

TECO Electric & Machinery Co., Ltd.
Minutes of the 2024 Annual General Shareholders' Meeting
(Translation)

Time: 09:00am, May 24, 2024 (Friday)

Place: No. 11, An Dong Road, Industrial Zone, Chung-Li, Taoyuan City

Shares represented at the meeting:

The total issued shares of the Company is 2,138,796,616, net of shares without voting rights 22,365,800, the total number of valid issued shares of the Company is 2,116,430,816. A total of 1,944,302,720 valid issued shares of the Company were presented at the above meeting (including a total of 429,707,481 shares were presented by electronic voting), representing 91.86% of the above total valid issued shares of the Company.

Chairman: Chwen-Jy Chiu (Chairman)

Attendance: Wei-Chi Liu (Independent Director, member of Audit Committee),
Hsieh-Hsing Huang (Independent Director, member of Audit
Committee), Cheng-Tsung Huang (Director), Show-Shoun Chou
(Director), Li-Chong Huang (Director), Pen-Ching Cheng (Director),

Professional Consultant:

Attorney: Mr. Steven Chen & Ms. Lynn Lin

Certificated Public Accountant: Yu-Lung Wu & Chien-Hung Chou

Recorder: Doreen Lin

1. Meeting called to order

As the share of shareholders and representatives exceeded quorum, chairman called the meeting to order.

2. Address by the Chairman

Thanks for the shareholders attending today's AGM. In 2023, TECO achieved record profits and stock prices, with the market cap exceeding NT\$100 billion. These achievements are related to TECO's focus on sustainable operations. Last year, overall carbon emissions were reduced by more than 20% compared to the previous year, self-use solar power generation exceeded 2 MW, high-efficiency motors accounted for more than 75% of motor revenue, and the domestic market share of electric buses reached 80%. Among the current orders totaling NT\$25 billion, green projects (such as solar, energy storage, wind power, and related projects) account for more than 50%.

Energy-saving applications also accounted for 64% of The AI (Air Conditioning and Home Appliances) business. The newly established "Innovative Energy Storage Operation & Development Division" achieved a revenue of NT\$500 million in its first year. Our efforts in ESG (Environmental, Social, and Governance) have shown results not only in emission reductions and

performance but also in recognition from external institutions for TECO's ESG operational direction.

In terms of strategic deployment, TECO inaugurated small motor production and assembly plants in Mexico and India last year, addressing short-term supply chain resilience issues and aiming to expand into the Latin American and Indian markets in the long term.

TECO's focus for 2024 will encompass multiple business aspects, including electrification, green products, energy engineering, and regional expansion. We anticipate that the industry transformation driven by sustainability issues will become the formula for TECO's medium- to long-term profit growth.

3. Report

3.1 Business Report for 2023

Please see attachment 1

3.2 Inspection Report of Audit Committee for 2023

Please see attachment 2

3.3 Remuneration Distribution to Employees and Directors for 2023

Explanatory note: In 2023, income before tax is NT\$ 6,759,062 thousand, and remuneration to employees is NT\$ 409,494 thousand, whilst remuneration to directors is NT\$ 102,374 thousand. The remuneration would be distributed in cash.

3.4 Distribution of Cash Dividends from Profits in 2023

Please see attachment 3

【Shareholders' Questions and Company's responses】

- A. Shareholder ID 00130645 briefly mentioned that recent geopolitical developments have caused significant changes, such as exchange rate fluctuations. The company has focused on North America, and the Company should pay attention to strategies for responding to major changes in the US dollar exchange rate.

The chairman responded that TECO is one of the few companies with a comprehensive strategy for supply chain diversification. We have established production plants in Taiwan, China, Vietnam, Mexico, and India to mitigate operational risks from supply chain disruptions. In the short term, we have certain hedges in place against the impact of regional politics on revenue.

Regarding exchange rates and the prices of precious metals, there is a correlated relationship. Copper prices have experienced many cycles, and we have

navigated these in the past. We have mechanisms in place to hedge against the fluctuations of the US dollar. For 2024, exchange rate changes are expected to have a positive contribution to the company's profits. We will continue to monitor and hedge against potential reversals in the US dollar in the second half of the year. Fluctuations within 1% are within TECO's tolerance range.

- B. After consulting with the shareholders and confirming that there were no further questions, the chairman noted that all the above reports were acknowledged.

4. Ratification

4.1 Business Report and Financial Statements for 2023 (proposed by the board of directors)

Explanatory note:

1. The Board of Directors entrusted certified public accountants Wu, Yu-Lung and Chou, Chien-Hung with Pricewaterhouse Coopers to audit and certify the Business Report and Financial Statements (includes Consolidated Financial Statements) for 2023, both of which were subsequently inspected by Audit Committee and are hereby submitted for ratification.
2. Please see pages 10~16 of the meeting agenda for the business report and pages 18~52 of the meeting agenda for the Auditors' Report and the Financial Statements. (details in attachment 1 & 2).

【Shareholders' Questions and Company's responses】

Shareholder ID 00130645 briefly mentioned in TECO's consolidated income statement for 2023 that there was growth in other income and expenses, gross profit, operating profit, and pre-tax net profit compared to the previous year. The shareholder requested honesty in financial matters and thanked the company's management for their efforts.

The chairman responded by affirming TECO's commitment to integrity and transparency. She clarified that all financial reports undergo rigorous auditing by certified accountants, ensuring no manipulation of financial statements. The improved profitability in 2023 was attributed to cost savings in passive expenses (shipping costs), adjustments in motor prices in 2022 that yielded benefits last year, and increased shipments of large high-voltage motors compared to the previous year, directly contributing to gross profit and operating profit. Additionally, she explained that under accounting principles, financial instruments such as investment securities are valued at market prices, leading to fluctuations in other income which may not always be favorable. She assured shareholders of enhanced management to mitigate losses from fluctuations in financial instrument prices.

Resolution:

The total voting rights present at the shareholders' meeting were 1,944,301,106 shares. Of these, 1,868,860,023 shares were in favor (including 361,481,295 shares

voted electronically), against were 52,463 shares (including 52,463 shares voted electronically), and abstentions/non-votes totaled 75,388,620 shares (including 68,173,723 shares voted electronically). The affirmative votes accounted for 96.11% of the total voting shares present, thus the resolution was passed unanimously.

The proposal was approved as proposed.

4.2 Distribution of 2023 profits (proposed by the board of directors)

Explanatory note:

1. Distribution of 2023 profits was resolved by the Board of Directors and audited by Audit Committee.
2. Please see page 53 of the meeting agenda for the profit distribution plan. (details in attachment 3)

Resolution:

The total voting rights present at the shareholders' meeting were 1,944,301,106 shares. Of these, 1,870,089,363 shares were in favor (including 362,710,635 shares voted electronically), against were 78,686 shares (including 78,686 shares voted electronically), and abstentions/non-votes totaled 74,133,057 shares (including 66,918,160 shares voted electronically). The affirmative votes accounted for 96.18% of the total voting shares present, thus the resolution was passed unanimously.

The proposal was approved as proposed.

5. Election Matters

5.1 Election of the 27th Board of Directors of the Company. (Proposed by the Board of Directors)

Explanatory note:

1. The 26th term of the company's board of directors will expire on July 22nd, 2024. The re-election of the 27th term is held at an earlier schedule and newly elected directors will take office immediately after the election of the General Shareholders' meeting, as well as the 26th term will be dismissed at the same time in accordance with Article 199-1 of the Company Law.
2. According to the Articles of Incorporation and the BoD's resolution dated on February 20th 2024, there shall be 11 seats for the 27th term board of directors, including 4 seats for independent directors. With a three-year term, term of period is starting from May 24th, 2024 to May 23rd, 2027
3. Election of directors shall adopt nomination system and is also carried out according to article 192-1 of the Company Law. Please see P.54~57 of the meeting agenda for the List of Candidates of Directors (including Independent

Directors), their shareholdings, educational background and working experience. (details in attachment 4).

4. Please see P.78-79 of the meeting agenda for “Rules Governing Election of Directors”.
5. Submit for election.

Election Results:

27th term director elected

Serial Number	ID	Name	Number of Right Voted
1	00367160	Creative Sensor Inc. Representative: Chih- Yuan Hou	2,587,979,562
2	00016234	Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy Chiu	2,272,476,905
3	00167061	Tong Ho Global Investment Co., Ltd. Representative: Cheng-Tsung Huang	1,562,501,776
4	00548969	Ming-Shien Li	1,552,362,689
5	R10003****	Jong-Chin Shen	1,552,360,161
6	00536673	Ho Yuan International Investment Co., Ltd. Representative: Show-Shoun Chou	1,552,359,376
7	00536673	Ho Yuan International Investment Co., Ltd. Representative: Su Chiu Wu	1,552,358,981

27th term independent director elected

Serial Number	ID	Name	Number of Right Voted
1	L12065****	Hsieh-Hsing Huang	1,280,427,737
2	A10279****	Chao-Chin Tung	1,280,425,857
3	F22217****	Mei-Chun Chao	1,280,421,655
4	T12178****	Hui-Yiu Chen	1,280,421,603

6. Discussion items

6.1 Plan to remove the restrictions on non-competition obligation of the 27th term of Board of Directors (proposed by the board of directors)

Explanatory note:

1. According to article 209-1 of the Company Law, if a director acts for himself or another person within the business scope of the company, he shall explain the import contents of his act to the shareholder’s meeting and obtain his permission.

2. Considering that the newly elected 27th directors (including independent directors) may invest in or operate other companies with the same or similar business scope as the company, or act as directors or supervisors, it is proposed to the Shareholders' meeting for permission to remove the restrictions on non-competition of new directors in accordance with article 209.
3. Please see P.58~60 of the meeting agenda for a detailed statement of removal of the restrictions on non-competition of candidates of directors (including independent directors). (details in attachment 5). However, the object of dissolution shall be the actual elected directors (including independent directors).
4. Submit for a referendum.

Resolution:

The total voting rights present at the shareholders' meeting were 1,944,301,720 shares. Of these, 1,838,209,738 shares were in favor (including 330,875,210 shares voted electronically), against were 1,172,679 shares (including 1,172,679 shares voted electronically), and abstentions/non-votes totaled 104,920,303 shares (including 97,659,592 shares voted electronically). The affirmative votes accounted for 94.54% of the total voting shares present, thus the resolution was passed unanimously.

The proposal was approved as proposed.

7. Any Other Business: None.

8. Meeting Adjourned: 10:10 AM

Chairman: Chwen-Jy Chiu

Recorder: Doreen Lin

Attachments

1. Business Report for 2023
2. Inspection Report of Audit Committee for 2023 and Financial Statements and Auditors' Report for 2023
3. Distribution of 2023 Profits
4. List of Candidates of Directors (Including Independent Directors)
5. List of non-competition obligation of candidates of directors (including independent directors)

Attachment 1

Business Report

Dear Shareholders,

In 2023, the global economy underwent multiple impacts, including U.S. Fed's interest-hike policy unsettling investment markets, Sino-U.S. AI chip war, Israel-HAMAs war straining geopolitics, and crash of Chinese realty enterprises pressuring the financial market, which, plus slackened end-market demand and adjustment of industrial inventory, putting a damper on global economic growth.

Affected by the adverse factors, Taiwan's investments and exports slackened, with economic growth reaching only 1.31% in 2023, the lowest in 14 years. Despite the sluggish external economic environment, the company still managed to record-high revenue and profits, thanks to the concerted effort of all the employees.

A. Review of 2023 business performance

(a) Result from implementation of 2023 strategic development plan

In 2023, the company focused on energy generation and storage, electrification, and regional short-chain in its development.

1. Energy generation and storage: The newly established energy generation and storage department scored NT\$500 million revenue for its first-year operation, with self-built and self-managed PV power exceeding 20 MW in capacity, including the pioneering combination PV power generation and storage facility. The company has accumulated the track record of integrated engineering works for various types of systems, on top of development of EMS modules for optical storage and AFC frequency modulation service and related operating capability.

2. Electrification: Continue pushing e-vehicle powertrain, which has had 80% share on Taiwan's e-bus market and made inroads in the commercial pickup market. In North America, it has grasped several new energy-related businesses, such as prefabricated mobile electric room green transportation, and hydrogen-energy transportation and storage, on top of establishing a North American subsidiary for power-charging pole, to accelerate expanding power-charging pole sales and service, in addition to plan for setup of assembly lines.

3. Regional short chain: Complete establishment of two new plants, in Mexico and India, respectively, and continue pushing supply-chain and process optimization, as well as regional production and sale integration.

Besides, in line with the government's energy policy, the company has focused on the businesses of renewable-energy substation engineering and the contract and establishment of large energy-storage items, garnering NT\$9.7 billion new orders in the year and boosting total orders in hand to NT\$13.1 billion, plus completion of Longtan 60 MW energy-storage engineering works.

In home appliances, the main efforts include adjustment of operating directions, optimization of product mix, development of RAC/CAC product development and revenue growth. To meet the needs of food companies and low-temperature home-delivery logistics firms for fast cooling and freshness preservation, the company has launched variable-frequency freezing and refrigeration unit, as well as multi temperature-layer freezer, so as to boost food security and technology for flexible cooling power adjustment.

In digital transformation, in line with the trend of global supply-chain reshuffling, the company has completed automated TOS/EQS operating system, raised supply-chain response speed, and introduced concerted cloud-end industrial platform, concerted team operation platform, e-form signing and approval, and mobile office, boosting employee productivity. To strengthen information security, the company has collaborated with Deloitte in conducting information-security check and infiltration test, in addition to construction joint information-security protection mechanism with major affiliates worldwide, so as to enhance operating resilience, a performance which has won the acknowledgement of the information-leadership award granted by the Taiwan Institute for Sustainable Energy.

(b) R&D results and development of forward-looking products

The company garnered abundant R&D results in 2023, notably six items granted 32nd Taiwan Excellence Awards. In energy conservation, emission reduction, intelligence, and automation, the company successfully developed multiple forward-looking products, including "e-car SiC driver and high-performance motor powertrain," industrial "E710 next-generation compact inverter," "high-performance high precision digital communication alternating servo driving system," "active magnetic-levitation bearing controller," "high-power density matrix inverter mechatronic system," and "back-type no fuse circuit breaker."

(c) 2023 financial status, business plan execution result, and profit analysis

1. Consolidated report of the company and subsidiaries

Unit: NT\$1,000

	2023	2022	Growth rate
Net operating revenue	59,393,661	58,315,216	1.8%
Operating income	6,663,252	5,073,654	31.3%
Current net profit	5,830,061	3,457,667	68.6%

Consolidated revenue advanced 1.8%, thanks mainly to 16.2% growth of smart energy and 2.8% growth of electromechanical products, which, however, offset by revenue decline of air conditioner, home appliances, Tecom, Taiwan Pelican Express. Smart energy's growth is attributed mainly to engineering construction for offshore wind-farm substations and third terminal of International Taoyuan Airport. Growth momentum of electromechanical products derive mainly from North American, which, though, was dampened by sluggish European economy due to the impact of the Russian-Ukraine ware. Revenue of air conditioners and home appliances dropped, due to the higher comparison base of 2022, thanks to the government's program "air conditioner for every classroom." With daily life resuming normal, after the end of the pandemic, home delivery business dropped, dampening the revenue of Taiwan Pelican Express.

Consolidated operating income jumped 31.3%, thanks mainly to the remarkable performance of electromechanical products, benefitted from stable raw-material prices, increased shipment of high-margin products, shipping-fee decline, and devaluation of NT dollar against the greenback. In addition, the company increased its productivity, cut various costs, and controlled expenses adequately, further boosting operating income. Other favorable factors include increased assessed benefits of financial products in non-operating revenue, interest hike, increased interest income from time deposits. Current net profits jumped 68.6%.

2. Individual financial statement

Unit: NT\$1,000

	2023	2022	Growth rate
Net operating revenue	27,206,836	27,229,403	-0.1%
Operating income	2,178,463	1,845,542	18.0%
Current net profit	5,830,061	3,457,667	68.6%

(d) Financial strategy and result

With the company's main business being R&D, production, and sale of industrial products, the company has adhered to the principle of stable operation in long-term financial strategy.

The company makes precision planning for cash flow and decides adequate financial structure annually, taking into account business plan, capital outlay, working-capital need, and return on equity.

Year	Net profit (NT\$100 million)	Net cash flow adequacy rate %	Current ratio %	Debt ratio %
2019	32.21	126.69	216.55	37.73
2020	35.11	134.73	233.41	36.01
2021	50.13	126.64	213.81	29.98
2022	34.57	117.78	222.11	31.82
2023	59.09	118.73	231.86	32.08

Thanks to its stable cash flow generated by business activities and stable and sustainable operating strategy, Taiwan Ratings granted the company "twA" credit rating starting 2012, enabling the company to secure financing at lower interest rates, slashing financing cost. Taiwan Rating has upgraded the credit rating to "twA+" since 2015. In 2024, the company's rating outlook advances from "stable" to "positive," not only highlighting increase of the company's crediting standings but also its fund-raising and price-negotiation ability and flexibility.

B. Brief 2024 business plan

In 2024, the global economy is still ridden with various unfavorable and uncertain factors, including trend of interest hike for curbing inflation, postponing loose policy, lackluster outlook of the Chinese economy, due to realty and local-debt problems, continuation of Russia-Ukraine and Israel-Hamas wars, and Red-Sea shipping crisis. To assure revenue growth, it's necessary to grasp ESG/net zero emission needs, grasp booming green-energy and electrification business opportunities, and deployment in emerging markets.

2024 major business strategy and growth plan:

(a) Growth plan for existing businesses

Concerning electromechanical system and automation business group, following inauguration in 2023, the Mexican and Indian plants will further improve capacities and supply chain, boosting revenue growth. Along with the Texas plant, the Mexican plant will exhibit short-chain benefit, extending its reach to Latin America, in addition to supporting growth North American business. Also with short-chain production as its main development axis, the Indian plant will focus on the domestic market, before extending to Southeast Asian and even African market.

As for smart energy business group, given the trend of explosive growth for AI/cloud-end services, IDC-related engineering business is expected to further grow. In line

with the government's renewable-energy policy and Taipower's resilient grid plan, except consolidating market share for offshore wind-power substation engineering works, the group has secured engineering order to SATTOM project, further boosting its engineering and service credential, conducive to winning new bidding projects in the future.

Meanwhile, air-conditioning and smart life business group will continue focusing on provision of all-purpose smart air conditioning and energy management, facilitating ESG carbon-neutrality life. In addition, it will expand commercial air-conditioning products and solutions, optimizing energy-conserving refrigerating and air conditioning system with AI technology and materializing active management via EMS platform, thereby attaining optimization of energy-conserving systems.

(b) Strategic development plan

In line with the business vision of "energy conservation, emission reduction, intelligence, and automation," tap ESG-driven business opportunities worldwide and focus on the four main dimensions of green energy, electrification, energy conservation and carbon abatement, and high-potential area, thereby kicking off strategic revenue growth plan.

1. Green energy

(1) In addition to expanding undertaking of engineering businesses related to wind power, PV power, and storage, introduce key components/parts and system integration technology and take part in carbon-capture and hydrogen filling station pilot plan, thereby strengthening value positioning in new-energy ecological system.

(2) For power generation and storage business, the company will continue expanding the scale of EPC engineering and building up site operation experience and strengthening the capability for grid integration and demand maneuvering, gradually marching toward the goal of virtual power plant.

2. Electrification

For electric vehicles, the company will tap North American and Indian e-bus/remodel car/engineering vehicle markets, establish regional supply chain, and secure ship e-propelling business opportunities. For industrial electrification, zero in on fuel gas and mining applications, expand industrial mix, and expand systematic integrated sales.

3. Energy conservation and carbon abatement

Significantly raise the revenue share of high-performance electromechanical and air-

conditioning products, such as IE4/IE5/SRM/T-HiPro motors and permanent-magnetic variable-frequency screw machines, which, in addition to strengthening corresponding sale of inverters, will target sales to industries with high ESG-related demands, such as steelmaking, petroleum, papermaking and electronics, especially energy-conservation transformative programs in Taiwan, China, and Southeast Asia.

4. Development of high-potential areas

In addition to sale of low-voltage electric products in Mexico and India, taking advantage of local short-chain benefit, plan to tap again overseas HVAC market starting from Indonesia.

(c) Sustainable development

The company has won the acknowledgement of international sustainability rating institutions for three consecutive years and covered by DJSI sustainability index and S&P sustainability yearbook, while ranking 1st place in ESG evaluation in electromechanical category in emerging market and 3rd place in global electromechanical industrial section, ahead of major international brands, underscoring the group's long-term effort in sustainable development.

To fulfill the target of "10-year 50% emission reduction" target by 2030, the company will continuously execute emission reductions plans in the four aspects of energy generation, volume reduction, recycling, and substitution, including expansion of rooftop PV power devices in its factory premises worldwide. In 2023, the Italian plant installed a 2.03 MW PV power facility, boosting the group's PV power capacity to 9.66 MW, one step closer to the group's target having renewable energy meeting 30% of power consumption.

In climate governance, implement KPI & ICP quantified performance evaluation, to deepen overall grassroots-level awareness. Take advantage of those mechanisms to help various units identify potential risks and opportunities, prompt them to actively execute carbon-abatement plans, induce low-carbon capital outlay, and strengthen internalization of employees' emission-reduction awareness. In supply-chain management, demand major suppliers in Taiwan to carry out greenhouse-gas inventory, a task completed by over 50 small and medium enterprises under the assistance of TECO in 2023.

In social aspect, in order to encourage encouragement of young generation in R&D on new emission-reduction technologies, the company held "green-brain innovative competition" and "international competition for net-zero emission technologies,"

passing on the mission of net-zero emission sustainability. The company has also organized International Competition for Net Zero Emission Technology" for college students, encouraging engagement in R&D on emission reduction technology and passing on the mission of net zero emission sustainability. Moreover, the company holds "TECO Award" for outstanding Taiwan figures in science/technology and humanity, for their contribution to build a progressive society with equal emphasis on both fields. With high regard on the benefits of stakeholders, the company has been pushing DEI (diversity, equity, and inclusion), promoting new workplace culture via education and concept, spurring multiple values.

In sum, adhering to the concept of sustainable development, the company will spare no effort pushing ESG and new zero emission, conforming global current to raise international competitiveness, materializing corporate governance, continuous pushing digital transformation, to raise operating efficiency. The goal is forge a sustainable-development working environment and provide customers more quality services and solutions, creating sustainable value for shareholders.

Chairman: Sophia Chiu

President: Thomas Fann

Accounting chief: Tommy Wu

Attachment 2

Inspection Report of Audit Committee

(This English version is only a translation of the Chinese version.)

The Audit Committee has duly inspected and approved the financial statements for 2023 (including consolidated financial statements), the business report and proposed profit distribution plan prepared and proposed by the Board of Directors, with the financial statements having been audited and certified by Pricewaterhouse Coopers, hereby submit this report pursuant to Article 14 of Securities and Exchange Act and Article 219 of the Company Act.

To

General Shareholders Meeting 2024

TECO Electric & Machinery Co., Ltd

Audit Committee Convener : Wei-Chi Liu

Date: March 15th, 2024

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of TECO Electric & Machinery Co., Ltd. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the parent company only financial statements present fairly, in all material respects, the financial position of TECO Electric & Machinery Co., Ltd. as of December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 financial statements are stated as follows:

Revenue recognition of export sales of Green Mechatronic Solution Business Group

Description

Refer to Note 4(31) of the parent company only financial statements for the accounting policies on revenue recognition. The Green Mechatronic Solution Business Group handles the manufacturing and sales of various machinery, equipment and motors. Aside from domestic sales in Taiwan, the customers of Green Mechatronic Solution Business Group are from China, America, Southeast Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of Green Mechatronic Solution Business Group as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of Green Mechatronic Solution Business Group to assess the effectiveness of the internal control process.

2. Validated selected samples of export sales revenue transactions of Green Mechatronic Solution Business Group to confirm the existence of export sales revenue transactions.

Other matter – Reference to the audits of other auditors

As described in Note 6(6) of the parent company only financial statements, we did not audit the financial statements of certain investee accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the investee disclosed in Note 13 was based solely on the reports of the other auditors. The investments accounted for under the equity method amounted to NT\$4,151,041 thousand and NT\$4,141,796 thousand, both constituting 4% of the related total assets as of December 31, 2023 and 2022, and the comprehensive income amounting to NT\$15,635 thousand and NT\$245,915 thousand, constituting 0.48% and (4%) of the total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

For and on Behalf of PricewaterhouseCoopers, Taiwan
March 15, 2024

Chou, Chien-Hung

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022			
					(Adjusted)			
			Assets	Notes	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$	800,854	1	\$	805,394	1
1140	Current contract assets			3,522,415	4		2,112,996	2
1150	Notes receivable, net	6(4)		209,272	-		269,696	-
1160	Notes receivable - related parties	7		210,307	-		573,028	1
1170	Accounts receivable, net	6(4)		2,109,068	2		1,976,266	2
1180	Accounts receivable - related parties	7		1,276,082	1		1,578,608	2
1200	Other receivables			125,467	-		96,669	-
1210	Other receivables - related parties	6(6) and 7		526,654	1		550,186	1
130X	Inventories, net	6(5)		3,192,675	3		3,396,654	3
1410	Prepayments			266,467	-		86,056	-
1470	Other current assets	6(1) and 8		292,408	1		476,058	-
11XX	Total current assets			12,531,669	13		11,921,611	12
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		2,344,285	2		2,155,192	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		14,735,961	15		16,091,157	16
1550	Investments accounted for under equity method	6(6)		63,586,467	64		63,565,377	64
1600	Property, plant and equipment, net	6(7) and 7		2,990,017	3		2,724,752	3
1755	Right-of-use assets	6(8) and 7		46,744	-		121,532	-
1760	Investment property, net	6(9)		1,987,814	2		2,365,935	2
1780	Intangible assets	6(10)		17,302	-		27,189	-
1840	Deferred income tax assets	6(27)		566,577	1		573,483	1
1900	Other non-current assets	6(11)		96,019	-		132,280	-
15XX	Total non-current assets			86,371,186	87		87,756,897	88
1XXX	Total assets		\$	98,902,855	100	\$	99,678,508	100

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022					
					(Adjusted)					
			AMOUNT	%	AMOUNT	%				
Current liabilities										
2120	Current financial liabilities at fair value through profit or loss	6(12)	\$	5,503	-	\$	3,845	-		
2126	Current financial liabilities for hedging	6(13)		5,025	-		-	-		
2130	Current contract liabilities	6(21)		1,124,814	1		1,145,375	1		
2150	Notes payable			27,992	-		57,919	-		
2160	Notes payable - related parties	7		-	-		64,712	-		
2170	Accounts payable			3,678,665	4		4,180,733	4		
2180	Accounts payable - related parties	7		1,597,346	2		1,347,033	2		
2200	Other payables			3,333,090	3		3,001,050	3		
2220	Other payables - related parties	7		209,777	-		168,513	-		
2230	Current income tax liabilities	6(27)		480,737	1		408,383	1		
2250	Provisions for liabilities - current			100,516	-		92,691	-		
2280	Current lease liabilities	6(8) and 7		10,916	-		91,479	-		
2399	Other current liabilities, others			209,048	-		193,896	-		
21XX	Total current liabilities			10,783,429	11		10,755,629	11		
Non-current liabilities										
2530	Corporate bonds payable	6(14)		5,000,000	5		5,000,000	5		
2540	Long-term borrowings	6(15)		250,000	-		1,350,000	2		
2550	Provisions for liabilities - non-current			94,079	-		106,678	-		
2570	Deferred income tax liabilities	6(27)		1,452,270	2		1,234,836	1		
2580	Non-current lease liabilities	6(8) and 7		8,468	-		8,467	-		
2600	Other non-current liabilities	6(16)		1,166,019	1		1,197,964	1		
25XX	Total non-current liabilities			7,970,836	8		8,897,945	9		
2XXX	Total liabilities			18,754,265	19		19,653,574	20		
Equity										
	Share capital	6(17)								
3110	Common stock			21,387,966	22		21,387,966	21		
	Capital surplus	6(18)								
3200	Capital surplus			9,629,730	9		9,575,822	9		
	Retained earnings	6(19)								
3310	Legal reserve			8,237,099	8		7,899,057	8		
3320	Special reserve			3,640,779	4		3,640,779	4		
3350	Unappropriated retained earnings			22,400,066	23		19,680,601	20		
	Other equity interest	6(20)								
3400	Other equity interest			15,364,660	16		18,352,419	19		
3500	Treasury stocks	6(6)(17)	(511,710)	(1)	(511,710)	(1)

The accompanying notes are an integral part of these parent company only financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

3XXX	Total equity		80,148,590	81	80,024,934	80
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 98,902,855	100	\$ 99,678,508	100

The accompanying notes are an integral part of these parent company only financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7		\$ 27,206,836	100	\$ 27,229,403	100
5000 Operating costs	6(5)(16)(26) and 7		(21,933,283)	(81)	(22,204,807)	(82)
5900 Net operating margin			5,273,553	19	5,024,596	18
5910 Unrealized profit from sales	7		(461,280)	(2)	(411,132)	(1)
5920 Realized profit from sales			411,132	2	375,720	1
5950 Net operating margin			5,223,405	19	4,989,184	18
Operating expenses	6(16)(26), 7 and 12(2)					
6100 Selling expenses			(1,848,247)	(7)	(2,006,530)	(7)
6200 General and administrative expenses			(611,705)	(2)	(595,895)	(2)
6300 Research and development expenses			(580,808)	(2)	(542,554)	(2)
6450 Expected credit impairment (loss) profit			(4,182)	-	1,337	-
6000 Total operating expenses			(3,044,942)	(11)	(3,143,642)	(11)
6900 Operating profit			2,178,463	8	1,845,542	7
Non-operating income and expenses						
7100 Interest income	6(22)		26,034	-	9,890	-
7010 Other income	6(3)(9)(23) and 7		1,191,554	4	991,812	3
7020 Other gains and losses	6(2)(12)(24)		(322,334)	(1)	(481,909)	(2)
7050 Finance costs	6(8)(25) and 7		(68,758)	-	(73,251)	-
7070 Share of profit of subsidiary, associates and joint ventures accounted for under equity method	6(6)		3,754,103	14	1,824,257	7
7000 Total non-operating income and expenses			4,580,599	17	2,270,799	8
7900 Profit before income tax			6,759,062	25	4,116,341	15
7950 Income tax expense	6(27)		(929,001)	(4)	(658,674)	(2)
8200 Profit for the year			\$ 5,830,061	21	\$ 3,457,667	13

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive (loss) income, before tax, actuarial losses on defined benefit plans	6(16)	(\$ 31,149)	-	\$ 56,332	-
8316 Unrealised gains and losses on valuation of investments measured at fair value through other comprehensive income	6(3)(20)	(1,350,847)	(5)	4,190,884	15
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(1,338,532)	(5)	(15,632,304)	(57)
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(2,720,528)	(10)	(11,385,088)	(42)
Other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Currency translation differences of foreign operations	6(20)	167,213	1	1,910,986	7
8368 (Losses) gains on hedging instrument		(5,025)	-	-	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	6,222	-	(331,321)	(1)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		168,410	1	1,579,665	6
8300 Other comprehensive loss for the year		(\$ 2,552,118)	(9)	(\$ 9,805,423)	(36)
8500 Total comprehensive income (loss) for the year		\$ 3,277,943	12	(\$ 6,347,756)	(23)
Earnings per share (in dollars)	6(28)				
9750 Basic earnings per share		\$ 2.76		\$ 1.64	
9850 Diluted earnings per share		\$ 2.76		\$ 1.64	

The accompanying notes are an integral part of these parent company only financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity interest		Treasury stocks	Total equity
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments		
<u>2022</u>											
Balance at January 1,2022		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116)	\$ 32,113,711	\$ -	(\$ 511,710)	\$ 89,213,763
Profit for the year		-	-	-	-	3,457,667	-	-	-	-	3,457,667
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	66,771	1,579,665	(11,451,859)	-	-	(9,805,423)
Total comprehensive income (loss)		-	-	-	-	3,524,438	1,579,665	(11,451,859)	-	-	(6,347,756)
Appropriations of 2021 earnings	6(19)										
Legal reserve		-	-	525,009	-	(525,009)	-	-	-	-	-
Cash dividends		-	-	-	-	(2,887,375)	-	-	-	-	(2,887,375)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	46,302	-	-	-	-	-	-	-	46,302
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	(144,018)	-	144,018	-	-	-
Balance at December 31,2022		<u>\$ 21,387,966</u>	<u>\$ 9,575,822</u>	<u>\$ 7,899,057</u>	<u>\$ 3,640,779</u>	<u>\$ 19,680,601</u>	<u>(\$ 2,453,451)</u>	<u>\$ 20,805,870</u>	<u>\$ -</u>	<u>(\$ 511,710)</u>	<u>\$ 80,024,934</u>
<u>2023</u>											
Balance at January 1,2023		\$ 21,387,966	\$ 9,575,822	\$ 7,899,057	\$ 3,640,779	\$ 19,680,601	(\$ 2,453,451)	\$ 20,805,870	\$ -	(\$ 511,710)	\$ 80,024,934
Profit for the year		-	-	-	-	5,830,061	-	-	-	-	5,830,061
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	(43,402)	173,435	(2,677,126)	(5,025)	-	(2,552,118)
Total comprehensive income		-	-	-	-	5,786,659	173,435	(2,677,126)	(5,025)	-	3,277,943
Appropriations of 2022 earnings	6(19)										
Legal reserve		-	-	338,042	-	(338,042)	-	-	-	-	-
Cash dividends		-	-	-	-	(3,208,195)	-	-	-	-	(3,208,195)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	53,908	-	-	-	-	-	-	-	53,908
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	479,043	-	(479,043)	-	-	-
Balance at December 31,2023		<u>\$ 21,387,966</u>	<u>\$ 9,629,730</u>	<u>\$ 8,237,099</u>	<u>\$ 3,640,779</u>	<u>\$ 22,400,066</u>	<u>(\$ 2,280,016)</u>	<u>\$ 17,649,701</u>	<u>(\$ 5,025)</u>	<u>(\$ 511,710)</u>	<u>\$ 80,148,590</u>

The accompanying notes are an integral part of these parent company only financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 6,759,062	\$ 4,116,341
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(24)	(242,423)	143,577
Net loss on financial liabilities at fair value through profit or loss	6(12)(24)	15,960	17,281
Expected credit impairment loss (gain)	12(2)	4,182	(1,337)
Interest income	6(22)	(26,034)	(9,890)
Interest expense	6(25)	66,651	70,880
Dividend income	6(23)	(646,658)	(616,443)
Changes in unrealized gain from downstream sales		50,147	35,412
Share of profit of associates and joint ventures accounted for under the equity method	6(6)	(3,754,103)	(1,824,257)
Depreciation, amortization and net gain or loss on disposal of property, plant and equipment, net	6(7)(8)(9)(24)(26)	420,476	413,615
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets	(	1,409,419)	209,237
Notes receivable		60,428	(34,927)
Notes receivable - related parties		362,721	(192,871)
Accounts receivable	(	141,831)	568,840
Accounts receivable - related parties		301,651	(4,984)
Other receivables	(	23,080)	7,158
Other receivables - related parties		23,532	56,076
Inventories		203,979	76,853
Prepayments	(	180,411)	(31,066)
Other current assets		21,659	(77,878)
Financial assets at fair value through profit or loss - non-current		53,330	23,681
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss-current	(	14,302)	(13,436)
Current contract liabilities	(	20,561)	166,165
Notes payable	(	29,927)	1,850
Notes payable - related parties	(	64,712)	(11,705)
Accounts payable	(	502,068)	190,979
Accounts payable - related parties		250,313	(78,945)
Other payables		345,233	139,051
Other payables - related parties		41,264	(11,669)
Provisions for liabilities - current		7,826	(13,053)
Provisions for liabilities - non-current	(	12,600)	106,678
Other current liabilities		15,152	38,580
Other non-current liabilities	(	62,664)	(104,467)
Cash inflow generated from operations		1,872,773	3,355,326
Interest received	6(22)	26,034	9,890
Dividends received		2,307,121	1,776,932
Payment of interest	(	67,150)	(73,811)
Payment of income tax	(	626,085)	(381,714)
Net cash flows from operating activities		3,512,693	4,686,623

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in restricted bank deposit	8	\$ 161,991	\$ 588,890
Increase in non-current financial assets at fair value through other comprehensive income		-	(150,000)
Decrease in non-current financial assets at fair value through other comprehensive income		4,349	9,129
Increase in investments accounted for under equity method		-	(118,377)
Proceeds from disposal of property, plant and equipment		4,789	-
Acquisition of property, plant and equipment	6(7)(29)	(209,662)	(225,570)
Increase in deferred expenses		(12,481)	(36,826)
Increase in refundable deposits		(2,313)	(7,425)
Dividends received		646,658	616,443
Proceeds from disposal of investments accounted for under the equity method		257,904	10,875
Increase in other non-current assets		31,414	16,557
Acquisition of intangible assets		(1,021)	(34,527)
Net cash flows from investing activities		<u>881,628</u>	<u>669,169</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		-	(545,307)
Repayments of bonds	6(14)(30)	-	(1,000,000)
Decrease in long-term loans		(1,100,000)	(650,000)
Cash dividends paid	6(19)	(3,208,195)	(2,887,375)
Lease liabilities paid		(90,666)	(82,937)
Net cash flows used in financing activities		(4,398,861)	(5,165,619)
Net (decrease) increase in cash and cash equivalents		(4,540)	190,173
Cash and cash equivalents at beginning of year		805,394	615,221
Cash and cash equivalents at end of year		\$ 800,854	\$ 805,394

The accompanying notes are an integral part of these parent company only financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan dollars)

Notes	Year ended December 31	
	2023	2022

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
Notes	2023	2022

TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (Expressed in thousands of New Taiwan dollars)

Notes	Year ended December 31	
	2023	2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Introduction

We have audited the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and

appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Revenue recognition of export sales of green mechatronic solution business group

Description

Refer to Note 4(34) of the consolidated financial statements for the accounting policies on revenue recognition and Note 14 for the segment financial information. The Group disclosed the financial information of green mechatronic solution business group, intelligence energy business group and air and intelligent life business group in the segment financial information. Green mechatronic solution business group handles the manufacturing and sales of various machinery, equipment and motors. The sales revenue of the green mechatronic solution business group amounted to NT\$31,667,634 thousand, representing 53% of the consolidated total sales revenue for the year ended December 31, 2023. Aside from domestic sales in Taiwan, the customers of green mechatronic solution business group are from America, Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of green mechatronic solution business group as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of green mechatronic solution business group to assess the effectiveness of the internal control process.
2. Validated selected samples of export sales revenue transactions of green mechatronic solution business group to confirm their existence.

Other matter – Reference to the audits of other auditors

As described in Notes 4(3) and 6(7) of the consolidated financial statements, we did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$2,715,657 thousand and NT\$2,859,697 thousand, both constituting 2% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and total operating revenues amounted to NT\$2,924,901 thousand and NT\$3,163,153 thousand, both constituting 5% of consolidated total operating revenues for the years then ended, respectively. The investments accounted for under the equity method amounted to NT\$2,514,353 thousand and NT\$2,406,380 thousand, both constituting 2% of consolidated total assets as of December 31, 2023 and 2022, respectively, the credit balance of investments accounted for under the equity method amounted to NT\$83,843 thousand and NT\$194,811 thousand, both constituting less than 1% of consolidated total assets as of December 31, 2023 and 2022, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$20,272 thousand and NT\$212,320 thousand, constituting 1%

and (3%) of the consolidated total comprehensive (loss) income for the years then ended, respectively.

Other matter –Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of TECO Electric & Machinery Co., Ltd. as of and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2024

Chou, Chien-Hung

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022			
					(Adjusted)			
			AMOUNT	%	AMOUNT	%		
Assets			Notes					
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$	23,640,536	19	\$	21,375,400	17
1110	Current financial assets at fair value through profit or loss	6(2)		27,314	-		31,790	-
1120	Current financial assets at fair value through other comprehensive income	6(3)		333,178	-		761,573	1
1140	Current contract assets			3,858,752	3		2,316,064	2
1150	Notes receivable, net	6(5) and 8		868,642	1		1,039,556	1
1160	Notes receivable - related parties	7		99	-		101	-
1170	Accounts receivable, net	6(5)		10,488,483	8		10,049,783	8
1180	Accounts receivable - related parties	7		194,077	-		301,997	-
1200	Other receivables			351,635	-		326,141	-
1210	Other receivables - related parties	7		73,276	-		86,927	-
130X	Inventories, net	6(6)		11,631,793	9		12,895,287	10
1410	Prepayments			575,230	1		496,418	-
1470	Other current assets	6(1) and 8		437,596	-		636,384	1
11XX	Total current assets			52,480,611	41		50,317,421	40
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		3,541,679	3		3,271,436	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8		30,577,940	24		33,765,890	27
1535	Non-current financial assets at amortised cost, net	6(4) and 8		15,557	-		115,909	-
1550	Investments accounted for under the equity method	6(7) and 7		3,468,923	3		3,911,876	3
1600	Property, plant and equipment, net	6(8) and 8		20,290,504	16		19,131,777	15
1755	Right-of-use assets	6(9) and 8		7,473,207	6		6,735,166	5
1760	Investment property, net	6(10)		2,785,187	2		2,966,896	2
1780	Intangible assets	6(11)		4,832,979	4		4,668,399	4
1840	Deferred income tax assets	6(30)		1,346,615	1		1,198,512	1
1900	Other non-current assets	6(12)		500,588	-		519,828	-
15XX	Total non-current assets			74,833,179	59		76,285,689	60
1XXX	Total assets		\$	127,313,790	100	\$	126,603,110	100

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022			
					(Adjusted)			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$	1,357,111	1	\$	1,751,344	1
2120	Current financial liabilities at fair value through profit or loss	6(14)		5,850	-		4,144	-
2126	Current financial liabilities for hedging	6(15)		5,025	-		-	-
2130	Current contract liabilities	6(24)		2,305,861	2		2,319,189	2
2150	Notes payable			547,144	1		784,357	1
2160	Notes payable - related parties	7		1,088	-		434	-
2170	Accounts payable			8,663,722	7		9,077,048	7
2180	Accounts payable - related parties	7		38,189	-		48,756	-
2200	Other payables	6(16)		6,494,050	5		5,994,197	5
2230	Current income tax liabilities	6(30)		936,600	1		852,683	1
2250	Provisions for liabilities - current			435,516	-		301,730	-
2280	Current lease liabilities			531,002	-		531,318	-
2320	Long-term liabilities, current portion	6(18) and 8		484,224	-		228,159	-
2399	Other current liabilities, others			829,103	1		841,157	1
21XX	Total current liabilities			22,634,485	18		22,734,516	18
Non-current liabilities								
2530	Corporate bonds payable	6(17)		5,000,000	4		5,000,000	4
2540	Long-term borrowings	6(18) and 8		3,065,622	2		3,427,355	3
2550	Provisions for liabilities - non-current			215,991	-		156,881	-
2570	Deferred income tax liabilities	6(30)		2,632,812	2		2,432,283	2
2580	Non-current lease liabilities			5,346,519	4		4,541,089	4
2600	Other non-current liabilities	6(7)(19)		1,975,581	2		1,992,487	1
25XX	Total non-current liabilities			18,236,525	14		17,550,095	14
2XXX	Total liabilities			40,871,010	32		40,284,611	32
Equity attributable to owners of parent								
	Share capital	6(20)						
3110	Common stock			21,387,966	17		21,387,966	17
	Capital surplus	6(21)						
3200	Capital surplus			9,629,730	7		9,575,822	7
	Retained earnings	6(22)						
3310	Legal reserve			8,237,099	6		7,899,057	6
3320	Special reserve			3,640,779	3		3,640,779	3
3350	Unappropriated retained earnings			22,400,066	18		19,680,601	16
	Other equity interest	6(23)						
3400	Other equity interest			15,364,660	12		18,352,419	14

The accompanying notes are an integral part of these consolidated financial statements.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

3500	Treasury stocks	6(20)	(	<u>511,710</u>)	-	(	<u>511,710</u>)	-
31XX	Equity attributable to owners of the parent			80,148,590	63		80,024,934	63
36XX	Non-controlling interest	6(34)		<u>6,294,190</u>	<u>5</u>		<u>6,293,565</u>	<u>5</u>
3XXX	Total equity			<u>86,442,780</u>	<u>68</u>		<u>86,318,499</u>	<u>68</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	<u>127,313,790</u>	<u>100</u>	\$	<u>126,603,110</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(9)(10)(24) and 7	\$ 59,393,661	100	\$ 58,315,216	100
5000	Operating costs	6(6)(8)(9)(19)(29) and 7	(44,451,003)	(75)	(45,129,917)	(77)
5900	Net operating margin		14,942,658	25	13,185,299	23
5910	Unrealized profit from sales		(10,419)	-	(9,351)	-
5920	Realized profit from sales		9,351	-	8,354	-
5950	Net operating margin		14,941,590	25	13,184,302	23
	Operating expenses	6(8)(9)(19)(29)				
6100	Selling expenses		(4,492,287)	(8)	(4,412,306)	(8)
6200	General and administrative expenses		(2,620,767)	(4)	(2,496,464)	(4)
6300	Research and development expenses		(1,133,493)	(2)	(1,144,263)	(2)
6450	Expected credit impairment losses	12(2)	(31,791)	-	(57,615)	-
6000	Total operating expenses		(8,278,338)	(14)	(8,110,648)	(14)
6900	Operating profit		6,663,252	11	5,073,654	9
	Non-operating income and expenses					
7100	Interest income	6(4)(25) and 7	619,223	1	233,077	-
7010	Other income	6(3)(10)(26) and 7	1,687,895	3	1,544,357	3
7020	Other gains and losses	6(2)(9)(14)(27)	(397,757)	(1)	(1,415,579)	(3)
7050	Finance costs	6(9)(28)	(322,399)	-	(203,963)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	23,930	-	190,279	-
7000	Total non-operating income and expenses		1,610,892	3	348,171	-
7900	Profit before income tax		8,274,144	14	5,421,825	9
7950	Income tax expense	6(30)	(1,942,112)	(4)	(1,429,815)	(2)
8200	Profit for the period		\$ 6,332,032	10	\$ 3,992,010	7

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

		Year ended December 31				
		2023		2022		
Items	Notes	AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income(loss), before tax, actuarial losses on defined benefit plans	6(19)				
		(\$	33,416)	-	\$ 94,741	-
8316	Unrealized losses and gains on valuation of investments measured at fair value through other comprehensive income	6(3)				
		(2,597,535)	(4)	(11,822,766)	(20)
8320	Share of other comprehensive income(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss					
		(7,209)	-	(12,277)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)				
		(19,804)	-	(2,982)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss					
		(2,657,964)	(4)	(11,743,284)	(20)
Other comprehensive income that will be reclassified to profit or loss						
8361	Currency translation differences of foreign operations	6(23)				
			151,288	-	1,916,975	3
8368	Losses on hedging instrument	6(23)			-	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(30)				
			5,523	-	(311,456)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss					
			151,786	-	1,605,519	2
8300	Other comprehensive loss for the period		(\$ 2,506,178)	(4)	(\$ 10,137,765)	(18)
8500	Total comprehensive income (loss) for the period		\$ 3,825,854	6	(\$ 6,145,755)	(11)
Profit attributable to:						
8610	Owners of the parent		\$ 5,830,061	9	\$ 3,457,667	6
8620	Non-controlling interest		501,971	1	534,343	1
			\$ 6,332,032	10	\$ 3,992,010	7
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 3,277,943	5	(\$ 6,347,756)	(11)
8720	Non-controlling interest		547,911	1	202,001	-
			\$ 3,825,854	6	(\$ 6,145,755)	(11)
Earnings per share (in dollars)						
9750	Basic earnings per share	6(31)				
			\$ 2.76	\$ 1.64		
9850	Diluted earnings per share					
			\$ 2.76	\$ 1.64		

The accompanying notes are an integral part of these consolidated financial statements.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													

The accompanying notes are an integral part of these consolidated financial statements.

	Equity attributable to owners of the parent												
			<u>Retained Earnings</u>				<u>Other equity interest</u>						
							Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury stocks	Total	Non-controlling interest	Total equity	
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	differences of foreign operations							

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CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	8,274,144	\$	5,421,825
Adjustments					
Adjustments to reconcile profit (loss)					
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(27)	(	323,320)		1,131,130
Net loss on financial liabilities at fair value through profit or loss	6(14)(27)		15,044		17,381
Provision for decline in value of inventories	6(6)		155,957		117,060
Expected credit impairment losses	12(2)		31,791		57,615
Interest income	6(25)	(	619,223 )	(	233,077)
Dividend income	6(26)	(	1,194,966 )	(	1,128,492)
Interest expense	6(28)		322,399		203,963
Depreciation and amortization	6(8)(9)(10)(29)		1,987,657		1,803,446
(Gain) loss on disposal of property, plant and equipment	6(27)	(	155)		4,241
Gain on disposal of investment property	6(27)	(	117,357)		-
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(	23,930 )	(	190,279)
Changes in operating assets and liabilities					
Changes in operating assets					
Current contract assets		(	1,542,688)		3,028
Notes receivable			171,163	(	39,367)
Notes receivable - related parties			2		782
Accounts receivable		(	476,521 )	(	220,887)
Accounts receivable - related parties			107,920		21,792
Other receivables		(	25,494)		93,972
Other receivables - related parties			13,651		31,634
Inventories			1,107,537	(	760,249)
Prepayments		(	78,812)		19,393
Other current assets			17,052		163,662
Non-current financial assets at fair value through profit or loss			22,038		124,559
Changes in operating liabilities					
Current contract liabilities		(	13,328)		828,368
Notes payable		(	237,213 )	(	236,682)
Notes payable - related parties			654	(	5,720)
Accounts payable		(	413,326 )	(	191,180)
Accounts payable - related parties		(	10,567 )	(	30,243)
Other payables			307,861		476,149
Provisions for liabilities			192,896		-
Other current liabilities		(	165,875)		182,410
Other non-current liabilities			51,139	(	316,127)
Cash inflow generated from operations			7,536,130		7,350,107
Interest received	6(25)		619,223		233,077
Dividend received			106,079		138,348
Interest paid		(	227,899 )	(	129,170)
Income tax paid		(	1,800,626 )	(	1,237,746)
Net cash flows from operating activities			6,232,907		6,354,616

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

(Increase) decrease in current financial assets at fair value through profit or loss		(\$	2,297)	\$	72,526
Increase in non-current financial assets at fair value through other comprehensive income		(	51,727 )	(	384,617)
Proceeds from disposal of current financial assets at fair value through profit or loss	6(2)		37,812		2,219,166
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)		1,064,955		209,316
Decrease in non-current financial assets at amortized cost	6(4)		100,352		276,323
Decrease in pledged and restricted bank and time deposits	6(1) and 8		188,491		1,054,465
Acquisition of property, plant and equipment	6(8)(32)	(	2,010,237 )	(	2,904,793)
Proceeds from disposal of property, plant and equipment			71,604		24,409
Acquisition of investment property		(	697)		-
Acquisition of intangible assets			-	(	108,408)
Decrease (increase) in other non-current assets			31,211	(	36,182)
Net cash outflow on acquisitions of subsidiaries	6(32)	(	29,425)		-
Dividends received from investments of financial instruments			1,194,966		1,128,492
Disposal of investment accounted for using equity method			117,357		-
Increase in investments accounted for under the equity method and capital reduction to recover investment cost		(	2,516 )	(	319,818)
Net cash flows from investing activities			<u>709,849</u>		<u>1,230,879</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in short-term loans	6(33)	(	394,233 )	(	291,353)
Repayments of bonds	6(33)		-	(	1,000,000)
Decrease in long-term loans	6(33)	(	105,668 )	(	439,742)
Lease liabilities paid	6(9)(33)	(	620,778 )	(	570,981)
Cash dividends paid to non-controlling interests		(	410,948 )	(	404,738)
Cash dividends paid	6(22)	(	3,208,195 )	(	2,887,375)
Net cash flows used in financing activities		(	<u>4,739,822</u>	(	<u>5,594,189</u>
Exchange rate effect			<u>62,202</u>		<u>1,748,727</u>
Net increase in cash and cash equivalents			<u>2,265,136</u>		<u>3,740,033</u>
Cash and cash equivalents at beginning of year			<u>21,375,400</u>		<u>17,635,367</u>
Cash and cash equivalents at end of year		\$	<u>23,640,536</u>	\$	<u>21,375,400</u>

Attachment 3

TECO Electric & Machinery Co., Ltd.

Distribution of 2023 Profits

(In NT \$)

Item	Amount
Accumulated undistributed profit as of the beginning of the period (2023/1/1)	16,134,363,887
Add: Net Profit after tax in 2023	5,830,061,196
Add: Disposal of financial assets measured at fair value through other comprehensive income	479,043,328
Less: Actuarial losses	(43,402,174)
Less : Legal Reserve	(626,570,235)
Total distributable earnings	21,773,496,002
Profit distributed for the period:	
Cash dividend distributed from profit 2023	4,705,352,555
(Dividend per share)	2.20
Undistributed profit as of the end of 2023	17,068,143,447
Note:	

Notes:

1. Dividend per share this year is NT\$2.2 and all dividends distributed shall be cash dividend.
2. The profit distributed this period will be distributed from the distributable earnings received in 2023 first, and from the accumulated undistributed profits from previous years where there is a shortfall.
3. In the event of any change to the total number of outstanding shares, it is proposed that the Shareholders' Meeting grants the Chairman full authority to handle all relevant matters subject to the fixed payout rate mentioned above.

Attachment 4

List of Candidates of Directors (Nominated by Board of Directors)

Name	Shares (Note)	Education/ Experience
1. Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy Chiu	31,991,364 shares	MBA, University of Michigan, Ann-Arbor President of TECO Electric & Machinery Co., Ltd Director of Chinese International Economic Cooperation Association (CIECA), TAIWAN Director of Taiwan Institute for Sustainable Energy
2. Tong Ho Global Investment Co., Ltd. Representative Cheng-Tsung Huang	2,240,262 shares	Bachelor of Economics, Fu Jen Catholic University Chairman of Tai Hong Machinery Electric (Kunshan) Co., Ltd President of Importers and Exporters Association of Taipei Chairman of Taiwan Business Council for Sustainable Development
3. Ho Yuan International Investment Co., Ltd. Representative Show-Shoun Chou	50,420,000 shares	Ph.D of Policy Analysis and Administration, Cornell University The National Policy Research Foundation's Director and Chief Executive Officer Legislator, Legislative Yuan Convener, Science and Technology Legislative Alliance, Legislative Yuan, ROC Secretary general of Monte Jode Science & Technology Association of Taiwan Chairman of ADATA Technology Co., Ltd. Consultant, Chairman & CEO Office, Hon Hai Precision Ind. Co., Ltd.
4. Ho Yuan International Investment Co., Ltd. Representative: Pen- Ching Cheng	50,420,000 shares	Master of Public Administration, National Chengchi University Commissioner, Department of Personnel, Taipei City Government Director of Taipei Rapid Transit Corporation Director of Shin Shin Natural Gas Co., Ltd. Director of RSEA Engineering Corporation
5. Ho Yuan International Investment Co., Ltd. Representative: Su Chiu Wu	50,420,000 shares	Master of Finance Management, Syracuse University, USA Chief Strategy Officer of Pau Jar Asset Management Company Senior Financial Advisor at Siris Capital Group Director and Chief Financial Officer of Cosmos Commercial Bank Deputy Chief Financial Officer of Cathay Financial Holdings and Cathay United Bank
6. Jong-Chin Shen	0 shares	Master of Business Automation and Management, National Taipei University of Technology Vice Premier of the Executive Yuan Minister of the Ministry of Economic Affairs Director-General of the Industrial Development Bureau, Ministry of Economic Affairs Executive Director of the Central Bank of the Republic of China (Taiwan) Executive Director of the Industrial Technology Research Institute (ITRI)

Name	Shares (Note)	Education/ Experience
7. Ming-Shien Li	118,000 shares	Bachelor, Department of Economics, National Taiwan University Director of LH Financial Group Public Company Limited Vice Chairman of China Trust Commercial Bank President and Executive Director of China Guangdong Development Bank Chairman and CEO of Citi (Taiwan) Commercial Bank Co., Ltd
8. Hsieh-Hsing Huang (Independent Director)	0 shares	Master of Laws Program for Executive, National Chengchi University Master of Business Management, National Sun Yat sen University Department of Economics, National Chengchi University Chairman and Founder of Chungsun Prime Certified Public Accountants Member of The CPA Discipline Committee, Financial Supervisory Commission Director of Accounting Research and Development Foundation Supervisor of Kaohsiung Rapid Transit Corporation Supervisor of Taiwan Television Enterprise Co., Ltd. Supervisor of Taiyen Biotech Co., Ltd. China CPA Examination Passed Director of CPA Associations R.O.C(Taiwan) New Taipei City Tax Agent Association Chairman
9. Chao-Chin Tung (Independent Director)	0 shares	Master of Materials Science, University of Rochester, USA Vice Chairman of China Trust Financial Holding Co., Ltd. (2891) Executive Supervisor of Chinese National Association of Industry and Commerce, Taiwan (CNAIC) Chairman of the Science-based Industrial Park Association, Taiwan Vice Chairman of Taiwan Development Financial Holding Corporation (2883) Chairman of PDMC Technology.
10. Hui-Yiu Chen (Independent Director)	0 shares	Bachelor, Department of Animal Science and Technology, National Taiwan University Chairman of T-Yang Securities Investment Trust Co., Ltd. Vice Chairman of Choice Development, Inc (9929) Independent Director TCM Biotech International Corp. (4169)

Name	Shares (Note)	Education/ Experience
11. Mei-Chun Chao (Independent Director)	0 shares	Master of Laws, Columbia University, USA Master of Laws, National Taiwan University Attorney licensed in Taiwan and the state of New York, USA Partner Attorney at Zoomlaw Attorneys-at-Law Chairperson of the International Federation of Women Lawyers, Taiwan Branch Secretary-General and Vice President of the Asia Region at the International Federation of Women Lawyers Executive Director of the National Bar Association Executive Director of the Taipei Bar Association Member of the Disciplinary Review Committee for Lawyers Executive Director of the Women's Association of the Republic of China Independent Director of Soe Co., Ltd. (6283)

Note: Shares held on the book closure starting date of AGM (March 26th, 2024)

List of Candidates of Directors
(Nominated by shareholder holding 1% or more of the company's shares)

Name	Shares (Note)	Education/ Experience
1. Yinge Int. Inv. Co., Ltd Representative: Li-Chong Huang	22,554,698 shares	Master of Science from University of Warwick HP, China InfoSystems Architect IV, IBM, GBS, Taiwan: Business Consultant Special Assistant to the President Office of TECO Electric & Machinery Co., Ltd.
2. Creative Sensor Inc. Representative: Chih- Yuan Hou	46,987,000 shares	Bachelor of Political Science, Columbia University Master of East Asian Studies, Harvard University Director, Huan-Ni Investment Co., Ltd. Director, Huan-Zhong International Co., Ltd. Executive Vice President, Universal Cement Co., Ltd."
3. Song-Ren Fang	0 shares	PhD of Material Science and Engineering from Stanford University Vice President of at UMC Taiwan Chairman of Darwin Venture Management
4. Liang-Chien Chen	0 shares	National Guanshan Senior Industrial and Commercial Vocational School Deputy General Manager (Vice President level), TECO Group Chairman, Shanghai Maoxin Mechanical and Electrical Engineering Installation Co., Ltd. President, Taiwan Enterprises Investment Association in Nanchang, Jiangxi Province, China"
5. Yu-Hsuan Wu (Independent Director)	0 shares	Master of Business Administration, Baruch College, City University of New York Independent Director, Fubon Securities Co., Ltd. Chief Operating Officer, Enterprise Services Business, HP Inc. Chief Financial Officer, Taiwan and Korea, Electrical & Information Systems Corporation
6. Ming-Shiuan Lee (Independent Director)	0 shares	Master of Science from University of Illinois (Accountancy) Master of Accounting from National Taiwan University Independent Director, Taiwan Fertilizer Co., Ltd. Deputy CFO/Investor Relations, Sheng Li International Co., Ltd. Deputy General Manager, PricewaterhouseCoopers Taiwan Manager, PricewaterhouseCoopers Los Angeles Office, USA
7. Chao-Ching Huang (Independent Director)	0 shares	Ph.D. in Economics, Xiamen University Master of International Business and Trade, National Chengchi University Deputy General Manager, KGI Bank Chairman, Taiwan Financial Analysts Association
8. Po-Min Yang (Independent Director)	0 shares	Master of Business Administration, University of Washington Deputy General Manager of Finance, Hsing Ta Cement Co., Ltd."

Note: Shares held on the book closure starting date of AGM (March 26th, 2024)

Attachment 5

List of non-competition obligation of candidates of the 27th directors (including independent directors)

Name	Serve concurrently in other Taiwanese Companies	Serve concurrently in other Overseas Companies
Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy Chiu	Chairman of Taiwan Pelican Express Co., Ltd. Chairman of TECO Sun Energy CO., LTD. Managing Director of Tung Pei Industrial Co., Ltd. Director of Lien Chang Electronic Enterprise Co., Ltd. Director of Royal Host Taiwan Co., Ltd. Director of Information Technology Total Services Co., Ltd. Director of TECOM Co., Ltd. Director of TECO-MOTECH COMPANY LIMITED Director of Yatec Engineering Corporation Director of Century Biotech Development Corporation Director of Century Development Corporation Inc.	Chairman of TECO Australia Pty Limited Director of TEMICO International Pte. Ltd. Director of TEMICO Motor India Private Limited Director of Wuxi Teco Electric & Machinery Co., Ltd.
Tong Ho Global Investment Co., Ltd. Representative: Cheng-Tsung Huang	Chairman of Sen Yeh Construction Co., Ltd. Chairman of Wan Yu Development Co., Ltd. Independent Director of Aurotek Corporation	None
Ho Yuan International Investment Co., Ltd. Representative: Show-Shoun Chou	Consultant of Legislative Yuan Chairman of Yu Shan Entertainment Cooperation CO., Ltd.	None
Ho Yuan International Investment Co., Ltd. Representative: Pen-Ching Cheng	Supervisor of Pau Jar Asset Management Co. Ltd.	None
Ho Yuan International Investment Co., Ltd. Representative: Su Chiu Wu	Director of Yeong Guan Energy Technology Group Co., Ltd. Director of Pau Jar Asset Management Co. Ltd. CEO of Jar Yuan Investment Ltd.	None
Jong-Chin Shen	None	None
Ming-Shien Li	None	None
Hsieh-Hsing Huang	Chairman of Chungsun Prime Certified Public Accountants Independent Director of China Airlines Co. Ltd. Consultant of the Board of New Taipei City Real Estate Association	None

Chao-Chin Tung	Independent Director of Powertech Technology Inc. Director of Homeplus Digital Co., Ltd.	None
Hui-Yiu Chen	Chairman of Choice Development, Inc. Independent director of Senao Networks Inc. Independent director of TCM Biotech International Corp. Independent director of MAYWUFA company Ltd. Director of TransGlobe Life Insurance Inc. Director of Prospect Hospitality Co., Ltd. Director of TAIWAN Microloops Corp.	None
Mei-Chun Chao	None	Independent Director of GCS Holdings, Inc.
Yinge Int. Inv. Co., Ltd Representative: Li-Chong Huang	Chairman of Yinge Int. Inv. Co., Ltd. Director of TA HONG MACHINERY CO., LTD. Chairman of Ttomaji Works Co., Ltd.	None
Creative Sensor Inc. Representative: Chih- Yuan Hou	Director of TAINAN SPINNING CO., LTD. Director of NANTEX INDUSTRY.CO., LTD. Director of LIO HO MACHINE WORKS LTD. Director of Grand Bills Finance Crop. Director of CHC RESOURCES CORPORATION Chief Operating Officer of UNIVERSAL CEMENT CORPORATION	None
Song-Ren Fang	Chairman of QUANTEK, INC. Chairman of DARWIN SYSTEM TECHNOLOGY CORPORATION Chairman of Darwin Venture Management Corporation Chairman of DARHE VENTURE CORPORATION Chairman of Darzhen Venture Corporation Chairman of DARJUN VENTURE CORPORATION Director of CHEW'S CULTURE FOUNDATION Chairman of DARHE II VENTURE CORPORATION Chairman of Affluent Asset Management Co., Ltd Supervisor of Epoch Foundation Independent Director of Sciencetech Corporation Director of TECO Image Systems Co., Ltd. Director of MACRONIX, INTERNATIONAL CO., LTD.	None
Liang-Chien Chen	Director of Fuji Kiso Energy Technology Co., Ltd. Chairman of GenKi Kiso Co., Ltd. Director of KORYO ELECTRONICS CO., LTD.	None
Yu-Hsuan Wu	Supervisor of Board, British Chamber of Commerce in Taipei Managing Director of Taiwan TMF Group	None

Ming-Shiuan Lee	Independent Director of HUNG SHENG CONSTRUCTION CO., LTD. Independent Director of A-SPINE Asia Co., Ltd. Inspector General of Agricultural Bank of Taiwan Vice president of Finance of KINGMAX SEMICONDUCTOR INC.	None
Chao-Ching Huang	Vice president of Finance of SinoPac Financial Holdings Company Limited Senior Vice president and Director of Financial Markets Department, SinoPac Bank Managing Director of Asia and Pacific Council for Science and Technology Honorary Director of CFA Society Taiwan	None
Po-Min Yang	Managing Director of HTP CAPITAL Co., Ltd. Chairman of Chin Ta Construction Co., Ltd. Independent Director of TONG MING ENTERPRISE CO., LTD Independent Director of MERIBANK BIOTECH CO., LTD Honorary Director of CFA Society Taiwan	None