

August 13th, 2021

Dear Shareholders,

In the second quarter of 2021, the company's revenue reached at of NT\$13.5 billion (YoY growth of 20%, QoQ growth of 12.5%), and recurring revenue also reached at NT\$12.8 billion (YoY growth of 18%, QoQ growth of 11%), it is the company's the best season during last seven years. Especially when the Taiwan epidemic broke out and the shareholders' meeting was turbulent, the management team still work hard and work together, stand fast and remain at their posts. it is highly recommended!

To quickly respond to the market's demand for energy saving, emission reduction and automation, and to improve the ability of integrated solutions (Total solution), the company made organizational adjustments in the second quarter to simplify the business units into three business groups:

1. Green Mechatronic Solution Business Group (hereinafter referred to as " Green Mechatronic Solution "): Integrate industrial motors, inverters, servo systems, EVs, AGVs and other product lines, focusing on the industrial and automobile manufacturer of large electricity users
2. Air and Intelligent Life Business Group (hereinafter referred to as " Air and Intelligent Life "): Integrate commercial and household air conditioners, ITTS's(Information Technology Total Services) software solutions, Taiwan Pelican's home delivery logistics services, etc., focusing on another scene of large electricity users-urban life
3. Intelligence Energy Business Group (hereinafter referred to as " Intelligence Energy "): integrate energy engineering, offshore wind farm's onshore substations, IDC(internet data center) and energy storage systems, and focus on the development of new energy power generation, energy storage and data center markets

Overall, in the first half of 2021, revenue reached at NT\$25.5 billion (YoY growth of 16.3%) and recurring revenue reached at NT\$24.4 billion (YoY growth of 13.6%), which Green Mechatronic Solution, representing 54.5% of the whole company's sales, is still the company's most stable and global Business. Air and Intelligent Life remained stable at about 25%, while Intelligence Energy, which accounted for 12.4%, grew the fastest and its proportion increased year by year:

Green Mechatronic Solution : Revenue in the first half of 2021 is NT\$13.9 billion, an increase of 11% from last year. The growth is mainly from the China and European markets. The recovery of the North American market is still relatively weak. If the US government passes the Massive \$1.2 Trillion Infrastructure Bill, it is expected to inject new growth momentum into the company's North American business. The company signed an MOU with Pihong Technology and Getka Group, an American energy group, on July 5th, to join hands to enter the US electric vehicle fast charging pile market, which is also optimistic about the leading layout of the US major infrastructure policy

Air and Intelligent Life: In the first half of 2021, revenue was NT\$6.36 billion, an increase of 11.7% from last year. The growth came from multiple sources. Commercial air-conditioning projects with energy management systems and energy-efficient products were mostly successful. TECO also won bids for more than 40,000 units in “The primary and secondary air-conditioning projects”, which is the best performance among of the local brands. In addition, the home appliance and Taiwan Pelican’s home delivery logistics businesses have benefited from the epidemic and have grown, and ITTS’s equipment procurement project revenue has also continued to increase

Intelligence Energy: In the first half of 2021, revenue was approximately NT\$3.16 billion, an increase of 30.1% from last year. In addition to projects in hand such as offshore wind farm’s onshore substations and IDC, the company is also actively striving to benefit from the return of Taiwanese businessmen and the increase in foreign investment in Taiwan. The construction of related mechanical and electrical engineering and energy storage systems, and by increasing the proportion of self-made products to increase the gross profit margin, it is expected that smart energy will be the company's fastest growing business group in the future.

After reclassification of certain items of the income statement by the accountant, the recurring gross profit margin in the second quarter of 2021 was 23.9%, a slight increase of 0.4% from 23.5% in the first quarter. It is commendable under the current environment of rising material costs and freight as well as exchange rate fluctuations. Due to the improvement of operating efficiency and prudent cost control, the recurring operating profit margin in the second quarter of 2021 reached 8.2%, continuing the upward trend since the third quarter of 2020! Total net profit in the first half of 2021 reached NT\$2.54 billion (yoy growth 31.8%), and EPS reached NT\$1.21 per share.

Lastly, the company's general meeting of shareholders of year 2021 has successfully and peacefully completed the re-election of the board of directors on July 23rd. It is hoped that under the leadership of the new board of directors, the management team shall uphold TECO's fine traditions and integrity values, and work together for the sustainable development and performance enhancement to actively respond to the expectations of employees and shareholders. Thank you for your long-term support to TECO, and I also wish you all the safety and health of shareholders!

Sophia Chiu
Chairman