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2024 3rd Quarter Earnings Conference

November 15th, 2024

Safe Harbor Statement

This Presentation contains certain forward looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

Except as required by law, we undertake no obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Reporting Outline

1. 2024 Q3 Financial Results
2. 2024 Q3 Operating Performance
3. Operating Outlook

Financial Highlights 3Q24

	3Q 2024	2Q 2024	QoQ	3Q 2023	YoY
Net Sales (TWD Million)	13,457	14,526	-7.4%	15,065	-10.7%
Gross Margin	26.0%	25.2%	80bps	24.6%	140bps
Operating Margin	12.1%	11.1%	100bps	11.1%	100bps
EPS (TWD)	0.84	0.78	7.7%	0.47	78.7%

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2024 Q3 Operating Performance

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- 3Q 2024 net sales declined 10.7% YoY, mainly due to the decrease in revenue from "Green Mechatronic Solution" in North America and China market, as well as the decrease in revenue from offshore wind farm projects of "Intelligence Energy"; declined 7.4% QoQ, mainly due to the decrease in revenue from "Green Mechatronic Solution" in North America market, as well as the decrease in revenue from offshore wind farm projects of "Intelligence Energy".
- The gross margin increased 1.4% YoY, increased 0.8% QoQ, mainly due to the increase in the revenue share of "Green Mechatronic Solution" and "Air and Intelligent Life".
- Operating margin increased 1.0% YoY, increased 1.0% QoQ, mainly due to the increase in gross margin.
- EPS reached at TWD 0.84 in Q3, increased TWD 0.06 QoQ, mainly due to the the increase in dividend income; increased TWD 0.37 YoY, mainly due to some dividends were postponed to Q3 this year.

Financial Highlights 9M24

	9M2024	9M2023	YoY
Net Sales (TWD Million)	41,713	45,029	-7.4%
Gross Margin	25.7%	24.9%	80bps
Operating Margin	11.7%	11.5%	20bps
EPS (TWD)	2.17	2.25	-3.6%

• 2024 Q3 Financials

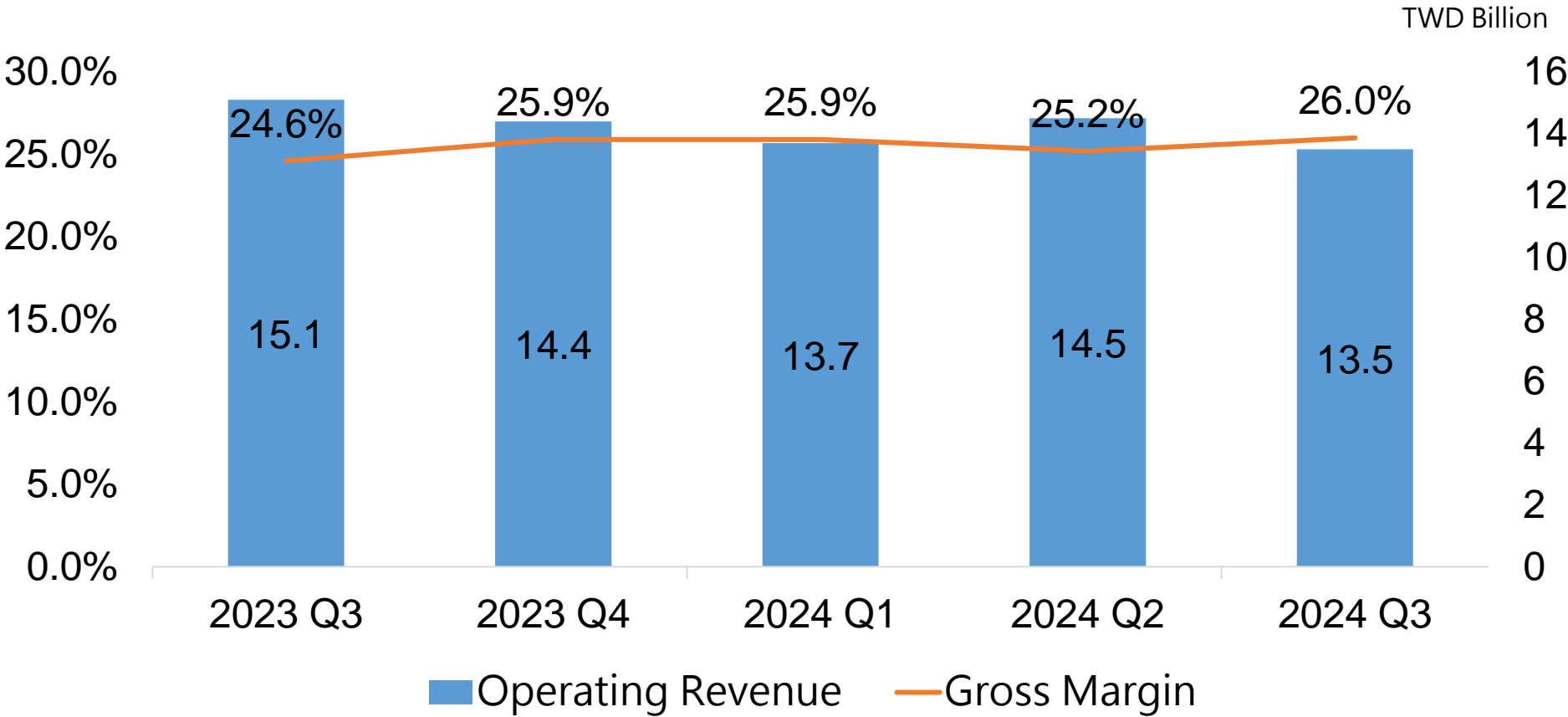
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- 9M 2024 net sales declined 7.4% YoY, mainly due to the decline in demand in North America and China market in "Green Mechatronic Solution", and "Intelligence Energy" recognizing more energy storage project revenue in the same period last year.
- The gross margin increased 0.8% YoY, mainly due to the increase in the revenue share of "Green Mechatronic Solution" and "Air and Intelligent Life".
- Operating margin increased 0.2% YoY.
- EPS reached at TWD 2.17 in 9M2024, declined TWD 0.08 or 3.6% YoY, mainly due to the decrease in operating profit.

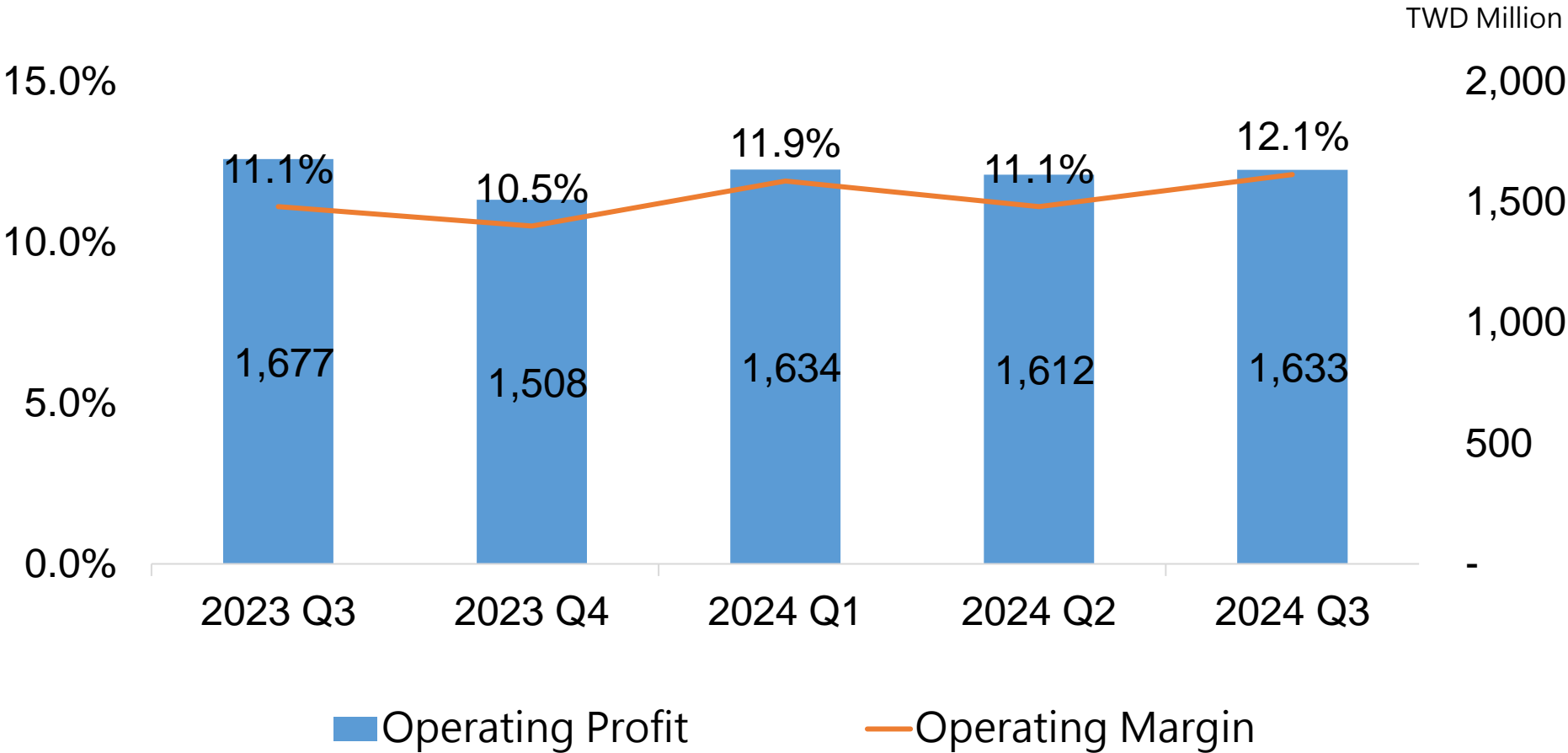
Operating Revenue vs. Gross Margin



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The gross margin increased 1.4% YoY, increased 0.8% QoQ, mainly due to the increase in the revenue share of "Green Mechatronic Solution" and "Air and Intelligent Life".

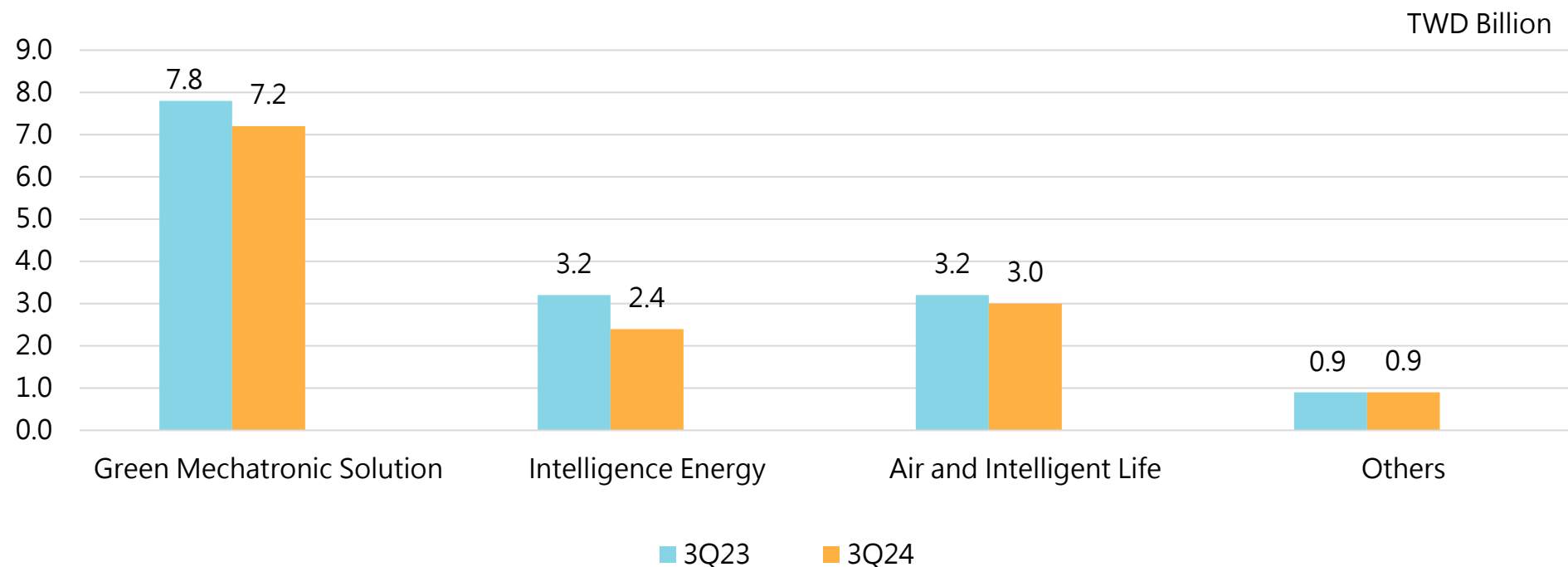
Operating Profit vs. Operating Margin



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Operating margin increased 1.0% YoY, increased 1.0% QoQ, mainly due to the increase in gross margin.

Performance of Business Groups



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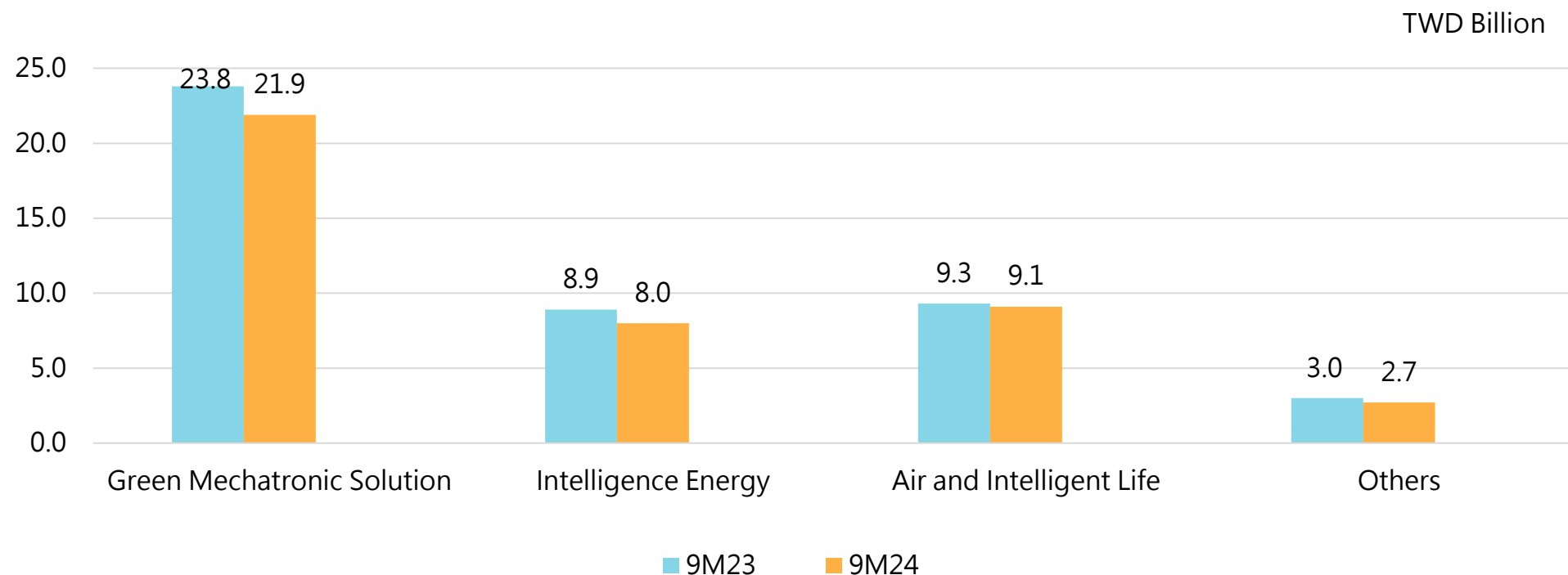
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- ✓ “Green Mechatronic Solution” revenue decreased by 7.9% YoY, mainly due to the decline in demand in North America and China market.
- ✓ The revenue of “Intelligence Energy” decreased by 26.5% YoY, mainly due to the decrease in offshore wind farm project revenue.
- ✓ “Air and Intelligent Life” revenue decreased by 4.0% YoY, mainly due to the slight decline in revenue from logistics and information services.

Performance of Business Groups



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- ✓ “Green Mechatronic Solution” revenue decreased by 8.1% YoY, mainly due to the decline in demand in North America and China market.
- ✓ The revenue of “Intelligence Energy” decreased by 10.7% YoY, mainly due to the more recognition of energy storage project revenue in the same period last year.
- ✓ “Air and Intelligent Life” revenue decreased by 2.7% YoY, mainly due to the slight decline in revenue from home appliance sales and information services.

Sales Trend of Business Groups

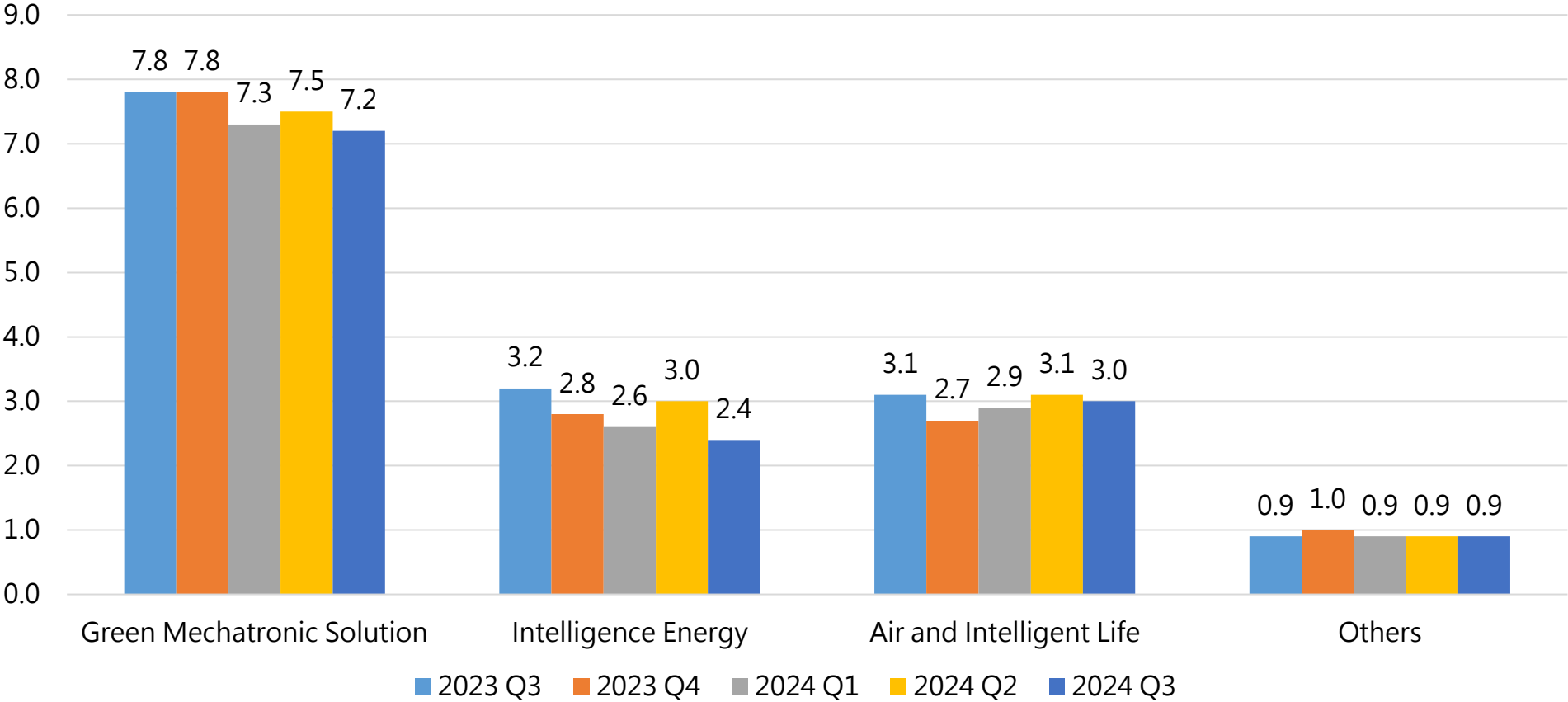
TWD Billion

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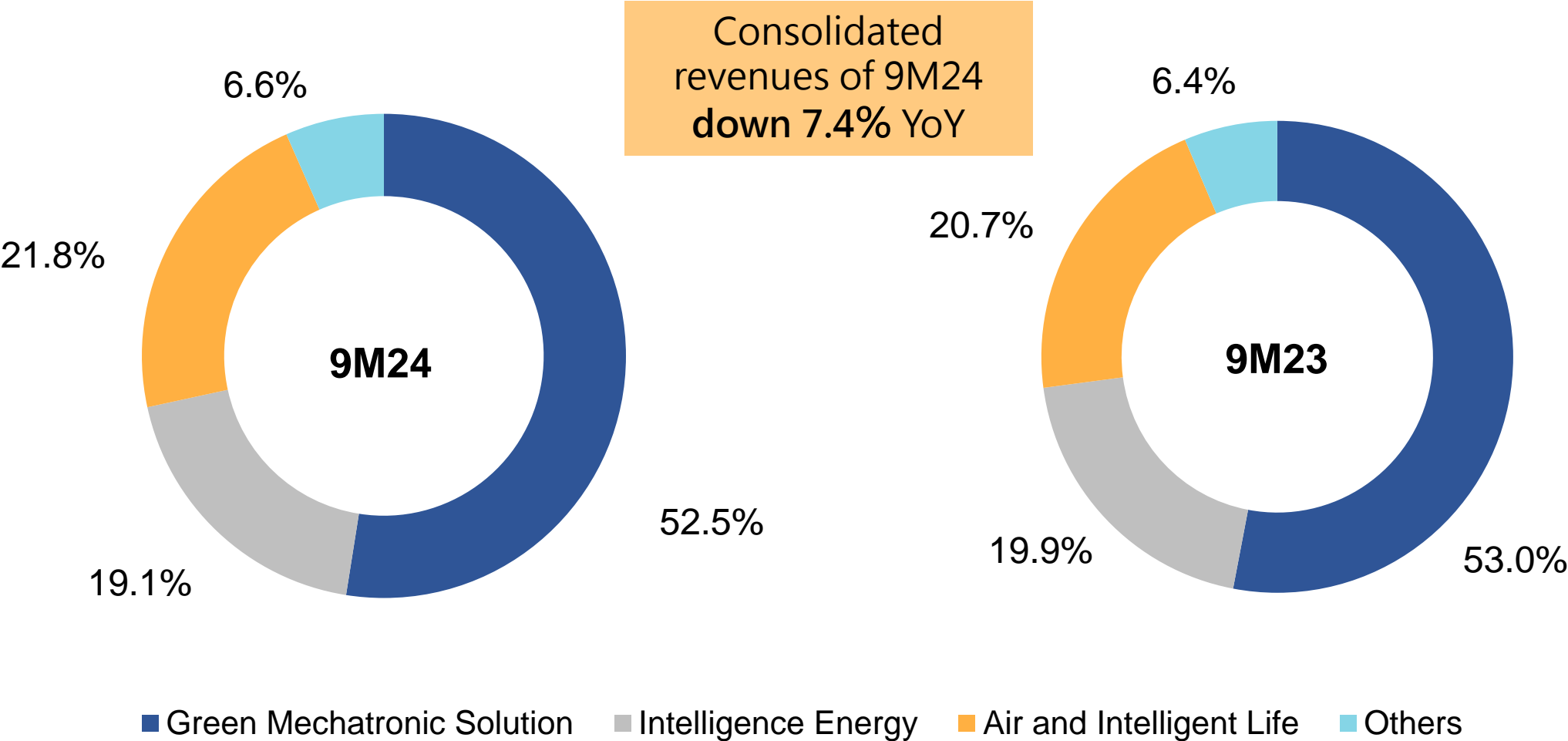
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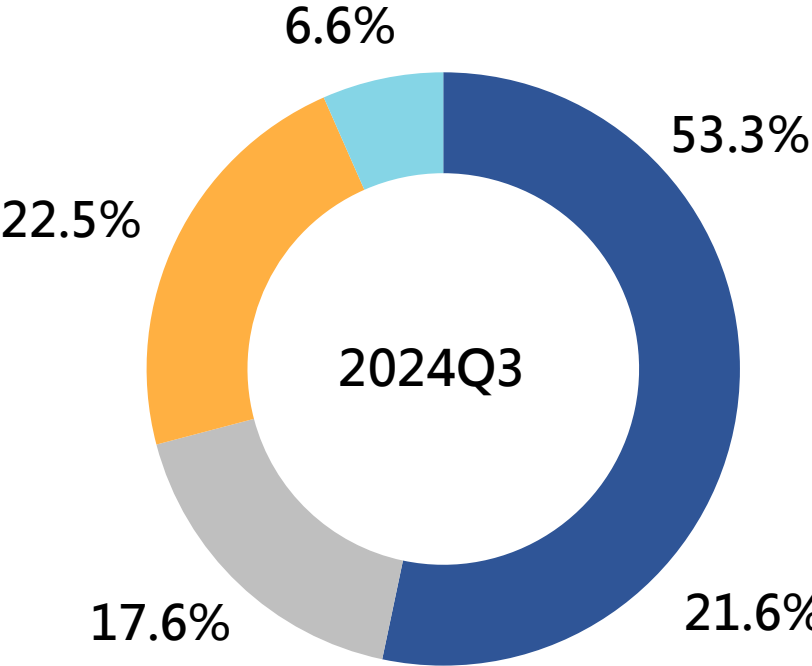


9M24 Revenue Breakdown by Business Group

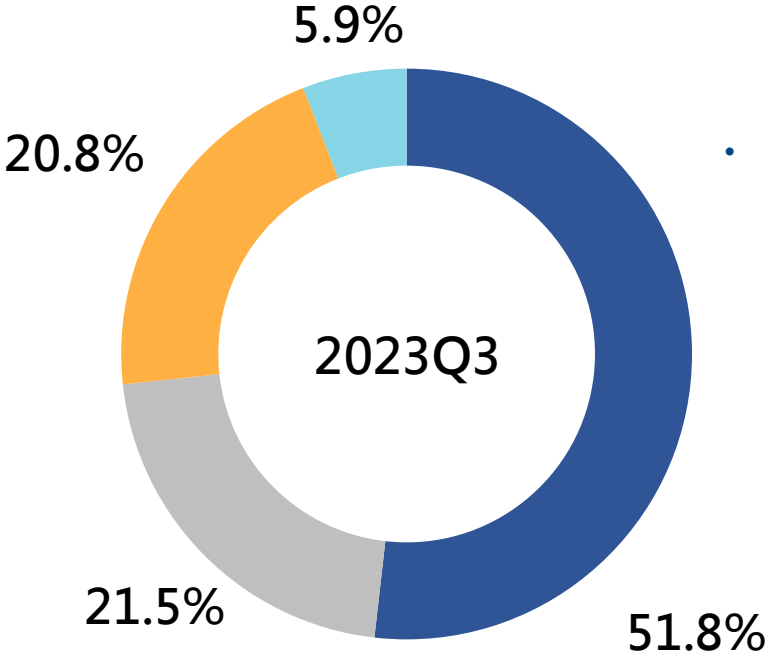
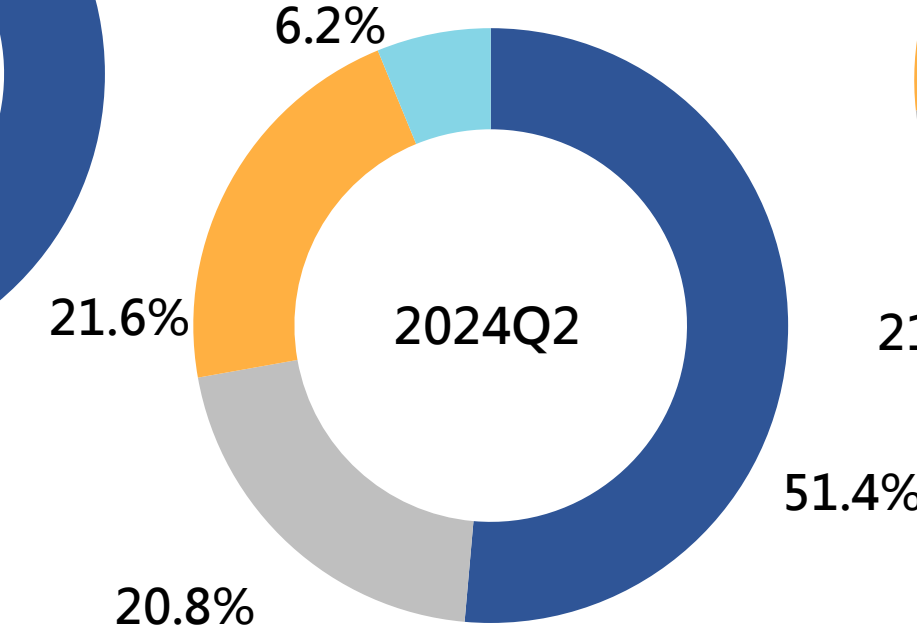


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3Q24 Revenue Breakdown by Business Group



Consolidated revenues of 2024Q3 down 7.4% QoQ down 10.7% YoY



Green Mechatronic Solution Intelligence Energy
Air and Intelligent Life Others

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Implementation progress of 4 Major Strategic Development Focuses

Green Energy

- Obtained nearly USD 4 million order for North American hydrogen production plants equipment in Q4
- Strive for the 2025 Taipower STATCOM bid
- Apply for electricity retailing licenses

Energy saving and carbon reduction

- 10/24 Jointly signed a strategic cooperation framework agreement with Zhen Ding. The initial phase will focus on comprehensive collaboration in the "Intelligent Energy Management" project to jointly promote low-carbon energy conservation and green transformation of the PCB industry.
- Both parties are targeting an annual carbon reduction of over 5,000 tons and will continue to optimize and upgrade.

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Electrification

9/24 Acquired approximately 57.2% of Shenchang's (a transformer manufacturer) share and became the majority shareholder. By TECO's global expansion strategy, the new proposed partnership will swiftly penetrate into the North American and Taiwanese markets, and expanding its product portfolio to 69kV to 161kV power transformer. The acquisition is expected to contribute to TECO Group's revenue starting in Q4 2024.

Development of key regions

- Completed the construction of charging pile production line at the Texas plant in the United States in Q3
- Expanded IDC engineering team in Southeast Asia in Q4



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Overview of the Three Major Markets

US

Recent Economic Situation

- The ISM manufacturing index in September was 47.2 (previously 47.2), shrinking for six consecutive months. New orders in the PMI index details were 46.1 (previously 44.6) and production 49.8 (previously 44.8), showing a slight improvement on the customer demand side.
- The price of 48.3 (top 54) dropped significantly, reaching a new low this year, indicating that inflationary pressure is gradually slowing down.
- Due to the great uncertainty surrounding the election, customer orders were delayed.

Impact on TECO

- The price index dropped significantly, with the CPI falling to 2.41. Inflation continued to slow, and the FED was able to continue cutting interest rates.
- With the prospect of lower interest rates and post-election uncertainty easing, demand is expected to grow again.

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Taiwan

- The business climate signal score in September decreased by 5 points from the previous month. Among them, the customs export value, wholesale, retail and catering industry turnover turned to green light, and the manufacturing business climate test point turned to yellow and blue light.

- The manufacturing purchasing managers index in September was 49, which was below the boom-bust line for the first time since March. Although the detailed mechanical equipment PMI 49.4 (top 48) has improved, it is still below the boom-bust line. Short-term motor demand should continue to be monitored.

China

- In September, the official PMI 49.8 (previously 49.1) rebounded slightly, but it was still below the boom-bust line for five consecutive months; in detail, production 51.2 (previously 49.8) returned to above the boom-bust line, mainly affected by changes in raw materials raw material prices 45.1 (previously 43.2) and ex-factory prices 44 (previously 42).

- The annual growth rate of China's Consumer Price Index (CPI) has remained below 0.5% since March this year, indicating that people's consumption power has not yet improved significantly.
- The People's Bank of China cut the reserve requirement ratio again in September, hoping to stimulate demand and boost the economy.

Estimated Revenue

Green Mechatronic Solution	YoY <->	QoQ ↑
Intelligence Energy	YoY ↓	QoQ ↑
Air and Intelligent Life	YoY ↑	QoQ ↓

Company-Wide Gross Margin	YoY ↑	QoQ <->
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Q&A

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Statements of Comprehensive Income | 3Q24

(TWD Million)	2024Q3	2024Q2	QoQ	2023Q3	YoY
Operating Revenue	13,457	14,526	-7.36%	15,065	-10.67%
Net Gross Profit *	3,494	3,667	-4.72%	3,711	-5.85%
Operating Profit	1,633	1,612	1.30%	1,677	-2.62%
Non operating Income	748	688	8.72%	-68	-1200.00%
Income Before Tax	2,381	2,300	3.52%	1,609	47.98%
Income Tax	-478	-539	-11.32%	-500	-4.40%
Net Income**	1,903	1,761	8.06%	1,109	71.60%
EPS (TWD)	0.84	0.78	7.69%	0.47	78.72%

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* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

- Revenue in 2024Q3 was TWD 13.5 billion, decreased by approximately 10.67% YoY, mainly due to the decrease in revenue from “Green Mechatronic Solution” in North America and China market, as well as the decrease in revenue from offshore wind farm projects of "Intelligence Energy".
- Non-operating income in 2024Q3 was TWD748 million, an increase of TWD816 million compared to the loss of TWD68 million in the same period of 2023, mainly due to an increase of TWD513 million in recognized dividend income in the current period.

Statements of Comprehensive Income | 9M24

- Revenue in the first nine months of 2024 decreased by 7.36% YoY and gross profit decreased by 4.48% YoY, mainly due to the decrease in Green Mechatronic Solution's revenue in North America and China, resulting in a decrease in high gross profit revenue.
- The net non-operating income in the first nine months of 2024 increased by 10.78% YoY, mainly due to higher interests in the disposal of real estate, plant and equipment compared with the same period last year.

(TWD Million)	9M24	9M23	YoY
Operating Revenue	41,713	45,029	-7.36%
Net Gross Profit*	10,718	11,221	-4.48%
Operating Profit	4,879	5,155	-5.35%
Non operating Income	1,572	1,419	10.78%
Income Before Tax	6,451	6,574	-1.87%
Income Tax	-1,499	(1,468)	2.18%
Net Income**	4,952	4,738	-3.04%
EPS (TWD)	2.17	2.25	-3.56%

* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

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Balance Sheets | September 2024

- Cash and Cash Equivalents increased by TWD 0.9 bn compared to Year end of 2023, mainly due to the recovery of receivables and the receipt of cash dividends.
- Equities decreased by TWD 0.1 bn compared to Year end of 2023, mainly due to the announcement of cash dividends and the recognition of net profit and the unrealized losses from financial assets measured at fair value through other comprehensive income.

(TWD Thousand)	Sep. 30, 2024		Dec. 31, 2023		Sep. 30, 2023	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	24,589,363	19%	23,640,536	19%	22,931,495	18%
Receivables	10,397,474	8%	11,976,212	9%	11,884,730	9%
Inventories	12,275,817	10%	11,631,793	9%	12,443,736	10%
Total Assets	126,857,317	100%	127,313,790	100%	126,703,507	100%
Payables	9,364,426	7%	9,250,143	7%	15,744,969	12%
Short term Borrowings	2,268,583	2%	1,357,111	1%	1,594,834	1%
Long term Borrowings	10,241,821	8%	3,549,846	3%	5,920,219	5%
Corporate Bond Payables	0	0%	5,000,000	4%	5,000,000	4%
Total Liabilities	41,761,646	33%	40,871,010	32%	41,482,160	33%
Equities	85,095,671	67%	86,442,780	68%	85,221,347	67%
Key Indices						
AR Turnover (times)	5.02		5.08		5.21	
Inventory Turnover (times)	3.26		3.43		3.37	
Current Ratio	1.92		2.32		2.45	
Quick Ratio	1.28		1.61		1.64	
Net Debt to Equity	-14.19%		-15.89%		-12.03%	

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