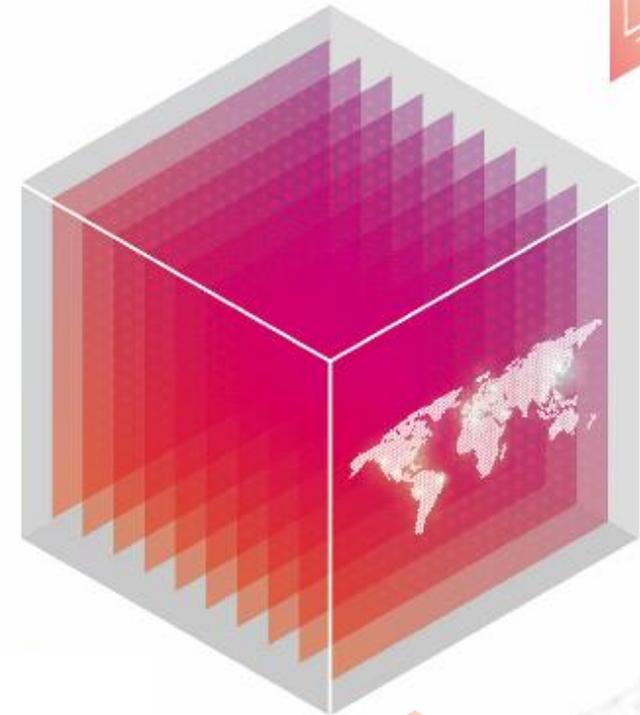

2021

Interim Results

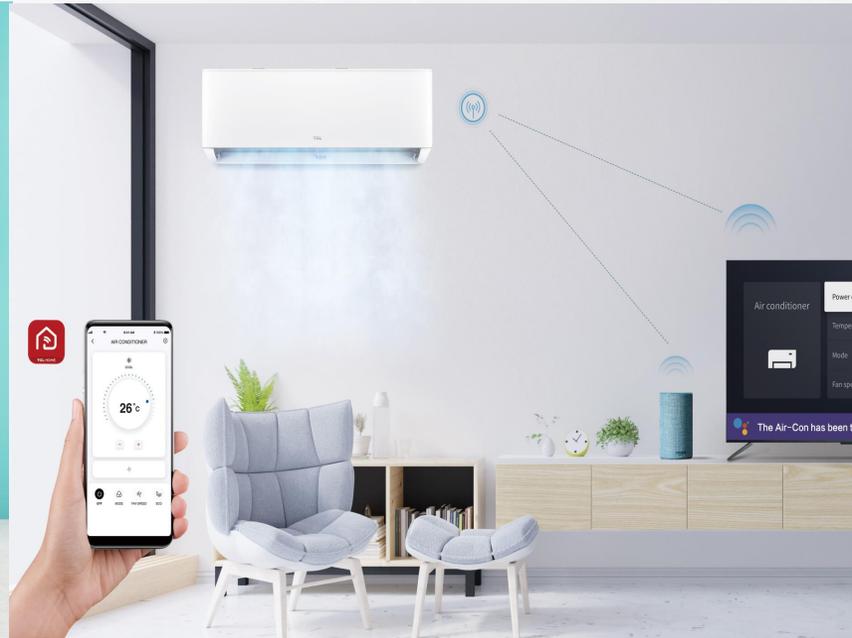
TCL電子控股有限公司
TCL ELECTRONICS HOLDINGS LIMITED

Incorporated in the Cayman Islands with Limited Liability
(Stock Code: 01070.HK)

August 2021



Contents



01

Financial Highlights

02

Business Review

03

Outlook

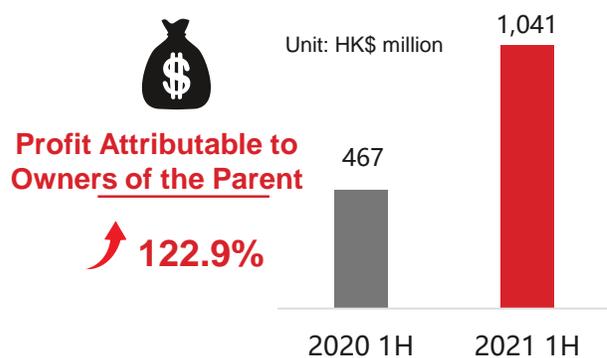
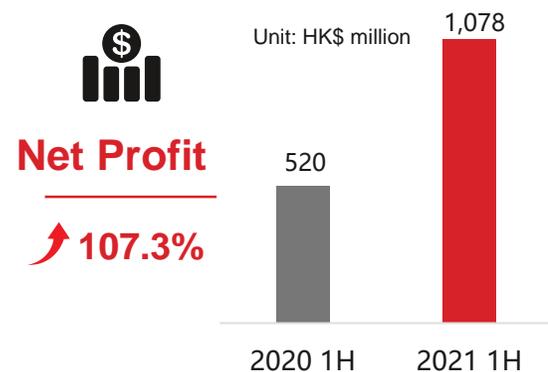
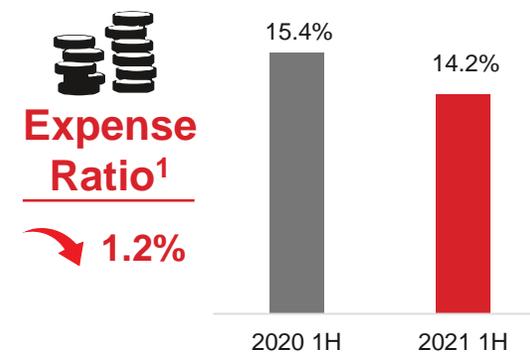
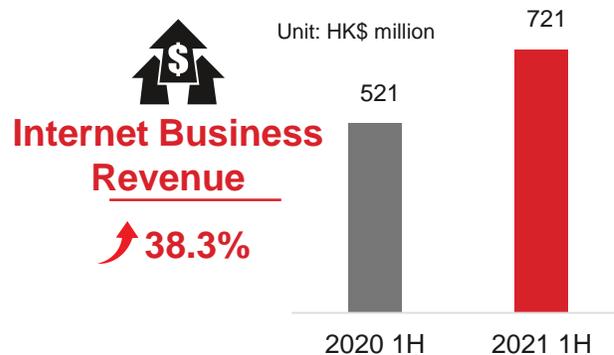
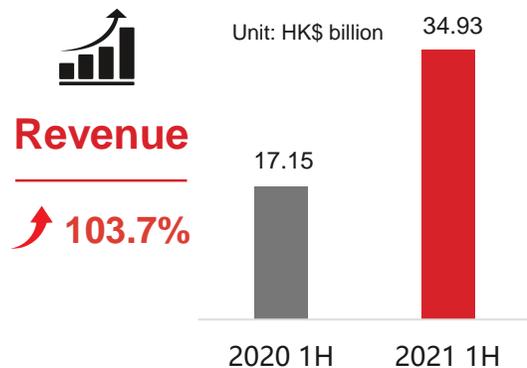


01

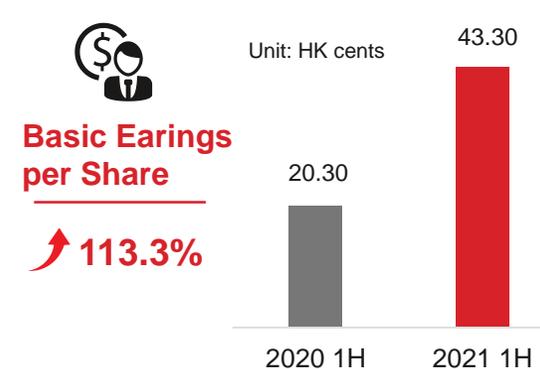
Financial Highlights



2021 Interim Results Highlights (Continuing Operations)



Among which: the profit attributable to owners of the parent after deducting one-off non-operating items reached 245 million



Note:
1. Expense ratio calculation includes selling and distribution expenses and administrative expenses

Sales Volume of Smart Products and the Global Market Share Rankings

TCL Sales Volume Market Share Rankings



Global Ranking of the Smart Screen¹

3



Global Ranking of the Mobile Phone²

11



Global Ranking of the Tablet²

5

Sales Volume of TCL Smart Products



The total global sales volume of smart screen reached **11.27** million sets



The sales volume of smart mobile and connective devices Total sales volume **14.70** million sets



Notes:

- 1. Based on the data of 2021 1H from Sigmaintell
- 2. Based on the data of 2021 Q1 from IDC
- 3. Based on the data of 2021 1H from AVC Revo, the total global TV shipments reached 98.30 million sets, growing up by 6.8% yoy

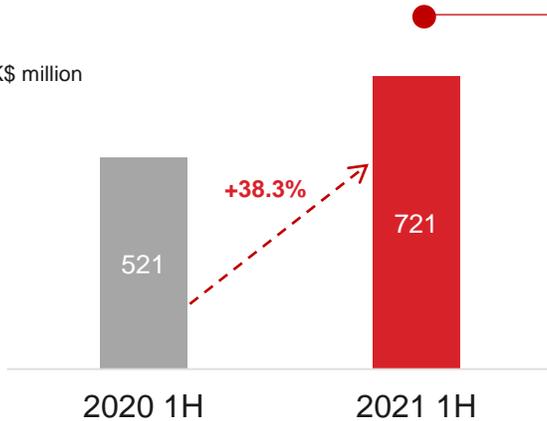
Main Business Composition (Continuing Operations)

Smart Mobile, Connective Devices and Services²

- ✓ Sale volume **+37.7%** YoY
- ✓ Total revenue reached HK\$ 7.09 billion, **+51.6%** YoY

Internet Business

Unit: HK\$ million



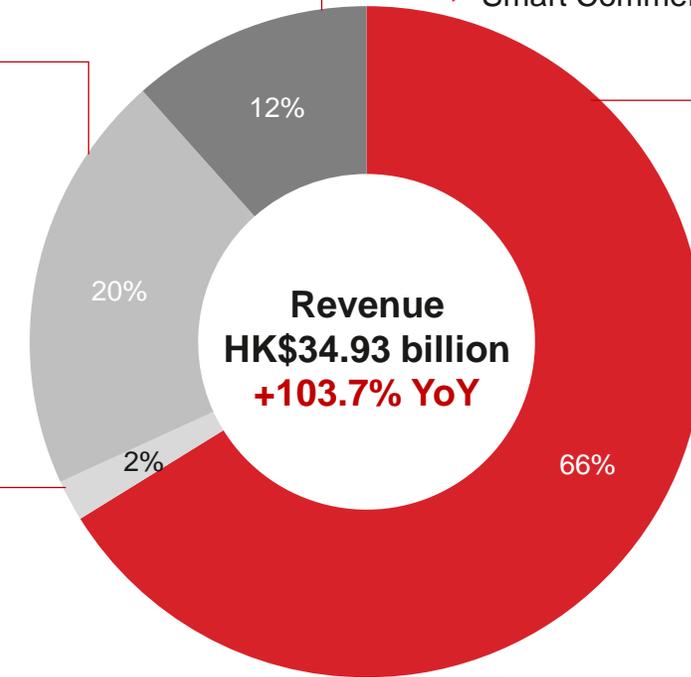
Smart Commercial Display, Smart Home and Other Businesses

● Total revenue **+106.1%** YoY, among which:

- ✓ Smart Home **+183.2%** YoY
- ✓ Smart Commercial Display **+228.9%** YoY

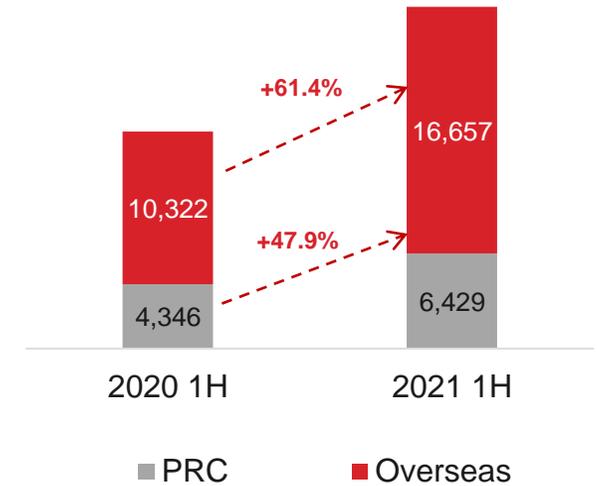
Smart Screen Products¹

- ✓ Total revenue **+57.4%** YoY



- Smart Screen Business
- Internet Business
- Smart Mobile, Connective Devices and Services
- Smart Commercial Display, Smart Home and Other Businesses

Unit: HK\$ million



Notes:

- Smart screen products were mainly the smart TV
- The Company started to consolidate TCL Communication's performance in September 2020 and period comparison is based on the financial results of the legal entity level of TCL Communication

Financial Highlights

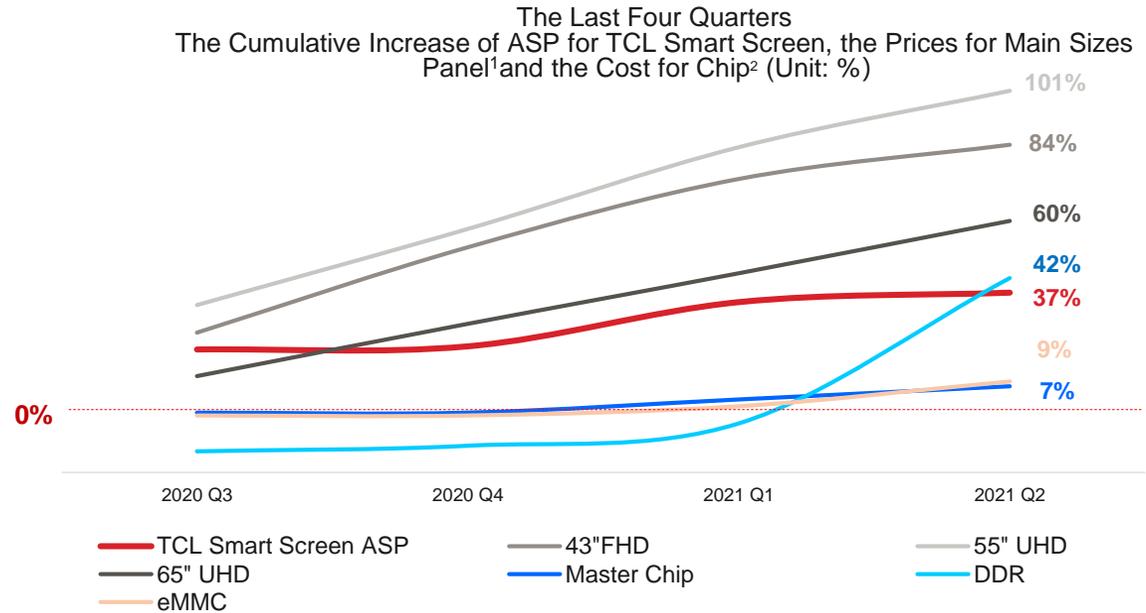
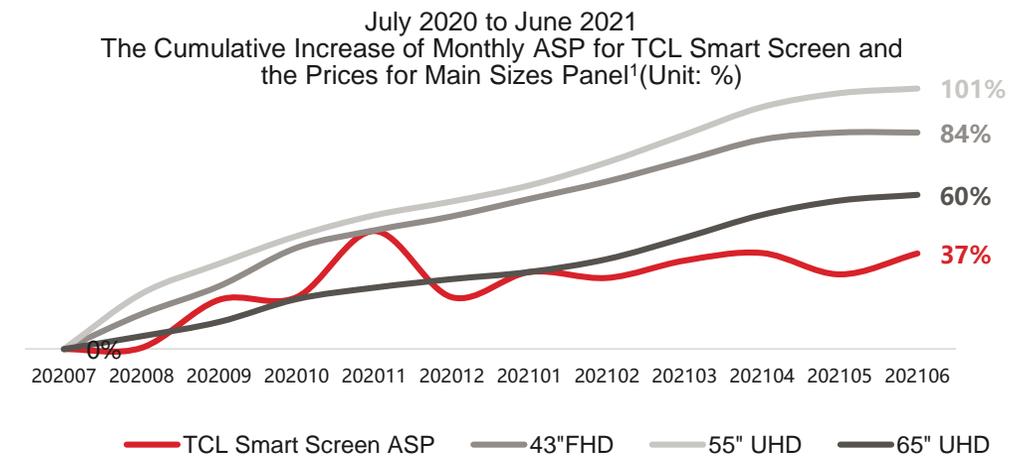
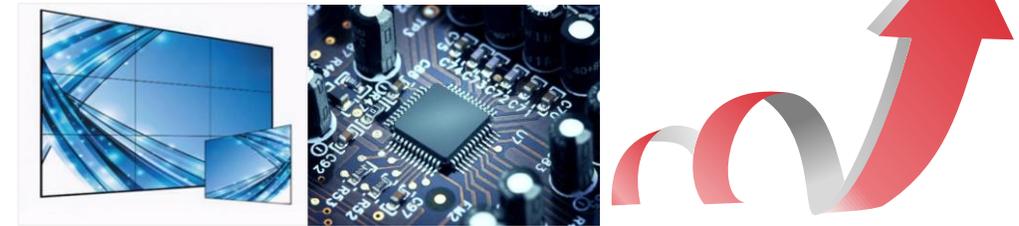
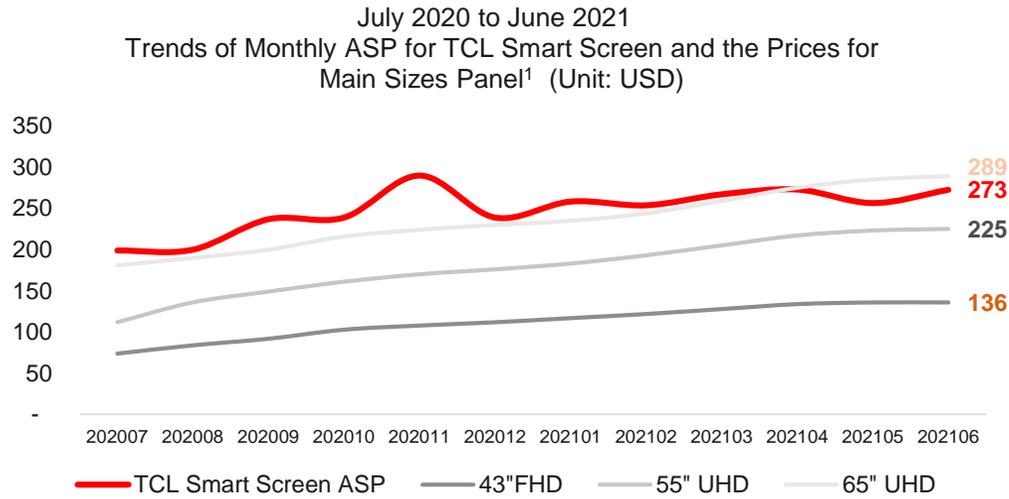
| <i>(HK\$ million)</i> | 2021 1H | 2020 1H [@] | Change | 2020 1H [@] Pro Forma [^] | Change |
|---|---------------|----------------------|------------|--|------------|
| Revenue | 34,934 | 17,150 | +103.7% | 21,826 | +60.1% |
| Gross profit margin (%) | 15.9% | 20.6% | (4.7 p.p.) | 21.4% | (5.5 p.p.) |
| Expense ratio (%) | 14.2% | 15.4% | (1.2 p.p.) | 15.9% | (1.7 p.p.) |
| Research and Development (R&D) costs | 1,029 | 508 | +102.6% | 895 | +15.0% |
| EBITDA | 1,889 | 983 | +92.2% | 1,233 | +53.2% |
| Profit for the period from continuing operations | 1,078 | 520 | +107.3% | 565 | +90.8% |
| Profit attributable to owners of the parent (From continuing operations) | 1,041 | 467 | +122.9% | 511 | +103.7% |
| Basic earnings per share (HK cents) (From continuing operations) | 43.30 | 20.30 | +113.3% | 22.23 | +94.8% |

[@]Continuing operations exclude the TV ODM business which had been disposed in the end of August 2020

[#] Restated

[^]Simulated comparison is added with the data of TCL Communication in the same period in 2020

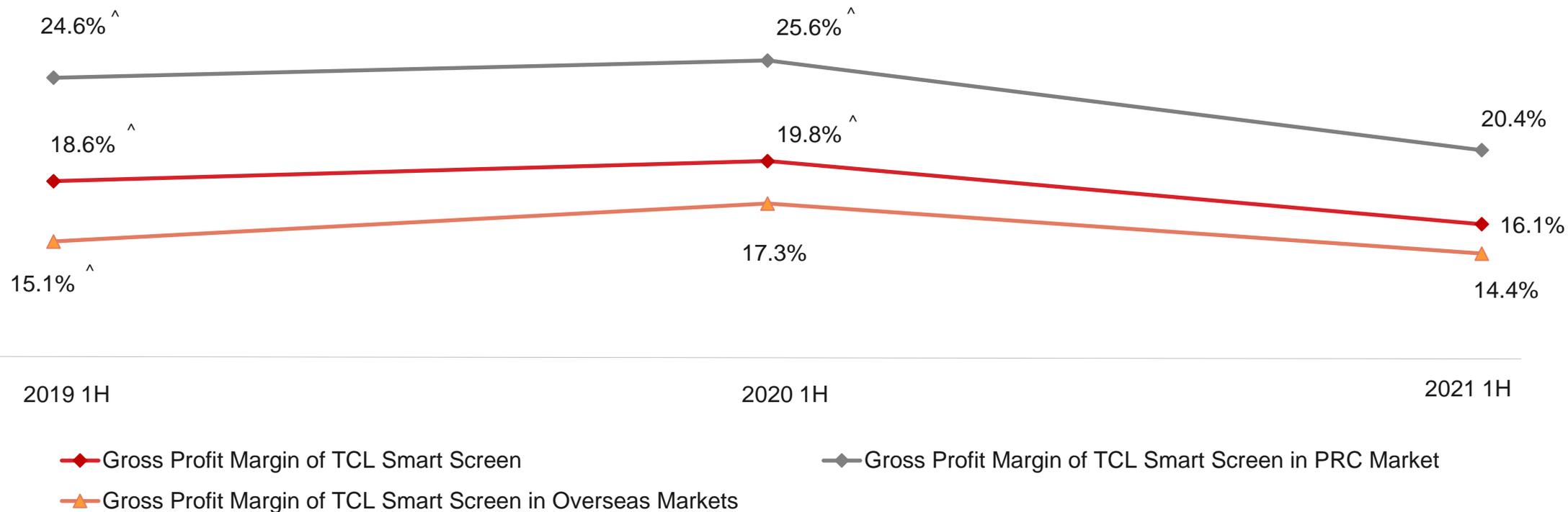
The Cost and Price Trends for Key Materials of Smart Screen



Notes:

1. The monthly data of TV Panel Price Trends from Sigmaintell Research
2. The cost of chip is the Company's internal data, which was cumulated increase since 2020 Q2

Gross Profit Margin of Smart Screen Products

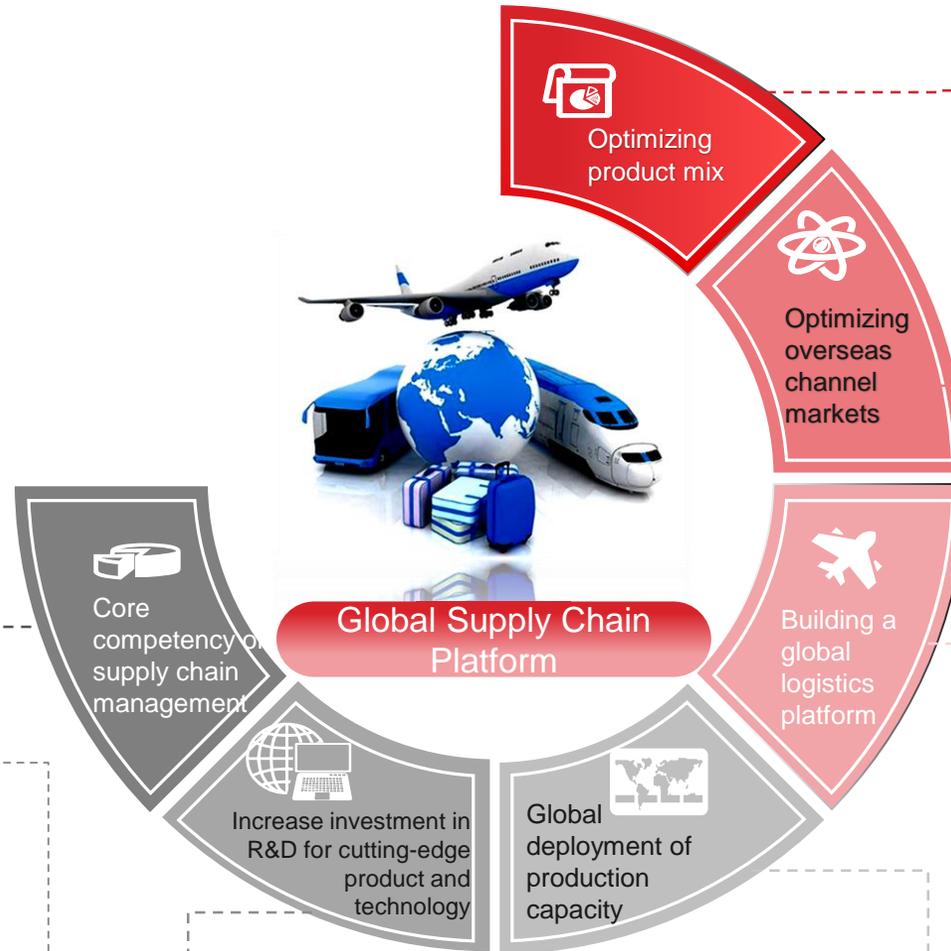


➤ In response to the continuously rising upstream supply chain cost since the beginning of 2021, the Company has been actively raising sales prices and optimizing product mix to alleviate the cost pressure

➤ The gross profit margin of smart screen of the Group for 2021 1H was **16.1%**, down by 3.7 p.p. YoY.

As a global industry leader, proactive deployment and response to supply chain and market dynamics

- ✓ Synergy in upstream and downstream to become the only Chinese smart screen manufacturer owning the full vertical industrial chain manufacturing screens, modules and assembling
- ✓ Integrated supply chain, economies of scale, long-term and stable cooperation with suppliers, good financials, strategic stocking



- ✓ Increase the proportion of sales volume for high-end products such as QLED and Mini LED
- ✓ Launch new products with high gross profit margin

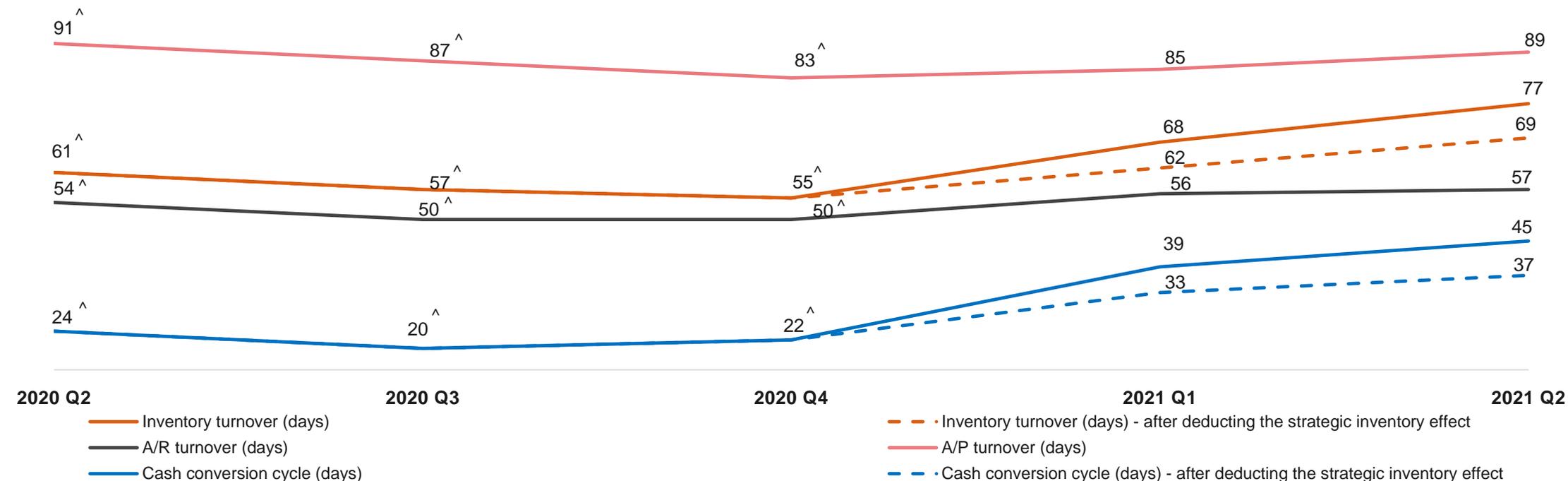
- ✓ North America: With six major channels in the US, more than 90% of the market has been covered
- ✓ Europe: The expansion for Europe channels has seen results by infiltrating the mainstream offline retail channels in the major markets
- ✓ EM: Continue to strengthen the online sales

- ✓ In 2020, we had deepened the strategic cooperation with COSCO Shipping, Maersk and Sinotrans
- ✓ Established our own warehouses in major markets to ensure smooth shipment in order to improve delivery efficiency and quickly respond to market recovery
- ✓ The factories in Poland had increased the number of containers in the runs of China Railway Express (CRE), strengthening the land transportation capacity

- ✓ Lead in strategic global deployment and mass production for Mini LED and increase the production capacity and penetration rate of Mini LED
- ✓ Focus on the R&D for high-end products like QLED and Mini LED to increase the competitive advantage in high-end products
- ✓ Integrate R&D on both software and hardware in the Eagle Lab, resulting in enhanced user experience of smart products and improved conversion efficiency of R&D

- ✓ Set up factories in China, Mexico, Vietnam, Poland and Brazil. The annual production capacity has reached 27 million sets, building global industrial capabilities
- ✓ Continue to increase overseas production capacity in response to market dynamics agilely

Key Financial Indicators



| | 30 June 2021 | 31 December 2020 | Change |
|---------------------------------------|--------------|------------------|-----------|
| Current ratio (times) | 1.2 | 1.2 | - |
| Gearing ratio (gross)(%) ² | 43.3 | 35.8 | +7.5 p.p. |
| Gearing ratio (net)(%) ^{3,4} | 0 | 0 | - |

[^] Restated

1. The above turnover days are calculated by the average of opening and sum of respective current period balances, divided by cumulative current period's turnover or cost of sales. The dotted line represents the turnover after deducting the strategic inventory effect

2. Gearing ratio (gross) = Total interest-bearing borrowings and lease liabilities / Equity attributable to owners of the parent

3. Gearing ratio (net) = Net borrowing / Equity attributable to owners of the parent

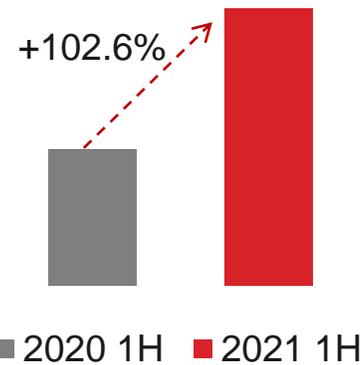
Net borrowing = Total interest-bearing borrowings and lease liabilities - cash and bank balances - restricted cash and pledged deposit

4. As at 30 June 2021 and 31 December 2020, gearing ratio (net) was 0% as the Group's cash and bank balances, and restricted cash and pledged deposit were higher than the total interest-bearing borrowings and lease liabilities

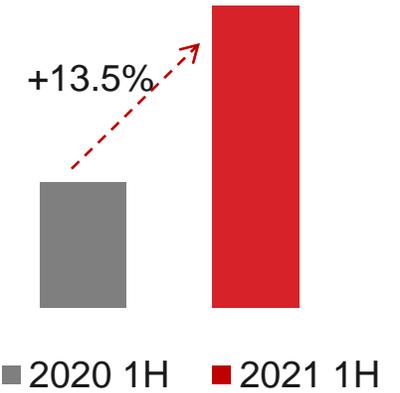
Investment in R&D

- R&D expenditure in 2021 1H reached HK\$1.03 billion, up by 102.6% YoY. Besides increased expenditure on software development for upgrading products and services, the consolidation of new business² also contributed to the increased R&D expenditure
- In 2021 1H, the total number of R&D personnel increased by 13.5%¹ YoY, mainly for the new hiring of software talents of AI, open software platform and etc. The proportion of software staff in the Company's R&D Center (including the Eagle Lab) increased from 58% to 63%

R&D Cost



Total Number of R&D Personnel¹



Eagle Lab



4 Global
Technology
Centers



400+ AI
Algorithms
teams



200+ Big data
Cloud
Platform

Notes:

1. The total number of R&D personnel in 2020 1H included the total comparable number of TCL Communication's R&D personnel in the same period

2. The smart mobile, connective devices and services busines was consolidated since September 2020



02

Business Review



**Products
Business**



**Internet
Business**

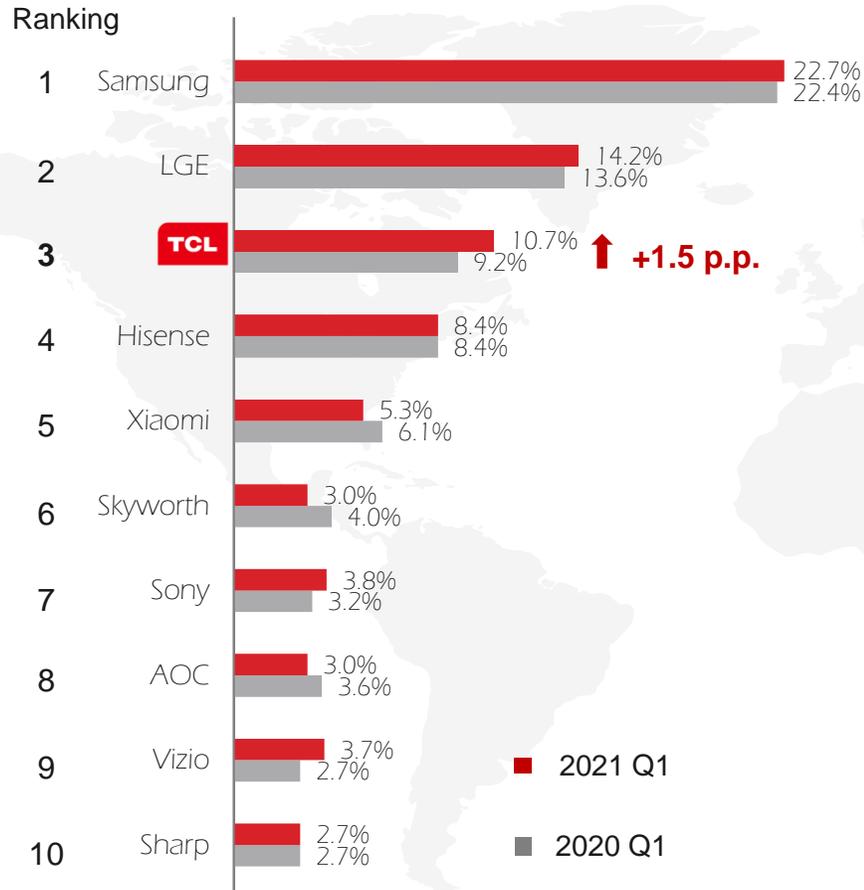


Global Market Share



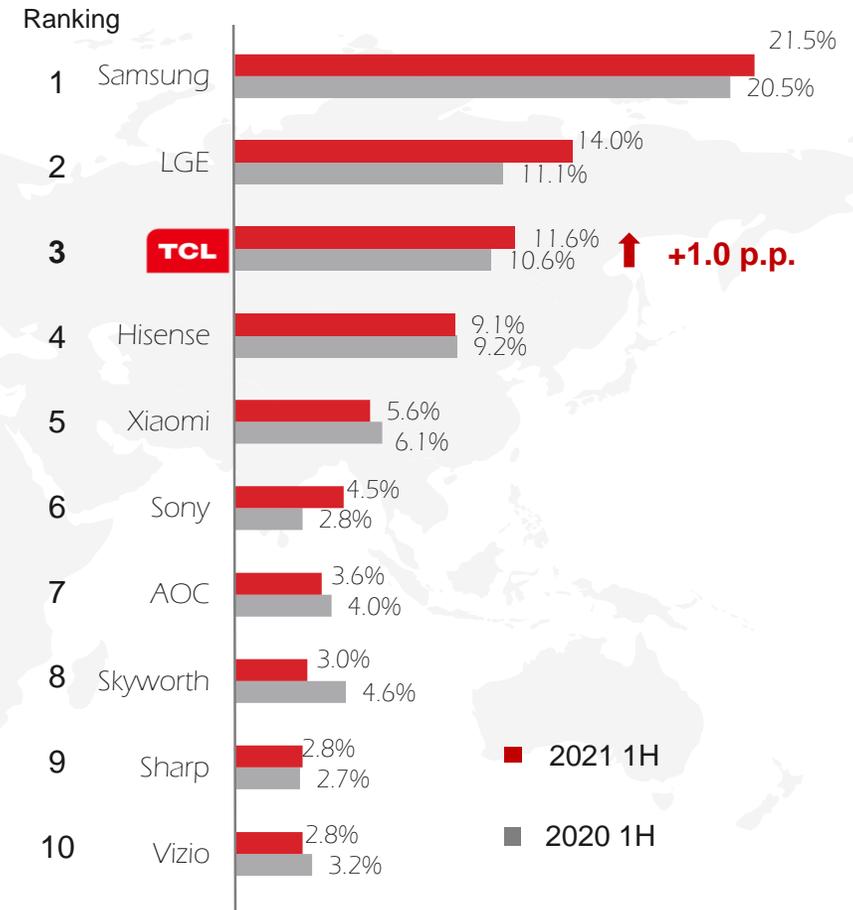
TCL's overall TV market share by sales volume ranked Top 3 globally# in 2021 Q1

Rankings of Market share by sales volume



TCL's overall TV market share by sales volume ranked Top 3 globally* in 2021 1H

Rankings of Market share by sales volume



Notes:

Source: Omdia

*Source: Sigmaintell

TCL Smart Screen Business - Overseas Markets

Revenue, ASP and sales volume significantly increased

Growth and proportion of high-end products & average size of products

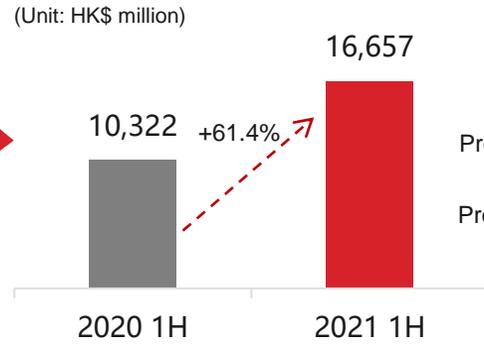
Sales Volume



ASP



Revenue



Sales Volume of Smart Screen with 65-inch and above



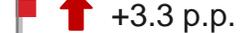
Proportion of 4K Products



Proportion of Smart Products



Proportion of QLED Products



Average size (inch)



Revenue: +31.6% YoY
Sales Volume: +3.8% YoY



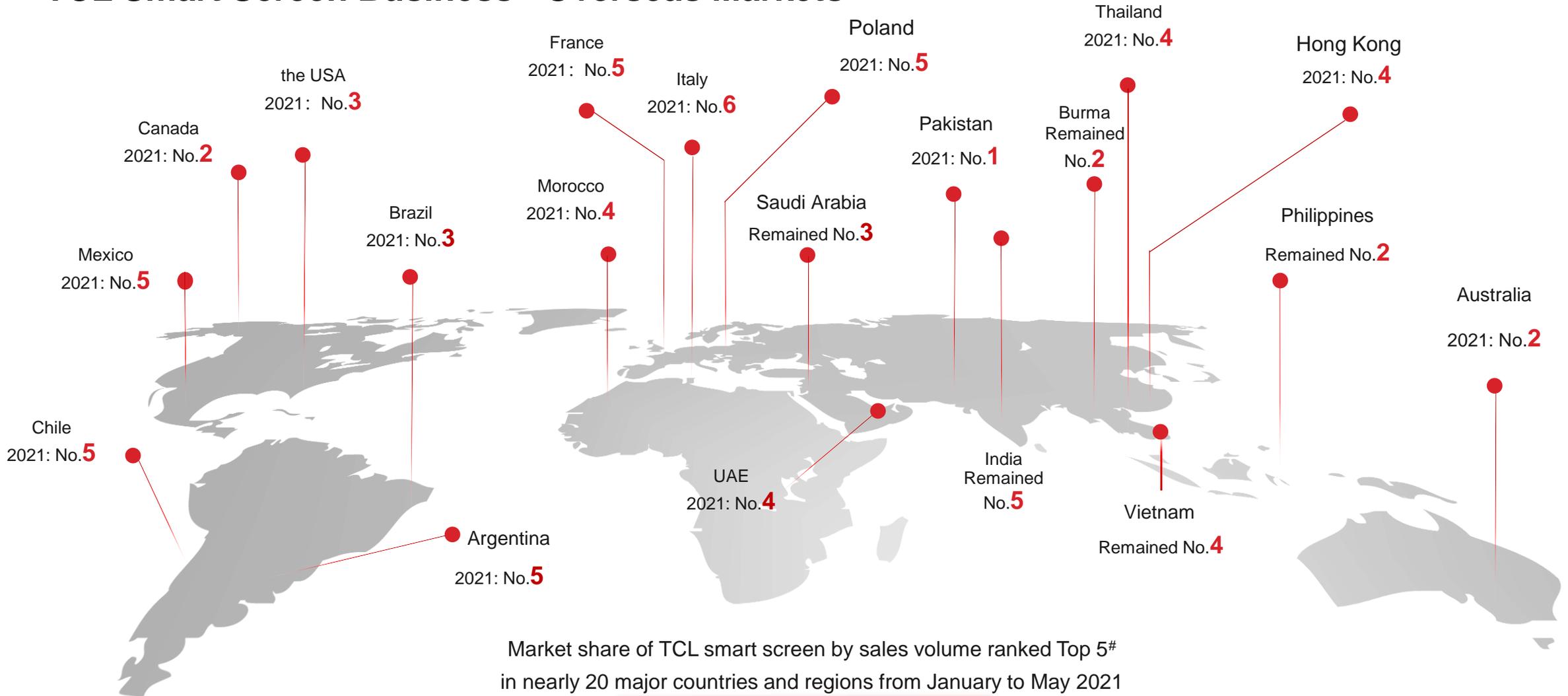
Revenue: +74.9% YoY
Sales Volume: +27.0% YoY



Revenue: +140.8% YoY
Sales Volume: +83.2% YoY



TCL Smart Screen Business - Overseas Markets



TCL Smart Screen Business - North America



✓ Sales volume in the American retail market remained Top 3 in 2021 1H#



- ✓ The proportion by sales volume of mid-to-high end sales channels such as BestBuy and Target in the U.S. and Canada increased by 1.4 p.p.
- ✓ Product mix in the North American markets continuously improved, with 4K products penetration rate increasing by 3.9 p.p. and the QLED penetration rate increasing by 2.5 p.p.



Deeper globalization strategies:
Further increased production capacity of the factories in Mexico and Vietnam, in order to be flexibly responding to market dynamics



With its prominent market position in the global market, the Company had established strategic cooperation with global Internet giants

- ✓ Remains as Roku's largest TV partner worldwide
- ✓ As Google's largest TV business partner, the Company also became the first and only Chinese brand to launch Google TV globally in 2021



2020



2019



2018



2017



2016



2015



2014



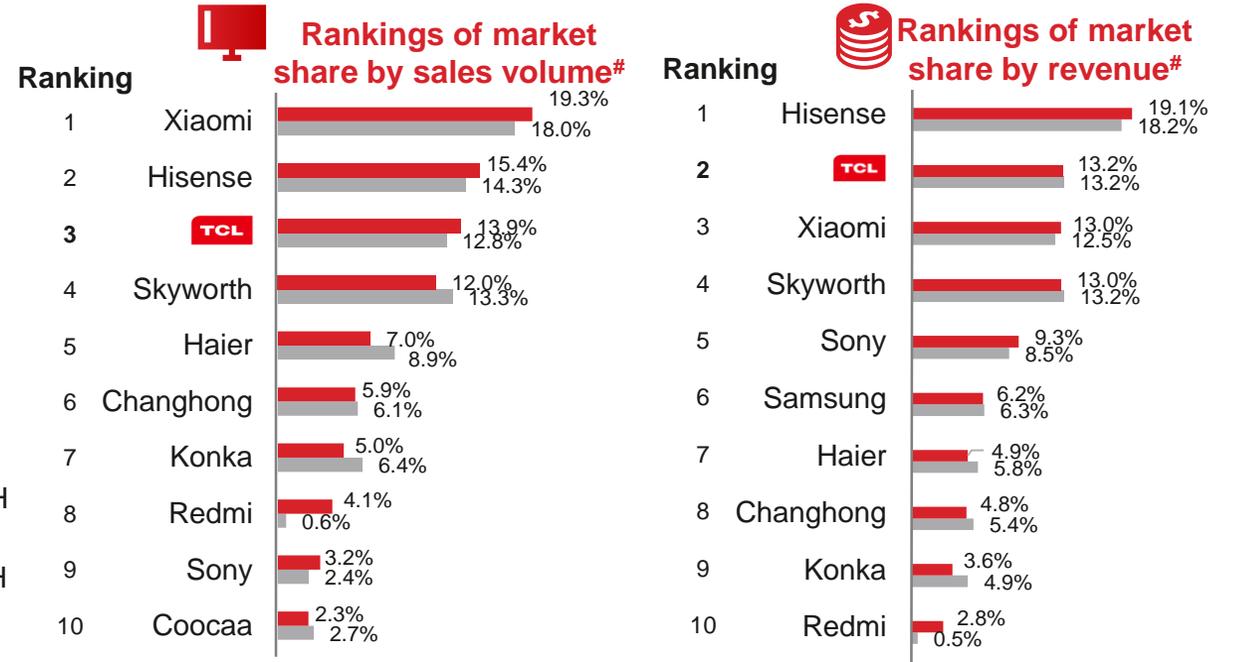
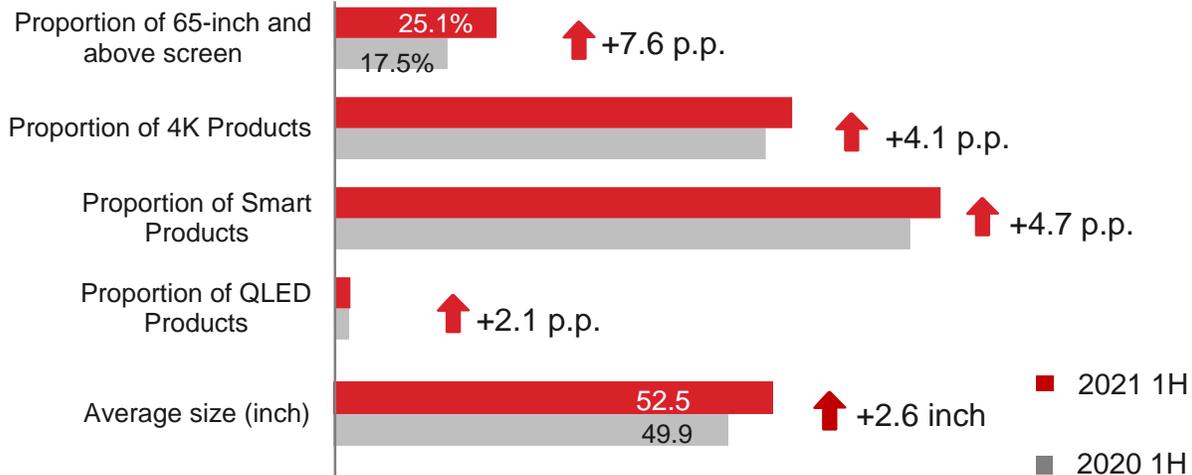
2011-2013

Business Partners

TCL Smart Screen Business - PRC

Revenue and ASP significantly increased, market share by sales volume in retail market continuously increased

Proportion of high-end products & average size of products



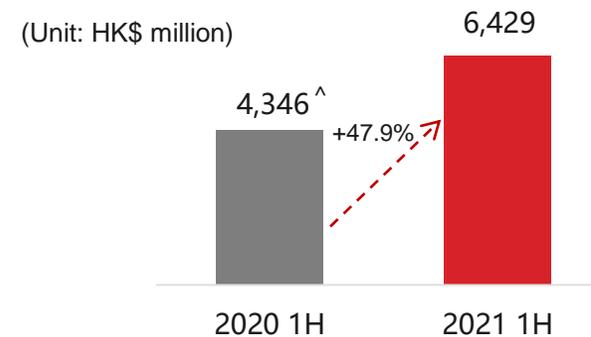
Sales Volume



ASP



Revenue

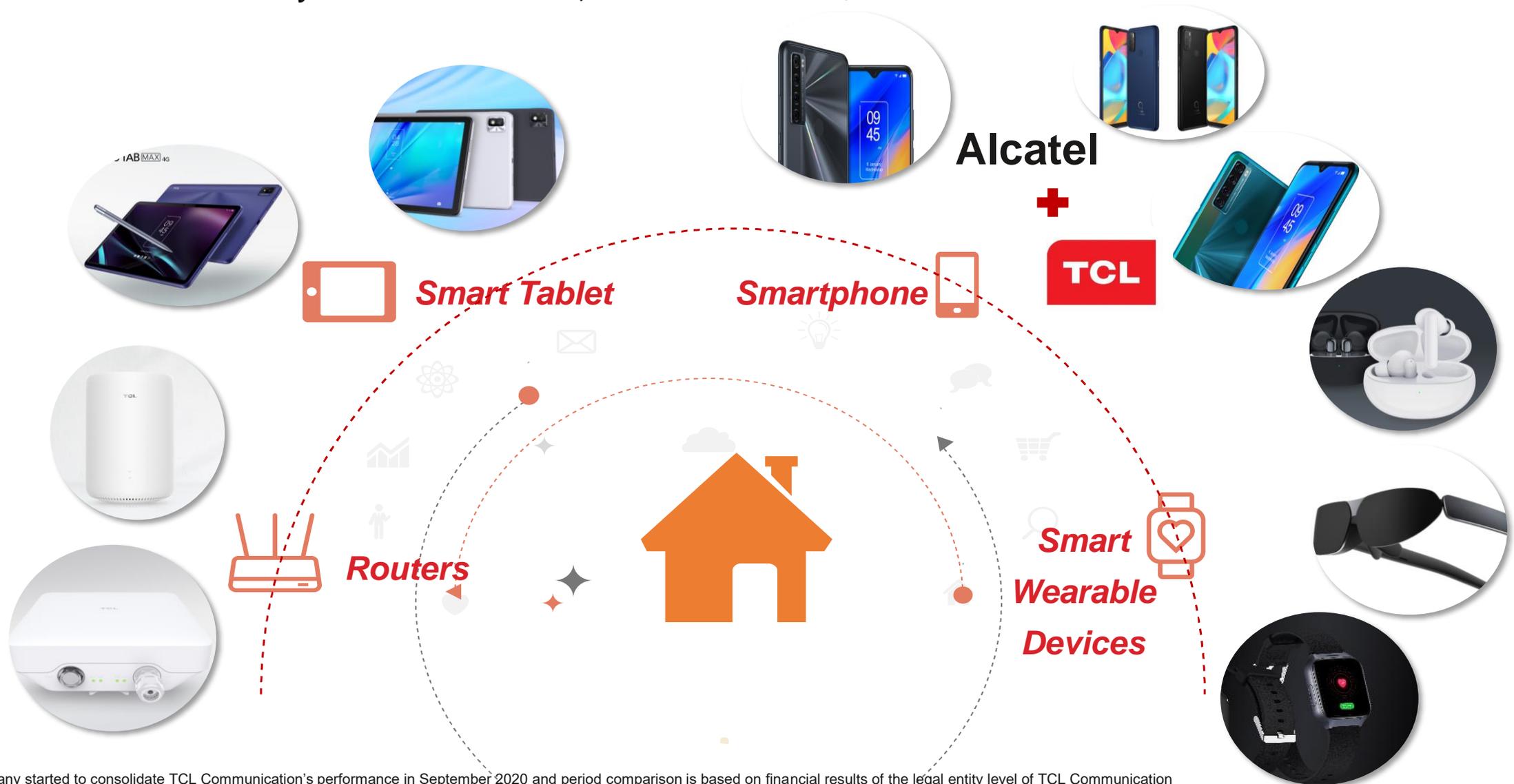


Source: CMM omni-channel data

^Restated

Smart Mobile, Connective Devices and Services¹

Sales volume increased by **37.7%** YoY in 2021 1H, revenue reached HK\$ **7.09** billion

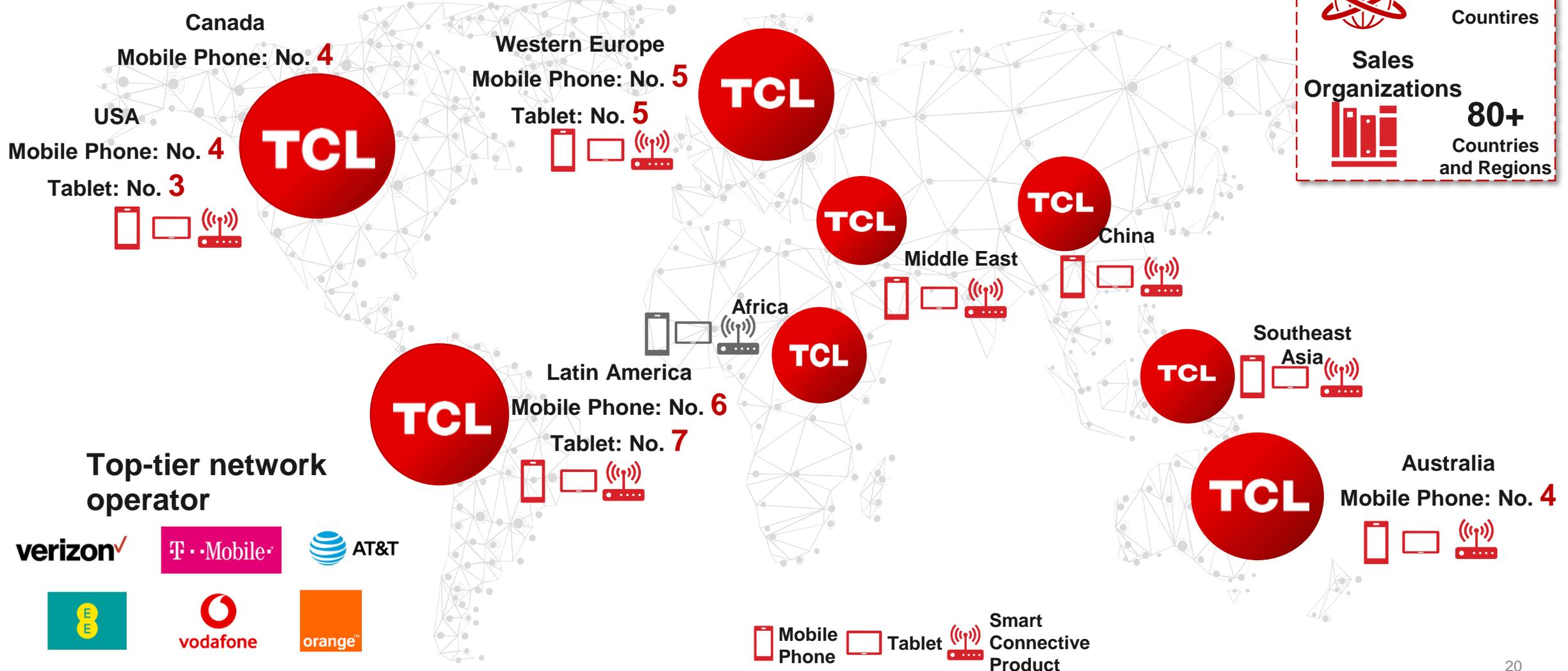


Note:

1. The Company started to consolidate TCL Communication's performance in September 2020 and period comparison is based on financial results of the legal entity level of TCL Communication

Global Layout for Smart Mobile, Connective Devices and Services

Major inroads into overseas markets with focus on North American, European and Latin American markets where strong partnerships with local major operators have been established



Smart Commercial Display, Smart Home and Other Businesses

In unison with the ecosystem, **TCL Electronics** is gearing up in the interactive tablet market by seizing the opportunity of conference room virtualization



All in One Take easiness to the next level

Integrating with the function of whiteboard, monitor, projector, welcome screen, camera, microphone and audio in one



The first Android meeting screen with **DingTalk** preinstalled Start a meeting once the box opened

TCL customized version of large-screen conference system, no need to purchase extra OPS, with Ali Cloud 2800 nodes deployed globally + Dharma institute algorithm supporting the global conference, which will be smooth, safe and stable



Wireless screen projecting Make sharing and cooperating easier

By opening **DingTalk**, screen projection could be activated in 1 second, without extra accessories, and there are multiple options for screen projection available, large screen could control small screen, which makes cooperation limitless



Multi-terminal scenario coordination Efficient and intelligent collaboration

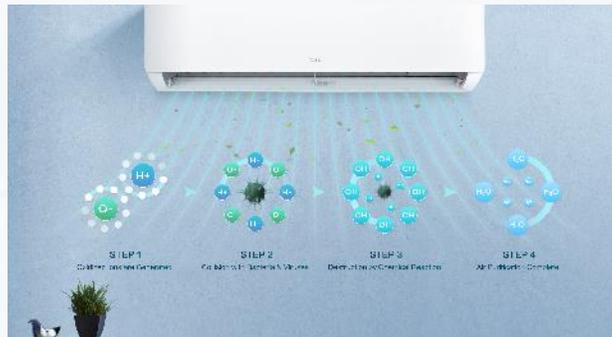
Multi-terminal cooperation of computer, mobile phone, tablet and large screen, instant distribution of tasks, automatic synchronization of minutes, improve productivity

Smart Commercial Display, Smart Home and Other Business

TCL Electronics has built multi-category IoT products and entered overseas markets, with its strong international brand and extensive global channel resources



**Smart
Door Lock**



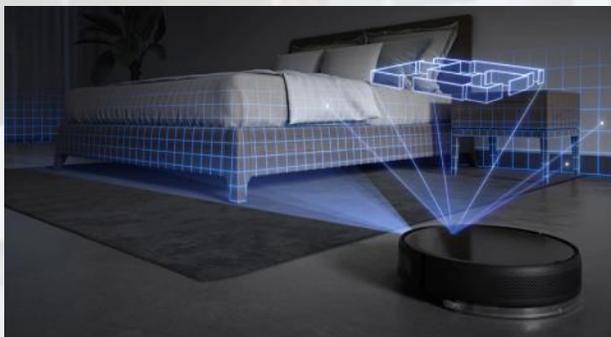
**GentleCool
Air Conditioner**



TCL TS9030 RAY•DANZ Soundbar

SoundBar

Awarded with “Best Buy Soundbar – 2020-2021” By EISA



**Sweeva
Robot Vacuum**



**Launching in
overseas market
soon!**



TCL Breeva A5

**Breeva
Air Purifier**

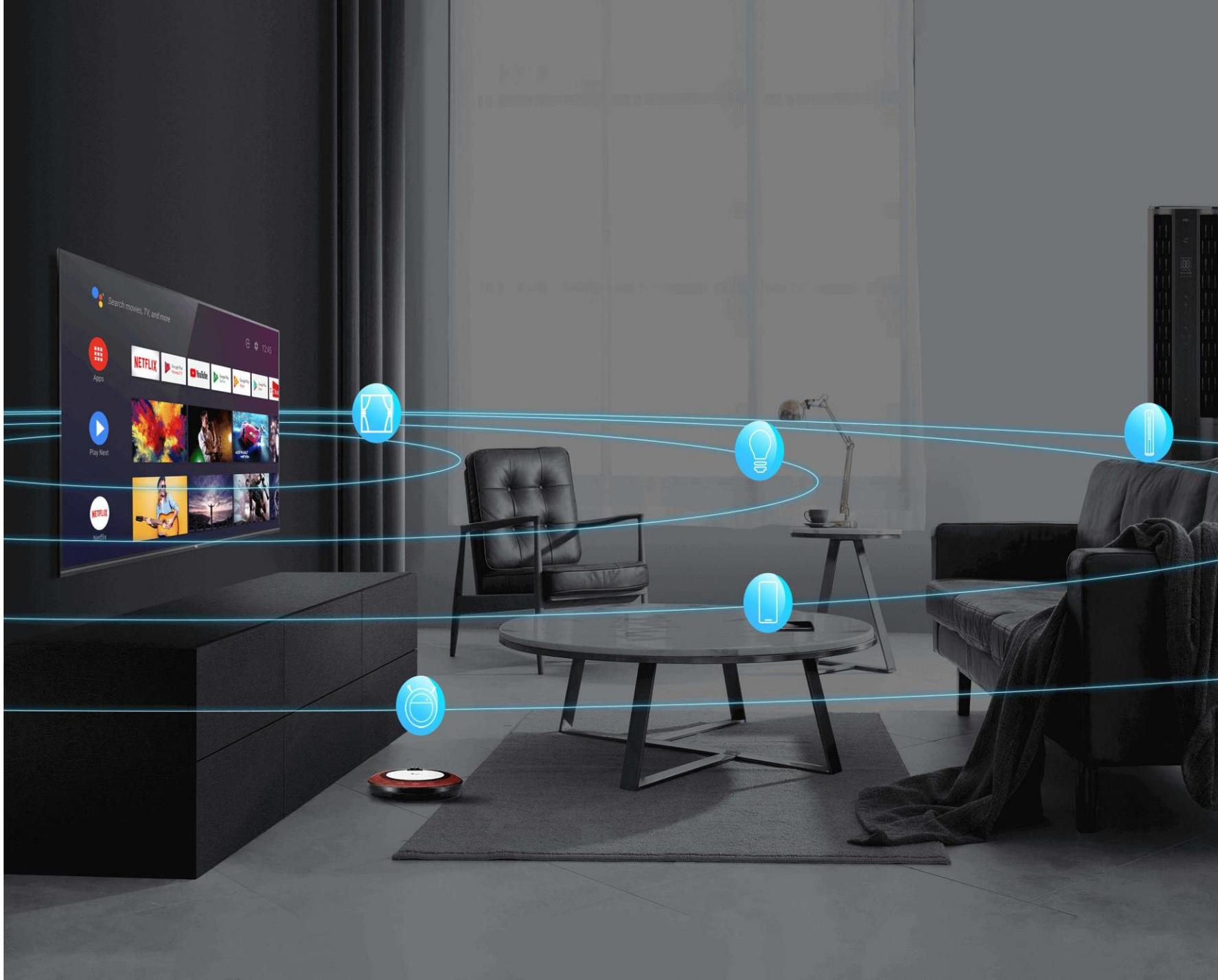


02

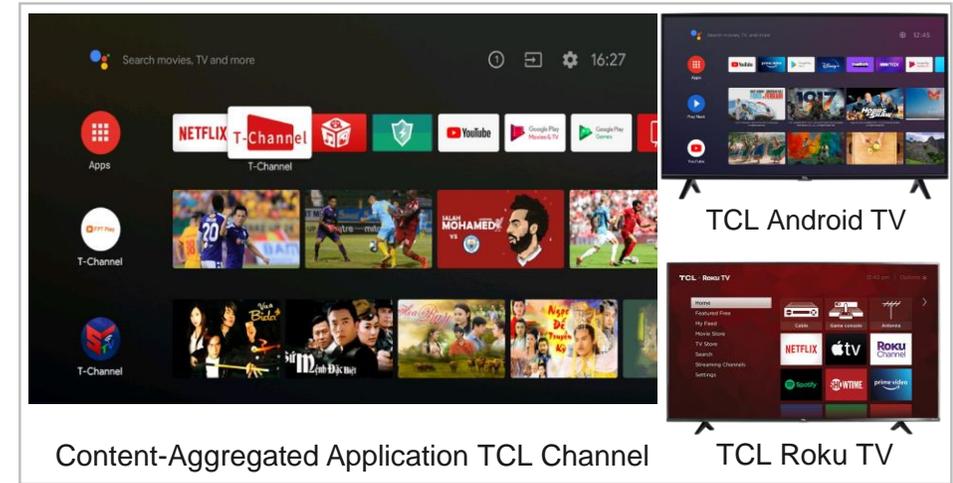
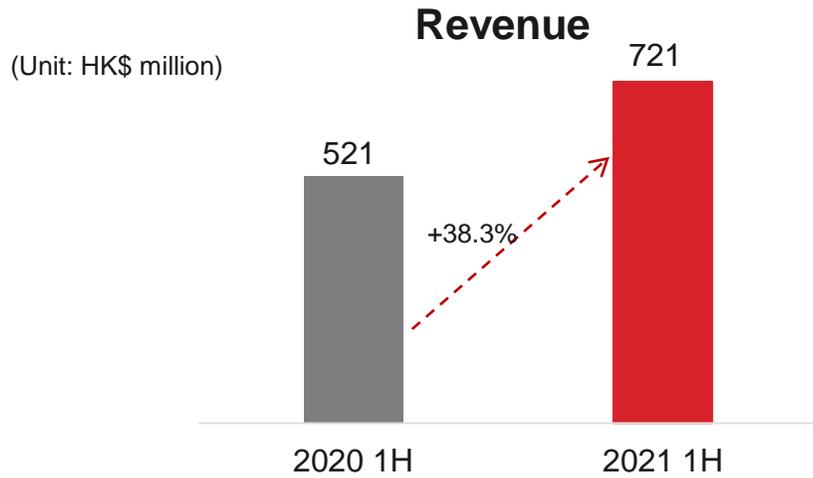
Business Review



 **Products Business**  **Internet Business**

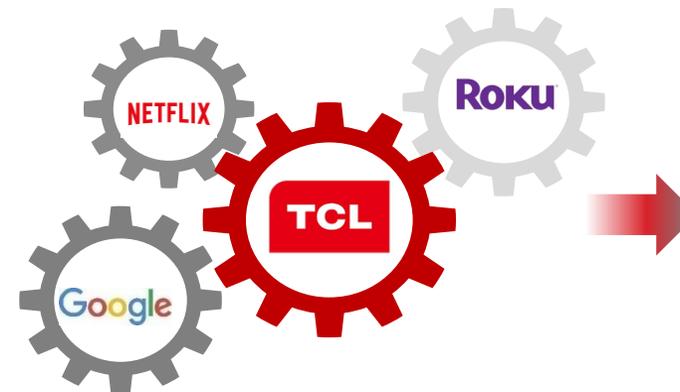


Internet Business | Revenue of global Internet business significantly increased +38.3% YoY, showing high profitability



✓ **PRC Market** Falcon Network Technology is responsible for the development and operation of smart TV operating system

✓ **Overseas Markets** Cooperate with global Internet giants such as Roku, Google and Netflix to provide optimal user experience

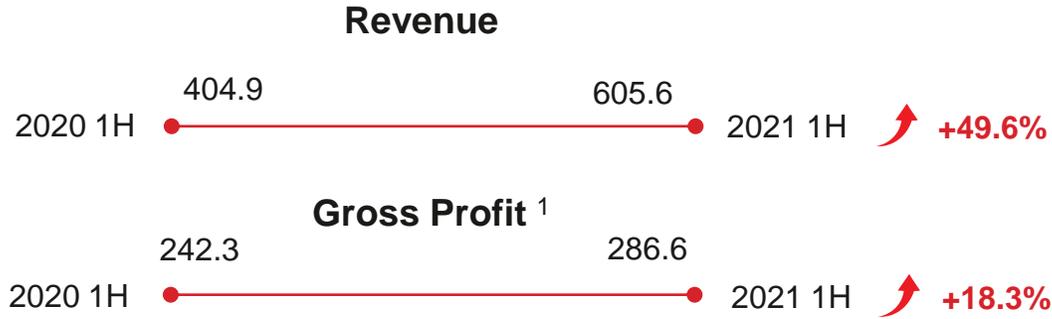


- **TCL Channel** was launched on TCL Roku TV and Android TV in the US, with coverage across **18** countries

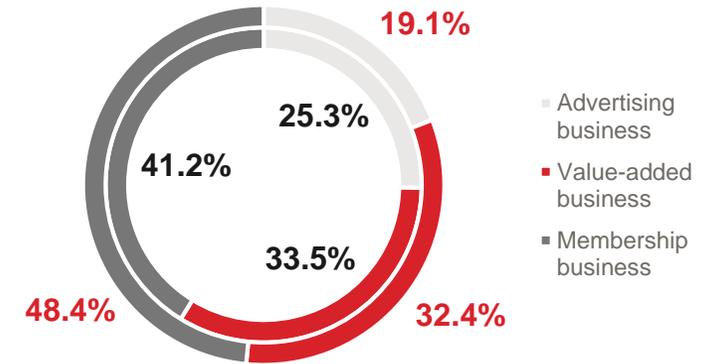
Continuously deepen the global cooperation with Internet giants in 2021

Internet Business—Falcon Network Technology

(Unit: HK\$ million)



The proportion of revenue from Falcon Network Technology
Outer Ring 2021 1H vs Inner Ring 2020 1H



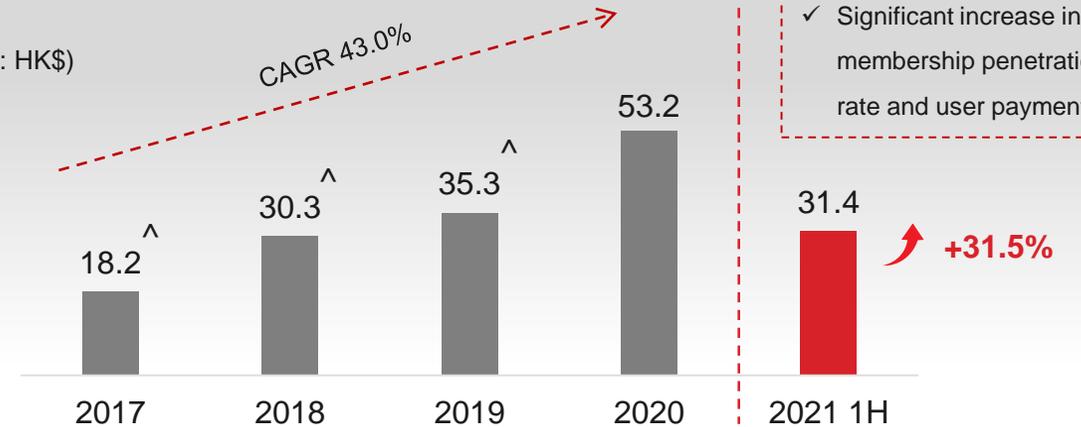
Monthly No. of Active Users in the PRC

(Unit: million)



ARPU

(Unit: HK\$)



- ✓ Rapid development in value-added services
- ✓ Significant increase in membership penetration rate and user payment rate

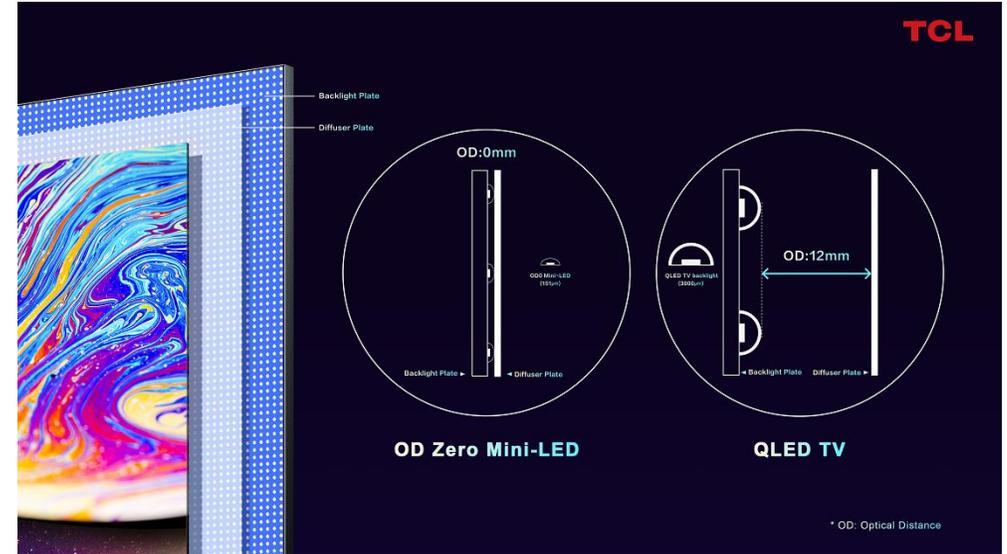
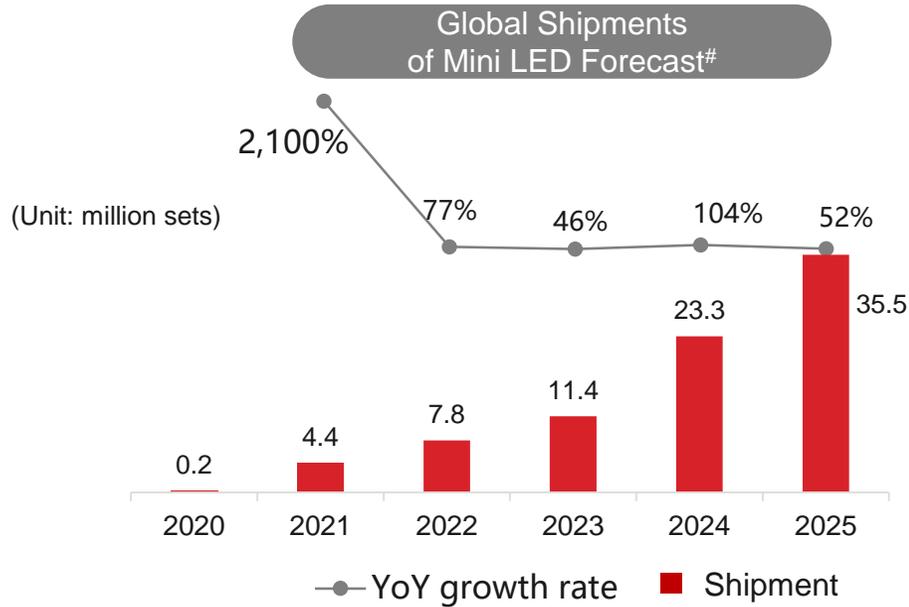
Note:

^ Restated

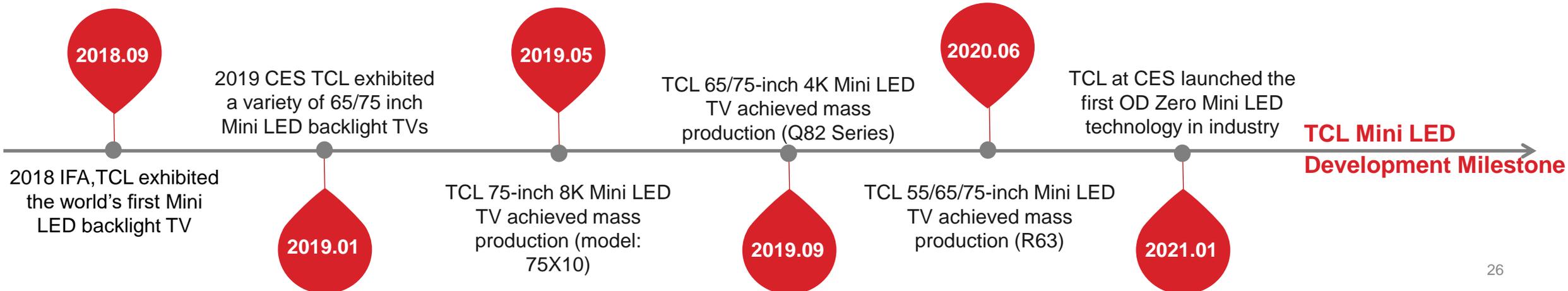
1. The decrease of the gross profit margin of Falcon was mainly due to its continuously enhanced capability to operate its proprietary platform, the growth speed and the proportion of revenue from membership business has significantly increased, while the gross profit margin of membership business is slightly lower than advertising and value-added business

TCL Electronics leads the development of Mini LED technology

First in the world to launch Mini LED backlight TV, first in the industry to achieve large-scale production



OD Zero Technology—Extremely thin Mini LED TV



Source: TrendForce

Awards and Recognitions

Expert Imaging and Sound Association (EISA) fully affirmed the audio and visual quality of TCL products

- QLED TV C815 series and RAY•DANZ soundbar were awarded “Best Buy TV — 2020-2021” and “Best Buy Soundbar — 2020-2021”, respectively by EISA. The audio and image quality of the product is unequivocally endorsed
- TCL 9 series RAY•DANZ soundbar won the “iF Design Award 2020”, indicating that the Company is well recognised not only for its leading image technology, but also for its audio equipment.



Awarded at Consumer Electronics Show (CES) 2020

- TCL QLED TV 8K X9 was awarded “8K QLED TV Gold Award 2019-2020” by the IDG
- 2019-2020 “Global TV Brands Top 10”
- 2019-2020 “CE Brands Top 10”
- 2019-2020 “Global CE Brands Top 50”



Various kinds of awards and recognition on multiple high-end smart TVs

- TCL X10 8K QLED TV, with its new display technology such as Mini LED and rich product functions, was awarded “Best Display Product 2021” by SID, becoming the only domestic smart screen product to win this award
- In the CNET2021 Best TV Awards held by the authoritative IT website, TCL products were well recognised by the international community. TCL 6 Series won the award for the most cost-effective 4K TV, TCL 55R635 won the award for the most cost-effective 55-inch TV, TCL 4 Series won the Best Discount 4K TV Award and TCL 8 Series won Best 4K Picture Quality in Non-OLED



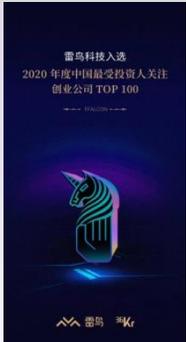
Ranking No. 8 in Top 100 Chinese Brand Value and No. 1 in China’s TV manufacturing industry by R&F

- According to the 2020 (26th) Chinese Brands Evaluation of Top 100 issued by R&F Global Ranking, TCL brand was estimated at RMB 102.58 billion, ranked No. 8 in the Top 100 Brand Value and ranked No. 1 in China’s TV manufacturing industry, which further confirms the brand strength of TCL.



Falcon Network named in “Top 100 Startup Companies Mostly Attended to by Chinese Investors in 2020”

- Falcon Network Technology is listed in “Top 100 Startup Companies Mostly Attended to by Chinese Investors in 2020”, which is released by 36Kr
- 36Kr believes that the companies on the list lead innovations in various business fields in China, not only gaining extensive attention from investors, but also leading the direction of the new economic wave



Smart Mobile Products Awarded the 2020 Design Award by “iF” and “Red Dot”

- TCL10 Pro Smartphone was awarded the “iF Design Award 2020” and “Red Dot Design Award 2020”
- TCL AC1200WiFi Router was awarded the “Red Dot Design Award 2020”



Environmental, Social and Governance

01 Awards

- 2019-2020

Included in **Hang Seng Corporate Sustainability**

Benchmark Index for two consecutive years

- 2019-2020

Awarded **China Green Product Design** by Ministry of Industry and Information Technology for two consecutive years

03# ESG Comparison

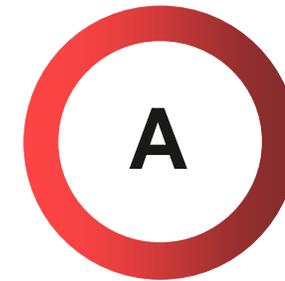
Compared with companies in the same industry: **Top 20%**
(Among 102 companies)

Compared with other constituent stocks: **Top 20%**
(Among 537 companies)



ESG Rating

02#



ESG rating graded as A for three consecutive years from 2018 to 2020

ESG Performance

04#

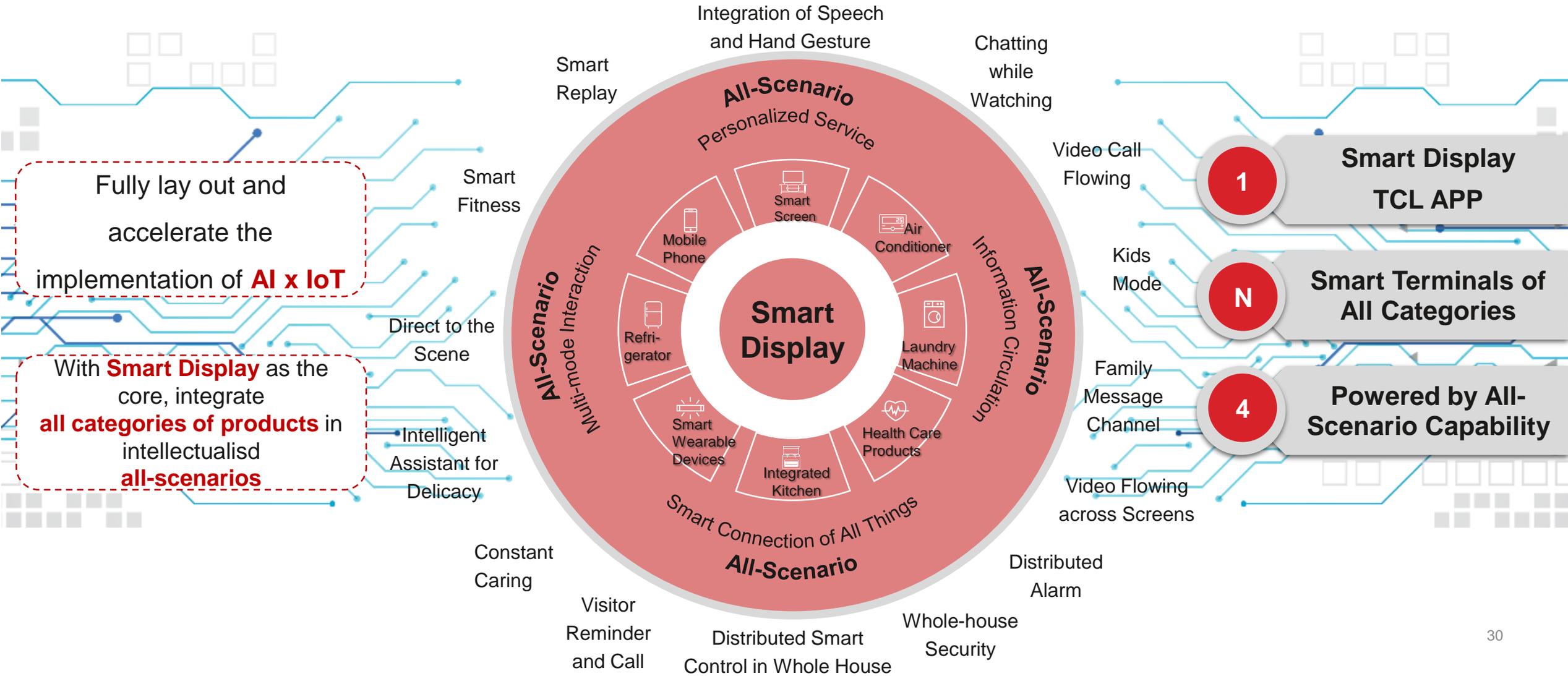




03 Outlook



TCL Electronics to Become a Leading Smart Technology Company with Smart Display as the Core After Business Transformation



Future Strategy

With smart display as the core and AI x IoT as the driver of technology, to create an all-scenario smart life for users and be devoted to becoming the world's leading smart technology company

Continue to Gain Global Market Shares of TCL Brand



Deepen the synergic advantage in the industrial chain integration

Continue to leverage on advantages in product capability and technological competitiveness

"Product + Service, Smart + Internet"



Accelerate the development of TCL's global Internet business

Expand user base and continue to grow ARPU



Application service will contribute **>50%** of profits by 2023

Family



1. Smart Screen

Become a global leader in terms of sales volume, 5G+8K, smart screen in 2023

2. Household Internet

Domestic: From household OTT big screen applications to IoT smart screens applications
Overseas: Become the largest TV partner of both Google and Roku

Mobile



Mobile phone / tablet / smart connection / smart wearable

Increase investment and enhance TCL brand business
A leading Chinese company in the overseas operator market

Synergize with TV business in technology, brand and channel

Continue rapid growth of tablets and smart connection products

Commercial Scenario



Smart Commercial display

A huge market worth hundreds of billions of RMB
Focus on smart conference and smart business scenarios

Dually driven by Interactive Board solutions for corporate clients + Smart Modules business

Q & A

Disclaimer

- The information contained herein should not be utilised for any legal purposes with regards to any investor's investment decision or results. In particular, this document does not constitute any recommendation or invitation for subscribing for or sale and purchase of any securities in TCL Electronics Holdings Limited (the “Company”). The Company hereby expressly disclaims any liability for any loss or damage resulting from or in connection with any reliance by any investor on the information contained herein.
- A number of forward-looking statements may be made from this presentation. Forward-looking statements are statements that are not historical facts. These forward-looking statements are based on the current expectations of the Company and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties, the Company’s actual results could differ materially from these statements.

THANKS

TCL電子控股有限公司
TCL ELECTRONICS HOLDINGS LIMITED

August 2021

