

I. Message to the Shareholders

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.

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