

Chapter 1 Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen:

Reflecting on the past year, the Company leveraged the end of inventory destocking and strong demand in AI and automotive markets to deliver stable growth. For 2026, in response to global uncertainties such as geopolitical tensions, tariffs, and inflation, we remain committed to monitoring market trends and refining our strategies to ensure long-term competitiveness and corporate sustainability.

I. 2025 Operation Results

(I) Operating Strategy Implementation:

The Company's consolidated revenue for 2025 was NT\$5.545 billion, representing a growth of approximately 5.34% compared to NT\$5.264 billion in 2024. The gross margin stood at 20%, with an operating income of NT\$490 million. Net income attributable to owners of the parent was NT\$405 million, resulting in earnings per share (EPS) of NT\$3.73.

(II) Budget Implementation:

The Company did not release a public financial forecast for 2025; therefore, disclosure of budget execution status is not required.

(III) Financial Performance and Profitability Analysis:

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Shar)

Item	2025
Net cash flows from operating activities	775,551
Net cash flows from investing activities	910,353
Net cash flows used in financing activities	(953,104)
Return on assets	3.02%
Return on equity	4.14%
Net Profit margin	7.31%
Earnings per share (NT\$)	3.73

(IV) Research and Development Status:

1. Capacitors: large capacity, fast charging and discharging, high and low temperature resistance, shock resistance, high ripple resistance, long life and miniaturized products..
2. Motor fan: Development of products with high heat dissipation efficiency, high reliability, enhanced protection for harsh environments, long service life, and low noise levels..
3. Resistors: Advancements in anti-sulfuration, low TCR with high power, lead-free high voltage, and high-power anti-surge capabilities. Efforts also include developing wide-terminal high-power low-resistance products, expanding resistance ranges for automotive applications, and innovating in thin-film, ultra-thin film, metal film, and metal foil technologies.

II. 2026 Operating Plan

(I) Operating Strategies:

1. Deepen Sustainable Governance : fully implement the ESG corporate vision.
2. Enhance Product and Service Quality: Consolidate relationships with existing premium clients and actively expand the customer base.
3. Market Intelligence and Innovation: Collect market insights to drive R&D in new technologies and product development.
4. Strengthen Cybersecurity Governance: Solidify the cybersecurity framework to fulfill data protection commitments to partners and shareholders.

(II) Production and Sales Policies:

1. Optimize Capacity Allocation: Gather industry intelligence to enhance production capacity allocation and strengthen flexible market responsiveness and mechanisms.
2. Standardize Product Specifications: Improve product specifications and explore new application markets to fulfill diverse customer needs.
3. Strengthen Supplier Collaboration: Deepen partnerships with key suppliers to develop and integrate materials, thereby achieving cost-effective production.
4. Streamline Inventory and Receivables Management: Continuously optimize the management of inventory levels and accounts receivable.

III. Future Development strategies of the Company

1. Strengthen Strategic Partnerships: Deepen collaboration with key suppliers to ensure a stable supply of raw materials and effective cost control.
2. Advance Process Automation: Continue the implementation of automated systems to minimize human error and defect rates.
3. Optimize Product Mix: Refine the product structure by focusing on high-value-added products to enhance overall profitability.
4. Drive Sustainable Transformation: Continuously promote green transformation and refine the digital sustainability governance framework

IV. Impact of External Competitive, Regulatory, and Macro-Economic Environments

The global economy is still facing a number of potential risks, and due to challenges such as external regulations and the increasingly stringent overall operating environment, the Company continues to focus on the development of niche products and respond prudently to future operating conditions.

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

Kaimei Electronic Corp.

Chairman: Shao-Pin, Ru