



Company Presentation

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Date : May 11, 2023

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ESG



E 環境
Environmental

S 社會
Social

G 治理
Governance

ESG Certificate



bsi.



GRI CHECK INDEPENDENT OPINION STATEMENT

2021 FineTek Co., Ltd. Sustainability Report

The British Standards Institution is independent to FineTek Co., Ltd. (hereafter referred to as FineTek in this statement) and has no financial interest in the operation of FineTek other than for the GRI Check of this report.

This statement has been prepared for FineTek only for the purposes of GRI Standards Check relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent opinion statement may be read.

This statement is prepared on the basis of review by the British Standards Institution of information presented to it by FineTek. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete.

Any queries that may arise by virtue of this independent opinion statement or matters relating to it should be addressed to FineTek only.

Scope

The scope of engagement agreed upon with FineTek Co., Ltd. includes the check of the extent of 2021 FineTek Co., Ltd. Sustainability Report its adherence to GRI Standards: Core option is conducted in accordance with GRI Standards, however, the data disclosed in the report is not verified through the GRI Check process.

Opinion Statement

We conclude that 2021 FineTek Co., Ltd. Sustainability Report Review provides a fair view of the FineTek sustainability programmes and performances during 2021.

A team of sustainability report assessors in accordance with GRI Standards carried out our work. We planned and performed this part of our work to obtain the necessary information and explanations. We conclude that FineTek provided sufficient evidence to satisfy the description of their approach and their self-declaration of in accordance with GRI Standards: Core option was fairly stated.

GRI Sustainability Reporting Standards (GRI Standards)

FineTek provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the FineTek's sustainability topics.

Materiality

The FineTek publishes information completely with materiality analysis that enables its stakeholders to make informed judgments about the FineTek's management and performance. In our professional opinion the report covers the FineTek's material topics.

Stakeholder Inclusivity

In this report, it reflects that FineTek has made a commitment to its stakeholders, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the FineTek's inclusivity topics.

Sustainability context

The report presents the FineTek's performance in the wider context of sustainability.

Completeness

Coverage of the material topics and their boundaries should be sufficient to reflect significant economic, environmental and social impacts and enable stakeholders to assess the FineTek's performance in the reporting period; in our professional opinion the report covers the FineTek's Completeness.

Responsibility

The sustainability report is the responsibility of the FineTek's Chairman. Our responsibility is to provide an independent opinion statement to stakeholders giving our professional opinion based on the scope described.

Competency and Independence

BSI is a leading global standards and assessment body founded in 1901. The GRI Check team was composed of Lead Auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, GRI Standards, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. The GRI Check is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan

Statement No: SRA-TW-2021123
2022-09-26

...making excellence a habit.™

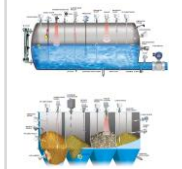
Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., N-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

Company History



1979-1989

Establish Fine Automation
Start Factory Automation Business



1989-1990

Manufacture and Development
Level Sensor



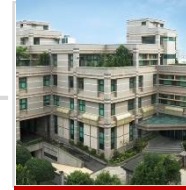
1998

Set up Shanghai Factory
in China



2001

Obtained the Ministry of
Economic Affairs
The 8th Innovation Research Award



2003

Create "Finetek" brand
Prepare IPO work



2003

Set up Singapore subsidiary



2006

Obtain PTB ATEX
EX approval



2007

Set up FineTek GmbH



2008

SME foundation award
1st Employee dividend
distribution



2010

SME TQM award
2nd Employee dividend
distribution



2013

Build up I-Lan Factory
Expand production line
Start Flow Meter production



2014

IPO in December
(Stock no: 4549)



2015

Obtain TAF Certificate
of Flow Meter Laboratory



2016

M&A Germany Mütec



2017

Lean production
Flexible U Line



2017

Pass OIML approval
For Flow Meter



2017

Digital Management
Import new ERP system
PLM、CRM、WIP、BPM



2018

Set up Indonesia factory



2019

Network manage for water
Utility in Taipei City
Develop transmitter of 4G/NBIOT



民生公共物聯網

2020

Complete the public IOT
4G and LoRa application



2021 COVID-19 outbreak

Build 2nd factory
in Tu-Cheng Industrial Park



2021

Finish RD module engineering
application
ESG first year



2022

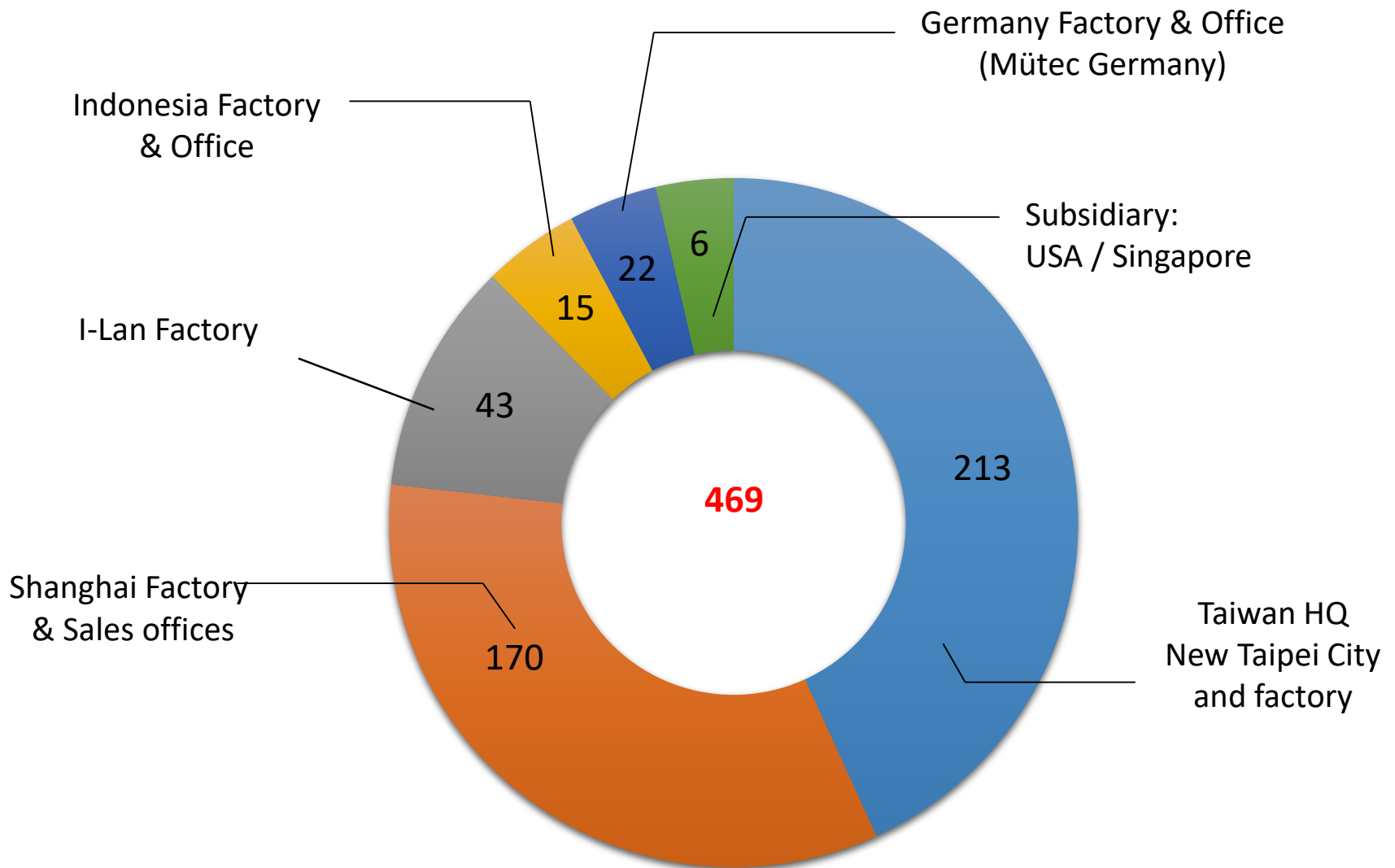
Finish smart electronic water
meters design & type approval



2023

Obtained TAF certification for
the dust measuring field

Number of employees



Organization – Taiwan Head Quarter

TuCheng HQ – Management 、 RD 、 Sales and QA



- Marketing and Business Services Team
- More than 40 R&D team
Research and develop new products and new technologies
- Core component research and development
- Automated Production System design
- Customized product design
- Standard measuring field construction test

Organization



Tucheng 2nd Factory



- Key components produce
- Local and overseas customer order produce
- Overseas subsidiary customer order produce
- Smart electronic water meter produce
- New products produce

I-Lan Factory



- Standard and big volume order produce
- Flow meter produce
- Calibration: Weighing method (TAF) + comparison table method test (accuracy up to: 0.02%)
- Supply domestic and foreign market demand
- Provide customer verification service

China



Shanghai factory and sales branch



Over 100 sales engineer

FINE AUTOMATION CO., LTD.
In Shanghai

Sales branch

Beijing

Wuhan

Guangzhou

Jinan

Nanjing

Shenyang

Chengdu

Zhengzhou

Mütec in Hamburg, Germany



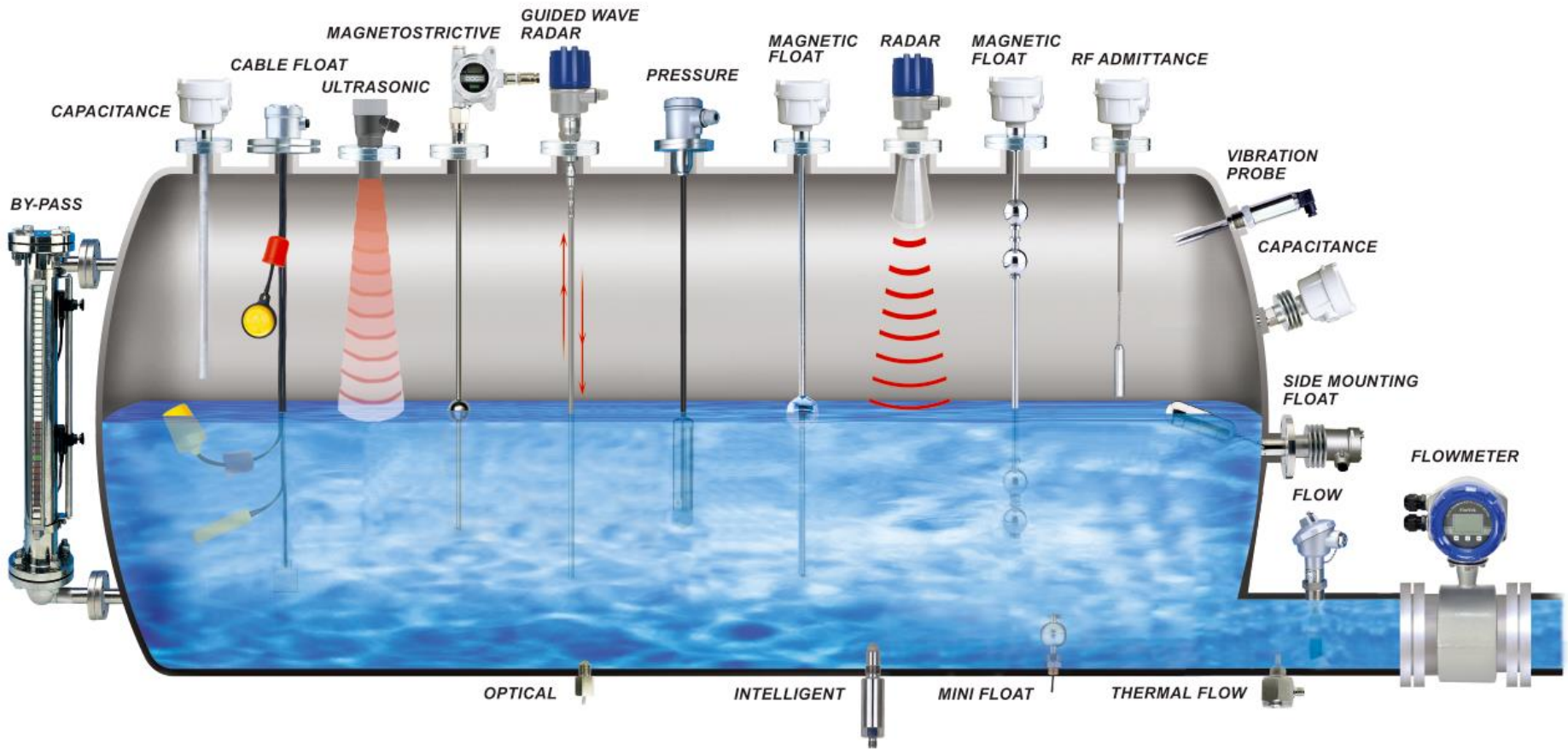
1. Dust Monitor
2. On-Line Moisture Monitoring
3. Hi-End signal Transmitter
4. Electric vehicle battery voltage charging protection

Indonesia (Jakarta Factory)

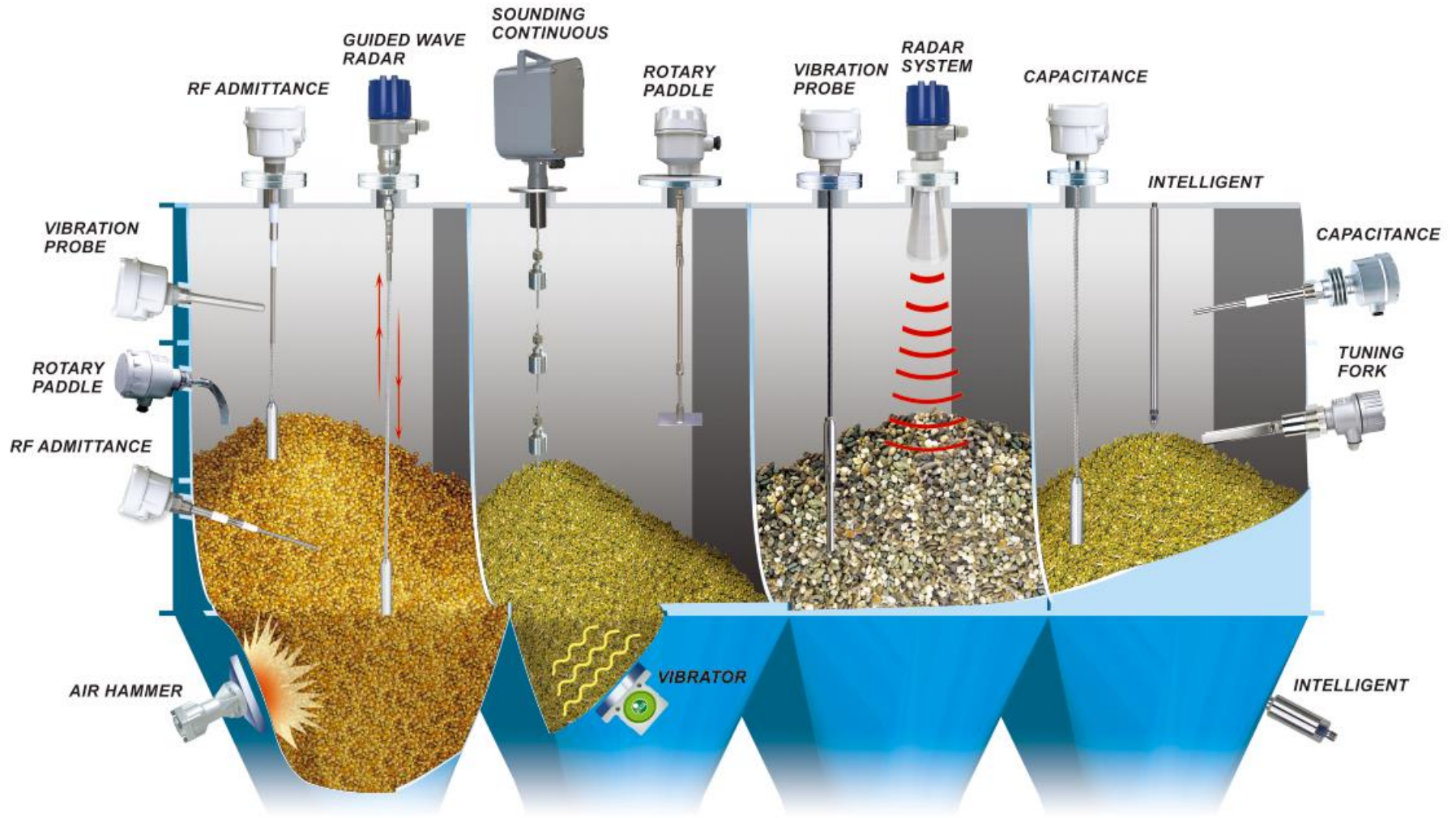


1. Targeted at ASEAN countries
2. Build up human resources to expand scale in ASEAN
3. Localized production reduces import tariffs
4. Disperse production bases to reduce operations risk

PA for liquid level sensor



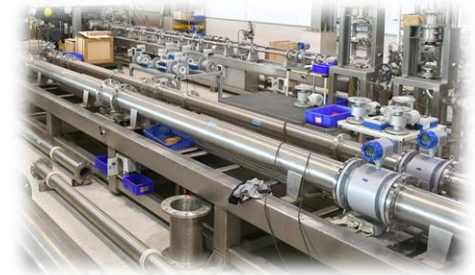
PA for solid level sensor



Flow Meter



DN20~DN600



pinch
Ultrasonic flow meter



Paddle type
Stainless Steel/ Plastic



Magnetic type
(Integrated/separate)



Water meter
Cloud communicate



Thermo type



Mütec Germany Solid and Powder Monitoring solution



Moisture Measuring System



Mass Flow Measuring System



Flow Monitoring System



Level Monitoring System



SIL2-Din rail devices



Water Treatment Total Solution



Solid and Powder Monitor Total Solution

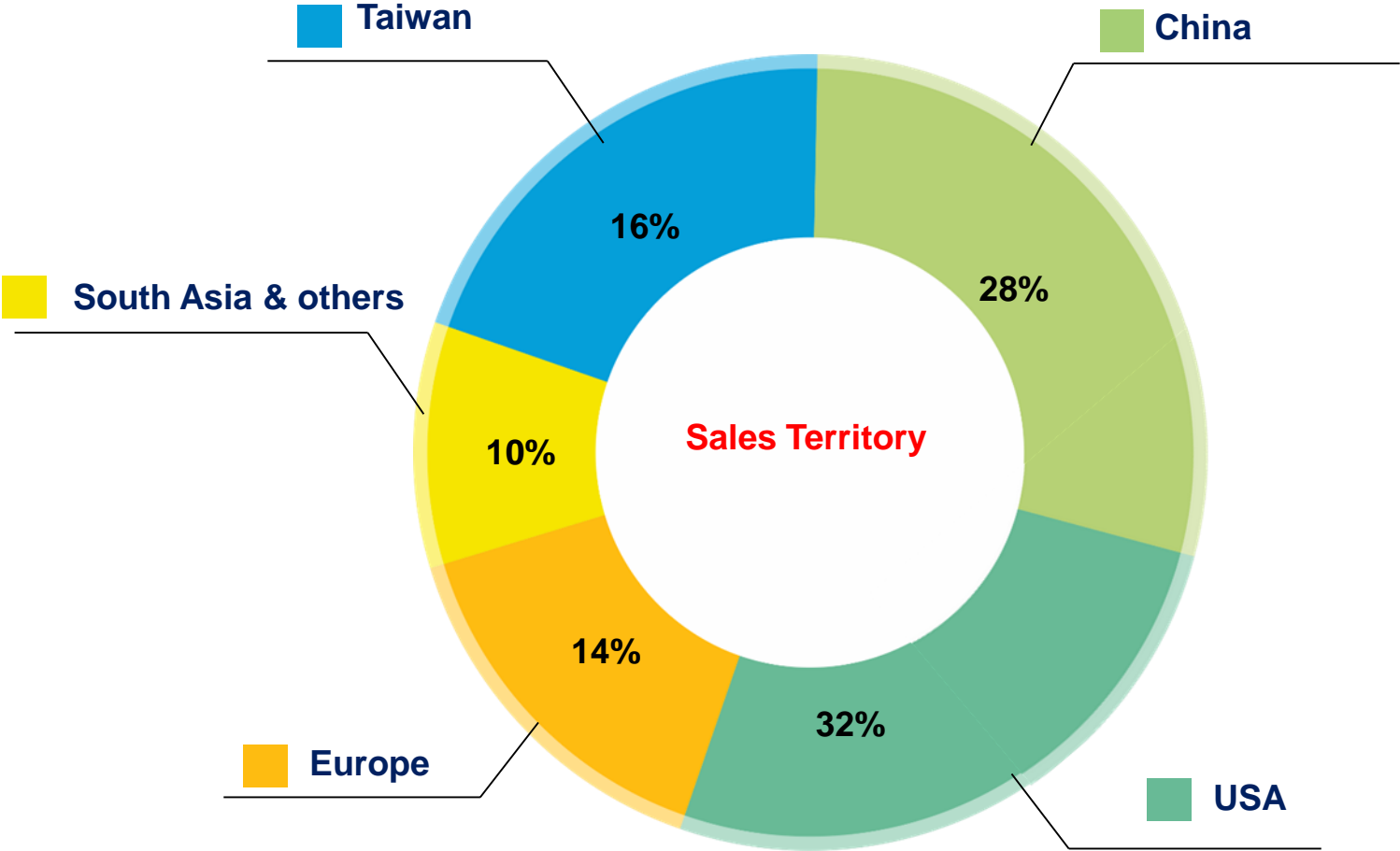


Safety control and Monitoring for Conveyor system

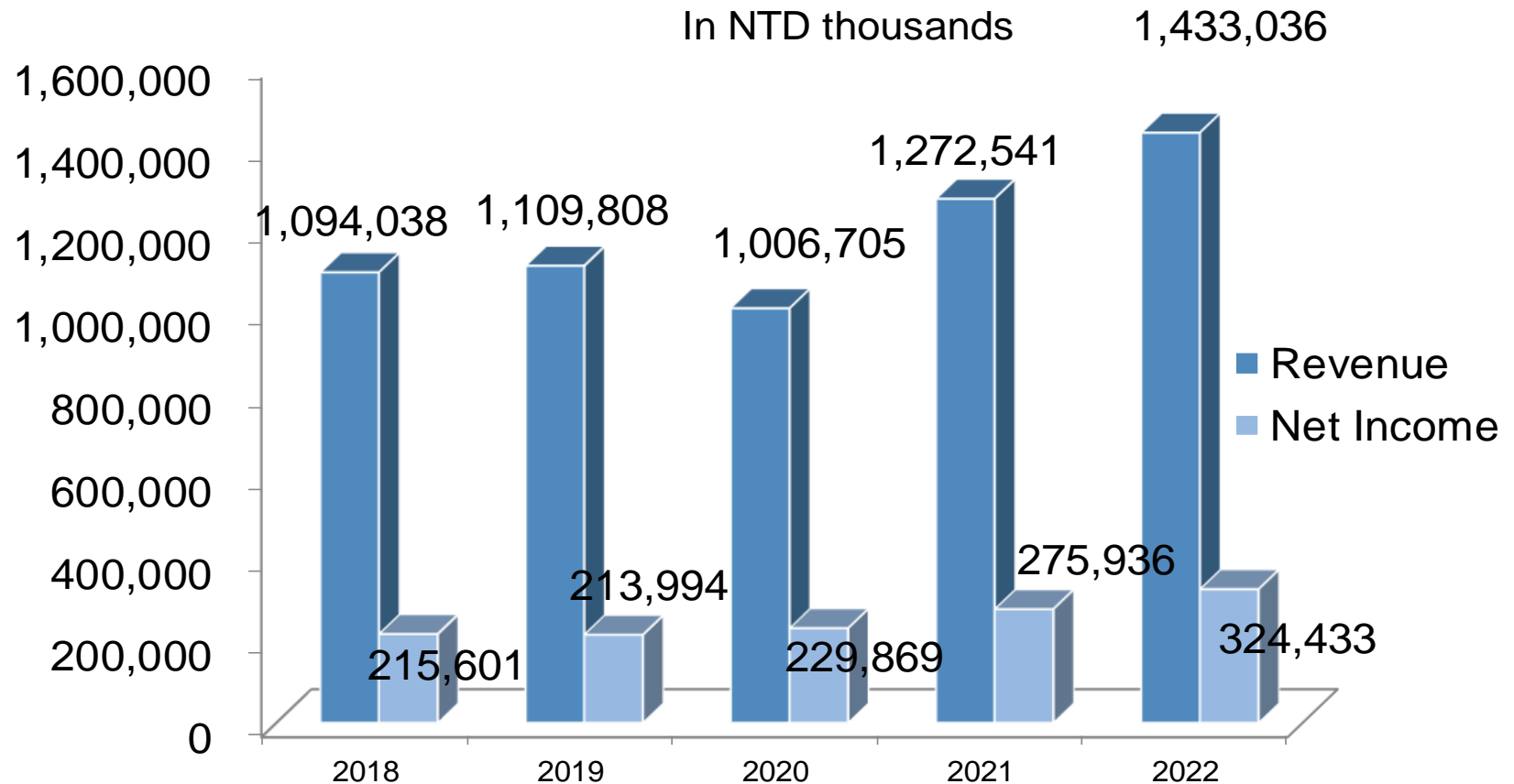


Financial outlook

2022 Sales Territory

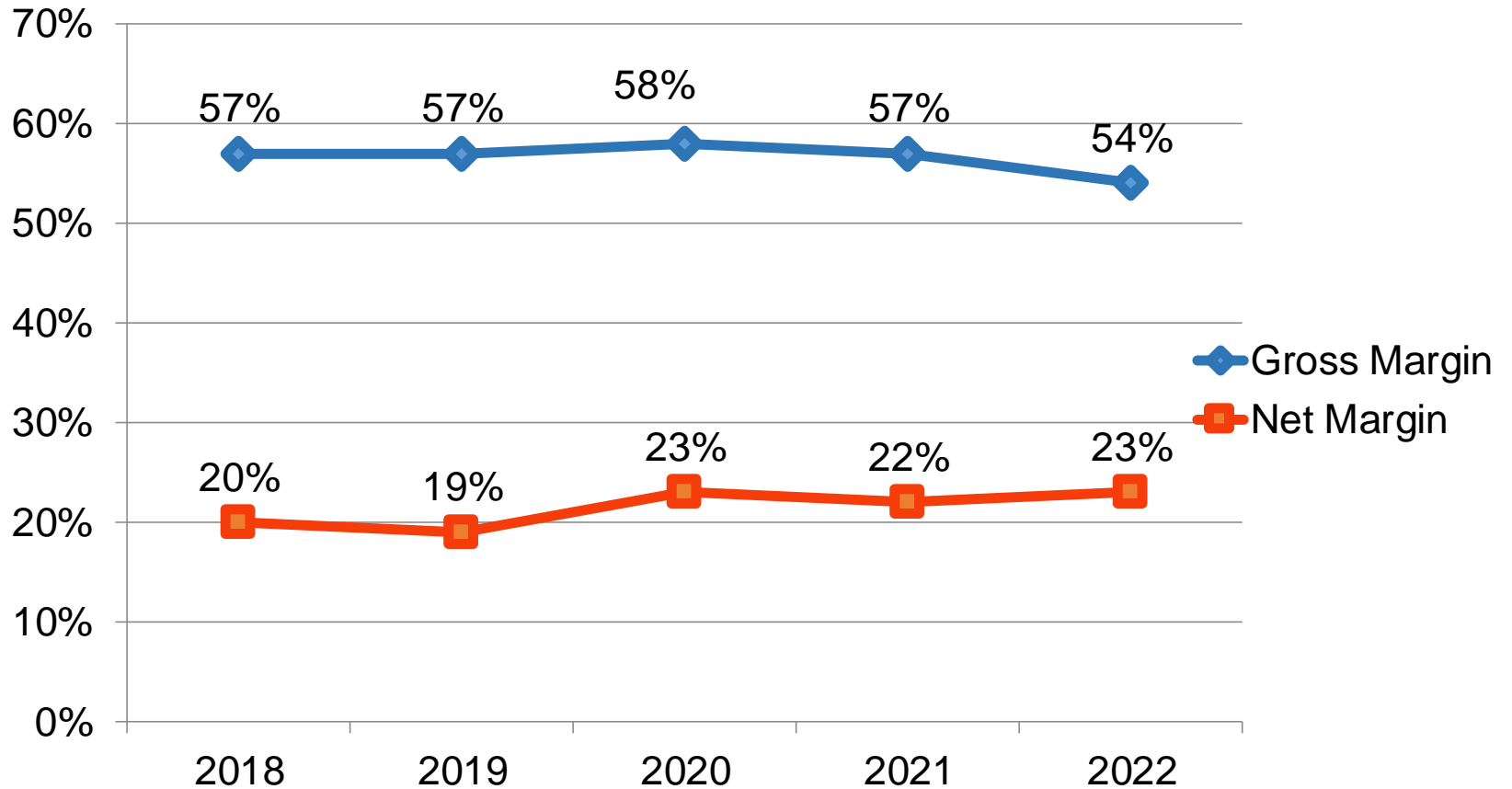


Revenue & Net Income

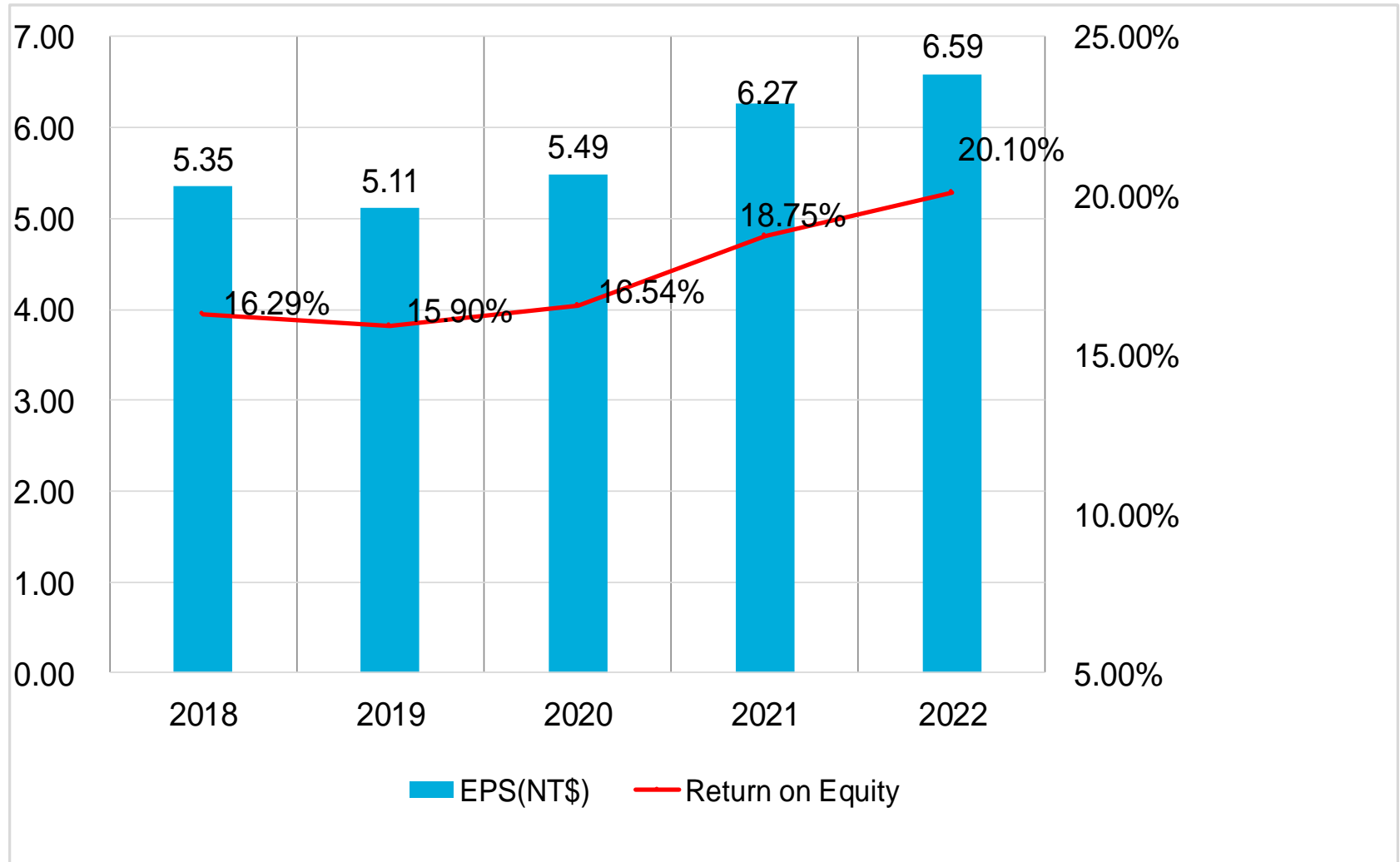


- Revenue hits a record high over the same period of the year
- Compared with the same period of 2021, annual growth of 13%

Gross Margin & Net Margin



Earnings Per Share & Return on Equity(%)



- earnings per share is before retrospective adjustment

Income statement

In NTD thousands, except EPS

Item	2020		2021		2022	
	NT\$	%	NT\$	%	NT\$	%
Sales Revenue	1,006,705	100	1,272,541	100	1,433,036	100
Gross Profit	586,103	58	723,961	57	768,709	54
Operating Income	258,453	26	337,418	27	352,424	25
Non-operating Income and Expenses	37,798	4	27,719	2	68,114	5
Net Income	229,869	23	275,936	22	324,433	23
Earning Per Share	5.49		6.27		6.59	
Cash dividends	4.0		4.1		4.0	
Stock dividends	0.5		1.1		1.1	
Payout ratio	82%		83%		77%	

Balance sheet



In NTD thousands

Item	2020		2021		2022	
	NT\$	%	NT\$	%	NT\$	%
Cash and cash equivalents	526,255	27	550,448	27	633,264	28
Receivable	169,907	9	240,786	9	253,359	11
Inventory	167,146	9	210,027	9	253,534	11
Other Current Assets	112,949	6	153,370	6	214,071	10
Property, plant and equipment, Other Non-current Assets	943,794	49	936,585	49	908,174	40
Total Assets	1,920,051	100	2,091,216	100	2,262,402	100
Bank Debt	262,000	14	252,000	12	213,087	10
Other Current Liabilities	192,918	9	261,132	13	292,760	13
Other Long-term liabilities	47,760	3	52,579	2	53,960	2
Total Liabilities	502,678	26	565,711	27	559,807	25
Total Equity	1,417,373	74	1,525,505	73	1,702,595	75
AR Turnover Days	67		59		63	
Inventory Turnover Days	203		122		157	
AP Turnover Days	42		36		51	

Cash flow

In NTD thousands

Item	2020	2021	2022
Cash flows from operating activities	273,540	252,126	292,511
Cash flows from investing activities	(376,330)	(44,606)	(24,748)

Dividend Policy

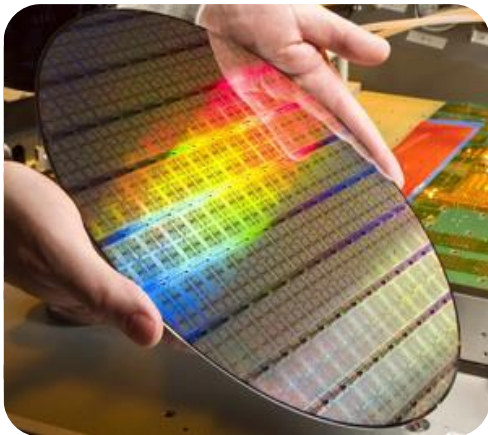
Year	Cash	Stock	Total
2023	4.0	1.1	5.1
2022	4.1	1.1	5.2
2021	4	0.5	4.5
2020	4	0	4
2019	4	0.5	4.5
2018	4	0	4
2017	3	0.5	3.5

Dividend Policy by cash, pay rate is over 75%

2023 Sales forecast

1. Taiwan market

- Water treatment (smart building, industrial area, desalination plant, copper foil process)
- Semiconductor factory expansion (TSMC USA and Japan)
- Expansion and renewal of thermal power plants (Linkou, Taichung, Datan, Xingda)
- High temperature and high pressure process improvement project for a large petrochemical plant
- Zero Carbon Emission Monitoring Business



2. China market

- Large feed machinery companies and the growth trend of the feed industry
- Localization Trend of In Vitro Diagnostic Analyzer
- Flour, grain and oil group's new factory project
- Carbon Neutral Environmental Protection Industry Project
- Chip, memory and other semiconductor factory new projects



3. North American market

- In 2022, the revenue continue to hit new high, with a growth rate of 100% compared with the same period in 2021
- ODM flow meter, multifunctional high precision pressure transmitter and level sensors continue to contribute revenue
- The ultra-high-precision flow meter successfully enter the Mexican utility project



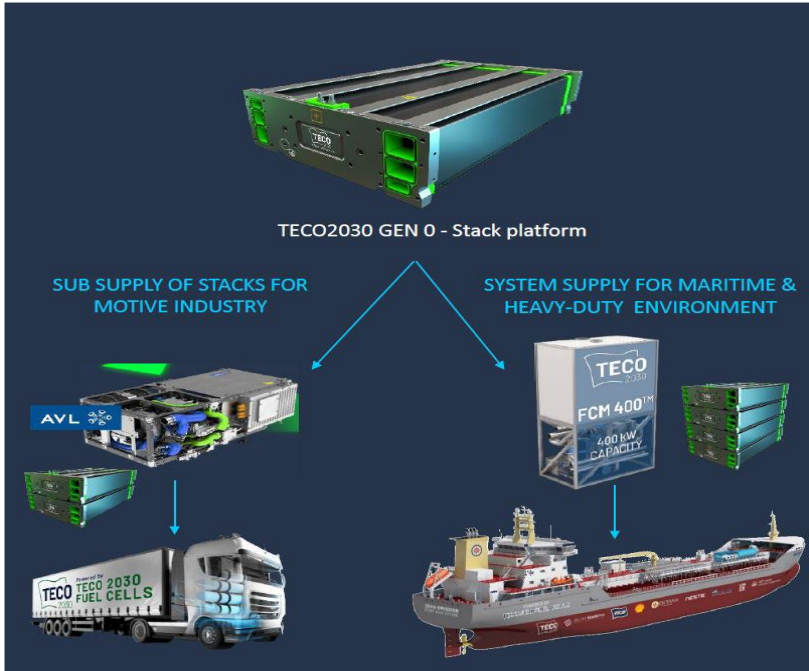
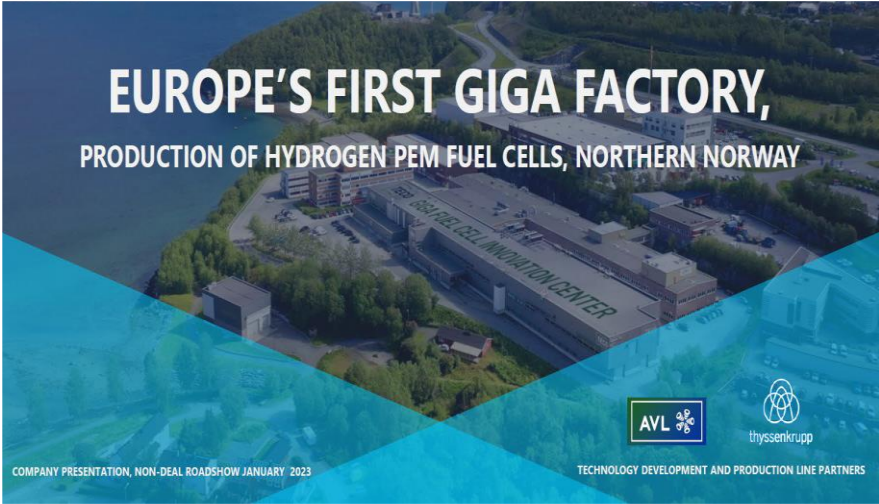
4. Germany



- 2022 sales is stable, special in Germany and the U.S.
- 2022 Profit increased compared with 2021 due to the increase in sales of high-margin products
- Global electric vehicle lithium battery, high voltage charging safety protection system, strong order coming for HVT product



- **Saudi Arabia – Hydrogen electrolysis monitoring equipment to drive complete megacities - Zero Carbon Emission business opportunity**
- **Austria - Monitoring SOEC Electrolyzer, prototype delivered, new market with high potential**
- **Norway - Monitoring fuel cell opportunities in marine and construction**
- **China - MTP signal transmitter, used in domestic gas turbine flame control**
- **USA - Moisture Meter HUMY meets standard equipment for North American “wheat mills”**



5. Overseas Distributor

- Singapore UMC Plant expansion demand
- South Korea petrochemical plant process improvement project mutec MTP business opportunity
- Japan ODM flow meter business opportunity
- New Projects of Feed Factory in Vietnam
- AI Cloud Database Business Opportunities in South East Asia



