



Issued by: Test-Rite International Co., Ltd. (Ticker: 2908 TT/2908 TW)

Date: August 11, 2020

Subject: Test-Rite 2Q20 and 1H20 Earnings Results Announcement

**Test-Rite reported revenue of NT\$10.7 billion in 2Q20 +14.3% YoY, net profit after tax of NT\$256 million, and basic EPS of NT\$0.52, showing a significant increase. Revenue in 1H20 was NT\$19.9 billion +3.5% YoY while net profit after tax came in at NT\$378million, with basic EPS of NT\$0.76.**

On a consolidated basis, our revenue trading unit's revenue in 2Q20 and 1H20 was NT\$10.7 billion and NT\$ 19.9 billion, up 14.1% and 3.5% YoY, respectively. Operating margin in 2Q20 and 1H20 was 3.6% and 3%, respectively. Net margin was 2.4% and 1.9% in 2Q20 and 1H20. Our operating performance was stronger than the comparison in 2Q19 and 1H19. With the benefits of customers' strong demand in the U.S. and Europe, COVID-19 pandemic slowdown, and customers' flow elevation, our revenue increased significantly and drove the operating profit's growth.

On a consolidated basis, our trading unit's revenue in 2Q20 was NT\$6.09 billion, an increase of 27.2 % YoY, and was NT\$10.84 billion in the year to date, an increase of 11.3% YoY. With the benefits of customers' strong demand in the U.S. and Europe and new customers in Europe, the shipment amounts kept rising. In the fourth quarter, American and European countries will usher in the retail boom season. Thanksgiving and Christmas festivities will bolster consumer spending, thereby adding impetus to our trading business in 2H20. The COVID-19 continued to rage abroad, so the global economy remains an uncertainty. Test-Rite will continuously pay close attention to the development of the epidemic in each country while using our own all-around trading network to provide overseas customers with professional and instant services that meet their multiple needs.

Our Taiwan retail business reported revenue of NT\$4.1 billion in 2Q20, an increase of 5.7% YOY. As the epidemic slows down domestically, people are willing to going outside. Both visitor numbers and actual sales of physical stores have grown up, which showed the growth momentum of Test-Rite's retail sales has gradually warmed up. In the last wave of COVID-19, the effect of precautions against COVID-19 led to consumers' reduced visits to our physical stores. Due to the epidemic, Stay-at-Home Economy has become the rage now. It promotes online sales and overall sales greatly. With the epidemic slowdown, Taiwan has gradually lifted lockdowns since May. Our physical stores sales grow continuously. With the support of offline channels and online channels, Our Taiwan retail business reported revenue of NT\$8.19 billion in 1H20, an increase of 0.8% YOY. In the following, Test-Rite continues to comply with prevention measures and regulations of the government and provide more completed physical shopping space to cope with the event of annual sales and Double Eleven e-commerce which will coincide with peak demand for furniture replacement toward the end of the year. This is expected to be supportive of our Taiwan retail business performance.



Figure 1 – Test-Rite IFRS-based consolidated P&L for 2Q20

(NT\$mn)	2Q20	2Q19	YoY%	2020H1	2019H1	YoY%
Consolidated sales	10,672	9,335	14.3%	19,888	19,214	3.5%
COGS	(7,787)	(6,755)	15.3%	(14,533)	(13,820)	5.2%
Gross profit	2,885	2,580	11.8%	5,355	5,393	-0.7%
Operating expense	(2,500)	(2,429)	2.9%	(4,759)	(4,929)	-3.5%
Operating profit	385	152	153.4%	596	464	28.5%
Non-operating income/loss	(35)	(541)	-93.6%	(84)	(632)	-86.7%
Pre-tax profit	350	(389)	-189.9%	512	(168)	-405.1%
Net profit	257	(381)	-166.9%	384	(201)	-285.3%
Other net profit	(75)	(32)	134.4%	(88)	(13)	576.9%
Total net profit	182	(413)	143.6%	296	(214)	233.6%
<b>Net profit attributable to TRIC shareholders</b>	256	(382)	166.9%	378	(204)	285.3%
NT Dollar (After Tax)						
Basic EPS	0.52	(0.75)	169.3%	0.76	(0.4)	290.0%
Diluted EPS	0.52	(0.75)	169.3%	0.76	(0.4)	290.0%
Gross margin	27.0%	27.6%	-0.6%	26.9%	28.1%	-1.1%
Operating margin	3.6%	1.6%	2.0%	3.0%	2.4%	0.6%
Pre-tax margin	3.3%	-4.2%	7.4%	2.6%	-0.9%	3.4%
Net margin	2.4%	-4.1%	6.5%	1.9%	-1.1%	3.0%

Sophia Tong  
Group CEO  
TEL: 886-2-8791-5888

Eric Chang (Please contact for further information)  
Deputy Spokesperson  
Tel: 886-2-8791-5888 ext. 5041  
Email: Eric-JH.Chang@testritegroup.com

Linda Lin  
CFO & Spokesperson  
TEL: 886-2-8791-5888

Judy Chen  
Investor Relations Principal Specialist  
TEL: 886-2-8791-5888 ext. 5936  
E-mail: investor@testritegroup.com