



In December 2022, CHLITINA HOLDING LIMITED consolidated sales amounted to NT\$251 million. As Covid-19 cases seem to be peaking in our main market territory and restrictions are lifted, we expect consumption to get back to normal levels after the long Lunar New Year break, allowing business to return to positive trends.

Operational Summary

1. For December 2022, CHLITINA reported consolidated sales of NT\$ 251.1, with sales from our core business in China, the beauty salon franchise channel, contributing NT\$232.3m –or about 93%– to the total.
2. Expressed in renminbi, CHLITINA's functional currency, for the month of December 2022 alone, consolidated sales reached RMB57.4m (-29% MoM; -43% YoY). Sales in mainland China originating from the beauty salon franchise network contributed RMB 53.1m to this total.
3. Sales for the whole year 2022 reached NT\$4,069.2m (-23% YoY), with sales from our core business in China, the beauty salon franchise channel, contributing NT\$3,776.7m to this total. Expressed in renminbi, CHLITINA's functional currency, sales for January to December 2022 reached RMB920.3m (-24% YoY), with RMB854.1m originating from our mainland China operations.
4. The epidemics will eventually become a thing of the past. Looking forward, we will refocus on the CHLITINA franchise, making our core business the axis of our transformation, allocating resources to network expansion and increasing same store sales. We expect this two-pronged approach to lead us back to prosperity.

1. TWD Reporting for 4137 TT	Dec. 2022 (NT\$m)	% MoM	% YoY
Consolidated Sales	251.1	-29%	-42%
Channel – Beauty Salon Franchise (mainland China)	232.3	-27%	-42%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	10.5	-1%	-15%
Channel – Internet Retailing	1.1	-88%	-78%
Channel – Beauty Clinic	7.2	-48%	-57%
TWD/RMB avg. exchange rate (Dec.)	4.3782	----	----

IR contact:
Laurence Marcout

Tel:
(+886-2) 8758-0370

E-mail:
ir@chlitinaholding.com



CHLITINA (4137 TT)

January 9, 2023

2. RMB Reporting for 4137 TT	Dec. 2022 (RMBm)	% MoM	% YoY
Consolidated Sales	57.4	-29%	-43%
Channel – Beauty Salon Franchise (mainland China)	53.1	-28%	-43%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	2.4	-2%	-16%
Channel – Internet Retailing	0.3	-88%	-77%
Channel – Beauty Clinic	1.6	-48%	-57%
3. TWD Reporting	Jan.-Dec. 2022 (NT\$m)	% MoM	% YoY
Consolidated Sales	4,069.2	----	-23%
Channel – Beauty Salon Franchise (mainland China)	3,776.7	----	-21%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	127.7	----	-8%
Channel – Internet Retailing	52.4	----	-55%
Channel – Beauty Clinic	112.4	----	-52%
TWD/RMB average exchange rate	4.4218	----	----
4. RMB Reporting	Jan.-Dec. 2022 (RMBm)	% MoM	% YoY
Consolidated Sales	920.3	----	-24%
Channel – Beauty Salon Franchise (mainland China)	854.1	----	-22%
Channel – Beauty Salon Franchise (Taiwan, Vietnam, etc.)	28.9	----	-9%
Channel – Internet Retailing	11.9	----	-56%
Channel – Beauty Clinic	25.4	----	-53%

5. Franchise Store Count	End of Dec. 2022	Net Change in Dec. 2022	Yearly Net Change	YoY%
Total	4933	-25	-28	-1%
China	4693	-25	-27	-1%
Taiwan	219	0	0	0%
Southeast Asia	21	0	-1	-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

IR contact:
Laurence Marcout

Tel:
(+886-2) 8758-0370

E-mail:
ir@chlitinaholding.com



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.