



Twinhead International Corp. Investor Conference

Date : November 21, 2019

Disclaimer

The information presented and referred herein are based upon the information obtained internally and externally from our company. In light of the forward-looking operational results, financial condition and business results, they might be different from those information expressly or impliedly presented herein due to various factors, including but not limited to market risks, supply chains, market demand and our upcoming high-quality products.

We undertake no obligation to publicly update or revise any statements regarding those information presented and referred herein in the event of any further changes or updates to the information presented herein.

Agenda

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Company Overview

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Q&A

1 Company Overview



Basic Information(1)



Established

1984



IPO

1997



Paid-in Capital

NTD1,989 million



Chairman

Yu-Jen Kao



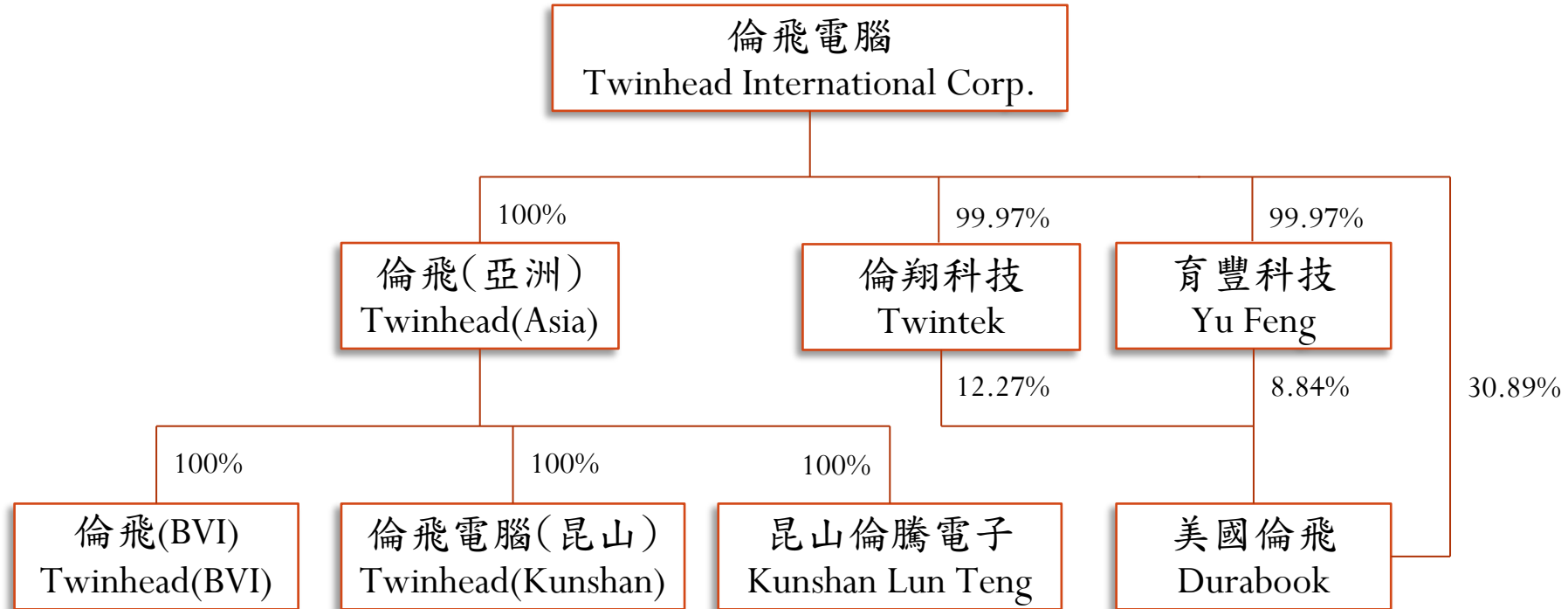
GM

Su-Fu Kao

Basic Information(2)

| | | |
|---|-------------------------------|----------------------|
| ★ | HQ | Taiwan(Neihu,Taipei) |
| ★ | Manufacturing Location | Taiwan(Kaoshiang) |
| ★ | Employee | 186 |
| ★ | Main Product | Rugged NB & Tablet |

Group Organization Chart



2 Business Profile



Core Business Introduction

★ Core Business

- Design/Manufacturing/Sales of Rugged Mobile Devices

★ Business Model

- Brand Durabook 60%
- ODM/Others 40%

★ Major Application Market

- Defense Public Safety(Police Fire Fighter Ambulance)
- Industries in Hazardous/Explosive Environment (Utility Oil/Gas Food Processing)

★ Sales Model

- Projects, Run-rate

★ Channel Structure

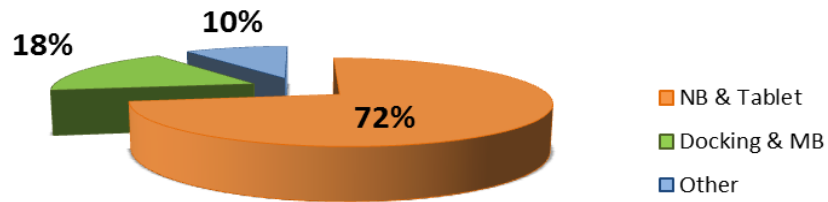
- System Integrator
- Distributor/Re-seller

Durabook Key Initiatives

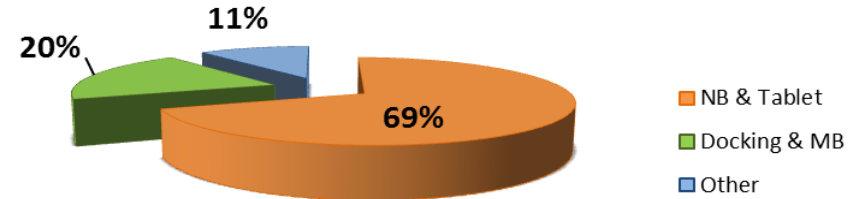
- ★ Expedite localization in major markets(Sales, Marketing, Services)
- ★ Enhance/re-new core product offering
- ★ Increase Brand Awareness
- ★ Optimize product SKU offering /fulfillment efficiency

Revenue Ratio by Product

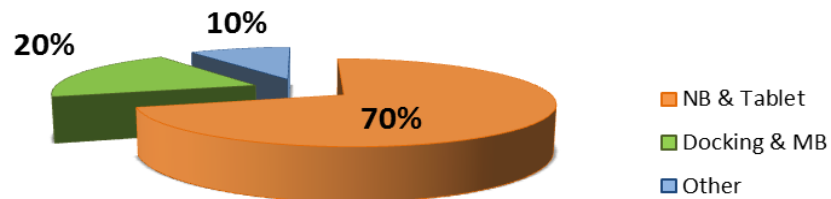
Y2019Q1-3



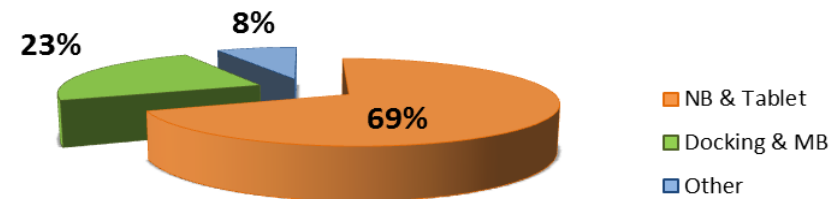
Y2018



Y2017

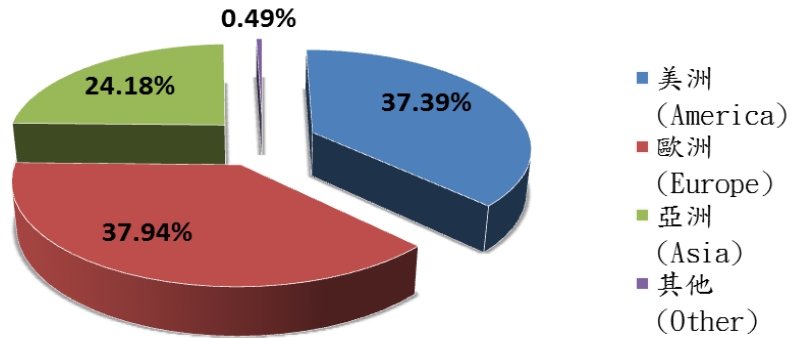


Y2016

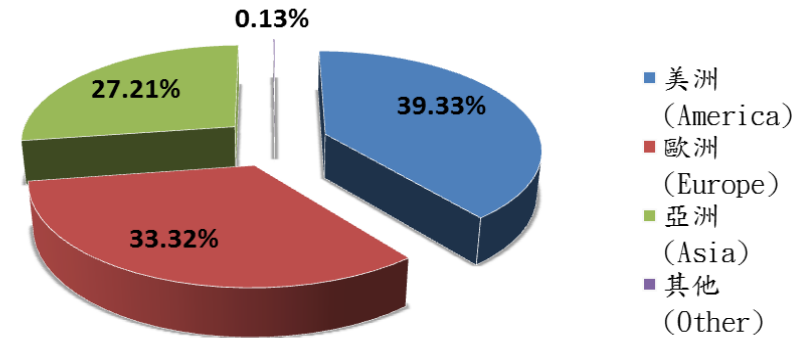


Revenue Ratio by Region

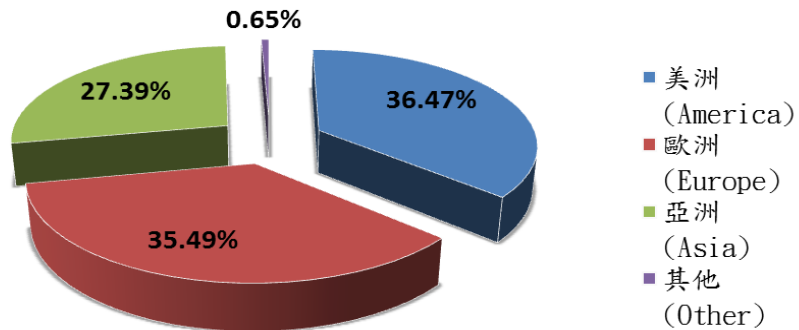
Y2019Q1-3



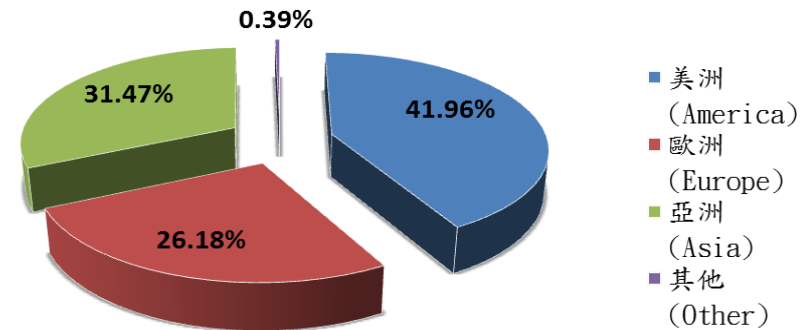
Y2018



Y2017



Y2016

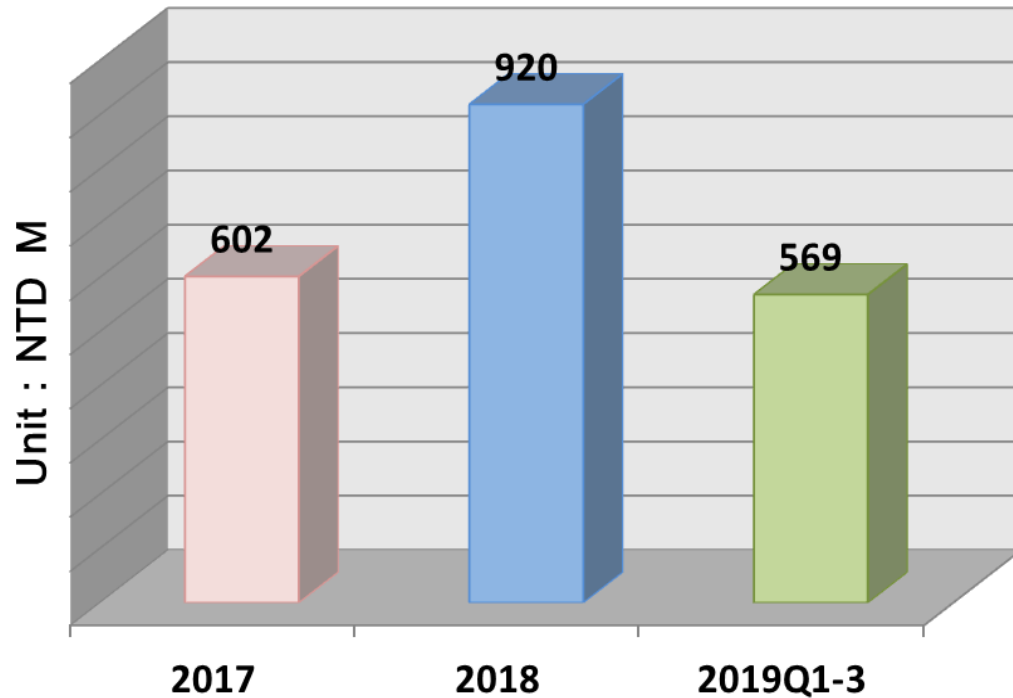


3 Financial Report

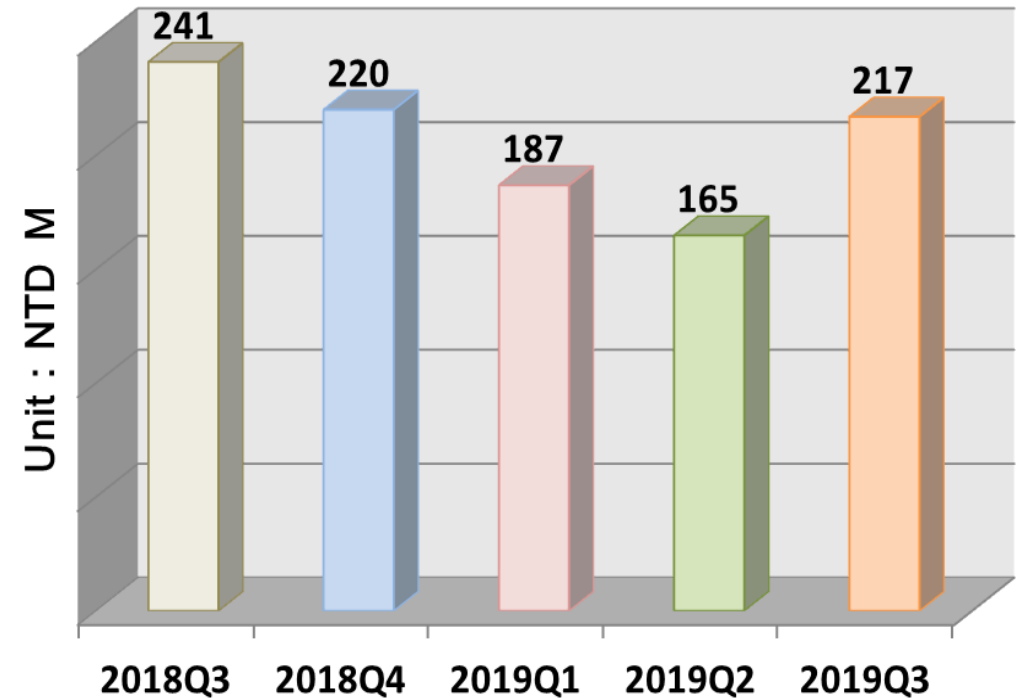


Consolidated Revenue

Consolidated Revenue-by Year



Consolidated Revenue-by Quarter



Consolidated Statements of Comprehensive Income(1)

Unit : NTD K

| | 2018 | 2019 | | QoQ | YoY |
|---|---------|----------|----------|--------|---------|
| | Q3 | Q2 | Q3 | % | % |
| Operating revenue | 241,312 | 164,815 | 216,959 | 31.6% | -10.1% |
| Gross profit | 62,448 | 41,670 | 59,163 | 42.0% | -5.3% |
| GP ratio(%) | 25.88 | 25.28 | 27.27 | | |
| Operating expenses | 70,791 | 72,049 | 78,765 | 9.3% | 11.3% |
| Expenses ratio(%) | 29.34 | 43.72 | 36.30 | | |
| Operating loss | (8,343) | (30,379) | (19,602) | 35.5% | -135.0% |
| Non-operating income and expenses | (1,085) | 1,228 | (5,157) | 520.0% | -375.3% |
| Net loss before tax | (9,428) | (29,151) | (24,759) | 15.1% | -162.6% |
| Net loss | (9,446) | (29,115) | (24,759) | 15.0% | -162.1% |
| Other comprehensive income(loss), net | 3,893 | (5,219) | 9,694 | 285.7% | 149.0% |
| Total comprehensive income(loss) | (5,553) | (34,334) | (15,065) | 56.1% | -171.3% |
| Net loss attributable to: | | | | | |
| Owners of parent | (5,856) | (21,163) | (19,084) | 9.8% | -225.9% |
| Non-controlling interests | (3,590) | (7,952) | (5,675) | 28.6% | -58.1% |
| Comprehensive income(loss) attributable to: | | | | | |
| Owners of parent | (1,982) | (26,365) | (9,429) | 64.2% | -375.7% |
| Non-controlling interests | (3,571) | (7,969) | (5,636) | 29.3% | -57.8% |
| EPS(NTD) | (0.03) | (0.11) | (0.10) | 9.1% | -233.3% |

Consolidated Statements of Comprehensive Income(2)

| | Unit : NTD K | | | |
|---|--------------|----------|-----------|----------|
| | 2018 | 2019 | YoY | |
| | Q1-3 | Q1-3 | Amount | % |
| Operating revenue | 699,494 | 568,610 | (130,884) | -18.71% |
| Gross profit | 178,237 | 151,760 | (26,477) | -14.85% |
| GP ratio(%) | 25.48 | 26.69 | | |
| Operating expenses | 204,865 | 230,920 | 26,055 | 12.72% |
| Expenses ratio(%) | 29.29 | 40.61 | | |
| Operating loss | (26,628) | (79,160) | (52,532) | -197.28% |
| Non-operating income and expenses | (48,476) | 7,241 | 55,717 | 114.94% |
| Net loss before tax | (75,104) | (71,919) | 3,185 | 4.24% |
| Net loss | (75,037) | (71,883) | 3,154 | 4.20% |
| Other comprehensive income(loss), net | 2,276 | 6,025 | 3,749 | 164.72% |
| Total comprehensive income(loss) | (72,761) | (65,858) | 6,903 | 9.49% |
| Net loss attributable to: | | | | |
| Owners of parent | (66,972) | (53,834) | 13,138 | 19.62% |
| Non-controlling interests | (8,065) | (18,049) | (9,984) | -123.79% |
| Comprehensive income(loss) attributable to: | | | | |
| Owners of parent | (65,343) | (47,838) | 17,505 | 26.79% |
| Non-controlling interests | (7,418) | (18,020) | (10,602) | -142.92% |
| EPS(NTD) | (0.34) | (0.27) | 0.07 | 20.59% |

Consolidated Balance Sheets

| | 2018 | | | 2019 | 2018 | | | 2019 | Unit : NTD K |
|---|------------------|------------------|------------------|------|-------|------|--|------|--------------|
| | 2018 | | 2019 | 2018 | | 2019 | | | |
| | 9/30 | 12/31 | 9/30 | 9/30 | 12/31 | 9/30 | | | |
| Assets | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash and cash equivalents | 151,774 | 154,279 | 147,949 | | | | | | |
| Accounts receivable, net | 135,377 | 111,758 | 96,022 | | | | | | |
| Other receivables | 15 | - | 15 | | | | | | |
| Inventories | 250,327 | 227,337 | 240,377 | | | | | | |
| Non-current assets held for sale, net | 5,739 | - | - | | | | | | |
| Other current assets | 19,131 | 14,350 | 16,705 | | | | | | |
| Total current assets | 562,363 | 507,724 | 501,068 | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Non-current assets | | | | | | | | | |
| Non-current financial assets at fair value through other comprehensive income | 29,209 | 27,185 | 24,601 | | | | | | |
| Property, plant and equipment | 296,030 | 298,540 | 297,229 | | | | | | |
| Right-of-use assets | - | - | 88,132 | | | | | | |
| Investment property, net | 204,934 | 204,737 | 201,559 | | | | | | |
| Deferred tax assets | 44,092 | 44,162 | 44,279 | | | | | | |
| Refundable deposits | 7,015 | 7,024 | 7,620 | | | | | | |
| Other non-current assets | 37,208 | 40,010 | 37,438 | | | | | | |
| Total non-current assets | 618,488 | 621,658 | 700,858 | | | | | | |
| Total assets | 1,180,851 | 1,129,382 | 1,201,926 | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Short-term borrowings | 590,000 | 590,000 | 610,000 | | | | | | |
| Notes payable | 209 | 592 | 379 | | | | | | |
| Accounts payable | 155,671 | 107,829 | 128,144 | | | | | | |
| Other payables | 40,759 | 48,098 | 50,278 | | | | | | |
| Provisions-current | 7,576 | 7,425 | 5,878 | | | | | | |
| Current lease liabilities | - | - | 17,561 | | | | | | |
| Other current liabilities | 31,032 | 30,814 | 52,070 | | | | | | |
| Total current liabilities | 825,247 | 784,758 | 864,310 | | | | | | |
| Non-current liabilities | | | | | | | | | |
| Non-current lease liabilities | - | - | 60,549 | | | | | | |
| Guarantee deposits received | 6,795 | 6,826 | 6,823 | | | | | | |
| Other non-current liabilities | 4,003 | 7,218 | 5,522 | | | | | | |
| Total non-current liabilities | 10,798 | 14,044 | 72,894 | | | | | | |
| Total liabilities | 836,045 | 798,802 | 937,204 | | | | | | |
| Equity | | | | | | | | | |
| Share capital | 1,989,398 | 1,989,398 | 1,989,398 | | | | | | |
| Accumulated deficits | (1,474,588) | (1,476,960) | (1,530,794) | | | | | | |
| Other equities | 22,834 | 18,509 | 24,505 | | | | | | |
| Treasury shares | (202,059) | (202,059) | (202,059) | | | | | | |
| Non-controlling interests | 9,221 | 1,692 | (16,328) | | | | | | |
| Total equity | 344,806 | 330,580 | 264,722 | | | | | | |
| Total liabilities and equity | 1,180,851 | 1,129,382 | 1,201,926 | | | | | | |

4 Q&A



Prepared
for
the Unexpected

Thank You!

DURANBOOK