

YFY Inc.

2Q24 Earnings Conference

2024/08/14

1907.TW

Disclaimer

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1H24 Financial Results

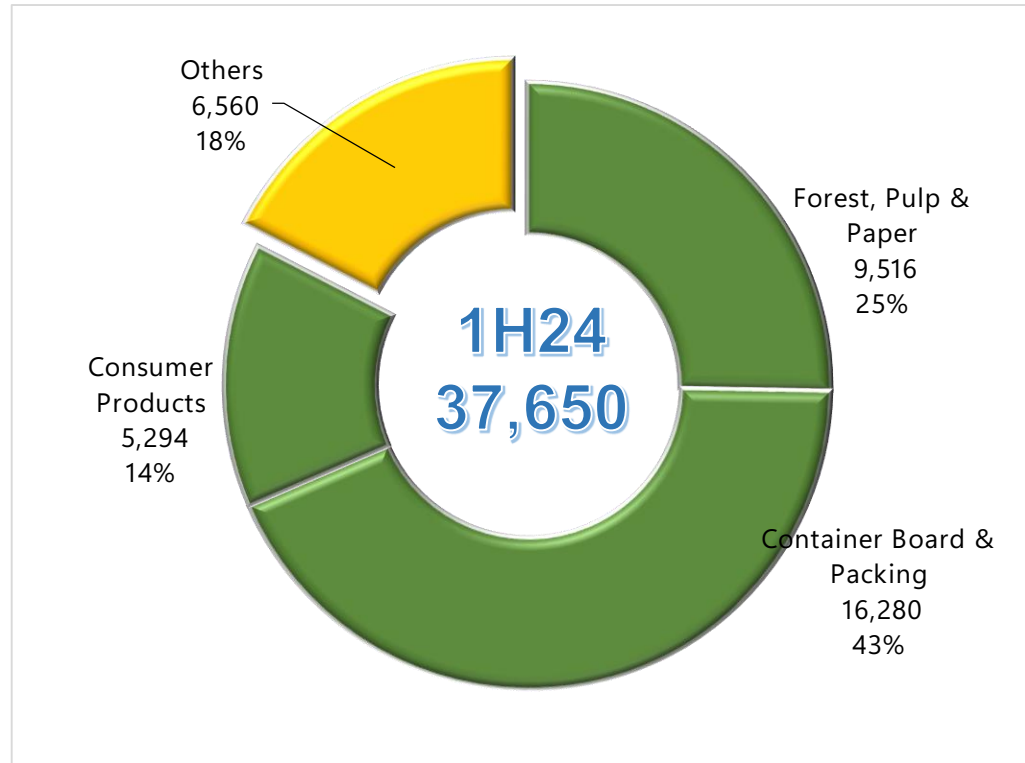
(NTD \$M)	1H24	%	1H23	%	Y/Y
Revenue	37,650		35,655		5.6%
Gross Profit	5,238	13.9%	4,404	12.4%	18.9%
Operating Profit	101	0.3%	(368)	-1.0%	127.5%
None-Operating Income/Expenses	824	2.2%	792	2.2%	4.0%
Profit Attributable to Parent Company	292	0.8%	193	0.5%	51.2%
EPS (NTD)	0.18		0.12		50.0%

Non-Operating Income/Expenses

(NTD \$M)	1H24	1H23	Y/Y
Profit from Equity Method	533	672	-20.7%
Financial Costs	(520)	(546)	4.8%
Interest Income	218	195	11.8%
FX Gains/Losses	319	87	266.7%
Dividend Income	35	57	-37.8%
Other Income	239	327	-26.9%
Total	825	792	4.1%

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.

Performance by Operation

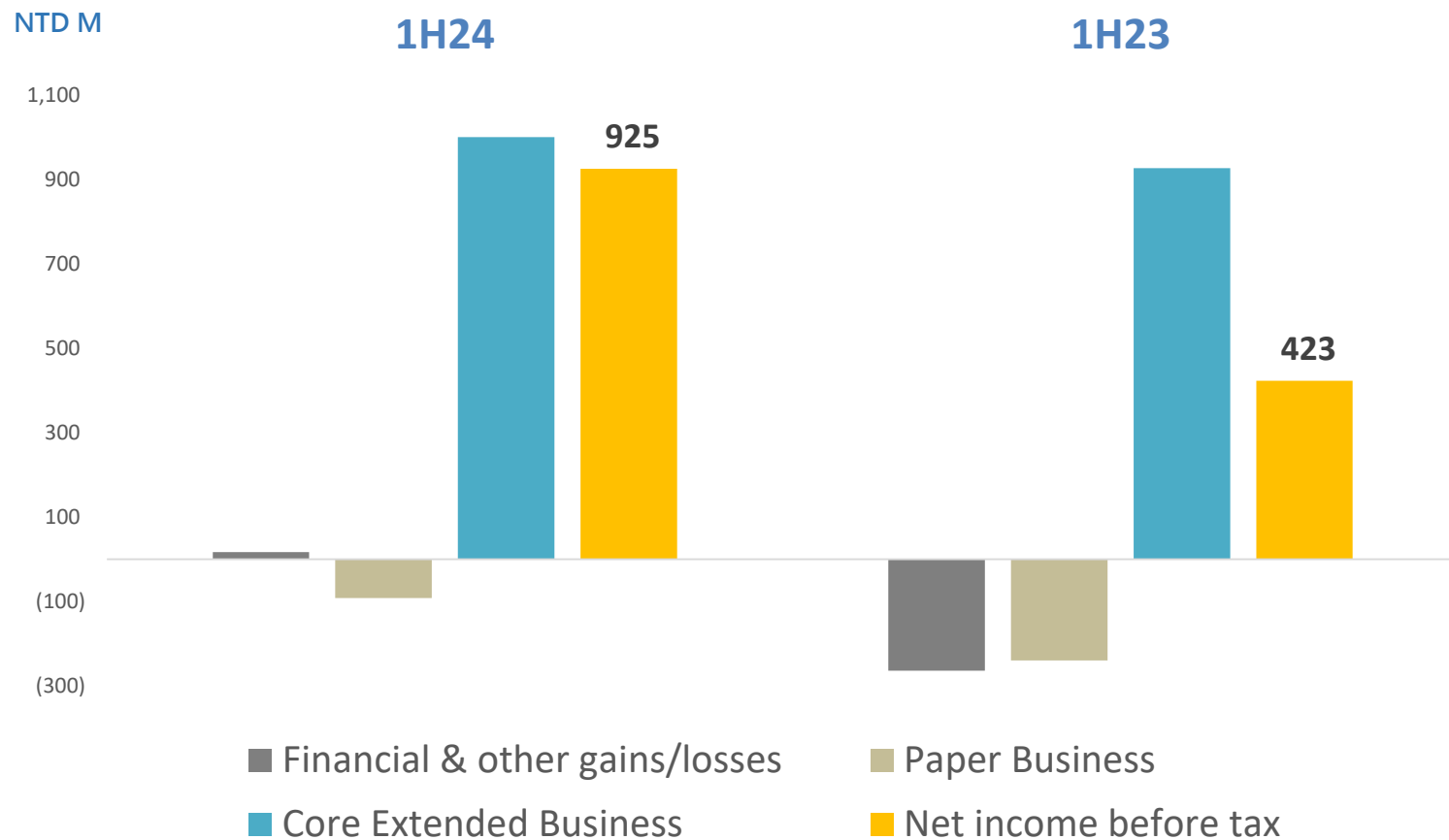
(NTD \$M)	1H24	1H23	Y/Y
Operation			
Forest, Pulp & Paper	(244)	(548)	55.4%
Containerboard & Packaging	(442)	(134)	-230.0%
Consumer Products	536	396	35.4%
Others	251	(82)	406.4%
Operating Profit	101	(368)	127.4%
Non-operation			
Investments from Equity method	533	672	-20.7%
Dividend Income	35	57	-37.3%
Subtotal of Investments from Equity Method and Dividend Income	569	729	-22.0%

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.

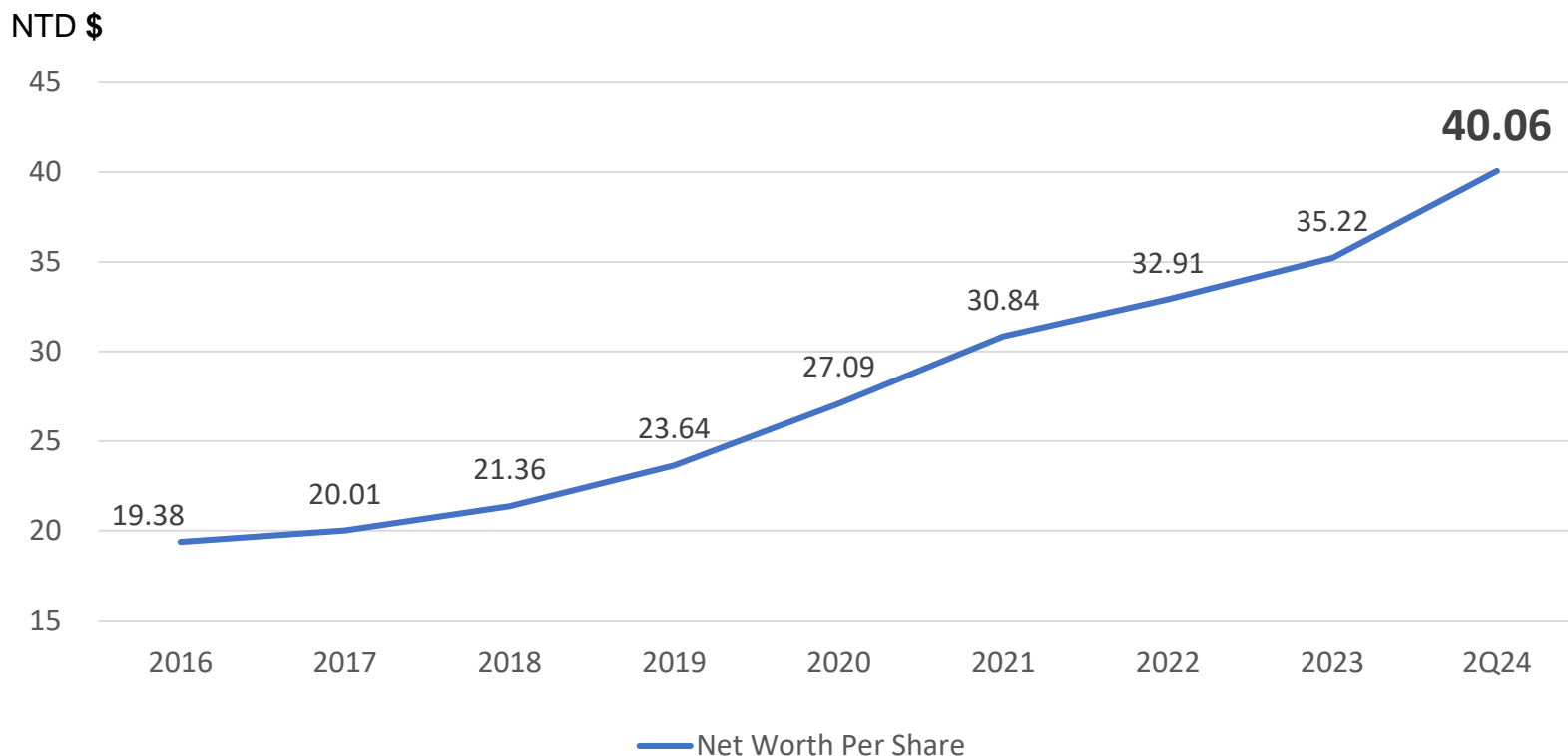
Diversified Business & Product Portfolio

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



YFY Inc. Stable Growth from Diversified Business Strategy

Growth for the 8th consecutive years, 1H24 net worth per share reached NT\$40.06. CAGR over 9%. YFY continuous expansion of diversified business as a long-term strategy to enhance the profitability stability of the product portfolio and strengthen the resilience required to face macroeconomic uncertainty.



Important Performance Description of the 2023 Sustainability Report

Environment

- ✓ GHG emissions of 3 business groups in Taiwan decreased 9.3% compared to 2018 and 9.8% down on scope 1
- ✓ The 3 business groups collectively saved 62,000,000 kWh electricity, which was equivalent to reducing nearly 50,000 metric tons of CO₂e
- ✓ Total water consumption in three business groups decreased by 27.7% from 2022
- ✓ Water recycling rate of paper plants in Taiwan is more than 90% at its peak

Social

- ✓ Over NT\$12 million invested in social welfare initiatives and a total of nearly NT\$50 million in the past three years
- ✓ Mean gender pay gap is less than 1% among Taiwanese employees
- ✓ Female employees at 24%. Female leadership at 20%.
- ✓ The "YFY Taitung Academy" has 580+ volunteer tutors, contributed over NT\$4.15 million in sponsorship, and shared 4,500 hours of reading time.

Governance

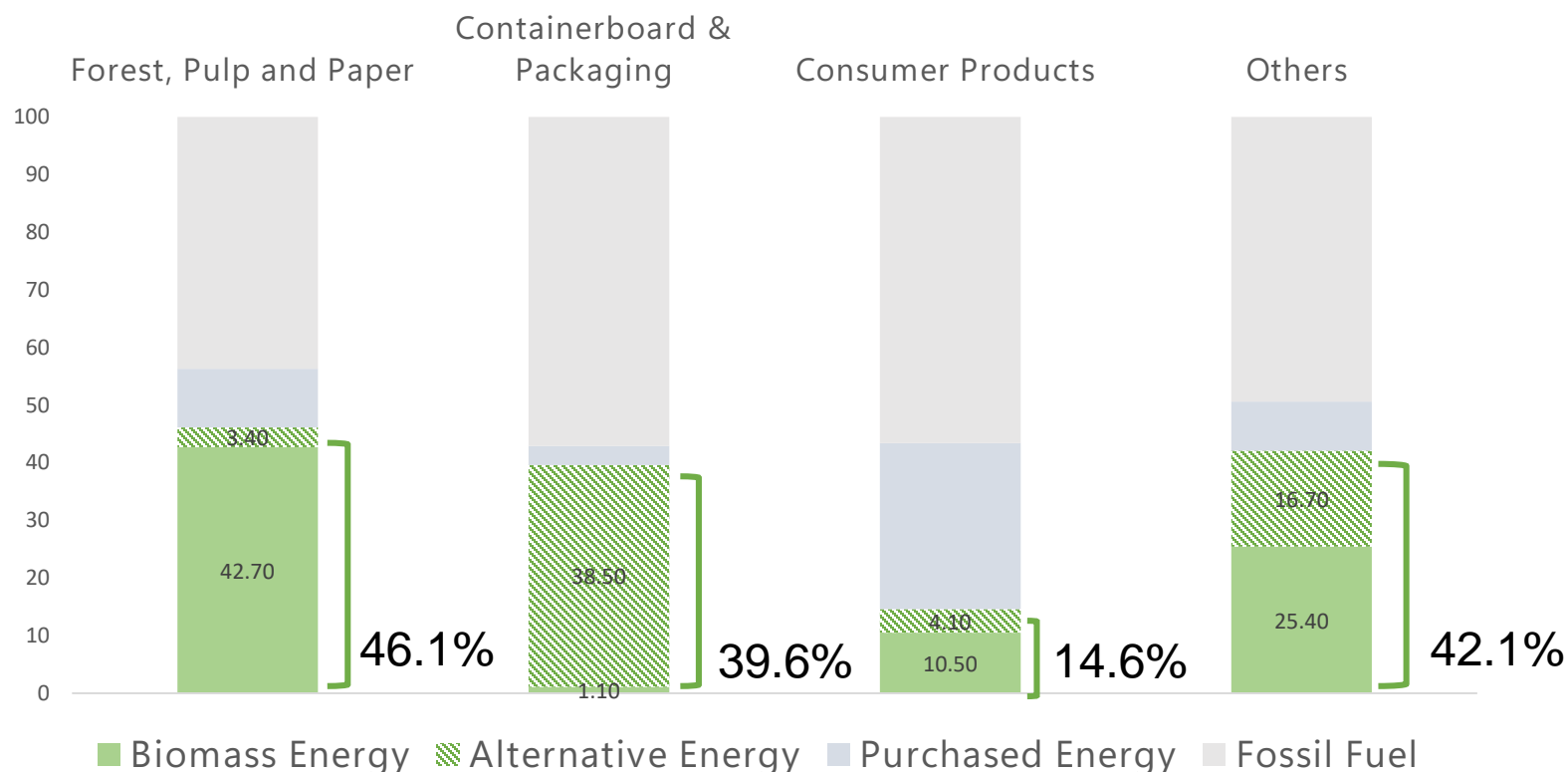
- ✓ Ranked 6%-20% in the 2023 Corporate Governance Evaluation for Taiwan listed companies
- ✓ Over 50% of the members in the Sustainable Development Committee are independent directors
- ✓ Green procurement expenditure reached NT\$9 billion
- ✓ 100% of the foreign pulp procured in Taiwan has been verified by FSC/PEFC
- ✓ Over 91% of raw materials used by the three business groups are from recycled materials.

*The three business groups are Forest, Pulp and Paper BG, Containerboard & Packaging BG, and Consumer Products BG.

* Values are subject to the sustainability report

Environment - 2023 Percentage of Energy Input

Leading results of the sum percentage of Biomass Energy and Alternative Energy.



* Values are subject to the sustainability report

Conclusion – 1H24 Operating Performance

1. Revenue reached NT\$37.65 billion and 5.6% increased from 1H23. Growth contributed from RFID labels and consumer goods demand.
2. Consolidated operating profit was NT\$101 million, benefiting from new products, new capacity, and favorable cost factors from paper and pulp segment. The consolidated operating profit improved from the same period last year."
3. Non-operating income was approximately NT\$824 million, mainly from E Ink Holdings under equity method, dividend income, foreign currency hedging, and exchange gains.
4. Consolidated net profit attributable to the parent company was NT\$292 million. EPS of NT\$0.18.
5. Net worth reached NT\$40.06 with diversified business profit sources for optimized and positive contribution.

Conclusion – Outlook for Business Group

1. Forest, Pulp and Paper Group: Continues to expand the application of paper fibers into segment of food, clothing, housing, and transportation with principle of low-carbon production, food safety, and fully recyclable.
2. Container board and Packaging Group: Near term, benefiting from seasonal demand. Longer term, increasing value added by vertical integration of R&D, manufacturing, and market demand.
3. Consumer Product Group: Continues to innovate, optimize product portfolios, and enhance cooperation with strategic partners.
4. Others Business: The easy access of RFID labels will lead to new operational models; green trend will accelerate special materials demand; smart energy solutions well-balance environmental and energy challenges.
5. Equity Method & FVOCI: Demand increase from the new generation e-paper technology; dividend income will benefit from strong performance of the invested companies.

YFY Inc. will lead the group transforming into climate-tech industry on the foundation of existing operations synergy. Converting climate and environmental challenges into new business models incorporated with modern technology to ensure sustainable growth of the company, and continuously creating 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



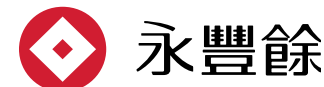
Share of Profit

Eink

Other Investments

永豐金控
SinoPac Holdings

YFY Inc.



App.2 YFY Inc.'s Diversified Investment Portfolio

Classification	Investment Portfolio	Profit and Loss Recognition Method	
		Investment Gain/Loss	Valuation Gain/Loss
Equity-method investments-subsidiary corporation	CHP、YFY Packaging、YFYCPG Shingfoong Arizon RFID Other：YFY Jupiter	Operating Profit ↓ Net Profit Net Profit of Subsidiary Company x percentage of shareholding	Other Comprehensive Income (Loss) Subsidiary's FVOCI Valuation Gain/Loss x percentage of shareholding
Equity-method investments-Affiliated Companies	E Ink.	Non-operating Income ↓ Net Profit Affiliated Companies's net profit x percentage of shareholding	Other Comprehensive Income (Loss) Affiliate's FVOCI Valuation Gain/Loss x percentage of shareholding
FVOCI Current financial assets at fair value through other comprehensive income	SinoPac Holdings	Non-operating Income ↓ Net Profit Dividends	Other Comprehensive Income (Loss) FVOCI Valuation gain/loss

Blue : Included in EPS calculation.

Green : Included in the net value calculation.
Not included in EPS.



Thank you
