



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

Date: May 11, 2023

Subject: Test-Rite 1Q23 Earnings Results Announcement

**Test-Rite reported revenue of NT\$8.7 billion in 1Q23, a 11% decrease YoY, net profit attributable to TRIC shareholders NT\$157 million, and basic EPS of NT\$0.32.**

On a consolidated basis, our revenue in 1Q23 was NT\$87.2 billion; gross profit was NT\$260 billion; pre-tax profit was NT\$232 million, with basic EPS of NT\$0.32, a decrease of NT\$ 0.2 from 1Q22. The inflation and rate hikes not only brought severe challenges to global supply chains, but also caused the severe plight in the Home Improvement Retail industry. Revenue in 1Q23 saw a 11% decrease compared to the same period a year ago. Faced with the severe environment around the globe, Test-Rite group will leverage our experience in stable business operations over the past years, as well as our global presence and all-round integrated services, to respond in a timely manner.

Our trading unit's revenue was NT\$4.27 billion in 1Q23. The shipment of our trading business was affected by customers' clearing out overstock, causing the growth momentum to slow down. Therefore, trading revenue in 1Q23 experienced a decline from that in 1Q22. At present, some online stores and retailers extend the promotion season, expecting to accelerate the reduction in stock to a reasonable level. Interest rate hikes caused by inflation will add new uncertainties over whether the global environment will return to the normal status before the COVID-19 pandemic. As an important player in global trade, Test-Rite will brave this challenge by following up the development of inflation and adopting flexible procurement strategies. We will keep a close watch on the global economy and take measures in a timely manner. In the following, while waiting for customers to complete inventory adjustments, Test-Rite aims to catch the first wave of economic recovery.

Our Taiwan retail business reported revenue of NT\$3.83 billion in 1Q23, a decline from that in 1Q22, which was attributable to the chill real estate market. While the transactions of houses continued to decline, demands for furniture and home décor products were lowered to some extent. After the post-pandemic era, people changed their lifestyles and consumption patterns. They traveled shorter distances and shopped in the community centers nearby. In the future, Test-Rite will continue expanding community stores. We will link large stores and community stores through satellite stores to attract different target audiences, which is expected to boost our sales. Meanwhile, our retail channels aim to enrich the categories of services and products while actively seizing opportunities in the home repair market to maintain the current sales momentum. When the market boom returns in 2H23, the sales performance of our Taiwan retail is expected to improve gradually.

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Figure 1 – Test-Rite IFRS-based consolidated P&L for 1Q23

(NT\$m)	1Q23	1Q22	YoY%
Consolidated sales	8,717	9,782	-10.9%
COGS	(6,400)	(7,534)	-15.1%
Gross profit	2,317	2,248	3.1%
Operating expense	(2,057)	(2,192)	-6.2%
Operating profit	259	55	370.9%
Non-operating income/loss	(27)	221	-112.2%
Pre-tax profit	232	276	-15.9%
Net profit	164	264	-37.9%
Other net profit	10	124	-91.9%
Total net profit	174	388	-55.2%
<b>Net profit attributable to TRIC shareholders</b>	157	258	-39.1%
NT Dollar (After Tax)			
Basic EPS	0.32	0.52	-38.5%
Diluted EPS	0.32	0.52	-38.5%
Gross margin	26.6%	23.0%	3.6%
Operating margin	3.0%	0.6%	2.4%
Pre-tax margin	2.7%	2.8%	-0.2%
Net margin	1.8%	2.6%	-0.8%