

Chapter 1 Letter to Shareholders

2023 Business Report

Looking back, global inflation still exists, consumer markets have frozen, inventory clearance has prolonged, coupled with uncertainties such as geopolitical pressures, the overall economic situation is not optimistic, and future industrial challenges remain great, testing companies' management and adaptability. The company maintains a cautiously optimistic attitude towards future operations, anticipating that as disruptions gradually dissipate, operations will be able to gradually unfold.

I. 2023 Operation Results

(I) Implementation Results of Business Plan

The company's consolidated revenue for 2023 was NT\$4.811 billion, representing a decrease of approximately 18.01% compared to the consolidated revenue of NT\$5.868 billion in 2022; The gross profit margin is 15%; The net operating profit was NT\$196 million; The net profit attributable to owners of the Company after tax was NT\$265 million, with earnings per share (EPS) after tax of NT\$2.44.

(II) Budget Execution

As the Company did not announce a financial forecast for 2023, this information is not required.

(III) Financial Income and Expenses and Profitability Analysis

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

Items	2023
Net cash generated from operating activities	1,272,277
Net cash generated used in investing activities	2,945,695
Net cash generated from financing activities	(4,915,517)
Return of assets	2.10%
Return on equity	2.98%
Profit margin of the Company	5.52%
Consolidated profit margin	5.52%
Earnings per share (NT\$)	2.44

(IV) Research and Development

1. Capacitor: High capacity, fast charge/discharge, resistant to high and low temperatures, shockproof, resistant to high ripple, long lifespan, and compact products.
2. Motor fans: High airflow, low noise, high air pressure, low current (low power consumption) products.
3. Resistance: Anti-sulfuration, low TCR, high power, lead-free high voltage, high power, anti-surge, wide electrode, high power, low metal film/metal foil product development and automotive products resistance range expansion.

II. 2024 Business Plan

(I) Business Policy

1. Strengthen product and service quality, consolidate and expand high-quality customers.
2. Collect market information, invest in new technology research and development, and develop product application.
3. Optimizing process, strictly controlling quality, cost and delivery time Strengthen
4. Strengthen inventory and account management.
5. Implement the ISO27001 Information Security Management System to enforce information security policies.

(II) Production and Marketing Policies

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

III. The Company's Future Development Strategy

1. Integrate group resources, cross-sell products, and reduce operating costs.
2. Continue to introduce automated systems and equipment.
3. Focus on and develop high value-added products.

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

Despite the many potential risks posed by the global economy and the increasingly stringent challenges posed by external regulations and the overall operating environment, the company continues to focus on niche products and is cautiously responding its operation status.

Best regards

Wish you all good health and prosperity.

Kaimei Electronic Corp.

Chairman : Shao-Pin,Ru