

Stock Code : 3511



**Simula Technology Inc.**

**Annual General Shareholders' Meeting**  
**Handbook 2024**

June 07, 2024

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**Simula Technology Inc.**  
**Meeting Procedures of 2024 Annual Shareholders' Meeting**

I .Call the Meeting to Order (Report Total Shares Attended)

II .Chairperson Address

III .Report Items

IV .Ratification and Discussion Items

V . Extemporary Motion

VI .Adjournment

# **Simula Technology Inc.**

## **Meeting Agenda of 2024 Annual Shareholders' Meeting**

I . **Time:** 9:00 am, Friday, June 07, 2024

II . **Place:** No.300, Sec. 1, Zhuangjing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)  
Monarch Plaza Hotel

III . **Method of Convening the Meeting:** Physical shareholders' meeting

IV . **Call the Meeting to Order** (Report Total Shares Attended)

V . **Chairperson Address**

VI . **Report Items**

1. To report the 2023 Operation Report
2. Audit Committee's Review Report
3. Report on the Amendment of the Rules of Procedures for the Board of Directors' Meeting.

VII . **Ratification and Discussion Items**

1. Proposed Approval of 2023 Operation Report and Financial Statements
2. Proposed Approval of the Year 2023 Profit and Loss Appropriation Statement.

VIII **Extemporary Motion.**

IX . **Adjournment**

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## Report Items

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### Item I

**Subject:** To report the Operation Report of 2023.

**Explanation:** The 2023 Operation Report of the Company, please refer to Attachment I (pages 5-7).

### Item II

**Subject:** The 2023 Audit Committee's Review Report.

**Explanation:** The Audit Committee's Review Report please refer to Attachment II (page 8).

### Item III

**Subject:** Report on the Amendment of the "Rules of Procedures for the Board of Directors Meeting".

**Explanation:**

1. In line with the amendment of the "Regulations for Board of Directors Meetings of Public Companies" in accordance with Official Letter Jin-Guan-Zheng-Fa-Zi No.1120383996 from the Financial Supervisory Commission, dated January 11, 2024. It is proposed to amend the relevant provisions of the Company's "Rules of Procedures for Board of Directors".
2. The Comparison Table please refer to Attachment III. ( pages.9-10)

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## Ratification and Discussion Items

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### Proposal I

**(Proposed by the Board of Directors)**

**Subject:** To approve 2023 Annual Operation Report and Financial Statements .

**Explanation:**

1. The Fiscal Year 2023 Annual Business Report and Financial Statements of the Company have been approved by the resolution of the Board of Directors. And the Financial Statements were audited by the independent auditors, CPA Chen, Guo-Shuai and Lin, Cheng-Wei of EY-Taiwan. And it has been reviewed completely by the Audit Committee and issued a review report on record.
2. For the 2023 Annual Business Report, Independent Auditors' Report, and the Financial Statements, please refer to Attachment I (pages 5-7) and Attachment IV (pages 11-30).
3. Ratification is respectfully requested.

**Resolution:**

**Proposal II****(Proposed by the Board of Directors)**

**Subject:** Proposed approval of the Fiscal Year 2023 Profit and Loss Appropriation Statement, submitted for approval.

**Explanation:**

1. The Proposal for the Fiscal Year 2023 Profit and Loss Appropriation Statement were approved by the board of directors and submitted to the Audit Committee, which has audited the same. Please refer to the table below.

**Simula Technology Inc.**  
**Earnings Distribution Proposal for 2023**

Unit : NT\$

Item	Amount
<b>Beginning Balance</b>	<b>73,904,777</b>
Add:	
Other Comprehensive Income (Remeasurements of Defined Benefit Plans)	142,667
Net Loss After Tax for the Current Period	(83,449,497)
<b>Accumulated Deficit</b>	<b>(9,402,053)</b>
Items to be Recovered	
Legal Reserve	9,402,053
<b>Unappropriated Retained Earnings After Compensation</b>	<b>0</b>

Chairman: Huang, Han-Chou



President: Hu, Jo-Yao



Chief Accountant: Huang, Tuo-wen



2. Ratification is respectfully requested.

**Resolution:**

**Extemporary Motion**

**Adjournment**

## **Attachment I**

### **Simula Technology Inc. 2023 Annual Operation Report**

Although the global pandemic of COVID-19 concluded this year, leading to a gradual stabilization of the global economy and a return to pre-pandemic economic conditions, the country lifted all epidemic prevention measures and border controls at the beginning of the year 2023. However, due to the prior impact of the pandemic, businesses were concerned about supply chain disruptions and significantly increased their inventory levels to create artificial demand. As the pandemic subsided, market demand gradually returned to normal levels. With supply exceeding demand, this led to a surge in business inventories, slow inventory turnover, and severe delays or cancellations of pending orders, greatly affecting the supply and demand across the entire industry chain. The Company was also deeply affected by these factors, resulting in poor order intake. The total shipment volume and revenue for the year 2023 were both lower than in the previous year, with consolidated sales and losses showing a decline compared to the year 2022.

The following is a brief report on the operating results for year 2023 and the operational plan for year 2024:

#### **1. Report on operating results for the year 2023**

##### 1) Results of Operation Plan Implementation

As the global economy gradually recovered following the end of the pandemic, the Company faced challenges with inventory liquidation issues. Consequently, the consolidated revenue for the year 2023 was NT\$2,039,055 thousand, a significant decrease of NT\$2,191,969 thousand, 52% from the previous year's consolidated revenue of NT\$4,231,024 thousand. The net loss after tax was NT\$101,050 thousand, compared to a net profit of NT\$361,317 thousand in the year 2022, a decrease of NT\$462,367 thousand. The earnings per share (EPS) for the year 2023 was a loss of NT\$1.04.

##### 2) Analysis of Financial Income and Expenditure and Profitability

Please refer to the attached financial statements for the Company's financial results for 2023.

##### 3) R&D Development

For the year 2023, the Company invested NT\$78,987 thousand in research and development expenses, a decrease of NT\$25,925 thousand from NT\$104,912 thousand in the previous year 2022. The reduction was mainly due to slowed market demand. Nevertheless, the Company continues to maintain strong R&D momentum. The main focus of product development includes high-frequency connectors, cables and connectors for automotive, medical, and industrial applications, cables, 3C product docking stations, and police/military vehicle lights.

Additionally, the Company continue to enhance the quality of the existing R&D team and appropriately expand the team to meet future product development needs.

## **2. Summary of Business Plan for 2024**

### 1) Business Policy

Under the basic policy of customer-oriented and design-oriented, the company is committed to developing niche products, mastering key technologies, developing new technologies and applications, enhancing the added value of products and the integrity and competitive advantages of product lines, satisfying customer needs, and continuously generating maximum profits.

### 2) Sales Quantity and Its Basis Expectation

The Company has based its strategy on product market trends, customer business development, and a review of the revenue performance for the year 2023, while considering the operational targets for the year 2024. With the global COVID-19 pandemic effectively controlled and no longer disrupting global economic activities, the global economy is warming up, and industrial development and demand are gradually returning to pre-pandemic levels. This is expected to bring positive developments for the Company. Overall order and sales volumes are anticipated to gradually stabilize, and the total consolidated sales volume and revenue for the year 2024 are estimated to be roughly equivalent to those of the year 2023.

### 3) Significant Production and Marketing Policies

The Company, in addition to deepening the presence in existing industries, will actively pursue opportunities in high-value sectors such as automotive, medical, and industrial. Leveraging the expertise in Front-End Design-in and the integration advantages within the parent group, the Company aim to collaborate to seize customer opportunities. Simultaneously, the Company will engage in upstream and downstream integration and cooperate extensively with group and related subsidiary companies to actively develop 3C expansion bases (Docking Stations) and police/military vehicle lights, thereby increasing revenue and profitability. Furthermore, while maintaining reasonable profits, the Company will continue to actively develop automated production methods for related critical components, reducing overall production costs and increasing operational profits.

## **3. The External Competitive Environment, the Regulatory Environment, and the Overall Business Environment will Affect the Company's Future Development Strategy.**

In response to the rapid changes and short life cycles in today's product market, the Company maintains close cooperation with customers, actively engaging in continuous collaboration. Apart from ensuring stable production and supply of existing products, the Company actively participate in joint product development to seize new business opportunities and ensure sustainable growth in operational



capabilities. Moreover, in the face of regulatory changes, the company adheres to regulations and adjusts internal operational mechanisms as necessary to adapt to regulatory variations.

Looking ahead, the Company will continue to work with its existing customers to develop new products further. It will continue to innovate its product development and design strengths and effectively utilize its current production capacity to reduce production costs and increase profitability to achieve its proposed operating plans and goals.

The Company would like to thank the shareholders for their support and guidance in the past, and ask for the continued support and guidance.

Thank you!

Chairman: Huang, Han-Chou  President: Hu, Jo-Yao  Chief Accountant: Huang, Tuo-wen 

## **Attachment II**

### **Simula Technology Inc. Audit Committee's Review Report**

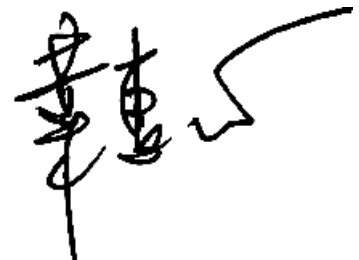
The Board of Directors has prepared the Company's Financial Statements (including consolidated financial statement) for the year of 2023, which have been audited and certified by Mr. Chen, Guo-Shuai and Lin, Cheng-Wei accountants at Ernst & Young-Taiwan. Along with the Annual Operation Report and the proposal for profit and loss appropriation, these have been thoroughly reviewed by the Audit Committee and found to be compliant. Therefore, in accordance with Article 219 of the Company Act, a report has been prepared for your review.

Sincerely,

2024 Annual Shareholders' Meeting

Simula Technology Inc.

Audit committee convener: Yeh, Hui-Hsin

A handwritten signature in black ink, consisting of stylized Chinese characters and a long horizontal stroke extending to the right.

February 23, 2024

## Attachment III

### Simula Technology Inc. Comparison table for the Amendments to the Rules of Procedures for the Board of Directors Meeting

Article No.	Amended Articles	Current Articles	Reason for Amendments
5.8.2	The meeting time has arrived. If less than half of all directors are present, the chairperson may announce a postponement of the meeting <b>on the same day</b> , limited to two postponements. If a quorum is still not met after two postponements, the chairperson may reconvene the meeting according to the procedure specified in section 5.1.	The meeting time has arrived. If less than half of all directors are present, the chairperson may announce a postponement of the meeting, limited to two postponements. If a quorum is still not met after two postponements, the chairperson may reconvene the meeting according to the procedure specified in section 5.1.	Amend according to laws.
5.10.3	During a board meeting, if the number of directors present does not constitute a majority of those attending, upon the proposal of the directors present, the chairperson should announce a suspension of the meeting, applying the rules set forth in section 5.8.2. <b><u>If the chairperson is unable to preside over the meeting due to any reason, or does not adjourn the meeting directly as per section 5.10.2, the appointment of a proxy should be in accordance with the provisions of section 5.5.2.</u></b>	During a board meeting, if the number of directors present does not constitute a majority of those attending, upon the proposal of the directors present, the chairperson should announce a suspension of the meeting, applying the rules set forth in section 5.8.2. <b>(Add new)</b>	Amend according to laws.
6.4	The formulation and amendment of these <b>rules of procedure</b> shall be approved by the company's board of directors <del>and submitted to the shareholders' meeting report.</del>	The formulation and amendment of these <u>protocol</u> shall be approved by the company's board of directors and submitted to the shareholders' meeting report.	actual need

Article No.	Amended Articles	Current Articles	Reason for Amendments
7.1	The formulation and amendment of these rules of procedure shall be approved by the board of directors of the company <del>and reported to the shareholders' meeting.</del>	The formulation and amendment of these rules of procedure shall be approved by the board of directors of the company and reported to the shareholders' meeting.	actual need
10	These rules were established on June 22, 2004. First amendment on April 20, 2007. Second revision on March 11, 2008. Third amendment on December 28, 2011. Fourth amendment on March 4, 2013. Fifth amendment on April 30, 2013. Sixth amendment on October 17, 2014. Seventh amendment on March 20, 2020. Eighth amendment on October 28, 2022. <b><u>Ninth amendment on April 26, 2024.</u></b>	These rules were established on June 22, 2004. First amendment on April 20, 2007. Second revision on March 11, 2008. Third amendment on December 28, 2011. Fourth amendment on March 4, 2013. Fifth amendment on April 30, 2013. Sixth amendment on October 17, 2014. Seventh amendment on March 20, 2020. Eighth amendment on October 28, 2022.	add amended date

## **Attachment IV**

### **Independent Auditors' Report and 2023 Financial Statements**



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English Translation of an Audit Report Originally Issued in Chinese

#### INDEPENDENT AUDITORS' REPORT

To: The Board of Directors and Shareholders of  
Simula Technology Inc.

#### **Opinion**

We have audited the accompanying parent-company-only balance sheets of Simula Technology Inc. (the "Company") as of December 31, 2023 and 2022, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2023 and 2022, and the parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2023.

These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$697,322 thousand for the year ended December 31, 2023 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the parent-company-only financial statements.

#### Market valuation on inventory (including inventories of the subsidiaries under the equity method)

We determine the market valuation on inventory including inventories of the subsidiaries under the equity method is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's main products, are characterized by rapid development in technology and the trend of consumers' preference. Management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to the assessment of the loss from slow-moving inventory and phased-out items, testing the accuracy of inventory aging schedule, analyzing inventory movement, performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc.

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Chen, Kuo-Shuai

/s/ Lin, Cheng-Wei

Ernst & Young  
February 23, 2024  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

*Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Parent-Company-Only Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$113,106	6.56	\$244,890	11.68
1110	Financial assets at fair value through profit or loss	4, 6(2)	3,183	0.18	2,361	0.11
1170	Accounts receivable, net	4, 6(3), 6(15)	114,227	6.62	166,364	7.93
1180	Accounts receivable - related parties, net	4, 6(3), 6(15), 7	21,305	1.23	1,344	0.07
1200	Other receivables		1,622	0.09	1,048	0.05
1210	Other receivables - related parties	7	33,141	1.92	36,070	1.72
1220	Current income tax assets		1,270	0.07	-	-
130x	Inventories, net	4, 6(4)	23,489	1.36	24,835	1.18
1410	Prepayments		4,102	0.24	3,619	0.17
1470	Other current assets		1,601	0.09	105	0.01
11XX	Total current assets		<u>317,046</u>	<u>18.36</u>	<u>480,636</u>	<u>22.92</u>
	Non-current assets					
1517	Financial assets at fair value through OCI	4, 6(5)	3,858	0.22	3,858	0.18
1550	Investment accounted for under equity method	4, 6(6)	1,239,342	71.83	1,456,740	69.46
1600	Property, plant and equipment, net	4, 6(7), 7	153,348	8.89	142,588	6.80
1755	Right-of-use assets	4, 6(16)	2,114	0.12	216	0.01
1780	Intangible assets	4, 6(8)	3,380	0.20	2,054	0.10
1840	Deferred income tax assets	4, 6(20)	4,060	0.24	2,813	0.13
1915	Prepayment for equipment		2,165	0.13	8,195	0.39
1920	Refundable deposits		153	0.01	137	0.01
15XX	Total non-current assets		<u>1,408,420</u>	<u>81.64</u>	<u>1,616,601</u>	<u>77.08</u>
1XXX	Total Assets		<u>\$1,725,466</u>	<u>100.00</u>	<u>\$2,097,237</u>	<u>100.00</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss	4, 6(9)	\$7	-	\$102	-
2130	Contract liabilities	4, 6(14)	1,075	0.06	2,139	0.10
2170	Accounts payable		19,080	1.11	10,989	0.53
2180	Accounts payable - related parties	7	34,785	2.02	55,578	2.65
2200	Other payables	6(10)	63,512	3.68	90,811	4.33
2220	Other payables - related parties	7	6,448	0.37	2,099	0.10
2230	Current income tax liabilities	4, 6(20)	5,559	0.32	21,535	1.03
2281	Lease liabilities	4, 6(16)	988	0.06	227	0.01
2320	Long-term loans, current portion	6(11)	40,000	2.32	40,000	1.91
2399	Other current liabilities		906	0.05	898	0.04
21XX	Total current liabilities		<u>172,360</u>	<u>9.99</u>	<u>224,378</u>	<u>10.70</u>
	Non-current liabilities					
2540	Long-term loans	6(11)	70,000	4.05	110,000	5.24
2570	Deferred income tax liabilities	4, 6(20)	635	0.04	452	0.02
2581	Lease liabilities	4, 6(16)	1,142	0.07	-	-
2640	Net defined benefit liability	4, 6(12)	2,680	0.15	2,938	0.15
25XX	Total non-current liabilities		<u>74,457</u>	<u>4.31</u>	<u>113,390</u>	<u>5.41</u>
2XXX	Total liabilities		<u>246,817</u>	<u>14.30</u>	<u>337,768</u>	<u>16.11</u>
	Equity					
31xx	Equity					
3100	Capital	6(13)				
3110	Common stock		799,729	46.35	799,729	38.13
3200	Capital surplus	6(13)	551,718	31.98	551,718	26.30
3300	Retained earnings	6(13)				
3310	Legal reserve		117,691	6.82	93,144	4.44
3320	Special reserve		26,375	1.53	27,425	1.31
3350	Unappropriated earnings		(9,402)	(0.55)	297,334	14.18
	Total retained earnings		<u>134,664</u>	<u>7.80</u>	<u>417,903</u>	<u>19.93</u>
3400	Other components of equity		(7,462)	(0.43)	(9,881)	(0.47)
3XXX	Total equity		<u>1,478,649</u>	<u>85.70</u>	<u>1,759,469</u>	<u>83.89</u>
	Total liabilities and equity		<u>\$1,725,466</u>	<u>100.00</u>	<u>\$2,097,237</u>	<u>100.00</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(14), 7	\$697,322	100.00	\$1,122,031	100.00
5000	Operating costs	6(4), 7	(554,904)	(79.58)	(861,165)	(76.75)
5900	Gross profit		142,418	20.42	260,866	23.25
6000	Operating expenses	7				
6100	Sales and marketing		(58,569)	(8.40)	(74,053)	(6.60)
6200	General and administrative		(74,613)	(10.70)	(86,448)	(7.70)
6300	Research and development		(29,989)	(4.30)	(37,031)	(3.30)
	Total operating expenses		(163,171)	(23.40)	(197,532)	(17.60)
6900	Operating income (loss)		(20,753)	(2.98)	63,334	5.65
7000	Non-operating income and expenses	6(18), 7				
7100	Interest income		1,169	0.17	386	0.03
7010	Other income		19,705	2.83	32,965	2.94
7020	Other gains and losses		(6,656)	(0.96)	18,854	1.68
7050	Finance costs		(2,483)	(0.36)	(2,821)	(0.25)
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(6)	(75,814)	(10.87)	155,426	13.85
	Total non-operating income and expenses		(64,079)	(9.19)	204,810	18.25
7900	Income (loss) before income tax		(84,832)	(12.17)	268,144	23.90
7950	Income tax expense	4, 6(20)	1,382	0.20	(18,909)	(1.69)
8000	Net income (loss)		(83,450)	(11.97)	249,235	22.21
8300	Other comprehensive income (loss)	6(19)				
8310	Items that not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		143	0.02	7,096	0.63
8316	Unrealized gain (losses) on valuation of financial assets at fair value through OCI		-	-	(1,022)	(0.09)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		2,419	0.35	7,708	0.69
	Total other comprehensive income (loss), net of tax		2,562	0.37	13,782	1.23
8500	Total comprehensive income (loss)		<u>\$ (80,888)</u>	<u>(11.60)</u>	<u>\$ 263,017</u>	<u>23.44</u>
	Earnings per share (in NT\$)	6(21)				
9750	Earnings per share - basic (in NT\$)					
9710	Net income		<u>\$ (1.04)</u>		<u>\$ 3.12</u>	
9850	Earnings per share - diluted (in NT\$)					
9810	Net income		<u>\$ (1.04)</u>		<u>\$ 3.09</u>	

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Common Stock 3100	Capital Surplus 3200	Retained Earnings			Other Components of equity		Total Equity 3XXX
				Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Exchange differences arising on translation of foreign operations 3410	Unrealized gain (losses) from financial assets measured at fair value through OCI 3420	
A1	Balance as of January 1, 2022	\$799,729	\$551,718	\$82,080	\$26,375	\$143,948	\$(13,557)	\$(13,868)	\$1,576,425
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve appropriated			11,064		(11,064)			-
B3	Special reserve				1,050	(1,050)			
B5	Cash dividends - common shares					(79,973)			(79,973)
D1	Net income for 2022					249,235			249,235
D3	Other comprehensive income (loss) for 2022					7,096	7,708	(1,022)	13,782
D5	Total comprehensive income (loss)	-	-	-	-	256,331	7,708	(1,022)	263,017
Q1	Disposal of equity instruments at fair value through other comprehensive income					(10,858)		10,858	
Z1	Balance as of December 31, 2022	799,729	551,718	93,144	27,425	297,334	(5,849)	(4,032)	1,759,469
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve appropriated			24,547		(24,547)			-
B5	Cash dividends - common shares					(199,932)			(199,932)
B17	Reversal of special reserve				(1,050)	1,050			-
D1	Net loss for 2023					(83,450)			(83,450)
D3	Other comprehensive income (loss) for 2023					143	2,419	-	2,562
D5	Total comprehensive income (loss)	-	-	-	-	(83,307)	2,419	-	(80,888)
Z1	Balance as of December 31, 2023	<u>\$799,729</u>	<u>\$551,718</u>	<u>\$117,691</u>	<u>\$26,375</u>	<u>\$(9,402)</u>	<u>\$(3,430)</u>	<u>\$(4,032)</u>	<u>\$1,478,649</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A00010	Profit (loss) before tax	\$(84,832)	\$268,144	B02700	Acquisition of property, plant and equipment	(13,507)	(12,047)
A20000	Adjustments:			B02800	Proceeds from disposal of property, plant and equipment	-	21,633
A20010	Profit or loss not effecting cash flows:			B04500	Acquisition of intangible assets	(2,860)	(669)
A20100	Depreciation (including right-of-use assets)	9,745	15,085	B03700	Increase in refundable deposits	(16)	-
A20200	Amortization	1,534	1,172	B03800	Decrease in refundable deposits	-	1,136
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(917)	(1,775)	BBBB	Net cash provided by (used in) investing activities	<u>(16,383)</u>	<u>10,053</u>
A20900	Interest expense	2,483	2,821				
A21200	Interest income	(1,169)	(386)	CCCC	Cash flows from financing activities:		
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	75,814	(155,426)	C00200	Decrease in short-term loans	-	(106,880)
A22500	Loss (gain) on disposal of property, plant and equipment	-	(16,205)	C01700	Repayment of long-term loans	(40,000)	(40,000)
A29900	Loss (gain) on lease modification	-	(49)	C04020	Payments of lease liabilities	(993)	(4,011)
A30000	Changes in operating assets and liabilities:			C04500	Cash dividends	<u>(199,932)</u>	<u>(79,973)</u>
A31150	Accounts receivable	52,137	145,547	CCCC	Net cash provided by (used in) financing activities	<u>(240,925)</u>	<u>(230,864)</u>
A31160	Accounts receivable - related parties	(19,961)	12,287				
A31180	Other receivables	(574)	469	EEEE	Net Increase (decrease) in cash and cash equivalents	(131,784)	2,117
A31190	Other receivables - related parties	2,929	10,938	E00100	Cash and cash equivalents at beginning of period	<u>244,890</u>	<u>242,773</u>
A31200	Inventories	1,346	(6,633)	E00200	Cash and cash equivalents at end of period	<u>\$113,106</u>	<u>\$244,890</u>
A31230	Prepayments	(483)	3,414				
A31240	Other current assets	(1,496)	286				
A32125	Contract liabilities	(1,064)	(7,932)				
A32150	Accounts payable	8,091	(25,808)				
A32160	Accounts payable - related parties	(20,793)	(32,960)				
A32180	Other payables	(27,247)	(11,760)				
A32190	Other payables - related parties	4,349	(1,552)				
A32240	Net defined benefit liability	(115)	14				
A32230	Other current liabilities	8	16				
A33000	Cash generated from (used in) operations	<u>(215)</u>	<u>199,707</u>				
A33100	Interest received	1,169	386				
A33100	Dividends received	144,003	48,001				
A33300	Interest paid	(2,505)	(2,769)				
A33500	Income tax paid	(16,928)	(22,397)				
AAAA	Net cash provided by (used in) operating activities	<u>125,524</u>	<u>222,928</u>				

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

English Translation of Consolidated Financial Statements and a Report Originally Issued in Chinese

**INDEPENDENT AUDITORS' REPORT**

To: The Board of Directors and Shareholders of  
Simula Technology Inc.

**Opinion**

We have audited the accompanying consolidated balance sheets of Simula Technology Inc. (the “Company”) and its subsidiaries as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT\$2,039,055 thousand for the year ended December 31, 2023 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the consolidated financial statements.

### Market valuation on inventory

We determined the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Group's net inventory amounted to NT\$317,831 thousand as of December 31, 2023. The Group's main products are characterized by rapid development in technology and the trend of consumers' preference. Management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to the assessment of the loss from slow-moving inventory and phased-out items, testing the accuracy of inventory aging schedule, analyzing inventory movement, performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the consolidated financial statements.





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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2023 and 2022.

/s/Chen, Kuo-Shuai

/s/ Lin, Cheng-Wei

Ernst & Young  
February 23, 2024  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

*Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$547,161	20.75	\$771,500	21.74
1110	Financial assets at fair value through profit or loss	4, 6(2)	6,114	0.23	4,591	0.13
1136	Financial assets carried at amortized cost	4, 6(3),8	124,771	4.73	4,877	0.14
1170	Accounts receivable, net	4, 6(4), 6(17)	350,131	13.28	849,641	23.94
1180	Accounts receivable - related parties, net	4, 6(4), 6(17), 7	25,722	0.98	11,321	0.32
1200	Other receivables		10,771	0.41	18,513	0.52
1210	Other receivables - related parties	7	99	-	-	-
1220	Current income tax assets		3,633	0.14	415	0.01
130x	Inventories	4, 6(5)	317,831	12.05	551,688	15.55
1410	Prepayments		14,671	0.56	14,137	0.40
1470	Other current assets		2,748	0.10	486	0.01
11XX	Total current assets		<u>1,403,652</u>	<u>53.23</u>	<u>2,227,169</u>	<u>62.76</u>
	Non-current assets					
1517	Financial assets at fair value through OCI	4, 6(6)	3,858	0.15	3,858	0.11
1600	Property, plant and equipment, net	4, 6(8), 7, 8	741,140	28.11	768,468	21.66
1755	Right-of-use assets	4, 6(18), 7	12,647	0.48	30,443	0.86
1780	Intangible assets	4, 6(9), 6(10)	439,810	16.68	479,988	13.53
1840	Deferred income tax assets	4, 6(22)	14,920	0.56	15,530	0.44
1915	Prepayment for equipment		15,665	0.59	21,847	0.62
1920	Refundable deposits		5,229	0.20	1,237	0.02
1990	Other Non-current assets		-	-	7	-
15XX	Total non-current assets		<u>1,233,269</u>	<u>46.77</u>	<u>1,321,378</u>	<u>37.24</u>
1XXX	Total Assets		<u>\$2,636,921</u>	<u>100.00</u>	<u>\$3,548,547</u>	<u>100.00</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Consolidated Balance Sheets-(Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss	4, 6(11)	\$51	-	\$1,110	0.03
2130	Contract liabilities	4, 6(16)	11,946	0.45	8,875	0.25
2170	Accounts payable		211,492	8.02	381,442	10.75
2180	Accounts payable - related parties	7	8	-	-	-
2200	Other payables	6(12)	177,336	6.72	246,766	6.95
2220	Other payables - related parties	7	4,641	0.18	779	0.02
2230	Current income tax liabilities	4, 6(22)	8,726	0.33	109,609	3.09
2281	Lease liabilities	4, 6(18)	9,206	0.35	20,580	0.58
2320	Long-term loans, current portion	6(13), 8	40,000	1.52	51,340	1.45
2399	Other current liabilities		8,358	0.32	21,567	0.61
21XX	Total current liabilities		<u>471,764</u>	<u>17.89</u>	<u>842,068</u>	<u>23.73</u>
	Non-current liabilities					
2540	Long-term loans	6(13), 8	70,000	2.66	198,556	5.60
2570	Deferred income tax liabilities	4, 6(22)	1,916	0.07	1,312	0.04
2581	Lease liabilities	4, 6(18)	4,217	0.16	10,948	0.31
2640	Net defined benefit liability	4, 6(14)	2,680	0.10	2,938	0.08
25XX	Total non-current liabilities		<u>78,813</u>	<u>2.99</u>	<u>213,754</u>	<u>6.03</u>
2XXX	Total liabilities		<u>550,577</u>	<u>20.88</u>	<u>1,055,822</u>	<u>29.76</u>
	Equity					
31xx	Capital	6(15)				
3100	Common stock		799,729	30.33	799,729	22.54
3200	Capital surplus	6(15)	551,718	20.92	551,718	15.55
3300	Retained earnings	6(15)				
3310	Legal reserve		117,691	4.46	93,144	2.62
3320	Special reserve		26,375	1.00	27,425	0.77
3350	Unappropriated earnings		(9,402)	(0.36)	297,334	8.38
	Total retained earnings		<u>134,664</u>	<u>5.10</u>	<u>417,903</u>	<u>11.77</u>
3400	Other components of equity		(7,462)	(0.28)	(9,881)	(0.28)
36xx	Non-controlling interests	6(15), 6(24)	607,695	23.05	733,256	20.66
3XXX	Total equity		<u>2,086,344</u>	<u>79.12</u>	<u>2,492,725</u>	<u>70.24</u>
	Total liabilities and equity		<u>\$2,636,921</u>	<u>100.00</u>	<u>\$3,548,547</u>	<u>100.00</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(16), 7	\$2,039,055	100.00	\$4,231,024	100.00
5000	Operating costs	6(5), 7	(1,754,673)	(86.05)	(3,317,423)	(78.41)
5900	Gross profit		284,382	13.95	913,601	21.59
6000	Operating expenses	7				
6100	Sales and marketing		(89,044)	(4.37)	(136,201)	(3.22)
6200	General and administrative		(202,485)	(9.93)	(240,288)	(5.68)
6300	Research and development		(78,987)	(3.87)	(104,912)	(2.48)
6450	Expected credit gains (losses)	4, 6(17)	(504)	(0.03)	(573)	(0.01)
	Total operating expenses		(371,020)	(18.20)	(481,974)	(11.39)
6900	Operating income (loss)		(86,638)	(4.25)	431,627	10.20
7000	Non-operating income and expenses	6(20), 7				
7100	Interest income		6,525	0.32	1,739	0.04
7010	Other income		6,801	0.34	9,455	0.22
7020	Other gains and losses		(19,490)	(0.96)	29,789	0.71
7050	Finance costs		(3,696)	(0.18)	(5,721)	(0.14)
7060	Share of the profit or loss of associates and joint ventures	4, 6(7)	-	-	(947)	(0.02)
	Total non-operating income and expenses		(9,860)	(0.48)	34,315	0.81
7900	Income (loss) before income tax		(96,498)	(4.73)	465,942	11.01
7950	Income tax expense	4, 6(22)	(4,552)	(0.22)	(104,625)	(2.47)
8200	Net income (loss)		(101,050)	(4.95)	361,317	8.54
8300	Other comprehensive income (loss)	6(21)				
8310	Items that not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		143	0.01	7,096	0.17
8316	Unrealized gain (losses) on valuation of financial assets at fair value through OCI		-	-	(1,022)	(0.03)
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		2,934	0.14	7,902	0.19
	Total other comprehensive income (loss), net of tax		3,077	0.15	13,976	0.33
8500	Total comprehensive income (loss)		<u>\$ (97,973)</u>	<u>(4.80)</u>	<u>\$ 375,293</u>	<u>8.87</u>
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		\$ (83,450)	(4.09)	\$ 249,235	5.89
8620	Non-controlling interests		(17,600)	(0.86)	112,082	2.65
			<u>\$ (101,050)</u>	<u>(4.95)</u>	<u>\$ 361,317</u>	<u>8.54</u>
8700	Comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		\$ (80,888)	(3.96)	\$ 263,017	6.22
8720	Non-controlling interests		(17,085)	(0.84)	112,276	2.65
			<u>\$ (97,973)</u>	<u>(4.80)</u>	<u>\$ 375,293</u>	<u>8.87</u>
9710	Earnings per share-basic (in NTD)	6(23)	<u>\$ (1.04)</u>		<u>\$ 3.12</u>	
9850	Earnings per share-diluted (in NTD)		<u>\$ (1.04)</u>		<u>\$ 3.09</u>	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Common Stock 3100	Capital Surplus 3200	Retained Earnings			Other Components of equity		Total 31xx	Non-controlling Interests 36xx	Total Equity 3xxx
				Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Exchange differences arising on translation of foreign operations 3410	Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income 3420			
A1	Balance as of January 1, 2022	\$799,729	\$551,718	\$82,080	\$26,375	\$143,948	\$(13,557)	\$(13,868)	\$1,576,425	\$653,860	\$2,230,285
	Appropriation and distribution of 2021										
B1	Legal reserve appropriated			11,064		(11,064)			-		-
B3	Special reserve				1,050	(1,050)			-		-
B5	Cash dividends - common shares					(79,973)			(79,973)		(79,973)
D1	Net income for 2022					249,235			249,235	112,082	361,317
D3	Other comprehensive income (loss) for 2022					7,096	7,708	(1,022)	13,782	194	13,976
D5	Total comprehensive income (loss) for 2022	-	-	-	-	256,331	7,708	(1,022)	263,017	112,276	375,293
O1	Non-controlling interests increase (decrease)									(32,880)	(32,880)
Q1	Disposal of equity instruments at fair value through other comprehensive income					(10,858)		10,858	-		-
Z1	Balance as of December 31, 2022	799,729	551,718	93,144	27,425	297,334	(5,849)	(4,032)	1,759,469	733,256	2,492,725
	Appropriation and distribution of 2022										
B1	Legal reserve appropriated			24,547		(24,547)			-		-
B5	Cash dividends - common shares					(199,932)			(199,932)		(199,932)
B17	Reversal of special reserve				(1,050)	1,050			-		-
D1	Net loss for 2023					(83,450)			(83,450)	(17,600)	(101,050)
D3	Other comprehensive income (loss) for 2023					143	2,419		2,562	515	3,077
D5	Total comprehensive income (loss) for 2023	-	-	-	-	(83,307)	2,419	-	(80,888)	(17,085)	(97,973)
O1	Non-controlling interests increase (decrease)									(108,476)	(108,476)
Z1	Balance as of December 31, 2023	\$799,729	\$551,718	\$117,691	\$26,375	\$9,402	\$(3,430)	\$(4,032)	\$1,478,649	\$607,695	\$2,086,344

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Simula Technology Inc.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A00010	Profit (loss) before tax	\$(96,498)	\$465,942	B00040	Increase in financial assets measured at amortized cost	(119,971)	(14)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(57,703)	(54,736)
A20010	Profit or loss not effecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	-	22,495
A20100	Depreciation (including right-of-use assets)	104,465	122,336	B03700	Increase in refundable deposits	(4,004)	-
A20200	Amortization	44,860	44,137	B03800	Decrease in refundable deposits	-	1,542
A20300	Expected credit losses (gain on recovery)	504	573	B04500	Acquisition of intangible assets	(4,540)	(2,170)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(2,583)	(1,500)	B06800	Decrease in other non-current assets	7	67
A20900	Interest expense	3,696	5,721	BBBB	Net cash provided by (used in) investing activities	(186,211)	(32,816)
A21200	Interest income	(6,525)	(1,739)				
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	-	947	CCCC	Cash flows from financing activities:		
A22500	Loss (gain) on disposal of property, plant and equipment	10	(16,372)	C00200	Decrease in short-term loans	-	(107,803)
A22600	Property, plant and equipment transferred to expense	7,340	-	C01700	Repayment of long-term loans	(139,896)	(51,340)
A23100	Loss (gain) on disposal of investments	6,653	-	C04020	Payments of lease liabilities	(22,120)	(25,445)
A23700	Impairment loss on non-financial assets	-	6,322	C04500	Cash dividends	(298,574)	(112,853)
A29900	Loss (gain) on lease modification	-	(49)	C05800	Changes in non-controlling interests	(9,834)	-
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(470,424)	(297,441)
A31150	Accounts receivable	499,006	(58,217)				
A31160	Accounts receivable - related parties	(14,401)	15,778	DDDD	Effect of exchange rate changes on cash and cash equivalents	(1,300)	7,120
A31180	Other receivables	7,742	8,894	EEEE	Net Increase (decrease) in cash and cash equivalents	(224,339)	223,744
A31190	Other receivables - related parties	(99)	346	E00100	Cash and cash equivalents at beginning of period	771,500	547,756
A31200	Inventories	233,857	155,969	E00200	Cash and cash equivalents at end of period	\$547,161	\$771,500
A31230	Prepayments	(534)	12,884				
A31240	Other current assets	(1,191)	1,217				
A32125	Contract liabilities	3,071	(10,833)				
A32150	Accounts payable	(169,950)	(171,270)				
A32160	Accounts payable - related parties	8	(698)				
A32180	Other payables	(72,387)	3,748				
A32190	Other payables - related parties	3,862	(996)				
A32230	Other current liabilities	(13,209)	20,580				
A32240	Net defined benefit liability	(115)	14				
A33000	Cash generated from (used in) operations	537,582	603,734				
A33100	Interest received	6,525	1,739				
A33300	Interest paid	(3,072)	(4,558)				
A33500	Income tax paid	(107,439)	(54,034)				
AAAA	Net cash provided by (used in) operating activities	433,596	546,881				

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



## **Appendix 1**

### **Simula Technology Inc. Articles of Incorporation**

#### **Chapter 1 General Provisions**

- Article 1 The Company is organized in accordance with the Company Act of R.O.C. and named Simula Technology Inc (the "Company").
- Article 2 The lines of business of the Company shall include the following:
01. CQ01010 Mold and Die Manufacturing
  02. F106030 Wholesale of Molds
  03. F206030 Retail Sale of Molds
  04. C805050 Industrial Plastic Products Manufacturing
  05. CC01080 Electronics Components Manufacturing
  06. F119010 Wholesale of Electronic Materials
  07. F219010 Retail Sale of Electronic Materials
  08. CA01050 Steel Secondary processing
  09. F106010 Wholesale of Hardware
  10. F206010 Retail Sale of Hardware
  11. I501010 Product Designing
  12. F401010 International Trade
  13. ZZ99999 All business items that are not prohibited or restricted by law, except those are subject to special approval.
- Article 3 The head office of the Company is located in Taoyuan, Taiwan. The Company may, as approved by the resolution of the Board of Directors, set up branch offices in compliance with applicable laws and regulations in Taiwan or abroad when necessary.
- Article 4 Public announcements of the Company shall be made according to Article 28 of the Company Act.
- Article 5 The Company may, in line with its business needs, provide guarantees externally. Relevant measures shall be handled in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees", but where there are prohibitions in other laws, the regulations shall be followed.
- Article 6 The total amount of the Company's investment is not subject to the restriction of Article 13 of the Company Act.

#### **Chapter 2 Shares**

- Article 7 The total capital of the Company is NT\$1.2 billion (NT\$1,200,000,000), divided into 120 million (120,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) each. The Board of Directors is authorized to issue in installments. A total of five million shares among the above total capital should be reserved for issuing employee stock options, which may be issued in installments to the resolution of the Board of Directors.

- Article 8 The share certificates of the Company shall be all in registered form, signed or sealed by at least three directors representing the company and are duly certified or authenticated by the bank, the share certificates could be issued to the publicly. The Company may issue shares without printing share certificates but the shares issued shall be recorded in depository institutes. The stock related operations shall be executed in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.
- Article 9 Within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the date on which the distribution of dividends, bonus or other benefits, registration for transfer of shares shall be suspended.
- Article 10 All of the Company's shares handle stock affairs such as stock transfer, pledge of rights, report of loss, inheritance, gift, report of loss of seal, change or change of address, etc., unless otherwise shall be handled in accordance with the provisions of the Regulations Governing the Administration of Shareholder Services of Public Companies.

### **Chapter 3 Shareholders' Meetings**

- Article 11 There are two kinds of shareholders' meetings in the Company: the General Meetings and extraordinary Meetings. General meeting shall be held once a year. The board of directors shall convene a general meeting within 6 months after the final account at the end of each fiscal year. An extraordinary meeting will be held if necessary.
- Article 12 In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to be present on such shareholder's behalf. In addition to the provisions of Article 177 of the Company Act, the procedures for shareholders to attend by proxy shall be governed by the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.
- Article 13 Shareholders of the Company have one vote for each share they hold. Except in the circumstances otherwise specified in the Article 179 of the Company Act, each share of stock of the Company shall be entitled to one vote.
- Article 14 Resolutions at a shareholders' meeting shall, unless otherwise specified for in the Company Act, be adopted by a majority vote of the attending shareholders, who represent more than one-half of the total number of voting rights.
- Article 14-1 Any proposal to revoke publicly issued shares, it shall submit a resolution to the shareholders' meeting. This provision shall not be modified during the period when the company's shares are listed in the OTC market or Taiwan Stock Exchange (TWSE).
- Article 14-2 The Company's shareholders' meetings can be held by means of video conferencing or other methods announced by the central competent authority.

### **Chapter 4 Directors and Audit Committees**

- Article 15 The company shall have seven to nine directors, whose term of office is three years

and may be re-elected. Among the number of directors stipulated in the preceding paragraph, the number of independent directors to be elected shall not be less than three. The percentage of shareholdings of all the directors shall be in accordance with the rules and regulations of the securities authority. The Company may take out liability insurance for the directors with respect to the liabilities resulting from exercising their duties during their terms of office.

Article 15-1 The election of directors adopts the candidate nomination system in Article 192-1 of the Company Act, and the shareholders shall elect the directors from the nominees listed in the candidate roster. Independent directors and non-independent directors shall be elected together, and the number of elected candidates shall be calculated respectively. The professional qualifications, restrictions on the shareholdings and concurrent positions held, method of nomination and election, and other matters with regard to the independent directors shall be set forth in accordance with the rules and regulations of the securities authority.

Article 15-2 The directors of the company shall be elected by single selection, registered and accumulated election method. If this method requires amendment, it shall be carried out in accordance with Article 172 of the Company Law and a table of comparison for such method shall be included in the agenda for convening the meeting.

Article 15-3 The company is configured with an audit committee in compliance with the requirements established under Article 14-4 of the Securities and Exchange Act. The Audit Committee shall consist of all independent directors. The Committee or its members are in charge of exercising functions as supervisors indicated in the Company Act, the Securities and Exchange Act, and other laws and regulations.

Article 16 The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the attending directors by a majority vote and with the attendance over two thirds of the seats in a meeting of the Board of Directors. As necessary, a Vice Chairman may be elected among the attending directors in the same manner. The Chairman of the Board shall externally have the authority to represent the Company.

Article 17 In case the chairman is on leave or unable to exercise his/her power and authority for any cause, his/her authority shall be executed in accordance with Article 208 of the Company Act.

Article 18 Except for the first board of directors newly elected in each session, which shall be convened by the director with the most votes, the subsequent board of directors shall be convened by the chairman of the board of directors. The convening of the board of directors shall specify the date, location and agenda of the meeting. The convening of the Board of Directors of the Company shall be notified to all directors 7 days prior to the day of meeting. In case of an urgent circumstances, an interim Board meeting may be held at any time.

The convening of the Board of Directors of the company may be notified to all directors in writing, email or fax.

Article 19 Board meetings shall be convened by the chairman. Unless otherwise provided for in other Law and Articles of Incorporation, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the

directors.

Article 20 Directors may authorize other directors to attend the board meeting on behalf of other directors in writing, and may exercise voting rights on all matters proposed at the meeting, but each director is limited to acting on behalf of one other director.

Article 21 The Board of Directors is authorized to determine the remuneration of all directors, based on the level of participation and the value of contribution to the Company's business operations and taking into account the common remuneration level in the same industry.

## **Chapter 5 Managerial Officer**

Article 22 The company may have managers, whose hiring, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 23 The Board of Directors shall prepare the following statements at the end of the company's accounting year, submit them to the Audit Committee for inspection 30 days prior to the general Shareholders' Meeting and then submit them to the general Shareholders' Meeting for recognition:

1. Business reports.
2. Financial statements.
3. Profit distribution or loss compensation proposal.

Article 24 The Company, if profitable in the year, shall set aside 5~20% of the profit as compensation for the employees and no higher than 1% as remuneration for the directors.

However, the Company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first. The above-mentioned employees' remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of an affiliated company meeting certain conditions.

Article 24-1 Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid-in capital. Certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulations or as requested by the competent authority. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed and approved. Where the aforesaid earnings distribution plan or dividend on preferred share is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

The company's dividend policy is in line with the growth characteristics of the technology industry and the overall environment, while taking into account a stable and balanced dividend policy, and taking into account factors such as profitability, financial structure, and future development. If the annual operating result is positive

and the retained earnings available for distribution is over 2% of the paid-in capital, the dividends should not be less than 10% of the retained earnings available for distribution. The distribution of earnings may be carried out in accordance with the company's overall capital budget planning. The cash dividends distribution ratio shall not be less than 10% of the total dividend.

Article 24-2 The company may distribute new shares or cash in accordance with Article 241 of the Company Act with the statutory surplus reserve or capital reserve. If cash is used in the preceding paragraph, the board of directors shall be authorized to make a resolution and report at the shareholders' meeting.

## **Chapter 7 Supplementary Provisions**

Article 25 All matters not provided for in the articles of incorporation shall be handled in accordance with the Company Act.

Article 26 These Articles of Incorporation were enacted on December 2, 2003, and has undergone sixteen times amendments, and the 17th amendment was on June 10, 2022.

**Simula Technology Inc.**



Chairman: Huang, Han-Chou



## **Appendix II**

### **Simula Technology Inc. Rules and Procedures for Shareholders' Meeting**

1. Purpose:

To establish a strong governance system and sound supervisory capabilities for the company's Shareholders Meetings, and to strengthen management capabilities, these rules are formulated in accordance with Article 182-1 of the Company Act for compliance.

2. Scope:

The rules of procedures for the company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

3. Responsibilities: Refer to 5. Content below.

4. Definition of Terms: None.

5. Content:

5.1 Convening shareholders meetings and shareholders meeting notices

5.1.1 Unless otherwise provided by law or regulation, this company's shareholders meetings shall be convened by the board of directors. With the consent of the addressee, the meeting notice may be given in electronic form.

5.1.2 The convention of the regular shareholders' meeting shall be notified to each shareholder 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting. For the shareholders holding less than 1000 shares, the Company may publicly announce the convention of the regular shareholders meeting by uploading the information to the Market Observation Post System (MOPS) 30 days before the date of meeting or 15 days before the date of an extraordinary shareholders meeting.

5.1.3 The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement.

5.1.4 Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

5.1.5 If the meeting notice has specified the re-election of directors and the date they assumed their duties, as the re-election is completed on the shareholders' meeting, resolution of assuming date should not be changed by means of an extraordinary motion or other means in the same meeting.

5.2 Attending Shareholder Meetings by Proxy and Authorization

5.2.1 For each shareholders meeting, a shareholder may appoint a proxy to attend the

meeting by providing the proxy form issued by the company and stating the scope of the proxy's authorization.

5.2.2 A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

5.2.3 After a proxy form has been delivered to this company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

### 5.3 Principles Determining the Time and Place of a Shareholders Meeting

The venue for a shareholders meeting shall be the premises of this company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

5-3-1 To convene a virtual shareholders meeting, the Company shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - 1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - 2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - 3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - 4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.

#### 5.4 Preparation of Documents Such as the Attendance Book

- 5.4.1 The company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.
- 5.4.2 Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- 5.4.3 When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- 5.4.4 The company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

#### 5.5 The Chairman and Non-Voting Participants of a Shareholders Meeting

- 5.5.1 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chairman, or, if there are no managing directors, one of the directors shall be appointed to act as chairman. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chairman. When a managing director or a director serves as chairman, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chairman.
- 5.5.2 Shareholders' meetings convened by the Board of Directors should be attended by more than half of the directors of the Board of Directors. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chairman the meeting. When there are two or more such convening parties, they shall mutually select a chairman from among themselves.
- 5.5.3 The company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

#### 5.6 Audio or Video Recording of Shareholder Meetings Proceedings

The company must record the entire process of the shareholders' meeting via audio or video and retain the recordings for at least one year. When the company conducts a virtual shareholders' meeting, it should record information such as shareholder registration,



check-in, attendance, questions, voting, and the results of the vote counting. The entire virtual meeting must be continuously recorded without interruption. These recordings should be properly preserved during the retention period and made available to the entrusted party handling the virtual meeting affairs.

#### 5.7 Calculation of Shares Represented in Shareholder Meeting and Proceeding with the Meeting

5.7.1 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards.

5.7.2 The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall declare the meeting adjourned.

5.7.3 If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

5.7.4 When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### 5.8 Discussions of Proposals

5.8.1 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Relevant proposals (including the extraordinary motions or amendment of the existing proposals) shall be resolved case by case. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

5.8.2 The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

5.8.3 The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

5.8.4 The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed, call for a vote, and arrange an adequate time to vote.

## 5.9 Shareholder Speech

- 5.9.1 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.
- 5.9.2 A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
- 5.9.3 Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech. Shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chairman declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.
- 5.9.4 When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.
- 5.9.5 When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- 5.9.6 After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

## 5.10 Calculation of Voting Shares and Recusal System

- 5.10.1 Voting at a shareholders meeting shall be calculated based the number of shares.
- 5.10.2 With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- 5.10.3 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- 5.10.4 The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- 5.10.5 With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

## 5.11 Voting of Resolution, Voting Supervision and Vote Counting

- 5.11.1 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.
- 5.11.2 Except as otherwise provided in the Company Act and in this company's articles of

incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders.

When the Company convenes a virtual shareholders meeting, after the chairman declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chairman announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chairman announces the voting session ends, and results of votes and elections shall be announced immediately.

- 5.11.3 An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all attending shareholders after solicitation by the chairman. If there is any objection, the agenda item shall be put to a vote by casting ballots in accordance with the foregoing paragraph.
- 5.11.4 Except for the proposals listed in the agenda, other proposals proposed by shareholders or amendments to or alternatives to the original proposal shall be seconded by other shareholders, and the shareholding of the proposer and the representative of the seconder shall be more than 1% of the total number of voting rights of the issued shares. shares.
- 5.11.5 When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- 5.11.6 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

## 5.12 Election Matters

- 5.12.1 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
- 5.12.2 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

## 5.13 Meeting Records and Signature Matters

- 5.13.1 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The production and distribution of the minutes of the proceedings referred to in the preceding paragraph may be done electronically.
- 5.13.2 For shareholders of the Company who hold less than 1,000 registered shares, the distribution of the minutes of the proceedings referred to in the preceding paragraph

may be done by means of an announcement entered into the Market Observation Post System.

5.13.3 The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman's full name, the methods by which resolutions were adopted, a summary of the deliberations, and the voting results (including the weighted voting). When an election of directors is held, the number of weighted votes each candidate wins shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the company.

5.13.4 The resolution method mentioned in the preceding paragraph is based on the chairman's consultation with shareholders. If shareholders have no objection to the proposal, it should record "passed after the chairman's consultation with all present shareholders without objection.". However, if shareholders have objections to the proposal, the method of voting by ballot and the number of voting rights and the ratio of voting rights should be specified.

#### 5.14 Public Disclosure

5.14.1 On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

5.14.2 If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or TPEX) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

#### 5.15 Maintaining Order at the Meeting Place

5.15.1 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

5.15.2 The chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

5.15.3 At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the company, the chairman may prevent the shareholder from so doing.

5.15.4 When a shareholder violates the rules of procedure and defies the chairman's correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

#### 5.16 Recess and Resumption of a Shareholders Meeting

5.16.1 When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

5.16.2 If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

5.16.3 A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

6. Amendment:

6.1 The Rules and any amendment shall take effect after being approved at the shareholders' meeting.

7. Relevant Information:

7.1 Article 182-1 of the Company Act.

8. Use Form: None.

## **Appendix III**

### **Simula Technology Inc. Shareholding of Directors**

1. The company's paid-in capital is NT\$799,729,450, and the number of issued shares is 79,972,945 shares.
2. In accordance with Article 26 of the Securities and Exchange Act, the provisions of the shareholding ratio and inspection implementation rules for directors and supervisors of public offering companies.  
The total shareholding of all non-independent directors of the company shall not be less than 6,397,835 issued shares of the company.
3. As of the book closure date for that shareholders' meeting, the actual collective shareholdings of directors were shown as below:

Title	Name	No. of Shareholding	Shareholding %
Chairman	Representative of Qisda Corp./ Huang, Han-Chou	30,000,000	37.51%
Director	Representative of Qisda Corp./ Hu, Jo-Yao		
Director	Representative of Qisda Corp./ Cheng, Yin-Shiang		
Director	Representative of Qisda Corp./ Lin, Yu-Chin		
Independent Director	Yeh, Hui-Hsin	-	-
Independent Director	Tan, Tang-O	-	-
Independent Director	Chen, Jin-ji	-	-
Combined shareholding of all non-Independent Directors		30,000,000	37.51%

Note: The book closure period of the Annual Shareholders' Meeting is from April 09, 2024 to June 07, 2024.