



Fulgent Sun (9802) Announces FY2021 3Q Unaudited Financial Result

Fulgent Sun: 3Q21 Gross profit margin, operating profit margin and net profit before tax all bucked the trend and thrived, with EPS reaching NT\$1.84, the second highest peak over the years as the group marches on to full bloom.

For the first nine months of 2021, gross profit margin and operating profit margin both broke a record high, while EPS bounced back vigorously to \$4.29.

The group takes the lead in gradually overcoming influences and interruption of COVID, as production volume, sales and profits all rose against the tide. Robust growth momentum in operation is expected.

2021/10/20, Douliu

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) today announced its unaudited results for 3Q 2021.

Key Points

- Fulgent Sun's 3Q21 unaudited consolidated sales rose 29.0% year-on-year, or 19.27% quarter-on-quarter, to NT\$4.2 billion. It also suggests an annual increase of 36.44% to US\$149 million. Over the first nine months of 2021, cumulative revenue climbed 32.03% annually to NT\$11 billion (or a 40.25% increase to US\$393.71 million). In terms of US\$, cumulative revenue in the first nine months of 2021 already surpassed the total revenue of 2020, which is US\$384 million. Even though there are various external tough challenges on operation, the group has been able to develop new orders and keeps production volume at an abundant level.
- In terms of earnings in 3Q21, gross profit increased 14.17% annually, or 47.34% quarterly, to NT\$738 million. 3Q21 Operating profit jumped 21.75% year-on-year, or 142.49% quarterly, to \$404 million. Over the same period, net profit before tax soared 85.66% annually, or 216.78% quarterly, to \$402 million, while net profit attributable to the parent company after tax surged 85.04% year-on-year, or 163.40% quarterly, to \$342 million. 3Q21 Earnings per share (EPS) after tax gained 75.24% annually, or 162.86% quarter-over-quarter, to \$1.84. 3Q21 gross profit margin improved by 3.4 percentage points quarterly to 17.8%. Thanks to well control of 3Q21 operating expenses at 8%, operating profit margin substantially gained 4.9 percentage points quarterly to 9.7%.
- Although Fulgent Sun Group's operation has still been affected by COVID, single-quarter sales surpassed \$4 billion for the first time in 3Q21. Owing to gradual effects of economies of scale and improvement on operation and management efficiency, rate of increase on profits is obviously superior than the rate of increase on sales. 3Q21 Absolute amount of profits and other related profitability ratios are all higher than those in 2Q21, even though product portfolios of the two quarters are similar. Given that 3Q21 gross profit margin and operating profit margin both reached a record high, and net profit before tax, net profit attributable to the parent company after tax both reached the second highest peak over the period (only second to 3Q19), the group has proven itself by taking the lead of getting rid of interference of COVID by steps. Robust recovery and growth momentum in production, marketing and earnings can be expected.



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- COVID's impacts on producers and suppliers are in fact more serious in 2021 than 2020. Fulgent Sun Group's facilities were influenced by COVID at an early stage compared with industry counterparts; however, the group also takes the lead in recovering thanks to planning and effective deployment in advance. Although external factors affected recognition of sales or financial performances in the short term, the group did not take a serious blow, thanks to the group's solid strength in the market and operation background. The group's performances were dragged by COVID from May to July, which led to an annual drop of 17.6% in gross profit margin, and a year-on-year 8.6% decline in operating profit margin, in the first nine months in 2021. However, recovery of the group's profits and sales sped up in August, with the help of improvement on management and operation, and substantial results of economies of scale. In the first nine months of 2021, gross profit rose 9.1% to a record \$1.9 billion compared with a year earlier, while operating profit increased 3.5% annually to a record \$952 million. In addition, net profit attributable to the parent company after tax climbed 12.1% annually to \$797 million, while EPS increased 5.7% year-on-year to \$4.29. The group's operation and managing results have been back on track of profits and growth.
- Based on Fulgent Sun Group's sustainable development strategy, and due to strong demand from various brand clients, and managing team's judgment on demand and supply trend in the industry, the group has been accelerating the expansion on production volume through multiple ways since 2018, in order to cultivate growing momentum on mid- and long-term operation. From 2018 to 3Q21, the group's capital expenditure reached \$5.4 billion, or 2.88 times of share capital. The group does not cease its expansion plan on output, but conducts practical, fine adjustment instead. As a result of precise management of number of employees and various expenditures, the group has leveled up consolidated output, revenue and profits substantially. Meanwhile, the pandemic has further widened the already-existing gap between demand and supply, meaning "output is king" will become an objective reality in footwear manufacturing industry in the following years. COVID and its negative influences on the industry are difficult to be completely eradicated in the short term, however, with crisis comes opportunity and hard beginning also makes a good ending. Therefore, given that the group's operation scale keeps improving, and as long as COVID situation eases, performances in 2H21 are expected to outpace those in 1H21. Outlook for the group's operation is also expected to improve and climb up obviously.
- Looking into the future, Fulgent Sun Group's managing team will continuously improve on manufacturing efficiency, raise the scale of automation in production, actively invest on new kinds of shoes, and strengthen competitiveness on current solid operation basis, while increase added value on products. The group expects to achieve win-win scenario with brand clients, share profits reasonably, dedicate to corporate social responsibility, and improve company management and further pursuit sustainability.

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 (Appendix) Fulgent Sun (9802) 3Q 2021 Unaudited Financial Results :

(In NTD '000 ; %)

	2021/3Q	2020/3Q	YoY	2021/1-9	2020/1-9	YoY
Consolidated Sales	4,149,813	3,217,219	29.0	11,046,030	8,366,414	32.0
Gross Profit	737,941	646,363	14.2	1,942,396	1,779,925	9.1
Gross Profit Margin (%)	17.8%	20.1%	–	17.6%	21.3%	–
Operating Expenses	333,996	314,586	6.2	989,911	859,360	15.2
Operating Expense Ratio(%)	8.0%	9.8%	–	9.0%	10.3%	–
Operating Profit	403,945	331,777	21.8	952,485	920,565	3.5
Operating Profit Margin (%)	9.7%	10.3%	–	8.6%	11.0%	–
Non-operating Revenue & Expenses	-1,860	-115,210	-98.4	-35,365	-92,874	-61.9
Net Income	341,568	184,308	85.3	796,461	709,338	12.3
Net Income attributed to parent company	341,651	184,632	85.0	796,852	710,698	12.1
EPS	1.84	1.05	75.2	4.29	4.06	5.7
Exchange rate effect	-0.03	-0.52	–	-0.28	-0.44	–
Excluding exchange rate effect	1.87	1.57	19.1	4.57	4.50	1.6

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.