



**For the month of February 2023, CHLITINA HOLDING LIMITED consolidated sales reached NT\$ 360 million. In view of the current overall economic recovery, consumption is expected to rebound.**

**Operational Summary**

- 1. For February 2023, CHLITINA reported consolidated sales of NT\$360.1m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$332.9m –or about 92%– to the total.**
- 2. Expressed in renminbi, CHLITINA’s functional currency, for the month of February 2023 alone, consolidated sales reached RMB 81.3m (120% MoM; 34% YoY). Sales in mainland China originating from the beauty salon franchise network contributed RMB 75.2m to this total.**
- 3. Sales for the first two months of 2023 reached NT\$525.4m (-16% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$473.7m to this total. Expressed in renminbi, CHLITINA’s functional currency, sales for the first two months of 2023 reached RMB118.2m (-17% YoY), with RMB106.6m originating from our mainland China operations.**
- 4. According to the “China Beauty Industry White Paper”, in 2022, the closure rate and opening rate for beauty salons in our main market were as high as 31.5% and 28.1% respectively. Judging by the high rate of store openings –close to 30%--, the beauty care industry is still a prosperous one in the post-epidemic era.**
- 5. Various reports predict that high-end beauty products will have a 53% market share in China within the next three years. Of course, CHLITINA cannot be absent from that part of the market. This year, the company will focus on recruiting new franchisees, raising the brand awareness and prestige, improving product sales, etc., through a series of marketing and advertisement campaigns aiming at putting the company back onto its pre-epidemic growth trend as soon as possible.**

<b>1. NT\$ Reporting for 4137 TT</b>	<b>Feb. 2023 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>360.1</b>	<b>118%</b>	<b>35%</b>
Channel – Beauty Salon Franchise (mainland China)	332.9	136%	34%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	10.9	-2%	26%
Channel – Internet Retailing	3.5	123%	-15%
Channel – Beauty Clinic	12.8	8%	112%
NT\$/RMB avg. exchange rate (Feb.)	4.4282	----	----
<b>2. RMB Reporting for 4137 TT</b>	<b>Feb. 2023 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>81.3</b>	<b>120%</b>	<b>34%</b>
Channel – Beauty Salon Franchise (mainland China)	75.2	139%	33%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.4	0%	26%
Channel – Internet Retailing	0.8	126%	-16%
Channel – Beauty Clinic	2.9	10%	112%
<b>3. TWD Reporting</b>	<b>Jan. to Feb. 2023 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>525.4</b>	----	<b>-16%</b>
Channel – Beauty Salon Franchise (mainland China)	473.7	----	<b>-17%</b>
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	21.9	----	5%
Channel – Internet Retailing	5.1	----	<b>-27%</b>
Channel – Beauty Clinic	24.7	----	<b>-4%</b>
NT\$/RMB average exchange rate	4.4436	----	----
<b>4. RMB Reporting</b>	<b>Jan. to Feb. 2023 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>118.2</b>	----	<b>-17%</b>
Channel – Beauty Salon Franchise (mainland China)	106.6	----	<b>-18%</b>
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	4.9	----	3%
Channel – Internet Retailing	1.1	----	<b>-28%</b>
Channel – Beauty Clinic	5.6	----	<b>-6%</b>

5. Franchise Store Count	End of February 2023	Net Change in February	Yearly Net Change	YoY %
Total	4934	14	1	-1%
China	4694	14	1	-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,

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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.