

ARCH METER CORPORATION
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24000499

To the Board of Directors and Stockholders of Arch Meter Corporation

Opinion

We have audited the accompanying balance sheets of Arch Meter Corporation (the "Company") as at December 31, 2024 and 2023, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Company's 2024 financial statements are stated as follows:

Valuation of inventories

Description

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(4) for details of inventory valuation.

The Company is engaged in manufacturing and sales of smart grid, power monitoring equipment and electrical energy management systems. Due to the rapid technological innovations and market competition, there is a higher risk of inventory losses due to slow-moving inventory and obsolescence. The balances of inventories are significant to the financial statements and inventories are measured at the lower of cost and net realisable value. The net realisable value which was used in the obsolete or slow-moving inventories involves subjective judgment resulting in an estimation uncertainty, we consider the valuation of inventories as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the valuation of inventories included: Assessed the reasonableness of accounting policies in relation to allowance for inventory valuation losses; tested inventory aging report including checking the quantity and amount of the ending stocks in the inventory ageing report to the detailed ledger of inventories by sample testing individual inventory mark number and examined the logic in calculating the inventory aging; and sampled and validated the net realisable value of slow-moving and obsolete inventories against respective historical information for diminution in inventory value in order to ensure the reasonableness of provision for inventory loss.

Timing of sales revenue recognition

Description

Refer to Note 4(24) for the accounting policies on recognition of sales revenue, and Note 6(18) for the details of operating revenue. Sales revenue is one of the major operating activities of the Company and is critical to the Company's operating results. In addition, the transaction terms of sales are diverse, and the timing of sales revenue recognition is in accordance with the contractual determinations as to whether control of goods has been transferred to the customer, and thus we consider the timing of sales revenue recognition as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the revenue recognition included: Obtained an understanding of and assessed internal control procedure of sales revenue and tested the implementation of the control procedures; selected samples of contracts with customers, performance obligations and prices, and supporting documents for goods shipped to confirm that recognition timing and the associated amounts were recorded correctly; selected sales transaction in a certain period before and after the balance sheet date and assessed the trade terms and shipping documents to confirm whether the sale transaction was recorded in proper period.

Responsibilities of management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

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

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

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

Chiang, Tsai-Yen

Hsieh, Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2025

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report 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, PricewaterhouseCoopers 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.

ARCH METER CORPORATION
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2024 | | December 31, 2023 | | |
|---------------------------|---|-------------------|---------------------|-------------------|---------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 343,828 | 18 | \$ 247,783 | 13 |
| 1136 | Current financial assets at amortised cost | 6(2) | 8,700 | 1 | 8,700 | 1 |
| 1140 | Current contract assets | 6(18) | - | - | 59,734 | 3 |
| 1150 | Notes receivable, net | 6(3) | 7,097 | - | 6,459 | - |
| 1170 | Accounts receivable, net | 6(3) | 195,085 | 10 | 47,100 | 3 |
| 1180 | Accounts receivable due from related parties, net | 6(3) and 7 | 13,166 | 1 | 22,691 | 1 |
| 130X | Current inventories | 6(4) | 379,763 | 19 | 491,824 | 26 |
| 1410 | Prepayments | | 7,762 | - | 23,243 | 1 |
| 1470 | Other current assets | | 154 | - | 23 | - |
| 11XX | Current assets | | <u>955,555</u> | <u>49</u> | <u>907,557</u> | <u>48</u> |
| Non-current assets | | | | | | |
| 1600 | Property, plant and equipment | 6(5) and 8 | 833,847 | 42 | 763,372 | 41 |
| 1755 | Right-of-use assets | 6(6) | 9,589 | 1 | 16,180 | 1 |
| 1780 | Intangible assets | 6(7) | 4,193 | - | 4,802 | - |
| 1840 | Deferred tax assets | 6(25) | 4,753 | - | 9,746 | 1 |
| 1915 | Prepayments for business facilities | 6(27) | 23,569 | 1 | 44,541 | 2 |
| 1920 | Guarantee deposits paid | 6(8) and 8 | 138,042 | 7 | 128,773 | 7 |
| 15XX | Non-current assets | | <u>1,013,993</u> | <u>51</u> | <u>967,414</u> | <u>52</u> |
| 1XXX | Total assets | | <u>\$ 1,969,548</u> | <u>100</u> | <u>\$ 1,874,971</u> | <u>100</u> |

(Continued)

ARCH METER CORPORATION
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | | Notes | December 31, 2024 | | December 31, 2023 | |
|--|-------------------------------------|-------------|---------------------|------------|---------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Current borrowings | 6(9) | \$ 209,809 | 10 | \$ 451,905 | 24 |
| 2130 | Current contract liabilities | 6(18) | 69 | - | 697 | - |
| 2150 | Notes payable | | 60 | - | 60 | - |
| 2170 | Accounts payable | | 112,981 | 6 | 76,153 | 4 |
| 2200 | Other payables | 6(10) | 79,121 | 4 | 71,507 | 4 |
| 2230 | Current tax liabilities | | 17,566 | 1 | 30,226 | 2 |
| 2250 | Current provisions | 6(14) | 379 | - | 324 | - |
| 2280 | Current lease liabilities | | 3,462 | - | 7,398 | - |
| 2300 | Other current liabilities | | 1,286 | - | 1,198 | - |
| 21XX | Current liabilities | | <u>424,733</u> | <u>21</u> | <u>639,468</u> | <u>34</u> |
| Non-current liabilities | | | | | | |
| 2540 | Non-current borrowings | 6(11) and 8 | 616,000 | 31 | 592,000 | 32 |
| 2550 | Non-current provisions | 6(14) | 2,476 | - | 2,208 | - |
| 2580 | Non-current lease liabilities | | 6,289 | 1 | 9,117 | - |
| 2645 | Guarantee deposits received | 6(28) | 651 | - | 651 | - |
| 25XX | Non-current liabilities | | <u>625,416</u> | <u>32</u> | <u>603,976</u> | <u>32</u> |
| 2XXX | Total liabilities | | <u>1,050,149</u> | <u>53</u> | <u>1,243,444</u> | <u>66</u> |
| Equity | | | | | | |
| Share capital | | 6(15) | | | | |
| 3110 | Ordinary share | | 428,570 | 22 | 389,180 | 21 |
| Capital surplus | | 6(16) | | | | |
| 3200 | Capital surplus | | 272,964 | 14 | 75,677 | 4 |
| Retained earnings | | 6(17) | | | | |
| 3310 | Legal reserve | | 20,558 | 1 | 4,882 | - |
| 3350 | Unappropriated retained earnings | | 197,307 | 10 | 161,788 | 9 |
| 3XXX | Total equity | | <u>919,399</u> | <u>47</u> | <u>631,527</u> | <u>34</u> |
| Significant Contingent Liabilities and Unrecognised Contract Commitments | | 9 | | | | |
| Significant Events after the Reporting Period | | 11 | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 1,969,548</u> | <u>100</u> | <u>\$ 1,874,971</u> | <u>100</u> |

The accompanying notes are an integral part of these financial statements.

ARCH METER CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| | Items | Notes | Year ended December 31 | | | |
|------|--|-----------------------|------------------------|--------------|-------------------|--------------|
| | | | 2024 | | 2023 | |
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(18) and 7 | \$ 1,070,905 | 100 | \$ 1,036,959 | 100 |
| 5000 | Operating costs | 6(4)(23)(24) and 7 | (695,006) | (65) | (725,880) | (70) |
| 5900 | Gross profit from operations | | <u>375,899</u> | <u>35</u> | <u>311,079</u> | <u>30</u> |
| | Operating expenses | 6(23)(24) | | | | |
| 6100 | Selling and marketing expenses | | (27,000) | (2) | (21,622) | (2) |
| 6200 | General and administrative | | (59,510) | (6) | (48,804) | (5) |
| 6300 | Research and development expenses | | (48,344) | (4) | (33,632) | (3) |
| 6450 | Expected credit losses | 12(2) | (26) | - | (5) | - |
| 6000 | Total operating expenses | | <u>(134,880)</u> | <u>(12)</u> | <u>(104,063)</u> | <u>(10)</u> |
| 6900 | Net operating income | | <u>241,019</u> | <u>23</u> | <u>207,016</u> | <u>20</u> |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(19) | 3,253 | - | 1,811 | - |
| 7010 | Other income | 6(20) | 563 | - | 788 | - |
| 7020 | Other gains and losses | 6(21) | (965) | - | (307) | - |
| 7050 | Finance costs | 6(22) | (19,351) | (2) | (13,398) | (1) |
| 7000 | Total non-operating income and expenses | | <u>(16,500)</u> | <u>(2)</u> | <u>(11,106)</u> | <u>(1)</u> |
| 7900 | Profit before income tax | | <u>224,519</u> | <u>21</u> | <u>195,910</u> | <u>19</u> |
| 7950 | Income tax expense | 6(25) | (44,753) | (4) | (39,147) | (4) |
| 8200 | Profit for the year | | <u>\$ 179,766</u> | <u>17</u> | <u>\$ 156,763</u> | <u>15</u> |
| 8500 | Total comprehensive income for the year | | <u>\$ 179,766</u> | <u>17</u> | <u>\$ 156,763</u> | <u>15</u> |
| | Basic earnings per share | | | | | |
| 9750 | Basic earnings per share | 6(26) | <u>\$ 4.22</u> | | <u>\$ 4.03</u> | |
| | Diluted earnings per share | | | | | |
| 9850 | Diluted earnings per share | 6(26) | <u>\$ 4.19</u> | | <u>\$ 4.00</u> | |

The accompanying notes are an integral part of these financial statements.

ARCH METER CORPORATION
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital surplus | | | Retained earnings | | Total equity |
|--|-------|-------------------|----------------------------|------------------------|-------------------|----------------------------------|-------------------|
| | | Ordinary share | Additional paid-in capital | Employee share options | Legal reserve | Unappropriated retained earnings | |
| <u>2023</u> | | | | | | | |
| Balance at January 1, 2023 | | \$ 388,880 | \$ 75,205 | \$ 255 | \$ - | \$ 48,825 | \$ 513,165 |
| Profit for the year | | - | - | - | - | 156,763 | 156,763 |
| Total comprehensive income | | - | - | - | - | 156,763 | 156,763 |
| Appropriation and distribution of 2022 retained earnings | 6(17) | | | | | | |
| Legal reserve appropriated | | - | - | - | 4,882 | (4,882) | - |
| Cash dividends paid | | - | - | - | - | (38,918) | (38,918) |
| Compensation costs of share-based payment | 6(13) | - | - | 217 | - | - | 217 |
| Exercise of employee share options | 6(15) | 300 | 11 | (11) | - | - | 300 |
| Balance at December 31, 2023 | | <u>\$ 389,180</u> | <u>\$ 75,216</u> | <u>\$ 461</u> | <u>\$ 4,882</u> | <u>\$ 161,788</u> | <u>\$ 631,527</u> |
| <u>2024</u> | | | | | | | |
| Balance at January 1, 2024 | | \$ 389,180 | \$ 75,216 | \$ 461 | \$ 4,882 | \$ 161,788 | \$ 631,527 |
| Profit for the year | | - | - | - | - | 179,766 | 179,766 |
| Total comprehensive income | | - | - | - | - | 179,766 | 179,766 |
| Appropriation and distribution of 2023 retained earnings | 6(17) | | | | | | |
| Legal reserve appropriated | | - | - | - | 15,676 | (15,676) | - |
| Cash dividends paid | | - | - | - | - | (128,571) | (128,571) |
| Cash capital increase | 6(15) | 39,000 | 197,140 | (16,596) | - | - | 219,544 |
| Compensation costs of share-based payment | 6(13) | - | - | 16,743 | - | - | 16,743 |
| Exercise of employee share options | 6(15) | 390 | 86 | (86) | - | - | 390 |
| Balance at December 31, 2024 | | <u>\$ 428,570</u> | <u>\$ 272,442</u> | <u>\$ 522</u> | <u>\$ 20,558</u> | <u>\$ 197,307</u> | <u>\$ 919,399</u> |

The accompanying notes are an integral part of these financial statements.

ARCH METER CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Year ended December 31 | |
|---|-------------|------------------------|--------------------|
| | | 2024 | 2023 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 224,519 | \$ 195,910 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation expense | 6(5)(6)(23) | 25,096 | 18,554 |
| Amortisation charge | 6(7)(23) | 3,886 | 2,740 |
| Expected credit losses | 12(2) | 26 | 5 |
| Interest expense | 6(22) | 19,351 | 13,398 |
| Interest income | 6(19) | (3,253) | (1,811) |
| Compensation costs of share-based payment | 6(13) | 16,743 | 217 |
| Gains on disposals of property, plant and equipment | 6(21) | - | (40) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Contract assets | | 59,734 | 61,523 |
| Notes receivable | (| 638) | (1,241) |
| Accounts receivable | (| 148,011) | 68,441 |
| Accounts receivable due from related parties | | 9,525 | 4,611 |
| Inventories | | 112,061 | 40,831 |
| Prepayments | | 15,481 | (1,247) |
| Other current assets | (| 131) | 50 |
| Changes in operating liabilities | | | |
| Contract liabilities | (| 628) | 57 |
| Notes payable | | - | 57 |
| Accounts payable | | 36,828 | (97,870) |
| Other payables | | 20,222 | 14,577 |
| Provisions for warranty | | 324 | 2,532 |
| Other current liabilities | | 88 | 116 |
| Cash inflow generated from operations | | 391,223 | 321,410 |
| Interest received | | 3,253 | 1,811 |
| Interest paid | (| 19,351) | (13,398) |
| Income taxes paid | (| 52,420) | (34,394) |
| Net cash flows from operating activities | | <u>322,705</u> | <u>275,429</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at amortised cost | 6(2) | - | (8,700) |
| Acquisition of property, plant and equipment | 6(5)(27) | (79,832) | (698,519) |
| (Increase) decrease in refundable deposits | 6(8) | (9,270) | 9,177 |
| Proceeds from disposal of property, plant and equipment | | - | 40 |
| Acquisition of intangible assets | 6(7) | (3,277) | (3,630) |
| Net cash flows used in investing activities | | <u>(92,379)</u> | <u>(701,632)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Decrease in short-term borrowings | 6(28) | (242,096) | (104,243) |
| Proceeds from long-term debt | 6(28) | 24,000 | 592,000 |
| Increase in refundable deposits | | - | 651 |
| Redemption of lease liabilities | 6(6)(28) | (7,548) | (7,364) |
| Cash dividends paid | 6(16) | (128,571) | (38,918) |
| Cash capital increase | 6(15) | 219,544 | - |
| Exercise of employee share options | 6(15) | 390 | 300 |
| Net cash flows (used in) from financing activities | | <u>(134,281)</u> | <u>442,426</u> |
| Net increase in cash and cash equivalents | | 96,045 | 16,223 |
| Cash and cash equivalents at beginning of year | 6(1) | 247,783 | 231,560 |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 343,828</u> | <u>\$ 247,783</u> |

The accompanying notes are an integral part of these financial statements.

ARCH METER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Arch Meter Corporation (the “Company”) was incorporated on June 15, 2005 as a company limited by shares and had been a listed company since January 29, 2024. The Company is primarily engaged in manufacturing and trading of measuring instruments and control equipment.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on March 7, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2024 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|--|
| Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’ | January 1, 2024 |
| Amendments to IAS 1, ‘Classification of liabilities as current or non-current’ | January 1, 2024 |
| Amendments to IAS 1, ‘Non-current liabilities with covenants’ | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’ | January 1, 2024 |

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|---|--|
| Amendments to IAS 21, ‘Lack of exchangeability’ | January 1, 2025 |

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’ | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature dependent electricity’ | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’ | To be determined by International Accounting Standards Board |
| IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendments to IFRS 17, ‘Insurance contracts’ | January 1, 2023 |
| Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’ | January 1, 2023 |
| IFRS 18, ‘Presentation and disclosure in financial statements’ | January 1, 2027 |
| IFRS 19, ‘Subsidiaries without public accountability: disclosures’ | January 1, 2027 |
| Annual Improvements to IFRS Accounting Standards—Volume 11 | January 1, 2026 |

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. The financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

The functional currency of the Company is determined by the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- B. Monetary items denominated in foreign currencies are translated at the closing rate at the balance sheet date. Exchange differences arising upon translation at the balance sheet date are recognised in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the closing exchange rates prevailing at the balance sheet date; Resulting exchange differences are recognised in profit or loss. However, non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the historical exchange rates at the dates of the transactions.
- D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash or cash equivalents, excluding cash and cash equivalents that are restricted from being exchanged, used to settle liabilities for at least twelve months after the balance sheet date or restricted by other factors.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities held mainly for trading purposes;
 - (c) Liabilities that are to be settled within twelve months after the balance sheet date;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease is recognised in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable selling expenses.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| | |
|--------------------------|---------------|
| Buildings and structures | 10 ~ 50 years |
| Machinery and equipment | 2 ~ 5 years |
| Office equipment | 3 ~ 5 years |
| Leasehold improvements | 1 ~ 5 years |
| Transportation equipment | 5 years |

(13) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(14) Intangible assets

- A. Intangible assets are measured at cost less accumulated amortisation and accumulated impairment.
- B. Intangible assets which have finite useful life are amortised on a straight-line basis over the estimated useful lives as follows:

| | |
|----------------------|-------------|
| Computer software | 1 ~ 6 years |
| Technology royalties | 1 ~ 5 years |

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value on the trade date, net of directly attributable to the issuance of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Interest amortised using the effective interest method is recognised in profit or loss.

(17) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(19) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

The contributions are recognised as pension expense when they are due on an accrual basis.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated.

(21) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(22) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Revenue recognition

Sales of goods

- A. The Company manufactures and sells measuring instruments and control equipment products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering services

The Company provides services related to repairing, testing and installation of electricity meter. Revenue is recognised when services are rendered. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires the Company to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. The Company's assumptions and estimates are continually evaluated and adjusted based on historical experience and other factors. The Company's assumptions and estimates are based on concerning future events as that on the balance sheet date. Assumptions and estimates may differ from the actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. The net realisable value was calculated based on the historical experience value in relation to the disposal of obsolete inventories and may result in changes.

As of December 31, 2024, the carrying amount of inventories was \$379,763.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash on hand | \$ 50 | \$ 50 |
| Checking accounts and demand deposits | 195,678 | 219,633 |
| Time deposits | 148,100 | 28,100 |
| | <u>\$ 343,828</u> | <u>\$ 247,783</u> |

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| <u>Items:</u> | | |
| Current items: | | |
| Time deposits with maturity over three months | <u>\$ 8,700</u> | <u>\$ 8,700</u> |

- A. In 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was book value.
- B. The Company transacts with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.
- C. The Company has no financial assets at amortised cost pledged to others as collateral.

(3) Notes and accounts receivable

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Notes receivable | \$ 7,097 | \$ 6,459 |
| Accounts receivable | \$ 195,125 | \$ 47,114 |
| Accounts receivable due from related parties | 13,166 | 22,691 |
| Less: Allowance for uncollectible accounts | (40) | (14) |
| | <u>\$ 208,251</u> | <u>\$ 69,791</u> |

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

| | <u>December 31, 2024</u> | |
|------------------------|----------------------------|-------------------------|
| | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due | \$ 206,882 | \$ 7,097 |
| 1~180 days past due | 1,369 | - |
| 181~270 days past due | - | - |
| 271~365 days past due | - | - |
| Over 365 days past due | 40 | - |
| | <u>\$ 208,291</u> | <u>\$ 7,097</u> |

| | <u>December 31, 2023</u> | |
|------------------------|----------------------------|-------------------------|
| | <u>Accounts receivable</u> | <u>Notes receivable</u> |
| Not past due | \$ 67,358 | \$ 6,459 |
| 1~180 days past due | 2,390 | - |
| 181~270 days past due | 11 | - |
| 271~365 days past due | 32 | - |
| Over 365 days past due | 14 | - |
| | <u>\$ 69,805</u> | <u>\$ 6,459</u> |

The above ageing analysis was based on past due date.

- B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to \$148,075.

C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was its carrying amount.

D. The Company has no notes and accounts receivable pledged to others.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(4) Inventories

| | December 31, 2024 | | |
|-----------------------|-------------------|---------------------------------|-------------------|
| | Cost | Allowance for valuation loss | Book value |
| Merchandise inventory | \$ 2,401 | (\$ 935) | \$ 1,466 |
| Raw materials | 159,698 | (14,539) | 145,159 |
| Work in progress | 225,979 | (2,421) | 223,558 |
| Finished goods | 11,781 | (2,201) | 9,580 |
| | <u>\$ 399,859</u> | <u>(\$ 20,096)</u> | <u>\$ 379,763</u> |
| | December 31, 2023 | | |
| | Cost | Allowance for valuation loss | Book value |
| Merchandise inventory | \$ 2,229 | (\$ 1,635) | \$ 594 |
| Raw materials | 231,346 | (33,310) | 198,036 |
| Work in progress | 294,467 | (7,751) | 286,716 |
| Finished goods | 9,130 | (2,652) | 6,478 |
| | <u>\$ 537,172</u> | <u>(\$ 45,348)</u> | <u>\$ 491,824</u> |

The cost of inventories recognised as expense for the year :

| | Years ended December 31 | |
|--|-------------------------|-------------------|
| | 2024 | 2023 |
| Cost of goods sold | \$ 686,556 | \$ 654,711 |
| (Reversal of) loss on slow-moving inventories and valuation loss | (25,252) | 23,412 |
| Cost of services | 28,505 | 45,225 |
| Warranty cost | 324 | 2,532 |
| Loss on physical inventory | 4,873 | - |
| | <u>\$ 695,006</u> | <u>\$ 725,880</u> |

For the year ended December 31, 2024, the Company reversed inventory losses due to the disposal of inventories that have been previously provided for valuation losses, that reduced cost of goods sold.

(5) Property, plant and equipment

| | | 2024 | | | | | | |
|-------------------------------------|----|----------------|--------------------------|-------------------------|-------------------------|------------------|------------------------|-------------------|
| | | Land | Buildings and structures | Machinery and equipment | Transporation equipment | Office equipment | Leasehold improvements | Total |
| At January 1 | | | | | | | | |
| Cost | \$ | 407,825 | \$ 324,771 | \$ 83,478 | \$ 2,450 | \$ 2,542 | \$ 9,797 | \$ 830,863 |
| Accumulated depreciation | | - | (1,097) | (55,947) | (408) | (1,670) | (8,369) | (67,491) |
| | \$ | <u>407,825</u> | <u>\$ 323,674</u> | <u>\$ 27,531</u> | <u>\$ 2,042</u> | <u>\$ 872</u> | <u>\$ 1,428</u> | <u>\$ 763,372</u> |
| At January 1 | | \$ 407,825 | \$ 323,674 | \$ 27,531 | \$ 2,042 | \$ 872 | \$ 1,428 | \$ 763,372 |
| Additions | | 9,240 | 69,829 | 4,977 | 1,210 | 2,940 | - | 88,196 |
| Disposal - cost | | - | - | (1,509) | - | - | - | (1,509) |
| Depreciation expense | | - | (8,564) | (7,755) | (590) | (324) | (488) | (17,721) |
| Disposal - accumulated depreciation | | - | - | 1,509 | - | - | - | 1,509 |
| At December 31 | \$ | <u>417,065</u> | <u>\$ 384,939</u> | <u>\$ 24,753</u> | <u>\$ 2,662</u> | <u>\$ 3,488</u> | <u>\$ 940</u> | <u>\$ 833,847</u> |
| December 31 | | | | | | | | |
| Cost | \$ | 417,065 | \$ 394,600 | \$ 86,946 | \$ 3,660 | \$ 5,482 | \$ 9,797 | \$ 917,550 |
| Accumulated depreciation | | - | (9,661) | (62,193) | (998) | (1,994) | (8,857) | (83,703) |
| | \$ | <u>417,065</u> | <u>\$ 384,939</u> | <u>\$ 24,753</u> | <u>\$ 2,662</u> | <u>\$ 3,488</u> | <u>\$ 940</u> | <u>\$ 833,847</u> |
| | | 2023 | | | | | | |
| | | Land | Buildings and structures | Machinery and equipment | Transporation equipment | Office equipment | Leasehold improvements | Total |
| At January 1 | | | | | | | | |
| Cost | \$ | - | \$ - | \$ 78,573 | \$ - | \$ 2,651 | \$ 9,696 | \$ 90,920 |
| Accumulated depreciation | | - | - | (48,116) | - | (1,483) | (7,004) | (56,603) |
| | \$ | <u>-</u> | <u>\$ -</u> | <u>\$ 30,457</u> | <u>\$ -</u> | <u>\$ 1,168</u> | <u>\$ 2,692</u> | <u>\$ 34,317</u> |
| At January 1 | | \$ - | \$ - | \$ 30,457 | \$ - | \$ 1,168 | \$ 2,692 | \$ 34,317 |
| Additions | | 407,825 | 324,771 | 5,094 | 2,450 | - | 101 | 740,241 |
| Disposal - cost | | - | - | (189) | - | (109) | - | (298) |
| Depreciation expense | | - | (1,097) | (8,020) | (408) | (296) | (1,365) | (11,186) |
| Disposal - accumulated depreciation | | - | - | 189 | - | 109 | - | 298 |
| At December 31 | \$ | <u>407,825</u> | <u>\$ 323,674</u> | <u>\$ 27,531</u> | <u>\$ 2,042</u> | <u>\$ 872</u> | <u>\$ 1,428</u> | <u>\$ 763,372</u> |
| December 31 | | | | | | | | |
| Cost | \$ | 407,825 | \$ 324,771 | \$ 83,478 | \$ 2,450 | \$ 2,542 | \$ 9,797 | \$ 830,863 |
| Accumulated depreciation | | - | (1,097) | (55,947) | (408) | (1,670) | (8,369) | (67,491) |
| | \$ | <u>407,825</u> | <u>\$ 323,674</u> | <u>\$ 27,531</u> | <u>\$ 2,042</u> | <u>\$ 872</u> | <u>\$ 1,428</u> | <u>\$ 763,372</u> |

A. No interest was capitalised for the years ended December 31, 2024 and 2023.

B. Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

(6) Leasing arrangements — lessee

A. The Company leases various assets including buildings and structures and transportation equipment. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------------------|--------------------------|--------------------------|
| | <u>Book value</u> | <u>Book value</u> |
| Buildings and structures | \$ 8,588 | \$ 15,248 |
| Transportation equipment | 1,001 | 932 |
| | <u>\$ 9,589</u> | <u>\$ 16,180</u> |

| | <u>Years ended December 31</u> | |
|--------------------------|--------------------------------|-----------------------------|
| | <u>2024</u> | <u>2023</u> |
| | <u>Depreciation expense</u> | <u>Depreciation expense</u> |
| Buildings and structures | \$ 6,660 | \$ 6,660 |
| Transportation equipment | 715 | 708 |
| | <u>\$ 7,375</u> | <u>\$ 7,368</u> |

C. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$784 and \$15,350, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

| | <u>Years ended December 31</u> | |
|---------------------------------------|--------------------------------|-------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Items affecting profit or loss</u> | | |
| Expense on leases of low-value assets | \$ 358 | \$ 278 |
| Interest expense on lease liabilities | 235 | 406 |

E. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$8,141 and \$8,048, respectively.

F. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Intangible assets

| | 2024 | | |
|--------------------------|--------------------------|-----------------------------|-----------------|
| | <u>Computer software</u> | <u>Technology royalties</u> | <u>Total</u> |
| At January 1 | | | |
| Cost | \$ 7,677 | \$ 14,808 | \$ 22,485 |
| Accumulated amortisation | (3,633) | (14,050) | (17,683) |
| | <u>\$ 4,044</u> | <u>\$ 758</u> | <u>\$ 4,802</u> |
| At January 1 | \$ 4,044 | \$ 758 | \$ 4,802 |
| Additions | 2,127 | 1,150 | 3,277 |
| Amortisation charge | (2,665) | (1,221) | (3,886) |
| At December 31 | <u>\$ 3,506</u> | <u>\$ 687</u> | <u>\$ 4,193</u> |
| At December 31 | | | |
| Cost | \$ 9,804 | \$ 15,958 | \$ 25,762 |
| Accumulated amortisation | (6,298) | (15,271) | (21,569) |
| | <u>\$ 3,506</u> | <u>\$ 687</u> | <u>\$ 4,193</u> |
| | 2023 | | |
| | <u>Computer software</u> | <u>Technology royalties</u> | <u>Total</u> |
| At January 1 | | | |
| Cost | \$ 4,947 | \$ 13,908 | \$ 18,855 |
| Accumulated amortisation | (2,221) | (12,722) | (14,943) |
| | <u>\$ 2,726</u> | <u>\$ 1,186</u> | <u>\$ 3,912</u> |
| At January 1 | \$ 2,726 | \$ 1,186 | \$ 3,912 |
| Additions | 2,730 | 900 | 3,630 |
| Amortisation charge | (1,412) | (1,328) | (2,740) |
| At December 31 | <u>\$ 4,044</u> | <u>\$ 758</u> | <u>\$ 4,802</u> |
| At December 31 | | | |
| Cost | \$ 7,677 | \$ 14,808 | \$ 22,485 |
| Accumulated amortisation | (3,633) | (14,050) | (17,683) |
| | <u>\$ 4,044</u> | <u>\$ 758</u> | <u>\$ 4,802</u> |

Details of amortisation on intangible assets are as follows:

| | Years ended December 31 | |
|-----------------------------------|-------------------------|-----------------|
| | 2024 | 2023 |
| Operating costs | \$ 234 | \$ 14 |
| Selling expenses | 1,283 | 1,230 |
| Administrative expenses | 1,595 | 802 |
| Research and development expenses | 774 | 694 |
| | <u>\$ 3,886</u> | <u>\$ 2,740</u> |

(8) Guarantee deposits paid

| | December 31, 2024 | December 31, 2023 |
|-----------------------|-------------------|-------------------|
| Performance guarantee | \$ 79,381 | \$ 85,158 |
| Maintenance bond | 57,156 | 42,110 |
| Lease deposits | 1,445 | 1,445 |
| Others | 60 | 60 |
| | <u>\$ 138,042</u> | <u>\$ 128,773</u> |

(9) Short-term borrowings

| <u>Type of borrowings</u> | <u>December 31, 2024</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|--|--------------------------|----------------------------|-------------------|
| Unsecured borrowings of financial institutions | <u>\$ 209,809</u> | 0.5% ~ 2.25% | None. |
| <u>Type of borrowings</u> | <u>December 31, 2023</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| Unsecured borrowings of financial institutions | <u>\$ 451,905</u> | 2.00% ~ 2.20% | None. |

(10) Other payables

| | December 31, 2024 | December 31, 2023 |
|---|-------------------|-------------------|
| Salary and bonus payable | \$ 17,580 | \$ 16,203 |
| Payable on equipment | 14,457 | 27,065 |
| Payable on employees' compensation and directors' remuneration. | 19,523 | 17,035 |
| Pension payable | 1,084 | 983 |
| Others | 26,477 | 10,221 |
| | <u>\$ 79,121</u> | <u>\$ 71,507</u> |

(11) Long-term borrowings

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate range</u> | <u>Collateral</u> | <u>December 31, 2024</u> |
|---------------------------|--|----------------------------|-------------------|--------------------------|
| Bank secured borrowings | Borrowing period is from October 27, 2023 to August 15, 2044; interest is repayable monthly. | 1.982% | Land and plant | <u>\$ 616,000</u> |

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate range</u> | <u>Collateral</u> | <u>December 31, 2023</u> |
|---------------------------|---|----------------------------|-------------------|--------------------------|
| Bank secured borrowings | Borrowing period is from October 27, 2023 to October 27, 2043; interest is repayable monthly. | 1.85% | Land and plant | <u>\$ 592,000</u> |

(12) Pensions

Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023, were \$4,157 and \$3,846 respectively.

(13) Share based payment

A. For the years ended December 31, 2024 and 2023, the Company’s share-based payment arrangements were as follows:

| 2024 | | | | |
|--|-------------------|--------------------------------------|------------------------|--|
| <u>Type of arrangement</u> | <u>Grant date</u> | <u>Quantity granted(In thousand)</u> | <u>Contract period</u> | <u>Vesting conditions</u> |
| The first-time employee stock options (note) | 2019.01.01 | 2,900 | 6 years | 2 years’ service can be vested with 20% 3 years’ service can be vested with 80% |
| The second-time employee stock options | 2021.12.01 | 195 | 6 years | 2 years’ service can be vested with 20% 3 years’ service can be vested with 80% |
| Cash capital increase reserved for employee preemption | 2024.01.09 | 585 | Not applicable | Immediately vested |

2023

| Type of arrangement | Grant date | Quantity granted(In thousand) | Contract period | Vesting conditions |
|--|------------|-------------------------------|-----------------|--|
| The first-time employee stock options (note) | 2019.01.01 | 2,900 | 6 years | 2 years' service can be vested with 20% 3 years' service can be vested with 80% |
| The second-time employee stock options | 2021.12.01 | 195 | 6 years | 2 years' service can be vested with 20% 3 years' service can be vested with 80% |

Note: On November 18, 2011, the board of directors of this company passed a resolution to modify the acquired conditions. The expense of advance acquisition has been adjusted and recognized in 2011.

B. Details of employee stock options are as follows:

| | Years ended December 31 | | | |
|------------------------------------|---------------------------------|--|---------------------------------|--|
| | 2024 | | 2023 | |
| | No. of shares (in thousands) | Weighted-average Exercise price (in dollars) | No. of shares (in thousands) | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 167 | \$ 10 | 207 | \$ 10 |
| Options exercised | (39) | 10 | (30) | 10 |
| Options expired | - | - | (10) | - |
| Options outstanding at December 31 | <u>128</u> | \$ 10 | <u>167</u> | \$ 10 |
| Options exercisable at December 31 | <u>128</u> | \$ 10 | <u>39</u> | \$ 10 |

C. Information on fair value measurement of equity instruments:

| Type of arrangement | Grant date | Stock price (in dollars) | Exercise price (in dollars) | Fair value per unit (in dollars) |
|--|------------|--------------------------|-----------------------------|----------------------------------|
| The first-time employee stock options | 2019.01.01 | \$ 4.42 | \$ 10.0 | \$ 0.42 |
| The second-time employee stock options | 2021.12.01 | 10.66 | 10.0 | 3.38 |
| Cash capital increase reserved for employee preemption | 2024.01.09 | 74.25 | 45.88 | 28.37 |

D. Expenses incurred on share-based payment transactions amounted to \$16,743 and \$217 for the years ended December 31, 2024 and 2023, respectively.

(14) Provisions

| | 2024 | 2023 |
|-----------------------|----------|----------|
| | Warranty | Warranty |
| At January 1 | \$ 2,532 | \$ - |
| Additional provisions | 323 | 2,532 |
| At December 31 | \$ 2,855 | \$ 2,532 |

Analysis of total provisions:

| | December 31, 2024 | December 31, 2023 |
|-------------|-------------------|-------------------|
| Current | \$ 379 | \$ 324 |
| Non-current | \$ 2,476 | \$ 2,208 |

This represents the Company's warranties on smart meter products sold. Provision for warranty is estimated based on historical warranty data of smart meter products.

(15) Share capital

A. As of December 31, 2024, the Company's authorised capital was \$500,000, consisting of 50,000 thousand shares of ordinary stock, and the paid-in capital was \$428,570 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

| | Unit: (in thousand shares) | |
|----------------------------------|----------------------------|--------|
| | 2024 | 2023 |
| At January 1 | 38,918 | 38,888 |
| Cash capital increase | 3,900 | - |
| Employee stock options exercised | 39 | 30 |
| At December 31 | 42,857 | 38,918 |

The Board of Directors of the Company during its meeting on December 1, 2023 adopted a resolution to increase its capital by issuing 3,900 thousand ordinary shares with a par value of NT\$10 (in dollars) per share. The above capital increase was approved by the competent authority, and the effective date of the capital increase was set on January 25, 2024 as resolved by the Board of Directors. The total issuance amount was \$226,123 and the registration for the change was approved on March 21, 2024.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. The current year's earnings, if any, shall first be used to pay income tax and offset prior years' operating losses in accordance with the law, The remainder, if any, 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. The remainder, if any, along with beginning unappropriated earnings shall be proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting.
- B. The Company's dividend policy is based on the principle of stability and balance, taking into account the Company's overall operating environment and capital requirements in the future. The type of dividends will depend on the Company's earnings, financial structure and future capital budget. Dividends may be distributed as shareholders' dividends and bonus at least 10% of the distributable earnings in the form of cash or shares, among which the cash dividends shall account for at least 50% of the total dividends distributed. The annual shareholders' meeting may decide the most timely and appropriate method of dividend distribution, taking into consideration the industry conditions and regarding the Company's interests and development as the highest principle.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriation of 2023 earnings as resolved by the shareholders on June 21, 2024 is as follows:

| | 2023 | |
|----------------|-------------------|--------------------------------------|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 15,676 | |
| Cash dividends | 128,571 | \$ 3.00 |
| | <u>\$ 144,247</u> | |

F. The appropriation of 2024 earnings proposed by the Board of Directors on March 7, 2025 which is pending to be resolved by the shareholders is as follows:

| | 2024 | |
|----------------|-------------------|--------------------------------------|
| | Amount | Dividends per share (in dollars) |
| Legal reserve | \$ 17,977 | |
| Cash dividends | 128,955 | \$ 3.00 |
| | <u>\$ 146,932</u> | |

(18) Operating revenue

| | Years ended December 31 | |
|---------------------------------------|-------------------------|--------------|
| | 2024 | 2023 |
| Revenue from contracts with customers | \$ 1,070,905 | \$ 1,036,959 |

A. Disaggregation of revenue from contracts with customers:

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines:

| | Years ended December 31 | |
|-------------------------------------|-------------------------|---------------------|
| | 2024 | 2023 |
| Smart grid | \$ 901,811 | \$ 883,881 |
| Power monitoring equipment | 127,185 | 116,310 |
| Electrical energy management system | 41,909 | 36,768 |
| | <u>\$ 1,070,905</u> | <u>\$ 1,036,959</u> |

B. Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

| | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|----------------------|-------------------|-------------------|-----------------|
| Contract assets | \$ - | \$ 59,734 | \$ 121,257 |
| Contract liabilities | \$ 69 | \$ 697 | \$ 640 |

Revenue recognised that was included in the contract liability balance at the beginning of the year

| | Years ended December 31 | |
|---|-------------------------|--------|
| | 2024 | 2023 |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | \$ 53 | \$ 640 |

(19) Interest income

| | Years ended December 31 | |
|------------------------------------|-------------------------|----------|
| | 2024 | 2023 |
| Interest income from bank deposits | \$ 3,253 | \$ 1,811 |

(20) Other income

| | Years ended December 31 | |
|-------------------|-------------------------|--------|
| | 2024 | 2023 |
| Rental revenue | \$ 258 | \$ 233 |
| Government grants | 184 | 405 |
| Other income | 121 | 150 |
| | \$ 563 | \$ 788 |

(21) Other gains and losses

| | Years ended December 31 | |
|-----------------------------------|-------------------------|----------|
| | 2024 | 2023 |
| Net currency exchange losses | (\$ 965) | (\$ 347) |
| Gains on disposal of fixed assets | - | 40 |
| | (\$ 965) | (\$ 307) |

(22) Finance costs

| | Years ended December 31 | |
|--------------------|-------------------------|-----------|
| | 2024 | 2023 |
| Interest expenses: | | |
| Bank borrowings | \$ 19,116 | \$ 12,992 |
| Lease liability | 235 | 406 |
| | \$ 19,351 | \$ 13,398 |

(23) Expenses by nature

| | Years ended December 31 | |
|---|-------------------------|------------|
| | 2024 | 2023 |
| Salary benefit expense | \$ 149,264 | \$ 118,647 |
| Depreciation expense | \$ 25,096 | \$ 18,554 |
| Amortisation charges on intangible assets | \$ 3,886 | \$ 2,740 |

(24) Employee benefit expense

| | Years ended December 31 | |
|---|-------------------------|-------------------|
| | 2024 | 2023 |
| Salary expenses | \$ 117,886 | \$ 104,504 |
| Labour and health insurance fees | 8,625 | 7,719 |
| Pension costs | 4,157 | 3,846 |
| Compensation cost of share-based payments | 16,743 | 217 |
| Other personnel expenses | 1,853 | 2,361 |
| | <u>\$ 149,264</u> | <u>\$ 118,647</u> |

- A. The Company's current year's earnings, if any, shall be distributed pre-tax profit as employees' compensation and directors' and supervisors' remuneration. The percentage shall be 5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. Independent directors will not receive any distributable profit. If the Company has an accumulated deficit, earnings should be reserved to cover deficit.
- B. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$12,202 and \$10,647, respectively; while directors' and supervisors' remuneration was accrued at \$7,321 and \$6,388, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 5% and 3% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration for 2024 and 2023, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2024 and 2023 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income taxes

A. Income tax expense

Components of income tax expense:

| | Years ended December 31 | |
|---|-------------------------|------------------|
| | 2024 | 2023 |
| Current tax: | | |
| Current tax on profits for the year | \$ 39,910 | \$ 44,346 |
| Prior year income tax over estimation | (151) | (35) |
| Total current tax | <u>39,759</u> | <u>44,311</u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | 4,994 | (5,164) |
| Total deferred tax | <u>4,994</u> | <u>(5,164)</u> |
| Income tax expense | <u>\$ 44,753</u> | <u>\$ 39,147</u> |

B. Reconciliation between income tax expense and accounting profit:

| | Years ended December 31 | |
|---|-------------------------|------------------|
| | 2024 | 2023 |
| Income tax calculated by applying statutory rate to the profit before tax | \$ 44,904 | \$ 39,182 |
| Expenses disallowed by tax regulation | - | - |
| Prior year income tax over estimation | (151) | (35) |
| Income tax expense | <u>\$ 44,753</u> | <u>\$ 39,147</u> |

C. Amounts of deferred tax assets as a result of temporary differences are as follows:

| | 2024 | | | |
|--|-----------------|------------------------------|--|-----------------|
| | At January 1 | Recognised in profit or loss | Recognised in other comprehensive income | At December 31 |
| Deferred tax assets: | | | | |
| Loss for market value decline and obsolete and slow-moving inventories | \$ 9,070 | (\$ 5,051) | \$ - | \$ 4,019 |
| Payable on unused compensated absence | 171 | (8) | - | 163 |
| Warranty cost | <u>506</u> | <u>65</u> | <u>-</u> | <u>571</u> |
| | <u>\$ 9,747</u> | <u>(\$ 4,994)</u> | <u>\$ -</u> | <u>\$ 4,753</u> |
| | | | | |
| | 2023 | | | |
| | At January 1 | Recognised in profit or loss | Recognised in other comprehensive income | At December 31 |
| Deferred tax assets: | | | | |
| Loss for market value decline and obsolete and slow-moving inventories | \$ 4,387 | \$ 4,683 | \$ - | \$ 9,070 |
| Payable on unused compensated absence | 196 | (25) | - | 171 |
| Warranty cost | <u>-</u> | <u>506</u> | <u>-</u> | <u>506</u> |
| | <u>\$ 4,583</u> | <u>\$ 5,164</u> | <u>\$ -</u> | <u>\$ 9,747</u> |

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(26) Earnings per share

| | Year ended December 31, 2024 | | |
|---|------------------------------|--|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (share in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 179,766 | 42,593 | \$ 4.22 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 179,766 | 42,593 | |
| Employees' compensation | - | 113 | |
| Employee stock options | - | 169 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 179,766 | 42,875 | \$ 4.19 |

| | Year ended December 31, 2023 | | |
|---|------------------------------|--|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (share in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 156,763 | 38,913 | \$ 4.03 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 156,763 | 38,913 | |
| Employee stock options | - | 150 | |
| Employees' compensation | - | 162 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | \$ 156,763 | 39,225 | \$ 4.00 |

(27) Supplemental cash flow information

Investing activities with partial cash payments

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|--|---------------------------------|---------------------------------|
| Purchase of property, plant and equipment | \$ 88,196 | \$ 740,241 |
| Add: Opening balance of payable on equipment | 27,065 | 8,228 |
| Less: Ending balance of payable on equipment | (14,457) | (27,065) |
| Less: Opening balance of prepayment on equipment | (44,541) | (67,426) |
| Add: Ending balance of prepayment on equipment | 23,569 | 44,541 |
| Cash paid during the year | <u>\$ 79,832</u> | <u>\$ 698,519</u> |

(28) Changes in liabilities from financing activities

| | 2024 | | | |
|---------------------------------|-----------------------|-----------------|--|---|
| | Short-term borrowings | Lease liability | Long-term borrowings (including current portion) | Liabilities from financing activities-gross |
| At January 1 | \$ 451,905 | \$ 16,515 | \$ 592,000 | \$ 1,061,071 |
| Changes in cash flow | (242,096) | (7,548) | 24,000 | (225,644) |
| Changes in other non-cash items | - | 784 | - | 784 |
| Interest expense | - | 235 | - | 235 |
| Interest payment | - | (235) | - | (235) |
| At December 31 | <u>\$ 209,809</u> | <u>\$ 9,751</u> | <u>\$ 616,000</u> | <u>\$ 836,211</u> |

| | 2023 | | | | |
|---------------------------------|-----------------------|------------------|-----------------------------|--|---|
| | Short-term borrowings | Lease liability | Guarantee deposits received | Long-term borrowings (including current portion) | Liabilities from financing activities-gross |
| At January 1 | \$ 556,148 | \$ 8,529 | \$ - | \$ - | \$ 564,677 |
| Changes in cash flow | (104,243) | (7,364) | 651 | 592,000 | (110,956) |
| Changes in other non-cash items | - | 15,350 | - | - | 15,350 |
| At December 31 | <u>\$ 451,905</u> | <u>\$ 16,515</u> | <u>\$ 651</u> | <u>\$ 592,000</u> | <u>\$ 469,071</u> |

7. Related Party Transactions

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Company |
|--------------------------------------|-------------------------------|
| Shihlin Electric & Engineering Corp. | The Company's director |

(2) Significant related party transactions

A. Operating revenue:

| | Years ended December 31 | |
|--------------------------------------|-------------------------|-----------|
| | 2024 | 2023 |
| Sales of goods: | | |
| Shihlin Electric & Engineering Corp. | \$ 61,886 | \$ 51,049 |

Goods are sold based on the price lists in force that would be available to third parties.

B. Purchases:

| | Years ended December 31 | |
|--------------------------------------|-------------------------|-------|
| | 2024 | 2023 |
| Purchases of goods: | | |
| Shihlin Electric & Engineering Corp. | \$ - | \$ 15 |

Goods purchased from related parties are based on the normal commercial terms and conditions.

C. Receivables from related parties:

| | December 31 | |
|--------------------------------------|-------------|-----------|
| | 2024 | 2023 |
| Accounts receivable: | | |
| Shihlin Electric & Engineering Corp. | \$ 13,166 | \$ 22,691 |

Receivables from related parties arise mainly from sale transactions. Receivables from sale transactions are collected in 90 days after monthly billings upon the date of sale.

(3) Key management compensation

| | Years ended December 31 | |
|------------------------------|-------------------------|-----------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 18,571 | \$ 16,373 |
| Share-based payments | 50 | 74 |
| | \$ 18,621 | \$ 16,447 |

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

| Pledged asset | Book value | | Purpose |
|--|-------------------|-------------------|----------------------|
| | December 31, 2024 | December 31, 2023 | |
| Land and plant | \$ 802,004 | \$ 731,499 | Long-term borrowings |
| Time deposits (shown as guarantee deposits paid) | 1,318 | 1,318 | Warranty |
| | \$ 803,322 | \$ 732,817 | |

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) In order to improve financial structure and repay bank borrowings, the Board of Directors of the Company during its meeting on November 8, 2024 adopted a resolution to authorise the chairman to issue the first domestic unsecured convertible bonds with a total par value of issuance no higher than \$400,000 based on the market conditions and the Company's operational needs. The issuance was approved to be effective on January 13, 2025. Upon the approval from the competent authority for the issuance of convertible bonds, the chairman was authorised to set the issuance date, and the Company would apply for the stock listing with the Taipei Exchange.

(2) Details of the 2024 earnings distribution are provided in Note 6(17).

(3) The Company participated in Taipower Bengalla Pty. Limited's bid for 'Low-Voltage Smart Meters', and secured an order amounting to approximately NT\$1,917,000 thousand on March 3, 2025.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company considers future operating capital needs, capital expenditures and dividend expenditures through financial analysis, monitoring the Company's capital structure in order to fulfil capital management objectives.

(2) Financial instruments

A. Financial instruments by category

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Financial assets at amortised cost/Loans and receivables | | |
| Cash and cash equivalents | \$ 343,828 | \$ 247,783 |
| Financial assets at amortised cost | 8,700 | 8,700 |
| Notes receivable | 7,097 | 6,459 |
| Accounts receivable | 195,085 | 47,100 |
| Accounts receivable due from related parties | 13,166 | 22,691 |
| Guarantee deposits paid | 138,042 | 128,773 |
| | <u>\$ 705,918</u> | <u>\$ 461,506</u> |

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortised cost | \$ 209,809 | \$ 451,905 |
| Short-term borrowings | | |
| Notes payable | 60 | 60 |
| Accounts payable | 112,981 | 76,153 |
| Other payables | 79,121 | 71,507 |
| Long-term borrowings (including current portion) | 616,000 | 592,000 |
| Guarantee deposits received | 651 | 651 |
| | <u>\$ 1,018,622</u> | <u>\$ 1,192,276</u> |
| Lease liabilities | <u>\$ 9,751</u> | <u>\$ 16,515</u> |

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | <u>December 31, 2024</u> | | |
|---|--------------------------------|----------------------|-------------------|
| | <u>Foreign currency amount</u> | | <u>Book value</u> |
| | <u>(In thousands)</u> | <u>Exchange rate</u> | <u>(NTD)</u> |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 26 | 32.785 | \$ 852 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ 395 | 32.785 | \$ 12,950 |

| | December 31, 2023 | | |
|--|----------------------------|---------------|----------------|
| | Foreign currency amount | Exchange rate | Book value |
| | (In thousands) | | (NTD) |
| (Foreign currency: functional currency) | | | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ | 2 | 30.71 \$ 61 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD:NTD | \$ | 42 | 30.71 \$ 1,290 |

- ii. The Company's exchange rate risk is mainly from exchange loss or profit arising from conversion of cash and cash equivalents and accounts receivable denominated in the foreign currencies. If NTD had appreciated/ depreciated by 5% against USD with all other variables held constant, profit before income tax would have decreased/increased by \$605 and \$61 for the years ended December 31, 2024 and 2023, respectively, and the analysis was performed on the same basis for two years.
- iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2024 and 2023, amounted to (\$965) and (\$347), respectively.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.
- ii. If the borrowing interest rate of New Taiwan Dollars had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$1,652 and \$2,088, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract assets, accounts receivable contracts based on the agreed terms, and the cash flows of financial assets stated at amortised cost.

- ii. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a good rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Company considered the past transaction practice and experience, if the contract payments were past due over 365 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - (ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.
- v. The Company applies the modified approach using a provision matrix to estimate the expected credit loss, and the expected credit losses are estimated for individual contract assets and accounts receivable that the defaults have occurred.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of contract assets and lease payments receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

| | Not past due | 1~180 days past due | 181~270 days past due | 271~365 days past due | Over 365 days past due | Total |
|---------------------------------|--------------|---------------------|-----------------------|-----------------------|------------------------|------------|
| <u>At December 31, 2024</u> | | | | | | |
| Expected loss rate | 0.06% | 0.06% | 18.04% | 18.04%~ 23.97% | 100% | |
| Total contract asset value | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total accounts receivable value | \$ 206,882 | \$ 1,369 | \$ - | \$ - | \$ 40 | \$ 208,291 |
| Loss allowance | - | - | - | - | (40) | (\$ 40) |
| Book value | \$ 206,882 | \$ 1,369 | \$ - | \$ - | \$ - | \$ 208,251 |

| | Not past due | 1~180 days past due | 181~270 days past due | 271~365 days past due | Over 365 days past due | Total |
|---------------------------------|--------------|---------------------|-----------------------|-----------------------|------------------------|-----------|
| <u>At December 31, 2023</u> | | | | | | |
| Expected loss rate | 0.05% | 0.05% | 12.58% ~ 18.04% | 6.12% ~ 18.04% | 100.00% | |
| Total contract asset value | \$ 59,734 | \$ - | \$ - | \$ - | \$ - | \$ 59,734 |
| Total accounts receivable value | \$ 67,358 | \$ 2,390 | \$ 11 | \$ 32 | \$ 14 | \$ 69,805 |
| Loss allowance | - | - | - | - | (14) | (\$ 14) |
| Book value | \$ 67,358 | \$ 2,390 | \$ 11 | \$ 32 | \$ - | \$ 69,791 |

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

| | Years ended December 31 | |
|--------------------------|-------------------------|-------|
| | 2024 | 2023 |
| At January 1 | \$ 14 | \$ 9 |
| Provision for impairment | 26 | 5 |
| At December 31 | \$ 40 | \$ 14 |

(c) Liquidity risk

- i. Cash flow forecasting is performed by the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| December 31, 2024 | Within 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|------------------|--------------------------|--------------------------|-----------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Short-term borrowings | \$ 217,328 | \$ - | \$ - | \$ - |
| Notes payable | 60 | - | - | - |
| Accounts payable | 112,981 | - | - | - |
| Other payables | 79,121 | - | - | - |
| Lease liability | 3,591 | 3,243 | 3,148 | - |
| Guarantee deposits received | 651 | - | - | - |
| Long-term borrowings (including current portion) | 12,209 | 12,320 | 139,222 | 582,129 |
| December 31, 2023 | Within 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| <u>Non-derivative financial liabilities</u> | | | | |
| Short-term borrowings | \$ 464,896 | \$ - | \$ - | \$ - |
| Notes payable | 60 | - | - | - |
| Accounts payable | 76,153 | - | - | - |
| Other payables | 71,507 | - | - | - |
| Lease liability | 7,302 | 5,085 | 7,491 | - |
| Guarantee deposits received | 651 | - | - | - |
| Long-term borrowings (including current portion) | 10,951 | 10,951 | 106,851 | 587,818 |

(3) Fair value information

A. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised costs, notes and account receivable, other receivables, short-term borrowings, notes and accounts payable, other payables and long-term borrowings are approximate to their fair values.

B. Financial and non-financial instruments measured at fair value: None.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 1.

14. Segment Information

(1) General information

The Company operates business only in a single industry. The Company allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4, and the operating segments are measured at income/(loss) before tax.

(3) Information about segment profit or loss, assets and liabilities

| | Years ended December 31 | |
|---------------------------------------|--------------------------|--------------------------|
| | 2024 | 2023 |
| Revenue from external customers | \$ 1,070,905 | \$ 1,036,959 |
| Segment income | \$ 179,766 | \$ 156,763 |
| Depreciation expense and amortisation | \$ 28,982 | \$ 21,294 |
| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
| Segment assets | \$ 1,964,795 | \$ 1,865,225 |

(4) Reconciliation for segment income (loss)

None.

(5) Information on products and services

The Company's operating revenue mainly arose from smart grid, power monitoring equipment and electrical energy management system.

(6) Geographical information

| | Years ended December 31 | |
|--------|-------------------------|---------------------|
| | 2024 | 2023 |
| Taiwan | \$ 1,069,214 | \$ 1,035,225 |
| Others | 1,691 | 1,734 |
| | <u>\$ 1,070,905</u> | <u>\$ 1,036,959</u> |

(7) Major customer information

Information about the Company's major customers for the years ended December 31, 2024 and 2023 is as follows:

| | Years ended December 31 | | | |
|---------|-------------------------|-------------|------------|-------------|
| | 2024 | | 2023 | |
| | Revenue | Segment | Revenue | Segment |
| 0010210 | \$ 873,972 | The Company | \$ 869,983 | The Company |

Arch Meter Corporation
Major shareholders information
December 31, 2024

Table 1

| Name of major shareholders | Shares | |
|--------------------------------------|-----------------------|---------------|
| | Number of shares held | Ownership (%) |
| Shihlin Electric & Engineering Corp. | 5,636,050 | 13.15% |
| Prolific Technology Inc. | 2,500,000 | 5.83% |

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

ARCH METER CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 1

| Items | Description | Amount |
|--------------------------|--|-------------------|
| Cash on hand | | \$ 50 |
| Cash in banks | | |
| Checking accounts | | 3 |
| Demand deposits (NTD) | | 194,769 |
| -Foreign currency amount | USD 26 thousand dollars, conversion rate 32.625 | 849 |
| | RMB 13 thousand dollars, conversion rate 4.449 | 56 |
| | EUR 0.01981 thousand dollars, conversion rate 33.8 | 1 |
| Time deposits (NTD) | Interests rate 1.285%~1.29%, maturity date February 11, 2025 | 148,100 |
| | | <u>\$ 343,828</u> |

ARCH METER CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 2

| Name | Amount | Note |
|--|---|--|
| General customers: | | |
| 0010210 | \$ 178,513 | |
| Others | <u>16,612</u> 195,125 | Balance of each customer has not exceeded 5% of total account balance. Amount past due over one year is \$40. |
| Less: Allowance for uncollectible accounts | (<u>40</u>) <u>195,085</u> | |
| Related party: | | |
| Shihlin Electric & Engineering Corp. | <u>13,166</u> <u>13,166</u> <u>\$ 208,251</u> | |

ARCH METER CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2024

(Expressed in thousands of New Taiwan dollars)

Statement 3

| Items | Description | Amount Cost | Net realisable value | Note |
|---|-------------|-------------------|-------------------------|------|
| Merchandise inventory | | \$ 2,401 | \$ 4,152 | |
| Raw materials | | 159,698 | 156,768 | |
| Work in progress | | 225,979 | 303,656 | |
| Finished goods | | <u>11,781</u> | <u>18,950</u> | |
| | | <u>\$ 399,859</u> | <u>\$ 483,526</u> | |
| Loss: Loss on slow-moving inventories and valuation loss | | (<u>20,096</u>) | | |
| | | <u>\$ 379,763</u> | | |

Note: Refer to Note 4(11) for determination of net realisable value method.

ARCH METER CORPORATION
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 4

| Items | Beginning balance | Addition | Decrease | Transfer during the period | Reclassifications | Outstanding balance: | Collateral or endorsement provided |
|--------------------------|-------------------|------------------|-------------------|-------------------------------|-------------------|-------------------------|--|
| Land | \$ 407,825 | \$ 9,240 | | \$ - | \$ - | \$ 417,065 | Note. |
| Buildings and structures | 324,771 | 69,829 | - | - | - | 394,600 | Note. |
| Machinery and equipment | 83,478 | 4,977 | (1,509) | - | - | 86,946 | None. |
| Transportation equipment | 2,450 | 1,210 | - | - | - | 3,660 | None. |
| Office equipment | 2,542 | 2,940 | - | - | - | 5,482 | None. |
| Leasehold improvements | 9,797 | - | - | - | - | 9,797 | None. |
| | <u>\$ 830,863</u> | <u>\$ 88,196</u> | <u>(\$ 1,509)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 917,550</u> | |

Note: Refer to Note 8 for further information on property, plant and equipment pledged to others as collateral.

ARCH METER CORPORATION
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 5

| Items | Equity at beginning of period | Addition | Decrease | Outstanding balance: | Note |
|--------------------------|----------------------------------|------------------|-------------------|----------------------|------|
| Buildings and structures | \$ 1,097 | \$ 8,564 | \$ - | \$ 9,661 | |
| Machinery and equipment | 55,947 | 7,755 | (1,509) | 62,193 | |
| Transportation equipment | 408 | 590 | - | 998 | |
| Office equipment | 1,670 | 324 | - | 1,994 | |
| Leasehold improvements | 8,369 | 488 | - | 8,857 | |
| | <u>\$ 67,491</u> | <u>\$ 17,721</u> | <u>(\$ 1,509)</u> | <u>\$ 83,703</u> | |

ARCH METER CORPORATION
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 6

| Items | Equity at beginning of period | Addition | Decrease | Outstanding balance: | Note |
|--------------------------|----------------------------------|---------------|-----------------|----------------------|------|
| Buildings and structures | \$ 33,300 | \$ - | \$ - | \$ 33,300 | |
| Transportation equipment | 2,940 | 784 | (911) | 2,813 | |
| | <u>\$ 36,240</u> | <u>\$ 784</u> | <u>(\$ 911)</u> | <u>\$ 36,113</u> | |

ARCH METER CORPORATION
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 7

| Items | Equity at beginning of period | Addition | Decrease | Outstanding balance: | Note |
|--------------------------|----------------------------------|-------------------|---------------|----------------------|------|
| Buildings | (\$ 18,052) | (\$ 6,660) | \$ - | (\$ 24,712) | |
| Transportation equipment | (2,008) | (715) | 911 | (1,812) | |
| | <u>(\$ 20,060)</u> | <u>(\$ 7,375)</u> | <u>\$ 911</u> | <u>(\$ 26,524)</u> | |

ARCH METER CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 8

| Nature | Description | Outstanding balance: | Contract Period | Interest rate range | Credit Line | Collateral | Note |
|--|-------------------------|-------------------------|---------------------------|------------------------|---------------------|------------|------|
| Unsecured short-term loans from financial institutions | First Commercial Bank | \$ 24,809 | 2023.04.14~ 2025.04.14 | Note | \$ 817,000 | None | |
| " | E.Sun Bank | 35,000 | 2024.05.22~ 2025.05.22 | Note | 35,000 | None | |
| " | Cathay United Bank | 50,000 | 2024.05.20~ 2025.05.20 | Note | 50,000 | None | |
| " | Taiwan Cooperative Bank | 50,000 | 2024.05.15~ 2025.05.15 | Note | 50,000 | None | |
| " | Bank of Taiwan | 50,000 | 2023.10.19~ 2025.10.18 | Note | 50,000 | None | |
| | | <u>\$ 209,809</u> | | | <u>\$ 1,002,000</u> | | |

Note: Interest rate ranged between 0.5%~2.25%.

ARCH METER CORPORATION
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 9

| <u>Creditor</u> | <u>Description</u> | <u>Amount</u> | <u>Contract Period</u> | <u>Coupon Rate</u> | <u>Collateral</u> | <u>Note</u> |
|-----------------|---|-------------------|------------------------|--------------------|-------------------|-------------|
| | Mid-term and long-term secured borrowings | | | | | |
| Bank of Taiwan | | \$ 592,000 | 2023.10.27~2043.10.27 | 1.982% | Land and plant | |
| " | " | <u>24,000</u> | 2024.08.15~2044.08.15 | 1.982% | " | |
| | | <u>\$ 616,000</u> | | | | |

ARCH METER CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 10

| Name | Amount | Note |
|--------------------|-------------------|--|
| General customers: | | |
| 0050108 | \$ 30,491 | |
| 0050101 | 14,217 | |
| 0050005 | 9,589 | |
| 0060134 | 8,143 | |
| Others | 50,541 | Balance of each supplier has not exceeded 5% of total account balance. |
| | <u>\$ 112,981</u> | |

ARCH METER CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 11

| <u>Items</u> | <u>Volume</u> | <u>Amount</u> | <u>Note</u> |
|-------------------------------------|--------------------|---------------------|-------------|
| Smart grid | 366 thousand units | \$ 901,811 | |
| Power monitoring equipment | 26 thousand units | 127,185 | |
| Electrical energy management system | 5 thousand units | 41,909 | |
| | | <u>\$ 1,070,905</u> | |

ARCH METER CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 12

| Items | Amount |
|--|------------|
| Opening balance of merchandise inventory | \$ 2,229 |
| Add: Purchases during the year | 7,378 |
| Less: Ending balance of merchandises inventory | (2,401) |
| Transferred to expenses | (22) |
| Cost of purchasing and selling | 7,184 |
| Raw materials at beginning of year | 231,346 |
| Add: Purchases in the year | 286,643 |
| Less: Raw materials at end of year Transferred to expenses | (159,698) |
| Direct raw materials used | 354,084 |
| Direct labor | 18,697 |
| Manufacturing expense | 240,866 |
| Manufacturing cost | 613,647 |
| Add: Beginning work in progress Others | 294,467 |
| Less: Ending work in progress | (1,074) |
| Cost of finished goods | 225,979 |
| Add: Finished goods at beginning of year | 683,209 |
| Less: Finished goods at end of year Transferred to expenses | (9,130) |
| Cost of goods manufactured and sold | (11,781) |
| Cost of engineering sales | (1,186) |
| Cost of technical service | 686,556 |
| Maintenance cost | 27,828 |
| Loss from the obsolescence of inventories | 78 |
| Warranty Cost | 599 |
| Reversal of market value decline and obsolete and slow-moving inventories | 4,873 |
| Operating costs | 324 |
| | (25,252) |
| | \$ 695,006 |

ARCH METER CORPORATION
STATEMENT OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 13

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|----------------------|--------------------|-------------------|--|
| Processing fees | | \$ 177,837 | |
| Wages and salaries | | 24,689 | |
| Depreciation expense | | 18,906 | |
| Other expenses | | <u>19,434</u> | Balance of each item has not exceeded 5% of total account balance. |
| | | <u>\$ 240,866</u> | |

ARCH METER CORPORATION
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 14

| Items | Description | Amount | Note |
|----------------------|-------------|------------------|--|
| Wages and salaries | | \$ 19,118 | |
| Amortisation expense | | 1,283 | |
| Insurance expense | | 1,305 | |
| Depreciation expense | | 1,537 | |
| Other expenses | | 3,757 | |
| | | <u>\$ 27,000</u> | Balance of each item has not exceeded 5% of total account balance. |

ARCH METER CORPORATION
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 15

| <u>Items</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|--------------------|--------------------|------------------|--|
| Wages and salaries | | \$ 38,516 | |
| Other expenses | | <u>20,994</u> | Balance of each item has not exceeded 5% of total account balance. |
| | | <u>\$ 59,510</u> | |

ARCH METER CORPORATION
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024
 (Expressed in thousands of New Taiwan dollars)

Statement 16

| <u>Items</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|--------------------|--------------------|------------------|--|
| Wages and salaries | | \$ 34,980 | |
| Other expenses | | <u>13,364</u> | Balance of each item has not exceeded 5% of total account balance. |
| | | <u>\$ 48,344</u> | |

ARCH METER CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 17

| Function Nature | 2024 | | | 2023 | | |
|----------------------------------|----------------------------------|--|------------|----------------------------------|--|-----------|
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Employee benefit expense | | | | | | |
| Salary expenses | \$ 40,445 | \$ 67,270 | \$ 107,715 | \$ 34,565 | \$ 60,751 | \$ 95,316 |
| Share-based payments | 4,284 | 12,459 | 16,743 | - | 217 | 217 |
| Labour and health insurance fees | 3,222 | 5,403 | 8,625 | 2,959 | 4,760 | 7,719 |
| Pension costs | 1,443 | 2,714 | 4,157 | 1,332 | 2,514 | 3,846 |
| Directors' emoluments | - | 10,171 | 10,171 | - | 9,188 | 9,188 |
| Other personnel expenses | 928 | 925 | 1,853 | 901 | 1,460 | 2,361 |
| Depreciation expense | 18,906 | 6,190 | 25,096 | 14,284 | 4,270 | 18,554 |
| Amortisation charge | 234 | 3,652 | 3,886 | 14 | 2,726 | 2,740 |

Note:

- A. For the years ended December 31, 2024 and 2023, the average number of employees were 123 and 118, including 8 and 8 non-employee directors, respectively.
- B. The average employees' benefit expenses for the years ended December 31, 2024 and 2023 were \$1,210 and \$995, respectively. ((Total employees' benefit expense of current year-total directors' compensation of current year)/(Number of employees of current year-number of non-employee directors of current year)).
- C. The averaged employees' salary expenses for the years ended December 31, 2024 and 2023 were \$937 and \$867, respectively. ((Total employees' salaries in current year / (Number of employees in current year - number of non-employee directors in current year)).The average employee salaries were reduced to 8%.
- D. The supervisors' remuneration for the years ended December 31, 2024 and 2023 were both \$0. The Company has set up an audit committee so there is no

ARCH METER CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 17

E.The remuneration policies of the Company's directors, managers and employees are described as follows:

- (a)Directors: In accordance with the Articles of Incorporation of the Company, the directors' remuneration shall be distributed no more than 3% of the Company's profit for the year. The standard of the directors' remuneration was based on the directors' annual performance evaluation and the contribution to the Company, while reviewed by the Remuneration Committee and submitted to the Board of directors for approval.
- (b)Managers: The managers' remuneration was based on their duties, professional expertise, and the contribution to the Company's operations and future risks, while reviewed by the Remuneration Committee and submitted to the Board of directors for approval.
- (c)Employees: The employees' compensation was determined based on the periodically measuring pay levels of the market and by reference to the general pay levels in the same industry. In accordance with the Company's Articles of Incorporation, the employees' compensation shall be distributed 5% of the Company's profit for the year, while reviewed by the Remuneration Committee and submitted to the Board of directors for approval.