

MOM'S TOUCH



220630.KQ

MOM'S TOUCH&Co.

Disclaimer

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This is provided for the convenience of investors only, and the external audit on our financial performance hasn't been completed yet; therefore, some part of this document is subject to change upon the auditor's review without notice.

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Since the company discloses part of the information stated in this document that is required by regulation FD, refer to the relevant information on DART. Otherwise, they are only based on expectations of company's management. Caution should be taken with respect to such information as you invest.

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1. About MOM'S TOUCH&Co.

HISTORY

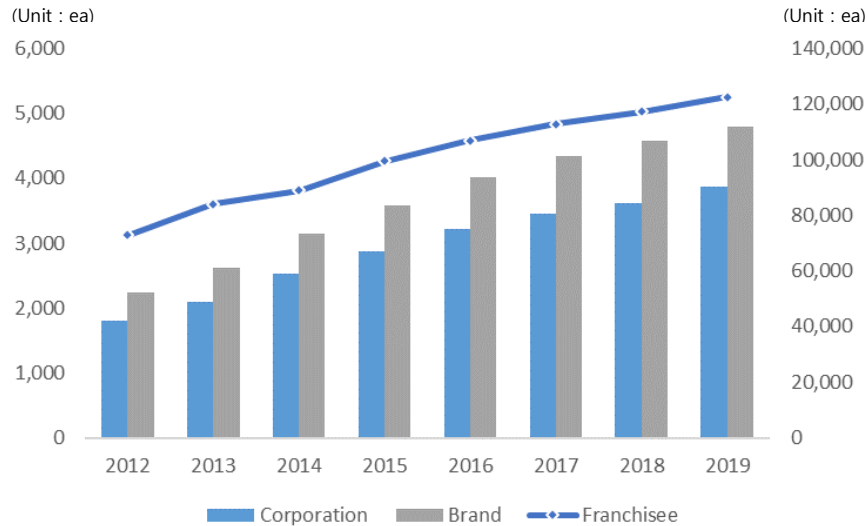
2004 ~
2021

Company Name	MOM'S TOUCH&Co.
CEO	Dong Jeon, Kim
Establishment	2004.02.04
Location	24F, 25F East Central Tower, 1077, Cheonho-daero, Gangdong-gu, Seoul, Republic of Korea
Sales	KRW 286.0 Bil (2020.12)
Capital	KRW 10.2 Bil (2021.06)
Homepage	www.momstouchandco.com / www.momstouch.co.kr
Business	Fast Casual Franchise Business Department Food Materials Distribution Business Department
Number of Employees	233 (2021.06)

- 2021** **06** Opened the 1st MOM'S Chicken store (the LAB of MOM'S TOUCH)
- 03** Changed company's name (MOM'S TOUCH&Co.)
- 2020** **10** Renewal the BI of MOM'S TOUCH
- 2019** **09** Contracted MF in USA
- 02** Transferring the location of main office
- 2018** **10** Contracted MF in Singapore and Malaysia
- 2017** **03** Launched Boombata (Opened the first store)
- 2016** **12** Opened 1,000th MOM'S TOUCH stores
- 09** Listed on KOSDAQ stock market
- 04** Opened the first Taiwanese MOM'S TOUCH store in Tainan City
- 2015** **12** Established Taiwan office
- 2014** **12** Constructed the distribution center and manufacturing factory in Jincheon, geographical center of Korea
- 09** Opened the 500th MOM'S TOUCH stores
- 2004** **02** Established Haimarrow Food Service Co., Ltd.

2. F&B Sector in Korean Franchise Industry

❖ Domestic F&B Franchise Industry Trends



Source : FDD (Franchise Disclosure Document) from Fair Trade Commission, Statistics Korea

- The number of franchise headquarters, brands, and franchisees in Korea continues to grow every year
- The market in Korea reached 130 trillion won in 2018, grew by 10% compared to 2016
- Domestic Food service market size is about 24 trillion won with 20% of the total Food service market

Increase in single person households

- Changing of Population structural, rising of single person households
- Prefer dining out than home cooking
- Increasing Franchise brands for single person households

Expand Delivery Area

- Growth of Food delivery system and app market.
- Advancement of delivery containers, able to deliver various menu.
- Expansion of franchise business through delivery

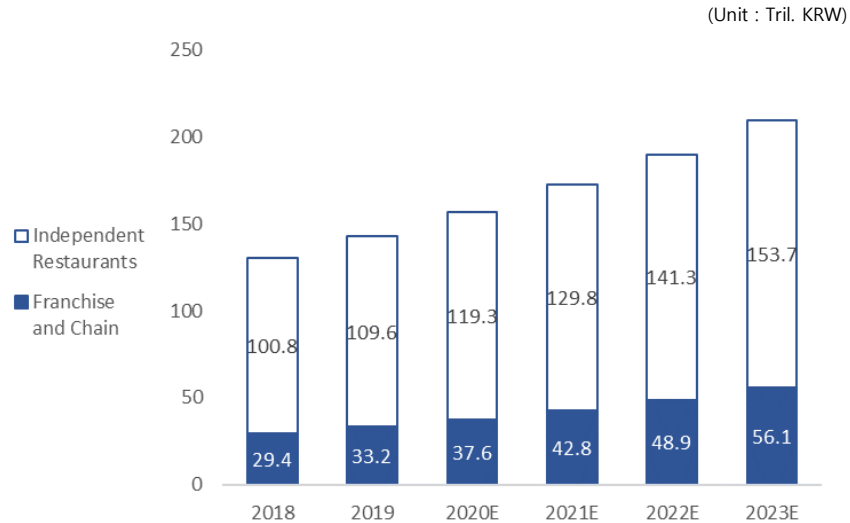
Essential Consumer Goods

- Meals are essential for survival
- Restaurant business is essential consumer goods
- An industry that can never disappear from human culture

- The spread of dining out and eating alone culture and the expansion of the food delivery system are factors in the continued growth of the franchise restaurant and essential consumer goods industry

2. F&B Sector in Korean Franchise Industry

❖ Independent Restaurants / Franchise and Chain Market Size

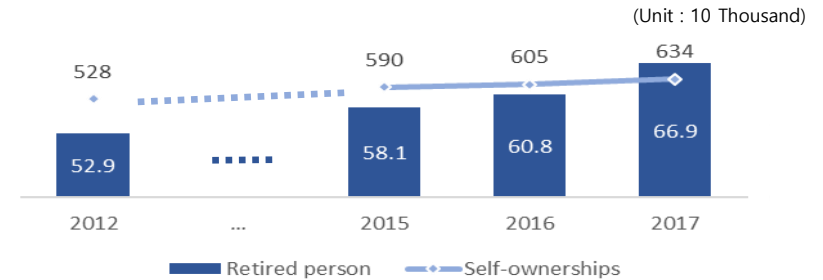


Source : Statistics Korea

- The food service market in Korea can be divided into Independent Restaurants and Franchise and chain restaurants
- As of 2018, Independent Restaurants market accounts for about 78% of the total food service market
- The growth of the food service market is driven by Franchise and chain restaurants due to the expansion of the franchise restaurants

❖ Reasons for Franchise and Chain Restaurants Growth

[Continued increase in retirees and self-ownerships]



- Since the 2010s, the retirement of baby boomers has been in full swing and unskilled self-ownerships flowed into the start-up market
- Unskilled self-ownerships choose franchise because of high stability

[Consumers prefer franchise]



- Consumers believe that franchise brands guarantee a certain level of taste and service
- As interest in food safety is on rise, preference for franchise is expected to continue in the future

2. F&B Sector in Korean Franchise Industry

(Unit : %)

Industry	Enterprise	Non-Enterprise
Korean	7.7	92.3
Chinese	1.3	98.7
Japanese	9.4	90.6
Western	18.7	81.3
Other foreign	26.6	73.4
Other Restaurant	19.6	80.4
Bakery	33.6	66.4
Burger, Pizza, Chicken	64.6	35.4
Snack	15.2	84.8
Pub	8.2	91.8
Non-alchole	24.5	75.5

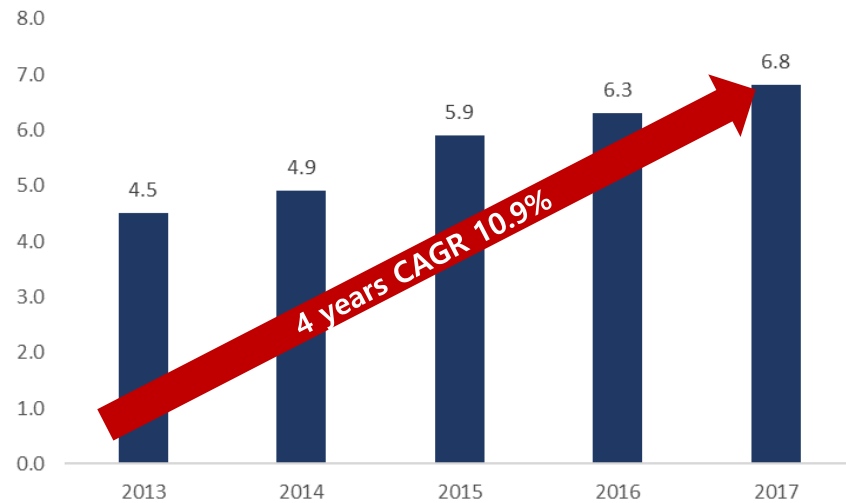
Source : Statistics Korea

- **Burgers and pizzas have the highest share of Franchise and chain restaurants market among all sectors**
- Market was formed around franchise from the beginning
- Franchise and direct chain restaurants are driving the growth of market
- Non-Franchise and chain restaurants are less likely to enter franchise and chain restaurants market as they have economic scale compared to other businesses

2. F&B Sector in Korean Franchise Industry

❖ Sales trends in burger, chicken and pizza franchises

(Unit : Tril. KRW)



Source : FDD (Franchise Disclosure Document) from Fair Trade Commission

- Total sales in the burger, chicken and pizza industries had grown 51% over the past four years from 4.5 trillion won in 2013 to 6.8 trillion won in 2017
- CAGR is 10.9% over the same period, continuing to grow rapidly

❖ Comparison of franchisee number in burger, chicken and pizza brand

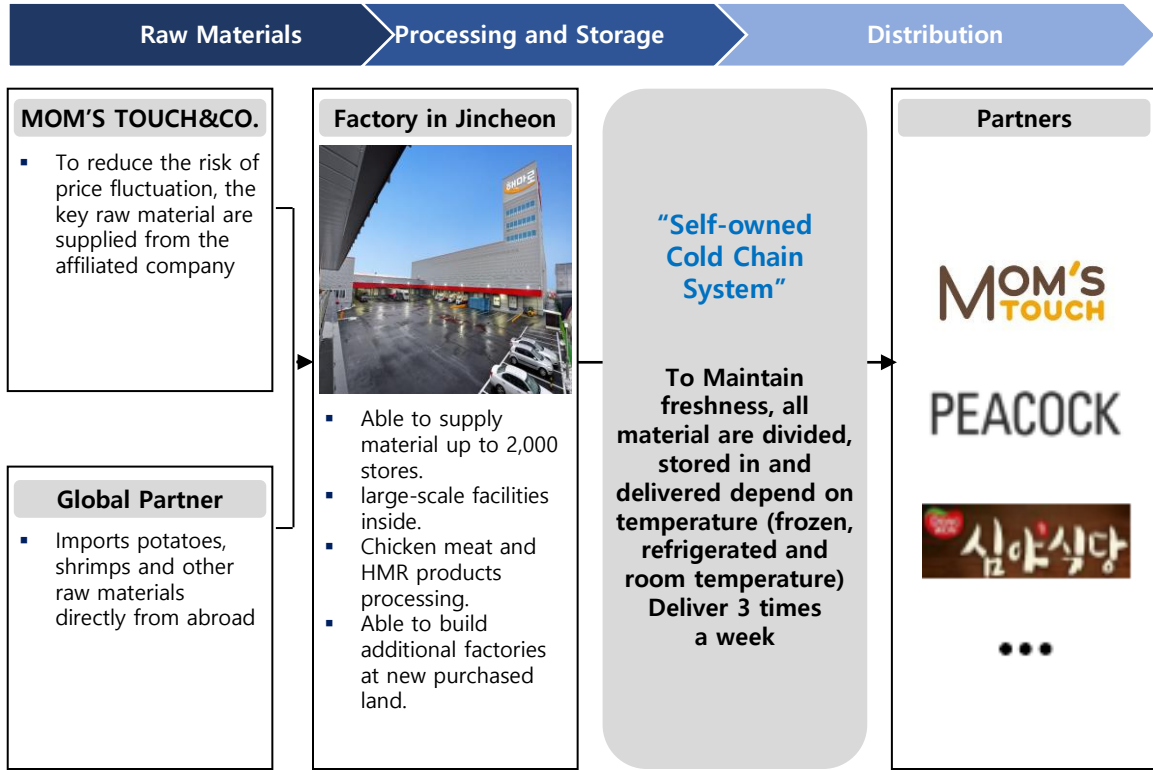
Rank	2014	2019
1	1,684	1,604
2	1,235	1,518
3	1,131	IN 1,243
4	1,128	1,211
5	965	1,157
6	888	1,134
7	877	1,126
8	873	1,114
9	808	1,026
10	802	IN 841

Source : FDD (Franchise Disclosure Document) from Fair Trade Commission

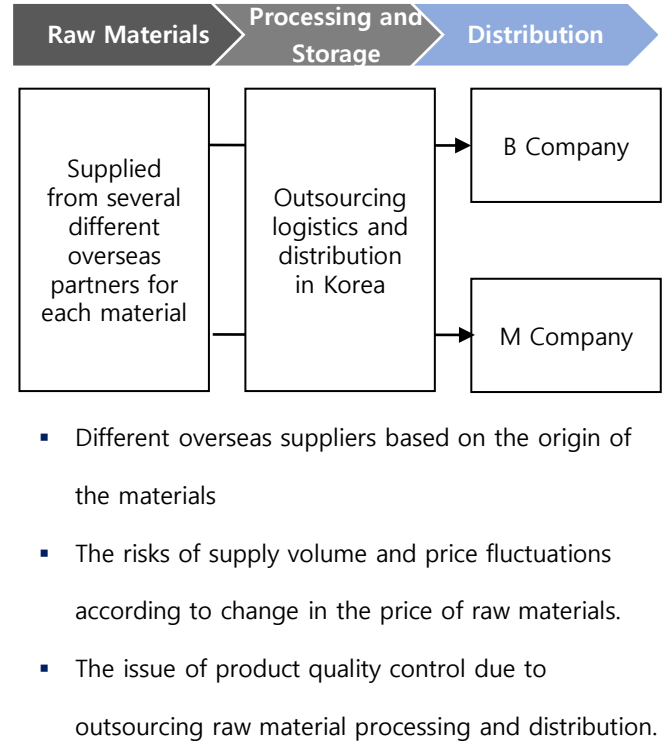
- On Top 10 brands, only two brands was replaced in 2019 compared to 2014
- The number of top 10 brand's stores has increased with steady demand in the market except for a few brands

3. Business

❖ Vertical Systemization of Supply Chain



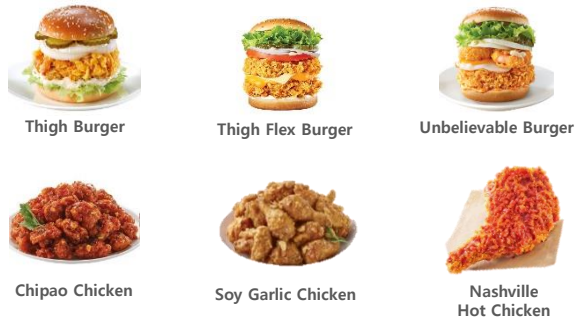
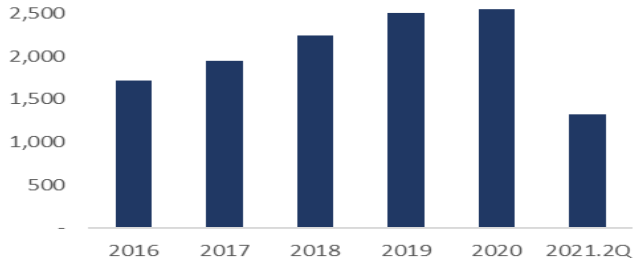
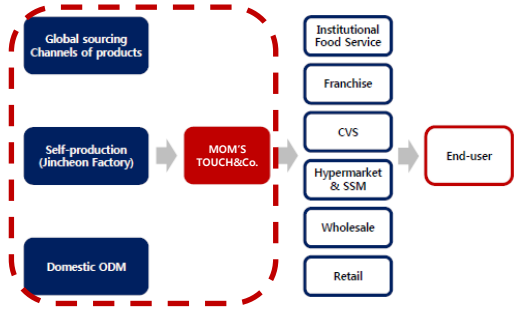
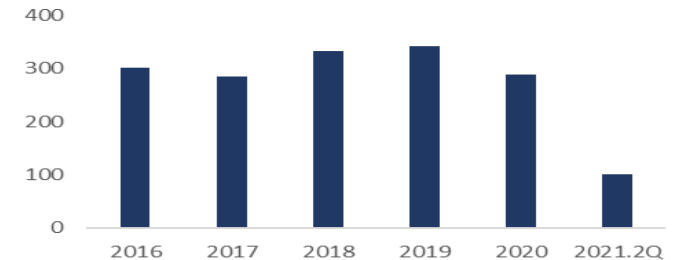
❖ Supply Chain of peer group



- Based on vertical systemization of supply chain, company have a stable supply and demand system for raw materials compared to competitors. Operation efficiency can be improved through proactive procurement management such as volume discount due to increase of purchase quantity

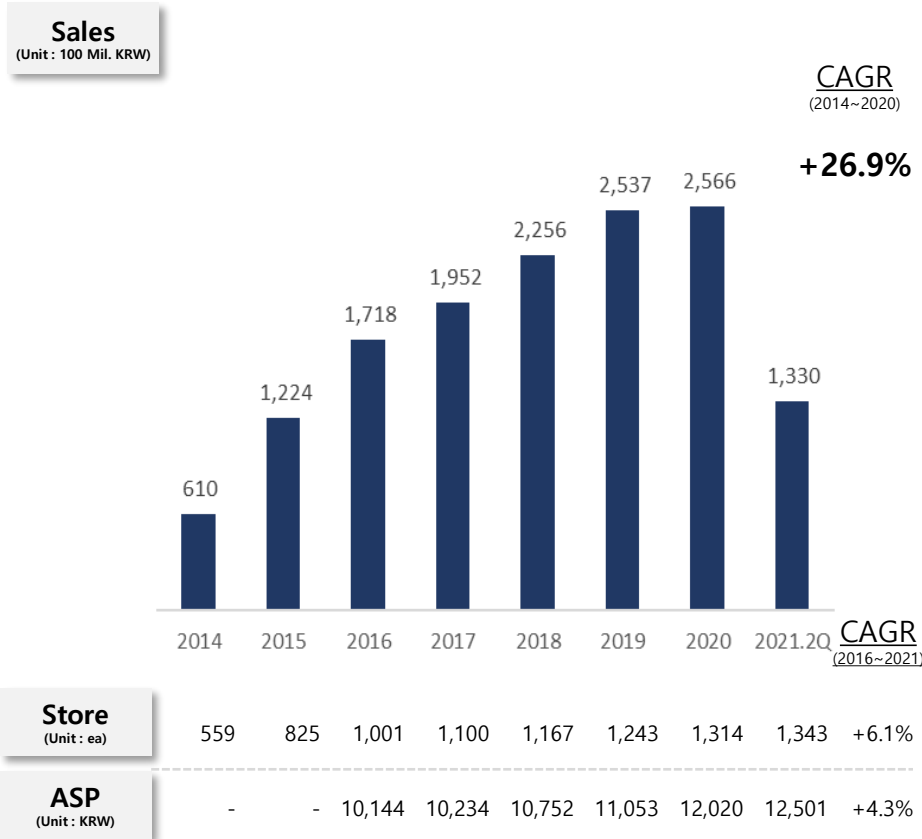
3. Business

(2021.06.30 Non-Consolidated Financial Statement)

	Franchise Business Division MOM'S TOUCH, etc.	Food Materials Distribution Business Division																												
Sales	133.0 Bil KRW	10.1 Bil KRW																												
Gross Profit	45.8 Bil KRW	2.2 Bil KRW																												
Status	<p>▪ Products</p>  <p>Thigh Burger Thigh Flex Burger Unbelievable Burger</p> <p>Chipao Chicken Soy Garlic Chicken Nashville Hot Chicken</p> <p>▪ Sales (Unit : 100 Mil. KRW)</p>  <table border="1"> <caption>Franchise Business Division Sales (Unit: 100 Mil. KRW)</caption> <thead> <tr> <th>Year</th> <th>Sales</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>~1,700</td> </tr> <tr> <td>2017</td> <td>~1,950</td> </tr> <tr> <td>2018</td> <td>~2,250</td> </tr> <tr> <td>2019</td> <td>~2,450</td> </tr> <tr> <td>2020</td> <td>~2,500</td> </tr> <tr> <td>2021.2Q</td> <td>~1,350</td> </tr> </tbody> </table>	Year	Sales	2016	~1,700	2017	~1,950	2018	~2,250	2019	~2,450	2020	~2,500	2021.2Q	~1,350	<p>▪ Products</p>  <p>▪ Sales (Unit : 100 Mil. KRW)</p>  <table border="1"> <caption>Food Materials Distribution Business Division Sales (Unit: 100 Mil. KRW)</caption> <thead> <tr> <th>Year</th> <th>Sales</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>~300</td> </tr> <tr> <td>2017</td> <td>~280</td> </tr> <tr> <td>2018</td> <td>~330</td> </tr> <tr> <td>2019</td> <td>~340</td> </tr> <tr> <td>2020</td> <td>~290</td> </tr> <tr> <td>2021.2Q</td> <td>~100</td> </tr> </tbody> </table>	Year	Sales	2016	~300	2017	~280	2018	~330	2019	~340	2020	~290	2021.2Q	~100
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3. Business – MOM’S TOUCH

❖ Financial Performance of Franchise Business



Source : Graph is based on Franchise Business of MOM'S TOUCH&Co. Net Sales
Store and ASP are based on SWS of MOM'S TOUCH

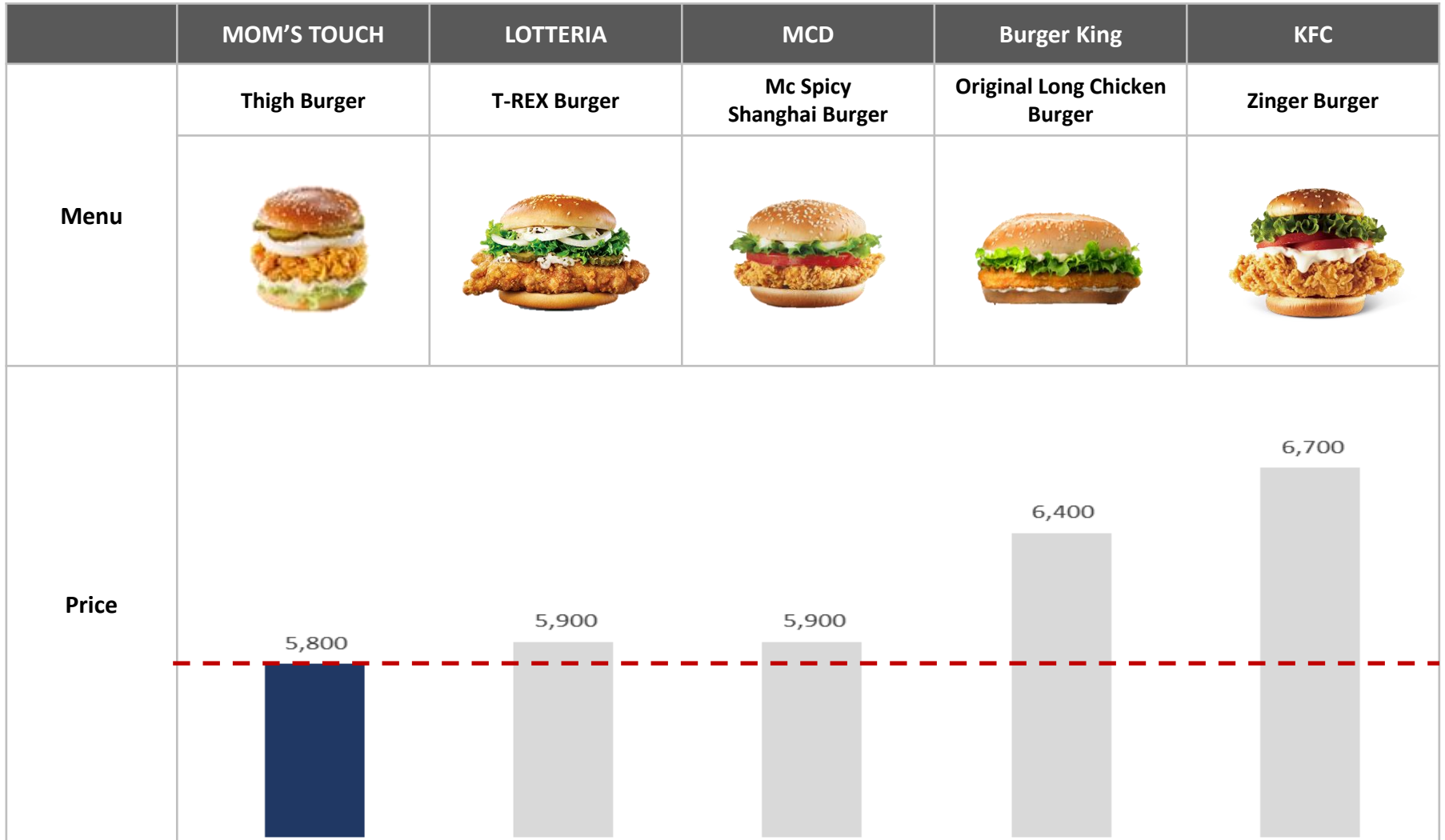
❖ Growth Factor

- In the early stages of business, started to open stores in the Gyeongsang and expanded to Jeolla and metropolitan
- With the improvement of accessibility by expanding the number of stores and the continuous launching of new menus, thus has result in increasing sales per store with ASP rising
- Achieved high profitability with continuous cost savings and cost-effective store and marketing operation
- Managing supply chain partners and conducting an efficient marketing on SNS

3. Business – MOM'S TOUCH

❖ Price comparison of similar products with competitors in Korea

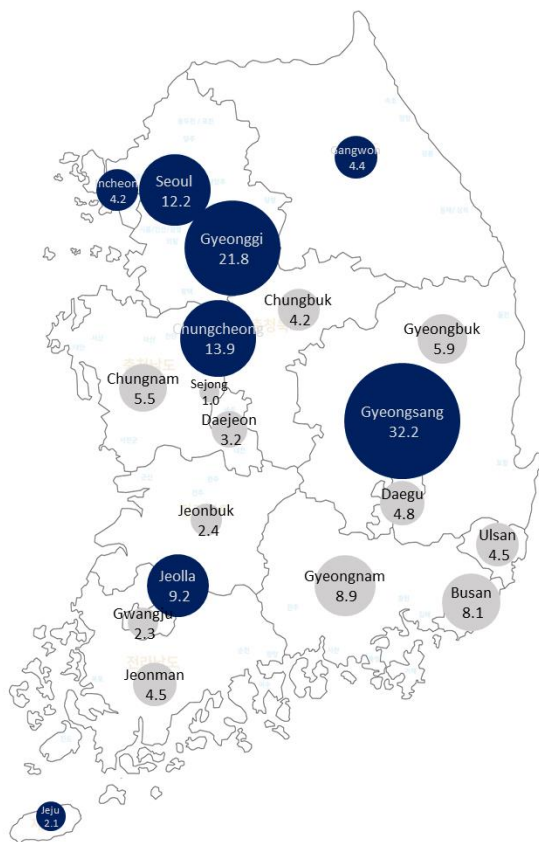
(Unit : KRW)



Source : Homepage

3. Business – MOM'S TOUCH

❖ The Number of Stores



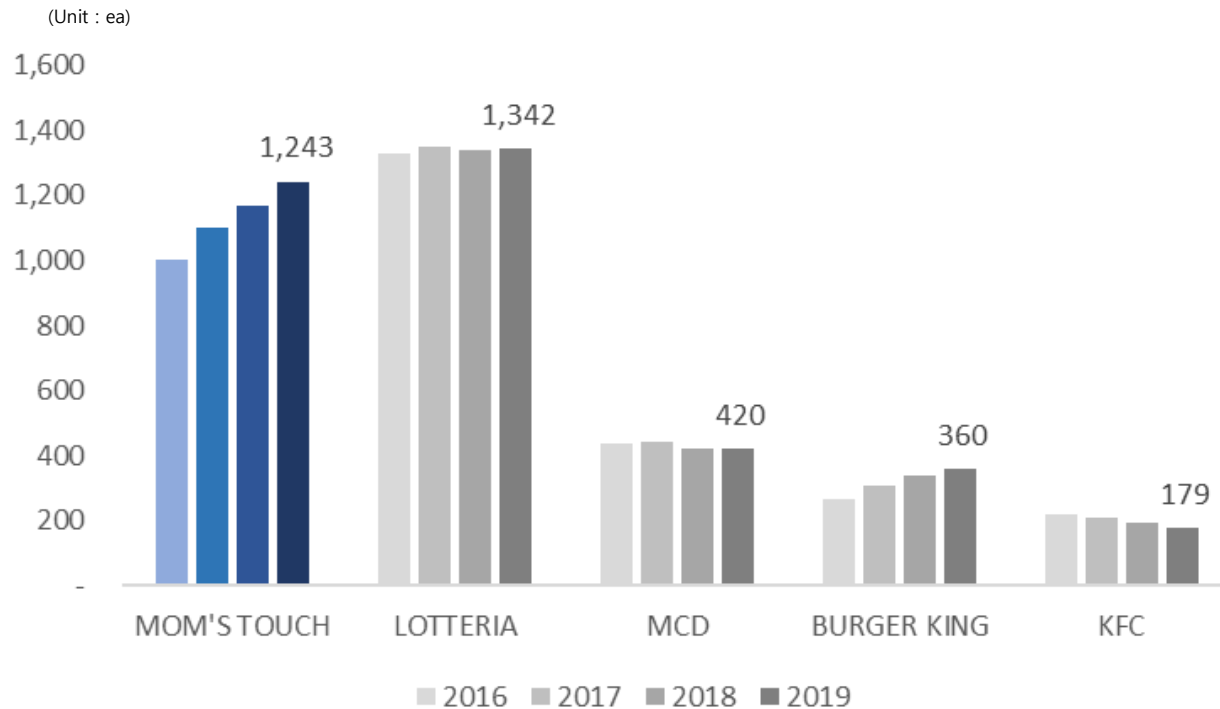
(Unit : ea)

	# of Stores				%, (2021 JUN)	L Brand (2019)
	(2018 DEC)	(2019 DEC)	(2020 DEC)	(2021 JUN)		
Seoul	99	125	153	164	12.2	191
Gyeonggi	240	260	281	292	21.8	320
Incheon	53	53	56	57	4.2	79
Chun- cheong	178	185	187	187	13.9	187
Jeolla	109	115	118	123	9.2	142
Gyeong- sang	407	420	430	433	32.2	355
Gangwon	55	57	61	59	4.4	54
Jeju	26	28	28	28	2.1	14
Total	1,167	1,243	1,314	1,343	100.0	1,342

- The number of MOM'S TOUCH stores in Seoul is about 0.16 per 10,000 people (2020.12)
- Considering the number of residents is lower compared to floating population in the business districts and central commercial areas, Seoul still has high potential to open more stores

3. Business – MOM’S TOUCH

❖ Comparison of the Number of Stores

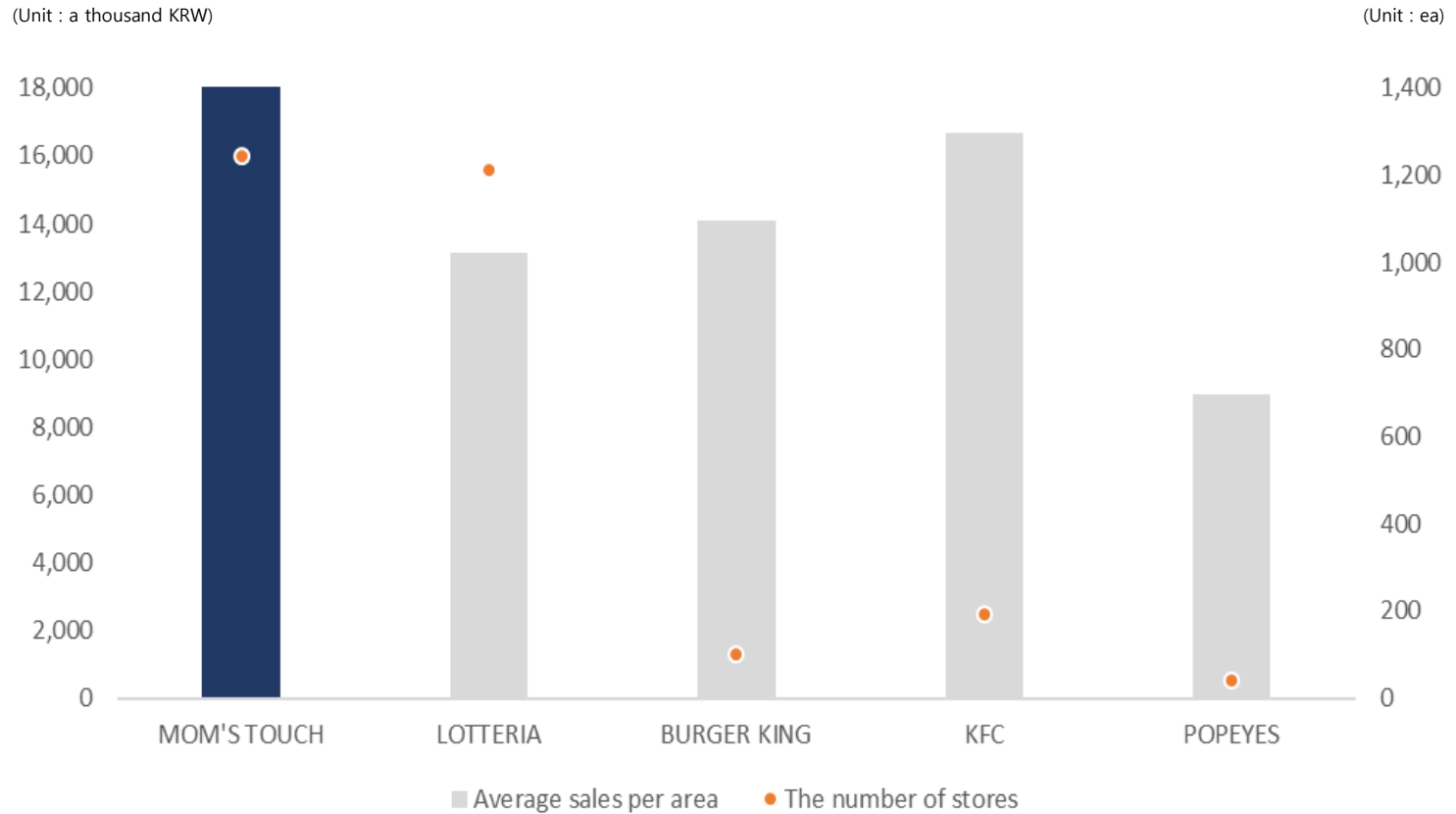


Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

- Differentiated our product from the competitors by its competitive price, taste and service
- Build customer loyalty among 20s, the biggest demand for fast food
- The most preferred burger and chicken brand.

3. Business – MOM’S TOUCH

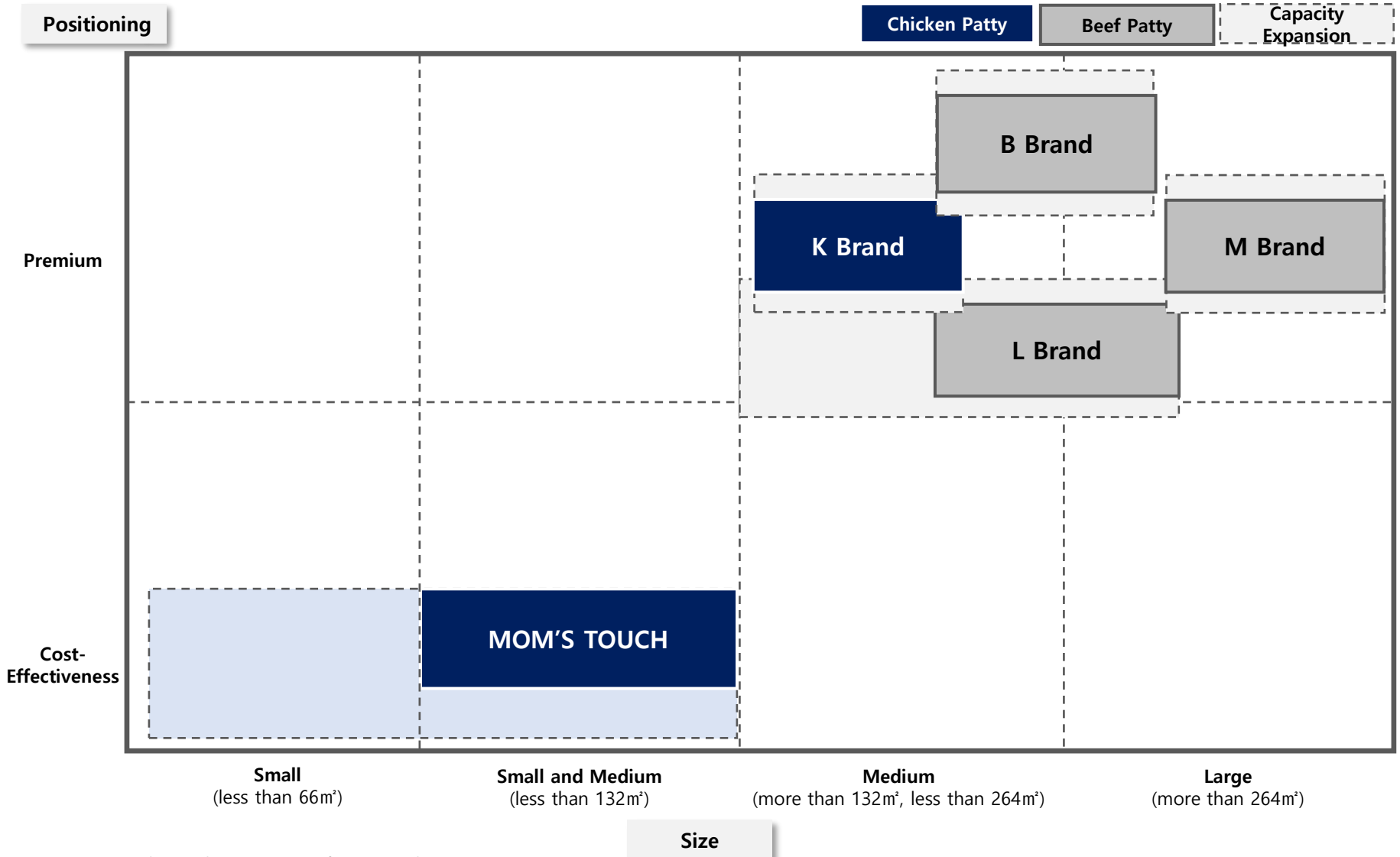
❖ Average Sales per Area and The number of Franchised stores



Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission
 KFC is based on directly managed store

3. Business – MOM'S TOUCH

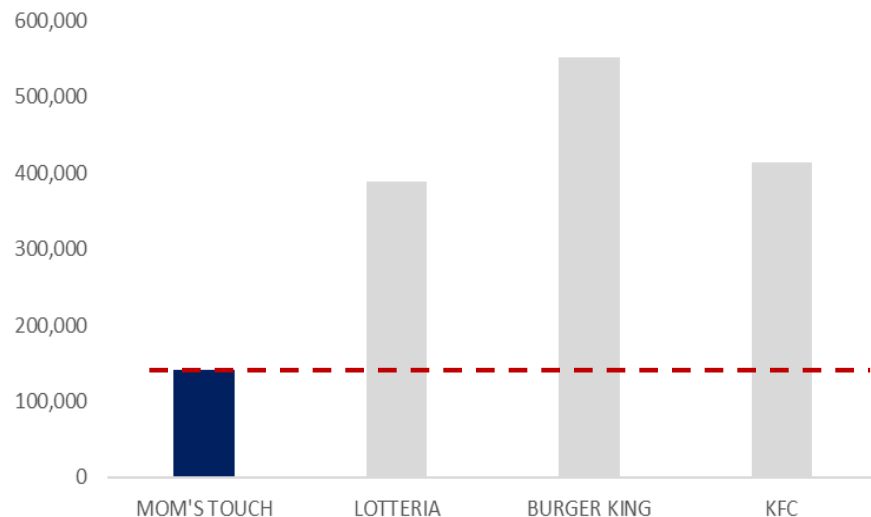
❖ Burger Market Competition Matrix



3. Business – MOM’S TOUCH

❖ Initial Investment

(Unit : a thousand KRW)



Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

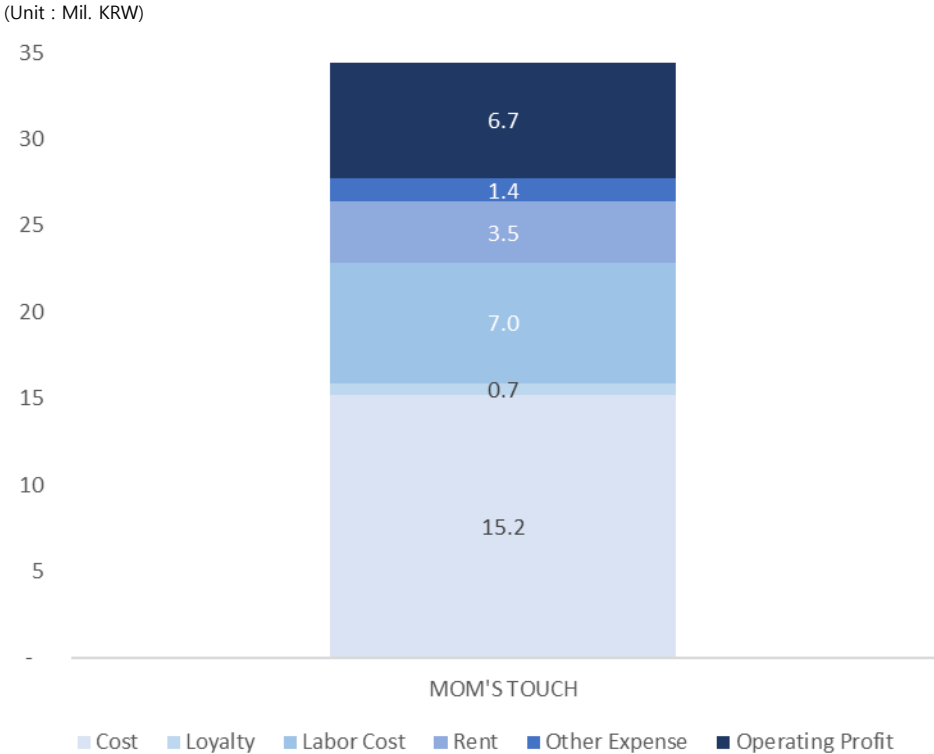
- Low initial investment, such as franchise fee, education fee, deposit, and other costs
- Low interior cost and smaller store size than other competitors
- Because of Low initial cost strategy, enable to open new stores quickly
- Low initial investment and high efficiency for managing franchisees

❖ Comparison of Requirements for opening a store

	MOM'S TOUCH	Peer Group
Store Size	Small, Medium (100m ² ↓)	Big, Wide (300m ² ↑)
Store Site	Side streets, around universities, etc.	Central commercial area
Menu	Diversified menu with simplified ingredients	Diversified Menu
Operation Way	After Order-Cooking, Slow Food	Pre-cooking, Fast Food
Customers' Awareness	Healthy replacement	Junk Food
Investment	140 Mil. KRW by 82m ²	300~500 Mil. KRW by 198m ² ~330m ²
ROI	4 months	15 months
Brand Royalty	1% per Sales	4~6% per Sales

3. Business – MOM’S TOUCH

❖ Profitability of MOM’S TOUCH

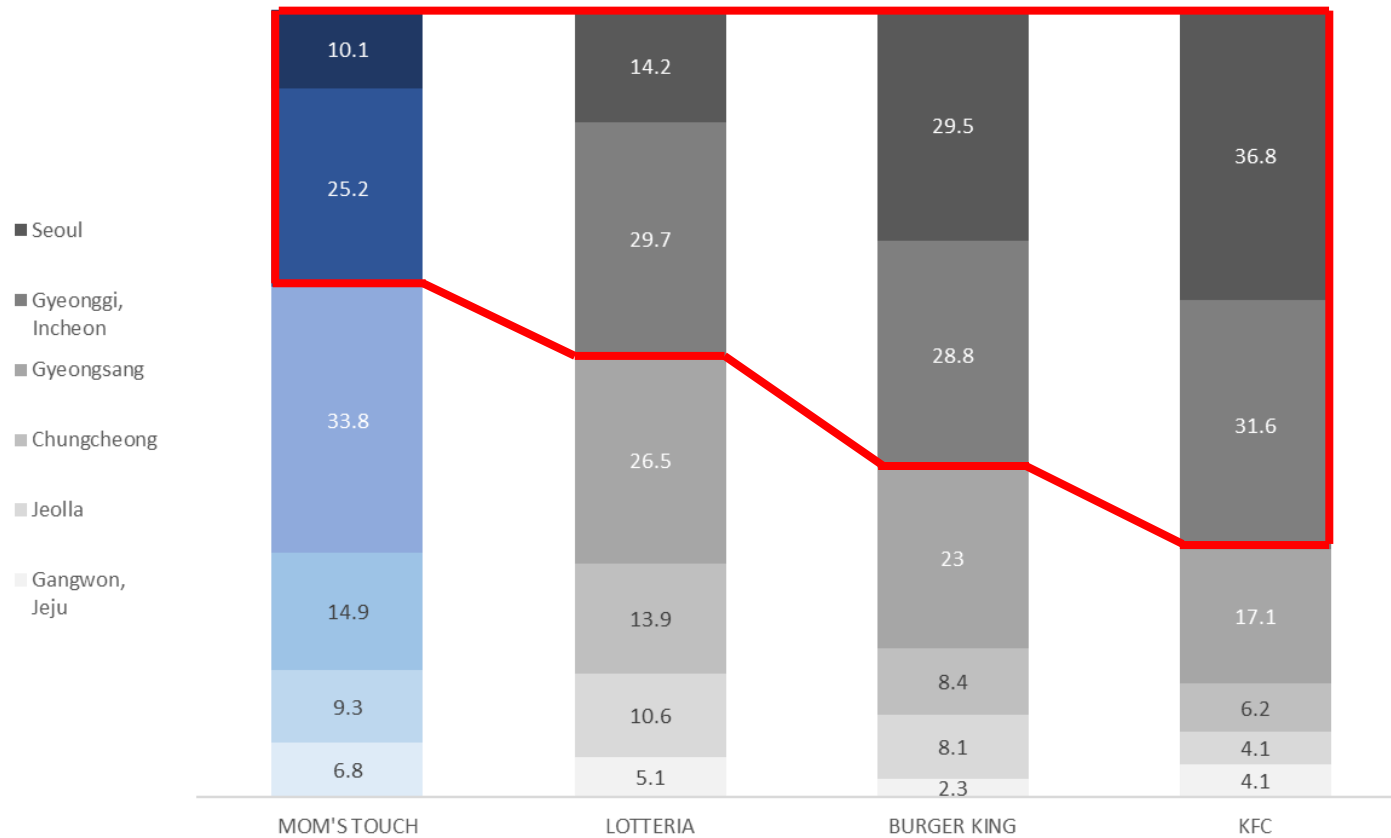


Source : SWS are prepared based on KRW 35 milion

3. Business – MOM'S TOUCH

❖ The Number of Burger Brand Stores by Region

(Unit : %)



The percentage of Metropolitan stores

35.3%

43.9%

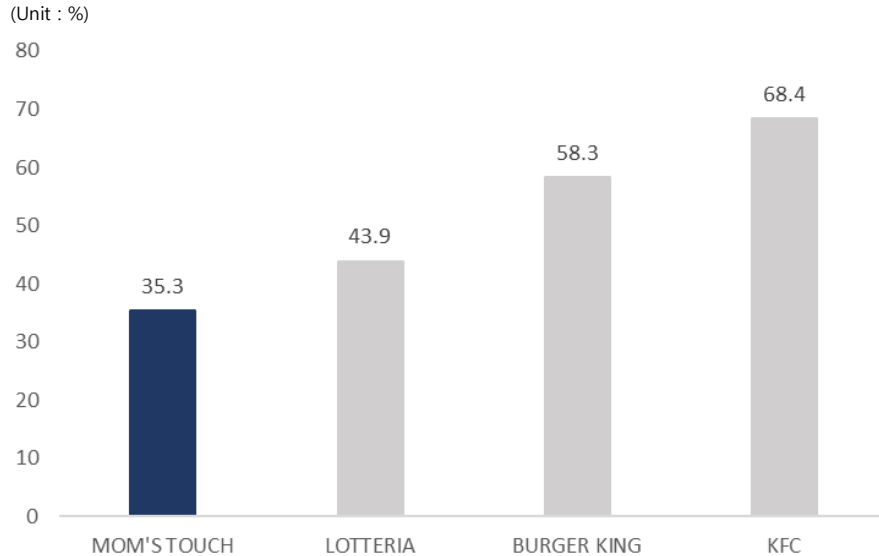
58.3%

68.4%

Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

3. Business – MOM'S TOUCH

❖ Percentage of metropolitan stores

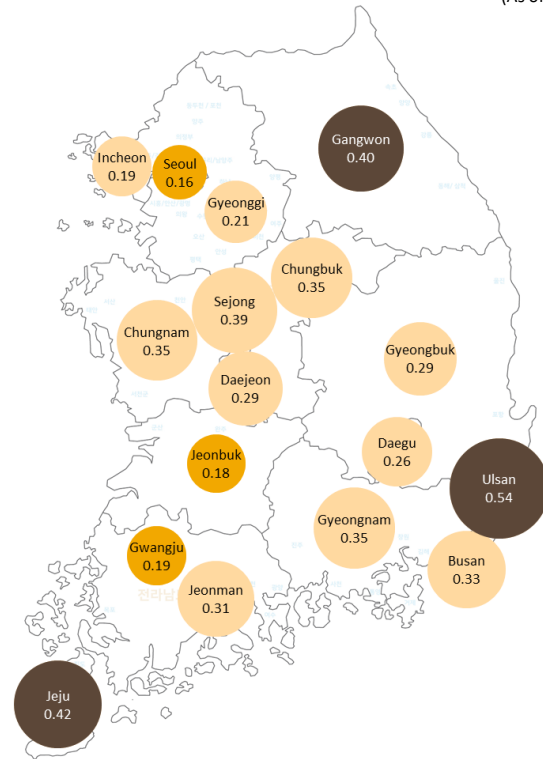


Source : 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

- In the early stages of business, started to open stores in the Gyeongsang (Southeastern Korea) has expanded into mainly Chungcheong and Gyeonggi (near Seoul)
- Since 2018, started actively to open stores in Seoul, rapidly grown by an average of 36% for two years, but the growth rate is significantly lower than other competitor

❖ The Number of Stores per 10,000 People

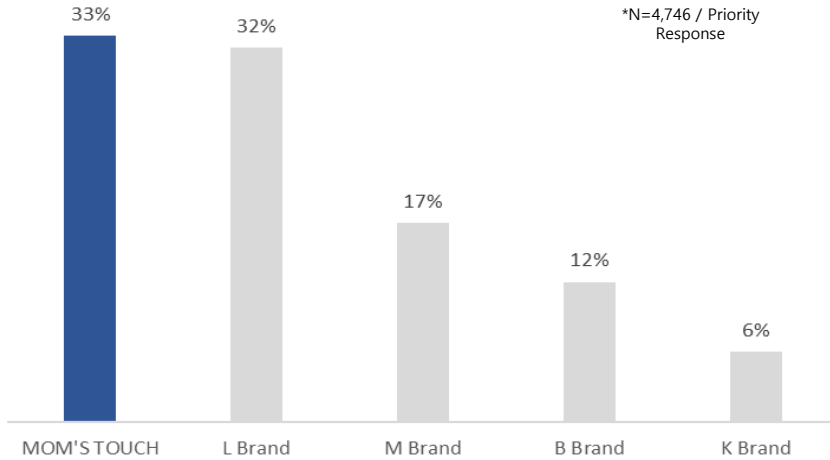
(As of Dec, 2020)



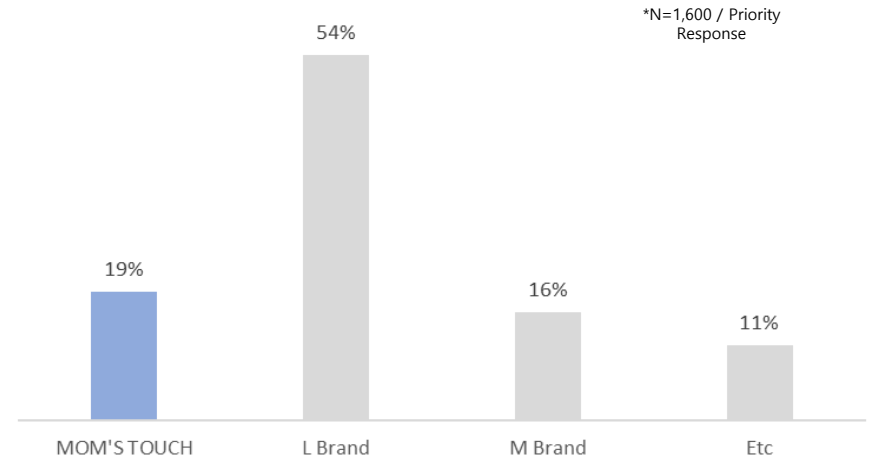
- If the number of stores in proportion to population, Seoul has 60% of capacity to expand than national average and 101% of capacity to open than rural average excluding the metropolitan
- Gyeonggi has the capacity to expand additional stores by about 21% over the national average and 52% over the local average

3. Business – MOM'S TOUCH

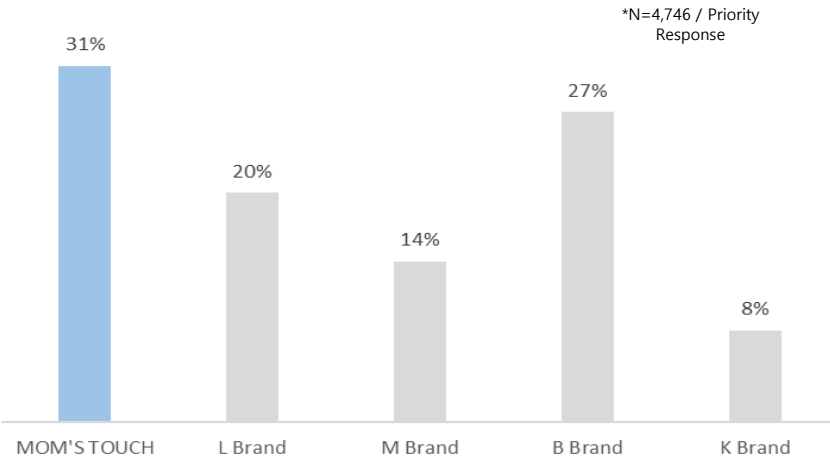
❖ The Most Reasonable Price Brand



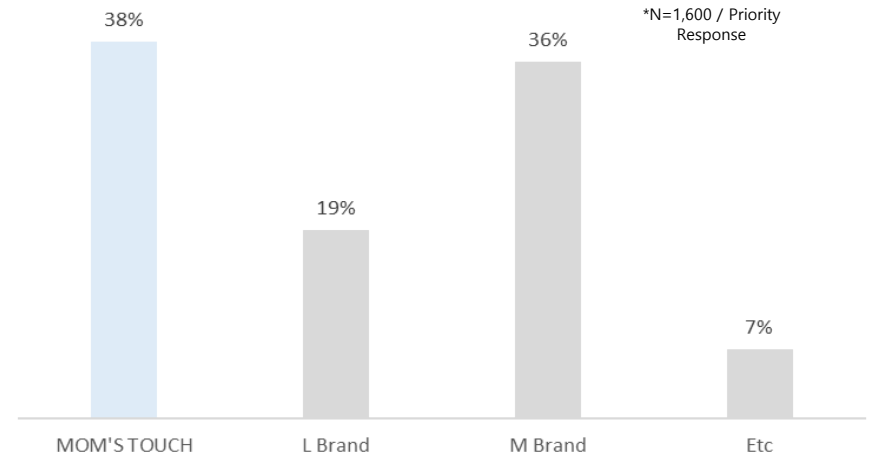
❖ The Best Accessible Brand



❖ The Best Burger Brand



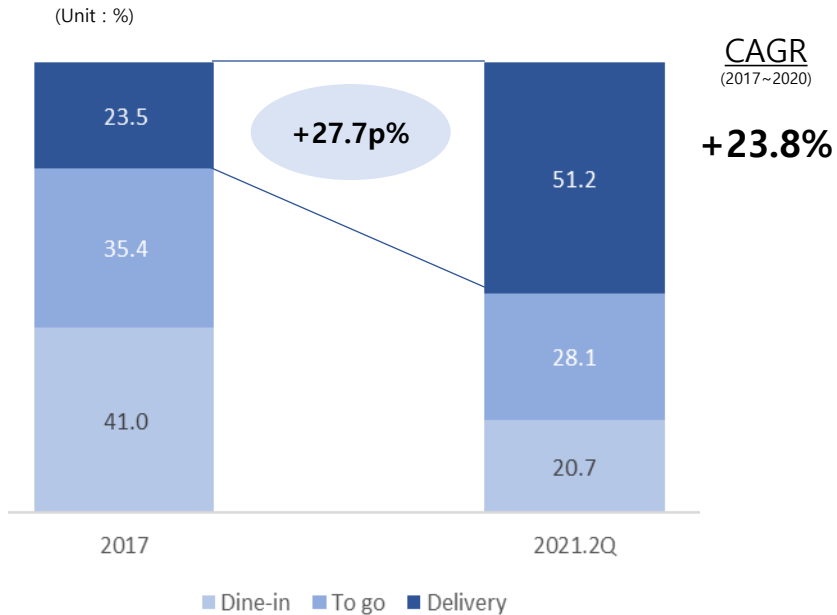
❖ The Highest Revisit Intention Brand



Source : Do It Survey, Hankyung Business/Global Research Survey

3. Business – MOM'S TOUCH

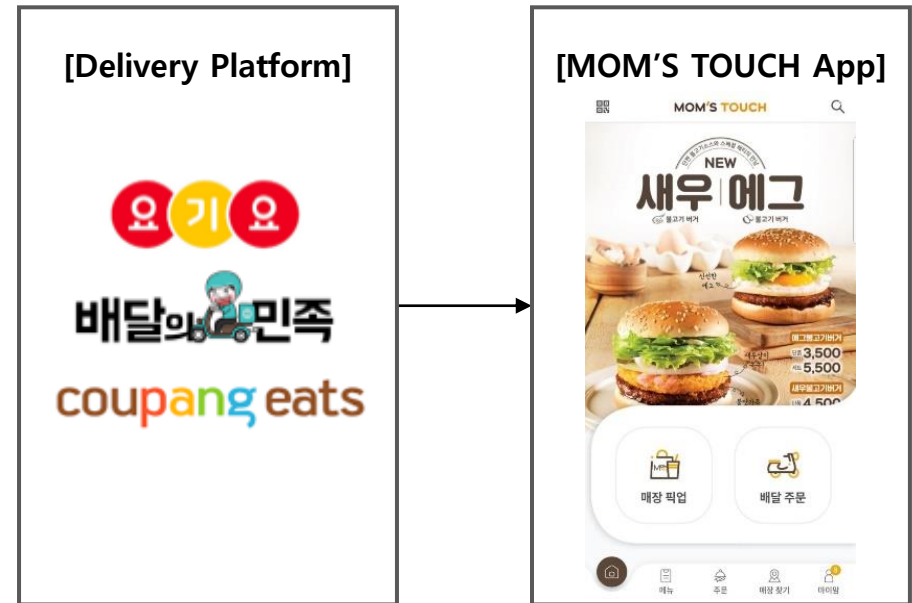
❖ Composition of Monthly Average Sales per Store



Source : MOM'S TOUCH&Co, estimated rate for 2021.2Q

- The increasing trend in delivery sales in the capital area and 5 metropolitan cities
- The delivery ASP is twice as high as the dine-in or to go ASP

❖ MOM'S TOUCH Order App



- Lower the burden of franchisee owners by using MOM'S TOUCH ORDER App instead of the other delivery platform
- Able to provide customized benefits such as real-time promotions based on customer database

3. Business

❖ Comparison of Financial Performance

(Unit: 1 billion won)	MOM'S TOUCH&Co.		Burger Franchise			
	2Q21	2020	Lotteria	KFC	Burgerking	MCD
Revenue	143	286	683	197	571	791
Operating Profit	16	26	(20)	1	8	(48)
Net Income	3	23	(34)	(3)	(4)	(66)
Asset	105	117	844	151	479	578
Liability	34	39	616	151	334	466
Equity	71	78	228	(1)	145	112
Number of Units	1,343	1,314	1,342	193	408	407
Number of Franchised Chains	1,341	1,313	1,211	0	106	106
Percentage of Franchised Chains (%)	99.9	99.9	90.2	0.0	26.0	26.0
Number of employees	233	185	1,952	2,659	7,503	1,470
Sales per person (Unit: 1mil won)	615	1,546	350	74	76	538

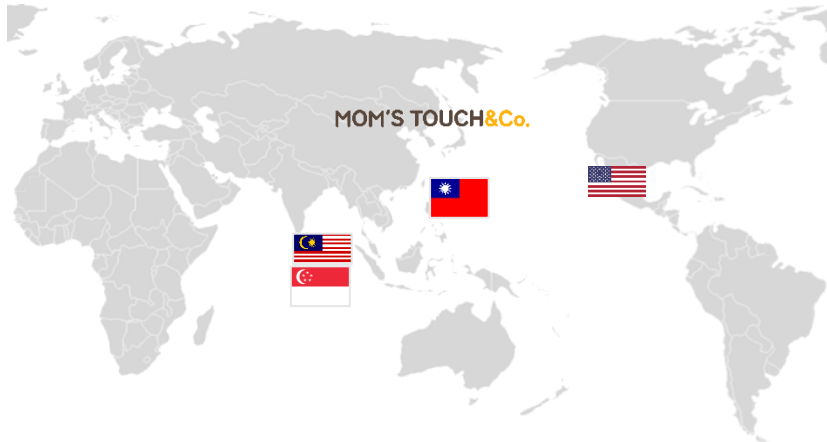
Source : DART,

'Number of units', 'Number of Franchised Chains' and Number of employees' of Lotteria and KFC are based on 2019 FDD (Franchise Disclosure Document) from Fair Trade Commission

- Lotteria and KFC have been sales contraction

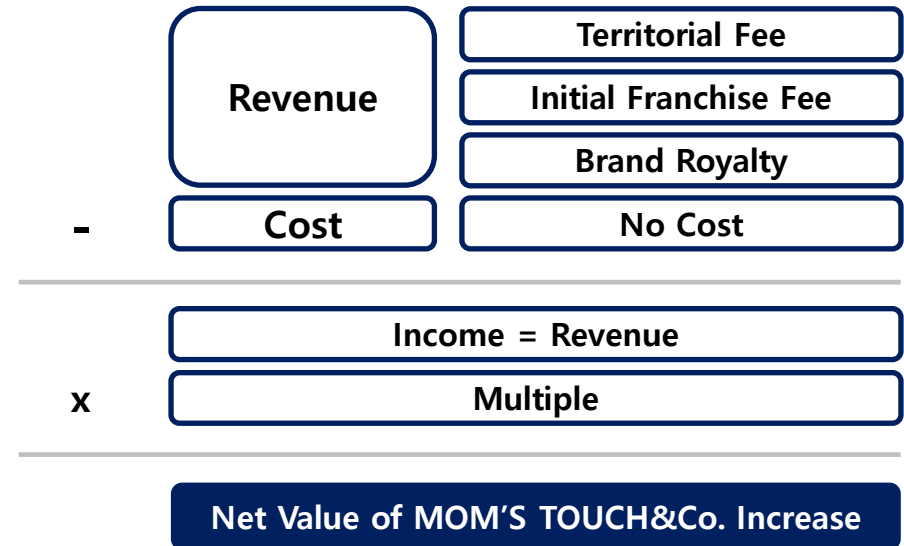
4. Global Business

❖ Global Business of MOM'S TOUCH



- As of 2021 June, venture into 2 countries and signed Master Franchise Agreement with 4 countries
- Taiwan : 3 Direct stores, 6 Franchisees
- Singapore : 2 Franchisees
- Malaysia : Made a master franchise agreement in Oct 2018
- USA : 1 Direct store

❖ Master Franchise



- Since 2018, Expanded into other country with master franchise model in order to reduce initial investment costs and minimize risks by cultural differences and a lack of information
- Since there are no additional costs, any sales generated by MF will be counted as the revenue
- It expect boosting the value of the company

5. Peer Valuation

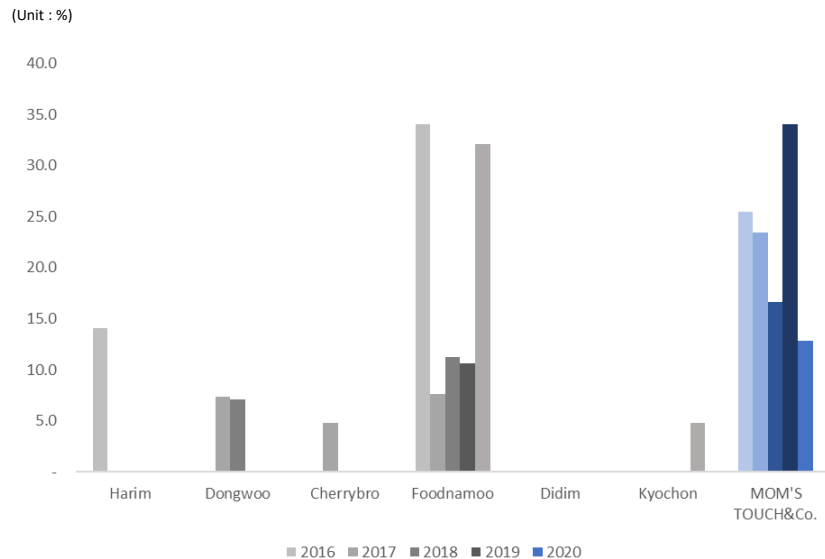
(Unit : M\$)

Ticker	Year	RRGB US Equity	DRI US Equity	Jack US Equity	MCD US Equity	WED US Equity	YUMC Equity	JFC PM Equity	220630 KS Equity
MKT Cap.	2020	299	10,017	1,802	159,948	4,913	23,940	4,435	333
Sales	2018	1,339	8,080	869	21,025	1,590	8,415	3,072	258
	2019	1,315	8,510	950	21,077	1,709	8,776	3,762	288
	2020	868	7,806	1,022	19,208	1,734	8,263	2,690	263
COGs	2018	884	6,335	330	10,239	896	6,434	2,551	182
	2019	872	6,661	248	9,961	979	6,659	3,147	205
	2020	631	6,398	263	9,456	987	6,298	2,409	183
GPM	2018	34.0%	21.6%	62.0%	51.3%	43.6%	23.5%	16.9%	29.5%
	2019	33.7%	21.7%	73.9%	52.7%	42.7%	24.1%	16.3%	28.8%
	2020	27.3%	18.0%	74.2%	50.8%	43.1%	23.8%	10.4%	30.3%
OP	2018	-10	767	232	8,823	250	941	149	23
	2019	-13	833	202	9,070	263	901	136	22
	2020	-275	48	231	7,324	269	961	-198	24
OPM	2018	-0.7%	9.5%	26.7%	42.0%	15.7%	11.2%	4.9%	8.9%
	2019	-1.0%	9.8%	21.3%	43.0%	15.4%	10.3%	3.6%	7.6%
	2020	-31.7%	0.6%	22.6%	38.1%	15.5%	11.6%	-7.4%	9.2%
PER	2018	N/A	18	20	24	8	19	38	12
	2019	N/A	20	34	25	38	26	34	19
	2020	N/A	N/A	21	34	42	29	N/A	16
PBR	2018	0.9	4.9	N/A	N/A	5.5	4.4	0.1	2.7
	2019	1.2	5.9	N/A	N/A	9.6	5.9	0.1	3.3
	2020	2.5	4.3	N/A	N/A	8.9	3.9	0.1	4.9
PSR	2018	0.3	1.3	2.5	6.5	2.3	1.5	2	0.7
	2019	0.3	1.7	2.2	7	2.9	2.1	1.3	0.9
	2020	0.3	1.3	1.8	8.3	2.8	2.9	1.6	1.3

Source : Nasdaq, Brand Official Homepage

6. Dividend Policy

❖ Dividend payout ratio(%)



Source : DART

❖ Dividend of MOM'S TOUCH&Co.

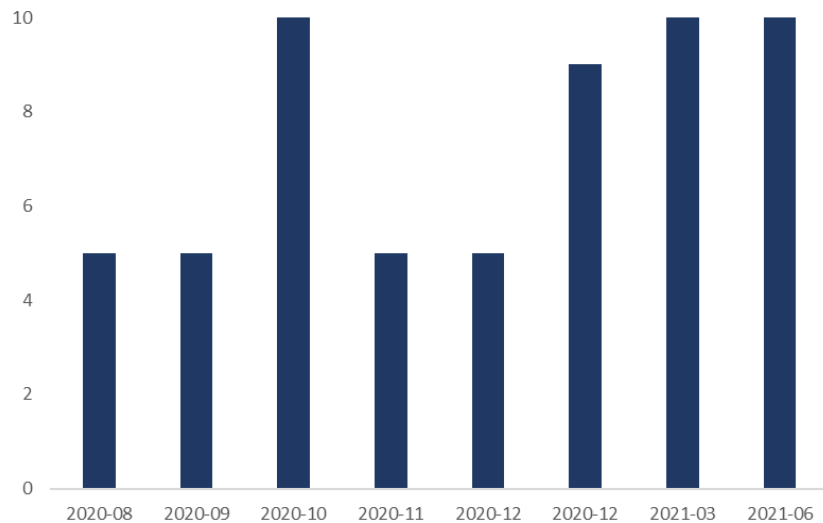
	Share flag	2020	2019	2018	2017	2016
Par value(KRW)		100	100	100	100	100
(Consolidated)Net Income (Mil. KRW)		23,386	12,926	16,808	11,255	8,946
(Non-Consolidated)Net Income (Mil. KRW)		29,633	10,167	14,432	10,310	9,295
(Consolidated)Earnings per Share (KRW)		244	148	181	121	107
Total Cash Dividends (Mil. KRW)		3,055	4,734	2,817	2,629	2,281
Total Stock Dividends (Mil. KRW)		-	-	-	-	-
(Consolidated) Cash Dividend Rate(%)		12.8	34.0	16.6	23.4	25.5
Cash Dividend Yield Ratio(%)	Common Stock	1.1	1.7	1.4	1.4	1.4
	Preferred Stock	-	-	-	-	-
Stock Dividend Yield Ratio(%)	Common Stock	-	-	-	-	-
	Preferred Stock	-	-	-	-	-
Cash Dividend per Share(KRW)	Common Stock	30	50	30	28	25
	Preferred Stock	-	-	-	-	-
Stock Dividend per Share	Common Stock	-	-	-	-	-
	Preferred Stock	-	-	-	-	-

- In 2020, paid dividend of 30 KRW a share for the interim dividend
- Continue to focus on returning profits to the shareholders, expect increasing of stock dividend yield through final dividend other than interim dividend

6. Dividend Policy

❖ Acquisition of treasury shares

(Unit : 1 billion won)



Source : Trust contract amount for acquisition of treasury stock

(2021.06.30, Unit : KRW)

Contract date	Trust contract amount	Acquisition quantity	Equity ratio(%)
2020-08-10	5,000,000,000	1,880,996	1.85
2020-09-08	5,000,000,000	1,823,428	1.79
2020-10-07	10,000,000,000	3,327,973	3.27
2020-11-10	5,000,000,000	1,623,529	1.60
2020-12-01	5,000,000,000	1,643,659	1.61
2020-12-14	9,000,000,000	2,562,324	2.52
2021-03-30	10,000,000,000	2,003,482	1.96
2021-06-25	10,000,000,000	-	-
합계	59,000,000,000	14,865,391	14.60

- In Aug 2020, Decision on Entering into Trust Contract for Acquisition of Treasury Stocks
- As of June 2021, acquisition of treasury shares worth 59 billion won

7. Financial Statement

❖ Consolidated Balance Sheet

(Unit : 100 Mil KRW)	2017	2018	2019	2020	2Q21
Current assets	557	609	829	611	488
Cash and cash equivalents	341	356	342	485	353
Inventories	130	154	220	74	83
Other current assets	86	99	267	52	52
Non-current assets	491	665	570	557	558
Property, plant and equipment	353	460	429	390	395
Other non-current assets	138	205	141	167	163
Total assets	1,048	1,274	1,399	1,168	1,046
Current liabilities	211	483	543	345	298
Trade and other current payables	108	117	154	144	144
Short-term Borrowings	-	80	45	5	-
Convertible bonds	-	153	139	-	-
Other current liabilities	103	133	205	196	154
Non-current liabilities	268	65	46	41	38
Short-term Borrowings	95	46	1	1	-
Convertible bonds	143	-	-	-	-
Other non-current liabilities	30	19	45	40	38
Total liabilities	479	548	589	386	336
Total equity	569	726	810	782	710

Net Debt(Net Cash)	(341)	(356)	(342)	(485)	(353)
Current Ratio(%)	264.0	126.1	152.7	177.1	163.8
Debt Ratio(%)	84.2	75.5	72.7	49.4	47.3

❖ Consolidated Income Statement

(Unit : 100 Mil KRW)	2017	2018	2019	2020	2Q21
Sales	2,396	2,591	2,889	2,860	1,432
Cost of goods sold	1,719	1,830	2,062	1,995	958
Gross profit	677	761	827	865	474
Selling and administrative expenses	522	553	637	603	316
Operating income	155	208	190	262	158
Depreciation cost	(22)	(34)	(57)	(45)	(21)
EBITDA	133	174	133	217	137
Other gain(Loss)	(10)	(1)	(33)	(43)	(71)
Profit before tax	145	207	157	219	87
Income Tax Expenses	32	61	44	64	52
Net profit after discontinued business	-	22	17	78	-
Profit	113	168	130	233	35
Gross profit ratio(%)	28.2	29.4	28.6	30.2	33.1
Operating income ratio(%)	6.5	8.0	6.6	9.2	11.0
EBITDA%	5.6	6.7	3.9	7.6	9.6
Profit ratio(%)	4.7	6.5	4.5	8.1	2.4



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