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TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF 2022

Taipei, Taiwan, August 11, 2022 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today reported net revenues of NT\$22,336 million for the second quarter ended June 30, 2022. Net income was NT\$66 million or earnings per fully diluted share of NT\$0.16.

2Q22 Operating Results

Second quarter revenues were down 11.0% quarter-on-quarter and down 9.2% year-on-year. The decline was across all major product segments and mainly attributable to seasonal weakness, fall in consumer and education demand and smartphone product transition. Consequently, revenues for smartphone (<7”) and tablet (7~11”) posted 28% and 22% sequential decline respectively. On the other hand, demand for high-end notebook and large-sized tablet appeared to be more resilient and resulted in a moderate sequential decline of 8% for notebook (11~16”) segment. Sales mix for 2Q22 remained largely similar to 1Q22 with slightly heavier weight on notebook and large-sized tablet (11~16”) which accounted for 54% of overall revenues.

In terms of COGS, raw materials were NT\$18,400 million, equivalent to 82.4% of revenues, down from 84.7% for 1Q22. Labor cost amounted to NT\$1,542 million and represented 6.9% of revenues, up from 6.5% for the previous quarter. Company recorded depreciation cost of NT\$891 million, slightly up from previous quarter, but decreased by NT\$333 million compared with year-ago quarter. Regardless of lower top-line, 2Q22 gross margin reached 4.7% with favorable product mix, up from 3.9% for the previous quarter.

Operating expenses further reduced to NT\$850 million from NT\$900 million for first quarter, equivalent

to 3.8% of revenues for the quarter. Reduction in expense was mainly driven by reversal of provision for incentive bonus and lower unused paid leaves. Therefore, 2Q22 operating profit reached NT\$197 million, up 163.2% from first quarter and up 8.7% for the same period last year.

Company posted net interest expense of NT\$39 million and recorded FX gain of NT\$32 million despite Renminbi depreciated 5.7% against US dollar during the second quarter. For 2Q22, net profits amounted to NT\$66 million, and earnings per share was NT\$0.16.

Balance Sheet & Cash Flow

As of June 30 2022, cash and cash equivalent¹ amounted NT\$40,676 million, up from NT\$38,223 million at the end of first quarter while total bank borrowings remained flattish at NT\$31,234 million, compared to NT\$31,598 million a quarter earlier. Capital expenditure for 2Q22 was NT\$100 million on accrual basis. EBITDA remained healthy at NT\$1,539 million for the quarter. TPK remained at net cash position as of June 30 2022.

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

Note 1: Cash and cash equivalent includes "Cash Equivalents" and "Risk-Free Banking Financial Product."

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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.

2Q22 PROFIT & LOSS

Profit & Loss	2Q22	1Q22	QoQ	2Q21	YoY
(NT\$ million)					
Revenues	22,336	25,092	(11.0%)	24,588	(9.2%)
COGS	(21,289)	(24,116)		(23,613)	
Gross Profits	1,047	975	7.4%	975	7.4%
Operating Expenses	(850)	(900)		(793)	
SG&A	(675)	(737)		(624)	
R&D	(175)	(163)		(169)	
Operating Profits	197	75	163.2%	181	8.7%
Non-Op Inc/(Exp)	111	262		161	
Int Inc/(Exp)	(39)	2		(6)	
FX Gain/(Loss)	32	83		36	
Others	118	177		131	
Earnings Before Tax	308	337		342	
Income Tax	(227)	(72)		(11)	
Net Income (Parent)	66	235		322	
EPS (Parent)	0.16	0.58		0.79	
EBITDA	1,539	1,473		1,848	
Margin:					
GM	4.7%	3.9%		4.0%	
OM	0.9%	0.3%		0.7%	
NM	0.3%	0.9%		1.3%	
Op Exp	(3.8%)	(3.6%)		(3.2%)	

Note: 2Q22 Fully Diluted Weighted Average: 407 million shares

2Q22 BALANCE SHEET

Balance Sheet	2022/6/30	2022/3/31	2021/6/30
(NT\$ million)			
Cash Equivalents	25,736	30,431	28,635
Risk-Free Banking Financial Product	14,940	7,792	5,265
Receivables	12,368	13,128	10,452
Other Receivables	2,053	5,554	3,376
Inventories	12,171	9,962	8,671
Current Assets	68,432	68,794	59,155
PP&E	16,746	16,901	20,213
Total Assets	93,557	93,908	86,675
ST Loans	15,409	16,729	14,616
Payables	11,977	12,491	12,402
Current Liabilities	35,222	36,403	33,307
LT Loans	15,825	14,869	10,547
Total Liabilities	57,253	57,546	50,749
Common Shares	4,067	4,067	4,067
Retained Earnings	4,274	4,818	4,535
Total Shareholder's Equities	36,304	36,362	35,926
Ratio Analysis:			
Quick Ratio	1.60	1.62	1.52
Current Ratio	1.94	1.89	1.78
ROE (YTD Annualized)	1.7%	2.6%	3.7%
Net Debt to Equity	Net Cash	Net Cash	Net Cash

Note: PP&E includes prepayments.