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## **TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER OF 2022**

Taipei, Taiwan, February 23<sup>rd</sup>, 2023 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today announced 2022 fourth quarter unaudited consolidated operating results. Company reported revenues of NT\$21,802 million and net profit of NT\$20 million, or earnings per share of NT\$0.05 for the quarter. For the full year of 2022, consolidated revenues amounted to NT\$97,181 million and net profit totaled NT\$544 million, equivalent to earnings per share of NT\$1.34.

### **4Q22 Operating Results**

Fourth quarter revenues were NT\$21,802 million, down 22.0% sequentially and down 9.7% year-on-year. The decrease was mainly attributable to existing smartphone models heading towards end of production life and decline in large-sized tablet and notebook computer shipment. For 4Q22 revenues, small-sized products (<7”) posted a sequential decline of 49.2%. On contrary, tablet segment (7” to 11”) recorded a quarter-on-quarter growth of 11.4%, thanks to new product ramp-ups. Large-sized products (11” to 16”) registered 37.0% reduction in revenues owing to sluggish large-sized tablet demand and customers’ inventory adjustment. Due to lower economy of scale for the quarter, gross profits lowered to NT\$747 million with gross margin at 3.4%.

In terms of COGS items, raw materials were NT\$18,093 million, representing 83.0% of revenues, down from 84.5% for 3Q22. Labor expense recorded NT\$1,533 million, down 8.3% sequentially, but up from 6.0% of sales for 3Q22 to 7.0% for this quarter. The increase was largely a result of heightened labor market due to surge in COVID situation in China. Depreciation cost remained flat at NT\$923 million. 4Q22 Operating expense amounted to NT\$954 million, up 11.0% quarter-on-quarter, mainly due to reversal of doubtful debts and gain on disposal of right-of-use assets in the third quarter. Given lower operating scale for the fourth quarter, Company posted an operating loss of NT\$207 million.

The Company recorded net interest income of NT\$16 million and foreign exchange loss of NT\$50 million for the quarter due to RMB appreciation against USD. Other non-operating income amounted to NT\$270 million. For 4Q22, net profit totaled NT\$20 million, and earnings per share were NT\$0.05.

### **2022 Full Year Operating Results**

Despite heightened inflation and gloomy economy starting second half of 2022, TPK reported unaudited

consolidated revenues of NT\$97,181 million, down 5.7% year-on-year. In terms of product mix, revenues continued to tilt towards mid (7" to 11") and large-sized (11" to 16") form factors product, which in aggregate accounted for 78% of 2022 revenues, up from 73% for the previous year. Total shipments were 90 million, down 14.7% compared to 2021.

Gross profits recorded at NT\$4,114 million, up 9.2% from the previous year by means of favorable product mix, which led to 75.1% increase in operating profits, to NT\$550 million. TPK reported 2022 gross margin of 4.2% and operating margin of 0.6%, up from 3.7% and 0.3% respectively from the year earlier. Against the backdrop of monetary policy tightening and lower risk appetite for investment, Company posted lower non-operating profits for 2022. Furthermore, higher tax liability was incurred and resulted in 49.1% year-on-year decline in net profits to NT\$544 million, equivalent to EPS of NT\$1.34.

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

As of December 31<sup>st</sup> 2022, cash and cash equivalent<sup>1</sup> amounted NT\$34,256 million, down from NT\$39,512 million at the end of the third quarter while total bank borrowings also decreased from NT\$30,967 million to NT\$24,318 million. Capital expenditure for the quarter was NT\$259 million on accrual basis and full year CAPEX amounted to NT\$690 million, down from NT\$797 million for the previous year. EBITDA remained healthy at NT\$1,337 million for the quarter. For the full year of 2022, EBITDA reached NT\$6,231 million. TPK remained at net cash of NT\$9,938 million as of December 31<sup>st</sup> 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.

#### 4Q22 PROFIT & LOSS

Profit & Loss	4Q22	3Q22	QoQ	4Q21	YoY
(NT\$ million)					
<b>Revenues</b>	<b>21,802</b>	<b>27,951</b>	<b>(22.0%)</b>	<b>24,144</b>	<b>(9.7%)</b>
COGS	(21,055)	(26,606)		(23,229)	
<b>Gross Profits</b>	<b>747</b>	<b>1,345</b>	<b>(44.5%)</b>	<b>915</b>	<b>(18.3%)</b>
Operating Expenses	(954)	(860)		(1,003)	
SG&A	(781)	(676)		(823)	
R&D	(173)	(184)		(180)	
<b>Operating Profits</b>	<b>(207)</b>	<b>485</b>	<b>(143%)</b>	<b>(88)</b>	<b>(135%)</b>
Non-Op Inc/(Exp)	236	100		394	
<i>Int Inc/(Exp)</i>	16	(23)		(10)	
<i>FX Gain/(Loss)</i>	(50)	(19)		4	
<i>Others</i>	270	143		400	
<b>Earnings Before Tax</b>	<b>29</b>	<b>585</b>		<b>306</b>	
Income Tax	(7)	(372)		(182)	
<b>Net Income (Parent)</b>	<b>20</b>	<b>223</b>		<b>118</b>	
<b>EPS (Parent)</b>	<b>0.05</b>	<b>0.55</b>		<b>0.29</b>	
<b>EBITDA</b>	<b>1,337</b>	<b>1,882</b>		<b>1,496</b>	
<b>Margin:</b>					
GM	3.4%	4.8%		3.8%	
OM	(0.9%)	1.7%		(0.4%)	
NM	0.1%	0.8%		0.5%	
Op Exp	(4.4%)	(3.1%)		(4.2%)	

Note: Q4'22 Fully Diluted Weighted Average: 407 million shares

#### 2022 PROFIT & LOSS

Profit & Loss	2022	2021	YoY
(NT\$ million)			
<b>Revenues</b>	<b>97,181</b>	<b>103,089</b>	<b>(5.7%)</b>
COGS	(93,066)	(99,320)	
<b>Gross Profits</b>	<b>4,114</b>	<b>3,768</b>	<b>9.2%</b>
Operating Expenses	(3,565)	(3,454)	
SG&A	(2,869)	(2,770)	
R&D	(695)	(684)	
<b>Operating Profits</b>	<b>550</b>	<b>314</b>	<b>75.1%</b>
Non-Op Inc/(Exp)	710	1,161	
<i>Int Inc/(Exp)</i>	(45)	(26)	
<i>FX Gain/(Loss)</i>	46	235	
<i>Others</i>	709	952	
<b>Earnings Before Tax</b>	<b>1,260</b>	<b>1,475</b>	<b>(14.6%)</b>
Income Tax	(678)	(378)	
<b>Net Income (Parent)</b>	<b>544</b>	<b>1,069</b>	<b>(49.1%)</b>
<b>EPS (Parent)</b>	<b>1.34</b>	<b>2.63</b>	
<b>EBITDA</b>	<b>6,231</b>	<b>6,989</b>	
<b>Margin:</b>			
GM	4.2%	3.7%	
OM	0.6%	0.3%	
NM	0.6%	1.0%	
Op Exp	(3.7%)	(3.4%)	

Note: 2022 Fully Diluted Weighted Average: 407 million shares

#### 4Q22 BALANCE SHEET

Balance Sheet	2022/12/31	2022/9/30	2021/12/31
(NT\$ million)			
Cash Equivalents	24,284	26,408	20,615
Risk-Free Banking Financial Product	9,972	13,104	3,147
Receivables	8,433	14,168	12,405
Other Receivables	6,130	4,383	3,527
Inventories	9,270	10,599	10,868
<b>Current Assets</b>	<b>59,833</b>	<b>70,667</b>	<b>52,716</b>
<b>PP&amp;E</b>	<b>17,574</b>	<b>18,843</b>	<b>18,521</b>
<b>Total Assets</b>	<b>83,600</b>	<b>96,009</b>	<b>77,785</b>
ST Loans	12,349	14,591	6,484
Payables	9,394	12,433	13,525
<b>Current Liabilities</b>	<b>28,623</b>	<b>34,964</b>	<b>25,965</b>
<b>LT Loans</b>	<b>11,969</b>	<b>16,375</b>	<b>10,176</b>
<b>Total Liabilities</b>	<b>46,228</b>	<b>57,323</b>	<b>42,400</b>
Common Shares	4,067	4,067	4,067
Retained Earnings	4,519	4,497	4,583
<b>Total Shareholder's Equities</b>	<b>37,372</b>	<b>38,686</b>	<b>35,386</b>
<b>Ratio Analysis:</b>			
Quick Ratio	1.77	1.72	1.61
Current Ratio	2.09	2.02	2.03
ROE (YTD Annualized)	1.5%	1.9%	3.0%
Net Debt to Equity	Net Cash	Net Cash	Net Cash

Note: PP&E includes prepayments.