Taiwan Tea Corp. 2022

QIC Taiwan CEO Week

April | Taipei

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Executive Summary

- Established in 1950, Taiwan Tea (2913 TT) is dedicated in three major business lines: 1) Tea cultivation, tea leaf and tea product manufacturing and marketing; 2) Agriculture tourism; and 3) Land development

- TTC is the 2nd largest landowner in Taiwan with land asset of 3,747 ha, current market cap is US$ 540 mn (2022/4/11). 2021/3M2022 revenue was NT$ 369mn/ 97mn

- In 2019, Mr. Wu, Ching-yuan was elected as the Chairman of Taiwan Tea. Chairman Wu committed to focus on core business, and pledged to boost the tea leaf manufacturing and shipment to turn around the business.

- Taiwan Tea also leverage its tea garden and tea culture to develop tourism business. At the same time, the management team actively review its own land assets for further development and collaboration, to create sustainable revenue and profit.

Strong Leadership

Chairman: Wu, Ching-Yuan

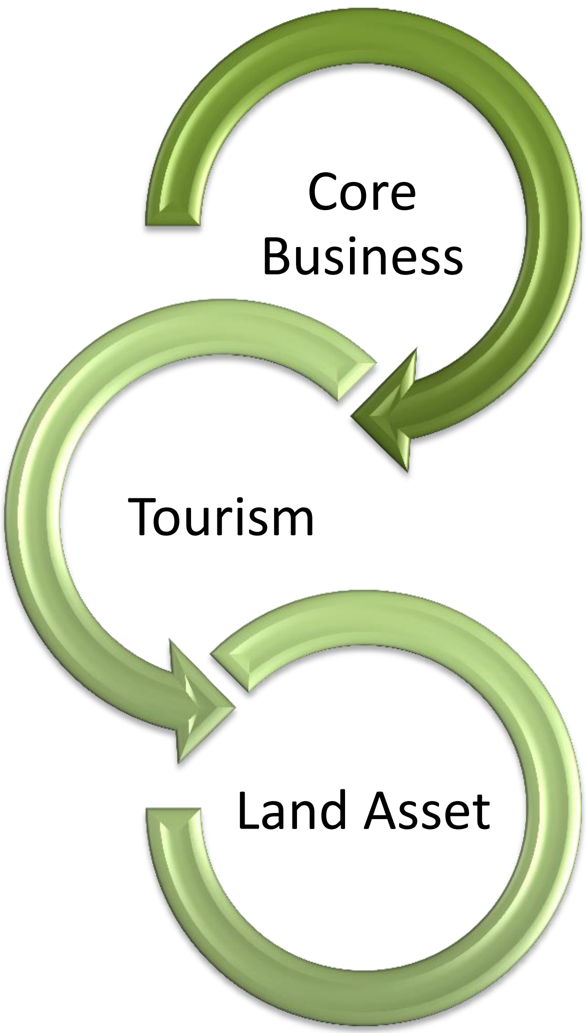
- Chairman Wu graduated from National Taipei University of Technology and hold the associate degree in Mechanical engineering，he also holds a Masters degree in architecture & Urban Planning from Chung Hua University.

- Mr. Wu was elected to be the Chairman in 2019

- Chairman Wu introduced successful experience of Sanyang Motor and up to date industrial technology, to accelerated the development of the largest plantation: Laupi tea garden, and completed the entire 452 ha plantation. Meanwhile, Chairman Wu actively reviewed the land asset for proper utilization.

- Under his leadership, Taiwan Tea’s revenue has grown 4.3% in 2020 and the net loss has been shrunk from $0.18 per share in 2019 to $0.02 in 2020. Under COVID pandemic, 2021 revenue still up 18% YoY.

TTC's Way to Success



- Maintain and strengthen TTC's leading position in the tea market in Taiwan, and achieve sustainably profitable.
- Taiwan Tea's tea leaf production will quadruple and reach 3,000 tons/ year by 2025.

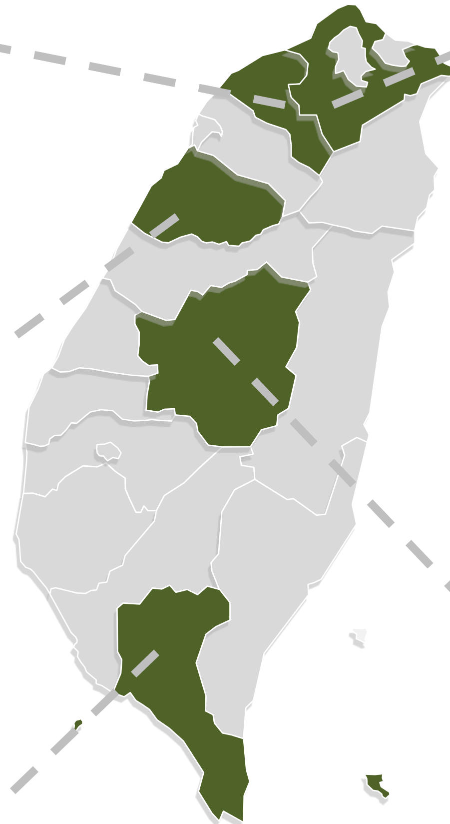
- Leveraging tea plantations and land in the beautiful mountainous areas with great potential for tourism and leisure, and become a solid second revenue and profit stream.

- The land capital of Taiwan Tea should be utilized properly. With continuous revitalization and reinvestment, to maximize the value of the land.

Tea Production

Photo Credit: https://ezgo.coa.gov.tw/zh-TW/Front/News/Det

Tea Garden & Factories



復興茶廠、大溪老茶廠

DAXI TEA FACTORY

Area: 3.4 ha

Cultivars : Green tea & black tea

三義茶廠、銅鑼茶廠

SANYI、TONGLUO TEA FACTORY

Area: 16 ha

Cultivars : Oriental Beauty Tea

精製廠、老埤農場

LAUPI TEA FARM

Area:717 ha

(Tea Garden Approx. 452ha)

Cultivars: TTES No. 8,No. 2,No. 17,No. 18, Chin-Shin Da Pan and Shi-Ji-Chun (Four Season)

熊空茶廠、大寮茶文館

XIONGKONG TEA GARDEN

Area: 5.423 ha

Cultivars : Organic Green Tea, black tea and Oolong Tea

魚池茶廠、日月老茶廠

ANTIQUE ASSAM TEA FARM

Area:20 ha

Cultivars : TTES No. 8、No. 18、No. 21

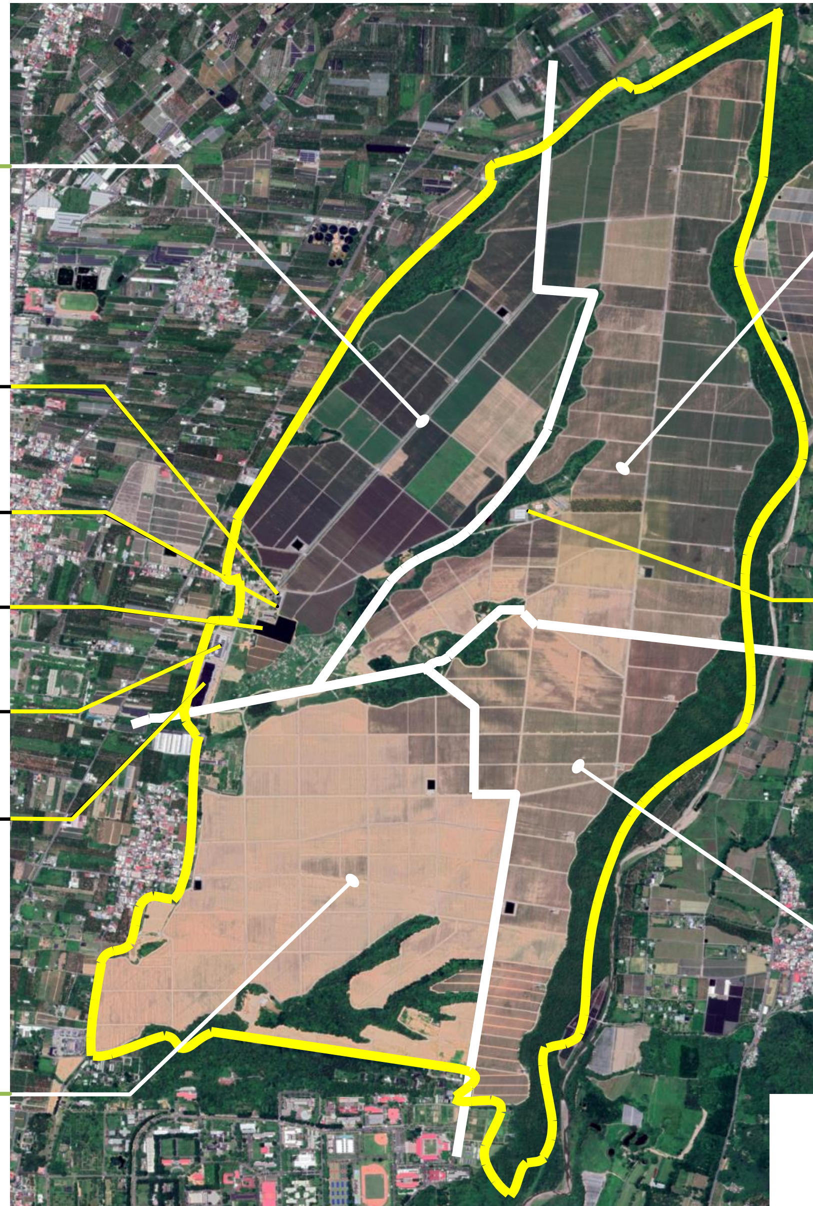
鹿篙咖啡莊園

LUGAO COFFEE GARDEN

Coffee Garden field: 13 ha

Local specialty : Sun Moon Lake Coffee

Business Highlight-Laupi Tea Farm



Tea Area [Phase 1]
(Cultivated area 111 hectares)

Pingdong Branch Office

Dormitory Phase II

Tea Tree Nursery

Tea Factory

Warehouse

Tea Area [Phase 4]
(Cultivated area 109.5 hectares)

Tea Area [Phase 2]
(Cultivated area 126.5 hectares)

Temporary Tea Factory

Tea Area [Phase 3]
(Cultivated area 105 hectares)

Laupi Tea Farm

The total planting area 452 hectares

First Smart Tea Garden in Taiwan

Micro-weather management	We set up 6 micro-weather station and soil moisture sensor to monitor the parameters of plant growth, to analyze the best condition for cultivation.
Precision irrigation	Applying precision irrigation technology developed by Netafim. With 14,000 drip holes per hectare covering over 94% of planting area, we managed to save 70% of irrigation water and 50% of fertilizer.
Big data management	We applied 3 platforms to collect big data: 1) Smart Agri-management Platform(SAMP) for product traceability; 2) Dispatching App to monitor productivity of each production unit; and 3) Plant doctor App to monitor the entire process of cultivation.
Organic and High Quality	We started our organic plantation in 2003. TTC pledged to produce our tea leaf at the highest safety and highest quality standard. We also use biodegradable bioplastic for our product packaging.

Digitized Inheritance of Hundred-Year Experience

Process	**Plantation** Improved management	**Production** Digitized Production	**Evaluation** Reproducibility
Problem Solved	• No efficient management of human resources, equipment and materials • No inheritance of plant doctors • No effective monitoring of pesticide residues	• Tea production heavily depends on experience • New production processes in response to new equipment and new facilities	• No quantified standard for the taste of tea • Blenders without sufficient experience cannot produce high quality products efficiently
	Plantation Data	Production Data	Evaluation Data
Services	• Dispatching mgmt • FTE mgmt • Materials mgmt • Pesticide mgmt • Pathology and pest recognition	• Integrate data collected by equipment • Process – Tasting relationship analysis • Improve capacity	• Blending and taste advisory • Consumer preference analysis
Digital Experts	Digital Plant Doctor	Digital Tea Producer	Digital Tea Blender

Mechanized Tea Plantation

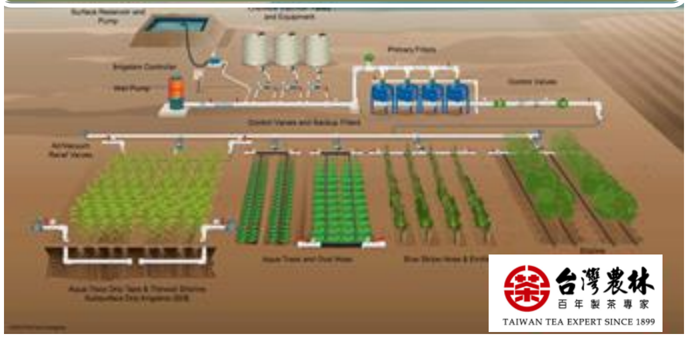
Plantation

Prune & harvest

Pest & pathogen control

Laupi Tea Farm Facilities

Precision Irrigation



Reservoir, Pump & Drip Pipe

Tea Tree Nursery

Micro-weather Station

Plant – Stock Circulation System

Laupi Tea Farm Facilities

Laupi Tea Factory

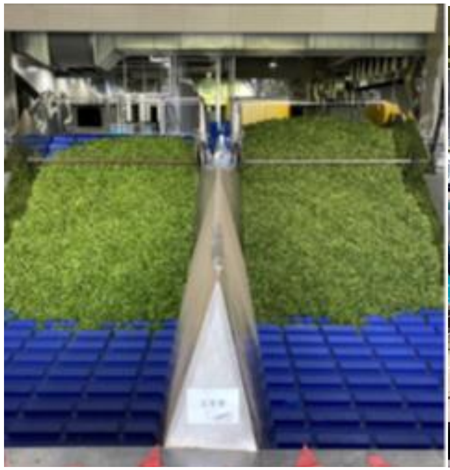
Laupi Warehouse

Laupi Tea Farm Dormitory Phase II

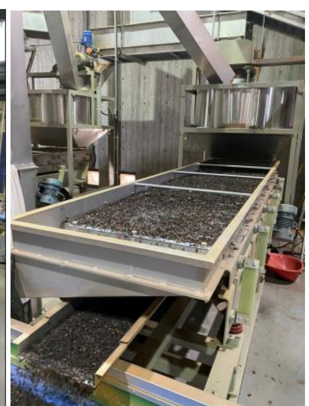
Pingdong Branch Office/
Laupi Tea Farm

Automated Production Line

Laupi Tea Farm’s daily production volume is 100-150 tons of tea leaves. To maintain the high quality of tea product, we introduced multiple production processes including fully-automated solar withering, indoor withering, pan-firing, rolling, fermentation, drying and refining.




Gathering Tea Leaves -> Withering -> Rolling -> Dicing -> Fermenting


-> Drying ->Grinding -> 4 stage fine screening -> Winnowing、Color Sorting -> Blending->Q.C->Storage

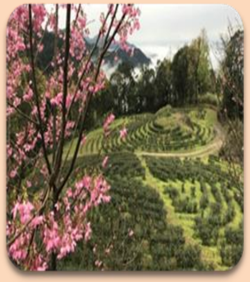
Food Safety Self-Management

To improve the monitor of food safety, our farm and production facility introduced:

1. Traceability System
2. FSSC 22000 HACCP
3. Strict batch-by-batch SGS examine

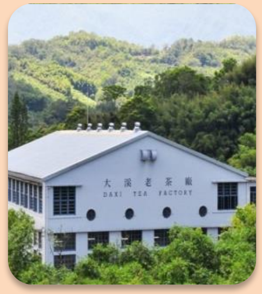
Tourist Farm

Recreational Business Highlights



XIONGKONG TEA GARDEN
165.8 ha

DALIAO HISTORICAL HOUSE
2.7 ha



DAXI TEA FACTORY
9.8 ha

TONGLUO TEA FACTORY
15.9 ha

ANTIQUE ASSAM TEA FARM
3.7 ha

LUGAO COFFEE GARDEN
7.8 ha

Recreation Operating revenue (Unit:NT$Thousand)	2021	2020	2019
Xiongkong Tea Garden	12,277	17,852	10,294
Daliao Historical House	1,729	2,806	2,624
Daxi Tea Factory	22,474	34,926	34,414
Tongluo Tea Factory	14,226	18,465	15,021
Antique Tea Factory	54,709	58,237	67,628
Lugao Coffee Garden	25,406	31,074	7,575

Leisure Business Outlook

To develop tea farm leisure industry

- Establish new leisure farms in line with current business operation
- By applying for leisure farm operating permit to speed up transformation for current farm facilities
- Consolidate the newly approved leisure farm into the TTC leisure franchise

Leisure Industry

New Leisure Farm / Pasture	Xiongong second leisure farm (camping area)	Daxi leisure farm	Shuitou farm (pasture)	
Farm Transformation	Miaoli Tongluo leisure farm expansion	Turn Lugao coffee garden to Lugao leisure farm		
Leisure Farm Registered and Operated	**Xiongong leisure farm**	**Shihmen leisure farm**	Building License Permitted: Xiongong tea factory	Building License Permitted: Zhuwei agricultural facility

Leisure Business Strategy

- Our leisure farms produce tea leaves with local terroir, and sold in our leisure farm gift shop and online platform.

- Cross alliance with hotels and tourism suppliers to roll out our tea leaves gift box and package deals for their clients to travel to our leisure farm, to increase the visits and sales.

- Actively attended a wide range of tea leaf competition to improve brand image, raise ASP and elevate sales.

- We actively establish new leisure farm. And also improve the facility of the existing spots to increase visits and sales: 1) growing cherry blossoms and golden larch; 2) host tourism activities which are including picnic/ camping/ DIY experience and cultural tour; and 3) increase the seats on the observation platform and inside the tea factory.

- Continue to control farming cost, leverage efficient management in response to the uncertainty caused by extreme weather, pathogen and pest.

Land Development

Land Development - Selected cases

Land Development

Increase asset value

Commercial Park

TTC Sanyi Industrial/Commercial Park
- In 2008, acquired development permission
- In 2010, completed water conservation and land preparation
- In 2010, completed revising land functional zone

Residential Project

Miaoli Tongluo Residential Project
- In 2014, acquired development permission
- In 2019, completed water conservation and land preparation
- In 2019, completed revising land functional zone

Commercial Park Exhibition Hall/Hotel

Miaoli Tongluo Industrial/Commercial Park
- In 2014, acquired development permission
- In 2019, completed water conservation and land preparation
- In 2019, completed revising land functional zone

Recreational Park

Sun Moon Lake Recreational Project
- In 2015, acquired development permission
- In 2018, water conservation and land preparation plan permitted
- In 2019, planning to improve connecting road

Development Projects of Next Year

- ✓ Profession consulting
- ✓ Potential cases selection
- ✓ Financial investment

- Land asset vitalization is our main goal from 2007
- Developed large land cases step into constructing and operating phases
- Select potential land to develop in 2021

Land Development strategy

To increase asset value

- Land asset revitalization is our priority, we continue to review our land asset and evaluate potential profit
- Initiate promising development projects in accordance with government's land policy
- Collaborate with financial partners for the projects completed changing of land category
- Review developable land, and propose to be ruled out from hillside restricted zone

Land Development Cases

Completed Projects
→ Investment promotion

- TTC Sanyi Industrial / Commercial Park
- Miaoli Tongluo Industrial / Commercial Park
- Miaoli Tongluo Residential Project

New Projects
→ Official review process

- Miaoli Tongluo Industrial Park
- Miaoli Tongluo Recreational Park

Reassess Project
→ After Land Act enforcement

- Sun Moon Lake Recreational Project

Hillside zone revised
→ Zone plan proposed

- Laupi Tea Farm
  Hillside zone revised

Environmental, Social, Governance Highlights

ESG: Resource Protection & Reduction

Intelligent Irrigation

- 6 micro weather stations
- 70% reduction in water usage
- 50% reduction in fertilizer usage
- Water storage facilities to reduce groundwater extraction during drought conditions

NETAFIM™
GROW MORE WITH LESS

Forest Conservation

- 475 hectares of afforestation
- Protection of old-growth forest
- 20+ endemic animals sighted on company properties

Energy Efficiency

- 538 kW of rooftop solar
- 688 MWh of electricity production annually
- NT$180k per annum electricity reduction by LED light replacements
- High efficiency gas boiler upgrade

Biodegradable Packaging

- Since 2014, most tea bags, threads, & labels are made from biodegradable materials at a higher cost

Global Recognition on ESG Performance

Sustainalytics Score

- 13.5 Sustainalytics score
- Ranked 2nd out of 181 in industry by Sustainalytics

International Certification

- ISO22000 & HACCP International food safety certification
- Requires TQF, HACCP, ISO, BRC, FSC certification from supplier

Quality Assurance

- Passed 473 pesticide residue inspection
- Certified organic products
- 99.2% of products passed SGS inspection

Diversity & Equality

- 53% male, 47% female workforce
- 1:1.2 female to male pay ratio at the supervisor level
- 1:1.02 female to male pay ratio at non-supervisor level

Sustainability Funds

- Inclusion in DFA Emerging Markets Social Core Equity Portfolio
- Inclusion in DFA Emerging Markets Sustainability Core 1 Portfolio

Financials

Historical Cash Dividend 2013-21

NT$ mn	2014	2015	2016	2017	2018	2019	2020	2021
Net Income	$833	$760	$310	$622	$-42	$-146	$-17	$-1,122
Cash Dividend	$475	$385	$385	$385	$237	$0	$0	$0
DPS (NT$/share)	$0.61	$0.50	$0.50	$0.49	$0.30	$0.00	$0.00	$0.00
Cash Yield (%)[1]	4.0%	3.2%	3.0%	2.8%	1.9%	0.0%	0.0%	0.0%
Payout Ratio (%)	53%	50%	124%	61%	-	0%	0%	0%
Ex-div Date	*2015/7/17*	*2016/7/21*	*2017/8/25*	*2018/11/28*	*2019/8/23*	-	-	-

Source:TEJ, Capital IQ

Note 1 ： Stock price based on closing price the day before Ex-div date

5-year Income Statement

NT$ Million	2016	2017	2018	2019	2020	2021	YoY (%) 2016	2017	2018	2019	2020	2021
Sales Revenue	611	2,252	254	299	312	369	(34.8)	268.7	(88.7)	17.6	4.3	18
Gross Profit	275	740	116	121	125	118	(31.1)	168.9	(84.4)	4.5	3.1	-5.6
Operating Profit	-38	386	-173	-169	-148	-182	(152.0)	-	(144.8)	-	-	-
Income before Tax	306	605	-54	-173	-33	-1,135	(57.8)	97.6	(108.9)	-	-	-
Net Income to Parent	310	622	-42	-146	-17	-1,122	(59.2)	100.6	(106.7)	-	-	-
EPS (NT$)	0.40	0.81	-0.05	-0.18	-0.02	-1.42	(60.1)	100.6	(106.6)	-	-	-

Key Financial ratio (%)						
Gross Margin	45.1	32.9	45.5	40.4	40.0	32.0
Operating Margin	(6.3)	17.1	(67.9)	(56.5)	(47.3)	(156.6)
Opex ratio	51.3	15.7	113.4	96.9	87.3	81.3
Net Margin	50.8	27.6	(16.5)	(48.8)	(5.6)	(404)

5-year Balance Sheet

NT$ Million	2016	2017	2018	2019	2020	2021	YoY (%)					
							2016	2017	2018	2019	2020	2021
TOTAL ASSETS	**24,372**	**23,619**	**24,356**	**24,596**	**25,098**	**24,249**	**(5.3)**	**(3.1)**	**3.1**	**1.0**	**2.0**	**(3.4)**
Cash	78	198	186	125	176	215	(53.2)	153.1	(5.9)	(32.6)	40.5	22.2
NR & AR	39	21	15	19	18	38	(72.5)	(46.0)	(26.4)	19.9	(5.5)	111.1
Inventory	2,034	791	823	885	895	902	1.6	(61.1)	4.0	7.6	1.2	0.8
Fixed Asset	3,721	4,272	6,017	6,092	6,504	6,693	321.3	14.8	40.8	1.2	6.8	2.9
TOTAL LIABILITIES	**8,314**	**7,333**	**8,204**	**8,832**	**9,306**	**9,572**	**(13.4)**	**(11.8)**	**11.9**	**7.7**	**5.4**	**2.9**
Bank Loans	3,861	3,351	4,640	5,396	5,923	6,253	(27.9)	(13.2)	38.5	16.3	9.8	5.6
NP & AP	884	441	18	13	16	37	1841.5	(50.1)	(95.8)	(28.2)	19.6	131.3
TOTAL EQUITY	**16,058**	**16,286**	**16,152**	**15,764**	**15,792**	**14,678**	**(0.5)**	**1.4**	**(0.8)**	**(2.4)**	**0.2**	**7.1**

A/R turnover days	53.8	4.9	26.2	20.7	21.1	26.7
Inventory turnover days	2,195.6	341.1	2,124.9	1,749.5	1,736.3	1,304
A/P turnover days	505.3	159.9	604.4	32.4	28.3	53.0
ROE (%)	1.9	3.8	(0.3)	(0.9)	(0.1)	(7.6)
ROA (%)	1.2	2.6	(0.2)	(0.6)	(0.1)	(4.6)

Q & A

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