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Hey Song Corp.  
Code:1234

2023  
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

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	566 (As of November 2023)

## Philosophy and Persistence

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**Corporate Values**  
To Serve with  
Integrity



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



**Corporate Vision**  
Food Safety  
Pleasure & Health  
Digitalization  
Sustainability

## Investment Structure

### Hey Song Corporation



## Taiwan Overall Non-Alcoholic Market and Market Share

Category \ Period	2023Q1~Q3	2022
Taiwan Overall Non-Alcoholic Beverage Market (NT\$ billion)	502	603
Tea Drinks	184	218
Juice Drinks	52	56
Coffee Drinks	42	57
Carbonated Drinks	47	54
Mineral Water	27	37
Sports Drinks	30	35
Other Non-alcoholic Drinks	120	147
Hey Song Non-Alcoholic Beverage Market Share	7.2%	7.0%

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

### 2022 Growth Rate

Kinmen Kaoliang Liquor  
(Above 50% ABV product line)  
increased to 4%

### 2023 Growth Rate(As of September)

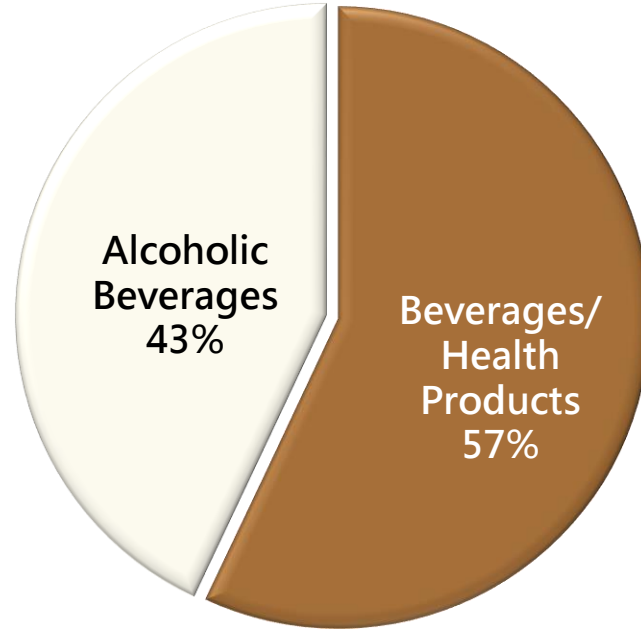
Kinmen Kaoliang Liquor  
(Above 50% ABV product line)  
grows to 22%





# Corporate Overview

Revenue by Products from January to September 2023



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>

Consistently awarded with national health food certification, Monde Selection World Quality Award, Symbol of National Quality (SNQ), and Anti Additive Clean Label

### Aluminum Foil Packaging On-the-Go Series

#### HeySong Ginseng Essence



#### HeySong Lutein Essence



#### HeySong Super Green Enzyme Probiotics



### Capsule & Tablet Series

#### HeySong Antrodia Capsule



#### HeySong Guei-Lu Collagen Essence Capsule



#### HeySong L-137 Lactobacillus plantarum Capsule



#### HeySong Gold Vitamin B-complex Tablet



## Investment in China

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

Year of investment : 2015

Capital : US\$8 million (NT\$262 million)

Operating Income : RMB 53.92 million in 2022

RMB 50.39 million from January to September 2023

Profit after Tax : RMB 4.70 million in 2022

RMB 4.09 million from January to September 2023

## 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	653
	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	19
Hey Song Asset Management Co., Ltd.	Taipei Dunhua Section (Breeze Center)	5,115	3,953	22,345	880
Other		1,142	97	512	2
<b>Total</b>		<b>74,612</b>	<b>7,107</b>	<b>67,729</b>	<b>1,572</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 them are leased with the annual rent of NT\$43 million in 2023. Taipei Dunhua Section (Breeze Center) is leased with the annual rent of NT\$540 million in 2023.

# Corporate Overview

## Hey Song Products and Sales Channels

Product	Beverages	Alcoholic Beverages	Health Products
<p data-bbox="183 431 492 529"><b>Distributor</b> (124 companies)</p> 	<p data-bbox="637 485 1043 595">Hey Song Owned /Regular Contracted /Keh-Jyi Co.&amp; Keh-Lai Co.</p>	<p data-bbox="1081 485 1468 595">Hey Song Owned /Regular Liquor /Keh-Jyi Co.&amp; Keh-Lai Co.</p>	<p data-bbox="1545 485 1835 556">Hey Song Owned/ Keh-Lai Co.</p>
<p data-bbox="212 737 473 835"><b>Sales Channel</b> (Over 37,600)</p> 	<p data-bbox="627 780 994 966">Chain Store Channel Traditional Clients / Vending Machine / E-Commerce platform / Export</p>	<p data-bbox="1101 780 1420 933">Chain Store Channel Traditional Clients Liquor Store / Direct Sales / Export</p>	<p data-bbox="1497 780 1854 966">Cosmeceuticals / Chain Store Channel / Hey Song Biotech H+/ E-Commerce platform/ Direct Sales</p>

## Three Operational Policy Achievements for 2023



Lifestyle Brand



Value-Added Agent



Evolving Sales Platform

Lifestyle Brand

Get closer to consumers and create a Healthy and Pleasure brand experience

## Health



If water is not enough, choose FIN

- FIN is isotonic and a healthy choice without burden
- With added L-137, it provides a healthy option for children



Lifestyle Brand

Get closer to consumers and create a Healthy and Pleasure brand experience

## Pleasure



Just do what you want to do

- Cross-brand collaborations in gaming and mixology
- Challenge events for the young generation





# Management Strategy

## Lifestyle Brand

### 黑松生技H+

## Provides a premium and healthy lifestyle for the entire family

### Care for the health of the entire family with sincerity

- Pursue a sense of security and cleanliness in healthcare by continuously acquiring international certifications like Anti Additive Clean Label, and SNQ.
- A diverse range of products to meet the healthcare needs of the whole family.



### Offer health information and exclusive benefits through interactive member services

- Provide information on popular science and health education on the website.
- Offer exclusive benefits to members.
- Strengthen connections and interactions with members.



### A comprehensive presence in channels favored by consumers

- HeySong's official e-commerce website
- E-commerce platforms (Momo, Eastern Home Shopping & Leisure)
- Great Tree Pharmacy
- Watsons
- FamilyMart, A-Mart



## Value-Added Agent

### Innovate the brand value and increase customer base of Kinmen Kaoliang with above 50% ABV product line

1

Create the premier brand of aged liquor with "58% Kinmen 1000-Day Aged Kaoliang Liquor"



2

Diversify into oak barrel-aged Kaoliang liquor to cater to a new customer base



3

Develop limited-edition themed liquors to explore new markets

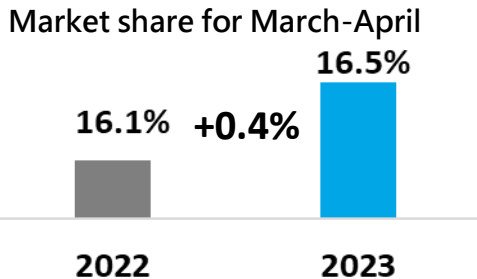


## Value-Added Agent

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

### 1 Successful development of the brand

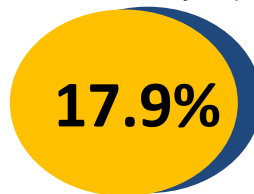
- Successful collaboration with Miffy from March to April 2023 boosted market share by +0.4% compared to the previous year through seamless integration of online and offline operations.



### 2 Launch a new product to venture into the premium milk tea market

- In 2023, the successful launch of the Premium Tea Au Lait new product contributed to a +1.5% increase in overall brand sales market share for January to September compared to the same period last year.

Market share for January- September



1.5% increase compared to the previous year



# Management Strategy

Evolving  
Sales Platform

Integrate e-commerce resources to enhance the overall consumer purchasing experience

Physical Channels –  
E-commerce



Regular  
E-commerce



Integrated channel  
market resource

YTD 9/30  
**+12%**

Low carbon and sustainability

Complying with green production to achieve a low-carbon transformation

## Achievements in 2022



- In December, we applied for the Green Factory Label, and in 2023 we became the first in the beverage industry to receive it.

- Established a 574-kilowatt solar power generation system, generating over 600,000 kWh annually.

- Launched the B#17 carbonated drink (using PET) production line, estimated to save 1.67 million kWh per year, reducing carbon emissions by 850 tons of CO<sub>2</sub>e.

# Management Strategy

Low carbon and sustainability

## Complying with green production to achieve a low-carbon transformation

Future Plans: Achieve the company-wide carbon emission reduction target of **30%** by 2030 compared to 2021



1. Establishment of Presence in Niche Beverage Markets

Develop a customer base of the elderly (plant-based functional beverages)

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2. Expansion of Liquor Brand Agent Business

Introduce new alcoholic products (fruit beer and whiskey)

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3. Scaling Up the Health Business

Add new product lines (health products for women)

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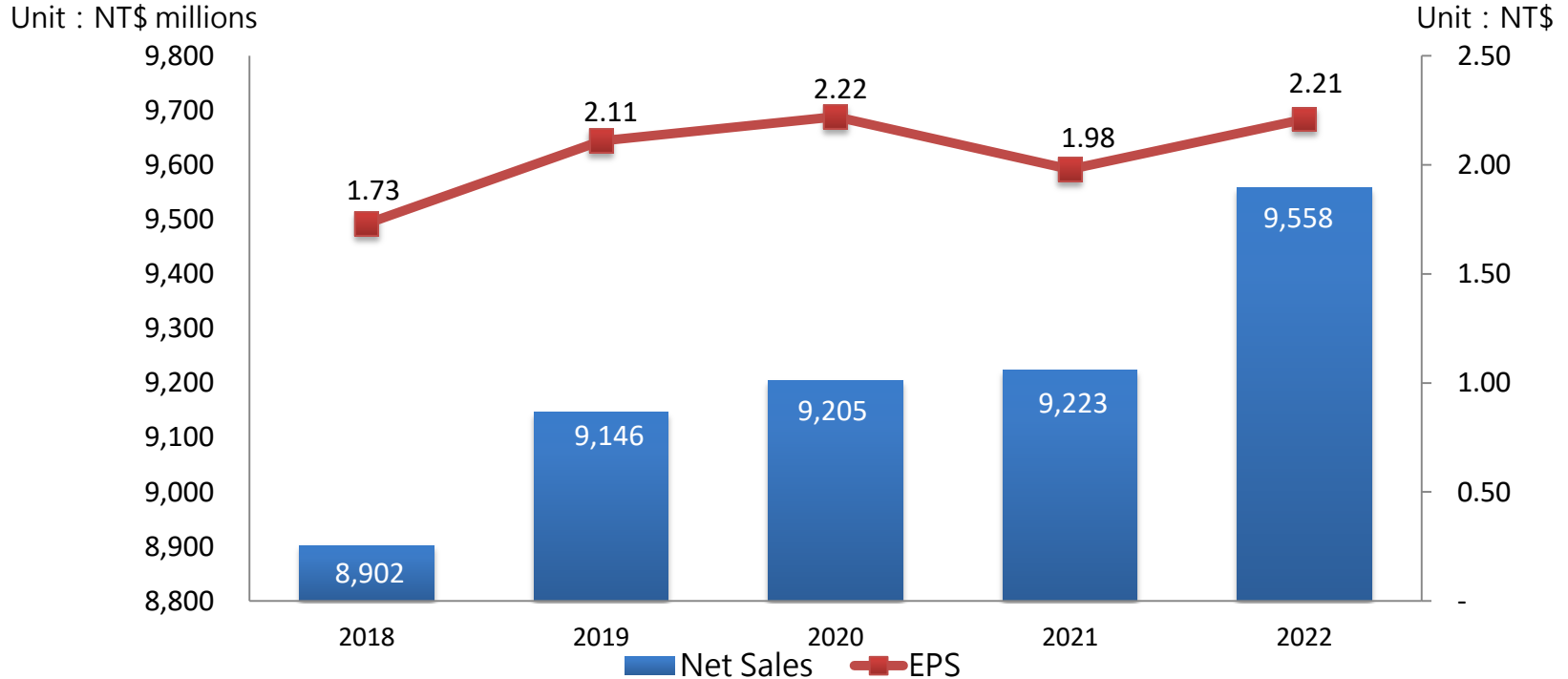
4. Accelerating Carbon Reduction in Production

Acquire carbon footprint certification for the core beverage products (from 3 to 11 products)

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# Financial Performance

## Operating Revenue in the past five years



■ For the nine months ended September 30, 2023, the net sales revenue is 7,964 millions, and EPS \$1.92.



# Financial Performance

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Amounts in NT\$ millions</u>	<u>For the nine months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2022</u>
Net sales revenue	\$ 7,964	\$ 6,965
Operating cost	<u>(5,682)</u>	<u>(4,973)</u>
Gross profit	2,282	1,992
Operating expense	<u>(1,682)</u>	<u>(1,527)</u>
Operating income	600	465
Non-operating income and expense	<u>376</u>	<u>377</u>
Profit before income tax	976	842
Net income	<u>774</u>	<u>694</u>
Earnings per share (NT\$)	<u>\$ 1.92</u>	<u>\$ 1.73</u>

# Financial Performance

## CONSOLIDATED BALANCE SHEET

Amounts in NT\$ millions

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash and cash equivalents	\$ 1,252	\$ 977	\$ 1,060
Notes and accounts receivable, net	1,320	789	1,096
Inventories	5,521	5,444	5,804
Investments accounted for using the equity method	785	806	825
Property, plant and equipment	5,920	5,939	5,991
Investment property	7,578	7,601	7,609
<u>Total assets</u>	<u>23,113</u>	<u>22,759</u>	<u>23,404</u>
Short-term loans	1,000	950	1,598
<u>Total liabilities</u>	<u>4,717</u>	<u>4,414</u>	<u>5,244</u>
<u>Total equity</u>	<u>18,396</u>	<u>18,345</u>	<u>18,160</u>
<u>Book value per share(NT\$)</u>	<u>\$ 45.8</u>	<u>\$ 45.6</u>	<u>\$ 45.2</u>

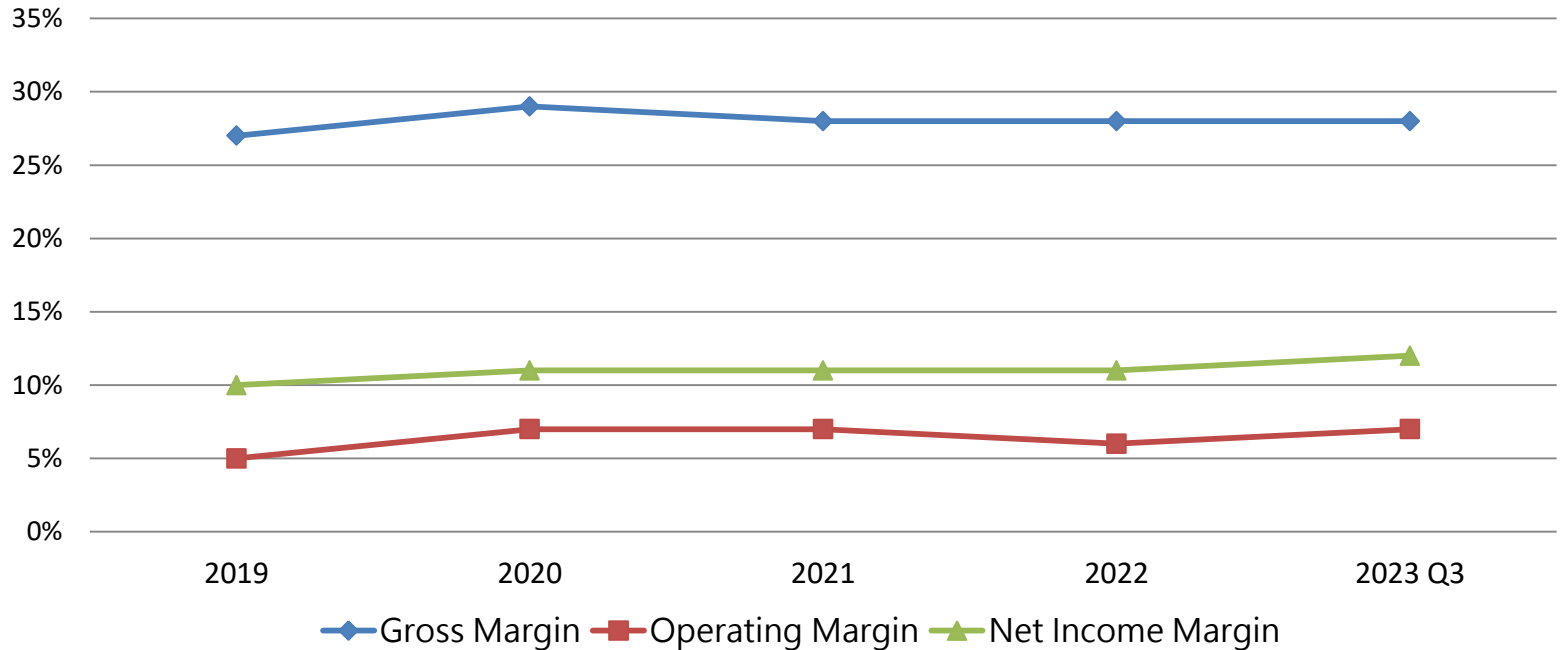
## CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in NT\$ millions

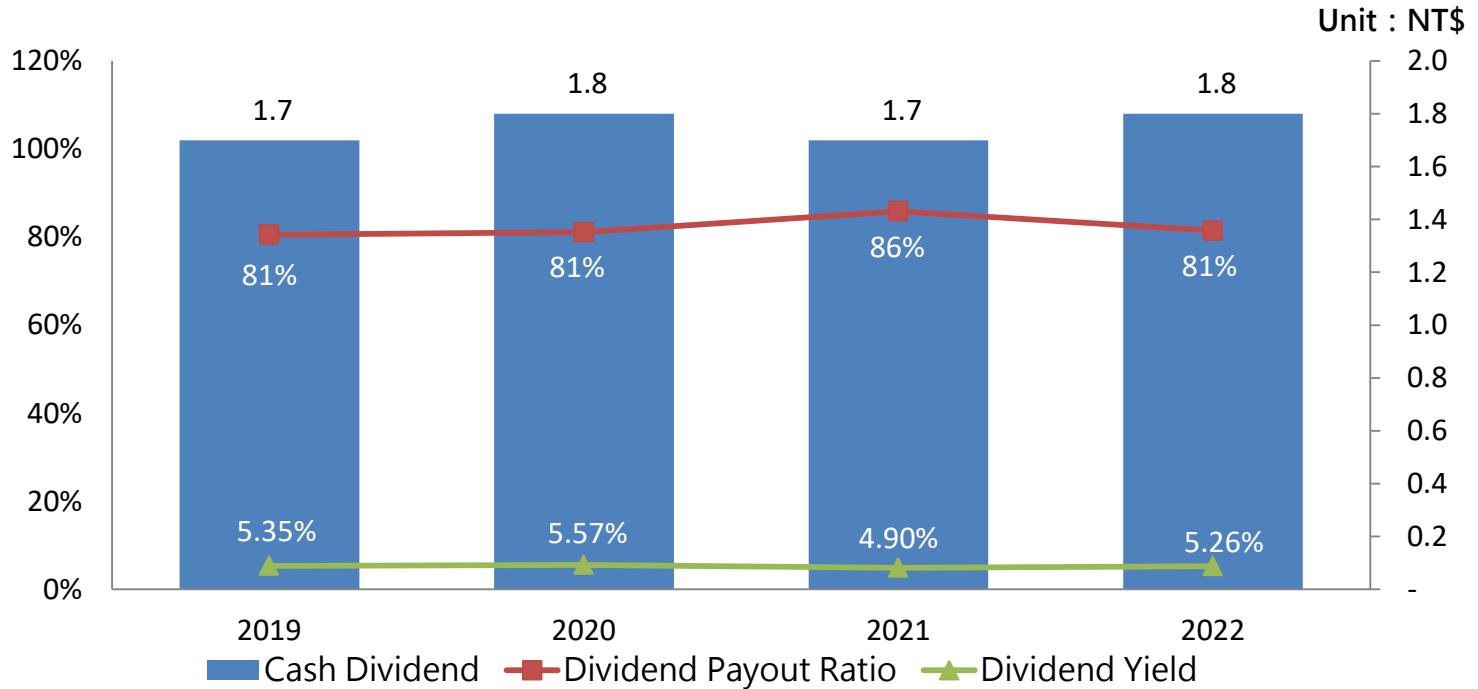
	<u>For the nine months ended</u> <u>September 30, 2023</u>	<u>For the nine months ended</u> <u>September 30, 2022</u>
Net cash inflow from operating activities	\$ 765	\$ 151
Net cash inflow (outflow) from investing activities	198	(129)
Net cash outflow from financing activities	(688)	(200)
<u>Effect of exchange rate changes on cash and cash</u> <u>equivalents</u>	<u>-</u>	<u>7</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	<u>275</u>	<u>(171)</u>
<u>Cash and cash equivalents, end of period</u>	<u>\$ 1,252</u>	<u>\$ 1,060</u>

# Financial Performance

## Profit performance in the past five years



## Dividend Policy



# ESG Performance

## Low-carbon Production

**84,239 kWh**

Consumption of renewable energy over the two months from November to December

**850 tons of CO<sub>2</sub>e**

With the replacement of the old B#17 production line, we estimate an annual electricity saving of around 1.67 million kWh

**27,763 tons**

Total annual water saving in the production at Zhongli Plant

**292 tons**

Total annual waste reduction at Zhongli Plant

**Nine consecutive years**

Recognized by the Environmental Protection Administration as an excellent manufacturer of green procurement for 9 consecutive years since 2014

## Safe Food and Beverage

**53 tons**

A 1% decrease in sugar content of HeySong Sarsaparilla

**2 items**

Two healthcare products have earned the Symbol of national Quality



綠色工廠  
GREEN FACTORY

**The first in the beverage industry**

Obtained the Green Factory Label in 2023

## Corporate Governance



TAIWAN  
STOCK EXCHANGE

**Ranked within the second level, surpassing 80% overall**

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



**SASB  
STANDARDS**

Now part of IFRS Foundation

**Adopt SASB indicators**

Enhance the quality of our sustainability information disclosure

# Contribution to Society

HeySong Educational Foundation  
Celebrating the **10th** anniversary


Develop community pride. Take pride in the community!

## Influence

Partner schools **58** Among 186 public elementary schools in Taoyuan City, our partner schools account for 31.1%.

Involvement of teachers and students **45000+**

## Three initiatives



點子計畫

46 elementary schools presented 114 environmental proposals



生態計畫

28 elementary schools achieved the US-Taiwan Eco-Campus certification

11 19 27

Taoyuan City ranks first in the national Green Flag count



課程計畫

3 elementary schools developed 3 sets of school-based distinctive courses

## Sustainable future

**Dedication to Taoyuan**

Transform Taoyuan into an environmental education hub

**Nationwide influence**

Collaborate with NGOs to amplify our influence



# Q & A

