

Chapter 1 Letter to Shareholders

2024 Business Report

Looking back, despite volatile situations such as geopolitical issues and global inflation, the Company benefited from economic recovery and inventory depletion, which drove demand, demonstrating its strength for stable growth. Looking ahead to 2025, following major national elections and amid global market turbulence and rising ESG trend, companies are under pressure to drive sustainable transformation. In response, the Company will closely monitor market dynamics and flexibly adjust operational strategies to continuously build competitiveness and sustainability.

I. 2024 Operation Results of the Company

(I) Implementation results of business plan

The Company's consolidated revenue for 2024 was NT\$5.264 billion, representing an increase of approximately 9.42% compared to the consolidated revenue of NT\$4.811 billion for 2023. The gross profit margin was 19%, the net operating income was NT\$4.11 million, and the net profit after tax attributable to the Company's owners was NT\$495 million, with earnings per share (EPS) of NT\$4.55.

(II) Budget execution:

As the Company did not announce a financial forecast for 2024, this information is not required.

(III) Financial income and expenses and profitability analysis

(Unit: NT\$ / Amount in NT\$ thousands, unless otherwise specified)

Item	2024
Net cash generated from operating activities	1,007,870
Net cash generated used in investing activities	(469,635)
Net cash generated from financing activities	(463,009)
Return of assets	3.77%
Return on equity	5.30%
Profit margin of the Company	9.40%
Consolidated profit margin	9.40%
Earnings per share (NT\$)	4.55

(IV) Research and Development

1. Capacitors: high capacity, fast charge/discharge, resistant to high and low temperatures, shockproof, resistant to high ripple, long lifespan, and compact products.
2. Motor fans: high airflow, low noise, high air pressure, low current (low power consumption) products.
3. Resistor: Anti-sulfurated, low TCR and high power, lead-free and high voltage, high power and anti-surge, wide electrodes, high power, and low resistance, an increase of the resistance range of automotive products, development of metal film/metal foil products.

II. 2025 Business Plan

(I) Business policy:

1. Encourage employees to actively participate in achieving the Company's ESG sustainability goals.
2. Strengthen product and service quality, consolidate and expand high-quality customers.
3. Collect market information, invest in new technology research and development, and develop product application.
4. Strengthen cybersecurity protection to ensure control and trust of Company information.

(II) Production and marketing policies:

1. Focus on in-depth industry development, collect industry information, environmental and regulatory-related information, make correct decisions, and form a rapid and flexible market response capability and mechanism.
2. Improve product specifications, develop product application markets, and meet customer needs.
3. Strengthen cooperation with key suppliers, develop and integrate materials, and reduce production cost.
4. Strengthen inventory and account management.

III. The Company's future development strategy

- (I) Collaborate technically with suppliers to control operational costs and achieve continuous growth.
- (II) Continue to introduce automated systems and equipment.
- (III) Focus on high value-added products.
- (IV) Continue to promote sustainable transformation and improve the digital sustainability governance framework.

IV. Effect of External Competition, Legal environment, and the Overall Business Environment

Despite the potential risks posed by the global economy and the increasingly stringent challenges posed by external regulations and the overall operating environment, the company continues to focus on niche products and cautiously responds to future operating environments.

Dear Esteemed Shareholders,
Wish you all good health and prosperity.

KAIMEI ELECTRONIC CORP.

Chairman: Shao-Ping, Ru