



**CHLITINA HOLDING LIMITED announced that consolidated sales for the month of July 2021 reached RMB85.3 million / NT\$368 million. Despite external uncertainties, sales continue on a growing trend.**

**Operational Summary**

1. For July 2021, CHLITINA reported consolidated sales of NT\$368.1m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$338.7m –or about 92%– to the total.
2. Expressed in renminbi, CHLITINA's functional currency, in July, consolidated sales reached RMB85.3m (-11% MoM; +25% YoY). Sales in mainland China from the beauty salon franchise network contributed RMB78.5m to this total.
3. Sales for the first seven months of 2021 reached NT\$2,741.4m (+47% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$2,483.54m to this total. Expressed in the company's functional currency, sales for the January-July period reached RMB630.6m (+44% YoY), with RMB571.3m originating from our mainland China operations.
4. After surpassing the 5,000-store mark last month, our main distribution channel, the CHLITINA beauty salon franchise, keeps expanding. As of the end of July, there were a total of 5,033 CHLITINA beauty salons. Although monthly sales decreased 11% MoM due to summer seasonality, they were still 25% higher than in July 2020 and 6% higher than in July 2019. Average same store sales are steadily returning to growth. The company remains highly vigilant and reactive to external uncertainties. We expect good results in the second half of the year.
5. These past days, business areas in Zhengzhou City, Henan Province, have suffered from flooding brought by abnormal weather conditions. About 2.5% of CHLITINA stores in China are situated in Henan Province (and 1.3% in Zhengzhou). According to information available as of today, there has been no casualty or injured staff at the impacted CHLITINA stores, but some locations have been badly damaged and cannot reopen. The company has dispatched personnel to help with clearing affected premises. Meanwhile, subsidiary Chlitina (China) Trading Company has allocated funds, staff and material resources for various assistance programs. We will try our best to fulfill our social responsibilities in these difficult times.

<b>1. TWD Reporting for 4137 TT</b>	<b>July 2021 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
Consolidated Sales	<b>368.1</b>	<b>-11%</b>	<b>28%</b>
Channel – Beauty Salon Franchise (mainland China)	338.7	-7%	30%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	8.3	-29%	-35%
Channel – Internet Retailing	5.9	-55%	-15%
Channel – Beauty Clinic	15.2	-30%	69%
TWD/RMB avg. exchange rate (July)	4.3153	----	----
<b>2. RMB Reporting for 4137 TT</b>	<b>July 2021 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
Consolidated Sales	<b>85.3</b>	<b>-11%</b>	<b>25%</b>
Channel – Beauty Salon Franchise (mainland China)	78.5	-7%	27%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	1.9	-28%	-36%
Channel – Internet Retailing	1.4	-55%	-17%
Channel – Beauty Clinic	3.5	-30%	66%
<b>3. TWD Reporting</b>	<b>Jan. to July 2021 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
Consolidated Sales	<b>2,741.4</b>	----	<b>47%</b>
Channel – Beauty Salon Franchise (mainland China)	2,483.5	----	49%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	80.9	----	3%
Channel – Internet Retailing	67.7	----	-19%
Channel – Beauty Clinic	109.3	----	257%
TWD/RMB average exchange rate	4.3473	----	----
<b>4. RMB Reporting</b>	<b>Jan. to July 2021 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
Consolidated Sales	<b>630.6</b>	----	<b>44%</b>
Channel – Beauty Salon Franchise (mainland China)	571.3	----	46%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	18.6	----	1%
Channel – Internet Retailing	15.6	----	-21%
Channel – Beauty Clinic	25.1	----	249%

5. Franchise Store Count	End of July 2021	Net Change in July	Year-to-Date Net Change	YoY %
Total	5033	13	267	4%
China	4794	14	275	5%
Taiwan	217	-1	-6	-21%
Southeast 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 we are 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 Southeast 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.