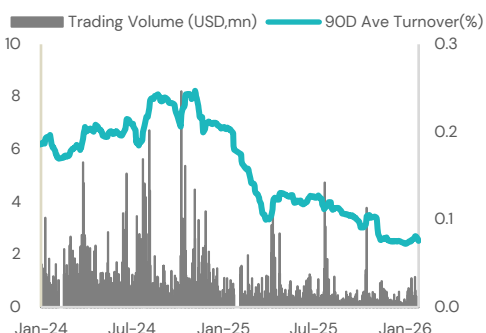
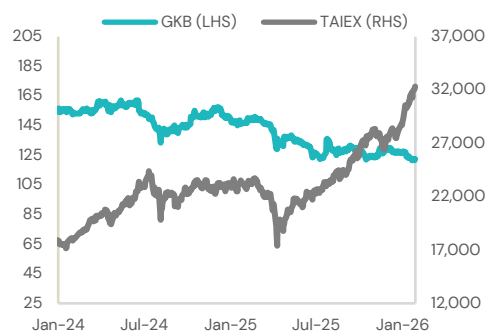


2026/01/28  
TruePulse Equity Research  
research@truepulsecapital.com

## Key Statistics

<b>Ticker:</b>	1707.TW / 1707TT
<b>Current Price:</b>	TWD 122.5
<b>52-Week Range:</b>	TWD 121.5 - 151
<b>Avg. Vol. (30-Day, k share)</b>	103.5
<b>Outstanding Shares (MN)</b>	148.0
<b>FINI Holding (%)</b>	14.33
<b>Market Cap (US\$MN)</b>	575.0

## Price Performance



## Financial Summary

NT\$ mn	2023	2024	2025E	2026E
<b>Revenue</b>	10,635	11,160	10,252	11,407
<b>Revenue YoY (%)</b>	2.4	4.9	(8.1)	11.3
<b>Gross Margin (%)</b>	80.3	77.6	75.3	75.9
<b>OP Margin(%)</b>	23.5	22.4	20.1	21.4
<b>Net Profit</b>	1,455	1,448	1,208	1,482
<b>Net Profit YoY (%)</b>	(0.2)	(0.5)	(16.6)	22.7
<b>Net Margin(%)</b>	13.7	13.0	11.8	13.0
<b>EPS (NT\$)</b>	9.82	9.78	8.16	10.01
<b>BPS (NT\$)</b>	78.5	79.6	77.3	81.8
<b>ROE (%)</b>	14.9	14.5	12.1	15.0
<b>Yield (%)</b>	5.4	5.4	5.0	5.7
<b>P/E (x)</b>	13.0	13.0	15.0	12.2
<b>P/B (x)</b>	1.9	1.9	1.6	1.5
<b>P/S (x)</b>	1.8	1.7	1.8	1.6
<b>EV/EBITDA (x)</b>	6.0	5.9	6.3	5.4

# Grape King Bio

## Reshaping Growth Momentum Across Business Segments

### Company Overview

Founded in 1969, Grape King Bio (1707.TW) is a leading Taiwan health-supplement company built on vertically integrated fermentation, branded products, and a fast-growing OEM/ODM platform. Its four business units—Taiwan own-brand, OEM/ODM, UVACO, and Shanghai—are supported by in-house R&D and decades of fermentation expertise. With a portfolio grounded in functional mushrooms, probiotics, and clinically supported actives, the company serves both domestic consumers and global brands. Backed by a solid balance sheet and steady cash flow, Grape King is focused on product innovation and international expansion to support long-term growth.

### Key Points

**OEM/ODM as the Primary Execution Platform for Global Expansion:** Grape King's OEM/ODM segment has emerged as the group's most visible execution platform for global expansion, delivering 54% YoY growth in 2025 on strong customer demand and rising utilization. Expansion into Europe and Japan is accelerating, supported by faster EU ingredient registration and a growing pipeline of patented, clinically validated actives. With increasing traction from international brands and strengthened multi-dosage capabilities, OEM/ODM is forecast to deliver ~29% revenue growth in 2026 and ~35% in 2027. As this platform scales, it extends Grape King's geographic footprint, enhances earnings visibility, and anchors the group's medium-term growth trajectory.

**UVACO Positioned for Geographic and Category Expansion:** UVACO enters the next phase with a stable core in Taiwan and increasing optionality from both geographic expansion and category innovation. The launch of Antrodia Mycelium Beadlets in Nov 2025 reinforces demand for high-value functional products, with momentum carrying into 2026. More structurally, CordiBella marks UVACO's first expansion beyond supplements into skincare, leveraging proprietary fermentation actives and aligning with a membership base that is over 80% female. This broadens addressable spend and enhances long-term member economics. Looking ahead, the planned Malaysia launch in 3Q26 extends UVACO's direct-selling model beyond domestic scale limits, adding a new platform for growth and cross-border network expansion.

**Taiwan Own-Brand and Shanghai Stabilization:** Taiwan own-brand has faced pressure as consumers redirected spending toward overseas travel and as the company cleaned up grey-market channels. With the channel reset largely complete and new wellness products rolling out, we expect a more stable operating environment from 2026. Shanghai remains soft amid consumer downtrading, though Uni-President collaboration is expanding ComeBest distribution, and a new anhydrous collagen OEM product launching in 2026 will support utilization. Stabilization in these markets provides a firmer earnings base and improves overall visibility into the group's forward trajectory.

**Stable Returns, Visible Re-Rating Potential:** Under our initiation forecasts, Grape King delivers 12.9% revenue CAGR and 18.7% EPS CAGR over 2025–2027, driven by OEM/ODM scaling, UVACO's product-cycle recovery, and early overseas expansion. A strong balance sheet and long dividend record support downside resilience, yet the stock trades at only ~12.2x 2026E P/E, a 25–45% discount to Taiwan strategic peers and global consumer-health names. Our base-case valuation of NT\$140–160 highlights clear re-rating potential as earnings visibility improves. With firmer growth momentum from 2026, Grape King offers a resilient multi-engine profile and an attractive risk-reward setup.

# 1. Company Introduction

## 1.1 Company Background & Evolution

Grape King Bio traces its origins to 1969, when its predecessor was founded as a manufacturer of pharmaceutical and health products. In the same year, the company launched ComeBest (康貝特), Taiwan’s first domestically developed energy drink, which quickly became a household name during Taiwan’s early industrialization period and established the “Grape King” brand in functional beverages.

Through the 1970s and 1980s, the group expanded into food and pharmaceutical products and formally listed on the Taiwan Stock Exchange in 1982. In 2002, it was renamed Grape King Bio, reflecting a strategic pivot toward biotechnology-driven health supplements. A critical milestone was the establishment of the Bioengineering Center in 1991, marking the company’s entry into fermentation-based and mushroom-derived functional ingredients.





The launch of Pro-Partner in 1993, later formalized as a direct-selling platform in 1998 and now operating under the UVACO brand, added a second growth engine focused on premium, education-driven nutritional products. In parallel, Shanghai Grape King was established in the mid-1990s as an OEM/ODM base serving China and export markets.

Since the leadership transition to Dr. Andrew Tseng as Chairman and CEO in 2014, Grape King has evolved into a multi-business health and wellness platform spanning branded supplements, OEM/ODM manufacturing, and direct selling, with increasing emphasis on technology, scale, and international expansion.

### Exhibit 1.1: Grape King’s Corporate History

**2026 and beyond** marks a **new chapter** for Grape King Bio.



 <p><b>Taiwan’s Science-Based Energy Drink Pioneer</b></p>	 <p><b>Entering the Health Supplement Market</b></p>	 <p><b>Energizing Growth Through Brand Renewal</b></p>	 <p><b>Product Growth and Global Expansion</b></p>
<p><b>1969 ~ 1990</b> From pharmaceutical beginnings, Grape King Bio introduced Comebest, Taiwan’s first science-driven energy drink. This pioneering step sparked a legacy that continues to shape the industry.</p>	<p><b>1991 ~ 2013</b> In 1991, Grape King Bio launched its Biotechnology Center, pioneering mycelium extraction and fermentation. It gained a foothold in the health food market with Lingzhi King, Antrodia King, and Probiotic King—making premium supplements accessible through its Pro-Partner direct sales channel.</p>	<p><b>2014 ~ 2025</b> Under Chairman Andrew Tseng’s leadership, Grape King Bio evolved into a younger, more dynamic company with a modern brand image, aligning its marketing with social trends to reach new heights.</p>	<p><b>2026 ~ Onward</b> 2026 and beyond marks a new chapter for Grape King Bio, as the company leverages its key raw materials to develop innovative products and formats that address large, unmet opportunities while accelerating growth in overseas markets.</p>

Source: Company Data, TruePulse Equity Research

## 1.2 Business Model & Segment Structure

Grape King Bio operates a multi-segment health and wellness platform built on a shared foundation of proprietary R&D, fermentation technology, and large-scale nutraceutical manufacturing. The group monetizes this platform across four core business segments that address different customer needs while reinforcing one another operationally:

- **OEM/ODM manufacturing**, serving domestic and international nutraceutical brands;
- **Taiwan own-brand supplements**, distributed through retail and e-commerce;

- **UVACO (Formerly as Pro-Partner)**, the group’s direct-selling and membership-based platform; and
- **Shanghai Grape King**, combining China-based OEM/ODM manufacturing with selective branded distribution.

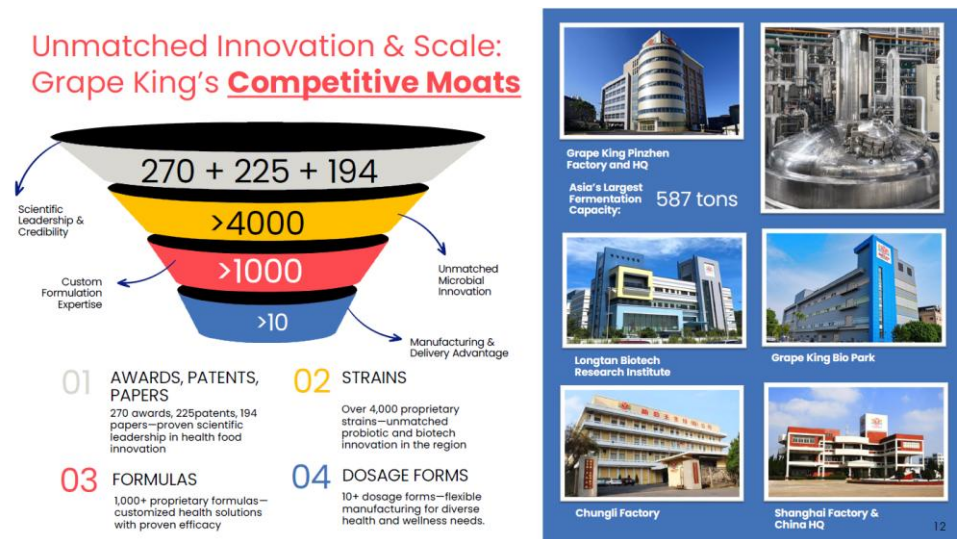
Rather than operating as standalone businesses, these segments function as an integrated system. Scientific research, fermentation know-how, and formulation development are shared across the group, while different channels provide complementary routes to market. Retail brands validate product concepts, UVACO supports education-driven and high-value formulations, and OEM/ODM scales successful technologies across geographies. This architecture allows Grape King to extend product lifecycles, improve asset utilization, and balance B2B and B2C exposure.

Importantly, the segment structure also enables flexibility in capital allocation and growth prioritization. As demand shifts across markets and categories, Grape King can reweight resources toward higher-visibility opportunities—most notably OEM/ODM and overseas expansion—without dismantling its underlying platform.

### 1.3 Integrated R&D, Fermentation, and Manufacturing Platform

At the core of Grape King’s business model is a vertically integrated technology and manufacturing platform that underpins all segments. The company has developed this capability over several decades, with a focus on microbiology, fermentation science, and functional ingredient development.

**Exhibit 1.2: Grape King’s Integrated R&D and Manufacturing Capabilities**



Source: Company Data, TruePulse Equity Research

### Scientific and R&D Foundation

Grape King’s R&D activities are anchored by the Longtan Biotech Research Institute, which supports microbial discovery, fermentation optimization, and formulation science. The group has accumulated:

- Over 4,000 proprietary microbial strains,
- 225 patents covering strains, fermentation processes, and formulations,
- 194 scientific publications, and
- More than 270 innovation awards.

This research base enables the development of differentiated functional ingredients, particularly in probiotics, medicinal mushrooms (such as Lingzhi and Zangzhi), and fermented botanical actives. These capabilities support both internal product launches and OEM/ODM customer projects.

### Fermentation and Formulation Capabilities

The company operates one of the largest nutraceutical fermentation infrastructures in Asia, with annual fermentation capacity of approximately 587 tons. This supports high-potency production of probiotics, mushroom extracts, and fermented actives at commercial scale.

Grape King complements this with a library of 1,000+ proprietary formulations, spanning digestive health, immunity, metabolic health, energy support, beauty-from-within, and functional beverages. Tight integration between strain development, fermentation, and formulation enables faster development cycles, customization at scale, and consistent batch quality across markets.

### Multi-Site, Multi-Format Manufacturing

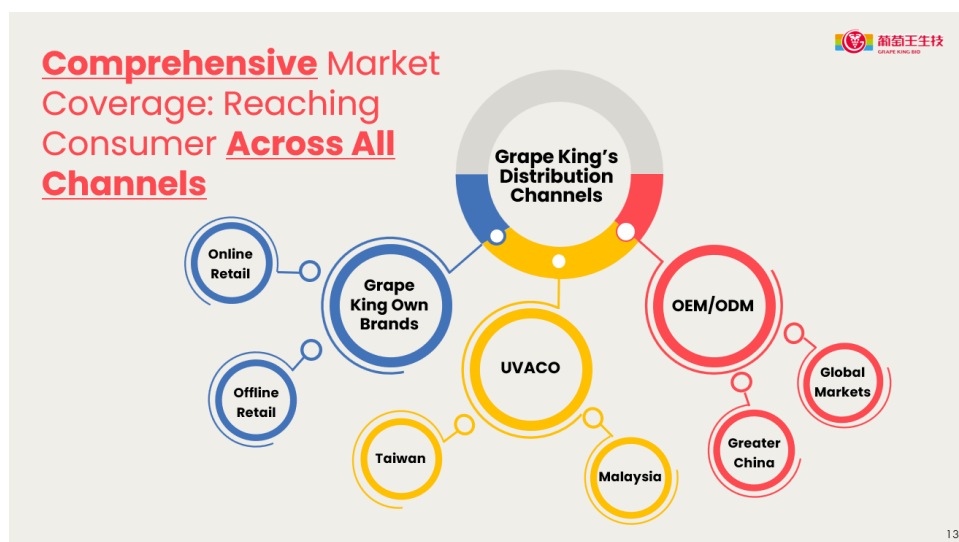
Manufacturing operations are distributed across specialized facilities in Taiwan and China, including large-scale fermentation, liquid and beverage production, and advanced multi-dosage manufacturing. The platform supports more than 10 dosage forms, including capsules, powders, liquids, RTD beverages, jelly sticks, and functional candies. All facilities operate under internationally recognized quality certifications (GMP, ISO, HACCP), ensuring export readiness and regulatory flexibility.

This integrated platform forms the backbone of Grape King's OEM/ODM expansion, supports innovation within owned brands and UVACO, and provides scalability for international growth.

### 1.4 Distribution Channels and Market Access

Grape King engages consumers and business partners through a diversified, multi-channel distribution framework designed to maximize reach while preserving channel differentiation. Distribution is organized around three primary routes to market:

**Exhibit 1.3: Grape King's Distribution Channels**



Source: Company Data, TruePulse Equity Research

### Retail and E-Commerce (Taiwan Own Brands)

In Taiwan, Grape King distributes its branded supplements and functional beverages through pharmacies, health specialty stores, mass retail, convenience-store partnerships, and major e-commerce platforms. Offline channels support brand credibility and consumer education, while online channels provide agility in product testing, promotional execution, and engagement with younger demographics.

### Direct Selling (UVACO)

UVACO operates a membership-based, education-driven direct-selling model focused on premium, function-specific formulations. The channel is particularly suited to products that require explanation, personalization, and sustained consumption. UVACO also provides Grape King with rich first-party consumer data, supporting targeted product development and lifecycle management. The planned launch of UVACO Malaysia in 3Q26 represents the group's first step in exporting this model to Southeast Asia.

### OEM/ODM Partnerships (Greater China and Global Markets)

Through its OEM/ODM division, Grape King supplies finished products and customized formulations to third-party brands across Greater China, Southeast Asia, Japan, Korea, the Middle East, and selected Western markets. Market access is achieved via Taiwan-based exports, China-based manufacturing, licensed distribution partnerships, and cross-border e-commerce routes. OEM/ODM allows the group to participate in international growth without direct brand investment while improving capacity utilization. Shanghai Grape King plays a hybrid role within this framework, combining localized OEM/ODM manufacturing with selective branded distribution in China, enabling both contract manufacturing and controlled brand participation in a complex regulatory environment.

This multi-channel architecture enhances market diversification, improves production utilization, and reduces reliance on any single route to market, contributing to both stability and scalability.

### 1.5 Product Portfolio and Category Focus

Grape King's product portfolio reflects its emphasis on fermentation-based functional ingredients and is organized around core wellness categories rather than individual SKUs. Across owned brands, UVACO, and OEM/ODM, the portfolio spans:

- **Probiotics** for digestive health, weight management, and metabolic support
- **Medicinal mushrooms**, including Lingzhi (immunity) and Zhangzhi (liver and recovery);
- **Functional beverages**, such as energy drinks and kombucha;
- **Premium multi-formula supplements**, particularly within UVACO;
- **Emerging categories**, including beauty-from-within, performance nutrition, and metabolic health.

Exhibit 1.4: Grape King's Core Wellness Categories



Source: Company Data, TruePulse Equity Research

Exhibit 1.5: Grape King's Key Products Coverage



Source: Company Data, TruePulse Equity Research

Channel differentiation is maintained through formulation complexity, dosage intensity, and use-case focus. Retail products emphasize accessibility and brand recognition, UVACO concentrates on high-potency and multi-benefit formulations suited to education-driven selling, and OEM/ODM leverages the platform to serve third-party brands with customized solutions.

This structure minimizes internal cannibalization while enabling successful formulations to migrate across channels and geographies over time.

Grape King operates across a broad SKU spectrum, spanning FMCG-like functional beverages, core nutraceutical supplements, and early-stage pharmaceutical development, with supplements and functional health products remaining the primary contributors to revenue and earnings. At the upper end, the company is advancing a botanical new drug targeting non-alcoholic steatohepatitis (NASH), currently in Phase II clinical trials with the U.S. FDA, which expands the application scope of its fermentation and herbal technology platform and preserves long-term optionality.

### 1.6 Structural Growth Drivers and Future Outlook

Grape King's medium-term growth outlook is supported by three structural drivers:

1. **Expansion into global markets through both branded and OEM/ODM channels,**
2. **Focused innovation in high-potential functional categories, and**
3. **Continued strengthening of the company's technology and manufacturing platform.**

These pillars collectively enhance Grape King's scalability, competitiveness, and long-term strategic positioning.

#### 1.6.1 Global Geographic Diversification

Grape King is evolving from a largely Taiwan-centered business into a globally participating nutraceutical and functional-ingredient supplier. UVACO's upcoming entry into Malaysia marks the company's first direct-selling expansion outside Taiwan, supported by a two-year product launch roadmap.

Beyond direct selling, the OEM/ODM division is expanding on a global scale, supplying fermentation-based ingredients and finished products to multinational clients across markets including the U.S., Japan, Hong Kong, Singapore, India, and other regions through both brand-led collaborations and ingredient-led partnerships. Several global companies are deepening their integration with Grape King's fermentation and mushroom-based ingredient capabilities, with potential to expand into broader regional or worldwide supply arrangements.

This broadened international footprint reduces Taiwan concentration risk, expands addressable market size, and enhances long-term growth visibility.

#### 1.6.2 Breakthrough Product Innovation in High-Growth Functional Categories

Grape King is prioritizing innovation in functional health categories where structural consumer demand, scientific feasibility, and company capability align. Key highlighted directions include:

- **Cordyceps cicadae-based functional skincare** — extending proprietary fermentation into higher-margin beauty
- **Oral GLP-1 inducers for appetite control and metabolic health** — leveraging fermentation-based bioactives,
- **Hair and scalp health solutions** — addressing rising concerns linked to stress, aging, and lifestyle shifts,

In addition to these focus areas, Grape King is also developing a broader set of functional innovations across gut health, immunity, women's health, sleep support, anti-fatigue, functional snacks, vision protection, and upgraded mushroom extracts. These complementary initiatives reinforce the company's multi-lane innovation strategy and broaden future revenue potential.

### 1.6.3 Strengthening the R&D and Manufacturing Platform

Grape King continues to upgrade the scientific and operational foundations that support its product and geographic expansion. Key enhancements include advancements in absorption technologies, dual-phase delivery systems, microencapsulation, high-capacity fermentation, and multi-format manufacturing across capsules, sachets, RTD beverages, jelly sticks, and more.

The company is also building emerging capabilities such as AI-enabled personalized nutrition (36-type consumer profiling) within the OEM/ODM arm, while accelerating global ingredient registration to enable future expansion in the U.S., EU, Japan, and Southeast Asia.

These platform-level improvements strengthen Grape King's competitive moat and provide the scientific, manufacturing, and regulatory infrastructure necessary to support long-term growth.

### 1.7 Historical Financial Performance and Forecast Overview

Grape King's historical financial performance reflects the gradual evolution of its business mix and channel exposure over time. Revenue growth over the past decade has been supported by the expansion of fermentation-based supplements and the development of its direct-selling platform, while profitability has benefited from disciplined cost management, steady operating cash flow, and a conservative balance sheet. More recently, results in 2025 reflect a period of adjustment, shaped by prior-cycle effects in direct selling, heightened competition in Taiwan's supplement market, and a challenging consumption environment in China.

#### Exhibit 1.6: Grape King's Financial Summary and Forecast

Revenue Breakdown (%)	2023	2024	2025E	2026E	2027E
UVACO (MLM)	80.6%	79.2%	76.8%	75.9%	74.7%
Taiwan Own Brand	7.9%	6.5%	6.4%	6.4%	6.4%
OEM/ODM	3.8%	4.1%	7.0%	8.1%	9.5%
Shanghai Grape King	7.7%	10.2%	9.8%	9.7%	9.4%
<b>(NT\$m)</b>					
Revenue	10,635	11,160	10,252	11,407	13,063
Gross Profit	8,536	8,658	7,720	8,656	9,792
Operating Profit	2,499	2,500	2,061	2,441	2,856
Non-op Profit	164	173	110	170	191
Pretax Profit	2,663	2,673	2,171	2,611	3,047
Net Profit	1,455	1,448	1,208	1,482	1,703
EPS (NT\$)	9.82	9.78	8.16	10.01	11.49
<b>Margins</b>					
Gross Margin	80.3%	77.6%	75.3%	75.9%	75.0%
OPEX Ratio	56.8%	55.2%	55.2%	54.4%	53.1%
Operating Margin	23.5%	22.4%	20.1%	21.4%	21.9%
Pretax Margin	25.0%	24.0%	21.2%	22.9%	23.3%
Net Margin	13.7%	13.0%	11.8%	13.0%	13.0%
<b>YoY</b>					
Revenue	2.4%	4.9%	-8.1%	11.3%	14.5%
Gross Profit	0.6%	1.4%	-10.8%	12.1%	13.1%
Operating Profit	-2.1%	0.0%	-17.5%	18.4%	17.0%
Net Profit	-0.2%	-0.5%	-16.6%	22.7%	14.9%
EPS (NT\$)	-0.2%	-0.5%	-16.6%	22.7%	14.9%

Source: Company Data, TruePulse Equity Research

Looking ahead, our 2025–2027E forecasts incorporate a clearer contribution from OEM/ODM activities alongside a normalization in consumer-facing segments as product cycles progress and comparison bases ease. We project consolidated revenue to grow at a c.12.9% CAGR and EPS at a c.18.7% CAGR over the forecast period, driven by improved capacity utilization, expanding OEM/ODM scale, and gradually improving visibility across the group's operating segments. As earnings mix evolves, the overall financial profile is expected to become more balanced, with improved earnings visibility emerging from 2026 onward.

### 1.8 Valuation Framework and Scenario Perspective

Our valuation analysis applies a peer-based earnings framework, benchmarking Grape King against Taiwan strategic peers and global consumer health companies. On our estimates, the shares trade at a discount to these peer groups despite comparable returns on equity, a solid net cash position, and a long track record of dividend payments. This valuation gap appears to reflect investor caution toward near-term earnings variability and uncertainty around the pace at which operating momentum becomes more visible.

Exhibit 1.7: Grape King's Peer Valuation Comparison Table

	Market Cap (US\$m)	EPS CAGR 2025-2027E	P/E (x)			P/B (x)			EV/EBITDA			ROE (%)			Dividend Yield (%)		
			2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>Taiwan Strategic Peers</b>																	
Grape King Bio	575	18.7%	12.5	15.0	12.2	1.8	1.6	1.5	5.5	6.3	5.4	14.5	12.1	15.0	5.6	5.0	5.7
Daiken Biomedical	740	57.0%	219.3	70.6	40.8	13.2	-	-	119.7	55.9	24.7	13.7	20.2	25.9	1.4	-	-
TCI Co.	543	-	20.1	19.0	15.4	2.3	2.3	2.2	10.0	-	-	10.1	9.6	12.4	6.4	4.8	4.8
Standard Foods	838	-	15.3	-	-	1.4	-	-	9.0	-	-	9.9	-	-	4.8	-	-
Syngen Biotech	108	-	14.2	-	-	1.5	-	-	8.5	3.1	2.9	11.0	-	-	4.0	-	-
<b>Average</b>		<b>37.9%</b>	<b>56.3</b>	<b>34.9</b>	<b>22.8</b>	<b>4.1</b>	<b>1.9</b>	<b>1.8</b>	<b>30.5</b>	<b>21.8</b>	<b>11.8</b>	<b>11.8</b>	<b>14.0</b>	<b>17.8</b>	<b>4.4</b>	<b>4.9</b>	<b>5.3</b>
<b>Global Direct Selling (MLM) Peers</b>																	
Nu Skin	539	-	-	8.3	7.6	0.8	-	-	3.8	-	-	-	-	-	2.2	-	-
Herbalife	1,719	28.5%	6.8	7.8	5.9	-	-	-	6.2	5.6	5.3	-	-	-	-	-	-
USANA Health	412	26.6%	9.8	12.7	11.4	0.8	0.8	0.8	4.0	3.2	2.9	7.8	3.0	5.2	-	-	-
Nature's Sunshine	432	2.2%	56.1	20.3	23.7	2.9	-	-	10.4	7.4	7.0	4.9	-	-	-	-	-
LifeVantage	78	27.1%	10.6	7.8	6.0	2.6	-	-	5.4	3.9	3.3	25.7	-	-	2.5	-	-
Medifast	124	-	59.2	-	-	0.6	-	-	-	-	-	1.0	-	-	-	-	-
DXN Holdings	633	11.6%	7.8	8.0	7.2	1.9	-	-	3.9	4.1	3.8	24.5	-	-	7.3	7.0	8.1
<b>Average</b>		<b>19.2%</b>	<b>25.1</b>	<b>10.8</b>	<b>10.3</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>5.6</b>	<b>4.9</b>	<b>4.5</b>	<b>12.8</b>	<b>3.0</b>	<b>5.2</b>	<b>4.9</b>	<b>7.0</b>	<b>8.1</b>
<b>Global Consumer Health &amp; VDS Brands</b>																	
Jamieson Wellness	1,089	19.8%	28.8	18.7	15.6	3.0	2.7	2.4	17.8	12.2	10.6	9.9	16.9	16.9	2.3	2.4	2.7
By-health Co.	3,041	36.2%	32.4	29.4	22.8	1.9	1.8	1.9	17.3	12.5	10.8	5.6	7.8	7.8	2.8	2.5	3.0
H&H International	1,176	23.4%	-	12.3	9.6	1.4	1.3	1.2	10.1	7.5	6.7	-	8.9	12.2	2.6	3.2	3.6
Simply Good Foods	1,877	5.8%	13.2	10.3	9.7	1.2	-	-	8.3	8.1	7.6	8.4	-	-	-	-	-
BellRing Brands	3,276	7.1%	11.7	13.5	13.4	-	-	-	9.6	9.9	9.8	-	-	-	-	-	-
Applied Nutrition	814	13.4%	39.1	24.0	20.8	14.3	-	-	29.3	17.1	14.8	-	-	-	-	-	-
BioGaia AB	1,258	25.6%	32.5	36.7	27.5	6.6	8.8	9.6	22.4	25.7	19.3	18.7	20.5	33.1	1.7	4.6	4.6
FitLife Brands	148	62.9%	16.5	21.7	10.8	4.0	-	-	14.2	13.6	9.1	28.4	-	-	-	-	-
<b>Average</b>		<b>24.3%</b>	<b>24.9</b>	<b>20.8</b>	<b>16.3</b>	<b>4.6</b>	<b>3.6</b>	<b>3.8</b>	<b>16.1</b>	<b>13.3</b>	<b>11.1</b>	<b>11.7</b>	<b>12.9</b>	<b>17.5</b>	<b>2.4</b>	<b>3.2</b>	<b>3.5</b>
<b>Global Ingredients &amp; Supply Chain</b>																	
Glanbia	4,558	6.9%	27.7	13.7	13.0	2.3	2.3	2.2	10.7	10.5	10.0	7.8	15.5	16.4	2.1	2.3	2.4
Novozymes	29,640	8.8%	82.4	27.6	25.6	1.3	2.2	2.1	20.2	18.1	16.6	4.7	7.3	7.8	1.5	1.5	1.7
DSM-Firmenich	19,539	6.3%	66.5	17.9	18.2	0.8	0.8	0.8	12.1	8.4	8.6	1.2	4.3	4.3	3.8	3.8	3.9
<b>Average</b>		<b>7.3%</b>	<b>58.9</b>	<b>19.7</b>	<b>18.9</b>	<b>1.5</b>	<b>1.8</b>	<b>1.7</b>	<b>14.3</b>	<b>12.4</b>	<b>11.7</b>	<b>4.6</b>	<b>9.0</b>	<b>9.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.7</b>

Source: Company Data, Capital IQ, TruePulse Equity Research

To contextualize potential outcomes, we assess a range of valuation scenarios under differing assumptions for OEM/ODM expansion, direct-selling product cycles, and overseas market development. Under our base case, we derive a valuation range of NT\$140–160, consistent with mid-teens earnings multiples applied to forward normalized earnings. Downside risk is partially supported by balance-sheet strength and recurring cash returns, while upside sensitivity is linked to clearer execution and improved earnings visibility across the platform. Overall, the scenario analysis underscores a gradually improving risk-reward profile as operating momentum becomes more evident beyond the near-term adjustment phase.



Exhibit 1.8: Grape King’s Implied Value Scenario Analysis

Scenario	Applied P/E (x)	Implied Value (NT\$)	Underlying Assumptions
Bear Case	11–13x	110–130	Slower OEM/ODM scaling; delayed overseas execution; prolonged consumer softness
Base Case	14–16x	140–160	OEM/ODM expansion on track; UVACO normalization; gradual overseas contribution
Bull Case	17–19x	170–190	Strong OEM/ODM momentum; successful overseas ramp, improved earnings visibility

1.9 Key Risks and Challenges

- **OEM/ODM execution risk:** While OEM/ODM is a key growth engine, project-based revenue can be subject to timing delays, longer development cycles, and customer launch schedules, which may introduce short-term volatility despite strong medium-term demand visibility.
- **Direct-selling product-cycle and engagement risk:** UVACO’s performance depends on sustained member engagement and successful product launches. Shifts in purchasing patterns, competitive offerings, or slower-than-expected adoption of new categories could affect near-term revenue momentum.
- **Overseas expansion and regulatory complexity:** International growth requires navigating diverse regulatory frameworks, product registrations, and localization efforts. Delays in approvals or higher compliance costs could affect the pace of expansion.
- **China consumption and channel execution:** Shanghai Grape King operates in a highly competitive and price-sensitive environment. Prolonged consumer downtrading, slower channel ramp-up, or execution challenges in new distribution partnerships could limit near-term recovery.
- **Market competition and pricing pressure:** Taiwan’s supplement market remains crowded, with increasing online competition and private-label offerings. Maintaining brand positioning and pricing discipline while defending market share remains an ongoing challenge.

## 2 Outlook and Growth Drivers

### 2.1 Global Geographic Diversification

Grape King is undergoing a structural transformation from a largely Taiwan-centric health supplement company into a regionally—and increasingly globally—integrated nutraceutical platform. The diversification of its revenue base is driven by two parallel engines:

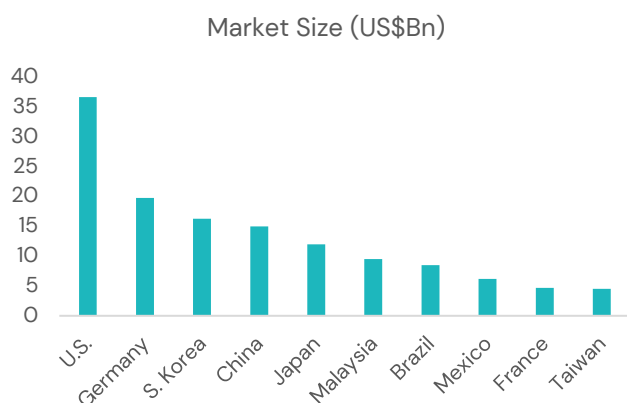
- **UVACO’s first overseas expansion into Malaysia**, and
- **the accelerating internationalization of the OEM/ODM division**, supported by the company’s competitive strengths in probiotics and functional mushroom-based ingredients.

These developments broaden the company’s addressable market, reduce domestic concentration risk, and lay the foundation for multi-year, geographically diversified growth.

#### 2.1.1 UVACO Malaysia – Establishing a Second Growth Engine in a High-Potential Direct Selling Market

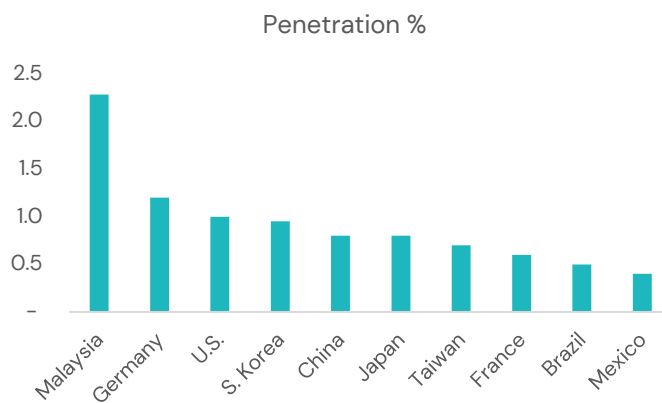
UVACO’s entry into Malaysia marks the company’s most significant expansion initiative in more than a decade, establishing a second long-term growth engine beyond Taiwan. Malaysia is one of the world’s most structurally attractive direct-selling markets, generating approximately USD 9.5 billion in 2024, ranking #6 globally and #4 in Asia-Pacific, with the highest penetration rate worldwide at 2.28%. Nearly 8 million Malaysians—approximately one quarter of the population—actively participate in direct selling, reflecting both the maturity of the industry and deep familiarity with community-driven product education.

Exhibit 2.1: Global Direct Selling Rankings (2024)



Source: WFDSA Global Statistics, TruePulse Equity Research

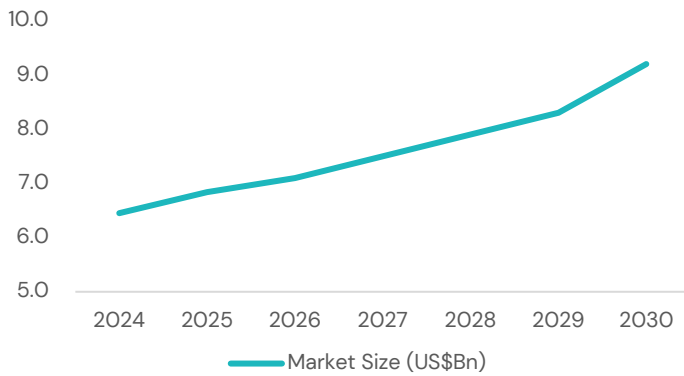
Exhibit 2.2: Global Direct Selling Penetration (2024)



Source: WFDSA Global Statistics, TruePulse Equity Research  
(Note: Direct Selling Sales as a % of GDP)

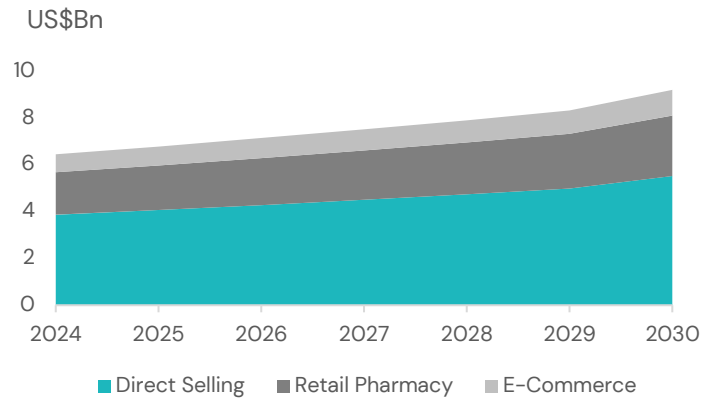
Health supplements account for over 60% of direct-selling revenue in Malaysia, significantly higher than beauty or home-care segments. The country’s supplement market is projected to grow from USD 645 million in 2024 to USD 920 million by 2030, supported by rising digestive-health needs, elevated obesity and metabolic-syndrome prevalence, and increasing willingness to adopt science-backed nutraceuticals. These trends create a strong market alignment with Grape King’s core strengths in fermentation-based probiotics, postbiotics, Lingzhi, and Cordyceps-derived functional ingredients.

Exhibit 2.3: Malaysia Supplement Market Growth



Source: Maximize Market Research, TruePulse Equity Research

Exhibit 2.4: Malaysia Supplements Sales by Channel



Source: Maximize Market Research, TruePulse Equity Research

UVACO plans an official market launch in 3Q26, supported by a structured multi-phase rollout including partner recruitment events, education-focused product briefings, and the opening of a dedicated member and training center to strengthen transparency and in-market trust. To enable broad consumer adoption, the company will introduce approximately 20 SKUs over the first two years, spanning probiotics, functional mushrooms, women’s wellness, metabolic-health support, and select high-potential categories. All products will undergo NPRA MAL registration—a prerequisite for supplement sales in Malaysia—and will pursue full Halal certification, supported by a hybrid production model where raw materials are produced in Taiwan and final packaging is performed locally.

Exhibit 2.5: Why Malaysia?

Metric	Malaysia	Implication
Direct Selling Market Size	USD 9.5 bn (2024)	Largest direct-selling market in Southeast Asia
Direct Selling Market Penetration Rate	2.28% (global #1)	1 out of every 6 Malaysians participates in direct selling
Direct Selling Market 5-Year CAGR	8%	Significantly above the global average of 2–3%
Chinese Consumer Influence	Ethnic Chinese 23% of population, but >40% of purchasing power	High-conversion customer base; faster brand acceptance and community-driven growth
Supplement Consumption Maturity	Adult supplement purchase rate 13.9%, obesity rate 53.5%	Structural demand for weight management and metabolic health products

Source: WFDSA Global Statistics, TruePulse Equity Research

Exhibit 2.6: Major Direct Selling Companies in Malaysia

Company	2024 Revenue (USD mn)	Growth Rate	Strengths	Weaknesses
Amway Malaysia	264.6	-13.6%	Broad, well-diversified product portfolio	Growth stagnation; aging brand perception
Herbalife Malaysia	120–180 (est.)	-12.2%	Market leader in weight management	Narrow product focus; regulatory risk
Infinitus International	15–30 (est.)	-25.4%	Strong positioning in Chinese herbal products	Brand image deterioration in China
DXN Malaysia	392	+12.6%	Leading mushroom-based products	Mid-tier market retreat; aging product lineup

Source: Company Data, TruePulse Equity Research

A key strategic differentiator for UVACO is the credibility advantage derived from being backed by Grape King Bio, a publicly listed Taiwanese nutraceutical company with more than 50 years of operating history and nearly 30 years of direct-selling experience. UVACO is Taiwan’s largest domestic direct-selling company and consistently ranks as one of the top three nationwide across all categories. This long-established reputation, combined with Grape King’s well-known leadership in probiotics and herbal fermentation, provides Malaysian consumers and prospective partners with significantly stronger confidence than is typical for new-to-market direct-selling brands. Unlike many short-cycle or unverified operators in the industry, UVACO enters the market with a long operating track record, audited financial transparency, and strong institutional backing—factors that materially reduce perceived risk for local consumers.

**Exhibit 2.7: Taiwan Direct Selling Top 3: Historical Ranking & Revenue (NT\$Bn)**

Year	Rank #1 (Rev)	Rank #2 (Rev)	Rank #3 (Rev)	UVACO Performance Highlights
2024	Amway (123.0)	UVACO (~110)	Total Swiss (~91)	Reclaimed #2 spot; hit a record high for domestic brands.
2023	Amway (117.3)	Riway (~116)	UVACO (106.3)	Surpassed NT\$10B for 2 consecutive years; solid Top 3 standing.
2022	Riway (116.1)	Amway (113.4)	UVACO (103.9)	Broke the NT\$10B milestone; solidified status as the domestic leader.
2021	Riway (134.3)	Amway (109.4)	UVACO (95.0)	Maintained near-record revenue despite pandemic lockdowns.
2020	Amway (106.8)	UVACO (91.6)	Riway (~90)	Held #2 spot for 7 consecutive years; widened gap with peers.
2019	Amway (103.7)	UVACO (91.1)	Market America (~50)	Reached the NT\$9B mark; solidified the "Big Two" landscape.
2018	Amway (104.3)	UVACO (81.1)	Market America (~48)	Stable revenue at NT\$8B+; profitability outperformed industry avg.
2017	Amway (106.4)	UVACO (79.3)	Herbalife (~55)	Only domestic brand capable of challenging global giant Amway.
2016	Amway (118.5)	UVACO (76.8)	Herbalife (~58)	Double-digit growth driven by Probiotics series.
2015	Amway (100.8)	UVACO (71.6)	Herbalife (~52)	Revenue crossed NT\$7B; secured a firm hold on the #2 position.
2014	Amway (103.0)	UVACO (61.3)	Herbalife (~50)	Promoted to #2 in Taiwan, surpassing all US-based competitors.
2013	Amway (108.7)	Nu Skin (54.7)	UVACO (53.7)	First time entering Top 3, initiating a 12-year "Golden Era."

Source: DS Century Magazine, Company Data, TruePulse Equity Research

Another structural advantage is UVACO’s cross-border compensation and membership integration mechanism, which allows Taiwan’s existing 200,000+ members to extend their networks into Malaysia with recognized performance attribution. This effectively lifts the growth ceiling for Taiwan’s distributor base, which has approached saturation in recent years. By enabling members to expand horizontally into a new, fast-growing market, UVACO can activate a large and experienced distributor force from day one—creating early sales momentum, accelerating market penetration, and reducing reliance on organic local recruitment during the initial stage of launch.

UVACO’s compensation plan is structured as a single-line system, aligning with Malaysia’s regulatory preferences and reducing compliance friction compared with dual-track plans that face greater scrutiny. Combined with a product portfolio tailored for local needs, strong backing from a reputable parent company, Halal-compliant operations, and cross-border activation capability, UVACO is positioned to differentiate meaningfully from incumbents such as Amway, Herbalife, Infinitus, and DXN—many of which face limited product innovation or category rigidity.

Taken together, Malaysia provides UVACO with a rare combination of market readiness, regulatory compatibility, product-category fit, and a trust-led consumer environment. This expansion establishes the foundation for a multi-market Southeast Asian strategy and represents a structurally meaningful new growth engine for Grape King in the coming decade.

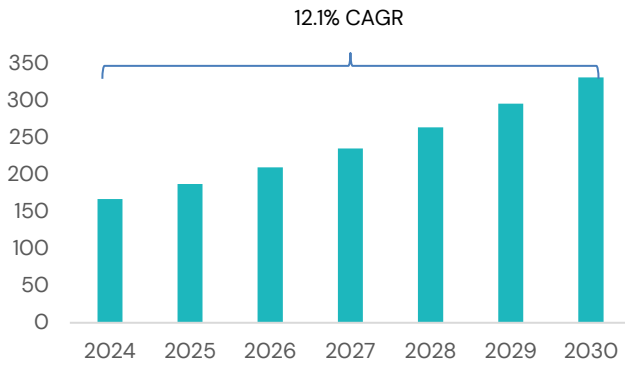
**2.1.2. OEM/ODM International Expansion: Transitioning to a Global Biotech Powerhouse**

Grape King’s OEM/ODM segment has reached a strategic inflection point, transitioning from a regional support unit into the group’s most potent structural growth engine. This shift is validated by an exceptional 54% YoY revenue increase in 2025, driven by a combination of surging international demand and optimized facility utilization. As global markets pivot toward science-backed, fermentation-derived nutrition, Grape King is capturing a significant share of a global nutraceutical contract manufacturing market valued at USD 167.64 billion in 2024, which is projected to expand at a 12.1% CAGR to USD 332.66 billion by 2030.

The foundation of this expansion is Grape King’s unmatched technical infrastructure, specifically its "Biological Asset" moat and fermentation scale. The company currently operates industrial-scale fermentation facilities with a total capacity of 587 tons—the largest in Taiwan. To support rising global demand, Grape King is executing a continuous expansion strategy, headlined

by the Longtan Plant Phase II, ensuring that its manufacturing footprint remains ahead of the sector's high-volume requirements. With a repository of over 4,000 proprietary microbial strains and a multi-site platform capable of producing over 10 dosage forms—including ready-to-drink beverages, softgels, and jelly sticks—the company is uniquely positioned to handle complex, large-scale international orders that many regional manufacturers cannot support.

**Exhibit 2.8: Global Nutraceutical Contract Manufacturing Market Forecast (US\$Bn)**



Source: Precedence Research, Grand View Research, TruePulse Equity Research

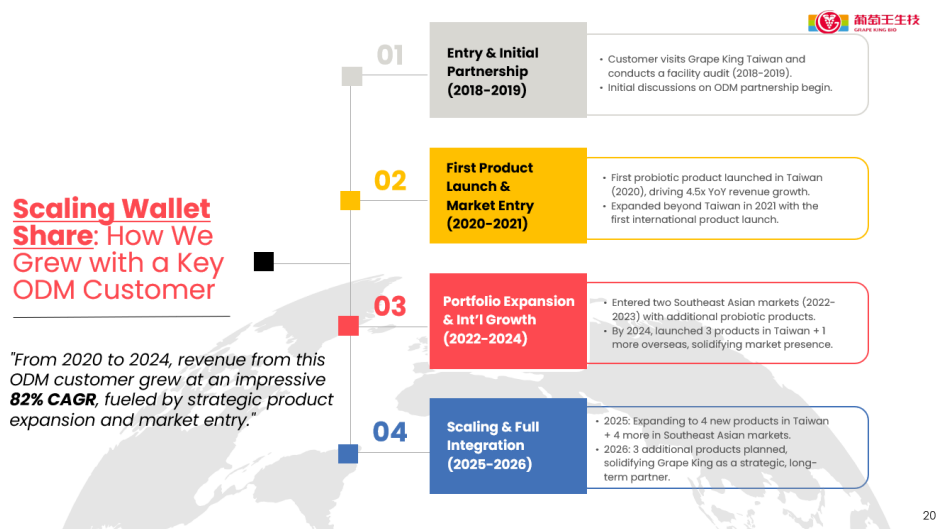
**Exhibit 2.9: Competitive Landscape Matrix**

Competitive Metric	Grape King Bio (Taiwan)	Regional Peers (Avg.)
Fermentation Capacity	587 Tons	~100-250 Tons
Proprietary Strain Library	4,000+ Strains	~800-1,500 Strains
Key Technical Focus	Precision Fermentation	Dosage Form/Packing
MNC Partnership Track Record	Proven (Tier-1 Pharma)	Mixed / Local

Source: Company Data, TruePulse Equity Research

The deepening partnership with a Tier-1 global pharmaceutical and consumer healthcare leader (the "P-Client") serves as the "Gold Standard" for Grape King's integration into multinational supply chains. Following a rigorous facility audit in 2018-2019, the partnership accelerated through the successful launch of an initial probiotic SKU in Taiwan, which triggered a 4.5x YoY revenue surge for the account. Between 2020 and 2024, revenue from this single customer grew at a remarkable 82% CAGR, fueled by strategic product expansion and successful market entry. Based on execution during 2025, four new products were launched in Taiwan and a further four SKUs were rolled out across Southeast Asian markets, representing an initial phase of the previously outlined 2025-2026 roadmap and reflecting a continued deepening of the partnership beyond a single project-based engagement.

**Exhibit 2.10: Case Study: Scaling Wallet Share and Regional Integration with a Tier-1 Global Partner**



Source: Company Data, TruePulse Equity Research

Geographical expansion serves as the primary tactical driver for this segment, utilizing an "asset-light" approach to introduce proprietary actives into high-barrier markets. In Japan, the company is leveraging patented fungal-based actives like *Antrodia cinnamomea* (Zhangzhi) to secure long-term supply moats through stringent ingredient registrations. In Thailand, Grape King is

targeting tropical demand through heat-stable probiotics. Simultaneously, expansion into Europe is accelerating due to faster EU ingredient registration and a growing pipeline of patented actives, while Malaysia serves as a strategic springboard for regional momentum across Southeast Asia.

By transitioning from a simple contract manufacturer into a globally recognized fermentation-ingredient leader, Grape King is effectively de-risking its international entry. This segment now provides the company with significant geographic reach and strengthened earnings visibility. Over the long term, this business unit is expected to evolve into a more globally recognized ingredient and formulation powerhouse, complementing the company’s consumer-facing expansion and cementing its status as a scalable growth engine for the group.

**2.2 Breakthrough Product Innovation: Unlocking the Next Multi-Year Growth Engines:**

Product innovation remains central to Grape King’s long-term growth outlook, particularly as the company enters a new phase of category expansion. Critically, this does not come at the expense of its stable core; demand for legacy probiotics remains strong, providing a defensive cash-flow foundation. Over the next three to five years, we expect three major themes to shape the company’s growth trajectory: (1) functional beauty centered on proprietary fermented botanicals, (2) natural GLP-1 weight-management support, and (3) scalp and hair-root health. These categories are underpinned by global structural growth trends and clear market gaps that Grape King is strategically positioned to fill.

**Pillar I: Functional Beauty – Capitalizing on Demographic Synergy**

The most recent proof of this strategy is the December 2025 launch of the CordiBella series via the UVACO platform. This functional beauty line—including a Moisturizing Lotion (150ml), Essence (30ml), and Firming Cream (50g)—centers on Grape King’s proprietary Cordyceps cicadae (蟬花) mycelium extract and GKK2 probiotics. The launch was strategically tailored for the UVACO channel, where 80% of members are female, representing a "different pocket" of consumer spending compared to traditional health supplements.

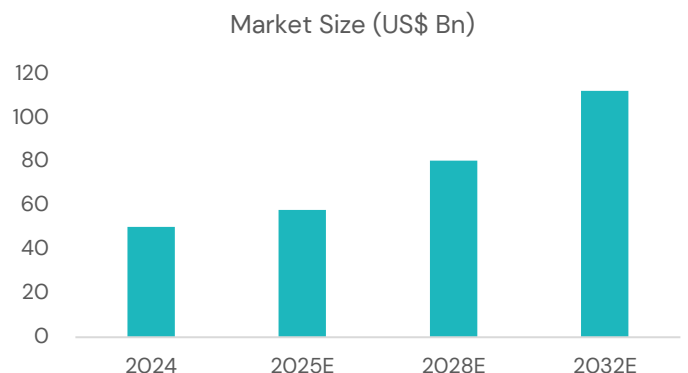
The structural trend is robust: the global functional cosmetics market reached USD 50.2 billion in 2024 and is projected to grow at a 9.9% CAGR through 2032. Early market feedback for CordiBella has been exceptionally strong, with the initial production batch selling out immediately upon launch. This success validates Grape King’s ability to "cross-pollinate" its biological assets into high-margin skincare, with additional product lines expected throughout 2026.

**Exhibit 2.11: Grape King’s CordiBella Series Skincare**



Source: Company Data, TruePulse Equity Research

**Exhibit 2.12: Global Functional Cosmetics Market**



Source: Fortune Business Insights, Research Nester, TruePulse Equity Research

**Pillar II: Natural GLP-1 Support – The GKM3® Weight Management Engine**

As the global weight-management market pivots toward GLP-1 pathways—a sector projected to exceed USD 139 billion by 2030—Grape King is leveraging its successful GKM3® “Sliim” Probiotics as a natural metabolic companion. This is not a generic “me-too” product; GKM3 is a star ingredient from Grape King’s own-brand portfolio with specific, clinically-derived metabolic benefits.

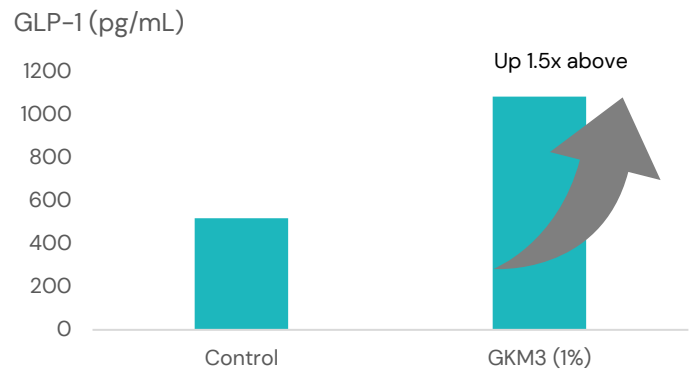
The scientific differentiator is clear: pre-clinical data confirms that GKM3 stimulates 1.5x (50%) more GLP-1 production compared to control groups. As the industry moves toward “Natural GLP-1” alternatives to address high drug costs and side effects, Grape King is currently testing high-dose formulations to further amplify these satiety benefits. This positions the company as a leader in the “Companion Supplement” niche, which is expected to grow as a high-margin structural subset of the broader weight management market.

**Exhibit 2.13: Technical Benchmark: Natural GLP-1 Ingredient vs. GKM3®**

Ingredient Type	Mechanism of Action	Relative GLP-1 Impact	Scientific Moat
Fiber/Prebiotics	Physical satiety/Bulk	Low-Moderate	Low (Commodity)
Berberine	AMPK pathway modulation	Moderate (USD 200M+ sales)	Moderate (Botanical)
Eriomin®	Citrus Flavonoids	+17% GLP-1 Secretion	Patented
GKM3® Probiotic	Direct L-cell Stimulation	High (+50% Secretion)	Very High (Proprietary)
GKM3 High-Dose	Enhanced Metabolic Signaling	Under Testing	First-mover advantage

Source: Company Data, TruePulse Equity Research

**Exhibit 2.14: Raw Data – GKM3® GLP-1 Secretion Profile**



Source: Company Data, TruePulse Equity Research

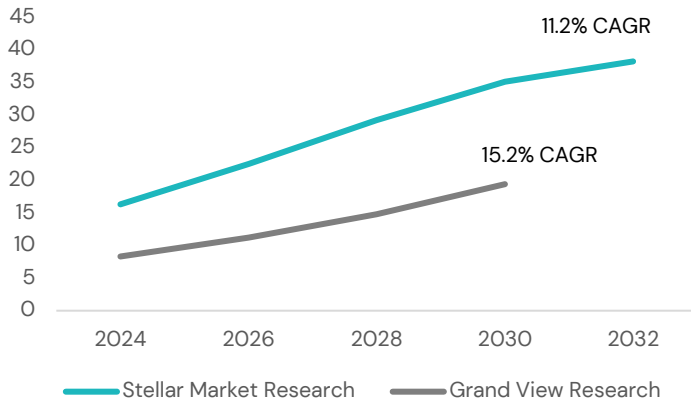
**Pillar III: Scalp Health and Hair Loss – The Integrated “In-and-Out” System**

Grape King is strategically pivoting into the global hair and scalp wellness sector, a category defined by high consumer stickiness and premium margins. Moving beyond traditional chemical-based topicals, the company is leveraging its deep expertise in probiotic-led formulations to address the root causes of hair loss through scalp ecosystem balancing. This shift aligns with the “Skinification of Hair” trend, where scalp care is treated with the same clinical rigor as facial skincare, and represents a high-margin expansion that capitalizes on Grape King’s pharmaceutical-grade fermentation platform.

Structural demand for hair growth solutions is accelerating globally, driven by rising stress levels and a consumer shift toward non-pharmaceutical, “clean-label” interventions. According to Stellar Market Research, the global hair growth supplement market is valued at USD 1.63 billion in 2024 and is projected to reach USD 3.82 billion by 2032, reflecting an 11.2% CAGR. Grand View Research provides a more bullish outlook for specific high-growth segments, projecting a 15.5% CAGR through 2030. The Asia-Pacific region is the primary engine of this growth, supported by a mature “Scalp Care Culture” in markets like Japan, where consumers willingly spend between USD 50–100 per month on premium hair health regimes.

The technological moat of this series is defined by an Advanced Internal Delivery system, which leverages Grape King’s newly installed state-of-the-art softgel production lines. The strategy employs a specialized oral softgel format to deliver high-bioavailability active ingredients. Unlike traditional topical-only treatments, this internal component focuses on optimizing the physiological environment for follicle health from within the body, providing a more holistic approach to hair vitality.

**Exhibit 2.15: Global Hair Growth Supplement Market Forecast (US\$Bn)**



Source: Stellar Market Research, Grand View Research, TruePulse Equity Research

**Exhibit 2.16: Strategic Opportunity: The Evolution of Hair Loss Treatment**

Feature	Legacy Solutions (Traditional)	Next-Gen Integrated System (Grape King)
Primary Approach	Topical Chemical Stimulation	Systemic "In-and-Out" Ecosystem
Delivery Format	External Only (Liquid/Foam)	Internal Softgel + Targeted Topicals
Consumer Mindset	Reactive "Correction" (Post-loss)	Proactive "Ritualization" & Vitality
Technical Moat	Generic Minoxidil/Caffeine	Bio-Active Softgels & Microbiome Support

Source: Company data, TruePulse Equity Research

Complementing the internal support is a dual-layered topical strategy designed for systematic scalp maintenance. This involves a high-performance intensive scalp treatment used on a periodic basis to cleanse and revitalize the hair-root environment, alongside a daily maintenance formula to support a healthy scalp microbiome. By maintaining control over the high-tech softgel production in-house, Grape King ensures the protection of its core intellectual property and clinical-grade quality standards across the entire integrated system. This allows the company to offer a comprehensive "In-and-Out" ritual that addresses both immediate scalp needs and long-term follicular health.

**2.2.4 Broad-Spectrum Innovation: The "Multi-Lane" Revenue Engine**

Beyond the primary growth pillars, Grape King Bio is executing a sophisticated "Multi-Lane Innovation Strategy" to diversify its revenue streams and maximize the commercial utility of its core biological assets. This broader pipeline focuses on high-need therapeutic areas—including sleep support, vision protection, and specialized maternal health—while simultaneously disrupting the traditional supplement market with high-efficacy "functional snacks" and advanced fungal upgrades.

**Advanced Microbiome & Gut Barrier Integrity**

The company is evolving its probiotic leadership by targeting specific, underserved clinical needs. A key focus is the development of solutions for "Leaky Gut Syndrome" (intestinal mucosal repair), an area with significant market potential but high barriers to consumer education. Furthermore, the company is upgrading its existing allergy portfolio to specifically target Atopic Dermatitis, moving the microbiome category into the realm of specialized dermatological support.

**Specialized Life-Stage & Women's Health**

Grape King is aggressively targeting the maternal health market, specifically the folic acid segment where Taiwan currently lacks a clear brand leader. By utilizing advanced folate technology (superior absorption vs. legacy products), the company aims to capture the pre-pregnancy and maternity vertical. In addition, the pipeline includes lifestyle-oriented solutions such as iron-boosting jellies for rapid menstrual cramp relief, combining pharmaceutical-grade efficacy with convenient delivery formats.

**High-Potency Fungi & Bio-Replacement Therapy**

Maintaining its dominance in medicinal fungi, Grape King is launching upgraded "Triple-Strength" versions of its core Reishi and Antrodia camphorata products, utilizing its strongest extraction effects to date. Perhaps more disruptively, the company is developing relaxation capsules for shoulder and neck pain. These products utilize proprietary bio-ingredients as a superior, side-effect-free



alternative to traditional high-dose Vitamin B-complex medications, representing a strategic "Bio-Replacement" play.

**Lifestyle Integration: Functional Snacks & Vision Protection**

The strategy pivots toward younger demographics through two distinct snack directions: Flavor-driven (collaborative) and Efficacy-driven.

- **Dental Wellness:** Oral candies capable of eliminating ~90% of cavity-causing bacteria while rapidly improving breath.
- **Immunity Snacks:** Mushroom-based crackers where a single serving provides the daily recommended dose of immune-regulating actives.
- **Vision & Sleep:** New materials targeting childhood myopia progression and sleep aids designed to both improve rest quality and reduce daytime fatigue.

**Exhibit 2.17: Broad-Spectrum Innovation Pipeline**

Innovation Lane	Key Product Direction	Strategic Objective	Target Demographic
Microbiome+	Leaky Gut & Atopic Dermatitis	Clinical-grade gut/skin repair	Chronic sufferers
Maternal Health	Superior Folate (Advanced Tech)	Category leadership in TW market	Pre-pregnancy / Pregnant
High-Potency Fungi	"Triple-Strength" Reishi/Antrodia	Maintaining technical dominance	Aging / Health-conscious
Pain & Fatigue	B-Vitamin Replacement Capsule	Displacing synthetic alternatives	Office workers (Soreness)
Functional Snacks	Low-cal porridges / Dental candy	Daily lifestyle integration	Gen Z / Millennials
Vision & Sleep	Myopia control / Daytime fatigue	Addressing digital-age stressors	Children / "Burnout" economy

Source: Company Data, TruePulse Equity Research

**2.3 Platform Upgrades: Transitioning to a Science-Driven Global Platform**

Beyond geographic expansion and high-growth product pillars, Grape King’s ongoing investments in technology, manufacturing, and raw material science form a third structural driver of long-term growth. These upgrades represent a fundamental transformation of the company from a traditional nutraceutical manufacturer into a science-driven, multi-format, global-ready platform. We believe these advancements strengthen defensibility in fermentation-based ingredients and elevate the competitiveness of both the owned-brand and OEM/ODM segments.

**2.3.1 Technology & Intelligence: Precision Delivery & AI-Driven Insights**

A primary area of capability enhancement lies in the company’s formulation and delivery technologies, moving beyond simple capsules to complex, high-performance systems.

- **Dual-Delivery (Oil-Water) Encapsulation:** Management has highlighted the adoption of a state-of-the-art dual-delivery system. This enables the simultaneous incorporation of water-soluble and lipid-soluble ingredients within a single dosage form, solving a major historical pain point in supplement compatibility. Conservative internal estimates suggest this system can increase absorption rates by 10x to 20x compared to traditional formats
- **Stability & Performance:** Advanced microencapsulation techniques have improved the survival rates of probiotic and postbiotic strains through the digestive tract. This technical "Alpha" allows Grape King to command higher margins by delivering superior clinical outcomes compared to regional peers.

- **AI-Enabled Personalized Nutrition:** Within its OEM/ODM arm, the company is building emerging capabilities in AI-driven consumer profiling (36-type profiling). This allows clients to offer "Precision Nutrition" tailored to specific metabolic and lifestyle archetypes, moving the company from a manufacturer to a strategic data-driven partner.

### 2.3.2 Manufacturing Platform: Multi-Dosage Versatility for Global Scale

To capture the "lifestyle-integration" trend, Grape King has expanded its infrastructure to support a broader range of product formats demanded by global consumers and younger demographics.

- **Format Diversification:** The company has successfully scaled its capacity in high-growth formats including softgel capsules, jelly sticks, and sachets. This versatility is a significant competitive strength, as Western DTC (Direct-to-Consumer) brands and younger Asian consumers increasingly move away from traditional pills.
- **"All-in-One" Eco-Friendly Packaging:** As a layer of differentiation, Grape King is self-developing eco-friendly packaging solutions. This "concept-to-shelf" integration provides a one-stop-shop for global OEM/ODM clients who must meet strict sustainability targets (e.g., plastic reduction) in export markets, creating a powerful "Green Moat."
- **Accelerated Global Ingredient Registration:** To enable seamless expansion into the U.S., EU, Japan, and Southeast Asia, Grape King is accelerating its international regulatory filings. This proactive stance on compliance ensures that its proprietary ingredients (such as specific probiotic strains and mushroom extracts) are "export-ready," drastically reducing time-to-market for international customers.

#### Exhibit 2.18: Manufacturing Evolution; Shifting from Commodity to Lifestyle Format

Feature	Traditional Manufacturing	Grape King Integrated Platform
Primary Formats	Capsules & Tablets	Powder Sachet, Softgels, Gummies, RTD Liquids, Jellies
Tech Focus	Volume / Throughput	Bioavailability / Stability / Precision
Packaging	Generic Plastic	Self-Developed Eco-Friendly Packaging
Target User	Conventional Supplement Users	Gen Z, Millennials, & Clinical-Need Segments
Global Access	Regional / Domestic	Global-Ready

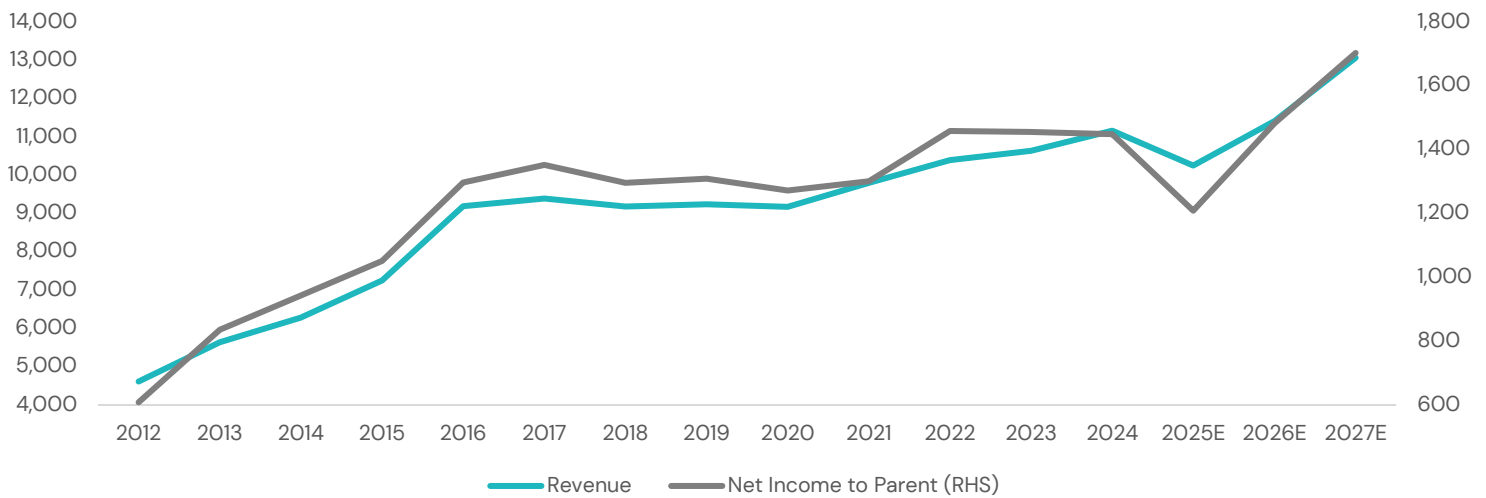
Source: Company Data, TruePulse Equity Research

### 3. Historical Financials and Forecasts

#### 3.1 Historical Performance (2012–2024)

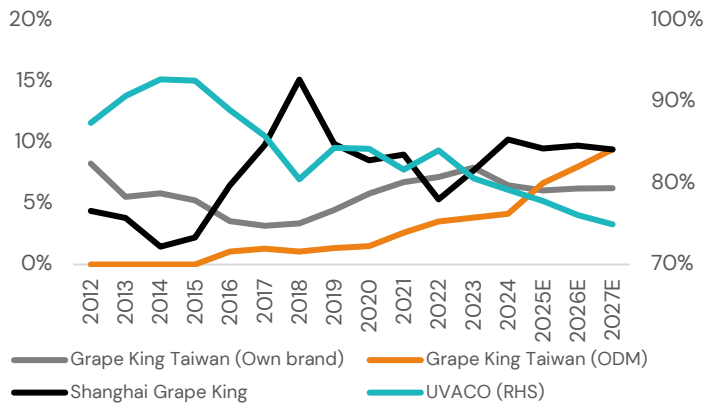
Grape King’s long-term financial history reflects the evolution of a diversified health-supplement platform navigating shifts in consumer demand, competitive intensity, and product-cycle dynamics. From 2012 to 2018, the company achieved steady topline and earnings growth supported by strong brand equity in Taiwan’s own-brand business and rapid expansion of the UVACO distributor network. Benefiting from vertically integrated manufacturing and disciplined cost control, Grape King consistently delivered one of the stronger margin profiles among Taiwan’s consumer-health peers.

**Exhibit 3.1: Grape King’s Revenue and Net Profit Trends (NT\$Mn)**



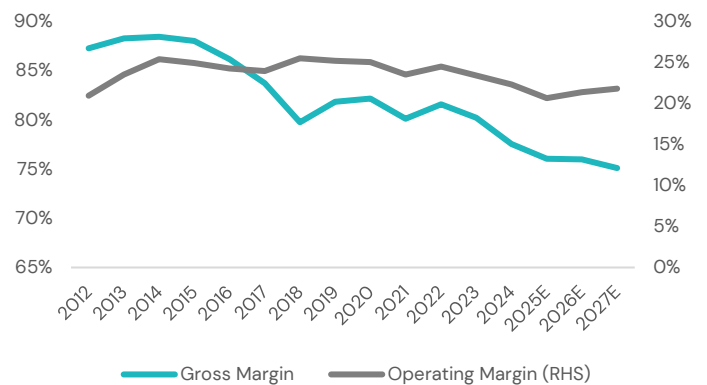
Source: Company Data, TruePulse Equity Research

**Exhibit 3.2: Grape King’s Revenue Mix**



Source: Company Data, TruePulse Equity Research

**Exhibit 3.3: Grape King’s GPM and OPM Trends**



Source: Company Data, TruePulse Equity Research

From 2019 onward, the operating environment became more complex. Taiwan’s health-supplement category experienced elevated promotional activity and increasing product proliferation, while UVACO’s member productivity moderated from earlier peaks. Meanwhile, own-brand performance underwent several product-cycle transitions, and the business faced rising competition for consumer wallet share. Despite these pressures, OEM/ODM emerged as an increasingly important growth engine, providing stable demand and a buffer against fluctuations in the consumer-facing segments.

During the COVID period (2020–2022), the company experienced further variability: UVACO benefited from heightened interest in immunity-related

products, while certain own-brand channels were constrained by mobility restrictions. Across this period, Grape King maintained commendable profitability, supported by operational flexibility and careful cost management.

By 2023–2024, the company began to show clearer signs of stabilization. Revenue grew to NT\$10.5bn in 2024, supported by rising OEM/ODM utilization and more disciplined distributor behavior within UVACO. Operating profit increased to NT\$2.14bn, demonstrating continued margin resilience despite still-elevated competitive intensity in the domestic market. Over the broader 2012–2024 period, Grape King demonstrated durable earnings capacity, underpinned by its multi-engine business model, strong manufacturing capabilities, and conservative balance sheet.

The historical trend in gross profit margin has primarily been driven by a shifting revenue mix. Specifically, UVACO's contribution has declined from a peak of over 90% to currently below 80%. As UVACO carries the group's highest margins, this dilution is further compounded by the accelerated growth of the OEM/ODM segment, which inherently operates at lower gross margins than direct selling. Despite this top-line mix shift, operating margins have remained resiliently stable within the 20% range.

### **3.2 Financial Forecasts (2025–2027)**

Our initiation forecasts reflect a transitional year in 2025, followed by a more balanced and broad-based earnings recovery beginning in 2026. Several business units are cycling unusually high comparison bases or adjusting channel structures, while others are approaching meaningful new product or geographic expansion milestones.

#### **UVACO**

UVACO's decline of 10.9% YoY in 2025 stems from a distorted comparison created by the company's 2H24 price adjustment, which prompted members to purchase ahead of the hike and extended digestion into 2025. We view this primarily as a timing effect. Beginning late 2025 and accelerating into 2026, we expect UVACO to benefit from a stronger product cycle and renewed engagement. The launch of Antrodia Cinnamomea Mycelium Beadlets on November 22 has already generated a favorable market response, and order shipments still being processed should support near-term revenue momentum. The upcoming CordiBella women's skincare line, representing a new category for UVACO, is expected to provide an additional lift in the year-end season. Beyond Taiwan, the scheduled UVACO Malaysia launch in 3Q26 introduces a new structural growth driver and should contribute incrementally as distributor activation scales.

#### **OEM/ODM**

OEM/ODM delivered the strongest performance in 2025, growing 54% YoY, underpinned by robust demand, deeper product penetration, and improving plant utilization. We expect momentum to continue through 2026–2027, supported by the company's expanding presence in Europe, where patented and clinically validated ingredients are gaining traction with international brands. Grape King is also accelerating EU ingredient registration to shorten commercialization cycles. In Japan, rising demand for high-quality fermentation-based actives supports further penetration in beauty-from-within and functional-nutrition categories. OEM/ODM remains the company's most visible and reliable earnings engine and is central to the medium-term expansion of margins and returns.

#### **Taiwan Own Brand**

Taiwan own-brand revenue declined 8.2% YoY in 2025, reflecting a combination of post-COVID spending shifts—namely, consumers allocating more discretionary spending overseas—and the company's deliberate pricing and distribution recalibration to combat grey-market and counterfeit product

channels. These adjustments, while temporarily restrictive for sales, should support healthier long-term brand and channel economics. As comparison bases normalize in 2026 and new product launches roll out in alignment with the company's broader innovation pipeline, we expect a gradual recovery in the segment.

### Shanghai Grape King

Shanghai experienced a 12.3% YoY decline in 2025, driven by cautious consumer sentiment in China and ongoing downtrading to lower-priced alternatives. Despite this, several structural improvements provide a basis for gradual stabilization. Enhanced collaboration with strategic investor Uni-President is improving channel reach and execution, including planned placement of Blue Hat-certified ComeBest products in 7-Eleven stores across East China. The company is also expanding its footprint across major smart retail platforms. In addition, the launch of a new anhydrous collagen OEM product in 2026—co-developed with a key customer—is expected to improve plant utilization and strengthen the subsidiary's manufacturing contribution within the group.

### Financial Forecasts 2025E–2027E

Under our initiation assumptions, we forecast consolidated revenue to rise from NT\$10.25bn in 2025E to NT\$13.06bn in 2027E, representing a 2025E–2027E CAGR of 12.9%. Operating profit is expected to increase from NT\$2.06bn to NT\$2.86bn, with operating margins improving from 20.1% to 21.9%, reflecting stronger OEM/ODM utilization and healthier channel economics. Net profit is projected to grow from NT\$1.21 to NT\$1.7bn, while EPS expands from NT\$8.16 to NT\$11.49, implying a 2025E–2027E EPS CAGR of 18.7%. In our view, this trajectory reflects a temporary reset in 2025 followed by a clearer, multi-engine earnings recovery beginning in 2026, supported by both domestic product cycles and emerging international growth drivers.

### Exhibit 3.4: Grape King's Financial Summary and Forecast

Revenue Breakdown (%)	2023	2024	2025E	2026E	2027E
UVACO (MLM)	80.6%	79.2%	76.8%	75.9%	74.7%
Taiwan Own Brand	7.9%	6.5%	6.4%	6.4%	6.4%
OEM/ODM	3.8%	4.1%	7.0%	8.1%	9.5%
Shanghai Grape King	7.7%	10.2%	9.8%	9.7%	9.4%
(NT\$mn)					
Revenue	10,635	11,160	10,252	11,407	13,063
Gross Profit	8,536	8,658	7,720	8,656	9,792
Operating Profit	2,499	2,500	2,061	2,441	2,856
Non-op Profit	164	173	110	170	191
Pretax Profit	2,663	2,673	2,171	2,611	3,047
Net Profit	1,455	1,448	1,208	1,482	1,703
EPS (NT\$)	9.82	9.78	8.16	10.01	11.49
Margins					
Gross Margin	80.3%	77.6%	75.3%	75.9%	75.0%
OPEX Ratio	56.8%	55.2%	55.2%	54.4%	53.1%
Operating Margin	23.5%	22.4%	20.1%	21.4%	21.9%
Pretax Margin	25.0%	24.0%	21.2%	22.9%	23.3%
Net Margin	13.7%	13.0%	11.8%	13.0%	13.0%
YoY					
Revenue	2.4%	4.9%	-8.1%	11.3%	14.5%
Gross Profit	0.6%	1.4%	-10.8%	12.1%	13.1%
Operating Profit	-2.1%	0.0%	-17.5%	18.4%	17.0%
Net Profit	-0.2%	-0.5%	-16.6%	22.7%	14.9%
EPS (NT\$)	-0.2%	-0.5%	-16.6%	22.7%	14.9%

Source: Company Data, TruePulse Equity Research

Exhibit 3.5: Grape King's Financial Summary and Forecast (Quarterly)

Revenue Breakdown	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
UVACO	74.5%	78.0%	74.6%	79.4%	73.0%	76.9%	74.7%	78.2%
Taiwan Own Brand	7.1%	6.2%	6.8%	5.9%	7.2%	6.2%	6.3%	5.9%
OEM/ODM	7.0%	6.2%	8.2%	6.5%	8.1%	7.3%	9.1%	7.7%
Shanghai Grape King	11.4%	9.6%	10.4%	8.2%	11.6%	9.6%	9.8%	8.2%
<b>(NT\$mn)</b>								
Revenue	2,252	2,569	2,428	3,002	2,431	2,834	2,847	3,294
Gross Profit	1,650	1,963	1,788	2,319	1,786	2,181	2,148	2,540
Operating Profit	376	478	543	664	424	538	694	785
Non-op Profit	38	26	36	10	41	42	43	44
Pretax Profit	414	504	579	674	465	580	737	829
Net Profit	208	270	297	434	223	290	464	505
EPS (NT\$)	1.40	1.82	2.00	2.93	1.51	1.96	3.13	3.41
<b>Margins</b>								
Gross Margin	73.3%	76.4%	73.6%	77.3%	73.4%	77.0%	75.5%	77.1%
OPEX Ratio	56.6%	57.8%	51.3%	55.1%	56.0%	58.0%	51.1%	53.3%
Operating Margin	16.7%	18.6%	22.4%	22.1%	17.4%	19.0%	24.4%	23.8%
Pretax Margin	18.4%	19.6%	23.8%	22.5%	19.1%	20.5%	25.9%	25.2%
Net Margin	9.2%	10.5%	12.2%	14.4%	9.2%	10.2%	16.3%	15.3%
<b>YoY</b>								
Revenue	-4.1%	-6.9%	-16.3%	-4.8%	8.0%	10.3%	17.3%	9.7%
Gross Profit	-6.1%	-9.3%	-21.1%	-6.1%	8.2%	11.1%	20.2%	9.5%
Operating Profit	-13.6%	-13.7%	-27.4%	-13.0%	12.6%	12.6%	27.8%	18.3%
Net Profit	-19.1%	-18.3%	-28.6%	-2.6%	7.3%	7.4%	56.2%	16.5%
EPS (NT\$)	-19.1%	-18.3%	-28.6%	-2.6%	7.3%	7.4%	56.2%	16.5%

Source: Company Data, TruePulse Equity Research

## 4. Valuation & Scenario Analysis

### 4.1 Valuation Framework and Multiples

We value Grape King Bio using a peer-anchored PER framework based on 2026E earnings, reflecting the period in which the company's multi-engine growth profile—OEM/ODM expansion, UVACO normalization, and early overseas scaling—becomes more visible. Based on our initiation forecasts, the shares are trading at approximately 12.2x 2026E P/E, 1.5x P/B, and ~5.4x EV/EBITDA, with an implied forward dividend yield of 5–6%. In context of a 2025–2027 EPS CAGR of 18.7%, we view current valuations as undemanding.

Relative to the peers clusters in our comp table:

- **Taiwan strategic peers** (Daiken, TCI, Standard Foods, Sygen) trade at around 22.8x 2026 P/E, with ROEs in the low teens, dividend yields in the 5–6%.
- **Global consumer health & VDS brands** (Jamieson, By-Health, H&H, etc. ) trades at roughly 16.3x 2026E P/E, supported by more diversified revenue bases but often lower dividend yields.
- **Global ingredients and supply-chain** names (Glanbia, Novozymes, DSM-Firmenich) generally trade at 18.9x forward P/E, despite ROE profiles that are not meaningfully higher than Grape King's.
- **Global direct-selling** peers (Herbalife, Nu Skin, USANA Health, etc.) trade at a deeply discounted ~10.3x forward P/E, reflecting structural challenges within the MLM industry.

Exhibit 4.1: Grape King's Peer Valuation Comparison Table

	Market Cap (US\$m)	EPS CAGR 2025-2027E	P/E (x)			P/B (x)			EV/EBITDA			ROE (%)			Dividend Yield (%)		
			2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
<b>Taiwan Strategic Peers</b>																	
Grape King Bio	575	18.7%	12.5	15.0	12.2	1.8	1.6	1.5	5.5	6.3	5.4	14.5	12.1	15.0	5.6	5.0	5.7
Daiken Biomedical	740	57.0%	219.3	70.6	40.8	13.2	-	-	119.7	55.9	24.7	13.7	20.2	25.9	1.4	-	-
TCI Co.	543	-	20.1	19.0	15.4	2.3	2.3	2.2	10.0	-	-	10.1	9.6	12.4	6.4	4.8	4.8
Standard Foods	838	-	15.3	-	-	1.4	-	-	9.0	-	-	9.9	-	-	4.8	-	-
Syngen Biotech	108	-	14.2	-	-	1.5	-	-	8.5	3.1	2.9	11.0	-	-	4.0	-	-
<b>Average</b>		<b>37.9%</b>	<b>56.3</b>	<b>34.9</b>	<b>22.8</b>	<b>4.1</b>	<b>1.9</b>	<b>1.8</b>	<b>30.5</b>	<b>21.8</b>	<b>11.8</b>	<b>11.8</b>	<b>14.0</b>	<b>17.8</b>	<b>4.4</b>	<b>4.9</b>	<b>5.3</b>
<b>Global Direct Selling (MLM) Peers</b>																	
Nu Skin	539	-	-	8.3	7.6	0.8	-	-	3.8	-	-	-	-	-	2.2	-	-
Herbalife	1,719	28.5%	6.8	7.8	5.9	-	-	-	6.2	5.6	5.3	-	-	-	-	-	-
USANA Health	412	26.6%	9.8	12.7	11.4	0.8	0.8	0.8	4.0	3.2	2.9	7.8	3.0	5.2	-	-	-
Nature's Sunshine	432	2.2%	56.1	20.3	23.7	2.9	-	-	10.4	7.4	7.0	4.9	-	-	-	-	-
LifeVantage	78	27.1%	10.6	7.8	6.0	2.6	-	-	5.4	3.9	3.3	25.7	-	-	2.5	-	-
Medifast	124	-	59.2	-	-	0.6	-	-	-	-	-	1.0	-	-	-	-	-
DXN Holdings	633	11.6%	7.8	8.0	7.2	1.9	-	-	3.9	4.1	3.8	24.5	-	-	7.3	7.0	8.1
<b>Average</b>		<b>19.2%</b>	<b>25.1</b>	<b>10.8</b>	<b>10.3</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>5.6</b>	<b>4.9</b>	<b>4.5</b>	<b>12.8</b>	<b>3.0</b>	<b>5.2</b>	<b>4.9</b>	<b>7.0</b>	<b>8.1</b>
<b>Global Consumer Health &amp; VDS Brands</b>																	
Jamieson Wellness	1,089	19.8%	28.8	18.7	15.6	3.0	2.7	2.4	17.8	12.2	10.6	9.9	16.9	16.9	2.3	2.4	2.7
By-health Co.	3,041	36.2%	32.4	29.4	22.8	1.9	1.8	1.9	17.3	12.5	10.8	5.6	7.8	7.8	2.8	2.5	3.0
H&H International	1,176	23.4%	-	12.3	9.6	1.4	1.3	1.2	10.1	7.5	6.7	-	8.9	12.2	2.6	3.2	3.6
Simply Good Foods	1,877	5.8%	13.2	10.3	9.7	1.2	-	-	8.3	8.1	7.6	8.4	-	-	-	-	-
BellRing Brands	3,276	7.1%	11.7	13.5	13.4	-	-	-	9.6	9.9	9.8	-	-	-	-	-	-
Applied Nutrition	814	13.4%	39.1	24.0	20.8	14.3	-	-	29.3	17.1	14.8	-	-	-	-	-	-
BioGaia AB	1,258	25.6%	32.5	36.7	27.5	6.6	8.8	9.6	22.4	25.7	19.3	18.7	20.5	33.1	1.7	4.6	4.6
FitLife Brands	148	62.9%	16.5	21.7	10.8	4.0	-	-	14.2	13.6	9.1	28.4	-	-	-	-	-
<b>Average</b>		<b>24.3%</b>	<b>24.9</b>	<b>20.8</b>	<b>16.3</b>	<b>4.6</b>	<b>3.6</b>	<b>3.8</b>	<b>16.1</b>	<b>13.3</b>	<b>11.1</b>	<b>11.7</b>	<b>12.9</b>	<b>17.5</b>	<b>2.4</b>	<b>3.2</b>	<b>3.5</b>
<b>Global Ingredients &amp; Supply Chain</b>																	
Glanbia	4,558	6.9%	27.7	13.7	13.0	2.3	2.3	2.2	10.7	10.5	10.0	7.8	15.5	16.4	2.1	2.3	2.4
Novozymes	29,640	8.8%	82.4	27.6	25.6	1.3	2.2	2.1	20.2	18.1	16.6	4.7	7.3	7.8	1.5	1.5	1.7
DSM-Firmenich	19,539	6.3%	66.5	17.9	18.2	0.8	0.8	0.8	12.1	8.4	8.6	1.2	4.3	4.3	3.8	3.8	3.9
<b>Average</b>		<b>7.3%</b>	<b>58.9</b>	<b>19.7</b>	<b>18.9</b>	<b>1.5</b>	<b>1.8</b>	<b>1.7</b>	<b>14.3</b>	<b>12.4</b>	<b>11.7</b>	<b>4.6</b>	<b>9.0</b>	<b>9.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.7</b>

Source: Company Data, Capital IQ TruePulse Equity Research

In other words, Grape King trades at a 25–45% discount to Taiwan strategic peers and global consumer-health or ingredients platforms—despite comparable ROE, higher cash yield, and a more diversified earnings base. We believe this valuation positioning understates the earnings resilience of Grape King's integrated model: a combination of a long-standing direct-selling

franchise, high-margin owned brands, a fast-scaling OEM/ODM platform, and proprietary fermentation-based ingredient IP.

With 2026E EPS of NT\$10.0 and a clear runway for mid-teens earnings CAGR through 2027, we see room for Grape King to re-rate toward the mid-teens PER band as the earnings mix tilts further toward OEM/ODM and overseas direct selling, and as the company demonstrates execution across new product categories in immunity, metabolic health, functional beauty, and women’s wellness.

#### 4.2 Scenario-Based Implied Valuation

To reflect the range of execution outcomes around Grape King’s multi-year growth story, we apply different PER assumptions to our 2026E EPS of NT\$10.0 and derive implied valuation ranges. The current share price is around NT\$122–123.

#### Exhibit 4.2: Grape King’s Implied Value Scenario Analysis

Scenario	Applied P/E (x)	Implied Value (NT\$)	Underlying Assumptions
Bear Case	11–13x	110–130	Slower OEM/ODM scaling; delayed overseas execution; prolonged consumer softness
Base Case	14–16x	140–160	OEM/ODM expansion on track; UVACO normalization; gradual overseas contribution
Bull Case	17–19x	170–190	Strong OEM/ODM momentum; successful overseas ramp, improved earnings visibility

Source: Company Data, TruePulse Equity Research

#### Bull Case – NT\$170–190 (17–19x 2026E EPS)

The bull case assumes:

- UVACO Malaysia gains strong early traction, with distributor recruitment, activation, and repeat purchasing ahead of expectations.
- OEM/ODM grows above mid-teens, benefiting from accelerated adoption in Europe, stronger penetration in Japan, and smoother regulatory pathways (e.g., EU ingredient registration).
- One or more new categories—such as metabolic-support formulas, scalp-health solutions, or mushroom-based functional beauty—emerge as meaningful contributors to the revenue mix.
- Shanghai utilization improves faster, supported by Uni-President collaboration and 7-Eleven channel rollout.

Under this scenario, we believe the market could value Grape King in line with high-quality regional consumer-health platforms at around 18x forward P/E, implying a valuation of NT\$180, or roughly +48% upside.

#### Base Case – NT\$140–160 (14–16x 2026E EPS)

The base case assumes:

- Malaysia delivers a steady but measured ramp beginning in 2026, without major deviations from internal expectations.
- OEM/ODM maintains mid-teens growth driven by additional product and customer penetration, including stronger demand from Japan and Europe.
- UVACO Taiwan normalizes as comparison effects fade and new product cycles (e.g., Antrodia Mycelium Beadlets, CordiBella) support member engagement.
- Taiwan own-brand stabilizes with improving mix and cleaner distribution channels.



In this scenario, Grape King re-rates toward a mid-teens PER, still modestly discounted versus Taiwan strategic peers. Applying 15x 2026E EPS yields a fair value of NT\$150, or approximately 23% upside.

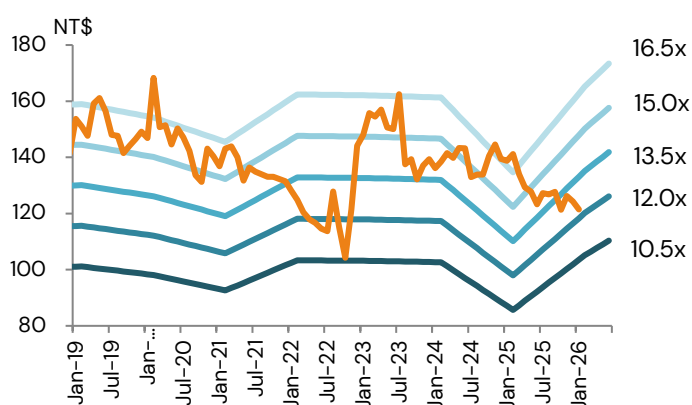
#### Bear Case – NT\$110–130 (11–13x 2026E EPS)

The bear case reflects:

- Malaysia ramp-up delays due to licensing, regulatory timing, or weaker-than-expected distributor productivity.
- OEM/ODM growth moderates to high single digits as certain customer projects convert more slowly or as regulatory hurdles elongate time-to-market for new ingredients.
- Taiwan demand remains soft due to persistent travel-related spending shifts or sustained online discounting pressure.
- Shanghai faces prolonged consumer downtrading, limiting utilization improvement.

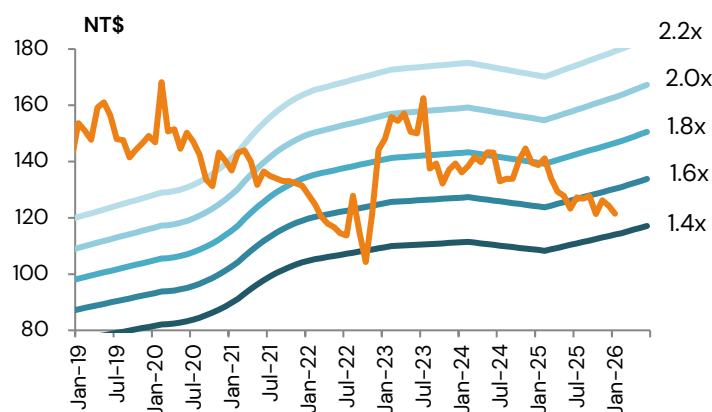
Here, we apply a more conservative 12x 2026E EPS, closer to global MLM peers but still at a premium given Grape King's stronger balance sheet, higher ROIC, and ingredient IP assets. This equates to NT\$120, or 1.6% downside, cushioned by the company's high cash dividend.

Exhibit 4.3: Grape King's Forward P/E Chart



Source: Company Data, TEJ TruePulse Equity Research

Exhibit 4.4: Grape King's Forward P/B Chart



Source: Company Data, TEJ, TruePulse Equity Research

#### 4.3 Key Risks and Challenges

- **OEM/ODM execution risk:** While OEM/ODM is a key growth engine, project-based revenue can be subject to timing delays, longer development cycles, and customer launch schedules, which may introduce short-term volatility despite strong medium-term demand visibility.
- **Direct-selling product-cycle and engagement risk:** UVACO's performance depends on sustained member engagement and successful product launches. Shifts in purchasing patterns, competitive offerings, or slower-than-expected adoption of new categories could affect near-term revenue momentum.
- **Overseas expansion and regulatory complexity:** International growth requires navigating diverse regulatory frameworks, product registrations, and localization efforts. Delays in approvals or higher compliance costs could affect the pace of expansion.
- **China consumption and channel execution:** Shanghai Grape King operates in a highly competitive and price-sensitive environment. Prolonged consumer downtrading, slower channel ramp-up, or execution challenges in new distribution partnerships could limit near-term recovery.
- **Market competition and pricing pressure:** Taiwan's supplement market remains crowded, with increasing online competition and private-label offerings. Maintaining brand positioning and pricing discipline while defending market share remains an ongoing challenge.

## 5. Appendix

### 5.1 Management Profile

#### Dr. Andrew Tseng (曾盛麟) – Chairman and CEO,

Dr. Andrew Tseng is the primary architect behind Grape King Bio’s modern transformation, successfully evolving a 50-year-old traditional manufacturer into a digitally-forward, science-driven biotech leader. Since assuming the role of Chairman in November 2014, he has led the group through multiple innovation cycles, focusing on international expansion and operational premiumization.

#### Education & Academic Background

- Ph.D. in Business Marketing, University of Strathclyde, UK.
- MBA, University of Strathclyde, UK.
- Assistant Professor (Professional Technical Grade), EMBA Program, Tunghai University.

#### Professional Experience & Career Trajectory

Before joining the family business, Dr. Tseng spent over a decade in the United Kingdom, building a career in marketing and consulting. His professional experience includes:

- Senior Marketing Manager, Proxima Consulting (UK).
- Pan-European Marketing Director, Elitegroup Computer Systems (ECS).
- Executive Vice President, Grape King Bio (Returning to Taiwan in 2010 to initiate organizational reform).

#### Key Strategic Achievements

- **Digital Transformation:** Dr. Tseng spearheaded the "Digital DNA" initiative, modernizing internal operational systems and enhancing the company’s agility. This transformation has been critical in aligning the brand with younger demographics and preparing the platform for international expansion..
- **Strategic Alliance with Uni-President:** He successfully negotiated the landmark partnership with Uni-President Enterprises Corp (1216 TT), which dramatically increased Grape King’s retail penetration from 60% to 80% and opened doors for the Shanghai subsidiary’s expansion.
- **Product Rejuvenation:** He led the rebranding of legacy products like ComeBest, launching PowerBOMB in 2015 to target the sub-30 demographic, effectively lowering the average age of the company’s consumer base.
- **ESG & Sustainability Leadership:** Under Dr. Tseng’s leadership, Grape King has emerged as a frontrunner in Taiwan’s corporate sustainability landscape. The company was an early adopter of the RE100 initiative, pledging a transition to 100% renewable energy—a rare milestone for a Taiwanese biotech firm. Furthering this commitment, Grape King signed the SBTi initiative in 2023 to achieve 'Net Zero' by 2050. The company’s governance excellence is reflected in its consistent Top 5% ranking in the TWSE Corporate Governance Assessment and its A-rating from MSCI ESG Rating.

Exhibit 5.1: Grape King’s Third Party ESG Ratings

Third-Party Ratings	Sustainalytics	FTSE	S&P	MSCI	CDP
Score Description	100–0, 0 = Best	0–5, 5 = Best	0–100, 100 = Best	AAA–CCC, AAA = Best	A–D–, A = Best
Latest Score Release Date	5-Sep-25	19-Nov-25	16-Jan-26	12-Nov-25	10-Dec-25
Latest Score	21.7	4.1	60	A	B

Source: Company Data, TruePulse Equity Research

## 5.2 Taiwan Health Supplement Industry Landscape: Macro Drivers and Channel Dynamics

To understand Grape King Bio's strategic positioning, it is essential to examine the macro environment of Taiwan's health supplement market. Taiwan represents one of the most mature and tightly regulated nutraceutical markets in Asia, characterized by a sophisticated consumer base, a strong preventive-health culture, and a uniquely fragmented, multi-lane channel structure. As a result, industry outcomes are driven less by headline market growth and more by regulatory barriers, trust formation, and execution across channels.

### 5.2.1 Structural Demand Drivers: The Super-Aged & Proactive Society

Taiwan's health supplement demand is supported by structural, non-cyclical drivers. The country is projected to enter "super-aged" status by 2026, with over 20% of the population aged 65 or above, up from ~14% in 2018, making it one of the fastest-aging societies in Asia. This demographic shift underpins long-cycle consumption in categories such as joint and bone health, cardiovascular maintenance, cognitive support, and metabolic regulation.

Beyond demographics, Taiwanese consumers exhibit a strong preventive-health mindset, with supplements commonly positioned as daily maintenance rather than treatment. Industry surveys consistently indicate that a majority of supplement users consume products on a regular (weekly or daily) basis, resulting in high repeat purchase rates once brand trust is established. In parallel, modern urban lifestyles have expanded demand for sleep, mood, and fatigue-relief products, where "gentle efficacy," fermentation-based ingredients, and botanical formulations are preferred. Collectively, these factors create a structurally resilient demand profile that favors incumbents with credible product histories and portfolio breadth.

### 5.2.2 The Regulatory Moat: Taiwan's "Little Green Man" Certification System

Regulation is a defining feature of Taiwan's supplement industry. Under the Health Food (健康食品) certification regime—symbolized by the widely recognized "Little Green Man" logo—products seeking to make functional claims must undergo a 2–3 year approval process, supported by clinical efficacy or toxicological data and requiring multi-million NT dollar investment.

As uncertified products are legally restricted from making functional claims, certification confers a structural marketing advantage rather than a mere compliance label. As of recent years, fewer than 400 products across all categories have obtained certification, underscoring the scarcity value of approved claims. Over time, this system has concentrated share in high-barrier functional categories among players with strong formulation expertise and regulatory execution capabilities, while materially limiting the ability of fast-moving or imported brands to compete purely through marketing intensity.

### 5.2.3 Channel Landscape: Winning Across a Multi-Lane Market

Taiwan's supplement market is inherently multi-lane, with value creation differing materially by channel. Direct selling and member-based networks emphasize education, community trust, and recurring purchases; pharmacies and CVS channels rely on point-of-need credibility and professional recommendation; e-commerce platforms prioritize speed, format innovation, and performance marketing; and professional or clinic channels support premium pricing anchored in scientific endorsement.

Importantly, no single channel dominates consumption. Industry estimates suggest that direct selling, retail/pharmacy, and e-commerce each account for roughly 20–35% of total sales, with the remainder spread across professional and institutional channels. This fragmentation increases earnings volatility for single-channel operators and structurally favors platform-based models that

can rebalance demand across channels as consumer behavior, promotion intensity, and regulatory scrutiny evolve.

#### Exhibit 5.2: Taiwan’s Multi-Lane Market Channel Matrix

Channel Lane	Core Strength	Competitive Dynamics
Direct Selling	High engagement; community trust.	High repeat rates; less price-sensitive.
Retail (Pharmacy/CVS)	Point-of-need credibility.	High intensity; merchandising matters.
E-commerce / D2C	Fast growth; Gen Z reach.	Performance-marketing led; promotion heavy.
Professional / Clinics	Scientific endorsement.	Premium pricing; high trust requirements.

Source: Company Data, TruePulse Equity Research

#### 5.2.4 Consumption Shifts: From Capsules to Lifestyle-Integrated Formats

Taiwan is experiencing a structural shift toward lifestyle-integrated consumption. Consumers are increasingly moving away from traditional capsule-only supplements toward more convenient, “snack-able” or beverage-based formats that fit seamlessly into daily routines. Younger cohorts, in particular, are driving growth in eye health, beauty-from-within, and stress-related categories.

Non-capsule formats—such as gummies, jelly sticks, and ready-to-drink functional beverages—have grown at mid-teens to 20%+ rates, materially outpacing the low-to-mid single-digit growth of traditional capsule formats. This trend elevates the importance of manufacturing flexibility, formulation capabilities, and speed-to-market, reinforcing competitive advantages for players that have invested in multi-format production rather than relying on a narrow dosage portfolio.

#### 5.2.5 Competitive Mapping: Category Concentration in High-Barrier Segments

Despite overall brand congestion from imported products and local incumbents, competitive intensity in Taiwan is uneven across categories. Economic profit pools tend to concentrate in high-barrier functional segments, such as medicinal mushrooms, advanced probiotics, and clinically positioned formulations, where certification depth, proprietary know-how, and manufacturing scale materially limit entry.

In contrast, lower-barrier categories are more exposed to price competition and rapid brand turnover, underscoring the importance of portfolio balance and channel discipline. This divergence explains why vertical integration and regulatory competence remain key determinants of sustainable profitability within Taiwan’s supplement industry.

#### Exhibit 5.3: Grape King’s Market Share & Category Strength

Category	Grape King Share	Market Position	Competitive Advantage
Probiotics	~30% - 35%	#1 Market Leader	Scale of UVACO network + clinically validated proprietary strains.
Functional Mushrooms	~59%	#1 Market Leader	Dominance in Antrodia & Lingzhi; 4,000+ strain library.
Energy Drinks	~8%	Top 3	Dual-brand strategy with ComeBest and PowerBOMB.

Source: Company Data, TruePulse Equity Research

### **Positioning Grape King Within Taiwan's Structural Trends**

Within this industry context, Grape King Bio is structurally aligned with Taiwan's demand and competitive dynamics. Its focus on certified, long-cycle functional categories addresses an aging, preventive-health-oriented consumer base, while its fermentation expertise and clinical substantiation capabilities are well suited to a regulatory regime that rewards scientific credibility. Channel diversification across direct selling, retail, e-commerce, and professional channels reflects a deliberate response to Taiwan's fragmented demand structure, reducing reliance on any single distribution lane. Together with ongoing investment in multi-format manufacturing, this platform-based model positions the company to compete for sustainable profit pools rather than short-term volume-driven growth.

### **5.3 UVACO (葡眾): Structural Design, System Mechanics, and Economic Logic**

UVACO represents a rare case in which a traditional nutraceutical manufacturer has successfully built and scaled a captive direct-selling platform with structurally different economics from conventional MLM models. Operated by Grape King Bio, UVACO's system emphasizes product-centric consumption, low-pressure participation, and long-cycle engagement, rather than aggressive recruitment or frequent product turnover. This structural design underpins higher member stability, longer product lifecycles, and more predictable revenue generation.

#### **5.3.1 The "Hero SKU" Strategy: Revenue Efficiency Through Portfolio Discipline**

A defining feature of UVACO's operating model is its intentionally limited SKU portfolio. Unlike global MLM peers that typically carry hundreds or even thousands of SKUs across nutrition, personal care, and household products, UVACO operates with a lean set of core functional products, with sales highly concentrated in a small number of long-established SKUs.

In practice, system volume is driven by a handful of "hero" products—most notably flagship probiotic and nutritional formulations—which have remained core contributors for extended periods with limited formulation changes. This structure enables:

- High revenue per SKU, as sales volume is concentrated rather than fragmented
- Extended product lifecycles, reducing reliance on constant new launches to sustain momentum
- Manufacturing scale benefits, particularly in fermentation-based production
- Lower education complexity, allowing members to quickly achieve product familiarity and confidence

Compared with SKU-expansive MLM models that depend on frequent product rotation to offset consumer fatigue, UVACO's approach prioritizes depth of consumption over breadth of offerings, supporting system stability and operational efficiency.

#### **5.3.2 System Rules and Policies: The "Three No's"**

UVACO's compensation and participation framework is governed by a set of structural rules that materially distinguish it from typical MLM systems and directly influence member behavior and retention.

First, cumulative sales points do not expire. Unlike most MLMs where points reset monthly, UVACO allows points to accumulate indefinitely, enabling part-time participants and consumer-focused members to progress at their own pace without end-of-month pressure.

Second, rank demotion is structurally avoided. Once a member achieves a certain rank, that status is retained without the need to requalify through high

monthly quotas. This reduces burnout and mitigates the volatility commonly associated with forced requalification systems.

Third, inventory loading is structurally discouraged. Because points do not reset and ranks are permanent, there is no economic incentive for members to accumulate excess inventory solely to achieve or maintain status. This results in a healthier consumption profile, where purchases more closely reflect real end-user demand rather than internal channel loading.

Collectively, these rules shift the system away from performance-driven pressure toward usage-driven participation, which is structurally supportive of longer member lifetimes and lower attrition.

### 5.3.3 Rank Structure and Progression Logic

UVACO employs a progressive rank framework that integrates personal consumption and team development. Members typically enter as product users and may gradually transition into active distributors as familiarity and confidence increase. Advancement through managerial and senior ranks increasingly emphasizes organizational depth and leadership contribution rather than personal purchasing alone.

At higher tiers—often referred to internally as the “precious stone” ranks (e.g., Pearl, Emerald, Blue Diamond)—members participate in broader incentive pools and recognition programs. Importantly, because rank retention does not require continuous requalification, senior members tend to remain economically aligned with the platform even as their active selling intensity moderates, reinforcing long-term system cohesion.

### 5.3.4 Member Economics: Retention, Attrition, and Consumption Orientation

UVACO’s system design produces a member base that is consumer-first rather than recruitment-first. Management and distributor disclosures consistently indicate that a substantial majority of participants are regular product users who may or may not actively pursue business-building activities. This contrasts with traditional MLMs, where distributor churn is often structurally high due to recruitment-driven incentives and rank maintenance pressure.

From an economic perspective, this translates into:

- **Higher effective retention**, as members continue purchasing products even if selling activity declines
- **Lower structural attrition**, supported by the absence of punitive demotion or reset rules
- **Longer lifetime value (LTV)** per participant, driven by habitual consumption

While standardized retention metrics are not publicly disclosed, the system’s rule design and consumption patterns suggest a structurally more stable network than recruitment-heavy MLM comparables.

Within the broader group, UVACO functions less as a high-growth acquisition channel and more as a structural demand anchor. Its repeat-driven consumption, long product cycles, and stable member base provide earnings visibility that complements the higher volatility of e-commerce and promotional retail channels. At the same time, the platform serves as an effective launch environment for new certified formulations, leveraging established trust and community-based adoption rather than mass-market advertising.

**Exhibit 5.4: Comparison with Conventional MLM Model**

Dimension	Conventional MLM	UVACO (Pro-Partner)
<b>SKU Strategy</b>	Very broad, frequent launches	Focused, long-cycle hero SKUs
<b>Rank Maintenance</b>	Monthly requalification	Permanent once achieved
<b>Point Treatment</b>	Monthly reset	Indefinite accumulation
<b>Inventory Incentive</b>	Often high	Structurally discouraged
<b>Member Orientation</b>	Recruitment-focused	Consumer-first
<b>Revenue Stability</b>	High volatility	More stable, repeat-driven

Source: Company Data, TruePulse Equity Research

UVACO’s success is not the result of aggressive incentives or SKU proliferation, but of system architecture. By aligning compensation rules, product strategy, and governance around real consumption and long-term participation, UVACO has built a durable community that supports both revenue stability and brand equity. In the context of Taiwan’s tightly regulated supplement market, this structural DNA represents a meaningful competitive differentiator rather than a conventional MLM growth play.

### Grape King's Income Statement

NT\$m	2023	2024	2025E	2026E	2027E
Net Sales	10,635	11,160	10,252	11,407	13,063
COGS	2,099	2,502	2,531	2,751	3,271
Realized profit (loss) from sales	-2	-0	-1	0	0
Gross Profit	8,536	8,658	7,720	8,656	9,792
Selling Expenses	5,046	5,140	4,695	5,136	5,715
G&A Expenses	702	726	666	725	817
R&D Expenses	290	292	298	353	405
Other Operating Expenses	0	0	0	0	0
Operating Profit	2,499	2,500	2,061	2,441	2,856
EBITDA	2,959	3,013	2,649	3,097	3,607
Net Interest Income (Expenses)	48	50	38	32	37
Other, Net	0	0	4	26	42
EBT Excl. Unusual Items	2,547	2,550	2,104	2,499	2,935
Gain (Loss) on Sales of Investments	0	0	0	0	0
Gain (Loss) on Sale of Assets	-1	1	-0	0	0
Gain (Loss) on FX	1	7	-7	0	0
Other Unusual Items, Total	117	116	74	111	112
EBT Incl. Unusual Items	2,663	2,673	2,171	2,611	3,047
Income Tax Expense	519	502	420	499	585
Earnings from Cont. Ops.	2,144	2,171	1,751	2,111	2,463
Discontinued Operations	0	0	0	0	0
Net Income to Company	2,144	2,171	1,796	2,106	2,463
Minority Interest	689	723	543	629	760
Preferred stock dividends	0	0	0	0	0
Net Income to Parent	1,455	1,448	1,208	1,482	1,703
EPS (NT\$)	9.82	9.78	8.16	10.01	11.49

Source: Company Data, TEJ TruePulse Equity Research

### Grape King's Balance Sheet

NT\$m	2023	2024	2025E	2026E	2027E
Cash & Equivalent	4,819	4,343	3,848	4,478	5,291
Trading Asset Securities	80	41	21	21	21
Short-Term Investment	71	49	89	89	89
AR & NR	291	305	289	315	364
Inventories	688	754	807	865	1,044
Prepaid Expenses	64	73	132	132	132
Other Current Assets	26	32	22	22	22
Total Current Assets	6,039	5,596	5,206	5,921	6,962
Long-term Investment	89	193	278	278	278
Total property plant and equipment	7,539	7,699	7,641	7,550	7,433
Goodwill	0	0	0	0	0
Other intangibles	125	119	97	48	0
Other Non-Current Assets	1,721	1,717	1,785	1,785	1,785
Total Assets	15,512	15,324	15,008	15,583	16,458
AP & NP	290	309	350	374	454
Accrued Expenses	3,122	2,778	2,651	2,537	2,529
Other Current Liabilities	235	235	284	284	284
Total Current Liabilities (excl. ST Debt)	3,647	3,323	3,285	3,194	3,267
Working Capital Revolver (ST Debt)	0	0	0	0	0
Total Debt (excl. Working Capital Revolver+incl. LT Debt within 1 yr)	0	0	0	0	0
Other Liabilities	235	210	266	266	266
Total Liabilities	3,882	3,533	3,550	3,460	3,533
Total Common Equity	9,978	10,056	9,860	9,896	9,939
Common Stock	1,481	1,481	1,481	1,481	1,481
Capital Reserve	2,876	2,879	2,881	2,881	2,881
Retained Earnings	5,700	5,730	5,585	5,595	5,596
Other Adjusted Items	-80	-35	-88	-62	-20
Total Preferred Equity	0	0	0	0	0
Minority Interest	1,652	1,735	1,598	2,227	2,987
Total Equity	11,630	11,791	11,458	12,123	12,925

Source: Company Data, TEJ TruePulse Equity Research

### Grape King's Cashflow Statement

NT\$m	2023	2024	2025E	2026E	2027E
Net Income	1,455	1,448	1,208	1,482	1,703
Minority Interest	689	723	543	629	760
D & A, Total	434	475	543	606	694
Amortization of Deferred Charges	26	39	44	49	57
Change in Net Operating Assets	-87	-51	-711	-60	-148
Other Non-Cash Items, Total	5	-757	210	0	0
Other Non-Cash Items, Total (incl. minority profit)	693	-35	641	0	0
Cash Flow-Operating	2,522	1,876	1,838	2,707	3,065
Capital Expenditure	-587	-627	-454	-530	-607
Sales of PP&E	0	1	1	14	30
Other Investing Activities	-68	-36	-118	0	0
Cash Flow-Investment	-655	-662	-571	-516	-577
Issue/(Retire) of Debt	0	0	0	0	0
Bank Revolver Draw/(Paydown)	0	0	0	0	0
LT Debt (Paydown)	0	0	0	0	0
Issue/(Retire) of Common Equity	0	0	0	0	0
Issue/(Retire) of Preferred Equity	0	0	0	0	0
Cash dividends paid	-1,664	-1,670	-1,703	-1,587	-1,718
Other Financing Activities	-45	-54	-26	0	0
Increase (decrease) in Minority	0	6	4	0	0
Cash Flow-Financing	-1,709	-1,717	-1,725	-1,587	-1,718
Foreign Exchange Effects	-10	27	-37	26	42
Change in Cash Flow	148	-476	-495	630	813
Beginning Cash	4,673	4,819	4,343	3,848	4,478
Ending Cash	4,821	4,343	3,848	4,478	5,291

Source: Company Data, TEJ TruePulse Equity Research

### Grape King's Financial Ratios

NT\$m / % / Days	2023	2024	2025E	2026E	2027E
<b>Margins</b>					
Gross margin	80.3%	77.6%	75.3%	75.9%	75.0%
Op expense ratio	56.8%	55.2%	55.2%	54.5%	53.1%
Operating margin	23.5%	22.4%	20.1%	21.4%	21.9%
EBITDA margin	27.8%	27.0%	25.8%	27.2%	27.6%
Pretax margin	25.0%	24.0%	21.7%	22.9%	23.3%
Net margin	13.7%	13.0%	11.8%	13.0%	13.0%
<b>Balance sheet ratios</b>					
Receivables	291	305	289	315	364
Inventory	688	754	807	865	1,044
Payables	290	309	350	374	454
Net working capital	689	750	746	806	954
Receivable days	9.6	9.7	10.6	9.7	9.5
Inventory days	119.7	105.2	112.6	110.9	106.5
Payable days	50.8	43.7	47.5	48.0	46.2
Cash conversion cycle	78.5	71.2	75.6	72.6	69.8
<b>Liquidity ratios</b>					
Operating cash flow	2,522	1,876	1,838	2,707	3,065
Capex	-587	-627	-454	-530	-607
Free cash flow	1,935	1,249	1,384	2,177	2,459
Cash & Cash equivalent	4,819	4,343	3,848	4,478	5,291
Gross debt	0	0	0	0	0
Net debt	-4,890	-4,391	-3,937	-4,567	-5,380
Gross debt/equity	0%	0%	0%	0%	0%
Net Debt/Equity	-42%	-37%	-34%	-38%	-42%
Liabilities/Equity	33%	30%	31%	29%	27%
Liabilities/Assets	25%	23%	24%	22%	21%
<b>Return ratios</b>					
ROAE	14.9%	14.5%	12.1%	15.0%	17.2%
ROAA	9.5%	9.4%	8.0%	9.7%	10.6%

Source: Company Data, TEJ TruePulse Equity Research



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