



Test-Rite (2908:TT)

2023 Q1 IR Presentation

 **TESTRITE**  
特力集團

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- Beginning on January 1, 2013, the Company adopted International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the ROC Financial Supervisory Commission (FSC). Reporting of our annual and interim consolidated financial statements follow Taiwan IFRS requirements. However, given that there exists material differences between Taiwan IFRS and the Republic of China’s generally accepted accounting principles (ROC GAAP), selected comparison of financial results for 2013 may have material differences versus previously released financial information under ROC GAAP.

# Presenter



**Robin Ho**

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## EDUCATION :

- University of Southern California

## EXPERIENCE:

- Director of Test-Rite
- Director of TLW
- COO of Test-Rite

As an important promoter of Test-Rite Group's successful digital transformation, she joined Test-Rite in 2000 to be responsible for project management, legal, human resources, trading operation management, digital commerce, etc. She led TLW retail business to establish ecommerce platforms based on each channel, which realized the online and offline integration, making a big step in the sustainable development of Test-Rite Group.

## SKILL :

- Enterprise Development Strategy
- Operations Management of Trading and Retail business
- Digit Commerce and Data mining
- Organizational Development and Adjustment

# Agenda

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- Introduction to Test Rite Group
- Financial Highlights
- Trading Business
- Retail Business
- Core capability and value creation

**Introduction  
to  
Test Rite Group**

# Group Founder



**President, Mr. Tony Ho**  
Test Rite Group &  
Test Rite Retail Co., Ltd.



**Chairwoman, Ms. Judy Lee**  
Test Rite Co., Ltd.

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For more than four decades, Test Rite Group has been committed to ethical management and innovation with stability. Information transparency, comprehensive mechanisms, and team accountability are our secrets to success. Therefore, we build a healthy foundation and operational development strength to support seeing opportunities from challenges and moving on the path towards a stable and sustainable road.

# Focus on Main Trading and Retail Business

## Test Rite Retail Business Group

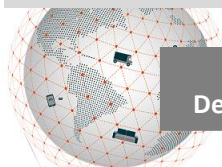
(2022 Turnover : NT\$16.36 billion)

<b>Home Decoration</b>	HOLA(27) 、 HOLA Petite(4) 、 hoi!(10)
<b>Home Improvement</b>	TLW(27) 、 TLW Community Store(33)
<b>Mattresses &amp; Bedding</b>	HOLA CASA(5) 、 Reve(5) 、 WEDGWOOD (11) 、 FRETTE(1)
<b>Comprehensive Home Integration Services</b>	DÉCOR House (4)
<b>Brand Agency</b>	JOYOUNG , WMF, WINIX, TOSHIBA

## Test Rite Trading Business Group

(2022 Turnover : NT\$18.38 billion)

<b>Hardline</b> Hand tool, Power tool, Hardline Accessories, Auto Equipment, Auto Accessories, Gardening Tool	<b>Necessities</b> Appliance, Lighting, Kitchen Decoration, Textile
<b>Bath/Storage</b> Storage Goods, Bath Goods Traveling Suitcase, Traveling Supplies	<b>Festival/Seasonal</b> X'mas Décor, Holiday Décor Party Supplies
<b>Stationery</b> Stationery, Indoor Furniture, Office Furniture and Supplies, Computer Peripherals, Computer Accessories	<b>Outdoor</b> Outdoor Furniture, Gardening Supplies, BBQ Supplies, Camping supplies, Fitness sports supplies
<b>Agency Business</b>	<b>Import</b>



Market Deployment

Taiwan

America

Europe

New Zealand & Australia

Southeast Asia

India

## Other Spin-off Investments

### Creative Design / Product Development

Product Design, VI & Graphic Design, Packaging & Purchasing

### Chung Cin Corp.

Shopping mall construction, Office building construction, Property Management

### Logistics / Warehousing services

Taiwan, USA, Europe, Vietnam

Note 1. store numbers updated as of Mar 31<sup>th</sup> 2023

# Milestones

- 2013** Acquired 100% shares of International Art
- 2012** Sold 69% stake in Tong Lung Metal; Acquired 49% TRPC's shares
- 2011** Décor House grand opening
- 2010** Successfully integrated 4 retail channels in Taiwan  
Acquired 50% of B&Q TW's shares from Kingfisher plc
- 2004** Established HOLA China
- 2001** Nominated "The Best 200 Small Companies" by Forbes
- 1998** Established HOLA Taiwan – Home Decoration
- 1995** Established B&Q Taiwan – Home Improvement
- 1993** Listed on TWSE, became a listed company ( 2908TT )
- 1978** Test Rite Group established as a trading company that specialized in tool products

**2022**

Expanding the investment and procurement resources in Vietnam

New Opportunity

**2021**

TLW channel moved into the offshore islands firstly

**2020**

Open TLW community stores

**2019**

HOLA China withdrew China, layout supply chain of South Asia strength layout of logistics in USA.

**2018**

Launched new retail brand, hoi! good living

**2017**

Launched TR Plus website, combining all our retail channels

**2016**

TLW new concept store in XiTun Taichung

**2015**

First Crate & Barrel store in Taiwan

**2014**

Establish a Distribution Center in Shanghai Free Trading Zone ;  
Acquired German operations



# Financial Performance

# Best Interests of Shareholders

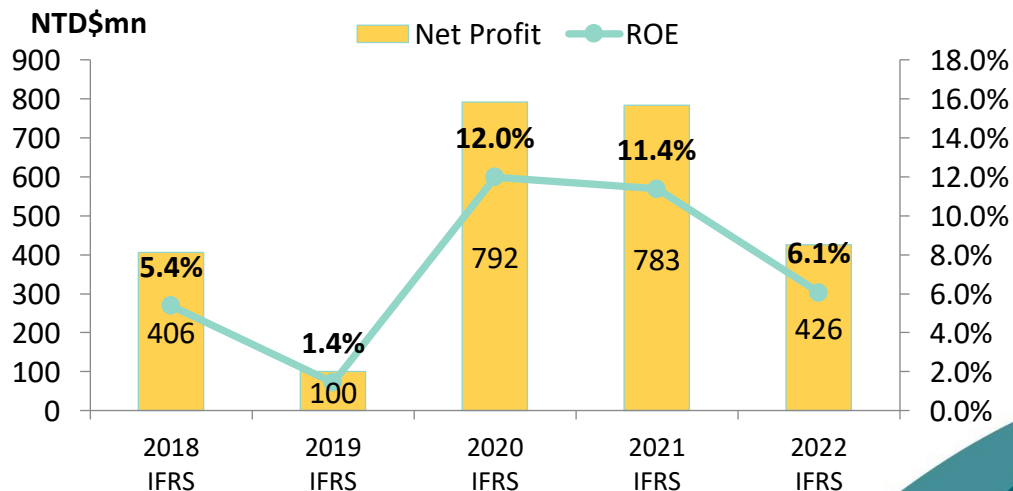
## The stable ROE of our shareholders

- Test-Rite group's profitability is stable for the best interest of shareholders in the long term.
- Although the profitability was affected by the HOLA withdrawal from China in 2018 and 2019, we continued to invest in our own industry to respond to shareholders' expectations.

## Strengthen the corporate governance and elevate the transparency of information disclosure.

- Test Rite is ranked by the TWSE in the 21%-35% of public companies with best corporate governance practices in 2021.
- We prepare the ESG Report in accordance with GRI and SASB Standards.
- We echoing the UN Sustainable Development Goals (SDGs), disclose strategic plans and important actions.
- Test-Rite 's CSR report obtains the external assurance in 2021.
- Test-Rite establishes the ESG Committee in 2022.

## TR Group ROE & Net profit



**All employees and suppliers of Trading and retail business completed to sign the Letter of Undertaking of Integrity to carry out Ethical Corporate Management in 2021.**

# In the Top 100 List for over 30 Years Topped in Trading Industry

- Test Rite is [one of the 12 service companies](#) remaining in the Top 100 for 37 years from 1986 to 2023.
- Commonwealth Magazine evaluated Test Rite as one of the 30 [“big, enduring and stable”](#) companies in Taiwan.
- Changes in the external environment test resilience, and TR was named a winner in adversity during the epidemic
- The solid foundation enables Test Rite to tackle unexpected covis-19 challenges, and firmly ranks among the champion companies in the trade category.



Ranking	1986	2017	2018	2019	2020	2021	2022
Taiwan Power	1	1	1	1	2	2	2
Chunghwa Telecom	2	8	10	11	11	13	13
China Airlines	3	13	13	14	17	18	18
Evergreen	4	14	14	12	12	4	3
YangMing	7	15	16	15	13	8	8
Taiwan Railways	8	59	62	62	72	104	75
Taiwan Water	13	53	56	55	54	62	62
Far Eastern Department Store	14	38	41	44	45	54	54
Hotai Motor	17	11	11	10	9	11	12
CTCI Co., Ltd.	33	25	28	30	33	32	24
Wan Hai Lines	37	29	25	22	22	12	11
<b>Test Rite</b>	<b>43</b>	<b>41</b>	<b>40</b>	<b>43</b>	<b>40</b>	<b>39</b>	<b>48</b>

# Outstanding Achievements

Year	External Recognition
1996	Test Rite Named Vendor of the Year by Walmart USA
1998	Test Rite Named Vendor of the Year by Walmart USA again
2004	Test Rite Named Vendor of the Year by Walmart Canada
2009	TR Presented with the National HRD InnoPrize by the Executive Yuan and the Outstanding Services Award by Global Vision founder
2010	Test Rite Presented with the Partnership Award by Michaels TLW and HOLA Named Superior Service Brands by the Ministry of Economic Affairs
2013	TR Presented with the Outstanding Chain Headquarters Award by the Ministry of Economic Affairs
2014	Chairwoman Judy Lee named Asia's Top 50 Women Entrepreneurs by Forbes Magazine
2015	TR Presented with the Partnership Award by Michaels Chairwoman Judy Lee Wins the EY Entrepreneur Award
2016	Chairwoman Judy Lee Represents Taiwan at the EY Entrepreneur Of The Year in Monte Carlo TR Nominated Best Partner by O'Reilly
2017	TR Receives the Best Employers in Hamburg Recognition in Germany
2019	HOLA Receives Its Fifth Five-Star Service Award III Presents TR with the Outstanding Information Management Award
2020	TR Acquires Taiwan iSport Accreditation
2021	TR Wins the 14th TCSA Bronze Award of Sustainability Report
2022	Judy Lee Awarded the TNGS's Outstanding Alumni



# Financial Highlights 2022

## Revenue (YoY)

2022: -14.5%

2021: 4.7%

Due to the impact of the Russia-Ukraine war and the inflation and interest rate hikes following the pandemic, resulting in a decrease in revenue compared to the same period last year.

## Gross Margin Rate

2022: 24.3%

2020: 22.5%

With the benefit of product portfolio optimization, the gross profit margin has increased compared to the same period last year.

## Pretax Margin

2022: 1.1%

2021: 2.3%

Due to the decrease in revenue in 2022, the pretax margin decreased by 1.2% compared to the same period last year.

(NT\$ mn)	4Q22	4Q21	YoY% chg	2022	2021	YoY% chg
Revenue	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 attribute 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%
Pretax 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%

# Financial Highlights 2023 Q1-Turning challenges into growth opportunities.

## Revenue (YoY)

1Q23: -10.9%

1Q22: -15.5%

Affected by post-pandemic inflation and interest rate hikes, global trade, supply chains, and Taiwan's retail and home industry have all faced challenges, resulting in a decrease in revenue compared to the same period last year..

## Gross Margin Rate

1Q23: 26.6%

1Q22: 23.0%

With the benefit of product portfolio optimization, the gross profit margin has increased compared to the same period last year.

## Pretax Margin

1Q23: 2.7%

1Q22: 3.2%

Due to the decrease in revenue, the pre-tax net profit rate decreased compared to the same period last year.

(NT\$m)	1Q23	1Q22	YoY%
Consolidated sales	8,717	11,577	-10.9%
COGS	(6,400)	(8,918)	-15.1%
Gross profit	2,317	2,659	3.1%
Operating expense	(2,057)	(2,350)	-6.2%
Operating profit	259	309	370.9%
Non-operating income/loss	(27)	64	-112.2%
Pre-tax profit	232	373	-15.9%
Net profit	164	286	-37.9%
Other net profit	10	6	-91.9%
Total net profit	174	292	-55.2%
<b>Net profit attributable to TRIC shareholders</b>	157	278	-39.1%
NT Dollar (After Tax)			
Basic EPS	0.32	0.56	-38.5%
Diluted EPS	0.32	0.56	-38.5%
Gross margin	26.6%	23.0%	3.6%
Operating margin	3.0%	2.7%	2.4%
Pre-tax margin	2.7%	3.2%	-0.2%
Net margin	1.8%	2.4%	-0.8%

# Trading Business

# Global Layout and Strengthen the Supply Chain



- **12 offices and 5 warehouses** in 8 countries/regions across Europe, America and Asia with the purpose of global layout and localized management.
- Set up the logistic centers in Taiwan, West Coast, Eastern US, Germany and Vietnam (under construction) to provide stable shipping and warehousing services.
- Heading southward to expand the supply chain and strengthen our global sourcing.



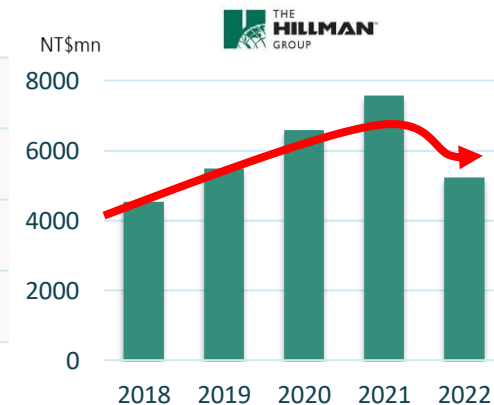
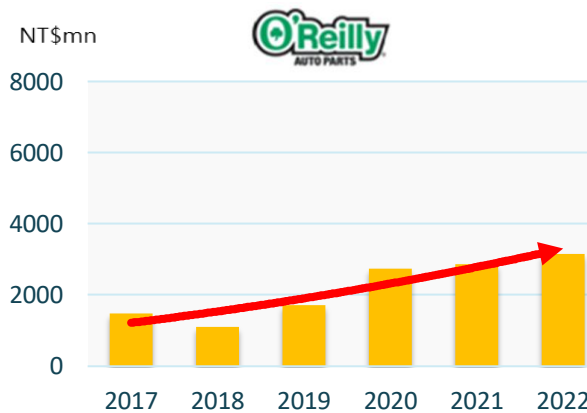
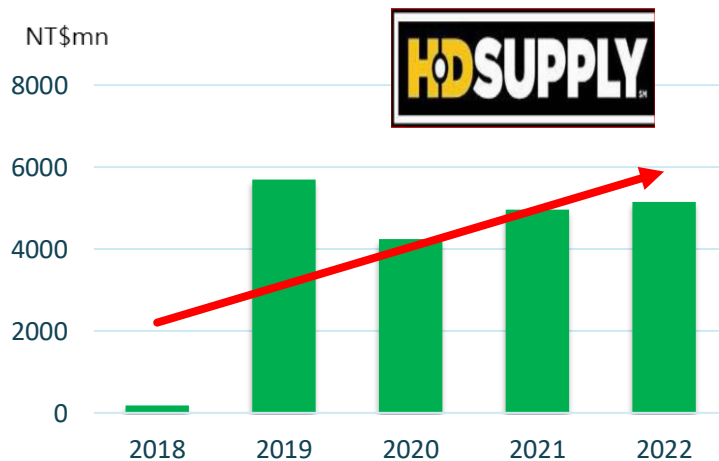
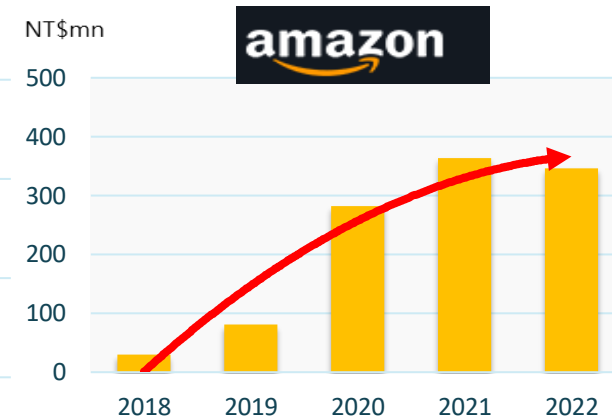


# Long-term, Stable and Trustworthy Partnership

**Establish the long-term and stable service relationship to provide all-around service to conclude the strategic partnerships with our customers.**

## Trading business

- The shipment amount of major trading customers have continued to grow steadily in recent years, even under severe challenges of the COVID 19 epidemic.
- Test Rite Trading's three core operations are trade, agency, and import.



(Shipment Amount)

**Retail**

**Business**

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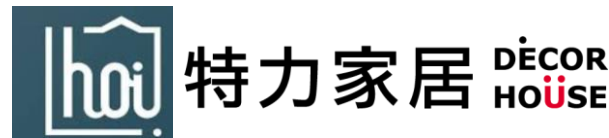
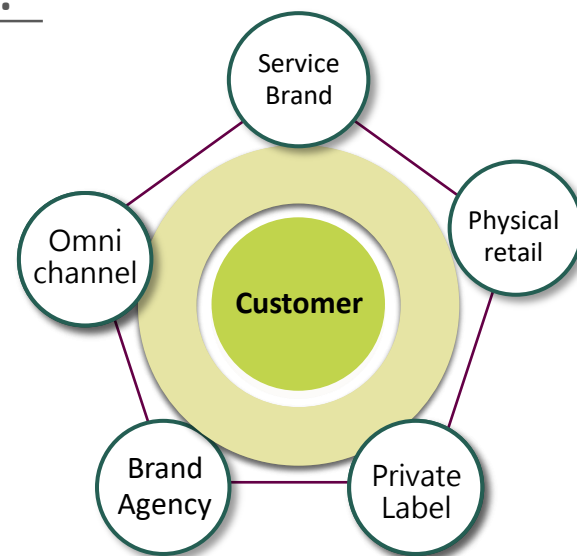
# Customer & Home Centricity

We'll always be here to take care of you and your home.

TR has been developing and providing a complete array of products and services in terms of customer needs, from hardline to softline, from home design to decoration and maintenance, from physical stores to e-commerce, aiming to realize customer's dream home and enhance living quality accordingly.

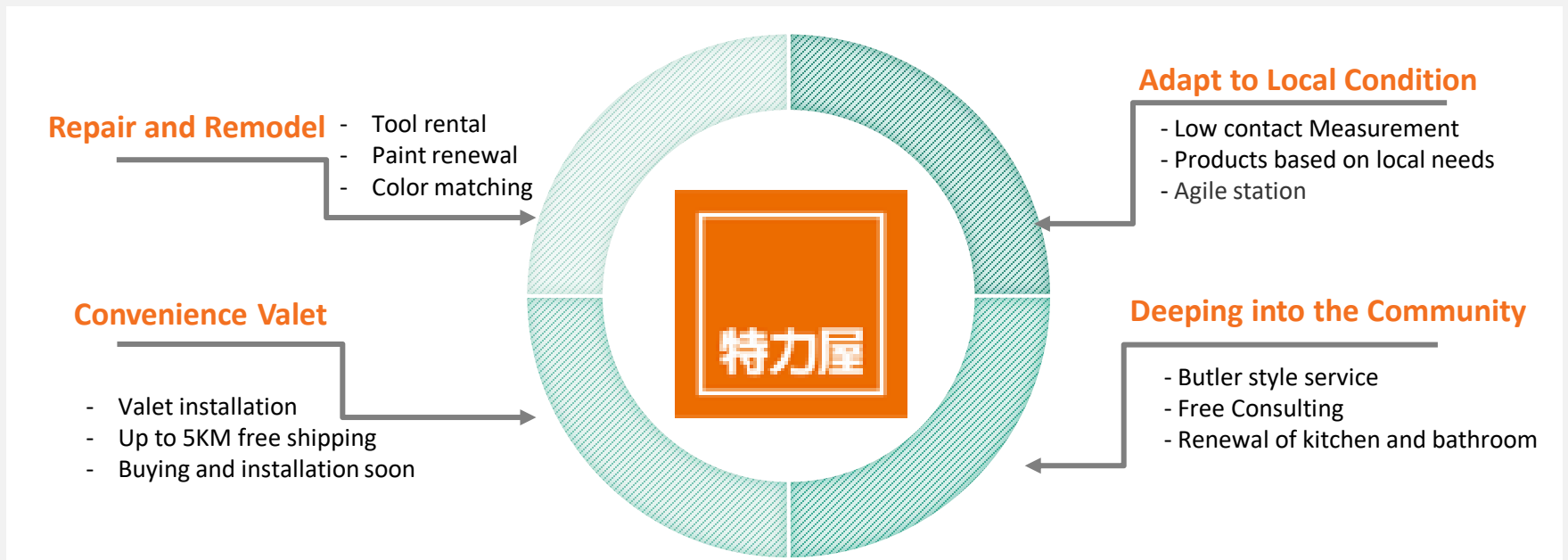
## Development Strategy

- ▶ Develop the community store to approach customers' life.
- ▶ Enhance customer's experience and promote healthy home life.
- ▶ Integrate online and offline and develop omni-channel.
- ▶ Introduce the global brands and explore the CO-branding business.

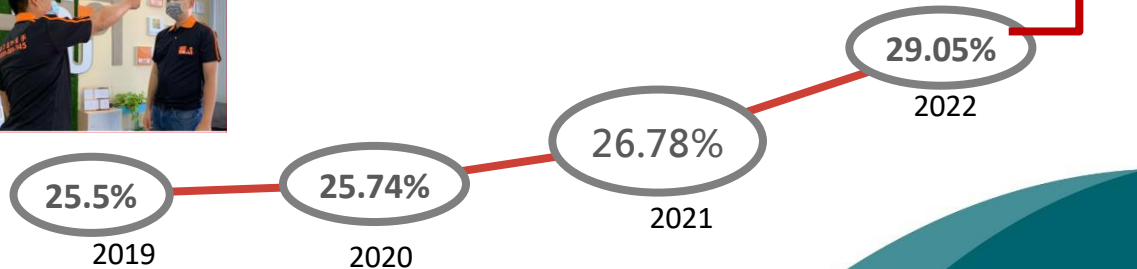


# Develop the Community Stores and Service Products to approach customers' life

Developing community stores actively with 33 stores and expanding sales performance.



The sales % of service products soars



With the rapid development of community stores, the penetration rate of neighborhoods and sales amount of service products have increased year by year.

# Enhance Customer's Experience and Promote Healthy Home Life

## TLW : Fun and creative DIY

**Learning firstly then buy :** Create a "bathroom, paint, curtains, tool hardware" DIY experience zone and guide consumers to personally operate.



**Optimized in-store display with smart life :** Expand the home display area and combine smart accessories to make the home smarter.



**DIY HOME ACTIVITY :** Stay at home for a long-time, focus more on how to elevate quality and promote the core of DIY.

## HOLA : Design life, experience firstly

**Differentiated shopping experience :** "home planner" assists in the design of the dining table, sleep and space. Look forward to creating moving moments of home with consumers.



**Create a unique life proposal :** Develop the HOLA life courses and create the experience economy.



**Smart pillow selection :** Smart pillow selection was launched based on 50,000 customer data. The professional image of the brand was strengthened, and consumer memory was deepened.

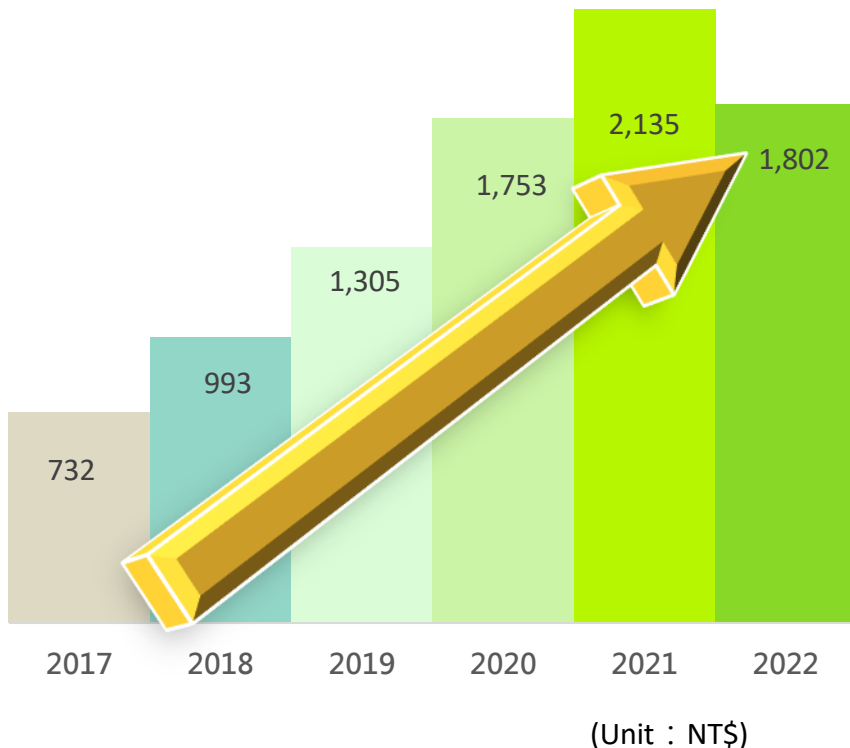


# Integrate online and offline Strengthen Channel Brands

Cross-channel integration of superior services, Our online sales in excess of NT\$1.82 billion in 2022.

- Improve group's digit strength and the home furnishing platform meets market demand.
- Integrate the resources and requirement of each retail department to improve the digital synergy.

**Integrate Online sales of retail brands  
Present stable growth**



## digital experience and synergy-hoi

- Development of the channel is towards furniture + daily groceries. Combine local culture into the product development receives very positive response from social media.
- The online store is the largest store, covering all products, and serves as an extended shelf for recommended products in the physical store. It accounts for 40% of total revenue.
- Continue to promote the co-brand development strategy and cooperate with CAFE ACME to launch the first store "CAFE ACME" x "hoi! Good life".



# through Cross-border Innovation, Create the co-branding business and expand X power

Cross-border joint efforts to break through the stratosphere, tap new customer segments, and expand influence.

Through cross-industry joint names, such as image role, blessing co-brands and public welfare joint names, etc., it opened new markets, found new customers momentum successfully and expand the influence of the group's home life profession.



# TR HOME Brings in International Brands

- Introducing first-class international brands and maintaining channel attention.
- Integrating of brand memberships to enhance customers' contributions.
- Nurturing emerging channels through core live streamers, group buyers, and shopping community management.



## Kitchen

## Appliance

## Lighting

## Others

### Product Brand



### Channel Brand (Licensing)





**Core capability**

**&**

**Value creation**

# Achievements in Product Development

**Combining both trade and retail industries and continuing to invest in new product design to provide innovative and differentiated value.**

Test-Rite started to participate since 2014 and win International Design Awards.

It has won **33** international design awards, including **25** packaging design awards and **8** product design awards.



2014

2017

2020

2021

2022



x 3



x 2



x 3



x 2



x 3



x 1



Pinocchio and his friends



Steelhead Tool



Solar Déco Light



Duramax Toolbox



2023



ECO Steel Head Tools

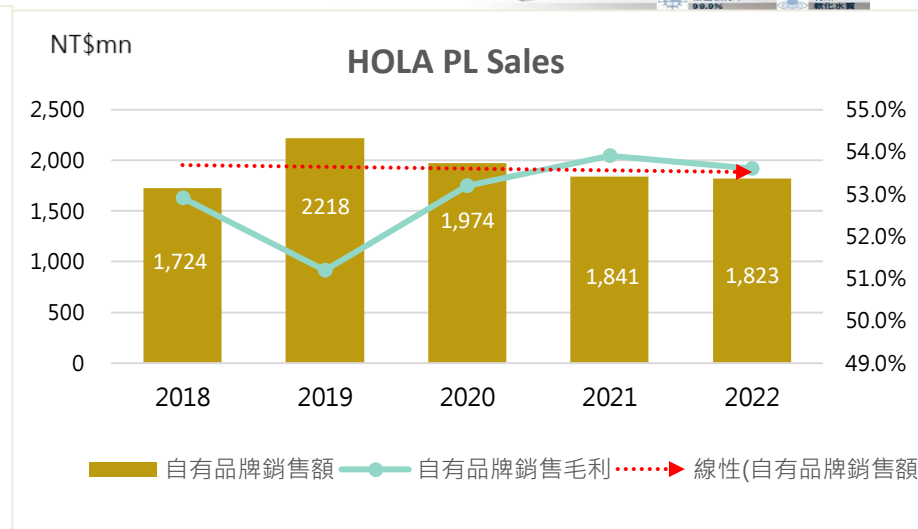
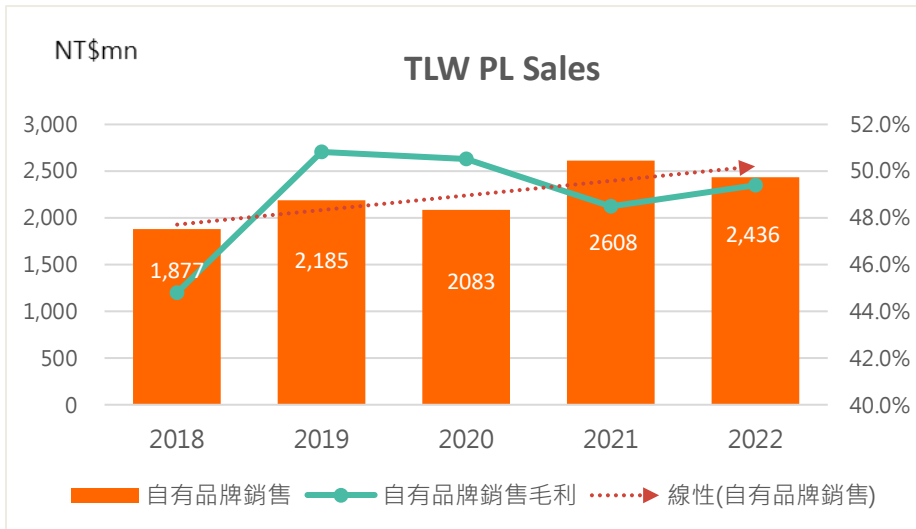
DESIGN RANKING	
Top 10	COMPANIES: ASUS, ASUSTeK Computer Inc.
Top 10	COMPANIES: TEST RITE GROUP
Top 10	COMPANIES: BenQ
Top 10	COMPANIES: Sony Corporation

**TOP 10**  
Consumer Products Packaging  
2019 – 2023

# Leveraging the Group's Advantages to develop Exclusive Products

With the Group's abundant resources and professional development capabilities

- **Continuing to develop TLW's Private label** : The main products are lighting, bathroom, storage furniture, and will continue to develop its own brand of water purification.
- **Continuing to develop HOLA's Private label** : The main products are bedding, home furnishings, and tea glass, and the uniqueness of the products is improved through joint cooperation.
- **Introduce exclusive products and integrate internal and external resources** : Providing one-stop service of sales, installation and maintenance; expand the category and channel layout of kitchen and bedroom.



# Protect the environment, cultivate talents, and implement ESG responsibilities

Promote environmental protection, carbon reduction and green consumption

Governance

**Green Products**  
TLW Retail's growth of 2022 green goods purchases Up to 23.1%

**Green Products**  
100% FSC Test Rite Trading's Europe-bound wood products

**Green Packaging**  
TLW's products with PVC material packaging has dropped to 4%, and the goal is to move towards 0%.

**100%** of employees and suppliers signed the Letter of Undertaking with Respect to Integrity

**Green Operation**  
TLW community stores opened pre-2022 and large stores were certified as Green Stores

**Green Operation**  
14.4% growth on energy-saving expenses/investments

**Green Transport**  
2,524.1 metric tons of emissions were reduced from cross-docking (XD)

**100%** of suppliers were included in the annual supplier evaluation and required to take ESG responsibility.

Persistence in Diversified and Equal Development Opportunities

**Walmart Project Gigaton: Giga-Guru**  
awarded for 3 Consecutive years

Walmart Initiated Project Gigaton in 2017  
Invite suppliers to participate  
Target by 2030  
to Reduce 1 billion tons of greenhouse gases  
TR took the lead to join this grand event  
And awarded for 3 consecutive years

- Growth in employee training hours offered digitally 159%
- The managerial roles were held by women are 47.6% .

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**THANK YOU**

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