



**CHLITINA HOLDING LIMITED** consolidated sales amounted to NT\$165 million for the month of January 2023. Results were affected by the Spring Festival holidays and the peak of confirmed Covid-19 cases, but we remain confident that business performances will soon rebound.

### Operational Summary

1. For January 2023, CHLITINA reported consolidated sales of NT\$165.3m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$140.8m –or about 85%– to the total.
2. Expressed in renminbi, CHLITINA’s functional currency, for the month of January 2023 alone, consolidated sales reached RMB36.9m (-36% MoM; -55% YoY). Sales in mainland China originating from the beauty salon franchise network contributed RMB31.4m to this total.
3. Businesses in our main market territory are widely expected to recover following the lifting of epidemic-related restrictions, with the Chinese economy also about to warm up. Moreover, local authorities at all levels have proposed various revitalization policies aimed for instance at stimulating domestic consumption. We can already feel that our brick-and-mortar distribution channel is on the way back to prosperity.
4. In 2023, the company will focus on revamping the brand’s image, strengthening product sales and others marketing activities. We are fully confident about upcoming business development, and will start by stabilizing the number of franchised CHLITINA stores around the 5,000 mark before striving to return to the strong growth trends of pre-epidemic times.

1. TWD Reporting for 4137 TT	Jan. 2023 (NT\$m)	% MoM	% YoY
<b>Consolidated Sales</b>	<b>165.3</b>	<b>-34%</b>	<b>-54%</b>
Channel – Beauty Salon Franchise (mainland China)	140.8	-39%	-56%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	11.1	5%	-11%
Channel – Internet Retailing	1.5	46%	-44%
Channel – Beauty Clinic	11.9	66%	-40%
TWD/RMB avg. exchange rate (Jan.)	4.4775	----	----

**IR contact:**  
Laurence Marcout

**Tel:**  
(+886-2) 8758-0370

**E-mail:**  
[ir@chlitinaholding.com](mailto:ir@chlitinaholding.com)



2. RMB Reporting for 4137 TT	Jan. 2023 (RMBm)	% MoM	% YoY
Consolidated Sales	36.9	-36%	-55%
Channel – Beauty Salon Franchise (mainland China)	31.4	-41%	-58%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.5	3%	-13%
Channel – Internet Retailing	0.3	40%	-46%
Channel – Beauty Clinic	2.7	62%	-41%

3. Franchise Store Count	End of Jan. 2023	Net Change in Jan. 2023	Yearly Net Change	YoY%
Total	4920	-13	-13	-1%
China	4680	-13	-13	-1%
Taiwan	219	0	0	0%
Southeast Asia	21	0	0	-5%

**2023 Outlook and Targets**

- ◆ **Returning to our core business for stable growth, we will actively recruit new franchisees and increase same store performance:** In 2023, we are giving ourselves the targets of adding 400 stores to the CHLITINA beauty salon franchise network. Meanwhile, the RnD Manicure and Eyelash franchise will be combined with the CHLITINA beauty salon franchise to create second-generation franchise stores, reinforcing brand positioning and brand image so as to reap maximum benefits.
- ◆ **Aesthetic surgery clinics and anti-ageing clinics will continue to assist the main channel:** Integration and redistribution of resources will continue. Operations at our 2 UPLIDER aesthetic surgery clinics and at our 2 general practice clinics (HEDENG and JINGHE clinics) will be maintained, as these clinics situated in Nanjing and Shanghai complement the beauty salon franchise.
- ◆ **Brand exposure and special marketing campaigns on e-commerce platforms will help raise the brand’s visibility:** Our XINMEILI e-shop and TMALL Flagship Store will cooperate with our physical stores, enabling consumers to connect with us online and offline. E-commerce and beauty salons will share resources, complementing each other.
- ◆ **We will strengthen the competitiveness of the group’s products and develop a long-term ESG policy:** We intend to strengthen R&D development, and to use our products to capture blank territories and actively increase our market share. In line with legal and social expectations, we will attach greater importance to ESG goals and strive to implement comprehensive ESG policies.

**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.