



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

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Subject: Test-Rite 3Q21 Earnings Results Announcement

Test-Rite reported revenue of NT\$10.7 billion in 3Q21, with net profit attributable to TRIC shareholders of NT\$176 million and basic EPS of NT\$0.36. Revenue in Q1-Q3 was NT\$32.5 billion, up 5.6% YoY, while net profit attributable to TRIC shareholders came in at NT\$648 million, with basic EPS of NT\$1.31, showing a YoY increase of 2.3%.

On a consolidated basis, our revenue in 3Q21 was NT\$10.7 billion. With early shipments pulled by our major customers in North America in the past few months, trading revenue declined by 1.6% from the same period in the prior year. Gross margin and operating margin in 3Q21 was 24.1% and 1.2% respectively. Due to the increased price of raw material and ocean freight, gross margin and operating margin in 3Q21 declined compared with 3Q20. In 2021Q1-2021Q3, our revenue was NT\$32.5 billion, a YoY increase of 5.6%; gross margin and operating margin reached 24.6% and 2.1%, respectively, while EPS was NT\$1.31, a YoY increase of 2.3%, which demonstrated Test-Rite's strong operating capability. Test-Rite group will continue to invest in the core business activities to drum up growth momentum.

Our trading unit's revenue declined to NT\$6.26 billion in 3Q21 compared with 3Q20 due to the high base arising from delayed shipments caused by COVID-19 in 2020. Trading revenue showed NT\$19 billion year-to-date, a YoY increase of 9.9%, showing that the performance of shipments remained brisk. Currently, shipments to customers in Western countries continue to show steady and sustained growth. As the COVID-19 pandemic continues to rage, the global supply chain is facing challenges such as supply chain disruption, lack of workers, and rising freight rates. As an important part of global supply chain, Test-Rite will not only continue maintaining steady operations, but keep a close watch on developments in various countries and take response measures in a timely manner.

Our Taiwan retail business reported revenue of NT\$4.04 billion in 3Q21, a YoY increase of 0.6%, and NT\$12.2 billion in the year to date. As the local epidemic situation was much more serious than last year, the government imposed the Level 3 alert nationwide. Stricter control measures were taken compared with those last year, causing a great impact on physical stores and therefore a decrease in retail sales from the same period last year. However, 2021 Q1-Q3 sales remained steady over the past year, showing the recovery of Taiwan retail business. People have changed their lifestyles and focused more on how to elevate their quality due to COVID-19 pandemic; in addition, the government has launched the Quintuple Stimulus Vouchers. Both factors will drive steady growth of Test-Rite's retail sales.

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Figure 1 – Test-Rite IFRS-based consolidated P&L for 3Q21

(NT\$m)	3Q21	3Q20	YoY%	2021Q1-Q3	2020Q1-Q3	YoY%
Consolidated sales	10,732	10,906	-1.6%	32,524	30,794	5.6%
COGS	(8,148)	(8,180)	-0.4%	(24,528)	(22,713)	8.0%
Gross profit	2,584	2,726	-5.2%	7,996	8,081	-1.1%
Operating expense	(2,455)	(2,362)	3.9%	(7,328)	(7,121)	2.9%
Operating profit	129	364	-64.6%	668	960	-30.4%
Non-operating income/loss	39	(13)	-387.0%	134	(97)	-236.4%
Pre-tax profit	168	351	-52.2%	802	863	-7.1%
Net profit	186	260	-28.6%	676	644	4.9%
Other net profit	(30)	15	-300.0%	(78)	(73)	6.8%
Total net profit	156	275	-43.4%	598	571	4.7%
Net profit attributable to TRIC shareholders	176	256	-31.1%	648	633	2.3%
NT Dollar (After Tax)						
Basic EPS	0.36	0.52	-30.8%	1.31	1.28	2.3%
Diluted EPS	0.36	0.52	-30.8%	1.31	1.28	2.3%
Gross margin	24.1%	25.0%	-0.9%	24.6%	26.2%	-1.7%
Operating margin	1.2%	3.3%	-2.1%	2.1%	3.1%	-1.1%
Pre-tax margin	1.6%	3.2%	-1.7%	2.5%	2.8%	-0.3%
Net margin	1.6%	2.3%	-0.7%	2.0%	2.1%	-0.1%