



CHLITINA HOLDING LIMITED

Q2 2021 REPORT

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Contents

- **Company Profile & Business Outlook**
- **Business Analysis & Financial Overview**
 - **Q&A**

Contents

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Corporate Snapshot

Stock Ticker	4137 TT (麗豐-KY)
Market Cap.	around NT\$ 17bn
Capital Stock	NT\$ 795m
2021 H1 Sales	RMB 545m / NT\$ 2.373bn
2021 H1 Net Profit	RMB 147m / NT\$ 639m
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	<ul style="list-style-type: none">-CHLITINA 克麗緹娜 (beauty salon franchise): more than 5000 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.

Development History: 30 Years of Accumulated Brand Value



CHLITINA has been deeply involved in the beauty and skincare industry for **30 years**. Relying on professional skincare experts, and developing a strong knowledge of women consumers' needs, the company has evolved into **the biggest beauty salon network in Asia-Pacific**. In 2020, authoritative global brand consultancy Interbrand declared the value of the CHLITINA brand to have reached US\$114 million.

Establishing the brand 1989

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



Setting Up a Supply Chain 2001-2003

- Manufacturing and training facilities built in Songjiang near Shanghai.
- Awarded **China Famous Brand** label.



Focusing on branding and portfolio & network expansion

- **Youthkeeper Serum** awarded Beauty Star 2020 by ELLE magazine.
- **UPLIDER** medical beauty brand created in 2017.
- **XINMEILI** e-commerce platform established.

1989

1997

2001

2016

2017-2020

...

Rapid expansion

1997

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



Network expansion and capitalization

2008-2019

- In 2005, franchise stores implanted in **all parts of mainland China**, network already included over 2000 stores.
- In 2008, **R&D Center** established in Paris.
- Company listed on **Taiwan Stock Exchange** in 2013.
- Flagship store opens on **TMall in China** in 2014.
- Only company from the beauty industry awarded 5 times **Taiwan Best 25 Global Brands**; also won Asia Best Brand, Most Influential Beauty Franchise Organization, China Top 100 Franchise, among other awards.



Company Overview: The Largest Beauty and Health Group in the Asia-Pacific

- Established in Taiwan in 1989, the company currently operates four 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**, **offline distribution channel** 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 capacities and franchise network management know-how.

CHLITINA's four main channels

CHLITINA | 克丽缇娜

Beauty salon franchise

4,999 franchise stores



+ **UPLIDER** 雅樸麗德

Self-operated regenerative medicine and anti-aging clinics

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



RnD Professional Manicure
瑞德专业美甲

Nail & Eyelash extension salon franchise

529 franchise salons



新美力
Beauty Health Happiness

E-commerce platform

880,000 members



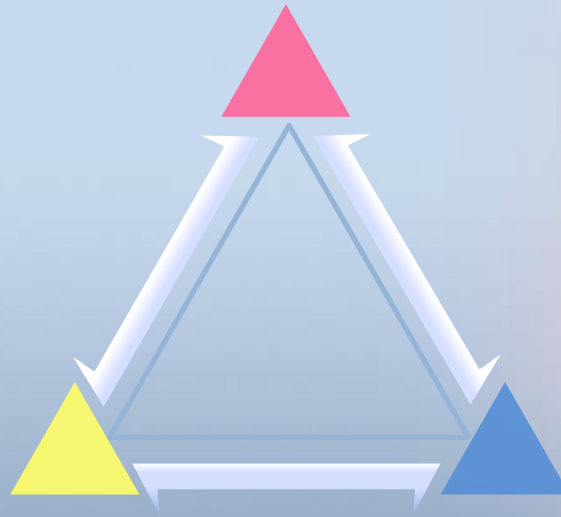
As of 31 August 2021

Three Core Competencies: Achieving “Leapfrog Development”

Brand Power

Training Power

Product Power

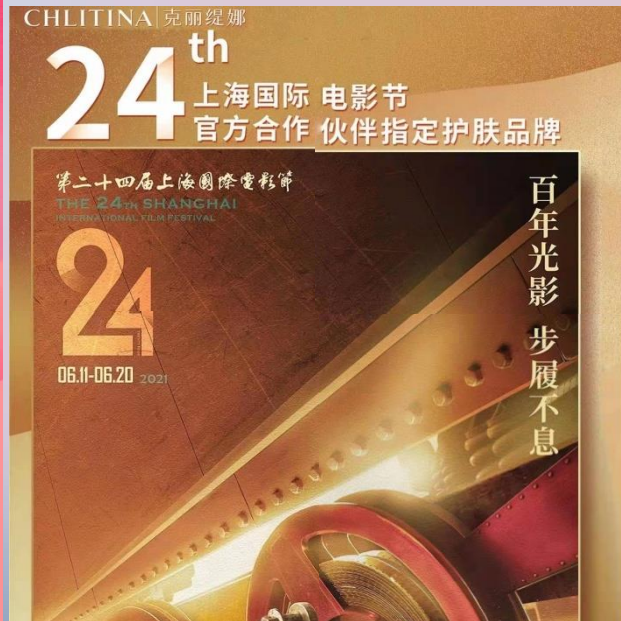
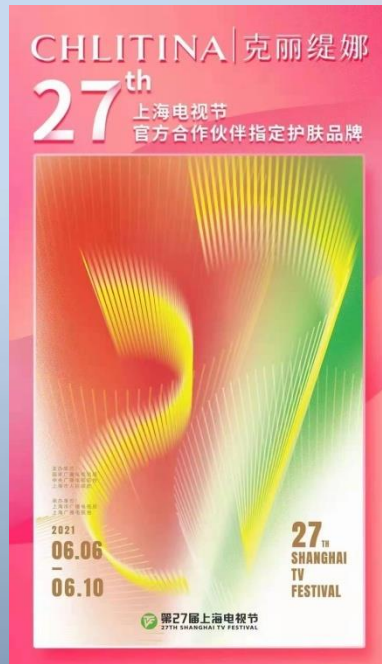


Three Core Competencies: Achieving “Leapfrog Development”



Brand Power

- ❑ Combined with popular drama series, brand and products imprint themselves better into people's hearts.
- ❑ Taking part in official media campaign for popular “Hi, Mom” movie increased brand exposure, and enhanced brand notoriety and consumer approval.



Three Core Competencies: Achieving “Leapfrog Development”



Training Power

- ❑ Over the years, our two professional schools in **Shanghai** and **Hangzhou** have trained over 300,000 beauty professionals.
- ❑ **28** training centers and online Germes Academy Cloud Classroom service also provide classes.



Beauty training sessions organized in various locations



Intensive training classes for new franchisees and staff

Three Core Competencies: Achieving “Leapfrog Development”

The Youthkeeper Serum was introduced less than a year ago.



Product Power

- A world first, **weak acids** were introduced in skincare formulas and applied with avant-garde technology into a large range of products.
- Chilitina controls the entire process, **from R&D to production to sales**, and production capacity is stable.
- Forward-looking research conducted in **general health / general anti-aging medicine**.



The P113 range was introduced in July. Sales surpassed NT\$2m that month.



Sales of the Timeless Youthful Complexion Series increased 21% YoY.



Sales of the Evening Primrose range increased 33% YoY.



Sales of the Advanced Lightening Series increased 71% YoY.

Continuous Progress in Product Power – Emphasis on “Beauty⁺ New Consumption Era”, Return to Core Competitive Advantages

NEW

Where is it found?

**New
consumer
groups**

De-genderization
All ages

**New
marketing**

Data trends
User involvement

**New
concepts**

Internal and
external beauty
“Healthily beautiful”

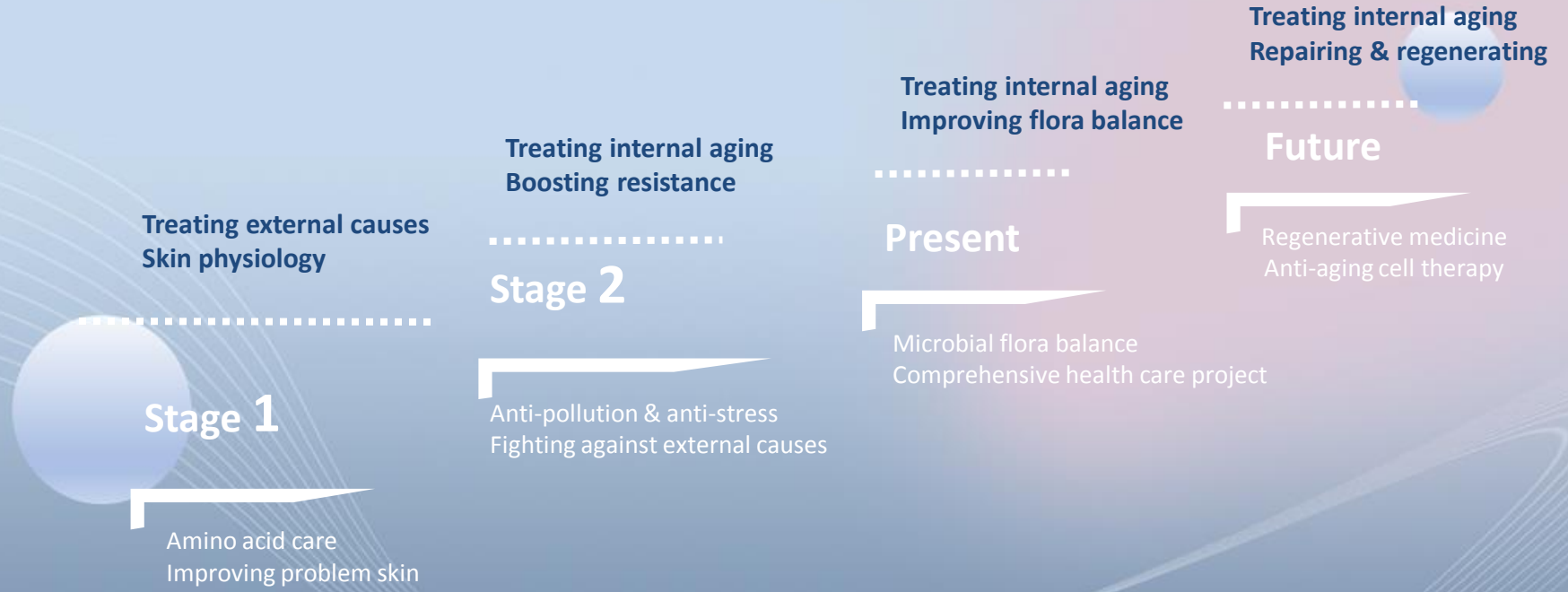
**New
technology**

Life technologies
Smart innovation

**New
channels**

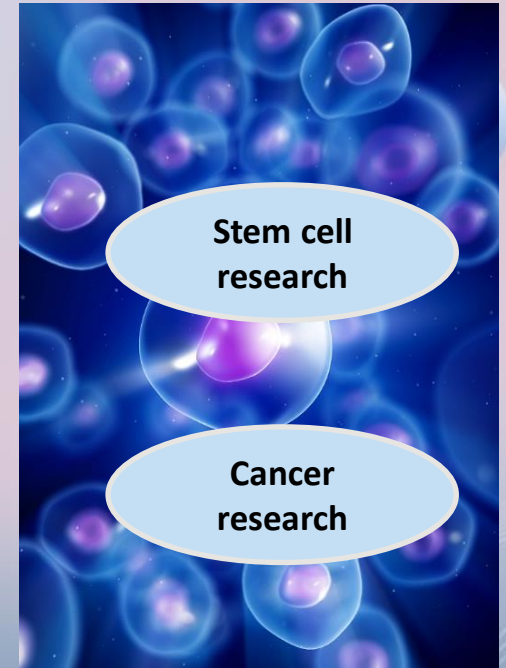
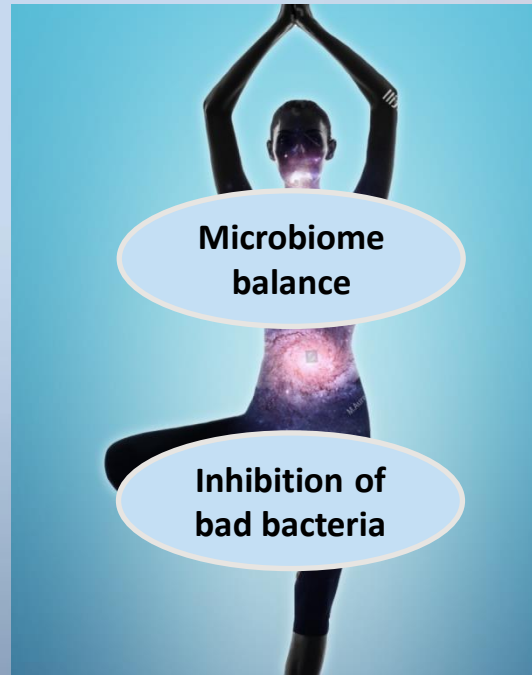
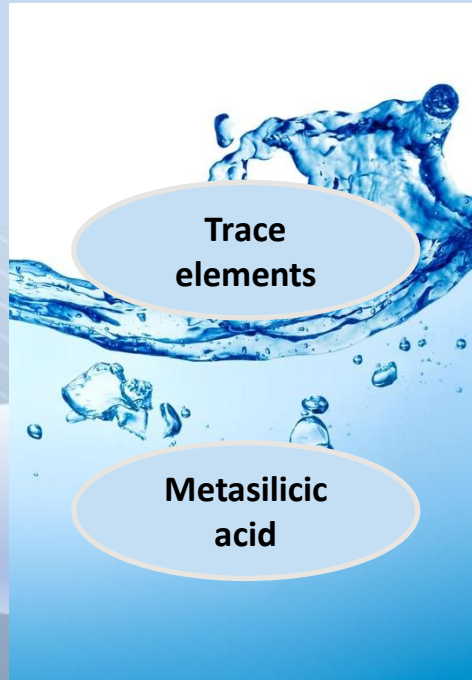
Digitalization
Private domain

Expanding From Beauty to Health Leads to Portfolio Expansion



Development Axis: Water, Microbiome, Regenerative Medicine

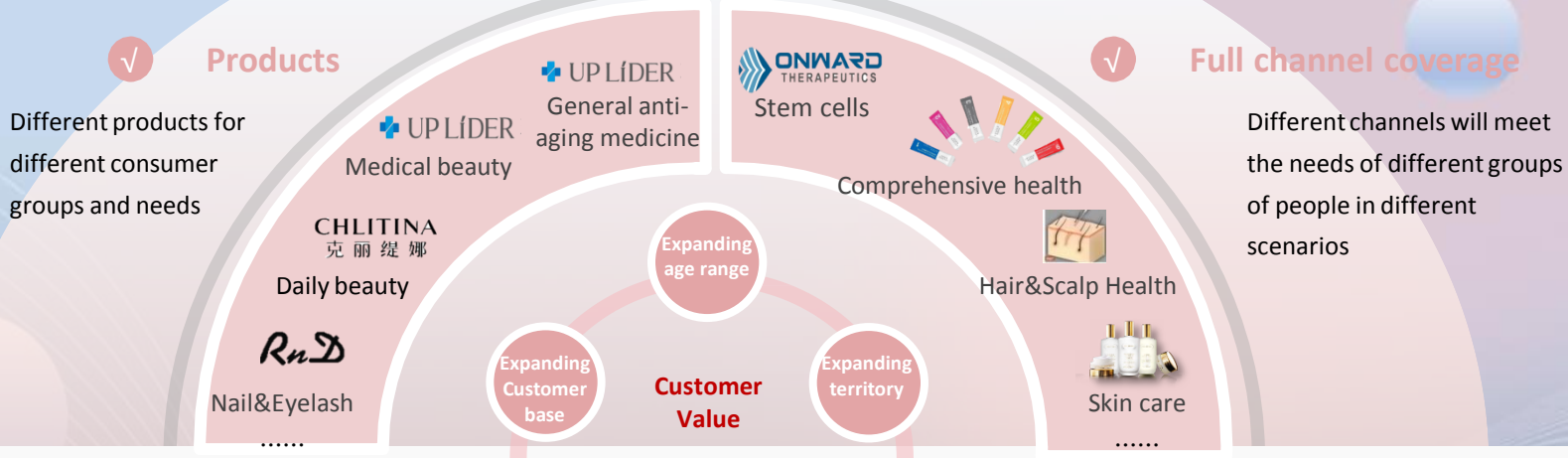
Encouraging the intake of high-quality water, and a balance between internal and external conditions, for a sustainable health



Health and beauty products are present on all of the group's distribution channels.

Focusing on Products, Tapping the Business With the Biggest Potential – the Health Industry

Starting from **customer value**, putting **products** as its core, exploiting **all channels**, expanding **business territory** and following a clear growth path.



Supply Chain Upgrade

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



R&D and Innovation

- User needs-oriented
- Technology + innovation



Industrial Collaborations

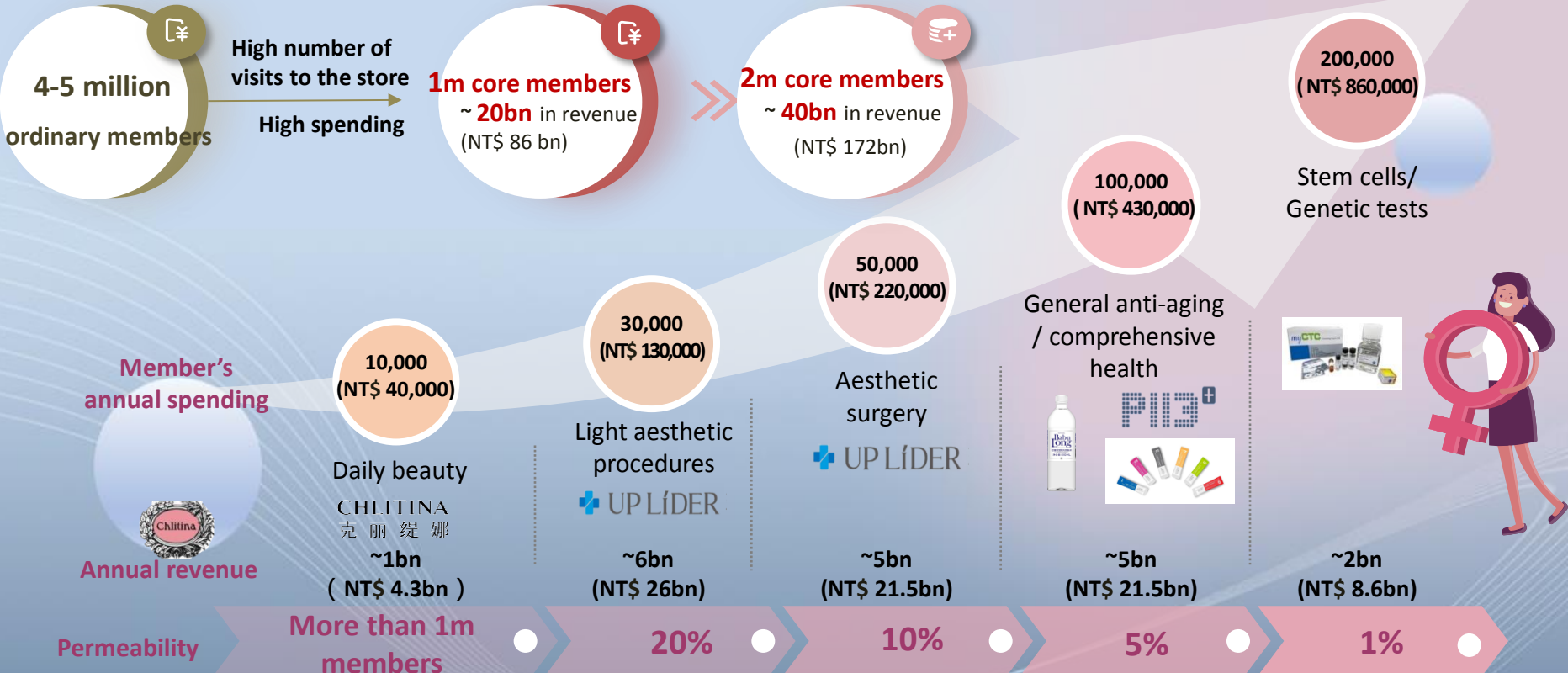
- Encouraging business collaborations
- Industrial chain integration



Digital Transformation

- Digitization of stores
- Digitization of business departments

Strengthening Customer Base, Expanding Business, and Moving Towards the Multi-Billion Beauty Industry Level



With bio-beauty as a basis, taking e-commerce and new medical beauty business as a growth starting point

Open e-commerce platform: differentiated positioning, linking online and offline business



Core anti-aging ingredients



Spa quality products

Public and private domain e-commerce, and medical beauty explode

Explosive growth of public and private domain e-commerce

- Number of users increase
- Product differentiation
- Diversified marketing

Building the largest medical beauty clinic network

- Member penetration rate
- Light procedures
- Aesthetic surgery
- General anti-aging / comprehensive medicine
- Stem cell research

- Stable annual growth of 15%
- Number of stores increasing
- Same store sales increasing
- Body products

Growth curve

10,000+

Store count 4,999



Online marketing achievements: Beauty influencer Lie Er Baby sales results

June
18

Total order value: **RMB 12,021,756**

Orders	Nb of participating stores	Average customer spending	Nb of participants	Nb of inquiries
15,024	3,750	RMB800	8.3m	233,784

August
21

Total order value: **RMB 13,246,984**

Orders	Nb of participating stores	Average customer spending	Nb of participants	Nb of inquiries
12,062	3,724	RMB1,098	3.5m	199,328

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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

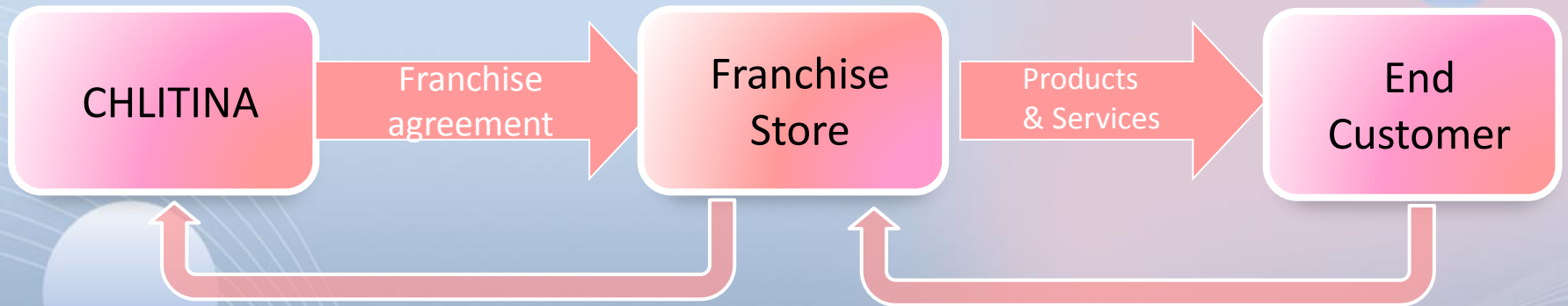
Training
academy

Production
facilities

Main Channel: CHLITINA Beauty Salon Franchise 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%)

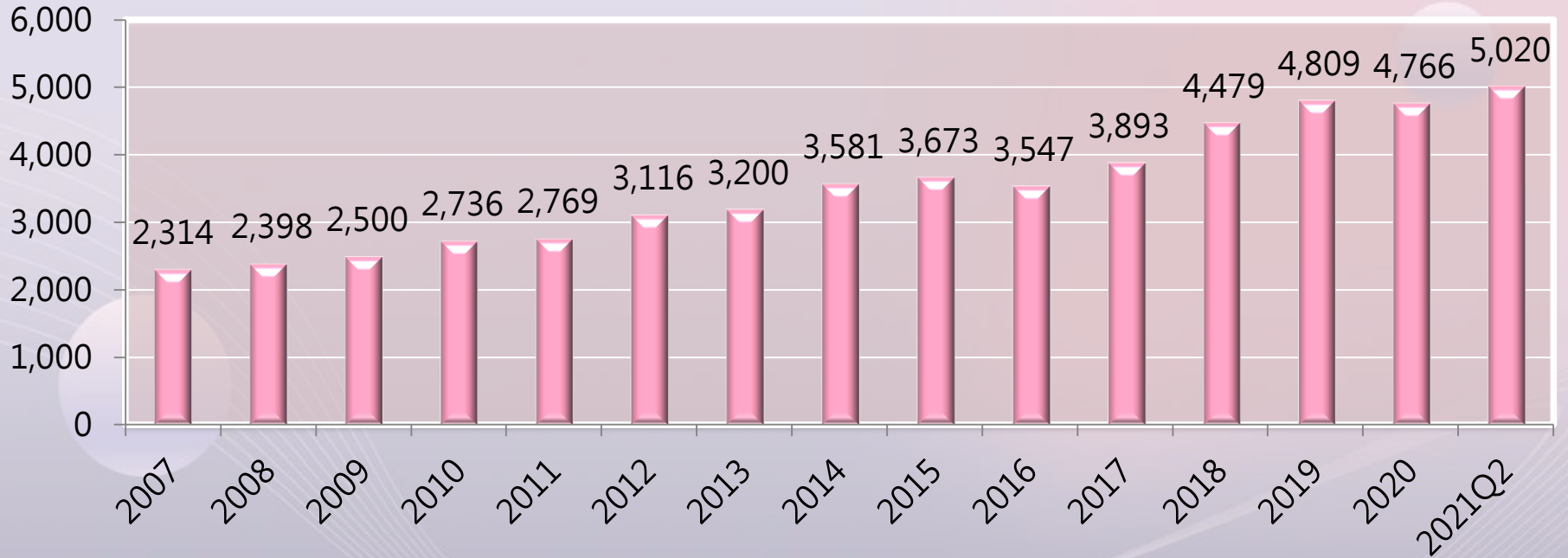


- Income from franchise fee and product sales
- Minimum purchase requirement
- Standard storefront requirement

- 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 2021.06.30	15%	24%	23%	21%	17%	100%
Percentage of 2021H1 sales	14%	23%	23%	22%	18%	100%
2021H1 Average sales per store (unit: RMB1,000)	101	95	102	111	109	103

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.

Developed Areas

Our Coverage:

Shanghai, Beijing, Guangdong, Jiangsu...

Area Priority:

Raising SSS

Well-Off Areas

Our Coverage:

Fujian, Jiangxi, Henan, Shandong...

Area Priority:

Raising market share

Developing Areas

Our Coverage:

Heilongjiang, Guizhou, Jilin...

Area Priority:

Branding & Recruiting new franchisees

Geographic Distribution	Developed Areas	Well-off Areas	Developing Areas	Taiwan, Hong Kong, Vietnam	Total
% of stores as of 2021.06.30	46%	44%	5%	5%	100%
% of sales in 2021H1	50%	43%	4%	3%	100%
Average SSS in 2021H1 (unit: RMB1,000)	108	99	89	70	101

Main Channel: CHLITINA Stores Geographic Distribution



Other Channels: Present Situation and Strategic Investments



Expand operation scale, raise operational standards, and provide long-term, stable growth to the group.



Adjust with flexibility and integrate online and offline business to increase contribution to the group's operations and profits.



Return to pre-pandemic levels, create a high-profile brand



Regenerative medicine: General Biologicals, ONWARD Therapeutics, Ying Yi Stem Cells

From Beauty to Health

Raising Quality of Life



Financial Overview (1/4)

Profit Breakdown by Channel

Unit:
RMB1,000

Item	2019			2020			2021 First Half		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	1,112,615	159,477	86%	888,436	121,658	86%	509,500	82,811	84%
E-commerce	30,305	8,304	73%	36,944	9,383	75%	14,174	4,489	68%
Clinics	6,785	13,492	-99%	21,796	7,311	66%	21,620	7,042	67%
Other	292	1,874	-542%	199	2,860	-1337%	-	-	-
Total	1,149,997	183,147	84.0%	947,375	141,212	85.0%	545,294	94,342	83.0%

Financial Overview (2/4)

Condensed Income Statement

Unit: \$1,000

Item	2019		2020		2021 First Half	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	1,149,997	5,138,879	947,375	4,055,996	545,294	2,373,282
Operating costs	-183,147	-818,411	-141,212	-604,571	-94,342	-410,604
Gross profit	966,850	4,320,468	806,163	3,451,425	450,952	1,962,678
Gross profit rate		84%		85%		83%
Selling exp.	-400,409	-1,789,267	-366,185	-1,567,748	-189,832	-826,206
Admin exp.	-166,076	-742,127	-178,313	-763,411	-70,525	-306,945
Operating profit	400,365	1,789,074	261,665	1,120,266	190,595	829,527
Total non-operating	43,230	193,178	63,928	273,695	39,501	171,920
Profit before tax	443,595	1,982,252	325,593	1,393,961	230,096	1,001,447
Income tax exp.	-123,101	-550,089	-101,447	-434,325	-83,376	-362,877
Profit for the period	320,494	1,432,163	224,146	959,636	146,720	638,570
EPS (NT\$)	4.03	18.02	2.82	12.09	1.85	8.03
Cash dividend (yearly)	NT\$13 per share		NT\$8.5 per share		NA	

Financial Overview (3/4)

Condensed Balance Sheets

Unit: \$1,000

Item	2019		2020		6/30/2021	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	5,456,484	61%	5,347,749	60%	5,664,960	61%
Net accounts receivable	954	0%	5,662	0%	6,038	0%
Inventories	382,585	4%	467,385	5%	468,966	5%
Investment (Equity method)	19,558	0%	218,080	2%	222,168	2%
Property, plant and equipment, net	1,367,720	15%	1,376,374	15%	1,318,873	14%
Right-of-use assets	493,732	6%	575,659	6%	538,069	6%
Others assets	432,930	5%	972,877	11%	1,001,113	11%
Total Assets	8,153,963	91%	8,963,786	100%	9,220,187	100%
Bank loans	1,940,857	22%	2,192,959	24%	2,145,217	23%
Accounts payable	91,141	1%	71,654	1%	128,139	1%
Other payables	551,031	6%	793,091	9%	457,973	5%
Lease liabilities	480,998	5%	571,246	6%	544,460	6%
Other liabilities	708,135	8%	926,521	10%	1,008,612	11%
Total liabilities	3,772,162	42%	4,555,471	51%	4,284,401	46%
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%	2,108,049	23%
Other equities	(549,959)	-6%	(472,804)	-5%	(581,618)	-6%
Total equity	4,381,801	49%	4,408,315	49%	4,935,786	54%

Financial Overview (4/4)

Cashflow Analysis

Unit: \$1,000

Item	2019		2020		2021 First half	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	410,316	1,833,543	355,404	1,521,646	122,071	531,288
Net cash provided (used in) investments	3,993	17,843	-180,711	-766,398	618	2,690
-Acquisition or disposal of real estate or equipment	-42,781	-191,172	-22,961	-98,783	-6,760	-29,421
-Other	46,774	209,015	-157,750	-668,095	7,378	32,111
Net cash used in financing activities	-17,196	-89,978	-194,513	-813,766	-17,812	-77,520
-Dividend distribution	-210,529	-953,908	-245,814	-1,033,401	0	0
-Other	193,333	863,930	51,301	219,635	-17,812	-77,520

● Q & A



THANK YOU!