

The Consolidated Sales for 2022 Q2 amounted to NT\$6.2 billion, EPS stood at NT\$5.12, gross margin reached 22.5%, and operating margin came to 15.8%

The gross margin, operating margin, profit margin, ROE, ROA, and EPS all reached new highs

The 2022 H1 Consolidated Sales amounted to NT\$10.73 billion and EPS stood at NT\$8.06, with the revenue and profit breaking records

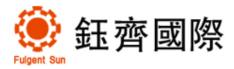
2022/07/19, Douliu

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

results for 2022 Q2.

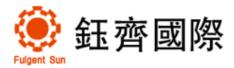
Key Points

- Fulgent Sun's consolidated sales in 2022 Q2 amounted to NT\$6.2 billion (annual increase of 78.2% or quarterly increase of 36.9%), a significant increase of 78.2% on a YoY basis. The single-quarter revenue performance has not only shown a positive annual growth trend for six consecutive quarters since 2021 Q1 but set a new record. The Group's production and sales profit performance has substantially increased quarter by quarter and hit record highs frequently since the severe impact caused by the pandemic in 2021 Q2. Our profit for 2022 Q1 has exceeded that for 2021 H1 and profit for 2022 H1 has exceeded that for year 2021. Therefore, despite the turbulent and volatile time for the global production and economy and many disturbances and challenges in the macro environment in recent years, the Group, with the management team's collective efforts, still bucked the trend and achieved the best single-quarter and semi-annual operating performance over the years, and the scale of our production and sales and growth momentum have clearly been taken up a notch.
- Looking at the profit performance in Q2, regarding the absolute amount of profit, the gross profit reached NNT\$1.40 billion (annual increase of 179.0%/quarterly increase of 42.5%); operating margin stood at NT\$979 million (annual increase of 487.9%/quarterly increase of 54.1%); net income before tax was NT\$1.23 billion (annual increase of 870.8%/quarterly increase of 78.3%); net income after tax attributable to the parent company was NT\$954 million (annual increase of 635.7%/quarterly increase of 75.6%); earnings per share after tax reached NT\$5.12 (annual increase of 631.4%/quarterly increase of 74.7%). The gross profit, operating margin, net income before tax, and net income after tax attributable to the parent company all hit record highs. With a further look at the profitability, both return on assets and return on equity reached new highs, reaching 15.21% and 30.40%, respectively, and ranking first in Taiwan's footwear industry. The gross margin for Q2 reached 22.5%, a significant



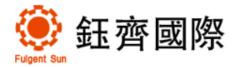
increase of 0.8% compared with Q1. Moreover, the effect of economies of scale and the proper control over operating expenses (operating expenses stood at only 6.7%) directly raised the operating margin in Q2 to 15.8% by 1.8%, a record high. The overall profit growth rate is significantly higher than the revenue growth rate.

- As for the profit performance in the first half of 2022, the gross profit reached NT\$2.40 billion (annual increase of 97.4%); operating margin amounted to NT\$1.62 billion (annual increase of 194.4%); net income before tax was NT\$1.92 billion (annual increase of 273.5%); net income after tax attributable to the parent company was NT\$1.50 billion (annual increase of 229.0%); earnings per share after tax reached NT\$8.06 (annual increase of 229.0%). The gross profit, operating margin, net income before tax, and net income after tax attributable to the parent company all hit record highs; meanwhile, the profit for 2022 H1 is higher than that for any entire year in the past (the highest EPS in the past was NT\$7.81 in 2019, followed by NT\$6.39 in 2021), while the gross margin and the operating margin for 2022 H1 reached 22.2% and 15.1%, respectively, a record high on a YoY basis.
- Regarding the proportion of the output value of each production site in each country, the percentages in 2022 H1 are similar to those throughout 2021. Vietnam's output value accounted for the highest proportion, reaching 51.2%, followed by China, standing at 27.3%, and Cambodia, accounting for 21.5%. The Group's production capacity will continue to increase steadily in a diverse and balanced manner. Fulgent Sun will continue to improve employees' learning effectiveness so as to increase the per capita output value. In 2022, the focus of production line expansion will be placed on Vietnam, followed by Cambodia, and it also has a plan to expand the production lines at China's factories to increase production. In terms of sales regions (destinations designated by brand clients), the revenue and percentage thereof from Greater Europe in H1 reached NT\$5.26 billion and 49.03%, respectively, while the Greater Americas has witnessed a positive trend year by year. Driven by the mass production orders placed by new brands on a quarterly basis, the revenue performance in H1 accounted NT\$4.48 billion and 41.75%; thus, the focus of sales is still placed on Greater Europe and the Greater Americas as the sum of the proportions of the output values in these two regions surpassed 90% for the first time. The number of brands with mass production orders for OEM has reached 50. Among them, the top three brands occupy more than 30% of the production capacity, the top ten more than 70%, and the top 20 more than 90%. In summary, Fulgent Sun has gradually achieved operating synergy, including the diverse distribution of factories, distributed sales areas, and an optimized product mix.
- Although the global production and economic situation is often full of uncertainties, it is difficult to have the same conclusion for different industries, different companies' operating models and business strategies, and different enterprise life cycles. Fulgent Sun cannot operate independently outside the real world; however, as we always believe that the footwear-related industries belong to the consumer goods industries and will continue to grow for a long time, we have developed this field for 30 years. Particularly since 2018, we have accelerated the expansion of production lines. Despite the



unprecedented impact of the COVID-19 pandemic, the management team has been determined to execute projects to expand our business. With the Group's capital expenditure and production capacity plans on the basis of the long-term structural needs in the market rather than short-term factors, we have been striving to turn various crises into opportunities and managed to increase revenue and reduce expenditure to enhance the effect of economies of scale.

- Although the pressure of global inflation remains high with the doubts about the decline of purchasing power continuing to exist, the Group has long established strategic partnerships on the basis of reciprocity and symbiosis with international brand clients and developed a model to produce a variety of products in small quantities to take clients' orders flexibly; meanwhile, most of the shoes developed and mass-produced in an OEM model are mid-to-high-end outdoor functional shoes; thus, we have specific consumer groups with certain rigid demand (not only affordable fast-fashion products). Moreover, as it is still difficult to bridge the gap between supply and demand in the industry in the short term, the prospect for many brand clients' order placement and needs for goods is positive and exciting, and the overall order visibility and uptime are still maintained at a high level. The Group will continue to be cautious and prudent every step of the way, keep pace with the times, take on all challenges pragmatically and precisely, and seize all opportunities to leverage the synergy of operations and management.
- Looking ahead to the future, we will continue to be optimistic about the post-pandemic era as consumers attach greater importance to outdoor leisure sports. With the rising health awareness, it is predicted that the global footwear industry will witness growth in terms of structural and basic demand. Therefore, although the Group's development and mass production capacity and production and sales scale have been significantly improved, the management team is not satisfied with the status quo and will continue to actively develop new brand clients, steadily increase the Group's production capacity, continue to improve production efficiency, and substantively increase the proportion of automated production, and actively invest in the development of new shoes to stay ahead of the curve. We will also continue to leverage our advantages of receiving orders from multiple brands and in multiple production regions and adopt a customized production for medium- and long-term operations. The production and sales of spring and summer shoes in 2022 have reached a record high, and the autumn and winter shoes in 2022 will also demonstrate a strong growth trend. The prospect for the spring and summer shoes in 2023 is also promising. The Group's scale of business may be able to expand quarter by quarter and medium- and long-term business growth momentum is optimistic.



(Appendix) Fulgent Sun (9802) Q2 2022 Unaudited Financial Results :

(In NTD	000	;	%)
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	2022/Q2	2021/Q2	YoY	2022/H1	2021/H1	YoY	2022/Q1	QoQ
Consolidated Sales	6,199,851	3,479,368	78.2	10,726,966	6,896,217	55.5	4,527,115	36.9
Gross Profit	1,397,137	500,851	179.0	2,377,744	1,204,455	97.4	980,607	42.5
Operating Expenses	417,808	334,267	25.0	762,773	655,915	16.3	344,965	21.1
Operating Profit	979,329	166,584	487.9	1,614,971	548,540	194.4	635,642	54.1
Non-operating Revenue & Expenses	252,886	(39,657)	-737.7	308,442	(33,505)	-1020.6	55,556	355.2
profit before tax	1,232,215	126,927	870.8	1,923,413	515,035	273.5	691,198	78.3
Net Income	954,320	129,517	636.8	1,497,667	454,893	229.2	543,347	75.6
Net Income attributed to parent company	954,320	129,710	635.7	1,497,702	455,201	229.0	543,382	75.6
EPS	5.12	0.70	631.4	8.06	2.45	229.0	2.93	74.7
Exchange rate effect	1.04	(0.26)		1.26	(0.25)	_	0.22	—
Gross Profit Margin (%)	22.5%	14.4%	+8.1 percentage point	22.2%	17.5%	+4.7 percentage point	21.7%	+0.8 percentage point
Operating Expense Ratio(%)	6.7%	9.6%	_	7.1%	9.5%		7.6%	_
Operating Profit Margin (%)	15.8%	4.8%	+11.0 percentage point	15.1%	8.0%	+7.1 percentage point	14.0%	+1.8 percentage point
Net Income attributed to owners of the parent Ratio (%)	15.4%	3.7%		14.0%	6.6%		12.0%	

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 50 international well-known brand customers. Its headquarters is located at Douliu City, Yunlin County, Taiwan. The Group's production bases which spread throughout China Fujian, China Hubei, 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.