



Energy Conservation, Emissions Reduction, Intelligence, Automation

2024 1st Quarter Earnings Conference

May 17th, 2024

This Presentation contains certain forward looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

Except as required by law, we undertake no obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Financial Highlights 1Q24

	1Q 2024	4Q 2023	QoQ	1Q 2023	YoY
Net Sales (TWD Million)	13,730	14,365	-4.4%	14,900	-7.9%
Gross Margin	25.9%	25.9%	0bps	24.3%	160bps
Operating Margin	11.9%	10.5%	140bps	11.4%	50bps
EPS (TWD)	0.55	0.52	5.8%	0.78	-29.5%

• 2024 Q1 Financials

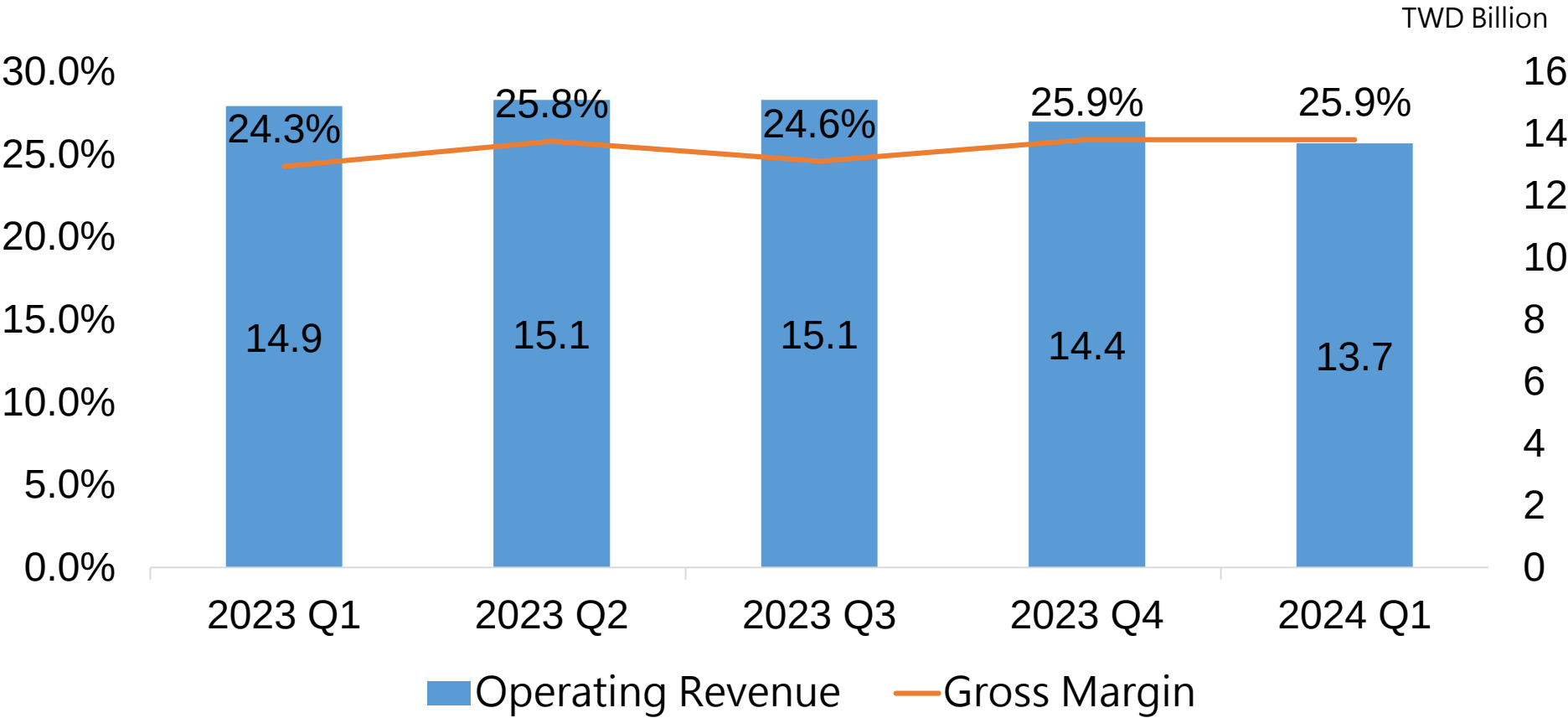
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- 1Q 2024 net sales decreased by 7.9% YoY, 4.7% QoQ, mainly due to the decrease in revenue from “Green Mechatronic Solution “ in China and Europe , as well as the difference in the timing of projects revenue recognition of “ Intelligence Energy “.
- The gross margin was higher than the same period last year level by 1.6%, mainly due to the increase in the proportion of high-voltage products in “ Green Mechatronic Solution “ and the increase in the proportion of air conditioning revenue with higher gross margin in “ Air & Intelligent Life “.
- Operating margin was higher than 1Q 2023 level by 0.5% mainly due to the increase in gross margin; higher than last quarter level by 1.4%, mainly due to the expense control.
- EPS reached at TWD 0.55 in Q1, increased by TWD 0.03 versus the previous quarter; decreased by TWD 0.23 from the same period last year mainly due to the financial asset evaluation benefit decreased significantly.

Operating Revenue vs. Gross Margin



- 2024 Q1 Financials

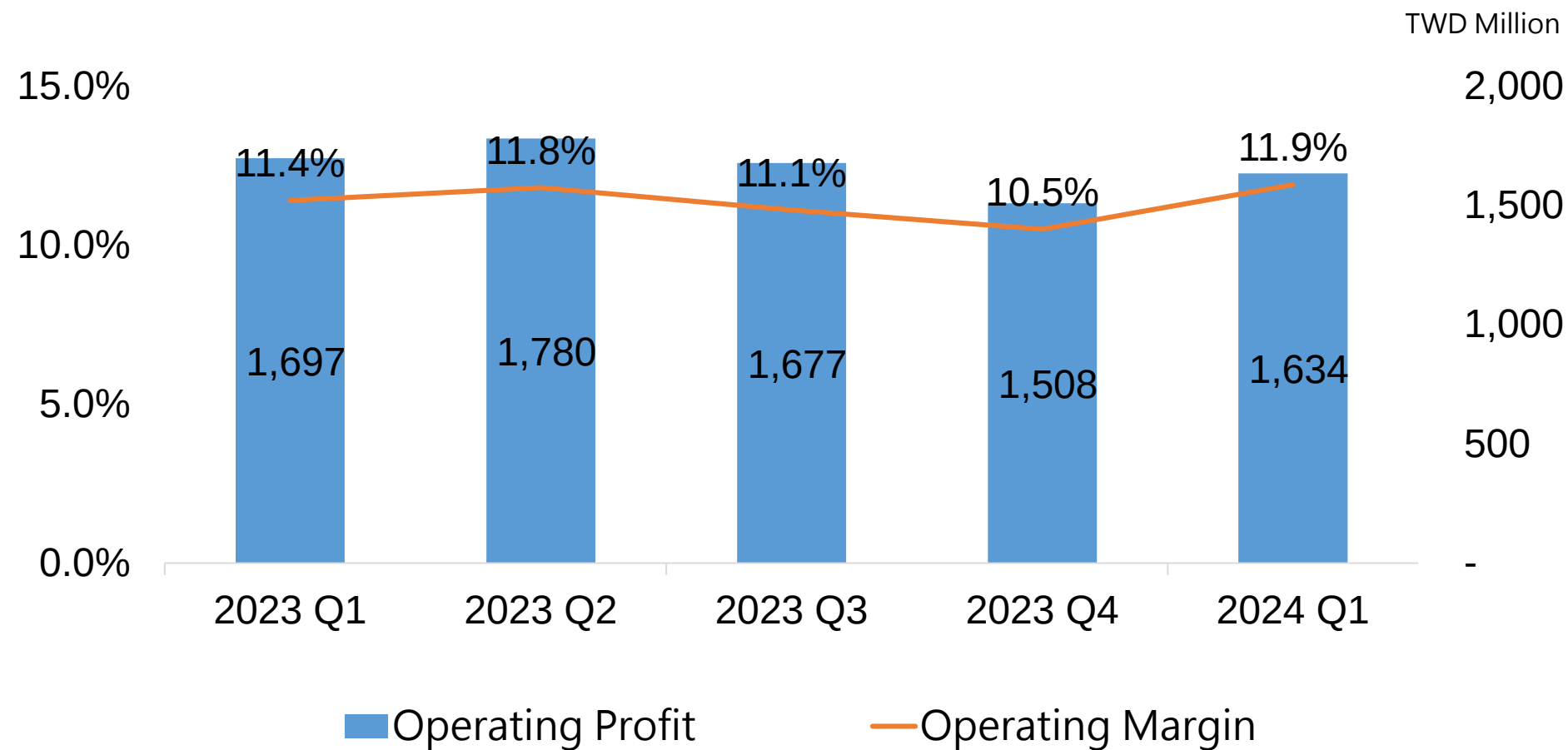
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The gross margin was higher than the same period last year level by 1.6%, mainly due to the increase in the proportion of high-voltage products in “Green Mechatronic Solution” and the increase in the proportion of air conditioning revenue with higher gross margin in “Air & Intelligent Life”.

Operating Profit vs. Operating Margin



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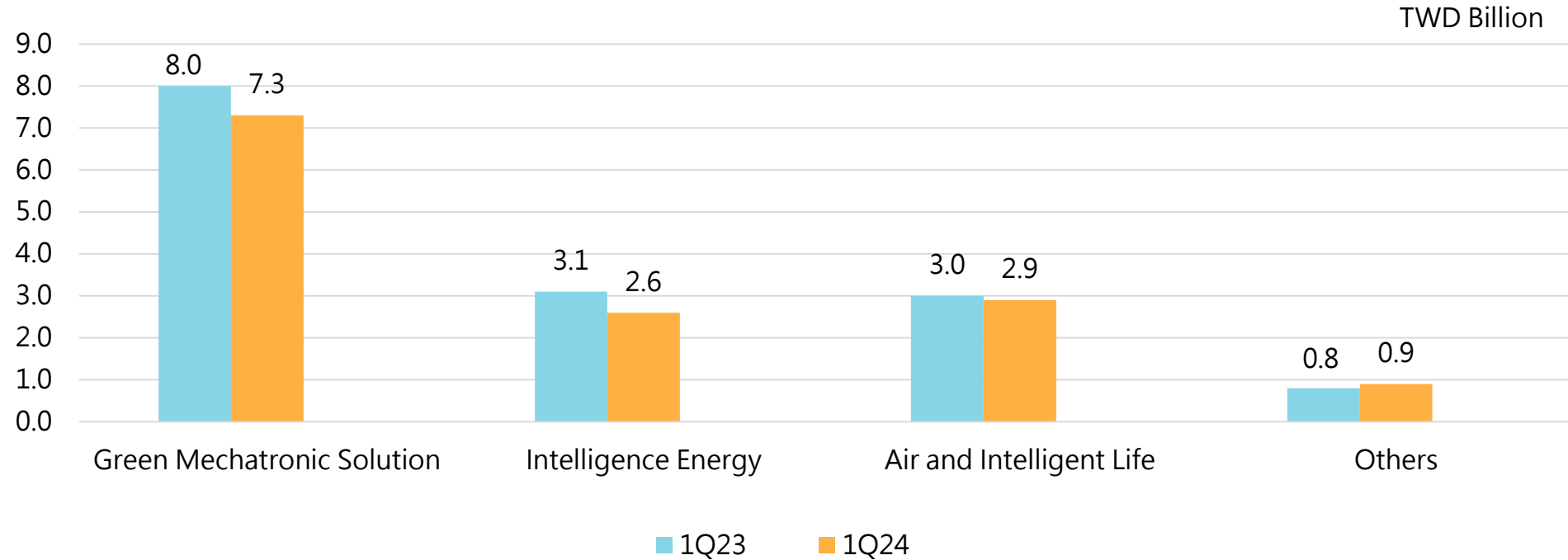
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Performance of Business Groups



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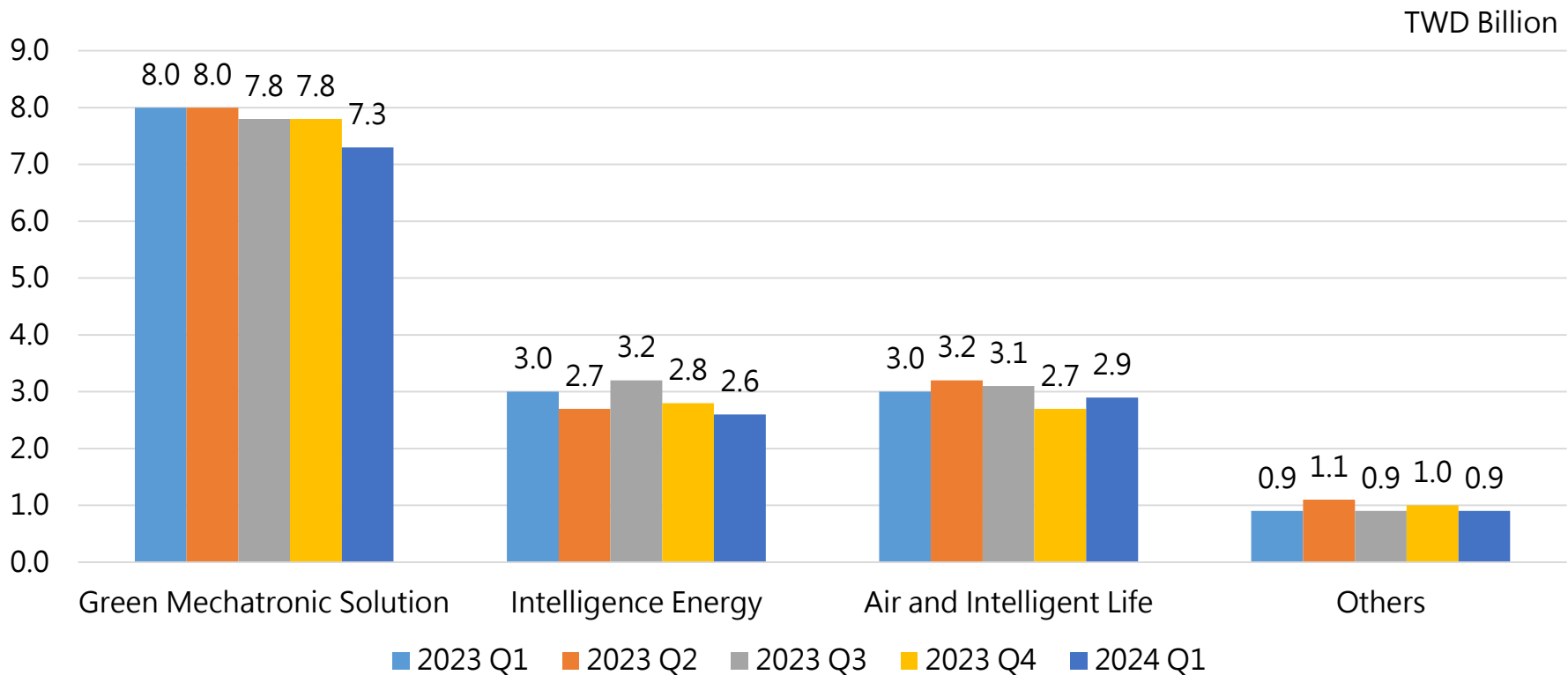
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- ✓ “Green Mechatronic Solution” revenue decreased by 9.6% YoY, mainly due to the decline in demand in China and Europe.
- ✓ The revenue of “Intelligence Energy” decreased by 15.1% YoY, mainly due to the differences in the timing of engineering project revenue recognition.
- ✓ “Air and Intelligent Life” revenue decreased by 1.7% YoY, mainly due to the slight decline in revenue from home appliances.

Sales Trend of Business Groups



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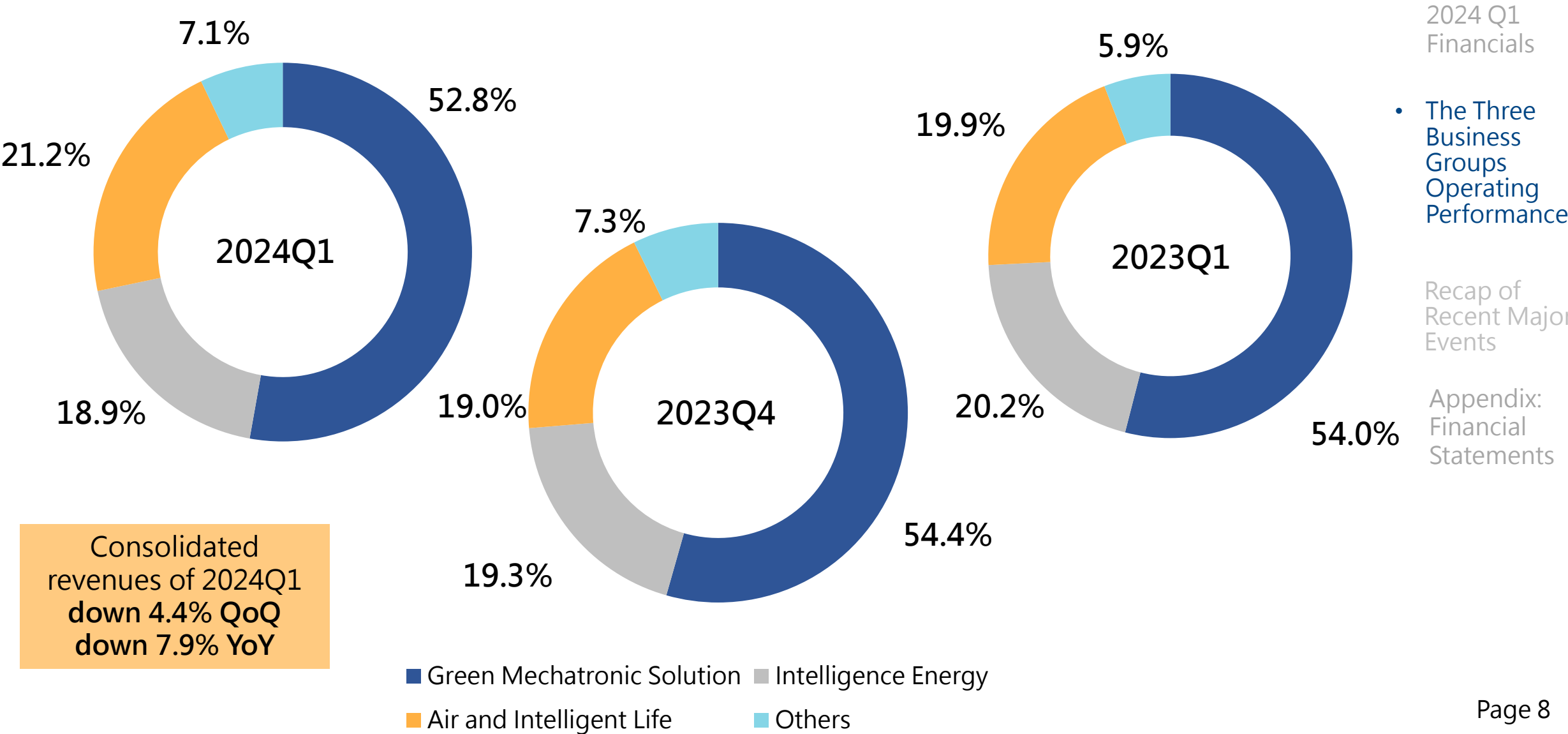
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- ✓ “Green Mechatronic Solution” revenue declined in 2024 Q1, mainly due to weak demand in China and Europe.
- ✓ The single-quarter revenue changes of “Intelligence Energy” are mainly due to differences in timing of project revenue recognition.
- ✓ “Air and Intelligent Life” revenue trend is mainly due to seasonal changes in demand for air conditioners and home appliances.

Revenue Breakdown by Business Group



Progress of Green Energy related businesses

Green Mechatronic Solution :

- ✓ Revenue of energy-saving and EV related products (excluding IE3 motor) in 1Q24 accounted for 12.5% of the overall business group.

Intelligence Energy :

- ✓ Revenue of green energy related engineering and products in 1Q24 increased by 3.7% YoY, percentage to the overall business group is 41.1%.
- ✓ Unexecuted orders for projects and equipment on hand are approximately TWD 25 billion, of which green energy-related business accounts for 58.0%.

Air and Intelligent Life :

- ✓ Green energy related products accounted for 44.1% of the business group's revenue in 1Q24.
- ✓ Revenue of inverter commercial AC in 1Q24 increased by 22.7% YoY, percentage to total commercial AC business is 32.2%.

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Overview of the Three Major Markets

	Recent Economic Situation	Impact on TECO
US	- In April, the ISM manufacturing industry fell back to 49.2 (previously 50.3). After briefly entering the expansion range last month, it fell below 50 again. In detail, new orders 49.1 (previously 51.4) and production 51.3 (previously 54.6) both fell. - Client inventory of 47.8 (previously 44) is still in the contraction range, which will help to see more obvious replenishment momentum in the future.	- Demand terminal indicators still fluctuate, and the demand for large-scale equipment and production expansion related to people's livelihood consumption still needs time to ferment. - In the oil and gas industry, prices have risen due to tensions in the Middle East, and demand for large motor-related equipment is expected to remain unchanged.
Taiwan	The prosperity signal score in March increased by 1 point compared with the previous month. The import value of machinery and electrical equipment all turned from yellow and blue to green, and the scores each increased by 1 point. However, the industrial production index, industrial and service industry overtime hours all turned from yellow and red to green, the scores are reduced by 1 point each. It is still necessary to pay close attention to subsequent developments.	Although the manufacturing purchasing managers' index in April was still 49.4, which was lower than the recession line, the detailed machinery and equipment PMI has taken the lead in returning to 51.7, indicating that motor demand is expected to increase relatively in the short term.
China	In April, the official PMI 50.4 (previously 50.8) remained within the expansion range and was slightly better than expected; in detail, production 52.9 (previously 52.2) rose to the highest level since April 2023, and the improvement signal on the demand side also continued: Looking at January to February together, the manufacturing boom has not deteriorated further, continuing the steady pace of weak recovery and slowly bottoming out, which is slightly better than the overall performance in Q4 last year.	CPI has been changing within plus or minus 1% for 7 consecutive months, showing that people's consumption power has not yet clearly improved, and the corresponding low-voltage motor market demand is still quite challenging.

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Estimated Revenue

Green Mechatronic Solution YoY <-> QoQ ↑

Intelligence Energy YoY ↑ QoQ ↑

Air and Intelligent Life YoY ↑ QoQ ↑

Company-Wide Gross Margin YoY ↑ QoQ <->

Recap of Recent Major Events | 2024.03.19

TECO March Towards the “Virtual Power Plant” Era



Energy Aggregator Service



TECO's energy aggregation service can help users predict the amount of electricity generated by solar photovoltaics and optimize charging schedules. For example, if it is anticipated that there will be insufficient sunlight the next day, some electricity can be used during off-peak hours to compensate for the sunlight gap and charge the energy storage battery, which can be used for peak-rate hours or to meet demand contracts.

Solar power plant O&M service/ Electricity forecast



Real-time remote monitoring and control: Simultaneous multi-station status/information accuracy: abnormal-data judgment, big-system framework/alert notice: automated abnormality detection, power saving/manpower dispatch system: work ticketing system, operation/maintenance report; combination with power aggregation service platform for power output forecast.

ESS O&M platform / Industrial & Commercial ESS



Provides energy management for storage facilities to reduce grid demand. Offers security protection for energy storage and active push notifications; Marks potential problems that require immediate repair focus; Scheduling control, capable of controlling the timing, mode, and parameters of different energy storage applications; Integrates with third-party software through external interfaces.

Solar Hybrid HVAC



Utilizing a Solar-powered direct-drive air conditioning system, featuring a new type of high-efficiency direct current MPPT (Maximum Power Point Tracking) driver, which is compatible with wide-voltage DC power supply. No additional installation of a PV Inverter is required, reducing the cost of secondary power conversion and maintenance.

TECO Intelligent HVAC Energy-saving & Engineering service solution



Equipment diagnosis, power-consumption analysis, and energy-conservation overhaul. TECO offers one-stop energy-conservation service, including high energy-performance HVAC energy-conserving equipment and magnetic-levitation chiller capable of over 42% energy saving, facilitating subsidy approval.

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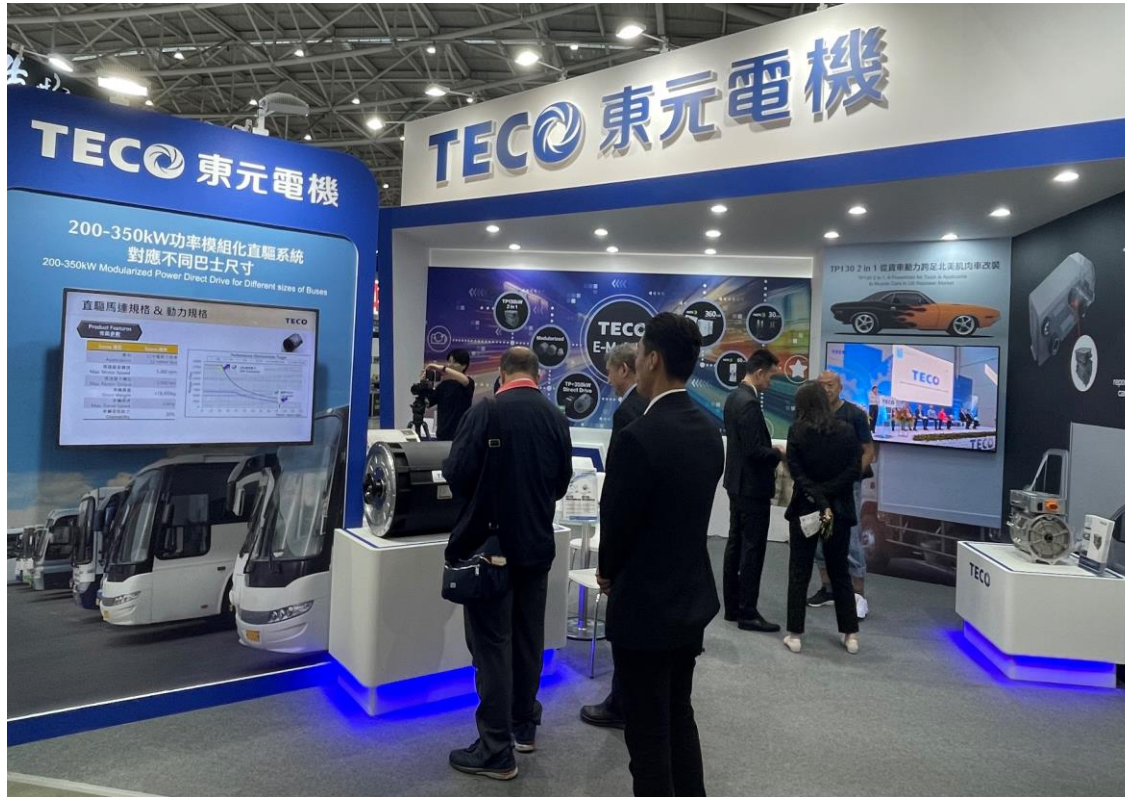
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Recap of Recent Major Events | 2024.04.18

TECO Expands into Fast Charging Piles and Refitted Vehicles Market.



- ✓ The new product "SiC High-Efficiency Direct Drive System" designed for 12-meter buses
- ✓ 130kW 2-in-1 powertrain system is already integrated into refitted muscle cars in the United States
- ✓ The establishment of a new sales company, NEXE, in the North American market earlier this year. Its primary offerings include electric vehicle charging solutions.
- ✓ TECO Westinghouse has established a production line for DC fast charging piles, which is expected to be put into production in the third quarter of this year.

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Recap of Recent Major Events | Achievement of ESG

TECO Honored in the Top 5% of "Corporate Governance Evaluation"

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Q&A

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Statements of Comprehensive Income | 1Q24

(TWD Million)	2024Q1	2023Q4	QoQ	2023Q1	YoY
Operating Revenue	13,730	14,365	-4.42%	14,900	-7.85%
Net Gross Profit *	3,557	3,720	-4.38%	3,629	-1.98%
Operating Profit	1,634	1,508	8.36%	1,697	-3.71%
Non operating Income	136	192	-29.17%	490	-72.24%
Income Before Tax	1,770	1,700	4.12%	2,187	-19.07%
Income Tax	(483)	(474)	1.90%	(444)	8.78%
Net Income**	1,287	1,092	17.86%	1,743	-26.16%
EPS (TWD)	0.55	0.52	5.77%	0.78	-29.49%

* Including unrealized/realized benefits of affiliated companies

** Excluding non controlling interest

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- Revenue in 2024Q1 was TWD 13.7 billion, decreased by approximately 7.85% compared to 2023Q1, is mainly due to the decrease in revenue from “Green Mechatronic Solution” in China and Europe , as well as the difference in the timing of projects revenue recognition of “Intelligence Energy”.

Balance Sheets | March 2024

- Cash and Cash Equivalents increased by TWD 1.5 bn compared to Year end of 2023 mainly due to the increase in net income and long term borrowings.
- Equities decreased by TWD 5.6bn compared to Year end of 2023, mainly due to the announcement of cash dividends and the recognition of the unrealized losses from financial assets measured at fair value through other comprehensive income.

(TWD Thousand)	Mar. 31, 2024		Dec. 31, 2023		Mar. 31, 2023	
	Amount	%	Amount	%	Amount	%
Cash & Cash Equivalents	25,132,695	20%	23,640,536	19%	22,410,932	16%
Receivables	12,147,516	10%	11,976,212	9%	11,776,707	9%
Inventories	11,671,382	9%	11,631,793	9%	12,815,232	9%
Total Assets	126,467,406	100%	127,313,790	100%	135,984,710	100%
Payables	8,963,333	7%	9,250,143	7%	9,062,433	7%
Short term Borrowings	1,202,704	1%	1,357,111	1%	1,721,422	1%
Long term Borrowings	4,241,417	3%	3,549,846	3%	4,615,324	3%
Corporate Bond Payables	5,000,000	4%	5,000,000	4%	5,000,000	4%
Total Liabilities	45,672,684	36%	40,871,010	32%	44,213,297	33%
Equities	80,794,722	63%	86,442,780	68%	91,771,413	67%
Key Indices						
AR Turnover (times)	4.60		5.08		5.10	
Inventory Turnover (times)	3.29		3.43		3.33	
Current Ratio	1.99		2.32		2.01	
Quick Ratio	1.40		1.61		1.38	
Net Debt to Equity	-18.18%		-15.89%		-12.07%	

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TECO — Your Partner for Net Zero and Sustainability

TECO Group