

Stock Code: 8996



KAORI HEAT TREATMENT CO., LTD.

2026 Annual General Shareholders' Meeting

Agenda Handbook

Convening Method: Physical Shareholders' Meeting

Meeting Date: May 29, 2026

Location: No.5-2, Jilin N. Road, Zhongli District, Taoyuan City,

Taiwan (Large conference room on 5F of the operational headquarters at the head office)

Note to Readers:

If there is any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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KAORI HEAT TREATMENT CO., LTD

Procedure for the 2026 Annual General Shareholders' Meeting

1. Call the Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion
6. Election
7. Others
8. Extempore Motions
9. Adjournment

KAORI HEAT TREATMENT CO., LTD.

Agenda for the 2026 Annual General Shareholders' Meeting

Time: 9:30 a.m., Friday, May 29, 2026

Location: No.5-2, Jilin N. Road, Zhongli District, Taoyuan City, Taiwan (Large conference room on 5F of the operational headquarters at the head office)

1. Call the Meeting to Order

2. Chairman's Address

3. Report Items:

- (1) 2025 Business Report.
- (2) 2025 Audit Committee's Review Report.
- (3) Report on Remuneration Distribution to Employee and Director for Year 2025.
- (4) Report on Shareholders' Dividend and Bonus Distribution for Year 2025.
- (5) Report on Remuneration to Directors for Year 2025.
- (6) Report on Purchasing and Selling Goods, Providing Labor or Technical Services to Related Parties for Year 2025.
- (7) Report on the Share Repurchase by the Company for Year 2025.

4. Ratification Items:

- (1) Business Report and Financial Statements for Year 2025.

5. Discussion:

- (1) Proposal for Cash Capital Increase via Private Placement of Common Shares.
- (2) 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 (TPEX) Application.
- (3) Amendments to the Company's Articles of Incorporation.

6. Election:

- (1) Proposal for Re-election of the Company's Directors.

7. Others:

- (1) Proposal for Lifting the Ban on Directors from Business Competition.

8. Extempore Motions

9. Adjournment

Report Item

Item 1:

Proposal: To report the 2025 Business Report for review.

Description: Please refer to pages 19~24 of “Attachment 1” in this Agenda Handbook for the 2025 Business Report of the Company.

Item 2:

Proposal: To report the 2025 Audit Committee’s Review Reports for review.

Description: Please refer to page 25 of “Attachment 2” in this Handbook for the 2025 Audit Committee’s Review Reports.

Item 3:

Proposal: To report the Remuneration Distribution to Employee and Director for Year 2025 for review.

Description: 1. According to the Articles of Incorporation of the Company, if the Company makes profits in the year, it shall set aside not less than 2% as the remuneration for employees and not more than 5% as the remuneration for directors.

2. The Company’s net profit before-tax in 2025 is NT\$ 1,014,222,984, which is to be distributed in accordance with the Articles of Incorporation. It is suggested to distribute NT\$ 21,298,683 for employees and NT\$ 35,497,804 for directors.

Item 4:

Proposal: To report the Shareholders’ Dividend and Bonus Distribution for Year 2025 for review.

Description: 1. The proposal was passed by the Board resolution on March 11, 2026.

2. In accordance with the provisions of Article 29 of the Articles of Incorporation of the Company, the Board of Directors shall be authorized by special resolution to distribute dividends and bonuses or all or part of the statutory surplus reserve and capital reserve as provided for in Paragraph 1, Article 241 of the Company Act in the form of cash and to report to the Shareholders’ Meeting.

3. We plan to distribute cash dividends of NT\$ 4.55520782 per share, totaling NT \$ 423,121,543. The cash (dividend) is calculated to NT\$1 according to the distribution proportion; those less than NT\$1 will be rounded down. The total amount of fractional parts less than NT\$1 is included in the Company’s other income.

4. In the event that the number of ordinary shares of the Company changes due to the issuance of convertible bonds by the Company for conversion, purchase of shares of the Company or transfer, conversion and cancellation of treasury shares, or the exercise of employee stock options, the

shareholders' dividend ratio changes as a result and needs to be amended or the schedule related to subsequent issuance operations needs to be changed, it is proposed that the Board of Directors authorize the Chairman to handle the matter with full authority.

Item 5:

Proposal: To report Remuneration to Directors for Year 2025 for review.

Description: The payment policies, systems, standards and structure of the Company's directors' remuneration are formulated in accordance with the responsibilities assumed, risks borne, time devoted by the Directors and their contribution to the Company's operations. The correlation between the foregoing factors and the amount of remuneration paid is set forth as follows:

1. In accordance with the articles of Association of the Company, the remuneration of directors shall be determined by the Board of Directors according to the degree of their participation in the operation of the Company, contributions, and taking into account the standards of the domestic and foreign industry, and shall also specify that the remuneration of directors shall not exceed 5% if any profit is made.
2. The remunerations to the Company's directors shall be reviewed by the Remuneration Committee by referring to director's participation in the Company's operation and contribution and by associating the reasonableness and fairness of performance risks with the remuneration received and by referring to the salary standards of the markets of the same trade before submitting the recommendations to the directors for resolution.
3. Please refer to the "Attachment 4" in pages 27 to 29 in this Agenda Handbook for the Statement of Directors' Individual Remuneration for Year 2025.

Item 6:

Proposal: To report the Purchasing and Selling Goods, Providing Labor or Technical Services to Related Parties for Year 2025 for review.

Description: In accordance with Paragraph 1, Article 9 of the Company's "Regulations Governing the Financial Transactions between Related Parties", except for dealers with subsidiary companies, the transaction (transactions with subsidiaries, account balances, income and expenses are fully written off at the time of consolidation) between the Company and other related parties (mainly the remunerations of management) in 2025 was NT \$146,047 thousand, which shall be determined by the Remuneration Commission on the basis of individual performance and market performance.

Item 7:

Proposal: To report the Business Report and Financial Statements for Year 2025 for review.

Description: Please refer to the table below for the share repurchase status of the Company.

Kaori Heat Treatment Co., Ltd.
Report on Share Repurchase Status

Repurchase Phases	1 st Phase
Purpose of Repurchase	Shares transferred to employees
Date of Board Resolution	April 15, 2025
Scheduled Repurchase Period	April 16, 2025~June 13, 2025
Scheduled Repurchase Number	1,000,000 shares
Repurchase Price Range	NT\$ 149.45 ~ NT\$ 388.99
Actual Repurchase Period	April 29, 2025 ~ June 3, 2025
Types and Number of Shares Repurchased	500,000 common shares
Purchased Share Amount	NT\$ 118,087,982
Average Repurchase Price Per Share	NT\$ 236.18
Ratio (%) of Repurchased Number to Scheduled Repurchase Number	50%
Number of Shares Canceled and Transferred	0
Cumulative Company-held Shares	500,000 common shares
Ratio (%) of Cumulative Company-held Shares to Total Issued Shares	0.54%
Reason for Non-completion	To protect shareholders' equity and maintain market mechanisms, the Company has implemented a phased share repurchase plan based on share price changes and trading volume conditions. While the repurchase was not fully executed, the completion rate has reached 50%.

Note: Total number of issued shares as of March 31, 2026 was 93,387,429 shares.

Ratification Items

Item 1: (Proposed by the Board)

Proposal: To report the Business Report and Financial Statements for Year 2025 for review.

Description: 1. The Company's Statement of Distribution of Surplus for Year 2025, Financial Statements and Consolidated Financial Statements have been audited and reviewed by CPAs Su, Yu-Hsiu and Chen, Wen-Hsiang.

2. This proposal was approved by the Board resolution of February 26, 2026, and has been submitted to the Audit Committee for review.

3. Please refer to pages 19 to 24 for "Attachment 1", pages 30 to 51 for "Attachment 5" for Business Report, CPA's Audit Report, Financial Statements and page 26 for "Attachment 3" Surplus Distribution Statement, respectively in this Agenda Handbook.

4. To your ratification.

Resolution:

Discussion

Item 1: (Proposed by the Board)

Proposal: Proposal for Cash Capital Increase via Private Placement of Common Shares for your discussion.

- Description: 1. To facilitate its long-term operation and development, the Company plans to raise capital through a private placement. This decision is made in response to its operational restructuring and the need to strengthen working capital, taking into account current capital market conditions as well as the speed and timeliness of fundraising.
2. Pursuant to Article 43-6 of the Securities and Exchange Act and the Regulations Governing Private Placements of Securities by Public Companies, the relevant matters are hereby formulated as follows:
- (1) Basis and Reasonableness for Determining the Private Placement Price in Respect of the Proposed Private Placement of Common Shares:
- A. The principles for determining the price of the common shares to be privately placed herein are as follows:
The private placement price shall be set at no less than 80% of the reference price. The reference price shall be the higher of the following two adjusted share prices: the simple arithmetic average of the common share closing prices on either the first, third, or fifth business day immediately preceding the pricing date, or the simple arithmetic average of the common share closing prices over the thirty business days immediately preceding the pricing date, both adjusted by deducting ex-rights and ex-dividend effects from free stock issuance and cash dividends, and adding back anti-ex-rights adjustments for capital reduction.
- B. The actual pricing date and the final private placement price shall be determined by the Board of Directors within the threshold approved by the General Shareholders' Meeting, taking into account subsequent negotiations with specific investors and prevailing market conditions. The pricing of the common shares in this private placement is formulated in compliance with laws and regulations issued by the competent authority. It also takes into account the three-year transfer restriction applicable to privately placed securities under the Securities and Exchange Act, the Company's operating performance, future outlook, the mar
- C. Should subsequent fluctuations in the securities market cause the actual issue price per share to fall below the par

value of the stock, such pricing shall still be deemed necessary and reasonable. The pricing has been determined in accordance with statutory pricing requirements and reflects prevailing market conditions; this adjustment is essential to successfully raising capital and facilitating the Company's long-term, stable growth. In the event that the issue price per share is lower than the par value, resulting in an increase in accumulated losses and an impact on shareholders' equity, the Company shall, in light of its future operations and market conditions, submit a proposal to the Board of Directors for a resolution to offset such losses by means of capital reduction, retained earnings, capital surplus, or other legally permitted methods.

(2) Criteria for Selecting Specific Offerees:

The subscribers for the private placement resolved herein shall be limited to specific qualified investors as defined under Article 43-6 of the Securities and Exchange Act, the order issued by the Financial Supervisory Commission on September 12, 2023 (Ref.: No. 1120383220 dated September 12, 2023), and the Directions for Public Companies Conducting Private Placements of Securities. At present, the intended subscribers to be approached are primarily strategic investors. The selection shall prioritize subscribers who possess a thorough understanding of the Company's operations and can contribute to its future development, with the primary objective of directly or indirectly benefiting the Company's operations, while also complying with the qualifications for eligible investors as stipulated by the competent authority. Matters relating to the solicitation of such eligible investors shall be proposed to the shareholders' meeting for authorization to the Board of Directors to handle in full discretion.

A. Strategic Investors as Subscribers

(A) Selection Method and Objectives:

Subscribers shall be selected based on their ability to provide the Company with various managerial and financial resources required for its operations, offer operational and management expertise, enhance financial cost control, and assist in business development and expansion, thereby strengthening the Company's competitive advantages.

(B) Necessity:

With a view to achieving the Company's long-term operational goals, such as enhancing operating performance, fortifying its financial structure, and

maintaining stable management, introducing strategic investors through this private placement will effectively support the Company's operation and business growth. It will also help improve the overall operational quality and strengthen organizational commitment. Therefore, bringing in strategic investors through this private placement is indeed necessary.

(C) Expected Benefits:

Capital injection from strategic investors will ease pressure on working capital costs, strengthen the Company's financial structure, enhance corporate competitiveness, foster steady operational growth, and benefit shareholders' equity.

(3) Necessity, Amount, Use of Proceeds and Expected Benefits of the Private Placement:

A. Reasons for Not Adopting a Public Offering:

Taking into account current capital market conditions, the need for timely and feasible capital raising, as well as the transfer restrictions under private placement that help secure long-term partnerships, the Company intends to raise capital through private placement rather than public offering, so as to obtain required funds within a short period.

B. Proposed Private Placement Amount:

(A) Cash capital increase through the issuance of common shares, the key terms of which are as follows:

a. Total shares to be privately placed: Up to 9,000,000 common shares (to be issued in two tranches within one year from the date of the shareholders' meeting resolution).

b. Par value per share: NT\$10.

c. Total private placement amount: To be determined based on the offering price and the actual number of shares issued.

C. Use of Proceeds and Expected Benefits:

Expected Number of Issuance	Expected Number Of Common Shares to be Privately Placed	Purpose of Fund	Expected Benefits to Be Realized
Tranche 1	4,500,000 shares	Replenish operation fund	To meet working capital requirements for operational growth and strengthen the financial structure
Tranche 2	4,500,000 shares		
The number of shares to be privately placed in each of the aforementioned first and second tranches may be adjusted according to actual issuance conditions. At the time of each actual issuance, all or part of the unissued shares from the previous tranche and/or the expected shares for subsequent tranches may be issued concurrently; provided, however, that the total number of shares issued in aggregate shall not exceed 9,000,000 shares.			

- (4) The rights and obligations of this private placement of common shares are, in principle, the same as those of the common shares already issued by the Company. However, pursuant to Article 43-8 of the Securities and Exchange Act, the shares may not be freely transferred within three years from the date of issuance, except under specific circumstances as permitted by applicable laws and regulations. Following the expiration of such three-year period, the Company intends to apply to the competent authority for the listing and trading of these privately placed securities in accordance with relevant laws and regulations.
3. With respect to the key terms of the private placement of common shares, except for the pricing discount ratio, the Company proposes to seek authorization from the General Shareholders' Meeting for the Board of Directors to adjust, determine and implement the offering price, number of shares to be issued, total offering amount, planned items, progress of fund utilization, expected benefits, and other unresolved matters within the scope of such authorization, based on market conditions. In the future, if amendments are made by the competent authority, or if adjustments become necessary based on operational evaluations or changes in objective circumstances, the Company proposes to seek authorization from the General Shareholders' Meeting for the Board of

Directors to handle such matters in full discretion in accordance with prevailing market conditions and applicable laws and regulations.

4. In connection with the private placement of securities herein, the Company proposes to request the shareholders' meeting to authorize the chairman to represent the Company in signing and negotiating all contracts and documents related to the private placement plan, and to handle all matters required for the private placement plan on behalf of the Company in accordance with the instructions of the Board of Directors.
5. No material change in the management control of the Company has occurred within one year prior to the resolution of this private placement. Furthermore, based on the proposed maximum of 9,000,000 common shares to be issued through the private placement, no material change in the Company's management control is expected to result from the issuance.
6. We hereby respectfully submit for discussion and resolution.

Resolution:

Item 2: (Proposed by the Board)

Proposal: In response to Phased Share Release to Subsidiary Kaori Thermal Technology Co., Ltd. and Waiving Participation in Its Cash Capital Increase Plan to facilitate its future listing (TPEX) application, the proposal is proposed for discussion.

Description: 1. To further advance the Kaori Group's transformation plan, support the operational development of our subsidiary Kaori Thermal Technology Co., Ltd. (hereinafter referred to as "Kaori Thermal"), attract and retain talents, integrate internal and external resources of the Group, introduce strategic or financial investors, and facilitate equity dispersion for its future stock exchange TWSE or TPEX listing, the Company intends to dispose of part of its shareholdings in Kaori Thermal and/or waive subscription to all or part of new shares issued by Kaori Thermal in one or more tranches prior to its TWSE or TPEX listing, provided that the Company maintains its control over Kaori Thermal (as set forth in Section 5 of this proposal). The disposal may be carried out in one or more tranches through the following methods:

2. Waiver of Subscription to Cash Capital Increase: The offering price of the new shares issued by Kaori Thermal in its cash capital increase shall not be lower than the net asset value per share shown in the most recent financial statement audited or reviewed by a certified public accountant prior to the meeting of the Board of Directors at which such cash capital increase is resolved. To comply with the regulations governing TWSE or TPEX listing applications of group enterprises and the

relevant disqualification-from-listing provisions regarding equity diversification by the parent company to reduce its shareholding ratio in a subsidiary, the Company may waive its subscription rights to the new shares issued by Kaori Thermal in its cash capital increase, after legally reserving 10% to 15% of such shares for subscription by employees of Kaori Thermal and its controlled or affiliated enterprises meeting prescribed conditions, and allocating all shares required under Article 28-1 of the Securities and Exchange Act and other relevant laws and regulations for public offering and underwriting. The Company shall request Kaori Thermal to make subscription offers within the scope of the waived shares through private placement to specific investors, with priority given to eligible shareholders of the Company, followed by employees of the Company and its affiliated enterprises, and on a principle basis to strategic or financial investors conducive to the operational development of Kaori Thermal. For purposes hereof, “eligible shareholders of the Company” refers to shareholders listed in the Company’s shareholder register on the most recent transfer suspension date prior to Kaori Thermal’s subscription period, who may subscribe for the new shares issued in Kaori Thermal’s cash capital increase in proportion to their shareholdings as recorded therein (the Company’s shareholders may combine their entitlements for subscription in accordance with relevant rules at that time); provided, however, that matters including the actual offering price of the cash capital increase, the identification of specific investors, and the implementation schedule shall be subject to the resolution of the Board of Directors of Kaori Thermal.

3. Disposal of Shares in Kaori Thermal: The price at which the Company disposes of shares in Kaori Thermal shall not be lower than the net asset value per share shown in Kaori Thermal’s most recent financial statements audited or reviewed by a CPA prior to the board meeting resolving such share disposal; provided, however, that if such shares are already traded at the securities dealer’s business premises, the price shall be determined based on the prevailing market price. To comply with the regulations governing TWSE or TPEX listing applications of group enterprises and the relevant disqualification-from-listing provisions regarding equity diversification by the parent company to reduce its shareholding ratio in a subsidiary, the counterparties to whom the Company disposes of its shares in Kaori Thermal shall, in principle, be prioritized as follows: first, the eligible shareholders of the Company as described in the preceding

paragraph; second, employees of Kaori Thermal, employees of the Company and its affiliated enterprises; and finally, strategic or financial investors beneficial to the operational development of Kaori Thermal. Matters including the actual transaction price, identification of transaction counterparts, and implementation schedule shall be proposed to the shareholders' meeting for authorization to the Board of Directors of the Company for determination based on prevailing market conditions and the operational status of Kaori Thermal, and shall be handled in accordance with the Company's then-effective procedures for acquisition or disposal of assets.

4. With respect to the share disposal required for Kaori Thermal's future application for Emerging Stock Board registration or TWSE/TPEX listing, the Company shall allocate shares for subscription by securities firms and for over-allotment in accordance with relevant laws and regulations as well as TWSE/TPEX listing rules. The number of shares to be allocated and the offering price shall be determined jointly with the underwriter based on applicable laws and regulations, prevailing market conditions, and the operational status of Kaori Thermal in connection with its respective TWSE/TPEX listing plan.
5. Upon completion of the aforesaid share disposal or waiver of subscription to the cash capital increase, the Company's direct or indirect combined shareholding percentage in Kaori Thermal shall remain no less than 55% at the time of its TWSE/TPEX listing, so as to maintain control and realize group synergy.
6. For your discussion and resolution.

Resolution:

Item 3: (Proposed by the Board)

Proposal: Amendments to the Company's "Articles of Incorporation" for your discussion.

Description: 1. To strengthen corporate governance, meet the Company's future development needs, and enhance the flexibility and governance effectiveness of the Board composition, certain provisions of the Company's Articles of Incorporation have been revised accordingly.

2. Please refer to page 52 of "Attachment 6" in this Agenda Handbook for the Comparison Table for Revision of the Company's Articles of Incorporation.
3. For your discussion and resolution.

Resolution:

Election

Item 1: (Proposed by the Board)

Proposal: Proposal for the re-election of Directors of the Company, hereby submitted for election.

Description: 1. The term of office of the Company's 21st Directors shall expire on June 12, 2026. It is proposed to hold a full re-election at the Ordinary Shareholders' Meeting, and the former Directors shall be relieved of their duties simultaneously upon the assumption of office by the newly elected Directors.

2. In accordance with the candidate nomination system stipulated in the Company's Articles of Incorporation, it is proposed to elect nine (9) directors for the 22nd term (including five (5) independent directors) at this year's Ordinary Shareholders' Meeting, for a term of three years from May 29, 2026 to May 28, 2029, and they may be re-elected upon expiration. Among them, Mr. Hung, Hsiang-Wen has served three consecutive terms. Given that the Company is in a rapid growth stage and is in greater need of directors who are familiar with the Company's affairs to provide supervision and support, and considering Mr. Hung, Hsiang-Wen's long-term experience in related industries, profound expertise in the AI and energy sectors, and his significant contribution to the Company, it is resolved to nominate him again as a candidate for independent director.

3. The nomination list has been reviewed and approved by the Board of Directors resolution dated April 10, 2026. The director candidates are as follows:

Qualifications for Candidacy	Name of Candidate	Number of Share Held (shares)	Major Professional Experience	Education Background	Remarks
Director	Wu, Chih-Hsyong	227,001	Chairman of Kaori Heat Treatment Co., Ltd. General Manager of Kaori Heat Treatment Co., Ltd. Senior Vice President, Motech Industries Inc. General Manager of Business Department, Tai Saw Technology Co., Ltd.	Ph.D., Materials Science and Engineering, University of Illinois at Urbana Champaign	Current Director
Director	Han, Hsien-Fu	1,427,000	Director of Kaori Heat Treatment Co., Ltd. General Manager of Kaori Heat Treatment Co., Ltd. Chairman, Taiwan Society for Metal Heat Treatment (TSMHT)	Department of Mechanical Engineering, Tatung Institute of Technology	Current Director
Director	Ku, Hung-Tao	2,207,000	Director of Kaori Heat Treatment Co., Ltd. Chairman of Kaori Thermal Technology Co., Ltd. Executive Director of IN HOUSE INDUSTRY CO., LTD Director, Chinese International Leaders Association	MSc in Financial Economics at the University of York Bachelor of Business Administration, National Chengchi University	Current Director

Qualifications for Candidacy	Name of Candidate	Number of Share Held (shares)	Major Professional Experience	Education Background	Remarks
Director	Huang, Hung-Hsing	1,405,165	Director of Kaori Heat Treatment Co., Ltd. Manager, International Bills Finance Corporation	Institute of Technology Management, National Tsing Hua University	Current Director
Independent Director	Hung, Hsiang-Wen	-	Independent director of Kaori Heat Treatment Co., Ltd. Consultant of Limeijia Investment Co., Ltd.	Business Administration, National Taiwan University	Current independent director
Independent director	Mao, En-Kuang	-	Independent director of Kaori Heat Treatment Co., Ltd. General Secretary of Taiwan Wind Power Industry Special Commissioner, Minister's Office, Ministry of Economic Affairs Section Chief, Industrial Development Administration, Ministry of Economic Affairs	Passed the Grade B Examination for Civil Servants (General Administration Group) for Retired Servicemen held by the Examination Yuan in 1987. (Equivalent to passing the Senior Civil Service Examination with junior college or university equivalent academic credentials)	Current independent director
Independent director	Ke, Cheng-En	-	Honorary Professor of Accounting Department, College of Management, National Taiwan University Dean, College of Management, National Taiwan University; Professor and Chair/Director, Department/Graduate Institute of Accounting President & Chairman, Chung-Hua Institution for Economic Research (CIER) Science and Technology Advisor, Executive Yuan Chairman, Chinese Corporate Governance Association Member of RTC Member of Taskforce for Reforming Corporate Governance, Executive Yuan Member of Task Force on Economic and Financial Advisory, Executive Yuan Member of Financial Reform Task Force, Executive Yuan Director of TWSE	Ph.D. in Business Administration, University of Minnesota, USA (Major in Accounting)	Newly Nominated Candidate
Independent director	Chen, Hsin-Yu	100	Dean and Associate Professor of Accounting Department, Providence University Assistant Professor of National Central University	Ph.D. in Accounting, Accounting Department, College of Management, National Taiwan University	Newly Nominated Candidate

Qualifications for Candidacy	Name of Candidate	Number of Share Held (shares)	Major Professional Experience	Education Background	Remarks
Independent director	Cheng, Kuang-Yi	-	Lead Attorney of Everest Law Firm Independent Director of Everbrite Electromechanical Co., Ltd. Independent Director of Pharmigene Inc.	Doctoral Program, Department of Law, Chinese Culture University Master of Business Administration (MBA), College of Management, National Taiwan University Master of Laws, Graduate Institute of Mainland China Studies, Tamkang University Bachelor of Laws, Soochow University	Newly Nominated Candidate

4. For your election.

Election Result:

Others

Item 1: (Proposed by the Board)

Proposal: Proposal for Lifting the Ban on Directors from Business Competition for your discussion.

Description: 1. The Company hereby lifts the ban on business competition for its newly elected directors. Where any non-compete violation occurs in the Chinese mainland, relevant information shall be disclosed in accordance with applicable government regulations. This proposal was duly approved by the Board of Directors on April 10, 2026.

2. Pursuant to Article 209 of the Company Act, approval is proposed to waive the non-compete obligations for the newly elected directors. For details on their concurrent positions, please refer to the table below. The details of their concurrent positions are set forth in the following table:

Title	Name	Proposals for Lifting Ban on Directors from Business Competition
Director	Wu, Chih-Hsyong	Director of Taiwan TST Corp., Ltd. Vice Chairman of Kaori Thermal Technology Co., Ltd. President of Kaori Thermal Technology Co., Ltd. Director of Kaori Technology (Thailand) Co., Ltd.
Director	Han, Hsien-Fu	Director of Kaori Thermal Technology Co., Ltd. Director of Kaori Technology (Ningbo) Co., Ltd.
Director	Ku, Tao-Hung	Chairman of Kaori Thermal Technology Co., Ltd. Director of Kaori Technology (Thailand) Co., Ltd. Executive Director of IN HOUSE INDUSTRY CO., LTD
Director	Huang, Hung-Hsing	Director of Kaori Thermal Technology Co., Ltd. Director of Kaori Technology (Ningbo) Co., Ltd.
Independent director	Mao, En-Kuang	Independent Director of Century Iron and Steel Industrial Co., Ltd. Director and Representative of UNITED ALLOY-TECH CO., LTD.
Independent director	Ke, Cheng-En	Independent Director of CHANG TYPE INDUSTRIAL CO., LTD. Independent Director of ITEQ CORPORATION Director of Avary Holding (Shenzhen) Co., Limited
Independent director	Cheng, Kuang-Yi	Independent Director of Everbrite Technology Co., Ltd.

3. For your discussion and resolution.

Resolution:

Extempore Motions

Adjournment

KAORI HEAT TREATMENT CO., LTD

2025 Business Report

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	593,044	829,546	236,502	39.88%

Items	2024	2025	Increase/Decrease in Amounts	Increase/Decrease in Ratio (%)
current period				
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%

Items		2025 Individual Financial Reports	2025 Consolidated Financial Reports
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 Supervisor

Chung, Chi-Hsuan

KAORI HEAT TREATMENT CO., LTD. Audit Committee's Review Reports

The Board of Directors is permitted hereby to submit the Company's Business Report, Individual Financial Report, Consolidated Financial Report and Statement of Distribution of Surplus of 2025. The Individual Financial Report, Consolidated Financial Report have been jointly audited by two accountants, Su, Yu-Hsiu and Chen, Wen-Hsiang of Deloitte & Touche Firm, who were entrusted by the Board of Directors and who issued an audit report thereof. The above-mentioned statements and reports prepared and submitted by the Board of Directors have been verified by the Audit Committee and are deemed complete. Therefore, a report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review these reports.

To

KAORI HEAT TREATMENT CO., LTD

2025 Annual General Shareholders' Meeting

Audit Committee

Member: Hung, Hsiang-Wen

Member: Tang, Chi-Yao

Member: Mao, En-Kuang

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KAORI HEAT TREATMENT CO., LTD.
Statement of Distribution of Surplus for Year 2025

Item	Amount
Undistributed surplus at the beginning of the period	\$536,043,118
Add: re-measurements of the net defined benefit liability recognized as the retained surplus	4,453
Add: disposal of equity instruments measured at fair value through other comprehensive income	84,953,963
Retained surplus after adjustment	621,001,534
Add: Net profit after-tax in 2025	829,545,109
Less: Set aside legal reserve	(91,450,353)
Distributable surplus in the current period	1,359,096,290
Less: Cash dividends for shareholder (NT\$4.55520782 per share in cash) [Note 1, 2]	(423,121,543)
Undistributed surplus at the end of the period	\$935,974,747
Notes:	
1. The distribution of shareholders' cash dividends is mainly based on the de facto distribution of the number of outstanding shares on the ex-dividend date.	
2. The amounts of this surplus distribution are prioritized mainly based on the annual surplus of 2025.	

Chairman:
Wu, Chih-Hsyong

General Manager:
Wang, Hsin-Wu

Accounting Supervisor:
Chung, Chih-Hsuan

KAORI HEAT TREATMENT CO., LTD.
Statement of Remuneration for General Directors and Independent Directors

December 31, 2025 Unit: NT\$thousands

Title	Name	Director's Remuneration								Total Amount of Items A, B, C, and D and Their Proportion to Net Profit after Tax		Remunerations Paid to Employees Concurrently Serving Other Posts								Total Amount of Items A, B, C, D, E, F and G and Their Proportion to Net Profit after Tax		Remuneration from enterprises or parent companies outside the subsidiaries
		Remuneration (A)		Retirement Pension(B)		Director's Remuneration (C)		Business Execution Expenses (D)				Salaries, Bonuses and Expenses (E)		Retirement Pension (F)		Employees' Pension (G)						
		The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in financial reports	
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	Wang, Hsin-Wu	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 Holdings Group Co., Ltd.	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, Tao-Hung	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 describe the policy, system, standards, and structure for the payment of remuneration to independent directors, and explain the correlation with the amount of remuneration based on factors such as responsibilities, risks, and investment time: The remuneration to the Company's independent directors shall be based on relevant provisions in the Company's Articles of Incorporation, reviewed by the Compensation Committee in the aspects of directors' participation in the Company's operation, contribution and performance as well as by referring to the peer standards. The Committee then propose reasonable and fair remuneration recommendations and report them to the Board of Directors for resolution.
2. Except as disclosed in the above table, remuneration received by the directors of the Company in the most recent year for services rendered to all companies in the financial reports (e.g. acting as consultants to non-employees of the parent company/all companies in the financial reports/sub-investment businesses, etc.): NT\$ 0.

The Company's 2025 Directors' Remuneration Report is hereby submitted for your review and approval.

Description:

1. Remuneration Policy, System, Standards and Structure for Directors and Independent Directors and Their Relationship to Responsibilities, Risks and Time Commitment

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.

(1) 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.

(2) 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%.

(3) 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.

(4) 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.

Attachment 5

Kaori Heat Treatment Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kaori Heat Treatment Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Kaori Heat Treatment Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As of December 31, 2025, Kaori Thermal Technology Co., Ltd., a subsidiary of Kaori Heat Treatment Co., Ltd., is the principal operating entity of the Group and is accounted for using the equity method. Please refer to Note 11. As the financial position and financial performance of this subsidiary have a material impact on the parent company only financial statements of Kaori Heat Treatment Co., Ltd., the occurrence of the subsidiary's sales revenue from specific customer has been identified as a key audit matter.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2025 is stated as follows:

Investment Accounted for Using the Equity Method - Occurrence of Sales Revenue from Specific Customers of Kaori Thermal Technology Co., Ltd.

In 2025, Kaori Heat Treatment Co., Ltd. and its subsidiaries experienced an increase in consolidated operating revenue of approximately 64% compared to 2024. In 2025, sales revenue from a specific customer of Kaori Thermal Technology Co., Ltd., increased significantly. We have identified the validity of the sales revenue from this specific customer as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4(12) and 21 of the financial statements.

The key audit procedures that we performed in respect of revenue recognition for the specific customer included the following:

1. We obtained an understanding and tested the effectiveness of the design and the implementation of internal control system that is related to revenue recognition.
2. We sampled the sales from the specific customer, and verified related sales orders, shipment records and the received payments.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Shiou Su and Wen-Hsiang Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

KAORI HEAT TREATMENT CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 28)	\$ 683,657	11	\$ 1,088,629	19
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	2,643	-	-	-
Notes receivable (Notes 9 and 28)	10,249	-	14,559	-
Trade receivables (Notes 9 and 28)	936,292	14	596,697	10
Trade receivables from related parties (Notes 28 and 29)	173,657	3	3,346	-
Other receivables (Notes 9 and 28)	2,275	-	167	-
Other receivables from related parties (Notes 28 and 29)	21,563	-	23,333	-
Inventories (Note 10)	836,663	13	773,924	13
Other current assets	84,233	1	58,065	1
Total current assets	<u>2,751,232</u>	<u>42</u>	<u>2,558,720</u>	<u>43</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 28)	-	-	1,514	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 28)	167,523	3	106,624	2
Investments accounted for using equity method (Note 11)	1,686,915	26	1,232,477	21
Property, plant and equipment (Notes 12 and 30)	1,844,519	28	1,865,320	32
Right-of-use assets (Note 13)	4,402	-	9,841	-
Investment properties (Notes 14 and 30)	-	-	21,312	-
Intangible assets	10,057	-	5,799	-
Deferred tax assets (Note 23)	17,277	-	15,554	-
Other non-current assets	96,537	1	77,727	1
Net defined benefit assets - non-current (Notes 4 and 19)	25,606	-	22,449	1
Total non-current assets	<u>3,852,836</u>	<u>58</u>	<u>3,358,617</u>	<u>57</u>
TOTAL	<u>\$ 6,604,068</u>	<u>100</u>	<u>\$ 5,917,337</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 15 and 28)	\$ 850,000	13	\$ 905,000	15
Contract liabilities - current (Note 21)	33,106	-	30,838	1
Notes payable (Note 28)	971	-	1,322	-
Trade payables (Note 28)	444,513	7	251,210	4
Trade payables from related parties (Notes 28 and 29)	5,901	-	5,298	-
Other payables (Notes 17 and 28)	370,649	6	347,945	6
Current tax liabilities (Notes 4 and 23)	87,808	1	81,536	2
Provisions - current (Note 18)	212	-	-	-
Lease liabilities - current (Note 13)	3,043	-	4,418	-
Current portion of long-term borrowings and bonds payable (Notes 15, 16 and 28)	323,684	5	53,459	1
Other current liabilities	12,630	-	11,460	-
Total current liabilities	<u>2,132,517</u>	<u>32</u>	<u>1,692,486</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 16 and 28)	-	-	467,047	8
Long-term borrowings (Notes 15, 28 and 30)	223,645	4	268,156	4
Provisions - non-current (Note 18)	1,290	-	441	-
Deferred income tax liabilities (Note 23)	72,264	1	46,343	1
Lease liabilities - non-current (Note 13)	1,428	-	5,493	-
Guarantee deposits received	93	-	363	-
Total non-current liabilities	<u>298,720</u>	<u>5</u>	<u>787,843</u>	<u>13</u>
Total liabilities	<u>2,431,237</u>	<u>37</u>	<u>2,480,329</u>	<u>42</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	924,829	14	914,647	15
Capital surplus	1,457,247	22	1,245,856	21
Retained earnings				
Legal reserve	338,231	5	278,353	5
Special reserve	-	-	5,401	-
Unappropriated earnings	1,450,547	22	956,379	16
Total retained earnings	1,788,778	27	1,240,133	21
Other equity				
Unrealized gain on financial assets at fair value through other comprehensive income	98,158	2	24,781	1
Exchange differences on translating the financial statements of foreign operations	21,907	-	11,591	-
Total other equity	120,065	2	36,372	1
Treasury shares	(118,088)	(2)	-	-
Total equity	<u>4,172,831</u>	<u>63</u>	<u>3,437,008</u>	<u>58</u>
TOTAL	<u>\$ 6,604,068</u>	<u>100</u>	<u>\$ 5,917,337</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

KAORI HEAT TREATMENT CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
REVENUE (Notes 4, 21 and 29)	\$ 3,996,024	100	\$ 3,773,042	100
COST OF GOODS SOLD (Notes 10, 22 and 29)	<u>2,989,054</u>	<u>75</u>	<u>2,652,506</u>	<u>70</u>
GROSS PROFIT	1,006,970	25	1,120,536	30
UNREALIZED GAIN ON ASSOCIATES AND JOINT VENTURES	(7,838)	-	(5,884)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>5,884</u>	<u>-</u>	<u>5,878</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,005,016</u>	<u>25</u>	<u>1,120,530</u>	<u>30</u>
OPERATING EXPENSES (Notes 19 and 22)				
Selling and marketing expenses	93,690	2	123,976	3
General and administrative expenses	302,265	8	265,523	7
Research and development expenses	87,026	2	113,099	3
Expected credit loss (gain)	<u>3,354</u>	<u>-</u>	<u>(2,710)</u>	<u>-</u>
Total operating expenses	<u>486,335</u>	<u>12</u>	<u>499,888</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>518,681</u>	<u>13</u>	<u>620,642</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	6,349	-	8,008	-
Other income	106,800	3	57,861	2
Other gains and losses	(7,953)	-	59,489	2
Finance costs	(29,837)	(1)	(22,471)	(1)
Share of profit of subsidiaries	<u>363,387</u>	<u>9</u>	<u>19,575</u>	<u>-</u>
Total non-operating income and expenses	<u>438,746</u>	<u>11</u>	<u>122,462</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	957,427	24	743,104	20
INCOME TAX EXPENSE (Notes 4 and 23)	<u>127,881</u>	<u>3</u>	<u>150,060</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>829,546</u>	<u>21</u>	<u>593,044</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

KAORI HEAT TREATMENT CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5	-	7,167	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	198,168	5	37,990	1
Income tax related to items that will not be reclassified subsequently to profit or loss	(39,838)	(1)	(9,098)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>10,316</u>	<u>-</u>	<u>11,448</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>168,651</u>	<u>4</u>	<u>47,507</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 998,197</u>	<u>25</u>	<u>\$ 640,551</u>	<u>17</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 9.07</u>		<u>\$ 6.56</u>	
Diluted	<u>\$ 8.93</u>		<u>\$ 6.35</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

(Concluded)

KAORI HEAT TREATMENT CO., LTD.

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Exchange		
BALANCE ON JANUARY 1, 2024	89,384	\$ 893,841	\$ 816,351	\$ 220,836	\$ -	\$ 778,056	\$ (5,545)	\$ 143	\$ -	\$ 2,703,682
Appropriation of 2023 earnings										
Legal reserve	-	-	-	57,517	-	(57,517)	-	-	-	-
Special reserve	-	-	-	-	5,401	(5,401)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(357,536)	-	-	-	(357,536)
Other changes in capital surplus										
Execution of disgorgement	-	-	204	-	-	-	-	-	-	204
Net profit for the year ended December 31, 2024	-	-	-	-	-	593,044	-	-	-	593,044
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	5,733	30,326	11,448	-	47,507
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	598,777	30,326	11,448	-	640,551
Convertible bonds converted to ordinary shares	2,081	20,806	429,301	-	-	-	-	-	-	450,107
BALANCE ON DECEMBER 31, 2024	91,465	914,647	1,245,856	278,353	5,401	956,379	24,781	11,591	-	3,437,008
Appropriation of 2024 earnings										
Legal reserve	-	-	-	59,878	-	(59,878)	-	-	-	-
Reversal of special reserve	-	-	-	-	(5,401)	5,401	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(365,859)	-	-	-	(365,859)
Net profit for the year ended December 31, 2025	-	-	-	-	-	829,546	-	-	-	829,546
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	4	158,331	10,316	-	168,651
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	829,550	158,331	10,316	-	998,197
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(118,088)	(118,088)
Conversion of corporate bonds into common shares	1,018	10,182	211,391	-	-	-	-	-	-	221,573
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	84,954	(84,954)	-	-	-
BALANCE ON DECEMBER 31, 2025	92,483	\$ 924,829	\$ 1,457,247	\$ 338,231	\$ -	\$ 1,450,547	\$ 98,158	\$ 21,907	\$ (118,088)	\$ 4,172,831

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

KAORI HEAT TREATMENT CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 957,427	\$ 743,104
Adjustments for:		
Depreciation expense	155,449	141,926
Amortization expense	5,865	4,623
Expected credit loss (reversed) recognized on trade receivables	3,354	(2,710)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(2,708)	(12,451)
Finance costs	29,837	22,471
Interest income	(6,349)	(8,008)
Dividend income	(47)	-
Share-based compensation expense	1,398	-
Share of gain of subsidiaries	(363,387)	(19,575)
Loss on disposal of property, plant and equipment	636	252
Write-down of inventories	14,790	13,326
Unrealized loss on the transactions with subsidiaries	7,838	5,884
Realized gain on the transactions with subsidiaries	(5,884)	(5,878)
Gain on lease modification	(15)	-
Changes in operating assets and liabilities:		
Notes receivable	4,332	(94)
Trade receivables	(342,971)	(17,427)
Trade receivables from related parties	(170,311)	5,085
Other receivables	(2,108)	658
Other receivables from related parties	1,770	(23,333)
Inventories	(77,529)	153,243
Other current assets	(26,168)	(20,978)
Net defined benefit assets	(3,152)	(3,077)
Contract liabilities	2,268	(583)
Notes payable	(351)	190
Trade payables	193,303	150,368
Trade payables to related parties	603	929
Other payables	54,027	15,533
Provisions	1,061	6,852
Other current liabilities	<u>1,170</u>	<u>(3,227)</u>
Cash generated from operations	434,148	1,147,103
Interest paid	(21,978)	(8,069)
Income tax paid	<u>(137,249)</u>	<u>(176,441)</u>
Net cash generated from operating activities	<u>274,921</u>	<u>962,593</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	137,269	-
Acquisition of investments accounted for using the equity method	(84,087)	(664,667)
Payments for property, plant and equipment (Note 26)	(159,620)	(139,330)

(Continued)

KAORI HEAT TREATMENT CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Proceeds from disposal of property, plant and equipment	61	-
Payments for intangible assets	(7,594)	(8,080)
Increase in other non-current assets	(2,639)	(2,393)
Dividends received	47	-
Interest received	<u>6,349</u>	<u>8,008</u>
Net cash used in investing activities	<u>(110,214)</u>	<u>(806,462)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of) proceeds from short-term borrowings	(55,000)	905,000
Proceeds from long-term borrowings	27,470	137,110
Repayments of long-term borrowings	(53,739)	(254,650)
Proceeds from guarantee deposits received	-	150
Refund of guarantee deposits received	(270)	-
Repayment of the principal portion of lease liabilities	(4,193)	(4,150)
Dividends paid to owners of the Company	(365,859)	(357,536)
Payments for buy-back of treasury shares	(118,088)	-
Execution of disgorgement	<u>-</u>	<u>204</u>
Net cash (used in) generated from financing activities	<u>(569,679)</u>	<u>426,128</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(404,972)	582,259
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,088,629</u>	<u>506,370</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 683,657</u>	<u>\$ 1,088,629</u>

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

(Concluded)

**Kaori Heat Treatment Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kaori Heat Treatment Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Kaori Heat Treatment Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2025 is stated as follows:

In 2025, Kaori Heat Treatment Co., Ltd. and its subsidiaries experienced an increase in consolidated operating revenue of approximately 64% compared to 2024. In 2025, sales revenue from a specific customer of Kaori Thermal Technology Co., Ltd., increased significantly. We have identified the validity of the sales revenue from this specific customer as a key audit matter. For the accounting policies related to revenue recognition, see Notes 4(12) and 22 of the financial statements.

The key audit procedures that we performed in respect of revenue recognition for the specific customer included the following:

1. We obtained an understanding and tested the effectiveness of the design and the implementation of internal control system that is related to revenue recognition.
2. We sampled the sales from the specific customer, and verified related sales orders, shipment records and the received payments.

Other Matter

We have also audited the parent company only financial statements of Kaori Heat Treatment Co., Ltd. as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Shiou Su and Wen-Hsiang Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2026

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 6 and 29)	\$ 1,676,895	21	\$ 1,871,305	31
Financial assets at fair value through profit or loss - current (Notes 7 and 29)	2,643	-	-	-
Financial assets at amortized cost - current (Notes 9 and 29)	67,440	1	49,258	1
Notes receivable (Notes 10 and 29)	10,518	-	14,573	-
Trade receivables (Notes 10 and 29)	1,803,137	22	807,125	13
Other receivables (Notes 10 and 29)	3,638	-	257	-
Current tax assets (Notes 4 and 24)	159	-	-	-
Inventories (Note 11)	1,853,492	23	1,052,213	17
Other current assets	<u>162,237</u>	<u>2</u>	<u>61,076</u>	<u>1</u>
Total current assets	<u>5,580,159</u>	<u>69</u>	<u>3,855,807</u>	<u>63</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 29)	-	-	1,514	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 29)	167,523	2	106,624	2
Financial assets at amortized cost - non-current (Notes 9 and 29)	26,976	-	-	-
Property, plant and equipment (Notes 13 and 31)	2,075,346	25	1,965,780	32
Right-of-use assets (Note 14)	52,024	1	12,855	-
Investment properties (Notes 15 and 31)	-	-	21,312	-
Intangible asset	15,048	-	9,006	-
Deferred tax assets (Notes 4 and 24)	57,770	1	15,554	-
Other non-current assets	126,606	2	91,679	2
Net defined benefit assets - non-current (Notes 4 and 20)	<u>25,606</u>	<u>-</u>	<u>22,449</u>	<u>1</u>
Total non-current assets	<u>2,546,899</u>	<u>31</u>	<u>2,246,773</u>	<u>37</u>
TOTAL	<u>\$ 8,127,058</u>	<u>100</u>	<u>\$ 6,102,580</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 16 and 29)	\$ 850,000	10	\$ 905,000	15
Contract liabilities - current (Note 22)	36,626	-	33,447	1
Notes payable (Note 29)	972	-	1,322	-
Trade payables (Note 29)	1,527,977	19	360,210	6
Other payables (Notes 18 and 29)	551,104	7	417,484	7
Current tax liabilities (Notes 4 and 24)	209,535	3	82,391	1
Provisions - current (Note 19)	38,363	1	6,411	-
Lease liabilities - current (Note 14)	22,196	-	5,013	-
Current portion of long-term borrowings (Notes 16, 17, 29 and 31)	323,684	4	53,459	1
Other current liabilities	<u>14,241</u>	<u>-</u>	<u>12,391</u>	<u>-</u>
Total current liabilities	<u>3,574,698</u>	<u>44</u>	<u>1,877,128</u>	<u>31</u>
NON-CURRENT LIABILITIES				
Contract liabilities (Note 22)	46,428	1	-	-
Bonds payable (Notes 17 and 29)	-	-	467,047	8
Long-term borrowings (Notes 16, 29 and 31)	223,645	3	268,156	4
Provisions - non-current (Note 19)	1,290	-	441	-
Deferred income tax liabilities (Notes 4 and 24)	74,317	1	46,343	1
Lease liabilities - non-current (Note 14)	29,675	-	6,094	-
Guarantee deposits received (Note 29)	<u>93</u>	<u>-</u>	<u>363</u>	<u>-</u>
Total non-current liabilities	<u>375,448</u>	<u>5</u>	<u>788,444</u>	<u>13</u>
Total liabilities	<u>3,950,146</u>	<u>49</u>	<u>2,665,572</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital				
Ordinary shares	<u>924,829</u>	<u>11</u>	<u>914,647</u>	<u>15</u>
Capital surplus	<u>1,457,247</u>	<u>18</u>	<u>1,245,856</u>	<u>20</u>
Retained earnings				
Legal reserve	338,231	4	278,353	4
Special reserve	-	-	5,401	-
Unappropriated earnings	<u>1,450,547</u>	<u>18</u>	<u>956,379</u>	<u>16</u>
Total retained earnings	<u>1,788,778</u>	<u>22</u>	<u>1,240,133</u>	<u>20</u>
Other equity				
Unrealized gain on financial assets at fair value through other comprehensive income	98,158	1	24,781	1
Exchange differences on translating the financial statements of foreign operations	<u>21,907</u>	<u>-</u>	<u>11,591</u>	<u>-</u>
Total other equity	<u>120,065</u>	<u>1</u>	<u>36,372</u>	<u>1</u>
Treasury shares (Note 21)	<u>(118,088)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total equity attributable to owners of the Company	4,172,831	51	3,437,008	56
NON-CONTROLLING INTERESTS (Note 21)	<u>4,081</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>4,176,912</u>	<u>51</u>	<u>3,437,008</u>	<u>56</u>
Total	<u>\$ 8,127,058</u>	<u>100</u>	<u>\$ 6,102,580</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
REVENUE (Notes 4 and 22)	\$ 6,580,623	100	\$ 4,003,440	100
COST OF GOODS SOLD (Notes 11 and 23)	<u>4,781,639</u>	<u>72</u>	<u>2,808,590</u>	<u>70</u>
GROSS PROFIT	<u>1,798,984</u>	<u>28</u>	<u>1,194,850</u>	<u>30</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	159,421	3	139,317	4
General and administrative expenses	376,610	6	297,425	7
Research and development expenses	218,291	3	113,099	3
Expected credit loss (gain)	<u>20,906</u>	<u>-</u>	<u>(1,548)</u>	<u>-</u>
Total operating expenses	<u>775,228</u>	<u>12</u>	<u>548,293</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>1,023,756</u>	<u>16</u>	<u>646,557</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	20,392	-	8,562	-
Other income	23,258	-	58,306	2
Other gains and losses	15,262	-	58,955	2
Finance costs	<u>(30,863)</u>	<u>-</u>	<u>(22,471)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>28,049</u>	<u>-</u>	<u>103,352</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	1,051,805	16	749,909	19
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(222,259)</u>	<u>(3)</u>	<u>(156,865)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR (Note 23)	<u>829,546</u>	<u>13</u>	<u>593,044</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	5	-	7,167	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	198,168	3	37,990	1
Income tax related to items that will not be reclassified subsequently to profit or loss	(39,838)	(1)	(9,098)	-
Item that may be reclassified subsequently to profit or loss:				

(Continued)

KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
Exchange differences on translating the financial statements of foreign operations	<u>10,316</u>	<u>-</u>	<u>11,448</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>168,651</u>	<u>2</u>	<u>47,507</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 998,197</u>	<u>15</u>	<u>\$ 640,551</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 829,546	13	\$ 593,044	15
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 829,546</u>	<u>13</u>	<u>\$ 593,044</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 998,197	15	\$ 640,551	16
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 998,197</u>	<u>15</u>	<u>\$ 640,551</u>	<u>16</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 9.07</u>		<u>\$ 6.56</u>	
Diluted	<u>\$ 8.93</u>		<u>\$ 6.35</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

(Concluded)

KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Exchange				
BALANCE ON JANUARY 1, 2024	89,384	\$ 893,841	\$ 816,351	\$ 220,836	\$ -	\$ 778,056	\$ (5,545)	\$ 143	\$ -	\$ 2,703,682	\$ -	\$ 2,703,682
Appropriation of 2023 earnings												
Legal reserve	-	-	-	57,517	-	(57,517)	-	-	-	-	-	-
Special reserve	-	-	-	-	5,401	(5,401)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(357,536)	-	-	-	(357,536)	-	(357,536)
Other changes in capital surplus												
Execution of disgorgement	-	-	204	-	-	-	-	-	-	204	-	204
Net profit for the year ended December 31, 2024	-	-	-	-	-	593,044	-	-	-	593,044	-	593,044
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	5,733	30,326	11,448	-	47,507	-	47,507
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	598,777	30,326	11,448	-	640,551	-	640,551
Convertible bonds converted to ordinary shares	2,081	20,806	429,301	-	-	-	-	-	-	450,107	-	450,107
BALANCE ON DECEMBER 31, 2024	91,465	914,647	1,245,856	278,353	5,401	956,379	24,781	11,591	-	3,437,008	-	3,437,008
Appropriation of 2024 earnings												
Legal reserve	-	-	-	59,878	-	(59,878)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(365,859)	-	-	-	(365,859)	-	(365,859)
Reversal of special reserve	-	-	-	-	(5,401)	5,401	-	-	-	-	-	-
Net profit for the year ended December 31, 2025	-	-	-	-	-	829,546	-	-	-	829,546	-	829,546
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	4	158,331	10,316	-	168,651	-	168,651
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	829,550	158,331	10,316	-	998,197	-	998,197
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(118,088)	(118,088)	-	(118,088)
Convertible bonds converted to ordinary shares	1,018	10,182	211,391	-	-	-	-	-	-	221,573	-	221,573
The subsidiary grants employee stock options (Note 26)	-	-	-	-	-	-	-	-	-	-	4,081	4,081
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	84,954	(84,954)	-	-	-	-	-
BALANCE ON DECEMBER 31, 2025	92,483	\$ 924,829	\$ 1,457,247	\$ 338,231	\$ -	\$ 1,450,547	\$ 98,158	\$ 21,907	\$ (118,088)	\$ 4,172,831	\$ 4,081	\$ 4,176,912

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,051,805	\$ 749,909
Adjustments for:		
Depreciation expense	184,518	151,038
Amortization expense	10,059	7,905
Expected credit loss (reversed) recognized on trade receivables	20,906	(1,548)
Net gain on financial assets or liabilities at fair value through profit or loss	(2,708)	(12,451)
Finance costs	30,863	22,471
Interest income	(20,392)	(8,562)
Dividends income	(47)	-
Share-based compensation expense	4,081	-
Loss on disposal or discard of property, plant and equipment	798	904
Inventory valuation losses	46,965	13,326
Gain on lease modification	(15)	-
Changes in operating assets and liabilities		
Notes receivable	4,075	(94)
Trade receivables	(1,016,963)	(22,801)
Other receivables	17,590	568
Inventories	(848,244)	169,129
Other current assets	(122,132)	(4,786)
Net defined benefit assets	(3,152)	(3,077)
Contract liabilities	49,607	(5,281)
Notes payable	(350)	190
Trade payables	1,167,767	155,631
Other payables	160,566	16,896
Provisions	32,801	6,852
Other current liabilities	1,850	(3,362)
Cash generated from operations	770,248	1,232,857
Interest paid	(23,005)	(8,069)
Income tax paid	(149,354)	(183,505)
Net cash generated from operating activities	<u>597,889</u>	<u>1,041,283</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	137,269	-
Payments for financial assets at amortized cost	(45,530)	-
Payments for property, plant and equipment (Note 27)	(313,044)	(190,252)
Proceeds from disposal of property, plant and equipment	101	-
Increase in refundable deposits	(6,001)	(2,394)
Payments for intangible assets	(11,178)	(8,080)
Increase in other non-current assets	(917)	(2,474)
Dividends received	47	-
Interest received	20,392	8,562
	<u>20,392</u>	<u>8,562</u>

(Continued)

KAORI HEAT TREATMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Net cash used in investing activities	<u>(218,861)</u>	<u>(194,638)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of) proceeds from short-term borrowings	(55,000)	905,000
Proceeds from long-term borrowings	27,470	137,110
Repayments of long-term borrowings	(53,739)	(254,650)
Proceeds from guarantee deposits received	-	150
Refund of guarantee deposits received	(270)	-
Repayment of the principal portion of lease liabilities	(13,384)	(4,150)
Dividends paid to owners of the Company	(365,859)	(357,536)
Payments for buy-back of treasury shares	(118,088)	-
Execution of disgorgement	<u>-</u>	<u>204</u>
Net cash (used in) generated from financing activities	<u>(578,870)</u>	<u>426,128</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>5,432</u>	<u>7,595</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(194,410)	1,280,368
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,871,305</u>	<u>590,937</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,676,895</u>	<u>\$ 1,871,305</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated February 26, 2026)

(Concluded)

KAORI HEAT TREATMENT CO., LTD

Comparison Table for Revision of the Company's Articles of Incorporation

Articles after Revision	Articles before Revision	Descriptions
<p>Article 15: The Company shall have <u>five to eleven directors, with the exact number thereof to be determined by the Board of Directors as authorized.</u> A candidate nomination system shall be adopted, and directors shall be elected by the shareholders' meeting from the list of director candidates. Each director shall serve a term of three years and may be re-elected consecutively. The Company may obtain directors' liability insurance for its directors in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the scope of insurance coverage shall be determined by a resolution of the Board of Directors.</p>	<p>Article 15: The Company shall have nine directors. A candidate nomination system shall be adopted, whereby directors shall be elected by the shareholders' meeting from the list of director candidates. Each director shall serve a term of three years and may be re-elected consecutively. The Company may arrange directors' liability insurance in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, with the scope of coverage to be determined by resolution of the Board of Directors.</p>	<p>To strengthen corporate governance and support future development</p>
<p>Article 20-1: Directors shall be entitled to remuneration for the performance of their duties, regardless of the Company's profit or loss. The amount thereof shall be determined by the Board of Directors, <u>based on each director's level of operational involvement and contribution value, with reference to relevant domestic and international industry standards.</u></p>	<p>Article 20-1: Directors shall be entitled to remuneration for the performance of their duties, regardless of the Company's profit or loss. The Board of Directors is authorized to determine the monthly payment standard for each director within an aggregate limit of NT\$ 1,000,000.</p>	<p>To strengthen corporate governance and support future development</p>
<p>Article 32: The Articles of Incorporation was enacted on October 12, 1970. The first amendment was made on November 15, 1970... the 34th amendment was made on June 20, 2019, the 35th amendment was made on June 17, 2020, the 36th amendment was made on June 16, 2022, the 37th amendment was made on June 20, 2024, the 38th amendment will be made on May 23, 2025, <u>and the 39th amendment will be made on May 29, 2026.</u></p>	<p>Article 32: The Articles of Incorporation was enacted on October 12, 1970. The first amendment was made on November 15, 1970... the 34th amendment was made on June 20, 2019, the 35th amendment was made on June 17, 2020, the 36th amendment was made on June 16, 2022, the 37th amendment was made on June 20, 2024, the 38th amendment will be made on May 23, 2025</p>	<p>Addition of amendment date and number of times</p>

KAORI HEAT TREATMENT CO., LTD
Articles of Incorporation

Chapter I General Principles

article 1: The Company is incorporated in accordance with the provisions regarding Company Limited by Shares stipulated in the Company Act, and its name is “Kaori Heat Treatment Co., Ltd.”

Article 2: The business scope of the company is listed as follows:

- (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 Piping Engineering.
- (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.

Article 3: The head office of the company is situated in Taoyuan City. The company may, upon any resolution adopted by its Board of Directors, set up branch offices at home and abroad in accordance with the laws.

Article 4: The public announcements about the company shall appear in a prominent part of any daily newspaper in the city/county or city/province where the company is located, unless otherwise provided by other laws and regulations.

Article 4-1: For business needs, the company may act as guarantor, and its operations shall be handled in accordance with the Company’s Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.

Chapter II Shares

Article 5: The company holds a total capital of NT\$1.5 billion, which is divided into 150 million shares, with NT\$10 per share. The foregoing unissued shares shall be issued in installments upon the issuance conditions stipulated by the Board of Directors

according to business needs. Five million shares of the foregoing total capital shall be reserved for issuing employee stock warrants, which may be issued in installments in accordance with the resolution adopted by the Board of Directors.

Article 5-1: In accordance with Article 56-1 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” and Article 10-1 of the “Regulations Governing Share Repurchase by TWSE/ TPEX Listed Companies”, the Company shall obtain the consent of at least two-thirds of the voting rights represented at a shareholders’ meeting attended by shareholders representing a majority of the issued shares, so as to issue employee stock warrants at a price less than the closing price of the Company’s common shares on the issue date and transfer the shares to employees at a price less than the average actual shares repurchase price.

Article 5-2: As for the treasury shares bought back by the Company, the persons/parties entitled to such transfer include the employees of the parent company or its subsidiaries that meet certain specific requirements.

The persons/parties entitled to receiving the Company’s employee stock warrants include the employees of the parent company or its subsidiaries that meet certain specific requirements.

When the Company issues new shares, the employees who subscribe for shares include the employees of the parent company or its subsidiaries that meet certain specific requirements.

The persons/parties entitled to receiving the restricted stocks for employees issued by the Company include the employees of the parent company or its subsidiaries that meet certain specific requirements.

The Board of Directors should be authorized to stipulate those certain specific requirements.

Article 6: The shares of the Company shall be affixed with the signatures or personal seals of three directors or more, and then issued after being certified by the competent authority or any approved issuance registration agency according to the laws. The Company may be exempted from printing any share certificate for the shares issued.

Article 7: The regulations governing the Company’s stock affairs shall be all handled in accordance with relevant laws and regulations as well as the provisions enacted by the competent authority.

Article 8: The share transfer registration shall be suspended within 60 days prior to the convening date of a regular meeting of shareholders or within 30 days prior to the convening date of a special meeting of shareholders, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus, or other benefits.

Chapter III Shareholders’ Meeting

Article 9: The shareholders’ meeting shall be of two kinds: Regular Meeting of Shareholders, and Special Meeting of Shareholders. Regular Meeting of Shareholders shall be convened once every year within six months after the close of each fiscal year. Special Meeting of Shareholders shall be convened according to the laws when necessary. A notice to convene a Regular Meeting of Shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. A notice to

convene a Special Meeting of Shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The shareholders' meeting can be held by means of video conference or other methods promulgated by the competent authority upon the resolution adopted by the Board of Directors. The operating procedures and other matters to be followed shall be handled in accordance with the provisions stipulated by the competent authority.

Article 10: In accordance with Article 177 of the Company Act, if a shareholder is unable to attend the shareholders' meeting for any reason, he/she may appoint a proxy to attend the meeting by executing a power of attorney.

Article 11: The Chairman of the Board of Directors shall preside the shareholders' meeting. In case the Chairman of the Board of Directors is on leave or absent, the Chairman of the Board of Directors shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves to act on his/her behalf. When the meeting is called by a convener other than the Board of Directors, the convener shall preside. If there are more than two conveners, one shall be elected from among themselves.

Article 12: A shareholder of the company shall have one voting power in respect of each share in his/her/its possession, except for those who have been restricted or those who have no voting right as listed in Paragraph 2, Article 179 of the Company Act.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided by the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 14: Resolutions adopted at the shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting. The distribution of the minutes of shareholders' meeting may be effected by means of a public notice. The minutes of shareholders' meeting shall record a summary of the essential points of the proceedings and the results of the meeting. The minutes of the meeting, together with the attendance list bearing the signatures of shareholders present at the meeting as well as the powers of attorney of the proxies, shall be kept by the Company.

Chapter IV Directors and Audit Committee

Article 15: The Company shall have nine directors. A candidate nomination system is adopted. Shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The term of office shall be three years. The elected directors may be eligible for re-election next time. The company may obtain liability insurance for directors in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", while the Board of Directors is authorized to make any resolution regarding the insurance coverage.

Article 15-1: The directors of the Company shall include at least three independent directors, which shall not account for less than one-fifth of the total number of directors. The professional qualifications, shareholding, part-time job limitations, nomination and election modes of independent directors, as well as other matters for compliance, shall be handled in accordance with relevant regulations enacted by the competent authority in charge of securities affairs.

- Article 15-2: In accordance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee which shall be composed of the entire number of independent directors. The Audit Committee and its members shall exercise their power and matters related thereto, in accordance with the Securities and Exchange Act and other relevant laws and regulations.
- Article 16: When the number of vacancies in the Board of Directors equals to one-third of the total number of directors, the Board of Directors shall call a special meeting of shareholders within 60 days, to elect succeeding directors to fill the vacancies.
- Article 17: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time when new directors have been elected and assumed their office.
- Article 18: The directors organize the Board of Directors and shall elect a Chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice Chairman of the board, to handle all the affairs of the Company in accordance with laws and regulations, the Articles of Incorporation, the resolutions adopted by the shareholders' meetings and the meetings of the Board of Directors.
- Article 19: The Company's business policies and other major matters shall be handled according to the resolutions adopted by the Board of Directors. Other than the first meeting of the Board of Directors convened each year in accordance with Article 203 of the Company Act, the rest meetings of the Board of Directors shall be called and presided by the Chairman of the Board of Directors. In case the Chairman of the Board of Directors cannot exercise his/her power and authority for any cause, the vice Chairman shall act on his/her behalf. In case the vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the directors to act on his/her behalf. In the absence of such designation, the directors shall elect from among themselves an acting Chairman of the Board of Directors.
- Article 20: The meeting of the Board of Directors shall be convened once every three months. In calling a meeting of the Board of Directors, a notice shall set forth therein the subject(s) to be discussed at the meeting and then be sent to each director no more than seven days prior to the scheduled meeting. However, in the case of emergency, a meeting of the Board of Directors may be convened at any time. The notice may be effected by means of writing, e-mail or fax.
- Article 20-1: Directors shall be entitled to remuneration for the performance of their duties regardless of the Company's profit or loss. The Board of Directors is authorized to establish the monthly payment standard for each director within an overall limit of NT\$ 1,000,000.
- Article 21: Unless otherwise provided for in the Company Act, a meeting of the Board of Directors shall be agreed by more than half of the directors at the meeting attended by more than half of the directors. If a director is unable to attend the meeting for any cause, he/she may appoint another director to attend a meeting of the Board of Directors on his/her behalf and he/she shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy of one other director only.

Article 22: Resolutions adopted at a Board of Directors' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the Chairman of the meeting and shall be distributed to all directors of the Company within 15 days after the close of the meeting. The minutes of the meeting shall record a summary of the essential points of the proceedings and the results of the meeting. The minutes, together with the attendance list bearing the signatures of the directors present at the meeting as well as the powers of attorney of the of proxies, shall be kept by Company.

Article 23: The Company authorizes the Board of Directors to make a flexible decision on the amount of reinvestment according to the de facto actual situation, and the total amount of its reinvestment is not subject to the percentage restriction as provided in Article 13 of the Company Act that the total amount of reinvestment shall not exceed 40% of the Company's paid-in capital.

Chapter V Managers and Staff

Article 24: The Company may have one or more General Managers, whose appointment, dismissal, and remuneration shall be decided by more than half of voting shares of all the Board of Directors.

Article 25: Upon the resolution adopted by the Board of Directors in accordance with Article 21 of the Articles of Incorporation, the Company may hire consultants and major staff.

Article 26: General Manager may authorize a department head to appoint or dismiss other employees in the Company.

Chapter VI Final Accounts

Article 27: The fiscal accounting year of the company starts from January 1 to December 31 of each year. At the close of each fiscal accounting year, the Board of Directors shall prepare the following statements and records, submit them to the Audit Committee for auditing not later than 30 days prior to the meeting date of the regular meeting of shareholders, and then forward them to the regular meeting of shareholders for recognition.

- (1) Business reports.
- (2) Financial statements.
- (3) Proposals concerning surplus earning distribution or loss off-setting

Article 28: In any fiscal year in which the Company records profits, it shall appropriate no less than two percent (2%) of such profits as employee remuneration and no more than five percent (5%) as director remuneration. Employee remuneration shall be distributed in the form of shares or cash as resolved by the Board of Directors, and shall include eligible employees of affiliated companies; provided that no less than twenty percent (20%) of the employee remuneration shall be allocated to rank-and-file employees satisfying the criteria prescribed by the Board of Directors. In the event the Company carries accumulated unabsorbed losses, the amount necessary to offset such losses shall first be retained prior to the allocation of employee and director remuneration in accordance with the foregoing ratios.

Article 29: Following the annual closing of accounts, if the Company generates net surplus, income tax shall be paid in accordance with applicable laws, and any accumulated losses from prior years shall first be offset. Thereafter, ten percent (10%) of the remaining balance shall be set aside as legal earned surplus; provided, however, that such appropriation shall no longer be required when the

total amount of legal earned surplus has reached the total paid-in capital of the Company. The remaining balance shall then be applied to the appropriation or reversal of special earned surplus pursuant to relevant laws, regulations and requirements of the competent authority. Any remaining balance, combined with the undistributed surplus at the beginning of the year, shall be subject to a surplus distribution proposal for shareholder dividends and bonuses formulated by the Board of Directors, with a distribution ratio ranging from ten percent (10%) to one hundred percent (100%) based on the Company's industrial development conditions. Where such distribution is to be effected by issuing new shares, the proposal shall be submitted to the shareholders' meeting for resolution before distribution. The Company, pursuant to Article 240, Paragraph 5 of the Company Act, hereby authorizes the Board of Directors, by a resolution adopted by the attendance of not less than two-thirds of all directors and a majority vote of the directors present, to distribute all or part of the dividends and bonuses to be distributed, or all or part of the legal earned surplus and capital surplus pursuant to Article 241, Paragraph 1 of the Company Act, by way of cash payment, and to report the same to the shareholders' meeting. When the Company is required to make appropriations to special retained earnings in compliance with laws and regulations, any shortfall arising from the accumulated net debit balance of other equity items carried over from prior years shall first be covered by making an equivalent appropriation to special retained earnings out of prior years' undistributed earnings before any earnings distribution. Should such appropriation still be insufficient to cover the shortfall, the deficiency shall be further funded from current net profit after tax, plus any other items credited to current undistributed earnings other than current net profit after tax.

Article 29-1: The Company may distribute cash dividends at no less than 10% of the total dividends paid to shareholders, by considering the Company's operating environment and growth stage, responding to future capital demand and long-term financial planning, and considering both shareholder interests and Balancing Dividends Policy.

Chapter VII Supplementary Provisions

Article 30: The organizational rules and bylaws of the Company can be stipulated by the Board of Directors otherwise.

Article 31: Regarding the matters not stipulated in the Articles of Incorporation, the Company Act and other laws and regulations shall govern.

Article 32: The Articles of Incorporation was enacted on October 12, 1970. The first amendment was made on November 15, 1970. The second amendment was made on May 23, 1971. The third amendment was made on August 20, 1973. The fourth amendment was on made on August 20, 1981. The fifth amendment was made on May 22, 1983. The sixth amendment was made on August 7, 1984. The seventh amendment was made on November 1, 1986. The eighth amendment was made on November 30, 1987. The ninth amendment was made on July 16, 1988. The tenth amendment was made on February 28, 1989. The eleventh amendment was made on August 20, 1989. The twelfth amendment was made on November 20, 1989. The thirteenth amendment was made on February 12, 1990. The fourteenth

amendment was made on March 21, 1990. The fifteenth amendment was made on June 12, 1991. The sixteenth amendment was made on June 6, 1993. The seventeenth amendment was made on July 25, 1994. The eighteenth amendment was made on June 22, 1997. The nineteenth amendment was made on May 3, 1998. The twentieth amendment was made on July 16, 1998. The 21st amendment was made on June 13, 1999. The 22nd amendment was made on June 29, 2002. The 23rd amendment was made on June 25, 2004. The 24th amendment was made on June 22, 2005. The 25th amendment was made on June 21, 2006. The 26th amendment was made on June 21, 2007. The 27th amendment was made on June 25, 2009. The 28th amendment was made on June 25, 2010. The 29th amendment was made on June 28, 2011. The 30th amendment was made on June 20, 2012. The 31st amendment was made on June 20, 2014. The 32nd amendment was made on June 23, 2016. The 33rd amendment was made on June 23, 2017. The 34th amendment was made on June 20, 2019. The 35th amendment was made on June 17, 2020. The 36th amendment was made on June 16, 2022. The 37th amendment was made on June 20, 2024. The 38th amendment was made on May 23, 2025.

KAORI HEAT TREATMENT CO., LTD.

Rules of Procedure for Shareholders' Meetings

Article 1: The proceedings of shareholders' meetings of the Company shall be governed by these Rules.

Article 2: The shareholders' meeting can be held by means of video conference or other methods promulgated by the competent authority upon the resolution adopted by the Board of Directors. The operating procedures and other matters to be followed shall be handled in accordance with the provisions stipulated by the competent authority. When the Company holds a shareholders' meeting by video conference, unless otherwise specified in the Regulations Governing the Administration of Shareholder Services of Public Companies, it must be stated in the Company's Articles of Incorporation and passed by a resolution of the Board of Directors, and the video meeting shall be decided by the Board of Directors with the presence of more than two-thirds of the directors and the consent of more than half of the directors present. Any change to the convening method of the Company's shareholders' meeting shall be approved by a resolution of the Board of Directors, and shall be made no later than the dispatch of the notice of the shareholders' meeting.

The Company shall, 30 days before the ordinary shareholders' meeting or 15 days before the extraordinary shareholders' meeting, make an electronic file of the notice of meeting of shareholders, the proxy paper, the reasons for motions relating to the recognition, discussion, election or removal of directors, etc., and transmit it to MOPS. In addition, this Agenda Handbook and supplementary meeting materials shall be compiled into electronic files and uploaded to the MOPS by no later than 21 days prior to the date of the ordinary shareholders' meeting, or 15 days prior to the date of the extraordinary shareholders' meeting, as applicable. However, if the actual paid in capital of the Company reaches NT \$10 billion or more as of the end of the most recent fiscal year, or if the total shareholding ratio of foreign and domestic capital recorded in the shareholders' register at the most recent fiscal year's ordinary shareholders' meeting reaches 30% or more, the electronic file transmission shall be completed 30 days before the ordinary shareholders' meeting. 15 days before the meeting of shareholders, the Company shall make available to shareholders at any time an agenda handbook and supplementary information of the meeting, and display it in the Company and any professional stock agent appointed by the Company.

When a shareholders' meeting is convened by video conference, shareholders who want to attend the meeting online shall register their names in the Company two days prior to the meeting date.

When a shareholders' meeting is convened by video conference, the Company shall upload the agenda handbook, annual reports and other relevant materials to the video conference platform at least 30 minutes prior to the commencement of the meeting; such reports and materials will continue to be disclosed until the end of the meeting.

When convening a shareholders' meeting by video conference, the Company shall specify the matters in the shareholders' meeting notice as follows:

1. The methods for shareholders to attend the video conference and exercise their rights.
2. When the video conference platform or the participation via video conference is disrupted due to natural disasters, accidents or other force majeure, the handling methods should include at least the following matters:
 - A. The date and time when the meeting is postponed or the date and time when the meeting is scheduled to resume in case that the above-mentioned disruption continues and cannot be removed.

- B. Shareholders who fail to register to attend the original shareholders' meeting by video conference shall not attend the postponed or resumed meeting.
 - C. If a video-assisted shareholders' meeting is unable to continue via video conferencing, after deducting the number of shares represented by shareholders participating through video, if the total number of remaining shares present still meets the statutory quorum for a shareholders' meeting, the meeting shall proceed. The number of shares represented by shareholders who participated via video shall be included in the total number of shares present at the meeting, and such shareholders shall be deemed to have abstained from voting on all proposals at such shareholders' meeting.
 - D. The handling method will be taken if the results of all proposals have been declared and there is no extempore motion.
3. When convening a shareholders' meeting via video conference, appropriate alternative measures should be specified and available to shareholders who have difficulties in attending the video conference. Except as provided in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall provide at least shareholder networking devices and necessary assistance, and specify the period during which shareholders may apply to the Company and other relevant precautions.

The Company shall specify in the meeting notice the registration time, registration area, and other matters to be noted for the accepting shareholders, solicitor, and entrusted agent (hereinafter referred to as shareholders).

The registration time of shareholders in the preceding paragraph shall be accepted at least 30 minutes before the beginning of the meeting. The registration area shall be clearly marked and appropriate personnel should be dispatched to handle it. As for the shareholders' meeting convened via video conference, shareholders shall report and register their arrivals on the meeting platform 30 minutes prior to the commencement of meeting. Shareholders completing their registration will be deemed as attending the shareholders' meeting in person.

Shareholders shall attend the shareholders' meeting with their certificate, attendance sign-in card or other attendance documents. The Company shall not arbitrarily add other supporting documents to the documents on which the shareholder's attendance is based; as a solicitor of a power of attorney, it is necessary to bring identification documents for verification.

The Company shall provide a sign-in roster for the present shareholders to sign in; or a sign-in card may be submitted by the present shareholder in lieu of a sign-in.

The Company shall deliver to the shareholders present at the meeting the agenda handbook, annual report, attendance card, speech slip, voting votes and other materials of the meeting, and if there is an election of directors, an election vote shall be attached.

When the government or legal person is a shareholder, the representative attending the shareholders' meeting is not limited to one. When the legal person is entrusted to attend the shareholders' meeting, only one representative may be appointed to attend.

Article 2-1: Every time when a shareholders' meeting is held, a shareholder may designate a proxy to attend the meeting by providing a copy of power of attorney issued by the Company and specify the authorization scope.

A shareholder shall provide only one copy of power of attorney and designate only one proxy. The power of attorney shall be sent to the company within five days prior to the date of the shareholders' meeting. When more than two copies

of the same power of attorney are sent, the one that has been sent first shall prevail, unless the previous one is revoked by an application.

After the power of attorney has been sent to the company, if the shareholder wants to attend the meeting in person or exercises voting rights in writing or electronically, a written notice of revocation shall be submitted to the company two days before the date of the meeting. If the notice fails to be submitted before the deadline, votes cast at the meeting by the proxy shall prevail.

After the power of attorney has been sent to the Company, if the shareholder wants to attend the meeting via video conference, a written notice of revocation shall be submitted to the Company two days before the date of the meeting. If the notice fails to be submitted before the deadline, votes cast at the meeting by the proxy shall prevail.

Article 2-2: Where the shareholders' meeting is convened by the Board of Directors, the Chairman shall be the President. Where the President asks for leave or is unable to exercise his/her powers for some reason, the Vice President shall act for him/her. Where there is no Vice President or the Vice President also asks for leave or is unable to exercise his/her powers for some reason, the President shall designate an executive director to act for him/her. Where there is no executive director, one director shall be appointed to act for him/her; where the President fails to appoint a person to act for him/her, the executive director or one of the directors shall act for him/her.

The Chairman of the preceding paragraph shall be an executive director or a director's proxy who has held office for more than six months and is familiar with the financial business of the Company. The same applies if the Chairman is the representative of a corporate director. A shareholders' meeting convened by the Board of Directors shall be presided over by the President himself/herself and shall be attended in person by more than half of the directors of the Board and by at least one representative of each functional committee member, and the attendance shall be recorded in the minutes of the shareholders' meeting.

Where the shareholders' meeting is convened by a person with convening authority other than the Board of Directors, the Chairman shall be the person with convening authority. If there are more than two persons with the right to convene, one of them shall be elected to the position.

The Company may appoint such lawyers, accountants or related personnel as it may appoint to attend the shareholders' meeting.

Article 3: On the same day of a shareholders' meeting, the Company shall compile a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting in writing or electronically in the stipulated format, and then expressly disclose them at the venue the shareholders' meeting. When a shareholders' meeting is convened via video conference, the Company shall upload the foregoing materials to the video conference platform at least 30 minutes prior to the meeting; such reports and materials will continue to be disclosed until the end of the meeting.

When the Company's shareholders' meeting convened via video conference is called to order, the total number of shares represented at the meeting shall be disclosed on the video conference platform. If the total number of shares represented at the meeting and the voting rights are additionally counted during the meeting, the same manner shall apply.

Where the matters subject to resolution at the shareholders' meeting are information as stipulated by law or TWSE (TPEX), the Company shall upload the content to MOPS within the specified time.

When the Company convenes the shareholders' meeting via video conference, the Chairman and the clerk shall be in the same location within the country, and the Chairman shall announce the address of the location when the meeting is called to order.

When convening a shareholders' meeting via video conference, appropriate alternative measures should be specified and available to shareholders who have difficulties in attending the video conference. Except as provided in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall provide at least shareholder networking devices and necessary assistance, and specify the period during which shareholders may apply to the Company and other relevant precautions.

Article 4: The agenda of the shareholders' meeting shall be stipulated by the Board of Directors, relevant motions (including extempore motion and amendments to original motions) shall be voted on a case-by-case basis. All the meetings shall be held in accordance with the procedures as scheduled in the agenda. It may not be changed without a resolution adopted by the shareholders' meeting.

When a shareholders' meeting is called by a convener other than the Board of Directors, the preceding paragraph applies *mutatis mutandis*.

Before the conclusion of the agenda arranged in the preceding two paragraphs (including extempore motions), the Chairman shall not declare the adjournment of the meeting without any resolution. After the adjournment of the meeting, the shareholders shall not elect another Chairman of the meeting to resume the meeting at the original or other venue. However, if the Chairman violates these rules of procedures and then declares the meeting adjourned, other members of the Board of Directors shall immediately help the shareholders who attend the meeting elect one person as the new Chairman with the consent of more than half of the voting rights of the shareholders attending the meeting, to continue the meeting according to the statutory procedure.

The Company shall provide the agenda handbook and additional materials regarding the shareholders' meeting to shareholders for review, by the following means on the date of the shareholders' meeting:

1. When convening a physical shareholders' meeting, they shall be distributed on-site at the meeting.
2. When convening a hybrid shareholders' meetings assisted by video conference, they shall be distributed on-site at the meeting and be shared on the video conference platform by means of electronic file.
3. When convening a shareholders' meeting, electronic files shall be shared on the video conference platform.

The notice and announcement shall state the cause of the call; the notification may be made electronically with the consent of the other party.

The appointment or removal of directors, amendment to Articles of Incorporation, reduction of capital, application for suspension of public offering, lifting the ban on directors from business competition, conversion of surplus to capital increase, conversion of reserves to capital increase, dissolution, merger, division of the Company or matters under Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and their main contents shall be explained in the reasons for convening, and shall not be proposed as extempore motions.

The reason for convening the shareholders' meeting has been set out in the general election of directors and the date of appointment. After the completion of the shareholder meeting election, the appointment date shall not be changed by extempore

motion or other means at the same meeting.

A shareholder holding more than 1% of the total number of issued shares may propose to the Company a motion at the ordinary shareholders' meeting, up to a limit of one, and more than one proposal shall not be included in the motion. If another shareholder's proposal falls under any of the circumstances of Paragraph 4, Article 172 of the Company Act, the Board of Directors may not list it as a motion.

A shareholder may put forward a proposal to urge the Company to promote the public interest or fulfill its social responsibilities, which shall be limited to one in accordance with the relevant provisions of Article 172 of the Company Act. Any proposal exceeding one shall not be included in the motion.

The Company shall, before the ordinary shareholders' meeting is held, announce the acceptance of shareholders' proposals, the acceptance method in writing or electronic manner, the acceptance place and the acceptance period; the period of acceptance shall not be less than ten days.

The proposal proposed by the shareholders is limited to 300 words, and if it exceeds the limit, the proposal will not be included in the motion; the proposing shareholder shall attend the general shareholders' meeting in person or by proxy and participate in the discussion of the motion.

The Company shall, prior to the date of the notice of the convening of the shareholders' meeting, inform the proposing shareholders of the result of the handling and list the motions subject to this Article in the notice of the meeting. For shareholders' proposals not included in the motion, the Board of Directors shall explain the reasons for not being included in the shareholders' meeting.

Article 4-1: Where the shareholders' meeting is convened via video conference, the meeting place as referred to in the preceding paragraph shall not apply.

The shareholders' meeting shall be held at the place where the Company is located or at such place as is convenient and suitable for the attendance of the shareholders and shall commence no earlier than 9:00 am or later than 3:00 pm.

Article 5: When there are amendments or substitutes to the same motion, the Chairman shall determine the order of voting along with the original motion. If one of the motions has been passed, the other motions shall be deemed to be rejected and no further vote shall be taken.

The supervisors and scrutineers for voting on motions shall be appointed by the Chairman, provided that the supervisors shall have the status of shareholders.

The counting of votes or election motions at the shareholders' meeting shall be made public in the shareholders' meeting, and the voting results, including the counted weights, shall be announced on the spot after the counting is completed and shall be recorded.

The Company shall make continuous and uninterrupted audio and video recordings of the registration process, the conduct of the meeting and the voting and counting process of the shareholders from the time of accepting the registration of shareholders.

The audio and video materials mentioned in the preceding paragraph shall be kept for at least one year. However, if a shareholder brings a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.

When the shareholders' meeting is convened via video conference, the Company shall keep records of materials such as shareholder's registration, sign-in, check-in, questions, votes and results of votes counted by the Company, and keep audio and video records of the proceedings of the meeting from the beginning to the end.

The materials and audio and video recording referred to in the preceding paragraph shall be properly kept by the Company during the period of its existence, and the audio and video recording shall be provided to the person who is entrusted with

handling the matters of video conference for safekeeping.

When the shareholders' meeting is convened via video conference, it is advised that the company shall record the audio and video on back-end operation interface of the meeting platform.

When the shareholders' meeting elects directors, it shall comply with the relevant selection and appointment rules formulated by the Company, and announce the election results on the spot. The election results shall include the list of elected directors and their elected weights, and the list of unsuccessful directors and their elected weights.

The ballot for the election mentioned in the preceding paragraph shall be sealed and signed by the scrutineer and kept securely for at least one year. However, if a shareholder brings a lawsuit in accordance with Article 189 of the Company Act, it shall be kept until the end of the lawsuit.

Article 5-1: The attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares present is calculated based on the number of shares registered in the sign-in roster or the sign-in card submitted and the video conference platform, plus the number of shares exercising their voting rights in writing or electronically. When the meeting time is up, the Chairman shall immediately announce that the meeting is called to order, and at the same time announce the number of shares without voting rights and the number of shares present at the meeting. However, in the absence of members representing more than half of the total number of shares issued, the Chairman may declare the meeting adjourned provided that such adjournment may be limited to two times and the total delay shall not exceed one hour. If the meeting is adjourned twice and still lacks the presence of shareholders representing at least one-third of the total issued and outstanding shares, the Chairman shall declare the meeting inquorate. For a shareholders' meeting conducted via video conference, the Company shall additionally announce the inquorate status on the dedicated video conference platform.

If after the meeting has been postponed twice, the total number of shares represented by the shareholders present still does not reach one-third of the total number of shares issued, but the shareholders representing more than one-third of the total number of shares issued are present, a tentative resolution may be made in accordance with the provisions of Paragraph 1, Article 175 of the Company Act. The Company shall notify the shareholders of the false resolution and convene the shareholders' meeting again within one month. In the case of a shareholders' meeting convened by video conference, shareholders who wish to attend via video shall re-register with the Company in accordance with Article 6.

If, before the end of the meeting, the number of shares represented by the shareholders present reaches more than half of the total number of shares issued, the Chairman may submit the resulting tentative resolution to the shareholders' meeting for a new vote in accordance with Article 174 of the Company Act.

Article 6: Unless it is a motion, it will not be discussed or voted on. When a motion is being discussed, the Chairman may at an appropriate time declare the discussion closed and, if necessary, adjourn the discussion.

Article 7: The Chairman shall put to the vote a question on which discussion has been declared closed or discontinued.

Article 8: Except as otherwise provided in the Company Act, the voting of a proposal shall be undertaken upon the consent from more than half of the voting rights represented by the attending shareholders. When voting, for each proposal, the Chairman or the

person designated by the Chairman shall announce the total number of voting rights represented by the attending shareholders, and then the shareholders should make decisions by voting on each proposal. On the same day when the meeting is adjourned, the results regarding the numbers of shareholders' consent, objection and abstentions shall be entered into the Market Observation Post System (MOPS) at the same day.

When the Company convenes a shareholders' meeting via video conference, after the Chairman calls the meeting to order, shareholders attending the meeting online shall cast votes on proposals and elections on the video conference platform before the Chairman declares the end of voting; otherwise, it is deemed abstained from voting.

When a shareholders' meeting is convened via video conference, votes shall be counted once after the Chairman declares the end of voting, and the results of votes and elections shall be announced then.

When the Company convenes a hybrid shareholders' meeting assisted by video conference, if shareholders who have registered to attend the meeting online in accordance with Article 2 want to attend the physical shareholders' meeting in person, their registration shall be revoked two days before the shareholders' meeting in the same way as they registered. If the registration is not revoked before the deadline, they may only attend the shareholders' meeting online.

When the shareholders exercise voting rights in writing or electronically, if the expression of intent is not revoked and the shareholders' meeting is attended online, except for extempore motions, they shall not exercise voting rights on the original proposals or any amendments to the original proposals or exercise voting rights on the amendments to the original proposal.

When convening a shareholders' meeting via video conference, the Company shall disclose results of votes and election immediately after the end of voting on the video conference platform according to the rules, which shall be kept disclosed at least 15 minutes after the Chairman has announced the meeting adjourned.

Article 9: If a shareholder present at the meeting delivers a speech, he/she should fill in a speech slip to specify the number of his/her attendance card, name and the number of his/her shares held. The Chairman of the meeting shall list the sequence of these shareholders' speeches.

The attending shareholder shall be deemed not to have delivered a speech if he/she only submits a speech slip but not delivers a speech. Where the speech contents are inconsistent with the contents as contained in the speech slip, the speech contents shall prevail.

Article 10: Without the consent of the Chairman, each shareholder shall not speak more than twice on the same motion, with each speech not exceeding five minutes. However, if the shareholder's speech violates the rules or exceeds the scope of the proposal, the Chairman may stop his/her speech.

When a shareholder present makes a speech, other shareholders shall not interfere with the speech except with the consent of the Chairman and the shareholder who has spoken. Violators shall be stopped by the Chairman.

When a legal shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same motion.

After a shareholder has spoken, the Chairman may reply in person or by appointing a relevant person.

Where a meeting of shareholders is held by video conference, shareholders who participate by video conference may, after the announcement of the meeting by the Chairman and before the announcement of the adjournment of the meeting, ask questions in text on the video conference platform of the meeting. The number of questions asked on each motion shall not exceed two times and shall not exceed 200

words each time.

For questions in the preceding paragraph that do not violate the provisions and do not exceed the scope of the motion, they should be disclosed to the public at video conference platform.

Article 11: The personnel responsible for the affairs of the shareholders' meeting shall wear identification cards or armbands.

The Chairman may command the security personnel to assist in maintaining order at the venue.

If the venue is equipped with loudspeaker equipment and the shareholder does not use the equipment provided by the company, the Chairman has the right to stop.

If a shareholder violates the rules of procedure, and does not obey the Chairman to correct, obstructing the normal conduct of the meeting, and does not correct after being stopped, the Chairman may command the security personnel to ask him to leave the meeting.

Article 12: During the session period of the meeting, the Chairman may declare that everyone can take a break depending on the meeting hours.

Article 13: During the session period of the meeting, if any force majeure event occurs, the Chairman may decide that the meeting should be suspended, and then announce the time for resuming the meeting depending on the circumstance.

Before all the agendas of the shareholders' meeting (including extempore motions) have been addressed, if the venue of the meeting is no longer available at that time for continued use, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

The shareholders' meeting may, in accordance with Article 182 of the Company Act, adopt a resolution to defer or resume the meeting within five days.

Article 13-1: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be signed or sealed by the Chairman of the meeting and then distributed to each shareholder within 20 days after the close of the meeting. The minutes may be recorded and distributed electronically.

The Company may distribute the minutes referred to in the preceding paragraph by a public announcement and entered them into the MOPS.

The minutes shall precisely record the year, month, day, and location of the meeting, the Chairman's name, the methods of adopting the resolutions, and a summary of the essential points of the proceeding and their voting results (including the number of voting rights) and disclose the number of voting rights won by each candidate if there is an election of directors or supervisors. The minutes shall be kept permanently for the period of the existence of the Company.

When convening a shareholders' meeting via video conference, in addition to those which shall be recorded in the minutes as stipulated in the preceding paragraph, the time when the meeting is called to order and adjourned, how the meeting is convened, the Chairman's and note taker's name, and measures to be taken when the video conference platform or participation in the meeting online is interrupted due to natural disasters, accidents or other majeure force, and handling measures shall also be included in the minutes.

When convening a shareholders' meeting via video conference, in addition to handling according to the preceding paragraph, the company shall specify in the minutes regarding the alternative measures available to shareholders who have difficulties in attending a shareholders' meeting online.

Article 13-2: When convening a shareholders' meeting via video conference, the Company may

offer a simple connection test to shareholders prior to the meeting, and then provide relevant real-time services before and during the meeting to help resolve communication technical issues.

For a shareholders' meeting conducted by video conference, the Chairman shall, at the time of declaring the meeting open, further announce that, except for circumstances where suspension or adjournment is not required as prescribed in Article 44-20, Paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the video conference platform or video participation is disrupted due to natural disaster, incident or other force majeure for a continuous period of more than 30 minutes before the Chairman declares adjournment, the meeting shall be rescheduled or continued on a date within five days, and the provisions of Article 182 of the Company Act shall not apply.

When a meeting shall be postponed or resumed as stipulated in the preceding paragraph, shareholders who have not registered to participate in the shareholders' meeting online shall not attend the postponed or resumed meeting.

When a meeting shall be postponed or resumed according to Paragraph 2, the number of shares represented by and the voting rights and election rights exercised by the shareholders who have registered to participate in the shareholders' meeting and have already signed in the meeting, but do not attend the postpone or resumed one, at the original shareholders' meeting, shall be counted in the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed meeting.

During a postponed or resumed meeting held in accordance with Paragraph 2, proposals for which votes have been cast and counted and results have been announced, or list of elected directors, further discussion and resolution are not necessary.

When the company convenes a hybrid shareholders' meeting assisted by video conference, and the meeting cannot continue as described in Paragraph 2, the meeting shall proceed without adjournment or continuation under the second paragraph, provided that the total number of shares present remains sufficient to meet the statutory quorum after deducting the shares represented by shareholders attending via video.

In the event that the meeting shall proceed as set forth in the preceding paragraph, the number of shares represented by shareholders participating via video shall be included in the total number of shares present at the meeting; provided, however, that such shareholders shall be deemed to have abstained from voting on all proposals at such shareholders' meeting.

When postponing or resuming a meeting according to Paragraph 2, the Company shall handle the pre-processing based on the date of the original shareholders' meeting in accordance with Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Paragraph 3, Article 13 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders' meeting that is postponed or resumed under Paragraph 2.

Article 13-3: The voting of the shareholders' meeting shall be based on the shares.

In the resolution of the shareholders' meeting, the number of shares granted to non-voting shareholders shall not be counted as the total number of shares issued.

If a shareholder has an interest in matters relating to the meeting which may prejudice the interests of the Company, such shareholder shall not vote or exercise voting rights on behalf of other shareholders.

The number of shares that cannot exercise voting rights in the preceding paragraph shall not be counted as the voting rights of the shareholders present.

Article 13-4: A shareholder shall have one vote per share, except where there is a limitation of voting rights, or where there is no voting right as listed in Paragraph 2, Article 179 of the Company Act. When the company holds a shareholders' meeting, its voting rights shall be exercised electronically and may be exercised in writing; If the voting right is exercised in writing or electronically, the way of how to exercise shall be stated in the notice of convening the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the shareholders' meeting in person. However, the extempore motion and amendments to the original motion at the meeting shall be deemed to be a waiver and the Company should therefore refrain from making the provisional motion and amendments to the original motion.

Article 14: Matters not specified in the Rules shall all be handled in accordance with the Company Act, the Articles of Incorporation and the relevant standards and norms stipulated by the competent authority.

Article 15: These Rules shall take effect after being approved by the shareholders' meeting; the same manner should also apply to any amendment.

Article 16: The Rules of Procedure for Shareholders' Meetings was stipulated in October 1997 and subject to two revision. The fourth amendment was made on June 17, 2020. The fifth amendment was made on June 16, 2022. The sixth amendment was made on June 20, 2024.

KAORI HEAT TREATMENT CO., LTD.

Regulations Governing the Election of All Directors

Article 1: The election of the Company's directors shall be governed by the Regulations.

Article 2: The election of the Company's directors shall be held at the general meeting of shareholders.

Article 3: Any shareholder with legal capacity of the Company may be elected as a director of the Company in accordance with the Regulations.

Article 4: The election of directors of the Company shall adopt a candidate nomination system, whereby directors are elected by the shareholders' meeting from the list of candidates by means of written cumulative voting. The shareholder's account number printed on the ballot shall serve in lieu of the voter's signature or name. Each share shall carry the same number of votes as the number of directors to be elected, which may be cast in full for one candidate or allocated among two or more candidates.

Article 5: Directors of the Company shall be elected according to the number of seats prescribed in the Articles of Incorporation, with candidates receiving the greatest number of votes elected in order of priority. Where two or more candidates obtain an identical number of votes that would result in exceeding the prescribed number of seats, the successful candidates shall be determined by drawing lots among those with equal votes. If any such candidate is absent, the chairman shall conduct the drawing of lots on such candidate's behalf.

Article 6: The Board of Directors shall prepare and print voting ballots. Each ballot shall be stamped with the Company's official seal and shall indicate the shareholder's account number and the number of votes allocated to such shareholder.

Article 7: Prior to the commencement of voting, the chairman shall appoint such number of vote supervisors and vote counters as necessary to oversee the relevant procedures.

Article 8: The ballot box shall be prepared by the Board of Directors and inspected publicly by the vote supervisors prior to voting.

Article 9: Where the candidate is a shareholder, the voter shall enter the candidate's account name and shareholder account number in the "Candidate" field on the ballot. Where the candidate is not a shareholder, the voter shall state the candidate's full name and national identification number. Provided that where the government or a corporate shareholder is a candidate, the name of such government or corporate shareholder shall be entered in the candidate name field on the ballot; the name of such government or corporate shareholder together with the name of its representative may also be stated. If there are multiple representatives, the name of each representative shall be separately indicated.

Article 10: A ballot shall be invalid and regarded as a spoiled ballot under any of the following circumstances:

- (1) A ballot not in the form prescribed by the Regulations.
- (2) A blank ballot cast into the ballot box.
- (3) A ballot with illegible or unidentifiable handwriting.
- (4) Any alteration to the candidate's name, shareholder account number, or the allocated number of votes.
- (5) Where the candidate's name as filled in does not match the register of shareholders.
- (6) Where the candidate's name is identical to that of another shareholder but the shareholder account number is not provided for identification.
- (7) Any ballot containing additional writing, pictures, or markings beyond the candidate's name, shareholder account number, and allocated number of votes.
- (8) Where the number of candidates indicated on the ballot exceeds the prescribed number of directors to be elected.

(9) Where the total number of allocated votes exceeds the number of votes entitled to the voter.

Article 11: Where the total number of allocated votes is less than the number of votes entitled to the voter, the deficit shall be deemed as abstention.

Article 12: Upon the completion of voting, the ballots shall be counted immediately. The result shall be publicly announced by the chairman and recorded in the minutes.

Article 13: Matters not specified in the Rules shall all be handled in accordance with the Company Act and the Articles of Incorporation.

Article 14: These Rules shall take effect after being approved by the shareholders' meeting; the same manner should also apply to any amendment.

KAORI HEAT TREATMENT CO., LTD.

Shareholding of All Directors

- As of March 31, 2026, namely the book close date of share transfer for this annual general shareholders' meeting, the paid-in capital of the company is NT\$ 933,874,290, and the total number of issued shares is 93,387,429.
- According to Article 26 of the Securities and Exchange Act, the statutory minimum number of shares to be held by all directors is 7,470,994 shares (since there are two independent directors, the shareholding ratio of all directors other than the independent directors is decreased to be 80%).
- Shareholding Details of Directors:

Title	Full Name	Shares held by (including trust holdings) as of March 31, 2026	
		Number of Shares	Ratio %
Chairman	Wu, Chih-Hsyong	227,001	0.24 %
Director (concurrently serving as Deputy Chairman)	Han, Hsien-Fu	2,627,000 (including trust holdings)	2.81 %
Director (concurrently serving as General Manager)	Wang, Hsin-Wu	228,000	0.24 %
Director (concurrently serving as Vice President)	Huang, Hung-Hsing	1,405,165	1.51 %
Director	Aladdin Holdings Group Co., Ltd Representative Wu, Chun-Ying (concurrently serving as Vice President) Representative Ku, Hung-Tao	495,000	0.53 %
Independent director	Hung, Hsiang-Wen	0	-
Independent director	Mao, En-Kuang	0	-
Independent director	Tang, Chi-Yao	0	-
Total		4,982,166	5.33 %