

Stock Code: 000100

Stock Abbr.: TCL TECH.

Announcement No.: 2024-017

# **TCL 科技集团股份有限公司**

## **TCL Technology Group Corporation**

The logo consists of the letters 'TCL' in a bold, red, sans-serif font.

# **ANNUAL REPORT 2023**

## **(Summary)**

**April 28, 2024**

## Amid rapids we beat the waves and sail steadily to reach far

### ANNUAL REPORT 2023 Chairman's Statement

Amidst a tightening financial environment, intensifying geopolitical conflicts, and rapid restructuring of global supply chain, the world economy slowed down in 2023. In the wake of opportunities amid challenges, the economic restructuring brought new impetus to the transformation and upgrading of the technology industry, and the evolving global energy landscape further highlighted the importantly strategic position of the new energy industry.

With the strategic goal of becoming a global leading technology conglomerate, the Company pivoted on the development of high-tech, long-cycle, and capital-intensive businesses, strengthened the leading edge of its core businesses in display and new energy photovoltaics. Under the backdrop of a complex operating environment, the Company cemented its foundation, enhanced risk management capabilities, pursued extreme cost efficiency, and drove development through technology innovation. In 2023, the Company achieved a revenue of RMB174.367 billion, up 4.69% year on year; net profits of RMB4.781 billion, up 167.37% year on year; net profit attributable to shareholders of the listed company of RMB2.215 billion, up 747.60% year on year; and net operating cash flow of RMB25.315 billion.

During the Reporting Period, the sales of display at user-end market remained sluggish. On the supply side, the industry structure continued to optimize, competition tended to be benign, and the prices of major products rebounded amid stabilization. The Company's display business kept optimizing business strategies, and continued to implement the high-end strategy, with a stable growth in the market share of major products. TCL CSOT remained top 2nd globally by its market share of TV products, while its market share of e-sports monitors and LTPS tablet products ranked first globally. The t9 production line, positioned at mid-sized IT and vehicle-mounted display products, started serial production and shipments, and the proportion of OLED high-end product shipments rose quickly. During the Reporting Period, the display business achieved a revenue of RMB83.655 billion, with a year-on-year increase of 27.26%, and a net profit of negative RMB7 million, with a year-on-year improvement of RMB7.618 billion, among which a net profit of RMB3.441 billion was recorded in the second half of 2023, indicating steadily improving profitability.

In 2023, the global new energy photovoltaic industry and corporate development embarked on a new pattern. Affected by the capacity centrally released alongside the industrial chain, the supply and demand was unbalanced, with significant decline of product prices, and some low-efficient capacity faced the pressure of elimination. Overall, the industry structure was expected to be optimized. During the Reporting Period, TZE recorded a revenue of RMB59.146 billion, down by 11.74% year on year. Under the influence of the decreasing product price, loss from investees, provision for impairment loss and other factors, TZE reported a year-on-year decrease of 44.88% in net profit to RMB3.899 billion throughout the year. In the face of challenges, TZE maintained its strategic resolve and strengthened its competitiveness. On the one hand, it leveraged its differentiated advantages in G12, N-type silicon wafers, shingle components and intelligent manufacturing, and accelerated industry integration through technological innovation so as to pass through industrial cycles and achieve a sustained growth. On the other hand, TZE actively evaluated and explored the feasibility on localized manufacturing (e.g. the United States, Europe, and the Middle East) in key countries or regions around the world, and promoted the operational improvement of Maxeon to effectively use its patented technology and unique advantages in overseas markets with entry barriers. TZE continued to facilitate its efforts to develop photovoltaic business and localized manufacturing on the international arena, seized the global opportunities for the development of the new energy industry, and achieved a sustainable growth.

During the Reporting Period, the Company sustained robust operations and made steady progress in other business segments.

The Company has always emphasized research and development (R&D) investments in cutting-edge technologies and commercial application, with a focus on innovation to drive business transformation and upgrading. During the Reporting Period, the Company invested RMB10.309 billion in R&D, accounted for 5.91% of the Company's revenue. In 2023, the Company filed 590 new PCT applications, in total of 15,331 applications applied. Notably, the Company ranked second globally in terms of patent applications in the field of quantum dot displays. Furthermore, through continuous technological innovation, process advancements, and a strategic shift towards Industry 4.0 manufacturing, TZE has built its unique competitive edges in large-size, thin-film, and N-type silicon wafers. To implement the technology ecosystem strategy, the Company has proactively marshaled resources, made a breakthrough in key technologies and industrial production. This

robust technology ecosystem serves as a cornerstone for the Company's continued technological development.

Looking ahead, with intensive integration of several promising technologies, we will anticipate a surge of novel display applications and immersive scenarios, which will propel the growing demands in display industry. The inter-country transfer of LCD industry has gradually drawn to an end, and the competitive landscape tends to stabilize. Companies are transitioning from a scale-driven growth model to a high-quality development stage fueled by technological innovation, product upgrading, and an eco-system layout. The Company's display business aims at becoming a "world-leading provider of display solutions". To achieve this, we are implementing a comprehensive strategy that optimizes our business and product structure, strengthens our operational foundation, enhances operational excellence, differentiates our values, and drives continuous improvement in operational efficiency.

As climate change and energy issues escalate into pressing global challenges, there's a growing consensus on the urgent need to accelerate the green and low-carbon transformation of the energy sector. The photovoltaic industry will remain at the bottom of the market cycle in the near to medium term, featuring severely unbalanced supply and demand, acceleration of product and technology transformation, and elimination of outdated production capacity driven by the Matthew effect. Taking "ranking No.1 in global silicon wafer market share and achieving comprehensive global leadership" as the strategic vision, the Company's new energy photovoltaic business sticks to technological innovation, expands the leading edge in advanced production capabilities, strategically strengthens a layout across the photovoltaic industry chain, and capacity building worldwide, so as to go through the cycle by relative competitiveness and achieve a sustainable growth.

As a crucial pillar of the national economy, the manufacturing sector plays a key role in driving economic transformation and development. Technological manufacturing is especially vital for fostering economic transformation and upgrading, and nurturing new engines of growth. The Company remains focused on its core businesses in displays and new energy photovoltaics, unwavering in its pursuit of global leadership. With the courage of "venturing midstream and striving to win", embracing a culture of "relentless perseverance and decisive action", the Company guides its business units to solidify their competitive edges, ensuring steady progress and positioning the Company for long-term sustainable growth.

Committed to creating value for shareholders, the Company has a long-standing tradition of maintaining a prudent dividend policy. Following this commitment, the Board of Directors proposes a dividend of RMB0.80 per 10 shares for 2023, sharing the Company's growth success with all shareholders.

I would like to express my sincere gratitude for the trust of all our shareholders, for the support from all our partners and users, as well as for the efforts of all employees!



April 28, 2024

## Part I Important Notes

This summary is based on the full text of the 2023 Annual Report of TCL Technology Group Corporation. To obtain a full picture of the operating results, financial position and future development plans of the Company, investors should carefully read through the annual report released on the media designated by the China Securities Regulatory Commission.

All the Company's directors attended the Board meeting for the review of this Report and its summary.

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Independent auditor's modified opinion

Applicable  Not Applicable

Profit distribution plan or plan to convert capital reserve into share capital approved by the Board of Directors

Applicable  Not applicable

Any share capital converted from capital reserve or not

Yes  No

The profit distribution plan approved by the meeting of the Board of Directors is as follows: For every 10 shares held, shareholders will receive a cash dividend of RMB0.8 (including tax) based on the total number of outstanding shares of 18,779,080,767 (Any repurchased shares held by the company upon profit distribution are exclusive of the distribution), without bonus shares or shares converted from capital reserve.

Plans for profit distribution of preferred stock for the Reporting Period approved by the Board of Directors

Applicable  Not Applicable

## Part II Corporate Information

### 1. Stock Profile

Stock name	TCL TECH.	Stock code	000100
Place of listing	Shenzhen Stock Exchange		
Contact information	Board Secretary		
Name	Liao Qian		
Office address	10/F, Tower G1, International E Town, TCL Science Park, 1001 Nanshan District, Shenzhen, Guangdong Province, China		
Tel.	0755-3331 1666		
Email address	ir@tcl.com		

### 2. Main businesses or products of the Company during the Reporting Period

The Company focused on the development of the core business of displays and new energy photovoltaics and other silicon

materials, and was committed to achieving the strategic goal of global leadership. For details of the Company's business, please refer to "Part IV Report of the Board" herein.

### 3. Key Accounting Data and Financial Indicators

#### (1) Key accounting data and financial indicators in the past three years

Indicate whether there is any retrospectively adjusted or restated datum in the table below

Yes  No

Unit: RMB

	The end of 2023	The end of 2022		Change	The end of 2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets	382,859,086,727	359,996,232,668	359,996,232,668	6.35%	308,733,133,305	308,749,696,062
Owners' equity attributable to the company's shareholders	52,921,867,086	50,678,520,477	50,678,520,477	4.43%	43,034,234,611	43,041,044,200
	2023	2022		2023-Over-2022 Change	2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Revenue	174,366,657,015	166,552,785,829	166,552,785,829	4.69%	163,540,559,623	163,657,700,477
Net profit attributable to the company's shareholders	2,214,935,302	261,319,451	261,319,451	747.60%	10,057,443,528	10,064,253,118
Net profits attributable to the company's shareholders after non-recurring gains and losses	1,021,080,065	-2,698,210,800	-2,698,210,800	137.84%	9,437,240,976	9,444,050,566
Net cash generated from operating activities	25,314,756,105	18,426,376,609	18,426,376,609	37.38%	32,878,450,437	32,878,450,437
Basic earnings per share (RMB/share)	0.1195	0.0191	0.0174	586.78%	0.7463	0.6789
Diluted earnings per share (RMB/share)	0.1179	0.0185	0.0168	601.79%	0.7354	0.6690
Weighted average return on equity (%)	4.27	0.52	0.52	Increase by 3.76 percentage points YoY	26.46	26.48

Reason for retrospective adjustment or restatement:

1. Shares were converted from capital reserve during the Reporting Period. The Company recalculated the basic earnings per share and

diluted earnings per share in accordance with accounting standards and other regulations.

2. In accordance with the requirements of the Interpretations of Accounting Standards for Business Enterprises No. 15, Interpretations of Accounting Standards for Business Enterprises No. 16, and Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss (Revised in 2023), the Company has implemented the relevant provisions. These adjustments have no material impact on the Company's financial position and operating results.

## (2) Main accounting data by quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	39,443,242,439	45,705,483,167	47,960,309,079	41,257,622,330
Net profit attributable to the company's shareholders	-548,999,154	889,492,743	1,270,918,405	603,523,308
Net profits attributable to the company's shareholders after non-recurring gains and losses	-729,931,586	129,864,746	1,107,560,913	513,585,992
Net cash generated from operating activities	4,495,356,538	5,920,811,609	5,727,844,866	9,170,743,092

Indicate whether any of the quarterly financial data in the table above or their summations differs materially from what has been disclosed in the Company's quarterly or interim reports.

Yes No

## 4. Share capital and shareholders

### (1) Table of the total number of ordinary shareholders and preferred shareholders with resumed voting rights as well as shareholding of the top ten shareholders

Unit: Share

Total number of ordinary shareholders by the end of the reporting period	600,087	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	578,652	Total number of preferred shareholders with resumed voting rights by the end of the reporting period	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
Shareholdings of top 10 shareholders of ordinary shares (excluding the lending of shares under refinancing)							
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Shares in pledge, marked or frozen		
					Status	Number	
Li Dongsheng	Domestic individual/Domestic general legal entity	6.73%	1,264,053,189	672,868,839			
Ningbo Jiutian Liancheng Equity Investment					Pledge	293,668,015	



Partnership (Limited Partnership)						
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	5.53%	1,037,612,543			
Huizhou Investment Holding Co., Ltd.	Public legal entity	4.35%	817,453,824			
Wuhan Optics Valley Industrial Investment Co., Ltd.	Public legal entity	2.83%	532,003,016		Pledge	249,000,000
China Securities Finance Corporation Limited	Domestic general legal entity	2.19%	410,554,710			
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	Fund, wealth management product, etc.	1.21%	226,736,512			
CITIC Securities Co., Ltd.	Financial Institution	1.20%	225,726,798			
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	Fund, wealth management product, etc.	1.09%	204,079,760			
China Foreign Economy and Trade Trust Co., Ltd. - Foreign trade trust - Gaoyi Xiaofeng Hongyuan Collective Fund Trust Scheme	Fund, wealth management product, etc.	0.90%	168,599,830			
Strategic investor or general legal entity becoming top-10 ordinary shareholders due to private placement of new shares	Not applicable					
Note on the above shareholders' associations or concerted actions	Among the top 10 shareholders, Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action. Mr. Li Dongsheng holds 897,158,453 shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 shares, representing 1,264,053,189 shares in total and becoming the largest shareholder of the Company.					
Explain if any of the shareholders above was involved in entrusting/being entrusted with	Not applicable					

voting rights or waiving voting rights	
Explanation on repurchase accounts among top 10 shareholders	Not applicable

Top 10 shareholders participating in the lending of shares under the refinancing business

Applicable  Not applicable

Unit: Share

Top 10 shareholders participating in the lending of shares under the refinancing business								
Name of shareholder (full name)	Shares in the ordinary account and credit account at the beginning of the period		Shares lent under refinancing at the beginning of the period that have not been returned		Shares in the ordinary account and credit account at the end of the period		Shares lent under refinancing at the end of the period that have not been returned	
	Total number	Proportion to total share capital	Total number	Proportion to total share capital	Total number	Proportion to total share capital	Total number	Proportion to total share capital
Huizhou Investment Holding Co., Ltd.	722,139,840	4.23%	21,000,000	0.12%	817,453,824	4.35%	0	0%
Wuhan Optics Valley Industrial Investment Co., Ltd.	128,312,396	0.75%	430,240,000	2.52%	532,003,016	2.83%	0	0%
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	Unknown (note)	Unknown (note)	0	0%	204,079,760	1.09%	1,602,800	0.01%

Note: The regular shareholder data provided by the China Securities Depository and Clearing Corporation Limited does not contain this information.

Change in the top 10 shareholders compared with the previous period

Applicable  Not applicable

Unit: Share

Changes in the top 10 shareholders compared with the end of previous period					
Name of shareholder (full name)	Addition/exit during the Reporting Period	Number of shares lent under refinancing at the end of the period that have not been returned		Number of shares held in the ordinary account, credit account and lending through refinancing that have not been returned at the end of the period	
		Total number	Proportion to total share	Total number	Proportion to total share capital

			capital		
Wuhan Optics Valley Industrial Investment Co., Ltd.	Addition	0	0%	532,003,016	2.83%
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	Addition	0	0%	226,736,512	1.21%
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	Addition	1,602,800	0.01%	205,682,560	1.09%
China Foreign Economy and Trade Trust Co., Ltd. - Foreign trade trust - Gaoyi Xiaofeng Hongyuan Collective Fund Trust Scheme	Addition	0	0%	168,599,830	0.90%
Guotai Junan Securities Co., Ltd.	Exit	0	0%	8,794,061	0.05%
Everbright Securities Company Limited	Exit	0	0%	10,414,915	0.06%
UBS AG	Exit	0	0%	62,073,717	0.33%
GF Securities Co., Ltd.	Exit	0	0%	53,191,566	0.28%
Haitong Securities Co., Ltd.	Exit	Unknown (note)	Unknown (note)	Unknown (note)	Unknown (note)

Note: The regular shareholder data provided by the China Securities Depository and Clearing Corporation Limited does not contain this information.

## (2) Total number of preferred shareholders and shareholdings of the top 10 preferred shareholders

Applicable  Not Applicable

During the Reporting Period, the Company did not have any preferred stock shareholder.

## (3) Disclosure of property rights and control relationship between the Company and the actual controller with block diagram

Applicable  Not Applicable

## 5. Existing bonds on the date of approval and disclosure of the annual report

Applicable  Not applicable

### (1) General Information on Corporate Bonds

Bond name	Abbr.	Bond code	Date of issuance	Maturity	Outstanding balance (RMB'000)	Coupon rate
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3)	19TCL03	112983.SZ	October 17, 2019	October 21, 2024	44,000	2.95%
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)	19TCL02	112938.SZ	July 19, 2019	July 23, 2024	100,000	3.05%

TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1)	19TCL01	112905.SZ	May 17, 2019	May 20, 2024	100,000	3.15%
Payment of interests on bond issued by the Company during the Reporting Period	During the Reporting Period, the Company paid the interests on bonds as scheduled.					

## (2) The latest tracking ratings and rating changes of bonds

No change

## (3) Key accounting data and financial indicators of the Company for the past two years as at the end of the Reporting Period

Item	End of the Reporting Period	December 31, 2022	Change
Debt/asset ratio	62.1%	63.3%	-1.23%
	2023	2022	Change
Net profit after deducting non-recurring gains and losses (RMB'000)	220,705	-171,729	228.52%
Debt to EBITDA ratio	15.0%	12.1%	2.9%
Interest coverage ratio	1.80	0.92	95.65%

## Part III. Significant Events

During the Reporting Period, the Company's business operations remained unchanged, and no events that had a significant impact on the Company's operations.

## Part IV Report of the Board

### I. Company-related industry outlook in the reporting period

In 2023, the international political and economic situation was complex and volatile, with ongoing geopolitical conflicts. The global industrial supply chain faced a restructuring, further exacerbating economic fragmentation. Meanwhile, some economies implemented tight monetary policy, which further slowed down global economy. In response to the complicated and ever-changing challenges, the Company continued to focus on the development of displays business and new energy photovoltaic business, enhance the resilience of its business, and optimize its competitive edge in pursuit of high-quality sustainable development. In 2023, TCL TECH. achieved a revenue of RMB174.367 billion, up 4.69% year-on-year; net profit of RMB4.781 billion, up 167.37% year-on-year; net profit attributable to shareholders of the listed company of RMB2.215 billion, up 747.60% year-on-year; and a net operating cash flow of RMB25.315 billion.

Major factors that influenced the Company's performance included: the positive turnaround of the supply-demand relationship in the display industry, the steady price appreciation of mainstream products, the Company's proactive optimization of business strategies, improving business structure,

and significantly improved profitability. During the Reporting Period, the display business achieved a revenue of RMB83.655 billion, with a year-on-year increase of 27.26%, and a net profit of negative RMB7 million, with a year-on-year reducing loss of RMB7.618 billion. The display business turned losses into profits in Q3 2023 and continued to achieve strong profitability in Q4 2023, which resulted in a total profit of RMB3.441 billion for H2 2023. Fueled by China's "Dual Carbon" strategy, demand in the new energy photovoltaic industry maintained growth. However, industry-wide supply-demand imbalances led to a decline in product pricing. Furthermore, the TZE's performance was impacted by the investee Maxeon, such as investment losses associated with the Maxeon, as well as long-term equity investments and financial assets recognized as asset impairment loss and fair value change, respectively. As a result, TZE reported a revenue of RMB59.146 billion for the Reporting Period, down 11.74% year-on-year; a net profit of RMB3.899 billion, reflecting a year-on-year decline of 44.88%.

**Leveraging technological innovation as a primary driver, the Company is poised for building a robust portfolio of proprietary and cutting-edge technologies to ensure sustained industry leadership and drive continuous industrial upgrading.** During the Reporting Period, the Company invested RMB10.309 billion in R&D, and filed 590 new PCT applications, for a total of 15,331 applications applied. The Company's display business strategically amplified R&D investments in ultra-large-sized, ultra-high-resolution, high refresh rate, and flexible display technologies. Establishing new-type display technology and application innovation as its core competitivenesses, the Company strove toward the high-end of the value chain. The Company's new energy photovoltaic business focused on groundbreaking innovation in solar cell technology with independently developed intellectual property rights, and led the industry transition towards significantly improved energy conversion efficiency through its long-term technological accumulation, ultimately securing high-quality development.

**The Company ensured a steady and sustainable market position by fortifying core competencies and establishing a robust operational foundation, as well as optimizing production capacity and product structure.** In conjunction with stable competition structure in the display industry, leading manufacturers possess an advantage in terms of economies of scale. During the Reporting Period, the Company strategically realigned its production capacity and product structure on the basis of incremental markets and continuously increased its market share, with its

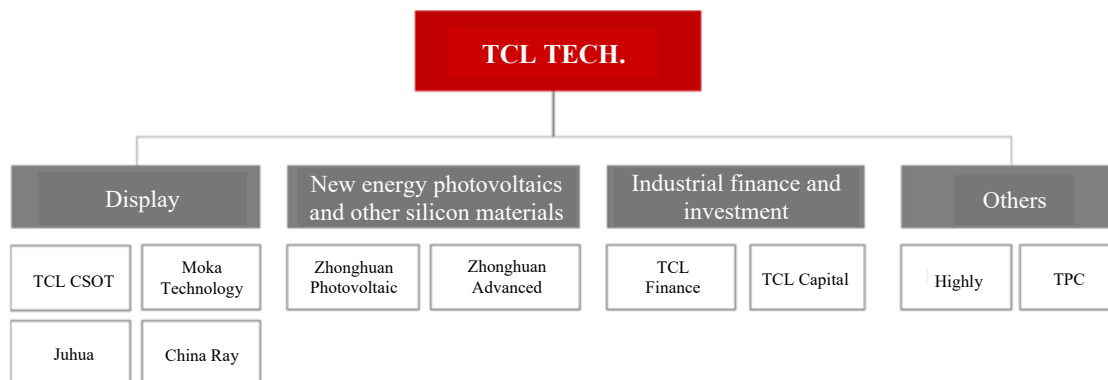
TV panel shipments ranking No. 2 globally, MNT panel shipments jumping to No. 3 globally, and flexible OLED shipments experiencing growth in leaps and bounds. At the end of the Reporting Period, the Company's photovoltaic materials business expanded its crystal wafer production capacity to 183GW, capturing a 23.4% market share of the global market. The company accounted for 60% of the large-sized (210 series) wafer external sales market, 65% of the overseas wafer external sales market, and 36.4% of the N-type wafer segment, maintained No.1 in photovoltaic wafer external sales market share, and further consolidated the Company's leadership within the industry.

**The Company implemented a strategic approach focused on fortifying its core competencies and rectifying shortcomings, to bolster the competitive advantage of its core business segments, and increase both efficiency and effectiveness.** The Company's display business capitalized on the technological capabilities of its high-gen production lines to actively drive the development of larger-sized, higher-specification display products, and to grasp the iterative demand for IT products fueled by the IT revolution, to fill the gap in its mid-sized production capacity (e.g., the t9 production line) and product layout. To enhance its operational efficiency, the small-sized OLED business has implemented a high-end, differentiated product strategy. Relying on its advantages in leading G12 and N-type wafer technology, Industry 4.0 and flexible manufacturing processes, the Company's new energy photovoltaic business played a synergistic role across the entire photovoltaic value chain, and ultimately shored up the relative advantages in cost efficiency.

**Promoting globalization strategy, the Company transitioned from product export to industry capacity export, building a global industrial ecosystem.** The Company's display business improved its layout in its panel module plant in India and overseas business platform, to strengthen its capacity to serve global customers and partners and satisfy the incremental needs of emerging markets worldwide. Due to the increasing complexity of the global economic and political landscape, the Company's new energy photovoltaic business prudently and steadfastly implemented its globalization strategy, where it actively evaluated and explored potential industrial projects in key global markets, such as the United States, Europe, and the Middle East. Various projects were rolled out, such as comprehensive project planning, strategic partner negotiation, and thorough feasibility studies. Concurrently, the business collaborated with strategic partners to expand its photovoltaic cell and module business in Malaysia, the Philippines, and other regions, further cementing its global competitiveness within the new energy photovoltaic sector.

## II. Main businesses of the Company during the Reporting Period

The Company focused on the development of the core business of displays and new energy photovoltaics and other silicon materials, and was committed to achieving the strategic goal of global leadership.



### 1. Display business

In 2023, the user-end demand for display products remained sluggish globally, and it showed seasonal fluctuation. However, the trend towards larger TV panels drove display area demand, while a just-in-time (“JIT”) production strategy became a consensus among major enterprises, fostering healthy industry development amid an increasingly favorable competitive landscape. Large-sized panel prices exhibited a seasonal pattern with significant peak-season recovery and a slight decline in the off-season, while mid-sized panel prices stabilized at low levels and small-sized panels experienced structural price increases in the second half of the year.

By leveraging its strengths in terms of scale and efficiency, TCL CSOT has consistently optimized its business and product mix, insisted on JIT production, and accelerated their business cycle. This, coupled with favorable price increases for key products, has significantly boosted operating performance. During the Reporting Period, **the display business achieved a revenue of RMB83.655 billion, with a year-on-year increase of 27.26%, and a net profit of negative RMB7 million, with a year-on-year reducing loss of RMB7.618 billion while recorded a profit of RMB3.441 billion in H2 2023; The display business achieved a net cash flow from operating activities of RMB20.12 billion.**

In its large-sized products business, **TCL CSOT leveraged its advantages in terms of high-gen production lines and synergy with the industry chain, and led the upgrading and high-end development of large-sized TV panels while actively developing commercial displays, such as**

**interactive whiteboards, digital signage,** and splicing screens. Capitalizing on the manufacturing efficiency and process advantages of its G8.5 and G11 high-gen production lines, TCL CSOT collaborated with strategic customers to enhance the penetration of large-sized TVs in the market and elevate the value of key segments alongside the industry chain. The Company consolidated its No. 2 position in terms of global market share of TV panels, 79% of the shipment area for products above 55 inches, 51% of the shipment area for products above 65 inches; while the market share of 65-inch and above products increased to 51%; while 55-inch and 75-inch products ranked No. 1 in the world, the market share of 65-inch products ranked No. 2 globally. In commercial markets such as interactive whiteboards, digital signage, and splicing screens, the Company ranked among the top three in terms of global market share.

**In its medium-sized product business, TCL CSOT accelerated its capacity construction in IT and vehicle-mounted screen products,** while optimizing and enhancing product competitiveness and optimizing customer structure to create a new engine for business growth. Dedicated to mid-sized displays for IT, vehicle-mounted devices and other business, the t9 production line (phase I) is now running at full capacity, propelling the Company to being ranked third globally in terms of display shipments. In this segment, the Company occupies the largest share in the global e-sports monitors market, while its laptop and vehicle-mounted devices are on track for branded customer introductions and gradual production increases. With the steady increase in 6th-gen LTPS capacity, the Company ranks No. 2 in LTPS laptop panels globally and No. 1 in LTPS tablets globally; and vehicle-mounted LTPS displays rank fifth worldwide. TCL CSOT's mid-sized business increased to 21% of its revenue, making it a key driver of future growth.

**In the small-sized display segment, TCL CSOT is targeting the mid-to-high-end market with a portfolio of LTPS and flexible OLED production lines, driving continuous improvements in product competitiveness and market share.** TCL CSOT ranked No. 3 in the world in terms of LTPS mobile panel shipments from the t3 production line. The independently developed 1512 PPI Mini-led LCD-VR screens achieved start of production (SoP) and shipment. The Company's t4 flexible OLED production line has experienced a significant ramp-up in both utilization rate and shipments. This operational excellence secured the Company's position as the fourth-largest supplier of flexible OLED smartphone panels globally in Q4 2023. Product and customer mix have undergone structural optimization, evidenced by the introduction of several brand customers during the



Reporting Period. The Company's leadership in flexible OLED technologies extends to foldable, LTPO, and Pol-Less displays, driving a continuous increase in the share of high-end products within its portfolio. During the Reporting Period, the flexible OLED business segment achieved a two-fold growth in revenue, reflecting a sustained improvement in operational performance.

Looking ahead into the future, as major information carriers and interactive interfaces in the digital economy era, displays industry will endure industrial value in the long run and are expected to unleash more value.

In the large-sized and mid-sized segments, display technology has entered a period of slow iteration, while LCD technology will remain the mainstream technology in the long term. In recent years, global TV sales have remained stable. Fueled by the size increase of large-sized screens, display area has maintained stable growth and industry cycle fluctuations have reduced. The supply-side industry has become further concentrated, and increasingly optimized competition will drive the balanced development of industrial supply and demand. Corporate profitability will recover with reasonable business returns under favorable circumstances. Driven by product specification upgrades such as high refresh rates and lower energy consumption, IT panels are poised for significant structural growth. Capitalizing on this trend, the company's 8th-gen production lines specialized for IT products will leverage their cutting-edge capabilities to gradually become the main force in key markets.

Flexible OLED has firmly established its dominance in the smartphone market and gradually penetrated into new application scenarios. Foldable OLED displays are poised for a new growth frontier, fueled by rapidly unleashed demand. In the meantime, there exist certain factors that pose challenges to current capacity, manufacturing, and other aspects, such as capacity loss resulting from new technologies and the yield ramp-up of new products, which will further improve industry supply and demand relationships.

TCL CSOT, as a global leader in large-sized display panels, will continuously enhance its relative competitiveness and profitability; it will improve its medium-sized products portfolio, leverage the advantages of its high-generation production lines, seize the opportunities in incremental markets for high-specification products, and increase market share and revenue scale; TCL CSOT will optimize its small-sized products and customer structure, drive the high-end development of products through technological innovation, achieve business improvement in flexible OLED, and

accelerate the transformation and upgrading from a large-sized display leader to leader across the full size of displays.

## 2. New energy photovoltaics and other silicon materials business

In response to such challenges as climate change, energy security, and environmental pollution, the global energy industry is experiencing a rapid shift towards a more sustainable model, which drives the fast-growing new energy photovoltaic industry. In 2023, the global installed capacity surged by 72% year-on-year to 395GW, of which China accounted for approximately 216.9GW, while overseas markets contributed the remaining 178GW. The photovoltaic industry's compelling sustained growth prospects have spurred a wave of investment from both established players and new entrants. The influx of capital has accelerated capacity expansion across the photovoltaic industrial chain, leading to a product price downturn in major links while squeezing the profit margin of the industry as a whole.

In line with prudent accounting practices, the Company recognized long-term equity investments and financial assets in connection with the investee, Maxeon, as asset impairment losses and fair impairment change losses, respectively. These factors, along with investment recognized under the equity method on a consolidated basis, contributed to a negative impact on TZE's fourth-quarter performance. During the Reporting Period, TZE achieved a revenue of RMB59.146 billion, with a year-on-year decrease of 11.74%, and a net profit of RMB3.899 billion, with a year-on-year decrease of 44.88%. In the photovoltaic materials business, year-on-year shipment volume surged by 68% to 114GW, capturing a leading market share of 23.4% for silicon wafers and generating RMB43.791 billion in revenue. The comprehensive gross profit margin for this business also witnessed a significant improvement of 2.8 percentage points year-on-year to 21.8%; year-on-year shipment volume for photovoltaic cells and modules grew by 29.8% year-on-year to 8.6GW, generating RMB9.309 billion in revenue.

With an imbalance between demand and supply throughout the industrial chain, competition is evident within the industry from the lowest levelized cost of energy (LCOE) for photovoltaic modules to product (efficiency/power output) on the basis of integrated internal rate of return (IRR) and land-based balance-of-system (BOS) costs. Those products with higher energy conversion efficiency will become the mainstream in the industry. **TZE prioritizes technological innovation, securing a leading position in G12 and N-type photovoltaic materials technology. Through continuous cost**

**reduction and efficiency optimization, the Company is actively strengthening its comparative competitiveness.** At the end of the Reporting Period, with comparative competitiveness created by technical innovation and lean manufacturing, the Company led the upgrade of large-sized, wafer, thinfilm process technologies for crystals and wafers. Metrics such as the consumption rate of silicone materials per crystalline unit, monthly crystal output per furnace, and wafer output quantities per kg are at the forefront of the industry and factor into the Company's ability to navigate industry chain fluctuations through sustainable technology and cost leadership. Leveraging its technological expertise in N-type material products, and its flexible manufacturing capabilities, aligned with the demands for the "multi-product, multi-customer, multi-process" in the N-type era, the Company is accelerating its transition to N-type materials and shingled modules. With the world's No. 1 external sales market share in N-type silicon wafer and a cost lower than the second-best cost in the industry at around RMB0.03/W, the Company is establishing a differentiated competitive edge in the industry chain for next-gen technologies.

With the pursuit of autonomous and controllable energy by countries worldwide, coupled with the increasing localization of photovoltaic manufacturing and the reduction of international trade, there is a resulting degree of uncertainty in business operations. However, also present are novel strategic opportunities for enterprises with the capacity to expand into overseas markets. **TZE strengthened its Industry 4.0 intelligent manufacturing capabilities, continued to impel its global presence, developing industrial projects in key countries or regions around the world.** Reliant upon its long-term investment and accumulation in intelligent manufacturing, the Company has secured industry-leading levels of automation and labor productivity, resulting in a competitive advantage in localized manufacturing on a global scale. During the Reporting Period, the Company actively evaluated and pursued industrial expansion projects in key global markets, including the United States, Europe, and the Middle East. This included ongoing project planning, communication and negotiation with potential partners, and research into project implementation. The Company also prudently recognized an impairment loss on its investment in Maxeon, a company significantly impacted by a confluence of factors in its core markets, including a rapid decline in photovoltaic product prices, adjustments to U.S. photovoltaic subsidy policies, and a high interest rate. The Company is actively driving operational excellence initiatives at Maxeon, with an aim to fully capitalize on Maxeon's unique competitive advantages in its core markets and its proven

technological innovation capabilities. By fostering a collaborative ecosystem between global production and distribution channels, the Company seeks to strengthen its competitive edge in the global marketplace.

Looking ahead into 2024, we anticipate further optimization of the industry structure, along with sustained growth in user-end market demand for display area, which suggests a favorable industry outlook, leading to enhanced operating performance within the Company's display business. While the photovoltaic industry remains at the bottom of the cycle, the Company's new energy photovoltaic business is taking a proactive stance. By strengthening its operational resilience, the Company aims to navigate through the industry cycles with a competitive edge. By upholding the spirit of "Venturing Midstream and Striving to Win", the Company will firmly grasp the opportunities brought by transformations in the technology manufacturing industry and the global energy structure, and continue to implement the business strategies of "improving operational quality and efficiency, enhancing strengths to shore up weaknesses, innovation-driven development as well as accelerating global expansion" in order to achieve sustainable, high-quality development and take on a leading role in the global market.

TCL Technology Group Corporation

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