



YFC-BonEagle

岳豐科技

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2021 Results Presentation

December 2021



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These projections & estimates are based on information currently available which we believe to be reliable, but they involve risks & uncertainties.

Our actual results of operations & financial condition may differ significantly from those contained in projections & estimates.

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YFC-BonEagle at a Glance

Manufacturing & Wholesale

Business Unit: YFC-BonEagle

- YFC-BonEagle has factories in Taiwan, Dongguan and Wuxi, with a total of over 1.5mn sq. ft. of manufacturing space.
- In 2021, YFC has leased 2 plants in the Philippines. Monthly production capacity will increase by 5M meters of power cords plugs and 1.2M pcs of patch cords in the future; respective estimated revenues at US\$6M & US\$1.2M.

E-Commerce & B2B Direct*

Business Units: Monoprice Bestlink

Monoprice sells over 9,000 consumer electronics items via its E-commerce platform.

* B2B direct sales: B2B offline sales to SMBs, Installers, and large enterprises.

B2B Retail Channels

Business Units: Prime Monoprice

Prime is a leading US supplier of extension cords and power strips. Its main clients are US chain stores, such as Lowe's, Costco, etc.

YFC Group has a total of 475,000 square feet of expandable E-commerce warehouse and distribution center in the US.

YFC-BonEagle Product Portfolio

YFC Bon-Eagle

YFC-Bon-Eagle manufactures Power Cords and 3C Cables & Accessories, selling internally and externally.

Power Cords



3C Cables & Accessories



Heating Cable



EV Cable Solutions



Growth Products

Monoprice

Our core product focus is Own-Brand Proprietary Products for Tech Enthusiasts.

Cables



Adapters



Audio & Video



Accelerator



Pro Audio



Future Growth

Prime Wire and Cable

Prime is a branded B2B vendor selling to brick-and-mortar retailers.

Power Cords



Surge Protectors



Timers



Lighting





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2021年前三季回顧 1-3Q21 Review

Consolidated Balance Sheet - Quarterly

Unit: NT\$ million	2021/9/30		2021/6/30		2020/9/30	
Major Item	\$	%	\$	%	\$	%
Cash and Cash Equivalents	625	6%	689	7%	1,155	12%
Notes and Accounts Receivable, Net	2,438	23%	2,151	22%	2,854	31%
Inventories	4,651	43%	3,847	40%	2,290	25%
Other Current Assets	593	5%	591	6%	332	4%
Fixed Assets	1,342	12%	1,311	14%	1,356	15%
Other Long-term Assets	1,102	11%	1,091	11%	1,167	13%
Total Assets	10,751	100%	9,680	100%	9,154	100%
Current Liabilities	5,692	53%	5,454	57%	4,884	53%
Long-term Debt	1,994	19%	1,336	13%	1,183	13%
Other Non-Current Liabilities	500	4%	381	4%	450	5%
Total Liabilities	8,186	76%	7,171	74%	6,516	71%
Common Stock	1,320		1,320		1,246	
Certificate of Entitlement to New Shares	0		0		65	
Total Equity	2,565	24%	2,509	26%	2,637	29%
Book Value per Share (NT\$)	19.40		19.0		21.1	
Key Indices						
Current Ratio (Current Assets/Current Liabilities)	146%		133%		136%	
AR Turnover Ratio/Days Sales in Receivables (DSR)	4.78/76		4.79/76		4.66/78	
Inventory Turnover Ratio/Days Sales in Inventory (DSI)	2.5/146		2.6/140		3.73/98	

Consolidated Income Statement 1-3Q21 vs 1-3Q20

Unit: NTD million	1-3Q21	1-3Q20	YoY
Net Revenue	8,968	8,522	5%
Gross Profit	1,942	2,129	-9%
Gross Margin	22%	25%	
Operating Expenses	1,728	1,653	5%
SG&A percent of Sales	20%	19%	
Operating Income	214	476	-55%
Operating Margin	2%	6%	
Net Non-Operating Income (Loss)	-45	-82	
Pre-Tax Income	169	393	-57%
Income Tax Expense	45	121	
Minority Interest	1	1	
Net Income to Parent	125	273	-54%
Net Margin	1%	3%	
EPS (NT\$)	0.95	2.18	-56%
ROE - not annualized	5%	10%	
Depreciation	188	176	
CAPEX	108	101	

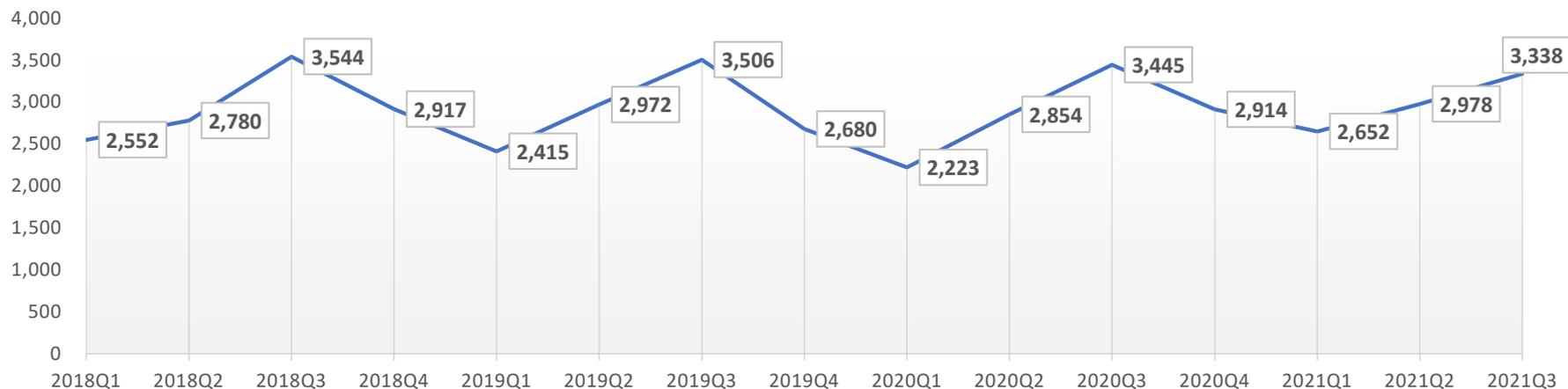
Consolidated Income Statement - Quarterly

Unit: NTD million	3Q21	2Q21	3Q20	YoY	QoQ
Net Revenue	3,338	2,978	3,445	-3%	12%
Gross Profit	656	720	877	-25%	-9%
Gross Margin	20%	24%	25%		
Operating Expenses	608	589	594	2%	3%
SG&A percent of Sales	19%	20%	17%		
Operating Income	47	130	283	-83%	-64%
Operating Margin	1%	4%	8%		
Net Non-Operating Income (Loss)	15	-31	-47		
Pre-Tax Income	63	99	236	-73%	-36%
Income Tax Expense	5	36	71		
Minority Interest	0	0	0		
Net Income to Parent	58	64	165	-65%	-9%
Net Margin	2%	2%	5%		
EPS (NT\$)	0.44	0.48	1.30	-66%	-8%
ROE - not annualized	2.4%	0.2%	4.6%		
Depreciation	60	64	58		
CAPEX	0	43	23		

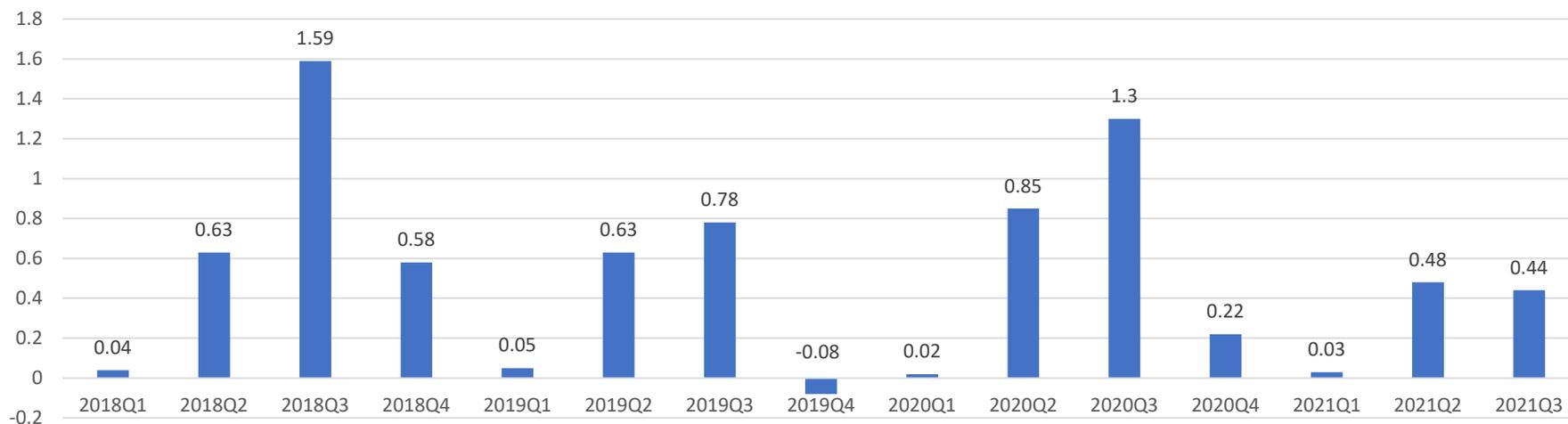
營收趨勢 Revenues Trend

新台幣/百萬元
NT\$ million

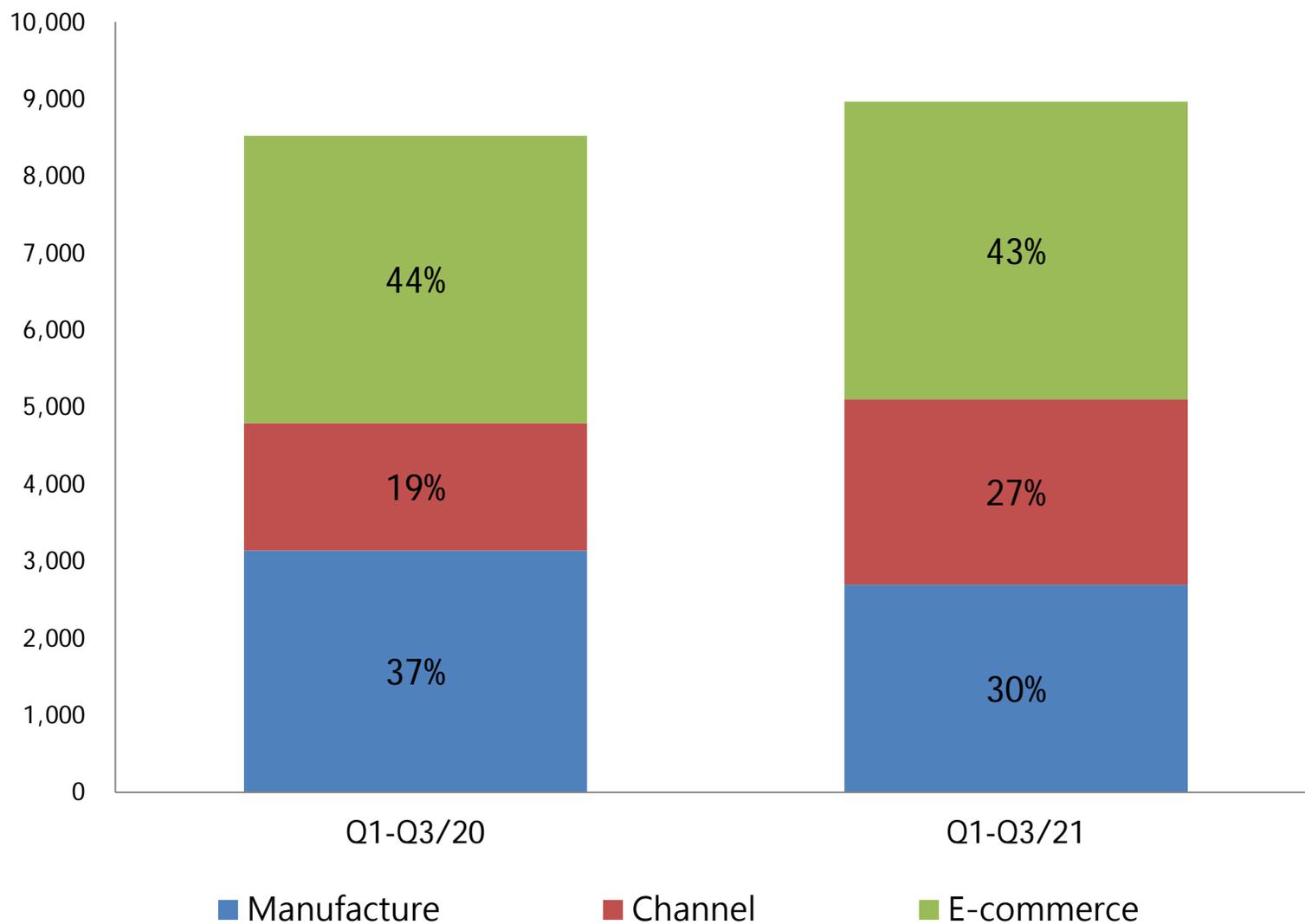
季收入(新台幣/佰萬) Quarterly Revenue (NT\$/M)



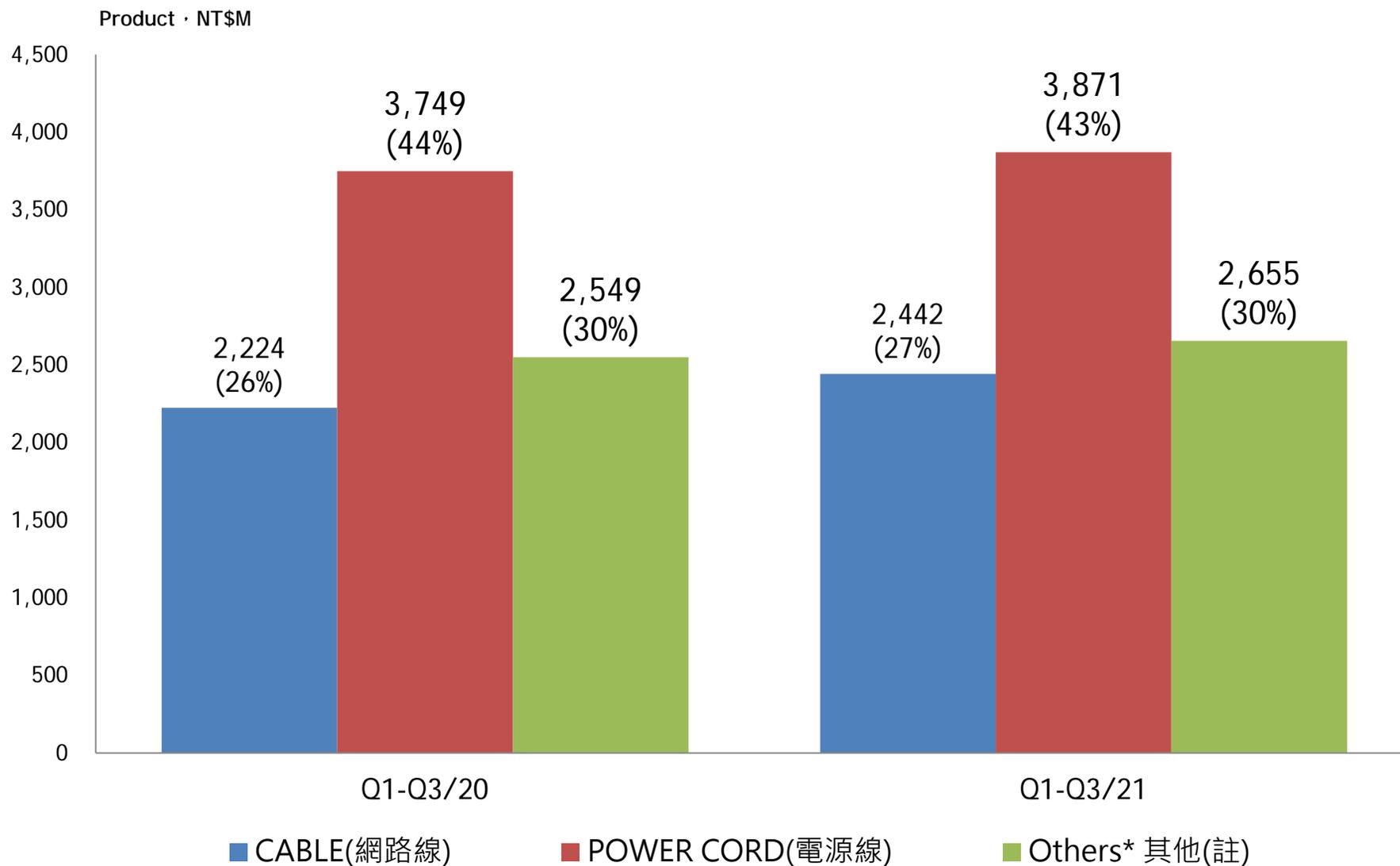
EPS (NT\$)



銷售通路組合 Sales Breakdown by Channel



銷售產品組合 Sales Breakdown by Product



銷售地區別 Sales Breakdown by Region

地區 Region	Q1-Q3/20	Q1-Q3/21
美國 U.S.	86%	83%
中國 China	4%	4%
台灣 Taiwan	2%	3%
加拿大 Canada	2%	3%
英國 U.K.	1%	1%
其他國家 Others	5%	6%
Total	100%	100%

岳豐發行第九次可轉換公司債

CB Terms and Trading Information (9th Series)

- 目前流通在外股數為131,972,388股。
- 截至11/30，可轉債餘額為新台幣1.31億。
- Current outstanding share amount is 131,972,388.
- As of November 30th, the CB balance remains NT\$131 million.

發行日期 Issue Date	2020/2/18
到期日期 Maturity Date	2023/2/18
發行期限 Maturity Term	3年
票面利率 Coupon Rate	0.00%
發行總額 Issue Amount	新台幣400,000,000元
發行價格 Issue Price	新台幣101.0元
發行轉換溢價率 Latest Conversion Price	114.29%
最新轉(交)換價格 Conversion Premium	新台幣24.6元
最新交易價格 Latest Trading Price	108 (2021/12/29)

1-3Q21 Overview

- 1-3Q21 sales were NT\$ 9bn, up 5% YoY. Over 80% of YFC's sales are from the U.S.
- 1-3Q21 gross margin was 22% which is lower than 25% in 2020. The main reason for such loss is a matter of the soaring freight rates and tariffs, which cannot be entirely passed onto clients. Therefore, a decline in gross margin compared to the same period last year.
- 1-3Q21 operating expenses were NT\$ 1.728bn, up 5% YoY. US logistics costs have risen due to the impact of supply chain disruption, which led to an increase in freight-out of the US channel subsidiaries. Furthermore, although recurrent outbreaks of COVID in the US region have continued to bring up sales of e-commerce subsidiaries, it has also raised the demand for local dispatchers and employees to work overtime and increased labor costs.
- 1-3Q21 EPS was NT\$0.95, down 56% YoY. In conclusion, boosts in raw materials and freight rates and the continuous effect of tariffs have increased the OPEX. Also, since product prices cannot immediately reflect raised costs or pass onto clients, and partial self-owned e-commerce products are free shipping, all triggers less growth in revenue than the increase in cost and OPEX. Consequently, current operating income and EPS have dropped significantly year-over-year.

1-3Q21 Overview (Cont'd)

- Inventory turnover days are 146 days, which is longer than average 82 days for electronic products manufacturing companies, such as Wonderful HI-TECH, LINETEK, etc.
- YFC's core business model is: Asia production and manufacturing → Global shipping to US self-owned warehouses → Prime sells products to end-consumers via physical retail channels, like Lowe's and Costco; YFC brand Monoprice sells through its website (Monoprice.com) and Amazon e-commerce platforms. Because of the global logistics chaos and ports congestions, the transit time from Asia factories to US warehouses has extended from originally 30 days to 90 days currently.
- On top of that, YFC has purposely increased US subsidiaries' safety stock to lower down the risks of ocean freight bottlenecks causing supply disruption. In summary, the inventory turnover days are longer than those of the same period last year and manufacturing peers.



2022 YFC's Opportunities & Challenges - Monoprice

Opportunities

- The product shortage situation for cables and adapters improved in 2021 and seems likely to continue improving going forward.
- Gradual recovery in B2B Direct sales, which was 24% of total sales in 2021, seems likely to continue as economies reopen.
- Performances of direct sales to Amazon retail continues to grow aggressively.
- Monoprice has launched its new warehouse in Kentucky. Aimed to enhance logistics efficiency and shorten the delivery time for customers to receive goods to improve customer satisfaction.
- Speed up the sourcing for qualified suppliers outside China to save the 25% US import tariff. Non-China suppliers is less than 20% in 2021.

Challenges

- EU Monoprice experienced growing pains due to COVID impacts, mostly related to product distribution and merchandising issues. Changes and improvements are made aggressively.
- All transportation modes inbound and outbound in the US are seeing a slow-down and a substantial increase in rates due to heightened demand and limited shipping capacity.
- A more precise and accurate consumers demand forecast, increase safety inventory, and enhanced supply chain management are necessary to ease the supply disruption and logistics chaos influence.
- Expenses related to collection and administration of state taxes and legal fees, as well as challenges associated with local, state, and federal privacy and compliance laws. These are unique to and common within growing e-commerce businesses.

2022 YFC's Opportunities & Challenges - Prime & YFC Factory Direct Sales

Opportunities

- YFC has leased two factory buildings in the Philippines and started production. These plants will be able to satisfy clients' demands on non-China capacity. Moreover, it'll save Prime from high tariffs costs paid out currently and improve its competitiveness in the US.
- YFC is capable in design, developing, and manufacturing power cord-related products for US brands. And with Prime's certain reputation and YFC's self-owned warehouses in the US, the risks in supply chain disruption for clients are much lower. Thus, YFC is continuing to get more renowned new clients.
- YFC has capacity in Greater China, and as particular manufacturing plants are moving to Taiwan and the Philippines, it is aim to develop EV cable solutions for the electric vehicles market in China.

Challenges

- To solve the supply disruption risk caused by bottlenecks of shipping and logistics, major clients asked Prime to prepare a longer safety inventory in the US, which will increase its working capital.
- Uncertainties in US tariff policy are complicating decision-making regarding capital expenditures and plant location.

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