

November 12th, 2021

Dear Shareholders, good day!

In continuation of the growth pace this year, the company racked up NT\$13.2 billion revenue in the third quarter, up 15.7% year-on-year and -1.8% sequentially, including NT\$13.1 billion of recurring operating revenue, for 14.9% year-on-year growth and 2.5% sequentially growth. However, due to spike in material and freight costs, yet the effect of price hike has not fully manifested, the management is confronted with a major challenge: how to retain smooth operation of global supply chain and on-time delivery for massive orders, while upholding reasonable gross margin rate.

The company's total revenue advanced 16.1% year-on-year to NT\$38.7 billion in the first three quarters of 2021, including NT\$37.5 billion recurring operating revenue, up 14%, with Green Mechatronic Solution being the largest source, for 49.9% share, followed by Air and Intelligent Life-related products with 26.3% and Intelligence Energy with 13.1%, together posing as the company's three major business pillars.

Green Mechatronic Solution: The sector generated NT\$19.3 billion revenue in the first three quarters, up 12.2% over a year earlier, thanks mainly to demands from mainland China and Europe, offsetting sluggish demands in North America. The company's North American subsidiary TECO-Westinghouse, however, is expected to benefit from the U.S. plan to invest US\$1.2 trillion in infrastructure, including highways, bridges, railway, power, and new energy, over a 10-year period, with the effect expected to show up starting from the second half of 2022.

Air and Intelligent Life: The sector generated NT\$10.2 billion revenue in the first three quarters, up 12.7% year-on-year, with main businesses in the third quarter including shipment of 40,000 air conditioners to elementary and high schools in Taiwan, robust sales of DC inverter-duty commercial air conditioners, notably that of core products (water- and air-cooled packaged air conditioners, magnetic-levitation centrifuge, and VRF), whose sales surged 91.8% year-on-year, boosting their share in commercial air conditioners' total revenue to 20.9%, up from previous year's 12.2%. The sector is undergoing transformation to a service-oriented business model, for the sake of long-term development.

Intelligence Energy: The sector generated NT\$5.1 billion revenue in the first three quarters, up 29.4% year-on-year, thanks mainly to electromechanical engineering for

the third terminal of Taoyuan International Airport, totaling NT\$12.7 billion in scale, and onshore substations for Hai Long Offshore Wind Farm Project, with total installation capacity reaching 1,044 MW, on a turnkey contract basis, the only such engineering project exceeding 1 GW in scale in Taiwan. Intelligence Energy will continue focusing on offshore wind power, energy-storage system, and IDC in its business development.

The company had attained the goal of energy conservation , "20% emission reduction within 10 years " in 2020, five years ahead of schedule, major reason for acknowledgement in ESG Rating by international organizations, such as MSCI, Sustainalytics, and FTSE. As a leading international manufacturer of motors and air conditioners, two heavy energy-consuming products, the company set up Smart Solutions Sales Center and Mechatronic System Sales & Marketing Division in July 2021, helping enterprises in the planning and execution of energy-conservation and carbon-abatement programs, with clients including major manufacturers in semiconductor, textile, paper making, oil and gas, steel, and petrochemical in Taiwan and the U.S., a step enabling the company to not only fulfill the responsibilities for a earth citizen but also tap the huge business potential of carbon neutrality.

The company raked in NT\$3.85 billion operating income, up 44.1% year-on-year, in the first three quarters of 2021, with net profits reaching NT\$4.51 billion, up 65.7%, and EPS NT\$1.96, a record performance. In sum, in 2021, despite the stern challenges in the year, we would like to express our gratitude for the long-term staunch support of our shareholders. Lastly, I would like to give each and every shareholder my best wishes for your prosperity and good health.

Sincerely yours,

Sophia Chiu
Chairman