



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

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Subject: Test-Rite FY2022 Earnings Results Announcement

Test-Rite reported revenue of NT\$37.4 billion in 2022, a 14.5% decrease YoY, net profit after tax of NT\$426 million, and basic EPS of NT\$0.86. The Board of Directors approved management's proposal to distribute a cash dividend of NT\$1.28 per share.

In 2022, Russia-Ukraine war and the inflation and rate after the COVID-19 epidemic not only brought severe challenges to global supply chain but also caused the severe plight in Home Improvement Retail industry. Test-Rite strove to build a stable enterprise structure, turn the external risk into the opportunity and advance the industry to respond the external challenges.

Our trading unit's revenue was NT\$18.4 billion and the total shipment amount was NT\$28.7 billion in 2022, a decrease of 27.1% and 26.2% YoY, respectively. It showed the turbulence in the post-pandemic era has disrupted the layout of global companies and added new uncertainties over whether the global environment return to the normal status before COVID-19 epidemic. Since 2020, the COVID-19 has caused the changes in global supply chain, the Ukrainian-Russian war has hiked the commodity prices and commodity prices, and European and American retailers has stayed ahead of their higher-than-usual inventories. These have brought the challenges that have happened one after another. In addition, Test-Rite trading business needs to resolve it one by one. Our trading business has implemented the Global Sourcing strategy for many years, so it can provide customers with the best supply solutions in response to market conditions regardless of the epidemic, inflationary pressure, and more external environmental challenges in the future.

Our retail business revenue was NT\$ 16.4 billion in 2022, a decrease of 1.8% YoY. Due to changes in the global financial environment, rate hikes, and tight monetary policies, consumers lowered their willingness to spend. The slow real-estate market has lowered the consumers' demands for household goods. Even though the policy of raising interest rates and cooling off the housing market may put more pressure on real estate and related industries in 2022, the proportion of old houses is very high in Taiwan, which creates a high demand for repairment. In order to seize the repair market, Test-Rite community store provides a one-stop model of product sales and services to meet the customer's requirement. With the rapid expansion of community stores, the penetration rate of neighborhoods has increased rapidly. Therefore, the significant rise of the proportion of service goods sales. Test-Rite not only continues to expand community stores but also remodel the hypermarkets. We link the both stores through community stores acting as the Satellite shops of big stores to seek different target audience.



Figure 1 – Test-Rite IFRS-based consolidated P&L for 4Q22 and 2022

(NT\$mn)	4Q22	4Q21	YoY%	2022	2021	YoY%
Consolidated sales	8,337	11,233	-25.8%	37,409	43,757	-14.5%
COGS	(6,175)	(8,595)	-28.2%	(28,306)	(33,902)	-16.5%
Gross profit	2,162	2,638	-18.0%	9,103	9,855	-7.6%
Operating expense	(2,163)	(2,546)	-15.0%	(8,906)	(9,095)	-2.1%
Operating profit	(1)	92	-101.1%	197	760	-74.1%
Non-operating income/loss	(172)	119	-244.5%	227	252	-9.9%
Pre-tax profit	(174)	210	-182.9%	424	1,012	-58.1%
Net profit	(58)	142	-140.8%	452	818	-44.7%
Other net profit	47	7	571.4%	278	(71)	491.5%
Total net profit	(11)	149	-107.4%	730	747	-2.3%
Net profit attributable to TRIC shareholders	(63)	135	-146.7%	426	783	-45.6%
NT Dollar (After Tax)						
Basic EPS	(0.13)	0.27	-148.1%	0.86	1.58	-45.6%
Diluted EPS	(0.13)	0.27	-148.1%	0.86	1.58	-45.6%
Gross margin	25.9%	23.5%	2.4%	24.3%	22.5%	1.8%
Operating margin	0.0%	0.8%	-0.8%	0.5%	1.7%	-1.2%
Pre-tax margin	-2.1%	1.9%	-4.0%	1.1%	2.3%	-1.2%
Net margin	-0.8%	1.2%	-2.0%	1.1%	1.8%	-0.7%

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