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PROFESSIONALISM DEDICATION INNOVATION SERVICE

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Pou Chen's Profile



To benefit healthy lives by providing the most valuable solutions in the sports industry and beyond.

- Founded in 1969; listed on the TWSE in 1990
- Paid in Capital: NT\$29,468 mn
- Market Cap.: NT\$84,425 mn (@NT\$28.65 as of 2023/09/28)
- Revenue: NT\$185,758 mn (9M2023 Consolidated Revenue)
- Business Mix: Footwear 63.2%, Retail 36.4%, Others 0.4% (9M2023 Consolidated Revenue)

• Footwear Business

- Customers: Leading international brands such as Nike, adidas, Asics, New Balance, Timberland and Salomon
- Volume: Shipped 160.9 million pairs in 9M2023; shipped 272.7 million pairs in FY2022

Retail Business

- <u>Target Market</u>: The Greater China Region
- <u>B&M Network</u>: 3,556 Directly Operated Stores (as of 2023/09/30)

Group Structure





⁽¹⁾ Pou Chen through its 51.11% owned subsidiary Yue Yuen indirectly held 31.97% ownership (=51.11% × 62.55%) of Pou Sheng.

⁽²⁾ Retail of sporting goods & brand licensing business is via Yue Yuen's 62.55% owned subsidiary, Pou Sheng, to operate an integrated sportswear retail network in the Greater China Region.

(Updated: 2023/09/30)



Segment Revenue

Pou Chen (Consolidated)	FY20	20	FY20	21	FY20	22	9M20)22	9M20	23	YoY
	(NT\$mr	ı; %)	(NT\$mr	ı; %)	(NT\$mı	n; %)	(NT\$mr	n; %)	(NT\$mr	n; %)	(%)
Footwear	139,875	56.0%	137,660	57.4%	184,653	69.0%	140,446	68.6%	117,368	63.2%	-16.4%
Retail	109,361	43.7%	101,485	42.3%	81,993	30.7%	63,529	31.1%	67,695	36.4%	+6.6%
Others	718	0.3%	739	0.3%	851	0.3%	602	0.3%	695	0.4%	+15.4%
Total	249,954	100%	239,884	100%	267,497	100%	204,577	100%	185,758	100%	-9.2%

⁽¹⁾ Pou Chen has three reportable segments:

• Footwear business: manufacturing of shoes, soles and components.

• Retail business: retail of sporting goods and brand licensing.

• Other business.

Business Overview



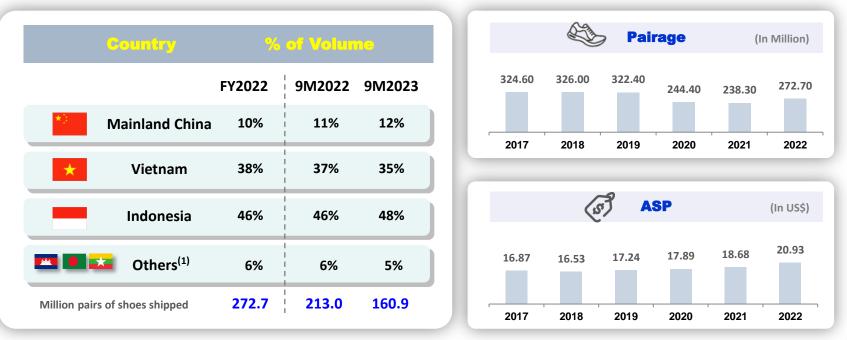
Pou Chen's 10M2023 unaudited consolidated sales decreased Y-o-Y by 9.5% to NT\$206.4 bn.



Footwear Business – Yue Yuen



- A global leader in the manufacture of athletic, athleisure, casual and outdoor footwear
- Diversified portfolio of brand customers and production sites
- Responsiveness, flexibility, innovation, design and development capabilities, and superior quality





Product Category FY2020 FY2021 FY2022 9M2022 9M2023 YoY (US\$mn; %) (US\$mn; %) (US\$mn; %) (US\$mn; %) (US\$mn; %) (%) Shoes⁽¹⁾ 4.373 4,451 5.707 4,389 3,495 51.8% 52.2% 63.6% 63.0% 58.4% ! -20.4% Soles, Components, Others 363 463 496 404 298 4.3% 5.4% 5.5% 5.8% 5.0% -26.2% Pou Sheng 3.709 3,619 2,767 2,179 2,194 +0.7% 43.9% 42.4% 30.9% 31.2% 36.6% Total 6.972 8.445 100.0% 8.533 8.970 100.0% 5,987 100.0% -14.1% 100.0% 100.0%

⁽¹⁾ Including athletic/outdoor shoes, casual shoes and sports sandals.

Financial Highlights

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	FY2020	FY2021	FY2022	9M2022	9M2023	<i>Υ</i> οΥ
-	(US\$mn; %)	(%)				
Revenue	8,445	8,533	8,970	6,972	5,987	-14.1%
Gross Profit	1,831	2,048	2,137	1,658	1,410	-15.0%
Gross Margin	21.7%	24.0%	23.8%	23.8%	23.6%	-0.2 pp
Net Income (Loss) ⁽¹⁾	(91)	115	296	270	138	-49.0%
Net Margin	(1.1%)	1.3%	3.3%	3.9%	2.3%	-1.6 pp

⁽¹⁾ Net income (loss) attributable to owners of the Company, excluding "non-controlling interests".

Yue Yuen – Financial Highlights



Yue Yuen's 10M2023 unaudited sales decreased Y-o-Y by 14.1% to US\$6.6 bn.



⁽¹⁾ Net income (loss) attributable to owners of the Company, excluding "non-controlling interests".

Footwear Business – Gross Margin Trend





Retail Business – Pou Sheng



- One of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China Region
- Channel Mix: Brick & Mortar Retail 74%; Omni-Channel 26% (9M2023 Pou Sheng Revenue)
- Brick & Mortar Retail
 - A critical & irreplaceable sales touch point for consumers
 - Directly Operated Stores & Sub-Distributors
- Omni-Channel consisted of B2B & B2C, while B2C contains:
 - Public Domain: 3rd party platforms (T-Mall, JD, Vipshop) with growing PSP product support
 - Private Domain: Pan-WeChat Ecosphere + member services
 - <u>Pan-WeChat Ecosphere</u>: covering WeChat stores, Douyin live-streaming shopping events & shopping mall membership platforms, to deliver better conversion rates, shorter sales cycles and more full-price in-season











Financial Highlights

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	FY2020	FY2021	FY2022	9M2022	9M2023	<i>Υ</i> οΥ
	(RMB mn; %)	(%)				
Revenue	25,611	23,350	18,638	14,394	15,444	+7.3%
Gross Profit	7,826	8,299	6,688	5,187	5,108	-1.5%
Gross Margin	30.6%	35.5%	35.9%	36.0%	33.1%	-2.9 рр
Operating Income	661	928	415	343	516	+50.5%
Operating Margin	2.6%	4.0%	2.2%	2.4%	3.3%	+0.9 pp
Net Income ⁽¹⁾	303	357	89	99	311	+214.8%
Net Margin	1.2%	1.5%	0.5%	0.7%	2.0%	+1.3 рр

⁽¹⁾ Net income attributable to owners of the Company, excluding "non-controlling interests".

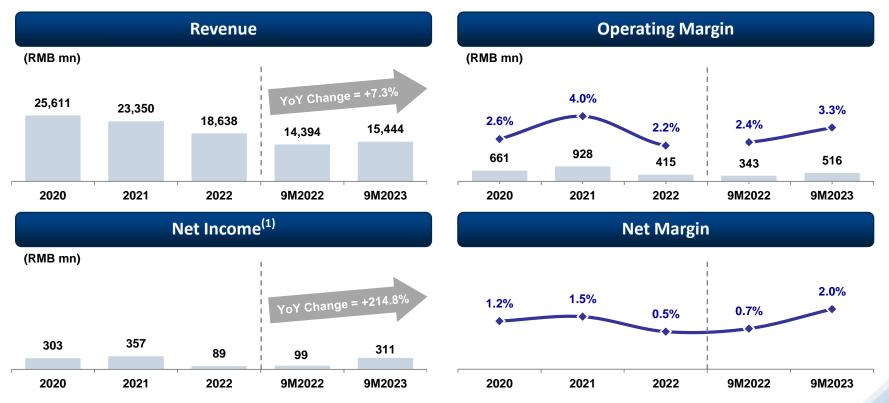
Directly Operated Stores

Selling Area	2022/12/31	Net Change	2023/09/30
300 m ² or smaller	3,332	(507)	2,825
Larger than 300 m ²	761 19%	(30)	731 21%
Total	4,093	(537)	3,556

Pou Sheng – Financial Highlights



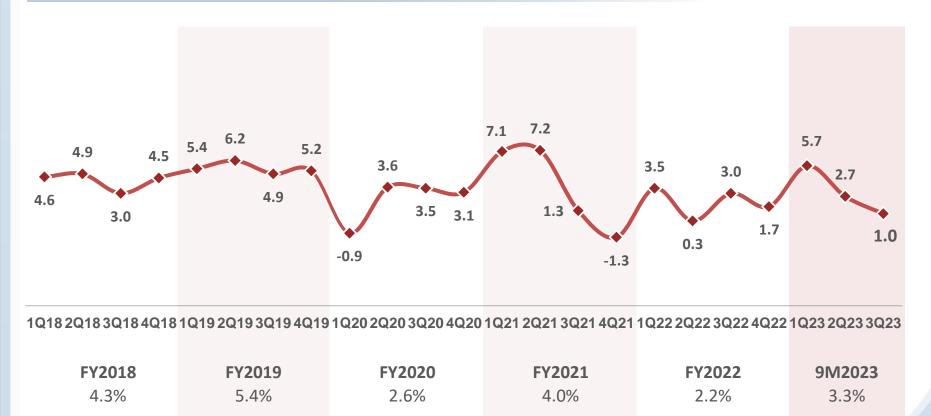
Pou Sheng's 10M2023 unaudited sales increased Y-o-Y by 6.1% to RMB17.1 bn (US\$2.4 bn).



⁽¹⁾ Net income attributable to owners of the Company, excluding "non-controlling interests".

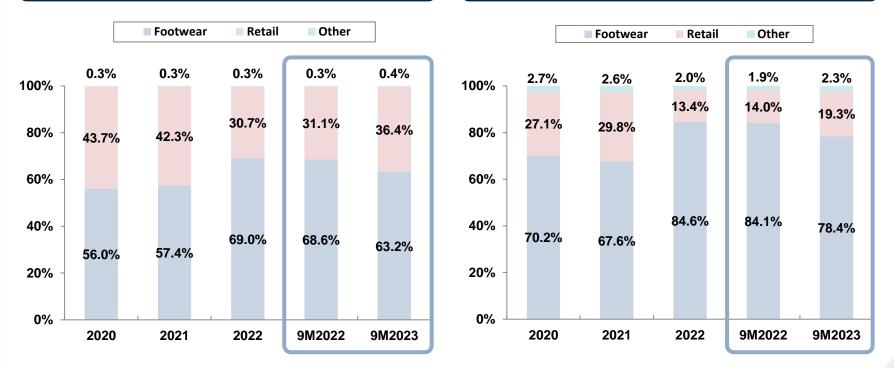
Pou Sheng – Operating Margin Trend





Segment Revenue

Segment Income⁽¹⁾



(1) Pou Chen identified "Footwear business", "Retail business" and "Others" as its three reportable segments. Besides, "Segment Income" represented the profit before income tax earned by each segment without allocation of administration costs, remuneration of directors, interest income, other income, other gains and losses, finance costs and the share of the profit of associates and joint ventures.



(NT\$mn)	FY2020	FY2021	FY2022
Revenue	249,954	239,884	267,497
Gross Profit	54,751	58,223	64,606
Gross Margin	21.9%	24.3%	24.2%
Operating Expenses	56,862	55,747	54,010
Operating Income (Loss)	(2,111)	2,476	10,596
Operating Margin	(0.8%)	1.0%	4.0%
Non-operating Income, net	8,072	14,681	10,836
Profit before taxation	5,961	17,157	21,432
Income Tax Expense	2,042	554	4,542
Net Income ⁽¹⁾	4,840	14,439	12,645
Net Margin	1.9%	6.0%	4.7%
EPS (NT\$)	1.64	4.90	4.29

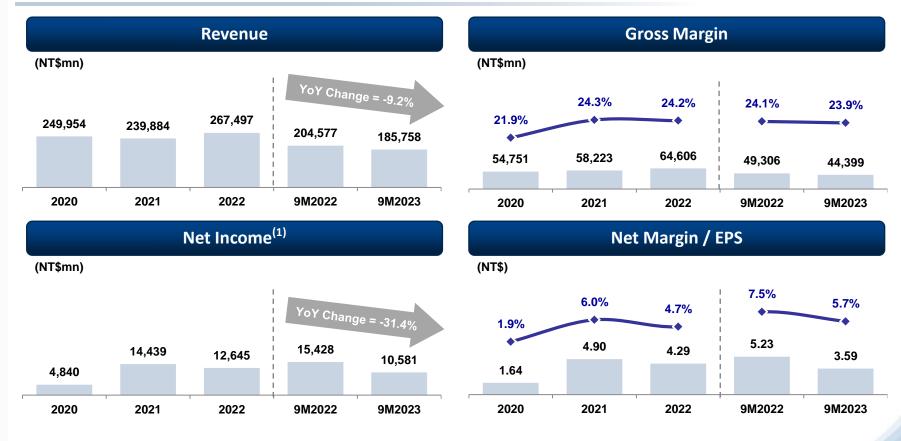
⁽¹⁾ Net income attributable to owners of the Company, excluding "non-controlling interests"



(NT\$mn)	9M2022	9M2023	ΥοΥ
Revenue	204,577	185,758	-9.2%
Gross Profit	49,306	44,399	-10.0%
Gross Margin	24.1%	23.9%	-0.2 pp
Operating Expenses	40,747	39,055	-4.2%
Operating Income	8,559	5,344	-37.6%
Operating Margin	4.2%	2.9%	-1.3 pp
Non-operating Income, net	13,832	10,531	-23.9%
Profit before taxation	22,391	15,875	-29.1%
Income Tax Expense	3,095	2,513	-18.8%
Net Income ⁽¹⁾	15,428	10,581	-31.4%
Net Margin	7.5%	5.7%	-1.8 pp
EPS (NT\$)	5.23	3.59	

⁽¹⁾ Net income attributable to owners of the Company, excluding "non-controlling interests"





⁽¹⁾ Net income attributable to owners of the Company, excluding "non-controlling interests".

Dividend Policy



	FY2019	FY2020	FY2021	FY2022
Dividend / Per Share				
- Pou Chen (NT\$)	1.25 (Cash 1.25)	0.50 (Cash 0.50)	1.50 (Cash 1.50)	1.30 (Cash 1.30)
- Yue Yuen (HK\$)	1.10 (Interim 0.40 / Final 0.70)	n/a	0.20 (Final 0.20)	1.10 (Interim 0.40 / Final 0.70)
- Pou Sheng (HK\$)	n/a	n/a	0.016 (Final 0.016)	n/a
Cash Dividend Yield ⁽¹⁾				
- Pou Chen	3.2% (@NT\$39.20)	1.6% (@NT\$31.40)	4.5% (@NT\$33.15)	3.8% (@NT\$34.20)
- Yue Yuen	4.8% (@нк\$23.00)	n/a	1.5% (@нк\$13.04)	10.0% (@НК\$10.96)
- Pou Sheng	n/a	n/a	1.4% (@HK\$1.14)	n/a
Cash Dividend Payout Ratio				
- Pou Chen	31.2%	30.5%	30.6%	30.3%
- Yue Yuen	75.8%	n/a	35.9%	76.6%
- Pou Sheng	n/a	n/a	20.0%	n/a

⁽¹⁾ The cash dividend yield was divided by the market closing price at the end of 2019, 2020, 2021 and 2022. ⁽²⁾ Yue Yuen and Pou Sheng declared interim dividends of HK\$0.20 and HK\$0.0185 per share for 1H2023, respectively.

Sustainability





The World's Only FLA-Accredited Footwear Manufacturer. Upholding the obligations of FLA's participating suppliers by actively participating in various projects, supporting relevant industry initiatives, including singing "**Responsible Recruitment**" jointly promulgated by FLA and American Apparel & Footwear Association and the commitment to "**Fair Compensation**."

What is the FLA (Fair Labor Association)?



FLA is a non-profit organization dedicated to protecting workers' rights around the world. "The FLA Workplace Code of Conduct" defines labor standards that aim to achieve decent and humane working conditions. For more details, please refer to: http://www.fairlabor.org





With 2019 as the base year, the target of **Zero carbon emissions growth** is expected to be achieved by 2025, while also following the brand customers' commitment to Science-Based Target initiative (SBTi) to achieve a goal of **46.2% reduction** in emissions by 2030, as compared to the base year of 2019.



A constituent of **FTSE4Good Emerging Index** as of today and was firstly included in June 2015. The Company is also a constituent of FTSE4Good TIP Taiwan ESG Index, which is jointly issued by Taiwan Index Plus Corporation and FTSE Russell since December 2017.



Ranked as **The Top 5%** of listed companies in Corporate Governance Evaluation conducted by Taiwan Stock Exchange for six times. (FY2014, FY2016~FY2020.)

Growth Strategy



