



In November 2022, CHLITINA HOLDING LIMITED consolidated sales amounted to NT\$353 million, as our main market continues to be impacted by the lingering epidemic. Looking forward to better conditions in the coming year, we will cautiously opt for stability, and calibrate our expansion according to overall macroeconomic trends.

### Operational Summary

1. For November 2022, CHLITINA reported consolidated sales of NT\$353.5m, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$320.2m –or about 91%– to the total.
2. Expressed in renminbi, CHLITINA's functional currency, for the month of November alone, consolidated sales reached RMB 80.8m (-20% MoM; -30% YoY). Sales in mainland China originating from the beauty salon franchise network contributed RMB 73.2m to this total.
3. Sales for the first eleven months of 2022 reached NT\$3,818.1m (-21% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$3,544.4m to this total. Expressed in renminbi, CHLITINA's functional currency, sales for the first eleven months of 2022 reached RMB862.9m (-23% YoY), with RMB801.0m originating from our mainland China operations.
4. As of last month, our main business channel, the CHLITINA beauty salon franchise, included 4,958 stores worldwide. We anticipate that sales in the first quarter of next year will be somewhat affected by the reduction of working days due to the Chinese New Year holidays and by the economic slowdown. Yet we hope that all unfavorable factors will eventually subside and that our operating performance will soon return to a normal growth trend.

1. TWD Reporting for 4137 TT	Nov. 2022 (NT\$m)	% MoM	% YoY
Consolidated Sales	353.5	-21%	-30%
Channel – Beauty Salon Franchise (mainland China)	320.2	-25%	-30%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	10.7	-3%	-12%
Channel – Internet Retailing	8.8	131%	-46%
Channel – Beauty Clinic	13.8	31%	-34%
TWD/RMB avg. exchange rate (Nov.)	4.3763	----	----

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**CHLITINA (4137 TT)**

**December 6, 2022**

<b>2. RMB Reporting for 4137 TT</b>	<b>Nov. 2022 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>80.8</b>	<b>-20%</b>	<b>-30%</b>
Channel – Beauty Salon Franchise (mainland China)	73.2	-23%	-30%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.5	-1%	-12%
Channel – Internet Retailing	2.0	133%	-46%
Channel – Beauty Clinic	3.1	32%	-35%
<b>3. TWD Reporting</b>	<b>Jan. to Nov. 2022 (NT\$m)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>3,818.1</b>	----	<b>-21%</b>
Channel – Beauty Salon Franchise (mainland China)	3,544.3	----	-19%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	117.2	----	-7%
Channel – Internet Retailing	51.4	----	-54%
Channel – Beauty Clinic	105.2	----	-52%
TWD/RMB average exchange rate	4.4247	----	----
<b>4. RMB Reporting</b>	<b>Jan. to Nov. 2022 (RMBm)</b>	<b>% MoM</b>	<b>% YoY</b>
<b>Consolidated Sales</b>	<b>862.9</b>	----	<b>-23%</b>
Channel – Beauty Salon Franchise (mainland China)	801.0	----	-21%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	26.5	----	-9%
Channel – Internet Retailing	11.6	----	-55%
Channel – Beauty Clinic	23.8	----	-53%

<b>5. Franchise Store Count</b>	<b>End of Nov. 2022</b>	<b>Net Change in Nov.</b>	<b>Yearly Net Change</b>	<b>YoY%</b>
Total	<b>4958</b>	<b>-11</b>	<b>-3</b>	<b>1%</b>
China	4718	-11	-2	1%
Taiwan	219	0	0	1%
Southeast Asia	21	0	-1	-5%

### **2022 Outlook and Targets**

- ◆ **Returning to stable growth, emphasizing products' strengths:** Our core business, the CHLITINA beauty salon franchise network, has maintained a stable growth thanks to the company's strong fundamentals. We will emphasize simultaneous improvements in terms of quality and quantity, while keeping our

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yearly expansion target at 400 franchise stores added to our global network. Active franchisee recruitments and efficient marketing and branding campaigns will help enlarge our business scale and profits.

- ◆ **Improving the business model of our aesthetic surgery clinics and anti-ageing clinics:** Products and procedures available at our 3 UPLIDER aesthetic surgery clinics as well as at our 2 general practice clinics (HEDENG and JINGHE clinics) will be expanded. These clinics situated in Beijing, Nanjing and Shanghai will allow us to increase individual customer contribution to our profits and will bring new momentum to the Group.
- ◆ **Raising brand exposure on e-commerce platforms and expanding customer base:** We will use our XINMEILI e-shop and TMALL Flagship Store to keep up with economic development and changing consumer behavior, and we will also connect them with RnD Nail & Eyelash physical stores. Our online strategy will follow that of our physical stores, and consumers will be able to connect with us online and offline. E-commerce and beauty salons will share resources, complementing each other.
- ◆ **Better utilizing resources and maximizing benefits for the group, considering long-term and all-round company development:** Strategic investments will continue to play a key supporting role. Resources will be used efficiently in order to maximize benefits for the company, and in turn for shareholders, employees, and society.

#### 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.