



3303.TWO

2023 UNIVACCO EARNINGS CONFERENCE

26th October 2023

Outline

- About Univacco
- Finance Review
- Sustainability and Corporate Governance
- Q4 2023 Outlook



About Univacco



A globally renowned leader in the decorative film industry.



In 2022, our consolidated revenue reached NTD 2,808 million.



Serving over 4,000 customers across 70 countries worldwide.



Won the Taiwan Excellence Award for 5 consecutive years.



Univacco Group

More than 30-year coating & vacuum metallizing expertise.

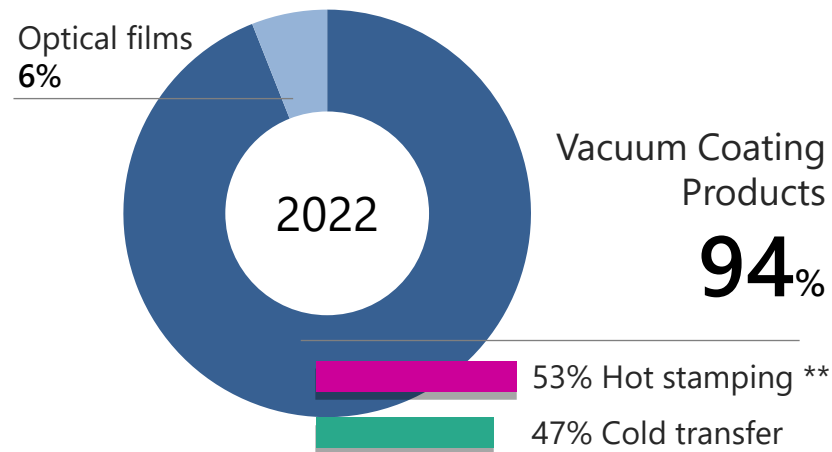


- Established 1990 (Listed in 2007)
- Main Products Vacuum Coating Foils (VC) / Optical films (OP)
- Group Employees 624 *
- Paid-up Capital NTD 941 million * * As of September 30, 2023

Group Revenue NTD **2,808_m**



Group Revenue by Product



** Other products included

Global Sales

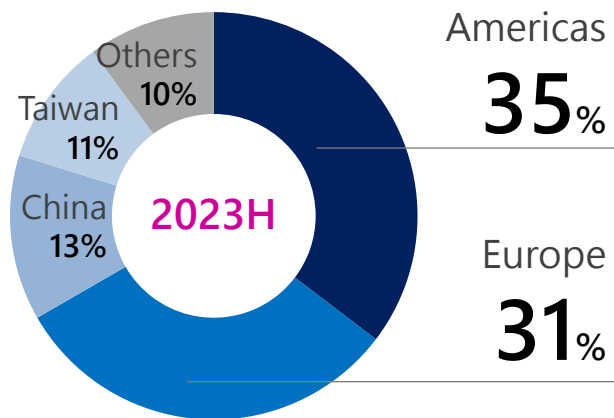
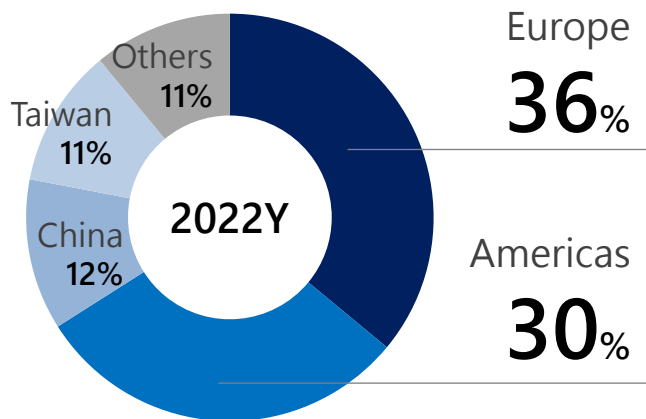
Source: 2023H UNIVACCO group revenue

- Countries/Regions 70
- Clients 4000+
- Production sites 6 (5 in Taiwan, 1in China)

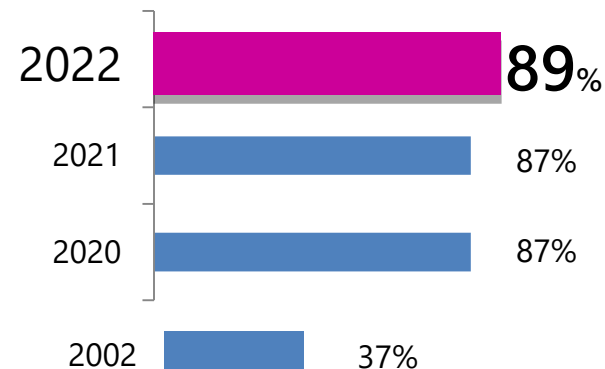


Global Sales

Group Revenue by Region



The Proportion of Exports



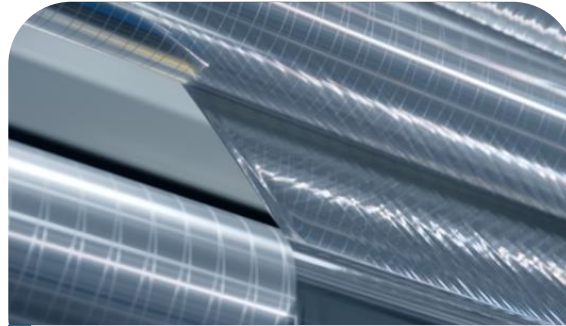


represents our core value

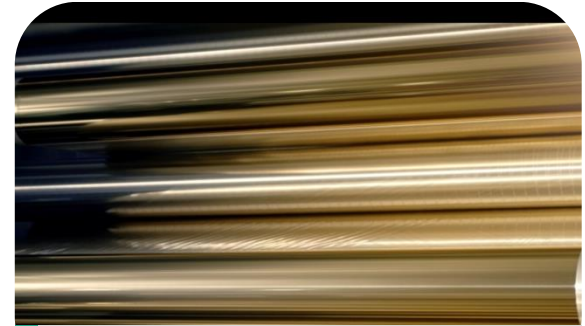
A global leading brand of hot stamping and cold transfer products.



Unique Chemical Formulas



Vacuum Metalizing

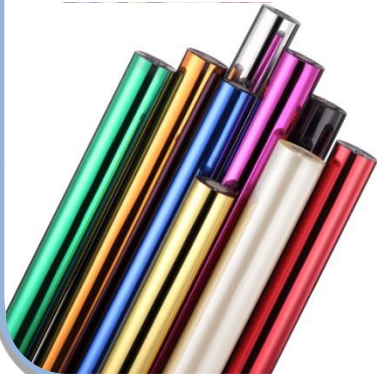


Coating Technology

Product Range

Vacuum Coating Films

Sales Distribution: 94%



- Hot stamping
- Cold Transfer
- (Sheet Fed Offset/ Narrow Web)
- Holographic Transfer
- Digital Transfer
- Function Transfer

Optical films

Sales Distribution: 6%



- Medical Film
- OEM Coating Service
- PET Protective Film
- Adhesive SMD Cover Tape

Wide-ranging Applications



- Greeting cards / Business cards
- Magazines / Books / Calendars
- Commercial Printing (Poster, Advertisement)
- Folding boxes (food & cosmetics etc.)
- Pressure sensitive labels
- Wet glue labels
- Artificial leather (Book cover etc.)
- Plastic tubes (toothpaste, face wash etc.)

Awards and Honors



FSEA Gold Award **Awarded for 13 consecutive years**

Y2023-1 Gold, 1 Silver Medals
Y2022-1 Gold, 1 Bronze Medals
Y2021-1 Silver, 1 Bronze Medals
Y2020-2 Gold, 2 Silvers Medals



Taiwan Excellence Award **Awarded for 5 consecutive years**

Y2022-Hot stamping 705 new series
Y2021-Toner transfer
Y2020-Hot stamping RS-01



The National Brand
Yushan Award
(2017-2020)



Potential Taiwan
Mittelstnad
Award(2017)



FINAT
(2017)



Sun Cup Asia
Label
Awards(2016)



Executive Yuan
Labor Committee-
Friendly Workplace



Taiwan TrainQuali System

Taiwan Training Quality
System (TTQS)
Gold Award 2010

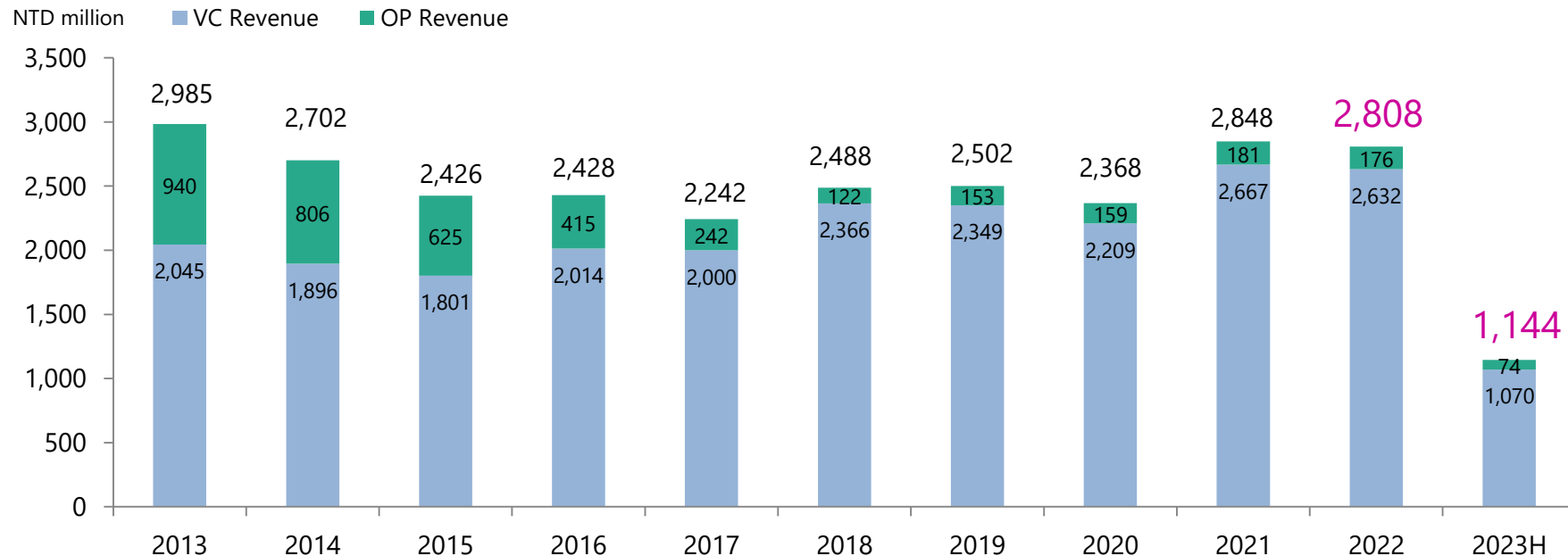


Healthy
Workplace
Certification

Operation Review

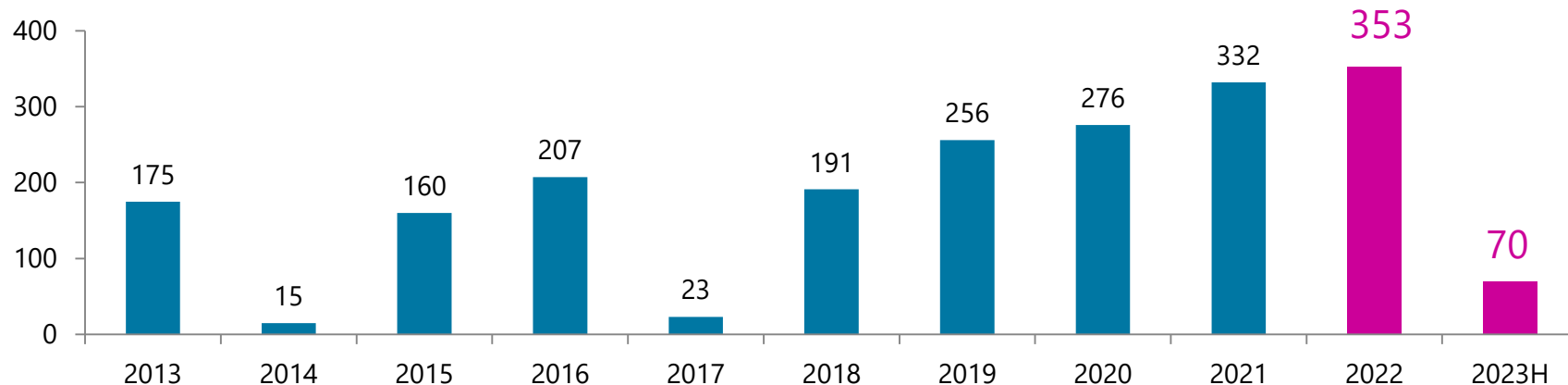


Consolidated Revenues



Consolidated Income BTAX

NTD million



VC	166	202	243	310	156	221**	256	276**	332**	353	70
OP	9	(187)	(83)	(103)	(133)	(30)*	0	0	0	0	0

*Optoelectronic Films Business (OP) BU was officially merged into Vacuum Coating Foils Business (VC) BU since July 1st, 2018, therefore the income before tax of OP in 2018 calculated to June 30th, 2018.

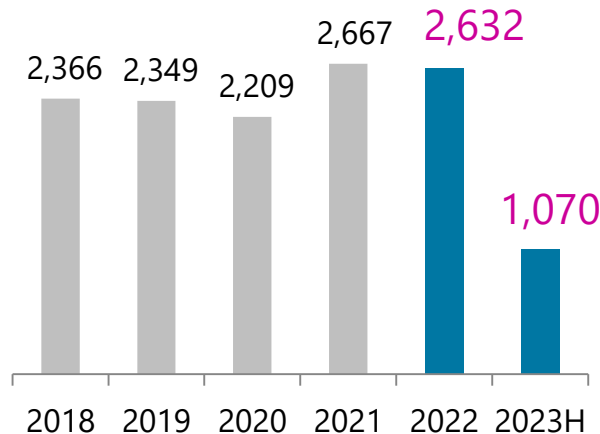
** Exclude non-recurring factors: a. Reversal of debt loss 62M in 2018

b. Provision of air pollution fee: Y2020 85M, Y2021 139M

VC Business Performance

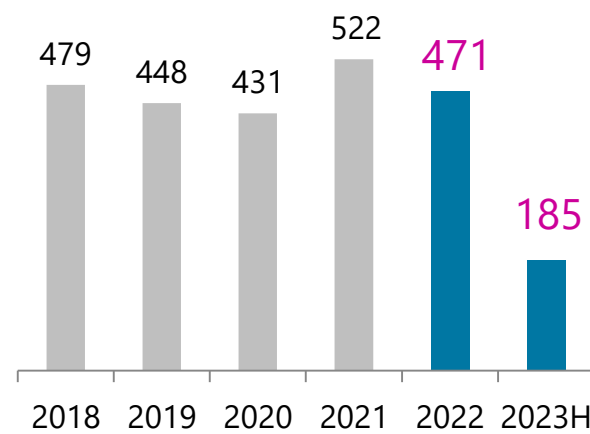
Revenue

NTD million



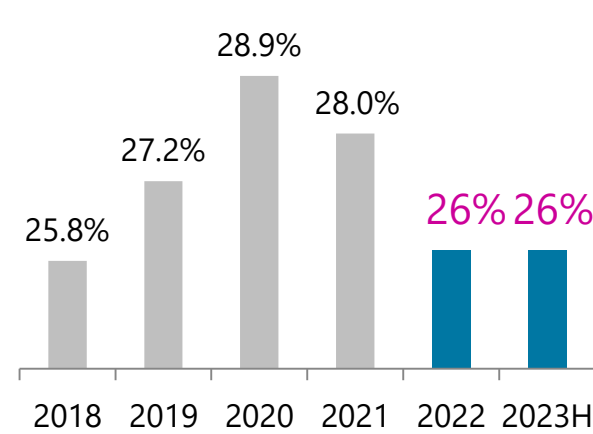
Sales Quantity

Million m²



Gross Profit Margin

%



YoY 18% (1%) (6%) 21% (1%)

12% (6%) (4%) 21% (10%)

2018: A. Niche Product: New cold transfer products hit the market
B. Restore production capacity, increase supply.
2019: A. OEM release film reduced order intake
B. Obtained Approval of government financial support program.
2020: A.COVID-19 impact the EU market, yet experiencing counter-trend growth in the American and China markets.
B. The expanded production line start.

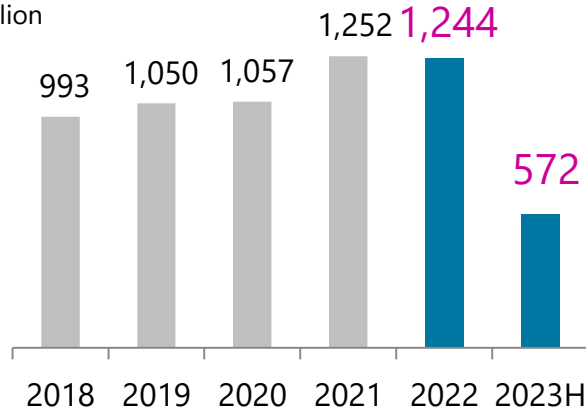
2021 : A. Continuing growth in the Americas and China market.
B. Pandemic easing, recovery of dairy consumption drives the packaging application.
2022 : A. Continuing growth in North American market.
B. Q4: Clients adjusted the inventory & the market faces weakened demand due to inflation.
2023H1 : Customers adjust the inventory, Soft economic conditions persist with sluggish demand in the European and Chinese markets.

VC Niche Products - Cold Transfer

Operating Performance

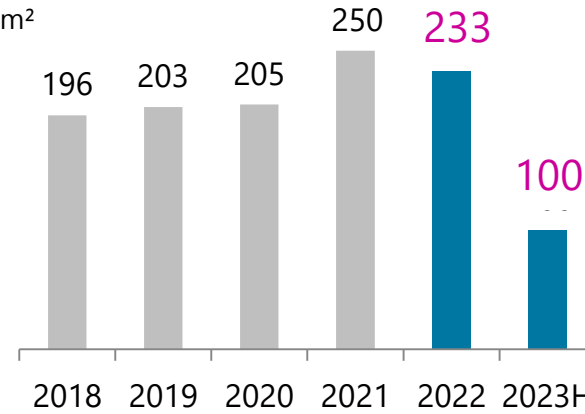
Revenue

NTD million



Sales Qty

Million m²



YoY

37% 6% 1% 18% (1%)

YoY

39% 3% 1% 22% (7%)

Product proportion

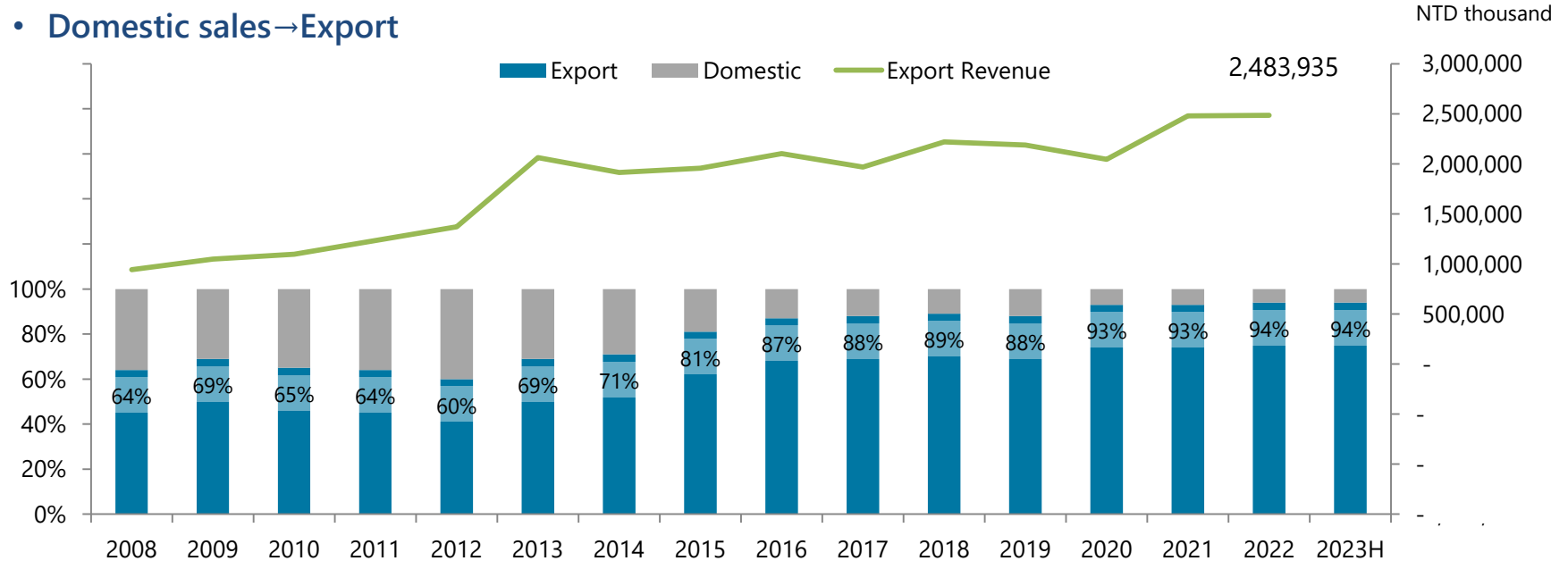
42% 45% 48% 47% 47% 53%

Benefits of order transition: Successfully obtain the order from Americas GPH

Increase of Market Demand: EU customers replace the non-recyclable electroplating paper with cold transfers as an eco-friendly alternative, drives a significant performance boost, especially in Cold transfers for packaging printing products

Export-Sales Ratio After Listing

- OEM→OBM
- Domestic sales→Export



Consolidated Statement of Comprehensive Income (YR)

NTD thousand	2023H	2022H	YoY%
Operating revenue	1,144,013	1,520,047	-25%
Gross profit from operations	310,826	456,042	-32%
Gross profit margin	27.17%	30.00%	
Operating expenses	(241,181)	(248,969)	-3%
Sales and marketing expenses	(73,452)	(85,622)	-14%
General and administrative expenses	(118,573)	(116,835)	1%
Research and development expenses	(48,002)	(41,295)	16%
Expected credit impairment losses	(1,154)	(5,217)	-78%
Operating income	69,645	207,073	-66%
Margin from operating	6.09%	13.62%	
Non-operating income and expenses	8,017	31,538	-75%
Net foreign exchange result	10,821	42,602	-75%
Financial costs	(6,632)	(5,400)	23%
Other gains and losses	3,828	(5,664)	-168%
Income from continuing operations before income tax	77,662	238,611	-67%
Income tax expenses	(11,260)	(60,429)	-81%
Net income	66,402	178,182	-63%
Net income attributable to non-controlling interests	475	(117)	
Net income attributable to stockholders of parent	65,927	178,299	
EPS (NTD)	0.70	1.89	

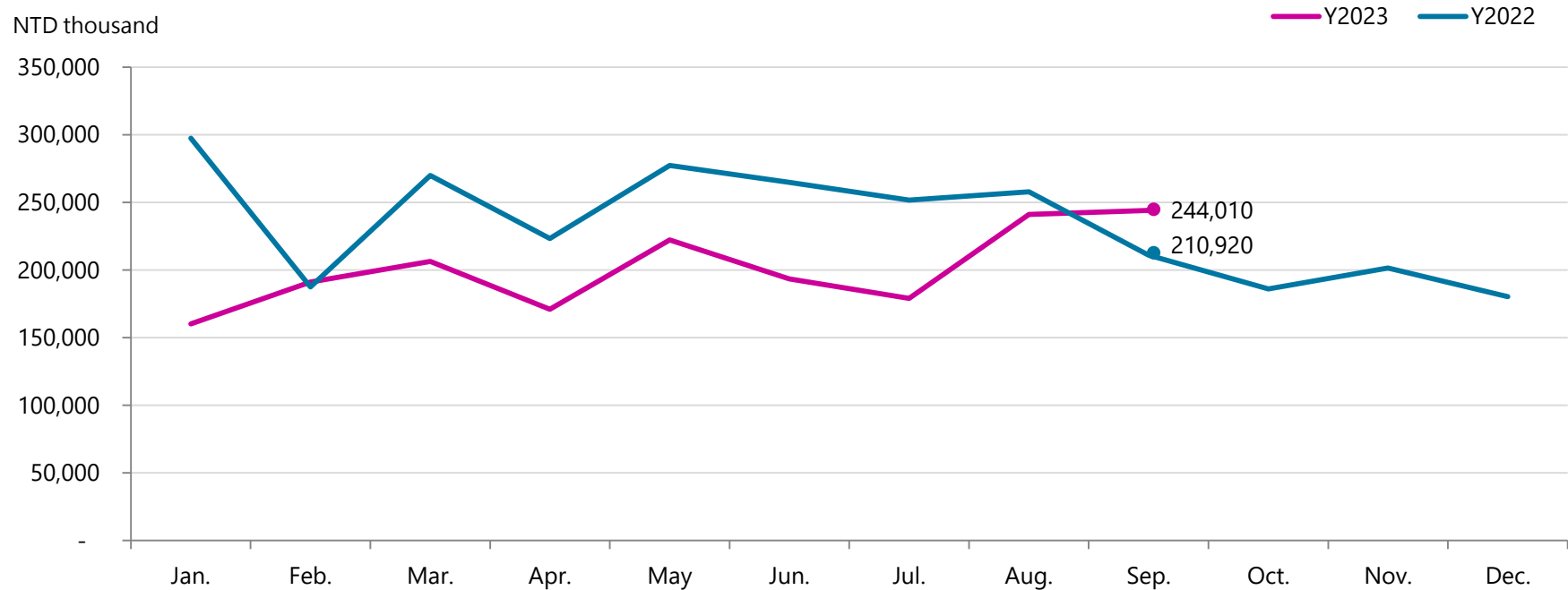
Consolidated Statement of Comprehensive Income (Q)

NTD thousand	2023Q2	2023Q1	QoQ
Operating revenue	586,592	557,421	5%
Gross profit from operations	161,211	149,615	8%
Gross profit margin	27.48%	26.84%	
Operating expenses	(126,158)	(115,023)	10%
Sales and marketing expenses	(37,221)	(36,231)	3%
General and administrative expenses	(61,748)	(56,825)	9%
Research and development expenses	(26,494)	(21,508)	23%
Expected credit impairment losses	(695)	(459)	51%
Operating income	35,053	34,592	1%
Margin from operating	5.98%	6.21%	
Non-operating income and expenses	10,560	(2,543)	-515%
Net foreign exchange result	11,921	(1,100)	-1184%
Financial costs	(3,375)	(3,257)	4%
Other gains and losses	2,014	1,814	11%
Income from continuing operations before income tax	45,613	32,049	42%
Income tax expenses	(6,830)	(4,430)	54%
Net income	38,783	27,619	40%
Net income attributable to non-controlling interests	292	183	
Net income attributable to stockholders of parent	38,491	27,436	
EPS (NTD)	0.41	0.29	

Two-Year Revenue Trend



NTD thousand



Consolidated Balance Sheet



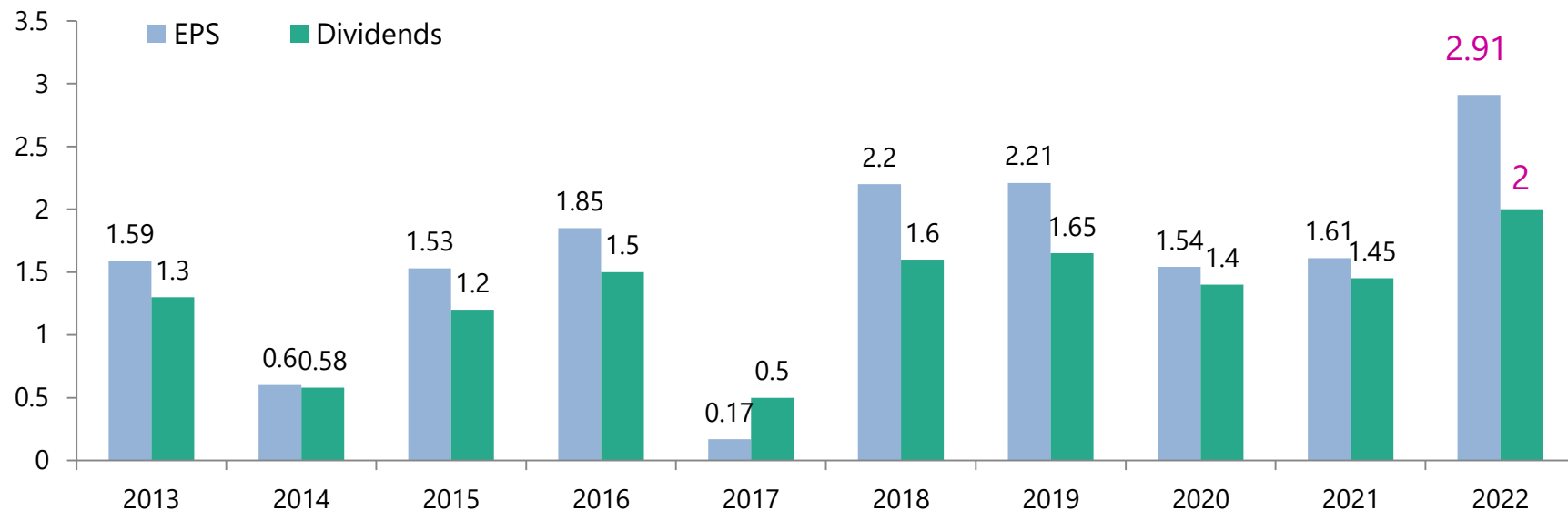
NTD thousand	2023/6/30	2022/12/31	2022/6/30
Assets			
Cash and cash equivalents	458,291	445,834	474,541
Accounts receivable, net	494,130	470,621	654,582
Inventories, net	461,469	583,896	688,515
PPE/ Intangible/ Right-of-use assets	1,406,567	1,384,740	1,419,447
Other assets	277,418	244,554	310,502
Total assets	3,097,875	3,129,645	3,547,587
Liability & Equity			
Current borrowings/ Long-term loans	648,418	655,426	827,774
Accounts payable	497,567	366,064	716,708
Other Liabilities	123,985	152,354	154,134
Total liabilities	1,269,970	1,173,844	1,698,616
Capital	940,906	940,906	940,906
Total equity	1,827,905	1,955,801	1,848,971
Debt ratio	41.0%	37.5%	47.9%
Book value per share (NTD)	19.43	20.79	19.65

Consolidated Statement of Cash Flow

NTD thousand	2023H	2022Y	2022H
Net cash flow from operating activities	132,819	377,013	65,580
Net cash (used in) investing activities	(99,610)	(67,717)	(40,373)
Net cash (used in) financing activities	(13,894)	(413,682)	(96,482)
Impact of Exchange rate	(6,858)	15,538	11,134
Net increase (decrease) in cash and cash equivalents	12,457	(88,848)	(60,141)
Cash and cash equivalents at end of period	458,291	445,834	474,541
Depreciation and amortization (including right-of-use assets)	73,621	148,947	73,347
Depreciation from right-of-use assets	8,684	16,173	7,841

Distributed Dividends

NTD



Distribution
Yield

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Distribution Yield	82%	97%	78%	81%	294%	73%	75%	91%	90%	69%



Sustainability and Corporate Governance

Release ESG Report since 2013

Released ESG reports
annually since 2013
for a consecutive decade





UNIVACCO for a Better Future

UNIVACCO is a brand you can rely on to deliver outstanding graphic enhancement. As a worldwide leader in hot stamp and cold transfer foils, it is our responsibility to offer a sustainable product offering.

Implementing the United Nations Sustainable Development Goals

In our operational model and value chain, we commit to aligning with the 2030 Sustainable Development Agenda, actively addressing the UN Sustainable Development Goals (SDGs).

In 2022, following discussions and resolutions by the CSR Committee, we have identified and prioritized 8 SDGs as key focal points for our future development.





Environment - Green Product Design and Sustainability

Eliminate Carbon Emissions

A



Reduce virgin plastic usage

PET Film lightweighting

- Thinning by at least 10% (across all products)

B



Reduce virgin plastic usage

Recycled PET Film

- 100% recycled PET from 100% recycled bottle

C



Closed-loop recycling

Chemical recycling

Transforming used films into resin and incorporating it into the new transfer films coating formula to produce recycled films.



Environment - Green Product Design and Sustainability



Hot Stamping & Cold Transfer is an Eco-Friendly Solution

No HAZARDOUS Materials

- Adopting high-solid coating technology to reduce the use of organic solvents
- Developing hazard-free and halogen-free formulas
- Developing MOSH/MOAH Free formulas



- ✓ RoHS
- ✓ REACH
- ✓ 94/62/EC
- ✓ CONEG
- ✓ 10/2011/EU

- ✓ FDA 21 CFR 175.300
- ✓ Arrêté du 13 avril 2022 (MOSH, MOAH Free)
- ✓ CPSIA
- ✓ EN 71/3



Fully RECYCLABLE
DEINKABLE



Fully COMPOSTABLE



- ✓ EN13432
- ✓ ASTM D6400

No PLASTIC residue

Incredibly THIN aluminum



Social Responsibility Engagement



Sponsorship in Sports

National U20 Pole Vault Record Holder LIN, TSUNG-HSIEN.



Sponsorship in Education

Sponsor to North Tainan of Taiwan Fund for Children and Families for **20** years.



Governance



Information disclosure transparency

Report disclosure compliance with GRI 2021, TCFD, and SASB, and type 1 of AA1000 Assurance Standard



Set up a Corporate Sustainability Committee

Establish a Corporate Governance Director to assist in strengthening the functions of the board of directors



Certified with Information Security Management System
ISO 27001



Percentage of reducing major risk items' level

73%



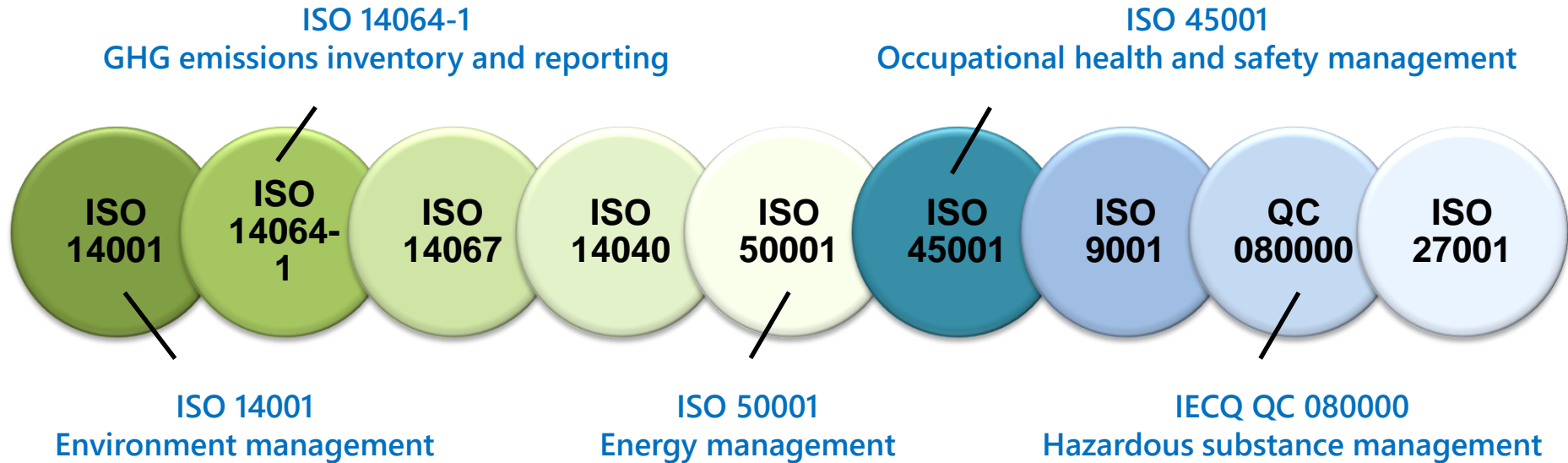
Verified by a third-party for the IECQ QC 080000

Hazardous substance process management system



Percentage of **Key Suppliers** endorsed and signed the Supplier Code of Conduct and Ethics Commitment Agreement
100%

Enhancing ESG Performance: Aligning with International Management Standards



A large, colorful, semi-circular graphic on the left side of the slide. It is a color wheel or color wheel chart, showing a spectrum of colors arranged in concentric arcs. The colors transition from red at the top, through orange, yellow, green, blue, and purple, back to red. The arcs are separated by thin white lines. The graphic is partially cut off on the left side.

Q4 2023 Outlook

Q4 2023 Outlook

Customers

- **Global geopolitical and economic situation remains unstable**

Affected by the ongoing war between Ukraine and Russia, escalating tensions in the Israel-Hamas conflict, and concerns over China's real estate market are adding variables and complexity to the global economic recovery.

- **Expecting a mild recovery on revenues**

- ✓ Customer inventories have generally been reduced to normal levels.
- ✓ The current depreciation trend in the Taiwanese exchange rate favors export quotations.

Cost

- **Sufficient PET film inventory for Q4**

Benefits from the market supply-demand imbalances, the main raw material, PET film, favoring an advantageous procurement price.

- **Global Crude Oil Price Volatility and its Impact on Resin and Solvent Costs**

International crude oil prices are subject to significant fluctuations due to the impact of wars, causing resin/solvent prices to fluctuate accordingly.

- **Production efficiency surpasses that of H1**

The inventory has reduced to a relatively low level, and production capacity is expected to rise in response to the gradual recovery of orders.

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