



CHLITINA HOLDING LIMITED
Q3 2021 REPORT

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

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Corporate Snapshot

Stock Ticker	4137 TT (麗豐-KY)
Market Cap.	around NT\$ 21bn
Capital Stock	NT\$ 795m
2021 Q1-Q3 Sales	RMB 869m / NT\$ 3.766bn
2021 Q1-Q3 Net Profit	RMB 234m / NT\$ 101.5m
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 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**, **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

4,966 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

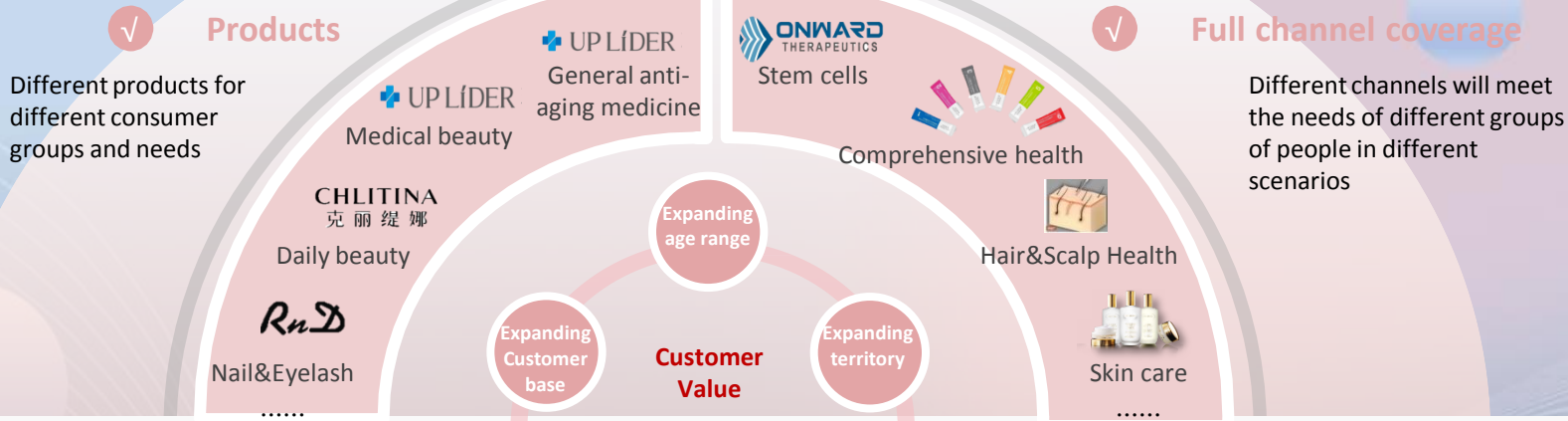
900,000 platform members



As of 31 October 2021

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

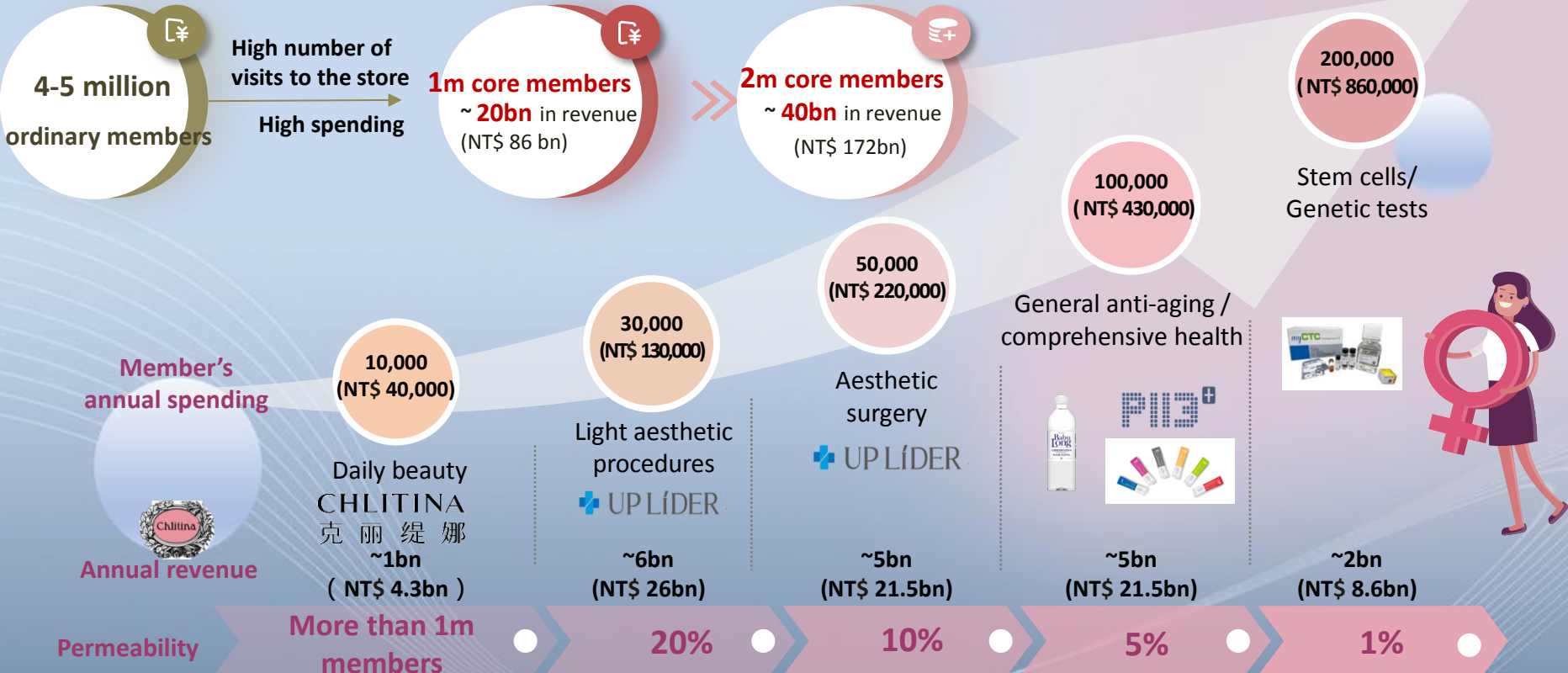
- Encouraging multi-business collaborations
- Industrial chain integration



Digital Transformation

- Digitization of stores
- Digitization of business departments

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



Beauty as a Base, and E-Commerce & New Medical Beauty Business as a Growth Starting Point

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

- Anti-aging
- High efficiency
- Moisturizing
- Whitening
- Cleansing



Public and private domain e-commerce explode, and medical beauty is on the rise

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%

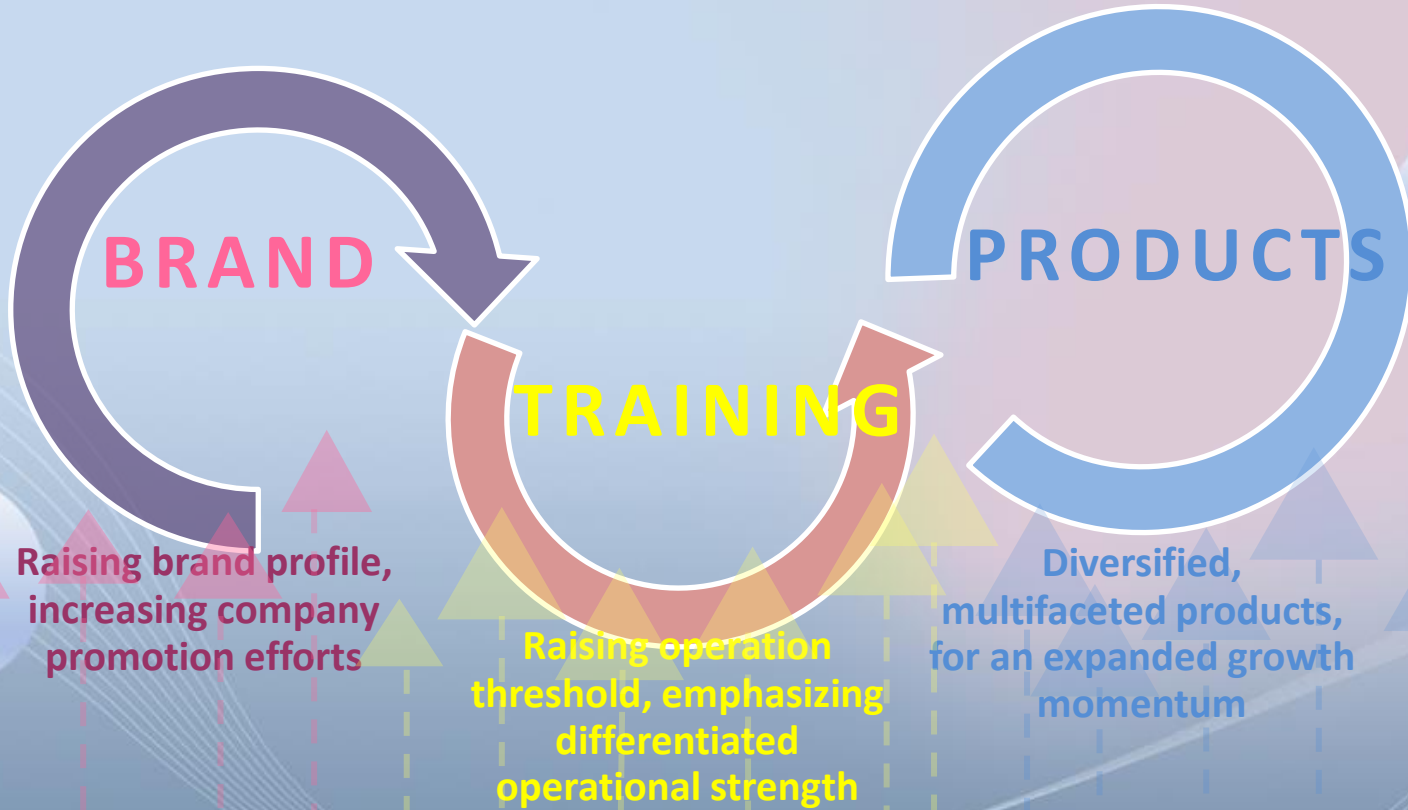
- Number of stores increase
- Same store sales increase
- Body products

Growth curve

10,000+

Store count 4,999

Three Core Competencies: Achieving Leapfrog Development

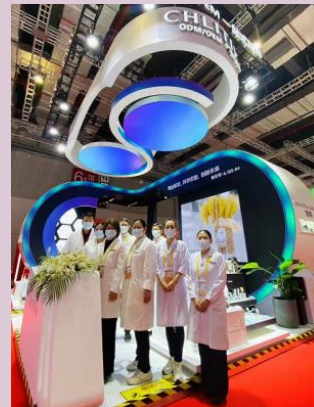


Latest: Continued Investment in Brand Building, Balanced Development, and More



Chairwoman Joanna Chen awarded "Best Female CEO" by Harvard Business Review

- Brand promotion and e-commerce events
- KOL-led livestream sales



1969年
分析与关键控制点
我们前进全球的最好保证
OUR BEST GUARANTEE OF GLOBAL PROGRESS



Production base Weishuo participated in the 4th China International Import Expo



CHLITINA provided disaster relief supplies



Light up a Lamp Foundation is dedicated to developing reading in remote communities

Latest: Germès Academy Talent Cultivation and Training Excellence Obvious to All

At the 20th Shanghai Hair&Beauty Festival, Germès garnered 1 Gold, 4 Silver and 9 Bronze medals, as well as the “Excellent Organization Award” and the “Overall Champion Award”!



Latest: Constantly Launching New Products Ranging From Beauty to Health, Focusing on Growth Momentum

Beauty+ New Consumption Expanding Product Power



Batag 巴都 巴都农饮用天然矿泉水
荣获比利时T1 2021顶级美味奖章二星奖
荣获比利时Monde Selection 2021特级金奖

2000

年悉尼奥运会体操平衡木比赛，
她勇冠三军，并赢得了“体操皇后”的美誉。
退役后的她华丽转身，
更是成为了影视界的宠儿，
她就是平衡美学的“代言人”——刘璇。

00:38

STARBOX

点击视频，探究刘璇精力无限的秘密

运动员 + 演员 + 企业家 + 母亲

跳下平衡木的20年

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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

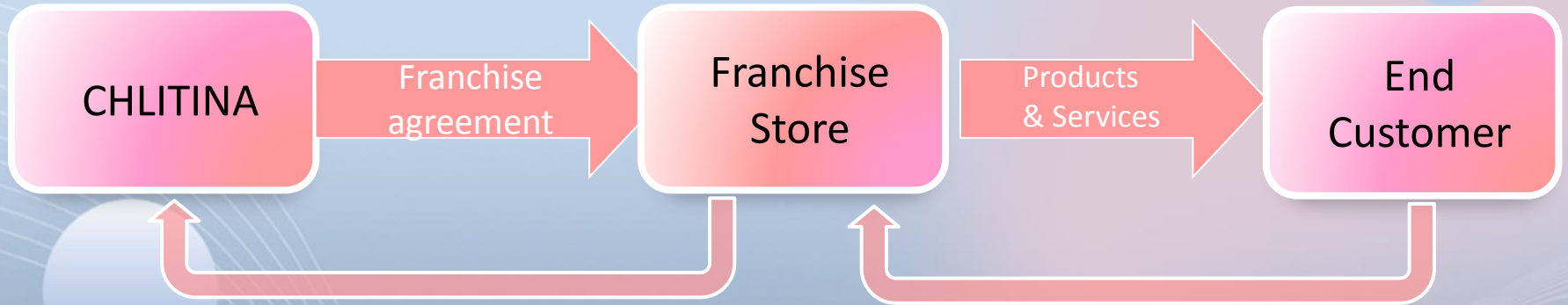
Training
academy

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%)

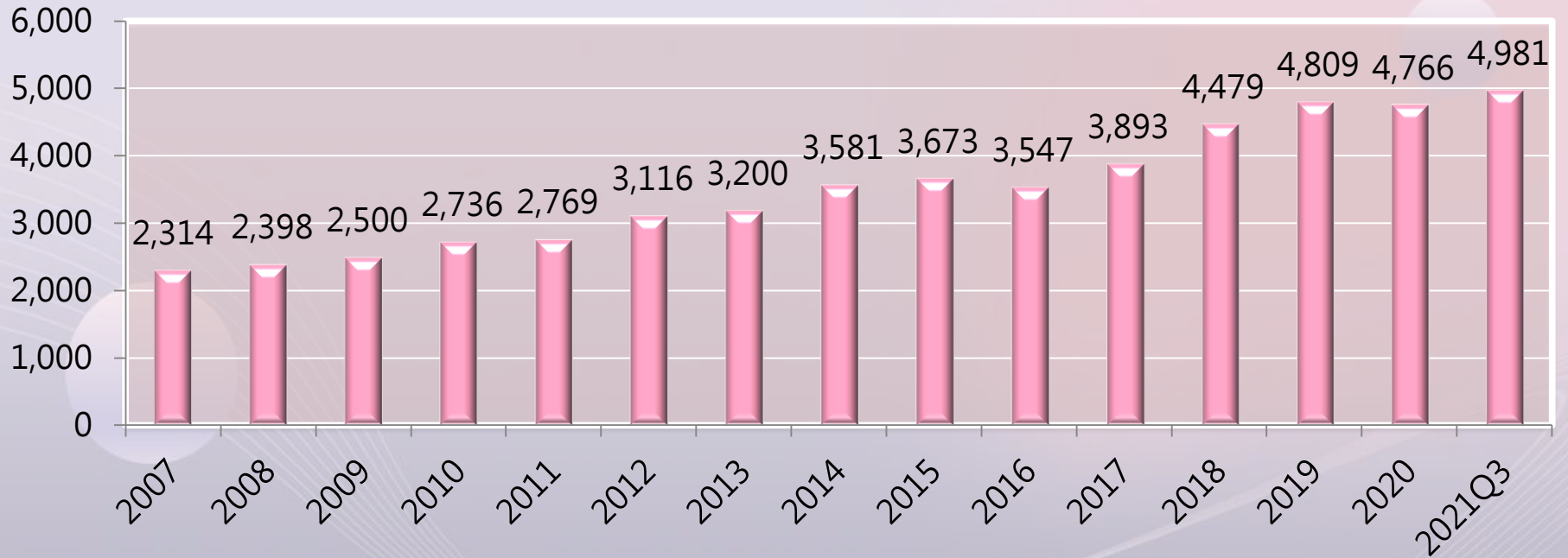


- Income from franchise fee and product sales
- Minimum purchase requirement
- Standard storefront requirement

- 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 2021.09.30	16%	22%	24%	21%	17%	100%
Percentage of 2021Q1-Q3 sales	15%	21%	24%	23%	17%	100%
2021Q1-Q3 Average sales per store (unit: MB1,000)	152	155	166	180	174	165

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

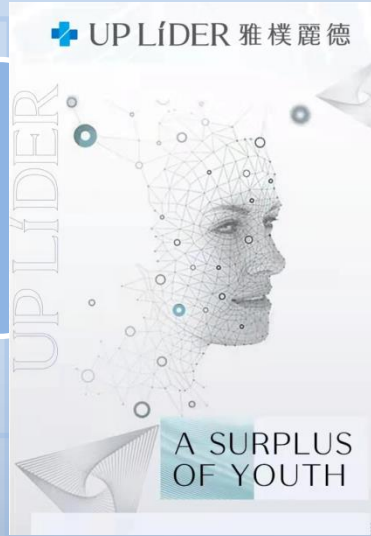
Geographic Distribution	Developed Areas	Well-off Areas	Developing Areas	Taiwan, Hong Kong, Vietnam	Total
% of stores as of 2021.09.30	46%	44%	5%	5%	100%
% of sales in 2021Q1-Q3	49%	44%	4%	3%	100%
Average SSS in 2021Q1-Q3 (unit: RMB1,000)	171	162	141	102	162

Main Channel: CHLITINA Stores Geographic Distribution



Other Channels: Present Situation and Strategic Investments

As new products are helping sales and business is growing steadily, we expect the channel to inject new energy into the group.



Self-operated stores opened in various regions while franchise is developing; High-end services, emphasis on brand.

The newly-launched P113 Oral Care product range has been well received.



Financial Overview (1/4)

Profit Breakdown by Channel

Unit:
RMB1,000

Item	2019			2020			2021 Q1-Q3		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	1,112,615	159,477	86%	888,436	121,658	86%	808,237	127,810	84%
E-commerce	30,305	8,304	73%	36,944	9,383	75%	19,761	6,289	68%
Clinics	6,785	13,492	-99%	21,796	7,311	66%	40,555	16,844	58%
Other	292	1,874	-542%	199	2,860	-1337%	-	-	-
Total	1,149,997	183,147	84.0%	947,375	141,212	85.0%	868,553	150,943	83.0%

Financial Overview (2/4)

Condensed Income Statement

Unit: \$1,000

Item	2019		2020		2021 Q1-Q3	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	1,149,997	5,138,879	947,375	4,055,996	868,553	3,765,873
Operating costs	-183,147	-818,411	-141,212	-604,571	-150,943	-654,460
Gross profit	966,850	4,320,468	806,163	3,451,425	717,610	3,111,413
Gross profit rate	84%		85%		83%	
Selling exp.	-400,409	-1,789,267	-366,185	-1,567,748	-307,511	-1,333,306
Admin exp.	-166,076	-742,127	-178,313	-763,411	-113,123	-490,476
Operating profit	400,365	1,789,074	261,665	1,120,266	296,976	1,287,631
Total non-operating	43,230	193,178	63,928	273,695	54,777	237,503
Profit before tax	443,595	1,982,252	325,593	1,393,961	351,753	1,525,134
Income tax exp.	-123,101	-550,089	-101,447	-434,325	-117,551	-509,678
Profit for the period	320,494	1,432,163	224,146	959,636	234,202	1,015,456
EPS (NT\$)	4.03	18.02	2.82	12.09	2.95	12.77
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		2021/9/31	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	5,456,484	61%	5,347,749	60%	5,453,587	57%
Net accounts receivable	954	0%	5,662	0%	3,192	0%
Inventories	382,585	4%	467,385	5%	477,399	5%
Investment (Equity method)	19,558	0%	218,080	2%	222,810	2%
Property, plant and equipment, net	1,367,720	15%	1,376,374	15%	1,317,545	14%
Right-of-use assets	493,732	6%	575,659	6%	514,344	5%
Others assets	432,930	5%	972,877	11%	1,586,532	17%
Total Assets	8,153,963	91%	8,963,786	100%	9,575,409	100%
Bank loans	1,940,857	22%	2,192,959	24%	2,715,374	28%
Accounts payable	91,141	1%	71,654	1%	101,483	1%
Other payables	551,031	6%	793,091	9%	552,607	6%
Lease liabilities	480,998	5%	571,246	6%	525,929	5%
Other liabilities	708,135	8%	926,521	10%	1,053,911	11%
Total liabilities	3,772,162	42%	4,555,471	51%	4,949,304	52%
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	28%
Unappropriated retained earnings	1,896,488	21%	1,469,479	16%	1,789,977	19%
Other equities	(549,959)	-6%	(472,804)	-5%	(592,500)	-6%
Total equity	4,381,801	49%	4,408,315	49%	4,626,105	48%

Financial Overview (4/4)

Cashflow Analysis

Unit: \$1,000

Item	2019		2020		2021 Q1-Q3	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	410,316	1,833,543	355,404	1,521,646	241,826	1,048,510
Net cash provided (used in) investments	3,993	17,843	-180,711	-766,398	-134,081	-581,348
-Acquisition or disposal of real estate or equipment	-42,781	-191,172	-22,961	-98,783	-15,148	-65,679
-Other	46,774	209,015	-157,750	-668,095	-118,933	-515,669
Net cash used in financing activities	-17,196	-89,978	-194,513	-813,766	-47,854	-204,860
-Dividend distribution	-210,529	-953,908	-245,814	-1,033,401	-156,445	-675,685
-Other	193,333	863,930	51,301	219,635	108,591	470,825

THANK

YOU!

● Q&A

