

Stock Code: 1504



TECO ELECTRIC & MACHINERY CO., LTD

GENERAL SHAREHOLDERS MEETING 2026
MAY 28ST, 2026
AGENDA

Time: 09:00am, May 28st, 2026

Place: 2F., No. 508, Section 7, Zhongxiao East Road,
Nangang District, Taipei City, Taiwan
(Multipurpose Hall of Taipei Bioinnovation Park)

This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

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TECO Electric & Machinery Co., Ltd.

General Shareholders Meeting 2026

Meeting Procedure

1. Meeting called to order
2. Addresses by Chairman
3. Reports
4. Ratification
5. Extempore motions
6. Meeting adjourned

TECO Electric & Machinery Co., Ltd.

General Shareholders Meeting 2026

Agenda

Meeting Format: In-person Shareholders' Meeting

Date and Time: 9:00 a.m., May 28st, 2026 (Thursday)

Location: 2F, No. 508, Section 7, Zhongxiao East Road, Nangang District,
Taipei City, Taiwan
(Taipei Bioinnovation Park Multipurpose Hall)

1. Meeting called to order
2. Addresses by the Chairman.
3. Reports
 - 3.1 Business Report for 2025
 - 3.2 Inspection Report of Audit Committee for 2025
 - 3.3 Remuneration Distribution to Employees and Directors for 2025
 - 3.4 Distribution of Cash Dividends from Profits in 2025
 - 3.5 Report on Issuance of the First Unsecured Ordinary Corporate Bonds in 2026
 - 3.6 Report on the Execution of Treasury Share Buyback
 - 3.7 Report on Issuance of New Shares for Share Swap
 - 3.8 Report on Loaning of Funds to Affiliated Companies
 - 3.9 Report on Acquisition of Other Assets from Related Parties in 2025
4. Ratification
 - 4.1 Business Report and Financial Statements for 2025
 - 4.2 Distribution of 2025 Profits

※ Voting on each of the aforementioned ratification proposals will be conducted simultaneously after each item has been discussed, with votes counted separately for each case.
5. Extempore motion(s)
6. Meeting adjourned

Reports

1. Business Report for 2025 (pages 9~13)

Note: please see p.9~p.13 for Business Report for 2025

2. Inspection Report of Audit Committee for 2025 (page 14)

Note: please see p.14 for Inspection Report of Audit Committee for 2025

3. Remuneration Distribution to Employees and Directors for 2025

Explanatory note:

In 2025, income before tax is NT\$ 6,064,169 thousand, and remuneration to employees is proposed to be NT\$ 357,972 thousand, whilst remuneration to directors is proposed to be NT\$ 95,737 thousand. The remuneration would be distributed in cash.

4. Distribution of Cash Dividends from Profits in 2025

Explanatory note:

- a. In accordance with Article 27 of the Articles of Incorporation, the Board of Directors is authorized to propose the distribution of profits, in which the cash dividend shall be distributed after the board of directors is authorized to resolve and report to the shareholders' meeting.
- b. The board of directors distributed Cash dividend of NT\$ 4,752,881 thousand from 2025 profit to shareholders at NT\$2 per share. Cash dividends were rounded to the nearest whole number.
- c. Given the same payout ratio, in the event that proposed distribution of earnings is affected by a change in the Company's outstanding common shares, the chairperson is authorized by the Board of Directors to make adjustment to such distribution and other relevant issues at his/her discretion.

5. Report on Issuance of the First Unsecured Ordinary Corporate Bonds in 2026

Note: please see p.43 for Report on Issuance of the First Unsecured Ordinary Corporate Bonds in 2026

6. Report on the Execution of Treasury Share Buyback

Note: please see p.44 for Report on the Execution of Treasury Share Buyback

7. Report on Issuance of New Shares for Share Swap

Note: please see p.45 for Report on Issuance of New Shares for Share Swap

8. Report on Loaning of Funds to Affiliated Companies

Explanatory note:

Explanation of the Improvement Plan for Fund Lending Limit Violation by

Motovario Corp. (hereinafter "MUS"), a U.S. subsidiary of Motovario S.p.A (hereinafter "MTV").

- a. Both MTV and MUS are 100% indirectly owned subsidiaries of the Company. For the purpose of fund dispatching, the Company's Board of Directors resolved in 2024 that MUS would lend USD 4.6 million to MTV. Subsequently, due to the decrease in net worth resulting from MUS's treasury stock buyback, the amount lent by MUS to MTV exceeded the limit for a single party (30% of MUS's net worth). This constituted a violation of Article 10 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies." In accordance with the FSC Letter No. 1140340305, the Company has urged the subsidiary to execute the improvement plan and report the status to the Board of Directors and the Shareholders' Meeting.
- b. Upon receipt of the official letter, the Company immediately announced the improvement plan via Material Information on the Market Observation Post System (MOPS) on May 6, 2025, in accordance with the regulations. Furthermore, the limit for a single party in MUS's "Procedures for Lending Funds to Others" was amended to 80% of its net worth. This improvement plan was approved by the Board of Directors of MUS on June 16, 2025, and the completion of the improvement was confirmed by the Financial Supervisory Commission (FSC) on July 8, 2025.
- c. In summary, the improvement regarding MUS's lending of funds has been fully executed, and this case is hereby reported as closed in accordance with the regulations.

9. Report on Acquisition of Other Assets from Related Parties in 2025

Note: please see p.46 for Report on Acquisition of Other Assets from Related Parties in 2025

Ratification

Proposal 1:

Business Report and Financial Statements for 2025 (proposed by the board of directors)

Explanatory note:

1. The Board of Directors entrusted certified public accountants Hsu, Sheng-Chung and Tu, Chan-Yuan with Pricewaterhouse Coopers to audit and certify the Business Report and Financial Statements (includes Consolidated Financial Statements) for 2025, both of which were subsequently inspected by Audit Committee and are hereby submitted for ratification.
2. Please see pages 9~13 for the business report and pages 15~41 for the Auditors' Report and the Financial Statements.

Proposal 2:

Distribution of 2025 Profits (proposed by the board of directors)

Explanatory note:

1. Distribution of 2025 profits was resolved by Subject to the Board of Directors and audited by Audit Committee.
2. Please see page 42 for the detailed profit distribution plan.

※ Voting on the above proposals:

Extempore Motion(s)

Meeting Adjourned

Attachments

1. Business Report for 2025 on pages 9~13
2. Inspection Report of Audit Committee for 2025 on page 14
3. Financial Statements and Auditors' Report for 2025 on page 15~41
4. Distribution of 2025 Profits on page 42
5. Report on Issuance of the First Unsecured Ordinary Corporate Bonds in 2026 on page 43
6. Report on the Execution of Treasury Share Buyback on page 44
7. Report on Issuance of New Shares for Share Swap on page 45
8. Report on Acquisition of Other Assets from Related Parties in 2025 on page 46

Business Report

Dear Shareholders,

In retrospect, the global economy in 2025 demonstrated resilience but faced decelerating growth due to the interplay of U.S. tariffs and geopolitical uncertainties. The U.S. economy, bolstered by robust consumption and domestic investment, showed signs of a "soft landing" characterized by cooling inflation and a steady labor market. Conversely, China's growth remained under pressure from structural challenges in the real estate sector and weak domestic confidence, while Europe maintained a moderate recovery as energy prices receded. In contrast, Taiwan achieved a multi-year high in economic growth, fueled by strong export momentum in AI and semiconductor-related industries.

The Company continued to implement its core strategy of "Energy Saving, Emission Reduction, Intelligence, and Automation." Through the dedicated efforts of our employees, we achieved steady revenue growth. Furthermore, by optimizing our product mix and activating corporate assets, the Company delivered a robust profit performance in 2025.

A. Implementation Results of Strategic Development Plans

(a) Strategic Development Plan Implementation Results for 2025

The Company is committed to integrated energy services and brand transformation. In 2025, we were selected as one of the "Best Taiwan Global Brands" for the first time, highlighting the success of our brand revitalization. Throughout the year, we focused on four major pillars: "Electrification, Intelligence, Green Energy, and Key Regions." The achievements through our strategic partnership with Foxconn (Hon Hai Technology Group) include:

1. Strategic Partnership:

Through a share swap, we established a strategic alliance with Hon Hai Technology Group. Both parties initiated deep collaboration across data centers, factory electrical energy efficiency, smart manufacturing, and vehicle electrification. We have successfully secured equipment orders for Foxconn's new plants both domestically and overseas and established a dedicated task force to jointly promote modular data center (MDC) solutions.

2. Electrification:

- **Vehicle Electrification:** Launched the "E-Axle Solution" featuring hair-pin, oil-cooled motor technology, successfully entering the electric bus supply chains in Europe and Taiwan. Additionally, Taiwan's first zero-emission vessel of the future, "Lima 1," also adopted the Company's high-efficiency Permanent Magnet Synchronous Motors (PMSM).
- **UAV Power Systems:** Introduced high-performance motors suitable for the 1–20kg class at the automation exhibition, targeting commercial markets such as agriculture, inspection, and mapping.
- **Transformer Business:** Integrated resources from Shen Chang Electric; the

business has expanded from Taiwan into North America, contributing to revenue.

3. Intelligence:

To capture the demand for AI computing power, the Company acquired NCL Energy in Malaysia and subsequently secured electromechanical engineering contracts for Hyperscale Data Centers in Malaysia and Thailand, with a total cumulative installed capacity exceeding 700MW

4. Green Energy:

- Renewable Energy: Construction has officially commenced for the 500MW onshore substation for the Fengmiao Wind Farm. The cumulative contracted capacity for offshore wind onshore engineering exceeds 2.5GW, maintaining an industry-leading position.
- Low-Carbon Sustainability Solutions: Received the "ESCO Outstanding Enterprise Award " from the Energy Administration, Ministry of Economic Affairs. In terms of industrial energy efficiency, assisted the PCB industry, healthcare systems (MOU with Tzu Chi), and public utilities (Taiwan Water Corporation) in promoting energy-saving improvements, with an estimated annual electricity saving of 3.87 million kWh. In the commercial air conditioning segment, the production capacity of large-scale chillers has been upgraded to the thousand-ton class, successfully entering the North American market.

5. Key Regions:

Partnered with Kanoo Energy in Saudi Arabia to develop electrification opportunities in the Middle East and strengthened ties with major clients through EMEA technical seminars. Simultaneously, completed the integration of the Southeast Asian engineering teams, establishing regional competitive advantages in contracting.

(b) R&D Achievements and Advanced Product Development

In 2025, TECO marked 7 achievements at the 34th Taiwan Excellence Awards. Notably, the bionic robot joint module M1-140 won the Gold Award, establishing a key strategic pivot for the Company's entry into the smart robotics industry. Furthermore, we have officially launched the development of Solid-State Transformers (SST), utilizing a 2 MW cascaded topology architecture to target the high-efficiency power requirements of AI Data Centers (AIDC).

(c) 2025 Financial Overview, Business Plan Implementation Results, and Profitability Analysis

1. Consolidated Financial Statements of the Company and Its Subsidiaries

Unit: NT\$1,000

	2025	2024	Growth rate
Sales revenue	59,093,897	55,234,746	7.0%
Operating profit	5,287,546	6,231,605	-15.2%
Profit for the period	5,625,176	6,251,281	-10.0%
Profit attributable to Owners of the parent	5,242,070	5,767,637	-9.1%

Consolidated revenue increased by 7.0%, primarily driven by the significant growth in the Intelligent Energy business group. The increase in engineering revenue was mainly contributed by offshore wind farms and Taipower's grid resilience projects, among others. Additional revenue growth came from newly consolidated entities including Shenchang Electric (Taiwan), EVK (China), and NCL (Malaysia), as well as increased revenue from Century Development Corporation, Tecom, and ITTS due to various factors within their respective industries.

Consolidated operating profit decreased by 15.2%, mainly due to changes in the revenue mix, where an increased proportion of engineering revenue—which carries a relatively lower gross margin—led to a decrease in operating gross profit. Furthermore, to support the development of AI data centers and new products, the Company increased investment in human resources and R&D expenses, resulting in higher operating expenses compared to last year.

Net non-operating income decreased slightly, primarily due to lower interest income resulting from declining interest rates, as well as decreased investment income from equity-method investees such as Lienchang and TPI Bearings.

2. Parent Company only financial statement

Unit: NT\$1,000

	2025	2024	Growth rate
Sales revenue	27,495,842	25,771,644	6.7%
Operating profit	2,162,912	2,519,619	-14.2%
Profit for the Year	5,242,070	5,767,637	-9.1%

(d) Financial Strategy and Results

The Company has leveraged its excellent "twA+" credit rating to utilize diversified financing instruments—such as issuing commercial paper and corporate bonds (within the NT\$10 billion limit authorized by the Board of Directors)—during periods of high interest rates. These efforts aim to lock in long-term funding costs and effectively optimize the financial structure, providing full support for the business expansion of domestic and overseas affiliates.

B. Outline of the 2026 Business Plan

Looking ahead to 2026, despite persistent risks of global trade fragmentation, the AI productivity dividends and the wave of electrification are expected to continue surging. TECO will center the strategy on "OneTECO" deep integration, transforming into a global solution provider for energy and smart factories.

(a) Key Operating Strategies and Growth Plans for 2025

Focusing on high-margin products, high-potential businesses, forward-looking initiatives, and TECO's core competitive advantages, the company will launch a strategic revenue growth plan from four key perspectives: green energy, electrification, energy conservation and carbon reduction, and development of key regions.

1. Electrification

Whether it is the new transformer production line and the pre-research for 1.5 MW PCS design in Taiwan, or the busway plant in Penang, Malaysia, all are expected to commence mass production in 2026. These initiatives will comprehensively establish TECO Group's leading edge in power conversion technology, helping to expand supply capacity and deepen collaboration with global industry leaders. At the same time, we aim to integrate transformers, modular data centers, and heavy electrical products into the supply chains for AI data center construction and industrial infrastructure across North America, Southeast Asia, and other regions. Furthermore, we have established a branch in the Middle East to formally enter the oil and gas energy ecosystem.

2. Intelligence

Develop enterprise-level Energy Management Systems (EMS) and smart factory platforms, integrating AI and IoT technologies to transform hardware advantages into high-value, data-driven services.

3. Green Energy

Upgrade ESCO services into a "one-stop smart green factory solution," while actively participating in smart grid and energy storage engineering to expand the Company's influence in the offshore wind power and green energy trading markets.

C. Sustainability and Social Responsibility

The Company is committed to achieving the goals of "50% Emission Reduction in 10 Years" and a 30% renewable energy utilization rate by 2030. In 2025, several low-carbon initiatives were launched through the Internal Carbon Fund, and the Company led 10 suppliers in completing the "1+N" carbon management mentorship, establishing a low-carbon value chain. Regarding talent cultivation, the Company held the "TECO Award" for the 32nd consecutive year and attracted outstanding students from 16 countries through the "Net-Zero Emissions Tech International Competition." This year, the Company was honored with the "Best Companies to Work for in Asia" and the "Sustainable Workplace Award" by HR Asia, demonstrating our commitment to talent development. In terms of international ratings, the Company has been selected as a constituent of the Dow Jones Benchmark Indices (DJBICI, formerly DJSI) Emerging Markets for six consecutive years and continues to be listed among the global leading companies in the S&P Global Sustainability Yearbook.

Looking ahead to 2026, in the face of global supply chain restructuring and the AI wave, TECO will combine the strengths of strategic partners to accelerate the construction

of a smart, efficient, and sustainable industrial ecosystem. We are not only implementing ESG in our daily operations but are also committed to upgrading "Green Products" to "Green Services," providing customers with one-stop net-zero solutions. The Company will continue to reward shareholders with an excellent financial position, unite employees through an innovative corporate culture, and work hand-in-hand with all partners to move steadily toward a sustainable future amidst a changing landscape.

Chairman: Morris Li

Inspection Report of Audit Committee
(This English version is only a translation of the Chinese version.)

TECO Electric & Machinery Co., Ltd. has submitted the 2025 financial statements (including the consolidated financial statements) to the Board of Directors. These statements have been audited and certified by PricewaterhouseCoopers Taiwan (PwC). Along with the financial statements, the 2025 Business Report and the proposal for earnings distribution have also been reviewed. The Audit Committee concurs with the audit opinion provided by the accounting firm, and has reviewed and approved the aforementioned Business Report and earnings distribution proposal. In accordance with Article 14 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit these materials for your review.

To

General Shareholders Meeting 2026

TECO Electric & Machinery Co., Ltd
Chairperson of the Audit Committee: Hsieh-Hsing Huang

Date: March 12th, 2026

Financial Statements and Auditors' Report for 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of TECO Electric & Machinery Co., Ltd. as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the parent company only financial statements present fairly, in all material respects, the financial position of TECO Electric & Machinery Co., Ltd. as of December 31, 2025 and 2024, and its financial performance and cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2025 financial statements are stated as follows:

Revenue recognition of export sales of Green Mechatronic Solution Business Group

Description

Refer to Note 4(32) of the parent company only financial statements for the accounting policies on revenue recognition. The Green Mechatronic Solution Business Group handles the manufacturing and sales of various machinery, equipment and motors. Aside from domestic sales in Taiwan, the customers of Green Mechatronic Solution Business Group are from China, America, Southeast Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of Green Mechatronic Solution Business Group as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of Green Mechatronic Solution Business Group to assess

the effectiveness of the internal control process.

2. Validated selected samples of export sales revenue transactions of Green Mechatronic Solution Business Group to confirm the existence of export sales revenue transactions.

Other matter – Reference to the audits of other auditors

As described in Note 6(6) of the parent company only financial statements, we did not audit the financial statements of certain investees accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the investees disclosed in Note 13 was based solely on the reports of the other auditors. The investments accounted for under the equity method amounted to NT\$4,402,551 thousand and NT\$4,992,536 thousand, constituting 4% and 5% of the related total assets as of December 31, 2025 and 2024, and the comprehensive income amounting to NT\$166,445 thousand and NT\$229,062 thousand, constituting 4% and 438% of the total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Sheng-Chung

Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 658,158	1	\$ 478,591	1
1139	Current financial assets for hedging	6(15)	-	-	5,887	-
1140	Current contract assets		5,537,226	5	4,723,711	5
1150	Notes receivable, net	6(4)	268,153	-	213,961	-
1160	Notes receivable - related parties	7	177,614	-	207,599	-
1170	Accounts receivable, net	6(4)	2,446,007	2	2,250,526	2
1180	Accounts receivable - related parties	7	1,556,853	1	1,424,579	2
1200	Other receivables		60,472	-	100,618	-
1210	Other receivables - related parties	6(6) and 7	1,161,280	1	868,501	1
130X	Inventories, net	6(5)	4,211,212	4	3,879,991	4
1410	Prepayments		376,414	-	590,415	1
1470	Other current assets		101,820	-	222,069	-
11XX	Total current assets		16,555,209	14	14,966,448	16
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,579,666	2	1,942,588	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	29,306,654	26	11,015,526	12
1550	Investments accounted for under equity method	6(6)	62,418,126	54	62,799,280	65
1600	Property, plant and equipment, net	6(7) and 7	2,680,674	2	2,624,128	3
1755	Right-of-use assets	6(8) and 7	23,492	-	52,077	-
1760	Investment property, net	6(9)	2,288,071	2	2,344,989	2
1780	Intangible assets	6(10)	18,932	-	16,194	-
1840	Deferred income tax assets	6(29)	391,168	-	402,135	-
1900	Other non-current assets	6(11)	168,527	-	63,311	-
15XX	Total non-current assets		98,875,310	86	81,260,228	84
1XXX	Total assets		\$ 115,430,519	100	\$ 96,226,676	100

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Current borrowings	6(12)	\$ 1,490,000	1	\$ -	-
2110	Short-term notes and bills payable	6(13)	5,997,595	5	-	-
2120	Current financial liabilities at fair value through profit or loss	6(14)	1,590	-	1,305	-
2130	Current contract liabilities	6(23)	869,559	1	1,253,193	1
2150	Notes payable		11,826	-	13,878	-
2170	Accounts payable		4,261,050	4	4,228,842	5
2180	Accounts payable - related parties	7	1,020,612	1	1,417,520	2
2200	Other payables		2,719,874	3	3,012,767	3
2220	Other payables - related parties	7	280,411	-	247,255	-
2230	Current income tax liabilities	6(29)	371,899	-	661,899	1
2250	Provisions for liabilities - current		123,348	-	94,247	-
2280	Current lease liabilities	6(8) and 7	12,528	-	14,980	-
2320	Long-term liabilities, current portion	6(16)	-	-	5,000,000	5
2399	Other current liabilities, others		144,285	-	198,544	-
21XX	Total current liabilities		<u>17,304,577</u>	<u>15</u>	<u>16,144,430</u>	<u>17</u>
	Non-current liabilities					
2540	Long-term borrowings	6(17)	4,000,000	4	2,220,000	2
2550	Provisions for liabilities - non-current		11,021	-	9,859	-
2570	Deferred income tax liabilities	6(29)	1,483,469	1	1,331,570	2
2580	Non-current lease liabilities	6(8) and 7	13,027	-	11,063	-
2600	Other non-current liabilities	6(18)	990,390	1	1,027,545	1
25XX	Total non-current liabilities		<u>6,497,907</u>	<u>6</u>	<u>4,600,037</u>	<u>5</u>
2XXX	Total liabilities		<u>23,802,484</u>	<u>21</u>	<u>20,744,467</u>	<u>22</u>
	Equity					
	Share capital	6(19)				
3110	Common stock		23,764,407	21	21,387,966	22
	Capital surplus	6(20)				
3200	Capital surplus		24,170,487	21	9,616,391	9
	Retained earnings	6(21)				
3310	Legal reserve		9,465,766	8	8,863,669	9
3320	Special reserve		3,640,779	3	3,640,779	4
3350	Unappropriated retained earnings		22,860,393	20	23,089,108	24
	Other equity interest	6(22)				
3400	Other equity interest		8,362,965	7	9,396,006	10
3500	Treasury stocks	6(6)(19)	(636,762)	(1)	(511,710)	-
3XXX	Total equity		<u>91,628,035</u>	<u>79</u>	<u>75,482,209</u>	<u>78</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 115,430,519</u>	<u>100</u>	<u>\$ 96,226,676</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31			
		2025		2024	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23) and 7	\$ 27,495,842	100	\$ 25,771,644	100
5000 Operating costs	6(5)(18)(28) and 7	(22,101,747)	(80)	(20,263,514)	(79)
5900 Net operating margin		5,394,095	20	5,508,130	21
5910 Unrealized profit from sales	7	(408,689)	(2)	(534,179)	(2)
5920 Realized profit from sales		534,179	2	460,766	2
5950 Net operating margin		5,519,585	20	5,434,717	21
Operating expenses	6(18)(28), 7 and 12(2)				
6100 Selling expenses		(2,003,612)	(7)	(1,797,421)	(7)
6200 General and administrative expenses		(787,109)	(3)	(616,691)	(2)
6300 Research and development expenses		(546,929)	(2)	(493,740)	(2)
6450 Expected credit impairment loss		(19,023)	-	(7,246)	-
6000 Total operating expenses		(3,356,673)	(12)	(2,915,098)	(11)
6900 Operating profit		2,162,912	8	2,519,619	10
Non-operating income and expenses					
7100 Interest income	6(24)	7,355	-	24,015	-
7010 Other income	6(3)(9)(25) and 7	1,139,482	4	1,212,467	5
7020 Other gains and losses	6(2)(14)(26)	(416,109)	(1)	(338,238)	(2)
7050 Finance costs	6(8)(27) and 7	(146,015)	(1)	(65,649)	-
7070 Share of profit of subsidiary, associates and joint ventures accounted for under equity method	6(6)				
		3,316,544	12	3,462,961	13
7000 Total non-operating income and expenses		3,901,257	14	4,295,556	16
7900 Profit before income tax		6,064,169	22	6,815,175	26
7950 Income tax expense	6(29)	(822,099)	(3)	(1,035,260)	(4)
8160 Profit attributable to non-controlling interests before business combination under common control	6(33)			(12,278)	-
8200 Profit for the year		\$ 5,242,070	19	\$ 5,767,637	22
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive (loss) income, before tax, actuarial losses on defined benefit plans	6(18)	(\$ 43,656)	-	\$ 28,660	-
8316 Unrealised gains and losses on valuation of investments measured at fair value through other comprehensive income	6(3)(22)	1,676,023	6	(3,501,742)	(13)
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(2,973,993)	(11)	(3,245,541)	(13)
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		(1,341,626)	(5)	(6,718,623)	(26)
Other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Currency translation differences of foreign operations	6(22)	108,963	1	1,210,656	5
8368 Gains on hedging instrument	6(22)	2,715	-	25,095	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(22)(29)	45,357	-	(232,454)	(1)
8360 Components of other comprehensive income that will be reclassified to profit or loss		157,035	1	1,003,297	4
8300 Other comprehensive loss for the year		(\$ 1,184,591)	(4)	(\$ 5,715,326)	(22)
8500 Total comprehensive income for the year		\$ 4,057,479	15	\$ 52,311	-
Earnings per share (in dollars)	6(30)				
9750 Basic earnings per share		\$ 2.42		\$ 2.73	
9850 Diluted earnings per share		\$ 2.42		\$ 2.73	

The accompanying notes are an integral part of these parent company only financial statements.

TRICO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Notes	Retained Earnings				Other equity interest				Treasury stocks	Equity attributable to non-controlling interest before business combination under common control	Total equity
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation difference of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gain (losses) on hedging net assets			
For the year ended December 31, 2024											
Balance at January 1, 2024	\$ 21,387,966	\$ 9,629,730	\$ 8,237,099	\$ 3,640,779	\$ 22,400,066	(\$ 2,280,016)	\$ 17,669,701	(\$ 5,025)	(\$ 511,710)	\$ 140,769	\$ 80,289,359
Profit for the year	-	-	-	-	5,787,607	-	-	-	-	12,278	5,779,915
Other comprehensive income (loss) for 6(22)	-	-	-	-	-	-	(6,253,726)	25,095	-	-	(5,715,326)
Total comprehensive income (loss)	-	-	-	-	5,787,607	-	(6,253,726)	25,095	-	-	(5,715,326)
6(21)	-	-	-	-	3,882,790	978,202	(6,253,726)	25,095	-	12,278	64,889
Appropriations of 2023 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	626,570	-	(626,570)	-	-	-	-	-	-
Cash dividends	-	-	-	(4,705,353)	-	-	-	-	-	-	(4,705,353)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method	-	-	-	-	-	-	-	-	-	-	-
6(22)	-	70,285	-	-	-	-	-	-	-	-	70,285
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Acquisition and merger with the subsidiary	-	-	-	-	218,175	-	(218,175)	-	-	-	-
Balance at December 31, 2024	\$ 21,387,966	\$ 9,616,391	\$ 8,863,669	\$ 3,640,779	\$ 23,089,108	(\$ 1,301,814)	\$ 10,677,790	\$ 20,070	(\$ 511,710)	(\$ 159,042)	\$ 75,482,209
For the year ended December 31, 2023											
Balance at January 1, 2023	\$ 21,387,966	\$ 9,616,391	\$ 8,863,669	\$ 3,640,779	\$ 23,089,108	(\$ 1,301,814)	\$ 10,677,790	\$ 20,070	(\$ 511,710)	\$ -	\$ 75,482,209
Profit for the year	-	-	-	-	3,282,070	-	-	-	-	-	3,282,070
Other comprehensive income (loss) for 6(22)	-	-	-	-	(48,603)	154,320	(1,292,892)	2,715	-	-	(1,184,891)
Total comprehensive income	-	-	-	-	3,193,467	154,320	(1,292,892)	2,715	-	-	4,057,670
6(21)	-	-	-	-	602,097	-	-	-	-	-	-
Legal reserve	-	-	-	-	(4,094,353)	-	-	-	-	-	(4,094,353)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-
6(19)	2,376,441	14,294,291	-	-	-	-	-	-	-	-	16,670,732
Exchange of shares for issuance of common stock	-	-	-	-	-	-	-	-	-	-	-
Effect of changes in net equity of associates and joint ventures accounted for under the equity method	-	-	-	-	-	-	-	-	-	-	-
6(19)	-	102,597	-	-	-	-	-	-	-	-	102,597
Repurchase of treasury shares	-	-	-	-	-	-	-	-	(249,012)	-	(249,012)
6(19)	-	157,208	-	-	-	-	-	-	104,222	-	261,430
Transfer of treasury shares to employees	-	-	-	-	-	-	-	-	-	-	-
6(19)	-	-	-	-	-	-	-	-	19,738	-	19,738
Treasury shares disposed by the subsidiary	-	-	-	-	-	-	-	-	-	-	-
6(22)	-	-	-	-	-	-	125,702	-	-	-	125,702
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Losses on hedging instrument that will be reclassified to profit or loss	-	-	-	-	-	-	-	(22,785)	-	-	(22,785)
Balance at December 31, 2023	\$ 23,764,407	\$ 24,170,482	\$ 9,465,766	\$ 3,640,779	\$ 22,890,903	(\$ 1,147,494)	\$ 9,510,659	(\$ 22,785)	(\$ 616,782)	\$ -	\$ 91,628,035

The accompanying notes are an integral part of these parent company only financial statements.

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 6,064,169	\$ 6,815,175
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(26)	(3,627)	(86,208)
Net loss on financial liabilities at fair value through profit or loss	6(14)(20)		
Expected credit impairment loss	12(2)	32,013	13,025
Interest income	6(24)	19,023	7,246
Interest expense	6(27)	(7,355)	(24,015)
Dividend income	6(25)	146,015	65,649
Changes in unrealized gain from downstream sales		(638,365)	(560,143)
Share of profit of associates and joint ventures accounted for under the equity method	6(6)	(125,490)	(73,439)
Depreciation, amortization and net gain or loss on disposal of property, plant and equipment, net	6(7)(8)(9)(26)(28)	(3,316,544)	(3,462,961)
Loss on lease modification	6(26)	368,769	374,034
Gain on disposal of right of use assets	6(26)	122	-
Changes in operating assets and liabilities		(107,430)	-
Changes in operating assets			
Current contract assets		(813,515)	(1,201,296)
Notes receivable		(54,198)	(1,948)
Notes receivable - related parties		29,985	2,769
Accounts receivable		(207,949)	(129,969)
Accounts receivable - related parties		(150,162)	(145,427)
Other receivables		39,268	27,591
Other receivables - related parties		(292,779)	(340,597)
Inventories		(331,221)	(652,007)
Prepayments		214,001	323,662
Other current assets		120,249	13,508
Financial assets at fair value through profit or loss - non-current		24,972	30,646
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss-current		(31,728)	(17,223)
Current contract liabilities		(383,634)	(122,038)
Notes payable		(2,052)	(14,114)
Accounts payable		32,208	534,104
Accounts payable - related parties		(396,908)	(183,408)
Other payables		(421,111)	(426,222)
Other payables - related parties		33,156	35,725
Provisions for liabilities - current		29,101	(6,451)
Provisions for liabilities - non-current		1,162	(84,220)
Other current liabilities		(54,259)	(10,916)
Other non-current liabilities		(90,762)	(132,011)
Cash (outflow) inflow generated from operations		(274,876)	312,151
Interest received	6(24)	7,355	24,015
Dividends received		1,891,505	2,825,135
Payment of interest		(158,456)	(65,547)
Payment of income tax		(712,992)	(991,150)
Net cash flows from operating activities		752,536	2,104,604

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in restricted bank deposit		\$ -	\$ 56,876
Proceeds from disposal of non-current financial assets at fair value through profit or loss		341,577	457,259
Decrease in non-current financial assets at fair value through other comprehensive income		55,626	218,693
Acquisition of investments accounted for under equity method		(489,828)	(569,159)
Proceeds from disposal of property, plant and equipment		34,538	9,707
Acquisition of property, plant and equipment	6(7)(31)	(229,481)	(219,180)
Acquisition of intangible assets	6(10)	(16,211)	(8,535)
Increase in deferred expenses		(8,026)	(18,627)
Decrease in refundable deposits		2,680	5,572
Dividends received		638,365	560,143
(Increase) decrease in other non-current assets		(108,456)	36,777
Proceeds from disposal of right of use assets		143,378	-
Net cash flows from investing activities		364,162	529,526
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(32)	1,490,000	-
Increase in short-term notes and bills payable	6(32)	5,997,595	-
Acquisition of subsidiary equity	6(33)	(304,626)	(236,671)
Repayments of bonds	6(32)	(5,000,000)	-
Increase in long-term loans	6(32)	1,780,000	1,970,000
Lease liabilities paid	6(32)	(60,957)	(94,853)
Treasury stocks repurchase	6(19)	(249,012)	-
Cash dividends paid	6(21)(32)	(4,694,353)	(4,705,353)
Treasury shares transferred to employees	6(19)	104,222	-
Net cash flows used in financing activities		(937,131)	(3,066,877)
Net increase (decrease) in cash and cash equivalents		179,567	(432,747)
Cash and cash equivalents at beginning of year		478,591	911,338
Cash and cash equivalents at end of year		\$ 658,158	\$ 478,591

The accompanying notes are an integral part of these parent company only financial statements.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries (the "Group") as at December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and

appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2025 consolidated financial statements are stated as follows:

Revenue recognition of export sales of green mechatronic solution business group

Description

Refer to Note 4(35) of the consolidated financial statements for the accounting policies on revenue recognition and Note 14 for the segment financial information. The Group disclosed the financial information of green mechatronic solution business group, intelligence energy business group and air and intelligent life business group in the segment financial information. Green mechatronic solution business group handles the manufacturing and sales of various machinery, equipment and motors. The sales revenue of the green mechatronic solution business group amounted to NT\$29,417,652 thousand, representing 50% of the consolidated total sales revenue for the year ended December 31, 2025. Aside from domestic sales in Taiwan, the customers of green mechatronic solution business group are from America, Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of green mechatronic solution business group as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of green mechatronic solution business group to assess the effectiveness of the internal control process.
2. Validated selected samples of export sales revenue transactions of green mechatronic solution business group to confirm their existence.

Other matter – Reference to the audits of other auditors

As described in Notes 4(3) and 6(7) of the consolidated financial statements, we did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$3,136,267 thousand and NT\$4,001,880 thousand, constituting 2% and 3% of the consolidated total assets as at December 31, 2025 and 2024, respectively, and total operating revenues amounted to NT\$2,978,183 thousand and NT\$2,947,748 thousand, both constituting 5% of consolidated total operating revenues for the years then ended, respectively. The investments accounted for under the equity method amounted to NT\$2,687,307 thousand and NT\$2,492,819 thousand, both constituting 2% of consolidated total assets as of December 31, 2025 and 2024, respectively, the credit balance of investments accounted for under the equity method amounted to NT\$104,555 thousand and NT\$87,108 thousand, both constituting less than 1% of consolidated total assets as of December 31, 2025 and 2024, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$41,549 thousand and NT\$106,182 thousand, constituting 1% and 21% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter –Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter section on the parent company only financial statements of TECO Electric & Machinery Co., Ltd. as of and for the years ended December 31, 2025 and 2024.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Sheng-Chung

Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2025		Restated December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 26,224,399	18	\$ 26,055,287	21
1110	Current financial assets at fair value through profit or loss	6(2)	34,481	-	24,058	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	286,220	-	302,648	-
1139	Current financial assets for hedging	6(17)	-	-	5,887	-
1140	Current contract assets		5,899,615	4	5,010,143	4
1150	Notes receivable, net	6(5) and 8	953,082	1	715,559	1
1160	Notes receivable - related parties	7	66	-	21	-
1170	Accounts receivable, net	6(5)	10,614,616	7	9,343,241	8
1180	Accounts receivable - related parties	7	181,481	-	203,543	-
1200	Other receivables		325,785	-	370,450	-
1210	Other receivables - related parties	7	25,838	-	76,774	-
130X	Inventories, net	6(6)	13,649,482	10	13,482,866	11
1410	Prepayments		799,576	1	890,288	1
1460	Non-current assets or disposal groups classified as held for sale, net	6(12)	-	-	292,198	-
1470	Other current assets	6(1) and 8	476,762	-	493,129	-
11XX	Total current assets		59,471,403	41	57,266,092	46
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	2,569,549	2	2,998,980	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	38,611,116	27	22,721,250	18
1535	Non-current financial assets at amortised cost, net	6(4) and 8	1,497,606	1	109,788	-
1550	Investments accounted for under the equity method	6(7) and 7	3,539,278	2	3,560,452	3
1600	Property, plant and equipment, net	6(8) and 8	20,914,161	15	20,493,419	17
1755	Right-of-use assets	6(9) and 8	6,970,374	5	7,498,397	6
1760	Investment property, net	6(10)	2,971,542	2	3,186,269	3
1780	Intangible assets	6(11)	6,234,677	4	4,831,491	4
1840	Deferred income tax assets	6(32)	1,154,120	1	1,228,081	1
1900	Other non-current assets	6(13)	642,052	-	539,216	-
15XX	Total non-current assets		85,104,475	59	67,167,343	54
1XXX	Total assets		\$ 144,575,878	100	\$ 124,433,435	100

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2025		Restated December 31, 2024	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14) and 8	\$ 2,960,800	2	\$ 1,137,121	1
2110	Short-term notes and bills payable	6(15)	5,997,595	4	-	-
2120	Current financial liabilities at fair value through profit or loss	6(16)	2,125	-	1,305	-
2130	Current contract liabilities	6(26)	1,663,705	1	2,075,068	2
2150	Notes payable		757,514	1	648,309	-
2160	Notes payable - related parties	7	1,189	-	466	-
2170	Accounts payable		9,607,141	7	9,479,935	8
2180	Accounts payable - related parties	7	42,727	-	56,107	-
2200	Other payables	6(18)	5,780,393	4	6,148,768	5
2230	Current income tax liabilities	6(32)	319,421	-	679,980	1
2250	Provisions for liabilities - current		430,539	-	410,738	-
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(12)	-	-	27,770	-
2280	Current lease liabilities		631,296	-	608,975	-
2320	Long-term liabilities, current portion	6(19)(20) and 8	395,572	-	6,260,101	5
2399	Other current liabilities, others		954,913	1	961,762	1
21XX	Total current liabilities		<u>29,544,930</u>	<u>20</u>	<u>28,496,405</u>	<u>23</u>
	Non-current liabilities					
2540	Long-term borrowings	6(20) and 8	7,154,749	5	4,534,475	4
2550	Provisions for liabilities - non-current		92,395	-	88,413	-
2570	Deferred income tax liabilities	6(32)	2,778,195	2	2,586,352	2
2580	Non-current lease liabilities		5,033,891	4	5,411,415	4
2600	Other non-current liabilities	6(7)(21)	1,608,085	1	1,548,571	1
25XX	Total non-current liabilities		<u>16,667,315</u>	<u>12</u>	<u>14,169,226</u>	<u>11</u>
2XXXX	Total liabilities		<u>46,212,245</u>	<u>32</u>	<u>42,665,631</u>	<u>34</u>
	Equity attributable to owners of parent					
	Share capital	6(22)				
3110	Common stock		23,764,407	16	21,387,966	17
	Capital surplus	6(23)				
3200	Capital surplus		24,170,487	16	9,616,391	7
	Retained earnings	6(24)				
3310	Legal reserve		9,465,766	7	8,863,669	7
3320	Special reserve		3,640,779	2	3,640,779	3
3350	Unappropriated retained earnings		22,860,393	16	23,089,108	19
	Other equity interest	6(25)				
3400	Other equity interest		8,362,965	6	9,396,006	8
3500	Treasury stocks	6(22)	(636,762)	-	(511,710)	-
31XX	Equity attributable to owners of the parent		<u>91,628,035</u>	<u>63</u>	<u>75,482,209</u>	<u>61</u>
36XX	Non-controlling interest	6(36)	6,735,598	5	6,285,595	5
3XXXX	Total equity		<u>98,363,633</u>	<u>68</u>	<u>81,767,804</u>	<u>66</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3XX2X	Total liabilities and equity		<u>\$ 144,575,878</u>	<u>100</u>	<u>\$ 124,433,435</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(9)(10)(26) and 7	\$ 59,093,897	100	\$ 55,234,746	100
5000	Operating costs	6(6)(8)(9)(21)(31) and 7	(45,014,763)	(76)	(41,094,708)	(75)
5900	Net operating margin		14,079,134	24	14,140,038	25
5910	Unrealized profit from sales		(9,855)	-	(10,953)	-
5920	Realized profit from sales		10,953	-	10,419	-
5950	Net operating margin		14,080,232	24	14,139,504	25
	Operating expenses	6(8)(9)(21)(31)				
6100	Selling expenses		(4,805,450)	(8)	(4,230,560)	(7)
6200	General and administrative expenses		(2,779,132)	(5)	(2,629,902)	(5)
6300	Research and development expenses		(1,170,184)	(2)	(1,016,565)	(2)
6450	Expected credit impairment losses	12(2)	(37,920)	-	(30,872)	-
6000	Total operating expenses		(8,792,686)	(15)	(7,907,899)	(14)
6900	Operating profit		5,287,546	9	6,231,605	11
	Non-operating income and expenses					
7100	Interest income	6(4)(27) and 7	664,681	1	773,618	2
7010	Other income	6(3)(10)(28) and 7	1,682,096	3	1,872,072	3
7020	Other gains and losses	6(2)(16)(29)	(79,742)	-	(550,863)	(1)
7050	Finance costs	6(9)(30)	(442,973)	(1)	(378,687)	(1)
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(18,852)	-	132,084	-
7000	Total non-operating income and expenses		1,805,210	3	1,848,224	3
7900	Profit before income tax		7,092,756	12	8,079,829	14
7950	Income tax expense	6(32)	(1,467,580)	(2)	(1,828,548)	(3)
8200	Profit for the period		\$ 5,625,176	10	\$ 6,251,281	11

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive (loss) income, before tax, actuarial (losses) gains on defined benefit plans	6(21)	(\$ 46,345)	-	\$ 36,005	-
8316	Unrealized losses on valuation of investments measured at fair value through other comprehensive income	6(3)	(1,184,653)	(2)	(6,829,917)	(12)
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(9,040)	-	20,805	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(252)	-	548	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(1,240,290)	(2)	(6,772,559)	(12)
Other comprehensive income that will be reclassified to profit or loss						
8361	Currency translation differences of foreign operations	6(25)	97,623	-	1,257,067	2
8368	Gains on hedging instrument	6(25)	2,715	-	25,095	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(32)	45,357	-	(254,654)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		145,695	-	1,027,508	2
8300	Other comprehensive loss for the period		(\$ 1,094,595)	(2)	(\$ 5,745,051)	(10)
8500	Total comprehensive income for the period		\$ 4,530,581	8	\$ 506,230	1
Profit attributable to:						
8610	Owners of the parent		\$ 5,242,070	9	\$ 5,767,637	10
8620	Non-controlling interest		383,106	1	483,644	1
			<u>\$ 5,625,176</u>	<u>10</u>	<u>\$ 6,251,281</u>	<u>11</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 4,057,479	7	\$ 52,311	-
8720	Non-controlling interest		473,102	1	453,919	1
			<u>\$ 4,530,581</u>	<u>8</u>	<u>\$ 506,230</u>	<u>1</u>
Earnings per share (in dollars)						
9750	Basic earnings per share	6(33)	\$ 2.42		\$ 2.73	
9850	Diluted earnings per share		\$ 2.42		\$ 2.73	

The accompanying notes are an integral part of these consolidated financial statements.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 7,092,756	\$ 8,079,829
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss	6(2)(29)	24,410	50,593
Net loss on financial liabilities at fair value through profit or loss	6(16)(29)	32,463	13,656
Provision for decline in value of inventories	6(6)	387,765	250,380
Expected credit impairment losses	12(2)	37,920	30,872
Interest income	6(27)	(664,681)	(773,618)
Dividend income	6(28)	(1,122,163)	(1,147,495)
Interest expense	6(30)	442,973	378,687
Depreciation and amortization	6(8)(9)(10)(31)	2,253,167	2,049,006
Gain on disposal of non-current assets held for sale	6(12)(29)	(335,476)	-
Gain on disposal of property, plant and equipment	6(29)	(22,859)	(92,115)
Gain on disposal of right of use assets	6(29)	(107,430)	-
Loss (gain) on lease modification	6(29)	2,798	(2)
Impairment loss	6(8)(11)	-	105,060
(Gain) loss on disposal of investment property	6(29)	(915)	31,024
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	18,852	(132,084)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(889,472)	(1,151,391)
Notes receivable		(237,541)	153,407
Notes receivable - related parties		(45)	78
Accounts receivable		(1,274,002)	1,143,627
Accounts receivable - related parties		21,771	9,454
Other receivables		15,408	(19,213)
Other receivables - related parties		50,936	(3,498)
Inventories		(449,870)	(2,101,453)
Prepayments		90,712	(316,220)
Other current assets		59,630	(137,862)
Non-current financial assets at fair value through profit or loss		17,529	11,322
Changes in operating liabilities			
Current contract liabilities		(411,363)	(230,793)
Notes payable		109,205	101,165
Notes payable - related parties		723	(622)
Accounts payable		(421,392)	828,148
Accounts payable - related parties		(13,380)	17,918
Other payables		(466,041)	(390,092)
Provisions for liabilities		23,783	(152,356)
Other current liabilities		(204,874)	132,659
Other non-current liabilities		(59,808)	(414,441)
Cash inflow generated from operations		4,001,489	6,323,630
Interest received	6(27)	664,681	773,618
Dividend received		62,457	41,791
Interest paid		(308,557)	(241,147)
Income tax paid		(1,588,392)	(2,295,767)
Net cash flows from operating activities		<u>2,831,678</u>	<u>4,602,125</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of current financial assets at fair value through other comprehensive income		(\$ 31,442)	\$ -
Acquisition of non-current financial assets at fair value through other comprehensive income		(473,252)	(145,607)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		146,743	1,131,422
Acquisition of non-current financial assets at amortized cost	6(4)	(1,387,818)	(94,231)
(Increase) decrease in current financial assets at fair value through profit or loss		(7,438)	3,189
Proceeds from disposal of non-current financial assets at fair value through profit or loss		384,507	480,851
Decrease in pledged and restricted bank and time deposits	6(1) and 8	32,746	82,329
Acquisition of property, plant and equipment	6(8)(34)	(1,207,833)	(1,640,767)
Proceeds from disposal of property, plant and equipment		58,608	223,216
Acquisition of investment properties	6(10)	-	(16,044)
Increase in other non-current assets		(162,549)	(53,673)
Net cash outflow on acquisitions of subsidiaries	6(34)	(707,925)	(120,810)
Proceeds from disposal of non-current assets classified as held for sale	6(12)	599,904	-
Dividends received from investments of financial instruments		1,109,366	1,147,495
Proceeds from disposal of right of use assets		143,378	-
Net cash flows (used in) from investing activities		(1,503,005)	997,370
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans	6(35)	1,625,654	(219,990)
Increase in short-term notes and bills payable	6(35)	5,997,595	-
Repayments of bonds	6(35)	(5,000,000)	-
Proceeds from long-term debts	6(35)	1,755,745	2,244,730
Lease liabilities paid	6(9)(35)	(820,006)	(733,852)
Treasury stocks repurchase	6(22)	(249,012)	-
Cash dividends paid to non-controlling interests		(272,359)	(279,855)
Consideration paid to non-controlling interests	6(37)	-	(257,500)
Cash capital increase of non-controlling interest	6(37)	73,674	-
Cash dividends paid	6(24)(35)	(4,694,353)	(4,705,353)
Treasury shares transferred to employees		104,222	-
Treasury shares disposed by the subsidiaries		89,349	-
Net cash flows used in financing activities		(1,389,491)	(3,951,820)
Exchange rate effect		229,930	767,076
Net increase in cash and cash equivalents		169,112	2,414,751
Cash and cash equivalents at beginning of year		26,055,287	23,640,536
Cash and cash equivalents at end of year		<u>\$ 26,224,399</u>	<u>\$ 26,055,287</u>

The accompanying notes are an integral part of these consolidated financial statements.

TECO Electric & Machinery Co., Ltd.

Distribution of 2025 Profits

(In NT \$)

Item	Amount
Accumulated undistributed profit as of the beginning of the period (2025/1/1)	17,781,659,933
Add: Net Profit after tax in 2025	5,242,069,577
Add: Adjustment of 2024 cash dividend distribution due to share buyback (Note)	10,999,389
Less: Disposal of financial assets measured at fair value through other comprehensive income	(125,702,219)
Less: Actuarial gains	(48,634,237)
Less: Appropriation of Legal Reserve	(506,773,312)
Total distributable earnings	22,353,619,131
Profit distributed for the period:	
Cash dividend distributed from profit 2025	4,752,881,368
(Dividend per share)	2.00
Undistributed profit as of the end of 2025	17,600,737,763
Note:	

Notes:

1. Dividend per share for the current year is NT\$2 and all dividends distributed shall be cash dividend.
2. The earnings distribution for this period will first be allocated from the distributable earnings of 2025. If insufficient, the remaining portion will be drawn from the accumulated distributable earnings of 2024 and prior years.
3. In the event of any changes in the number of outstanding common shares thereafter, the Chairman is fully authorized to adjust the earnings distribution schedule and handle all related matters, while maintaining the same dividend payout rate per share.

Chairman: Morris Li

President: Fei-Yuan Kao

Accounting Chief: Tommy Wu

Attachment 5

Report on Issuance of the First Unsecured Ordinary Corporate Bonds in 2026

(In NT \$)

Decree of the Authority	TPEX No. 11400109761
Bond Name	P15TECO1
Status	Over-the-counter
Total Issue Amount	NT\$ 6 Billion
Raising Terms	5 years (2026/01/12~2031/01/12)
Coupon Rate	Fixed annual percentage rate, 1.80%
Repayment	Repay the loan outright
Purpose	Repayment of debts
Underwriter	CTBC Bank Co., Ltd
Transfer Agency	The Stock Transfer Agency Department of CTBC Bank Co., Ltd
Selling Target	Limited to "Professional Investors" as defined in the "Regulations Governing Management of Foreign Currency Denominated International Bonds" of the Taipei Exchange.

Report on the Execution of Treasury Share Buyback

(In NT \$)

Legal Basis	Conducted in accordance with Article 28-2 of the Securities and Exchange Act.
Terms of repurchase	17 th
Date of the Board of Directors' resolution	2025/3/14
Purpose	Transfer of shares to employees
Originally determined number of shares to be repurchased	Common share 5,000,000 shares
Originally determined repurchase price range	NT\$ 37.66 ~ NT\$ 81.36
Actual repurchase period	2025/3/20~2025/5/16
Type and number of shares actually repurchased	5,000,000 shares
Total monetary amount of repurchased shares	NT\$ 249,011,815
Number of shares already transferred or canceled	2,668,800 shares
Cumulative number of shares held by the Company	2,331,200 shares
Cumulative treasury shares as a percentage of total shares issued (%)	0.10%

Report on Issuance of New Shares for Share Swap

Approval No.	2025/9/25 Approval Letter No. Tai-Zheng-Shang-Yi-Zi 1141804214
Counterparty for Share Swap	Hon Hai Precision Industry Co., Ltd.
Shares Issued for Capital Increase	TECO Electric & Machinery Co., Ltd. (1504) Common Shares: 237,644,068 shares
Shares Acquired (Transferred)	Hon Hai Precision Industry Co., Ltd. (2317) Common Shares: 72,481,441 shares
Record Date for Share Swap	2025/9/25
Listing Date of New Shares	2025/10/28
Purpose	To become strategic alliance partners through a share swap, combining the strengths of both companies to capture the global trend of AI data center construction, expand vast global AIDC business opportunities, and enhance business growth momentum.
Lead Underwriter	Fubon Securities Co., Ltd.
Underwriter's Evaluation Opinion	Please refer to pages 65–66 of this handbook.

Attachment 8Report on Acquisition of Other Assets from Related Parties in 2025
(In NT \$)

Name of the underlying asset	TAIAN-ECOBAR TECHNOLOGY CO., LTD./ Common Shares
Relationship with the Company	The Company's subsidiary
Reason for selecting the related party as the counterparty	Participation in the subsidiary's capital increase by cash
Date of the Board of Directors' resolution	2025/10/15
Transaction volume (Number of shares)	6,280,927 shares
Transaction price per unit	NT\$ 48.5
Total transaction amount	NT\$ 304,624,960
Net value per share of the underlying company	NT\$ 28.3
Cumulative number of shares held	18,075,427 shares
Cumulative monetary amount of shares held	NT\$ 395,784,308
Shareholding ratio	89.26%
Restrictions on rights	None
Fairness Opinion on the Transaction Price Consideration	Please refer to pages 67–69 of this handbook.

Appendices

1. Articles of Incorporation on page 48~60
2. Rules Governing Shareholders' Meeting on page 61~64
3. Underwriter's Opinion on the Issuance of New Shares for Share Swap on page 65~66
4. Fairness Opinion on the Transaction Price Consideration on page 67~69
5. Shareholding of All Directors on page 70
6. Notes on page 71

TECO Electric & Machinery Co., Ltd.

Articles of Incorporation

(Summary Translation)

This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

Chapter 1 General Provisions

Article 1

The Company is incorporated in accordance with the Company Act and is named TECO Electric & Machinery Co., Ltd. The company is named as TECO Electric and Machinery Co., Ltd. in English.

Article 2

The scope of business of this Company is as follows:

1. C805050 Manufacture of industrial plastic products;
2. C805070 Manufacture of reinforced plastic products;
3. CA01030 Steel casting;
4. CA01050 Secondary processing of steel materials;
5. CA02010 Manufacture of metal structure and building parts;
6. CB01010 Manufacture of machinery equipment;
7. CB01020 Manufacture of office machines;
8. CB01030 Manufacture of pollution-control equipment;
9. CB01071 Manufacture of refrigerating, air-conditioning equipment;
10. CC01010 Manufacture of generators, power dispatching, power distributing machinery;
11. CC01030 Manufacture of electrical appliance and audio-visual electronic products;
12. CC01060 Manufacture of cable telecommunication machinery and equipment;
13. CC01070 Manufacture of wireless telecommunication machinery and equipment;
14. CC01080 Manufacture of electrical parts and components;
15. CC01101 Manufacturing of controlled telecom radio-frequency products
16. CC01110 Manufacture of computers and the peripheral thereof;
17. CD01010 Manufacture of boats and the parts thereof;
18. CD01020 Manufacture of rail cars and the parts thereof;
19. CD01030 Manufacture of automobiles and the parts thereof;
20. CD01040 Manufacture of motorbikes and the parts thereof;
21. CD01060 Manufacture of aircrafts and the parts thereof;
22. CE01010 Manufacture of general instruments;
23. CE01030 Manufacture of optical instruments;
24. E501011 Services regarding water utilities as contractor;
25. E502010 Installation of fuel pipes;
26. E599010 Engineering of pipe lines;

27. E601010 Service regarding electrical appliance as contractor;
28. E601020 Installation of electrical appliance;
29. E602011 Engineering of refrigerating, air-conditioning equipment;
30. E603010 Installation of cables;
31. E603040 Installation of firefighting safety equipment;
32. E603050 Engineering of automatic control equipment;
33. E603080 Installation of traffic signs;
34. E603090 Installation of illuminating equipment;
35. E604010 Installation of machines;
36. E605010 Installation of computer equipment;
37. F106010 Wholesale of hardware;
38. F106030 Wholesale of tooling;
39. F108031 Wholesale of medical devices
40. F113070 Wholesale of telecom-products
41. F114080 Wholesale of rail cars and the parts thereof;
42. F117010 Wholesale of fire-fighting safety equipment;
43. F119010 Wholesale of electrical materials;
44. F206010 Retail sale of hardware;
45. F206030 Retail sale of tooling;
46. F206040 Retail sale of water equipment and relevant materials;
47. F208031 Retail sale of medical devices;
48. F213040 Retail sale of precision instruments;
49. F213060 Retail of telecom products
50. F218010 Retail of information software
51. F401010 International Trade;
52. F401021 Import of controlled telecommunication radio-frequency devices;
53. F501060 Restaurant services;
54. G801010 Warehousing services;
55. H701010 Development and leasing of residential and business buildings;
56. I103060 Management consulting services;
57. I301010 Information application services;
58. I301020 Data-processing services;
59. I301030 Supply of electronic information services;
60. IF01010 Inspection and repair of firefighting safety equipment services;
61. IG03010 Energy Technical Services;
62. E606010 Testing and inspection of electrical equipment services;
63. JE01010 Leasing services;
64. ZZ99999 Other businesses not prohibited or restricted legally except those with special permit.

Article 3

The Company may, for the purpose of meeting business needs, provide guarantees to others.

Article 4

The Company may, for the purpose of meeting business needs, authorize the Board of Directors to make investment in relevant businesses without regard to Article 13 of the Company Act.

Article 5

The Company will have its head office located in Taipei and the Board of Directors may set up branch offices and production facilities from time to time in consideration of the business needs of the Company.

Chapter 2 Capital stocks

Article 6

The total capital of the Company is NT\$30,305,500,000 divided into 3,030,550,000 shares with a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installment in consideration of the business needs of the Company.

A total of NT\$1,000,000,000 of the above total capital will be reserved for issuance of employee stock options for a total of 100,000,000 shares of stocks with a par value of NT\$10 each, which may be issued in installments according to the resolution adopted by the relevant meeting of the Board of Directors.

With the approval of two thirds of voting right owned by attending shareholders representing over half of the total issued shares at a shareholders' meeting, subscription price for the issuance of employee warrants can be exempt from the restriction included in article 53 of the "guidelines for the raising and issuance of securities" and the issuance can be carried out in several batches within one year after the resolution is made by shareholders' meeting.

The company's share-subscription warrants for employees can also be issued to employees of subordinate companies meeting a certain conditions.

Article 6-1

The rights and obligations and other important issuance terms of Class A preferred shares of the Company are as follows:

1. The dividend for preferred shares is limited to an annual rate of 5%, calculated by the issuance price per share, and the dividend may be one-time distributed in cash every year. The board or the chairman empowered by the board will determine the base date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and recovery is calculated by the actual issuance days of the current year
2. The Company has discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares if there are no earnings in the annual accounts, or the earnings are insufficient to distribute dividends of preferred shares, or the distribution of dividends of preferred shares will cause the capital adequacy ratio to be lower than the minimum requirement by laws or competent authority or other necessary consideration. The shareholders of preferred shares may not object to the board's decision to not distribute dividends. The preferred shares issued are of the non-accumulative type, the undistributed dividends or the deficit of dividends will not be

accumulated for deferred payment in the years with earnings in the future.

3. The dividends prescribed in Subparagraph 1 of this Paragraph, shareholders of preferred shares may not be a part of the cash and equity capital of earnings and additional paid-in capital of ordinary shares.
4. Preferred shares may not be converted to ordinary shares.
5. The distribution priority for shareholders of preferred shares on the residual property of the Company is ahead of shareholders of ordinary shares and equal to the preferential order of shareholders of all preferred shares issued by the Company, and the preferential order is only lower than general creditors. The repayment shall be capped at respective issue amount of Preferred Shares A upon liquidation.
6. Shareholders of Preferred Shares A have voting rights or suffrage equal to that of the common stock shareholder.
7. The Preferred Shares A is perpetual but may be redeemed in whole or in part at issue price no earlier than the day following the fifth anniversary of the issuance date. Shareholders do not have the right to request the company to redeem preferred shares. Holders of the outstanding Class A Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
8. If any Class A preferred shares remains outstanding, except to make up for losses, share premium of Class A Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

Article 6-2

The rights, obligations and other important issuance terms of Class B Preferred Shares are as follows:

1. The dividend rate of Class B Preferred Shares is capped at 5% per annum on the issue price. Dividends are paid annually in cash in one lump sum. The Chairman is authorized by the Board of Directors or a Board Resolution to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class B Preferred Shares remained outstanding in that year.
2. The Company has sole discretion on the distribution of Class B Preferred Share dividends. If there is no earning or insufficient earning for distributing dividends of Class A Preferred Shares in the fiscal year, or the Company has other necessary considerations, the Board may decide not to distribute Class B Preferred Share dividends by Board Resolution, and it will not be deemed as an event of default. Class B Preferred Shares are noncumulative shares. If the Company decide not to distribute preferred share dividends or to distribute insufficient dividend, the undistributed dividends or shortfalls in dividends distributed shall

not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings.

3. Except for the dividend prescribed in Subparagraph 1 of this Paragraph, Class B Preferred Shareholders are not entitled to participate in the distribution of cash or share dividends with regard of the common shares derived from earnings or capital reserves.
4. Class B Preferred Shares may not be converted within 3 year after the date of issuance. The Board is authorized to set the convertible period in the actual issuance terms. Holders of convertible Preferred Shares may, pursuant to the issuance terms, apply for conversion of its shareholding (in whole or in part) to common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Class B Preferred shares that are converted into common shares before the ex-dividend date shall participate in the distribution of profit and capital reserve to holders of common shares, and may not participate in the distribution of Class B Preferred Share dividends that year. Class B Preferred Shares that are converted into common shares after the ex-dividend date shall participate in the distribution of Class B Preferred Share dividends that year, and may not participate in the distribution of profit and capital reserve to holders of common shares. In principle, holders of the converted shares should not participate in both the distribution of preferred share dividends and common share dividends during the same year for the same converted shares.
5. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of outstanding Class B preferred shares are entitled to receive residual assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of the common shares. Class B preferred shares and other classes of preferred shares of the Company shall rank pari passu without any preference among themselves and their repayment shall be capped at their respective issue amount.
6. Class B Preferred Share Shareholders are entitled to the same voting rights and the right to be elected as common share shareholders during general shareholders' meeting.
7. Class B Preferred Shares are perpetual preferred shares. Holders of Class B Preferred Shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class B Preferred Shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations of the remaining and outstanding Class B Preferred Shares as described in the preceding paragraphs will remain unchanged. Holders of the outstanding Class B Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
8. If any Class B preferred shares remains outstanding, except to make up for losses, share premium of Class B Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms

upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

Article 6-3

The rights, obligations and other important issuance terms of Class C Preferred Shares are as follows:

1. The dividend rate of Class C Preferred Shares is 5% per annum on the issue price. Dividends are paid annually in cash in one lump sum. The Chairman is authorized by the Board of Directors or a Board Resolution to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class C Preferred Shares remained outstanding in that year.
2. The Company has sole discretion on the distribution of Class C Preferred Share dividends. If there is no earning or insufficient earning for distributing dividends of Class C Preferred Shares in the fiscal year, or the Company has other necessary considerations, the Board may decide not to distribute Class C Preferred Share dividends by Board Resolution, and it will not be deemed as an event of default. If the Company decide not to distribute preferred share dividends or to distribute insufficient dividend, the dividends shall be accumulated for priority retroactive issuance in subsequent year where earnings are reported.
3. Except for the dividend prescribed in Subparagraph 1 of this Paragraph, Class C Preferred Shareholders are not entitled to participate in the distribution of cash or share dividends with regard of the common shares derived from earnings or capital reserves.
4. Class C Preferred Shares may not be converted within 3 year after the date of issuance. The Board is authorized to set the convertible period in the actual issuance terms. Holders of convertible Preferred Shares may, pursuant to the issuance terms, apply for conversion of its shareholding (in whole or in part) to common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Class C Preferred shares that are converted into common shares before the ex-dividend date shall participate in the distribution of profit and capital reserve to holders of common shares, and may not participate in the distribution of Class C Preferred Share dividends that year. Class C Preferred Shares that are converted into common shares after the ex-dividend date shall participate in the distribution of Class C Preferred Share dividends that year, and may not participate in the distribution of profit and capital reserve to holders of common shares. In principle, holders of the converted shares should not participate in both the distribution of preferred share dividends and common share dividends during the same year for the same converted shares.
5. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of outstanding Class C preferred shares are entitled to receive residual assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of the common shares. Class C preferred shares and other classes of

preferred shares of the Company shall rank pari passu without any preference among themselves and their repayment shall be capped at their respective issue amount.

6. Class C Preferred Share Shareholders are entitled to the same voting rights and the right to be elected as common share shareholders during general shareholders' meeting.
7. Class C Preferred Shares are perpetual preferred shares. Holders of Class C Preferred Shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class C Preferred Shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations of the remaining and outstanding Class C Preferred Shares as described in the preceding paragraphs will remain unchanged. Holders of the outstanding Class C Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
8. If any Class C preferred shares remains outstanding, except to make up for losses, share premium of Class C Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

Article 7

The company can buy back issued shares from the centralized securities market, according to article 10-1 of "measures for buying back shares by listed firms." With approval of two thirds of voting right owned by attending shareholders representing over half of issued shares, the company can transfer the bought-back shares to employees at price lower the average purchase price.

Targets for transfer of shares purchased by the company legally can include employees of the subordinate companies meeting a certain conditions.

Article 8

The Company may issue shares without printing share certificates. All of the stocks of the Company will be duly issued as name-bearing stocks and duly registered.

Article 9

All transfer of stocks shall be suspended 60 days prior to the annual general shareholders meeting date, 30 days prior the extraordinary shareholders meeting date, and five days prior to the date of distribution of dividend, profit-sharing or other interests.

Chapter 3 Shareholders' Meeting

Article 10

The Company will have two types of shareholders meetings:

1. General shareholder meeting to be convened within six months after the end of each fiscal year;
2. Extraordinary shareholders meeting to be convened where necessary; and

The convention of the above shareholders meetings will be notified to the shareholders 30 days prior to the meeting date of the general shareholders meeting and 15 days prior to the meeting date of the extraordinary shareholders meeting.

The shareholders' meeting of preferred shares may be convened in accordance with relevant laws whenever necessary.

The shareholders' meeting can be convened by means of video conference or other methods promulgated by the central competent authority.

Article 11

Each shareholder of this Company will have one vote on each share held except those without voting right according to company law and related regulations.

Article 12

Where the shareholder is unable to attend the shareholders meeting in person, he/she may appoint a proxy to act on his/her behalf at the meeting by signing the proxy form prepared by the Company. The number of votes by a proxy acting on behalf of two or more shareholders at the shareholders meeting shall not exceed the total number of votes representing 3% of the total issued shares of the Company with all excess votes disregarded, except where such proxy is a trust business or stock affairs agency institution approved by the competent securities authority.

Article 13

Except as otherwise provided by the Company Act, the Shareholders' Meeting may be called to order on and only on the attendance by shareholders representing the majority of the total issued shares. Resolutions of the shareholders meeting shall be adopted by the majority votes at the meeting.

The resolutions of the shareholders meeting shall be recorded in the meeting minutes signed or sealed with the chop of the chairperson and distributed to the shareholders each within 20 days after the meeting, provided that the service of the meeting minutes may be made by public notice with respect to shareholders.

Article 14

The shareholders shall be presided by the person who is legally authorized to convene the meeting. Where there are two or more conveners, they shall elect one from among themselves to preside the meeting.

Chapter 4 Board of Directors

Article 15

The Board of Directors of the Company will be formed by 7 to 11 Directors to be elected from among the shareholders with disposing capacity. The Board of Directors is authorized to determine the number of Directors. The Director each will serve a term of office of three years and is eligible for re-election.

At least 3 of the aforementioned directors are independent directors.

Candidates for directors are nominated, according article 192-1 of the Company Law. Method for acceptance of the nomination for directors, its publication, and other related affairs will be conducted according to the Company Law, the Securities and Exchange Act, and other related

law/regulation.

Article 16

The Directors shall elect among themselves the Chairman and Vice Chairman of the Company, and the election should be attended by over two-thirds of the directors and adopted by a majority of the directors present. The 3 managing directors shall be elected from among the directors in accordance with the same manner.

The Chairman will externally represent the Company and act as the chairperson of the Shareholders' Meetings, meetings of the Board of Directors and meetings of the Managing Directors.

At least one of the nominated Managing Directors shall be an independent director, and no less than one fifth of the total number of Managing Directors.

Article 17

The Chairman will convene and preside the meetings of the Board of Directors except the first meeting of every new term of office which shall be convened by the Director who was elected with the highest number of votes at the relevant election or pertaining to relevant laws. Where the Chairman is for whatever reason unable to perform his/her functions at the meeting, the Vice Chairman shall act in his/her stead. If the Vice Chairman is for whatever reason unable to perform the function at the meeting, the Chairman shall appoint one from among the Managing Directors to act in his/her stead, in the case where there are no Managing Directors, a Director shall be appointed. Absent such appointment, the Managing Directors shall elect one from among themselves to act instead of the Chairman at the meeting, where there are no Managing Directors, Directors shall elect one from among themselves.

Article 18

Except as otherwise provided by the Company Act, the meeting of the Board of Directors may be called to order on and only on attendance by the majority of the Directors. The resolution of the meeting of the Board of Directors shall be adopted by the majority votes at the meeting. If the Director is for whatever reason unable to attend the meeting of the Board of Director in person, he/she may appoint another Director to act in his/her stead by issuing a signed proxy. The Managing Director may also appoint another Managing Director to act in his/her stead at the meeting of the Managing Directors.

The board of directors should be convened every quarter. Notice, along with the description of the meeting, will be given to every director seven days in advance. The notice can be given in written form, fax, or e-mail.

The meeting of the Board of Directors may be conducted via audio- or video-teleconference. All Directors present at the meeting via teleconference will be deemed present at the meeting in person.

Article 19

The function of the Board of Directors is to

1. examine and determine important bylaws and contracts;
2. determine business operation policy;
3. examine and determine budgets and final accounting;

4. propose capital increase (reduction);
5. propose profit distribution plan;
6. determine the organization of the business departments of the Company, appoint and discharge managerial officers;
7. examine and approve purchase or disposal of important property and real estate;
8. examine and approve provision of guaranty and loan to external investments;
9. examine and approve investment in relevant business at home or abroad; and
10. perform other functions conferred upon bylaw or the shareholders meeting.

Article 20

In case the vacancies on the Board of Directors exceed one third of the total number of Directors, the Board of Directors shall convene an extraordinary shareholders meeting within 60 days to elect new Directors to fill the vacancies.

The new Directors shall serve the remaining term of office of the predecessors.

Article 21

Compensations for the chairpersons, vice chairpersons, and directors should be proposed by "Compensation Committee", according to their involvement in the company's operation, the value of their contribution, and reference of domestic and overseas level. The proposal will be submitted to the board of directors for approval.

Chapter 5 Audit Committee

Article 22

The company institutes audit committee, consisting of all the independent directors, according to the law. Audit committee will take over the responsibilities and power of supervisors, stipulated in the Company Law, Securities Trading Law, and other laws.

Organizational charter for the audit committee should be formulated to cover the number, term, meeting rules, and provision of resources by the company for the exercise of its duties.

Chapter 6 Managerial officers

Article 23

The Company will have presidents, vice presidents and assistant vice presidents to be appointed and discharged in accordance with Article 29 of the Company Act. The president will take general charge of the operation of the Company according to the instruction from the Chairman.

Article 24

The presidents, vice presidents and assistant vice presidents shall be the responsible person of the business they each take charge of with the powers and duties to operate and manage such business.

Chapter 7 Accounting

Article 25

The Board of Directors shall after the end of each fiscal year produce the following reports and statements and submit the same to the Shareholders Meeting for ratification:

1. Business report.

2. Financial statement.
3. Proposed stock dividend of profit distribution or loss make-up plan

Article 26

The company appropriates part of its annual profits, ranging from 1% to 10%, for distribution of remuneration to employee (At least 25% of the total amount of employee remuneration shall be allocated to grassroots employees). Remuneration to directors are capped at 5% of profits. Employees of affiliated companies are also entitled to remuneration to employee. Profits should be used, in priority, for making up accumulated loss, should it exist.

The shares of the aforementioned distribution of remuneration to employee and the directors, as well as the choice of stock or cash should be resolved by the board of directors, with approval of over half of attendees in a meeting attended by over two thirds of directors, before being reported to shareholders' meeting.

The annual profit mentioned in item 1 refers to pre-tax profits of the year before deduction of distribution of remuneration to employee and directors.

Article 27

Profit, should it appear in final account, should be used, in descending order, in paying tax, making up for accumulated loss, and then appropriating 10% of the remainder for legal reserve, on top of appropriation or reversal of special reserve, according to the regulation of regulator. The balance for the current year, should it exist, shall first be distributed as dividends to holders of Preferred Shares, and any remaining amount may be should be combined with retained earnings of previous year for the board of directions to formulate proposal of profit distribution for approval by the shareholders' meeting.

The Company is in a stably growing industry with investment made in developing business. In consideration of possible expansion of operation and investment, the earnings distributed to the shareholders each year will basically be in an amount equal to 80% of the earnings received in the period combined with the retained earnings from the previous year, net of the legal reserve and special earning reserve. Basically 50% but not less than 5% of the earnings distributed to the shareholders shall be distributed in cash.

Chapter 8 Supplemental Provisions

Article 28

The rules governing the organization of the Company shall be prescribed by the Board of Directors.

Article 29

Matters not provided herein shall be in accordance with the Company Act and the relevant laws and regulations.

Article 30

These Articles of Incorporation was established on 12 April 1956 and subsequently amended as follows:

The first amendment on 25 January 1957;

The second amendment on 1 September 1958;

The third amendment on 27 March 1960;
The fourth amendment on 31 March 1962;
The fifth amendment on 14 July 1962;
The sixth amendment on 25 April 1964;
The seventh amendment on 26 March 1966;
The eighth amendment on 27 May 1966;
The ninth amendment on 15 April 1967;
The tenth amendment on 23 March 1968;
The eleventh amendment on 30 May 1969;
The twelfth amendment on 24 October 1969;
The thirteenth amendment on 20 February 1971;
The fourteenth amendment on 10 May 1971;
The fifteenth amendment on 12 May 1972;
The sixteenth amendment on 16 April 1973;
The seventeenth amendment on 2 June 1973;
The eighteenth amendment on 14 April 1974;
The nineteenth amendment on 18 April 1975;
The twentieth amendment on 26 March 1976;
The twenty-first amendment on 16 April 1977;
The twenty-second amendment on 21 April 1978;
The twenty-third amendment on 20 October 1978;
The twenty-fourth amendment on 19 April 1979;
The twenty-fifth amendment on 28 March 1980;
The twenty-sixth amendment on 18 April 1981;
The twenty-seventh amendment on 27 March 1982;
The twenty-eighth amendment on 28 March 1983;
The twenty-ninth amendment on 28 March 1984;

The thirtieth amendment on 28 March 1985;
The thirty-first amendment on 28 March 1986;
The thirty-second amendment on 28 March 1987;
The thirty-third amendment on 28 March 1988;
The thirty-fourth amendment on 28 March 1989;
The thirty-fifth amendment on 28 March 1999;
The thirty-sixth amendment on 7 May 1991;
The thirty-seventh amendment on 8 May 1992;
The thirty-eighth amendment on 7 May 1993;
The thirty-ninth amendment on 28 April 1994;
The fortieth amendment on 6 May 1995;
The forty-first amendment on 11 May 1996;
The forth-second amendment on 24 May 1997;

The forty-third amendment on 15 May 1998;
The forty-fourth amendment on 21 April 2000;
The forty-fifth amendment on 15 May 2001;
The forty-sixth amendment on 31 May 2002;
The forty-seventh amendment on 6 June 2003;
The forty-eighth amendment on 11 June 2004;
The forty-ninth amendment on 27 May 2005;
The fiftieth amendment on 15 June 2006;
The fifty-first amendment on 13 June 2008;
The fifty-second amendment on June 19, 2009;
The fifty-third amendment on June 10, 2011;
The fifty-fourth amendment was on June 15, 2012;
The fifty-fifth amendment was on June 23, 2014;
The fifty-sixth amendment was on June 16, 2016;
The fifty-seventh amendment was on June 14, 2019;
The fifty-eighth amendment was on May 11, 2020.
The fifty-ninth amendment was on May 20, 2022
The sixtieth amendment was on May 24, 2023
The sixty-first amendment on June 3, 2025.

It took effect after the approval of shareholders' meeting.

**TECO Electric & Machinery Co., Ltd.
Rules Governing Shareholders' Meetings**

(Summary Translation)

This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

Article 1

Except as otherwise provided by law or the Articles of Incorporation of the Company, the Shareholders' Meetings of the Company shall be governed by these Rules.

Article 2

The shareholder shall register his/her attendance by handing in his/her signed attendance card.

The number of shares present at the meeting will be counted according to the signed attendance cards received, plus the shares for the exercise of voting right via written or electronic method.

Article 3

The quorum and ballots at the Shareholders' Meeting will be counted according to the number of shares represented at the meeting.

Article 4

The shareholders meeting shall be convened at the place where the Company is located or any other appropriate place convenient for the shareholders to attend and shall be called to order no earlier than 9:00AM and no later than 3:00PM on the meeting date.

Article 5

Where the shareholders meeting is convened by the Board of Directors, the meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is for any reason unable to perform his/her functions at the meeting, the Vice-Chairman shall act on his/her behalf. If the Vice-Chairman is for any reason unable to perform the function at the meeting as well, the Chairman shall appoint a Managing Director to act on his/her behalf at the meeting. In the absence of such appointment, the Managing Directors shall elect one from among themselves to preside the meeting. Where the Shareholders' Meeting is convened by any person legally authorized to do so other than the Board of Directors, the meeting shall be presided by such person. Where there are two or more conveners, they shall elect one from among themselves to preside the meeting.

Article 6

The Company may appoint legal counsel, certified public accountant or relevant personnel to attend the Shareholders' Meeting without the right to vote.

Personnel administering affairs at the Shareholders' Meeting shall each wear a tag or badge bearing their designation.

Article 7

The whole proceeding of the Shareholders' Meeting shall be video- or tape-recorded and such recording shall be kept for at least one year.

Article 8

The chairperson shall call the meeting to order as scheduled, provided that where the number of shares represented at the meeting is less than the majority of the total issued shares, the chairperson may announce to postpone calling the meeting to order twice and only twice for not more than one hour in total. If the quorum is still not met after the postponement duration has expired with the number of shares represented at the meeting exceeding one third of the total issued shares, temporary resolutions may be adopted in accordance with the first paragraph of Article 175 of the Company Act.

If the number of shares represented at the meeting represents the majority of the total issued shares before the meeting is adjourned, the chairperson shall present the temporary resolutions made for voting pursuant to Article 174 of the Company Act.

Article 9

Where the Shareholders' Meeting is convened by the Board of Directors, the agenda shall be determined by the Board of Directors and the meeting shall proceed according to the agenda except otherwise changed by the resolution adopted by the Shareholders' Meeting.

Where the Shareholders' Meeting is convened by any person legally authorized to do so other than the Board of Director, the preceding paragraph shall operate with appropriate and necessary alteration.

The chairperson shall not forthwith announce to adjourn the meeting before the agenda provided in the two preceding paragraphs (including extempore motions) is duly completed, except on the resolution adopted by the Shareholders' Meeting for him/her to do so.

No shareholders shall elect a chairperson to continue the meeting at the same place or elsewhere after the meeting is duly pronounced adjourned.

Article 10

The shareholder shall fill out the request for taking the floor before making statement at the meeting and he/she will indicate the gist of his/her statement to make, shareholder account number (or attendance card number) and shareholder name. The chairperson will decide the order for the shareholders to make their statement. The statement made by any shareholder acting in breach of the above shall be disregarded. The shareholder who has only filled out the request for taking the floor without actually doing so shall be deemed not having made any statement. In case of any discrepancy between the gist of statement indicated in the shareholder's request for taking the floor and the record of his/her statement made, the record shall govern.

No shareholder may interrupt the statement being made by the shareholder taking the floor without the consent of both the chairperson and the shareholder taking the floor. The chairperson shall restrain any shareholder acting in breach of the above and the statement made by such shareholder shall be disregarded.

Article 11

Each shareholder may make statement on the same issue not more than twice and not more than five minutes unless the chairperson consents otherwise.

The statements made by any shareholder acting in breach of the preceding paragraph or irrelevant to the issues will be disregarded and the chairperson may prevent him or her from making statement.

Article 12

An institutional entity who is to attend the Shareholders' Meeting in proxy may appoint one and only one representative to attend the meeting

Institutional shareholder who has appointed two more or representatives to attend the Shareholders' Meeting will have its statement (if any) on the same issue by only one of its appointed representatives.

Article 13

The chairperson may personally respond to the statement made by the shareholder or appoint the relevant personnel to do so.

Article 14

The chairperson may announce to conclude the discussion on a proposal as he/she sees fit and submit the proposal to voting for resolution.

Article 15

The personnel supervising the voting and counting the ballots of voting shall be appointed by the chairperson, provided that the personnel supervising the voting must be appointed from among the shareholders. The outcome of the voting shall be announced on the spot and taken down in the minutes.

Article 16

The chairperson may call the meeting to a break as he/she sees fit.

Article 17

Except as otherwise provided by the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by more than half of the votes represented by the shareholders present at the Meeting. If shareholders exercising voting right in written or electronic method don't express objection and the chairperson doesn't receive objection from attending shareholders, the proposal will be regarded as receiving approval in entirety. On the day after the holding of shareholders' meeting, post the result of agreement, objection, or no opinion on the Market Observation Post System.

Article 18

The chairperson shall combine the revision or substitute proposal (if any) on a proposal with that proposal for the purpose of determining their order of voting. If one of the proposals is adopted, the other proposals shall be deemed vetoed and no voting on them will be necessary.

Article 19

The chairperson may direct the order-maintaining personnel (or security guard) to maintain the order of the meeting. Each order-maintaining personnel (or security guard) shall wear a badge bearing their designation when performing their function at the meeting.

Article 20

These Rules are amended pursuant to the Company Law and related law/regulation with implemented after being approved by the Shareholders' Meeting. Procedure for revision is the same.

Article 21

These Rules were adopted by the extraordinary Shareholders' Meeting on June 2, 1973. The first amendment to these Rules was adopted by the General Shareholders' Meeting on May 11, 1996.

The second amendment to these Rules was adopted by the General Shareholders' Meeting on May 15, 1998.

The third amendment to these Rules was adopted by the General Shareholders' Meeting on May 31, 2002.

The fourth amendment to these Rules was adopted by the General Shareholders' Meeting on June 15, 2012.

**TECO Electric & Machinery Co., Ltd.
Underwriter's Opinion on the Issuance of New Shares for Share Swap**

(Summary Translation)

This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

TECO Electric & Machinery Co., Ltd. (hereinafter "TECO") issued new shares in 2025 to acquire shares of Hon Hai Precision Industry Co., Ltd. (hereinafter "Hon Hai"). This issuance was reported to and became effective per Approval Letter No. Tai-Zheng-Shang-Yi-Zi 1141804214 issued by the Taiwan Stock Exchange (TWSE) on September 25, 2025. The record date for the share swap was set for September 25, 2025, and the registration of the change was completed on October 14, 2025.

In accordance with Article 9, Paragraph 1, Subparagraph 8 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the Lead Underwriter has issued this evaluation opinion regarding the impact of the acquisition of Hon Hai shares on TECO's finances, business operations, and shareholders' equity as of the end of the first quarter of 2026.

I. Impact of the Share Acquisition on Finances

TECO acquired Hon Hai's equity by issuing new shares, aiming to establish a long-term, stable partnership through mutual investment. This strategic alliance is expected to combine both companies' extensive technical expertise and market insights, integrating existing resources. By sharing development resources and leveraging respective business advantages, the two companies aim to expand market reach and enhance overall operational performance and profitability. Furthermore, given TECO's healthy operations and Hon Hai's profitability, the swap allows both parties to benefit from dividend income, providing a positive financial impact for TECO.

Regarding TECO's financial structure and solvency, as of Q4 2025, the debt ratio stood at 31.96%, with a current ratio and quick ratio of 201.29% and 132.42%, respectively. The financial structure remains robust with strong debt-repayment capabilities. This acquisition has no significant adverse impact on TECO's financial structure; rather, the strategic alliance is expected to bolster operational efficiency and yield positive financial benefits.

II. Impact of the Share Acquisition on Business Operations

TECO's core business focuses on mechanical equipment, power generation, and electrical distribution machinery, serving sectors such as data centers, renewable energy (including offshore wind), energy storage, and public infrastructure. Hon Hai is a leader in Electronic Manufacturing Services (EMS), specializing in consumer electronics, cloud and networking products (servers, edge computing, data centers), and various high-tech components.

Both companies possess unique niches and market segments in their respective product categories and sales channels. This strategic cooperation aims to leverage their strengths as

global giants in electromechanical and ICT sectors. The primary goal is to capture the global trends of AI and Resilient Power Grids by co-developing one-stop modular AI data center solutions. This partnership intends to provide diverse and comprehensive products to global clients, enhance brand value, and secure more cooperation opportunities with international corporations. Overall, the alliance is expected to drive business growth, as evidenced by TECO's Q4 2025 revenue of NT\$ 15,334,616 thousand and full-year 2025 revenue of NT\$ 59,093,897 thousand.

III. Impact of the Share Acquisition on Shareholders' Equity

Unlike a merger or acquisition, this strategic alliance via share swap allows both companies to maintain their respective expertise while deepening their presence in vertical markets. Through the sharing of production and marketing resources, the companies can achieve economies of scale and complementary product lines. This expansion of operational scale is expected to create positive value for their respective shareholders.

Following the share swap, TECO holds 0.519% of Hon Hai's total issued shares. Given Hon Hai's 2025 net profit of NT\$ 215,034,486 thousand, TECO stands to share in these operational gains. The anticipated cash dividends will create a stable annual cash inflow. In summary, the alliance is expected to maximize corporate value, create competitive advantages, and yield positive outcomes for shareholders' equity.

Conclusion of Evaluation:

In summary, TECO's issuance of new shares to acquire Hon Hai shares provides positive benefits across R&D, technology, and sales profitability. It significantly benefits TECO's financial standing, business operations, and shareholders' equity. Therefore, the projected benefits of this share swap are deemed reasonable.

Fubon Securities Co., Ltd.

April 1, 2026

TECO Electric & Machinery Co., Ltd.
Fairness Opinion on the Transaction Price Consideration



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English Translation summary

*In case of any discrepancy between the Chinese version and the English translation,
the Chinese version shall prevail.*

TECO ELECTRIC AND MACHINERY CO., LTD.
FAIRNESS OPINION ON THE TRANSACTION PRICE CONSIDERATION

Client: TECO ELECTRIC AND MACHINERY CO., LTD.
Target: TECOBAR TECHNOLOGY CO., LTD.
Assessment Date: 31 August 2025
Opinion Date: 30 September 2025

Name of the Firm: Crowe (TW) CPAs
Name of the CPA: Mengta Wu
Practice certificate number: Certificate(6)No.3622, Ministry of Finance
Address: 7F., No. 122, Dunhua N. Rd., Songshan Dist., Taipei City 105405, Taiwan

EXCERPT

1. Client and Intended User(s): TECO ELECTRIC AND MACHINERY CO., LTD.
2. Target: Equity value of TECOBAR TECHNOLOGY CO., LTD. as of the Valuation Date.
3. Purpose, Intended Use, and Related Regulations:

TECO ELECTRIC AND MACHINERY CO., LTD. plans to participate in the cash capital increase of its subsidiary TECOBAR TECHNOLOGY CO., LTD. as part of its data center strategy. TECO ELECTRIC AND MACHINERY CO., LTD. engaged us to express an opinion on the reasonableness of the subscription price in accordance with Article 10 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the "Expert Opinion Issuance Guidelines" as a reference. The purpose of the fairness opinion is for internal evaluation and the board of directors' decision-making and should not be relied upon for any other purpose.

4. Valuation Date: August 31, 2025.
5. Conclusion:

We have considered quantifiable financial figures and objective market data, by using the market approach-comparable company method, and the income

approach as the main valuation approaches. After further considering the premium/discount factor for non-quantifiable adjustments, the valuation results indicate that the reasonable range of per share value of TECOBAR TECHNOLOGY CO., LTD. without control and without marketability, is between NT\$45.87 and NT\$51.75. Therefore, if TECO ELECTRIC AND MACHINERY CO., LTD. acquires the newly issued shares of TECOBAR TECHNOLOGY CO., LTD. at a price not exceeding the above reasonable value range, the acquisition price should be considered reasonable.

Unit: NT\$

Recommended Aggregate Value Range	45.87		51.75
Income Approach	54.45		61.24
Market Approach	37.29		42.26

6. This fairness opinion is intended only for the use of the company's internal evaluation and the resolution of the board of directors meeting on relevant transactions as a reference and shall not be used for other purposes. You should carefully evaluate other factors that might have an impact on making the investment or operating decisions related to this transaction. The fairness opinion does not provide advice on a specific purchase and sale transaction.

Crowe (TW) CPAs

Certified Public Accountant

Mengta Wu

Date: 30 September 2025



Appendix 5

TECO Electric & Machinery Co., Ltd. Shareholding of All Directors

1. Types and number of issued shares: common stocks, 2,376,440,684 shares in total.
2. Minimum required shareholding by all Directors: 57,034,577 shares (Note1)
3. Minimum required shareholding by all Supervisors: Not Applicable (Already set up Audit Committee)
4. The total shareholding of all Directors meets the minimum shareholding requirement.

Period of suspension of share transfer: March 30th 2026 ~ May 28th 2026

Title	Name	Date elected (yy.mm.dd)	Term of office	Shareholding when elected		Number of shares held recorded in the shareholders roster as of the date of suspension of share transfer	
				Number of shares held	%	Number of shares held	%
Chairman	Ming-Shien Li	20240524	3yrs	118,000	0.01%	727,000	0.03%
Vice Chairman	Ho Yuan International Investment Co., Ltd. Representative: Su Chiu Wu	20240524	3yrs	50,420,000	2.36%	50,420,000	2.12%
Director	Ho Yuan International Investment Co., Ltd. Representative: Show-Shoun Chou	20240524	3yrs	50,420,000	2.36%	50,420,000	2.12%
Director	Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy Chiu	20240524	3yrs	31,991,364	1.50%	31,991,364	1.35%
Director	Tong Ho Global Investment Co., Ltd. Representative: Cheng-Tsung Huang	20240524	3yrs	2,240,262	0.10%	2,240,262	0.09%
Director	Creative Sensor Inc. Representative: Li-Chong Huang (Note2)	20240524	3yrs	46,987,000	2.20%	46,987,000	1.98%
Director	Jong-Chin Shen	20240524	3yrs	0	0.00%	0	0.00%
Independent Director	Hsieh-Hsing Huang	20240524	3yrs	0	0.00%	0	0.00%
Independent Director	Chao-Chin Tung	20240524	3yrs	0	0.00%	0	0.00%
Independent Director	Hui-Yiu Chen	20240524	3yrs	0	0.00%	0	0.00%
Independent Director	Mei-Chun Chao	20240524	3yrs	0	0.00%	0	0.00%
Total number of shares held by all Directors				131,756,626	6.16%	132,365,626	5.57%

Note1: According to Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if there are two or more independent directors elected, the minimum shareholding of all directors and supervisors, excluding independent directors, could drop to 80% of original requirement.

Note2: Creative Sensor Inc. appointed a new representative on November 20, 2025.

TECO Electric & Machinery Co., Ltd.

Notes

1. Impact on Company's business performance, EPS and ROI from the stock grant proposed by Shareholders Meeting: Not applicable.
2. Information on proposals submitted to the shareholders' meeting
 - a. According to article 172-1 of the Company Law, shareholders with over 1% holding of total shares issued can submit only one written proposal, containing up to 300 words, to shareholders' meeting.
 - b. Shareholders can put forth proposals to the shareholders' meeting during March 20th– March 30th (till 4pm), 2025, which had been posted on the Market Observation Post System of the Taiwan Stock Exchange, according to law.
 - c. The company received no proposal from the shareholder during the period.
3. Information on nomination submitted to the shareholders' meeting: Not applicable