

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Balance Sheet

A. Condensed Balance Sheet-IFRS

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Current assets		9,781,308	10,343,772	9,287,505	10,468,388	12,277,831
Property, plant and equipment		3,761,489	3,739,530	3,520,118	3,093,090	3,056,759
Intangible assets		0	0	0	0	0
Other assets		57,232,136	58,712,398	62,737,576	68,034,837	94,767,823
Total assets		70,774,933	72,795,700	75,545,199	81,596,315	110,102,413
Current liabilities	Before distribution	9,350,717	8,468,684	11,002,572	10,139,131	11,450,161
	After distribution	11,073,033	10,239,608	12,950,588	12,598,747	14,337,536(Note)
Non current liabilities		9,594,451	10,648,356	7,836,123	9,628,889	9,438,489
Total liabilities	Before distribution	18,945,168	19,117,040	18,838,695	19,768,020	20,888,650
	After distribution	20,667,484	20,887,964	20,786,711	22,227,636	23,776,025(Note)
Equity attributable to owners of parent		51,829,765	53,678,660	56,706,504	61,828,295	89,213,763
Capital stock		20,026,929	20,026,929	19,676,929	19,676,929	21,387,966
Capital surplus		7,628,542	7,647,215	7,389,577	7,386,901	9,529,520
Retained earnings	Before distribution	22,469,336	25,221,021	26,390,805	27,936,917	30,727,392
	After distribution	20,747,020	23,450,097	24,442,789	25,477,301	27,840,017(Note)
Other equity interest		2,026,521	1,105,058	3,570,756	7,339,258	28,080,595
Treasury Stocks		(321,563)	(321,563)	(321,563)	(511,710)	(511,710)
Non-Controlling Interest		0	0	0	0	0
Total shareholders' equity	Before distribution	51,829,765	53,678,660	56,706,504	61,828,295	89,213,763
	After distribution	50,107,449	51,907,736	54,758,488	59,368,679	86,326,388(Note)

Note : Amounts resolved by the board meeting dated on March 16th 2022

B. Consolidated Condensed Balance Sheet-IFRS

Unit: NT\$thousand

Year		Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Item						
Current assets		44,262,768	43,760,371	43,946,576	45,792,352	49,333,671
Fixed assets		17,922,299	17,363,543	16,742,830	15,912,788	15,196,458
Intangible assets		5,612,315	5,557,343	5,200,634	5,269,715	4,439,567
Other assets		24,219,575	25,300,029	33,204,364	38,704,216	67,642,754
Total assets		92,016,957	91,981,286	99,094,404	105,679,071	136,612,450
Current liabilities	Before distribution	18,742,356	18,141,380	20,293,826	19,618,968	23,074,011
	After distribution	20,464,672	19,912,304	22,241,842	22,078,584	25,961,386(Note)
Non Current liabilities		15,400,464	15,348,991	17,095,788	18,434,871	17,876,508
Total liabilities	Before distribution	34,142,820	33,490,371	37,389,614	38,053,839	40,950,519
	After distribution	35,865,136	35,261,295	39,337,630	40,513,455	43,837,894(Note)
Equity attributable to owners of parent		51,829,765	53,678,660	56,706,504	61,828,295	89,213,763
Capital stock		20,026,929	20,026,929	19,676,929	19,676,929	21,387,966
Capital surplus		7,628,542	7,647,215	7,389,577	7,386,901	9,529,520
Retained earnings	Before distribution	22,469,336	25,221,021	26,390,805	27,936,917	30,727,392
	After distribution	20,747,020	23,450,097	24,442,789	25,477,301	27,840,017(Note)
Other equity interest		2,026,521	1,105,058	3,570,756	7,339,258	28,080,595
Treasury Stocks		(321,563)	(321,563)	(321,563)	(321,563)	(511,710)
Non-Controll Interesting	Before distribution	6,044,372	4,812,255	4,998,286	5,796,937	6,448,168
	After distribution	6,044,372	4,812,255	4,998,286	5,796,937	6,448,168
Total shareholders' equity	Before distribution	57,874,137	58,490,915	61,704,790	67,625,232	95,661,931
	After distribution	56,151,821	56,719,991	59,756,774	65,165,616	92,774,556(Note)

Note : Amounts resolved by the board meeting dated on March 16th 2022

6.1.2 Condensed Statement of Income

A. Condensed Statement of Income-IFRS

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Sales revenue		21,301,208	20,879,719	18,873,312	19,819,029	22,940,571
Gross profit		4,576,185	4,412,191	4,046,442	4,061,136	4,348,800
Operating profit		1,507,068	1,410,943	1,114,970	1,075,033	1,376,984
Non-operating income & expenses		1,797,400	1,883,866	2,387,349	2,583,162	3,979,710
Profit before income tax		3,304,468	3,294,809	3,502,319	3,658,195	5,356,694
Income from operations of continued segments - before tax		3,092,358	3,150,089	3,221,717	3,511,358	5,013,134
Income from discontinued departments		0	0	0	0	0
Profit for the year		3,092,358	3,150,089	3,221,717	3,511,358	5,013,134
Other Comprehensive Income for the year		811,557	402,449	2,453,917	3,751,272	20,968,385
Total Comprehensive Income for the year		3,903,915	3,552,538	5,675,634	7,262,630	25,981,519
Profit (loss) attributable to owners of parent		3,092,358	3,150,089	3,221,717	3,511,358	5,013,134
Profit (loss) attributable to non-controlling interest		0	0	0	0	0
Total Comprehensive Income for the year profit (loss) attributable to owners of parent		3,903,915	3,552,538	5,675,634	7,262,630	25,981,519
Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest		0	0	0	0	0
Earnings per share		1.56	1.59	1.65	1.81	2.38

B. Consolidated Condensed Statement of Income-IFRS

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Sales revenue		50,942,521	50,104,927	47,909,358	45,823,430	52,557,027
Gross profit		12,196,268	12,052,659	11,481,649	10,756,093	12,745,579
Operating profit		3,496,200	3,520,486	3,536,445	3,534,057	5,069,358
Non-operating income & expenses		857,704	765,802	903,009	865,691	1,082,520
Profit before income tax		4,353,904	4,286,288	4,439,454	4,399,748	6,151,878
Income from operations of continued segments - before tax		3,544,248	3,475,969	3,518,780	3,811,648	5,502,191
Income from discontinued departments		0	0	0	0	0
Profit for the year		3,544,248	3,475,969	3,518,780	3,811,648	5,502,191
Other Comprehensive Income for the year		781,789	433,011	2,520,910	3,791,939	21,474,459
Total Comprehensive Income for the year		4,326,037	3,908,980	6,039,690	7,603,587	26,976,650
Profit (loss) attributable to owners of parent		3,092,358	3,150,089	3,221,717	3,511,358	5,013,134
Profit (loss) attributable to non-controlling interest		451,890	325,880	297,063	300,290	489,057
Total Comprehensive Income for the year profit (loss) attributable to owners of parent		3,903,915	3,552,538	5,675,634	7,262,630	25,981,519
Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest		422,122	356,442	364,056	340,957	995,131
Earnings per share		1.56	1.59	1.65	1.81	2.38

6.1.3 Auditors' Opinions from 2017 to 2021

Year	CPA Firm	CPA's Name	Auditing Opinion
2021	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2020	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2019	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2018	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2017	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)

6.2 Five-Year Financial Analysis

6.2.1 Five-Year Financial Analysis-IFRS

Item		Year	Financial analysis in the past five years				
			2017	2018	2019	2020	2021
Financial structure (%)	Ratio of liabilities to assets		26.77	26.26	24.94	24.23	18.97
	Ratio of long-term capital to fixed assets		1,566.42	1,656.05	1,761.49	2,231.05	3,147.57
Solvency (%)	Current ratio		104.60	122.14	84.41	103.25	107.23
	Quick ratio		67.15	74.89	48.97	63.53	57.23
	Times interest earned ratio		36.02	35.78	35.91	41.15	79.67
Operating ability	Accounts receivable turnover (turns)		5.30	5.63	5.47	5.52	5.39
	Average collection period		68.87	64.83	66.73	66.12	67.72
	Inventory turnover (turns)		5.43	5.58	5.20	5.57	5.78
	Accounts payable turnover (turns)		3.46	3.59	3.65	3.80	3.72
	Average days in sales		67.22	65.41	70.19	65.53	63.15
	Fixed assets turnover (turns)		5.75	5.57	5.20	5.99	7.46
	Total assets turnover (turns)		0.30	0.29	0.25	0.25	0.24
Profitability	Return on total assets (%)		4.50	4.49	4.45	4.56	5.29
	Return on stockholders' equity (%)		6.09	5.97	5.84	5.92	6.64
	Ratio of pre-tax income to issued capital		16.50	16.45	17.80	18.59	25.05
	Profit ratio (%)		14.52	15.09	17.07	17.72	21.85
	Earnings per share (\$)		1.56	1.59	1.65	1.81	2.38
Cash flow	Cash flow ratio (%)		30.30	14.06	16.85	25.00	17.73
	Cash flow adequacy ratio (%)		76.63	67.68	68.53	87.75	75.53
	Cash reinvestment ratio (%)		1.52	-0.79	-0.13	0.09	-0.80
Leverage	Operating leverage		3.68	3.77	4.19	4.23	3.42
	Financial leverage		1.07	1.07	1.10	1.09	1.05
Key Indicator	Sales growth (%)		5.07	-1.98	-9.61	5.01	15.75
	Profit after tax growth (%)		-11.18	1.87	2.27	8.99	42.77

Reasons for changes in financial ratios in the last two years:

- Ratio of liabilities to assets: The decrease was mainly due to the increase in the book value of investments assessed by the equity method, which resulted in an increase in total assets.
- Ratio of long-term capital to fixed assets: The increase was mainly due to the unrealized gains on valuation of investments measured at fair value through other comprehensive, which resulted in an increase in equity.
- Times interest earned ratio increased mainly due to the effect of the increase in profit and the decrease in interest expenses.
- Fixed assets turnover (turns): The increase was mainly due to the increase in net sales in the current period.
- Ratio of pre-tax income to issued capital: The increase was mainly due to the increase in net profits before tax.
- Profit ratio: The increase was mainly due to the increase in investment income recognized by the equity method compared with the previous period.
- Earnings per share: The increase was mainly due to the increase in net income.
- Cash flow ratio: The decrease was mainly due to the increase in contract assets and inventories, which resulted in a decrease in cash flow from operating activities.
- Cash flow reinvestment ratio: The decrease was mainly due to the combined effect of the increase in contract assets and inventories, resulting in a decrease in cash flow from operating activities, and the increase in cash dividends to be distributed.
- Sales growth: The increase was mainly due to the growth of export revenue.
- Profit after tax growth: The increase was mainly due to the effect of the revenue growth and the increase in investment income recognized by the equity method compared with the previous period.

6.2.2 Consolidated Five-Year Financial Analysis-IFRS

Item		Year	Financial analysis in the past five years				
			2017	2018	2019	2020	2021
Financial structure (%)	Ratio of liabilities to assets		37.10	36.41	37.73	36.01	29.98
	Ratio of long-term capital to fixed assets		381.31	398.75	414.38	483.48	686.12
Solvency (%)	Current ratio		236.16	241.22	216.55	233.41	213.81
	Quick ratio		168.32	168.39	157.24	175.05	148.42
	Times interest earned ratio		19.18	20.66	17.95	19.59	31.51
Operating ability	Accounts receivable turnover (turns)		4.42	4.64	4.59	4.41	4.81
	Average collection period		82.58	78.66	79.52	82.77	75.88
	Inventory turnover (turns)		3.19	3.11	3.21	3.36	3.42
	Accounts payable turnover (turns)		4.94	4.84	4.83	4.58	4.33
	Average days in sales		114.42	117.36	113.71	108.63	106.73
	Fixed assets turnover (turns)		2.80	2.84	2.81	2.81	3.38
	Total assets turnover (turns)		0.55	0.54	0.50	0.45	0.43
Profitability	Return on total assets (%)		4.06	3.97	3.90	3.91	4.67
	Return on stockholders' equity (%)		6.24	5.97	5.86	5.89	6.74
	Ratio of Pre-tax income to issued capital (%) (Note7)		21.74	21.40	22.56	22.36	28.76
	Profit ratio (%)		6.96	6.94	7.34	8.32	10.47
	Earnings per share (\$)		1.56	1.59	1.65	1.81	2.38
Cash flow	Cash flow ratio (%)		31.43	23.86	29.21	27.97	17.84
	Cash flow adequacy ratio (%)		122.23	116.89	126.69	134.73	126.64
	Cash reinvestment ratio (%)		4.12	2.57	3.82	2.70	0.88
Leverage	Operating leverage		4.74	3.96	3.93	3.72	2.88
	Financial leverage		1.07	1.07	1.08	1.07	1.04
Key Indicator	Sales growth (%)		2.04	-1.64	-4.38	-4.35	14.69
	Profit after tax growth (%)		-12.21	-1.93	1.23	8.32	44.35

Reasons for changes in financial ratios in the last two years:

1. Ratio of long-term capital to fixed assets: The increase was mainly due to the unrealized gain arising from the financial assets measured at fair value through profit or loss, which resulted in an increase in equity.
2. Times interest earned ratio increased mainly due to the effect of the increase in profit and the decrease in interest expenses.
3. Fixed assets turnover (turns): The increase was mainly due to the increase in net sales in the current period.
4. Ratio of pre-tax income to issued capital: The increase was mainly due to the increase in net profits before tax.
5. Profit ratio: The increase was mainly due to the valuation increase on financial asset compared with the previous period.
6. Earnings per share: The increase was mainly due to the increase in net income.
7. Cash flow ratio: The decrease was mainly due to the increase in inventories, which resulted in a decrease in cash flow from operating activities.
8. Cash flow reinvestment ratio: The decrease was mainly due to the combined effect of the increase in contract assets and inventories, resulting in a decrease in cash flow from operating activities, and the increase in cash dividends to be distributed.
9. Operating leverage: The decrease was mainly due to the increase in operating profit.
10. Sales growth: The increase was mainly due to the growth of revenue in all regions and the valuation increase on financial asset compared to the previous period.
11. Profit after tax growth: The increase was mainly due to the effect of the revenue growth and the valuation increase on financial asset compared with the previous period.

6.3 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 2021 (include 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 2022

TECO Electric & Machinery Co., Ltd

Audit Committee Convener : Wei-Chi Liu

Date: March 16, 2022