

天仁茗茶
Ten Ren's Tea



CHAFFEE

Stock Code: 1233

Ten Ren Tea Co., Ltd. Investment Forum

Eric Chen

CFO

December 18, 2020



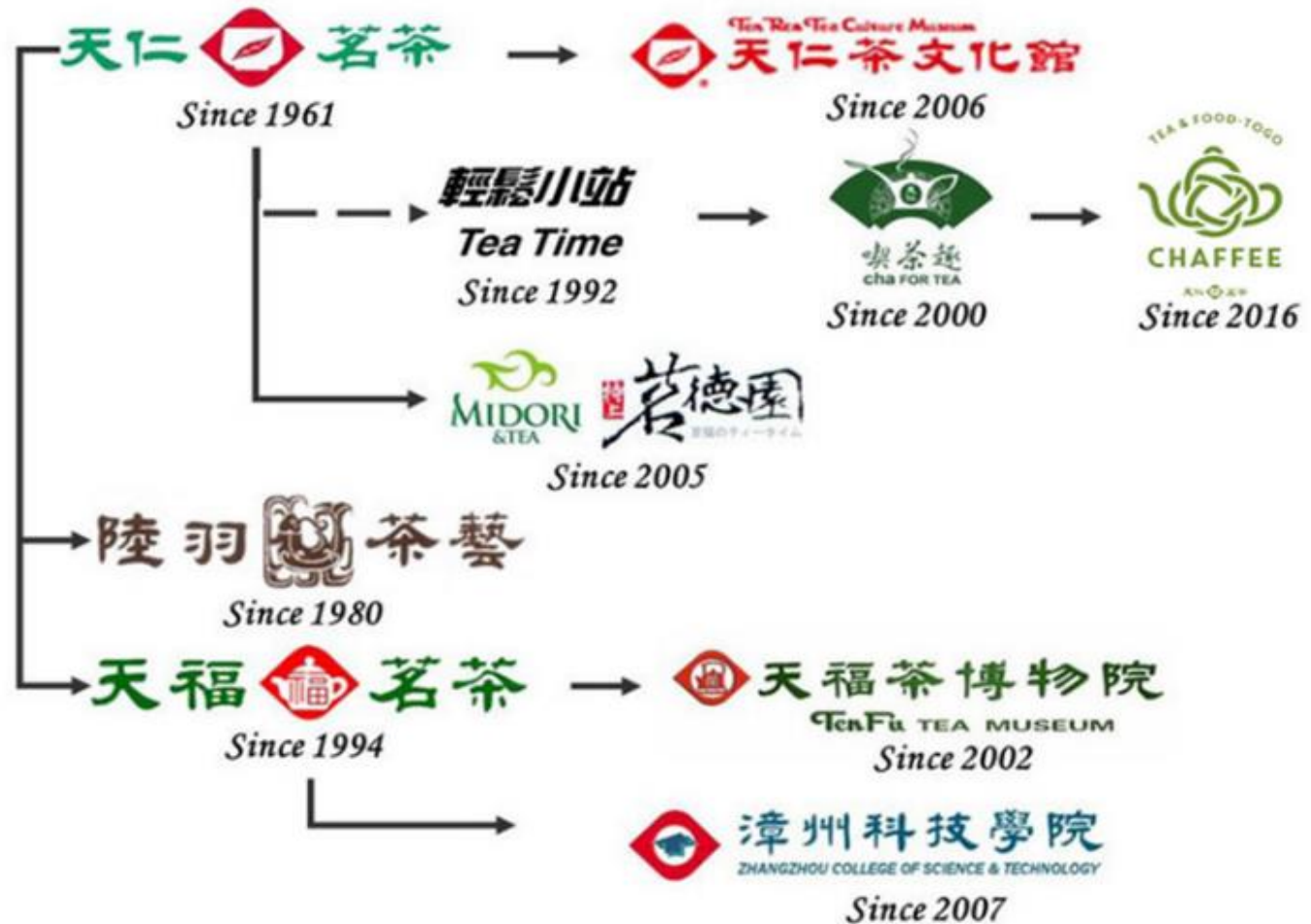
Natural, Healthy, Hospitable

Topic Outline

- 
- ◆ **Development of Corporate Group & Brand**
 - ◆ **About Ten Ren**
 - ◆ **2020 Marketing Events**
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 - ◆ **Operation and Development Plans**



Development of Corporate Group & Brand



About Ten Ren



Domestic chain system

108 Domestic direct sales stores

49 Ten Ren Tea shops

41 Department store counters

11 cha FOR TEA shops

7 CHAFFEE shops

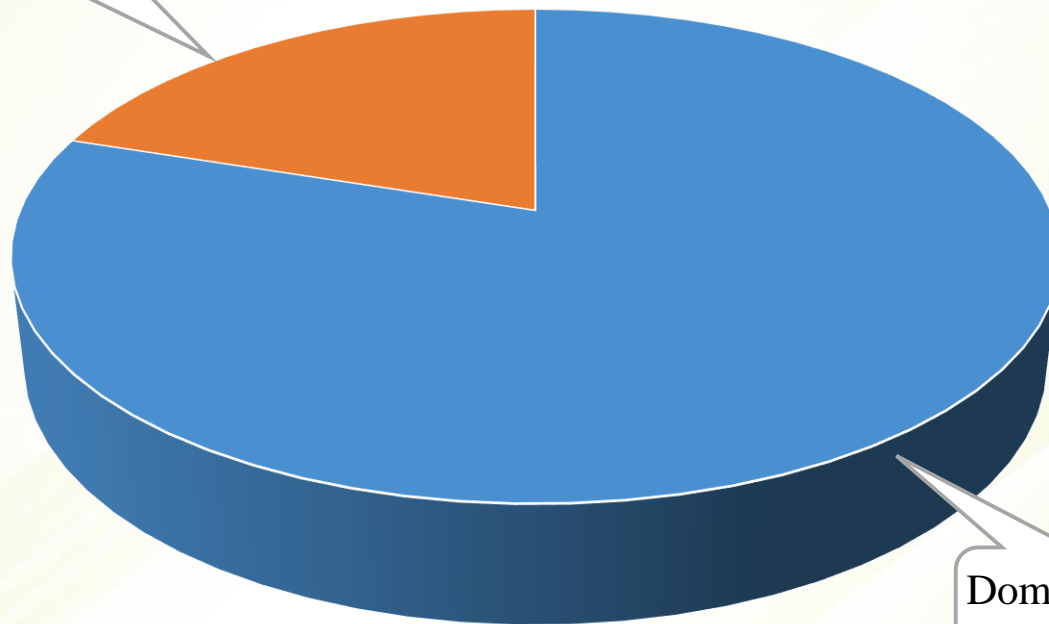
3 business centers



Analysis of Domestic & Overseas Sales



Overseas sales
20%

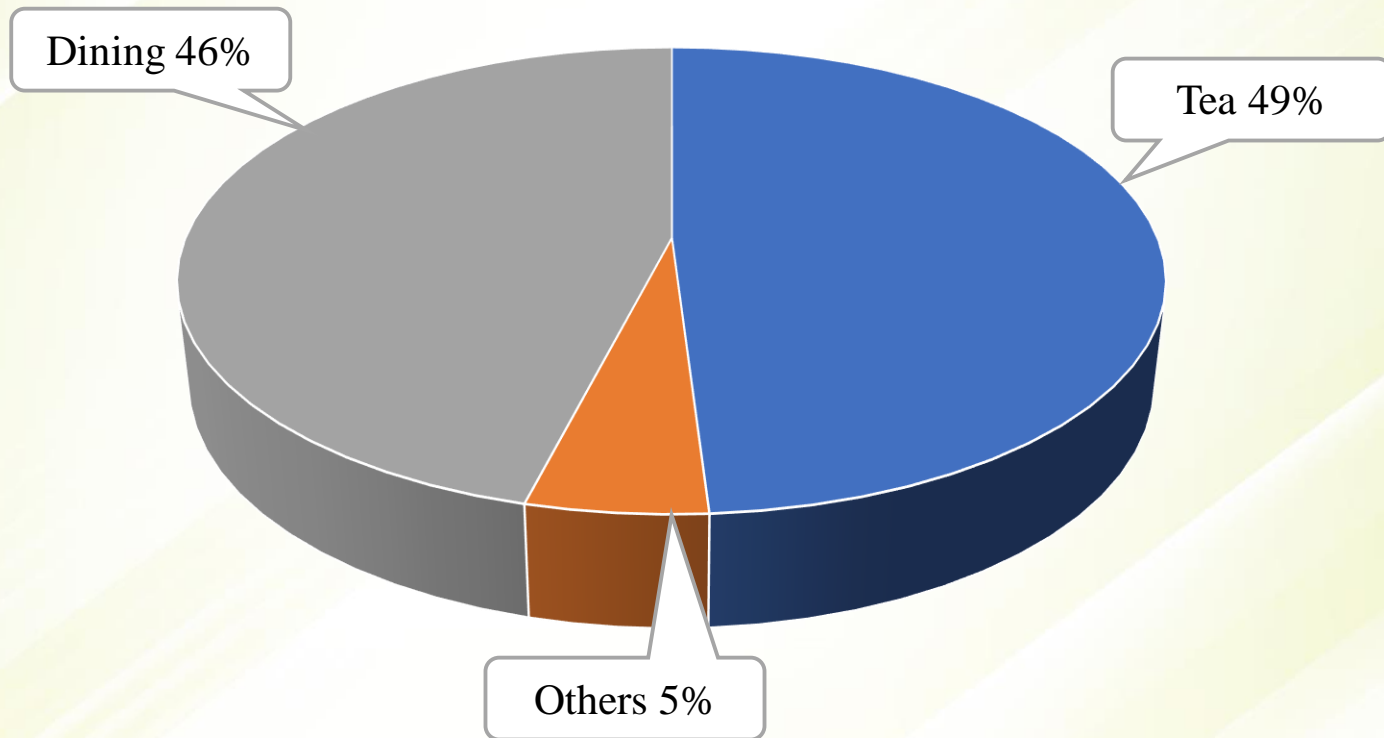


Domestic sales
80%

■ Domestic sales ■ Overseas sales



Main Product Portfolio



■ Tea ■ Others ■ Dining





Active Development of Chain Stores Overseas

Current status of overseas franchised shops

◆ 117 franchised shops overseas

Shops are opened in the U.S., Canada, Hong Kong, Macau, Singapore, Japan, Malaysia, Australia, etc.

◆ 1,239 Tenfu Tea shops in China

Note: Tenfu Tea is the general sales agent of Ten Ren Tea's line of products in China.



2020 Marketing Events

Introduction of Delivery Platform

Uber Eats was introduced in December 2018, and Foodpanda was introduced in August 2019. 42 Ten Ren Tea shops have cooperated with delivery platforms.

Sales taking place on the delivery platforms in October 2020 accounted for 10.7% of Ten Ren Tea's overall sales, and 13.8% of the sales of the cooperated Ten Ren Tea shops.

Delivery platforms bring convenience for existing consumers, as well as enhance visibility for the brand in order to expand the scope of reaching future consumers





2020 Marketing Events (Cont'd)

Diverse Product Development

Selling additional products at the counter at discounted price helps to increase amount spent per customer. In 2019, we launched Matcha caramel, Ti Kuan Yin cocoa popcorn, Plum Green Tea sweet potato chips, 913 milk tea, Matcha milk green tea pastry, and 913 Nori French fries. The total sales number of the products reached 500,000 packs in 2020, with 160,000 sold overseas.

Co-branded products were developed in 2020; 172,000 cups of 913 ice cream and Matcha ice cream were sold.





Promotion of Tea Culture

Ten Ren Tea Cultural Centers

Established in 2006, we held the spirit of “What is taken by the tea is used in tea, ” Ten Ren Tea Cultural Centers offer free visits, guided tours, tea serving, and tea art courses and DIY activities, providing a wonderful place for visitors to relax, learn, and gain new experience.

We continue to offer floral and pottery courses for the community to participate in, encourage the general public to learn, and then cultivate the body and mind, toward the goal of shaping a harmonious society.

We hold art exhibitions to provide a platform for Taiwanese artists to create Taiwanese tea pots with local imagery, materials, and construction methods, so that there are opportunities for the art pieces to be seen and appreciated far and wide.

We engage in active public welfare activities, show our concern for the disadvantaged, and provide tailor-made teaching and learning activities for rural schools, aboriginal families, new immigrant families, students engaging in deviant behaviors, associations for people with disabilities, advocate groups for senior citizens and youths, community colleges, and schools of all levels, etc.

Financial Structures in the Last Five Years



Solvency in the Last Five Years



Current Ratio



Solvency in the Last Five Years (Cont'd)



Quick Ratio





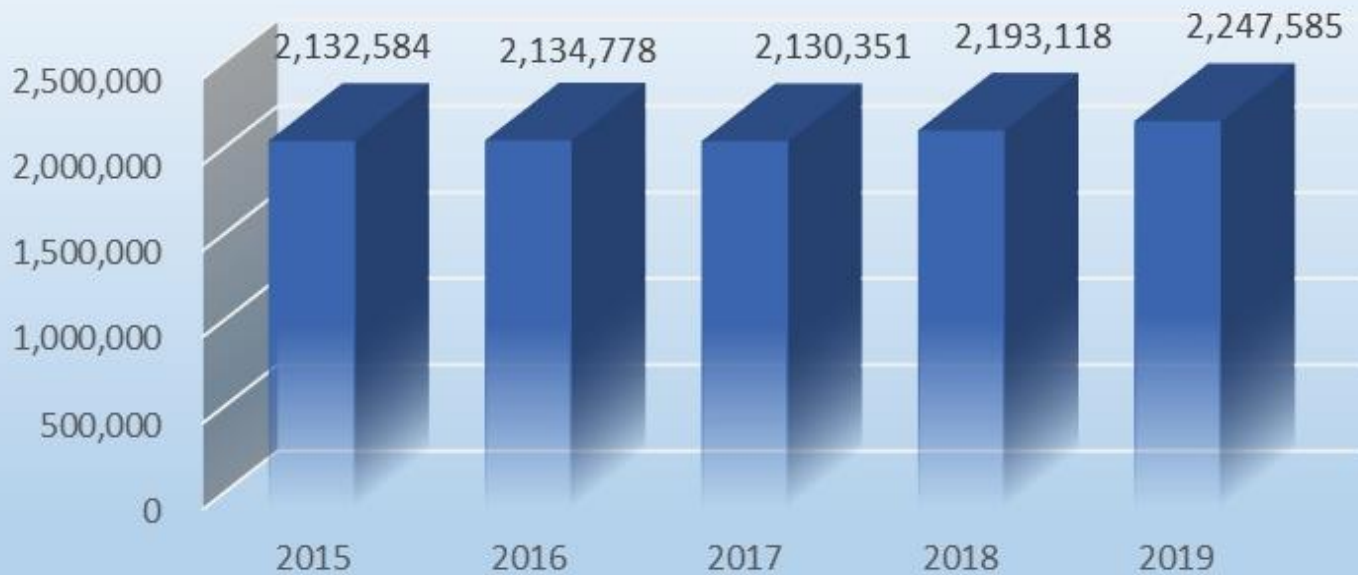
Explanation for financial ratio changes by more than 20%

The increase in debt ratio and the decrease in current ratio and quick ratio in 2019 compared with those in 2018 were mainly due to the increase in lease liabilities arising from the adoption of IFRS 16 from January 1, 2019.

Profitability in the Last Five Years (I)



Net Operating Income



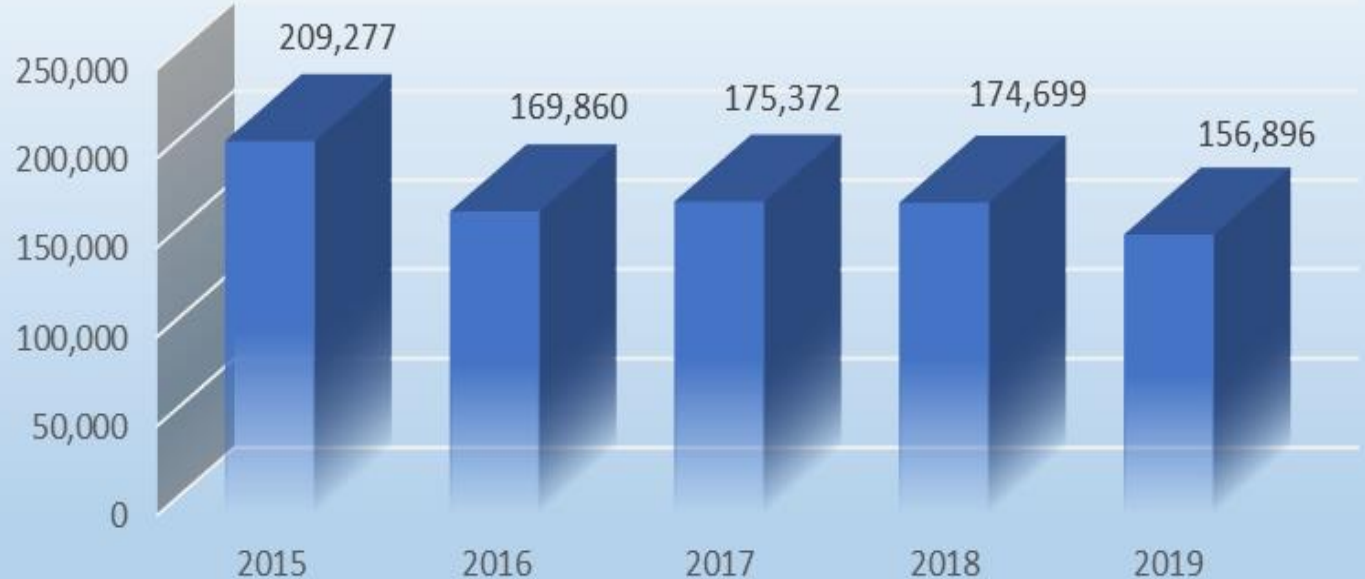
In thousand New Taiwan Dollars



Profitability in the Last Five Years (II)



Current Net Income (After Tax)



In thousand New Taiwan Dollars

TeaRealTea

喫茶趣
cha FOR TEA

CHAFFEE

Profitability in the Last Five Years (III)



In New Taiwan Dollars

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Dividend Distribution in the Last Five Years



In New Taiwan Dollars

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Profit & Loss in the Most Recent Year

Item	2020 Q1-Q3	2019 Q1-Q3	Growth Rate (%)
Operating income	1,401,213	1,670,542	(16.12)
Gross profit	803,072	967,786	(17.02)
Operating expenses	765,770	832,154	(7.98)
Operating profit	37,302	135,632	(72.50)
Non-operating income and expenses	7,267	18,951	(61.65)
Income before tax	44,569	154,583	(71.17)
Net income	36,961	124,838	(70.39)
Earnings per share (in NTD)	0.41	1.38	(70.29)

In thousand New Taiwan Dollars





Implement Safe Tea, Sense Happiness

The Company established food safety lab in April 2015 and obtained TAF certification in 2017. The Company obtained ISO17025 new version accreditation and added item accreditation.

For the last 5 years after the food safety lab was established, we completed self-inspection of raw materials and products of food and beverages and outsourcing SGS inspection. The webpage of [SGS My Safety Net – Ten Ren Tea Zone](#) is also established to comprehensively guard the food safety for the Company.



Implement Safe Tea, Sense Happiness (Cont'd)



Year	Internal inspection in the lab	Outsourcing to SGS for inspection			Total inspected pieces
	Raw materials and products of food and beverage	Each batch of the raw material	Sampling inspection of products	Raw materials and products of food and beverage	
2015	1,111	1,266		180	2,557
2016	1,457	1,114	20	167	2,758
2017	1,735	801	26	186	2,748
2018	1,656	814	13	183	2,666
2019	1,553	777	10	201	2,541
Up to 2020 Q3	1,181	411	1	174	1,767
Total	8,693	6,183	70	1,091	15,037






Operation and Development Plans

- **Accelerate the connection with new economy, new retails and new field. Engage in digital transformation to reach the goals of enhancing customer experience and in creasing operational efficiency.**
- **Add TAF accreditation items for food safety lab and establish “Food and Beverage Industry First Class Quality Control System” to comprise a complete food safety system.**
- **Implement corporate governance and social participation to cultivate the essence of tea culture and enthusiasm of the service provided.**



Operation and Development Plans (Cont'd)

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- ◆ In response to the impact of climate change, the Company continues to pay attention to the supply of tea raw materials and diversify the sources of high-quality tea raw materials at home and abroad.
 - ◆ Develop healthy and affordable products to promote consumer health and generate positive influence.





**Thank you for
your attention**

Eric Chen, CFO

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[SGS My Safety Net – Ten Ren Tea Zone](#)

