

Kaori Heat Treatment Ind., Co., Ltd.

Annual Report

2025

(Disclaimer: This English translation of the Annual Report is the summarized translation to the Company's Annual Report for the Shareholders' Meeting and does not constitute as an official document to the meeting. In the event there is deviation between the original Annual Report in Mandarin Chinese and its English translation, the Mandarin Chinese edition shall prevail.)

Inquire this Annual Report on: <https://mops.twse.com.tw>
<https://www.kaori.com.tw/tw/>

Publication Date: April, 10, 2026

1. Information of Spokesperson and Acting Spokesperson:

	Spokesperson	Acting Spokesperson
Name	WU CHUN YING	CHUANG RUI QING
Title	Deputy General Manager	Manager
Phone	(03)452-7005	(03)452-7005
Email Address	gilbert_wu@kaori.com.tw	ritachuang@kaori.com.tw

2. Addresses and Phones of Headquarters, Branches and Plants:

Headquarters: No. 5-2, Jilin North Road, Zhongli District, Taoyuan City

Phone: (03) 452-7005

Zhongli 1st Plant: No. 2, Jilin North Road, Zhongli District, Taoyuan City

Phone: (03) 452-7005

Zhongli 2nd Plant: No. 11, Songjiang N. Rd., Zhongli Industrial Area, Zhongli District, Taoyuan City

Phone: (03) 452-7005

Ziqiang Plant: No. 8-1, Ziqiang 4th Rd., Zhongli Industrial Area, Zhongli District, Taoyuan City

Phone: (03) 452-0062

Kaohsiung Benjhou Plant: No. 3, Bengong 2nd Rd., Benjhou Industrial Area, Gangshan Dist., Kaohsiung City

Phone: (07) 624-3132

3. Stock Transfer Agency:

Mega Securities Co., Ltd.

Address: 1F, No. 95, Sec. 2, Zhongxiao E., Rd., Taipei City 100

URL: <http://www.emega.com.tw>

Phone: (02)3393-0898

4. CPA for the Most Recent Annual Financial Report:

CPA: SU YU HSIU, CHEN WEN HSIANG

Accounting Firm: Deloitte & Touche Firm

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City 11073

Phone : (02)2725-9988

URL: <http://www.deloitte.com.tw>

5. Name of Exchange for Offering and Trading of Overseas Securities and Manners for Query of Such Securities: None.

6. Corporate Website URL: <https://kaori.com.tw/tw/>

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I. Report to the Shareholders

Dear shareholders:

In recent years, artificial intelligence (AI) has become a key enabling technology driving global industries toward a new era of digital and intelligent transformation. Its applications extend from cloud computing, generative models and corporate automation to autonomous vehicles, healthcare and manufacturing process optimization, creating unprecedented demand for computing power and prompting major global technology players to steadily ramp up their investments.

Within the global technology sector, hyperscale cloud service providers such as Amazon (AWS), Google, Meta and Microsoft have all pledged to bolster their GPU/AI server clusters, expand data center infrastructure, and enhance energy efficiency as well as thermal management capabilities. Meanwhile, leading enterprises in other AI fields, including Tesla (autonomous driving) and xAI (large model development and inference efficiency optimization), have also continuously stepped up investment in relevant R&D and computing infrastructure. As major global tech companies pursue more advanced model capabilities such as multimodal inference, long-sequence training, and real-time AI agent systems, the hardware scale, computing architecture, and energy supply required for backend deployment have expanded accordingly.

In 2025, both of the Company's core business divisions delivered stronger-than-expected growth results. The thermal management division benefited from rising liquid cooling adoption in large-scale data centers, while the Fuel Cell Division was supported by robust demand in the U.S. power market; as a result, both divisions maintained strong double-digit growth throughout the year. Looking ahead, the Company will continue to optimize capacity deployment and advance its expansion plans to support growing order demand. This includes upgrades at its existing Zhongli plant and the new manufacturing project in Kaohsiung Ciaotou Science Park, which will be implemented in phases according to actual needs to underpin long-term operational growth.

Since Kaori's establishment, we have maintained sound operating results, and we owe this to the kind support of our shareholders and the dedication and hard work of all our employees. We look forward to achieving even greater success in the future. We will now report on the Company's business performance over the past year as follows:

1. Results of the Implementation of 2025 Annual Business Plan:

(1) 2025 Individual Financial Report

Unit: NT\$ thousands

Items	2024	2025	Increase/Decrease in Amounts	Increase/Decrease in Ratio (%)
Operating revenue	3,773,042	3,996,024	222,982	5.91%
Net operating profit	620,642	518,681	(101,961)	-16.43%
Net profit of the current period	593,044	829,546	236,502	39.88%

Total comprehensive income of the current period	640,551	998,197	357,646	55.83%
Basic EPS (NT\$)	6.56	9.07	2.51	38.26%

(2) 2025 Consolidated Financial Report

Unit: NT\$ thousands

Items	2024	2025	Increase/Decrease in Amounts	Increase/Decrease in Ratio (%)
Operating revenue	4,003,440	6,580,623	2,577,183	64.37%
Net operating profit	646,557	1,023,756	377,199	58.34%
Net profit of the current period	593,044	829,546	236,502	39.88%
Total comprehensive income of the current period	640,551	998,197	357,646	55.83%
Basic EPS (NT\$)	6.56	9.07	2.51	38.26%

2. Budget Implementation

The Company did not issue any financial forecasts for the 2025 fiscal year. Nevertheless, amid a volatile external environment and mounting challenges, the team actively secured orders and continuously advanced process optimization, enabling the Company to achieve its budgeted revenue target and deliver better-than-budgeted profitability. Overall, the Company achieved tangible progress on a solid foundation in 2025, demonstrating strong resilience and operational efficiency.

3. Financial Expenditure and Profitability:

Unit: NT\$ thousands

Items		2025 Individual Financial Reports	2025 Consolidated Financial Reports
Cash Flow	Net cash inflow (outflow) from operating activities	274,921	597,889
	Net cash outflow (inflow) from investing activities	(110,214)	(218,861)
	Net cash inflow (outflow) from financing activities	(569,679)	(578,870)
Financial Structure (%)	Ratio of liabilities to assets (%)	36.81%	48.60%
	Ratio of long-term funds to real property, plants and equipment (%)	242.42%	219.35%
Solvency (%)	Current Ratio (%)	129.01%	156.10%
	Quick Ratio (%)	85.83%	99.71%
Profitability (%)	Return on Assets (%)	13.63%	12.01%
	Return on Equity (%)	21.80%	21.79%
	Ratio of net profit before-tax to paid-in capital (%)	103.52%	113.73%

	Profit Margin (%)	20.76%	12.61%
	Basic EPS (NT\$)	9.07	9.07

4. R&D Status

The Company attaches great importance to the development of new products and new technologies, and invests considerable resources in product and technology research and development every year. The Company determines research and development directions, prioritizes execution, and allocates resources reasonably based on market and customer needs. For successfully developed achievements, we protect our Company's intellectual property rights through patent applications.

In 2025, the Company achieved tangible research and development results across all business divisions. The Heat Exchanger Division completed the development of a large-scale dual-unit heat exchanger featuring separate flow channel designs, while making significant progress in the research and development of heat exchangers utilizing iron-based solders, further strengthening the Company's technological depth and manufacturing capabilities. The Fuel Cell Division has collaborated with customers to develop applications for SOFC (Solid Oxide Fuel Cell) power generation systems, SOEC (Solid Oxide Electrolysis Cell), and carbon capture. The Company plays a vital role in various aspects of system integration and key technologies, with cooperative outcomes continuing to deepen. The Thermal Energy Division boasts extensive expertise in addressing energy efficiency and thermal management challenges. Its advanced liquid cooling and immersion cooling solutions have successively obtained customer qualifications and entered volume delivery. Meanwhile, the Hydrogen Energy Division has achieved promising results through collaborative development projects with Taipower, the Industrial Technology Research Institute, the Central Weather Administration (Taiwan, R.O.C.), and academic institutions.

5. Summary of 2026 Business Plans

(1) Business Policies

1. To capitalize on the rapid growth of liquid cooling for AI servers, advanced thermal management technologies, and new energy applications, the Company will continue to enhance its manufacturing processes, increase R&D investment, and proactively develop new products and technologies to meet customer demand for high-efficiency, high-reliability solutions.
2. The Company will deepen its understanding of industrial applications and customer requirements to develop corresponding products and capture niche markets. It will actively seek collaboration with major international equipment manufacturers and large-scale distributors to expand its sales locations and market coverage. Through overseas exhibitions and social media platforms, the Company will fully promote both domestic and international sales to enhance market share. By forging alliances with distributors, it will further expand sales channels, actively leverage online sales, and establish and strengthen brand visibility.

(2) Expected Sales Quantity and Its Basis

The expected sales budget of the Company is based on the existing orders according to customer demand, as well as market analysis status and overall operating production and marketing plan report. We hope that the overall operation of the Company in 2026 will remain a stable growth.

(3) Important Production and Sales Policies

1. Improving product quality, and continuously expanding production bases and production equipment.
2. Actively expanding domestic and export markets, seeking OEM opportunities from major international players, and continuously strengthening production and sales capabilities of the Company's overseas subsidiaries.

6. Future Development Strategies of the Company

To achieve its long-term operational growth objectives, the Company will continue to focus on upgrading equipment capacity and improving workforce efficiency as key priorities, so as to fully support future shipment requirements. Over the next few years, the Company anticipates substantial revenue growth across its four core product lines: heat exchangers, fuel cells, AI thermal management solutions, and hydrogen energy applications. To keep pace with expanding market demand and increasing order intake, the Company is concurrently implementing capital investment projects for new production facilities in Zhongli Industrial Park and Ciaotou Science Park to further enhance its overall manufacturing capacity.

Furthermore, in light of geopolitical changes and the restructuring of global supply chains, the Company is actively pursuing a strategy to establish manufacturing facilities in a third region outside Taiwan and China. Its subsidiary in Thailand has been officially incorporated, with land acquisition in a Thai industrial park completed in 2025. Going forward, the Company will accelerate plant construction and production ramp-up to strengthen its overseas capacity layout and enhance supply flexibility.

The R&D direction of the Heat Exchanger Division encompasses the ongoing development of all-stainless-steel welded heat exchangers to achieve cost optimization. In response to demand for AI cooling solutions, the Division has also launched dedicated server cooling heat exchangers to strengthen its footprint in emerging application areas. Furthermore, it collaborates closely with the Fuel Cell Division to develop large-scale high-nickel alloy heat exchangers for fuel cell applications. These research and development initiatives will effectively expand the industrial application scope of the Company's heat exchanger products and enhance its market competitiveness.

The Fuel Cell Division maintains a long-term partnership with its key customer, Bloom Energy, where optimizing and enhancing lean production management remains a critical focus. To boost production capacity and shorten lead times, the Division will continue to introduce more semi-automated manufacturing processes to improve productivity and on-time delivery performance. Concurrently, it will pursue continuous improvement initiatives to reduce production costs and strengthen overall profitability.

Building on its project experience, the Hydrogen Energy Division will continue to advance the development of key technologies such as natural gas pyrolysis hydrogen production with carbon fixation equipment, waste hydrogen recovery systems for the metal heat treatment industry, and hydrogen cracking systems. The Division strives to establish core technologies with broad industrial applicability, delivering sustainable medium- to long-term revenue growth momentum for the Division.

Kaori Thermal, the Company's subsidiary, will concentrate on thermal solutions for AI data centers, actively designing and developing high-performance products including manifolds, CDUs, and radiators. By obtaining product certifications from major customers, it will accelerate market penetration. The Company will further expand into the market of major international brands and large enterprise groups, deepen partnerships with global leaders in data centers and server solutions, thereby enhancing the global penetration and market share of its thermal management products.

7. The Impact of External Competitive Environment, Regulatory Environment, and Overall Business Environment

Since Trump returned to office as U.S. President, the United States has made sweeping changes to its trade and climate policies, such as raising tariffs worldwide and pulling out of international climate accords. These moves have increased instability across the global political and economic landscape, disrupting global supply chains and affecting certain industries. Nevertheless, according to the Company's initial evaluation, the overall impact on its business operations remains modest.

While international climate policies have undergone changes, the global momentum for decarbonization and sustainability continues unabated. The Company will maintain its ongoing ESG and sustainability practices, and closely track policy revisions in various countries to ensure full alignment with international standards and client expectations. Regarding tariff and geopolitical risks, the Company will closely monitor evolving developments and adjust its supply chain layout accordingly to sustain its competitive position.

In the face of tariff and geopolitical risks, the Company will continue to closely monitor developments in the international landscape and adjust its supply chain configuration and market strategies as necessary. This will enhance operational flexibility and mitigate business risks arising from uncertainties in the external environment.

Wish all shareholders
Good health and happiness.

Chairman	Wu, Chih-Hsyong
General Manager	Wang, Hsin-Wu
Accounting Chief	Chung, Chi-Hsuan

II. Corporate Governance Report

I. Information of Directors, Chiefs, General Manager, Assistant General Managers, Deputy Assistant General Manager, and the Chiefs of all the Company's Divisions and Branch Units:

1. Directors and Chiefs' Information:

March 31, 2026; Unit: Share; %

Title (Note 1)	Nationality or Place of Registration	Name	Gender and Age (Note 2)	Date the Current Position is Assumed	Term of Contract (Years)	Commence Date of First Term (Note 3)	Shares Held upon Assumption		Current Shares Held		Shares Held by Spouses and Children of Minor Age of Director		Shares Held through Nominees		Principal Work Experience and Academic Qualifications (Note 4)	Position(s) Held Concurrently in the Company and/or in any other company	Other Management Personnel, Directors or Chiefs within Spousal Relationship or 2 nd Degree of Kinship			Remarks (Note 5)
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Shares	Shareholding Percentage	Shares	
Chairman	ROC	WU CHIH HSYONG	Male 61-70	Chairman	3	2020/06/17	210,000	0.23%	227,001	0.24%	0	0.00%	0	0.00%	PhD in Materials Science Engineering, University of Illinois at Urbana-Champaign Senior Vice President of Motech Industries Inc.	Director of TAI-SAW Director, Kaori Thermal Technology Co., Ltd. Vice President and CEO of Kaori Thermal Technology Co., Ltd. Director, Kaori Technology (Thailand) Co., Ltd.	None	None	None	None
Deputy Chairman	ROC	HAN HSIEN FU	Male 81-90	2023/06/13	3	1997/06/22	1,469,000	1.64%	1,427,000	1.53%	2,702	0.00%	0	0.00%	Department of Mechanical Engineering, Tatung University President of Kaori since June 2000	Director, Kaori Technology (Ningbo) Co., Ltd. Director, Kaori Thermal Technology Co., Ltd.	Assistant Manager	HAN WEN TENG	Father and son	None
Director	ROC	HSIN WU WANG	Male 51-60	2023/06/13	3	2011/06/28	290,356	0.32%	228,000	0.24%	0	0.00%	0	0.00%	Institute of Financial Management of Taiwan Central University Vice President of Kaori since January 2006	President of the Company Director of Kaori Technology (Ningbo) Co., Ltd. Director, Kaori Thermal Technology Co., Ltd.	None	None	None	None
Director	ROC	HUANG HUNG HSING	Male 41-50	2023/06/13	3	2020/06/17	219,165	0.25%	1,405,165	1.50%	0	0.00%	0	0.00%	Institute of Technology Management, National Tsing Hua University Investment Manager, International Bills Finance Corporation	CSO of the Company Director, Kaori Thermal Technology Co., Ltd.	None	None	None	None
ROC	Aladdin Holdings Group	N/A	2023/06/13	2023/06/13	3	2023/06/13	301,000	0.34%	495,000	0.53%	N/A		0	0.00%		N/A	N/A			None
		Representative WU CHUN YING	Male 41-50						14,000	0.01%	0	0.00%	0	0.00%	Doctor of Law, Tulane University Law School Advanced Master of Business Administration from Lausanne School of Management, Venture partner, Switzerland MiiCs & Partners	Vice President of the Company Director, Kaori Thermal Technology Co., Ltd. Director, Kaori Technology (Thailand) Co., Ltd. President of Kaori Technology (Ningbo) Co., Ltd.	None	None	None	None

		Representative KU HUNG TAO	Male 41-50						2,207,000	2.36%	9,000	0.01%	0	0.00%	Master of Finance and Economics, University of York, UK Bachelor of Business Administration, National Chengchi University Director, LEDEN SCIENCE&TECHNOLOGY CO., LTD.	Director, Kaori Thermal Technology Co., Ltd. Director, Kaori Technology (Thailand) Co., Ltd. Executive Director of IN HOUSE INDUSTRY CO., LTD Consultant of DYNACARD CO., LTD. Director, Chinese Association Leaders Union	None	None	None	None
Independent Director	ROC	HONG HSIANG WEN	Male 61-70	2023/06/13	3	2014/06/20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Institution of Business, National Taiwan University Funds Manager, Kwanghua Securities Investment & Trust Co., LTD.	Consultant of Li-Mei-Jia Investment Company	None	None	None	None
Independent Director	ROC	MAO EN KUANG	Male 61-70	2023/06/13	3	2023/06/13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Passed the Grade B Examination for Ordinary Administrative Personnel in the Examination Yuan for Demobilized Soldiers Transferred to Civil Servants in 1987 (passed the civil service higher education examination with the same degree as a junior college diploma) Deputy Secretary General, , Taiwan Electrical and Electronic Manufacturers' Association	Secretary General, Wind Power Industry in Taiwan Independent Director of Century Iron&Steel Industrial Co., Ltd. Corporate and Representative of the Director of United Alloy-Tech Company	None	None	None	None
Independent Director	ROC	TANG CHI YAO	Male 41-50	2023/06/13	3	2023/06/13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Business, School of Management, National Taiwan University Head of Human Resources, TAIWAN STAR TELECOM CORPORATION LIMITED	Vice President of Human Resources, Lion Travel Co., Ltd.	None	None	None	None

Note 1: The corporate shareholder shall list the name of the corporate shareholder and the representative respectively (if it is the representative of the corporate shareholder, the name of the corporate shareholder shall be indicated), and shall fill in the following table.

Note 2: Please list the actual age which should expressed in age interval mode, such as 41~50 years old or 51~60 years old.

Note 3: Specify the time for first served as a director or Chief of the Company. In case of any interruption, please note it.

Note 4: For experience related to the current position, such as having worked at an auditing and certification accounting firm or affiliated enterprise during the aforementioned period, the title and responsibilities of the position should be stated.

Note 5: Where the Chairman and General Manager of the Company or person of an equivalent post (the highest-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed: None.

(1). Principal Shareholders of Corporate Shareholders:

March 30, 2026

Name of Corporate Shareholders	Principal Shareholders of Corporate Shareholders
Aladdin Holding Group	KU YAN TAO (24.75%), KU KE TAO (24.75%), KU CHENGTAO (24.75%), KU HUNG TAO (24.75%), YANG EN HUI (1%)

(2). Principal shareholders when principal shareholders of corporate shareholders are legal persons: omitted

(3). Principal shareholders when principal shareholders of corporate shareholders are legal persons: omitted

Qualifications Name	Professional Qualifications and Experience (Note 1)	Independence (Note 2)	Number of TWSE/TPEX Listed Companies the Role Serves as an Independent Director at Several Companies
WU CHIH HSYONG	TAI-SAW TECHNOLOGY CO., LTD. -Director Kaori Thermal Technology Co., Ltd. -Director Kaori Technology (Thailand) Co., Ltd. - Director		None
WU CHIH HSYONG	TAI-SAW TECHNOLOGY CO., LTD. -Director Kaori Thermal Technology Co., Ltd. -Director Kaori Technology (Thailand) Co., Ltd. - Director		None
HSIN WU WANG	President of the Company Kaori Technology (Ningbo) Co., Ltd. - Director Kaori Thermal Technology Co., Ltd. - Director		None
HUANG HUNG HSING	CSO of the Company Kaori Thermal Technology Co., Ltd. -Director International Bills Finance Corporation-Investment Manager		None
Aladdin Holding Group Representative WU CHUN YING	Vice President of the Company Kaori Thermal Technology Co., Ltd. -Director Director, Kaori Technology (Thailand) Co., Ltd. Kaori Technology (Ningbo) Co., Ltd. - President YUAN TSUN PLASTIC CO., LTD.- Chief Business Officer MiiCs & Partners Co., Ltd.- Partner		None
Aladdin Holding Group Representative KU HUNG TAO	Kaori Thermal Technology Co., Ltd. - Director Director, Kaori Technology (Thailand) Co., Ltd. IN HOUSE INDUSTRY CO., LTD -Executive Director DYNACARD CO., LTD.- Consultant Chinese Association Leaders Union - Director LEDEN SCIENCE&TECHNOLOGY CO., LTD.- Director		None

HUNG HSIANG WEN (Independent Director)	Li-Mei-Jia Investment Company - Consultant	Not involved in affairs as stipulated in Items 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	None
MAO EN KUANG(Independent Director)	Wind Power Industry in Taiwan - General Secretary Taiwan Electrical and Electronic Manufacturers' Association- Vice General Secretary	Not involved in affairs as stipulated in Items 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	1
TANG CHI YAO (Independent Director)	Lion Travel Co., Ltd.- Vice President of Human Resources TAIWAN STAR TELECOM CORPORATION LIMITED - Head of Human Resource	Not involved in affairs as stipulated in Items 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	None

Note 1: Professional Qualifications and Experience: State the professional qualifications and experience of the individual directors and Chiefs and, if they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience, and indicate whether they are not covered by the provisions of section 30 of the Company Act.

Note 2: For independent directors, it should be stated whether they meet the requirements of independence, including but not limited to whether himself/herself, his/her spouse, or relatives within second generation have served as directors, Chiefs, or employees of the company or its affiliated enterprises; whether himself/herself, his/her spouse, relatives within second generation (or in the name of others) have held the shares of the Company and shareholding ratios; whether he/she has assumed the post of director, Chief or employee of specific affiliated companies of the Company (refer to Items 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration obtained for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last 2 years.

(4). Diversity and Independence of Board of Directors:

1). Diversity of the Board of Directors:

To formulate an appropriate diversity approach, it is appropriate for directors to include, but not limited to, the following criteria:

①Basic requirements and values: Gender, age, nationality, and culture.

②Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties.

To achieve the ideal goal of corporate governance, the board of directors shall possess:

①The ability to make judgments about operations.

②Accounting and financial analysis ability.

③Business management ability.

④Crisis management ability.

- ⑤Knowledge of the industry.
- ⑥An international market perspective.
- ⑦Leadership ability.
- ⑧Decision-making ability.

The Company's 21st Board of Directors Board of Directors consists of 9 directors, with concrete management goals and implementations as follows:

Item	Management Goals	Implementation Status
1	A majority of all directors do not have spousal relationship or are not within 2 nd degree of kinship with other directors.	Implemented
2	The Company's roles of Chairman and General Manager are not assumed by the same individual.	Implemented
3	One-third of the Board seats are held by either gender	Not implemented (Note)

Reason: The Company has established nine director seats pursuant to its Articles of Incorporation. The incumbent directors were elected at the shareholders' meeting held on June 13, 2023. Nevertheless, the number of incumbent directors still does not reach one-third of the total seats, owing to the special nature of the industry, making it difficult to recruit suitable talents within a short period of time.

2. Countermeasures: Upon the expiration of the Board's term in 2026, a re-election will be held. The Company will actively solicit qualified female director candidates through industry networks, academic institutions, and other channels, with a view to strengthening corporate governance and advancing board diversity.

The implementation of director diversification is as follows:

Item	Title	Director Name	Gender	Nationality	Concurrently an Employee of the Company	Age Group					Years of Service as an Independent Director				The ability to make judgments about operations	Accounting and Financial Analysis Ability	Business Management Ability	Crisis Management Ability	Knowledge of the industry perspective	An international market perspective	Leadership Ability	Decision-making ability	Knowledge and Ability for Risk Management
						40 to 49	50 to 59	60 to 69	70 to 79	80+ yo	Under 3 Years	3 to 9 Years	9 to 12 Years	12+ Years									
1	Chairman	WU CHIH HSYONG	Male	ROC				V							V		V	V	V	V	V	V	V
2	Deputy Chairman	HAN HSIEN FU	Male	ROC	V					V					V		V	V	V	V	V	V	V
3	Director	HSIN WU WANG	Male	ROC	V			V							V	V	V	V	V	V	V	V	V
4	Director	HUANG HUNG HSING	Male	ROC	V	V									V	V	V	V	V	V	V	V	V
5	Director	Aladdin Holding Group Representative WU CHUN YING	Male	ROC	V	V									V	V	V	V	V	V	V	V	V
6	Director	Aladdin Holding Group Representative KU HUNG TAO	Male	ROC		V									V	V	V	V	V	V	V	V	V
7	Independent Director	HUNG HSIANG WEN	Male	ROC				V					V		V	V	V	V	V	V	V	V	V
8	Independent Director	MAO EN KUANG	Male	ROC				V			V				V		V	V	V	V	V	V	V
9	Independent Director	TANG CHI YAO	Male	ROC		V					V				V	V	V	V	V	V	V	V	V

2). Independence of Board of Directors:

- ① Diversification Background of Directors (including Independent Directors): In addition to 4 employees of the Company and 5 directors who are actually involved in the operation of the Company, the remaining directors (including independent directors) are external professionals with corporate management, financial economics and industry-related knowledge.
- ② Age Distribution: Among the existing directors (including independent directors), 1 is aged 80 or above, 4 are between 60 and 70, and 4 are below 50. All of them are male.

③None of the Company's directors are spouses or relatives within the second degree of kinship to each other, as set forth in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

2. General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Chiefs of all the Company's Divisions and Branch Units:

March 30, 2025; Unit: Share

Title	Nationality	Name	Gender	Date the Current Position is Assumed	Shares Held		Shares Held by Spouses and Children of Minor Age		Shares Held through Nominees		Principal Work Experience and Academic Qualifications	Concurrent Positions in the Company and Its Subsidiaries	Executive, director or Chief who is his/her spouse or a second-degree relative of his/her clan			Remarks (Note 1)
					Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
President	ROC	HSIN WU WANG	Male	2023/06/26	228,000	0.24%	0	0.00%	0	0.00%	Institute of Financial Management, Taiwan Central University Vice President of Kaori since January 2006	Kaori Technology (Ningbo) Co., Ltd.-Director Director, Kaori Thermal Technology Co., Ltd.	None	None	None	None
Vice President	ROC	WU CHUN YING	Male	2023/08/09	14,000	0.01%	0	0.00%	0	0.00%	Doctorate in Law from Durham University Advanced Master of Business Administration from Lausanne School of Management, Switzerland Investment Partner of MiiCs&Partners (Stock) Company	Director, Kaori Thermal Technology Co., Ltd. Director, Kaori Technology (Thailand) Co., Ltd. Director, Kaori Technology (Ningbo) Co., Ltd. General Manager of Kaori Technology (Ningbo) Co., Ltd.	None	None	None	None
Vice President	ROC	CHIU YI HUNG	Male	2020/03/16	11,104	0.01%	0	0.00%	0	0.00%	Department of Human Resources, Taiwan Central University Manager of Department of Management, EXCELLENCE OPTOELECTRONICS INC.	None	None	None	None	None
Vice President	ROC	HUANG HUNG HSING	Male	2023/09/04	1,405,165	1.50%	0	0.00%	0	0.00%	Institute of Science and Technology Management, National Tsing Hua University Investment Manager, International Bills Finance Corporation	None	None	None	None	None
Senior Manager	ROC	LI CHING CHUN	Male	2019/04/01	10,731	0.01%	0	0.00%	0	0.00%	PhD, Institute of Applied Mechanics, Taiwan University Postdoctoral researcher, Institute of Applied Mechanics, Taiwan University	None	None	None	None	None
Senior Manager	ROC	HUANG YAO CHUN	Male	2020/03/15	0	0.00%	0	0.00%	0	0.00%	Master of Science, Institute of Mechanical Engineering, Chenggong University Component Manufacturing Manager of Foxsemicon Integrated Technology Inc.	None	None	None	None	None
Senior Manager	ROC	CHEN YU CHUNG	Male	2021/04/06	0	0.00%	0	0.00%	0	0.00%	PhD, Department of Materials Science and Engineering, National Cheng Kung University Motech Industries Inc. Deputy Director, Electric Utilities Division	None	None	None	None	None
Assistant Manager	ROC	HAN WEN TENG	Male	2020/03/15	9,291	0.01%	0	0.00%	0	0.00%	Master, Department of Materials Science, Feng Chia University Serving as the Manager of Kaori since September 2008	None	Deputy Chairman	HAN HSIEN FU	Father and son	None
Assistant Manager	ROC	TSAI MENG FANG	Male	2007/07/01	10,013	0.01%	0	0.00%	0	0.00%	Department of Refrigeration and air Conditioning, Taipei University of Science and Technology Manager of Industrial Products Department, METTLER TOLEDO, Taiwan	None	None	None	None	None

Assistant Manager	ROC	CHU CHIU MING	Female	2010/08/01	23,954	0.03%	0	0.00%	0	0.00%	Faculty of Law, University of Myanmar From May 1996 to July 2010, served as the Business Manager of the PHE Division at Kaori	None	None	None	No ne	None
Assistant Manager	ROC	HSU YUNG CHENG	Male	2018/10/03	0	0.00%	0	0.00%	0	0.00%	Master of Science, Department of Management, University of Texas at Arlington, USA Mechanical Research Institute, Taiwan University Director, Chicony Power	None	None	None	No ne	None
Assistant Manager	ROC	CHIANG CHI HUNG	Male	2019/02/18	2,292	0.00%	0	0.00%	0	0.00%	Department of Computer Science, Tamkang University Motech Industries Inc.-Deputy Director of Information Technology Director of Information Department, Topcell Solar International Co., Ltd.	None	None	None	No ne	None
Assistant Manager	ROC	CHENG CHANG LI	Male	2022/03/16	0	0.00%	0	0.00%	0	0.00%	PhD in Chemical engineering, National Cheng Kung University Hydrogen Energy Project Manager, CHEM R&D Manager, Motech Industries Inc.	None	None	None	No ne	None
Financial Executive	ROC	CHUAN G JUI CHIN	Female	2023/06/26	5,092	0.01%	0	0.00%	0	0.00%	Department of Business Administration, Fu Jen Catholic University Manager of Finance Department, SUNNER SOLAR CORP.	None	None	None	No ne	None
Accounting Chief	ROC	CHUNG CHIH HSUAN	Male	2025/11/10	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Feng Chia University Audit Manager, Ernst & Young (EY)	None	None	None	No ne	None
Accounting Executive	ROC	CHANG WAN CHING	Female	2023/08/09	0	0.00%	0	0.00%	0	0.00%	EMBA School of Management Senior Management in Vocational Program EMBA, National Cheng Kung University Finance Manager/Accounting Chief of NEW BEST WIRE INDUSTRIAL CO., LTD.	None	None	None	No ne	None
Corporate Governance Executive	ROC	LI CHIA JUNG	Male	2021/11/05	1,230	0.00%	0	0.00%	0	0.00%	Master's Program in Business Management, Yuan Ze University Audit Manager of BRIGHTKING HOLDINGS LIMITED	None	None	None	No ne	None

Note 1: Where the Chairman and General Manager of the Company or person of an equivalent post (the highest-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

2. Dismissed on November 10, 2025.

3. Dismissed on February 26, 2026.

II. Remunerations Paid to Directors, Chiefs, General Manager and Vice General Managers in the Most Recent Year

(1) Remunerations of General Directors and Independent Directors: (Disclose name and remuneration method for individual directors)

December 31, 2025 Unit: NT\$ thousand

Title	Name	Directors' Remuneration	Ratio of Total Remuneration (A+B+C+D) to Net Income	Remunerations Received by Directors Concurrently Serving as Employees	Ratio of Total Compensation (A+B+C+D+E+F)	Remuneration from
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		Base Compensation (A)		Severance Pay and Pension (B)		Directors' Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employees' Compensation (G)				+G) to Net Income		Ventures other than Subsidiaries or from the Parent Company
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	WU CHIH HSYONG	10,001	10,001	0	0	10,142	10,142	955	955	21,098 2.54%	21,098 2.54%	0	1,395	0	36	0	0	0	0	21,098 2.54%	22,529 2.72%	None
Deputy Chairman	HAN HSIEN FU	0	0	0	0	5,071	5,071	589	589	5,660 0.68%	5,660 0.68%	6,971	6,971	214	214	0	0	0	0	12,845 1.55%	12,845 1.55%	None
Director	HSIN WU WANG	0	0	0	0	5,071	5,071	80	80	5,151 0.62%	5,151 0.62%	8,250	8,460	313	313	223	0	223	0	13,937 1.68%	14,147 1.71%	None
Director	HUANG HUNG HSING	0	0	0	0	5,071	5,071	80	80	5,151 0.62%	5,151 0.62%	5,126	5,126	108	108	144	0	144	0	10,529 1.27%	10,529 1.27%	None
Director	Aladdin Holding Group	0	0	0	0	10,142	10,142	0	0	10,142 1.22%	10,142 1.22%	0	0	0	0	0	0	0	0	10,142 1.22%	10,142 1.22%	None
	Representative WU CHUN YING	0	0	0	0	0	0	80	80	80 0.01%	80 0.01%	6,918	7,358	108	108	200	0	200	0	7,306 0.88%	7,746 0.93%	None
	Representative KU HUNG TAO	0	10,357	0	0	0	0	80	914	80 0.01%	11,271 1.36%	0	0	0	0	0	0	0	0	80 0.01%	11,271 1.36%	None
Independent Director	HUNG HSIANG WEN	840	840	0	0	0	0	80	80	920 0.11%	920 0.11%	0	0	0	0	0	0	0	0	920 0.11%	920 0.11%	None
Independent Director	MAO EN KUANG	840	840	0	0	0	0	80	80	920 0.11%	920 0.11%	0	0	0	0	0	0	0	0	920 0.11%	920 0.11%	None
Independent Director	TANG CHI YAO	840	840	0	0	0	0	80	80	920 0.11%	920 0.11%	0	0	0	0	0	0	0	0	920 0.11%	920 0.11%	None

1. Please specify payment policy, system, standard and structure of the remunerations received by independent directors, and the relevance of remunerations paid to the directors based on their duties, risks, duration of engagement and other relevant factors:

In accordance with the Company's Articles of Incorporation, the Company's remunerations for independent directors are distributed based on review by the Remuneration Committee by individual directors based on their degree of participation in Company operations, value of contributions in conjunction with performance evaluation results, during which the reasonable and fair remunerations level are proposed, and resolution by the Board of Directors.

2. Except as disclosed in the above table, remuneration received by the directors of the Company in the most recent year for providing services to all companies in the financial reports (such as acting as consultants to non-employees of the parent company/all companies in the financial reports/subinvested businesses, etc.) : NT\$0

Remuneration Range Table

Range of Remunerations paid to Directors of the Company	Director Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Statements H	The Company	All Companies in the Financial Statements I
Less than NT\$ 1,000,000	HUNG HSIANG WEN, MAO EN KUANG, TANG CHI YAO, Aladdin Holding Group Representative WU CHUN YING, Aladdin Holding Group Representative KU HUNG TAO	HUNG HSIANG WEN, MAO EN KUANG, TANG CHI YAO, Aladdin Holding Group Representative WU CHU TAO	HUNG HSIANG WEN, MAO EN KUANG, TANG CHI YAO, Aladdin Holding Group representative KU HUNG TAO	HUNG HSIANG WEN, MAO EN KUANG, TANG CHI YAO
NT\$1,000,000 ~ NT\$2,000,000	-	-	-	-
NT\$2,000,000 ~ NT\$3,500,000	-	-	-	-
NT\$3,500,000 ~ NT\$5,000,000	-	-	-	-
NT\$5,000,000 ~ NT\$10,000,000	HAN HSIEN FU, HSIN WU WANG, HUANG HUNG HSING	HAN HSIEN FU, HSIN WU WANG, HUANG HUNG HSING	Aladdin Holding Group Representative WU CHUN YING	Aladdin Holding Group Representative WU CHUN YING
NT\$10,000,000 ~ NT\$15,000,000	Aladdin Holding Group	Aladdin Holding Group, Aladdin Holding Group Representative KU HUNG TAO	HAN HSIEN FU, HSIN WU WANG, HUANG HUNG HSING, Aladdin Holding Group	HAN HSIEN FU, HSIN WU WANG, HUANG HUNG HSING, Aladdin Holding Group, Aladdin Holding Group, Aladdin Holding Group Representative KU HUNG TAO
NT\$15,000,000 ~ NT\$ 30,000,000	WU CHI HSIUNG	WU CHI HSIUNG	WU CHI HSIUNG	WU CHI HSIUNG
NT\$ 30,000,000 ~ NT\$ 50,000,000	-	-	-	-
NT\$ 50,000,000 ~ NT\$100,000,000	-	-	-	-
Greater than or equal to NT\$100,000,000	-	-	-	-
Total	10	10	10	10

(2) Remunerations for Chiefs: N/A.

(3) Remunerations for President and Vice President(s):

Remunerations for President and Vice President (Disclose name and remuneration method for individual

managers)

December 31, 2025 Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Special Disbursement (C)		Employees' Compensation Amount (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income(%)		Remuneration from Ventures other than Subsidiaries or from the Parent Company
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	HSIN WU WANG	3,416	3,626	313	313	4,834	4,834	223	0	223	0	8,786 1.06%	8,996 1.08%	None
Vice Presiden	WU CHUN YING	3,054	3,400	108	108	3,864	3,958	200	0	200	0	7,226 0.87%	7,666 0.92%	None
Vice Presiden	HUANG HUNG HSING	2,118	2,118	108	108	3,008	3,008	144	0	144	0	5,378 0.65%	5,378 0.65%	None
Vice Presiden	CHIU HUNG YI	1,911	1,911	107	107	2,061	2,061	121	0	121	0	4,200 0.51%	4,200 0.51%	None

Remuneration Range Table

Range of Remunerations paid to Individual General Manager and Vice General Managers	Names of General Manager and Vice General Managers	
	The Company	All Companies in the Financial Statements
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$2,000,000	-	-
NT\$2,000,000 ~ NT\$3,500,000	-	-
NT\$3,500,000 ~ NT\$5,000,000	CHIU HUNG YI	CHIU HUNG YI
NT\$5,000,000 ~ NT\$10,000,000	HSIN WU WANG, WU CHUN YING, HUANG HUNG HSING	HSIN WU WANG, WU CHUN YING, HUANG HUNG HSING
NT\$10,000,000 ~ NT\$15,000,000	-	-
NT\$15,000,000 ~ NT\$ 30,000,000	-	-
NT\$ 30,000,000 ~ NT\$ 50,000,000	-	-
NT\$ 50,000,000 ~ NT\$100,000,000	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	4	4

(4) Remunerations Received by the Top 5 the Highest Paid Chiefs in the TWSE/TPEX Company:

Title	Name	Salary (A)		Severance Pay and Pension (B)		Title		Name				Salary (A)		Severance Pay and Pension (B)
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	HSIN WU WANG	3,416	3,626	313	313	4,834	4,834	223	0	223	0	8,786 1.06%	8,996 1.08%	None
Vice President	WU CHUN YING	3,054	3,400	108	108	3,864	3,958	200	0	200	0	7,226 0.87%	7,666 0.92%	None
Vice President	HUANG HUNG HSING	2,118	2,118	108	108	3,008	3,008	144	0	144	0	5,378 0.65%	5,378 0.65%	None
Senior Manager	HUANG YAO CHUN	1,930	1,930	107	107	2,621	2,621	123	0	123	0	4,781 0.58%	4,781 0.58%	None
Senior Manager	LI CHING CHUN	2,000	2,000	108	108	2,543	2,543	123	0	123	0	4,774 0.58%	4,774 0.58%	None

(5) Name and Distribution of President Paid to Remunerations to Employees:

December 31, 2025 Unit: MT\$ thousand

	Title	Name	Stock Dividends	Cash Dividends	Total	Proportion of Total Amount to Net Profit after Tax (%)
Director	President	HSIN WU WANG	0	2,146	2,146	0.26%
	Vice President	HUANG HUNG HSING				
	Vice President	WU CHUN YING				
	Vice President	CHIU HUNG YI				
	Senior Manager	HUANG YAO CHUN				
	Senior Manager	LI CHING CHUN				
	Senior Manager	CHEN YU CHUNG				
	Assistant Manager	TSAI MENG FANG				
	Assistant Manager	CHU CHIU MING				
	Assistant Manager	HAN WEN TENG				
	Assistant Manager	HSU YUNG CHENG				
	Assistant Manager	CHING CHI HUNG				
	Assistant Manager	CHENG CHANG LI				
	Finance Chief	CHUANG JUI CHIN				
	Accounting Chief	CHUNG CHIH CHUAN				
	Accounting Chief Dismissed on November 10, 2025	CHANG WAN CHING				
	Corporate Governance Chief Dismissed on February 26, 2026	LI CHIA JUNG				

(6) Compare and analyze the total amount of remuneration paid by the Company to the Company's directors, Chiefs, president and vice presidents as a percentage of net profit after tax in individual or individual financial reports for the most recent two years and explain the policy, criteria and mix of remuneration payments, the procedures for determining remuneration, and the correlation with operating performance and future risks.

- 1). The remuneration of the directors, Chiefs, president and vice presidents of the Company is paid by the Company only, and the total amount paid in 2025 and 2024 is 9.12% and 10.51% of net profit after tax respectively.

Analysis of the total amount of remuneration paid to directors, Chiefs, president and vice presidents of the Company as a percentage of net profit after tax in individual or individual financial reports by the Company and by all companies in the consolidated financial statements for the most recent two years in 2025:

Item	Total Remuneration			
	2024		2025	
	The Company	All companies in the financial report	All companies in the financial report	All companies in the financial report
Director	36,768	36,768	50,122	61,313
President and vice president	25,569	25,569	25,590	26,240

Unit: %

Item	Proportion of Total Remuneration to Net Profit after Tax			
	2024		2025	
	The Company	The Company	The Company	The Company
Director	6.20%	6.20%	6.04%	7.39%
President and vice president	4.31%	4.31%	3.08%	3.16%

2). Policies, standards, and composition of remunerations paid, the process for determining remuneration, and its relevance with business performance and future risks:

① The remunerations received by directors and Chiefs of the Company include transportation allowance:

Directors' remuneration shall include transportation allowances and performance-based bonuses for directors and Chiefs distributed from earnings: Transportation allowances are determined with reference to industry benchmarks and disbursed according to each director's attendance at board meetings. Directors' compensation from profit distribution is provided in accordance with the company's articles of incorporation. Upon completion of the Company's annual closing, any net profit shall be subject to income tax in accordance with applicable laws; the remaining profit shall first be used to offset accumulated losses from prior years, after which ten percent of the balance shall be appropriated as legal reserve unless such reserve has already accumulated to an amount equal to the Company's paid-in capital, and any remaining profit shall thereafter be allocated to or reversed from special reserves as required by relevant laws, regulations or instructions of the competent authority. Any remaining balance shall be combined with retained earnings at the beginning of the year. The Board of Directors shall, based on the Company's business development, propose a resolution for the distribution of shareholder dividends and bonuses ranging from 10% to 100% of such amount. Where distribution is to be made by issuing new shares, the proposal shall be submitted to the shareholders' meeting for adoption. Remuneration for the Company's president and vice presidents, including salary, bonuses, and employee compensation, is determined based on their respective positions and responsibilities, with reference to market standards for comparable roles within the industry.

② Relevance with business performance and future risks:

As the remunerations structure, including bonuses and earnings distribution items, within the Company, is determined based on the achievement of the Company's annual operating performance, taking into account the overall economic circumstances, relevant industry norms for remunerations, and the future capital requirements for the Company's development, the remuneration for directors, Chiefs, president, and vice president at the Company (excluding fixed compensation for independent directors and Chiefs) is positively correlated with their performance and future risks.

Pursuant to Article 20-1 of the Company's Articles of Incorporation, directors may receive remuneration for the performance of their duties regardless of whether the Company makes a profit or incurs a loss. The Board of Directors is authorized to determine the monthly remuneration for each director within an aggregate cap of NT\$1,000,000. In addition, if the Company earns profits in a given year, no more than 5% of such profits shall be allocated as directors' compensation in accordance with Article 28 of the Company's Articles of Incorporation.

Pursuant to Article 4 of the Regulations Governing the Remuneration Committee, the Remuneration Committee, in a professional and objective capacity, evaluates the Company's remuneration policies and systems for directors and submits recommendations to the Board of Directors.

The key evaluation items for directors' remuneration are as follows. The relevant performance evaluations and reasonableness of remuneration have been reviewed by the Remuneration Committee and the Board of Directors.

- (a) Annual Board Performance Evaluation Results: The Company conducts annual board performance evaluations in accordance with its Board Performance Evaluation Guidelines, covering the performance of the overall board, individual directors, and various functional committees. The Board received an "excellent" rating in its 2025 performance evaluation, demonstrating effective governance, high-quality decision-making, and strong internal controls.
- (b) Business Performance: These indicators were comprehensively assessed with reference to the consolidated financial statements for the year: operating revenue growth of 64.37%, operating profit growth of 58.34%, profit before tax growth of 39.88%, return on equity (ROE) of 21.79%, and earnings per share (EPS) of NT\$9.07. The target for EPS was set at 110% of the annual budget, with a baseline gross profit margin of at least 28%.
- (c) Sustainability Performance: Evaluation was based on the Company's sustainable development strategies and committed targets, covering achievements in low-carbon manufacturing transformation, promotion of the carbon circular economy, sustainable supply chain management, and occupational safety and health performance, together with outcomes such as corporate governance ratings.
- (d) Long-Term Development and Strategy Implementation Performance: Evaluation focuses on the Company's medium- and long-term development priorities, including the layout and revenue contribution of new businesses (such as hydrogen energy and other emerging ventures), R&D and innovation outcomes (e.g., the number of patents granted), the execution of major investment projects (such as plant expansion progress and cost control), as well as the development of digital transformation and data-driven decision-making capabilities.

Based on the above evaluation items, the Company recorded continued growth in operating revenue and pre-tax profit in 2025, with EPS exceeding the budget target and gross profit margin remaining solid. It also achieved tangible results in new business deployment, R&D innovation, and the implementation of major plant expansion plans, while continuously strengthening its talent pipeline and digital transformation capabilities, leading to favorable overall operating and sustainability performance. As a result, the performance evaluation of directors was better than that of the previous year, and the remuneration of directors, including those who also serve as employees, was therefore appropriately adjusted from the prior year, accounting for approximately 11.09% of net profit after tax, with a reasonable correlation to performance.

Policy on Aligning Senior Executive Remuneration with ESG-Related Performance Criteria:

To uphold its philosophy of sustainable development, the Company has integrated Environmental, Social, and Governance (ESG)-related performance into the remuneration evaluation mechanism for its senior executives. Performance reviews are conducted twice annually. In addition to evaluating operational performance based on management competency indicators and KPI attainment, the Company also incorporates ESG-related achievements, including environmental management, occupational safety, employee development, legal compliance, and corporate governance into its performance appraisal and review process. These factors serve as key references for determining executive bonus payments and salary adjustments, thereby supporting the Company's long-term sustainable development.

The remuneration of the Company's senior executives is closely tied to annual performance. The annual performance evaluation indicators for executives explicitly include the realization and practical achievements of ESG and corporate sustainable development. Through its existing remuneration management and performance review mechanism, the Board of Directors ensures

that the compensation policy for senior executives is aligned with the Company's sustainable development goals, ESG management performance, and stakeholders' expectations, thereby strengthening the management team's accountability and commitment to sustainability issues, while enhancing corporate governance and long-term operational performance.

III. Implementation Status of Corporate Governance:

(I): Implementation Status of the Board:

1. A total of 8 Board meetings (A) was convened in 2025. The attendance of director was as follows:

Title	Name	Attendance in Person B	By Proxy	Attendance Rate (%) [B/A] Note 2	Remarks
Chairman	WU CHIH HSYONG	8	0	100	
Director	HAN HSIEN FU	8	0	100	
Director	HSIN WU WANG	8	0	100	
Director	HUANG HUNG HSING	8	0	100	
Director	Aladdin Holding Group Representativ e WU CHUN YING	8	0	100	
Director	Aladdin Holding Group Representativ e KU HUNG TAO	8	0	100	
Independent Director	HUNG HSIANG WEN	8	0	100	
Independent Director	MAO EN KUANG	8	0	100	
Independent Director	TANG CHI YAO	8	0	100	

Other information required to be disclosed:

1.If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

(1). Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has set up Audit Committee and Item 1, Paragraph 5 of the Securities Exchange Act, Article 14 and Paragraph 3, Article 14 of Securities Exchange Act doesn't apply.

(2). Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

1. Motion 3 of the Board of Directors on March 5, 2025: Motion 3 at the Board of Directors meeting held on March 5, 2025: Approval of Proposal of 2024 Employee and Director Bonus Allocation and Director Remuneration

reviewed by the Company's Remuneration Committee. Interested directors and executives each abstained from discussion and voting on the proposal, which was then approved without objection by the other attending directors.

2. Motion 3 at the Board of Directors meeting held on May 9, 2025: Approval of the Proposal of 2024 Director and Employee Bonus Allocation as reviewed by the Company's Remuneration Committee. During discussions on director and executive bonuses, interested directors and executives each abstained from participating in the relevant discussion and voting, and the proposal was approved without objection by the other attending directors.
 3. Motion 6 at the Board of Directors meeting held on May 9, 2025: Approval of the Proposal Granting Employees Stock Options Issued by a Subsidiary of the Company, as reviewed by the Company's Remuneration Committee. During discussions on the proposal, interested directors and executives each abstained from participating in the relevant discussion and voting, and the proposal was approved without objection by the other attending directors.
 4. Motion 1 at the Board of Directors meeting held on September 18, 2025: Approval of the Proposal to Appoint Directors to the Subsidiary (KAORI INTERNATIONAL CO., LTD). Interested directors and executives each abstained from participating in the relevant discussion and voting, and the proposal was approved without objection by the other attending directors.
 5. Motion 2 at the Board of Directors meeting held on September 18, 2025: Approval of the Proposal to Appoint Directors to the Subsidiary (KAORI DEVELOPMENT CO., LTD). Interested directors and executives each abstained from participating in the relevant discussion and voting, and the proposal was approved without objection by the other attending directors.
 6. Motion 3 at the Board of Directors meeting held on September 18, 2025: Approval of the Proposal to Appoint Directors to the Subsidiary (Kaoli Technology (Ningbo) Co., Ltd.). Interested directors and executives each abstained from participating in the relevant discussion and voting, and the proposal was approved without objection by the other attending directors.
3. A TWSE/TPEX listed company shall disclose the information concerning the cycle and period, scope, methods, and items of the Board of Directors' self-evaluation (or peer evaluation).

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Once a year	January 1, 2025 ~ December 31, 2025	Board of Directors, Board members and functional committees	Self-evaluation	As shown below

The Company's Board of Directors has adopted its "Regulations Governing Performance Evaluation of the Board of Directors". On February 26, 2026, the Board of Directors passed the self-evaluation report on the performance of the 2025 Board of Directors. The evaluation results are as follows:

(1) Performance Evaluation of the Board of Directors

Five Major Aspects of Self-Evaluation	No. of Questions	Average Score
A. Participation in Company Operations	12	4.92
B. Improvement of Board Meeting's Policy Quality	12	5.00
C. Board Composition and Structure	7	4.71
D. Election, Appointment and Continuing Education of Directors	7	4.57
E. Internal Control	7	5.00
Total/Average Score	45	4.84

(2) Performance Evaluation of Board Members

Six Major Aspects of Self-evaluation	No. of	Average Score
--------------------------------------	--------	---------------

	Questions	
A. Understanding of Corporate Objectives and Mission	3	4.89
B. Awareness of Directors' Responsibilities and Duties	3	4.89
C. Participation of Corporate Operation	8	4.83
D. Internal Relationship Management and Communication	3	4.85
E. Director Professionalism and Continuing Education	3	4.74
F. Internal Control	3	4.85
Total/Average Score	23	4.84

(3) Performance Evaluation of Functional Committee

Five Major Aspects of Self-evaluation	Audit Committee		Remuneration Committee	
	No. of Questions	Average Score	No. of Questions	Average Score
A. Participation in Corporate Operation	4	4.92	4	4.83
B. Awareness of Responsibilities and Duties of Functional Committee	5	4.93	5	4.73
C. Improvement of Policy Quality of Functional Committee	7	4.76	7	4.76
D. Composition of Functional Committee and Election and Appointment of Members	3	4.89	3	4.89
E Internal Control	3	4.89	-	-
Total/Average Score	22	4.88	19	4.80

Overall, based on the evaluation results, the Company is rated "Excellent". This sufficiently demonstrates that the Company has continuously strengthened the functions of the Board of Directors and maintained sound operation of its functional committees. The Company will continue to make improvements to enhance the effectiveness of corporate governance.

4. Goals for Strengthening Competency of the Board of Directors (e.g. establishment of Audit Committee, enhancement of information transparency, etc.) in the Current Year and the Most Recent Year and Evaluation on the Implementation Status:

On June 17, 2020, the Company established its Audit Committee consisting of a total of 3 members. The Company plans to engage the practicing director in the actual operations and business meetings of each Division's management team for review purposes. Additionally, diversification education and training courses will be arranged for directors to enhance their corporate governance capabilities.

(II) Implementation Status of Audit Committee and Board of Directors:

(1) The Company's Audit Committee was established on June 17, 2020, composed of 3 members.

(2) The term of office of the second committee member is from June 13, 2023 to June 12, 2026. In 2024, the Audit Committee held 8 meetings (A), and the attendance of the committee members is as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) (B/A)	Remarks
Independent Director	HUNG HSIANG WEN	8	100	
Independent	MAO EN	8	100	

Director	KUANG			
Independent Director	TANG CHI YAO	8	100	
Other information required to be disclosed:				
I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Committee and the Company's response to the Audit Committee's opinion should be specified.				
1. Matters referred to in Article 14-5 of the Securities and Exchange Act:				
Audit Committee	Contents of the Motion and Subsequent Handling	Resolution Result	Company's Response to the Audit Committee's Opinion	
10 th meeting of the second term January 18, 2025	1.Proposal to Provide Endorsement and Guarantee for the Bank Credit Line of the Subsidiary, Kaori Thermal Technology Co., Ltd.	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	
11 th meeting of the second term March 5, 2025	1. 2024 Business Reports and Financial Statements. 2. Proposal for 2024 Surplus Distribution. 3. Proposal for "Statement on Internal Control". 4. Assessment of the independence and suitability of the Company's CPAs. 5. Proposal to Increase Capital in the Subsidiary Kaori Thermal Technology (Thailand) Co., Ltd. 6.Proposal to Provide Endorsement and Guarantee for the Bank Credit Line of the Subsidiary, Kaori Thermal Technology Co., Ltd.	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	
12 th meeting of the second term April 15, 2025	1.Proposal for the Company's First Purchase of Its Own Shares (Treasury Stock) in 2025	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	
13 th meeting of the second term May 9, 2025	1.Q1 Financial Report of Year 2025. 2.Proposal for Amendments to the Company's Procedures for Handling Internal Material Information	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	
14 th meeting of the second term August 7, 2025	1.1.Q2 Financial Report of Year 2025. 2.Proposal for the Amendments to the Company's Issuance and Conversion Regulations Governing the Fourth Domestic Unsecured Convertible Corporate Bond	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	
15 th meeting of the second term September 18, 2025	1.Proposal for Amendments to the Company's Internal Control System	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	
16 th meeting of the second term November 10, 2025	1.Proposal for the Release of Endorsement and Guarantee for the Bank Credit Line of the Subsidiary Kaori Thermal Technology Co., Ltd. 2.1.Q3 Financial Report of Year 2025. 3.Proposal for Amendments to the Company's Regulations Governing Organizational Management. 4. Proposal to Change the Accounting Chief	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	
17 th meeting of the second term December 18, 2025	1. Proposal for the Company's Planned Investment Project for the First-Phase Construction at the Ciaotou Campus of Southern Taiwan Science Park 2. Proposal for the Company's Planned Investment Project for the Construction of the Ziqiang Plant on Its Own Land at Ziqiang 4 th Road, Zhongli District	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors	

2. Other matters not approved by the Audit Committee and approved by more than two-thirds of all directors, except the items mentioned above: none.

II. For the implementation of the withdrawal of an independent director from a motion with an interest, the name of the independent director, the content of the motion, the reason for the withdrawal of interest and the voting situation should be stated: none.

III. The communication between the independent director and the internal audit Chief and the accountant (including the important matters, methods and results of the communication on the Company's financial and business conditions, etc.) :

1. Convening method: forum.

2. Important matters and results of communication on the Company's financial and business status:

Date	Attendee	Items	Results
November 10, 2025	Independent Director HUNG HSIANG WEN	➤ Report on the professional training of auditors in 2025.	Unanimous approval
	Independent Director MAO EN KUANG	➤ Report on the Appointment of Auditor of the Subsidiary, Kaori Thermal Co., Ltd.	
	Independent Director TANG CHI YAO	➤ Audit Plan for 2026.	Unanimous approval
	Accountant SU YU HSIU	➤ Status of Improvements Implemented for Internal Control Deficiencies for the 2025 Fiscal Year up to September	
	Accountant HUANG LUNG YI	➤ Explanation of Key Audit Points and Scope of Audit by Accountants	Unanimous approval
	Auditor TAI CHIA LING	➤ Applicable timeline and disclosure time for corporate governance and sustainable development projects	
		Suggestions from CPAs.	Submit to the competent chief for discussion
		➤ Formulate internal control processes, management and control over cost and expenditure reimbursement as well as appointment of specialized personnel (e.g.: accounting staff, auditor) with the subsidiary, Kaori Thermal Co., Ltd.	
		Suggestions from Independent Directors:	
		➤ Appointment of specialized personnel (e.g.: accounting staff, auditor) with the subsidiary, Kaori Thermal Co., Ltd.	

(III) Implementation Status of Corporate Governance and its Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Evaluation Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles	V		The Company has adopted relevant regulations and measures in accordance with the “Corporate Governance Best-Practice	None
2. Shareholding Structure & Shareholders’ Right (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the Company establish and implement risk management and firewall mechanisms between itself and affiliated enterprises? (4) Does the Company establish internal rules against insiders trading securities with undisclosed information?	V V V V		(1) The Company’s finance department has designated dedicated personnel to handle shareholder suggestions, inquiries, disputes, and related matters. Where legal issues are involved are handled by the Company’s legal personnel or legal firms entrusted by the Company. (2) The Company has entrusted Mega Securities Co., Ltd. to handle stock affairs, allowing the Company to promptly access information on major shareholders and the ultimate controllers of major shareholders. (3) The Company has adopted operational guidelines for financial transactions among affiliated enterprises, guidelines for managing short-and-long-term investments, and procedures for monitoring subsidiary companies and has implemented accordingly.	None
3. Composition and Responsibilities of the Board of Directors (1) Does the Board formulate and implement a diversity policy, specific management objectives and implementation? (2) Does the Company voluntarily establish other functional committees in addition to the	V V V		(1) The Company has adopted its “Regulations Governing Elections of Directors and Chiefs” and the “Corporate Governance Best-Practice Principles”, and has formulated its policy on diversification for board members and set specific management objectives, gradually implementing them. For the implementation status, please refer to “Implementation of Director Diversification”, pages 13~14 of this Annual Report.	None

Remuneration Committee and the Audit Committee? (3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? (4) Does the Company regularly evaluate the independence of attesting CPA?			(2) The Company has established the “Remuneration Committee” and the Board meeting held on May 8, 2024 has approved the establishment of “Sustainable Development Committee”. (3) The Board of Directors of the Company has adopted the “Regulations Governing Performance Evaluation of the Board of Directors” specifying that the Board of Directors shall conduct an internal performance evaluation of the board at least once a year, and that the evaluation shall be held at the end of each fiscal year following the evaluation procedures and indicators specified in these Regulations. In the future, the evaluation results can be reported to the Board of Directors and used as a reference for individual director’s remuneration and nomination for re-election. The Company has completed the self-evaluation of the 2025 Board of Directors and its members. The evaluation criteria are as follows: “5 points” (Excellent), “4 points” (Good), “3 points” (Average), “2 points” (Needs Improvement), and “1 point” (Poor). (Best of 5 points for each criterion).	
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Evaluation Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles
	Yes	No	Abstract Illustration	
	V		There are five major performance evaluation aspects for the Board of Directors include Participation in the Corporate Operation, Improvement of Board’s Policy Quality, Composition and Structure of the Board, Election and Continuing Education and the Board as well as Internal Control. The weighted average score of this evaluation is 4.84. There are five major performance evaluation aspects for the Board members include Understanding of the Company’s Objectives and Missions, Awareness of Directors’ Responsibilities and Duties, Participation in the Corporate Operation, Internal Relationship Management and	

Evaluation Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles
	Yes	No	Abstract Illustration	
			Communication as well as Internal Control. The weighted average score of this evaluation is 4.84. There are five major performance evaluation aspects for the functional committees (Audit Committee and Remuneration Committee): Participation in the Corporate Operation, Awareness of Functional Committee’s Responsibilities and Duties, Improvement of Policy Quality for the Functional Committees, Composition of Functional Committees and Member Election and Appointment as well as Internal Control. The weighted average scores of this evaluation are 4.88 and 4.80, respectively. Overall, based on the evaluation results, the Company has been rated as “excellent”, evidently indicating that the Company has been strengthening the functions of the Board of Directors and the overall operations of the Functional Committees are in good condition. The Company will continue to strive for improvement to enhance corporate governance effectiveness. (4) The Company has adopted “Evaluation Method for Independence and Suitability of CPA” on August 7, 2020. On February 26, 2026, the Board of Directors approved the independence and suitability of the certified public accountants for 2026, based on the Information on Audit Quality Indicators and the independence statement provided by the accountants. The Company’s certifying accountants are SU YU HSIU and CHEN WEN HSIANG from Deloitte & Touche. They are not related parties of the Company and there is no indication of lack of independence.	

Evaluation Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles
	Yes	No	Abstract Illustration	
4. Does the Company appoint a suitable number of competent personnel and a Chief responsible for corporate governance matters (including but not limited to providing information for directors and Chiefs to perform their functions, assisting directors and Chiefs with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The designated unit responsible for handling the Company's board meeting affairs is the Finance Department, as appointed by the Company's Board of Directors. On November 5, 2021, the Board of Directors approved the appointment of a Corporate Governance Chief. Therefore, the meeting affairs unit is responsible for handling requests from the Board of Directors and Shareholders' Meetings, assisting directors and independent directors in complying with laws and handling Company registrations and change registrations, preparing board and shareholders' meeting minutes, and providing timely and effective assistance to directors in performing their duties as promptly as possible.	None
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has complied with the regulations by setting up a dedicated section for stakeholders on its corporate website and has appropriately responded to important corporate social responsibility issues raised by stakeholders.	None
6. Does the Company appoint a professional shareholder service agency to deal with	V		The Company has entrusted Department of Stock Affairs, Mega Securities Co., Ltd. to handle the affairs of the Shareholders' Meeting	None

Evaluation Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles
	Yes	No	Abstract Illustration	
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V V V		(1) The Company has disclosed financial and corporate governance information on its corporate website. (2) The Company has made its corporate website available in English and has regularly and irregularly reports various financial and business information on the MOPS in compliance with regulations; a dedicated person responsible for information collection and disclosure within the company has been appointed, and a spokesperson system has been established. (3) On February 26, 2026, the Company’s Board of Directors approved the 2025 Financial Reports, and the Company has timely disclosed and reported quarterly financial reports and monthly operating conditions within the prescribed deadlines set by the competent authority.	None
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and Chiefs’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and Chiefs)?	V		(1) Employee Rights and Employee Care: In addition to complying with the Labor Standards Act and relevant laws, The Company has established an Employee Welfare Committee and implemented a retirement pension system. It encourages employees to participate in domestic and international training programs and technical seminars, provides employee group insurance and regular health check-ups, emphasizes labor relations, and offers equal employment opportunities. (2) Investor Relations, Supplier Relations, and Stakeholders’ Rights: The Company has set up an investor section on its corporate website (please refer to corporate website: https://www.kaori.com.tw/tw/) and provides contact numbers and email addresses for designated personnel to handle shareholder issues, suggestions, inquiries, and disputes. The Company maintains smooth communication channels with investors, suppliers, and customers, maintains good interactive	No material difference

Evaluation Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles
	Yes	No	Abstract Illustration	
			relationships, adheres to the principle of integrity in business dealings, and complies with the Company’s internal control systems and management practices. (3) Continuing Education for Directors: In 2025, the Company’s directors have received education on corporate governance topics, including courses on finance, business operations, commercial affairs, legal affairs and accounting. Independent directors also receive a minimum of six hours of annual education on law, finance, or accounting. The status of the said education has been disclosed in the “Corporate Governance Section” of the MOPS. (4) Implementation of Risk Management Policies and Standards: The Company has established various internal management regulations and risk management policies in compliance with the law. Furthermore, the Company’s internal audit units regularly or irregularly implements various risk management, assessment, and auditing activities according to these regulations. (5) Implementation of Customer Policy: The Company has established customer policies and complaint handling procedures and maintains regular contact with customers through its designated personnel. For customer complaints, the Company properly identifies the issues and accountability, proposes rapid and effective measures to address the issues, and proposes preventive improvement measures to prevent recurrence. Meanwhile, the Company ensures maximum benefits for both parties through good negotiation and communication channels. (6) Directors and Chiefs’ Liability Insurance and Social Responsibility: The Company has insured liability insurance for its directors and Chiefs, with coverage of US\$ 3 million, to strengthen the protection of shareholders' equity.	

Evaluation Items	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles
	Yes	No	Abstract Illustration	
9.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measure: As of the date of publication of the Annual Report, the Company has not yet disclosed its Corporate Governance Evaluation Results for year 2025, therefore, the Corporate Governance Evaluation Results of TWSE/TPEX Companies of Year 2024 was disclosed in line with the evaluation systems divided into seven levels. The Company’s evaluation result in 2024 falls within the fifth level at 51% to 65%. The Company has completed the corporate governance self-evaluation in accordance with the requirements of the TPEX, which has been carried out in accordance with the statutory requirements as far as possible. For voluntary announcement projects, it is still improving phase by phase. The key improvements made this year mainly include the formulation of a human rights protection policy and concrete management measures, as well as the disclosure of annual greenhouse gas emissions over the past two years. In the future, the Company will also need to cooperate with the competent authorities to promote and improve the corporate governance evaluation.				

Note 1: For each indicator, specify measures and conducts at the Abstract Illustration field, no matter if “Yes” or “No” is ticked at the Implementation Status.

(IV) Implementation Status: Composition, Responsibilities and Operations of the Remuneration Committee, where the Company has established its Remuneration Committee:

1. Composition of the Remuneration Committee:

Information of Members of the Remuneration Committee

December 31, 2025

Conditions		Professional Qualifications and Experience	Independence	Number of Companies the Member Concurrently Serve as a Remuneration Committee Member
Role	Name			
Independent Director (Convenor)	HUNG HSIANG WEN	Consultant of Li-Mei-Jia Investment Company	Not involved in affairs as stipulated in Items 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	None
Independent Director	MAO EN KUANG	General Secretary of Wind Power Industry in Taiwan Vice General Secretary of Taiwan Electrical and Electronic Manufacturers' Association	Not involved in affairs as stipulated in Items 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	1
Independent Director	TANG CHI YAO	Vice President of Human Resources of Lion Travel Co., Ltd. Head of Human Resources of TAIWAN STAR TELECOM CORPORATION LIMITED	Not involved in affairs as stipulated in Items 5-8, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies	None

2. Responsibilities of Remuneration Committee:

The relevant matters regarding the authority of the Company's Remuneration Committee are performed in accordance with the provisions under the "Organizational Charter of the Remuneration Committee" adopted in accordance Article 3 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". Unless otherwise provided by laws or the Company's Articles of Incorporation, the conducts shall be performed in accordance with the provisions of the said organizational charter. The functions of this committee involve the evaluation of remunerations policies and systems for directors, Chiefs, and managers of the Company from a professional and objective perspective as well as making recommendations to the Board of Directors as reference for their decision-making.

3. Information for Implementation Status of Remuneration Committee:

(1) The Company's Remuneration Committee is composed of 3 members.

(2) Term of Office of Committee Member: The term of office for the 5th term members is from June 13, 2023 to June 12, 2026. The Remuneration Committee held 2 meetings (A) in fiscal year 2025. The qualifications and attendance of members are as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	HUNG HSIANG WEN	2	0	100	
Member	MAO EN KUANG	2	0	100	
Member	TANG CHI YAO	2	0	100	

Other information required to be disclosed:

- I. Where the Board of Directors does not adopt or amends suggestions by the Remuneration Committee, Board of Directors meeting date, period, contents of proposal, Board of Directors resolutions and Company response to Remuneration Committee opinions should be specified (e.g. where the remunerations adopted by the Board of Directors if more preferable than the amounts suggested by Remuneration Committee, the deviation and cause for such deviation shall be specified): None.
- II. Where a member expresses objection or reserved opinions to resolution by the Remuneration Committee and a record or written statement is in place, Remuneration Committee meeting date, period, contents of proposal, opinions of all members and response to member opinions should be specified: None.

Remuneration Committee	Proposal	Resolution	Response of the Company
7 th meeting of the 5 th term March 5, 2025	1. Year-end Bonus and Operating Bonus of the Company for Year 2024. 2. Proposal for Travel Expenses for Directors Attending Meetings of the Company	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors
8 th meeting of the 5 th term May 9, 2025	1. Proposal for the Allocation of Director Compensation and Employee Bonuses for 2024 of the Company 2. Proposal for the Grant of Employee Stock Options Issued by Subsidiaries to the Company's Employees	Approved by all Audit Committee Members	Submitted to the Board of Directors meeting to be approved by all attending directors

(V) Fulfillment of Sustainable Development: Implementation of Sustainable Development and its Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Implementation Items	Implementation Status (Note 1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Abstract Illustration									
1. Does the Company promote governance structure for sustainable development and establish a dedicated (concurrent) unit for promoting sustainable development, with corresponding handling by senior management under authorization of the Board of Directors?	V		The Company has set up a Commission on Sustainable Development on May 8, 2024, with three independent directors serving as members. It was convened 2 times in 2025, and relevant information is shown as follows: <table><tr><td>Commission on Sustainable Development</td><td>Contents of Motion and Resolution Results</td><td>Where a Member of the Commission on Sustainable Development Has an Objection or Qualified Opinion and a Recorded or Written Statement</td><td>Commission’s Suggestions Not Adopted or Amended by the Board of Directors</td></tr><tr><td>4th meeting of the 1st term August 7, 2025</td><td>Reports: 1. Report on Stakeholder Engagement for Fiscal Year 2024 2. Report on the Implementation of</td><td>None</td><td>None</td></tr></table>	Commission on Sustainable Development	Contents of Motion and Resolution Results	Where a Member of the Commission on Sustainable Development Has an Objection or Qualified Opinion and a Recorded or Written Statement	Commission’s Suggestions Not Adopted or Amended by the Board of Directors	4 th meeting of the 1 st term August 7, 2025	Reports: 1. Report on Stakeholder Engagement for Fiscal Year 2024 2. Report on the Implementation of	None	None	No material difference
Commission on Sustainable Development	Contents of Motion and Resolution Results	Where a Member of the Commission on Sustainable Development Has an Objection or Qualified Opinion and a Recorded or Written Statement	Commission’s Suggestions Not Adopted or Amended by the Board of Directors									
4 th meeting of the 1 st term August 7, 2025	Reports: 1. Report on Stakeholder Engagement for Fiscal Year 2024 2. Report on the Implementation of	None	None									

				Sustainability Initiatives for the First Half of Fiscal Year 2025 Discussions: 1. Proposal for Submitting the Company’s 2024 Sustainability Report 2. Proposal for Submitting the Company’s 2024 Human Rights Due Diligence Report			
			5th meeting of the 1st term December 18, 2025	Reports: 1. Report on the Implementation of Sustainability Initiatives for the Second Half of Fiscal Year 2025. 2. Report on the Identification and Confirmation Results of Material Issues for the Company’s 2025 Sustainability Report. 3. Report on the Company’s 2026 Sustainability Goals. Discussions: 1. Amendments to the Company’s Code of Practice for Sustainable Development.	None	None	
Members of the Company’s Commission on Sustainable							

			Development, with their academic and professional backgrounds, have not only accumulated rich experience in sustainability related work, but also have professional knowledge in the fields of business management, corporate governance and finance and economics. The framework for promoting sustainable development within the Company is organized with the Chairman as the chairperson, the Deputy Chairman of the Board as the vice chairperson, the President as the convenor, and the Deputy General Manager of the Administrative Management Division as the deputy convenor. The implementing units are organized based on four dimensions: environmental management, corporate governance, social engagement, and green sustainable products. The Board of Directors supervises and guides the environmental, social, and corporate governance issues related to sustainable development and arranges periodic meetings throughout the year to report on the progress of implementation to management and the Board of Directors. For details on the governance structure of the members involved in such promotion, please refer to the “Implementation Status of the Company’s Sustainable Development” in this Annual Report.	
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)	V		The Company has adopted its “Sustainable Development Best Practice Principles” to fulfill corporate governance conduct risk assessments related to environmental, social, and corporate governance issues relevant to the Company’s operations, develop a sustainable environments, promote social welfare, meanwhile establishing risk management strategies and measures for materiality issues. Please refer to the “Implementation Status of the Company’s Sustainable Development” in this Annual Report.	No material difference
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		The Company has established an appropriate environmental management system in accordance with the requirements of environmental regulations, with industry characteristics taken into consideration. The Company’s Kaohsiung Plant obtained ISO 14001 certification for environmental management systems, demonstrating the Company’s implementation of effective environmental management systems and legal basis of relevant regulations.	No material difference
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		Through process optimization, the Company enhances energy efficiency, promotes paperless electronic signatures, domestic waste reduction, and recycling activities to achieve continuous energy conservation and carbon reduction.	No material difference

		.Energy Saving Rate (%) Achievements by Plant Each plant complies with the regulations of the Bureau of Energy, Ministry of Economic Affairs, and Article 9 of the Energy Administration Act. Energy users with Taipower electricity contracts of 800kW or above are subject to control. They shall report annual energy performance and energy improvement plans each year. The performance target is that the “annual energy saving rate” or “average annual energy saving rate” exceeds 1%. For Zhongli Plant 1 and Kaohsiung Plant, the Company has appointed dedicated energy managers to implement energy conservation measures and plans, achieving an average annual energy saving rate of over 1%. <table><tr><th>Plants/Years</th><th>Energy Saving Rate in 2023 (%)</th><th>Energy Saving Rate in 2024 (%)</th><th>Energy Saving Rate in 2025 (%)</th><th>Average Energy Saving Rate (%) from 2015 to 2025</th></tr><tr><td>Zhongli Plant No. 1</td><td>6.08</td><td>0.76</td><td>0.30</td><td>2.15%</td></tr><tr><td>Kaohsiung Plant</td><td>6.19</td><td>8.18</td><td>0.92</td><td>4.01%</td></tr></table>	Plants/Years	Energy Saving Rate in 2023 (%)	Energy Saving Rate in 2024 (%)	Energy Saving Rate in 2025 (%)	Average Energy Saving Rate (%) from 2015 to 2025	Zhongli Plant No. 1	6.08	0.76	0.30	2.15%	Kaohsiung Plant	6.19	8.18	0.92	4.01%	
Plants/Years	Energy Saving Rate in 2023 (%)	Energy Saving Rate in 2024 (%)	Energy Saving Rate in 2025 (%)	Average Energy Saving Rate (%) from 2015 to 2025														
Zhongli Plant No. 1	6.08	0.76	0.30	2.15%														
Kaohsiung Plant	6.19	8.18	0.92	4.01%														
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V	Since 2022, the Company has voluntarily invoked the Task Force on Climate-related Financial Disclosures (TCFD) international guidelines to disclose four core elements in accordance with the TCFD recommendations: “Governance”, “Strategy”, “Risk Management” and “Indicators and Objectives” to identify the significant risks and opportunities that climate change may pose to the company and propose relevant strategies to deal with them. Please refer to Kaori’s ESG Corporate Sustainable Private Network Report to download the TCFD report https://esg.kaori.com.tw/tw/download	No material difference															

(4) Does the Company take examination of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V	(1) In terms of greenhouse gas management: Since 2021, Kaori has introduced the ISO 14064-1:2018 greenhouse gas inventory standard, which has been 100% verified by third-party inspection for three consecutive years. In addition, the Ningbo subsidiary completed the inventory and verification operation in 2025, and its operation process was synchronized with that of the parent company. Greenhouse Gas for Years (tons of CO₂e) <table border="1"> <thead> <tr> <th>Emission Category/Total (tons of CO₂e)</th><th>2023</th><th>2024</th><th>2025</th></tr> </thead> <tbody> <tr> <td>Scope 1</td><td>271.0538</td><td>265.7785</td><td>355.0808</td></tr> <tr> <td>Scope 2</td><td>8,851.4510</td><td>6,897.5006</td><td>7,764.5399</td></tr> <tr> <td>Total</td><td>9,122.5048</td><td>7,163.2791</td><td>8,119.6207</td></tr> </tbody> </table> (2) Water Resource Management: The Company has established an environmental management system based on ISO 14001 to manage water resources, monitor daily water consumption at each plant through data-based monitoring, and maintain control over water resource management at major operational sites. In the event of abnormal water usage, inspections and response measures are carried out in a timely manner, while irregular water conservation initiatives are implemented to strengthen employees' awareness of water efficiency. All of the Company's major operational sites are supplied 100% by municipal tap water, primarily for employee daily use and plant operations. Domestic wastewater generated is either properly treated via on-site wastewater facilities or discharged in accordance with regulations into municipal sewer systems for further treatment, posing no significant impact to receiving water bodies. Furthermore, Kaohsiung Benzhou Plant is equipped with dedicated wastewater treatment facilities that ensure full legal compliance in the treatment of wastewater and sewage. No illegal pollution incidents occurred in 2024 and 2025, and no significant impact was caused to environmental water sources. Total Water Use over the Years (million liters) <table border="1"> <thead> <tr> <th>Total Usage (in Million)</th><th>2023</th><th>2024</th><th>2025</th></tr> </thead> <tbody> <tr> <td></td><td>9.449</td><td>6.57</td><td>4.71</td></tr> </tbody> </table>	Emission Category/Total (tons of CO ₂ e)	2023	2024	2025	Scope 1	271.0538	265.7785	355.0808	Scope 2	8,851.4510	6,897.5006	7,764.5399	Total	9,122.5048	7,163.2791	8,119.6207	Total Usage (in Million)	2023	2024	2025		9.449	6.57	4.71	The data in the 2023 field are internal statistics and will be checked externally during April and May 2026.
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4. Social Issues (1) Does the Company formulate appropriate management policies and procedures	V		Kaori attaches great importance to the implementation of human rights, practices labor policies and their spirit with a fair and respectful	No material difference																				

according to relevant regulations and the International Bill of Human Rights?		attitude, establishes a culture of equality, inclusiveness and open communication, builds a working environment that guarantees human rights, and ensures that the implementation of relevant spirits is internalized in the work of employees and corporate culture. In addition to complying with the provisions of the national law to protect workers, Kaori also respects the human rights of its employees, including gender equality, the prohibition of any form of discrimination, forced labor, the use of child labor, and the avoidance of excessive working hours. We have zero tolerance for any harassment, discrimination or other breach of employment law. .Kaori’s human right policies 1. Diversity, inclusion and equal opportunities 2. Against discrimination, bullying and harassment 3. Meet the basic wage and reasonable hours 4. No forced labor and no child labor 5. Healthy and safe workplace environment 6. Implement information security 7. Promote harmony between labor and management https://www.kaori.com.tw/tw/modules/about/isopolicy . Human rights measures adopted and implemented in 2025 In 2025, the Company did not report any human rights violations and completed third party human rights due diligence for the first time. The Company follows the norms of international human rights conventions to create a diverse, equal and inclusive corporate culture. Interviews with the senior management team identified human rights risks Kaori may face in its operations. A total of 23 human rights risks were identified under the four main categories of human rights issues: working conditions, physical and mental health, diversity and inclusion, and ethical governance. After risk analysis, it is the medium-low risk. Human Rights Risk Assessment and Control Measures <table><tr><th>Items</th><th>No forced labor</th><th>Prohibited child labor</th></tr><tr><td>Risk</td><td>Internal control of work hours</td><td>Verify that the applicant</td></tr></table>	Items	No forced labor	Prohibited child labor	Risk	Internal control of work hours	Verify that the applicant	
Items	No forced labor	Prohibited child labor							
Risk	Internal control of work hours	Verify that the applicant							

				assessment		is at least 16 years old according to the ID card	
				Practicing principle	Do not force or coerce unwilling personnel to perform labor service or overtime work	Do not employ child workers under the age of 16	
				Control measures	Control over work hour Continuous attendance, attendance traceability on holidays Provide opinion feedback channels	The HR department verifies the identity card during the interview Control over the date of birth when receiving a resume	
				Items	Eliminate illegal discrimination	Safe and healthy environment	
				Risk assessment	According to Taiwan's labor law, the principle of non-discrimination applies to new-employee interview, on-the-job training, salary and promotion.	Do a good job of hazard identification and risk assessment → high-risk jobs should be listed for control. Implement the prevention of occupational diseases and promote the physical and mental health of employees.	
				Practicing principle	During the interview, new employees are not asked for personal information unrelated to work, and verbal discrimination between colleagues and Chiefs or between colleagues is prohibited.	Develop a safety culture and a friendly working environment	

				Control measures	Regularly review regulations and internal management systems for compliance with legal requirements.	Formulate measures for personnel safety and work environment protection. Provide medical assistance, doctor on-site service. Personnel education, training and advocacy.
				Risk assessment	Balance between work and life	
				Practicing principle	Promote interpersonal interaction with colleagues through participation in leisure activities, and strive to maintain work-life balance and physical and mental health of employees.	
				Control measures	The Welfare Committee handles travel, handwork, sports-related activities.	
				Risk assessment	Strengthen the publicity channels in the factory, encourage employees to participate, and distribute questionnaires to participants after the event, optimize and increase the number of future events.	
Committed to complying with Taiwan's labor laws, Kaori has formulated a code of labor rights protection and management that includes working hour wages, humane treatment, non-discrimination, anti-workplace bullying, and freedom of association: prevention of non-voluntary labor, prevention of sexual harassment, protection of workplace motherhood, and prevention of illegal violations in the performance of duties. * Implementation of human rights targets in 2025 (1) No discrimination occurred (2) Freedom of association is not prohibited (3) No child Labor was employed						

			(4) No major forced or compulsory labor incidents occurred	
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		: The Company regularly holds labor-management meetings and weekly meetings to maintain a good two-way communication, and formulates and implements reasonable employee welfare measures including salaries, vacations and other benefits in accordance with the Labor Standards Act and related laws and regulations, with business performance and outcome reflected in the form of employee compensations: (1) The Board of Directors has established its Remuneration Committee responsible for payment policy, system, standard and structure of the remunerations. (2) Bonus payments are tied to corporate operating performance, annual net profit results, and individual employee performance reviews. (3) Birth allowance: NT \$50,000 for single births, NT \$100,000 for twins, NT \$150,000 for triplets, more than multiple births and so on. (4) Child care allowance: For children under six years old whose registered residence is in the employee's account of the company, NT \$10,000 per child per household per year will be granted. (5) Employees propose to improve the outstanding performance, will be commended at the monthly meeting, and paid the achievement bonus, in order to encourage excellent employees.	No material difference
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Company has passed the ISO 45001 TOSHMS' certification. The Company conducts annual employee health check-ups and regularly promotes a safe and healthy working environment during monthly meetings. Regular safety and health education participated by all employees have been organized. Through these events, regular communications and interaction with employees as well as the dissemination of policy plans and educational training are implemented. Employees can gain a comprehensive understanding of the Company's operational updates through these meetings. The Company provides and maintains a safe and healthy working environment in compliance with industrial practices and legal requirements, and conducts regularly the labor safety education and prevention training in accordance with legal regulations. .Implementation of ESH indicators in 2025	No material difference

			(1) No major occupational disaster. (2) Passed the certification of ISO 45001 TOSHMS (3) All the occupational safety and health personnel are in compliance with the regulations and effective and completed the training (4) 100% of new employees participate in safety education and training (5) The participation rate of health examination is greater than or equal to 80% (6) The training rate of high-risk operators is 100% (7) Major occupational disaster ≤ 5 cases/year (excluding death) (8) Risk and chance improvement rate is 100% There was no fire incidents in Kaori in 2025. ◦ Kaori places great emphasis on fire safety at its plants. In addition to conducting annual inspections and statutory filings for fire-fighting equipment as required by law, the Company also strengthens on-site fire response team training. Through scenario-based drills, full-plant fire response simulations are carried out to ensure that all employees are able to take proper and immediate action in the event of a fire. For fire prevention, the Company conducts fire hazard assessments across its facilities to identify high-risk zones and implement targeted improvements and preventive measures, such as infrared thermal imaging for electrical systems, pipeline maintenance, and regular site inspections.	
(4) Does the Company provide its employees with career development and training sessions?	V		In response to rapid technological changes in the industry and to ensure employees' skills and career development, the Company has adopted its "SOP Manual for Education and Training Management" for the objectives to enhance employees' knowledge and skills, thereby improving work efficiency and quality. Furthermore, the Company provides non-periodic on-the-job training or encourages employees to participate in external professional training. Employee learning and development are prioritized in human resources management of the Company to cultivate outstanding professionals and enhance operational performance to achieve the Company's business objectives.	No material difference

(5) Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		In terms of marketing and labeling of products and services, the Company follows relevant regulations and does not engage in deceptive, misleading, or any hidden practices which may impair consumer rights. The Company has adopted its a customer complaint management procedure and established a customer-oriented quality system. Additionally, the Company values customer feedback and has set up a stakeholder section on the Corporate Website https://esg.kaori.com.tw/tw/esg/page/stakeholder_engagement , providing contact information and channels for inquiries, complaints, or suggestions to ensure customer rights.	No material difference
(6) Does the Company adopt a supplier management policy that mandates suppliers to abide by relevant standards concerning environmental protection, occupational safety and health, and labor human rights, together with its implementation outcomes.	V		1. Supplier management policy: with stable quality, delivery time, supply stability, long-term cooperation willingness as the priority. 2. Following the Responsible Alliance Code of Conduct, suppliers are required to sign the "Supplier Code of Conduct" as the basis. 100% of suppliers signed. The supplier undertakes to conduct any activities in accordance with the relevant legal and ethical guidelines. We explain Kaori's sustainable management policy to our suppliers and ensure that suppliers continue to meet our expectations through formal sign-off.	No material difference
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?	V		The Company has voluntarily published an annual sustainability report for three consecutive years. The reports are prepared in accordance with the Global Reporting Initiative (GRI) Standards and aligned with the United Nations Sustainable Development Goals (SDGs). Please refer to Kaori's ESG Corporate Sustainability Report download page https://esg.kaori.com.tw/tw/download	No material difference
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the Company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: In order to further strengthen the Company's governance and promotion work in the field of sustainable development and effectively ensure the effective implementation of sustainable development strategies and objectives, the Board of Directors of the Company deliberated and approved the establishment of the "Commission on Sustainable Development" on May 8, 2024. The core mission of the three-member committee is to enhance the effectiveness of the Company's management and supervision in environmental protection, social responsibility and corporate governance, and to ensure that the Company's social and environmental responsibilities are fulfilled while achieving economic growth. The Company regularly assesses its performance based on these principles and makes improvements accordingly. To date, there have been no significant deviations from the implementation of these Principles.				
7. Other useful information for explaining the status of corporate social responsibility practices: The Company is committed to integrating ESG principles into its operational processes and striving for sustainable management with the				

core principles of “energy conservation, carbon reduction, people-oriented, and sustainable operation” in a more systematic and organized manner. In response to the risks of climate change, Kaori grasps international trends and advocates for actions towards achieving net-zero carbon emissions. As achieving net-zero is crucial for the long-term strategic development of the Company, priority is given to promoting sustainable practices focused on “low carbon X emission reduction” before the net-zero carbon emission is realized:

- (1) The world’s first plate heat exchanger manufacturer to receive both ISO 14064-1 greenhouse gas examination and ISO 14067 carbon footprint certification, ready to meet the challenges of international carbon tariffs.
- (2) The Taiwan plant has completed greenhouse gas examination for three consecutive years, and that of the subsidiary Ningbo plant was completed in 2024.
- (3) We have deployed renewable energy facilities with a total installed capacity of 1.216 MW, generating a combined total of 1,381,178 kWh of green electricity in 2025.
- (4) Energy intensity in 2025 decreased by 30.40% compared with 2024.
- (5) In 2025, the Company was recognized as an Outstanding Enterprise by the Occupational Safety and Health Administration (OSHA), Ministry of Labor, for its exemplary voluntary disclosure of occupational health and safety performance in its corporate sustainability report.
- (6) In 2025, the Company published its first third-party human rights due diligence report, fostering a diverse, equitable, and inclusive workplace culture.
- (7) In 2025, the Company was selected for the Taiwan FINI 100 (Foreign Institutional Investors’ Top 100 Taiwan Enterprises).
- (8) In 2025, the Company attained an A rating in the TIP Taiwan Sustainability Ratings.
- (9) In 2024, the Company ranked 2nd in the Electrical & Mechanical Equipment and Precision Instruments category in CommonWealth Magazine’s Benchmark Enterprise Survey.
- (10) In FY2024, the Company achieved a B grade in the international CDP (Carbon Disclosure Project) assessment.
- (11) In 2024, the Company won the “Health Promotion Label” with respect to healthy workspace issued by the Health Promotion Administration, MOHW.
- (12) We have passed the TOSHMS ISO 45001 third-party certification. We will implement continuous improvement through systematic occupational safety and health management, and strive towards the goal of zero occupational hazards.
- (13) Kaori Thermal Energy Technology Co., Ltd., a subsidiary of the Company, has obtained third-party certification for the ISO 27001 Information Security Management System.

In recent years, the Company has been dedicated to joint development with world-class manufacturers. We have successively developed and produced a wide range of energy-saving, hydrogen energy, and renewable energy solutions, actively expanding into the green energy market and advancing deeper into the green energy industry. Having evolved from energy utilization to energy conservation and now to energy generation, Kao Li demonstrates its strong commitment to fulfilling corporate environmental responsibilities, contributing to the protection of the planet, and working alongside industry partners to build a sustainable green energy future.

Note 1: If “Yes” is ticked in the “Implementation status” column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If “No” is ticked in the “Implementation status” column, please explain the deviations and the reasons in the “Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons” column and explain the Company’s plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and Chiefy framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the Company’s risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

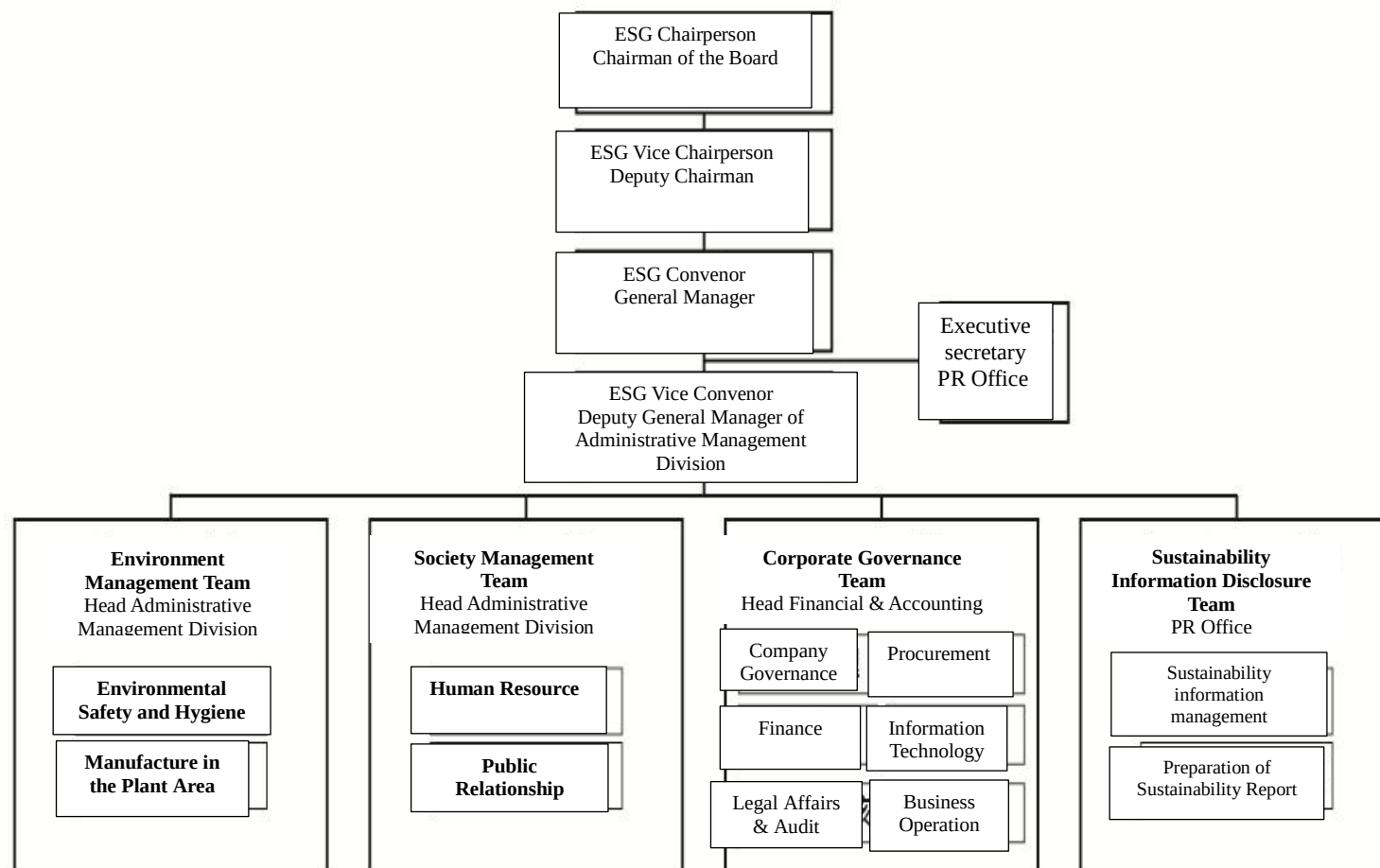
Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

Implementation status of the Company's promotion of sustainable development:

I. Framework for Sustainable Development Promotions

As the executive unit, the Company's ESG Promotion Committee (hereinafter referred to as the "Promotion Committee") is responsible for assisting the Committee in implementing its programs. In accordance with the provisions of Article 6 of the Organizational Regulations of the Commission on Sustainable Development, the functions and powers of the executive unit shall be performed by the heads of relevant departments respectively. They are members of the Sustainable Environment Group, the Social Welfare Group, the Corporate Governance Group and the Sustainable Disclosure Group, with the General Manager serving as the convenor. The Promotion Committee shall report the implementation status at the monthly executive meeting and supervise the relevant adjustment work when necessary. In 2025, the Sustainable Development Committee convened 2 meetings and reported upward to the Board of Directors. In addition, the ESG Promotion Committee held 13 meetings to review the implementation progress of projects, trends in relevant domestic and foreign regulations, and issues including the Carbon Border Adjustment Mechanism.



II. Governance and Responsibilities for the Promotion

- (I). Corporate Governance Team: responsible for the compliance of corporate governance laws and regulations, the formulation of reasonable compensation policies and employee performance appraisal systems, education and training, and stakeholder communication mechanisms, in order to achieve the Company's sustainable development goals.
- (II). Environment Management Team: responsible for environmental management systems, compliance with environmental regulations and international standards, assessing sustainable transformation, improving resource utilization, climate change response mechanisms, and establishing dedicated environmental management units or personnel to achieve environmental sustainability goals.
- (III). Society Management Team: responsible for human rights management policies and procedures, compliance with human rights related regulations and international standards, establishing internal and external communication among all members of the organization (such as employees, subsidiaries, joint ventures, etc.) and key members of the value chain, assessing related risks and management mechanisms, and promoting community development and cultural development to achieve sustainable business objectives.

(IV). Sustainability Information Disclosure Team: responsible for sustainable information management policies, compliance with relevant laws and international standards on sustainable information disclosure, and full disclosure of relevant and reliable sustainable information to enhance the transparency of sustainable information.

The inter-departmental team shall carry out the business, integration implementation plan or other sustainability-related matters organized in the preceding paragraph and shall report the implementation results to the specialized (and part-time) unit for Commission on Sustainable Development.

III. Evaluation on the Risks in Sustainable Development Promotion

Materiality Topic	Risk Evaluation Items	Risk Management Strategies and Measures
Environmental	Environmental Protection Climate Change	- Reducing the impact of Company operations on the natural environment and human beings: - Reducing the consumption of resources and energy in products and services. - Minimizing emissions of pollutants, toxic substances, and waste, and handling waste properly. - Enhancing the recyclability and reuse of raw materials or products. - Maximizing the sustainable use of renewable resources. - Extending the durability of products. - Increasing effects of products and services - Conducting a greenhouse gas examination and disclosure thereof in accordance with the international standard ISO 14064-1. The scope should include: - Direct greenhouse gas emissions: Emissions from sources owned or controlled by the Company. - Indirect greenhouse gas emissions: Emissions resulting from the consumption of purchased electricity, heat, or steam. - Other indirect emissions: Emissions generated by the Company's activities that are not related to energy consumption but originate from sources owned or controlled by other companies.
Social	Workplace Safety Employee Recruitment and Training	In accordance with the ISO 45001 TOSHMS and the PDCA cycle concept, Kaori continuously improves the safety of the working environment in each plant, reduces and eliminates workplace hazards and related diseases, thereby achieving the purpose of sustainable management and social responsibility. - Providing a safe and healthy working environment for employees inclusive of necessary health and emergency facilities, and striving to reduce hazards to employee safety and health to prevent occupational accidents. - Regular safety and health education and training. - Establishing an effective career development and training program. - Reflecting the Company's business performance or achievements appropriately in the compensation policy to ensure the recruitment, retention, and motivation of human resources, thereby achieving the goals of sustainable operation.

Corporate Governance	Social-economics and Legal Compliance	By establishing a governance organization and implementing effective governance structures, ethical standards, and internal control mechanisms, the Company ensures that all personnel and operations comply with relevant legal and regulatory requirements, thereby fostering sound corporate governance.
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IV. Information on Climate of TWSE/TPEX Companies / Information on the Execution of Climate-related Measures.

Items	Execution			
3. Clarify the Board’s and management’s oversight and governance of climate-related risks and opportunities.	The Company has established an “ESG Promotion Committee”, led by the chairman to formulate the vision and long-term strategy of Kaori’s ESG, regularly review, track and revise the implementation status and effectiveness of sustainable development at monthly business meetings, and submit it to the Board of Directors in accordance with the principle of significance. The ESG Promotion Committee is made up of senior executives from different fields and consists of four special groups on environmental management, social management, corporate governance and sustainable disclosure. The teams interact closely with customers, the government and various sectors of the community to enhance corporate transparency and promote the implementation of corporate sustainability in all aspects. In addition, the Company has followed the requirements of the “Sustainable Development Roadmap for TWSE/TPEx Companies” regarding greenhouse gas inventory and verification, and has carried out ISO 14064-1 greenhouse gas inventory for three consecutive years, successfully passing third-party verification.			
	In 2025, the Commission on Sustainable Development held three meetings, excerpts of which are as follows:			
	Commission on Sustainable Development	Motion Contents and Resolution Results	Where a Member of the Commission on Sustainable Development Has an Objection or Qualified Opinion and a Recorded or Written Statement	Commission’s Suggestions Not Adopted or Amended by the Board of Directors
	4 th meeting of the 1 st term August 7, 2025	Reports: (1) Report on Stakeholder Engagement of the Company for 2024. (2) Report on the Implementation of Sustainability Initiatives of the Company for the First Half of 2025. Discussions: (1) Submission of the Company’s 2024 Sustainability Report. (2) Submission of the Company’s 2024 Human Rights Due Diligence Report.	None	None
5 th meeting of the 1 st term	Reports:	None	None	

	December 18, 2025	(1) Report on the Implementation of Sustainability Initiatives of the Company for the Second Half of 2025. (2) Report on the Identification and Confirmation Results of Material Issues in the Company's 2025 Sustainability Report. (3) Report on the Sustainability Promotion Goals of the Company for 2026. Discussion: (1) Amendments to the Company's "Code of Practice for Sustainable Development".		
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances (short, medium, and long term).	The Company is actively developing solutions to reduce the operational and financial impacts of climate change and enhance organizational climate resilience. Defined as less than one year in the short term, two to three years in the medium term, and more than three to five years in the long term, the solution assesses the potential operational and financial impact of relevant climate risks and opportunities on the Company and plans actions to address them.			
	Risk type and opportunity	Short-term (1~2 years)	Medium-term (2~3 years)	Long-term (3~5 years)
Risk	transformation risk Focus on the risks associated with the transformation to a low-carbon economy. transformation risks involve policy, legal, technological, market and reputational risks	Changes in domestic and foreign regulations: total greenhouse gas control and carbon tax, carbon fee	The cost of the transformation to low-carbon technologies	Net zero emission trend
	Entity risk Due to the increasing severity of extreme climate, the heavy weather, such as typhoon has intensified, with longer affecting time and causing flooding and power outage, thus affecting the	The severity of extreme events such as typhoons and floods has increased	Increased drought affects supply chains	Mean temperature rise

		operation of the plant. The Company suffered from bad weather, resulting in production interruption, capacity reduction, equipment damage, transportation difficulties, interruption of raw material supply, etc.			
	Opportunity	Climate change has a positive impact on individuals. mitigation and adaptation efforts can create climate-related opportunities for individuals	Enter a new market	Develop and increase low-carbon goods and services	Enhance corporate reputation
To assess the above risks and identify climate-related risks and opportunities that may have significant financial impact, as well as strategies to address and implement them:					
Transformation risk/climate-related opportunities					
R Risk/Opportunity		Financial Impacts — / +		Countermeasures/Implementation measures	
R: The cost of the transformation to low-carbon technologies		- Increasing investment in R&D funds - Decreasing operating revenue		◆ Vendor diversification: Build relationships with multiple vendors to reduce the impact of rising costs and uncertain availability of low-carbon raw materials. ◆ Access to green loans/financing: Negotiate green loan projects with banks to obtain preferential interest rates or funds to reduce operating costs. ◆ Make up for turnover with stable product income: If the transformation of some of Kaori's low-carbon	

			products fails, departments with more stable revenue, such as the Fuel and Power Department, will try their best to increase product revenue to make up for the short turnover caused by the transformation risk.
	R: Carbon tax and carbon charge at home and abroad	- Paying a carbon fee increases operating costs - Violations of the regulations are subject to fines	◆ Keep abreast of regulations and trends: Set up a task force to regularly track the latest product related regulations and trends, and hold regular staff education and training to discuss trends in order to assess the revision needs of existing products and coping strategies, such as re-certification to meet product standards. ◆ Import energy-saving equipment: establish and improve the energy management system, monitor the energy efficiency of equipment, replace high energy consumption equipment; invest in green energy and energy storage equipment in plant and office. In addition, the Company will introduce automated production equipment to improve production efficiency and energy efficiency, reduce the frequency of equipment replacement, and use digital transformation to optimize the process. ◆ Termination of high-carbon production services: Two energy-intensive brazing processing and production equipment were sold in the fourth quarter of 2022 and

			removed from the site in the first quarter of 2023.
	R: Net zero emission trend	- Carbon reduction equipment setup and operating costs increased	◆ Continued implementation of greenhouse gas reduction actions ◆ Set up solar energy system, obtain green electricity certificate ◆ Encourage suppliers to take climate mitigation and adaptation actions
	O: Enter new market	+ Operating revenue increased + Cooperation opportunity available	◆ Develop dedicated products: develop dedicated products for heat pumps to master market trends and increase market share; develop dedicated heat exchangers for air drying models to expand new markets and expand product types and customer bases as well as extensively and frequently contact with customers. ◆ Develop hydrogen energy products: Continue to research and develop hydrogen energy products, cooperate with technology partners to innovate, and apply technology to more fields to meet customer and market needs. ◆ Continuously develop submerged liquid cooling modules/systems: the water-cooled and submerged product lines are continuously modelled and technically validated, while maintaining customized flexibility to meet different market needs and accumulate database to maintain a competitive edge in the market.

	O: Developing and increasing low-carbon goods and services	+ Cost reduced + Revenue increased + Access to capital	◆ Develop low-carbon footprint products: by applying green design to improve processes, such as using low-carbon raw materials or reducing raw material usage, developing product recycling mechanisms such as raw material or component reuse, or developing low-carbon transportation and packaging materials to reduce product carbon footprint. ◆ Develop emerging low-carbon solutions: integrate hydrogen technologies to provide carbon-neutral solutions, and develop new fuel types to tap into emerging climate adaptation opportunities. ◆ Investment in circular economy applications: invest in the development of recycling technologies for the treatment of waste organic solvents and the recycling of process waste hydrogen and residual hydrogen, in order to develop circular economy related technologies.
	O: Shift in consumer preferences	+ Revenue increased + The company's visibility	◆ Map out marketing plan: plan to have Divisions regularly conduct in-

		improved	depth understanding of existing and newly developed customers; ensure that product functions fully meet customer needs and can be adjusted in time, continue to develop new markets and new customer sources, such as expanding the European A-level customers. ◆ Stabilize supply in response to market demand: increase stamping plate suppliers and stainless steel suppliers to increase production, and monitor the production process through ERP system to improve delivery quality and delivery rate.
	Entity risks/climate opportunities		
	R/O	Financial Impacts—/+	Countermeasures
	R: The severity of extreme events such as typhoons and floods has increased R: Supply chain disruption (drought)	- Operation costs increased - Operating revenues decreased - Reputation of the Company (credit loss)	◆ Reduce the risks of supply chain disruption: ensure diverse sources of suppliers to stabilize raw material sources and supply demand; negotiate with suppliers to increase the quantity of raw materials and examination turnover; stock locations are located close to customers to reduce the risk of disruption. ◆ Improve production efficiency to

			make up for capacity: in the event of a shutdown due to a typhoon, Kaori evaluates the progress delayed due to the shutdown due to a typhoon, and asks the supplier to assist and improve production efficiency to make up for the reduced capacity, so as to avoid disruption of the production line for lack of materials.
	R: Rising mean temperature	- The increase in electricity has caused an increase in operating costs - Price increase for lack of raw materials (R) - Increased costs, or reduced production resulting in reduced revenue	◆ Use renewable energy ◆ Develop alternative raw materials ◆ Purchase energy saving equipment ◆ Introduce energy management system
3. Describe the financial impacts of extreme weather events and transformation actions.	Financial impacts of extreme weather events Due to the increasing severity of extreme climate, the heavy weather, such as typhoon has intensified, with longer affecting time and causing flooding and power outage, thus affecting the operation of the plant. The Company suffered from bad weather, resulting in production interruption, capacity reduction, equipment damage, transportation difficulties, interruption of raw material supply, etc., thereby decreasing the operating revenues and increasing costs.		
	Risk impact oriented assessment	Delayed delivery of goods: extreme weather affects plant operations, resulting in disruption of production capacity, no access to raw materials, and transportation will also be affected, which may lead to delivery delays of several days or even a week. Upstream and downstream are affected: Due to the extreme weather, the quantity of parts delivered to Kaori by suppliers will be reduced, which will also lead to the delay of Kaori's product delivery and affect the production of customers. In the most serious cases, it may even lead to customer production disconnection.	

	Financial impact oriented assessment	Operating cost increased, revenue reduced and credit loss
	Financial impacts of transformation actions In response to the energy conservation and carbon reduction needs of domestic and foreign customers, the Company has accessed to new markets and contacted different types of customers, such as applications on fuel cell ships, green hydrogen energy storage technology for hydrogen production thermal reactors, and residual hydrogen recovery and power generation technology. Actively invest in new markets, expand product categories and customer base, increase the Company's revenue and enhance its reputation. At the same time, by increasing low-carbon products, the Company is encouraged to enhance market competitiveness, increase market share, and increase revenue.	
	Opportunity impact oriented assessment	Explore new business opportunities in the industry: In response to the international trend of carbon reduction, Kaori has reached out to different types of customers and expanded the application of dedicated products for plate heat exchangers, such as heat pumps. In addition, the Company has actively invested in new customers and new markets, which has increased the Company's revenue and enhanced its reputation. Entering the Hydrogen Energy New Market: Kaori continues to develop hydrogen energy products and supports customers in expanding sales into the emerging hydrogen market. In response to customer demand for hydrogen-related products, the Fuel Cell Division has been collaborating on the development of manufacturing processes for SOEC, hydrogen energy systems, and marine fuel cells, as well as arranging trial production and shipments. Overall shipment demand and revenue have grown substantially, and future prospects are promising. Develop submerged liquid cooling modules/systems: As the power consumption of servers/data centers continues to increase, liquid cooling will be a long-lasting trend. Kaori continues to develop immersive liquid cooling modules/systems, which can improve energy efficiency; Our Company's product technology is gradually maturing and planning to enter the mass production stage, which is expected to expand into new markets and customers.
	Financial impact oriented assessment`	Increased income and opportunities for collaboration

4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Kaori’s ESG Promotion Committee keeps an eye on domestic and international industrial climate policies and action plans, and takes stock of climate change risk and opportunity factors in extreme weather, regulations, and markets. In addition, the Company also assesses the likelihood of occurrence based on past experience and future occurrence points, and assesses the impact in terms of operational, reputational, personnel and financial impacts. According to the results of the analysis, competent units will propose countermeasures to adjust the relevant internal management mechanisms and establish open and transparent communication channels with all stakeholders.														
5. Where scenario analysis is used to assess resilience to climate change risks, the scenario, parameters, assumptions, analytical factors and major financial impacts should be described.	Climate Change Risks and Opportunities Workshop (Workshop), as well as the assessment of risks and opportunities. The process for identifying climate change-related risks and opportunities is as follows:														
	A. Set climate change scenarios	B. Assess the environmental impact of operations	C. Identify climate risks and opportunities												
	Set two climate change scenarios: SSP5-8.5: heat up to 6°C SSP1-2.6: heat up to 2°C	Assess the influence and impacts of climate change on the operating environment and stakeholders	Establish a risk and opportunity matrix to identify climate change risks and opportunities												
	After identifying climate risks and opportunities, three high-risk factors and three high opportunity factors for Kaori in 2023 were identified based on their likelihood of occurrence and degree of impact.														
	Risk identification and key financial impacts:														
	<table><tr><th>Risk prioritizing</th><th>Risk type</th><th>Risk factors</th><th>Major financial impacts</th></tr><tr><td>1</td><td>Transformation risk-science and technology</td><td>The cost of the transition to low-carbon technologies</td><td rowspan="3">Operating cost increased Revenue reduced Credit loss</td></tr><tr><td>2</td><td>Transformation risk - policy and laws and regulations</td><td>Changes in laws and regulations at home and abroad</td></tr><tr><td>3</td><td>Entity risk - immediacy</td><td>The severity of extreme events such as typhoons and floods has increased</td></tr></table>	Risk prioritizing	Risk type	Risk factors	Major financial impacts	1	Transformation risk-science and technology	The cost of the transition to low-carbon technologies	Operating cost increased Revenue reduced Credit loss	2	Transformation risk - policy and laws and regulations	Changes in laws and regulations at home and abroad	3	Entity risk - immediacy	The severity of extreme events such as typhoons and floods has increased
Risk prioritizing	Risk type	Risk factors	Major financial impacts												
1	Transformation risk-science and technology	The cost of the transition to low-carbon technologies	Operating cost increased Revenue reduced Credit loss												
2	Transformation risk - policy and laws and regulations	Changes in laws and regulations at home and abroad													
3	Entity risk - immediacy	The severity of extreme events such as typhoons and floods has increased													
	Summary of opportunity identification and key financial impacts:														
	<table><tr><th>Opportunity prioritizing</th><th>Opportunity type</th><th>Opportunity factors</th><th>Major financial impacts</th></tr></table>	Opportunity prioritizing	Opportunity type	Opportunity factors	Major financial impacts										
Opportunity prioritizing	Opportunity type	Opportunity factors	Major financial impacts												

	1	Opportunity-market	Reach out to new markets	Revenue increased Cooperation opportunities available Access to capital														
	2	Opportunity-product and service	Develop and increase low-carbon goods and services															
	3	Opportunity-product and service	Shift in consumer preferences															
6. If there is a transformation n plan to manage climate-related risks, describe the plan and the indicators and objectives used to identify and manage physical and transformation risks.	In the face of climate change risks, the Company has developed a low carbon transformation plan to reduce direct emissions from operations (Scope 1), indirect emissions from energy use (Scope 2) and indirect emissions from value chains (Scope 3). The execution includes: 1. Active and independent low-carbon emission reduction: Refine process brazing technology, replace energy-consuming production equipment, improve energy productivity and use efficiency, and continue to reduce carbon emissions in product manufacturing and processing stages. At the same time, waste output from operational activities continues to be reduced. 2. Build green renewable energy equipment: Build solar photovoltaic systems, increase the proportion of renewable energy use, and support low-carbon energy transformation. 3. Developing low-carbon and zero-carbon technologies: By leveraging liquid cooling technology and hydrogen energy technology, Kaori takes the lead in deploying resources for the sustainable development of the industrial chain and builds a comprehensive structure for low-carbon transformation. Indicators and objectives for managing entity risk and transformation risk <table><tr><th>Schedule</th><th>Short-term indicators :2024-2025</th><th>Medium-term indicators: 2026-2029</th><th>Long-term indicators: 2030 and beyond</th></tr><tr><td rowspan="3">Climate change and energy conservation</td><td>Implement energy conservation and carbon reduction projects</td><td>Power saving 3%</td><td>Power saving 5%</td></tr><tr><td>Production was interrupted for 0 days after the weather disaster</td><td>Production was interrupted for 0 days after the weather disaster</td><td>Production was interrupted for 0 days after the weather disaster</td></tr><tr><td>Conduct greenhouse gas emission examination and inspection</td><td>Set a reduction goal</td><td>Internal carbon pricing</td></tr></table>				Schedule	Short-term indicators :2024-2025	Medium-term indicators: 2026-2029	Long-term indicators: 2030 and beyond	Climate change and energy conservation	Implement energy conservation and carbon reduction projects	Power saving 3%	Power saving 5%	Production was interrupted for 0 days after the weather disaster	Production was interrupted for 0 days after the weather disaster	Production was interrupted for 0 days after the weather disaster	Conduct greenhouse gas emission examination and inspection	Set a reduction goal	Internal carbon pricing
Schedule	Short-term indicators :2024-2025	Medium-term indicators: 2026-2029	Long-term indicators: 2030 and beyond															
Climate change and energy conservation	Implement energy conservation and carbon reduction projects	Power saving 3%	Power saving 5%															
	Production was interrupted for 0 days after the weather disaster	Production was interrupted for 0 days after the weather disaster	Production was interrupted for 0 days after the weather disaster															
	Conduct greenhouse gas emission examination and inspection	Set a reduction goal	Internal carbon pricing															

		Set up renewable energy	Set up renewable energy	Green Electricity Certificate Trading
	Wastes	Zero violation of waste regulations	Zero violation of waste regulations	Zero violation of waste regulations
		100% of waste is disposed of by legitimate businesses	100% of waste is disposed of by legitimate businesses	100% of waste is disposed of by legitimate businesses
	Air pollution	Zero violation of air pollution regulations	Zero violation of air pollution regulations	Zero violation of air pollution regulations
	Water resources	Sewage discharge in compliance with regulations	Sewage discharge in compliance with regulations	Sewage discharge in compliance with regulations
		Zero production loss due to water restriction	Zero production loss due to water restriction	Zero production loss due to water restriction
	Law compliance	Zero violation of environmental protection regulations	Zero violation of environmental protection regulations	Zero violation of environmental protection regulations
7. Where internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	It's scheduled to launch a pilot program in the Taiwan region starting from 2027. A feasibility assessment on internal carbon pricing will be conducted, and carbon intensity targets as well as caps on carbon emissions will be established with reference to carbon trading and other related mechanisms.			

8. If climate-related targets are set, information on the activities covered, scope of greenhouse gas emissions, planning period and annual progress towards achieving them should be provided; where carbon credits or renewable energy credits (RECs) are used to achieve the relevant objectives, the source and number of credits or the number of renewable energy credits (RECs) should be stated.	Starting from its own, Kaori manages energy during the operation phase in order to improve performance such as environmental protection and social value. In addition to strengthening related material research and process technology changes, Kaori has also established a Carbon Management Committee to actively promote greenhouse gas reduction and management, energy conservation management, water conservation management and waste recycling and other environmental impacts. At the same time, Kaori invests in environmental protection facilities and integrates green management and energy conservation plans into corporate operations, thereby achieving environmental sustainability. The Company has passed the ISO 14001 Environmental Management System's certification (plants in Kaohsiung) in 2019. As for the environmental performance related to greenhouse gas, air pollution, wastewater discharge, waste disposal, etc., the Company has made continuous efforts to continuously improve the environmental impact damage to the minimum, and no major violations of environmental laws occurred during the reporting year. Through the introduction of the ISO 14001 Environmental Management System, the factory can reduce the impact of organizational activities on the environment, provide safe products and services, and ensure the health and safety of employees at work by means of environmental management policies, formulation of effective management processes, compliance with environmental laws, maintenance of environmental order and safety, education and training. Since 2021, a "Carbon Management Committee" has been established to carry out annual GHG emissions examination and verification in accordance with ISO14064-1. The planned schedule and annual progress are detailed in point 9 1-2 below. At this stage, the company reduce carbon through independent energy saving. In terms of renewable energy planning, Kaori is actively responding to the global net-zero emissions campaign and views the adoption of green electricity as an important starting point for achieving environmental sustainability. To date, Kaori has completed the installation of a 1.216 MW solar power system, with a total power generation of 1,381,178 kWh in 2025, demonstrating the company's remarkable progress in expanding its renewable energy capacity.
9. Greenhouse gas examination and identification status and reduction targets, strategies and specific action plans (filled in 1-1 and 1-2).	Please refer to the below for details.

1-1The Company's greenhouse gas examination and assurance status for the last two years

1-1-1 Information on greenhouse gas examination

Describe the emissions (tons of CO₂e), intensity (tons of CO₂e/NT\$ million), and data coverage of greenhouse gases in the past two years.

Please explain the scope of data coverage that should be disclosed according to the sustainable development path map of TWSE/TPEX companies (relevant schedule planning can refer to the website of the exclusive path map of TWSE/TPEX companies <https://isds.tpex.org.tw>):

1. The individual financial statements of the parent company will be audited from 2026 (the same below).

2. Subsidiaries with consolidated financial reporting should be audited starting in 2027.

The Company has established a greenhouse gas inventory system in accordance with the Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), as well as the ISO 14064-1 greenhouse gas accounting standard issued by the International Organization for Standardization (ISO). Since 2021, the Company has conducted annual greenhouse gas emissions inventories on a regular basis to fully track its greenhouse gas generation and emissions profile, and to verify the effectiveness of its emission reduction initiatives.

In addition, the Company's individual greenhouse gas examination data in the last two years are described as follows:

Carbon emissions (ton of CO ₂ e/year)	2024		2025 (Noe)	
Scope 1 (A)	265.7785	1.49%	355.0808	1.66%
Scope 2 (B)	6,897.5006	38.57%	7,764.5399	36.39%
Total	10,718.8618	59.94%	13,216.1205	61.94%
Total Amount	17,882.1409	100%	21,335.7412	1.66%
Annual Revenue (D)	4,003		6,580	
Greenhouse Gas Emission Intensity (A + B) / D	1.79		1.23	

Note: Data for 2025 is based on internal statistics; external verification is expected to be completed in May 2026.

1. Inventory Boundary:

2024: Head Office, Zhongli Plant 3, Zhongli Plant 1, Zhongli Plant 2, Kaohsiung Plant, Ziqiang Plant, and Kaori Technology (Ningbo) Co., Ltd.

2025: Head Office, Zhongli Plant 3, Zhongli Plant 1, Zhongli Plant 2, Kaohsiung Plant, Kaori Thermal Technology Co., Ltd., and Kaori Technology (Ningbo) Co., Ltd.

2. Annual Revenue:

2024: Consolidated revenue:NT\$4,003 million. 2025: Consolidated revenue:NT\$6,580 million

Note 1: Direct emission (Scope 1, emissions directly from the source owned or controlled by the Company), indirect emission (Scope 2, indirect greenhouse gas emissions from input electricity, heat or steam) and other indirect emission (Scope 3, the emissions generated by the activities of the Company are not indirect emissions from energy sources, but from sources owned or controlled by other companies)

Note 2: Data on direct emissions and indirect energy emissions shall be covered in accordance with the schedule specified in paragraph 2 of Article 10 of this Standard, and other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse Gas examination Standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standards (ISO).

Note 4: The intensity of GHG emissions can be calculated per unit of product/service or turnover, provided that at least the data calculated in terms of turnover (NT \$ millions) should be stated.

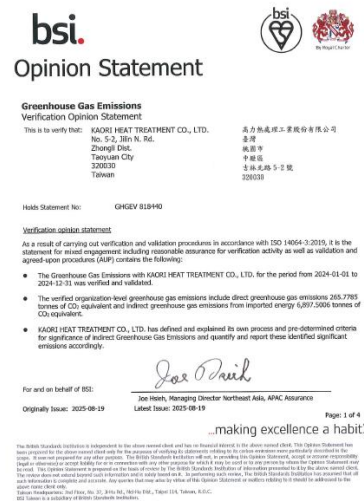
1-1-2 Information on greenhouse gas assurance

A statement of the assurance status for the two most recent years up to the date of publication of the annual report, including the extent of the assurance, the body of the assurance, the criteria of the assurance and the opinion of the assurance.

Please indicate at least the extent to which the assurance shall be carried out in accordance with the sustainable development path map of the TWSE/TPEX companies (please refer to the exclusive path map website of the TWSE/TPEX companies for relevant schedules) <https://isds.tpex.org.tw>):

- 1. The parent company preparing individual financial statements shall implement the assurance from 2028 (the same below).
- 2. Subsidiaries subject to consolidated financial statements implement assurance since 2029.

As disclosed in Section 1-1-1 regarding the Company’s total greenhouse gas emissions, the assurance scope for the 2024 fiscal year was verified by the British Standards Institution (BSI), a third-party verification body, on July 10, 2025, in accordance with ISO 14064-1:2018, with reasonable assurance for Scope 1 and Scope 2 emissions and limited assurance for Scope 3 and Scope 4 emissions; third-party verification for the Company’s individual emissions in the 2025 fiscal year is scheduled to be completed in the second quarter of 2026.



Note 1: Handled in accordance with the schedule as specified in Paragraph 2, Article 10 of the Standards. Where the Company fails to obtain complete greenhouse gas assurance opinion on the publication date of the Annual Report, the “complete assurance information will be disclosed in the Sustainability Report” shall be noted. If the Company fails to prepare the Sustainability Report, the “complete assurance information will be disclosed on the MOPS” shall be noted.

Note 2: The assurance institution shall comply with relevant regulations on the assurance institution for the Sustainability Report formulated by TWSE and TPEX.

Note 3: Please visit the website of the Corporate Governance Center, TWSE for the Best Practice Examples for disclosure contents.

1-2 Greenhouse gas reduction targets, strategies and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, and specific action plans, as well as the achievement of reduction targets.

Base year and target for greenhouse gas reduction

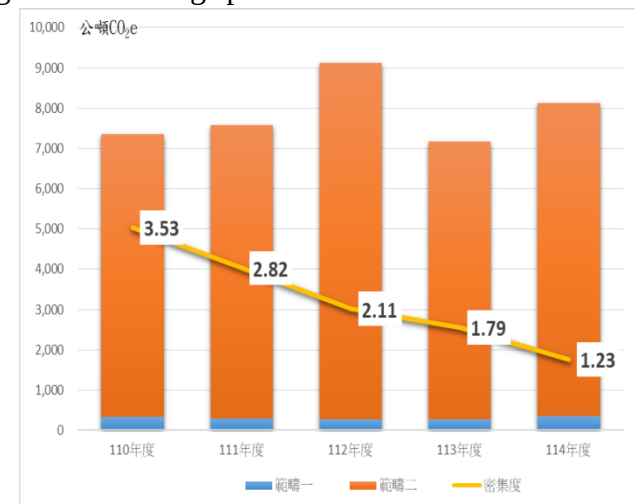
For the purpose of planning the greenhouse gas emission reduction strategy, the individual company completed the examination in 2021 (the same below) on the basis of the individual financial report, so the base year is 2021, and its Category 1 and Category 2 emissions are 326.6783 tonnes of CO₂e and 7,031.5215 tonnes of CO₂e, respectively. It is hoped that the reduction will be further realized through the following specific actions.

Greenhouse gas reduction strategy and specific action plan

Individual companies are currently integrating carbon management into their operational strategies and seeking breakthroughs in carbon reduction. In response to the international pricing trends, the consolidated companies have taken into account the market price of international carbon, carbon price set according to regulations concerning greenhouse gas and the Company's internal carbon reduction cost before mapping out internal carbon price. On this basis, this serves as the reference for carbon reduction management and planning. by implementing the carbon pricing mechanism, the Company can respond early to internal and external carbon reduction pressure and risks from Taiwan's "Climate Change Response Act", the carbon expenses to be charged and competent supervision mechanism for carbon emission of countries around the world and requirements for green power usage proportion as stipulated in the Regulations on Renewable Energy Development.

In order to enable management, executive team and all employees to achieve greenhouse gas reduction targets and improve energy resource efficiency, the evaluation of important program objectives will be included in the operational performance indicators as the basis for employee performance appraisal and bonus, thereby practicing the spirit of responsibility and management.

Emission Reduction Target Achievement: The Company's historical emissions data and carbon intensity are shown in the figure on the left. Carbon intensity in 2025 decreased by 65% compared with 2021.



Note 1: Handled in accordance with the schedule as stipulated in Paragraph 2, Article 10 of the Standards.

Note 2: The base year shall be the year in which the examination of the consolidated financial reports is completed. For example, in accordance with provisions of Paragraph 2, Article 10 of the Standards, the companies with capital over NT\$10 billion shall complete the examination of consolidated financial reports of 2024 in 2025. Therefore, the base year shall be 2024. If the Company If the company has completed the examination of the consolidated financial reports ahead of schedule, the earlier year may be the base year and the data for the base year may be averaged over a single year or several years.

Note 3: Please visit the website of the Corporate Governance Center, TWSE for the Best Practice Examples for disclosure contents.

Corporate Management Best Practice Principles for TWSE/TPEX Companies” and Reasons

Evaluation Items	Implementation Status (Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy (2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? (3) Does the Company clearly define operating procedures, conduct guidelines, violations and penalties, and grievance mechanisms in its anti-fraud and anti-unethical conduct program, implement such provisions	V V V		(1) To ensure fulfillment of the ethical corporate management, the Company has formulated an Ethical Corporate Management policy, which has been approved by the Board of Directors. The Company has also established accounting and internal control systems, with its internal auditors regularly auditing compliance with these systems. The core values of the Company's operations-innovation, quality, responsibility, and honor- are explicitly stated in external documents. The policy of Ethical Corporate Management emphasizes guidelines for Directors, Chiefs, senior management, employees, and substantial controllers to follow in conducting business. The Company has adopted its “Ethical Corporate Management of the Company”, “Operational Procedure and Guideline of Conducts for Ethical Corporate Management”, and the “Guidelines for Ethical Conducts” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”. (2) To prevent unethical conduct, the Company has adopted preventive management measures in its	None

Evaluation Items	Implementation Status (Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
effectively, and regularly review and revise the aforementioned program?			various internal control regulations for business activities set forth in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, as well as other business activities within its scope that carry higher risks of unethical conduct, thereby effectively upholding ethical business operations. (3) The Company has established a strict “Risk Management Policy” to prevent and mitigate the risks associated with business activities that have a higher potential for dishonest behavior within its scope of operations. Additionally, the Company has implemented an appropriate reporting system and channels for whistleblowing, and treats related reports and handling records as confidential information, fulfilling its responsibility to maintain confidentiality. The Company regularly reviews and revises the aforementioned measures to ensure their effectiveness.	

Evaluation Items	Implementation Status (Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
2. Ethical Corporate Management Fulfill Operations Integrity Policy (1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts? (2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? (3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? (5) Does the Company regularly hold internal and external educational trainings on operational	V V V V V		(1) The Company avoids conducting transactions with individuals or entities with a history of unethical conducts. Integrity clauses are included in the commercial contracts. Important legal documents of the Company are reviewed by legal personnel or legal consultants, who provide professional opinions and advice. (2) The Company has designated its Special Assistant Office as the dedicated unit to handle the procedures and revisions, execution, interpretation, consultation services, and record-keeping related to the operational procedure and Code of Conduct, supervised by the auditing unit. The Company’s auditing unit is an independent department affiliated with the Board of Directors. The Auditing Office conducts regular audits to ensure compliance, monitors various operations, and prepares audit reports to be submitted to the Board of Directors. (3) The Company has established a policy to prevent conflicts of interest and provides appropriate channels for statements, whistleblowing, and complaints. The General Affairs Department is responsible for the authority and duties related to this	None

Evaluation Items	Implementation Status (Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
integrity?			policy. (4) The Company promotes the avoidance of any behavior that goes against integrity in all business activities. To implement Ethical Corporate Management, all operations are required to comply with accounting systems, internal control systems, and relevant policies. Regular audits conducted by internal auditors have not revealed any violations against ethical corporate management. (5) The Company organizes regular monthly meetings for advocacy that all conducts against integrity shall be avoided in all business activities. Employees are encouraged to participate in internal and external education and training.	
3. Implementation Status Operation of the Integrity Channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation	V V V		(1) The Company has established strict preventive measures and disciplinary actions to guide employees in maintaining high ethical standards within the business scope and prevent illegal activities. Additionally, a reporting and complaint channel has been established, with the General Affairs Department responsible for its management. If an employee violates the ethical behavior standards outlined in the Company’s work rules, appropriate discipline measures will be administered in accordance with the relevant provisions.	None

Evaluation Items	Implementation Status (Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
confidentiality measures? (3) Does the Company provide proper whistleblower protection?			If the disciplined employee as mentioned in the preceding paragraph believes that the Company has handled the matter improperly and their legitimate rights and interests have been violated, they may file a complaint with the General Affairs Department in accordance with the Company's relevant complaint handling regulations for appropriate remedies. (2) The Company has formulated processing principles and confidentiality mechanisms for reported matters. (3) The Company ensures the confidentiality of whistleblowers and treats case-related information and processing records as confidential documents, which are properly archived and retained.	
4. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company currently has disclosed contents related to Rules of Ethical Corporate Management on the corporate website.	None
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has adopted its “Ethical Corporate Management of the Company”, “Operational Procedure and Guidelines for Ethical Corporate Management”, “Guidelines for Ethical Conducts”, ~, “Internal Communication Procedures”, “Investor Relations Handling Procedures”, and risk management policies in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”. The two did not reveal any discrepancy.				
6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies): None				

Note 1: Whether “Yes” or “No” is checked, the Operation Status should be stated in the summary field.

(VII) Other important information sufficient to improve understanding of implementation status for corporate governance may be disclosed altogether:

1. The Company has established the “SOP for Handling Internal Material Information” for managing internal significant information and has informed all directors, Chiefs, managers, and employees. This procedure is disclosed on the “electronic bulletin board” at the Company’s internal network for all employees to follow, so as to avoid violations or occurrences of insider trading.
2. Directors, Chiefs, managers, and newly appointed internal personnel of the Company are distributed with the Insider Equity Transactions Advocacy Handbook for TWSE/TPEX Listed Companies upon assuming their positions. This Handbook informs the internal personnel themselves (directors, Chiefs, managers, and shareholders holding more than 10%) and their related parties (spouse, children of minor age, and nominees) about the relevant laws and regulations regarding insider trading and the precautions that should be taken by internal personnel of a TWSE/TPEX Listed Companies.
3. Other ways of inquiring to improve the understanding of the operation of corporate governance:
Kaori’s Official Website: <https://www.kaori.com.tw/tw/modules/investors>
MOPS: <https://mops.twse.com.tw>

(VIII) Disclosures Required for the Implementation of the Internal Control System

1. Internal Control Statement:

Kaori Heat Treatment Ind., Co., Ltd.
Statement on Internal Control

Date: February 26, 2026

The Company hereby releases this Statement concerning the results of self-inspection on the Company's internal control system made in 2025:

The Company hereby releases this Statement concerning the results of self-inspection on the Company's internal control system made in 2024:

- I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
- III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
- IV. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2025, its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board of Directors Meeting of the Company held on February 26, 2025, where none of the nine attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Kaori Heat Treatment Ind., Co., Ltd.

Chairman: WU CHI HSIUNG signature

General Manager: WANG HSIN WU signature

2. Review on Internal Control System by Entrusted Auditors, where the Company has entrusted a CPA for the review of Internal Control System on a Project Basis: none.

(IX) Major Resolutions of Shareholders' Meeting and Board Meetings in the Most Recent Year and as of the Publication Date of this Annual Report:

1. Shareholders' Meeting:

The Company's 2025 Annual General Shareholders' Meeting was held on May 26, 2025 (Friday) at 9:30AM at No.5-2, Jilin North Road, Zhongli District, Taoyuan City, Taiwan. (Large conference room on 5F of the operational headquarters at the head office). The resolutions adopted in the Shareholders' Meeting were as follows:

Major Resolutions	Implementation Status
Adoption of Business Report and Financial Statements for 2024.	Completed in accordance with the resolution of the shareholders' meeting.
Amendments to the "Articles of Incorporation".	Completed in accordance with the resolution of the shareholders' meeting.

2. Board of Directors:

The Company has convened 11 Board of Directors Meetings in 2025, with proposals and resolutions summarized as follows:

Date/ Session of Board Meeting	Proposals and Resolutions
14 th meeting of the 21 st term January 18, 2025	(1) To adopt the Record Date for New Share Issuance in Connection with the Company's 4th Domestic Unsecured Convertible Bond Issue during the Fourth Quarter of 2024. (2) To adopt the Proposal to Provide Endorsement and Guarantee for the Bank Credit Line of the Subsidiary, Kaori Thermal Technology Co., Ltd. (3) To adopt the Proposal to Assign Zhongli Plant 2 for Use by the Subsidiary Kaori Thermal Technology Co., Ltd. (4) To adopt the Proposal for the Subsidiary Kaori Technology (Ningbo) Co., Ltd. to Plan and Add Stamping Production Lines. Results of the above resolutions: Adopted as proposed.
15 th meeting of the 21 st term March 5, 2025	(1) To adopt the Proposal for 2024 Business Reports and Financial Statements. (2) To adopt the Proposal for the Surplus Distribution for 2024. (3) To adopt the Proposal for the Distribution of Employee and Directors' Remuneration for Year 2024. (4) To adopt the Presentation of "Statement on Internal Control" for 2024. (5) Assessment of the independence and suitability of the Company's CPAs. (6) Proposal to Increase Capital in the Subsidiary Kaori Technology (Thailand) Co., Ltd. (7) Proposal to Provide Endorsement and Guarantee for the Bank Credit Line of the Subsidiary, Kaori Thermal Technology Co., Ltd. (8) To adopt the Proposal for the "Articles of Incorporation". (9) To adopt the Proposal for the Company's "Rules of Procedure for Board of Directors Meeting". (10) To adopt the Proposal for the Travel Expenses for Directors Attending Meetings of the Company. Results of the above resolutions: Adopted as proposed.
16 th meeting of the 21 st term April 15, 2025	(1) Proposal for the Company's First Purchase of Its Own Shares (Treasury Stock) in 2025 Results of the above resolutions: Adopted as proposed.
17 th meeting of the 21 st term May 9, 2025	(1) To adopt the Application for Credit Line to Financial Institutions for the Operation Needs and Relevant Credit Matters. (2) To adopt the Proposal for Determining the Payment Schedule of Cash Dividends for Profit Distribution for 2024 (3) To adopt the Company's Distribution of Directors and Employees'

Date/ Session of Board Meeting	Proposals and Resolutions
	Remuneration for 2024. (4) Q1 Financial Report of 2025. (5) Proposal for the Amendments to the Company's Issuance and Conversion Regulations Governing the Fourth Domestic Unsecured Convertible Corporate Bond in the First Quarter of 2025. (6) To adopt the Proposal for Employees of the Company to Receive Employee Stock Options Issued by the Subsidiary. (7) Proposal for Amendments to the Company's Procedures for Handling Internal Material Information Results of the above resolutions: Adopted as proposed.
18 th meeting of the 21 st term August 7, 2025	(1) To adopt the Application for Credit Line to Financial Institutions for the Operation Needs and Relevant Credit Matters. (2) Q2 Financial Report of Year 2025. (3) Proposal for the Amendments to the Company's Issuance and Conversion Regulations Governing the Fourth Domestic Unsecured Convertible Corporate Bond in the Second Quarter of 2025. (4) Submission of the Company's 2024 Sustainability Report. (5) Submission of the Company's 2024 Human Rights Due Diligence Report. Results of the above resolutions: Adopted as proposed.
19 th meeting of the 21 st term September 18, 2025	(1) Appointment of the Directors' Subsidiary KAORI INTERNATIONAL CO., LTD. (2) Appointment of the Directors' Subsidiary KAORI DEVELOPMENT CO., LTD. (3) Appointment of the Directors' Subsidiary KAORI Technology (Ningbo) Co., Ltd. (4) Proposal for Amendments to the Company's Internal Control System Results of the above resolutions: Adopted as proposed.
20 th meeting of the 21 st term November 10, 2025	(1) To adopt the Application for Credit Line to Financial Institutions for the Operation Needs and Relevant Credit Matters. (2) Proposal for the Amendments to the Company's Issuance and Conversion Regulations Governing the Fourth Domestic Unsecured Convertible Corporate Bond in the Third Quarter of 2025. (3) Proposal for the Release of Endorsement and Guarantee for the Bank Credit Line of the Subsidiary Kaori Thermal Technology Co., Ltd. (4) Q3 Financial Report of Year 2025. (5) To adopt the Proposal for Audit Plan of the Company for 2026. (6) Proposal for Amendments to the Company's Regulations Governing Organizational Management. (7) Proposal to Change the Accounting Chief Results of the above resolutions: Adopted as proposed.
21 st meeting of the 21 st term December 18, 2025	(1) To adopt the Application for Credit Line to Financial Institutions for the Operation Needs and Relevant Credit Matters. (2) Proposal for the Company's 2026 Business Plan. (3) Proposal for the Amendments to the Company's "Code of Practice for Sustainable Development". (4) Proposal for the Company's Planned Investment Project for the First-Phase Construction at the Ciaotou Campus of Southern Taiwan Science Park (5) Proposal for the Company's Planned Investment Project for the Construction of the Ziqiang Plant on Its Own Land at Ziqiang 4 th Road, Zhongli District Results of the above resolutions: Adopted as proposed.
22 nd meeting of the 21 st term January 28, 2026	(1) To adopt the Application for Credit Line to Financial Institutions for the Operation Needs and Relevant Credit Matters. (2) Proposal for the Amendments to the Company's Issuance and Conversion Regulations Governing the Fourth Domestic Unsecured Convertible Corporate Bond in the Fourth Quarter of 2025. (3) To adopt the Proposal for the Company-wide Year-end and Performance

Date/ Session of Board Meeting	Proposals and Resolutions
	Bonuses for 2025. (4) Proposal for the Distribution of Year-end and Performance Bonuses for Managers for 2025. (5) Proposal for the Fund Lending and Quata Authorization to the Subsidiary Kaori Thermal Technology Co., Ltd. Results of the above resolutions: Adopted as proposed.
23rd meeting of the 21st term February 26, 2026	(1) Proposal for the 2024 Business Report and Financial Statements (2) Proposal for the Surplus Distribution for 2025. (3) To adopt the Proposal for 2025 Business Reports and Financial Statements. (4) To adopt the Proposal for the Distribution of Employee and Directors' Remuneration for 2025. (5) To adopt the Presentation of "Statement on Internal Control" for 2025. (6) Assessment of the independence and suitability of the Company's CPAs. (7) Proposal to Provide Endorsement and Guarantee for the Bank Credit Line of the Subsidiary, KAORI TECHNOLOGY (THAILAND) CO., LTD. (8) Proposal for the Change in the Company's Corporate Governance Chief. (9) Proposal for Adding the Company's "Regulations Governing Remuneration Management for Part-time Work in Affiliated Enterprises". (10) Proposal for Re-election of the Company's Directors. (11) Proposal for Formulating Matters Related to the 2026 Annual General Meeting of Shareholders. Results of the above resolutions: Adopted as proposed.
24th meeting of the 21st term March 11, 2026	(1) Proposal for the Re-election of the Company's Directors. (2) Amendments to Matters Related to General Shareholders' Meeting. (3) Proposal for Obtaining the Right-of-Use Asset in Ciaotou Park of Southern Taiwan Science Park by Lease (4) Proposal for Obtaining Right-of-Use Assets from Shinyu Technology Co., Ltd. by Lease (5) Amendments to the 2025 Surplus Distribution. (6) Proposal for Determining the Payment Schedule of Cash Dividends for Profit Distribution for 2025. Results of the above resolutions: Adopted as proposed.
25th meeting of the 21st term April 10, 2026	(1) To adopt the Application for Credit Line to Financial Institutions for the Operation Needs and Relevant Credit Matters. (2) Proposal for the Distribution of Employee and Directors' Remuneration for 2025. (3) Proposal for Adjusting the Monthly Remuneration of Independent Directors of the Company. (4) Proposal for Approving the List of Director (including Independent Director) Candidates Nominated by the Board of Directors for 2026 (5) Proposal for Waiving the Non-Compete Restrictions for Newly Elected Directors (6) Proposal for Cash Capital Increase via Private Placement of Common Shares (7) Proposal for Discussion on Phased Share Release to Subsidiary Kaori Thermal Technology Co., Ltd. and Waiving Participation in Its Cash Capital Increase Plan to Facilitate Its Future Listing (OTC) Application. (8) Amendments to the Company's "Articles of Incorporation". (9) Amendments to Matters Related to 2026 Annual General Shareholders' Meeting. (10) Appointment of Directors for the Subsidiary, Kaori Technology (Ningbo) Co., Ltd. (11) Proposal for Remuneration for President of the Subsidiary, Kaori Technology (Ningbo) Co., Ltd. (12) Proposal for the Remuneration of the Company's Financial Chief Concurrently Serving as the Corporate Governance Chief. Results of the above resolutions: Adopted as proposed.

(X) Major Issues of Record or Written Statements Made by Any Director or Chief Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent Year and as of the Publication Date of this Annual Report: None.

IV. Regarding the Company's Audit Fee:

Information on Audit Fee

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche Firm	SU YU HSIU, CHEN WEN- HSIANG	2025. 01.01~2025.12.31	3,120	621	3,741	1. Tax and transfer pricing auditing and attesting: NT\$250,000 thousand. 2. Review of Annual Report for Shareholders' Meeting: NT\$70,000. 3. Table of Salary Information Check for Full-time employee Assuming Non-executive Positions: NT\$30 thousand. 4. Translation of financial statements to English: NT\$ 80,000. 5. Audit fee for Direct Deduction and Review of Funds of NT\$96,000. 6. Others (business registration) of 95,000

(I) Where the attesting CPAs, accounting firms, and their affiliated enterprises receive non-audit fees equal to or more than one-fourth of the audit fees, the details of audit and non-audit fees as well as the disclosure of non-audit service content shall disclosed as follows: disclosed in the Remarks of CPA's Fees.

1. Where a replacement of accounting firm is made and the audit fee paid in the year of replacement is less than the audit fee in the previous year, the amount and reasons for the audit fee before and after the replacement shall be disclosed: None.
2. Where audit fees have decreased by more than 10% compared with the previous year, the amount, proportion and reasons for the decrease in audit fees shall be disclosed: None.

(II) The audit fee referred to in the preceding paragraph refers to the fee paid by the Company to the CPAs for the examination, check and review of financial reports and financial forecasts.

V. Replacement of CPA:

If the Company has changed its accountant in the most recent two years and the period thereafter, it shall disclose the following:

(I) About Former CPAs

Date of Replacement	Adopted at the Board Meeting on May 8, 2024
Reason for Replacement and Explanation	For the need of internal organization of Deloitte & Touche Firm, it was proposed to replace CPA since Q1 2024. The former CPAs were LIU SHU LIN and CHEN WEN HSIANG and new CPAs are SU YU-HSIU and CHEN WEN HSIANG.

	Status/Parties		CPA	Appointor
Explanation of termination or non-acceptance of appointment by the appointor or CPA	Voluntary termination of the appointment		Omitted	Omitted
	Non-acceptance of further appointment		Omitted	Omitted
Opinions and reasons for issuing audit reports other than unqualified opinions within the last two years	1.In 2024, an audit report with no reservations was issued. 2. In 2025, an audit report with no reservations was issued.			
There is no disagreement with the issuer	Yes		Accounting principles or practices	
			Disclosure of financial reports	
			Audit scope or steps	
			Others	
	No	V		
	Explanation: omitted			
Other matters to be disclosed (Where it’s required to be disclosed in accordance with Item 1-4 to 7, Paragraph 6, Article 10 of the Standards)	None			

(II) About Successor CPAs

Firm Name	Deloitte & Touche Firm
Name of CPAs	SU YU HSIU, CHEN, WEN-HSIANG
Date of Appointment	Appointed from May 8, 2024.
Matters and results of advice on the accounting treatment or accounting principles of specific transactions and the possible issuance of financial reports prior to appointment	None
Written opinion of the successor accountant on matters of disagreement with the predecessor accountant	None

(III) Reply from the former CPA to Items 1 and 2-3, Paragraph 5 of Article 10 of this Standards:
Omitted.

VI. Where the Chairman, General Manager, or Manager in charge of Financial or Accounting affairs have worked in the accounting firm affiliated company of the attesting CPA in the last year, the name, title and employment period in the firm or affiliated enterprise of attesting CPA period of affiliated enterprise shall be disclosed: None.

VII. Changes in Equity Interest Transfer and Pledge of Stock Rights Amongst Directors, Chiefs, Managers and Shareholders with Shareholding Percentage over 10% in the Most Recent Year and as of the Publication Date of this Annual Report

(I) Changes in Shareholding of Directors, Chiefs, Managers and Major Shareholders:

Unit: Shares

Title	Name	2025		As of March 21, 2026		Remarks
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	
Chairman	WU CHIH HSYONG	0	None	0	None	
Director (concurrently as Vice President)	HAN HSIEN FU	(1,208,753)	None	(26,000)	None	Trust of 1,200,000 shares
Director (President)	HSIN WU WANG	(11,778)	None	(41,000)	None	
Director	Aladdin Holding Group	0	None	0	None	
Director's representative (concurrently as Vice President)	WU CHUN YING	0	None	0	None	
Director (concurrently as Vice President)	HUANG HUNG HSING	0	422,000	(1,000)	None	
Independent Director	HUNG HSIANG WEN	0	None	0	None	
Independent Director	TANG CHI YAO	0	None	0	None	
Independent Director	MAO EN KUANG	0	None	0	None	
Vice President	CHIU HUNG YI	0	None	(14,000)	None	
Senior Manager	LI CHING CHUN	(10,000)	None	(8,000)	None	
Senior Manager	HUANG YAO CHUN	0	None	0	None	
Senior Manager	CHEN YU CHUNG	0	None	0	None	
Assistant Manager	TSAI MENG FANG	(15,000)	None	0	None	
Assistant Manager	CHU CHIU MING	0	None	0	None	
Assistant Manager	HSU YUNG CHENG	0	None	0	None	
Assistant Manager	CHIANG CHI HUNG	0	None	(2,000)	None	

Assistant Manager	HAN WEN TENG	0	None	(18,000)	None	
Assistant Manager	CHENG CHANG LI	0	None	0	None	
Financial Chief and Concurrent Corporate Governance Officer	CHUANG JUI CHIN	0	None	(5,000)	None	Serve concurrently as Corporate Governance Chief effective February 26, 2026
Accounting Chief	CHUNG CHI HSUAN	0	None	0	None	
Accounting Chief	CHANG WAN CHING	0	None	0	None	Dismissed on November 10, 2025
Corporate Governance Chief	LI CHIA JUNG	1,000	None	(4,000)	None	Dismissed on February 26, 2026

(II) Information on related parties as counterparties in share transfers by Directors, Supervisors, Managers and Major Shareholders: None.

(III) Information on related parties as counterparties in share pledges by Directors, Supervisors, Managers and Major Shareholders: None.

VIII. Relationship among the Top Ten Shareholders, including Related Parties or Spouse or Relatives within 2nd Degree of Kinship:

March 30, 2026

Name	Shares Held		Shares Held by Spouses and Children of Minor Age of Director/Supervisor		Shares Held through Nominees		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives within 2 nd Degree of Kinship (Note)		Remarks
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name of Entity (or Individual)	Relationship	
Citibank Taiwan custody for Investment account of Norges Bank	5,230,000	5.60%	0	0.00%	0	0.00%	None	None	
HSBC Bank (Taiwan) Limited – Trustee for Morgan Stanley International Limited Investment Account	3,036,138	3.25%	0	0.00%	0	0.00%	None	None	
HAN HSIEN SHOU	2,920,000	3.13%	381,975	0.41%	0	0.00%	HAN HSIEN FU	Brothers	
HSBC Bank (Taiwan) Limited, as custodian, for the	2,834,313	3.04%	0	0.00%	0	0.00%	None	None	

Name	Shares Held		Shares Held by Spouses and Children of Minor Age of Director/Supervisor		Shares Held through Nominees		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives within 2 nd Degree of Kinship (Note)		Remarks
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name of Entity (or Individual)	Relationship	
Goldman Sachs International Investment Account									
Labor Pension Fund (the New System)	2,831,154	3.03%	0	0.00%	0	0.00%	None	None	
HSBC Bank (Taiwan) Limited, as custodian, for the Merrill Lynch International Investment Account	2,307,271	2.47%	0	0.00%	0	0.00%	None	None	
KU TAO HUNG	2,207,000	2.36%	9,000	0.01%	0	0.00%	None	None	
Citi as Custodian for Barclays Capital SBL/PB Investment Account	1,554,000	1.66%	0	0.00%	0	0.00%	None	None	
LI TSUNG WEI	1,541,000	1.65%	0	0.00%	0	0.00%	None	None	
HAN HSIEN FU	1,427,000	1.53%	2,702	0.00%	0	0.00%	HAN HSIEN SHOU	Brothers	

Note: The shareholders mentioned above include both juristic persons and natural persons, and their relationships should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Shares of the Same Re-invested Businesses held by the Company and Directors, Managers and Businesses under Direct or Indirect Control of the Company, with Combined Calculation of the Comprehensive Shareholding Percentages:

December 31, 2025; Unit: Shares; %

Re-invested Businesses	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Comprehensive Investments	
	Shares	%	Shares	%	Shares	%
KAORI INTERNATIONAL CO.,LTD	5,100,000	100.00%	0	0.00%	5,100,000	100.00%
KAORI DEVELOPMENT CO.,LTD	5,050,000	100.00%	0	0.00%	5,050,000	100.00%
Kaori Technology (Ningbo) Co., Ltd.	—	100.00%	0	0.00%	—	100.00%
Kaori Thermal Technology Co., Ltd.	42,600,000	100.00%	0	0.00%	42,600,000	100.00%
KAORI TECHNOLOGY (THAILAND) CO., LTD.	14,999,999	99.9999933 %	1	0.0000067%	15,000,000	100.00%

Kaori Thermal Technology USA Inc.	-	-	200	100.00%	200	100.00%
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III. Capital Overview

I. Capital and Shares:

(I) Source of Capital:

1. Capital Constitution History:

Unit: thousand shares; NT\$ thousand

Year and Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
2002.10	10	35,000	350,000	26,145	261,450	Capital Increase out of Earnings at 12,450	None	Approved per 16 August 2002 Order (91)-Taiwan-Finance-Securities (I) No. 0910145673
2003.09	10	35,000	350,000	29,000	290,000	Capital Increase out of Earnings at 28,550	None	Approved per 15 August 2003 Order (92)-Taiwan-Finance-Securities (I) No. 0920137148
2004.10	10	35,000	350,000	31,900	319,000	Capital Increase out of Earnings at 29,000	None	Approved per 13 August 2004 Order Finance-Management-Securities (I) No.0930136246
2005.09	10	35,000	350,000	34,771	347,710	Capital Increase out of Earnings at 28,710	None	Approved per 9 August 2005 Order Finance-Management-Securities (I) No.0940132241
2006.07	13	50,000	500,000	39,000	390,000	Cash Capital Increase 42,290	None	Approved per 8 May 2006 Order Finance-Management-Securities (I) No.0950115746
2007.10	20	100,000	1,000,000	44,000	440,000	Cash Capital Increase 50,000	None	Approved per 12 July 2007 Order Finance-Management-Securities (I) No.0960034033
2008.09	10	100,000	1,000,000	46,200	462,000	Capital Increase out of Earnings at 22,000	None	Approved per 16 July 2008 Order Finance-Management-Securities (I) No.0970035837
2009.08	21.3	100,000	1,000,000	51,284	512,845	Capital Increase through Convertible Bonds at 50,845	None	Approved per 14 August 2009 Order MoEA-Authorization-Commerce No. 09801184360
2009.09	10	100,000	1,000,000	55,904	559,045	Capital Increase out of Earnings at 46,200	None	Approved per 13 July 2009 Order Financial-Supervisory-Commission-Issuance No.0980034711
2009.10	10	100,000	1,000,000	57,315	573,150	Capital Increase through Convertible Bonds at 14,105	None	Approved per 20 October 2009 Order MoEA-Authorization-Commerce No. 09801241260
2010.01	10	100,000	1,000,000	57,621	576,211	Capital Increase through Convertible Bonds at 3,061	None	Approved per 19 January 2010 Order MoEA-Authorization-Commerce No. 09901012620
2010.02	32	100,000	1,000,000	62,621	626,211	Cash Capital Increase 50,000	None	Approved per 26 October 2009 Order Financial-Supervisory-Commission-Issuance No.0980054536
2010.04	10	100,000	1,000,000	63,532	635,324	Capital Increase through Convertible Bonds at 9,113	None	Approved per 15 April 2010 Order MoEA-Authorization-Commerce No. 09901072230
2010.07	10	100,000	1,000,000	66,566	665,658	Capital Increase through Convertible Bonds at 30,334	None	Approved per 21 July 2010 Order MoEA-Authorization-Commerce No. 09901164400
2012.08	10	100,000	1,000,000	69,894	698,941	Capital Increase out of Earnings at 33,283	None	Approved per 22 August 2012 Order MoEA-Authorization-Commerce No. 10101172810
2013.08	10	100,000	1,000,000	73,389	733,888	Capital Increase out of Earnings at 34,947	None	Approved per 22 August 2013 Order MoEA-Authorization-Commerce No. 10201170270
2013.09	48	100,000	1,000,000	77,389	773,888	Cash Capital Increase 40,000	None	Approved per 26 September 2013 Order MoEA-Authorization-Commerce No. 10201199280
2014.08	10	100,000	1,000,000	81,258	812,582	Capital Increase out of Earnings at 38,694	None	Approved per 22 August 2014 Order MoEA-Authorization-Commerce No. 10301175910
2015.09	10	100,000	1,000,000	89,384	893,840	Capital Increase out of Earnings at 81,258	None	Approved per 16 September 2015 Order MoEA-Authorization-Commerce No. 10401195310

Year and Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
2024.05	10	150,000	1,500,000	89,801	898,011	Capital Increase through Convertible Bonds at 4,171	None	Approved per 29 May 2024 Order MoEA-Authorization-Commerce No. 11330088590
2024.09	10	150,000	1,500,000	90,627	906,272	Capital Increase through Convertible Bonds at 8,261	None	Approved per 9 September 2024 Order MoEA-Authorization-Commerce No. 11330158880
2024.11	10	150,000	1,500,000	91,323	913,228	Capital Increase through Convertible Bonds at 6,956	None	Approved per 28 November 2024 Order MoEA-Authorization-Commerce No. 11330206250
2025.02	10	150,000	1,500,000	91,465	914,647	Capital Increase through Convertible Bonds at 1,419	None	Approved per 8 February 2025 Order MoEA-Authorization-Commerce No. 11430014130
2025.06	10	150,000	1,500,000	91,471	914,714	Capital Increase through Convertible Bonds at 67	None	Approved per 6 June 2025 Order MoEA-Authorization-Commerce No. 11430074480
2025.12	10	150,000	1,500,000	92,248	922,483	Capital Increase through Convertible Bonds at 7,769	None	Approved per 9 December 2025 Order MoEA-Authorization-Commerce No. 11430188150
2026.02	10	150,000	1,500,000	92,483	924,829	Capital Increase through Convertible Bonds at 2,346	None	Approved per February 24 2026 Order MoEA-Authorization-Commerce No. 11530020250

2. Type of Shares:

March 30, 2026 Unit: Shares

Type of Share	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Ordinary Shares	93,387,429	56,612,571	150,000,000	TWSE-listed Company Shares

3. Information concerning the soliciting and issuance of securities through shelf registration system shall be disclosed: None.

(II) List of Major Shareholders:

The Name, Amount and Proportion of the Shareholders Whose Equity Proportion Is More Than 5% or the Shareholders Whose Equity Proportion Is in the Top Ten

March 30, 2026

Major Shareholders' Name	Number of Shares		Shareholding Percentage (%)
	Shares Held		
Citibank (Taiwan) Limited, as custodian, for the Investment Account of Norges Bank	5,230,000		5.60%
HSBC Bank (Taiwan) Limited, as custodian, for the Investment Account of Morgan Stanley International Limited	3,036,138		3.25%
HAN HSIEN SHOU	2,920,000		3.13%
HSBC Bank (Taiwan) Limited, as custodian, for the Investment Account of Goldman Sachs International	2,834,313		3.04%
Labor Pension Fund (New System)	2,831,154		3.03%
HSBC Bank (Taiwan) Limited, as custodian, for the Investment Account of Merrill Lynch International	2,307,271		2.47%
KU HUNG TAO	2,207,000		2.36%
Citibank as Custodian for the SBL/PB Investment Account of Barclays Capital	1,554,000		1.66%
LI TSUNG HUI	1,541,000		1.65%
HAN HSIEN FU	1,427,000		1.53%

(III) Dividend Policy and Implementation Status:

1. Dividend Policy under the Company's Articles of Incorporation:

After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years, and set aside a legal reserve of 10% of the net profit. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. Aside from the aforesaid legal reserve, the Company may set aside another sum as special reserve or revert such sum in accordance with relevant laws and regulations. The balance following the distribution

added with undistributed earnings from the former years are the cumulative distributable earnings, whose distribution shall be made into proposals with a percentage between 10 and 100 percent by the board of directors based on development circumstances of the industry. Where the distribution is to be made in issuance of new shares, the proposal shall be submitted to the meeting of shareholders for resolutions. According to Article 240, Paragraph 5 of the Company Act, the Board of Directors under authorization distributes dividends and bonuses or allocate all or a portion of the statutory retained earnings and capital reserve specified in Article 241, Section 1 of the Company Act in the form of cash, provided that the resolution is approved by a majority of the attending directors in a meeting attended by two-thirds or more of all directors. The Board of Directors shall report this to the Shareholders' Meeting.

The Company shall consider its operating environment and growth stage, address future funding requirements and long-term financial planning, while safeguarding shareholders' interests and maintaining a balanced dividend policy. Cash dividends shall account for no less than 10% of the total shareholder dividends.

2. Proposed Dividend Distribution in the year:

The Company's net profit after tax for 2025 amounted to NT\$829,545,109. Adding unappropriated retained earnings at the beginning of the year of NT\$536,043,118, remeasurements of defined benefit plans recognized in retained earnings of NT\$4,453, and gains on disposal of equity instruments measured at fair value through other comprehensive income of NT\$84,953,963, and after deducting a legal reserve of 10% as required by law amounting to NT\$91,450,353, total distributable earnings for the current period reached NT\$1,359,096,290. It is proposed to distribute a cash dividend of NT\$4.55520782 per share, aggregating NT\$423,121,543.

(IV)Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

For 2025, the Company's earnings per share (EPS) amounted to NT\$9.07. On March 11, 2026, the Board of Directors resolved a cash dividend distribution of NT\$4.55520782 per share on a non-withdrawal basis, totaling NT\$423,121,543. Given the stable revenue and net cash inflows generated from the Company's operating activities, this distribution is not expected to have a material impact on its operating performance, earnings per share, or shareholders' return on investment.

(V)Compensations of Employees and Directors:

1. Percentage or Scope of Compensations of Employees and Directors under the Company's Articles of Incorporation:

If there is a profit for the current year, a distribution no less than 2% of the said profits shall be made as employees' remuneration, and a distribution no more than 5% shall be made as directors' remuneration. The distribution of employees' remuneration in the form of stock or cash shall be resolved by the Board of Directors, and individuals entitled to receive shares or cash may include employees inclusive of the employees of parents or subsidiaries of the company meeting certain specific requirements. However, when the Company still has accumulated losses, the compensation shall be made up first before distributing the employees' remuneration and directors' remuneration in the aforementioned percentages.

2. Estimation basis for employees', directors' and supervisors' compensations in the current period,

Calculation basis for shares distributed as employees' compensation, and accounting handling for deviations of actual distribution amount from estimates:

Concerning the estimation basis for the Company's 2025 employee and director compensation amounts, the calculation basis for employee compensation distributed in the form of stock, and the handling where actual distribution amount differs from the estimated amount, if there are significant changes in the distribution amount decided by the Board of Directors at the end of the fiscal year, the necessary adjustments are made to the originally provisioned annual expenses responding to such changes. By the date of the Shareholders' Meeting resolution, if the amount is still subject to change, it will be handled based on accounting estimates and adjusted in the fiscal year of the Shareholders' Meeting resolution.

3. Situation of Compensation Distribution Approved by the Board of Directors:

- (1) The amounts for distribution of the compensation of employees, directors and supervisors made in cash or stock:

For 2024, the Company's net profit before tax was NT\$1,014,222,984. It is proposed to distribute employee compensation in the amount of NT\$21,298,683, and directors' compensation in the amount of NT\$35,497,804, in accordance with the Company's Articles of Incorporation.

- (2) The Amount of Employees' Compensation Distributed in Stock and Its Proportions to the Sum of Net Income and Employees' Compensation in the Current Comprehensive or Company Only Financial Statements

The Company did not make any employees compensation distribution in the form of stock in 2025.

4. The actual distribution of the compensation of employees, directors and supervisors in the previous year (including the distribution of shares, amount and stock price); if there is any difference from the recognized compensations employees, directors and supervisors, the difference, reason and handling situation shall be specified: None.

(VI) Repurchase of Outstanding Shares of the Company: None.

Report on the Implementation of Share Repurchase

Repurchase Series	First Series
Purpose of Share Repurchase	Transfer of Shares to Employees
Board Resolution Date	2025/04/15
Scheduled Repurchase Period	2025/04/16~2025/06/13
Scheduled Repurchase Quantity	Ordinary shares of 1,000,000
Repurchase Price Range	NT\$149.45 ~ NT\$388.99
Actual Repurchase Period	114/04/29~114/06/03
Type and Volume of Shares Repurchased	Ordinary shares of 500,000
Amount of Shares Repurchased	NT\$ 118,087,982
Average Repurchase Price per Share	NT\$ 236.18
Ratio of Shares Repurchased to Planned Repurchase Quantity (%)	50%
Number of Shares Canceled and Transferred	0
Cumulative Number of Shares Held by the Company	Ordinary shares of 500,000
Ratio of Cumulative Number of Shares Held by the Company to Total Issued Shares (%)	0.54%

Repurchase Series	First Series
Reasons for Non-Completion of the Current Repurchase	To protect shareholders' interests and maintain proper market function, the Company has adopted a staggered repurchase strategy based on share price movements and trading volume. While the repurchase was not fully completed, the execution rate has reached 50%.

Note: Total issued shares as of October 31, 2025 were 92,443,122 shares.

II. Implementation Status of Corporate Bonds:

(I) Corporate Bonds Outstanding and Handling in Progress

1. Outstanding Corporate Bonds:

Type of Corporate Bonds		Fourth Issuance of Unsecured Convertible Corporate Bonds in the Domestic Market
Date of issuing		2023/12/06
Denomination		NT\$100,000
Place of issue and trading		Issued at home, listed in Taipei Exchange
Issuing price		Issued in NT \$10 denomination
Total amount		NT\$ 1,000,000,000
Interest rate		0%
Duration		Five-year period maturity date: 2028/12/06
Guarantee institution		None
Trustee		Mega International Commercial Bank Co., LTD
Underwriter		Mega Securities
Certified lawyer		N/A
CPA		N/A
Repayment method		Please refer to the Company's Regulations Governing the Fourth Issuance and Conversion of Unsecured Convertible Corporate Bonds in the Domestic Market in Appendix 1 for details
Outstanding principal refund		NT\$4,003,34 as of March 31, 2025
Clause for redemption or early repayment		Refer to the Company's Regulations Governing the Fourth Issuance and Conversion of Unsecured Convertible Corporate Bonds in the Domestic Market in Appendix 1
Restriction clause		None
Name of credit rating agency, rating date, corporate bond rating results		None
Additional rights attached	The amount of ordinary shares, overseas depositary receipts or other marketable securities converted (converted or subscribed) as at the date of publication of the annual report	As at March 31, 2026, 4,003,349 shares had been converted.
	Issuance and conversion (conversion or subscription) method	
Issue and conversion, exchange or		Please refer to the Company's Regulations Governing the Fourth Issuance and Conversion of Unsecured Convertible Corporate Bonds in the Domestic Market in Appendix 1 for details.
		The total amount of convertible corporate bonds issued

subscription method, issue conditions on the possible dilution of equity and the impact on the equity of existing shareholders	this time is NT \$1,000,000,000. As the term of the bonds is five years and the time of conversion requested by creditors varies, the dilution effect on earnings per share will be delayed, and it will not have a significant impact on the existing shareholder rights.
Name of entrusted custodian of the subject matter of exchange	N/A

2. Implementation Status of Corporate Bonds:

(II) With Maturity within a year: None.

(III) Information on Convertible Corporate Bonds:

Type of corporate bond		Fourth Issuance of Unsecured Convertible Corporate Bonds in the Domestic Market		
Items	Years	2024	2025	As of April 8, 2026
	Highest	222.00	287.00	417
	Lowest	114.30	107.00	246
	Average	153.91	155.27	347.87
Market price of convertible corporate bonds				
Conversion price		237.5	233.5	232.2
Issuing date and conversion price at time of issuing		On December 16, 2023, the conversion price at time of issuing was NT\$240.0		
Manner of performing the conversion obligation		Issuance of new shares		

(IV) Convertible Corporate Bond Issued: None.

(V) Solicitation and Issuance of Ordinary Corporate Bond by the Company using the Shelf Registration Method: None.

(VI) Equity Warrant Bonds Issued: None.

(VII) Handling of Privately Placed Corporate Bonds within the Most Recent 3 Years and as of the Publication Date of this Annual Report: None.

III. Implementation Status of Preferred Shares: None.

IV. Implementation Status of Global Depository Receipt (GDR): None.

V. Implementation Status of Employee Stock Warrant: None.

VI. Implementation Status of Restricted Stock Awards: None.

VII. Implementation Status of M&A or New Shares in Connection with Receiving Transfer of Shares of another Company: None.

VIII. Implementation Status of the Funds Utilization Plan:

(I) Contents of the previous convertible bond issuance plan:

1. Execution of the previous offerings or private placements of convertible securities that have not been completed: none.

Approved per 13 November 2023 Order Financial-Supervisory-Commission-Issuance No.1120359596, the Fourth Issuance of Unsecured Convertible Corporate Bonds in the Domestic Market was conducted, the project plan and fund utilization was completed as to December 31, 2023.

Unit: NT\$ thousand

Project Plan	Total Plan Fund	Execution	Year	2023
			Season	Q4
Repayment of bank loan	1,137,963	Amount spent	Estimated	1,137,963
			Actual	1,137,963
	100.00%	Execution progress	Estimated	100.00%
			Actual	100.00%
Total	1,137,963	Amount spent	Estimated	1,137,963
			Actual	1,137,963
	100.00%	Execution progress	Estimated	100.00%
			Actual	100.00%

(II) Execution:

Where it has been completed in the quarter prior to the date of publication of the annual report or within the last three years and the benefits of the program have not yet become significant: N/A.

IV. Operation Highlight

Business Activities

1. Scope of Business:

(1) Main Contents:

- 1) CA02010 Manufacture of Metal Structure and Architectural Components.
- 2) CA02090 Metal Wire Products Manufacturing.
- 3) CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified.
- 4) CA03010 Heat Treatment.
- 5) CB01010 Mechanical Equipment Manufacturing.
- 6) CB01990 Other Machinery Manufacturing.
- 7) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- 8) CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
- 9) CD01020 Tramway Cars Manufacturing.
- 10) CD01060 Aircraft and Parts Manufacturing.
- 11) CP01010 Hand Tools Manufacturing.
- 12) F106010 Wholesale of Hardware.
- 13) F113990 Wholesale of Other Machinery and Tools.
- 14) F401010 International Trade.
- 15) E599010 Pipe Lines Construction.
- 16) E601010 Electric Appliance Construction.
- 17) E601020 Electric Appliance Installation.
- 18) E604010 Machinery Installation.
- 19) IG03010 Energy Technical Services.
- 20) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Proportions in Operations by the Company's 2024 Main Products:

Unit: NT\$ thousand; %

Main Products	Individual Financial Reports	Proportion (%)	Consolidated Financial Reports	Proportion (%)
Plate Heat Exchanger	1,506,653	37.70	1,729,076	26.28
Thermal Products	2,489,371	62.30	4,851,547	73.72
Total	3,996,024	100.00	6,580,623	100.00

(3) Current Product Items and Planned New Product Development

- 1). Brazed and Gasketed Plate Heat Exchanger Products.
- 2). Fuel Cell Reactor Components and Reformer.
- 3). Plate Heat Exchangers for the Server Industry.
- 4). Methanol Fuel Cell Power Generation System/Methanol Reforming and Hydrogen Production Machine/PSA Hydrogen Purifier.
- 5). Development of carbon dioxide sequestration system
- 6). Development of waste hydrogen recovery system
- 7). Submerged server cooling module

2. Industry Overview:

(1) Status Quo and Development of the Industry:

Established on October 11, 1970, the Company initially focused on metal heat treatment processing, and with heat treatment processing technology, it entered the field of brazing processing, manufacturing, and sales of brazed plate heat exchangers. In addition, in order to meet the green energy market and with years of accumulated experience in heat treatment processing technology, the Company set up a related division in 2009 to produce thermal energy products for

Solid Oxide Fuel Cell (SOFC) reactor components. Due to Kaori's mastery of key technologies in heat treatment and copper welding processing, it successfully reached the supply chain of hydrogen fuel cell manufacturers in American listed companies. In addition, in order to increase the diversity of the use of plate heat exchanger products, by mastering the cold and heat conversion technology of plate heat exchanger, the Company developed and applied the submerged liquid cooling technology for the heat dissipation requirements of data centers with large processing capacity and storage capacity in 2017 and set up the "Thermal Energy Business", and in recent years have obtained orders from large factories at home and abroad. In order to promote organizational restructuring, achieve professional division of labor, and further improve the Company's competitiveness and asset management performance, the Company held an interim meeting of shareholders on November 12, 2024, at which the Business division and transfer of Thermal Energy Business was approved. According to the resolution, the company will transfer Thermal Energy Business to its existing 100% owned subsidiary Kaori Thermal Technology Co., Ltd., effective December 31, 2024. It is expected that through this organizational restructuring, Thermal Energy Business will be given greater flexibility and efficiency in the development process, further highlighting its core competitiveness and promoting the sustainable growth of its operations. According to the resolution, the Company will transfer Thermal Energy Business to its existing 100% owned subsidiary Kaori Thermal Technology Co., Ltd., effective December 31, 2024. It is expected that through this organizational restructuring, Thermal Energy Business will be given greater flexibility and efficiency in the development process, further highlighting its core competitiveness and promoting the sustainable growth of its operations. It is expected that the overall operating performance after the separation will be better than before, thereby implementing professional labor of division and keeping creating more lucrative benefits for all shareholders of the Company.

With the goal of producing world-class products, Kaori is currently the only company in Taiwan that moves from "energy use" to "energy saving" and "energy manufacturing", with its core business focusing on energy saving, heat dissipation and green energy solutions. Kaori's two major Divisions are plate heat exchangers and thermal products, the latter of which includes fuel cell reactor mechanism components, hydrogen energy application technology and liquid cooling technology. In terms of products, Kaori has a leading position globally with five key competitive technologies: heat transfer flow, thermal energy management, hydrogen energy application, system integration, and welding processes. The status quo, industry characteristics and future development trend of the Company's industry are analyzed as follows:

① Fuel cell industry

Fuel cells are energy conversion power generation devices that can directly convert fuel into electricity through electrochemical reactions without combustion. Therefore, the energy conversion efficiency is quite high. They have a wide range of fuel sources, including coal, oil, natural gas, and other hydrocarbon fuels, from which a large amount of hydrogen can be extracted through reforming reactions. They can also directly use alcohols such as methanol as the fuel input for the fuel cell. The working principle of a fuel cell is composed of positive and negative electrodes and an electrolyte with ion conduction properties. Hydrogen enters the fuel cell from the anode, while oxygen (or air) enters from the cathode. Currently, fuel cells can be classified into six types based on different electrolytes: Alkaline Fuel Cell (AFC), Proton Exchange Membrane Fuel Cell (PEMFC or PEFC), Phosphoric Acid Fuel Cell (PAFC), Molten Carbonate Fuel Cell (MCFC), Solid Oxide Fuel Cell (SOFC), and Direct Methanol Fuel Cell (DMFC). Fuel cells have a wide range of applications, with the current main areas being automobiles, stationary power generators, and portable electronic devices. The Company mainly engages in the production of Solid Oxide Fuel Cells (SOFC), primarily used in large-scale stationary fuel cell power generation systems.

In response to the global net-zero carbon emissions trend, many countries are looking to introduce a significant amount of renewable energy as the optimal solution in the current stage, with major countries actively promoting and supporting the energy storage industry through policy initiatives. The orientation of "energy policies" drives the development of renewable energy. The proportion of renewable energy directly affects the demand for energy storage in the

power system, and different policy content will also influence the demand for different energy storage applications and market development. “Policy” can be considered a crucial driving force for the development of the energy storage industry, and collaboration among industry, government, and academia can accelerate the expansion of the energy storage market. For example, in Mainland China, the proportion of renewable energy in the energy structure is gradually increasing, and various provinces are encouraged or required to increase the construction of renewable energy plants with energy storage systems; the U.S. federal government actively supports the research and application of energy storage systems, and local government policies in various states mainly stimulate industry development through tax incentives and installation subsidies; in Australia, each province has adopted its own renewable energy development goals and implemented subsidies, low-interest loans, or other incentive policies; Korea promotes phased nuclear reduction and an “energy transition policy” with a focus on renewable energy development, as well as the Renewable Energy Certificate (REC) system, aiming to rapidly deploy energy storage systems through policy initiatives; in UK, after the introduction of the “Energy Storage Deployment Enabling Act 2020”, which removed the limit on project capacity not exceeding 50MW, there is uncertainty in the capacity market, leading UK companies to explore opportunities for behind-the-meter energy storage applications.

Strategies for the Introduction of Major Electrochemical Energy Storage in the Energy Storage Market of Major Countries around the World

	Mainland China	US	UK	Germany	Australia	Korea	Japan
Strategies for the Introduction of Major Electrochemical Energy Storage	Subsidy Empirical Experiments thru Virtual Power Plant	Obligations of Establishment Subsidy Reorganization of Market Electricity Pricing Model Design	Reorganization of Electricity Trading Market	Subsidy	Subsidy	Obligations of Establishment Subsidy	Subsidy Empirical Experiments thru Virtual Power Plant

Source: Mitsubishi Research Institute, Inc. (2021); Industrial Economics and Knowledge Center, ITRI (2021)

In terms of applications, fuel cells are divided into stationary, portable and fuel cell vehicles, of which stationary fuel cells refer to the provision of power in a fixed location, stationary fuel cell applications include standby power generation, primary power generation and steam and electricity symbiosis, which can meet the needs of data centers, utilities, industrial, commercial institutions and private households.

Unlike non-rechargeable batteries, which are discarded after use, or rechargeable batteries, which need to be continuously charged, a solid oxide fuel cell (SOFC) is a device that generates electricity by adding fuel to maintain its power. In general, the most common fuel is “hydrogen”, which can be used as fuel in addition to the hydrocarbons that can be broken down into hydrogen, such as natural gas, methanol, alcohol and biogas. The fuel eventually turns into water and a very small amount of carbon dioxide, so it is generally classified as a clean new energy source. Characterized with high efficiency for power generation (close to 60% of its own power generation efficiency, and can be used in conjunction with a hot gas turbine with an efficiency of over 80%), high efficiency of cogeneration (waste heat temperature up to 400°C-600°C, and efficiency of cogeneration of over 90%), water resource saving (2% of water consumption of conventional power generation), green and environmental protection with no precious metal catalyst not required, it is a kind of fuel cell with high application prospect. In addition, it is widely used, mainly in portable power supplies, distributed generation or cogeneration systems, high-performance power supplies and large power stations and other fields.

The Paris Agreement, signed by UN Member States in 2016, sets out to bring the world to net zero emissions in the second half of this century and stabilize global temperature increases well below 2°C above pre-industrial levels and close to 1.5°C to slow the rise in the Earth’s

temperature. The 2018 report of the United Nations Intergovernmental Panel on Climate Change (IPCC) recommended that global carbon emissions should be nearly halved by 2030 and net zero emissions by 2050 (IPCC, 2018). Therefore, countries are determined to expand their carbon reduction efforts through voluntary commitments and even cooperation with regulatory frameworks, and gradually control the impact of carbon emissions through global cooperation. Moreover, in order to achieve the net zero emission vision with the international community, the construction of energy recycling models is urgently needed. To ensure an efficient and clean energy cycle, solid oxide fuel cells need to be included.

Currently, the commercial practice of fuel cell power generation in Taiwan mainly revolves around high-temperature fuel cells. This type of fuel cell not only has high conversion efficiency, but also demonstrates strong competitiveness in terms of power generation costs. High temperature fuel cells, which use natural gas as a fuel with high conversion efficiency, can flexibly respond to energy needs of different scales, and are currently used in data centers, commercial facilities and industrial sites. High temperature fuel cells, which use widely available natural gas as fuel and have high conversion efficiency, can flexibly respond to energy demands of different scales. Currently, they have been applied in data centers, commercial facilities, and industrial sites, especially in the recent expansion plans of several data centers in North America, which have gradually used fuel cells as part of the base power to drive related supply chains led by Bloom Energy.

Advancements in SOFC technologies and materials are poised to further fuel market expansion. New ceramic materials and refined manufacturing processes have boosted the performance and durability of solid oxide fuel cells, broadening their applications to include stationary power generation and transportation. Meanwhile, rising focus on energy resilience and distributed generation has driven demand for SOFC systems that can operate either independently or alongside renewable energy sources. As industries and the wider society increasingly acknowledge the role of SOFCs in enhancing energy independence, demand for innovative solutions that optimize energy production in the solid oxide fuel cell market is expected to grow significantly.

The global fuel cell market is forecast to grow from \$7.83 billion in 2023 to nearly \$70.41 billion by 2032, with a compound annual growth rate of 27.64% from 2024 to 2032. As an electrochemical device, a fuel cell directly converts the chemical energy of fuel—typically hydrogen—into electricity, producing only water and heat as byproducts; unlike internal combustion engines, it runs quietly, operates efficiently, and has a minimal environmental footprint. Widely used across applications ranging from vehicles to stationary power generation, fuel cells play a key role in the clean energy transition by offering sustainable energy solutions with the advantages of lower emissions, scalability, and versatility across different industries, and when powered by renewable energy, their near-zero carbon emissions make them an ideal option for building a sustainable energy future. Rising demand for clean and sustainable energy solutions across industries has been a key driver of growth in the fuel cell market. As governments worldwide implement stringent emissions regulations, fuel cells have emerged as a viable alternative to conventional fossil fuel-based energy systems. Sectors including automotive, marine, and aerospace are increasingly investing in fuel cell technology to lower their carbon footprint and advance their sustainability goals. Moreover, fuel cells deliver exceptional energy efficiency and stable performance. In electric vehicles in particular, they provide significantly longer driving ranges than traditional battery setups. Increasing adoption of hydrogen fuel cells for decentralized power generation in both urban and rural communities has further propelled market expansion. The industry also continues to benefit from advances in fuel cell innovation, which have broadened real-world applications and boosted overall operational efficiency.

②. Heat Exchanger Industry

As industries across various sectors seek ways to reduce energy consumption and lower carbon emissions, heat exchangers have gained increasing attention. The future growth of the

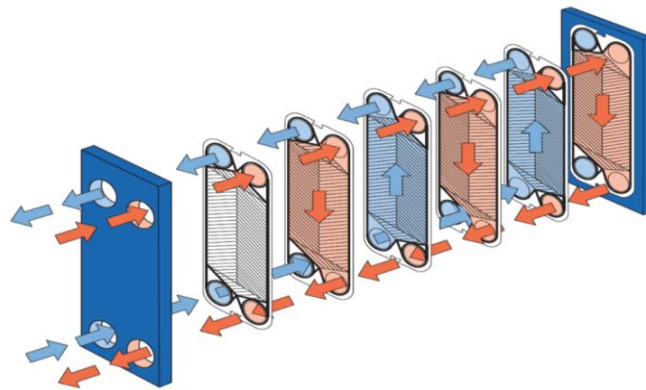
market can be attributed to several factors:

1. Mounting concerns over energy scarcity and climate change have heightened global awareness of energy conservation and carbon reduction, driving stronger demand for heat exchangers and broadening their applications—such as water cooling for servers and hydrogen cooling. Intensifying extreme weather events have further reinforced this trend, pushing the wider adoption of high-efficiency thermal management solutions across industries.

2. Energy-intensive industries are placing growing emphasis on technology innovation and efficiency improvement, which has made heat exchangers increasingly appealing across a broader array of sectors. This is especially supported by rising demand from industries such as heat pumps, refrigeration and air conditioning, and air dryers.

3. Growing focus on greenhouse gas reduction has boosted demand for new refrigerants, driven equipment replacement, and raised requirements for higher thermal efficiency—all of which are expected to further fuel robust market growth.

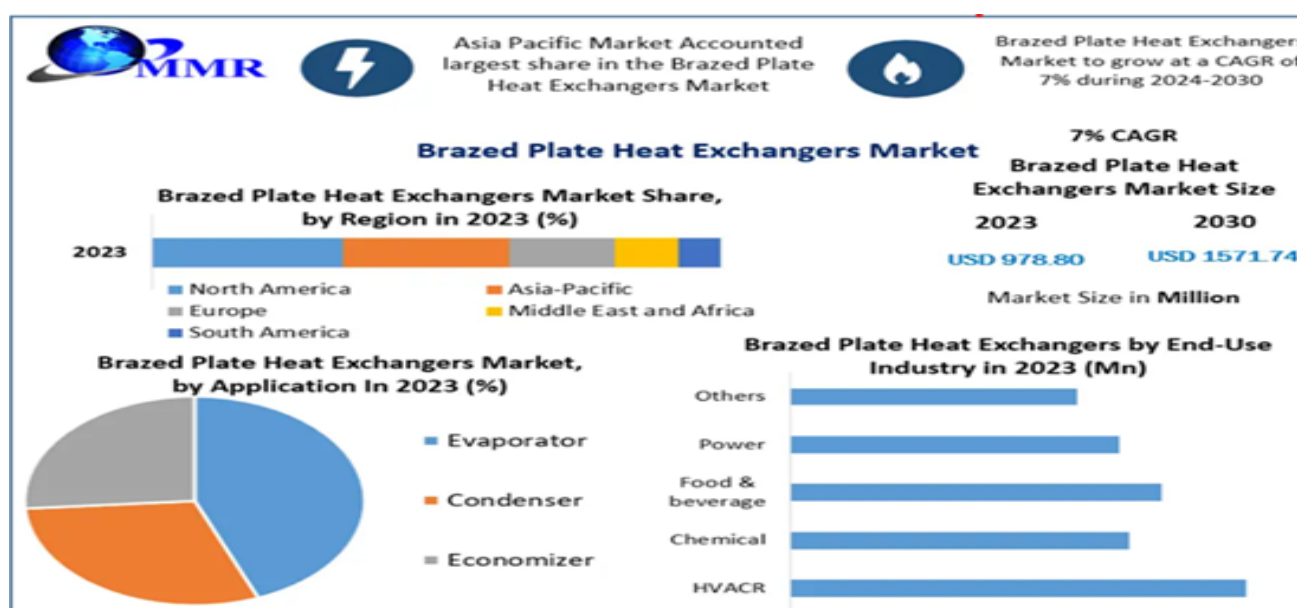
4. Governments around the world are introducing regulations to reduce greenhouse gas emissions and improve energy efficiency, and the transition from fossil fuel heating equipment such as boilers to high-efficiency heat pumps has increasingly become the preferred option for sustainable climate systems. By providing both heating and cooling, heat pumps help lower energy costs and carbon footprints, easing the global impact of greenhouse gases. As indispensable core components in heat pump systems, well-designed heat exchangers allow for lower refrigerant charges and better system performance, making them vital in the global shift toward a greener, more sustainable environment. Under the 2050 net-zero emissions scenario, high-efficiency heat pumps are a key technology for cutting heating-related emissions in buildings, and amid the ongoing global energy crisis, they have also been recognized as a solution to strengthen energy security. Under the European Commission's REPowerEU initiative, the deployment rate of heat pumps will be doubled in the coming years to reduce reliance on natural gas. Meanwhile, in the U.S., heat pumps have been designated as a priority technology under the Defense Production Act (DPA) to secure clean energy independence.



A plate heat exchanger is an innovative and high-efficiency heat transfer device constructed by stacking a series of corrugated metal plates, which transfer heat between two separate fluid streams. These stacked plates form narrow rectangular channels that allow thermal energy to be exchanged directly through the plate surface. Endowed with high heat transfer efficiency, low heat loss, a compact and lightweight structure, small footprint, convenient installation and cleaning, wide-ranging applications, and long service life, plate heat exchangers hold a distinct edge over conventional heat exchangers: they expose fluids to a significantly larger surface area as the fluids are distributed across the plates, which promotes more effective heat transfer and greatly accelerates the rate of temperature change. Plate heat exchangers are now in widespread

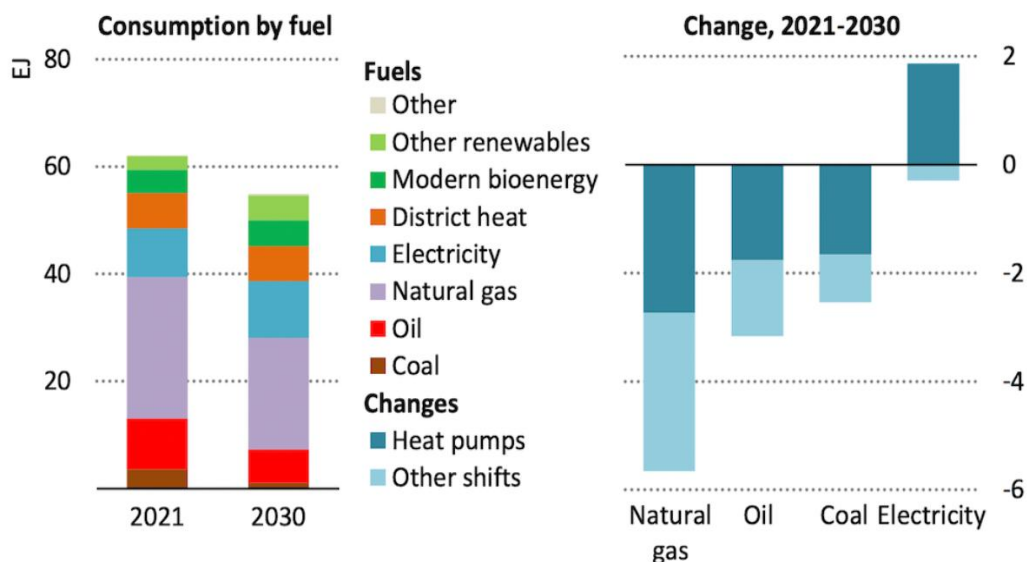
use. Very compact plate heat exchangers are employed in the hot water circuits of millions of heat pumps, delivering exceptional heat transfer efficiency, increasing domestic hot water flow rates, and significantly improving household heating and hot water supply. The fluid exchange principle of the plate heat exchanger is detailed in the following diagram:

Plate heat exchangers enjoy a remarkably broad scope of application, thanks to their high thermal transfer efficiency. Through specialized plate designs and optimized fluid channel configurations, they enable rapid and effective heat transmission, helping conserve energy and enhance overall system performance—advantages that are especially critical in industrial and HVAC applications. Today, they are widely adopted across sectors including chemicals, petroleum, metallurgy, power generation, marine engineering, electromechanical systems, and heat pump heating. Amid intensifying global climate volatility, countries face mounting environmental challenges, including surging winter heating demand, alongside growing governmental focus on ESG goals. These trends have sharply accelerated the adoption of plate heat exchangers in heat pumps and other heating systems. According to Maximize Market Research, the global plate heat exchanger market was valued at approximately \$979 million in 2023 and is projected to reach nearly \$1.572 billion by 2030, representing a compound annual growth rate of 7%.



Source: Maximize Market Research, 2024.

More than 30 countries around the world have already introduced financial incentives to promote the adoption of heat pumps. As Europe seeks to reduce its reliance on natural gas, shifting toward heat pumps offers an effective way to lower dependence on imported fossil fuels and strengthen energy security. According to estimates by the IEA, natural gas consumption in global buildings will drop by 21% by 2030, while the use of other fossil fuels such as oil and coal is expected to decrease by roughly 29%.



Source: IEA, December, 2021.

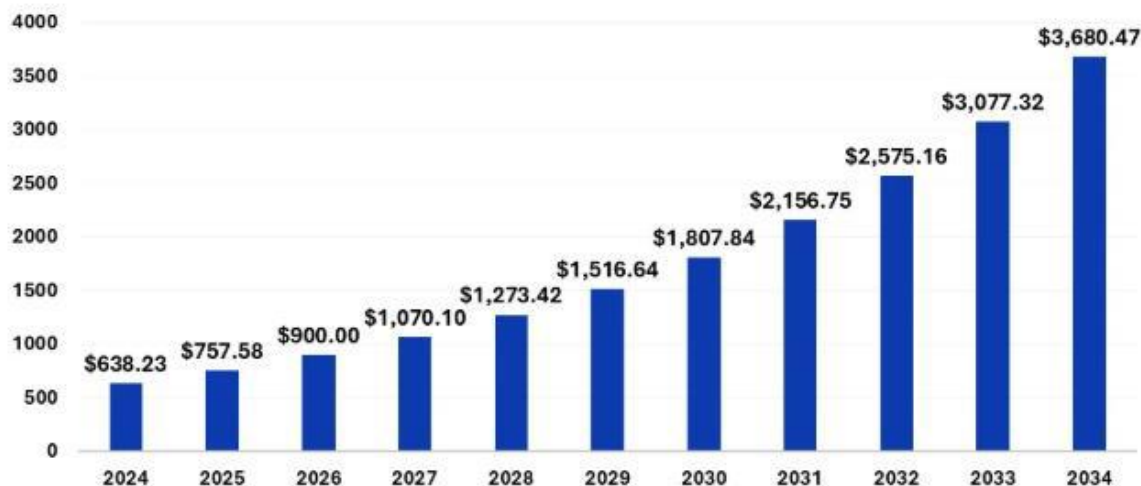
Overall, as businesses aim to lower energy use, improve environmental performance, and comply with regulations, heat exchangers play an essential role by delivering lower energy costs, reduced carbon footprints, and minimal maintenance requirements.

③. Thermal Energy and Heat Dissipation Industry

Generative AI has fueled a fresh surge in industrial demand, driving the rapid expansion of the thermal dissipation industry in recent years. In contrast to air cooling, liquid cooling has become a clear structural trend, thanks to its superior space efficiency, greater heat capacity, and ability to lower Power Usage Effectiveness, or PUE—a key metric measuring energy efficiency in data centers, where a lower PUE corresponds to higher energy efficiency and reduced carbon emissions. These benefits have steadily boosted order visibility for the liquid cooling solutions offered by High Power's Thermal Energy Division, which specializes in immersion liquid cooling technology. To strengthen its competitive edge and capitalize on market opportunities, the Company has revised its production strategy by employing vacuum furnace brazing to manufacture distribution manifolds (CDM), a process that achieves higher production efficiency and better yield rates than traditional argon welding, effectively resolving capacity constraints. Moving forward, Kaori will continue to secure orders from domestic original design manufacturers (ODM) as well as major cloud service providers (CSP) based in the United States.

Booming demand for AI and cloud computing is propelling the entire semiconductor supply chain, spanning advanced wafer foundries, AI processors, high-end switching and communication semiconductors, EDA tools, IP cores, HBM memory, server racks, key components, thermal solutions and more, with operational momentum expected to rise year after year. In 2025, the thermal management sector will benefit significantly from the ramped-up volume production of the GB200 liquid cooling system, where energy efficiency and thermal control have become central industry issues surrounding NVIDIA's GB200 platform. Kaori's thermal management team has developed liquid-cooled distribution manifolds and coolant distribution units, successfully qualifying for the GB200 supply chain.

According to Precedence Research, the global AI market is expected to grow to \$3,680 billion by 2034, with a CAGR of 19.2% from 2025 to 2034, based on a projected size of \$757 billion by 2025.



Source: Precedence Research, 2025/02

According to Grand View Research, the global data center cooling market is projected to reach US\$ 56.1 billion by 2030, with an impressive CAGR of 16.8% for the 2022–2030 period, indicating a solid growth outlook for the thermal management industry.

(2) Correlation among Upstream, Midstream, and Downstream of the Industry:

① Fuel Cell Industry

Taiwan has a well-established supply chain for the hydrogen energy and fuel cell industry, covering upstream to downstream sectors including precious metal catalysts, proton exchange membranes, fuel cell stacks and components, control systems and related parts, stationary power generation systems, portable power products, and transportation equipment. In addition to advanced upstream raw material technologies, Taiwan's industry possesses extensive mass-production experience and distinct cost advantages, granting it a competitive edge in penetrating midstream and downstream markets. Supported by established foundations in power generation, electronics, information technology, and motorcycle manufacturing, Taiwan can further elevate its international competitiveness by adopting fuel cell technologies, which bring exceptional energy efficiency and strong environmental benefits to its product offerings.

The development of Taiwan's Fuel Cell industry started with research institutions, and after successful technology development, it gradually formed into an industry involving private companies. The supply chain of Taiwan's fuel cell industry includes upstream, midstream, and downstream manufacturers, as shown in the figure below.

List of domestic and foreign participants in the fuel cell manufacturing industry

	Materials (Upstream)	Battery Components (Midstream)	System Applications (Downstream)	Peripheral Accessories
Main suppliers	Proton-exchange membrane	Battery modules	Fuel Cell Systems	Hydrogen Supply
	Microcosm Technology Co. Ltd. DuPont (US) DSM (Netherlands) JSR (Japan) Hitachi Chemical Co., Ltd. (Japan) Tokuyama Chemical Engineering (Japan) Mitsui Chemicals (Japan) Nitto Denko (Japan) Toagosei (Japan)	Chung Hsin Electric & Machinery Leatec Fine Ceramics SunPower Energy Asia Pacific Fuel Cell Technologies, Ltd. Toplus Energy SDI SDI Corporation FUCELL CO., LTD.Green Hydrogen Power	Chung Hsin Electric & Machinery Toplus Energy Asia Pacific Fuel Cell Technologies, Ltd. NEXUS Palcan Fuel Cells (Shanghai) Co., Ltd. M-Field YC Synergy ECO-ENERGY TECHNOLOGY CO., LTD. Green Hydrogen Energy HEPHAS ENERGY CO., LTD. FUCELL CO., LTD. Noveltek Kaori Heat Treatment Co., Ltd. Hydrogen Energy United Renewable Energy Co., Ltd. Hitachi, Ltd. (Japan) Fuji Electric (Japan) JX(Japan) Daihatsu Motor (Japan) TOYOTA (Japan) HONDA (Japan) TOSHIBA (Japan) KYOCERA (Japan)	Air Products San Fu LienHwa Air Eastern CPC Linde Group (Germany) Biocoke Lab(Japan)
	MEA			Methanol Supply
	Yang Chih Co., Ltd. GOC International NGK Insulators (Japan) Nippon Shokubai (Japan)	NGK Insulators (Japan) Hitachi (Japan) Fuji Electric (Japan) JOMO (Japan) Daihatsu (Japan) TOYOTA (Japan) HONDA (Japan) TOSHIBA (Japan) KYOCERA (Japan) PANASONIC (Japan) NISSAN (Japan) ENEOS (Japan) Siemens (Germany) Daimler (Germany) UTC POWER (US) FuelCell Energy (US)		
	Catalysts			
	Green Hydrotec Sumitomo 3M (Japan) Hitachi Maxell (Japan) Showa Denko (Japan)			

	Materials (Upstream)	Battery Components (Midstream)	System Applications (Downstream)	Peripheral Accessories
	GDL		PANASONIC (Japan) NISSAN (Japan) ENEOS (Japan) Siemens (Germany) Daimler (Germany) FuelCell Energy (US) Bloom Energy (US) Doosan (South Korea)	Japan Metals & Chemicals (Japan) Toyota (Japan) Samtech (Belgium)
	Carbon energy technology			Fuel reformer

	Materials (Upstream)	Battery Components (Midstream)	System Applications (Downstream)	Peripheral Accessories
	Bipolar plate	BOP components		Chung Hsin Electric & Machinery Asia Hydrogen Energy Green Hydrotec Kaori Heat Treatment Co., Ltd. JOMO (Japan) ENEOS (Japan) Idemitsu Kosan (Japan) Hydroelectrolysis Equipment Epoch Energy Technology GOC International Optodisc Co. Ltd.
	Porite Taiwan Plus Metal Tech Toplus Energy SDI Corporation Gallant Precision Machining Carbon energy technology FJ Composite (Japan) Seikoh Giken (Japan) Hitachi Cable (Japan)	Kaori Heat Treatment AcBel Polytech Hephas Energy Apexgreen Tech		

Source: Taiwan Hydrogen & Fuel Cell Partnership, IEK, ITRI, compiled by Taiwan Industry Economics Services, March 2020.

Specifications of Main Fuel Cells

Fuel Cell Type	Working Temperature	Electrolyte	Catalytic	Fuel Used	Energy Efficiency	Power	Applications
Proton Exchange Membrane Fuel Cell	Room Temperature ~ 100 °C	High Polymer Membrane	Platinum etc.	Hydrogen	25~60%	1~1000k W	Distributed Power, Transportation, Portable Energy
Direct Methanol Fuel Cell (DMFC)	Room Temperature ~ 120 °C	High Polymer Membrane	Platinum etc.	Methanol	40~47%	1W~1kW	Small Batteries, Power for Electronics, Backup Power
Alkaline Fuel Cell (AFC)	120~ 200 °C	35~85 % KOH	Ni, Ag Precious Metal	Hydrogen	25~50%	1~100kW	Distributed Power, Transportation
Phosphoric Acid Fuel Cell (PAFC)	150~ 200 °C	Phosphoric Acid Solution	Platinum	Hydrogen	25~40%	0.1~1000k W	Distributed Power, Large Power Plants
Molten Carbonate Fuel Cell (MCFC)	600~ 700 °C	Molten Carbonate	Ni, NiO	Hydrogen, Fossil Fuel	30~55%	1~100MW	Distributed Power
Solid Oxide Fuel Cells (SOFC)	700~ 1000 °C	Zirconia Ceramics Membrane	-	Hydrogen, Fossil Fuel	35~80%	1 kW ~100MW	Distributed Power, Transportation, Large Power Plants

Source: INER, compiled by Taiwan Industry Economics Services, January 2010.

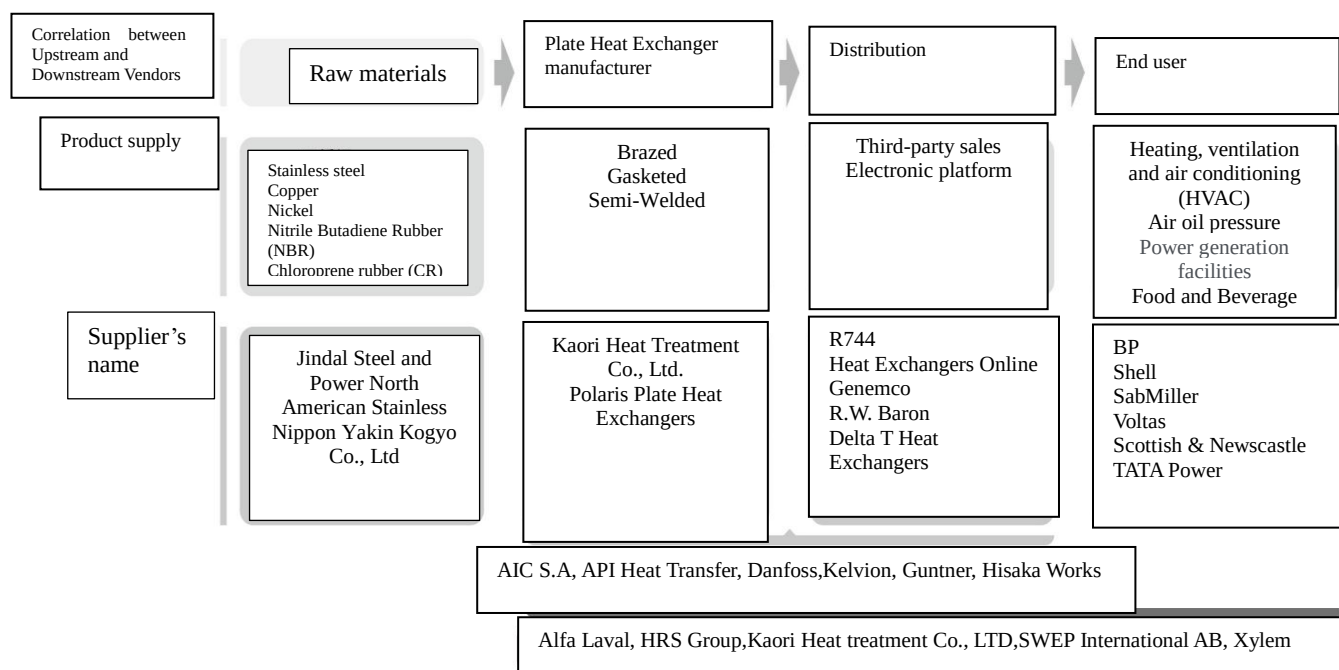
② Heat Exchanger Industry

Heat exchangers are primarily made from stainless steel, copper foil, nickel foil and various rubber products. At present, these key materials are sourced both domestically and from overseas, while all other parts and components are procured locally.

Currently, most of the raw materials are imported, while the remaining materials are sourced domestically.

Kaori's Heat Exchanger Division operates two factories in Taiwan, located in Benzhou Industrial Park and Zhongli Industrial Park, specializing in the manufacture of brazed plate heat exchangers. Raw materials are formed into semi-finished products using stamping presses, turning and milling machines, laser cutters and other equipment, then assembled manually and brazed in vacuum furnaces to produce the final products. Most processing is completed in-house, with only specialized items such as fittings, protective sleeves and castings being outsourced. The high in-house production ratio allows the division to maintain strong control over order-based production efficiency and minimize reliance on external outsourcing and procurement.

Kaori stands as the only manufacturer in Taiwan engaged in the production of brazed plate heat exchangers. Boasting a market share of more than 80 percent in the domestic market, the company also exports its products to over 70 countries across the globe. Apart from partnering with local distributors in various regions, it has set up a warehouse in the Netherlands to better serve European customers and meet their stringent delivery schedules.



Source: (GrandView Research Plate & Frame Heat Exchanger Market Analysis, Market Size, Application Analysis, Regional Outlook, Competitive Strategies And Forecasts, 2015 To 2022; compiled by Kaori)

③ Heat Dissipation Industry

Generative AI has ushered in a fresh wave of industrial demand, accelerating the adoption of intelligent manufacturing, smart automated factories, and advanced tech applications across production workflows. This momentum has spurred robust growth in the Internet of Things, artificial intelligence, big data, data centers, cybersecurity, and 5G. In recent years, with the continuous rise in chip thermal design power (TDP), traditional air-cooled thermal solutions have neared their operational limits in high-end servers, bringing liquid cooling technologies under growing market focus. Although 3D vapor chambers (3DVC) deliver improved heat dissipation performance, their heavy reliance on power-intensive air-conditioning systems may hinder further development under the prevailing ESG framework. Data centers will initially deploy liquid cooling in parallel with traditional air cooling, especially for AI servers powered by dense GPU clusters. Emphasis is placed on the application of liquid cooling systems in Nvidia's GB200 and GB300 AI servers in particular. Market forecasts suggest that shipments of liquid cooling products will pick up after Q2 2025, unlocking substantial opportunities in the AI server market between 2025 and 2026. The growing adoption of liquid cooling is set to deliver a notable and sustained positive impact on the entire thermal solution sector. According to the IEA, data centers globally account for roughly 1% of total global energy consumption. As AI processors continue to operate at higher thermal loads, efficient cooling and thermal management for servers have grown increasingly critical.

(3) Development Trends of Products

1) Expansion of Applications for Steel and Metal Products

Traditional heat treatment services cover an extremely broad spectrum. In the industrial product classification system administered by the Ministry of Economic Affairs, only the metal surface treatment sector is directly coded under heat treatment products. However, many other indirectly related categories exist, including metal handling equipment and parts, screws and nuts, metal molds, automotive components, motorcycle parts, and bicycle components. Moreover, the value-added rate of the metal products industry is largely subject to fluctuations in international steel prices.

Nowadays, plate heat exchangers are widely applied across refrigeration and air conditioning, water dispensers, petrochemicals, pharmaceuticals, food processing, heat pumps, heat recovery systems, wind power generation, and industrial cooling machinery. Looking ahead, their scope of use will continue to expand into emerging areas such as seawater desalination equipment on deep-

sea fishing vessels, battery cooling systems for electric vehicles, and cooling solutions for data centers, demonstrating truly versatile application potential.

2) Improvement in Quality Requirements

In recent years, rapid technological and industrial advancements have significantly elevated performance standards for mechanical equipment and industrial products, as well as their entire manufacturing processes. Consequently, there is a growing need for superior heat treatment and high-performance heat exchangers to fully unlock the material properties of metals. These solutions not only satisfy stricter operational demands but also enhance brand differentiation and facilitate the steady upgrading of the industry.

Heat exchangers often hold corrosive or flammable substances internally. Should a rupture occur, it would pose severe threats to on-site operators and cause extensive damage and pollution to the surrounding environment. To minimize the likelihood of such hazards, authorities across the globe categorize heat exchangers as pressure vessels. Accordingly, product quality and safety have become the top priorities for customers.

3) Global Active Development of Alternative Energy Sources

Nations across the globe have grown increasingly aware of the critical urgency to combat global warming and climate change. Driven by the goals of energy conservation, carbon reduction, and curbing the worsening greenhouse effect, governments worldwide signed the Kyoto Protocol under the United Nations Framework Convention on Climate Change in December 1997. Since the protocol took effect in 2005, all signatory countries have been bound to fulfill their greenhouse gas emission reduction obligations. Unlike traditional fossil fuel combustion systems, fuel cells directly convert chemical energy into electricity, offering high energy efficiency and low environmental impact with versatile application scenarios. As a result, they have become a priority sector for alternative energy development worldwide. Stationary power generation fuel cells including PAFC, MCFC, and SOFC produce significantly lower greenhouse gas emissions and pollutants per unit of electricity output compared to thermal power generation, while eliminating the radiation risks inherent in nuclear energy, making them a highly favored solution for distributed power systems. Governments around the world, including those in Taiwan regions, have in recent years rolled out a series of supportive measures—such as funding for R&D, tax reductions, and subsidies for fuel cell-related products—to foster industry growth. To further advance carbon emission reduction targets, major economies and enterprises are actively pushing for the practical application of hydrogen-based technologies including fuel cells. Fuel cells are a major category of hydrogen energy technology. They generate electricity and water through oxidation and reduction reactions using hydrogen ions extracted from hydrogen or fossil fuels. Although they, like conventional batteries, convert chemical energy directly into electrical energy via electrochemical reactions, fuel cells allow a continuous supply of reactants from an external source. In contrast to traditional batteries that store energy by encapsulating chemical substances, fuel cells are functionally closer to power generation equipment.

The EU's efforts in developing hydrogen energy and fuel cells can be traced back to the draft 2030 Climate & Energy Framework released in 2014, which set short- and medium-term goals using 1990 as the base year. To reach its target of cutting greenhouse gas emissions by 90% by 2040 compared to 1990 levels, the EU enacted regulations on methane reduction in the energy sector in the first half of 2024, raising methane emission monitoring standards for the natural gas, oil, and coal industries, and encouraging the energy sector to adopt cleaner technological solutions including fuel cells. To achieve these goals, the EU has committed itself to developing a wide range of green energy technologies, among which hydrogen energy and fuel cells represent key solutions. Driven by building energy codes in Germany and other regions, market growth is expected to resume in the second half of 2025. Meanwhile, surging electricity consumption at large data centers has raised pressure for improved power efficiency and thermal management; in the U.S., many large energy consumers and private power producers have adopted high-efficiency Molten Carbonate Fuel Cells (MCFC), while increasingly turning to Solid Oxide Fuel Cells (SOFC) with rapidly advancing efficiency and deploying high-

temperature fuel cells for baseload power supply, thereby boosting demand for fuel cell components across North America.

In addition, mainland China has subsidized the fuel cell industry through its 13th Five-Year Plan. Although financial support mainly focused on new energy vehicles, it also accelerated R&D progress in SOFC technologies and their various applications. Among research projects funded by the National Natural Science Foundation of China, SOFC-related technologies have accounted for a large share of recent programs. On the other hand, emerging Asian economies have enjoyed rapid economic growth in recent years, yet their power infrastructure has failed to keep pace, creating bottlenecks that constrain national development. To secure a stable foundation for economic expansion, most of these countries have placed power infrastructure high on their development agenda. Alongside addressing power shortages, growing emphasis is also being placed on enhancing supply reliability, cutting losses from power theft, and advancing renewable energy. These trends have led countries around the world to prioritize hydrogen energy and fuel cells as key focus areas in their development strategies.

SOFC has a wide range of fuel options, including natural gas, biogas, hydrogen, gas, methanol and diesel. Electrode catalyst does not need to use precious metals, reducing production costs. SOFC work is not restricted by the climate state, cannot be interrupted continuous operation, SOFC's total efficiency of more than 85%, significantly better than any energy converter. Highly efficient SOFCs are essential for a sustainable energy supply and are an important alternative energy consideration.

The global server industry is in urgent need of liquid cooling solutions for heat dissipation. As highlighted in the IEA's Energy and AI report, the rapid expansion of data centers stands as the main driver behind the growth in electricity demand across the United States. The same report notes that global data center power consumption reached roughly 180 terawatt-hours (TWh) by 2024. Investment in artificial intelligence and data centers is gathering pace at an accelerating rate. Tech giants such as Meta, Amazon, Alphabet and Microsoft have committed to investing \$320 billion in 2025, up from \$230 billion in the prior year. Electricity demand from data centers is set to expand steadily through 2030, with total power consumption expected to increase by roughly 240 terawatt-hours compared to 2024 figures. As data centers require tightly controlled operating temperatures, the need to manage waste heat will fuel the growth of advanced server cooling systems.

(4) Competition Landscape

1) Plate heat exchangers:

Heat exchangers, as essential components for heat transfer and energy exchange, are widely employed across modern industry and mechanical equipment. They feature in applications ranging from automotive and aerospace systems to heating and cooling in commercial building HVAC setups, as well as heat recovery in industrial plants. Serving as a key part of all thermal energy systems, heat exchangers deliver an irreplaceable and critical contribution to energy efficiency. With ongoing technological progress and innovation, the heat exchanger market is set to keep expanding. Heat exchangers are indispensable components for energy exchange between hot and cold media, widely used in daily life, industrial processes, and any system relying on heat transfer via fluid streams. Plate heat exchangers represent a particularly efficient and compact category. While alternatives like finned-tube heat exchangers exist for gas-mediated applications, plate heat exchangers still maintain a distinct edge in performance and size.

2) Thermal Products

In recent years, as fossil fuels face depletion and environmental pollution intensifies, nations around the globe have stepped up efforts to explore and develop clean, emission-free alternative energy. Solar, wind, biomass, and fuel cell technologies powered by hydrogen have all become major areas of strategic investment worldwide. Future energy trends will see safe, clean alternatives replace conventional power plants and nuclear facilities with safety risks. Unlike solar and wind power, whose electricity output is constrained by weather conditions, fuel cells provide

stable, continuous, low-cost, low-pollution power. Most significantly, power generation moves from centralized facilities to distributed systems, which not only lowers large-scale capital investment but also drastically reduces losses in power transmission. In terms of generation efficiency and supply stability, fuel cells deliver the highest performance among all alternative energy sources, and although other renewables offer complementary value, fuel cells still maintain clear advantages in development potential.

Growing attention to regulatory compliance and environmental sustainability is expected to influence the future of the solid oxide fuel cell market. As governments implement stricter emission standards and encourage the adoption of cleaner technologies, demand for SOFC systems that meet these requirements will keep increasing. Cooperation between fuel cell manufacturers, energy providers, and regulators is essential to advancing these innovations, keeping the solid oxide fuel cell market at the leading edge of clean energy solutions.

The ongoing boom in generative AI continues to drive the global expansion of AI servers and data centers, fueling surging demand in the server cooling industry. This trend has also spurred robust demand across semiconductors, computing, storage, networking, power systems, and other related sectors. Overall, liquid cooling is set to boost strong growth in the thermal management market, with promising long-term expansion prospects for the entire heat dissipation industry.

3. Technology and R&D Overview:

(1) Technical level and research development of the business engaged:

Against the backdrop of more frequent extreme weather conditions, achieving net-zero carbon emissions has emerged as a global imperative. Coupled with the energy crisis triggered by the Russia-Ukraine conflict, countries worldwide are accelerating their energy transition and raising standards for energy efficiency. Consequently, offering high-quality, environmentally responsible products and technologies that align with global net-zero and sustainable development goals has become a prevailing worldwide trend. In line with evolving market demands, our company has maintained ongoing investment in the R&D of energy-saving and green energy solutions. In 2025, our Heat Exchanger Division introduced a new series of heat exchangers featuring an all-stainless steel welded structure. With a primary focus on cloud data centers, the Thermal Energy Division continues to provide liquid cooling system solutions for server heat dissipation. On December 31, 2024, the company completed the spin-off and transfer of the Thermal Energy Division, conveying the business in its entirety to its existing 100% owned subsidiary, Kaori Thermal Energy Technology Co., Ltd. For hydrogen energy, R&D priorities include the development of hydrogen storage materials and carbon fixation devices for CO₂ capture and recycling. In addition, the Fuel Cell Division has collaborated with Bloom Energy to develop high-efficiency hydrogen generators and hydrogen power systems, working toward net-zero carbon emissions in the emerging hydrogen era.

Looking ahead, the Heat Exchanger Division will center its strategic focus on the development of dedicated applications for heat pumps. Amid the unfolding hydrogen energy era, electrolytic hydrogen production plants and hydrogen fuel cell vehicles will increasingly require high-pressure nickel-brazed heat exchangers. The company plans to pursue R&D for relevant brazing materials, advancing its transition toward low-carbon and zero-carbon solutions in the clean energy sector. Leveraging its core technologies in hydrogen and thermal energy, alongside its established metal processing capabilities, the company will further develop waste hydrogen purification systems for hydrogen furnaces, immersed dielectric liquid cooling tanks, and a full spectrum of thermal management solutions, thereby fostering Kolor's next phase of robust growth.

(2) R&D expenses:

Unit: NT\$ thousand

Item \ Years	Individual financial statement of 2025	Consolidated financial statement of 2025
R&D expenses	87,026	218,291

(3) Successfully Developed Technologies or Products:

Years	R&D Achievements
2025	1. Development of Different Channel Heat Exchangers for B390 2. Development of Server Heat Exchangers for K390 3. Development of Heat Exchangers Using Iron-Based Solder 4. Development of Large-Scale High-Nickel Alloy Heat Exchangers 5. Development of Natural Gas Pyrolysis Equipment for Hydrogen Production and Carbon Capture 6. Development of Waste Hydrogen Recovery System for Metal Heat Treatment Industry 7. Development of Ammonia Cracking System 8. Development of Inspection Technology for Brazing Seams of Heat Exchanger Fins 9. Carbon-Capturing SOFC Heat Exchanger Reactor

4. Long and Short-Term Business Development Plans:

(1). Short-Term Business Development Plan:

①Develop the server cooling market and strive for international orders.

Develop the heat pump market: Driven by the EU's RepowerEU policy, the market is poised for growth by 2030.

②New product development: Seek opportunities for innovative collaboration with leading brands. Keep abreast of market trends, strive to provide professional and high-quality services to meet customer demands, and further expand market share.

③Recruit experienced technical and management talents, and train R&D and international marketing professionals.

④To support business expansion, secure cost-effective capital for steady and prudent operations. Adopt digital systems to establish efficient production management and enhance overall operational performance.

⑤Improve internal management processes, establish efficient production management systems, reduce defect rates, and minimize rework.

⑥Continue to strengthen R&D efforts in product technology development and performance improvement.

(2). Long-term Business Development Plan:

①Continuously expand export markets and distribute products worldwide.

②Serve customers with high-quality, cost-effective products and prompt delivery.

③Continuously develop products meeting customers' needs.

④Innovate to gain competitive advantages and maximize shareholders' value.

⑤Obtain widespread certifications from major manufacturers to expand market share.

II. Market and Sales Overview:

1. Market Analysis:

(1) Sales Regions of Main Products:

Our core product lines cover metal products and processing services, plate heat exchanger manufacturing, as well as thermal energy solutions. A wide variety of metal components require heat treatment processing, spanning industries including automotive, machinery, molds, hardware, home appliances, and defense. Manufacturers in these sectors all rely on heat treatment during their component production processes. Our plate heat exchangers are mainly supplied to renowned

refrigeration and air-conditioning manufacturers domestically and overseas. Our thermal energy products primarily serve manufacturers and suppliers of generators and other green energy equipment, while our fuel cells are mainly exported to the U.S. In 2025, the Company's net operating revenue amounted to NT\$6,580,623 thousand, of which export revenue reached NT\$5,585,482 thousand. Domestic sales accounted for 15.12% and exports 84.88%, with sales and distribution networks spanning the globe.

Unit: NT\$ thousand(Source: Consolidated Financial Reports)

Year	2024		2025	
Region	Amount	%	Amount	%
Domestic	1,102,564	27.54	995,141	15.12
Exported				
Asia	417,307	10.42	363,238	5.52
Africa	131	0.00	314	0.00
Oceania	7,651	0.19	9,454	0.14
Europe	559,890	13.99	769,520	11.70
America	1,915,897	47.86	4,442,956	67.52
Total	4,003,440	100.00	6,580,623	100.00

(2) Market Share:

According to Grand View Research, the global plate heat exchanger market is projected to reach approximately \$11.77 billion by 2025, growing at a CAGR of 7%. The Company is currently the largest and sole listed entity engaged in the manufacturing and distribution of brazed plate heat exchangers in Taiwan. Boasting a domestic market share exceeding 90% and a global presence across more than 70 countries, it stands as the undisputed industry leader in the design and production of plate heat exchangers. As a preeminent player among domestic counterparts in technological prowess, operational scale and industrial capabilities, the Company provides heat treatment solutions serving an extensive array of manufacturing sectors, and currently commands approximately 5% of the global market share for plate heat exchangers based on relevant industry estimations. Overall, supported by strong global government subsidies for heat pumps, the market for plate heat exchangers continues to expand steadily in line with rising shipment volumes.

The Global Solid Oxide Fuel Cell Market Research Report projects that the global SOFC market will surge from \$2.13 billion in 2024 to \$6.48 billion by 2033, with a robust compound annual growth rate (CAGR) of 13.17% over the 2026–2033 forecast period. Driven by mounting global demand for clean and highly efficient energy solutions, the worldwide SOFC sector is poised for substantial expansion. As an electrochemical device, a solid oxide fuel cell (SOFC) directly converts chemical energy from fuels like natural gas and hydrogen into electricity with high efficiency and minimal emissions. Amid the global shift toward sustainable energy and intensified efforts to curb greenhouse gas emissions, the adoption of SOFC technology is projected to grow substantially, driving further innovation and investment in this promising market. To capitalize on the green energy sector, the Company has forged a strategic alliance with a leading U.S.-listed hydrogen fuel cell producer to manufacture Hot Box structural components for stationary Solid Oxide Fuel Cell (SOFC) systems. Boasting approximately 75% of the global hydrogen fuel cell market share, this U.S. partner has benefited considerably from its market entry into Korea and the expansion of hydrogen pipeline infrastructure in the United States, driven by the global net-zero carbon transition and widespread adoption of renewable energy as a primary near-term solution. These trends have translated into robust revenue growth and upward revisions to the company's long-term compound annual growth outlook, underscoring the continued high-growth trajectory of the overall market.

(3) Future Market Supply and Demand Situation and Growth Prospects:

The Company's core market businesses include energy-saving products, heat dissipation

products, and green energy products. The overall development and market conditions are outlined as follows:

1) Heat Exchanger Market Growth Trends:

The Company's heat exchangers are key components widely applied in refrigeration and air conditioning, semiconductor and electronics, cryogenic food freezing, machinery, transportation, medical equipment, data centers, shipping, steel manufacturing and other industries. Developed on the basis of technology transferred from the Industrial Technology Research Institute (ITRI), these products have been continuously improved through the Company's persistent R&D in new products and application fields, and the Company has been granted a number of patents in recent years, with its products adopted by renowned refrigeration and air conditioning manufacturers both at home and abroad. Going forward, the steady growth of the global refrigeration and air conditioning industry is expected to indirectly drive demand for the Company's plate heat exchangers.

2) Green Energy Thermal Products Industry Growth Trends:

Kaori offers a diversified portfolio of green energy and thermal products, encompassing fuel cells, hydrogen energy applications, and liquid cooling solutions. The Company's green energy operations are structured into two distinct divisions: the Fuel Cell Business Unit, which specializes in components related to solid oxide fuel cells (SOFC), and the Hydrogen Energy Business Unit, which focuses on methanol-to-hydrogen generation systems and backup power solutions.

Fuel cells, among the Company's thermal energy products, feature high efficiency and low emissions, along with broad application potential, making them a key sector for alternative energy development across the globe.

The European Union's drive to curb methane emissions and implement industrial carbon management strategies has created a favorable landscape for the development of solid oxide fuel cells (SOFCs). In pursuit of its goal to slash greenhouse gas emissions by 90% by 2040 relative to 1990 levels, the EU enacted the Energy Sector Methane Reduction Regulation (EU/2024/1787) in the first half of 2024, imposing stricter methane emission monitoring requirements across the natural gas, oil, and coal sectors. The regulatory framework applies to:

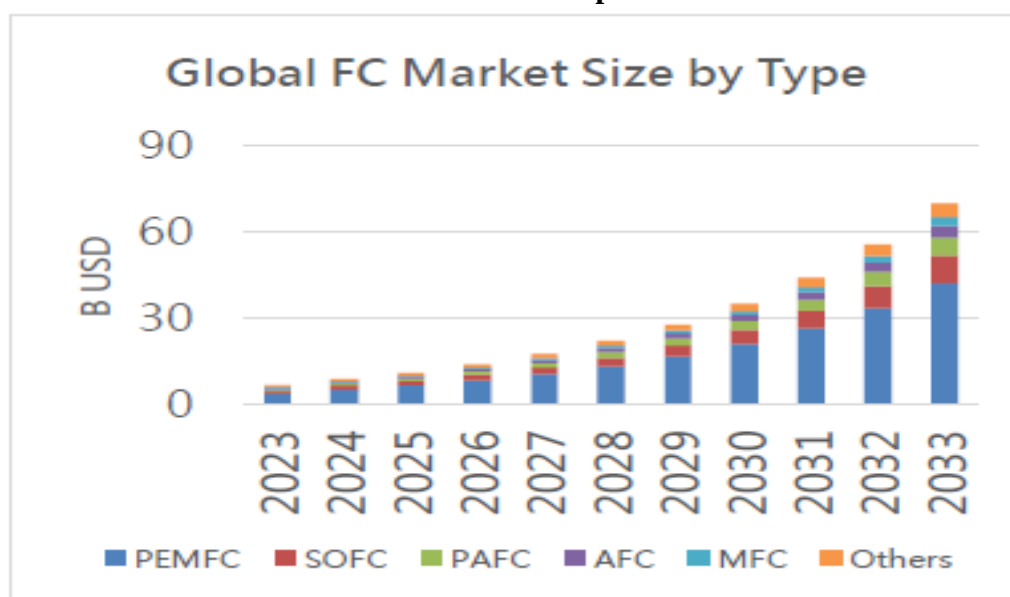
1. The exploration, production, gathering, processing, transmission, and distribution of oil and natural gas within its territory.
2. Operating underground and open-pit coal mines, as well as closed and abandoned underground mines.
3. Methane emissions occurring outside the EU but associated with crude oil, natural gas, and coal sold on the EU market.

These measures are pushing the energy industry to adopt cleaner technological solutions such as SOFCs, in order to mitigate the environmental impact of methane emissions. Meanwhile, the European Union has also introduced legislation to advance its industrial carbon management strategy, covering carbon capture and storage (CCS), the rollout of CO₂ transport infrastructure, and industrial carbon dioxide removal initiatives. These policies have established a favorable environment for the adoption of SOFC technology in industrial applications, supporting deeper cuts in carbon emissions across the industrial sector. During the first half of 2024, the European Commission greenlit funding support for hydrogen infrastructure in seven EU member states, totaling € 6.9 billion in grants. Of this amount, € 67.4 million was dedicated to five cross-border renewable energy ventures covering wind power, biomass, district heating, green hydrogen and green ammonia. Driven by wider adoption of renewable energy and long-term decarbonization needs in petrochemicals, steel manufacturing and logistics, the green hydrogen market is expected to expand to \$165.84 billion by 2033, growing at a compound annual rate of 38.8%. This momentum has spurred significant industrial planning around both blue and green hydrogen. In the second half of 2024, leading petrochemical enterprises in the Middle East and European wind energy groups launched long-term investment programs to build an integrated hydrogen ecosystem,

supporting the ongoing development and rollout of PEMFC, RMFC and SOEC technologies.

Research projections indicate that the global fuel cell market will expand from US\$6.6 billion in 2024 to US\$70 billion by 2033, with a compound annual growth rate of 26.7%. The worldwide micro combined heat and power (mCHP) market is forecast to reach US\$2.87 billion by 2037 at a CAGR of 7.2%, as fuel cells—with their distinct advantages of high efficiency and environmental sustainability—are gradually gaining wider adoption in residential and commercial power generation applications. In the second half of 2024, the New York State Energy Research and Development Authority (NYSERDA) promoted fuel cell-based combined heat and power (CHP) systems, which deliver on-site electricity, heating, and cooling simultaneously from a single fuel source, enabling highly efficient energy conversion. These systems achieve a power generation efficiency of up to 60% and an overall efficiency as high as 85%. Over the next five years, an additional 55 GW of data center capacity is expected to come online in the U.S., compared with the current installed base of approximately 25 GW. Meanwhile, data centers are being required by power utilities to take responsibility for their own electricity demand. The proportion of on-site power supply is expected to reach 30% by 2030. Today, data centers prioritize two key factors: grid interconnection lead times and the ability to support high-intensity artificial intelligence workloads. These priorities have reshaped the traditional power system paradigm, which once focused solely on generation costs and reliability.

Estimated Global FC Output Value



Source: Market US. Sorted by Research Department, Cathay Futures Consultant

Growth in the green energy sector is being fueled by the expanding power and energy industry, rising demand for clean energy, continuous technological innovation, robust R&D efforts, and supportive government policies. With global demand for low-carbon energy expected to keep climbing, solid oxide fuel cells (SOFCs) are poised for steady, year-on-year expansion.

Meanwhile, the liquid cooling market is seeing rapid expansion driven by the boom in AI server demand. Large data centers require increasingly powerful GPUs to deliver the computing power needed for AI workloads, yet these high-performance chips generate substantial heat during operation. As a result, highly efficient cooling systems have become essential to maintain consistent performance and stability. The four major U.S. cloud service providers — Amazon, Google, Microsoft, and Meta — remain bullish on the long-term growth of AI server deployments. Their capital spending rose sharply in 2024, delivering significant benefits to the entire supply chain, with both air and liquid cooling solutions emerging as critical and indispensable technologies.

(4) Competitive Niche

1). The Company's Position in the Industry

Currently, Alfa Laval is the world's largest manufacturer of plate heat exchangers, with an estimated market share of over 35%. Its major competitors include manufacturers such as SWEP, Kelvion, Danfoss, and Hisaka. Among Taiwan-based manufacturers, our company is the first publicly listed firm specializing in brazed plate heat exchangers.

Based on the supplier directory and core product profiles from the Taiwan Fuel Cell Partnership, leading local manufacturers of fuel cell stacks focus predominantly on proton exchange membrane fuel cells (PEMFC) and direct methanol fuel cells (DMFC). The Company, however, is focused on solid oxide fuel cell (SOFC) technology, and currently faces no major domestic competitors offering comparable products.

2). Key Factors and Their Impact on Company Achievement or Failure

①. Stability of Quality and Accumulation of Experience

Heat treatment services cover a wide range of applications, serving components used in automotive, machinery, molds, hardware, home appliances, defense and military products, and other sectors. Poor quality or defects in heat treatment can result in serious consequences: minor issues may cause operational inefficiency in equipment using such parts, while severe defects can lead to complete machine failure, production downtime, and even safety risks for equipment operators or transportation users. Therefore, consistent processing quality is the most critical factor determining success in the metal heat treatment industry.

The Company boasts extensive expertise in heat treatment. Its technical team is proficient in identifying a wide range of metal materials and fully understands their physical characteristics, allowing precise control over workpiece quality across diverse processing methods and heat treatment conditions. Drawing on years of hands-on experience, the Company consistently ensures stable heat treatment performance, further expands its service portfolio, captures valuable potential business opportunities, and broadens its overall operational scope.

②. Mastery of Core Product Technologies

Building on its proven expertise in heat treatment and copper brazing, the Company has successfully expanded into the manufacturing of plate heat exchangers. Supported by its advanced copper brazing capabilities, the Company is among a small number of domestic enterprises capable of developing and producing plate heat exchangers. In its thermal energy technology business, the Company holds core competitive advantages in fuel cell core reactor products and liquid cooling solutions. It has fully mastered key technologies across all business segments, and its competitive strengths in capital scale, professional know-how, and industry experience are difficult for peers to match in the short term.

③. Possession of International Quality Assurance Certifications

Quality standards for heat treatment have grown increasingly rigorous. For this reason, many manufacturers, especially Japanese automotive and motorcycle component makers, rely heavily on quality assurance certifications when selecting heat treatment suppliers, as they seek consistent component quality and dependable operational performance. The Company upholds extremely stringent quality control. It was accredited with the Japanese Industrial Standards (JIS) mark in 1989. In 1994, it obtained two specialized process certifications from McDonnell Douglas: one for steel heat treatment and another for aluminum alloy brazing. Since then, the Heat Exchanger Division has continuously secured internationally recognized certifications, including ISO, CE, and UL. The Metal Products Division has also earned international certifications including ISO, UL for pressure vessels in the United States, and the Pressure Equipment Directive (PED) of the European Union. In addition, the Company has been accredited as a qualified partner manufacturer by the Corporate Synergy Development Center, and has obtained both the quality system certification from Aerospace Industrial Development Corporation (AIDC) and the qualified vendor certification for the national defense industry. Collectively, these certifications and assessments bear witness to the Company's rigorous quality control standards and have firmly established its significant position in the professional heat treatment industry both domestically and internationally.

(5) Favorable and Unfavorable Factors for Future Development and Countermeasures

1). Favorable Factors for Future Development:

① Climate Governance and Low-carbon Transition Policy

Amid growing threats from extreme weather, the global sustainability trend has in recent years shifted rapidly from ESG risk management toward building corporate resilience and adaptive transformation capabilities, with “net-zero carbon emissions” emerging as a key worldwide focus. The European Union’s Green Deal has imposed a carbon border tax on high-carbon products imported into the EU since 2023 to prevent carbon leakage, while other economies have successively formulated net-zero carbon policies that will gradually introduce mandatory carbon management requirements in the years ahead. Against the backdrop of the European Union’s four key initiatives—energy conservation, diversified energy supply, accelerated renewable energy adoption, and expanded related investments—demand for heat pump-related products has surged significantly. As a critical component in heat pump systems, the plate heat exchangers manufactured by the Company can be highly customized to meet the specifications of energy-efficient products in line with customer requirements. Leveraging its years of accumulated expertise, the Company is able to respond quickly and professionally to the rapidly growing market demand, delivering comprehensive and diversified services to fulfill a wide range of customer needs. Furthermore, the Company benefits from economies of scale and an experienced management team.

② Seize the Opportunity of Future Green Energy Market

With net-zero carbon emissions established as the long-term global objective, countries around the world are actively pursuing a range of alternative energy sources. Among them, hydrogen is widely viewed as the ultimate clean energy carrier and has become a strategic priority for many nations. Hydrogen energy is primarily utilized through fuel cells, which represent a highly efficient form of power generation characterized by high energy conversion efficiency, fast refueling, and minimal environmental pollution. To respond to the green energy market, the Company has begun producing components for stationary Solid Oxide Fuel Cell (SOFC) reactors. Although the deployment of stationary SOFC systems has not yet become widespread, ongoing energy shortages continue to drive related development. South Korea has taken the lead by implementing a dedicated hydrogen law and providing subsidies for hydrogen fuel cell-related expenses. At the same time, other advanced countries are actively investing in hydrogen research and development for energy security and environmental sustainability. As hydrogen fuel cell technologies continue to improve and the cost of hydrogen fuel decreases, hydrogen fuel cells are expected to be widely applied in the future. The Company has already established stable mass production processes for fuel cell reactor structural components, allowing it to gain an early advantage in the still-developing hydrogen fuel cell market.

③ Wide Range of Product Applications

Currently, plate heat exchangers are used in various applications such as air conditioning, water dispensers, petrochemical industries, pharmaceuticals, and food industries. However, in practice, the need for heat exchange extends beyond these industries. Future applications may include small air conditioning systems in automobiles, seawater desalination equipment on deep-sea fishing vessels, and solar and geothermal heat collection systems.

Fuel cells feature an exceptionally broad array of applications, spanning various power-driven products such as consumer electronics, transportation vehicles, residential power, and industrial power systems. Their primary current applications lie in automobiles, stationary power generators, and portable electronic devices. Furthermore, global focus on clean, pollution-free energy has intensified significantly following the nuclear disaster in Japan, and news released by U.S. customers indicates that household fuel cells will be introduced over the next 5 to 10 years. Supported by active worldwide efforts to develop alternative energy sources, the application fields of fuel cells are expected to keep expanding in the future.

2). Unfavorable Factors for Future Development:

① Fluctuations in Prices of Raw Materials

In recent years, supply chain bottlenecks stemming from the pandemic have lingered on,

creating a serious supply-demand imbalance, raising storage and shipping expenses, and driving international commodity prices higher. Meanwhile, the conflict between Russia and Ukraine has sent global metal prices soaring sharply. Such rapid increases in material costs have put heavy pressure on business operations across many industries and continuously weighed on corporate profits.

[Countermeasures]

- a. Pay close attention to global political and economic changes, international raw material prices and international exchange rate fluctuations, flexibly adjust procurement and other related strategies in order to improve profitability.
- b. Timely adjust sales strategies and transfer costs to customers to maintain gross profit margins.

② Labor Shortage in the Domestic Market

In recent years, the domestic manufacturing industry has faced a labor shortage, leading to increased labor costs and impacting industry competitiveness.

[Countermeasures]

In addition to raising the level of automation in machinery and equipment to reduce reliance on manpower, hiring legally permitted foreign workers, and improving employee benefits, the Company also actively invests in research and development, striving to refine its services in step with the upgrading of domestic industries. It further strengthens employee education and training programs to enhance professional skills, enabling the team to deliver higher-tech services with an appropriately sized workforce.

③ Small Scale and Lack of Competitiveness in the Domestic Energy Market

Advanced economies including the United States, Japan and the European Union pioneered the alternative energy sector at an early stage and have established sizable, mature markets, granting them distinct competitive advantages in upstream raw materials, core components, and research and development expertise. In comparison, domestic market participation occurred relatively late and remains constrained by limited overall scale, imposing structural bottlenecks across the upstream, midstream and downstream industrial chain. Consequently, the international competitiveness of local products continues to require further enhancement.

[Countermeasures]

Since launching its Fuel Cell Division in August 2008, the Company has capitalized on its proprietary capabilities in vacuum brazing and precision manufacturing. Through strategic collaboration with Bloom Energy, a leading U.S. fuel cell provider, it has successfully established a strong presence in the global fuel cell market. The Company has maintained consistent capital investment in plant expansion, capacity enhancement and the procurement of production equipment, focusing on the production of critical internal components for Solid Oxide Fuel Cells (SOFC). In addition, it has actively pursued the development of fuel reformers and other associated fuel cell products, with the goal of further elevating its competitive strength in the international marketplace.

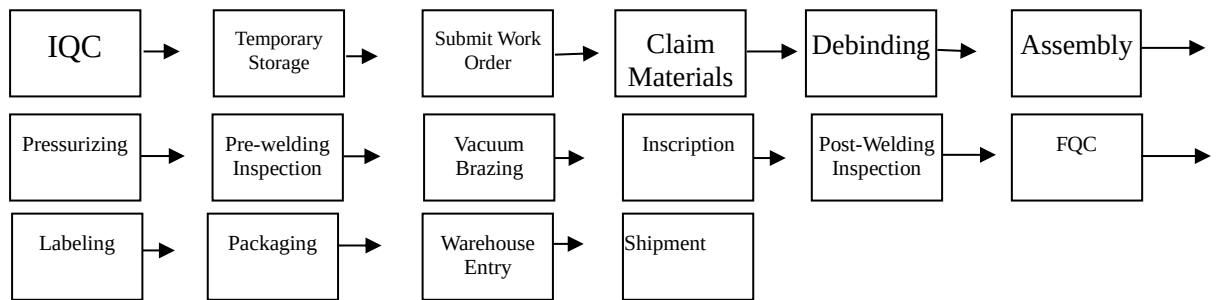
2. Significant Applications and Manufacturing Processes of the Main Products:

(1) Significant Applications of the Company's Main Products

Main Products	Significant Usage of Product
Metal Products and Processing	Metal Product Processing: Brazing is mainly used for welding automotive and air conditioning appliance parts, as well as annealing and solution treatment of stainless steel pipes and electric heating tubes.
Plate Heat Exchanger	Heat exchangers are primarily used in the refrigeration and air conditioning industry, air compressors, hydraulic machinery, food industry, fuel cells, electric vehicles, server cooling and general industrial applications (for heat exchange of water and cooling water within machinery and equipment).
Thermal Products	Newable energy fuel cell reformer and fuel cell core reactor components are applied to commercial large engines, cogeneration plants, geothermal power plants, hot springs, and general industrial and commercial power generation; cryogenic air dryers: used in electronic industries, spray painting, pneumatic tools, food, chemical industries, laboratories, biotechnology industries, precision mechanical component processing, measurement instruments, and equipment. Fuel cell core reactor components are applied to stationary fuel cell systems, which are distributed energy systems directly serving users by producing and supplying energy on-site according to their needs. With multiple functions, they can meet the objectives of small and medium-sized energy conversion and utilization systems. Fuel cells have a wide range of applications, including various power products such as consumer electronics, transportation vehicles, household electricity, and industrial electricity. Currently, the main applications for fuel cells are automobiles, stationary generators, and portable electronic products. Furthermore, they can also be applied to server cooling systems modules in data centers or cloud computing centers.

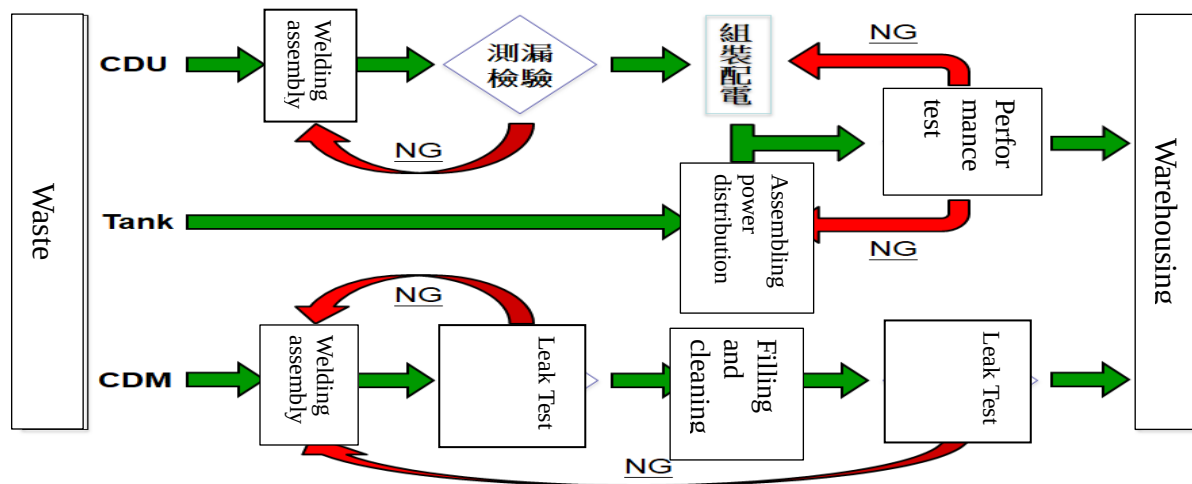
(2) Manufacturing Process of Main Product

〈2.1〉 Plate Heat Exchanger:



〈2.2〉 Thermal Products:





3. Supply Status of Main Raw Materials:

Main Raw Materials	Main Source	Supply Status
Stainless Steel Coils, Steel Materials	UEX, Tang En Irons Co., Ltd., Outokumpu Europe, Bahru Stainless	Good
INCONEL Sheet Materials, TOMBSTONE, Ceramic Pieces, Heat Insulating Materials	UPM, VDM, CHUANG CHENG CO., LTD., Coors Tek, PROMAT, METAL ONE, Unicorn	Good
Copper Foil. Copper Coil	Boyu Metal Co., Ltd.	Good

4. Name of Customers Engaged in Supply (Sales) Accounting for over 10% of Total Supplies (Sales) in Any of the Last Two Years, Amount(s) of Supply (Sales), Proportion to Total Supplies (Sales), and the Reason for Such Increase, Decrease or Change.

(1) Customer: Unit: NT\$ thousand (Source: Individual Financial Reports)

Items	2024				2025			
	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer
	BLOOM ENERGY	1,637,557	43.40	None	BLOOM ENERGY	2,057,507	51.49	None
	Others	2,135,485	56.60		Others	1,938,517	48.51	
	Net sales	3,773,042	100.00		Net sales	3,996,024	100.00	

Unit: NT\$ thousand (Source: Consolidated Financial Reports)

Items	2024				2025			
	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer	Name	Amount	Percentage to All-year Net Sales (%)	Relation with Issuer
1	BLOOM ENERGY	1,637,557	40.91	None	SMC	2,209,840	33.58	None

2	SMC	150,244	3.75	None	BLOOM ENERGY	2,649,595	40.26	None
	Others	2,215,639	55.34		Others	1,873,521	28.47	
	Net sales	4,003,440	100.00		Net sales	6,580,623	100.00	

Reason for Increase / Decrease:

- Bloom Energy revenue for 2025 rose from 2024, fueled mainly by robust growth in AI computational demand and data center power usage, lifting U.S. electricity needs and driving higher customer orders.
- Revenue from SMC in 2025 rose sharply from 2024, driven by strong growth in AI server and data center markets, lifting shipments of related equipment and cooling products.

(2) Supplier

Unit: NT\$ thousand (Source: Individual Financial Reports)

Items	2024				2025			
	Name	Amount	Percentage to All-year Net Purchase (%)	Relation with Issuer	Name	Amount	Percentage to All-year Net Purchase (%)	Relation with Issuer
1	CoorsTek	356,005	22.34	None	CoorsTek	295,070	14.89	None
2	VDM	113,067	7.09	None	VDM	263,582	13.30	None
	Others	1,124,556	70.57		Others	1,423,387	71.81	
	Net Purchase	1,593,628	100.00		Net Purchase	1,982,039	100.00	

Unit: NT\$ thousand (Source: Individual Financial Reports)

Items	2024				2025			
	Name	Amount	Percentage to All-year Net Purchase (%)	Relation with Issuer	Name	Amount	Percentage to All-year Net Purchase (%)	Relation with Issuer
1	CoorsTek	356,005	21.29	None	CoorsTek	295,070	7.93	None
	Others	1,315,893	78.71		Others	3,426,725	92.07	
	Net Purchase	1,671,898	100.00		Net Purchase	3,721,795	100.00	

Reason for Increase / Decrease:

Concerning items with higher amounts of purchases, the Company's stainless steel coils required in manufacturing of plate heat exchangers are from suppliers UEX, Outokumpu Europe, Tang Eng, Bahru, as well as copper foil from AML and KME; In addition to the VDM required for high-nickel steel plates, UPM and CoorsTek required for ceramic parts, the purchase of other raw materials are still diversified. In terms of raw material procurement, the Company selects suppliers based on their quotations, quality, and transaction conditions. There have been no instances of shortages or interruptions in the supply chain in the past two years.

III. Distribution of Incumbent Employees by Number in Each Role, Average Years of Service, Average Age and Education in the Last 2 Calendar Years and as of the Publication Date of this Annual Report

Source: Individual Financial Reports

Year		2024	2025	31/03/2026
Number of Employees	Direct Labor	379	409	427
	Indirect Labor	267	269	268
	Total	646	678	695
Average Age		40.82	39.78	39.5
Average Years of Service		9.45	8.49	8.4
Education	Ph.D.	1.39%	1.03%	1.01%
	Masters	11.76%	8.70%	8.35%
	Bachelor's Degree	49.23%	46.90%	46.04%
	Senior High School	35.29%	40.86%	42.30%
	Below Senior High School	2.32%	2.51%	2.30%

Source: Consolidated Financial Reports

Year		2024	2025	31/03/2026
Number of Employees	Direct Labor	412	545	593
	Indirect Labor	310	409	424
	Total	722	954	1017
Average Age		40.67	39.48	37
Average Years of Service		9.5	7.85	6.1
Education	Ph.D.	1.25%	1.05%	1.08%
	Masters	10.53%	9.43%	9.14%
	Bachelor's Degree	47.78%	50.31%	52.31%
	Senior High School	36.98%	37.11%	35.10%
	Below Senior High School	3.46%	2.10%	2.36%

IV. Environmental Protection Expenditure

1. For the most recent fiscal year and up to the date of printing the annual report, the Company had no losses (including compensation) or penalties of any kind arising from environmental pollution. Therefore, no future countermeasures, improvement plans, or related potential expenditures are required to be disclosed, nor is it necessary to estimate possible losses, penalties, or compensation that might result from the absence of such measures.
2. Implementation of Measures in Response to European Union's Restriction of Hazardous Substances Directive: The Company has complied with the regulations under the RoHS Directive and established appropriate management systems. Regular sampling inspections have been conducted, and all results are in compliance with the regulations.

V. Labor Relations

1. Various Employee Welfare Measures, Continuing Education, Training, Pension System and the Implementations thereof, and the Circumstances of Employer-Employee Agreements and Various Employee Rights Maintenance Measures

(1) Employee Welfare Measures:

- ① The Company has established a Welfare Committee to implement various employee welfare measures. Each month, 0.15% of the operating revenue and 20% of the income from selling scrap materials are allocated for welfare funds. The following employee welfare initiatives are

implemented:

A. Domestic and international group travel activities.

B. Subsidies for childbirth, marriage celebration or condolence for funeral service, hospitalization due to illness, and military service.

(A) Maternity allowance: For newborns whose parents are employees of our company on the day of birth.

(B) Child Care Allowance: children under the age of six whose household registration are in the employee account of the Company.

C. Emergency Allowances.

D. Education Scholarship for Children of Employees.

E. Gift Money at Chinese New Year.

F. Organizing of Birthday Celebrations.

② Other Welfare include:

A. Insuring of Group Life and Accident Insurances.

B. Subsidies for childbirth and childcare.

③ Measures to Enhance Employee Benefits Compared to 2024:

A. Given the upward trend in cancer incidence among local residents, the Company has further enhanced its employee health support initiatives by introducing supplementary cancer insurance as a formal component of its benefit system. This underscores the Company's dedication to safeguarding employee health and well-being, while cultivating a stable and sustainable workplace.

B. The Company attaches great importance to the physical and mental health of its employees. Beyond enhancing medical protection, we have engaged professional psychological counselors to offer personalized counseling and stress adjustment services. Through a well-established mental health support mechanism, the Company assists employees in managing work and life challenges effectively, ultimately boosting workplace well-being and strengthening organizational resilience.

(2) Implementation of Continuing Education and Training for Employees:

To adapt to industrial changes and support employees' long-term career development, the Company integrates learning and development into key human resource management priorities, aligning them with operational strategies to advance core competency training and talent development. It offers a wide range of learning opportunities, including on-the-job training, overseas assignments, and language learning subsidies, to enrich employees' access to professional development resources.

During 2025, the Company's training initiatives encompassed professional technical skills, leadership development, and other critical domains, achieving notable effectiveness. Amid strong employee participation and favorable learning outcomes, the Company will continue to optimize its training programs to steadily enhance employee capabilities, thereby further sustaining corporate growth and fostering innovation.

No.	Items	Classes	Total Training Hours	Attendance	Total Fees
1	Professional Competencies Training	212	3,276	1,609	444,220
2	Labor Safety and Health	51	2,730	1,146	91,570
3	Supervisor Talent Training	6	407	77	98,428

4	General Knowledge Training	99	2,931	662	0
5	Information Security Management	2	51	2	11,650
6	Enterprise Sustainable Development	25	718	624	61,200
7	Climate Environmental Protection	4	69	59	0
Total		399	10,182	4,179	707,068

To deliver a high-quality learning experience for its employees, the Company has introduced a variety of learning channels, ranging from in-person classroom training to e-learning and internal knowledge management systems. A satisfaction evaluation mechanism is also in place to continuously review and improve training effectiveness. The human resources team takes the lead in designing and administering employee learning programs and talent development projects. Meanwhile, department managers form a training task force that supports the review, implementation, and adjustment of training plans. Through this collaborative governance structure, the Company is able to build professional training systems that match organizational development needs, strengthening employees' professional skills and overall competence.

A. Professional Competencies Training:

Formulate professional training blueprints according to job title, seniority, class, etc., and offer various professional training to help colleagues acquire professional skills required for work.

B. Labor Safety and Health:

The relevant training hours and certification must be obtained according to the regulations.

C. Supervisor Talent Training:

Provide necessary courses for managers at all levels to learn and share practical experience to enhance specific leadership skills.

D. General Knowledge Training:

General training courses are provided for all colleagues to help improve work efficiency, and all colleagues can take elective courses. For example: communication skills, time management, etc.

E. Information Security Management:

In order to convey the concept of information security to every employee, the Company carries out information security advocacy and education and training activities to enhance the awareness and alertness of colleagues to information security.

F. Enterprise Sustainable Development:

The company vigorously promotes the process of corporate sustainability, regularly conducts relevant education and advocacy activities to enhance employees' awareness of sustainability goals, actively implements environmental, ESG strategies, and strives to create value and reduce negative impacts in long-term development.

G. Climate Environmental Protection:

The Company actively promotes climate change and environmental protection advocacy, enhances employees' environmental awareness, implements sustainable development goals, and builds a green corporate culture.

(3) Pension System and Its Implementation Status:

The Company has formulated policy on retirement for its regular employees in accordance with the provisions of the Labor Standards Act. A Labor Retirement Pension Supervisory Committee has been formed as required by the regulations, and a retirement reserve fund is allocated

monthly. The funds are deposited in a dedicated account in the name of the committee at Bank of Taiwan, and the committee is responsible for overseeing and managing the funds. As of 2025, there was 0 retiree from the Company.

(4) Status of Employer-Employee Agreements and Various Employee Rights Maintenance

Measures:

The Company complies with the law by appointing representatives from both labor and management to hold regular “labor-management meetings” to promote dialogue and exchange of opinions between the two parties. Resolutions made during these meetings are obligated to be addressed and implemented within a specified timeframe. In 2025, there was consistent consensus between labor and management, and no disputes occurred that resulted in losses for the Company.

Protection Measures for Working Environment and Employee Safety are as follows:

Items	Items	Contents
1	Access	1. The plant area and premises are equipped with a complete surveillance system. Personnel are assigned to manage and maintain such system. 2. A security company is contracted for round-the-clock personnel and vehicle control to ensure the safety of the premises. 3. Regular contact is made with the police and security authorities for periodic patrols around the plant perimeter.
2	Maintenance and Checking of Working Environment and Various Equipment	1. Occupational environmental monitoring is conducted in accordance with the “Implementation Regulations Governing Occupational Environmental Monitoring”. Qualified occupational environment measurement institutions are regularly engaged to perform these assessments, and the results are communicated to employees. 2. Public safety inspections are conducted every two years by professional companies in compliance with the “Regulations Governing Building Public Safety Inspection and Certification Declaration”. 3. Fire equipment inspections are performed annually in accordance with the “Fire Services Act” through outsourcing to professional inspectors. 4. Regular maintenance inspections are carried out by professionals for high and low voltage electrical equipment, elevators, specific equipment for high-pressure gases, official vehicles, water dispensers, and other devices in accordance with the “Regulations Governing Occupational Safety and Health Management” and other relevant regulations. 5. Hazardous chemicals are managed at the source in accordance with the “Regulations for the Labeling and Hazard Communication of Hazardous Chemicals”. A list of hazardous substances is established, and safety data sheets are provided for workplace reference. 6. Personal protective equipment is provided to employees in compliance with the “Regulations Governing Occupational Safety and Health Facilities”. Welding machines are equipped with automatic electric shock prevention devices, gas cylinders are securely positioned, and warning signs prohibiting the wearing of gloves during drilling operations are posted. 7. Eye-friendly panel lighting fixtures are used for plant lighting to protect employees’ visual health and for environmental friendliness and energy-efficiency.
3	Disaster Prevention and Implementation	1. In addition to participating in joint civil defense organizations for the area, non-periodic fire prevention and disaster prevention training sessions are conducted with invited fire authorities. 2. To ensure employees’ safety and health, there are occupational safety and health supervisors and personnel who have completed the registration process with the competent authorities. 3. The Company’s occupational safety and health work guidelines have been approved by the competent authorities. 4. Hazard identification and risk assessment are conducted by plant supervisors and employees to drive continuous improvement. 5. Occupational accident statistics are regularly compiled in accordance with the “Occupational Safety and Health Act”. Investigations are conducted on occupational accidents and submitted to the competent authorities for approval. 6. Relevant laws and regulations are reviewed to assess their impact and determine subsequent actions.

Items	Items	Contents
		7. Participating in safety and health promotion meetings organized by government authorities. 8. Participating in unannounced emergency notification tests and firefighting drills in the industrial area. Establish an Occupational Safety and Health Management System and obtain ISO 45001:2018 third-party certification.
4	Health Promotion and Environmental Hygiene	1. Physical Examinations: Qualified medical institutions conduct physical and health examinations in accordance with the “Labor Health Protection Rules” and the results are compiled into a handbook for employees. 2. Based on the health examination results, risk management is conducted by the company nurse, and health education advice is provided in collaboration with on-site service physicians. 3. Regularly hire family physicians and occupational medicine physicians to provide on-site services. 4. Automated external defibrillators (AED) are installed in the plant, and employees are trained regularly in its operation to facilitate emergency response. 5. Obtain the Secure Place certification and more than 90% of the employees in the place have completed CPR+AED education training. 6. Health promotion materials are provided to enhance employees’ relevant knowledge. 7. First aid personnel and first aid kits are established and maintained in accordance with the “Labor Health Protection Rules”. 8. The workplace is cleaned daily, and periodic disinfection of plant offices and environments is conducted. Drinking water is provided at the workplace, and emergency shower facilities are available for employees, following the “Regulations Governing Occupational Safety and Health Facilities”.
5	Implementing Operation Safety Control	1. Contractor management: Safety training for contractors is conducted in accordance with the “Occupational Safety and Health Act”, and periodic inspections are carried out at construction sites for relevant management and supervision. 2. Controls for construction operations are implemented based on the requirements of occupational safety and health regulations and risk assessments. Fire-related work, elevated work, confined space work, live work, hazardous pipeline drilling work, and safety system interruption work are subject to construction controls and permits as required. 3. Contractors are informed of hazards and accompanied during on-site operations by supervisors. 4. Operation of hazardous machinery is limited to personnel who have obtained certification through qualified training and examination.

2. For the most recent fiscal year and up to the date of printing the annual report, the Company has not sustained any losses resulting from labor-management disputes, nor has it been cited for any violations of the Labor Standards Act through labor inspections; accordingly, no information regarding disposition dates, reference numbers, legal provisions breached, details of violations, or disciplinary actions is required to be presented. No potential losses are reasonably estimable as of the reporting date, and thus no related estimated amounts or countermeasures are disclosed.

VI. Information Security Management

(I) Information Security Risk Management Framework:

The organizational structure, members, and responsibilities of the Company’s Information Security Committee are as follows:

Organizational Structure and Members:

1. The Chairman/Vice Chairman/President are the absolute instructors for members.
2. Members: Deputy General Managers or higher-level supervisors, with attendance from the Audit Department.
3. Convenor: The Convenor of the Committee is appointed by the President, who can be the head

of the Information Department or a specific senior supervisor.

4. Executive Secretary and Task Force: The Convenor may assign an Executive Secretary and Task Force under the Committee to coordinate and execute the Committee's tasks.
5. The Audit Department/Finance Department shall assist in providing reference information from external official regulatory bodies.

Responsibilities: Formulating Company information security policies.

Tasks: Reviewing the effectiveness of information security policy implementation, deliberate on proposed adjustments to information security policies, and temporary motions.

(II) Information Security Policies:

The Company's information security management strategy is aimed at ensuring a reliable and uninterrupted information environment essential to its business operations and long-term development.

1. For "Ensuring with dedication what's necessary for Company development-a continuous operational information environment", this information security policy is hereby promulgated.
2. Employees are provided with clear guiding principles in their work. All employees of the Company are obliged to comply with and participate in the promotion of information security policies to ensure the secure operation of Company sensitive data/information systems/ equipment and networks.
3. It is expected that all employees will understand, implement, and maintain to achieve the goal of uninterrupted operation of enterprise information systems.

Framework-wise, the "Information Security Committee" is responsible for formulating and promoting information security policies, supervising information security risks, and management matters.

The tasks of the Information Security Committee include:

- (1) Formulating information security policies and information security control mechanisms.
- (2) Supervising and implementing various information security policies and work.
- (3) Auditing internal information security within the Company.
- (4) Reporting information security incidents, emergency response, and crisis management.
- (5) Planning information security education and training.
- (6) Coordinating and handling other information security matters.

(III) Specific Management Plans:

In terms of management, in accordance with the regulations of the Securities and Futures Bureau, the President appoints the Assistant Manager of the Information Department as (reorganized into Information Office in 2025) the security manager, and two network management personnel as dedicated security personnel responsible for information security management operations to comply with regulatory requirements of regulatory agencies. Such appointment was approved by the Board of Directors on March 25, 2022.

In practice, the Information Security Committee reports important information security events and changes in information security measures to the Chairman/Vice Chairman of the Board/President/All Business Division Heads during the regular Chief Operations Officer meetings every week.

This achieves a higher frequency of management measures compared to the norm:

1. Annual information security policy meetings are held.
2. Special meetings are convened when special events require decision-making on information security changes.
3. Listening to reports from executing members (information security policy detection and execution team) on current performance, deliberate on proposed adjustments to information security policies, and temporary motions.

This has achieved the management cycle mechanism of Plan-Do-Check-Act (PDCA) to examine the applicability and protective measures of information security policies, and in the future, will increase the reporting of implementation effectiveness by a dedicated Information Protection Committee, achieving substantial improvement.

(IV) Resource allocation for information and communication security management:

1. The Company has promoted the ISO 27001:2022 Information security management system since September 2023, established, implemented and maintained the Information security management policy, strengthened the information security environment and information security resilience, and obtained the ISO 27001:2022 certificate in March 2024.
2. By the end of 2024, the certification will expire one year before, and after the issuing unit to the factory for annual audit passed, the ISO 27001:2022 certificate continues to be valid.
3. In accordance with the risk assessment report, the Company has signed maintenance contracts with third parties for important equipment to ensure that the equipment can be restored to operation in a timely manner in case of hardware damage.
4. Actual investment purchase in the early stage (August 2021 to August 2024): the Company effectively reduces information security risks through capital investment and expenditure on next-gen firewalls, XDR, anti-virus software and other security projects. At the same time, continue to fully implement the security and protection work and daily inspection tasks.
5. From August 2024 to March 2025, the Company not only ensures that the authorization and maintenance agreement (MA) of the previously purchased next-gen firewall, XDR, anti-virus and other information security software systems continues to be effective, but also continues to implement information security protection and daily inspection tasks in a full range. At the same time, in response to the establishment of the subsidiary (Kaori Thermal Technology Co., Ltd.), we also constructed the same strength of information security control measures for the subsidiary, and transplanted the information security management system in the existing ISO management program of the parent company, so that it becomes the internal management method of the subsidiary.
6. In accordance with national policies, we have joined the TWCER/CC cybersecurity joint defense system of the Cybersecurity Administration in 2024 to quickly obtain information on recent domestic cybersecurity attacks and take defense measures according to its recommendations.

(V) List the losses, possible impacts and response measures suffered in the most recent year and as of the publication date of this Annual Report due to major info-security incidents. If it cannot be reasonably estimated, facts preventing the reasonable estimations shall be explained:

As of the publication date of this Annual Report, there hasn't been major information security incidents in the last two years, and the Company has assumed no loss or possible impacts in its operations or business goodwill.

VII. Important Covenants:

Covenant Nature	Counterparties	Starting and Ending Date of Contract	Main Contents	Restrictive Clause
Long-term Borrowing	O-Bank	2020.06~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.06 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from June 2022 the repayment per installment is NT\$ 6,389 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2020.06~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.06 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests	Mortgaged with Lands and Plants of

			accrued monthly. With the installments at an interval of 6 months starting from June 2022, the repayment per installment is NT\$ 6,067 thousand.	Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2020.09~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.09 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from June 2022, the repayment per installment is NT\$ 1,011 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2020.09~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.09 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from June 2022, the repayment per installment is NT\$ 1,278 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2022.08~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2022.08 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from December 2022, the repayment per installment is NT\$ 4,538 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2022.08~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2022.08 ~ 2026.06. The interest rate on December 31, 2023 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from December 2022, the repayment per installment is NT\$ 3,875 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	Shanghai Commercial and Savings Bank	2015.07~2025.04	Long-term Guaranteed Loan with the borrowing period at 2015.07 ~ 2025.04. The interest rate on December 31, 2024 was 1.845%, with interests accrued monthly. With the installments at an interval of 3 months starting from July 2016, the repayment per installment is NT\$ 2,084 thousand.	Mortgaged with Lands and Plants of Zhongli 3 rd Plant.
Long-term Borrowing	Landbank of Taiwan	2023.11~2030.11	Medium-term Guaranteed Loan with borrowing period at . the interest rate on December 31, 2024 was 1.4321%, with interests accrued monthly. The loan shall be repaid monthly from December 2025. with each repayment of NT\$1,848 thousand. The last installment of repayment was NT\$1,848 thousand.	Mortgaged with Lands and Plants of Kaohsiung Plant
Long-term Borrowing	The Export-Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from May 2024 to November 2030, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$713 thousand, the last installment repay NT \$709 thousand.	
Long-term Borrowing	The Export Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from May 2024 to November 2031, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from June 2025 monthly principal repayment, each installment repay NT \$698 thousand, the last installment repay NT \$694 thousand.	
Long-term Borrowing	The Export Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from August 2024 to November 2030, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$440 thousand, the last installment repay NT \$438 thousand.	
Long-term Borrowing	The Export Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from August 2024 to November 2031, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$435 thousand, the last installment repay NT \$431 thousand.	

Long-term Borrowing	The Export Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from September 2025 to May 2031, interest rate of 1.4321% on December 31, 2025, monthly interest, starting from June 2026 monthly principal repayment, each installment repay NT \$178 thousand, the last installment repay NT \$174 thousand.	
Long-term Borrowing	The Export Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from June 2025 to November 2030, interest rate of 1.4321% on December 31, 2025, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$280 thousand, the last installment repay NT \$280 thousand.	
Covenant Nature	Counterparties	Starting and Ending Date of Contract	Main Contents	Restrictive Clause
Long-term Borrowing	O-Bank	2020.06~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.06 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from June 2022 the repayment per installment is NT\$ 6,389 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2020.06~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.06 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from June 2022, the repayment per installment is NT\$ 6,067 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2020.09~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.09 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from June 2022, the repayment per installment is NT\$ 1,011 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2020.09~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2020.09 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from June 2022, the repayment per installment is NT\$ 1,278 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2022.08~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2022.08 ~ 2026.06. The interest rate on December 31, 2024 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from December 2022, the repayment per installment is NT\$ 4,538 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	O-Bank	2022.08~2026.06	Medium-term Guaranteed Loan with the borrowing period at 2022.08 ~ 2026.06. The interest rate on December 31, 2023 was 1.8446%, with interests accrued monthly. With the installments at an interval of 6 months starting from December 2022, the repayment per installment is NT\$ 3,875 thousand.	Mortgaged with Lands and Plants of Zhongli 2 nd Plant.
Long-term Borrowing	Shanghai Commercial and Savings Bank	2015.07~2025.04	Long-term Guaranteed Loan with the borrowing period at 2015.07 ~ 2025.04. The interest rate on December 31, 2024 was 1.845%, with interests accrued monthly. With the installments at an interval of 3 months starting from July 2016, the repayment per installment is NT\$ 2,084 thousand.	Mortgaged with Lands and Plants of Zhongli 3 rd Plant.
Long-term Borrowing	Landbank of Taiwan	2023.11~2030.11	Medium-term Guaranteed Loan with borrowing period at . the interest rate on December 31, 2024 was 1.4321%, with interests accrued monthly. The loan shall be repaid monthly from December 2025. with each repayment of NT\$1,848 thousand. The last	Mortgaged with Lands and Plants of Kaohsiung Plant

			installment of repayment was NT\$1,848 thousand.	
Long-term Borrowing	The Export-Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from May 2024 to November 2030, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$713 thousand, the last installment repay NT \$709 thousand.	
Long-term Borrowing	The Export-Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from May 2024 to November 2031, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from June 2025 monthly principal repayment, each installment repay NT \$698 thousand, the last installment repay NT \$694 thousand.	
Long-term Borrowing	The Export-Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from August 2024 to November 2030, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$440 thousand, the last installment repay NT \$438 thousand.	
Long-term Borrowing	The Export-Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from August 2024 to November 2031, interest rate of 1.4321% on December 31, 2024, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$435 thousand, the last installment repay NT \$431 thousand.	
Long-term Borrowing	The Export-Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from September 2025 to May 2031, interest rate of 1.4321% on December 31, 2025, monthly interest, starting from June 2026 monthly principal repayment, each installment repay NT \$178 thousand, the last installment repay NT \$174 thousand.	
Long-term Borrowing	The Export-Import Bank of ROC	2023.11~2030.11	Medium-term secured loan, loan period from June 2025 to November 2030, interest rate of 1.4321% on December 31, 2025, monthly interest, starting from December 2025 monthly principal repayment, each installment repay NT \$280 thousand, the last installment repay NT \$280 thousand.	

V. Review of Financial Conditions and Financial Performance, and Risk Management Thereof

I Financial Conditions:

(I) Review and Analysis of Financial Conditions

Source: Individual Financial Reports Unit: NT\$ thousand

Items \ Year	2024	2025	Difference	
			Amount	Change Percentage (%)
Current Assets	2,558,720	2,751,232	192,512	7.52%
Non-current Assets	3,358,617	3,852,836	494,219	14.71%
Total Assets	5,917,337	6,604,068	686,731	11.61x%
Current Liabilities	1,692,486	2,132,517	440,031	26.00%
Non-current Liabilities	787,843	298,720	(489,123)	-62.08%
Total Liabilities	2,480,329	2,431,237	(49,092)	-1.98%
Capital Stock	914,647	924,829	10,182	1.11%
Capital Surplus	1,245,856	1,457,247	211,391	16.97%
Retained Earnings	1,240,133	1,788,778	548,645	44.24%
Other Equity Interest	36,372	120,065	83,693	230.10%
Treasure Stock	-	(118,088)	(118,088)	-100.00%
Total Shareholders' Equity	3,437,008	4,172,831	735,823	21.41%

Source: Consolidated Financial Reports Unit: NT\$ thousand

Items \ Years	2024	2025	Difference	
			Amount	Change Percentage (%)
Current Assets	3,855,807	5,580,159	1,724,352	44.72%
Non-current Assets	2,246,773	2,546,899	300,126	13.36%
Total Assets	6,102,580	8,127,058	2,024,478	33.17%
Current Liabilities	1,877,128	3,574,698	1,697,570	90.43%
Non-current Liabilities	788,444	375,448	(412,996)	-52.38%
Total Liabilities	2,665,572	3,950,146	1,284,574	48.19%
Capital Stock	914,647	924,829	10,182	1.11%
Capital Surplus	1,245,856	1,457,247	211,391	16.97%
Retained Earnings	1,240,133	1,788,778	548,645	44.24%
Other Equity Interest	36,372	120,065	83,693	230.10%
Treasure Stock	-	(118,088)	(118,088)	-100.00%
Non-controlling Equity	-	4,081	4,081	-100.00%

(II) Analysis of Changes:

1. Main Reasons for Changes in the Individual Financial Reports:

- a. Current assets increased year-on-year in the current period, mainly due to higher operating revenue, which led to a rise in receivables.
- b. Non-current assets increased year-on-year in the current period, mainly due to improved earnings of subsidiaries, resulting in an increase in investments recognized under the equity method.
- c. Current liabilities increased year-on-year in the current period, mainly due to higher purchases to meet increased order demand, which raised payables. In addition, convertible bonds were reclassified as current liabilities due to the put option right maturing within one year.
- d. Non-current liabilities decreased year-on-year in the current period, mainly due to the ongoing conversion of convertible corporate bonds and the reclassification of liabilities with put option clauses to current maturities within one year.
- e. Capital surplus increased year-on-year in the current period, mainly attributable to the conversion of convertible corporate bonds.
- f. Retained earnings increased year-on-year in the current period, mainly due to the growth of net income for the period.
- g. Other equity interest increased year-on-year in the current period, mainly due to the rise in the market price of Bloom Energy and an increase in unrealized gains or losses on financial assets measured at fair value through other comprehensive income.
- h. Treasury stock increased year-on-year in the current period, due to the repurchase of treasury stock for transfer to employees.

2. Main Reasons for Changes in the Consolidated Financial Reports:

- a. Current assets increased year-on-year in the current period, mainly driven by higher revenue that boosted receivables, together with a rise in inventories to meet order demand.
- b. Non-current assets increased year-on-year in the current period, mainly due to the rise in the market price of Bloom Energy, which increased unrealized gains and losses on financial assets measured at fair value through other comprehensive income, as well as the purchase of more property, plant and equipment to meet order demand.
- c. Current liabilities increased year-on-year in the current period, mainly due to increased purchases to meet order demand and a consequent rise in payables, as well as the reclassification of convertible bonds to current maturities due to put options.
- d. Non-current liabilities decreased year-on-year in the current period, mainly due to the gradual conversion of convertible corporate bonds and the reclassification of liabilities with put option provisions into current liabilities due within one year.
- e. Capital surplus increased year-on-year in the current period, mainly resulting from the conversion of convertible corporate bonds.
- f. Retained earnings increased year-on-year in the current period, mainly due to the growth

of net income.

- g. Other equity increased year-on-year in the current period, mainly due to the higher market price of Bloom Energy, leading to an increase in unrealized gains and losses on financial assets measured at fair value through other comprehensive income.
- h. Treasury stock increased year-on-year in the current period, attributable to the repurchase of treasury shares for transfer to employees.

(III) Future Response Plans: Omitted.

II. Financial Performance:

(I) Comparison and Analysis on Operating Results:

Source: Individual Financial Reports Unit: NT\$ thousand

Items \ Year	2024	2025	Increase/Decrease in Amount	Change Percentage (%)
Net Sales	3,773,042	3,996,024	222,982	5.91%
Operating Cost	(2,652,506)	(2,989,054)	(336,548)	12.69%
Operating Gross Profit	1,120,530	1,006,970	(113,560)	-10.13%
Operating Expenses	(499,888)	(486,335)	13,553	-2.71%
Operating Profit	620,642	518,681	(101,961)	-16.43%
Non-operating Income and Expenses	122,462	438,746	316,284	258.27%
Income before Tax	743,104	957,427	214,323	28.84%
Income Tax Expenses	(150,060)	(127,881)	22,179	-14.78%
Net Profit of the Current Period	593,044	829,546	236,502	39.88%
Total Comprehensive Income of the Current Period	640,551	998,197	357,646	55.83%

Source: Consolidated Financial Reports Unit: NT\$ thousand

Items \ Year	2024	2025	Increase/Decrease in Amount	Change Percentage (%)
Net Sales	4,003,440	6,580,623	2,577,183	64.37%
Operating Cost	(2,808,590)	(4,781,639)	(1,973,049)	70.25%
Operating Gross Profit	1,194,850	1,798,984	604,134	50.56%
Operating Expenses	(548,293)	(775,228)	(226,935)	41.39%
Operating Profit	646,557	1,023,756	377,199	58.34%
Non-operating Income and Expenses	103,352	28,049	(75,303)	-72.86%
Income before Tax	749,909	1,051,805	301,896	40.26%
Income Tax Expenses	(156,865)	(222,259)	(65,394)	41.69%
Net Profit of the Current Period	593,044	829,546	236,502	39.88%
Total Comprehensive Income of the Current Period	640,551	998,197	357,646	55.83%

(II) Main Reasons for Changes:

1. Main Reasons for Changes in the Individual Financial Reports:

- a. Operating costs increased year-on-year in the current period, mainly due to the growth of order volume.
- b. Operating gross profit and operating profit decreased year-on-year in the current period. Primarily as the Company's orders are mainly denominated in US dollars, revenue growth lagged behind the increase in costs due to exchange rate fluctuations.
- c. Non-operating income and expenses, income before tax, net income after tax and total comprehensive income for the current period decreased compared with the same period last year, mainly due to the increased investment income recognized under the equity method resulting from improved profitability of subsidiaries.

2. Main Reasons for Changes in the Consolidated Financial Reports:

- a. Operating revenue, operating gross profit, operating profit, profit before tax and net income increased year-on-year in the current period, mainly driven by growing AI demand which boosted order volume.
- b. Operating costs increased year-on-year in the current period, mainly due to the growth in order volume.
- c. Operating expenses increased year-on-year in the current period, mainly due to higher payroll costs driven by growing order volume and business expansion of the Group.
- d. Non-operating income and expenses decreased year-on-year in the current period, mainly due to fluctuations in the U.S. dollar exchange rate, which reduced net foreign exchange gains compared with the same period last year.

(III) Estimated Sales Volume in the Upcoming Year and its Foundation, its Potential Influences and Response Plans Omitted.

III. Cash Flow:

(I) Analysis on Changes in Cash Flow in 2024

Unit: NT\$ thousand

Cash Balance at the Beginning of the Year	Estimated Net Cash Flow from Operating Activities throughout the Year	Cash Outflow (Inflow) throughout the Year from Investment and Financing Activities	Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plan	Financing Plan
1,088,629	274,921	(679,893)	683,657	-	-

Analysis on Changes in Cash Flows on Individual Financial Reports for the year 2025:

1. Net cash inflow from operating activities amounted to approximately NT\$274,921 thousand, mainly attributable to the increase in income before tax.
2. Net cash outflow from investing activities was approximately \$110,214 thousand, mainly due to the purchase of substantial real estate, plant and equipment to meet order demand.
3. Net cash outflow from financing activities was approximately \$569,679 thousand, mainly resulting from significant cash outflows for cash dividend distribution and treasury stock repurchases during the current period.

(II) Analysis on Changes in Cash Flows on Consolidated Financial Reports for Year 2025:

Unit: NT\$ thousand

Cash Balance at the Beginning of the Year	Estimated Net Cash Flow from Operating Activities throughout the Year	Estimated Cash Outflow (Inflow) throughout the Year from Investment and Financing Activities	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,871,305	597,889	(792,299)	1,676,895	-	-

Analysis on Changes in Cash Flows on Consolidated Financial Reports for Year 2025:

1. Net cash inflow from operating activities was approximately \$597,889 thousand, mainly attributable to the increase in income before tax.
2. Net cash outflow from investing activities was approximately \$218,861 thousand, mainly due to the acquisition of additional real estate, plant and equipment to meet order demand.
3. Net cash outflow from financing activities was approximately \$578,870 thousand, mainly due to substantial cash outflows arising from cash dividend payments and treasury stock repurchases in the current period.

(III) Remedial Measures for Insufficient Liquidity: Omitted.

(IV) Analysis on Cash Fluidity in the Upcoming Year: Omitted.

IV. Influence on Company Finance by Significant Capital Expenditure in the Most Recent Year:

(I) Utilization Status and Source of Capital for the Significant Capital Expenditure: None.

(II) Influence on Financial Business by Significant Capital Expenditure: None.

V. Re-investment Policies in the Most Recent Year, Main Reason(s) for the Profit or Loss of Such Re-investment, Improvement Plans, and Investment Plans in the Upcoming Year:

December 31, 2024; Unit: NT\$ thousand

Items	Descriptions	Amount Invested	Policy	Main Reason for Profit / Loss	Improvement Plans	Future Other Investment Plans
KAORI INTERNATIONAL CO.,LTD		171,641	Investment Holding	Investment gain of NT\$34,522 thousand.	None	None
KAORI DEVELOPMENT CO.,LTD		169,984	Investment Holding	Investment gain of NT\$34,691 thousand.	None	None
KAORI TECHNOLOGY(Ningbo) CO.,LTD		168,267	Product Manufacturing	Benefiting from operational profitability, an investment gain of NT\$34,890 thousand was recognized for the current period.	None	None
KAORI THERMAL TECHNOLOGY CO., LTD.		851,000	Product Manufacturing	Benefiting from growing demand in the thermal management industry, operating performance was strong, recognizing an investment income of	None	None

			NT\$329,217 thousand for the current period.		
KAORI TECHNOLOGY(THAILAND) CO.,LTD	141,087	Product Manufacturing	Currently still in the planning and construction stage, resulting in an operating loss of NT\$352 thousand for the current period.	None	None
Kaori Thermal Technology USA Inc.	5,994	Product Sales and Services	An investment loss of NT\$207 thousand was recognized for the current period, mainly due to the scale of operations not yet reaching economies of scale.	None	None

In 2025, Kaori Technology (Thailand) Co., Ltd. completed the acquisition of land within a Thai industrial park. Moving forward, the Company will accelerate factory construction and production rollout plans to optimize its overseas production layout and bolster supply flexibility for global markets.

VI. Analysis of and Evaluation on Risk Items in the Most Recent Year and as of the Publication Date of this Annual Report are as follows:

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

Unit: NT\$ thousand; %

Items	2025 (Individual Financial Reports)	2025 (Consolidated Financial Reports)
Interest Expenditure	(29,837)	(30,863)
Ratio of Interest Expenditure to Net Operating Revenue	-0.75%	-0.47%
Ratio of Interest Expenditure to Income before Tax	-3.12%	-2.93%
Gains from Exchange	(6,664)	16,926
Ratio of Gains from Exchange to Net Operating Revenue	-0.17%	0.26%
Ratio of Gains from Exchange to Income before Tax	-0.70%	1.61%

Interest Rate: In 2025, the Company's consolidated financial statements showed that interest expenses accounted for merely -0.47% of operating revenue and -2.93% of income before tax. Interest expenses increased by NT\$8,392 thousand compared with 2024, mainly due to additional borrowings raised to meet operational needs during the period. Other than funding major capital expenditures and long-term investments with medium-to-long-term capital, the Company primarily adopts short-term financing and borrowings for daily financial operations and liquidity management. Accordingly, interest rate fluctuations will not exert a material impact on the Company. Moving forward, the Company will continue to uphold a prudent and stable financial principle. All idle funds will be deposited with financially sound financial institutions, striking a balance between capital safety and reasonable investment returns.

Exchange Rate: The Company has a high proportion of export sales, with product sales and raw material purchases primarily denominated in US dollars, making its operations susceptible to movements in the US dollar exchange rate. Significant exchange rate fluctuations occurred during the period, resulting in a net foreign exchange loss in the Company's separate financial statements and a notable decline in net foreign exchange gains recorded in the consolidated financial statements. To address exchange rate fluctuation risks, the Company mainly adopts natural hedging through US dollar-denominated sales and procurement transactions, and dynamically adjusts foreign currency assets and liabilities in response to exchange rate movements, while implementing targeted measures to mitigate the impact of exchange rate volatility on corporate earnings.

- ① For the foreign exchange positions held, the Company monitors closely the exchange rate trends and considers professional advice provided by financial institutions to determine the timing of converting to New Taiwan Dollars or retaining foreign exchange positions to reduce exchange rate risk.
- ② During the quotation and negotiation process, the Company's sales representatives also consider adjusting prices in response to exchange rate fluctuations.
- ③ Keeping abreast of international financial information and exchange rate changes, maintaining close contact with banks to timely grasp exchange rate fluctuation information, and being flexible in adjusting loan currencies to stay informed about exchange rate movements.

Inflation: The Company pays attention to the inflation situation and adjusts product prices and raw material inventory levels accordingly. As of now, inflation has not had a material impact on the Company's operations. However, the potential impact of rising raw material costs is being monitored.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Monetary Loans or Endorsement Guarantees, and Derivatives Transactions:

(1) For the year 2025 and as of the Publication Date of this Annual Report, the Company has not engaged in high-risk or highly leveraged investments, money lending, or acts of guaranteeing for others. The Company has established "Handling Procedures for Acquisition or Disposal of Assets" and "Handling Procedures for Loan of Funds to Others and Endorsement/Guarantee", which have been adopted through resolution by the Shareholders' Meeting.

(2) As of the Publication Date of this Annual Report, the Company has endorsed others as others:

As of March 31, 2026, Unit: NT\$ thousand

Whether there is endorsement information	Increase/Decrease for Year 2025	Increase/Decrease as of the End of March, 2026
There is endorsement information of the Company	0	95,985
There is no endorsement information of subsidiaries	0	0

There is information about the Company's endorsement for subsidiaries	
The Company endorses the subsidiary to guarantee the accumulated balance	95,985
The subsidiary guarantees the accumulated balance by endorsing the Company	0

Whether there is endorsement information	Increase/Decrease for Year 2025	Increase/Decrease as of the End of March, 2026
There is no information about the Company's endorsement for regions in Mainland China.	0	0
There is no information about subsidiaries' information for regions in Mainland China.	0	0

Whether there are outstanding loan balances granted to third parties	Increase/Decrease for Year 2025	Increase/Decrease as of the End of March, 2026
The Company has outstanding loan balances.	0	370,000
None of the subsidiaries have any outstanding loan balances.	0	0

(III)Future Research & Development Projects and Corresponding Budget

Department	Name of R&D Plan	Current Progress	Expected R&D Budget	Expected Timeframe for Mass Production	Factors Contributing to Success in Future Researches
Heat Energy Business	Development of Natural Gas Thermal Cracking Hydrogen Production Carbon Fixation Equipment	Carbon deposition and energy consumption process improvement	6 Million	2027.01	Method and technology for effective decarbonization, reduction of reaction temperature and low energy consumption
Hydrogen Energy Division	Development of Ammonia Cracking System	Development of Electrically Heated Ammonia Cracking System	8 Million	2027.01	Catalysts for lowering reaction temperature, reducing ammonia cracking power consumption, and hydrogen internal combustion engines for applicable use
Fuel Cell Division	Carbon Capture SOFC Heat Exchanger Reactor	Sample making	5 Million	2026.12	Kaori's brazing technology combined with argon welding
Fuel Cell Division	Development of applied manufacturing technology for alumina/molybdenum manganese metallized bonding components	Testing stage of metal slurry composition	5 Million	2027.06	Application of ceramic material metallization technology
Development of heat exchangers for cabinet server heat dissipation	Development of heat exchangers for cabinet server heat dissipation	Mold under development	5 Million	2026.12	Co-developed with customers with manufacturing and market-oriented capabilities
Development of heat exchangers for server heat dissipation	Development of heat exchangers for server cooling	Product market development under evaluation	10 Million	2027.06	Designed for niche markets, delivering high performance at optimal cost.
Development of all-stainless steel brazed heat exchangers	Development of all-stainless steel solder heat exchangers	The development of small-sized models has been completed, and large-sized models are currently under development.	500 Million	2026.12	Iron-based brazing fillers are cheaper than nickel-based ones and offer advantages in metal ion precipitation.

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

(1) Change in Industry Policies

The Company has not been affected by significant domestic or international policy and legal changes that would impact its financial and business operations. The Company's management actively monitors important policy and legal changes and takes timely proactive measures in response.

(2) Change in Laws and Regulations

① Important relevant laws and regulations in the industry

A. Concerning the competent central authority for the industry concerned and the important laws affecting the Company, they can be broadly categorized into civil and commercial regulations, economic regulations, labor regulations, and environmental regulations. Recently, apart from amendments to the Securities and Exchange Act and the Company Act, there have been no major changes in the relevant laws. The competent central authority for the industry concerned relating to the Company's primary industries are the Ministry of Economic Affairs, the Financial Supervisory Commission, the Industrial Development Bureau, MoEA, the Council of Labor Affairs, and the Environmental Protection Administration. The Company has not violated any important laws or regulations that affect its industry.

B. The Company evaluates the information that should be disclosed in accordance with the laws and regulations related to TWSE/TPEX company information disclosure, and evaluates whether it is handled according to the law.

② Patent

The Company's patents are registered with the Intellectual Property Office of the Ministry of Economic Affairs, with patent certificates obtained. The Company has not been involved in any infringement.

③ Significant Labor Disputes or Environmental Pollution Incidents

As of the Publication Date of this Annual Report, there have been no significant labor disputes or major environmental pollution incidents.

④ Conclusion

The significant laws affecting the Company can be broadly categorized into civil and commercial laws, economic regulations, labor regulations, and environmental regulations. There have been no major changes, and they have not affected the Company's financial and business operations. Furthermore, the Company hires Lawyer HSIEH TIEN JEN, the former Chairman of the Consumers' Foundation, as the legal consultant to serve as an important consultation source for future legal changes and reduce the operational risks thereof.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

(1) Metal Products and Processing:

Plate heat exchangers, boasting the advantages of compact size, excellent high pressure resistance, and a wide range of applications, will continue to replace traditional shell-and-tube and finned-tube heat exchangers that are larger in size and poorer in heat transfer performance. Our company will keep developing new types of plate heat exchangers suitable for different fluids or flow rates and with higher heat transfer efficiency.

(2) Thermal Products:

Amid global energy scarcity, low-carbon, zero-carbon and negative-carbon development have evolved into universal global goals, while energy transition, renewable energy adoption and waste recycling stand as primary approaches to counteract carbon emissions at the current stage; as a critical technological research and development hub, Taiwan cannot remain indifferent, and governments and enterprises alike need to minimize greenhouse gas emissions through legislation and technological advancement, amid the global consensus to achieve net-zero carbon emissions by 2050, with the International Energy Agency (IEA) proposing that over 60% of the world's electricity supply must come from renewable energy by 2030, while the new energy industry encompasses solar photovoltaics, wind power, geothermal energy, marine energy and hydrogen energy, among which hydrogen energy has garnered extensive attention at home and abroad, and IEA data indicates that vehicle electrification and renewable power generation will be the two major global net-zero trends in the coming decade, with hydrogen energy set to play an especially vital role.

Global governments have taken more proactive actions for energy conservation, carbon reduction and prevention of worsening greenhouse effect. From the perspective of international market overview, following the solid oxide fuel cell (SOFC) products launched by U.S.-based Bloom Energy, SOFC enjoys high power generation efficiency and its sales volume is highly anticipated in the future. The Company signed a strategic alliance agreement with Bloom Energy in 2009, undertaking the manufacturing and processing of key components for the Hot Box used in fuel cells. Since 2012, the Company has achieved stable revenue and profits with remarkable growth in financial performance. Based on mutual trust and interdependence, the long-term partnership has been maintained, and the Company fully commits to meeting Bloom Energy's requirements in quality, delivery lead time and all other relevant demands.

The 2025 CES exhibition held in the U.S. in January underscores that 2025 will be a pivotal year of accelerated AI innovation. Spanning AI, semiconductors, digital health, automotive technology, big data, servers, thermal solutions, advanced technologies and AR/VR/XR sectors, artificial intelligence will significantly boost productivity across nearly all industries and enhance the global competitiveness of enterprises. Evidently, AI will remain the core driving force of technological advancement, shaping the growth momentum and development landscape of relevant industries in 2025.

(3) Risk in Information Security:

Any network attack by hackers from any third party that disrupt or compromise the computer systems essential to the control, manufacturing, operations, and accounting functions of the Company are possible. These network attacks illegally infiltrate the company's internal network systems and engage in activities that disrupt operations, steal trade secrets, research results, and damage the Company's reputation.

To prevent and mitigate information security risks, the Company's management must transform its mindset and allocate adequate resources to build foundational defense systems and deploy professional information security equipment. In parallel, robust cybersecurity awareness shall be cultivated among all employees across the organization. Most critically, a formal reward and disciplinary mechanism must be fully implemented, so that all staff clearly recognize that compliance with information security regulations is vital. Any violation will seriously disrupt corporate operations and cause material harm to shareholder interests.

Risks and management measures for information technology security: Measures encompass

three aspects: protective systems, regulatory frameworks, and implemented management. The company has established comprehensive cybersecurity protection measures, including traditional antivirus software, next-generation firewalls, and the adoption of Extended Detection and Response (XDR) products responsible for cloud security event detection and response and passed the ISO/IEC 27001:2022 on December 2023. Nevertheless, technical defense systems alone cannot completely safeguard the enterprise against cyberattacks. Accordingly, the Company continues to optimize internal regulations and strengthen employees' information security awareness, fully aligning with the implementation of official government regulatory requirements, while revising the organizational duties and authority of the dedicated information security unit and supervisors, and incorporating relevant revisions into the computer operation provisions of the internal control system. Furthermore, information security education sessions are scheduled in company-wide monthly meetings every quarter to brief staff on key external cybersecurity incidents of the season and continuously enhance overall security awareness. In terms of daily management, the IT department conducts regular compliance reviews; once any violation of information security rules is identified, the case shall be reported immediately to senior management for assessment and disciplinary handling in accordance with the Company's reward and punishment policies.

(VI)The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Countermeasures:

Since its establishment, the Company has consistently focused on its core business operations, maintaining solid operating performance and a sound market reputation. There have been no negative reports damaging the Company's corporate image, and no adverse changes to its brand standing have occurred to date.

(VII)Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plan :
Not applicable as the Company does not have any plans for merger and acquisition.

(VIII)Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

Recognizing the rapid economic and industrial development in mainland China, and to better serve local customers as well as expand business across the Asia-Pacific region, the Company has expanded its production capacity by establishing a subsidiary manufacturing plant in Ningbo, mainland China. Meanwhile, the Company remains focused on core functions including research and development, product design, and process technology development.

Production capacity in mainland China remains stable and profitable, delivering steady operational contributions to the Company. In addition to expanding in-house production capacity to meet industrial growth demands, the Company also maintains long-term cooperative relationships with outsourced manufacturers. Such flexible capacity allocation enables effective adjustments to cope with future economic cycles and fluctuations in market product demand.

Endowed with robust capabilities in brazing and argon welding, the Company has earned recognition from major international green technology enterprises and established itself as their strategic partner. For long-term sustainable development, the Company founded the Fuel Cell Division in 2009, marking a crucial milestone that demonstrates its firm commitment to becoming a key participant in the energy industry. In July 2010, the Company inaugurated its first new plant dedicated to fuel cell production in the Zhongli Industrial Park, focusing on manufacturing key internal components for solid oxide fuel cells (SOFCs). Subsequently, in February 2017, the global headquarters office building of the Zhongli Industrial Park main plant was officially put into operation. Against the backdrop of continuous rapid expansion across the global fuel cell and AI

industries in 2025 and 2026, fuel cell shipments are set to grow steadily year after year. To effectively cut operating costs, scale up production capacity, fulfill strong customer order demand and bolster overall market competitiveness, the Company's Board of Directors formally approved investment projects for new plant construction at Qiaotou Science Park and Zhongli Industrial Park in December 2025. The new facilities will mainly provide expanded production space for the Fuel Cell Division and Heat Exchanger Division, adequately supporting the sustained and robust growth of customer shipment needs. As such, this factory expansion initiative entails only limited operational risks for the Company.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1) Procurement Risks:

The Company's core product portfolio consists of plate heat exchangers, custom metal fabricated parts, and key internal components for thermal products and solid oxide fuel cells (SOFC). We maintain stringent, customized quality specifications for all components, and certain raw materials must also obtain formal quality certification from major customers. To consistently uphold product quality and secure a stable, sufficient supply of materials, the Company conducts regular supplier assessments that evaluate quality consistency, delivery reliability, financial health and overall operational stability. In 2025, no single of the top ten suppliers accounted for more than 14.89% of total annual net purchases. As such, the Company does not face any material risk of excessive procurement concentration. In raw material procurement, the Company selects suppliers after comprehensive evaluation of pricing, quality standards and commercial terms. To effectively reduce supply concentration risks, we consistently maintain two or more alternative suppliers for each key material. With a diversified and stable supplier network in place, the likelihood of material shortages or supply interruptions remains low.

In recent years, global metal raw material prices have experienced significant volatility. Coupled with tight supply conditions, suppliers have consequently extended their delivery lead times. Amid fluctuating material costs and prolonged procurement cycles, key outsourced manufacturers for heat exchanger and fuel cell components have strengthened inventory deployment and safety stock controls. To preserve gross profit margins, such suppliers have also appropriately passed on rising costs to downstream partners in a timely manner.

(2) Sales Risks:

The Company generates revenue through processing services and product sales, serving a portfolio of reputable domestic and international enterprises. In 2025, aggregate sales to its top ten customers represented 79.34% of total net operating income. An analysis of sales distribution across these key clients shows that, with the exception of Bloom Energy in the fuel cell segment, the Company maintains well-diversified customer exposure and has no significant sales concentration risk. Between 2024 and 2025, sales to Bloom Energy accounted for 40.91% and 31.27% of the Company's annual consolidated net sales respectively. This revenue proportion arises from our formal shipment of customized processed and structural fuel cell components for Bloom Energy starting in 2009. Spurred by growing global environmental concerns, worldwide market demand for clean energy has expanded rapidly in recent years, driving steady revenue growth for Bloom Energy and in turn lifting the Company's consistent and stable performance in fuel cell thermal reactor products. As a leading global supplier of structural parts for Bloom Energy's fuel cell thermal reactors and a long-term collaborative partner in joint product development, the Company maintains solid, interdependent ties with Bloom Energy, with no foreseeable risk of abrupt contract termination or

breakdown in cooperation.

Leveraging years of accumulated expertise in heat treatment, copper brazing and plate heat exchanger manufacturing, the Company continues to deliver reliable customer services with sophisticated technology, consistent quality and on-time delivery. In parallel, we invest steadily in research and development to advance innovative heat treatment and copper brazing solutions as well as thermal energy technologies, enabling broader market outreach and actively capturing new product lines and business opportunities.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

In the Most Recent Year and as of the Publication Date of this Annual Report, the Company does not engage in large share transfers, hence there is no significant effect on the Company's operations resulting from large share transfers of changes in shareholding.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights:

In the Most Recent Year and as of the Publication Date of this Annual Report, the Company is not affected in the operations due to changes in management rights. In addition, the Company has promulgated complete Internal Control System and relevant management regulations, which would mitigate the effects and risks relating to such events on the Company's operations.

(XII) With regard to litigation and non-litigation matters, disclosure shall be made of all significant litigation, non-contentious proceedings and administrative disputes, whether finalized or pending, involving the Company, its directors, supervisors, general manager, actual responsible person, major shareholders holding more than 10% of the Company's shares, and affiliated enterprises. Where the outcome may materially affect shareholders' equity or securities prices, the Company shall disclose the disputed facts, amount in dispute, commencement date of the case, key parties involved, and the status of proceedings as of the annual report printing date.

(1) MINCHALI INDUSTRY CO., LTD.:

MINCHALI INDUSTRY CO., LTD. ("MINCHALI") filed a damages claim against the Company, alleging that the furnace beams and components supplied by the Company failed to meet material specifications and suffered warping and deformation under high-temperature operation. On September 1, 2014, the Company received a notice from the Civil Division of the Taiwan Taoyuan District Court. In May 2018, the Taiwan High Court ruled in the second instance that the Company shall pay MINCHALI NT\$4,619 thousand plus relevant interest. The Company filed an appeal with the Supreme Court in June 2018. In November 2020, the Supreme Court remanded the case to the Taiwan High Court for retrial. On November 1, 2024, the High Court handed down its ruling, vacating and annulling the original judgment regarding the Company's obligation to pay principal and interest exceeding NT\$5,308 thousand, the related provisional enforcement order, and the corresponding litigation cost award. Litigation costs for the first instance, second instance and prior remanded appeal proceedings shall be borne 70% by MINCHALI and the remaining 30% by the Company. The Company subsequently filed a further appeal with the Supreme Court in November 2024.

The Supreme Court of Taiwan dismissed the appeals filed by both parties on March 20, 2025, finalizing the judgment and ruling that each party shall bear its own third-instance litigation costs, thereby concluding the case definitively. Pursuant to the final retrial judgment rendered by the Taiwan High Court, the Company is obligated to pay compensation totaling NT\$7,713 thousand (excluding relevant litigation expenses), which was fully settled on April 11, 2025. Previously, in accordance with the first-instance ruling of the Taoyuan District Court in 2016, the Company posted

security funds and deposited NT\$9,321 thousand with the Taoyuan District Court Deposit Office (Deposit Case No.: 105-Cun-272), and recognized a compensation loss of NT\$9,321 thousand in its 2016 financial statements. Following the full payment of the compensation amount, the Company completed the withdrawal of the aforesaid security deposit from the Taoyuan District Court Deposit Office on September 26, 2025.

(XIII) Other Important Risks and Countermeasures: None

VII. Other Important Matters: None

VI. Special Disclosure

I. Summary of Affiliated Enterprises

i. Consolidated Business Report of Affiliate Enterprises:

Please refer to MOPS (Three Statements of Affiliated Enterprises).

https://mopsov.twse.com.tw/mops/web/t57sb01_q10

ii. Consolidated Financial Statement of Affiliated Enterprises:

Please refer to MOPS (Three Statements of Affiliated Enterprises).

https://mopsov.twse.com.tw/mops/web/t57sb01_q10

iii. Relationship between Affiliated Enterprises:

https://mopsov.twse.com.tw/mops/web/t57sb01_q10

II. Handling Status for Privately Placed Securities in the Most Recent Year and as of the Publication Date of this Annual Report: None.

III. Other Matters Requiring Supplementary Descriptions: None.

IV. Matters in the Most Recent Year and as of the Publication Date of this Annual Report having Material Impacts on Shareholders' Equities or Securities Price provided by Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.