



葡萄王生技

# Grape King Bio (1707 TT) Investor Presentation

April 2023

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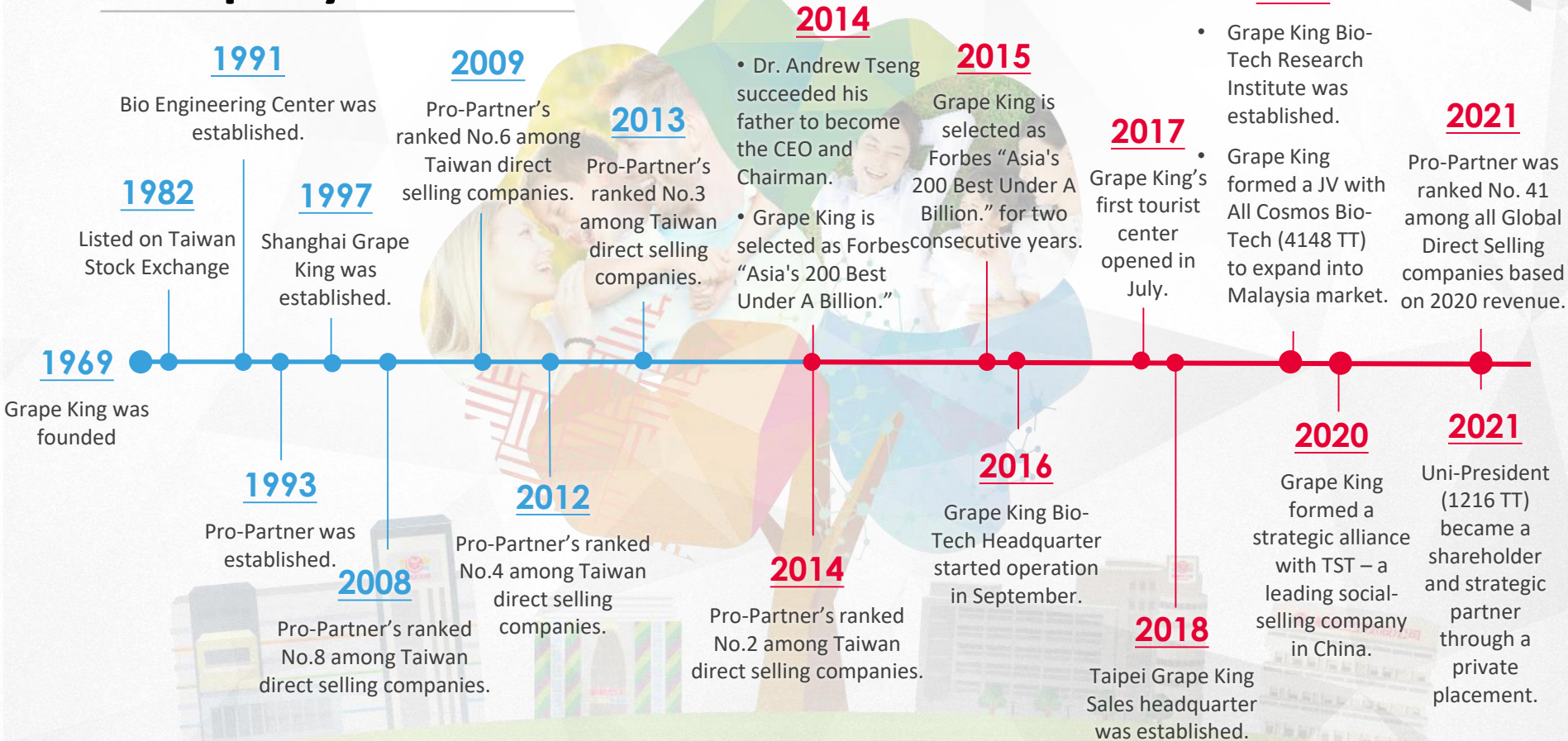
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葡萄王生技

# Company Profile

# “ Company Milestones



# “ Company Overview : Three core business units

## 1. Grape King Taiwan (Parent Co)

Taiwan own brand & global OEM & ODM

*Locus of all key ingredient design, formulation, and production for the whole Group.*

## 2. Pro-Partner (60%-own)

Taiwan direct selling distribution

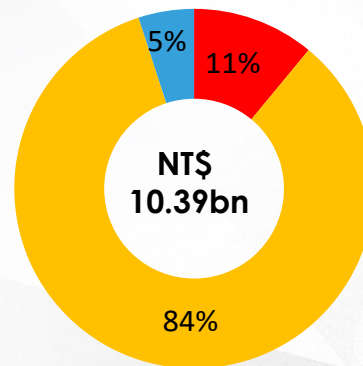
*A differentiated distribution channel with products sold through direct-selling by members under the Pro-Partner brand.*

## 3. Grape King Shanghai (100%-own)

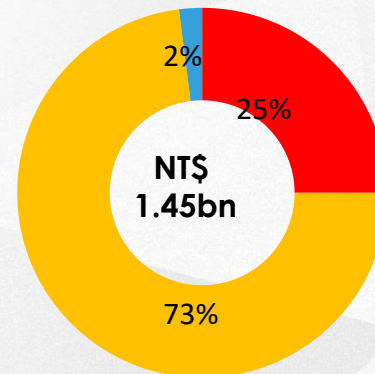
China OEM & ODM

*Our manufacturing in China that focuses on OEM and ODM for domestic and global health food companies.*

### 2022 Revenue

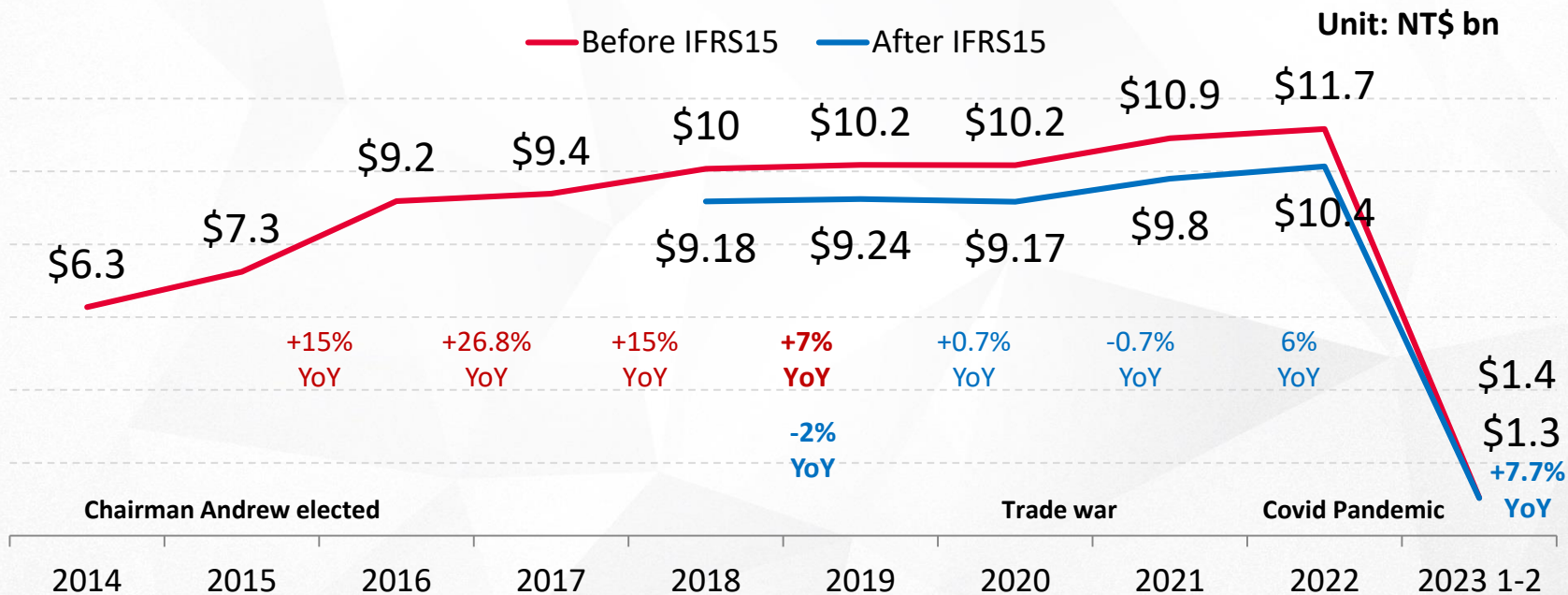


### 2022 Net Profit



■ Taiwan Grape King  
■ Pro-Partner  
■ Shanghai Grape King

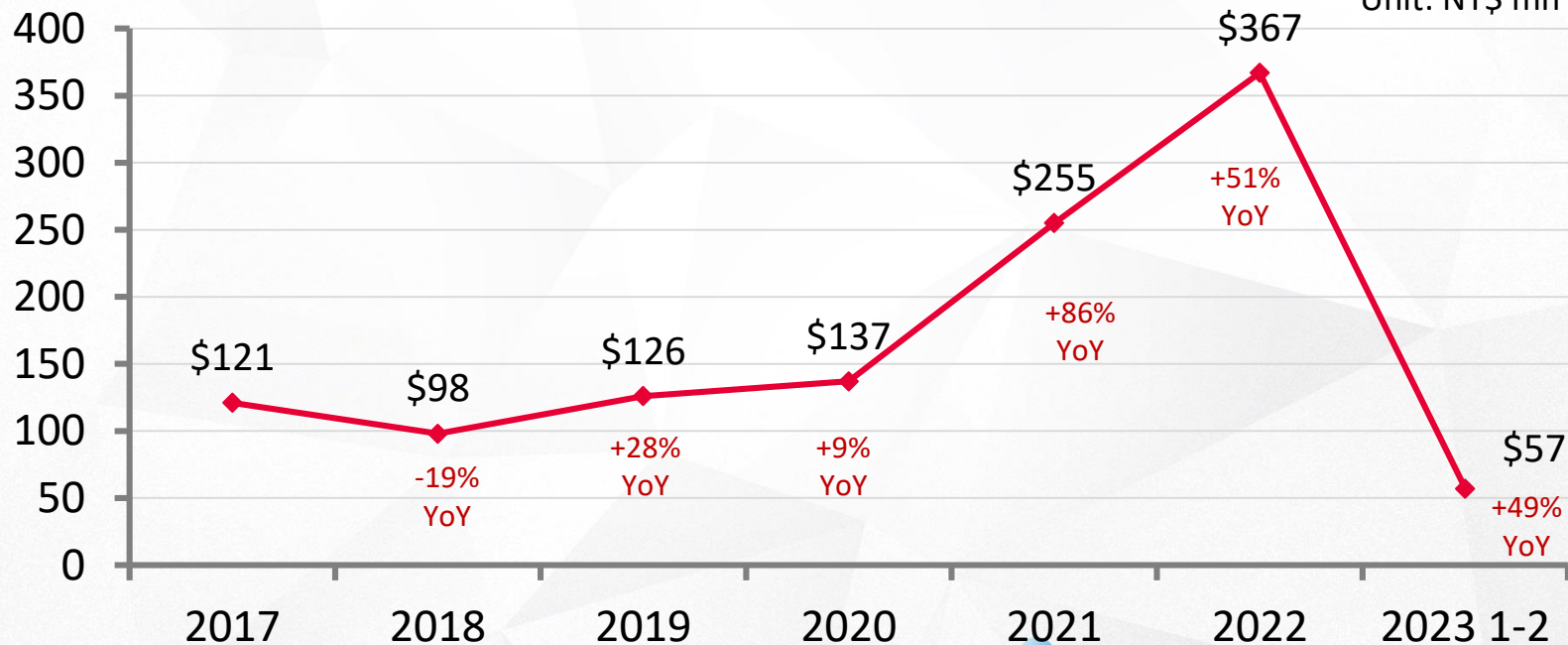
# “ Consistent Organic Revenue Growth



# “ ODM Key Growth Driver

## Grape King Taiwan ODM Sales

Unit: NT\$ mn



# “ Botanical Drug Submitted to USFDA

- Antrodia is a traditional Chinese mushroom unique to Taiwan, known for its liver protection and cancer-fighting benefits.
- Grape King Bio has been researching Antrodia for more than 20 years, with various health food supplements already being sold in Taiwan.
- Our new botanical drug “GKAC” (based on Antrodia camphorata mycelium, 100% exclusive to GKB) has been submitted to the US Food and Drug Administration (USFDA) for a Phase II clinical trial review (IND) for nonalcoholic steatohepatitis (NASH) in humans.
- Key components were found in clinical pre-experiments, which can significantly improve liver function in patients with non-alcoholic fatty liver disease (NAFLD). This disease is the initial stage of the development of liver disease such as steatohepatitis (NASH), cirrhosis, and hepatocellular carcinoma (i.e. liver cancer).
- If our botanical drug is passed by USFDA, it will be the first drug of its kind to treat non-alcoholic fatty liver disease (NAFLD).





# “ Going Global

## Pro-Partner

- Pro-Partner will be heading to Malaysia as part of their expansion to overseas markets
- Malaysia has a well regulated and accepting MLM market
- 5 products have been submitted for MAL certification
- Sales are expected to start at the end of 2023



葡眾企業  
PRO-PARTNER

## Taiwan Grape King

- Working with multinational clients we have been developing new products for ASEAN markets
- We are in discussions with European clients to supply probiotic products
- GKB (Malaysia) established in 2018, selling products to the Malaysian and neighboring countries.



GRAPE KING BIO



# “ Our Sustainability Progress

2021

10



## PURPOSE-LED BRAND

20%

of our revenues are aligned with United Nation's (UN) Sustainable Development Goals (SDGs)



## CLEANER PLANET

475kg

of CO2e of carbon emission reduced in 2021



## FAIRER SOCIETY

815hrs

service hours were invested in community investment projects in 2021



## STRONGER STEWARDSHIP

33%

Of Board independence is expected in the coming Board election



Adopted SASB indicators for ESG communications with investors. We have also added TCFD

RE 100 100%

Of renewable energy usage by 2035 (15% by 2030)

NT\$1.38mn

invested in employee health management and health promotion

42%

of female board members expected in the coming Board election, higher than TWSE average of 13.4%

# “ Delivering on ESG Scores

| 證券代號/公司名稱                       | Sustainalytics<br>ESG 風險評分<br>(100-0, 0分最佳) | MSCI<br>ESG評級<br>(AAA-CCC, AAA最佳) | FTSE Russell<br>ESG 評級<br>(0-5, 5級最佳) | ISS<br>ESG評級<br>(A-D, A級最佳) | S&P Global<br>ESG評分<br>(0-100, 100分最佳) | TWSE CG Score<br>台灣公司治理評鑑<br>(前5%最佳) |
|---------------------------------|---|-----------------------------------|---------------------------------------|-----------------------------|--|--------------------------------------|
| 1707 葡萄王<br>Grape King Bio 1707 | 19.11                                       | Not covered                       | 3.5                                   | Not covered                 | 21<br>Started data input on<br>10/2021 | 前5%<br>Top 5%                        |

Published by IR Platform website - Sept 2022



ESG Risk Rating of 19.11, ranked no. 5 in Global Personal Product companies



Top 35% of all global companies, and the top scoring supplier of our ODM client



Top 5% among all TWSE companies in 2020 Corporate Governance Assessment

# Our Vision

A person in a blue tank top and shorts stands on the edge of a dark, layered rock cliff. The cliff face is on the left side of the frame. Beyond the cliff, a vast, green valley stretches out, with a winding road and a river visible. In the background, more mountains are visible under a bright blue sky with wispy white clouds. The overall scene is one of a high-altitude, scenic landscape.

**“To become a global leading health and wellness company that promotes a healthier living and a more sustainable future**

# “ Our Core Competence



## We are industry leader

- ✓ We are a leading health food manufacturer in Greater China, specializing in probiotics, mushroom and other herbal-based supplements. We command No. 1 position in probiotics and medicinal mushrooms supplements with 31% and 45% market share, respectively in 2020.
- ✓ We operate the second largest direct-selling company – Pro-Partner in Taiwan (2021 market share: 8.3%).
- ✓ Approximately 50 OEM/raw materials customers in Taiwan.



## Strong R&D capabilities

- ✓ We are one of the few health food companies in Taiwan that possess the capability to produce our own raw materials, manufacture products and distribute through own brands and channels.
- ✓ Our expertise in raw materials allow us to develop health supplements serving different benefits. Therefore, many of our products are TFDA approved for different health benefits.
- ✓ We are also a frequent winner of major international conventions/competitions in respect to new product design/concept.



## Solid growth with sustainable payout ratio

- ✓ We have delivered a solid earnings during 2008-2021 (CAGR of 19%/average ROE 25%).
- ✓ We have maintained more than 60% dividend payout in the past five years.
- ✓ On the back of a growing health and wellness market in Asia, we strive to deliver double digit topline growth through different growth catalysts from our individual business unit.

# “ Our Growth Strategies for Three Key Businesses



## Key Objectives

### Grape King Taiwan

- Market share gain
- Expanding through new adjacencies
- Accelerate overseas ODM & raw materials businesses

## Levers

- ✓ Market share gain through products upgrade and deeper channels penetration
- ✓ Business expansion through penetrating new product categories
- ✓ Continue to promote Grape King's raw material and R&D capabilities in probiotics and medicinal mushrooms.

### Pro-Partner

- Unlock growth ceiling
- Improving demand forecast, sales visibility, and products time to market

- ✓ Accelerate new product launches from only 1-2 new products to 3-5 products per year.
- ✓ Focus on growing younger members.
- ✓ Duplicate Taiwan success in new geographies

### Grape King Shanghai

- Clients diversification
- Prepping for the probiotics boom

- ✓ Cultivate 10 new customers with the potential of each contributing Rmb 10mn sales per annum
- ✓ Develop non-direct/WeChat customers
- ✓ Capture more business opportunities through local strategic partnerships and alliances

# Grape King Biotech Research Institute

Product Innovation backed by Science

**Fermented *Cordyceps cicadae* mycelia extracts ameliorate dry eye symptoms in the mouse dry eye model**

**Dry eye risks**

**Cordyceps** → **Liquid fermentation** → **Extraction of active compounds** → **Eye care**

The infographic illustrates the scientific process of producing Cordyceps mycelia extracts. It starts with 'Cordyceps Cloning', followed by 'Liquid fermentation' in a bioreactor, 'Extraction of active compounds' from the resulting biomass, and finally 'Eye care' application. A grid of 16 petri dishes shows the growth of Cordyceps mycelia. A diagram of a mouse eye highlights the application of the extract. The MTE 2019 logo is present in the top right corner.

**GRAPE KING BIO**

**MTE 2019**

**GKM3**  
A new probiotic for weight management

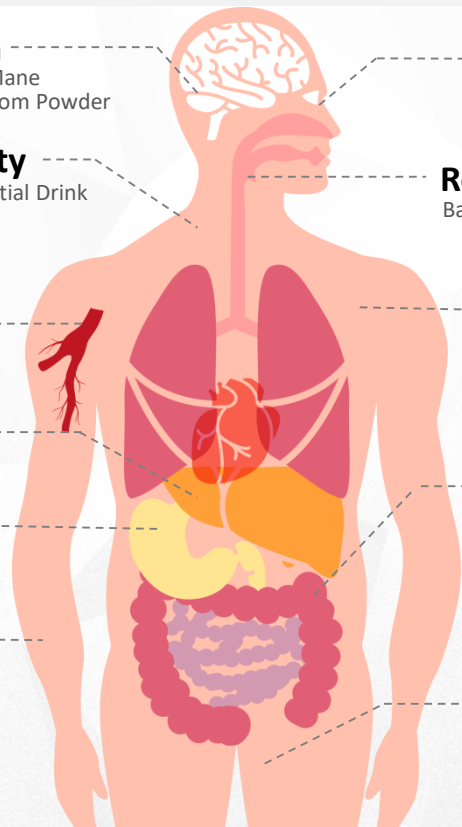
**Weight Management Probiotic**

- Reduce overall body weight and body fat
- Decrease adipocyte sizes

The infographic for GKM3 probiotic features a product box labeled 'Weight Management Probiotic'. A hand is shown holding a petri dish with yellow powder. Two bar graphs show the reduction in body weight and body fat in mice. The first graph shows a 10% reduction in body weight and a 15% reduction in body fat. The second graph shows a 20% reduction in adipocyte size. A photograph of two mice is included, along with a graph showing a 10% reduction in adipocyte size. The MTE 2019 logo is present in the top right corner.

# “Competitive Strengths - Strong Products Capabilities

We acquired more than **186 patents** and published over **117 research papers**.  
Also, we acquired more than **10 TFDA Health Food certifications** on our products.



**Brain**  
Lion's Mane  
Mushroom Powder



**Eye protection**  
Yo-Shi Premium Lutein



With TFDA  
Health Food  
certifications

**Feminine beauty**  
Snow Brightening Essential Drink



**Respiratory system**  
Bai Ke Sz



**Blood sugar**  
Tang Li Jia



**Immune system**

Ganoderma King 、 LING ZHI  
ANTIALLERGY 、 995 Bio-tech  
Nourishment 、 Antrodia Bio Aid 、  
Pro-Partner Meal Supplement



**Liver protection**  
ANTRODIA KING



**Gastrointestinal health**

LGG PROBIOTICS 、 PROBIOTICS  
KING 、 OLIGO PROBIOTICS 、  
Super 13 Probiotics & Prebiotics 、  
Super 13 Probiotics & Prebiotics (N)



**Stomach**  
Wei-Jie



**Menopause symptoms**

Xin Yue Kang



**Energy**

ComeBest Series 、 Golden  
ComeBest 、 PowerBOMB





# 2015~2022 : 21 countries, 198 awards



# “ Our Sustainability Progress

2021

18



## PURPOSE-LED BRAND

72%

of our revenues are aligned with United Nation's (UN) Sustainable Development Goals (SDGs)



Adopted SASB indicators for ESG communications with investors.  
We have also added TCFD



## CLEANER PLANET

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of CO2e of carbon emission reduced in 2021

RE 100% 100%

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## FAIRER SOCIETY

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## STRONGER STEWARDSHIP

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Third-Party  
ESG  
Credentials



Top 5% among all TWSE companies in 2020 Corporate Governance Assessment



ESG Risk Rating of 20.78, ranked no. 5 in Global Personal Product companies



Top 35% of all global companies, and the top scoring supplier of our ODM client



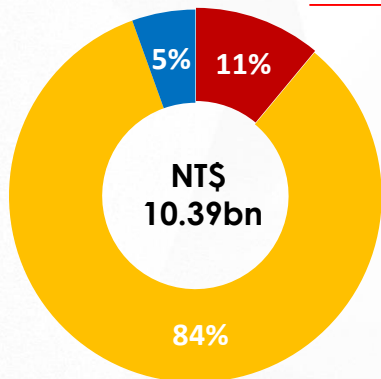
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# Financial Performance

# “ Revenue Breakdown (2022 vs. 2021)

2022 Revenue

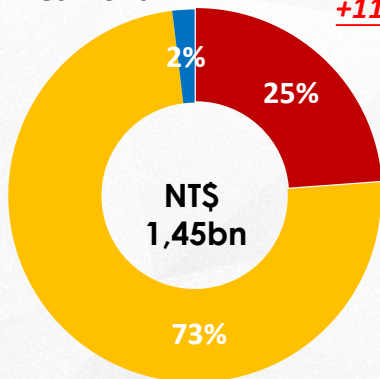
+6.1% YoY



■ Grape King TW ■ Pro-Partner ■ Grape King SH

2022 Net Profit

+11% YoY



## 1. Grape King Taiwan NT\$ 1,104mn (+ 21% YoY)

Strong orders from existing and new ODM business. Own brand products also performed well, particularly the drinks.

## 2. Pro-Partner NT\$ 8,727mn (+ 9% YoY)

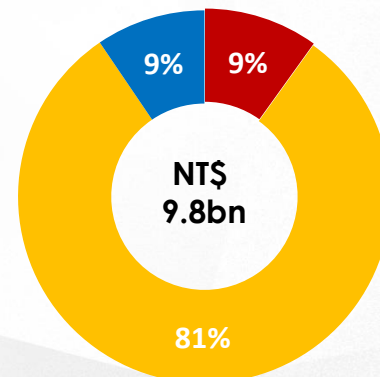
Enhanced concept of health care due to the pandemic benefiting the mushroom products along with the new launched products to drive the overall sales growth.

## 3. Grape King Shanghai NT\$ 560mn (- 37% YoY)

The recovery of China consumption was heavily impacted by the pandemic.

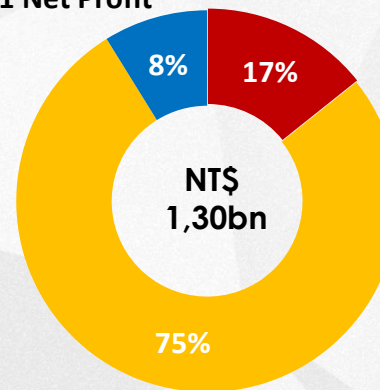
**2022 EPS NT\$9.84, +11.4% YoY**

2021 Revenue



■ Grape King TW ■ Pro-Partner ■ Grape King SH

2021 Net Profit



# “ Five-Year Income Statement

21

| (NT\$ m)                        | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | YoY (%)    |              |              |              |              |             |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|-------------|
|                                 |              |              |              |              |              |              | 2017       | 2018         | 2019         | 2020         | 2021         | 2022        |
| Revenue                         | 9,388        | 9,183        | 9,239        | 9,168        | 9,798        | 10,391       | 2.2        | (2.2)        | 0.6          | (0.8)        | 6.9          | 6.1         |
| Gross Profit                    | 7,865        | 7,329        | 7,566        | 7,537        | 7,855        | 8,481        | (0.7)      | (6.8)        | 3.2          | (0.4)        | 4.2          | 8.0         |
| Operating Expenses              | (5,610)      | (4,979)      | (5,231)      | (5,232)      | (5,543)      | (5,929)      | (1.3)      | (11.2)       | 5.0          | 0.0          | 5.9          | 7.0         |
| <b>Operating Profit</b>         | <b>2,254</b> | <b>2,350</b> | <b>2,335</b> | <b>2,305</b> | <b>2,312</b> | <b>2,552</b> | <b>0.9</b> | <b>4.2</b>   | <b>(0.6)</b> | <b>(1.3)</b> | <b>0.3</b>   | <b>10.4</b> |
| Non Operating Income/(Loss)     | 151          | 77           | 105          | 73           | 103          | 136          | 92.6       | (49.2)       | 36.8         | (30.2)       | 41.1         | 31.8        |
| Pretax Income                   | 2,405        | 2,427        | 2,440        | 2,378        | 2,415        | 2,688        | 4.0        | 0.9          | 0.6          | (2.5)        | 1.6          | 11.3        |
| Tax Expenses                    | (471)        | (537)        | (502)        | (483)        | (467)        | (518)        | 10.6       | 14.0         | (6.5)        | (3.7)        | (3.3)        | 11.0        |
| Minority Interest               | (583)        | (595)        | (630)        | (623)        | (647)        | (713)        | (1.3)      | 2.1          | 5.9          | (1.1)        | 3.9          | 10.0        |
| <b>Net income to Parent</b>     | <b>1,352</b> | <b>1,295</b> | <b>1,309</b> | <b>1,272</b> | <b>1,300</b> | <b>1,457</b> | <b>4.3</b> | <b>(4.2)</b> | <b>1.1</b>   | <b>(2.8)</b> | <b>2.2</b>   | <b>12.0</b> |
| <b>Basic EPS (NT\$)</b>         | <b>10.03</b> | <b>9.57</b>  | <b>9.63</b>  | <b>9.34</b>  | <b>8.81</b>  | <b>9.84</b>  | <b>2.1</b> | <b>(4.6)</b> | <b>0.6</b>   | <b>(3.0)</b> | <b>(5.7)</b> | <b>11.7</b> |
| <b>Key Financial Ratios (%)</b> |              |              |              |              |              |              |            |              |              |              |              |             |
| Gross Margin                    | 83.8         | 79.8         | 81.9         | 82.2         | 80.2         | 81.6         |            |              |              |              |              |             |
| Operating Expense Ratio         | 59.8         | 54.2         | 56.6         | 57.1         | 56.6         | 57.1         |            |              |              |              |              |             |
| Operating Margin                | 24.0         | 25.6         | 25.3         | 25.1         | 23.6         | 24.6         |            |              |              |              |              |             |
| Effective Tax Rate              | 19.6         | 22.1         | 20.6         | 20.3         | 19.3         | 19.3         |            |              |              |              |              |             |
| Net Margin                      | 14.4         | 14.1         | 14.2         | 13.9         | 19.9         | 20.9         |            |              |              |              |              |             |

# “ Five-Year Income Statement

| (NT\$ m)                   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | YoY (%) |        |        |       |        |         |
|----------------------------|--------|--------|--------|--------|--------|--------|---------|--------|--------|-------|--------|---------|
|                            |        |        |        |        |        |        | 2017    | 2018   | 2019   | 2020  | 2021   | 2022    |
| Total Assets               | 9,892  | 10,648 | 11,359 | 13,104 | 14,061 | 15,053 | 3.6     | 7.6    | 6.7    | 15.4  | 7.3    | 7.1     |
| Cash                       | 1,920  | 2,050  | 2,146  | 2,927  | 3,635  | 4,673  | 1.1     | 6.8    | 4.7    | 36.4  | 24.2   | 28.6    |
| AR & NR                    | 160    | 171    | 202    | 202    | 301    | 270    | (21.5)  | 6.8    | 18.0   | (0.2) | 49.0   | (10.3)  |
| Inventories                | 492    | 563    | 546    | 689    | 719    | 688    | 13.1    | 14.4   | (2.9)  | 26.2  | 4.4    | (4.3)   |
| Fixed Assets               | 6,355  | 5,927  | 6,454  | 7,308  | 7,208  | 7,360  | 4.5     | (6.7)  | 8.9    | 13.2  | (1.4)  | 2.1     |
| Total Liabilities          | 3,564  | 3,715  | 3,888  | 5,126  | 3,632  | 3,912  | (5.4)   | 4.2    | 4.7    | 31.8  | (29.2) | 7.7     |
| AP & NP                    | 323    | 262    | 223    | 255    | 269    | 294    | 63.2    | (18.9) | (15.1) | 14.7  | 5.5    | 9.3     |
| Total Borrowing            | 1,022  | 1,119  | 1,177  | 1,921  | 94     | 0      | (15.2)  | 9.5    | 5.2    | 63.3  | (95.1) | (100.0) |
| Total Equity               | 6,328  | 6,933  | 7,471  | 7,978  | 10,429 | 11,141 | 9.4     | 9.6    | 7.8    | 6.8   | 30.7   | 6.8     |
| Total Financial Ratios (%) |        |        |        |        |        |        |         |        |        |       |        |         |
| A/R Turnover Days          | 7.0    | 6.5    | 7.3    | 7.9    | 9.5    | 10.1   |         |        |        |       |        |         |
| Inventory Turnover Days    | 109.5  | 102.4  | 119.3  | 136.4  | 135.2  | 139.8  |         |        |        |       |        |         |
| A/P Turnover Days          | 61.6   | 56.8   | 52.2   | 52.7   | 49.3   | 53.8   |         |        |        |       |        |         |
| Cash Conversion            | 54.9   | 52.1   | 74.4   | 91.6   | 95.4   | 96.1   |         |        |        |       |        |         |
| ROE (%)                    | 27.0   | 23.7   | 22.0   | 19.9   | 21.2   | 20.1   |         |        |        |       |        |         |
| ROA (%)                    | 13.9   | 12.6   | 11.9   | 10.4   | 14.4   | 14.9   |         |        |        |       |        |         |
| Net debt (cash)/Equity %   | (14.2) | (13.4) | (13.0) | (12.6) | (34.0) | (41.9) |         |        |        |       |        |         |

# “ Dividend Payout and Capex

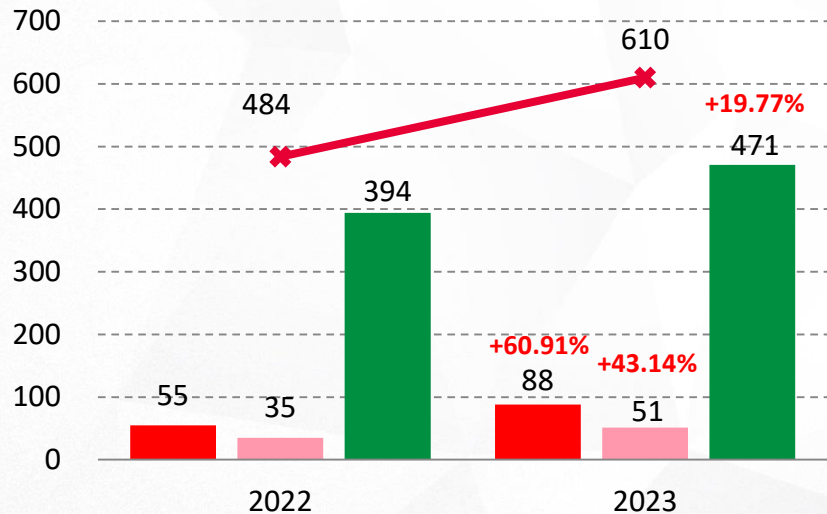
| (NT\$ m)      | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Profit    | 1,297        | 1,352        | 1,295        | 1,309        | 1,272        | 1,300        | 1,457        |
| Cash Dividend | 862          | 903          | 883          | 884          | 948          | 904          | 1,022        |
| DPS (NT\$)    | 6.4          | 6.7          | 6.5          | 6.5          | 6.4          | 6.1          | 6.9          |
| Payout Ratio  | <b>65.2%</b> | <b>66.6%</b> | <b>67.9%</b> | <b>67.4%</b> | <b>68.5%</b> | <b>69.2%</b> | <b>70.1%</b> |
| EPS           | 9.82         | 10.03        | 9.57         | 9.63         | 9.34         | 8.81         | 9.84         |
| Capex         | 736          | 772          | 1,116        | 630          | 1,214        | 1,481        | 1,005        |

## Notes:

1. The big spike in capex in 2015-2017 is largely due to the investment of 1) Pro-Partner's new headquarter building, 2) the new factory and tourist factory in Pingzhen (Grape King Headquarter), 3) the new factory in Longtan (Grape King Bio-Tech Research Institute), and 4) additional production lines for Grape King Shanghai.
2. The capex for 2022&2021 is mainly used for building of the new Pingzhen plant for new production facilities.
3. On January 14, 2021 the Company increased cash capital by issuing ordinary shares through private placement with Uni-President Enterprise Co., Ltd. The Company resolved to offer for subscription and issued 11,851 thousand ordinary shares of the Company.

# Revenue Overview (Jan-Feb 2022)

(NT\$mn)

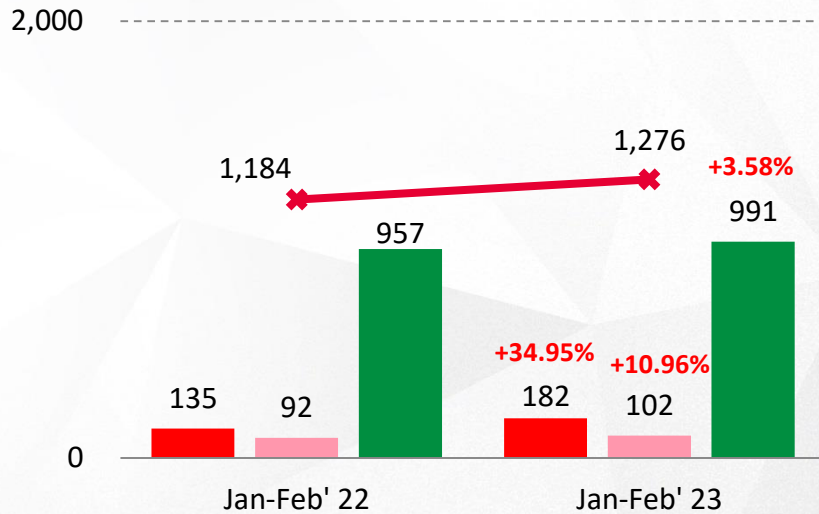


■ Grape King TW    ■ Grape King SH  
■ Pro-Partner    ◆ Consolidated Sales

**Feb' 23**

**26.13% YoY**

(NT\$mn)



■ Grape King TW    ■ Grape King SH  
■ Pro-Partner    ◆ Consolidated Sales

**Jan-Feb' 22**

**7.74% YoY**





葡萄王生技

# Industry Trends

# “ Taiwan Health Food Industry

## Taiwanese Takes Nutraceuticals Post-Pandemic are 4 Times Greater than Americans

- The annual consumptions of health food in Taipei Metropolis is TWD 21,000 (USD 700)/people in average, which is 3.7X comparing to the spending of TWD 4,400 (USD 147) in the US.
- Statistics showed that 74% of Taipei Metropolis people takes Nutraceuticals, comparing to 80% of people in the US.

| Taipei Metropolis |                      |     |
|-------------------|----------------------|-----|
| 1                 | Vitamin B Group      | 42% |
| 2                 | Probiotic            | 41% |
| 3                 | Lutein               | 32% |
| 4                 | Vitamin C            | 24% |
| 5                 | Fish Oil             | 19% |
| 6                 | Multivitamins        | 18% |
| 7                 | Vitamin D            | 13% |
| 8                 | Chicken Essence      | 7%  |
| 9                 | Lactic Acid Bacteria | 7%  |
| 10                | Collagen             | 5%  |
| 11                | Turmeric             | 5%  |

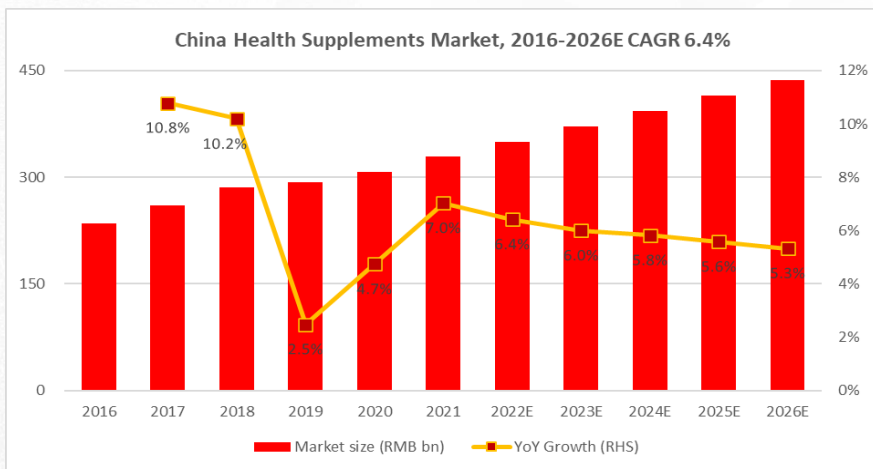


| USA |                 |     |
|-----|-----------------|-----|
| 1   | Vitamin D       | 73% |
| 2   | Magnesium       | 52% |
| 3   | Omega-3         | 51% |
| 4   | Q10             | 45% |
| 5   | Multivitamins   | 43% |
| 6   | Vitamin C       | 42% |
| 7   | Probiotic       | 39% |
| 8   | Zinc            | 37% |
| 9   | Turmeric        | 36% |
| 10  | Vitamin B12     | 33% |
| 11  | Vitamin B Group | 33% |

# “ China Health Food Industry

## China's Health Food Industry Grew 6.4% CAGR Between 2016-2026

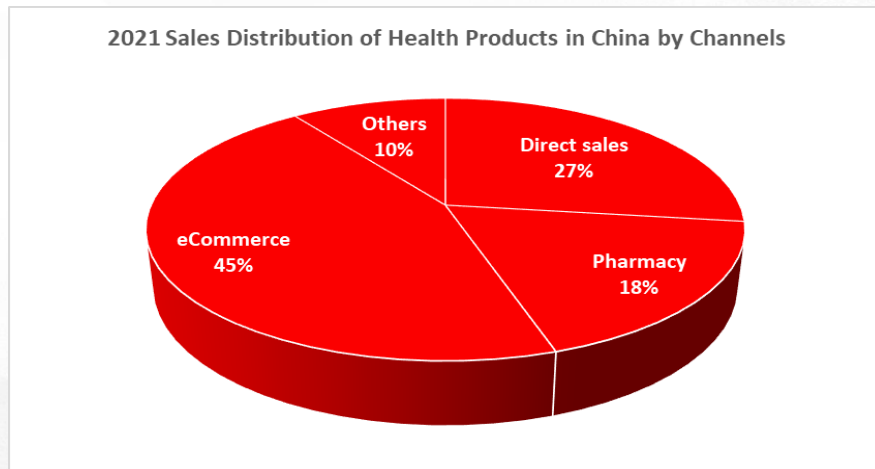
Overall, there is no brand that can monopolize the market in China's health supplement market. In 2021, the top 15 brands only occupied 32.8% of the market share, and no brand can own more than 10% of the market.



Source: Euromonitor

## China Direct Selling Continues to Play an Important Role

Direct selling remains as an important distribution channel in China despite that the e-commerce become popular over the recent years.



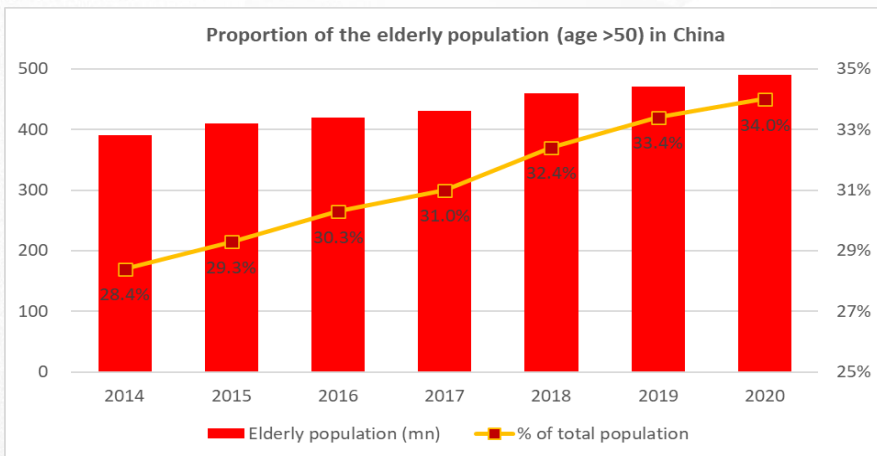
Source: Euromonitor

Despite the latest Administrative Measure of Health Food Registration and Filing having streamlined the certification process for vitamins and minerals, other products still need to go through the “Blue Hat” certification process by the CFDA.

# “ China Health Food Industry

## China's Aging Society Reached 7.18 Trillions Population

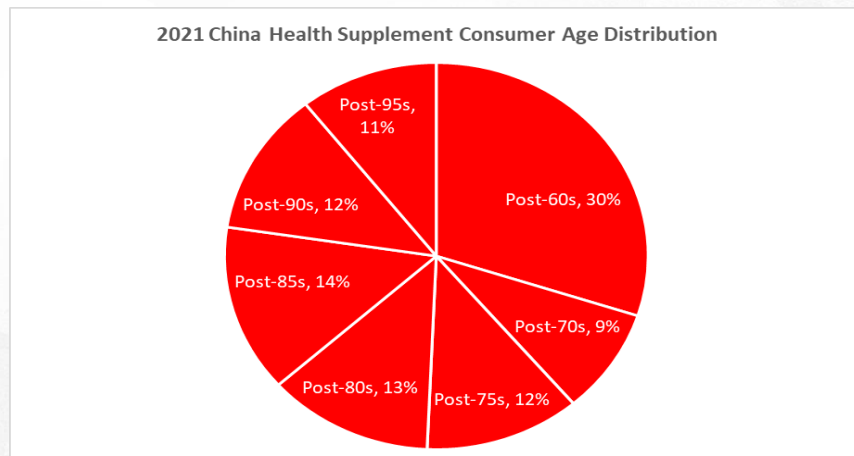
According to iiMedia Research, the market size of China's health supplements for seniors accounting for more than 50% of the overall market size. In recent years, the market of health supplements for seniors has maintained a rapid growth rate, with a CAGR of 13% from 2014 to 2020.



Source: iiMedia Research

## 2021 China Health Supplement Consumer Age Distributions

China elderly group remain the largest consumption group for health supplement. However, we are seeing consumer age are lowering as more health supplement products are being introduced.

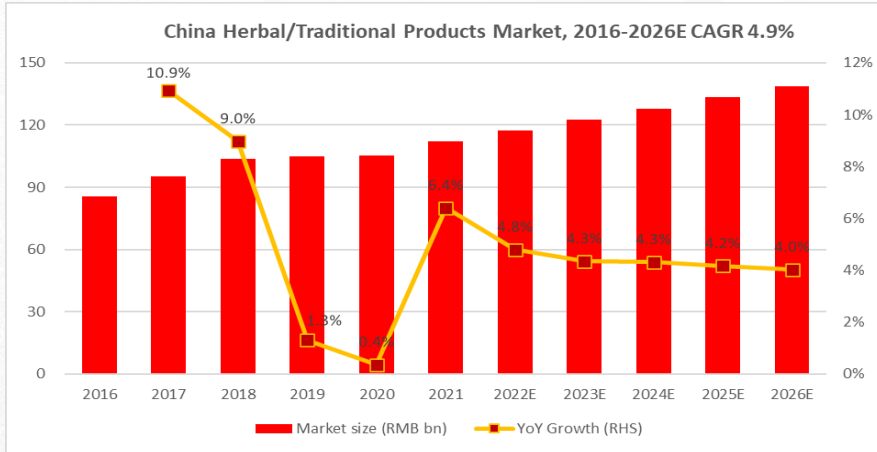


Source: iResearch

# “ China Health Food Industry

## China Herbal/Traditional Products Market Continue to Grow

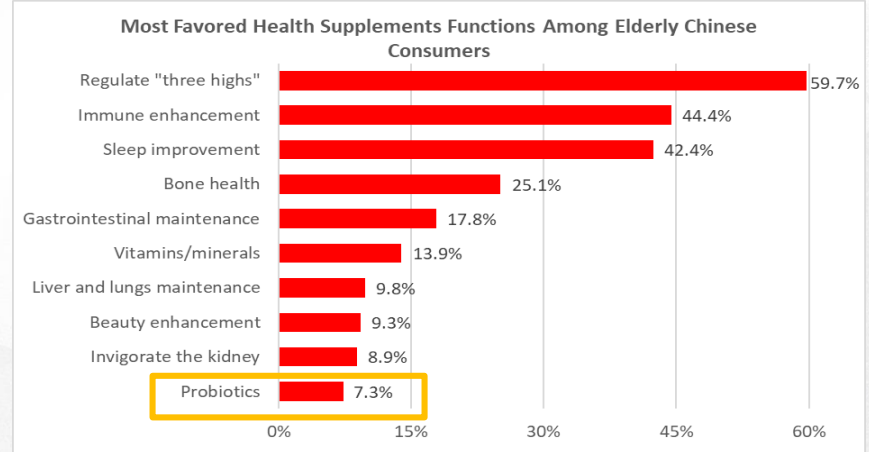
The increasing demand of the China herbal and traditional products may be beneficial to Grape King’s product sales.



Source: Euromonitor

## Most Favored Health Supplement Among Elderly Chinese

According to iResearch's survey, the core functional requirement of the elderly people is to help regulate the “three highs,” despite that Probiotics products are more popular among younger generation, we are seeing elderly demand also picking up.

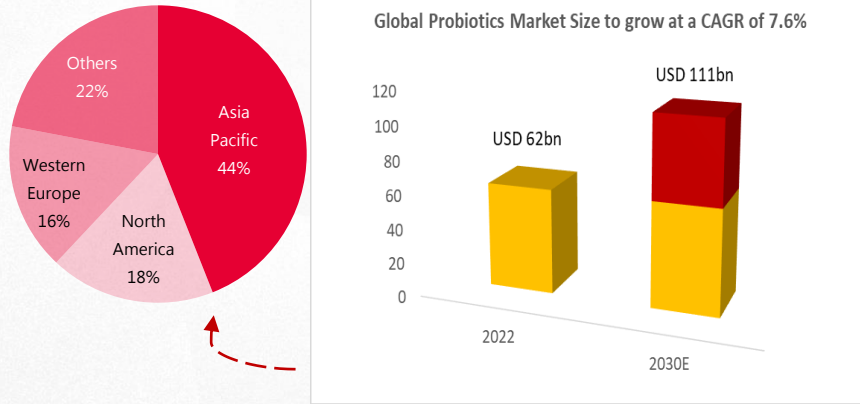


Source: iResearch

# “ China Health Food Industry

## Global Probiotics Market is Still Growing

According to Research and Market, global probiotics market is expecting to reach US\$62 bn with Asia Pacific region being the largest of all. The market is still increasing and is estimated to grow 7.6% CAGR between 2016-2022.



Source: Research & Market

\*Notes: Global probiotics market includes probiotics supplement, probiotic yoghurt, and sour milk products.

## Grape King is the 7<sup>th</sup> Largest Distributor globally

We are ranked as the 7<sup>th</sup> largest probiotics supplement company globally, this also makes us the largest player in Greater China. Grape King is known for its capability in developing different strains of probiotics that target different health benefits.

| Rank | Company   | Brand   |   |
|------|---|---|---|
| 1    |  | Align   |  |
| 2    |  | Enterogermina   |  |
| 3    |  | Shin Biofermin S  |  |
| ...  |   |   |   |
| 7    |  | Probiotics & Prebiotics 、<br>Super 13 Probiotics & Prebiotics |  |

Source: Euromonitor

# “ China Probiotic Market

## Probiotics Demand Remains Popular within Young and Middle-Aged Women

Functional needs of young and middle-aged women in purchasing health supplements



|       | for parents           | for themselves     | for kids           | for partners       |
|-------|-----------------------|--------------------|--------------------|--------------------|
| Top 1 | immune enhancement    | vitamins/minerals  | immune enhancement | immune enhancement |
| Top 2 | regulation of 3 highs | immune enhancement | bone health        | vitamins/minerals  |
| Top 3 | bone health           | beauty enhancement | probiotics         | sleep improvement  |
| Top 4 | sleep improvement     | sleep improvement  | vitamins/minerals  | kidney health      |
| Top 5 | vitamins/minerals     | probiotics         | growth improvement | bone health        |

Source: iResearch 2021

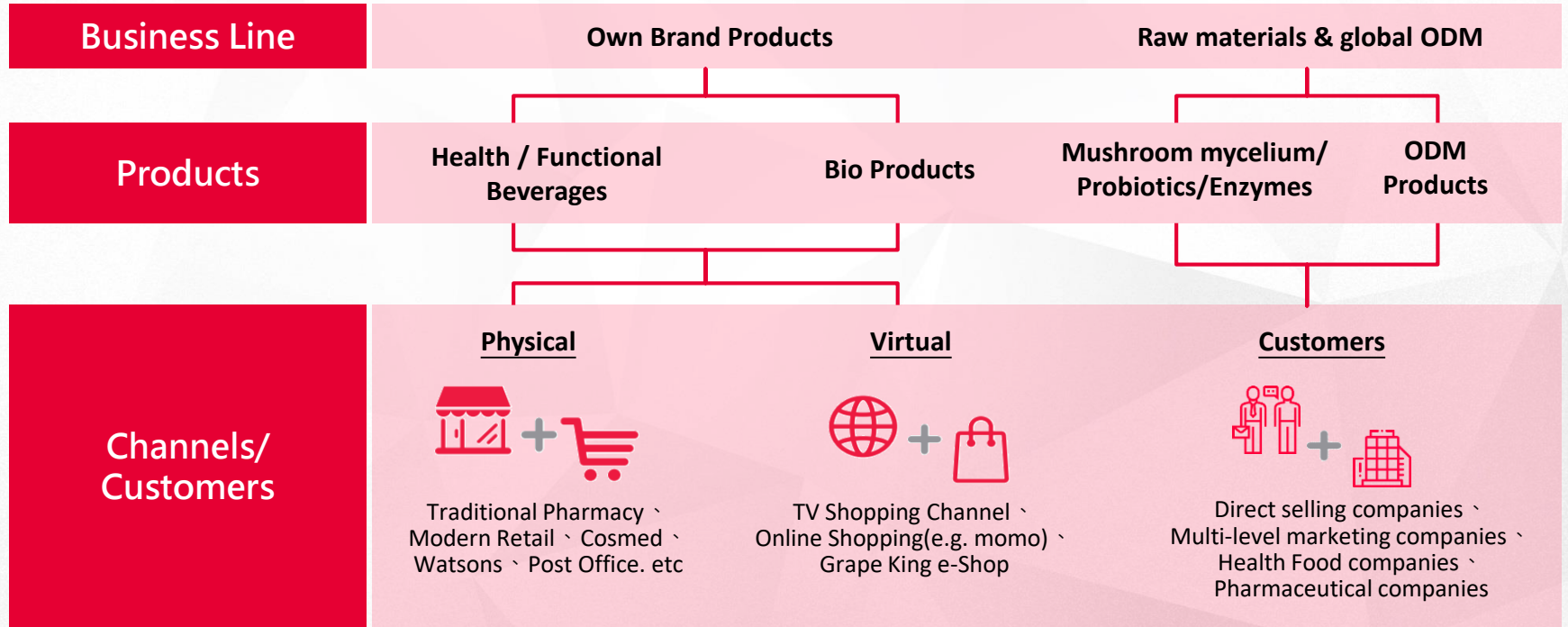


# 1. Grape King Taiwan





# Taiwan - Grape King Brand Sales Channels



# “ Consumer Purchasing Power Continues to Grow

34

Spending on buying health food for wellness increased YoY.



**NT\$6,200/person/year**

**Average unit price  
increased by 9%**



## I am worn out:

eye care, relieve fatigue, gastrointestinal function, help digestion and absorption, improve immunity



## Caring for the elderly:

nutrition, exercise, joints, calcium



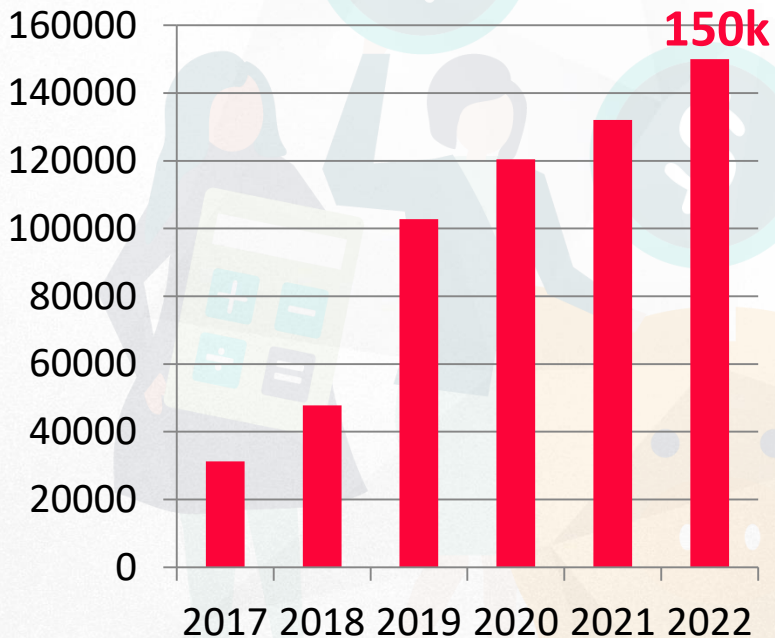
## Link health and beauty:

nutrition, exercise, weight loss, intimate care, skin care

(Kantar world panel, 2021)

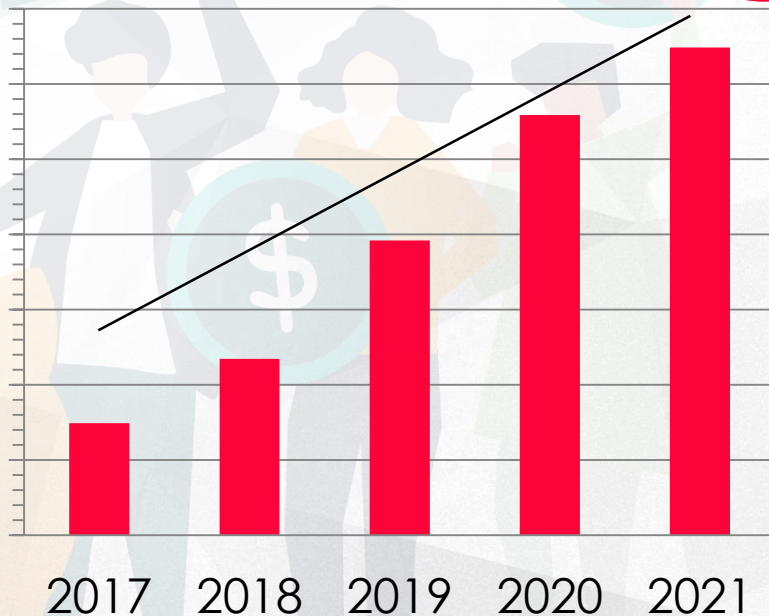
# “ Own Brand Revenue from Virtual Channels

Total members **exceeded 150,000**

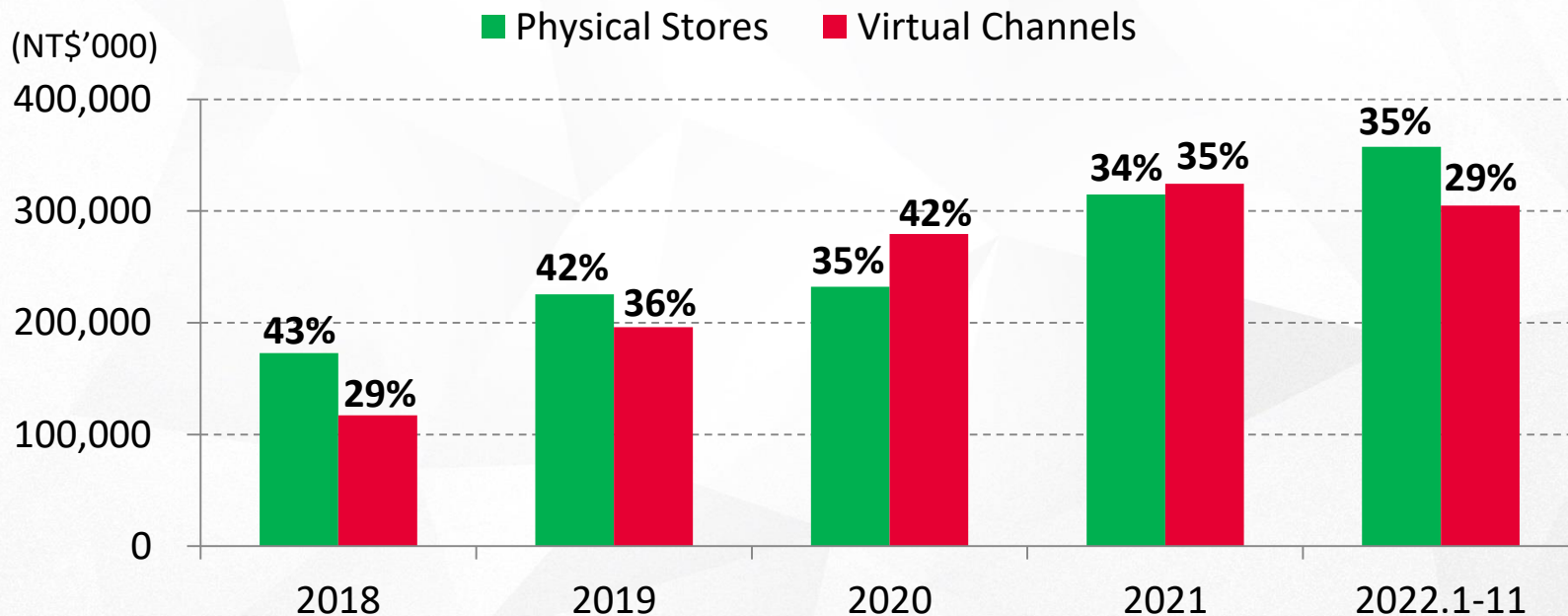


Virtual channel revenue up

**4.3x**



# Own Brand Revenue Contributions – Physical vs. Virtual



Virtual began to surpass physical under the pandemic

Hot sale of Kombucha



## 2. Pro-Partner



# “ Pro-Partner Overview

## 4 key numbers of Pro-Partner

1

- Largest local direct selling company in Taiwan based on revenue.
- One of the fastest growing direct selling companies in Taiwan (15% sales CAGR from 2008 to 2020)

3

- Second largest overall direct selling company in Taiwan. (2021 market share: 8%)

43

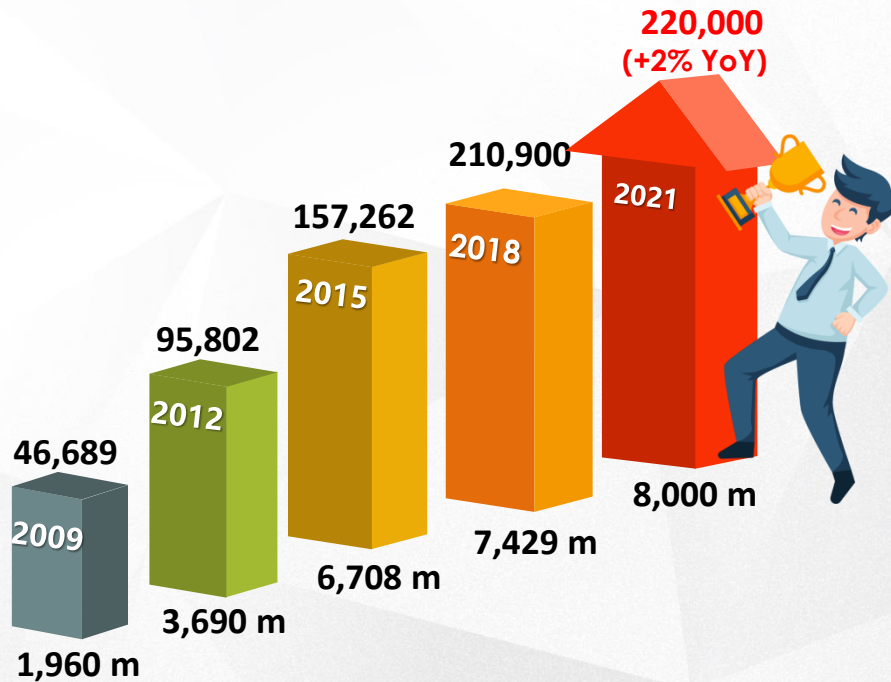
- 43 Health and Beauty products for the whole family

41

- No. 41 in the worldwide direct selling company rankings for 2021

(Source: 2021 DSN Global 100- based on 2020 revenues)

## Growing sales and members#



Sales (NT\$)

## Bai Yi Jie (toothpaste)



- **Grape King's Lactobacillus pentosus GK4**  
→ Inhibit 13 kinds of oral bacteria & Prevent cavities
- **Xylitol**  
→ Anti-plaque
- **Sodium fluoride**  
→ Prevent enamel erosion
- **Mint**  
→ Sooth teeth

## Hi Spray (oral spray)



- **Grape King's Lactobacillus pentosus GK4**  
→ Inhibit 13 kinds of oral bacteria & Prevent cavities
- **Sorbitol**  
→ Anti-plaque
- **Thyme**  
→ Freshen breath
- **Mint**  
→ Sooth teeth



# “ How is Pro-Partner different from other direct selling companies? ”

## Products purchase



- ✓ No minimum purchase requirement.
- ✓ No inventory pressure. (Members buy products directly from the company)

## Products' uniqueness



- ✓ Higher entry barrier for Products (bio-researched and engineered).
- ✓ Symbol of national certifications.
- ✓ Products are mostly manufactured in-house rather than outsourced.

## Support



- ✓ Managed by Grape King, a well-respected health food company in Taiwan, so we can offer dedicated customer service and support.

## Training



- ✓ All the trainings and venues are held by the company, so we can have consistent training quality.
- ✓ All the trainings are free to members.

## Compensation



- ✓ Transparent compensation structure.
- ✓ All purchases can be accumulated.
- ✓ All compensation are paid to sales contribution and directly to the members by the company.





## 3. Grape King Shanghai

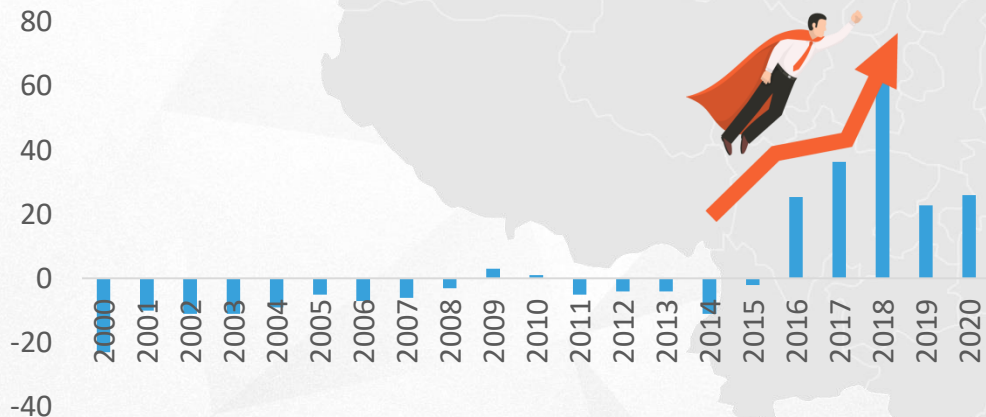


# “ Grape King Shanghai Overview

- Established in 1994, Grape King Shanghai was initially targeted as the production base for Grape King’s own brand products in China.
- A change in strategy steered by the new management to an OEM/ODM model has reversed several years of losses and turned the operation profitable.
- We see tremendous growth potential for Grape King Shanghai as it continues to acquire more ODM clients locally in China.



## Grape King Shanghai operating profit (Rmb m)



## Product series



*\*In 2019, the overall demand was impacted by China government’s tightening on direct-selling and healthcare industry & in 2020 the China consumption recovery has been softer-than-expected under the pandemic.*

# Grape King Shanghai

## Plant Size

Covers area of

**170** hectares

GMP plant of

**12,500** sqm

**100K-level**  
manufacturing site

(Liquid filling 10K-level)

**GMP** qualified  
manufacturing plant

(Conform to the hygiene standards of productions for the health care products and food.)

科技  
Technology

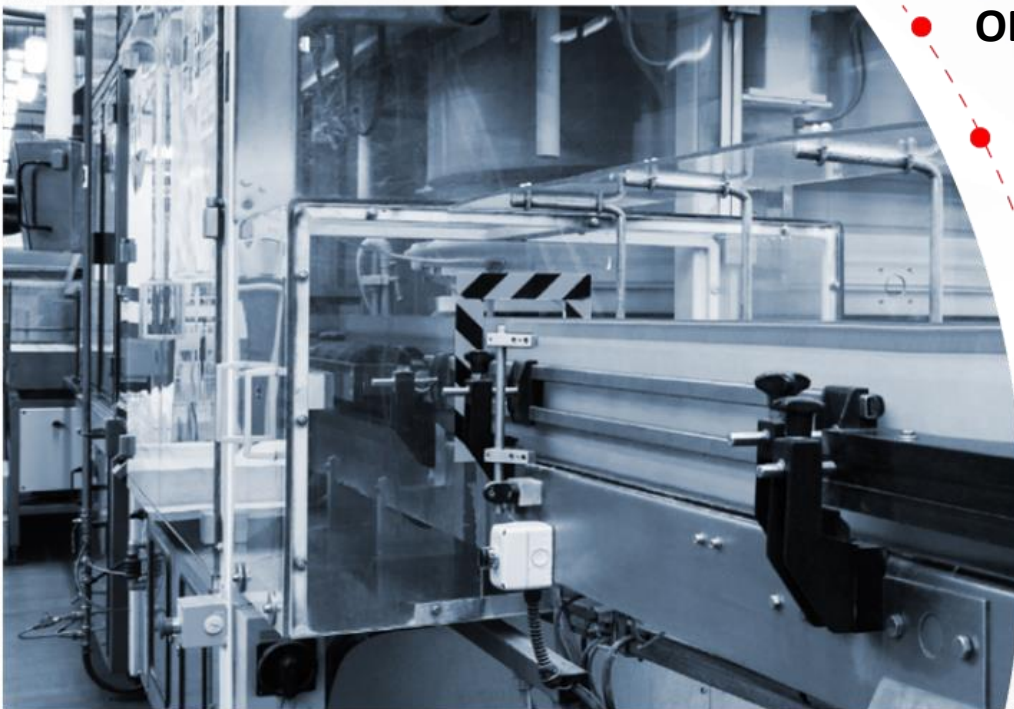
健康  
Health

希望  
Hope

“

# One-stop OEM Service Platform

One-stop service



● ODM/OEM

● R&D

● Formulation design

● Package design

● Production

● Logistics

Regulatory assistance

Training assistance

Declaration assistance



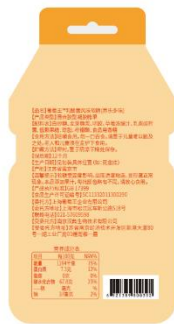
# “Customers of Grape King Shanghai



# OEM Products of Grape King Shanghai



# “ Own Brands of Grape King Shanghai





**葡萄王生技**

# Our Goals and Strategies

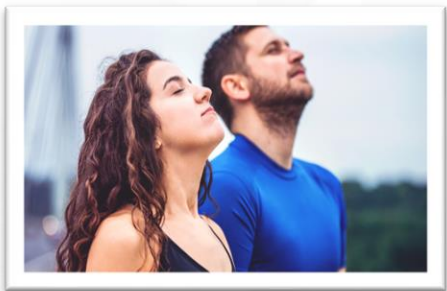


# “ We have identified our R&D focus fitting in the megatrends

## Probiotics

Personal Hygiene

Respiratory Health/Anti-Bacterial



Mood Improvement

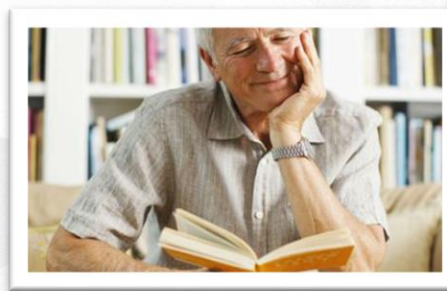
Weight Management



## Medicinal Mushrooms

Lower risks factor (Antrodia)

Memory Improvement (Lionsmane)



Eye Health (Cordyceps Sobolifera)

Sleeping Quality (Armillaria mellea)




**85%** of Pro-Partner  
orders were placed online  
in 2021 vs. 9% in 2018



50% of Grape King's marketing spend are in Digital in 2021



 葡萄王照顧您全家的直播影片。  
5月6日下午2:16 · 📍  
葡萄王新品發表會 直播開始  
請密切鎖定，有專屬優惠歐！



# “ Leading to strong growth from our virtual channels

52



Grape King Taiwan's revenue from virtual channels grew by **21%** in 1-3Q21 and accounted **~50%\*** of total revenue.

*\*Not including ODM revenue*

# “ Growing on Giant’s Shoulder



## Channels & Distribution Collaboration

- Physical Channels : Taiwan~6,000 stores/ China~ 400 stores / Southeast Asia ~ 3,000 stores  
*(including convenience stores, pharmacies, department stores)*
- Virtual Channels



葡萄王生技  
GRAPE KING BIO



統一企業



## R&D Collaboration

- New agencies (such as F&B) expansion
- R&D collaboration, joint product development
- Products agency
- Food safety enhancement

## Production Resource Collaboration

- Taiwan/overseas mutual OEM production





葡萄王生技  
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# Thank You

For more information,  
please visit our company website at  
[www.grapeking.com.tw](http://www.grapeking.com.tw)

