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## **TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2020**

Taipei, Taiwan, November 5<sup>th</sup>, 2020 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2020 third quarter unaudited operating results. Company reported net profits of NT\$443 million, or earnings per share of NT\$1.09 for the quarter. For the first nine months of 2020, net profit totaled NT\$790 million, or earnings per share of NT\$1.94.

### **3Q20 Operating Results**

Seasonality and inventory buildup for a key smartphone product towards its end of lifecycle constituted a sequential growth of 17.1% in third quarter revenue, to NT\$32,852 million. Notebook (11” to 16”) segment remained the largest revenue contributor and represented 41% of Q3 sales in the backdrop of continued strong work-from-home and online learning demand. Smartphone (<7”) segment came second and accounted for 34% of third quarter revenue, up from 28% for the previous quarter. Tablet (7” to 11”) continued to gain traction and posted 29% sequential growth in terms of revenues. Large-sized (>16”) segment has benefited from fast-growing electric vehicle and at-home workout markets and delivered 62% quarter-on-quarter growth in revenue.

In spite of seasonal revenue growth, gross profit in the quarter amounted to NT\$1,294 million, down 7.4% quarter-on-quarter, owing to unfavorable product mix and less favorable prices for products towards end of lifecycles. As a result, Q3 gross margin decreased to 3.9% from 5.0% in the second quarter. In terms of COGS, raw material cost as a percentage of sales was up from 82.5% in Q2 to 84.7% which was attributable to larger percentage of products with higher consigned cost for this quarter. Depreciation cost reduced from 5.3% of sales in the second quarter to 4.3% in this quarter. Q3 labor cost also reduced slightly from 5.5% of sales in Q2 to 5.3% in the third quarter.

Operating expense enhancement from 3.5% in Q2 to 3.2% in the third quarter was attributed to operating leverage and prudent expense controls. 3Q20 operating profit was NT\$235 million. Company also reported net interest income of NT\$66 million and net foreign exchange gain of NT\$66 million for the quarter with effective cash and FX management. Government subsidiaries of NT\$205

million, including COVID-19 pandemic related, was recognized in the third quarter.

### **Balance Sheet & Cash Flow**

As of September 30<sup>th</sup> 2020, cash & cash equivalent and financial assets measured at amortized cost totaled NT\$32.7 billion, down from NT\$34.8 billion at the end of second quarter. Capital expenditure for the quarter was NT\$734 million on accrual basis. Total bank borrowings, as end of this quarter, totaled NT\$27.5 billion, up from NT\$25.7 billion in 2Q20. Company remained at net cash of NT\$5.2 billion at the end of this quarter. 3Q20 EBITDA amounted to NT\$2.2 billion. EBITDA for the first nine months of 2020 amounted to NT\$6.8 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.

### 3Q20 PROFIT & LOSS

Profit & Loss	3Q20	2Q20	QoQ	3Q19
(NT\$ million)				
<b>Revenues</b>	<b>32,852</b>	<b>28,049</b>	<b>17.1%</b>	<b>40,054</b>
COGS	(31,559)	(26,652)		(38,371)
<b>Gross Profits</b>	<b>1,294</b>	<b>1,397</b>	<b>(7.4%)</b>	<b>1,682</b>
Operating Expenses	(1,058)	(969)		(1,212)
SG&A	(866)	(770)		(961)
R&D	(192)	(198)		(251)
<b>Operating Profits</b>	<b>235</b>	<b>428</b>		<b>471</b>
Non-Op Inc/(Exp)	320	141		90
Int Inc/(Exp)	44	(13)		(52)
FX Gain/(Loss)	(158)	(17)		163
Others	433	171		(21)
<b>Earnings Before Tax</b>	<b>555</b>	<b>570</b>		<b>560</b>
Income Tax	(113)	(262)		(332)
<b>Net Income (Parent)</b>	<b>443</b>	<b>308</b>	<b>43.8%</b>	<b>228</b>
<b>EPS (Parent)</b>	<b>1.09</b>	<b>0.76</b>		<b>0.56</b>
<b>EBITDA</b>	<b>2,239</b>	<b>2,409</b>		<b>2,783</b>
<b>Margin:</b>				
GM	3.9%	5.0%		4.2%
OM	0.7%	1.5%		1.2%
NM	1.3%	1.1%		0.6%
Op Exp	(3.2%)	(3.5%)		(3.0%)

Note: 3Q20 Fully Diluted Weighted Average: 406,823,621 shares

### 3Q19 BALANCE SHEET

Balance Sheet	2020/9/30	2020/6/30
(NT\$ million)		
Cash Equivalents	27,773	19,343
Debt Inv with no active market	4,943	15,416
Receivables	12,148	10,628
Other Receivables	7,572	2,597
Inventories	6,752	8,201
<b>Current Assets</b>	<b>59,982</b>	<b>56,535</b>
<b>PP&amp;E</b>	<b>24,032</b>	<b>25,126</b>
<b>Total Assets</b>	<b>90,711</b>	<b>88,275</b>
ST Loans	18,365	17,815
Payables	14,165	14,490
<b>Current Liabilities</b>	<b>39,234</b>	<b>38,188</b>
<b>LT Loans</b>	<b>9,181</b>	<b>7,881</b>
<b>Total Liabilities</b>	<b>54,567</b>	<b>52,180</b>
Common Shares	4,067	4,067
Retained Earnings	3,349	2,907
<b>Total Shareholder's Equities</b>	<b>36,144</b>	<b>36,094</b>
<b>Ratio Analysis:</b>		
Quick Ratio	1.36	1.27
Current Ratio	1.53	1.48
ROE (YTD Annualized)	2.9%	1.9%
Net Debt to Equity	Net Cash	Net Cash

Note: PP&E includes prepayments.