



葡萄王生技

Grape King Bio (1707 TT) Investor Presentation

August 2021

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Company Background

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“ Investment Highlights



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 2019.
- ✓ We operate the second largest direct-selling company – Pro-Partner in Taiwan (2019 market share: 8.3%).



Strong R&D capabilities

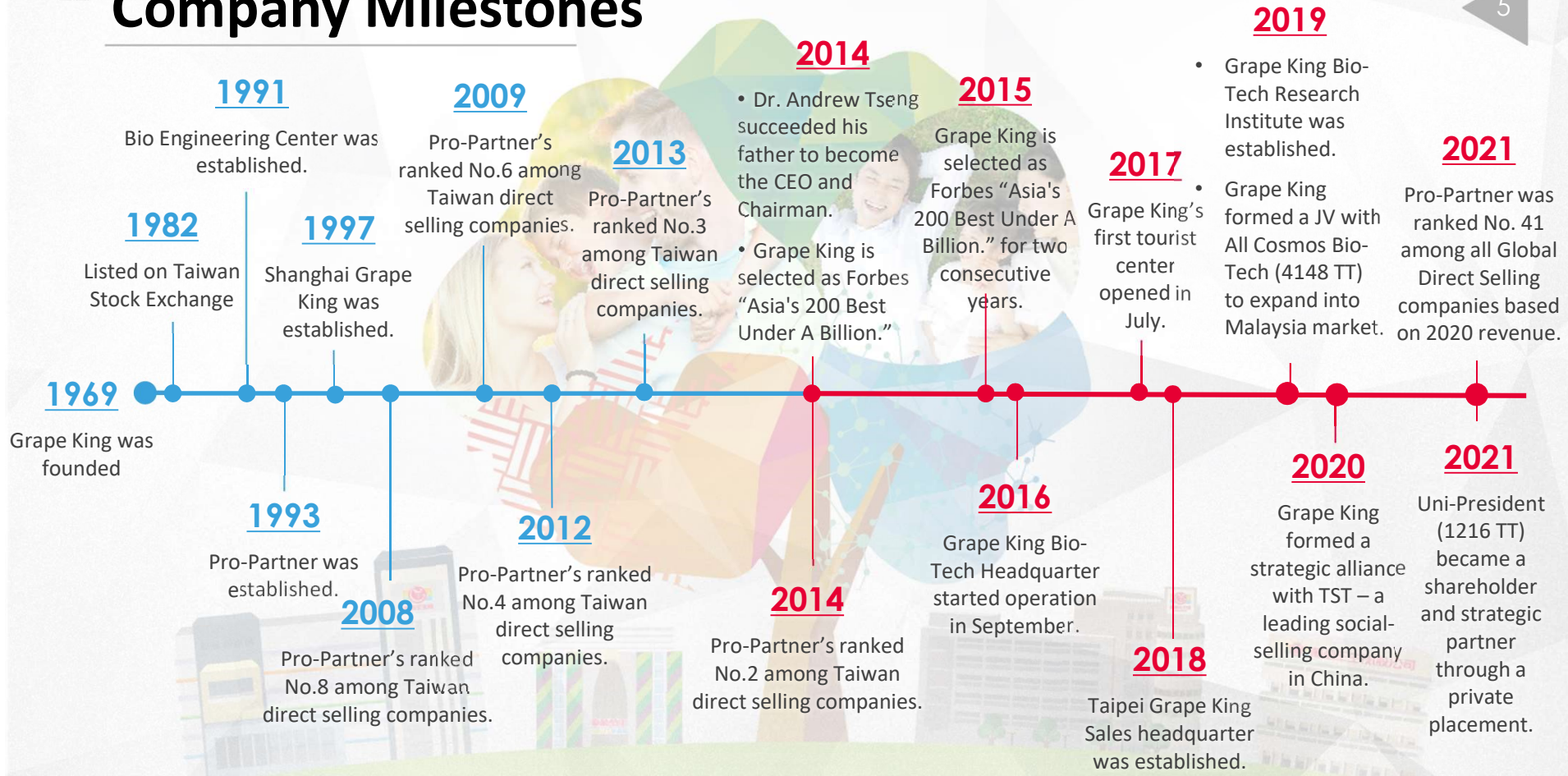
- ✓ We are one of the few health food companies in Taiwan that possess the capability to produce our own raw materials, manufacture products and distribute through own brands and channels.
- ✓ Our expertise in raw materials allow us to develop health supplements serving different benefits. Therefore, 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 2008-2020 (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.

“ 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.

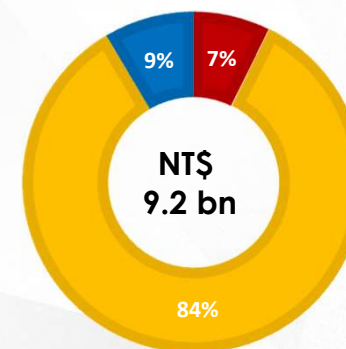


3. Grape King Shanghai (100%-own)

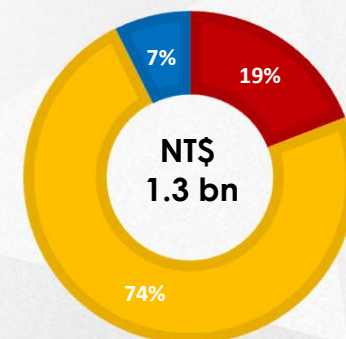
China OEM & ODM

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

2020 REVENUE



2020 NET PROFIT



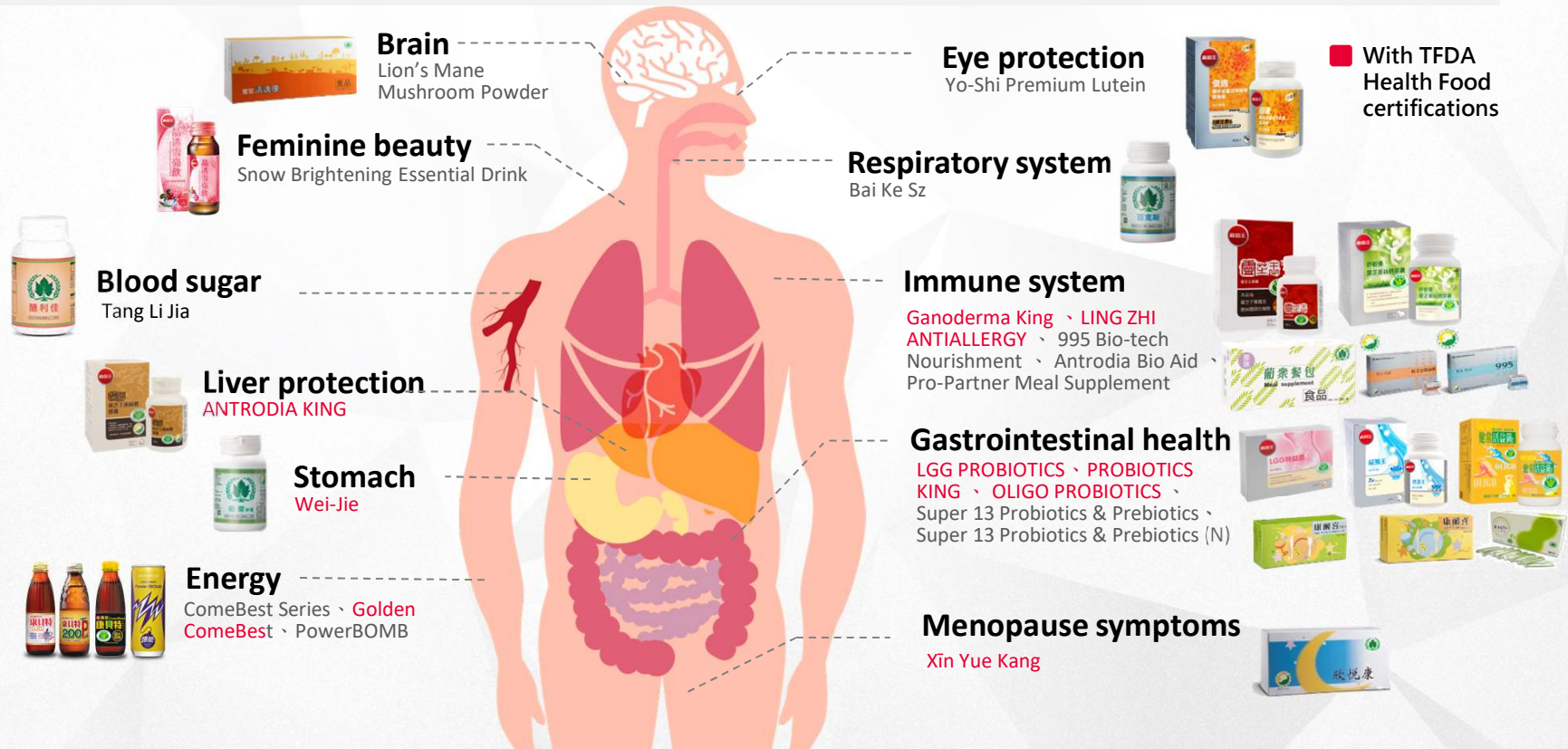
■ Grape King Taiwan ■ Pro-Partner ■ Grape King Shanghai

“ Complete Product Range ”



“Competitive Strengths - Strong Products Capabilities

We acquired more than **186 patents** and published over **84 research papers**.
 Also, we acquired more than **10 TFDA Health Food certifications** on our products.



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 Cicadae → Liquid fermentation → Extraction of active components → Eye care

The infographic illustrates the scientific process of producing Cordyceps Cicadae mycelia extracts. It starts with 'Cordyceps Cicadae', followed by 'Liquid fermentation', 'Extraction of active components', and 'Eye care'. A grid of 16 petri dishes shows the growth of mycelia. A diagram of an eye highlights the application of the extract. The text states that these extracts ameliorate dry eye symptoms in a mouse model.

GRAPE KING BIO **MTE 2019**

GKM3
A new probiotic for weight management

Weight Management Probiotic

Reduces 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 spoon with a yellow powder. The text highlights that GKM3 is a new probiotic for weight management. Two main benefits are listed: 'Reduces overall body weight and body fat' and 'Decrease adipocyte sizes'. Both are supported by bar graphs showing significant differences between control and treated groups. A photograph of two mice is also included, along with a graph showing a decrease in adipocyte size.

2017~2020 : 8 countries, 125 awards



“ Competitive Strengths - State-of-the-Art Production Facilities



Shaker

150 Liters Freeze-Dryer

Fermentor

We have the largest fermentation capacity (386 tons) among all the health food companies in Asia.

Sachet Packaging Line

Glass Bottle Packaging Line

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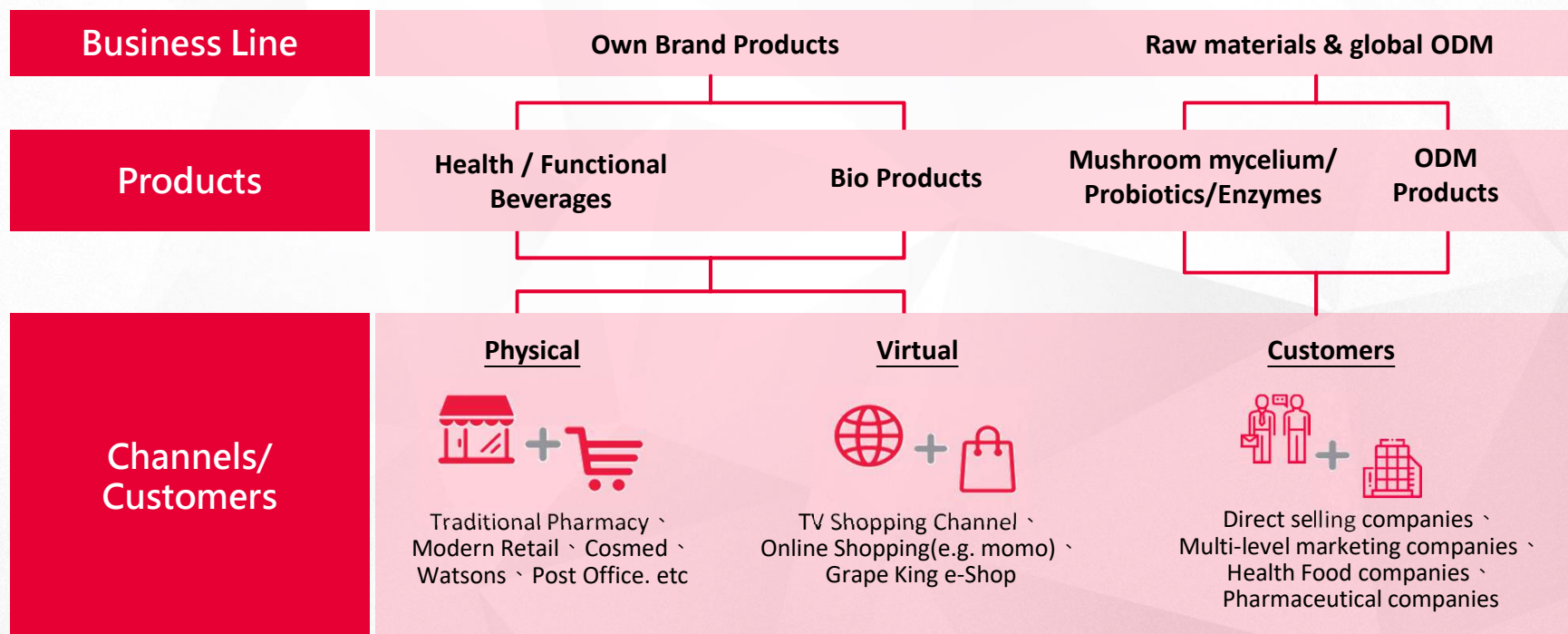
12



1. Grape King Taiwan



“ Taiwan - Grape King Brand Sales Channels



Our best seller Slim Turmeric Complex

22% of 1H20 revenue

挑戰美人力 雙向輔助

*95%高含量薑黃
X
獨家GKC6益生菌

葡萄王生技獨家研發益生菌複方薑黃
成份創新再升級。



Metabolism promotion and digestion/defecation improvement

Our 2nd seller ComeBest Series

17% of 1H revenue



Energy drinks that restore energy and provides necessary vitamins



**Our third best seller –
Probiotics King
14% of 1H21 revenue**

Improves digestion and defecation



**Our fourth best seller –
Antrodia King
13% of 1H21 revenue**

Liver protection and hangover prevention and alleviation

“

16



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)

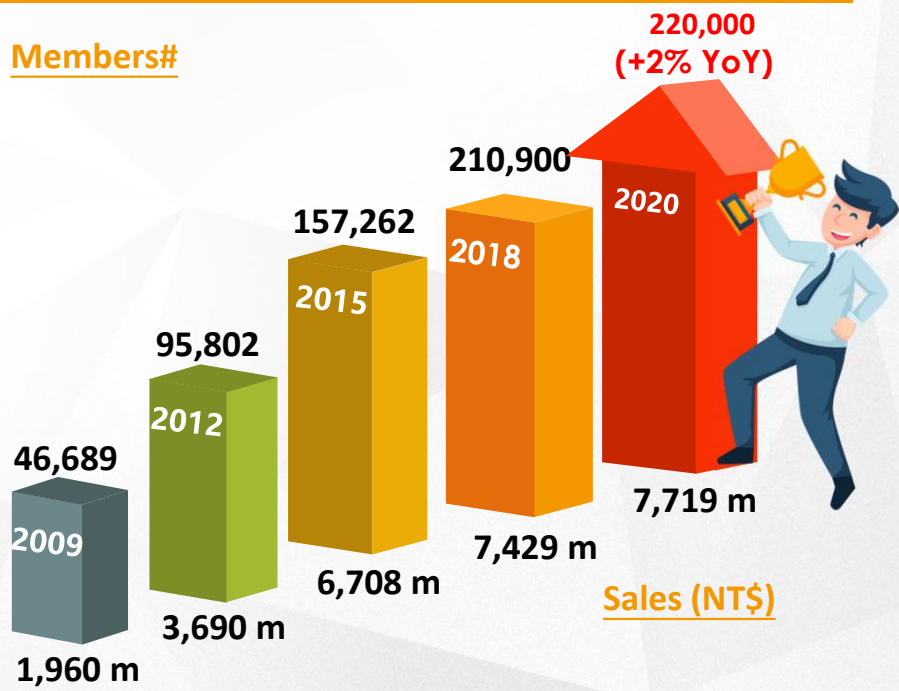
- 2** • Second largest overall direct selling company in Taiwan. (2019 market share: 8.3%)

- 35** • Smallest product range – 35 Health and Beauty products among the top 5

- 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#

Members#



**Our best seller – Probiotics & Prebiotics
18% of 1H21 revenue**



Promote healthy digestive system and suppress allergy

**Our second best seller – Bio Aid 995
16% of 1H21 revenue**



Post operative convalescence

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)

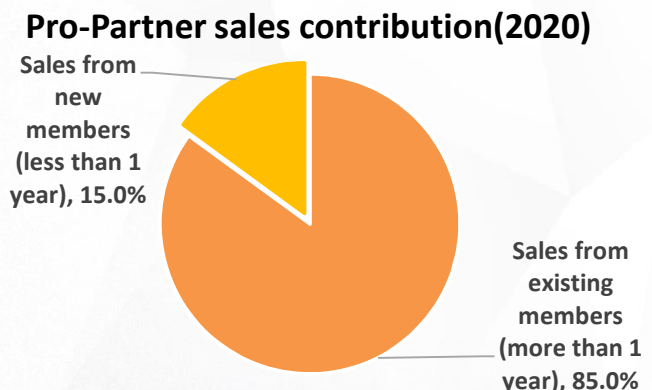


- **Grape King's Lactobacillus pentosus GK4**
→ Inhibit 13 kinds of oral bacteria & Prevent cavities
- **Sorbitol**
→ Anti-plaque
- **Thyme**
→ Freshen breath
- **Mint**
→ Sooth teeth



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

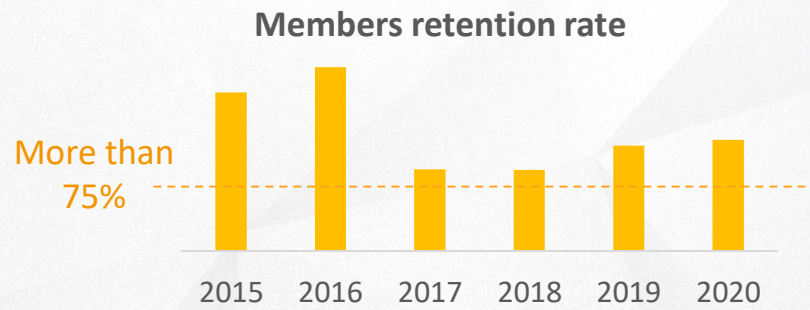
85% of Pro-Partner’s sales are contributed by old members



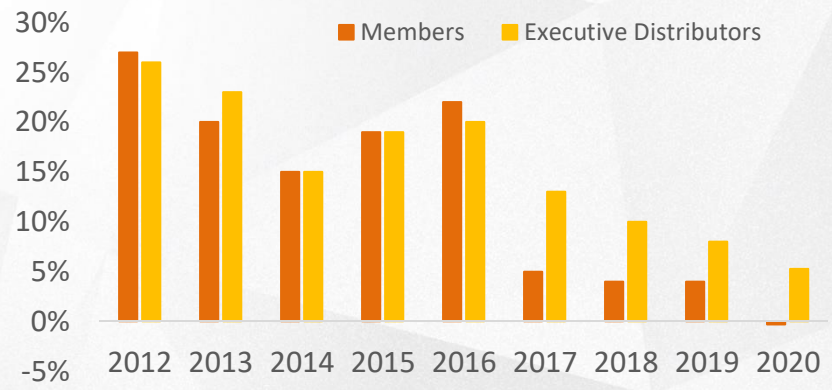
Executive distributor growth inline with membership growth

The growth rate of our executive distributors are similar to the growth rate of our members in the past years. This implies that our members are proportionally promoted each year based on their contribution to the group. However, due to Covid-19, our membership growth paused in 2020 as most of the training activities were restricted, nonetheless, our executive distributors continue to grow along with their contribution.

Our member retention rate is remarkably high number among peers








Pro-Partner membership growth rate



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

21

Products purchase	Products' uniqueness	Support	Training	Compensation
 <ul style="list-style-type: none">✓ No minimum purchase requirement.✓ No inventory pressure. (Members buy products directly from the company)	 <ul style="list-style-type: none">✓ Higher entry barrier for Products (bio-researched and engineered).✓ Symbol of national certifications.✓ Products are mostly manufactured in-house rather than outsourced.	 <ul style="list-style-type: none">✓ Managed by Grape King, a well-respected health food company in Taiwan, so we can offer dedicated customer service and support.	 <ul style="list-style-type: none">✓ All the trainings and venues are held by the company, so we can have consistent training quality.✓ All the trainings are free to members.	 <ul style="list-style-type: none">✓ Transparent compensation structure.✓ All purchases can be accumulated.✓ All compensation are paid to sales contribution and directly to the members by the company.

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22

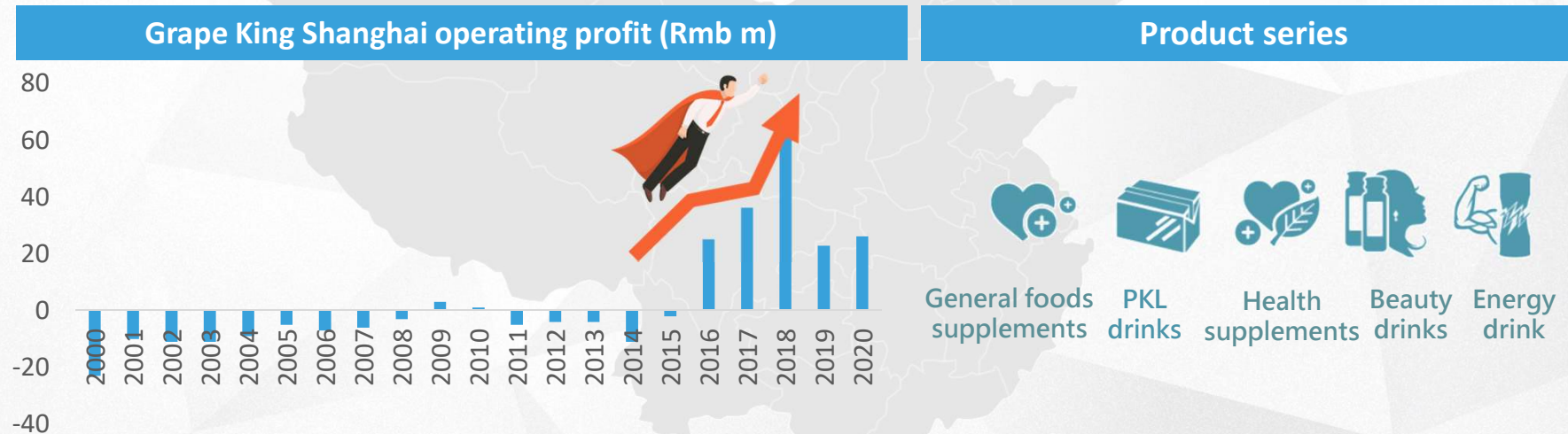


3. Grape King Shanghai



“ Grape King Shanghai Overview

- Established in 1993, 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.



**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.*



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Our Goals and Strategies

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Our Vision

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

“ Our business tied to 5 megatrends; amplified by Covid



Urbanization and Globalization

Hygiene is a basic need and also the foundation of health of all mankind and societies



Increased Awareness of Self-care

Rising conscious of a healthier lifestyle and personal well-being



Growing Ageing Society

Low birth rate and a growing ageing population



Digitalization

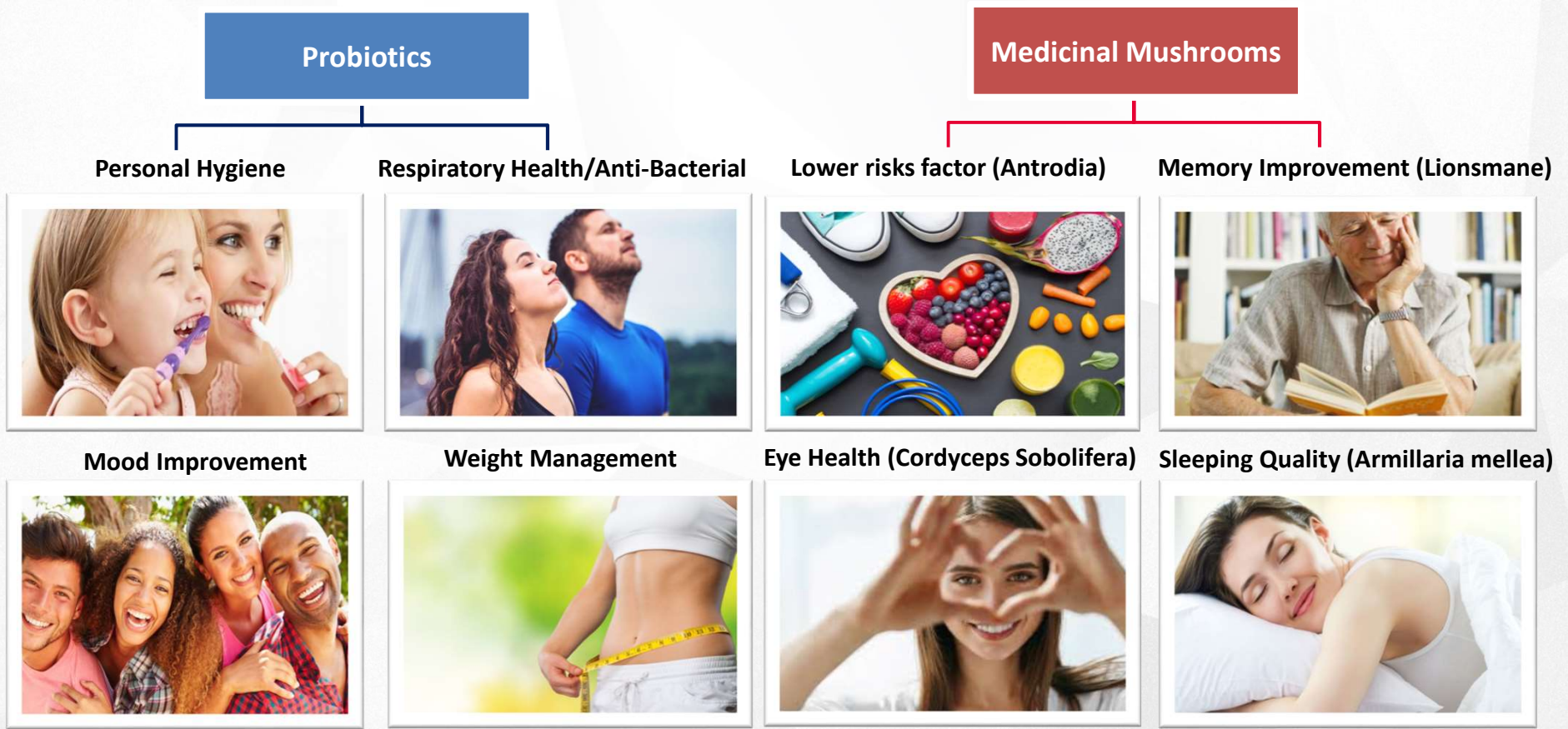
Digital is reshaping consumer behavior and shopping habits



Sustainability

Sustainability is a growing business priority, and even more so after Covid

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



“ Consumers’ Experience is the Core of Everything We Do

28

Our Mission

“Cultivate and manufacture the best health-food supplements that are affordable to everyone.

Think Healthy, Think Grape King”

How?

- **Offer** scientifically-proven specialty products with competitive pricing
- **Create** lifestyle branding and storytelling based on personal experiences
- **Leverage** websites, e-commerce and digital marketing to drive customer excitement and loyalty
- **Deliver** customized experiences to encourage trial and repeat purchases

83% of Pro-Partner
orders were placed online
in 2Q21 vs. 9% in 2018



44% of Grape King's marketing spend are in Digital in 2020



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！



Powerful Brand Building

Capturing the distributors and consumers “mindshare” as the “go-to” brand for Liver Protection



Grape King Antrodia King (liver protection)

Stress causes high blood pressure but also harms liver

As well as the “go-to” brand for Probiotics



Grape King Probiotics

Probiotics like a golden warrior who protects your digestion

“ Leading to strong growth from our virtual channels



Grape King Taiwan's revenue from virtual channels grew by **33%** in 1Q21 and accounted **45%** of total revenue.

“ Our Growth Strategies for Three Key Businesses



Key Objectives	Levers
<p>Grape King Taiwan</p> <ul style="list-style-type: none"> • Market share gain • Expanding through new adjacencies • Accelerate overseas ODM & raw materials businesses 	<ul style="list-style-type: none"> ✓ 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.
<p>Pro-Partner</p> <ul style="list-style-type: none"> • Unlock growth ceiling • Improving demand forecast, sales visibility, and products time to market 	<ul style="list-style-type: none"> ✓ 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
<p>Grape King Shanghai</p> <ul style="list-style-type: none"> • Clients diversification • Prepping for the probiotics boom 	<ul style="list-style-type: none"> ✓ 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

“ 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



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GRAPE KING BIO



統一企業

Production Resource Collaboration

- Taiwan/overseas mutual OEM production



R&D Collaboration

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



“ Our Joint Products with UPEC have recently been launched



“ Our Sustainability Progress

2020

37



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



CLEANER PLANET

318 kg

of CO2e of carbon emission reduced in 2020

RE 100 100%

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



FAIRER SOCIETY

815 hrs

service hours were invested in community investment projects in 2020

NT\$1.6 mn

invested in employee health management and health promotion



STRONGER STEWARDSHIP

33%

Of Board independence is expected in the coming Board election

42%

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

**Third-Party
ESG
Credentials**



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



ESG Risk Rating of 20.8, ranked no. 5 in Global Personal Product companies



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

“ Our Capacity and Expansion Plan

Grape King Specialist Fermentation & Manufacturing Site*



Production Line	Monthly Capacity	
	2019	2020
Capsules	7 M capsules	7 M capsules
Fine Granule	2 M pack	2 M pack
Liquids-Big CC	4.2 M bottles	4.2 M bottles
Liquids-Small CC	1 M bottles	1 M bottles
PKL	1.4 M bottles	1.4 M bottles
PIC/S	0.8 M packs	0.8 M packs

Production Line	Capacity	
	2019	2020
Lactobacilli	25 tons	25 tons
Mushroom	161.5 tons	161.5 tons
PKL Liquids	80 tons	80 tons

Grape King Shanghai Headquarters



Production Line	Monthly Capacity	
	2019	2020
Liquids(Glass)	18 M bottles	18 M bottles
Liquids (Retort Pouch)	3 M packs	3 M packs
Powder	15 M pack	15 M pack
Capsules	7 M capsules	7 M capsules
Troches	63 M capsules	63 M capsules

Grape King Bio-Tech Headquarter



Production Line	Monthly Capacity		Start
	2019	2020	
Capsules	13M capsules	13M capsules	-
Fine Granule	15M pack	15M pack	-
Powder	1.8M packs	1.8M packs	-
Jelly foil	-	7.2M packs**	3Q20

Grape King Bio-Tech Research Institute



Production Line	Capacity	
	2019	2020
Lactobacilli	40 tons	40 tons
Mushroom	60 tons	60 tons

**Monthly capacity =30,000 packs/hr x 12 hrs/day x 20 working days/month



*Our Specialist Fermentation & Manufacturing Site (Zhongli plant) will relocated to Pinzhen Industrial Zone due to city development plan, expansion for PKL and different forms production line. The new plant construction is schedule to begin in the second half of 2020 with production expected to start in 2023. The relocation won't impact our operating and we expect that once the new facility is fully completed and 100% utilized, it is able to contribute additional NT\$10bn in revenue for Grape King.



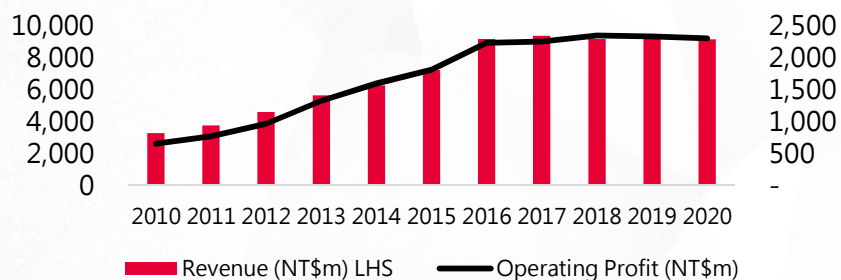
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Financial Performance

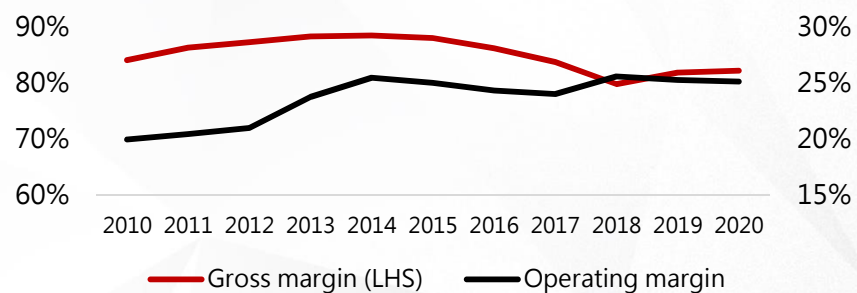
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“ Financial Highlights

Historical revenue vs. operating profit

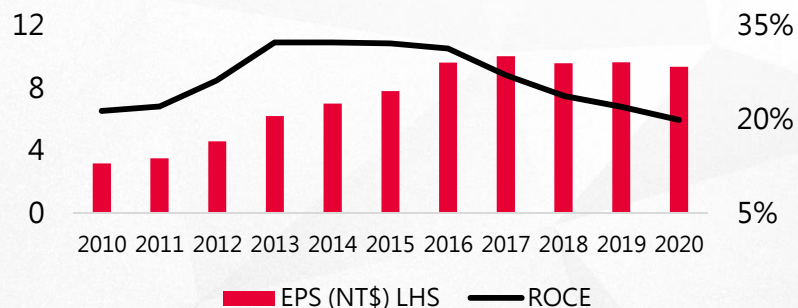


Historical gross margin vs. operating margin

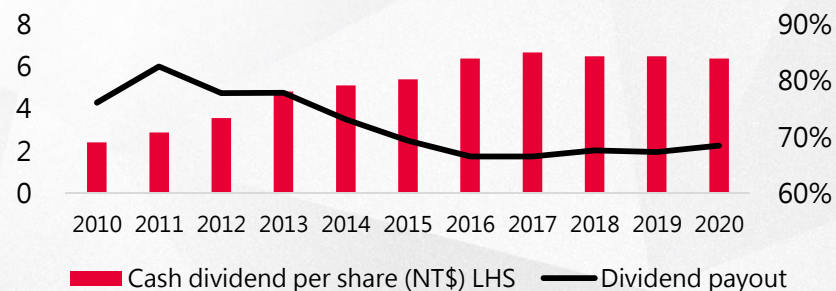


Note: The drop in gross margin is due to higher contribution from Shanghai Grape King with lower gross margin from ODM, but operating margin is around the same.

Historical EPS vs. ROCE



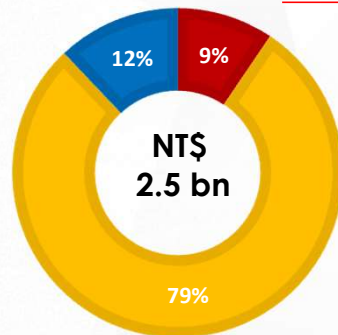
Historical cash dividend payout



“ Revenue Breakdown (2Q21 v.s. 2Q20)

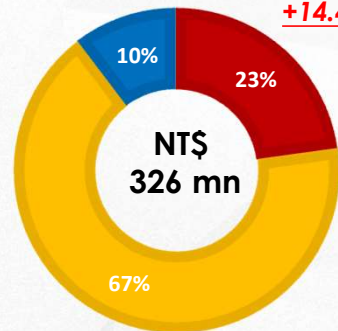
2Q21 REVENUE

+11.4% YoY



2Q21 NET PROFIT

+14.4% YoY



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

1. Grape King Taiwan NT\$ 223mn (+47% YoY)

Thanks to strong sales of our own brand products as well as higher ODM revenues.

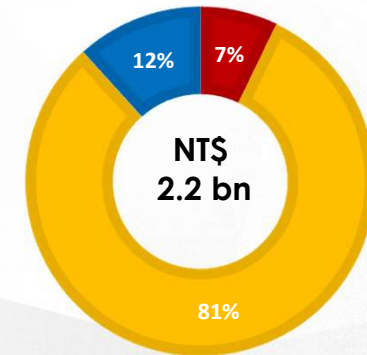
2. Pro-Partner NT\$ 1,966mn (+8% YoY)

Despite worsening pandemic in Taiwan, Pro-Partner was able to transition its members trainings and sales activities from offline to online.

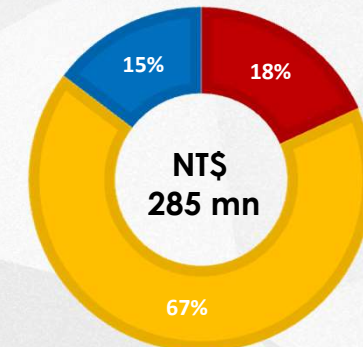
3. Grape King Shanghai NT\$ 302mn (+15% YoY)

Thanks to improved orders from our major customers as China consumption continues to recover.

2Q20 REVENUE



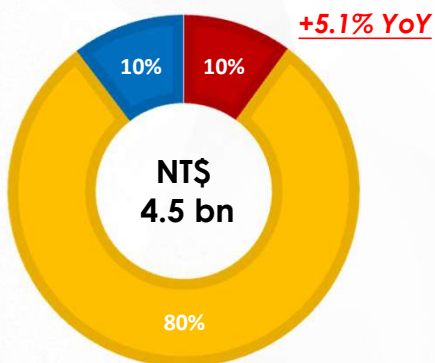
2Q20 NET PROFIT



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

“ Revenue Breakdown (1H21 v.s. 1H20)

1H21 REVENUE



1. Grape King Taiwan NT\$ 449mn (+46% YoY)

Thanks to strong sales of our own brand products as well as higher ODM revenues.

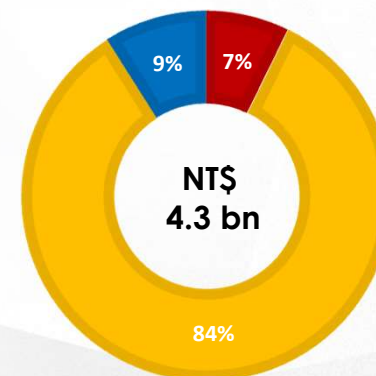
2. Pro-Partner NT\$ 3,563mn (flat YoY)

Pro-Partner's 2Q21 growth was offset by a lower 1Q21 due to extraordinary high base in 1Q20.

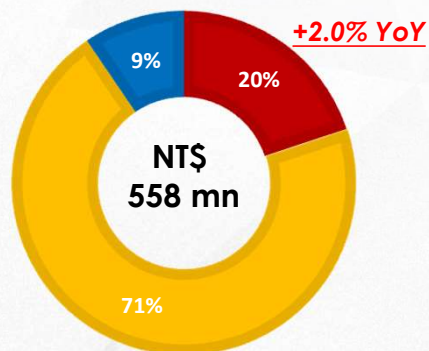
3. Grape King Shanghai NT\$ 464mn (+21% YoY)

China demand was severely impacted in 1H20 while the recovery was softer-than-expected in 2H20

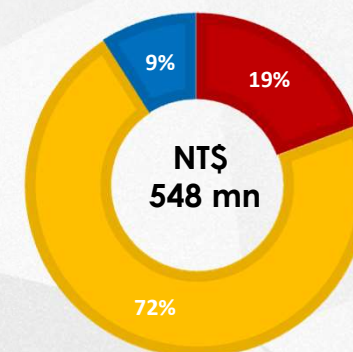
1H20 REVENUE



1H21 NET PROFIT



1H20 NET PROFIT

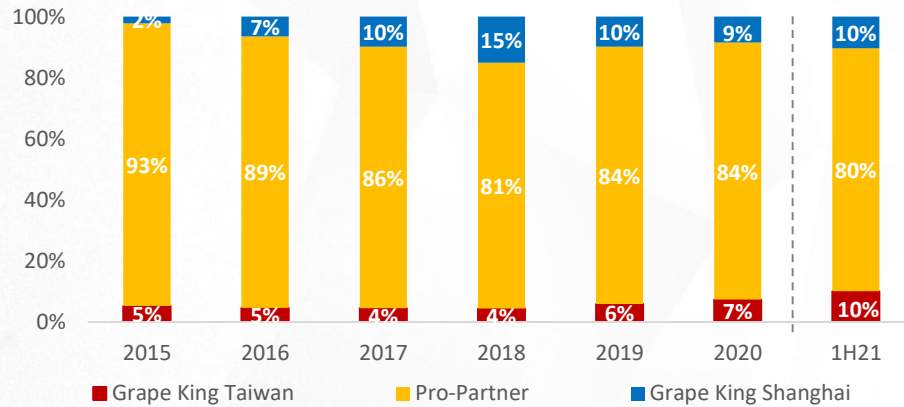


■ Grape King Taiwan ■ Pro-Partner ■ Grape King Shanghai

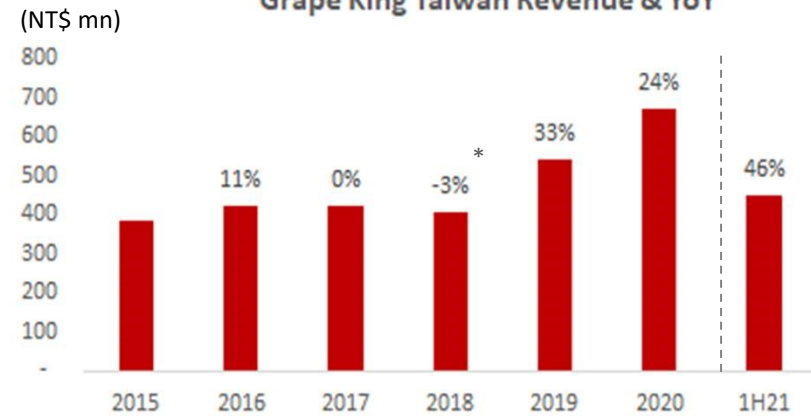
■ Grape King Taiwan ■ Pro-Partner ■ Grape King Shanghai

“ Company Overview : Three core business units

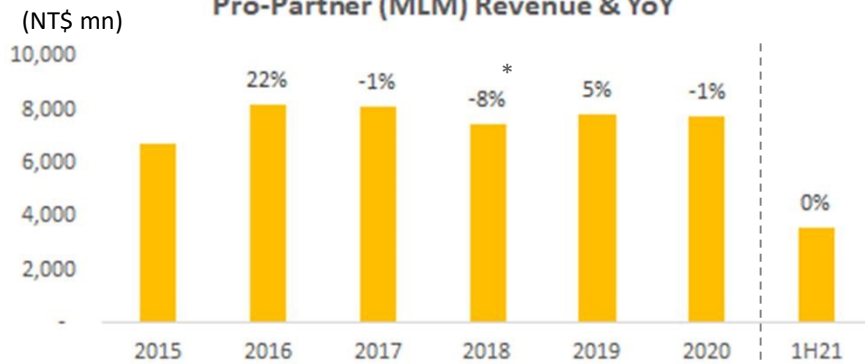
Revenue breakdown



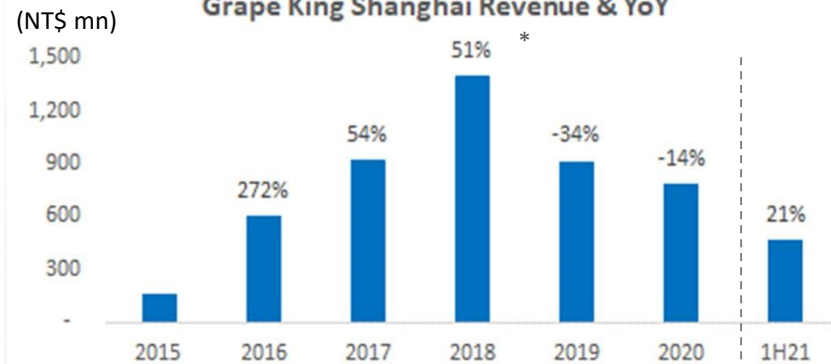
Grape King Taiwan Revenue & YoY



Pro-Partner (MLM) Revenue & YoY



Grape King Shanghai Revenue & YoY



*Accounting principle changed to IFRS 15 from 2018, if excluding the impact from IFRS 15, Grape King Taiwan, Pro-Partner and Grape King Shanghai's revenue growth YoY were 11%, 3% and 51% in 2018.

“ Five-Year Income Statement

44

(NT\$ m)	2016	2017	2018	2019	2020	1H21	YoY (%)					
							2016	2017	2018	2019	2020	1H21
Revenue	9,185	9,388	9,183	9,239	9,168	4,476	26.7	2.2	(2.2)	0.6	(0.8)	5.1
Gross Profit	7,919	7,865	7,329	7,566	7,537	3,550	24.0	(0.7)	(6.8)	3.2	(0.4)	1.6
Operating Expenses	(5,685)	(5,610)	(4,979)	(5,231)	(5,232)	(2,584)	24.3	(1.3)	(11.2)	5.0	0.0	2.7
Operating Profit	2,234	2,254	2,350	2,335	2,305	966	23.3	0.9	4.2	(0.6)	(1.3)	(1.2)
Non Operating Income/(Loss)	78	151	77	105	73	41	11.8	92.6	(49.2)	36.8	(30.2)	12.9
Pretax Income	2,312	2,405	2,427	2,440	2,378	1,007	22.8	4.0	0.9	0.6	(2.5)	(0.7)
Tax Expenses	(426)	(471)	(537)	(502)	(483)	(186)	26.8	10.6	14.0	(6.5)	(3.7)	(9.6)
Minority interest	(590)	(583)	(595)	(630)	(623)	(263)	19.2	(1.3)	2.1	5.9	(1.1)	0.5
Net Income to Parent	1,297	1,352	1,295	1,309	1,272	558	23.3	4.3	(4.2)	1.1	(2.8)	2.0
Basic EPS (NT\$)	9.82	10.03	9.57	9.63	9.34	3.80	21.7	2.1	(4.6)	0.6	(3.0)	(5.5)
Key Financial Ratios (%)												
Gross Margin	86.2	83.8	79.8	81.9	82.2	79.3						
Operating Expense Ratio	61.9	59.8	54.2	56.6	57.1	57.7						
Operating Margin	24.3	24.0	25.6	25.3	25.1	21.6						
Effect Tax Rate	18.4	19.6	22.1	20.6	20.3	18.5						
Net Margin	14.1	14.4	14.1	14.2	13.9	12.5						

“ Five-Year Balance Sheet

45

(NT\$ m)	2016	2017	2018	2019	2020	1H21	YoY (%)					
							2016	2017	2018	2019	2020	1H21
Total Assets	9,550	9,892	10,648	11,359	13,104	13,556	10.9	3.6	7.6	6.7	15.4	15.5
Cash	1,899	1,920	2,050	2,146	2,927	2,131	32.6	1.1	6.8	4.7	36.4	50.1
AR & NR	204	160	171	202	202	295	111.6	(21.5)	6.8	18.0	(0.2)	17.2
Inventories	435	492	563	546	689	751	21.0	13.1	14.4	(2.9)	26.2	13.3
Fixed Assets	6,084	6,355	5,927	6,454	7,308	7,190	8.7	4.5	(6.7)	8.9	13.2	(2.5)
Total Liabilities	3,767	3,564	3,715	3,888	5,126	3,315	(14.3)	(5.4)	4.2	4.7	31.8	(32.7)
AP & NP	198	323	262	223	255	353	29.6	63.2	(18.9)	(15.1)	14.7	31.5
Total Borrowing	1,206	1,022	1,119	1,177	1,921	213	(50.6)	(15.2)	9.5	5.2	63.3	(82.2)
Total Equity	5,783	6,328	6,933	7,471	7,978	10,241	37.1	9.4	9.6	7.8	6.8	50.5
Key Financial Ratios (%)												
A/R Turnover Days	5.9	7.0	6.5	7.3	7.9	11.0						
Inventory Turnover Days	113.0	109.5	102.4	119.3	136.4	137.4						
A/P Turnover Days	49.9	61.6	56.8	52.2	52.7	60.4						
Cash Conversion Days	69.0	54.9	52.1	74.4	91.6	88.0						
ROE (%)	31.3	27.0	23.7	22.0	19.9	17.1						
ROA (%)	14.3	13.9	12.6	11.9	10.4	10.1						
Net debt (cash)/Equity %	(12.0)	(14.2)	(13.4)	(13.0)	(12.6)	(18.7)						

“ Dividend Payout and Capex

46

(NT\$ m)	2015	2016	2017	2018	2019	2020
Net profit	1,052	1,297	1,352	1,295	1,309	1,272
Cash dividend	730	862	903	883	884	948
DPS (NT\$)	5.6	6.4	6.7	6.5	6.5	6.4
Payout ratio	69.4%	65.2%	66.6%	67.9%	67.4%	68.5%
Cash yield	2.6%	3.2%	2.9%	3.0%	3.3%	3.8%
Capex	2,635	736	772	1,116	630	1,214

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 2020 is mainly used for land acquisition for our Zhongli plant relocation and for new production facilities.
3. 2020 cash yield is calculated based on Grape King's 2021/6/2 closing share.



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Appendix: Industry Trends

Confidential

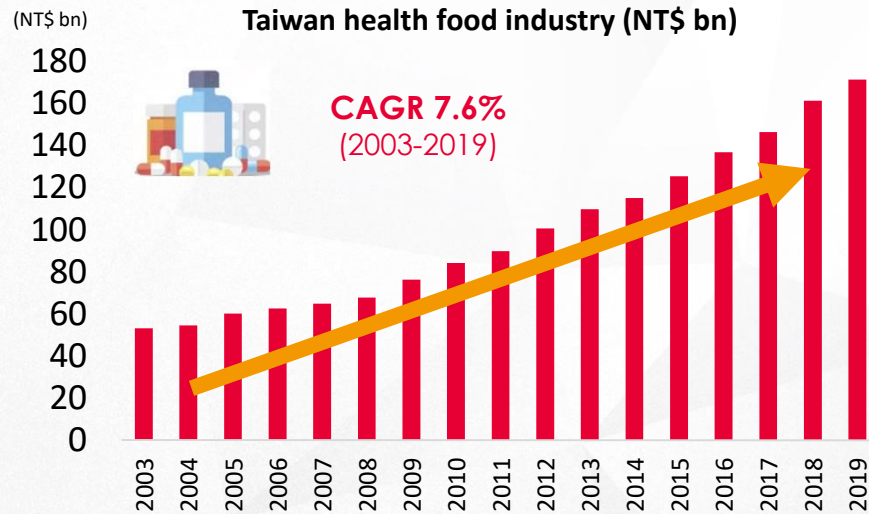
“ Taiwan health food industry

Taiwan's health food industry is growing

Taiwan health food industry continues to be driven by consumers' increasing interest in healthier lifestyles as a cost-effective way to combat ageing and prevent modern illness.

We keep gaining market share in Taiwan

We have been gaining market share in Taiwan's health food industry and we are also the industry leader in both mushroom-based supplements and probiotics.



Source: AC Nielsen

Grape King's market share in Taiwan health food industry

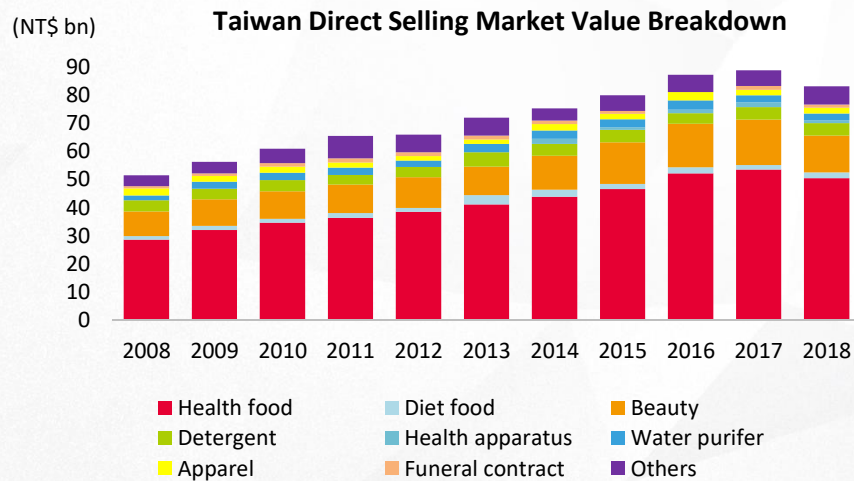
	<u>2013</u>	➔	<u>2019</u>
Taiwan health food	4.90%		5.60%
Mushroom	32.06%		44.93%
Probiotics	13.89%		30.64%
Energy drink	12.23%		11.22%

Source: AC Nielsen, Company data

“ Taiwan direct selling industry

Health food takes up ~60% of direct selling industry in Taiwan

According to Taiwan FTC, health food takes up 60% of the direct selling market share, which shows that direct selling is an important channel for health food products.



2010-2018 CAGR Taiwan market **4%** v.s. Pro-Partner **14%**

Taiwan direct selling industry is strictly regulated with entry barrier



Sales incentive system

- 1) Reasonable product price (mark-up on pricing);
- 2) Reasonable compensation structure (distribution of profit)

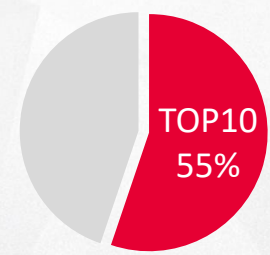


Member's system

According to Taiwan's regulation, it is illegal to produce earnings by simply introducing new participants instead of engaging in promotion & selling goods or services. Companies in violation may be subject to imprisonment and/or fines.

Pro-Partner is the only domestic direct selling company in Top 10

Top 10 players have high market concentration



Pro-Partner has highest sales per product among top 3 players

	Rank & Market shares (%)	Members ('000)	Sales contribution	
			Per member (NT\$)	Per product (NT\$m)
Pro-Partner	2 (9.8%)	200	43,300	288.7
Nu Skin	3 (5.5%)	120	40,000	21.9
Amway	1 (13.4%)	350	33,857	41.0

Source: Company data, FTC, Taiwan Association of Direct Selling

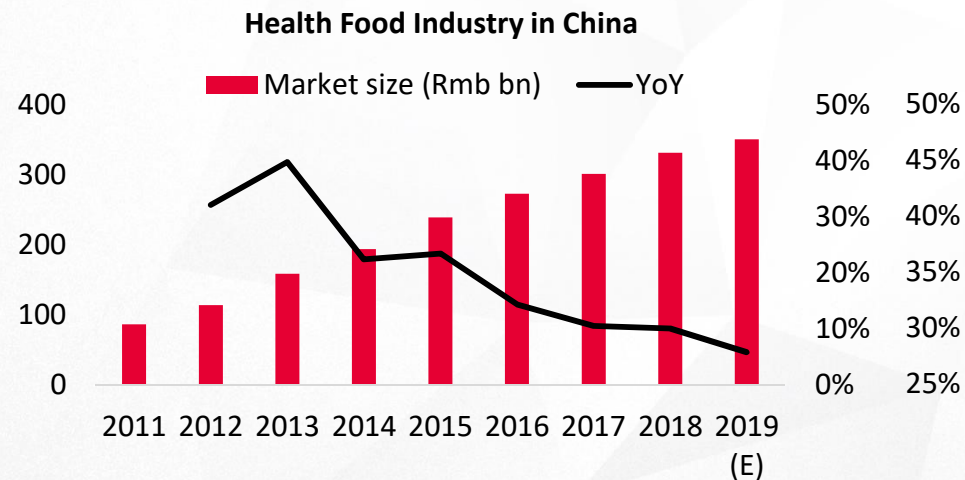
“ China health food industry

China's health food industry grew 21% CAGR between 2011-2018

China's health food industry mainly driven by economic growth, disposable income, and rising health awareness. The industry has been growing for the past 7 years.

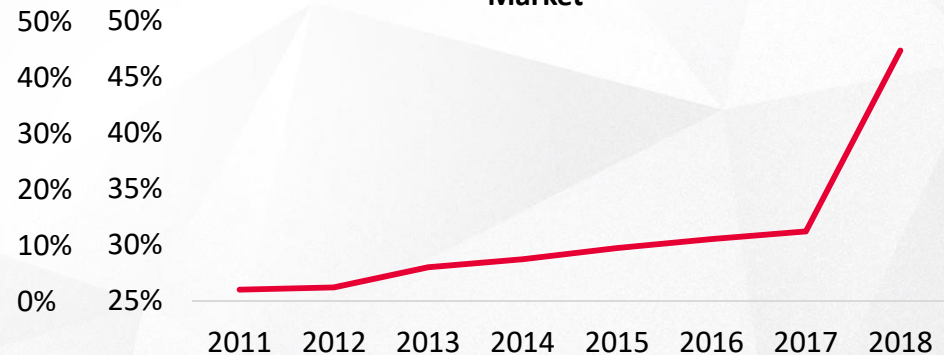
China direct selling has significant growth from 2011-2018

Direct selling has become an important distribution channel as sales from direct selling has grown from 26% in 2011 to 47% in 2018.



Source: Forward Business and Intelligence

Direct Selling as % of Total China Consumer Health Market



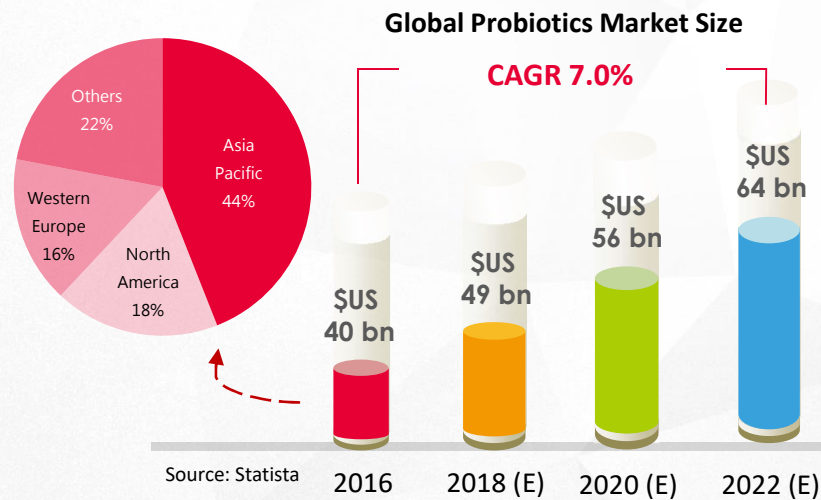
Source: Euromonitor

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

Global probiotics market is still growing

According to Statista, global probiotics market has reached US\$40 bn with Asia Pacific region being the largest of all. The market is still increasing and is estimated to grow 7.0% CAGR between 2016-2022.



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

Grape King is the 7th largest distributor globally

We are ranked as the 7th 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 、 Super 13 Probiotics & Prebiotics 

Source: Euromonitor

“ China probiotics market

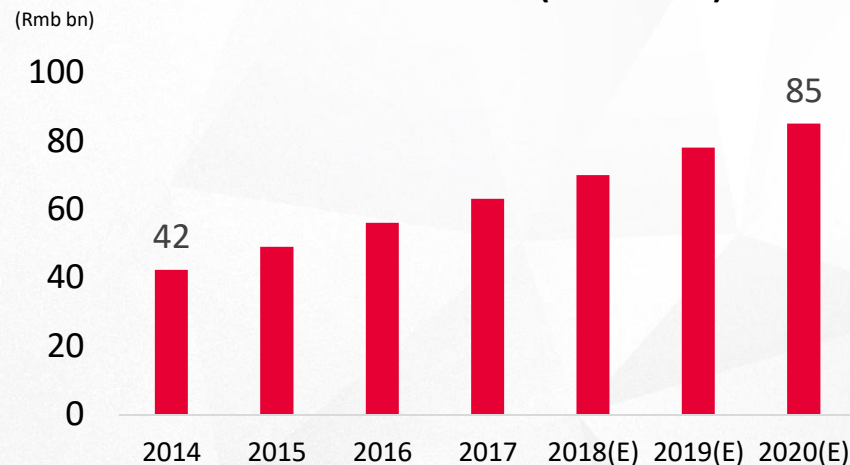
China probiotics market is expected to reach Rmb 85 bn in 2020

China's probiotic consumption remains at a relatively early stage and the supply is mostly dependent on import. According to ASKCI, China probiotics market is forecasted to reach RMB 85 bn dollars by 2020.

Taiwan and China probiotic supplement market are expected

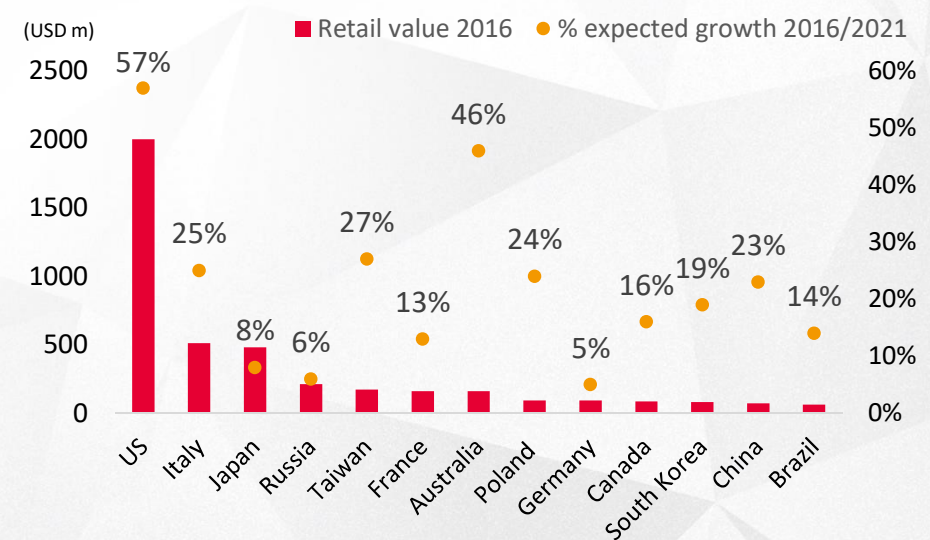
According to Euromonitor, both Taiwan and China's probiotic supplement market are expected to deliver 27% and 23% of growth in 2016-2021, respectively.

China Probiotics Market (2014-2020)



Source:ASKCI *Notes: China probiotics market includes probiotics supplement, probiotic yoghurt, and sour milk products.

Probiotics Supplements Retail Value (2016-2021)



Source: Euromonitor



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Thank You

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