

# CHLITINA HOLDING LIMITED Q3 2022 BUSINESS REPORT

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## Corporate Snapshot

Stock Ticker	4137 TT (麗豐-KY)
Market Cap.	around NT\$ 14bn
Capital Stock	NT\$ 795m
2022Q1-Q3 Sales	RMB 681m / NT\$ 3.015bn
2022Q1-Q3 Net Profit	RMB 110m / NT\$ 486m
2021 ROE	29%
Main Shareholder	Wealthy Garden (35.29%)

## Business Scope

<b>Main Business Activities</b>	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.
<b>Market Positioning</b>	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.
<b>Market Focus</b>	Mainland China (about 95% of sales).
<b>Main Business Channels</b>	Franchise beauty salons and manicure and eyelash salons; Self-owned aesthetic surgery clinics; Self-owned e-commerce platform; Strategic investments.
<b>Brands and Business Scale</b>	<ul style="list-style-type: none"><li>-<b>CHLITINA 克麗緹娜</b> (beauty salon franchise): 5,019 stores around the world.</li><li>-<b>RnD瓊緹</b> (manicure and eyelash extensions salon franchise): over 600 stores.</li><li>-<b>UPLIDER 雅樸麗德, HEDENG 禾登, JINGHE 晶禾</b> (self-operated aesthetic surgery and anti-aging clinics): 5 medical clinics.</li><li>-<b>XINMEILI MALL 新美力商城 and Tmall Flagship 天貓旗艦</b> (self-operated e-commerce platform), complementing physical stores.</li></ul>

# Company History: 30 Years of Brand Value and Product Power

## 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 Undaunted by the Epidemic, Pursuing Concentric Diversification

- 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

**4969** franchise stores



RnD Professional Manicure

Nail & Eyelash extension salon franchise

**600** franchise salons



UP LIDER 雅樸麗德

Self-operated regenerative medicine and anti-aging clinics

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



新美力  
Beauty Health Happiness

E-commerce platform

**800,000** Members





# Focusing on Products, Achieving Total Coverage, Reaping Results

## Concentric Diversification



### Full Range of Products

Different **products** for different consumer groups and needs

**UP LÍDER**  
Medical beauty

**UP LÍDER**  
General anti-aging medicine

**CHLITINA**  
克丽缇娜  
Daily beauty

**RnD**  
Nail&Eyelash  
.....

Expanding age range

Expanding customer base

**Customer Value**

Expanding territory

Comprehensive health



Hair&Scalp health



Skin care  
.....



### 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

# Three Core Competitive Advantages For a Stable Future

## Brand

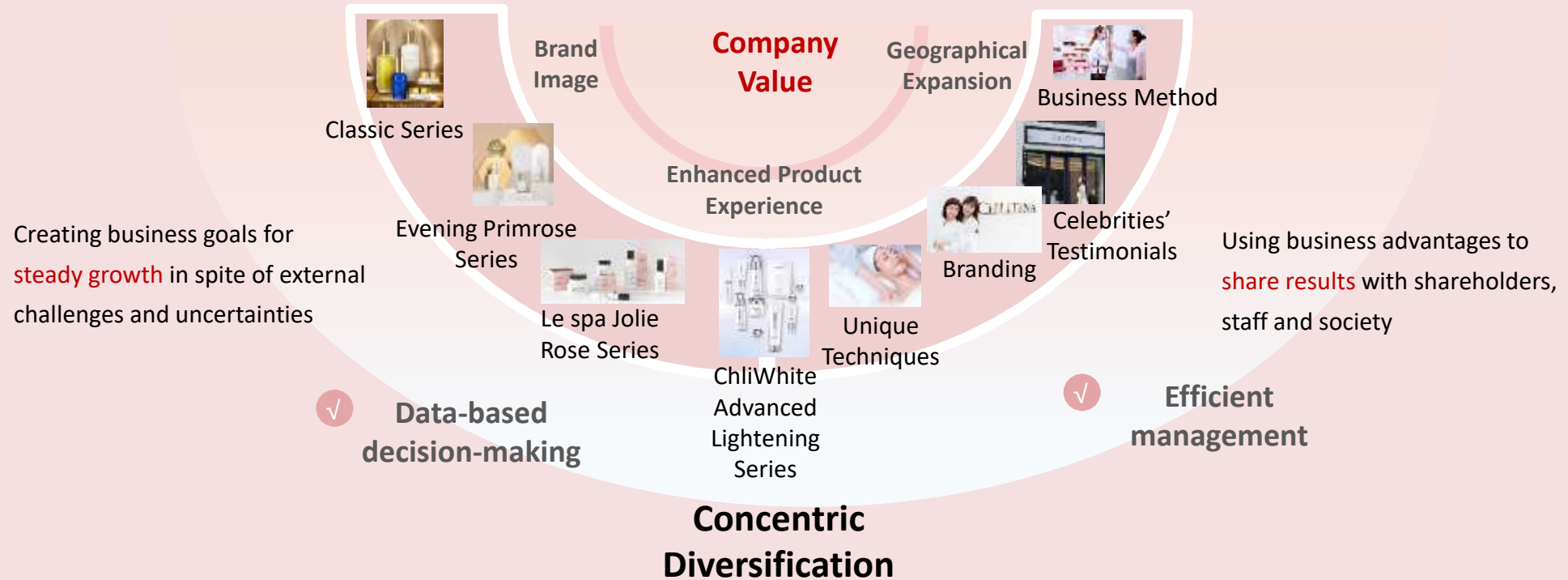
- Improve brand image
- Boost promotion strategy

## Products

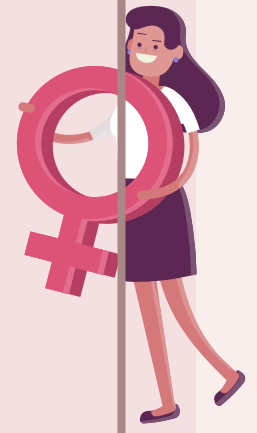
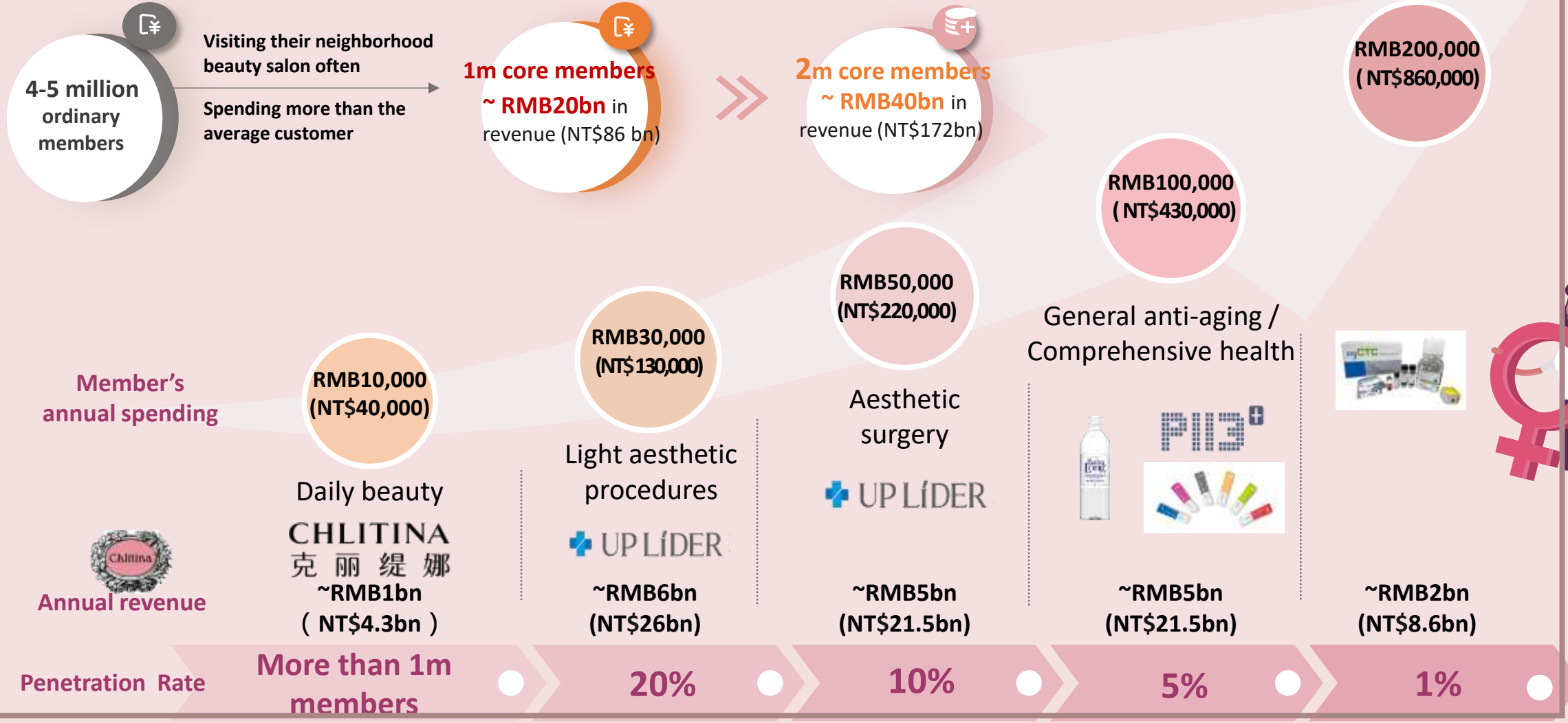
- Increase product development
- Increase business growth efforts

## Training

- Raise franchise requirements
- Strengthen franchise business skills



# Starting from the Brand, Cultivating Membership for Future Development, Tapping into the “She Economy”



## Update: Focusing on Core Product Competitiveness



### Star Product of the Season: the Youthkeeper Serum, « My Blue Friend »

# anti-aging, elasticity boost

# micro-sculpting, erases fine lines

# super firming effect

# complexion control

# Update: TV and Internet Advertising and Marketing Campaigns



## Update: Simultaneous Advertisement and Live Streaming



Since product launch in December 2020, **500.000 bottles** sold for a whopping **RMB300m** of sales return



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# Group Structure





# 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%)



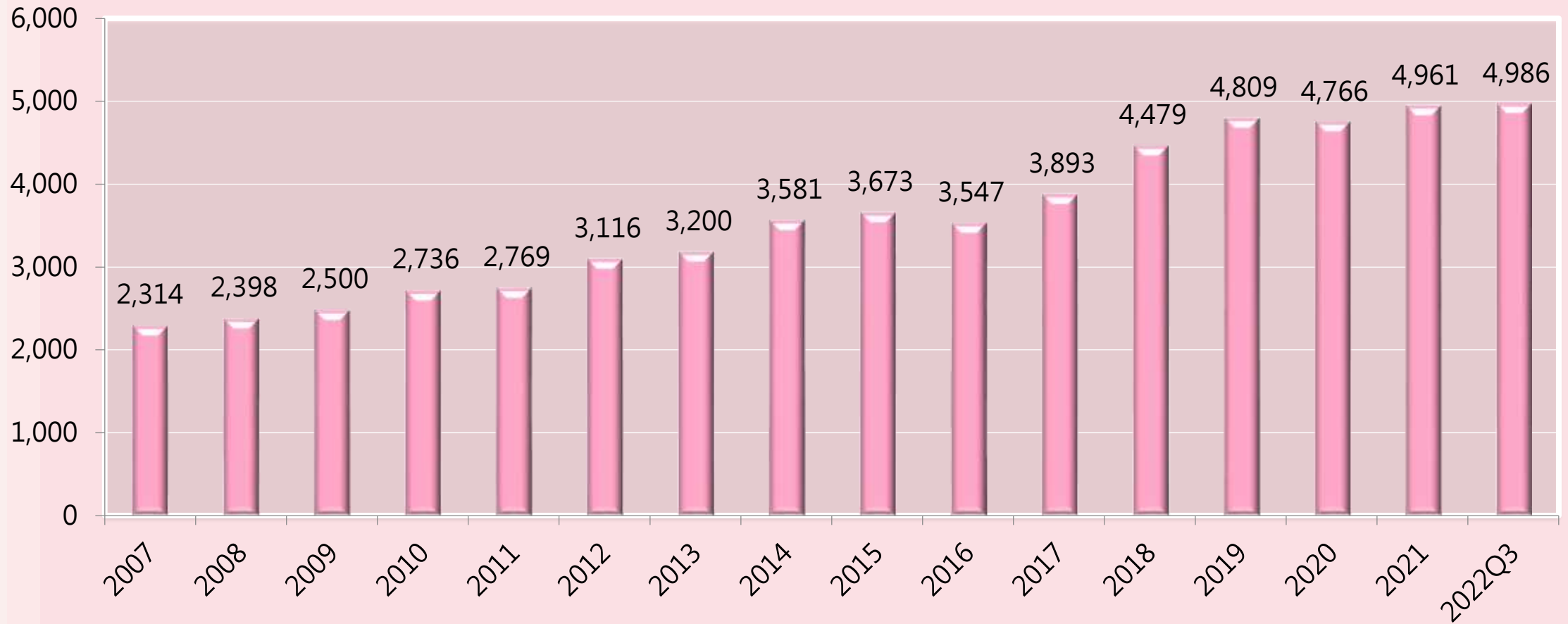
- Income from franchise fee and product sales
- Minimum purchase requirement
- Standard storefront requirement

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

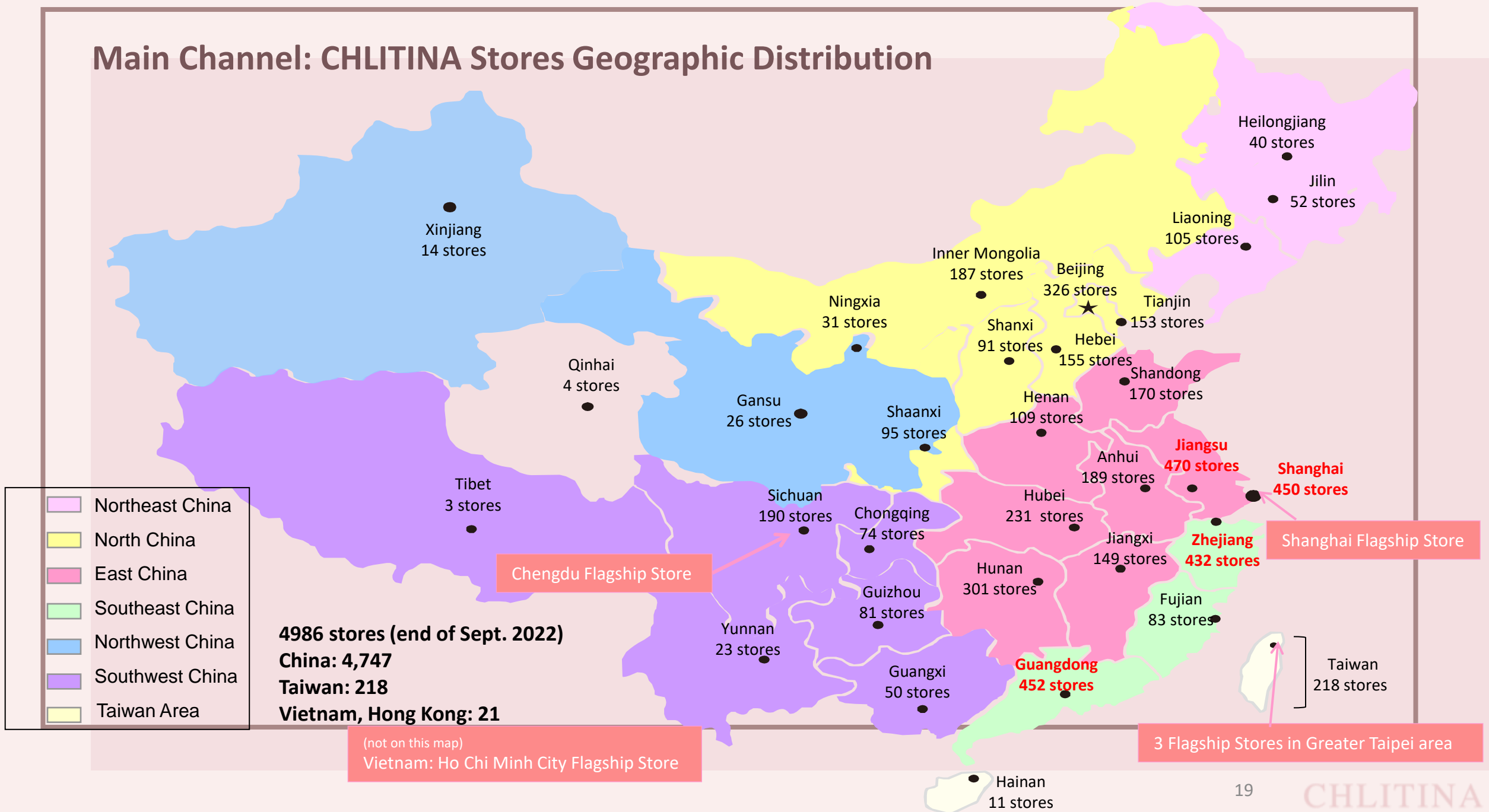
Reinforcing product-oriented strategy; in times of epidemic, continuing to play a key role in product promotion.

# Main Channel: Franchise Network Scale

## CHLITINA Franchise 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 2022.9.30	9%	23%	25%	25%	18%	100%
Percentage of 2022Q1-Q3 sales	9%	20%	24%	27%	20%	100%
2022Q1-Q3 Average sales per store (unit: RMB1,000)	138	115	129	145	143	133

## 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 2022.9.30	46%	44%	5%	5%	100%
% of sales in 2022Q1-Q3	45%	47%	5%	3%	100%
Average SSS in 2022Q1-Q3 (unit: RMB1,000)	128	138	132	90	131

## Financial Overview <sup>(1/4)</sup>

### Profit Breakdown by Channel

Unit:  
RMB1000

Item	2020			2021			2022Q1-Q3		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	888 436	121 658	86%	1 133 391	172 590	85%	653 762	104 404	84%
E-commerce	36 944	9 383	75%	26 905	10 283	62%	8 747	4 194	52%
Clinics	21 796	7 311	66%	54 236	23 041	58%	18 274	7 585	58%
Other	199	2 860	-1 337%	-	-	-	-	-	-
<b>Total</b>	<b>947 375</b>	<b>141 212</b>	<b>85.0%</b>	<b>1 214 532</b>	<b>205 914</b>	<b>83.0%</b>	<b>680 783</b>	<b>116 183</b>	<b>83.0%</b>

# Financial Overview (2/4)

## Condensed Income Statement

Unit: \$1000

Item	2020		2021		2022Q1-Q3	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	947 375	4 055 996	1 214 532	5 271 313	680 783	3 014 847
Operating costs	-141 212	-604 571	-205 914	-893 709	-116 183	-514 516
Gross profit	806 163	3 451 425	1 008 618	4 377 604	564 600	2 500 331
Gross profit rate		85%		83%		83%
Selling exp.	-366 185	-1 567 748	-424 604	-1 842 866	-233 625	-1 034 608
Admin exp.	-178 313	-763 411	-175 852	-763 233	-112 355	-497 564
Operating profit	261 665	1 120 266	408 162	1 771 505	218 620	968 159
Total non-operating	63 928	273 695	64 952	281 904	-21 642	-95 842
Profit before tax	325 593	1 393 961	473 114	2 053 409	196 978	872 317
Income tax exp.	-101 447	-434 325	-160 857	-698 152	-87 341	-386 790
Profit for the period	224 146	959 636	312 257	1 355 257	109 637	485 527
EPS (NT\$)	2.82	12.09	3.93	17.05	1.38	6.11
Cash dividend (yearly)	NT\$8.5 per share (cash)		NT\$12 per share (cash)		NA	

# Financial Overview (3/4)

## Condensed Balance Sheets

Unit: \$1000

Item	2020.12.31		2021.12.31		2022.9.30	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	5 347 749	60%	5 973 191	60%	5 687 312	64%
Net accounts receivable	5 662	0%	3 641	0%	1 494	0%
Inventories	467 385	5%	454 865	5%	526 199	6%
Investment (Equity method)	218 080	2%	215 619	2%	216 735	2%
Property, plant and equipment, net	1 376 374	15%	1 319 890	13%	1 271 428	14%
Right-of-use assets	575 659	6%	490 611	5%	453 016	5%
Others assets	972 877	11%	1 577 227	16%	782 977	9%
<b>Total Assets</b>	<b>8 963 786</b>	<b>100%</b>	<b>10 035 044</b>	<b>100%</b>	<b>8 939 161</b>	<b>100%</b>
Bank loans	2 192 959	24%	2 505 042	25%	2 159 001	24%
Accounts payable	71 654	1%	98 810	1%	102 665	1%
Other payables	793 091	9%	803 571	8%	407 092	5%
Lease liabilities	571 246	6%	502 616	5%	458 750	5%
Other liabilities	926 521	10%	1 131 977	11%	1 085 620	12%
<b>Total liabilities</b>	<b>4 555 471</b>	<b>51%</b>	<b>5 042 016</b>	<b>50%</b>	<b>4 213 128</b>	<b>47%</b>
Common capital	794 924	9%	794 924	8%	794 924	9%
Capital surplus & legal reserve	2 616 716	29%	2 633 704	26%	2 732 977	31%
Unappropriated retained earnings	1 469 479	16%	2 129 574	21%	1 561 920	17%
Other equities	-472 804	-5%	-565 174	-6%	-363 788	-4%
<b>Total equity</b>	<b>4 408 315</b>	<b>49%</b>	<b>4 993 028</b>	<b>50%</b>	<b>4 726 033</b>	<b>53%</b>



## Financial Overview (4/4)

### Cashflow Analysis

Unit: \$1,000

Item	2020		2021		2022Q1-Q3	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	355 404	1 521 646	414 198	1 797 702	45 030	199 416
Net cash provided (used in) investments	-180 711	-766 398	-133 270	-578 421	180 973	800 104
-Acquisition or disposal of real estate or equipment	-22 961	-98 783	-22 187	-96 297	-8 738	-38 696
-Other	-157 750	-668 095	-111 083	-482 124	189 711	838 800
Net cash used in financing activities	-194 513	-813 766	-102 196	-440 232	-360 250	-1 592 445
-Dividend distribution	-245 814	-1 033 401	-156 445	-675 685	-216 061	-953 908
-Other	51 301	219 635	54 249	235 453	-144 189	-638 537



(左)黃淑琦2003年迷霧世界主秀服裝、(右)克麗緹娜童妍精粹液

克麗緹娜1989年由有胺基酸之美譽的-陳武剛博士創辦，全球據點超過5000家，為亞洲最大SPA沙龍集團。今年，克麗緹娜以核心經典出發，特別邀請台灣首席服裝設計師品牌「黃淑琦」聯合舉辦秋冬時尚發佈展，美妝與時尚的經典相會，以美敘事、與女力共鳴，邀請更多台灣女性走入克麗緹娜的身、心、靈的平衡美學殿堂。



琦品牌歷年經典服裝秀的主秀服裝

## 18個月熱銷51萬瓶 克麗緹娜打造抗老新經典

克麗緹娜去年3月重磅推出「童妍精粹液」，甫上市即熱銷51萬瓶，堆疊高度超越115座台北101大樓！除了深受消費者青睞之外，「童妍精粹液」更在研發階段廣受各大美妝專家與評鑑機構的矚目，一舉榮獲全球5大國際獎項的肯定，包含2019日本東京創新天才發明展金獎、2020-2021法國維多利亞美妝大賞-頂級創新獎、2020 ELLE世界時裝之苑美妝之星、2021英國純美全球獎入圍-最高端抗老產品/最佳獨特創新獎、2022年女人我最大粉美賞-最佳逆齡精華，成績斐然！

THANKS!

Q&A