

YFY Inc.

4Q23 Earnings

2024/03/15

1907.TW

Disclaimer

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YFY Five Strategic Directions



4Q23 and 2023 Financial Results

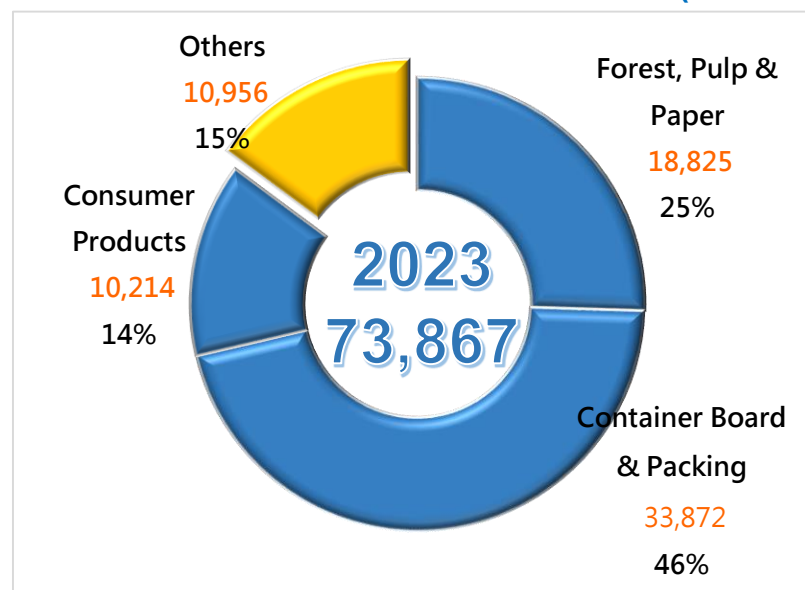
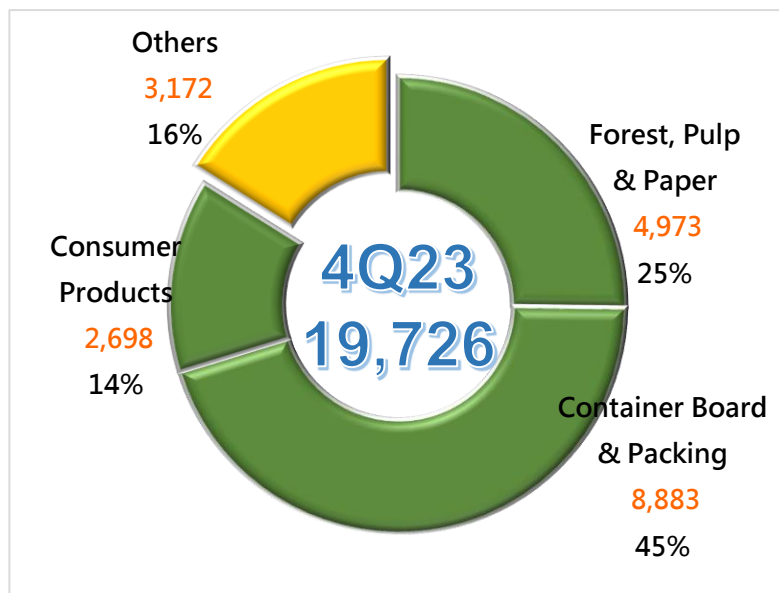
(NTD \$M)	4Q23	4Q22	Y/Y	2023	2022	Y/Y
Revenue	19,726	19,350	1.9%	73,867	79,636	(7.2%)
Gross Profit	3,200	2,394	33.7%	10,083	11,116	(9.3%)
Operating Profit	600	(6)	-	137	1,147	(88.0%)
None-Operating Income/Expenses	132	150	(12.1%)	2,425	2,440	(0.6%)
Profit Attributable to Parent Company	500	(56)	-	1,827	2,170	(15.8%)
EPS (NTD)	0.30	(0.03)	-	1.10	1.31	(16.0%)
Net Profit Margin	2.5%	(0.3%)		2.5%	2.7%	

Non-Operating Income/Expenses

(NTD \$M)	4Q23	2023
Financial Costs	(243)	(1,062)
Interest Income	106	416
Share of Profit of Associates	197	1,256
FX Gains/Losses	(122)	227
Dividend Income	15	857
Other Income	179	731
Total	132	2,425

Revenue by Operating Segment

(NTD \$M)



Forest, Pulp and Fine Paper Business Group:

Including pulp, cultural paper, packaging paper, specialty paper, and cardboard.

Containerboard and Packaging Business Group:

Including industrial cardboard containers, colored cases, and food containers.

Consumer Product Business Group:

Household products including tissue paper, napkins, and cleaning products.

Others Business:

Products other than paper including specialty materials, RFID, packaging designs , and other services.

Note:

The performance of each segment was measured by operating profits of each business.

Revenue and profit among segments have been adjusted with intra-segment elimination to reconcile with consolidated financial statements.

Performance by Operation

(NTD \$M)	4Q23	2023
Operating Segment		
Forest, Pulp & Paper	47	(859)
Containerboard & Packaging	198	100
Consumer Products	380	1,130
Others	(25)	(234)
Operating Profit	600	137
Non-operating Incomes		
Investments from equity method (E Ink)	196	1,256
Dividend Income (SinoPac Holdings)	15	857
Subtotal of Investments from equity method and Dividend Income	211	2,113

Note:

The performance of each segment was measured by operating profits of each business. Revenue and profit among segments have been adjusted with intra-segment elimination to reconcile with consolidated financial statements.

Diversified Business & Product Portfolio

The profits from Core Extended business formed a positive and sustainable trend, and those business are driving for profit optimization.

Core Extended Business

Eink



SHINFONG



ARIZON



永豐金控
SinoPac Holdings

YFY JUPITER

Paper Business

Forest, Pulp and Paper BG



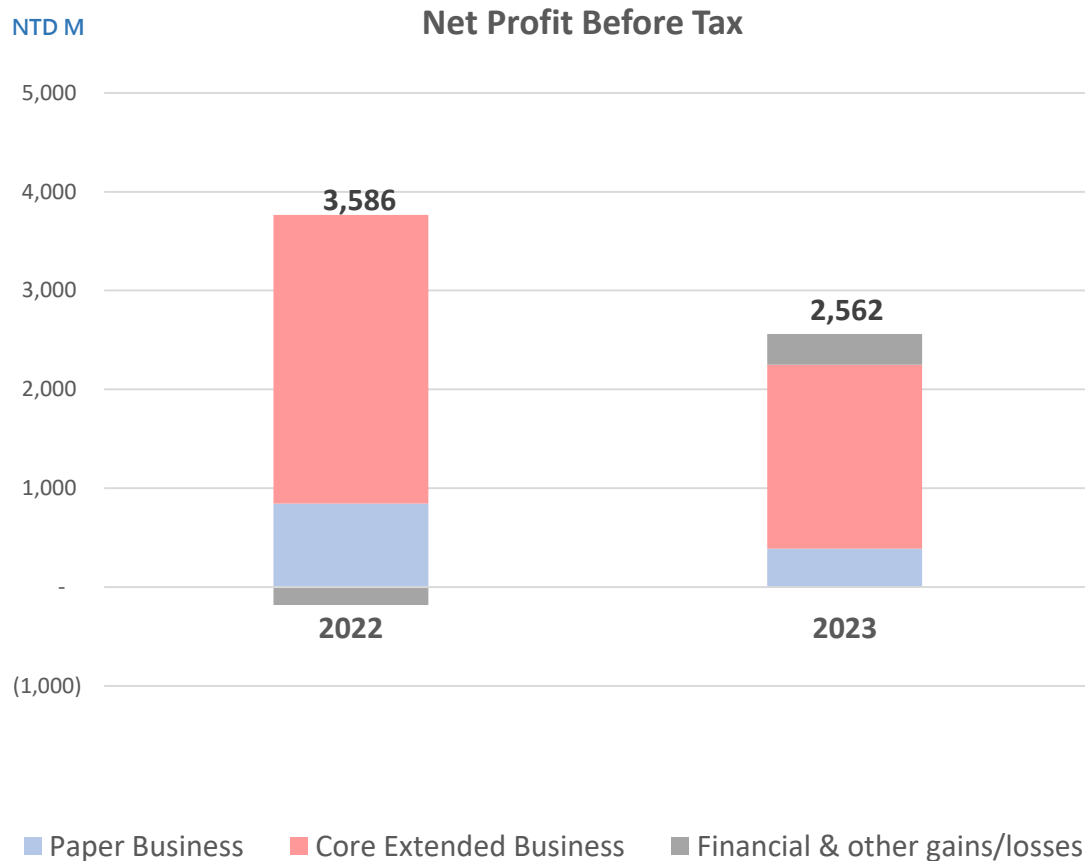
中華紙漿股份有限公司
Chung Hwa Pulp Corporation

Containerboard & Packaging BG

永豐餘工業用紙

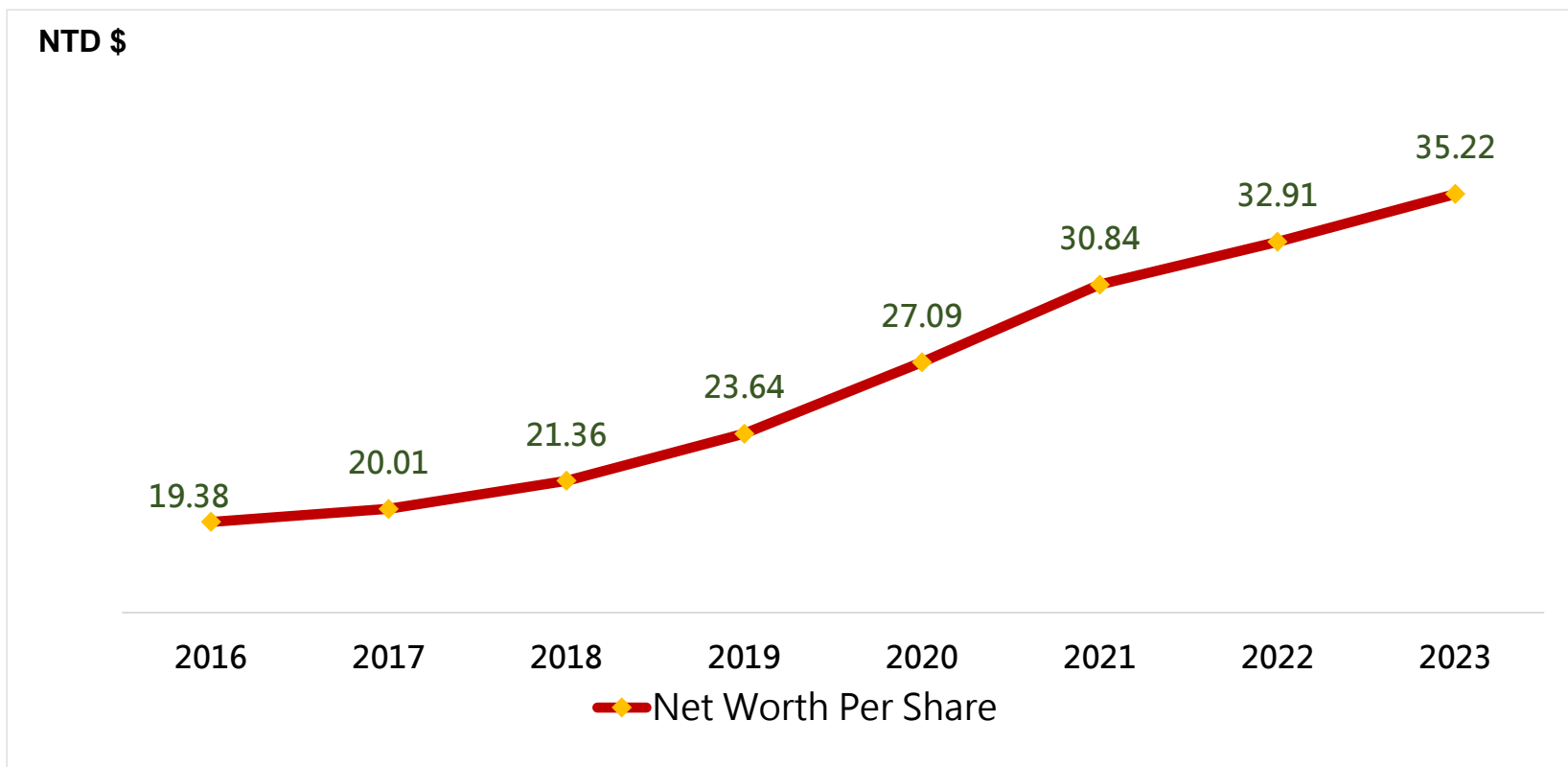
Consumer Products BG

永豐餘消費品實業



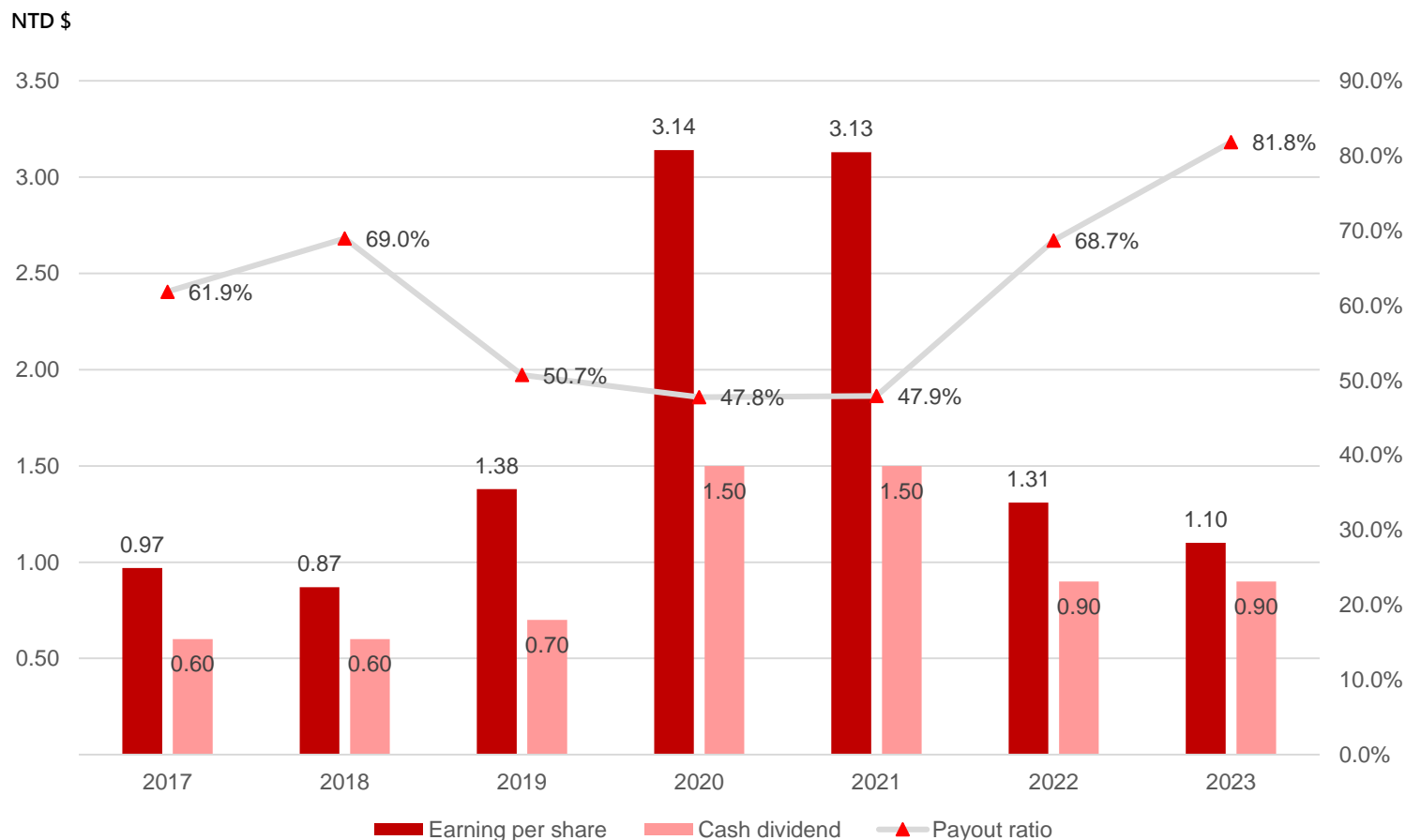
YFY Inc. Stable Growth from Diversified Business Strategy

Growth for the 7th consecutive years, 2023 net worth per share reached NT\$35.22. CAGR at 9%. YFY follows five strategic directions, and enhances its resilience for macroeconomics uncertainty through its diversify products and services.


















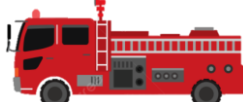


Cash Dividends

NT\$0.90 cash dividend (close to 82% payout ratio) approved by Board.
Cash dividend distribution for the 7th consecutive years.



YFY Inc. Participation

Awards	YFY Inc. (1907)	CHP (1905)	CPG (6790)	E ink (8069)	SHINFOONG (6582)
TCSA- Prestigious Enterprise	Top100 	Top100 	Outstanding Enterprise 	Top10 	
TCSA- Sustainability Report	Platinum Award 	Silver Award 	Silver Award 	Platinum Award (Note.1) 	
Workplace Related	Taipei City Gender Equality in the Workplace - Gold Award 		HR Asia - Best companies to work for in Asia 	HR Asia - Best companies to work for in Asia 	
Renewable Energy	Joined in Sep 2023 	Joined in Sep 2023 	Joined in Sep 2023 	Joined in Mar and Won Best Newcomer in Sep 2023 	
Public Welfare Participation	(1)"YFY Taitung Jr. Academy" for the 9th consecutive years. (2)Sponsor wetland restoration to protect the ecological environment.  			Donated E-book readers to build mobile libraries since 2017.	Donated high- performance chemical fire trucks. 

Note 1: E ink has received a total of 7 TCSA awards and recognition from other organizations

Conclusion

2023

1. The consolidated revenue was NT\$73.87 billion, decreased 7.2% from 2022 due to mild recovery in the macroeconomic and conservative consumer spending. 4Q23 revenue was NT\$19.73 billion with QoQ increased 6.7% and YoY increased 1.9%. Revenue growth for each business segment.
2. The consolidated operating profit was NT\$137 million, 4Q23 pulp and paper turned positive from stable pulp pricing and seasonal demand.
3. Non-operating income were mainly contributed from equity method investments of E Ink NT\$1.26 billion and dividends income from SinoPac Holdings NT\$857 million. Consolidated net profit attributable to the parent company NT\$1.83 billion and EPS of NT\$1.10.
4. Diversify business and product portfolio drive for optimized and stable profit contribution. The net worth per share has grown for the 7th consecutive years reached NT\$35.22.
5. NT\$0.90 per share cash dividend (payout ratio 81.8%) approved by Board .

Outlook

1. Forest, Pulp and Paper Business Group: Continuously develop low-carbon emission products and gain market share.
2. Container board and Packaging Business Group: Demand driven by consumer essentials. Expansion on renewable energy capacity.
3. Consumer Product Business Group: Optimizing the product portfolio, continuing to improve and increase production automation.
4. Others Business: Capacity adjustments aligned with demand. Accelerating the development of niche products.
5. Equity Method & FVOCI: New technology driven for capacity expansion. Dividend income benefits from improved macroeconomic.

2024 will be a year filled with opportunities and challenges. YFY will follow the five strategic directions, further enhancing the company's operational efficiency and optimizing its product portfolio. The company has being devoted to low carbon emission, low energy consumption, and replacing petrochemicals with saccharide. Promoting ESG to ensure sustainable growth for the company. Continuing to create reasonable investment value for shareholders.

App. 1 Profit Composition of YFY Inc. Presented in Financial Statements

Consolidated Operating Profit

Investments from equity method

Dividend Income

Consolidated Net Profit

Forest, Pulp and Paper BG



中華紙漿股份有限公司
Chung Hwa Pulp Corporation

Containerboard & Packaging BG

永豐餘工業用紙

Consumer Products BG

永豐餘消費品實業

Others Group



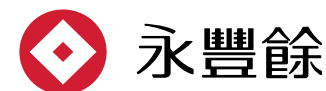
Share of Profit

Eink

Other Investments

永豐金控
SinoPac Holdings

YFY Inc.



App.2 YFY Inc.'s Diversified Investment Portfolio

Classification	Percentage of shareholding	Investment Portfolio	Profit and Loss Recognition Method		
			Investment Gain/Loss	Gain/loss on disposal	Valuation gain/loss
Equity-method investments-subsidiary corporation	$\geq 50\%$ *have control over	CHP、YFY Packaging、YFYCPG Shingfoong Arizon RFID Other：YFY Jupiter	Operating Profit ↓ Net Profit Net Profit of Subsidiary Company* percentage of shareholding	Status unchanged： Capital Reserve Selling Price-Carrying Amount Status changed： Net Profit Selling Price-Carrying Amount	Other Comprehensive Income (Loss) Subsidiary's FVOCI Valuation gain/loss *percentage of shareholding
Equity-method investments-Affiliated Companies	20~50% *Have Significant influence	E Ink.	Non-operating income ↓ Net Profit Affiliated Companies's net profit*percentage of shareholding	Net Profit Selling Price-Carrying Amount	Other Comprehensive Income (Loss) Affiliate's FVOCI Valuation gain/loss *percentage of shareholding
FVOCI Current financial assets at fair value through other comprehensive income	$\leq 20\%$ *No Significant Influence	SinoPac Holdings	Non-operating income ↓ Net Profit Dividends	Other Comprehensive Income (Loss) Selling Price-Carrying Amount	Other Comprehensive Income (Loss) FVOCI Valuation gain/loss



Thank you
