

# **TECO Electric & Machinery Co., Ltd.**

## **Minutes of the 2026 Annual General Shareholders' Meeting (Translation)**

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

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

Shares represented at the meeting:

The total number of issued shares of the Company is 2,376,440,684 shares. After deducting 24,697,000 shares with no voting rights, the total number of outstanding shares entitled to vote is 2,351,743,684 shares. The total number of shares represented by the shareholders and proxies present at the meeting is 1,520,296,536 shares (including 1,367,179,577 shares exercised via electronic voting), representing 64.64% of the total number of outstanding shares entitled to vote.

Chairman: Ming-Shieh Li (Chairman)

Attendance: Ming-Shieh Li (Chairman), Su-Chiu Wu (Director), Chwen-Jy Chiu (Director), Li-Chong Huang (Director), Show-Shoun Chou (Director), Hsieh-Hsing Huang (Independent Director, Convenor of Audit Committee), Chao-Chin Tung (Independent Director). A total of 7 directors attended the meeting in person, which is more than half of the 11 director seats.

Professional Consultant:

Attorney: Lynn Lin

Certificated Public Accountant: Chan-Yuan Tu & Sheng-Chung Hsu

Recorder: Linda Lee

### **1. Meeting Called to Order**

As the share of shareholders and representatives exceeded quorum, chairman called the meeting to order.

### **2. Addresses by the Chairman (Omitted)**

### **3. Report**

3.1 Business Report for 2025 (Please see Appendix 1)

3.2 Inspection Report of Audit Committee for 2025 (Please see Appendix 2)

3.3 Remuneration Distribution to Employees and Directors for 2025 (Please see page 5 of the Meeting Agenda)

3.4 Distribution of Cash Dividends from Profits in 2025 (Please see page 5 of the Meeting Agenda)

3.5 Report on Issuance of the First Unsecured Ordinary Corporate Bonds in 2026 (Please see page 43 of the Meeting Agenda)

3.6 Report on the Execution of Treasury Share Buyback (Please see page 44 of the Meeting Agenda)

3.7 Report on Issuance of New Shares for Share Swap (Please see page 45 of the Meeting Agenda)

3.8 Report on Loaning of Funds to Affiliated Companies (Please see page 5-6 of the Meeting Agenda)

3.9 Report on Acquisition of Other Assets from Related Parties in 2025 (Please see page 46 of the Meeting Agenda)

#### **4. Ratification**

4.1 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 PricewaterhouseCoopers 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. For Business Report, Auditors' Report and the Financial Statements, please see Appendix 1 and Appendix 3 for details.

Resolution:

The total voting rights present at the shareholders' meeting were 1,505,790,036 shares (with 14,506,500 non-voting shares deducted). Of these, 1,434,029,348 shares were in favor (including 1,306,667,894 shares voted electronically), against were 641,913 shares (including 641,913 shares voted electronically), and abstentions/non-votes totaled 71,118,775 shares (including 59,869,770 shares voted electronically). The affirmative votes accounted for 95.23% of the total voting shares present, thus the proposal was approved as proposed.

4.2 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. For profit distribution plan please see Appendix 4 for details.

Resolution:

The total voting rights present at the shareholders' meeting were 1,505,790,036 shares (with 14,506,500 non-voting shares deducted). Of these, 1,434,568,650 shares were in favor (including 1,307,207,196 shares voted electronically), against were 750,520 shares (including 750,520 shares voted electronically), and abstentions/non-votes totaled 70,470,866 shares (including 59,221,861 shares voted electronically). The affirmative votes accounted for 95.27% of the total voting shares present, thus the proposal was approved as proposed.

**5. Extempore motion(s): None**

## **6. Meeting adjourned: 9:33 AM**

Proceedings: No shareholders raised any inquiries or questions during the meeting.

Notes: The minutes of this Annual General Shareholders' Meeting only record the key points of the proceedings and the results of each proposal. The detailed content and procedures of the meeting, as well as statements made by shareholders and attendees, shall be based on the audio and video recordings of the meeting.

Chairman: Ming-Shieh Li

Recorder: Linda Lee

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## **Appendix**

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1. Business Report for 2025
2. Inspection Report of Audit Committee for 2025
3. Financial Statements and Auditors' Report for 2025
4. Distribution of 2025 Profits

## 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 12<sup>th</sup>, 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.

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Hsu, Sheng-Chung

Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

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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	%	
<b>Current assets</b>						
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	<b>Total current assets</b>		<b>16,555,209</b>	<b>14</b>	<b>14,966,448</b>	<b>16</b>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<b>98,875,310</b>	<b>86</b>	<b>81,260,228</b>	<b>84</b>
1XXX	<b>Total assets</b>		<b>\$ 115,430,519</b>	<b>100</b>	<b>\$ 96,226,676</b>	<b>100</b>

(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	%
	<b>Current liabilities</b>					
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	<b>Total current liabilities</b>		<u>17,304,577</u>	<u>15</u>	<u>16,144,430</u>	<u>17</u>
	<b>Non-current liabilities</b>					
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	<b>Total non-current liabilities</b>		<u>6,497,907</u>	<u>6</u>	<u>4,600,037</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>23,802,484</u>	<u>21</u>	<u>20,744,467</u>	<u>22</u>
	<b>Equity</b>					
	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	<b>Total equity</b>		<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	<b>Total liabilities and equity</b>		<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			
<b>For the year ended December 31, 2024</b>										
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	\$ 80,289,359
Profit for the year	-	-	-	-	5,367,607	-	-	-	-	5,779,915
Other comprehensive income (loss) for 6(22)	-	-	-	-	35,133	978,202	(6,253,726)	25,095	-	(5,715,326)
Total comprehensive income (loss)	-	-	-	-	3,802,740	978,202	(6,253,726)	25,095	-	64,889
Appropriations of 2025 earnings 6(21)	-	-	-	-	626,570	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income 6(22)	-	70,285	-	-	-	-	-	-	-	70,285
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	(\$ 159,062)	\$ 75,482,209
<b>For the year ended December 31, 2023</b>										
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	-	-	-	-	3,262,070	-	-	-	-	3,262,070
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
Appropriations of 2024 earnings 6(21)	-	-	-	-	602,097	-	-	-	-	-
Legal reserve	-	-	602,097	-	(602,097)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,094,353)	-	-	-	-	(4,094,353)
Exchange of shares for issuance of common stock 6(19)	2,376,441	14,294,291	-	-	-	-	-	-	-	16,670,732
Effect of changes in net equity of associates and joint ventures accounted for under the equity method	-	-	-	-	-	-	-	-	-	-
Repurchase of treasury shares 6(19)	-	102,597	-	-	-	-	-	-	-	102,597
Transfer of treasury shares to employees 6(19)	-	157,208	-	-	-	-	-	-	249,012	249,012
Treasury shares disposed by the subsidiary	-	-	-	-	-	-	-	-	104,222	261,430
Disposal of investments in equity instruments at fair value through other comprehensive income 6(22)	-	-	-	-	-	-	125,702	-	-	125,702
Losses on hedging instrument that will be reclassified to profit or loss	-	-	-	-	-	(\$ 1,147,494)	\$ 9,510,459	(\$ 22,785)	(\$ 616,362)	\$ 9,668,055
Balance at December 31, 2023	\$ 23,764,407	\$ 24,170,482	\$ 9,465,766	\$ 3,640,779	\$ 22,890,903	(\$ 1,147,494)	\$ 9,510,459	(\$ 22,785)	(\$ 616,362)	\$ 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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)(26)		
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
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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		<u>364,162</u>	<u>529,526</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
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		<u>( 937,131 )</u>	<u>( 3,066,877 )</u>
Net increase (decrease) in cash and cash equivalents		179,567	( 432,747 )
Cash and cash equivalents at beginning of year		<u>478,591</u>	<u>911,338</u>
Cash and cash equivalents at end of year		<u>\$ 658,158</u>	<u>\$ 478,591</u>

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.

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Hsu, Sheng-Chung

Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2026

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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	%
<b>Current assets</b>						
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	<b>Total current assets</b>		<b>59,471,403</b>	<b>41</b>	<b>57,266,092</b>	<b>46</b>
<b>Non-current assets</b>						
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	<b>Total non-current assets</b>		<b>85,104,475</b>	<b>59</b>	<b>67,167,343</b>	<b>54</b>
1XXX	<b>Total assets</b>		<b>\$ 144,575,878</b>	<b>100</b>	<b>\$ 124,433,435</b>	<b>100</b>

(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	%
	<b>Current liabilities</b>					
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	<b>Total current liabilities</b>		<u>29,544,930</u>	<u>20</u>	<u>28,496,405</u>	<u>23</u>
	<b>Non-current liabilities</b>					
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	<b>Total non-current liabilities</b>		<u>16,667,315</u>	<u>12</u>	<u>14,169,226</u>	<u>11</u>
2XXXX	<b>Total liabilities</b>		<u>46,212,245</u>	<u>32</u>	<u>42,665,631</u>	<u>34</u>
	<b>Equity attributable to owners of parent</b>					
	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	<b>Equity attributable to owners of the parent</b>		<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	<b>Total equity</b>		<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	<b>Total liabilities and equity</b>		<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	%	
<b>Other comprehensive income</b>						
<b>Other comprehensive income that will not be reclassified to profit or loss</b>						
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)
<b>Other comprehensive income that will be reclassified to profit or loss</b>						
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	<b>Other comprehensive loss for the period</b>		(\$ 1,094,595)	( 2)	(\$ 5,745,051)	( 10)
8500	<b>Total comprehensive income for the period</b>		\$ 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
			\$ 5,625,176	10	\$ 6,251,281	11
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
			\$ 4,530,581	8	\$ 506,230	1
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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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		\$ 26,224,399	\$ 26,055,287

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

## TECO Electric &amp; 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)
<b>Total distributable earnings</b>	<b>22,353,619,131</b>
Profit distributed for the period:	
Cash dividend distributed from profit 2025	4,752,881,368
(Dividend per share)	2.00
<b>Undistributed profit as of the end of 2025</b>	<b>17,600,737,763</b>
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