



Arch Meter Corporation

2024 Annual Shareholders' Meeting Minutes

(Translation)

Time of Meeting : 09:00 am, June 21, 2024

Location of Meeting : No. 256-15, Jingguan Blvd., Xiangshan Dist., Hsinchu City
30079, Taiwan (R.O.C.)

Meeting method : Physical Meeting

Quorum: All shareholders and their proxy holders, representing 27,574,114 shares
(among them, 21,735,614 shares voted via electronic transmission), or
64.33% of the total 42,857,000 outstanding shares.

Directors present: Chen, Jan-Ku, Tseng, Wen-Liang, Tseng, Chun Hung, Yung,
Teh-Yuh, Hsu, Wan-Hsin (Independent Director), Hsiao, Chin-Yi
(Independent Director)

Attendance: CPA, Chiang, Tsai-Yen, PricewaterhouseCoopers

Chairperson: Chen, Jan-Ku, Chairman

Recorder: Hsu, Shu-Lung

1. Announcement of Meeting Commencement

2. Chairman's Address (omitted)

3. Report Items :

(1) 2023 Business Report.

Explanatory Notes : Please refer to Attachment (1).

(2) Audit Committee's Review Report.

Explanatory Notes : Please refer to Attachment (2).

(3) The Proposals to Distribute Compensation to Employees and Directors of 2023.

Explanatory Notes : The company's pre-tax Net income in 2023 is NT\$195,909,959. There was no loss to make up at the beginning of 2023. According to Article 21-1 of the Company's Articles of Incorporation, company plans to distribute 5% of employee cash compensation in the amount of NT\$10,647,281 and 3% of directors' cash compensation in the amount of

NT\$6,388,366.

- (4) Report on amendments to some provisions of "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conduct", "Corporate Governance Best-Practice", "Rules Governing the Conduct of the Board Meetings".

Explanatory Notes : Please refer to the comparison table in Attachments (3) to (7).

4. Approval Items :

- (1) 2023 Business Report and Financial Statements.

Explanatory Notes :

- 1) Arch Meter's 2023 Financial Statements have been approved by the 11th meeting of the Board of Directors, 8th term on March 8, 2024 and were audited by independent auditors, Ms. Chiang, Tsai-Yen and Mr. Hsieh, Chih-Cheng of PricewaterhouseCoopers. 2023 Business Report and Financial Statements have been reviewed by the Audit Committee. The Audit Committee's report was issued accordingly.
- 2) Please refer to Attachments (1) and (8).

Resolution: Approved and acknowledged as proposed.

Voting Result:

27,547,114 shares were represented at the time of voting.	
Voting Results	% of the total representation at the time of voting
Votes in favor: 27,104,697 votes (including 21,693,197 shares voted via electronic transmission)	98.39%
Votes against: 6,237 votes (including 6,237 shares voted via electronic transmission)	0.02%
Votes invalid: 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 436,180 votes (including 36,180 shares voted via electronic transmission)	1.58%

- (2) 2023 Earnings distribution.

Explanatory Notes :

- 1) The company's Net income after tax in 2023 is NT\$156,763,399. After adding the Beginning undistributed earnings NT\$5,023,892, the balance is NT\$161,787,291. After setting aside the Legal reserve NT\$15,676,340

in accordance with the Articles of Incorporation, the Earnings available for distribution by the end of the fiscal year is NT\$146,110,951.

- 2) Please refer to the 2023 Earnings Distribution Table in Attachment (9).
- 3) The Board of Directors proposed to set aside NT\$128,571,000 for cash dividends (NT\$ 3.0 per share). The cash dividends distributed are rounded up to NT\$1 (any amount below NT\$1 will be discarded). The remaining fraction will be incorporated into other revenue.
- 4) In the event of any change in the number of outstanding shares, the dividend ratio must be adjusted. It is proposed to fully authorize the Chairman to adjust the dividend ratio and to proceed on the relevant matters.
- 5) Upon approval by Shareholders' Meeting, it is proposed to authorize the Chairman to set the Ex-Dividend Date and the Payment Date.

Resolution: Approved and acknowledged as proposed.

Voting Result:

27,547,114 shares were represented at the time of voting.	
Voting Results	% of the total representation at the time of voting
Votes in favor: 27,101,585 votes (including 21,690,085 shares voted via electronic transmission)	98.38%
Votes against: 6,349 votes (including 6,349 shares voted via electronic transmission)	0.02%
Votes invalid: 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 439,180 votes (including 39,180 shares voted via electronic transmission)	1.59%

5. Discussion Items :

- (1) Amend to some provisions of Regulations Governing Making of Endorsements/ Guarantees.

Explanatory Notes :

- 1) In consideration of Arch Meter's operating needs and relevant legal regulations, company plan to amend to some provisions of Regulations Governing Making of Endorsements/ Guarantees.
- 2) Please refer to the comparison table in Attachment (10).

Resolution: Approved and acknowledged as proposed.

Voting Result:

27,547,114 shares were represented at the time of voting.	
Voting Results	% of the total representation at the time of voting
Votes in favor: 27,006,685 votes (including 21,595,185 shares voted via electronic transmission)	98.03%
Votes against: 6,249 votes (including 6,249 shares voted via electronic transmission)	0.02%
Votes invalid: 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 534,180 votes (including 134,180 shares voted via electronic transmission)	1.93%

(2) Amend to some provisions of Regulations Governing Loaning of Funds.

Explanatory Notes :

- 1) In consideration of Arch Meter's operating needs and relevant legal regulations, company plan to amend to some provisions of Regulations Governing Loaning of Funds.
- 2) Please refer to the comparison table in Attachment (11).

Resolution: Approved and acknowledged as proposed.

Voting Result:

27,547,114 shares were represented at the time of voting.	
Voting Results	% of the total representation at the time of voting
Votes in favor: 27,008,583 votes (including 21,597,083 shares voted via electronic transmission)	98.04%
Votes against: 6,251 votes (including 6,251 shares voted via electronic transmission)	0.02%
Votes invalid: 0 votes (including 0 share voted via electronic transmission)	0.00%
Votes abstained: 532,280 votes (including 132,280 shares voted via electronic transmission)	1.93%

6. Extraordinary motions : None
7. Adjournment : Meeting ended at 09:37am

Arch Meter Corporation 2023 Business Report

I. 2023 Business results:

(I) Implementation results of 2023 business plan:

- (1) Complete the contract performance for the tender in 2022 with Taipower, including follow-up acceptance and delivery of 100,000 smart meters, totaling about NT\$249.58 million.
- (2) Execute the Taipower tender for 700,000 smart meters in 2023 and 2024 for a total price of NT\$1.74 billion, among them, 476,000 units are scheduled for implementation from the first quarter of 2024 to 2025."
- (3) In response to the increasing demand for smart meters due to Taipower's tenders and future business expansion, the Company completed the transfer of ownership of the new plant in Xiangshan, Hsinchu, with an estimated investment of NT\$860 million.
- (4) In terms of power monitoring instrument and power management system, revenue reached NT\$153 million.
- (5) In 2023, the total revenue was NT\$1.04 billion, marking a growth of 44.91% compared to 2022; the net profit after tax was NT\$156.76 million, with the after-tax earnings per share of NT\$4.03.
- (6) Completed internal control and financial systems approval and passed the stock listing review by the Taiwan Stock Exchange.

(II) Budget implementation status for 2023:

Unit: NT\$ thousands; %

Product field	Sales amount and growth rate		
	2022	2023	Growth rate
Smart grid (Smart meter)	515,147	883,881	71.58
Power measurement instrument and Energy management solution	200,465	153,078	-23.64
Total	715,612	1,036,959	44.91

(III) Financial receipts and expenditures and profitability analysis for 2023

Unit: NT\$ thousands

Item	2022	2023
Operating revenue	715,612	1,036,959
Cost of goods sold	491,680	725,880
Operating gross profit	223,932	311,079
Operating expenses	86,203	104,063
Non-operating revenue	979	4,167
Non-operating expenses	9,519	15,273
Income tax	25,966	39,147

Item	2022	2023
Net income after tax	103,233	156,763
EPS after tax (dollars)	2.73	4.03

Unit: NT\$ thousands; %; times

Year/item		2023
Basic Information	Total liabilities	1,243,444
	Total assets	1,874,971
Financial structure	Own asset ratio	33.68
	Debt ratio	66.32
Solvency	Current ratio	141.92
	Quick ratio	61.37
	Interest coverage ratio	15.62

(IV) Research and Development Overview:

- (1) To meet the needs of overseas business promotion, conducted ANSI Type Test Certification for smart meters. Testing was successfully completed and Certification is obtained.
- (2) Respond to the function expansion of Taipower's next-generation smart meter, completed the preliminary development of upgrading the meter's security level to IEC 62056 suite 1.
- (3) Develop the non-intrusive appliance load monitoring (NIALM) technology, aligning with the electricity industry's new trend of developing value-added user services in the future, and complete the development of NIALM sensor prototype and integration testing of cloud AI system home appliance operating status identification.
- (4) In line with the developing trends of electric vehicles, developed the power measuring and leakage protection modules for charging station, and achieved mass production.

II. The Company's important business directions for 2024 are as follows:

(I) Business guidelines:

- (1) Leverage the Company's core technologies of power measuring, communication, and system integration to operate within the smart grid and power monitoring and management markets. Current focus: Three main products, smart grids, power monitoring instruments, and power management systems.
- (2) As for the smart grid market, in addition to expanding the market share of Taipower's smart meters, we also form production and sales alliances with foreign partners to conduct customized development and certification in order to expand sales in overseas markets. Additionally, we invest in the development of front-end key monitoring and power analysis equipment to assist the electricity industry in promoting value-added user services and forming a business model.

- (3) As for power monitoring instruments, in response to the demands for new distribution automation, we develop high-end products to broaden our product lines and actively expand both domestic and overseas markets.
- (4) For the power management system, we continuously cooperate with major domestic system integrators in flexible production, sales, and system integration, and assist domestic industrial and commercial users to set up their own energy management systems.
- (5) To cooperate with the electric vehicle charging industry to develop modular products such as key power measuring and protection and complete the series of products for joint market expansion.
- (6) Continuously promote the construction of the new plant in Xiangshan, Hsinchu, while also augmenting R&D and sales manpower to obtain the capacity required for the Company's future development, such as expansion of our market shares for related products, international marketing, and exploration of derivative markets.

(II) Important production and sales policies:

- (1) Continuously optimize and improve the efficiency of Taipower's smart meter production lines, ensuring the stable delivery of the tender received from Taipower this year.
- (2) Conduct construction of production lines at the Hsinchu Xiangshan Plant. Four production lines are planned to be established, with the goal of increasing the phased monthly production capacity to 80,000 smart meters. Upon the completion of the new plant, the Company will have the capacity to meet the demand for expanding sales of smart meters to Taipower and exploring overseas markets.
- (3) In response to exploring sales in the global market, we have completed the mass production of high-end power monitoring instruments to expand our product lines.
- (4) In line with the promotion of value-added user services in the future electricity industry, we have developed a non-intrusive home appliance load monitoring (NIALM) electricity feature extraction device and conducted small-scale demonstration user verification tests,
- (5) To align with the promotion of electric vehicles, we have completed the power measuring and leakage protection modules for the charging stations, as well as the DC meters and other products, and introduced them to mass production.
- (6) Continuous implementation and optimization: relevant management systems of internal control, finance, information security, and sustainable development.

III. The Company's future development strategies are subject to the impacts of the external competitive environment, regulatory environment, and macroeconomy:

(I) The Company's future development strategies:

- (1) In terms of development strategy for the smart grid is mainly based on the domestic smart meter market to accumulate experience and achievements, expand the production capacity, and then collaborate with communication system integrators to expand the overseas market.
- (2) Our development strategy for power monitoring instruments primarily focuses on developing high-end products, expanding product lines continuously, and exploring international distribution channels to strengthen overseas marketing.
- (3) Our development strategy for the derivative market primarily focuses on value-added user services in the electrical industry and the electric vehicle charging system sector. We collaborate with relevant market leaders, providing them with key components or modules to jointly expand sales.
- (4) Our strategy for capacity supporting the Company's development is mainly to complete the construction of production lines in the new plant, and to supplement R&D and sales manpower, in order to obtain the production capacity and resources required for the Company's future business expansion.

(II) Impacts from the external competitive environment:

- (1) As the international trend of promoting smart grid and Advanced Metering Infrastructure (AMI) continues, Taipower has started the progress of setting smart meters, which had a positive effect on the expansion of the Company's operations. The Company has obtained the qualification for selective tendering procedures of Taipower's domestic smart meters. The competition environment for the domestic smart meter market will remain moderate in the short to medium term. The competition in foreign smart meters is relatively fierce. The Company is cooperating with communication system integrators to expand overseas markets in a systematic and flexible manner.
- (2) The global promotion of energy conservation, carbon reduction, and ESG will accelerate the establishment of energy management systems among electricity users, which will drive the demand for power monitoring instruments and power management systems, leading to a positive effect on the expansion of the Company's operations. The market featuring small quantity and diversity of relevant products and services prioritizes product reliability and system integration, on which brand and reputation have greater impacts. The Company has had achievement in installation and operation of related products for many years. Our domestic brand image is good, while we are less well-known in the overseas market. We will actively manage the international distribution channels to expand the market.

(III) Impacts from environmental regulations and macroeconomy:

- (1) The National Development Council of the Executive Yuan of Taiwan arranged the "Taiwan 2050 Net-Zero Transition" plan with a budget of NT\$900 billion to be invested in by 2030. Among them, the draft of the "Power System and Energy Storage

Key Strategies Action Plan" clearly stipulates that Taipower will fully install smart meters. The replacement for 6 million households will be completed by 2030, and a full replacement will be completed by 2035, according to Taipower's plan. Taipower has more than 14 million electricity meters for its current consumers, about 3 million of which are installed with smart meters. It is expected that Taipower's demand for smart electricity meters will gradually increase in the future, bringing positive effects on the Company's revenue growth.

- (2) Global trends such as energy conservation, carbon reduction, and carbon footprint control have taken shape. In 2015, Taiwan passed the "Greenhouse Gas Reduction and Management Act" to integrate carbon trading. In March 2022, the Financial Supervisory Commission issued the "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" for phased implement of greenhouse gas inventory and information disclosure for all listed companies. It is expected that electricity users will accelerate the establishment of their own energy management systems in the future, and the demand for power monitoring instruments and power management will increase, both of which will benefit the promotion of the Company's related products.
- (3) The industry in which the Company operates, whether it is smart grid, power monitoring instrument, or power management system, is less affected by the poor macroeconomy. With the expansion of revenue and output, the Company will continue to strengthen production management and supply chain management to ensure the smooth implementation of our production plans.

The Company has long been committed to the technology R&D and business development in the fields of smart grid, power monitoring, power management, and related areas. Benefited from Taiwan's comprehensive promotion of the Automated Metering Infrastructure (AMI) and the global trend of energy conservation and carbon reduction, the Company has experienced significant revenue growth in recent periods. At a steady pace, the Company gradually accumulates energy to expand production capacity and market share, and is committed to the development of derivative industries. In the future, we will adhere to the business philosophy of "integrity, innovation, quality, and service" and respond to the trend of global grid intelligentization and energy management informatization by providing innovative and highly reliable products and services to become a partner of both global electricity industry in establishing stringent grids and electricity users in improving energy efficiency.

We extend our gratitude to our shareholders, colleagues, customers, suppliers, and partners for your long-term efforts and support. As we look forward to 2024, the Company will continue to strengthen our foundation, enhance our capacity, expand our business scope, and set our goal on sustainable development to achieve even greater business performance.

Chairman: Chen, Jan-Ku

President: Tseng, Wen-Liang

CFO: Wang, Yi-Ting

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of quarterly earnings. The CPA firm of PricewaterhouseCoopers was retained to audit Arch Meter's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

TO Arch Meter Corporation 2024 Annual Shareholders' Meeting

Arch Meter Corporation

Chairman of the Audit Committee: Hsu, Wan-Hsin

March 08, 2024

Comparison Table for the procedures for Ethical Corporate
Management Best Practice Principles

After the Revision	Before the Revision	Explanation
<p>Article 5 Legal compliance</p> <p>The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.</p>	<p>Article 5 Legal compliance</p> <p>A TWSE/TPEX listed company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEX listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.</p>	<p>The wording is amended.</p>
<p>Article 6 Policy</p> <p>The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Article 6 Policy</p> <p>Shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the board of directors, and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.</p>	<p>Certain wording is added to clearly define the execution entity.</p>
<p>Article 23 Training and appraisal</p> <p>The chairman, president, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis. The Company shall periodically organize training and awareness programs for directors, managerial officers, employees,</p>	<p>Article 23 Training and appraisal</p> <p>The chairman, president, or senior management of a TWSE/TPEX listed company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis. The Company shall periodically organize training and awareness programs for directors,</p>	<p>The wording is amended.</p>

After the Revision	Before the Revision	Explanation
<p>mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the policies, prevention programs, and the consequences of committing unethical conduct. The Company shall integrate the policies of ethical corporate management with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	<p>managerial officers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the policies, prevention programs, and the consequences of committing unethical conduct. The Company shall integrate the policies of ethical corporate management with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	
<p>Article 30 Date of Establishment and Amendment These Principles were established on March 29, 2023. The 1st amendment was made on May 17, 2023, and the 2nd amendment was made on September 22, 2023.</p>	<p>Article 30 Date of Establishment and Amendment These Principles were established on March 29, 2023. The first amendment was made on May 17, 2023.</p>	<p>Amendment date is added.</p>

Comparison Table for the procedures for Ethical Management and
Guidelines for Conduct

After the Revision	Before the Revision	Explanation
<p>Article 9 Procedures for handling political donations When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company's personnel shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>Article 9 Procedures for handling political donations When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company's personnel shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>The wording is amended.</p>
<p>Article 25 Date of establishment, addition and amendment This Code of Conduct was established on March 29, 2023. The 1st amendment was made on September 22, 2023.</p>	<p>Article 25 Date of establishment, addition and amendment This Code of Conduct was established on March 29, 2023.</p>	<p>Amendment date is added.</p>

Comparison Table for the procedures for Code of Ethical Conduct

After the Revision	Before the Revision	Explanation
<p>Article 1 Purpose of and basis for adoption</p> <p>This Code of Conduct is adopted for the purpose of guiding the Company’s directors and managerial officers (including presidents or their equivalents, assistant vice presidents or their equivalents, financial officers, and accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the company.</p>	<p>Article 1 Purpose of and basis for adoption</p> <p>This Code of Conduct is adopted for the purpose of guiding the Company’s directors, supervisors, and managerial officers (including presidents or their equivalents, assistant vice presidents or their equivalents, financial officers, and accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of the company.</p>	<p>The functions of the supervisors have been replaced by the audit committee; therefore, the wording related to the supervisors should be removed.</p>
<p>Article 2 Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the Company shall adopt a code of ethical conduct that addresses at least the following eight matters:</p> <p>(I) Prevention of conflicts of interest:</p> <p>Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director or a managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper</p>	<p>Article 2 Content of the code</p> <p>Taking its individual circumstances and needs into consideration, the Company shall adopt a code of ethical conduct that addresses at least the following eight matters:</p> <p>(I) Prevention of conflicts of interest:</p> <p>Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, a supervisor, or a managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain</p>	<p>Same as above.</p>

After the Revision	Before the Revision	Explanation
<p>benefits for either themselves or their spouse or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors or managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p> <p>(II) Prevent opportunities for pursuing personal gain:</p> <p style="padding-left: 40px;">The company shall prevent its directors or managerial officers from engaging in any of the following activities:</p> <p style="padding-left: 80px;">(1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.</p> <p style="padding-left: 80px;">(2) Obtaining personal gain by using company property or information or taking advantage of their positions.</p> <p style="padding-left: 80px;">(3) Competing with the company.</p>	<p>improper benefits for either themselves or their spouse or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, supervisors, or managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p> <p>(II) Prevent opportunities for pursuing personal gain:</p> <p style="padding-left: 40px;">The company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities:</p> <p style="padding-left: 80px;">(1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.</p> <p style="padding-left: 80px;">(2) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.</p> <p style="padding-left: 80px;">(3) Competing with the</p>	

After the Revision	Before the Revision	Explanation
<p>When the company has an opportunity for profit, it is the responsibility of the directors or managerial officers to maximize the proper and legal benefits that can be obtained by the company.</p> <p>(III) Confidentiality: The directors or managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>(IV) Fair trade: Directors or managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or</p>	<p>company.</p> <p>When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, or managerial officers to maximize the proper and legal benefits that can be obtained by the company.</p> <p>(III) Confidentiality: The directors, supervisors, or managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.</p> <p>(IV) Fair trade: Directors, supervisors, or managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or</p>	

After the Revision	Before the Revision	Explanation
<p>through other unfair trading practices. (V) to (VIII) are omitted.</p>	<p>through other unfair trading practices. (V) to (VIII) are omitted.</p>	
<p>Article 3 Procedures for Exemption If the company intends to exempt directors or managerial officers from compliance with the Code, the resolution shall be adopted by the board of directors. Additionally, that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption shall be disclosed timely on the MOPS. These measures aim at enabling shareholders to evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, thereby safeguarding the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>Article 3 Procedures for Exemption The Code of Ethical Conduct adopted by the company must require that any exemption for directors, supervisors, or managerial officers from compliance with the Code shall be adopted by a resolution of the board of directors. Additionally, that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption shall be disclosed timely on the MOPS. These measures aim at enabling shareholders to evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, thereby safeguarding the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.</p>	<p>The wording is amended as appropriate, and the wording for supervisor is removed.</p>
<p>Article 5 Enforcement This Code of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors and reported to the shareholders' meeting. This Code of Ethical Conduct</p>	<p>Article 5 Enforcement This Code of Ethical Conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors and reported to the shareholders' meeting. These Principles were</p>	<p>Amendment date is added.</p>

After the Revision	Before the Revision	Explanation
was established on March 29, 2023. The 1st amendment was made on September 22, 2023.	established on March 29, 2023.	

Comparison Table for the procedures for Corporate Governance
Best-Practice

After the Revision	Before the Revision	Explanation
<p>Article 2 When establishing the corporate governance system, in addition to complying with relevant laws, regulations, Articles of Incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, the Company follows the following principles:</p> <ol style="list-style-type: none"> 1. Protect the rights and interests of shareholders. 2. Strengthen the powers of the board of directors. Removed. 3. Respect the rights and interests of stakeholders. 4. Enhance information transparency. 	<p>Article 2 When establishing the corporate governance system, in addition to complying with relevant laws, regulations, Articles of Incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, the Company follows the following principles:</p> <ol style="list-style-type: none"> 1. Protect the rights and interests of shareholders. 2. Strengthen the powers of the board of directors. 3. Fulfill the function of supervisors. 4. Respect the rights and interests of stakeholders. 5. Enhance information transparency. 	<p>The functions of the supervisors have been replaced by the audit committee; therefore, the wording related to the supervisors should be removed.</p>
<p>Article 8 The Company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders' meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors, the meeting minutes shall record the method of voting adopted and the total number of votes for the elected directors.</p> <p>The shareholders' meeting minutes shall be properly and</p>	<p>Article 8 The Company, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders' meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted and the total number of votes for the elected directors and supervisors.</p> <p>The shareholders' meeting</p>	<p>The wording for supervisor is removed</p>

After the Revision	Before the Revision	Explanation
<p>perpetually kept by the company during its legal existence. Additionally, for the company with an established website, it is advisable to sufficiently disclose these minutes on its website.</p>	<p>minutes shall be properly and perpetually kept by the company during its legal existence. Additionally, for the company with an established website, it is advisable to sufficiently disclose these minutes on its website.</p>	
<p>Article 11 The shareholders shall be entitled to profit distributions by the company. In order to ensure the investment interests of shareholders, the shareholders' meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee, and may determine profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders' meeting may appoint an inspector. The board of directors, audit committee, and managerial officers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction, or rejection. The following is omitted.</p>	<p>Article 11 The shareholders shall be entitled to profit distributions by the company. In order to ensure the investment interests of shareholders, the shareholders' meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee, and may determine profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders' meeting may appoint an inspector. The board of directors, audit committee or supervisors, and managerial officers of the Company shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any circumvention, obstruction, or rejection. The following is omitted.</p>	<p>The wording for supervisor is removed.</p>
<p>Article 13 In order to protect the interests of the shareholders, it is advisable that the Company designate personnel</p>	<p>Article 13 In order to protect the interests of the shareholders, it is advisable that the Company designate personnel</p>	<p>The wording for supervisor is removed.</p>

After the Revision	Before the Revision	Explanation
<p>exclusively dedicated to handling shareholder proposals, inquiries, and disputes.</p> <p>The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders' meeting or a board of directors meeting in violation of applicable laws, regulations, or the Company's Articles of Incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's Articles of Incorporation by any directors or managerial officers in performing their duties.</p> <p>The following is omitted.</p>	<p>exclusively dedicated to handling shareholder proposals, inquiries, and disputes.</p> <p>The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders' meeting or a board of directors meeting in violation of applicable laws, regulations, or the Company's Articles of Incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's Articles of Incorporation by any directors, supervisors, or managerial officers in performing their duties.</p> <p>The following is omitted.</p>	
<p>Article 20 The abilities that the board of directors shall possess</p> <p>The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its Articles of Incorporation, and the resolutions of its shareholders' meetings.</p>	<p>Article 20 The abilities that the board of directors shall possess</p> <p>The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its Articles of Incorporation, and the resolutions of its shareholders' meetings.</p>	<p>It is amended with reference to the Articles of Incorporation. According to Article 12 of the Articles of Incorporation, the Company shall have 7 to 11 directors.</p>

After the Revision	Before the Revision	Explanation
<p>The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than seven, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs. The following is omitted.</p>	<p>The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs. The following is omitted.</p>	
<p>Article 24 The Company shall appoint independent directors in accordance with the provisions of the Articles of Incorporation The Company shall appoint independent directors in accordance with its Articles of Incorporation. They shall be not less than three in number and advisably not less than one-third of the total number of directors. It is advisable that an independent director serve for not more than three consecutive terms. The following is omitted.</p>	<p>Article 24 The Company shall appoint independent directors in accordance with the provisions of the Articles of Incorporation The Company shall appoint independent directors in accordance with its Articles of Incorporation. They shall be not less than two in number and advisably not less than one-third of the total number of directors. It is advisable that an independent director serve for not more than three consecutive terms. The following is omitted.</p>	<p>It is amended with reference to the Articles of Incorporation. According to Article 12-1 of the Articles of Incorporation, the number of independent directors among the Company's directors shall not be less than three.</p>
<p>Article 43 The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management or directors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.</p>	<p>Article 43 The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors, so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.</p>	<p>The wording for supervisor is removed.</p>

After the Revision	Before the Revision	Explanation
<p>Article 51 These Principles, and any amendments to it, shall enter into force after it has been adopted by the board of directors and reported to the shareholders' meeting. These Principles were established on May 17, 2023.</p> <p>The 1st amendment was made on September 22, 2023.</p>	<p>Article 51 These Principles, and any amendments to it, shall enter into force after it has been adopted by the board of directors and reported to the shareholders' meeting. These Principles were established on May 17, 2023.</p>	<p>Amendment date is added.</p>

Comparison Table for the procedures for Rules Governing the
Conduct of the Board Meetings

After the Revision	Before the Revision	Explanation
<p>4.4.2 The chairperson shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting to a later time on the same day, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures in Item 4.1.2.</p>	<p>4.4.2 The chairperson shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chairperson shall reconvene the meeting in accordance with the procedures in Item 4.1.2.</p>	<p>Regulations of the competent authority: The postponement of the meeting shall be limited to the same day.</p>
<p>4.7.3 At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chairperson shall declare a suspension of the meeting, in which case Item 4.4.2 shall apply mutatis mutandis. During a board of directors meeting, if the chairperson is unable to chair the meeting for any reason or declare the meeting closed without adhering to the provision stipulated in Item 4.7.2, the provision of Item 4.1.5 shall apply to the election and appointment of an acting chairperson mutatis mutandis.</p>	<p>4.7.3 At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chairperson shall declare a suspension of the meeting, in which case Item 4.4.2 shall apply mutatis mutandis. (Added.)</p>	<p>The competent authority has added the following requirements.</p>

After the Revision	Before the Revision	Explanation
(Removed.)	4.12 Unless otherwise provided by other regulations, these Rules, and any amendments to it, shall enter into force after it has been adopted by the board of directors and reported to the shareholders' meeting.	Duplicate articles are removed.
5. Implementation and amendment: These Regulations, and any amendments to it, shall enter into force after it has been passed by the board of directors and reported to the shareholders' meeting.	5. Implementation and amendment: These Regulations, and any modifications to it, shall enter into force after it has been approved by the board of directors and publicly announced.	It is integrated with the contents of Item 4.12.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000646

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, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only 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, 2023 and 2022, 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 parent company only financial statements section of our report*. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 2023 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 2023 parent company only 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. As the balances of inventories are significant to the financial statements and inventories are measured at the lower of cost and net realizable value. The net realizable 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 checked 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 logics in calculating the inventory aging; and sampled and validated the net realizable 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 8, 2024

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, Taiwan 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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 247,783	13	\$ 231,560	18
1136	Current financial assets at amortised cost	6(2)	8,700	1	-	-
1140	Current contract assets	6(18)	59,734	3	121,257	9
1150	Notes receivable, net	6(3)	6,459	-	5,218	-
1170	Accounts receivable, net	6(3)	47,100	3	115,546	9
1180	Accounts receivable due from related parties, net	6(3) and 7	22,691	1	27,302	2
130X	Current inventories	6(4)	491,824	26	532,655	40
1410	Prepayments		23,243	1	21,996	2
1470	Other current assets		23	-	73	-
11XX	Current assets		<u>907,557</u>	<u>48</u>	<u>1,055,607</u>	<u>80</u>
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	763,372	41	34,317	3
1755	Right-of-use assets	6(6)	16,180	1	8,198	1
1780	Intangible assets	6(7)	4,802	-	3,912	-
1840	Deferred tax assets	6(25)	9,746	1	4,583	-
1915	Prepayments for business facilities	6(27)	44,541	2	67,426	5
1920	Guarantee deposits paid	6(8) and 8	128,773	7	137,950	11
15XX	Non-current assets		<u>967,414</u>	<u>52</u>	<u>256,386</u>	<u>20</u>
1XXX	Current tax assets		<u>\$ 1,874,971</u>	<u>100</u>	<u>\$ 1,311,993</u>	<u>100</u>

(Continued)

ARCH METER CORPORATION
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(9)	\$ 451,905	24	\$ 556,148	43
2130	Current contract liabilities	6(18)	697	-	640	-
2150	Notes payable		60	-	3	-
2170	Accounts payable		76,153	4	174,023	13
2200	Other payables	6(10)	71,507	4	38,093	3
2230	Current tax liabilities		30,226	2	20,310	2
2250	Current provisions	6(14)	324	-	-	-
2280	Current lease liabilities		7,398	-	4,403	-
2300	Other current liabilities		1,198	-	1,082	-
21XX	Current liabilities		<u>639,468</u>	<u>34</u>	<u>794,702</u>	<u>61</u>
Non-current liabilities						
2540	Non-current portion of non-current borrowings	6(11) and 8	592,000	32	-	-
2550	Non-current provisions	6(14)	2,208	-	-	-
2580	Non-current lease liabilities		9,117	-	4,126	-
2645	Guarantee deposits received	6(28)	651	-	-	-
25XX	Non-current liabilities		<u>603,976</u>	<u>32</u>	<u>4,126</u>	<u>-</u>
2XXX	Total liabilities		<u>1,243,444</u>	<u>66</u>	<u>798,828</u>	<u>61</u>
Equity						
Share capital		6(15)				
3110	Ordinary share		389,180	21	388,880	29
Capital surplus		6(16)				
3200	Capital surplus		75,677	4	75,460	6
Retained earnings		6(17)				
3310	Legal reserve		4,882	-	-	-
3350	Unappropriated retained earnings (accumulated deficit)		161,788	9	48,825	4
3XXX	Total equity		<u>631,527</u>	<u>34</u>	<u>513,165</u>	<u>39</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments		9				
Significant Events after the reporting period		11				
3X2X	Total liabilities and equity		<u>\$ 1,874,971</u>	<u>100</u>	<u>\$ 1,311,993</u>	<u>100</u>

ARCH METER CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	\$ 1,036,959	100	\$ 715,612	100
5000	Operating costs	6(4)(23)(24) and 7	(725,880)	(70)	(491,680)	(69)
5900	Gross profit from operations		<u>311,079</u>	<u>30</u>	<u>223,932</u>	<u>31</u>
	Operating expenses	6(23)(24)				
6100	Selling and marketing expenses		(21,622)	(2)	(21,868)	(3)
6200	General and administrative		(48,804)	(5)	(33,596)	(5)
6300	Research and development expenses		(33,632)	(3)	(30,733)	(4)
6450	Expected credit losses	12(2)	(5)	-	(6)	-
6000	Total operating expenses		<u>(104,063)</u>	<u>(10)</u>	<u>(86,203)</u>	<u>(12)</u>
6900	Net operating income		<u>207,016</u>	<u>20</u>	<u>137,729</u>	<u>19</u>
	Non-operating income and expenses					
7100	Interest income	6(19)	1,811	-	454	-
7010	Other income	6(20)	788	-	525	-
7020	Other gains and losses	6(21)	(307)	-	(2,627)	-
7050	Finance costs	6(22)	(13,398)	(1)	(6,892)	(1)
7000	Total non-operating income and expenses		<u>(11,106)</u>	<u>(1)</u>	<u>(8,540)</u>	<u>(1)</u>
7900	Profit before income tax		195,910	19	129,189	18
7950	Income tax expense	6(25)	(39,147)	(4)	(25,966)	(4)
8200	Profit for the year		<u>\$ 156,763</u>	<u>15</u>	<u>\$ 103,223</u>	<u>14</u>
8500	Total comprehensive income for the year		<u>\$ 156,763</u>	<u>15</u>	<u>\$ 103,223</u>	<u>14</u>
	Basic earnings per share					
9750	Basic earnings per share	6(26)	<u>\$ 4.03</u>		<u>\$ 2.73</u>	
	Diluted earnings per share					
9850	Diluted earnings per share	6(26)	<u>\$ 4.00</u>		<u>\$ 2.66</u>	

ARCH METER CORPORATION
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Capital		Capital reserves		Retained earnings		Total equity
		Ordinary share	Advance receipts for share capital	Capital surplus, additional paid-in capital	Capital surplus, employee share options	Legal reserve	Unappropriated retained earnings (accumulated deficit)	
2022								
Balance at January 1, 2022		\$ 361,200	\$ 4,160	\$ 74,385	\$ 852	\$ -	(\$ 54,398)	\$ 386,199
Profit for the year		-	-	-	-	-	103,223	103,223
Total comprehensive income for the year		-	-	-	-	-	103,223	103,223
Compensation costs of share-based payment	6(13)	-	-	-	223	-	-	223
Exercise of employee share options	6(15)	27,680	(4,160)	820	(820)	-	-	23,520
Balance at December 31, 2022		\$ 388,880	\$ -	\$ 75,205	\$ 255	\$ -	\$ 48,825	\$ 513,165
2023								
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		\$ 389,180	\$ -	\$ 75,216	\$ 461	\$ 4,882	\$ 161,788	\$ 631,527

ARCH METER CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 195,910	\$ 129,189
Adjustments			
Adjustments to reconcile profit			
Depreciation expense	6(5)(6)(23)	18,554	17,908
Amortisation charge	6(7)(23)	2,740	2,336
Expected credit losses	12(2)	5	6
Interest expense	6(22)	13,398	6,892
Interest income	6(19)	(1,811)	(454)
Compensation costs of share-based payment	6(13)	217	223
Gain on lease modification	6(21)	-	(27)
Gains on disposals of property, plant and equipment	6(21)	(40)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		61,523	(119,128)
Notes receivable		(1,241)	1,404
Accounts receivable		68,441	(5,767)
Accounts receivable due from related parties		4,611	(457)
Inventories		40,831	(199,093)
Prepayments		(1,247)	(3,189)
Other current assets		50	42
Changes in operating liabilities			
Contract liabilities		57	(2,504)
Notes payable		57	(74)
Accounts payable		(97,870)	55,914
Accounts payable to related parties		-	(351)
Other payables		14,577	20,587
Provisions for warranty		2,532	-
Other current liabilities		116	231
Cash inflow (outflow) generated from operations		321,410	(96,312)
Interest received		1,811	454
Interest paid		(13,398)	(6,892)
Income taxes paid		(34,394)	(22,170)
Net cash flows from operating activities		<u>275,429</u>	<u>(124,920)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisition) disposal of financial assets at amortised cost	6(2)	(8,700)	20,600
Acquisition of property, plant and equipment	6(5)(27)	(698,519)	(67,815)
Decrease (increase) in refundable deposits	6(8)	9,177	(89,945)
Proceeds from disposal of property, plant and equipment		40	-
Acquisition of intangible assets	6(7)	(3,630)	(4,718)
Net cash flows used in investing activities		<u>(701,632)</u>	<u>(141,878)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(28)	(104,243)	293,489
Increase (decrease) in refundable deposits		651	(109)
Redemption of lease liabilities	6(6)(28)	(7,364)	(8,698)
Proceeds from long-term debt	6(11)	592,000	-
Cash dividends paid	6(17)	(38,918)	-
Exercise of employee share options	6(15)	300	23,520
Net cash flows from financing activities		<u>442,426</u>	<u>308,202</u>
Net increase in cash and cash equivalents		16,223	41,404
Cash and cash equivalents at beginning of year	6(1)	231,560	190,156
Cash and cash equivalents at end of year	6(1)	<u>\$ 247,783</u>	<u>\$ 231,560</u>

2023 Earnings Distribution Table

Unit: NT \$

Item	Amount
Beginning undistributed earnings	5,023,892
Add: 2023 Net income after tax	156,763,399
Subtotal	161,787,291
Appropriated Items:	
Less: Set aside 10% legal reserve	(15,676,340)
Earnings available for distribution by the end of the fiscal year	146,110,951
Distribution Items:	
Cash Dividends to Shareholders (NT\$ 3.0 per share)	128,571,000
Undistributed earnings by the end of 2023	17,539,951

Comparison Table for the procedures for Regulations Governing
Making of Endorsements/ Guarantees

After the Revision	Before the Revision	Explanation
<p>5.1.2 Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	<p>5.1.2 Companies in which the Company holds, directly or indirectly, 90% of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	<p>The wording is amended.</p>
<p>5.1.7 The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (hereinafter referred to as FSC).</p>	<p>5.1.7 The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (hereinafter referred to as the Commission).</p>	<p>The abbreviation for the name of the competent authority is amended.</p>
<p>5.4.1 Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Operational Procedures for Endorsements/Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees. The Procedures, and any amendments to it, shall be approved by the board of directors of that subsidiary and submitted to</p>	<p>5.4.1 Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Operational Programs for Endorsements/Guarantees in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees. The Programs, and any amendments to it, shall be approved by the board of</p>	<p>The wording is amended.</p>

After the Revision	Before the Revision	Explanation
shareholders' meeting (when there is more than one shareholder) of the subsidiary for approval.	directors of that subsidiary and submitted to shareholders' meeting (when there is more than one shareholder) of the subsidiary for approval.	
<p>(Removed.) (The order of the following Articles has been adjusted accordingly, although they are not listed separately.)</p>	<p>5.4.2 The Company's audit personnel shall audit the subsidiaries' compliance with the Regulations on a regular basis and prepare an audit report. After submitting the findings and recommendations in the audit report for approval, the audit personnel shall notify each subsidiary of the necessary improvements. Furthermore, regular follow-up reports shall be prepared on a regular basis to ensure that appropriate corrective actions are taken promptly</p>	As explained in the Q&A series of the Regulations Governing Establishment of Internal Control Systems by Public Companies by the competent authority, the audit personnel of the parent company shall not concurrently serve as the audit personnel of subsidiaries.
<p>5.4.4 The financial unit of the Company shall regularly evaluate whether the follow-up control measures and handling procedures for the endorsement/guarantee made by each subsidiary are appropriate.</p>	<p>5.4.5 The financial unit of the Company shall regularly evaluate whether the follow-up control measures and handling programs for the endorsement/guarantee made by each subsidiary are appropriate.</p>	The item number and the wording are amended.
<p>5.5 Procedures for custody and use of corporate chops:</p>	<p>5.5 Programs for custody and use of corporate chops:</p>	The wording is amended.
<p>5.6.1 If the Company intends to make endorsements/guarantees for others, the Procedures for Endorsement/Guarantee shall be formulated in accordance with these Regulations. Once passed by</p>	<p>5.6.1 If the Company intends to make endorsements/guarantees for others, the Procedures for Endorsement/Guarantee shall be formulated in accordance</p>	The operating procedures are adjusted according to laws and

After the Revision	Before the Revision	Explanation
<p>the audit committee, the Company shall submit them to the board of directors for passage and to the shareholders' meeting for consent. If there any director expresses dissent that is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the shareholders' meeting for discussion. The same shall apply to any amendments to the Procedures.</p>	<p>with these Regulations. Once passed by the board of directors, the Company shall submit them to the audit committee and to the shareholders' meeting for consent. If there any director expresses dissent that is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the audit committee and the shareholders' meeting for discussion. The same shall apply to any amendments to the Procedures.</p>	<p>regulations.</p>

Comparison Table for the procedures for Regulations Governing
Loaning of Funds

After the Revision	Before the Revision	Explanation
5.1 Borrower of loans of funds:	5.1 Object of loans of funds:	The wording is adjusted with reference to laws and regulations.
5.1.3 The term "financing amount" as used in the preceding paragraph (5.1.1.2) refers to the cumulative balance of the public company's short-term financing.	5.1.3 The term "financing amount" as used in the paragraph 1, subparagraph 2 (5.1.1.2) refers to the cumulative balance of the public company's short-term financing.	The regulation index is removed.
5.1.4 The restriction in 5.1.1.2 shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.	5.1.4 The restriction in paragraph 1, subparagraph 2 (5.1.1.2) shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still prescribe limits on the durations of such loans in accordance with Article 9, subparagraphs 3 (5.3) and 4 (5.6 and 5.7).	The provisions of the cited regulations have been removed. Therefore, in accordance with Article 9 of the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies," the description is added and the wording is amended accordingly.
5.2.1 If the Company loans funds to another company or business for reasons of business dealings, evaluation standards shall be specified for determining whether the amount of a loan is commensurate to the total	5.2.1 If the Company loans funds to another company or business for reasons of business dealings, it shall be handled in accordance with the provisions of 5.3.2.	The provisions of the cited regulations have been removed. Therefore, in accordance

After the Revision	Before the Revision	Explanation
<p>amount of business dealings between the two entities.</p>		<p>with Article 9 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," the description is added.</p>
<p>5.3 The aggregate amount of loans and the maximum amount permitted to a single borrower:</p>	<p>5.3 The aggregate amount of loans and the maximum amount permitted to a single object:</p>	<p>The wording is adjusted with reference to laws and regulations.</p>
<p>5.5.1 Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the company's "Operational Procedures for Loaning Funds to Others," which, along with the evaluation results of 5.9, shall be submitted to the board of directors for resolution.</p>	<p>5.5.1 Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the company's "Operational Procedures for Loaning Funds to Others," which, along with the evaluation results of Article 9, subparagraph 6 (5.9), shall be submitted to the board of directors for resolution. No other individual may be empowered to make such decision.</p>	<p>The regulation index is removed, and the wording is amended accordingly.</p>
<p>5.5.2 Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph (5.5.1), and the chairman may be authorized, for a specific borrowing</p>	<p>5.5.2 Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph (5.5.1), and the chairman may be</p>	<p>The wording is adjusted with reference to laws and regulations.</p>

After the Revision	Before the Revision	Explanation
<p>counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p>	<p>authorized, for a specific borrowing object, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p>	
<p>5.5.3 The "certain monetary limit" mentioned in the preceding paragraph (5.5.2) on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with the provisions of 5.1.4.</p>	<p>5.5.3 The "certain monetary limit" mentioned in the preceding paragraph (5.5.2) on authorization for loans extended by the public company or any of the subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except in cases of companies in compliance with Article 3, paragraph 4 (5.1.4).</p>	<p>The regulation index is removed, and the wording is amended accordingly.</p>