Stock Code 1264.TW

Tehmag Foods Co.,Ltd

Corporate Briefing Session for Q3 of 2025

Embrace new opportunities for baking consumption and create new value for corporate advantages

Based in Taiwan, Deeply cultivate in China, Develop South East Asia

Reporter：CFO Willy Chiou

December. 19, 2025

Agenda

01 Company Profile

02 Business Performance

03 Industrial Trend

04 Business Strategy

05 Q&A

Disclaimer

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德麥

01 **Company Profile**

Quick Briefing On Tehmag

Industry Trend: A stable and growing consumer industry

- **Industrial growth drivers: population, income level, and urbanization**
- **Product development trends: attractiveness, taste, health, convenience and safety**
- **Taiwan Market:** Improve service from product development to product marketing, constantly solve the pain points of baking companies, and keep stable growth of performance.
- **Mainland China market**: RM upgrade, back to rational consumption, pursue for cost-effective status; As the consumer group is dominated by the young generation, bakery products tend to be **healthy, snack, fun and diversified** to meet the changing consumer needs, and there is still a large room for future growth.
- **Southeast Asian market**: With **Malaysia** as the strategic center, it is a beneficiary market under the conflict between China and the United States. Benefiting from the effective dual engine strategy of "Channels &Products", it has maintained double-digit growth since 2017 and has recently expanded into the **Indonesian and Singapore markets**

Business Model: To create value for customers with concept of "Commodity driven raw material sales"

- Continue to launch popular products with **good flavor, low cost, high profit for customers and easy to operate**, and assist customers in various regions to create business by combining hot products of Taiwan, Hongkong and mainland market.
- Tehmag is a supplier **focusing on food safety**. In addition to its own and international original factory inspection report, Tehmag also strengthens the inspection of cooperating manufacturers.
- Devote to bakery development and a solution expert.

Growth

- **Taiwan market:** Deepen the Taiwan market, continue to solve customers' pain points, , and meanwhile keep growth momentum driven by Japanese and Korean goods
- **Malaysian market**: Deep cultivation in Malaysian market, stable relationship with **top10 customers**, continue growth momentum driven by **"number of customers" and "new products"**
- **Hong Kong Market:** Deeply cultivates the market in Hong Kong and Macao, keeps warming up the relationship with local major customers, and enjoys remarkable business growth under the help of "hot products"
- **Mainland market:** Successor in place, sprint customer numbers to increase own-produced volume and recover operation growth momentum.

德麥

1

- Listed, stock code 1264
- Created in 1989
- Taiwan's largest importer of baking ingredients
- 15,000+ customers
- Monthly transactions of 10,000+ customers

2

- 「Commodities drive raw material sales」 as business model
- 3200+ baking ingredients

3

- Has the strongest bakery team in Taiwan
- Has the largest commercial team in Taiwan
- Has 40+ multi - temperature layer logistics fleet

4

660+ employees worldwide

Companies located in Taiwan, mainland China, Malaysia, Hong Kong, Indonesia and the United States

Business Philosopy

Share

- Shareholder
- Employee
- Government

Win-Win

- Customer
- Supplier
- Employee
- Shareholder
- Bakery industry

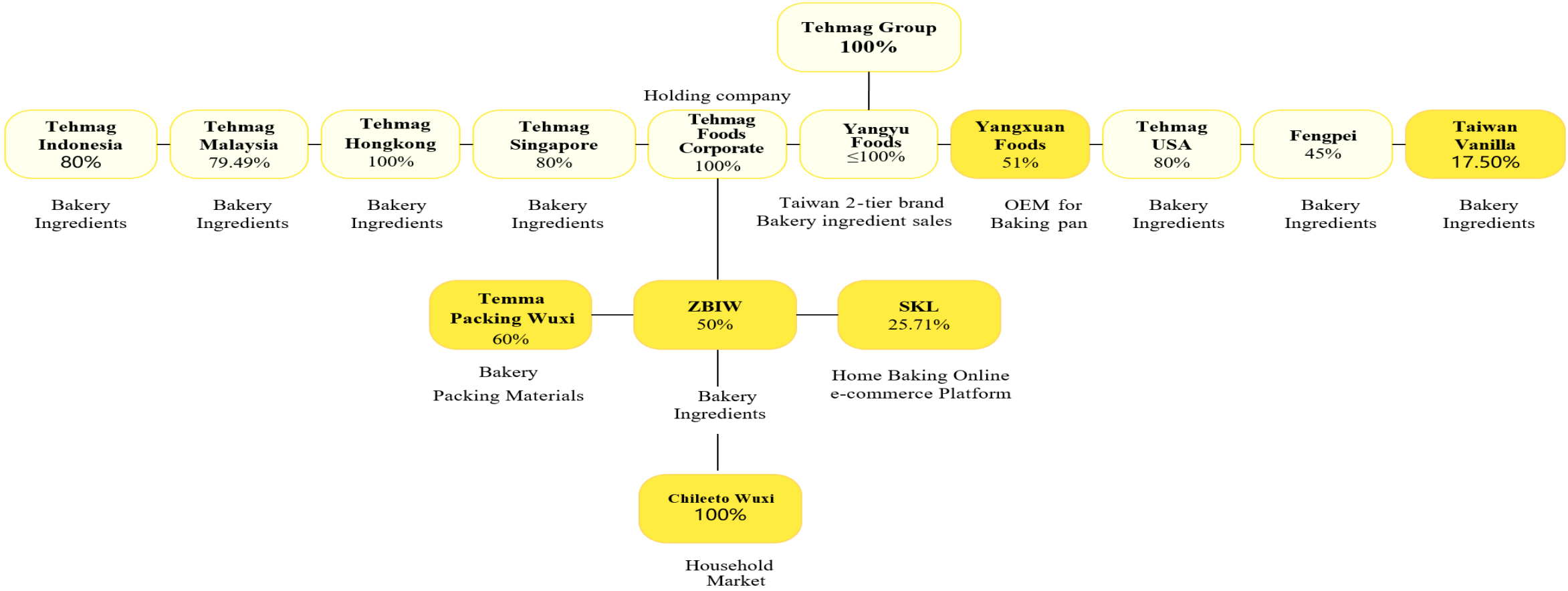
Sustainable

To become a century-old company

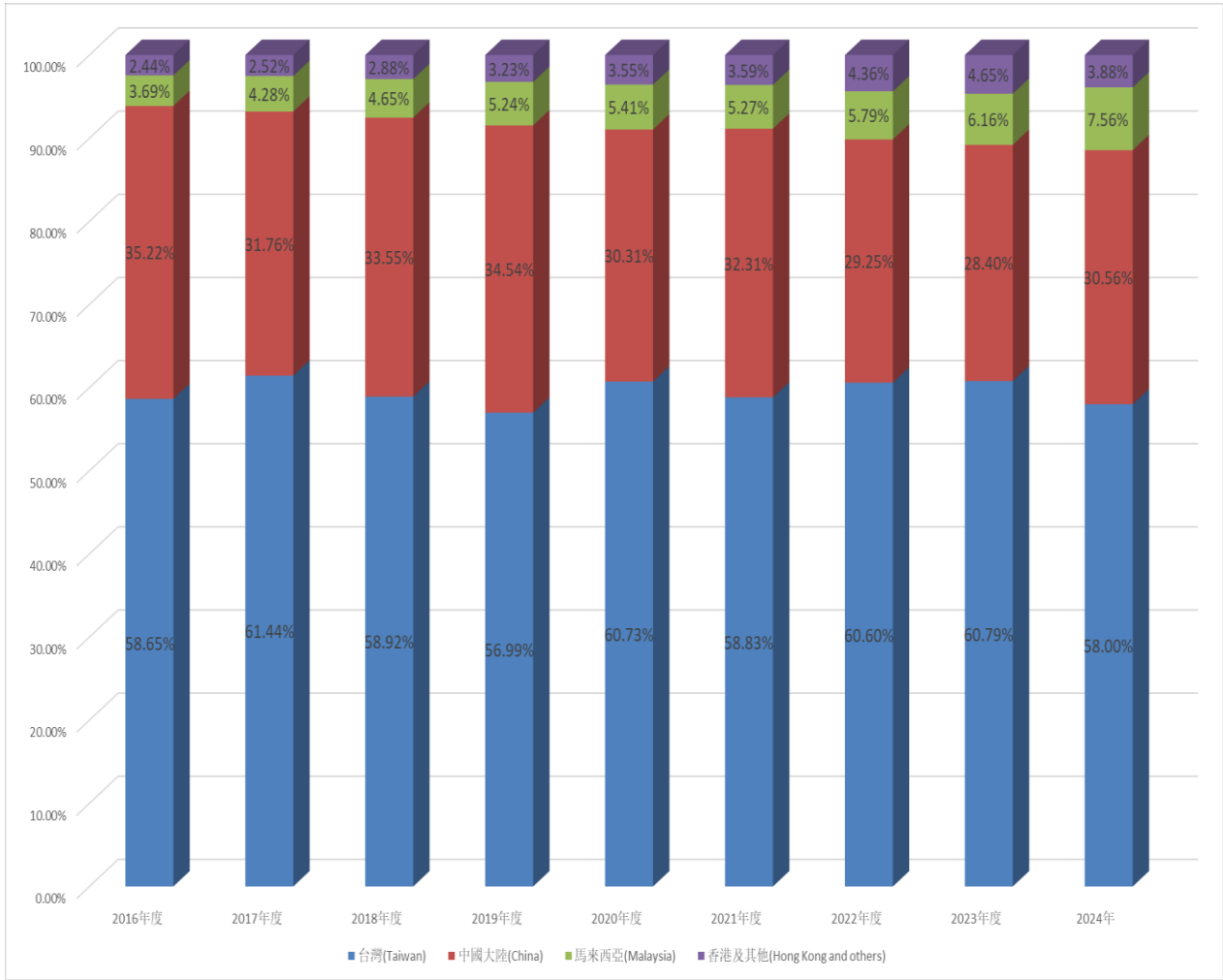
36th year currently

Build a Respectable Enterprise

Tehmag Group ·Investment Structure

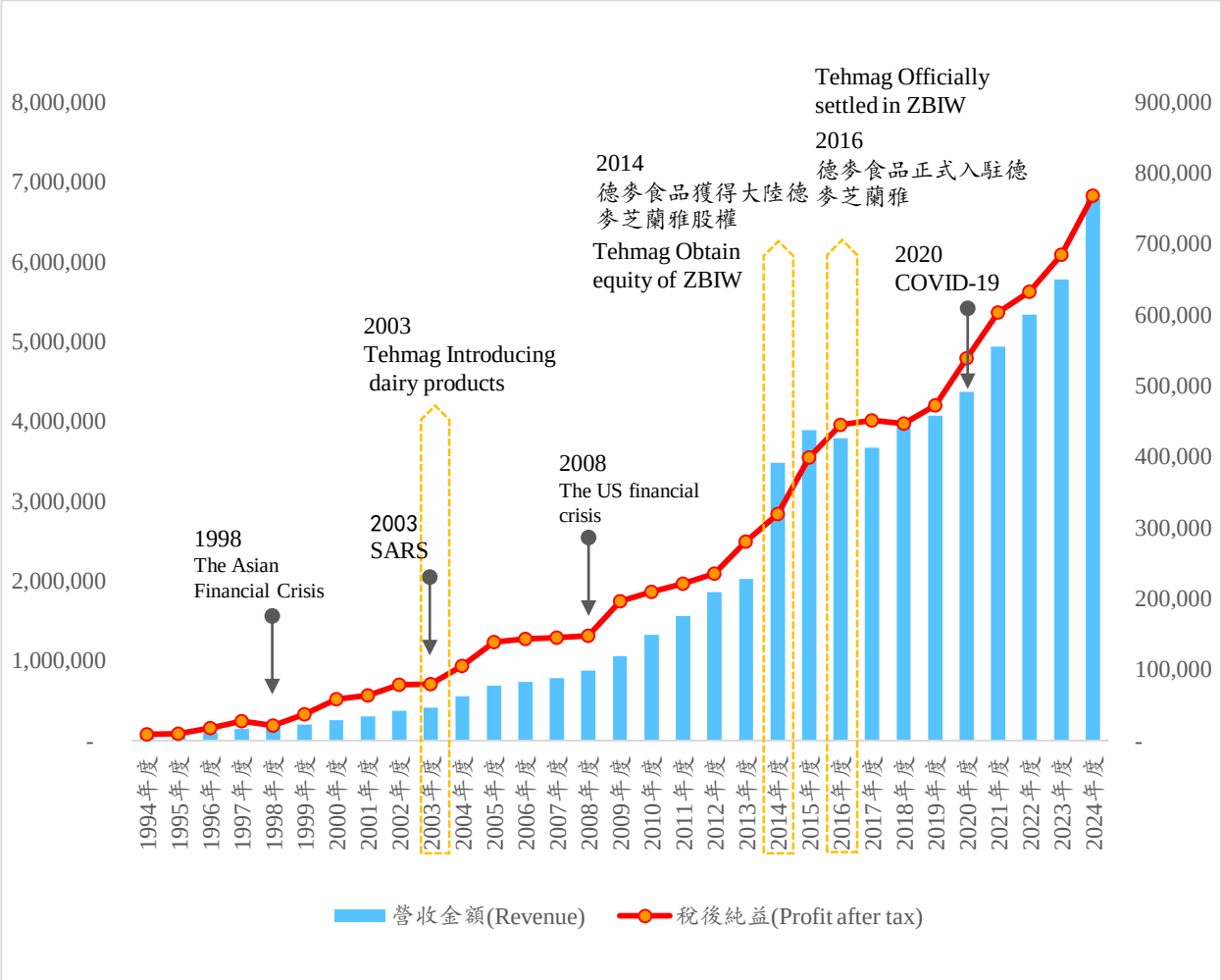


Regional Revenue Ratio For Tehmag Group



ZBIW ·Business Performance

單位：
新台幣千元



德麥

ZBIW -Joint Venture，created in 2001

Covering an area of	Maximum Capacity	Employees
40,733㎡	約2.3萬噸/年	300+
Branch offices	**Salesmen**	**Bakers**
44	110+	44+
Produce & Sell		

Breadmix　Cakemix　Pastry

Fruitfilling　Chocolate　Mont blanc

Carlex spray　Other ingredients

真誠勤關懷 • 烘焙好拍檔

02 **Business Performance**

2025年1-9月德麥集團營運成果

Financial results YTD September 2025 (Tehmag Group)

	營收Net sales			稅後純益Net profit after tax		
	2025Year 01-09CPA	2024Year 01-09CPA	增減%	2025Year 01-09CPA	2024Year 01-09CPA	增減%
臺灣德麥 Tehmag	2,926,243	2,884,652	1.44%	420,136	411,802	2.02%
芝蘭雅 ZBIW	1,402,616	1,429,882	-1.91%	143,569	149,987	-4.28%
馬來西亞 Malaysia	416,105	358,817	15.97%	56,856	50,389	12.83%
香 港 Hongkong	222,263	235,574	-5.65%	43,749	54,346	-19.50%
美 國 USA	40,058	34,597	15.79%	2,591	(833)	411.04%
印 尼 Indonesia	13,555	7,662	76.92%	402	(871)	146.16%
新加坡 Singapore	16,453	-	-	571	-	-
合 併 Tehmag Group	5,006,354	4,924,107	1.67%	590,673	580,611	1.73%

2025年前三季度財務狀況報告

Financial Results YTD September 2025

單位：新台幣仟元

TEHMAG Group	2025年前三季		2024年前三季		Increase or decrease	
	Amount	%	Amount	%	Amount	%
營業收入 (Net sales)	5,006,354	100.00	4,924,106	100.00	82,245	1.67
營業毛利 (Gross margin)	1,638,695	32.73	1,587,677	32.24	51,018	3.21
營業費用 (Operating expense)	766,136	15.30	744,946	15.13	21,190	2.84
營業利益 (Operating profit)	872,559	17.43	842,731	17.11	29,828	3.54
營業外收支 (Non-operating items)	14,956	0.30	21,690	0.44	(6,734)	(31.05)
稅前純益(Net profit before tax)	887,515	17.73	864,421	17.55	23,094	2.67
所得稅費用(Income tax)	206,498	4.12	192,958	3.92	13,540	7.02
稅後純益 (Net profit after tax)	681,017	13.61	671,463	13.63	9,554	1.42
母公司淨利(Parent company net profit)	590,673	11.80	580,611	11.79	10,062	1.73
每股稅後盈餘(EPS)	15.94元		15.67元		0.27元	
毛利率(Gross margin rate)	32.73%		32.24%		0.49%	
費用率(Operating expense rate)	15.30%		15.13%		0.17%	
營業利益率(Operating profit)	17.43%		17.11%		0.32%	
母公司淨利率(Parent company net profit rate)	11.80%		11.79%		0.01%	

2025年Q3財務比率分析

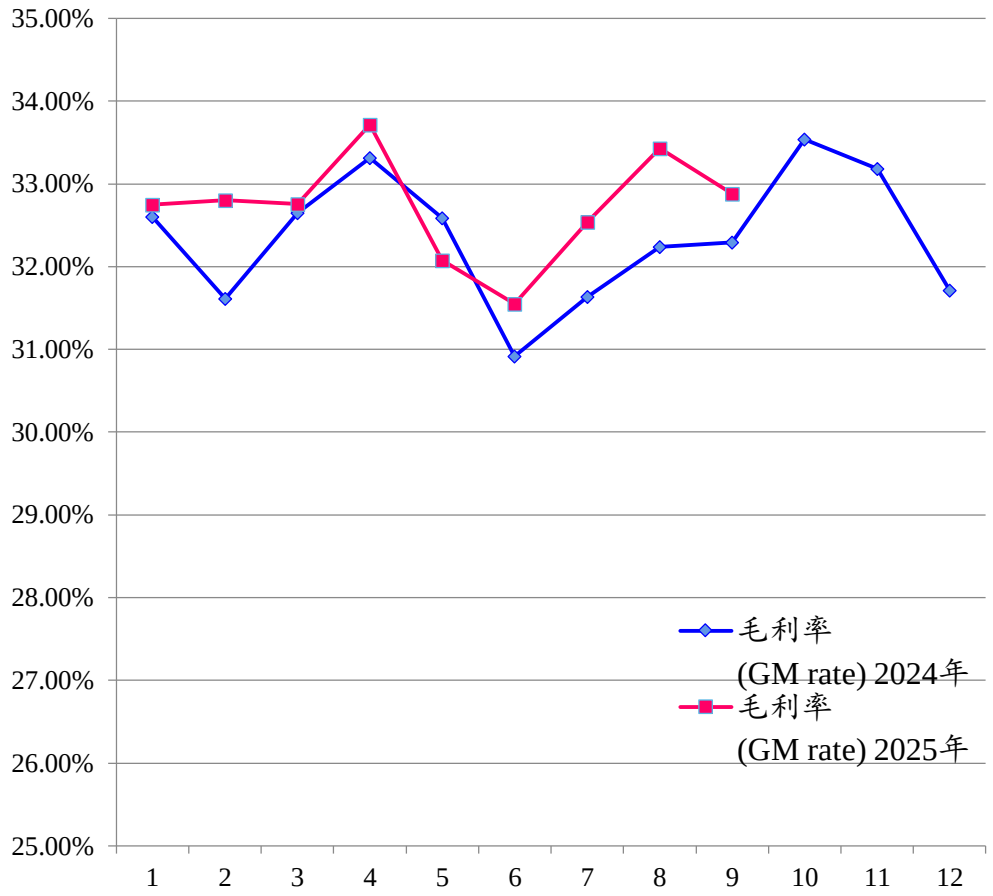
Financial ratio analysis YTD September 2025

項 目			2025年 Q3	2024年 Q3
Financial structure	Debt-to-assets ratio		**24.88%**	**24.04%**
	Long-term funds to PPE ratio		**202.74%**	**202.32%**
Debts structure	Current ratio		**240.76%**	**250.41%**
	Quick ratio		**150.38%**	**159.61%**
Operation capability	AR turnover		**5.63**	**5.74**
	Average AR days		**65**	**64**
	Inventory turnover		**4.40**	**4.95**
	Inventory days		**83**	**74**
Profitability	Return on assets		**16.26%**	**17.76%**
	Return on equity		**21.43%**	**22.63%**
	% of paid-in capital	Operation profit	**313.99%**	**303.16%**
		PBT	**319.37%**	**310.96%**
	Net profit %		**13.61%**	**13.64%**
	EPS		**15.94**	**15.67**

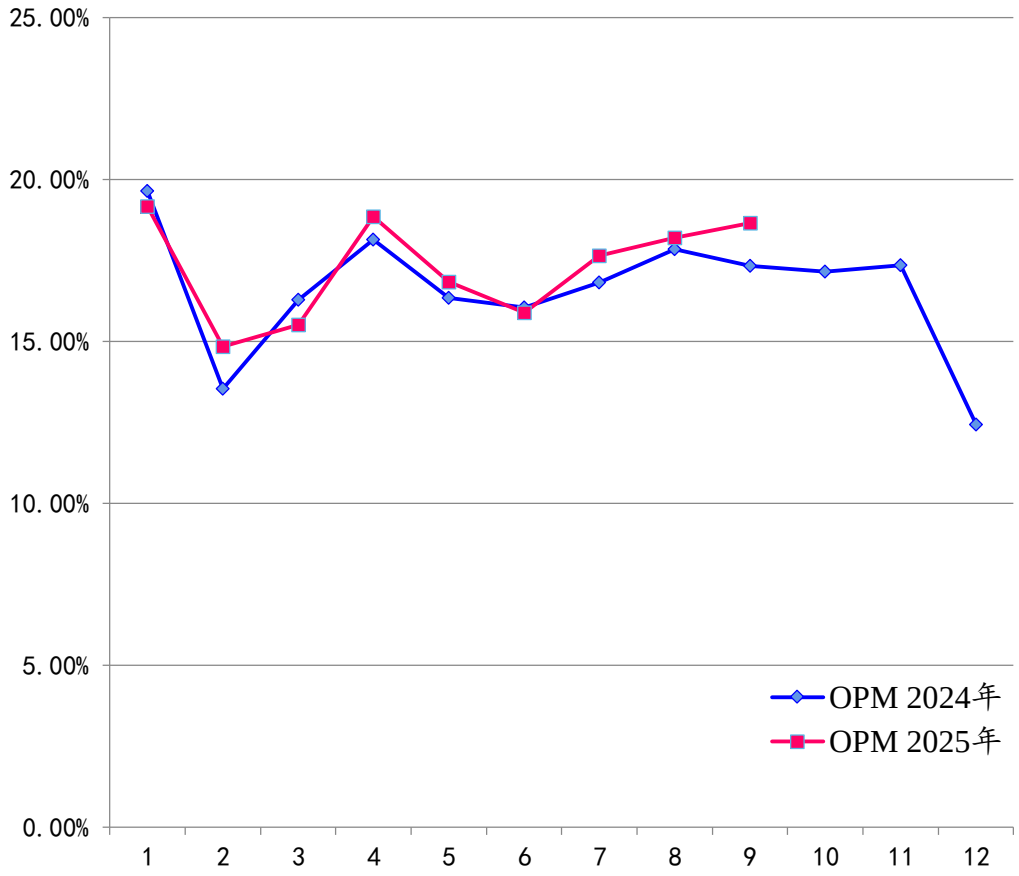
Financial structure	In Q3 2025, the Company's debt ratio stood at 24.88%, showing an increase compared to the previous year. This rise was primarily due to additional bank borrowings to fund progress payments for the construction of logistics centers. Despite this, the debt ratio remains below 30%, and the long-term funding coverage ratio for fixed assets reached 202.74%—well above the 100% benchmark—demonstrating a robust and healthy financial structure.
Debts structure	The Company's current ratio and quick ratio in Q3 2025 were 240.76% and 150.38%, respectively. While these ratios declined slightly year-over-year due to increased bank borrowings, they remain above the 100% threshold, indicating strong asset liquidity and satisfactory debt repayment capabilities.
Operation capability	The average DSO and DIO were 65 days and 83 days, respectively. While DSO showed modest improvement, the inventory level has risen, resulting in a longer inventory turnover time. Moving forward, the Company will strengthen inventory turnover and control to enhance operational efficiency.
Profitability	The Return on Equity (ROE) for the period was 21.43%, lower than the same period last year. However, ROE has consistently exceeded 20% over the past decade, positioning the Company as a high-quality investment with enduring value—a hallmark of companies favored by Warren Buffett's value investing principles.

Changes in financial ratios for the past two years (consolidation)

Changes in gross profit margin over the past two years



Changes in operating profit margin over the past two years



The main ingredients of delicious bakery products include **flour, dairy**, sugar, eggs, fat, yeast, etc. The quality of flour and dairy products lays the cornerstone of the quality of bakery products. **Therefore, when consumers pay attention to the ingredients of bakery products, they will force the bakery/baker to select the raw materials with cleaner formula and better quality.**

01 FLOUR

Flour is the basic structural material of baking products, it provides the structure and texture of the dough, and builds the skeleton of the products.

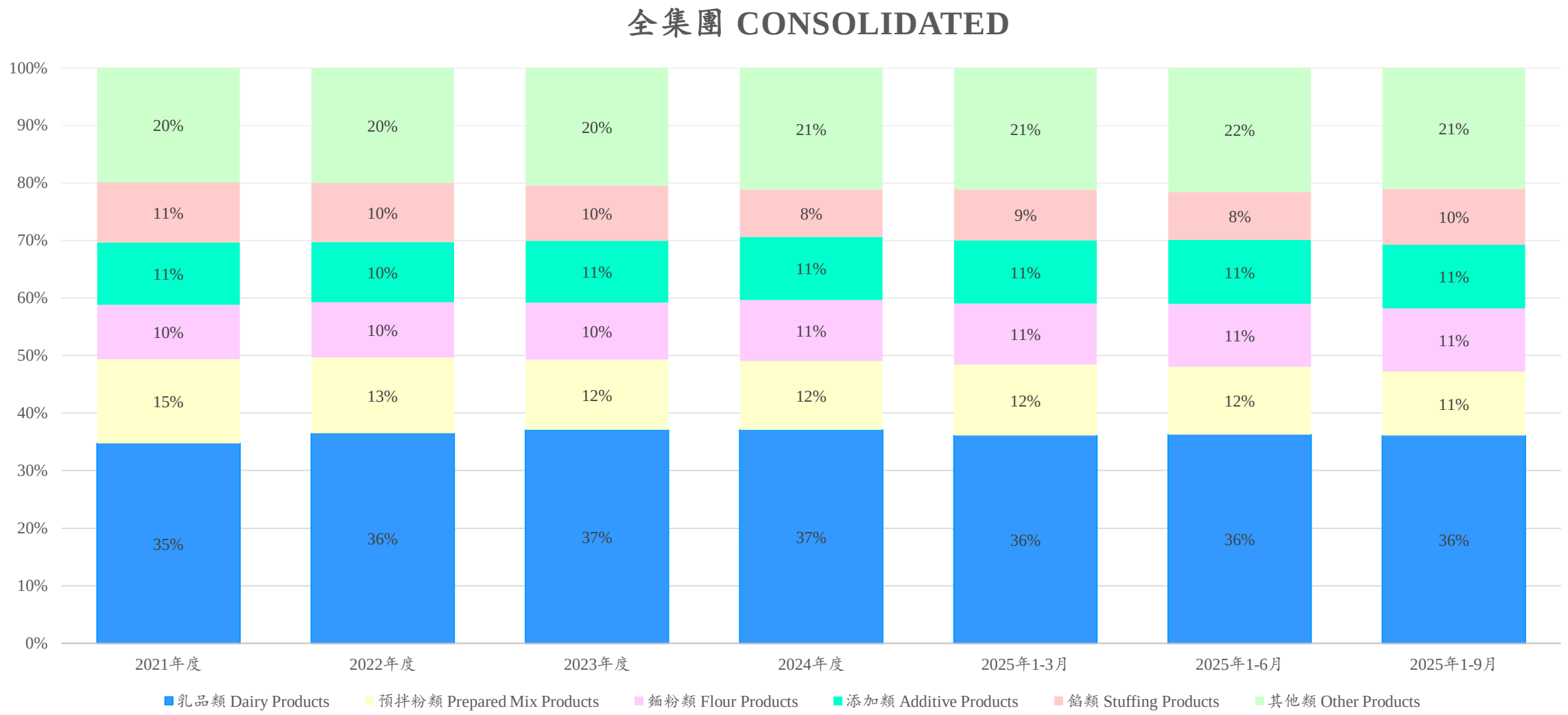
02 Dairy products

Dairy products endow baked goods with rich flavors and tastes. High quality dairy products not only optimize the quality of the products, but also contain a variety of nutrients, playing a crucial role in baking

Unlike flour, the price of dairy products is more susceptible to fluctuations in market conditions, but the main reason for the fluctuation is closely related to the milk source. Because of the scarcity of good milk sources, dairy manufacturers with good milk sources have trump cards.

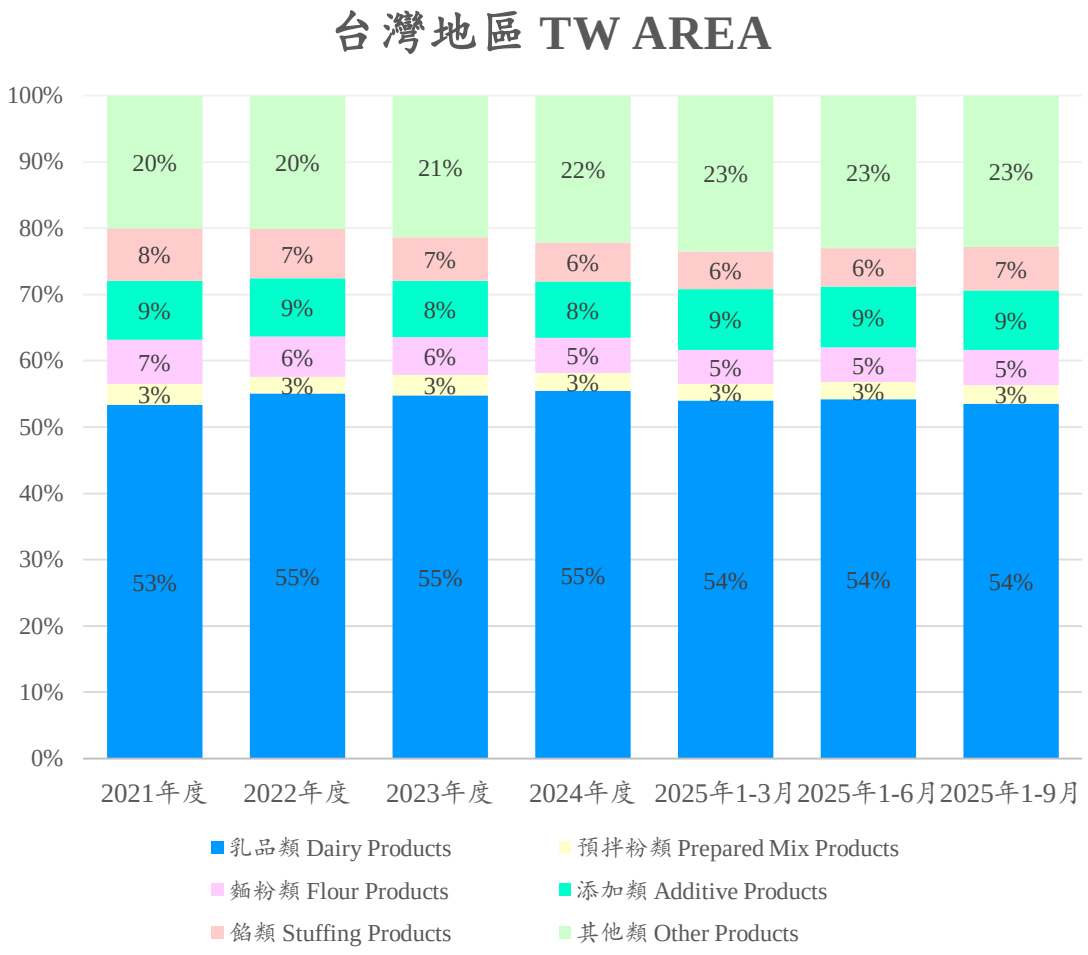
Tehmag Group

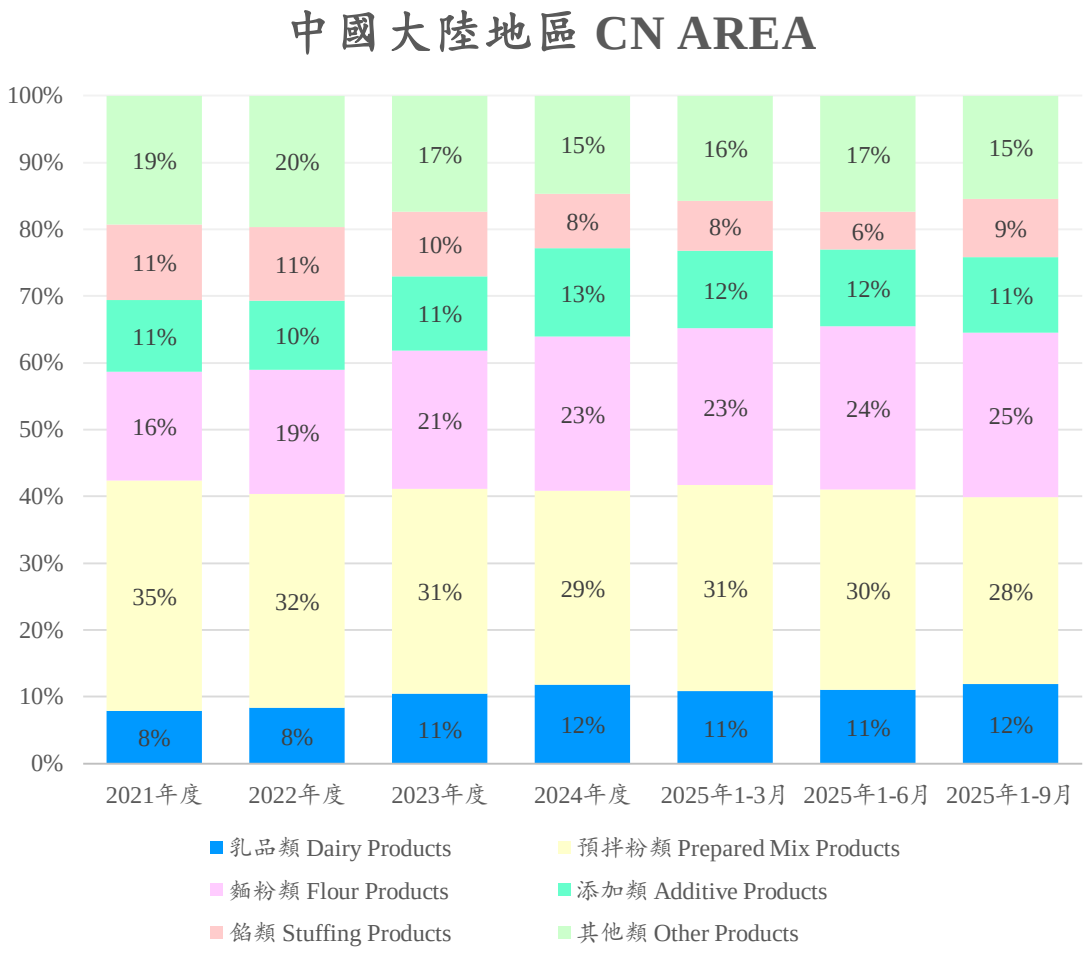
Proportion of product portfolio in each year



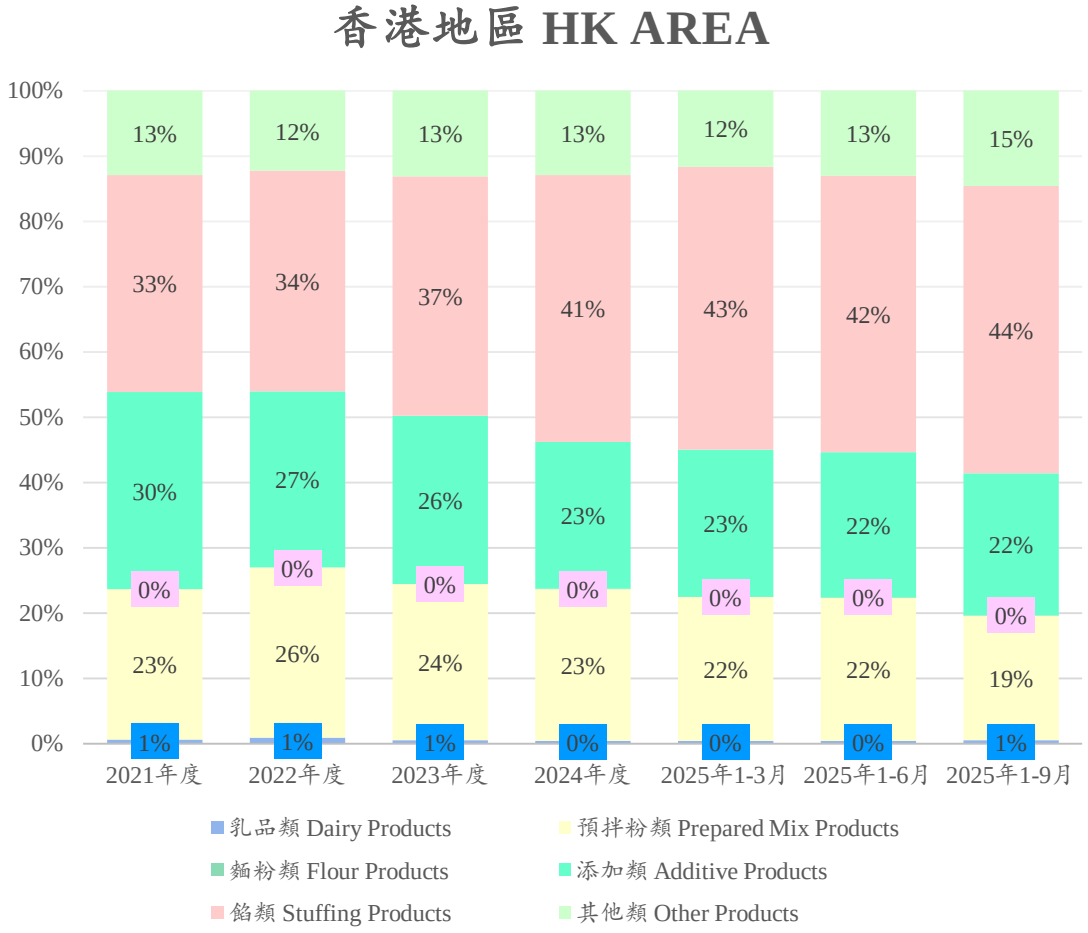
Taiwan& Mainland China

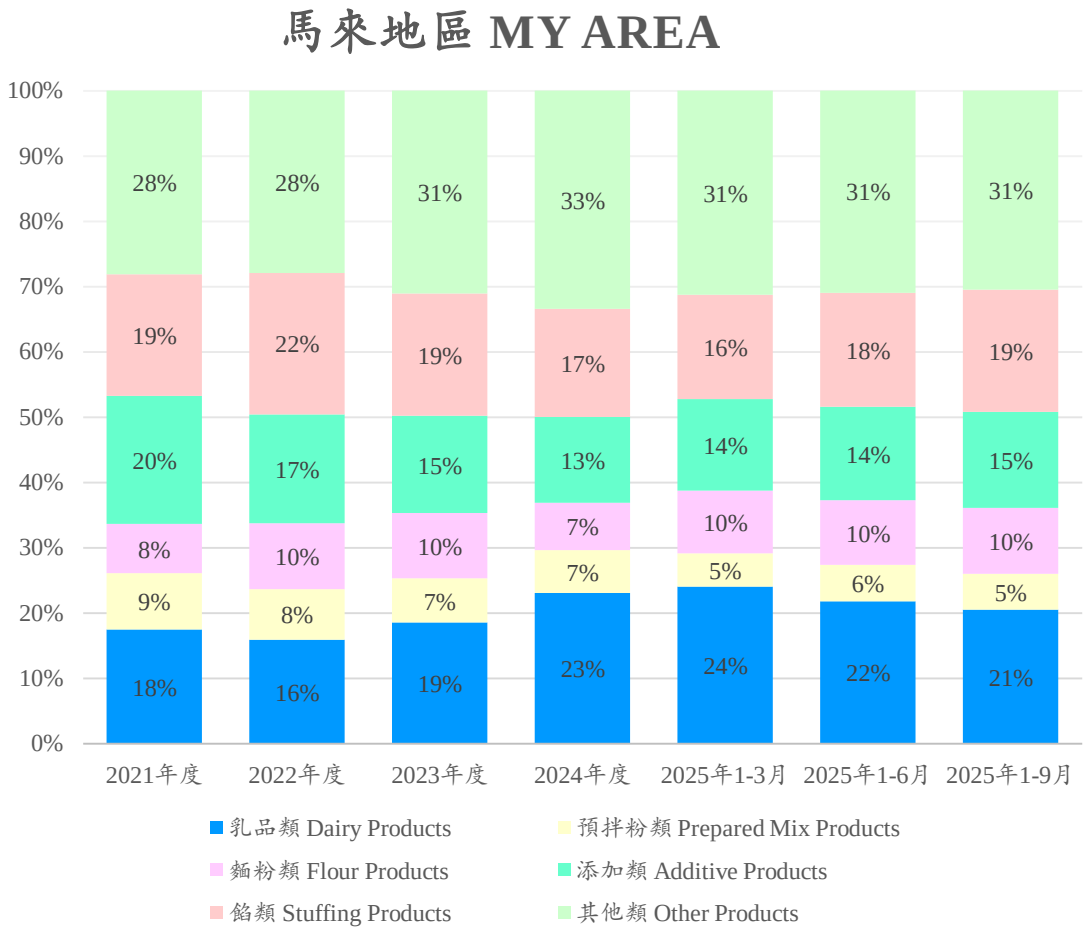
Proportion of product portfolio in each year





Hong Kong & Malaysia
Proportion of product portfolio in each year





03 **Baking Industry Trends**

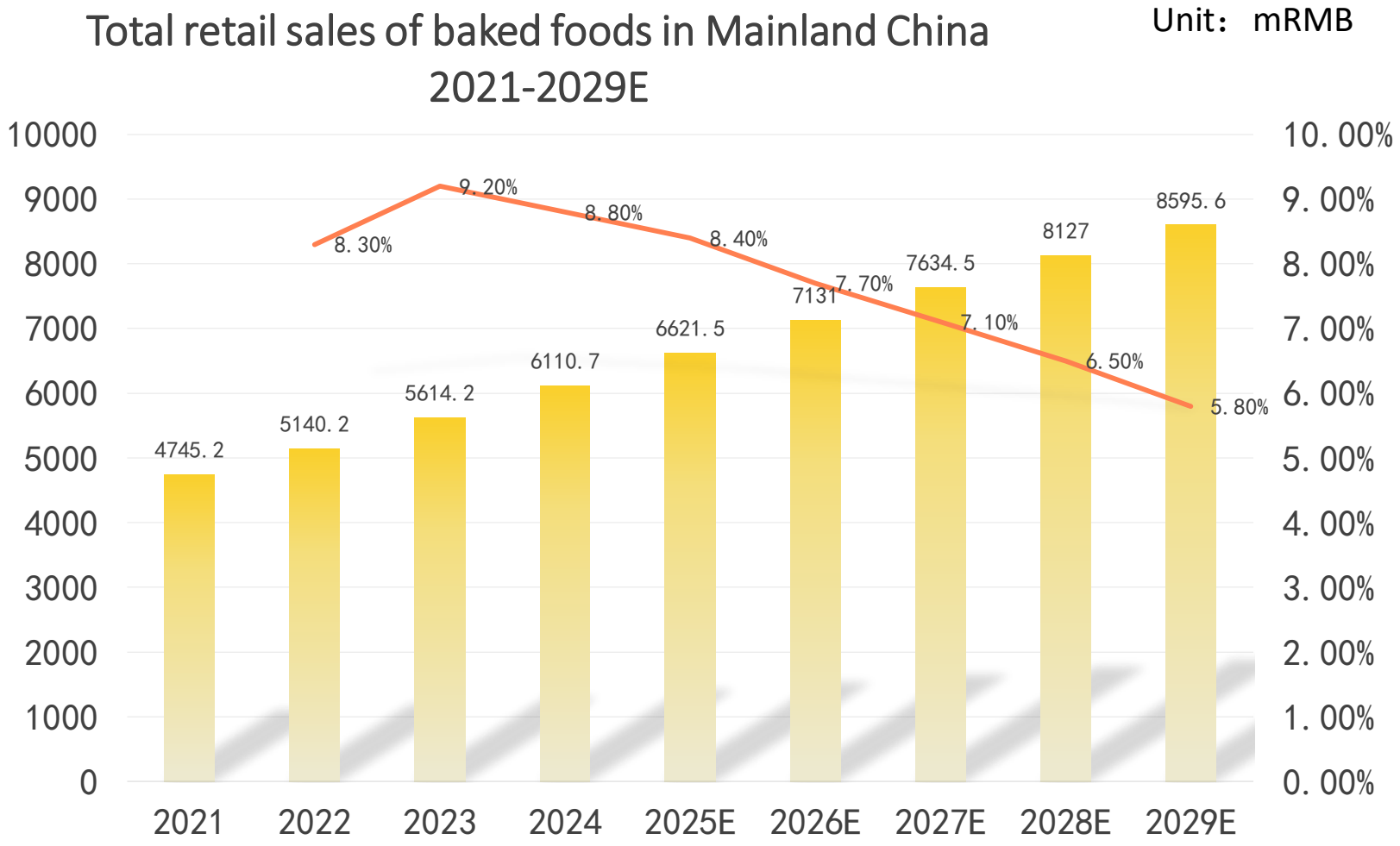
Total Retail Sales of Baked Food in Mainland China

Zeelandia 德麦芝兰雅

Growth The market size continues to expand, with a year-on-year increase of 8.8% in 2024 and a projected growth of 8.4% in 2025.

Potential Future development space is vast, with the scale expected to exceed 850 billion yuan by 2029.

Continuity The growth momentum persists, indicating that the baking market follows a long-term trend characterized by sustainability and extensibility.



Data Source: iMedia Data Center

Current Economic Situation in Mainland China

Zeelandia 德麦芝兰雅

The current economy faces multiple overlapping challenges, with new variables continuously emerging.

challenge

01

External Challenges

The China-U.S. trade war has increased public uncertainty about the future.

Internal Challenges

Prominent supply-demand contradictions.

02

03

Key Areas

Unclear progress in the real estate market recovery.

May 2025: Introduction of an alcohol ban.

New Variables

June 2025: Intense competition among food delivery platforms ("delivery wars"), impacting bakery businesses.

"M-Shaped" Market Development Trend

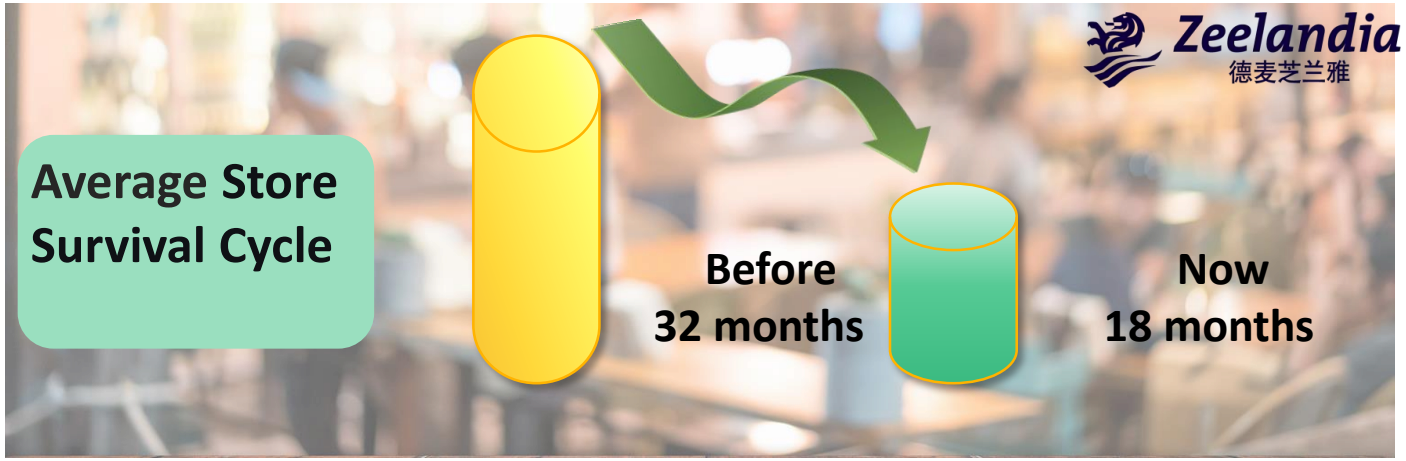
The current consumer market shows a significant polarization trend, resulting from the interplay of multiple factors, profoundly affecting market structure and consumer behavior patterns.

Craft bakery	Industrial customer	Shopping Mall	Street-front store
High average transaction value	Planned procurement	Can attract shopping mall foot traffic	Relies on natural foot traffic
Emphasis on service	Price sensitivity	Brand image and influence are crucial	Strong community attributes
Brand storytelling	Standardized production	Bears high rental risks	Costs are flexible and controllable

Features

Fierce Market Competition

The industry is undergoing a brutal reshuffle, with the battle for survival reaching a white-hot stage On one hand, there is a wave of store closures, with the number of brands entering a stage of net decrease; on the other hand, "internet-famous" brands rise and fall quickly, making sustained popularity ("staying popular") a luxury amidst "involution."



Intensified "Involution"

•Severe Homogenization Competition: Products lack distinctiveness, with extensive imitation in products, marketing, and channel models.

"Easy to Go Viral, Hard to Stay Popular"

•Continuously rising customer acquisition costs.
•Fast shift in consumer interests, making it difficult to build brand loyalty.

Net Increase of roughly 8,000 stores

Y2024

OPEN Opened 103,000 stores

CLOSE Closed 95,000 stores

Net Decrease of roughly 70,000 stores

Y2025

OPEN Opened 29,000 stores

CLOSE Closed 99,000 stores

Lower-Tier Markets Becoming a New Focus

Considering the current market situation, lower-tier markets are gradually becoming a contested battleground.

Push Factors

- Fierce competition in first- and second-tier cities, increasingly saturated markets, high rent and labor costs, and significant living pressure.

- Continued growth in disposable income of residents in towns (lower-tier markets), relatively less intense competition, and emerging demand for consumption upgrades.

Pull Factors

➢ **Rapid changes in the bakery sales segment: Membership-based supermarkets and warehouse club supermarkets are driving growth in the supermarket sector, eroding the market share of traditional stores.**

Four Major Trends in Retail Supermarkets

胖改流派
DL-Reform Trend

Keywords	Service, Product, Staff
Examples	Yonghui, Wumart, Bubugao, etc.
Status	No standout success has been achieved in learning this model yet.

鮮風流派
Fresh & Premium Trend

Keywords	Scenario-based, Strong Experience, Strong Display
Examples	Numerous local supermarkets nationwide are learning from this model.
Status	Some projects have achieved success.

硬折扣流派
Hard Discount Trend

Keywords	Efficiency, Supply Chain, Private Label
Examples	Hema NB, Happy Monkey, etc.
Status	The industry is in a rapid development phase.

前置倉流派
Front Warehouse Trend

Keywords	New Model of Instant Retail
Examples	Dingdong Maicai, Xiaoxiang Supermarket, etc.
Status	Heavy investment, initial entry into profitability.

Customer/Consumer Trend

Healthy: Main scheme for consumer market in recent years

- **Trans-fat-free**
- **Clean label**
- **Three-low products**
  Low calories, low sugar, and low fat.

Segmentation: "Rationality" and "individuality" seem to be the paths for brands to"survive steadily during the harsh period ".

Break through opportunity

- Currently, the consumer market is experiencing both "upgrading" and "downgrading" simultaneously. The competition for "cost performance" is intensifying, and "heart-to-value ratio" is also booming: products that can satisfy "rational consumption" while activating "sensory life", and possess both the functionality and value of essential items, have become opportunities for enterprises and new product categories to break through.

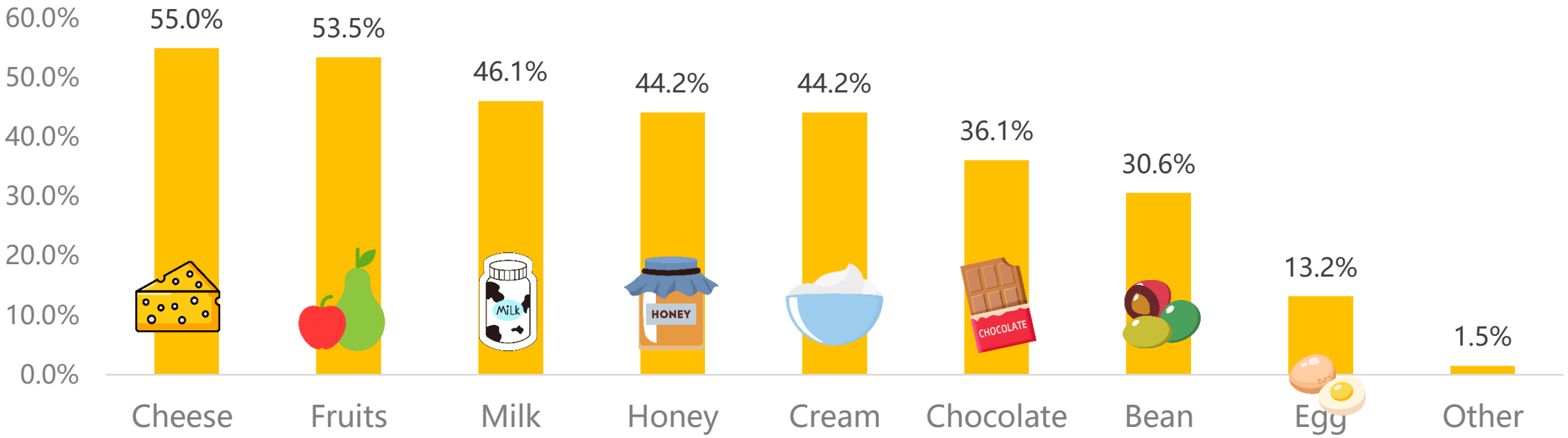
Customised demand

- Consumers' demands are also becoming more complex and diverse. The method of dividing consumer groups based on a single dimension such as gender, age, and income can no longer comprehensively depict consumer profiles. "Specialized and customized consumption" has emerged as a result.

Precise segmentation

- To precisely meet the needs of different consumer groups, the market has begun to finely segment products based on multiple factors such as consumption concepts and usage scenarios, and continuously apply the deep integration of digital intelligence and new technologies with products to enrich product functions and optimize the final consumer experience.

Flavor Preferences of Chinese Baking Food Consumers



According to the survey, more than 50% of consumers choose cheese flavor and fruit flavor when buying baked goods, and about 40% choose milk flavor, honey flavor and cream flavor. Consumers have diversified taste preferences for baked goods, and enterprises can adjust product tastes or carry out taste innovations to meet the diversified taste needs of consumers. Cream cheese, as the preferred cheese flavor for merchants, is an immature full fat cheese that has become a delicacy in the cheese family due to its silky smooth texture and deep milk aroma.

Top3 Skills Needed for Bakery Brand Operation

Enhance marketing
01

- Diversified marketing
- Commodity scenarios construction
- Emotional value creation
- Enhance shopping experience

R&D
02

- Master a solid foundation of knowledge
- Consilient application
- Cross-border integration of multiple fields
- Understand market trends and consumer preferences

Cost control
03

- Upgrading and in-depth research and development of raw materials
- Optimize production efficiency and reduce losses
- Control marketing cost and R&D cost
- Personnel cost control

Analysis of Sales Channels in 2024

RMB Thousand

营收 (Revence)	2024年					
	2024年	%	2023年	%	Difference	Difference in %
单店(Single shop)	56,408	12.49%	40,534	11.02%	15,874	39.16%
小型连锁(Small-sized chain store) (2-19家)	65,045	14.40%	57,413	15.61%	7,632	13.29%
中型连锁(Middle-sized chain store) (20~49家)	51,184	11.34%	42,857	11.66%	8,327	19.43%
大型连锁(Large-sized chain store) (50~149家)	43,874	9.72%	37,405	10.17%	6,470	17.30%
超大型连锁(Super large chain store)(150家以上)	66,312	14.69%	56,395	15.34%	9,917	17.59%
经销商(Distributor)	64,219	14.22%	50,232	13.66%	13,987	27.84%
电商(E-commerce Distributors)	17,825	3.95%	14,467	3.93%	3,359	23.22%
食品厂 (Small-sized industrial customer)	76,028	16.84%	59,242	16.11%	16,786	28.34%
工业客户(Large industrial customer)	2,106	0.47%	2,873	0.78%	(768)	-26.72%
其他(Others)	5,023	1.11%	3,417	0.93%	1,607	47.03%
超市 (Super market)	3,523	0.78%	2,850	0.78%	673	23.63%
合计(Total)	451,548	100.00%	367,684	100.00%	83,864	22.81%

客户数 (Number of customers)	2024年					
	2024年	%	2023年	%	Difference	Difference in %
单店(Single shop)	3,881	56.67%	3414	54.21%	467	13.68%
小型连锁(Small-sized chain store) (2-19家)	1,276	18.63%	1297	20.59%	(21)	-1.62%
中型连锁(Middle-sized chain store) (20~49家)	220	3.21%	212	3.37%	8	3.77%
大型连锁(Large-sized chain store) (50~149家)	81	1.18%	72	1.14%	9	12.50%
超大型连锁(Super large chain store)(150家以上)	103	1.50%	108	1.71%	(5)	-4.63%
经销商(Distributor)	616	8.99%	558	8.86%	58	10.39%
电商(E-commerce Distributors)	14	0.20%	14	0.22%	0	0.00%
食品厂 (Small-sized industrial customer)	481	7.02%	438	6.95%	43	9.82%
工业客户(Large industrial customer)	17	0.25%	15	0.24%	2	13.33%
其他(Others)	141	2.06%	150	2.38%	(9)	-6.00%
超市 (Super market)	19	0.28%	20	0.32%	(1)	-5.00%
合计(Total)	6,849	100.00%	6,298	100.00%	551	8.75%

04 **Operation Strategy**

Operational Strategy

Based in Taiwan

1. Cultivate the Taiwan market and highlight the advantages of customer relationship
2. Expand sales channels and increase transactional customers
3. Deepen service level and solve customer pain points
4. Seminar across the province, Promotion on Japanese and Korean commodities

Deeply cultivate in China

1. Adjust organization and deepen regional operation
2. Sprint customer numbers and stabilize business growth
3 In response to M-shaped development, strengthen operations of industrial customers and boutique bakery
4. Strength logistical support and optimize supply chain
5. Carry out seminars in order and promotion on popular commodities
6. Continue to introduce raw materials that meet market demand
7. Set up key account team to develop industrial customers
8. Continuous promotion of strategic alliance

Develop South East Asia

1. Market input step by step
2 Build and develop commercial team
3. Continuously increase customer numbers
4 Introduce new ingredients in an orderly manner
5. Develop catering channels and strengthen the business team lineup
6. Set up key account team to develop industrial customers

Strategy adjustment in the post ·Management

ZBIW officially appointed Frank Wu as GM in Y2023

Outstanding second-generation successor

The most outstanding second-generation successor in the Wu family

Keep 2 digits growth from Y2019

2019~2024
Keep **2 digits growth**

Shorten the management radius

Improve management efficiency

Started from the grassroots

rich experience in warehouse management, commercial, product management and HK subsidiary management experience

Successful breakthrough in the Hong Kong market

Create nearly 80mHKD sales & 15mHKD profit in Y2023 within HK market with a population of only 7m

Establish the managemen group

The success of enterprise management lies in people.

Strategy adjustment in the post-COVID era

Clear assignment of responsibility

(1) The continuous deepening of cultivation strategies

(2) Set a interest-driving bonus sharing system

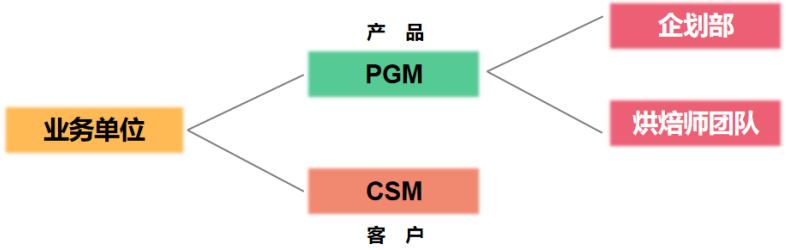
(3) Build ambitious team

(4) Digital management

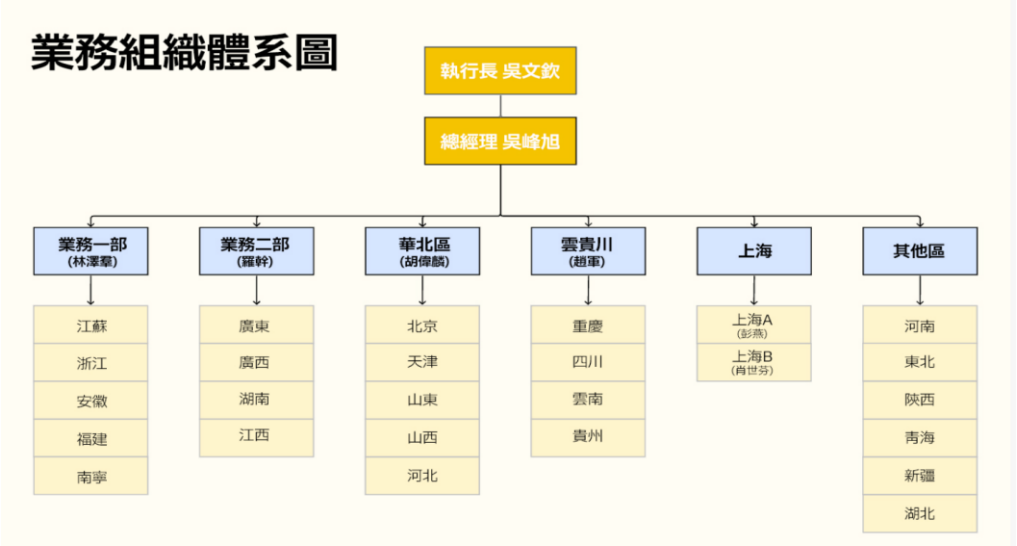
(5) Place people in the position that best exploits their talents and potential, based on their knowledge, skills, expertise, and characteristics

MKT

市场营销体系



Sales organizational structure



Set a interest-driving bonus sharing system

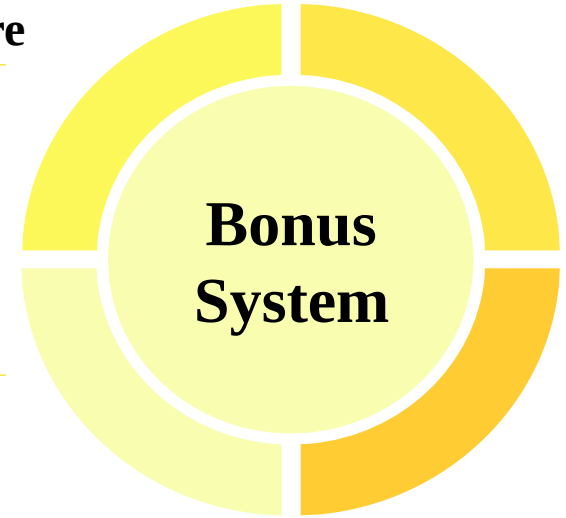
Logical on bonus system

Draw rosy picture

- Sustainability
- Sharing
- Win-win

Tactical

Result driven



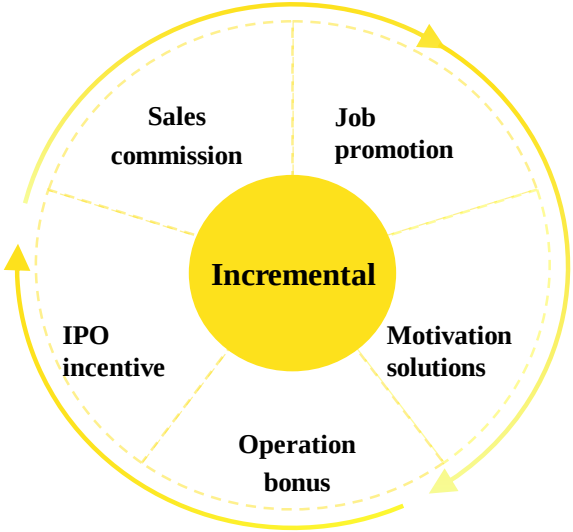
Profit-sharing

- On time
- Emotional
- Flexible adjustment
- Uncapped

Measurable

- *Sales as evaluation criterion*
- *Profit as payment criterion*
- *Include customer number into evaluation*

Incentive mode for commercial system



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Strategy adjustment in the post-COVID era

Return to the winning equation of Tehmag operation

Method 1

Increase the number of customers and expand sales channels

Method 2

Orderly introduction of raw materials that meet market deman

Method 3

Implement the business model of commodity driven raw material sales

Strategy adjustment in the post-COVID era

Increase strategic alliance cooperation

1. **Joint operations with equipment manufacturers** (Sinmag, 100 machinery, Yarus)

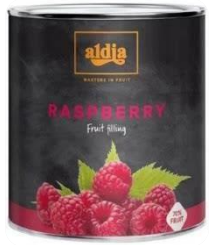
2. **Enhance cooperation with Sanneng**

3. **Cooperate with beverage raw material manufacturers**

Strategy adjustment in the post-COVID era

Boutique Bakery

With the endorsement of Aldia's products and brands, we can more easily enter into boutique baking, cooperate with co-branding and other forms to increase our exposure in boutique baking, and develop corresponding product for promotion.



Industrial Customers

Continue to cooperate with automation equipment customers for learning and collaboration, work together to promote products, develop frozen dough products and raw materials. Understand the industrial production of products and realize the industrial application of products

Continue to increase new customers

With an estimated total of 390,000 customers in China, there is still a lot of room for us to grow

Develop New Flavors

Cheese: High melting point cheese

Fruit: Aldia

Cream: Flechard

Chocolate: Add buttons and drops lines

05 **Q&A**