

*Fulgent Sun (9802) Announces FY2020 2Q Unaudited Financial Result*

**Fulgent Sun: 2Q20 Gross margin rose to 19.9% (+YoY 4%), while operating profit margin improved to 9.8% (+YoY 1.3%).**

**2Q20 EPS reached \$0.99, leading to 1H20 EPS of \$3.01. Improvement in management efficiency is expected to continuously promote positive results**

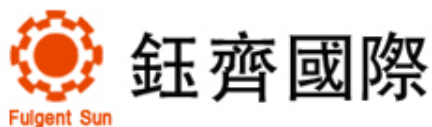
*2020/07/16, Douliu*

- 2Q20 revenue totaled NT\$2.38 billion, dropped 29.2% annually, but gross margin rose 4 percentage points annually to 19.9%, higher than 2018's 15.5%. 2Q20 operating profit margin also improved by 1.3 percentage points year-on-year to 9.8%, also better than 2018's 6.2%. This suggests that the second quarter, which had been low-profit compared with other quarters in previous years, have shifted and improved. Due to the decline in 2Q20 sales, net profit attributable to the parent company fell 42.1% year-on-year to \$172 million over the period, while earnings per share lowered 46.5% annually to \$0.99. The appreciation of Chinese Yuan and New Taiwan Dollars led to a \$0.13 decrease in 2Q20 EPS. Accumulated revenue in 1H20 ebbed 13.2% annually to \$5.149 billion. However, 1H20 gross margin climbed 4.5 percentage points to a record 22%, while operating profit margin also reached a record high of 11.4%, 2.2 percentage points higher than a year earlier. 1H20 net profit attributable to the parent company rose 4.8% annually to a record \$526 million. EPS after tax decreased 6.2% year-on-year to \$3.01 in the first half this year.
- Fulgent Sun's managing strategies have always been steadily expanding production capacity and diversifying production bases. Current production capacity in China, Vietnam and Cambodia have resumed to a normal level. In 1H20, China accounted for 27.8%, while Vietnam made up 48.5%, with Cambodia took up 23.7%. Production capacity outside of China has surpassed 70% in 1H20, higher than 2019's 66%, and 2018's 60%. In terms of market distribution, or destinations assigned by brand customers, Europe remains as the major market, which contributed 44.7% in 1H20 sales. Greater America region accounted for 39% in the first half, which is higher than 2019's 36% and 2018's 31%, as a result of years of cultivation. Thanks to taking orders from various brands, product portfolio was improved, while expansion in operation and diversifying markets also led to fruitful results.
- Fulgent Sun's main market, Europe and North America, have been gradually restarting some commercial activities, which is expected to drive demand. As most countries strike a balance between reopening economies and maintaining control measures, prospect for the coming

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months depends on whether the pandemic can be under control and performances of terminal markets. Regardless of new coronavirus (COVID-19), the growing trend of outdoor sports and leisure, including biking, mountain climbing, outdoor jogging and tracking, remains the robust. Disturbed by the virus, people around the world have been adjusting lifestyles, and are believed to realizing the importance of staying healthy. Therefore, in this tough situation, the managing team will continuously expand productivity, raise the proportion of automation, and control all kinds of operating costs. On the basis of long-term cooperation with international, well-known brands, the group will actively develop new shoes and brands in order to stay competitive, and continuously taking small amount from various clients. New brands will be added to the production lines for this and next year.

- Due to the impact of COVID-19, Fulgent Sun is cautiously conservative for the middle of 2020. Instead of retreating, being cautious is to become more practical and precise in allocating resources. Being conservative does not represent pessimistic, but an attitude for advancing with the times and responding effectively. In this way, the company can cope with changing tides and challenges. As the panic for COVID-19 slowed down and economic affairs restarted gradually, brand customers, which previous delayed orders or postponed retrieving products, have resumed to a normal level. The company's operation has been affected by the virus, but if global situation does not worsen, and the negative effects of the virus converged, sales are expected to resume to normal by steps.
- Among the evaluation of company management conducted by Taiwan Stock Exchange, Fulgent Sun has remained at the top tier since it first came out. In 2019, the company was ranked among the top 6% to 20% company in terms of management efficiency. The managing group has been constantly focusing on improving the rights of shareholders, strengthening the functions of board of directors, fulfilling corporate social responsibility, raising the transparency of information and following related laws and principles. The company will continue the managing concept of cultivating with persistence, and growing with wisdom. Fulgent Sun will continuously devote into pursuing innovation and sustainable growth, improving management efficiency, fulfilling corporate social responsibilities, and most importantly, substantially rewarding every shareholder with earnings results.



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Fulgent Sun (9802) 2Q 2020 Unaudited Financial Results :

(In NTD '000)

	2020/Q2	2019/Q2	YoY	2020/H1	2019/H1	YoY
Consolidated Sales	<b>2,376,331</b>	3,354,345	-29.2	<b>5,149,195</b>	5,931,988	-13.2
Gross Profit	<b>473,154</b>	534,476	-11.5	<b>1,133,562</b>	1,040,312	9.0
Gross Profit Margin (%)	<b>19.9%</b>	15.9%	-	<b>22.0%</b>	17.5%	-
Operating Expenses	<b>240,744</b>	248,591	-3.2	<b>544,774</b>	492,058	10.7
Operating Expense (%)	<b>10.1%</b>	7.4%	-	<b>10.6%</b>	8.3%	-
Operating Profit	<b>232,410</b>	285,885	-18.7	<b>588,788</b>	548,254	7.4
Operating Profit Margin (%)	<b>9.8%</b>	8.5%	-	<b>11.4%</b>	9.2%	-
Non-operating Revenue & Expenses	<b>-25,940</b>	51,173	-150.7	<b>22,336</b>	32,419	-31.1
Net Income	<b>171,410</b>	295,664	-42.0	<b>525,030</b>	500,431	4.9
Net Income attributed to parent company	<b>171,923</b>	296,708	-42.1	<b>526,066</b>	502,014	4.8
EPS	<b>0.99</b>	1.85	-46.5	<b>3.01</b>	3.21	-6.2
Exchange rate effect	<b>-0.13</b>	0.29	-	<b>0.08</b>	0.07	-
Excluding exchange rate effect	<b>1.12</b>	1.56	-28.2	<b>2.93</b>	3.14	-6.7

### 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.