



RLG – CHINA OTC LAUNCH

Unlocking China's Potential

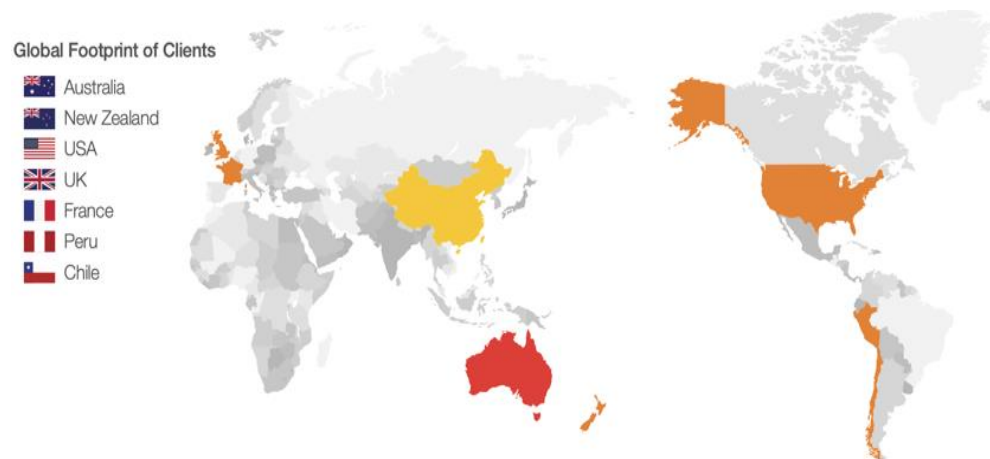
May 2023



UNLOCK A WORLD
OF POTENTIAL

1. MARKET INTRODUCTION
2. RLG INTRODUCTION
3. CASE STUDIES
4. OTC COMPETITIVE ENVIROMENT
5. CHEMISTWAREHOUSE CHINA - Benchmark

- ASX Publicly Listed Company (ASX: RLG).
- A well-established, leading e-commerce platform and services operator in CHINA.
- CHINA Team on the ground in Guangzhou.
- Selling lucrative food, health and wellbeing products into high growth markets.
- Global client base and sales into 7 Countries.
- Market Focus – Australia, South East Asia & other emerging and expanding markets.
- Proven expertise and experience providing OTC Solutions in CHINA.



Our experience spans 24 years of launching brands in China. Just a few of the brands which we have launched from zero in China.

- Tupperware – Housewares, Nutritional, Personal Care.
- Essano – Beauty, Skincare, Personal Care.
- Trilogy – Beauty, Skincare, Personal Care.
- Prospan – Nutritional, herbal cough relief from Germany.
- DS Laboratories – Hair Loss functional products.
- Blis Technologies – Probiotics.
- AFT Pharmaceuticals – Health Supplements & OTC.
- CelebritySlim – Weight loss.
- Remedy Drinks – Kombucha.
- Manuka Doctor – Honey & Skincare.
- New Zealand Honey Co. – Manuka Honey.
- Nuria – Beauty, Skincare, Personal Care.
- Veta – Hair loss, functional products.



“THESE BRANDS HAVE REACHED OVER \$USD500M IN CHINA SALES”



1. MARKET INTRODUCTION (*CHINA CROSS BORDER OTC*)

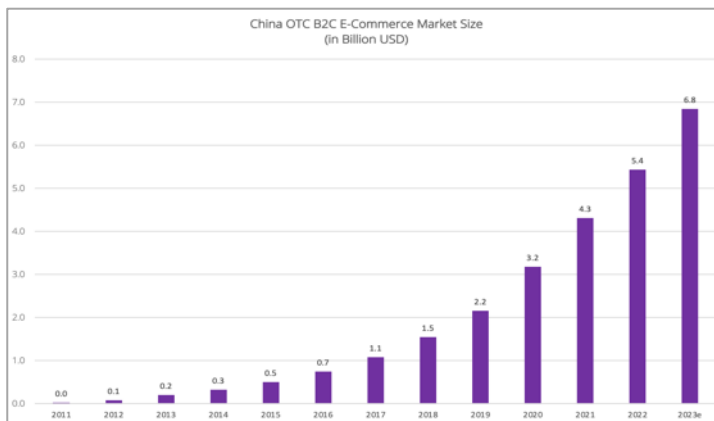


UNLOCK A WORLD
OF POTENTIAL



- On December 30th, 2019, the China National Medical Products Administration approved a pilot program for the bonded importing of OTC products in Beijing (now expanded to Hong Kong and several free trade zones) via Cross Border E-commerce
- Chemist Warehouse, and notably several, Hong Kong & Japanese pharmaceutical companies jumped into this space. Prior to this Alihealth was the only major platform selling OTC in China.
- Although online retail channel sales for China's OTC industry account for the smallest proportion, it is the fastest growing segment in healthcare products both online and offline.
- The B2C online healthcare industry is set to grow **from \$US89B in 2022 to \$US300B by 2026.**

<https://finance.yahoo.com/news/china-online-healthcare-market-report-082300379.html>



“ONLINE IS THE FUTURE OF THE HEALTHCARE & OTC MARKET IN CHINA”



- Foreign brands wanting to bring OTC products into China through general trade channels (normal import) need to follow the same complicated and lengthy requirements and marketing authorization process as for prescription drugs.
- **Cross border channels allows companies** to skip the OTC general trade import registration process and go direct to consumer without changing packaging or specifications.
- Key Tmall/China Customs Requirements OTC:
 - Proof of global product liability insurance ¥10M.
 - First level authorization for trademark/IP to sell in China.
 - Both local and export pharmaceutical license.
 - Local market (TGA/FDA equivalent) registration for products.
 - Local market trademark for each of the products/brands.
 - Proof of local selling in market; pharmacy, grocery etc...
 - ¥300,000 to ¥600,000 deposit, depending on category.

“WHAT WAS VIRTUALLY IMPOSSIBLE IS NOW POSSIBLE”



4. OTC COMPETITIVE ENVIROMENT



UNLOCK A WORLD
OF POTENTIAL

TOP 10 TMALL GLOBAL OTC STORES

SALES RANK	STORE NAME	1.4 to 30.4 2023 SALES VOLUME (USD)	NUMBER OF VISITORS	CONVERSION	NUMBER OF BUYERS	AVG UNIT CHECKOUT PRICE
1	TMALL GLOBAL STORE (ALIBABA RUN)	3,582,360	927,444	12.08%	112,038	\$ 31.97
2	EVERGREEN TMALL GLOBAL (HONG KONG)	2,154,976	963,006	13.16%	126,732	\$ 17.00
3	TMALL GLOBAL FLAGSHIP JAPAN (ALIBABA RUN)	1,026,425	375,834	9.85%	37,020	\$ 27.73
4	CUTIA TMALL GLOBAL FLAGSHIP (JAPAN)	980,384	542,376	4.47%	24,246	\$ 40.44
5	UURMI TMALL GLOBAL FLAGSHIP (JAPAN)	904,890	517,272	10.41%	53,850	\$ 16.80
6	GREEN TREE TMALL GLOBAL FLAGSHIP (TAIWAN)	900,983	422,442	12.11%	51,156	\$ 17.61
7	ROGAINE TMALL GLOBAL FLAGSHIP (USA)	662,167	163,836	5.64%	9,240	\$ 71.66
8	SANTEN TMALL GLOBAL FLAGSHIP (JAPAN)	636,378	66,228	19.94%	13,206	\$ 48.19
9	EVE TMALL GLOBAL FLAGSHIP (JAPAN)	631,967	198,294	15.27%	30,282	\$ 20.87
10	MUHI TMALL GLOBAL FLAGSHIP (JAPAN)	534,013	260,538	15.45%	40,254	\$ 13.27

- OTC category only on the above stores. Total GMV per store is much higher.
- Dominate stores in OTC are Tmall Global and Hong Kong, Japan, Taiwan, USA entities. Followed by Germany & Korea.
- Outside of this list of Tmall Global Flagship stores, the #1 top seller of OTC online in China is Alihealth. A separate channel on Tmall dedicated to OTC/Healthcare products both imported and domestic.

TOP 15 TMALL GLOBAL OTC PRODUCTS

SALES RANK	PRODUCT NAME	STORE	1.4 to 30.4 2023 SALES VOLUME (USD)	CONVERSION RATE
1	Baileul Minoxidil	MOBI GARDEN TMALL GLOBAL	\$ 420,000	4%
2	Hisamitsu Pain Relieving Plaster	EVERGREEN TMALL GLOBAL	\$ 312,183	13%
3	MUHI Itch Relief Lotion	MUHI TMALL GLOBAL	\$ 238,356	15%
4	Eyebon Eye Drops	EVERGREEN TMALL GLOBAL	\$ 157,723	21%
5	Rogaine Minoxidil	ROGAINE TMALL GLOBAL	\$ 154,953	4%
6	Ho Chai Kung Paracetamol Powder	TYCOON TMALL GLOBAL	\$ 147,768	12%
7	Tai Ho Tung Cough Pill	TYCOON TMALL GLOBAL	\$ 145,587	25%
8	Rogaine Minoxidil	ROGAINE TMALL GLOBAL	\$ 142,698	4%
9	Lion pair Acne Removing Cream	LION TMALL GLOBAL	\$ 137,616	21%
10	AnGong Niu Huang Detox Pills	TONG REN TANG TMALL GLOBAL	\$ 129,778	1%
11	Salonpas Pain Relieving Plaster	TYCOON TMALL GLOBAL	\$ 129,759	19%
12	Hisamitsu pain relieving plaster	UURMI TMALL GLOBAL	\$ 125,831	11%
13	MUHI Baby Itch Relief Lotion	MUHI TMALL GLOBAL	\$ 123,521	8%
14	Vitamin Soft Candy (Gummy)	DAMU TMALL GLOBAL	\$ 119,922	16%
15	Santen FX Eye Drops	SANTEN TMALL GLOBAL	\$ 115,615	19%

- Top categories by retail sales volume:
 - Minoxidil (anti-hair loss).
 - Pain Relief
 - Anti-itch
 - Eye Drops.

KEY COMPETITORS (3 EXAMPLES) PRODUCTS BY TOP UNIT SALES



EVERGREEN TMALL GLOBAL FLAGSHIP STORE (HONG KONG)

Products from: Japan/Thailand/HongKong/Germany/Australia/Sweden/USA/France/UK.

Followers: 56k

Top 1 \$US7.20 - Gastroenteric medicine, monthly sold units 20k+

Top 2 : \$US6.60 - Painkiller, monthly sold units 9k+

Top 3 : \$US7.20 - Intra-articular drug, monthly sold units 4k+



UURMI TMALL GLOBAL FLAGSHIP STORE (JAPAN)

Products from: Japan/Thailand/Hong Kong/Germany/Australia/Switzerland/USA/Sweden/Taiwan

Followers : 11k

Top 1: \$US14.70 - Painkiller, monthly sold units 6k+

Top 2: \$US6.60 - Gastroenteric medicine, monthly sold units 4k+

Top 3: \$US11.70 - Antifungal, monthly sold units 1k+



GREEN TREE TMALL GLOBAL FLAGSHIP STORE (JAPAN)

Products from: Japan/Thailand/HongKong/Germany/Australia/USA/Taiwan.

Followers : 76k

Top 1: \$US10.15 - Painkillers, monthly sold units 7k+

Top 2: \$US7.20 - Eye drops, monthly sold units 2k+

Top 3: \$US4.90 - Antifungal drugs, monthly sold units 1k+

March 2023 Sales Data



5. CHEMISTWAREHOUSE CHINA DATA



UNLOCK A WORLD
OF POTENTIAL



ChemistWarehouse Tmall Global homepage captured on mobile 1.5.2023



ChemistWarehouse Tmall Global homepage captured on mobile 1.5.2023
Second Scroll

- In early 2015 Chemist Warehouse opened its first store on Tmall Global, and became the first China cross-border retailer in the world to achieve USD \$1.4M in merchandise volume during Alibaba's 11:11 global shopping festival
- By 2019 CWH had achieved USD \$13.4M in the same period.
- They currently have 4.15M store members.
- Last 30 days* sales results (April 2023):
 - Total Sales USD \$4.1M
 - Total Buyers 203,023
 - Average Purchase USD \$20.04
 - Member Activity Rate 4.89%

* Feb/Mar/Apr is the lowest 3 months sales volume of the year. Large % of total GMV is driven during key selling festivals. 6.18/11.11/12.12.

CHEMISTWAREHOUSE TOP UNIT SALES

RANK	IMAGE	BRAND	PRODUCT	COMMENTS	UNITS	RETAIL PRICE	TOTAL GMV
1		SELSUN	ANTI-DANDRUFF	+20,000	55,000	\$ 5.69	\$ 313,077
2		SWISSE	CALCIUM + VITAMIN D	+10,000	5,000	\$ 15.23	\$ 76,154
3		BATISTE	DRY SHAMPOO	+4,000	5,000	\$ 2.92	\$ 14,615
4		BIOISLAND	MILK CALCIUM	+2,000	3,000	\$ 5.69	\$ 17,077
5		BLACKMORES	FISH OIL 1000	+1,000	2,000	\$ 17.08	\$ 34,154
6		REDWIN	TEA TREE SHAMPOO	+1,000	1,000	\$ 4.77	\$ 4,769
7		SWISSE	WILD FISH OIL	+2,000	1,000	\$ 17.46	\$ 17,465
8		HEALTHYCARE	FISH OIL 1000MG OMEGA 3	+1,000	1,000	\$ 11.69	\$ 11,692
9		DU'TT	TOUGH HANDS SENSITIVE SKIN REPAIR	+3,000	800	\$ 9.08	\$ 7,262
10		ISDIN	DAILY PROTECTION SUNSCREEN	400	500	\$ 6.00	\$ 3,000
Total					74,300		\$ 499,265

ChemistWarehouse Tmall Global Top Unit Sales April 2023

- Chemist Warehouse Tmall Global Key Categories are:
 - Nutrition.
 - Cosmetics.
 - Haircare.
 - Personal Care.
 - Sunscreen.
 - Infant Formula.
- Key sources of traffic:
 - Natural traffic 24%
 - Paid traffic 22%
 - Taobao subsellers 13%
 - In app ads 9%
 - Off app ads 7%
 - Other 25%
- Australian brands and products continue to bat well above their weight on CBEC in China with Australia products still ranking 5th in total GMV:
 - Germany
 - United States
 - Japan
 - Korea
 - Australia

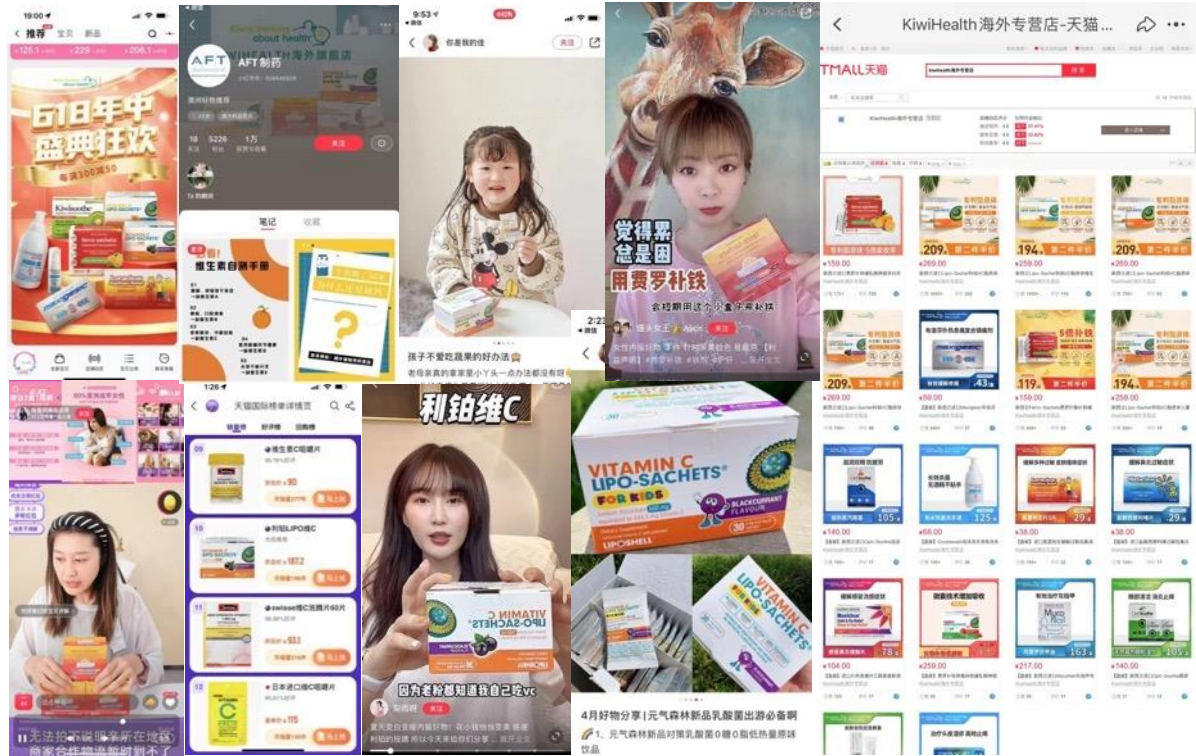
CHEMIST WAREHOUSE – HIGH LEVEL SNAPSHOT



- While Chemist Warehouse does not release its China sales figures, we estimate sales from USD \$100M – USD \$150M through a combination of:
 1. Wholesale Business.
 2. Tmall Global Flagship
 3. Offline retail.
 4. Online Sub sellers.
- Chemist Warehouse success in China is based on:
 1. Trust from early Daigou shoppers.
 2. Early mover advantage.
 3. Volume/price discount access to hottest products.
 4. Large initial investment and continued investment in market.
 5. Close collaboration and support from brands.
- In 2019 Chemist Warehouse opened its first bricks-and-mortar store in China in Zhengzhou City, Henan Province. There are currently 6 retail locations in operation.

CURRENT CASE STUDY:

- First New Zealand Direct to Consumer OTC Flagship in China.
- Launch full range of nutritional and OTC 28 products on Tmall Cross Border Global. Direct to consumer access.
- Increased brand awareness.
- Their iron supplement product is now top 5 on Tmall global in that category.
- Highly technical and regulatory challenging, but successful launch of OTC direct to consumer.
- Over AUD \$670k in top line sales on Tmall Global alone.
- Successful launch in sub-distribution channels, Tmall Direct, Taobao, Other Pharmacy stores on Tmall Global etc...
- Four key areas of regulatory compliance:



In order to launch brand(S) and product into China we propose the following commercial plan:

1. (Stage 1) Brand Building Digital Marketing:

- Set up Little Red Book Official account.
- Brand building, seeding, KOL's, influencers

2. (Stage 2) Cross Border E-Commerce Dedicated Tmall Flagship Store (Nutritional & OTC):

- Within 4 months from signing, set up and go live (non-OTC Range).
- Within 8 months from sign, set up and go live (OTC Range).
- Sales, testing, pricing, direct to consumer, branding, in market, local language website equivalent, both a branding and sales asset.
- Set up as separate entity that can be fully transferred back to the Brand if needed.

3. (Stage 3) B2B and Direct Fulfillment:

- Using Alibaba OTC/Nutritional's logistics platform, sell into other Alibaba channels (Alihealth, Tmall Global Direct, Other OTC/Flagship stores, Taobao etc...)
- Sell via newly established JD Health.
- Expand into B2B and wholesale into other channels (JingDong etc....)



This presentation contains proprietary information that is confidential and intended solely for the use of the intended recipient. Any unauthorized disclosure, copying, distribution, or use of this information is strictly prohibited. The information contained in this presentation is the exclusive property of the owner, and any unauthorized use or disclosure may result in legal action. By reviewing this presentation, you agree to maintain the confidentiality of the information contained herein and to use it solely for the purposes intended by the owner. Thank you for your cooperation and understanding.

NEXT STEPS DISCUSSION

Contact
Warren Barry
Executive Sales Director RLG
Warren.barry@roolifegroup.com.au



UNLOCK A WORLD
OF POTENTIAL