

EuroEyes International Eye Clinic Limited

Stock code: 1846.hk

2023 Annual Results Presentation



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EuroEyes

FY2023 Results Highlights



FY2023 Another Record-Setting Year

Record High
Revenue

Record High
Adjusted
EBITDA^{1, 3}

Record High
Adjusted Net
Profit^{1, 2, 3}

Total Revenue³

HK\$733.8mn

↑ 20% YoY

Adjusted EBITDA^{1, 3}

HK\$302.4mn

↑ 31% YoY

41% Adjusted EBITDA^{1, 3} Margin

Adjusted Net Profit^{1, 2, 3}

HK\$152.0mn

↑ 50% YoY

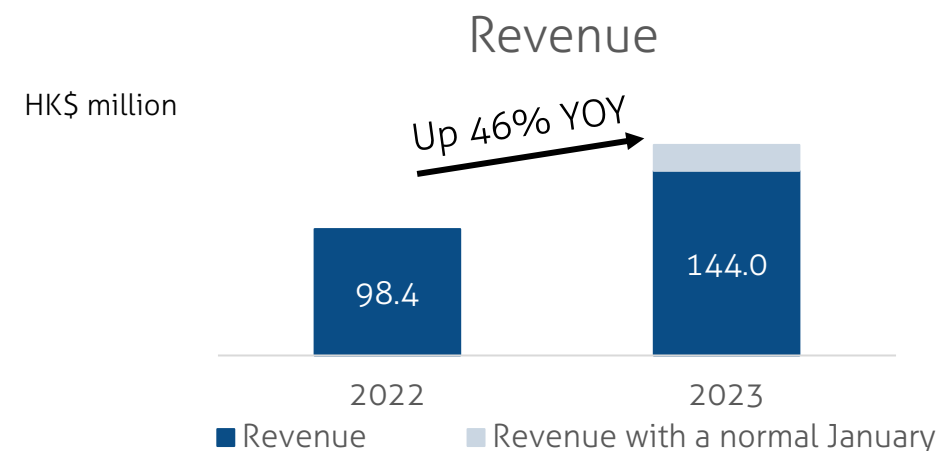
21% Net Profit^{1, 2, 3} Margin

¹Adjusted 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) (gain)/loss on fair value change of contingent consideration payable

²Net profit refers to net profit after tax

³FreeVis being consolidated to EuroEyes starting from August. But here we included 12-month FreeVis financial figures for reference

Greater China: Strong Rebound in 2023 Despite Difficult Environment



Dr Joergensen was with his renowned patients after surgery

Network covering 8 tier one cities in China. No plan to explore new cities at the moment.

Focus on current cities

Two new consultation centers to be set up in Beijing and Shanghai to further increase utilization rate in the country.

Increase utilization rate

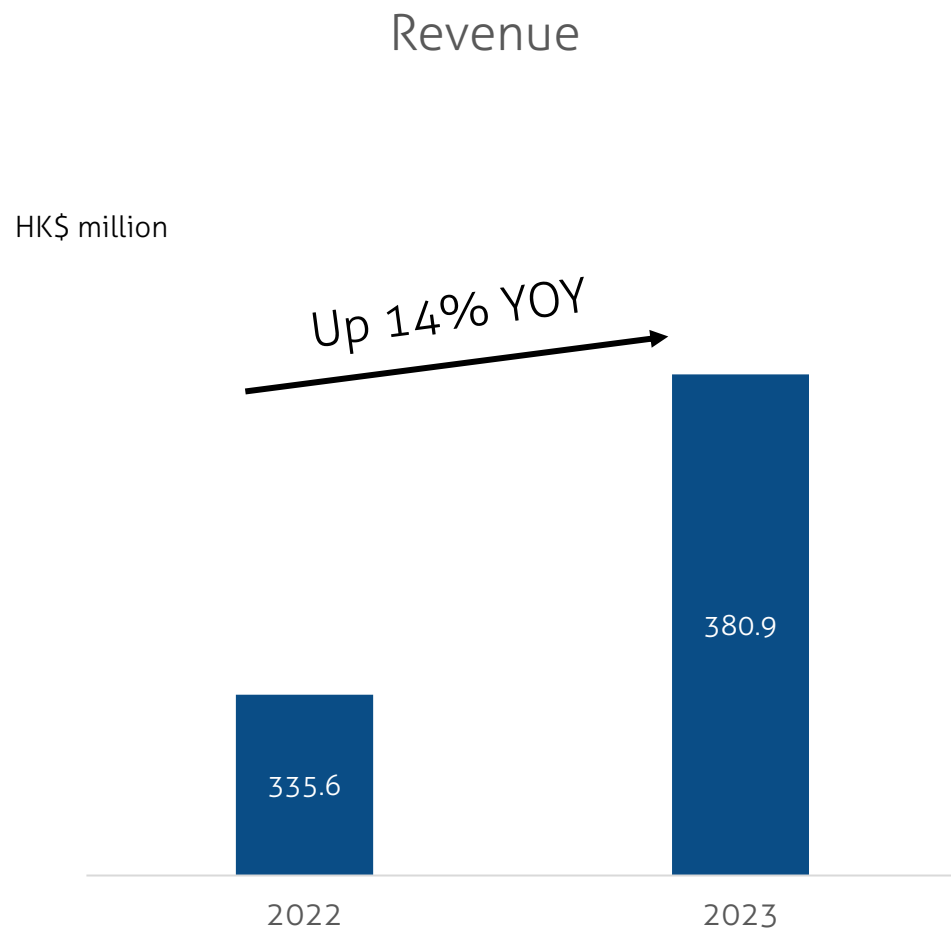
Successful branding in the two latest openings in Chongqing and Chengdu.

Successful branding to boost new clinics' performance

Profit to see exponential growth after depreciation on equipment finishes in 3-5 years' time.

Exponential growth to expect

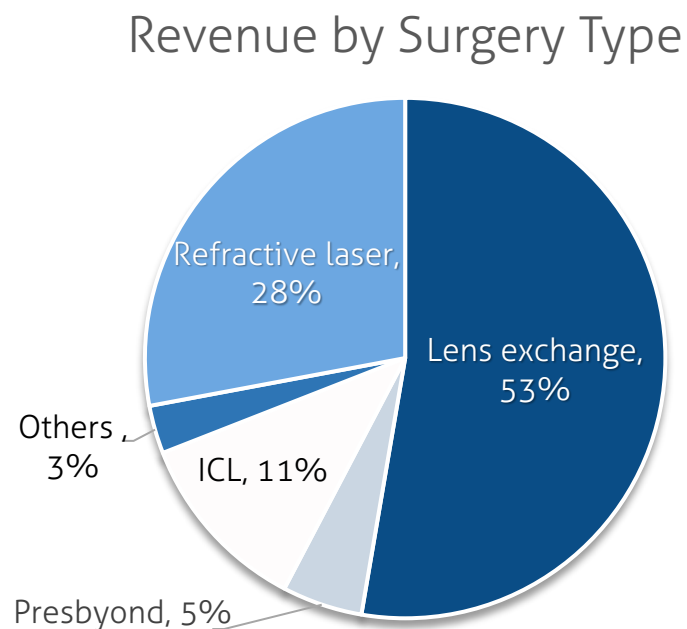
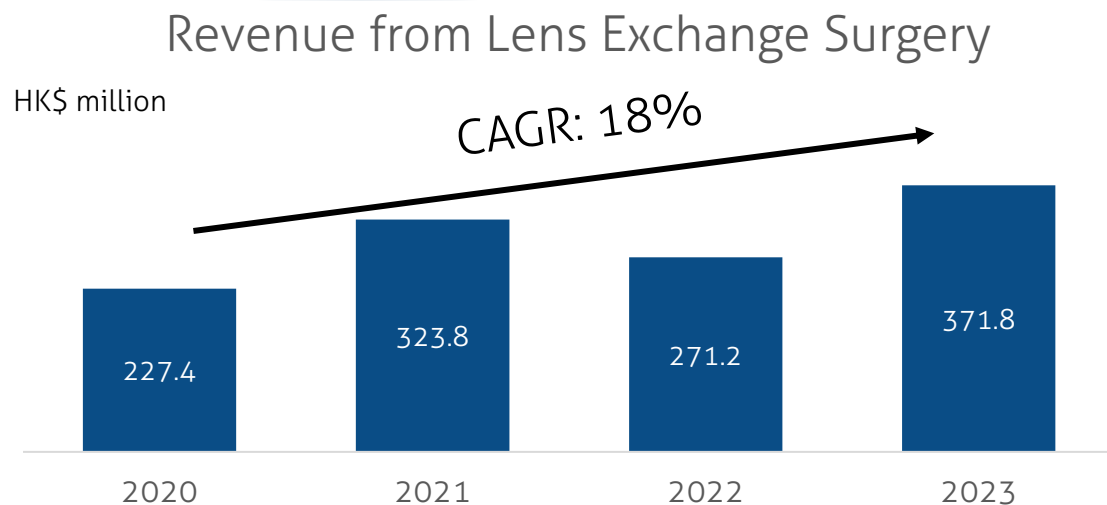
Germany: Sustainable Double-Digit Growth



Resilient revenue growth backed by presbyopia correction

- Renowned medical team with 30 years of brand reputation and wide geographical coverage
- Expanded local footprint in Germany by acquiring FreeVis
- Unique market positioning in presbyopia correction treatments, targeting high-end consumer market
- Organic growth in 2023 reached 10% while the acquisition in FreeVis bring 4 percentage points upside to the region's total revenue growth

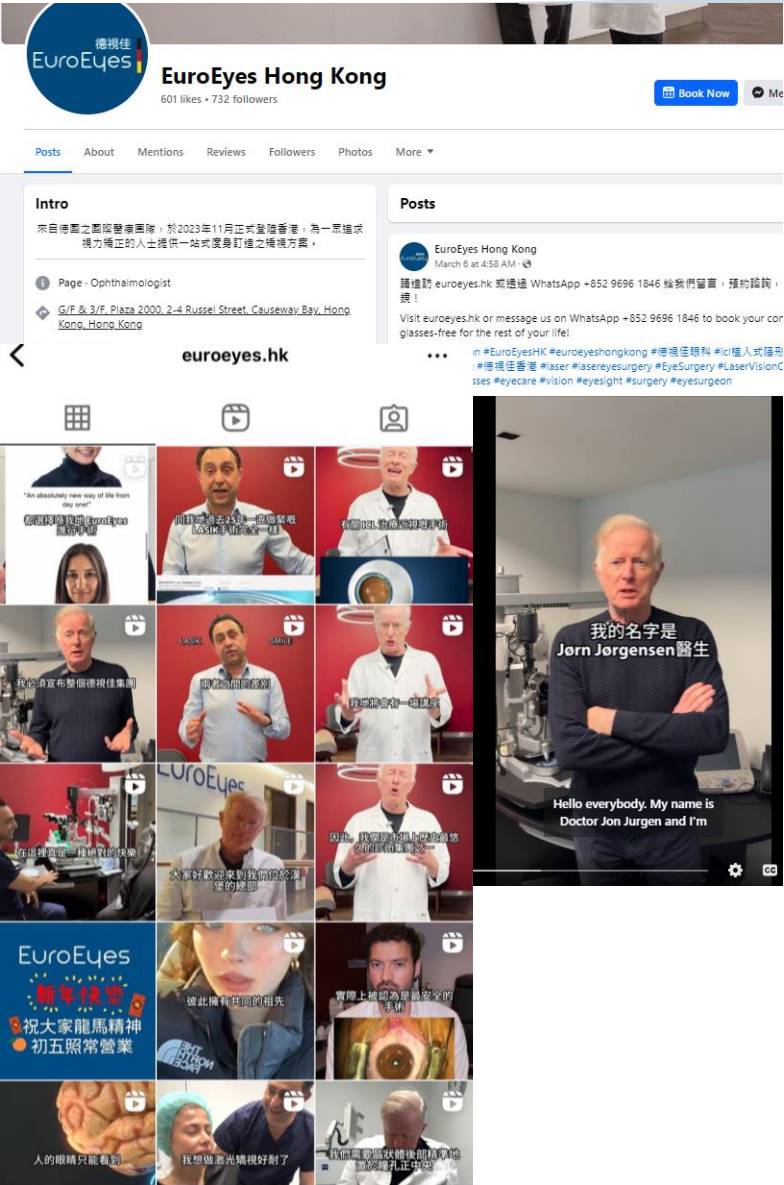
Strong Growth Fueled by Robust Demand from Presbyopia Correction Treatments



Presbyopia correction demands are resilient against economy downturn

- Revenue grew 37% and 15% in lens exchange surgery as compared with 2022 and 2021 respectively
- Presbyopia is a natural aging process and surgery is the best way to replace reading glasses
- Demand for presbyopia correction treatments is less sensitive to the macro economy than other surgery types
- Lens exchange surgery revenue saw double-digit growth in all four markets to hit record high
- Lens exchange surgery bears the highest ASP and margin, contributing over half of the Group's total revenue
- EuroEyes being awarded by Zeiss for doing the most trifocal lens exchange surgery in 2023, 8 years in a row

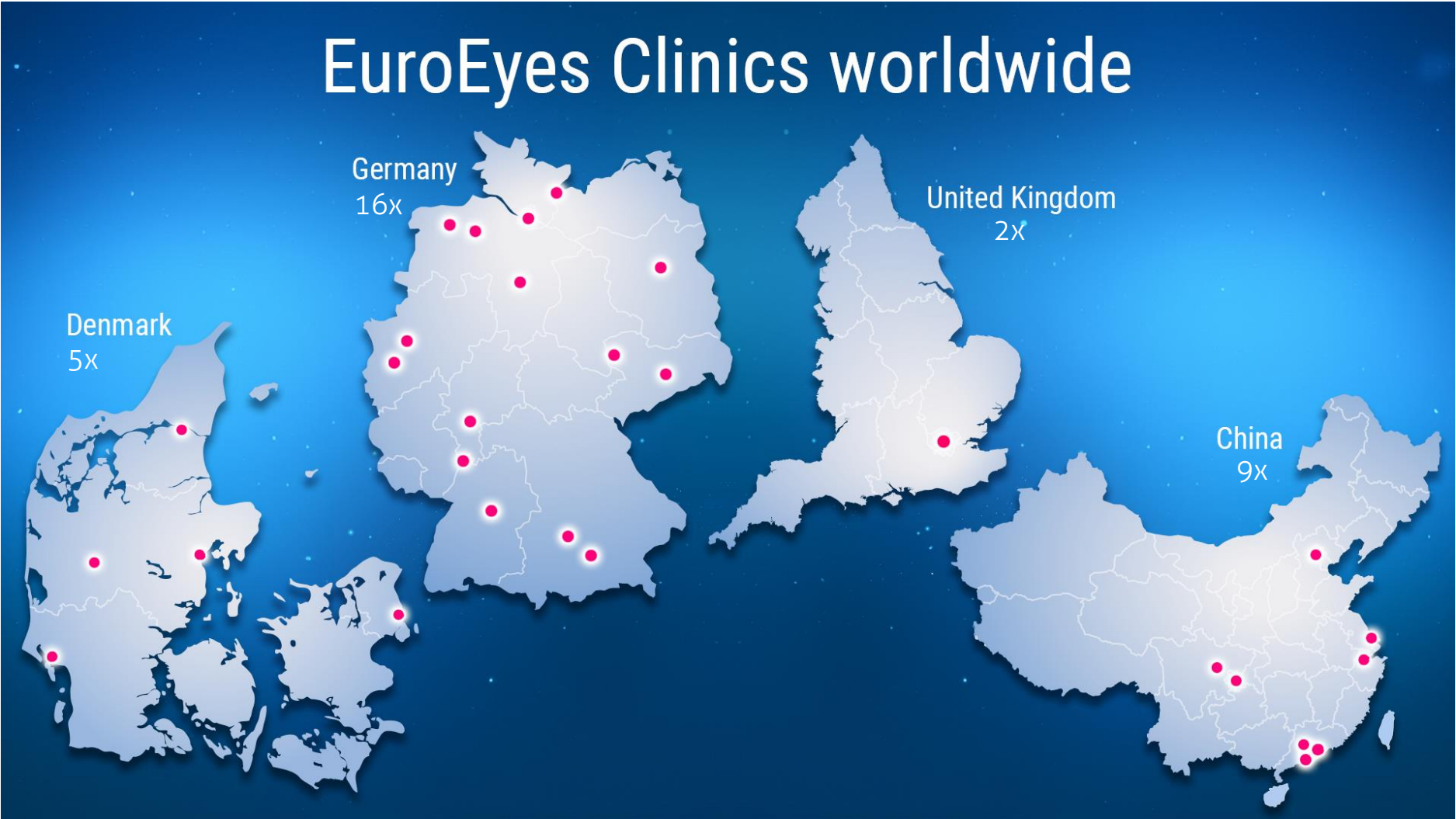
Social Media Campaigns Around the World



Social media marketing campaign to reach more patients

- Utilise short videos on social media platforms
- Global shooting locations
- Multinational marketing teams
- Diversified contents with extraordinary filming style
- Public education to reach out more potential patients

Expanded Clinic Network*

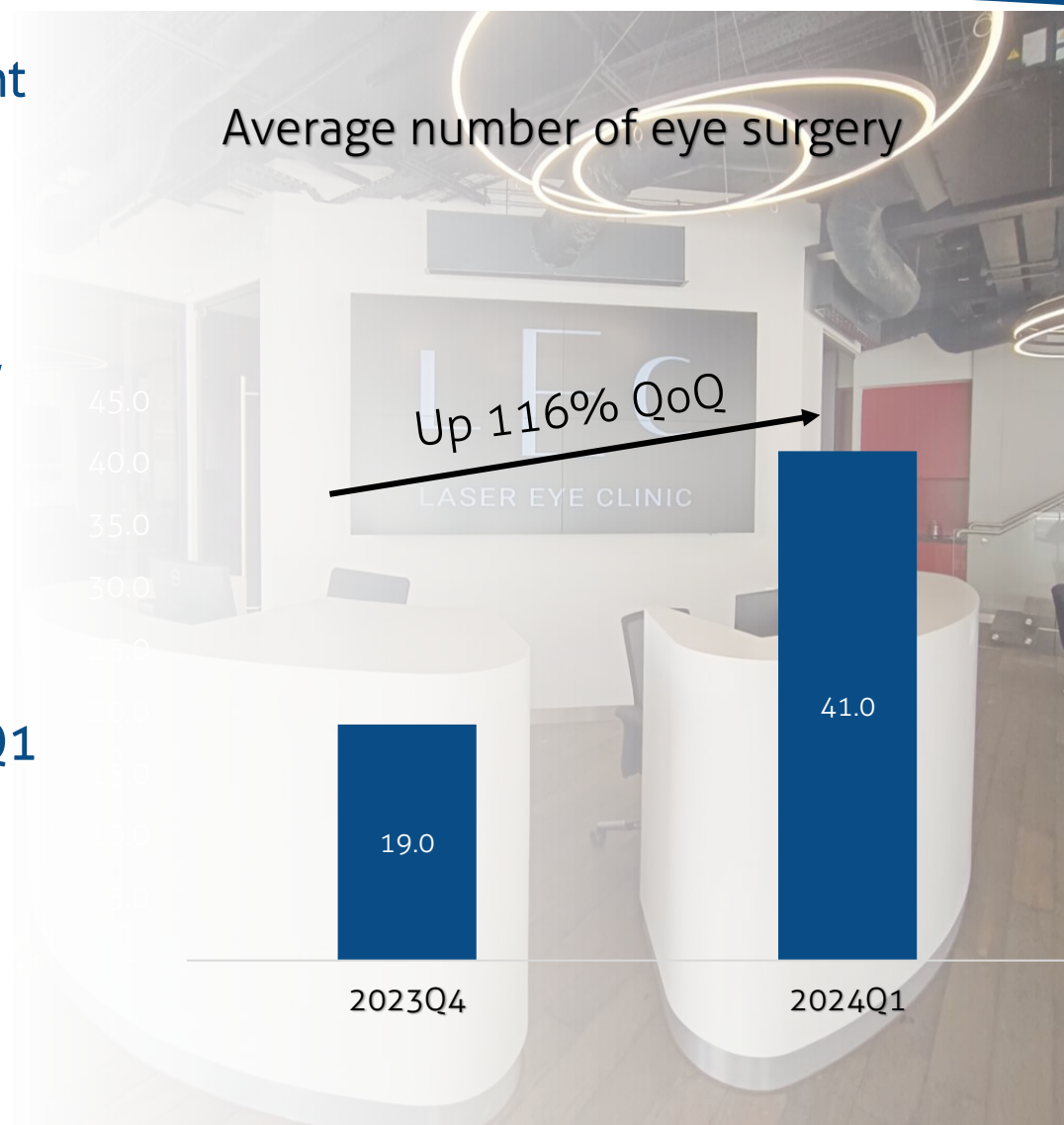


Total # of
clinics: 32

**as of April 8, 2024*

Second London Clinic: EuroEyes Laser Eye Clinic

- 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)
- Focusing on lens exchange surgeries
- Opened in September 2023
- Average number of eyes surgery amounted to 41 in Q1 FY2024, better than our expectation
- Expected to reach breakeven in 6-9 months



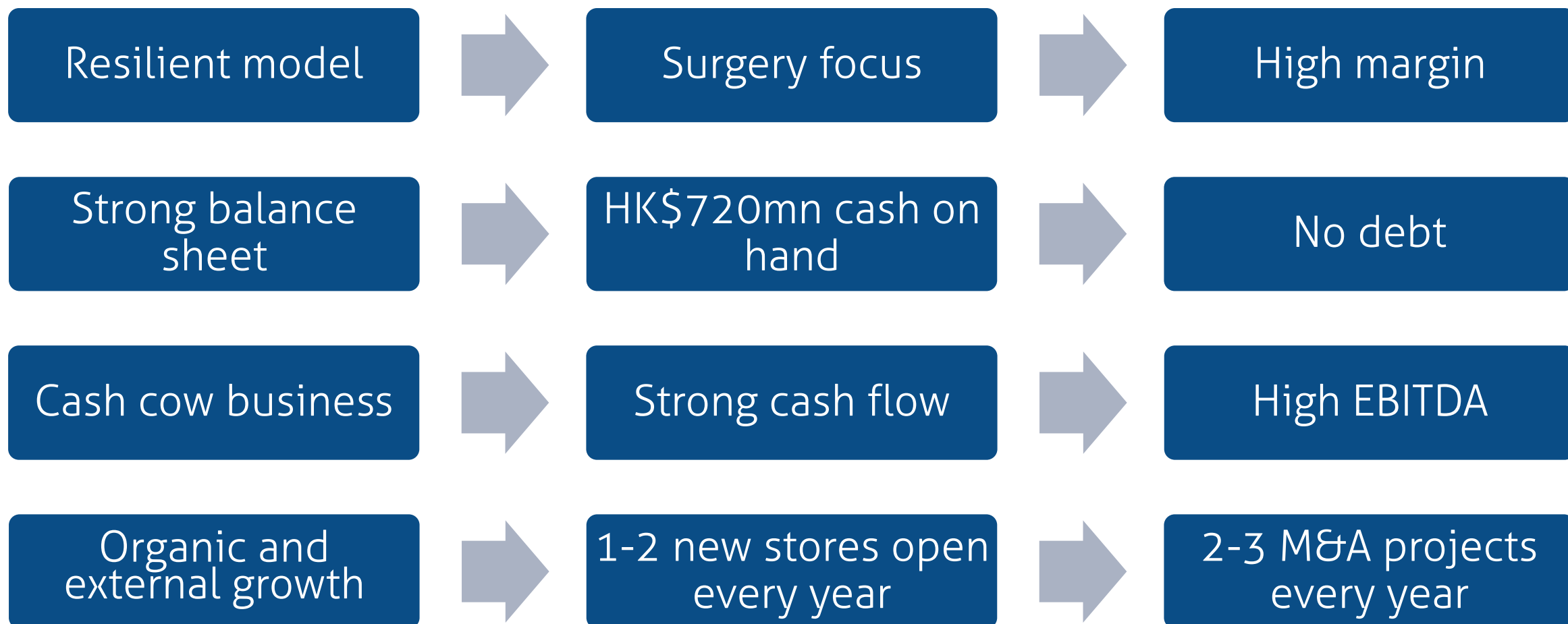
Hong Kong Flagship Clinic

- EuroEyes HK flagship clinic occupies 2 floors (490 Square Meters) at the corner of Russell Street, one of the most crowded shopping streets in Hong Kong
- Opened in November 2023
- DPC license obtained in March
- Commence full operation and start making intraocular surgery booking from April
- Renowned eye surgeon Professor Christopher Liu started practicing at Hong Kong Flagship Clinic since April
- Expected to reach breakeven in 12-24 months



EuroEyes is A Hidden Gem

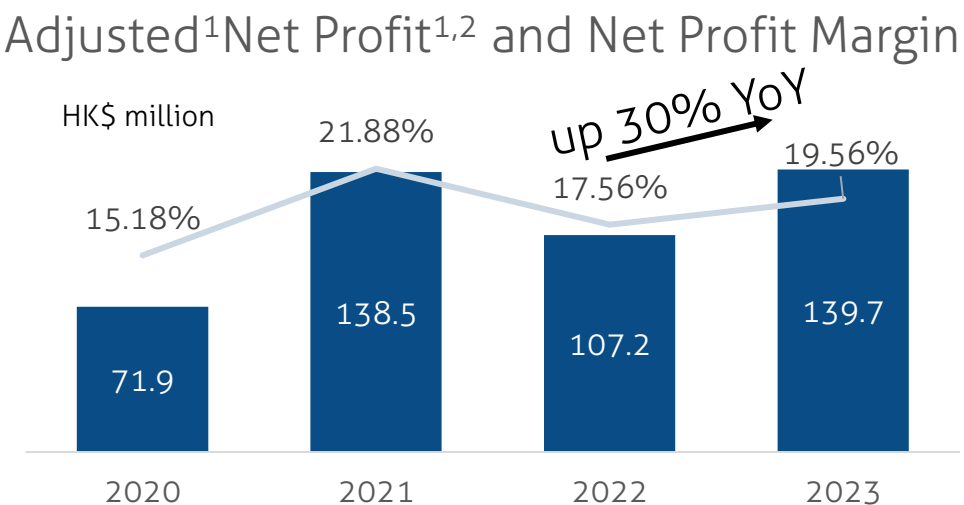
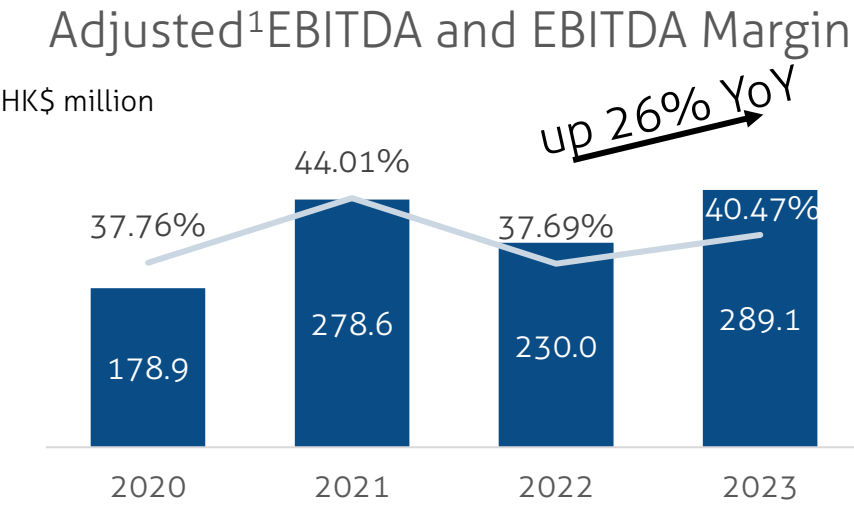
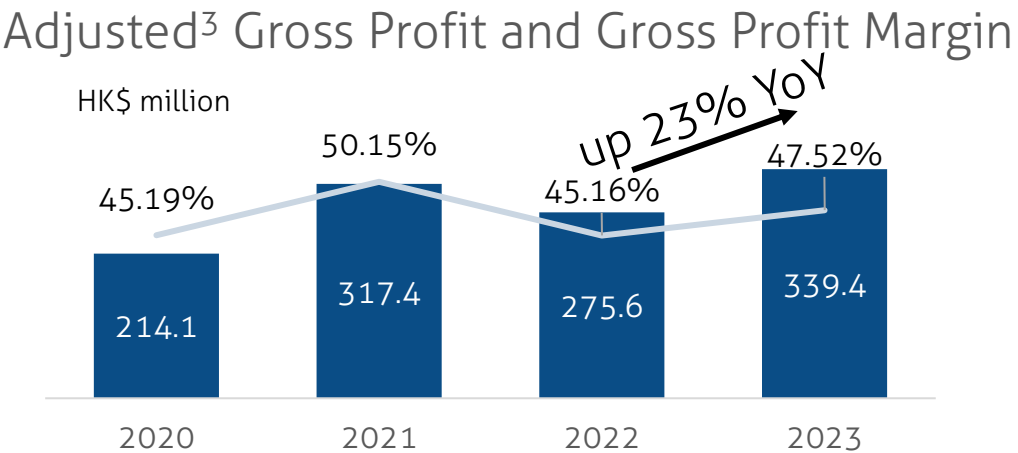
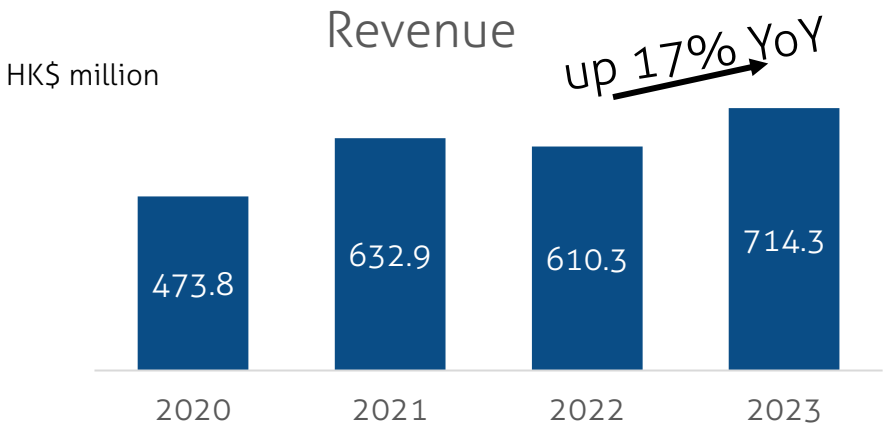
New records achieved – strong business model fuels future growth



EuroEyes

FY2023 Financial Overview

Robust Growth to Make Another Record Year



¹Adjusted 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) (gain)/loss on fair value change of contingent consideration payable

²Net profit refers to net profit attributable to the owner of the company

³Adjusted gross profit is derived from adding share-based compensation expenses and pre-operating expenses for new clinics in Germany, the United Kingdom (the "UK") and Hong Kong in 2023 and for new clinics in Germany and the UK in 2022 to the gross profit.

Acquisition of FreeVis GmbH in Germany – Pro-Forma figures

Rationales behind the deal

Renowned ophthalmic surgeon who is very well connected worldwide

Strengthens our management team in China by becoming CMO Greater China

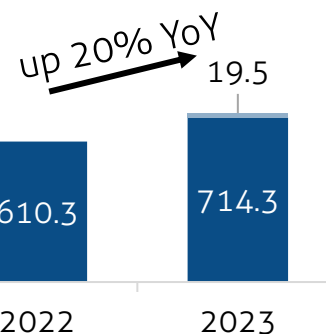
Helps identify M&A-opportunities of world class surgeons' practice and famous eye clinic chains

Academic achievements bring EuroEyes to the next level of scientific research

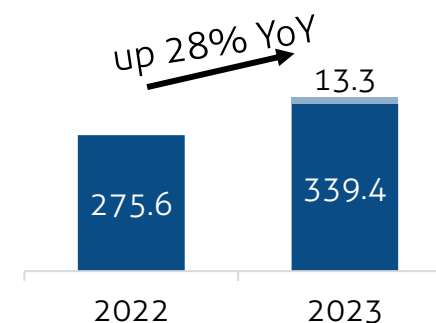
Expanding footprint in Germany

Financial benefits if combining 12-month⁴ FreeVis GmbH financial figures

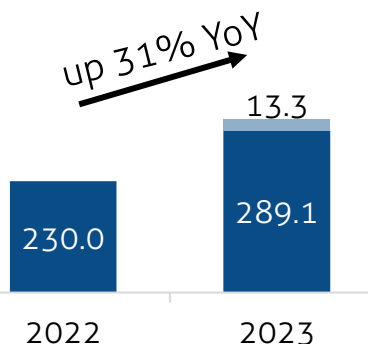
Revenue



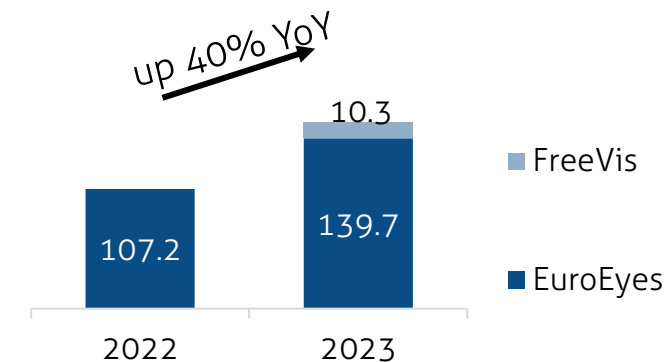
Adjusted Gross Profit³



Adjusted EBITDA¹



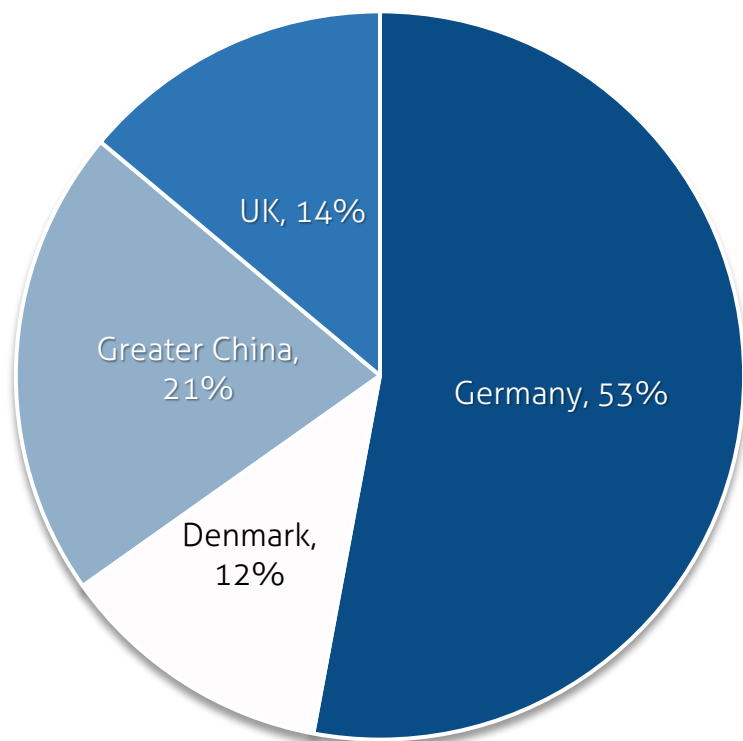
Adjusted Net Profit^{1,2}



¹Adjusted 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) (gain)/loss on fair value change of contingent consideration payable. ²Net profit refers to net profit attributable to the owner of the company. ³Adjusted gross profit is derived from adding share-based compensation expenses and pre-operating expenses for new clinics in Germany, the United Kingdom (the "UK") and Hong Kong in 2023 and for new clinics in Germany and the UK in 2022 to the gross profit. ⁴The reported figure only include FreeVis GmbH financial figures from August to December.

A Diversified Geographical Coverage

Revenue by Regions

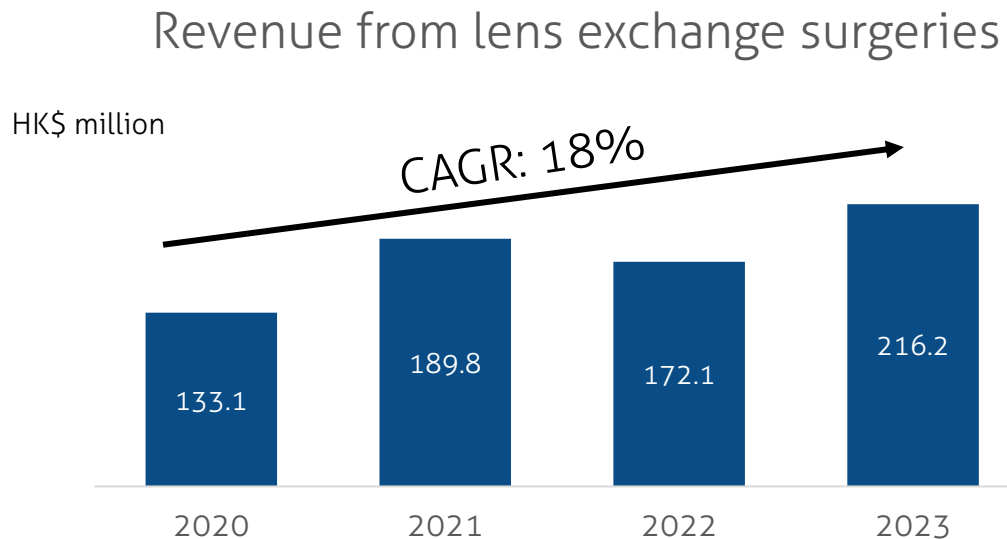
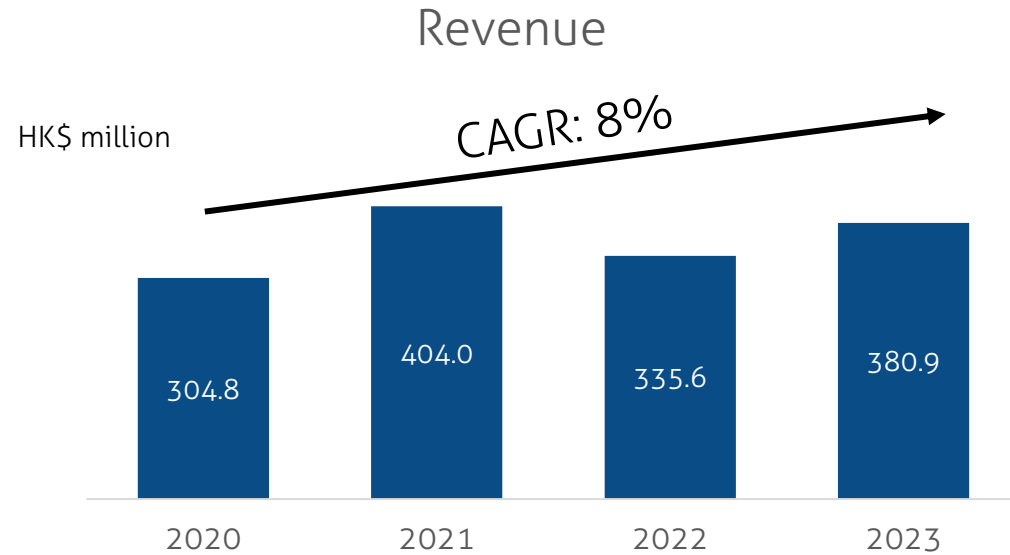


A diversified portfolio

With operations spanning from Asia to Europe, market specific risks can be hedged

Strong Greater China performance provides extra boosts to the Group's performance

Germany: Strong Resilience amid Difficult Times



Resilient Revenue Growth at 14% YOY in Germany while organic growth rate standing at 10%

High demand for presbyopia correction surgeries continues

- Revenue from lens exchange surgery jumped 26% YoY

Demand for myopia correction surgeries was slightly affected by inflation but largely remained stable

- Revenue from ICL surgery slightly down 4% YoY
- Revenue from refractive laser surgery slightly down 1% YoY
- We saw demand for myopia correction surgeries bottom out in the 2H

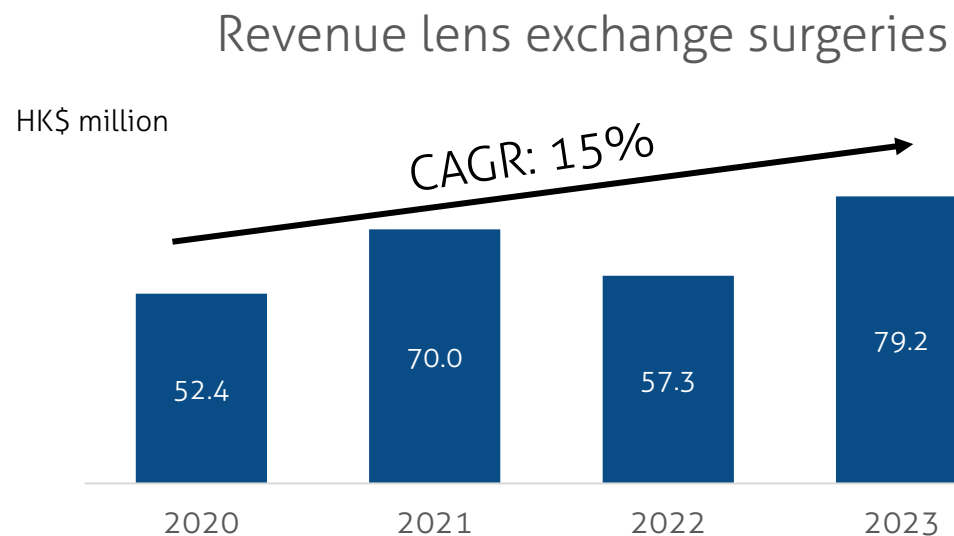
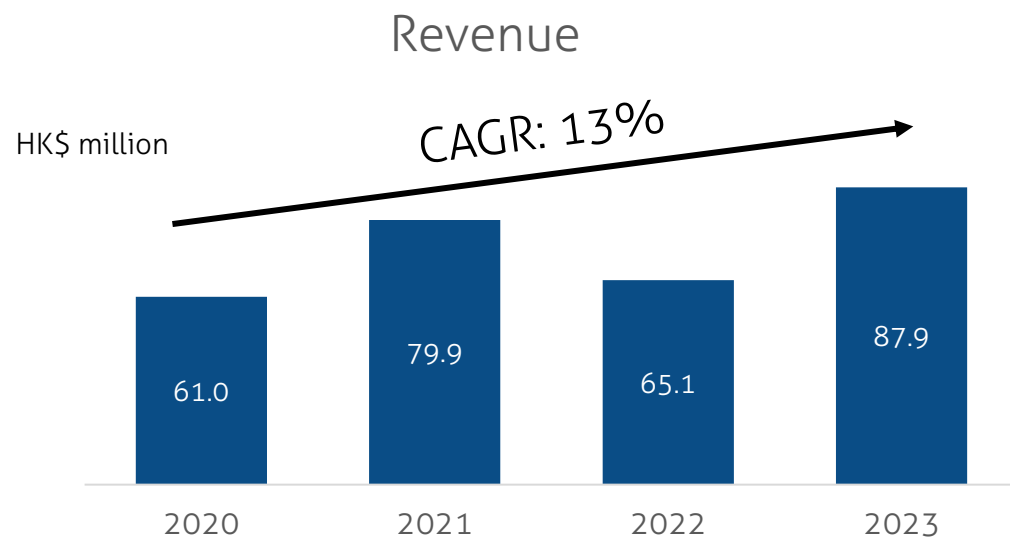
Maintained highly profitable with strong margin

- Lens exchange accounted for 57% of German's total revenue
- Germany recorded an EBITDA margin at 49%

Acquired FreeVis to expand footprint in Germany

- If consolidate all 12-month of FreeVis financial figure, our adjusted EBITDA would have grown 32% YOY, 6 percentage points more

Denmark: Robust Growth to A New Milestone



Revenue growth at 35% YOY in Denmark

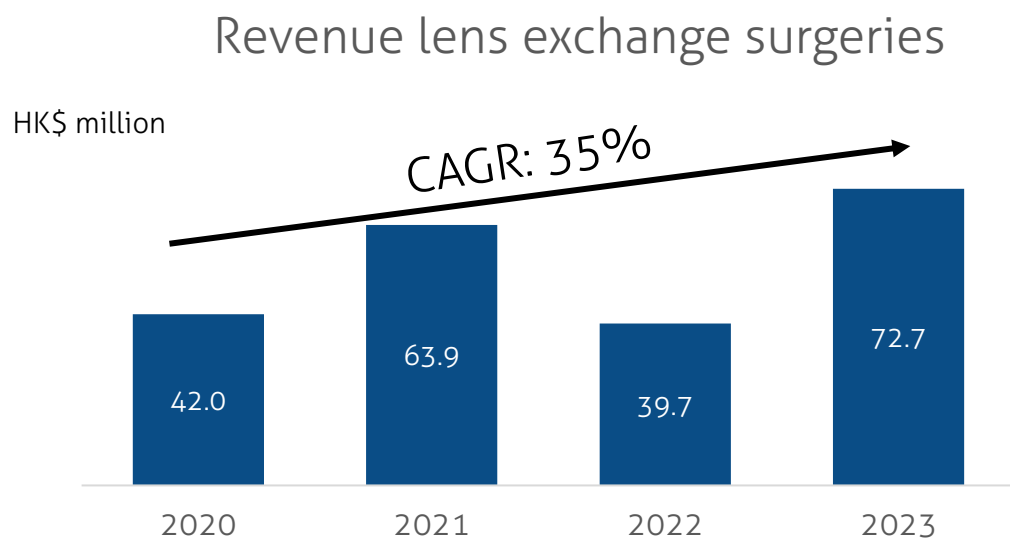
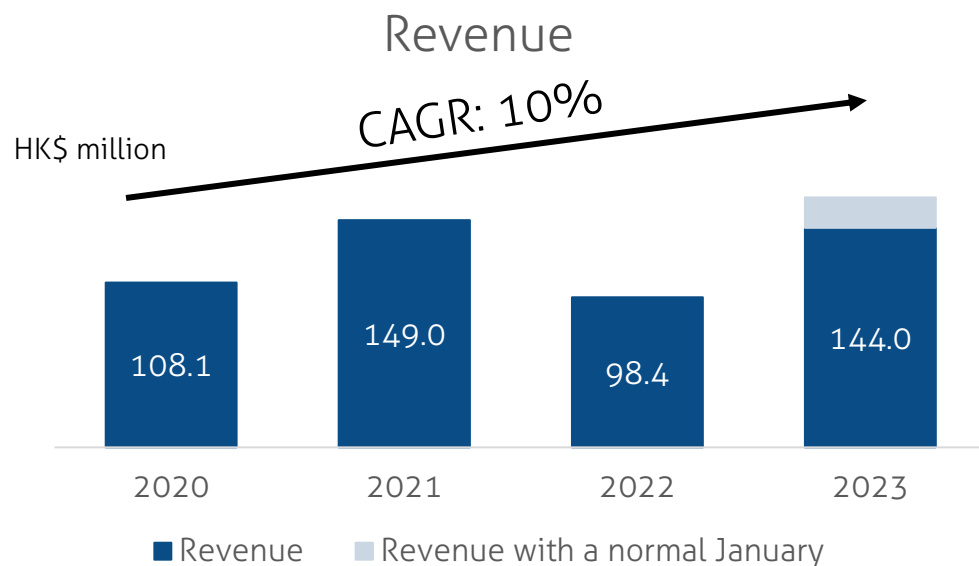
Robust demand from presbyopia correction fueled strong performance

- Demand for presbyopia treatment remained high in aging society such as Denmark
- Revenue from lens exchange surgery grew 38% YoY
- Lens exchange surgeries accounted for 90% of Denmark's revenue

Myopia correction demand inline with our expectation

- Revenue from ICL surgery grew 51% YoY
- Revenue from refractive laser surgery remained stable YoY despite high inflation in Europe weight on younger generation's purchasing power

Greater China: Strong Rebound from Post-COVID



Strong rebound started in February

- Revenue grew 46% YoY in FY2023 even with only 11 months normal operation
- With a normal January, revenue would have surpassed FY2021 by 5-10%
- One clinic in Hang Zhou has been relocated and opened again in November
- EBITDA margin reached to record high in the region to 39%

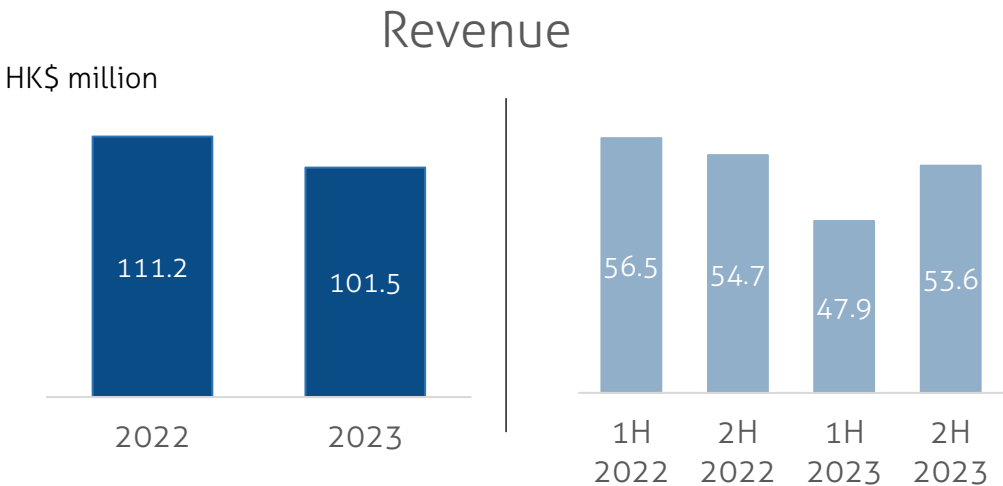
Revenue in RMB-denominated terms matched with 2021

- Revenue in nominal terms in 2023 matched with 2021 even with only 11 months normal operation

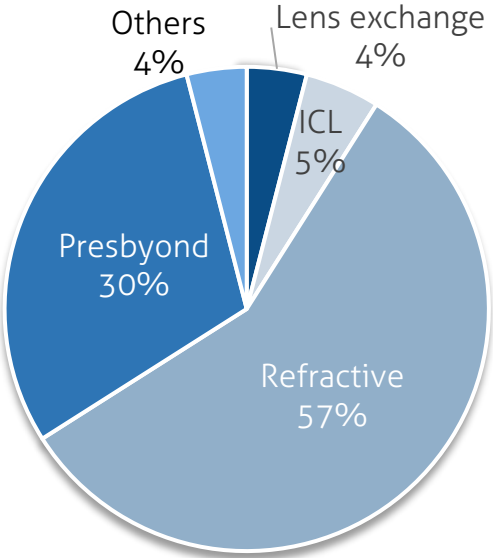
Solid growth from presbyopia correction surgeries

- Lens exchange surgery grew 83% YoY
- Demand for lens exchange surgery not affected by economic uncertainty in the country

UK: Lack of Momentum in Refractive Laser Surgery Due to Economic Downturn



Revenue by Surgery Type



Post-Brexit economic downturn reduced refractive laser surgery demand in UK

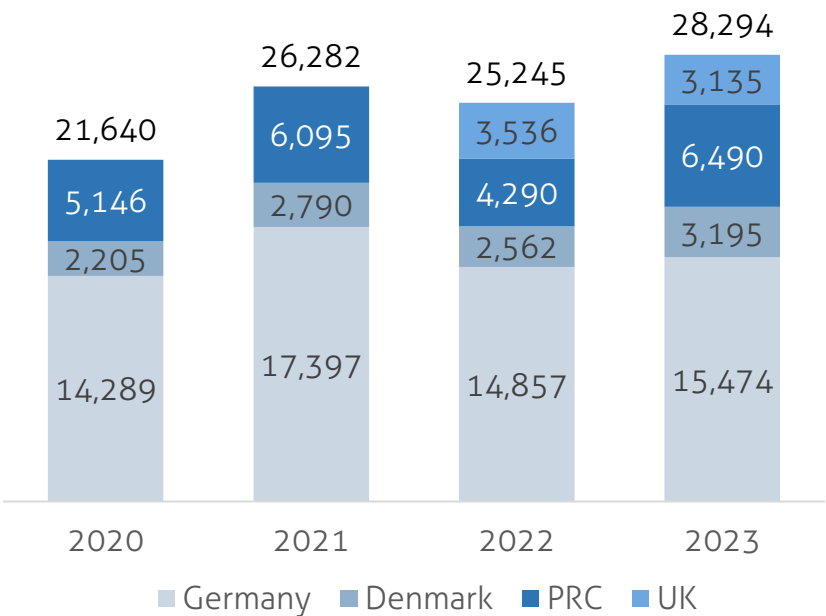
- Growth of British economy slowed down to only 0.1% in 2023
- Stronger focus of London Vision Clinic on refractive laser surgery leads to higher vulnerability
- 1H capacity issues solved and in 2H 2023, we started to see the trend picking up
- First quarter numbers from 2024 show LVC is back on track

Surgery Number and Utilization Rate¹ Reached Historical High

Number of Surgery

28,294

Number of Surgery

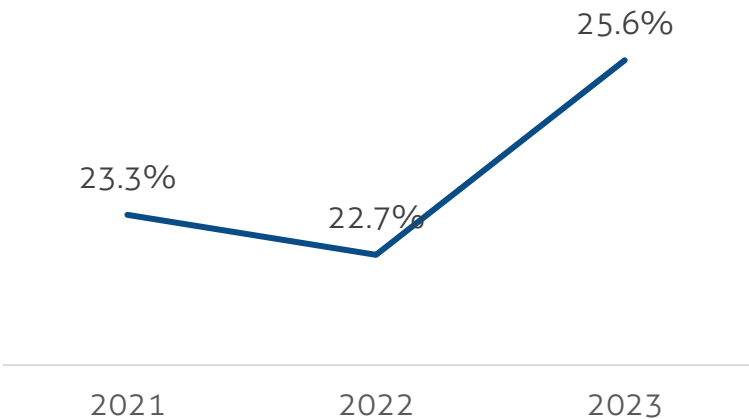


Like-for-Like¹ Capacity Utilization Rate²

25.6%



Utilization Rate

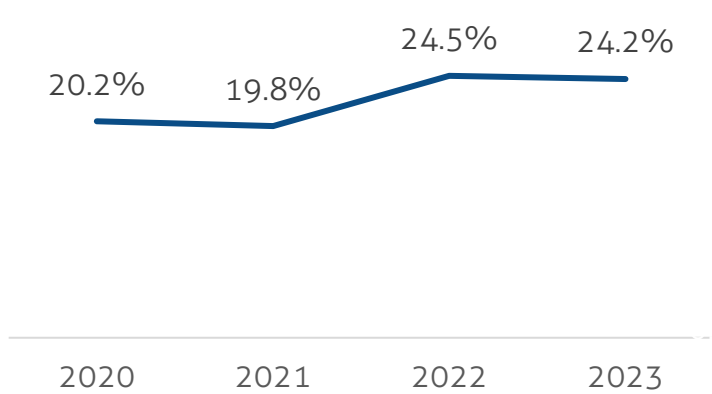


¹Like-for-like excludes clinics opened less than 1 year in any specific year

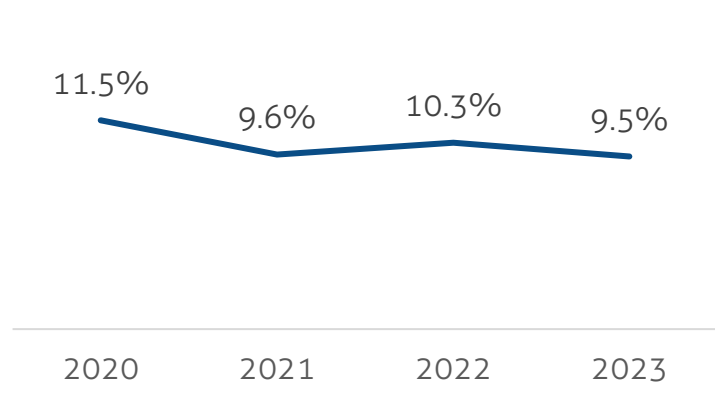
²EuroEyes capacity utilization rate measures the proportion of potential surgery appointments that is actually occupied by surgeries

Cost of Sales Ratios Remain Low

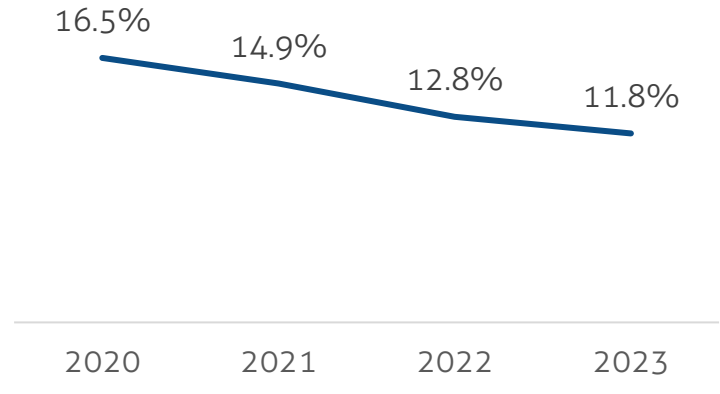
Salaries & Doctor's Fees



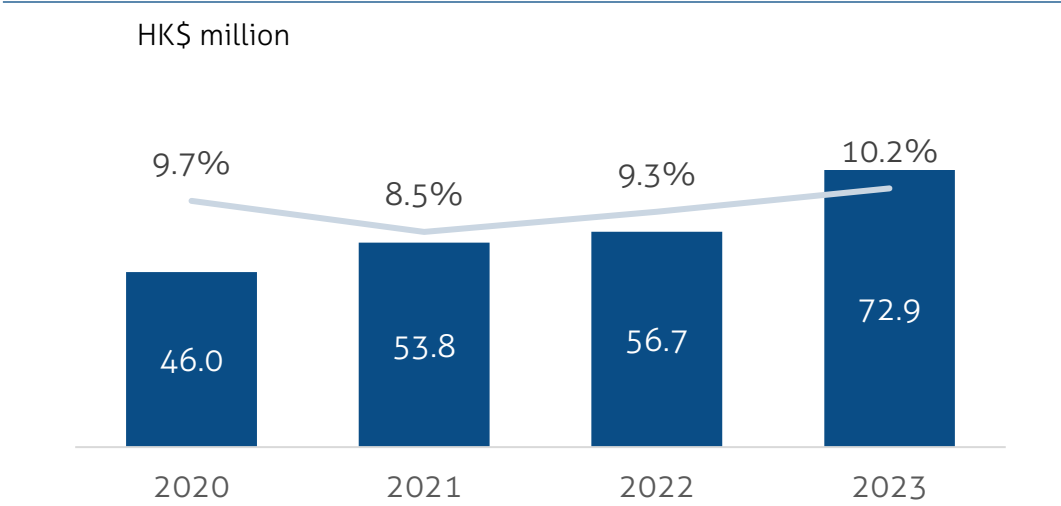
Depreciation



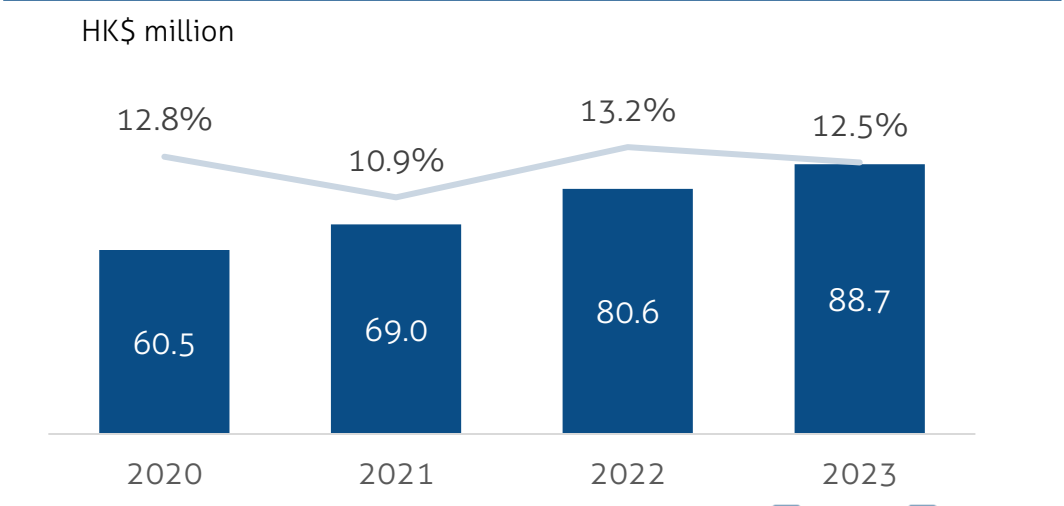
Raw Materials and Consumables



Sales Expense



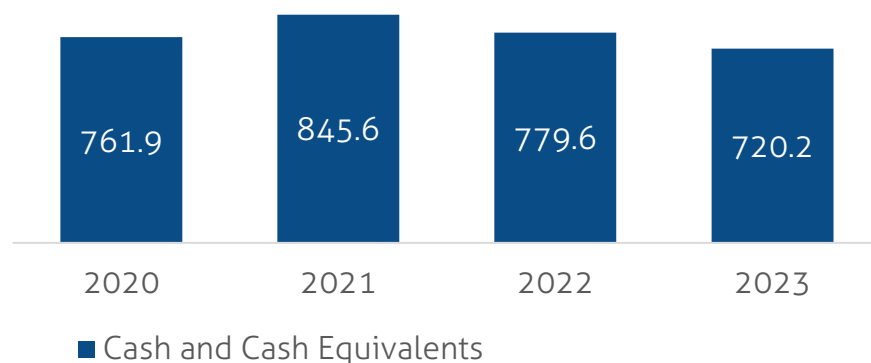
Administrative Expenses Ratio



Strong Balance Sheet and Healthy Cash Flow

Cash and Cash Equivalents

HK\$ million

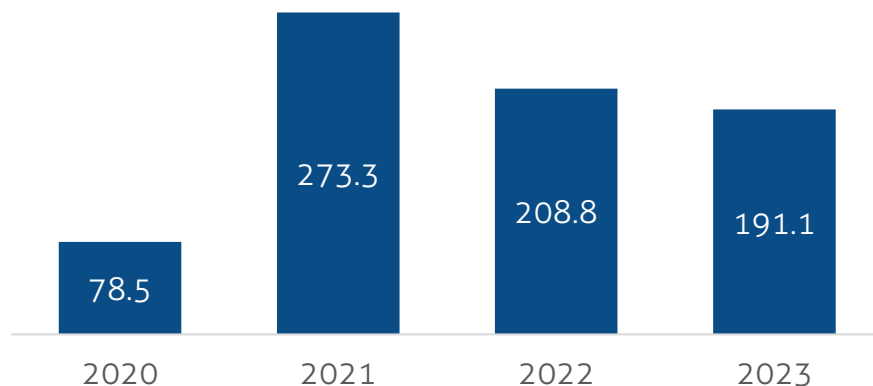


Sufficient cash on hand / no debt

- Strong cash position to facilitate future M&A deals
- Healthy cash position in economic downturn as capital reserve

Operating Cash Flow

HK\$ million



Stable operating cash flow

- Operating cash flow remain stable
- Last year some prepayment made to Zeiss was returned, lifting the operating cash flow level in 2022

EuroEyes



Outlook and Future Strategies

Future Strategies

Expanding Geographic coverage by M&A

- Continuous M&A targeting renowned ophthalmologists' private practice or famous local refractive brand in Europe, North America, Asia Pacific region to build a EuroEyes global clinic network.

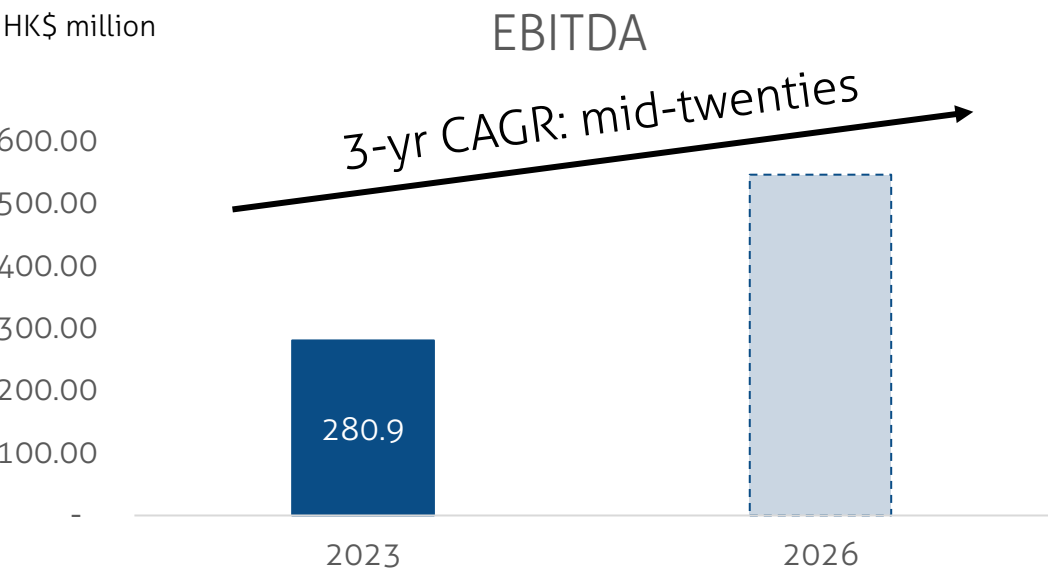
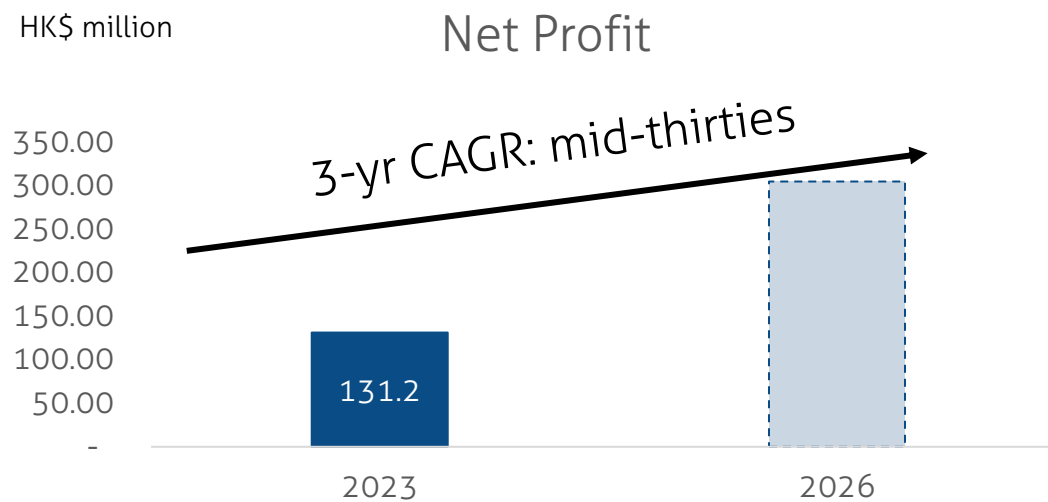
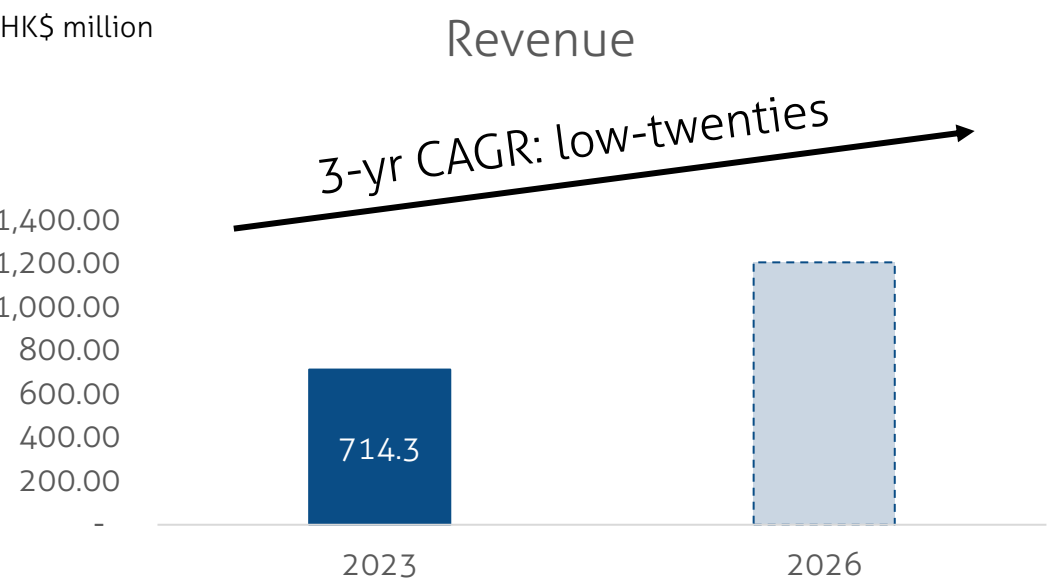
Strengthening global market leadership in presbyopia correction

- Implementing different presbyopia treatments in all EuroEyes facilities to offer patients the most professional medical solution.
- Continue to be market leading medical service provider in presbyopia correction.

Strengthen internal management in ramping up utilisation rate of existing clinics

- Diversifying marketing strategies to support a faster ramping up period for new clinics.
- Shortening breakeven period for new facilities.
- Minimising the off-set effect arising from additional CAPEX due to build of new clinics.

Organic Net Profit to More Than Double by FY2026



- EBITDA and net profit's growth rate in FY2025 and FY2026 will be significantly higher due to young clinics entering into mature phase
- Revenue's growth rate will be evenly spread out in the next 3 years

M&A to Bring Significant Upsides to Organic Growth



Around HK\$500mn out of HK\$732mn cash on hand will be used for M&A



The money will be deployed in the next 24 months



We want to target on famous doctors' individual practice



We are targeting Europe and Asia (outside of China), and would consider strategic acquisition in the Americas

Key Take-Aways

Resilient Business Model

Low cost, high EBITDA

Surgery focus

Champion in presbyopia treatment

Early break-even

Strong EBITDA

Word-of-Mouth marketing

Global Presence

Natural hedge

Clinic network spanning from Europe to Asia

Regional risks mitigated

Strong Growth Expected

Ready to take off again

Highly profitable once young clinics enter mature phase

EBITDA margin for mature clinics can reach over 50%

EBITDA growth at mid-twenties in the next three years

Net profit growth at mid-thirties in the next three years

Cash rich to support M&A



Thank You For Your Attention!

Key Financial Data in 2023

For the 12 months ended December 31 HK\$'000	2022	2023	YoY change (%)
Revenue	610,291	714,289	17.0%
Cost of sales	(339,447)	(378,768)	11.6%
Gross profit	270,844	335,521	23.9%
Operating expense	(138,037)	(142,007)	2.9%
Operating profit	132,807	193,514	45.7%
Finance cost	(3,827)	(2,904)	-24.1%
Profit before income tax	128,980	190,610	47.8%
Income tax expense	(45,462)	(57,356)	26.2%
Profit for the year	83,518	133,254	59.6%
Profit attributable to			
Owners of the Company	89,472	131,242	46.7%
Owners of the Company (non-IFRS)	107,186	139,705	30.3%
Non controlling interests	(5,954)	2,012	n/a
EBITDA	213,530	280,864	31.5%
EBITDA (non-IFRS)	230,016	289,089	25.7%
	2022	2023	
Gross profit margin	44.38%	46.97%	
Operating profit margin	21.76%	27.09%	
Net Margin	14.66%	18.37%	
Non-IFRS net margin	17.56%	19.56%	
EBITDA margin	34.99%	39.32%	
Non-IFRS EBITDA margin	37.69%	40.47%	

Non-IFRS Adjustments

For the 12 months ended December 31	2022	2023
HK\$'000		
Reported profit attributable to owners of the Company	89,472	131,242
Add:		
Pre-operating expenses	5,779	20,820
Share-based compensation expenses	2,682	2,228
Acquisition-related costs	3,176	976
Fair value loss/(gain) through profit or loss	4,849	(15,799)
Foreign exchange loss in relation to the proceeds from global offering	1,228	238
Non-IFRS profit attributable to owners of the Company	107,186	139,705
Reported EBITDA	213,530	280,864
Add:		
Pre-operating expenses	5,779	20,820
Share-based compensation expenses	2,682	2,228
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