



TST Group Holding Ltd.

**TST Group -KY(4439)
December 2022**



Safe Harbor Notice

- The content of related information in this briefing report and the synchronous announcement is sourced from internal and external data of TST Group, including the operation result, financial situation and the business development, etc.
- No financial forecasting has been released by TST Group. The discrepancy may be existed between the actual result in the future and the estimated opinion to TST Group' s operation and business development subjects indicated in this briefing report with respect to the financial, business and Q&A part. The causes of the discrepancy may include the variety of market needs, price fluctuation, competition activities, international economic situation, exchange rate fluctuation, upper and downer stream supply chain, and any other risk factors that are beyond TST Group' s control.
- The prospects for the future in this briefing report reflect TST Group' s vision on the future so far. TST Group is not responsible for any notification or update with regard to any change or adjustment to these prospects in the future.

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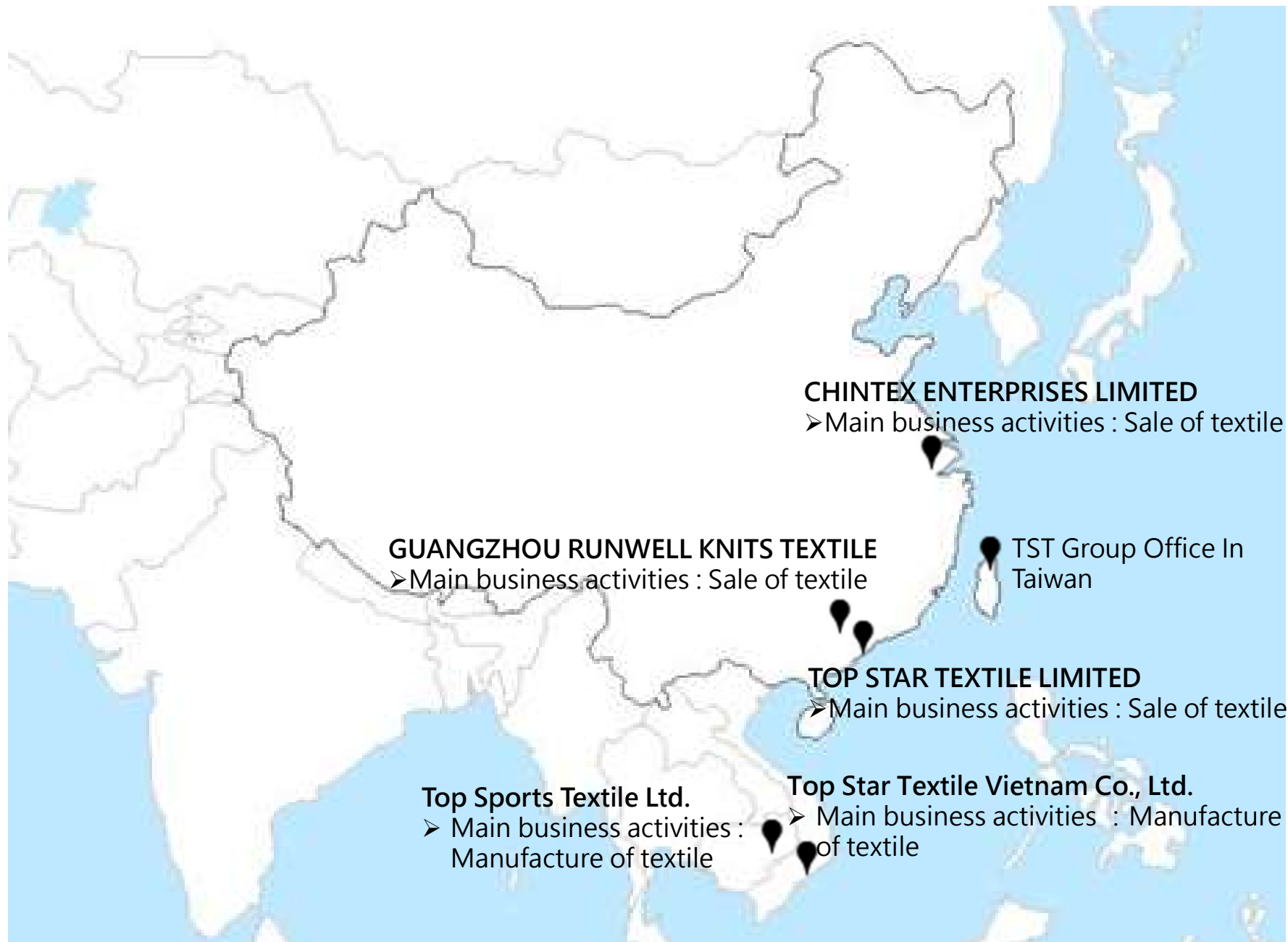
Company Profile

- Year of establishment : 1995
- Capital : TWD 377.69 million
- Chairman/CEO/COO :
LIN CHIN MAO/LIN CHING WEI/
HUNG KSIANG MING
- Main products : Sports and leisure cotton blended knitted fabric
- Place of operation : Hong Kong 、 China 、
Cambodia and Vietnam
- Group employee : About 1,100



Development History





Main Products

- High-quality cotton and cotton blend knitted sports and leisure fabrics

Spacer

Multiple fibers
Special patterns
Breathable knitting

Fleece

Fluffy hand feel
Pilling resistant

French Terry

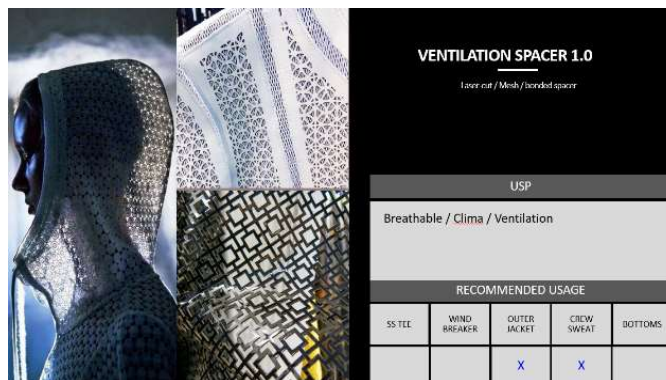
Special grain design
Smoother knitting techniques

Dry Nit

Single Jersey



- Joint Development : Maintain close development activities with brand customers

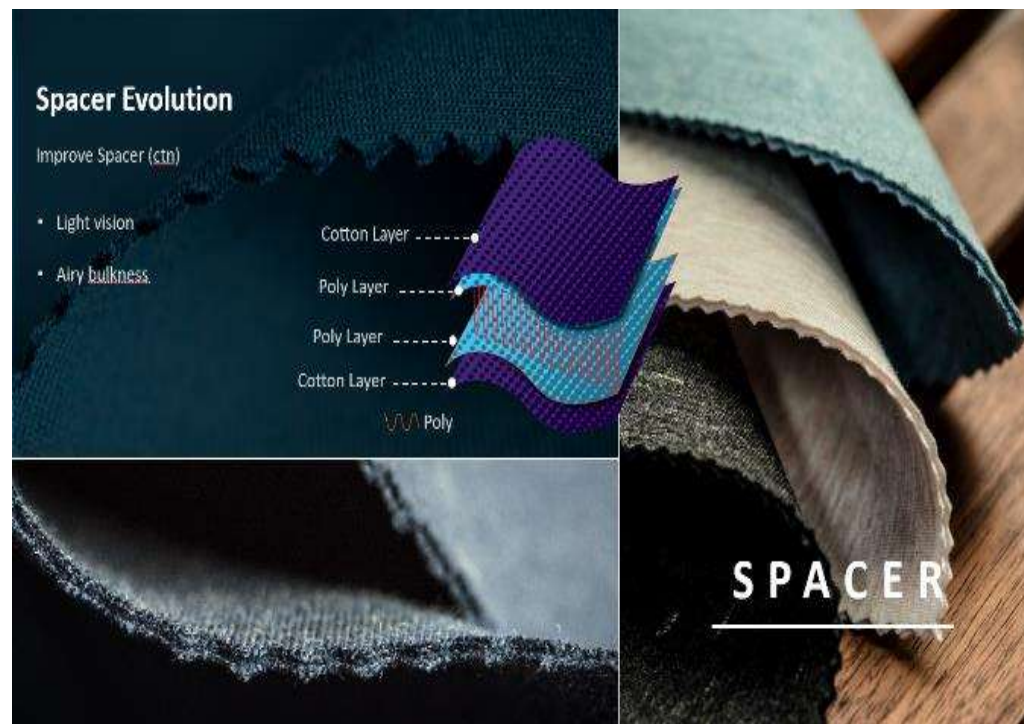


- Independent Development

(A) New Spacer

(B) New French Terry

(C) Sustainability Series



The Best Fabric Supplier In The World



TST Group Holding Ltd.



PUMA

- 2006 Best Fabric Supplier of R & D
- 2011 The Best Supplier

adidas

- 1997 Top Of The League
- 1998 Top Of The League
- 2005/9月、10月 Top of The League
- **2005 Golden Shoes Prime**
- 2009 Performance Award
- 2011 Reliability Award
- 2012 Adidas KPI Top Player
- 2014 Adidas KPI Champion
- 2015 Leadership Award
- 2016 Manufacturing Excellence & Innovation
- 2018 Quality Award
- 2019 ME/ Leadership/ Sustainability Award
- 2020 ME Award
- 2020 Sustainability Award
- 2021 GASA champion
- 2021 Agility award
- 2021 Speed award
- 2021 Sustainability award



Business Partner



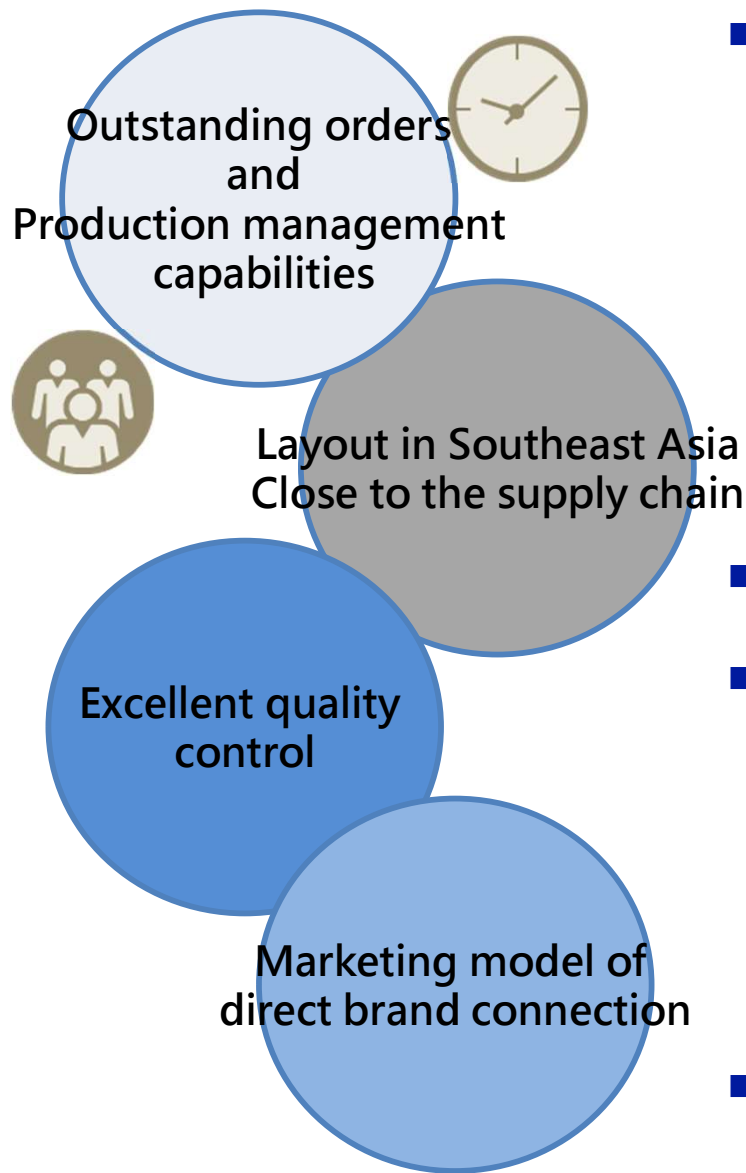
BROS




臺南紡織股份有限公司
TAINAN SPINNING CO., LTD.



Advantages



- Flexible order distribution capacity: two production bases, mainland certified long-term partners and Cambodian own factory, providing advantages such as production flexibility, rapid delivery and product diversification
 - Scale knitted fabric supplier in Cambodia
 - Brands awarded self-test certification
- 
- Take orders and discuss prices directly with the brand

Advantage - outstanding order and production management capabilities



TST Group Holding Ltd.

Excellent supplier and order management capabilities, docking with brands to grasp market information in time, providing advantages such as production flexibility, rapid delivery and product diversification.

01

Complicated
Sample List
24,000 cylinders / year

02

Strict Testing
Procedures

- Quality inspection
50 tracks / type
- Defect inspection
40 items / section



03

Diversified Order Modes
1,200 models / year



04

Fast Delivery
Demand

- 21 days delivery
- One order in 15
days



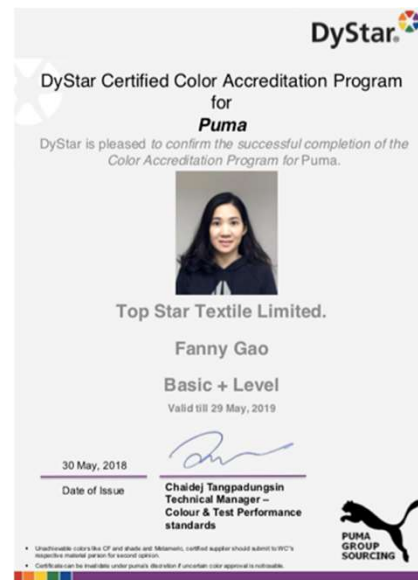
Advantage - Excellent Quality Control



TST Group Holding Ltd.

We can effectively control the quality of weaving, dyeing and finishing to provide customers with the best quality products.

- Brands awarded self-test certification
 - Color Control : Brand authorization and self-examination (adidas, PUMA, GAP and Li Ning)



Advantage - Excellent Quality Control (Continued)



TST Group Holding Ltd.

We can effectively control the quality of weaving, dyeing and finishing to provide customers with the best quality products.

■ Brands awarded self-test certification

- Color Control : Brand authorization and self-examination (adidas, PUMA, GAP and Li Ning)
- Examination : Third-party certification (adidas, PUMA, GAP and Decathlon)



LABORATORY APPROVAL CERTIFICATE

This certifies that the laboratory of

Top Sports Textile Ltd.
Manhattan Special Economic Zone, National Road #1,
Sangkat Bavet, Krong Bavet, Svay Rieng Province, Cambodia

Has been approved to perform the following tests as per Gap Inc. requirements stated in the Standard Operating Procedure of Supplier's Testing laboratory Accreditation Program:

SUPPLIER LAB ASSESSMENT GRID
STEP: PRODUCTION CONTROL

Laboratory name: Top Sports Textile Ltd. - Cambodia
Assessment date: May 25, 2016

DEVIATION FORM

Deviation nr: 6

Deviation regarding: Equipment

Grid paragraph: 8-4.9

Report of the deviation

Regarding arrangements: X

Regarding application: X

Critical: X

Not critical:

Consequence and resulting risk

Reported by: Liam, Tina

Date: 26 May 2016

Sign:

Advantage - Excellent Quality Control (Continued)



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We can effectively control the quality of weaving, dyeing and finishing to provide customers with the best quality products.

■ Brands awarded self-test certification

- Color Control : Brand authorization and self-examination (adidas, PUMA, GAP and Li Ning)
- Examination : Third-party certification (adidas, PUMA, GAP and Decathlon)
- Certified Materials Inspection Auditor : adidas authorized certification
- 5S : 2018 Cambodian Garment Union (GMAC) and the Ministry of Commerce 5S Competition Champion



Advantages - the marketing model of direct brand connection



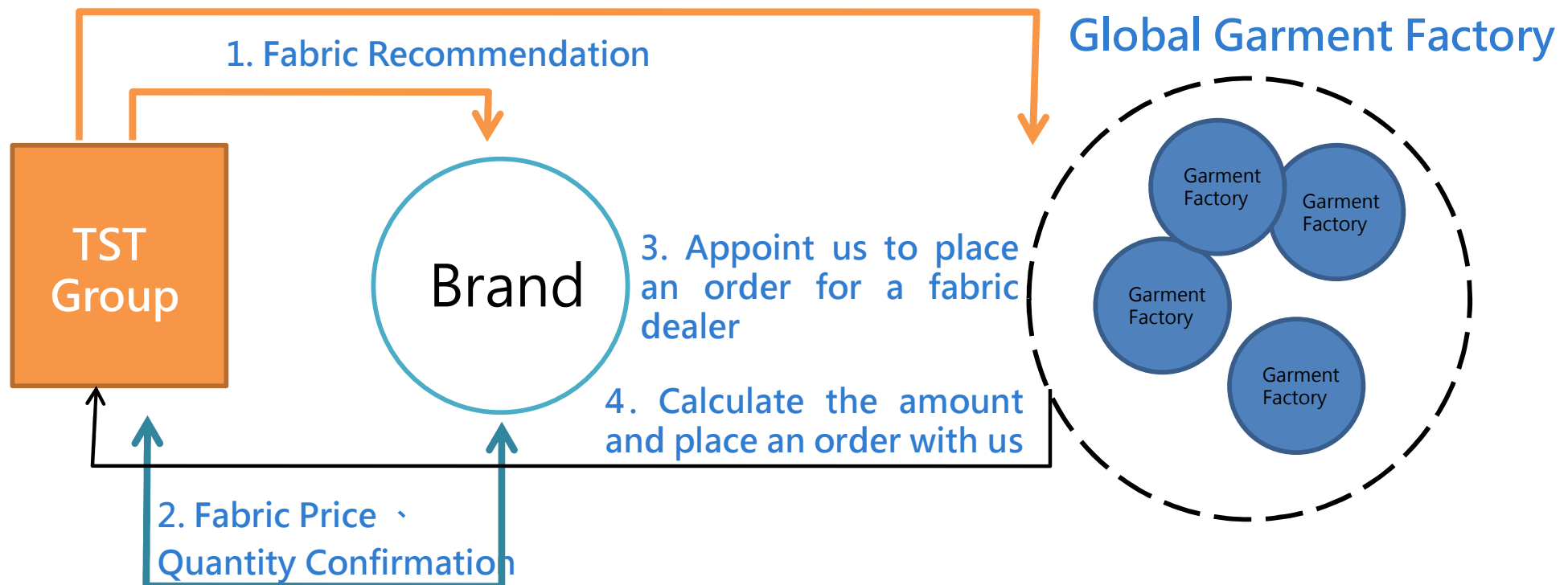
TST Group Holding Ltd.

We directly connect with the brand in terms of price and quality of cloth, and make production after agreement with the brand. The main control is controlled within the company, and the garment factory does not directly place orders to the company.

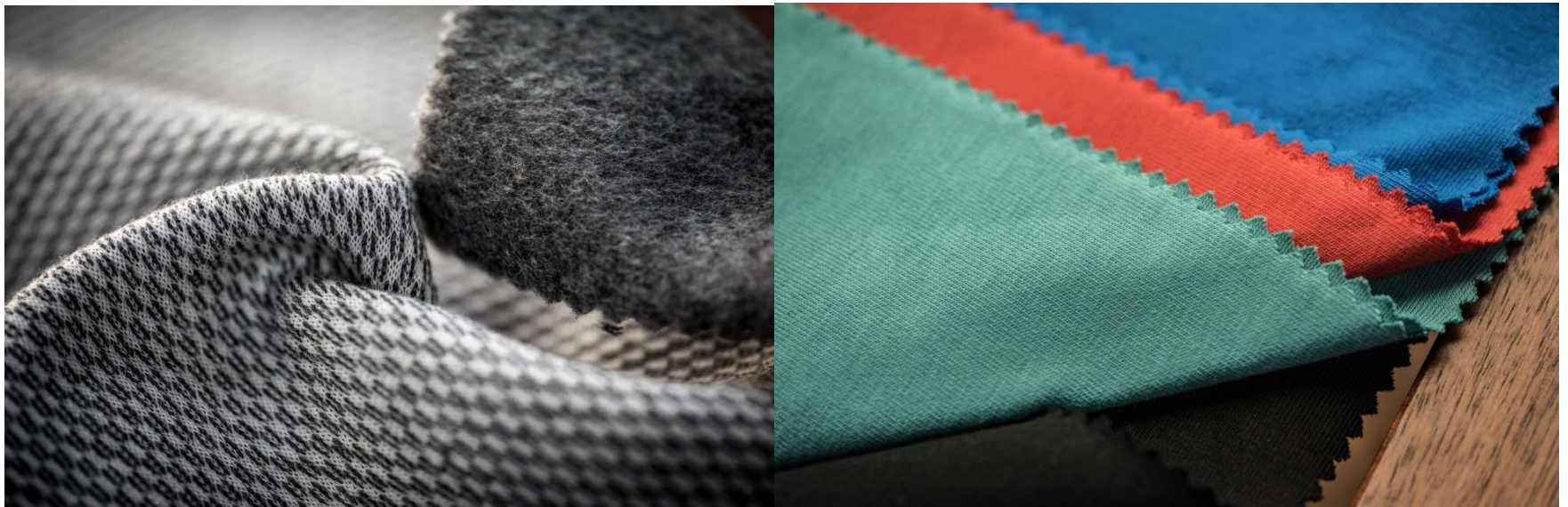
■ An operating model that is closely related to the brand

- Confirm with the brand the direction of fabric development quarterly.
- Frequently recommend our newly developed recommended fabrics to brands directly.
- The price and quantity are confirmed with the brand in the price meeting every year.
- When there is a problem with the fabric, we directly solve it face-to-face with the brand.

5. Shipment of fabric to garment factory



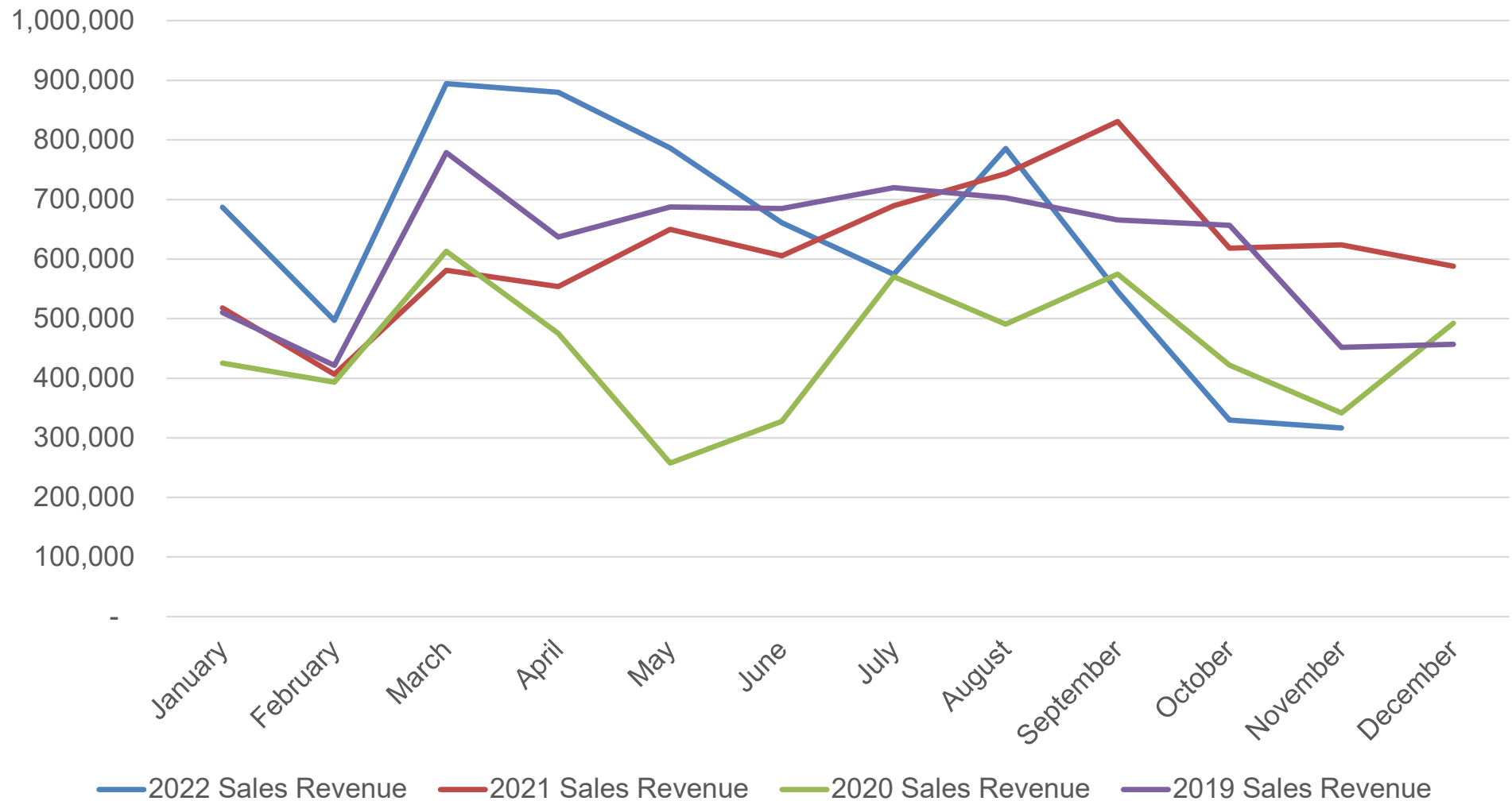
- International customers with brand value : International famous brand such as adidas, NIKE , PUMA, and GAP etc.
- Steady business : For the past years (2017 to 2021), TST Group has a stable profitability. During this period, annual profitability of the Group was one share capital.
- Stable dividend payout rate: TST Group promises to return profits to shareholders. The annual dividend is more than 50%.



Financial Overview-Monthly Revenue



TST Group Holding Ltd.

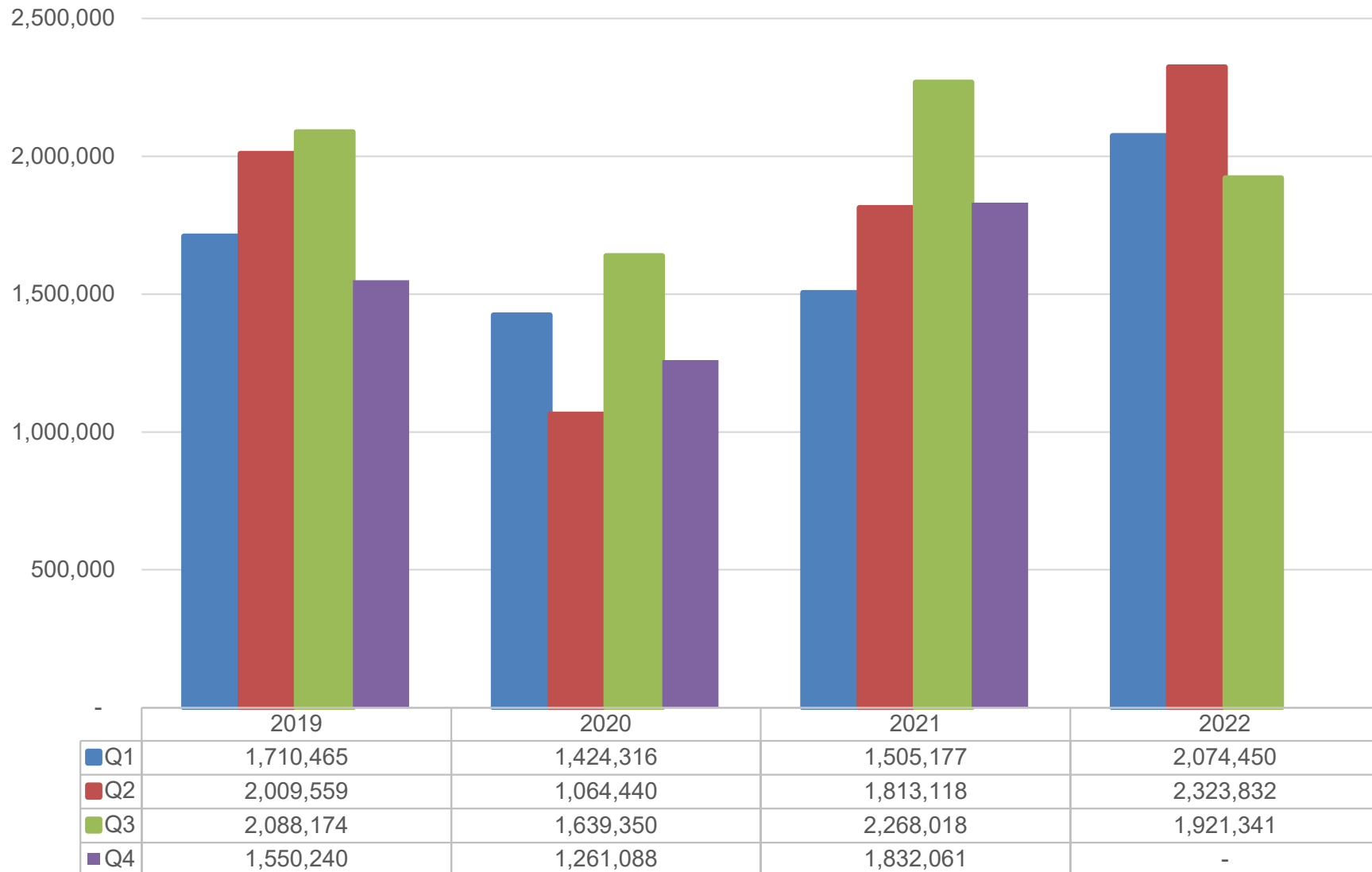


Financial Overview-Quarterly Revenue



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NT\$ Thousand



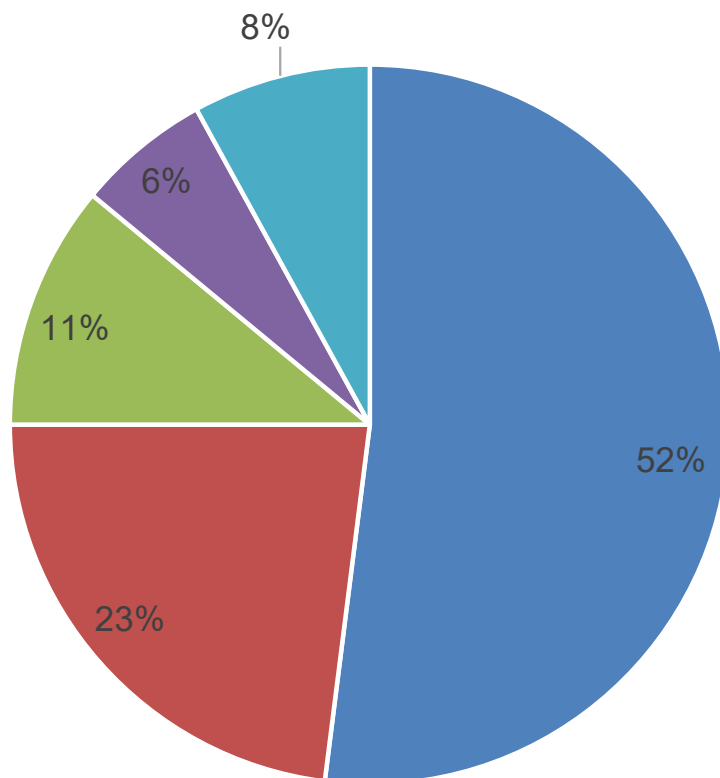
Financial Overview-Customer Ratio



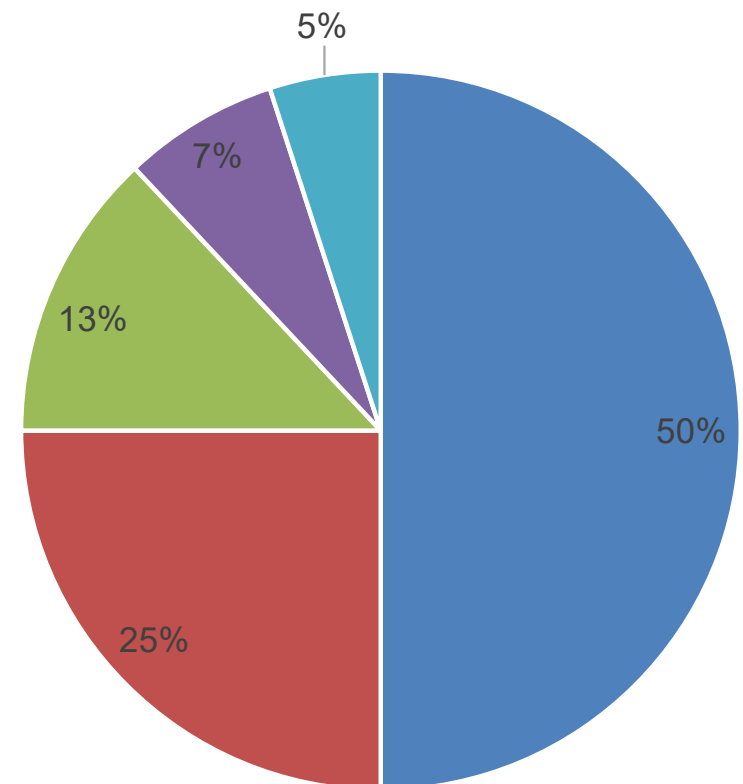
TST Group Holding Ltd.

From Jan to Sep, 2022

2021

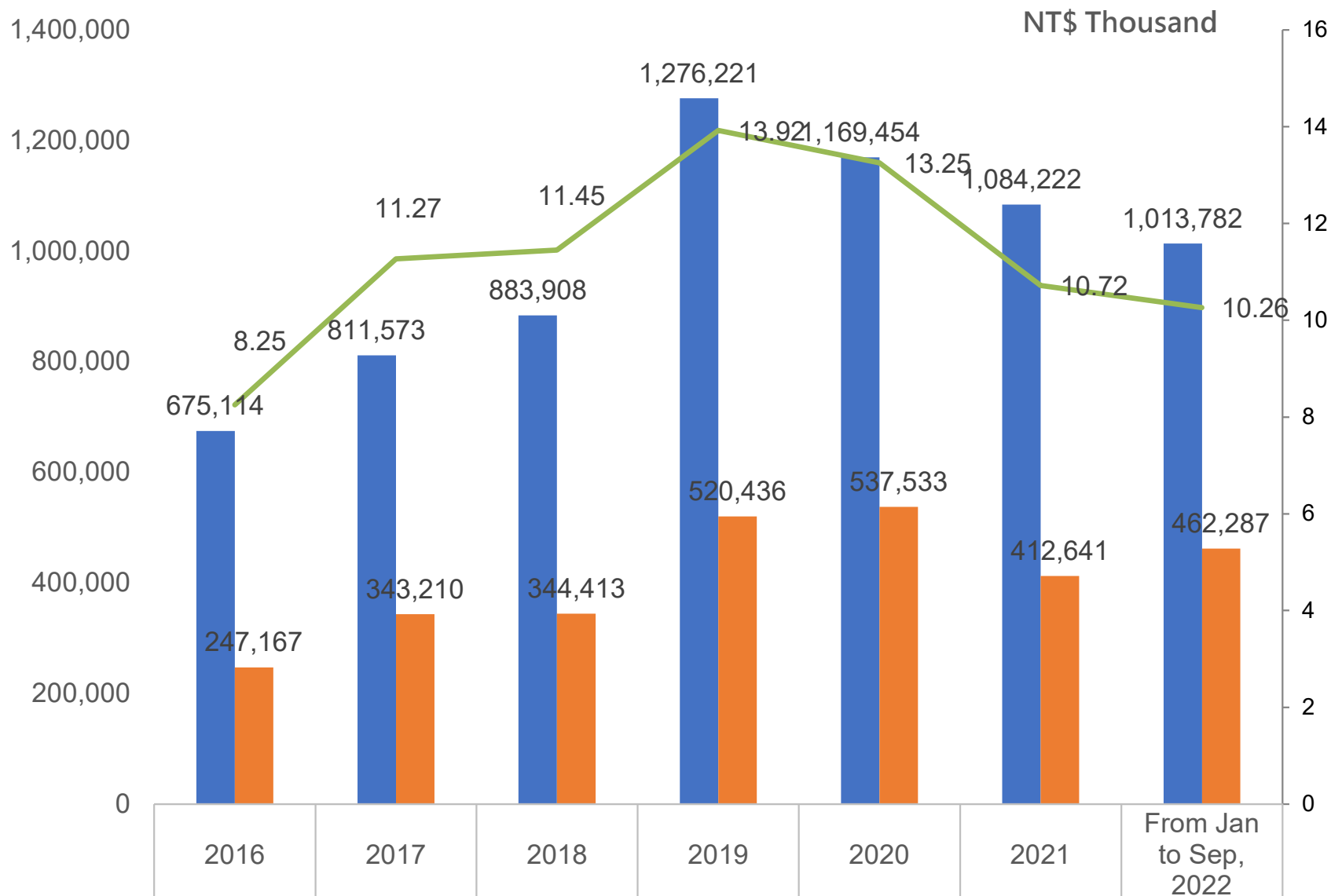


■ ADIDAS ■ GAP ■ PUMA ■ NIKE ■ OTHERS



■ ADIDAS ■ GAP ■ PUMA ■ NIKE ■ OTHERS

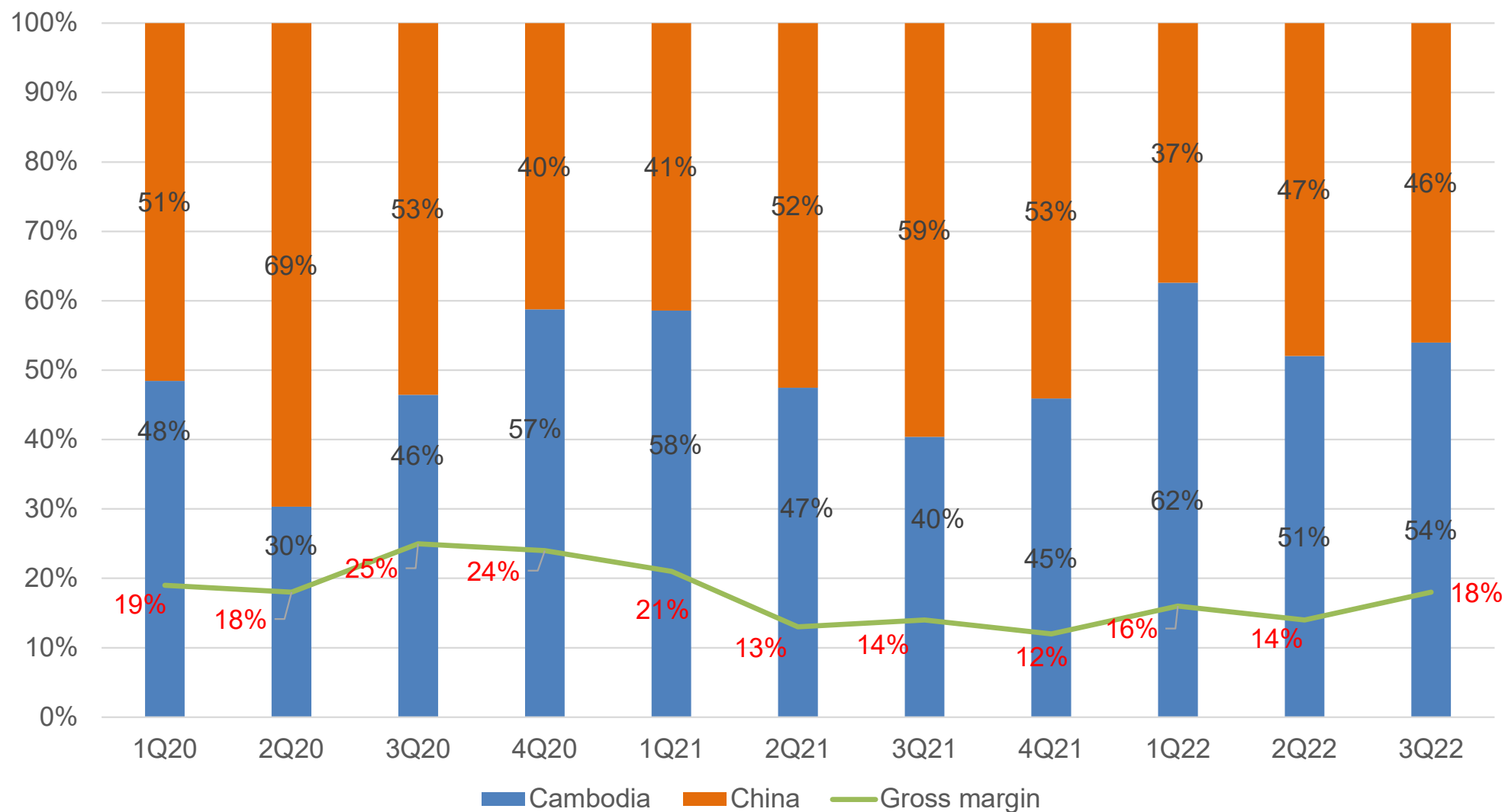
Financial Overview



Net Operating Margin	675,114	811,573	883,908	1,276,221	1,169,454	1,084,222	1,013,782
Profit Before Income Tax	247,167	343,210	344,413	520,436	537,533	412,641	462,287
EPS	8.25	11.27	11.45	13.92	13.25	10.72	10.26

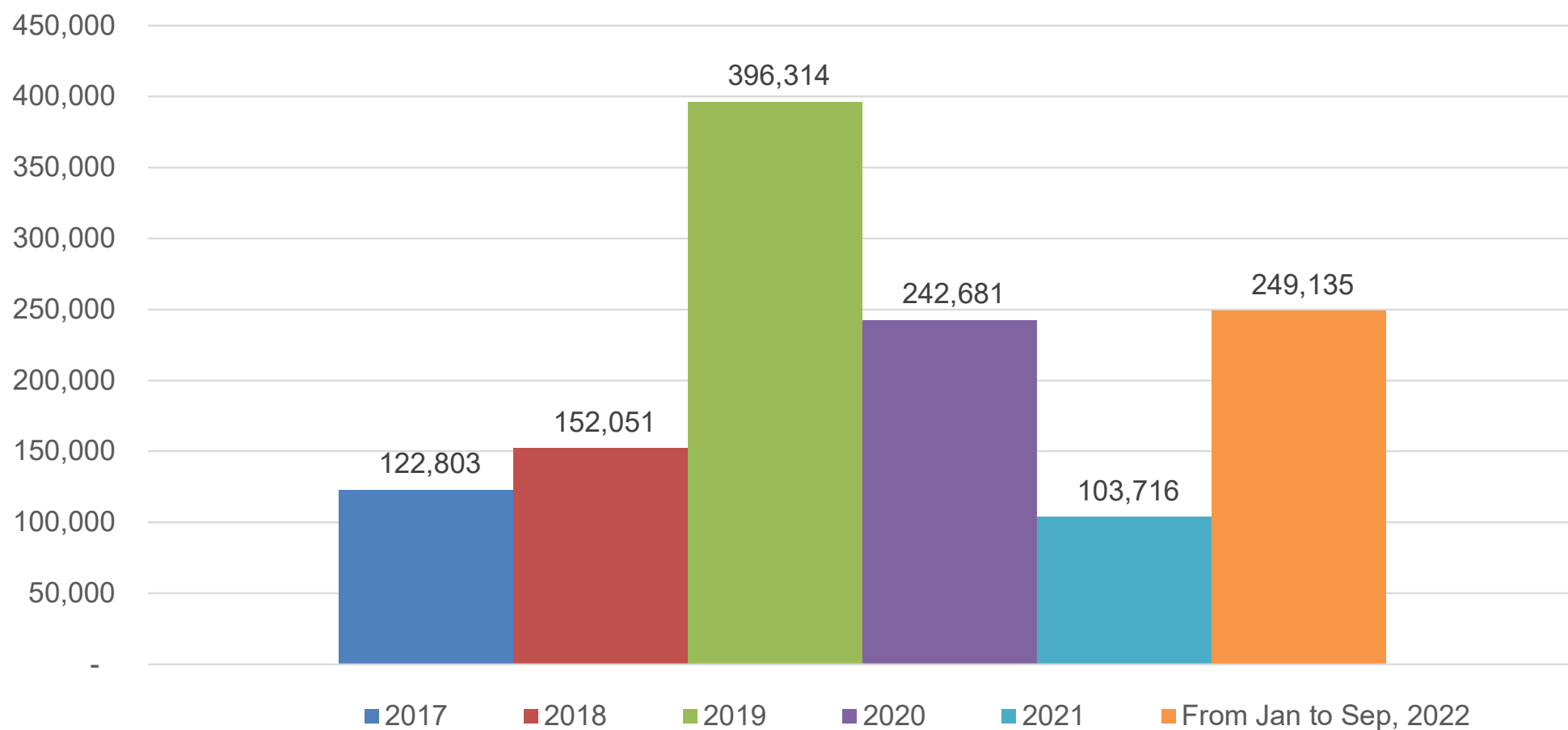
Financial Overview

Relationship between regional sales volume and gross margin changes in each quarter



Financial Overview-Capex

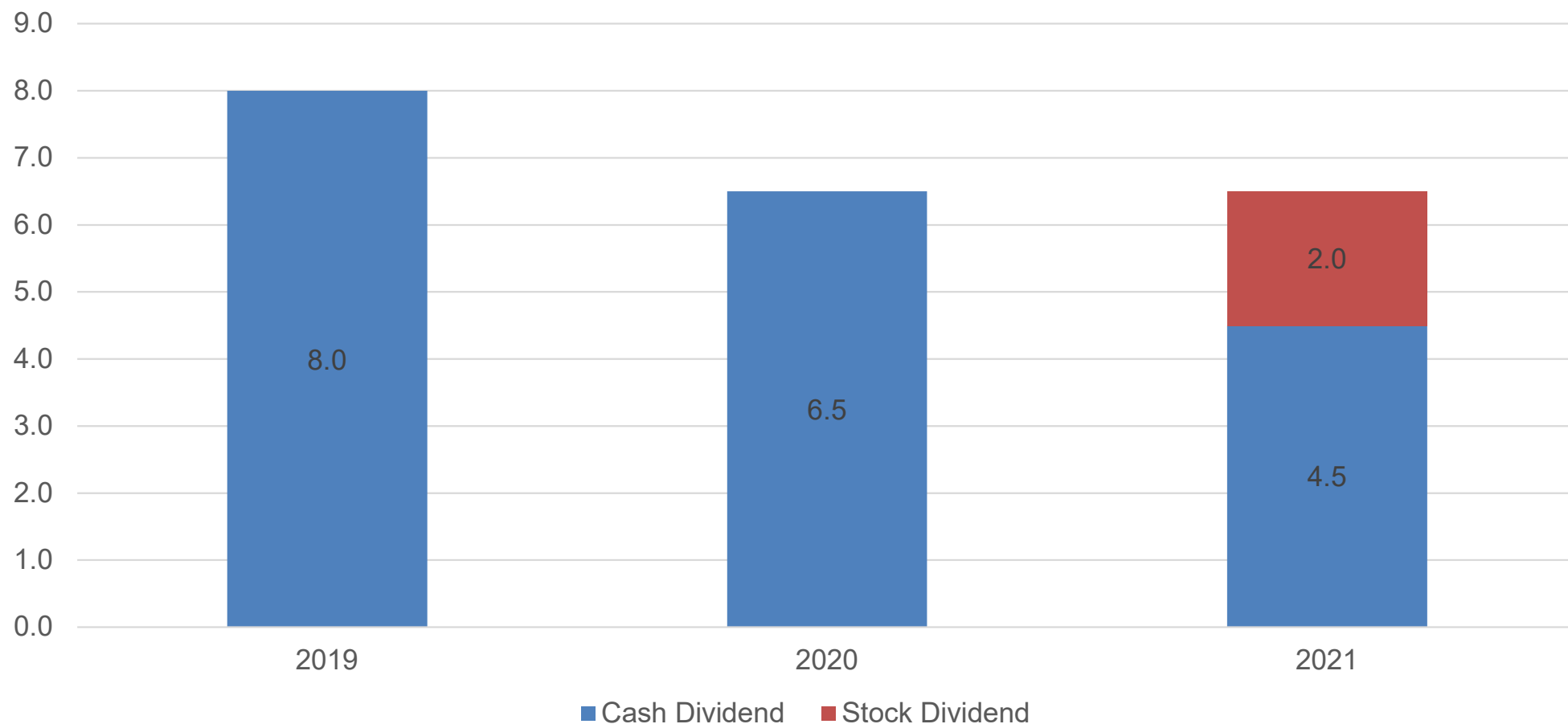
NT\$ Thousand



Financial Overview-Dividend Policy



TST Group Holding Ltd.



Financial Overview- 2022 VS 2021



Expressed in thousands of NT dollars	2022Q3	2021Q3	Compared	
(except for earnings per share amount)	Amount	Amount	Difference	%
Sales revenue	\$ 1,921,341	\$ 2,268,018	\$ (346,677)	(15.29)
Operating costs	(1,571,061)	(1,954,727)	383,666	(19.63)
Net operating margin	350,280	313,291	36,989	11.81
Operating expenses				
Selling expenses	(39,594)	(58,337)	18,743	(32.13)
General and administrative expenses	(151,252)	(129,771)	(21,481)	16.55
Research and development expenses	(3,816)	(3,981)	165	(4.14)
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	(11,120)	(3,172)	(7,948)	250.57
Total operating expenses	(205,782)	(195,261)	(10,521)	5.39
Operating profit	144,498	118,030	26,468	22.42
Non-operating income and expenses				
Interest income	1,701	1,000	701	70.10
Other income	8,713	238	8,475	3,560.92
Other gains and losses	(3,484)	101	(3,585)	(3,549.50)
Finance costs	(2,513)	(1,529)	(984)	64.36
Total non-operating income and expenses	4,417	(190)	4,607	(2,424.74)
Profit before income tax	148,915	117,840	31,075	26.37
Income tax expense	(23,777)	(18,812)	(4,965)	26.39
Profit for current	125,138	99,028	26,110	26.37
EPS	3.32	2.63	0.69	26.24

Financial Overview- Operating Results



Expressed in thousands of NT dollars	From Jan to Sep, 2022	From Jan to Sep, 2021	Compared	
(except for earnings per share amount)	Amount	Amount	Difference	%
Sales revenue	\$ 6,319,623	\$ 5,586,313	\$ 733,310	13.13
Operating costs	(5,305,841)	(4,716,766)	(589,075)	12.49
Net operating margin	1,013,782	869,547	144,235	16.59
Operating expenses				
Selling expenses	(119,704)	(131,877)	12,173	(9.23)
General and administrative expenses	(434,775)	(370,979)	(63,796)	17.20
Research and development expenses	(10,321)	(8,459)	(1,862)	22.01
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	(14,243)	703	(14,946)	(2,126.03)
Total operating expenses	(579,043)	(510,612)	(68,431)	13.40
Operating profit	434,739	358,935	75,804	21.12
Non-operating income and expenses				
Interest income	3,413	6,135	(2,722)	(44.37)
Other income	21,543	17,747	3,796	21.39
Other gains and losses	9,683	(4,288)	13,971	(325.82)
Finance costs	(7,091)	(4,455)	(2,636)	59.17
Total non-operating income and expenses	27,548	15,139	12,409	81.97
Profit before income tax	462,287	374,074	88,213	23.58
Income tax expense	(76,141)	(71,794)	(4,347)	6.05
Profit for current	386,146	302,280	83,866	27.74
EPS	10.26	8.04	2.22	27.61

Financial Overview- 2022



Expressed in thousands of NT dollars	2022Q1	2022Q2	2022Q3
(except for earnings per share amount)	Amount	Amount	Amount
Sales revenue	\$ 2,074,450	\$ 2,323,832	\$ 1,921,341
Operating costs	(1,737,036)	(1,997,744)	(1,571,061)
Net operating margin	337,414	326,088	350,280
Operating expenses			
Selling expenses	(34,683)	(45,427)	(39,594)
General and administrative expenses	(134,157)	(149,366)	(151,252)
Research and development expenses	(3,179)	(3,326)	(3,816)
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	(447)	(2,676)	(11,120)
Total operating expenses	(172,466)	(200,795)	(205,782)
Operating profit	164,948	125,293	144,498
Non-operating income and expenses			
Interest income	756	956	1,701
Other income	2,114	10,716	8,713
Other gains and losses	(1,093)	14,260	(3,484)
Finance costs	(2,298)	(2,280)	(2,513)
Total non-operating income and expenses	(521)	23,652	4,417
Profit before income tax	164,427	148,945	148,915
Income tax expense	(29,936)	(22,428)	(23,777)
Profit for current	134,491	126,517	125,138
EPS	3.58	3.36	3.32



Q&A

THANK YOU FOR
YOUR ATTENTION