

美丽田园
美与健康 BEAUTY AND HEALTH

Beauty Farm 2023 Annual Results

Stock Code: 2373.HK





1 Company and Industry Overview

2 Strategies and Business Update

3 Financials

4 Q&A



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Company and Industry Overview



One-Stop Beauty and Health Management Service Platform

Total store count surpassed **400**

CellCare
|秀|可|儿|医|美|

Aesthetic Medical Services

23 Direct Stores ⁽¹⁾

美丽田园 贝黎诗
PALAISPA

Beauty and Wellness Services

171 Direct Stores & **199** Franchised Stores ⁽¹⁾

NEOLOGY
研源医疗

Subhealth Medical Services

7 Direct Stores ⁽¹⁾

Both revenue and net profit
reached new highs



RMB **2.15** billion

YoY +31%
Revenue ⁽²⁾



RMB **230** mn

YoY +108%
Net profit ⁽²⁾



93,667

YoY +20%
Active Members at Direct stores ^{(2) (3)}



RMB **20,695**

YoY +RMB 2109
Average Annual Spending per
Active Member ⁽²⁾



84.3%

Active Member
Repurchase Rate ^{(2) (4)}

Notes

1. As of December 31, 2023

2. For the twelve months ended December 31, 2023

3. Active Members are members who have used our services at least once during the relevant period.
Includes direct stores only.

4. Percentage of active members who made multiple purchases of our services during the twelve months ended December 31, 2023



Pioneering the "Dual-Beauty" Business Model, Spearheading Industry Upgrades

Acquire premium clientele leveraging our extensive network of beauty and wellness stores, uncover and fulfill deep-seated customer needs for beauty and health with upgraded full-lifecycle services

Beauty and Wellness Services



90,468 +19% YOY

Active Members at Direct Stores

Business Bedrock



30+ Years of Brand Legacy



Vast Customer Base



80% Repurchase Rate



Robust Cash Flow

Boost Penetration

25.0% of our beauty and wellness members purchased or received aesthetic medical or subhealth medical services ⁽¹⁾



High Frequency ← High Annual Spending — High Growth Potential →

Aesthetic Medical Services



24,474 +31% YOY

Active Members

Subhealth Medical Services



4,191 +37% YOY

Active Members

Note
1. Penetration denotes the proportion of beauty and wellness service members who become active members of aesthetic medical services or subhealth medical services during the reporting period.

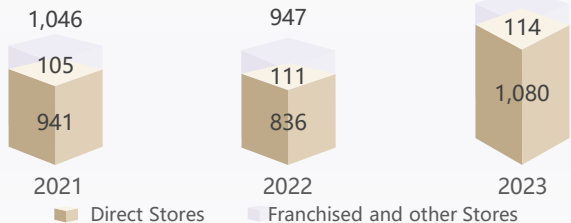
The background features a light blue gradient. On the right side, there is a thin, dark blue outline of a human profile facing left. At the bottom, there are several overlapping, wavy, translucent blue lines that resemble water or smoke. The text is positioned on the left side of the image.

Strategies and Business Update



Revenue Growth

(RMB mn)



High-Quality and Highly Loyal Active Members

Average Annual Spending per Active Member⁽¹⁾

11,288RMB

+RMB905 YOY

Active Member Repurchase Rate⁽¹⁾

84.9%

Annual Spending Frequency per Active Member⁽¹⁾

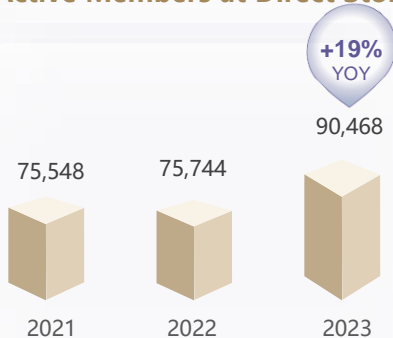
10.0

+1.0 YOY

Customer Visits at Direct Stores



Active Members at Direct Stores



Franchised Business

Covered
94
Tier-2 cities

Active Members
38,918
+30% YOY

Note:
1. For the twelve months ended December 31, 2023



Aesthetic Medical Services – The Surging Second Growth Curve

Expanding Store Network



23 stores

Cover 23 tier-1 and new tier-1 cities



Resilient Revenue Growth Outperforming the Market

(RMB mn)



Key Operating Metrics

Customer Visits

(Times)

52,962



2021

50,735



2022

71,814



2023

+42% YOY

Active Members

16,896



2021

18,735



2022

24,474



2023

+31% YOY

Average Annual Spending per Active Member

34,597 RMB

+RMB1,493 YOY



Expanding Store Network

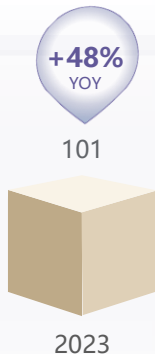
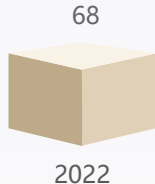


7 stores

Covering 7 tier-1 and new tier-1 cities

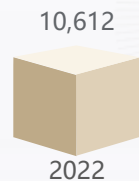
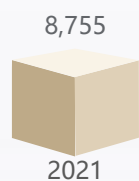
Revenue Growth

(RMB mn)

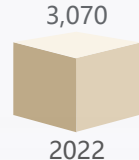
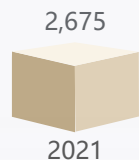


Key Operating Metrics

Customer Visits
(Times)



Active Members



Average Annual Spending
per Active Member

16,836 RMB
+RMB869 YOY



Optimizing Marketing Efficiency through Digital Marketing Solutions

Precision marketing for segmented customers via WeChat corporate account

Customer referral programs/public domain initiatives drive traffic to WeChat Channels livestreaming

Mobile workspace for refined customer operations





M&A Offers Substantial Revenue Growth Potential from Regional "Tri-Beauty" Businesses

2023 Strategic Investment Projects

Leading regional beauty brands



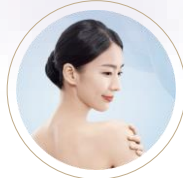
Chengdu CellCare clinic upgraded and expanded, reopened in February 2024

Chengdu Neology clinic newly launched in March 2024

Chengdu Youlan



Hangzhou YanSpa



Changsha Franchisee



Franchised-to-direct store conversion



(Conceptual Store Image)

Changsha CellCare clinic to be upgraded and expanded in 2024

Project pipeline : **10+**



Powerful Alliance: Acquisition of Naturade solidifies Beauty Farm's market-leading position



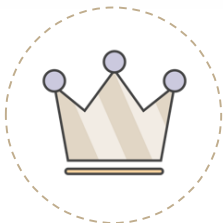
RMB350 mn

Acquiring 70% stake

Transaction consideration and valuation



RMB514 mn and RMB33.39 mn
Revenue and net profit for full year 2023



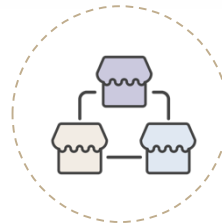
Powerful Alliance of No.1 and No.2 players in terms of Market Share

Market share expansion
0.2%-0.4%⁽¹⁾



Enriching Member Base, Promoting "Tri-Beauty" Model Synergies

47,000 direct active members ⁽²⁾
Significant Increase in market share



Regional advantages in the Greater Bay Area

Naturade ranked first in Guangdong Province
Acquiring 88 direct stores in Guangzhou and Shenzhen



Enhancing Beauty Farm's Revenue/Profit

Anticipate double-digit growth in revenue and profit
Revenue of RMB514mn and net profit of RMB33.39mn in 2023



Complementary Services

Comprehensive products by integrating additional wellness services



Economies of Scale

Extensive M&A experience empowers economies of scale
Value chain integration and scale economy enhance operation efficiency

Note

1. According to Frost & Sullivan, based on the market share of China's traditional beauty service market by 2021 revenue
2. As of December 31, 2023
3. Active members at direct stores refer to members who have used Naturade's services at least once at the 88 stores included in this acquisition during the relevant period



Naturade - One-Stop Brand for Beauty, Wellness, and Pain Management Services Based on Traditional Chinese Medicine



Brand History



奈瑞儿
美颜美养 痛症调理

Established in 2007



Storefront Style



Number of Stores⁽¹⁾

80 direct stores

6 direct stores

2 direct stores



Brand Positioning



Beauty and Wellness Services



Aesthetic Medical Services



Traditional Chinese Medicine and Comprehensive Health Services

Grounded in traditional Chinese medicine, featuring the Eastern beauty and wellness philosophy of adapting to timing, trends and individual needs"



Regulatory Requirements

No medical institution practice license required



Medical institution practice license required



Medical institution practice license required

Note

1. As of December 31, 2023



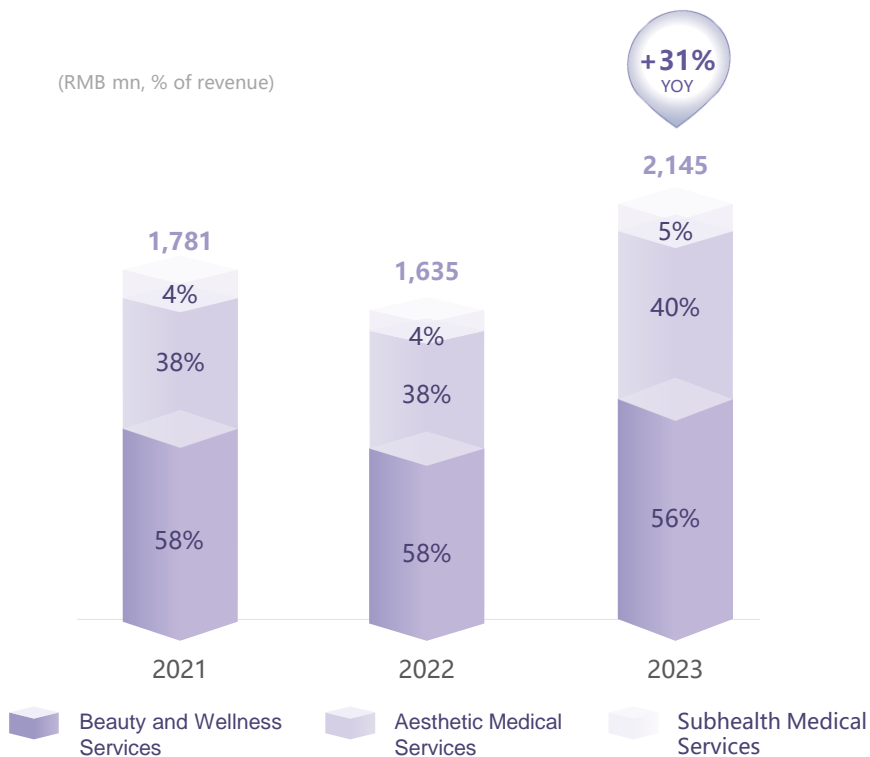
Financials



Outstanding Revenue Growth and Profitability

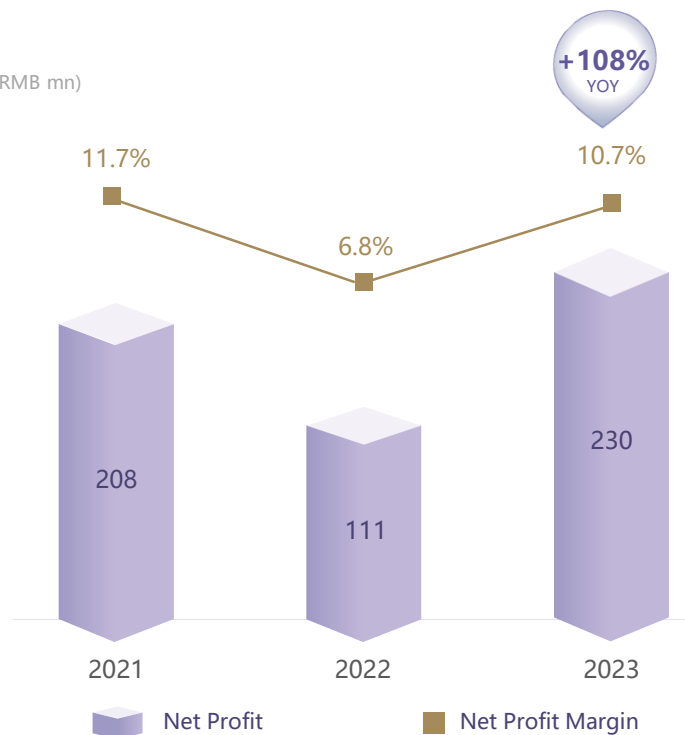
Leading Revenue Size

(RMB mn, % of revenue)



Outstanding Profitability - Net Profit

(RMB mn)

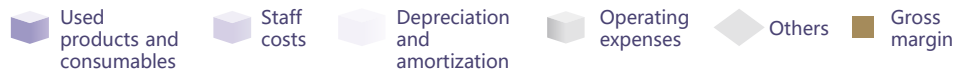
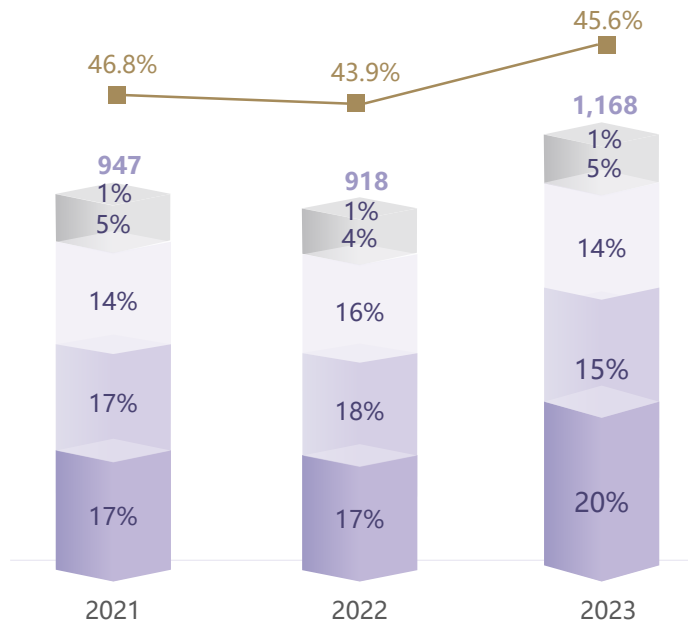




Optimized Cost Structure, Operating Expenses Decreasing as a Percentage of Revenue

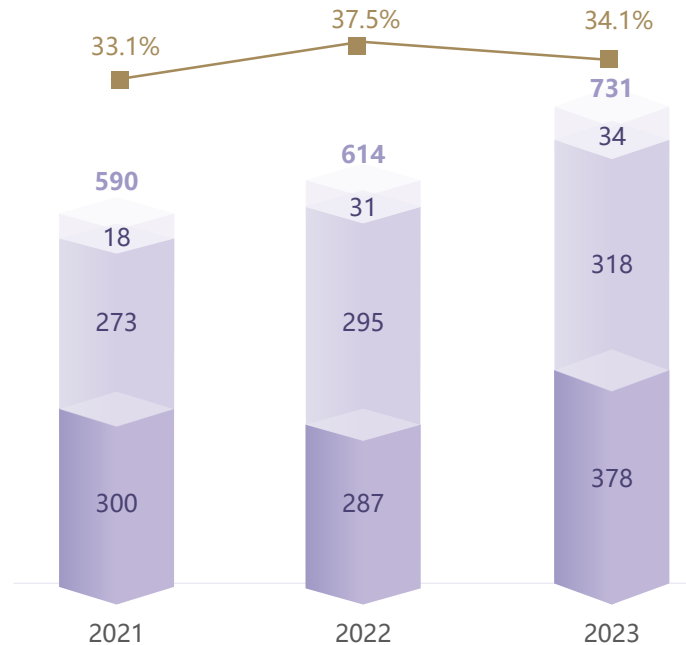
Operating Cost Structure

(costs as a % of revenue, RMB mn, gross margin%)



Operating Expenses Structure (1)

(RMB mn, operating expenses as % of revenue)



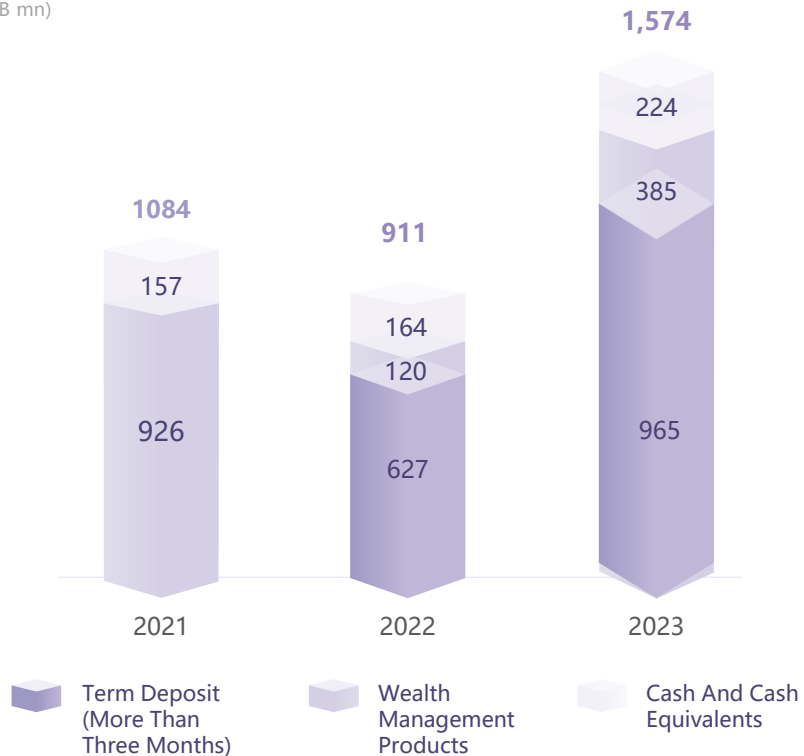
Note:
1. Operating expenses include selling expenses, research and development expenses, and general and administrative expenses



Robust Cash Reserves and High Dividend Payout Ratio

Robust Cash Reserves

(RMB mn)



Dividends Declared



Dividends

FY2023

HKD **110.8**mn

Dividend Per Share

HKD **0.47**



Q&A