



For the month of October 2023, CHLITINA HOLDING LIMITED announced consolidated sales of NT\$413 million. After the long October holiday in China, various marketing activities have been planned for the year-end peak season, and the group remains confident overall operations will continue to show an increase quarter by quarter.

### **Operational Summary**

1. For October 2023, CHLITINA reported consolidated sales of NT\$413.0m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$ 379.5m –or about 92%– to the total.
2. Expressed in renminbi, CHLITINA's functional currency, for the month of October 2023 alone, consolidated sales reached RMB93.6m (-23% MoM; -8% YoY). Sales originating from the beauty salon franchise network in mainland China contributed RMB 86.0m to this monthly total.
3. Sales for the first ten months of 2023 reached NT\$3,718.6m (+7% YoY), with sales in China from our core business, the beauty salon franchise channel, contributing NT\$3,367.0m to this total. Expressed in renminbi, CHLITINA's functional currency, sales for the first ten months of 2023 reached RMB846.4m (+8% YoY), with RMB766.4m originating from our mainland China operations.
4. Our main market has been going through repeated adverse economic events and climate disasters, yet the group has remained strong. Not only is the beauty salon franchise network stable, but our e-commerce and medical beauty activities are too, and have even seen their market share improve. The group therefore stays optimistic not only about the results of the fourth quarter but also about next year's prospects.
5. Meanwhile, we have observed that the China Federation of Logistics & Purchasing has announced its Logistics Prosperity Index at 53.5%, up 3.2% MoM, while the China Warehousing Industry Index also reached 53.5%, up 1.5% MoM. Judging by the rebound of the Logistics Prosperity Index, which is significantly higher than a month earlier, one can see that consumer demand is gradually recovering.



**CHLITINA (4137 TT)**

**November 9, 2023**

<b>1. NT\$ Reporting for 4137 TT</b>	<b>October 2023 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>413.0</b>	<b>-23%</b>	<b>-8%</b>
Channel – Beauty Salon Franchise (mainland China)	379.5	-24%	-11%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	12.5	28%	14%
Channel – Internet Retailing	9.7	-29%	153%
Channel – Beauty Clinic	11.3	-14%	7%
NT\$/RMB avg. exchange rate (Oct..)	4.4118	----	----
<b>2. RMB Reporting for 4137 TT</b>	<b>October 2023 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>93.6</b>	<b>-23%</b>	<b>-8%</b>
Channel – Beauty Salon Franchise (mainland China)	86.0	-24%	-10%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.8	27%	15%
Channel – Internet Retailing	2.2	-29%	155%
Channel – Beauty Clinic	2.6	-15%	8%
<b>3. TWD Reporting</b>	<b>Jan. to Oct. 2023 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>3,718.6</b>	----	<b>7%</b>
Channel – Beauty Salon Franchise (mainland China)	3,367.0	----	4%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	125.4	----	18%
Channel –Internet Retailing	76.0	----	78%
Channel –Beauty Clinic	150.2	----	64%
NT\$/RMB average exchange rate	4.3933	----	----
<b>4. RMB Reporting</b>	<b>Jan. to Oct. 2023 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>846.4</b>	----	<b>8%</b>
Channel – Beauty Salon Franchise (mainland China)	766.4	----	5%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	28.5	----	19%
Channel –Internet Retailing	17.3	----	80%
Channel –Beauty Clinic	34.2	----	66%

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5. Franchise Store Count	End of October 2023	Net Change in October	Yearly Net Increase	YoY %
Total	4937	-49	4	-1%
China	4696	-49	3	-1%
Taiwan	220	0	1	0%
Southeast Asia	21	0	0	0%

### 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.