



For the month of June 2023, CHLITINA HOLDING LIMITED announced consolidated sales of NT\$329 million. Network expansion and marketing activities are proceeding smoothly, while we continue accumulating operating information and capacities. We look forward to a strong showing in the second half of the year.

Operational Summary

1. For June 2023, CHLITINA reported consolidated sales of NT\$328.9m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$286.2m –or about 87%– to the total.
2. Expressed in renminbi, CHLITINA’s functional currency, for the month of June 2023 alone, consolidated sales reached RMB 73.4m (-15% MoM; -23% YoY). Sales originating from the beauty salon franchise network in mainland China contributed RMB 63.8m to this monthly total.
3. Sales for the first six months of 2023 reached NT\$2,074.5m (15% YoY), with sales in China from our core business, the beauty salon franchise channel, contributing NT\$1,866.0m to this total. Expressed in renminbi, CHLITINA’s functional currency, sales for the first six months of 2023 reached RMB471.1m (16% YoY), with RMB423.7m originating from our mainland China operations.
4. In the second quarter, the company’s revenue increased by 48% year-on-year and by 19% quarter-on-quarter, an indication that the worst of the epidemic situation has passed. Marketing, sales and franchise expansion activities are being implemented according to plan, so as to accumulate momentum for growth in the second half of the year.
5. As of the end of June, there were 5,064 Chlitina franchise stores (our main business channel). Summer is traditionally a slack season for beauty salons, and we will use the period for various training courses to enhance beauty service quality and product sales skills at franchise stores. We expect the franchise to show its strength and deliver yet another operational success in the second half of the year.

1. NT\$ Reporting for 4137 TT	June 2023 (NT\$m)	% MoM	% YoY
Consolidated Sales	328.9	-10%	-22%
Channel – Beauty Salon Franchise (mainland China)	286.2	-13%	-26%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	15.1	32%	54%

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CHLITINA (4137 TT)

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Channel – Internet Retailing	13.9	318%	6%
Channel – Beauty Clinic	13.7	-29%	15%
NT\$/RMB avg. exchange rate (June)	4.4845	----	----
2. RMB Reporting for 4137 TT	June 2023 (RMBm)	% MoM	% YoY
Consolidated Sales	73.4	-15%	-23%
Channel – Beauty Salon Franchise (mainland China)	63.8	-18%	-27%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	3.4	24%	53%
Channel – Internet Retailing	3.2	296%	6%
Channel – Beauty Clinic	3.0	-33%	13%
3. TWD Reporting	Jan. to June 2023 (NT\$m)	% MoM	% YoY
Consolidated Sales	2,074.5	----	15%
Channel – Beauty Salon Franchise (mainland China)	1,866.0	----	13%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	77.0	----	21%
Channel – Internet Retailing	32.9	----	8%
Channel – Beauty Clinic	98.6	----	119%
NT\$/RMB average exchange rate	4.4037	----	----
4. RMB Reporting	Jan. to June 2023 (RMBm)	% MoM	% YoY
Consolidated Sales	471.1	----	16%
Channel – Beauty Salon Franchise (mainland China)	423.7	----	13%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	17.5	----	22%
Channel – Internet Retailing	7.5	----	8%
Channel – Beauty Clinic	22.4	----	120%

5. Franchise Store Count	End of June 2023	Net Change in June	Yearly Net Increase	YoY %
Total	5064	27	131	1%
China	4823	27	130	1%
Taiwan	220	0	1	-1%
Southeast Asia	21	0	0	-9%

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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 target 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.