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TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2020

Taipei, Taiwan, July 30th, 2020 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2020 second quarter unaudited operating results. Company reported net profits of NT\$308 million, or earnings per share of NT\$0.76 for the quarter. For the first six months of 2020, net profit totaled NT\$348 million, or earnings per share of NT\$0.85.

2Q20 Operating Results

Second quarter revenues remained flattish to first quarter at NT\$28,049 million, down merely 0.5% quarter-on-quarter and down 1.4% year-on-year, despite supply chain disruption and deferred consumption caused by Coronavirus pandemic. Notebook (11” to 16”) shipment in the quarter was up 16% sequentially and 51% year-on-year, in the backdrop of worldwide COVID-19 lockdowns have led to demand surge from increasing work-from-home and online learning. Tablet (7” to 11”) segment also posted 27% volume growth compared to the previous quarter. On contrary, smartphone (<7”) shipment declined 36% quarter-on-quarter and down 25% from the same period last year, due to store shutdowns, sluggish end demand and product transition.

In spite of flattish revenue growth, gross profit in this quarter increased from NT\$1,011 million in 1Q20 to NT\$1,397 million, up 38.1% quarter-on-quarter and up 16.7% year-on-year. Gross margin also enhanced from 3.6% in the previous quarter to 5.0% in 2Q20 which was attributable to favorable product mix change that resulted in raw material cost, as a percentage of sales down from 83.9% in 1Q20 to 82.5% in the second quarter. In addition, Company’s human capital management team also effectively managed the headcount during the pandemic and maintained the labor cost at 5.5% of sales in the second quarter, flat to 5.6% in 1Q20.

Operating expense controls remained intact and effective at 3.5% of sales, marginally up from 3.2% for last quarter. As a result, 2Q20 operating profits amounted to NT\$428 million, up from NT\$109 million in 1Q20. 2Q20 net interest expenses was NT\$13 million, down significantly from NT\$34 million in the previous quarter. Company recorded foreign exchange loss of NT\$17 million due to appreciation of



RMB versus USD.

Balance Sheet & Cash Flow

As of June 30th 2020, cash & cash equivalent and financial assets measured at amortized cost totaled NT\$34.8 billion, down from NT\$35.8 billion at the end of first quarter. Capital expenditure for the quarter was NT\$295 million on accrual basis. Total bank borrowings, as end of this quarter, totaled NT\$25.7 billion, significantly down from NT\$31.8 billion in 1Q20, indicating Company's net cash position of NT\$9.1 billion as of end of this quarter. 2Q20 EBITDA amounted to NT\$2.4 billion. EBITDA for the first six months of 2020 amounted to NT\$4.5 billion.

Note: All financial numbers are prepared in accordance with IFRs, which is approved by regulators in Taiwan.

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ABOUT TPK

TPK was founded solely for touch solutions in 2003. We are the inventor of transparent glass-based projected capacitive (P-Cap) touch solutions and the first company for mass production. Since 2Q 2010, TPK has expanded its touch product offering into PET-film based solutions. Our production sites are located in Xiamen City of Fujian Province, China. TPK is completely and vertically integrated for one-stop shopping for touch solutions.

2Q20 PROFIT & LOSS

Profit & Loss (NT\$ million)	2Q20	1Q20	QoQ	2Q19
Revenues	28,049	28,192	(0.5%)	28,452
COGS	(26,652)	(27,180)		(27,255)
Gross Profits	1,397	1,011	38.1%	1,197
Operating Expenses	(969)	(902)		(1,210)
SG&A	(770)	(705)		(897)
R&D	(198)	(197)		(313)
Operating Profits	428	109		(14)
Non-Op Inc/(Exp)	141	179		152
Int Inc/(Exp)	(13)	(34)		(57)
FX Gain/(Loss)	(17)	93		109
Others	171	120		100
Earnings Before Tax	570	288		139
Income Tax	(262)	(248)		(34)
Net Income (Parent)	308	40		54
EPS (Parent)	0.76	0.10		0.13
EBITDA	2,409	2,140		2,366
Margin:				
GM	5.0%	3.6%		4.2%
OM	1.5%	0.4%		(0.0%)
NM	1.1%	0.1%		0.2%
Op Exp	(3.5%)	(3.2%)		(4.3%)

Note: 2Q20 Fully Diluted Weighted Average: 406,738,595 shares

2Q19 BALANCE SHEET

Balance Sheet	2020/6/30	2020/3/31
(NT\$ million)		
Cash Equivalents	19,343	21,462
Debt Inv with no active market	15,416	14,362
Receivables	10,628	9,582
Other Receivables	2,597	8,177
Inventories	8,201	7,393
Current Assets	56,535	61,662
PP&E	25,126	26,765
Total Assets	88,275	94,196
ST Loans	17,815	22,426
Payables	14,490	15,110
Current Liabilities	38,188	43,506
LT Loans	7,881	9,419
Total Liabilities	52,180	57,738
Common Shares	4,067	4,067
Retained Earnings	2,907	2,599
Total Shareholder's Equities	36,094	36,459
Ratio Analysis:		
Quick Ratio	1.27	1.25
Current Ratio	1.48	1.42
ROE (YTD Annualized)	1.9%	0.4%
Net Debt to Equity	Net Cash	Net Cash

Note: PP&E includes prepayments.