



PEGAVISION *Be Unique!*

PEGAVISION CORPORATION
Pre-Listing Performance Presentation

Ticker : 6491

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Risks Factors and Supplementary Disclosures

1. Industrial, operational and other key risk factors

1) Industrial risk

The top 4 contact lens companies (Johnson & Johnson, Alcon, CooperVision and Bausch & Lomb) in the market account for around 90% of market share. These companies all have well-known and reputable brands making it difficult for other brands to contend with.

2) Operational risk

New products keep coming out in the market, making us heavily on our research and development capabilities to remain competitive. Moreover, contact lens belongs to medical devices and is subject to stringent medical devices regulations. The product schedules are long with varying regulatory requirements in different countries, making the cost to obtain approval high and ability to ultimately obtain licenses difficult and uncertain.

3) Other key risks

Please refer to paragraph 1 (2) of Pegavision prospectus for other key risks and their corresponding measures. Pegavision has adopted various corresponding measures in order to mitigate the above mentioned risks.

2. Supplementary disclosures requested by the TWSE and the Securities Listing Review Committee

1) The rationality of the change in sales performance of the past 3 years and the first quarter of 2019.

2) The necessity and rationality of the 2.7 billion capital expenditure in 2018, due to factory expansion plan.

Related explanation please refer to today's presentation and the Company's prospectus for application of using cash capital to issue new stocks on Market Observation Post System.

Disclaimer

- The summary and evaluation of the past, present and future operation included in this presentation are based on the subjective and objective factors at the time the document was made. The forward looking statements among them is subject to risks, uncertainties and inferences, some of which will partially beyond our control, and the actual results may be very different.
- The Company doesn't explicitly or implicitly express or promise that the information provided in this document, including our opinion of the future, is correct, complete and reliable. The document neither represent the whole discourse of the Company, industry condition and the subsequent major developments.
- The prospects in this presentation reflect the Company's opinion thus far. The Company is not responsible to remind or update at any time if there are any changes or adjustments.

- PEGAVISION
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Agenda

1. Company Introduction
2. Industry Development
3. Business Overview
4. Actual Performance
5. Competitive Advantage
6. Future Development
7. Corporate Governance & CSR

● 1. Company Introduction



Date of Establishment

26 August, 2009
Current capital : NT\$ 600 million



Management

Chairman : T.H. Tung
Vice Chairman : Peter Kuo



Main Business

Design, research, manufacturing and marketing of contact lenses

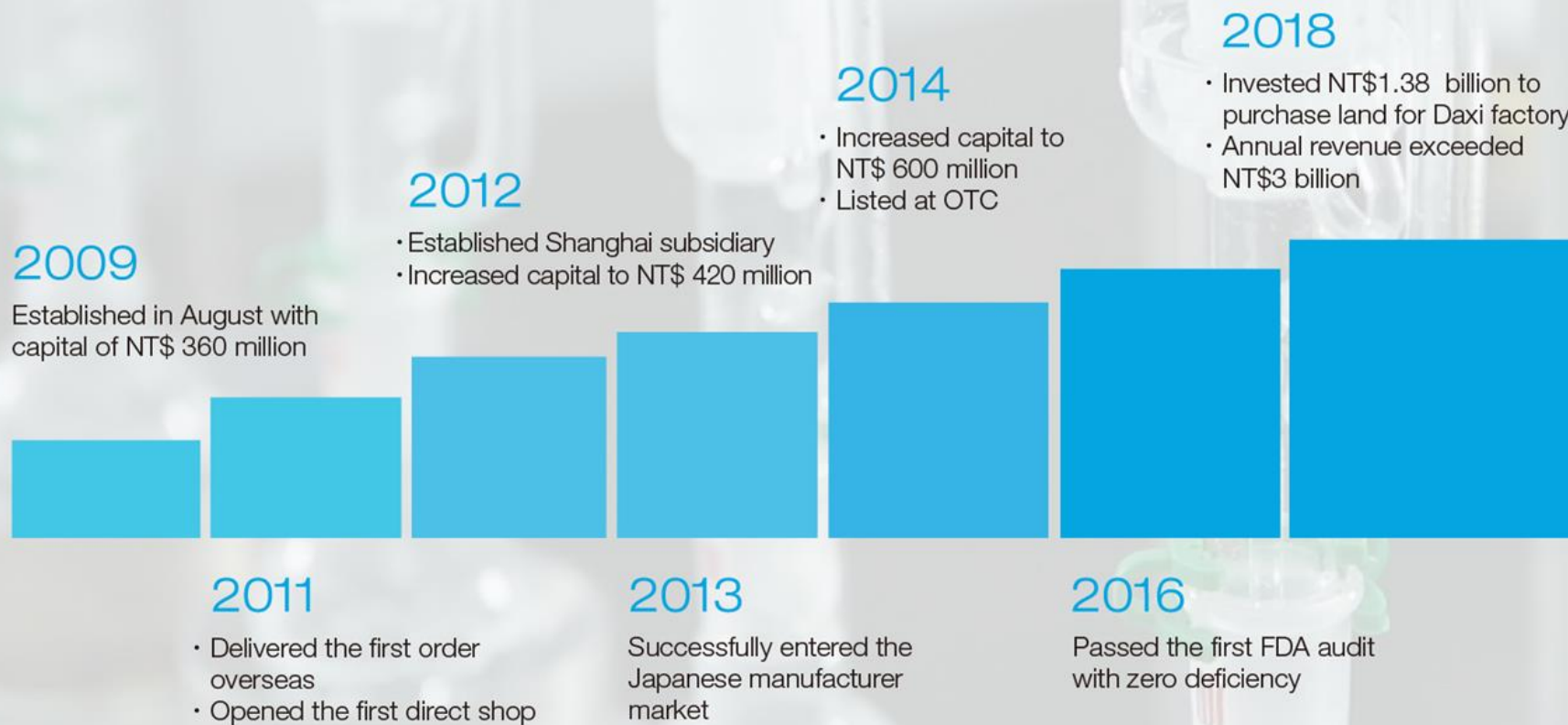


Number of Employees

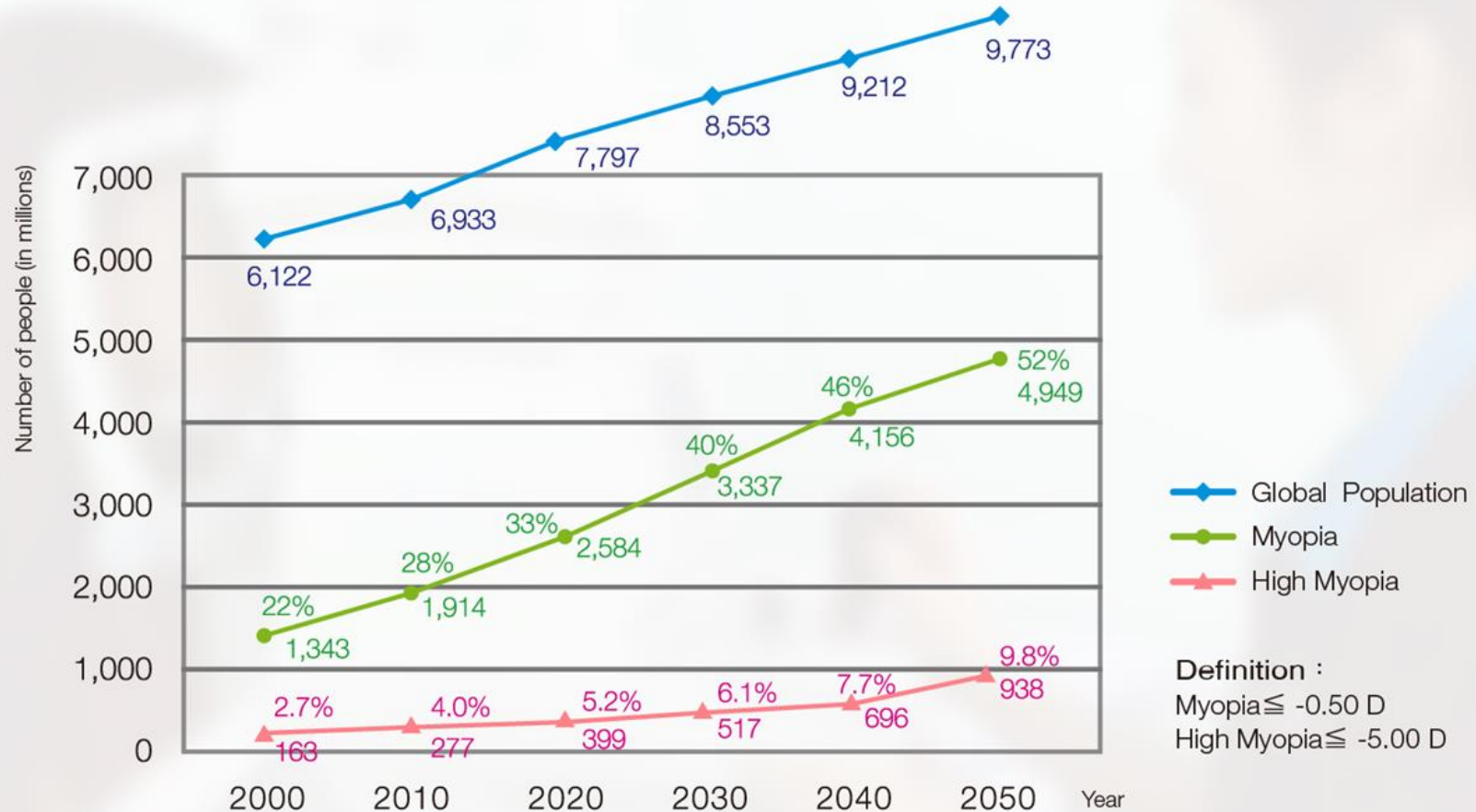
1,328, as of July 2019 (including subsidiaries)



● 1. Company Introduction



● 2. Industry Development _ Global Market



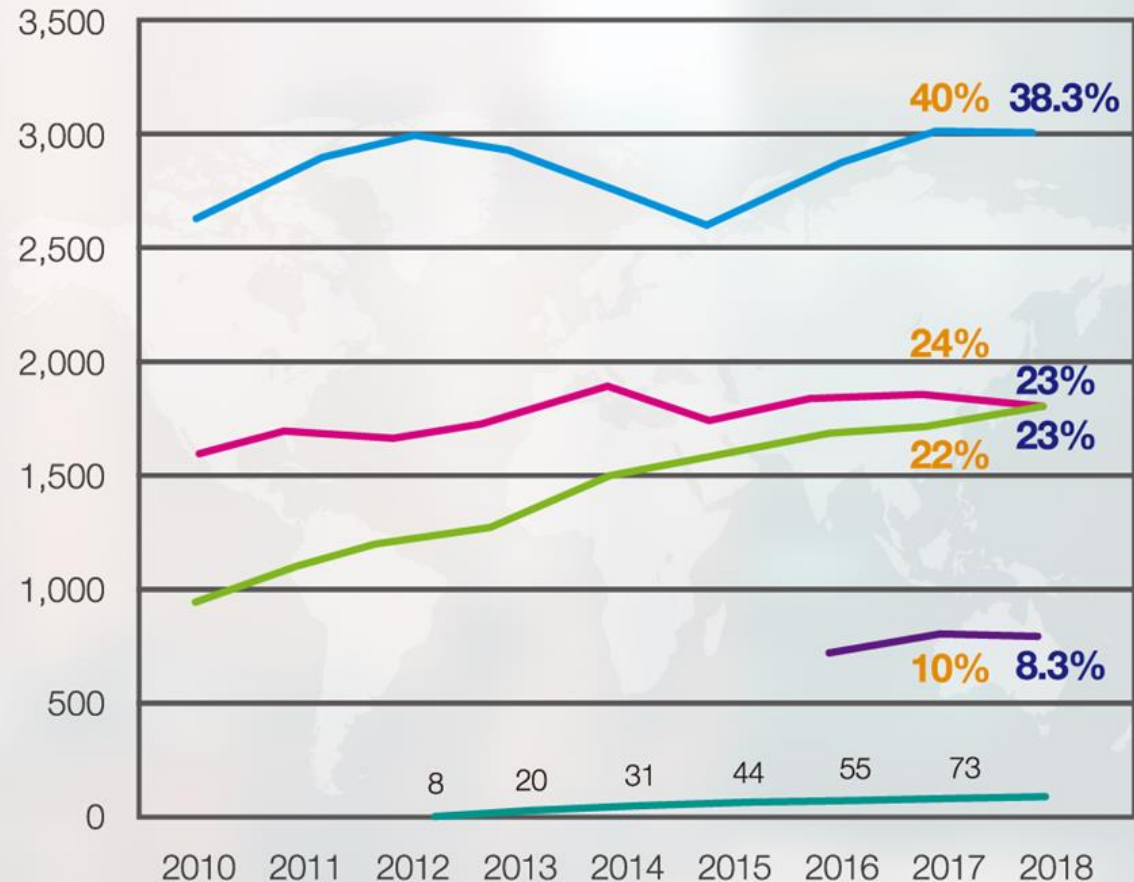
The total number of people with myopia keeps growing all over the world. According to the latest research, around 30% of people (2.3 billion) have myopia. If following the current trend, nearly 50% of global population will have myopia by year 2050, which is about 5 billion people. Among them close to 1 billion will have high myopia.

● 2. Industry Development _ Global Market (cont.)

Data source : Pegavision

- It is estimated that the global market of 2018 was 8.5 billion US dollars (approximately 262.7 billion NTD). The annual growth was 6%.
- The top 4 brands in the industry still owns more than 90% of the market, maintaining oligopoly. Asia is the fastest growth market due to its population growth and economic growth.
- The breakthrough in optics of contact lenses, such as the control of astigmatism, presbyopia and myopia, has increased the sales and the market size.
- The number of people with myopia is rising due to the massive use of digital devices, and is one of the momentum for the market growth.

Top 4 Revenue



● J&J ● Alcon ● Cooper ● B&L ● PV

● 2. Industry Development _ Trend of Future

Data source : Pegavision

There are going to be **3 main business growth momentum** in the near future, which are :

Optics:

astigmatism,
presbyopia and
myopia control for
children

- The specifications of traditional astigmatism products were so many that manufacturers did not carry inventories. Therefore, the products were not prevalent. Nowadays, along with the desire for health and the breakthrough of technology, the market share has been gradually increased.
- The first generation contact lenses users have entered ages of presbyopia as the population aging. The breakthrough in multifocal optical technology can now satisfy the need of far and near vision.
- The growth in digital products and gaming continue to decrease the ages that children first developed myopia. On average, 50% of the elementary school students in Asia have myopia. The ratio increased to 80% in high school students. Both government and parents worldwide are concentrated of this problem.

Design:

cosmetic contact
lenses

- The demand for cosmetic contact lenses along with the cosmetics and fashion industry, especially in Asia and Middle East is a growth market. The sales of cosmetic contact lenses will rise as the consumer's disposable income increases.

Material:

Silicone Hydrogel

- It has been 50 years since the invention of hydrogel material in 1960s. Now silicone hydrogel material allows much more oxygen to pass through the lens than hydrogel. It is healthier for consumer and reduce the risk of oxygen deprivation due to long hours wearing on a daily basis.

● 2. Industry Development _ Trend of Future (cont.)

Data source : Pegavision

Innovation of the products:

Contact Lens as Carrier

- **Detective Contact Lens**

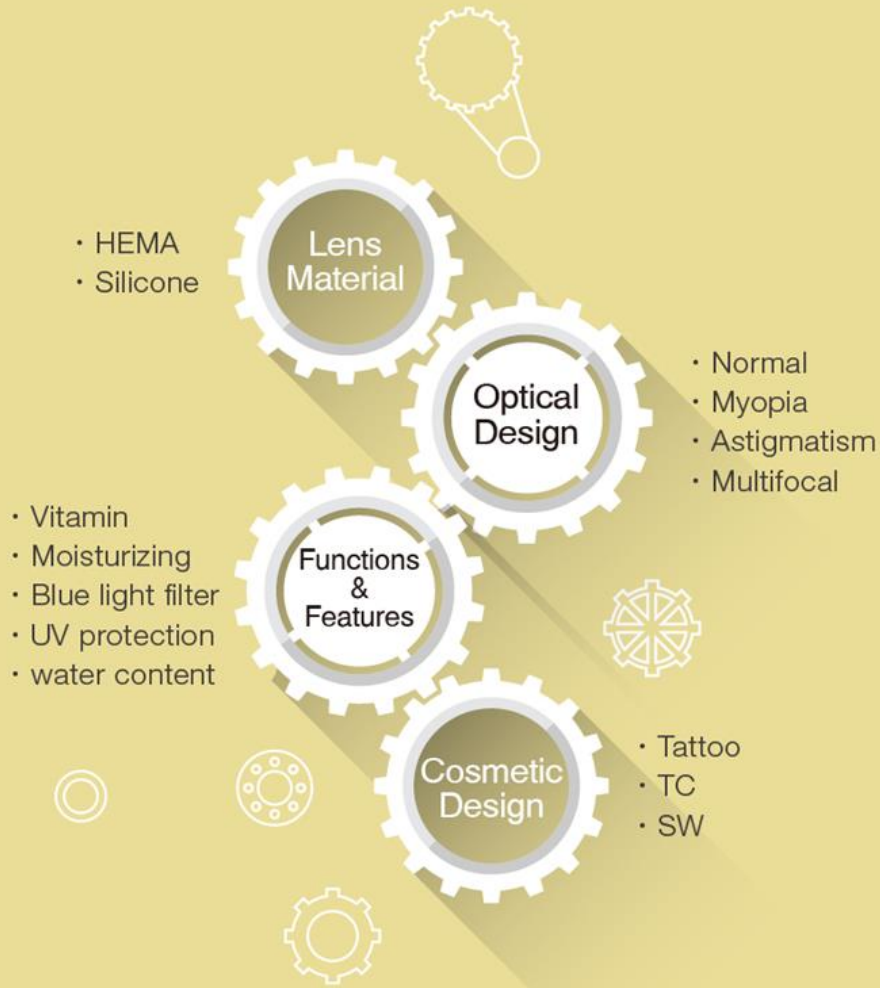
To interpret health indices through the composition of tears (For example: blood sugar)

- **Medicinal Contact Lens**

By controlling the velocity of eye medicine exchange in the tears to release the pharmaceutical ingredients



3. Business Overview _ Product Line



normal



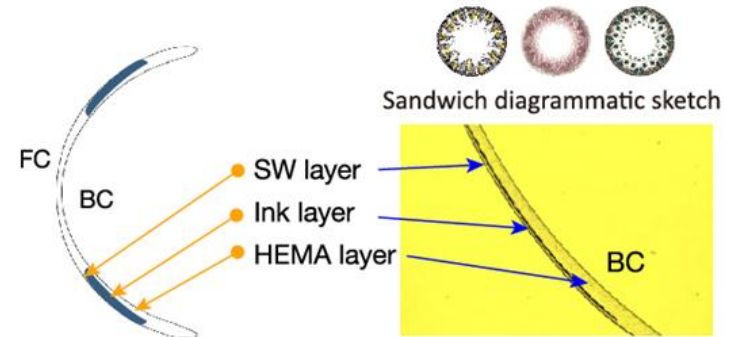
Reli



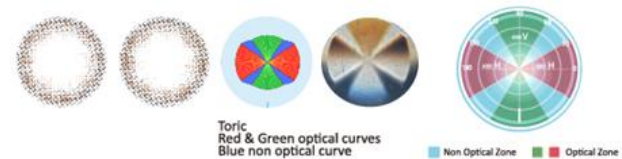
cosmetics daily disposable



sandwich cosmetics daily disposable



cosmetics daily disposable for Astigmatism



● 3. Business Overview

OEM

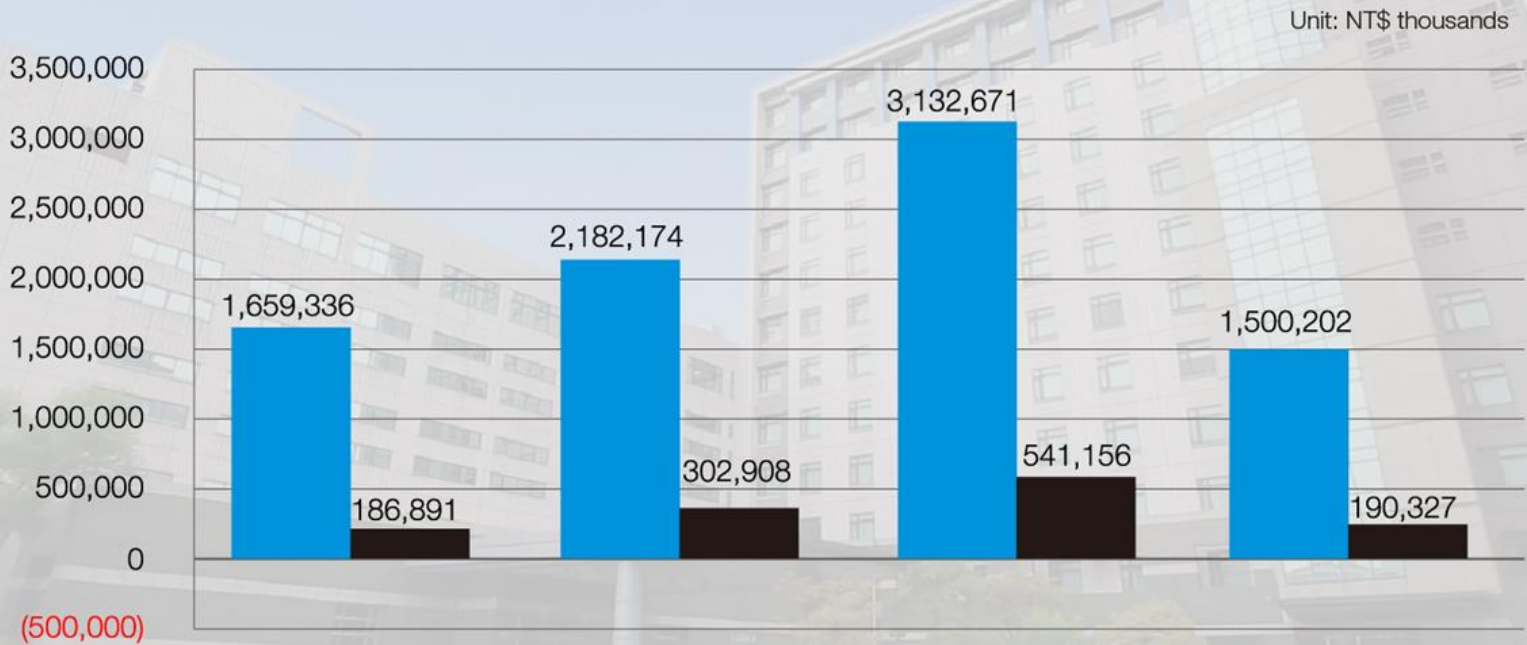


● 3. Business Overview

ODM



● 4. Actual Performance_Revenue & Net Income growth



	2016	2017	2018	2019H1
Revenue	1,659,336	2,182,174	3,132,671	1,500,202
Net Income	186,891	302,908	541,156	190,327
Growth rate of NI	11.26%	13.88%	17.27%	12.69%
Growth rate of revenue	26.90%	31.51%	43.56%	5.98%
EPS	3.11	5.05	9.02	3.17
Growth rate of EPS	46.70%	62.38%	78.61%	-9.43%

● 5. Competitive Advantage



A Innovation ability

- A. The first company in the world that sells contact lenses using membership and annual fee business model
- B. The first company in Taiwan to open contact-lens only direct shops
- C. The first company in Taiwan that sells contact lenses via app
- D. The first contact lenses company to open flagship brand store on Tmall.com in China
- E. The first company in Taiwan to develop and employ online AOI inspection system

B Integrated service providers

- A. Complete product licenses of multiple countries (over 25 countries/more than 130 product license)
 - enable clients to sell single product in different countries)
- B. Established multi-layered cooperation model with clients
 - OEM/ODM/Co-Developing + ODM/OEM/ODM + sales agent
 - one-stop shopping products and services
 - complete and flexible service

● 5. Competitive Advantage (cont.)

C Human resources

- A. The Company has talented employees. There are 1,328 people. More than 64% of them have bachelor degrees and 9.3% of them have master/PhD degrees (124 people)
- B. Innovated new models and new types, and acquired 125 patents
- C. The main research and development sections: Material R&D Division, Optical Design Division and Equipment Design Division
- D. Human resource development: Industry-Academy/ Industry-Research Cooperation, cross-border cooperative research and design, cross industry cooperative research

D High quality manufacturing

- A. Using automated production system to provide high quality products
- B. The shortest delivery time to decrease client's inventory
- C. Satisfying client's capacity planning. The Company has already made the plant expansion and production plans for the next 10 years
- D. Good quality system, recognizing by multiple countries' drug administrations, including PMDA,FDA,MFDA,MOH,TFDA.....

● 6. Future Development _ Goal & Market Strategy

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- A** To build up production capacity in order to satisfy clients' needs. To provide a more complete services, to build long term relationship with clients and to become the largest contact lens original manufacturer in the world
 - B** To build intelligent plants in order to satisfy the needs of the market for high-quality, diversified and flexible production, and to reach the most efficient supply chain
 - C** To develop advance materials and optics for contact lenses to enlarge the user's optical requirement, expanding market and maintain long-term growth
 - D** To establish "Pegavision" as a global contact lens brand

● 7、Corporate Governance & CSR

Protection of the rights and the equitable treatment of shareholders

- Maintained an latest list of the major shareholders and the ultimate controllers
- Established spokespersons system and a responsible unit to handle suggestions of the shareholders
- Completed the payment of dividends within 30 days after the ex-dividend date

Enhancement of the structure and operations of the board of directors

- Purchased liability insurance for all of the members of the board of directors
- Established audit committee and payroll committee

Strengthening information transparency

- Established an Investor Relations section on the Company's website to disclose financial, business and corporate governance information
- The Company's website provides information of the shareholders' meeting, including the annual report, the meetings notice, the meeting agenda and the meeting minutes.

Implementation of corporate social responsibility

- Disclosed employee welfares in the annual reports and the Company's website
- Established ethical code of conduct, code of good faith and code of practice for corporate social responsibility

● 7、Corporate Governance & CSR



Water Conservation

Establish a water recovery system to recycle boiler cooling water and wastewater from pure water systems.
The factory water recovery rate reached 16%.



Carbon Footprint Reduction

Savings electricity of 16,000 kWh in 2018.
(Reduce CO₂ emission of 8.8 tons)



Waste Reduction

Waste recycling 1,688 tons in 2018.

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