

INVESTOR RELATIONS



● THE BEST AUTOMATIC FOOD PRODUCTION LINE MAKER IN KOREA
HWANHEE MACHINERY CO.

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I. General



01 Who We Are

02 History

03 Strong Points

01 Who We Are

Automatic Food Production Line's Manufacturer

- Based on our patent technology, we **customize a machine to customer's needs**. It has earned a reputation as the best company in Korea and is exporting to Japan, Vietnam, the United States and Canada.
- Our sales have grown **an average of 16% over the past three years**. In order to maintain this competitive edge in the market, we are constantly focusing on R&D activities.

- The only one company that provides 「**Automatic Food Production Line**」
- Customized machines based on our patent technology

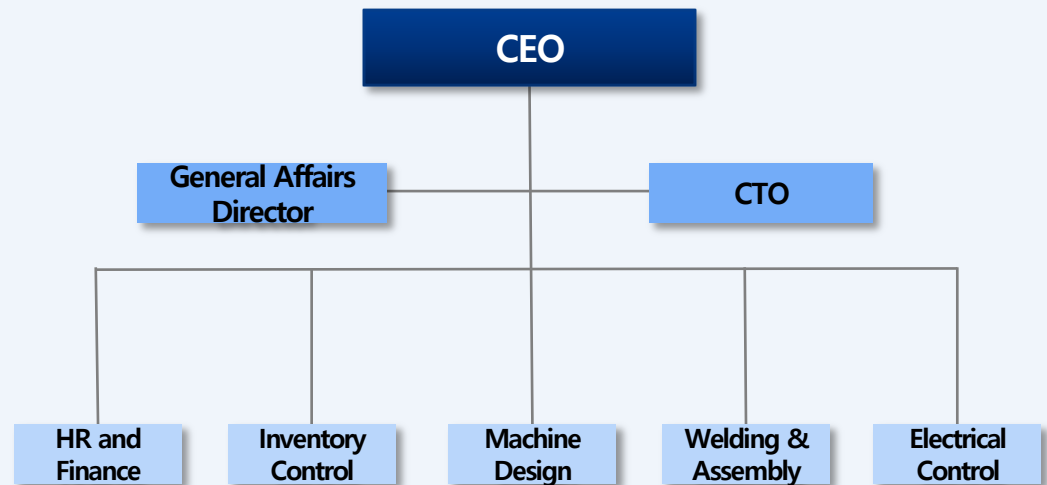
01 Who We Are

Organization Chart and Infrastructure of Company

○ General Status

| | |
|-----------------------|--|
| Name of Company | HWANHEE MACHINERY CO.LTD |
| CEO | Choi Jong Mook |
| Date of Establishment | 1999.11(Co.) 2010.02(Co.ltd) |
| Capital | ₩50,000,000 |
| Sector | Automatic Food Production Line |
| Head Office | 264-18, Dokjum-ro, Yongin-Si, Gyeonggi-do |
| Website | www.환희기계.kr |

○ Organization Chart



○ Infrastructure Introduction

Head Office and Manufacturing Plant



Head Office



1st Plant



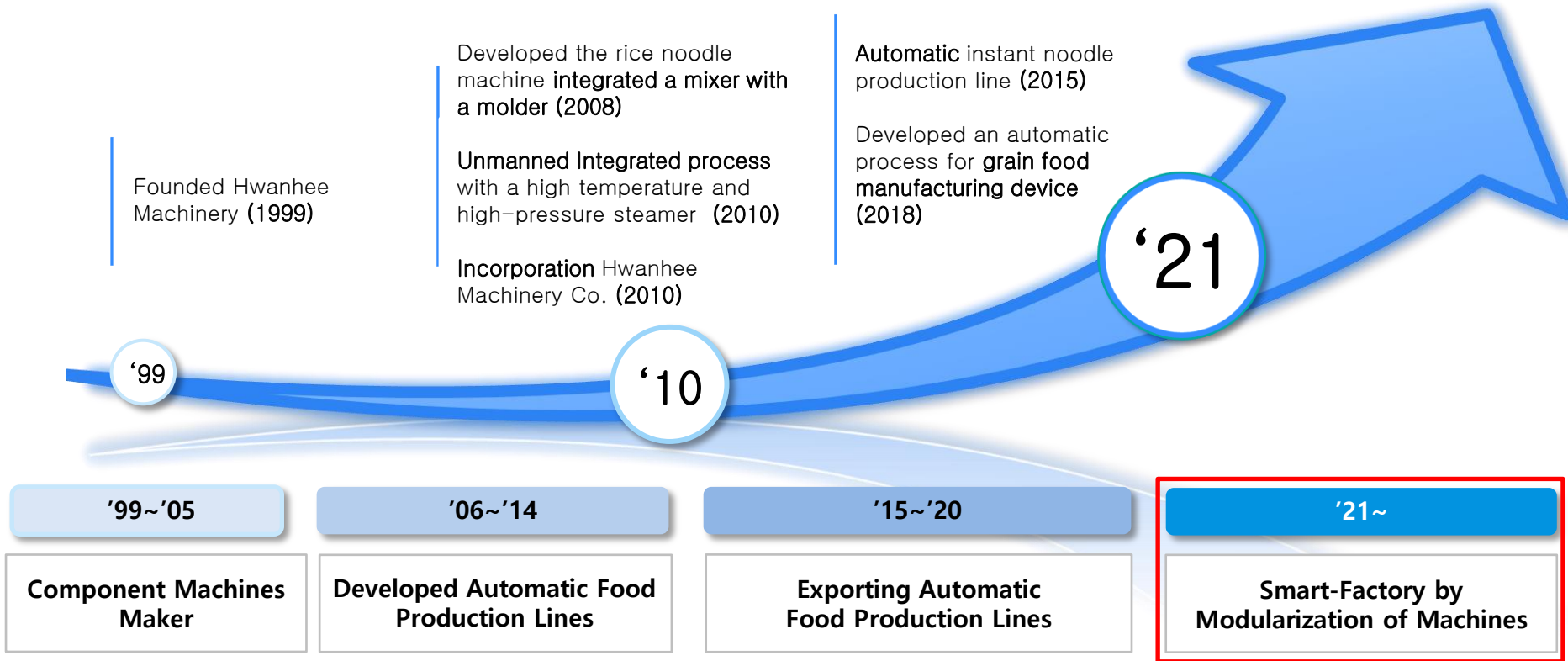
2nd Plant



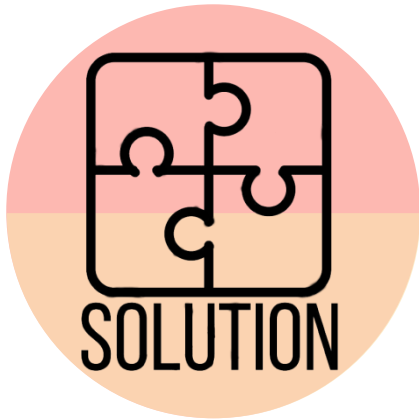
3rd Plant

02 History

Towards the World Best Food Production Line Maker

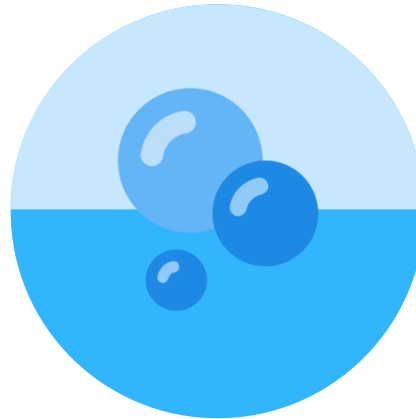


03 Strong Points



INTEGRATED SOLUTION

Automatic production line
Mechanical + electrical integrated control system



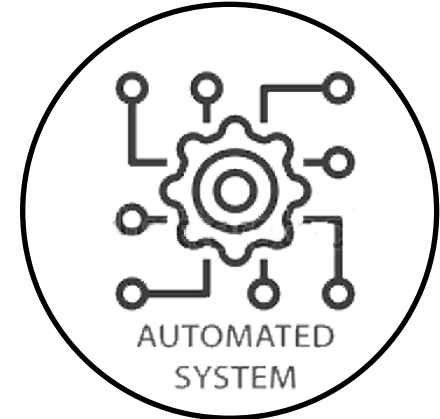
CLEANLINESS

Easy to clean up machines and production area



EASY MAINTENANCE & REPAIRING

All the machines are made of **stainless steel**



TURN-KEY CONSTRUCTION

Optimizing to food production before installed on site by pilot test

II. Competitiveness



01 Food Industry & Market

02 Products

03 Feature & Benefits

01 Food Industry and Market

Characteristics of Industry

High Barrier to Entry

- Food producers are very conservative and choose only a system provider with high reputation.
- Furthermore It takes **a lot of time for an entry company to get the sanitation technology** which is related to food production.
- We have made various food production machines since 1999 and have got **a strong position** in the area of 「Making Automatic Food Production Facilities」

Popularity of K-FOOD

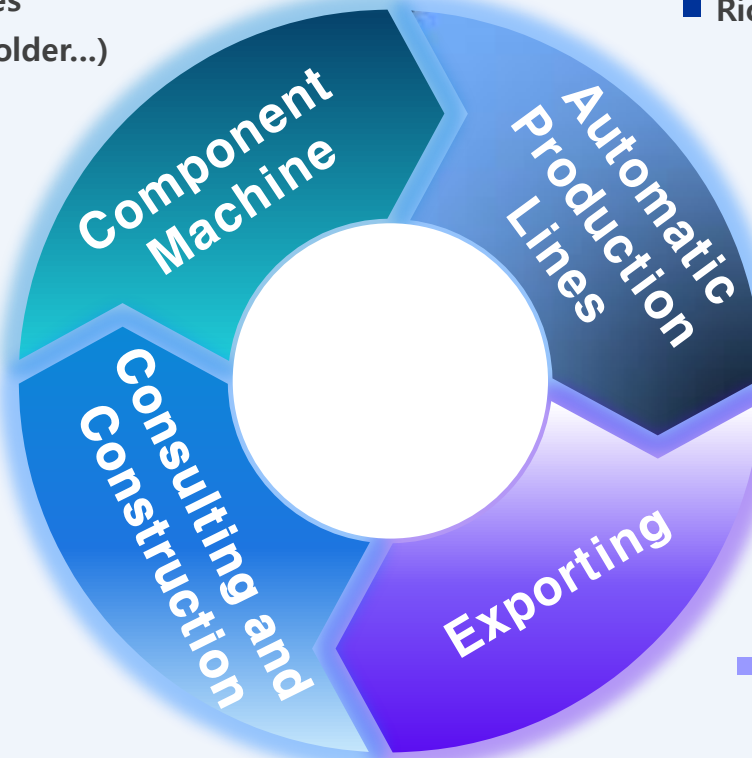
- The overseas popularity of K-FOOD leded to the high demand for automatic food production lines.
- We provide Automatic Production Facilities for instant K-Food such as rice cake, cold noodle, etc.

02 Products

What We Do

the Best Food Machine Provider in the World

- Customized machines
(automated steamer, molder...)
- Adding new machines to
Existing lines
- Standardized machines
(conveyor, mixer)
- Designing machines
fitted to available space
- Consulting installation
and operation for lines



- Rice cake
- Cold noodle
- Cellophane noodle
- Pet food
- Exporting food producing
lines
- Specialized in Chinese'
tastes

02 Products

Automatic Production Lines

Manufacturing Machine-Electrical Integrated Automation Production Facility



Molder



Alcohol-spraying
Conveyor



Dehumidifying
Conveyor



Automated
Steamer



Cutting and
Folding Conveyor



Grinder



<Rice Cake>



<Pet Food>



<Cellophane Noodle>



<Cold Noodle>

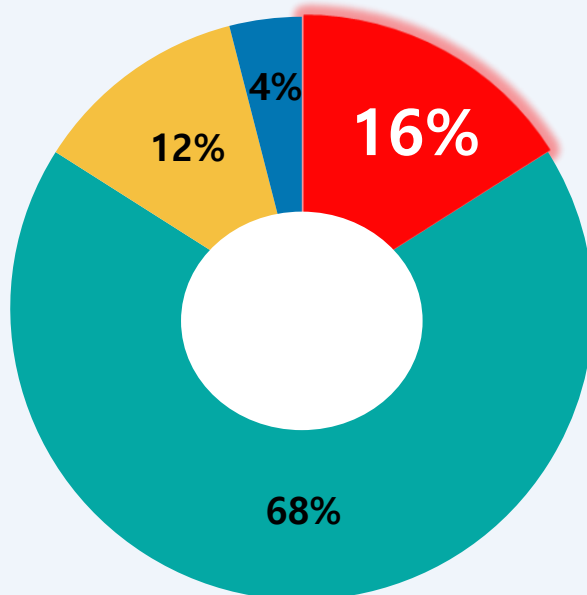
Customizing and integrating equipment with electronic controller for automation ➡ Turn-Key Installation

03 Features and Benefits

Technology

The Leading Company with 18 Patents

R&D Competence



■ R&D ■ Producing
■ Marketing ■ Managing

Patents and Certificates

Patents – 18 Cases

Department dedicated to research department.

Venture company certification.

Autonomous safety certification. – 57 Cases

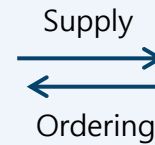
Blue-chip technology company certificate

03 Features and Benefits

Manufacturing Process

Customizing all the facilities fitting to customer's needs

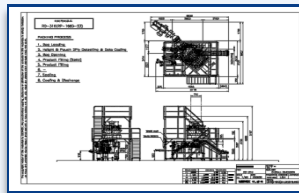
Automatic Production Line



O CORE MANUFACTURING PROCESS



Doing field trip and checking requirements



Designing machines fitting to space



Production



Doing Q/C before installation



Doing test driving and checking the output

III. Prospects

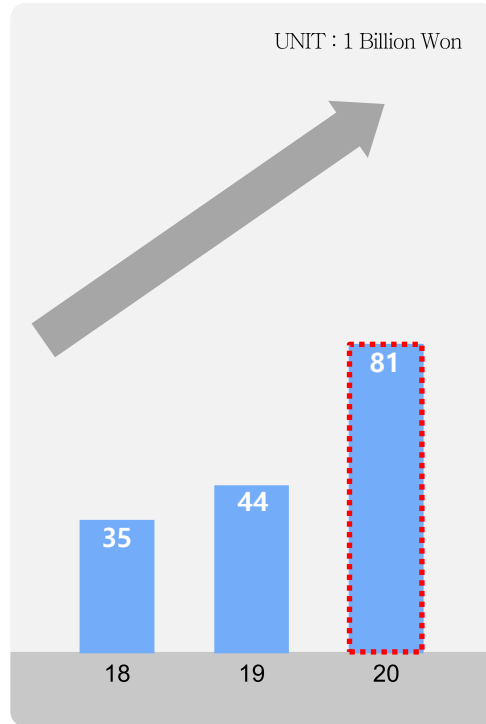


01 Business Performance

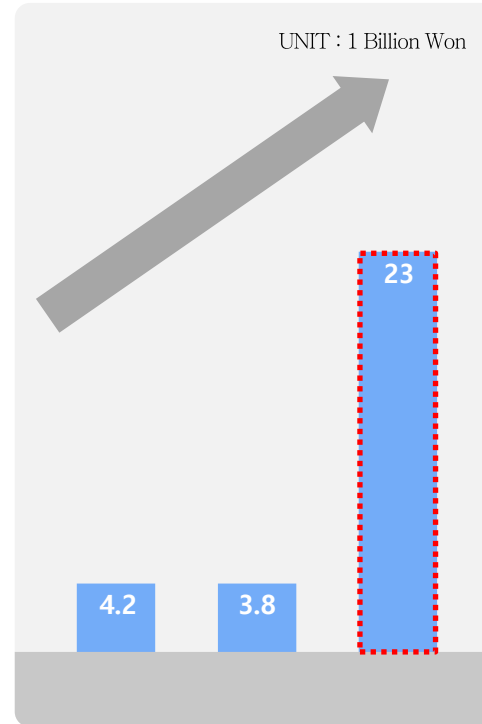
02 Analysis

01 Business Performance

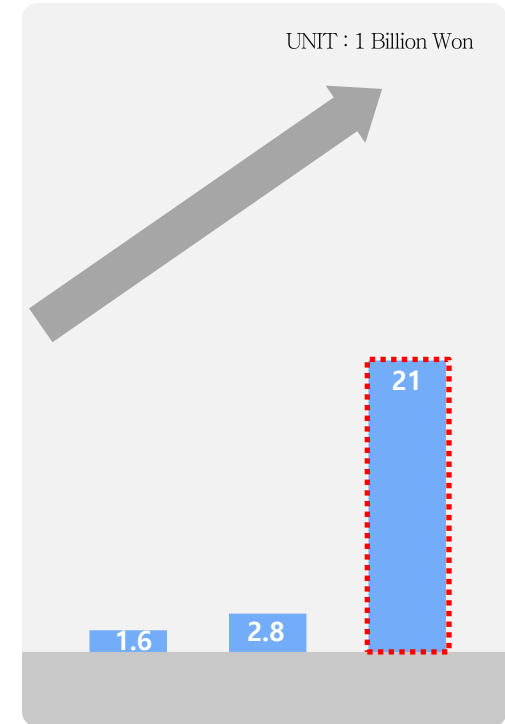
Sales



Operating Profit



Net Income



| | 2018 | 2019 | 2020 | Growth Rate(%) |
|------------------|-------|-------|-------|----------------|
| Sales | 3,532 | 4,446 | 8,101 | 129% |
| Operating Profit | 418 | 384 | 2,299 | 450% |
| Net Income | 165 | 285 | 2,114 | 1,181% |

(Unit : 1 Million Won)

02 Analysis

○ K-FOOD trend is driving up demand for Korean instant food

Last year, Korea's trade balance about 'instant food' such as rice cake increased by 12%.

In response to this trend, [we need to diversify our products and to concentrate on R&D for local tastes.](#)

○ Reducing in eating out and increasing for instant food because of COVID-19

Demand on instant K-Food like rice cake and cold noodle has increased by 50 to 120 billion last five-years. It shows the [demand on our products will be increased](#) .

(Unit : 1 Million Won)

| | 2014Y | 2015Y | 2016Y | 2017Y | 2018Y | 2019Y |
|-------------------|---------|---------|---------|---------|---------|---------|
| Rice Cake | 236,998 | 246,446 | 268,514 | 303,726 | 309,215 | 320,717 |
| Noodle | 171,022 | 204,448 | 235,407 | 265,111 | 315,311 | 292,560 |
| Cellophane Noodle | 111,948 | 50,390 | 48,158 | 52,460 | 60,987 | 59,461 |
| Cold Noodle | 81,377 | 81,724 | 127,512 | 151,833 | 127,085 | 130,526 |
| Pet Food | 176,349 | 166,841 | 179,464 | 221,297 | 226,200 | 218,953 |

Source : FIS

02 Analysis

O Foray into overseas market

We are providing automatic food production lines to large enterprises that account for more than 70% of the domestic instant food production market.

Following the success of the domestic market, it is necessary to enter overseas markets such as China and Southeast Asia, where Korean food preferences are high.. .

(Unit : 1 Million Won)

| | 2018 F | 2018 S | 2019 F | 2019 S | 2020 F |
|------|--------|--------|--------|--------|--------|
| 풀무원 | 21,746 | 23,948 | 23,313 | 23,803 | 24,996 |
| 칠갑농산 | 8,539 | 8,573 | 9,049 | 8,258 | 10,470 |
| 미정 | — | — | 5,654 | 6,826 | 8,498 |
| CJ | — | 6,525 | 6,017 | 4,992 | 6,906 |
| 송학식품 | 5,001 | 5,566 | 5,093 | 5,212 | 5,817 |
| 세진식품 | 5,981 | 6,027 | 4,969 | 4,503 | 3,785 |
| 총 계 | 66,611 | 74,300 | 74,738 | 79,454 | 90,067 |
| 산업대비 | 62% | 68% | 73% | 67% | 67% |

Source : FIS

IV. Appendix



01 F/S Summary

02 Major Financial Ratio.

01 F/S Summary

○ F/S (Unit : 1 Million Won)

| | 2018 | 2019 | 2020 |
|------------------------------|-------|-------|-------|
| Current Assets | 3,239 | 3,416 | 2,680 |
| Other assets | 2,723 | 2,762 | 3,393 |
| Total Assets | 5,963 | 6,178 | 6,072 |
| Current Liabilities | 1,907 | 1,926 | 1,978 |
| Long-Term Liabilities | 1,348 | 1,300 | 1,306 |
| Total liabilities | 3,255 | 3,126 | 3,284 |
| Capital | 933 | 1,206 | -740 |
| Retained Earnings | 1,501 | 1,654 | 3,528 |
| Total Equity | 2,708 | 3,052 | 2,788 |

○ I/S (Unit : 1 Million Won)

| | 2018 | 2019 | 2020 |
|--|-------|-------|-------|
| Sales | 3,532 | 4,446 | 8,101 |
| Cost | 2,464 | 3,520 | 4,847 |
| Gross Profit | 1,067 | 925 | 925 |
| Selling and administrative expenses | 648 | 542 | 952 |
| Operating income | 418 | 384 | 2,299 |
| Non-operating income | 16 | 7 | 16.4 |
| Non-operating expense | 200 | 77 | 52 |
| Net Income | 165 | 285 | 2,114 |

02 Major Financial Ratio.

○ Stability

| Financial Ratio. | 2018Y | 2019Y | 2020Y |
|--------------------------|-------|-------|-------|
| Debt Ratio. | 54% | 50% | 117% |
| Dependence on Borrowings | 22% | 34% | 39% |
| Liquidity Ratio. | 54% | 55% | 135% |

○ Profitability

| Financial Ratio. | 2018Y | 2019Y | 2020Y |
|--------------------------------------|-------|-------|-------|
| Sales and Operating Profit Ratio. | 7% | 11% | 28% |
| Net Profit And Sales Ratio of Sales. | -6% | 8% | 26% |
| Net Return on Equity Capital | 17% | 23% | 75.8% |

○ Growth Potential

| Financial Ratio. | 2018Y | 2019Y | 2020Y |
|-------------------------------|-------|-------|-------|
| Sales Growth Rate. | -5% | 20% | 82% |
| Operating Profit Growth Rate. | -21% | -8% | 498% |
| Net Profit Growth Rate. | -124% | 42% | 641% |

○ Activities

| Financial Ratio. | 2018Y | 2019Y | 2020Y |
|--|--------|--------|-------|
| Inventory Asset Turnover | 34.76% | 26.78% | 85% |
| Turnaround Rate of Accounts Receivable | 72% | 71% | 57.7% |