



2025

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Message from the Chairman

Building on Cryptography, Empowering Through Governance, Embarking Together on a New Journey Towards Sustainable Development



Dear colleagues and partners, and friends who follow and support Koal:

As time passes and the seasons change, our original aspiration remains as steadfast as a rock. As the year 2026 unfolds, we present this annual ESG report to review Koal's meticulous efforts towards sustainable development and to further convey our unwavering commitment to addressing the challenges of the times with technology innovation. Since the United Nations Global Compact proposed the concept of ESG, this philosophy has evolved from an industry consensus into a core driving force for high-quality corporate development, and Koal has always firmly believed that the deep integration of ESG and digital security is the key for us to gain a firm foothold and achieve steady and sustainable growth in an era of transformation.

In 2025, Koal continued to deepen its ESG strategy, continuously optimized its governance structure with the Board of Directors at the core and the ESG Committee as the execution hub, and further strengthened its team of social responsibility and environmental experts. Through these measures, we ensured that the "hard constraints" of governance were effectively transformed into the "soft power" driving corporate development. In our daily operations, paperless office practices have achieved full-scenario coverage. The green operations of six major R&D centers, ten delivery centers, and all marketing service outlets delivered remarkable results, and energy consumption per unit of output value further decreased compared with the previous year. Koal Academy continued to upgrade its training system, effectively putting into practice employee career development and care for physical and mental health, and conducted over 100 various specialized training sessions throughout the year. The rural revitalization plan progressed steadily, and our cooperation with Guozhai Township, Fengqing County, Lincang City, Yunnan Province continued to deepen. By leveraging digital marketing to empower the brand upgrade of "Qiongying Ancient Tree Tea," we truly transformed lucid waters and lush mountains into invaluable assets for rural revitalization.

During the year, we consistently centered on technology innovation, prioritizing post-quantum cryptography and data governance as the top priorities of our ESG practices, and deeply integrating security capabilities with sustainability concepts. In the field of post-quantum cryptography, we have never ceased our exploration in the face of the disruptive challenges that quantum computing technology poses to traditional cryptographic systems. In 2025, the Company increased its investment in research and development, established a dedicated technical task force, and achieved key breakthroughs in the optimization of PQC Algorithms and their engineering applications. We successfully deeply integrated post-quantum cryptography with

digital authentication and trusted identity systems, launched comprehensive quantum-safe solutions tailored to key sectors such as E-Government, finance, and energy, and took the lead in completing pilot applications on digital government platforms in certain cities, effectively countering the potential threats posed by quantum computing and building a secure barrier for urban information networks in the quantum era.

In the field of data governance, we uphold the principle of placing equal emphasis on security and low carbon, and fostering the coexistence of compliance and value, integrating data governance throughout the entire business process. On the one hand, with "identity + cryptography" as our core capability, we built a security protection system covering the entire lifecycle of data collection, transmission, storage, and use. Leveraging technical measures such as refined access management and real-time data monitoring, we prevented the risks of data leakage and misuse, providing customers with reliable data security protection. On the other hand, we deeply integrated low-carbon principles into the process of data factorization, optimized our cryptographic service architecture, and reduced energy consumption losses during data processing. Meanwhile, we actively promoted the standardization of supply chain data governance, assisted core suppliers in establishing carbon accounting and data disclosure systems, and fostered an industrial ecosystem of "data security + low-carbon development," making the development philosophy of "innovation, coordination, green, openness, and sharing" the underlying logic of the digital era.

Additionally, we continued to expand the breadth and depth of ESG application scenarios. In the low-altitude economy sector, we further improved the trust service system for low-altitude aircraft, upgraded drone identity sensing and signal monitoring equipment, and, combined with AI computing power infrastructure, achieved precise prediction and rapid response to the abnormal behavior of illegal drones, safeguarding the sustainable development of the country's strategic emerging

industries. In the field of domestic computing security, we deepened collaboration with mainstream domestic chip and operating system vendors to advance the large-scale application of built-in cryptographic capabilities. By adopting a green technology solution of "ready-to-use upon startup, enabled on demand," we are continuously reducing industry deployment costs and energy consumption, thereby creating a replicable and scalable ESG path for domestic computing security practices.

Looking ahead, Koal will continue to focus on core areas such as post-quantum cryptography and data governance, increase investment in green technology R&D, and explore more environmentally friendly, secure, and efficient software solutions. We will remain steadfast in our corporate mission to "make connectivity more trustworthy and data more secure." We will integrate ESG principles into every aspect of technology innovation, business management, and social responsibility. Working hand in hand with all like-minded partners, we will build a solid foundation with cryptography and empower development through governance amid the tide of the digital era. Together, we will write a new chapter in the synergistic development of ESG and digital security, injecting stronger momentum for security into the sustainable development of the digital economy and society.

Once again, we extend our sincerest gratitude to friends from all sectors who have shown concern and support for Koal's development! May you all lead the way, gallop ahead like fine steeds, and charge forward with unstoppable momentum!

Chairman of Koal Software Co., Ltd.

Kong Lingang

About this Report

This Report is the third Environmental, Social and Governance (ESG) Report publicly released by Koal Software Co., Ltd. (hereinafter referred to as "Koal") to the public (hereinafter referred to as "this Report"). This Report, based on the principles of objectivity, openness, and transparency, discloses to stakeholders Koal Software Co., Ltd.'s sustainability philosophy, management practices, and key performance in 2025.

Reporting scope Organizational Scope: The scope of this Report aligns with that of the annual consolidated financial statements of the Company.
Reporting Period: This Report covers the period from January 1, 2025, to December 31, 2025. Some content may be extended beyond this timeframe as deemed appropriate. This Report is an annual report.

Definition of terms For ease of expression and reading, Koal Software Co., Ltd. is referred to as "Koal," "the Company," or "we" in this Report.

Basis for preparation *Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Standardized Operation* (Revised in May 2025); *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)* (Effective on May 1, 2024); *Guidelines No. 4 of Shanghai Stock Exchange for the Self-Regulation of Listed Companies - Preparation of Sustainability Reports* (Revised in January 2026); *the Ministry of Finance's Sustainability Disclosure Standards for Business Enterprises - Basic Standard (Trial)* (Issued on November 20, 2024); *the Ministry of Finance's Application Guide for the Corporate Sustainability Disclosure Standards - Basic Standard (Trial)* (Issued on September 15, 2025); *the Ministry of Finance's Corporate Sustainability Disclosure Standards No. 1 - Climate (Trial)* (Issued on December 25, 2025); *IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information*; *IFRS S2: Climate-related Disclosures*; *GRI (Global Reporting Initiative) Sustainability Reporting Standards* (2021); United Nations Sustainable Development Goals (SDGs).

Source of information All information and data in the Report are sourced from the Company's official documents statistical reports, and financial statements, as well as information on sustainable development practices of each that have been gathered and reviewed by the relevant functional departments of the Company. Unless otherwise specified, all monetary amounts mentioned in this Report are measured in RMB.

Assurance of accuracy The Company assures that this Report contains no false records, misleading statements, or significant omissions, and is accountable for the authenticity and accuracy of its content. This Report has been reviewed by the Company's Board of Directors and is being publicly released.

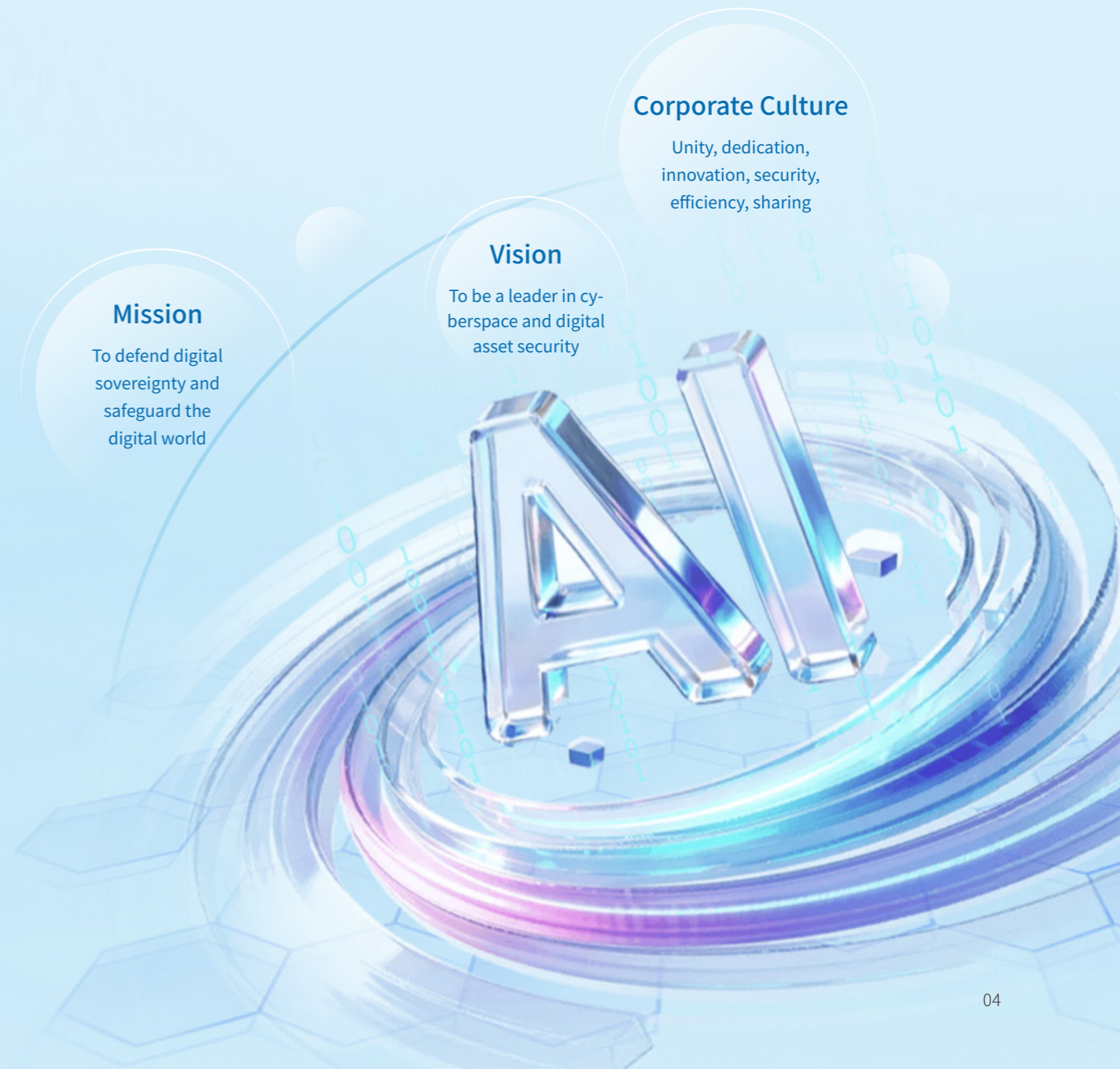
Report access & contact The electronic version of this Report is available on the Shanghai Stock Exchange website (www.sse.com.cn) and the Cninfo website (www.cninfo.com.cn). If you have any questions regarding this Report, please feel free to contact us through the following channels:

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About Koal

Company profile

Koal Software Co., Ltd. (stock code: 603232) is a pioneer and leader in China's information security digital trust sector and serves as the president unit of the Shanghai Commercial Cryptography Industry Association. In April 2017, Koal was listed on the main board of the Shanghai Stock Exchange. The Company operates six major R&D centers and ten major delivery centers, with a network of marketing and service outlets spanning major provincial capital cities across the country, providing end-to-end, fully compatible and comprehensive security solutions and specialized services to more than 30 national ministries and commissions, over 100 state-owned enterprises and central state-owned enterprises, and more than 200 commercial banks. In 2023, Koal was recognized as one of the Top Ten Leading Enterprises in Digital Economy Innovation of 2023, and was ranked by IDC among the top three companies in China's Identity and Access Management Software Market Share and among top 10 for security in the "Top 100 Digital Government Rankings." In 2024, the Company was recognized by CCID as top 2 in China's Identity Authentication Market Vendor Structure, and was named one of the 2024 Top 50 Competitive Enterprises in China's Cybersecurity Industry by the China Cybersecurity Industry Alliance (CCIA). In 2025, the Company received the Second Prize for Scientific and Technological Progress from Shaanxi Province and the "Pioneer Award" in the commercial market category at the HarmonyOS Office Industry Summit.



**Starting with Cryptography, Refining through Craftsmanship
Deep Cultivation and Detailed Work, Persistent Effort Leads
to the Distance**

Service Presence

2 Headquarters

Shanghai, Beijing

5 R&D Centers

Beijing, Shanghai, Xi'an, Chengdu, Zhengzhou, Nanjing

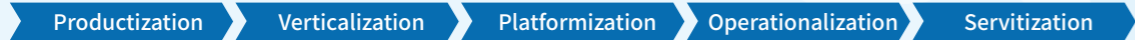
10 Marketing/Delivery Centers

Beijing, Shanghai, Zhengzhou, Xi'an, Chengdu, Guangzhou, Urumqi, Lhasa, Wuhan, Shenyang

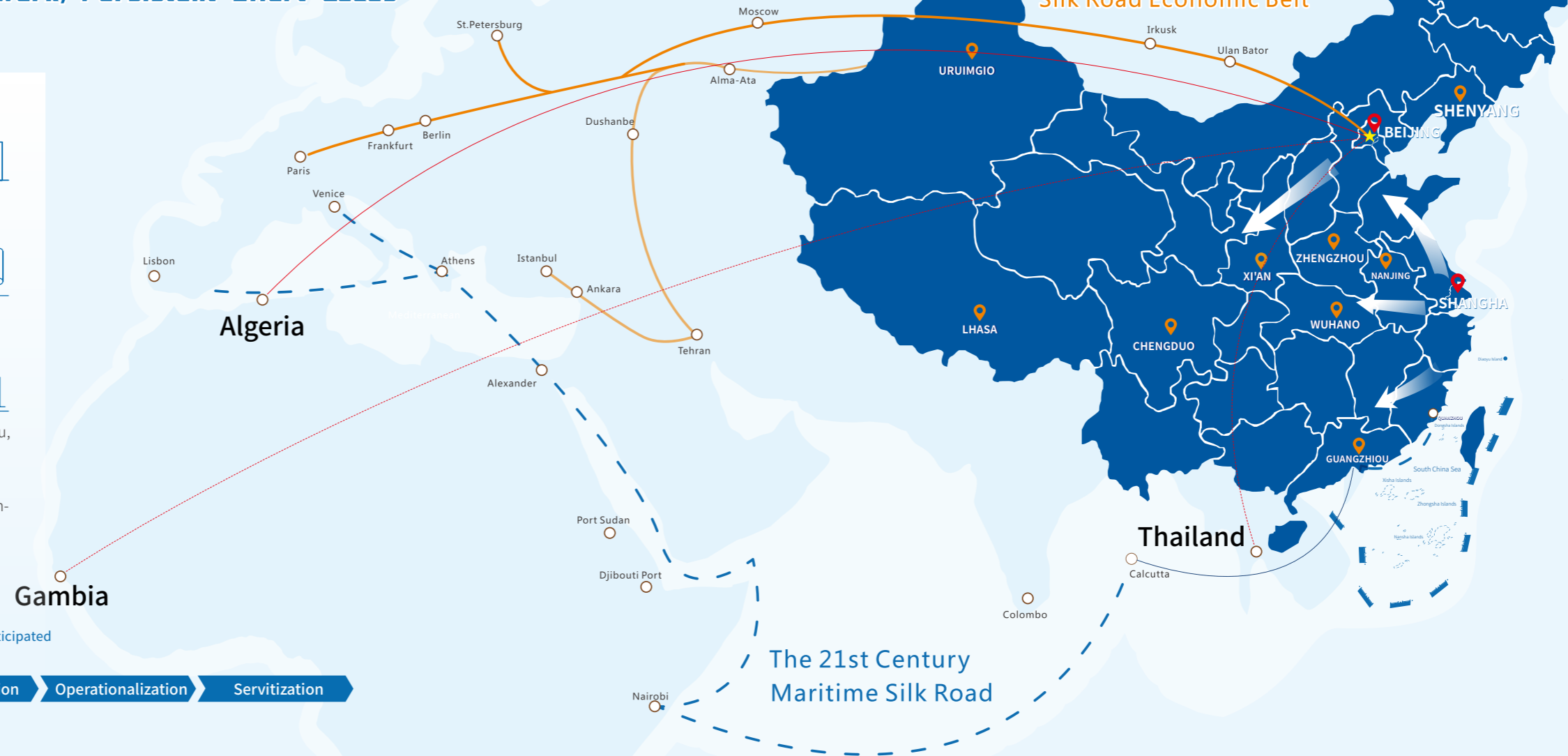
Nationwide coverage across all provinces, municipalities, autonomous regions and SARs in China

Business Presence

8 Wholly-owned Subsidiaries **12** Controlled Subsidiaries **16** Equity-Participated Companies



Gambia



**Company
Product Series**

**Identity security
product series**

The identity security product series encompasses Public Key Infrastructure (PKI) and trusted identity control platforms. The PKI serves as a security foundation, integrating digital certificate authentication systems, certificate registration systems, and collaborative signature services. It ensures confidentiality, integrity, authenticity, and non-repudiation across various digital scenarios, forming the cornerstone for building digital trust systems. The trusted identity control platform amalgamates PKI with other identity technologies, broadening the scope of identity management. Beyond digital certificate-based identities, it offers unified lifecycle management for diverse digital entities, along with multi-factor authentication, access policy management, and identity risk analysis functionalities, providing platform-level support for constructing robust digital trust systems.

**Cryptographic security
product series**

The cryptographic security product series includes foundational cryptographic components such as key management systems, cryptographic machines, and signature verification servers, as well as products such as SSL VPN, IPSEC VPN, and integrated application security gateways. It also features a cryptographic service platform that enables centralized management and service-oriented extension of these components and products, serving as the foundational base for cybersecurity and data security.

**Data security
product series**

The data security product series includes products such as data access control gateways, database encryption systems, storage encryption gateways, data asset discovery, and data security management, as well as full-scenario solutions for data security built on the basis of these products, and trusted data space solutions for the field of data circulation.

IoT security product series

The IoT security product series is underpinned by commercial cryptography, guided by national standards, and aims to achieve authentic identity, protocol integrity, and data encryption across multi-dimensional spaces including sky, ground, sea, air, network, people, and objects. By implementing authentication, authorization, and encryption technologies in intelligent IoT scenarios, it establishes a scalable security foundation. This enables secure and efficient interconnection in smart IoT applications, prevents unauthorized access to critical information, safeguards sensitive data from breaches, protects individual privacy, and bolsters the overall security of smart networks.

2025 in review

Key Performance

Total assets: RMB

1,559 million

Annual R&D investment for the year: RMB

95.60 million

Total number of employees

585

Energy consumption intensity

0.32 tce/person

Operating revenue: RMB

358 million

Test software re-confirmation rate:

100 %

Percentage of female employees

20.85 %

GHG emissions intensity:

1.36 tCO₂e/person

Total tax payment: RMB

40.19 million

Customer satisfaction rate for customer service:

98.6 %

Total employee training hours

12,079.98 hours

Water consumption intensity

37.01 tons/person

Proportion of independent directors

33.33 %

0 major service/information security incident

0 safety incidents in the year

Non-hazardous waste discharge intensity

2.53 kg/person

Major corruption and bribery incidents

0

Acceptance rate for procured materials

100 %

Total expenditure on public welfare and external donations: RMB

200,000

Responsibilities and Honors

Award	
<p>2025 Shanghai Software Enterprise with Core Competitiveness - Large-Scale Shanghai Software Industry Association</p>	<p>Second Prize for Scientific and Technological Progress from Shaanxi Province - Key Cryptographic Technologies and Applications for Data Security Protection on Cloud Platforms People's Government of Shaanxi Province</p>
<p>Exemplary Case of Innovation in Information Technology Applications - Koal Cloud Cryptographic Service Platform Specialized Committee on Information Technology Innovation, China Institute of Communications</p>	<p>Top 10 Projects of the China (Shanghai) International Technology Fair (CSITF): Koal Quantum Cryptography Security Solution China (Shanghai) International Technology Fair (CSITF)</p>
<p>ESG New Benchmark Enterprise Award Stock Star</p>	<p>Outstanding Investor Relations Team Stock Star</p>
<p>Golden Intelligence Award in China's Network Security and Information Industry - Innovation Leading Enterprise of the Year The Journal of Information Security and Communications Privacy Magazine and other organizations</p>	<p>Golden Intelligence Award in China's Network Security and Information Industry - Innovative Solution of the Year The Journal of Information Security and Communications Privacy Magazine and other organizations</p>
<p>Commercial Market "Pioneer Award" 2025 HarmonyOS Office Industry Summit</p>	<p>Outstanding Enterprise in the Commercial Cryptography Industry for 2024-2025 Cryptography Summit 2025 and the First Party Building Forum of the Commercial Cryptography Industry</p>

Association name		
<p>Shanghai Commercial Cryptography Industry Association President Unit</p>	<p>Shanghai Secrets Protection Association Vice President Unit</p>	<p>Journal of Information Security and Communications Privacy Vice President Unit</p>
<p>China State Secrets Protection Association Council Member Unit</p>	<p>Shanghai Software Industry Association Council Member Unit</p>	<p>Shanghai Information Security Trade Association Council Member Unit</p>
<p>Chinese Association for Cryptologic Research Council Member Unit</p>	<p>WG3 and WG4 Working Groups of the Information Security Standardization Technical Committee Member Unit</p>	<p>Big Data Working Group of the Information Security Standardization Technical Committee Member Unit</p>
<p>China Cybersecurity Industry Alliance Member Unit</p>	<p>Shanghai Industrial Technology and Innovation Association Council Member Unit</p>	<p>Yulin Municipal Commercial Cryptography Association Board Member</p>

Sustainable development management

Sustainable development governance structure

Koal places great emphasis on sustainable development management and is committed to embedding sustainability principles across all aspects of its operations. The Company has established and continuously improved its ESG governance framework and management system, formulated ESG-related policies, and developed an efficient ESG management mechanism. ESG strategies are effectively integrated into various departments and core business processes, which consistently enhances top-down ESG engagement and management capabilities.

The Company has established a comprehensive and systematic ESG governance structure covering the "decision-making body, management body, and execution body." As the leading and decision-making body for ESG management, the Board of Directors is responsible for reviewing and approving the Company's ESG strategic plans and targets, ESG governance structure and important policies, major ESG matters, and response plans for major ESG-related risks. Under the supervision and guidance of the Board of Directors, the ESG Committee was established, with the General Manager serving as the Chair of the ESG Committee, responsible for establishing and continuously optimizing the Company's ESG governance structure, formulating key ESG strategic objectives and strategic plans, reviewing annual ESG plans, and supervising and guiding their implementation, among other related tasks. An ESG Executive Committee was established under the ESG Committee, responsible for the day-to-day management, promotion, implementation, and execution of ESG work.

In 2025, Koal newly revised the *Implementation Rules of the ESG Committee of Koal Software Co., Ltd.* The ESG Committee continued to actively perform its duties, identifying and discussing important ESG-related issues of the Company and reviewing and approving the *Koal Software Co., Ltd. 2024 Environmental, Social and Governance (ESG) Report*, while clarifying specific work directions in areas such as the utilization of green energy and the development of green applications. At the same time, the Company actively participated in ESG training covering the latest ESG trends and compliance requirements, as well as the enhancement of ESG management capabilities, laying a solid governance foundation for achieving sustainable development.

Koal's ESG Governance Structure



Stakeholder engagement

Koal highly values the opinions and demands of stakeholders, continuously improves stakeholder engagement mechanisms and communication methods, and maintains regular communication with stakeholders, enabling stakeholders to effectively participate in our ESG governance work.

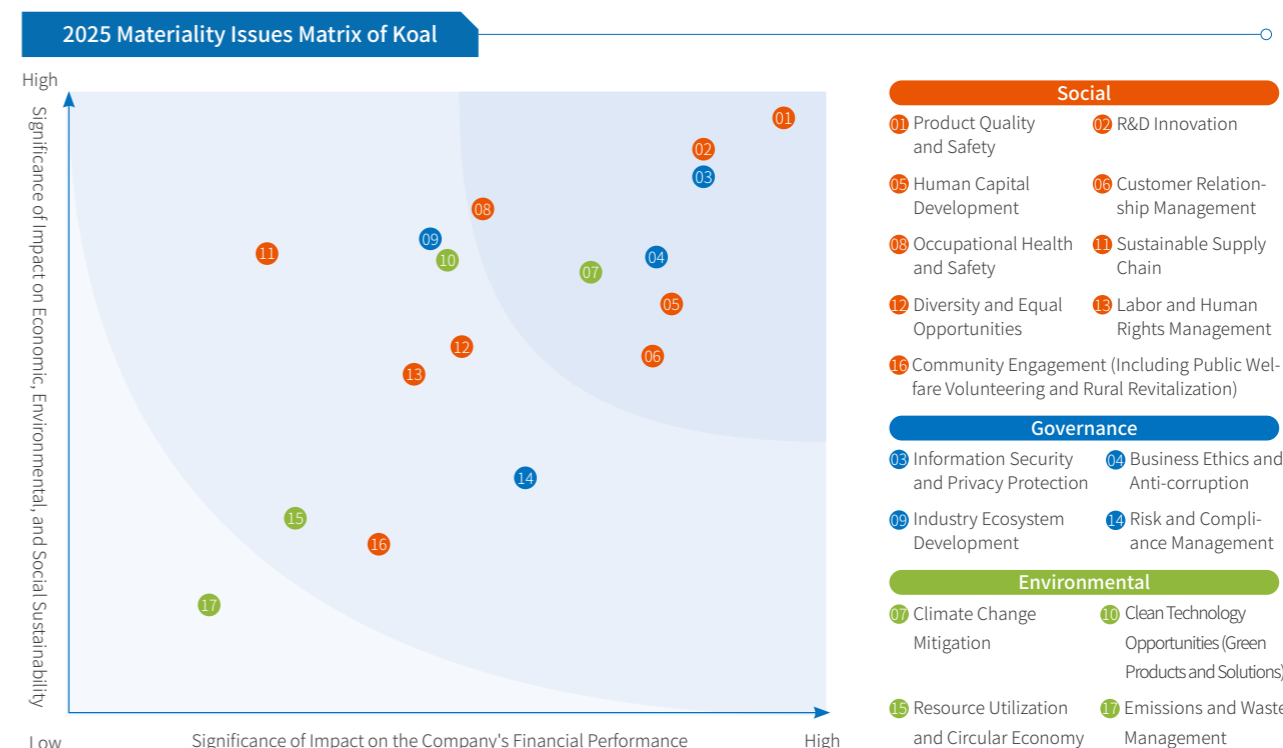
Stakeholders	Issues of concern	Communication channels and methods
 Shareholders or investors	<ul style="list-style-type: none"> Risk and Compliance Management Business Ethics and Anti-corruption R&D Innovation Product Quality and Safety Sustainable Supply Chain 	<ul style="list-style-type: none"> General Meeting of Shareholders Roadshows and results briefings Investor hotline and email Communication with minority shareholders Regular information disclosure (annual financial reports, ESG reports, official WeChat account, company website, etc.)
 Government and regulatory authorities	<ul style="list-style-type: none"> Risk and Compliance Management Business Ethics and Anti-corruption Information Security and Privacy Protection Climate Change Mitigation Emissions and Waste Management Product Quality and Safety 	<ul style="list-style-type: none"> Special reception day Information disclosure platforms Government meetings and government visits Regular information disclosure (annual financial reports, ESG reports, official WeChat account, company website, etc.) Communication with industry associations and other organizations
 Customers	<ul style="list-style-type: none"> Product Quality and Safety Customer Relationship Management R&D Innovation Information Security and Privacy Protection Climate Change Mitigation Clean Technology Opportunities (Green Products and Solutions) 	<ul style="list-style-type: none"> Customer satisfaction surveys Pre-sales, mid-sales, and after-sales customer communication Customer visits Customer audits Third-party training
 Employees	<ul style="list-style-type: none"> Human Capital Development Labor and Human Rights Management Diversity and Equal Opportunities Talent Training and Development Occupational Health and Safety 	<ul style="list-style-type: none"> Employee activities and communication Employee performance communication Internal information communication platform Employee satisfaction surveys Employee complaint channels
 Partners/Suppliers	<ul style="list-style-type: none"> Product Quality and Safety Sustainable Supply Chain Climate Change Mitigation 	<ul style="list-style-type: none"> Supplier training On-site audits and communication Regular visits
 Community and the public	<ul style="list-style-type: none"> Product Quality and Safety Information Security and Privacy Protection Climate Change Mitigation Emissions and Waste Management Resource Utilization and Circular Economy Community Engagement 	<ul style="list-style-type: none"> Face-to-face communication Complaint hotline Public welfare activities Public channels such as the Company's official website and official account Regular information disclosure (annual financial reports, ESG reports, official WeChat account, company website, etc.)

Material issue management

Material issue management is the foundation for enterprises to advance sustainable development planning, risk and opportunity management, and information disclosure. Koal, based on the *GRI Sustainability Reporting Standards (GRI Standards), Guidelines No. 14 of Shanghai Stock Exchange for the Self-Regulation of Listed Companies – Sustainability Report (Trial)* and *IFRS Sustainability Disclosure Standard No. 1 – General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)*, as well as other latest information disclosure standards, and in light of the Company's business characteristics, conducted a double materiality analysis for all stakeholders from two dimensions: "impact materiality" (i.e., the significance of impacts on economic, environmental, and social sustainability) and "financial materiality" (i.e., the significance of impacts on the Company's finances). Through assessment and analysis, we identified and screened material issues as the focus of sustainable development management and ESG information disclosure, so as to better respond to stakeholders' expectations and concerns.



Koal's Double Materiality Assessment Process for 2025



Analysis of risks and opportunities related to material issues

For material issues, the Company comprehensively reviewed risks and opportunities and their impact periods, and formulated corresponding response strategies to strictly control relevant risks, actively seize relevant opportunities, and achieve the Company's sustainable development.

Material issues	Impact period	Risks and opportunities	Impact level
Product Quality and Safety	Short-term, medium-term, long-term	<ul style="list-style-type: none"> Inconsistent code quality and frequent security vulnerabilities may lead to insufficient system stability, undermining user trust. High-quality products can increase customer trust, enhance market share, and secure a competitive advantage. 	Negative impact: Very significant Positive impact: Very significant
Information Security and Privacy Protection	Short-term, medium-term, long-term	<ul style="list-style-type: none"> Data breaches, cyberattacks, and rising compliance requirements may trigger compliance risks or reputational damage. Strengthening the Company's internal information security protection helps enhance customer trust. 	Negative impact: Very significant Positive impact: Very significant
R&D Innovation	Short-term, medium-term, long-term	<ul style="list-style-type: none"> High R&D investment may face the risk of failure, and accelerated technological iteration may cause products and services to become obsolete rapidly. Emerging technologies such as AI and cloud computing drive business growth, and policy support accelerates the commercialization of technological achievements. 	Negative impact: Moderately significant Positive impact: Very significant
Human Capital Development	Short-term, medium-term, long-term	<ul style="list-style-type: none"> Insufficient employee training and development will lead to risks such as strategic and organizational transformation risks and employee turnover risks. A sound employee learning and development and talent cultivation system will strongly support the achievement of the Company's strategic objectives, enhance the Company's brand and market competitiveness, and bring potential business opportunities to the Company. 	Negative impact: Moderately significant Positive impact: Very significant
Business Ethics and Anti-corruption	Short-term, medium-term, long-term	<ul style="list-style-type: none"> Incidents of commercial bribery and corruption may bring significant economic costs, legal consequences, operational risks, and reputational impacts to the Company. Anti-bribery and anti-corruption efforts help enterprises establish and improve sound internal management systems and processes, optimize internal management, and enhance management efficiency and transparency. Customized services can accurately match customers' business models and enhance user loyalty. 	Negative impact: Significant Positive impact: Moderately significant
Customer Relationship Management	Short-term, medium-term, long-term	<ul style="list-style-type: none"> Standardized services may find it difficult to meet personalized needs, potentially leading to a decline in customer satisfaction. Customized services can accurately match customers' business models and enhance user satisfaction. 	Negative impact: Significant Positive impact: Moderately significant
Climate Change Mitigation	Medium-term, long-term	<ul style="list-style-type: none"> As demand for climate-friendly products and services increases, the Company may face operational risks such as lower product prices, rising raw material prices, and products failing to meet market demand. By developing and innovating climate-friendly products and technologies and providing services to customers with green needs such as environmental protection and energy conservation, we can help open up new growth opportunities for the Company. 	Negative impact: Significant Positive impact: Significant

Special Topic

Forging the "Koal Shield" for the Digital Age —Koal's NGPKI Post-Quantum Cryptography Innovation and Sustainable Practices

Quantum computing is posing a severe challenge to traditional cryptographic systems, and digital security has become a critical pillar supporting the sustainable development of the cryptography industry. Koal independently developed the next-generation public key infrastructure (NGPKI), deeply integrating cutting-edge technologies such as post-quantum cryptography, automated management, and AI to build an autonomous and controllable, intelligent and efficient post-quantum digital trust solution, effectively strengthening the cybersecurity barrier in cyberspace and empowering all industries to achieve secure digital transformation.



Schematic Diagram of the Next-Generation Public Key Infrastructure (NGPKI) Architecture

NGPKI Technology Innovation: Building a Solid Technological Foundation for Digital Security

Koal has deeply engaged in the field of cryptographic technology. Relying on its solid independent R&D capabilities, it has built the NGPKI core technology system and integrated the concept of sustainable development into every technology innovation. This has not only strengthened autonomous and controllable technological advantages, but also empowered security assurance, O&M efficiency, and ecosystem collaboration through technology, demonstrating its corporate governance responsibility and social value.

Deeply cultivating innovation in algorithm systems

NGPKI builds a self-controlled fully compatible architecture, deeply integrating domestic post-quantum cryptography (PQC) algorithms such as AIGIS-SIG/ENC, CTRU/CNTR, and LMS-SM3/HSS-SM3, while also being compatible with international FIPS series algorithms such as ML-KEM, ML-DSA, and SLH-DSA, strictly aligning with the compliance requirements of the Cryptography Law of the People's Republic of China. This design helps break external dependence on core technologies, demonstrates Koal's clear commitment to independent innovation in cryptography technology, provides important technical support for the independent and controllable development of national cybersecurity, and fulfills important responsibilities at the corporate governance level.

Innovative hybrid migration model

To address the pain points faced by traditional cryptographic systems in the course of post-quantum migration, such as extensive retrofitting difficulties and high risks of business interruption, the Company innovatively developed a hybrid security migration architecture and independently developed a seamless collaboration model for classical cryptography and post-quantum cryptography. Through a dual-public-key mechanism embedded in a single certificate, parallel verification of traditional cryptographic algorithms such as SM2 and RSA and post-quantum cryptography algorithms can be achieved. This solution requires no disruptive transformation of existing systems and enables a secure and smooth transition, effectively reducing customer migration costs and the risk of business interruption, minimizing resource input and waste, and aligning with the concept of sustainable development; meanwhile, it ensures the continuous and stable operation of customer business and achieves a coordinated balance between cybersecurity and operational efficiency through technology innovation.

Improving ecosystem adaptation support

NGPKI is fully compatible with the domestic software and hardware ecosystem, supports disaster recovery deployment across "two sites and three centers," and strictly meets the cybersecurity graded protection and cryptography assessment requirements. It can adapt to the digital innovation transformation needs of critical sectors such as government, finance, energy, and healthcare. By deeply integrating into the domestic ecosystem and advancing the development of a trusted digital space, it helps key industries strengthen the foundation of digital security and puts into practice the corporate social value of safeguarding public security and empowering industrial development.

Build an intelligent management engine

To meet the management needs of the IoT era, we independently built a policy-driven intelligent automated management engine to achieve automated full lifecycle management of the application, issuance, deployment, renewal, and revocation of certificates for diverse entities such as personnel, devices, services, and AI Agents, and it is compatible with internationally adopted protocols such as ACME and EST. This engine helps address the pain points of low efficiency and high O&M risks in the management of massive volumes of certificates in IoT and cloud environments, effectively reducing customers' O&M labor costs and security risks. By improving efficiency through technology, it supports the implementation of sustainable development management for customers and the industry, and provides support for the efficient digital transformation of the industry.

NGPKI Implementation Practice: Empowering Security Transformation in Key Areas

Koal adheres to the integration of technology innovation and practical implementation, applies NGPKI technology across multiple fields, demonstrates corporate responsibility in practice, and strives to achieve the unity of technological value, commercial value, and social value, promoting the sustainable development concept to take root through concrete actions.

Empowering the financial industry	Overseas benchmark implementation	Empowering multi-sector scenarios
<p>NGPKI has engaged in in-depth cooperation with China Galaxy Securities and jointly participated in a research project on the application of post-quantum cryptography. This project was rated as an Outstanding Research Project of the Securities Association of China for 2023, and the engineering implementation of its research results is currently progressing steadily. The Company has applied NGPKI technology to core scenarios such as financial transactions and electronic bills, helping safeguard financial data security and transaction trustworthiness, prevent financial risks in the quantum era, and fulfill our responsibility to ensure security in the financial sector and maintain social and economic stability.</p>	<p>Koal, in collaboration with CETCI, applied NGPKI to a digital trust project in countries along the Belt and Road, achieving the first overseas implementation of domestically developed post-quantum PKI and marking a milestone in the global expansion of China's post-quantum cryptography technology. This project applied the full chain of domestically developed software and hardware to local critical infrastructure, providing countries along the route with replicable and scalable quantum-secure solutions, supporting them in building the foundation for digital trust, demonstrating the international responsibility and ecosystem co-building philosophy of Chinese enterprises, and providing support for the coordinated development of the global digital security ecosystem.</p>	<p>NGPKI has served multiple critical sectors such as government, energy, and healthcare, providing customized post-quantum digital trust solutions for various customers. By building future-oriented quantum-safe protection systems for customers, it has helped them implement security governance requirements, reduce digital security risks, and promote the upgrading of the industry's digital security ecosystem, achieving mutual empowerment between technology innovation and sustainable industrial development, and demonstrating Koal's corporate mission to empower the security transformation of all industries.</p>

2025

1. Performance improvements in NGPKI compared with the previous version

RA certificate issuance performance increased by	and latency decreased by	CA certificate issuance performance increased by	and latency decreased by
130%	70%	120%	65%
KM key distribution performance increased by	and KM key distribution latency decreased by	SM2 certificate status query performance increased by	and SM2 certificate status query latency decreased by
310%	60%	250%	61%

The minimum operating power consumption of the IoT-side PKI SDK has been reduced to approximately **160 mW** (STM32F103 device, 3.3 V, 30–50 mA current)

By leveraging its independent innovation in NGPKI technology, Koal deeply integrates digital security with sustainable development, thereby strengthening the Company's core technological barriers and demonstrating governance responsibility through independent innovation, while also earnestly fulfilling its social responsibilities in safeguarding cyberspace security, empowering industries, and promoting international collaboration. In the future, Koal will continue to optimize NGPKI technologies and solutions, further cultivate the digital security field, fulfill its sustainable development mission through technology innovation, and contribute to building a trusted, secure, and efficient digital world.

Excellence in governance efficient operations

- Corporate governance
- Risk and compliance management
- Business ethics
- Party leadership

Contributing to the UN 2030 SDGs

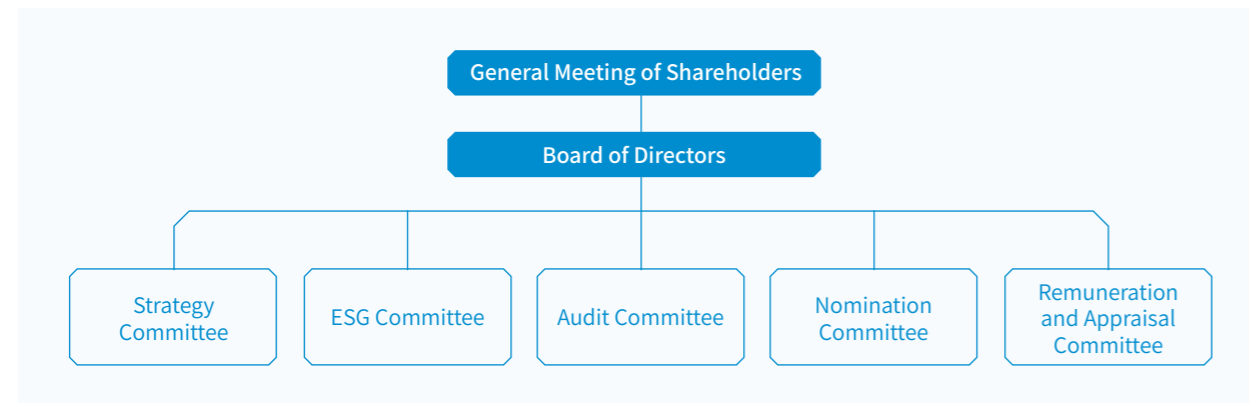


Corporate governance

Corporate governance system

Koal complies with the requirements of relevant laws, regulations, and normative documents such as *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Code of Corporate Governance for Listed Companies*, *Shanghai Stock Exchange Stock Listing Rules*, *Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies - Standardized Operation*, and *Articles of Association*. We have established a governance structure composed of the General Meeting of Shareholders and the Board of Directors, with clearly defined powers and responsibilities, independent operation, and mutual checks and balances. We also established an independent and complete business and management structure that aligns with its development needs and actual circumstances, continuously improving corporate governance effectiveness to provide a solid foundation for the Company's sustained and healthy development. During the Reporting Period, in accordance with relevant laws, regulations, and regulatory requirements, Koal streamlined and optimized the corporate governance structure, legally abolished the Board of Supervisors, and transferred the supervisory functions to the Audit Committee of the Board of Directors. A new employee representative director was appointed to further optimize the composition of the Board of Directors and reinforce the solid foundation for the Company's standardized operations.

The Company has formulated a series of management systems, including *Articles of Association*, *Rules of Procedure for the General Meeting of Shareholders*, *Board of Directors Rules of Procedure*, *Working System for Independent Directors*, and continuously revised and improved them based on development conditions, laws and regulations, and regulatory requirements. In 2025, the Company revised more than 20 corporate governance systems in total, added systems such as the *Rules for the Work of the Company's General Manager and Other Senior Management Personnel* and *Management System for the Resignation of the Company's Directors and Senior Management Personnel*, and abolished internal systems and relevant provisions related to supervisors or the Board of Supervisors, such as *Rules of Procedure for Board of Supervisors Meetings*, further enhancing the standardization and effectiveness of governance work.



Organization Chart

General Meeting of Shareholders

As the Company's supreme authority, the General Meeting of Shareholders is responsible for reviewing annual budgets and financial reports, electing or replacing directors and supervisors, approving profit distribution plans, and making critical company decisions. It operates in compliance with regulations such as the *Rules for the Shareholders' Meetings of Listed Companies* and *Koal's own Rules of Procedure for General Meeting of Shareholders*. The meetings combine on-site and on-line voting to ensure the protection of shareholders' rights.

3 general meetings of shareholders were held during the year

At which **21** proposals were reviewed and approved

Board of Directors

Accountable to the General Meeting of Shareholders, the Board of Directors' responsibilities include convening general meetings of shareholders, formulating business strategies, preparing budgets and financial reports, proposing profit distribution plans, and structuring internal management. The Board operates through five specialized committees: The Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the ESG Committee. These committees handle specific Board authorized matters and provide expert advice for decision-making.

The Board of Directors convened 8 meetings throughout the year	During which 65 proposals were reviewed and approved	With a 100% attendance rate among all Board members
Throughout the year The Audit Committee convened 5 meetings	The Strategy Committee convened 1 meeting	The Remuneration and Appraisal Committee convened 2 meetings
The Nomination Committee convened 2 meetings	the ESG Committee convened 1 meeting	

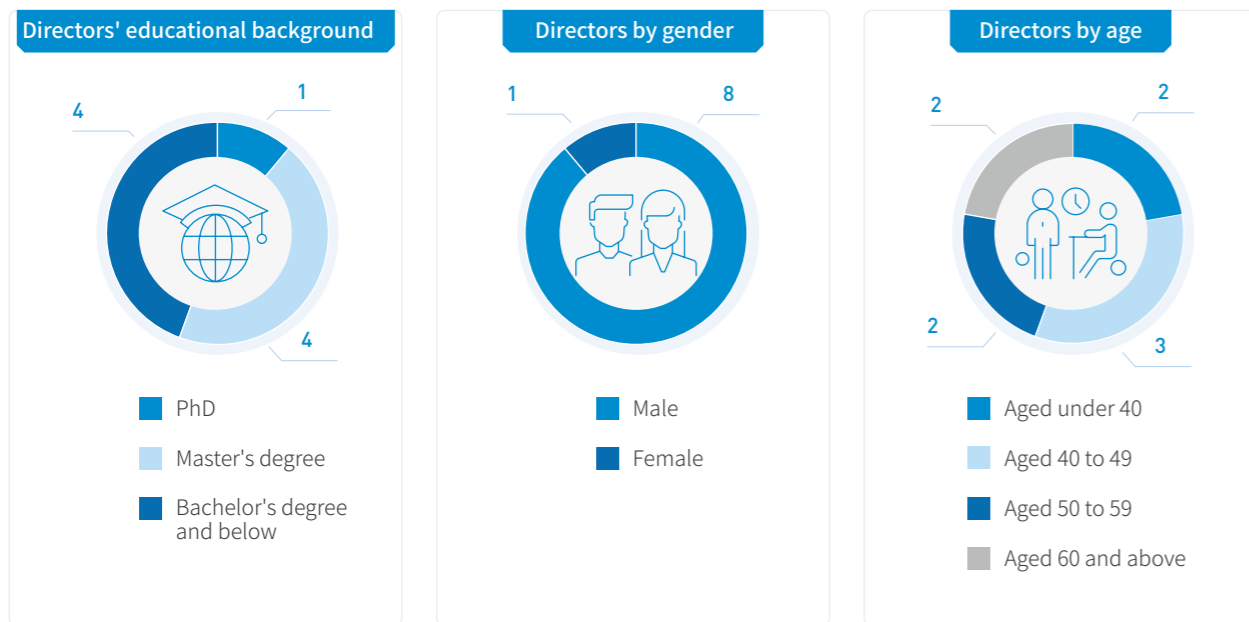
Board diversity and effectiveness

Board diversity

Koal is committed to building a diversified Board of Directors, placing strong emphasis on members' backgrounds, skills, and areas of expertise to ensure the integration of diverse perspectives and experiences, thereby safeguarding the scientific and effective nature of the Board of Directors' decision-making. Members of the Company's Board of Directors possess interdisciplinary expertise and extensive industry experience, covering multiple fields such as information technology, risk management, financial accounting, law, and finance, demonstrating the Board of Directors' balance in terms of experience, background, and professional capabilities. The Chair of the Audit Committee has a professional background in accounting, and several directors possess extensive practical experience in risk management and control, including establishing and improving risk management systems and handling major risk events, thereby effectively supporting the Company's risk identification, risk assessment, response, and mitigation.

The nomination of members of the Board of Directors is subject to a rigorous selection process. The Nomination Committee incorporates diversity into its considerations, taking into account candidates' educational background, industry experience, professional skills, and credentials, and explicitly identifies gender diversity as a key dimension in candidate evaluation in the Terms of Reference of the Nomination Committee of the Board of Directors, so as to maintain a balance on the Board of Directors in terms of capabilities, gender, skills, experience, and cultural and educational background. In addition, we established a systematic training and nomination mechanism. The Human Resources Department and the Nomination Committee collaboratively reviewed and established a reserve pool of female talent for key positions, formulated targeted development plans, and actively searched externally for suitable female director candidates, enabling members of the Board of Directors to bring different perspectives and complementary experience, and enhancing the effectiveness of oversight and decision-making by the Board of Directors and senior management.

Koal actively promoted members of the Board of Directors and the Board Secretary to participate in professional development training and compliance education, so as to strengthen their professional competence and ability to perform their duties. During the Reporting Period, the Company actively organized members of the Board of Directors and senior management to participate in specialized training held by the Shanghai Stock Exchange, the Association for Listed Companies, and other organizations, effectively enhancing their compliance awareness, performance of duties, and strategic vision. The Board Secretary actively participated in professional competency training organized by external regulatory authorities, covering topics such as market capitalization management and mergers and acquisitions as well as restructuring, thereby providing solid support for the Company's steady operations.



Effectiveness of the Board of Directors

The Company strictly complies with laws, regulations, and regulatory requirements such as the *Company Law of the People's Republic of China and Measures for the Administration of Independent Directors of Listed Companies*, and has formulated and actively implemented *Working System for Independent Directors* and *Working System for Special Meetings of Independent Directors*, clarified the roles and responsibilities of independent directors in corporate governance, and ensured that they diligently performed their duties and responsibilities. During the Reporting Period, the Company's Board of Directors comprised a total of nine members, of whom three were independent directors, accounting for 33.33%. The Chair of the Audit Committee under the Board of Directors of the Company was Mr. Yu Jiming, an independent director; the Chair of the Nomination Committee was Mr. Zheng Xianyi, an independent director; and the Chair of the Remuneration and Appraisal Committee was Mr. Wang Yapei, an independent director. Independent directors accounted for a majority on the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee, and served as the chairs of these committees, ensuring the professionalism and independence of decision-making.

The Company attaches great importance to the development and practical exploration of the independent director system, actively promotes the deep integration of independent directors into corporate governance, and gives full play to their role in professional oversight and decision-making support. In 2025, the Company revised the *Working System for Independent Directors*, *Working System for Special Meetings of Independent Directors*, clarifying the qualifications for independent directors, nomination and election procedures, duties and authorities, methods of performing duties, and performance guarantees. They played an important role in providing professional judgment and independent oversight in matters such as the re-election of the Board of Directors, the elimination of the Board of Supervisors, related-party transactions, and periodic reports, effectively safeguarding independent directors' exercise of rights and performance of duties, and effectively protecting the overall interests of the Company and the legitimate rights and interests of minority shareholders.

At the same time, we conduct a comprehensive annual assessment of the Board of Directors' standardized operations and effectiveness, so as to promote its efficient performance of duties, strengthen its core governance role, and effectively safeguard the interests of the Company and all shareholders. In 2025, the Company disclosed the annual performance of duties by directors, including the meetings of the Board of Directors and the content of its resolutions, directors' attendance at meetings of the Board of Directors and general meetings of shareholders, and the performance of duties by the committees under the Board of Directors. For details, please refer to *Koal Software Co., Ltd. 2025 Annual Report*.

Name	Position	Gender	Professional Knowledge and Skills						
			Strategic planning	Industry experience	Risk management	Accounting	Legal	Technology research and development	Environment and sustainability
Kong Lingang	Chairman	Male	✓	✓	✓				✓
Ye Feng	Director, General Manager	Male	✓	✓	✓				✓
Zhu Litong	Director, Deputy General Manager	Male	✓	✓	✓				
Huang Zhen-dong	Non-executive Director	Male	✓						
Wu Wei	Non-executive Director	Male				✓			
Pu Qian	Employee Director	Female							✓
Yu Jiming	Independent Director	Male			✓	✓			
Zheng Xianyi	Independent Director	Male			✓		✓		✓
Wang Yapei	Independent Director	Male			✓	✓			

Case Thematic Learning for Independent Directors

In November 2025, the ninth-term independent directors of the Company participated in training on the performance of duties by independent directors. The training was conducted around the core theme of "Strengthening Compliance Through the Implementation of New Regulations, and Promoting Governance Through Professional Performance of Duties - Standardized Performance of Duties and Value Enhancement for Independent Directors Under the New System. Against the regulatory backdrop of the implementation of the new *Company Law* in 2025, the reform of the independent director system, and the rollout of the new *Code of Corporate Governance for Listed Companies*, it focused on compliance requirements, professional capabilities, and risk prevention and control in the performance of duties by independent directors, helping them accurately grasp the boundaries of their duties, improve the quality and effectiveness of duty performance, and promote the modernization of the governance system and governance capacity of listed companies.

Key Performance

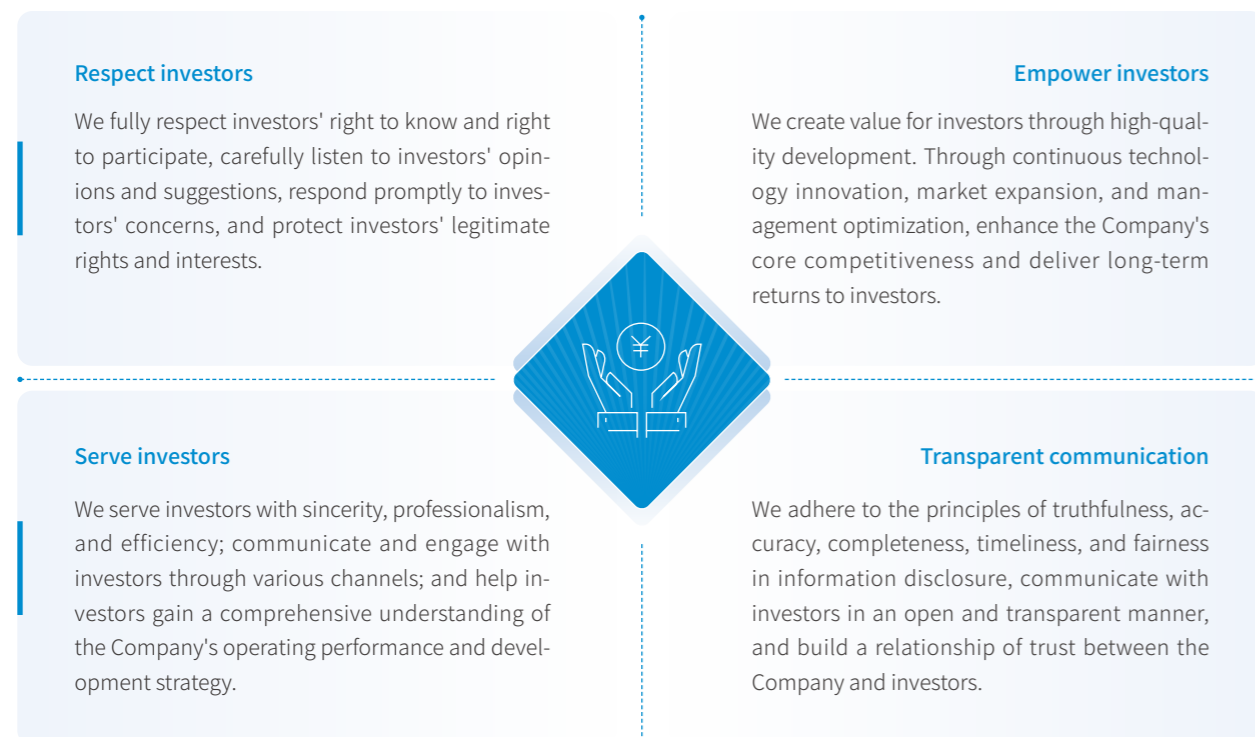
Number of independent directors on the Audit Committee	Number of independent directors on the Remuneration and Appraisal Committee	Number of independent directors on the Nomination Committee	Number of independent directors on the ESG Committee
2	2	2	1

Remuneration and appraisal

The Company has established a remuneration management system and incentive and restraint mechanism for directors and senior management, and has specified that the Remuneration and Appraisal Committee of the Board of Directors is responsible for formulating and reviewing the remuneration policies and proposals for directors and senior management. The annual salary system applies to the remuneration of the Company's directors and senior management, comprising fixed salary and year-end bonuses. The year-end bonuses were linked to the performance of both the Company and individuals, and were assessed based on the established appraisal indicator system. If the relevant requirements were not met, corresponding deductions were made, further enhancing the initiative and creativity of the Company's operators and managers and promoting the sustained growth of the Company's performance.

Protection of investors' rights and interests

Koal strictly complied with relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guidelines for the Management of Investor Relations of Listed Companies*, as well as relevant provisions such as the *Articles of Association*, and established and improved mechanisms for protecting investors' rights and interests. The Company upholds the investor relations management philosophy of "respecting investors, serving investors, and empowering investors," regards investor relations management as an important component of the Company's strategic development, is committed to building a long-term relationship of trust between the Company and investors, and fully safeguards all investors' right to know, the right to participate, and other lawful rights and interests right to know and other lawful rights and interests.



Information disclosure

Koal strictly follows the *Administrative Measures for Information Disclosure of Listed Companies*, the *Guidelines No. 2 of the Shanghai Stock Exchange for Self-regulation of Listed Companies — Management of Information Disclosure*, and other regulatory documents. It has revised and strictly implemented the *Information Disclosure System*, and improved the basic principles, content standards, review procedures, and accountability mechanisms for information disclosure. Guided by investor needs, we properly prepared, submitted for review, and disclosed the Company's interim announcements and periodic reports, ensuring that the Company's information disclosure was truthful, accurate, timely, and complete. The Company has strengthened insider information management, revised the *Management System for Persons with Knowledge of Insider Information*, standardized the management of persons with knowledge of insider information, and enhanced the confidentiality of insider information. In addition, the Company attaches importance to the standardized management of related-party transactions and external guarantees, and has revised the *Decision-Making System for Related-Party Transactions* and the *Management System for External Guarantees*, improving the criteria for identifying related-party transactions, decision-making authority, review procedures, disclosure requirements, as well as the approval authority, decision-making procedures, and risk control measures for external guarantees, thereby safeguarding the interests of the Company and shareholders. During the Reporting Period, the Company's information disclosure did not contain any false records, misleading statements, material omissions, or other improper disclosures.

Investor communication

Koal is committed to establishing a timely communication mechanism of mutual trust with investors, continuously improving our *Investor Relations Management System*, and building diversified investor communication channels. Through performance briefings, the investor hotline, the investor email mailbox, the sseinfo.com platform, and institutional investor surveys, we strengthen interactive communication with investors, answer their questions, enable them to gain a deeper understanding of our business model, development strategy, and financial position, help them make informed investment decisions, and ensure that their requests receive prompt responses and efficient feedback.

Case The Company's Board Secretary Participated in High-Quality Dialogue on Securities Daily

In August 2025, the Company's Board Secretary, Cai Guanhua, participated in the high-quality dialogue of the "Inside Listed Companies" series hosted by Securities Daily. During the dialogue, he comprehensively investors with a comprehensive overview of the Company's business and future development opportunities from multiple dimensions, including quantum science popularization, quantum security, quantum encryption, and quantum application scenarios.

【视频】30年变3天! 格尔软件筑起“抗量子”长城

2025-08-25 15:00 来源: 证券日报音频中心



Case Koal Won Two Awards from Stock Star

In November 2025, Koal participated in the 13th "Capital Power" Annual Brand Event hosted by Stock Star. With its outstanding performance in investor relations and corporate governance, the Company won the "Outstanding Investor Relations Team Award"; Mr. Cai Guanhua, the Company's Board Secretary, won the "Outstanding Board Secretary Award" for his professional competence in performing his duties. The two honors demonstrate the capital market's high recognition of Koal's standardized governance, efficient communication, and overall value.



Stock Star's "Outstanding Investor Relations Team Award"

Board Secretary Cai Guanhua Won the "Outstanding Board Secretary Award"

Key Performance

Disclosed

4 periodic reports

135 offline investor engagement sessions

16 online investor engagement sessions

Responded to investors

31 times on the sseinfo.com platform

Answered

40 investor hotline calls

Replied to

6 investor emails

Protection of the rights and interests of minority shareholders

The Company treated all shareholders equally. Small and medium shareholders could attend general meetings of shareholders in person or vote on resolutions of the General Meeting of Shareholders through online channels. For major matters that might affect the interests of small and medium investors, the Company separately counted and disclosed the votes of small and medium investors. A question session for small and medium investors was included in the agenda of general meetings of shareholders, and we actively listened to their opinions and suggestions. The selection of the time and venue of general meetings of shareholders was conducive to enabling as many shareholders as possible to attend the meetings, and we made full use of modern information technology to increase the proportion of shareholders participating in general meetings of shareholders. When the profit distribution proposal was reviewed and decided upon, the Independent Directors Committee diligently fulfilled its responsibilities and issued clear opinions. After the relevant proposal was reviewed and approved by the Board of Directors of the Company, it was submitted to the Company's General Meeting of Shareholders for deliberation, effectively safeguarding the legitimate rights and interests of small and medium shareholders.

○ Excellence in governance efficient operations

○ Innovation leads the way digital technology as our shield

○ People-oriented collaborative and win-win outcomes

○ Green operations low-carbon future

Risk and compliance management

Risk management

Risk management structure

Through the division of labor and collaboration among the Board of Directors, the Audit Committee, and the Management, Koal has clarified the allocation of responsibilities and the decision-making mechanism for risk and compliance management:



The Board of Directors and the Audit Committee supervise and evaluate the effectiveness of risk and compliance management, ensuring the transparency and efficiency of the management mechanism.



The Management is responsible for organizing the day-to-day operation of internal control to ensure the compliance and efficiency of management activities.



Due to the special nature of its business, the Company has established a dedicated Confidentiality Office to manage confidential projects, confidential qualifications, and personnel with access to confidential information throughout the entire process, so as to ensure the security and supervision of confidential information.

Risk identification and response

Koal formulated the *Risk Management System*, continuously strengthening risk identification and response capabilities, standardizing business management processes, and achieving risk identification, risk assessment, risk response, risk monitoring, and continuous improvement for core business segments. Through the comprehensive identification and management of market, operational, financial, legal and compliance, and technological risks, the Company ensures its steady development in a complex market environment. At the same time, the Company integrates environmental, social, and governance (ESG) risks into the comprehensive risk management system, further identifying and managing potential risks related to quality, safety, environmental protection, and anti-corruption, and improving its risk resilience.



Comprehensively identify internal and external risks, covering all aspects of the Company's operations.

Analyze the likelihood and impact of risks.

Based on the risk assessment results, formulate targeted risk response strategies.

Continuous improvement

Continuously optimize risk management processes through feedback mechanisms to form closed-loop management.

Risk monitoring

Continuously track risk status to ensure risks remain under control.

Risk training

To enhance employees' compliance awareness, the Company regularly carried out special training covering analysis of historical compliance risks, case discussions, compliance reviews, risk assessment and response, and internal audit supervision. Through the training, employees improved their risk management capabilities, further reduced compliance risks, and safeguarded the Company's stable development.

Internal control and compliance

Koal strictly complies with such institutional norms as *Guidelines for the Application of Enterprise Internal Control*, *Guidelines for the Evaluation of Enterprise Internal Control*, and *Guidelines for the Audit of Enterprise Internal Control*, and formulated and continuously improved the *Internal Control System* and *Internal Audit System*. We systematically implement standardized review and audit workflows that encompass audit preparation, risk assessment, test procedure design, review procedure implementation, approval and rectification, as well as report supervision, thereby fully leveraging the effectiveness of internal audit supervision. In 2025, the Company continuously strengthened the development of the audit system, focused on key business areas and critical risk links, and intensified audit efforts. In accordance with the annual plan, we carried out special audit work in an orderly manner, promptly rectified issues identified during audits and incorporated them into performance assessments, thereby forming a positive cycle of using rectification to enhance management, ensuring the compliant operation of all our businesses, as well as the effective operation and continuous optimization of internal control.

Tax management

Koal strictly complies with *Law of the People's Republic of China on the Administration of Tax Collection* and *Enterprise Income Tax Law of the People's Republic of China*, as well as other relevant tax laws and regulations. It has formulated and continuously improved its *Tax Management System*, and standardized tax operation procedures. The Company has established and improved its tax management system, implementing a tax management structure featuring "headquarters coordination + business unit execution," while clearly defining the responsibilities of each level to coordinate and manage all tax-related matters, and effectively prevent tax-related violations and non-compliance. Specifically, the Company's Finance Department, as the core management department, is responsible for coordinating the formulation of tax policies, risk control, and compliance management across the Group. Each subsidiary appoints a tax specialist responsible for daily tax filing, invoice management, and liaising on local tax matters. During the Reporting Period, the Company did not commit any major tax violations and was not involved in any major tax-related litigation or arbitration.

During the Reporting Period

The Company **did not** commit any major tax violations and was **not** involved in any major tax-related litigation or arbitration.



The Company regularly conducted tax risk inspections, checked the tax filing status of each unit on a monthly basis, and used the tax filing control checklist to avoid missed filings, late filings, and delayed tax withholding, ensuring that no tax risks occurred during the Reporting Period. The Company regularly organized tax management training, accurately identified the orientation and key priorities of policy support, promptly shared new government policies and new industry developments, guided all departments and units to correctly understand and apply relevant policies, provided guidance on carrying out related business activities, mitigated tax risks, and continuously improved the professional competence and practical operational capabilities of tax personnel. During the reporting period, the Company paid a total of RMB ()00 million in various taxes and fees.

Key Performance

the Company paid a total of
40.19 million in
various taxes and fees

Business ethics

Governance

Koal is committed to building an ethical and transparent business environment, and strictly complies with laws, regulations, and industry standards such as the *Company Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, and *Anti-Money Laundering Law of the People's Republic of China*. We have formulated policies and systems such as the *Code of Business Ethics*, the *Anti-bribery and Anti-corruption Policy*, and the *Whistleblowing and Whistleblower Protection Management Policy*, established detailed standards for anti-corruption and anti-bribery conduct across all aspects of our operations, and promoted compliance with business ethics and anti-corruption standards by both the Company and our partners.

To ensure the implementation of the business ethics and anti-corruption policies and to monitor their enforcement, the Company has established three lines of defense to strengthen business ethics and anti-corruption management. The business departments serve as the first line of defense, embedding business ethics and anti-corruption requirements into compliance processes and conducting regular self-inspections. The Legal Department serves as the second line of defense, responsible for overseeing implementation. The Internal Audit Department serves as the third line of defense, responsible for developing business ethics and anti-corruption policies, conducting independent audits, investigating whistleblower reports, and enforcing accountability. It also performs regular reviews and risk assessments to ensure that the Company's operations comply with business ethics laws, regulations, and internal policies.

Strategy and management approach

Koal has embedded the principles of integrity and probity into the core of its corporate culture, incorporated them into the Company's long-term development strategy, and extended this requirement to its supply chain to ensure high-quality development.

Development of a culture of integrity

The Company normalizes the development of a business ethics and anti-corruption culture. By formulating policy documents such as *Code of Conduct for Integrity*, the Company clarified the business ethics standards that employees must comply with. All employees are required to sign the *Employee Integrity Commitment Letter* and *Employee Integrity Agreement*. Employees' compliance with the Company's values, professional ethics, and code of conduct is taken as an important basis for their performance appraisal, promotion, appointment, and removal. Business ethics and anti-corruption training and case warning education activities have been carried out to popularize business ethics and anti-corruption knowledge among directors and all employees, to enhance employees' professional ethics standards, and to foster a clean and upright internal atmosphere within the Company. During the Reporting Period, Koal was not involved in any major litigation cases related to corruption, bribery, or unfair competition.

Case

Conduct Specialized Training on Business Ethics and Anti-Corruption for Directors and Senior Management

In December 2025, to continuously strengthen corporate governance and enhance the compliance awareness and ethical standards of directors and senior management, the Company organized special business ethics and anti-corruption training, focusing on the three dimensions of laws and regulations, case practice, and judicial standards, to help the core management team gain a deeper understanding of compliance boundaries and build a solid barrier for risk prevention.

Supplier chain integrity management

The Company has formulated centralized procurement management measures and process mechanisms. Internally, we review potential conflicts of interest in accordance with the procurement process system. Externally, we incorporate business ethics and anti-corruption requirements into the Company's standard contracts and require suppliers to sign them, or require suppliers to separately sign *Integrity Agreement* and *Cooperation Partner Integrity Commitment*, requiring suppliers or partners to comply with national laws and regulations, policies, and industry standards in their places of operation, and prohibiting them from engaging in or tolerating any form of corruption, fraud, extortion, or embezzlement. For suppliers that violate the policy, the Company will take measures including suspension of cooperation and contract termination.

Anti-unfair competition

The Company strictly complies with the *Anti-unfair Competition Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, *Several Provisions on Prohibiting Acts of Infringing Trade Secrets* and the anti-monopoly and fair competition laws and regulations of the countries and regions where it operates. We pledge not to collect competitors' trade secrets or other confidential information through illegal means, nor to engage in illegal activities such as colluding with competitors to fix prices and disrupt market order. We reject all forms of unfair competition and are committed to maintaining a fair and competitive market environment. During the Reporting Period, Koal did not experience any violations of laws and regulations against unfair competition.

Whistleblowing and whistleblower protection

Koal maintains zero tolerance for acts such as corruption and bribery that violate business ethics. We have established open, transparent, and diverse reporting channels, and encourage internal employees and external partners to report non-compliant conduct. Whistleblowing channels include the Company's official telephone number, hotline, whistleblowing mailbox, mailed correspondence, or in-person visits. After receiving a report, the Company will establish a professional investigation team to conduct an independent investigation in accordance with laws and regulations, and will cooperate with relevant departments to ensure smooth information flow. The investigation results will be reported directly to senior management. Once verified, the Company will adopt corresponding accountability mechanisms.

The Company undertakes to keep whistleblowers' personal information and whistleblowing materials strictly confidential. Whistleblowing leads and materials are handled by designated personnel and managed strictly in accordance with confidentiality classifications. It is expressly stipulated that whistleblowers' personal information, the handling of whistleblowing cases, and other related information must not be disclosed to the reported person or to personnel unrelated to the handling of whistleblowing work. While keeping whistleblowers' information confidential, the Company strictly cracks down on any retaliatory acts. Once verified, the Company will deal with them seriously. For acts that have indeed seriously endangered whistleblowers' rights and interests, we will promptly report them to the judicial authorities and pursue criminal liability in accordance with the law.

Impact, risk, and opportunity management

Koal incorporates business ethics and anti-corruption risks into the Company's comprehensive risk management system. To properly address business ethics-related risks, the Company regularly conducts the identification and assessment of business ethics risks (for specific procedures, please refer to the "Risk and Compliance Management" section of this report), thoroughly analyzes factors that may trigger ethical risks, as well as various potential conflicts of interest, improper benefit transfers, and unfair competition, and has formulated detailed policies and procedures to ensure that all business conduct complies with ethical standards and legal and regulatory requirements. To ensure the timely disclosure of potential risks, the Company continuously improves its monitoring system, including but not limited to internal audits, compliance inspections, and whistleblowing mechanisms. The Company's Internal Audit Department conducts orderly audits and inspections of the implementation of business ethics-related systems and the risks of business ethics across various business scenarios. Audit results, major findings, and matters requiring attention are regularly reported directly to the Audit Committee of the Board of Directors and the Chairman, while maintaining independence at the organizational, business, and individual levels.

Indicators and targets

Indicators and targets	2025 achievement status
Zero occurrence of major corruption incidents	Target achieved
Ensure comprehensive audit coverage of all business areas every three years	Target achieved
100% effective whistleblowing handling rate	Target achieved

Party leadership

Koal, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implements the guiding principles of the 20th CPC National Congress and the Third and Fourth Plenary Sessions of the 20th CPC Central Committee, thoroughly puts into practice the general requirements for Party building in the new era and the Party's organizational line for the new era, closely adheres to the overall requirements of "Studying the Ideology, Strengthening Party Spirit, Emphasizing Practice, and Achieving New Feats," focuses on enhancing organizational capacity, uses the deep integration of Party building and business operations as the key lever, and solidly advances political development, ideological development, organizational development, conduct development, and discipline development, thereby providing strong political and organizational support for the Company's high-quality development.

Strengthen the foundation of governance

The Company's Party Committee effectively fulfills its primary responsibility for exercising full and rigorous Party self-governance, incorporating Party building into the overall annual work plan, and ensuring that it is planned, deployed, advanced, and assessed in tandem with business operations. At the same time, based on adjustments to Party members' positions and work needs, the Company promptly by-elects members of the branch committee, optimizes the structure of the branch leadership team, clarifies the division of responsibilities among branch committee members, and has established a working pattern in which the branch secretary assumes overall responsibility, branch committee members collaborate based on their respective duties, and all Party members participate. In 2025, we strictly implemented the organizational life systems, including "Three Meetings and One Lecture", themed Party Day activities, organizational life meetings, and democratic appraisal of Party members. Throughout the year, we convened four Party branch member meetings, 12 branch committee meetings, and 24 Party group meetings. Organizational life meetings and democratic appraisal of Party members were carried out in an orderly manner, with a 100% participation rate among Party members.

To ensure the standardization and long-term effectiveness of Party building work, the Company has established and continuously improved Party building policies and systems, formulated a joint conference system for Party building work under the leadership of the Party Committee, and regularly organized coordination meetings among various departments to promote information exchange, resource sharing, and coordinated action, thereby forming a strong working synergy. At the same time, the Company strictly implements the procedures for Party member development and actively promotes the building of the Party affairs cadre team. It selects cadres who are politically strong, professionally competent, and have good work conduct to fill Party affairs positions, and has improved the "dual cultivation" mechanism, cultivating Party members from key operational personnel and cultivating management talent and technical experts from Party members, thereby forming a multidisciplinary team structure in which "Party affairs cadres understand business operations, and key operational personnel are competent in Party building." During the Reporting Period, the Party Committee of the Company cultivated three Party membership applicants, admitted one probationary Party member, and confirmed one full Party member.



Convene the 2025 Special Organizational Life Meeting and Democratic Appraisal of Party Members Meeting

Strengthen the ideological foundation

The Company consistently placed political development first, continuously strengthened theoretical grounding, and steadily enhanced Party members' and cadres' political judgment, political comprehension, and political execution capabilities.

Normalize and deepen theoretical study

- We strictly implemented the First Agenda system, organizing Party branch members to focus on studying Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the guiding principles of the 20th CPC National Congress and the Third and Fourth Plenary Sessions of the 20th CPC Central Committee, as well as the essence of General Secretary Xi Jinping's series of important speeches, instructions, and directives, and to conduct in-depth study of important works such as *Xi Jinping: the Governance of China* (Volumes I to IV) and *Excerpts on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era*.
- By combining study sessions led by the Party branch secretary, guided learning by branch committee members, and self-study by Party members, theoretical learning was promoted to be truly understood and internalized, ensuring that Party members and cadres consistently maintained a high degree of alignment with the Party Central Committee with Comrade Xi Jinping at its core in terms of ideology, politics, and action.

Conduct thematic education in a thorough and effective manner

- In accordance with the unified deployment of the higher-level Party committee, a leading group was established to organize and carry out thematic education, formulate an implementation plan, and advance thematic education in depth and with solid results through such steps as centralized study, discussion and exchange, and rectification and implementation.
- We organized Party members and cadres to visit revolutionary education bases for on-site study sessions on two occasions, where they reviewed the oath of admission to the Party, and carried forward the revolutionary legacy.
- Special seminars were conducted around "Studying the Ideology, Strengthening Party Spirit, Emphasizing Practice, and Achieving New Feats." Party members and cadres shared their insights, reflections, and proposed measures in light of their specific job responsibilities, thereby forming a consensus in thinking.

Key Performance

48 centralized study sessions

12 thematic seminars



2 field study visits

and **12** themed Party Day activities were organized



Deepen the improvement of work conduct

The Company remains unwavering in its commitment to strict standards, continuously strengthening the improvement of work conduct and the promotion of integrity within the Party, and fostering a political environment characterized by integrity and fairness.

Strengthen efforts to improve work conduct

- We deepened special rectification efforts against formalism and bureaucracy, focusing on issues such as shirking responsibility, buck-passing, perfunctory performance of duties, and low efficiency in work. We conducted self-inspection and self-correction, established issue lists, responsibility lists, and rectification lists, and ensured rectification was implemented within prescribed time limits.
- Party members and cadres were organized to carry out heart-to-heart talks. The branch secretary and branch committee members and Party members, branch committee members among themselves, and Party members among themselves regularly conducted heart-to-heart talks to promptly understand ideological trends and work conditions, help resolve practical difficulties, and defuse conflicts and disputes.

Strengthen integrity education

- We organized Party members and cadres to study intra-Party regulations such as *Regulations of the Communist Party of China on Disciplinary Actions* and *Code of Integrity and Self-Discipline of the Communist Party of China*, and carried out four integrity warning education activities. Through watching warning education films, visiting integrity education bases, and circulating typical corruption cases, we guided Party members and cadres to respect the law, remain vigilant, and uphold the bottom line.
- We strictly implemented the spirit of the Central Committee's Eight-Point Decision and its implementation rules, resolutely opposed the "four forms of misconduct," strengthened supervision and inspection of conduct building during holidays and festivals, and prevented the occurrence of violations of rules and discipline.

Key Performance

Integrity talks with more than **20** individuals were conducted

Improve supervision mechanisms

- We established and improved the Party branch supervision mechanism, with branch committee members assigned responsibilities by division of labor to conduct routine supervision over Party members and cadres in the performance of their duties, fulfillment of responsibilities, and integrity and self-discipline.
- We kept supervision channels open by setting up suggestion boxes and reporting hotlines, encouraging Party members and the public to participate in supervision, and promptly identifying and correcting problems in work.

Promoting the integration of party building and business operations

The Company actively promotes the deep integration of Party building and business operations, adheres to the principle of grasping Party building through business operations and grasping business operations through Party building, and regularly organizes thematic discussions, experience-sharing sessions, and learning reviews around the key priorities and difficulties in business work. The Company has established a "full-chain" accountability system, defining the primary responsibility of the Party Committee, the secretary's role as the principal responsible party, the "dual responsibilities" of leadership team members, and the responsibilities of Party branches. By implementing supervision, inspection, and assessment throughout the entire process of Party building, including monthly Party-building work meetings, specialized inspections, and the incorporation of Party building into performance assessments, the Company strictly conducted work reporting, appraisal, and assessment. At the same time, we hold those responsible for inadequate implementation strictly accountable, using "Party building to guide labor union building and Youth League building" to ensure that all aspects of Party, government, labor union, and Youth League work are fully advanced.

Case "Party Building + Project" Model for Tackling Tough Challenges

Guided by the principles of "Party leadership, unified standards, phased replacement, and safety and controllability," the Company deeply integrated the localization transformation of computer terminals with grassroots Party-building initiatives, establishing a "district committee coordination - subdistrict leadership" advancement mechanism. This achieved independent and controllable software and hardware for office terminals in subdistricts across the entire district, adapted to application scenarios, empowered grassroots governance and E-Government, and simultaneously enhanced the information innovation literacy of Party members and cadres as well as the effectiveness of grassroots governance.

Innovation leads the way digital technology as our shield

AI

- Product technology innovation
- Product quality and safety
- Customer relationship management
- Information security and privacy protection
- Sustainable supply chain



Contributing to the UN 2030 SDGs



Product technology innovation

Governance

The Company has established a comprehensive R&D management system. Innovation and R&D work are centrally coordinated and managed by the Product and Technology Committee, which is responsible for formulating R&D strategies and allocating resources. We have established specialized support departments such as the Product and Ecosystem Management Department and the Infrastructure Department to strengthen coordination and linkage between the front and back ends of R&D, creating a working pattern of efficient collaboration and joint management across all departments, and promoting the efficient implementation of product technology R&D.

The Company has established a standardized policy system around the entire R&D innovation process, formulating the *Information Management System* to clarify the management requirements for each stage of R&D projects. Concurrently, it has established mechanisms for R&D reviews and innovation incentives, standardized the commercialization of R&D outcomes and the confidentiality management of core technologies, and comprehensively ensured that R&D activities are conducted in a standardized, orderly, and efficient manner, thereby laying a solid policy foundation for technology innovation.

Strategy and management approach

Koal adheres to the innovation-driven development strategy, coordinating three key initiatives: building an innovation R&D system, upgrading data security products and services, and providing full-process intellectual property protection. The Company continues to focus on advancing core technologies and strengthening its security technology barriers.

R&D innovation management

Koal adheres to dual-driven innovation and development strategy centered on "technology and products." With talent cultivation and recruitment as its foundation, the Company leverages AI technology to empower internal R&D operations, prioritizes the research, development, and implementation of core security technologies, and relies on collaborative partnerships with external technology innovation platforms for support. Concurrently, the Company strengthens end-to-end intellectual property protection, continuously fortifies its core technological barriers, promotes the deep integration of technology innovation and industrial applications, and drives high-quality development in the digital security industry through independent innovation.

Awards & Recognitions

Recognized as a National-level Specialized, Refined, Unique, and Innovative "Little Giant" Enterprise

Designated as a "Shanghai Pilot Unit for Patent Work"

Recognized as a "National-level High-Tech Enterprise"

Received the "Outstanding Enterprise" in the Commercial Cryptography Industry for 2024



Won the "Golden Intelligence Award" in China's Network Security and Information Industry - Innovative Solution of the Year 2025



Won the "Golden Intelligence Award" in China's Network Security and Information Industry - Innovation Leading Enterprise of the Year 2025

Building innovation platform

The Company has established six major R&D centers in Beijing, Shanghai, Xi'an, Chengdu, Nanjing, and Zhengzhou, and has partnered with multiple domestic research institutes and universities to establish five joint laboratories, building a high-level, open technology innovation platform and integrated innovation system, accelerating technology innovation, promoting industrial upgrading, and continuously contributing to the development of the industry.

R&D platform	Positioning and functions
<p>Six R&D centers</p>	<ul style="list-style-type: none"> The Company has established six R&D centers, located in Beijing, Shanghai, Xi'an, Chengdu, Nanjing, and Zhengzhou, to address both the staffing needs of its production lines and the distribution of education and research resources.
<p>Five joint laboratories</p>	<ul style="list-style-type: none"> Shanghai Jiao Tong University: The Cyberspace Security Key Laboratory was established to carry out comprehensive cooperation in cybersecurity by leveraging the resources of local universities in Shanghai. Fudan University: A Joint Laboratory for Post-Quantum Cryptography was established. Leveraging Fudan University's deep expertise in mathematics and cryptography, we will jointly build a "Shanghai flagship" for the integrated development of next-generation post-quantum cryptography technologies across industry, academia, and research. Shaanxi Normal University: The Cryptography Application Research Key Laboratory was established. In collaboration with the Xi'an R&D Center and local universities in Xi'an, we will conduct in-depth joint research, focusing on new cryptographic algorithms, participation in the development of national standards and specifications, and the research and design of industry-specific cryptographic application solutions. Jiangsu University of Science and Technology: The Network Security Technology Laboratory was established. Building on partnerships with the Nanjing R&D Center and local universities in Jiangsu, we will focus on applied innovation and engage in in-depth collaboration in the field of network security. Jinan University: The Guangzhou Network Security Joint Laboratory was established to conduct research on distributed identity and self-sovereign identity technologies. Xidian University and Liaoning University: The two institutions have already carried out certain technical cooperation, and plan to expand their collaboration toward comprehensive industry-academia-research cooperation in cryptography technology.

Case Koal Collaborates with Xidian University on Industry-Academia-Research Collaborative Innovation

In 2025, Koal and Xidian University carried out collaborative industry-university-research innovation around the core technical direction of integrated empowerment through cryptography and AI. The two parties conducted multiple rounds of technical discussions and jointly carried out related technical research, working together to provide technical support for the research on topics related to integrated empowerment through cryptography and AI planned by the Shanghai Municipal Cryptography Administration. Both parties simultaneously advanced the co-establishment of a joint cryptography laboratory, promoting the implementation and application of Xidian University's "Xuanzhi Large Model" in areas such as security evaluation of cryptography applications, security transformation of cryptography applications, and security assessment of commercial cryptographic products. This fully leveraged the empowering effect of artificial intelligence technology in the field of cryptography, and promoted technology innovation and the commercialization of research outcomes through deep integration of industry, academia, and research.

Introduction and development of innovative talent

The Company continued to increase efforts to attract high-end technology talent, improve management mechanisms that support the development of research talent, steadily advance long-term incentive plans for core talent, provide R&D personnel with various types of online and offline professional skills training, and build a product technology R&D team with outstanding professional expertise, extensive industry experience, and strong innovation capabilities. During the Reporting Period, the Company conducted a total of five specialized product technology training sessions, including courses on AI-assisted coding, frontier technologies in cryptography and data security (lightweight cryptographic algorithms, block ciphers, and data security for low-altitude IoT), among other topics.

Innovation and R&D achievements

In 2025, the Company continued to deepen its efforts in cutting-edge digital security technologies, steadily advancing technological breakthroughs and scenario-based implementation around core areas such as code security, post-quantum technologies, trusted data spaces, and privacy computing. We deeply integrated technology innovation with sustainable development, empowered the secure development of industries through technology, and effectively fulfilled our corporate social responsibilities.

Case Building a Secure-by-Design Code Security System Through Technology

In 2025, Koal built a DevSecOps system combining shift-left security and defense in depth, embedding security capabilities into the CI/CD pipeline to enable real-time code auditing and risk blocking. Concurrently, we established a panoramic SBOM view and introduced externally sourced threat intelligence updated daily to proactively identify newly disclosed vulnerabilities in open-source components, strengthening security management and control over open-source components and the supply chain. We also released code security standards and testing tools to promote the forward shift of security checkpoints. For key products, we implemented dual penetrating verification through static tool scanning + expert manual auditing, comprehensively improving code security quality, internalizing security capabilities as core DNA of our products and solidifying the foundation of digital security.

Case Research, Development and Implementation of PQC Technology

Koal regarded PQC Technology as a core strategy. In 2024, we launched a series of post-quantum products. In 2025, we carried out pilot applications in the financial sector, promoting the smooth transition of business systems to a post-quantum security architecture, while also enabling our post-quantum PKI products to expand overseas and provide digital trust solutions for countries along the Belt and Road. By building full-scenario quantum security solutions and integrating various cryptographic and key technologies, the Company addressed potential quantum computing threats through continuous technology innovation and supported the security upgrade of the industry.

Case Trusted Data Space Architecture and Implementation

In 2025, Koal made in-depth deployments in trusted data spaces, participated in research on the national data circulation and communication system and took the lead in drafting reports related to cross-border data, joined the National Data Standards Committee and the *Trusted Data Space Development Alliance*, participated in formulating the group standard Capability Requirements for Trusted Data Spaces, and actively advanced the R&D and industrial deployment of trusted data space platforms. The Company also applied for national pilot projects for data infrastructure, forming a complete practical system in technological R&D, standard development, and ecosystem implementation.

Case Application of Privacy-Preserving Computing Technologies and Ecosystem Development

In 2025, Koal continued to deepen its presence in the field of privacy-preserving computing and built an information-sharing platform based on oblivious query for China UnionPay. By integrating secure multi-party computation and oblivious query technologies, we enabled the secure sharing of blacklist and graylist information among financial institutions with data available but invisible, effectively improving the risk prevention and control of financial transactions as well as operational efficiency. We also made angel investments in privacy-preserving computing enterprises to build an industrial ecosystem featuring complementary technologies and collaborative advancement, thereby strengthening product responsibility and social trust through technology implementation and ecosystem development.

○ Excellence in governance
efficient operations

○ Innovation leads the way
digital technology as our shield

○ People-oriented
collaborative and win-win outcomes

○ Green operations
low-carbon future

AI-Powered technology innovation

In 2025, Koal focused on the dual-engine drive of an "information-based foundation + AI application layer," closely aligning with the strategic goal of "All In AI." We prioritized deepening the integration of AI with our three core businesses of cryptography, security, and products, and clearly advanced the evolution of AI applications from tool introduction to paradigm transformation, achieving the dual goals of "AI-empowered efficiency and innovation-driven upgrading" and building AI-driven sustainable competitiveness.



Strengthen information infrastructure and build an AI + business knowledge support system

In 2025, the Company completed the integration of the Company-level information platform, implemented the *Information Management System*, completed the full integration of legacy system data, and imported core materials such as password security, cryptographic compliance assessment standards, and API interface documentation, providing standardized knowledge support for the implementation of AI + cryptography and AI + security. In addition, the Company launched an information platform integrating AI platform and knowledge base functions. Its core components were aligned with business needs to enable efficient retrieval of core business data. It served both as an internal "intelligent resource browser" and as the "knowledge foundation" for the implementation of AI + business, realizing transparent management and innovative reuse of knowledge assets.



Build an AI efficiency platform and realize the deployment of intelligent applications across multiple scenarios

The platform covered three major dimensions: office operations, business, and R&D. We built an internal AI assistant matrix, achieving a breakthrough from point-based empowerment to multi-scenario coverage.



Based on document vectorization technology, the Knowledge AI Assistant delivers intelligent Q&A for internal knowledge, integrates core knowledge such as cryptography and security, and is integrated into DingTalk and the knowledge base to provide employees with convenient knowledge query services.



It achieves automatic matching between bidding document parameters and products such as cryptography and data security, assists in bidding document preparation, verifies the value of AI-driven efficiency improvement, and accumulates practical data.



A cryptographic compliance assessment knowledge assistant is built based on RAG technology, which is integrated into the cryptographic service platform. It interprets cryptographic assessment standards and answers cryptography-related questions with an accuracy rate of over 90%, thereby supporting technology R&D.



Solutions such as large model security protection are implemented, achieving unified identity authentication, encrypted transmission, and risk identification, which have been validated in joint demonstration with Hygon.



Covering five core product lines, it enables functions such as automated certificate management and AI data classification and grading, among which AI data classification and grading is already capable of providing services. The platform has completed multiple technical validations, accumulating experience for subsequent implementation across all scenarios.



Strengthen the AI talent pipeline to support innovation in core businesses

In 2025, the Company conducted 15 AI-themed training sessions, introducing new modules on AI and cryptography as well as AI and security, covering core fields including the eight major directions of AI cryptography proposed by Academician Feng Dengguo. The Company developed an *AI Competency Assessment Form* to incorporate AI application capabilities in cryptography, security, and other areas into the assessment process, established a four-level competency matrix, and preliminarily formed specialized talent teams for AI + cryptography and AI + security, thereby consolidating the talent foundation.

Technology ethics

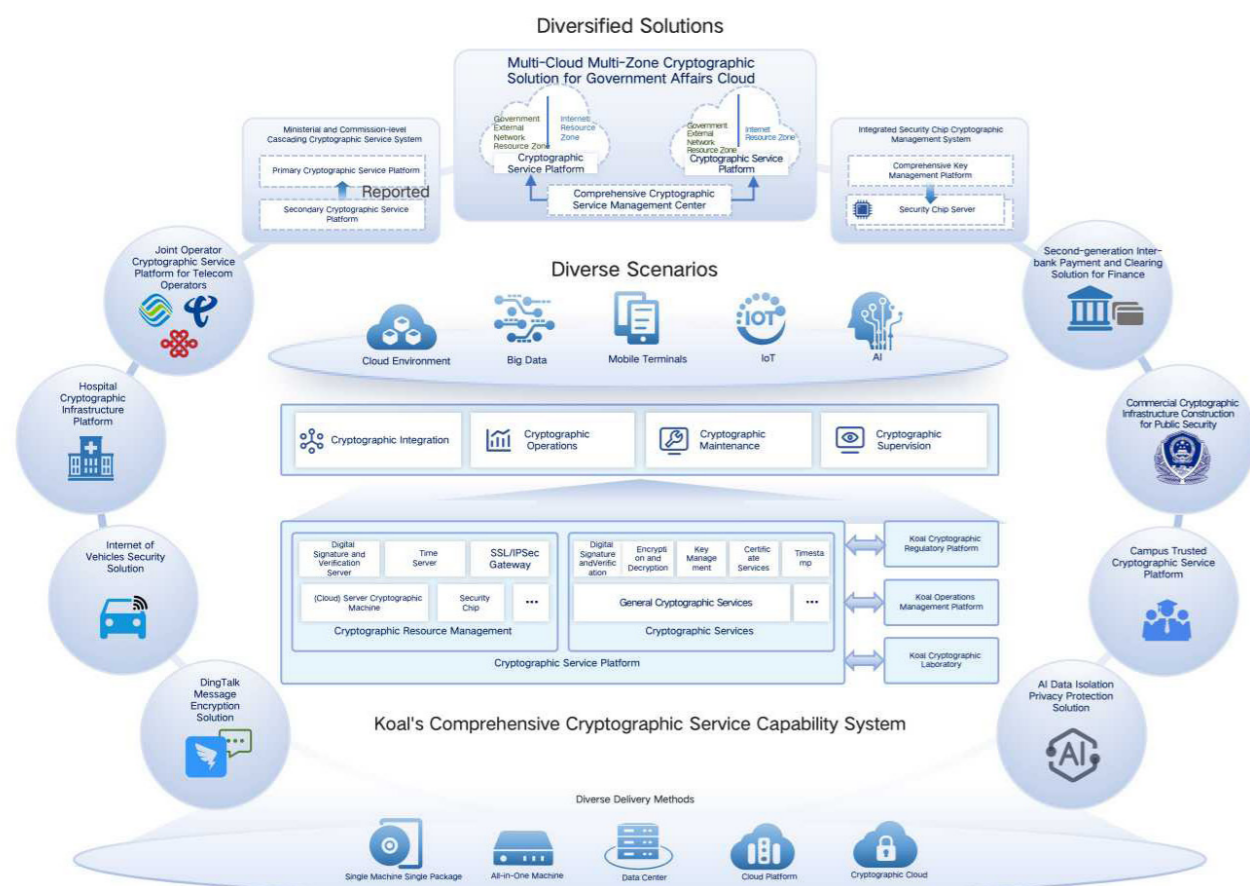
Koal has consistently integrated technology ethics into the entire process of innovation and implementation across its core businesses, including digital security, cryptographic technology, and AI applications. We uphold our original commitment to technology for good and secure, controllable development, and use ethical principles to regulate technology research and development as well as business practices. Based on the industry characteristics, the Company regards data security and privacy protection, technological transparency and traceability, fairness and inclusiveness, and compliance and self-discipline as core principles. It integrates ethical considerations into every stage of product design and project R&D, and incorporates designs such as granular control and behavior traceability into products including NGPKI and AI security solutions, so as to avoid ethical risks such as technology abuse and algorithmic bias. In addition, we promoted the integration of technology ethics into employee-wide training and institutional development, built ethical consensus with ecosystem partners, and guided the standardized application of technology. In the future, the Company will continue to fulfill its technology ethics responsibilities through compliance and self-discipline, balance technology innovation, commercial value, and social value, and contribute corporate strength to building a trustworthy and orderly digital ecosystem.

Data Security products and services

Koal has deeply cultivated the core field of digital security. Grounded in independently controllable cryptographic technology, we have built a complete product and service system covering comprehensive cryptographic services, full life cycle data security products, and one-stop security services, providing all-dimensional and highly reliable security support for the digital transformation of thousands of industries.

Comprehensive cryptographic service capability system

The Company has established and continues to refine a comprehensive cryptographic service capability system. With the cryptographic service platform as the core, we have built a "1+3" product system consisting of three major platforms: Cryptographic supervision, operations and maintenance management, and the cryptographic laboratory. The platform is capable of uniformly managing various types of heterogeneous cryptographic devices and integrating diversified cryptographic services, providing up-per-layer applications with rich and diversified cryptographic service support.



The cryptographic service platform supports modular, flexible tailoring and combination, and can be adapted to diverse delivery forms such as stand-alone machines, all-in-one machines, data centers, cloud platforms, and cryptography clouds. It comprehensively empowers multiple business scenarios, including cloud environments, big data, the IoT, and AI, enabling full-chain cryptographic integration, operations, maintenance, and supervision.

Single-unit, Single-package



- Easy and flexible deployment at low cost, suitable for small enterprises and individual users;
- Plug-and-play, rapid start-up, and simple maintenance, reducing the burden of IT management.

All-in-One Delivery



- Integrated software and hardware, ready to use out of the box, reducing deployment time;
- Suitable for enterprise applications that require rapid launch, have limited budgets, and involve many small-scale business applications.

Data Center Delivery



- Provide powerful computing and storage resources to support large-scale data processing;
- Feature high availability and fault tolerance to ensure business continuity, with easy scalability and management.

Cloud Platform Delivery



- Integrate the advantages of cloud platforms to provide flexible resource management and elastic scalability;
- Optimize costs and performance, and enhance business agility and security.

Cryptography Cloud Delivery

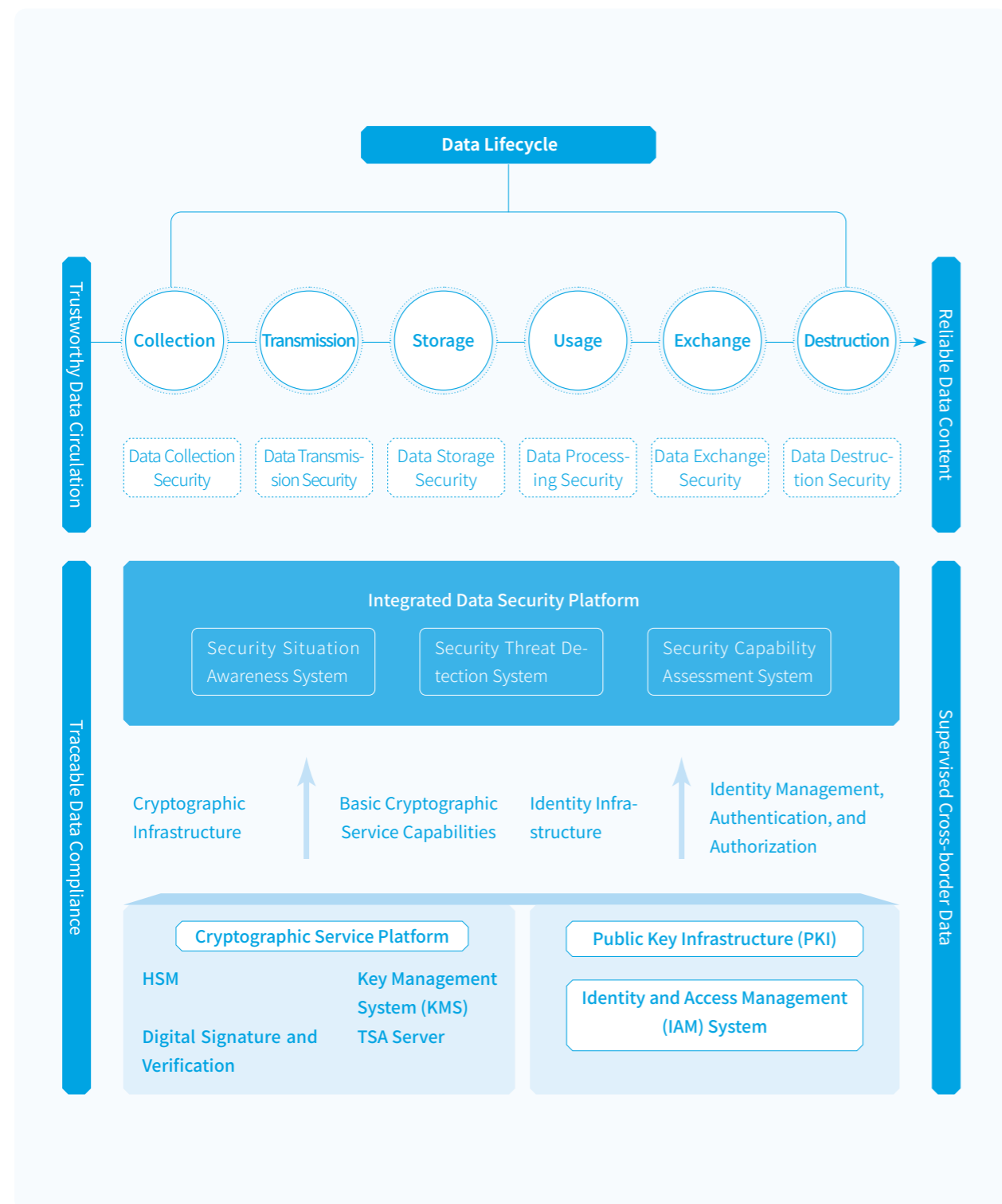


- Specialize in encryption services, adopting advanced technologies and stringent access controls to ensure the security of data transmission and storage;
- Simplify cryptographic management, with cryptographic services ready for immediate use.



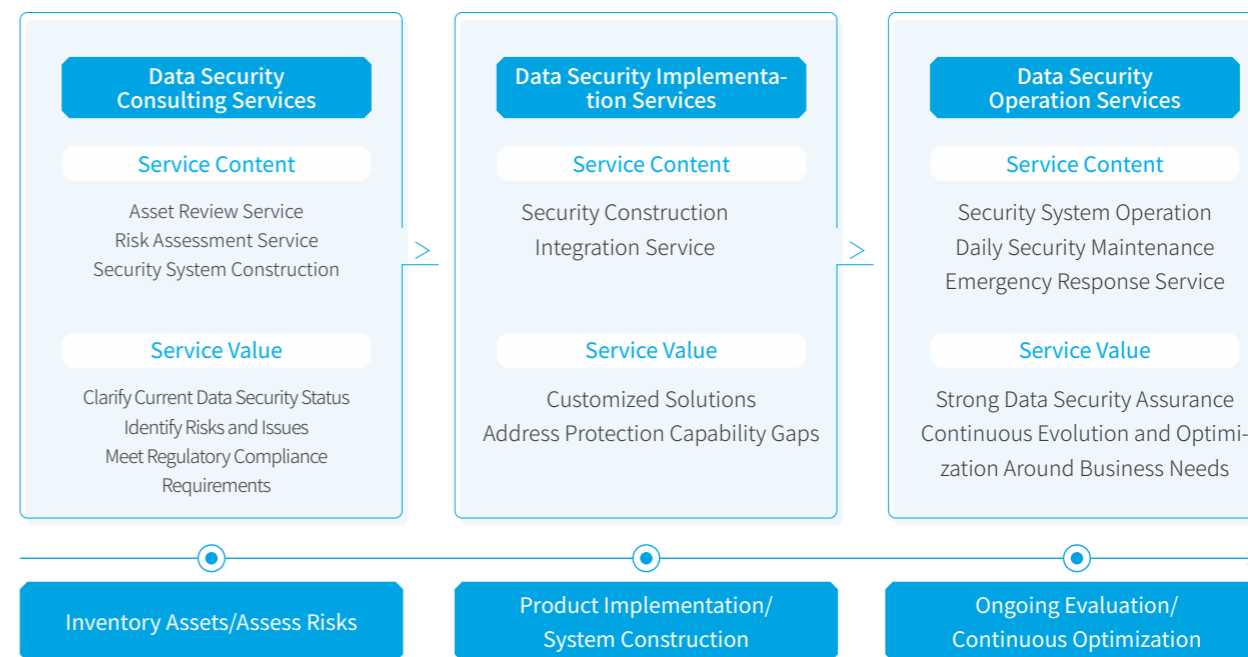
■ Data security product system

Koal deeply integrates cutting-edge technologies with customers' actual needs to tailor data security solutions that fit their requirements. The Company has assembled a cross-disciplinary R&D team composed of data security experts, software engineers, and AI algorithm professionals, and continuously carried out technology innovation and key technology research, building a multi-level, integrated data security product system covering the entire data lifecycle to provide customers with robust data security protection.



■ Safety service system

Koal has built a one-stop, comprehensive data security service system. Based on in-depth consulting, we assisted customers in comprehensively reviewing data assets, identifying security risks, and provided security integration and product implementation services to ensure the efficient execution of solutions. In addition, the Company provides operational services such as security system operations, routine security operation and maintenance, and emergency response. Through continuous assessment and optimization, we are constantly enhancing our data security protection capabilities to provide security support for enterprises undergoing digital transformation.



Case China Mobile's Project to Develop Regulatory Standard Formulation for Commercial Cryptography

Koal took the lead in drafting China Mobile Group's Requirements Specification for the *Operational Security Assurance System of Commercial Cryptography*. Leveraging the Company's technical expertise and industry practice in the field of commercial cryptography, we supported China Mobile in building a full-process security assurance system covering the application of cryptographic algorithms, full lifecycle key management, and security and compliance assessment. This standard aligns with the security requirements of scenarios such as 5G private networks and cloud-network convergence, and can be applied to the construction of China Mobile's nationwide information security systems, effectively enhancing our brand influence and core competitiveness in the telecommunications operator sector.

Case Ministry-level Unified Identity Authentication Project (Phase I)

The Company deeply participated in the construction of the Unified Identity Authentication Project (Phase I) of the Ministry of Civil Affairs. As an important component of the Golden Civil Affairs Project, this project adopts a "four horizontal and four vertical" architecture to support the secure operation of multiple business systems, including social assistance, elderly care services, and child welfare, and realizes the interconnection, sharing, and utilization of civil affairs data nationwide. In the future, the project will cover five levels of administrative units and more than 300 types of public service scenarios, continuously enhancing the Company's demonstration effect in the fields of digital government and public welfare security.

Case Smart Customs Cryptographic Service Project of the General Administration of Customs

Koal relied on the cryptographic service platform to provide data encryption and decryption support for the Smart Customs supervision platform of the General Administration of Customs, successfully completed the assessment topic on encryption capabilities, and verified the platform's outstanding capabilities in key management, high-performance encryption and decryption, and other aspects. At the same time, the Company provided an identity authentication and secure login solution based on Chinese commercial cryptographic algorithms for Customs mobile office scenarios, providing reliable cryptographic support for the digitalized and intelligent supervision of Customs.

Intellectual property protection

Koal continuously strengthened full-process intellectual property management, improved the protection and compliance system, and built a dedicated protection barrier for R&D innovation achievements. The Company adheres to an intellectual property management policy of "innovation-driven, implementation-focused, standardized management, risk prevention, and legal compliance." It strictly complies with laws and regulations such as *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, and *Copyright Law of People's Republic of China*. The Company has established a policy system covering the entire life cycle of intellectual property, and formulated systems such as *Intellectual Property Management Manual*, *Compliance Management System*, and *Patent Work Management System* to clarify management standards for core aspects including intellectual property rights confirmation, application, and protection, improve the mechanisms for identifying and controlling infringement risks, and effectively prevent the loss of intangible assets. While strictly protecting our own intellectual property, we also adhere to the bottom line of compliance to ensure that we do not infringe upon third parties' intellectual property rights, such as trademarks, patents, and copyrights.

We have established an enterprise-wide, coordinated intellectual property management framework with clearly defined responsibilities. The General Manager serves as the primary responsible person, while the Strategic Planning and Marketing Department acts as the centralized management unit, coordinating the full lifecycle of intellectual property management. Functional departments such as Human Resources Department, Finance Department, and Product R&D Department implement IP management according to their respective responsibilities, forming a collaborative and efficient management structure.

During the Reporting Period, the Company conducted a total of three special intellectual property training sessions, covering core topics such as the intellectual property management system, regulatory standards, and patent mining, clarifying the boundaries of responsibilities of each department, and effectively enhancing employees' awareness of intellectual property protection and professional capabilities.

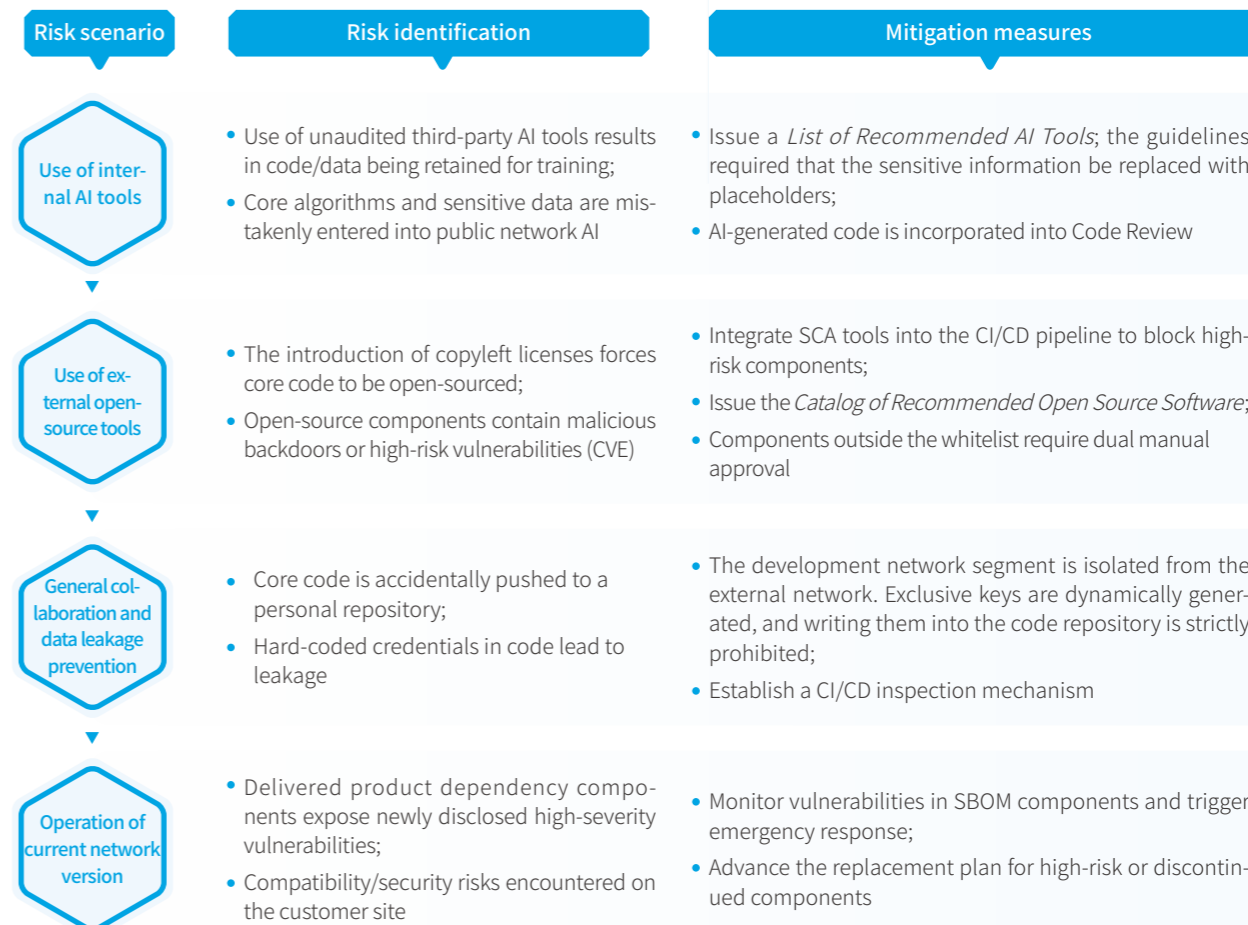
Key Performance



Impact, risk, and opportunity management

The Company has built a five-stage risk management process covering the entire lifecycle--"identification, assessment, response, monitoring, and improvement" and strictly follows risk management systems such as ISO/IEC 27005. Based on core R&D innovation scenarios, and focusing on four core risk scenarios, namely the use of internal AI tools, the introduction of external open-source resources, general collaboration and data leakage prevention, and the operation of live network versions, we have established a risk management process and mechanism of "identification-assessment-treatment-monitoring-improvement." By leveraging targeted measures such as tool management, checklist guidelines, and security access controls, we will advance technology innovation safely while ensuring full compliance with laws and regulations, thereby achieving a virtuous cycle of development characterized by manageable risks, seized opportunities, and orderly innovation.

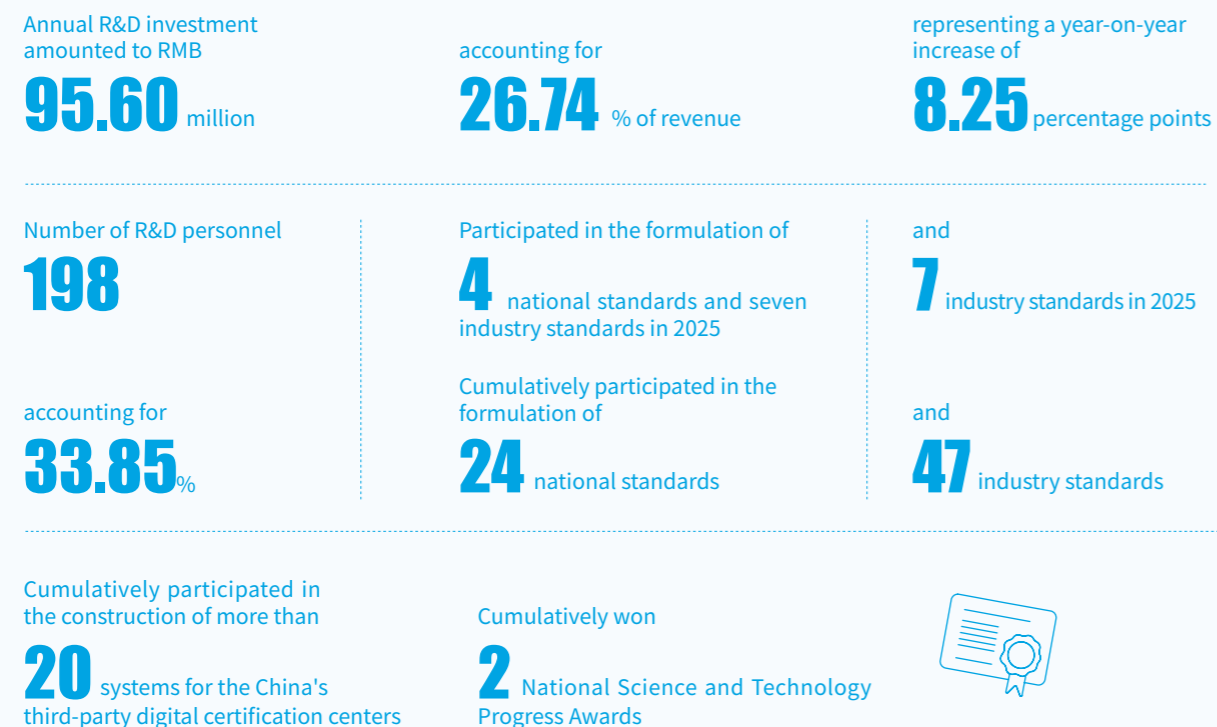
- Excellence in governance efficient operations
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- Green operations low-carbon future



Indicators and targets

Indicators and targets	2025 achievement status	Target achieved
R&D product release rate \geq 98%	Actual release rate: 100%	
Average productivity of R&D projects \geq 100 lines of code/person-day	Actual average productivity: 151.33 lines of code/person-day	
Two new intellectual property applications filed in 2025	19 applications filed	
At least one intellectual property right is implemented each year	10 intellectual property rights implemented	
At least three IP training sessions conducted annually for employees	3 sessions conducted in practice	
Conduct at least one follow-up investigation per year into intellectual property infringement involving the Company's main products	12 intellectual property tracking investigations were conducted	

Key Performance



Product quality and safety

Governance

Koal has established a sound product quality and safety governance system, covering a full-dimensional governance framework of policy development, process standardization, and organizational support, effectively strengthening the defense line for product quality and safety. The Company established a Safety Leadership Group responsible for coordinating the formulation of the Company's safety strategic plans and annual safety work objectives, and for reviewing and approving major safety investments, safety systems, and emergency response plans, thereby ensuring the security and compliance of delivered products.

In 2025, the Company focused on deeply aligning the quality management system with the current state of operations and business processes, revised core systems such as the *Quality Management Manual*, optimized the content structure, reduced the subsequent maintenance costs of the manual, improved the operational efficiency of the system, refined the closed-loop institutional system, and ensured that all quality and safety management activities were governed by rules and based on established regulations.

Strategy and management approach

Product quality management

Koal, based on ISO 9001 Quality Management System and CMMI 5 Capability Maturity Model Integration Certification, has formulated institutional documents such as R&D Project *Quality Assessment Measures (Draft)* and *Quality Management Manual*. In 2025, in line with our operational development and business process needs, we revised and improved the *Quality Management Manual*, optimized procedures and the document structure, further enhanced the efficiency of system operation, supplemented weak links in management, and refined key control requirements to ensure that all quality activities were carried out in a standardized and orderly manner.

The Company conducted internal audits and management reviews of the quality management system according to the annual plan, continuously improving the effectiveness and efficiency of management system operations, and deeply integrating quality control requirements into the entire business process. During the Reporting Period, Koal experienced one quality liability incident related to products and services. In response to the user rights infringement incident involving NSAGClientSDK version 1.0.0 notified by the Ministry of Industry and Information Technology, the Company swiftly completed emergency response actions such as removing the problematic SDK related to the HarmonyOS platform, communicating and coordinating with the competent authorities, and submitting a rectification application to the China Academy of Information and Communications Technology. Internally, the Company revised its R&D self-inspection red line checklist and the quality evaluation measures for R&D projects, and designated the primary responsible person for reviews. Externally, the Company engaged with third-party compliance certification bodies, plans to join the SDK Security Ecosystem Alliance, and is working with the Legal Department to improve product compliance legal statements, thereby comprehensively implementing rectification and long-term compliance improvements.

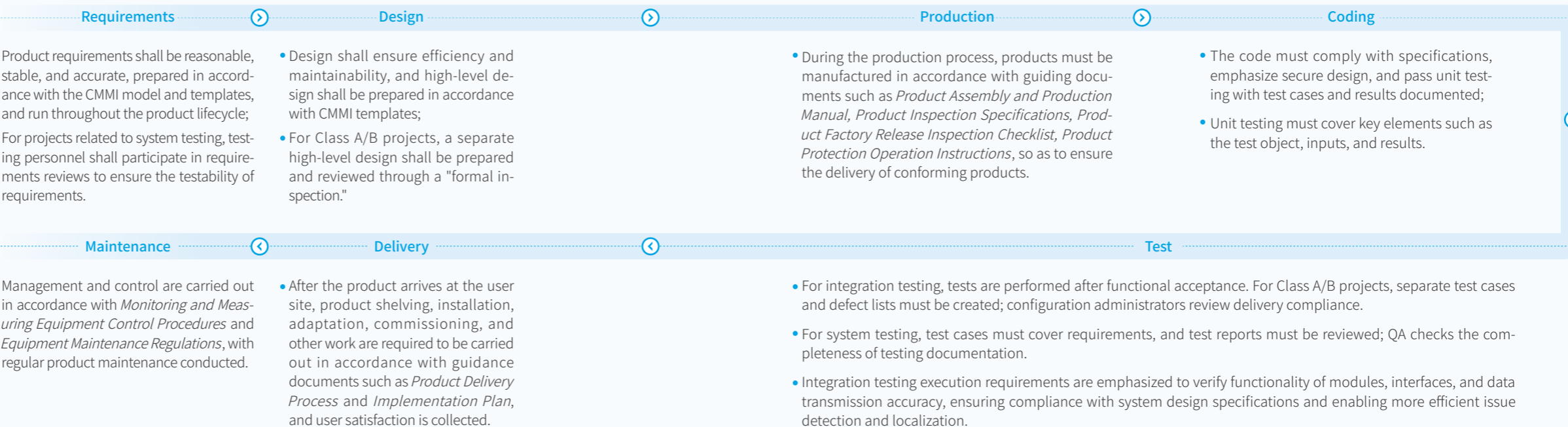
Qualifications and Certifications



■ Full Lifecycle quality management

Koal focuses on customer needs, key areas, and core processes. Relying on the ERP system, the Company has established a quality management system covering the entire product lifecycle, including requirements, design, production, coding, testing, delivery, and maintenance, to achieve standardized control throughout the full project lifecycle and continuously provide customers with high-quality products and services. The Company has strengthened the management of reviews at all project stages, fully recording review comments, clearly defining responsibilities, corrective actions, and deadlines for identified issues, and implementing full-process tracking and closed-loop management. The Company strictly enforces standardized project change management procedures, ensuring full control over application, approval, implementation, and verification processes. It routinely conducts deviation analyses regarding progress, quality, and cost, promptly tracing the root causes to correct deviations and prevent the spread of risks, thereby comprehensively ensuring that projects proceed with high quality and according to schedule throughout their entire lifecycle.

Quality Management System for the Entire Product Lifecycle



■ Product testing and recall

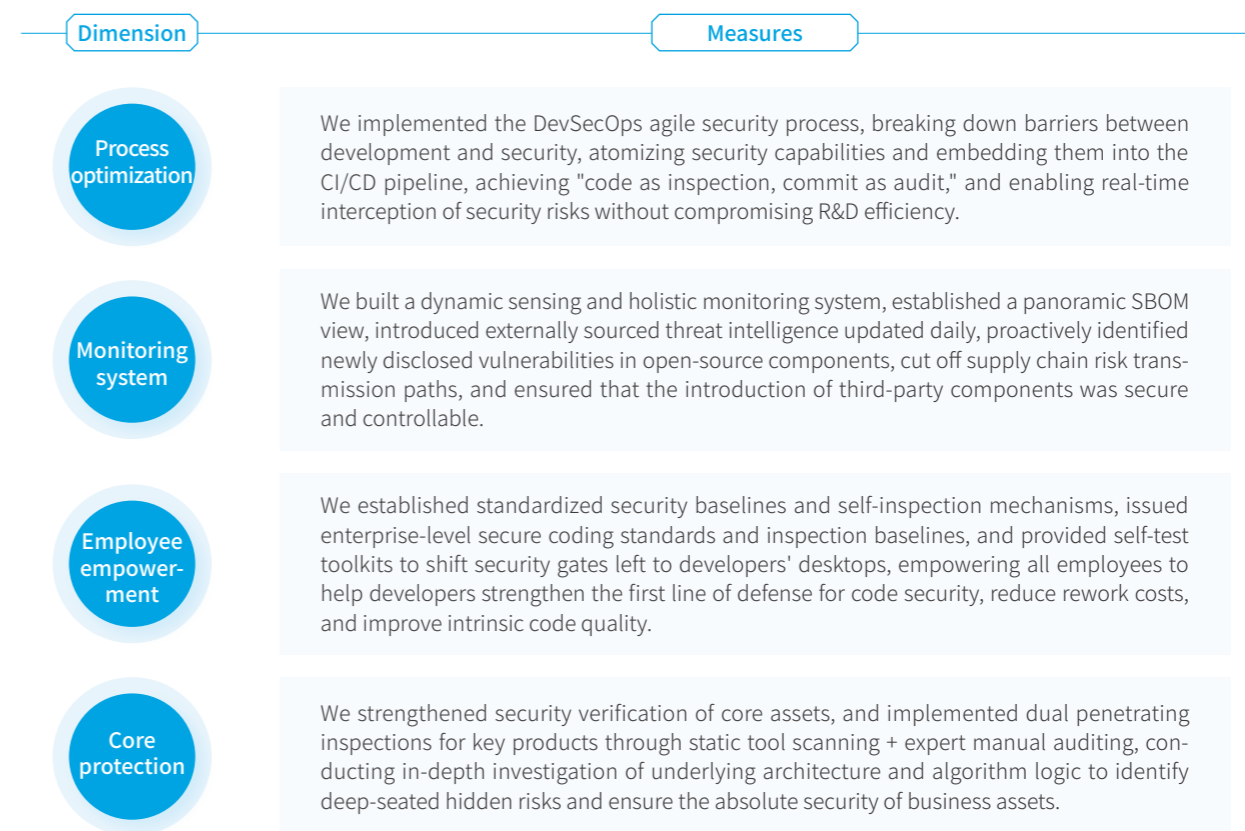
The Company has established policy documents such as *Testing Operation Manual* and *Quality and Safety Requirements for Company Products and Software Deliverables*, which clearly stipulate all aspects of our software testing, including test classification, test objectives, test design, test procedures, test acceptance criteria, and main evaluation methods. These documents require testing be conducted on different types of objects according to the various stages of the software lifecycle. Before a product is released, it must meet the "Level 1" requirements of internal security testing before it can be delivered.

In 2025, Koal focused on enhancing the efficiency of quality inspection and full-process control, advancing two key initiatives, namely testing personnel involvement at an earlier stage and automated testing, and driving a shift in quality inspection from ex post remediation to ex ante prevention and process control. Testing personnel are embedded into the R&D production line to participate early in all development stages and conduct synchronized testing, empowering R&D from a customer perspective and identifying product optimization opportunities; automated testing is developed in parallel to improve testing efficiency and accuracy. The successful advancement of testing personnel involvement at an earlier stage and automated testing effectively reduced product costs, improved testing efficiency and product qualification rates, shortened the R&D cycle, and laid a solid foundation for the high-quality development of products.

Meanwhile, the Company formulated *Control Procedure for Nonconforming Products* to guide the identification and control of nonconforming products generated at each stage. For nonconforming products discovered after delivery to customers or after use has commenced, we verify the specific circumstances and determine whether to notify customers for a recall, so as to prevent the unintended use or delivery of nonconforming products. During the Reporting Period, the Company did not experience any product recall incidents.

■ Code security enhancement

In 2025, Koal focused on enhancing product code security by comprehensively implementing a new DevSecOps system that placed equal emphasis on "shifting security left and defense in depth." Through multidimensional control measures, we achieved full-process control of code security, strengthened the intrinsic security of product code, fulfilled our product security responsibilities, and practiced the concept of sustainable development in the field of digital security through technology innovation.



Develop a quality culture

The Company attaches great importance to fostering and building a quality culture. It integrates quality concepts into every aspect of corporate operations, continuously improves the quality training system, and works to enhance quality awareness among all employees, thereby empowering improvements in management effectiveness and product quality optimization through quality control. During the Reporting Period, the Company incorporated quality training into the core modules of new employee onboarding training, systematically explaining content such as quality control standards, position-specific quality requirements, and quality compliance standards to new employees, thereby achieving comprehensive cultivation and foundational integration of quality concepts among new employees.

Supply chain quality management and control

Koal attaches great importance to supply chain quality control. We require suppliers to obtain ISO9001 Quality Management System certification, establish a sound quality management system, and, by signing the *Supplier Product Quality Assurance Agreement* with suppliers, clarify the specific requirements of both parties in terms of quality responsibilities, issue handling, and implementation of rectification, so as to ensure consistency in quality throughout the entire chain from source to end terminal. The Company regularly conducts supplier quality-related training and exchanges to promote suppliers' accurate understanding of product quality requirements and continuously improve the overall quality level of the supply chain.

Case Advancing the ESG Collaboration Project for the Network Equipment Supply Chain

In 2025, Koal worked with a certain cloud service provider to advance a network equipment supply chain collaboration project. Focusing on the three dimensions of environmental, quality and safety, and compliance governance, we carried out targeted special self-inspections covering key stages such as the development of environmental protection systems, material safety certification, and cybersecurity management, thereby establishing a closed loop for product quality improvement featuring "systematic self-inspection + precise rectification."

We enhanced environmental management of secondary suppliers by refining environmental access standards, improving certification verification processes, and implementing stricter incoming material inspections, thereby steadily increasing the proportion of green production among suppliers. Focusing on quality and safety, we improved network equipment security base-line inspection processes and established a full lifecycle quality traceability mechanism, significantly increasing the incoming material qualification rate while substantially enhancing product security redundancy and supply chain risk resilience. After full-process self-inspection and rectification, the Company's supply chain ESG management processes became more standardized, and our capabilities in sustainable supply chain risk forecasting, full-life-cycle compliance control of materials, and the implementation of green cooperation standards all improved markedly, providing strong support for the achievement of the annual ESG development goals.

Hazardous substance management

Koal strictly complies with the requirements of laws and regulations, industry standards, and international conventions related to hazardous chemical substances, such as RoHS and REACH. In conjunction with customer specification requirements, the Company has formulated a series of management systems, including *Hazardous Substance Management Manual* and *Compendium of Hazardous Substance Management Procedure Documents*, to clarify the control requirements for chemical substances during the production and use processes, and continuously improved and dynamically updated the chemical substance inventory. The Company strictly identified, prevented, and exercised whole-process control over hazardous substances in accordance with the requirements of its systems, and conducted hazardous substance compliance investigations and third-party testing based on relevant standards to ensure that all products we produced and delivered complied with laws, regulations, and customer specification requirements.

Impact, risk, and opportunity management

To ensure the compliant and effective operation of the quality management system, Koal has established a full-process management mechanism of "risk identification - opportunity discovery - precise response," systematically identifying internal and external risks and opportunities in the quality field, and formulating scientific and feasible response measures for the identified risks and opportunities, thereby providing solid support for the steady improvement of the quality of our products and services and our compliant development.



- Strengthen quality control throughout the entire process, and advance "testing personnel involvement at an earlier stage" and automated testing;
- Improve the quality training system, and enhance quality responsibility awareness among all employees;
- Establish a quality risk early warning mechanism, and promptly address potential quality issues.



- Strictly implement the quality standards integrating ISO9001 and CMMI Level 5;
- Establish a customer user feedback mechanism to optimize product safety performance in a targeted manner;
- Strengthen education on quality compliance and safety responsibilities in employee training.

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- Establish and improve the review procedures and audit oversight mechanisms for quality-related marketing materials, and specify that all marketing materials involving product quality may only be released after approval by authorized company management personnel;
- Regularly conduct special audits on responsible marketing, covering the entire process of quality-related promotion as well as relevant departments and partner service providers, and seriously pursue accountability for non-compliant promotional conduct in accordance with laws and regulations.



- Increase investment in technology R&D to address shortcomings in core technologies;
- Improve the quality management system to eliminate control blind spots;
- Promote information-based and standardized operations to enhance the precision of quality control.



- Dynamically track updates to quality-related system standards and regulations, and promptly optimize quality management processes;
- Strengthen quality compliance training for all employees to ensure that the quality management system remains continuously aligned with compliance requirements.



- Deepen the cultivation of a quality culture, and optimize quality control processes based on a high-quality management system;
- Leverage our innovative corporate culture to encourage quality improvement and technology innovation;
- Capitalize on our R&D strengths in low pollution and low energy consumption to enhance the level of green quality control.



- With quality as our core competitiveness, accelerate domestic market expansion and the development of new customers;
- Integrate the advantages of quality management into marketing and promotion, and enhance customer trust through a compliant and reliable quality image.



- Leverage the opportunities arising from breakthroughs in service areas, and concurrently formulate quality control standards and processes for the corresponding areas;
- Strengthen quality training and supervision in new areas, and seize market opportunities with high-standard quality services.

Indicators and targets

Indicators and targets	2025 achievement status
Average defect density of submitted product test versions < 20/KLOC	Actual average defect density: 11.33/KLOC
Test software reconfirmation rate ≥ 90%	Actual reconfirmation rate: 100% Target achieved
Product production process error detection rate < 10%	Actual error detection rate: 2.67%
Audit completion rate for completed project tasks ≥ 98%	Actual audit completion rate: 100%

Customer relationship management

Governance

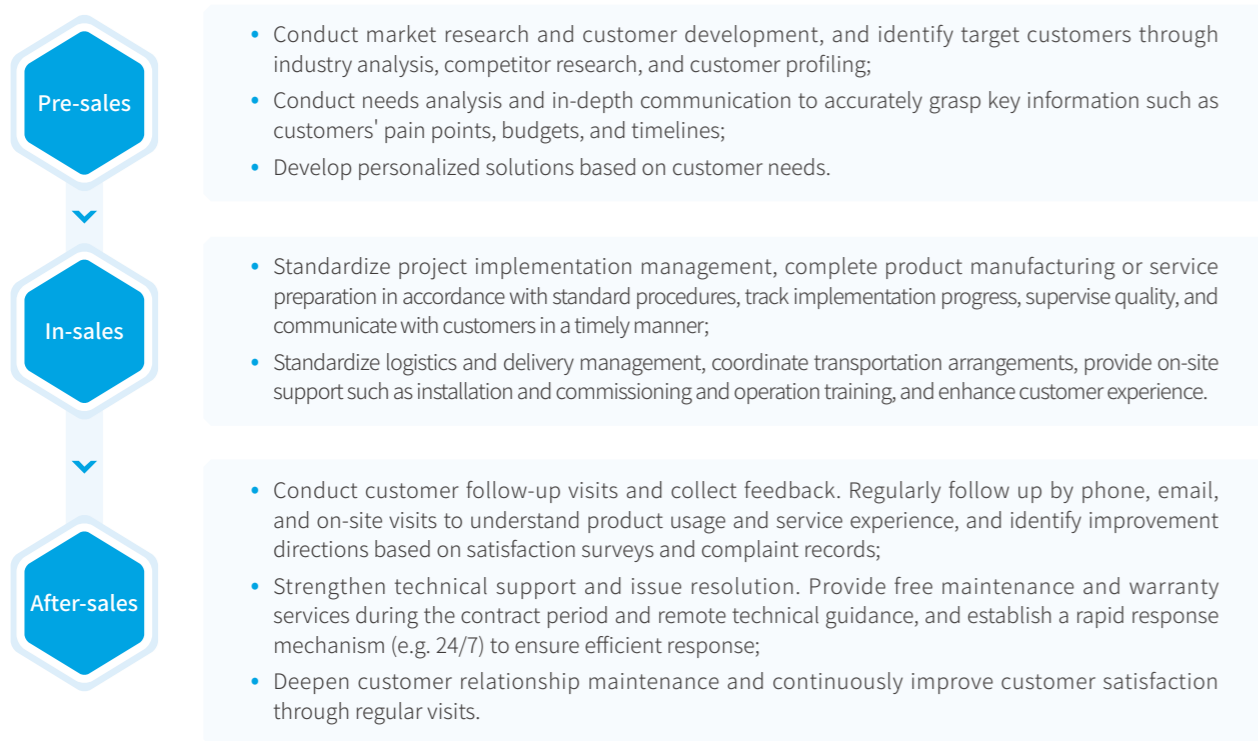
Koal has established a hierarchical management model featuring high-level coordination, dedicated responsibility, and collaborative linkage, clarified customer relationship management responsibilities at each level, and formed dedicated service and technical support teams to ensure the efficient implementation of customer service and precise response. The Company has established a comprehensive customer management system covering the entire customer service process. It has developed policies and procedures such as the *Customer Relationship Management System*, *Customer Complaint Management System*, *Koal Customer Service Hotline Handling Process*, *Customer Service Hotline Handling Guidelines*, and *Guosen 400 Hotline Technical Support Plan*. These initiatives clarify customer service standards, standardize service processes, establish mechanisms for service oversight and continuous improvement, regulate various service practices, manage risks associated with customer service, and drive continuous improvements in customer service quality and response efficiency.

Strategy and management approach

Customer service

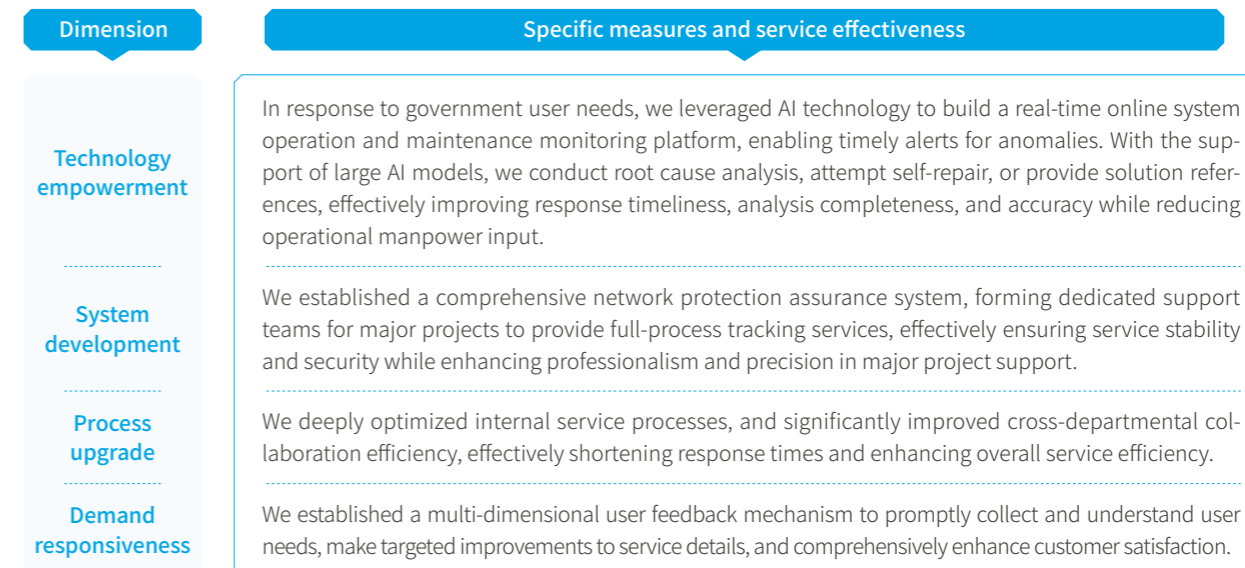
Customer service management

The Company has formulated a customer service management system, clarifying the full-process standards for pre-sales, in-sales, and after-sales services, and implementing systematic management throughout the entire customer service process. This covers key aspects such as after-sales service requests and handling, hardware warranty services, software defect handling, product inspection services, customer complaint handling, and system upgrades. We remain committed to customer satisfaction as our goal and provide customers with high-quality, efficient, and flexible professional services.



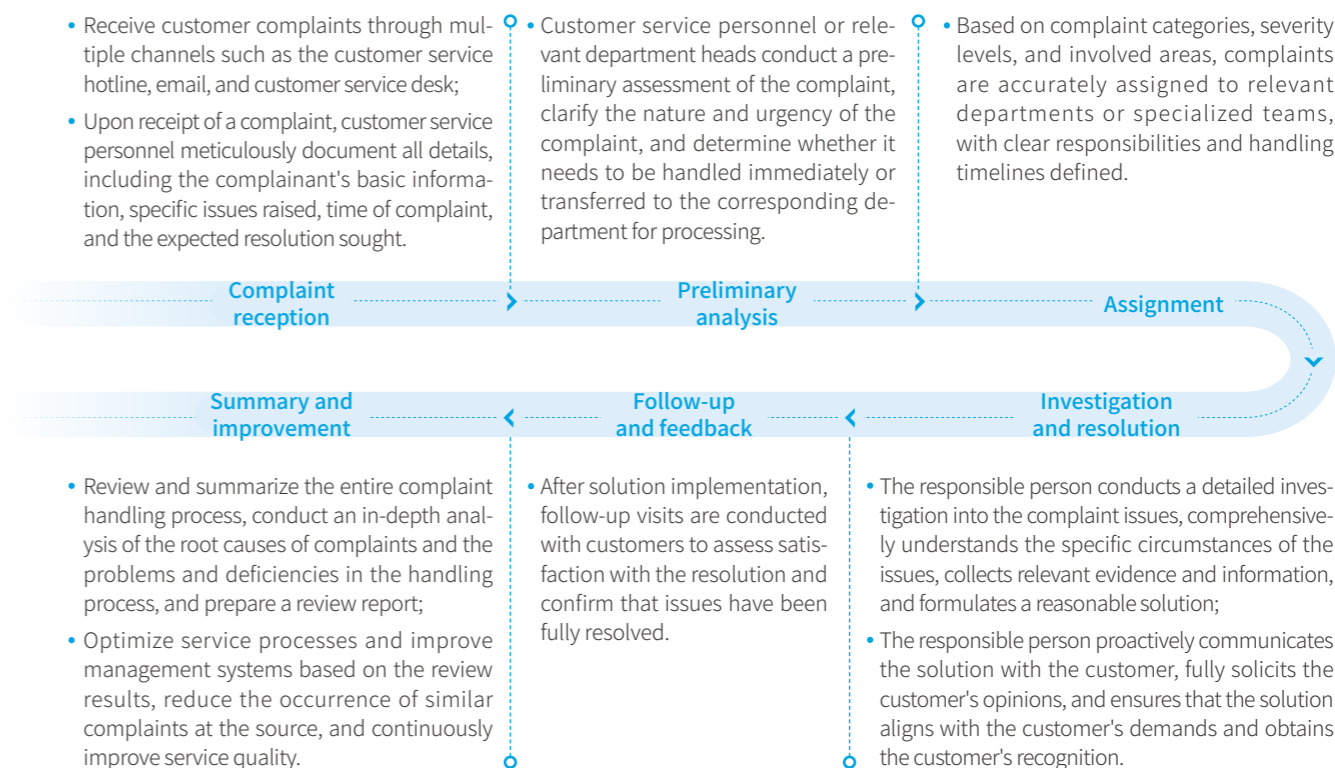
Optimizing customer service

The Company continuously advances key improvement projects and continuously optimizes the customer service system. During the Reporting Period, the Company improved service efficiency and service quality across multiple dimensions, including technology empowerment, system development, process upgrades, and demand response, helping us establish a high-quality service brand image in the industry.



Listening to customer needs

Koal attaches great importance to customer concerns and feedback. It has established normalized customer communication mechanisms and communication processes, responded promptly, handled various customer issues efficiently, strengthened the investigation, handling, tracking, and supervision of customer complaint incidents, conducted review and analysis of various opinions and issues raised by customers, advanced targeted improvements and optimization, ensured that customers' reasonable needs are responded to and met in a timely manner, and continuously improved customer satisfaction.



Customer satisfaction

The Company conducts customer satisfaction surveys every year. After technical support personnel complete on-site customer service, they promptly collect the customer-completed satisfaction survey forms. The survey covers satisfaction with the service provided and satisfaction with product quality. After collecting customer satisfaction information, the Company systematically summarizes and conducts in-depth analysis of the survey results, formulates and implements targeted improvement measures, continuously optimizes product performance and service standards, and continuously enhances customer satisfaction.

Key Performance

Customer satisfaction rate for customer service

98.6%

Customer satisfaction with the quality of the Company's products

98.8%

Case Koal's Government Cloud Security Operation and Maintenance Services Received High Praise

In January 2026, Shanghai Koal Software Security Technology Co., Ltd., a subsidiary of the Company, received a letter of appreciation from a major data center in Shanghai. The letter highly commended the Company's operation, maintenance, and security support services provided to its Government Affairs Cloud platform in 2025, recognizing the team's strong technical capabilities in ensuring secure, stable, and efficient platform operation. In the future, the Company will continue to deepen its presence in the digital security field, refine its technical capabilities, and optimize service quality. We look forward to strengthening cooperation with customers and working together to continuously inject security momentum into digital government development.



Letter of Appreciation from a Customer

Responsible marketing

Koal strictly complies with relevant laws and regulations and industry standards in the regions where it operates, comprehensively promoting standardized management of responsible marketing. The principles of responsibility are embedded throughout the entire marketing process to safeguard customer rights and brand credibility, ensuring compliant, orderly, and sustainable marketing practices. During the Reporting Period, the Company did not experience any major violations related to marketing.

Standardize marketing principles and incorporate them into institutional systems

We fully integrate responsible marketing requirements into all operational processes, clearly defining compliance boundaries and ethical standards across scenarios such as advertising, customer communication, and brand collaboration. False advertising, excessive marketing, and inappropriate targeting of vulnerable groups are strictly prohibited. These requirements are incorporated into our core ESG management system to promote standardized and normalized responsible marketing practices. In addition, we formulated the *Koal Product Pricing Management Measures (Trial)*, clarifying processes for pricing, execution, evaluation, and adjustment. Quotations below standard pricing are subject to progressively higher approval levels, standardizing marketing personnel's pricing behavior.

Improve approval mechanisms and strengthen compliance safeguards

We established a closed-loop compliance approval mechanism for major contracts to strengthen compliance control over key marketing stages. After business departments initiate major contract approvals, the Compliance Department conducts specialized reviews. If approved, the process proceeds to subsequent approval stages and final execution; if not approved, revisions are required before resubmission. This full-process compliance mechanism ensures effective implementation of responsible marketing.

Strictly control content authenticity and ensure product compliance.

We strictly control compliance in marketing content and product promotion. All products and materials provided to customers are accompanied by certifications from authoritative institutions. All disclosed customer cases include traceable customer names and contact information and are rigorously verified for authenticity. When our products form part of a complete information system with other customer products, they must be certified by authoritative bodies before activation, ensuring full compliance in product application.

Strengthen personnel management and standardize communication

We regularly conduct specialized responsible marketing training for marketing personnel and partner service providers, clarifying behavioral guidelines and operational standards. All external communications must strictly follow approved messaging, avoiding false, exaggerated, outdated, ambiguous, or undisclosed information. Meanwhile, we publish monthly product updates, regularly sharing product iterations and certification updates, and compile the *Koal Standard Product Catalog* to provide accurate and comprehensive product information for all departments and marketing personnel, ensuring timeliness and accuracy of communication.

Improve supervision and assessment to ensure accountability

We have established a comprehensive supervision and assessment mechanism for responsible marketing, incorporating implementation performance into departmental KPIs and employee evaluations. Reporting channels are set up for internal and external supervision, continuously enhancing social responsibility and sustainability of marketing activities.

Key Performance

Total responsible marketing training duration

7,242.7 hours

total number of participants in responsible marketing training

5,711



Impact, risk, and opportunity management

We attach great importance to risk management related to customer relationship management. We have established a full-process risk management mechanism covering "risk identification, assessment, and control". Potential risks related to customer qualifications, compliance, and demand matching are regularly identified and assessed. Through tiered assessments, we determine risk levels and have formulated relevant policies, including the *Regulations on Reporting Major Customer Service Incidents and Emergency Response*. We implement targeted measures—such as eligibility reviews, dynamic monitoring, and coordinated communication—to mitigate risks associated with customer management.

We strictly comply with laws, regulations, and industry standards in operating regions, establishing rigorous review processes and responsible marketing material approval and supervision mechanisms. All disclosed marketing materials must be approved by authorized personnel. Regular training covers all marketing processes, departments, and partner service providers. Violations are strictly investigated and addressed in accordance with laws and regulations, ensuring full coverage of responsible marketing management.

Indicators and targets

Indicators and targets	2025 achievement status
Customer service satisfaction rate \geq 95%	Actual satisfaction rate: 98.6%
Customer satisfaction with product quality \geq 95%	Actual satisfaction rate: 98.8%
Survey response rate > 80%	Actual rate: 100% Target achieved
Training plan completion rate \geq 95%	Actual rate: 100%
Sales contract review rate = 100%	Actual rate: 100%

Information security and privacy protection

Governance

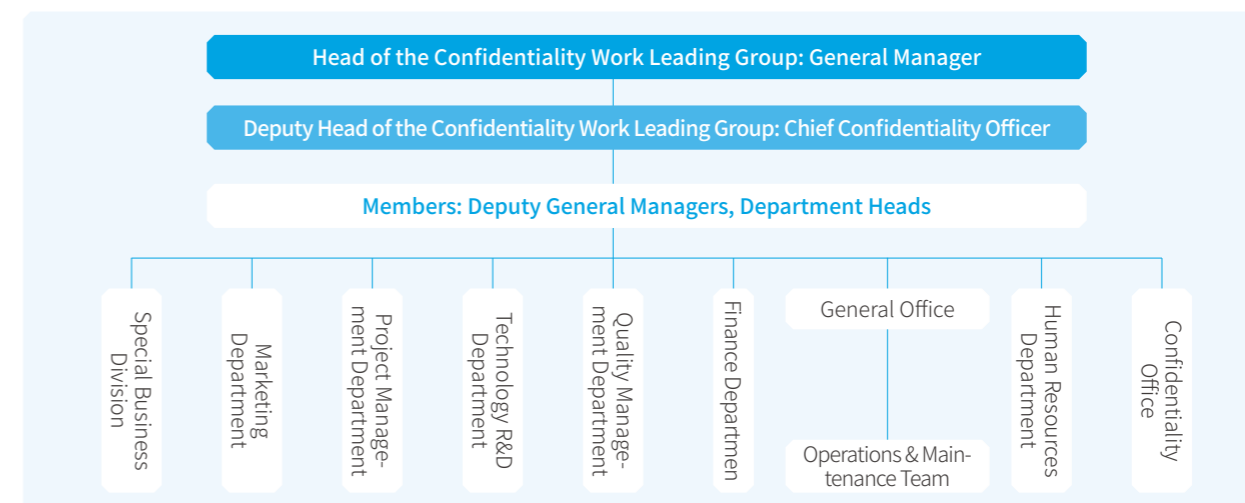
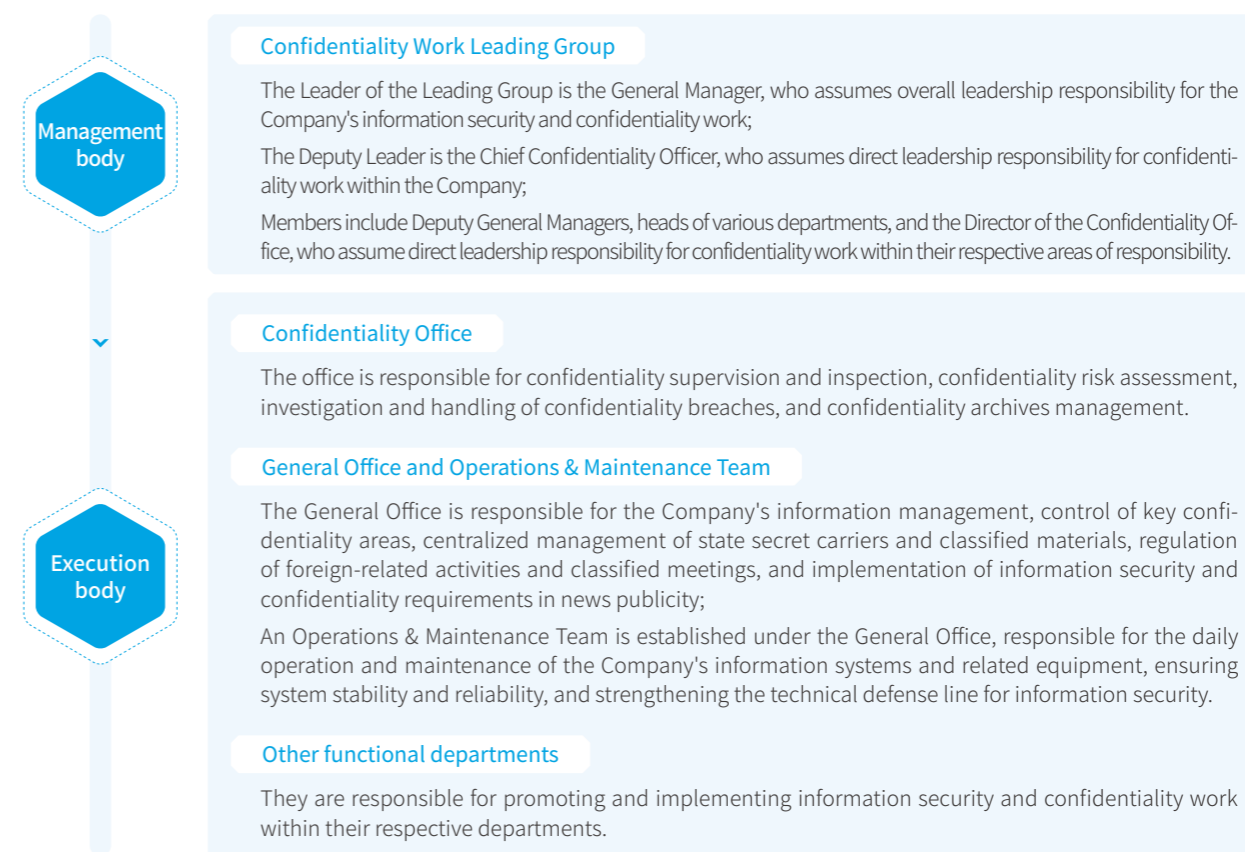
We have established a comprehensive information security and privacy protection management structure, building a hierarchical responsibility system with clearly defined departmental responsibilities. Through regular coordination meetings, responsibilities are effectively implemented at all levels, forming an efficient joint defense mechanism characterized by centralized coordination and grassroots collaboration.

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○ Green operations
low-carbon future



We strictly comply with *Cybersecurity Law of the People's Republic of China*, *Data Security Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, *National Security Law of the People's Republic of China*, and *Administrative Measures for Data Security in the Industry and Information Technology Sector (Trial)*, among other applicable laws and regulations. We have formulated policies and management standards such as the *Information Security Management System Manual*, *Network and Information Security Management Policy*, *Confidentiality Work Guidance Manual*, and *Confidentiality Assessment, Rewards and Penalties System*, thereby establishing a comprehensive information security management system. During the Reporting Period, we revised and implemented multiple institutional documents, closed management gaps, established a comprehensive policy framework, strengthened end-to-end risk control, improved security incident response efficiency, significantly reduced the network attack surface, and promoted centralized allocation of defense resources, achieving seamless integration between routine protection and emergency response.

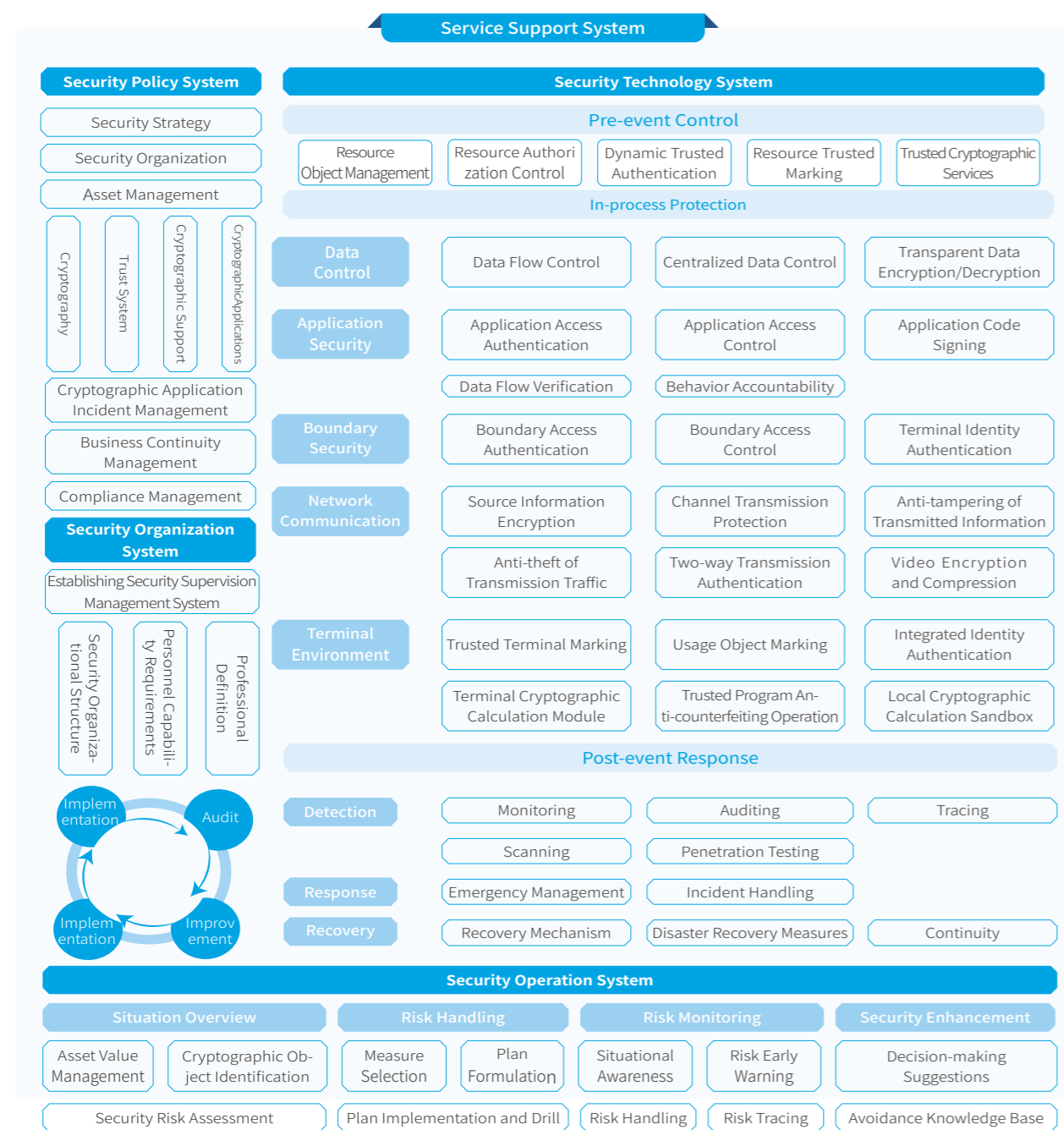


Strategy and management approach

To continuously enhance information security and privacy protection, Koal carried out relevant work in areas including information security management, security certification and audit, security technology upgrades, privacy data protection, and security culture development, in accordance with applicable laws, regulations, and internal management requirements, continuously improving management mechanisms and safeguard measures.

Information security management

We adhere to the principle of "security first, prevention as a priority." Based on domestic and international regulatory requirements and general information security management system standards, and drawing on industry best practices, we have established a comprehensive information security and privacy protection management system and continuously improved the security management system for critical information infrastructure. We implement information security management measures across systems, organization, personnel, construction, and operations, while leveraging advanced technologies to ensure data integrity and availability, thereby comprehensively safeguarding internal information security.



Cybersecurity management

- No department is allowed to independently set up networks. Network deployment is centrally implemented by the General Office after feasibility assessment;
- Any unauthorized modification of IP addresses or connection methods is strictly prohibited. Access by external personnel to the Company's internal network systems is strictly controlled.

Equipment safety management

- The Company provides computer equipment for internal use. Employees are not allowed to replace or dismantle equipment without authorization and must maintain a clean, safe, and proper working environment;
- Employees must strictly comply with operating procedures for computer use, including startup and shutdown protocols, and are responsible for the security of the equipment they use.

Encrypted file storage

- Important work files must not be stored on the C drive (including the desktop). They must be regularly backed up and centrally stored on designated departmental folders on the Company's file server, with each department responsible for review and security management;
- When employees leave their positions, their work materials must be copied to the departmental folder by the department head;
- Important information files must be stored in encrypted form. Electronic certificates, official documents, and similar materials must include explanatory watermarks or usage labels. Any leakage or loss caused by improper storage or use shall be borne fully by the responsible individual.

Information confidentiality management

- For sensitive information, we follow the principles of "strict management, rigorous prevention, ensured security", and operational convenience. We implement "triple control" measures and "full-process control" to ensure secure and controlled handling at all stages;
- Information transmission must be handled by designated personnel in accordance with regulations, and transmission via ordinary postal or courier channels is strictly prohibited;
- Before leaving a position or the Company, employees must return all classified materials and complete confirmation procedures. Destruction of classified carriers must be supervised by at least two persons and conducted at designated locations;
- Dual agreements are signed with outsourced personnel to ensure data security.

Information security certification and audit

Koal continues to advance the development of information security management systems and professional certifications. As of the end of the Reporting Period, we have obtained the ISO 27034 Application Security System Certification, ISO 27001 Information Security Management System Certification, as well as professional service qualifications such as CCRC Information System Security Operations and Maintenance Service Certification and CCRC Information System Security Integration Service Certification.

In accordance with relevant regulations and internal management systems, we conduct regular audits of information security policies and systems, covering four key areas: policy implementation, technical protection, data security, and compliance. By continuously improving audit coverage, optimizing specialized audit mechanisms, establishing a closed-loop "audit-feedback-rectification" management system, and strengthening risk early warning capabilities, we ensure the rigor and effectiveness of our information security system and provide strong support for stable business operations. In addition, we undergo external information security inspections from third parties such as government authorities on an irregular basis. During the Reporting Period, we conducted one internal information security audit and underwent one external information security review.



ISO 27034 Application Security Systems Certification

ISO 27001 Information Security Management Systems Certification

CCRC Information System Security Operation and Maintenance Service Certification

CCRC Information System Security Integration Service Certification



Policy and system audit

Verify the compliance of processes for policy formulation, review, approval, and communication, and assess implementation effectiveness.

Technology and control audit

Evaluate the effectiveness of technical measures such as firewalls and intrusion detection systems, and verify the implementation of access control and vulnerability management measures.

Data Security and Privacy Audit

Review compliance of data classification, storage encryption, transmission protection, and personal data processing with regulatory requirements.

Compliance audit

Assess compliance against national laws and industry standards, identify gaps, and promote corrective actions.

Koal's Information Security Policy and System Audit

We regularly conduct confidentiality supervision and inspections for sensitive information and personnel. Confidential personnel perform self-inspections every two months, while departments handling classified work conduct monthly self-inspections. Department heads implement and review confidentiality practices based on business characteristics. Quarterly inspections are conducted on departmental leaders' confidentiality responsibilities, semi-annual inspections on responsible executives, and annual inspections on the General Manager. All inspection results are documented.

Information security technology

We actively promote upgrades and enhancement of information security technologies. Through multi-layered deployment and optimization across network, application, and data levels, we effectively defend against large-scale cyberattacks, improve incident response efficiency, ensure data security and business continuity, and establish a comprehensive, intelligent, multi-layered protection system.

Strengthen multi-layered defenses and build a robust, comprehensive barrier

At the network layer, high-defense servers and intelligent traffic scrubbing centers are deployed; at the application layer, WAF and code audits are used to prevent SQL injection and XSS attacks; at the data layer, encryption and integrity verification are implemented for data at rest and in transit.

Optimize threat detection and accelerate incident response

AI-driven threat intelligence analysis is introduced for proactive alerts on ransomware and automated bots; RPA is deployed to counter large-scale crawling attacks; a 24/7 Security Operations Center (SOC) is established, with regular emergency drills conducted.

Strengthen data security to ensure business continuity

We strictly implement a "2-1" backup strategy and conduct regular data recovery tests. A zero-trust architecture is adopted under the principle of "never trust, always verify," enabling dynamic access control.

Privacy and data security

Koal strictly follows the principle of "minimal data collection" in personal information processing. Customer data is systematically stored in the ERP system and protected in terms of integrity and confidentiality through our comprehensive information security management system. Access permissions are assigned based on roles, key customer data is desensitized, and certified commercial cryptography products are used to ensure security protection.



Data backup

We adopt cyclical full and incremental backup strategies to regularly back up data across all systems (including internal networks, operational platforms, portals, corporate email, ERP systems, etc.), ensuring optimal data recovery in case of system failures.



Data flow control

Backup data files are strictly safeguarded to prevent unauthorized copying or destruction. Unauthorized export of databases is strictly prohibited.

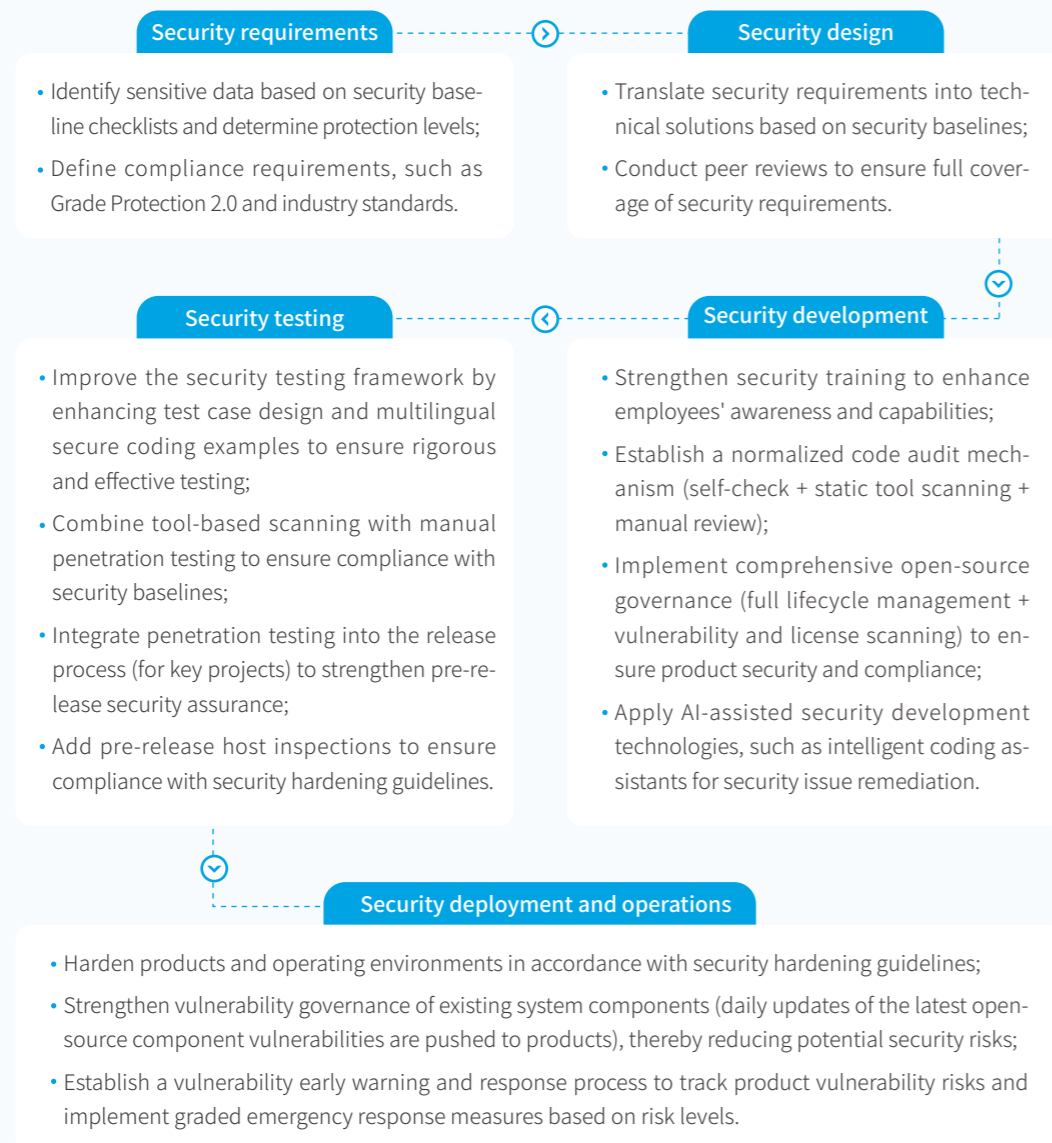


Encrypted storage

Encryption is applied to sensitive fields such as personal information, sensitive personal data, and corporate sensitive data.

Security development

We integrate information security requirements into the entire product development lifecycle, establishing a comprehensive security management system to build an all-round protection framework for our products.



Information security culture

We promote systematic and targeted development of information security and confidentiality culture, embedding security awareness into employees' mindset and daily practices. This approach comprehensively enhances employees' confidentiality literacy and information security awareness, strengthening the cultural foundation of information security.

We conduct security training through diversified formats such as online courses, on-site lectures, and simulation drills, deeply embedding security awareness among employees and fostering a culture of full participation and proactive protection. At the same time, we organize skills competitions and attack-defense drills to cultivate professional security talent and enhance practical technical capabilities, thereby strengthening the talent foundation for sustained information security protection.

We revised the list of confidentiality-related positions, clarified role classifications and responsibility boundaries, and strengthened full-process management of personnel with access to confidential information. We also developed and distributed confidentiality awareness manuals, established an online learning platform, and built a tiered assessment system to carry out integrated online and offline training programs. During the Reporting Period, we achieved 100% coverage of confidentiality training, a participation rate of 99.5%, and a pass rate of 99.2%. All non-compliant personnel achieved compliance after rectification, effectively fulfilling differentiated training objectives for confidentiality-related personnel and general employees.

Key Performance

Total information security training duration

2 hours

Total number of participants in information security training

160



Number of confidentiality training sessions

7

Total confidentiality training duration

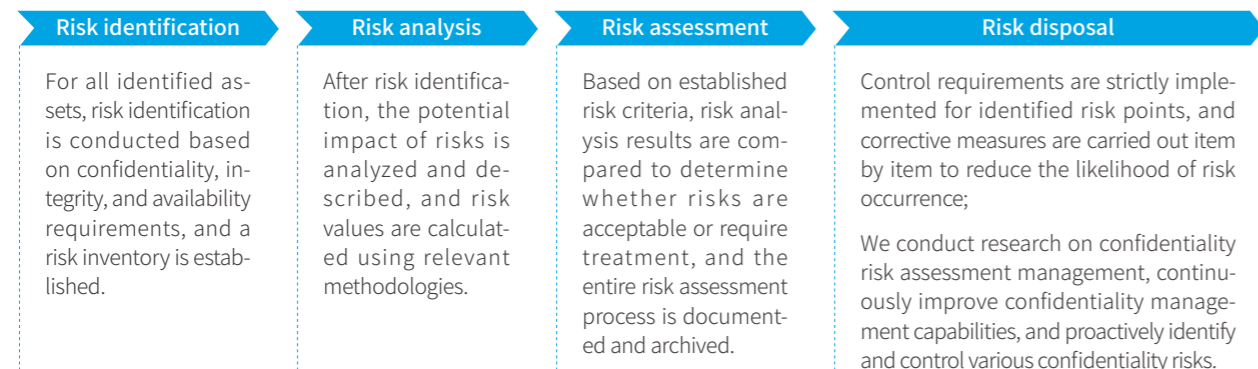
3,800 hours

Total number of participants in confidentiality training

600

Impact, risk, and opportunity management

We attach great importance to information security risk management by establishing a professional emergency response team and formulating policies such as *the Information Security Risk Management Procedures*, *Confidentiality Management Policy*, and *Emergency Response Plan for Information Leakage Incidents*. This forms a full-cycle information security risk management system characterized by closed-loop processes, controllable risks, and efficient response. Through standardized and well-defined risk management processes, we accurately identify potential information security risks and implement targeted control measures to build robust protection barriers. At the same time, we establish comprehensive emergency response procedures and mechanisms, conduct regular practical drills, and comprehensively prevent and mitigate various information security risks, ensuring stable business operations and core data security. During the Reporting Period, no major data leakage or information security incidents occurred. One information security or attack-defense emergency drill was conducted.



Information Security Risk Management Process



Risk Identification and Mitigation Measures



Information Security Incident Emergency Response Process and Measures

Indicators and targets

In the face of increasingly complex cyber threats, Koal focused on information security and privacy protection, building a multi-layered, intelligent, and highly compliant protection system to ensure the continued and stable operation of our business, strengthen the defenses for data security and personal information privacy protection, translate relevant requirements into actionable and measurable work objectives at all levels, clarify implementation paths and achievement standards, and link the assessment results of these objectives to management performance incentives, thereby promoting the effective implementation of all tasks.

Indicators and targets		2025 achievement status
Strengthen endpoint security protection	Enhance the defense capabilities of endpoint devices, prevent virus and ransomware attacks, and safeguard data security through technology deployment and data encryption.	Achieved
Improve security monitoring and emergency response	Establish real-time monitoring mechanisms, optimize emergency response processes and team capabilities, and reduce the risk of business disruption.	Achieved
Enhance employee security awareness	Conduct security training covering phishing attack identification, password management, and other topics to reduce vulnerabilities caused by human operational errors.	Achieved
Optimize compliance management	Improve security policies, strengthen supplier security assessments and supply chain controls, and ensure compliance with national and industry regulations.	Achieved
Promote technology innovation and application	Introduce technologies related to the zero-trust architecture to enable dynamic access control and reduce internal threats.	Achieved
Optimization of confidentiality systems and training	Complete revisions to confidentiality management systems and implement the compilation of business systems; prepare and disseminate training manuals covering project processes, confidentiality knowledge, and other content; throughout the year, conduct at least two confidentiality training sessions and one year-end examination for all employees, conduct at least three training sessions for SM personnel and project personnel, and complete 15 class hours of training materials for SM personnel.	Achieved
Routine confidentiality management	Implement centralized management of inspections, risk assessments, and document receipt, dispatch, and circulation; complete two confidentiality inspections, one risk assessment, and confidentiality training and examination for new employees upon onboarding.	Achieved
Internal implementation and coordination	Complete all Company supervision and follow-up tasks as required; strengthen cross-departmental collaboration, with the quarterly collaboration evaluation rated as qualified; no violations of regulations or discipline, and no major quality incidents.	Achieved

Sustainable supply chain

Koal continued to improve its supply chain management system, formulated and strictly complied with systems such as *Supplier Code of Conduct*, *Qualified Supplier System*, and *Procurement Management Process*, standardized the supplier lifecycle management, improved the long-term communication mechanism with suppliers, effectively prevented potential risks in the supply chain, continuously enhanced supply chain resilience, and made every effort to build a compliant, stable, and highly resilient sustainable supply chain system.

Supplier lifecycle management

Koal focused on the core objectives of standardized supplier management and ensuring supply chain stability and quality. In light of the characteristics of the information security industry, we established a standardized supplier lifecycle management system, covering the entire process from access, classification, evaluation, to exit, effectively ensuring compliant, stable, and high-quality operation of the supply chain.

Supplier admission and assessment



We define supplier access standards, review core relevant conditions such as qualifications, quality, contract performance capability, and financial status, and through preliminary screening, on-site evaluation, comprehensive quantitative scoring, and joint approval by multiple departments, include qualified suppliers in the approved supplier list and establish dedicated files for them, strictly controlling the access threshold.

Graded and classified management



Based on dimensions such as material/service type, procurement amount, and strategic importance, suppliers are categorized into strategic, key, and general types, among others, and differentiated management is implemented; combined with performance evaluation results, they are classified into grades such as excellent and qualified, with supporting incentive or corrective measures to precisely align with the Company's supply chain management needs.

Regular evaluation and feedback



We conduct annual performance evaluations of suppliers, quantitatively scoring them on core indicators such as quality, delivery, cost, and service; establish a regular communication mechanism to promptly convey requirements and standards information; promote joint improvement with suppliers; and dynamically update the supplier roster to ensure the vitality of the supply chain.

Supplier exit



For suppliers with serious quality issues, repeated breaches of contract, or violations of laws and regulations, we implement exit procedures in accordance with established processes, ensure proper handover and contingency arrangements, analyze root causes, and prevent recurrence of similar issues, thereby safeguarding supply chain stability and fully aligning with our compliance and risk management requirements.

Key Performance

Total number of major suppliers

83



total number of major domestic suppliers

83



Supply chain ESG management

The Company continuously strengthened supplier ESG management, practiced the principles of sustainable procurement, and built a sustainable supply chain. On the basis of ensuring business continuity, we fully integrated ESG factors into the entire process of supplier admission and management and control, driving upstream and downstream participants across the supply chain to collaboratively practice the philosophy of sustainable development.

The Company has established a sound ESG management system, formulated the *Supplier Code of Conduct*, and signed agreements with suppliers such as the *Partner Integrity and Honest Cooperation Agreement*, *Supplier Environmental Responsibility Agreement*, and *Supplier Product Quality Assurance Agreement*, covering key areas including labor standards, environmental responsibility, business ethics, product quality, and compliant employment. ESG requirements have been incorporated into the core assessment for supplier admission, strictly prohibiting benefit transfers and regulating employment and environmental practices, effectively promoting suppliers to jointly practice the concept of sustainable development and continuously enhancing the sustainability of the supply chain.

Supplier Code of Conduct

<div style="border: 1px solid #0070C0; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> Human Rights and Labor </div>	<p>Strictly prohibit child labor, forced labor, and all forms of discrimination; comply with local labor laws; safeguard employees' wages, working hours, and occupational safety; and standardize employment management.</p>
<div style="border: 1px solid #0070C0; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> Environmental Protection </div>	<p>Operate legally, possess environmental qualifications, standardize the disposal of the "three wastes," promote cleaner production and resource conservation, and cooperate with the Company's green procurement requirements.</p>
<div style="border: 1px solid #0070C0; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> Health and Safety </div>	<p>Provide employees with a safe working environment and protective equipment, safety training, formulate emergency response plans, and provide qualified sanitation facilities to safeguard employees' occupational health, life, and safety.</p>
<div style="border: 1px solid #0070C0; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> Business Ethics and Anti-corruption </div>	<p>Adhere to integrity in operations, strictly prohibit commercial bribery and transfer of benefits, cooperate with integrity supervision, and jointly build a fair and clean cooperation environment.</p>

Key Performance

Number of suppliers which have obtained the quality management system certification: approximately

80

Number of suppliers which have obtained the environmental management system certification

10

Number of suppliers which have obtained the occupational health and safety management system certification

2

Enhancing supply chain resilience

To ensure supply chain continuity and stability, Koal has comprehensively built a supply chain resilience enhancement system. Through two core measures, namely end-to-end risk prevention and control and normalized supplier capability building, we continuously strengthened the supply chain's risk resistance and coordinated development, providing solid supply chain support for the stable operation of our business.

Supply chain risk prevention and control

Koal has established the *Supplier Continuity Mechanism*, creating a comprehensive risk prevention and control system and standardized procedures to effectively mitigate various risks, including supply chain disruptions, price increases, and unforeseen incidents.

Strengthen risk assessment and forecasting, and build a solid first line of defense against risks

We conduct supplier risk assessments across multiple dimensions, including financial stability, production base distribution, geopolitics, and technological iteration; record high-frequency points of supply chain disruption; monitor incoming material quality data from suppliers; and regularly review responses to quality issue handling, with a focus on key suppliers and various sudden risk points, so as to comprehensively and accurately identify various potential risks across the supply chain.

Improve and diversify the supplier layout to reduce the risk of reliance on a single source

For key materials or services, we avoid reliance on a single supplier, maintain two to three backup suppliers, promote a geographically diversified supplier layout, establish long-term strategic partnerships with core suppliers, share risk response plans, and sign business continuity agreements to enhance the supply chain's resilience to fluctuations.

Refine safety stock management and control to ensure continuous and stable supply

Based on actual production needs, we have established a safety stock of at least one and a half months for materials with long procurement cycles and insufficient production capacity. We implemented a system of daily inventory inspections and monthly stocktaking updates, and established an inventory alert system and a coordinated supplier response mechanism to proactively prevent the risk of supply disruption.

Optimize the emergency response system and improve the effectiveness of risk handling

We closely monitor the qualification status and negative information of information technology service institution suppliers (in line with the Company's information security attributes), clarify the processes for information reporting, risk assessment, and emergency preparedness, incorporate suppliers' contingency plans for emergency situations into the Company's overall emergency management, establish a three-tier response process from Level 1 to Level 3, and rapidly address various types of supply interruption issues.

Improve the sound performance management and control mechanism to drive the continuous optimization of the system

We continuously improve the management mechanism through KPI assessments, risk reviews, on-site audits, and other measures, while identifying key supply chain nodes and formulating tailored prevention and control plans, thereby advancing the enhancement of supply chain resilience in a closed loop and strengthening the defense line against supply chain risks.

Supplier capability building

Koal attaches great importance to supplier training. In light of the characteristics of the information security industry and cooperation needs, we provide targeted training for suppliers to strengthen collaborative alignment between both the supply and demand sides. During the Reporting Period, Koal conducted three training sessions for suppliers to help them fully understand the Company's philosophy, cooperation rules, quality standards, and business processes, standardize cooperation practices, enhance supply capabilities and service standards, improve supply efficiency, and grow together.

People-oriented collaborative and win-win outcomes

- Employee rights and benefits
- Human capital development
- Occupational health and safety
- Industry ecosystem development
- Community engagement

Contributing to the UN 2030 SDGs



Employee rights and benefits

The Company strictly complies with laws and regulations related to labor protection, comprehensively safeguards employees' lawful rights and interests, and adheres to fair employment, equal treatment, and standardized labor practices. The Company continued to improve its diversified benefits system, kept employee communication channels open, and paid close attention to employees' work-life balance. We safeguarded rights and interests through sound systems and conveyed care through benefits, effectively enhancing employees' sense of gain, security, and belonging.

Labor and human rights management

The Company strictly complies with the requirements of the *International Bill of Human Rights*, *ILO Conventions*, *UN Guiding Principles on Business and Human Rights*, the *Labor Law of the People's Republic of China*, and other relevant requirements, and formulated policies and systems related to employee rights and human rights protection, such as the *Compendium of Human Resources Management Systems*, clearly stipulating our conduct in employment processes such as employee hiring, onboarding, management, and separation, standardizing the identification of corresponding employment compliance risks as well as remedial measures and procedures for adverse incidents, and regularly reviewing and revising them to ensure consistency with the latest legal and regulatory requirements.

To systematically prevent human rights compliance risks, the Company established a labor compliance risk identification mechanism, clarified the response procedures and corrective measures for negative incidents, and strengthened the baseline for human rights risk prevention and control. During the Reporting Period, the Company carried out a comprehensive identification of human rights compliance risks, clarified 45 core employee rights and human rights protection provisions, and fully embedded employee rights protection and human rights risk prevention and control requirements into all aspects of production, operations, and management, thereby achieving proactive prevention and closed-loop management of human rights risks.

Checklist for Identifying HR Legal Standards

Legal standards	Number of articles identified	Main content
<i>Labor Law of the People's Republic of China</i>	30 articles	All Company management systems and operational practices must safeguard workers' statutory rights, including occupational safety and health protection, among others
<i>Labor Contract Law of the People's Republic of China</i>	12 articles	The formulation of labor quotas shall be scientific and reasonable, ensuring that most employees can complete them within normal working hours, etc.
<i>Criminal Law of the People's Republic of China</i>	1 articles	It is strictly prohibited to force others to work by any means, etc.
<i>Law of the People's Republic of China on Penalties for Administration of Public Security</i>	1 articles	Using violence, threats, or other means to force others to work, even if it does not constitute a criminal offense, also constitutes a violation of public security administration.
<i>Regulations on Labor Security Supervision and Inspection</i>	1 articles	Labor security supervision and inspection cover the entire process from recruitment to resignation, from wages to social insurance, and from working hours to special protection.

Key Performance

Signing rate of labor contracts

100 %

Social insurance coverage

100 %

Diversity and equal opportunities

The Company has consistently adhered to the philosophy of diversified talent development, widely recruiting outstanding talent with different genders, professional backgrounds, cultural experiences, and specialized skills. By integrating diversity, we stimulate organizational vitality, uphold equal employment and fair competition, eliminate all forms of discrimination and improper employment practices, and strive to foster an open, inclusive, equal, and respectful working atmosphere, providing every employee with a platform for growth and the full display of their talents. During the Reporting Period, Koal did not experience any complaint incidents related to discrimination or harassment.

We upheld gender equality, provided female employees with fair compensation and benefits, training, promotion, and career development opportunities, eliminated the gender pay gap, encouraged women to take on management positions, and enabled them to fully realize their value. At the same time, the Company protected female employees' maternity-related leave in accordance with the law, provided commercial maternity insurance, and offered paternity leave to male employees, advocating shared family responsibilities and creating a secure and stable environment for women's long-term career development. At the same time, we deeply integrated diversity into corporate governance. In the terms of reference of the Nomination Committee of the Board of Directors, gender diversity was explicitly identified as a key dimension in candidate evaluation. The Company currently has one female employee director and two female Senior Management members. The Company strives to increase the proportion of female directors to one-third before the re-election of the next Board of Directors, and supports more outstanding female managers in joining the senior management team.

In 2025

Employee discrimination incidents

0 Cases

Proportion of female employees

20.85 %

Proportion of female employees in middle management

14.6 %

Proportion of female senior management employees

16.67 %

Number of ethnic minority employees

14 Persons

Number of employees with disabilities

12 Persons

Return-to-work rate after parental leave

100 %



Employee engagement and communication

The Company attaches great importance to employee communication and democratic participation, fully respects employees' opinions and reasonable appeals, and actively fosters harmonious, healthy, and stable employee relations by maintaining smooth communication channels, improving the whistleblowing system, and conducting satisfaction surveys, thereby creating a positive working atmosphere of equality and respect, openness and transparency, and smooth communication. During the Reporting Period, the Company filed the *2025 Special Collective Contract on Wages*, *2025 Comprehensive Collective Contract*, and the *2025 Special Contract on the Protection of the Rights and Interests of Female Employees* with government authorities, ensuring employee contracts were compliant and transparent and safeguarding employees' basic rights and interests.

Open communication channels

The Company has established a de-layered, multi-dimensional communication mechanism and built diverse, accessible channels for expressing opinions, including on-site complaints to the Human Resources Department, written complaints, telephone complaints, as well as the general manager hotline and the general manager email, encouraging employees to communicate freely across levels and offer suggestions and recommendations. At the same time, the Company has continuously optimized the opinion feedback and handling process to ensure that every employee appeal receives a response and every matter is properly addressed, fostering a positive atmosphere of openness, mutual trust, and active participation.

Case Establish a Suggestion (Complaint) Mailbox

In 2025, to further promote internal communication and encourage employees to actively participate in Company management, we established a suggestion (complaint) mailbox, inviting every employee to put forward valuable opinions and suggestions on the Company's operations, management, culture building, and other aspects. We committed to handling all suggestions confidentially, carefully considering and responding to each suggestion, regularly organizing relevant departments to evaluate and discuss the collected suggestions, and adopting and implementing them based on actual circumstances.



Employee Suggestion Mailbox

Grievance reporting procedure

Koal has established a transparent, standardized, and strictly confidential employee grievance and whistleblowing mechanism that covers all full-time and part-time employees, encouraging employees to promptly file grievances with their immediate supervisors or the Human Resources Department when they experience any unfair treatment. The Company has designated personnel to receive and handle employee grievances and whistleblowing incidents. The Human Resources Department serves as the grievance acceptance center and, together with the Internal Audit Department, is responsible for the acceptance, investigation, handling, and follow-up tracking of grievances. Based on the principles of authenticity, confidentiality, and effectiveness, we ensured the timely acceptance of each reasonable whistleblowing matter and conducted independent investigations. The Company strictly kept confidential the personal information of the grievance reporter and the specific grievance content, and took necessary measures to protect the safety and legitimate rights and interests of the grievance reporter. Any retaliation against a grievance reporter or any information leakage, once verified, was dealt with seriously.

Conduct satisfaction surveys

The Company regularly conducts employee satisfaction surveys to listen to employees' voices and needs from multiple dimensions, and extensively collect opinions and suggestions. Based on the survey results and employee feedback, it continuously optimizes management measures and steadily enhances employee experience and management effectiveness.

Key Performance

Total number of employees covered by the union/collective bargaining agreement

585 Persons

Collective bargaining agreement signing rate

100 %

Employee satisfaction

75 %

Case Employee Survey

In 2025, to comprehensively understand employees' awareness and evaluations of the Company's strategic positioning, organizational structure, talent management, compensation and benefits, performance appraisal, and incentive systems, the Company conducted a strategic and management follow-up survey through questionnaires. The survey covered multiple dimensions, including the clarity of the Company's strategy, the rationality of the organizational structure, the smoothness of cross-departmental collaboration, talent recruitment and retention, the level of compensation and benefits, and the effectiveness of performance appraisal and incentive systems. A total of 613 questionnaires were distributed in this survey, and 524 valid questionnaires were collected. The survey results showed issues such as employees' insufficient depth of understanding and sense of identification with the Company's strategy, as well as shortcomings in the Company's compensation, performance, and incentive mechanisms. Going forward, the Company will focus on these areas and carry out corresponding management optimization and improvement.

Employee care

The Company integrates employee care into its daily management and development practices. By regularly organizing diverse cultural and sports activities, such as cycling events, sports competitions, and summer parent-child activities, it enriches employees' lives and ensures they receive care and support in areas ranging from physical and mental health, working environment, and living security to emotional well-being. The Company also provides care and support to vulnerable groups, including employees in difficulty and female employees, fostering a warm, inclusive, and fulfilling workplace atmosphere and jointly building a warm and harmonious corporate family.

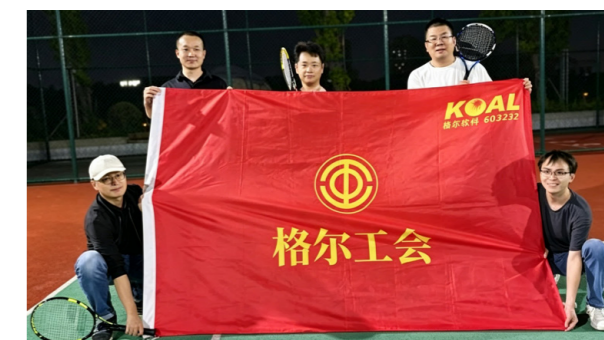
Key Performance

Average number of paid vacation days per person per year

8



Cycling Event



Union Activity



Badminton Competition



Retirement Seminar Activity

Human capital development

Governance

The Company continuously improves its human resources management system to ensure that human resources management is aligned with the Company's overall strategic objectives. The Board has established a Remuneration and Appraisal Committee responsible for formulating and overseeing compensation policies and performance evaluation standards for directors and senior management. The Human Resources Director formulates human resource planning based on overall corporate strategy and provides strategic support and recommendations. The Human Resources Department is responsible for developing and implementing HR plans, objectives, policies, and processes, with clearly defined responsibilities at all levels to promote human capital development.

Koal has formulated and continuously improved systems such as the *Compensation Structure System*, *Training Management System*, improving the human resources management system. Through scientific system development and standardized management, we reasonably allocated human resources, enabled people to make the best use of their talents and talents to be fully utilized, effectively prevented the risk of losing key talent, and safeguarded organizational stability and sustainable development. In 2025, the Company newly formulated systems such as *Promotion Management System* and *Performance Evaluation Management System*, and completed the preparation of the *Compendium of the Human Resources Systems*, which includes 11 major systems, as well as the preparation of job descriptions for 60 departments, laying a foundational framework for the standardized management of human resources.

Strategy and management approach

Koal followed industry development trends and the Company's overall business strategy to define the human resources strategic positioning of "sustainable development driven by human capital". Our talent strategy focused on a paradigm shift from "transaction processing" to "strategic value creation", with "digitalization, specialization, and sustainability" at its core. We aimed to make human capital the core engine for enhancing the Company's ESG management and business growth, and to build a sustainable talent ecosystem in which employees are proud, businesses place their trust, and investors give recognition.

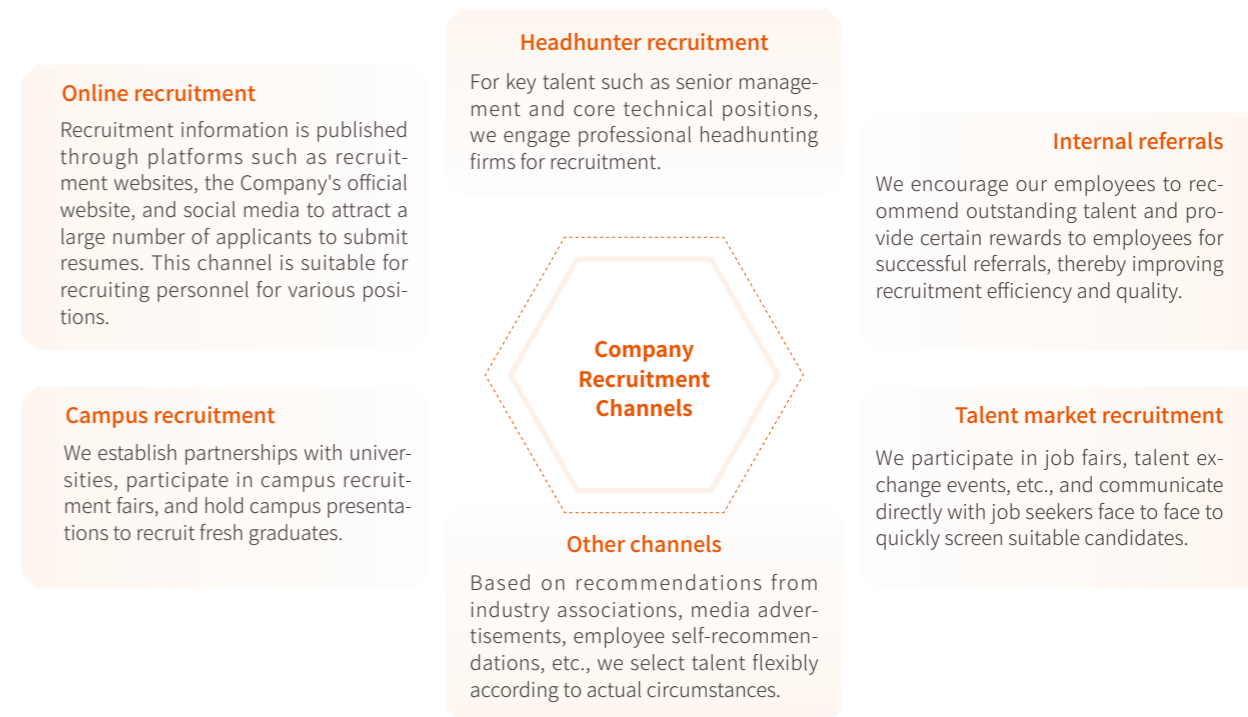
Talent attraction

Koal has established diversified and open recruitment channels and a talent pool to accurately identify talent gaps in key positions. We regularly conduct talent assessments, enrich talent reserves, and promote talent pipeline development. Guided by corporate strategy, we build an efficient and equitable talent acquisition system. On one hand, we recruit high-quality external talent through diversified channels such as social media and university partnerships to improve recruitment efficiency and job-person matching. On the other hand, we promote internal recruitment to identify and utilize existing talent, ensuring alignment between recruitment plans and strategic objectives and optimizing workforce allocation and structure. In addition, the Company focuses on talent integration and development, attaches importance to the recruitment of campus hires and their onboarding experience, continuously optimizes recruitment strategies, and achieves full-cycle management of talent through precise acquisition, efficient empowerment, and sustained retention.

Recruitment principles

Fairness and justice	Merit-based competition	Job-person matching	Legality and compliance
During the recruitment process, all candidates are entitled to equal employment opportunities, and the recruitment procedures and standards are open and transparent to all candidates, eliminating any form of discrimination and favoritism.	Through scientific assessment methods and rigorous selection procedures, outstanding talent best suited to the Company's job requirements is selected from among numerous candidates.	Based on the responsibilities, requirements, and qualifications of the position, personnel with the corresponding capabilities and qualities are selected to ensure the optimal match between personnel and positions, thereby improving work efficiency and employee satisfaction.	Recruitment activities strictly comply with national laws and regulations and relevant local policies, ensuring the legality and compliance of the recruitment process and recruitment groups. It is strictly prohibited to recruit persons under the age of 18.

Recruitment channels



Case Product Manager "Elite Troops Program"

Product managers are the core hub connecting technology, business, and users, and shortcomings in their capabilities directly constrain the market competitiveness of the three major product lines (cryptographic machines, signatures, and cryptographic service platforms). To address pain points across the entire chain of "selection, development, utilization, and retention" of product managers and build a strategic high ground for product talent in the field of cryptographic security, the Company formulated the Product Manager Elite Troops Recruitment Program, including:

- Precise profiling**. In addition to conventional product capabilities, hard thresholds such as cryptographic algorithms, cryptographic protocols, and security and compliance must be added.
- Professionalized channels**. We cooperate with leading headhunters for targeted talent acquisition and leverage their professional talent search and recommendation capabilities to improve recruitment success rates.
- Introduction of special management for cadres**. We set red lines for cultural alignment, conduct progressive assessments, and establish an 18-month special management period to prevent cultural misalignment.



Key Performance

Total number of employee

585 Persons

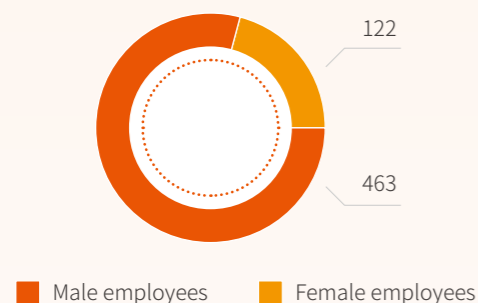
Number of people employed during the Reporting Period

43 Persons

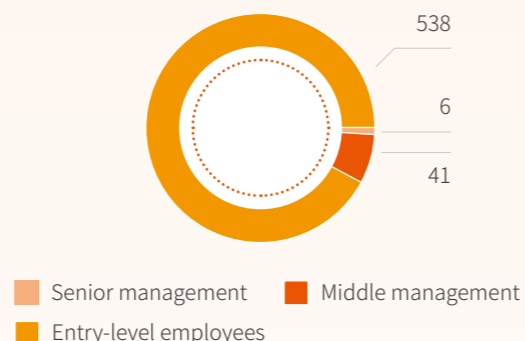
Number of newly recruited fresh graduates

15 Persons

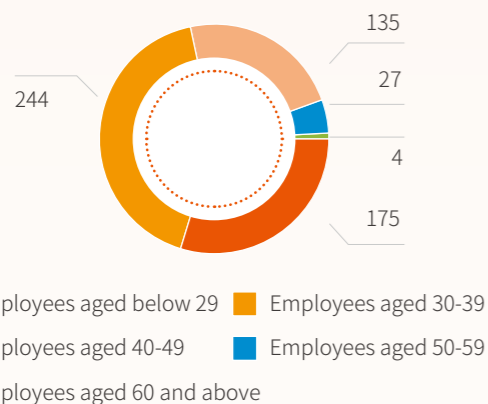
Number of employees by gender



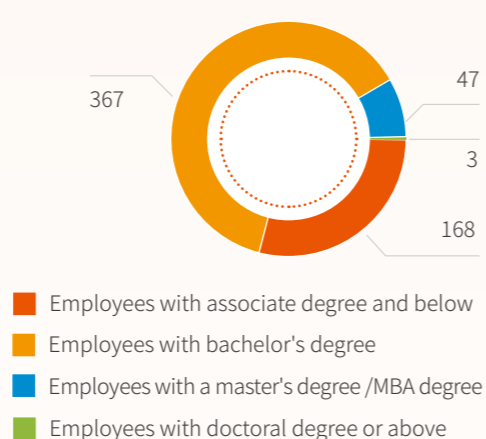
Number of employees by position level



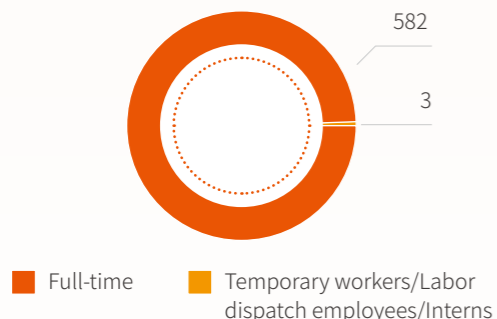
Number of employees by age



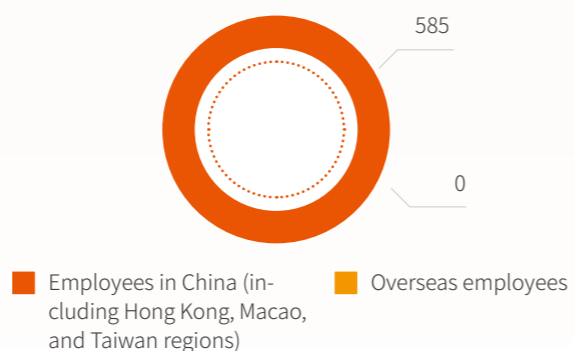
Number of employees by educational background



By employment type



Number of employees by geographical region

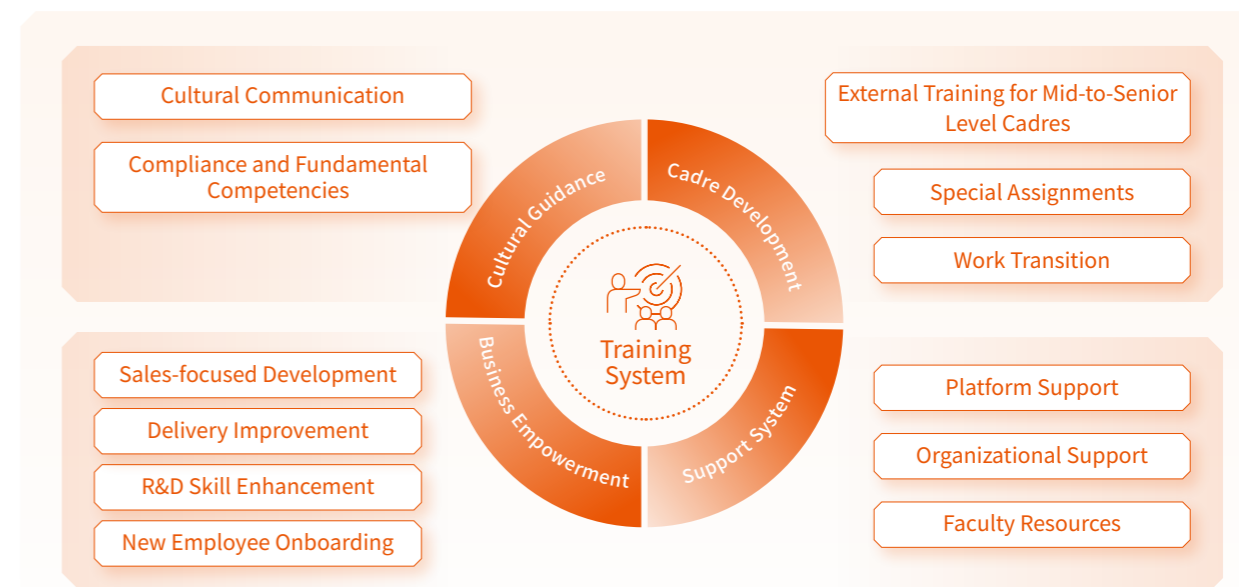


Employee training

The Company has always placed talent cultivation and development at a strategic level, and is committed to building a full-cycle learning and growth platform for employees. Through a wide range of internal and external training and development activities covering all employees, we empower employees continuously enhance their professional capabilities, broaden their career horizons, and clarify their development paths.

■ Training system

The Company has established a hierarchical and categorized training system covering the entire employee career cycle. Through a sound training management system and a technical R&D rank system, we provide solid support for talent development. We conduct dedicated training for new employees, incumbent employees, management personnel, and reserve cadres respectively. We adopt diverse forms such as internal instruction, guidance from external experts, on-the-job practice, industry exchanges, and online learning to continuously enhance employees' professional capabilities and overall competencies, and support the mutual growth of employees and the enterprise.



■ New employee training

The Company continuously optimizes its training system for new employees, creating a training model that integrates online self-directed learning with on-the-job practical coaching and combines learning with assessment, and implements an onboarding development mechanism that integrates online learning, on-the-job coaching, and a mentorship system. The Company has established a sound mentorship system and implemented a two-way selection process between mentors and mentees, assigning an exclusive mentor to each new employee. Through one-on-one on-the-job guidance, we helped new employees smoothly navigate the onboarding adaptation period, quickly integrate into the team, and become competent in their roles.

Case Intern and New Employee Training Program

We assign a mentor to each new employee and develop an exclusive training plan based on the principle of online learning as a supplement and project-based practice as the main focus. Through phased learning (one month, three months, and six months), we help interns and new employees quickly adapt to their positions. In 2025, the participation rate in the Company's new employee training program was 100%, with a pass rate of 96%.



Online Training Courses for New Employees

Leadership training

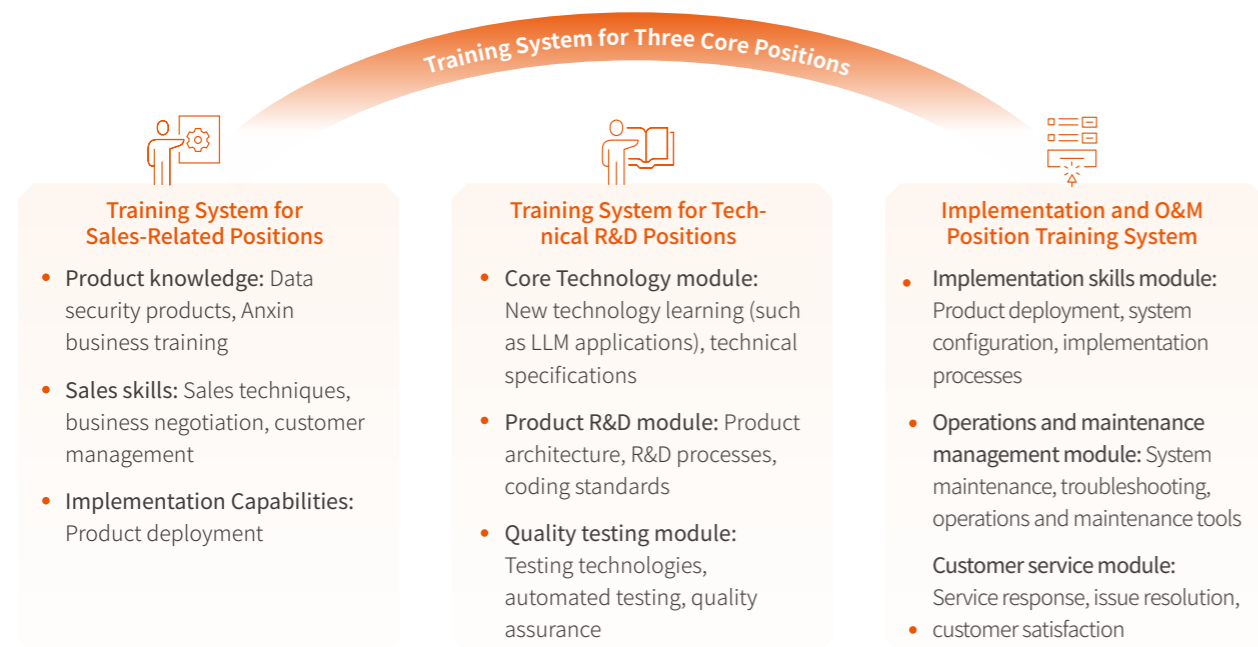
The Company has developed comprehensive leadership development plans for employees at different levels, providing incumbent managers and reserve management talent with comprehensive, systematic, online-and-offline integrated management and leadership courses, helping them broaden their horizons, enhance their overall capabilities, continuously update their management knowledge and professional skills, and effectively apply them in business practice and corporate development. During the Reporting Period, the Company selected 4 middle- and senior-level cadres to participate in external leadership training programs, including CEIBS EMBA further studies, Zhengqi Academy training, and M&A practical training class, so as to enhance the overall quality of middle- and senior-level management cadres and strengthen team collaboration and leadership capabilities.



Leadership Training Site

Professional skills training

To support the growth and development of employees across all professional tracks, the Company has established three core job skill training systems. Each year, we customize special training plans based on job skill requirements, covering business areas such as R&D, testing, implementation, and sales, to help employees systematically master the required professional knowledge and job skills, continuously enhance their core competitiveness, and clearly identify their career direction and development goals.



Collaboration with external institutions

The Company actively expands high-quality external learning channels for employees, introduces professional and authoritative training resources, and supports employees in continuously deepening their expertise and steadily improving in their professional fields. During the Reporting Period, the Company invited Professor Yang Bo's team from Shaanxi Normal University to deliver lectures on the fundamentals of cryptography.



Professor Yang Bo's Team from Shaanxi Normal University Conducting Basic Cryptography Training

Koal Academy

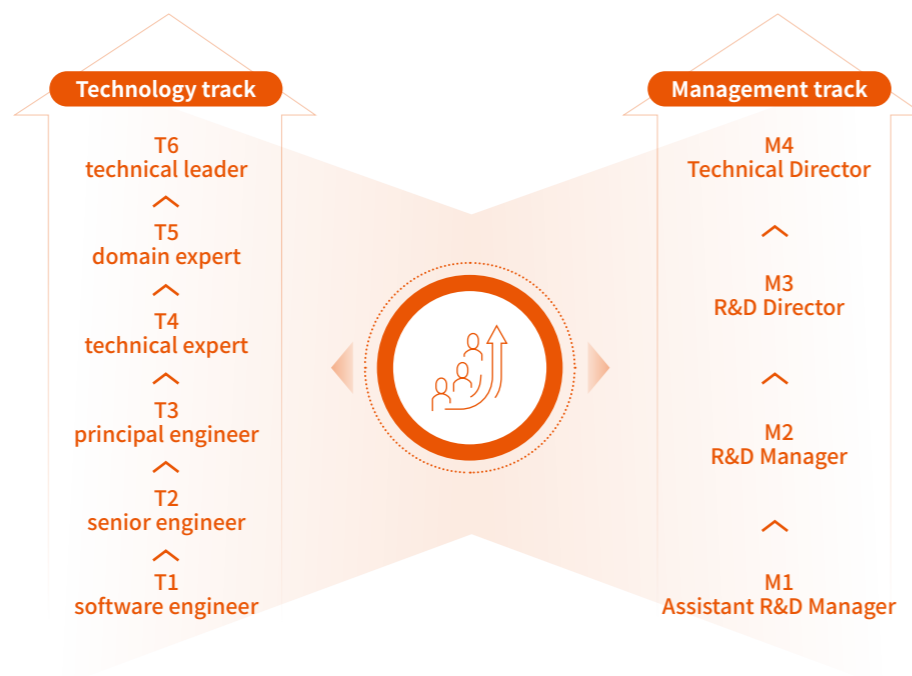
To deepen our strategic corporate planning and talent system development, we established Koal Academy as our core internal talent development platform. The Academy was positioned to serve our core business and support the implementation of strategy. Upholding the operating philosophy of "derived from business, serving the business," it was an important support for promoting the Company's strategic transformation and high-quality development. As the core platform for the Company's talent development and capability enhancement, Koal Academy is responsible for coordinating training plans, establishing a course system, integrating internal and external teaching resources, and advancing talent pipeline development. Through a "training-and-practice integration" model, it strengthens employees' capability building while also undertaking the function of standardized communication of corporate culture. In the future, it will further become a core force in driving organizational transformation. During the Reporting Period, Koal Academy carried out talent development initiatives around three key areas: foundational empowerment for all employees, tiered talent cultivation, and optimization of system support, achieving remarkable training results.



Employee development

■ Career development

The Company places great importance on employees' career development, has established the *Promotion Management System*. It has built a dual career development pathway in which technical and management positions advance in parallel, and established a systematic and standardized employee promotion system, enabling employees to achieve two-way promotion and development in both the technical professional track and the management track based on their own strengths and development aspirations. Through an open, transparent, and well-regulated promotion mechanism, we provide a clear path and solid support for employees' career growth.



■ Education and certificate support

The Company actively encourages and supports employees in pursuing advanced degrees, publishing papers, and undertaking studies and certification for qualification certificates, and enhances employees' professional competencies through incentive subsidies. The Company has formulated the *Revised Measures for Encouraging and Rewarding Employee Paper Publications*, the *Measures for Encouraging and Rewarding Employees Obtaining Qualification Certificates*, clarifying the reward standards for employees publishing papers and obtaining professional qualification certificates. After obtaining approval, employees can receive support and assistance such as expense reimbursement and monetary incentives, continuously empowering their professional growth. During the Reporting Period, a total of nine employees of the Company successfully obtained the corresponding professional qualification certificates and were rewarded accordingly.

■ Compensation and benefits

Based on job value, performance, and competency levels, the Company has established an equitable compensation system. Through standardized performance evaluation and feedback mechanisms, we scientifically assess employee performance and provide employees with market-competitive compensation and benefits, ensuring that incentives are aligned with contributions.

■ Scientific compensation structure

Koal has established a sound compensation structure system and employee evaluation system, and regularly conducts comprehensive assessments of employees' performance, capabilities, and work attitudes, providing an objective basis for compensation adjustments, job promotions, and talent development. Based on job requirements and employee performance, and benchmarking against industry standards, we provide competitive compensation and performance incentives, including year-end bonuses and project bonuses. We also implement employee shareholding plans to establish a medium- to long-term incentive mechanism featuring shared risks and shared benefits, enabling employees to share in the Company's growth and development.

The Company's remuneration system consists of base salary by position, performance-based salary, subsidies and allowances, bonuses and benefits. The remuneration of senior management is determined and paid based on factors such as their position, responsibilities, capabilities, and prevailing market salary levels, and their variable remuneration is linked to factors including the Company's operating performance and performance appraisal results, thereby achieving shared development and growth with the Company. The compensation structure for general employees includes base salary, performance-based salary, year-end performance bonuses, and allowances. Year-end bonuses are closely linked to overall business performance and individual performance evaluations, enabling dynamic adjustment of employee income. This enhances employee satisfaction and productivity while reducing turnover of key personnel. At the same time, the Company regularly conducts salary market surveys to ensure that our compensation levels remains competitive and to attract and retain outstanding talent. During the Reporting Period, 100% of all employees and departments received regular performance appraisals, and all management personnel and entry-level employees, especially non-sales function employees, received compensation commensurate with their appraisal results.

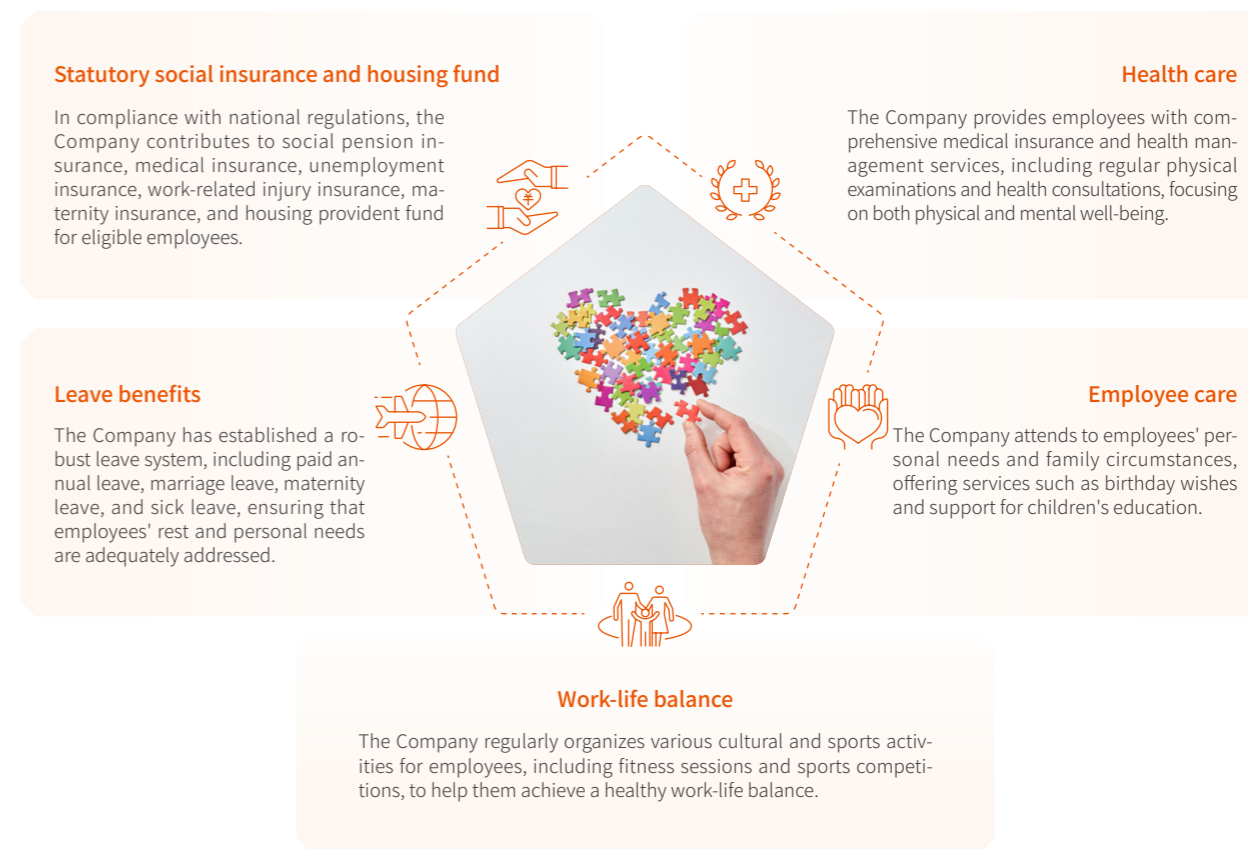
■ Performance evaluation and feedback

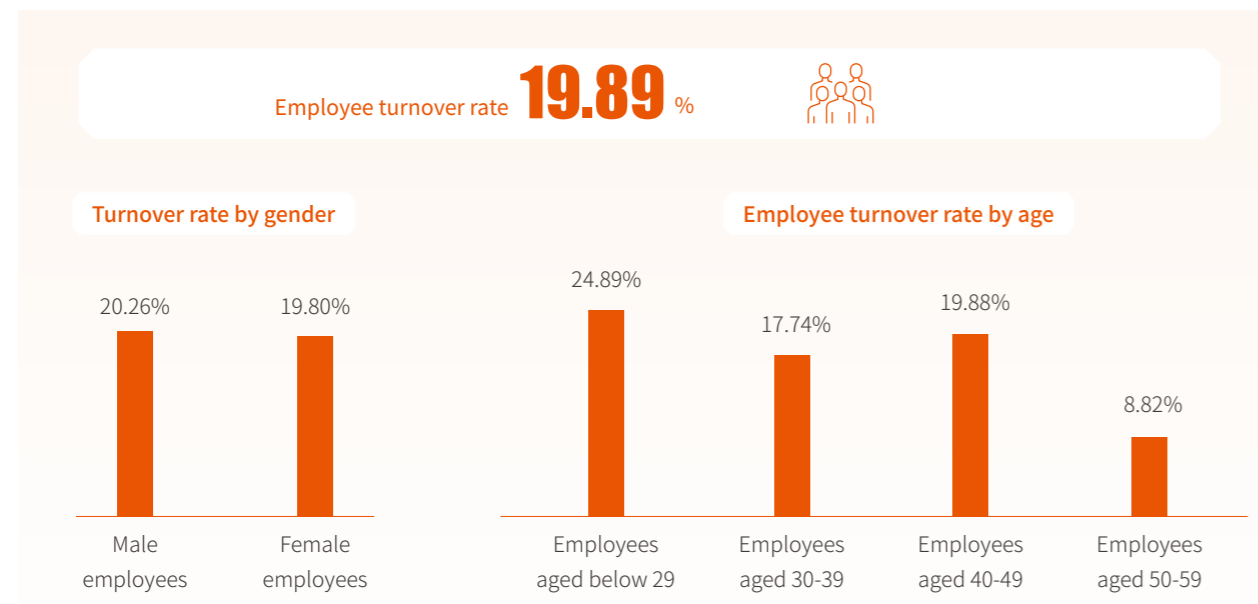
The Company conducts regular performance evaluations. By breaking down overall performance goals into specific targets for each department, we ensure that every team and employee clearly understands their objectives and responsibilities and can efficiently complete their tasks. For the work of employees at different levels and of different types, we adopt a combination of qualitative and quantitative methods to comprehensively assess key performance indicators and work objectives, and link the achievement of individual performance to individual bonus coefficients. Through scientific guidance, timely supervision, and objective measurement, we comprehensively and fairly evaluate employees' performance.

We have established smooth performance coaching and communication procedures to provide employees with timely and comprehensive feedback and guidance throughout the entire performance appraisal process, supporting them in achieving their goals and improving performance. Within five working days after performance evaluation results are finalized, supervisors conduct performance feedback interviews with employees based on principles of timeliness, objectivity, constructiveness, and two-way communication. These discussions clarify evaluation results, analyze strengths and weaknesses, propose improvement measures, and assist in developing personal development plans to support their career growth. The Human Resources Department and the heads of all departments regularly track and evaluate employees' performance improvement progress, promptly resolve improvement-related issues, reward and recognize employees with significant improvement results, and further provide coaching and training to employees whose improvement efforts are ineffective. In addition, by linking company and departmental performance results to the total bonus pool, we help employees recognize their individual value within the organization and motivate them to make greater contributions.

■ Employee benefits and welfare

Koal has implemented a comprehensive, multi-faceted welfare system that encompasses all employees. Beyond the statutory basic benefits, the Company offers an extensive range of non-monetary benefits to its entire workforce, covering health protection and life support. This enhances employees' sense of belonging and well-being, fostering a warm and supportive workplace environment that drives high-quality enterprise development.





Impact, risk, and opportunity management

Koal places paramount importance on human capital risk management, meticulously identifying key areas of potential vulnerability. The Company employs a continuous process of risk identification, assessment, response, and monitoring of human capital risks, guided by its strategic objectives. By integrating insights from employee satisfaction surveys, Koal consistently refines its human resource management strategies throughout the entire talent lifecycle, encompassing "attraction, development, utilization, and retention." This comprehensive approach ensures that human capital development risks remain within manageable parameters, enabling high-quality organizational growth through a high-caliber talent pool.

Analysis of human capital risks

- Risks associated with strategic and organizational change
- Risk of core technical talent attrition
- Risk of mismatch between skills and business needs
- Risk of insufficient international talent pipeline
- Risk related to performance incentives and compensation competitiveness
- Diversity and inclusion risk
- Risk of insufficient training and development
- Compliance and employment risk

Response strategies

- Enhance human capital risk identification and assessment mechanisms, maintaining an up-to-date human capital risk inventory.
- Implement a scientifically robust human resource management system, featuring demand-driven strategic talent pool planning. Conduct regular talent and organizational assessments aligned with the Company's strategic direction and business development trajectory, effectively mitigating, reducing, or transferring identified risks.
- Prioritize the recruitment of technical talent that aligns with the Company's evolving needs while conducting targeted, specialized training for existing employees to enhance skill adaptability.
- Establish clear and measurable performance standards, foster open communication and feedback channels, and constantly refine performance management tools and processes.
- Implement regular employee satisfaction surveys to identify potential issues in talent management processes and develop targeted improvement initiatives.

Indicators and targets

Indicators and targets	2025 achievement status
Human resources cost control ≤ 100%	Target achieved
Employee training coverage rate: 100%	Target achieved

Occupational health and safety

Koal Software rigorously adheres to pertinent laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, while fully complying with the requirements of the ISO 45001 management system. The Company consistently enhances its occupational health-related policies and regulations, establishes robust procedures for identifying and addressing potential risks and opportunities, and implements comprehensive daily supervision and inspection protocols. By prioritizing health and safety across all business operations, the Company ensures the safeguarding of employees' occupational health.



Obtained ISO 45001 Occupational Health and Safety Management System Certification

In 2025

Investment in health and safety

RMB **268,000**

Annual safety incidents

0

Work injury rate

0 %

Occupational disease incidence rate

0 %

Number of employee fatalities due to work-related incidents

0

Number of working days lost due to work-related injuries

0

Establish a management structure

The Company has appointed dedicated Management Representatives and Employee Safety Representatives for the Occupational Health and Safety Management System. These individuals are tasked with establishing, implementing, and enhancing the occupational health and safety management system, as well as coordinating and addressing related issues that arise during system operation.

Develop management policies

The Company has formulated and constantly refines a comprehensive set of safety management and occupational health-related regulations, including the *Fire Safety Management System and Fire Control Procedures*. Furthermore, a *Quality, Environmental, and Occupational Health and Safety Management Manual* has been compiled to bolster workplace safety protection effectiveness and foster a high-quality, healthy, and secure working environment for all employees.

Set annual objectives

The Company has established specific occupational health and safety objectives, targeting "zero major safety incidents" and "zero major fire incidents." To facilitate the achievement of these objectives, the Company cascades them across functional departments and formulates tailored management and evaluation plans, thereby ensuring the effective implementation of preventive measures and reinforcing the foundation of its occupational health and safety management. Regular internal audits, management reviews, and external audits of the ISO 45001 management system are conducted to ensure continued compliance with system standards.

Address safety risks

The Company has implemented a robust Hazard Identification, Risk Assessment, and Risk Control Planning Procedure to standardize the process of hazard identification and evaluation. This procedure clearly delineates operational requirements, including risk avoidance, risk reduction, and risk acceptance measures, ensuring comprehensive coverage of safety risk management across all business processes and enhancing overall risk resilience. During the Reporting Period, the Company completed the preparation of the list of unacceptable risks, analyzed seven risks, assigned control responsibilities to specific departments, and identified three major hazard sources and 23 general hazard sources, all of which were subject to impact analysis and control measures.

Define and implement a safety risk management process that covers planning and organization, hazard identification, risk assessment, identification of major hazards, risk control evaluation, and implementation.

Conduct emergency drills

In response to potential emergencies in daily operations and life scenarios, we have formulated the *Emergency Preparedness and Response Control Procedure* and various emergency plans for safety incidents. These documents cover the full process from preparedness and response to drills and post-event review, ensuring 100% implementation and coverage of all employees.

We regularly conduct various types of emergency drills simulating real-life scenarios, continuously optimizing response measures and enhancing employees' emergency management capabilities. During the Reporting Period, we conducted two safety emergency drills.

Industry ecosystem development

The Company proactively integrates into the industry ecosystem development and, through various means such as enterprise co-operation, education and outreach, industry talent cultivation, and participation in industry forums, contributes Koal strength to promoting inter-industry collaboration and sustainable development.

Enterprise cooperation

As a partner in the HarmonyOS ecosystem, Koal has leveraged more than 20 years of accumulated cryptographic technology expertise to complete the native HarmonyOS adaptation and deployment of multiple products. Our security solutions have been successfully implemented in critical fields such as Huawei's financial systems and the National Bureau of Statistics, providing reliable support for the smooth migration of important business systems to the HarmonyOS platform. This series of practices has verified the feasibility of the deep integration of domestic cryptographic technologies with proprietary operating systems, demonstrating the core value of the "built-in security" model in safeguarding the digital transformation of national critical information infrastructure. In the future, Koal will continue to deepen technical synergies with the HarmonyOS ecosystem, adhere to cryptographic technology as the cornerstone, provide independent, controllable, secure, and reliable foundational capability support for the digital transformation of various industries, and jointly promote the construction and development of new national digital security infrastructure.



"Pioneer Award" in the Commercial Market Category at the 2025 HarmonyOS Office Industry Summit

Educational outreach

The Company actively promotes public awareness of cryptography security through both online and offline activities, enhancing public understanding of cryptography security. It has also established a professional cryptography technology exhibition hall to demonstrate the application value and security concepts of cryptographic technologies through interactive experiences and scenario-based displays.

Case Koal Cryptography Workshop Hosted the "Career Experience Day for Senior High School Year One" Event

In May 2025, the Company's Koal Cryptography Workshop hosted an immersive cryptography career experience journey for 45 senior high school students from Shanghai Xuhui High School. Through the innovative model of "industry awareness + position experience," the event enabled students to closely engage with the cutting-edge achievements and extensive applications of cryptographic technology, gain first-hand awareness of the use of cryptographic technology in real life, and personally experience the technical appeal of emerging professions such as cryptographic technology application specialists and cryptographic engineering technicians.



Case The Company Supported the Cybersecurity and Cryptography-themed Carnival

In December 2025, Koal, as a supporting unit, participated in the Cybersecurity and Cryptography-themed Carnival of Xuhui District No. 1 Central Primary School under the theme of "Carrying Forward the Red Gene and Safeguarding Cybersecurity." The event featured an experience zone, an interactive zone, and themed display boards on "The Past and Present of Cryptography," showcasing the evolution of cryptographic technology from ancient times to the present day. Students took part in hands-on activities such as weaving ciphertext with cipher sticks and practicing Morse code, promoting the extension of cybersecurity awareness into families. At the same time, Cai Guanhua, the Company Board Secretary, entered the campus to deliver a patriotic-themed school assembly lesson, "The Mysteries of Cryptography," using easy-to-understand language to popularize basic cryptography knowledge among students and enhance their interest in cryptographic science.

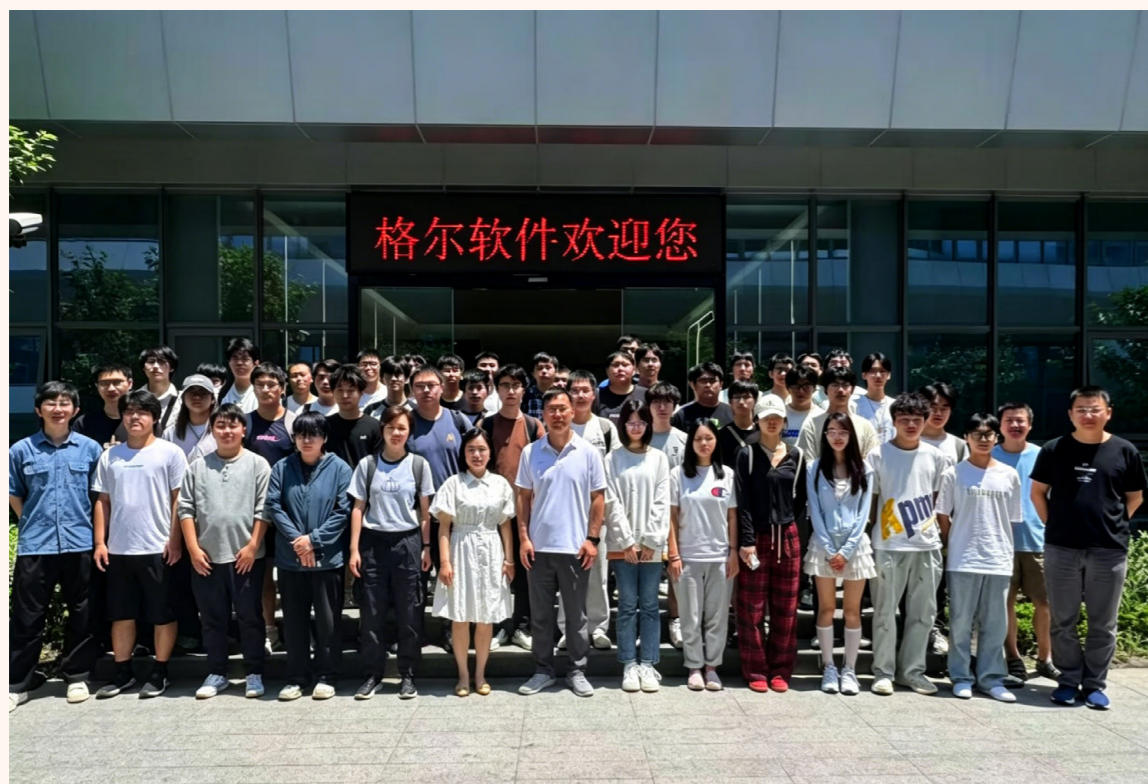


Industry talent cultivation

The Company places a strong emphasis on cultivating industry talent through systematic training and evaluations, school-enterprise cooperation, and integration of production and education to inject new vitality into the industry. During the Reporting Period, the Company nurtured a total of 490 information technology innovation talents through comprehensive training and assessments, including five internal and 485 external participants.

Case Hosting a Visit by First-Year Students from Shanghai University of Engineering Science to the G60 Commercial Cryptography Industrial Base

In October 2025, Koal hosted 70 first-year students from the School of Electronic and Electrical Engineering of Shanghai University of Engineering Science at the G60 Commercial Cryptography Industrial Base. The visit included tours of the cryptography workshop and the Shanghai Information Technology Application Innovation Comprehensive Service Center, showcasing our development history, commercial cryptography solutions, industry ecosystem, and cutting-edge R&D achievements. A themed lecture on "information technology application innovation and cryptography industry development" was also held, featuring expert insights and interactive discussions to help students understand industry trends and career development opportunities, demonstrating our strong commitment to industry talent cultivation.



Industry exchange

The Company proactively monitors cutting-edge industry developments, policy directions, and market trends; actively participates in various industry forums and academic exchange events; joins multiple industry associations and alliances; deepens multi-party cooperation; expands business opportunities; promotes the sharing of resources; and contributes to the high-quality development of the industry. During the Reporting Period, the Company participated in one industry exchange event and joined one national-level academic society or industry alliance.

Case Koal Appeared at the First Photosynthesis Organization AI Conference

In December 2025, the first Photosynthesis Organization Artificial Intelligence Innovation Conference (HAIC2025) was held in Kunshan. Koal was invited to attend the forum on "Cryptographic Technology and Trusted Computing," where it delivered a keynote speech on *Exploration and Practice of a New-Generation Cryptographic Application System*. At the same time, it showcased the practical achievements of integrating "AI + cryptography" in the "AI + Industry Applications" exhibition area. We also showcased a solution for "assigning digital identities to AI," enabling clear accountability boundaries for AI systems and providing practical technical support for AI governance. We proposed a deployment model of "built-in services, activated on demand," ensuring standardized and inclusive baseline security capabilities while supporting dynamic expansion for specific scenarios, thereby building scalable and customizable security infrastructure for AI, cloud computing, and the IoT.



Case Koal Participated in the Preparation of a Post-Quantum Cryptography Report for the Financial Industry

In December 2025, at the 8th Financial Technology Industry Conference, the China Academy of Information and Communications Technology, together with Koal and several other organizations, officially launched the preparation of the *Research Report on the Application of Frontier Technologies in the Financial Industry - Post-Quantum Cryptography*. Koal drew heavily on "practical experience" and focused on real-world financial scenarios to support the implementation of compilation work. In 2025, the post-quantum cryptography pilot project jointly carried out by Koal and institutions such as China Galaxy Securities had already demonstrated the feasibility of integrating new cryptographic algorithms in specific business scenarios and identified practical pathways for smooth transition.

Looking ahead, in the face of the far-reaching and widespread impact that quantum computing will have on the security transformation, Koal will deepen its expertise in cryptographic technology and the application ecosystem. By integrating cutting-edge cryptographic research with complex, real-world financial information systems, and through continuous technological innovation, extensive ecosystem collaboration, and rigorous pilot testing, we will gradually lay a solid foundation of trusted security for the future of the financial industry, thereby ensuring the smooth transition of the digital economy.



Community engagement

The Company proactively integrates into local development and community building. Leveraging our own resources and strengths, we extensively participate in activities such as rural revitalization, the Belt and Road Initiative, and community welfare, providing support for the public to participate in socioeconomic, political, and cultural activities.

Rural Revitalization

Koal actively integrates into the rural revitalization development strategy, and has continuously participated in the east-west support collaboration between Chongming District, Shanghai and Lincang City, Yunnan Province, and participated in designated industrial collaboration projects. In 2025, the Company received the honor "Crossing Mountains and Seas, with Bonds Stronger than Gold" for its contributions to east-west collaboration efforts.

Belt and Road

Koal actively responded to the national Belt and Road Initiative. Starting with the Algeria project, through an integrated output model of "technology + standards + services", we provided a Chinese solution for security cooperation under the "Digital Silk Road", continuously strengthening the security foundation for digital infrastructure development in countries along the route and supporting the high-quality development of the global digital trust system.

In 2025

Total expenditure on public welfare and external donations

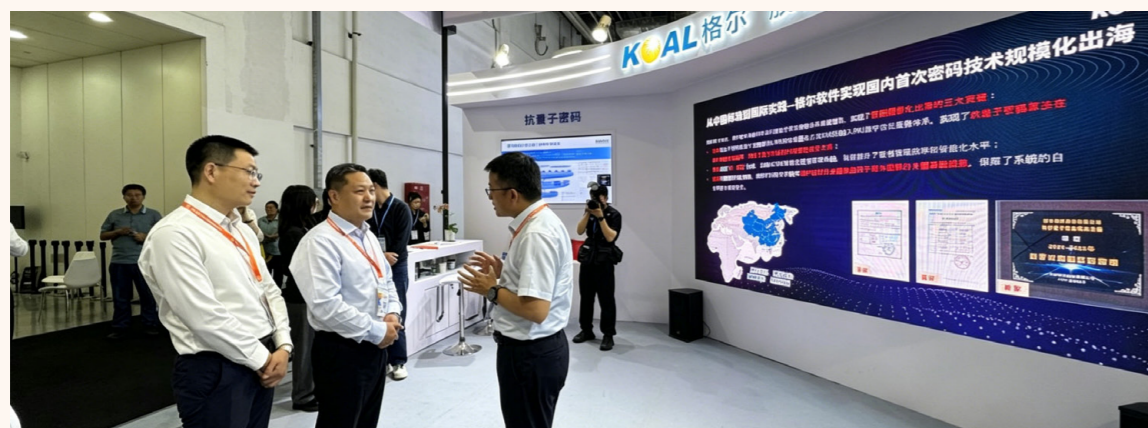
RMB **200,000**



Dedication Honor for East-West Cooperation

Case Koal Showcased China's First Large-Scale Overseas Cryptography Technology Project at the 2025 CSITF

In June 2025, at the third Commercial Cryptography Exhibition of the 11th China (Shanghai) International Technology Fair (CSITF), Koal comprehensively showcased key breakthroughs in the large-scale overseas deployment of domestic cryptographic technology, centered on the core case of the Digital Trust Services System Construction Project in Algeria: the first overseas implementation of PQC Algorithms in a PKI digital trust system, and the first large-scale application of the entire domestic software and hardware chain in overseas critical infrastructure. This project is a landmark achievement of the Company in responding to the national Digital Silk Road initiative and serving the Belt and Road Initiative. Its successful implementation marks the leap of China's cryptographic technology from "following" to "leading." In the future, Koal will continue to deepen cooperation with countries along the Belt and Road, promote the large-scale application of domestic cryptographic technology in international markets, and inject Chinese momentum into the building of a secure and open global digital ecosystem.



Community Activities

Koal actively carries out diverse public welfare activities on community cybersecurity, regularly entering communities to provide convenient services such as science popularization lectures and Q&A on personal information security protection, and effectively delivers professional cybersecurity knowledge to community residents.

Case Weaving a Dense Grassroots Security Net to Protect the "Last Mile" of Cybersecurity

In September 2025, Wei Jie, Koal's Deputy General Manager, was invited to attend the National Cybersecurity Awareness Week and the series of activities themed "Cybersecurity and Red Culture Together", where he participated in the one-to-one pairing and signing ceremony between member units of the Jing'an District Cybersecurity Technology Support Alliance and subdistricts and towns within the district. Through the pairing and co-building mechanism, the Company will fully leverage its technical expertise and service capabilities in the field of cybersecurity, work in coordination with the corresponding subdistricts and towns to enhance their cybersecurity protection capabilities, respond promptly to the practical needs of enterprises and public institutions within the jurisdiction in terms of cyber and data security and compliance, and actively organize cybersecurity publicity and awareness education for community residents.



Charitable Education Support

Koal has developed non-profit research and study bases for schools, focusing on key themes such as "digital economy," "cryptography," and "information technology innovation." These centers provide teachers and students with opportunities to gain insights into the development and trends of the information technology innovation industry, as well as the role of cryptographic technology as security foundations through interactive learning experiences. The Company offers complimentary access to its facilities, including server rooms, IT innovation adaptation and verification practice areas, and cryptography factories. This allows visiting schools to witness firsthand the increasing capabilities of domestically produced, independent, and controllable server systems.

Green operations low-carbon future

- Environmental management system
- Climate change mitigation
- Green products and solutions
- Green operations

Contributing to the UN 2030 SDGs



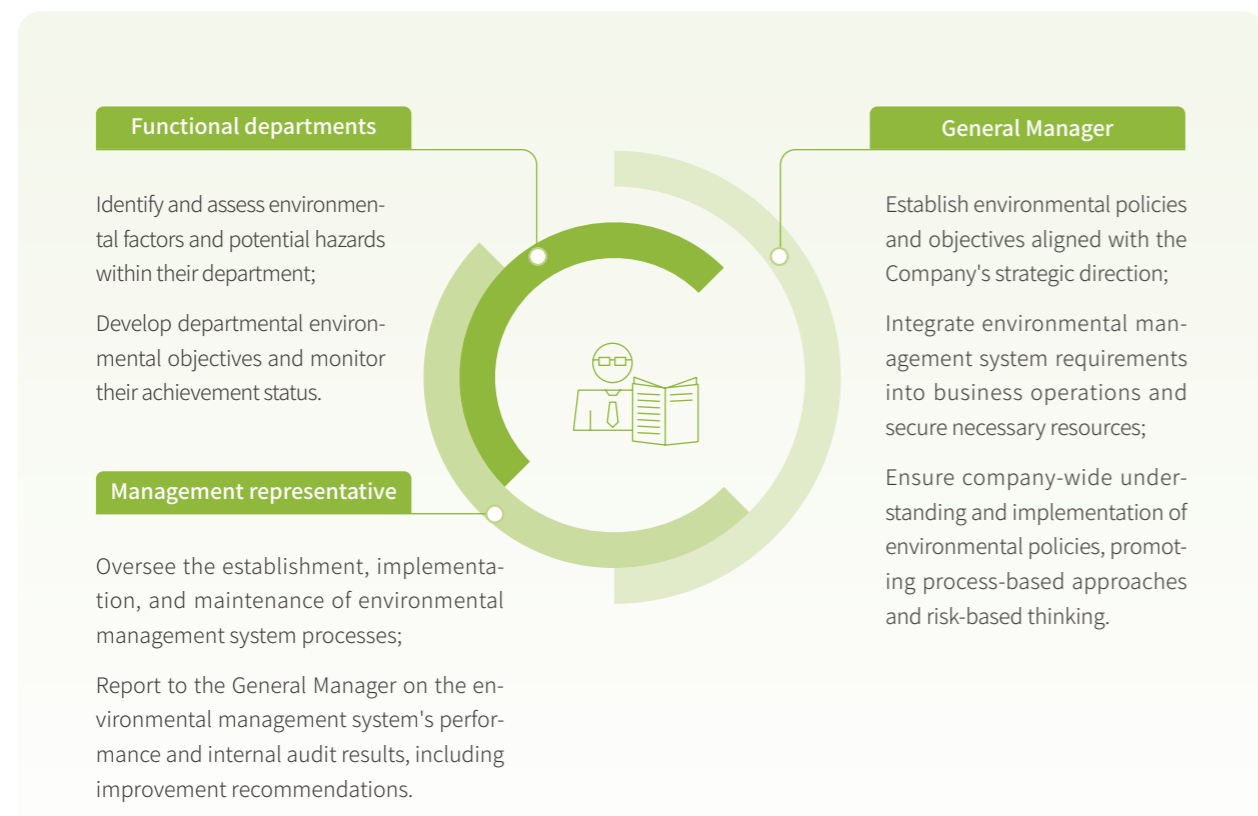
Environmental management system

In line with its operational realities, Koal has implemented a comprehensive environmental management framework based on the ISO 14001 Environmental Management System, ensuring compliance with relevant domestic and international laws, regulations, and standards, including the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*. The Company has developed a suite of policy documents, such as the *Environmental Management Manual* and *Environmental Monitoring and Measurement Procedures*. Koal regularly conducts environmental risk assessments, organizes company-wide environmental protection training, and implements awareness-raising initiatives, aiming to progressively mitigate the environmental impact of its operations. During the Reporting Period, the Company reported no environmental pollution incidents, received no environmental administrative penalties, and experienced no major environmental accidents.

荣誉奖项

Obtained the **ISO 14001 Environmental Management System Certification**

Koal has established a robust environmental management structure and process. The General Manager assumes overall leadership responsibility for environmental management, coordinating related activities across business operations. The Management Representative and all departments within the Company, grounded in their practical work and fulfilling their respective responsibilities, implement measures such as monitoring environmental indicators and managing targets to comprehensively promote the Company's green and compliant production.

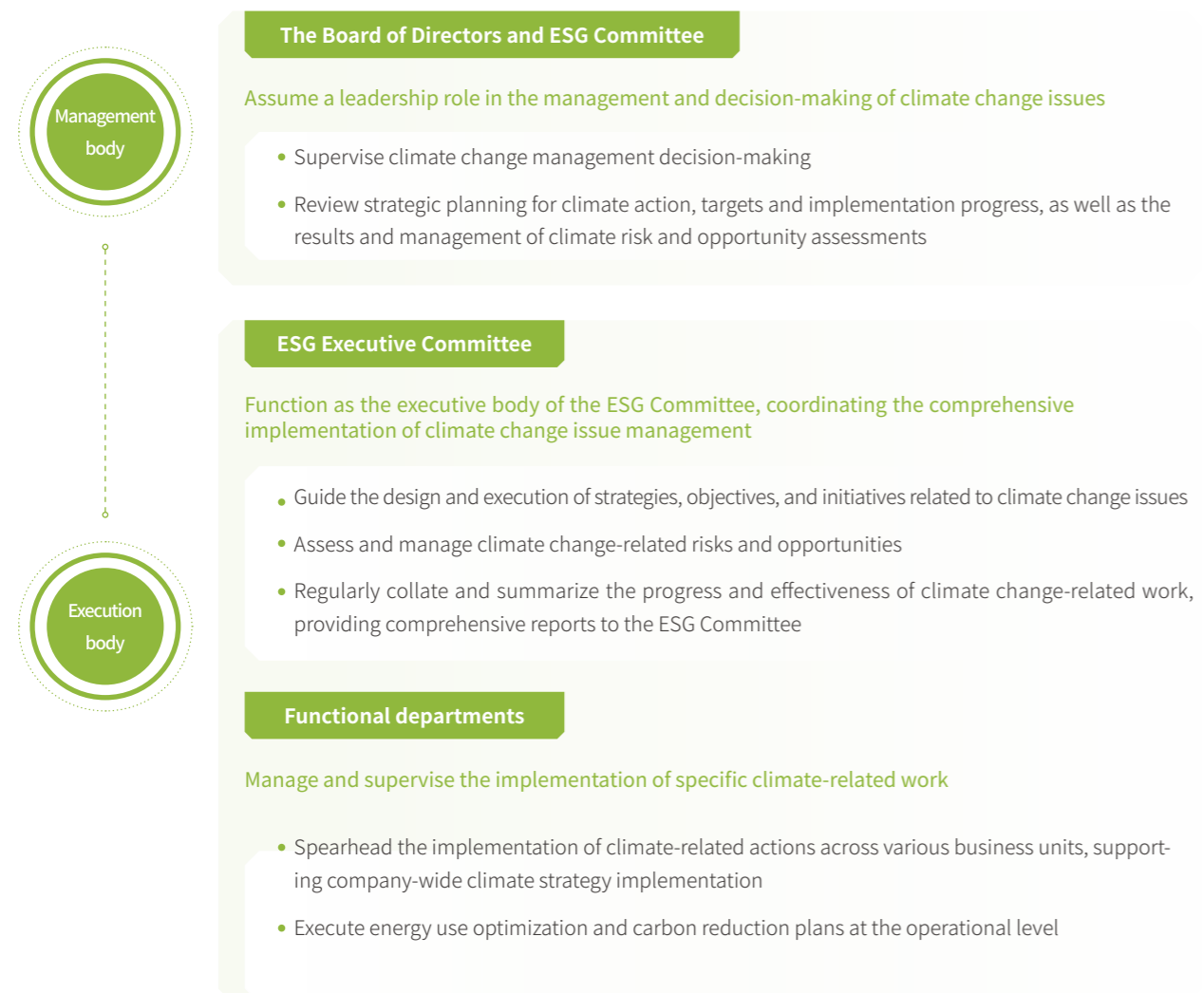


Climate change mitigation

In response to global climate change, Koal actively supports the national "dual carbon" goals. The Company adheres to the framework recommendations outlined in the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, proactively identifying various risks that climate change poses to its business operations. By integrating four key dimensions - climate change-related governance, strategy, impact, risk and opportunity management, and indicators and targets - Koal actively develops response measures. These efforts aim to enhance the Company's resilience in the face of climate change scenarios and constantly improve its ability to address climate risks.

Governance

The Company has seamlessly integrated climate change-related functions into its ESG governance structure, clearly delineating management responsibilities across various levels. This facilitates comprehensive discussions on climate change-related issues, enables the identification of climate risks and opportunities, and supports the development of targeted measures to address climate change.



Strategy and management approach

The Company has conducted a comprehensive analysis and assessment of climate change risks (including physical risks and transition risks) and opportunities facing its business operations.

Category	Risk/Opportunity type	Risk/Opportunity description	Impact period	Potential financial impact	Mitigation measures
Physical risks	Acute physical risks	Severe climate events such as typhoons and floods may lead to extreme weather or natural disasters, potentially affecting Koal's infrastructure, servers, and other equipment across various operational sites. This could result in a series of direct or indirect economic losses, including asset damage, increased repair costs, and higher insurance premiums.	Short-term Medium-term	Revenue decline, cost increase, liability rise, and asset impairment	Implement timely forecasting and warning systems for extreme weather events. Develop comprehensive emergency response plans for extreme weather scenarios. Stockpile emergency supplies and conduct regular emergency drills to enhance response capabilities. Prioritize climate-resilient areas under comparable circumstances when selecting new operational sites, thoroughly considering local historical data on natural disasters.
	Chronic physical risks	Climate change-induced rise in average temperatures increases the need for ventilation and cooling in office spaces. This could negatively impact the normal operation and lifespan of the Company's servers and other hardware, while also leading to increased energy consumption and operational costs.	Medium-term, long-term	Revenue decline and cost increase	Continuously optimize energy use efficiency, strengthen the monitoring of energy use, improve the precision management of energy consumption statistics and monitoring, and encourage employees to practice green office operations.

Category	Risk/Opportunity type	Risk/Opportunity description	Impact period	Potential financial impact	Mitigation measures
Transition risks	Policy and regulatory Risks	As progress is made towards "dual carbon" goals, stricter domestic and international policies and regulations are being introduced to mitigate climate change. The gradual advancement of carbon emissions trading mechanisms exposes the Company to heightened compliance risks.	Short-term, medium-term	Revenue decline and cost increase	Closely monitor changes in international and domestic environmental and carbon-related laws, regulations, and policies. Strengthen compliance management strategies in alignment with the Company's specific circumstances.
	Market risks	Influenced by climate change and global energy transition, prices for energy (electricity, steam), water, and hardware facilities are likely to increase, leading to higher operational costs.	Medium-term, long-term	Revenue decline, cost increase, liability rise, and asset impairment	Forge strategic partnerships with high-quality collaborators to bolster supply chain resilience and risk response capabilities.
		As demand for climate-friendly products and services increases, the Company may face operational risks such as lower product prices, rising raw material prices, and products failing to meet market demand.			Intensify research and application efforts in green products and solutions to stay ahead of changing market trends.
	Technology risks	Investment in research and application of new green products and technologies may lead to decreased product demand and revenue if customers do not accept these innovations.	Short-term, medium-term	Revenue decline and cost increase	Conduct rigorous feasibility studies on the R&D and application of green products and solutions. Actively engage in industry collaborations and work closely with value chain partners to promote low-carbon technology R&D and application.
	Reputational risks	Increasingly stringent environmental performance disclosure requirements increase compliance costs associated with maintaining or enhancing corporate reputation.	Short-term, medium-term	Cost increase	Monitor market regulatory and disclosure requirements across various regions and implement comprehensive compliance measures.
Climate opportunities	Products and services	By developing and innovating climate-friendly products and technologies and providing services to customers with green needs such as environmental protection and energy conservation, we can help open up new growth opportunities for the Company.	Short-term, medium-term	Revenue growth	Capitalize on opportunities for green transformation and upgrade. Develop targeted products and technologies that not only meet basic customer needs but also incorporate environmentally friendly technologies.
	Resource efficiency	Achieve dual benefits of cost savings and environmental protection by adopting energy-efficient technologies and equipment to reduce energy consumption in operations.	Short-term, medium-term	Revenue growth and cost increase	Integrate energy-saving technologies and equipment across all operational facets, driving down energy costs.

Impact, risk, and opportunity management

To address potential risks and capitalize on opportunities brought about by climate change, Koal has established a robust process for managing climate risks and opportunities. Through a combination of internal research, climate scenario analysis, industry studies, and external recommendations, the Company systematically identifies, analyzes, evaluates, and manages significant climate change risks and opportunities. Based on comprehensive risk identification results, a climate risk-opportunity matrix and targeted mitigation measures are developed, promoting the integration of climate risk management into the company-wide multi-departmental risk management process to actively address climate change challenges.



Indicators and targets

	Indicators	Unit	2025
Greenhouse gas emissions	Direct GHG emissions (Scope 1)	Tons of CO ₂ equivalent (tCO ₂ e)	17.37
	Indirect GHG Emissions (Scope 2)	Tons of CO ₂ equivalent (tCO ₂ e)	776.22
	Total GHG emissions (Scope 1 and Scope 2) ¹	Tons of CO ₂ equivalent (tCO ₂ e)	793.59
	GHG emission intensity	tCO ₂ e/person	1.36

Note1: GHG emissions reported here refer exclusively to carbon dioxide emissions and do not encompass other greenhouse gas types such as methane and nitrous oxide emitted from other sources. Scope 2 GHG emissions represent emissions caused by purchased electricity and heat. The electricity emission factor is derived from the Announcement on the Release of Carbon Dioxide Emission Factors for Electricity in 2023 (Announcement No. 47 of 2025) jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics.

Green products and solutions

In new product development, the Company takes low-carbon and environmental protection as an important value orientation, drives innovation with green technology concepts, and supports sustainable development with lightweight, low-energy-consumption digital products, demonstrating the ecological responsibility and long-term development pursuit of a technology enterprise.

■ Software R&D Reduces the Digital Carbon Footprint


Algorithm and code-level optimization

- **Algorithm level:** Through technologies such as algorithm optimization and CPU encryption modules, we improve the processing efficiency per unit of computing power, reducing energy consumption by more than 15% under the same encryption and decryption performance.
- **Lightweight design:** We streamline code libraries and dependent components, reduce runtime memory and storage usage, and indirectly lower the energy consumption of servers/terminal devices.
- **Intelligent resource scheduling:** We introduce a dynamic voltage and frequency scaling (DVFS) strategy into industrial all-in-one machine software, adjusting CPU performance states in real time based on computing load, thereby reducing the energy consumption of industrial computers by 20%-30% during idle periods and balancing security performance with low-carbon needs.

Cloud-side and deployment energy efficiency


- **Cloud-native architecture support:** The product supports containerized deployment and elastic scaling, helping customers achieve on-demand allocation of computing resources on cloud platforms and reduce idle energy consumption in data centers.

■ Green Innovation in Hardware Integration



Hardware life cycle management

- **Modular design:** For industrial computers, adopt a plug-gable encryption card design, facilitating partial upgrades rather than replacement of the entire machine and reducing electronic waste.
- **Firmware upgrades:** Continuously optimize hardware energy efficiency to avoid frequent equipment replacement solely for energy efficiency improvements.




Hardware selection

- **Energy efficiency first principle:** Select encryption cards with better power efficiency ratios (performance/watt) and hardware security modules (HSMs) that support energy-saving modes (such as sleep and power gating).
- **Thermal design optimization:** During the integration stage of industrial control computers, reduce fan power consumption and extend hardware service life through optimized heat dissipation structures.
- **Low-power Hardware Selection:** Prioritize products supporting dynamic power adjustment technologies, which automatically switch to sleep mode when idle to reduce standby energy consumption; prioritize CPU-integrated encryption modules to replace external modules, reducing energy loss caused by hardware redundancy.
- **Eco-friendly materials and regulatory compliance:** Work with industrial control computer suppliers to select recyclable, low-volatile organic compound (VOC) environmentally friendly materials; give priority to enclosures made of recycled aluminum alloy or biodegradable plastics; ensure core components comply with environmental standards such as RoHS and REACH; and eliminate components containing hazardous substances such as lead and mercury.
- **Fanless cooling design compatibility:** On the basis of optimizing heat dissipation for both software and hardware, support some industrial control computers in adopting passive cooling solutions to replace traditional fan cooling and reduce energy consumption.



Carbon Emission Reduction Across the Product Lifecycle



- Require hardware suppliers to provide proof of environmental materials (such as RoHS certification) and carbon footprint data, and give priority to partners certified as green factories.
- Establish a green development system, promote paperless design reviews, virtualized testing environments (reducing demand for physical equipment), and remote collaboration, and reduce carbon emissions by lowering the frequency of business travel.
- Integrate a power consumption monitoring module into the management interface to help users view the energy efficiency of encryption devices in real time and optimize the distribution of business workloads.
- Industrial computer products come with energy-saving settings such as automatic sleep mode and hard drive speed reduction enabled by default.
- Provide hardware recycling guidance, and cooperate with compliant disposal agencies to ensure the security of encrypted data, as well as carry out destruction and material recycling.

Green operations

Koal actively promotes green and low-carbon operational practices, incorporating climate change considerations into its business control processes. The Company consistently improves its environmental performance in areas such as energy usage, water resource management, and waste disposal. By implementing energy-saving measures, ensuring proper waste management, and fostering a green culture, Koal creates an environmentally friendly office environment, thereby reducing the environmental impact of its operations.

Energy management

The Company's primary energy consumption stems from official vehicle gasoline use and purchased electricity. We have established energy management policies, including the *Electricity Saving Management Measures* and *Notice on Standardizing the Management of Office Electricity Use*. Through various initiatives, we strive to reduce greenhouse gas emissions and actively address climate change.

Lighting electricity management

We maximize the use of natural light, turning off unnecessary lighting fixtures when daylight is sufficient. Natural light is prioritized in window-adjacent office areas. The number of lighting fixtures is adjusted according to area-specific functional requirements, with reasonable control of lighting brightness. Lighting in corridors, meeting rooms, restrooms, and other public areas is turned off when unoccupied, and lighting schedules are set based on actual usage patterns to avoid waste.

Office electricity management

Employees are required to turn off computers, printers, and copiers when not in use; computers are set to sleep mode after more than 10 minutes of inactivity; double-sided printing and copying are encouraged; the use of high-power unauthorized electrical appliances is strictly prohibited; idle servers must be shut down in a timely manner, with scientifically planned operation schedules and regular inspections.

Energy-saving training and publicity

New employees receive training on electricity usage standards; through policy communication and case-based training, we enhance employees' energy-saving awareness and promote green and low-carbon office practices; energy-saving messages are displayed on large screens in prominent locations to reinforce awareness in daily work.

Air conditioning temperature control

Air conditioning is set to 26 °C in summer (activated only when indoor temperature exceeds 28 °C) and 20 °C in winter (activated only when indoor temperature falls below 10° C); cooling capacity is adjusted based on server heat output and room temperature to ensure compliance while reducing energy consumption.

Inspections and accountability implementation

The Company designates dedicated personnel to be responsible for electricity use inspections in public areas. These persons conduct inspections three times a day—morning, noon, and evening—and keep detailed records of the time, location, and person responsible for any violations.

- Excellence in governance
efficient operations
- Innovation leads the way
digital technology as our shield
- People-oriented
collaborative and win-win outcomes
- Green operations
low-carbon future

	Indicators	Unit	2025
Energy Consumption	Gasoline	tons	5.82
	Purchased electricity	10,000 kWh	146.29
	Total energy consumption ¹	tce	188.35
	Energy consumption intensity	tce/person	0.32

Note 1: Total energy consumption is calculated in tons of standard coal equivalent (tce), in accordance with the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020) issued by the State Administration for Market Regulation and the Standardization Administration of China.

Water resource management

The Company's primary water consumption is attributed to daily office use, with the municipal water supply serving as the main source. We have designed and implemented efficient water resource management measures for our business activities, establishing plans to reduce water consumption. By adopting appropriate measures to achieve water management goals, we constantly improve our water usage performance.

Water equipment management

We have installed faucets with temperature-controlled automatic shut-off functions in public restrooms to prevent water waste caused by prolonged water flow. Regular inspections of water facilities are conducted, and leaks are promptly repaired to ensure effective utilization of water resources.

Drinking water equipment maintenance

We carry out regular maintenance and inspections of water dispensers to ensure normal operation of heating/cooling functions, preventing equipment malfunctions that could lead to water waste.

Office drinking water management

We dynamically adjust the supply of bottled water based on seasonal variations, reasonably increasing supply during high-consumption summer months and reducing allocation during low-consumption winter months. The provision of individual bottled water in daily office scenarios has been discontinued, with employees encouraged to use centralized water dispensers instead. We recycle unfinished bottled water for plant irrigation.

Water conservation promotion

We conduct employee awareness campaigns, encouraging the use of personal water bottles to reduce disposable paper cup consumption. This approach also mitigates water waste from bottled water dispensers due to casual usage (e.g., over-dispensing and discarding unconsumed water).

	Indicators	Unit	2025
Water resource consumption	Total water consumption	tons	21,648.54
	Water consumption intensity	ton/person	37.01

Waste management

The Company primarily generates waste in the form of office paper, courier boxes, ink cartridges, toner cartridges, waste fluorescent tubes, and discarded electronic equipment. We actively encourage waste reduction, recycling, and reuse, aiming to minimize waste generation where feasible and mitigate the environmental impact of waste disposal.

Equipment recycling

We repurpose refurbished equipment within the Company and explore external reuse channels, such as collaborating with small enterprises to sell idle but still functional computers at discounted prices.

Packaging material recycling

Recyclable materials generated during operations, such as courier cartons and document packaging boxes, were collected, organized, and stored by category in a centralized manner, reducing the total amount of waste transported off-site.

Green procurement

We prioritize the purchase of environmentally friendly, biodegradable, or recyclable materials, reducing environmental pollution and resource waste.

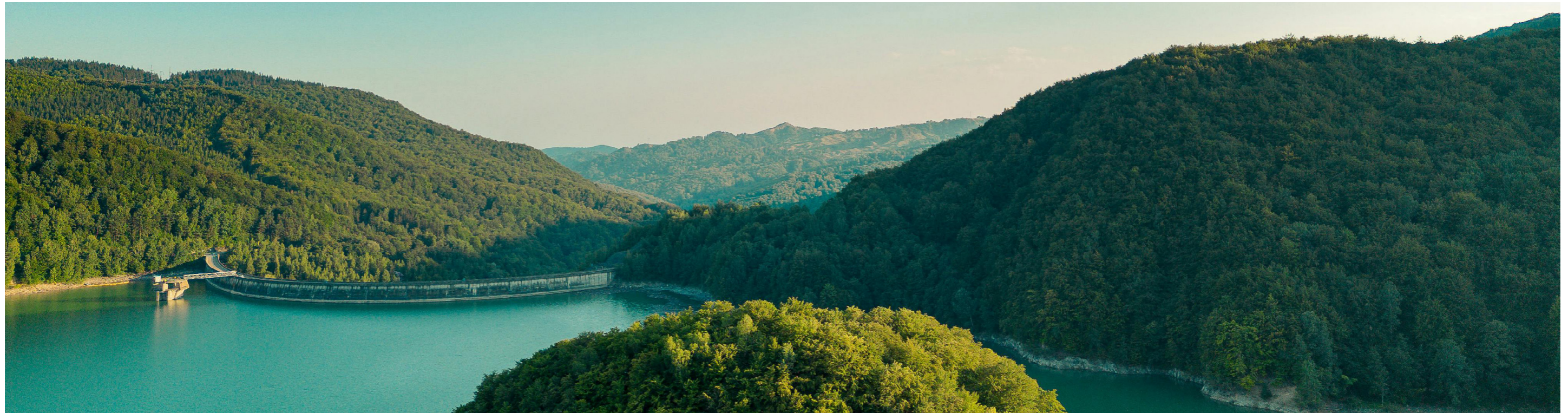
Equipment downgrading

For electronic equipment such as servers, hosts, hard drives, and computers, we have established an internal equipment allocation platform to reassign devices suitable for downgraded use between different departments or projects within the Company. Hard drives with remaining storage capacity and read/write speeds suitable for non-critical operations are removed from high-performance hosts and installed in office computers with lower storage requirements for secondary utilization.

Paperless office

We extensively utilize ERP systems, encouraging employees to store, share, and approve documents electronically. For instance, through the Company's internal cloud storage system, employees can conveniently store and retrieve various documents, replacing traditional paper file cabinets.

Indicators		Unit	2025
Non-hazardous waste discharge	Paper	tons	1.48
	Waste toner and ink cartridges	-	122
	Non-hazardous waste discharge intensity	kg/person	2.53
Non-hazardous Waste discharge	Waste fluorescent lamps	-	72
	Number of scrapped microcomputers (hosts)	kg	111
	Volume of monitors scrapped	kg	30
	Volume of laptops scrapped	kg	8
	Volume of printers scrapped	kg	45
	Volume of servers scrapped	kg	64



Key performance table

Governance and Economic Performance

Indicator	Unit	2023	2024	2025
Operating revenue	RMB 100 million	5.61	5.29	3.58
Net profit attributable to shareholders of the listed company	RMB 100 million	0.37	0.37	-0.85
Total assets	RMB 100 million	16.61	16.70	15.59
Total taxes paid	RMB 10,000	2,968.28	4,193.18	4,019.27
Basic earnings per share	RMB/share	0.16	0.16	-0.36
Total number of Board members	persons	9	9	9
Proportion of independent directors	%	33.33%	33.33%	33.33%
Major corruption and bribery incidents	cases	0	0	0

Social Performance

Indicator	Unit	2023	2024	2025
R&D Innovation				
R&D investment	RMB 10,000	9,859.99	9,788.89	9,560.15
R&D investment as a percentage of operating revenue	%	17.57%	18.49%	26.74%
Number of newly granted patents	items	9	13	4
Cumulative number of granted patents	items	67	84	88
Number of newly registered software copyrights	items	/	15	22
Cumulative number of registered software copyrights	items	/	197	219
Products and Services				
Incoming material inspection pass rate	%	/	100%	100%
Software retesting confirmation rate	%	/	100%	100%
Customer service satisfaction rate	%	99.1%	98.2%	98.6%
Supply Chain Management				
Total number of suppliers	companies	68	64	83
Number of domestic suppliers	companies	68	64	83
Number of overseas suppliers	companies	0	0	0
Information Security and Privacy Protection				
Number of major service/information security incidents	times	/	0	0
Annual training coverage rate for information security/information technology services	%	100%	100%	100%
Number of data breach incidents	times	0	0	0

Indicator	Unit	2023	2024	2025	
Employment					
Total number of employees	persons	821	679	585	
Number of employees hired during the Reporting Period	persons	123	75	43	
Number of employees by gender	Male	persons	657	537	463
	Female	persons	164	142	122
Number of employees by position level	Senior management	persons	6	7	6
	Middle management	persons	116	82	41
	Entry-level employees	persons	699	590	538
Number of employees by age	29 and below	persons	321	210	175
	Aged 30 to 39	persons	322	293	244
	Aged 40 to 49	persons	158	153	135
	Aged 50 to 59	persons	15	20	27
	Aged 60 and above	persons	5	3	4
Number of employees by geographical region	Chinese employees	persons	821	679	585
	Overseas employees	persons	0	0	0
Number of employees by educational background	Employees with associate degree and below	persons	246	170	168
	Employees with bachelor's degree	persons	516	455	367
	Employees with a master's degree /MBA degree	persons	56	51	47
	Employees with doctoral degree or above	persons	3	3	3
By Employment Type	Regular employees	persons	791	663	582
	Temporary workers/labor dispatch/interns	persons	30	16	3
Employee turnover rate	%	28%	23.95%	19.89%	
Employee turnover rate by gender	Male	%	80%	19.75%	20.26%
	Female	%	20%	4.20%	19.80%
Employee turnover rate by age	Aged 29 and below	%	51%	10.22%	24.89%
	Aged 30 to 39	%	33%	7.95%	17.74%
	Aged 40 to 49	%	13%	5.33%	19.88%
	Aged 50 to 59	%	3%	0.34%	8.82%
	Aged 60 and above	%	0	0.11%	0
Diversity and Equal Opportunities					
Proportion of female employees	%	20%	21%	21%	
Proportion of ethnic minority employees	%	3%	3%	2%	
Proportion of employees with disabilities	%	1%	2%	2%	
Proportion of female employees in middle management	%	/	17.74%	14.6%	
Proportion of female senior management employees	%	/	8.3%	16.67%	

Indicator	Unit	2023	2024	2025
Employee Training				
Total investment in employee training	RMB 10,000	162.02	53.7	18.9
Total attendance of training throughout the year	/	9,918	7,237	8,809
Total employee training hours	hours	19,668.63	9,556.13	12,079.98
Average annual training hours per employee	hours	23.67	14.26	20.65
Employee training coverage rate	%	99%	100%	100%
Health and Safety				
Investment in health and safety	RMB 10,000	36.66	22.5	26.8
Annual production safety incidents	case(s)	2	0	0
Work injury rate	%	0.2%	0	0
Occupational disease incidence rate	%	0	0	0
Number of employee fatalities due to work-related incidents	persons	0	0	0
Number of working days lost due to work-related injuries	/	180	0	0
Community Engagement and Public Welfare				
Total investment in public welfare and external donations	RMB 10,000	/	20	20

Environmental Performance

Indicator	Unit	2023	2024	2025
Gasoline	tons	/	/	5.82
Purchased electricity	10,000 kWh	/	205.78	146.29
Total energy consumption	tce	/	252.91	188.35
Energy consumption intensity	tce/person	/	0.37	0.32
Direct GHG emissions (Scope 1)	tons of CO ₂ equivalent (tCO ₂ e)	/	0	17.37
Indirect GHG emissions (Scope 2)	tons of CO ₂ equivalent (tCO ₂ e)	/	1,104.22	766.22
Total greenhouse gas emissions (Scope 1 and Scope 2)	tons of CO ₂ equivalent (tCO ₂ e)	/	1,104.22	793.59
GHG emission intensity	tCO ₂ e/person	/	1.63	1.36
Total water consumption	tons	/	26,730.01	21,648.54
Water consumption intensity	ton/person	/	39.37	37.01
Non-hazardous waste discharge intensity	kg/person	/	1.69	2.53

Indicator index table

Koal has reported the information referenced in this index for the period from January 1, 2025 to December 31, 2025, in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* and with reference to the GRI Standards

Reporting framework	Index to the Shanghai Stock Exchange Sustainability Reporting Guidelines	GRI Standards 2021 (Reference)
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About This Report	/	2-2,2-3
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Sustainable Development Management	Article 12, Article 13, Article 14, Article 15, Article 17, Article 18, Article 51, Article 52, Article 53	2-9,2-13,2-14,2-16,2-29,3-1,3-2,3-3
Special Topic: Forging the "Koal Shield" for the Digital Age	Article 20, Article 28, Article 37	302-5
Excellence in Governance, Efficient Operations		
Corporate governance	Article 51, Article 53	2-10,2-12,2-27,2-15,3-3
Risk and compliance management	Article 19, Article 54	2-27,207-2,207-3
Business ethics	Article 11, Article 19, Article 54, Article 55, Article 56	2-27,3-3,205-2,206-1
Party Leadership	/	/
Innovation Leads the Way, Digital Technology as Our Shield		
Product technology innovation	Article 11, Article 19, Article 41, Article 42	203-1,3-3,416-1
Product quality and safety	Article 11, Article 19, Article 44, Article 47	2-25,2-27,3-3
Customer relationship management	Article 11, Article 19, Article 44, Article 47	2-25,2-27,3-3,416-2,417-1,417-2,417-3,418-1
Information security and privacy protection	Article 11, Article 19, Article 44, Article 47, Article 48	203-2,3-3,416-1,417-1,417-2,417-3,418-1
Sustainable supply chain	Article 44, Article 45, Article 46	204-1,308-1,414-1,414-2
People-oriented, Collaborative and Win-win Outcomes		
Employee rights and benefits	Article 49, Article 50	2-7,2-27,2-30,401-1,401-2,401-3,406-1,407-1
Human capital development	Article 11, Article 19, Article 50	3-3,401-2,404-1,404-2,404-3
Occupational health and safety	Article 50	403-1,403-2,403-3,403-5,403-8,403-9,403-10
Industry ecosystem development	/	/
Community engagement	Article 38, Article 39, Article 40	203-1,203-2
Green Operations, Low-Carbon Future		
Environmental management system	Article 29, Article 33	2-27
Climate change mitigation	Article 11, Article 19, Article 20, Article 21, Article 22, Article 23, Article 24, Article 25, Article 26, Article 27	201-2,3-3,302-5,305-1,305-2,305-4
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Green operations	Article 34, Article 35, Article 36	2-27,302-1,302-3,303-5,306-3,306-4,306-5



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