

CHLITINA HOLDING LIMITED Q4 2021 BUSINESS REPORT

CHLITINA | 克麗緹娜

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Corporate Snapshot

Stock Ticker	4137 TT (麗豐-KY)
Market Cap.	around NT\$ 21bn
Capital Stock	NT\$ 795m
2021 Sales	RMB 1.214bn / NT\$ 5.271bn
2021 Net Profit	RMB 312m / NT\$ 1.355bn
2021 ROE	29%
Main Shareholder	Wealthy Garden (35.29%)

Business Scope

Main Business Activities

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): close to 5,000 stores around the world.
- UPLIDER 雅樸麗德, HEDENG 禾登, JINGHE 晶禾 (self-operated aesthetic surgery and anti-aging clinics): 6 medical clinics.
- Xinmeili 新美力 (self-operated e-commerce platform), complementing physical stores.
- RnD 瓊緹 (manicure and eyelash salon franchise): over 600 stores.

Company History: 30 Years of Accumulated Brand Value

1989 Establishing the brand



Dr. Wu-Kang Chen successfully introduced the use of amino acids in skin care formulation and created the CHLITINA克麗緹娜 brand.

1989

2001-2003 Setting Up a Supply Chain

- Manufacturing and training facilities built in Songjiang near Shanghai.
- CHLITINA awarded China Famous Brand label.



2001

Focusing on branding, portfolio, and network upgrade

- 2017 UPLIDER medical beauty and anti-aging clinic channel created.
- 2018 Entire group converted to digital management.
- 2019 Light a Lamp charity upgraded to a Foundation.
- 2020 Youthkeeper Serum, developed from own patent, awarded Beauty Star by ELLE Magazine.



2008-2015

1997 Rapid expansion



Chairwoman Joanna Chen brought the CHLITINA products and franchise model into China, ushering in a period of strong growth for the company.



1997

2008-2015 Stable Expansion & Capitalization

- 2007 Brand present in all regions of China with a network of 2,000 franchise stores.
- 2012 Network comprises 3,000 stores worldwide.
- 2013 Company listed on the Taiwan Stock Exchange.
- 2014 Xinmeili e-commerce platform created.



Starting in 2015, CHLITINA has appeared 6 times among the Taiwan Top 25 Global Brands - the only beauty company selected; Also awarded Asia Best Brand, Most Influential Beauty Franchise Organization, China Top 100 Franchise, among other awards.

2017-2019

2020-2021 Fearlessly going forward and diversifying

- 2020 Diversification, strategic investments in the biomedical field.
- 2021 In times of epidemic, in spite of the downward trend, sales grew by 40%.
- Return to the group's strong foundation: product power.
- Chairwoman Joanna Chen awarded Best Female CEO by Harvard Business Review.



2020-2021

Company Overview: Business Entities Within the Group

- Established in Taiwan in 1989, the company currently operates 4 major divisions: **CHLITINA**, **UPLIDER**, **RnD**, and **XINMEILI**.
- Industry leader in the **Asia-Pacific region**, the company has significant advantages in terms of **product development**, **supply chain management**, **online-to-offline integration**, and so on.
- Since its creation, the company has maintained a **rapid growth trend**. In recent years, CHLITINA has stepped into the fields of **regenerative medicine and anti-aging**, an expansion strategy well served by its strong execution capabilities and franchise network management know-how.

CHLITINA's Four Main Business Channels

CHLITINA | 克麗緹娜

Beauty Salon Franchise

4,994 franchise stores



UPLIDER 雅樸麗德

Self-operated regenerative medicine and anti-aging clinics

4 aesthetic surgery clinics **2** anti-aging centers



RnD Professional Manicure

Nail & Eyelash extension salon franchise

618 franchise salons



新美力
Beauty World Kipfman

E-commerce platform

900,000 members



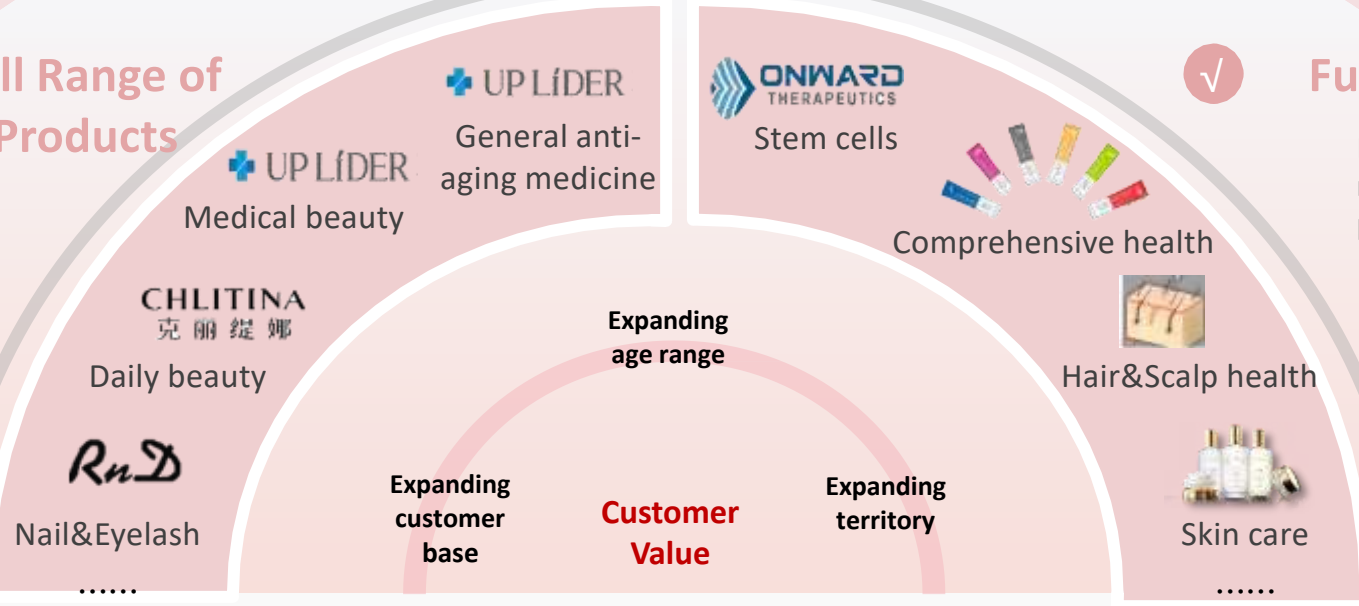
Focusing on Products, Achieving Total Coverage, Reaping Results

Concentric Diversification



Full Range of Products

Different products for different consumer groups and needs



Full channel coverage

Different channels will meet the needs of different groups of people in different scenarios



Supply Chain Upgrade

- Improving supply chain capacities
- Innovative use of technologies and materials



R&D and Innovation

- User needs-oriented
- Technology + innovation



Industrial Collaborations

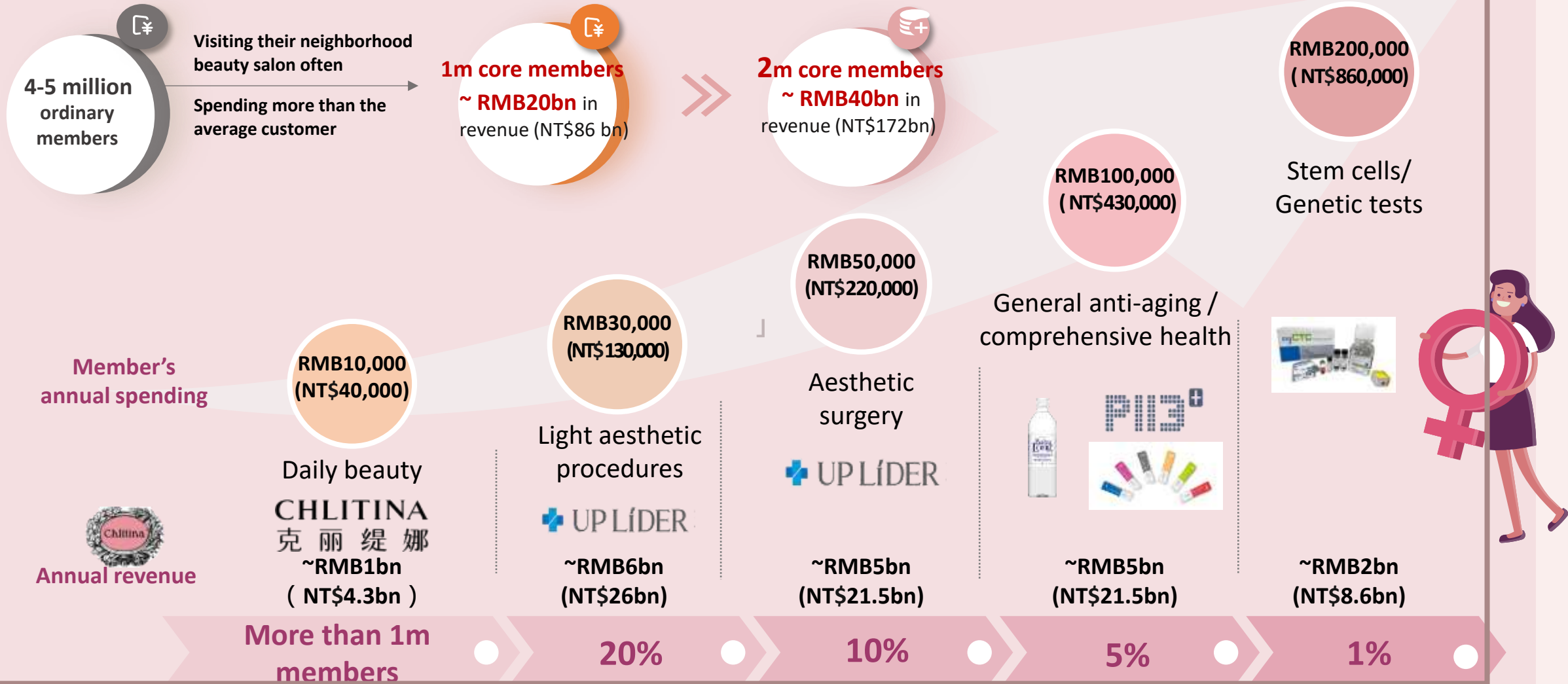
- Encouraging multi-business collaborations
- Industrial chain integration



Digital Transformation

- Digitization of stores
- Digitization of business departments

Starting from the Brand, Cultivating Membership for Future Development, Tapping into the "She Economy"



Reinforcing Competitive Advantage and Achieving Certainty in Uncertain Times

Brand

Enhancing brand image,
increasing business
promotion



Training

Raising operation threshold,
emphasizing differentiated
strengths



Products

Diversified, multi-faceted
portfolio, energized
growth

Latest: Brand Marketing Drives Business

CHLITINA won the 2021 CSR Model Company Award.



Spokesperson of the Light a Lamp Foundation and RnD Vice-President Su Yushan was awarded the 2021 Charitable Person of the Year distinction.



High-quality dramas were strictly selected for product placement and brand marketing campaigns.



We are also cooperating with Internet celebrities to market products and services, which helps franchisees expand their customer base.

Latest: Training Sessions and Recruitments

Specialized training courses for beauticians in Hangzhou and Ningbo, spring 2022.



Latest: Yet Another Prestigious Award!

The Ultimate Face Cream from our Le Spa Jolie Rose new product line was awarded Top Innovation by the jury of Victoires de la Beauté in Paris.



The product was blind-tested at home by 40 French customers and obtained the very high scores of 8,18/10 for “Global Satisfaction” and 8,40/10 for “Innovation.”

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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

- **Training sessions:** intensive 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%)



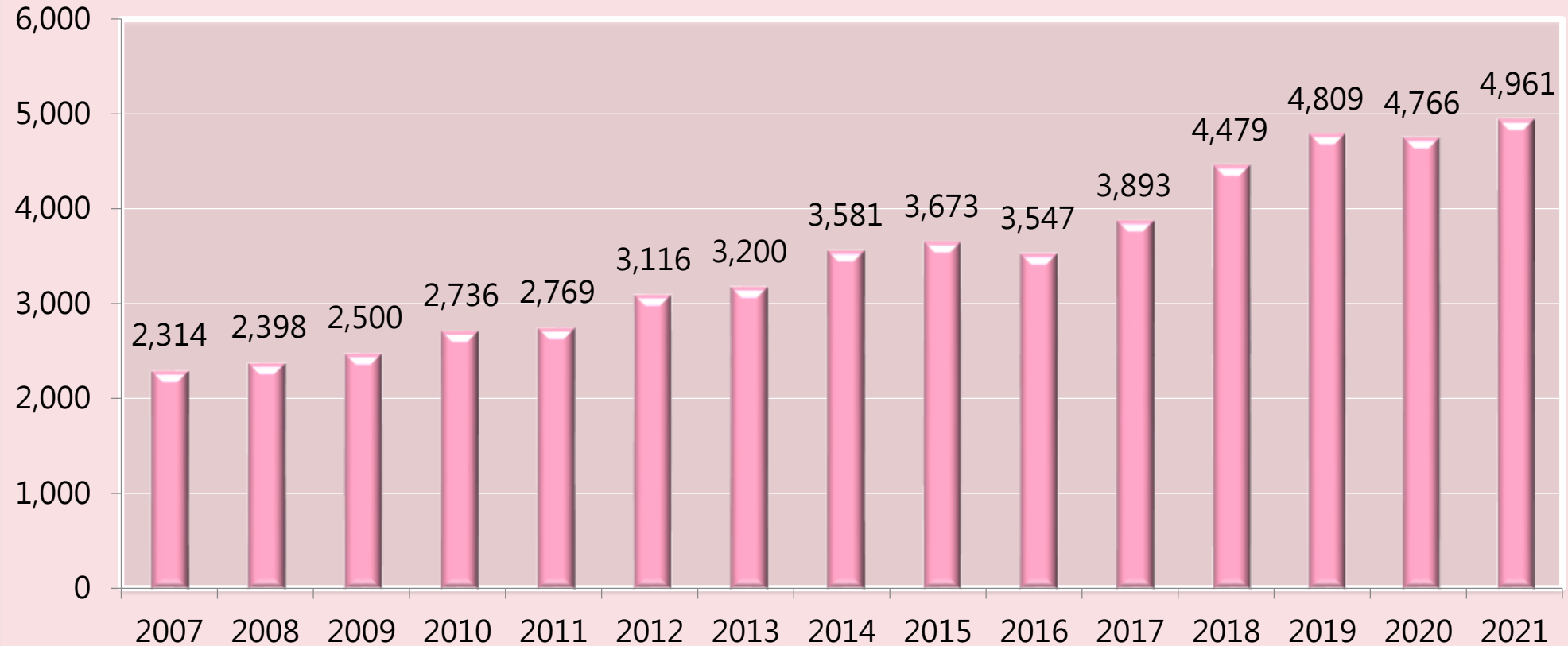
- Income from franchise fee and product sales
- Minimum purchase requirement
- Standard storefront requirement

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

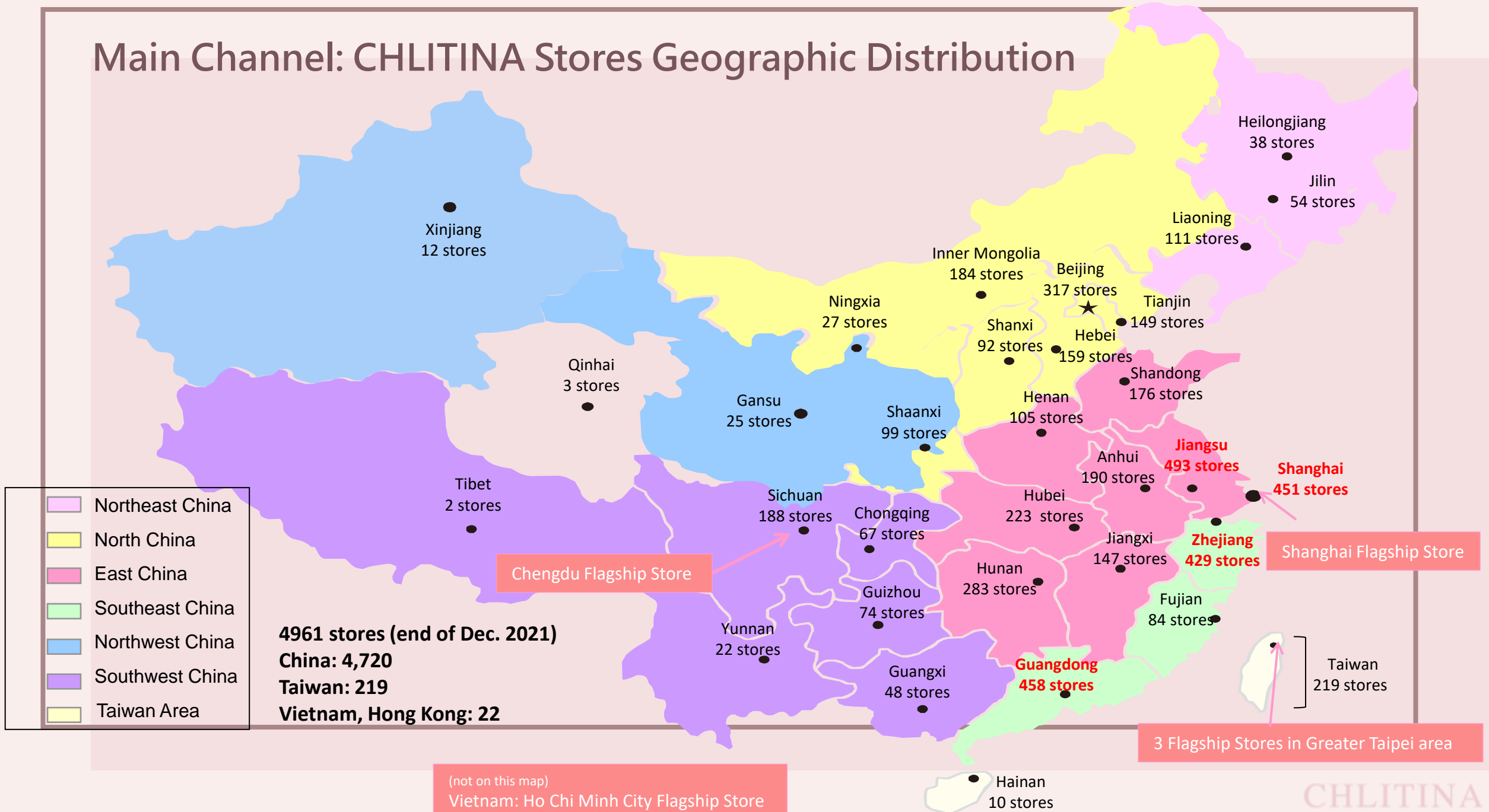
Reinforcing product-oriented strategy; in times of epidemic, continuing to play a key role in product promotion.

Main Channel: Franchise Network Scale

CHLITINA Beauty Salons - Store Count



Main Channel: CHLITINA Stores Geographic Distribution



Main Channel: Franchise Store Age Analysis

CHLITINA Franchise Stores: 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 2021.12.31	16%	22%	24%	22%	16%	100%
Percentage of Year 2021 sales	12%	21%	24%	25%	18%	100%
2021 Average sales per store (unit: RMB1,000)	169	227	239	264	255	233

Main Channel: Franchise Store Location Analysis

1. In developed and well-off areas, priority is given to stabilizing stores, increasing SSS and attracting new investments.

2. In developing areas, efforts are focused on improving store management and visibility.

Developed Areas

Shanghai, Beijing, Guangdong, Jiangsu...

Priority:
Recruiting new franchisees, raising SSS

Well-Off Areas

Fujian, Jiangxi, Henan, Shandong...

Priority:
Raising market share

Developing Areas

Heilongjiang, Guizhou, Jilin...

Priority:
Brand marketing & recruitment of new franchisees (secondary)

Geographic Distribution	Developed Areas	Well-off Areas	Developing Areas	Taiwan, Hong Kong, Vietnam	Total
% of stores as of 2021/12/31	46%	44%	5%	5%	100%
% of sales in 2021	50%	43%	4%	3%	100%
Average SSS in 2021 (unit: RMB1,000)	243	228	187	132	228

Financial Overview ^(1/4)

Profit Breakdown by Channel

Unit:
RMB1000

Item	2019			2020			2021		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	1 112 615	159 477	86%	888 436	121 658	86%	1 133 391	172 590	85%
E-commerce	30 305	8 304	73%	36 944	9 383	75%	26 905	10 283	62%
Clinics	6 785	13 492	-99%	21 796	7 311	66%	54 236	23 041	58%
Other	292	1 874	-542%	199	2 860	-1337%	0	0	0
Total	1 149 997	183 147	84.0%	947 375	141 212	85.0%	1 214 532	205 914	83.0%

Financial Overview (2/4)

Condensed Income Statement

Unit: \$1000

Item	2019		2020		2021	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	1 149 997	5 138 879	947 375	4 055 996	1 214 532	5 271 313
Operating costs	-183 147	-818 411	-141 212	-604 571	-205 914	-893 709
Gross profit	966 850	4 320 468	806 163	3 451 425	1 008 618	4 377 604
Gross profit rate	84%		85%		83%	
Selling exp.	-400 409	-1 789 267	-366 185	-1 567 748	-424 604	-1 842 866
Admin exp.	-166 076	-742 127	-178 313	-763 411	-175 852	-763 233
Operating profit	400 365	1 789 074	261 665	1 120 266	408 162	1 771 505
Total non-operating	43 230	193 178	63 928	273 695	64 952	281 904
Profit before tax	443 595	1 982 252	325 593	1 393 961	473 114	2 053 409
Income tax exp.	-123 101	-550 089	-101 447	-434 325	-160 857	-698 152
Profit for the period	320 494	1 432 163	224 146	959 636	312 257	1 355 257
EPS (NT\$)	4.03	18.02	2.82	12.09	3.93	17.05
Cash dividend (yearly)	NT\$13 per share		NT\$8.5 per share		NT\$12 per share (to be confirmed)	

Financial Overview (3/4)

Condensed Balance Sheets

Unit: NT\$1000

Item	31/12/2019		31/12/2020		31/12/2021	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	5 456 484	61%	5 347 749	60%	5 973 191	60%
Net accounts receivable	954	0%	5 662	0%	3 641	0%
Inventories	382 585	4%	467 385	5%	454 865	5%
Investment (Equity method)	19 558	0%	218 080	2%	215 619	2%
Property, plant and equipment, net	1 367 720	15%	1 376 374	15%	1 319 890	13%
Right-of-use assets	493 732	6%	575 659	6%	490 611	5%
Others assets	432 930	5%	972 877	11%	1 577 227	16%
Total Assets	8 153 963	91%	8 963 786	100%	10 035 044	100%
Bank loans	1 940 857	22%	2 192 959	24%	2 505 042	25%
Accounts payable	91 141	1%	71 654	1%	98 810	1%
Other payables	551 031	6%	793 091	9%	803 571	8%
Lease liabilities	480 998	5%	571 246	6%	502 616	5%
Other liabilities	708 135	8%	926 521	10%	1 131 977	11%
Total liabilities	3 772 162	42%	4 555 471	51%	5 042 016	50%
Common capital	794 924	9%	794 924	9%	794 924	8%
Capital surplus & legal reserve	2 240 348	25%	2 616 716	29%	2 633 704	26%
Unappropriated retained earnings	1 896 488	21%	1 469 479	16%	2 129 574	21%
Other equities	-549 959	-6%	-472 804	-5%	-565 174	-6%
Total equity	4 381 801	49%	4 408 315	49%	4 993 028	50%

Financial Overview (4/4)

Cashflow Analysis

Unit: \$1,000

Item	2019		2020		2021	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	410 316	1 833 543	355 404	1 521 646	414 198	1 797 702
Net cash provided (used in) investments	3 993	17 843	-180 711	-766 398	-133 270	-578 421
-Acquisition or disposal of real estate or equipment	-42 781	-191 172	-22 961	-98 783	-22 187	-96 297
-Other	46 774	209 015	-157 750	-668 095	-111 083	-482 124
Net cash used in financing activities	-17 196	-89 978	-194 513	-813 766	-102 196	-440 232
-Dividend distribution	-210 529	-953 908	-245 814	-1 033 401	-156 445	-675 685
-Other	193 333	863 930	51 301	219 635	54 249	235 453

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THANKS !

Q&A



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