

The background of the slide is a photograph of several blue industrial robotic arms in a factory environment. The image is darkened with a blue overlay to make the white text stand out. On the left side, there is a vertical bar with a gradient from grey to orange.

2023 3rd Quarter Earnings Conference

November 15th, 2023





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.

Financial Highlights 3Q23

• 2023 Q3 Financials

TWD Million	3Q 2023	2Q 2023	QoQ	3Q 2022	YoY
Net Sales	15,065	15,064	0.0%	14,816	1.7%
Gross Margin	24.6%	25.8%	-120bps	22.5%	+210bps
Operating Margin	11.1%	11.8%	-70bps	8.9%	+220bps
EPS (TWD)	0.47	1.01	-53.5%	0.51	-7.8%

The Three Business Groups Operating Performance

Recap of Recent Major Events

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- 3Q 2023 net sales increased by 1.7% YoY due to continuous growth of Green Mechatronic Solution in North America, as well as engineering projects of Intelligence Energy.
- The gross margin was 24.6%, higher than the same period last year level by 2.1%, mainly due to the increase in the proportion of high-voltage products, USD appreciation, and the decrease in raw material prices and freight charges, which increased the margin of low-voltage products. Operating margin was higher than 3Q 2022 level by 2.2% mainly due to an increase in gross margin.
- EPS reached at TWD 0.47 in Q3, decreased by TWD 0.54 versus the previous quarter, decreased by TWD 0.04 from the same period last year.

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Financial Highlights 9M23

• 2023 Q3 Financials

TWD Million	9M23	9M22	YoY
Net Sales	45,029	43,257	4.1%
Gross Margin	24.9%	22.5%	240bps
Operating Margin	11.5%	8.7%	280bps
EPS (TWD)	2.25	1.16	94.0%

Net sales in the first nine months of 2023 was TWD 45.03 billion, with 4.1% YoY growth, and EPS in the first nine months of 2023 reached at TWD 2.25, an increase of TWD 1.09 over the same period last year, mainly due to the increase of operating profit in this period and the loss in financial asset evaluation in the same period last year.

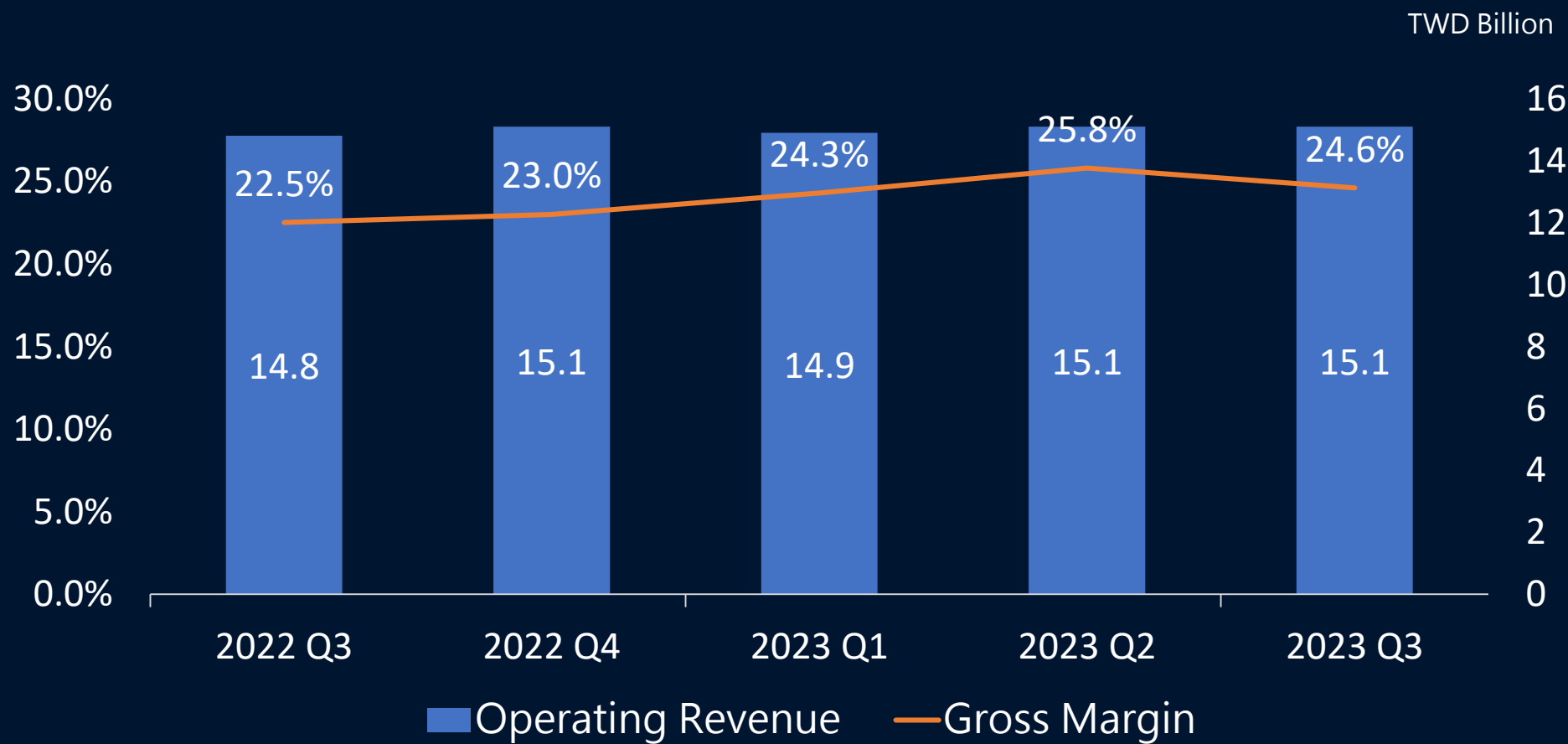
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Operating Revenue vs. Gross Margin

- 2023 Q3 Financials



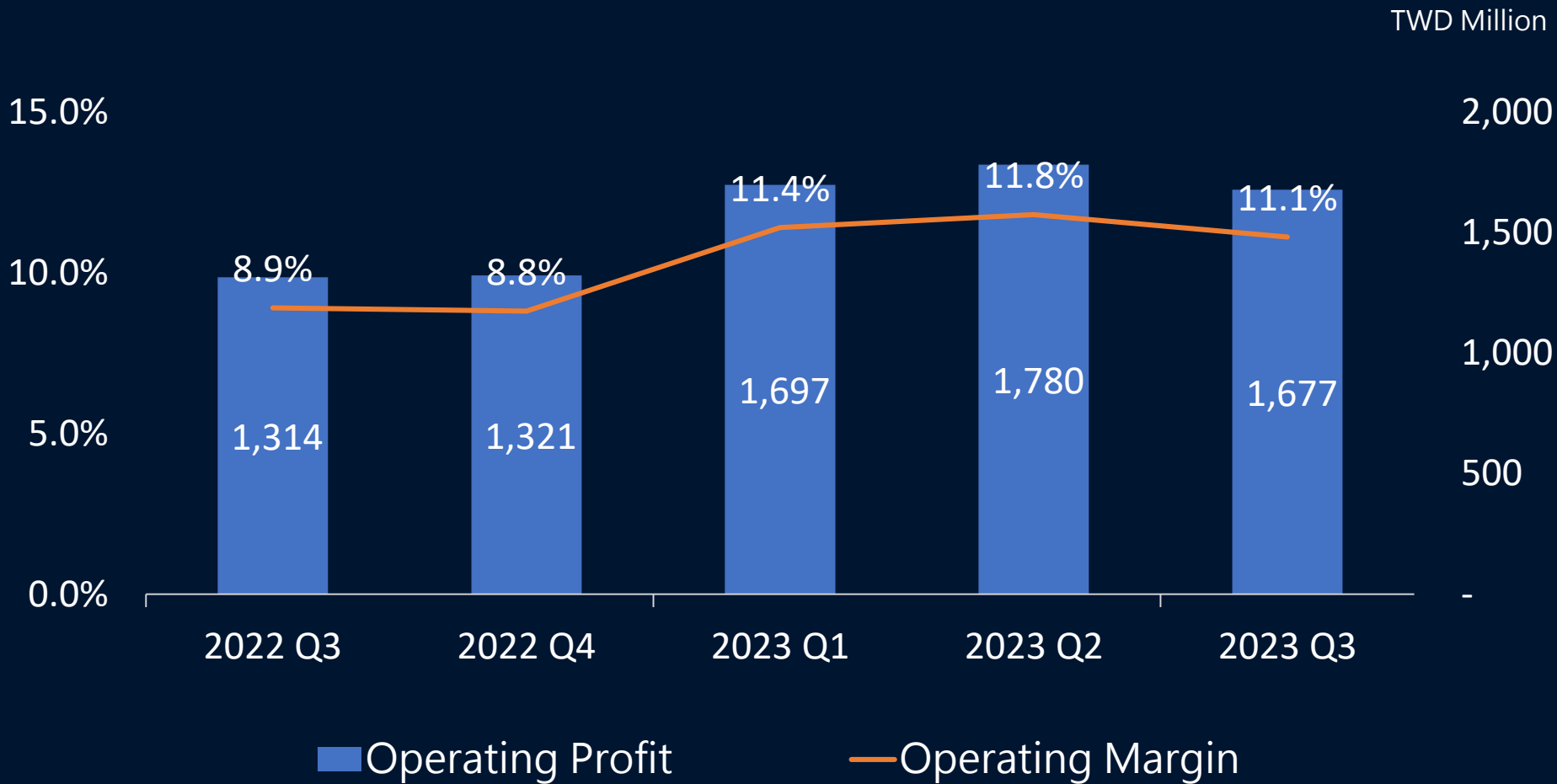
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Operating Profit vs. Operating Margin

- 2023 Q3 Financials

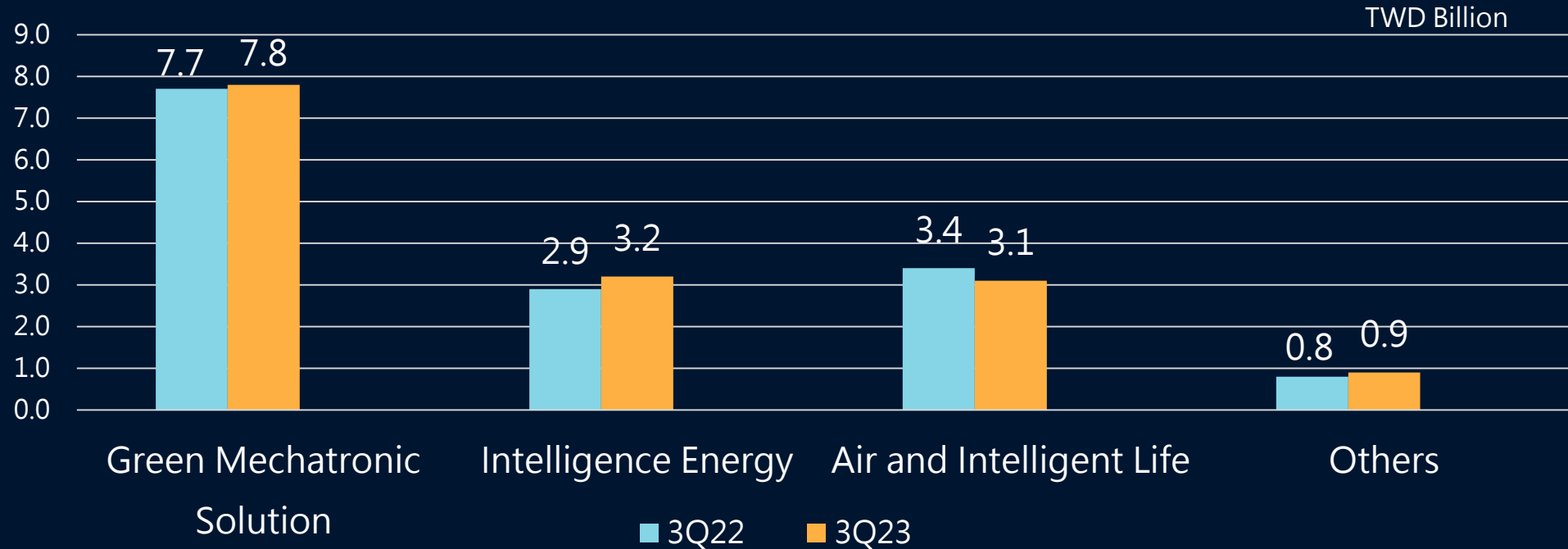


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Performance of Business Groups



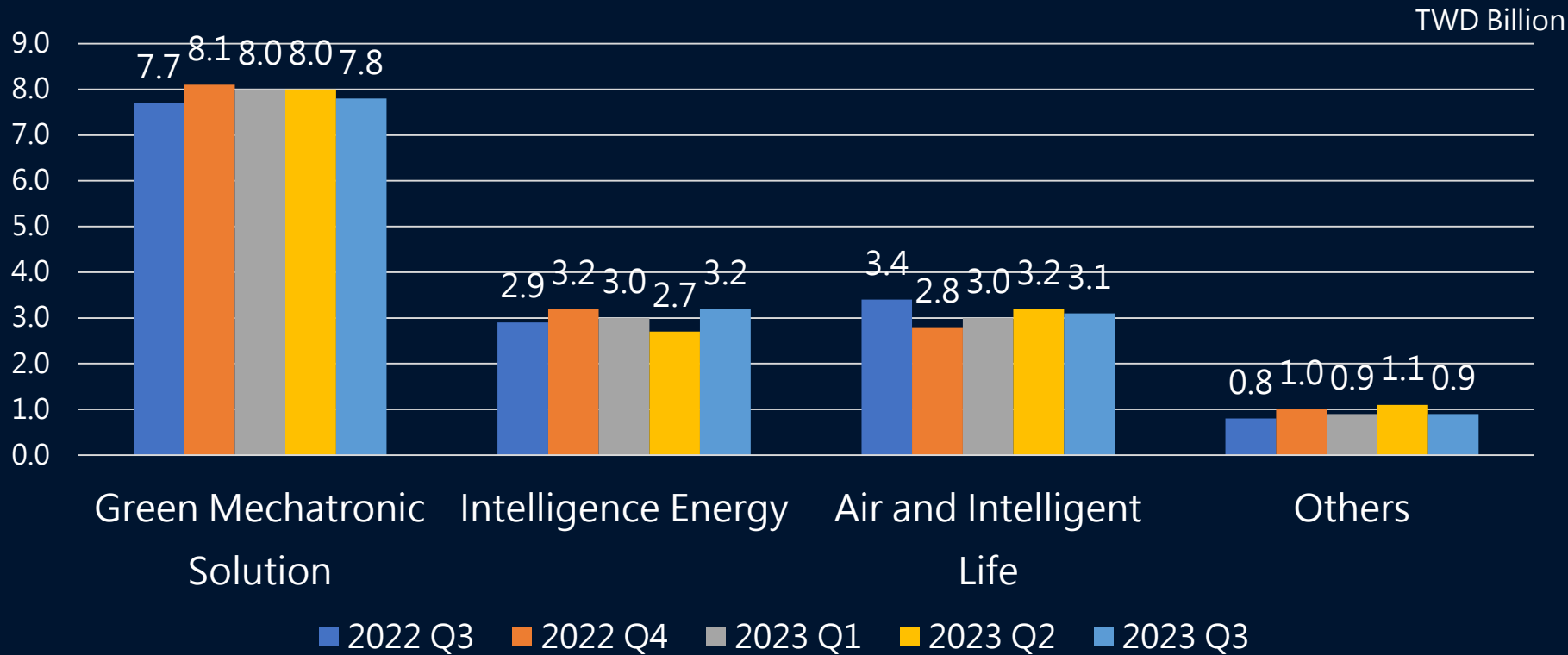
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- ✓ "Green Mechatronic Solution" revenue increased by 1.9% YoY, although the demand in Taiwan and China declined, the overall revenue maintained growth as revenue in North America continued to grow.
- ✓ The revenue growth of "Intelligence Energy" increased by 13.1% YoY, mainly due to the growth of engineering project revenue.
- ✓ "Air and Intelligent Life" revenue decreased by 7.4% YoY, mainly due to the decline in revenue from consumer products such as home appliances and communication products, as well as logistics services.

Sales Trend of Business Groups



• The Three Business Groups Operating Performance

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- ✓ **"Green Mechatronic Solution"** revenue showed a quarterly growth trend in 2022 mainly due to the contribution from North America. In 2023, the weak demand in Taiwan and China offset the growth in North America and slowed down the growth of the business group.
- ✓ The revenue growth of **"Intelligence Energy"** in 2022 is mainly due to the increase in the number of projects. The lower revenue in Q2 this year is mainly due to the difference in timing of project revenue recognition.
- ✓ **"Air and Intelligent Life"** revenue trend is mainly due to seasonal changes in demand for air conditioners and home appliances.

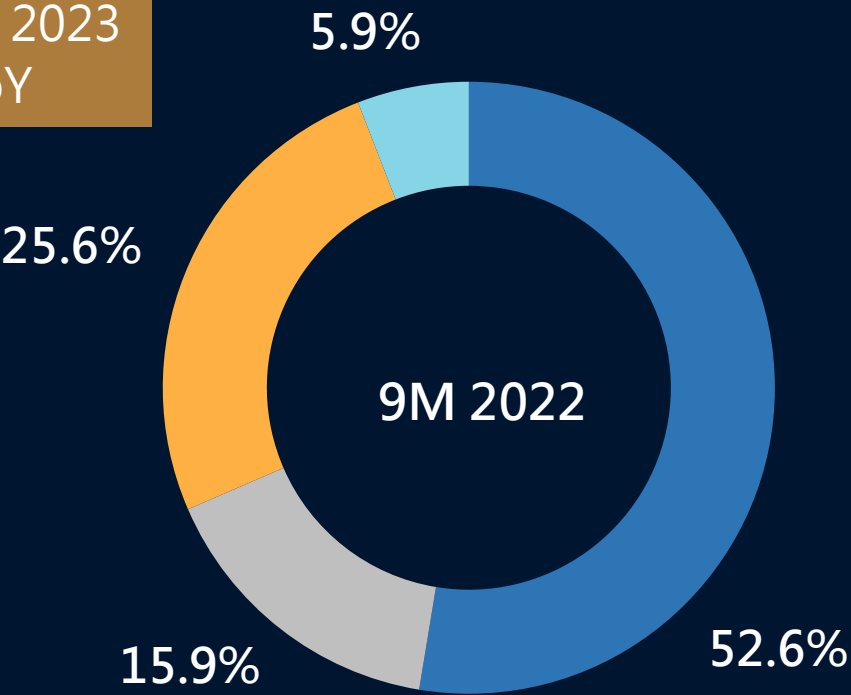
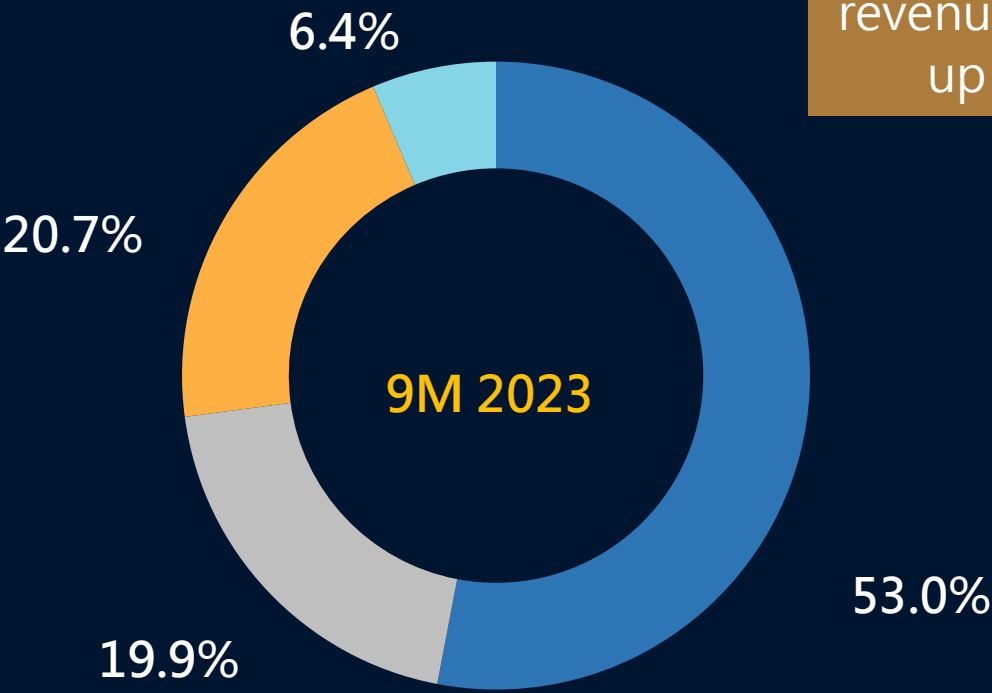
Revenue Breakdown by Business Group 1/2

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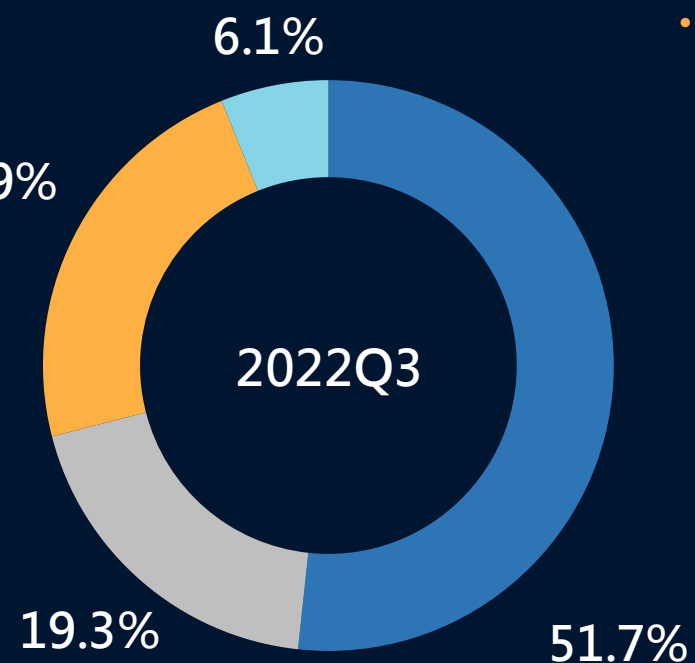
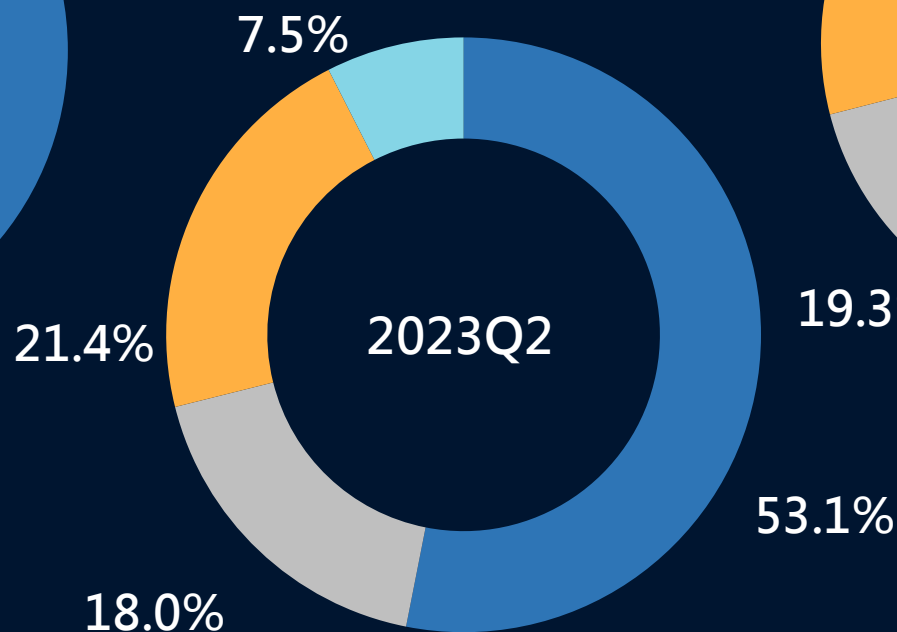
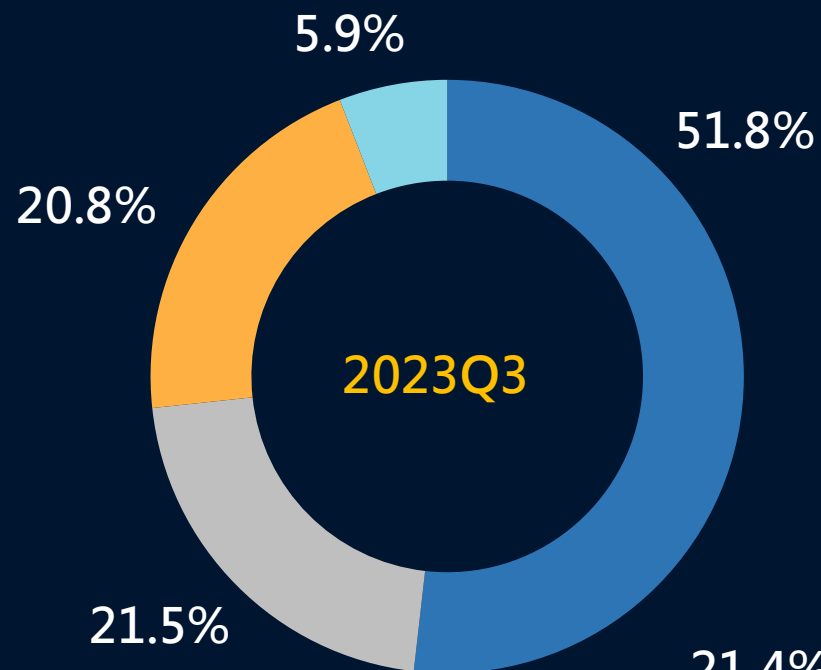
Consolidated revenues of 9M 2023 up 4.1% YoY



- Green Mechatronic Solution
- Air and Intelligent Life
- Intelligence Energy
- Others

Revenue Breakdown by Business Group 2/2

2023 Q3
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Consolidated revenues of 2023Q3 remained flat QoQ up **1.7% YoY**

■ Green Mechatronic Solution ■ Intelligence Energy
■ Air and Intelligent Life ■ Others

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Progress of Green Energy Related Businesses

2023 Q3
Financials

Green Mechatronic Solution :

- ✓ Revenue of energy-saving and EV related products in the first three quarters increased by **27.9% YoY**, percentage to the overall business group is **14.0%**.

Intelligence Energy (including Innovative Energy Storage Operation & Development) :

- ✓ Orders in hand for engineering and equipment are approximately **TWD 30 billion**.
- ✓ Revenue of green energy related engineering and products in the first three quarters increased by **31.6% YoY**, percentage to the overall business group is **35.4%**.

Air and Intelligent Life :

- ✓ Revenue of inverter commercial AC in the first three quarters increased by **20.5% YoY**, percentage to total commercial AC business is **23.8%**.
- ✓ Energy-saving related products account for **45.7%** of the business group's revenue in the first three quarters.

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Outlook for 4th Quarter

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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Recap of Recent Major Events | 2023.08.23

Automation Taipei 2023

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Online Exhibition TECO X Automation Taipei

TECO focuses on "one-stop service and all-round systematic solutions" to help industries upgrade to "green smart factories".

In addition to providing various energy-saving products and solutions to help enterprises save energy and reduce carbon emissions, the smart energy storage system facilitates optimal maneuvering of green power and operation of grid, on top of substituting for diesel-oil generator in emergent power supply, thereby cutting greenhouse-gas emission.

TECO also debuts **IE5-performance inductive motor** and ultra high-performance IE5 series products, suited to various industrial applications and needs.

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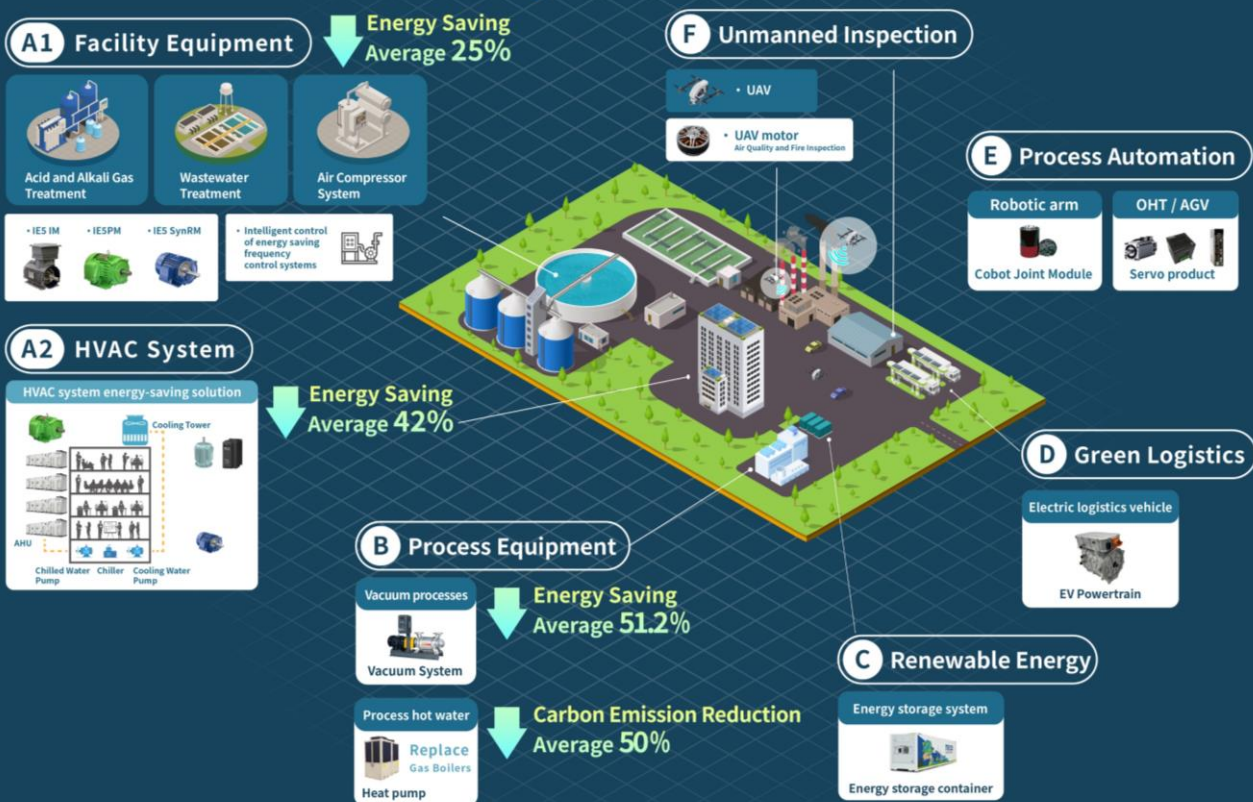
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Green Factory Solution in Electronics Manufacturing

TECO



Recap of Recent Major Events | 2023.09.11

TECO elected as the Most Outstanding Taiwanese Industrial Company



TECO has been elected as **the most outstanding Taiwanese company in the industrial category**, according to 2023 Asia's outstanding companies poll conducted by Asiamoney magazine.

This award recognizes TECO's outstanding achievements in financial performance, management team, investor relations, and corporate social responsibility initiatives.

Targeting listed companies in 12 Asian markets, the 2023 poll was participated by 1,225 fund manager, analysts, and bankers.

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Recap of Recent Major Events | 2023.09.19

TECO Invests in New Efficient Low-Voltage Motor Plant in Mexico to Form Short Supply Chain for North American Market



TECO held the inauguration ceremony of the efficient low-voltage motor plant in Cienega de Flores, Nuevo Leon, Mexico.

The plant produces **150,000 units of HP1-HP250 motors** each year and will first produce NEMA-rated industrial motors for the North American market. In the future, it can also produce motors that comply with IEC standards to expand to the Central and South American markets.

The new plant in Mexico can quickly connect to the TECO-Westinghouse Motor Plant in Texas, **creating "In the Region-For the-Region" short-chain production model**, to seize the business opportunities in the U.S., Canada, Central and South America, and domestic Mexico. It can also reach "Made in Mexico", enjoy preferential import and export tariffs.

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Recap of Recent Major Events | 2023.10.05

TECO Unveils EV Powertrains at India's Taiwan Expo



TECO showcased its **green powertrain systems** as the main theme and exhibited powertrain systems for electric vehicles and high-efficiency motors. The electric vehicle powertrain systems are designed for light commercial electric vehicles and e-trucks, and the maximum power output can reach 130kW.

TECO established a sales team in India since 2008. In 2016, TECO set up a low-voltage motor factory in Gujarat, and currently, TECO's high-efficiency motor manufacturing plant in Bangalore is under construction. This move aims to target the domestic market in India and seize opportunities for powertrain systems in the electric vehicle industry.

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A blue industrial robotic arm is the central focus, set against a blurred background of a factory floor. The arm is positioned diagonally across the frame. To the left of the text, there is a vertical bar with a gradient from grey at the top to orange at the bottom.

Q&A

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TECO 

Statements of Comprehensive Income | 3Q2023

2023 Q3
Financials

(TWD Million)	2023Q3	2023Q2	QoQ	2022Q3	YoY
Operating Revenue	15,065	15,064	0.00%	14,816	1.68%
Net Gross Profit *	3,711	3,881	-4.38%	3,340	11.11%
Operating Profit	1,677	1,780	-5.79%	1,315	27.53%
Non operating Income	(68)	998	-106.81%	234	-129.06%
Income Before Tax	1,609	2,778	-42.08%	1,549	3.87%
Income Tax	(450)	(524)	-14.12%	(307)	46.58%
Net Income**	981	2,122	-53.77%	1,083	-9.42%
EPS (TWD)	0.47	1.01	-53.47%	0.51	-7.84%

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* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

- Revenue in 2023Q3 was TWD 15.1 billion, increased by approximately 1.68% compared to 2022Q3, is mainly due to:
Continual growth of Green Mechatronic Solution in North America, as well as engineering projects of Intelligence Energy.
- The net non operating expense in 2023Q3 was TWD 68 million, compared to the net non operating profit in 2022Q3 was TWD 234 million. Mainly due to the decrease in the recognized amount of foreign currency exchange benefits in the current period by TWD 137 million.

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Statements of Comprehensive Income | 9M23

2023 Q3
Financials

- Revenue in the first nine months of 2023 increased by 4.10% compared to the same period of 2022, mainly because the growth of Green Mechatronic Solution and Intelligence Energy.
- The net non-operating income in the first nine months of 2023, increased by 765.24% versus the same period in 2022, mainly due to the impact of stock market volatility in the same period last year, which led to the recognition of unrealized losses in financial asset evaluation, while this period is evaluation benefit.

(TWD Million)	9M2023	9M2022	YoY
Operating Revenue	45,029	43,257	4.10%
Net Gross Profit*	11,221	9,725	15.38%
Operating Profit	5,155	3,752	37.39%
Non operating Income	1,419	164	765.24%
Income Before Tax	6,574	3,916	67.88%
Income Tax	(1,468)	(1,049)	39.94%
Net Income**	4,738	2,452	93.23%
EPS (TWD)	2.25	1.16	93.97%

* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

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Balance Sheets | September 2023

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(TWD Thousand)	Sep. 30, 2023		Dec. 31, 2022		Sep. 30, 2022	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	22,763,522	18%	21,156,796	17%	20,094,083	16%
Receivables	11,884,730	9%	11,804,505	9%	12,289,435	10%
Inventories	12,443,736	10%	12,895,287	10%	13,331,277	11%
Total Assets	126,703,507	100%	126,603,110	100%	122,471,116	100%
Payables	15,744,969	12%	15,904,792	13%	15,876,566	13%
Short term Borrowings	1,594,834	1%	1,751,344	1%	2,071,374	2%
Long term Borrowings	5,920,219	5%	3,655,514	3%	4,660,173	4%
Corporate Bond Payables	5,000,000	4%	5,000,000	4%	5,000,000	4%
Total Liabilities	41,482,160	33%	40,284,611	32%	41,300,729	34%
Equities	85,221,347	67%	86,318,499	68%	81,170,387	66%

Key Indices			
AR Turnover (times)	5.21	5.08	4.94
Inventory Turnover (times)	3.37	3.41	3.31
Current Ratio	2.45	2.22	2.24
Quick Ratio	1.64	1.53	1.52
Net Debt to Equity	-12.03%	-12.45%	-10.30%

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- Cash and Cash Equivalents increased by TWD 1.6 bn compared to Year end of 2022 mainly due to the increase in net income.
- Equities decreased by TWD 1.1 bn compared to Year end of 2022. In addition to the current period's net profit, it was mainly due to the decrease in announcement of cash dividends and the unrealized benefit of financial asset evaluation.