TEST RITE

Issued by: Test-Rite International Co., Ltd. (Ticker: 2908 TT/2908 TW)   **Date: August 11, 2022**
Subject: Test-Rite 2Q22 and 1H22 Earnings Results Announcement

Test-Rite reported revenue of NT$10.2 billion in 2Q22, net profit attributable to TRIC shareholders of NT$87.7 million, and basic EPS of NT$0.18. Revenue in 1H22 was NT$20 billion while net profit after tax came in at NT$346 million, with basic EPS of NT$0.7.

On a consolidated basis, our revenue in 2Q22 and 1H22 was NT$10.2 billion and NT$20 billion, respectively. Due to the adjustment of shipping schedules and a high base period of shipments, our revenue declined from that in 2Q21 and 1H21. The gross margin was 23.8% and 23.4% in 2Q22 and 1H22, an increase of 1.3% and 0.6% respectively, thanks to product mix optimization. Operating margin and net margin in 2Q22 and 1H22 were 0.7% and 0.6% and 0.9% and 1.7% respectively. Facing the turbulence in the post-pandemic era, where the challenges came thick and fast, Test-Rite not only operated core business steadily, but also continued to optimize our supply chain and retail channels.

Our trading unit's revenue was NT$5.43 billion and NT$10.4 billion in 2Q22 and 1H22 respectively, a decline from that in 2Q21 and 1H21 due to the adjustment of shipping schedules and the delayed shipments because of China's lockdown policy. In the second half of the year, 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. The external business environment was faced with challenges such as supply chain volatility caused by the COVID-19 pandemic and the rise in commodity prices due to the Russia-Ukraine war. Our trading business will make good use of our flexible supply chain and keep a close watch on follow-up developments around the world in order to meet the strong needs of overseas customers in a timely manner.

Our retail business revenue was NT$4.12 billion and NT$ 8.41billion in 2Q22 and 1H22 respectively. Due to the pandemic, people started to work and learn remotely. They stayed at home longer, which drove home consumption. In addition, the local pandemic slowed down, more customers returned to physical stores. Therefore, our retail business revenue showed a YoY increase of 12.4% and 3.6% in 2Q22 and 1H22 respectively. Facing such a challenge, Test-Rite managed to extend the service network in communities to effectively provide customers with what they need at home. In addition to the oncoming events such as the anniversary sale and Double Eleven Festival in 2H22, rigid demand for the replacement of furniture at the end of the year is expected to further drive sales of our Taiwan retail business.

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Figure 1 – Test-Rite IFRS-based consolidated P&L for 2Q21

(NT$mn)	2Q21	2Q10	YoY%	2022H1	2021H1	YoY%
Consolidated sales	10,193	10,215	-0.2%	19,975	21,792	-8.3%
COGS	(7,767)	(7,915)	-1.9%	(15,301)	(16,834)	-9.1%
Gross profit	2,426	2,300	5.5%	4,674	4,958	-5.7%
Operating expense	(2,355)	(2,069)	13.9%	(4,548)	(4,419)	2.9%
Operating profit	71	231	-69.3%	126	540	-76.6%
Non-operating income/loss	23	30	-22.8%	244	94	158.3%
Pre-tax profit	94	261	-64.0%	370	634	-41.6%
Net profit	94	205	-54.1%	358	490	-27.0%
Other net profit	8	(54)	-114.8%	131	(48)	-372.9%
Total net profit	102	151	-32.3%	489	442	10.6%
Net profit attributable to TRIC shareholders	**88**	**194**	**-54.9%**	**346**	**472**	**-26.7%**
NT dollar (after tax)						
Basic EPS	0.18	0.39	-53.8%	0.70	0.95	-26.3%
Diluted EPS	0.18	0.39	-53.8%	0.70	0.95	-26.3%
Gross margin	23.8%	22.5%	1.3%	23.4%	22.8%	0.6%
Operating margin	0.7%	2.3%	-1.6%	0.6%	2.5%	-1.8%
Pre-tax margin	0.9%	2.6%	-1.6%	1.9%	2.9%	-1.1%
Net margin	0.9%	1.9%	-1.0%	1.7%	2.2%	-0.4%