

HUNYA FOODS CO., LTD.

Institutional Investor's Conference

2022.12.28

Safe Harbor Notice

- The statements of our financial figures are presented in accordance with IFRS. All the financial figures have been reviewed by CPAs.
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01 Company Overview

**02 Core Operational
Capabilities and Strategies**

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**04 Business Outlook for
2023**



01 Company Overview

公司簡介

- Founded Date : 1976/06/14
- Listed in TSE : Year 2001
- Product Industry : Food manufacturing
- Paid-up Capital : NT\$1.08 Billion
- Employee Amount : Around 725 staffs
- Year 2020 Consolidate Sales : NT\$1.76 Billion
- Major Products & Service: Chocolate, Biscuits, Bride Assortment cookies, Moon Cakes and Chocolate Museum (Republic of Chocolate)



ESG Achievement

SDG Strategic Blue Print

Cores & Missions

Trust

(= From Management Performance)

Create a Trusting Image through transparent and trustable management, well controlled internal management, 100% Safety Food principle, and a happy working environment.

Passion

(= From Execution and Policy)

Linking Hunya company's passion to social, environmental and economical sides as well as taking actions to create dynamic values to the people.

Innovation

(= From Innovative Performance)

Subverting traditional commercial promotion techs by thinking of innovative ways to breakthrough all the challenges and extend the company's market.

- **For Consumer**
Sharing Sweetness and Happiness
Enjoy the moment

(Product)



- **For Supplier**
Collaborate and Prosperity
Relationships
(Supplier Management)



- **For Future Consumers**
Inherit Fresh and Positive Energy
(Environment)



- **For Society**
Inject Positivity and Love
(Society)



- **For Employee**
Create Energetic and Friendly Working Environment
(Employee Caring)

Sustainability Award



台灣食品業唯一得獎



餐飲及食品業	
◆第一類◆	◆第二類◆
【金級】 福壽實業	【白金級】 安心食品
【銀級】 統一企業	【金級】 宏亞食品 石安牧場
【銅級】 王品餐飲 黑松公司	【銀級】 舊振南
	【銅級】 漢來美食



R & D and Product Achievements

2022 FOOD AWARD & CERTIFICATION



	2020	2021	2022
Dacquoise(Raspberry)		★	★★
Dacquoise(Rum Raisin)		★	
Butter Cookie(Original)	★★	★★	★★
Butter Cigar Cookie(Vanilla)	★	★★	★★
Always extreme dark chocolate		★	
Black Truffle Custard Crisp	na		
Always wafer biscuits with hazelnut filling	★		

GLOBAL AWARD

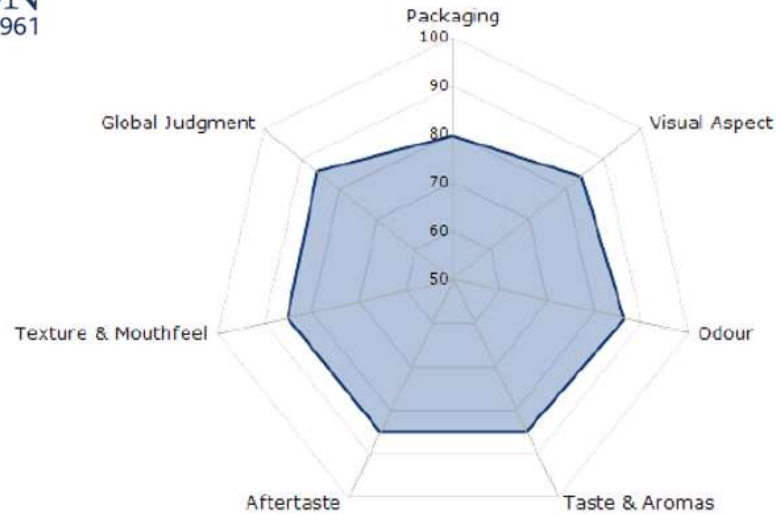
ITQI Global Sweet snack · snack bar · crackers · chocolate · confectionery etc.

- Global 319 stars
- TAIWAN 87 stars
- HUNYA 6 stars (Taiwan accounts for 7%/ Global account for 1.9%)

2022 FOOD AWARD & CERTIFICATION



MONDE SELECTION®
International Quality Institute Since 1961



2022 FOOD AWARD & CERTIFICATION



Formosa Oolong-tea chocolate ball
福爾摩沙 烏龍茶巧克力球
ICA [金牌]



ASIA-PACIFIC



Presented to

Hunya

for

Formosa Oolong Tea Chocolate ball

which received a

GOLD

in the category of

Other fillings with milk chocolate

Maria Elena Della *Mohammed* *Monica Meschini*



Management Results

Hunya Quality System and International Product Certification



BS 8001: 2017
A new standard for
the Circular Economy



fitwel International Certification of Healthy and Friendly Workplace



Fitwel is the world's leading healthy building certification, **dedicated to improving the health and sustainability of people, employees, buildings and communities.**

The total points are awarded with 1~3 star green building certification. This certification standard is operated by the Center for Active Design established by the former New York Mayor Michael Rubens Bloomberg.

And to cooperate with the international authoritative third-party impartial unit UL to develop the international market, not only has international credibility, but also has been included in the U.S. government procurement guidelines.

The development of intellectual manufacturing

- Stage-I AI Landing evidence-77 Nougat A-Line Digitization of the production line+AI Light Benefit collection

Cat.	TYPE	Stage-I 數位化+AI Light 導入前 [BEFORE]	Stage-I 數位化+AI Light 導入後 [AFTER]	KPI CHK
顯性效益_1	有效工時 (min)	270	338.18 [16% UP]	✓
顯性效益_2	每班產能	350/Min	380/Min [8.5% UP]	✓
顯性效益_3	製程餘料 (KG)	14.3	7.9 [45% DOWN]	✓
顯性效益_4	Cost \$NT / Month	x	\$20-25 萬 DOWN	✓
隱性效益_1		x	增加主動性: IPQC 製程參數 超出規格立即 通知	✓
隱性效益_2		x	增加主動性: IPQC 製程參數 風險預估	✓
隱性效益_3		x	增加主動性: 當批次產出 FQC 抽檢率建議	✓
隱性效益_4		x	解決 OP 人力短缺問題	✓
連動投資		x	\$NT 3,826 萬 [自動化包裝區]	✓

- Stage-II Digitization+AI Light in progress

- 77 Nougat C-Line embed
- HUNYA MFG TPEM (Total Productive Equipment Management)



Merger Synergy of Acquiring Croissants Bakery

- Develop fresh/frozen products, introduce some production lines into the Bade factory area for centralized management, improve production capacity/manpower utilization to solve the gap between high and low peaks and the difficulty of leveling.
- Croissant Bakery product line can cooperate with the Rivon development strategy to increase the product portfolio efficiency.
- The function of the logistics platform can be combined by the company to play a **synergistic effect**. It has been imported into the unified purchase of raw materials, salary system, sign-off system, internal control system. Plan to implement SAP in the future
- The customer base partially overlaps with the company's, and centralized management plays a **synergistic effect**.



02

**Core
Operational
Capabilities
and
Strategies**

Food Industry Value Chain



- Market Research Company
- Raw Materials and Material Companies
- Academic Institution

- Food Machine Manufacturer
- Information System (ERP WMS MES)
- Efficient use of resources
- Waste (Reduce or Reuse)

- Warehousing and Logistics Company
- Market Research Company
- Advertisement Company
- Dealer

Hunya's core competence



R & D Manufacturing

- Chocolate
- Bakery products (biscuits, cakes, bread)
- OEM



Brand Development

- 77 Nougat 、Wafe Pie 、Always 、Chofers……
- RIVON



Channel Management

- CVS 、PX 、HYPER 、PCS 、SUPER
- Own Channel

Brand Strategy-1

① Enhance brand power!

- ✓ **Maximize the synergy of brand marketing** · With 77 parent brands + 7 sub-brands integrated marketing to achieve double-digit actual sales growth compared with the same period last year ! From :
 - 1) Classic brands are exposed at the same time, gaining more attention from consumers.
 - 2) A halo effect is produced, and each brand adds to each other's classic, high-quality, innovative, and high-life brand images!
 - 3) Joint negotiations increase bargaining power for more favorable media purchase terms and greater visibility °

STRONGER
Together!



Brand Strategy-2

② Expand new consumer groups– GenZ!

- ✓ According to GenZ’s consumer insights, media audio-visual habits and preferred product tastes, optimize marketing communication content, media placement, and product benefits, rejuvenate the brand and increase the proportion of GenZ consumer groups!



③ Consolidate existing customers – New products that meet market trends and consumer needs!

In addition to continuing to consolidate existing consumers with classic products, as health awareness gradually becomes the mainstream trend, the sales proportion of healthy concept snacks will be expanded, such as Always’s high-volume chocolate, 100% additive-free We Made, and future new products.

 HUNYA FOODS

ALWAYS
歐維氏巧克力



本味
誠現




NEW!

Status, Challenges and Strategies of Channel



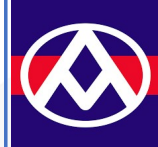
The dominance of modern channels,
the tightening of bargaining space

The transformation of the channel, a
small amount of diversified demand,
and the increase of the cost of R & D
and production

Prosperity of E-commerce

Solution

- ✓ Product strategy for compartmentalized channels
- ✓ A small number of diverse production line layouts and R&D strategies
- ✓ Deployment of digital, self-owned channels and talents
- ✓ Become a partner in channel product development



FamilyMart



R&D Manufacturing Strategy

- Use good raw materials and good methods to make delicious products.

Use local ingredients to create local specialty products in Taiwan.
Strictly select raw materials from international sources.

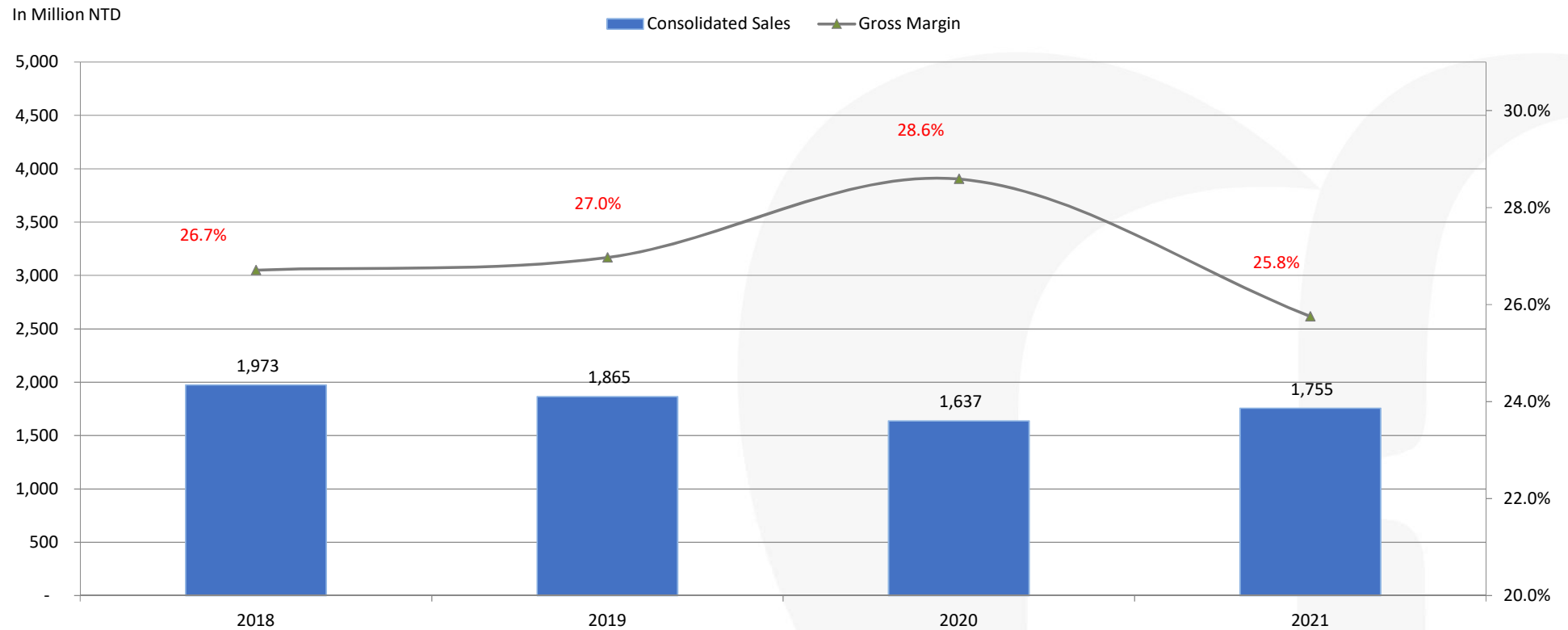
- **International craftsmanship**, using high-standard equipment such as "chocolate grinding equipment, DARK chocolate production line, wheat chocolate production line, 77 Nougat production line, wafer production line, pine cone production line". And attach importance to the inheritance of technology and experience.
- **Artificial Intelligence Manufacturing**
-



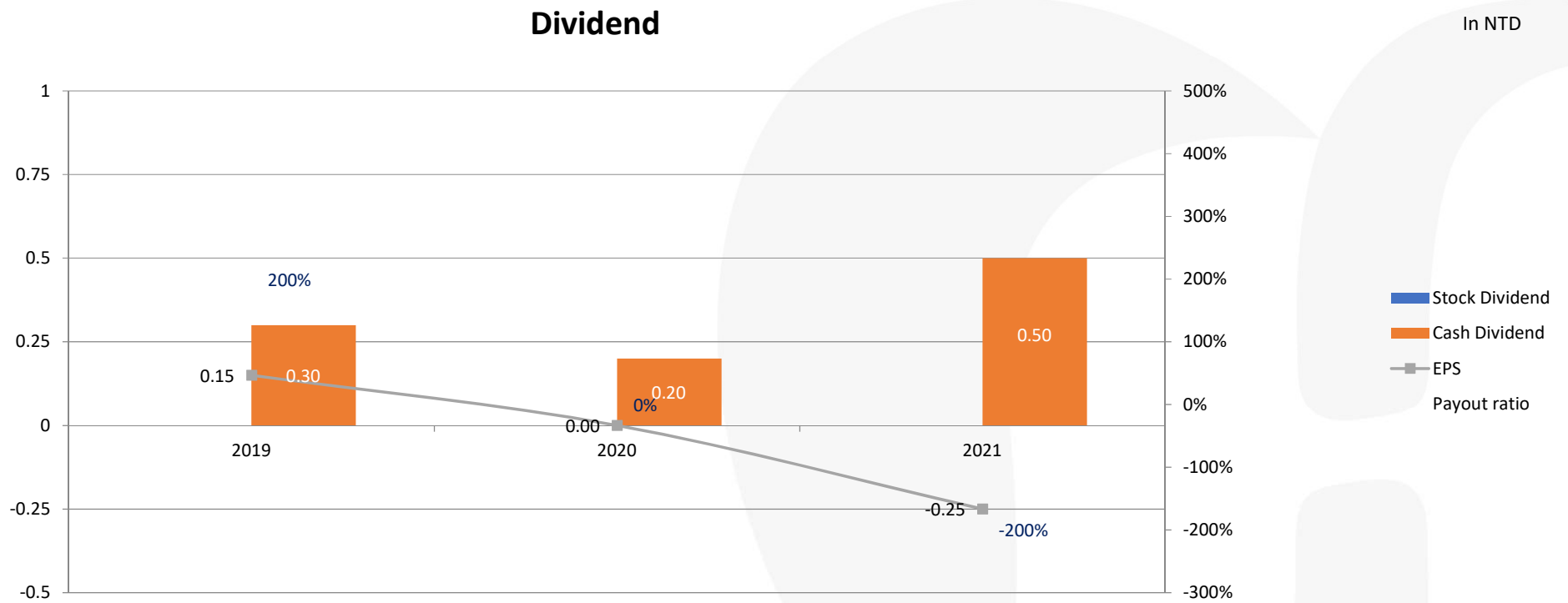
03

**Financial
Report**

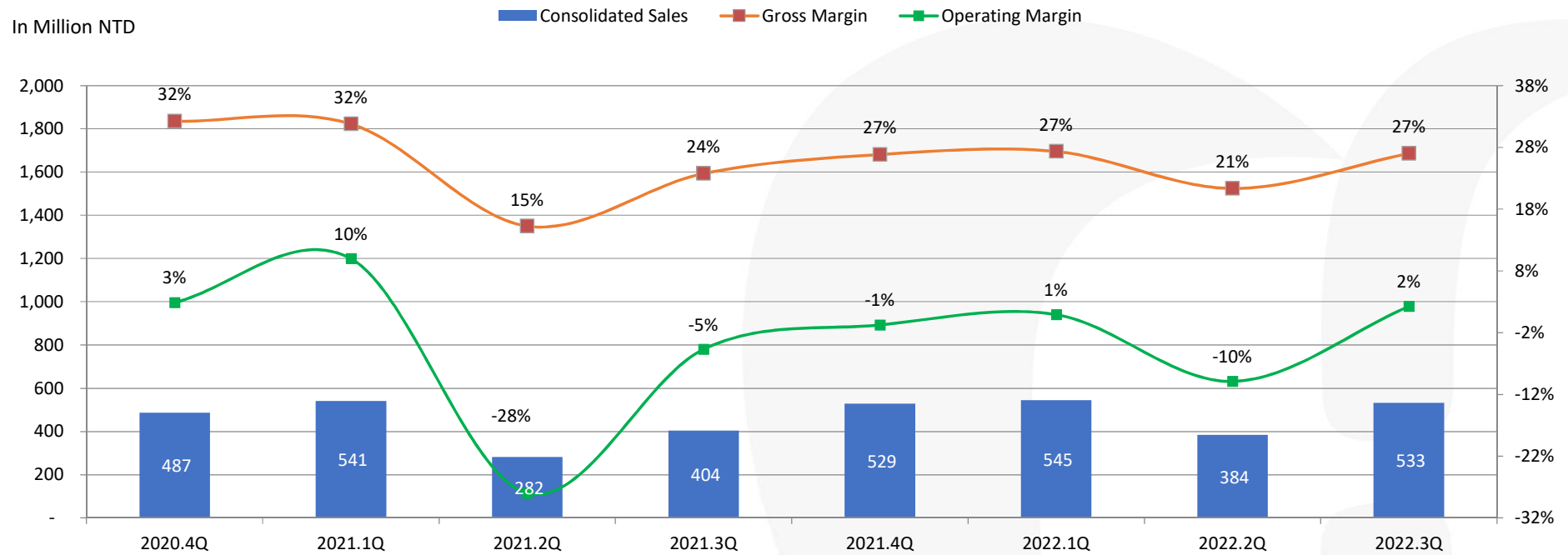
Operating Revenue & Gross Profit Margin



Dividend Policy



Consolidated Income Sheet – QoQ Chart



Consolidated Income -YoY

Condensed Consolidated P&L (In Million NTD, except for EPS in NTD)	<u>2021</u>	%	<u>2020</u>	%	Y o Y
Net Sales	1,755	100%	1,637	100%	7%
Cost of Good Sold	(1,303)	(74%)	(1,169)	(71%)	11%
Gross Profit	452	26%	468	29%	(3%)
Operating Expenses					
Selling expenses	(400)		(395)		1%
Admin expenses	(86)		(73)		18%
Operating Expenses sub-total	(501)	(28%)	(480)	(29%)	4%
Operating Income	(49)	(3%)	(11)	(1%)	345%
Non-Operating Income (Expenses), net	18	1%	12	1%	50%
Income (Loss) Before Tax	(30)	(2%)	0	%	#DIV/0!
Income Tax	3	%	0	%	#DIV/0!
Net Income	(27)	(2%)	0	%	#DIV/0!
EPS(Basic)	(0.25)		0.00		#DIV/0!
ROE	3.84%		4.90%		

Consolidated Income Statement -QoQ

Condensed Consolidated P&L (In Million NTD, except for EPS in NTD)	<u>2022.3Q</u>	%	<u>2022.2Q</u>	%	<u>2021.3Q</u>	%	Q o Q	Y o Y
Net Sales	534	100%	385	100%	404	100%	39%	32%
Cost of Good Sold	(389)	(73%)	(302)	(78%)	(308)	(76%)	29%	26%
Gross Profit	144	27%	82	21%	96	24%	76%	50%
Operating Expenses								
Selling expenses	(99)		(84)		(87)		18%	14%
Admin expenses	(28)		(31)		(24)		(10%)	17%
Operating Expenses Sub total	(131)	(24%)	(120)	(31%)	(114)	(28%)	9%	15%
Operating Income	12	2%	(38)	(10%)	(19)	(5%)	(132%)	(163%)
	6		5		6			
	(4)	(1%)	(4)	(1%)	(2)	(%)	%	100%
Non-Operating Income (Expenses), net	2	%	1	%	4	1%	100%	(50%)
Income (Loss) Before Tax	15	3%	(37)	(10%)	(14)	(3%)	(141%)	(207%)
Income Tax	0	%	1	%	1	%		(100%)
Net Income	15	3%	(37)	(10%)	(13)	(3%)	(141%)	(215%)
EPS(Basic)	0.14		(0.34)		(0.12)		(141%)	(217%)
ROE/Q	0.50%		-1.3%		-0.9%			

Consolidated Balance Sheets and Financial Ratios

Consolidated Balance Sheet (In Million NTD)	2022.3Q		2022.2Q		2021.3Q	
	Amount	%	Amount	%	Amount	%
Balance Sheet Highlights						
cash & Short Term Investments	689	17%	635	16%	577	22%
Accounts Receivable	279	7%	224	6%	217	8%
Inventory	244	6%	257	6%	228	9%
Net PP&E	1,788	45%	1,778	44%	1,393	54%
Current Liabilities	541	14%	593	15%	439	18%
Non Current Liabilities	476	12%	425	11%	611	24%
Shareholders' Equity	2,933	74%	2,994	75%	1,545	60%
Total Asset	3,950	100%	4,011	100%	2,595	100%
Inventory Turnover (Day)	59		69		68	
AR Turnover (Day)	43		64		48	
Current Ratio	127%		107%		131%	
Quick Ratio	75%		57%		71%	
Debt Ratio	26%		25%		40%	
Inventory turnover Ratio	1.55		1.32		1.34	
A/R turnover Ratio	2.12		1.42		1.91	

Statements of Cash Flows

Cash Flows (In Million NTD)	<u>2022.3Q</u>	<u>2021.3Q</u>	YoY
Beginning Balance	217	89	143%
Cash inflow generated from operations	92	108	(14%)
Capital expenditures	(335)	(124)	171%
Proceeds from disposal PP&E	463	0	163969%
Proceeds from disposal Stocks	(95)	0	-
Proceeds from disposal Stocks	274	0	-
Acquisition of Subsidiaries	(154)	0	-
Proceeds from short-term/long-term debt	(54)	0	-
Repayments of preference share liabilities	0	0	-
Cash dividend paid	(54)	(22)	150%
Payments to acquire treasury shares	0	0	-
Others	(229)	36	(739%)
Ending Balance	<u>125</u>	<u>88</u>	42%

Investment-Financial assets at fair value through profit or loss- non-current

111.09.30							
		A	B		C	A*C	
Investee	Type of stock	Number of shares	Total cost	Cost per share	111.09.30 Average transaction price per share	111.09.30 AMT	Shareholding ratio
PHARMAESSENTIA CORPORATION	Ordinary shares	1,098,896	31,120,673	28.3199	483.50	531,316,216	0.39%
	108/12 PIPE	465,117	40,000,062	86.0000	386.80	179,907,256	0.16%
	109/06 PIPE	426,440	40,000,072	93.8000	386.80	164,946,992	0.15%
	111/05 PIPE	380,000	95,000,000	250.0000	386.80	146,984,000	0.13%
		<u>2,370,453</u>	<u>206,120,807</u>	<u>86.9542</u>		<u>1,023,154,464</u>	<u>0.83%</u>

Note: The issuance conditions of private placement increase cannot be freely transferred within 3 years.



04

**Business
Outlook
for 2022**

Business Outlook

The main theme of the economy in 2023 is disinflation, as oil prices stabilize, food shortages improve, and supply chain bottlenecks are also opened up. Although there will be no rapid interest rate hikes in 2023, the global interest rates will remain high at the cost of **low growth globally**.

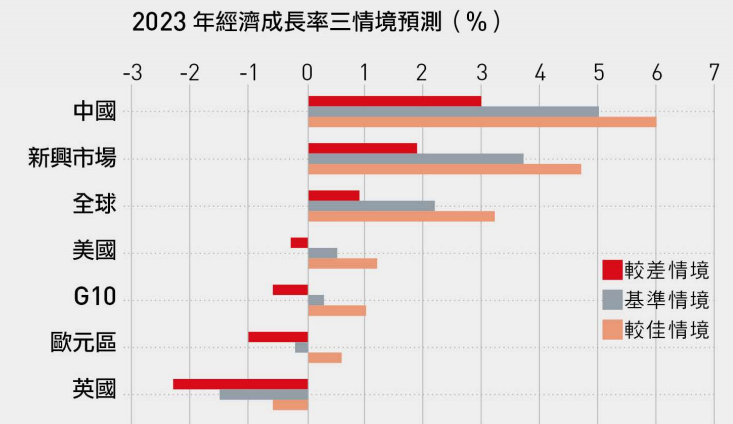
Hunya's business axis

Hunya's customer-centric product development orientation, **steady and continuous investment in new products, new production lines and fresh food categories**, caters to Gen Z and health

concepts, even if the economic outlook is chaotic, consumers will not reduce spending.

- Invest in ESG/FSSC to strengthen **food safety risk control**, upgrade food safety and obtain **FSSC certification**.
- **Digital transformation of artificial intelligence manufacturing and production fields**, developing towards WMS/MES.

中美若陷入較差情境， 將面臨「保3」挑戰和負成長



註1：情境好壞預測取決於美國通膨和中國防疫政策鬆綁程度
註2：G10成員國為比利時、荷蘭、加拿大、瑞典、法國、瑞士、德國、英國、義大利、美國、日本
資料來源：摩根士丹利

謝謝聆聽

THANK YOU

Happy
Happy

Adaptable x Proactive x People Oriental x Yes, I say OK

在地永續 幸福延續。