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HEYSONG CORP.  
Code:1234

2021  
Investor Conference

# Disclaimer

- The consolidated financial numbers are based on International Financial Reporting Standards (IFRS) and also audited or reviewed by CPA.
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# Agenda

Corporate Overview

Management Strategy

Financial Performance

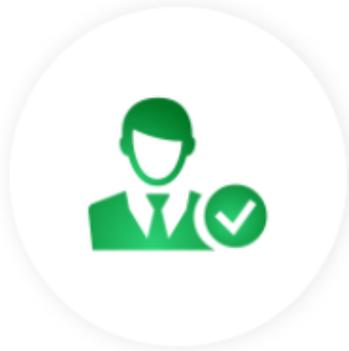
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## Corporate Profile

Hey Song Corp.	
Date of Incorporation	December 13, 1969
Date of Listing	March 12, 1999
Capital	NT\$4.02 billion
Chairman	Pin-Tang Chang
Address	3F., No. 296, Sec. 4, Xinyi Rd., Da' an Dist., Taipei City 106, Taiwan (R.O.C.)
Manufacturing Sites	Chungli Plant & Touliu Plant
Number of Employees	548 (As of November 2021)

## Philosophy and Persistence

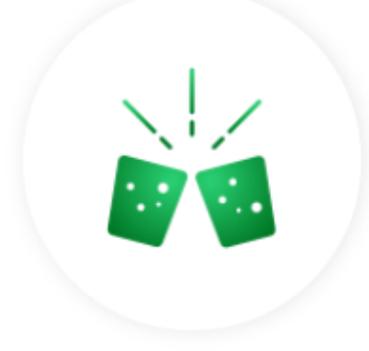
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**Corporate Values**  
To Serve with  
Integrity



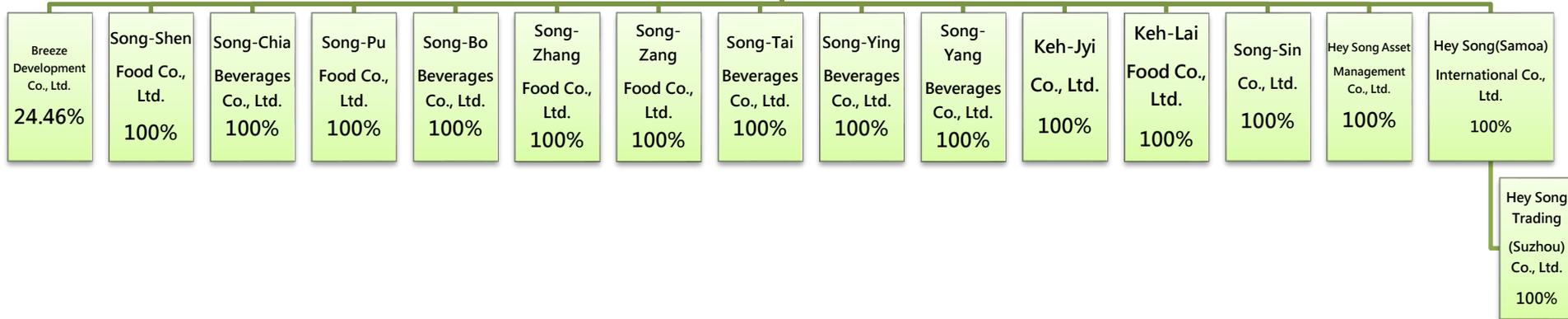
**Corporate Mission**  
To Be Your  
"Quality Life "  
Partner.



**Corporate Vision**  
To Provide Safe, Reliable Food and  
Drinks for a Joyful Environment ;  
To Share Cross-Strait Resources for  
Market Expansion.

## Investment Structure

### Hey Song Corporation



## Overall Non-Alcoholic Market Scale and Market Share

Category \ Period	2021Q1~Q3	2020
Overall Non-Alcoholic Beverage Market (NT\$ billion)	445.4	574.6
Tea Drinks	157.8	207.3
Juice Drinks	41.7	58.2
Coffee Drinks	43.1	57.5
Carbonated Drinks	41.3	53.8
Mineral Water	24.5	31.8
Sports Drinks	25.5	29.9
Other Non-alcoholic Drinks	111.5	136.0
<b>Hey Song Overall Non-Alcoholic Beverage Market Share</b>	<b>7.4%</b>	<b>7.6%</b>

## Sales Status of Agent Kinmen Kaoliang Liquor (50 % ABV above product line)

### 2020 Growth Rate

Kinmen Kaoliang Liquor  
(50 % ABV above product line)  
decrease to 3%

### 2021 Growth Rate(As of September)

Kinmen Kaoliang Liquor  
(50 % ABV above product line)  
grow to 4%

1000-Day Aged Kaoliang Liquor  
grow to 96%



## Sales Status of Other Alcoholic Beverages

- Two consecutive years of more than 20% growth for CHOYA.

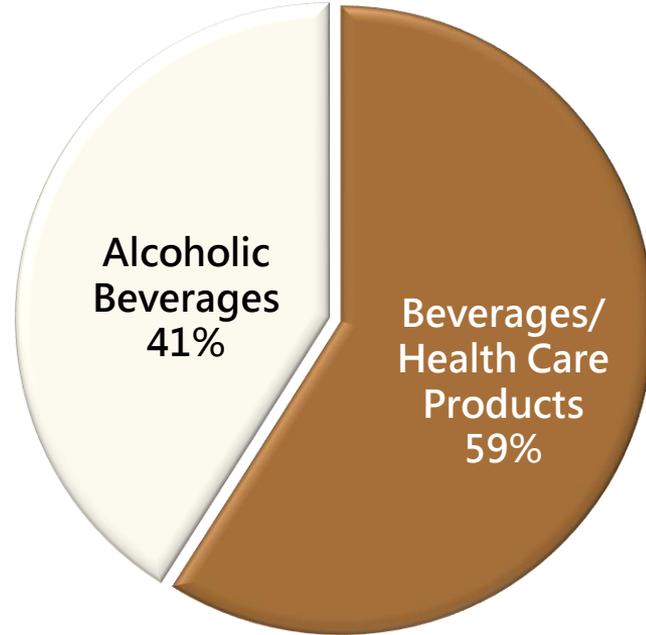


- More than 50% growth in wine revenues from January to September 2021.



# Corporate Overview

Revenue Percentage by Products in January to September 2021



58° 金門高粱酒  
とどけ、梅のちから。  
**CHOYA**



HAKUSHIKA  
SAKE  
JAPAN 1662



黑松沙士

黑松茶花

C&C

黑松生技 H<sup>+</sup>

FIN

茶。尋味



## 黑松生技 H<sup>+</sup> Self-owned brand

Capsule

HeySong L-137 Lactobacillus  
plantarum Capsule  
HeySong Antrodia Capsule  
HeySong Guei-Lu Collagen  
Essence Capsule



Liquid  
carry bag

HeySong Ginseng Essence  
HeySong Lutein Essence



Powder  
carry bag

HeySong Fructooligosaccharides  
Powder



## Investment in China

### Hey Song Trading (Suzhou) Co., Ltd.

Investment Year : 2015

Investment Amount : US\$8 million (equivalent to NT\$262 million)

Operating Income : RMB 43.04 million in 2020

RMB 38.66 million in January to September 2021

Profit after Tax : RMB 0.23 million in 2020

RMB 4.28 million in January to September 2021

## Asset Management-Main Real Estate

Company	Location	Land		Building	
		Area Ping=3.3m <sup>2</sup>	Book Value (NT\$ million)	Area Ping=3.3m <sup>2</sup>	Book Value (NT\$ million)
Hey Song Corp.	Chungli Plant	33,106	1,387	26,013	689
	Touliu Plant	23,268	304	12,112	18
Song-Sin Co., Ltd.	Shenkeng Yongan Section	11,723	1,114	3,921	0
	Taipei Tonghua Section	258	252	2,826	22
Hey Song Asset Management Co., Ltd.	Taipei Dunhua Section (Breeze Center)	5,115	3,953	22,345	941
Other		1,142	97	512	3
<b>Total</b>		<b>74,612</b>	<b>7,107</b>	<b>67,729</b>	<b>1,673</b>

Note1 : The provision of the land value increment tax is deducted from the book value of land.

The provision of accumulated depreciation has been deducted from the book value of building.

Note2 : Chungli Plant and Touliu Plant are used by Hey Song Corporation.

Part of Shenkeng Yongan Section and Taipei Dunhua Section are used by Hey Song Corporation and part of are leased with the annual rent of NT\$44 million in 2021. Taipei Dunhua Section (Breeze Center) is leased with the annual rent of NT\$490 million in 2021.

## Hey Song Products and Sales Channels

Product	Beverages	Alcoholic Beverages	Biotechnology
Distributor (127 companies)	Regular Chain /Regular Contracted /Keh-Jyi (Keh-Lai)	Liquor/Keh-Jyi (Keh-Lai) /Regular Chain / Regular	Keh-Lai
Sales Channel (Over 37,000)	Chain Store Channel Traditional Clients / E-Commerce/ Vending Machine / Export	Chain Store Channel Traditional Clients Liquor Store / Direct Sales	Self-Owned E-Commerce / Traditional E-Commerce Direct Sales Group Purchase

## Future Vision

Comprehensively Promoting Digital Transformation.  
Creating Enterprise Operating Momentum.

Lifestyle Brand

Evolving Sales  
Platform

Value-Added  
Agent



- Grasping consumers' needs
- Reinforcing connection with young generation
- Further advancement for vending machine
- Virtual channel business opportunity
- Creating products' nutritional values
- Promoting intelligent production

Main Beverage  
Business



## Key Strategies under Versatile Circumstances

Focusing on  
Main Brands

黑松沙士 C&C 壹零咖啡 FIN  
黑松茶花綠茶 黑松茶。尋味

Dedicating in Core  
Technologies



Brand Preference  
Products' Nutritional  
Values

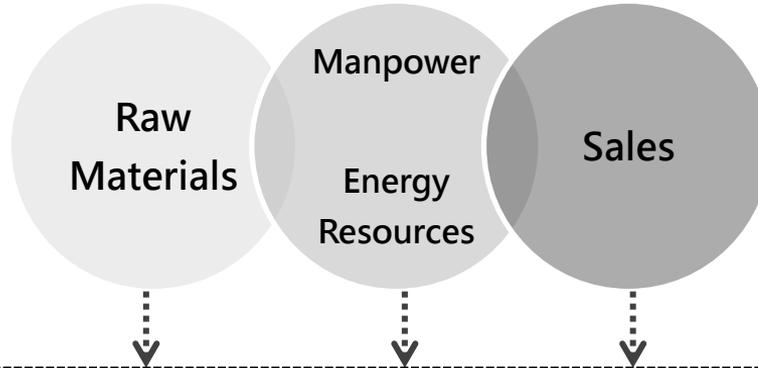


# Management Strategy

Main Beverage  
Business



Accelerating Digital Transformation to Improve The  
Production Process.



**1** Grasping trends on raw materials  
Utilizing purchasing strategy  
Maintaining stable product supply

**2** Intelligent production  
Elevating production efficiency  
Reinforcing food safety and traceability  
Actualizing energy resources management

**3** Strengthening virtual channels  
Creating more business opportunities

# Management Strategy

## Vending Machine Sales Channel



## Adding Invoice Issuance Function; Advanced Operating Model



Planning to invest  
NT\$50 million  
in 2022

- ✓ Finishing **1,400 vending machines** with invoice issuance function by year end 2022.
- ✓ Connecting **mobile digital interaction** to reinforce consumer experience.
- ✓ Adding **promotional discounts measures** to increase vending machine competitive advantage.



## Beverage Sales

### Growth in Virtual Channels for Domestic Sales

- 50% growth in traditional E-Commerce channels
- 20% growth in chained E-Commerce channels

### Excellent Export Performance in China, Hong Kong and Singapore

- More than 30% growth for HeySong C&C
- More than 40% growth for Hong Kong area



## Health Supplement Business

## 黑松生技 H<sup>+</sup>

1

### Deepening Brand Management

- Spokesperson reinforcing brand image
- Health management for whole family

2

### Grasping E-Commerce Growth Trend; Reinforcing Digital Business Circles.

- Opened online shops at large-scaled online shopping sites to expand opportunities for customer contacts.
- Expanding social media and member services - approximately 7 times growth in membership compared with last year.
- Continuous social media management through program and KOL advertisements

3

### Utilizing current distribution networks to manage group purchases and direct sales.



## Alcoholic Beverage Business

### Kinmen Kaoliang Liquor (50 % ABV above product line)

1

Promote the concept of "Appreciation of liquor aged"

2

Launch 「Duan Jin Long」  
Satisfy the new customer group of Sweet-mellow-type consumers

3

Develop limited themed products



## Alcoholic Beverage Business

## Other Types of Alcoholic Beverages

1

### Maintaining CHOYA Growth Momentum

- Two consecutive years of more than 20% growth for CHOYA.
- Top flavored compounded alcoholic beverage brand per 2020 IWSR survey data.
- Launching cobranded Nanko Ume Beer to create a hype.

2

### Expanding Partnership Areas with Accolade Wines

- Executing diverse product strategies, laying out comprehensive channels, sculpting brand philosophy, and other strategies. More than 50% growth in wine revenues from January to September 2021.



# Management Strategy

OEM & Consignment



Continuously Expanding Milk Tea Sales with Our Partner Lipton.

## 1 Outstanding Brand Cultivation

- YTD-Sep vs 2020 Sales Growth Rate +0.2%\*
- 2021 No.1\*\* Milk Tea Brand in Reputation



## 2 Grasping E-Commerce Business Opportunities under the Pandemic

- E-Commerce Sales ( Pandamart 、 MOMO 、 PChome 、 ETMall )



\*Source : Nielsen value share YTD-Sep in Ambient Milk Tea

\*\*Source : Toluna Tracker 2021

# Financial Performance

## Operating Revenue in the past five years



● For the nine months ended September 30, 2021, the net sales revenue is 6,792 millions, and EPS 1.34.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Amounts in NT\$ millions</u>	<u>For the nine months ended September 30, 2021</u>	<u>For the nine months ended September 30, 2020</u>
Net sales revenue	\$ 6,792	\$ 6,869
Operating cost	<u>(4,894)</u>	<u>(4,845)</u>
Gross profit	1,898	2,024
Operating expense	<u>(1,451)</u>	<u>(1,529)</u>
Operating income	447	495
Non-operating income and expense	<u>243</u>	<u>316</u>
Profit before income tax	690	811
Net income	<u>537</u>	<u>718</u>
Earnings per share (NT\$)	<u>\$ 1.34</u>	<u>\$ 1.79</u>

# Financial Performance

## CONSOLIDATED BALANCE SHEET

Amounts in NT\$ millions

	<u>September 30, 2021</u>	<u>December 31, 2021</u>	<u>September 30, 2020</u>
Cash and cash equivalents	\$ 976	\$ 1,273	\$ 1,215
Notes and accounts receivable, net	997	663	1,130
Inventories	5,352	5,042	5,261
Investments accounted for using the equity method	790	736	721
Property, plant and equipment	6,058	6,227	6,282
Investment property	7,640	7,664	7,673
<u>Total assets</u>	<u>22,892</u>	<u>22,211</u>	<u>22,793</u>
Short-term loans	1,500	850	1,450
<u>Total liabilities</u>	<u>5,013</u>	<u>4,143</u>	<u>4,889</u>
<u>Total equity</u>	<u>17,879</u>	<u>18,068</u>	<u>17,904</u>
<u>Book value per share(NT\$)</u>	<u>\$ 44.5</u>	<u>\$ 45.0</u>	<u>\$ 44.6</u>

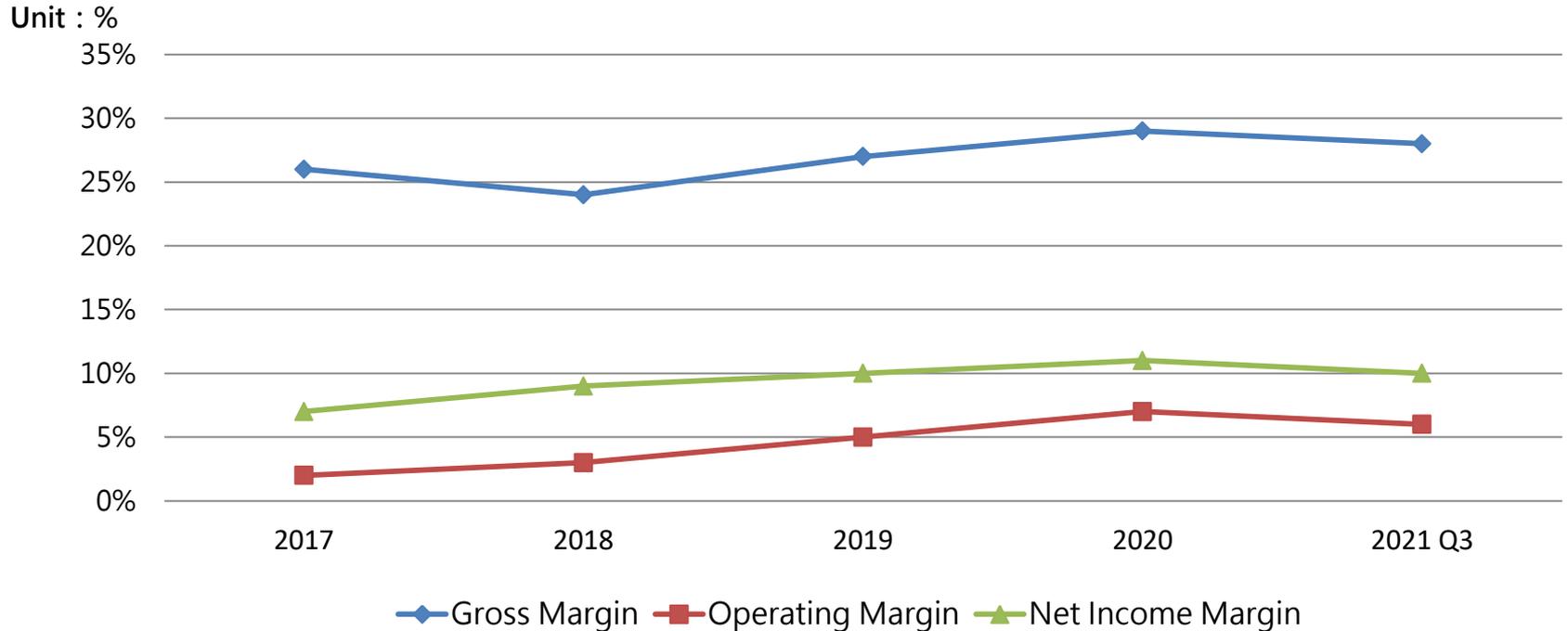
## CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in NT\$ millions

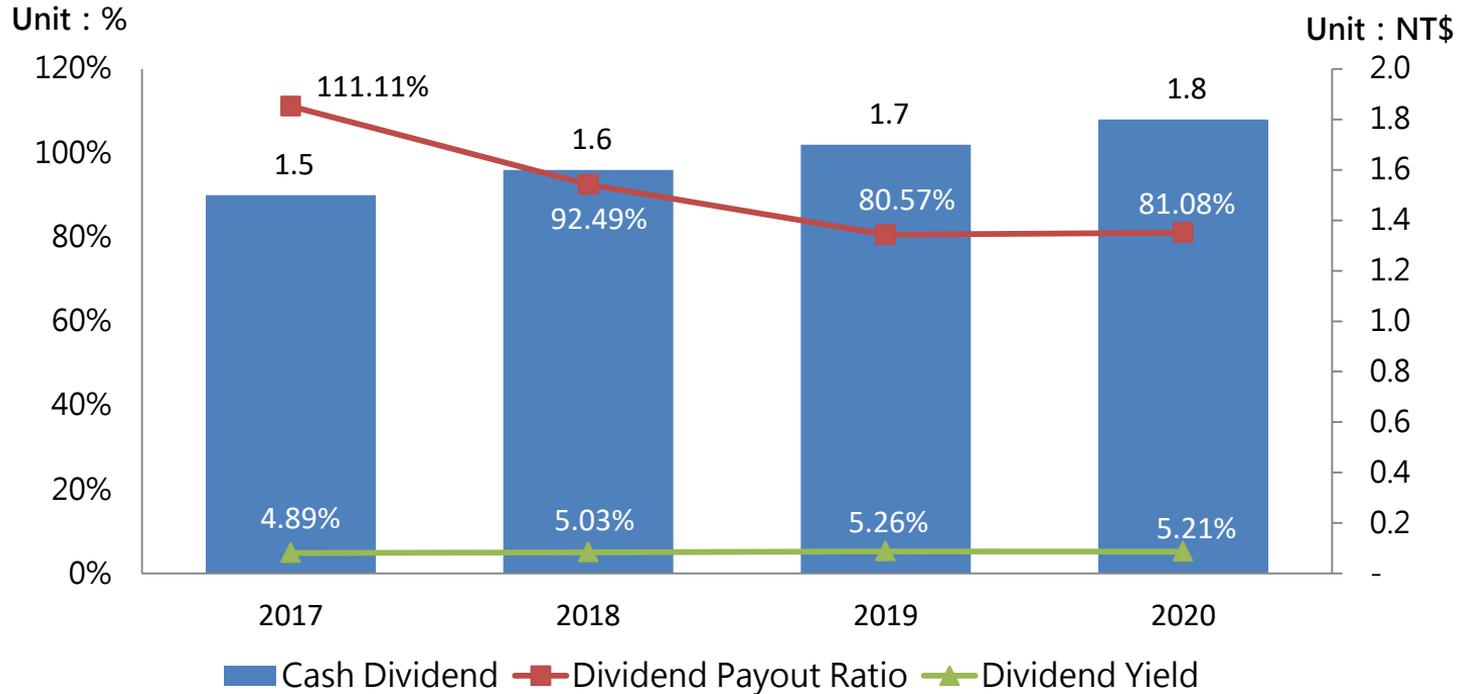
	<u>For the nine months ended September 30, 2021</u>	<u>For the nine months ended September 30, 2020</u>
Net cash inflow from operating activities	\$ 369	\$ 705
Net cash outflow from investing activities	(574)	(63)
Net cash outflow from financing activities	(89)	(648)
<u>Effect of exchange rate changes on cash and cash equivalents</u>	<u>(3)</u>	<u>(1)</u>
<u>Net decrease in cash and cash equivalents</u>	<u>(297)</u>	<u>(8)</u>
<u>Cash and cash equivalents, end of period</u>	<u>\$ 976</u>	<u>\$ 1,215</u>

# Financial Performance

## Profit performance in the past five years



## Dividend Policy





Hey Song



# Sustainable Development Achievement and Goals



## Carbon Reduction

**274.9** kg / Tonne (Total Production)

2020 Product Carbon Emission Per Tonne

Continuously Striving for  
Low-Carbon Economy



**-15** %

2025  
Product Carbon Emission  
Per Tonne

## Environmental Resources

**4.34** Tonnes

2020 Product Water Consumption Per Tonne

Actively Involved in  
Resources Sustainability



**-10** %      **8** %

2025  
Product Water  
Consumption  
Per Tonne

Completion of  
Building Solar PV  
System for  
Contracted  
Capacity in 2022

## Environmental Education

**24** %

Accumulated  
Number of  
Taoyuan  
Elementary  
Schools Serviced

**25** Schools

Certified as Eco-  
Schools with  
Consulted by Hey  
Song Educational  
Foundation



Devoted in Promoting  
Environmental Education



**40** %      **33** Schools

2025  
Accumulated  
Number of  
Taoyuan  
Elementary  
Schools Serviced

2025  
Certified as  
Eco-Schools

# Q & A

