

The background of the slide features a collage of various commercial bakery and food service equipment. On the left, there are two large industrial mixers with stainless steel bowls and dough hooks. In the center, a large industrial oven with a glass door is visible. To the right, there is a large, multi-tiered glass display case filled with various pastries and cakes. The equipment is set against a light blue background.

# SINMAG EQUIPMENT CORPORATION

## 2023 Q1 Operations Report

By: Ming-ching Hsieh  
2023.04.13

A decorative graphic in the bottom right corner consisting of several light blue squares of varying sizes arranged in a cluster.

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1. Company Overview



2. Market Introduction



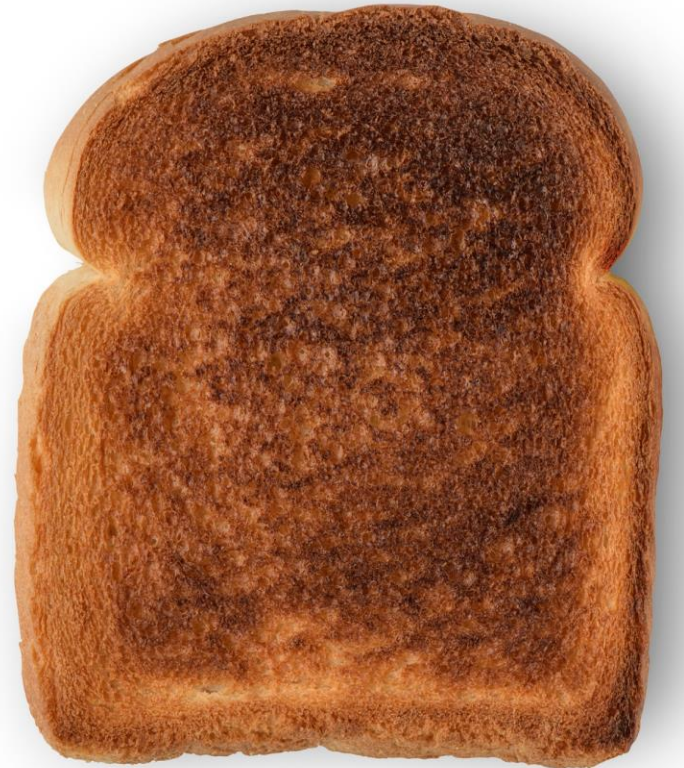
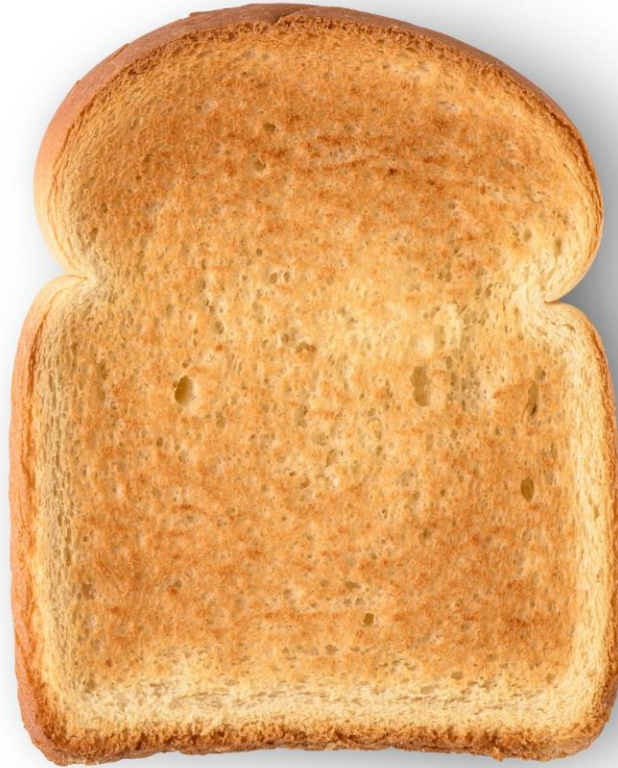
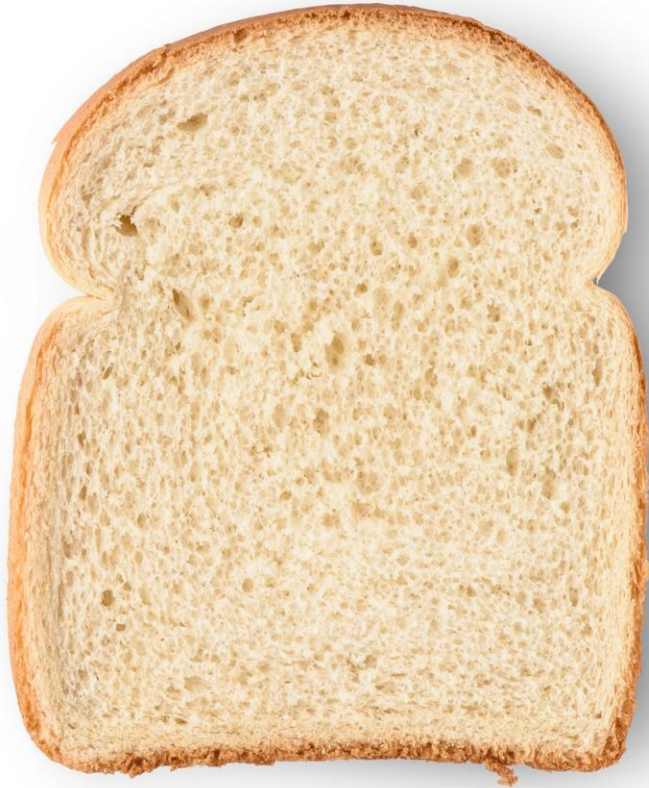
3. Financial Performance



4. Future Prospects







# 1.Company Overview



# Company History I

## Founding Period in Taiwan 1983-1994

Sinmag is founded as a trading company in 1983 by Mr. Guo-Hong Lue and three co-founders importing bakery equipment to Taiwan market. Later, Mr. Shun-Ho Hsieh's Sheng-Jia Company was entrusted with OEM bakery equipment by Sinmag.

## Establishing Factory in China 1994-1998

In 1994, Sinmag equipment was established by Mr. Hsieh in Wuxi manufacturing spare parts and exporting to Taiwan. At the same time, Sinmag merged with Sheng-Jia, retaining the brand Sinmag, and became a company integrating production and sales.

## Building Sales in China 1998-2006

Since 1998, Sinmag China began to sell domestically, and established 62 offices in various places in peak period. Wuxi factory began to produce bakery equipment and became a company with both domestic and foreign sales of bakery equipment products.



## Stocks Listing in Taipei Exchange 2006-2009

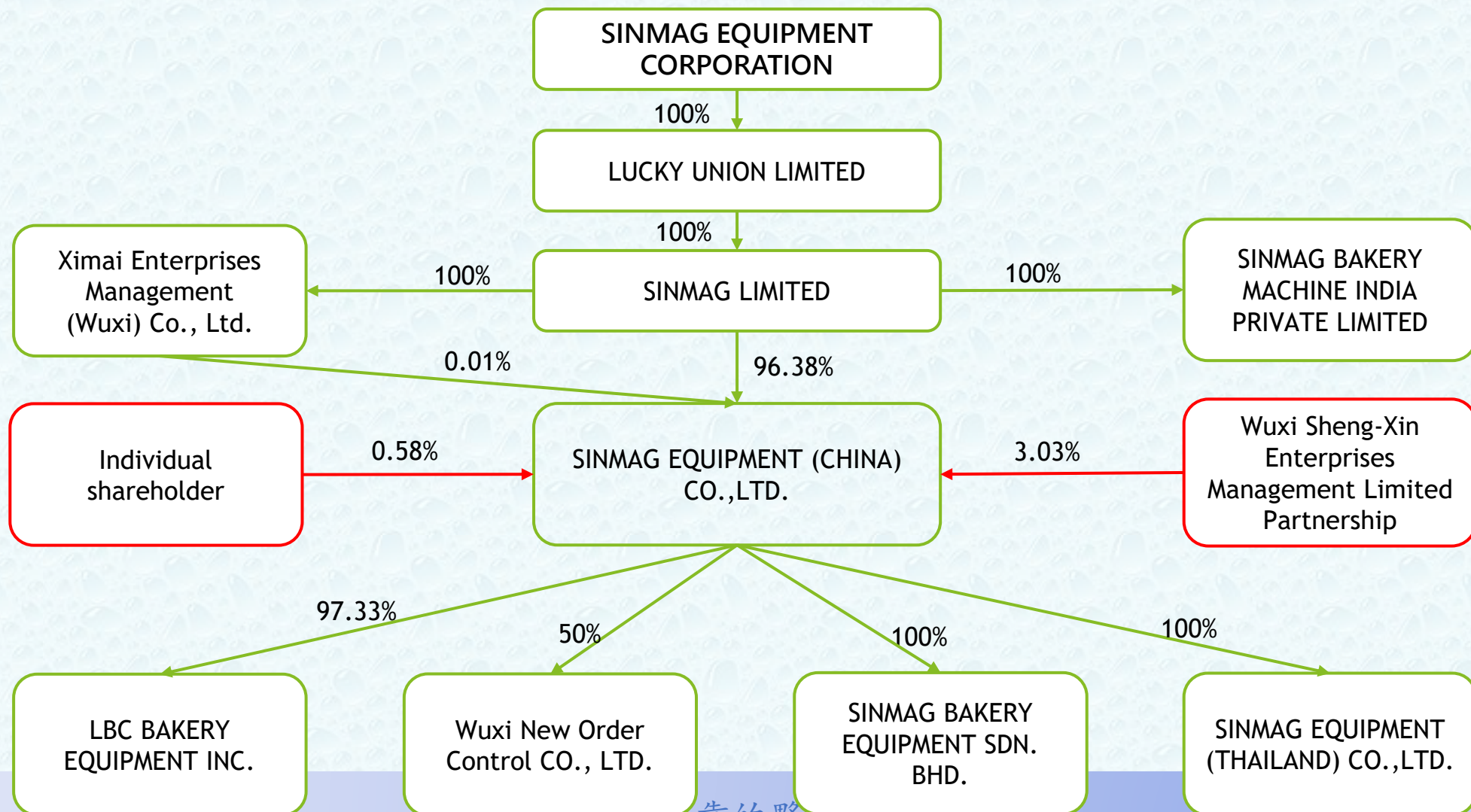
In 2006, Sinmag began to apply listing on OTC, and successfully listed in 2007. After that, Sinmag invested in companies and developed overseas layout in U.S., Thailand, and India. In 2009, Sinmag won the honor of high and new tech enterprise in China.

## High Growth Stage 2009-2017

Since 2009, with the development of bakery retail market, Sinmag has entered a period of rapid growth. The turnover has increased by 8-10% annually except 2015. In 2017, Sinmag China obtained a land and started the construction plan of new factory.

## Stable Development Stage 2017-Now

Sinmag China was rated as Wuxi High-end Bakery Machinery Engineering Technology Research Center in 2017. After name change in 2018 and share reform in 2022, it is now Sinmag Equipment (China) Co., Ltd.



# SINMAG

## Sinmag Taiwan



- **Company:** SINMAG EQUIPMENT CORPORATION
- **Location:** WUGU SINMAG FACTORY (R.O.C)
- **Date of Incorporation:** September 27, 1983
- **Chairman(General Manager):** Hsieh, Shun-ho
- **Paid-in capital:** NT\$ 502.302 million
- **Main business:** Researching and development, manufacturing and selling of bakery equipment
- **Number of employees:** 78
- **Land area:** 10,804.9 square feet
- **Plant area:** 34,542.8 square feet

烘焙業永遠可靠的夥伴





# Sinmag Wuxi (1<sup>st</sup> Plant)

- **Company:** Sinmag Equipment (China) Co., Ltd.
- **Location:** Xishan Economic Development Zone, Wuxi, Jiangsu (China)
- **Date of Incorporation:** December 28, 1994
- **Chairman:** Hsieh, Shun-ho
- **General Manager:** Hsieh, Ming-ching
- **Paid-in capital:** CNY\$ 36.2055million
- **Main business:** Researching and development, manufacturing and selling of bakery equipment
- **Number of employees:** 1000+
- **Land area:** 609,959.4 square feet
- **Plant area:** 722,914.4 square feet



烘焙業永遠可靠的夥伴

## Sinmag Wuxi (2<sup>nd</sup> Plant)



- **Location:** Xishan Economic Development Zone, Wuxi, Jiangsu (China)
- **Land area:** 358,800 square feet (used 251,160 square feet)
- **Plant area:** 538,200 square feet
- **Plant Structure:** Basement 1、4 stories
- **Start up production:** September 2019
- **Utilization rate:** 100%

烘焙業永遠可靠的夥伴





- **Location:** Tulalip, Seattle, Washington (U.S.A)
- **Land area:** 169,433.3 square feet
- **Plant area:** 29,104.4 square feet
- **Plant Structure:** 2 stories of office、1 story of warehouse
- **Start up production:** April 2016
- **Utilization rate:** 100%



- **Location:** Puchong, Selangor (Malaysia)
- **Land area:** 35,880 square feet
- **Plant area:** 18,298.8 square feet
- **Plant Structure:** 3 stories of office、1 story of warehouse
- **Start up production:** May 2019
- **Utilization rate:** 100%



烘焙業永遠可靠的夥伴

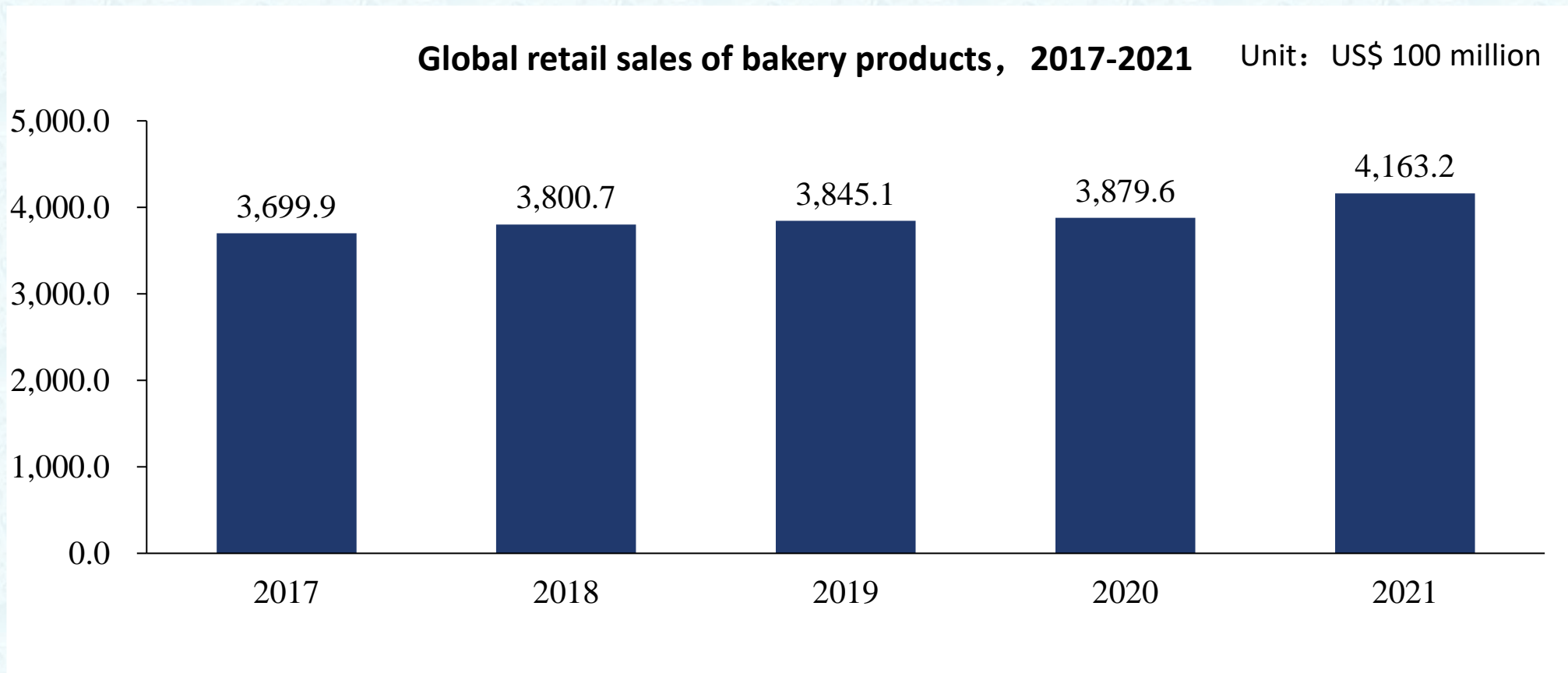


## 2.Markets Introduction



# Global Bakery Products Market Size

**Compound Annual Growth Rate of 3% in 2017-2021**



Source: National Bureau of Statistics and China Insights Consultancy

烘焙業永遠可靠的夥伴

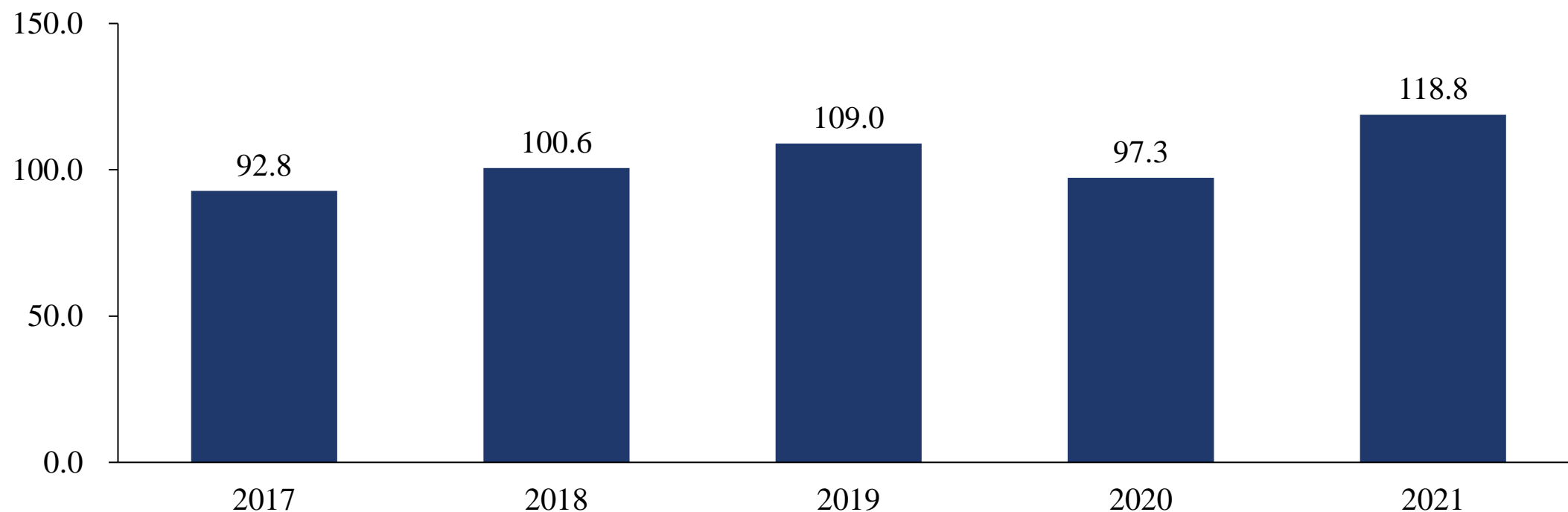


# Global Commercial Baking Equipment Market Size

**Compound Annual Growth Rate of 6.4% in 2017-2021**

**Global commercial baking equipment market size, 2017-2021**

Unit: US\$ 100 million



Source: National Bureau of Statistics and China Insights Consultancy

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# Summary of Global Bakery Market

## Europe

- Staple food is bread
- Consumption of baked food per capital is highest
- Famous brands with a long history: MIWE 、 Kolb 、 Ali Group 、 Rational

## U.S.A.

- Diversity of baked goods
- Consumption of baked food per capital is second highest
- Market size brands: Middleby 、 Welbilt 、 ITW Food Equipment 、 JBT

## Japan

- Prefer snack foods such as cakes and wagashi
- Consumption of baked food per capital is highest in Asia
- The brands developed the baking equipment earliest in Asia Pacific: SANKO 、 HOSHIZAKI 、 OSHIKIRI 、 AICHO

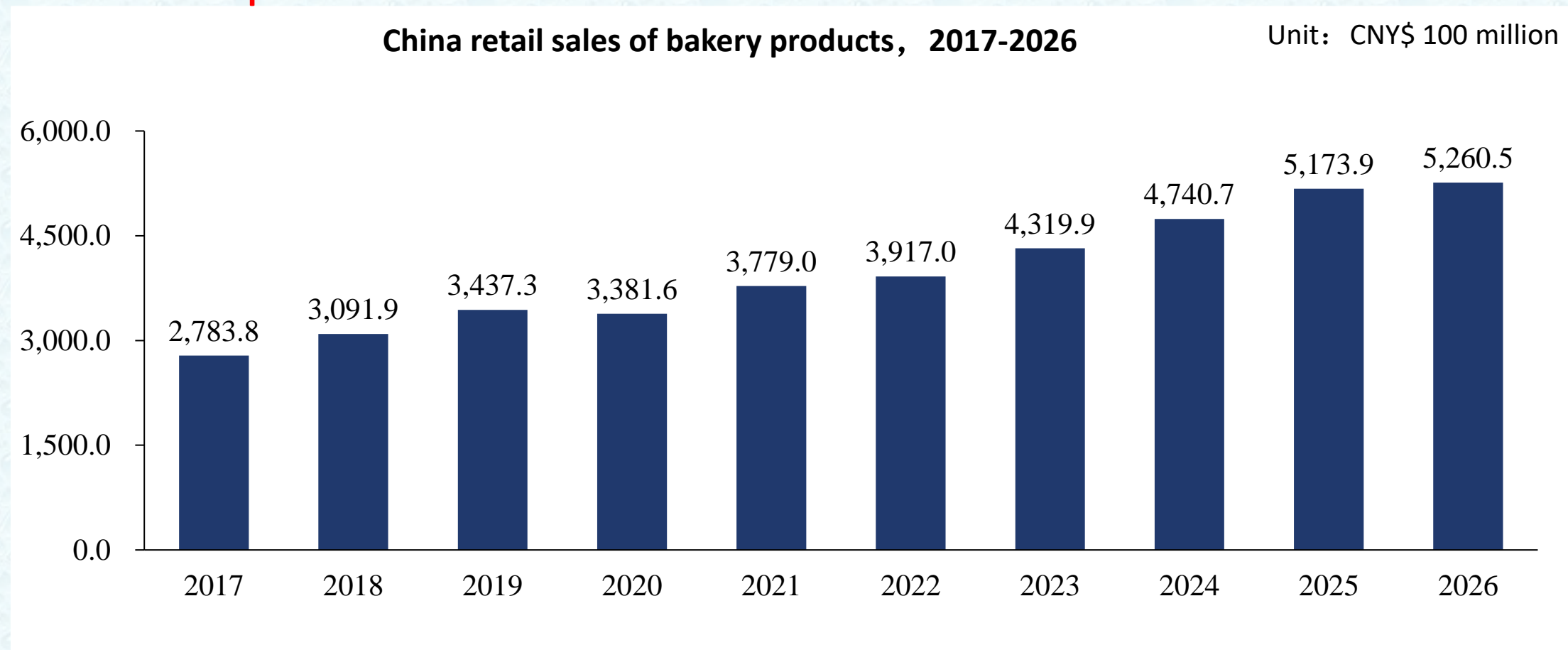
## Other area

- Because Africa, Australia, South America, Central Asia and other areas were affected by European culture, bread consumption is high
- Other baked goods are gradually becoming a staple food in southeast Asia (including China)

# China Bakery Products Market Size

**Compound Annual Growth Rate of 7.9% in 2017-2021**

**Estimated Compound Annual Growth Rate of 8.3% in 2022-2026**



Source: National Bureau of Statistics and China Insights Consultancy

烘焙業永遠可靠的夥伴



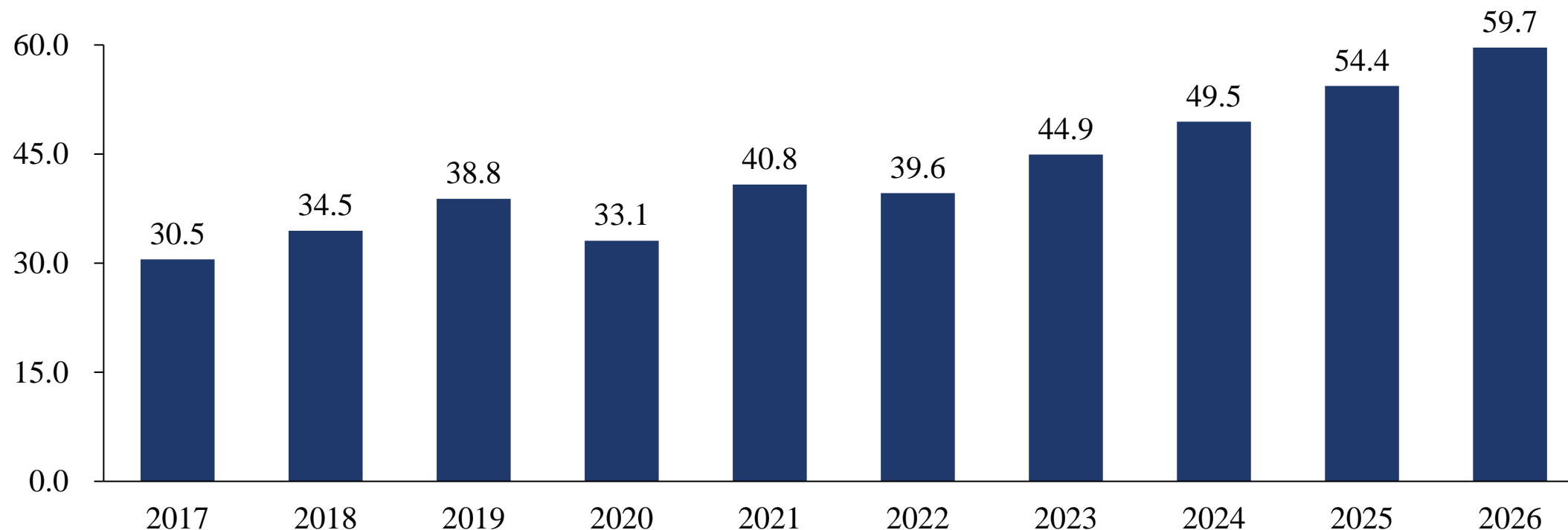
# China Commercial Baking Equipment Market Size

**Compound Annual Growth Rate of 7.5% in 2017-2021**

**Estimated Compound Annual Growth Rate of 7.9% in 2022-2026**

China commercial baking equipment market size, 2017-2026

Unit: CNY\$ 100 million



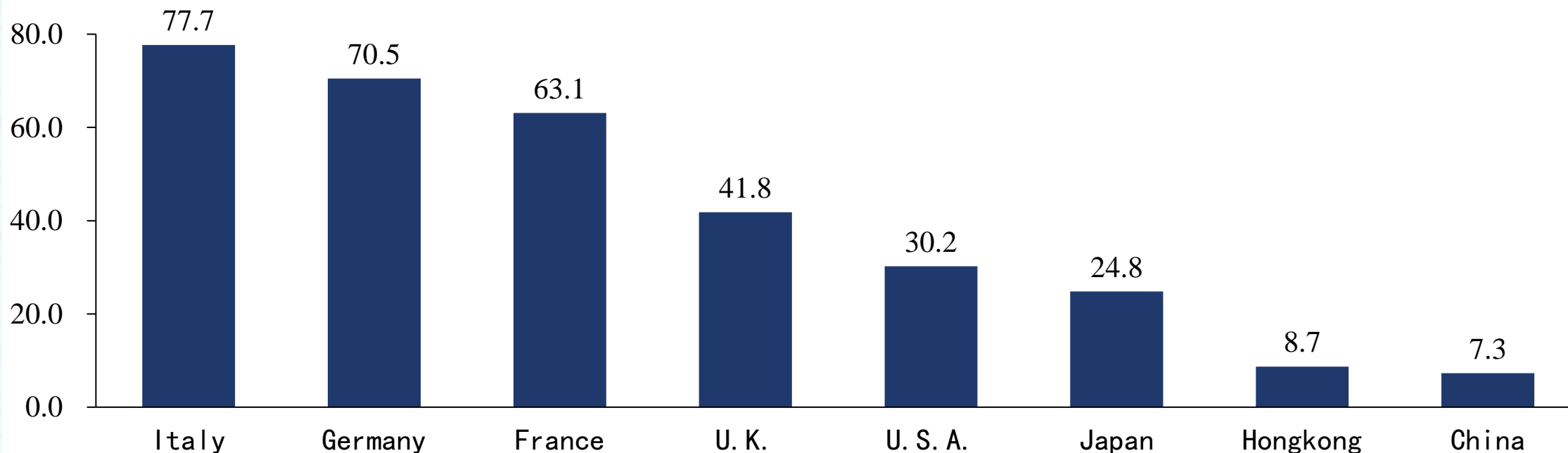
Source: National Bureau of Statistics and China Insights Consultancy

烘焙業永遠可靠的夥伴

# Developed country Consumption of Baked Food per Capital

China and some developed country consumption of baked food per capital , 2021

Unit: Kilogram

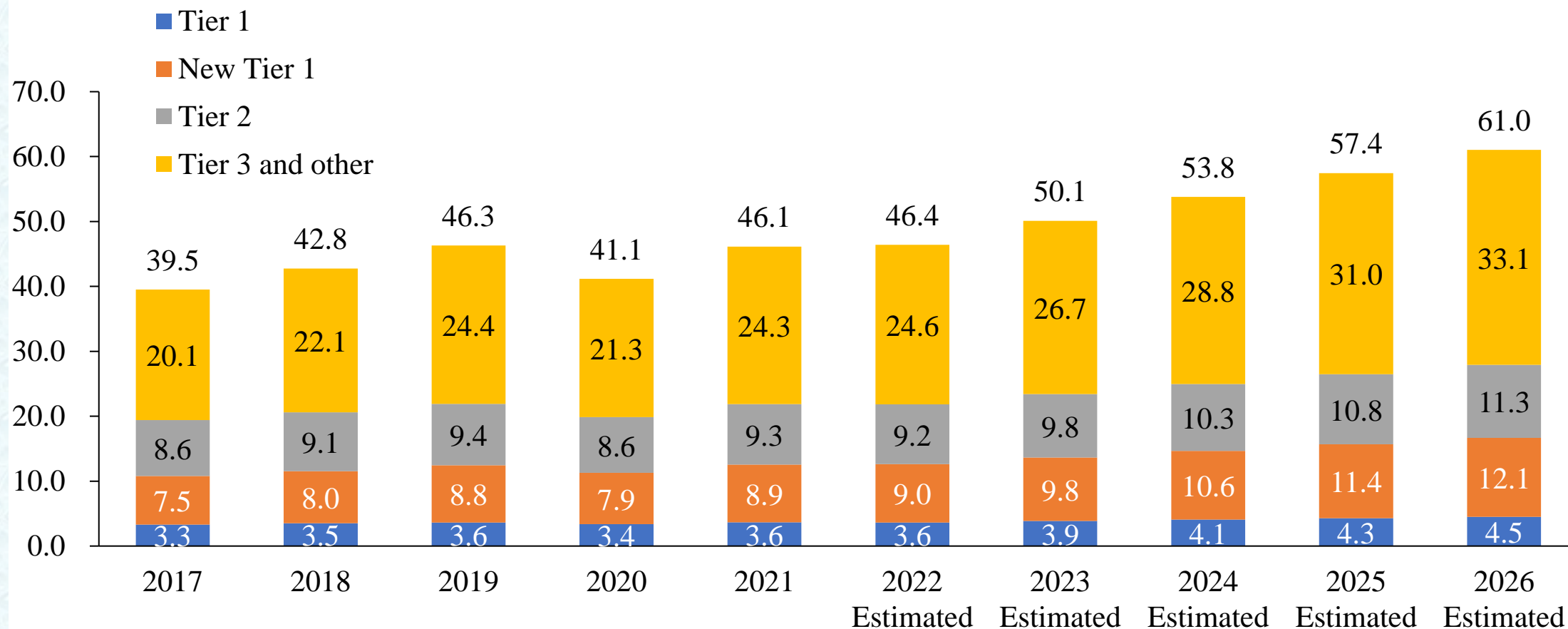


Source: National Bureau of Statistics and China Insights Consultancy

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# Number of Bakery Stores in China

**Number of Bakery Stores in China, by city tier, 2017-2026** Unit: Ten thousand stores





# Trend of Chinese Baking Industry I

## Trend of "bakery and ..."

- New types of "bakery and tea", "bakery and coffee" and "bakery and light meal"
- Demand of baking is changing from simplification to social and fashion
- From purposeful consumption to non-purpose consumption

## The rise of O2O, online combined with offline

- The popularity of e-commerce and food delivery
- Product of internet celebrities on social network
- An important carrier of fashionable consumption for young people

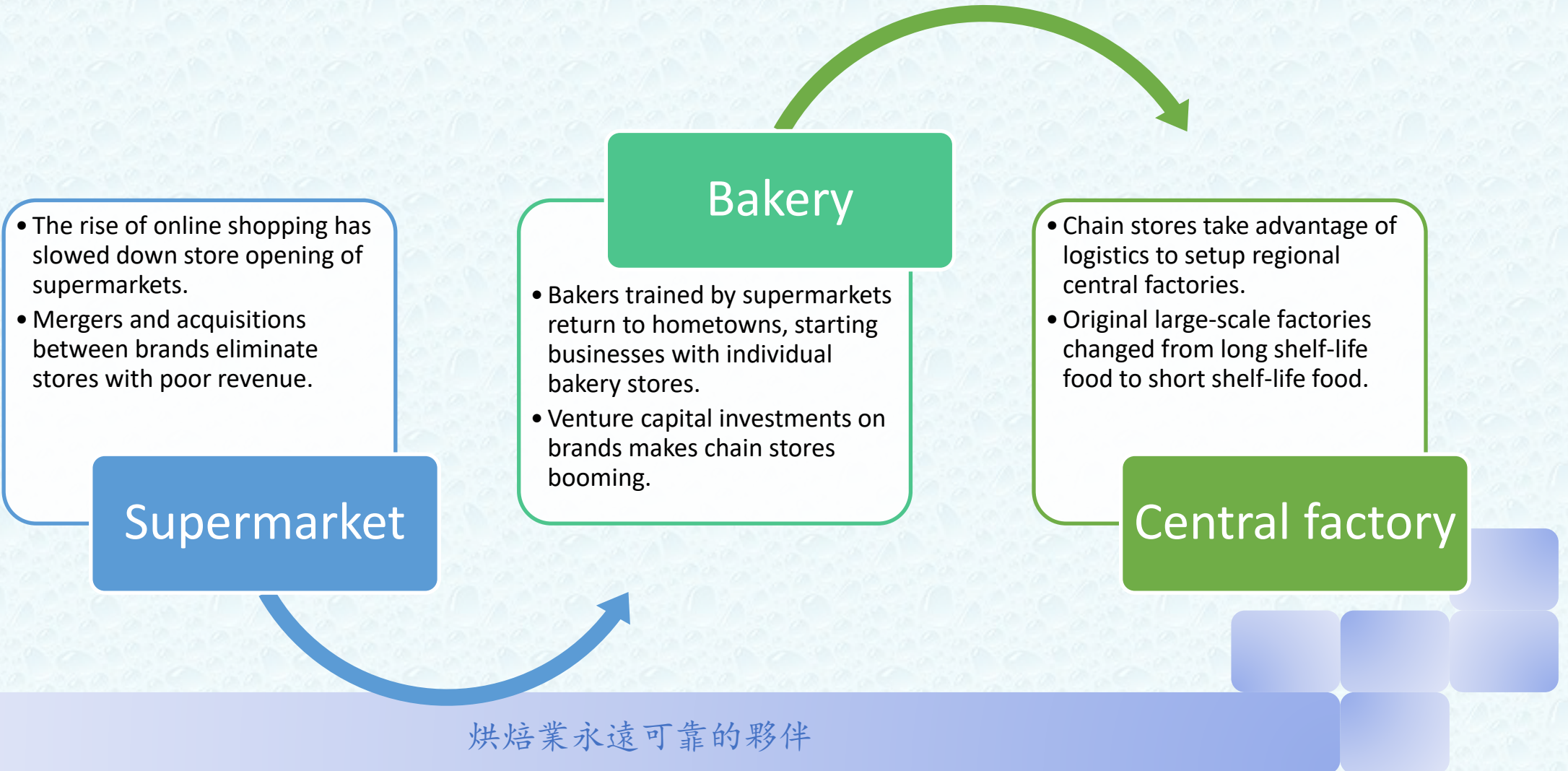
## The trend that bakery become staple food is obvious

- Bakery has been used as a snack and supplementary food for a long time
- An important part of urban young people's breakfast
- The proportion of bakery in other staple food is gradually increasing

## Baking industry is continuously upgrading

- Decentralized and extensive operations for a long time are not conducive to the development of industry scale
- Investors began to pay attention to the baking industry
- Chinese style bakery famous brands show up Ex:Lu Xi He, Master Bao

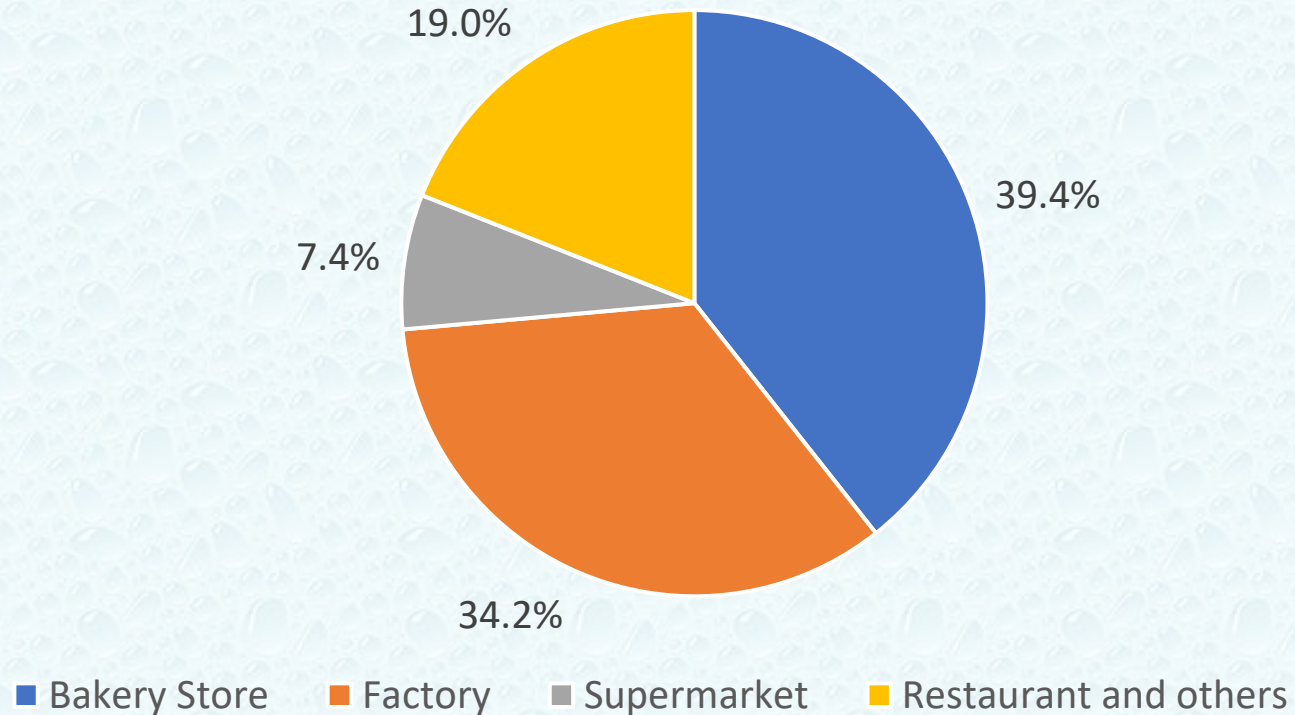
## Changes on Bakery Channel





# Downstream Sales Channels of Commercial Baking Equipment in China

Downstream sales channel structures of commercial baking equipment in China, by sales revenues 2021





### 3. Financial Performance

# Income Statement

Unit: Thousand NTD

		2016	2017	2018	2019	2020	2021	2022
Revenue		4,297,545	4,614,233	4,312,015	4,164,628	3,300,489	4,294,503	3,936,519
Growth Rate%		4.59%	7.37%	-6.55%	-3.42%	-20.75%	30.12%	-8.34%
Gross Profit		1,810,713	1,897,745	1,718,306	1,705,525	1,339,739	1,583,271	1,467,105
Gross Profit Margin%		42.13%	41.13%	39.85%	40.95%	40.59%	36.87%	37.27%
Operating Expense		1,033,431	1,069,547	1,061,006	1,043,445	850,898	890,857	914,278
Operating Expense Ratio%		24.05%	23.18%	24.61%	25.05%	25.78%	20.74%	23.23%
Profit From Operations		777,282	828,198	657,300	662,080	488,841	692,414	552,827
Operation Profit Margin%		18.09%	17.95%	15.24%	15.90%	14.81%	16.12%	14.04%
Profit Before Income Tax		790,768	790,236	689,261	687,551	492,790	702,266	626,695
Earning Before Tax Margin%		18.40%	17.13%	15.98%	16.51%	14.93%	16.35%	15.92%
Net Profit		546,858	534,153	473,613	503,361	340,940	510,167	336,569
Net Parfit Margin%		12.72%	11.58%	10.98%	12.09%	10.33%	11.88%	8.55%
EPS		11.27	10.63	9.43	10.02	6.79	10.16	6.70



# Balance Sheet (Assets)

Unit: Thousand NTD

		2016	2017	2018	2019	2020	2021	2022
<u>Assets</u>								
	Cash and cash equivalents	770,584	848,267	816,499	845,718	993,154	999,220	1,073,511
	Trade receivables	703,854	727,270	611,712	484,490	477,393	543,348	440,182
	Inventories	626,997	703,672	669,144	631,628	624,587	829,656	838,442
	Property, plant and equipment	688,534	736,700	843,929	1,065,760	1,020,344	1,070,009	1,137,526
	Other assets	327,334	289,022	290,683	273,851	331,257	275,630	229,644
Total Assets		3,117,303	3,304,931	3,231,967	3,301,447	3,446,735	3,717,863	3,719,305

# Balance Sheet (Liabilities and Equity)

Unit: Thousand NTD

		2016	2017	2018	2019	2020	2021	2022
<u>Liabilities</u>								
Short-term borrowings		125,000	209,314	150,000	113,391	202,119	350,784	76,500
Trade payables		280,186	297,382	257,649	243,259	265,898	275,113	202,895
Other payables		316,733	256,556	258,506	288,970	242,497	230,335	220,285
Current tax liabilities		132,378	138,802	115,731	78,527	169,814	95,945	201,942
Current portion of long-term borrowings and bonds payable		1,683	5,968	6,121	5,906	4,155	19,980	0
Long-term borrowings		65,061	93,659	89,615	81,866	21,346	2,674	10,119
Other liabilities		260,279	258,598	235,870	254,150	208,881	318,130	301,218
Total liabilities		1,181,320	1,260,279	1,113,492	1,066,069	1,114,710	1,292,961	1,012,959
Total equity		1,935,983	2,044,652	2,118,475	2,235,378	2,332,025	2,424,902	2,706,346

Item	2018	2019	2020	2021	2022
Debts ratio	34.45	32.29	32.34	34.77	27.23
Current ratio	236.68	231.91	191.08	175.11	249.00
Quick ratio	162.03	156.6	127.24	104.73	154.78
Average collection turnover	5.97	7.11	6.6	8.18	7.8
Average collection days	61	51	55	45	47
Average inventory turnover	3.77	3.78	3.12	3.72	2.96
Average payables turnover	8.08	8.67	7.02	8.91	9.37
Average inventory turnover days	97	97	117	98	123
Return on total assets	15.05	15.95	10.6	14.58	9.66
Return on total stockholders' equity	23.31	23.68	15.48	21.84	13.82
Net income to sales	11.25	12.37	10.71	12.09	9.01
Earning per share	9.43	10.02	6.79	10.16	6.70



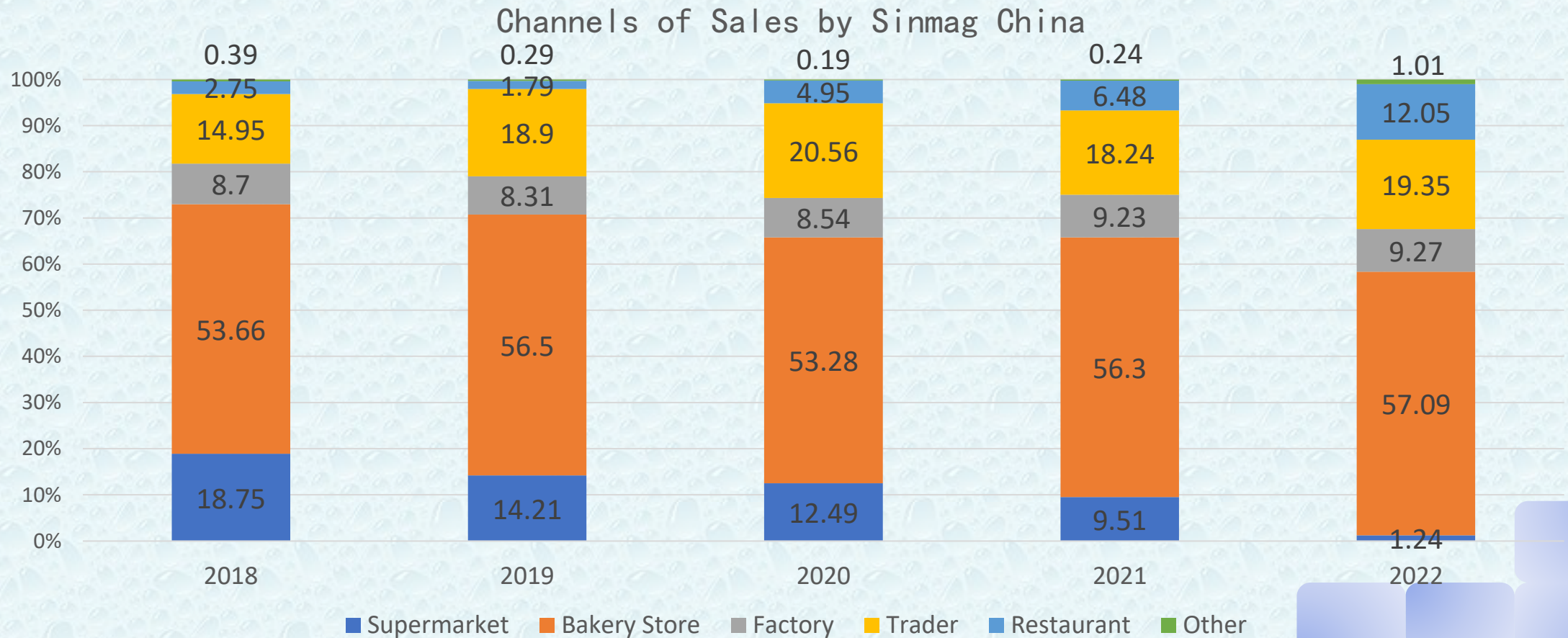
# Sales Analysis by Area

Unit: Thousand NTD

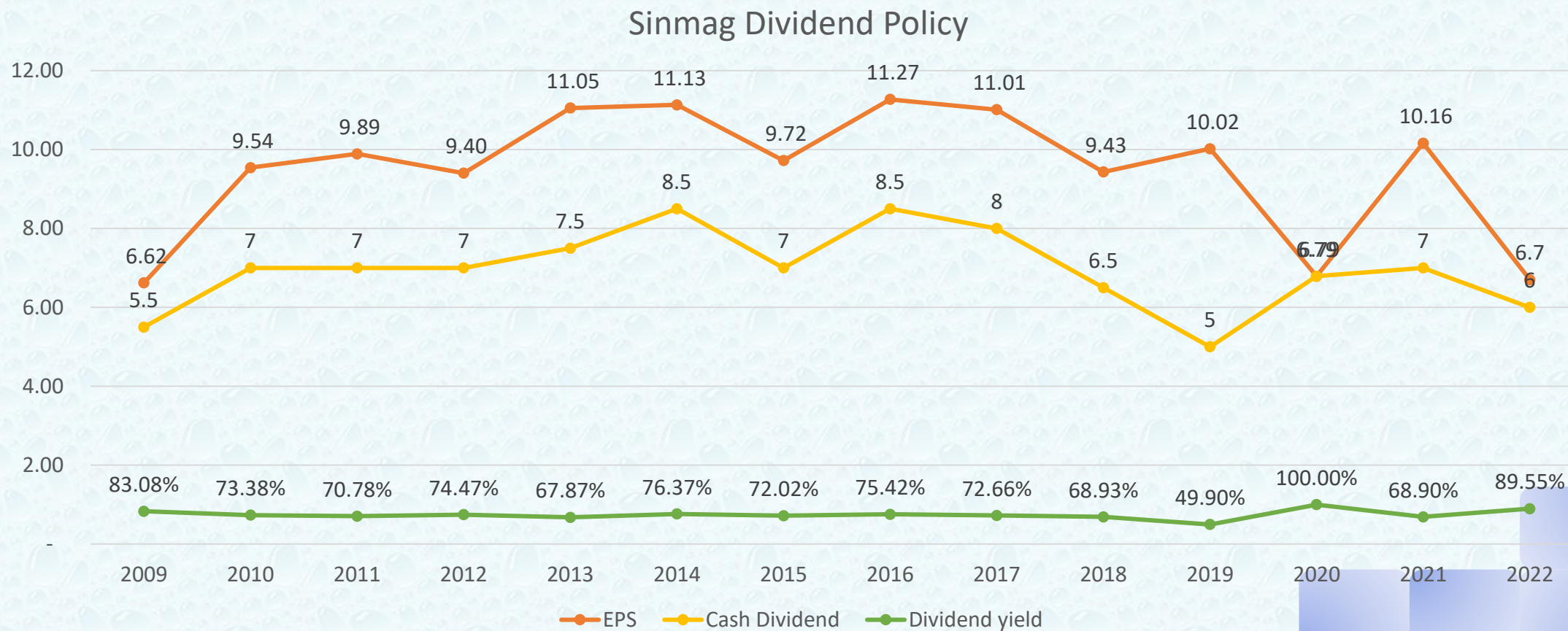
Area	2018	%	2019	%	2020	%	2021	%	2022	%
Asia (not includes China and Taiwan)	627,667	15%	674,285	16%	462,453	14%	701,080	16%	813,427	21%
Africa	149,326	3%	127,032	3%	87,212	3%	138,559	3%	154,434	4%
America	701,699	16%	675,676	16%	657,508	20%	821,183	19%	1,052,439	27%
Europe	123,612	3%	157,647	4%	114,003	3%	190,008	4%	174,816	4%
Others (includes insurance and commission)	49,004	1%	68,726	2%	74,534	2%	49,149	1%	61,505	2%
China	2,534,577	59%	2,307,264	55%	1,789,975	54%	2,265,358	53%	1,566,036	40%
Taiwan	126,131	3%	153,997	4%	114,804	3%	129,164	3%	113,862	3%
Total Sales	4,312,015	100%	4,164,628	100%	3,300,489	100%	4,294,503	100%	3,936,519	100%



# Channels of Sales in China



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## 4. Future Prospects





# Market Advantage of Sinmag

Complete Product Matrix

Strong Manufacturing Capability

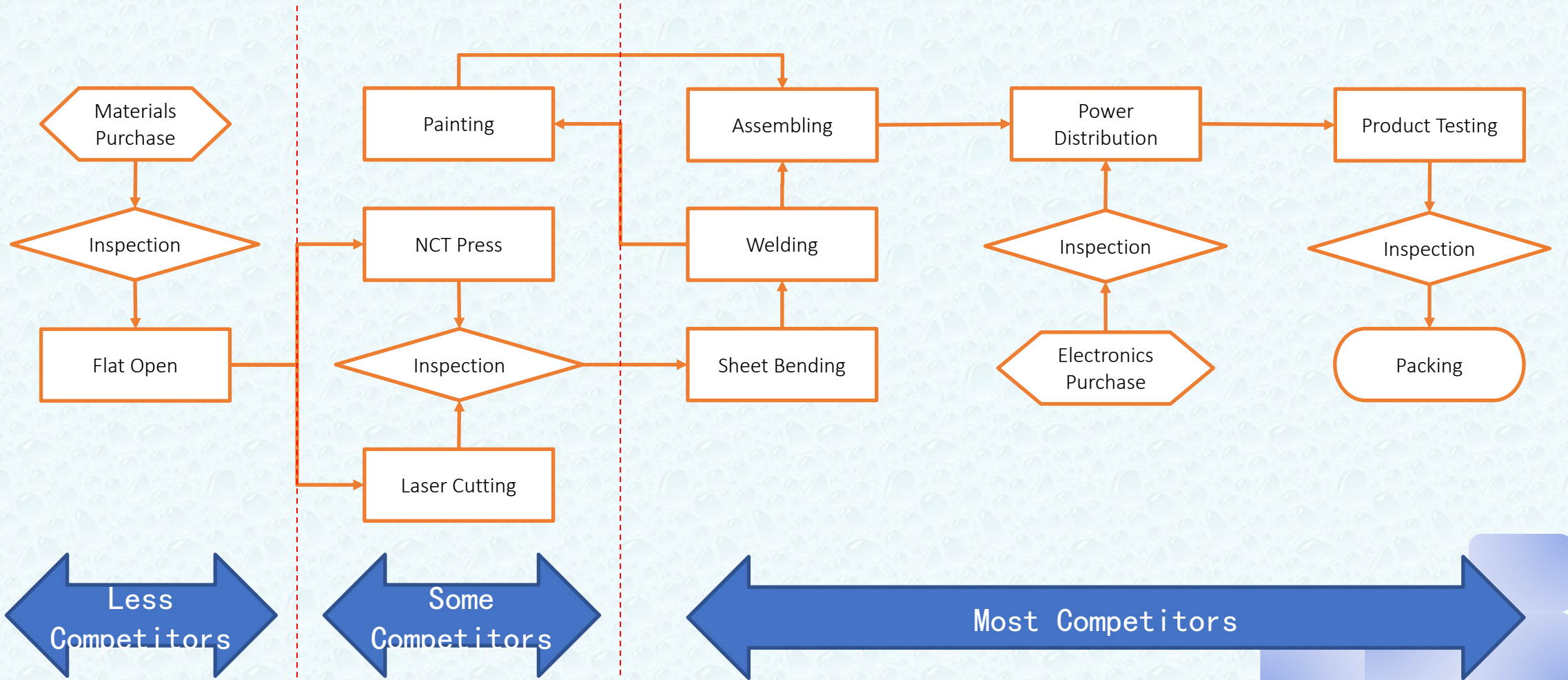
Excellent Product Quality

Intensive Service Station

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# Difference on Production Process Between Sinmag and Competitors



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隆力鑫积放链输送线

- Demonstration Project of Low-VOCs Raw Materials and Product Substitution in Key Industries in Wuxi
- Demonstration Project of Low-VOCs Production Process Substitution in Key Industries in Wuxi

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**SINMAG**

# Roll Flat Open Equipment (Renew in 2019)



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**SINMAG**

# Roll Flat Open Equipment (Add in 2022)



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# Progress of Listing on Shenzhen Stock Exchange





# Project of Funds Raised for Listing on Shenzhen Stock Exchange

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Increase 20400 Sets of Intelligent Bakery  
Equipment Production Capacity

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Upgrade Marketing Network

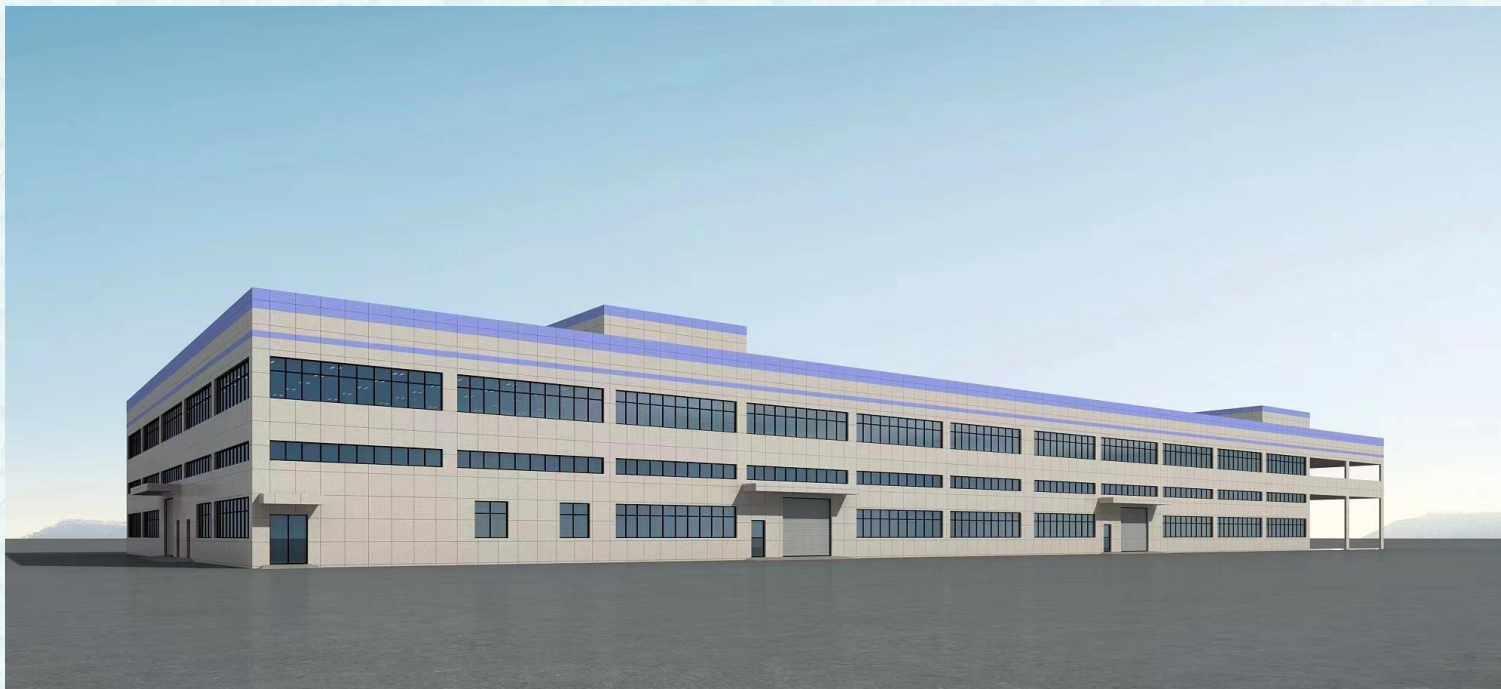
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Construct Assembly Center

An olive green circle with a thin white border, positioned to the left of the fourth project item.

Supplementary Working Capital

# Construct Assembly Center



- **Location:** Xishan Economic Development Zone, Wuxi, Jiangsu (China)
- **Land area:** 358,800 square feet  
(use 107,640 square feet)
- **Plant area:** 150,695 square feet
- **Plant Structure:** 2 stories
- **Start up construction:** April 2023
- **Plan to use:** Spring 2024

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**SINMAG**

# Upgrade Marketing Network Branches with Real Estate

Beijing

Guangzhou

Hefei

Chengdu

Kunming

Hangzhou

Harbin

Jinan

Guiyang

Fuzhou

Taiyuan

Changchun

Xi-an

Shenyang

Qingdao

Nanning

Nanjing

Zhengzhou

Chongqing

Xiamen

Changsha

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# Upgrade Marketing Network Plan to Buy Property

Shanghai

Dalian

Tainjin

Ningbo

Shenzhen

Wuhan

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# Strengthen Market Advantage of Sinmag

A large yellow arrow pointing downwards, containing the word "Production" in white text.

## Production

- Improve production efficiency, reduce production loss, and stabilize parts supply
- Improve mass production capacity to cope with urgent and large orders
- Continuously develop products, production lines, and processes
- Green and environmental protection, in line with policy requirements

A large blue arrow pointing downwards, containing the word "Business" in white text.

## Business

- Continuously build a professional team to provide services and suggestions according to customer needs
- Close to customer, and guarantee the stable use of equipment
- Comprehensive network to assist customers in cross-regional development

## China

- Maintain the past route and deepen cooperation with well-known chain brands
- Actively grasp the customers whose equipment demand is delayed due to COVID in 2022
- Strengthen cooperation with traders to tap new customer groups

## America

- Stabilize orders from supermarket
- Actively participate in various exhibitions to increase exposure in the U.S.
- Use agents to extend sales to various bakery customers

## Southeast Asia

- Use automation equipment to deepen wholesale factory continuously
- Strengthen the service team to ensure the needs of supermarkets

## Europe

- Actively develop new products to meet market demand
- Invite the agency group to visit factory

## Africa

- Cooperate with raw material upstream companies



# Thanks For Listening

