

CHLITINA HOLDING LIMITED

Q1 2021 REPORT

凝聚信心 主動出擊 合力成長
CONFIDENCE · ACTION · GROWTH

相信 2021 奮鬥 獲回報
是力量

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Company Profile

Corporate Snapshot

Stock Ticker	4137 TT (麗豐-KY)
Market Cap.	around NT\$ 17bn
Capital Stock	NT\$ 795m
2021Q1 Sales	RMB 253m / NT\$ 1.108bn
2021Q1 Net Profit	RMB 71m / NT\$ 311m
2020 ROE	22%
Main Shareholder	Wealthy Garden (35.29%)

Business Scope

Main businesses

R&D, manufacturing and sale of skincare and beauty products; In addition to our beauty salon franchise network, we have entered e-commerce and the medical beauty sector; We are also actively developing various anti-aging and regeneration research projects.

Market Positioning

Mid-to-high end skincare products; Beauty salon franchise industry leader; In recent years, we have also been involved in aesthetic surgery and in anti-aging research.

Market Focus

Mainland China (about 95% of sales).

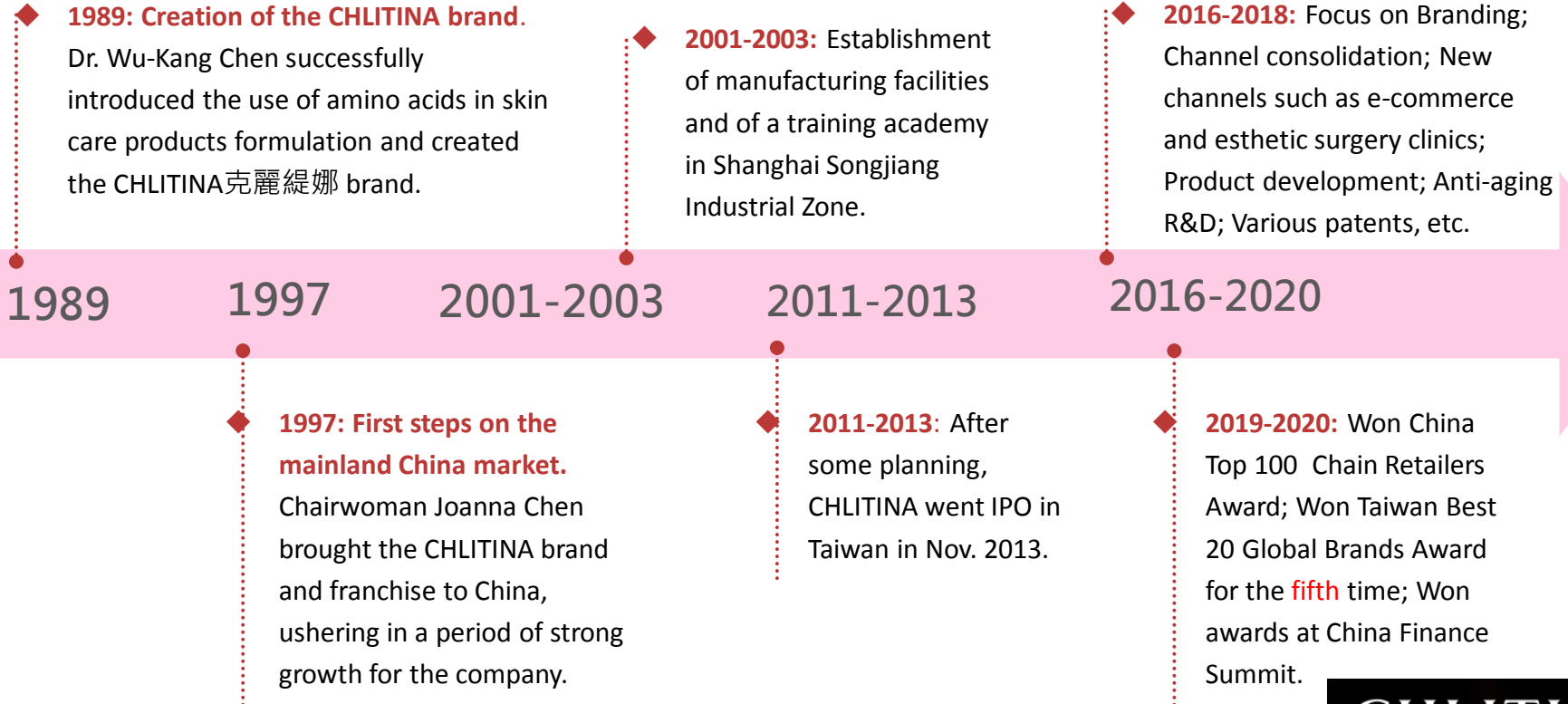
Main Business Channels

Franchise beauty salons and manicure and eyelash salons; Self-owned aesthetic surgery clinics; Self-owned e-commerce platform; Strategic investments.

Brands and Business Scale

- CHLITINA 克麗緹娜 (beauty salon franchise): more than 4900 stores.
- UPLIDER 雅樸麗德 (self-operated aesthetic surgery and anti-aging clinics): 6 medical clinics.
- Xinmeili 新美力 (self-operated e-commerce platform), complementary to physical stores.
- RnD 瓊緹 (manicure and eyelash salon franchise): over 500 stores.

Selected Milestones



Group Structure



**Beauty salon
franchise
network**

**Self-operated
e-commerce
platform**

**Self-operated
medical beauty
clinics**

**Nail and Eyelash
salon franchise
network**

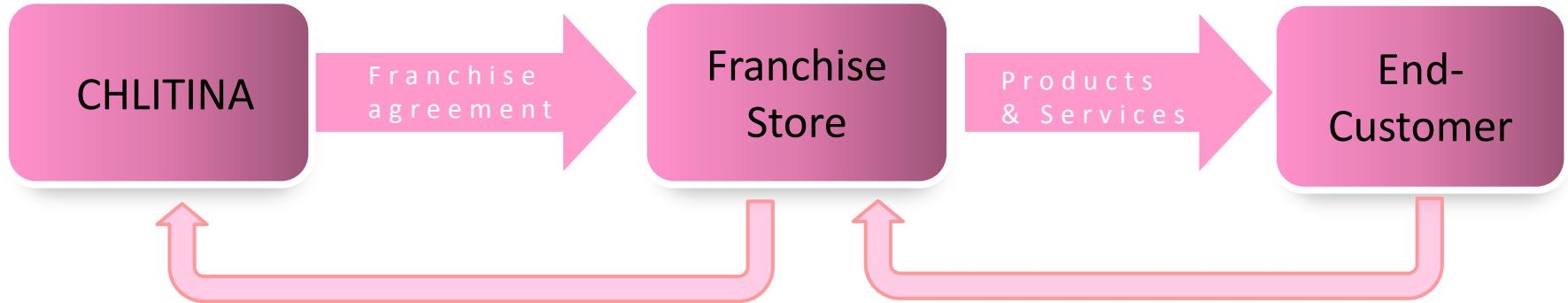
**Training
academy**

**Production
facilities**

Main Channel: CHLITINA Beauty Salon Franchise Model

- **Training sessions:** specialized or not
- **Beauty products:** for customers to bring back home or for beauticians to use inside salon

- **Sale of skin care products**
(GP around 50%)
- **Sale of services** (GP around 90%)

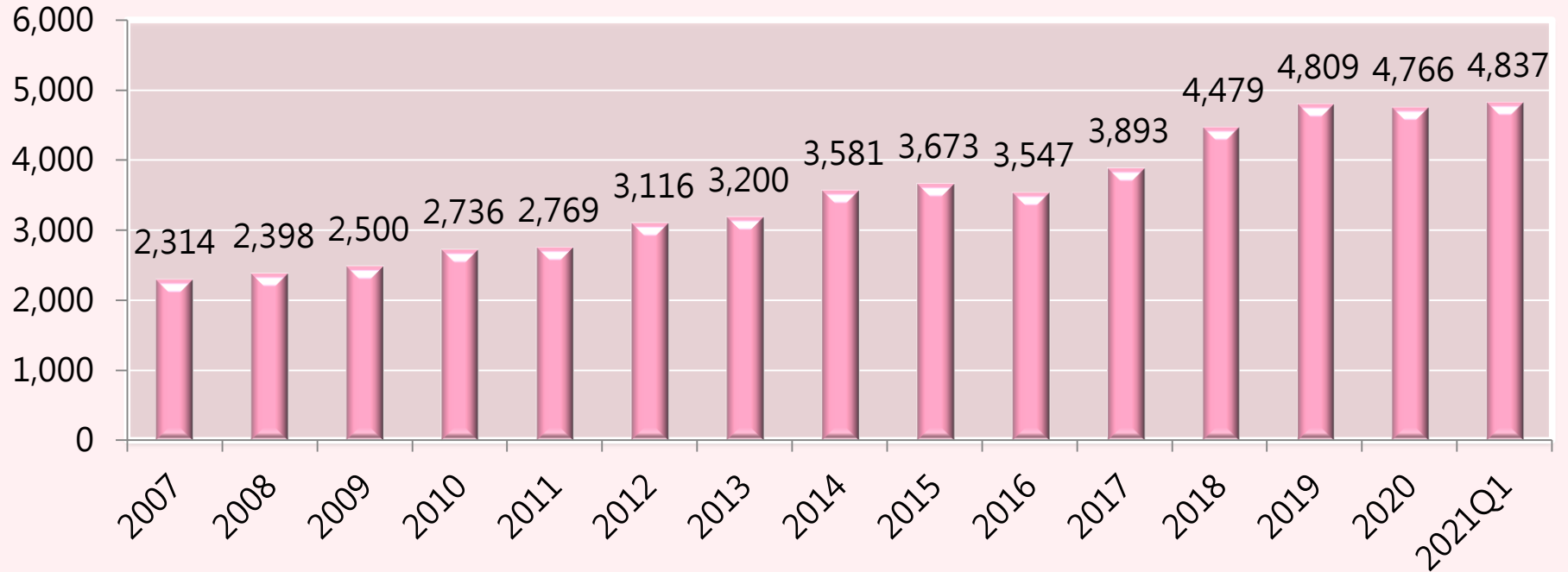


- Income from franchise fee and product sales
- Minimum purchase requirement
- Standard storefront requirement

- Investment RMB700,000 to RMB1m
- Rent, salaries, and other expenses borne by franchisee
- It takes franchisees about 2-3 years to break even

Main Channel: CHLITINA Network Scale

CHLITINA Beauty Salons – Store Count



Main Channel: CHLITINA Franchise Store Age Analysis

CHLITINA beauty salons (China) – age vs. sales

CHLITINA franchise stores (mainland China only)	<1 year	1-3 years	3-5 years	5-10 years	>10 years	Total
Percentage of stores as of 2021.03.31	12%	30%	20%	21%	17%	100%
Percentage of 2021Q1 sales	13%	26%	20%	23%	18%	100%
2021Q1 Average sales per store (unit: RMB1,000)	56	45	51	54	53	51
As compared to 2020Q1 (%)	160%	179%	174%	180%	165%	174%
As compared to 2019Q1 (%)	96%	86%	87%	93%	94%	90%

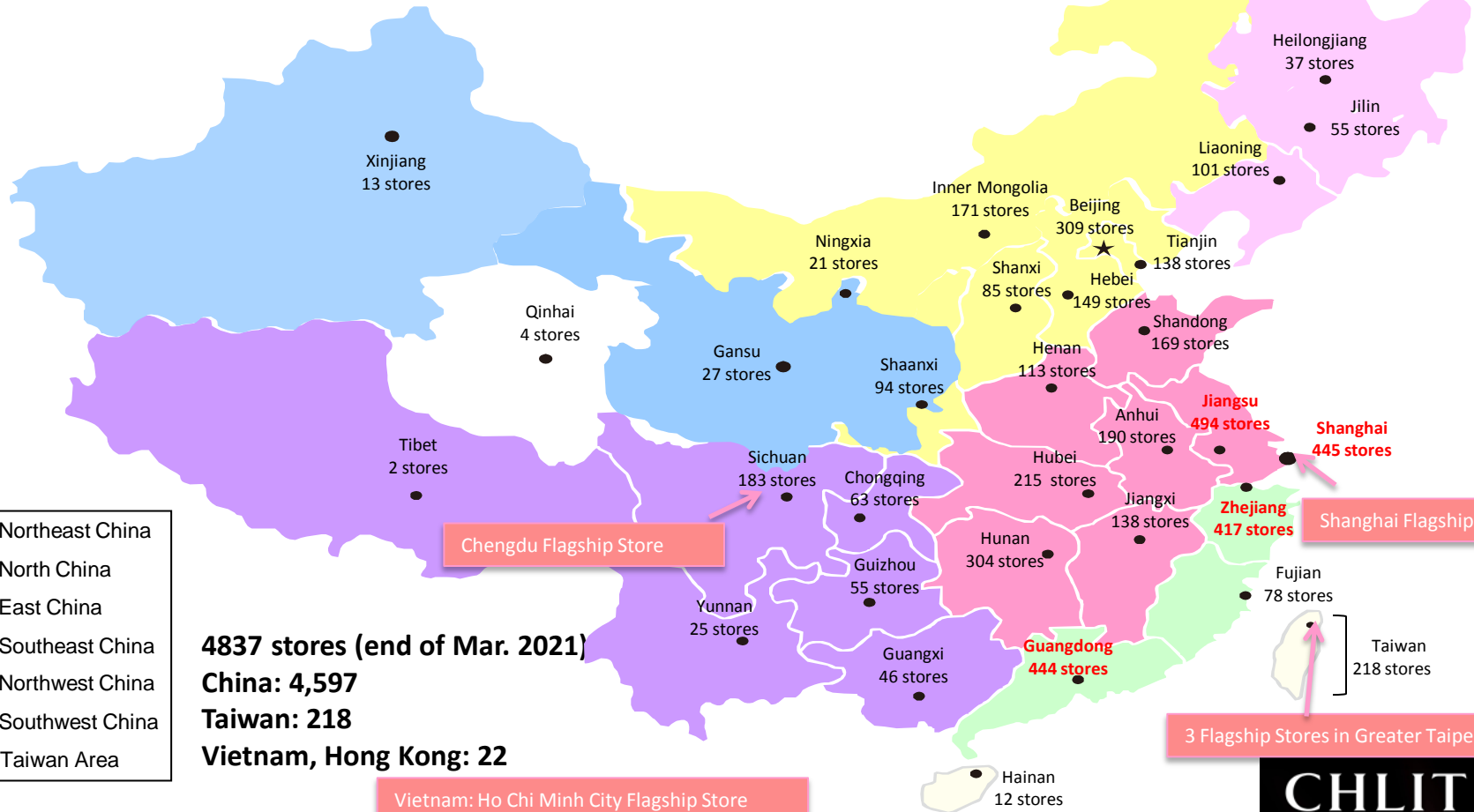
Main Channel: CHLITINA Franchise Store Location Analysis

Focus is on increasing network density in developed and well-off areas -- where priority is put on raising same store sales -- before expanding coverage in developing areas.



Geographic Distribution	Developed Areas	Well-off Areas	Developing Areas	Taiwan, Hong Kong, Vietnam	Total
% of stores as of 2021.03.31	47%	44%	4%	5%	100%
% of sales in 2021Q1	49%	44%	4%	3%	100%
Average SSS in 2021Q1 (unit: RMB1,000)	56	52	41	43	52
As compared to 2020Q1 (%)	164%	168%	147%	136%	164%
As compared to 2019Q1 (%)	88%	99%	87%	136%	95%

Main Channel: CHLITINA Stores Geographic Distribution



4837 stores (end of Mar. 2021)

China: 4,597

Taiwan: 218

Vietnam, Hong Kong: 22

Chengdu Flagship Store

Shanghai Flagship Store

3 Flagship Stores in Greater Taipei area

Vietnam: Ho Chi Minh City Flagship Store

“Concentric Diversification” Development Strategy



Outlook: Relying on existing **CHLITINA** foundation to expand business in beauty, health and biotech to grow into a multi-faceted, integrated group.

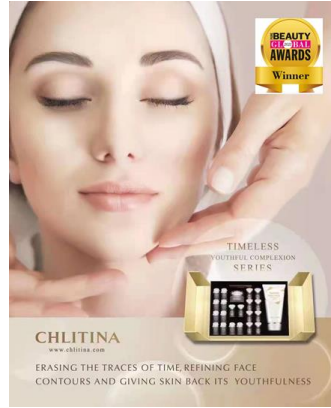


Business Outlook

Key Products Taking the Lead and Reaping Success



“Youthkeeper Serum” carried in **96% of our franchise stores**, already **200.000 bottles** sold



“Timeless Youthful Complexion Series” winner of a **2021 Pure Beauty Global Award**



Evening Primrose Series sales grew **33% vs. 2020Q1**



Royal Garden Essential Oils Series now sold in **70% more stores** than one month after launch

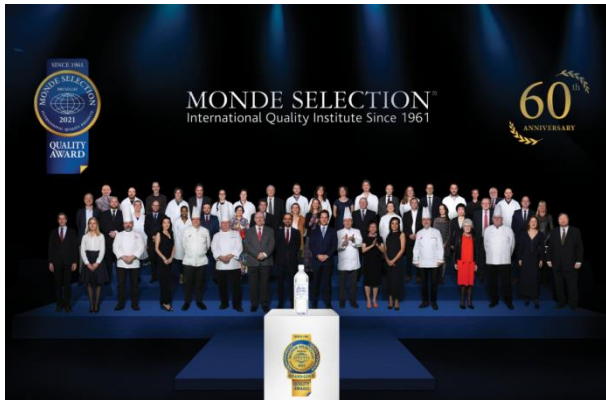


UP Beauté line sales grew **131% vs. 2020Q1**

BabuLong Natural Alkaline Mineral Water Awarded “Grand Gold Award”



BabuLong Natural Alkaline Mineral Water comes from the heart of the Dashanbei area in Hsinchu County, Taiwan. The spring is known for its constant, natural alkalinity. BabuLong water contains a high concentration of various minerals and trace elements such as Silicon (Si) that bring it within the international standards of high-grade natural mineral waters.



Based in Brussels, Belgium, Monde Selection is one of the leading quality research institutions in the world. Composed of about 80 international experts, it is renowned worldwide for its rigorous and independent scientific selection process. The **Grand Gold Award** is the highest award bestowed by the organization.

Briefing sessions to attract new franchisees and expand network



Recently, a number of meetings have been held in various cities and areas such as Jiangxi, Hebei, Jiangsu, etc. in order to introduce CHLITINA to potential franchisees. Training sessions for beauticians are also held periodically.



At a professional anti-aging maintenance course and elite sharing session.

Medical Beauty and Anti-Aging



UP LIDER
雅樸麗德

4 aesthetic clinics
(Beijing, Nanjing,
Shanghai), and 2 general
medicine clinics (Jinghe
Clinic in Nanjing, Hedeng
Clinic in Shanghai)



**370 products and
services available:
Laser, injections,
microsurgery,
aesthetic surgery,
general anti-aging, etc.**

“Light Up a Lamp Foundation, the Power of Reading” – Promoting Public Welfare and Brand Philosophy



Reading:
Opening a new window in the lives of children in rural areas.



Giving back to society and contributing to public welfare, while promoting the brand's philosophy: The “Light Up a Lamp Foundation, the Power of Reading” event brought 200 seed teachers in schools in remote areas to help improve children's reading abilities and teachers' pedagogical skills.



Financial Overview

Financial Overview (1/4)

Profit Breakdown by Channel

Unit: RMB1,000

Item	2019			2020			2021Q1		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	1,112,615	159,477	86%	888,436	121,658	86%	240,325	35,568	85%
E-commerce	30,305	8,304	73%	36,944	9,383	75%	6,332	2,028	68%
Clinics	6,785	13,492	-99%	21,796	7,311	66%	6,653	2,260	66%
Other	292	1,874	-542%	199	2,860	-1337%	-	-	-
Total	1,149,997	183,147	84.0%	947,375	141,212	85.0%	253,310	39,856	84.0%

Financial Overview (2/4)

Condensed Income Statement

Unit: \$1,000

Item	2019		2020		2021Q1	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	1,149,997	5,138,879	947,375	4,055,996	253,310	1,108,178
Operating costs	-183,147	-818,411	-141,212	-604,571	-39,856	-174,363
Gross profit	966,850	4,320,468	806,163	3,451,425	213,454	933,815
Gross profit rate	84%		85%		84%	
Selling exp.	-400,409	-1,789,267	-366,185	-1,567,748	-91,483	-400,216
Admin exp.	-166,076	-742,127	-178,313	-763,411	-32,583	-142,544
Operating profit	400,365	1,789,074	261,665	1,120,266	89,388	391,055
Total non-operating	43,230	193,178	63,928	273,695	19,010	83,165
Profit before tax	443,595	1,982,252	325,593	1,393,961	108,398	474,220
Income tax exp.	-123,101	-550,089	-101,447	-434,325	-37,393	-163,587
Profit for the period	320,494	1,432,163	224,146	959,636	71,005	310,633
EPS (NT\$)	4.03	18.02	2.82	12.09	0.89	3.91
Cash dividend (yearly)	NT\$13 per share		NT\$8.5 per share		NA	

Financial Overview (3/4)

Item	2019		2020		3/31/2021	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	5,456,484	61%	5,347,749	60%	5,669,250	61%
Net accounts receivable	954	0%	5,662	0%	2,130	0%
Inventories	382,585	4%	467,385	5%	438,396	5%
Investment (Equity method)	19,558	0%	218,080	2%	219,659	2%
Property, plant and equipment, net	1,367,720	15%	1,376,374	15%	1,341,905	15%
Right-of-use assets	493,732	6%	575,659	6%	531,853	6%
Others assets	432,930	5%	972,877	11%	1,045,488	11%
Total Assets	8,153,963	91%	8,963,786	100%	9,248,681	100%
Bank loans	1,940,857	22%	2,192,959	24%	2,197,195	24%
Accounts payable	91,141	1%	71,654	1%	84,714	1%
Other payables	551,031	6%	793,091	9%	683,554	7%
Lease liabilities	480,998	5%	571,246	6%	540,241	6%
Other liabilities	708,135	8%	926,521	10%	1,071,848	12%
Total liabilities	3,772,162	42%	4,555,471	51%	4,577,552	49%
Common capital	794,924	9%	794,924	9%	794,924	9%
Capital surplus & legal reserve	2,240,348	25%	2,616,716	29%	2,614,431	28%
Unappropriated retained earnings	1,896,488	21%	1,469,479	16%	1,780,112	19%
Other equities	(549,959)	-6%	(472,804)	-5%	(518,338)	-6%
Total equity	4,381,801	49%	4,408,315	49%	4,671,129	51%

Financial Overview (4/4)

Cashflow Analysis

Unit: \$1,000

Item	2019		2020		2021Q1	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	410,316	1,833,543	355,404	1,521,646	88,462	387,004
Net cash provided (used in) investments	3,993	17,843	-180,711	-766,398	1,527	6,680
-Acquisition or disposal of real estate or equipment	-42,781	-191,172	-22,961	-98,783	-2,275	-9,953
-Other	46,774	209,015	-157,750	-668,095	3,802	16,633
Net cash used in financing activities	-17,196	-89,978	-194,513	-813,766	-8,428	-36,870
-Dividend distribution	-210,529	-953,908	-245,814	-1,033,401	0	0
-Other	193,333	863,930	51,301	219,635	-8,428	-36,870

THANK YOU!

Q&A

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