

CHLITINA HOLDING LIMITED Q1 2022 BUSINESS REPORT

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Corporate Snapshot

Stock Ticker	4137 TT (麗豐-KY)
Market Cap.	around NT\$ 16bn
Capital Stock	NT\$ 795m
2022Q1 Sales	RMB 234m / NT\$ 1.033bn
2022Q1 Net Profit	RMB 69m / NT\$ 303m
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	<ul style="list-style-type: none">-CHLITINA 克麗緹娜 (beauty salon franchise): close to 5,000 stores around the world.-RnD瓊緹(2022/5) (manicure and eyelash extensions salon franchise): over 600 stores.-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.

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

2008-2015

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.



2017-2019

2020-2021

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.



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.

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.



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

5,019 franchise stores



RnD Professional Manicure
環繞专业美甲

Nail & Eyelash extension salon franchise

600 franchise salons



+ **UP LÍDER** 雅樸麗德

Self-operated regenerative medicine and anti-aging clinics

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



新美力
Beauty Health Happiness

E-commerce platform

800,000 Members



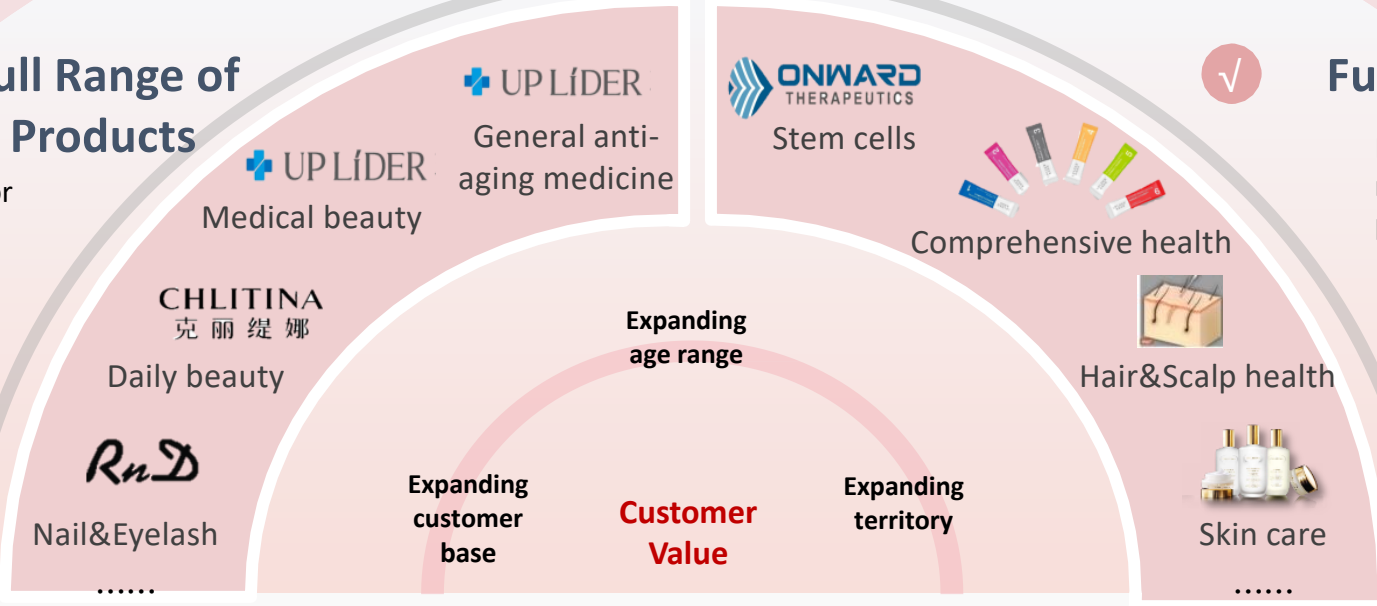
Focusing on Products, Achieving Total Coverage, Reaping Results

Concentric Diversification



Full Range of Products

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



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 to Create a Stable Future

Brand

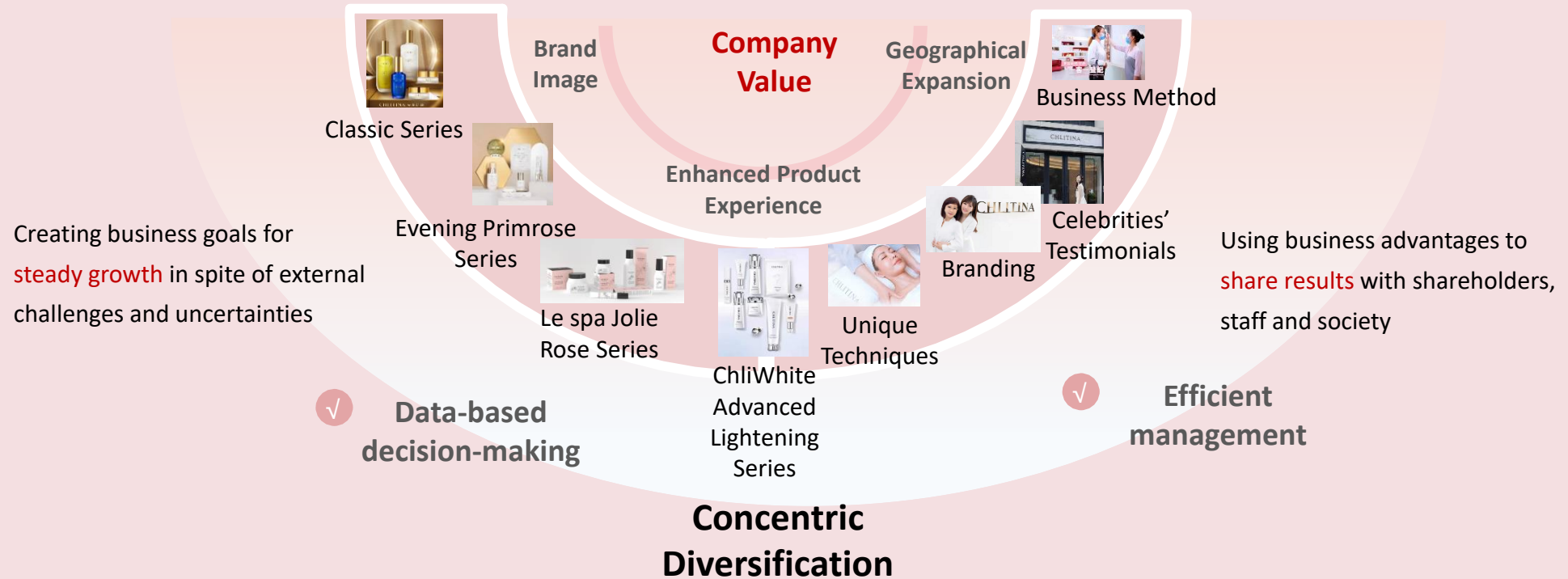
- Improve brand image
- Boost promotion strategy

Products

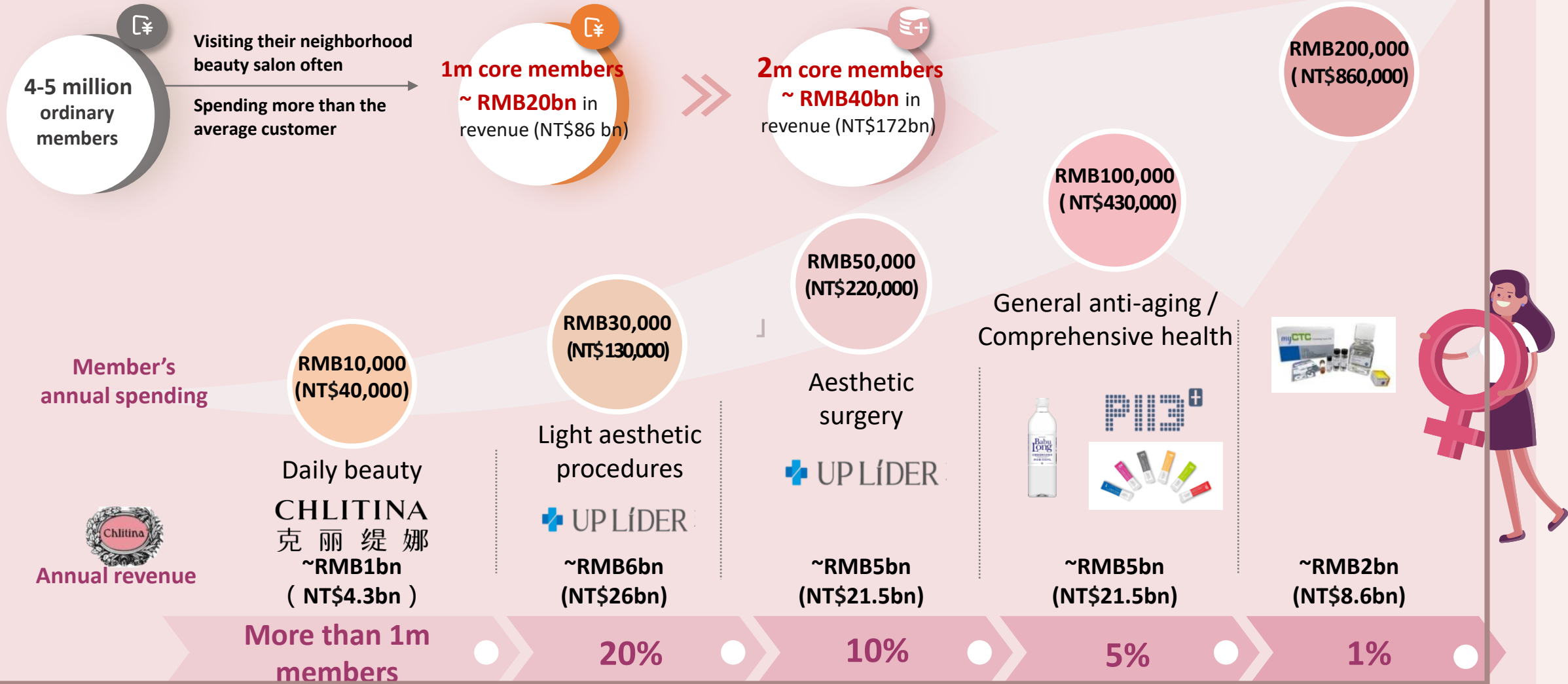
- Increase product development
- Increase business growth efforts

Training

- Raise franchise requirements
- Strengthen franchise business skills



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



Latest News: Shanghai Under Lockdown Because of the Epidemic; Factories Closed But Business Continued



**Second Quarter of 2022
Online Directors Meeting**



Latest News: Two CHLITINA Products Shortlisted for the Pure Beauty Awards 2022



E.P.O Facial Cleanser
A 30-year CHLITINA
legendary top-seller

Joanna Chen Sublime Soothing Body Set
Body&mind relaxing and soothing essential oils, acclaimed quality products



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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%)



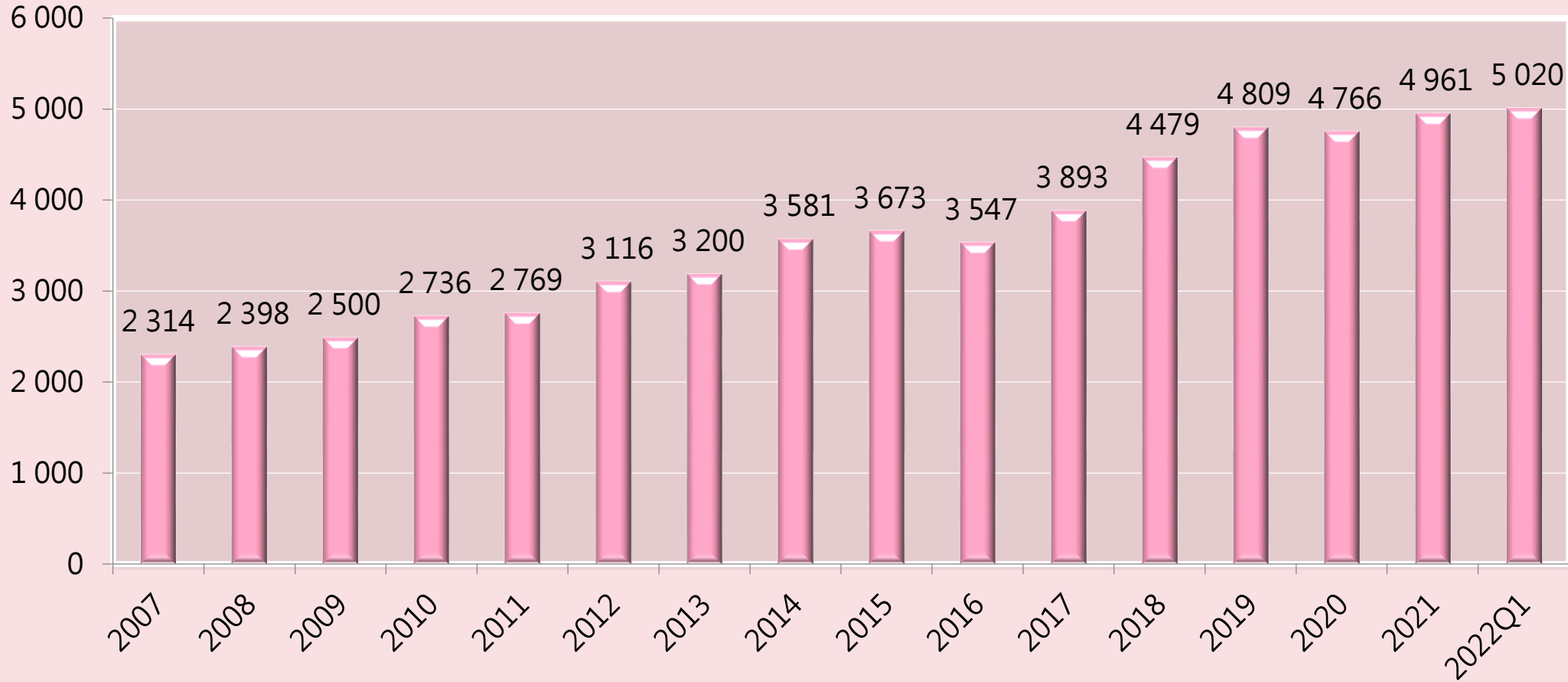
- Income from franchise fee and product sales
- Minimum purchase requirement
- Standard storefront requirement

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

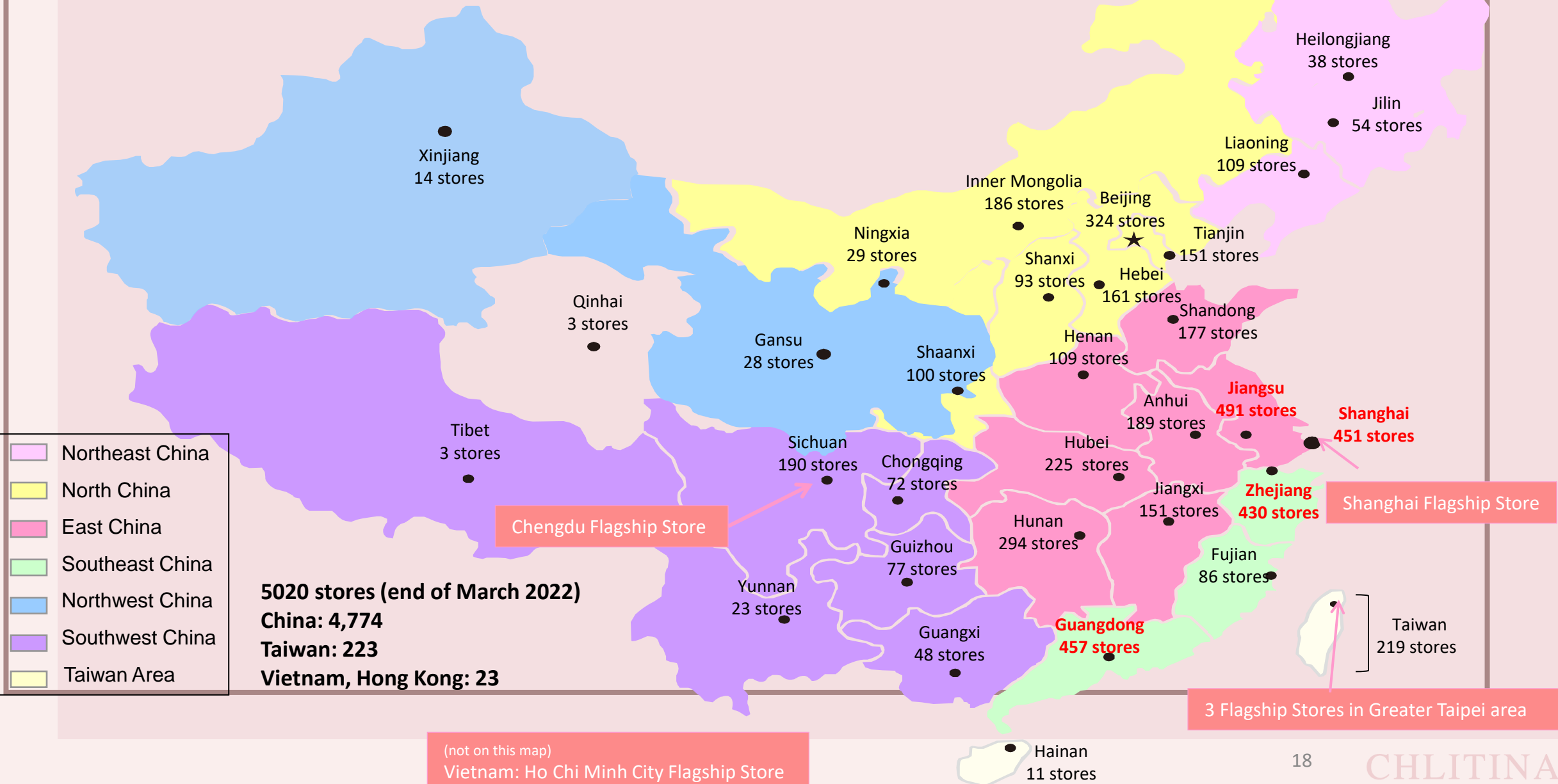
Reinforcing product-oriented strategy; in times of epidemic, continuing to play a key role in product promotion.

Main Channel: Franchise Network Scale

CHLITINA Franchise Salons – Store Count



Main Channel: CHLITINA Stores Geographic Distribution



5020 stores (end of March 2022)
China: 4,774
Taiwan: 223
Vietnam, Hong Kong: 23

(not on this map)
 Vietnam: Ho Chi Minh City Flagship Store

Shanghai Flagship Store

3 Flagship Stores in Greater Taipei area

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 2022.3.31	15%	22%	24%	22%	17%	100%
Percentage of 2022Q1 sales	16%	20%	23%	24%	17%	100%
2022Q1 Average sales per store (unit: RMB1,000)	48	41	44	48	46	45

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 2022/3/31	46%	44%	5%	5%	100%
% of sales in 2022Q1	46%	46%	5%	3%	100%
Average SSS in 2022Q1 (unit: RMB1,000)	44	47	43	31	45

Financial Overview ^(1/4)

Profit Breakdown by Channel

Unit:
RMB1000

Item	2020			2021			2022Q1		
	Rev.	Exp.	GPM	Rev.	Exp.	GPM	Rev.	Exp.	GPM
Beauty Salon Franchise	888 436	121 658	86%	1 133 391	172 590	85%	224 158	33 865	85%
E-commerce	36 944	9 383	75%	26 905	10 283	62%	3 429	1 138	67%
Clinics	21 796	7 311	66%	54 236	23 041	58%	6 638	2 708	59%
Other	199	2 860	-1 337%	-	-	-	-	-	-
Total	947 375	141 212	85.0%	1 214 532	205 914	83.0%	234,225	37,711	84.0%

Financial Overview (2/4)

Condensed Income Statement

Unit: \$1000

Item	2020		2021		2022Q1	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Operating revenue	947 375	4 055 996	1 214 532	5 271 313	234 225	1 032 934
Operating costs	-141 212	-604 571	-205 914	-893 709	-37 711	-166 307
Gross profit	806 163	3 451 425	1 008 618	4 377 604	196 514	866 627
Gross profit rate	85%		83%		84%	
Selling exp.	-366 185	-1 567 748	-424 604	-1 842 866	-91 466	-403 375
Admin exp.	-178 313	-763 411	-175 852	-763 233	-33 225	-146 528
Operating profit	261 665	1 120 266	408 162	1 771 505	71 823	316 724
Total non-operating	63 928	273 695	64 952	281 904	12 550	55 345
Profit before tax	325 593	1 393 961	473 114	2 053 409	84 373	372 069
Income tax exp.	-101 447	-434 325	-160 857	-698 152	-15 652	-69 025
Profit for the period	224 146	959 636	312 257	1 355 257	68 721	303 044
EPS (NT\$)	2.82	12.09	3.93	17.05	0.86	3.81
Cash dividend (yearly)	NT\$8.5 per share		NT\$12 per share (to be confirmed)		NA	

Financial Overview (3/4)

Condensed Balance Sheets

Unit: \$1000

Item	2020		2021		2022Q1	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	5 347 749	60%	5 973 191	61%	5 331 423	54%
Net accounts receivable	5 662	0%	3 641	0%	2 255	0%
Inventories	467 385	5%	454 865	5%	518 514	5%
Investment (Equity method)	218 080	2%	215 619	2%	220 276	2%
Property, plant and equipment, net	1 376 374	15%	1 319 890	13%	1 336 340	14%
Right-of-use assets	575 659	6%	490 611	5%	494 966	5%
Others assets	972 877	11%	1 577 227	16%	1 881 070	19%
Total Assets	8 963 786	100%	10 035 044	103%	9 784 844	100%
Bank loans	2 192 959	24%	2 505 042	26%	1 969 401	20%
Accounts payable	71 654	1%	98 810	1%	121 090	1%
Other payables	793 091	9%	803 571	8%	529 847	5%
Lease liabilities	571 246	6%	502 616	5%	510 241	5%
Other liabilities	926 521	10%	1 131 977	12%	1 120 705	11%
Total liabilities	4 555 471	51%	5 042 016	52%	4 251 284	43%
Common capital	794 924	9%	794 924	8%	794 924	8%
Capital surplus & legal reserve	2 616 716	29%	2 633 704	27%	2 633 704	27%
Unappropriated retained earnings	1 469 479	16%	2 129 574	22%	2 432 618	25%
Other equities	-472 804	-5%	-565 174	-6%	-327 686	-3%
Total equity	4 408 315	49%	4 993 028	51%	5 533 560	57%

Financial Overview (4/4)

Cashflow Analysis

Unit: \$1,000

Item	2020		2021		2022Q1	
	RMB	NT\$	RMB	NT\$	RMB	NT\$
Net cash provided by operations	355 404	1 521 646	414 198	1 797 702	-28 183	-124 303
Net cash provided (used in) investments	-180 711	-766 398	-133 270	-578 421	-27 739	-122 328
-Acquisition or disposal of real estate or equipment	-22 961	-98 783	-22 187	-96 297	-3 097	-13 658
-Other	-157 750	-668 095	-111 083	-482 124	-24 642	-108 670
Net cash used in financing activities	-194 513	-813 766	-102 196	-440 232	-144 263	-636 197
-Dividend distribution	-245 814	-1 033 401	-156 445	-675 685	-	-
-Other	51 301	219 635	54 249	235 453	-144 263	-830 229

CHLITINA

THANK YOU!

Q&A

