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## **TPK REPORTS UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER OF 2021**

Taipei, Taiwan, February 24, 2022 – TPK Holding Co., Ltd (TWSE: 3673) (“TPK” or the “Company”) today published 2021 fourth quarter unaudited consolidated operating results. Revenues for the quarter reached NT\$24,144 million and net profits were NT\$118 million, or earnings per share of NT\$0.29 for the quarter. For the full year of 2021, consolidated revenues amounted to NT\$103,089 million and net profit totaled NT\$1,069 million, equivalent to earnings per share of NT\$2.63.

### **4Q21 Operating Results**

Fourth quarter revenues were NT\$24,144 million, down 4.1% quarter-on-quarter as a result of seasonal inventory adjustment and product transition. For the quarter, smartphone segment posted 7.3% quarter-on-quarter decline on account of product transition. Tablet product (7~11”) recorded 14.8% sequential decline due to seasonal factor and product transition. While demand for notebook remains healthy, production was somehow constrained by component shortage and registered 2% growth only from third quarter. Due to unfavorable product mix and lower production volume, 4Q21 gross margin declined slightly to 3.8% and gross profits amounted to NT\$915 million.

In terms of COGS breakdown, raw materials were NT\$20,088 million, equivalent to 83.2% of revenues, same as 3Q21. Labor cost amounted to NT\$1,708 million and increased from 6.6% of revenues for third quarter to 7.1% for 4Q21. On the other hand, depreciation cost continued to trend down and recorded a lowest level since 2013 at NT\$926 million, equivalent to 3.8% of revenues, down from 4.2% for the previous quarter.

Operating expenses increased to NT\$1,003 million from NT\$892 million for third quarter, equivalent to

4.2% of revenues for the quarter. Incremental expenses were mainly driven by employee year-end performance incentive and bonus. Hence, 4Q21 operating results posted a loss of NT\$88 million.

Company posted net interest expense of NT\$10 million and recorded FX gain of NT\$4 million. For 4Q21, net profits amounted to NT\$118 million and earnings per share was NT\$0.29.

### **2021 Full Year Operating Results**

2021 was the second year of business transformation in which TPK conquered product transitions from a key customer and reported full year unaudited consolidated revenues of NT\$103,089 million, down 10.0% from the year earlier. In terms of sales mix, Company encountered 35% year-on-year decline in revenues for smartphone (<7") segment. The decline was partially mitigated by the robust demand for tablet (7~11") segment which registered 31% sequential revenue growth. Company continued to receive strong demand for notebook (11~16") segment, but constrained by component shortage and consequently posted 4% year-on-year decline in revenues. Total shipments for the year were 105 million, down 10% compared to 2020.

Against the backdrop of business leverage and product mix change, gross profit also declined to NT\$3,768 million from TN\$4,866 million in 2020 and gross margin decreased to 3.7% from 4.2% for the year earlier. Cost control remained intact with operating expenses contained at 3.4% of revenues, same level as the previous year, in spite of challenges from macro environment. Operating profits totaled to NT\$314 million and operating margin was 0.3%.

TPK recorded net interest expense of NT\$26 million and net foreign exchange gain of NT\$235 million for the full year of 2021 through effective cash and risk-free FX management. Full year EPS totaled NT\$2.63, compared to NT\$2.53 for 2020.

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

As of December 31<sup>st</sup> 2021, cash & cash equivalent and financial assets amounted NT\$23,762 million, down from NT\$34,558 million at the end of third quarter while total bank borrowings also reduced from NT\$27,360 million to NT\$16,661 million. Capital expenditure for the quarter was NT\$139million on accrual basis and full year CAPEX amounted to NT\$797million. Full year capital expenditures were

lower than original budget due to adjustment of production capacity. EBITDA remained healthy at NT\$1,496 million for the quarter. For the full year of 2021, EBITDA reached NT\$6,989 million. TPK remained at net cash position as of December 31<sup>st</sup> 2021.

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.

## 4Q21 PROFIT & LOSS

Profit & Loss	4Q21	3Q21	QoQ	4Q20	YoY
(NT\$ million)					
<b>Revenues</b>	<b>24,144</b>	<b>25,171</b>	<b>(4.1%)</b>	<b>25,490</b>	<b>(5.3%)</b>
COGS	(23,229)	(24,126)		(24,326)	
<b>Gross Profits</b>	<b>915</b>	<b>1,045</b>	<b>(12.5%)</b>	<b>1,164</b>	<b>(21.4%)</b>
Operating Expenses	(1,003)	(892)		(987)	
SG&A	(823)	(722)		(798)	
R&D	(180)	(170)		(188)	
<b>Operating Profits</b>	<b>(88)</b>	<b>153</b>	<b>(157.5%)</b>	<b>177</b>	<b>(149.8%)</b>
Non-Op Inc/(Exp)	394	301		222	
<i>Int Inc/(Exp)</i>	<i>(10)</i>	<i>(9)</i>		<i>23</i>	
<i>FX Gain/(Loss)</i>	<i>4</i>	<i>40</i>		<i>37</i>	
<i>Others</i>	<i>400</i>	<i>271</i>		<i>161</i>	
<b>Earnings Before Tax</b>	<b>306</b>	<b>455</b>		<b>399</b>	
Income Tax	(182)	(150)		(153)	
<b>Net Income (Parent)</b>	<b>118</b>	<b>279</b>		<b>241</b>	
<b>EPS (Parent)</b>	<b>0.29</b>	<b>0.69</b>		<b>0.59</b>	
<b>EBITDA</b>	<b>1,496</b>	<b>1,777</b>		<b>1,957</b>	
<b>Margin:</b>					
GM	3.8%	4.2%		4.6%	
OM	(0.4%)	0.6%		0.7%	
NM	0.5%	1.1%		0.9%	
Op Exp	(4.2%)	(3.5%)		(3.9%)	

Note: 2021 Fully Diluted Weighted Average: 407 million shares

## 2021 PROFIT & LOSS

Profit & Loss	2021	2020	YoY
(NT\$ million)			
<b>Revenues</b>	<b>103,089</b>	<b>114,583</b>	<b>(10.0%)</b>
COGS	(99,320)	(109,718)	
<b>Gross Profits</b>	<b>3,768</b>	<b>4,866</b>	<b>(22.5%)</b>
Operating Expenses	(3,454)	(3,916)	
SG&A	(2,770)	(3,140)	
R&D	(684)	(776)	
<b>Operating Profits</b>	<b>314</b>	<b>950</b>	<b>(66.9%)</b>
Non-Op Inc/(Exp)	1,161	862	
<i>Int Inc/(Exp)</i>	<i>(26)</i>	<i>21</i>	
<i>FX Gain/(Loss)</i>	<i>235</i>	<i>157</i>	
<i>Others</i>	<i>952</i>	<i>683</i>	
<b>Earnings Before Tax</b>	<b>1,475</b>	<b>1,811</b>	<b>(18.6%)</b>
Income Tax	(378)	(777)	
<b>Net Income (Parent)</b>	<b>1,069</b>	<b>1,031</b>	<b>3.6%</b>
<b>EPS (Parent)</b>	<b>2.63</b>	<b>2.53</b>	
<b>EBITDA</b>	<b>6,989</b>	<b>8,745</b>	
<b>Margin:</b>			
GM	3.7%	4.2%	
OM	0.3%	0.8%	
NM	1.0%	0.9%	
Op Exp	(3.4%)	(3.4%)	

Note: 2021 Fully Diluted Weighted Average: 407 million shares

#### 4Q21 BALANCE SHEET

<b>Balance Sheet</b>	<b>2021/12/31</b>	<b>2021/9/30</b>	<b>2020/12/31</b>
(NT\$ million)			
Cash Equivalents	20,615	30,659	22,603
Risk-Free Banking Financial Product	3,147	3,900	2,835
Receivables	12,405	10,709	12,764
Other Receivables	3,527	3,786	2,225
Inventories	10,868	9,707	8,425
<b>Current Assets</b>	<b>52,716</b>	<b>60,975</b>	<b>54,113</b>
<b>PP&amp;E</b>	<b>18,521</b>	<b>19,407</b>	<b>22,885</b>
<b>Total Assets</b>	<b>77,785</b>	<b>87,683</b>	<b>83,621</b>
ST Loans	6,484	17,656	6,751
Payables	13,525	12,425	14,443
<b>Current Liabilities</b>	<b>25,965</b>	<b>35,839</b>	<b>29,035</b>
<b>LT Loans</b>	<b>10,176</b>	<b>9,704</b>	<b>11,567</b>
<b>Total Liabilities</b>	<b>42,400</b>	<b>52,373</b>	<b>46,816</b>
Common Shares	4,067	4,067	4,067
Retained Earnings	4,583	4,407	3,591
<b>Total Shareholder's Equities</b>	<b>35,386</b>	<b>35,311</b>	<b>36,805</b>
<b>Ratio Analysis:</b>			
Quick Ratio	1.61	1.43	1.57
Current Ratio	2.03	1.70	1.86
ROE (YTD Annualized)	3.0%	3.5%	2.8%
Net Debt to Equity	Net Cash	Net Cash	Net Cash

Note: PP&E includes prepayments.