



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

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Subject: Test-Rite 2Q23 and 1H23 Earnings Results Announcement

**Test-Rite reported revenue of NT\$9.1 billion in 2Q23, net profit attributable to TRIC shareholders of NT\$66.3 million, and basic EPS of NT\$0.13. Revenue in 1H23 was NT\$17.8 billion while net profit after tax came in at NT\$223 million, with basic EPS of NT\$0.45.**

On a consolidated basis, our revenue in 2Q23 and 1H23 was NT\$9.1.2 billion and NT\$17.8 billion, respectively. Although revenue still declined compared to the same period last year, but gross profit margin for the first half of the year rebounded to 24.8%, an increase of 1.4% compared to the same period last year, and operating profit margin of 1.7%, an increase of 1.0% compared to the same period last year, as a result of the strengthening of product competitiveness and the enhancement of internal operating efficiency. Facing the external challenges such as high inflation, de-stocking and interest rate hikes in the post-pandemic era, 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\$5.12 billion and NT\$9.49 billion in 2Q23 and 1H23 respectively. Due to the impact of de-stocking and adjustments in shipment schedules by trading customers, revenue was lower than the same period last year. However, there has been a significant increase since the third quarter, and the second half of the year is the peak shopping season for European and American retailers, which is expected to further boost the stocking efforts of European and American retailers, and drive the growth of trading shipments in the second half of the year. In the face of high uncertainty in the global economic environment, Test-Rite continues to focus on its future development and maintains close ties with its customers, responding immediately and providing professional services to overseas customers to meet the diverse needs of all customers.

Our retail business revenue was NT\$3.5 billion and NT\$ 7.37billion in 2Q23 and 1H23 respectively. As a result of the general economic situation and the continued downturn in the real estate market, consumer demand for furniture and home decoration products slowed down, resulting in a decline in revenue compared to the same period last year. But after pandemic slowed down, consumers have been shopping more in their neighborhoods. Test-rite retail business will proactively develop community-based stores and increase the linkage between large stores and community stores by turning small stores into satellite stores, in order to capture consumers from different market. It is expected that the upcoming Anniversary Sales and Double 11 events in the second half of the year, coupled with the traditional furniture replacement season and home maintenance in the fourth quarter, will lead to a gradual increase in sales.

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Figure 1 – Test-Rite IFRS-based consolidated P&L for 2Q23.

(NT\$m)	2Q23	2Q23	YoY%	2023H1	2022H1	YoY%
Consolidated sales	9,167	10,193	-10.1%	17,884	19,975	-10.5%
COGS	(7,056)	(7,767)	-9.2%	(13,456)	(15,301)	-12.1%
Gross profit	2,111	2,426	-13.0%	4,428	4,674	-5.3%
Operating expense	(2,072)	(2,355)	-12.0%	(4,130)	(4,548)	-9.2%
Operating profit	39	71	-45.0%	298	126	136.0%
Non-operating income/loss	(12)	23	-151.9%	(39)	244	-116.0%
Pre-tax profit	27	94	-71.3%	259	370	-29.9%
Net profit	70	94	-25.7%	233	358	-34.8%
Other net profit	(1)	8	-109.3%	10	131	-92.7%
Total net profit	69	102	-32.1%	243	489	-50.3%
<b>Net profit attributable to TRIC shareholders</b>	66	88	-24.4%	223	346	-35.4%
NT dollar (after tax)						
Basic EPS	0.13	0.18	-27.8%	0.45	0.70	-35.7%
Diluted EPS	0.13	0.18	-27.8%	0.45	0.70	-35.7%
Gross margin	23.0%	23.8%	-0.8%	24.8%	23.4%	1.4%
Operating margin	0.4%	0.7%	-0.3%	1.7%	0.6%	1.0%
Pre-tax margin	0.3%	0.9%	-0.6%	1.4%	1.9%	-0.5%
Net margin	0.8%	0.9%	-0.2%	1.3%	1.8%	-0.5%