



For May 2021, CHLITINA HOLDING LIMITED announced consolidated sales of NT\$429m – or RMB98.9m. Expressed in renminbi, this figure marks a record high for a month of May.

Operational Summary

- 1. For May 2021, CHLITINA reported consolidated sales of NT\$429.0m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$379.1m –or about 88%– to the total.**
- 2. Expressed in renminbi, CHLITINA’s functional currency, in May, consolidated sales reached RMB98.9m (+1% MoM; +36% YoY). Sales in mainland China from the beauty salon franchise network contributed RMB87.4m to this total.**
- 3. Sales for the first five months of 2021 reached NT\$1960.9m (+55% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$1779.1m to this total. Expressed in the company’s functional currency, sales for the first five months of 2021 reached RMB449.9m (+52% YoY), with RMB408.2m originating from our mainland China operations.**
- 4. At present, our main distribution channel, the CHLITINA beauty salon franchise, comprises a total of 4960 stores worldwide. Sales from our various businesses, recruitment of new franchisees, marketing and so on are all progressing according to plan. The company remains confident in its overall business operations and pace of development for this year.**
- 5. The company’s shareholders’ meeting has been postponed to 26 July 2021 in line with Taiwan’s relevant laws and regulations. All information pertaining to the shareholders’ meeting has been announced in accordance with regulations. Although the timing of this year’s shareholders’ meeting has been affected by the Covid-19 outbreak in Taiwan, the company will strive to distribute cash dividends at the end of August as planned before the epidemic.**

1. TWD Reporting for 4137 TT	May 2021 (NT\$m)	% MoM	% YoY
Consolidated Sales	429.0	1%	41%
Channel – Beauty Salon Franchise (mainland China)	379.1	-1%	38%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	13.3	-1%	24%
Channel – Internet Retailing	15.6	203%	77%
Channel – Beauty Clinic	21.0	-5%	106%
TWD/RMB avg. exchange rate (May)	4.3391	----	----
2. RMB Reporting for 4137 TT	May 2021 (RMBm)	% MoM	% YoY
Consolidated Sales	98.9	1%	36%
Channel – Beauty Salon Franchise (mainland China)	87.4	-1%	34%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	3.1	-1%	20%
Channel – Internet Retailing	3.6	200%	70%
Channel – Beauty Clinic	4.8	-5%	102%
3. TWD Reporting	Jan. to May 2021 (NT\$m)	% MoM	% YoY
Consolidated Sales	1,960.9	----	55%
Channel – Beauty Salon Franchise (mainland China)	1,779.1	----	57%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	61.0	----	17%
Channel – Internet Retailing	48.5	----	-23%
Channel – Beauty Clinic	72.3	----	405%
TWD/RMB average exchange rate	4.3586	----	----
4. RMB Reporting	Jan. to May 2021 (RMBm)	% MoM	% YoY
Consolidated Sales	449.9	----	52%
Channel – Beauty Salon Franchise (mainland China)	408.2	----	54%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	14.0	----	15%
Channel – Internet Retailing	11.1	----	-25%
Channel – Beauty Clinic	16.6	----	395%

5. Franchise Store Count	End of May 2021	Net Change in May	Year-to-Date Net Change	YoY %
Total	4960	57	194	3%
China	4720	57	201	5%
Taiwan	218	0	-5	-25%
South East Asia	22	0	-2	-8%

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 2 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.