



Because of the Lunar New Year Festival, February included a limited number of working days, which translated into consolidated sales of NT\$264m for February 2021 for CHLITINA HOLDING LIMITED, a 111% increase YoY. This year, the company's priority will be large-scale expansion, with business growth being qualitative as well as quantitative.

#### Operational Summary

1. For February 2021, CHLITINA reported consolidated sales of NT\$264.3m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$242.1 –or about 92%– to the total.
2. Expressed in renminbi, the currency the most commonly used by CHLITINA, in February, consolidated sales reached RMB60.3m (-38% MoM; +106% YoY). Sales in mainland China from the beauty salon franchise network contributed RMB55.2m to this total.
3. Sales for the first two months of 2021 reached NT\$692.4m (+92% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$643.3m to this total. Expressed in renminbi, the currency the most commonly used by CHLITINA, sales for the first two months of 2021 reached RMB157.8m (+89% YoY), with RMB146.6m originating from our mainland China operations.
4. In order to adapt to an evolving post-pandemic consumer market, this year, all channels under the CHLITINA flag will strive to expand operations, while pursuing quantitative as well as qualitative growth. Streamlining will continue in all areas, from business operations to supply chain to internal management and so on. At present, our main distribution channel, the CHLITINA beauty salon franchise, comprises a total of 4797 stores worldwide.
5. Marketing campaigns are ongoing and bringing good results in terms of brand notoriety. Lately, the company collaborated with the producers of “Hi, Mom”, a Chinese comedy film that was aired in prime time during the Chinese New Year holidays and that enjoyed good ratings. At the same time, the company continued to invest in product placement inside TV soaps and to conduct various advertisement activities. It is hoped these marketing campaigns will help raise brand awareness and drive business growth.
6. The company's capital raise proposal has been reviewed and approved by

the competent authorities. We are at the moment in the silent period. Execution schedule and relevant financial information will be announced in accordance with regulations.

<b>1. TWD Reporting for 4137 TT</b>	<b>Feb. 2021 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>264.3</b>	<b>-38%</b>	<b>111%</b>
Channel – Beauty Salon Franchise (mainland China)	242.1	-40%	131%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	10.5	-3%	0%
Channel – Internet Retailing	5.0	-41%	-50%
Channel – Beauty Clinic	6.7	-12%	NA
TWD/RMB avg. exchange rate (Feb.)	4.3826	----	----
<b>2. RMB Reporting for 4137 TT</b>	<b>Feb. 2021 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>60.3</b>	<b>-38%</b>	<b>106%</b>
Channel – Beauty Salon Franchise (mainland China)	55.2	-40%	126%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.4	-3%	-2%
Channel – Internet Retailing	1.2	-41%	-51%
Channel – Beauty Clinic	1.5	-12%	NA
<b>3. TWD Reporting</b>	<b>Jan. to Feb. 2021 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>692.4</b>	----	<b>92%</b>
Channel – Beauty Salon Franchise (mainland China)	643.3	----	101%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	21.2	----	4%
Channel – Internet Retailing	13.5	----	-28%
Channel – Beauty Clinic	14.4	----	NA
TWD/RMB average exchange rate	4.3876	----	----
<b>4. RMB Reporting</b>	<b>Jan. to Feb. 2021 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>157.8</b>	----	<b>89%</b>
Channel – Beauty Salon Franchise (mainland China)	146.6	----	97%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	4.8	----	2%
Channel – Internet Retailing	3.1	----	-30%
Channel – Beauty Clinic	3.3	----	NA

5. Franchise Store Count	End of February 2021	Net Change in February	Year-to-Date Net Change	YoY %
<b>Total</b>	<b>4797</b>	<b>12</b>	<b>31</b>	<b>0%</b>
China	4555	16	36	2%
Taiwan	220	-2	-3	-26%
South East Asia	22	-2	-2	-12%

### **2021 Outlook and Targets**

- ◆ **Developing our potential, regaining confidence, growing together:** The pandemic is now behind us, and we are relieved that our core business, the CHLITINA beauty salon franchise network, has maintained stable operations. We are increasing our expansion target to over 500 franchise stores added to our global network every year, and reinforcing our various franchisee recruitment campaigns. Franchise store strategy, branding strategy, and so on, will be combined to pursue growth in terms of quality and quantity, and to enlarge business scale and profits.
- ◆ **Improving business operations at our aesthetic surgery clinics and anti-ageing clinics:** We will have 4 UPLIDER aesthetic surgery clinics in Beijing, Nanjing and Shanghai, as well as two general practice clinics (Hedeng and Jinghe clinics) in full operation within the end of 2021. These clinics will allow us to improve our service standards, increase the level of individual customer contribution and bring new momentum to the Group.
- ◆ **Expanding our e-commerce platform customer base and building new strength:** We will bolster our Xinmeili e-shop and Tmall Flagship Store, keeping up with economic development and changing consumer behavior. Our online strategy will follow that of our physical stores, and consumers will be able to connect online and offline. E-commerce and beauty salons will share resources, complementing each other like icing on a cake.
- ◆ **Strategic and comprehensive investments:** We will continue to invest in the RnD Manicure Eyelash network which plays a key supporting role in the expansion of the CHLITINA beauty salon network, while we are developing concentric diversification within the beauty industry. In recent years, we have also constantly been looking for investment opportunities in biotech, testing and new drugs.
- ◆ **Precise digital management, focusing on creating value:** Strategic thinking will be going forward in four major directions: customers, employees, shareholders and social responsibility. Our focus will be on creating value, and sustainable development will be our main axis.

**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 (over 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 of the UPLIDER medical beauty clinic network, expanding in South East Asia, and developing e-commerce and other subsidiary channels. Our aim is to create a comprehensive beauty industry ecosystem.
- ◆ **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 cell, anti-ageing and regenerative medicine. We hope we will be able to implement the fruit of this research into our self-operated medical beauty clinic network. Eventually, we are confident that this strategy will set a new standard for the medical beauty service industry while injecting new blood into the group.