



OPNET TECHNOLOGIES CO., LTD

Meeting Notice for 2024 Annual Shareholders' Meeting (Translation)

Meeting Agenda

Type of Meeting: Physical Meeting

Time: 9:00 a.m., June 6, 2024

Place: 3F, No.5, Gongye E. 9th Rd., Hsinchu Science Park, Hsinchu County,
Taiwan. (R.O.C.) (OPNET TECHNOLOGIES CO., LTD)

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
 - (1) 2023 business report
 - (2) Audit Committee's report of 2023
 - (3) Report on 2023 employees' profit sharing and directors' compensation
4. Proposed Resolutions
 - (1) Adoption of the 2023 business report and financial statements
 - (2) Adoption of the 2023 earnings distribution proposal
5. Election Matters
 - (1) Election of seven directors (includes four independent directors)
6. Other Matters
 - (1) Release the prohibition on new independent director from Participation in Competitive Business
7. Extempore Motions
8. Meeting Adjourned

The Major Item

1. Adoption of the 2023 earnings distribution Proposal

Explanatory Notes:

The net income of 2023 was NT\$94,098,044, and the 2023 Earnings Distribution Proposal was approved by the Board of Directors on March 8, 2024. Proposed cash dividends of NT\$75,448,470 to shareholders (NT\$1.2 per share).

2. Cash Reduction Procedure

Explanatory Notes:

- (1) In order to enhance shareholder returns, the company plans to conduct a cash reduction and return capital to shareholders.
- (2) The proposed cash reduction amounts to NT\$62,873,720, with 6,287,372 shares to be cancelled, representing approximately 10% reduction. Each share will be refunded NT\$1 in cash. The post-reduction capital will be NT\$565,863,530.
- (3) Based on the total number of issued shares calculated in the preceding item, approximately 900 new shares will be issued per thousand shares (i.e., shareholders will see a reduction of approximately 100 shares per thousand shares). The reduction will be calculated based on the shareholding recorded in the shareholder registry on the reduction exchange date, and the reduced capital will be refunded to shareholders in cash according to their respective shareholding proportions, rounded down to the nearest unit.
- (4) The new shares issued through this cash reduction will be issued electronically and will carry the same rights and obligations as the original shares. Shareholders holding fractional shares after the reduction may, from the fifth day prior to the cessation of share transfer until the day before the cessation, register with the company's share registrar to combine their fractions into whole shares. Fractions remaining below one whole share after aggregation will be compensated in cash based on the face value of the shares, rounded down to the nearest unit. Authorization will be given to the chairman to negotiate with specific individuals for the purchase of these fractional shares at face value.
- (5) Upon approval at the shareholders' meeting and submission to the competent authority for reporting and effectiveness, the chairman is authorized to set the reduction record date and reduction exchange date and handle related operational matters.

- (6) In the event of changes in laws or regulations, adjustments by regulatory authorities, or other factors affecting changes in shareholding, resulting in the need to adjust the reduction ratio and refund amount per share, authorization will be sought from the shareholders' meeting for the chairman to handle such adjustments.
- (7) Election is respectfully requested.

Supplemental Explanation:

The company received a letter from the Securities Investor and Futures Trader Protection Center, dated March 27, 2024, regarding inquiries about the current cash reduction plan. The explanations and responses are as follows:

- (1) Reason, necessity, and rationality for the current cash reduction.

Response: The Company's cash position has been continuously increasing due to operational profitability. Considering that the existing funds are sufficient to meet future operational needs, the company plans to conduct a cash reduction to return capital to shareholders, aiming to enhance capital utilization efficiency and shareholder returns.

- (2) Source of funds for the current cash reduction and its impact on the company's finances, normal operations, and capital structure stability.

Response: The main source of funds for the current cash reduction is internal funds, which will not affect the company's future financials or normal operations and will not have a significant impact on the company's capital structure.

- (3) Whether the company has plans for fundraising or free issuance of new shares at the shareholders' meeting in the current year and the next year, and the necessity and rationality of such plans.

Response: The Company does not have plans for fundraising or free issuance of new shares at the shareholders' meeting in the current year or the next year.

- (4) In accordance with the information disclosed on the Taiwan Stock Exchange's website, the company's net profit after tax for the fiscal year 112 amounted to NT\$94,098 thousand, and the cash flow statement showed a net cash outflow of NT\$86,226 thousand. Please provide detailed explanations on the source of funds, decision considerations, and reasons for strategic adjustments for the current cash reduction.

Response:

- i. The company's cash flow statement for 2023 showed a net cash outflow of NT\$86,226 thousand. This was primarily due to the increase in interest rates, leading to the transfer of idle funds into fixed-term deposits for over three months to increase interest income, resulting in a net cash outflow of NT\$48,211 thousand from investing activities, with fixed-term deposits exceeding three months increasing by NT\$46,605 thousand. Additionally, the net cash outflow from financing activities amounted to NT\$45,567 thousand, mainly due to the payment of cash dividends totaling NT\$37,724 thousand.
- ii. As the company's industry is primarily project-based, monthly revenue fluctuates depending on the delivery of major projects. Revenue recognized in the fourth quarter of 2023 amounted to NT\$357,960 thousand, with accounts receivable of NT\$190,435 thousand at the end of the period, which was recorded in the first quarter of 2024. Combined with cash and cash equivalents of NT\$402,929 thousand at the end of the period, it is sufficient to meet the funds required for the current cash reduction without impacting future cash flow.

Board of Directors

OPNET TECHNOLOGIES CO., LTD