

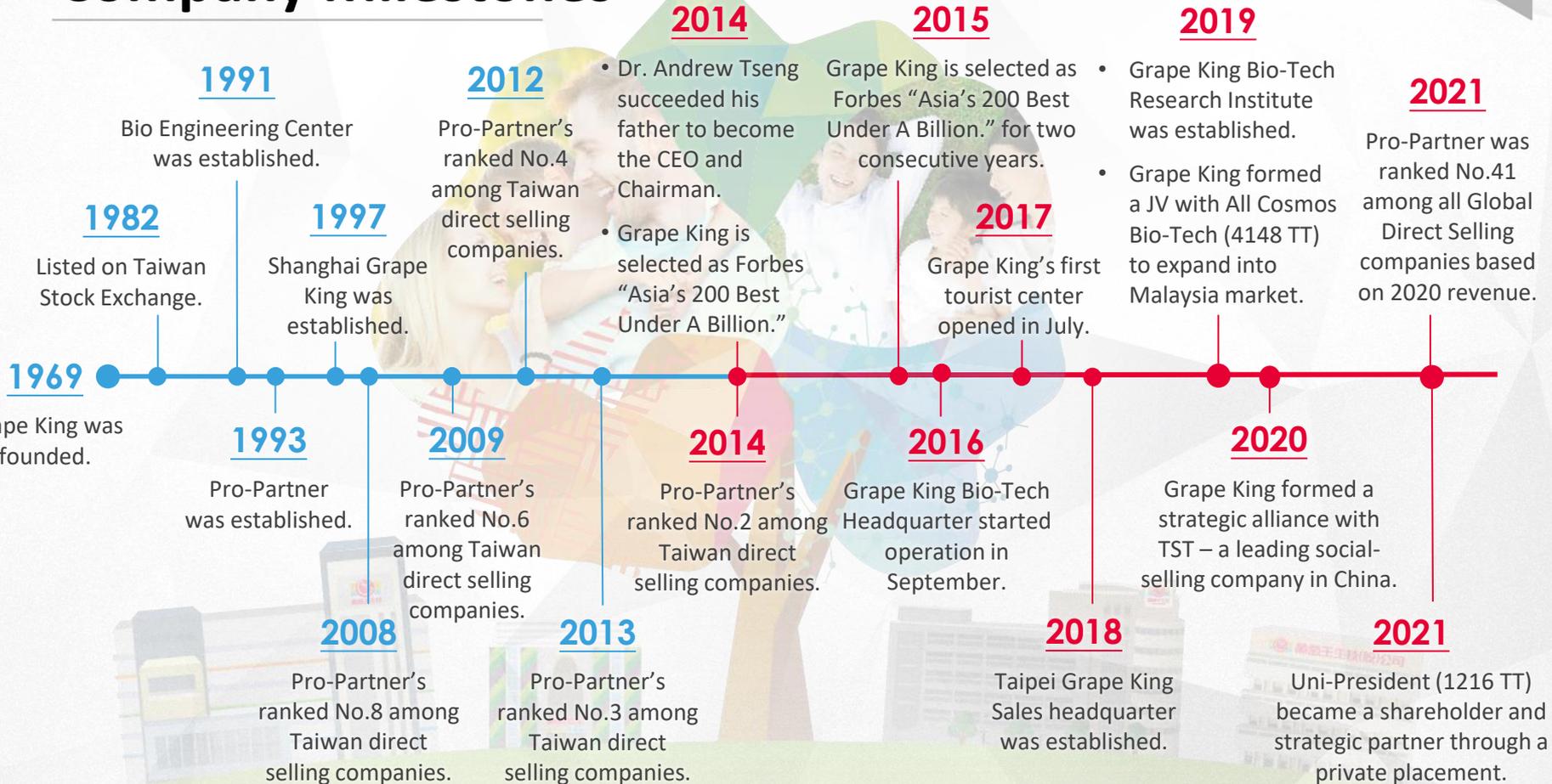


**葡萄王生技**

**Grape King Bio (1707 TT)  
Investor Presentation**

August 14<sup>th</sup>, 2023

# “ Company Milestones





**葡萄王生技**

**2023 H1**

**Operation Performance**

# “ Company Overview: Three Core Business Units

## 1. Grape King Taiwan (Parent Co)

TWN 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.*

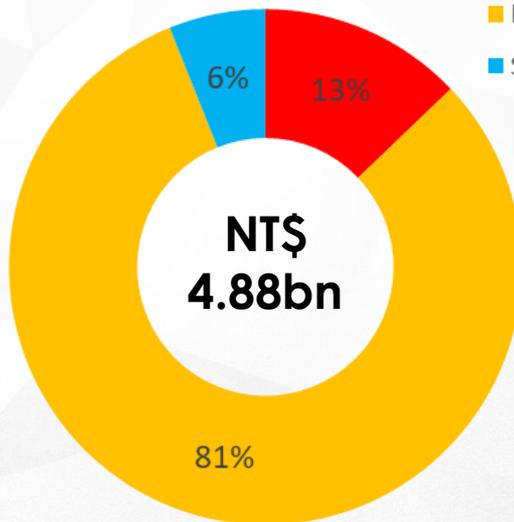
## 3. Grape King Shanghai

(100%-own)

China OEM & ODM

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

### 2023.H1 Revenue

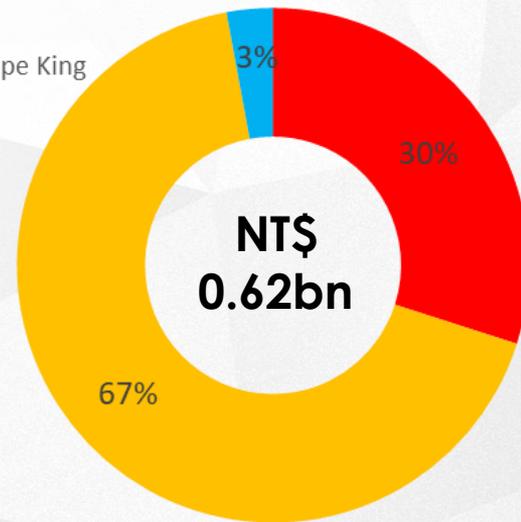


■ Taiwan Grape King

■ Pro-Partner

■ Shanghai Grape King

### 2023.H1 Net Profit



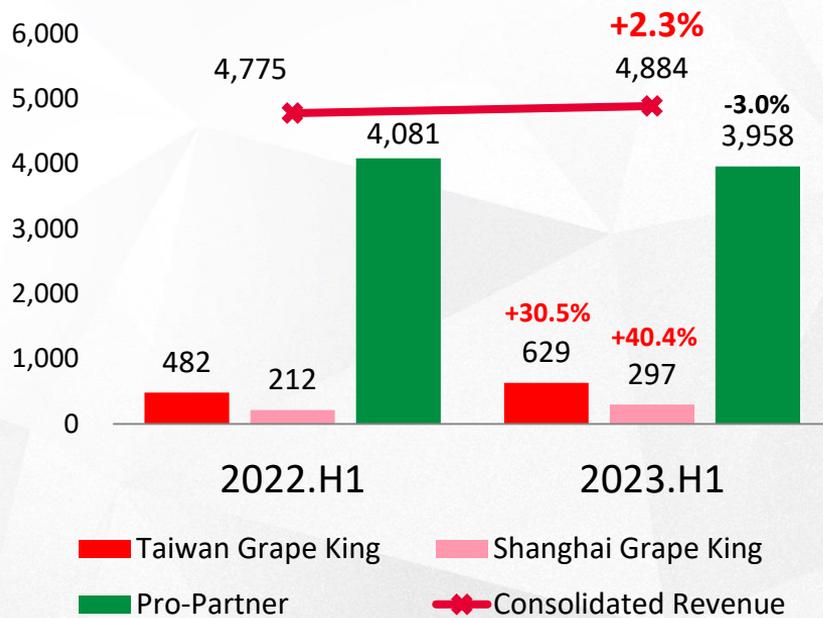
**EPS: NT\$4.17**

# “ Financial Overview (2023H1)

### EPS (NT\$)



### BU Revenue (NT\$m)



# “ 5Yrs & 2023H1 Income Statement

(NT\$m)	2018	2019	2020	2021	2022	2022H1	2023H1	YoY(%)
Revenue	9,183	9,239	9,168	9,798	10,391	4,775	4,884	2.3
Gross Profit	7,329	7,566	7,537	7,855	8,481	3,920	3,972	1.3
Operating Expenses	(4,979)	(5,231)	(5,232)	(5,543)	(5,929)	(2,830)	(2,932)	3.6
<b>Operating Profit</b>	<b>2,350</b>	<b>2,335</b>	<b>2,305</b>	<b>2,312</b>	<b>2,552</b>	<b>1,090</b>	<b>1,040</b>	<b>(4.6)</b>
Non Operating Income/(Loss)	77	105	73	103	136	59	77	29.7
Pretax Income	2,427	2,440	2,378	2,415	2,688	1,149	1,117	(2.8)
Tax Expenses	(537)	(502)	(483)	(467)	(518)	(218)	(222)	1.7
Minority Interest	(595)	(630)	(623)	(647)	(713)	(310)	(277)	(10.7)
<b>Net Income to Parent</b>	<b>1,295</b>	<b>1,309</b>	<b>1,272</b>	<b>1,300</b>	<b>1,457</b>	<b>621</b>	<b>618</b>	<b>(0.5)</b>
<b>Basic EPS (NT\$)</b>	<b>9.57</b>	<b>9.63</b>	<b>9.34</b>	<b>8.81</b>	<b>9.84</b>	<b>4.19</b>	<b>4.17</b>	<b>(0.5)</b>
as % of the full year	43%	44%	43%	43%	43%			
<b>Key Financial Ratios (%)</b>								
Gross Margin	79.8	81.9	82.2	80.2	81.6	82.1	81.3	
Operating Expense Ratio	54.2	56.6	57.1	56.6	57.1	59.3	60.0	
Operating Margin	25.6	25.3	25.1	23.6	24.6	22.8	21.3	
Effective Tax Rate	22.1	20.6	20.3	19.3	19.3	19.0	19.9	
Net Margin	14.1	14.2	13.9	19.9	20.9	19.5	18.3	

# “ Dividend Payout and Capex

(NT\$m)	2018	2019	2020	2021	2022	2023
Net Profit	1,295	1,309	1,272	1,300	1,457	Un-disclosed Financial Forecasts
Cash Dividend	883	884	948	904	1,022	
Cash DPS (NT\$)	6.5	6.5	6.4	6.1	6.9	
Payout Ratio	<b>67.9%</b>	<b>67.4%</b>	<b>68.5%</b>	<b>69.2%</b>	<b>70.1%</b>	
EPS (NT\$)	9.57	9.63	9.34	8.81 <sup>(*1)</sup>	9.84	
Capex	1,116	630	1,214	1,481 <sup>(*2)</sup>	1,005 <sup>(*2)</sup>	

## Notes(\*):

1. Grape King decided to apply for rights issue of 11,851,000 shares through a private placement for Uni-President (1216 TT) to become a shareholder and strategic partner on January 14<sup>th</sup>, 2021.
2. Capex of 2021 and 2022 included: factory and equipment for the first phase of Yongfeng Plant in Pingzhen.
3. Capex of 2023 include: factory and equipment for Longtan Plant Phase II, new soft capsule production line, new jelly gel production line, and PIC/S line expansion.

# “ 5Yrs & 2023H1 Balance Sheet

(NT\$m)	2018	2019	2020	2021	2022	2023H1
<b>Total Assets</b>	<b>10,648</b>	<b>11,359</b>	<b>13,104</b>	<b>14,061</b>	<b>15,053</b>	<b>15,369</b>
Cash	2,050	2,146	2,927	3,635	4,673	4,574
A/R & N/R	171	202	202	301	270	311
Inventories	563	546	689	719	688	738
Fixed Assets	5,927	6,454	7,308	7,208	7,360	7,345
<b>Total Liabilities</b>	<b>3,715</b>	<b>3,888</b>	<b>5,126</b>	<b>3,632</b>	<b>3,912</b>	<b>5,031</b>
A/P & N/P	262	223	255	269	294	346
Total Borrowings	1,119	1,177	1,921	94	0	0
<b>Total Equity</b>	<b>6,933</b>	<b>7,471</b>	<b>7,978</b>	<b>10,429</b>	<b>11,141</b>	<b>10,338</b>
<b>Key Financial Ratios (%)</b>						
A/R Turnover Days	6.5	7.3	7.9	9.5	10.1	10.9
Inventory Turnover Days	102.4	119.3	136.4	135.2	139.8	149.6
A/P Turnover Days	56.8	52.2	52.7	49.3	53.8	64.0
Cash Conversion Cycle	52.1	74.4	91.6	95.4	96.1	96.5
ROE (%)	23.7	22.0	19.9	21.2	20.1	16.7
ROA (%)	12.6	11.9	10.4	14.4	14.9	11.8
Net Debt (Cash)/Equity (%)	(13.4)	(13.0)	(12.6)	(34.0)	(41.9)	(44.2)

## Notes:

- 1) Key financial ratios of 2023H1 are indicated in **annualized** terms.
- 2) 1H profit accounts for **43%~45%** of the full year.

“

9

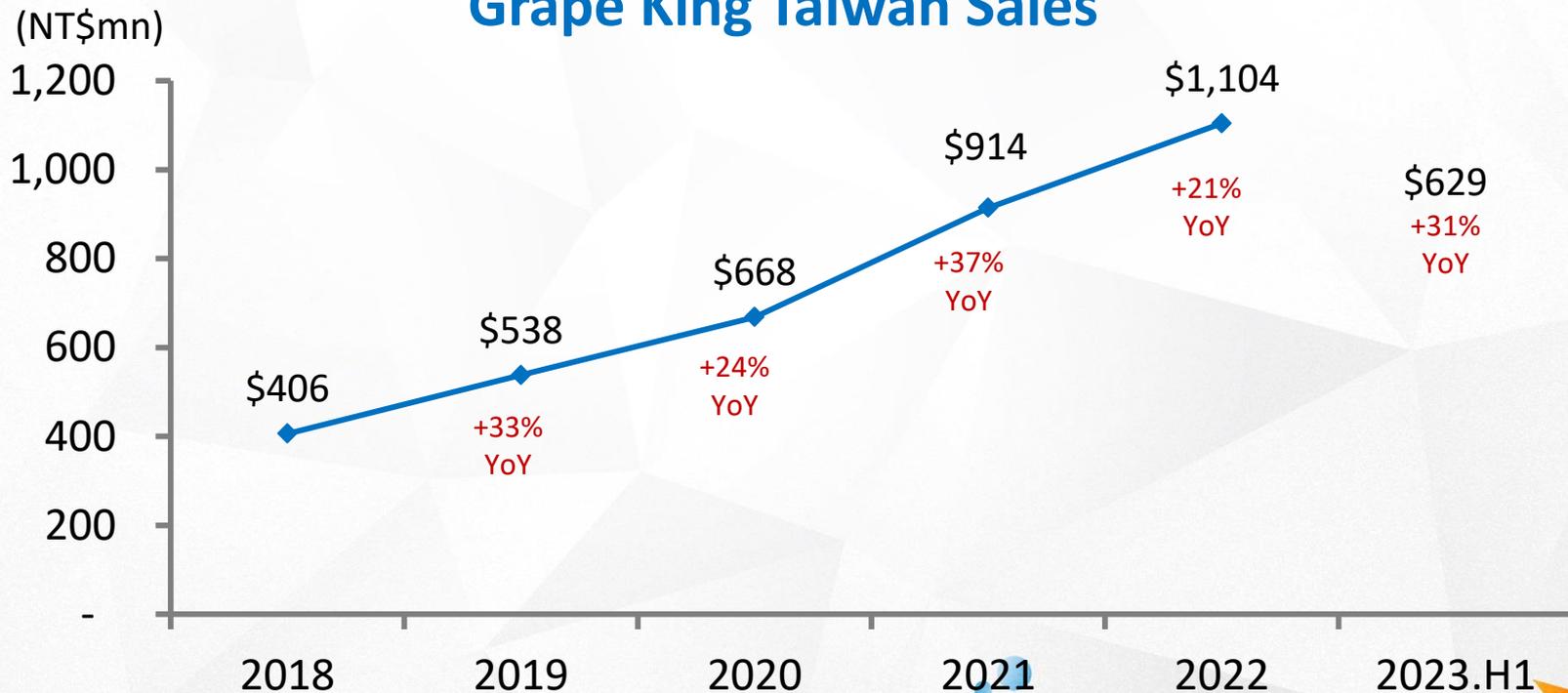


# 1. Taiwan Grape King



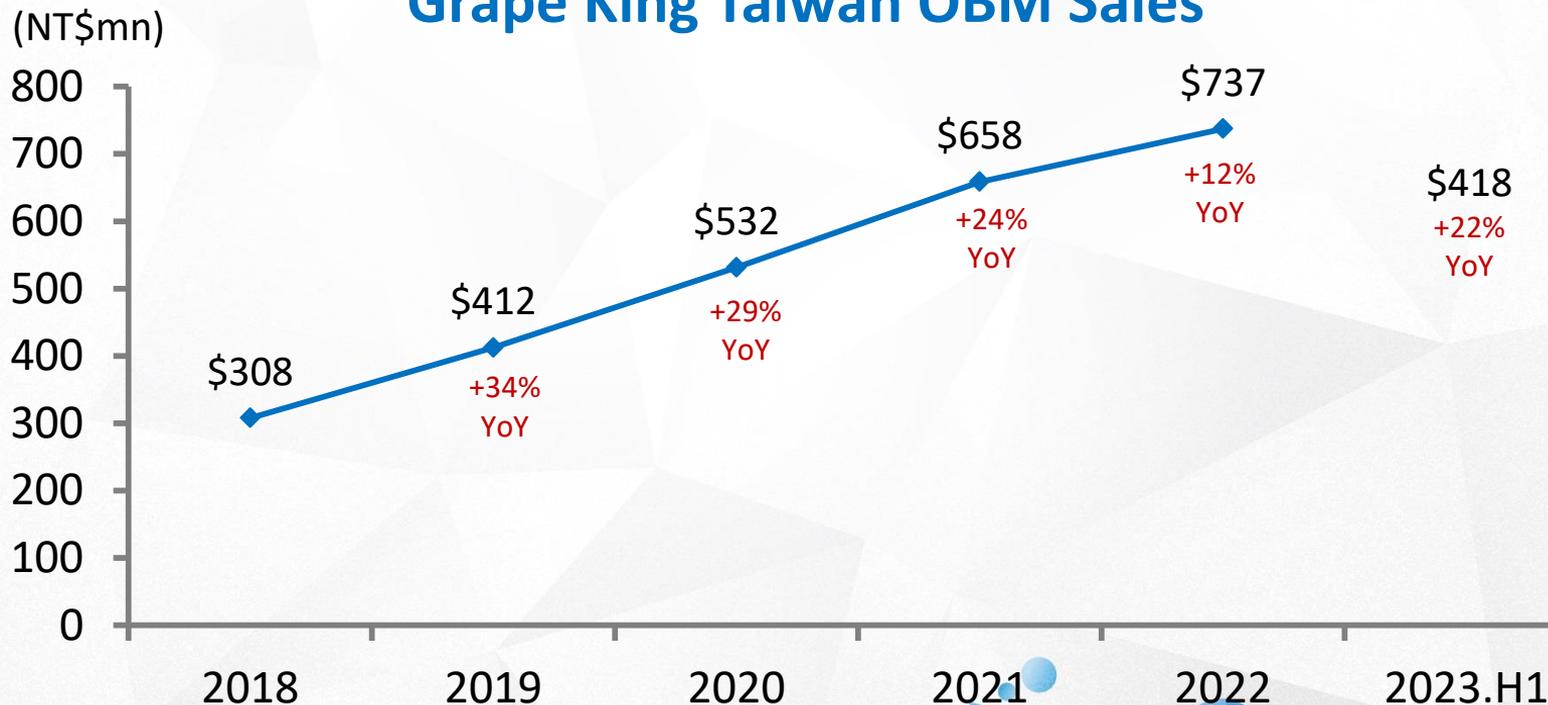
# “ Taiwan Grape King – 5Yrs & 2023H1 Overview

## Grape King Taiwan Sales



# “ Taiwan Grape King – 5Yrs & 2023H1 OBM Overview

## Grape King Taiwan OBM Sales



# “ Taiwan Grape King – 5Yrs & 2023H1 ODM Overview

## Grape King Taiwan ODM Sales

(NT\$m)

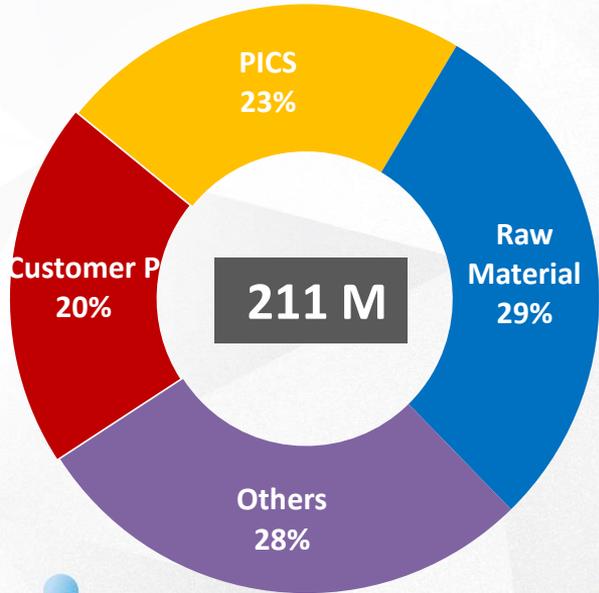
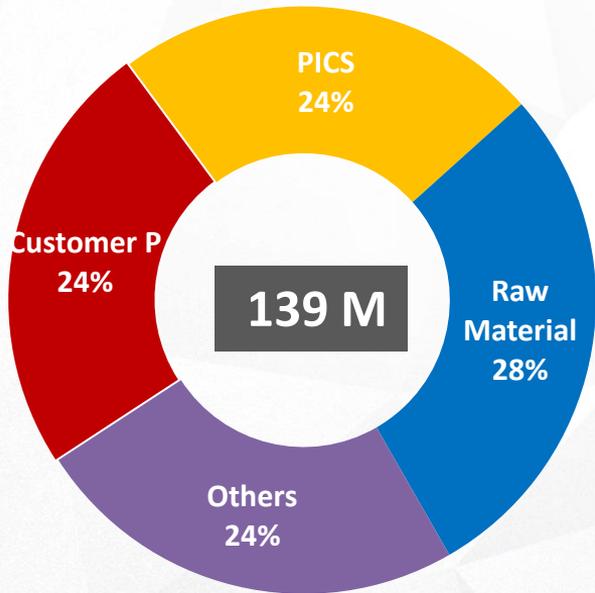


# “ Taiwan Grape King – 2023H1 ODM Sales Comparison

2022.H1

2023.H1 ↑ 52%

2023.H1



# “Grape King’s Botanical Drug “GKAC” Has Applied to the US Food and Drug Administration (USFDA) for a Phase II Clinical Trial Review



- Ganoderma lucidum is a unique fungus in Taiwan, known as the "Forest Ruby," and it has significant effects in liver protection and cancer prevention and treatment.
- Grape King has been involved in Ganoderma lucidum research for over 20 years, conducting numerous studies on its efficacy and obtaining several patents. It is the leading brand in Taiwan.
- Grape King’s botanical drug “GKAC”, which has been independently developed by our Grape King Biotech Research Institute, has applied to the US Food and Drug Administration (USFDA) for a Phase II clinical trial review (IND) for nonalcoholic steatohepatitis in humans.
- According to Report Ocean's forecast, the global market size of non-alcoholic fatty liver disease drugs is expected to reach 21.478 billion US dollars by 2025, with a compound annual growth rate (CAGR) of 58.4% from 2021 to 2025.
- “GKAC” (based on Antrodia camphorata mycelium) is a 100% exclusive material of Grape King Biotechnology. Key components were found in clinical pre-experiments, which can significantly improve liver function in patients with non-alcoholic fatty liver disease (NAFLD).
- 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).





## 2. Pro-Partner



# “ Pro-Partner – Business Overview

## 4 Key Numbers of Pro-Partner

1

- Taiwan's No.1 local direct selling company (ranked by revenue).
- One of the fastest growing direct selling companies in Taiwan (2008-2020 revenue CAGR: 15%).

3

- Ranked No.3 among Taiwan direct selling companies. (2022 Market Share: 9.85%)

43

- 43 health and beauty products.

33

- Ranked No.33 among all global direct selling companies in 2023. (Source: 2023 DSN Global 100 - ranked by 2022 revenue)



# “ Deeply Cultivating Taiwan and Going International

## Pro-Partner

- Pro-Partner is ready to expand to overseas markets. Considering the fast-growing of the direct selling industry in Malaysia, Grape King has chosen Malaysia as the company's first overseas' location.
- Five products have been submitted for MAL certification at present.
- Targeting global market sales in 2025.



葡眾企業  
PRO-PARTNER



“

19



### 3. Shanghai Grape King



# Shanghai Grape King

## 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

(Compliant with  
production health and  
food hygiene standards  
for dietary supplements)

科技  
Technology

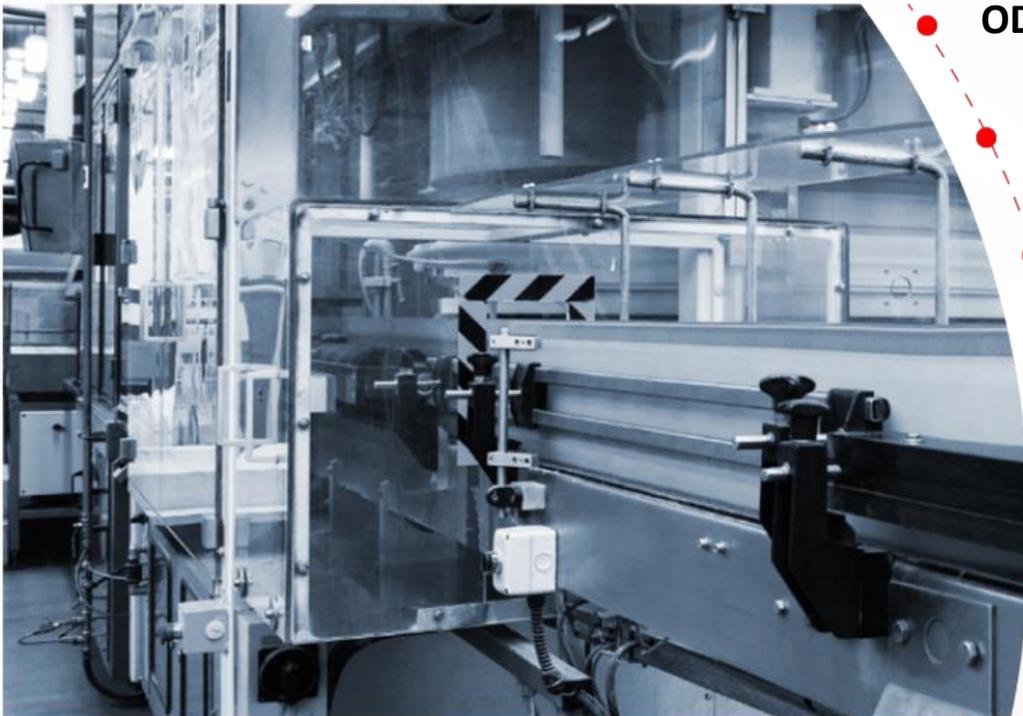
健康  
Health

希望  
Hope

“

# One-stop OEM Service Platform

One-stop service



● ODM/OEM

● Professional R&D

● Formulation design

● Package design

● Production

● Logistics

Regulation assistance

Training assistance

Filing assistance



# “Customers of Shanghai Grape King



# “ Own Brands of Shanghai Grape King





葡萄王生技

# Plan and Strategy

# “ Taiwan Grape King – Growth Strategies



Sustainable growth on top-line and bottom-line

01

## Extending Virtual Channels on Own Brand Business

- **Telemarketing Team**
- Membership Management

- ✓ Continue to extend Telemarketing team with improvements on revenue and profit efficiency.
- ✓ Keep increasing the number of members and deepening the loyalty and repurchase rate.

02

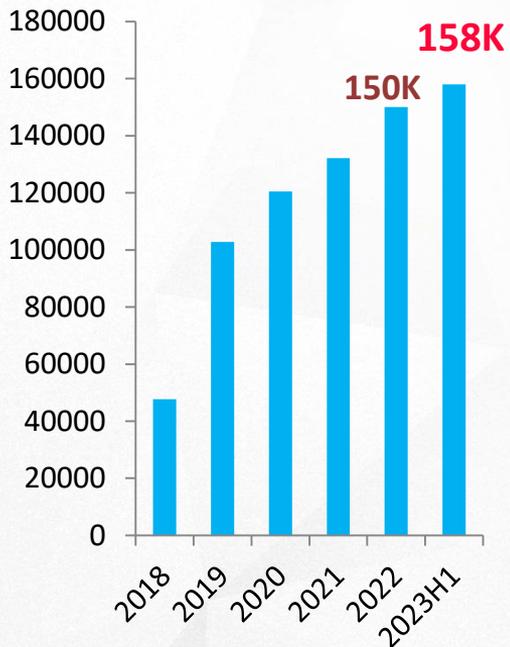
## Expanding ODM Business

- **Diversified Expansion on Products**
- Accelerate overseas ODM & raw materials businesses

- ✓ Introduce more dosage forms of products to attract business opportunities.
- ✓ Continue to promote Grape King's raw materials technology and R&D capabilities in probiotics and medicinal mushrooms.

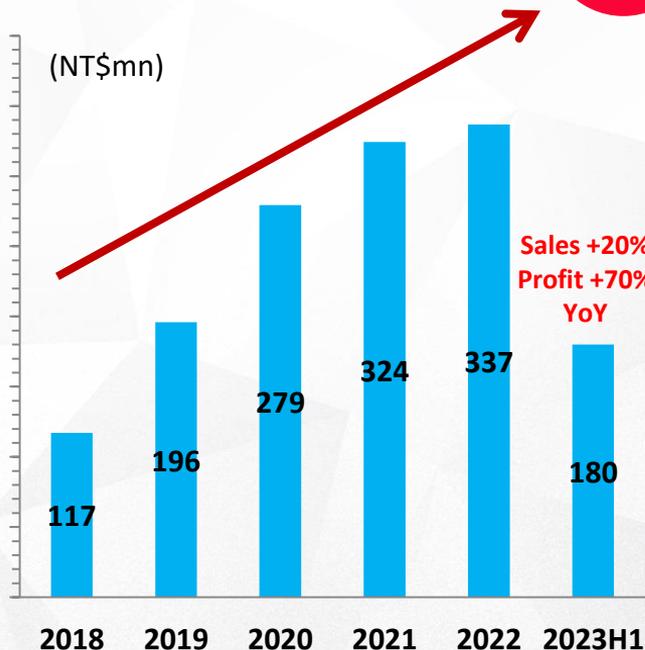
# Own Brand Revenue from Virtual Channels – Actual Results

**Total members  
reached 158,000**



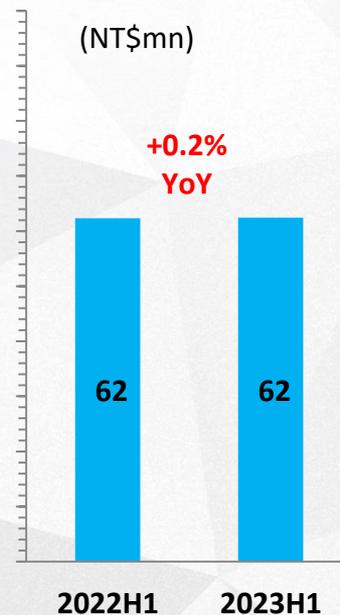
**Virtual channel revenue up  
Profit contribution up 4.3x**

**2.9x**



**Revenue contribution from telemarketing team**

- Early 2021: Established
- Year 2022: Growth by **62%**
- 2023H1: Optimized Profit



# “ Taiwan Grape King – Diversified Expansion on Products

- **Soft Capsule** line: Expects to complete trial mass production by July 2023.
  - ✓ On schedule, customer certification in progress currently.
- **Jelly Gel** line: Expects to complete trial mass production by August 2023.
  - ✓ The supplier is fine-tuning the machine and expects to be delayed by a month.
- **Gastric Milk** line: Doubling capacity at the first phase, and expects to ramp-up production by September 2023.
  - ✓ On schedule.
- **Tablet** line: Production line in planning.



“

---



# Thank You

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