



CHLITINA HOLDING LIMITED announced that consolidated sales for August 2021 reached RMB88.4 million / NT\$380 million, a 3% increase MoM, while consolidated sales for the January-to-August period grew 43% YoY.

Operational Summary

1. For August 2021, CHLITINA reported consolidated sales of NT\$380.1m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$352.8m –or about 93%– to the total.
2. Expressed in renminbi, CHLITINA's functional currency, in August, consolidated sales reached RMB88.4m (+4% MoM; +15% YoY). Sales in mainland China from the beauty salon franchise network contributed RMB82.1m to this total.
3. Sales for the first eight months of 2021 reached NT\$3,121.5m (+43% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$2,836.3m to this total. Expressed in the company's functional currency, sales for the January-August period reached RMB719.0m (+40% YoY), with RMB653.3m originating from our mainland China operations.
4. Most franchise stores in our main distribution channel usually renew their contracts in the August-September period. The resulting delays because of paperwork, and the fact that we are still in the process of consolidating our network, explain that the CHLITINA store count had very slightly decreased to 4,999 stores globally as of the end of August. The company is however still optimistic regarding the progress of its recruitment efforts this year in all regions.
5. The summer slack season is now reaching its end, and we are entering the traditionally high consumption season. In coming months, the company plans to further expand its product portfolio in the hope of improving marketing results and achieving even better results.

1. TWD Reporting for 4137 TT	Aug. 2021 (NT\$m)	% MoM	% YoY
Consolidated Sales	380.1	3%	15%
Channel – Beauty Salon Franchise (mainland China)	352.8	4%	18%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	10.5	26%	-10%
Channel – Internet Retailing	5.7	-5%	-41%
Channel – Beauty Clinic	11.1	-27%	30%
TWD/RMB avg. exchange rate (Aug.)	4.2977	----	----
2. RMB Reporting for 4137 TT	Aug. 2021 (RMBm)	% MoM	% YoY
Consolidated Sales	88.4	4%	14%
Channel – Beauty Salon Franchise (mainland China)	82.1	5%	17%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.4	27%	-11%
Channel – Internet Retailing	1.3	-4%	-42%
Channel – Beauty Clinic	2.6	-26%	29%
3. TWD Reporting	Jan. to Aug. 2021 (NT\$m)	% MoM	% YoY
Consolidated Sales	3,121.5	----	43%
Channel – Beauty Salon Franchise (mainland China)	2,836.3	----	44%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	91.4	----	1%
Channel – Internet Retailing	73.4	----	-21%
Channel – Beauty Clinic	120.4	----	207%
TWD/RMB average exchange rate	4.3412	----	----
4. RMB Reporting	Jan. to Aug. 2021 (RMBm)	% MoM	% YoY
Consolidated Sales	719.0	----	40%
Channel – Beauty Salon Franchise (mainland China)	653.3	----	41%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	21.1	----	-1%
Channel – Internet Retailing	16.9	----	-23%
Channel – Beauty Clinic	27.7	----	201%

5. Franchise Store Count	End of August 2021	Net Change in August	Year-to-Date Net Change	YoY %
Total	4999	-34	233	4%
China	4760	-34	241	5%
Taiwan	217	0	-6	-13%
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.