

Corporate Briefing for Ten Ren Tea Co., Ltd.

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Vice President, Finance and Administration Group

December 12, 2023



天然、健康、人情味



嚙茶永續
趣味盎然

Topic Outline

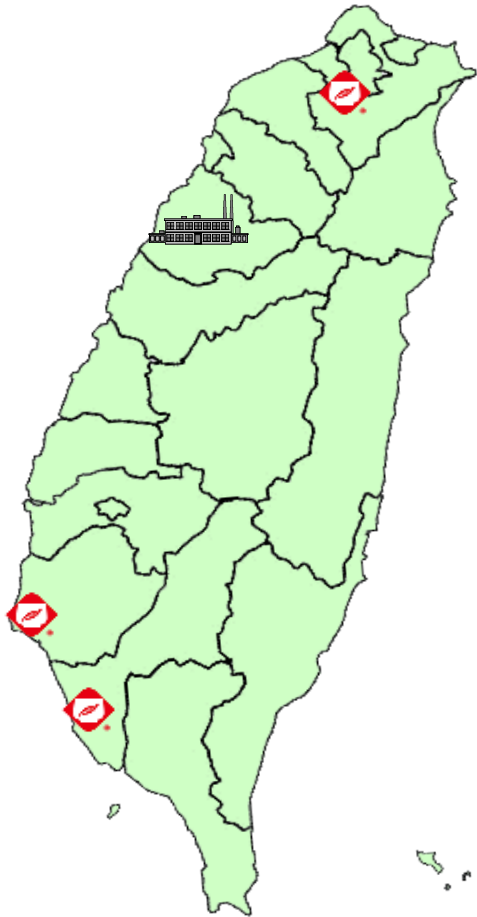
- ◆ **Group and Brand Development**
- ◆ **About Ten Ren**
- ◆ **Sustainable performance in tea business in 2023**
- ◆ **2023 Marketing Events**
- ◆ **Promotion of tea culture**
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Group and Brand Development



About Ten Ren



**Domestic directly operated
bases: 102**

Ten Ren Tea stores: 46

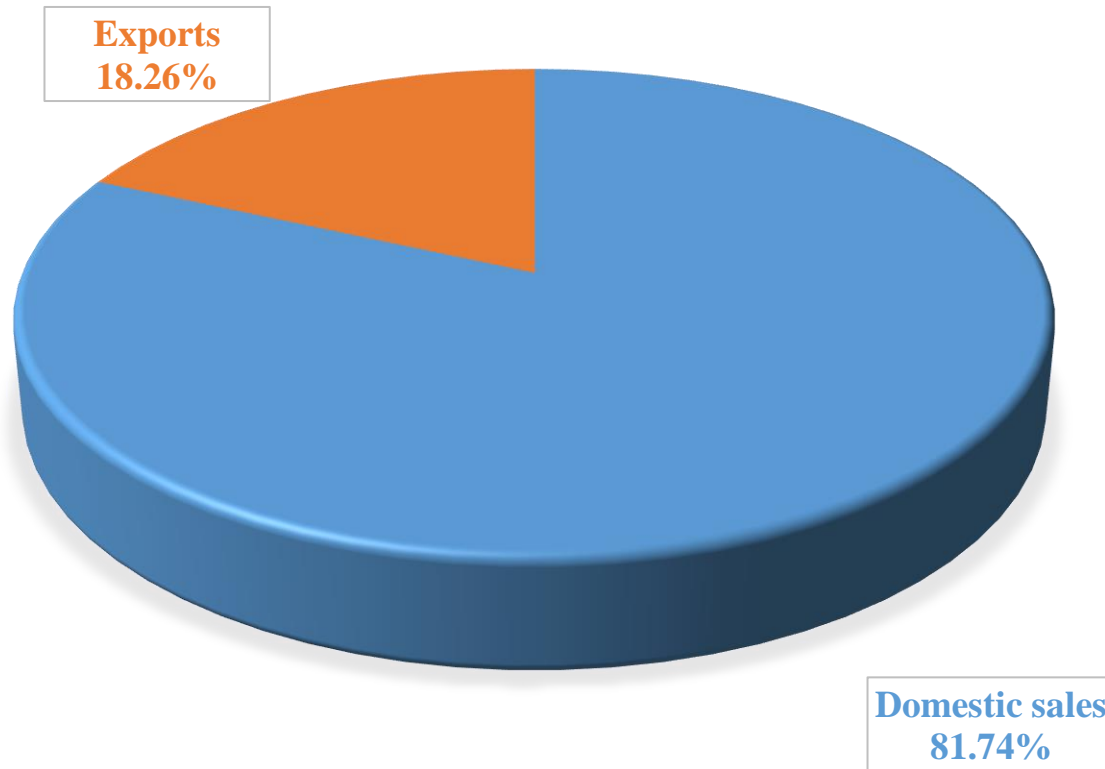
Department store booths: 36

Ten Ren CHA FOR TEA: 11

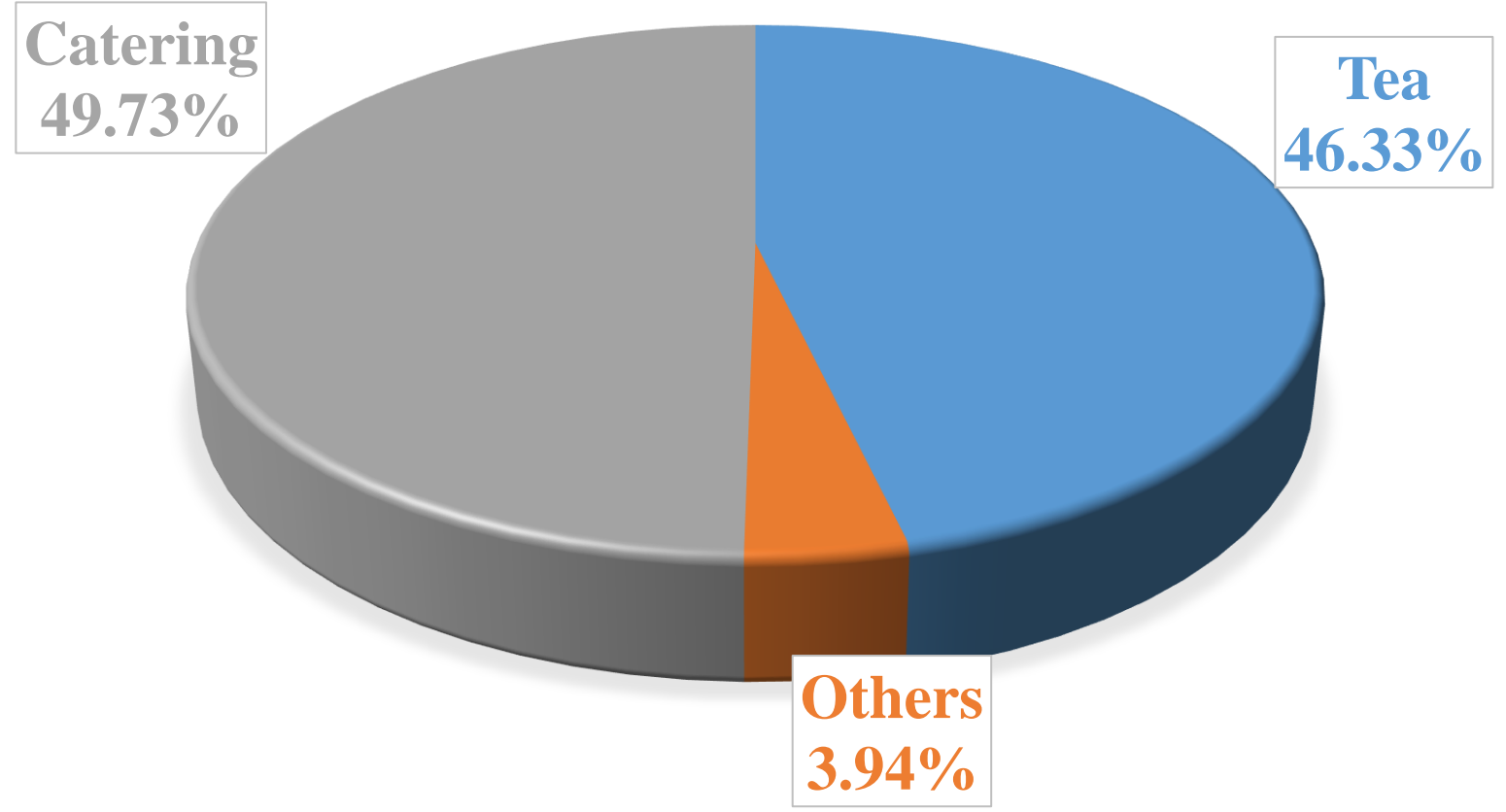
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Analysis of domestic and foreign sales



Product mix



Actively expand chain systems internationally

The current state of franchise stores overseas

◆ 102 franchise stores overseas

Business locations have been established in many countries, including the United States, Canada, Hong Kong, Macau, Singapore, Japan, Malaysia, and Australia.

◆ There are 1,200 Tenfu Tea stores in China.

Note: Tenfu Tea serves as the general distribution agent for Ten Ren's Tea series products in China.



Sustainable performance in tea business in 2023

Sustainable performance 2023

Ten Ren continues to live up to the business philosophy of "natural and healthy with a human touch." On Ten Ren's 70th anniversary, we continue to enhance the quality of tea leaves and digital retailing to provide more accurate and high-quality services, while continuing to move toward sustainability so as to incorporate key sustainability issues into Ten Ren's corporate culture.

1. Corporate governance:

- (1) Voluntarily established the Integrity Management and Sustainable Development Committee to improve operating performance and sustainable development.
- (2) Achieved zero food safety violation/illegal incident.
- (3) Managed the traceability of the sources of tea leaves.



Sustainable performance in tea business in 2023 (Continued)

2. Environmental protection:

- (1) Launched the organization-wide greenhouse gas inventory in 2022 and conducted greenhouse gas inventories of shopping malls and stores this year.
- (2) Implemented measures to reduce plastic waste, packaging materials, and waste to reduce carbon emissions and achieve sustainability.

3. Social responsibility:

- (1) Participated in social charity, supported rural education for children, and paid attention to early medical intervention.
- (2) Cultivated domestic and international management talents.
- (3) Worked with suppliers to sign human rights commitments to create an equal employment environment.



2023 Marketing Events

APP Import

In late July 2022, the APP was imported. The APP has been downloaded by nearly 280,000 members so far.

Currently, the APP is used successfully to carry out demassification and general marketing activities. In August, LINE PAY was adopted to improve payment convenience. In the future, the APP's various functions, such as a member-only subscription system and online takeout ordering, will be developed in stages.

The APP makes it easier for customers to buy and use products, while also strengthening the brand's grip on consumers and effectively increasing consumer loyalty and brand recognition.



2023 Marketing Events (Continued)



Diversified Product Development

The flavors launched in the first wave of the Ten Ren's ready-to-eat meal products are popular with consumers. We plan to launch new flavors: 913 Tea-flavored minced pork and 913 Tea-flavored chicken soup noodles with peeled chili pepper at the end of 2023, and we believe it will achieve greater success again.

We also launched Tieguanyin tea-flavored cocoa oatmeal granola in April 2023, to provide consumers with more natural, healthy and burden-free products.

The development of a diverse range of products can broaden the brand's reach and consumer breadth, which contributes significantly to brand continuity and development.



2023 Marketing Events (Continued)



Sustainable and fun tea savoring

1. Continued to implement the concept of sustainable development; printed all DMs with eco-friendly paper and vegetable-based inks; carried out a plan to reduce DMs with digital DMs, thereby reducing the quantity of DMs mailed.
2. Replaced fructose with sucrose for all beverages and sourced locally.
3. Adopted HPP Taiwan's freshly squeezed orange juice and lemon juice regardless of the cost, to improve product safety and quality stability and ensure local procurement. Reduced the food waste that would be produced from juice squeezing by workers at stores; suppliers used the food waste as fertilizer and compost to achieve the effect of recycling and reuse.

Ten Ren aims to ensure sustainable and fun tea savoring, promote sustainable development with consumers, and do our share to protect the environment.



2023 Marketing Events (Continued)



Ten Ren CHA FOR TEA

- 1. Launched new set meals based on the refined, simple, and deep concept in line with the seasons with a simplified meal preparation process and high-quality ingredients, including Biluochun brown marbled grouper (grouper from Pingtung), chicken with Wisconsin ginseng and mesona (mesona from Guanxi), banded coral shrimp and rice pudding with quinoa (shrimp from Pingtung), green lemon and guava cold drink (guava from Pingtung), Tieguanyin tea-flavored cocoa cream puffs (pineapple and cocoa from Pingtung), Oriental Beauty Tea-flavored dish (vegan Gac fruit floss from Pingtung), and matcha purple sweet potato Mont Blanc cream puffs (local purple sweet potato in Taiwan), to improve customer satisfaction.**
- 2. Stopped using paper placemats completely to reduce the use of paper pulp and the amount of waste in line with the ESG concept.**



2023 Marketing Events (Continued)



Ten Ren CHA FOR TEA

3. The Tea Department launched a limited quantity of seasonal additions, including Golden Diamond dried pineapple, Aiwen dried green mango, vegan Gac fruit floss, camellia seed oil and chili sesame sauce, and camellia seed oil and ginger paste, in line with local ingredients, to provide a variety of dietary choices to customers.
4. Operated a LINE@ official account to communicate with consumers with zero distance.
5. Gradually adopted food delivery robots, making manpower planning more flexible.



Promotion of Tea Culture



Ten Ren Tea Culture Museum

Tea Ren Tea Culture Museum opened in 2006. It is a concrete manifestation of promoting sustainable development, adhering to the spirit of "take from tea and use for tea." The general public can rest, learn, and gain experience through free visits, guided tours, and tea service.

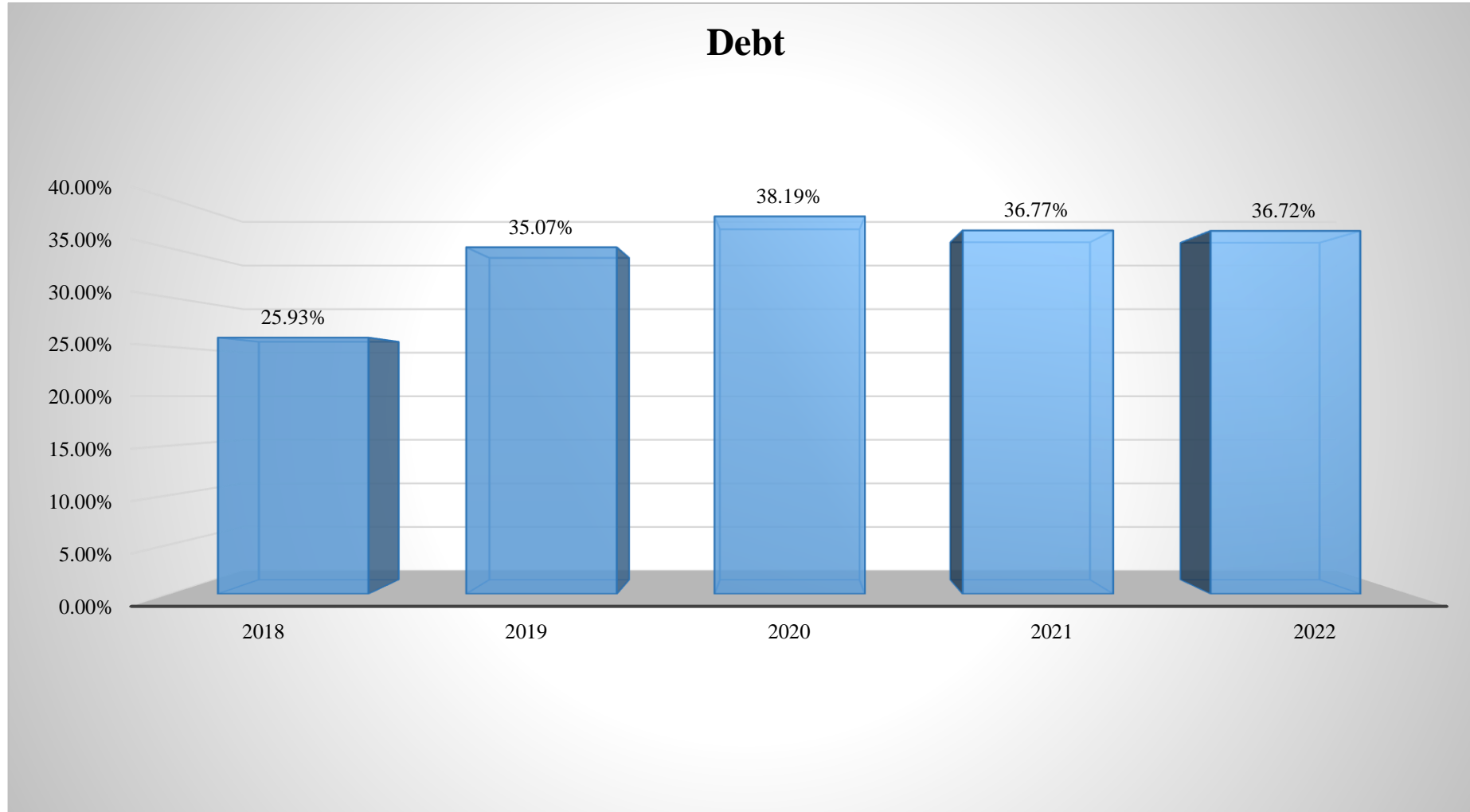
To encourage the general public to visit for exchange and learning, the museum continues to launch new activities such as tea art, flower art, ceramic art, and forums. Exhibitions are also held to provide an excellent platform for Taiwanese ceramic artists to promote Taiwanese pottery and create business opportunities.

The company is actively involved in public welfare and care for the disadvantaged, provides necessary teaching and experiential services to remote schools, indigenous and new resident families, deviated students, disability associations, elderly and young groups, community universities, schools of all levels, and so on.

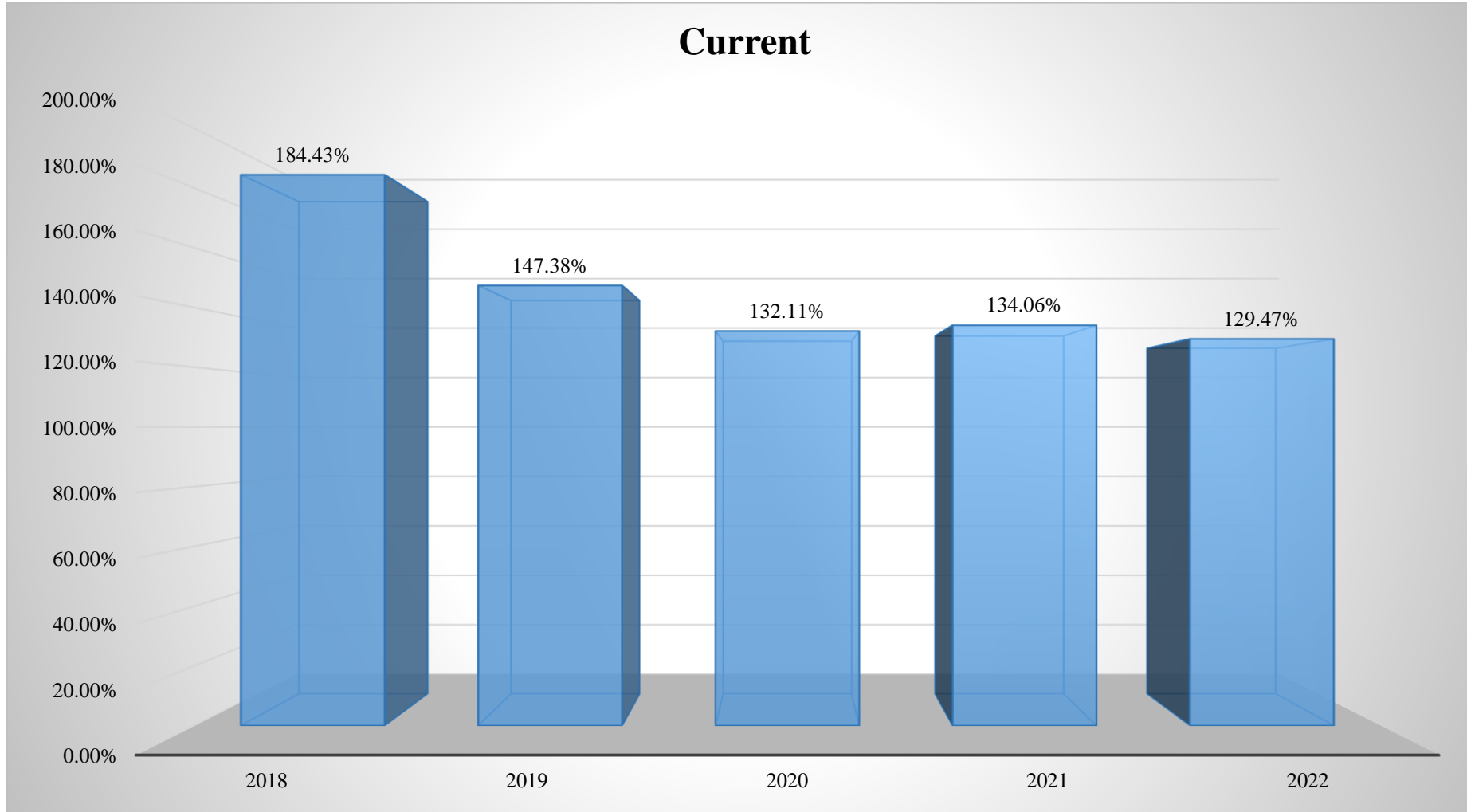
It added online teaching and online exhibitions functions to meet the needs of the public after the pandemic and spares no effort in promoting tea culture under various circumstances.



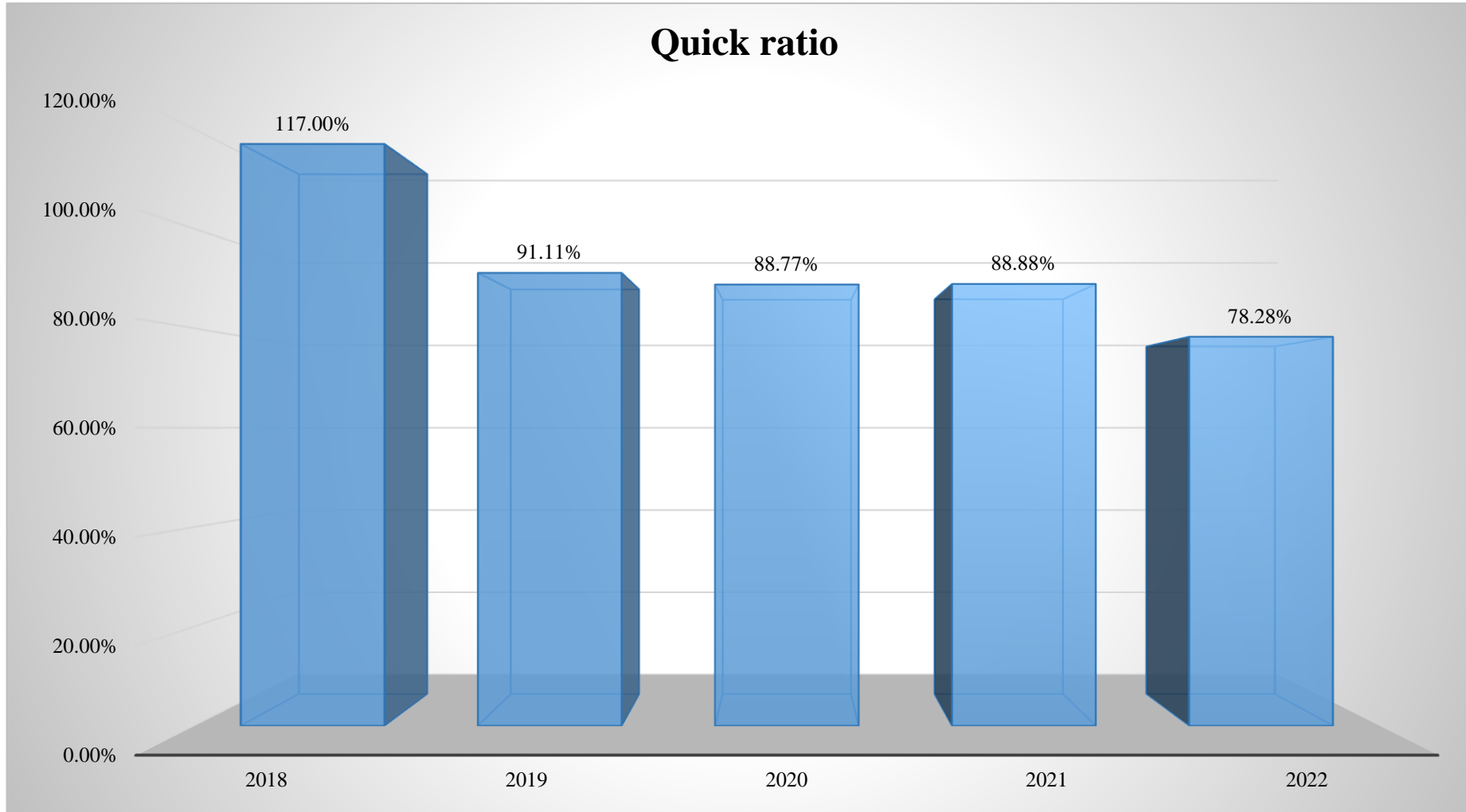
Financial structure in the last five years-Debt ratio



Liquidity in the last five years- current ratio

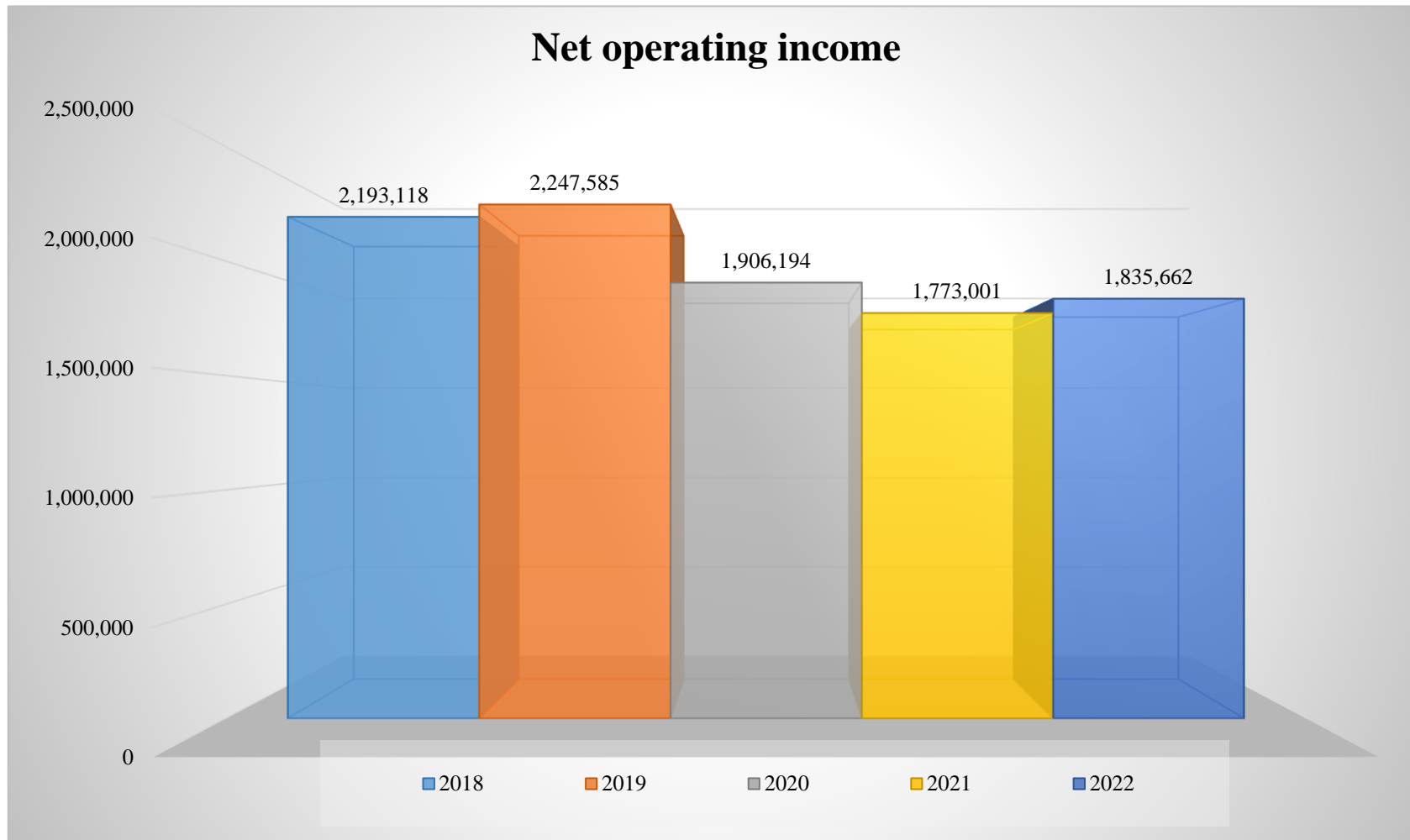


Liquidity in the last five years- quick ratio

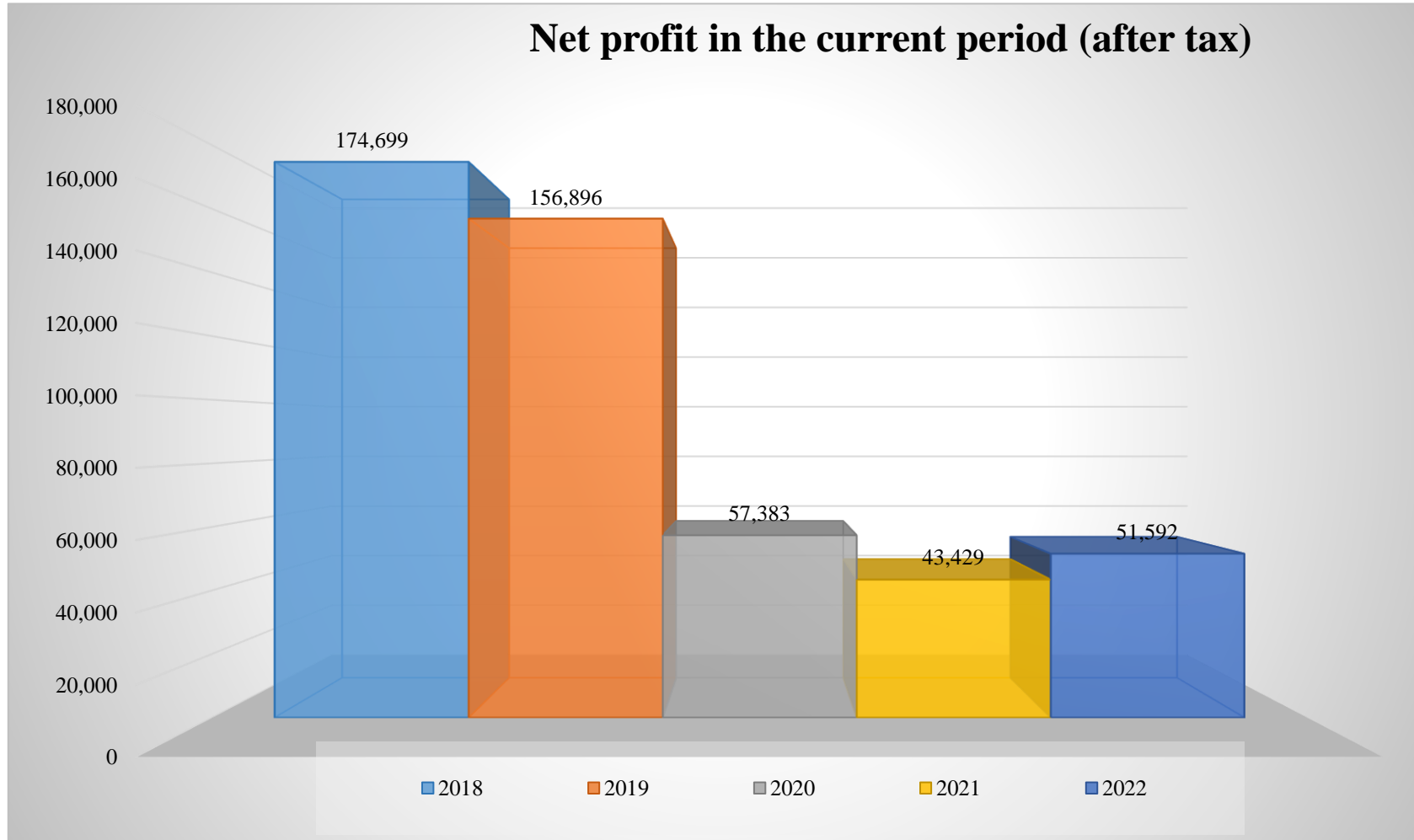


Profitability in the last five

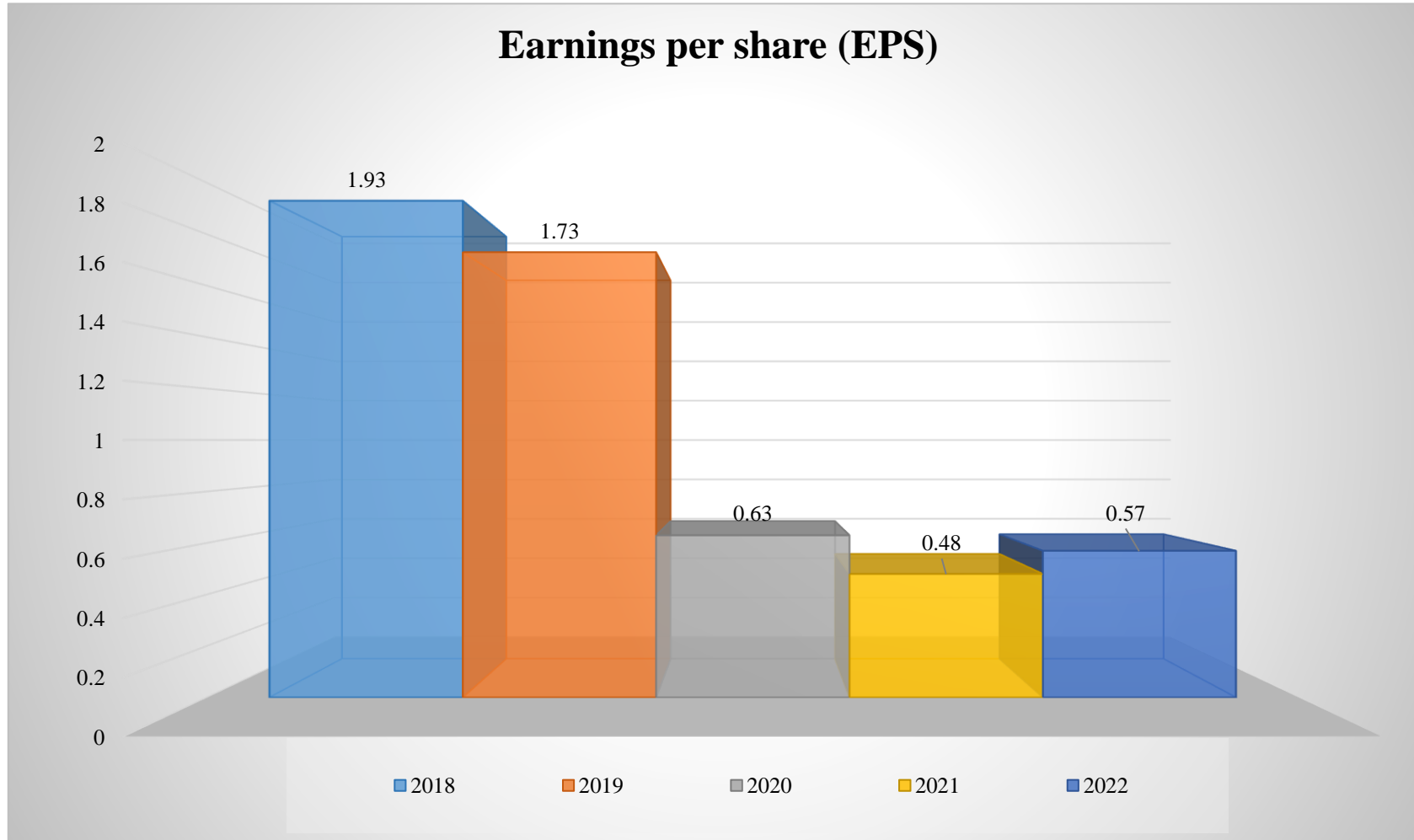
years-net operating income



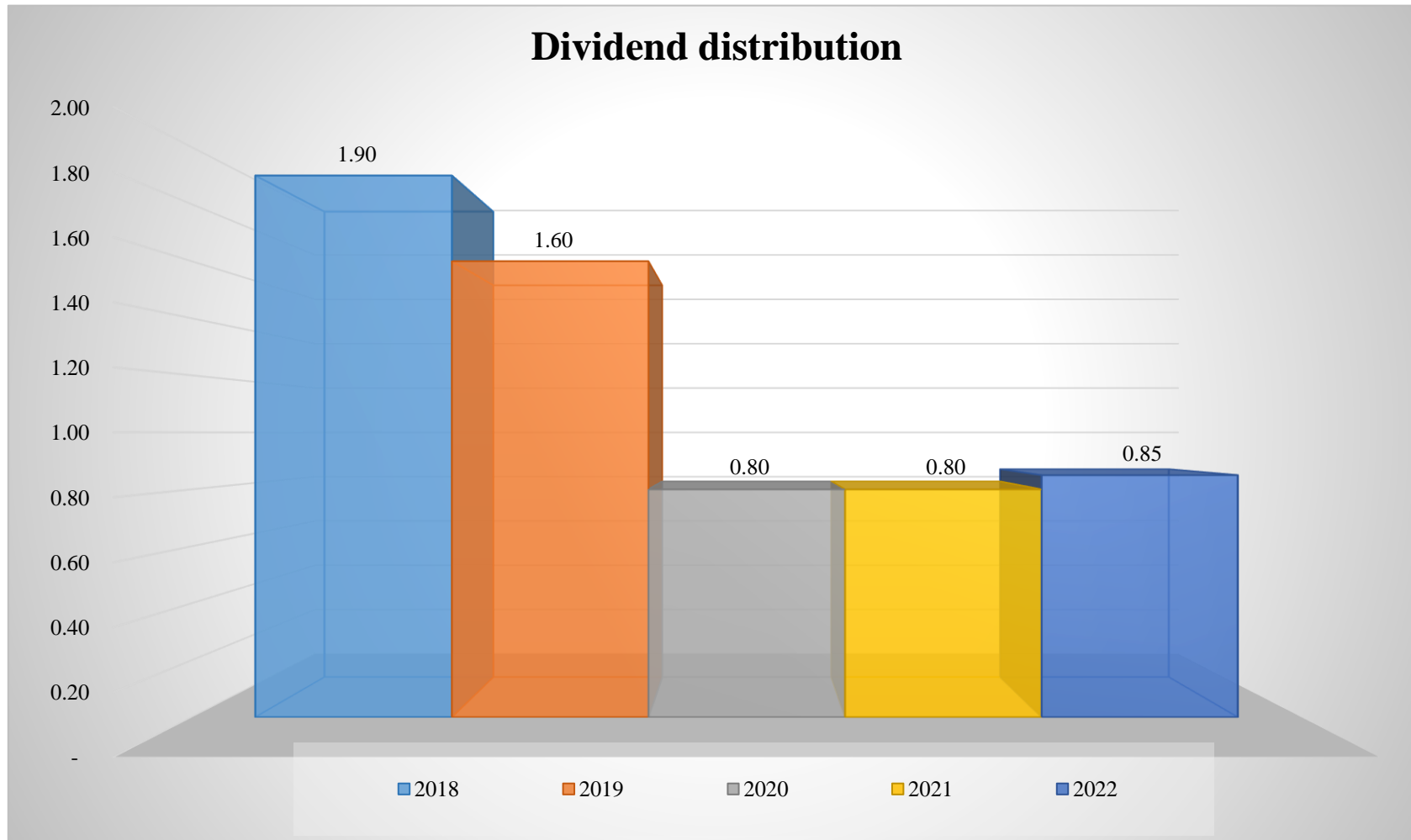
Profitability in the last five years- net profit for the current period (after tax)



Profitability in the last five years- earnings per share



Dividend distribution in the last five years



Current profit and loss for the most recent year

New Taiwan Dollars-thousand dollars

| Item | 2023/January – September Results | 2022/January – September Results | Growth rate % |
|--------------------------------------|-------------------------------------|-------------------------------------|------------------|
| Operating income | 1,559,270 | 1,312,952 | 18.76 |
| Gross profit | 901,751 | 729,213 | 23.66 |
| Operating expenses | 815,861 | 740,979 | 10.11 |
| Operating profit (loss) | 85,890 | (11,766) | 829.98 |
| Non-operating income and expenses | 14,322 | 39,331 | (63.62) |
| Profit before tax | 100,212 | 27,565 | 263.55 |
| Net profit for the period | 81,042 | 28,094 | 188.47 |
| Earnings per share (EPS) (NT\$) | 0.89 | 0.31 | 187.10 |



Happiness in tea imparts peace



- ◆ In April 2015, our company established a food safety laboratory.

In 2017, TAF certification was obtained.

ISO 17025 was approved in 2020.

In 2021, addition and transfer certification applications were approved once more.

In 2022, the 3-year certificate extension certification was obtained.

- ◆ Meal ingredients, product self-inspection, and outsourced SGS inspection have been completed since the establishment of the food safety laboratory nearly six years ago. [The SGS safe information platform-Ten Ren tea area](#) was established to fully protect the company's food safety.

- ◆ In 2022, the FSS 22000 V5.1, ISO 22000, and HACCP three-year certificate renewal audits were completed.

- ◆ Since January 1, 2023, a "Traceable Agricultural and Food Products" sticker has been put on each domestic tea product.



Happiness in tea imparts peace



| Year | Laboratory self-inspection | Outsourced inspection | | | Total number of cases |
|------------------------|------------------------------|-----------------------|-------------------------------|------------------------------|-----------------------|
| | Meal raw materials, products | Raw material by batch | Random inspection of products | Meal raw materials, products | |
| 2019 | 1,553 | 777 | 10 | 201 | 2,541 |
| 2020 | 1,547 | 590 | 10 | 221 | 2,368 |
| 2021 | 1,560 | 696 | 9 | 218 | 2,483 |
| 2022 | 1,583 | 737 | 12 | 291 | 2,623 |
| As of Q3, 2023 | 972 | 559 | 11 | 221 | 1,763 |
| Total (beginning 2015) | 13,174 | 7,354 | 111 | 1,868 | 22,507 |

- As of Q3 of 2023, a total of 402 certificates of origin have been obtained and are under continuous supervision and management.
- As of Q3 of 2023, a total of 75 pieces of raw materials were inspected for the place of origin (all in Taiwan).




Business Development Plan



- ◆ **As the pandemic has slowed down, domestic consumption has rebounded significantly. With the lifting of border control measures, it has become increasingly common for overseas tourists to visit Taiwan and citizens to go abroad for business. As a result, there will be more room for growth in the consumer market for tea leaves. However, with rising costs caused from inflation, we need to enhance operating efficiency to control costs.**
- ◆ **We will continue to strengthen our sustainable development work, develop eco-friendly packaging materials, reduce the consumption of such materials, and cut energy consumption in the production process. In addition, we should reduce the burden on nature, such as agricultural land, in the production activities. This is a direction we strive for in order to achieve sustainable development. In addition to environmental issues, we will continue to fulfill our social responsibility and actively participate in various social charity and education activities to facilitate economic prosperity while protecting the earth, to integrate our social responsibility into our business strategies.**




Business Development Plan (Continued)

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- ◆ We will invest in the establishment of a product research center, which integrates a tea beverage research and development center and a food safety laboratory. We expect that the establishment of the product research center will foster the execution of the above two tasks.
 - ◆ We will continue to invest in capital expenditure to purchase automation equipment. We already purchased the latest automated tea bag packaging machine this year, which is faster and more energy efficient. We also invested in code scanning warehouse management systems for factories. We will continue to adopt automation equipment to make various operations more efficient.
 - ◆ We will continue to strengthen our brand's management depth and innovative energy, accelerate the training of talents in various fields, be committed to training domestic and international management talents, and integrate multinational resources in order to enhance our competitive advantage in domestic and overseas channel development.



Business Development Plan (Continued)

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- ◆ We will invest in upgrades of various IT systems, strengthen security equipment, and improve security awareness, while continuing to carry out digital transformation to meet the needs for diversifying the business and make the Company's operations more flexible and intelligent.
 - ◆ We will develop high-quality and high-value-added products, incorporate local sustainability issues, and lead consumer preferences to create a niche for being a strong brand. We develop products in the CHA FOR TEA restaurant channel, innovate Taiwanese tea steaming cuisine in a refined, simple, and deep direction, and combine the safe food ingredients with diverse tea applications, to create the core value of sustainable tea savoring.
 - ◆ Ten Ren celebrates the 70th anniversary in 2023. The Company will continue to enhance digital retailing to provide more accurate and high-quality services, strengthen corporate governance and food safety management, and create a sense of social trust, thereby not only creating a meaningful 70th anniversary but starting a new chapter, featuring diversity, future potential, and sustainability, in business.





Thank you for your time

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[SGS Safe Information Platform-Ten Ren Tea Area](#)