

SHIHLIN PAPER CORP.
Stock No. : 1903
Results Analyst Meeting
December 29, 2022



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Company Introduction-1

- SHIHLIN PAPER CORP. owns 2 paper factories named Shilin and Yuan. Shilin Factory was set in 1918, former one named Taiwan Paper Corp., the earliest mechanically paper manufacturer in Taiwan.
- The Government took over 5 paper factories including but not limited to Shilin, Luodong, Dadu, Xinying and Xiaokang after recovery, thereby forming into Taiwan Paper Corp., was subordinated from Resource Committee and turned to the Ministry of Economic Affairs, a national business.
- Taiwan Paper Corp. transformed to private business when R.O.C. Government enacted the Land-to-the-Tiller Act in 1954 and implemented separation as per request of shareholder in 1958 that Shilin Paper Factory was established as SHIHLIN PAPER CORP. on January 1, 1959.



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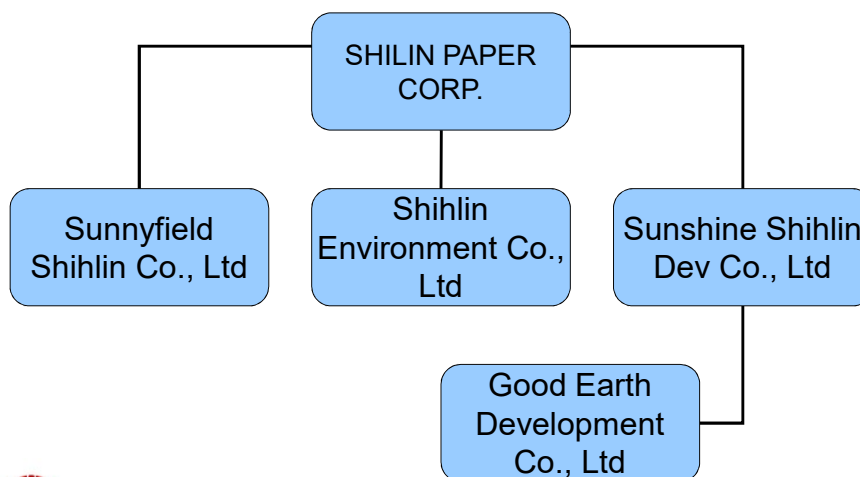
Company Introduction-2

- SHILIN PAPER CORP. owns Shilin and Yuan paper factories, among of which, Shilin Factory was shut down on December 20, 1998, while Yuan Factory stopped production line in October of 2014.
- We and our subsidiaries mainly engaged in production, marketing and invested development on paper-like processing product.
- We transformed ourselves by adjusting business items, adding the sales of a series of products including but not limited to wet paper towels, facial film, skincare products and anti-mosquito lines in response to the changeable needs in the market.



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Organization Chart of Subsidiary



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Main Business Items of Subsidiary

| Company Name | Main Business or Production Items |
|---------------------------------|--|
| Sunnyfield Shihlin Co., Ltd | Business of cosmetics skincare ,Mother and baby care products |
| Shihlin Environment Co., Ltd | Business regarding to invested development and urban city reconstruction |
| Sunshine Shihlin Dev Co., Ltd | Business regarding to residence and building development, lease and sales, as well as lease of real estate |
| Good Earth Development Co., Ltd | Business regarding to urban city reconstruction |



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Scope of Business

1. Baby Lion :
 - (1) Operation & sales of private-brand's wet wipes, anti-mosquito, and baby-care products.
 - (2) Promotion & development of wet wipes, feminine wipes, anti-mosquito, baby-care, safe protection and household cleaning products.
2. Forest Beauty :
 - (1) Operation & sales of private-brand's facial mask and skin-care products.
 - (2) Promotion & development of domestically sold Natural Botanical Series series and basic skin care products.
3. Investment-related and businesses with government incentives for investments.
4. Commissioned builders to construct commercial buildings, residential buildings, rental and sales.
5. Hotel rental business.



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Product Profile-1

- Ultra Pure Water Wet Wipe



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Product Profile-2

- Mini pocket pack Series



- Feminine Wipes



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Product Profile-3

- Safe protection



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Product Profile-4

- Peace of mind clean



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Product Profile-5

- insect repellent



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Product Profile-6

- Baby Wash Series (Level up)



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Product Profile-7

- Baby Wash Series (For Kids)



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Product Profile-8

- Natural Botanical Series



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Product Profile-9

- Natural Botanical Series



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Product Profile-10

- **Bio Cellulose Series/Eye Mask**



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Product Profile-11

- **Bio Cellulose Series**



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Product Profile-12

- Hydrating & Conditioning Cleansing Wipe/
CICA Ocean Friendly Sun Care Series



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Product Profile-13

- 14-Day Skin Renewing & Revitalizing Series



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Product Profile-14

- Supreme Royal Peptide Anti-ageing Series



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Product Profile-15

- Natural Botanical Series



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Product Profile-16

- Picnic Series



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Omni-Channel Distribution Strategy

- Physical Channel



- Online Channel



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Omni-Channel Distribution Strategy

- Department Store Channel



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Overview of Business Plan

1. Market expansion with business and marketing orientation. Continue to develop market channels for baby & women products, facial masks, and skin care products. Raise brand awareness and product exposure, and increase operational performance.
2. With CV value as the appeal, Forest Beauty brings innovation into the facial-mask market with high-class affordable products having unparalleled quality.
3. In addition to maintaining existing customers, with marketing resources such as promotions and media advertisements, products have been successively launched in major entities and online shopping channels. This year, we began to expand department store channels targeting high-end customer groups.

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The effect on legal environment and overall operational environment

1. All products are tested to comply with relevant laws and regulations, which provide consumers with the highest quality and peace of mind.
2. Continue to develop innovative and high-value products, while strengthening R&D and marketing capabilities. Cultivating talents is also the company's future key development strategy.
3. We will continue to uphold a pragmatic spirit, taking challenges at all stages, and strive to operate in the consumer products market. We must achieve our goals and fulfill our social responsibilities to create greater profits and best benefits for shareholders and all employees.



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Overview of Industry



1. Meet parents' requirements for infant products: natural, safe, and effective anti-mosquito and baby bath & care products; launch adult wet wipes and feminine cleansing wipes; starting from 2021 we launch alcohol-related products and household cleaning products, related to home and personal antibacteriac products.
2. With the rise in environmental awareness, in addition to good quality, environmental protection and pollution reductions are important trends.
3. Due to changes in lifestyle and usage habits, incline to the special needs of personal and household cleaning for different customer groups.



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Overview of Industry

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Forest Beauty

1. New products are rapidly introduced in the skincare product market, as different series and with different appeals, satisfying consumers' interests for trying new products.
2. In addition to making a difference in the facial mask material, ingredients meeting market demands are carefully chosen in the mask essence formula.
3. The skin care products market is gradually expanding, develop skin care products suitable for all age groups according to the differences in channels and customer groups to increase profits.



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Overview of Industry

PAPERSON HOTEL
陽光士林瓏柏旅館

1. Nowadays the size of the population using the Internet to make reservations is increasing rapidly. E-commerce has become the largest market, with consumers becoming more and more accustomed to ordering and comparing product price online.
2. In face of increasingly intense competition in the domestic tourism industry, our company will continue to enhance our software services in order to raise overall revenue.



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Market Analysis

1. The main sales regions are mainly domestic, divided into 3 regions: Taipei-Taoyuan-Hsinchu-Miaoli, Central and Southern. Currently, we actively develop domestic high-end markets (e.g. department stores) and the global market.
2. Requirements for infant products: natural, safe, and effective; while for skincare products are mainly patented and exclusive. We design various functional products according to different consumer groups, as well as develop natural and patented formula products, to improve sales performance by diversification and market segmentation.



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Market Analysis

3. Future supply & demand situation: seek more professional domestic & foreign OEM partners to meet future market demand.
4. Development prospect
 - 1) Positive factors: Domestic & foreign professional OEM partners have more product technical capabilities and healthy competitiveness of innovative manufacturing process, making our product series more complete than industry competitors', comparable to large domestic manufacturers.
 - 2) Negative factors: Due to the limited demand in domestic consumer goods market, with many brands and sufficient resources, we can only attract consumer support with marketing strategies to expand market share.



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Shilin Paper Corp. Income Statement

Unit: NTD1,000

| | 2022/January- September | 2021/January- September | Change % | 2021 | 2020 | 2019 |
|-----------------------------------|----------------------------|----------------------------|-------------|---------|----------|----------|
| Business income | 96,792 | 93,864 | 3% | 120,357 | 112,020 | 106,435 |
| Operating gross profit (Loss) | 46,655 | 34,515 | 35% | 46,200 | 44,533 | 49,170 |
| Operating net profit (loss) | -9,994 | -44,847 | -78% | -54,722 | -41,588 | -35,254 |
| Net profit before tax (loss) | 250,039 | 112,172 | 123% | 84,249 | -135,685 | -179,534 |
| Income tax | 0 | 0 | 0% | 0 | 0 | 0 |
| Current net profit (loss) | 250,039 | 112,172 | 123% | 84,249 | -135,685 | -179,534 |
| Operating gross profit ratio | 48% | 37% | 31% | 38% | 40% | 46% |
| Operating net profit (loss) ratio | -10% | -48% | -78% | -45% | -37% | -33% |



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Consolidated Income Statement

Unit:NTD1,000

| | 2022/January- September | 2021/January- September | Change % | 2021 | 2020 | 2019 |
|-----------------------------------|----------------------------|----------------------------|-------------|---------|----------|----------|
| Business income | 125,334 | 279,732 | -55% | 326,024 | 159,473 | 169,454 |
| Operating gross profit (Loss) | 65,387 | 155,719 | -58% | 176,501 | 53,508 | 52,232 |
| Operating net profit (loss) | -71,896 | -1,208 | 5852% | -26,559 | -152,414 | -184,403 |
| Net profit before tax (loss) | 250,039 | 116,542 | 115% | 88,619 | -135,685 | -179,534 |
| Income tax | 0 | 4,370 | 0% | 4,370 | 0 | 0 |
| Current net profit (loss) | 250,039 | 112,172 | 123% | 84,249 | -135,685 | -179,534 |
| Operating gross profit ratio | 52% | 56% | -6% | 54% | 34% | 31% |
| Operating net profit (loss) ratio | -57.36% | -0.43% | 13183% | -8% | -96% | -109% |



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Business Development Proposal-Short Term

1. Sales strategies:
 - (1) Positioning according to product properties, develop new channels.
 - (2) Revitalize brand vitality, master the needs of consumers at anytime.
 - (3) Actively develop overseas markets and new businesses. Diversify operations by activating assets.
2. Marketing and R&D Strategies
 - (1) Grasp the market dynamics and develop differentiated and customized products.
 - (2) Work closely with academic and R&D units and actively apply for patents.
3. OEM Strategies:
 - (1) Strict monitoring and independent inspection to improve product quality.
 - (2) Request manufacturers to maintain and improve equipment, and upgrade manufacturing technology to achieve differentiation of new products.



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Business Development Proposal – Mid-Long Term

1. Master win-win core technology, improving quality to upgrade competitive advantages.
2. Promote diversified product portfolio with versification marketing strategy to rise up market share.
3. Expand domestic and overseas market actively, building the image of international brand, becoming the company and famous brand beloved and trusted by consumers.



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Prospectus Strategy

1. Baby Lion :

Based on wet wipes, we extend to develop anti-mosquito series and infant bath & care products, providing safer and more reliable products for infants and young children. Also, in response to epidemic and to improve environmental safety, we develop antibacterial protective products and natural environment products, so that consumers have better choices.

2. Forest Beauty :

Based on facial masks, we extend to develop facial care product series, providing female consumers satisfactions in all aspects: natural, safe, beauty and health, to win the female consumer market.

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**Thank you
for your
attendance!**



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