VII. Review of Financial Status, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Year			Difference	e	_
Item	2022/12/31	2021/12/31	Amount	%	Remark
Current Assets	50,317,421	49,333,671	983,750	2	
Fixed Assets	19,131,777	17,402,116	1,729,661	10	
Intangible Assets	4,668,399	4,439,567	228,832	5	
Other Assets	52,485,513	65,437,096	(12,951,583)	(20)	Note
Total Assets	126,603,110	136,612,450	(10,009,340)	(7)	
Current Liabilities	22,653,920	23,074,011	(420,091)	(2)	
Non Current Liabilities	17,630,691	17,876,508	(245,817)	(1)	
Total Liabilities	40,284,611	40,950,519	(665,908)	(2)	
Equity attributable to owners of parent	80,024,934	89,213,763	(9,188,829)	(10)	
Capital stock	21,387,966	21,387,966	0	0	
Capital surplus	9,575,822	9,529,520	46,302	0	
Retained Earnings	31,220,437	30,727,392	493,045	2	
Other equity	17,840,709	27,568,885	(9,728,176)	(35)	Note
Non Controlling Interest	6,293,565	6,448,168	(154,603)	(2)	
Total Stockholders' Equity	86,318,499	95,661,931	(9,343,432)	(10)	
Note: The decrease is mainly due to the other comprehensive income held	unrealized loss of by the Group in 2	n the valuation of 2022, which increa	financial assets	s at fair v and equi	value through

7.2 Analysis of Operating Results

7.2.1 Operating Results

Unit: NT\$thousand

Year	2022	2021	Differen	ce	D 1-	
Item	2022	2021	Amount	%	INCHIIALK	
Sales Revenue	58,315,216	51,248,387	7,066,829	14		
Operating Costs	(45,129,917)	(39,812,612)	(5,317,305)	13		
Gross Profit	13,185,299	11,435,775	1,749,524	15		
Realized(Unrealized) Profit from Sales	(997)	1,164	(2,161)	(186)	Note 1	
Gross Profit - Net	13,184,302	11,436,939	1,747,363	15		
Operating Expenses	(8,110,648)	(7,676,221)	(434,427)	6		
Operating Profit	5,073,654	3,760,718	1,312,936	35	Note 2	
Non-operating Income and Gains	348,171	2,391,160	(2,042,989)	(85)	Note 3	
Profit before income tax	5,421,825	6,151,878	(730,053)	(12)		
Tax Expense	(1,429,815)	(649,687)	(780,128)	120	Note 4	
Net Income	3,992,010	5,502,191	(1,510,181)	(27)	Note 5	
Other comprehensive income	(10,137,765)	21,474,459	(31,612,224)	(147)	Note 6	
Total comprehensive income	(6,145,755)	26,976,650	(33,122,405)	(123)	Note 7	

Analysis and explanation for changes:

1. Mainly due to the inventory sold by the company to non-consolidated related enterprises increased, resulting in an increase in unrealized profit.

2. Mainly due to the increase in revenue and gross profit, as well as expense control.

3. Mainly due to unrealized losses on the valuation of financial assets at fair value through profit or loss.

4. Mainly due to the increase in operating profit compared with the previous period.

5. Mainly due to unrealized losses on the valuation of financial assets at fair value through profit or loss.

6. Mainly due to unrealized losses on the valuation of financial assets at fair value through other comprehensive income, resulting in a reduction in other comprehensive income.

7. Mainly due to the decrease in net income and other comprehensive benefits compared with the same period of last year °

7.2.2 Change in gross profit: No need of analysis since the change is less than 20%.



7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year (2021)

Cash and Cash	Net Cash Flow from	Cash Outflow	Cash Surplus	Remedy for	Cash Deficit
Equivalents, Beginning	Operating Activities	(Inflow)	(Deficit)	Investment	Financing
of Year (1)	(2)	(3)	(1)+(2)-(3)	Plans	Plans
17,274,143	6,377,629	2,494,976	21,156,796	-	-

A. Analysis of change in cash flow:

a. Operating activities: The increase in net cash inflow from operating activities is mainly due to stable profitability and proper control of the receipt and payment schedule.

b. Investing activities: Redemption of fund investments and unrestriction of restricted Bank Deposits is the main reason for cash inflow from investment activities

c. Financing activities: The payment of cash dividends, payment of borrowings and lease liabilities are the main causes of cash outflows from financing activities.

B. Remedy and liquidity analysis for insufficient cash: not applicable.

7.3.2 Improvement plan for insufficient liquidity: Not applicable

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$thousand

Cash and Cash	Estimated Net	Estimated Cash		Remedy for	Cash Deficit
Equivalents, Beginning of Year (1)	Cash Flow from Operating Activities (2)	Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Investment Plans	Financing Plans
21,156,796	6,584,394	3,444,215	24,296,975	-	-

A. Analysis of change in cash flow in the current year:

a. Operating activities: It is expected that net cash inflows from operating activities this year will reach double-digit growth, resulting from growth in revenue and profitability compared with 2022.

b. Investing activities: It is expected that the dividend income earned in 2023 is just enough to pay for the investment in property, plant and equipment.

c. Financing activities: Although the cash dividend of this year is higher than that of last year, the net cash inflow from operating activities of the Company in Taiwan will increase significantly. It is estimated that loans won't increase this year.

B. Remedy for Cash Deficit and Liquidity Analysis: Not Applicable

Unit: NT\$thousand

7.4 Financial and Business Impact from Major Capital Expenditure Items

Project	Actual or Actual or Planned Source Planned Date of 7		Total Capital	Actual or Expected Capital	
rioject	of Copital	Completion	Total Capital	2022	2022 2024
	01 Capitai	Completion		2022	2023~2024
2022 Capital					
Expenditure – new					
equipment, equipment	Working Capital	2022/12/31	2,487,000	2,487,000	-
renewal and capacity					
expansion					
2023 Capital					
Expenditure – new					
equipment, equipment	Working Capital	2023/12/31	3,212,000	-	3,212,000
renewal and capacity					
expansion					

7.4.1 Major Capital Expenditure Items and Source of Capital

7.4.2 Expected Benefits

After the above-mentioned capital expenditure and equipment replacement, in addition to increasing the output of high and low voltage motors, home appliances and air conditioners, and automation & intelligent system products, it will also help reduce production costs and improve product quality. In addition, the Songjiang Building will be rebuilt to revitalize the land assets, which will bring stable rental income

7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

7.5.1 Equity Investment Policy

In response to economic development trend and increasing competition, both on domestic and overseas fronts, investments are mainly for vertical or horizontal integration of the company's core businesses, including electromechanical, energy engineering, and home appliances & air conditioners, for materialization of the corporate vision of "energy conservation, emission reduction, intelligence and automation" and strengthen digital transformation, focusing on three major fileds, electromechanical, energy and air conditioners, in line with the company's long-term development plan and carefully evaluate various investment plans

7.5.2 Major reasons for profits or loss:

The investment gain recognized by the equity method of the Group in 2022 was NT\$ 190,279 thousand, with an decrease of NT\$5,552 thousand compared with the investment gain recognized in 2021, (NT\$195,831 thousand). It was mainly due to less earnings at TPI BEARINGS.

7.5.3 Investment plan for the next year

In addition to the replacement of old equipment with new ones, the investment plan for the next year will continue to focus on energy conservation, intelligence, automation and digitalization to develop high- efficiency & high-power-density steel shell motor, IE5 high efficiency permanent magnet motor, low-speed direct-drive permanent magnet motors, synchronous reluctance motor, EC(electronically commutated) motor and high efficiency & energy saving inverter duty air conditioning products.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

202	Unit: NT\$Thousand
Net Interest Income or Expense (1)	31,485
Sales Revenus(2)	58,315,216
Operating Profit(3)	5,073,654
(1)/(2)	0.05%
(1)/(3)	0.62%

A. Effects of Changes in Interest Rates on Corporate Finance, and Future Response Measures

The Company's net interest income for the year 2022 was NT \$ 31,845 thousand, accounting for 0.05% of annual sales revenue and 0.62% of operating profit.

The situation of COVID-19 pamdemic in the world has already been improved, but it is facing problems such as rising inflation and the war between Russia and Ukraine. The central banks of major countries led by the US Federal Reserve (Fed) continue to raise interest rates, and the US has raised interest rates throughout the year. The interest rate has been raised 9 times, with a cumulative increase of 475bps; Taiwan's central bank has also raised interest rates 4 times, with a cumulative increase of 62.5bps.

Looking forward to this year, inflation around the world has gradually declined, and the pace of interest rate hikes in countries around the world will also slow down. The Fed raised interest rates by 50bps in February and March. After raising interest rates in March, it indicated that the cycle of interest rate hikes may be ended earlier, no interest rate cut will be considered within this year, and it is predicted that the interest rate will remain high this year.

B. Effects of Changes in Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

	2022	Unit: NT\$thousand
Currency Exchange Gain or Loss(1)		209,092
Sales Revenus(2)		58,315,216
Operating Profit(3)		5,073,654
(1)/(2)		0.36%
(1)/(3)		4.12%

The company's net curreny exchange gain was NT\$209,092 thousand in year 2022, which was mainly due to the appreciation of US dollar against New Taiwan dollar and RMB.

It is predicted that in the first half of this year, various currencies will fluctuate against the US dollar in a range; in the second half of the year, the European and American economies will recover, and exports from other countries will increase, and the exchange rate against the US dollar will have a more obvious upward trend. In addition to continuously paying attention to exchange rate fluctuations, the company has implemented the following countermeasures.

- a. In addition to natural hedging associated with positions of assets and liabilities, the company will undertake substantial hedging via forward forex transactions.
- b. The financial department will maintain close contact with the forex department of corresponding financial institutions and constantly collect information on change in exchange rate, so as firmly grasp trend and change in international exchange rates and respond actively, in forward forex transactions and foreign exchange settlement, to offset the adverse influence of exchange-rate swings.
- c. The financial department regularly do internal evaluation reports for hedge on net asset and liability of foreign currency, so that the management team can determine if the company do the hedge or not.
- C. The impact on company's performance reselted from inflation and counter measures

The General Accounting Office of Taiwan announced that the CPI for 2022 will be 2.95%, a new high in 14 years. After a high of 3.59% in June 2022, it began to slow down and fell to 2.43% in February 2023, but it was still higher than the central bank's 2% target. Although the freight cost and price of the company's main raw materials include steel, copper, aluminum, etc. have fallen from last year's high point, the purchase cost is still relatively high compared to the past.

In addition, the purchase of raw materials of the Company is mostly negotiated by contract. In the situation of rising prices, prices can be negotiated with suppliers. Therefore, fluctuations in raw material prices have no significant adverse impact on the company's profit and loss. However, the company will still carefully evaluate the price trend of base metals in the future, and formulate the most suitable procurement strategy in line with operational needs

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

- A. The company abstains from high-risk and high leveraged investments.
- B. At the end of 2022, outstanding loans extended by the company amounted to NT\$0 thousands.
- C. In 2022, the outstanding amount of the endorsement and guarantee extended by the company reached NT\$1249,780 thousand, for the company's subsidiaries, affiliates, and business partners. The company has obtained the financial statements and business profile information of the company endorsed and guaranteed at ordinary times, analyzes its profit situation, in order to evaluate the risk of the company's endorsement guarantee, and plans the risk reduction plan in advance
- D. In 2022, the derivative products held by the company are mainly forward foreign exchange transactions. Since the counterparties of the transactions are all creditworthy international financial institutions, and the company also trades with many financial institutions to diversify risks, the contract counterparty default risk is very low, so the credit risk of the derivative commodity transactions that the company engages in is very low. In addition, the derivative products held by the company are mainly of a hedging nature, and the resulting profit and loss will offset the profit and loss of the hedging project, so the market risk is also very low. The company calculates the fair value of individual contracts based on the mid-price of the exchange rate reported by the Taiwan Bank's exchange rate

E. The company has formulated a number of investment guidelines for cutting risk, including "Procedure for the Acquisition and Disposal of Assets," "Procedure for Lending Capital to the Others", "Procedure for the Endorsement and Guarantee," and "Procedure for the Trading and Disposal of Derivatives."

7.6.3 Future Research & Development Projects and Corresponding Budget

TECO Group's estimated R&D expenditure in 2023 is NT\$1,292,952 thousand.

In recent years, TECO has gathered the research and development strength and market experience of the company's research and development units at home and abroad, and strengthened its core business through industry-university-research cooperation, and actively invested in the green energy industry. It also launched several important R&D projects in the areas of permanent magnet synchronous motors, electric vehicle power trains, power conditioning systems, robot arm joint modules, medium voltage inverters, sensor-free feedback permanent magnet motor drives, precision servo motors, high-speed spindle motors, IE5 synchronous reluctance motors, high-level control algorithms, residential air conditioners and commercial air conditioner system solutions, and Internet of Things applications.

In response to the mid-to-long term new technology and new product development, as well as short-term operational needs for product cost-effectiveness improvement, TECO's R&D team is actively looking for external resources, operating through technical consultation, cooperation, and introduction to enrich its technical capabilities.

Starting from existing core technologies such as rotating electrical machine and generator design, motor drive and design, power electronic control and design, and gateway technology, integrate new market demand, industrial specifications, new material applications, sensor application technology, wireless network technology, and the field of green energy industry technology (such as hydrogen energy and CCUS, Carbon Capture, Utilization and Storage, reuse and storage, etc.), coordinate the overall R&D strategy and technology planning.

The company formulates its future R&D plan on the following bases:

- A. Grasp and analysis of industrial development, government policy, and market trend;
- B. The establishment and rooting of key technologies;
- C. Competitiveness relative to rivals in Europe, the U.S., and Japan;
- D. Global market positioning and technological integration;
- E. Grasp of R&D progress and quality.

Therefore, TECO is expected to continue or initiate the following R & D directions in 2023 in order to comply with the new European regulations in the existing product market and develop high-value-added innovative applications for existing marketing channels, while seeking specific commercialization of emerging technologies and creating new market opportunity, while seeking the specific commercialization of emerging technologies and the creation of new markets.

- A. Electromechanical systems and automation products and technologies
- a. Electromechanical products
- Development of MW-level high-voltage high-power-density steel shell motors
- IE5 ultra-high energy efficiency explosion-proof motor
- IE5 ultra-high energy efficiency synchronous reluctance motor and drive development
- Matrix converter prototype and system integration development
- Development of high-efficiency short servo motor

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- Research and development of four-quadrant control of medium-voltage inverters, industrial network and frequency conversion switching

- Development of low-speed high-torque permanent magnet motor direct drive system
- Development of compact current vector inverter
- Development of high-speed magnetic levitation drive
- Commercial drone power system development
- b. Electrical Vehicle products
- Integrated development of electric vehicle E-Axle power train
- Development of next-generation high power density automotive products
- c. Automation products
- High-end AFE and controller product technology research and development
- Collaborative robot joint module development
- Development of next-generation high-performance servo drives
- Multi-axis servo technology development
- Development of compact DC servo products
- Ultra-thin and streamlined AC servo product development
- EtherCat streamlined AC servo product development
- Adjustment feature selection function technology development
- High-level command adjustment function technology development
- Technology development of speed ripple compensation function
- Harmonic suppression technology development
- I/O filter development
- Development of robot image recognition technology

B. Air conditioner and smart home appliance products and technologies:

- a. Household products
- Research and development of low-energy-consumption inverter refrigerators
- TECO "i-Air" full smart healthy air solution development
- b. Commercial products
- Development of commercial high-capacity full DC inverter air-cooled box-type air conditioner
- Development of multi-pressure single system for high IPLV magnetic levitation centrifuge unit
- Development of medium temperature inverter duty condensing unit
- Development of low temperature inverter duty condensing unit
- Development of frozen and refrigerated cold chain brine units
- c. Smart networking system

- Development of high-resolution hot water/air-cooled special machines for intelligent networking information centers

- Development of group control energy-saving solutions for HVAC air-conditioning systems

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- Development of cloud monitoring expert diagnosis system for HVAC air conditioning system
- Solution of energy-saving control system for smart chiller
- Development of frozen and refrigerated fresh food smart cabinets
- C. Industrial Internet of Things:
- a. Edge heterogeneous network integration and feature analysis system application
- b. Parallel deployment of overseas factories for Industrial Internet of Things:
 - Wuxi Precision, Wuxi Jinyi Factory, Wuxi Jinji Factory, Jiangxi TECO's first phase infrastructure construction
- c. Layout and planning of newly built overseas factories of the Industrial Internet of Things: India new factory, Mexico factory construction plan
- d. Air compressor system of the whole plant and intelligent system management of electricity and gas
- e. Data Analysis:
- Landing application of equipment utilization rate report
- Landing application of equipment failure abnormal indicators
- f. AI vision import gas meter value extraction
- g. Robotic process automation is introduced into foundry inspection process management
- h. Smart mobile platform vehicle and production line information flow application integration
- D. New energy storage products and technologies
- a. Development of offshore wind generator technology
- b. Research and development of KW four-quadrant wind power converter
- c. 180kW DC-DC converter development
- d. 1.5MW power conditioning system (PCS) product development

The company's general research institute oversees the overall R&D strategy, technology deployment and ongoing product R&D, with an eye on technological deployment and product development in short-, medium-, and long-term, including:

Term of R&D	Focus	Major R&D items
Short-term	Develop new-product application market, Enhance performance of existing products & Enhance product profitability and market share	 Electromechanical and automation products IE5 ultra-high energy efficiency explosion-proof motor IE5 ultra-high energy efficiency synchronous reluctance motor and drive product development Research and development of high-performance servo motors and drives Development of low-speed high-torque permanent magnet motor direct drive system Development of high-speed maglev controller UAV power system development Next-generation inverter prototype development Development of power trains for commercial vehicles and electric buses Intelligent battery and battery management system development

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Term of R&D	Focus	Major R&D items
		Electromechanical and automation Technology
		1. Research and development of sinusoidal sensorless drive
		technology
		2. Servo parameter automatic adjustment technology
		3. Energy-saving electric vehicle whole vehicle verification
		technology research and development
		4. Electric vehicle power battery verification technology
		development
		5. Electric vehicle power battery verification technology
		development
		6. Development of braking energy recharging technology
		Air conditioner and smart home appliance products and technologies
		1. Smart chiller energy-saving control system solution
		2. Development of cloud monitoring expert diagnosis system for
		HVAC air conditioning system
		3. Development of multi-pressure single system for high IPLV
		magnetic levitation centrifugal unit
		4. Development of medium temperature inverter duty condensing
		unit for supermarkets/supermarkets
		5. Development of low-temperature inverter duty condensing units
		for agriculture/fishery/aquaculture
		6. Development of High Efficiency Inverter Air Conditioning
		Technology
		7. Development of large-capacity inverter air conditioner
		Energy storage products and technologies
		1. 1.5M w Power Conditioning System (PCS) Product
		2 Single/Didirectional DC Power Converter Development
		2. Single/Bidirectional AC/DC Power Converter Development
		5. Single/ Bidirectional AC/DE Tower Converter Development
		Electromechanical and automation Technology
		1. New Generation Insulation System Development
		2. Technical development of MW-level high-voltage
		high-power-density steel shell motors
		3. Development of high-speed permanent magnet motor and
		driver
		4. Integrated development of electric vehicle E-Axle power train
		5. Ultra low speed direct drive permanent magnet motor
		development
		6. Medium and high voltage inverter technology research and
	Accumulation of core technological	development
Mid-term	strength & Development of new	7. Research and development of high-level inverter duty
	technological strength	technology
		8. Gateway technology of electronic control product series
		9. Multi-axis servo drive technology development
		10. Development of high-speed magnetic levitation assembly
		11. Integrated development of magnetic bearings combined with
		sensors
		Air Conditioning and Smart Home Appliance Technology
		Development of DC inverter air conditioner technology Task as a graduated and the technology
		 recnnology and product development of refrigerated cold chain bring units
		Technology and product development of high resolution bot
		water/air-cooling special machine for intelligent networking

Term of R&D	Focus	Major R&D items
		information center
		4. Development of group control energy-saving solution for
		HVAC air conditioning system
		5. Application technology of digital home in smart phone
		Energy storage and technology
		1. Offshore Wind Generator Technology Development
		2. DC-DC Power Converter Development
		3. Single/Bidirectional AC/DC Power Converter Development
		4. Energy Management System (EMS) Development
		Electromechanical and automation Technology
		1. Development of Traction Motors for Rail Vehicles
		2. Machine networking system integration research and
		development
		3. New Generation Industrial Servo System R&D
		4. Multi-axis servo system integration research and development
		 Development of next-generation high power density automotive products
		6. Development of high-speed magley drive system
Long-term	Deployment in new business scope	Air Conditioning and Smart Home Appliance Technology
		1. New generation digital home appliance system research and
		development
		2. Next-generation inverter air conditioner technology
		development
		Energy storage and technology
		1. Micro smart grid system integration research and development
		2. Energy storage system solution

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

None

7.6.5 Effects of and Response to Changes in Technology (including cyber security risk) and in Industry Relating to Corporate Finance and Sales

In response to technological changes, TECO set up an information security committee under the Corporate Governance and Sustainability Committee of the board of directors in January 2021, with the President as the chairman of the committee, responsible for coordinating the Company's information security policy and governance. In addition, TECO information security management system (ISMS) was verified by a third party on October 2021 and passed the ISO27001 international standard certification, improving the information security management policy and relevant management procedures. In the future, the deployment of cyber security defense system will strengthen endpoint detection and response, network abnormal traffic monitoring, intrusion detection and protection, complete system backup and cyber security monitoring platform, and deepen defense in management and technology to reduce cyber security risks.

In terms of industry, based on the social trend of declining employment population and the demand for green energy, the company is considering global development trends, responding to government industrial policies, and examining its existing technological energy and corresponding industrial growth. In addition to continuing to strengthen its technical advantages in high-efficiency power motors, environmentally friendly refrigerant applications for home appliances, and frequency conversion energy saving, it also closely studies international technology trends and market trends reports, and introduces innovative methodologies. In order to respond to the social trend of declining employment population, plan the biomedical technology forum and long-term technology development blueprint, and complete the strategy and timetable of the plan. In order to meet the demand for green energy, there are plans for electric vehicle motors, wind generators, smart grid peripheral appliances, green energy-saving appliances, and multi-connected air-conditioning systems.

Since 2017, the Forward-looking Technology Advisory Committee will continue to scan the top forward-looking technologies, catch up with the technology and products of leading technology companies, strengthen and screen the applications and maintenance of effective intellectual wealth, and actively participate in the relevant disciplines of the new government's industrial policy. Join the R&D of gateway technology of the electronic control product series, strengthen the quality and taste of the remote monitoring of motors and generators, the R&D of high-end servo motor drives and the R&D of reluctance motors and drives, and the security of digital homes and mobile communications. Class commercial air-conditioning products, closely integrated with industrial compound networking and machine-connected networking applications. Re-enhance the density and depth of technical detectives, continue to strengthen the horizontal technical integration of related companies, and actively seek foreign technical cooperation to accumulate research and development capabilities in order to provide products that will be long-term demanded by the future society.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The company has been pursuing sustained growth via "pluralized management" and "global deployment," and has been striving to project a quality corporate image for a globalized group by manifesting in-depth social care via TECO Technology Foundation and rigorous demand for quality and service. The company's crisis management plan covers its production bases worldwide and has helped the company respond properly to the ordeal of major incidents in recent years, thanks to the company' constant effort in fostering crisis-management capability. In the future, the company will continue simulating the outbreak of major incidents and formulate response plans, in order to safeguard the interests of shareholders.

7.6.7 Expected Benefits from Risks Relating to and Response to Merger and Acquisition Plans

After the acquisition of Taipeng Energy, it is expected that 12MW-15MW of new solar power plants will be installed in 2023. The construction of solar power plants and related contracts are performed in accordance with the contract, with low risk

7.6.8 Expected Benefits from Risks Relating to and Response to Factory Expansion Plans

None

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

None

7.6.10 Effects of Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The corporate director of the company, Creative Sensor, due to its investment strategy, transferred 16,030,000 shares in open market from 2022 to the publication date of the annual report, accounting for 0.75% of the company's issued shares. Since Creative Sensor only occupies one seat of the company's board and is not the company's main management team, there is no major impact or risk on the company's operations.

7.6.11 Effects of Risks Relating to and Response to Changes in Control over the Company

None

7.6.12 For litigation and non-litigation cases, specify the company and directors, supervisors, president, chief executive, and major shareholders with over 10% of shareholding, as well as affiliates. For major litigation, non-litigation, or administrative disputes with major effects on the interests of shareholders or stock prices, disclose the facts, target value, starting dates for litigation, major parties involved, and the status of the cases up to the publication of the yearbook

Unit: NT\$ thousand

Number	The cause of the case	the counterparty	the progress of the case	Amount
1	Request for change and additional engineering	LiJin Engineering.	The court is hearing (the court appointed the Taiwan Construction Research Institute for	\$166,965
	payment		appraisal).	
			There is no significant adverse impact on TECO	
2	Request payment for	Construction and	The first-instance judged that the counterparty	\$197.262
-	the new construction of	Planning Agency,	should pay TECO (Leader Construction, TECO,	\$177,202
	Nangang Exhibition	Ministry of the	TMA Architects and Assoiciate) a total of	

Number	The cause of the case	the counterparty	the progress of the case	Amount
	Hall	Interior	NT\$407,657 thousand and interest from 2008.3.7 to the date of settlement. The counterparty filed an appeal on 2020.5.22. The second instance of the court on 2022.11.29 pronounced: the original judgment ordering the appellant to pay more than NT\$392,052 thousand was rejected, and the Construction Administration of the Ministry of the Interior has appealed. At present, there is no material adverse effect on TECO.	

7.6.13 Other Major Risks and Countermeasures

In order to strengthen information security management, ensure the confidentiality, integrity and availability of information, as well as the reliability of information equipment and network systems, the company has established information security policies as guidelines for information security risk management in company regulations. At the same time, under the information security risk management framework, build intrusion prevention systems / email anti-spam systems / endpoint anti-virus systems to gradually complete information security protection. Also, regularly conducts data off-site backup systems and disaster recovery mechanism exercises to ensure that services are not interrupted.

7.7 Other Important Items

None