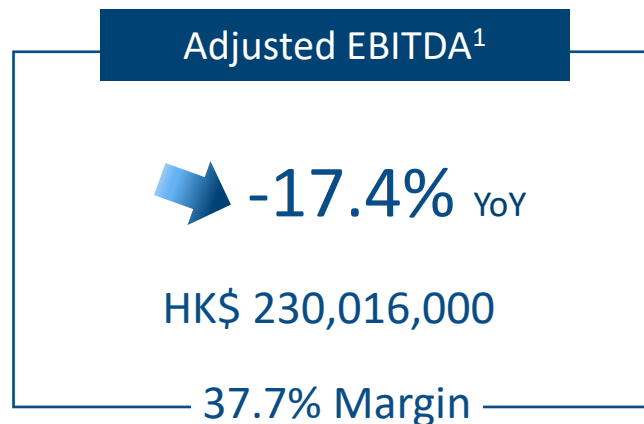
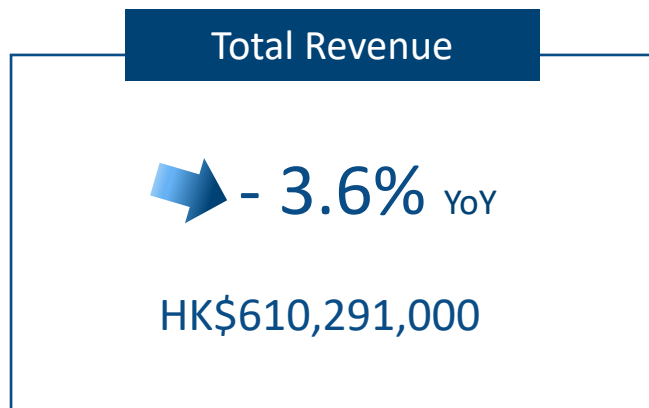
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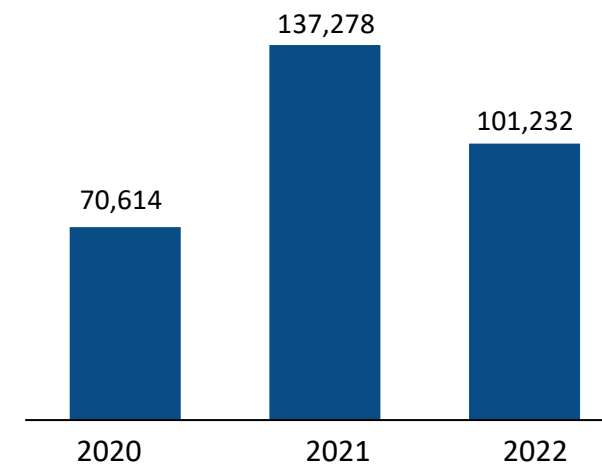
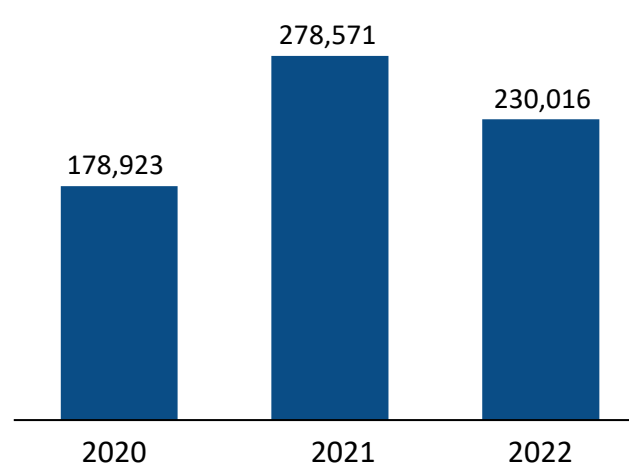
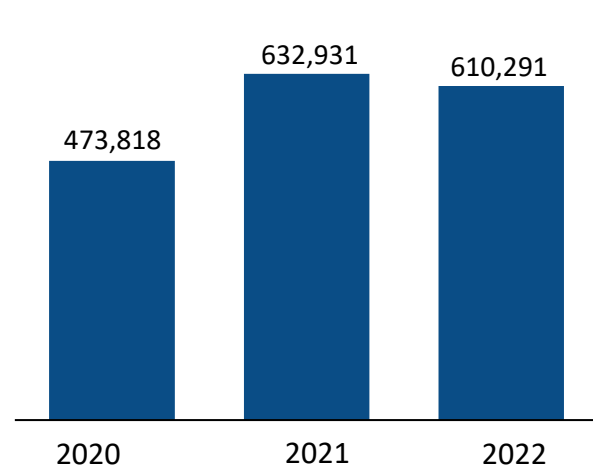
# EuroEyes

## 2022 Company Performance Overview

# 2022 – Clear Impact of COVID



(in thousands of HKD)



1. Adjusted EBITDA and 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

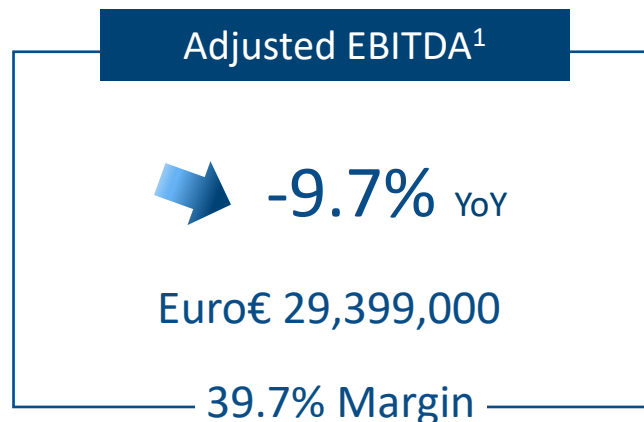
## Weak EUR to HKD currency

- The average exchange rate of **EUR** (our functional currency) to **HKD** (our reporting currency) during the year of 2022 declined **10.26%** compared to the corresponding period of 2021
- However, the unfavorable currency fluctuation has no operational effect

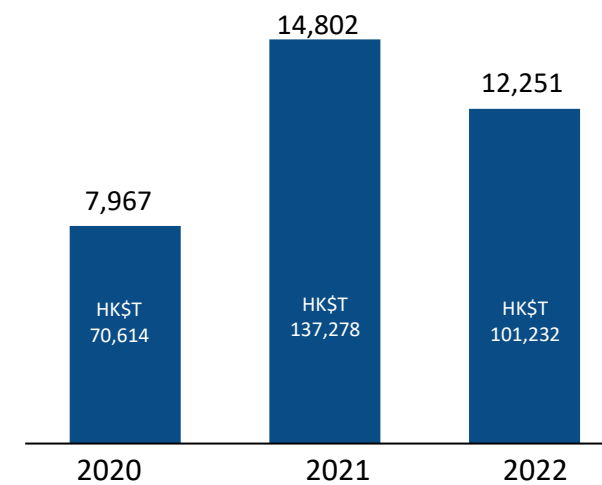
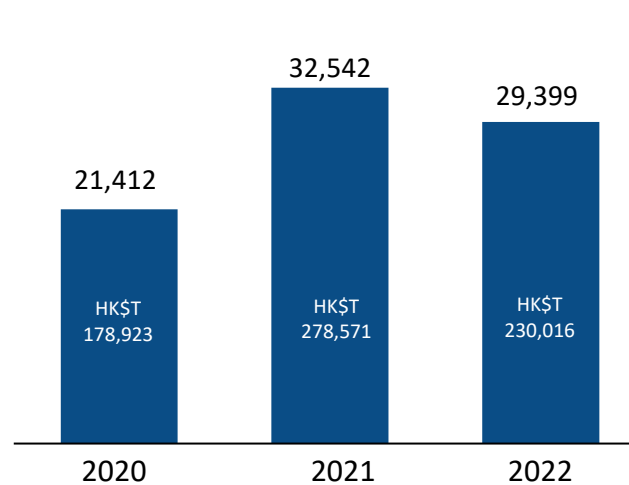
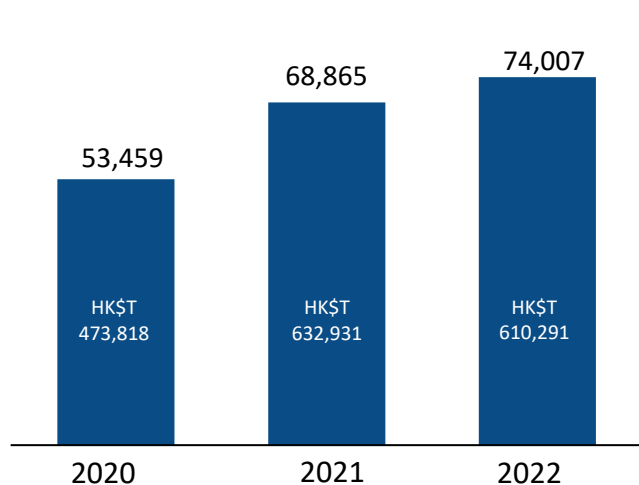
## EUR to HKD Exchange Rate



# 2022 – EUR-figures to show the core business results



(in thousands of Euro)



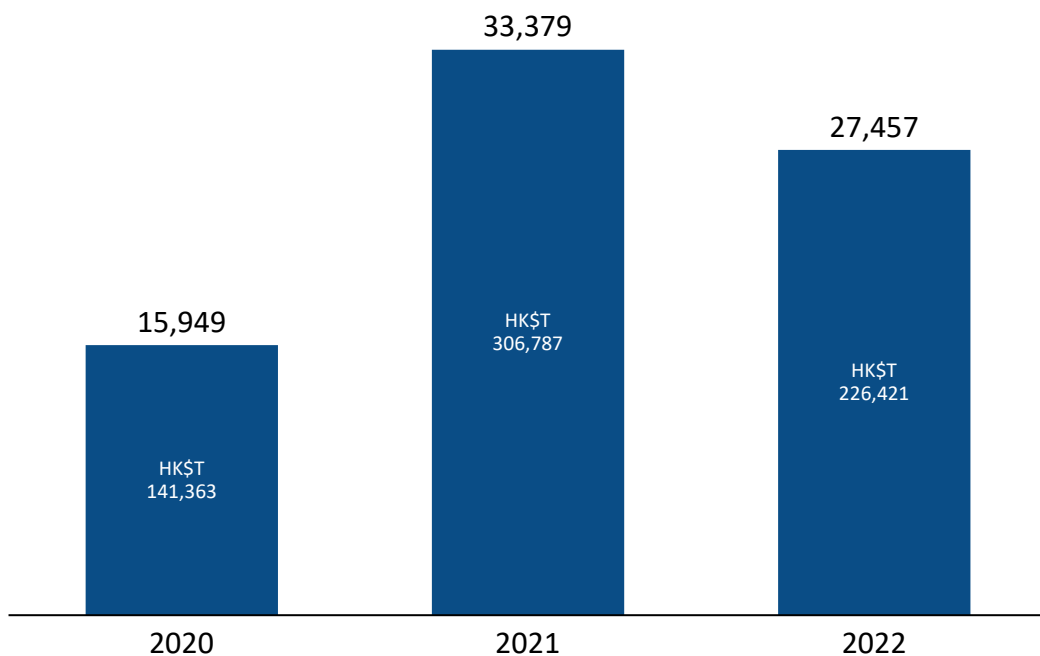
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# Healthy Cash Flow Against Unfavorable Economic Environment

- ❑ Strong cash flow pinpoints strengths of EuroEyes' business model
- ❑ Strong cash position without any bank debt gives us ample growth opportunities

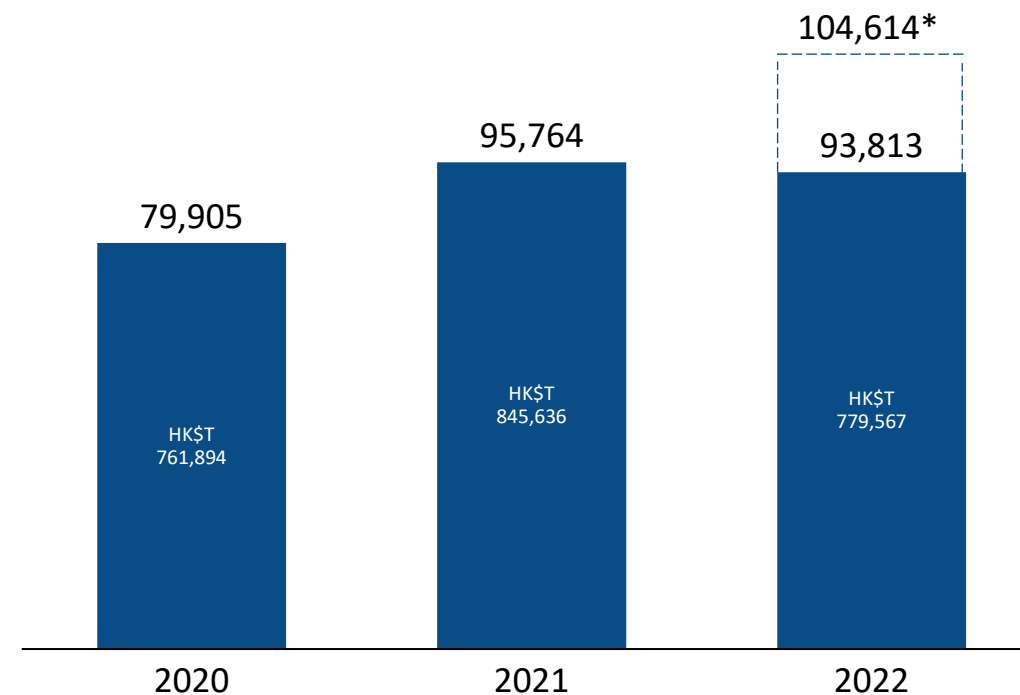
## Operating Cash Flow

(in thousands of EUR)



## Cash and Cash Equivalents

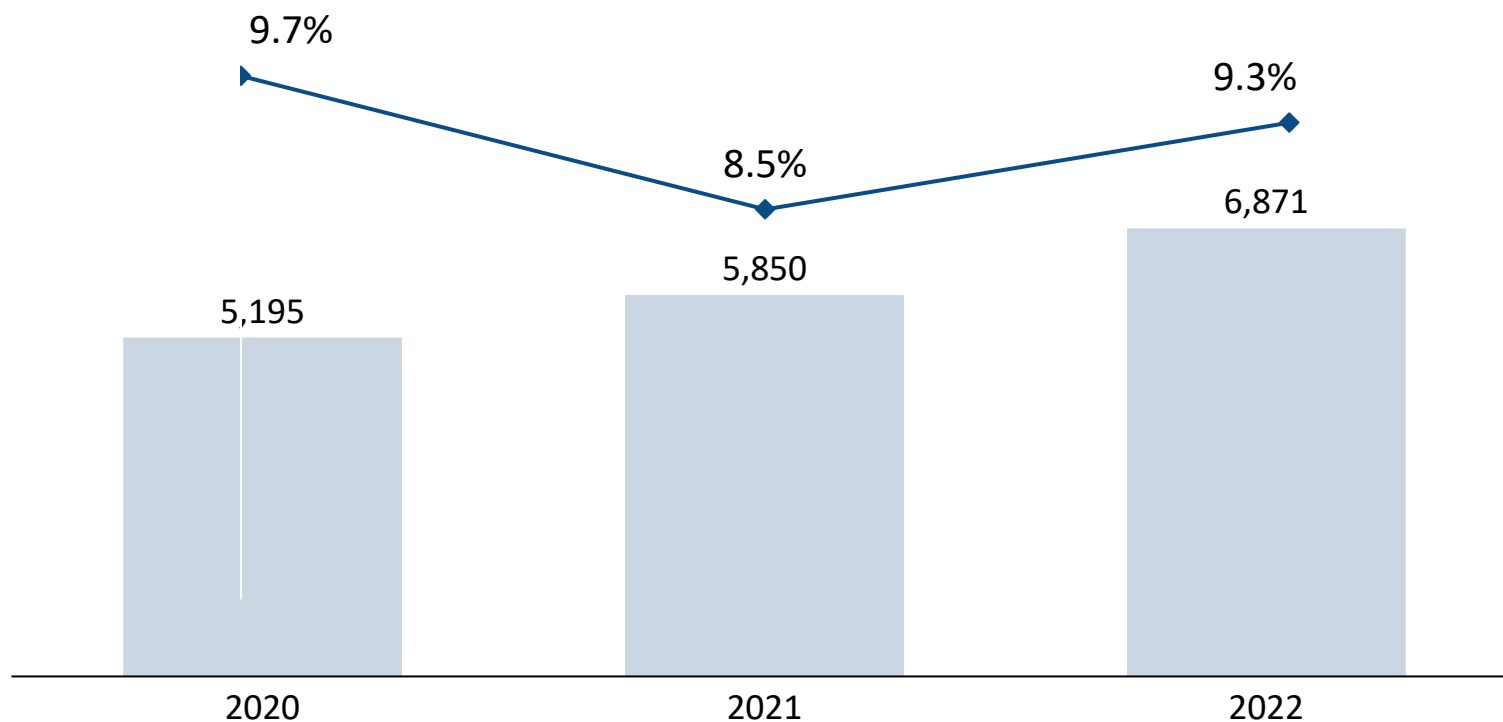
(in thousands of EUR)



\* Including payment for LoVC purchase of EUR10,802/HK\$91,451

# Low Sales Expense with Effective Word-of-Mouth Strategy

Sales Expense

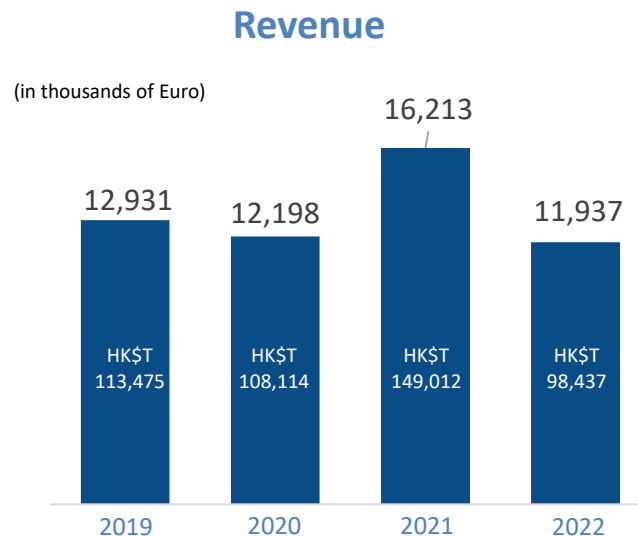


(in thousands of Euro)



# 2022 Overview – China Lockdown Impact

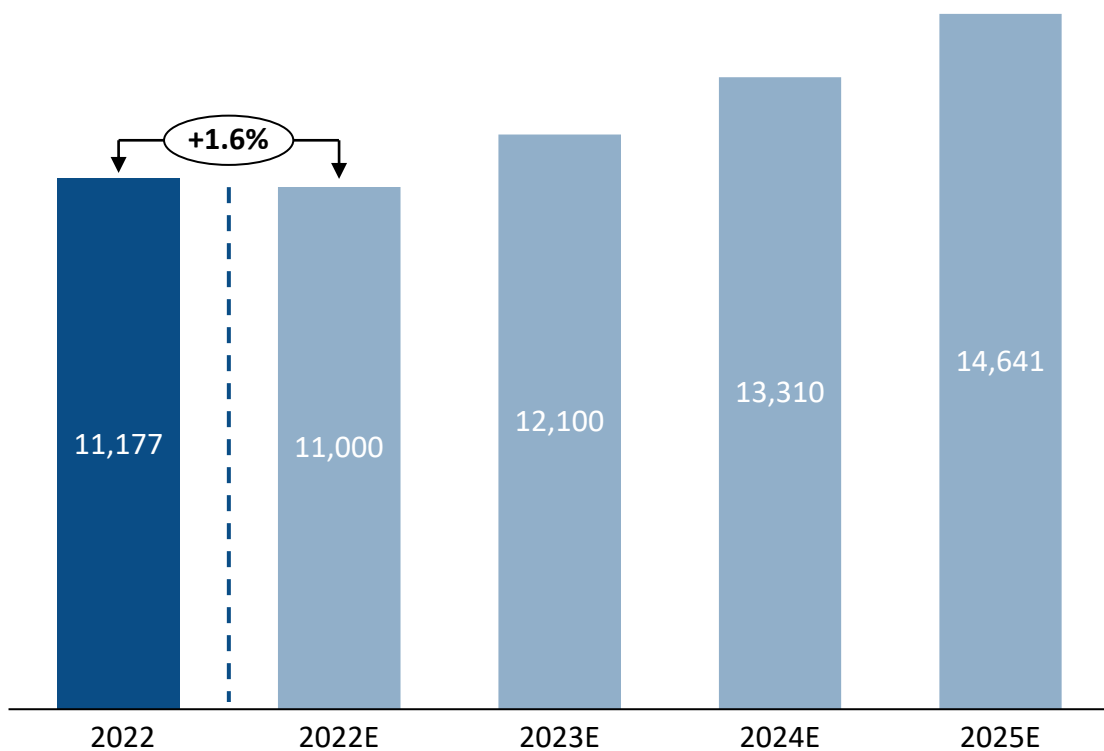
- ❑ More than 70 cities have been placed under **full or partial lockdowns**
- ❑ Painful two-month lockdown in Shanghai and closure of Beijing
- ❑ EuroEyes has maintained **full salaries, avoided workforce cuts and provided employees' support** throughout 2022 in China, reflecting our caring and empathetic values in talent retention and teamwork.
- ❑ Since late November, “infection tsunami” sweeping China after a sudden shift from COVID zero policy, causing widespread business disruption
- ❑ Multiple outbreaks and policy change have brought upon negative impact on our operations in China
- ❑ **OUTLOOK: Boost in surgeries** with an expected increase in surgery numbers of 30% in Q1/2023



# 2022 Overview – Newly Acquired LoVC Outperformed Expectations

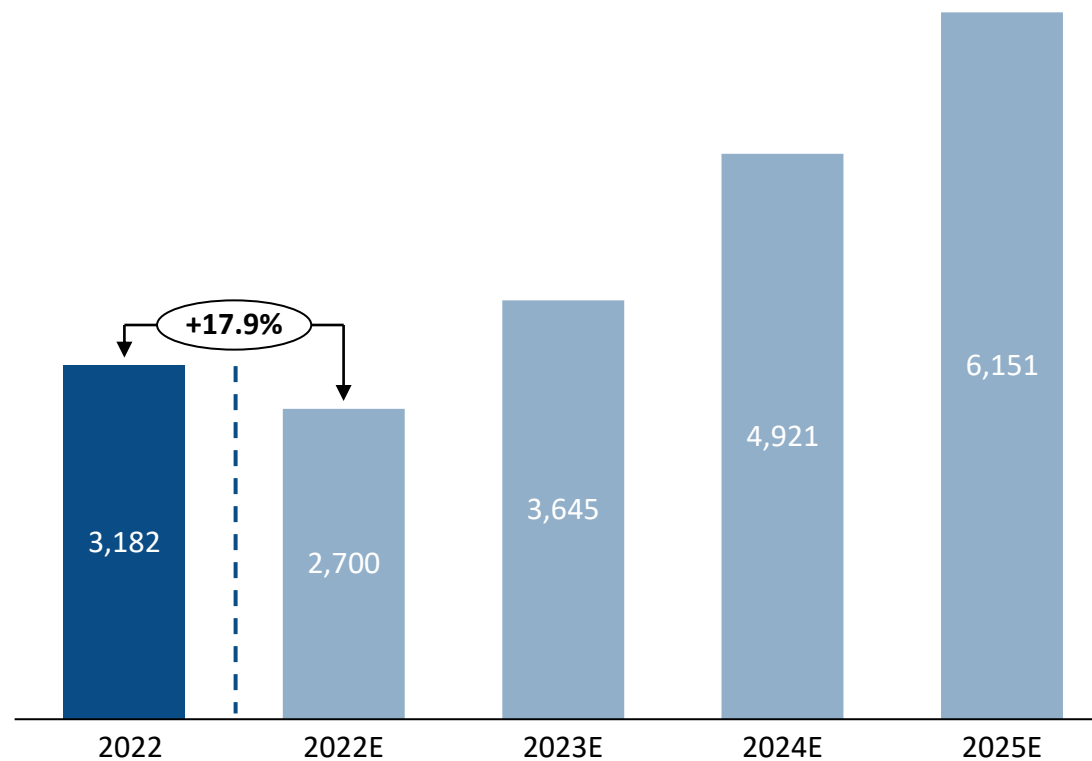
## Revenue Target

(in thousands of GBP)



## EBIT Target

(in thousands of GBP)

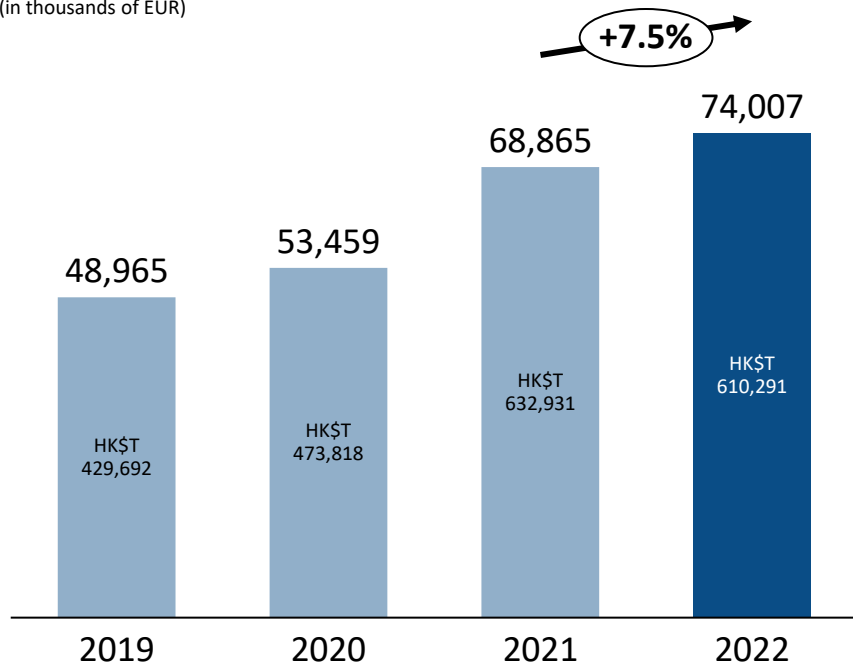


## 2022 Overview – Quick Recovery Expected

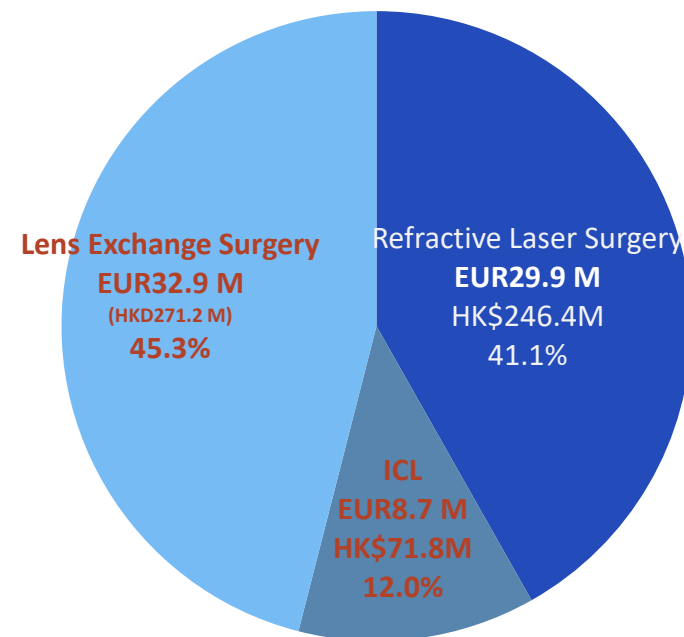
- ❑ Despite the continued operational headwind induced by the pandemic, EuroEyes is confident that its business model and adaptability will help to quickly recover from the unfavorable environment.
- ❑ EuroEyes' customers, mostly aged 40+, with more disposable income, are less influenced by inflation and economic turmoil
- ❑ The Group is **gradually back on track** and **rising above the pre-COVID levels**.

### Total Revenue

(in thousands of EUR)



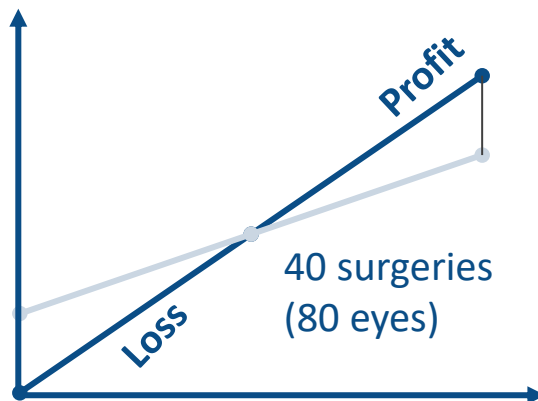
### Total Revenue by Surgery Type



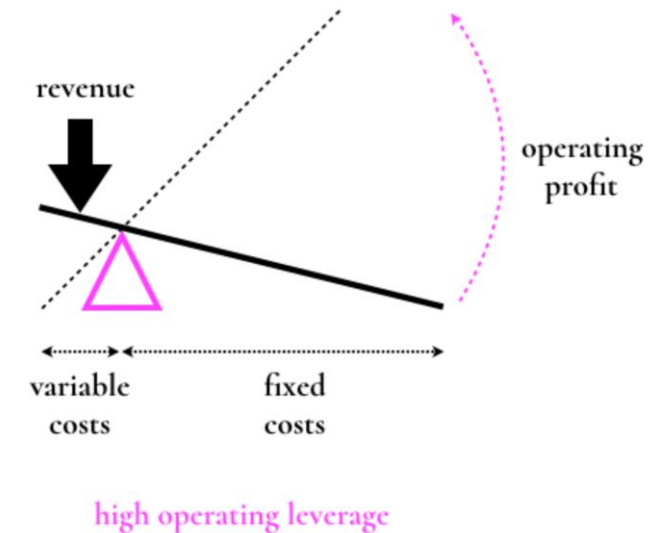
# 2022 Overview – A Leading Brand Focused on Surgeries

- ❑ EuroEyes stands out in the industry as a **surgery-focused** company, lens surgeries accounting for 57.3% of the total revenue while laser surgeries 41.1%
- ❑ Once break-even point reached, **every additional surgery is contributing to the KPIs** with more than 70-80% because of the low variable cost.

## Break Even Analysis (each clinic per month)



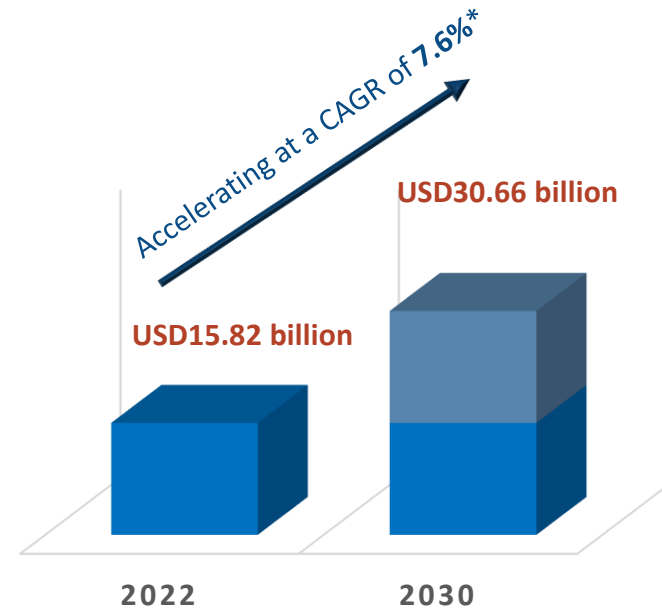
## Ideal combination for Profitability



# 2022 Overview – Bright Market Outlook

- ❑ Market for Myopia and Presbyopia will grow with a CAGR of 7.6%

## High-growth Global Myopia & Presbyopia Treatment Market



\*According to the forecast in Research and Markets reports

## Patient Payment Method - Focus on Consumer Market

90% of EuroEyes' revenue comes from patients' **out of pocket payment**, therefore, EuroEyes is **barely affected** by change of government insurance policy.



# EuroEyes

## **EuroEyes 2025 – Strategy Update**

# New Clinic Pipeline

City	Country/ Region	Site selection	Lease contract signing	Design confirmation	Construction	Trail operation
Chengdu		Clinic				March 2022
Copenhagen		Flagship Clinic				March 2022
Hong Kong		Russell Street Clinic				2H / 2023
London		Knightsbridge Clinic				Q2 / 2023
Kiel		Clinic				Q2 / 2023
Wiesbaden		Clinic				Q2 / 2023
Shanghai		Consultation Centre				
Beijing		Consultation Centre				
Clinic		Consultation Centre	Expected Time			





# EuroEyes Expands UK Presence with New Flagship Clinic in Knightsbridge

## Second London Clinic

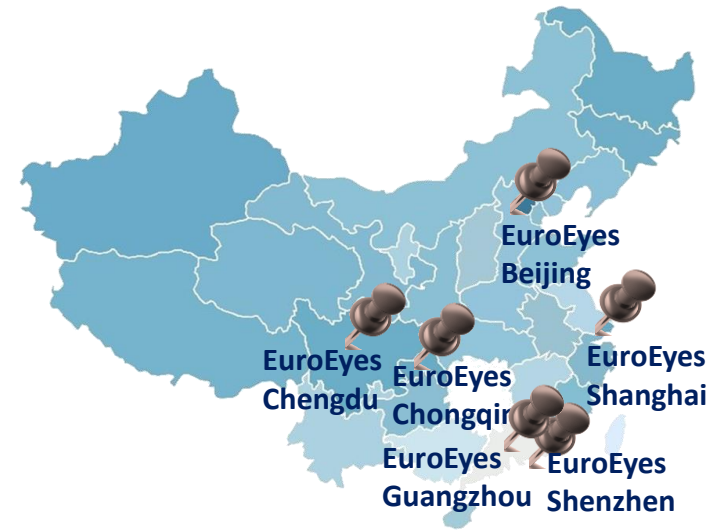
- Expected to open in June 2023
- Leading luxury department store Harrods with affluent customers only 100m away
- High frequency of pedestrians and cars
- More than 60% foreign inhabitants (especially Arabs, Asians and Russian)



# China's Recovery in 2023

## China's recovery off to a strong start in 2023

- Two clinics opened during the Pandemic
- No layoffs during pandemic for two new clinics in 2022
- Boost in surgeries with an expected increase in surgery numbers of 30%
- Consolidate existing resources in four mainland cities, improve capacity utilization to drive profitability

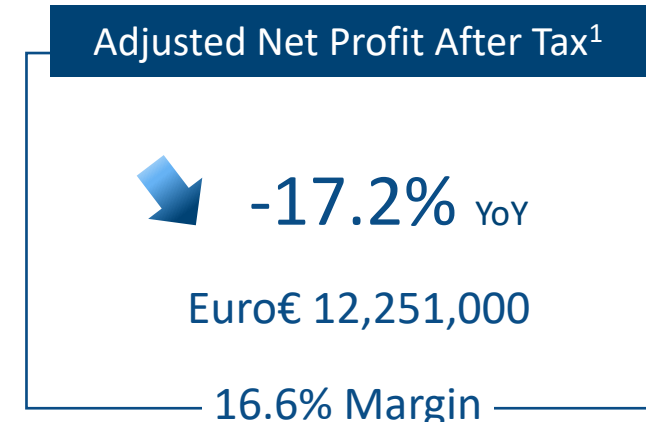


# EuroEyes

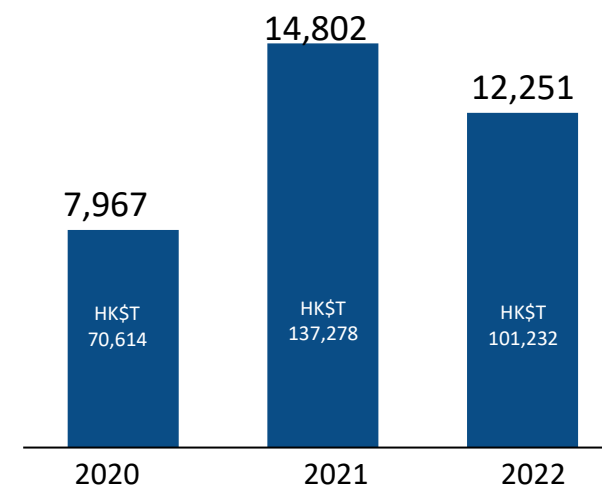
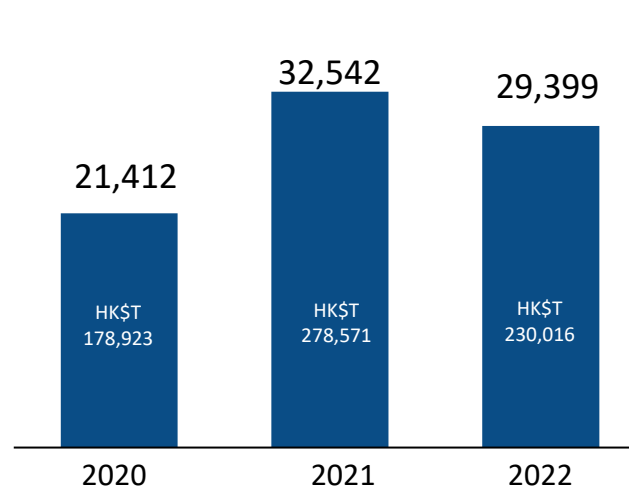
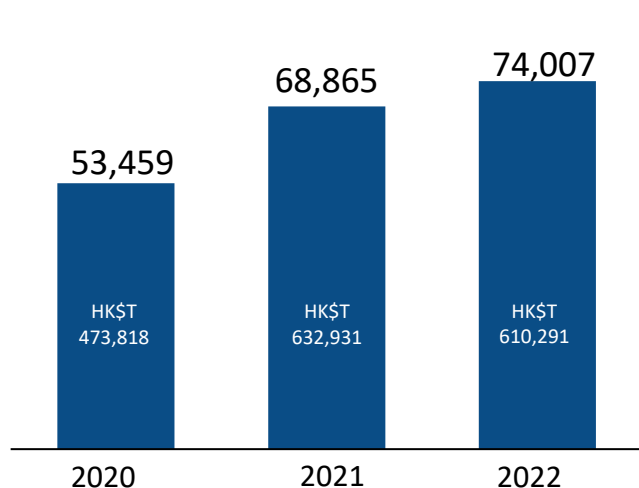
## 2022 Financial Overview



# 2022 – EUR-figures to show the core business results



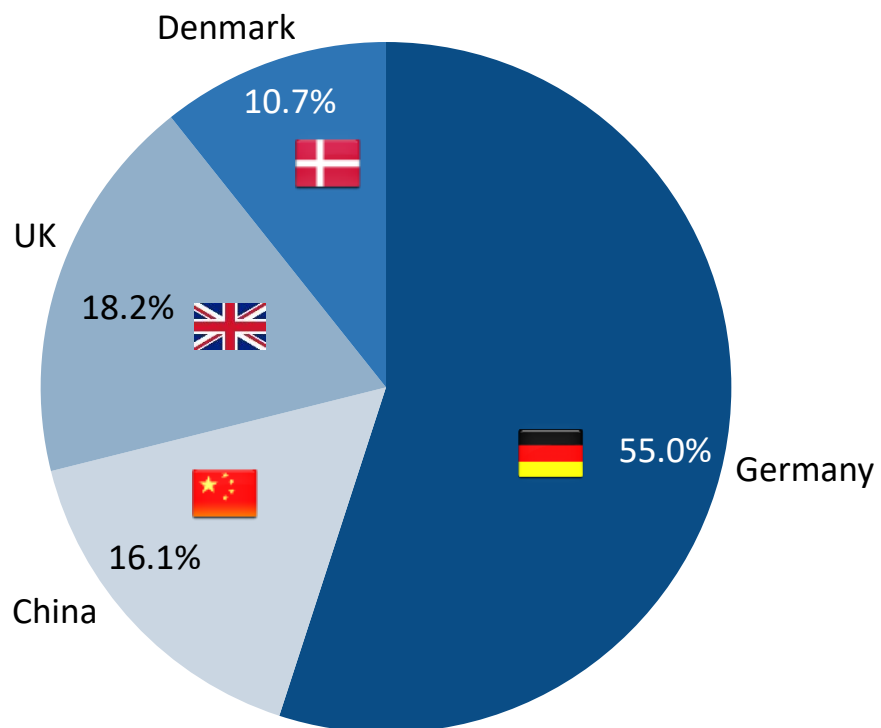
(in thousands of Euro)



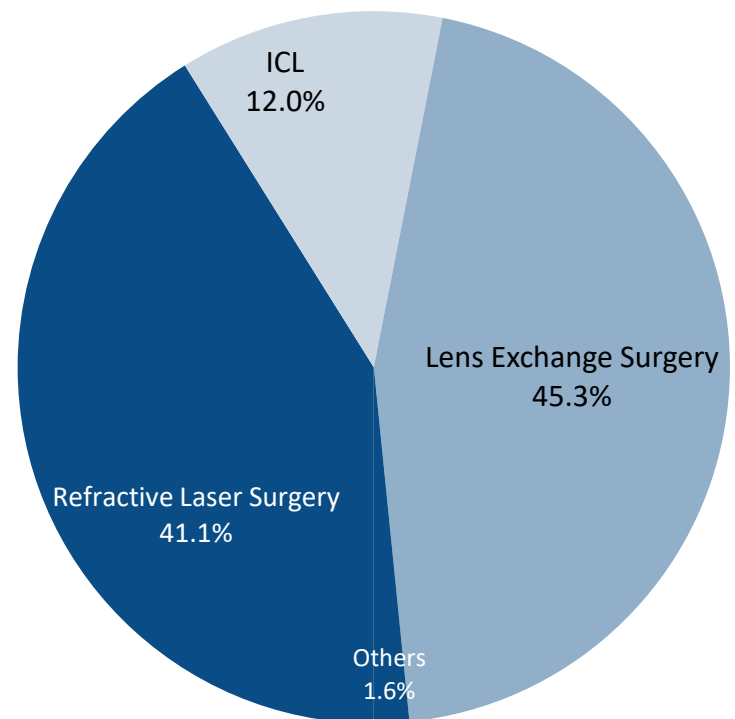
1. Adjusted EBITDA and Adjusted net profit after tax for the period is derived from 1) adding pre-operating expenses for new clinics, 2) foreign exchange loss in relation to the proceeds from the global offering, 3) share-based compensation expenses, 4) acquisition-related costs, and 5) loss on fair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

# LoVC contributes with 18% to the total revenue

## Group Revenue Distribution 2022



## Revenue by Type of Surgery 2022

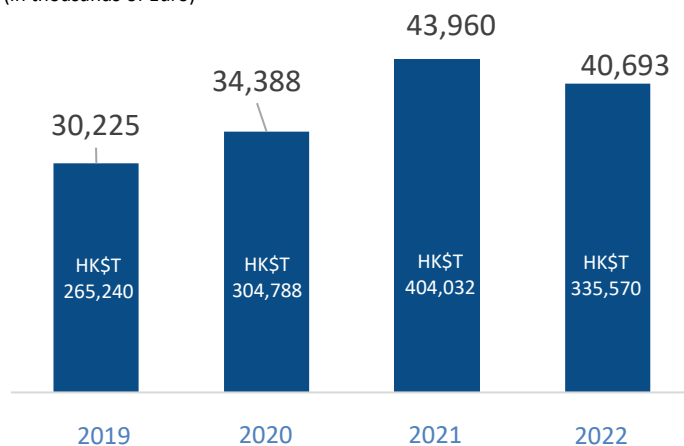


# Revenue Country-by-Country



## Revenue in Germany

(in thousands of Euro)

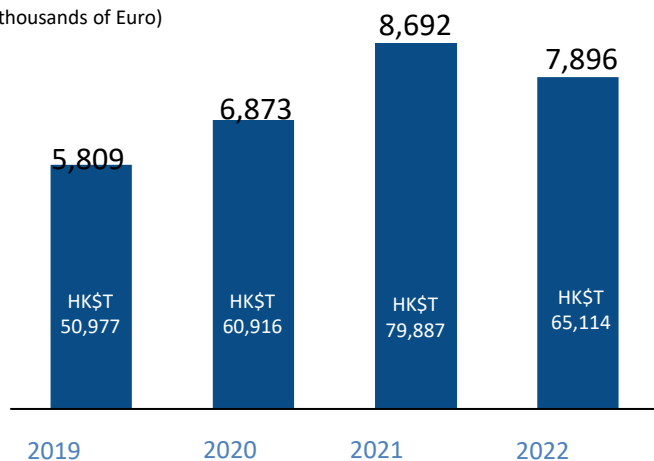


(in thousands of HKD)



## Revenue in Denmark

(in thousands of Euro)

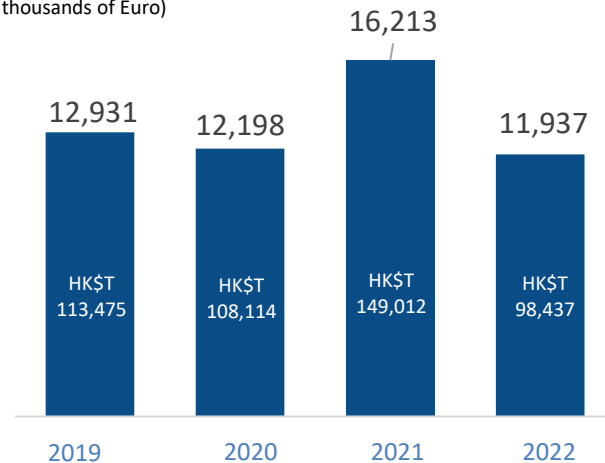


(in thousands of HKD)



## Revenue in the PRC

(in thousands of Euro)

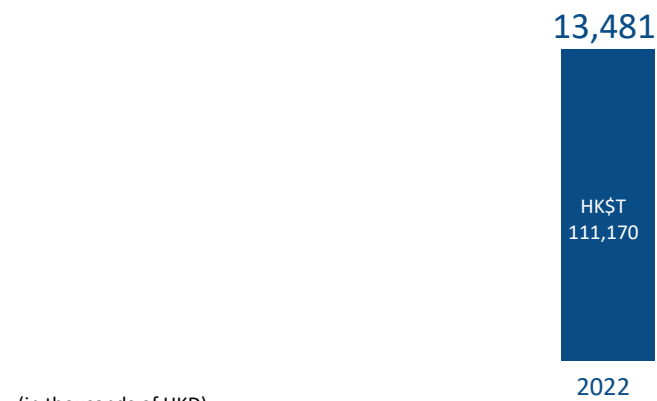


(in thousands of HKD)



## Revenue in the UK

(in thousands of Euro)



(in thousands of HKD)

# Bringing Up Existing Clinics Capacity Utilization to Capture Considerable Market Opportunities Globally

Number of Surgery

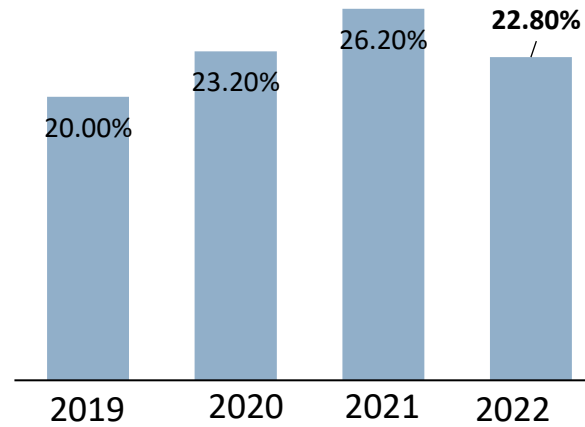
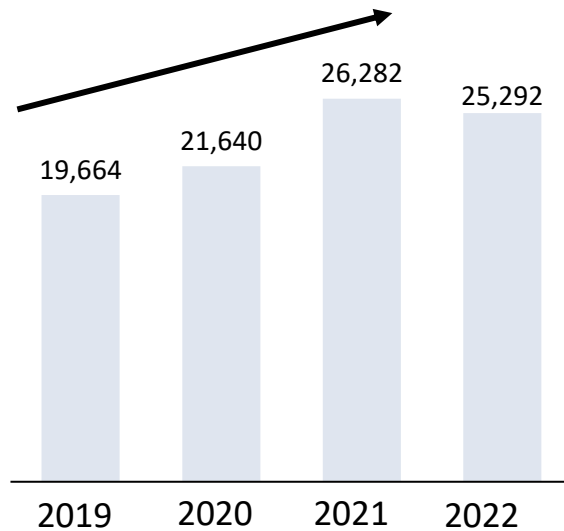
**25,292**

Capacity Utilization Rate

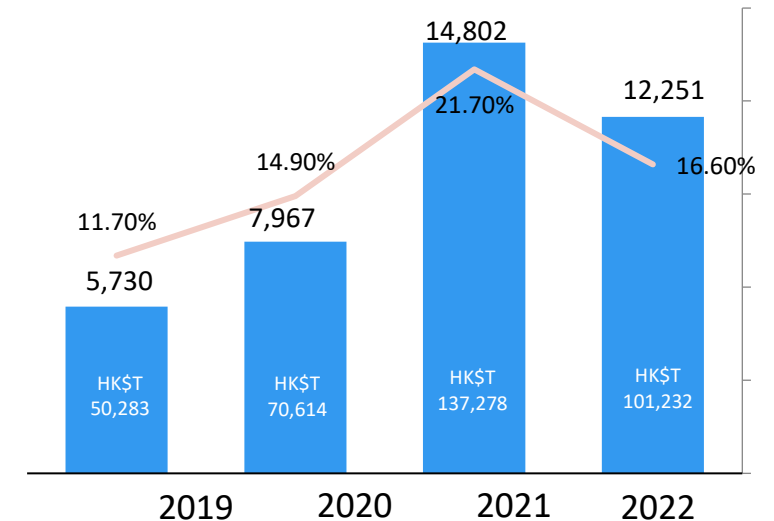
**22.8%**

Adjusted NPAT Margin

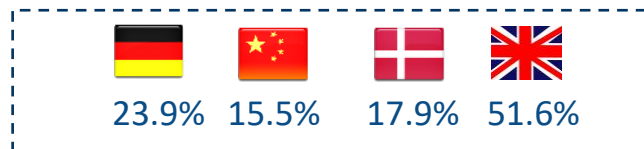
**16.6%**



(in thousands of Euro)



(in thousands of HKD)

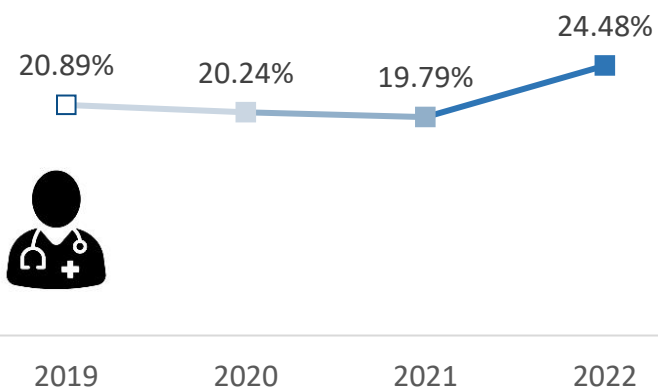


EuroEyes capacity utilization rate measures the proportion of potential surgery appointments that is actually occupied by surgeries.

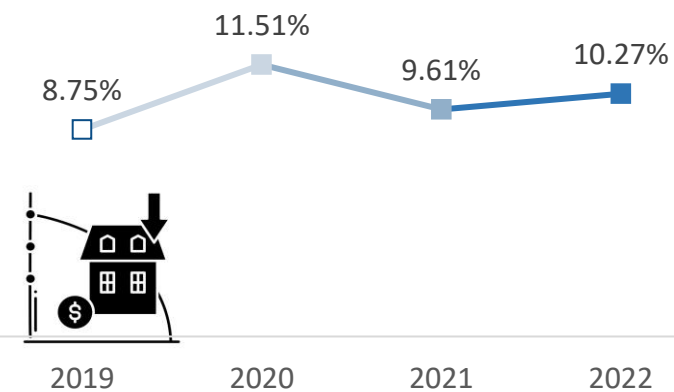


# Cost of Sales Ratios Remain Low

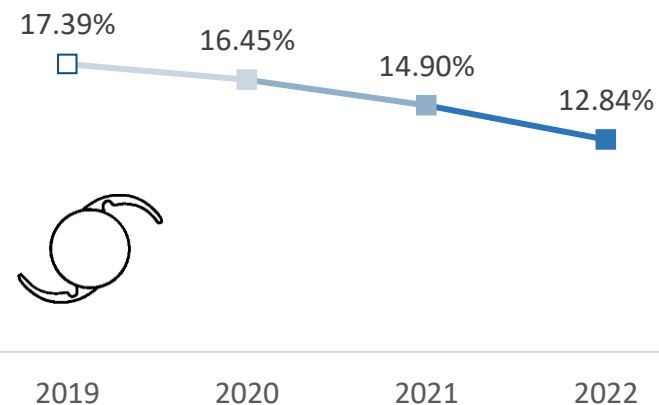
## Salaries & Doctor's Fees



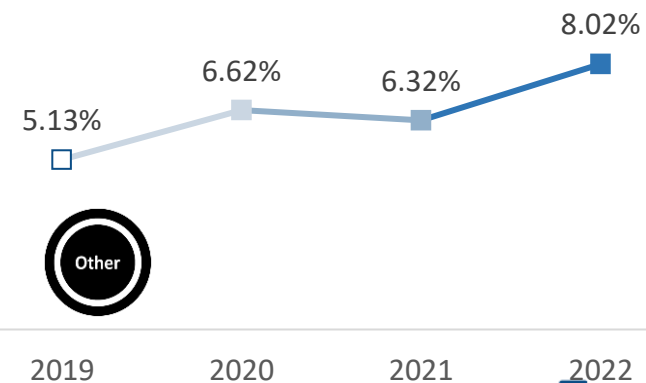
## Depreciation



## Raw Materials & Consumables

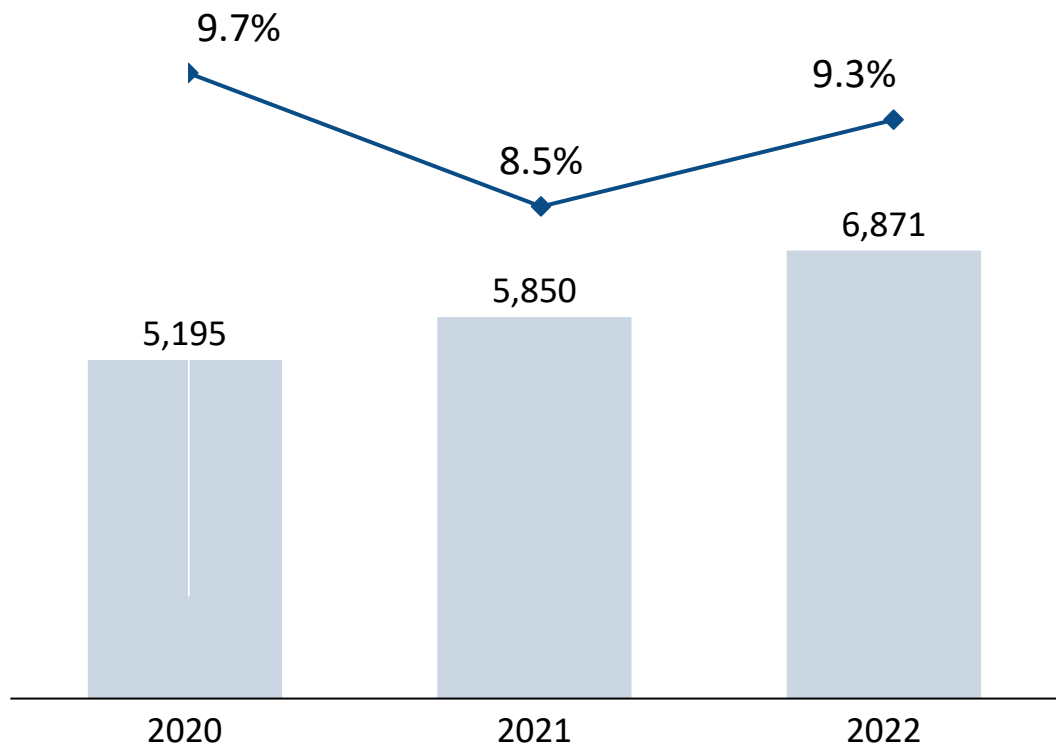


## Others



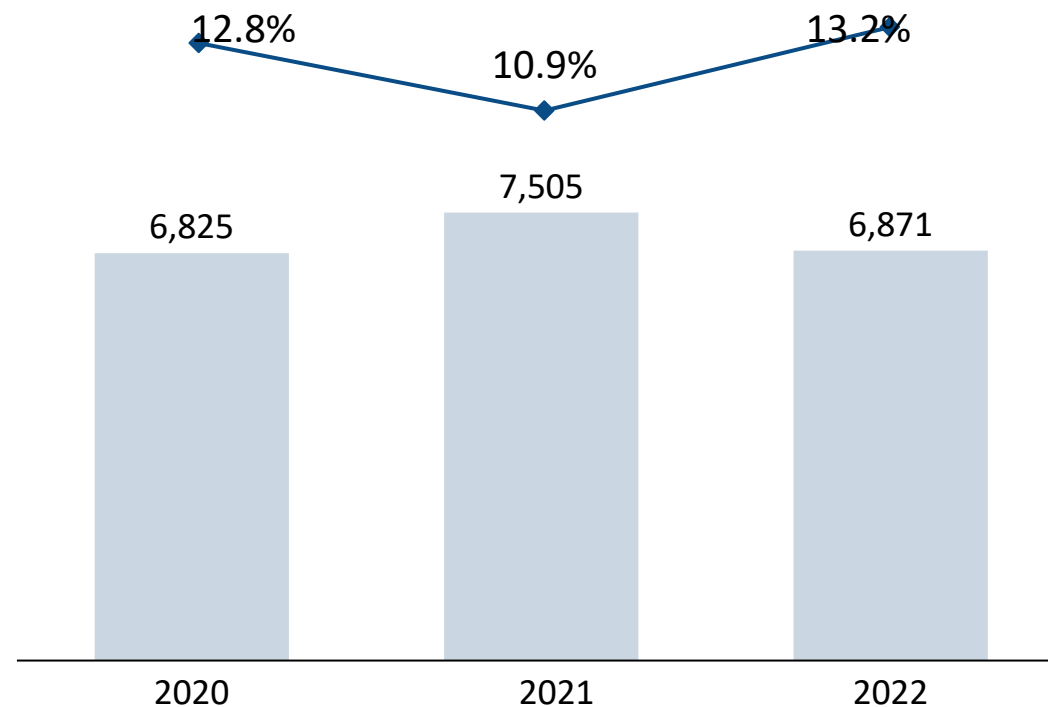
# Low Sales Expense with Effective Word-of-Mouth Strategy

### Sales Expense



(in thousands of Euro)

### Administrative Expenses Ratio



(in thousands of Euro)

# Key Take-Aways

## Strong Headwind in 2022



COVID control measures in PRC

Ukraine Crisis

inflation

consumer sentiment

## Resilient Business Model



Surgery focus

Early break-even

Strong EBITDA

Word-of-Mouth marketing

## Promising pipeline



Hong Kong flagship clinic

Knightsbridge clinic under construction

2 new clinics in Germany

M&A to support growth

## Rebound expected



Strong start in China

Confident that Revenue and financial KPI's will improve strongly



***Thank You For Your Attention!***

# Key Financial Data in 2022

	The Year ended 31 December				
	2022	2021	2020	2019	Change YoY
	HKD'000	HKD'000	HKD'000	HKD'000	%
<b>Revenue</b>	<b>610,291</b>	632,931	473,818	429,692	-3.6%
<b>Cost of Sales</b>	<b>(339,447)</b>	(320,386)	(259,718)	(251,971)	5.9%
<b>Gross Profit</b>	<b>270,844</b>	312,545	214,100	177,721	-13.3%
<b>Gross Profit Margin (%)</b>	<b>44.4%</b>	49.4%	45.2%	41.4%	-5.0 p.p
<b>Adjusted gross profit</b>	<b>275,595</b>	317,393	214,100	180,959	-13.2%
<b>Adjusted gross profit margin(%)</b>	<b>45.2%</b>	50.1%	45.2%	42.1%	-4.9 p.p
<b>Net Profit After Tax</b>	<b>83,518</b>	132,384	64,073	(-3,686)	-36.9%
<b>Net Profit Margin (%)</b>	<b>13.7%</b>	20.9%	13.5%	(0.9)%	-7.2 p.p
<b>Adjusted net profit</b>	<b>101,232</b>	137,278	70,614	50,283	-26.3%
<b>Adjusted net profit margin(%)</b>	<b>16.6%</b>	21.7%	14.9%	11.7%	-5.1 p.p

# Non-IFRS Adjustments

	The Year ended 31 December						
	2022	2021	2020	2019	2018	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	610,291	632,931	473,818	429,692	397,394	325,956	260,943
Reported gross profit	270,844	312,545	214,100	177,721	161,100	115,733	85,119
Adjustment – Share-based compensation expenses	1,765	4,848	-	-	-	-	-
Adjustment – pre-operating expenses	2,986	-	-	3,238	-	-	-
Adjusted gross profit	275,595	317,393	214,100	180,959	161,100	115,733	85,119
Adjusted gross profit margin (%)	45.2%	50.1%	45.2%	42.1%	40.5%	35.5%	32.6%
Reported net profit/(loss)	83,518	132,384	64,073	(3,686)	39,692	75,544	16,643
Adjustment – listing expenses	-	-	-	42,219	11,193	-	-
Share-based compensation expenses	2,682	11,325	-	-	-	-	-
Adjustment – pre-operating expenses	5,779	1,326	532	7,573	-	-	-
Adjustment – Compensation from landlord for early termination of lease contract in Hamburg	-	-	-	-	-	(53,666)	-
Acquisition-related costs	3,176	-	-	-	-	-	-
Loss on fair value change of contingent consideration payable	4,849	-	-	-	-	-	-
Foreign exchange loss in relation to the proceeds from global offering	1,228	(7,757)	6,009	4,177	-	-	-
Adjusted net profit	101,232	137,278	70,614	50,283	50,885	21,888	16,643
Adjusted net profit margin (%)	16.6%	21.7%	14.9%	11.7%	12.8%	6.7%	6.4%