

## 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 |            |            |            |                      |
|---|---------------------|-----------------------------|------------|------------|------------|----------------------|
|   |                     | 2016                        | 2017       | 2018       | 2019       | 2020                 |
| Current assets                          |                     | 10,599,153                  | 9,781,308  | 10,343,772 | 9,287,505  | 10,468,388           |
| Property, plant and equipment           |                     | 3,643,481                   | 3,761,489  | 3,739,530  | 3,520,118  | 3,093,090            |
| Intangible assets                       |                     | 0                           | 0          | 0          | 0          | 0                    |
| Other assets                            |                     | 55,941,991                  | 57,232,136 | 58,712,398 | 62,737,576 | 68,034,837           |
| Total assets                            |                     | 70,184,630                  | 70,774,933 | 72,795,700 | 75,545,199 | 81,596,315           |
| Current liabilities                     | Before distribution | 9,029,583                   | 9,350,717  | 8,468,684  | 11,002,572 | 10,139,131           |
|   | After distribution  | 10,791,953                  | 11,073,033 | 10,239,608 | 12,950,588 | 12,598,747<br>(Note) |
| Non current liabilities                 |                     | 11,423,480                  | 9,594,451  | 10,648,356 | 7,836,123  | 9,628,889            |
| Total liabilities                       | Before distribution | 20,453,063                  | 18,945,168 | 19,117,040 | 18,838,695 | 19,768,020           |
|   | After distribution  | 22,215,433                  | 20,667,484 | 20,887,964 | 20,786,711 | 22,227,636<br>(Note) |
| Equity attributable to owners of parent |                     | 49,731,567                  | 51,829,765 | 53,678,660 | 56,706,504 | 61,828,295           |
| Capital stock                           |                     | 20,026,929                  | 20,026,929 | 20,026,929 | 19,676,929 | 19,676,929           |
| Capital surplus                         |                     | 7,671,889                   | 7,628,542  | 7,647,215  | 7,389,577  | 7,386,901            |
| Retained earnings                       | Before distribution | 21,187,539                  | 22,469,336 | 25,221,021 | 26,390,805 | 27,936,917           |
|   | After distribution  | 19,425,169                  | 20,747,020 | 23,450,097 | 24,442,789 | 25,477,301<br>(Note) |
| Other equity interest                   |                     | 1,166,773                   | 2,026,521  | 1,105,058  | 3,570,756  | 7,339,258            |
| Treasury Stocks                         |                     | (321,563)                   | (321,563)  | (321,563)  | (321,563)  | (511,710)            |
| Non-Controlling Interest                |                     | 0                           | 0          | 0          | 0          | 0                    |
| Total shareholders' equity              | Before distribution | 49,731,567                  | 51,829,765 | 53,678,660 | 56,706,504 | 61,828,295           |
|   | After distribution  | 47,969,197                  | 50,107,449 | 51,907,736 | 54,758,488 | 59,368,679<br>(Note) |

Note : Amounts resolved by the board meeting dated on March 23<sup>rd</sup> 2020

## B. Consolidated Condensed Balance Sheet-IFRS

Unit: NT\$thousand

| Item                                    | Year                | Five-Year Financial Summary |            |            |            |                      |
|---|---------------------|-----------------------------|------------|------------|------------|----------------------|
|   |                     | 2016                        | 2017       | 2018       | 2019       | 2020                 |
| Current assets                          |                     | 45,296,310                  | 44,262,768 | 43,760,371 | 43,946,576 | 45,792,352           |
| Fixed assets                            |                     | 18,463,450                  | 17,922,299 | 17,363,543 | 16,742,830 | 15,912,788           |
| Intangible assets                       |                     | 5,636,766                   | 5,612,315  | 5,557,343  | 5,200,634  | 5,269,715            |
| Other assets                            |                     | 22,977,430                  | 24,219,575 | 25,300,029 | 33,204,364 | 38,704,216           |
| Total assets                            |                     | 92,373,956                  | 92,016,957 | 91,981,286 | 99,094,404 | 105,679,071          |
| Current liabilities                     | Before distribution | 18,958,845                  | 18,742,356 | 18,141,380 | 20,293,826 | 19,618,968           |
|   | After distribution  | 20,721,215                  | 20,464,672 | 19,912,304 | 22,241,842 | 22,078,584<br>(Note) |
| Non Current liabilities                 |                     | 17,690,568                  | 15,400,464 | 15,348,991 | 17,095,788 | 18,434,871           |
| Total liabilities                       | Before distribution | 36,649,413                  | 34,142,820 | 33,490,371 | 37,389,614 | 38,053,839           |
|   | After distribution  | 38,411,783                  | 35,865,136 | 35,261,295 | 39,337,630 | 40,513,455<br>(Note) |
| Equity attributable to owners of parent |                     | 49,731,567                  | 51,829,765 | 53,678,660 | 56,706,504 | 61,828,295           |
| Capital stock                           |                     | 20,026,929                  | 20,026,929 | 20,026,929 | 19,676,929 | 19,676,929           |
| Capital surplus                         |                     | 7,671,889                   | 7,628,542  | 7,647,215  | 7,389,577  | 7,386,901            |
| Retained earnings                       | Before distribution | 21,187,539                  | 22,469,336 | 25,221,021 | 26,390,805 | 27,936,917           |
|   | After distribution  | 19,425,169                  | 20,747,020 | 23,450,097 | 24,442,789 | 25,477,301<br>(Note) |
| Other equity interest                   |                     | 1,166,773                   | 2,026,521  | 1,105,058  | 3,570,756  | 7,339,258            |
| Treasury Stocks                         |                     | (321,563)                   | (321,563)  | (321,563)  | (321,563)  | (511,710)            |
| Non-Controll Interesting                | Before distribution | 5,992,976                   | 6,044,372  | 4,812,255  | 4,998,286  | 5,796,937            |
|   | After distribution  | 5,992,976                   | 6,044,372  | 4,812,255  | 4,998,286  | 5,796,937            |
| Total shareholders' equity              | Before distribution | 55,724,543                  | 57,874,137 | 58,490,915 | 61,704,790 | 67,625,232           |
|   | After distribution  | 53,962,173                  | 56,151,821 | 56,719,991 | 59,756,774 | 65,165,616<br>(Note) |

Note : Amounts resolved by the board meeting dated on March 23<sup>rd</sup> 2020

## 6.1.2 Condensed Statement of Income

### A. Condensed Statement of Income-IFRS

Unit: NT\$thousand

| Item   | Year | Five-Year Financial Summary |            |            |            |            |
|--|------|-----------------------------|------------|------------|------------|------------|
|  |      | 2016                        | 2017       | 2018       | 2019       | 2020       |
| Sales revenue  |      | 20,274,047                  | 21,301,208 | 20,879,719 | 18,873,312 | 19,819,029 |
| Gross profit   |      | 4,739,556                   | 4,576,185  | 4,412,191  | 4,046,442  | 4,061,136  |
| Operating profit   |      | 1,615,152                   | 1,507,068  | 1,410,943  | 1,114,970  | 1,075,033  |
| Non-operating income & expenses  |      | 2,007,272                   | 1,797,400  | 1,883,866  | 2,387,349  | 2,583,162  |
| Profit before income tax   |      | 3,622,424                   | 3,304,468  | 3,294,809  | 3,502,319  | 3,658,195  |
| Income from operations of continued segments - before tax                                      |      | 3,481,480                   | 3,092,358  | 3,150,089  | 3,221,717  | 3,511,358  |
| Income from discontinued departments   |      | 0                           | 0          | 0          | 0          | 0          |
| Profit for the year  |      | 3,481,480                   | 3,092,358  | 3,150,089  | 3,221,717  | 3,511,358  |
| Other Comprehensive Income for the year  |      | 354,727                     | 811,557    | 402,449    | 2,453,917  | 3,751,272  |
| Total Comprehensive Income for the year  |      | 3,836,207                   | 3,903,915  | 3,552,538  | 5,675,634  | 7,262,630  |
| Profit (loss) attributable to owners of parent   |      | 3,481,480                   | 3,092,358  | 3,150,089  | 3,221,717  | 3,511,358  |
| 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         |      | 3,836,207                   | 3,903,915  | 3,552,538  | 5,675,634  | 7,262,630  |
| Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest |      | 0                           | 0          | 0          | 0          | 0          |
| Earnings per share   |      | 1.76                        | 1.56       | 1.59       | 1.65       | 1.81       |

## B. Consolidated Condensed Statement of Income-IFRS

Unit: NT\$thousand

| Item   | Year | Five-Year Financial Summary |            |            |            |            |
|--|------|-----------------------------|------------|------------|------------|------------|
|  |      | 2016                        | 2017       | 2018       | 2019       | 2020       |
| Sales revenue  |      | 49,923,836                  | 50,942,521 | 50,104,927 | 47,909,358 | 45,823,430 |
| Gross profit   |      | 13,134,395                  | 12,196,268 | 12,052,659 | 11,481,649 | 10,756,093 |
| Operating profit   |      | 4,189,481                   | 3,496,200  | 3,520,486  | 3,536,445  | 3,534,057  |
| Non-operating income & expenses  |      | 743,810                     | 857,704    | 765,802    | 903,009    | 865,691    |
| Profit before income tax   |      | 4,933,291                   | 4,353,904  | 4,286,288  | 4,439,454  | 4,399,748  |
| Income from operations of continued segments - before tax                                      |      | 4,036,998                   | 3,544,248  | 3,475,969  | 3,518,780  | 3,811,648  |
| Income from discontinued departments   |      | 0                           | 0          | 0          | 0          | 0          |
| Profit for the year  |      | 4,036,998                   | 3,544,248  | 3,475,969  | 3,518,780  | 3,811,648  |
| Other Comprehensive Income for the year  |      | 323,292                     | 781,789    | 433,011    | 2,520,910  | 3,791,939  |
| Total Comprehensive Income for the year  |      | 4,360,290                   | 4,326,037  | 3,908,980  | 6,039,690  | 7,603,587  |
| Profit (loss) attributable to owners of parent   |      | 3,481,480                   | 3,092,358  | 3,150,089  | 3,221,717  | 3,511,358  |
| Profit (loss) attributable to non-controlling interest   |      | 555,518                     | 451,890    | 325,880    | 297,063    | 300,290    |
| Total Comprehensive Income for the year profit (loss) attributable to owners of parent         |      | 3,836,207                   | 3,903,915  | 3,552,538  | 5,675,634  | 7,262,630  |
| Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest |      | 524,083                     | 422,122    | 356,442    | 364,056    | 340,957    |
| Earnings per share   |      | 1.76                        | 1.56       | 1.59       | 1.65       | 1.81       |

## 6.1.3 Auditors' Opinions from 2015 to 2019

| Year | CPA Firm                       | CPA's Name                      | Auditing Opinion                |
|------|--------------------------------|---------------------------------|---------------------------------|
| 2020 | PricewaterhouseCoopers, Taiwan | Wu, Yu-Lung<br>Chou, Chien-Hung | Unqualified Opinion(Other Item) |
| 2019 | PricewaterhouseCoopers, Taiwan | Wu, Yu-Lung<br>Chou, Chien-Hung | Unqualified Opinion(Other Item) |
| 2018 | PricewaterhouseCoopers, Taiwan | Wu, Yu-Lung<br>Chou, Chien-Hung | Unqualified Opinion(Other Item) |
| 2017 | PricewaterhouseCoopers, Taiwan | Wu, Yu-Lung<br>Chou, Chien-Hung | Unqualified Opinion(Other Item) |
| 2016 | PricewaterhouseCoopers, Taiwan | Audrey Tseng<br>Dexter Chang    | Unqualified Opinion             |

## 6.2 Five-Year Financial Analysis

### 6.2.1 Five-Year Financial Analysis-IFRS

| Item                    |   | Year | Financial analysis in the past five years |          |          |          |          |
|-------------------------|---|------|---|----------|----------|----------|----------|
|                         |   |      | 2016                                      | 2017     | 2018     | 2019     | 2020     |
| Financial structure (%) | Ratio of liabilities to assets                    |      | 29.14                                     | 26.77    | 26.26    | 24.94    | 24.23    |
|                         | Ratio of long-term capital to fixed assets        |      | 1,603.47                                  | 1,566.42 | 1,656.05 | 1,761.49 | 2,231.05 |
| Solvency (%)            | Current ratio                                     |      | 117.38                                    | 104.60   | 122.14   | 84.41    | 103.25   |
|                         | Quick ratio                                       |      | 71.64                                     | 67.15    | 74.89    | 48.97    | 63.53    |
|                         | Times interest earned ratio                       |      | 30.34                                     | 36.02    | 35.78    | 35.91    | 41.15    |
| Operating ability       | Accounts receivable turnover (turns)              |      | 5.01                                      | 5.30     | 5.63     | 5.47     | 5.52     |
|                         | Average collection period                         |      | 72.85                                     | 68.87    | 64.83    | 66.73    | 66.12    |
|                         | Inventory turnover (turns)                        |      | 4.89                                      | 5.43     | 5.58     | 5.20     | 5.57     |
|                         | Accounts payable turnover (turns)                 |      | 3.50                                      | 3.46     | 3.59     | 3.65     | 3.80     |
|                         | Average days in sales                             |      | 74.64                                     | 67.22    | 65.41    | 70.19    | 65.53    |
|                         | Fixed assets turnover (turns)                     |      | 5.39                                      | 5.75     | 5.57     | 5.20     | 5.99     |
|                         | Total assets turnover (turns)                     |      | 0.29                                      | 0.30     | 0.29     | 0.25     | 0.25     |
| Profitability           | Return on total assets (%)                        |      | 5.20                                      | 4.50     | 4.49     | 4.45     | 4.56     |
|                         | Return on stockholders' equity (%)                |      | 7.16                                      | 6.09     | 5.97     | 5.84     | 5.92     |
|                         | Ratio of pre-tax income to issued capital (Note7) |      | 18.09                                     | 16.50    | 16.45    | 17.80    | 18.59    |
|                         | Profit ratio (%)                                  |      | 17.17                                     | 14.52    | 15.09    | 17.07    | 17.72    |
|                         | Earnings per share (\$)                           |      | 1.76                                      | 1.56     | 1.59     | 1.65     | 1.81     |
| Cash flow               | Cash flow ratio (%)                               |      | 25.78                                     | 30.30    | 14.06    | 16.85    | 25.00    |
|                         | Cash flow adequacy ratio (%)                      |      | 81.11                                     | 76.63    | 67.68    | 68.53    | 87.75    |
|                         | Cash reinvestment ratio (%)                       |      | 1.03                                      | 1.52     | -0.79    | -0.13    | 0.09     |
| Leverage                | Operating leverage                                |      | 3.49                                      | 3.68     | 3.77     | 4.19     | 4.23     |
|                         | Financial leverage                                |      | 1.08                                      | 1.07     | 1.07     | 1.10     | 1.09     |
| Key Indicator           | Sales growth (%)                                  |      | -7.04                                     | 5.07     | -1.98    | -9.61    | 5.01     |
|                         | Profit after tax growth (%)                       |      | 9.57                                      | -11.18   | 1.87     | 2.27     | 8.99     |

## 6.2.2 Consolidated Five-Year Financial Analysis-IFRS

| Item                    |   | Year | Financial analysis in the past five years |        |        |        |        |
|-------------------------|---|------|---|--------|--------|--------|--------|
|                         |   |      | 2016                                      | 2017   | 2018   | 2019   | 2020   |
| Financial structure (%) | Ratio of liabilities to assets                        |      | 39.68                                     | 37.10  | 36.41  | 37.73  | 36.01  |
|                         | Ratio of long-term capital to fixed assets            |      | 369.12                                    | 381.31 | 398.75 | 414.38 | 483.48 |
| Solvency (%)            | Current ratio   |      | 238.92                                    | 236.16 | 241.22 | 216.55 | 233.41 |
|                         | Quick ratio   |      | 170.96                                    | 168.32 | 168.39 | 157.24 | 175.05 |
|                         | Times interest earned ratio                           |      | 19.47                                     | 19.18  | 20.66  | 17.95  | 19.59  |
| Operating ability       | Accounts receivable turnover (turns)                  |      | 4.37                                      | 4.42   | 4.64   | 4.59   | 4.41   |
|                         | Average collection period                             |      | 83.52                                     | 82.58  | 78.66  | 79.52  | 82.77  |
|                         | Inventory turnover (turns)                            |      | 2.98                                      | 3.19   | 3.11   | 3.21   | 3.36   |
|                         | Accounts payable turnover (turns)                     |      | 5.03                                      | 4.94   | 4.84   | 4.83   | 4.58   |
|                         | Average days in sales                                 |      | 122.48                                    | 114.42 | 117.36 | 113.71 | 108.63 |
|                         | Fixed assets turnover (turns)                         |      | 2.98                                      | 2.80   | 2.84   | 2.81   | 2.81   |
|                         | Total assets turnover (turns)                         |      | 0.56                                      | 0.55   | 0.54   | 0.50   | 0.45   |
| Profitability           | Return on total assets (%)                            |      | 4.82                                      | 4.06   | 3.97   | 3.90   | 3.91   |
|                         | Return on stockholders' equity (%)                    |      | 7.53                                      | 6.24   | 5.97   | 5.86   | 5.89   |
|                         | Ratio of Pre-tax income to issued capital (%) (Note7) |      | 24.63                                     | 21.74  | 21.40  | 22.56  | 22.36  |
|                         | Profit ratio (%)                                      |      | 8.09                                      | 6.96   | 6.94   | 7.34   | 8.32   |
|                         | Earnings per share (\$)                               |      | 1.76                                      | 1.56   | 1.59   | 1.65   | 1.81   |
| Cash flow               | Cash flow ratio (%)                                   |      | 25.58                                     | 31.43  | 23.86  | 29.21  | 27.97  |
|                         | Cash flow adequacy ratio (%)                          |      | 117.84                                    | 122.23 | 116.89 | 126.69 | 134.73 |
|                         | Cash reinvestment ratio (%)                           |      | 3.26                                      | 4.12   | 2.57   | 3.82   | 2.70   |
| Leverage                | Operating leverage                                    |      | 3.57                                      | 4.74   | 3.96   | 3.93   | 3.72   |
|                         | Financial leverage                                    |      | 1.07                                      | 1.07   | 1.07   | 1.08   | 1.07   |
| Key Indicator           | Sales growth (%)                                      |      | 2.73                                      | 2.04   | -1.64  | -4.38  | -4.35  |
|                         | Profit after tax growth (%)                           |      | 14.88                                     | -12.21 | -1.93  | 1.23   | 8.32   |

## **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 2020 (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 2021

TECO Electric & Machinery Co., Ltd

Audit Committee Convener : Ting-Wong, Cheng

Date: March 23, 2021