



Hey Song Corp.
Code:1234

2022
Investor Conference

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Agenda

Corporate Overview

Management Strategy

Financial Performance

ESG

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	547 (As of November 2022)

Philosophy and Persistence



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



Corporate Overview

Overall Non-Alcoholic Market Scale and Market Share

Category \ Period	2022Q1~Q3	2021
Overall Non-Alcoholic Beverage Market (NT\$ billion)	463.13	580.1
Tea Drinks	164.43	206.2
Juice Drinks	42.36	55.5
Coffee Drinks	43.40	56.7
Carbonated Drinks	43.40	51.7
Mineral Water	28.06	32.0
Sports Drinks	29.00	31.6
Other Non-alcoholic Drinks	112.48	146.0
Hey Song Overall Non-Alcoholic Beverage Market Share	7.1%	7.3%

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

2021 Growth Rate

Kinmen Kaoliang Liquor
(50 % ABV above product line)
increased to 3.0%

2022 Growth Rate(As of September)

Kinmen Kaoliang Liquor
(50 % ABV above product line)
grows to 0.9%



Sales Status of Other Alcoholic Beverages

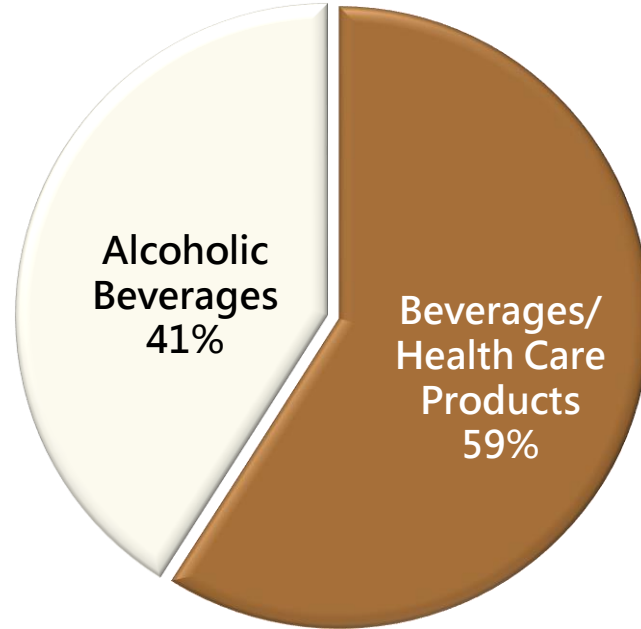
- Keep a stable sale of alcoholic beverages under agency.
An overall growth rate of more than 10% from January to September 2022.

- CHOYA keeps a double-digit growth rate for three consecutive years.



Corporate Overview

Revenue Percentage by Products from January to September 2022



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⁺

FIN

茶。尋味



黑松生技 H⁺

Carry-on Essence Product

HeySong Ginseng Essence



HeySong Lutein Essence



Immunity/Smoothness Enhancing Probiotic Product

HeySong L-137 Lactobacillus plantarum Capsule



HeySong Super Green Enzyme Probiotics



Physical Strength/Mobility Improving Product

HeySong Antrodia Capsule



HeySong Guei-Lu Collagen Essence Capsule



Award & Certification

- Monde Selection-Gold Award
 - HeySong Ginseng Essence
 - HeySong Lutein Essence
- Symbol of National Quality
 - HeySong Lutein Essence
 - HeySong Guei-Lu Collagen Essence Capsule
- Anti Additive
 - HeySong Super Green Enzyme Probiotics
 - HeySong Guei-Lu Collagen Essence Capsule

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 48.03 million in 2021

RMB 41.30 million from January to September 2022

Profit after Tax : RMB 2.45 million in 2021

RMB 8.10 million from January to September 2022

Asset Management-Main Real Estate

Company	Location	Land		Building	
		Area Ping=3.3m ²	Book Value (NT\$ million)	Area Ping=3.3m ²	Book Value (NT\$ million)
Hey Song Corp.	Chungli Plant	33,106	1,387	26,013	650
	Touliu Plant	23,268	304	12,112	20
Song-Sin Co., Ltd.	Shenkeng Yongan Section	11,723	1,114	3,921	0
	Taipei Tonghua Section	258	252	2,826	21
Hey Song Asset Management Co., Ltd.	Taipei Dunhua Section (Breeze Center)	5,115	3,953	22,345	910
Other		1,142	97	512	3
Total		74,612	7,107	67,729	1,604



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 them are leased with the annual rent of NT\$44 million in 2022. Taipei Dunhua Section (Breeze Center) is leased with the annual rent of NT\$530 million in 2022.

Hey Song Products and Sales Channels

Product	Beverages	Alcoholic Beverages	Bio-Tech Health Products
Distributor (133 companies) 	Regular Chain /Regular Contracted /Keh-Jyi (Keh-Lai)	Regular Chain /Regular Liquor /Keh-Jyi (Keh-Lai)	Regular Chain / Keh-Lai
Sales Channel (Over 37,300) 	Chain Store Channel Traditional Clients / Vending Machine / E-Commerce platform / Export	Chain Store Channel Traditional Clients Liquor Store / Direct Sales / Export	Hey Song Biotech H+/ E-Commerce platform Direct Sales

Future Vision

Implement Three Management Strategies and Promote Sustainable Development

Three management strategies

Lifestyle Brand, Value-Added Agent and Evolving Sales Platform

Key objectives in 2023

Promote green factories, accelerate intelligent manufacturing, expand health service business, and implement three management strategies to develop Hey Song into an enterprise of sustainable development.

Goals and strategies

1. Strive for green factory certification and be dedicated to energy saving and carbon reduction.
2. Promote electronized production, accelerate intelligent manufacturing, and improve operating efficiency.
3. Speed up Hey Song Biotech H⁺ deployment and create health value for products.

Green Production

Persistence in Green Conceptions to Create Sustainable Competitiveness for the Company



Green Building



Acquired in August 2015



Goal:
A company with the green factory certification

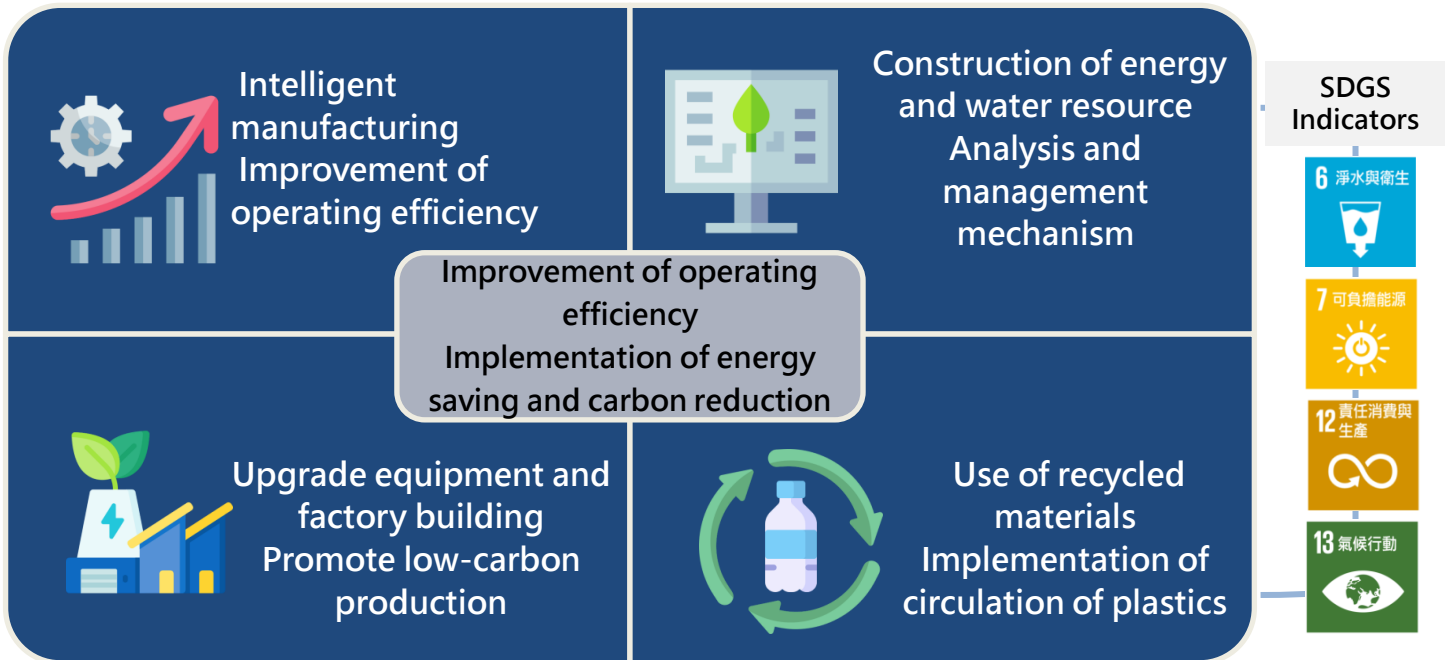


綠色工廠
GREEN FACTORY

To be acquired in 2023

Green Production

Promotion of Energy Saving, Carbon Reduction and Plastics Decrease to Realize Corporate Sustainability



Lifestyle Brand

Diverse Creative Marketing to Improve Brand Benefit

1 Enhance local connections to create high media value

- 10 "HeySong Sarsaparilla Tied Shop " in Taiwan
- A special "Fashionable airC&C Bed-and-Breakfast" in Dadaocheng



2 Create digital experiences to increase the number of members

- The first vending machine with an interactive AR game "Animal Arena"
- The digital operation of the brand stimulates the growth of the members



Lifestyle Brand

黑松生技H+

Ensure health service for the whole family with honest as the core
Pursue natural and clean products without additives

- Pursue additive-free clean health food - International Anti Additive Certification
- Health of the whole family
- In-house developed raw materials



Enhance management of contents and services of members

- Sharing of Health Institute knowledge
- Exclusive benefits for members
- First-party data accumulation



Combine OMO channels

- MOMO
- PChome
- Shopee
- Hotaigo
- Eslite.com



Value-Added Agent

Development of New Customer Sources and Markets for Kinmen Kaoliang Liquor at 50 % ABV above product line

1

Increase the value of the product with the concept of "Store Liquor for More Value"

2

Promote "Duanjinlong" to meet the demands of new customers

3

Develop theme liquors for new markets



Value-Added Agent

In-depth Management of Liquors under Agency to Expand Deployment of Channels

1

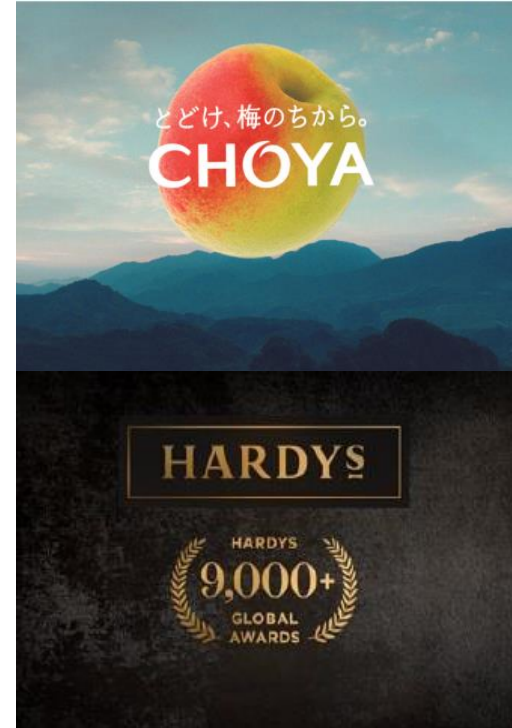
CHOYA and wines as the key products of the business

- CHOYA keeps a double-digit growth rate for three consecutive years.
- Continuing develop the Accolade Wines market; as the 2022 IWSR survey data shows, both Accolade Wines and Hardys were the No. 1 brands among the imported wines.

2

Dedication to grasping the opportunity of agency

- Extend to the agency market of new alcoholic beverages, improve the management synergy, and maintain growing momentum.



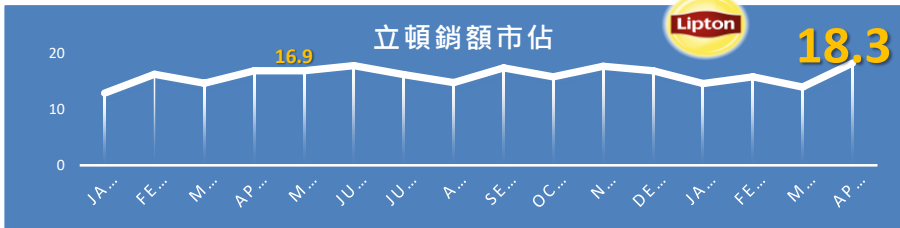
Management Strategy

Value-Added Agent

Continuous Collaboration with the Partner Lipton to Increase the Share in the Milk Tea Market

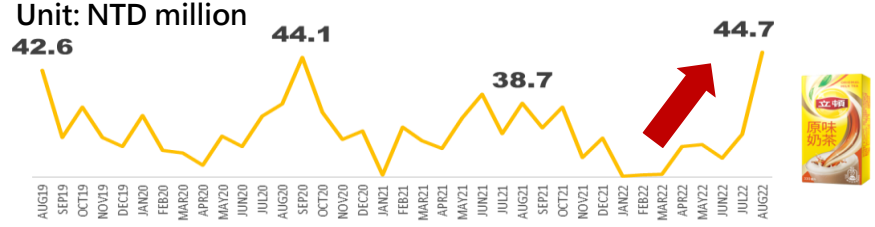
1 Successful development of the brand

- Organize BT21 co-branding event at all channels to integrate online and offline operations successfully. The sales amount and market share in April hit a new high over the past 16 months.



2 Co-branding event at the Ghost Festival in August

- The co-branding event organized together with Jenn Lann Temple was held through excellent channels. The sales amount of beverage carton products in August hit a new high over the past 6 years.



*Source : Nielsen data Aug in Ambient Milk Tea **Source : Toluna Tracker 2022

Evolving Sales Platform

Digital Innovation of Vending Machine



- Machines with invoice-issuing function will be available at the end of 2023. The proportion will be raised to **20%**.
- **Evolution** of promotion events, improvement of shopping experience and competitiveness
- Introduction of **Apple Pay and Google Pay** Digital payment for mobile smart life.

Evolving Sales Platform

Construction and Management of Exclusive Social Networks to Achieve Outstanding Performance of e-Commerce Channels

1

Management of social networks for Hey Song e-commerce channels

2

Precise ad operations on digital media

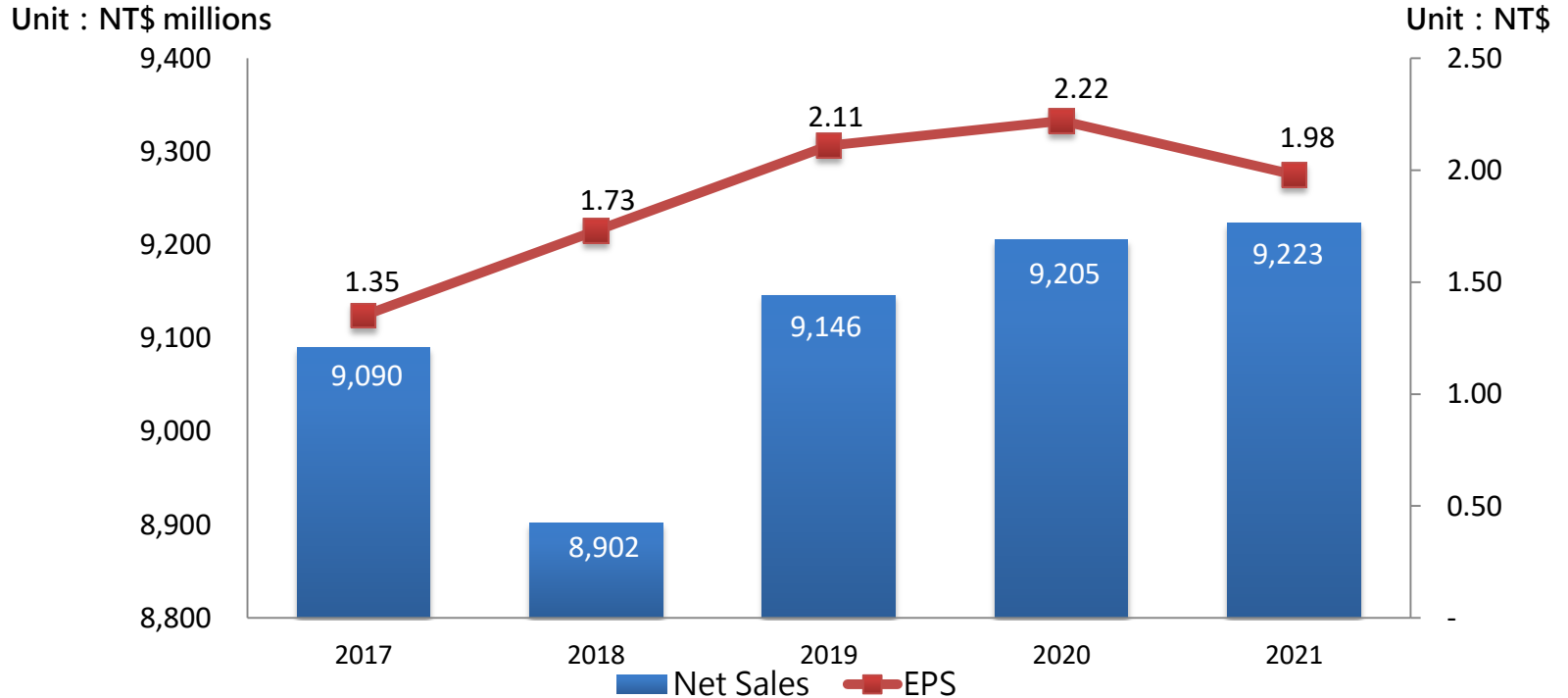
3

Sales performance growing by 20%



Financial Performance

Operating Revenue in the past five years



■ For the nine months ended September 30, 2022, the net sales revenue is 6,965 millions, and EPS 1.73.

Financial Performance

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Amounts in NT\$ millions</u>	<u>For the nine months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2021</u>
Net sales revenue	\$ 6,965	\$ 6,792
Operating cost	<u>(4,973)</u>	<u>(4,894)</u>
Gross profit	1,992	1,898
Operating expense	<u>(1,527)</u>	<u>(1,451)</u>
Operating income	465	447
Non-operating income and expense	<u>377</u>	<u>243</u>
Profit before income tax	842	690
Net income	<u>694</u>	<u>537</u>
Earnings per share (NT\$)	<u>\$ 1.73</u>	<u>\$ 1.34</u>

Financial Performance

CONSOLIDATED BALANCE SHEET

Amounts in NT\$ millions

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash and cash equivalents	\$ 1,060	\$ 1,231	\$ 976
Notes and accounts receivable, net	1,096	738	997
Inventories	5,804	5,209	5,352
Investments accounted for using the equity method	825	850	790
Property, plant and equipment	5,991	6,001	6,058
Investment property	7,609	7,632	7,640
<u>Total assets</u>	<u>23,404</u>	<u>22,788</u>	<u>22,892</u>
Short-term loans	1,598	1,100	1,500
<u>Total liabilities</u>	<u>5,244</u>	<u>4,644</u>	<u>5,013</u>
<u>Total equity</u>	<u>18,160</u>	<u>18,144</u>	<u>17,879</u>
<u>Book value per share(NT\$)</u>	<u>\$ 45.2</u>	<u>\$ 45.1</u>	<u>\$ 44.5</u>

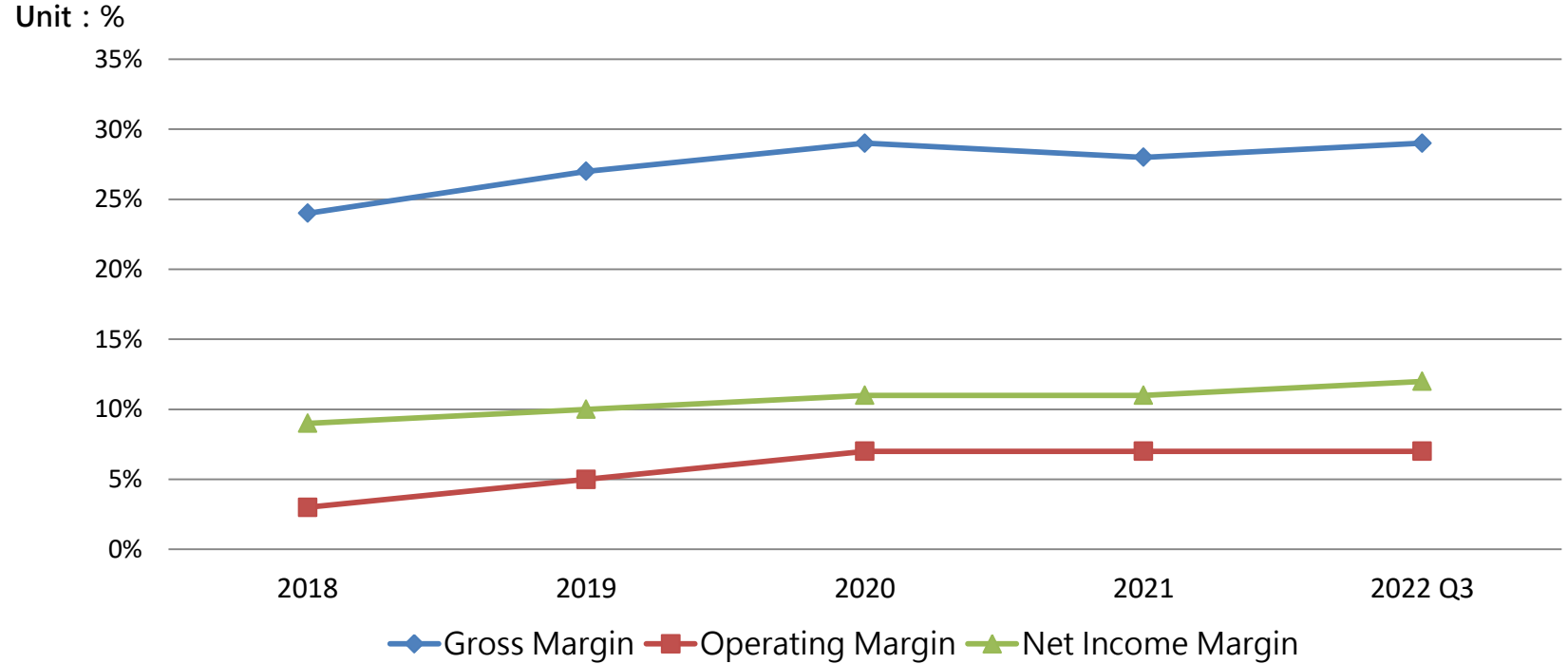
CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in NT\$ millions

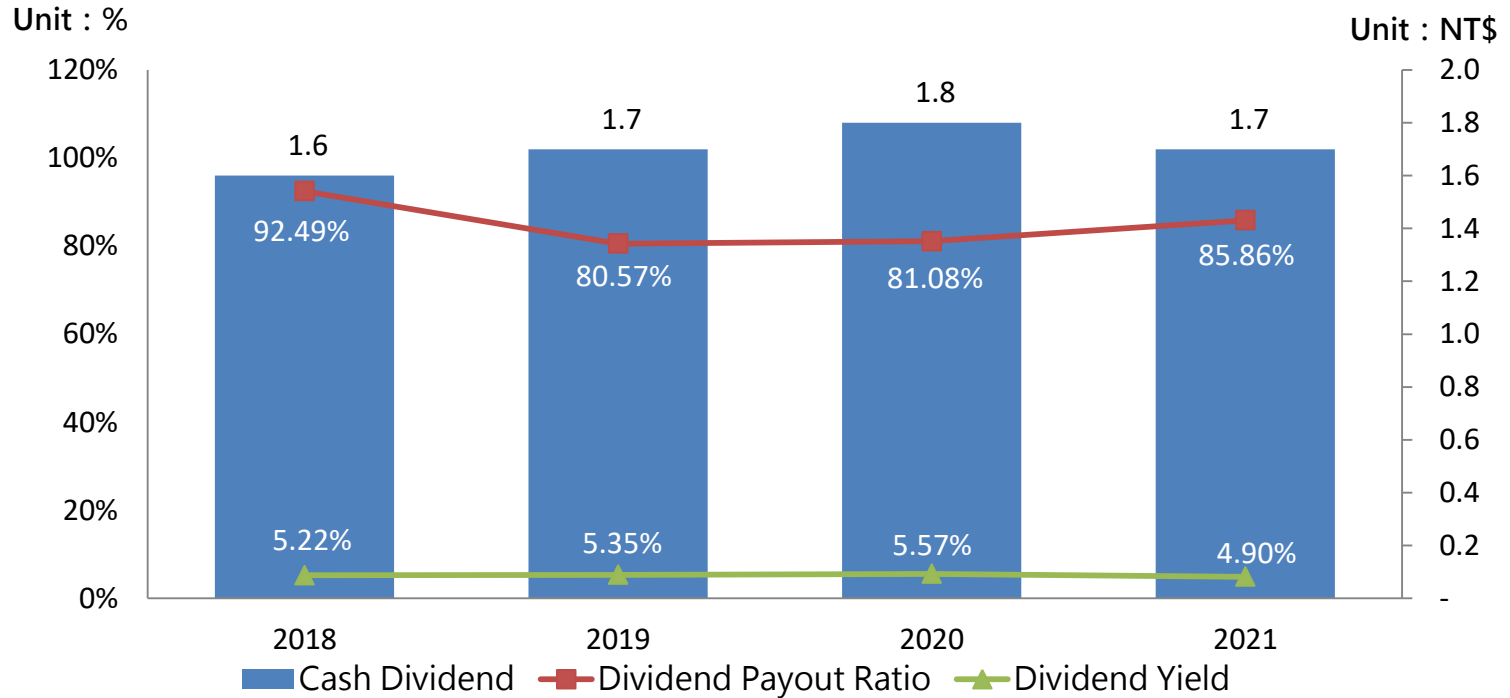
	<u>For the nine months ended</u> <u>September 30, 2022</u>	<u>For the nine months ended</u> <u>September 30, 2021</u>
Net cash inflow from operating activities	\$ 151	\$ 369
Net cash outflow from investing activities	(129)	(574)
Net cash outflow from financing activities	(200)	(89)
<u>Effect of exchange rate changes on cash and cash equivalents</u>	<u>7</u>	<u>(3)</u>
<u>Net decrease in cash and cash equivalents</u>	<u>(171)</u>	<u>(297)</u>
<u>Cash and cash equivalents, end of period</u>	<u>\$ 1,060</u>	<u>\$ 976</u>

Financial Performance

Profit performance in the past five years



Dividend Policy



ESG Performance

Low-carbon Production

1,491.6 tons CO₂e

Total annual reduction of GHG emissions at Zhongli Plant

40,721 tons

Total annual water saving in the production at Zhongli Plant

74 tons

Total annual waste reduction at Zhongli Plant

574 kW

Completed in 2022
Solar power equipment

Eight consecutive years

Recognized by the Environmental Protection Administration as an excellent manufacturer of green procurement for 8 consecutive years since 2014

Safe Food and Beverage

100.6 tons

Total sugar reduction in the production of sugary drinks in 2021

7 items

The number of new products introduced under the health care and health concepts in 2021

Nearly 50% of the new products introduced in the current year

Corporate Governance



Better than 80%

Among all the categories of listed companies undergoing the corporate governance evaluation

TCSA Bronze Class Award

2021 Sustainability Report - Catering and Food Industry, First Category

Contribution to Society

52 schools

Over the past years, nearly 30% of the 189 public and private elementary schools in Taoyuan City worked with Hey Song in different environmental education programs



15 schools

In 2021, Hey Song assisted partner schools in the acquisition of the Taiwan-U.S. Eco-Campus Partnership certification from the Environmental Protection Administration 4 green flags, 6 silver medals, and 5 bronze medals

Q & A

