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

Taipei, Taiwan, February 25th, 2021 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2020 fourth quarter unaudited consolidated operating results. Company reported revenues of NT\$25,490 million and net profit of NT\$241 million, or earnings per share of NT\$0.59 for the quarter. For the full year of 2020, consolidated revenues amounted to NT\$114,583 million and net profit totaled NT\$1,031 million, equivalent to earnings per share of NT\$2.53.

4Q20 Operating Results

Fourth quarter revenues were NT\$25,490 million, down 22.4% sequentially and down 31.0% year-on-year. The decrease was mostly attributable to decline in smartphone production as a result of model transition. For 4Q20, small-sized products (<7”) accounted for only 15% of total revenues, down from 34% for the previous quarter. On the contrary, tablet segment (7” to 11”) continued to show robust demand and delivered 8.0% sequential growth while demand for notebook PC sector (11” to 16”) remained strong at 3Q20 level. Despite lower quarterly revenues, gross margin improved to 4.6% from 3.9% for 3Q20 in the backdrop of favorable product mix change and operational enhancement. 4Q20 gross profits were NT\$1,164 million, up 79.5% year-on-year.

In terms of COGS items, raw materials were NT\$20,694 million, representing 81.2% of revenues, down from 84.7% for 3Q20, indicating favorable product mix change. As a result of company’s discipline in controlling capital expenditures in the last few years, depreciation expense continued to trend lower, to NT\$1,301 million, the lowest level since 4Q13. Moreover, fourth quarter operating expenses also reduced 6.8% quarter-on-quarter in conjunction with sequential revenue decline, and resulted in operating margin at 0.7%, flattish to 3Q20.

The Company recorded net interest income of NT\$23 million and foreign exchange gain of NT\$37 million for this quarter, thanks to effective cash management and foreign exchange hedge. For 4Q20, earnings per share were NT\$0.59.

2020 Full Year Operating Results

Looking back, 2020 was a year of transition in which TPK has successfully achieved sound operational enhancement and shifted towards a more favorable product mix. Notebook PC sector, in particular,

expanded 17% year-on-year and accounted for 46% of 2020 revenues, compared to 34% for 2019. Touch sector is expected to continuously benefit from fast-growing work-from-home, student online learning and proliferation of touch screens in automobiles.

The Company reported 2020 full year unaudited consolidated revenues of NT\$114,583 million, down 16.1% year-on-year. Total shipments were 117 million, down 29% compared to 2019. In spite of revenues decline, gross profit increased 2.7% to NT\$4,866 million and gross margin improved to 4.2% from 3.5% in 2019 in the backdrop of favorable product mix change and operational enhancement. Effective expense controls were also successfully implemented and achieved 15.2% year-on-year reduction for operating expenses. Operating profit reached NT\$950 million, an increase of 6.7 times versus 2019, making 2020 operating margin at 0.8%, compared to 0.1% for 2019.

TPK recorded net interest income of NT\$21 million for the full year of 2020 through effective cash management. The Company also posted net foreign exchange gain of NT\$157 million. Net income amounts to NT\$1 billion, an increase near 400% over 2019. Full year EPS totaled NT\$2.53, compared to NT\$0.51 for 2019.

Balance Sheet & Cash Flow

As of December 31st 2020, cash & cash equivalent and financial assets totaled NT\$25.4 billion, down from NT\$32.8 billion at the end of third quarter as total bank borrowing has been repaid and reduced from NT\$27.5 billion to NT\$18.3 billion. On accrual basis, capital expenditure for the quarter was NT\$379 million with total CAPEX in 2020 amounted to NT\$1,602 million, down significantly from NT\$3,210 million for 2019. 4Q19 EBITDA was NT\$2.0 billion and 2020 EBITDA amounted to NT\$8.7 billion, continue to generate strong operating cash inflows. TPK remained at net cash position as of end of 2020.

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 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. TPK excels at defining new technology mass production processes with in-house automation and flexible production capabilities. Our production sites are located in Xiamen City of Fujian Province, China.

4Q20 PROFIT & LOSS

Profit & Loss	4Q20	3Q20	QoQ	4Q19	YoY
(NT\$ million)					
Revenues	25,490	32,852	(22.4%)	36,945	(31.0%)
COGS	(24,326)	(31,559)		(36,296)	
Gross Profits	1,164	1,294	(10.0%)	648	79.5%
Operating Expenses	(987)	(1,058)		(1,100)	
SG&A	(798)	(866)		(812)	
R&D	(188)	(192)		(288)	
Operating Profits	177	235	(24.7%)	(452)	n.m.
Non-Op Inc/(Exp)	222	320		305	
<i>Int Inc/(Exp)</i>	23	44		(41)	
<i>FX Gain/(Loss)</i>	37	66		29	
<i>Others</i>	161	209		317	
Earnings Before Tax	399	555	(28.1%)	(147)	n.m.
Income Tax	(153)	(113)		49	
Net Income (Parent)	241	443	(45.5%)	(98)	n.m.
EPS (Parent)	0.59	1.09		(0.24)	
EBITDA	1,957	2,239		1,927	
Margin:					
GM	4.6%	3.9%		1.8%	
OM	0.7%	0.7%		(1.2%)	
NM	0.9%	1.3%		(0.3%)	
Op Exp	(3.9%)	(3.2%)		(3.0%)	

Note: 2020 Fully Diluted Weighted Average: 406,891,095 shares

2020 PROFIT & LOSS

Profit & Loss	2020	2019	YoY
(NT\$ million)			
Revenues	114,583	136,607	(16.1%)
COGS	(109,718)	(131,867)	
Gross Profits	4,866	4,740	2.7%
Operating Expenses	(3,916)	(4,616)	
SG&A	(3,140)	(3,491)	
R&D	(776)	(1,125)	
Operating Profits	950	124	665%
Non-Op Inc/(Exp)	862	656	
<i>Int Inc/(Exp)</i>	21	(236)	
<i>FX Gain/(Loss)</i>	157	179	
<i>Others</i>	683	713	
Earnings Before Tax	1,811	780	132%
Income Tax	(777)	(477)	
Net Income (Parent)	1,031	209	394%
EPS (Parent)	2.53	0.51	
EBITDA	8,745	9,538	
Margin:			
GM	4.2%	3.5%	
OM	0.8%	0.1%	
NM	0.9%	0.2%	
Op Exp	(3.4%)	(3.4%)	

Note: 2020 Fully Diluted Weighted Average: 406,891,095 shares

4Q20 BALANCE SHEET

Balance Sheet	2020/12/31	2020/9/30
(NT\$ million)		
Cash Equivalents	22,603	27,773
Risk-Free Banking Financial Products	2,835	4,943
Investments	3,930	103
Receivables	12,764	12,148
Other Receivables	2,225	7,572
Inventories	8,425	6,752
Current Assets	54,113	59,982
PP&E	22,885	24,032
Total Assets	83,621	90,711
ST Loans	6,751	18,365
Payables	14,443	14,165
Current Liabilities	29,035	39,234
LT Loans	11,567	9,181
Total Liabilities	46,816	54,567
Common Shares	4,067	4,067
Retained Earnings	3,591	3,349
Total Shareholder's Equities	36,805	36,144
Ratio Analysis:		
Quick Ratio	1.57	1.36
Current Ratio	1.86	1.53
ROE (YTD Annualized)	2.8%	2.9%
Net Debt to Equity	Net Cash	Net Cash

Note: PP&E includes prepayments.

2020 CASH FLOW

Cashflow Statement	2020	2019
(NT\$ million)		
Operating Cashflows:		
Earning Before Tax	1,811	780
Depreciation & Amortization	6,179	7,839
Net Inc/(Dec) Working Capital	(1,716)	(3,152)
Other Operating Cash Flow	702	2,165
Cash Flow from Operations	6,976	7,633
Investing Cashflows:		
Capital Expenditures	(1,483)	(3,957)
Acquisitions	-	-
Others	2,694	(4,419)
Cash Flow from Investments	1,211	(8,376)
Financing Cashflows:		
Inc/(Dec) in Debts	(271)	3,221
Capital Injection	-	-
Others	(1,209)	(1,249)
Cash Flow from Financing	(1,480)	1,972
FX Adjustments	(1,306)	(1,091)
Total Cash Flow	5,401	138