

SIMULA TECHNOLOGY INC.

2025 ANNUAL REPORT

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Overseas Securities Exchange: None.

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I. Letter to Shareholders

To report the business of 2025.

Reviewing 2025, the global economy was characterized by fluctuations and continued macroeconomic uncertainty, influenced by adjustments in U.S. tariff policies, divergent growth momentum among major economies, and ongoing investments in Artificial Intelligence (AI). While the U.S. economy remained relatively robust, domestic demand in the Eurozone and Mainland China was weak, and Japan leveraged policy measures to support its internal market. Overall, the global economy maintained a growth trajectory in 2025, albeit with limited momentum; shifts in the external environment continued to impact corporate operations. A summary of the Company's 2025 operating results and outlook is provided below:

I. Report on operating results for the year 2025.

(1) Implementation Results of Business Plans.

During the current year, shipments of automotive products, wearable devices, and docking stations maintained a steady scale. The consolidated revenue for 2025 totaled NT\$ 1,752,255 thousand, a slight decrease of 0.93% compared to NT\$ 1,768,710 thousand in the previous year. However, due to adjustments in product structure and the shipping mix, the consolidated net loss for 2025 was NT\$ 129,964 thousand, an improvement compared to the net loss of NT\$ 149,941 thousand in the previous year. The loss was reduced by NT\$ 19,977 thousand, resulting in a loss per share (EPS) of NT\$ -1.18.

(2) Financial Status and Profitability Analysis.

Please refer to the attached financial statements and relevant notes for detailed information regarding the Company's financial performance and profitability for the fiscal year 2025.

(3) Research and Development (R&D) Status.

The Company's R&D expenses for 2025 totaled NT\$ 84,763 thousand. We continued to invest in deepening technical capabilities and optimizing designs for high-frequency connectors and cables, as well as high-reliability products for automotive, medical, and industrial applications. Simultaneously, aligning with industry technology trends, we have begun strategic positioning in connectors, cables, and modular products required for emerging applications such as AI Servers and AIoT to strengthen our cross-domain R&D capabilities.

Regarding R&D organization, we continue to enhance the professional expertise of our existing teams and adjust manpower allocation based on project requirements to support subsequent product development and market introduction.

II. Future Outlook.

(1) Management Principles.

Adhering to a customer-centric and design-based philosophy, the Company focuses on the R&D of niche products. We are committed to deepening core technologies and actively expanding into new technologies and application fields. By increasing product value-add and the completeness of our product lines, we aim to strengthen overall competitiveness and meet the diverse, evolving needs of our customers.

(2) Expected Sales Volume and Basis.

The sales forecast for 2026 is primarily based on two key factors: (a) actual sales performance in 2025 and (b) the impact of trade agreements between the U.S. and other major markets. First, based on 2025 data, we observed steady growth across major

product series in American, European, and Asian markets—particularly in fleet management, drones, and medical smart wearables. Actual shipment and order volumes exceeded original estimates, establishing a solid foundation for growth.

Second, the gradual implementation of trade agreements between the U.S. and multiple nations helps reduce tariff barriers and supply chain friction, enhancing the price competitiveness and procurement appeal of our products in key markets. Combining 2025 sales trends, terminal market growth, and favorable trade policy effects, we expect total sales in 2026 to increase further compared to 2025, with the most significant growth momentum coming from the U.S. and European markets.

(3) Key Production and Marketing Policies.

Our policies will center on "Customer Cultivation, Industry Focus, and Process Optimization."

- **Marketing Strategy:** We will continue to deepen relationships with our top ten key customers. By participating early in their new product development and enhancing our customization and system integration capabilities, we aim to strengthen long-term order stability and customer stickiness. Furthermore, we will focus on high-growth industries—including automotive electronics, drones, and humanoid robots—to expand our presence in high-value-added markets.
- **Production Strategy:** In line with adjustments to our sales and product mix, we will continue to drive process optimization and improve capacity allocation. By strengthening automation and efficiency management, we aim to improve yields, reduce unit costs, and shorten lead times, ensuring production flexibility and quality stability.

The Company's business environment is influenced by global macroeconomic conditions, international political and trade policy shifts, and rapid technological evolution. In recent years, the restructuring of global supply chains and stricter regulations regarding tariffs, rules of origin, and compliance have challenged manufacturing costs and lead-time management. Moreover, rising demand for performance, reliability, and ESG (Environmental, Social, and Governance) compliances such as carbon emission management—has become a critical factor for international customers when selecting suppliers.

Facing these changes, the Company will continue to strengthen supply chain resilience, enhance process efficiency, and proactively respond to regulatory trends to mitigate external volatility and ensure steady, sustainable development.

We thank all shareholders for your long-term support and trust. The Company will continue to strive for excellence in management performance and enhance corporate value to meet the expectations of our shareholders.

Chairman:

Huang, Han-Chou



President:

Hu, Jo-Yao



Accounting Manager:

Chien, Wan-Yi



II. Corporate Governance

I. Documents of Directors, Supervisor, President, Vice Presidents, Associate Vice Presidents, and Managers of Each Department And Divisions

(I) Directors

March 30, 2026; Unit: shares:

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%		
Chairman	R.O.C.	Qisda Corp.	-	2023.06.09	3	2020.06.09	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-
		Representative: Huang, Han-Chou	Male 61-70	2023.06.09	3	2021.04.28	0	0	0	0	0	0	0	0	0	- EMBA, Tsinghua University (Beijing) - MBA, University of Greenwich - Senior Executive VP, Qisda Corp. - GM of Global Supply Chain, Qisda Corp. - COO, BenQ China - VP of Global Manufacturing, BenQ
Directort	R.O.C.	Qisda Corp.	-	2023.06.09	3	2020.06.09	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-
		Sung, Pei-Lun	Male 51-60	2026.03.03	3	2026.03.03	0	0	0	0	0	0	0	0	- Master of Electro-Optical Engineering, National Central University - Bachelor of Electro physics, National Chiao Tung University - Division Director, Medical Imaging Div., Qisda Corp. - R&D Director, Medical Imaging Div., Qisda Corp. - Senior Manager, R&D Center, Business & Industrial Product Business Group, Qisda Corp.	- General Manager of Business & Industrial Product Business Group, Qisda Corp.

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%		
Director and President	R.O.C.	Qisda Corp.	-	2023.06.09	3	2020.06.09	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-
		Hu, Jo-Yao	Male 51-60	2023.06.09	3	2022.02.25	0	0	0	0	0	0	0	0	0	- Business Administration, National Taiwan University - BLM VP, BenQ America Corp. - BU Head, Ultrasound BU, MDG - Executive Assistant to GM, President Office of Qisda Corp.
Director	R.O.C.	Qisda Corp.	-	2023.06.09	3	2020.06.09	30,000,000	37.51%	30,000,000	37.51%	0	0	0	0	-	-
		Representative: Cheng, Yin-Shiang	Male 51-60	2023.06.09	3	2020.06.09	0	0	0	0	0	0	0	0	0	- Mechanical Engineering, National Taiwan University - Executive Assistant to GM, Qisda Corp. - Minister of Automotive BU, Qisda Corp. - Minister of Communication BU, Qisda Corp.
Independent Director	R.O.C.	Yeh, Hui-Hsin	Female 51-60	2023.06.09	3	2020.06.09	0	0	0	0	0	0	0	0	- Accounting, Tunghai University - Partner CPA. / Ernst & Young Global Limited	- Independent Director, Convener of Audit Committee and Remuneration Committee, Simula Technology Inc. - Certified Public Accountant (CPA), Wei Qin CPA Firm - Independent Director, Convener of Audit Committee and Remuneration Committee, DATA IMAGE Corporation. - Independent Director, Convener of Audit Committee and Remuneration Committee, Nova Technology Corp. - Director, Weisinn Financial Advisory Co., Ltd..
Independent Director	R.O.C.	Tan, Tang-E	Male 61-70	2023.06.09	3	2020.06.09	0	0	0	0	0	0	0	0	- EMBA Master, International Business, National Taiwan University - Master, Institute of Physics, Tamkang University - Bachelor, Department of Physics, Tamkang University - President, GEPIC Epitaxy Corp.	- Independent Director, Simula Technology Inc.

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%		
Independent Director	R.O.C.	Chen, Jin-ji	Male 51-60	2023.06.09	3	2020.06.09	0	0	0	0	0	0	0	0	<ul style="list-style-type: none"> - Ph.D. in Industrial Economics, Tamkang University - Master of Economics, London School of Economics and Political Science (LSE) - Master of Economics, National Tsing Hua University - Bachelor of Economics, National Taiwan University - Policy Consultant to the Executive Yuan - Director General of Finance Bureau, Yunlin County Government - Independent Director, Fubon Financial Holding / Fubon Life / Fubon Insurance - Independent Director, Taiwan Financial Holding / Bank of Taiwan Life 	<ul style="list-style-type: none"> - Independent Director, Simula Technology Inc. - Professor, CTBC Business School - Adjunct Professor, National Chung Hsing University - Adjunct Professor, Chinese Culture University - Adjunct Professor, Tamkang University - Director, TCM Biotech International Corp.. - Independent Director and Convener of Audit Committee, Century Iron & Steel Industrial Co., Ltd. - Independent Director and Convener of Audit Committee, TransGlobe Life Insurance Inc.

Note 1: Shares of the Company held by directors under the names of others: None.

Note 2: Where the Chairperson of the Board and the President or person of an equivalent level (the highest manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be provided regarding the reason, reasonableness, necessity, and relevant measures taken: None.

Note 3: Other managers, directors, or supervisors who are spouses or within the second degree of kinship: None.

Note 4: On March 3, 2026, Qisda Corporation, a corporate director, reappointed its representative from Lin Yu-Chin to Sung Pei-Lun.

Table 1: Substantial shareholders of the corporate shareholder

Name of corporate shareholders (Note 1)	Substantial shareholders of the corporate shareholders (Note 2)	
	Name	Shareholding Percentage(%)
Qisda Corp.	AU Optronics Corp. (Note 2)	12.20%
	Acer Incorporated (Note 2)	4.15%
	Employee Stock Ownership Trust Account of Qisda Corporation under the custody of Taishin International Bank.	4.00%
	Konly Venture Corp. (Note 2)	2.60%
	Darfon Electronics Corp. (Note 2)	2.07%
	Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds.	1.08%
	JPMorgan Chase Bank, N.A., Taipei Branch, in custody for Vanguard Emerging Markets Stock Index Fund, managed by The Vanguard Group, Inc.	1.02%
	Chunghwa Post Co., Ltd.	0.85%
	Association of Dong-Mu (Incorporated).	0.71%
	Mr. Stan Shih	0.55%

Note 1: The source of the information of Qisda Corp. is the Company's transfer cessation information on March 31, 2026.

Note 2: Major shareholders of the corporate person.

Table 2: Major Shareholders in Previous Table who are Institutional Investors and their Major Shareholders

Name of institutional shareholders	Substantial shareholders of the corporate shareholders (Note 3)	
	Name	Shareholding Percentage (%)
AU Optronics Corp.	Qisda Corp.	6.90%
	Trust Holding for Employees for AU Optronics Corp. under the custody of Bank SinoPac	5.33%
	Quanta Computer Inc.	4.61%
	Taiwan Cooperative Bank, Ltd.	2.99%
	ADR of AU Optronics Corp. under the custody of City Bank (Taiwan)	2.33%
	New Labor Pension Fund	1.67%
	Nan Shan Life Insurance Co., Ltd.	1.55%
	JPMorgan Chase Bank, N.A., Taipei Branch, in custody for Vanguard Emerging Markets Stock Index Fund, managed by The Vanguard Group, Inc.	0.96%
	HSBC Bank (Taiwan) Limited Custody Account for Goldman Sachs International Investment Account	0.96%
	Merrill Lynch International Investment Account, HSBC Bank (Taiwan) Limited Custody Account	0.92%
Konly Venture Corporation	AU Optronics Corp.	100%

Name of institutional shareholders	Substantial shareholders of the corporate shareholders (Note 3)	
	Name	Shareholding Percentage (%)
Acer Incorporated	Yuanta Taiwan High Dividend Fund Segregated Account	5.23%
	Taipei Fubon Commercial Bank Co., Ltd. – Custodian Account for Fuh Hwa Taiwan Technology Dividend ETF Securities Investment Trust Fund	3.65%
	Hung Rouan Investment Corp.	2.42%
	Taiwan Business Bank, Custodian of UOB Taiwan High Dividend Recovery 30 ETF.	1.85%
	Vanguard Total International Stock Index Fund - Vanguard Star Funds.	1.33%
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.21%
	Mr. Stan Shih	1.15%
	Taiwan Cooperative Bank, Ltd.	1.15%
	Citibank (Taiwan) is entrusted with custody of ACER's Overseas Depositary Receipts	0.90%
	Rong Shin Management Consulting Co., Ltd.	0.75%
	Rong An Management Consulting Co., Ltd.	0.75%
Darfon Electronics Corp.	Qisda Corp.	20.72%
	BenQ Corp.	5.01%
	Taishin International Bank is entrusted with the custody of the employee shareholding trust property account for Darfon Electronics.	4.48%
	Mega International Commercial Bank Co., Ltd.	1.62%
	Mr. Andy Su	1.45%
	Unictron Technologies Corporation	1.43%
	Vanguard Total International Stock Index Fund - Vanguard Star Funds	1.06%
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	0.93%
	HSBC Bank (Taiwan) Limited, in custody of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. – Proprietary Platform Third-Party SBL Trading Investment Account	0.85%
	JPMorgan Chase Bank, N.A., Taipei Branch, in custody for J.P. Morgan Securities PLC Investment Account	0.73%

Note 3: The source of the information of AU Optronics Corp. is the Company's transfer cessation information on Aug. 11, 2024; The source of information for Konly Venture Corp. is the Department of Commerce, Ministry of Economic Affairs' commercial and company registration. The source of the information of Acer Incorporated is the Company's transfer cessation information on March 31, 2025; The source of the information of Darfon Electronics Corp. is the Company's transfer cessation information on March 31, 2025.

(II) Director and Supervisor Information

(1) Professional Qualifications and Independence Analysis of Directors and Supervisor:

<div style="text-align: center;">Condition</div> <div style="text-align: left;">Name</div>	Key board qualifications, expertise and attributes	Independence Status (Note 1)	Number of other public companies where the Director concurrently serves as an Independent Director
Chairman Representative of Qisda Corp.: Huang, Han-Chou	<p>Mr. Huang, Han-Chou has served as the institutional director representative appointed by Qisda Corporation to the Company since 2021 and was elected by the Board of Directors as Chairman. He currently serves as the Chairman of the Company, Chief Strategy Officer of Qisda Corporation, and Director of the BenQ Foundation.</p> <p>Mr. Huang holds an MBA from the University of Greenwich, UK, and an EMBA from Tsinghua University, Beijing. He joined the BenQ Qisda Group in 1985 and has accumulated over 14 years of experience in supply chain management, 10 years in plant operations management, 5 years in brand management, and more than 10 years in leading business units and business groups. In addition, he has over 10 years of overseas assignment experience. He possesses extensive and diversified experience, strong operational track records, and in-depth industry network connections.</p>	Not applicable	0
Director Representative of Qisda Corp.: Sung, Pei-Lun	<p>Mr. Sung, Pei-Lun has served as the institutional director representative appointed by Qisda Corporation to the Company since 2026 and currently serves as General Manager of the Commercial & Industrial Business Group of Qisda Corporation.</p> <p>Mr. Sung holds a Master's degree in Optoelectronic Science and Engineering from National Central University and a Bachelor's degree in Electrophysics from National Chiao Tung University. He previously served as Director of the Medical Imaging Business Division and Director of R&D of the Medical Imaging Division at Qisda Corporation.</p> <p>Mr. Sung has long been engaged in the electronics and medical device industries and possesses comprehensive experience in R&D and operational management. He is well-versed in product development, technology integration, and cross-functional collaboration, and has strong insight into the development trends of commercial, industrial, and medical markets. He has accumulated extensive experience in industry operations and organizational management.</p>	Not applicable	0

<div style="text-align: center;">Condition</div> <div style="text-align: left;">Name</div>	Key board qualifications, expertise and attributes	Independence Status (Note 1)	Number of other public companies where the Director concurrently serves as an Independent Director
Director Representative of Qisda Corp.: Hu, Jo-Yao	<p>Mr. Hu, Jo-Yao has served as the institutional director representative appointed by Qisda Corporation to the Company since 2022 and currently serves as the President of the Company.</p> <p>Mr. Hu holds a master's degree in business administration from National Taiwan University. He previously served as Special Assistant to the General Manager of Qisda Corporation, Head of the Medical Imaging Business Division under the Medical Device Business Group, Senior Director of the Display Product Business Group, and Vice President of the Americas Marketing Headquarters of BenQ Corporation. Mr. Hu has long been involved in the management of the electronics industry and is well-versed in corporate operational decision-making, international market deployment, and organizational integration. He has extensive experience in technology industry management and overseas business development.</p>	Not applicable	0
Director Representative of Qisda Corp.: Cheng, Yin-Shiang	<p>Mr. Cheng Yin-Hsiang has served as the institutional director representative appointed by Qisda Corporation to the Company since 2020 and currently serves as General Manager of Unistar Technology Co., Ltd.</p> <p>Mr. Cheng holds a master's degree in mechanical engineering from National Taiwan University. He previously held positions in Qisda Corporation, including roles in the Communications Business Unit, Automotive Business Division, and as Special Assistant to the General Manager. Mr. Cheng has rotated through multiple roles within the Company and has accumulated practical experience in product development, manufacturing management, and operational integration. He is familiar with the operating models of the technology industry and cross-functional coordination, and has solid expertise in corporate operations, risk management, and organizational development.</p>	Not applicable	0
Independent Director Yeh, Hui-Hsin	<p>Ms. Yeh, Hui-Hsin has served as an Independent Director of the Company since 2020 and currently serves as Independent Director of Alltop Technology Co., Ltd. and Poxon Co., Ltd., Certified Public Accountant at Weichin CPA Firm, and Director of Weixin Financial Consulting Co., Ltd.</p> <p>Ms. Yeh holds a degree in Accounting from Tunghai University and previously served as a Partner at Ernst & Young.</p> <p>Ms. Yeh possesses expertise in financial accounting and corporate governance. She is well-versed in financial reporting, internal control, and risk management systems, and demonstrates the supervisory capability and governance experience required of an independent director of a public company.</p>	Compliant	2

<div style="text-align: center;">Condition</div> <div style="text-align: left;">Name</div>	Key board qualifications, expertise and attributes	Independence Status (Note 1)	Number of other public companies where the Director concurrently serves as an Independent Director
Independent Director Tan, Tang-E	<p>Mr. Dan, Tang-E has served as an Independent Director of the Company since 2020 and previously served as General Manager of GPI Crystal Growth Technology Co., Ltd.</p> <p>Mr. Dan holds an EMBA from the College of Management of National Taiwan University and a Master's degree in Physics from Tamkang University.</p> <p>Mr. Dan has expertise in semiconductor industry management and technological R&D. He is familiar with corporate operations, industry development, and risk management, and is able to provide professional advice to the Board on technology industry development and operational oversight.</p>	Compliant	0
Independent Director Chen, Jin-ji	<p>Mr. Chen, Chin-Chi has served as an Independent Director of the Company since 2020 and currently serves as Professor at CTBC Business School, Adjunct Professor at National Chung Hsing University, Chinese Culture University, and Tamkang University, Independent Director of CTBC Life Insurance Co., Ltd. and Century Iron & Steel Industrial Co., Ltd., and Director of TaiGen Biotechnology Co., Ltd.</p> <p>Mr. Chen holds a Master's degree in Economics from National Tsing Hua University, a Master's degree in Economics from the London School of Economics and Political Science, and a Ph.D. in Industrial Economics from Tamkang University. He previously served as Political Advisor to the Executive Yuan and Director of the Finance Department of Yunlin County Government.</p> <p>Mr. Chen possesses expertise in finance, corporate governance, and securities markets. He is well-versed in corporate financial analysis, capital market operations, and policy and regulatory development, and has substantial experience in board supervision and governance practices.</p>	Compliant	2

Note 1: Independence

- (1) All meet the provisions of Article 3(1) of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
- (2) There are no circumstances specified in the government agency, juristic person or authorized representative specified in Article 27 of the Company Act.
- (3) They haven't provided any commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in recent 2 years.
- (4) There are no circumstances specified in the shares and shareholding ratio held by independent directors and their spouse or relative within the second degree of kinship (or in the name of others). please refer to II. Information about directors, presidents, vice presidents, associate vice presidents, heads of departments and branches (I) Information about directors.

Note 2: all the independent directors' professional qualifications and experience meet the provisions of Article 2(1) of "Regulations Governing Appointment of Independent Directors and Compliance.

Note 3: All the directors don't have any circumstances specified in Article 30 of the Company Act.

Note 4: On March 3, 2026, Qisda Corporation, a corporate director, reappointed its representative from Lin Yu-Chin to Sung Pei-Lun.

(2) The Board of Director Diversity and Independence.

(1) Diversity of the Board

The "Corporate Governance Principles" formulated by the Company clearly stipulates the diversity policy of the board of directors and the overall configuration of the Board of Directors. The nomination and selection of Board Members comply with articles of incorporation that the Company adopts the candidate nomination system. Aside from evaluating each candidate's qualifications including education and experience, the Company also refers to stakeholders' opinions as well as comply with "Rules for Director and Supervisor Elections" and "Corporate Governance Principles" in order to ensure the diversity and independency of Board Members.

According to the company's "Corporate Governance Principles", the composition of Board Members shall be determined by taking diversity into consideration and formulating an appropriate approach on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

A. Basic requirements and values: Age, identity, etc.

B. Professional knowledge and skills: Professional background, professional skills, industry experience.

(2) The implementation of Board diversity in 2025 is as follows (see table above):

Diversity Name	Basic components					Diverse Industry and Professional Skills								Term of Office of Independent Directors
	Title	Gender	Employee	Age		Business Management	Technology Industry	Finance and Accounting	Sustainable Development	Finance and Accounting	Venture Capital	Information Technology	Academic Research	
				51-60	61-70									
Huang, Han-Chou	Chairman	Male				V	V	V		V	V	V		
Sung, Pei-Lun	Director	Male		V			V	V						
Hu, Jo-Yao	Director	Male	V	V			V	V	V	V				
Cheng, Yin-Shiang	Director	Male		V			V	V		V				
Yeh, Hui-Hsin	Independent Director	Female		V					V	V				3 terms or less
Tan, Tang-E	Independent Director	Male				V	V	V						3 terms or less
Chen, Jin-ji	Independent Director	Male		V							V		V	3 terms or less

Note : On March 3, 2026, Qisda Corporation, a corporate director, reappointed its representative from Lin Yu-Chin to Sung Pei-Lun.

The current Board of Directors of the Company consists of seven directors, including three independent directors. The members possess extensive experience and professional expertise in finance, business, and management. The age distribution of directors is as follows: five directors aged between 51–60 and two directors aged between 61–70. Directors with employee status account for 14.29% of the Board. There is one female director, representing 14.29% of the Board.

The following management objectives have been achieved:

- Directors concurrently serving as Company executives do not exceed one-third of the total number of board seats.
- Independent directors have not served more than three consecutive terms.
- The Board includes at least one female director.

(3) If the number of directors of either gender on the Board does not reach one-third, the reasons and measures to enhance gender diversity are as follows:

Status:

Due to the nature of the electronic connector and module manufacturing industry in which the Company operates, as well as the structure of available talent, there is a relatively lower proportion of female professionals in technical, managerial, and senior decision-making roles. As a result, the proportion of female directors on the Board has not yet reached one-third.

Planned measures:

Through the strategies and measures, Simula Technology Inc. will continue to enhance gender diversity on the Board and move toward a more balanced and sustainable corporate governance structure.

(4) Board Independence:

The current Board of Directors consists of seven directors, including three independent directors (representing 42.86% of the Board), which exceeds one-third of the total number of board seats. As of 2025, all independent directors comply with the regulations governing independence as stipulated by the Securities and Futures Bureau of the Financial Supervisory Commission. In addition, none of the directors has a spousal relationship or a relationship within the second degree of kinship with any other director. Therefore, none of the circumstances set forth in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act apply.

In conclusion, the Board of Directors of the Company maintains independence.

(III) Documents of president, vice president, associate vice president and managers of each department and division

March 30, 2026; Unit: shares:

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Major Experience & Education	Concurrently Serving Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
President	R.O.C.	Hu, Jo-Yao	Male	2022.02.25	-	-	-	-	-	-	- Business Administration, National Taiwan University - BLM VP, BenQ America Corp. - BU Head, Ultrasound BU, MDG - Executive Assistant to GM, President Office of Qisda Corp.	-Director, SIMULA Enterprise (HKG) Limited -Director, ASPIRE ASIA INC.	-	-	-	
Vice President	R.O.C.	Chen, Ming-Miao	Male	2025.07.01	-	-	-	-	-	-	- Feng Chia University, Department of Civil Engineering	-	-	-	-	
Assistant Manager	R.O.C.	Yu, Sheng-Hsiung	Male	2015.01.01	-	-	-	-	-	-	- National Chung Hsing University, Department of Accounting	-	-	-	-	
Assistant Manager	R.O.C.	Lu, Hung-Kung	Male	2015.11.01	-	-	-	-	-	-	- Chung Hua Senior High School, Department of Electronics	-	-	-	-	
Assistant Manager	R.O.C.	Lee, Ping-Hsuan	Male	2019.09.01	-	-	-	-	-	-	- Fu Jen Catholic University, Department of Chinese Literature	-	-	-	-	
CFO	R.O.C.	Jianglin, Jia-Rong	Female	2025.07.25	-	-	-	-	-	-	- National Taiwan University of Science and Technology, Master of Business Administration (MBA)	-	-	-	-	
Accounting Manager	R.O.C.	Chien, Wan-Yi	Female	2025.07.25	-	-	-	-	-	-	- Soochow University, Department of Accounting	-	-	-	-	

Note 1: Information shall include these of the president, vice president, associate vice president, and head of branches, as well as these who with position equivalent; such information shall be disclosed regardless the title.

Note 2: experience related to the current position. If during the aforesaid period, he/she worked in the certifying accounting firm or affiliate, his/her position and functions shall be specified.

Note 3: Where the President or person of an equivalent post (the highest-level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

II. Remunerations to Directors, President and Vice Presidents in the Most Recent Year

(I) Compensation to Directors and Independent Director

December 31, 2025, Unit: NT\$ thousand

Job Title	Name	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings. (Note 5)		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings. (Note 5)	Whether any remuneration was received from reinvested enterprises other than subsidiaries or from the parent company. (Note 8)	
		Remuneration (A) (Note 1)		Pension (B) (Note 2)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonus and special subsidies (E) (Note 6)		Pension (F) (Note 2)		Employee bonus from earnings (G) (Note 7)						
		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	Cash dividend	Stock dividend	Cash dividend	Stock dividend			the Company
Chairman	Representative of Qisda Corp.: Huang, Han-Chou	1,200	1,200	0	0	0	0	20	20	-1.29%	-1.29%	0	0	0	0	0	0	0	0	-1.29%	-1.29%	17,322
Director	Representative of Qisda Corp.: Hu, Jo-Yao	400	400	0	0	0	0	20	20	-0.45%	-0.45%	3,664	3,664	108	108	0	0	0	0	-4.45%	-4.45%	900
Director	Representative of Qisda Corp.: Lin, Yu-Chin	400	400	0	0	0	0	20	20	-0.45%	-0.45%	0	0	0	0	0	0	0	0	-0.45%	-0.45%	7,562
Director	Representative of Qisda Corp.: Cheng, Yin-Shiang	400	400	0	0	0	0	20	20	-0.45%	-0.45%	0	0	0	0	0	0	0	0	-0.45%	-0.45%	380
Independent Director	Yeh, Hui-Hsin	640	640	0	0	0	0	20	20	-0.70%	-0.70%	0	0	0	0	0	0	0	0	-0.70%	-0.70%	N/A
Independent Director	Tan, Tang-E	520	520	0	0	0	0	20	20	-0.57%	-0.57%	0	0	0	0	0	0	0	0	-0.57%	-0.57%	N/A
Independent Director	Chen, Jin-ji	520	520	0	0	0	0	20	20	-0.57%	-0.57%	0	0	0	0	0	0	0	0	-0.57%	-0.57%	N/A

1. State the policies, systems, standards, and structures for independent director remuneration, and describe the correlation between the duties, risks, time invested, and other factors with the amount of remuneration paid:

The remuneration of the Company's directors is determined by the Board of Directors under the authorization of the Articles of Incorporation. This is based on each director's degree of participation in the Company's operations and the value of their contribution, while also considering domestic peer levels as defined in the "Regulations Governing Remuneration for Directors and Functional Committee Members." If the Company generates earnings, the Board shall resolve the amount of director remuneration in accordance with the Articles of Incorporation. As ex-officio members of the Audit Committee, independent directors are provided with reasonable additional remuneration commensurate with their specific duties, risks assumed, and time invested, in addition to the remuneration paid to general directors.

2. Remuneration Received by Directors for Services Provided (e.g., as consultants not in an employee capacity for the parent company, all companies included in the financial statements, or investee companies) Other Than Those Disclosed Above in the Most Recent Year: None.

3. On March 3, 2026, Qisda Corporation, a corporate director, reappointed its representative from Lin Yu-Chin to Sung Pei-Lun.

Note 1: Directors' remuneration for 2025 (including salaries, position allowances, severance payments, bonuses, incentives, etc.).

Note 2: Amounts appropriated and paid in accordance with applicable laws and regulations in 2025.

Note 3: Directors' remuneration for 2025.

Note 4: Expenses related to directors' business execution in 2025 (including the difference between remuneration paid by subsidiaries for institutional director representatives and director compensation paid by such subsidiaries, transportation allowances, special expenses, various allowances, housing, company vehicles, and other benefits in kind).

Note 5: Net income after tax refers to the net income after tax in the 2025 parent company only financial statements.

Note 6: Remuneration received in 2025 by directors concurrently serving as employees (including as President, Vice Presidents, other managerial officers, and employees), including the difference between remuneration paid by subsidiaries for institutional director representatives and director compensation paid by such subsidiaries, salaries, position allowances, severance payments, bonuses, incentives, transportation allowances, special expenses, various allowances, housing, company vehicles, and other benefits in kind. Compensation expenses recognized under IFRS 2 "Share-based Payment," including employee stock options, restricted shares, and participation in cash capital increases, shall also be included.

Note 7: Amount of employee compensation approved by the Board of Directors for distribution in 2025.

Note 8: Remuneration, compensation (including employee, director, and supervisor remuneration), and business execution expenses received in 2025 by directors serving as directors, supervisors, or managerial officers of investee companies other than subsidiaries.

(II) Compensation of Supervisors: The Company has established an audit committee, so it is not applicable.

(III) Compensation for President and Vice Presidents

December 31, 2025, Unit: NT\$ THOUSAND

Job Title	Name	Salary (A) (Note 1)		Pension (B) (Note 2)		Salaries, bonus and special subsidies (C) (Note 3)		Employee bonus allocated from earnings (D) (Note 4)				Ratio of the total amount of A, B, C, and D to net income after tax (%) (Note 5)		Whether any remuneration was received from reinvested enterprises other than subsidiaries or from the parent company. (Note 6)
		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company		Companies included in the financial statement		the Company	Companies included in the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
President	Hu, Jo-Yao	3,146	3,146	108	108	517	517	0	0	0	0	-4.00%	-4.00%	900
Vice President	Chen, Ming-Miao	970	1,670	95	95	274	274	0	0	0	0	-1.42%	-2.16%	N/A

Note 1: Compensation of incumbent President and Vice Presidents (and above) for 2025, including salaries, position allowances, and severance payments.

Note 2: Pension contributions appropriated and/or paid in accordance with applicable laws and regulations in 2025.

Note 3: Various bonuses, incentives, transportation allowances, special expenses, various allowances, housing, company vehicles, and other benefits in kind received by the President and Vice Presidents in 2025; the difference between remuneration paid by subsidiaries for institutional director representatives designated by the Company and director compensation paid by such subsidiaries; and other compensation. Compensation expenses recognized under IFRS 2 "Share-based Payment," including employee stock options, restricted shares, and participation in cash capital increases, shall also be included in the remuneration.

Note 4: Employee compensation for 2025.

Note 5: Net income after tax refers to the net income after tax in the 2025 parent company only financial statements.

Note 6: Remuneration, compensation (including employee, director, and supervisor remuneration), and business execution expenses received in 2025 by managerial officers at the level of Vice President and above who concurrently serve as directors, supervisors, or managerial officers of investee companies other than subsidiaries or of the parent company.

(IV) Compensation for the top Five highest-paid executives

December 31, 2025, Unit: NT\$ THOUSAND

Job Title	Name	Salary (A) (Note 1)		Pension (B) (Note 2)		Salaries, bonus and special subsidies (C) (Note 3)		Employee bonus allocated from earnings (D) (Note 4)				The sum of A, B, C and D in proportion to Earnings (%) (Note 5)		Whether any remuneration was received from reinvested enterprises other than subsidiaries or from the parent company. (Note 6)
		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	The company		Companies included in the financial statement		the Company	Companies included in the financial statement	
								Cash	Stock	Cash	Stock			
President	Hu, Jo-Yao	3,146	3,146	108	108	517	517	0	0	0	0	-4.00%	-4.00%	900
Manager	Cheng, Yu-Yao	930	3,495	108	108	511	511	0	0	0	0	-1.64%	-4.37%	N/A
Assistant Manager	Lee, Ping-Hsuan	2,024	2,024	108	108	324	324	0	0	0	0	-2.61%	-2.61%	N/A
Assistant Manager	Yu, Sheng-Hsiung	1,638	1,899	108	108	313	313	0	0	0	0	-2.19%	-2.46%	N/A
Vice President	Chen, Ming-Miao	970	1,670	95	95	274	274	0	0	0	0	-1.42%	-2.16%	N/A

Note 1: Compensation of incumbent President and Vice Presidents (and above) for 2025, including salaries, position allowances, and severance payments.

Note 2: Pension contributions appropriated and/or paid in accordance with applicable laws and regulations in 2025.

Note 3: Various bonuses, incentives, transportation allowances, special expenses, various allowances, housing, company vehicles, and other benefits in kind received by the President and Vice Presidents in 2025; the difference between remuneration paid by subsidiaries for institutional director representatives designated by the Company and director compensation paid by such subsidiaries; and other compensation. Compensation expenses recognized under IFRS 2 "Share-based Payment," including employee stock options, restricted shares, and participation in cash capital increases, shall also be included in the remuneration.

Note 4: Employee compensation for 2025.

Note 5: Net income after tax refers to the net income after tax in the 2025 parent company only financial statements.

Note 6: Remuneration, compensation (including employee, director, and supervisor remuneration), and business execution expenses received in 2025 by managerial officers at the level of Vice President and above who concurrently serve as directors, supervisors, or managerial officers of investee companies other than subsidiaries or of the parent company.

(V) Name of the manager who distributed employee compensation and details of the distribution:

December 31, 2025, Unit: NT\$ THOUSAND

Job Title	Name	Stock	Cash	Total	Ratio of Total Amount to the Net Income After Taxes (%)
President	Hu, Jo-Yao	0	0	0	0
Vice President	Chen, Ming-Miao				
Assistant Manager	Yu, Sheng-Hsiung				
Assistant Manager	Lu, Hung-Kung				
Assistant Manager	Lee, Ping-Hsuan				
CFO	Jianglin, Jia-Rong				
Accounting Manager	Chien, Wan-Yi				

III. Compare and analyze the total compensation as a percentage of net income after taxes stated in the parent company only or individual financial statements, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, President and Vice President. Describe the policies, standards, and packages for payment of compensation, the procedures for determining compensation, and its linkage to business performance and future risk exposure.

(I) The total compensation as a percentage of net income after taxes stated in the parent company only financial statement, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, supervisors, President and Vice President are as the following:

Unit: NT\$ thousands; %

Job Title	The proportion of total compensation in net profit after tax			
	2025		2024	
	The Company	Companies included in the financial statement	The Company	Companies included in the financial statement
Director	-8.33%	-8.33%	-7.65%	-7.65%
President and Vice President	-5.42%	-6.17%	-6.48%	-6.48%

(II) Policies, standards, and packages for payment of compensation, as well as the procedures followed for determining the compensation, and their linkages to business performance and future risk exposure.

- Pursuant to the authorization stipulated in the Articles of Incorporation, the remuneration of the Company's directors is determined by the Board of Directors in accordance with the "Remuneration Policy for Directors and Functional Committee Members." Such remuneration is based on each director's degree of participation in and contribution to the Company's operations, while also taking into account prevailing industry standards both domestically and internationally.
- If the Company generates a profit, the Board of Directors may, pursuant to Article 24 of the Articles of Incorporation, resolve to allocate no more than 1% of the current year's profit as remuneration for directors. The Company regularly evaluates the remuneration of directors in accordance with the "Rules for Performance Evaluation of the Board of Directors." The relevance of performance appraisals and the reasonableness of remuneration are reviewed and approved by the Remuneration Committee and the Board of Directors.

3. The remuneration for the Company's managers is handled in accordance with relevant salary and compensation management regulations, including various work allowances and bonuses, to recognize and reward employees' hard work. Related bonuses are granted based on the Company's annual business performance, financial status, operational conditions, and individual performance. Furthermore, if the Company is profitable for the year, 5% to 20% or more shall be allocated as employee compensation in accordance with Article 24 of the Articles of Incorporation. However, if the Company has accumulated losses, an amount shall be reserved in advance to offset the losses. Within this allocation, the compensation for base-level employees shall not be less than 10% of the total employee compensation. The aforementioned employee compensation may be distributed in stock or cash and may include employees of affiliated companies meeting certain criteria.
4. The results of performance evaluations conducted under the "Performance Management Rules" serve as a reference for managers' bonuses. Performance evaluation criteria for managers are categorized into: (I) Financial Indicators: based on the Company's management profit and loss statements, reflecting the profit contribution of each business group and department, while considering the manager's target achievement rate; and (II) Non-financial Indicators: including the practice of core corporate values, operational management capabilities, and participation in sustainable development. Remuneration is calculated based on these performance results, and the compensation system is reviewed timely in response to actual business conditions and relevant laws and regulations.

IV. Implementation of Corporate Governance

I. Operations of the Board of Directors

1. The Company's Board of Directors held 4 meetings in 2025 (A). The attendance of directors is as follows:

Job Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Chairman	Representative of Qisda Corp. / Huang, Han-Chou	4	-	100%	
Director	Representative of Qisda Corp. / Sung, Pei-Lun	-	-	-	Newly appointed on March 3, 2026
Director	Representative of Qisda Corp. / Hu, Jo-Yao	4	-	100%	
Director	Representative of Qisda Corp. / Cheng, Yin-Shiang	4	-	100%	
Director	Representative of Qisda Corp. / Lin, Yu-Chin	4	-	100%	Dismissed on March 2, 2026
Independent Director	Yeh, Hui-Hsin	4	-	100%	
Independent Director	Tan, Tang-E	4	-	100%	
Independent Director	Chen, Jin-ji	4	-	100%	

Other items that shall be disclosed:

- (1) If any of the following circumstances exist, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
- Any matter under Article 14-3 of the Securities and Exchange Act: None.
 - In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.
- (2) The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest, specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Date	Name of Directors	Content of the Proposal	Reasons for Abstentions	Participation in Voting
2025. 02.21	Representative of Qisda Corp. / Huang, Han-Chou	Proposal to Lift Non-Compete Restrictions for Current Directors and Their Representatives.	Directors subject to the lifting of non-compete restrictions, or representatives of institutional directors subject to such lifting	Not participating in discussions and voting
	Representative of Qisda Corp. / Hu, Jo-Yao	Proposal for 2025 Managerial Compensation Performance Indicators.	Serving as managerial officers of the Company	Not participating in discussions and voting
	Representative of Qisda Corp. / Hu, Jo-Yao	Proposal for 2025 Managerial Bonus and Salary Adjustment Policy.	Serving as managerial officers of the Company	Not participating in discussions and voting
2026. 02.24	Representative of Qisda Corp. / Huang, Han-Chou	Proposal to Nominate Candidates for Directors and Independent Directors.	Director nominees or representatives of institutional director nominees abstained from voting due to personal interests	Not participating in discussions and voting
	Representative of Qisda Corp. / Hu, Jo-Yao			
	Representative of Qisda Corp. / Lin, Yu-Chin			
	Representative of Qisda Corp. / Cheng, Yin-Shiang			
	Independent Director Yeh, Hui-Hsin			
Independent Director Tan, Tang-E				
Independent Director Chen, Jin-ji				
2026. 02.24	Representative of Qisda Corp. / Huang, Han-Chou	Proposal to Lift Non-Compete Restrictions for Newly Appointed Directors and Their Representatives.	Directors subject to the lifting of non-compete restrictions, or representatives of institutional directors subject to such lifting	Not participating in discussions and voting
	Representative of Qisda Corp. / Hu, Jo-Yao			
	Representative of Qisda Corp. / Lin, Yu-Chin			
	Representative of Qisda Corp. / Cheng, Yin-Shiang			

Date	Name of Directors	Content of the Proposal	Reasons for Abstentions	Participation in Voting
	Independent Director Yeh, Hui-Hsin			
	Independent Director Chen, Jin-ji			
	Representative of Qisda Corp. / Hu, Jo-Yao	Proposal for 2026 Senior Executive Compensation Performance Indicators.	Serving as managerial officers of the Company	Not participating in discussions and voting
	Representative of Qisda Corp. / Hu, Jo-Yao	Proposal for 2026 Senior Executive Bonus and Salary Adjustment Policy.	Serving as managerial officers of the Company	Not participating in discussions and voting
2026. 03.17	Representative of Qisda Corp. / Sung, Pei-Lun	Proposal to Update the List of Nominees for One Director Position.	Representative of a Nominated Corporate Director	Not participating in discussions and voting

2. Implementation Status of Board Evaluations

(1) The Board of Directors approved the “The Rules for Performance Assessment of the Board of Directors” on December 28, 2011, and approved the amendment on October 29, 2020, which stipulated the requirements of commencing performance appraisal to the Board and the Board members at least once per annual period. Board performance evaluations are conducted at least once every three years by an independent professional external organization or a team of external experts and scholars.

- The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2025 and reported at the Board meeting in February 2026, the score of 97 to 99 or above is considered “excellent”, indicating the efficient and good operation by the Board.
- In July 2023, the Company appointed an external independent evaluation organization, Taiwan Corporate Governance Association, to evaluate the effectiveness of the Company's Board of Directors. The evaluation was conducted on the eight major components of the Board of Directors' composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management, and others (e.g., Board of Directors' meetings, support systems, etc.), and the evaluation was conducted by means of an on-line self-assessment, a written review of relevant documents, etc., and an on-site visit in September 2023, which included the Chairman, the President, the three independent directors, the Head of Corporate Governance, and the Head of Audit, with the results of the evaluation to be reported to the Board of Directors at its meeting to be held in October 2023. The Company also plans to conduct the second external evaluation in July 2026.

Evaluation Cycle	Evaluation Period	Scope Of Evaluation	Evaluation Method	Evaluation Items
Annually Once a year	January, 2025 to December, 2025	Board and Board members	Internal Self-Evaluation made by the Board and Board members	1.Alignment of the goals and missions of the company. 2.Participation in the operation of the company. 3.Management of internal relationship and communication. 4.Improvement of the quality of the board of directors' decision making. 5.Composition and structure of the board of directors. 6.Awareness of the duties of a director. 7.Election, professionalism and continuing education of the directors. 8.Internal control.
Annually Once a year	January, 2025 to December, 2025	Audit Committee	Internal Self-Evaluation made by Audit Committee	1.Participation in the operation of the company. 2.Awareness of the duties of Audit Committee. 3.Improvement of quality of decisions made by Audit Committee. 4.Makeup of Audit Committee and election of its members. 5.Internal control.
Annually Once a year	January, 2025 to December, 2025	Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	1.Participation in the operation of the company. 2.Awareness of the duties of Remuneration Committee. 3.Improvement of quality of decisions made by Remuneration Committee. 4.Makeup of Remuneration Committee and election of its members.

Evaluation Cycle	Evaluation Period	Scope Of Evaluation	Evaluation Method	Evaluation Items
Every three years	August 2022 to July, 2023	Effectiveness of the Board	Written review and on-site visit by an independent external organization	The Board of Directors covers eight areas: composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management.

(2) Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

- The Company had established positions of Independent Directors and the Audit Committees in 2013 to exercise the functions required by the Securities and Exchange Act, the Company Act and other legal regulations. In 2013, the Remuneration Committee was established to enhance corporate governance and improve the remuneration and compensation system for Directors and Managers of the company.
- Based on Paragraph 8 of Article 26-3 of the Securities and Exchange Act, the Company has promulgated the "Rules Governing the Procedures of Meetings of the Board of Directors" which stipulated requirements to contents of meetings of the Board, the operating procedures, the matters to be recorded in the proceedings, the announcements and any other matters. Meetings of the Company Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.

II. Operations of the Audit Committee

1. The Company had convened 4 (A) Audit Committee meetings in 2025 with the following attendance:

Job Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Yeh, Hui-Hsin	4	0	100%	
Member	Tan, Tang-E	4	0	100%	
Member	Chen, Jin-ji	4	0	100%	

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

- (1) Any matter under Article 14-5 of the Securities and Exchange Act: Please refer to the important resolutions of the Shareholders' Meeting, Board of Directors, Audit Committee and remuneration committee in this annual report, all resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors.
- (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.
3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)
 - (1) The Company convenes Audit Committee meetings on a regular basis. When necessary, the independent auditors, the internal audit officer, and relevant heads of finance and accounting are invited to attend and report. During these meetings, important matters—including the audit results of the latest financial statements, the implementation of internal audits, and the general financial and business conditions—are thoroughly discussed to effectively fulfill the supervisory functions of the Board. All independent directors maintain sound communication with the internal audit officer and the independent auditors.
 - (2) Communication with the Internal Audit Officer:
 - Regular Submission of Audit Reports: In addition to regular reporting, various internal audit reports are submitted to the independent directors for review on a consistent basis.
 - Quarterly Communication Meetings: The internal audit officer meets with independent directors at least once every quarter to communicate on audit matters. The minutes of these meetings are subsequently reported to the Board of Directors.
 - Diverse Communication Channels: Day-to-day communication is maintained via email, telephone, or other direct means as necessary to ensure timely exchange of information.
 - Periodic Reporting on Audit Items and Follow-ups: Reports regarding current audit findings and follow-up on remediation items (post-period follow-up reports) are provided to the independent directors regularly.
 - Updates on Key Audit Regulations and Other Issues: The internal audit officer provides timely updates on significant changes in audit-related laws and regulations, as well as other pertinent internal control issues.
 - (3) Communication with the Independent Auditors:
 - Responsibilities and Independence of Lead Auditors: Discussions on the responsibilities and the assessment of the independence of the lead auditors.
 - Audit or Review Scope and Methodology: Communication regarding the scope and methods used for audits or reviews of financial statements.
 - Review or Audit Results of Financial Reports: Reports on the results of quarterly financial report reviews or annual audits.
 - Communication Meetings at Least Semi-Annually: Communication meetings are held with independent directors at least once every six months.
 - Analysis of Key Financial Ratios and Accounting Treatments: Discussions on key financial ratio analysis, accounting treatments, significant regulatory updates, and other relevant issues.
 - (4) Summary of communications between Independent Directors, the Internal Audit Officer, and the CPAs in 2025 is as follows:

Date	Communication with Internal Audit Officer	Communication with CPAs	Results and Independent Directors' Opinions
2025.02.21	1. Report on audit priorities for Oct-Dec 2024 and follow-up on remediation items. 2. 2024 Statement of Internal Control System. 3. Description of Amendments to Internal Control System	1. Report on the 2024 annual financial statement audit results. 2. Updates on significant laws and regulations.	Reviewed by the Audit Committee with no dissenting opinions.
2025.04.25	Report on audit priorities for Jan-Mar 2025 and follow-up on remediation items.	-	Reviewed by the Audit Committee with no dissenting opinions.
2025.07.25	Report on audit priorities for Apr-Jun 2025 and follow-up on remediation items.	1. Report on Q2 2025 financial statement review. 2. Updates on significant laws and regulations.	Reviewed by the Audit Committee with no dissenting opinions.
2025.10.30	1. 2026 Internal Audit Plan. 2. Report on audit priorities for Jul-Sep 2025 and follow-up on remediation items.	-	Reviewed by the Audit Committee with no dissenting opinions.

4. Annual Key Priorities and Operations:

(1) Annual Key Priorities:

- **Communication on Audit Results:** Regularly communicate with the Internal Audit Officer regarding audit report results in accordance with the annual audit plan.
- **Communication with CPAs:** Periodically engage with the Company's CPAs concerning the results of financial statement reviews or audits.
- **Review of Financial Reports:** Review the quarterly and annual financial statements.
- **Assessment of Internal Control Effectiveness:** Evaluate the effectiveness of the Company's internal control systems.
- **CPA Oversight:** Review and approve the appointment, dismissal, remuneration, and service matters of the CPAs.
- **CPA Independence Assessment:** Annually assess the independence and the "Independence Statement" of the CPAs, and report the assessment results to the Board of Directors.
- **Review of Major Transactions and Policies:** Deliberate on the "Procedures for Acquisition or Disposal of Assets," "Derivatives Trading," "Loaning of Funds," and "Endorsements and Guarantees," as well as major related transactions.
- **Regulatory Compliance:** Oversee the Company's adherence to relevant laws and regulations.
- **Risk Management:** Control existing or potential risks facing the Company.

(2) Operations in 2025:

All proposals presented to the Audit Committee were reviewed or approved by the committee, and no dissenting opinions were expressed by any independent directors.

III. Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company's [policy/regulations] were approved by the Board of Directors on April 24, 2023, and have been disclosed on the Company's website. In response to subsequent amendments to relevant laws and regulations, timely updates are made accordingly.	None.
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V V V V		(1) In order to ensure the rights and interests of shareholders, the company has established a spokesperson system and has a special person in the general management office to handle shareholders' suggestions, doubts or disputes. However, the relationship between the company and shareholders is harmonious and no disputes have occurred. (2) In accordance with Article 25 of the Securities and Exchange Law, the company reports changes in equity held by insiders, including directors, managers, and shareholders with more than 10% of the shares, at the public information observation station designated by the Securities and Futures Bureau on a monthly basis; and According to the list of shareholders provided by the stock agency company, master the list of major shareholders. (3) The company has formulated the "Regulations for Transactions of Related Parties, Specified Companies, and Group Enterprises" and "Subsidiary Supervision Measures", and special personnel are responsible for the precautions of related companies. (4) The company has established the "Operating Procedures for Handling Material Information and Preventing Insider Trading", which covers the relevant regulations on prevention of insider trading. Please refer to the Company's official website.	None.
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) For the formulation and implementation of the Company's policy on diversity of board members, please refer to the chapter on diversity and independence of the board of directors (P8-P12). The Board of Directors' policy on diversification of members is disclosed on the company's website.	None.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																										
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(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		(2) On February 21, 2023, the board of directors of the company has approved the "Risk Management Policy and Procedure" as the highest guiding principle of the company's risk management. And reported to the board of directors on February 24, 2026, the annual company-level major risks formulated by the Risk Management Committee, risk identification and implementation results																											
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		(3) On October 29, 2020, the Board of Directors of the Company has passed the "Rules for Board Performance Evaluation". Please refer the chapter of Implementation of Corporate Governance. (P20-P21) According to the provisions in Article 24 specified in the Articles of Incorporation, the company's director compensation shall not exceed the 1% of annual profit. Directors' remuneration is determined by the Remuneration Committee and the Board based on operating results, the "Remuneration Regulations," and performance evaluations, while also considering nominations for re-election.																											
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Audit Committee and the Board of Directors evaluate the independence and suitability of the CPAs annually. In addition to obtaining the "Independence Statement" from the auditors, a comprehensive assessment is conducted with reference to Audit Quality Indicators (AQIs) and auditor independence standards. The results of the CPA independence assessment are as follows: <table border="1" data-bbox="808 938 1659 1337"> <thead> <tr> <th>Evaluation Items</th> <th>Result</th> <th>Independence</th> </tr> </thead> <tbody> <tr> <td>1. No direct or indirect substantial financial interest between the CPA and the Company.</td> <td>NO</td> <td>YES</td> </tr> <tr> <td>2. No borrowing/lending of fund between the CPA and the Company.</td> <td>NO</td> <td>YES</td> </tr> <tr> <td>3. No potential employment relationship exists when the CPA audits the Company's report.</td> <td>NO</td> <td>YES</td> </tr> <tr> <td>4. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director /supervisor, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period.</td> <td>NO</td> <td>YES</td> </tr> <tr> <td>5. Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.</td> <td>NO</td> <td>YES</td> </tr> <tr> <td>6. The CPA does not promote or sell shares or other securities issued by the Corporation.</td> <td>NO</td> <td>YES</td> </tr> <tr> <td>7. The CPA is not representing the Corporation in litigation of a third party or other disputes.</td> <td>NO</td> <td>YES</td> </tr> <tr> <td>8. The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.</td> <td>NO</td> <td>YES</td> </tr> </tbody> </table> <p>Upon evaluation, the CPAs have no significant financial interests or business relationships with the Company other than fees for audit and tax services. The firm, the lead auditors, and the audit team members all comply with</p>		Evaluation Items	Result	Independence	1. No direct or indirect substantial financial interest between the CPA and the Company.	NO	YES	2. No borrowing/lending of fund between the CPA and the Company.	NO	YES	3. No potential employment relationship exists when the CPA audits the Company's report.	NO	YES	4. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director /supervisor, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period.	NO	YES	5. Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.	NO	YES	6. The CPA does not promote or sell shares or other securities issued by the Corporation.	NO	YES	7. The CPA is not representing the Corporation in litigation of a third party or other disputes.	NO	YES	8. The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.	NO
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			<p>independence regulations. Furthermore, an assessment based on professional competence, quality control, independence, and audit quality confirms that they meet the Company's financial reporting requirements. The continued use of digital audit tools has also enhanced audit efficiency and quality.</p> <p>The latest evaluation results were reviewed and approved by the Audit Committee on February 24, 2026, and subsequently submitted to the Board of Directors, which resolved to approve the assessment of the CPAs' independence and suitability.</p> <p>The financial statements for the current year are audited by Mr. Chen, Kuo-Shuai and Mr. Lin, Cheng-Wei of Ernst & Young. The Company has obtained Audit Quality Indicator (AQI) data from the firm and confirmed that both auditors meet the requirements for independence and suitability.</p>																					
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>The Company's Corporate Governance Officer is appointed by the Board of Directors and is responsible for supervising and planning corporate governance matters. By resolution of the Board on July 25, 2025, Ms. Jianglin, Jia-Rong was appointed to this position. Her qualifications comply with the requirements for corporate governance officers set forth in Article 3-1, Paragraph 1 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."</p> <table border="1"> <thead> <tr> <th>Organizer</th> <th>Course Title</th> <th>Date</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Taipei Exchange (TPEX)</td> <td>2025 Briefing Session on Equity Compliance for Insiders of Listed Companies</td> <td>2025.07.29</td> <td>3</td> </tr> <tr> <td>Taiwan Independent Directors Association (TIDA)</td> <td>Comprehensive Guide to IFRS 18: "Presentation and Disclosure in Financial Statements"</td> <td>2025.11.13</td> <td>3</td> </tr> <tr> <td>Association of Corporate Governance and Sustainable Development</td> <td>Practical Operations of Board and Shareholders' Meetings and Legal Compliance Issues</td> <td>2026.01.28</td> <td>3</td> </tr> <tr> <td>Association of Corporate Governance and Sustainable Development</td> <td>Analysis of Dispute Cases at Shareholders' Meetings</td> <td>2026.03.18</td> <td>3</td> </tr> </tbody> </table>	Organizer	Course Title	Date	Hours	Taipei Exchange (TPEX)	2025 Briefing Session on Equity Compliance for Insiders of Listed Companies	2025.07.29	3	Taiwan Independent Directors Association (TIDA)	Comprehensive Guide to IFRS 18: "Presentation and Disclosure in Financial Statements"	2025.11.13	3	Association of Corporate Governance and Sustainable Development	Practical Operations of Board and Shareholders' Meetings and Legal Compliance Issues	2026.01.28	3	Association of Corporate Governance and Sustainable Development	Analysis of Dispute Cases at Shareholders' Meetings	2026.03.18	3	None.
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5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important	V		<p>SIMULA TECHNOLOGY INC. places great importance on communication with stakeholders. A dedicated "Stakeholder Section" has been established on the Company's website to provide relevant information and diverse communication channels, enabling shareholders, employees, customers, suppliers, and other stakeholders to understand the Company's concrete actions and achievements in corporate social responsibility (CSR).</p> <p>We have set up a designated whistleblower email account</p>	None.																				

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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corporate social responsibility issues?			<p>(ethics@simulatechnology.com) as a channel for internal personnel and external stakeholders to file complaints or reports. The Company ensures appropriate responses and handling of concerns raised, with a commitment to transparency, fairness, and timeliness.</p> <p>In addition, a spokesperson email account has been designated to serve as a point of contact for investors and the general public seeking information about the Company's operations, finances, and business matters. Financial and operational information is regularly disclosed through the Market Observation Post System (MOPS) and on the Company's website to ensure transparency and real-time disclosure.</p> <p>For significant events that may impact stakeholders, the Company complies with relevant regulations by promptly announcing material information via MOPS and concurrently publishing such information on the Company's website. This ensures that all stakeholders have timely access to accurate information, thereby safeguarding their right to know and enhancing the transparency and credibility of the Company's information disclosure.</p>	
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company appoints the stock affairs agency of Grand Fortune Securities Co., Ltd. as the Company's stock affairs agency and handles the shareholders' meeting affairs.	None.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		<p>(1) The Company has established a website (www.simulatechnology.com) with a multi-language interface to disclose relevant information in a timely manner.</p> <p>Financial Information: Both the Chinese and English versions of the website include an "Investor Relations" section, providing regularly updated financial information and investor conference materials.</p> <p>Business Information: The website features product introductions, technical descriptions, and applications, providing real-time updates on various products and business activities.</p> <p>Corporate Governance: A dedicated "Corporate Governance" section is available, covering the operations of the Board of Directors and functional committees, Board performance evaluations, and other related governance information.</p>	None.
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating	V		<p>(2) Designation of Personnel Responsible for Information Collection and Disclosure: The Company has designated dedicated personnel to collect and disclose information. Updated and accurate company information is released to the public periodically via press releases or Material Information (MOPS) filings.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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<p>staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p>	V		<p>Implementation of the Spokesperson System: Ms. Jianglin, Jia-Rong (CFO) serves as the Spokesperson, and Ms. Chien, Wan-Yi (Accounting Officer) serves as the Deputy Spokesperson.</p> <p>Availability of Investor Conference Information: The Company holds at least one physical or online investor conference annually. Audio recordings and presentation materials are uploaded to the "Investor Relations" section of the Company's website for public access.</p> <p>(3) The Company's 2025 consolidated and parent-company-only financial report was announced and filed on February 24 2026; the first, second and third quarter of 2024 financial reports and monthly revenue were also announced and filed at the Market Observation Post System before the prescribed period, and were uploaded to the Company's website simultaneously.</p>	
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>	V		<p>(1) Employee Rights: The Company holds quarterly labor-management meetings in accordance with relevant laws to listen to employee suggestions. This serves as a vital mechanism for fostering communication and safeguarding employee rights.</p> <p>(2) Employee Care: The Company provides a superior work environment and comprehensive benefits to ensure employees' stability in work, life, and health. We strive to create a collaborative culture and share corporate profits with our employees based on operational performance.</p> <p>(3) Investor Relations: An "Investor Relations" section is available on the Company website for transparent information disclosure. A dedicated shareholder mailbox is also provided as a direct communication channel.</p> <p>(4) Supplier Relations: The Company has established "Supplier Management Regulations." We maintain open communication channels with all suppliers and conduct business based on the principles of integrity.</p> <p>(5) Stakeholder Rights: The Company respects and protects the legal rights of all stakeholders. Should</p>	None.

Evaluation Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			<p>any legal rights be infringed upon, the Company will handle the matter appropriately and with integrity.</p> <p>(6) Director Training: In accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors," each director completes at least 6 hours (12 hours for newly appointed directors) of professional training in law, finance, or accounting annually. Please refer to page (P51) for the 2025 training summary.</p> <p>(7) Risk Management Policy: The Company implements policies in compliance with regulations and maintains internal audit personnel to ensure effective execution. For details, please refer to the "Review and Analysis of Financial Position and Risk Management" on page (P80).</p> <p>(8) Consumer and Customer Protection: Dedicated sales representatives and assistants are assigned to every client to ensure timely responses to customer needs and maintain high service standards.</p> <p>(9) Directors and Officers (D&O) Liability Insurance: The Company maintains D&O insurance and reviews the coverage amount annually. The policy covers legal liabilities arising from errors or omissions in the performance of duties by directors and key officers. The insurance status was reported to the Board on July 25, 2025.</p>	
<p>9. Succession Planning and Operation for Board Members and Key Management: In alignment with sustainable operations and corporate governance best practices, the Company has established a Board Diversity Policy. During the selection of directors, we comprehensively consider professional backgrounds, industry experience, and the Company's long-term development and transformation needs to continuously optimize the Board's professional structure. To enhance directorial functions, a continuous education mechanism is in place, requiring each director to complete at least six hours of training annually. We also regularly review regulatory changes and the composition and qualification requirements of the Board. Regarding succession planning, the Company has established a database of potential director candidates. We continuously identify talent and conduct systematic assessments and training aligned with the Company's strategic direction and governance needs to ensure the stability and continuity of Board operations.</p> <p>10. Improvements Based on the Latest Corporate Governance Evaluation Results and Priority Measures for Unresolved Items:</p> <ul style="list-style-type: none"> ● Evaluation Results (2023-2025): Top 21%-35%. ● Evaluation Results (2021-2022): Top 36%-50%. <p>Improvement Measures: The Company has established a dedicated "Stakeholders" section on its website to understand and respond to key issues of concern. In 2023, the "Risk Management Policies and Procedures" were established, and the operations of the Risk Management Committee were reported to the Board on February 24, 2026. We continue to strengthen and improve in areas such as safeguarding shareholder rights, equitable treatment of shareholders, enhancing Board structure and operations, increasing information transparency, and fulfilling corporate social responsibility. Following the announcement of evaluation results each year, the Company reviews items that have not yet met the standards. We are committed to continuous improvement to ensure transparent information disclosure, reduce information asymmetry, and enhance shareholder value.</p>				

IV. If the company has a remuneration committee, it should disclose its composition, responsibilities and operation

1. Member Information of Remuneration Committee

Condition	Condition Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies Where the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director (convener)	Yeh, Hui-Hsin	Please refer to the Disclosure of Professional Qualifications of Directors and Independence of Independent Directors on pages 8-10.	Compliant	2
Independent Director	Tan, Tang-E		Compliant	0
Independent Director	Chen, Jin-ji		Compliant	2

Note: Independence status includes, but is not limited to, whether the member, their spouse, or relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or its affiliates; the number and percentage of shares held by the member, their spouse, or relatives within the second degree of kinship (or held under the names of others); whether the member serves as a director, supervisor, or employee of a company that has a specific relationship with the Company (refer to Paragraph 1, Items 5 to 8, Article 6 of the "Regulations Governing the Appointment and Exercise of Powers of the Remuneration Committee of Companies Listed on the Taiwan Stock Exchange or the Taipei Exchange"); and the amount of remuneration received for providing commercial, legal, financial, or accounting services to the Company or its affiliates in the past two years.

2. Responsibilities of the Remuneration Committee: The Committee shall exercise the care of a good administrator to faithfully perform the following functions and powers, and shall submit its recommendations to the Board of Directors for discussion:

- (1) Establish and periodically review the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and officers.
- (2) Periodically evaluate and establish the remuneration of directors and officers.

3. Information on the Operations of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Term of office for the current term: June 9, 2023, to June 8, 2026.

The Remuneration Committee held 2 meetings (A) in 2025. The qualifications and attendance of the members are as follows:

Job Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Yeh, Hui-Hsin	2	0	100%	
Member	Tan, Tang-E	2	0	100%	
Member	Chen, Jin-ji	2	0	100%	

4. Material Resolutions of the Remuneration Committee during 2025 and up to the Publication Date, Results of the Resolutions, and the Company's Response to the Committee's Opinions.

Remuneration Committee Meeting Date	Agenda Item / Proposal	Resolution	The Company's Response to the Remuneration Committee's Opinion
2025.02.21	1. Proposal for the 2025 Remuneration Indicators for Managerial Officers. 2. Proposal for the 2025 Bonus and Salary Adjustment Policy for Managerial Officers.	Approved by all attending members as proposed.	Approved by all attending directors as proposed.
2025.04.25	1. Report on the execution results of the 2025 Salary Adjustment for Managerial Officers.	Reported; no resolution required.	Reported; no resolution required.
2026.02.24	1. Proposal for the 2026 Remuneration Indicators for Senior Management. 2. Proposal for the 2026 Bonus and Salary Adjustment Policy for Senior Management.	Approved by all attending members as proposed.	Approved by all attending directors as proposed.

Other Mentionable Matters:

1. If the Board of Directors does not adopt or amends the recommendations of the Remuneration Committee: The date and session of the Board meeting, the content of the proposal, the resolution of the Board, and the Company's response to the Remuneration Committee's opinion shall be specified (if the remuneration approved by the Board is superior to the recommendation of the Committee, the circumstances and reasons for the difference shall be stated): None.
2. If there are any resolutions of the Remuneration Committee to which members have objections or reservations, and such objections or reservations are documented or made in writing: The date and session of the Committee meeting, the content of the proposal, the opinions of all members, and the handling of these opinions shall be specified: None.

V. Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Company's sustainability initiatives are led by the General Manager, who serves as the Chairperson of the Sustainability Committee. The committee includes an Executive Secretary and three functional teams: the "Corporate Governance Team," the "Green Sustainability Team," and the "Social Care Team." These teams are headed by department heads from Finance & Accounting, Procurement, Human Resources, and Administration, who are responsible for driving relevant initiatives within their respective areas of expertise. To ensure that the Board of Directors is informed of and able to supervise the Company's sustainability efforts, a report on the implementation status of sustainability initiatives is submitted to the Board at least once per year. The 2025 implementation status was reported to the Board on February 24, 2026.	If there are legal or practical considerations, it will be handled with reference to the Code of Practice for Sustainable Development of Listed OTC Companies and relevant laws and regulations.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The board of directors of the company approved the "Risk Management Policy and Procedure" as the highest guiding principle of the company's risk management on February 21, 2023. The Risk Management Committee (RMC) was formally established on February 21, 2023, with the President serving as Chairperson and the Chief of the Management Department serving as the executive supervisor. The Committee meets regularly, and the status of risk management implementation was reported to the Board of Directors on February 24, 2026. This disclosure covers SIMULA's sustainability performance at its major operational sites from January to December 2025. The scope of risk assessment focuses primarily on the Taiwan headquarters and SIMULA Technology (Shenzhen) Co., Ltd. In China. SIMULA prepares its annual Sustainability Report in accordance with the materiality assessment approach of the GRI Standards and conducts risk assessments accordingly. Each year, questionnaires are regularly distributed to identify stakeholders' key concerns regarding the economic, environmental, and social dimensions. Based on the material topics identified for the reporting year, SIMULA assesses their potential impact on business operations and development, establishes annual risk management targets, reviews these targets annually, and adjusts its management objectives and performance accordingly.	None.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons											
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			<p>Based on the assessed risks, the Company has formulated the following risk management policies or strategies:</p> <table border="1"> <thead> <tr> <th>Major Topics</th> <th>Risk Assessment</th> <th>Risk Management Strategy</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Economic/ Governance</td> <td>Operational Performance</td> <td>The Company is committed to enhancing operational efficiency and optimizing resource allocation. Through data-driven decision-making and continuous improvement, it ensures stable and sustainable corporate growth.</td> </tr> <tr> <td>Information Security and Privacy</td> <td>SIMULA is committed to building a highly resilient information security protection framework. In the short term, the Company strengthens endpoint and identity security through the comprehensive implementation of MFA, EDR, and automated vulnerability scanning, while also ensuring business continuity through more than 20 BCP drills conducted annually. Over the long term, SIMULA aims to obtain ISO 27001 certification as a core objective, integrate SIEM/SOC threat monitoring and a Zero Trust architecture, and implement third-party supplier risk management, thereby establishing a comprehensive cybersecurity governance blueprint covering identities, devices, and the supply chain.</td> </tr> <tr> <td>Social</td> <td>Talent Policy</td> <td>SIMULA regards human capital as the core of sustainable operations. By implementing a performance-based compensation system, the Company seeks to reduce the risk of losing key talent. In the short term, its strategy focuses on strengthening talent recruitment and competency-based education and training to ensure business continuity and enhance professional capabilities. Over the medium to long term, SIMULA will optimize its workforce</td> </tr> </tbody> </table>	Major Topics	Risk Assessment	Risk Management Strategy	Economic/ Governance	Operational Performance	The Company is committed to enhancing operational efficiency and optimizing resource allocation. Through data-driven decision-making and continuous improvement, it ensures stable and sustainable corporate growth.	Information Security and Privacy	SIMULA is committed to building a highly resilient information security protection framework. In the short term, the Company strengthens endpoint and identity security through the comprehensive implementation of MFA, EDR, and automated vulnerability scanning, while also ensuring business continuity through more than 20 BCP drills conducted annually. Over the long term, SIMULA aims to obtain ISO 27001 certification as a core objective, integrate SIEM/SOC threat monitoring and a Zero Trust architecture, and implement third-party supplier risk management, thereby establishing a comprehensive cybersecurity governance blueprint covering identities, devices, and the supply chain.	Social	Talent Policy	SIMULA regards human capital as the core of sustainable operations. By implementing a performance-based compensation system, the Company seeks to reduce the risk of losing key talent. In the short term, its strategy focuses on strengthening talent recruitment and competency-based education and training to ensure business continuity and enhance professional capabilities. Over the medium to long term, SIMULA will optimize its workforce	
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<p>3. Environmental Issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p>	V		<p>1. The Company places great importance on environmental protection and sustainable operations. In alignment with industry characteristics and international standards, an environmental management system has been implemented.</p> <p>2. The primary boundaries of the environmental management system include the Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. in China.</p> <p>3. Both the Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. in China have obtained ISO 14001:2015 Environmental Management System certification. In accordance with system requirements, they have implemented pollution prevention, resource conservation, and regulatory compliance measures to ensure continual improvement in environmental performance.</p> <p>4. In addition, both sites have also been certified under ISO 45001:2018 Occupational Health and Safety Management System, ensuring workplace safety and health for employees, and fulfilling corporate social responsibility (CSR) and environmental sustainability commitments.</p> <p>5. The Action Star Corp. in Taiwan successfully completed its first ISO 14064:2018 greenhouse gas inventory verification in November 2024, strengthening carbon emissions management in support of the Group's net-zero carbon reduction goals.</p> <p>6. Certificate Validity Period:</p>	None.			

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons												
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ISO 14001	~2029/02/21	~2026/07/24														
ISO 45001	~2026/03/26	~2026/07/24														
UL 2799		~2027/03/25														
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		<p>The Company continues to promote energy conservation, carbon reduction, and the recycling and reuse of packaging materials. Through electricity and water conservation measures as well as green design, the Company aims to reduce its environmental footprint. In terms of environmental sustainability, green design principles are incorporated at the early stages of product development. This includes assessing the potential environmental impact and risks of products and components throughout their life cycle, and selecting environmentally compliant parts from the design source to minimize negative environmental effects.</p> <p>In addition, the SIMULA Technology (Shenzhen) Co., Ltd. in China has obtained QC080000:2017 certification for Hazardous Substance Process Management and remains committed to addressing environmental sustainability issues throughout its operations. The use of water, electricity, and other resources is designated as a key area of control, with efforts focused on reducing resource consumption to further minimize environmental impact.</p>	None.												
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		<p>To mitigate the operational impact of climate change—such as flooding and water-related disasters caused by typhoons and heavy rainfall—the Company has actively implemented the following risk control measures to minimize risks at its facilities:</p> <ol style="list-style-type: none"> 1. Enhance employee awareness of risk management and emergency response capabilities by conducting regular site-wide disaster response drills. 2. Promote energy-saving and carbon-reduction actions by continuously replacing traditional lighting with LED lighting systems. 3. Adopt energy management practices by implementing energy management and monitoring systems in phases to improve energy efficiency. 4. Strategically increase the proportion of local sourcing from suppliers and promote 	None.												

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
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			<p>energy-efficient production practices.</p> <p>5. Conduct risk assessments to identify potential risks and opportunities associated with climate change, providing valuable input for operational decision-making.</p> <p>6. In pursuit of sustainable operations, the Company has established policies on energy conservation, carbon reduction, greenhouse gas (GHG) emissions reduction, water conservation, and waste management. Greenhouse gas emissions and water usage are regularly measured and tracked to support continuous optimization of resource use.</p>										
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>1.The company currently has statistical information and formulates management policies. The company is a low-pollution industry and promotes the concept of saving and reducing carbon among employees on a daily basis.</p> <p>The company's statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years are as follows:</p> <p>(1) The last two years of greenhouse gas emissions: In 2024, Scope 1 and Scope 2 information covered the Taiwan headquarters, Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. In China ; Starting from 2025, the U.S. subsidiary, SIMULA TECHNOLOGY CORP., was additionally included.</p> <p>tonCO2e/year</p> <table border="1"> <thead> <tr> <th>Years</th> <th>scope 1</th> <th>scope 2</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>202.80</td> <td>3,719.42</td> </tr> <tr> <td>2025</td> <td>230.70</td> <td>2,758.46</td> </tr> </tbody> </table> <p>In 2025, the total greenhouse gas (GHG) emissions for Scope 1 and Scope 2 amounted to 2,989.16 metric tons. The majority—92.28%—originated from Scope 2 indirect GHG emissions due to purchased energy, while the remaining 7.72% came from Scope 1 direct GHG emissions.</p> <p>To reduce GHG emissions, the Company continues to implement energy-saving and carbon-reduction measures, including the replacement of outdated power-consuming equipment with high-efficiency energy-saving alternatives and the strengthening of electricity management mechanisms to enhance energy efficiency. In addition, through internal awareness campaigns and administrative management, the Company promotes energy-saving behaviors and awareness to achieve the goals of reducing energy consumption and lowering carbon emissions.</p>	Years	scope 1	scope 2	2024	202.80	3,719.42	2025	230.70	2,758.46	None.
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			<p>Looking at the emission reduction performance over the past two years, greenhouse gas emissions have been reduced by 933.06 metric tons. In consideration of the expanded reporting boundary, 2025 has been adopted as the base year, and the purchase of Renewable Energy Certificates (RECs) will be increased year by year. The Company targets a 1% reduction in Scope 1 and Scope 2 emissions by 2028 and a 2% reduction by 2030, while actively progressing toward achieving net-zero emissions by 2050.</p> <p>(2) Water consumption: (The information covers the Taiwan headquarters, subsidiary Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. In China)</p> <table border="1"> <thead> <tr> <th>Years</th> <th>The Total Water Consumption (Tons)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>76,994.9</td> </tr> <tr> <td>2025</td> <td>47,775.6</td> </tr> </tbody> </table> <p>In 2025, in addition to continuing to promote daily water-saving practices and sustainable water use among employees, SIMULA Technology (Shenzhen) Co., Ltd. In China, conducted a comprehensive review and replacement of aging water supply pipelines. Through systematic pipeline inspections and leakage repairs, resource waste was prevented at the source, significantly improving water use efficiency at the plant. Looking at the reduction performance over the past two years, water consumption has been substantially reduced by 29,219.3tons (approximately 37.95%) through pipeline replacement and systematic inspections. Going forward, SIMULA will continue to dynamically monitor water use efficiency, with 2025 set as the base year, and aims to achieve an additional 1% reduction by 2028 and a cumulative 2% reduction by 2030, demonstrating its long-term commitment to water resource stewardship.</p> <p>(3) The total weight of waste: (The information covers the subsidiary Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. In China)</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Hazardous Waste (Tons)</th> <th>Non-Hazardous Waste (Tons)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>1.79</td> <td>190.13</td> </tr> <tr> <td>2025</td> <td>2.28</td> <td>169.74</td> </tr> </tbody> </table> <p>Over the past two years, total waste generation has been reduced by 19.9 metric tons (approximately 10.37%) through improved recycling practices and source</p>	Years	The Total Water Consumption (Tons)	2024	76,994.9	2025	47,775.6	Years	Hazardous Waste (Tons)	Non-Hazardous Waste (Tons)	2024	1.79	190.13	2025	2.28	169.74	
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Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			<p>management. Going forward, SIMULA will continue to promote daily energy-saving awareness and implement waste reduction and recycling policies. With 2025 designated as the base year, the Company aims to achieve an additional 1% reduction by 2028 and a cumulative 2% reduction by 2030, demonstrating its commitment to resource recycling and circular utilization.</p> <p>2. The Company strives to reduce paper consumption and resource waste by using email as the primary form of communication in daily operations. In addition, energy-saving policies are actively promoted, including encouraging employees to develop the habit of turning off unused equipment and lights. The Company also utilizes waste heat recovery technology from air compressors to supply hot water for employees, thereby conserving electricity and water. Furthermore, all lighting equipment in factory and warehouse areas has been replaced with high-efficiency LED fixtures to improve energy efficiency and support the goals of energy conservation, carbon reduction, and greenhouse gas (GHG) emissions mitigation.</p> <p>3. The Company is committed to environmental protection and has established KPI targets for waste reduction. In accordance with the ISO 14001 Environmental Management System standards, internal and external audits are conducted annually. Through the promotion of sustainable resource utilization and the implementation of effective management practices, the Company has achieved a year-over-year decrease in the waste generation ratio.</p>	
<p>4. Social Issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>The Company is committed to safeguarding employee rights and complies with local regulations on human rights management, while meeting the expectations and needs of stakeholders. The Company explicitly prohibits the employment of child labor and ensures equal treatment in the workplace. It also strictly prohibits all forms of forced labor, with particular emphasis on the prevention of slavery and human trafficking.</p> <p>To protect employees' rights and working conditions, regular labor-management meetings are held in accordance with regulations, serving as a formal channel for communication and coordination between labor and management. In cases involving sexual harassment or other forms of improper treatment, employees may file complaints directly with the Human Resources Department in accordance with the "Whistleblowing and Grievance Handling Procedures." The Company maintains strict confidentiality regarding the identity and information of whistleblowers to protect their rights and safety.</p> <p>As of the end of 2025, the Company had not received any complaints or reports related to</p>	None.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons								
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			labor rights or human rights issues, indicating the effectiveness of its human rights protection measures and management practices.									
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>1. Employee benefits are based on laws and regulations, including wages, vacations and legally prescribed benefits, etc. Please refer to "V. Labor Relations" on page 76 of this annual report.</p> <p>2. Employee remuneration is stipulated in Article 24 of the company's articles of association: if there is a profit in the year, 5% to 20% of the employee remuneration should be appropriated, and at least 10% of the total employee remuneration shall be allocated to frontline employees. and the board of directors will issue a resolution; the remuneration strategy is based on the company's operating performance and provides a competitive overall Remuneration, including basic salary, bonus and bonus.</p> <p>3. The company regularly conducts year-end assessments every year. The assessment procedures are based on work target performance, work ability and work attitude, etc., and are assessed fairly and reasonably in accordance with the standards of the assessment table.</p> <p>4. Workplace Diversity Policy: The company is committed to providing employees with a dignified and safe working environment. We implement diversity in employment, fairness in salary and promotion opportunities, and ensure that employees will not be excluded from employment due to race, gender, religious belief, age, political orientation and other factors. Discrimination, harassment or unequal treatment for any other status protected by statute.</p> <table border="1" data-bbox="855 1045 1525 1206"> <thead> <tr> <th>index</th> <th>(%)</th> </tr> </thead> <tbody> <tr> <td>Women accounted for total employees (%)</td> <td>56.8%</td> </tr> <tr> <td>Women accounted for all supervisors (%)</td> <td>24.5%</td> </tr> <tr> <td>Women accounted for senior executives (%)</td> <td>-</td> </tr> </tbody> </table>	index	(%)	Women accounted for total employees (%)	56.8%	Women accounted for all supervisors (%)	24.5%	Women accounted for senior executives (%)	-	None.
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Women accounted for total employees (%)	56.8%											
Women accounted for all supervisors (%)	24.5%											
Women accounted for senior executives (%)	-											
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>1. In order to prevent the occurrence of occupational disasters, the Company spares no effort to improve the working environment to ensure the safety of employees (including all partners), including education and training, improvement of the working environment, prevention and management of hazards, auditing, contractor management and health promotion, etc., in order to provide a safe working environment for employees.</p> <p>2. The company provides employees with the following safety and health related work items:</p>	None.								

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>(1) Annual employee health checkups in accordance with relevant laws and regulations.</p> <p>(2) Annually scheduled safety and health education and training courses.</p> <p>(3) Annual operational environmental inspections.</p> <p>(4) Establishment of diversified communication channels for staff suggestions and grievances.</p> <p>(5) The Company commissions occupational health nurses to continuously monitor employees identified with high-risk indicators for hypertension, hyperglycemia, and hyperlipidemia (the "three highs") based on health examination results. Personalized health education and improvement recommendations are provided to help employees develop healthy lifestyle habits and reduce health risks.</p> <p>(6) To establish the "Measures for the Prevention and Control of Sexual Harassment" to provide a channel for complaints and to maintain an orderly working environment.</p> <p>(7) Accident and medical insurance for employees.</p> <p>(8) Establishing disaster emergency response guidelines and conducting annual fire prevention drills.</p> <p><u>Labor Environmental Monitoring</u> Regularly, a monitoring organization is entrusted to monitor the working environment to control the status of hazard factors in the working environment, and to improve the working site based on the monitoring results to reduce the occurrence of occupational diseases. Every year, the company trains and promotes employees' occupational safety and health education and training and fire and earthquake escape related online courses, and in 2025, 100% of the employees have completed the training courses.</p>	
(4) Has the Company established effective career development training programs for employees?	V		<p>The company attaches great importance to the cultivation and development of colleagues, and believes that only by continuously cultivating outstanding talents can it strengthen the basis of competition and create high-quality human resources. The company has invested a considerable amount of resources to match the human resources required for the company's development and the majors required for the business promotion of each functional unit, provide comprehensive training courses, and effectively develop human resource training to improve the work quality of colleagues and achieve business goals.</p> <p>The Company places great importance on the training and development of both existing and new employees. Training programs cover new employee orientation, professional knowledge, and competency development. In 2025, the Company (including SIMULA Taiwan headquarters, subsidiary Action Star Corp. in Taiwan and the SIMULA Technology (Shenzhen) Co., Ltd. in China) organized multiple training programs for both existing and</p>	None.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			new employees, with a total of 9,669 training hours. On average, each employee received 15.3 hours of training during 2025.	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>The Company complies with relevant regulations and international standards, including EU RoHS, REACH, ISO 9001, ISO 13485, and IATF 16949, to ensure that its products meet health and safety requirements, and to avoid the use of hazardous substances and conflict minerals. Regulatory compliance and safety design are integrated into the product development stage, while the Quality Assurance Center is responsible for quality inspection and risk control throughout the production process.</p> <p>A customer service complaint channel and quality assurance response mechanism are in place to ensure prompt resolution and improvement of issues raised by customers. The Company undergoes third-party audits annually and continuously enhances its product safety and quality management systems to safeguard customer health, safety, and rights.</p>	None.
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<p>The Company has established a Supplier Management Policy and, in accordance with its "Supply Chain Management Practices," has developed relevant standards and implementation mechanisms to address issues related to environmental protection, occupational health and safety, and labor and human rights. The specific practices are as follows:</p> <ol style="list-style-type: none"> 1. New Supplier Evaluation For new suppliers, procurement personnel follow standard procedures to input basic supplier information into the SIMULA system. The data entry process is completed after online approval by the supervisor. During the supplier evaluation stage, the accuracy and completeness of the supplier's business registration and certification documents are verified. In addition, the Company promotes ethical conduct and the Supplier Code of Conduct, emphasizing compliance with social responsibility requirements, including labor conditions, health and safety, environmental protection, and business ethics. The Company ensures suppliers align with the OECD Due Diligence Guidance for Responsible Supply Chains. 2. Supplier Assessment and Continuous Improvement Existing suppliers are required to hold ISO 9001 certification. The Quality Assurance and Procurement departments regularly conduct evaluations and scoring reviews. If any deficiencies are identified during audits, the supplier will be required to implement corrective actions within a specified timeframe, with ongoing follow-up. In cases of violations involving environmental regulations, occupational health and safety, or labor and human rights, the Company may reduce business volume, suspend, or terminate 	None.

Promotion Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			contracts depending on the severity. 3. Supplier Communication and Awareness Promotion Through regular supplier meetings, the Company strengthens suppliers' awareness of environmental protection, occupational health and safety, and labor and human rights. Ongoing communication and education are conducted to foster long-term, stable partnerships throughout the supply chain.	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company has prepared its sustainability report with reference to internationally recognized reporting standards, such as the Global Reporting Initiative (GRI) Standards, to disclose non-financial information. The report is scheduled to undergo assurance by a third-party verification body by June 30, 2026, with the aim of obtaining a limited or reasonable assurance opinion. The final report will be uploaded and publicly disclosed no later than August 31, 2026.	If there are legal or practical considerations, it will be handled with reference to the Code of Practice for Sustainable Development of Listed OTC Companies and relevant laws and regulations.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: No differences.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: None.				

Implementation of Climate-related Information

Item	Implementation status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>1. Climate Risk and Opportunity Governance Climate-related risks and opportunities, along with annual sustainability risk management topics, are reported to the Board of Directors on an annual basis, with the Board overseeing implementation performance. The results for 2025 were reported to the Board in February 2026. The General Manager serves as the Chairperson, with first-tier department heads responsible for risk identification, assessment, and mitigation.</p> <p>2. Refer to the table below titled "Risk and Opportunity Items / Financial Impacts and Response Mechanisms."</p> <p>3. Refer to the table below titled "Risk and Opportunity Items / Financial Impacts and Response Mechanisms."</p> <p>4. In accordance with the Company's Risk Management Policy, the following measures are implemented:</p>

Item	Implementation status
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>4.1.The Sustainability Task Force evaluates climate risks concurrently when assessing ESG risks.</p> <p>4.2.The Sustainability Task Force reviews and confirms material ESG and climate risks through internal decision-making mechanisms.</p> <p>4.3.Based on the confirmed ESG and climate risks, strategic targets and action plans are set.</p> <p>4.4.ESG risks and climate-related risks are regularly identified, assessed, and reported to the Board of Directors on an annual basis. The most recent report, covering risk management for 2025, was completed in February 2026.</p> <p>5. In 2025, the Company had not yet adopted climate scenario analysis, such as different warming scenarios, to assess financial impacts. However, it has strengthened the identification of and response capabilities for climate-related risks through measures such as compound disaster scenario drills and flood risk assessments. Going forward, the Company plans to gradually introduce a climate scenario analysis mechanism to further enhance climate risk management.</p> <p>6. Rising Average Temperatures: To mitigate the risk of increased energy consumption caused by climate change, the Company has planned a phased replacement of air conditioning systems in office areas and will gradually introduce energy-saving equipment that meets the government's Grade 1 energy efficiency standard to improve overall energy use efficiency. The related replacement work will be planned and implemented on a rolling basis in accordance with actual operational needs and resource allocation.</p> <p>7. The Company has not yet implemented internal carbon pricing.</p> <p>8. The Company has designated its wholly owned subsidiary, SIMULA Technology (Shenzhen) Co., Ltd., as the principal entity for energy management, promoting the use of renewable energy to reduce greenhouse gas emissions. Its primary efforts focus on the energy transition of electricity consumed at operational sites (Scope 2). Beginning in 2024, the Company plans to increase its procurement of Renewable Energy Certificates (RECs) on a year-by-year basis, with the target of achieving a 70% green electricity usage ratio by 2030 and 100% green electricity substitution by 2040. Annual progress will be reviewed and adjusted based on actual electricity demand and procurement plans, and the Company will continue to track the increase in the proportion of renewable energy used. Currently, the Company sources its green electricity through the purchase of Renewable Energy Certificates (RECs), and the origin and procurement volume of such certificates will be determined in accordance with annual energy consumption needs and market supply conditions.</p> <p>9. According to the sustainability roadmap, companies with paid-in capital under NT\$5 billion are required to complete a greenhouse gas inventory for consolidated parent and subsidiary companies for the year 2027 (based on 2026 data). The Company completed its self-conducted inventory of Scope 1 and Scope 2 greenhouse gas emissions for the 2025 consolidated financial reporting boundary in 2026. At present, no third-party verification has been conducted. External third-party verification for 2026 is scheduled to be completed by the end of 2027.</p>

1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

1-1-1 Information on Greenhouse Gas Inventory

Describe the volume (metric tons of CO₂e), intensity (metric tons of CO₂e/NT\$ million), and data coverage of greenhouse gas emissions for the most recent two years.

2024: SIMULA's Scope 1 and Scope 2 greenhouse gas emissions (including SIMULA Technology (Shenzhen) Co., Ltd. and Action Star Corp. in Taiwan) totaled 3,922.22 metric tons of CO₂e, with an emissions intensity of 2.218 metric tons of CO₂e per NT\$ million consolidated revenues.

2025: SIMULA's Scope 1 and Scope 2 greenhouse gas emissions (including all subsidiaries) totaled 2,989.16 metric tons of CO₂e, with an emissions intensity of 1.706 metric tons of CO₂e per NT\$ million consolidated revenues.

Emissions intensity formula:

Total Scope 1 and Scope 2 greenhouse gas emissions (metric tons of CO₂e) / consolidated revenue (NT\$ million)

Note 1: Direct emissions (Scope 1), which refer to emissions directly from sources owned or controlled by the Company; energy indirect emissions (Scope 2), which refer to indirect greenhouse gas emissions resulting from the consumption of purchased electricity, heat, or steam; and other indirect emissions (Scope 3), which refer to emissions generated by the Company's activities that are not classified as energy indirect emissions, but arise from sources owned or controlled by other entities.

Note 2: The coverage of data for direct emissions and energy indirect emissions shall be handled in accordance with the timeline specified in the order prescribed under Paragraph 2, Article 10 of these Regulations. Disclosure of information on other indirect emissions is voluntary.

Note 3: Greenhouse gas inventory standards: the Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated based on each unit of product/service or revenue; however, at a minimum, the data calculated on the basis of revenue (NT\$ million) shall be disclosed.

1-1-2 Information on Greenhouse Gas Assurance

Describe the GHG validation in the last 2 years as of the date of publication of the annual report, including the scope of validation, agency that conducts validation, criteria for validation, and opinions on validation.

The Company has not yet obtained third-party assurance for its greenhouse gas data. At this stage, in accordance with the FSC's Sustainability Development Roadmap for TWSE/TPEX Listed Companies, the Company continues to carry out internal greenhouse gas inventory operations and expects to complete assurance for the parent company no later than 2028.

Note 1: The relevant work shall be carried out in accordance with the timeline specified in the order prescribed under Paragraph 2, Article 10 of these Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing the annual report, it shall state that "complete assurance information will be disclosed in the Sustainability Report." If the Company does not prepare a Sustainability Report, it shall state that "complete assurance information will be disclosed on the Market Observation Post System (MOPS)." The complete assurance information shall then be disclosed in the annual report of the following year.

Note 2: The assurance institution shall comply with the relevant regulations governing sustainability report assurance institutions as prescribed by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: For the content to be disclosed, please refer to the best practice reference examples available on the Corporate Governance Center website of the Taiwan Stock Exchange.

1-2 Goals, Strategies and Specific Action Plans for Greenhouse Gas Reduction

Describe the base year, data, goals, strategies, and concrete action plans for greenhouse gas reduction and achievement of the reduction goals.

As 2025 was the first year in which the Company completed its full greenhouse gas inventory boundary, it was designated as the base year for the inventory. Greenhouse gas emissions for that year totaled 2,989.16 metric tons of CO₂e.

SIMULA's long-term emissions reduction target is to achieve net-zero emissions by 2050. To effectively promote energy conservation and carbon reduction, the Company

has planned and implemented a number of strategies and specific actions, including replacing office lighting with LED fixtures, conducting regular inspection and maintenance of air-conditioning systems to improve energy efficiency, and introducing air compressor equipment to supply hot water to dormitories in order to reduce overall energy consumption.

In the short term, the Company's focus is on reducing electricity consumption and improving energy efficiency. Over the medium to long term, in alignment with the parent group's plan, SIMULA aims to achieve 100% renewable electricity usage by 2040.

Note 1: The relevant work shall be carried out in accordance with the timeline specified in the order prescribed under Paragraph 2, Article 10 of these Regulations.

Note 2: The base year shall be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, pursuant to the order prescribed under Paragraph 2, Article 10 of these Regulations, a company with paid-in capital of NT\$10 billion or more is required to complete the inventory for the 2024 consolidated financial statements in 2025; therefore, the base year would be 2024. If a company completes the inventory for the consolidated financial statements earlier, such earlier year may be adopted as the base year. In addition, the data for the base year may be calculated based on a single year or on the average of multiple years.

Note 3: For the content to be disclosed, please refer to the best practice reference examples available on the Corporate Governance Center website of the Taiwan Stock Exchange.

Risk and Opportunity Items / Financial Impact and Mitigation Mechanisms Table

Risk and Opportunity	Financial Impact and Response Mechanism
Increase in Greenhouse Gas Emission Pricing	According to the Climate Change Response Act, the government has legislated the 2050 net-zero emission target and will begin imposing carbon fees in 2025 on industries with significant direct or indirect emissions. This risk may lead to increased operating costs. However, as the Company is not currently classified as a high-emission industry, the overall financial impact on operations is expected to be limited.
Changes in Precipitation Patterns and Extreme Climate Events	Due to shifts in rainfall patterns and increasingly extreme climate conditions, the frequency of severe weather events (such as typhoons and heavy rainfall) has increased. These events may result in flooding of office buildings and disrupt business operations. Following risk assessment, the Company has adopted the following preventive and responsive measures to minimize financial losses and operational interruptions: <ol style="list-style-type: none"> 1. Conduct regular inspections of office window seals and external wall waterproofing to prevent water seepage during heavy rainfall. 2. Coordinate with building property management to ensure that floor drainage systems remain unblocked and that balconies and drains are regularly cleared. 3. Establish a remote work mechanism to enable employees to work from home during extreme weather conditions, thereby reducing the risk of business interruption. 4. Plan employee evacuation routes and communication protocols, and conduct regular reviews and drills.
Rising Average Temperatures	Continued increases in average temperatures lead to higher energy consumption and elevated operating costs. A 1°C increase in Taiwan's average temperature may result in a 6% rise in electricity usage. Assuming electricity rates remain unchanged, a 1.5°C increase could lead to an estimated 9% increase in electricity consumption and related costs. This is considered a mild impact. In response, the Company is implementing measures such as upgrading air conditioning and cooling systems.

VI. Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The Company has established the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and actively fulfills the commitments of its management policies based on these principles. Both the Board and senior management place great importance on the promotion of ethical management. Through internal communication and education and training, the philosophy and requirements of ethical management are conveyed to all employees to ensure that the ethical management policy is effectively implemented in daily operations.	None.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(2) The Company has established an assessment mechanism for risks of unethical conduct and has formulated an "Ethics Manual." This manual stipulates that employees shall not use their positions to seek illicit gains, including activities such as accepting entertainment, gifts, or kickbacks, or embezzling company funds. Furthermore, all donations and sponsorships must be approved in accordance with the authorized level of authority and must comply with relevant laws and internal operating procedures. The Company periodically reviews the risks of unethical conduct within its business activities and continuously strengthens its prevention mechanisms.	None.
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(3) The Company has clearly defined operating procedures, codes of conduct, disciplinary actions for violations, and appeal systems within its prevention programs for unethical conduct, and has established a whistleblowing mechanism. Explicit regulations have been set for matters such as conflicts of interest, regulatory compliance, trade secrets, and company assets. Through education, training, and promotion, employee awareness of integrity is reinforced to ensure the implementation of these systems. Furthermore, the Company periodically reviews and revises relevant systems to adapt to operational needs and regulatory changes.	None.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) Before establishing business relationships with customers or suppliers, the Company conducts preliminary credit investigations and due diligence to avoid, to the greatest extent possible, engaging in transactions with customers or suppliers who have a record of unethical conduct.	None.
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The Company has designated the Management Division as the unit responsible for promoting ethical corporate management, which operates under the Board of Directors. The unit reports to the Board regularly every year. The implementation status for the 2025 fiscal year was reported to the Board of Directors on February 24, 2026.	None.
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) Currently, in the event of a potential conflict of interest, employees may report to their immediate department head or directly to higher levels of management.	None.
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(4) The Company has established a comprehensive accounting system and internal control system. All relevant personnel must perform their duties in accordance with these systems. Any irregularities detected shall be reported immediately to supervisors or the Board of Directors.	None.
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) The Company conducts annual online training courses on the "Ethics Manual" for all employees. In 2025, 100% of employees completed the training program.	None.
3. Implementation of Complaint Procedures				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing	V		(1) The Company has clearly defined a disciplinary system within its "Ethics Manual." In accordance with the operating procedures for reporting violations of ethical conduct, an independent whistleblowing mailbox has been established, with dedicated	None.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?			personnel assigned by the responsible unit to handle relevant appeals or reports.	
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(2) The Company has established the "Whistleblowing System" and "Ethical Corporate Management Best Practice Principles." In the event of a reported case, the entire investigation process and results shall be documented and archived, and the identity of the whistleblower and the content of the report shall be kept strictly confidential.	None.
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		(3) Whistleblowers may choose to remain anonymous. If a whistleblower chooses not to be anonymous, the unit receiving the report is still under a strict obligation of confidentiality.	None.
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		Both the company's website and annual report disclose the relevant content of the Code of Integrity Management and the performance of integrity management for the knowledge of interested parties. Please refer to the company website for the promotion situation.	None.
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: No differences.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the Company's reviewing and amending of its ethical corporate management best practice principles):				
(1) The Company has set up a supplier anti-corruption channel for suppliers. Suppliers can respond to any violation of the code of ethics and conduct of Integrity by any of the Company's colleagues through the Integrity Mailbox: ethics@simulatechnology.com, and the Company will deal with it immediately. The Company will keep the contents and results of the investigation strictly confidential and ensure that the interests of the relevant persons will not be jeopardized.				
(2) Every year, the company-wide "integrity and anti-corruption" online training course is regularly carried out. The course content includes: introduction to the contents of the integrity manual, key summaries, practical example explanations, and after-school tests to check the learning results of colleagues. In order to implement the publicity of the Integrity Manual, in addition to the original Chinese version, the company also completes the English version of the Integrity Manual for overseas operating bases, and publicizes it and conducts relevant education for colleagues.				

VII. Other important information that can promote understanding of the company's corporate governance operations:

1. On October 28, 2016, the Board of Directors approved the establishment of the "Procedures for Handling Material Inside Information and Prevention of Insider Trading," which were subsequently amended by a Board resolution on October 28, 2022. The main contents include:
 - (1) Scope of application
These Procedures shall apply to all directors, managerial officers, and employees of this Corporation. This Corporation shall ensure that any other person who acquires knowledge of this Corporation's material inside information due to their position, profession, or relationship of control shall comply with the applicable provisions of these Procedures.
 - (2) Internal important information confidentiality operating procedures.
 - (3) Procedures for handling internal material information disclosure.
 - (4) Handling of abnormal situations.
 - (5) Internal control operations and internal education and publicity.
2. During the current year, the Company completed relevant education and promotion for employees, current directors, and officers by May 31, 2025. The course content included: the basic concept of insider trading, regulations prohibiting insider trading, elements of insider trading (subject, object, timing, event, and behavior), the legal consequences of insider trading, and the initiation of insider trading investigations. A total of 74 people completed one hour of education and promotion. The promotion materials were distributed to current directors and officers during the courses and were placed on the Company's intranet for employees' reference.
3. Continuing Education of Directors (Including Independent Directors) in the Most Recent Year:
The continuing education of directors in 2025 is as follows:

Title	Name	Date	Organizer	Course Title	Hours
Representative of Qisda Corp.	Huang, Han-Chou	2025/6/19	Taiwan Institute for Sustainable Energy (TAISE)	Trends in Labor Rights in Global Supply Chains and Corporate Practice Sharing	3
		2025/10/3	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum	3
Representative of Qisda Corp.	Hu, Jo-Yao	2025/10/3	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum	3
		2025/11/13	Taiwan Independent Director Association (TIDA)	Major Changes to Financial Statements! Comprehensive Guide to IFRS 18 "Presentation and Disclosure in Financial Statements"	3
Representative of Qisda Corp.	Lin, Yu-Chin	2025/6/19	Taiwan Institute for Sustainable Energy (TAISE)	Trends in Labor Rights in Global Supply Chains and Corporate Practice Sharing	3
		2025/11/13	Taiwan Independent Director Association (TIDA)	Major Changes to Financial Statements! Comprehensive Guide to IFRS 18 "Presentation and Disclosure in Financial Statements"	3
Representative of Qisda Corp.	Cheng, Yin-Shiang	2025/6/19	Taiwan Institute for Sustainable Energy (TAISE)	Trends in Labor Rights in Global Supply Chains and Corporate Practice Sharing	3
		2025/11/13	Taiwan Independent Director Association (TIDA)	Major Changes to Financial Statements! Comprehensive Guide to IFRS 18 "Presentation and Disclosure in Financial Statements"	3
Independent Director	Yeh, Hui-Hsin	2025/7/16	National Federation of Certified Public Accountants Associations of the R.O.C.	Legal Liabilities for Greenwashing in Sustainability Reports	3
		2025/12/6	Taiwan Corporate Governance Association (TCGA)	Human Resource Strategies for M&A from a Director's Perspective	3
		2025/12/11	National Federation of Certified Public Accountants Associations of the R.O.C.	Analysis of Company Act Regulations and Company Registration Practice	3
Independent Director	Tan, Tang-E	2025/6/24	Taiwan Corporate Governance Association (TCGA)	Professional Course on Corporate Governance	3
		2025/11/13	Taiwan Independent Director Association (TIDA)	Major Changes to Financial Statements! Comprehensive Guide to IFRS 18 "Presentation and Disclosure in Financial Statements"	3
Independent Director	Chen, Jin-Ji	2025/4/29	Taiwan Institute of Directors (TID)	Future Trends and Opportunities for Sustainability Issues	3
		2025/5/9	Taiwan Corporate Governance Association (TCGA)	Legal Matters for Board Oversight of Corporate Response: The "Red Line" of Cautious Avoidance of Concerted Actions	3
		2025/7/23	Taiwan Corporate Governance Association (TCGA)	New Challenges for AI in Finance and Cyber Security	3
		2025/11/13	Taiwan Independent Director Association (TIDA)	Major Changes to Financial Statements! Comprehensive Guide to IFRS 18 "Presentation and Disclosure in Financial Statements"	3

Note 4: On March 3, 2026, Qisda Corporation, a corporate director, reappointed its representative from Lin Yu-Chin to Sung Pei-Lun

VIII. Status of Implementation of Internal Control System

1. Statement on internal controls


SIMULA TECHNOLOGY INC.
Statement on internal controls

Date: FEB 24, 2026

The Company inspected the 2025 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to "the Regulations" for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, 2025) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company's annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at the meeting of the Board of Directors on February 24, 2026 with seven attending Directors. The contents of the declaration have been accepted without objection.

SIMULA TECHNOLOGY INC.

Chairman : Huang, Han-Chou



President : Hu, Jo-Yao



2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: None.

IX. Important resolutions of the Shareholders' Meeting, the Board of Directors, the Audit Committee and the Remuneration Committee in the most recent year and as of the publication date of the Annual Report:

Meeting Date	Meeting Session	Material Resolutions
2025.02.21	1st Board Meeting	1. Report on the 2024 self-assessment results of the Internal Control System Statement. (Note)
		2. 2024 Financial Statements, Business Report, and 2025 Operating Plan. (Note)
		3. 2024 Earnings Distribution Proposal. (Note)
		4. Definition of the Company's non-managerial employees.
		5. Amendment to the "Articles of Incorporation".
		6. Amendments to the "Internal Control System" and "Detailed Rules for Internal Audit Implementation". (Note)
		7. Removal of non-competition restrictions for current directors and their representatives.
		8. Determination of the date and agenda for the 2025 Annual General Meeting (AGM).
		9. Remuneration for the 2025 certifying CPAs. (Note)
		10. 2025 Remuneration Indicators for senior management.
		11. 2025 Bonus and Salary Adjustment Policy for senior management.
2025.04.25	2nd Board Meeting	1. 2025 Q1 Consolidated Financial Statements. (Note)
		2. Re-affirmation of the general policy for non-assurance services provided by the CPA firm. (Note)
2025.05.27	1st Annual General Meeting (AGM)	1. Acknowledgment of the 2024 Business Report and Financial Statements. (Status: Approved)
		2. Acknowledgment of the 2024 Earnings Distribution Proposal. (Status: Approved)
		3. Amendment to the "Articles of Incorporation". (Status: Approved)
		4. Removal of non-competition restrictions for current directors and their representatives. (Status: Approved)
2025.07.25	3rd Board Meeting	1. 2025 Q2 Consolidated Financial Statements. (Note)
		2. Renewal of bank credit facilities.
		3. 2024 Sustainability Report.
		4. Appointment of the Chief Financial Officer and Corporate Governance Officer. (Note)
		5. Appointment of the Chief Accounting Officer. (Note)
2025.10.30	4th Board Meeting	1. 2026 Internal Audit Plan. (Note)
		2. 2025 Q3 Consolidated Financial Statements. (Note)
		3. New and renewed bank credit facilities.
		4. Amendment to the "Corporate Governance Best Practice Principles".
2026.02.24	1st Board Meeting	1. Report on the 2025 self-assessment results of the Internal Control System Statement. (Note)
		2. Amendments to the "Internal Control System" and "Detailed Rules for Internal Audit Implementation". (Note)
		3. 2025 Financial Statements and Business Report. (Note)
		4. 2026 Operating Plan.
		5. 2025 Earnings Distribution Proposal. (Note)
		6. Election of seven Directors (including three Independent Directors).
		7. Nomination of candidates for Directors and Independent Directors.
		8. Removal of non-competition restrictions for newly appointed directors and their representatives.
		9. Determination of the date and agenda for the 2026 AGM.
		10. New bank credit facilities.
		11. Remuneration for the 2026 financial statement audit by the CPA firm. (Note)
		12. 2026 Remuneration Indicators for senior management.
		13. 2026 Bonus and Salary Adjustment Policy for senior management.
		14. Amendment to the "Sustainable Development Best Practice Principles".
2026.03.17	2nd Board Meeting	1. Update to the list of nominated candidates for Directors.
2026.04.24	3rd Board Meeting	1. 2026 Q1 Consolidated Financial Statements. (Note)
		2. Update to the removal of non-competition restrictions for newly appointed directors and their representatives.
		3. New and renewed bank credit facilities.

Note: Items pursuant to Article 14-5 of the Securities and Exchange Act.

X. Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors' Meeting in the most recent year up to the publication date of this report: None.

(IV) Information on CPA fees

I. Non-audit fees paid to the CPA, accounting firm of CPA and its affiliates were more than 25% of the audit fees:

Fee Range of CPAs professional fees information

Unit: NT\$ thousand

Name of the Accounting	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Ernst & Young	Chen, Kuo-Shuai	2025.01.01~2025.12.31	2,295	645	2,940	Non-audit fees are mainly tax compliance audit fees and other advances.
	Lin, Cheng-Wei					

II. Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year: None.

III. Audit fees were reduced by over 15% compared with the previous year: None.

(V) Information on replacement of CPAs

None.

(VI) Has any of the Company's Chairman, President, or managers responsible for finance or accounting duties served in the Company's CPA firm or its affiliated Company within the most recent year:

None.

(VII) The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report:

- I. Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares:

Base Date: March 30, 2026

Job Title	Name	2025		As of April 09, Current Year	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Representative of Qisda Corp. Huang, Han-Chou	0	0	0	0
Director	Representative of Qisda Corp. Hu, Jo-Yao	0	0	0	0
Director	Representative of Qisda Corp. Cheng, Yin-Shiang	0	0	0	0
Director	Representative of Qisda Corp. Sung, Pei-Lun	0	0	0	0
Independent Director	Tan, Tang-E	0	0	0	0
Independent Director	Yeh, Hui-Hsin	0	0	0	0
Independent Director	Chen, Jin-ji	0	0	0	0
Shareholders holding more than ten percent (10%) of the total issued shares	Qisda Corp.	0	0	0	0
President	Hu, Jo-Yao	0	0	0	0
Finance Supervisor	Jianglin, Jia-Rong	0	0	0	0
Accounting Supervisor	Chien, Wan-Yi	0	0	0	0

- II. Shares Trading in Shareholding of Directors, Supervisors, Managers and Major Shareholders with a Stake of More than 10 Percent:

None.

- III. Equity Pledge with Related Parties:

IV. None.

(VIII) Relationship among the Top Ten Shareholders are Spouses or Relatives within the second degree of kinship Relationship:

March 30, 2026; Unit: Shares, %

Name	Current Shareholding		Spouse's/minor's Shareholding		Total shareholding in the name of other persons		Familial Relationships Between Top 10 Shareholders Who Are Either Related Parties, Spouses, or Relatives Within the Second Degree of Kinship, His/Her/Its Name and Relationships		Remark
	Shares	(%)	Shares	(%)	Shares	(%)	Title (or Name)	Relationship	
Qisda Corp.	30,000,000	37.51	0	0	0	0	None	None	
Darly2 Venture Inc.	5,500,000	6.88	0	0	0	0	None	None	Note 3
Darly Venture Inc.	5,390,000	6.74	0	0	0	0	None	None	Note 3
Zhan, Shu-Han	807,000	1.01	0	0	0	0	None	None	
Xu, Yi-Ming	639,000	0.80	0	0	0	0	None	None	
Citibank as Custodian for UBS Europe SE Investment Account	625,000	0.78	0	0	0	0	None	None	
Citibank as Custodian for Barclays Capital SBL/PB Investment Account	503,000	0.63	0	0	0	0	None	None	
Huang, Guan-Wen	439,000	0.55	0	0	0	0	None	None	
Citibank as Custodian for Nomura International plc Investment Account	325,000	0.41	0	0	0	0	None	None	
Wu, Qing-Quan	277,000	0.35	0	0	0	0	None	None	

Note 1: All top ten shareholders shall be listed. For shareholders that are juridical people, both the name of the juridical person and the name of its representative shall be listed separately.

Note 2: For the shareholders, including both juridical persons and natural persons, their relationships with one another shall be disclosed in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Note 3: The ultimate parent company for all is Qisda Corporation.

(IX) The number of shares of the same investee held by the Company, its directors, managers and which the Company controls directly or indirectly, with the aggregate shareholding percentages:

December 31, 2025; Unit: Shares, %

Investment Business (Note)	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly-Controlled Business		Combined Investment	
	Shares	(%)	Shares	(%)	Shares	(%)
ASPIRE ASIA INC.	9,072,560	100.00%	—	—	9,072,560	100.00%
Simula Technology Corp.	500,000	100.00%	—	—	500,000	100.00%
Simula Company Limited.	50,500,000	52.31%	46,033,370	47.69%	96,533,370	100.00%
Simula Technology (ShenZhen) Co., Ltd.	—	—	—	100.00%	—	100.00%
Action Star Technology Co., Ltd.	32,000,571	59.35%	—	—	32,000,571	59.35%

Note: Investments using the equity method.

III. Capital Overview

I. Capital and shares

(i) Sources of Share Capital

(1) Types of Shares

March 30, 2026 / Unit: share

Shares Type	Authorized Capital			Remarks
	Shares Issued and Outstanding	Unissued Shares	Total	
Common Shares	79,972,945	40,027,055	120,000,000	

(2) Sources of Share Capital

March 30, 2026; Unit: NT\$ 1,000; thousand shares

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (thousand shares)	Amount (thousand)	Shares (thousand shares)	Amount (thousand)	Sources of Capital	Paid with property other than cash	Other
2003/12	10	5,500	55,000	5,500	55,000	Set up capital (cash)	None	Ching-Shou-Zhong-Tze No. 09233126620
2004/12	10	30,000	300,000	12,000	120,000	Capital increase by cash 65,000	None	Ching-Shou-Zhong-Tze No. 09431564970
2005/07	10	30,000	300,000	20,000	200,000	Capital increase by cash 42,000 Capital increase by retained earnings 38,000	None	Ching-Shou-Zhong-Tze No. 09432656520
2006/01	10	30,000	300,000	21,700	217,000	Capital increase by cash 17,000	None	Ching-Shou-Zhong-Tze No. 09531701530
2006/11	10	30,000	300,000	24,200	242,000	Capital increase by retained earnings 25,000	None	Ching-Shou-Zhong-Tze No. 09533071330
2007/08	25	30,000	300,000	26,500	265,000	Capital increase by cash 5,400 Capital increase by retained earnings 17,600	None	Ching-Shou-Zhong-Tze No. 09632692250
2008/08	10	50,000	500,000	27,595	275,950	Capital increase by retained earnings 10,950	None	Ching-Shou-Zhong-Tze No. 09732940330
2009/03	27	50,000	500,000	30,175	301,750	Capital increase by cash 25,800	None	Ching-Shou-Zhong-Tze No. 09831822850
2009/09	10	50,000	500,000	31,080	310,802	Capital increase by retained earnings 9,052	None	Ching-Shou-Zhong-Tze No. 09832972650
2010/05	25	50,000	500,000	31,830	318,302	Employee stock options 7,500	None	Ching-Shou-Zhong-Tze No. 09931993160
2010/08	10	50,000	500,000	38,196	381,963	Capital increase by retained earnings 63,661	None	Ching-Shou-Zhong-Tze No. 09932521730
2011/05	25	50,000	500,000	38,526	385,260	Employee stock options 3,297	None	Ching-Shou-Zhong-Tze No. 10031988130
2012/05	25	50,000	500,000	38,779	387,790	Employee stock options 2,530	None	Ching-Shou-Zhong-Tze No. 10131983510
2013/08	10	50,000	500,000	38,973	389,729	Capital increase by retained earnings 1,939	None	Ching-Shou-Zhong-Tze No. 10233851980
2017/08	15	50,000	500,000	5,600	445,729	Capital increase by cash 56,000	None	Fu-Ching-Den-Tzi No. 10690972440
2019/01	27.2	50,000	500,000	5,400	499,729	Capital increase by cash 54,000	None	Fu-Ching-Den-Tzi No. 10891055780
2020/05	20	80,000	800,000	30,000	799,729	Private placement capital increase 300,000	None	Ching-Shou-Shang-Tze No. 1090167410
2021/08	0	120,000	1,200,000	0	799,729	0	None	Ching-Shou-Shang-Tze No. 11001158240

- (3) Those who have been approved to raise and issue securities under the shelf registration system shall also disclose the approved amount, scheduled issuance and relevant information on the securities already issued:

Not applicable.

- (II) List of Major Shareholders: (Top 10 shareholders or with Shareholdings greater than 5%)

As of March 30, 2026 Unit: share; %

Names of Major Shareholders	Quantity of shares	Number of shares held	Shareholding Percentage (%)
Qisda Corp.		30,000,000	37.51
Darly2 Venture Inc.		5,500,000	6.87
Darly Venture Inc.		5,390,000	6.73

- (III) Dividend Policy and Implementation Status

- (1) Dividends Policy Specified in the Company's Articles of Incorporation

- Earnings Distribution Procedures If the Company's annual final accounts show a profit, it shall first be used to pay taxes and offset accumulated losses. Subsequently, 10% of the remainder shall be appropriated as the legal reserve. However, such appropriation may be ceased when the legal reserve has reached the Company's paid-in capital. Any remaining balance shall be used to appropriate or reverse a special reserve in accordance with relevant laws and regulations. Should there still be a balance, it should be combined with the accumulated undistributed earnings, and the Board of Directors shall prepare a proposal for earnings distribution. If the earnings distribution and preferred stock dividends are distributed in the form of cash dividends, the Board of Directors is authorized to resolve such matters and report them to the Shareholders' Meeting.
- Dividend Policy the Company's dividend policy is designed to align with the growth characteristics of the technology industry and the overall economic environment while maintaining a stable and balanced approach. Factors such as profitability, financial structure, and future development are taken into consideration. If the final annual accounts show a profit and the distributable earnings for the current year reach 2% of the paid-in capital, the dividend distribution shall not be less than 10% of the distributable earnings for that year. The distribution of earnings may be carried out according to the Company's overall capital budget plan; however, the proportion of cash dividends shall not be less than 10% of the total dividends distributed for the current year.
- Distribution of Reserves IN accordance with Article 241 of the Company Act, the Company may distribute new shares or cash from its legal reserve or capital reserve. If such distribution is made in the form of cash, the Board of Directors is authorized to resolve the matter and report it to the Shareholders' Meeting.

- (2) Dividends Distribution to be proposed to the Shareholders' Meeting

The Company has accumulated losses for the year ended December 31, 2025 and therefore has not proposed any appropriation of earnings by the Board of Directors.

- (3) Explanation regarding expected major changes to dividend policy: None

- (IV) Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share: Not applicable.

- (V) Compensation for employees and directors:

- (I) The Company's Articles of Incorporation includes the amount and coverage of compensation for employees and directors If the Company records a profit for the year, it shall appropriate between 5% and 20% as employee remuneration and no more than 1% as director remuneration. However, if the Company has accumulated losses, an amount shall be reserved in advance to offset such losses. Of the aforementioned employee remuneration, the amount allocated to non-managerial employees shall not be less than 10% of the total employee remuneration. The employee remuneration may be distributed in the form of stock or cash, and the recipients may include employees of affiliated companies meeting certain specific conditions.

- (2) The accounting procedure used to handle differences between estimated column of employee dividend and forecast basis of director's and supervisor's compensation, basis for calculating shares for the purpose of paying out share dividends and actual payout figure for this period: Based on the current year's profit (that is, the profit before tax deducting the profit before the distribution of employee remuneration and director's remuneration) and deducting accumulated losses, the company estimates employee remuneration at a certain percentage, and the director's remuneration is estimated and recorded based on the expected payment amount, and listed as operating costs or operating expenses. If employee remuneration is issued in stock, the number of allotted shares is calculated based on the closing price of common stock on the day before the board of directors' resolution. If there is a change after the release of the financial report in the next year, it will be treated as a change in accounting estimate, and the impact of the change will be recognized as profit or loss for the next year.
- (3) Circumstances in which the board of directors approves the distribution of remuneration
- Basis for estimates of remuneration for employees and directors for this term, basis for calculating employee stock compensation and accounting procedures for when there is a discrepancy between the estimated and actual amount: The Company was in a loss position in 2025, therefore, no estimates were made for employees' and directors' compensation.
 - The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration of individual or individual financial reports in the current period: None.
- (4) Actual distribution of employees, Directors and supervisor's compensation in the previous year:
- The actual allocation of employee and director remuneration in the previous year: As the Company incurred a loss in 2024, no employee compensation or director remuneration was accrued.
 - The difference between the proposed distribution approved by the original board of directors and the actual amount: None.

(VI) Share Repurchases: None

II. Issuance of Corporate Bonds: None

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depositary Receipts (GDRs): None.

V. Exercise of Employee Stock Option Plan (ESOP) and Restricted Stock:

- (1) Handling of employee stock option certificates: N/A.
- (2) Names, acquisition and subscription status of the managers who have obtained the employee stock option certificates and the top ten employees who have obtained the certificates and the number of shares that can be subscribed by the date of publication of the annual report and whose subscription amount is more than NT\$30 million: N/A

VI. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies:

None.

VII. Implementation of capital allocation plan:

- (1) Plan details:
As of the quarter before the date of this Annual Report, the previous issuance or private placement of securities had not been completed or completed within the last three years and the planned benefits have not yet been shown:
As of the quarter before the publication date of the annual report, the company has completed all previous issuances of securities and the benefits of the plan have emerged, so it is not applicable.
- (2) Implementation: N/A.

IV. Operation Overview

I. Business Activities

(I) Business Scope

1. Main Business Activities

The Company's primary business is the research and development, manufacturing, and sales of electronic connectors, cables, and electronic module products. These products are mainly used to enable power, audio/video signal, and electronic signal transmission across various devices. Key application areas include consumer electronics, automotive electronics, networking and communication equipment, as well as industrial and medical devices.

2. Revenue Breakdown

Unit : NTD thousand ; %

Category \ Year	2024		2025		Q1, 2026	
	Revenue	%	Revenue	%	Revenue	%
Wearable	254,230	14.37%	137,514	7.85%	24,289	5.20%
Consumer & Commercial	169,051	9.56%	166,518	9.50%	45,987	9.85%
Automotive \ Industrial & Medical	1,341,915	75.87%	1,445,528	82.50%	396,438	84.90%
Others	3,514	0.20%	2,695	0.15%	213	0.05%
SUM	1,768,710	100.00%	1,752,255	100.00%	466,927	100.00%

3. The Company primarily operates in the following five major market segments:

(1) Advanced and Intelligent Device

Design and manufacturing of connectors, cables, and modules for products related to advanced and intelligent devices.

(2) Smart Mobility Device

Design and manufacturing of connectors, cables, and modules for products related to smart mobility applications.

(3) Smart Healthcare Device

Design and manufacturing of connectors, cables, and modules for products related to smart healthcare applications.

(4) Smart Control Device

Design and manufacturing of connectors, cables, and modules for products related to smart control systems.

(5) Next-Gen Computing Device

Design and manufacturing of connectors, cables, and modules for products related to next-generation computing applications.

4. New Product (Service) Development Plan

(1) Advanced and Intelligent Device

- Development of high-speed connectors and cables, including USB-C, HDMI, and DisplayPort
- High-speed I/O interface modules and docking solutions
- High-speed interconnect solutions for AI and smart devices

(2) Smart Mobility Device

- Harness solutions for in-vehicle systems and fleet management applications
- OBD cables, Automotive Ethernet, and LVDS camera cables

- Waterproof automotive connectors and telematics harnesses
- (3) Smart Healthcare Device
- Medical-grade connectors and high-reliability cables
 - Sensor cables and patient monitoring cables
 - Miniaturized, waterproof, and handheld medical connectivity solutions
- (4) Smart Control Device
- Harness solutions for industrial automation, robotics, and drones (UAV)
 - M8/M12 connectors and industrial Ethernet cables
 - High-flex robot cables
 - Lightweight UAV cables, RF cables, and camera cables
- (5) Next-Gen Computing Device
- High-speed interconnect solutions for AI servers
 - MCIO Gen5/Gen6 cables, PCIe cables, and Twinax cables
 - High-speed data transmission modules for GPU and server applications*

(II) Industry Overview

1. Current status and development of the industry

The Company was established on December 15, 2003, and is a professional manufacturer engaged in the design and production of electronic connectors, cables, and module solutions. Its products are primarily applied in Advanced and Intelligent Devices, Smart Mobility Devices, Smart Healthcare Devices, Smart Control Devices, and Next-Gen Computing Devices, providing critical interconnect solutions for a wide range of electronic equipment.

Connectors and cables are essential foundational components in the electronics industry, playing a vital role in the development of global electronic devices and information and communication technology (ICT) industries. With the continuous expansion of digitalization and smart applications, the global connector market has maintained steady growth. According to a report by Bishop & Associates, the global connector market size was approximately USD 83.7 billion in 2023, is expected to reach USD 86.5 billion in 2024, and is projected to grow to around USD 93.3 billion in 2025. The market is further forecast to reach USD 147.44 billion by 2032, representing a compound annual growth rate (CAGR) of approximately 6.8% over the forecast period.

In recent years, rapid advancements in technologies such as 5G communications, artificial intelligence (AI), the Internet of Things (IoT), smart vehicles, and industrial automation have significantly increased the demand for high-speed transmission, miniaturization, high-density, and high-reliability interconnect solutions. In particular, within AI servers and data centers, the demand for high-speed cables and high-frequency transmission interfaces has grown substantially, continuously driving up the value of connector and cable products.

In addition, emerging applications such as smart vehicles, telematics systems, medical equipment, robotics, and unmanned aerial vehicles (UAVs) are also experiencing rapid growth, further driving demand for automotive-grade, industrial-grade, and high-reliability connectivity products.

Overall, the connector industry is evolving toward high-speed, miniaturized, high-reliability, and diversified applications. With the ongoing proliferation of AI computing and smart devices, the market is expected to continue expanding, providing strong support for the development of the global electronics industry.

2. Upstream, Midstream, and Downstream Industry Relationships

Connector products broadly refer to all interconnect components and related accessories used for signal and power transmission in electronic devices, including connectors, cables, sockets, plugs, and wire harness modules. These are collectively categorized as connector products in a broad sense. Connectors are characterized by their pluggable and replaceable nature, with the primary function of linking circuits, modules, and systems within electronic devices, serving as a critical bridge for signal and power transmission. The industry value chain can be described as follows:

Upstream:

The upstream of the connector industry mainly consists of raw material and equipment suppliers, including copper alloy materials, plating materials, engineering plastics, cable materials, and precision manufacturing equipment. Raw material costs account for more than 30% of the total manufacturing cost of connector products, with metal materials representing the largest proportion, followed by plastic and plating materials.

Metal materials are primarily used to produce connector terminals. To ensure good conductivity and signal transmission quality, copper alloys such as brass and phosphor bronze are commonly used. Plastic materials are processed through injection molding to form insulating housings. After metal terminals are stamped, they undergo plating processes to enhance conductivity, corrosion resistance, and product lifespan.

At present, domestic connector manufacturers have developed comprehensive capabilities in midstream manufacturing technologies. However, certain key materials and precision equipment are still primarily supplied by international vendors, resulting in relatively limited bargaining power in specific upstream segments.

Midstream:

The midstream of the connector industry mainly includes manufacturers engaged in the design and production of connectors, cables, and wire harness modules. The production process typically involves product design, mold development, metal stamping, plastic injection molding, electroplating, cable processing, assembly, and testing.

As electronic devices continue to evolve toward high-speed transmission, high-frequency signals, miniaturization, and high density, connector design has become increasingly complex. In addition to ensuring signal integrity (SI), manufacturers must also address electromagnetic interference (EMI), thermal management, and reliability requirements.

Historically, Taiwanese connector manufacturers focused on applications such as computers and peripherals, networking/communication equipment, and consumer electronics. In recent years, driven by industrial transformation, they have expanded into emerging application areas including smart vehicles, telematics systems, medical devices, industrial automation, robotics, and unmanned aerial vehicles (UAVs), while actively investing in the development of high-speed data transmission and high-reliability interconnect products.

Downstream:

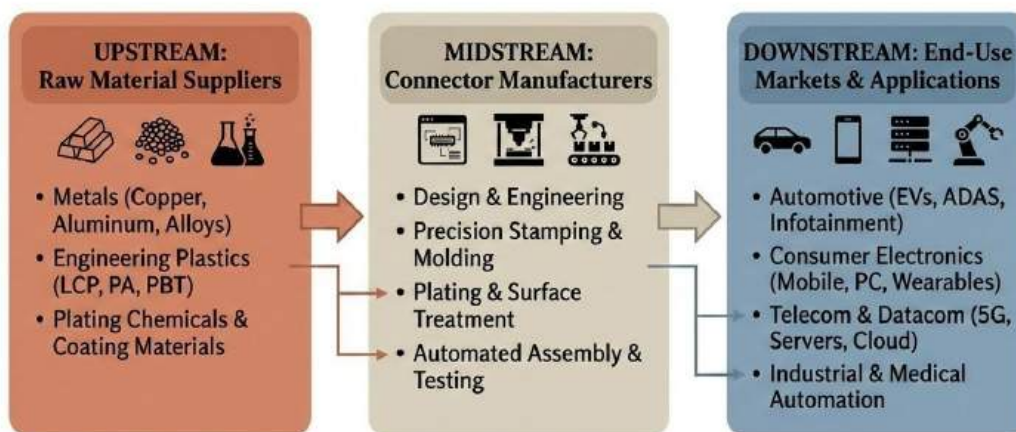
Connector products are widely used across multiple industries, including automotive electronics, data centers and computing equipment, communication systems, consumer electronics, industrial automation, medical devices, and aerospace. According to industry research data, the global connector market application distribution is approximately as follows:

Telecom / Datacom: ~24% 、Automotive: ~23% 、Industrial: ~13% 、Computer & Peripheral: ~12% 、Consumer Electronics: ~10% 、Military / Aerospace: ~6% 、Medical: ~3% 、Others: ~9%

In recent years, rapid advancements in technologies such as artificial intelligence (AI), 5G communications, the Internet of Things (IoT), smart vehicles, and data centers have continuously increased demand for high-speed, high-frequency, high-density, and high-reliability interconnect products. Among these, AI servers, data centers, high-speed communications, and smart vehicles have become key growth drivers for the connector industry.

Overall, connector and cable products are expected to continue evolving toward high-speed, miniaturized, lightweight, and high-reliability solutions. Their applications will further expand across advanced intelligent devices, smart mobility systems, smart healthcare equipment, industrial control systems, and next-generation computing devices.

Connector Industry Supply Chain Relationship Diagram



3.Product Development Trends

With the rapid advancement of artificial intelligence (AI), cloud computing, 5G communications, the Internet of Things (IoT), and smart devices, the demand for high-speed, high-frequency, high-density, and high-reliability interconnect solutions continues to grow. In particular, in the AI server and data center sectors, the surge in high-speed data transmission and high-frequency cable requirements has significantly increased the technical barriers and added value of connectors and cable products.

In recent years, manufacturers have actively expanded into high-value application areas such as AI computing, data centers, smart vehicles, telematics systems, industrial automation, robotics, drones, and smart healthcare. This trend is driving connector products toward higher speed, miniaturization, and enhanced reliability. The key product development trends are as follows:

(1) Continuous Growth in High-Speed Transmission Demand

Driven by the rapid expansion of AI computing, cloud services, big data, and high-speed communications, the demand for higher data rates and bandwidth in electronic devices continues to increase. High-speed interface technologies are continuously evolving, with standards such as Thunderbolt 4/5, USB4, PCIe Gen5/Gen6, HDMI 2.1, and DisplayPort 2.1 becoming increasingly widespread. This trend is accelerating demand for high-speed connectors and cables (e.g., Twinax, MCIO), particularly in AI servers and data center equipment.

(2) Miniaturization and High-Density Design

As smart devices, mobile devices, and wearable electronics continue to trend toward thinner, lighter, and more compact designs, connectors are also evolving toward miniaturization, higher density, and multifunctional integration. These advancements help improve space utilization and reduce overall system design costs.

(3) Multifunctional Integration (Power + Data + Video)

Modern electronic devices increasingly require single interfaces capable of supporting multiple functions. For example, USB Type-C can simultaneously support power delivery, data transmission, and video output (via USB-C Alt Mode and Thunderbolt). Such multifunctional integration enhances user convenience while simplifying device connectivity architectures.

(4) Expansion of Automotive, Industrial, and Smart Device Markets

With the rapid growth of smart vehicles, vehicle connectivity (V2X), telematics systems, industrial automation, robotics, and drones, demand for high-reliability, environmentally robust, and vibration-resistant connectors continues to rise. These products must meet stringent requirements such as high-temperature resistance, waterproofing, dustproofing, and electromagnetic interference (EMI) protection to ensure long-term system stability.

(5) Growth in High-Speed Data Centers and AI Computing

The increasing demand for AI servers and high-performance computing (HPC) systems is driving rapid growth in high-speed interconnect requirements. This includes high-speed cables, backplane connectors, and high-frequency transmission modules. Future data center infrastructure will rely even more heavily on high-frequency, high-speed interconnect technologies to support large-scale AI model training and high-performance data processing.

(6) Increasing Environmental and Sustainability Requirements

With rising global environmental awareness and stricter regulatory frameworks, connector products must comply with environmental standards such as RoHS and REACH. Manufacturers are also gradually adopting recyclable materials, non-toxic processes, and low-carbon manufacturing technologies to reduce environmental impact and align with sustainability goals.

4. Competitive Landscape of Products

According to a report by Bishop & Associates, the global connector market size was approximately USD 83.7 billion in 2023, is expected to reach USD 86.5 billion in 2024, and is projected to grow to around USD 93.3 billion in 2025. The market is further forecast to reach USD 147.44 billion by 2032, with a compound annual growth rate (CAGR) of approximately 6.8%, indicating that the connector industry continues to demonstrate stable growth potential.

However, due to the widespread application of connector products across various electronic devices, downstream customers are increasingly focused on cost control. Coupled with intense industry competition, product prices have shown a long-term downward trend, placing pressure on pricing and profitability for connector manufacturers. At the same time, with the rapid development of emerging applications such as artificial intelligence (AI), data centers, high-speed communications, smart vehicles, and industrial automation, market demand is shifting toward products with higher technical barriers and greater added value.

In response to market competition and industry trends, the Company will continue to implement the following strategies to strengthen its competitive advantages:

(1) Strengthen Vertical Integration and Strategic Partnerships

Establish long-term partnerships with key suppliers and customers to enhance supply chain integration, thereby improving product quality and delivery stability.

(2) Enhance Product Differentiation Capabilities

Continuously strengthen capabilities in high-speed transmission, high-reliability, and customized product design to increase product value and competitiveness.

(3) Focus on High-Growth Application Markets

Actively expand into high-growth sectors such as AI servers, data centers, high-speed communication equipment, smart mobility devices, smart healthcare devices, and industrial control systems.

(4) Strengthen Automated Manufacturing and Quality Management

Promote process automation and smart manufacturing while establishing comprehensive quality management systems to improve production efficiency and product reliability.

(5) Strengthen R&D and Align with Industry Standards

Invest in high-speed interconnect technologies and new product development, while closely monitoring international industry standards and technological trends to maintain technological competitiveness.

(6) Strengthen Talent Development and Organizational Competitiveness

Establish comprehensive systems for talent recruitment, development, and retention, and cultivate a professional and innovative workforce to support the Company's long-term growth.

(III) Overview of Technology and R&D

(1) R&D Expenses for the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report:

Unit: NT\$ thousands

Item	Year	2024	2025	As of March 31, 2026
R&D Expenses		77,633	84,763	17,929
Net Operating Revenue		1,768,710	1,752,255	466,927
R&D Expenses as a Percentage of Net Revenue (%)		4.39%	4.84%	3.84%

Note: The Company expects its R&D expenses for 2026 to account for approximately 4% to 5% of its total operating revenue.

(2) Recent Successful Technological or Product Developments

A. Product Developments:

- (a) Development of customized internal and external wires (Cable & Wire Harness of Automotive / Industrial / Medical/Server/Drone/Robot)
- (b) Development of new generation standard active cables (USB4.0 Active Cable and USB4.0/DP2.1 Active Cable)
- (c) Development of Industrial Standard Connectors (IEC Standard M5/M8/M12/M32 Series)
- (d) Development of customized automotive connectors (D-Sub / OBD / DT Series / Waterproof)
- (e) Development of Customized Pogo Pin Connectors (Consumer / Medical / High Frequency)
- (f) Development of Customized Magnetic Connectors (Consumer / Medical)
- (g) Development of wearable customized cables (Consumer / Medical)

B. Technological Developments:

- (a) DP2.1 Re-Driver Active PCBA Module Solution.
- (b) USB4.0 Re-Timer Active PCBA Module Solution.
- (c) USB4.0 Cable Twist Structure Solution.

- (d) LPM PCBA Molding Solution.
- (e) Development of Visual Recognition Automated Cable Management Equipment.
- (f) Development of automated test history uploading system.

(3) Strengthening R&D Capabilities and Enhancing Product Competitiveness

We are dedicated to innovation in process technology and product development. In recent years, we have continuously expanded product application fields, advanced manufacturing techniques, and implemented cross-domain integration to increase product value-add and deliver a superior consumer experience.

By enhancing our automation and modular design capabilities, we strictly execute strategies such as design reuse, material commonality, and design simplification. We employ multi-dimensional design reviews to improve product stability and mitigate design risks. Furthermore, through mass production and cost analysis, we introduce process optimization and automation to effectively reduce production costs.

Through design collaboration and technical support, we establish deeper trust in our client relationships. By leveraging strategies such as "Complementary Cooperation," "Continuous Technical Advancement," and "Total Solutions," we aim to expand our regional market presence and application portfolio to increase our global market share.

(4) Future R&D Plans and Estimated R&D Expenditure

In response to the growing demand for massive data transmission and high-speed digital applications, our future R&D initiatives will focus on high-speed communications, automotive electronics, robotics, drones, and modular electronic design.

We will simultaneously strengthen our capabilities in automated and modular design. By fostering collaborative development with domestic and international clients, and bridging with academic research institutions to build foundational technical expertise, we aim to solidify our R&D core and sharpen our overall competitive edge in the industry.

A. High-Speed Communication Technology and Testing Capability

As transmission interface standards such as USB, DP, and PCIe continue to evolve, their specification requirements are becoming more stringent and integrated. Ensuring quality and stability in ultra-high-speed transmission has become increasingly critical. With rising frequencies, high-frequency phenomena are becoming more complex, necessitating comprehensive high-frequency testing capabilities and deep domain knowledge to accurately interpret results. This is essential for driving product improvement and enhancing the reliability and accuracy of testing. As a result, customers are placing increasing reliance on suppliers who offer such expertise and reliability.

The Company has long emphasized capabilities in high-frequency connector design, high-frequency inspection, and CAE simulation analysis. These strengths have enabled the Company to expand into broader high-speed communication markets.

B. Internal Cable Design Capabilities for AI Servers

With the rapid development of AI servers, the specifications for internal cabling are also advancing quickly. These evolving requirements—such as PCIe Gen6/Gen7 interfaces and kilowatt-level power transmission—are closely tied to cable design and manufacturing capabilities. The Company adopts a continuous improvement strategy to strengthen its design capabilities in response to these changing demands.

C. Automotive Electronics Technology

With the evolution of automotive electronic systems and the advancement of fleet management applications, various functions are rapidly being integrated into both built-in and external in-vehicle devices—for example, temperature and humidity monitoring, motion detection, and image recognition. The realization of these features relies heavily on high-speed technologies and customization capabilities.

The Company possesses strong expertise in high-frequency electronics, mechanical design, and system integration, along with extensive customization experience, enabling it to effectively meet the demands of the automotive electronics sector.

D. Electronic Module Design Technology

In response to the risks of increased electronic component costs and material shortages, the company incorporates material selection as an important design criterion in the early stages of product development. It utilizes modular design to avoid unnecessary risks and waste caused by "increased costs and lead times." Through cooperation with research institutions and academic units, the company gradually establishes a foundation of electronic module analysis capabilities to strengthen its grasp of material characteristics and improve quality stability.

E. Automation Design Capability

Given the diversity of the Company's product lines and the wide variability in application fields, customers place a high value on stable production capabilities. In addition to the existing semi-automated high-frequency cable production lines, the Company is actively fostering close collaboration with external partners to enhance its automation design foundation and adoption rate. The Company is also proactively planning improvements in design capabilities and production equipment to ensure product reliability and stability.

F. Estimated R&D Expenditure

The estimated R&D expenditure for the year 2026 is approximately 45 million, including relevant R&D instruments and equipment.

(IV) Short-, Mid-, and Long-Term Business Development Plan

The Company is primarily engaged in the R&D, manufacturing, and sales of electronic connectors, cables, and related components. In recent years, as applications in the electronics industry have rapidly evolved, the Company has gradually transitioned from highly substitutable consumer and IT products to more customized applications, including smart mobility devices, medical equipment, industrial control systems, and intelligent devices.

Furthermore, since joining the Qisda Group, the Company has benefited from enhanced support in market expansion, product development, and customer service through group resource integration and industrial collaboration, establishing a solid foundation for future growth.

To address global industry trends and changes in the business environment, the Company will implement short-, mid-, and long-term development strategies to continuously enhance its technological capabilities, product competitiveness, and market presence, thereby strengthening overall operational performance and corporate value. The key plans are outlined as follows:

1. Short-Term Plan: Strengthen Core and Improve Efficiency

1-1 Objectives

- A. Strengthen the existing customer base and product portfolio
- B. Improve operational efficiency and process management capabilities
- C. Establish a foundation for technology and brand development

1-2 Key Actions

- A. Review current product portfolio and profitability structure; focus on high value-added products and optimize product mix
- B. Continue introducing automation equipment and digital management tools to enhance production efficiency and operational capabilities
- C. Strengthen technical support capabilities of FAE and sales teams to improve customer service quality and market competitiveness
- D. Evaluate and position for next-generation high-speed interface technologies such as USB4, Thunderbolt 5, and PCIe Gen7
- E. Enhance talent acquisition, development, and retention systems to build a stable and professional workforce

2. Mid-Term Plan: Differentiation and Cross-Market Expansion

2-1 Objectives

- A. Enter high value-added application markets
- B. Establish core technological capabilities and patent portfolio
- C. Strengthen brand image and customer engagement

2-2 Key Actions

- A. Continue investing in differentiated product design and technology development, while obtaining relevant certifications and patents
- B. Actively expand into markets such as smart vehicles, industrial automation, data centers, and high-speed transmission equipment
- C. Establish international distributor networks and channel partnerships to gradually expand global market presence

3. Long-Term Plan: Become a Technology Leader and Trusted Brand

3-1 Objectives

- A. Build strong brand influence in regional and global markets
- B. Become a key supply chain partner in specific application sectors (e.g., smart vehicles, AI servers, and high-performance computing equipment)
- C. Establish a sustainable business framework and global talent development system

3-2 Key Actions

- A. Technology Leadership Strategy: Continuously invest in product innovation and patent development, and collaborate with key customers on next-generation product development
- B. Global Market Expansion: Deepen global market presence and evaluate establishing operations or service locations in emerging manufacturing hubs such as Vietnam, Mexico, and Eastern Europe to enhance supply chain flexibility
- C. Sustainability Strategy: Promote ESG initiatives and sustainable supply chain management to meet global customer requirements for carbon reduction, green materials, and product traceability

II. Market and Production Overview

(i) Market Analysis

1. Primary Sales (Service) Regions

Unit : NTD thousand ; %

Area \ Year	2024		2025	
	Amount	%	Amount	%
Domestic sales	349,296	19.75%	247,475	14.12%
External sales	1,419,414	80.25%	1,504,780	85.88%
Total	1,768,710	100.00%	1,752,255	100.00%

2. According to a report by Bishop & Associates, the global connector market size was approximately USD 83.7 billion in 2023, is expected to reach USD 86.5 billion in 2024, and is projected to grow to around USD 93.3 billion in 2025. The market is further forecast to reach USD 147.44 billion by 2032, with a compound annual growth rate (CAGR) of approximately 6.8%.

- 2023: Global connector market size was approximately USD 83.7 billion; the Company's revenue was about USD 67.97 million, representing a market share of approximately 0.08%.
- 2024: Global connector market size was approximately USD 86.5 billion; the Company's revenue was about USD 55.0 million, representing a market share of approximately 0.06%.
- 2025 (Estimated): Global connector market size is projected at approximately USD 93.3 billion; the Company's revenue is estimated at about USD 54.7 million, representing a market share of approximately 0.06%.

3. Future Supply, Demand, and Growth Outlook of the Market

With the continued advancement of artificial intelligence (AI), cloud computing, high-speed communications, and smart devices, demand for high-speed, high-frequency, high-density, and high-reliability interconnect solutions is expected to keep rising. Future growth in the connector market will primarily be driven by the following key application areas:

(1) Ongoing Growth of High-Performance Computing and AI Data Centers

The rapid increase in demand for AI model training, high-performance computing (HPC), and cloud services is driving the expansion of hyperscale data centers, significantly boosting demand for high-speed interconnect products such as PCIe, MCIO, and high-speed cables.

(2) Continued Development of Smart Vehicles and Vehicle Connectivity (V2X)

As smart vehicles, autonomous driving, and V2X technologies evolve, the number of electronic systems in vehicles continues to grow, driving demand for automotive connectors, in-vehicle communication modules, and high-speed automotive networks (e.g., Automotive Ethernet).

(3) Development of Low Earth Orbit (LEO) Satellites and Next-Generation Communication Technologies

The increasing adoption of LEO satellite communication systems is driving demand for high-reliability, high-frequency connectors and related cable products, expanding applications in aerospace and satellite communication equipment.

(4) Growth of Smart Devices and Edge Computing Equipment

The continuous development of AI-enabled end devices, edge computing systems, and smart devices is driving demand for high-speed I/O interfaces (such as USB Type-C, Thunderbolt, and DisplayPort) and miniaturized connectors.

(5) Development of Industrial Automation and Smart Manufacturing

With the advancement of Industry 4.0 and smart manufacturing, the adoption of robotics, automation equipment, and industrial control systems is increasing, driving demand for highly reliable, waterproof, dustproof, and rugged industrial connectors and cable assemblies.

(6) Growth of Robotics and Drone Applications

The rapid expansion of service robots, logistics robots, and unmanned aerial vehicles (UAVs) is driving demand for lightweight, high-reliability, and high-density connectors and cable products.

4. Competitive Advantages

In response to the global electronics industry's transition toward high-performance computing, smart mobility, and automation, the Company has leveraged its years of experience in connector and cable design and manufacturing to establish the following competitive advantages:

(1) High-Speed Interconnect Development Capability

With the rapid growth of AI computing and data center demand, the Company continues to invest in the development of high-speed transmission products. It possesses strong capabilities in high-speed cable and connector design, applicable to high-speed data transmission equipment and next-generation computing platforms.

(2) Diversified Industry Application Portfolio

The Company's products are applied across multiple sectors, including smart mobility, medical devices, industrial control systems, and intelligent devices. This diversification helps mitigate risks associated with reliance on a single industry while capturing growth opportunities in emerging markets.

(3) Customized Design and Integration Capability

The Company offers integrated design capabilities across connectors, cables, and wire harness modules, enabling customized product development tailored to customer requirements, thereby enhancing product performance and system integration efficiency.

(4) High-Reliability Manufacturing Capability

For applications such as automotive electronics, industrial equipment, and medical devices, the Company maintains robust process control and quality management systems, ensuring the delivery of high-reliability products that meet stringent customer requirements.

(5) Flexible and Responsive Operations

Compared to large-scale connector manufacturers, the Company benefits from greater organizational flexibility and customer service responsiveness, allowing it to quickly address customer development needs and deliver customized solutions.

(6) Group Resource Integration Advantage

Through integration with the Qisda Group, the Company gains enhanced support in market expansion, technology collaboration, and customer service, further strengthening its overall competitiveness.

5. Favorable and Unfavorable Factors for Future Development and Countermeasures

(I) Favorable Factors

1. Continued Growth in AI and Data Center Demand

The rapid development of AI, cloud computing, and high-performance computing (HPC) is driving increased demand for data centers and high-speed data transmission equipment, thereby boosting demand for high-speed connectors and cables.

2. Expansion of Smart Vehicles and Industrial Automation Markets

Growth in smart vehicles, V2X connectivity, and industrial automation is increasing demand for automotive electronics, industrial control systems, and high-reliability interconnect products.

3. Ongoing Development of Emerging Application Markets

Emerging industries such as low Earth orbit (LEO) satellite communications, robotics, and drones are creating new market opportunities for the connector industry.

4. Group Resource Integration Advantage

By leveraging the resources of the Qisda Group, the Company can enhance its capabilities in market expansion, technology collaboration, and customer service, further strengthening its competitiveness.

(II) Unfavorable Factors

1. Intense Industry Competition and Pricing Pressure

The connector industry is highly competitive, and increasing cost-control requirements from downstream customers have led to long-term price erosion.

2. Raw Material Price Fluctuations

Price volatility in copper, plastics, and related materials may impact production costs and profit margins.

3. Global Economic and Industry Cycles

Fluctuations in the global economy and electronics industry cycles may affect market demand and customer order volumes.

4. Rapid Technological Evolution and R&D Pressure

Continuous advancements in high-speed transmission and next-generation communication technologies require ongoing investment in R&D to maintain technological competitiveness.

(III) Countermeasures

1. Continuous Investment in R&D and Technology Upgrades

Actively invest in high-speed transmission, high-reliability, and differentiated product development to enhance product value and technological competitiveness.

2. Expansion into High-Growth Application Markets

Continue to expand into high-growth sectors such as AI computing equipment, data centers, smart mobility devices, medical devices, and industrial control systems.

3. Strengthen Cost Control and Manufacturing Efficiency

Improve production efficiency through automation and digital management, reduce manufacturing costs, and maintain reasonable profit margins.

4. Establish Stable Supply Chain and Strategic Partnerships

Build long-term relationships with key suppliers and customers to enhance supply chain stability and reduce operational risks.

5. Strengthen Talent Development and Organizational Capability

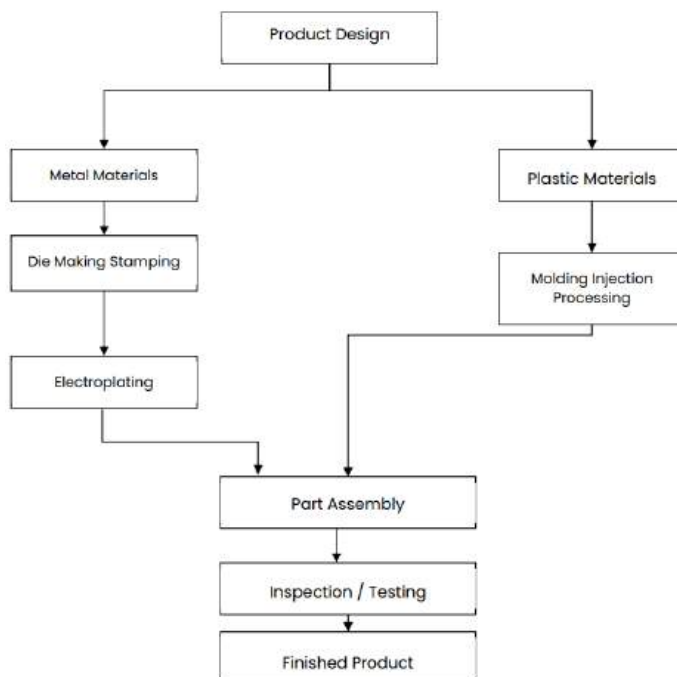
Establish comprehensive talent development systems and cultivate a professional, innovative workforce to support long-term growth.

(II) Key Applications and Manufacturing Process of Main Products

1. Key Applications of Main Products

Products	Main Applications
Connectors	<ul style="list-style-type: none"> Advanced and Intelligent Devices Applied in smartphones, laptops (PC/NB), tablets, wearable electronics, and digital home appliances, providing connectors, cables, and wire harness products for internal signal connectivity, power transmission, and high-speed data transfer. Smart Mobility Devices Applied in automotive electronics, vehicle connectivity systems, and fleet-related equipment, offering connectors, cables, and harness solutions for in-vehicle signal transmission, power connectivity, and system integration. Smart Healthcare Devices Applied in medical monitoring equipment, portable medical devices, and healthcare electronics, providing connectors and cable products for high-reliability signal and power transmission.
Cables	<ul style="list-style-type: none"> Smart Control Devices Applied in industrial control systems, automation equipment, robotics, and unmanned systems (e.g., drones), providing high-reliability and environmentally robust connectors, industrial cables, and wire harness modules. Next-Gen Computing Devices Applied in AI servers, high-performance computing systems, data centers, and high-speed data transmission equipment, providing high-speed interconnect solutions including connectors, cables, and high-performance transmission products.

2. Manufacturing Process of Main Products



(3) Supply Status of Major Raw Materials

Major Raw Materials	Supply Status
PCBA, Copper Materials, Plastic Parts and Electronic Components	Good and stable

(4) Names of suppliers (customers) that have accounted for 10% or more of the total procurement (sales) in either of the two most recent fiscal years, along with the corresponding transaction amounts and percentages, and the reasons for their increases or decreases.

Major Suppliers

Unit: NT\$ thousands

Item	2024				2025				2026 Q1			
	Name	Amount	%	Relation with the Issuer	Name	Amount	%	Relation with the Issuer	Name	Amount	%	Relation with the Issuer
1	Others	1,035,287	100.00	None	Others	961,178	100.00	None	Others	229,440	100.00	None
	Net Procurement	1,035,287	100.00	—	Net Procurement	961,178	100.00	—	Net Procurement	229,440	100.00	—

Note: As no single supplier accounted for more than 10% of the total procurement for the year, specific names are not disclosed. Reasons for variation: Procurement decreased following a reduction in customer demand from consolidated subsidiaries.

Major Customers

Unit: NT\$ thousands

Item	2024				2025				2026 Q1			
	Name	Amount	%	Relation with the Issuer	Name	Amount	%	Relation with the Issuer	Name	Amount	%	Relation with the Issuer
1	Company A	(Note)		None	Company A	340,186	19.41	None	Company A	78,072	16.72	None
2	Company B	247,394	13.99	None	Company B	181,842	10.38	None	Company B	69,300	14.84	None
3	Company C	(Note)		None	Company C	178,077	10.16	None	Company C	(Note)		None
4	Company D	245,476	13.88	Parent company & affiliates.	Company D	(Note)		None	Company D	(Note)		None
5	Company E	187,498	10.60	None	Company E	(Note)		None	Company E	(Note)		None
6	Other	1,088,342	55.09	None	Other	1,052,150	60.05	None	Other	319,555	68.44	None
	Net Sales	1,768,710	100.00	—	Net Sales	1,752,255	100.00	—	Net Sales	466,927	100.00	—

Note: As the net sales to these customers did not account for 10% or more of the total net operating revenue for that year, specific names and amounts are not disclosed. Reasons for variation: Decrease in customer demand from consolidated subsidiaries.

III. Employees

Unit: person; %

Year		2024	2025	As of March 31, 2026
Number of Employees	Direct Employee	272	288	283
	General Employee	328	342	338
	Total	600	630	621
Average Age		37.6	39.5	39.7
Average Years of Service		6.3	7.3	6.9
Educational Distribution Ratio (%)	Director of Philosophy	0.3%	0.3%	0.3%
	Master's Degree	4.7%	5.4%	5.5%
	Bachelor's Degree	43.5%	46.0%	45.6%
	Senior high school	26.3%	25.7%	26.1%
	Senior high school below	25.2%	22.5%	22.5%

VI. Environmental Protection Expenditure Information

1. Description of the application, payment or establishment of a pollution permit or pollution discharge permit, or the payment of pollution prevention and control fees, or the establishment of a special unit for environmental protection, as required by law: Not applicable.
2. List the company's investment in major equipment for environmental pollution prevention and control, its use and possible benefits: None.
3. The company's environmental pollution improvement process in the last two years and up to the date of publication of the public statement, and if there are pollution disputes, the process of handling them: None.
4. The total amount of losses (including compensation) and penalties suffered by the company as a result of environmental pollution in the last two years and up to the date of publication of the public statement, as well as its future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, penalties and compensation that may occur if no countermeasures are taken, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated): None.
5. Description of the current pollution situation and its impact on the company's earnings, competitive position and capital expenditures, as well as the estimated significant environmental capital expenditures in the next two years: Not applicable.

V. Labor relations

- i. The company's employee welfare measures, training, training and retirement systems and their implementation status, as well as the agreements between employers and employees and measures to protect the rights and interests of employees:
 1. Employee welfare measures:
 - (1) Labor insurance, health insurance and group insurance (life insurance, accident insurance, hospitalization medical insurance, cancer insurance).
 - (2) Three festivals gifts, birthday coupons, spring festival gift coupons and year-end dinners and lottery.
 - (3) Employees' bonus.
 - (4) Subsidies for wedding and funeral celebrations.
 - (5) Funeral and burial benefits (for oneself, parents, spouse and children).
 - (6) Meal subsidies.
 - (7) Overseas and domestic travel from time to time.
 - (8) Regular employee medical checkups.
 - (9) Provide employee education and training.
 - (10) Childcare allowance: Besides the childbirth allowance, we provide a monthly childcare allowance of NT\$2,500 for each child until the child reaches the age of six.
 - (11) Other welfare activities (family day, hiking and art activities, etc.).

2. Staff Training and Training Status:

To assist new employees in adapting to their roles quickly, pre-employment training is provided with tailored courses based on job categories. Additionally, designated team groups within each department assist new hires in understanding the Company's industry positioning and future development direction. The Company periodically organizes internal professional training sessions, enabling employees to stay updated on the latest technical skills and enhance their manufacturing and R&D capabilities through technical seminars. Regarding on-the-job training, each department may arrange appropriate internal educational courses based on actual needs. Furthermore, depending on functional professional requirements, employees are encouraged to participate in external training programs organized by consulting firms, training institutions, government agencies, or industrial and commercial organizations to enhance their professional expertise. In addition to new employee orientation, the educational and training achievements for the year 2025 are summarized in the table below:

Organizer	Course Name	Hours
Internal Training	2025 Insider Trading Prohibition and Prevention	1
Internal Training	2025 Ethics Manual (Code of Conduct) Full Staff Training	1
Internal Training	PCBA Placement Design Rules	1
Internal Training	2025 Server Introduction	1.5
Internal Training	SPC (Statistical Process Control) Implementation and Practices	3
Internal Training	Introduction to GDPR (General Data Protection Regulation) and Personal Data Categories	1
Internal Training	Information Security Education and Training – General Staff	3
Internal Training	Information Security Education and Training – Developers	2
Internal Training	Occupational Safety and Health Education: Fire and Earthquake Evacuation Promotion	3
Internal Training	Privileged Account Management and Security Defense Training	1
Internal Training	Mechanical Design Standards and the Relationship Between Design and Aesthetic Issues	1
Internal Training	Design Checklists and Design Sharing for Burning Test Fixtures	2
Internal Training	Crimping Design and Testing Sharing	2
External Training	AI Applications for Doubling Work Efficiency	18
External Training	Supply Chain Sustainability Disclosure and CSA Assessment Workshop	4
External Training	ESD (Electrostatic Discharge) Protection Design and Test Validation Certification Training	14
External Training	CBAM (Carbon Border Adjustment Mechanism) Training Course	7
External Training	2025 Python: The Comprehensive Guide	45.5
External Training	2025 Corporate Sustainability Elite Training – Forward-looking Class	8
External Training	Greenhouse Gas Accounting: 3-Day Seed Instructor Class	18
External Training	DDoS Flood Survival Guide	1
External Training	Using LinkedIn to Develop Overseas Clients – Advanced Practical Class	7
External Training	International Procurement Cost Analysis and Price Management Practices	6
External Training	Latest Tax Regulation Updates and Key Changes in Corporate Income Tax Return Filing	1
External Training	Carbon Reduction for Orders: Practical Workshop	2.5
External Training	Data Analysis! AI x Excel Data Analysis Practical Class	1
External Training	High-Impact Business Presentation Skills for Winning Clients	6

3. Retirement system and its implementation status:

Following the company's regulations, starting from July 1st, 2005, the company made monthly contributions of 6% of monthly wages to the individual pension accounts of the Labor Insurance Bureau for new employees and existing employees who have elected the new pension plan. The appropriate amount of retirement reserve is transferred to the Bank of Taiwan's particular account. For employees assigned by the organization to move to affiliated companies, their seniority is renewed to provide more protection for employees to achieve the purpose of talent circulation of the Group. Employees of overseas subsidiaries pay monthly pensions and medical benefits following local government regulations.

Pension System	Old System	New System
Applicable Sources	Labor Standards Act	Labor Pension Act
How to contribute	2% of the monthly salary of employees who choose the old system and deposit it in the name of the company into the special account of the Bank of Taiwan (formerly the Central Trust Bureau).	6% of the monthly salary of employees is contributed to the individual account of the Bureau of Labor Insurance according to the employee's level of insurance.
Withdrawal amount	The accumulated amount of the Labor Retirement Reserve is NT\$ 3,694 thousand.	The total amount contributed was NT\$3,360 thousand in 2025.

4. Agreements between employers and employees:

To take good care of employees, the company has established a vacation, welfare, and retirement system and set up an employee welfare committee and a labor-management meeting to coordinate employee welfare measures. Therefore, the employees have a high degree of loyalty to the company. The relationship between the employees and employers is harmonious, with no labor disputes or disputes so far.

5. Employee rights and benefits protection measures:

The company attaches importance to, cares about, and proactively maintains employees' fundamental rights and interests. In addition to handling employees' rights and interests by following relevant laws and regulations, the company also provides employee group insurance coverage. It establishes an employee welfare committee as a gatekeeper for employees' rights and interests.

6. For personnel related to the transparency of financial information, the following are the relevant licenses obtained as specified by the competent authorities

A. Professional certification for the head of finance and accounting of public companies:

1 person of the Finance Department.

B. Basic Competency Test for Corporate Internal Control held by the Securities and Futures Bureau:

2 persons of the Audit Office.

Therefore, the qualifications of the company's personnel related to the transparency of financial information comply with the regulations of the competent authorities.

C. The most recent year 2025 of continuing education for accounting and auditing supervisors:

Organizer	Course Name	Hours
Accounting Research and Development Foundation (ARDF).	Continuing education for accounting executives.	12
Institute of Internal Auditors-Chinese Taiwan (IIA-CT)	Key Elements and Audit Focus for Establishing Internal Control Systems for Sustainability Information Management	6
Institute of Internal Auditors-Chinese Taiwan (IIA-CT)	"Generative AI" and "AI Data Protection" for Internal Auditors	6
Accounting Research and Development Foundation, R.O.C.	Practical Analysis of Regulations Governing Loaning of Funds, Making of Endorsements/Guarantees, and Acquisition/Disposal of Assets	6
Institute of Internal Auditors-Chinese Taiwan (IIA-CT)	Seminar on Practical Points of Sustainability Information Management and Internal Control/Audit	6

7. Work environment and employee safety protection measures

The company regards employees as the most critical asset of the company. It attaches great importance to the working environment and the safety of employees. We hope to fulfill our social responsibility and move towards sustainability while the company grows. In addition to complying with relevant domestic laws and regulations, we have established and implemented a safety and health management plan accordingly. The company regularly implement work environment monitoring, safety and health inspections and audits, safety and health education and training, and fire education and training. The Company conducts annual employee health checkups and, under the premise of personal data protection, engages occupational health nurses to regularly follow up with employees identified as at risk for hypertension, hyperglycemia, and hyperlipidemia (the "three highs"). Personalized health education and improvement recommendations are provided to help employees develop healthy habits and reduce health risks.

In addition, the Company regularly promotes health awareness and education through various initiatives. A weekly digital health newsletter is distributed to enhance employees' health knowledge and self-care awareness, demonstrating the Company's commitment to employee health and well-being.

The company has had no occupational safety incidents in the past three years.

8. Code of conduct or ethics for employees

To ensure harmonious labor relations, consolidate the company's excellent corporate culture and core values, and fulfill the goal of sustainable development, the company also implemented the retirement system and the provisions of labor-management negotiation meetings. Following the law, the "Work Rules" and various personnel management regulations specify that both employees and employers of the company should be committed to establishing corporate and professional ethics. This allows employees to understand their behavior clearly or that ethics should follow the code of conduct to ensure the company's development. The main regulations are as follows:

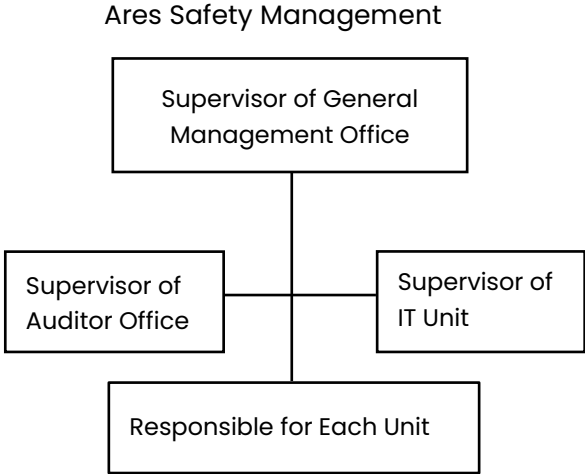
- (1) Employees shall work conscientiously internally, give full play to their team spirit, take care of public property, reduce losses, provide quality, increase production, and perform their tasks faithfully; externally, they shall protect the honor of the company and keep the confidentiality of their business or duties, and shall not divulge information regarding business contents, product technology, related documents and drawings, or the status of customers' dealings with the company.
 - (2) Employees shall not use their authority to benefit themselves or others by accepting gifts, invitations to banquets, kickbacks or other unlawful benefits from others.
 - (3) Employees shall not, without the written consent of the company, operate a business related to or similar to the company for themselves or a third party, nor shall they be an unlimited liability shareholder, executive shareholder, director or manager of a similar business, or an obvious or anonymous partner of a firm.
 - (4) The company shall not use the name of the company for any purpose other than to carry on the business of the company.
- ii. Losses suffered from labor disputes in the most recent year and up to the printing date of the annual report, and disclose the estimated amount of current and future losses and measures that may be taken. Suppose it is not possible to make a reasonable estimate. In that case, it should state the fact that it is not possible to make a reasonable estimate: Since its establishment, the company has had harmonious labor relations and has not experienced any losses due to labor disputes.
- The possibility of future losses due to labor disputes is extremely low.

VI. Information Security Management

I. Risk management structure of information security

1. The information security management unit is subordinate to the Head Office, please refer to the figure below for the information security management structure. The top supervisor of the Head Office is the top supervisor of information security. The head of the Information Department is the main executive officer. The audit supervisor is responsible for the supervision of operation execution. The accountable personnel of each unit under the Head Office are responsible for the formulation of internal information security policies, planning and execution of information security operations, and promotion and implementation of information security.

The audit Office is the supervisory unit of information and communication security monitoring and is responsible for supervising the status of internal information security implementation.



2. The information security policy follows the following instructions:

- (1) To prevent unauthorized access, use, control, leakage, destruction, tampering, destruction or other infringement of information or information systems, and to ensure their confidentiality, integrity, and availability as defined by the regulations, and to conduct semi-annual "information security inspection and control" spot checks on nine major items. Audit.
- (2) It is operated in the way of Plan→Do→Check→Action to protect the confidentiality, integrity, and availability of information assets.
- (3) In order to implement the protection of confidentiality, integrity and availability of information assets, the organization shall continuously
 - A. Enhance information security consensus and strengthen information security training.
 - B. Improve information security protection to ensure operation continuity.

3. Specific management plan

- (1) Insured Information Security Insurance
- (2) Network
 - A. Build a network firewall.
 - B. Strengthen the security of firewall and network, sign maintenance contract every year, and update the security protection on the firewall such as intrusion detection, virus, webpage, etc. immediately.

- C. Internal to internal and internal to external are separated by different policies and controls, and the server side only opens the service port and prohibits non-service port connections.
- D. External to internal VPN privilege control and server port control.
- E. Cross-plant endpoints are controlled by another firewall and protected by permission policies.
- F. Anti-virus system is built to protect computer endpoints from malware and viruses.
- G. Email filtering mechanism for viruses, advertisement letters and phishing letters.
- H. Real-time monitoring of network service operation status.

(3) Backup Storage

- A. Establish backup and redundancy system.
- B. Implement hot backup for important data.
- C. Implement offline backup of important data.
- D. Implement offline backup of important data.
- E. Backup more than three copies of important data.
- F. Check the backup status daily.
- G. Monthly backup data restoration test for important data.

(4) Personnel

- A. Each staff will be assigned a dedicated account and password.
- B. Regularly implement email social engineering exercises.
- C. Regularly implement information security education training and examinations to enhance employees' information security awareness.
- D. Regularly implement information security propaganda for e-mail and anti-virus.
- E. Regularly check the operation of anti-virus software.
- F. Endpoint protection monitor user installation of software.
- G. Regularly audit user installation of software.

4. Ancillary Security Response Operations

(1) Purpose

We have established these operation points to follow the notification and response mechanism in the event of an information security incident and to deal with the incident promptly and effectively.

(2) Scope of Application

Any information system, service, or network status of the company that is identified to violate information security concerns or protection measures failures, poses a threat to information security, shall be considered.

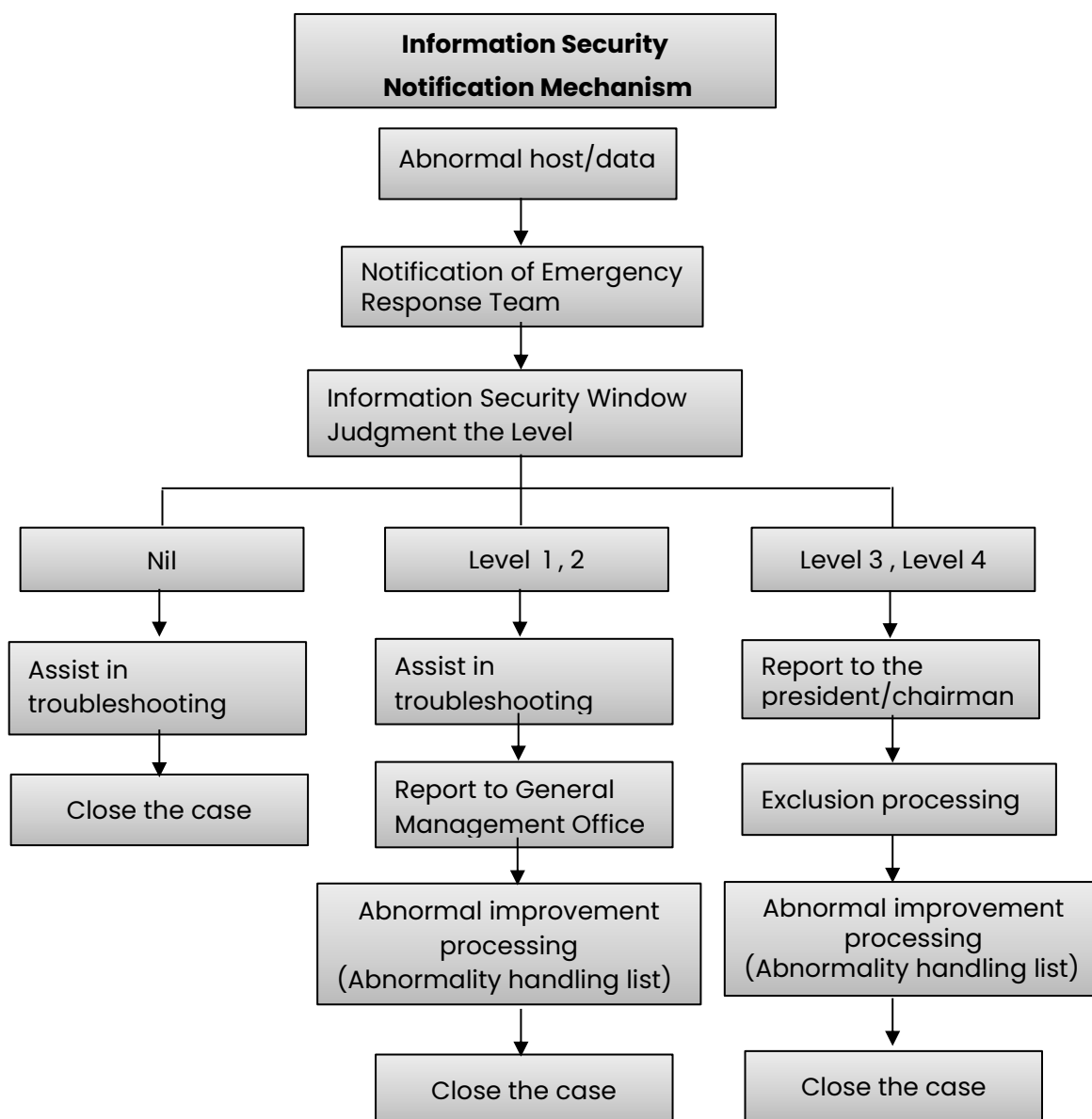
(3) Job Responsibilities

When an information security event is discovered, the information supervisor of the company shall judge the information security event notification and complete the contingency operation according to the event level.

The company's information department is the emergency response team responsible for handling and improving abnormalities during abnormal information security events.

Event Level Judgment

Valuation Category Level of Impact	Confidentiality	Integrity	Availability
Level 1	Non-core business data Leaked	Non-core business systems or data is tampered with	Disruption or temporary suspension of non-core business operations (Separate computer level)
Level 2	Non-confidential or sensitive core business information Leaked	Core business systems or data is slightly tampered with	Core business operations are disrupted or system efficiency is reduced, and normal operations are resumed within a tolerable interruption time. (Office area)
Level 3	Confidential or sensitive official information leaked	core business system or information is seriously tampered with	Core business operation is affected or system is stopped and cannot be restored to normal within tolerable interruption time. (Within the scope of Level 1)
Level 4	Company confidential information leaked	The critical infrastructure system or data tampered with	The system has been stopped and the normal operation cannot be resumed within the tolerable interruption time. (beyond the scope of the Level 1 plant)



5. Significant information and communications security incidents:

There were no significant information security incidents for the most recent year and as of the date of the annual report.

6. Implementation

(1) Education and training implementation:

The number of people who completed the training in 2025 67, Completion rate: 100%.

(2) Email social engineering exercises

In 2025, a total of 335 phishing simulation emails were sent for training purposes. The drill results showed 17 instances of clicking on links (25.4%), 16 instances of opening attachments (23.9%), and 8 instances of entering sensitive information (11.9%). The Company will continue to strengthen the promotion of correct information security concepts among users.

VII. Significant Contracts:

As of the date of publication of the annual report, the material long-term loan contracts that remain in effect or have matured during the most recent year are as follows:

Nature of Contract	Counterparty	Contract Period	Major Content	Restrictive Covenants
Financing	Taiwan Business Bank	2026/01/02 ~ 2031/01/02	Medium-term loan facility of NT\$150 million	None

V. Review and Analysis of Financial Status, Financial Performance, and Risk Management

I. Analysis of Financial Status

(1) Financial Status - Consolidated (Based on IFRSs)

Unit: NT\$1,000

Item	Year	2025	2024	Difference		Explanation
				Amount	%	
Current Assets		1,194,494	1,530,804	(336,310)	-21.97%	1
Property, Plant and Equipment		718,308	727,593	(9,285)	-1.28%	
Non-current Assets		617,527	498,025	119,502	24.00%	1
Total Assets		2,530,329	2,756,422	(226,093)	-8.20%	
Current Liabilities		703,590	744,416	(40,826)	-5.48%	
Non-current Liabilities		15,656	68,396	(52,740)	-77.11%	2
Total Liabilities		719,246	812,812	(93,566)	-11.51%	
Capital Stock		799,729	799,729	-	-	
Capital Surplus		551,718	551,718	-	-	
Retained Earnings		(55,380)	41,313	(96,693)	-234.05%	3
Other Equity		3,659	3,745	(86)	-2.30%	
Non-controlling Interests		511,357	547,105	(35,748)	-6.53%	
Total Equity		1,811,083	1,943,610	(132,527)	-6.82%	

The main reasons for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, along with their impact analysis, are as follows:

1. Acquisition of financial assets at amortized cost – corporate bonds: NT\$161,987 thousand.
2. Repayment of long-term borrowings: NT\$40,000 thousand; and decrease in lease liabilities: NT\$21,778 thousand.
3. Mainly due to the net loss incurred during the current period.

Future for dealing with significant changes:

Considering the overall performance of the company, there are no significant abnormal conditions that require the formulation of specific response plans.

(2) Financial Status - Standalone (Based on IFRSs) in the last two years

Unit: NT\$ thousand

Item	Year		Difference		Explanation
	2025	2024	Amount	%	
Current Assets	399,453	397,814	1,639	0.41%	-
Non-current Assets	1,192,540	1,279,404	(86,864)	-6.79%	-
Total Assets	1,591,993	1,677,218	(85,225)	-5.08%	-
Current Liabilities	290,592	247,880	42,712	17.23%	-
Non-current Liabilities	1,675	32,833	(31,158)	-94.90%	1
Total Liabilities	292,267	280,713	11,554	4.12%	-
Capital stock	799,729	799,729	-	-	-
Capital surplus	551,718	551,718	-	-	-
Retained Earnings	(55,380)	41,313	(96,693)	-234.05%	2
Other Equity	3,659	3,745	(86)	-2.30%	-
Total Equity	1,299,726	1,396,505	(96,779)	-6.93%	2

The main reasons and impact analysis for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, are as follows:

1. Mainly due to the repayment of long-term borrowings of NT\$40,000 thousand during the current period.
2. Mainly due to the net loss incurred during the current period.

Future for dealing with significant changes:

Considering the overall performance of the company, there are no significant abnormal conditions that require the formulation of specific response plans.

II. Financial Performance

(i) Comparative Analysis of Operating Results

1. Comparative Analysis of Consolidated Financial Performance (Based on IFRSs)

Unit: NT\$ thousand

Item \ Year	2025	2024	Difference		Explanation
			Amount	%	
Net Revenue	1,752,255	1,768,710	(16,455)	-0.93%	-
Cost of Sales	1,533,054	1,561,615	(28,561)	1.83%	-
Gross Profit	219,201	207,095	12,106	5.85%	-
Operating Expenses	364,416	362,648	(1,768)	-0.49%	-
Profit and loss From Operations	(145,215)	(155,553)	10,338	6.65%	-
Non-Operating Income (Expenses)	2,926	5,336	(2,410)	-45.16%	-
Income Before Tax	(142,289)	(150,217)	7,928	5.28%	-
Income Tax Expense	12,325	276	12,049	4,365.58%	1
Net income of continuing business units for the period	(129,964)	(149,941)	19,977	13.32%	-
Other comprehensive income - after tax	(2,563)	18,730	(21,293)	-113.68%	2
Total comprehensive income	(132,527)	(131,211)	(1,316)	1.00%	-

The main reasons and impact analysis for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, are as follows:

1. Mainly due to the recognition of income tax benefit during the current period.
2. Mainly due to the exchange differences on translation of financial statements of foreign operations and the decrease in disposal of financial assets measured at fair value through other comprehensive income (FVOCI) during the current period.

2. Comparative Analysis of Standalone Financial Performance (Based on IFRSs)

Unit: NT\$ thousand

Item \ Year	2025	2024	Difference		Explanation
			Amount	%	
Operating revenue	853,242	896,158	(42,916)	-4.79%	-
Cost of sales	732,712	727,367	5,345	0.73%	-
Gross profit	120,530	168,791	(48,261)	-28.59%	1
Operating expenses	145,032	169,151	(24,119)	-14.26%	
Profit and loss from operations	(24,502)	(360)	(24,142)	6706.11%	1
Non-operating income(expenses)	(73,580)	(101,750)	28,170	27.69%	2
Income before tax	(98,082)	(102,110)	4,028	3.94%	-
Income tax expense	3,866	1,236	2,630	212.78%	-
Net income of continuing business units for the period	(94,216)	(100,874)	6,658	6.60%	-
Other comprehensive income - after tax	(2,563)	18,730	(21,293)	-113.68%	3
Total comprehensive income	(96,779)	(82,144)	(14,635)	-17.82%	

The main reasons and impact analysis for significant changes exceeding 20% in the current and preceding periods, with the change amount exceeding NT\$10 million, are as follows:

1. Affected by the China-U.S. trade situation, some customers requested that the country of origin for products be shifted from "Made in China" (MIC) to "Made in Taiwan" (MIT). This resulted in an increase in related production costs, leading to a decrease in gross profit and operating income.
2. Mainly due to a decrease of NT\$28,374 thousand in losses recognized under the equity method.
3. Mainly due to exchange differences on translation of financial statements of foreign operations and the decrease in disposal of financial assets measured at fair value through other comprehensive income (FVOCI) during the current period.

(2) Expected sales quantity and basis:

The sales forecast and underlying basis for 2026 are primarily established on two key factors: (1) actual sales performance data from 2025, and (2) the impact of trade agreements between the U.S. and other major markets. First, based on the 2025 sales data, we observed stable growth across major product lines in the U.S., European, and Asian markets. Notably, significant growth was achieved in sectors such as fleet management, unmanned aerial vehicles (UAVs), and medical smart wearables, with actual shipment and order volumes exceeding original forecasts, forming a solid foundation for growth.

Secondly, the gradual implementation of trade agreements between the U.S. and various countries is expected to help reduce tariff barriers and supply chain friction, thereby enhancing the price competitiveness and procurement appeal of the Company's products in key markets. Combining the sales trends of 2025, the growth in end-market demand, and the positive effects of trade policies, we anticipate that overall sales in 2026 will further increase compared to 2025. The growth momentum in the U.S. and European markets is expected to be the most significant, which will further support revenue expansion.

(3) Potential impacts on the company's future financial business and response plans:

The Company's key production and marketing policies will revolve around the core pillars of "Deepening Customer Relationships, Industry Focus, and Process Optimization." In terms of sales strategy, we will continue to strengthen cooperation with our top ten key customers. By participating early in customers' new product development and enhancing our capabilities in customization and system integration, we

aim to stabilize long-term orders and increase customer loyalty, thereby securing the fundamental momentum for operational growth. Simultaneously, we will focus on high-growth potential industries, including automotive electronics, unmanned aerial vehicles (UAVs), and humanoid robots, actively investing in the development of related products and solutions to expand our footprint and market share in high-value-added markets. Regarding production strategy, in alignment with adjustments in sales structure and product mix, the Company will continue to drive process optimization and improve capacity allocation. We will reinforce automation and efficiency management to enhance yield rates, reduce unit costs, and shorten lead times, ensuring production flexibility and quality stability. Through integrated sales and production coordination and continuous process refinement, the Company will further enhance its overall competitiveness, supporting long-term revenue growth and profitability.

III. Cash flow

(1) Cash flow analysis for the current year (2025):

Unit: NT\$ thousand

Cash and Cash Equivalents at the beginning of the year 2025	Net cash inflow (outflow) 2025	Cash and Cash Equivalents at the ending of the year
541,627	(243,438)	298,189

Unit: NT\$ thousand

	2025	2024	Increase (Decrease) Amount	Rate of Change %
Net Cash flow from Operating Activities	(119,709)	112,322	(232,031)	-206.58%
Net Cash flow from Investing Activities	(113,020)	(74,921)	(38,099)	-50.85%
Net Cash flow from Financing Activities	(7,685)	(47,563)	39,878	83.84%

1. The decrease in net cash inflow from operating activities was primarily due to the net loss incurred during the current period.
2. The increase in net cash outflow from investing activities was primarily due to the increase in financial assets at amortized cost.
3. The decrease in net cash outflow from financing activities was primarily due to the proceeds from short-term borrowings and the fact that no cash dividends were distributed this year.

(2) Improvement Plan for Insufficient Liquidity:

There is no cash shortage situation.

(3) Analysis of Cash Liquidity for the Next Year

1. Operating Activities: Combining the sales trends of 2025, the growth in end-market demand, and the positive effects of trade policies, we anticipate that overall sales in 2026 will further increase compared to 2025. The growth momentum in the U.S. and European markets is expected to be the most significant, which will further support revenue expansion. It is projected that both the consolidated sales volume and amount for the full year of 2026 will achieve growth compared to 2025.
2. Investing Activities: The Company expects to acquire equipment for production as well as research and development (R&D) testing.
3. Financing Activities: The company plans to repay long-term.

IV. Effect of Major Capital Expenditure on Financial Business

Operations:

None.

V. Investment Policy of the most recent year, Profit/Loss Analysis, Improvement Plan and Investment Plan for the Coming Year

(1) Investment Policy:

The company focuses on its core business, and the investment policy is oriented towards targets related to the core business. The relevant departments follow internal control procedures and the "Asset Acquisition or Disposal Handling Process" to execute investment activities.

(2) Main Reasons for Profit or Loss, Improvement Plan, and Future Year Investment Plan in the Recent Year's Investments:

Unit: NT\$ thousand

Investment Company	Invested Company	Shareholding Percentage (%)	Investment gains and losses recognized in 2025	Main Reason of Profit or Loss	Improvement Plan	Investment Plan for the Coming Year
Simula Technology Inc.	ASPIRE ASIA INC.	100.00%	(17,740)	The main losses were caused by Simula Technology (ShenZhen) Co., Ltd.	Simula Technology (ShenZhen) Co., Ltd. Increase orders and save expenses.	Depending on actual operating conditions.
Simula Technology Inc.	Simula Technoloby Corp.	100.00%	5,458	—	—	
Simula Technology Inc.	Simula Company Limited	52.31%	(18,664)	The main losses were caused by Simula Technology (ShenZhen) Co., Ltd.	Simula Technology (ShenZhen) Co., Ltd. Increase orders and save expenses.	
Simula Technology Inc.	Action Star Technology Co., Ltd.	59.35%	(52,185)	Significant reduction in customer demand.	Increase Order	
ASPIRE ASIA INC.	Simula Company Limited	47.69%	(17,013)	The main losses were caused by Simula Technology (ShenZhen) Co., Ltd.	Simula Technology (ShenZhen) Co., Ltd. Increase orders and save expenses.	
Simula Company Limited	Simula Technology (ShenZhen) Co., Ltd.	100.00%	(32,229)	Customer demand is reduced.	Increases orders and save expenses.	

VI. Risk Management and Assessment of the Following Items in the Most Recent Year and Up to the Date of Annual Report Publication

(1) Impact of Interest Rate, Exchange Rate Fluctuations, and Inflation on Company's Profit and Loss, and Future Measures to Address them:

The following is a summary of the company's interest income, expenses, and foreign exchange gains/losses as a percentage of the company's operating income for the fiscal year 2025 and the first quarter of 2026.

Unit: NT\$ thousands

Items	Year 2025	First Quarter of Year 2026
Interest Income	6,546	1,877
Interest Expense on Bank Borrowings	2,027	1,111
Net Operating Revenue	1,752,255	466,927
Interest Income/Net Operating Revenue	0.37%	0.40%
Interest Expense/Net Operating Revenue	0.12%	0.24%
Foreign Exchange (Gain) Loss	(11,013)	(1,320)
Foreign Exchange Gain/Loss/Net Operating Revenue	0.63%	0.28%

explanation:

1. Interest Rate Risk:

(1) Impact of Interest Rate Fluctuations on the Company's Revenue and Profit:

For the current fiscal year, the majority of the company's operating funds are sourced from internal funds. As of the printing date of the annual report, bank interest expenses accounted for only 0.12% of operating income. Additionally, due to the abundant liquidity in the banking system and the current low-interest-rate environment, the borrowing costs remain relatively low. Therefore, the impact of interest rate fluctuations on the company's profitability for the fiscal year 2025 was minimal.

(2) Future Mitigation Measures:

In managing the company's working capital, apart from strengthening accounts receivable management to ensure a smooth cash flow, the company maintains close relationships with banks and expands credit lines. The company continuously monitors interest rate fluctuations to effectively manage interest costs associated with operations.

2. Exchange Rate Risk:

(1) Impact of Exchange Rate Fluctuations on the Company's Revenue and Profit:

As the company primarily engages in export activities, fluctuations and trends in exchange rates have a significant impact on its annual earnings. To mitigate the adverse effects on the company's operations, the company employs foreign exchange hedging strategies to minimize the risk.

(2) Future Mitigation Measures:

- A. Collect relevant information on exchange rate fluctuations, closely monitor trends and changes, and maintain close communication with banks to develop timely countermeasures against potential risks.
- B. Maintain a necessary level of foreign currency on the books and convert excess foreign currencies into New Taiwan Dollars in a timely manner to reduce exchange rate risk.
- C. Strengthen relationships with domestic suppliers and, depending on exchange rate trends,

consider paying invoices in New Taiwan Dollars or foreign currencies to reduce exchange rate risk.

D. Implement timely hedging measures, such as pre-selling forward contracts for confirmed sales orders.

E. Consider price adjustments in quotations to account for the impact of exchange rate fluctuations and ensure appropriate profit margins.

3. Inflation:

(1) Impact of Inflation on the Company's Revenue and Profit: The company's performance and profitability have not been significantly affected by inflation.

(2) Future Mitigation Measures: Monitor the price changes of upstream raw materials and key components to minimize the impact of cost fluctuations on the company.

(2) Policies, Profit or Loss, and Future Measures Regarding High-Risk, High-Leverage Investments, Fund Lending, Endorsement Guarantees, and Derivative Transactions:

1. High-Risk Investments: The company has not engaged in high-risk investments.

2. High-Leverage Investments: The company has not engaged in high-leverage investments.

3. Fund Lending: The company has not engaged in fund lending. The company has established "Operating Procedures for Fund Lending and Endorsement Guarantees," and any future transaction requirements will be processed in accordance with relevant management regulations and legal provisions

4. Endorsement Guarantees: The company has not provided endorsement guarantees. The company has established "Operating Procedures for Fund Lending and Endorsement Guarantees," and any future transaction requirements will be processed in accordance with relevant management regulations and legal provisions

5. Derivative Transactions: With the aim of risk mitigation, most gains or losses generated from forward foreign exchange transactions can be offset against gains or losses resulting from the revaluation of foreign currency assets on the balance sheet. In the future, the company will periodically evaluate and adjust hedging strategies based on its operational status and market trends

(3) Future R&D Plans and Estimated R&D Expenditure

In response to the growing demand for data transmission and high-speed digital applications, the company's future R&D plans will focus on high-speed communication, automotive electronics, and electronic module design technology. By strengthening cooperation with domestic and international customers, as well as collaborating with academic research institutions to establish a foundation of technical expertise, the company aims to enhance its R&D capabilities and strengthen its technological competitiveness.

A. High-Speed Communication Technology and Testing Capability

As transmission interface standards such as USB, DP, and PCIe continue to evolve, their specification requirements are becoming more stringent and integrated. Ensuring quality and stability in ultra-high-speed transmission has become increasingly critical. With rising frequencies, high-frequency phenomena are becoming more complex, necessitating comprehensive high-frequency testing capabilities and deep domain knowledge to accurately interpret results. This is essential for driving product improvement and enhancing the reliability and accuracy of testing. As a result, customers are placing increasing reliance on suppliers who offer such expertise and reliability.

The Company has long emphasized capabilities in high-frequency connector design, high-frequency inspection, and CAE simulation analysis. These strengths have enabled the Company to

expand into broader high-speed communication markets.

B. Internal Cable Design Capabilities for AI Servers

With the rapid development of AI servers, the specifications for internal cabling are also advancing quickly. These evolving requirements—such as PCIe Gen6/Gen7 interfaces and kilowatt-level power transmission—are closely tied to cable design and manufacturing capabilities. The Company adopts a continuous improvement strategy to strengthen its design capabilities in response to these changing demands.

C. Automotive Electronics Technology

With the evolution of automotive electronic systems and the advancement of fleet management applications, various functions are rapidly being integrated into both built-in and external in-vehicle devices—for example, temperature and humidity monitoring, motion detection, and image recognition. The realization of these features relies heavily on high-speed technologies and customization capabilities.

The Company possesses strong expertise in high-frequency electronics, mechanical design, and system integration, along with extensive customization experience, enabling it to effectively meet the demands of the automotive electronics sector.

D. Electronic Module Design Technology

In response to the risks of increased electronic component costs and material shortages, the company incorporates material selection as an important design criterion in the early stages of product development. It utilizes modular design to avoid unnecessary risks and waste caused by "increased costs and lead times." Through cooperation with research institutions and academic units, the company gradually establishes a foundation of electronic module analysis capabilities to strengthen its grasp of material characteristics and improve quality stability.

E. Automation Design Capability

Given the diversity of the Company's product lines and the wide variability in application fields, customers place a high value on stable production capabilities. In addition to the existing semi-automated high-frequency cable production lines, the Company is actively fostering close collaboration with external partners to enhance its automation design foundation and adoption rate. The Company is also proactively planning improvements in design capabilities and production equipment to ensure product reliability and stability.

F. Estimated R&D Expenditure

The estimated R&D expenditure for the year 2026 is approximately 45 million, including relevant R&D instruments and equipment.

(4) Impact of Important Domestic and International Policies and Legal Changes on the Company's Financial Operations and Response Measures

The company has always operated conservatively, respecting the rule of law, promoting integrity and transparency, and protecting shareholders' rights and interests. It actively implements corporate governance and approaches recent significant domestic and international policy and legal changes with cautious optimism. It coordinates with policy and legal changes, evaluates the strategic conditions of the company's operations, and formulates appropriate financial and business policies. In the past year, there have been no significant impacts on the company's financial operations due to important domestic and international policy and legal changes.

(5) Impact of Technological Changes and Industry Transformations on the Company's Financial Operations and Response Measures

The company constantly monitors technological changes relevant to its industry and assigns personnel to assess and study the impact of these changes on the company's future development

and financial operations, as well as the necessary response measures. In the past year, there have been no significant technological changes that have had a major impact on the company's financial operations.

(6) Impact of Corporate Image Changes on Crisis Management and Response Measures

Since its establishment, the company has focused on its core business, committed to enhancing its overall competitiveness, and pursuing sustainable operation. It does not tolerate any behavior that violates the principles of integrity or the core values of the company. As of now, there have been no incidents that have significantly affected the corporate image.

(7) Expected Benefits, Potential Risks, and Response Measures for Mergers and

Acquisitions : The company has no plans for any mergers or acquisitions.

(8) Expected Benefits, Potential Risks, and Response Measures for Factory Expansion:

There are no such circumstances.

(9) Risks Faced and Response Measures for Concentration of Procurement or Sales:

The company adjusts its product sales based on the operational status of its customers. Considering the company's and the industry's growth trends, it will timely adjust its sales targets to maintain balanced and stable operational results.

(10) Impact and Risk Response Measures of Significant Transfer or Replacement of Directors, Supervisors, or Shareholders with Ownership Exceeding 10%

There have been no significant transfers or replacements of share ownership among the directors, supervisors, or major shareholders of the company

(11) Impact and measures for changes in the company's management

There has been no significant change in the company's board of directors or management team.

(12) Litigation or non-litigation events

1. The company has no pending or settled litigation, non-litigation, or administrative disputes within the past two years and up to the date of the annual report that may have a significant impact on shareholder equity or security prices
2. The company's directors, supervisors, general manager, substantial shareholders holding more than 10% of the shares, and subsidiaries have no pending or settled litigation, non-litigation, or administrative disputes within the past two years and up to the date of the annual report that may have a significant impact on shareholder equity or security prices.

(13) Organizational structure for risk management

The company's risk management focuses on the risk management system of corporate governance and risk transfer planning, including strategic, financial, operational, and hazard risks, which are managed by the Risk Management Committee. The company clearly defines its risk management vision and policies, effectively manages risks beyond its risk tolerance, and uses risk management tools to optimize the total cost of risk management

1. Risk management vision

- A. Commitment to providing products and services to create long-term value for customers, shareholders, employees, and society.
- B. Risk management requires a systematic organizational and risk management operational procedure, timely and effective identification, evaluation, processing, reporting, and monitoring of significant risks that may affect the company's survival, and strengthening all employees' risk awareness.

C. Risk management does not pursue "zero" risk but seeks to maximize benefits within acceptable risk levels to optimize the cost of risk management.

2. Risk management policy

A. To ensure the company's sustainable operation, the Risk Management Committee should regularly identify, evaluate, process, report, and monitor risks that may have a negative impact on the company's operational objectives

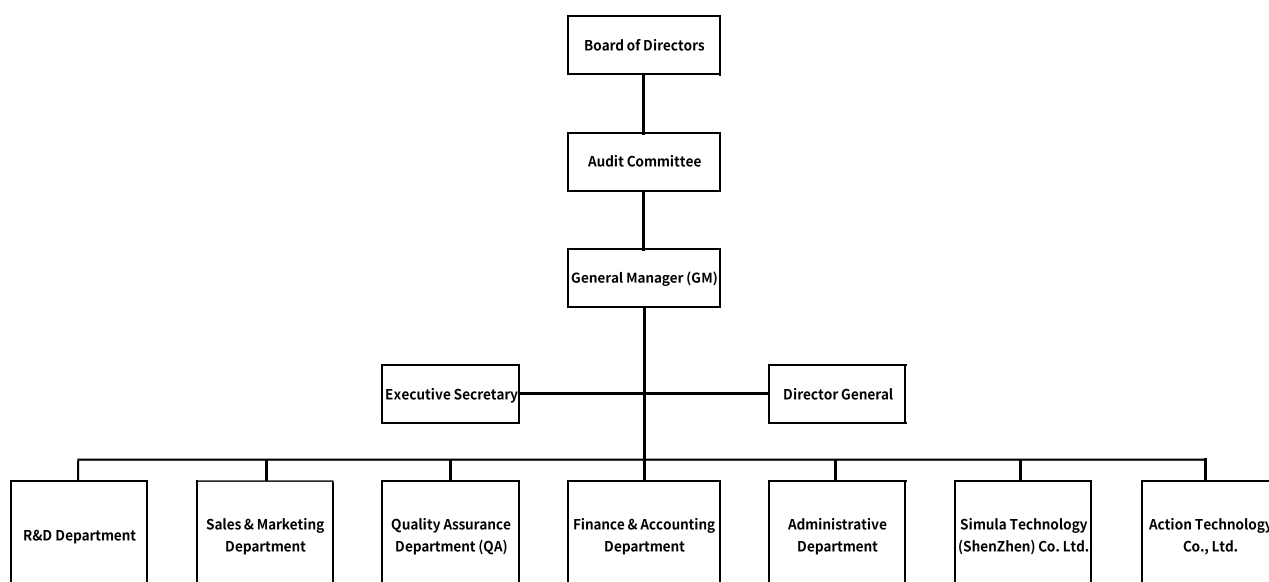
B. Risks should be identified and controlled before accidents occur, losses should be reduced when accidents occur, and the provision of products and services should be quickly restored after accidents. For significant risk situations recognized by the Risk Management Committee, operational continuity plans should be established

C. For risks that do not exceed the risk tolerance level, the cost of risk management may be considered, and different management tools may be used to process risks. However, the following situations are not limited to this

- Negative impact on employees' safety.
- Violation of legal regulations.
- Having a negative impact on the company's reputation.

3. Organization and Structure of the Risk Management Committee

The Audit Committee and the Board of Directors oversee risk management. A Risk Management Committee has been established, chaired by the General Manager, with the head of the Management Department serving as the Chief Secretary. The committee includes the heads of all primary units within the company. Regular meetings are held, and an annual report on the execution of risk management operations is presented to the Audit Committee and the Board of Directors.



(14) Other significant risks and corresponding measures: None.

VII. Other significant matters: None.

VI. Special Notes

I. Summary of Affiliates Companies

1. Consolidated Business Report of Affiliated Enterprises
For related information, please visit the Market Observation Post System (MOPS) at mops.twse.com.tw and navigate to "Electronic Document Download / Affiliated Enterprises - Three Statements Section" under the selected company.
2. Consolidated Financial Statements of Affiliates: None
3. Relations Report:

For related information, please visit the Market Observation Post System (MOPS) website at mops.twse.com.tw, and navigate to the "Electronic Document Download / Affiliated Enterprises - Three Statements Section" under the selected company.

II. The Handling of Privately Placed Securities for the Most Recent Year and Up to The Date of the Annual Report Publication: None

III. The Situation Regarding Subsidiaries Holding or Disposing of The Company's Stock During the Most Recent Year and Up to the Date of the Annual Report Publication: None.

IV. Other Supplementary Information: None.

VII. Significant Events Affecting Shareholder Equity or Securities Prices as Defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act That Occurred During the Most Recent Year and Up to the Date of The Annual Report Publication: None.



SIMULA TECHNOLOGY INC.

Chairman: Huang, Han-Chou

