

Fulgent Sun (9802) Announces FY2021 4Q Unaudited Financial Result

Fulgent Sun: 4Q21 rebounded vigorously as gross profit margin, operating profit margin and net profit rate before tax all improved annually. 4Q21 Operating profit margin reached a new high of 11.5%, while earnings per share also reached NT\$2.09, the highest of 2021.

2021 annual sales and operating profit also broke new highs, with net income after tax and earnings per share of \$6.39 marking the second highest records.

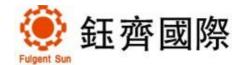
As production capacity expands steadily, orders remain firm and ample, the group's 2022 operation results are expected to enter a new milestone and extend substantial growth.

2022/1/20, Douliu

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) today announced its unaudited results for 4Q21.

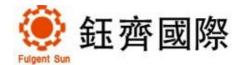
Key Points

- Fulgent Sun's unaudited consolidated 4Q21 sales jumped 51.0% annually, or increased 8.4% quarterly, to NT\$4.50 billion, the highest quarterly sales in history. In respect of US dollars, the currency for taking orders, 4Q21 rose 56.1% YoY. 2021 annual cumulated sales climbed 37.0% annually to a record NT\$15.54 billion, or an increase of 44.5% to a new high in terms of US dollars. Although the group's 2020 and 2021 operation outcome was challenged by COVID-19 consecutively, the managing team responded actively and turned crises into opportunities. Thanks to sufficient and firm orders, steady expansion of production capacity, simultaneous and solid rise in production efficiency, and well control of financial flows, the group's production and marketing scales not only returned to normal, but also showed great improvement on a rigid basis. Sales of December 2021, 4Q21 and 2021 annual sales all broke previous records.
- Looking at Fulgent Sun's 4Q21 absolute amount of profit, gross profit was up 43.0% annually, or 16.7% quarterly, to NT\$861 million, while operating income rose 46.8% YoY, or 28.1% quarter-on-quarter, to \$517 million. 4Q21 Net income before tax skyrocketed 113.5% annually, or improved 17.5% quarterly, to \$472 million. Net profit attributable to the parent company after tax was \$388 million, up 107.8% annually, or 13.7% quarterly. 4Q21 earnings per share (EPS) soared 106.9% annually, or 13.6% quarterly, to \$2.09. If not considering non-operating foreign exchange valuation loss (the RMB and NTD appreciate, while the UDS depreciate) of \$0.17, 4Q21 EPS could be \$2.26. Increase of the group's 4Q21 profitability was significantly higher than growth in sales. Growth rate of monthly net income in 4Q21 was also on a steady rise month by month. In terms of profit margins, the group has been focusing on raising production and marketing scales while creating rooms for absolute profit. Although 4Q21 gross profit margin was not as high as a year earlier, it still improved greatly by 1.3 percentage points quarterly to 19.1%, suggesting the group was obviously out of COVID-19's impact since 2Q21. In addition, adequate control of operating expense



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- About the group's 2021 annual performances, 2021 consolidated sales reached a record high of NT\$15.54 billion, up 37% annually, or an increase of \$4.2 billion, from \$11.35 billion a year earlier. In terms of US dollars, annual growth reached 44.5%. 2021 gross profit rose 17.7% YoY to \$2.80 billion, while operating profit climbed 15.5% annually to \$1.47 billion. Both absolute amount of profit broke record highs. 2021 Net profit attributable to the parent company after tax rose 32.0% annually to \$1.19 billion. Meanwhile, 2021 EPS after tax reached \$6.39, second highest in history. If taking out annual non-operating foreign exchange valuation loss (-\$0.45), 2021 EPS after tax could be \$6.84.
- In terms of 2021 output distribution among the group's production bases, China made up 31.1%, while Vietnam contributed 50.0%, with Cambodia accounting for 18.9%. As for market performances (destinations assigned by brand customers), inventory levels of finished shoes among Greater Europe and America regions remain low thanks to robust demand for outdoor functional shoes. Retail sales also showed an optimistic result. Greater Europe region remained robust at 48.2% of 2021 total sales. Driven by the entering of new clients and new orders into mass production stage, Greater America region improved from last year's 36.5% of total sales to 40.9% in 2021. About the development of new brand clients, currently there are a total of 50 brand clients. The group's first ten brand clients contributed 80% of 2021 sales, while the first twenty brand clients accounted for 90%. Fulgent Sun aims to develop new customers continuously, and strengthen its operation model of taking orders from various brands and flexible production. New brand clients are also expected to participate production lines gradually this year.
- Regarding Fulgent Sun's 2021 overall operating result, COVID-19's various impacts on production were greater in 2021 than 2020, compared with industry counterparts. The group's facilities in Cambodia were directly influenced by COVID in May 2021, while factories in Vietnam faced impacts in June and July 2021. However, thanks to planning and effective deployment in advance, the group took the lead in recovering. Output scale was expanded efficiently as both software and hardware layout were upgraded to a higher level. Looking into 2022, production and marketing of spring and summer shoes have reached new highs. 2022 autumn and winter shoes are also expected to break new grounds as a result of continuous firm orders. Therefore, operation scale in 2022 ought to follow the growing trend. Given that current orders remain sufficient and firm, the managing team will carry on strengthening its competiveness and advantages by optimization its production effectiveness, raise the proportion of automation, and willingly invest on developing new shoe designs ahead of time so as to resolutely create the next wave of growth momentum.



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(Appendix) Fulgent Sun (9802) 4Q 2021 Unaudited Financial Results:

(In NTD '000; %)

	2021/Q4	2020/Q4	YoY	2021/1-12	2020/1-12	YoY
Consolidated Sales	4,498,231	2,979,227	51.0	15,544,261	11,345,641	37.0
Gross Profit	861,225	602,079	43.0	2,803,621	2,382,004	17.7
Gross Profit Margin (%)	19.1%	20.2%		18.0%	21.0%	
Operating Expenses	343,800	249,557	37.8	1,333,711	1,108,917	20.3
Operating Expense Ratio(%)	7.6%	8.4%		8.6%	9.8%	_
Operating Profit	517,425	352,522	46.8	1,469,910	1,273,087	15.5
Operating Profit Margin (%)	11.5%	11.8%		9.5%	11.2%	_
Non-operating Revenue & Expenses	-44,967	-131,227	-65.7	-80,332	-224,101	-64.2
Net Income	388,210	186,176	108.5	1,184,671	895,514	32.3
Net Income attributed to parent company	388,314	186,877	107.8	1,185,166	897,575	32.0
EPS	2.09	1.01	106.9	6.39	5.06	26.2
Exchange rate effect	-0.17	-0.61		-0.45	-1.05	_
Excluding exchange rate effect	2.26	1.62	40.1	6.84	6.11	12.1

About Fulgent Sun

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) was established in 1995, principally engaged in foundry production and distribution of sports shoes and outdoor shoes. There are more than 40 international well-known brand customers. Its headquarters is located at Douliu City, Yunlin County, Taiwan. There are six factories which spread throughout China, Vietnam, and Cambodia.

Forward Looking Statements

Some of the statements contained in this press release may be considered forward-looking statements. These statements identify prospective information. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. These forward-looking statements are subject to a number of factors that may cause actual results to differ materially from the expectations described, which include but are not limited to economic, competitive, market, currency, governmental and financial factors. Fulgent Sun International (Holding) Co., Ltd. assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws.