One and one Green Technologies

Initiation of coverage

A licensed play on a copper deficit

Industrials

14 April 2026

One and one Green Technologies (YDDL) is a Philippines-based e-waste and scrap metal recycler with a unique regulatory moat. It holds the only government-issued Hazardous Waste Import and Deep Processing/Smelting Licence into the Philippines under the Basel Convention framework, enabling access to high-value feedstock from developed markets. With proprietary technology, 1Mtpa permitted and 300ktpa processing capacities and a strong, zero-debt balance sheet, YDDL is well-positioned to capitalise on the growing circular economy and tightening global copper supply.

Year end	Revenue ($m)	EBITDA ($m)	PBT ($m)	EPS ($)	P/E (x)
12/23	41.3	8.2	7.3	0.11	45.0
12/24	53.5	9.2	8.4	0.12	38.7
12/25	66.0	13.5	11.5	0.17	28.2
12/26e	91.8	15.8	14.6	0.20	23.5

Note: PBT and EPS as reported.

What do we like?

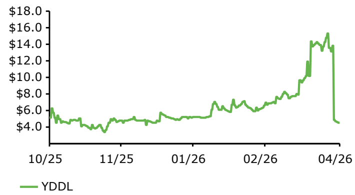
- **Regulatory moat:** As the sole holder of a Hazardous Waste Import and Deep Processing/Smelting Licence in the Philippines, YDDL has exclusive access to high-value e-waste feedstock from Japan, South Korea, the Philippines, Europe, and the US, a position competitors cannot easily replicate.
- **Proprietary technology with EMB approval:** The company's exhaust gas recirculation system captures ash and slag from emissions for further metal recovery while ensuring compliance with Philippine Environmental Management Bureau (EMB) standards. This technology enables high-purity metal extraction and differentiates YDDL from competitors using less sophisticated technology that do not prevent pollution.
- **Strong financial momentum:** Revenue grew 30% y-o-y to US$53.5m in FY24, with net income rising 16% to US$6.5m. H125 showed accelerating growth with revenue up 51% to US$28.1m and net income up 60% to US$3.8m. Gross margin expanded 341bp to 25% driven by improved product mix towards higher value-added copper alloys and favourable input costs. The October IPO and April placement raised US$25m, positioning YDDL well for further growth.
- **Structural tailwind with capacity to capture it:** The copper deficit is structural, driven by surging demand from electrification, renewable energy and AI data centres. With 300ktpa of processing capacity and a shift towards higher value-added copper products, supported by rising PCB processing and higher precious metals extraction, YDDL is well positioned to capitalise on this demand without requiring new environmental permits.

Valuation: Strong growth justifies premium to peers

Using a terminal growth rate (TGR) of 3.5% and a discount rate of 8.0%, our base case DCF valuation of YDDL is US$8.3 per Class A share, or US$6.8 on a fully diluted basis. Our valuation is underpinned by 2024–29e CAGRs of 15% for volumes and 23% for EBITDA. While YDDL trades at a premium to peers on most valuation metrics, it has the highest earnings growth potential, which is evidenced by its lowest PEG ratio. A TGR of 5% would increase our valuation to US$11.9/share.

Price	**$4.82**
Market cap	**$281m**
Net cash/(debt) at FY25e, excluding April equity placement	$16.5m
Shares in issue (Class A and B shares), post April equity placement	56.8m
Code	YDDL
Primary exchange	NASDAQ
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(37.9)	(6.0)	
52-week high/low			

Business description

One and one Green Technologies is a waste materials and scrap metal recycling company based in the Philippines, with an annual processing capacity of 300kt and a government issued Hazardous Waste Import and Deep Processing/Smelting Licence. The company processes electronic waste, metal scrap and industrial waste into copper alloy ingots, aluminium scraps and other recycled outputs.

Next events

FY25 results	Q226

Analysts

Andrey Litvin	+44 (0)20 3077 5700
Finlay Mathers	+44 (0)20 3077 5700

industrials@edisongroup.com

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Core investment drivers

The following factors drive YDDL's stock performance:

- **Commercial momentum and capacity utilisation upside:** Monthly and quarterly contract disclosures provide near-term visibility into revenue and volume trends. H225 contracts totalled c US$39m across 7,481t delivered, representing 12% volume growth versus the prior year period. Copper alloy ingots comprised 71% of contract value, reflecting the strategic shift towards higher-margin products. YDDL boasts 300ktpa of processing capacity and 1Mtpa of permitted capacity, with only 20–30kt currently utilised, representing significant expansion potential and the benefits of scale on costs, albeit at an additional capital cost.
- **Margin resilience amid volatile commodity price environment:** As a processor of recycled metals, realised prices directly impact YDDL's margins. LME copper reached a record c US$13,800/t in late January 2026 but has recently retreated to c US$12,660/t. While input costs also rise with commodity prices, the company benefits from its ability to source lower-cost, high quality e-waste feedstock through its Hazardous Waste Import and Deep Processing/Smelting Licence under the Basel Convention framework. It offers a combination of import rights and smelting/deep processing capabilities, which together form a unique and defensible barrier to entry. The licence is complemented by comprehensive environmental and operating permits and offers ample room for expansion up to a secured 1Mtpa quota.
- **Product mix evolution:** The company is strategically shifting toward higher-margin copper alloy ingots, which grew to 61% of revenue in FY24 from 43% in FY23. This product mix shift, combined with the development of gold, silver and nickel extraction capabilities from Printed Circuit Boards (PCBs) and potential introduction of new products, should support margin expansion. We view the recently announced processing upgrade (see below) as a significant step towards improving the value-added profile of the company's operations.
- **Circular economy regulatory momentum:** The global e-waste recycling market is projected to grow from US $40bn in 2025 to US$71bn by 2030 (12% CAGR). Regulatory tailwinds include the EU WEEE Directive targeting 65% collection rates by 2026, Extended Producer Responsibility schemes and the EU Battery Law mandating 16% recycled cobalt content by 2031. Major electronics manufacturers, including Samsung, Apple and Google, are investing in certified recycling supply chains.
- **Philippine infrastructure super-cycle:** The domestic construction market was valued at US$43bn in 2025 and is projected to reach US$60bn by 2030, growing at a CAGR of 7%. This growth is supported by the government's infrastructure flagship list comprising 207 projects worth c US$177bn. With the construction sector's share of GDP rising to 7.7% in H125, the company is well positioned to serve strong local demand for recycled metals alongside its export operations.
- **Geographic positioning:** Located in the Philippines, the company sits strategically between major e-waste generating markets (Japan, South Korea, the Philippines, Europe and the US) and the world's largest manufacturing base (China, which generated 89% of FY24 revenue). This positions the company to benefit from both inbound quality e-waste feedstock flows and outbound finished product demand.
- **Strong balance sheet**: Having raised US$12m gross during the October 2025 IPO and another US$13m as part of the recent institutional follow-on placement, the company has significant firepower to fund its expansion and growth plans.

What could derail the story

- **VIE corporate structure:** The NASDAQ-listed entity (One and one Cayman) does not directly own the Philippine operating assets. Control is exercised through contractual arrangements with Yoda Metal and DL Metal. While common in cross-border listings, VIE structures carry enforcement risk if the operating entities or their shareholders fail to perform contractual obligations.
- **Dual-class voting structure with concentrated control:** The CEO, Ms Caifen Yan, exercises significant voting power through Class B shares. This concentration limits minority shareholder influence over corporate governance. The company qualifies as a 'controlled company' under NASDAQ rules and is exempt from certain governance requirements.

- **Licence liberalisation risk:** The regulatory moat depends on the Philippine government's continued restrictive approach to Basel Convention licences. Any policy shift toward issuing additional hazardous e-waste import permits would erode the company's competitive advantage.
- **Customer concentration:** Three customers accounted for 96% of FY24 revenue, with one customer representing 56%. Loss of a major customer relationship could materially impact results. The company is working to further diversify its business in European, American and broader Asian markets.
- **Supplier concentration and import dependency:** Four suppliers accounted for c 80% of FY24 purchases. The business model relies on importing hazardous e-waste from developed markets, exposing the company to trade restrictions, customs delays and geopolitical tensions affecting cross-border waste flows.
- **Commodity price volatility:** While copper prices are currently supportive, cyclical downturns in base metal markets would compress realised prices and margins. The company does not engage in hedging strategies to mitigate commodity or foreign exchange risk.
- **Macroeconomic and geopolitical uncertainty.** Ongoing instability in the Middle East poses a significant risk to global energy supplies and price stability. Escalating energy costs and supply chain disruptions could drive up operating expenses and compress margins if these inflationary pressures cannot be effectively passed through to customers.

Recent newsflow

YDDL has maintained steady commercial momentum since its IPO, with several key developments:

- **April 2026:** YDDL announced a US$13m follow-on offering of 1,733,334 units at a $7.50 price per unit with institutional investors. Each unit consists of one Class A ordinary share and a warrant to purchase one and a half Class A ordinary shares. The institutional investors also hold a 45-day option to purchase an additional US$3m in units. Proceeds will be used to expand existing business and for a new manufacturing facility, supporting the company's growth strategy.
- **March 2026:** YDDL launched a Luzon copper-gold tailings recovery venture to recover copper-gold ore tailings slag from small-scale miners in the Luzon region. Tailings will be processed at the company's San Rafael facility using an integrated procurement-smelting-export model for international export. The initiative creates a new revenue stream alongside core recycling and aims to address the global copper supply deficit.
- **March 2026:** The company announced an advanced processing technology upgrade at its San Rafael facility, involving the installation of a secondary combustion chamber, surface cooler and desulfurisation tower. This investment is expected to increase the company's PCB processing capacity by over 30% and improve the extraction efficiency of precious metals, such as gold and silver, by 15–20%. Management anticipates that these enhancements will directly result in an 8–12% improvement in gross margins for materials processed through the upgraded line.
- **February 2026:** First supply agreement in Europe to source high quality e-waste from Spain, with an initial shipment of 22t from an electronic e-waste recovery specialist.
- **February 2026:** An industrial materials supplier based in Osaka, Japan, secured the supply of up to 16kt of shredded electronic assemblies and scrap metal, with a total order value of c US$17m.
- **H225 contracts (January 2026):** The company announced aggregate contract value of c US$39m for H225, covering 7,481 tonnes delivered. Copper alloy ingots comprised US$27.9m (71% of the total), while aluminium products showed 48% y-o-y value growth. Volume increased 12% versus H224, with customers in China and the Philippines.
- **November 2025 contracts (December 2025):** Monthly contract disclosure showed US$7.7m in contracts, up US $3.2m versus November 2024. Copper alloy ingots totalled US$5.8m (>634,000kg) and aluminium scrap US$1.9m (>764,000kg).
- **H125 results (November 2025):** Strong interim results showed revenue growth of 50.7% to US$28.1m and net income growth of 59.5% to US$3.8m. Gross margin expanded 341bp to 25.3%, driven by higher copper volumes and lower input costs.
- **Over-allotment exercise (October 2025):** The underwriters exercised their full over-allotment option, bringing total IPO proceeds to US$11.5m gross. The additional capital supports the company's growth initiatives, including

equipment purchases and logistics infrastructure.

- **NASDAQ listing (October 2025):** The company completed its IPO at US$5.0 per share on 9 October 2025, raising US$12m in gross proceeds.

Upcoming catalysts

- **FY25 annual results:** Full-year results will provide the first complete post-IPO financial picture and inform management's outlook for FY26.
- **Ongoing contract disclosures:** Regular commercial updates provide visibility into volume trends, product mix and customer diversification progress.
- **Luzon tailings venture:** This expansion into primary resource recovery is yet to be factored into our financial modelling. It represents a strategic move to capture value across the entire metals lifecycle – from urban mining to primary tailings –potentially providing a new revenue stream and an additional valuation upside.
- **Precious metals extraction:** The company is making progress on developing capabilities to isolate gold, silver and nickel from PCB processing streams. This new high-margin source of revenue, combined with economies of scale from growing volumes, should be an important driver of profitability and earnings growth. The recently implemented technology upgrade is a significant step in this direction, as is designed to materially enhance extraction efficiency and strengthen the company's overall margin profile.
- **Geographic and customer diversification:** Management targets further international expansion and the recruitment of international business development teams with European and American market expertise to reduce customer concentration risk.
- **Bulk carrier terminal acquisition:** Management has indicated plans to acquire logistics infrastructure that could reduce transportation costs, potentially materially enhancing operating margins.

Market opportunity

Supply constraints and new demand sources drive copper market to record highs

The global copper market faces a structural supply-demand imbalance that creates favourable conditions for metal recyclers with access to secondary raw materials. Long-term supply constraints are driven by declining ore grades, extended mine permitting timelines, an increase in capital intensity and processing bottlenecks limiting refined output growth. In addition, near-term supply is hampered by mine disruptions and underinvestment. Cobre Panama, which accounted for roughly 1.5% of global copper supply, remains shut following protests and environmental legal challenges. Meanwhile, a mine collapse at Grasberg in Indonesia resulted in an estimated 600kt of contained copper lost, further deepening the supply deficit. The ICSG forecasts a 150kt refined copper deficit in 2026. Consequently, following 40% growth in 2025, copper prices have continued to rise in 2026, reaching a record high of c US$13,800/t and currently trading at c US$12,660/t.

On the demand side, consumption is driven by grid and power infrastructure (>60% of incremental demand through 2030), AI data centres (projected at c 475kt in 2026, up 110kt y-o-y) and broader electrification trends. China still accounts for roughly half of the global copper demand, though consumption patterns continue to shift. Global AI-related demand and the Chinese EV market increasingly drive growth, offsetting a reduction in industrial users that scaled back purchases due to price pressures. S&P Global reports growth in AI and defence sectors will boost global copper demand by 50% by 2040; however, supply is expected to fall short by more than 10Mtpa without significant production increases. Furthermore, McKinsey estimates almost US$7tr in capital expenditures on data centre infrastructure globally by 2030, requiring vast quantities of copper. These structural factors create a compelling backdrop for recyclers capable of providing certified, low-carbon copper to manufacturers facing sustainability mandates.

E-waste and copper recycling markets flourishing

The global e-waste recycling market is projected to grow from US$40bn in 2025 to US$71bn by 2030, at a CAGR of 12%. E-waste volumes reached 69Mt in 2024 and are growing at approximately 7% annually, driven by shorter product lifecycles, rising electronics penetration and urbanisation.

Copper is one of the few materials that can be recycled without any loss in performance. The International Copper Association notes that the process of recycling copper uses less energy than primary production, and, in turn, facilitates the recovery of other metals such as gold, silver, nickel and tin. The global copper recycling market is projected to reach US$105bn by 2030, growing at a CAGR of 9% from 2024 to 2030. As the market deficit continues to drive up prices, the need for a circular copper economy is intensifying.

Regulatory tailwinds include the EU WEEE Directive (targeting 65% collection rates by 2026), Extended Producer Responsibility schemes across the EU, India and South Korea, and the EU Battery Regulation mandating recycled content thresholds. Major electronics manufacturers are investing heavily in certified recycling supply chains, with Samsung incorporating more than 90% recycled cobalt in Galaxy S25 devices and Apple, Google and Microsoft committing hundreds of millions to battery recycling infrastructure.

The aggressive push for electrification across Asia ex-China, led by rapid infrastructure expansion in India and the ASEAN region, coincides with a strategic pivot towards copper recycling to mitigate rising primary resource costs and shortages. Evidence of the Philippine government's ambition to create a circular copper environment is evidenced by the proposed Leyte Ecological Industrial Zone, a 1,054ha green manufacturing hub designed to establish a fully integrated, sustainable copper industry by 2030. These trends suggest a favourable environment for copper recycling in the Philippines over the coming decade.

In general, the Asia-Pacific region represents a substantial opportunity for recycling, generating a significant share of global e-waste volumes while holding only approximately 25% of current recycling capacity.

Growth strategy: Customer and product diversification

Situated between the world's largest consumer of copper and some of the fastest developing economies, YDDL enjoys a strategic geographic advantage. Its Hazardous Waste Import and Deep Processing/Smelting Licence enables the company to import and process hazardous e-waste materials that competitors currently cannot legally access. This licence facilitates raw material sourcing from developed markets, where e-waste contains higher concentrations of valuable metals due to more sophisticated electronics manufacturing. A recent large contract win in Japan and an additional supply agreement from Spain demonstrate YDDL's ability to enter these markets effectively.

YDDL's strategy rests on four pillars:

Strengthening customer relationships: The company aims to deepen engagement with existing customers and recycling agents by providing value-added products and services that increase loyalty. Concurrently, YDDL seeks to mitigate customer concentration risk by acquiring new customers.

Extend value added capabilities: YDDL plans to enhance its production capabilities by adopting advanced processing techniques. For instance, the company is looking to develop methods to isolate gold, silver and nickel from its growing PCB processing capabilities. This should add new revenue streams and increase the purity and value of its copper products, supporting profitability. At present the company is making good progress towards recovering more silver and gold into copper alloy.

Capacity expansion and ESG alignment: The company has significant potential to grow production volumes to its currently established processing capacity of 300ktpa and beyond to the full licensed ceiling of 1Mtpa. However, any scaling towards full capacity utilisation will be a capital intensive process and will require additional working capital and investment. Future financing will aim to expand the working capital pool, directly supporting larger-scale raw material procurement. To enable these expansion plans, YDDL is actively looking to secure backing from professional circular economy investment institutions and ESG-guided funds.

Develop overseas markets: YDDL intends to expand into South-East Asia, South Korea, Japan and other international markets by providing tailor-made product specifications. By leveraging its advanced technology and licence advantages, and building an international business development team familiar with local regulations and practices, the company is positioned to compete effectively abroad.

Reduce transportation costs: The company is considering the acquisition of a bulk carrier terminal and the establishment of a nearby manufacturing facility. This will enable a shift from container shipping to bulk carriers, reducing transportation costs and achieving economies of scale. YDDL estimates these initiatives could reduce costs by approximately $5m per annum for every 100kt of product shipped.

Business overview: Capturing value across entire metals lifecycle

YDDL is a waste material and scrap metal recycling company based in the Philippines. Its primary activity involves the recycling, production and trading of scrap metals by processing electronic waste and metal scraps from local and international sources, including Korea, Japan, South-East Asia, Europe and the US. The company operates across three facilities in Bulacan province, with 97 employees including seven engineers.

YDDL's main strategic advantages are its fully permitted current annual recycling capacity of about 300kt of waste (of which c 20–30kt is currently utilised, highlighting significant headroom for future production growth) and the government-issued Hazardous Waste Import and Deep Processing/Smelting Licence that covers 1Mtpa processing capacity and enables it to import hazardous waste raw materials into the Philippines for further processing. The company is fully authorised by the government to process hazardous wastes under the framework of the Basel Convention. It is also fully compliant with all regulatory requirements, including the Environmental Compliance Certificate (ECC), permit to operate, discharge permit and import and export permits. Importantly, the already secured licensed processing quota of 1Mtpa means that any future expansion of actual processing capacity beyond the currently established 300ktpa will not require any regulatory approvals.

In addition, YDDL utilises an established, environmentally friendly technology that sets it apart from the competition. Its exhaust gas recirculation system has been examined and regularly approved by the EMB of the Philippines. This system enhances process efficiency while minimising, and in some cases eliminating, contamination by capturing the ash and slag contained in the emissions for further metal recovery and smelting. This approach contrasts with legacy technologies, such as table concentrators, which cannot prevent pollution during final processing.

YDDL processes raw materials to produce copper alloy ingots, aluminium alloy scraps and brass alloy ingots, as well as plastic and rubber beads. Depending on the end product, processing involves initial or more advanced stages, as shown in Exhibits 1 and 2. The primary operational steps are waste collection and storage, manual classification and material processing. Key raw material inputs are categorised into PCBs and wiring, mixed metals, plastic and rubber, and general disposable waste. YDDL's end customers are primarily industrial users in China and the Philippines serving the casting, vehicle manufacturing and equipment manufacturing industries.

Exhibit 1: YDDL initial processing stages

Stage 1: Crushing
- E-materials and mixed metals → Vertical compound crusher
- Materials broken down into smaller pieces
- Increases surface area for better separation

Stage 2: Magnetic Separation
- Crushed materials → Eddy current separator
- Iron scraps separated and collected for sale
- Remaining: copper, aluminum, steel, zinc

COLLECTION & STORAGE
- Household and industrial waste is collected, transported to storage yards, and manually classified into categories based on composition and recyclability potential.

Source: YDDL

Exhibit 2: YDDL advanced processing stages

Stage 3: Floating Separation
- Mixed metals (2nd iteration) → Floating separation system
- Aluminum scraps collected and separated
- Remaining: copper, steel, zinc (3rd iteration)

Stage 4: Color Sorting
- Mixed metals (3rd iteration) → Color sorter
- Copper retained for smelting
- Zinc and steel sorted out for polishing

Stage 5: Smelting
- Copper crush → Smelting furnace
- Melting and casting produces copper ingots
- Ingots placed in open-air yard for cooling

Stage 6: Plastic & Rubber Processing
- Materials → Water separation system ("cutting machine")
- Separation based on density differences
- Produces plastic beads and rubber beads

Source: YDDL

In March 2026, YDDL expanded its operational scope by launching a copper-gold tailings recovery venture in the Luzon region. This strategic pivot toward primary resource recovery, coupled with the recent technology upgrade at the San Rafael facility to enhance precious metal extraction, is designed to further bolster margin resilience amid a volatile commodity price environment. By leveraging its secured 1.0Mtpa processing quota, the company is well positioned to scale these higher-margin activities – from urban mining to primary tailings – without requiring additional environmental approvals.

Corporate structure: Dual class shares and variable interest entity organisation

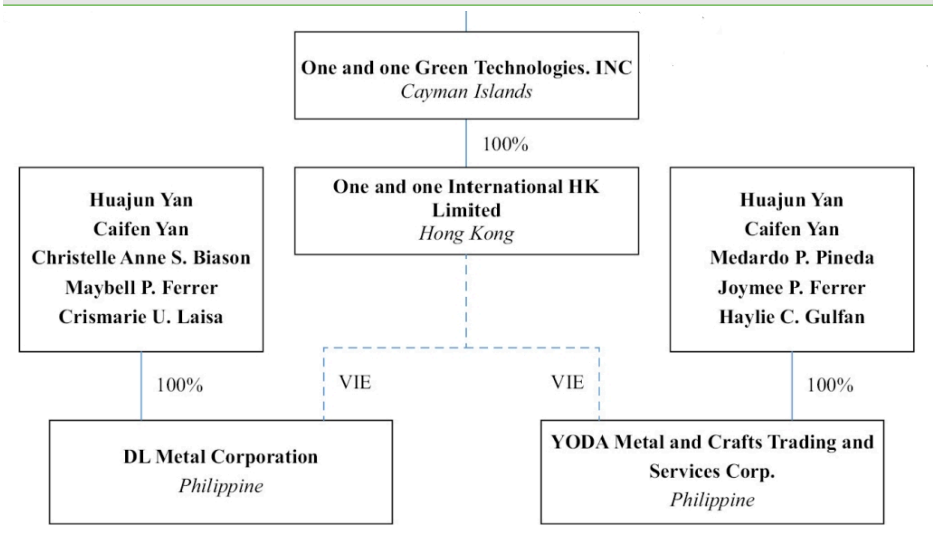
The NASDAQ-listed entity (One and one Cayman, incorporated in April 2024) controls the Philippines-based operating entities Yoda Metal and DL Metal through contractual arrangements with One and one International HK, a wholly-owned Hong Kong subsidiary established in May 2024. This is known as a variable interest entity (VIE) structure. The company may receive economic benefits in the form of service fees, dividends and other distributions on equity from the VIEs' operations based on the contractual arrangements through its Hong Kong subsidiary. At present, YDDL does not foresee any difficulties or limitations with regard to its ability to transfer cash between the above companies should this need arise.

YDDL's equity is divided into Class A and Class B ordinary shares. Class A shares are listed on NASDAQ. Following the successful IPO in October 2025, which raised US$11.5m in gross proceeds through the placement of 2.3m shares at US$5.0/share, the company's total number of class A ordinary shares stood at 44.1m. The amount of Class B ordinary shares remained unchanged at 10.2m. Subsequently in April 2026, the company completed a follow-on institutional placement of 1.7m units at US$7.5/unit, with each unit consisting of one Class A ordinary share and a warrant to purchase 1.5 Class A ordinary shares. The placement raised US$13m in gross proceeds, increasing the overall number of Class A shares to 45.8m.

Under the dual class capital structure, holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B shares are entitled to 20 votes. The holders of Class B shares therefore have higher concentration of voting power. In addition, each Class B ordinary share may be converted into one Class A ordinary share at any time.

Ms Caifen Yan serves as CEO and chair of the board of One and one Green Technologies, with Mr Huajun Yan (her brother) as COO. Following the IPO and the subsequent equity raise, Ms Yan controls c 91% of the voting power of the company, including all class B shares. As such, YDDL is deemed a 'controlled company' under the NASDAQ listing rules.

Exhibit 3: YDDL ownership structure



Source: YDDL

Financials and estimates: Moving up the value chain

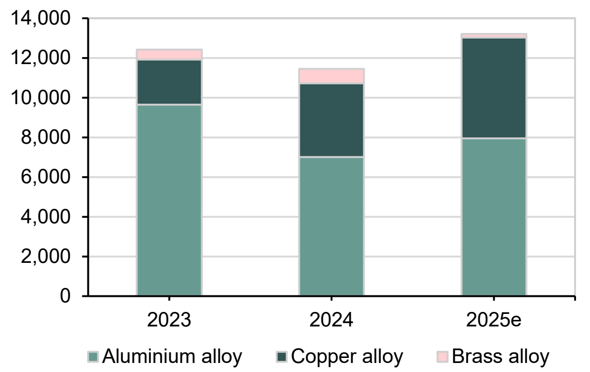
Although the company's Philippines entities have been in operation for a number of years, YDDL itself is a relatively young company, with limited financial history. The company reports across three main product categories: copper alloy ingots, aluminium alloy and brass alloy ingots. In FY24, YDDL produced 11.5kt of metal (excluding slag), with aluminium accounting for 61% of total output (vs 78% in FY23), followed by 32% for copper (18%) and 6% for brass (4%). It reported US$53.5m in revenues and US$10.6m in gross profit for the period, up 30% y-o-y and 19% respectively, implying a healthy gross margin of 20%. At the same time, EBITDA increased by 13% y-o-y to US$9.2m, while EPS grew 16%.

For H125, YDDL's total metal production came in at 5.9kt, representing 23% growth over H124, with an impressive 138% y-o-y increase in copper alloy output to 2.9kt. Consequently, revenue rose 51% to US$28.1m, while EBITDA jumped 92% to US$6.2m, and the combined gross margin improved from 20% in FY24 to 25%. This strong financial performance was driven by higher volumes, effective raw material cost control and a favourable shift in the product mix, with the share of copper alloy in metal sales volumes rising to 36% from 19% in H124 (the share of copper in revenue increased from 44% to 66%, respectively).

We note that copper is the highest value-added product in the company's offering, and increasing its share has a positive impact on profitability. In FY24, copper alloy ingots generated a 24% gross margin compared to 8% for aluminium alloys and 15% for brass alloys. While margins have somewhat evened out across key products in H125, we expect copper alloys to remain the primary driver of profitability going forward. This is supported by the company's progress towards deploying advanced separation technology to improve extraction efficiency of precious metals, as mentioned earlier in the report, which should result in higher gold/silver content in its copper alloy products, supporting revenue growth and profitability. Copper has also historically demonstrated the most stable gross profit margin in absolute terms as can be seen from Exhibit 6.

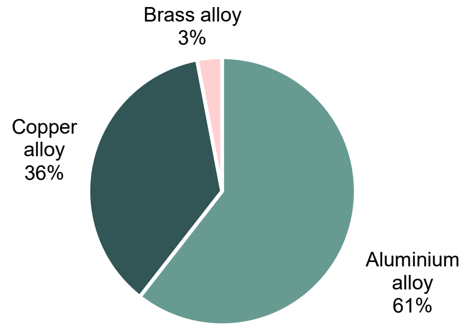
In its most recent disclosure, YDDL reported that in H225 it entered into customer contracts with a combined value of c US$39m, delivering 7.5kt of aluminium and copper alloy products. This represents a 12% increase in volumes compared to H224. Of the total contract value, copper accounted for US$28m – increasing its share to 71% – while aluminium value rose by 48% y-o-y. Overall, these numbers suggest that the company could see its total FY25 revenue rise to c US $66m, a 23% y-o-y increase, driven largely by 38% growth in copper alloy revenue.

Exhibit 4: Volumes growth by product, tonnes



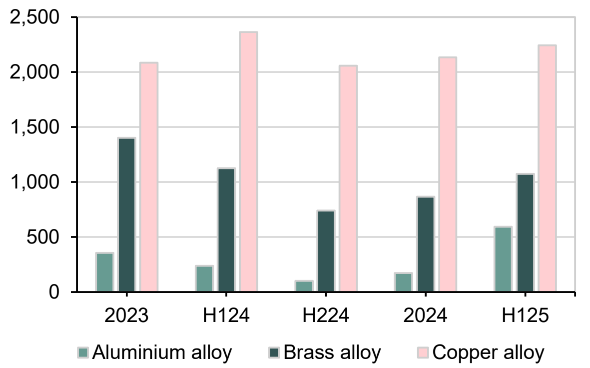
Source: YDDL, Edison Investment Research

Exhibit 5: H125 volumes breakdown by product



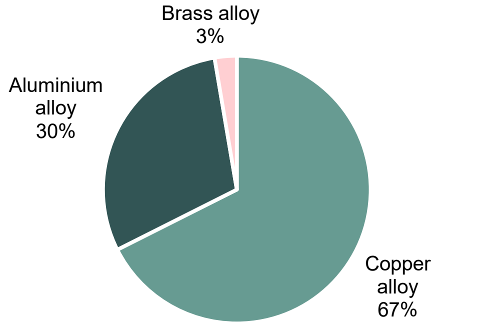
Source: YDDL

Exhibit 6: Gross profit by product dynamics, US$/t



Source: YDDL

Exhibit 7: H125 gross profit breakdown by product



Source: YDDL

Double-digit earnings growth potential

Our near-term forecasts for YDDL are underpinned by the expectations of robust volume growth, supported by the company's attractive industry positioning and favourable demand for high-quality recycled base metal products. While visibility remains relatively low at present, and we do not currently assume any meaningful expansion in margins as our base case, we believe YDDL is well positioned to achieve higher profitability as it deploys new processing technologies, improves feedstock quality and potentially further diversifies its product offering. In particular, we note the recently announced processing technology upgrade that should result in higher recoveries of silver and gold into the copper alloy product, leading to higher product premiums and hence, revenue growth and profitability. We have tentatively factored these improvements into our model and will adjust our modelling further when the impact of these upgrades becomes clearer. In addition, given the cyclicality of the commodity markets and tight supply-demand balance for copper, we also expect the company to be able to expand its unit margins on the back of the generally favourable market conditions.

YDDL's strong top-line momentum potential is evidenced by its recent contract announcements. In particular, we note the reported US$17m purchase order from a Japanese materials supplier for the supply of up to 16kt of shredded electronic assemblies and scrap metal. Given the high quality of electronic waste originating from Japan, we expect YDDL to realise premium pricing on these recycled products, which should support overall profitability. As the company establishes its footprint in the Japanese market, we would not rule out further orders of similar nature. In addition, more recently, the company announced a supply agreement with a Spanish electronic waste recovery specialist, with an initial shipment of 22t of high quality e-waste materials.

While our current unit margin forecasts by product assume a certain degree of normalisation through H225 and into FY26 after the strong H1, we expect YDDL's medium-term earnings momentum to be driven by significant volumes increases, economies of scale and new, higher value-added revenue streams. Having said that, given the industry's relatively high capital intensity, this expansion may require additional investment in working capital. Our medium-term operating and financial forecasts for YDDL are shown in the table below. Our estimates imply 2024–29 CAGRs of 15% for total metal volumes and 23% for EBITDA and EPS, respectively. Further, we expect a 23% CAGR for higher value added copper alloy product sales. We note that our current estimates do not include the recently announced expansion into mining tailings processing in the Luzon region; we will update our model once we have a better understanding of the economics of this new revenue stream.

Exhibit 8: YDDL summary operating and financial forecasts, US$m

	FY24	FY25e	FY26e	FY27e	FY28e	FY29e	2024-29e CAGR, %
Aluminium alloy, kt	7.0	7.9	8.7	10.0	11.2	12.3	12
Copper alloy, kt	3.7	5.1	6.2	7.4	8.9	10.3	23
Brass alloy, kt	0.7	0.2	0.2	0.2	0.2	0.2	(20)
Total volumes, kt	11.5	13.2	15.1	17.6	20.3	22.8	15
Revenue	53.5	66.0	92.9	109.8	128.2	148.5	23
Gross profit	10.6	15.4	18.3	22.4	26.9	30.6	24
Gross margin, %	19.8	23.3	19.7	20.4	21.0	20.6	
EBITDA	9.2	13.5	15.9	19.5	23.3	26.4	23
EBITDA margin, %	17.2	20.5	17.2	17.7	18.2	17.8	
PBT	8.4	11.5	14.8	18.4	22.2	25.4	25
Net profit	6.5	9.0	11.5	14.3	17.3	19.8	25
EPS, US$	0.12	0.17	0.21	0.26	0.31	0.36	23

Source: YDDL, Edison Investment Research

Our commodity price assumptions are based on consensus expectations for individual metals and are shown in the table below.

Exhibit 9: Consensus based commodity price assumptions, US$/t

	2025	2026e	2027e	2028e	2029e
Copper price	9,956	12,310	12,075	12,189	12,688
Aluminium price	2,461	3,125	3,191	2,950	2,871
Zinc price	2,867	2,893	2,800	2,800	2,900

Source: LSEG Data & Analytics, industry sources

Valuation: Supported by the strong earnings growth profile

To value YDDL, we use a discounted cash flow (DCF) analysis based on a five-year explicit forecast period (2025–29) and a terminal value. As an emerging markets company with significant growth potential, we believe YDDL warrants a higher-than-average terminal growth rate (TGR). Since its business model essentially centres on capturing a processing margin between the cost of purchased raw materials/feedstock and the market price of base metals/saleable products, we consider YDDL an industrial company for the purpose of deriving the discount rate.

Using a TGR of 3.5% and a discount rate of 8.0%, our base case DCF valuation of YDDL is US$8.3 per Class A share (post April equity raise). On a fully diluted basis, taking into account both Class A and Class B shares, but excluding out-of-money warrants, our valuation of the company is US$6.8/share. We apply no discounts for the company's dual class shareholder structure and the VIE corporate structure; however, we provide a valuation sensitivity analysis to changes in discount rate and TGR in Exhibit 11. Given the company's high growth rates, we note that a TGR of 5% would increase our valuation to US$11.9/share. Also, as we highlighted above, our financial estimates and the valuation of YDDL do not reflect the recently announced expansion into tailings processing, which could further enhance the company's earnings growth profile and represent an additional upside to its fundamental value.

Exhibit 10: Summary of YDDL DCF-based valuation, US$'000

Sum of discounted free cash flow	45,188
Terminal growth rate, %	3.5
Terminal value	307,928
Enterprise value	353,117
Less net debt/(cash), including IPO proceeds and April equity raise	(28,514)
Equity value	381,631
Class A shares, including April equity raise, m	45.8
Value per share, US$	8.3
Class A and B shares, m	10.2
Diluted value per share, US$	6.8

Source: Edison Investment Research

Exhibit 11: YDDL valuation sensitivity to changes in discount rate and terminal growth rate

		TGR, %				
		2.0	3.0	3.5	4.0	5.0
Discount rate, %	6.0	10.0	13.0	14.3	18.8	36.2
	8.0	6.6	7.6	8.3	9.2	11.9
	10.0	4.8	5.4	5.7	6.1	7.0
	12.0	3.8	4.1	4.3	4.5	5.0

Source: Edison Investment Research

YDDL's peer group valuation is complicated by the lack of similar-sized, publicly listed emerging market scrap and e-waste recycling companies focused on the Asia-Pacific region. Our indicative peer group is therefore based on a large-scale, diversified global market leaders in metals processing (Exhibit 12).

Based on our current estimates, YDDL trades at FY27e EV/EBITDA of 12.6x, when using Class A shares only, and 10.0x when incorporating both classes of shares. While this represents a premium to blue-chip peers, we note that YDDL offers superior earnings growth potential. This is evidenced by a significant discount on a PEG ratio basis, with YDDL trading at 0.14x (0.11x diluted) for FY27e, compared to a peer group average of 0.52x.

Exhibit 12: YDDL peer group valuation comparison

	Mcap, US$m	EV/S		EV/EBITDA		P/E		PEG	
		2026	2027	2026	2027	2026	2027	2026	2027
Umicore	5,051	1.5	1.5	6.4	6.0	12.3	11.1	0.73	0.66
Aurubis	9,326	0.4	0.3	9.9	9.2	20.6	19.0	0.85	0.78
Sims Limited	2,787	0.6	0.5	7.4	6.2	18.6	13.3	0.17	0.12
Average		**0.8**	**0.8**	**7.9**	**7.1**	**17.2**	**14.5**	**0.58**	**0.52**

Source: LSEG Data & Analytics. Note: Multiples are not calendarised

Exhibit 13: Financial summary

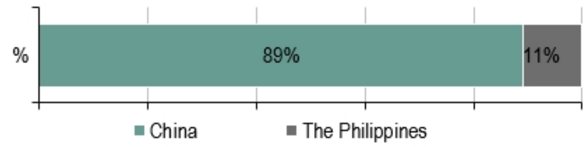
US$'000	2023	2024	2025e	2026e	2027e
Income Statement					
Revenue	41,270	53,464	65,984	91,806	108,518
Cost of sales	(32,388)	(42,893)	(50,587)	(73,722)	(86,384)
Gross profit	**8,882**	**10,571**	**15,397**	**18,084**	**22,135**
Selling and marketing	(476)	(394)	(579)	(676)	(787)
G&A	(1,148)	(2,090)	(2,486)	(2,780)	(3,235)
Operating income	**7,258**	**8,087**	**12,331**	**14,628**	**18,112**
EBITDA	**8,154**	**9,207**	**13,536**	**15,752**	**19,225**
PBT	**7,330**	**8,418**	**11,536**	**14,623**	**18,108**
Tax	(1,763)	(1,942)	(2,548)	(3,230)	(3,999)
Net profit	**5,567**	**6,477**	**8,988**	**11,394**	**14,109**
EPS, US$	0.11	0.12	0.17	0.20	0.25
Average number of shares, m	52	52	53	56	56
Balance Sheet					
Cash and cash equivalents	136	1,848	16,523	36,045	46,215
Accounts receivable	2,652	17,402	16,812	19,870	22,298
Inventories	6,241	5,227	18,988	24,035	27,453
Other	978	274	309	309	309
Total current assets	**10,008**	**24,751**	**52,632**	**80,260**	**96,275**
PP&E	12,710	11,293	11,366	11,242	11,129
Other	740	475	345	345	345
Total non-current assets	**13,450**	**11,768**	**11,711**	**11,587**	**11,474**
Accounts payable	475	5,752	12,196	15,956	17,750
Other	7,378	9,925	11,383	11,383	11,383
Total current liabilities	**7,853**	**15,677**	**23,580**	**27,340**	**29,134**
Total non-current liabilities	**549**	**92**	**22**	**22**	**22**
Total Liabilities	**8,401**	**15,769**	**23,602**	**27,362**	**29,156**
Additional paid in capital	392	392	10,692	23,042	23,042
Accumulated income	15,378	21,855	30,843	42,237	56,346
Other	(714)	(1,496)	(795)	(795)	(795)
Total Equity	**15,056**	**20,751**	**40,741**	**64,485**	**78,593**
Total Equity and Liabilities	**23,458**	**36,520**	**64,343**	**91,846**	**107,749**
Cash Flow					
Net income	5,567	6,477	8,988	11,394	14,109
Depreciation and Amortisation	896	1,121	1,205	1,124	1,113
Changes in working capital	(2,373)	(5,553)	(4,974)	(4,346)	(4,052)
Net cash provided by operating activities	**4,061**	**2,010**	**5,218**	**8,172**	**11,169**
Net cash used in investing activities	**(3,836)**	**(12)**	**(850)**	**(1,000)**	**(1,000)**
Net cash used in financing activities	**(18)**	**(258)**	**10,274**	**12,350**	**0**
Forex	(295)	(30)	33	0	0
Net increase in cash and cash equivalents	**(88)**	**1,711**	**14,676**	**19,522**	**10,169**
Beginning cash	225	136	1,848	16,523	36,045
Closing cash	136	1,848	16,523	36,045	46,215

Source: YDDL, Edison Investment Research

Contact details

45 Diliman Road
1 San Rafael
Bulacan
Philippines
tinayan@onepgti.com

Revenue by geography



Management team

CEO and chair of the board: Caifen Yan

Ms Yan has been CEO, director and chair of the board of directors since YDDL's incorporation. She is responsible for the operation and management of the whole business. She is an active entrepreneur with extensive experience in conducting business operations in China. Ms Caifen Yan has been the president of the Jiangsu Chamber of Commerce and Industry in the Philippines since 2024, and is also the vice president of the Zhejiang Chamber of Commerce in the Philippines and director of Manufacturers' Association Bulacan.

CFO: Chun Kit Wong

Mr Wong is responsible for providing leadership, direction and management of the finance and accounting team, and advising on long-term business and financial planning. Mr Wong has been the head of corporate finance at a Chinese real estate enterprise since June 2023, specialising in corporate finance, M&A and compliance matters. During March 2021 to June 2023, Mr Wong was the vice president of Guosen Securities (HK) Capital Company. Prior to that, he was the vice president of HeungKong Capital from May 2017 to March 2021. Mr Wong is a member of the Hong Kong Institute of Certified Public Accountants since 2016. He graduated from Hong Kong Baptist University in accountancy with a bachelor's degree in commerce in 2011.

COO: Huajun Yan

Mr Yan has been COO since YDDL's incorporation. He has led the management of the company, setting and achieving the company's business goals, ensuring the stability of the supply and the safety of production operations. His work includes budget management, team management, business development and sales, R&D and product quality assurance and delivery. Mr Yan is vice president of the Jiangsu Chamber of Commerce and Industry in the Philippines. He earned a master's degree in economics in Kiel University in 2006, and a bachelor's degree in accounting from Nanjing University in 2003.

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London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom