



**CHLITINA HOLDING LIMITED** announced that single-month revenue for June was NT\$303 million, bringing the cumulative revenue for the first half of the year to NT\$2.016 billion. Despite facing headwinds, we remain resilient, and we are harnessing momentum in order to accelerate operations in the second half of the year.

### **Operational Summary**

1. For June 2024, CHLITINA reported consolidated sales of NT\$302.9m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$267.1m –or about 88%– to the total.
2. Expressed in renminbi, CHLITINA’s functional currency, for the month of June 2024 alone, consolidated sales reached RMB68.0m (-19% MoM; -7% YoY). Sales in mainland China originating from the beauty salon franchise network contributed RMB60.0m to this total.
3. Sales for the first six months of 2024 reached a total of NT\$2,016.4 (-3% YoY), with sales in China from our core business, the beauty salon franchise channel, contributing NT\$1,786.1m to this total. Expressed in renminbi, CHLITINA’s functional currency, sales for the first six months of 2024 reached RMB456.9m (-3% YoY), with RMB404.7m originating from our mainland China operations.
4. The Company relies on a three-fold strategy to go forward: bolstering marketing initiatives for core products and brand recognition, actively expanding into untapped territories, and helping franchise stores to strengthen both online and offline operations through “digital empowerment” solutions. Our aim is to build momentum and achieve higher profitability in the second half of the year. Unfazed by short-term volatility, we remain committed to driving the group’s growth.
5. The Company will announce the second phase of its financing plan in the near future. The issuance of convertible corporate bonds, for a planned amount of NT\$1.1bn (par value), will be handled by Fubon Securities. For related issuance and conversion procedures, please refer to the Company’s announcements on the Market Observation Post System of the Taiwan Stock Exchange.

1. NT\$ Reporting for 4137 TT	June 2024 (NT\$m)	% MoM	% YoY
<b>Consolidated Sales</b>	<b>302.9</b>	<b>-19%</b>	<b>-8%</b>
Channel – Beauty Salon Franchise (mainland China)	267.1	-20%	-7%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	14.3	4%	-6%

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**CHLITINA (4137 TT)**

**July 8, 2024**

Channel – Internet Retailing	9.6	-2%	-31%
Channel – Beauty Clinic	11.9	-28%	-13%
NT\$/RMB avg. exchange rate (June)	4.4542	----	----
<b>2. RMB Reporting for 4137 TT</b>	<b>June 2024 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>68.0</b>	<b>-19%</b>	<b>-7%</b>
Channel – Beauty Salon Franchise (mainland China)	60.0	-20%	-6%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	3.2	5%	-5%
Channel – Internet Retailing	2.2	-2%	-31%
Channel – Beauty Clinic	2.6	-28%	-13%
<b>3. TWD Reporting</b>	<b>Jan. to June 2024 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>2,016.4</b>	----	<b>-3%</b>
Channel – Beauty Salon Franchise (mainland China)	1,786.1	----	-4%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	87.9	----	14%
Channel –Internet Retailing	52.6	----	60%
Channel –Beauty Clinic	89.8	----	-9%
NT\$/RMB average exchange rate	4.4130	----	----
<b>4. RMB Reporting</b>	<b>Jan. to June 2024 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>456.9</b>	----	<b>-3%</b>
Channel – Beauty Salon Franchise (mainland China)	404.7	----	-4%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	19.9	----	14%
Channel –Internet Retailing	11.9	----	59%
Channel –Beauty Clinic	20.4	----	-9%

<b>5. Franchise Store Count</b>	<b>End of June 2024</b>	<b>Net Change in June</b>	<b>Yearly Net Increase</b>	<b>YoY %</b>
Total	<b>4835</b>	<b>-11</b>	<b>10</b>	<b>-5%</b>
China	4590	-12	6	-5%
Taiwan	226	1	6	3%
Southeast Asia	19	0	-2	-10%

### **2024 Outlook and Targets**

◆ **Strengthening the franchise network, adding new product lines, developing**

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**all-channel sales:** We will continue to expand our main channel, the CHLITINA beauty salon franchise network, with a view to maintaining it around 5,000 stores, and we will work with the RnD Manicure & Eyelash Extension network to enhance offline experience and increase consumer benefits. Brand positioning and brand image will remain a priority, as well as profit contribution.

- ◆ **Increasing the visibility of the aesthetic surgery clinics and the anti-ageing clinics:** The redistribution of resources has been completed, and in 2024 we will strive to expand the clinic business. There are currently 3 aesthetic surgery clinics in operation, Uplider-Nanjing, Uplider-Shanghai and Shanghai-Lunxin; and 2 general practice clinics, Hedeng and Jinghe. Various cross-industry alliances, membership plans and other marketing activities have been planned for this year.
- ◆ **A new start for the e-commerce platform:** We will create a new e-commerce team and marketing strategy in order to make our online sales more vigorous and diversified. Our hope is that the XINMEILI e-shop and the TMALL Flagship Store will see their market share increase visibly, and we expect our business territory to develop accordingly.
- ◆ **Corporate sustainability and ESG implementation plans:** In line with legal and social expectations, various ESG tasks will be accomplished, including completing ahead of schedule the company's greenhouse gas inventory and carbon reduction plans, TCFD information disclosure, company information security, talent management, social welfare actions, products' carbon footprint reduction, and so on. All data will eventually be published in a ESG sustainability report.

### 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.