



In May 2022, CHLITINA HOLDING LIMITED consolidated sales approached NT\$230 million. Operations are gradually returning to normal in Shanghai following the easing of COVID-19 restrictions. The proposed distribution of a cash dividend of NT\$12 per share was approved at today's regular shareholders meeting.

Operational Summary

1. For May 2022, CHLITINA reported consolidated sales of NT\$227.6m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$215m –or about 94%– to the total.
2. Expressed in renminbi, CHLITINA's functional currency, in May, consolidated sales reached RMB51.9m (+113% MoM; -48% YoY). Sales in mainland China originating from the beauty salon franchise network contributed RMB49m to this total.
3. Sales for the first five months of 2022 reached NT\$1,374.9m (-30% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$1,270.5m to this total. Expressed in renminbi, CHLITINA's functional currency, sales for the first five months of 2022 reached RMB310.5m (-31% YoY), with RMB286.9m originating from our mainland China operations.
4. As of last month, our main business channel, the CHLITINA franchise, included 5,020 stores worldwide. Work has resumed for company staff at the Shanghai head office. With the easing of epidemic control restrictions in other regions of China, marketing activities and franchisee recruitments will soon resume, and the normal pace of operations will gradually return.
5. A cash dividend of NT\$12 will be distributed for the year 2021, and for the sixth consecutive year, the dividend distribution rate has exceeded 70%. The company will continue to make every effort to create the maximum value out of the group's operations, and to give back business results for all shareholders to share.

1. TWD Reporting for 4137 TT	May 2022 (NT\$m)	% MoM	% YoY
Consolidated Sales	227.6	99%	-47%
Channel – Beauty Salon Franchise (mainland China)	215.0	114%	-43%

Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	9.0	-20%	-33%
Channel – Internet Retailing	1.1	-12%	-93%
Channel – Beauty Clinic	2.5	82%	-88%
TWD/RMB avg. exchange rate (May)	4.3881	----	----
2. RMB Reporting for 4137 TT	May 2022 (RMBm)	% MoM	% YoY
Consolidated Sales	51.9	113%	-48%
Channel – Beauty Salon Franchise (mainland China)	49.0	130%	-44%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.0	-18%	-33%
Channel – Internet Retailing	0.3	-3%	-93%
Channel – Beauty Clinic	0.6	113%	-88%
3. TWD Reporting	Jan. to May 2022 (NT\$m)	% MoM	% YoY
Consolidated Sales	1,374.9	----	-30%
Channel – Beauty Salon Franchise (mainland China)	1,270.5	----	-29%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	53.7	----	-12%
Channel – Internet Retailing	17.5	----	-64%
Channel – Beauty Clinic	33.2	----	-54%
TWD/RMB average exchange rate	4.4285	----	----
4. RMB Reporting	Jan. to May 2022 (RMBm)	% MoM	% YoY
Consolidated Sales	310.5	----	-31%
Channel – Beauty Salon Franchise (mainland China)	286.9	----	-30%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	12.1	----	-13%
Channel – Internet Retailing	4.0	----	-64%
Channel – Beauty Clinic	7.5	----	-55%

5. Franchise Store Count	End of May 2022	Net Change in May	Yearly Net Change	YoY %
Total	5020	1	59	1%
China	4773	1	53	1%
Taiwan	224	0	5	3%
Southeast Asia	23	0	1	5%

IR contact:
Laurence Marcout

Tel:
(+886-2) 8758-0370

E-mail:
ir@chlitinaholding.com

2022 Outlook and Targets

- ◆ **Returning to stable growth, emphasizing products' strengths:** Our core business, the CHLITINA beauty salon franchise network, has maintained a stable growth thanks to the company's strong fundamentals. We will emphasize simultaneous improvements in terms of quality and quantity, while keeping our yearly expansion target at 400 franchise stores added to our global network. Active franchisee recruitments and efficient marketing and branding campaigns will help enlarge our business scale and profits.
- ◆ **Improving the business model of our aesthetic surgery clinics and anti-ageing clinics:** Products and procedures available at our 4 UPLIDER aesthetic surgery clinics as well as at our 2 general practice clinics (HEDENG and JINGHE clinics) will be expanded. These clinics situated in Beijing, Nanjing and Shanghai will allow us to increase individual customer contribution to our profits and will bring new momentum to the Group.
- ◆ **Raising brand exposure on e-commerce platforms and expanding customer base:** We will use our XINMEILI e-shop and TMALL Flagship Store to keep up with economic development and changing consumer behavior, and we will also connect them with RnD Nail & Eyelash physical stores. Our online strategy will follow that of our physical stores, and consumers will be able to connect with us online and offline. E-commerce and beauty salons will share resources, complementing each other.
- ◆ **Better utilizing resources and maximizing benefits for the group, considering long-term and all-round company development:** Strategic investments will continue to play a key supporting role. Resources will be used efficiently in order to maximize benefits for the company, and in turn for shareholders, employees, and society.

About CHLITINA

- **Main Business:** Skin care products. Channels: Beauty salon franchise; Self-owned medical beauty clinics; Self-owned e-shop.
- **Current Market Positioning:** Industry leader in the mid-to-high-end beauty salon franchise business.
- **Current Market Focus:** China (above 90% of sales).
- **Business Model:** We control R&D, manufacture, marketing and sales. We sell our CHLITINA skin care products to franchised beauty salons. In recent years, we have been working on business diversification through new strategies including creating the UPLIDER medical beauty clinics and the JINGHE and HEDENG general clinics, developing our e-commerce activities on XINMEILI and TMall, and investing in RnD Nail & Eyelash stores among other subsidiary channels.

- **Brand Background:** CHLITINA was created in Taiwan in 1989 by Dr. Chen Wu-kang who successfully developed skin care products based on amino acids. In 1997, CEO Joanna Chen brought the CHLITINA brand to the Chinese mainland market where its high-quality products and effective business model have been keys to its remarkable success.
- **New Developments:** In addition to operating a large beauty salon franchise, in recent years, CHLITINA has been collaborating with academic and medical circles on R&D projects regarding stem cells, as well as anti-ageing and regenerative medicine. We have also made strategic investments in the biotechnology industry. In the long term, we are confident that this strategy will inject new blood into the group.