



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

Date: May 12, 2020

Subject: Test-Rite 1Q20 Earnings Results

**Test-Rite reported revenue of NT\$9.22 billion in 1Q20 (-6.7% YoY), a net profit of NT\$122 million, and basic EPS of NT\$0.25**

On a consolidated basis, our trading unit's revenue in 1Q20 was NT\$4.75 billion and our retail revenue was NT\$4.15 billion, accounting for 52% and 45%, respectively, of total revenue. With the impact of COVID-19 pandemic, our sales revenue decreased in 1Q20 when compared to 1Q19. Although our trading and retail business were affected by COVID-19, Test-Rite continued to adjust our portfolios, strengthen our financial structure, and use our own trading and retail network to respond to customers' requirement in time and mitigate the pandemic impact on the operations.

Our trading business posted consolidated revenue of NT\$4.75 billion in 1Q20. This represented a 4.2% decrease YoY, which was impacted by the postponed schedule because of the COVID 19 breaking out in China in January and February and raging across the U.S. and Europe in March. The global economy remains uncertain due to the pandemic. Test-Rite is staying the course and putting into place strategies to keep the trading business growing steadily. These include deepening the southbound supply chain policy and diversifying global sourcing to prepare in advance for probably economic recovery from the pandemic. With the global epidemic prevention mechanisms set up continuously, related protective equipment are in great demand in Europe and the U.S. Test-Rite has set up a special team in charge of epidemic prevention products and used our powerful global sourcing capabilities to respond to the strong demand from overseas customers. The subsequent shipments are expected to contribute to our sales greatly.

Our Taiwan retail business reported revenue of NT\$4.09 billion in 1Q20, which was 3.9% lower than in 1Q19. According to Taiwan's Department of Statistics, total sales in two housing-related industries, namely "Housing Products and Accessories" and "Construction Materials," fell by 17% and 4%, respectively, in 1Q20. It showed that the entire retail environment is still facing the severe challenges. As the epidemic slows down domestically, retail sales is expected to recover gradually. Due to the epidemic, Stay-at-Home Economy has become the rage now. Our TR Plus website registered revenue up by nearly 30% YoY. In response to the uncertainty caused by the external environment, we have intensified our customer-centric strategies by strengthening marketing communications, expanding sales of service products, and providing customers with the most diverse and innovative services to create Test-Rite's unique retail channels.



Figure 1 – Test-Rite IFRS-based consolidated P&L for 1Q20

(NT\$m)	1Q20	1Q19	Change YoY (%)
Consolidated sales	9,216	9,879	-6.7%
COGS	(6,746)	(7,066)	-4.5%
Gross profit	2,470	2,813	-12.2%
Operating expense	(2,259)	(2,501)	-9.7%
Operating profit	211	312	-32.3%
Non-operating income/loss	(49)	(91)	-45.9%
Pre-tax profit	162	221	-26.8%
Net profit	127	180	-29.4%
Other net profit	(13)	19	-168.4%
Total net profit	114	199	-42.7%
<b>Net profit attributable to TRIC shareholders</b>	122	178	-31.5%
NT Dollar (After Tax)			
Basic EPS	0.25	0.35	-28.5%
Diluted EPS	0.25	0.35	-28.5%
Gross margin	26.8%	28.5%	-1.7%
Operating margin	2.3%	3.2%	-0.9%
Pre-tax margin	1.8%	2.2%	-0.5%
Net margin	1.3%	1.8%	-0.5%

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