

EuroEyes International Eye Clinic Limited

Stock code: 1846.hk

2024 Interim Results Presentation



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EuroEyes

2024 Interim Results Highlights

EuroEyes benefits from the market shift from laser to lens-based procedures

- Very challenging economic environment especially in China
- Ongoing slow-down of refractive laser surgery market with increasing number of patients opting for lens-based surgeries
- While strong in refractive laser surgery EuroEyes is the market leader for lens exchange surgeries
- The market for intraocular lenses (IOLs) in Europe is projected to grow at a CAGR of around **7.5%** from 2023 – 2029¹.
- The Chinese market will be growing at an even faster rate at a CAGR of around **9.0%** from 2023 – 2029².
- EuroEyes benefits from this global market trend and continues to thrive amid economic downturn.

¹ source: oai_citation:5,Cataract Reports | Market Scope

² source: oai_citation:2,Cataract Reports | Market Scope

Great achievements amid challenging time

Record High Revenue

HK\$368.4mn

➔ 6% YoY

Adjusted EBITDA¹

HK\$136.4mn

➔ 6% YoY

37% Adjusted
EBITDA¹ Margin

Adjusted Net Profit^{1,2}

HK\$62.3mn

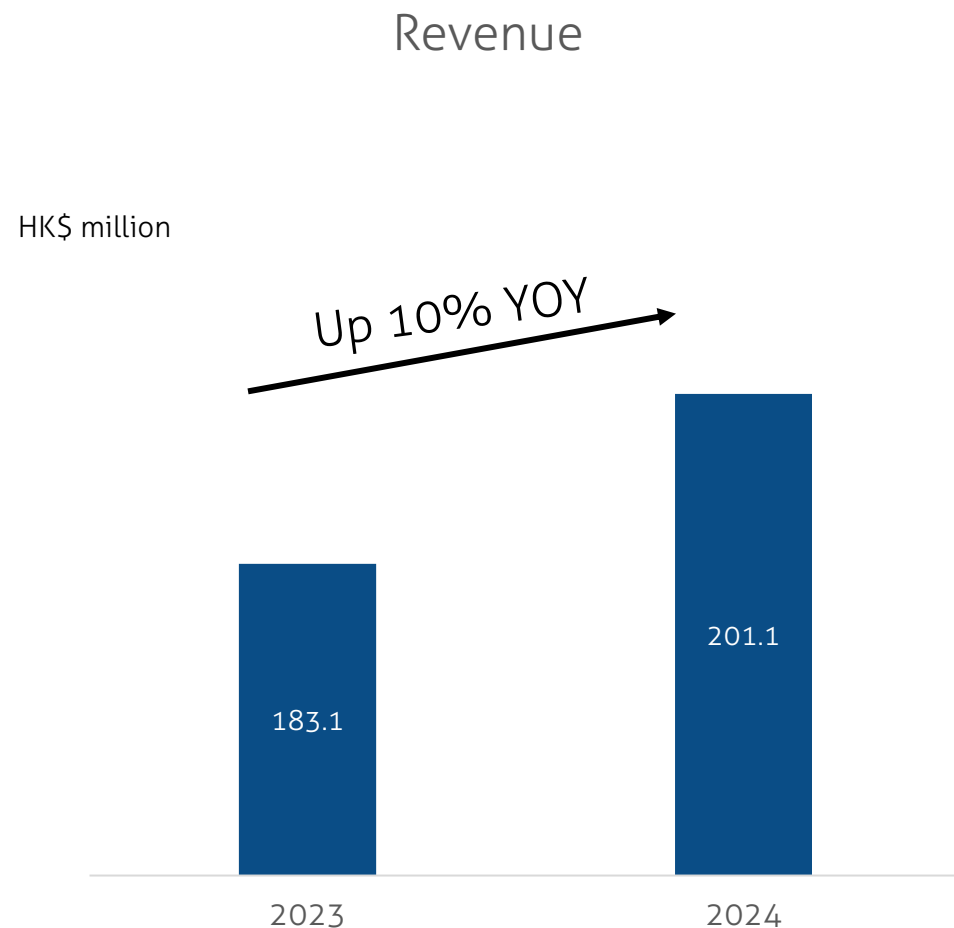
➔ 12% YoY

17% Adjusted Net
Profit^{1,2} 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 (gain)/ 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 for the Period

Germany: resilient double-digit revenue growth



Resilient revenue growth backed by presbyopia correction and expansion of footprint

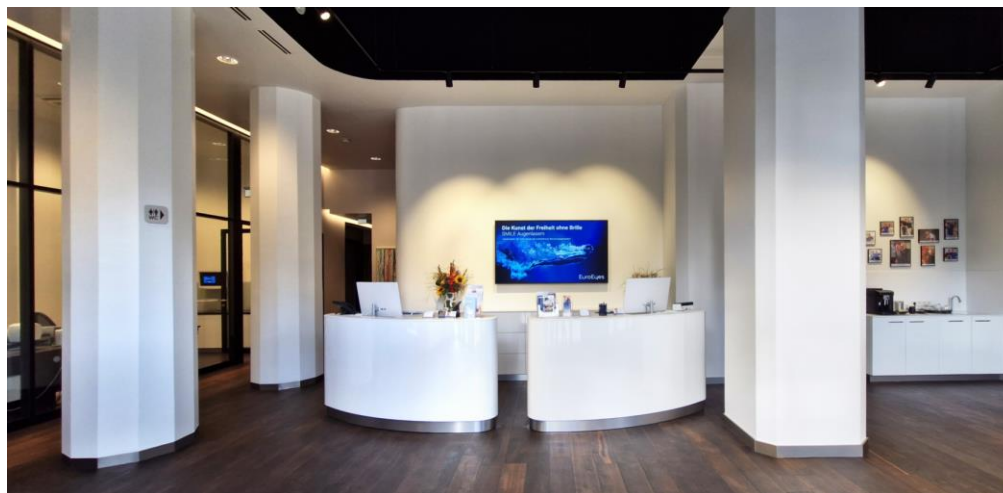
- Renowned medical team with 30 years of brand reputation and wide geographical coverage
- Offering the full spectrum of refractive surgery with the latest technology
- Focus on refractive lens exchange fuels growths and makes up for weaker refractive laser surgery market
- Unique market positioning in presbyopia correction treatments, targeting high-end consumer market
- Enlarged footprint with the acquisition of FreeVis Mannheim in 2023 and opening of a new clinic in Wiesbaden in June 2024

Germany: new clinics to fuel future growth

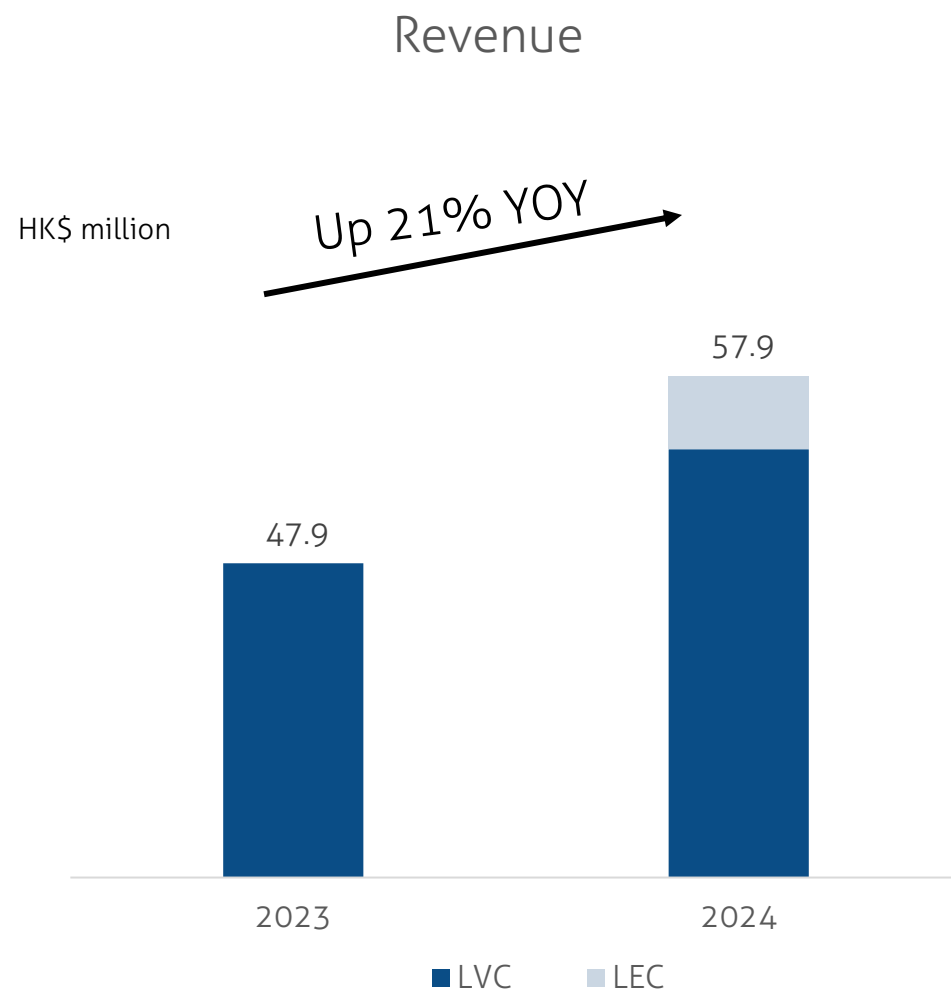


Footprint expansion in Germany as the new growth driver

- New clinic in Wiesbaden opened in June
- With high patient inflow in June to August, Wiesbaden clinic is expected to reach breakeven by end of 2024
- One more clinic to be opened in Kiel by end of this year to further boost revenue growth



UK: back to growth trajectory again



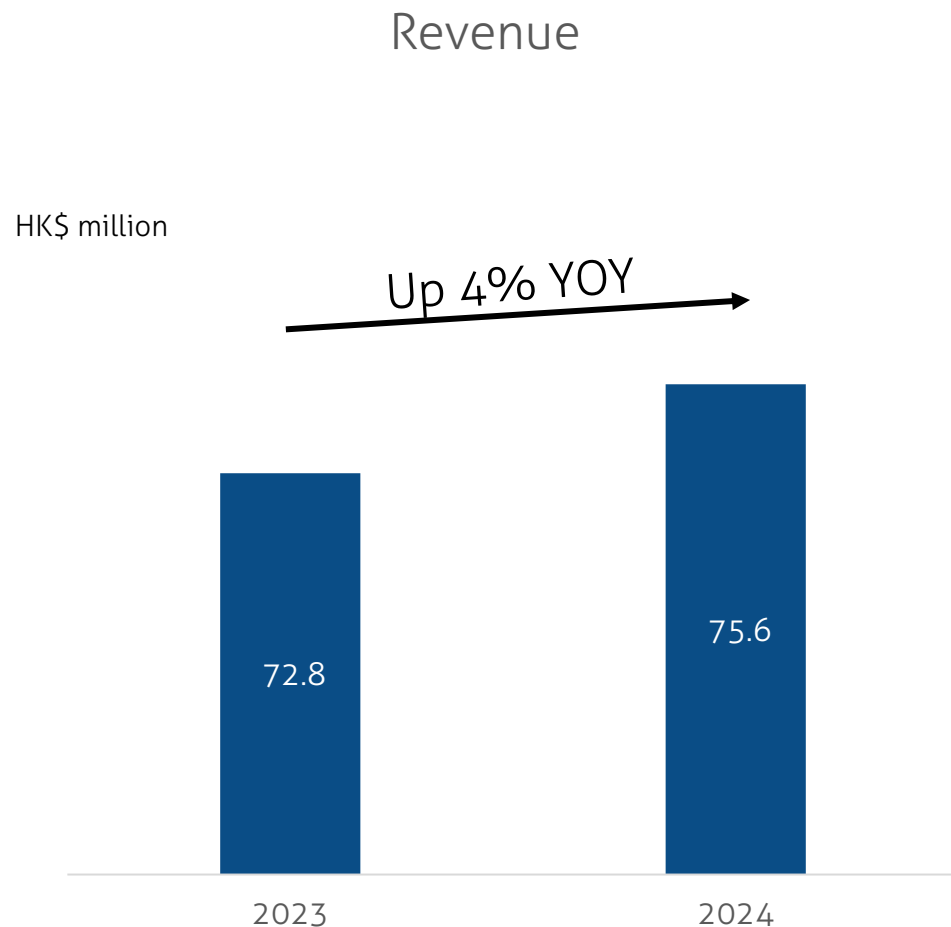
Strong growth in 1H 2024 backed by LVC recovery and better-than-expected LEC

- Good performance of the new Knightsbridge clinic
- Strong demand for refractive lens exchange reflects overall trend
- LEC is expected to reach breakeven within the next 6 months

LVC also contributed positively to the revenue increase

- After a weak 2023, our close monitoring of the clinic's performance showed first results
- To be in line with the overall trend, LVC will focus on presbyopia treatment with Presbyond and trifocal lens exchange backed by a new lens exchange surgeon
- Contracted a new marketing company and started Social Media campaigns drove the revenue growth
- Staff reduction and strict cost controls will further enhance EBIT

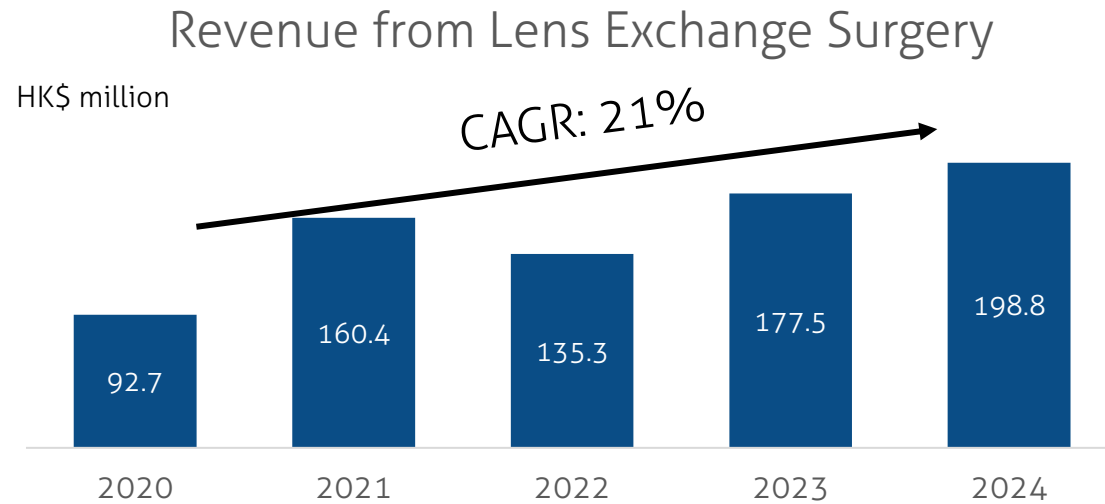
Greater China: stable growth despite economic downturn and furious competition



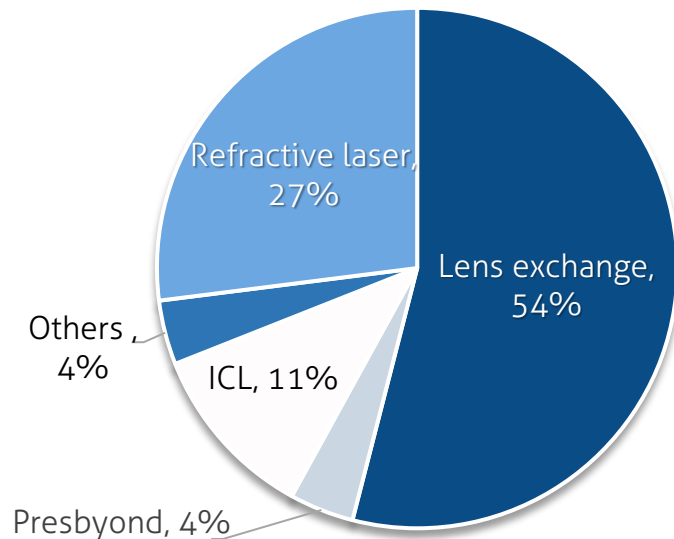
Presbyopia surgery remained growing, offsetting negative impacts from myopia treatments

- The country's consumer confidence weakened during 1H2024 while competition intensified at the same time
- The Group managed to achieve a 4% yoy revenue growth as the demand for presbyopia surgeries continued to grow
- Revenue from performing trifocal lens exchange surgery grew 28% in the country yoy, making up for the reduced demand in myopia surgeries
- The new flagship clinic in HK is on track to reach breakeven by next year

Demand of presbyopia treatments continued to surge to record high



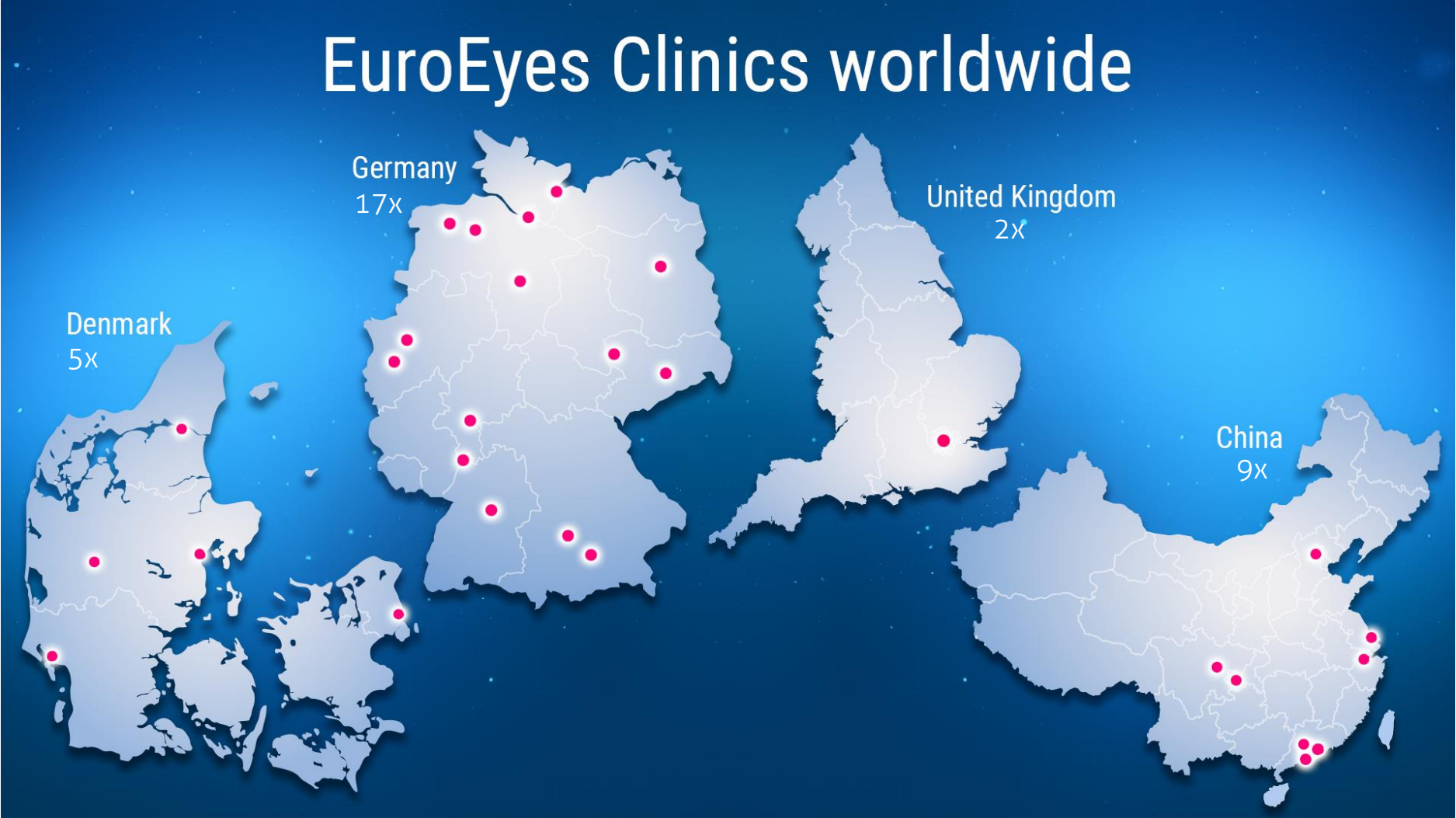
Revenue by Surgery Type



Presbyopia correction demands are resilient against economy downturn

- Revenue grew 12% yoy in lens exchange surgery
- Contribution from this category to the Group's total revenue rose to 54%, 2 ppt more than last year
- Demand for presbyopia correction treatments is less sensitive to the macro economy than myopia surgery
- Lens exchange surgery bears the highest ASP and gross profit, 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
- Presbyond further boost our presbyopia revenue and is rolled out successively in Germany and PRC

Expanded clinic network*

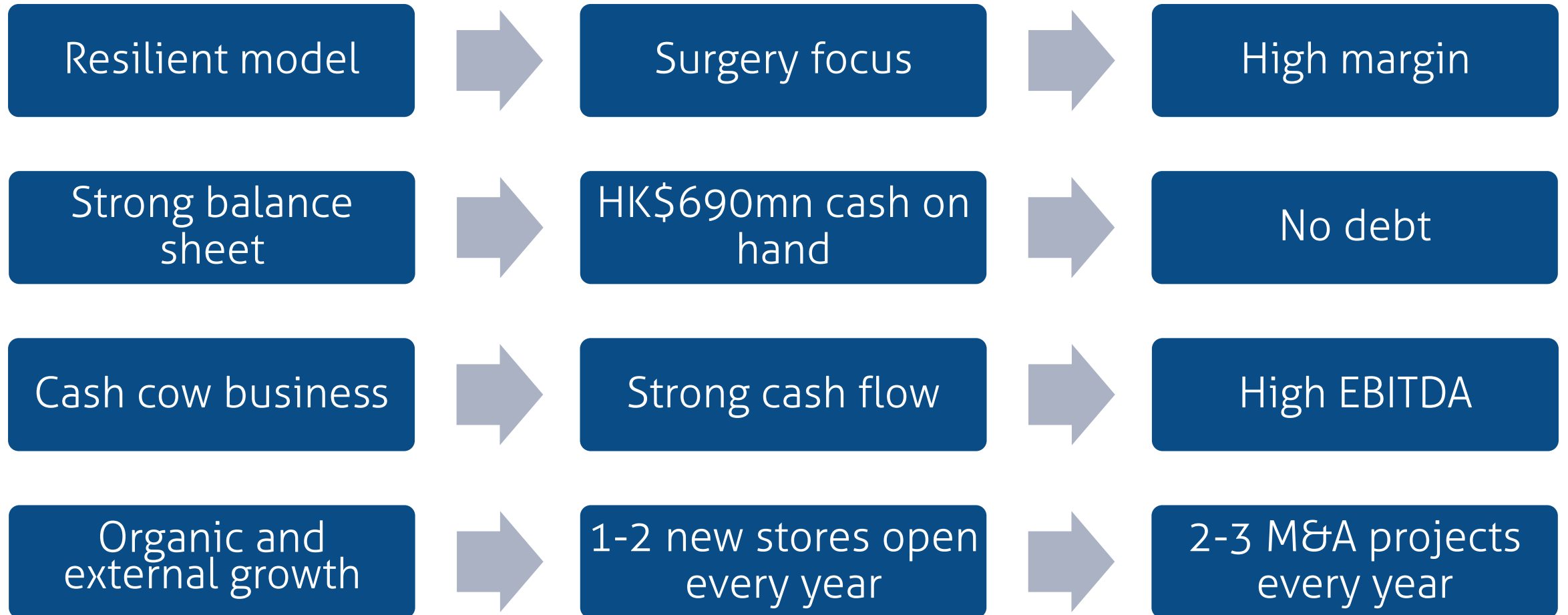


Total # of clinics: 33

*as of September 2, 2024

EuroEyes is a hidden gem

Resilient business model fuels future growth

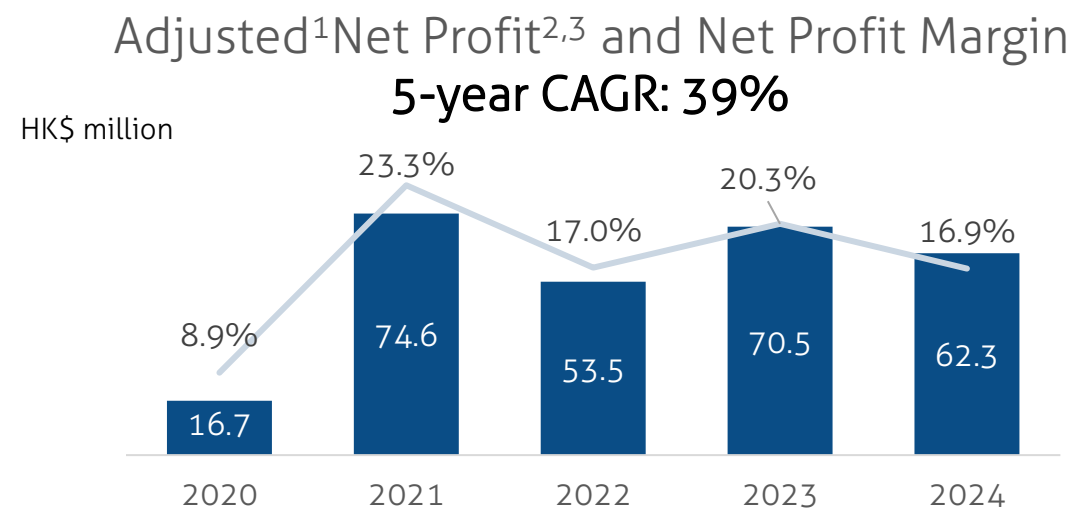
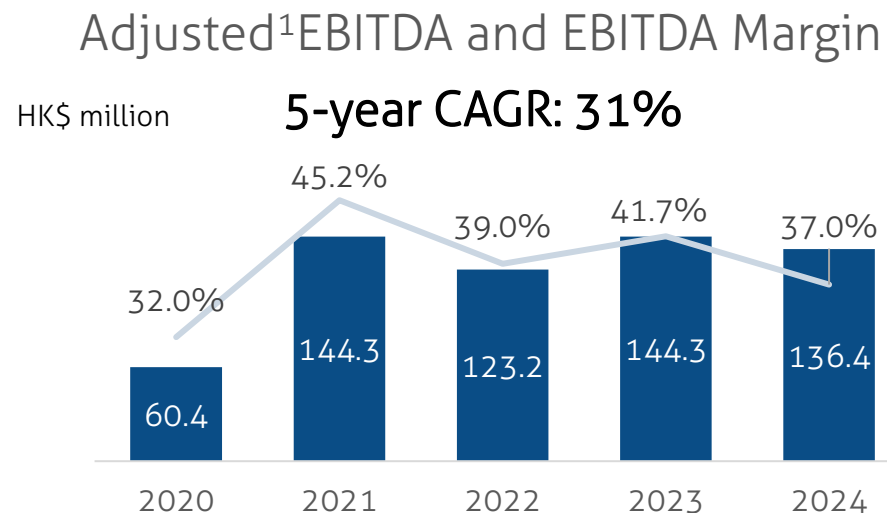
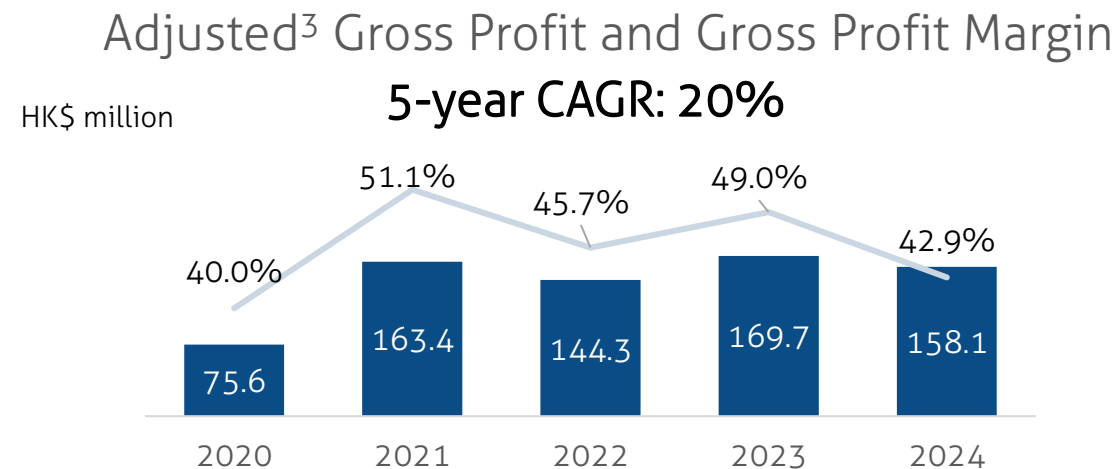
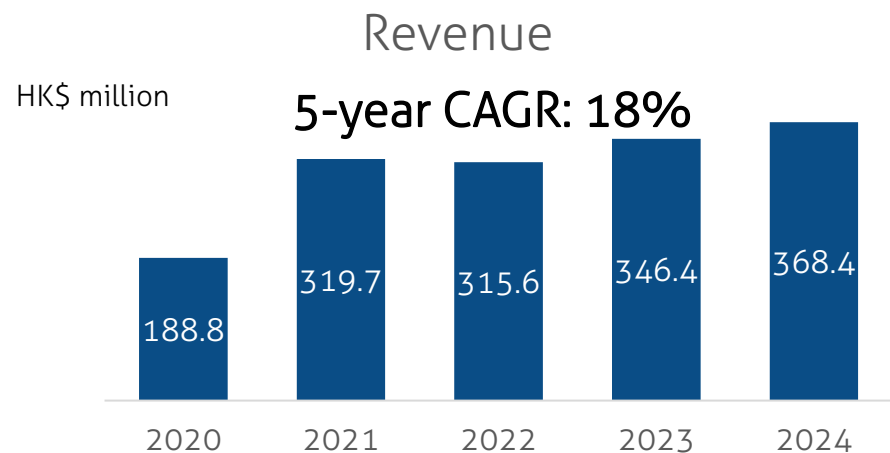


EuroEyes

1H2024 Financial Overview



Resilient performance amid weakening consumer confidence



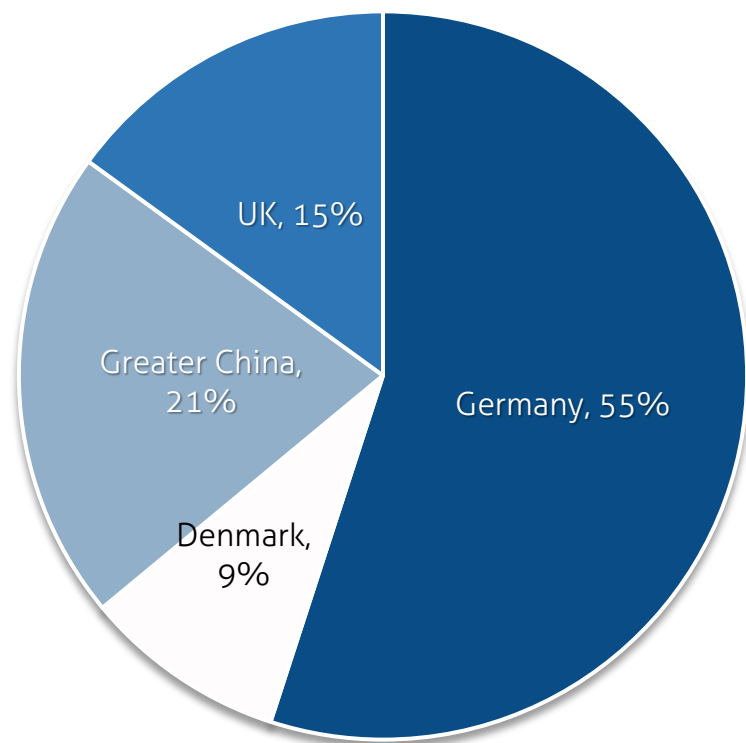
¹Adjusted EBITDA and Adjusted net profit after tax for the period is derived from 1) adding pre-operating expenses for new clinics, 2) foreign exchange (gain)/ loss in relation to the proceeds from the global offering, 3) share-based compensation expenses, 4) acquisition-related costs, and 5) (gain)/loss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

² Net profit refers to net profit for the Period

³ Adjusted gross profit is derived from adding share-based compensation expenses and pre-operating expenses

A diversified geographical coverage

Revenue by Regions

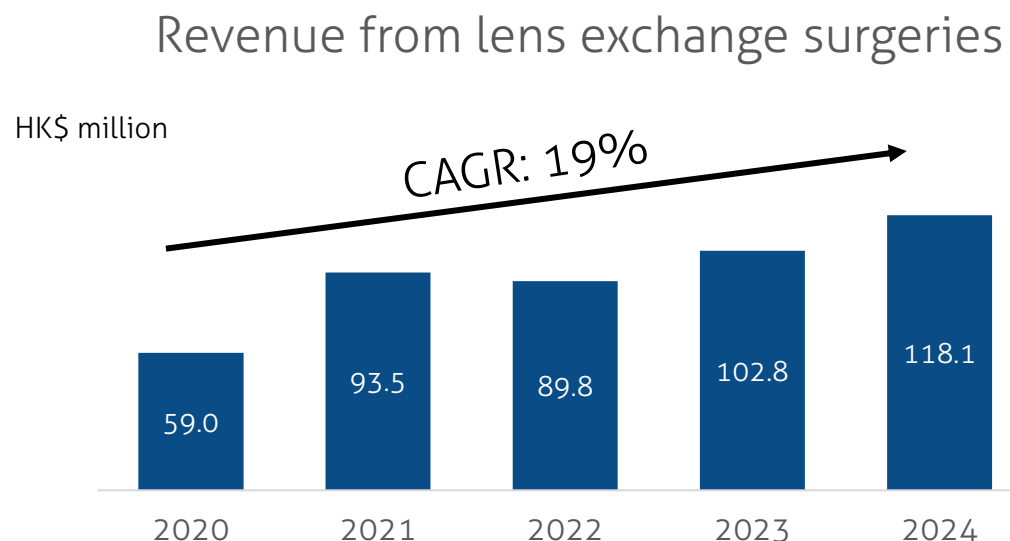
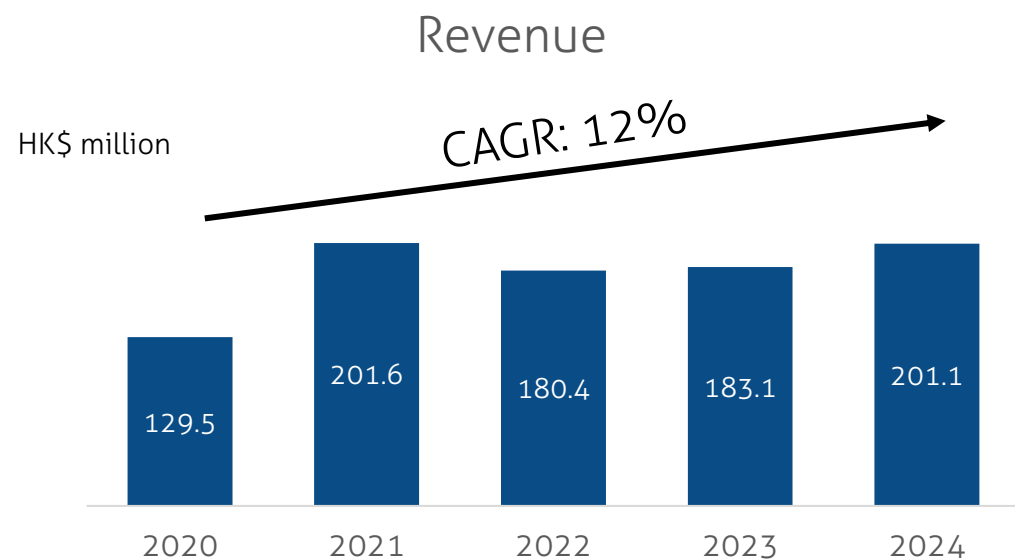


A diversified portfolio

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

With the natural hedge in place, we managed to grow 6% in revenue despite a challenging Chinese market

Germany: strong resilience amid difficult times



Resilient Revenue Growth at 10% YOY in Germany

High demand for presbyopia correction surgeries continues

- Revenue from lens exchange surgery rose 15% YoY

Demand for myopia correction surgeries remained stable

- Revenue from ICL surgery rose 11% YoY
- Revenue from refractive laser surgery dropped 4% YoY
- Demand for myopia correction surgeries gradually coming back

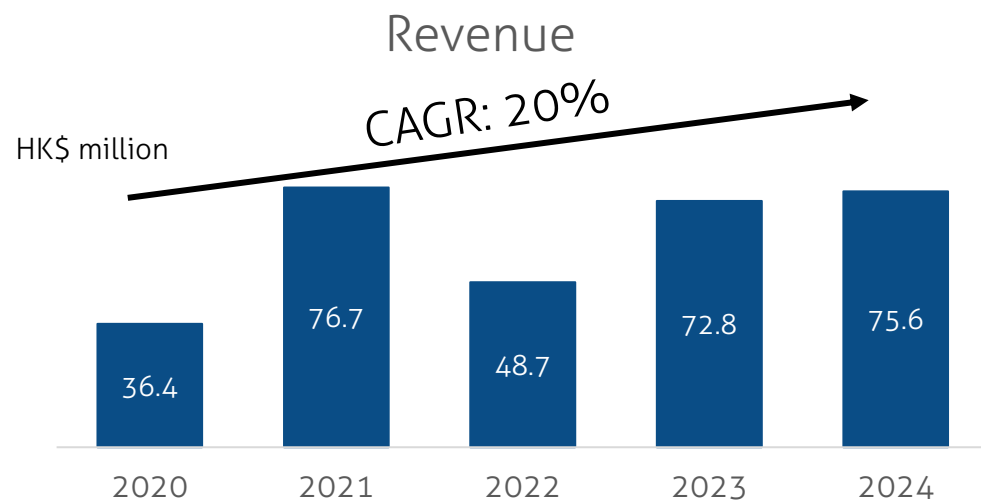
Maintained highly profitable with strong margin

- Lens exchange accounted for 59% of German's total revenue

Network extension in Germany

- Strong performance of acquired FreeVis Mannheim
- Promising start of our new clinic opened in Wiesbaden in June
- Another new clinic to be opened in Kiel by end of this year

Greater China: single-digit growth in economic downturn

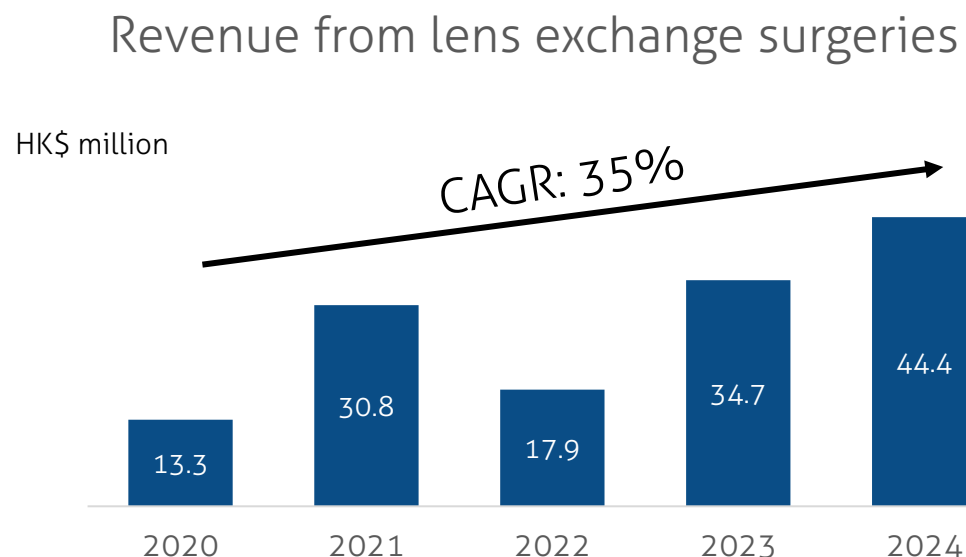


Challenging year in the country with economic downturn and furious competition

- Revenue grew 4% YoY in 1H2024

Solid growth from presbyopia correction surgeries

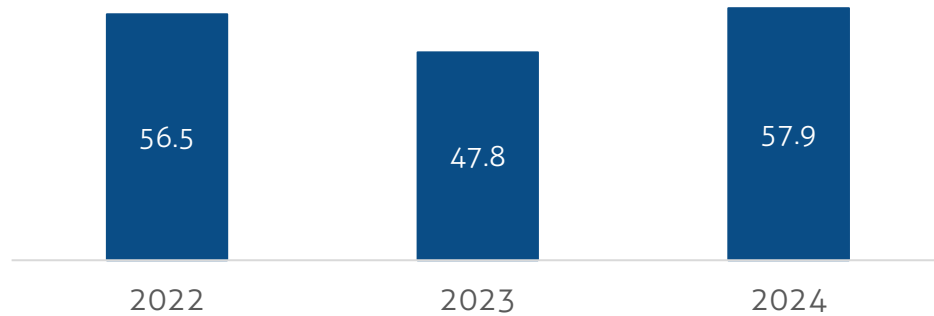
- Lens exchange surgery grew 28% YoY
- Lens exchange surgery accounted for 59% of the total revenue in the country, up from 48% in 2023
- Established market leader position in the country for doing trifocal lens exchange surgery, mitigating negative impact from intense competition
- Demand for lens exchange surgery were less affected by economic uncertainty in the country



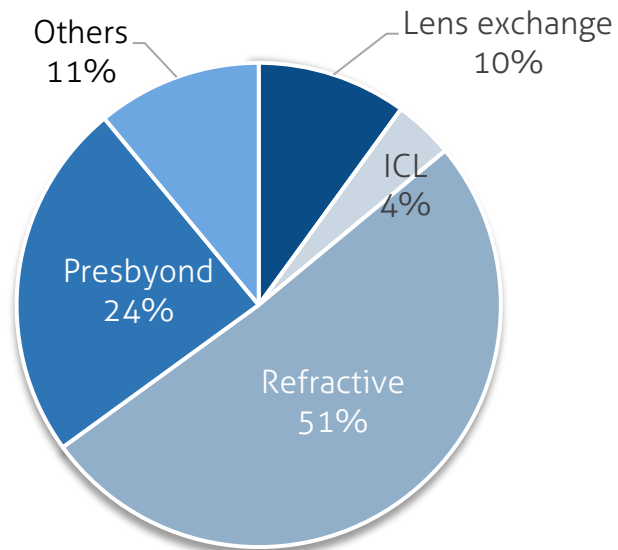
UK: bottomed out from a weak 2023

Revenue

HK\$ million



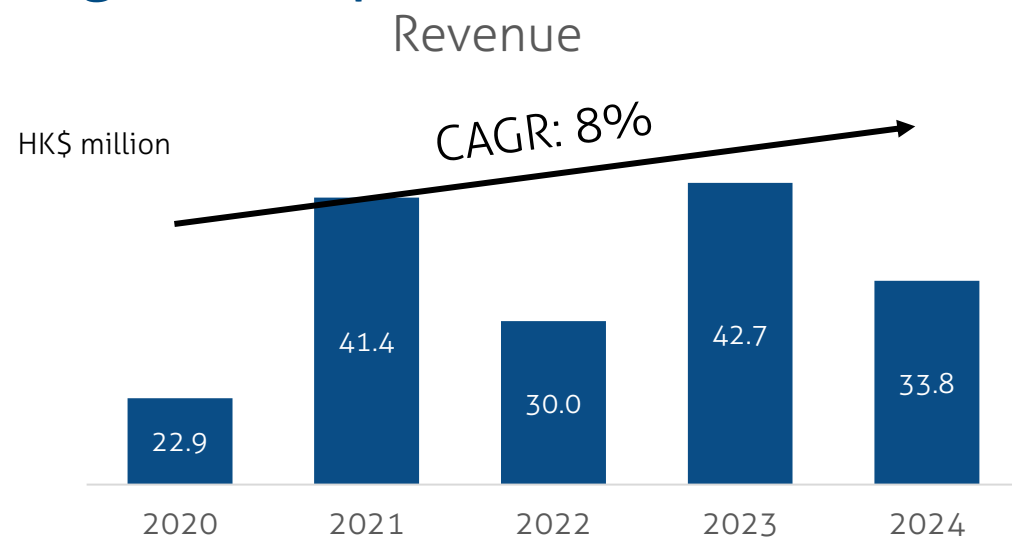
Revenue by Surgery Type



Strong double-digit growth in 1H2024

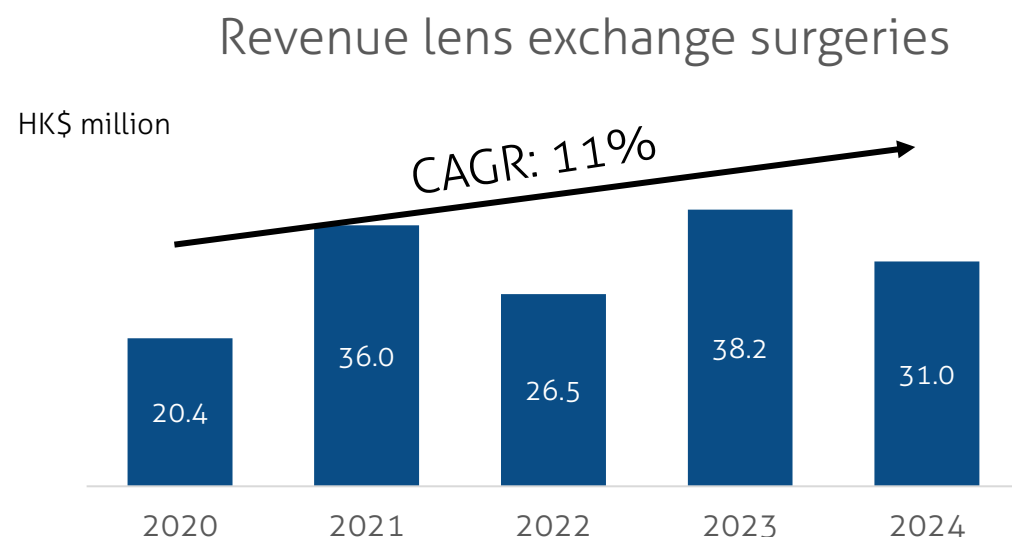
- Revenue grew 21% yoy in 1H2024
- Lens exchange surgery revenue grew 190% yoy thanks to the newly opened LEC
- Knightsbridge clinic well on track to reach breakeven within the next 6 months
- Strong demand for refractive Lens exchange reflects the overall trend
- LVC bottomed out and is back on a growth track
- New marketing agency and Social Media activities ensure the revenue growth path
- Staff reduction and process changes further help with main financial KPIs

Denmark: clinic renovation, competition and weakening consumer confidence weighted on performance



Revenue dropped 21% yoy due to one clinic closed for renovation, intensified competition and unfavorable economic environment

- Second-biggest clinic in Arhus closed for renovation, resulting in a downturn of surgery numbers
- Consumer confidence in the country weakened unexpectedly and peers were lowering price to boost volume
- The Group has adjusted its pricing and marketing strategies and saw a slow rebound starting from July

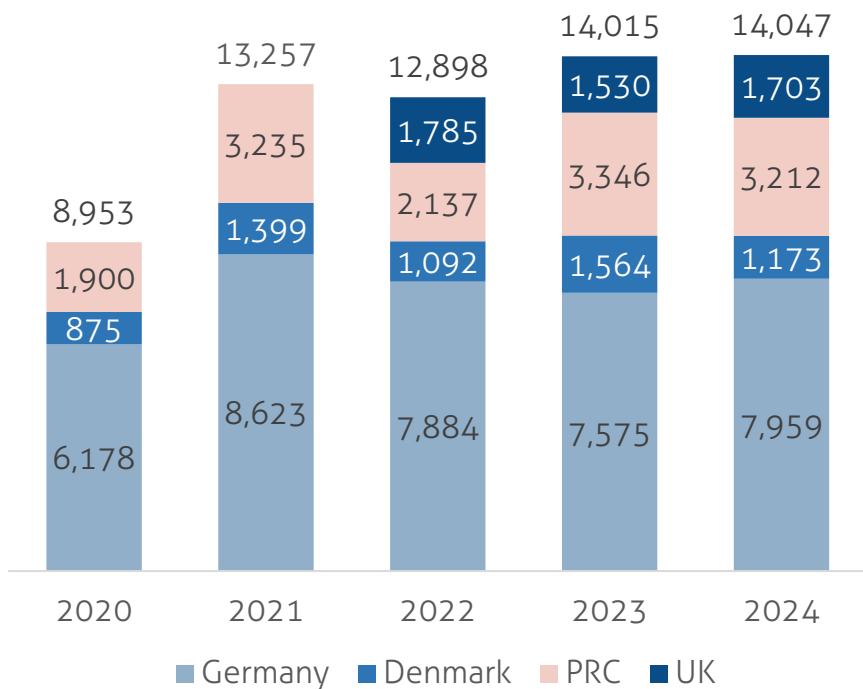


Surgery Number and Utilization Rate¹ Reached Historical High



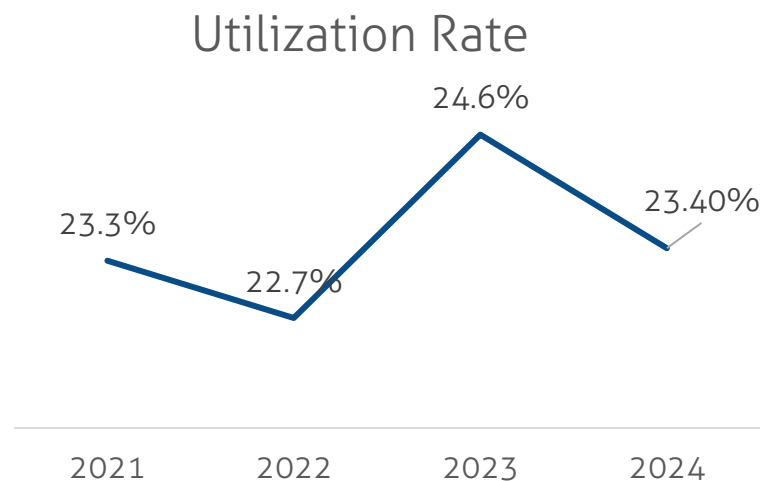
Number of Surgery

14,047



Like-for-Like¹ Capacity Utilization Rate²

23.4%

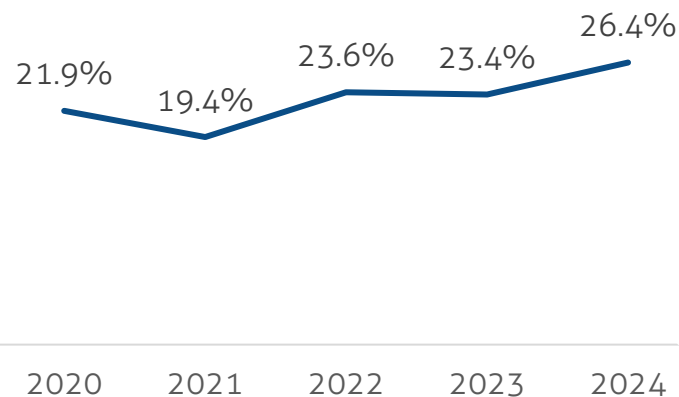


¹Like-for-like excludes clinics opened less than 1 year in any specific year

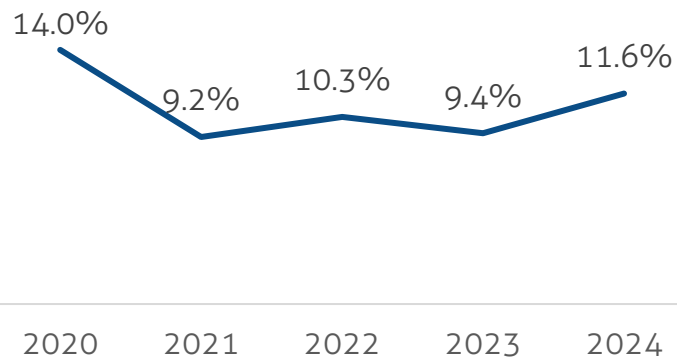
²EuroEyes capacity utilization rate measures the proportion of potential surgery appointments that is actually occupied by surgeries

Cost of Sales Ratios Remain Low

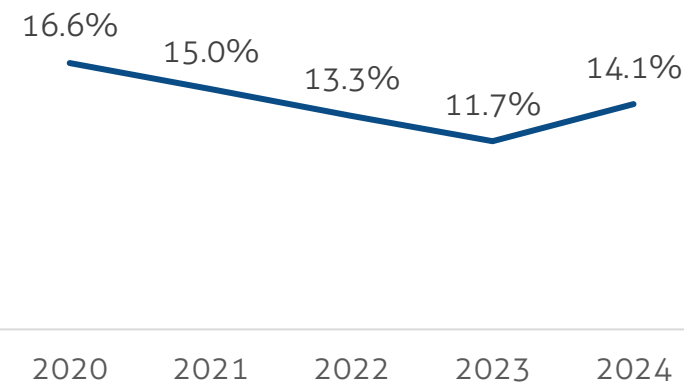
Salaries & Doctor's Fees



Depreciation

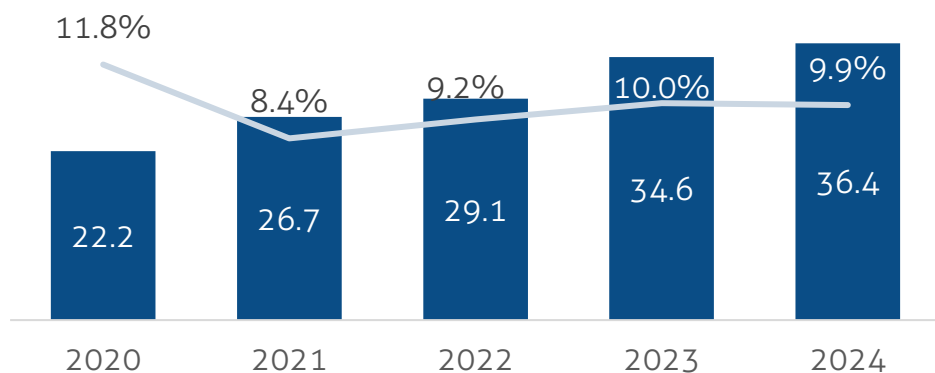


Raw Materials and Consumables



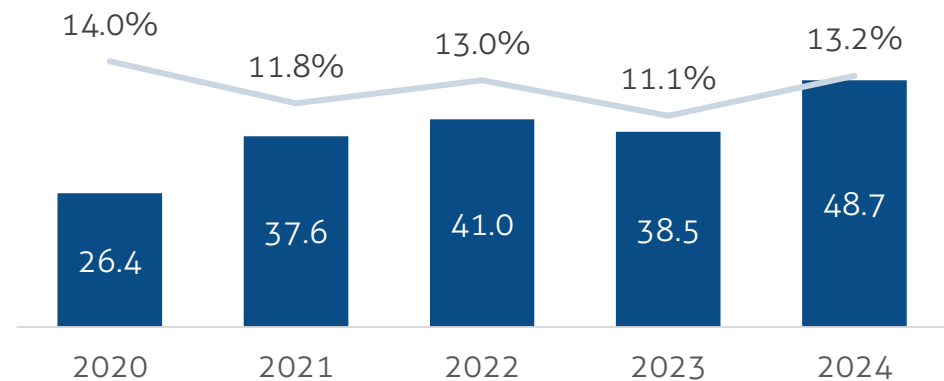
Sales Expense

HK\$ million



Administrative Expenses Ratio

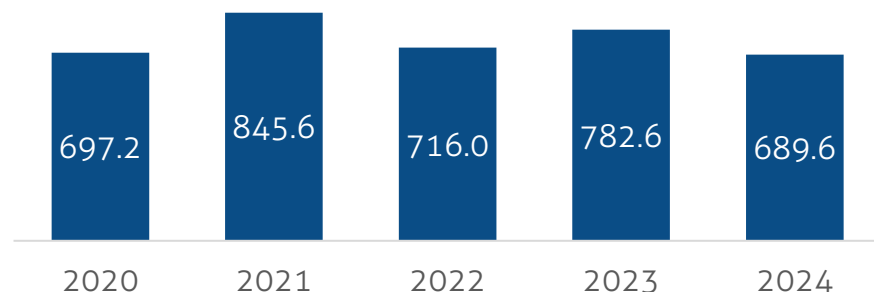
HK\$ million



Strong Balance Sheet and Healthy Cash Flow

Cash and Cash Equivalents

HK\$ million

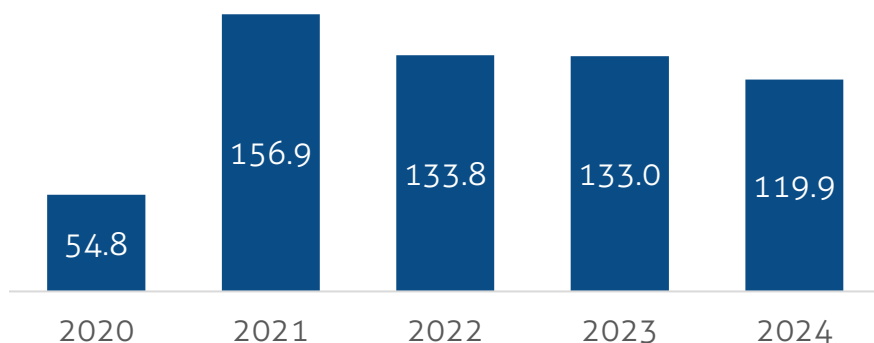


Sufficient cash on hand / no debt

- 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 amounted to HK\$119.9 million
- The decrease was mainly due to the negative cash impact from the two new clinics

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

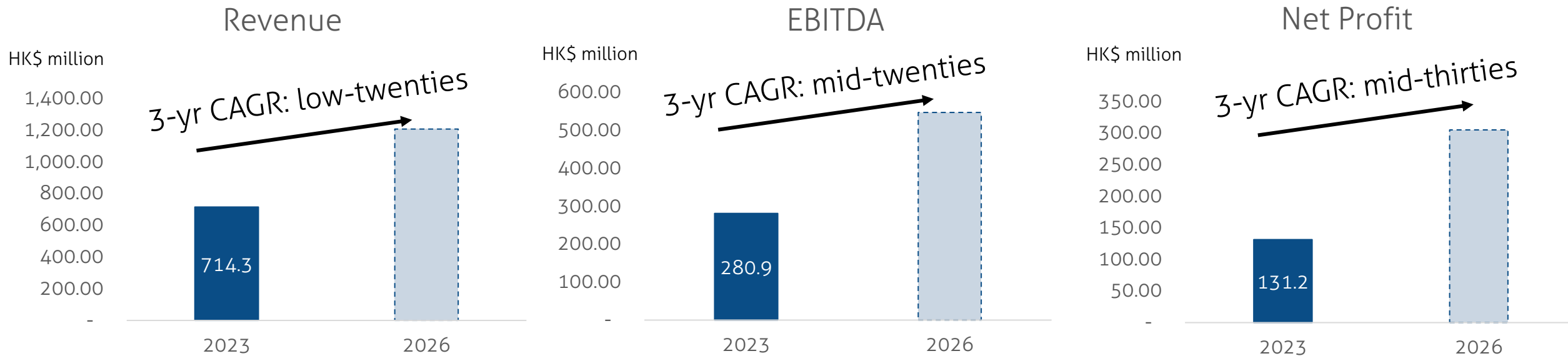
- Diversifying marketing strategies to support a faster ramping up period for new clinics.
- Shortening breakeven period for new facilities.
- Minimising the off-set effect arising from additional CAPEX due to build of new clinics.

Reiterate: organic net profit to more than double by FY2026

The Group believes the current hiccups are temporary and will mitigate by end of this year

As the market leader for lens exchange surgery, the Group will benefit from the global market trend and achieve premium-to-market growth

We maintain our mid-term guidance and remain confident FY2025 and FY2026 will catch up as new clinics ramp up and start to make profits



M&A to Bring Significant Upsides to Organic Growth



Around HK\$500mn out of the Group's cash on hand will be used for M&A



The money will be deployed by FY2025



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

For the six months ended June 30 HK\$'000	2023	2024	YoY change (%)
Revenue	346,382	368,372	6%
Cost of sales	(178,800)	(220,359)	23%
Gross profit	167,582	148,013	-12%
Operating expense	(67,646)	(82,272)	22%
Operating profit	99,936	65,741	-34%
Finance cost	(7,332)	4,703	N/A
Profit before income tax	92,604	70,444	-24%
Income tax expense	(24,493)	(24,135)	1%
Profit for the Period	68,111	46,309	-32%
Profit attributable to			
Owners of the Company	67,476	44,154	-35%
Owners of the Company (non-IFRS)	69,848	60,096	-14%
Non controlling interests	635	2,155	239%
EBITDA	141,658	120,718	-15%
EBITDA (non-IFRS)	144,318	136,371	-6%

	2023	2024
Gross profit margin	48.38%	40.18%
Operating profit margin	28.85%	17.85%
Net profit for the Period margin	19.66%	12.57%
Non-IFRS net profit for the Period margin	20.35%	16.91%
EBITDA margin	40.90%	32.77%
Non-IFRS EBITDA margin	41.66%	37.02%

Non-IFRS Adjustments

For the six months ended June 30	2023	2024
HK\$'000		
Reported profit attributable to owners of the Company	67,476	44,154
Add:		
Pre-operating expenses	6,067	13,099
Share-based compensation expenses	1,029	1,494
Acquisition-relation costs	-	2,469
Fair value gain through profit or loss	(4,436)	(1,443)
Foreign exchange (gain)/ loss in relation to the proceeds from global offering	(288)	323
Non-IFRS profit attributable to owners of the Company	69,848	60,096
Reported EBITDA	141,658	120,718
Add:		
Pre-operating expenses	6,067	13,099
Share-based compensation expenses	1,029	1,528
Acquisition-relation costs	-	2,469
Fair value gain through profit or loss	(4,436)	(1,443)
Non-IFRS EBITDA	144,318	136,371