

March 23rd, 2022

Dear Shareholders, good day!

In 2021, despite stern challenges, TECO Group staged a record performance with revenue and net profits growing 14.7% and 42.8%, respectively, to NT\$52.6 billion and 5.01 billion and EPS reaching NT\$2.38. After weathering transitional difficulties for reorganization, the three business groups attained business breakthroughs, thanks to the concerted effort of all the employees.

Green Mechatronic Solution: The sector generated NT\$26.9 billion revenue in 2021, up 13.5%, thanks mainly to demands from mainland China and Europe, offsetting sluggish demands in North America. The company's North American subsidiary TECO-Westinghouse, however, is expected to benefit from the U.S. plan to invest US\$1.2 trillion in infrastructure, including highways, bridges, railway, power, and new energy, over a 10-year period. Backed by the advantage of global deployment, the company's Green Mechatronic Solution business is expected to retain steady growth in 2022, despite expected slowdown in the Chinese market, which can be offset by demand growth from other markets.

Air and Intelligent Life: The sector generated NT\$14 billion revenue in 2021, up 13.3%, with main businesses, on top of steady sales growth of Taiwan Pelican Express and Information Technology Total Services (ITTS), including shipment of 40,000 air conditioners to elementary and high schools in Taiwan, the largest contributor, and 14% sales growth of DC inverter-duty commercial air conditioners, expected to still be a major growth driver for the sector in 2022. The business group is undergoing transformation to become a provider of energy-conservation solutions for various urban applications, including buildings, households, restaurants, and logistics, so as to cope with possible power outages amid unstable power supply in Taiwan.

Intelligence Energy: The sector generated NT\$7.1 billion revenue in 2021, up 19.4%, the highest growth among TECO's business groups, thanks mainly to businesses related to new-energy infrastructure and 5G cloud-end services. With an order backlog of over NT\$20 billion in value, Intelligence Energy business group aims to attain over 30% revenue growth in 2022, mainly via solicitation of IDC engineering business in Taiwan and Southeast Asia and renewable energy-related businesses, including energy-storage and -creation facilities and substations of offshore wind power.

Following attainment of the energy conservation goal of "20% emission reduction within 10 years " in 2020, five years ahead of schedule, TECO, as a leading air-conditioner and motor manufacturer in the world, has put forth another 50% carbon-emission reduction target by 2030. TECO will integrate its core energy-conservation technologies, not only for achieving the target but also for provision of energy-conservation solutions to heavy energy-consuming industrial clients, in such fields as electronics, petrochemical, steel, and papermaking. Moreover, the group will integrate energy-creation, -storage, and -conservation technologies in a platform based on EMS energy management system, for applications in PV power and wind power initially, before extension to industries and household, thereby forging a distributed regional grid management and Internet-connected power ecological circle and creating a new operating model.

The group is confident to retain stable growth in 2022, despite an external environment full of potential challenges, including inflationary pressure, interest-rate hike, disruption of global supply chain, and blockage of logistics, constituting a stress test, which the group will pass without problem, thanks to its robust finance, a result of its stable and conservative financial strategy. In 2021, the group's debt ratio stood at only 30%, with operating cash inflow exceeding NT\$4.1 billion. Backed by the solid finance, TECO has pledged to gradually raise cash dividend in the next three years. In 2022 shareholders' meeting, it will propose cash dividend payout of NT\$1.35 per share, 73.4% of its recurring EPS of NT\$1.84 .(Excluding the value of current financial assets at fair value through profit or loss from Fubon Media)

Lastly, I would like to take this opportunity to express my greatest gratitude to Mr. George Lien, who exited the post of presidency on March 16, after reaching mandatory retirement age, for his invaluable contribution since joining the company over 20 years ago. Lien will become the company's consultant, continuing to assist the company's development with his experience. I would also like to welcome his successor Thomas Fann, who will assume the presidency on April 7. With a doctorate degree in mechanical engineering from the University of Michigan, Fann will inject fresh blood to the company's effort in transformation, new business deployment, and ESG strategy, drawing on his experience as a ranking manager in the fields of automobile and ICT.

Lastly, I would like to express our gratitude for the long-term staunch support of our shareholders and give each and every shareholder my best wishes for your prosperity

and good health.

Sincerely yours,

Sophia Chiu
Chairman