

Stock Code : 4588



Arch Meter Corporation

2024 Annual Report

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw>

Company Website: <https://www.archmeter.com>

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1. Spokesperson and Deputy Spokesperson:

1. Spokesperson:

Name : Tseng, Wen-Liang
Title : Managing Director
Tel : (03)563-1359
E-mail : william@archmeter.com

2. Deputy Spokesperson:

Name : Fang, Shih Shiung
Title : Deputy Director
Tel : (03)563-1359
E-mail : ssfang@archmeter.com

2. Headquarters, Branches and Plant:

	<u>Address</u>	<u>Tel</u>
Headquarter	4F, No.3-2, Gongye E. 9th Rd., Hsinchu Science Park, Hsinchu County 300096, Taiwan (R.O.C.)	(03)563-1359
Plant	4F, No. 3, 3-1, 3-2, 5, 5-1, 3F, No. 3-2, 2F, No. 5-1, Gongye E. 9th Rd., Hsinchu Science Park, Hsinchu County 300096, Taiwan	(03)563-1359
Xiangshan Plant	No. 256-15, Jingguan Blvd., Xiangshan Dist., Hsinchu City 30079, Taiwan (R.O.C.)	(03)563-1359

3. Stock Transfer Agent:

Name : Fubon Securities Co., Ltd.
Address : 11F., No. 17, Xuchang St., Zhongzheng Dist., Taipei
City 100415, Taiwan (R.O.C.)
Website : <https://www.fbs.com/>
Tel : (02)2361-1300

4. Auditors :

Auditors : Chiang, Tsai-Yen and Hsieh, Chih-Cheng
Accounting Firm : PricewaterhouseCoopers
Address : 5F., No. 2, Gongye E. 3rd Rd., Hsinchu
Science Park, Hsinchu City 300091,
Taiwan (R.O.C.)
Website : [https:// www.pwc.tw](https://www.pwc.tw)
Tel : (03)578-0205

5. Overseas Securities Exchange: None

6. Company Website: <https://www.archmter.com/>

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1 Letter to the Shareholders

I. 2024 Business results:

(I) Implementation results of 2024 business plan:

- (1) Execute the Taipower tender for 700,000 smart meters in 2023 and 2024, and delivery of 366,000 smart meters in 2024, totaling about NT\$901.811 million, marking a growth of 2.03% compared to 2023. In this tender, the execution period for 110,000 smart meters extends to 2025, totaling about NT\$277.53 million.
- (2) Acquire an additional 200,000 smart meters from Taipower under the original contract, totaling NT\$412 million, with execution expected in 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. It is expected that the production capacity for smart meters will expand to 80,000 units per month by 2025.
- (4) In terms of power monitoring instrument and power management system, revenue reached NT\$169 million, marking a growth of 10.46% compared to 2023.
- (5) In 2024, the total revenue was NT\$1.04 billion, marking a growth of 3.27% compared to 2023; the net profit after tax was NT\$179.766 million, marking a growth of 14.67% compared to 2023; with the after-tax earnings per share of NT\$4.23.
- (6) Continuously improve internal control and financial systems, strengthen ESG management measures, and that the Company's shares were officially listed on the TWSE on January 29, 2024. And received the following awards: Hsinchu City Government Green Procurement Excellence Award, Ministry of the Environment Green Partner Review, Hsinchu City Government Friendly Breastfeeding Room Excellence Award, Indigenous Peoples Commission Outstanding Award for Employment of Indigenous Peoples, and Ministry of Labor Employment Excellence Award for Middle-aged and Elderly Persons.

(II) Budget implementation status for 2024:

Unit: NT\$ thousands; %

Product field	Sales amount and growth rate		
	2023	2024	Growth rate
Smart grid (Smart meter)	883,881	901,811	2.03%
Power measurement instrument and Energy management solution	153,078	169,094	10.46%
Total	1,036,959	1,070,905	3.27%

(III) Financial receipts and expenditures and profitability analysis for 2024

Unit: NT\$ thousands

Item	2023	2024
Operating revenue	1,036,959	1,070,905

Item	2023	2024
Cost of goods sold	725,880	695,006
Operating gross profit	311,079	375,899
Operating expenses	104,063	134,880
Non-operating revenue	4,167	4,534
Non-operating expenses	15,273	21,034
Income tax	39,147	44,753
Net income after tax	156,763	179,766
EPS after tax (dollars)	4.03	4.22

Unit: NT\$ thousands; %, times

Year/item		2024
Basic Information	Total liabilities	1,050,149
	Total assets	1,969,548
Financial structure	Own asset ratio	46.68%
	Debt ratio	53.32%
Solvency	Current ratio	224.98%
	Quick ratio	133.74%
	Interest coverage ratio	12.60

(IV) Research and Development Overview:

- (1) To meet the needs of overseas business promotion, complete the ANSI international certification for smart meters.
- (2) Respond to the functional expansion of Taipower's next-generation smart meter and complete the enhancement of the smart meter's security level along with the design of various expansion features.
- (3) Develop the non-intrusive appliance load monitoring (NIALM) technology to align with the electricity industry's new trend of developing value-added user services in the future, and complete the development of the NIALM sensor. Conduct integration testing of the cloud AI system for home appliance operating status identification and complete the testing of the demonstration system in 10 households.
- (4) In line with the developing trends of electric vehicles, completed the production of two AC charging pile power measurement and leakage protection modules, and one DC meter for the DC charging station.
- (5) In response to the needs of East Asian customers, develop next-generation smart meters tailored to local requirements and complete the prototype design.

II. The Company's important business directions for 2025 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. We also apply non-intrusive appliance load monitoring (NIALM) technology and 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 continuously develop modular products such as key power measuring and protection, and complete the series of products with international certification 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, and actively pursue the new smart meter tenders from Taipower in 2025.
- (2) Conduct construction of production lines at the Hsinchu Xiangshan Plant, 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 will develop a non-intrusive home appliance load monitoring (NIALM) electricity feature extraction device, combined with a cloud-based AI home operation status recognition system, creating new service models such as elderly care at home and electricity visualization, and jointly planning commercial promotion models with electric companies or system service providers.
- (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 with international certification.

- (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 global promotion of electric vehicles and the establishment of AI data centers will create new demand for related power measuring and protection modules, power monitoring equipment, and energy management systems. This will provide new business opportunities for the expansion of our existing power monitoring instrument products and the development of associated derivative products.
- (4) 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 technology R&D and business development in the fields of smart grid, power monitoring, power management, and related areas. Benefiting from Taiwan's comprehensive promotion of the Automated Metering Infrastructure (AMI), value-added services derived from the electricity industry, 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 resources 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 the 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 2025, 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

2 Corporate Governance Report

2.1 Directors and Management Team

I. Directors

(1). Information of Directors

April 22, 2025

Title	Nationality / Place of Incorporation	Name	Gender Age	Date Elected	Term /Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	TW	Chen, Jan-Ku	Male 71-80 years		3	2005/6/02	2,425,000	5.66	1,226,000	2.85	—	—	1,199,000	2.80	PhD, Chemical Engineering, Tulane University, USA Head of Electric Technology Group, Energy and Resources Laboratories, Industrial Technology Research Institute	CEO of the Company (Note) Chairman, YuCheng Investment Corporation.	—	—	—	—
Director	TW	Tseng, Wen-Liang	Male 61-70 years	2022/9/22	3	2005/6/02	760,000	1.77	760,000	1.77	76,000	0.18	—	—	Master's Degree, Department of Mechanical Engineering, National Taiwan University Energy and Resources Laboratories, Industrial Technology	President of the Company	—	—	—	—

Title	Nationality / Place of Incorporation	Name	Gender	Age	Date Elected	Term /Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Research Institute Director of System Engineering Office					
Director	TW	Yung, Teh-Yuh	Male	61-70 years	2022/9/22	3	2005/8/31	400,000	0.93	400,000	0.93	—	—	—	—	Department of Mechanical Engineering, National Sun Yat-sen University; MBA, California State University, Long Beach Assistant Manager, BNP Paribas Manager, HSBC Bank Vice President and Manager of Kaohsiung Branch of KBC Bank NV Senior Vice President, Commercial Banking Division, Citibank	—	—	—	—	—
Director	TW	Shihlin Electric &	—		-	-	-	5,636,050	13.15	5,636,050	13.11	—	—	—	—		—	—	—	—	—

Title	Nationality / Place of Incorporation	Name	Gender	Age	Date Elected	Term /Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note	
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation		
										Engineering Corp.												
	TW	Representative : Chang, Chin-Wen	Male	61-70 years	2022/9/22	3	2009/7/2	-	-	-	-	-	-	-	-	Department of Electrical Engineering, National Kaohsiung Institute of Technology President, Business Group, Shihlin Electric & Engineering Corporation	President, Business Group, Shihlin Electric & Engineering Corporation Representative Director of Xinlin Electric Co., Ltd. Chairman and President, Rueil Lin Electric & Engineering Corp. Representative Director of Chuan Lin Scien-Technical Corp. Director of Suzhou Shihlin Electric & Engineering Co., Ltd. Chairman of Vietnam Shihlin Electric & Engineering Co., Ltd.	-	-	-	-	
Director	TW	Alex Chang	Male	61-70 years	2022/9/22	3	2022/9/22	-	-	-	-	-	-	-	Master of Engineering Economics, Stanford University, USA Master of Civil and	Senior Vice President of Industrial Technology Investment Corporation Independent Director, Everlight	-	-	-	-		

Title	Nationality / Place of Incorporation	Name	Gender	Age	Date Elected	Term /Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Environmental Engineering, Stanford University, USA Master of Engineering Management, Southern Methodist University, USA Master of Mechanical Engineering, National Chiao Tung University Independent Director, Iron Force Industrial, Co.,Ltd. Senior Strategic Investment Consultant, Lite-On IT Corporation Senior Vice President, DelSolar Co., Ltd. Development Manager of AES Corporation	Chemical Industrial Corporation Representative Director, Alliance Materials, Inc. and Alliance Materials Technology Co., Ltd. Representative Director of Taiwan Electron Microscope Corporation Representative Director, BELux Bio-Pharmaceutical Co., Ltd. and BELX Bio-Pharmaceutical Corporation Representative Director of Cornucopia Innovation Corporation Representative Director of Taicend Technology Co., Ltd. Representative Director of Energic Technologies Corporation Representative				

Title	Nationality / Place of Incorporation	Name	Gender	Age	Date Elected	Term /Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																	Director of Janus Cyber Co., Ltd. Representative Director of Holon Robotics Corporation				
Director	TW	Tseng, Chun Hung	Male	61-70 years	2022/9/22	3	2022/9/22	867,000	2.02	867,000	2.02	—	—	—	—	EMBA, Overseas Education College, Shanghai Jiao Tong University	Chairman of Suzhou Huashun Printing Co., Ltd. Independent Director, Song Shang Electronics Co.,Ltd.	—	—	—	—
Independent Director	TW	Chen, Shih-Chien	Male	71-80 years	2022/9/22	3	2022/9/22	—	—	—	—	—	—	—	—	Doctor of Philosophy Soil and Crop Sciences, Texas A&M University Assistant Vice President, Industrial Technology Research Institute Vice President, Business Administration, Hong Kong Applied Science and Technology Research Institute (ASTRI)	Distinguished Expert, Industrial Technology Research Institute	—	—	—	—

Title	Nationality / Place of Incorporation	Name	Gender Age	Date Elected	Term /Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	TW	Shih, Jung Shun	Male 71-80 years	2022/9/22	3	2022/9/22	—	—	—	—	—	—	—	—	Master of Chemical Engineering, National Taiwan University Senior Director, Totoku Toryo Co., Ltd. Special Advisor, Totoku Toryo Co., Ltd.	—	—	—	—	
Independent Director	TW	Hsu, Wan Hsin	Female 51-60 years	2022/9/22	3	2022/9/22	—	—	—	—	—	—	—	—	MBA, Department of Business Administration, Chung Yuan Christian University; CFO of Song Shang Electronics Co., Ltd.	CFO, Song Shang Electronics Co., Ltd. Representative Director of Song He Investment Co., Ltd. Representative Director of Song Zhi Zhu Co., Ltd. Representative Director of Moment Holding International Ltd.. Supervisor of Lan Circuit Tech Co., Ltd. Supervisor of E-FANer Tech Co., Ltd. Representative Director of Deyork Co., Ltd.	—	—	—	—
Independent Director	TW	Hsiao, Chin-Yi	Male 71-80 years	2023/6/29	3	2023/6/29	—	—	—	—	—	—	—	—	Master of Public Administration, National	Chairman, Win Star Technology Corporation	—	—	—	—

Title	Nationality / Place of Incorporation	Name	Gender	Age	Date Elected	Term /Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Chengchi University Chief Professional Management Officer, Taiwan Power Company (Taipower)	Chairman, Chong Yi Electricity Technology Co., Ltd. Chairman, E-FANer Tech Co., Ltd. Consultant to SunnyRich Multifunction Solar Power Co., Ltd. Consultant of Shinfox Energy Co., Ltd.					

Note: Chen, Jan-Ku, the Chairman of the Company, also serves as the Chief Executive Officer due to his extensive experience necessary for the business. He oversees various decisions, participates in routine executive meetings, actively participates and coordinates matters in key meetings, and integrates internal resources, making his role essential. To implement corporate governance, the Company has appointed four independent directors to enhance the functions of the Board of Directors and strengthen its supervisory functions. In addition, more than half of the directors of the Company are not concurrently employees or managers.

(2). Major shareholders of the institutional shareholders

Institutional shareholders	Major shareholders
Shihlin Electric & Engineering Corp.	Mitsubishi Electric Corporation (21.16%); The Ambassador Hotel Co., Ltd. (11.48%); China Trust Commercial Bank entrusted with the custodianship of Shihlin Electric & Engineering Corporation Employees Holding Company Trust Property Account (5.46%); Taipei Fubon Commercial Bank entrusted with the custodianship of the Shihlin Electric & Engineering Corporation Trust Property Account (3.47%); Yang De Investment Co., Ltd. (5.29%); De Hong Investment Co., Ltd. (2.59%); Citibank (Taiwan) Limited acting entrusted with the custodianship of the investment account of First Securities (Hong Kong) Nominees Limited (2.24%); Benz Investment Corp. (1.94%); Kan, Chin-Yu (1.59%); Yu Hong Investment Co., Ltd. (1.53%)

(3). If the major shareholder of a juristic person/corporate shareholder is also a juristic person/corporation, the major shareholders should be stated:

Institution name	Major shareholders of the Institution
Mitsubishi Electric Corporation	Foreign company
Ambassador Hotel Co., Ltd.	Shihlin Electric & Engineering Corporation (18.24%); De Hong Investment Co., Ltd. (8.07%); HCT Logistics Co., Ltd. (7.68%); Hsin Ho Investment Co., Ltd. (7.15%); Yu Hong Investment Co., Ltd. (5.78%); Jing De Sheng Co., Ltd. (5.59%); Citibank (Taiwan) Limited acting as a custodian for the investment account of First Securities (Hong Kong) Nominees Limited (4.21%); Chang Hong Investment Co., Ltd. (3.55 %), Yang De Investment Co., Ltd. (2.17%), Shen, Qing-Xiong (1.37%)
Yang De Investment Co., Ltd.	Kuo, Dun-Yu (53.79%); Hsu Chin-Te Memorial Foundation (29.88%); Zhen Jie Investment Co., Ltd. (11.34%); Hsu, Shu-Wan (4.27%); Lin, Hsin-Yi (0.72%)
De Hong Investment Co., Ltd.	HCT Logistics Co., Ltd. (30.77%); Chia Bing Investment Corp, Ltd. (16.02%); Benz Investment Corp (8.65%); Xiang Lin Investment Co., Ltd. (8.33%); Ambassador Investment Corp., Ltd. (6.73%); Yu Lin Investment Co., Ltd. (5.77%); Hong Lin Investment Co., Ltd. (5.13%); Zheng Lin Investment Co., Ltd. (4.49%); Jing De Sheng Co., Ltd. (2.56%); Ding Lin Enterprise Co., Ltd. (2.56%)
Benz Investment Corp.	The Ambassador Hotel Co., Ltd. (99.99%), Hsu Chin-Te Memorial Foundation (0.01%)
Yu Hong Investment Co., Ltd	HCT Logistics Co., Ltd. (28.36%); Ji Lin Investment Co., Ltd. (2.49%); Cheng De Investment Co., Ltd. (1.99%); Chang De Investment Co., Ltd. (1.49%)

(4). Professional qualifications and independence analysis of directors

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent
Chen, Jan-Ku	<ol style="list-style-type: none"> 1. Work experience Head of Electric Technology Group, Energy and Resources Laboratories, Industrial Technology Research Institute Chairman and CEO, Arch Meter Corporation 2. Not subject to the conditions stated in Article 30 of the Company Act. 	NA	None
Tseng, Wen-Liang	<ol style="list-style-type: none"> 1. Work experience Director, Systems Engineering Office, Energy and Resources Laboratories, Industrial Technology Research Institute President, Arch Meter Corporation 2. Not subject to the conditions stated in Article 30 of the Company Act. 		None
Yung, Teh-Yuh	<ol style="list-style-type: none"> 1. Work experience Assistant Manager, BNP Paribas Manager, HSBC Bank Vice President and Manager of Kaohsiung Branch of KBC Bank NV Senior Vice President, Commercial Banking Division, Citibank 2. Not subject to the conditions stated in Article 30 of the Company Act. 		None
Chang, Chin-Wen	<ol style="list-style-type: none"> 1. Work experience President, Business Group, Shihlin Electric & Engineering Corporation Director, Xinlin Electric Co., Ltd. Chairman and President, Rueil Lin Electric & Engineering Corp. Director, Chuan Lin Scien-Technical Corp. Director of Suzhou Shihlin Electric & Engineering Co., Ltd. Chairman of Vietnam Shihlin Electric & Engineering Co., Ltd. Director, Chailease Shihlin Energy Technology Co., Ltd. 2. Not subject to the conditions stated in Article 30 of the Company Act. 		None

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent
Alex Chang	1. Work experience Senior Vice President of Industrial Technology Investment Corporation Independent Director, Everlight Chemical Industrial Corporation Representative Director, Alliance Materials, Inc. and Alliance Materials Technology Co., Ltd. Representative Director of Taiwan Electron Microscope Instrument Corporation Representative Director, BELux Bio-Pharmaceutical Co., Ltd. and BELX Bio-Pharmaceutical (Taiwan) Corporation Representative Director of Cornucopia Innovation Corporation Representative Director of Taicend Technology Co., Ltd. Representative Director of Energetic Technologies Corporation Representative Director of Janus Cyber Co., Ltd. Representative Director of Holon Robotics Corporation 2. Not subject to the conditions stated in Article 30 of the Company Act.		1
Tseng, Chun Hung	1. Work experience Chairman of Suzhou Huashun Printing Co., Ltd. Independent Director, Song Shang Electronics Co.,Ltd. 2. Not subject to the conditions stated in Article 30 of the Company Act.		1
Chen, Shih-Chien	1. Work experience Assistant Vice President, Industrial Technology Research Institute Vice President, Business Administration, Hong Kong Applied Science and Technology Research Institute Vice Director, Energy and Resources Laboratories, Industrial Technology Research Institute 2. Not subject to the conditions stated in Article 30 of the Company Act.	During the two years before being elected and during the term of office, all Independent Directors do not have any circumstances defined in Paragraph 1, Article 3 of Regulations Governing Appointment of	None

Criteria Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent
Shih, Jung Shun	1. Work experience Senior Director, Totoku Toryo Co., Ltd. Special Advisor, Totoku Toryo Co., Ltd. 2. Not subject to the conditions stated in Article 30 of the Company Act.	Independent Directors and Compliance Matters for Public Companies.	None
Hsu, Wan Hsin	1. Work experience CFO, Song Shang Electronics Co.,Ltd. 2. Not subject to the conditions stated in Article 30 of the Company Act.		None
Hsiao, Chin-Yi	1. Work experience Chief Professional Management Officer, Taiwan Power Company (Taipower) 2. Not subject to the conditions stated in Article 30 of the Company Act.		None

(5). Diversity and Independence of the Board of Directors

The Company advocates and respects the diversity policy of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, we believe that the policy of diversity will help improve the overall performance of the Company. The nomination and selection of the Company's independent directors are subject to the Company's Articles of Incorporation. We employ a candidate nomination system, and after approval by the Board of Directors, the nominees are presented to the annual general shareholders' meeting for election. The members of the Company's Board of Directors shall generally possess the knowledge, skills and literacy necessary to perform their duties.

There are 10 directors in the current term, and their diversity is as follows:

Diversity Items Name	Basic conditions							Industrial experience					Professional Background		
	Nationality	Gender	Employee	Age			Years as an Independent director	Business judgment	Accounting and financial analysis ability	Crisis management	International market perspective	Leadership ability	Business management ability	Financial law	Electricity related matters
				41~50 years	51~60 years	Over 60 years old									
Chen, Jan-Ku	TW	M	✓		✓			✓	✓	✓	✓	✓		✓	
Tseng, Wen-Liang	TW	M	✓		✓			✓	✓	✓	✓	✓		✓	

Diversity Items	Basic conditions							Industrial experience						Professional Background		
	Nationality	Gender	Employee	Age			Years as an Independent director		Business judgment	Accounting and financial analysis ability	Crisis management	International market perspective	Leadership ability	Business management ability	Financial law	Electricity related matters
				41~50 years	51~60 years	Over 60 years old	Less than 3 years	more than 3 years								
Name																
Yung, Teh-Yuh	TW	M			✓			✓	✓	✓	✓	✓	✓	✓		
Chang, Chin-Wen	TW	M			✓			✓		✓	✓	✓	✓		✓	
Alex Chang	TW	M			✓			✓	✓	✓	✓	✓	✓	✓		
Tseng, Chun Hung	TW	M			✓			✓	✓	✓	✓	✓	✓			
Chen, Shih-Chien	TW	M			✓	✓		✓		✓	✓	✓	✓			
Shih, Jung Shun	TW	M			✓	✓		✓		✓	✓	✓	✓			
Hsu, Wan Hsin	TW	F		✓		✓		✓	✓	✓	✓	✓	✓	✓		
Hsiao, Chin-Yi	TW	M			✓	✓		✓		✓	✓	✓	✓		✓	

The Company's current Board of Directors is composed of 10 members, all of whom are ROC nationals. All of the members have industry-related background, financial law, and international market outlook, and possess sound leadership, crisis management, and business management capabilities. As of the end of 2023, all independent directors had complied with the requirements set forth by Securities and Futures Bureau, Financial Supervisory Commission for independent directors. Additionally, there have been no instances of the circumstances specified in Article 26, Paragraphs 3 and 4 of the Securities Exchange Act between directors and independent directors. The composition and structure of the Board of Directors are as follows: 4 independent directors 40.00%; 2 directors who are also concurrently managerial officers 20.00%. The age distribution of board members includes 1 directors aged 51-60, 5 directors aged 61-70, and 4 directors aged 71-80.

The Company currently has 10 board members, with one female independent director, representing 10% of the board—below the one-third gender diversity benchmark. Due to the technical nature of the smart grid industry and the relatively low number of female professionals, the pool of female board candidates remains limited. The Company is committed to improving board diversity by considering gender balance in nominations and actively seeking qualified female candidates to enhance gender equality and corporate governance.

II. Management team

April 22, 2025

Title	Name	Gender	Nationality	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	Chen, Jan-Ku	M	TW	2005/06/02	1,226,000	2.85	—	—	1,199,000	2.80	PhD, Chemical Engineering, Tulane University, USA Head of Electric Technology Group, Energy and Resources Laboratories, Industrial Technology Research Institute	Chairman, YuCheng Investment Corporation	—	—	—	*
Managing Director	Tseng, Wen-Liang	M	TW	2005/06/02	760,000	1.77	76,000	0.18	—	—	Master's degree in Mechanical Engineering from National Taiwan University Director, Systems Engineering Office, Energy and Resources Laboratories, Industrial Technology Research Institute	None	—	—	—	—
R&D Director	Chou, An Li	F	TW	2005/08/01	285,000	0.66	—	—	—	—	Bachelor, Department of Electronics, National Taiwan Ocean University Researcher, Systems Engineering Office, Energy and Resources Laboratories, Industrial Technology Research Institute	None	—	—	—	—
Business Deputy Director	Fang, Shih Shiung	M	TW	2005/08/01	325,000	0.76	—	—	—	—	Master of Chemical Engineering, National Central University Researcher, Systems Engineering Office, Energy and Resources Laboratories, Industrial Technology Research Institute	None	—	—	—	—
Manufacturing Director	Liu, Zheng Zhong	M	TW	2022/06/20	19,000	0.04	—	—	—	—	Master of Manufacturing Engineering, National Cheng Kung University Deputy Director-General, Manufacturing Division, TTD Hitech Energy Co., Ltd.	None	—	—	—	—
Corporate Governance Officer	Hsu, Shu-Lung	M	TW	2023/08/09	10,000	0.02	—	—	—	—	Chinese Culture Univ., Bachelor of Economics Fineart Co., Audit Manager	None	—	—	—	—

Title	Name	Gender	Nationality	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current Positions in the Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CFO	Wang, Yi-Ting	F	TW	2017/05/18	53,000	0.12	—	—	—	—	Master of Accounting, Fu Jen Catholic University Accounting Manager, Vanguard International Semiconductor Corporation	None	—	—	—	—
Audit Supervisor	Wang, Chen Ru	F	TW	2021/05/20	16,000	0.04	—	—	—	—	Bachelor, Department of Finance, Fortune Institute of Technology Document Manager, Bolymin, Inc.	None	—	—	—	—

* Chen, Jan-Ku, the Chairman of the Company, also serves as the Chief Executive Officer due to his extensive experience necessary for the business. He oversees various decisions, participates in routine executive meetings, actively participates and coordinates matters in key meetings, and integrates internal resources, making his role essential. To implement corporate governance, the Company has appointed four independent directors to enhance the functions of the Board of Directors and strengthen its supervisory functions. In addition, more than half of the directors of the Company are not concurrently employees or managers.

2.2 Remuneration paid during the most recent fiscal year to directors, the presidents and vice-presidents

I. Remuneration paid to directors and independent directors

Unit: NT\$ thousands; %

Title	Name	Directors Remuneration								Amount and Ratio of total A, B, C and D to Net Income		Remuneration Received as Employee						Amount and Ratio of total A, B, C, D, E, F and G to Net Income		Remuneration from Invested Companies Other Than Subsidiaries or Parent Company		
		Remuneration (A)		Pension (B)		Remuneration to Directors (C)		Allowances (D)				Salary, Bonus and Special Allowance (E)		Pension (F)		Employee Bonus (G)						
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	Cash	Shares	Cash	Shares	The Company	All Companies in the Consolidated Financial Statements			
Chairman	Chen, Jan-Ku																					
Director	Tseng, Wen-Liang																					
Director	Shihlin Electric & Engineering Corp. Representative: Chang, Chin-Wen																					
Director	Alex Chang																					
Director	Tseng, Chun Hung	2,400	2,400	—	—	7,321	7,321	450	450	10,171/5.66	10,171/5.66	6,809	6,809	108	108	1,040	—	1,040	—	18,128/10.08	18,128/10.08	None
Director	Yung, Teh-Yuh																					
Independent Director	Hsu, Wan-Hsin																					
Independent Director	Shih, Jung Shun																					
Independent Director	Chen, Shih-Chien																					
Independent Director	Hsiao, Chin-Yi																					
<p>1. Please state the policy, system, standard and structure of the remuneration to independent directors, and the correlation to the amount of remuneration based on the responsibilities, risks, time invested and other factors:</p> <p>(1) According to the Company's Articles of Incorporation, if the Company makes a profit for the year, no more than 3% of the profit shall be allocated as remuneration to directors.</p> <p>(2) The Board of Directors is authorized to determine the remuneration of independent directors based on their participation in the Company's operations and contribution value, and with reference to the regular standards of the industry.</p> <p>2. Other than the disclosure in the above table, remuneration to the Company's directors for providing services (such as serving as a consultant to the parent company/all companies listed in the financial statements/consulting services to invested enterprises as a non-employee, etc.) in the most recent year: None.</p>																						

Table of Remuneration Ranges

Range of Remuneration Paid to Directors	Names of Directors			
	Aggregate of First Four Items of Remunerations (A+B+C+D)		First Seven Items of Remunerations (A+B+C+D+E+F+G)	
	The Company	All Companies in The Consolidated Financial Statements	The Company	All Companies in The Consolidated Financial Statements
Below NT\$1,000,000	Hsu, Wan-Hsin, Shih, Jung Shun, Chen, Shih-Chien, Hsiao, Chin-Yi	Hsu, Wan-Hsin, Shih, Jung Shun, Chen, Shih-Chien, Hsiao, Chin-Yi	Hsu, Wan-Hsin, Shih, Jung Shun, Chen, Shih-Chien, Hsiao, Chin-Yi	Hsu, Wan-Hsin, Shih, Jung Shun, Chen, Shih-Chien, Hsiao, Chin-Yi
NT\$1,000,000 (incl.) to NT\$2,000,000 (not incl.)	Chen, Jan-Ku, Tseng, Wen-Liang, Shihlin Electric & Engineer-ing Corp., Representative: Chang, Chin-Wen, Alex Chang, Tseng, Chun Hung, Yung, Teh-Yuh	Chen, Jan-Ku, Tseng, Wen-Liang, Shihlin Electric & Engineer-ing Corp., Representative: Chang, Chin-Wen, Alex Chang, Tseng, Chun Hung, Yung, Teh-Yuh	Shihlin Electric & Engineer-ing Corp., Representative: Chang, Chin-Wen, Alex Chang, Tseng, Chun Hung, Yung, Teh-Yuh	Shihlin Electric & Engineer-ing Corp., Representative: Chang, Chin-Wen, Alex Chang, Tseng, Chun Hung, Yung, Teh-Yuh
NT\$2,000,000 (incl.) to NT\$3,500,000 (not incl.)	—	—	—	—
NT\$3,500,000 (incl.) to NT\$5,000,000 (not incl.)	—	—	Tseng, Wen-Liang	Tseng, Wen-Liang
NT\$5,000,000 (incl.) to NT\$10,000,000 (not incl.)	—	—	Chen, Jan-Ku	Chen, Jan-Ku
NT\$10,000,000 (incl.) to NT\$15,000,000 (not incl.)	—	—	—	—
NT\$15,000,000 (incl.) to NT\$30,000,000 (not incl.)	—	—	—	—
NT\$30,000,000 (incl.) to NT\$50,000,000 (not incl.)	—	—	—	—
NT\$50,000,000 (incl.) to NT\$100,000,000 (not incl.)	—	—	—	—
Above NT\$100,000,000	—	—	—	—
Total	10 persons	10 persons	10 persons	10 persons

II. Remuneration paid to the President and Vice-Presidents

Unit: NT\$ thousands; %

Title	Name	Salary (A)		Pension (B)		Bonus and Special Allowances (C)		Employee Bonus (D)				Amount and Ratio of total (A), (B), (C) and (D) to Net Income (%)		Remuneration from Invested Companies Other Than Subsidiaries or Parent Company
		The Company	All Companies in The Consolidated Financial Statements	The Company	All Companies in The Consolidated Financial Statements	The Company	All Companies in The Consolidated Financial Statements	The Company		All Companies in The Consolidated Financial Statements		The Company	All Companies in The Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
CEO	Chen, Jan-Ku	5,929	5,929	108	108	880	880	1,040	--	1,040	--	7,957/4.43%	7,957/4.43%	None
GM	Tseng, Wen-Liang													

Table of Remuneration Ranges

Range of Remuneration Paid to the President and the Vice-Presidents	Name	
	The Company	All Companies in The Consolidated Financial Statements
Below NT\$1,000,000	—	—
NT\$1,000,000 (incl.) to NT\$2,000,000 (not incl.)	—	—
NT\$2,000,000 (incl.) to NT\$3,500,000 (not incl.)	Tseng, Wen-Liang	Tseng, Wen-Liang
NT\$3,500,000 (incl.) to NT\$5,000,000 (not incl.)	Chen, Jan-Ku	Chen, Jan-Ku
NT\$5,000,000 (incl.) to NT\$10,000,000 (not incl.)	—	—
NT\$10,000,000 (incl.) to NT\$15,000,000 (not incl.)	—	—
NT\$15,000,000 (incl.) to NT\$30,000,000 (not incl.)	—	—
NT\$30,000,000 (incl.) to NT\$50,000,000 (not incl.)	—	—
NT\$50,000,000 (incl.) to NT\$100,000,000 (not incl.)	—	—
Above NT\$100,000,000	—	—
Total	2 persons	2 persons

III. Names of management team members who received employee bonus and distributed amounts

Unit: NT\$ thousands

	Title	Name	Stock Amount	Cash Amount	Total	Percentage of the Total to Net Income (%)
Managers	CEO	Chen, Jan-Ku	-	2,394	2,394	1.33
	Managing Director	Tseng, Wen-Liang				
	RD Director	Chou, An Li				
	CFO	Wang, Yi-Ting				
	Audit supervisor	Wang, Chen Ru				
	CGO	Hsu, Shu-Lung				

Note: Proposed amount of distribution.

IV. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements in the most recent two years to the directors, the president and the vice-presidents of the Company and analysis and description of remuneration policies, standards, packages and the procedure for determining remuneration, and their linkage to operating performance and future risk exposure.

- (1). Analysis of total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements in the most recent two years to the directors, the supervisors, the president and the vice-presidents of the Company

Title	The Proportion of Total Amount to 2024 Profit after Income Tax (%)		The Proportion of Total Amount to 2023 Profit after Income Tax (%)	
	The Company	All Companies in The Consolidated Financial Statements	The Company	All Companies in The Consolidated Financial Statements
Directors	10.08	10.08	8.02	8.02
President and Vice-Presidents	4.43	4.43	4.68	4.68

Note : The amount of distribution was approved by the Board of Directors.

- (2). The Company's remuneration policies, standards, packages, and the procedure for determining remuneration, and their linkage to operating performance and future risk exposure

In accordance with the "Articles of Incorporation", if there is a profit in the year, no less than 5% of the profit before tax shall be appropriated as employees' remuneration and no more than 3% of the total amount as directors' remuneration. However, in the event of accumulated losses, the Company shall first reserve a sufficient amount to offset the losses. The resolution on the distribution of directors' remuneration shall be made by a Board of Directors meeting attended by at least two-thirds of the directors and approved by a majority of the directors in attendance, and shall be reported to the annual general shareholders' meeting.

The remuneration policies and payment standards for managerial officers are determined in accordance with the "Regulations Governing the Wages and Remuneration of Directors and Managers". Contributions to the Company's operations and individual performance are considered with reference to the pay status of peers. After the remuneration committee reviews and evaluates the reasonableness of the overall remuneration individually, the remuneration is submitted to the Board of Directors for resolution. At the same time, the connection between individual performance, the Company's operating performance and future risks is also considered.

2.3 Implementation of Corporate Governance

I. Board of Directors

The Board of Directors convened 4 times in 2024, and the attendance of directors is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Chen, Jan-Ku	4	0	100.00	
Director	Tseng, Wen-Liang	4	0	100.00	
Director	Shihlin Electric & Engineering Corp. Representative: Chang, Chin-Wen	3	1	75.00	
Director	Alex Chang	4	0	100.00	
Director	Tseng, Chun Hung	4	0	100.00	
Director	Yung, Teh-Yuh	4	0	100.00	
Independent Director	Hsu, Wan-Hsin	4	0	100.00	
Independent Director	Shih, Jung Shun	4	0	100.00	
Independent Director	Chen, Shih-Chien	4	0	100.00	
Independent Director	Hsiao, Chin-Yi	4	0	100.00	Elected on June 29, 2023, and expected to attend board meetings 5 times.

Other items to be disclosed:

- A.** If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
- Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee, so Article 14-3 of the Securities and Exchange Act shall not be applicable. Please refer to the chapter of Audit Committee in the Annual Report.
 - Other matters involving objections or reservations expressed by the independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
- B.** With respect to recusals of directors from motions due to a conflict of interest, the directors' names, contents of motion, causes for recusal and voting should be specified:
- March 8, 2024 11th meeting of the 8th Board of Directors: Proposal of managerial salary compensation policies, systems, standards, and structure, except for Directors Jan-Ku Chen and Wen-Liang Tseng, who recused themselves from discussion and voting due to their conflicts of interest, the motion was unanimously approved by the remaining attending directors upon consultation by Acting Chairperson, Director Wan-Hsin Hsu.
 - May 10, 2024 12th meeting of the 8th Board of Directors: Proposal of proposal of 2023 Director Compensation, Directors Jan-Ku Chen, Wen-Liang Tseng, Alex Chang, Teh-Yuh Yung and Chun Hung Tseng recused themselves from discussion and voting due to personal conflicts of interest.
Proposal of 2023 employee compensation for managers, Directors Jan-Ku Chen and Wen-Liang Tseng recused themselves from discussion and voting due to personal conflicts of interest. For these two motions, The acting chairperson, Independent Director Wan-Hsin Hsu, consulted the remaining directors present, and the motions were unanimously approved.

3. November 8, 2024 14th meeting of the 8th Board of Directors: Proposal of distribution of year-end bonuses and incentive bonuses, Directors Jan-Ku Chen and Wen-Liang Tseng recused themselves from discussion and voting due to personal conflicts of interest. The acting chairperson, Independent Director Wan-Hsin Hsu, consulted the remaining directors present, and the motions were unanimously approved.

C. Evaluation cycles, evaluation periods, evaluation scopes, evaluation methods and evaluation procedures, etc. for evaluating the performance of the Company's board of directors and board members are disclosed as below:

The Company has established the "Regulations Governing the Performance Evaluation of the Board of Directors" approved by the Board of Directors on October 6, 2022. The performance evaluation of the Board of Directors, Board members and functional committees is conducted every year and the results are submitted to the Board of Directors. In 2023, the Finance and Accounting Department served as the execution unit of the evaluation. The evaluation methods include the internal self-evaluation of the Board of Directors, the self-evaluation of directors and the performance evaluation of functional committees:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Once annually	January 1, 2024 to December 31, 2024	Members of the Board of Directors, functional committees (including the Audit Committee and the Remuneration Committee), and individual directors.	Internal self-evaluation of the Board of Directors, functional committees (including the Audit Committee and Remuneration Committee), and individual directors.	<ol style="list-style-type: none"> The performance evaluation of the Board of Directors covers (1) participation in the Company's operations (2) improvement of the quality of the Board's decision-making (3) the composition and structure of the Board of Directors (4) the election and continuing education of directors, and (5) internal control. The performance evaluation of functional committees covers (1) participation in the Company's operations (2) awareness of the duties of functional committees (3) improvement of the quality of functional committee decision-making, (4) composition and selection of functional committee members, and (5) internal control. The evaluation of individual director's performance covers (1) grasp of the Company's goals and tasks (2) directors' responsibilities awareness (3) participation in the Company's operations (4) internal relationship management and communication (5) directors' professionalism and continuing education (6) Internal control.

The 2024 annual performance evaluation report has been completed and presented to the Board of Directors on March 7, 2025.

2024 comprehensive assessment results:

- In 2024, the Board of Directors convened 4 times, the Audit Committee convened 4 times, and the Remuneration Committee convened 3 times.
- The Board of Directors actively participates in various meetings and establishes smooth communication channels. The average attendance rate is as follows: 97.5% for the Board of Directors, 100% for the Audit Committee, and 100% for the Remuneration Committee
- In 2024, the completion rate of the required courses for the Company's directors in 2024 is 100%, which enhances the functions of the Board of Directors.
- The board has communicated and engaged with the CPA to fully understand the company's operations and financial status.
- The Audit Committee operates smoothly and fulfills its supervisory responsibilities regarding compliance with relevant laws, risk control, and audit matters.
- Members of the compensation committee actively participate in relevant courses to understand current regulations, practical operations, and key considerations, providing the company with professional advice.

Evaluation results are categorized into five levels: Very Poor (Strongly Disagree), Poor (Disagree), Fair (Neutral), Good (Agree), and Excellent (Strongly Agree). The internal self-assessment results of the Board of Directors, Board Members, Audit Committee, and Remuneration Committee all ranged between Excellent (Strongly Agree) and Good (Agree), indicating the overall sound operation of the Board of Directors, board members, and functional committees.

D. Measures taken during this and the most recent fiscal year to strengthen the functionality of the Board (e. g. establishment of the Audit Committee and enhancing information transparency) and evaluate the implementation of such measures:

- The Company has established "Rules of Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance, and announced important resolutions on the Market Observation Post System immediately after the board meeting to achieve full disclosure of information and protect the rights and interests of shareholders.
- Each year, Board of Directors members choose to participate in courses covering corporate governance-related topics such as finance, risk management, legal affairs, accounting, sustainable development, or financial reporting responsibilities beyond their professional capabilities to enhance their understanding and implementation of corporate

governance. For details on the continuing education of Board of Directors members, please refer to pages 35-38 of this Report.

II. Audit Committee

(1). Operation of the Audit Committee

The Audit Committee convened 4 times in 2024, with the attendance of independent directors as follows:

Title	Name	Attendance in person	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	Shih-Chien Chen	4	-	100.00	
Independent Director	Jung-Shun Shih	4	-	100.00	
Independent Director	Wan-Hsin Hsu	4	-	100.00	Audit Committee Convener
Independent Director	Jin-Yi Hsiao	4	-	100.00	Elected on June 29, 2023

Note: The Company re-elected all directors on September 22, 2022, and established the Audit Committee. The term of the 1st Audit Committee will be from September 22, 2022 to September 21, 2025.

Other items to be disclosed:

A. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, independent directors' objections, reservations or major advice suggestions, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinions should be specified:

1. Matters referred to Article 14-5 of the Securities and Exchange Act:

Audit Committee Meeting Date and Term	Motions	Resolution of the Audit Committee	The Company's handling of the Audit Committee's opinions
2024.3.8 1st Term 10th Meeting	<ol style="list-style-type: none"> The Company's 2023 financial statements The Company's 2023 Business Report Distribution of earnings in 2023 The Company's "2023 Statement of Internal Control System " Amendments to some provisions of the " Management Regulations for the Operation of Board Meetings". Amendments to some provisions of the "Production Cycle". Establishment of the "Operational Procedures for Handling Board Requests". Amendments to some provisions of the "Audit Committee Organizational Charter". Establishment of Solar Power Generation Equipment. Acquisition of Factory and Parking Spaces. Conversion of employee stock options to common stock and issuance of new shares 	Agreed by all members present in the Audit Committee	Approved by all attending directors
2024.5.10 1st Term 11th Meeting	<ol style="list-style-type: none"> The Company's application of loan facilities from financial institutions The Company's financial statements for Q1, 2024. 	Agreed by all members present in the Audit	Approved by all attending directors

		Committee	
2024.8.9 1st Term 12th Meeting	<ol style="list-style-type: none"> The Company's loan facilities from financial institutions. The Company's financial statements for Q2, 2024. 	Agreed by all members present in the Audit Committee	Approved by all attending directors
2024.11.8 1st Term 13th Meeting	<ol style="list-style-type: none"> Issuance of the 1st domestic unsecured convertible bonds. The Company's financial statements for Q3, 2024. Establishment of the "Operational Procedures for Sustainable Information Management". Amendments to some provisions of the "General Principles of Internal Control" and "Implementation Regulations for Internal Audit". Amendments to some provisions of the "Corporate Governance Best Practice Principles". The Company's "2025 Audit Plan". 	Agreed by all members present in the Audit Committee	Approved by all attending directors

2. Other agenda items which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

B. Should any independent director recuse themselves from the motions due to a conflict of interest, the independent directors' names, contents of motion, causes for recusal and voting should be specified: None.

C. Communication between the independent directors, the Company's Chief Auditor and the CPAs (including the Company's material financial or business issues, methods for communication and results.)

- Communication between independent directors (Audit Committee) and chief internal audit executive:
 - The Company's chief internal audit executive regularly communicates the audit report results with independent directors, and makes internal audit reports at least at each quarterly Audit Committee meeting. If there are special circumstances, they will also be reported to the members of the Audit Committee immediately. The communication between the Audit Committee and the chief internal audit executive is good.
 - The chief internal audit executive presents audit reports to the Board of Directors and the Audit Committee on a regular basis. The communication between the independent director (Audit Committee) and the chief internal audit executive is summarized as follows :

Date	Communication matters	Result of communication
2024.3.8 1st Term 10th Meeting	November 2023 - February 2024 Internal audit affairs report	Fully communicated and reported to the Audit Committee
2024.5.10 1st Term 11th Meeting	March-April 2024 Internal audit report	Fully communicated and reported to the Audit Committee
2024.8.9 1st Term 12th Meeting	May-July 2024 Internal audit report	Fully communicated and reported to the Audit Committee
2024.11.8 1st Term 13th Meeting	<ol style="list-style-type: none"> August-October 2024 Internal audit report The Company's "2025 Audit Plan" 	Fully communicated and reported to the Audit Committee

- Communication between independent directors (Audit Committee) and CPAs:
 - The Company's independent directors and CPAs communicate at least regularly with respect to the quarterly financial statements. CPAs discuss the results of their audit/review of the Company's financial statements during or before the Audit Committee meeting, and fully communicate whether the amendments to the laws and regulations have any material impact on the Company.
 - Summary of communication between independent directors (Audit Committee) and CPAs in 2024:

Date	Communication matters	Result of communication
2024.3.8 1st Term 10th Meeting	The Company's 2023 financial statements	Fully communicated and reported to, reviewed and approved by the Audit Committee.
2024.5.10 1st Term 11th Meeting	The Company's financial statements for Q1, 2024	Fully communicated and reported to, reviewed and approved by the Audit Committee.
2024.8.9 1st Term 12th Meeting	The Company's financial statements for Q2, 2024	Fully communicated and reported to, reviewed and approved by the Audit Committee.
2024.11.8 1st Term 13th Meeting	The Company's financial statements for Q3, 2024	Fully communicated and reported to, reviewed and approved by the Audit Committee.

3. Supervisors' participation in the operation of the Board of Directors:
The Company established the Audit Committee to replace supervisors on September 22, 2022.

III. Discrepancies between the Company's implementation of corporate governance and the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons for such discrepancies

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Has the Company set up and disclosed its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies?	✓		The Company has established the "Corporate Governance Best Practice Principles" in accordance with the relevant laws and regulations, and disclosed on the MOPS as required by law.	No material difference.
2. The Company's shareholding structure and shareholders' rights (1). Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations and has implemented the procedures?	✓		(1) The Company has established a spokesperson and an acting spokesperson in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies." They are responsible for external communication and engagement with investors. Additionally, the Administration Department handles shareholder suggestions, inquiries, disputes, and litigation matters.	No material difference.
(2). Does the Company have knowledge of its major shareholders and the beneficial owners of those shareholders?	✓		(2) The Company and the stock affairs agency regularly update and maintain the list of major shareholders and their ultimate controllers who control the Company.	No material difference.
(3). Has the Company established and implemented risk management and firewall system between itself and the affiliated companies?	✓		(3) The Company has formulated and implemented the "Regulations Governing Transactions within Group Enterprises, Specific Companies and Related Parties".	No material difference.

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(4). Has the Company established internal rules against company insiders trading with undisclosed information?	✓		(4) The Company has established the "Procedures for the Handling of Material Inside Information and Prevention of Insider Trading" to prevent directors, managerial officers and employees from violating the regulations on insider trading due to lack of awareness of legal requirements.	No material difference.
3. Composition and responsibilities of the Board of Directors				
(1). Has the Board of Directors of the Company established a diversity policy with specific management goals and has adequately implemented it?	✓		(1) For the diversity policy of the Board of Directors, please refer to Section 2.1 of this Report. Information on Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches (1) Information on directors. (Please refer to pages 14-18)	No material difference.
(2). Has the Company voluntarily established other functional committees in addition to the Compensation Committee and the Audit Committee?		✓	(2) The Company has established the Remuneration Committee and the Audit Committee as required by law. The Company expects to gradually establish other functional committees in accordance with legal requirements and the practical needs of the Company.	No material difference.
(3). Has the Company established a standard to evaluate the performance of the Board, implemented such evaluation annually, submitted the performance evaluation results to the Board of Directors and used them as a reference when determining the remuneration of individual directors and nominations for election?	✓		(3) The Company has established the "Regulations Governing the Performance Evaluation of the Board of Directors". The Company conducts performance evaluations on an annual basis. The results of such evaluations will be used as a reference for directors' remuneration and selection of directors.	No material difference.

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(4). Does the Company regularly evaluate the independence of the CPAs?	✓		(4) The Company's financial and accounting department evaluates the independence of the CPAs and obtains the "Statement of Independence" issued by the CPAs. The evaluation results of the independence and suitability of CPAs were approved by the Audit Committee on March 7, 2025 and submitted to the Board of Directors for approval on the same day.	No material difference.
4. Has the Company appointed an appropriate number of competent corporate governance personnel and the Chief Corporate Governance Officer responsible for corporate governance affairs (including but not limited to providing information for directors and supervisors to discharge their duties, assisting directors and supervisors in compliance, handling work related to meetings of the Board of Directors and shareholders' meetings, and producing the minutes of Board meetings and shareholders' meetings)?	✓		On August 9, 2023, the Board of Directors of the Company appointed the Special Assistant of the Operation Center to concurrently serve as the Chief Corporate Governance Officer in charge of corporate governance related affairs.	No material difference.
5. Has the Company established communication channels, created a dedicated section on its corporate website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), and appropriately handled all of the CSR issues they care about?	✓		The Company has established an investor relations section on its website and appointed a spokesperson and deputy spokesperson as channels for external communication. Stakeholders can contact the Company at any time through telephone, mail, fax, email, etc. And the company will establish a dedicated section for stakeholders on its website to appropriately respond to important corporate social responsibility issues of concern to them.	No material difference.

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
6. Has the Company engaged a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed Fubon Securities Co., Ltd., Stock Affairs Department to handle the annual general shareholders' meeting-related matters.	No material difference.
7. Information Disclosure (1). Does the Company establish a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) The Company has a corporate website linked to the Market Observation Post System, and discloses relevant financial and business information on a monthly basis for the reference of shareholders and the general public.	No material difference.
(2). Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences, etc.)?	✓		(2) According to the regulations, the Company has appointed a spokesperson and deputy spokesperson, and designated personnel to report various financial and business information to the Market Observation Post System, as well as information disclosure on the Company's website; data on institutional investor conferences can also be viewed on the Market Observation Post System.	No material difference.
(3). Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2 and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		✓	(3) The Company is required to announce and report the annual financial statements within three months after the end of the fiscal year. The Company has announced and reported the annual financial statements within 75 days after the end of the fiscal year, and announced and reported the quarterly financial statements before the prescribed deadline. Report and monthly report.	No material difference.
8. Is there any other information to facilitate a better understanding of the Company's corporate governance practices (e.g. including but not limited	✓		1. Employee rights and employee care The Company is committed to sustainable operation with integrity and pragmatism, fulfilling its responsibilities to employees, customers, and society.	No material difference.

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, training records of directors and supervisors, implementation of risk management policies and risk evaluation measures, implementation of customer relations policies and the purchase of insurance for directors and supervisors, etc.)?			<p>To ensure this commitment, the Company has implemented the following measures regarding employee rights and welfare:</p> <ol style="list-style-type: none"> (1) The Company has adopted the Gender Equality in Employment Act to include menstrual leave, family care leave, maternity leave, paternity leave, and maternity checkup leave as the types of leave that employees are entitled to. (2) The Company offers comprehensive employee benefits, including labor insurance, medical insurance, and regular free health check-ups. (3) The Employee Welfare Committee has been established to handle employee engagements and various employee benefits. (4) The Company contributes to retirement pension funds in compliance with legal requirements (5) The Company provides employees with on-the-job training. (6) The Company has established its "Regulations Governing the Prevention of Sexual Harassment" and "Regulations Governing Employee Complaints and Reporting." <p>2. Investor relations The Company has designated a corporate spokesperson and proxy spokesperson responsible for external communication. They are tasked with disclosing the Company's information on the Market Observation Post System (MOPS) in accordance with legal requirements.</p>	

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies										
	Yes	No	Summary											
			<p>3. Supplier relations The Company follows a policy of establishing long-term and mutually beneficial relationships with suppliers, aiming to maximize benefits for both parties.</p> <p>4. Stakeholder rights The Company has implemented a spokesperson system and is committed to improving stakeholder relations. In addition to the priority right of shareholders to express opinions on the Company's operating performance, the Company also respects and tries its best to satisfy the requirements of all stakeholders (shareholders, employees, customers, suppliers). And the company will establish a dedicated section for stakeholders on its website to appropriately respond to important corporate social responsibility issues of concern to them.</p> <p>5. Continuing education of directors and supervisors The Company's directors have participated in the continuing education courses in accordance with applicable laws and regulations. The continuing education courses that the directors have participated in 2024 are as follows:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Name of training session</th> <th>Training Hours</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Chairman</td> <td rowspan="2">Chen, Jan-Ku</td> <td>• Shareholders' Meetings, Management Rights, and Equity Strategies.</td> <td>3</td> </tr> <tr> <td>• Key Points for Directors,</td> <td>3</td> </tr> </tbody> </table>	Title	Name	Name of training session	Training Hours	Chairman	Chen, Jan-Ku	• Shareholders' Meetings, Management Rights, and Equity Strategies.	3	• Key Points for Directors,	3	
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Chairman	Chen, Jan-Ku	• Shareholders' Meetings, Management Rights, and Equity Strategies.	3											
		• Key Points for Directors,	3											

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			Supervisors, and Senior Executives of Listed Companies to Note Regarding Regulatory Authorities.	
			Director Tseng, Wen-Liang <ul style="list-style-type: none"> Shareholders' Meetings, Management Rights, and Equity Strategies. Key Points for Directors, Supervisors, and Senior Executives of Listed Companies to Note Regarding Regulatory Authorities. 	3 3
			Director Tseng, Chun Hung <ul style="list-style-type: none"> Shareholders' Meetings, Management Rights, and Equity Strategies. Key Points for Directors, Supervisors, and Senior Executives of Listed Companies to Note Regarding Regulatory Authorities. 	3 3
			Director Alex Chang, <ul style="list-style-type: none"> Shareholders' Meetings, Management Rights, and Equity Strategies. Key Points for Directors, Supervisors, and Senior Executives of Listed Companies to Note Regarding Regulatory Authorities. 	3 3
			Director Chang, Chin-Wen <ul style="list-style-type: none"> Shareholders' Meetings, Management Rights, and Equity Strategies. 	3

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																				
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			<p>6. Implementation of risk management policies and risk measurement standards The Company has established various internal regulations and internal control systems in accordance with the law, and conducts various risk management and assessments. The internal audit unit periodically and aperiodically checks the implementation of the internal control system.</p> <p>7. Implementation of customer policies The Company maintains stable and positive relationships with customers, understanding their needs and adjusting our operational standards accordingly. We collaborate with customers on continuous audits and improvements to ensure their needs are met, aiming to generate profits for the company and achieve mutual benefits.</p> <p>8. The Company's purchase of liability insurance for directors and supervisors The Company has purchased liability insurance for</p>									

Evaluation Items	Implementation Status			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			directors, with a coverage amount of USD 2 million in 2025.	
9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved: NA.				

IV. The composition, duties, and operation of the Compensation Committee

(1). Information of Members of the Compensation Committee

Title	Criteria Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Compensation Committee
Independent Director (Convener)	Hsu, Wan- Hsin	Please refer to Page 14-18	Please refer to Page 14-18	—
Independent Director	Chen, Shih- Chien			—
Independent Director	Shih, Jung Shun			—
Independent Director	Hsiao, Chin-Yi (*)			—

* On August 9, 2023, the Board of Directors appointed Independent Director Jin-Yi Hsiao as a member of the Remuneration Committee.

(2). Information of Compensation Committee Operations

The Company's Remuneration Committee consists of 4 members.

The term of office of the current members of the Remuneration Committee: from September 22, 2022 to September 21, 2025. In 2024, the Remuneration Committee convened three times, and the qualifications and attendance of members are as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman /Convener	Hsu, Wan-Hsin	3	0	100	
Member	Chen, Shih- Chien	3	0	100	
Member	Shih, Jung Shun	3	0	100	
Member	Hsiao, Chin-Yi	3	0	100	Appointed by the Board of Directors on August 9, 2023

Other items to be disclosed:

- I. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, the date and term of the Board meeting, the contents of the motion, the resolutions of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions shall be disclosed (e.g., the difference and the reason should be stated): None.
- II. If a member has a dissenting or qualified opinion on a resolution on the resolution of the Remuneration Committee and it is on record or stated in a written statement, specify the Remuneration Committee date, session, content of the motion, all members' opinions, and how they were handled: None.

V. Promotion of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies"

Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development and set up an exclusively (or concurrently) dedicated unit to promote sustainable development, and has the Board of Directors authorized senior management to deal with and supervised the promotion of sustainable development?	✓		The company is led by the General Manager to drive the sustainability initiatives, with each responsible department executing various aspects of environmental, social, and corporate governance. In accordance with relevant regulations, the company regularly reports to the board of directors on issues such as greenhouse gas inventories and integrity in operations, keeping the board informed about sustainability developments. The sustainability report is submitted to the board annually. Additionally, the company will timely seek the board's opinions and make adjustments to relevant plans based on their feedback.	No material difference.
2. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies or strategies?	✓		The company assesses significant topics for sustainability reporting and climate risks and opportunities in accordance with GRI standards and the TCFD framework, and formulates relevant management strategies.	No material difference.
3. Environmental issues (1). Has the Company established environment management systems based on its industrial characteristics?	✓		(1) The Company maintains the working environment in accordance with the public safety building regulations, fire protection regulations, labor health and	No material difference.

Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)			
	Yes	No	Summary				
(2). Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low environmental impacts?	✓		<p>safety regulations, and the Waste Disposal Act, and declares any such matters according to law.</p> <p>(2) The Company spares no effort in promoting the protection of environmental resources. In addition to garbage sorting, the use of recycled paper, bringing one's own reusable utensils, the Company is also constantly striving to improve the efficiency of the use of various resources.</p>	No material difference.			
(3). Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?	✓		<p>(3) The company assesses climate risks and opportunities in accordance with the TCFD framework and formulates relevant response measures.</p>	No material difference.			
(4). Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, carbon reduction, GHG and water consumption or other waste management?	✓		<p>(4) The company has collected information from last 2 years, and through measures such as the rational use of air-conditioning and the use of recycled paper, employees can deeply ingrain the concept of energy conservation and carbon reduction in the working environment, and the company continue to reduce electricity consumption, and achieve the reduction of carbon emissions.</p> <p style="text-align: right;">Unit: tCO₂e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Carbon emissions</td> <td>2023</td> <td>2024</td> </tr> </table>	Carbon emissions	2023	2024	No material difference.
Carbon emissions	2023	2024					

Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)																																	
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			<table border="1"> <tr> <td>Scope 1</td> <td>30.9805</td> <td>53.2408</td> </tr> <tr> <td>Scope 2</td> <td>384.93</td> <td>353.7856</td> </tr> <tr> <td>Scope 3</td> <td>144.5782</td> <td>164.8251</td> </tr> </table> <p>The greenhouse gas emissions of the newly added Xiangshan plant for November and December 2024. The scope 3 inventory items are: "Employee commuting" and "Emissions from the purchase of fuels, energy (not including category 1 and 2), and raw materials."</p> <p style="text-align: right;">Unit: megaliters</p> <table border="1"> <tr> <td></td> <td>2023</td> <td>2024</td> </tr> <tr> <td>Water consumption</td> <td>3.878</td> <td>2.955</td> </tr> </table> <p style="text-align: right;">Unit: metric tons</p> <table border="1"> <tr> <td></td> <td>2023</td> <td>2024</td> </tr> <tr> <td>General waste</td> <td>14.09</td> <td>14.64</td> </tr> <tr> <td>Waste Recycling</td> <td>4.17</td> <td>20.59</td> </tr> <tr> <td>Packaging Reuse</td> <td>24.38</td> <td>26.7</td> </tr> <tr> <td>Scrap Recycling</td> <td>1.77</td> <td>6.93</td> </tr> <tr> <td>Total</td> <td>44.41</td> <td>62.99</td> </tr> </table> <p>The quantity of general waste is estimated</p>	Scope 1	30.9805	53.2408	Scope 2	384.93	353.7856	Scope 3	144.5782	164.8251		2023	2024	Water consumption	3.878	2.955		2023	2024	General waste	14.09	14.64	Waste Recycling	4.17	20.59	Packaging Reuse	24.38	26.7	Scrap Recycling	1.77	6.93	Total	44.41	62.99	
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Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)
	Yes	No	Summary	
			by referencing the average daily generation of general business waste per person published by the Environmental Protection Agency, multiplied by the number of working days and hours, and the number of employees in the company. The waste recycling rate in 2024 was approximately 78.7%.	
4. Social issues				
(1). Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Labor and Human Rights?	✓		(1) In accordance with the Labor Standards Act and other labor laws and regulations, the Company has formulated various management measures to protect the legitimate rights and interests of employees. Respect and adhere to internationally recognized human rights standards/principles, establish a human rights policy, and publish it on the company website.	No material difference.
(2). Has the Company formulated and executed reasonable employee benefits measures (including remuneration, leaves, and other benefits), and had the operating performance or results properly reflected in employee compensation?	✓		(2) The Company has defined and implemented reasonable employee welfare measures, issuing performance bonuses and year-end bonuses based on employee performance evaluations. Provisions are made for employee remuneration as per company bylaws, and we organize annual employee trips and occasional team meals.	No material difference.

Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)
	Yes	No	Summary	
(3). Has the Company provided employees with a safe and healthy work environment as well as offered classes on safety and health to employees on a regular basis?	✓		(3) The Company provides a healthy work environment and actively invests in employee health care, including regular health checkups, care for injuries and illnesses, on-site occupational health services, and various health promotion, protection, and prevention programs to foster a proactive attitude towards health management among employees. There was no fire accident in the Company during the year. Information related to "Employee Safety" and "Environmental Safety" is also published on the company website. We also encourage colleagues to step outdoors and achieve physical and mental relaxation by holding "Fun and Relaxing Weight Loss Activities" to promote physical health.	No material difference.
(4). Has the Company established effective career and competence development and training plans?	✓		(4) The Company conducts annual training needs surveys and based on the long-term talent development direction, drafts and implements annual training plans. Post-training evaluations are conducted to strengthen employee competencies.	No material difference.
(5). Does the Company comply with relevant regulations and international standards in terms of customer health and safety,	✓		(5) In terms of product safety management practices, the Company complies with various international environmental	No material difference.

Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)
	Yes	No	Summary	
customer privacy, and marketing and labeling of products and services and formulate relevant consumer protection policies and complaint procedures?			<p>protection directives in the control of the use of environmentally hazardous substances. Simultaneously, our raw material suppliers are also required to continuously meet RoHS requirements, demonstrating a shared commitment to sustainable environmental development. While improving the products and services required by customers, we attach more importance to protecting customer privacy and intellectual property rights. Confidentiality agreements are signed with customers to protect sensitive information, and employees involved in related operations are instructed to maintain strict confidentiality. Regarding information security, the Company follows the "Information Security Guidelines for TWSE/TPEX-Listed Companies" to establish relevant operational procedures, regulating information security management and requiring employees involved in relevant operations to fulfill their duties of protection and confidentiality. To effectively gauge customer satisfaction, the Company regularly conducts customer satisfaction surveys</p>	

Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)
	Yes	No	Summary	
			and analyzes the results to identify improvement measures and prevent similar issues from recurring. The Company has established a comprehensive customer complaint handling process, quickly conveying customer feedback to relevant units and management, and responding promptly to customer needs. Multiple communication channels are available on the Company website, including "Contact Us," "Members Area," and "President's Mailbox." There are no significant discrepancies.	
(6). Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or laborrights, and the implementation results?	✓		(6) In addition to regularly assessing suppliers through a grading system, the company also signs a "Supplier Corporate Social Responsibility Commitment" with suppliers to ensure they are aware of and understand the company's "Supplier Integrity Management and Sustainability Guidelines" and "Health, Safety, and Environmental Policy." Suppliers commit to complying with the requirements of the Jouding Power Supplier Corporate Social Responsibility and Health, Safety, and Environmental Policy, and to fulfilling their civic responsibilities within their	No material difference.

Promoted Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies and the Reason(s)
	Yes	No	Summary	
			scope of responsibility, in order to enhance the overall sustainability of the environment.	
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of ESG or other reports which disclose the Company's nonfinancial information? Has the aforementioned reports obtained a third-party assurance or verification statement?	✓		The company will prepare the 2024 Sustainability Report in accordance with GRI standards to disclose sustainability information. Currently, there are no plans to submit the Sustainability Report for verification by a third-party assurance provider.	No material difference.
6. If the Company has stipulated its own sustainable development principles according to the Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies, please describe the implementation by the Company and deviations from the prescribed best practices: The Company has established the "Sustainable Development Best Practice Principles" and will implement it in accordance with the provisions of the Principles, including: planning the governance structure for promoting sustainable development, sustainable development policies, sustainable development promotion plans, etc., and regularly report to the Board of Directors for implementation Circumstances.				
7. Other material information that can help to understand how sustainable development is promoted in the Company: Please refer to the Company Website: https://www.archmeter.com/				

Climate-related actions

Items	Implementation Status
1. Describe the Board of Directors and the management's oversight and governance on climate-related risks and opportunities.	The management will be responsible for assessing climate-related risks and opportunities and reporting the results to the Board of Directors. The Board of Directors implements climate governance through

Items	Implementation Status
	strategic guidance and supervision.
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>Our company is led by the Operations Center to facilitate risk assessments across various units, and the assessment results are reported to the General Manager. When evaluating climate risks and opportunities, we refer to the ISO 31000 Risk Management Guidelines and the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). We also base our evaluations on the latest IPCC reports on climate change from the United Nations, assessing relevant risks and opportunities under the worst-case warming scenario (RCP 8.5).</p> <p>In terms of timelines, we define short-term as 0-3 years, medium-term as 3-10 years, and long-term as over 10 years. The identification of climate risks and opportunities is detailed in the following table.</p>
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>The financial impact of extreme weather events and transformative actions are detailed in the following table.</p>
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>According to the "Risk Management Policies and Procedures," our company is led by the Operations Center to facilitate risk assessments across various units and report the assessment results to the General Manager. When evaluating climate risks and opportunities, we refer to the ISO 31000 Risk Management Guidelines and the framework recommended by the TCFD to identify transition risks, physical risks, and climate opportunities. We assess the impacts on the company, analyze the findings, and formulate relevant strategies and response measures.</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>According to the latest IPCC climate change report from the United Nations, the AR6 Summary for Policymakers, under the worst-case warming scenario (RCP 8.5), the National Disaster</p>

Items	Implementation Status
	Prevention and Protection Center predicts that Taiwan's temperature is expected to increase by 3.0 to 3.6 degrees Celsius by the end of the 21st century. Additionally, based on the location of the company, rainfall during the wet season is expected to increase by 20%, while rainfall during the dry season is projected to decrease by 15%. Based on this scenario, we assess the resilience to climate change risks.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	<ol style="list-style-type: none"> 1. Conduct a greenhouse gas inventory for the company in accordance with the ISO 14064-1 standard for organizational greenhouse gas inventories. 2. Based on the company's greenhouse gas inventory plan, use the 2026 inventory data as a baseline to set reduction targets. 3. It is expected to complete the verification of the 2027 greenhouse gas inventory by 2028.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be Since 2021, Delta has officially introduced an internal carbon fee mechanism. The internal carbon price is set at \$300 per metric ton based on the internal and external carbon costs of 103 Project Implementation stated.	The company's internal carbon pricing is set at NT\$300 in accordance with the Ministry of the Environment's carbon fee collection standard rate, which is used to assess the potential financial impact on the company.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<ol style="list-style-type: none"> 1. It is expected that by mid-2025, the solar power generation facility will be officially operational, producing 263.8 MWh of electricity annually. 2. The high-efficiency air conditioning system that has been installed is expected to save 548.3 MWh of electricity annually once it is officially operational. 3. The use of high-efficiency lighting is expected to achieve an electricity savings rate of approximately 30%, resulting in an annual savings of 42.74 MWh.

Items	Implementation Status
9. Greenhouse gas inventory and assurance.	We will continue to disclose inventory information. In accordance with the regulations of FSC Taiwan, the reference year will be set to 2026 at the latest. Based on the reference year, we will set the reduction target for 2027 based on the reference year and disclose the assurance situation in 2028.

The impact of "climate risks, opportunities, and transition actions" on "business, strategy, and finance."

Type	Dimension	Item Summary	Impact Level			Financial Impact	Potential Business and Strategic
			Short-term	Medium-term	Long-term		
Transition Risks	Policy and Legal Risks	Regulatory oversight by authorities and greenhouse gas emissions management	Low	Medium	Medium	Increase in operating costs	<ol style="list-style-type: none"> 1. Evaluate and analyze internal carbon pricing to assess potential financial impacts. 2. Implement various management measures according to the progress and relevant regulations of the sustainable development action plan promoted by regulatory authorities. 3. Continuously monitor international trends and the progress of related regulations and respond proactively to potential changes.
Transition Risks	Technology Risks	Low-carbon technology transition	Low	Medium	Low	Increase in operating costs	<ol style="list-style-type: none"> 1. Continuously improve the efficiency of factories, equipment, and processes to enhance operational and production efficiency.

Type	Dimension	Item Summary	Impact Level			Financial Impact	Potential Business and Strategic
			Short-term	Medium-term	Long-term		
							2. Assess the development of low-carbon raw materials and high-efficiency low-carbon emission equipment to reduce operational carbon emissions.
Transition Risks	Market Risks	Customer greenhouse gas management requirements	Low	Low	Medium	Increase in operating costs	<ol style="list-style-type: none"> 1. Actively communicate with customers to understand their needs. 2. Implement greenhouse gas management according to the established greenhouse gas management plan and make timely adjustments. 3. Assess the development of low-carbon raw materials and high-efficiency low-carbon emission equipment to reduce operational carbon emissions.
Transition Risks	Reputation Risks	Poor greenhouse gas management or violations of relevant regulations	Low	Low	Low	Increase in operating costs. Decrease in revenue.	<ol style="list-style-type: none"> 1. Continuously monitor international trends and the progress of related regulations to proactively respond to potential changes. 2. Actively communicate with customers to understand their needs. 3. Implement various management measures according to the progress and relevant regulations of the sustainable development action plan promoted by regulatory authorities.

Type	Dimension	Item Summary	Impact Level			Financial Impact	Potential Business and Strategic
			Short-term	Medium-term	Long-term		
Physical Risks	Acute Risks	Flood risk	Low	-	-	Increase in operating costs	The company's location is situated at a relatively high elevation; thus the risk of flooding is low. However, if flooding occurs, it could result in property damage and increased operating costs.
Physical Risks	Chronic Risks	Climate change has made the impact of extreme high temperatures, drought, and rainfall patterns more significant during the summer. According to information from the National Science and Technology Center for Disaster Reduction in Taiwan, under the worst-case warming scenario (RCP 8.5), Taiwan's temperature could increase by 3.0 to 3.6 degrees Celsius by the end of the 21st century. According to data from the Taiwan Bureau of Energy, for every 1 degree Celsius reduction in air conditioning	-	Low	Low	Increase in operating costs	<ol style="list-style-type: none"> 1. Evaluate and establish renewable energy facilities. 2. Enhance the efficiency of factories and equipment. 3. Introduce and utilize energy-saving facilities and equipment.

Type	Dimension	Item Summary	Impact Level			Financial Impact	Potential Business and Strategic
			Short-term	Medium-term	Long-term		
		temperature, electricity consumption will increase by 6%, leading to an increase in electricity usage.					
Climate Opportunities	Resource Efficiency	Improving the efficiency of factories, equipment, and processes	Low	Medium	Low	Initially, there will be an increase in short-term financial expenditures, but the long-term benefit is a reduction in overall operating costs.	<ol style="list-style-type: none"> 1.Improve the space utilization rate of new factory buildings. 2.Energy-saving equipment has been purchased, such as high-efficiency air conditioning systems and high-efficiency lighting equipment. 3.Continuously conduct process improvement assessments. 4.Evaluate high-efficiency low-carbon manufacturing, R&D machinery, and testing instruments, and introduce automation facilities.
Climate Opportunities	Energy Source	Increasing the use of renewable energy	Low	Low	Low	Initially, there will be an increase in short-term financial expenditures, but the long-term benefit is a reduction in	<ol style="list-style-type: none"> 1.Plans have been made to establish solar power generation facilities. 2.When replacing company vehicles, prioritize the use of low-carbon models.

Type	Dimension	Item Summary	Impact Level			Financial Impact	Potential Business and Strategic
			Short-term	Medium-term	Long-term		
						overall operating costs.	
Climate Opportunities	Products and Services	Demand for energy-saving and carbon-reducing products	Low	Medium	Medium	Increase in revenue	Continuously develop power integration technologies and management models to assist customers in achieving optimal energy management, thereby saving energy/resources and reducing greenhouse gas emissions.
Climate Opportunities	Markets	Expansion of target markets	Low	Medium	Medium	Increase in revenue	<ol style="list-style-type: none"> 1. Form strategic alliances with domestic telecommunications companies to promote overseas AMI systems. 2. Develop next-generation smart meters for overseas target markets, and conduct verification and sales. 3. Maintain ongoing communication with customers to understand the needs of international clients and pursue international certification for smart meters.
Climate Opportunities	Resilience	Strengthening adaptive capacity to respond to climate change	Low	Low	Low	Increase in operating costs, but it can enhance overall operational efficiency.	<ol style="list-style-type: none"> 1. Continuously monitor international guidelines, analytical reports, and relevant domestic information to timely assess responses. 2. The new factory established by the company is located at a high elevation, thus the risk of flooding is extremely

Type	Dimension	Item Summary	Impact Level			Financial Impact	Potential Business and Strategic
			Short-term	Medium-term	Long-term		
							low.

Stakeholder communication

Stakeholder	Focus Areas	Engagement Methods	Communication Frequency	Summary Description
Shareholders Investors	Corporate Governance & Risk Management Economic Performance Ethical Business Practices Talent Attraction & Retention	Shareholders' Meetings MOPS Company Website Press Conferences / Press Releases	At least once a yea Real-time Real-time As needed	<ul style="list-style-type: none"> ● The company's 2024 annual shareholders' meeting was held on June 21, 2024. ● Business-related information is announced on the Market Observation Post System. ● The company's public website provides relevant corporate information.
Employees	Employee Rights & Diversity, Equity, and Inclusion Talent Attraction & Retention Occupational Health & Safety Economic Performance	Internal Communication Internal Meetings Executive Meetings Emails & Announcements GM's Mailbox On-site Medical Care Internal Training	Anytime Irregularly Monthly Anytime Anytime Monthly Irregularly	<ul style="list-style-type: none"> ● Quarterly labor-management meetings are held regularly to discuss employee concerns and provide responses. ● The Welfare Committee regularly reviews benefit measures, offering birthday meals and annual event subsidies. ● Annual employee health checkups are provided.urses are stationed at the facility twice a month, and doctors once a quarter, to provide health

Stakeholder	Focus Areas	Engagement Methods	Communication Frequency	Summary Description
		External Training MOPS Company Website	As needed Real-time Real-time	consultations for employees. <ul style="list-style-type: none"> An annual training needs assessment is conducted to formulate and implement talent development plans. Training results are then evaluated to enhance employee competencies effectively.
Customers	Ethical Business Practices Talent Attraction & Retention Employee Rights & Diversity, Equity, and Inclusion Employee Training & Development Occupational Health & Safety Energy Management	Customer Meeting Sales Contact On-site Visit Company Website MOPS Press Conferences / Press Releases	As needed Anytime As needed Real-time Real-time As needed	<ul style="list-style-type: none"> ISO 9001 quality management system certified. The company is a qualified supplier of Taipower smart meters and has secured multiple tenders. Customer on-site inspections confirm that shipment quality meets all requirements. The company's website provides comprehensive product information. The company's annual report includes details on corporate governance, sustainability management, ethical business practices, research and development achievements, and financial operations.
Suppliers Contractors	Ethical Business Practices Information Security & Customer Privacy Procurement Practices Supplier Management	Supplier Meeting Procurement Contact On-site Visit Company Website MOPS	As needed Anytime As needed Real-time Real-time	<ul style="list-style-type: none"> Coordinate production plans with suppliers to prepare materials in advance. Explain integrity and ethical business requirements before engaging in new supplier transactions. The company's annual report includes details on

Stakeholder	Focus Areas	Engagement Methods	Communication Frequency	Summary Description
	Economic Performance	Press Conferences / Press Releases	As needed	corporate governance, sustainability management, ethical business practices, research and development achievements, and financial operations.
Regulatory Authorities / Government Agencies	Corporate Governance & Risk Management Economic Performance Ethical Business Practices Information Security & Customer Privacy Climate Change Adaptation	Official Letter / Mail Contact Point Briefing Session / Seminar MOPS Press Conferences / Press Releases	Anytime Anytime As needed Real-time Real-time	<ul style="list-style-type: none"> ● No regulatory penalties were issued in 2024 due to violations. ● Business-related information is disclosed on the Market Observation Post System. ● Company information is disclosed, updated, or used to support relevant initiatives as required by regulatory authorities. ● Waste management, environmental safety, fire protection, and labor-related information are reported in compliance with regulations.
Banks Creditors	Corporate Governance & Risk Management Economic Performance Ethical Business Practices Climate Change Adaptation	Financial Contact Visit or Meeting MOPS Press Conferences / Press Releases Company Website	Anytime As needed Real-time Real-time Real-time	<ul style="list-style-type: none"> ● Bank financing was approved by the board of directors. ● Business-related information is disclosed on the Market Observation Post System.

Stakeholder	Focus Areas	Engagement Methods	Communication Frequency	Summary Description
Community	Regulatory Compliance Environmental Safety Social Responsibility	Company Contact / Welfare Committee Contact MOPS Press Conferences / Press Releases Company Website	Anytime Real-time Real-time Real-time	<ul style="list-style-type: none"> ● The company promotes energy conservation and carbon reduction by encouraging employees to use eco-friendly tableware, recycle paper, and use air conditioning efficiently through continuous awareness efforts. ● The company adheres to building regulations, fire safety laws, occupational health and safety standards, and waste management laws to uphold environmental protection and ensure regulatory compliance. ● The company has developed a phased approach to carbon emissions assessment and management, fulfilling its responsibility for sustainable environmental governance.

Sustainability Achievements and Honors

Sustainability Sector	2024 Achievements and Honors
Governance Aspect	<ul style="list-style-type: none"> ● The company's stock was officially listed on the Taiwan Stock Exchange on January 29, 2024. ● Secured an additional 200,000 units in Taipower Company's tender for low-voltage smart meters.
Social Aspect	<ul style="list-style-type: none"> ● Honored with the "Outstanding Award for Employment of Indigenous Peoples" by the Council of Indigenous Peoples. ● Honored with the "Employment Excellence Award for Middle-aged and Elderly Individuals" by the Ministry of Labor. ● Honored with the "Friendly Breastfeeding Room Excellence Award" by the Hsinchu City Government.
Environmental Aspect	<ul style="list-style-type: none"> ● Honored as a Green Partner by the Ministry of Environment through the "Net-Zero Green Living: Green Office Initiative." ● Honored with the "Green Procurement Excellence Award" by the Hsinchu City Government.

VI. Fulfillment of ethical corporate management and deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies”

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and Reason(s)
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1). Does the Company have a Board approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policies?</p> <p>(2). Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scopes of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies?</p>	<p>✓</p> <p>✓</p>		<p>(1) The Company has established the "Ethical Corporate Management Best Practice Principles", the "Procedures for Ethical Management and Guidelines for Conduct" and the "Guidelines for Ethical Conduct" approved by the Board of Directors, and actively implements these related policies.</p> <p>(2) The "Procedures for Ethical Management and Guidelines for Conduct" established by the Company govern the regular analysis and assessment by the human resources unit of business activities with higher risk of unethical behavior within the business scope, and formulate the prevention programs against unethical behavior accordingly. In addition, the Company has formulated the "Ethical Corporate Management Best Practice Principles" to cover the preventive measures against the behaviors listed in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."</p>	<p>No material difference.</p> <p>No material difference.</p>

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and Reason(s)
	Yes	No	Summary	
(3). Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3) The Company engages in business activities based on the principles of fairness, honesty and transparency, and has established the "Procedures for Ethical Management and Guidelines for Conduct" to specifically regulate the matters that the Company's personnel should pay attention to during the performance of duties.	No material difference.
2. Implementation of ethical corporate management (1). Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company conducts business activities in a fair and transparent manner, and evaluates customers and suppliers before business transactions so as to avoid transactions with unethical companies.	No material difference.
(2). Does the Company have a unit responsible for ethical corporate management on a fulltime basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(2) The Human Resources unit of our company is responsible for promoting ethical corporate management. It reports on the operations of ethical corporate management to the Board of Directors as required.	No material difference.
(3). Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) The Company has established the "Ethical Corporate Management Best Practice Principles" which requires directors to recuse themselves from discussing and voting on any	No material difference.

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and Reason(s)
	Yes	No	Summary	
<p>(4). Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments accordingly to prevent unethical conduct, or hire outside CPAs to perform the audits?</p> <p>(5). Does the Company regularly hold internal and external educational trainings on ethical corporate management?</p>	<p>✓</p> <p>✓</p>		<p>board resolutions that might conflict with their interests or those of their representatives and could potentially harm the Company's interests.</p> <p>(4) In order to ensure the implementation of ethical management, the Company has established an effective accounting system and internal control system, and the Audit Office regularly audits the compliance of the aforementioned systems. The Company also engages an accounting firm to audit the Company's internal control system every year.</p> <p>(5) The Company has established the Ethical Corporate Management Best Practice Principles and conducts regular educational training sessions.</p>	<p>No material difference.</p> <p>No material difference.</p>
3. Operation of the whistleblowing system of the Company				
(1). Does the Company establish both a practical reward and whistleblowing systems, integrity hotline and appropriate personnel in charge to the reported object?	✓		(1) The Company's website features a "President's Mailbox" for reporting issues and also provides boxes for suggestions/complaints/reports, with designated personnel responsible for handling these matters. The "Regulations Governing Employee Complaints and Reporting" clearly define how employees can lodge complaints and the channels available to them. There are no significant discrepancies.	No material difference.

Evaluation Items	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies and Reason(s)
	Yes	No	Summary	
(2). Does the Company have in place standard operating procedures for investigating accusation cases, as well as followup actions and relevant post-investigation confidentiality measures?	✓		(2) The Company assigns dedicated personnel to handle reported issues, maintaining strict confidentiality concerning the complainant and the subject of the report. Cases are reported to senior management through appropriate channels, depending on the nature of the case.	No material difference.
(3). Does the Company take measures to protect whistle-blowers from being mistreated due to whistleblowing?	✓		(3) In addition to strictly protecting the identity of complainants, the Company ensures that no complainant suffers improper treatment as a result of their report.	No material difference.
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The Company's Ethical Corporate Management Best Practice Principles has been disclosed on the Market Observation Post System.	No material difference.
5. If the Company has established its ethical corporate management policies in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management practices: (i.e., the status of the Company's efforts to review and amend the ethical corporate management practices): Please refer to the Company Website: https://www.archmeter.com/				

VII. Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance
Please refer to the Company's website (<https://www.archmeter.com/>) or the MOPS (<https://mops.twse.com.tw/mops/>)

VIII. Internal control system implementation

(1). Statement on Internal Control : Please refer to the MOPS (<https://mops.twse.com.tw/mops/>)

- (2). If CPAs are engaged to review the internal control system, their report shall be disclosed: None.

IX. Major Resolutions of Shareholders' Meeting and Board Meetings for the most recent fiscal year or during the current fiscal year up to the printing date of the annual report

(1). Contents of important resolutions of the 2024 annual shareholders' meeting

Date	Type	Resolutions
2024.06.21	Annual General Shareholders' Meeting	<ol style="list-style-type: none"> 1. Recognition of 2023 business report and financial statements 2. Recognition of 2023 Earnings distribution 3. Amend to some provisions of Regulations Governing Making of Endorsements/ Guarantees Amendments to certain provisions of the Company's " Rules and Procedures of Shareholders' Meeting" 4. Amend to some provisions of Regulations Governing Loaning of Funds

(2). Key resolutions of the Board of Directors

Date	Term	Resolutions
2024.03.08	8th Term 11th Meeting	<ol style="list-style-type: none"> 1. The distribution of remuneration to employees and directors for 2023 2. The company's management compensation policy, system, standards, and structure plan 3. The Company's 2023 financial statements 4. The Company's 2023 business report 5. The Company's 2023 earnings distribution 6. Amendments to certain provisions of the "Management Guidelines for Board Meeting Operations. 7. Amendments to certain provisions of "Production Cycle." 8. The establishment of "Operational Guidelines for Handling Directors' Requests." 9. Amendments to certain provisions of the "Audit Committee Organizational Regulations." 10. The company's " Statement on Internal Control for 2023" and its effectiveness assessment 11. The installation of solar power generation equipment

Date	Term	Resolutions
		12. The purchase of factory buildings and parking spaces 13. The conversion of employee stock options into newly issued common shares. 14. The convening of the company's 2024 Annual General Meeting and the handling of related shareholder proposals
2024.05.10	8th Term 12th Meeting	1. The distribution of directors' remuneration for 2023. 2. The distribution of remuneration to managerial officers for 2023. 3. The application for financing facilities from financial institutions 4. The Company's financial statements for Q1, 2024
2024.08.09	8th Term 13th Meeting	1. The Company's application of loan facilities from financial institutions 2. The Company's financial statements for Q2, 2024
2024.11.08	8th Term 14th Meeting	1. The issuance of the first domestic unsecured convertible bonds. 2. The Company's financial statements for Q3, 2024 3. The establishment of the "Operational Guidelines for Sustainable Information Management." 4. Amendments to certain provisions of the "General Principles of Internal Control" and "Implementation Rules for Internal Auditing." 5. Amendments to certain provisions of the "Corporate Governance Best Practice Principles." 6. The company's "Audit Plan for 2025." 7. The company's year-end bonus and incentive bonus distribution for 2024. 8. Proposal for management compensation 9. The company's 'Business Plan for 2025.'
2025.03.07	8th Term 15th Meeting	1. The distribution of remuneration to employees and directors for 2024 2. The company's directors' and managers' compensation policy, system, standards, and structure plan 3. The Company's application of loan facilities from financial institutions 4. The Company's 2024 financial statements 5. The Company's 2024 business report 6. The distribution of earnings in 2024

Date	Term	Resolutions
		<ol style="list-style-type: none"> 7. Evaluation of the independence and competency of the Company's CPAs. 8. Appointment and remuneration of the CPAs for the Company's financial statements. 9. Amendments to certain provisions of the Articles of Incorporation 10. The company's " Statement on Internal Control for 2024" and its effectiveness assessment 11. Conversion of employee stock options to common stock and issuance of new shares 12. The company's re-election of directors. 13. The release from non-compete restrictions on the newly elected directors. 14. The convening of the company's 2025 Annual General Meeting and handling of shareholder proposals and nominations for director candidates
2025.05.09	8th Term 16th Meeting	<ol style="list-style-type: none"> 1. Approved the distribution of directors' remuneration for 2024 2. Approved the distribution of the remuneration to managerial officers for 2024 3. The Company's application of loan facilities from financial institutions 4. The Company's financial statements for Q1, 2025 5. The Company's Board of Directors Nomination of Director Candidates and Qualification Review.

- X. Where, during the most recent fiscal year or during the current fiscal year up to the printing date of the annual report, a director expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion was recorded or prepared as a written declaration, disclose the principal content thereof: None.

2.4 Information on CPA professional fees

- I. Audit fees and non-audit fees paid to the certified public accountants, to the accounting firm of the certified public accountants, and/or to any affiliated enterprise of such accounting firm and details of non-audit services

Unit: NT\$ thousands

Name of CPA firm	Name of CPA	Audit periods	Audit fees	Non-audit fees	Total	Remarks
PricewaterhouseCoopers	Chiang, Tsai-Yen Hsieh, Chih-Cheng	2024/01/01-2024/12/31	1,700	-	1,700	-

- II. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

- III. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

2.5 Information on replacement of certified public accountant

None

2.6 Where the Company's chairperson, presidents, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held

None

2.7 Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the printing date of the annual report

- I. Change in Shareholdings Holding by Directors, Management and Shareholders with 10% Shareholdings or More

1. Share Transfer:

Please refer to the MOPS, Path: Single Company > Shareholding Changes / Securities Issuance > Share Transfer Information Inquiry > Insider Shareholding Change Post-Declaration Form

(https://mops.twse.com.tw/mops/#/web/query6_1)

2. Changes in Share Pledge:

Please refer to the MOPS, Path: Single Company > Shareholding Changes /

Securities Issuance > Insider Share Pledge and Release > Insider Share Pledge and Release Announcement

(https://mopsov.twse.com.tw/mops/web/STAMAK03_1)

II. Stock transfers to related parties: None.

III. Pledge of stock rights to related parties: None.

2.8 Relationship information, if any one among the Company's 10 largest shareholders is a related party or a relative within the second degree of kinship of another

April 22, 2025

Name	Shareholding		Spouse's / minor's shareholding		Shareholding by nominee arrangement		Specify the names and relations of the top-10 shareholders who are related-parties or spouse or kindred within the 2nd degree of		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relation	
Shihlin Electric & Engineering Corp.	5,636,050	13.11	—	—	—	—	—	—	—
Responsible person: Emmet Hsu	—	—	—	—	—	—	—	—	—
Prolific Technology Inc.	2,500,000	5.82	—	—	—	—	—	—	—
Responsible person: Chang, Ching-Tang	—	—	—	—	—	—	—	—	—
Rong, Mei yun	1,600,000	3.72	—	—	—	—	—	—	—
Taipei Fubon Bank entrusted with the TIEF FUND L.P.	1,540,000	3.58	—	—	—	—	—	—	—
Ho-Yeh Investment Co., Ltd.	1,512,000	3.52	—	—	—	—	—	—	—
Responsible person: Shieh, Ming-Sing	—	—	—	—	—	—	—	—	—
Zhan, Sheng Kui	1,378,000	3.21	—	—	—	—	—	—	—
Allis Electric Co., Ltd.	1,248,000	2.90	—	—	—	—	—	—	—
Responsible person: Sung, Herr-Yeh	—	—	—	—	—	—	—	—	—
Chen, Jan-Ku	1,226,000	2.85	—	—	—	—	Chen, Jan-Ku Chairman of Yu Cheng Investment Co., Ltd.	Same as the responsible person	—
Yu Cheng Investment Co., Ltd. Responsible person: Chen, Jan-Ku	1,199,000	2.80	—	—	—	—	Chen, Jan-Ku	Same as the responsible person	—
Wen, Tian Hui	1,035,000	2.40	—	—	—	—	—	—	—

2.9 The total number of shares and total equity stake held in any single enterprise by the Company, its directors and managers, and any companies controlled either directly or indirectly by the Company

None

3 Capital and Shares

3.1 Capital and Shares

I. Source of capital

April 22, 2025

Types of Shares	Authorized Capital			Remarks
	Issued shares	Unissued Shares	Total	
Common Shares	42,985,000	7,015,000	50,000,000	

Year. month	Par Value	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Property other than cash as payment for share subscription	Others
2017/06	10	40,000,000	400,000	29,120,000	291,200	Capital increase in cash NT\$ 31,200 thousand	None	Note 1
2018/11	15	40,000,000	400,000	33,312,000	331,200	Capital increase in cash NT\$ 40,000 thousand	None	Note 2
2020/10	25	40,000,000	400,000	36,120,000	361,200	Capital increase in cash NT\$ 30,000 thousand	None	Note 3
2022/01	10	50,000,000	500,000	36,536,000	365,360	Employee stock options NT\$ 4,160 thousand	None	Note 4
2022/06	10	50,000,000	500,000	38,888,000	388,880	Employee stock options NT\$ 23,520 thousand	None	Note 5
2023/04	10	50,000,000	500,000	38,918,000	389,180	Employee stock options NT\$ 300 thousand	None	Note 6
2024/02	10	50,000,000	500,000	42,818,000	428,180	Capital increase in cash NT\$ 39,000 thousand	None	Note 7
2024/03	10	50,000,000	500,000	42,857,000	428,570	Employee stock options NT\$ 390 thousand	None	Note 8
2025/03	10	50,000,000	500,000	42,985,000	429,850	Employee stock options NT\$ 1,280 thousand	None	Note 9

Note 1: Hsinchu Science Park Administration, Ministry of Science and Technology: Zhu-Shang-Zhi No. 1060018851; Approved on July 13, 2017

Note 2: Hsinchu Science Park Administration, Ministry of Science and Technology: Zhu-Shang-Zhi No.1070033764; Approved on November 15, 2018.

- Note 3: Hsinchu Science Park Administration, Ministry of Science and Technology: Zhu-Shang-Zhi No. 1090029542; Approved on October 21, 2020.
- Note 4: Hsinchu Science Park Administration, Ministry of Science and Technology: Zhu Shang Zi No. 1110001972; Approved date: January 21, 2022.
- Note 5: Hsinchu Science Park Administration, Ministry of Science and Technology: Zhu-Shang-Zhi No. 1110020114; Approved on June 29, 2022.
- Note 6: Hsinchu Science Park Bureau, National Science and Technology Council: Zhu Shang Zi No. 1110020114; Approved on April 7, 2023.
- Note 7: Hsinchu Science Park Bureau, National Science and Technology Council: Zhu Shang Zi No. 1130003722; Approved on February 5, 2024.
- Note 8: Hsinchu Science Park Bureau, National Science and Technology Council: Zhu Shang Zi No. 1130008057; Approved on March 21, 2024.
- Note 9: Hsinchu Science Park Bureau, National Science and Technology Council: Zhu Shang Zi No. 1140007607; Approved on March 12, 2025.

II. List of major shareholders

April 22, 2025; Unit: Share; %

Name of major shareholder	Shareholdings	Shares held	Shareholding ratio
Shihlin Electric & Engineering Corp. Responsible person: Hsu, Yu-Rui		5,636,050	13.11
Prolific Technology Inc. Responsible person: Chang, Ching-Tang		2,500,000	5.82
Rong, Mei Yun		1,600,000	3.72
Taipei Fubon Bank entrusted with the TIEF FUND L.P.		1,540,000	3.58
Ho-Yeh Investment Co., Ltd. Responsible person: Shieh, Ming-Sing		1,512,000	3.52
Zhan, Sheng Kui		1,378,000	3.21
Allis Electric Co., Ltd. Responsible person: Sung, Herr-Yeh		1,248,000	2.90
Chen, Jan-Ku		1,226,000	2.85
Yu Cheng Investment Co., Ltd. Responsible person: Chen, Jan-Ku		1,199,000	2.79
Wen, Tian Hui		1,035,000	2.40

III. Company's dividend policy and implementation thereof

(1). Dividend policy provided in the articles of incorporation :

If there is a profit upon the final accounting of each fiscal year, the Company shall first set aside profit-seeking enterprise income tax to be paid and offset its losses accumulated in the past. If there is any surplus, the Company shall set aside the legal reserve at 10% of the remaining earnings, unless the legal reserve reaches the Company's paid-in capital. The residual balance, if any, shall be added to the beginning undistributed earnings. The board of directors shall prepare the proposal for distribution of earnings and submit to the shareholders' meeting for resolution before distribution.

The Company's dividend policy takes into account the Company's overall business environment and capital needs in the future, and dividends shall be distributed in accordance with the principles of stability and balance. The type of dividend is

determined based on the Company's earnings, financial structure, and future capital budget. The dividends and bonuses for shareholders shall not be less than 10% of the distributable earnings for each fiscal year. The distribution of dividends and bonuses for shareholders may be paid either in cash or in stocks, with no less than 50% distributed in cash. The Company's shareholders' meeting may determine the most timely and appropriate distribution method of dividends, prioritizing the interests and development of the Company as the highest principle.

- (2). The dividend distributions proposed at the most recent shareholders' meeting :

On March 7, 2025, the Board of Directors resolved to distribute cash dividends amounting to NT\$ 128,955 thousand (NT\$3 per share). This proposal will be handled in accordance with the relevant regulations after the resolution of the annual general shareholders' meeting on June 20, 2025.

IV. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting : NA.

V. Compensation of employees and directors

- (1). The proportions or ranges of remuneration for employees, directors, and supervisors as stipulated in the Company's Articles of Incorporation:

For a profitable fiscal year, the Company shall appropriate at least 5% of the profit as employee remuneration and not more than 3% as director remuneration. However, in the event of accumulated losses, the Company shall first reserve a sufficient amount to offset the losses.

- (2). The basis for estimating the amount of remuneration to employees, directors, and supervisors, the basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure:

The company's profit before tax for 2024 was NT\$224,519,256. There were no losses carried forward from the beginning of the year. It is proposed to allocate 5% of the profit as employee remuneration, amounting to NT\$12,202,134. 3% distribution of directors' remuneration totaling NT\$7,321,280. These are distributed in cash, which is in line with the amount estimated in 2024.

- (3). Distribution of remuneration approved by the Board of Directors:

Employees' remuneration and directors'/supervisors' remuneration, in cash or in shares. If there is any difference between the estimated amount and the recognized expense, the amount of the difference, the reason for the difference and the treatment status should be disclosed: The Company's Board of Directors resolved on March 7, 2025 to distribute cash remuneration to employees amounting to NT\$12,202,134 and directors' remuneration amounting to NT\$7,321,280 in 2024. There were no discrepancies with the estimated amounts.

- (4). The ratio of the amount of remuneration to employees distributed in stock to the net income after tax in the parent company only financial statement or the individual financial statement for the current period and the total amount of remuneration to employees:

The Company's Board of Directors resolved on March 7, 2025 that the distribution of remuneration to employees and directors in 2024 to be made in cash, and thus

this situation does not apply.

- (5). The actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and price of the shares distributed), and any discrepancy between the actual distribution and the recognized remuneration to employees, directors, and supervisors, the reason for the discrepancy, and treatment of such discrepancy:

There is no difference between the actual distribution of employees' remuneration and directors' remuneration for 2023.

VI. Status of the Company repurchasing its own shares: None.

3.2 Status of issuance of corporate bonds

Type of corporate bonds	The 1st domestic unsecured convertible corporate bonds
Issue (Application) date	2025/01/13 (Effective registration)
Par value	NT\$100,000
Place of issue and trading	Taiwan
Issue price	Issued at no less than 102% of par value
Total amount	NT\$408 million
Coupon rate	0%
Term	3 years Term ; Maturity Date : NA (Not yet issued)
Guarantor	NA
Trustee	Cathay United Bank
Underwriter	Fubon Securities Corporation
Attesting lawyer	CenturyAttorneysat Law Wang, Ya-Wen
Attesting CPA	PricewaterhouseCoopers Chiang, Tsai-Yen and Hsieh, Chih-Cheng
Redemption method	Expect when bond holders convert the bonds into common shares of the Company in accordance with Article 10 of the Method or the Company exercises early redemption in accordance with Article 18 of the Method or buys back bonds from the securities dealers and cancels the bonds, the Company shall buy back the bonds from bond holders at the par value in cash in one go within ten business days before the maturity date.
Unredeemed balance	NA (Not yet issued)
Conditions for redemption or early redemption	Please refer to the prospectus for the 1st domestic unsecured convertible corporate bonds for more detail.
Restrictive covenants	Please refer to the prospectus for the 1st domestic unsecured convertible corporate bonds for more detail.
Name of rating agency, date and result of rating	NA
Other risks	The amount of converted common shares as of May 01, 2025
	The issuance and conversion rules
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or subscription rules and the terms of issuance	Please refer to the prospectus for the 1st domestic unsecured convertible corporate bonds for more detail.
Name of the custodian institution of the exchangeable underlying	None
Notes	Approved by the Financial Supervisory Commission via letter No. 1140339888 dated April 11, 2025, the fundraising period has been extended to July 12, 2025.

Exchangeable Corporate Bonds

Type of corporate bonds		The 1st domestic unsecured convertible corporate bonds
Fiscal year		As of May 01, 2025
Market price of convertible bonds	Highest	NA (Not yet issued)
	Lowest	
	Average	
Conversion price		
Issue (Application) date and conversion price at issuance		Date : 2025/01/13 (Effective registration) Conversion price : NA (Not yet issued)
Method for performance of conversion obligations		Issue new shares

3.3 Status of preferred shares

None.

3.4 Status of issuance of global depository receipts

None.

3.5 Status of employee share subscription warrants

I. Unexpired employee subscription warrants issued by the Company in existence as of the date of publication of the annual report :

April 22, 2025

Types of employee stock options	The first employee stock option warrant of 2018	
Effective date of filing and total number of units	July 26, 2022/ 3,000 units	
Date of issue	January 2, 2019	December 1, 2021
Number of units issued (Note 1)	2,900 units	195 units
Number of outstanding units	0	0
Number of subscribed shares as a percentage of total issued shares	6.77%	0.46%
Subscription period	January 2, 2021 - January 1, 2025	December 1, 2023 - November 30, 2027
Method of performance	Issuance of new shares	
Restrictions on the subscription period and ratio:	<u>Duration of stock warrants</u>	<u>Percentage exercisable</u>
	<u>Eligible after two years</u>	<u>20%</u>
	<u>Eligible after three years</u>	<u>100%</u>
Shares acquired upon exercise	2,805,000	160,000
Amount paid for shares acquired upon exercise	28,050,000	1,600,000
Number of unexercised subscription options	0 股	35,000 shares
Price per share for unexercised subscription options	NT\$ 10.00	
Unexercised subscription quantity as a percentage of total issued shares	0.00%	0.08%
Effect on shareholders' equity	The stock option warrants can be exercised starting two years after the issuance date according to the scheduled plan, with a validity period extending up to six years. The dilution effect on shareholder equity is considered limited.	

Note 1: Each unit of employee stock options is entitled to subscribe for 1,000 common shares of the Company; however, for the units issued in 2019, a total of 95 units may be recovered after the employee leaves the company in accordance with the Regulations Governing the Issuance of Shares.

Note 2: 42,985,000 shares issued.

Note 3: A total of 35 unexercised employee stock warrants, representing 35,000 shares, have become invalid due to the departure of the employees who held such rights.

II. Names of top-level company executives and top ten employees holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives and employees as of the date of publication of the annual report :

April 23, 2024

	Title	Name	Acquired shares (thousand shares)	Percentage of subscription shares acquired to total issued shares (%)	Exercised				Unexercised			
					Number of subscription shares (thousand shares)	Subscription price (NT\$)	Subscription amount (NT\$ thousands)	Subscription quantity as a percentage of total issued shares (%)	Number of subscription shares (thousand shares)	Subscription price (NT\$)	Subscription amount (NT\$ thousands)	Subscription quantity as a percentage of total issued shares (%)
Managerial Officer	CEO	Chen, Jan-Ku	990	2.30	990	10	9,900	2.30	—	10	—	—
	Managing Director	Tseng, Wen-liang										
Employees (Note 1)	Employees	Fang, ○○	930	2.16	930	10	9,300	2.16	—	10	—	—
	Employees	Chu, ○○										
	Employees	Lee, ○○										
	Employees	Chou, ○○										
	Employees	Lin, ○○										
	Employees	Lin, ○○										
	Employees	Chen, ○○										
	Employees	Yang, ○○										
	Employees	Liao, ○○										
Employees	Dai, ○○											

Note 1: The top 10 employees in terms of the number of shares that may be subscribed to the warrants obtained refer to those who are not managerial officers, and are listed in descending order of their surname.

Note 2: 42,985,000 shares issued.

3.6 Status of new restricted employee shares

None.

3.7 Status of issuance of new shares in connection with mergers or acquisitions

None.

3.8 Implementation of the capital allocation plans

Please refer to the MOPS, Path: Single Company > Shareholding Changes / Securities Issuance > Fundraising > Fundraising Project Execution

(https://mopsov.twse.com.tw/mops/web/bfhtm_q2)

4 Overview of Business Operations

4.1 A description of the business

I. Scope of business

(1) Principal business activities

CC01010	Power Generation, Transmission and Distribution Machinery Manufacturing.
CC01080	Electronic Components Manufacturing
CE01010	General Instrument Manufacturing.
CE01021	Weights and Measuring Instruments Manufacturing
E601010	Electric Appliance Installation Contractor (Limited to work at customers' premises)
E603050	Automatic Control Equipment Engineering (Limited to work at customers' premises)
F401010	International Trade.
F401181	Measuring Instruments Import.
I501010	Product Designing.
IG03010	Energy Technology Services.
JA02051	Weights and Measuring Instruments Repair Research, design, development, manufacturing, and sales of the following products: Electronic energy meters and related products

(2) Proportion of main product sales

Unit: NT\$ thousands; %

Item \ Year	2023		2024	
	Amount	Proportion to overall product sales	Amount	Proportion to overall product sales
Smart grid	883,881	85.24	901,811	84.22
Power measurement instrument	116,310	11.21	127,185	11.88
Energy management solution	36,768	3.55	41,909	3.90
Total	1,036,959	100.00	1,070,905	100.00

(3) Current products (services) and purposes:

The Company's main business includes: smart grid, power measurement instrument and energy management solution and other related products and services. At present, the smart grid is dominated by smart meter-related products, and the main users are domestic and foreign power companies. Power measurement instrument mainly refers to various power monitoring instruments, and the users include the majority of industrial and commercial users. The energy management solution provides measurement instruments and full-system integration services, offering power management, energy monitoring, and facility monitoring for medium to large power users.

The Company is among the few that can operate in both high-volume general smart meters and diversified power monitoring instrument markets. Our service scope also includes everything from supplying individual products to complete system integration.

(4) Planned development of new products (services)

R&D Field	Anticipated R&D content
Smart grid	<ol style="list-style-type: none"> 1. Enhance the information security levels of smart meters in alignment with international and Taiwan Power Company (Taipower) proposed standards. 2. Develop customized smart meters according to specific foreign requirements and obtain supplementary certifications as per IEC (International Electrotechnical Commission) standards. 3. Develop advanced power measurement instruments integrating modern distribution automation communication protocols and transient power quality measurement.
Value-added services for derivative users	<ol style="list-style-type: none"> 1. Develop devices capable of measuring and analyzing electrical characteristics for electric utility value-added services. These devices estimate customer power usage patterns at the user end and, through a cloud platform integrated with artificial intelligence (AI) algorithms, offer value-added services to users. 2. In line with the promotion of electric vehicles (EVs), develop power measurement and protection modules for charging piles and other charging devices, providing front-end sensing and billing devices for charging management platforms.

II. Industry overview

(1) Current status and development of the industry

According to Statistic MRC's "Advanced Metering Infrastructure – Global Market Outlook (2020-2028)," the global AMI market is expected to grow from USD 7.74 billion in 2020 to USD 22.6 billion by 2028, with an annual growth rate of 14.3%.

- The communication module segment is projected to grow from USD 5.178 billion in 2020 to USD 14.464 billion in 2028, at an annual growth rate of 13.7%.
- The smart meter segment is expected to grow from USD 2.427 billion in 2020 to USD 7.059 billion in 2028, at an annual growth rate of 14.3%. The Asia-Pacific region is experiencing the highest growth rate among global markets.

Unit: USD millions

Regions	2019	2020	2021	2025	2028	GAGR%
North America	636.7	830.0	997.4	2,025.7	2,386.1	14.1
Europe	504.5	652.9	778.7	1,572.9	1,842.5	13.8
Asia Pacific	288.6	383.5	469.6	989.0	1,207.1	15.4
South America	251.3	327.6	393.7	810.3	967.1	14.5
Middle East and Africa	180.6	233.0	277.1	560.0	656.5	13.8
All	186.1	2,427.0	2,916.5	5,957.8	7,059.3	14.3

Source: 《Advanced Metering Infrastructur – Global Market Outlook (2020-2028)》。

Currently, the deployment of Advanced Metering Infrastructure (AMI) for electric meters is progressing rapidly in Western Europe, the USA, China, Japan, and South Korea. Many emerging countries in Southeast Asia and the Middle East are in the early stages of transitioning to large-scale deployments.

According to the Executive Yuan's approved plan, Taipower is set to complete the installation of AMI for 3 million households by 2024. The National Development Council plans to have Taipower fully replace 14 million households with smart meters by 2035. Taipower's demand for smart meters has been increasing yearly, with purchases of 350,000 units in 2018, 550,000 units in 2019, 850,000 units in 2020, and approximately 1,430,000 units in 2021. From 2023 to 2024, Taipower has issued tenders for the purchase of 3.4 million smart meters, of which our Company has secured 700,000 units. Then, on June 21, 2013, we received an additional purchase of 200,000 units from the original contract. From 2025 to 2026, Taipower has issued tenders for the purchase of 3.3 million smart meters, of which our Company has secured 900,000 units. Following this installation plan, the annual demand for smart meters is estimated to grow from about 1.5 million units to approximately 2 million units per year, with the market size estimated to grow from NT\$3.68 billion per year to about NT\$4.92 billion per year. By 2036, the market is expected to stabilize, with an estimated annual demand of about 1.5 million units, valued at approximately NT\$3.68 billion.

According to MarketsandMarkets, the market related to power monitoring equipment will grow from USD 3.8 billion in 2019 to USD 5.2 billion in 2024, with a compound annual growth rate (CAGR) of about 6.1%. Power monitoring equipment products have a long life cycle, high reliability requirements, great influence on brand image, and slow market introduction. The Company's products, after being extensively tested in the domestic market, have established us as a leading manufacturer domestically. We are now gradually expanding into international markets.

(2) Correlation among upstream, midstream, and downstream industries

The correlation between the upstream and downstream of the AMI industry is shown in the table below:

	Attribute	Participants	Correlation
Upstream	Raw materials	Key microchips, communication modules, PCB/hardware materials and processing	<ul style="list-style-type: none"> ● Key microchips and communication modules directly affect the product development and production capacity of the midstream manufacturers. ● The price fluctuation of raw materials affects the cost of mid-stream manufacturers.
Midstream	Composition of AMI systems	Electricity meter manufacturers, communication manufacturers, back-end platform manufacturers	<ul style="list-style-type: none"> ● The electricity meter manufacturers compete with each other. ● The electricity meter, communication and back-end platform manufacturers are in a collaborative relationship.
Downstream	Service provider	Power companies, value-added service providers	<ul style="list-style-type: none"> ● Power companies lead the market dynamics and product specification. ● Value-added service providers are affected by the openness of the power company's services and rely on the support of the midstream suppliers for product functions.

- We maintain a collaborative relationship with midstream communication manufacturers to jointly develop the overseas AMI market.
- In terms of downstream value-added services, we conduct preliminary research from the perspective of R&D to explore the feasibility of participating.

(3) Development trends of products

In terms of the development trends for AMI, based on the European Commission Recommendation 2012/148/EU, which defines 10 basic functionalities for AMI, the compatibility of Taipower's standards and the Company's products are outlined as follows:

2012/148/EU Basic Functions	Taipower Specifications	The Products
The meter data can be directly read by users and third parties	Covered	Supported
Reading frequency sufficient for energy conservation	Covered	Supported
Meter data available to power system operators	Not applicable in Taiwan (no system operators)	Not related to the meter
Bi-directional communication for maintenance and control	Covered	Supported
Frequency of meter reading is sufficient to facilitate power system planning	Covered	Supported
Advanced electricity tariff calculation	Covered	Supported
Remote power connection/disconnection and load limiting	Partially covered	Partial supported
Secure communication transmission	Covered	Supported
Electricity theft prevention and detection	Partially covered	Partial supported
Bi-directional metering and reactive power measurement	Covered	Supported

It is evident that both Taipower's standards and the functionalities of our products align with the international basic specifications for AMI. However, with technological advancements, key upgrades become imperative, particularly in the following areas:

- There is a noticeable shift towards upgrading from the current IEC 62056 suite 0 to either suite 1 or suite 2. We are actively engaged in relevant research and development efforts to stay abreast of these advancements.
- This primarily entails enhancing power quality measurement capabilities, including features for harmonic analysis and transient power quality measurement,
- Various user value-added services derived from AMI are currently undergoing diversified tests in various countries, including home energy display, user energy management integration, and electricity consumption information integrated application with cloud and artificial intelligence.

(4) Product competition

Regarding the domestic competition of smart meters, the current main domestic suppliers of smart meters are as follows:

Smart meter suppliers	Related business scopes
Tatung Corporation	Heavy duty products, switchboards, transformers, smart meters, solar energy, system integration
Chung-Hsin Electric and Machinery Manufacturing Corp.	Specializes in power distribution products, electrical engineering, smart meters, power automation, fuel cells, and system integration.
AcBel Polytech Inc.	Power supplies, AC/DC converters, smart meters, smart meter communication systems.
Advanced Meter Inc.	Smart meters, electronic meters. DAS Technology Co., Ltd.
Arch Meter Corporation	Smart grid, power measurement instrument, energy management solution

Taipower, the primary customer for smart meters in Taiwan, conducts purchases through a tender process. Since 2022, Taipower's procurement of smart meters has shifted to selective bidding following the finalization of new smart meter specifications. Participating manufacturers must pass a series of tests and certifications such as Taipower's manufacturing capacity review. There are many test items, the required time is long, and the threshold for entry is high. This high entry barrier helps to prevent cutthroat competition.

III. Overview of Technology and R&D

- (1) R&D expenses during the most recent year and up to the date of publication of this annual report

Unit: NT\$ thousands; %

Item	Year	
	2024	2025 Q1
R&D expenses	48,344	9,252
Operating revenue	1,070,905	154,429
As a percentage of net revenue (%)	4.51	5.99

- (2) Technologies or products successfully developed during the most recent two years and up to the date of publication of this Report

Year	R&D Achievements
2023	<ul style="list-style-type: none"> ● Achieved mass production of power measurement and leakage protection products for electric vehicle charging stations. ● Completed the prototype design for upgrading the cybersecurity level of smart meters to IEC 62056 suite 1. ● Completed preliminary integration tests of NIALM sensors with cloud-based AI systems for identifying the operational states of home

Year	R&D Achievements
	appliances. ● Completed pre-certification testing for ANSI smart meters for international markets.
2024	● Completed ANSI smart meters international certification. ● Completed the development of NIALM sensors and the installation of 10 demonstration households. ● Completed the development and mass production of two models of power measurement and leakage protection product. ● Completed the development and mass production of panel-type DC meters. ● Completed the development of the smart meter automation test line.

IV. Long-term and short-term business development plans

(1) Short-term business goals

For smart grid, Taipower will optimize the manufacturing process and expand production capacity to respond to the large demand for smart meters to consolidate and increase its market share.

For the power measurement instrument series, we will continue to expand the product line and strengthen both domestic and international channels and market positions. The Company plans to expand into new types of distribution automation communication protocols and integrate advanced power analysis instruments needed for power quality monitoring management functions to participate in the distribution automation and high-end power monitoring instrument markets internationally.

(2) Long-term business direction

In the smart grid sector, targeting the international market through existing channels and in collaboration with domestic and international communication manufacturers, we will focus on target countries for customized development and certification. We will flexibly expand into overseas markets through whole meter exports, core module exports, or licensed production.

In the power measurement instrument sector, besides continuously expanding our product portfolio and strengthening sales channels at home and abroad, we plan to expand from the current market of instrument products to related markets such as power protection and switchgear equipment.

In derivative user services, based on technologies like power measurement and electrical characteristic extraction, and through cross-industry alliances, we will target areas such as additional user services for electric companies, electric vehicle charging piles and stations, and management platforms. We aim to provide key front-end devices and integrate cloud and AI technologies to participate in emerging derivative user service markets.

4.2 Market, Production, and Sales Overview

I. Market analysis

(1). Sales regions of major products

Currently, our primary sales region remains domestic, with international markets in the stages of channel deployment and market development.

Unit: NT\$ thousands

Item \ Year	2023		2024	
	Amount	Ratio (%)	Amount	Ratio (%)
Domestic sales	1,035,225	99.83	1,069,214	99.84%
Export sales	1,734	0.17	1,691	0.16%
Total	1,036,959	100.00	1,070,905	100.00%

(2). Market share

There are currently five main suppliers of Taipower's new smart meters. From March 25, 2022 to March 03, 2025, during seven tender processes, we secured contracts for 1,940,000 units, totaling approximately NT\$4.17 billion. Our market share for single-phase (residential) meters stands at 23.25%, and for three-phase (commercial and industrial) meters, at 22.91%.

In terms of power measurement instrument and energy management solution integration, our products are widely adopted by semiconductor factories, high-tech factories, large public enterprises, medium and large industrial and commercial users, schools of all levels, etc. Most of system integrators in Taiwan have become the Company's long-term collaborative clients.

(3). The Future Supply and Demand and Growth of the Market

According to the Executive Yuan's approved plan, Taipower is set to complete the installation of AMI for 3 million households by 2024. The National Development Council plans to have Taipower fully replace 14 million households with smart meters by 2035. Taipower's demand for smart meters has been increasing yearly, with purchases of 350,000 units in 2018, 550,000 units in 2019, 850,000 units in 2020, and approximately 1,430,000 units in 2021. From 2023 to 2024, Taipower has issued tenders for the purchase of 3.4 million smart meters, of which our Company has secured 700,000 units. Then, on June 21, 2013, we received an additional purchase of 200,000 units from the original contract. From 2025 to 2026, Taipower has issued tenders for the purchase of 3.3 million smart meters, of which our Company has secured 900,000 units. Following this installation plan, the annual demand for smart meters is estimated to grow from about 1.5 million units to approximately 2 million units per year, with the market size estimated to grow from NT\$3.68 billion per year to about NT\$4.92 billion per year. By 2036, the market is expected to stabilize, with an estimated annual demand of about 1.5

million units, valued at approximately NT\$3.68 billion.

According to Statistic MRC, the smart meter market is projected to grow from USD 2.427 billion in 2020 to USD 7.059 billion by 2028, with an average annual growth rate of 14.3%.

MarketsandMarkets estimates that the power monitoring equipment market will grow from USD 3.8 billion in 2019 to USD 5.2 billion by 2024, with a CAGR of about 6.1%. Leading manufacturers in this sector include Schneider, ABB, Eaton, Siemens, GE, Emerson, Rockwell Automation, Mitsubishi, Omron, and Yokogawa. Furthermore, according to Verified Market Research, the global market for power monitoring equipment is expected to grow from USD 3.5 billion in 2020 to USD 5.3 billion by 2028, at a CAGR of approximately 5.38%. The highest demand within this market comes from the manufacturing sector, with future growth in data centers, renewable energy, and EVs expected to drive new demand.

Power monitoring equipment products have a long-life cycle, high reliability requirements, great influence on brand image, and slow market introduction. Our related products have withstood the test of the domestic market for a long time and have become a leading manufacturer domestically. We are now gradually expanding into international markets.

(4). Competitive niche

The Company's core competitiveness lies in its comprehensive technology, robust R&D manpower, high product reliability, and high entry barriers for the industry.

- We possess a complete and experienced R&D team with extensive experience and product capabilities in power measurement, modern industrial communication, systems integration, hardware and systems technology.
- Our power measurement instrument has been operational for over 18 years, demonstrating high reliability and has been widely recognized by domestic switchboard users and large industrial and commercial users, successfully replacing many well-known international brands. Our products are crucial for user electrical safety and management, necessitating a long-term accumulation of brand reputation and trust.
- Our industry, whether it is smart meters or power measurement instrument, requires passing a series of certifications and long-term operational tests, resulting in long market introduction periods and high entry barriers. We have already passed all Taipower tests and certifications for smart meters, securing a relatively competitive advantage.

(5). Favorable and unfavorable factors for future development, as well as its adaptive strategies.

Favorable factors

- (A) Taipower has a large and durable market for smart meter replacement, and we are the main supplier.
- (B) There is rapid market growth as global electric utilities proceed with the installation of Advanced Metering Infrastructure (AMI).
- (C) The Company's comprehensive technologies and strong system integration capabilities have demonstrated reliability through long-term operational tests.

Unfavorable factors

- (A) As Taipower integrates smart meters, its share in our company's revenue has significantly increased year over year. Revenue fluctuations are closely tied to the delivery statuses of Taipower's tenders.
- (B) With the expansion of the smart meter market both domestically and internationally, our current production capacity is insufficient to meet growing demands.

The adaptive strategies are as follows:

- (A) Our company does not rely on Taipower's revenue to maintain basic operations. In the future, we will expand our overseas smart meter and power measurement Instrument business to reduce the impact of fluctuations in Taipower's revenue on our short-term profitability.
- (B) Our Company is expanding its plants and production lines.

II. Usage of the Company's main products

(1) Main product applications

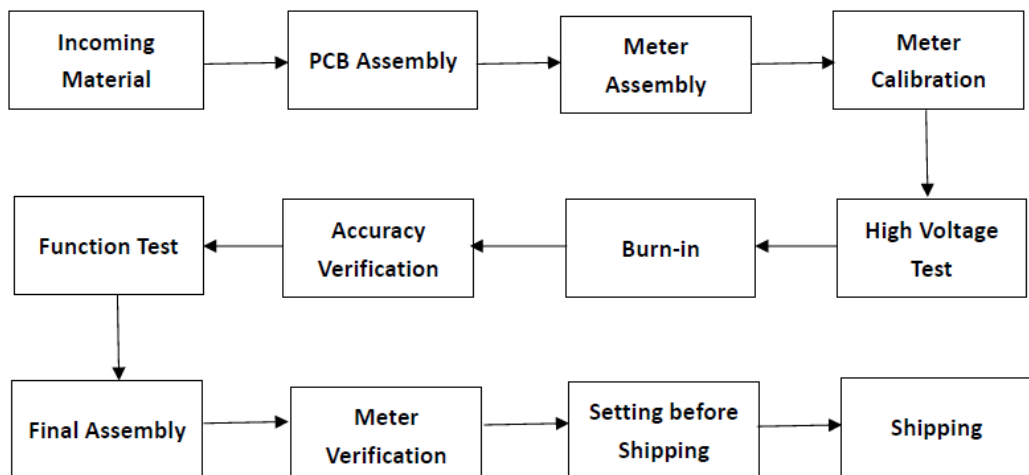
Main products (services)	Product (service) applications
Smart grid	<p>At this stage, the Company focuses on smart meters and distribution automation related products under the smart grid.</p> <p>1. Taipower's new modular smart meter: Taipower is currently undertaking a comprehensive replacement project with new modular smart meters, which integrate communication systems. This is a foundational infrastructure project for establishing a smart grid. Taipower has three main types of meters tailored for residential and commercial/industrial users. These meters support time-based electricity tariffs, multifunctional metering, and integrated communications. These meters support time-based electricity tariffs, multifunctional metering, and integrated communications. Smart meters enable Taipower to flexibly manage electricity billing, load-side management, and provide various value-added services to customers. We have developed three types of smart meters specifically for Taipower, all of which have passed Taipower's certifications and obtained qualifications for selective bidding. This has</p>

Main products (services)	Product (service) applications
	<p>enabled us to successfully execute multiple contracts and become a stable supplier for Taipower.</p> <p>2. International smart meters: Globally, the electric utility industry is extensively deploying smart meter systems. We have developed products for two major international standards: ANSI (American Standard) and IEC (European Standard) smart meters. These products have received international certifications, allowing us to meet the specific requirements of different countries and customize products accordingly. This enables us to participate in the extensive global smart grid market.</p> <p>3. Distribution automation related products: At present, our company is representing AMETEK, a US-based company, for high-end smart meters characterized by ultra-high precision and robust power quality measurement and network communication capabilities. These meters can be utilized in large-scale power users such as power plants and substations. Additionally, we are representing RBH from India for IEC 61850 and DNP3.0 communication gateways. Following customized development and supplementary certification, these gateways can be applied to upgrade substations under Taiwan Power Company's distribution automation.</p>
Power measurement instrument	<p>At present, our company's products are primarily applied in the distribution panels of industrial and commercial users, assisting them in electricity measurement, power quality monitoring, and enhancing the automation and efficiency of their electricity management.</p> <p>1. Distribution Panel Meters: Our company offers a complete range of meters designed for distribution panels, spanning from basic aggregated meters to advanced power analysis meters. Integration: multifunctional power measurement, power quality analysis, power usage reports, and communication capabilities. They are highly suitable for energy management in high-tech factories.</p> <p>2. Distribution Panel Auto Reclosers: Used for automatic restoration of power in distribution panels after power outages, with power measurement and protection functions, assisting in enhancing the efficiency of energy management in factories.</p>
Energy management solution	<p>Our company provides comprehensive services ranging from energy measurement instruments to power monitoring software and cloud system integration. We can meet the standardized or customized power monitoring management needs of enterprises.</p> <p>1. Energy Management Meters: We provide a complete series of energy management meters, including economical, multifunctional, load recording, and multi-circuit measuring products. These meters are characterized by easy installation, flexibility, comprehensive functionality, and diverse communication interfaces. They can be flexibly applied in various commercial and industrial user's energy management systems as front-end devices for power measurement, load</p>

Main products (services)	Product (service) applications
	<p>research, and data collection.</p> <ol style="list-style-type: none"> <li data-bbox="619 271 1476 712">2. Power Master Solution: We offer main controller products for distribution panels, which can form a low-cost energy management system. It has the following functions: multi-circuit power consumption management, demand forecast and control, TOU management, power usage report and trend management, power control, and network integration. It can be applied to small and medium-sized users and can form a set of solutions to reduce the cost of introducing energy management system for small and medium-sized enterprises. It can also be applied in chain stores or as a demand controller or regional energy management subsystem for large power users. <li data-bbox="619 712 1476 1003">3. Prepaid management system: Our Company provides a series of prepaid electricity management system products, including: prepaid energy meter, stored value card management system, and back-end system integration platform. Applications: Electricity billing management for classrooms, dormitories, and rental users. They feature easy system installation, TOU management, and power usage statistics. <li data-bbox="619 1003 1476 1290">4. Customized Energy Management System Integration: Our Company offer proprietary graphic control software and on-site construction integration capabilities, allowing us to build complete customized energy management systems based on user needs. These systems can integrate power, water usage, facility monitoring, and cloud management needs, facilitating users in establishing carbon tracking and green building certifications.

(2) Manufacturing processes of the main products

The manufacturing processes of smart meters and related power measurement instruments are as follows:



III. Supply Situation of Main Raw Materials

Our main raw materials include electronic key components, metal parts, and plastic parts.

- (1) Electronic key components: Impacted by the global chip shortage and supply chain disruptions, we plan for long-term production of main components, prepares cross-year supplies in advance, and regularly reviews and adjusts these plans.
- (2) Metal and plastic parts: The main processing manufacturers are located domestically, but face significant fluctuations in international raw material prices and extended supply periods. We coordinate production plans with suppliers to ensure materials are prepared in advance, preventing long-term shortages.

IV. Information on major clients/suppliers who have accounted for at least 10% of sales/procurement in either of the past two years

- (1). Information on major suppliers in the last 2 years

Unit: NT\$ thousands

Item	2023				2024			
	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase for the year (%)	Relationship with the issuer
1	P23-01	81,244	14.31	None	P22-01	82,670	17.48	None
2	P23-02	71,022	12.51	None	P23-02	65,276	13.80	None
3	P23-03	70,885	12.49	None	P24-01	54,267	11.47	None
	Others	344,546	60.69	-	Others	270,857	57.25	-
	Net purchase	567,697	100.00	-	Net purchase	473,070	100.00	-

Analysis of change: The above suppliers are all involved in our company's smart meter business. The primary reason for the decrease in procurement costs is the strategic sequencing of purchases based on customer delivery schedules, coupled with effective inventory management.

- (2). Information on major customers in the last 2 years

Unit: NT\$ thousands

	2023				2024			
	Name	Amount	Percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales for the year (%)	Relationship with the issuer
1	Taipower	869,983	83.90	None	Taipower	873,972	81.61	None
2	Shihlin Electric and Engineering Corporation	51,049	4.92	Related party	Shihlin Electric and Engineering Corporation	61,886	5.78	Related party
	Others	115,927	11.18	None	Others	135,047	12.61	None
	Net sales	1,036,959	100.00		Net sales	1,070,905	100.00	

Analysis of change: Our company's primary customers remain stable overall. There are no significant changes, and we continue to maintain a strong, long-term relationship with our clients.

4.3 The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report

Unit: person

Year		2023	2024	As of March 31, 2025
Number of employees	Management personnel	16	16	16
	Direct labor	20	21	21
	Indirect labor	76	80	77
	Total	112	117	114
Average age		42.75	44	43.79
Average years of service		6.75	6.55	6.70
Distribution of education attainment	Doctoral Degree	2	2	2
	Master's Degree	14	13	13
	Junior College	66	70	69
	Senior High School	29	31	29
	Below High School	1	1	1

4.4 Disbursements for environmental protection

- I. Any losses suffered due to environmental pollution in the most recent year and up to the publication date of the Report (including compensation and environmental audits that resulted in a violation of environmental laws and regulations; the date of penalty, penalty document number, the provisions of the violation, the content of the violation, and the penalty); also, disclose the estimated amount that may be incurred at present or in the future and the corresponding response measures:

In 2023 and as of the publication date of the Report, there have been no losses incurred due to environmental pollution, including compensation and penalties, etc.

4.5 Labor relations

- I. The Company's employee welfare measures, continuing education, training, retirement system and their implementation, as well as the agreements between labor and management, and various measures to protect the rights and interests of employees

(1). Employee welfare measures, training, and education measures

The Company provides welfare measures including employee gatherings, bonuses, and holiday bonuses. Employees are entitled to apply for various allowances such as marriage, bereavement, and childbirth subsidies. Additionally, we offer employee education and training, as well as various employee activities. Furthermore, we provide group insurance for employees to enhance their life security.

The Company conducts annual health check-ups for employees, organizes health seminars periodically, and shares health information through announcements. We also encourage colleagues to step outdoors and achieve physical and mental relaxation by holding "Fun and Relaxing Weight Loss Activities" to promote physical health.

The Company has established the "Regulations Governing Education and Training" to enhance employees' professional knowledge and competencies, improve job performance, cultivate multi-functional abilities, and enhance

research and development, product manufacturing quality, and market competitiveness to achieve corporate goals.

The education and training for all employees of the Company include training for new employees, on-the-job training, internal training, and external training. In the first stage, the HR unit shall arrange for the training for new recruits. In the second stage, department heads propose qualification requirements and educational training needs based on the respective duties and functions, which are compiled by the HR unit, and submitted for review and approval by the President before implementation.

(2). Retirement system and its implementation

The new labor retirement system was implemented on July 1, 2005. In accordance with the Labor Pension Act, the Company contributes a monthly amount not less than 6% of the employee's monthly salary to the employee's retirement account, and handles retirement matters in accordance with the Labor Pension Act and relevant provisions of the Company's Regulations Governing Human Resources Management.

(3). Status of agreements between labor and management and the protection of employees' rights and interests

In accordance with relevant laws and regulations, both labor and management handle matters in accordance with work rules and various management regulations, clearly stipulating the rights, obligations, and welfare items of employees to protect their rights. Since its establishment, the Company has maintained harmonious labor relations and actively established two-way and open communication channels, with no major labor disputes or losses occurring to date.

- II. Any losses suffered by the Company as a result of labor disputes in the most recent year and up to the date of publication of the Report (including the violation of the Labor Standards Act found in labor inspections, the date of punishment, the reference number of the punishment, the provisions of the violation, the content of the violation, and the content of the punishment). Furthermore, disclose the estimated amount that may occur currently and, in the future, and the response measures. If reasonable estimation is not feasible, it should be explicitly stated that such estimation cannot be reasonably made: None.

4.6 Information security management

- I. Information security risk management framework, information security policy, specific management plans, and resources invested in information security management:

(1). Information security risk management framework

The Company's chief information security officer is responsible for leading regular risk assessments of core information systems as required, and for devising improvement plans based on the results of these assessments. The risk assessment results and improvement plan shall be submitted to the President for approval, and the risk improvement plan shall be implemented accordingly.

(2). Information security policy

To prevent unauthorized access, use, control, disclosure, destruction, alteration, or other infringements upon core information systems and data, and to ensure their confidentiality, integrity, and availability, the following policy is

established for all employees to follow:

- In response to dynamically evolving information security threats, all Company employees are required to participate in relevant information security education and training to enhance the overall awareness of information security.
- Protect sensitive information and the confidentiality and integrity of information systems to prevent unauthorized access and tampering.
- Establish and publish "Regulations Governing Information Security Management," and review and adjust them according to the actual situation on a regular basis.
- Conduct regular internal audits to ensure the effective implementation of all operations.

(3). Specific management plans

The Company has formulated the "Regulations Governing Information Security Management" based on the "Information Security Guidelines for TWSE/TPEX-Listed Companies" and implemented them accordingly.

(4). Invest resources in information security management

The information security resources invested by the Company are summarized as follows:

- Information security personnel shall receive professional "information security education and training" every year.
- The Company's information security personnel is responsible for arranging at least one internal "information security training" every year.
- "Vulnerability scanning" is executed at least once a year, and high-risk vulnerabilities are repaired and controlled.
- "Social engineering drills" are conducted at least once a year and relevant education and training are organized.
- The recovery plan of the core information and communication system is exercised regularly and adjusted in a timely manner based on the actual situation.
- Establish the server room, network facilities, and information security protection facilities for the new Xiangshan plant.

II. Losses due to major information security incidents during the most recent two years and up to the date of publication of the Report, and the possible impacts and response measures. If it is impossible to reasonably estimate the losses, the reasons for such cannot be estimated:

As of the printing date of the Report, the Company has not detected any significant network attacks or major cyber security incidents.

4.7 Important contracts

Nature of contract	Parties concerned	Start/end date of contract	Main Content	Restrictive clauses
Agency contract	AMETEK, INC.	March 12, 2015 to present	Sales of high-end smart meters	None

Nature of contract	Parties concerned	Start/end date of contract	Main Content	Restrictive clauses
Financing contract	First Commercial Bank	2024.10.03-2025.10.03	Short-term borrowings	None
Financing contract	Shanghai Commercial & Savings Bank	2023.02.14-2027.02.14	Short-term borrowings	None
Financing contract	Bank of Taiwan	2025.03.11-2026.03.11	Short-term borrowings	None
Financing contract	Bank of Taiwan	2023.10.19-2043.10.18	Long-term borrowings secured by plant as collateral	None
Financing contract	E.SUN Bank	2024.05.22-2025.05.22	Short-term borrowings	None
Financing contract	Cathay United Bank	2024.05.20-2025.05.20	Short-term borrowings	None
Financing contract	Taiwan Cooperative Bank	2025.03.27-2026.03.27	Short-term borrowings	None
Financing contract	Bank of Taiwan	2024.07.19-2044.07.18	Long-term borrowings secured by plant as collateral	None
Financing contract	Cathay United Bank	2025.03.07-2026.03.13	Special short-term bank loans	None
Financing contract	Bank of Taiwan	2023.10.19-2028.10.18	Medium-term borrowings	None
Financing contract	Cathay United Bank	2025.03.07-2028.03.07	Performance Guarantee Letter	None
Sales contract	Acerpure Inc.	2022.10.01-2028.01.01	Hardware Equipment Purchase and Sales Agreement - Air-Conditioning in Every Classroom - Penghu County	None
Sales contract	Acerpure Inc.	2022.10.01-2028.01.01	Hardware Equipment Purchase and Sale Agreement - Air-Conditioning in Every Classroom - Taichung City	None
Sales contract	Far EasTone Telecommunications Co. Ltd	2022.10.01-2028.08.17	Property Purchase Contract - Campus Energy Management System (Ems)	None
Sales contract	Acerpure Inc.	2022.10.01-2028.01.01	Hardware Equipment Purchase and Sale Agreement - Air-Conditioning in Every Classroom - Taitung County	None
Tender contract	Taipower	2021.01.18-2023.01.18	Installation of 850,000 single-phase low-voltage smart meters in 2021	None
Tender contract	Taipower	2022.02.22-2023.02.22	110,000 units of three-phase low-voltage smart meters in 2022	None

Nature of contract	Parties concerned	Start/end date of contract	Main Content	Restrictive clauses
Tender contract	Taipower	2022.03.25-2023.03.25	300,000 single-phase low-voltage smart meters in 2022	None
Tender contract	Taipower	2022.05.05-2023.05.05	Modular smart meters in 2022	None
Tender contract	Taipower	2022.08.23-2024.05.20	800,000 modular smart meters in 2022	None
Tender contract	Taipower	2022.11.16-2024.11.15	Low-voltage smart meters	None
Sale and purchase agreement	Heyi Property Development	2022.04.27-2023.12.31	Pre-sold house and land contract	None
Sale and purchase agreement	Hong Ji Development Co., Ltd.	2024.04.16-2025.03.31	House and land purchase contract	None
Sales contract	National Yang Ming Chiao Tung University	2023.05.16-2023.07.28	Information Service Procurement Contract - Campus Energy Management System (Street Light Monitoring)	None
Sales contract	Gudeng Precision Industrial Co., Ltd.	2022.11.29-2023.06.30	Shu Ku Plant Energy Management System Construction Project (meter installation project)	None
Sales contract	Taiwan Electric Research & Testing Center	2023.07.18-2024.02.13	Contract for the Procurement of Single-Phase Meter Test Equipment	None
Sales contract	Taiwan Electric Research & Testing Center	2023.08.18-2024.03.15	Financial Contract for Single-phase Electricity Test Automated Production Line Equipment Procurement	None
Tender contract	Taipower	2025.03.03-2027.03.02	Low-voltage smart meters	None

5 Review and Analysis of Financial Position and Financial Performance, and Risks Assessment

5.1 Financial position

The main reasons for the material changes in the Company's assets, liabilities and equity in the last two years and their effects and future plans.

- I. Financial position - IFRS (consolidated): As Arch Meter only needs to issue individual financial statements, there are no consolidated figures available for disclosure.
- II. Financial Position - IFRS (parent company only)

Unit: NT\$ thousands; %

Item	Year	2023	2024	Difference	
				Amount	%
Current assets		907,557	955,555	47,998	5.29
Property, plant and equipment		763,372	833,847	70,475	9.23
Intangible assets		4,802	4,193	(609)	(12.68)
Other assets		199,240	175,953	(23,287)	(11.69)
Total assets		1,874,971	1,969,548	94,577	5.04
Current liabilities		639,468	424,733	(214,735)	(33.58)
Non-current liabilities		603,976	625,416	21,440	3.55
Total liabilities		1,243,444	1,050,149	(193,295)	(15.55)
Share capital		389,180	428,570	39,390	10.12
Capital surplus		75,677	272,964	197,285	260.69
Retained earnings		166,670	217,865	51,195	30.72
Total ' equity		631,527	919,399	287,872	45.58

1. The main reasons for major changes in assets, liabilities and equity in the last two years (more than 20% in the previous period, and the amount of the change is more than NT\$10 million) and the impact thereof:
 - (1). The decrease in current liabilities was primarily due to the company's sustained operational profitability and the repayment of unsecured loans from financial institutions.
 - (2). The increase in capital surplus was mainly due to the cash capital increase conducted in the fiscal year 2024.
 - (3). The increase in retained earnings was mainly due to the growth in operating revenue and profits.
 - (4). The increase in total equity refers to (2) and (3).
2. Plans to respond to changes in the financial position in the last two years that have a material impact: The above changes have no significant impact on the Company's financial operations.

5.2 Financial performance

The main reasons for the significant changes in the operating revenue, net operating profit and net profit before tax in the most recent two years, the expected sales volume and their basis, the possible impact on the Company's future finance and business, and the response plan.

I. Analysis of operating results - IFRS (consolidated): As Arch Meter only needs to issue individual financial statements, there are no consolidated figures available for disclosure.

II. Analysis of operating results - IFRS (parent company only)

Unit: NT\$ thousands; %

Item	Year	2023	2024	Difference	
				Amount	%
Operating revenue		1,036,959	1,070,905	33,946	3.27
Operating cost		725,880	695,006	(30,874)	(4.25)
Gross profit		311,079	375,899	64,820	20.84
Operating expense		104,063	134,880	30,817	29.61
Operating profit		207,016	241,019	34,003	16.43
Non-operating income and expenses		(11,106)	(16,500)	(5,394)	48.57
Net profit before tax		195,910	224,519	28,609	14.60
Income tax expenses		(39,147)	(44,753)	(5,606)	14.32
Net income for the period		156,763	179,766	23,003	14.67
Other comprehensive income in the current period		—	—	—	—
Total comprehensive income for the period		156,763	179,766	23,003	14.67

1. Major changes in operating revenues, net operating profits and net profits before tax in the last two years (with a change of more than 20% in the previous period and the change amount of NT\$ 10 million or more) and the impact thereof are analyzed as follows:
 - (1). The increase in gross profit was mainly driven by higher operating revenue in 2024 compared to 2023, along with the recognition of inventory turnover benefits in operating costs.
 - (2). The increase in operating expenses was primarily due to costs incurred from the public offering and underwriting process conducted in 2024.
 - (3). The increase in non-operating expenses was mainly attributed to the full-year recognition of interest expenses on factory loans in 2024.
2. The expected sales volume and the basis thereof, the possible impact on the Company's future finance and business, and the response plan:
 The Company did not issue a financial forecast, so the expected sales volume and its basis are not applicable. The Company will continue to devote itself to smart grid, power measurement instrument, energy management solution, and derivative value-added services based on the Company's business strategy and business goals. This will be of positive benefit to the Company's future financial operations.
 Possible impact on the Company's future finance and business and response plan: The Company's sales volume for the next year is determined based on the actual sales performance over the years, the future market demand changes and the Company's operating objectives, and the Company's production capacity scale.

5.3 Cash flow

I. Analysis of cash flow changes in the most recent year

Unit: NT\$ thousands

Item \ Year	2023	2024	Increase (decrease) amount
Operating activities	275,429	322,705	47,276
Investing activities	(701,632)	(92,379)	609,253
Financing activities	442,426	(134,281)	(576,707)
Net cash inflow (outflow)	16,223	96,045	79,822

Analysis of cash flow changes:

1. The increase in cash inflows from operating activities was primarily driven by the substantial collection of accounts receivable in 2024.
2. The decrease in cash outflows from investing activities resulted from the reduced acquisition of factories and equipment in 2024 compared to 2023.
3. The increase in cash inflows from financing activities was mainly due to a significant rise in loan repayments to banks in 2024 compared to 2023, leading to net cash outflows from financing activities.

II. Improvement plan for insufficient liquidity: The Company does not currently face any cash shortfalls and there is no imminent risk of insufficient liquidity.

III. Liquidity analysis for the coming year

Unit: NT\$ thousands

Cash balance, beginning of the period (1)	Expected net cash flow from operating activities for the year (2)	Expected net cash flow from investing activities for the year (3)	Expected net cash flow from financing activities for the year (4)	Projected cash surplus (deficit) amount (5)=(1)+(2)+(3)+(4)	Remedies for cash shortage	
					Investment plan	Financial plan
343,828	190,106	(39,935)	(11,804)	482,195	NA	NA

1. Analysis of cash flow changes in the coming year

- (1) Cash inflow from operating activities is mainly due to the effective collection of accounts receivable and proper inventory management.
- (2) Outflow from investing activities is mainly due to capital expenditures on factory equipment purchased for the new plant.
- (3) Outflow from financing activities is mainly due to stable operational growth, with scheduled repayments of bank project loans expected.

2. Remedial measures and liquidity analysis for expected cash flow shortfalls: The Company currently faces no imminent risk of insufficient cash flow for the current fiscal year.

5.4 Effects upon financial operations of any major capital expenditures during the most recent fiscal year

To respond to increased market demand, the Company's Board of Directors approved the acquisition of a new factory plant and its interior fittings on April 6, 2022, and a contract was signed on April 27, 2022. The completion is scheduled for 2023. The total contract price is NT\$740,000 thousand. In conjunction with the required renovations, utilities, and production

equipment purchased for the new factory, the estimated capital expenditure is NT\$121.248 thousand resulting in a total investment of approximately NT\$861 million.

The Company will use the loan for the new plant to supplement its own funds to raise medium and long-term capital needs. In response to the rapid business growth, if the daily working capital is insufficient, the Company will raise short-term funds required for the implementation of the business through two types of project loans and increasing short-term financing facilities. Therefore, the purchase of new plants by the Company has no significant adverse impact on the Company's future financial operations.

5.5 The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

I. Investment policy: None.

II. The main reason for the profit or loss of reinvestment in the most recent year and the improvement plan: None.

5.6 Risks during the most recent fiscal year and as they stood on the date of publication of the annual report

I. Impacts of interest rate and exchange rate changes and inflation on the Company's profit and loss and future response measures:

(1) Changes in interest rates

A. Impact on the Company's profit and loss

In 2023, 2024, and Q1 of 2025, the interest revenue accounted for 0.17%, 0.30%, and 0.34% of the current operating revenue, respectively, and the interest expense accounted for 1.29%, 1.81%, and 2.62% of the current operating revenue, respectively, interest expense and interest income are both limited in the proportion of operating revenue, therefore, the impact of interest rate changes on the Company is limited.

Unit: NT\$ thousands; %

Item	2023	2024	Q1, 2025
Operating revenue	1,036,959	1,070,905	154,429
Interest revenue	1,811	3,253	522
As a percentage of operating revenue	0.17	0.3%	0.34%
Interest expenditure	13,398	19,351	4,043
As a percentage of operating revenue	1.29	1.81%	2.62%

B. Concrete response measures

The Company maintains a conducive relationship and close contact with its banks, and keeps abreast of interest rate changes and other relevant information in order to study and judge the future trend of interest rates, and adjust the use of funds in a timely manner.

- (2) Changes in foreign currency exchange rates
 A. Impact on the Company's profit and loss

The Company's main business includes products and services related to smart grid, power measurement instrument, and energy management solution, and derivative value-added services based on. The primary customer base consists of domestic power companies or medium to large-scale power users. Therefore, transactions are primarily denominated in New Taiwan Dollars (NT\$), and most costs and expenses are settled in NT\$ as well. Overall, exchange rate fluctuations have no significant impact on the Company.

The Company's exchange gains (losses) were NTD (347 thousand), (965 thousand), and 184 thousand for 2023, 2024, and Q1 of 2025, respectively, and accounted for (0.03%), (0.09%), and 0.12%. Therefore, the impact of exchange rate changes on the Company is insignificant.

Unit: NT\$ thousands; %

Item	2023	2024	Q1, 2025
Operating revenue	1,036,959	1,070,905	154,429
Exchange gain (loss)	(347)	(965)	184
As a percentage of operating revenue	(0.03)	(0.09)	0.12

- B. Concrete response measures

While the Company's revenue is currently moderately affected by exchange rate fluctuations, efforts to strengthen the management of exchange rate risk will continue into the future. This includes ongoing monitoring of exchange rate movements to make informed decisions regarding foreign currency conversion measures. Additionally, the Company will enhance collaboration with financial institutions to implement hedging strategies for foreign currency assets or liabilities at appropriate times, aiming to mitigate the impact of exchange rate volatility.

- (3) The impact of inflation on the Company's income and future response measures

While inflation has not significantly impacted the Company's profit and loss, we remain vigilant regarding inflationary trends. We continuously monitor fluctuations in product market prices and maintain strong relationships with suppliers to ensure competitive pricing, thereby mitigating the impact of inflation on the Company.

- II. The policy of engaging in high-risk and highly leveraged investments, loans to others, endorsements and guarantees, and derivative transactions, the main reasons for profit or loss, and future response measures

The Company's financial policy is prudent and conservative, and the Company does not engage in high-risk and high-leverage investments. The Company has established the "Procedures for Loaning Funds to Others," "Procedures for Endorsements and Guarantees," and "Procedures for Acquisition or Disposal of Assets" as the basis for the Company's related activities. During the most recent year and as of the publication date of the Report, the Company did not lend funds to others, endorse or guarantee for others, or engage in derivative transactions.

III. Future R&D plans and expected R&D expenses

Smart grids serve as a critical infrastructure for global power utilities to enhance grid resilience and improve customer service. Smart meters and their communication systems are prioritized in the establishment of smart grids worldwide. The integration of smart metering systems as the core, with derived commercial and industrial electricity management, along with value-added services for users, combined with the application of cloud systems and artificial intelligence technology, will transform the landscape of energy management and power customer services. The Company's technology research and development will primarily focus on mastering smart meters and communication technology as the core, further extending to related areas such as distribution automation, power measurement instrument, energy management solution, and value-added power applications. The R&D expenditure in 2024 was NT\$ 48,344 thousand, an increase of 43.74% compared to the NT\$ 33,632 thousand in 2023. It is anticipated that future research and development expenses will continue to expand annually, as the Company plans to sustain investments in research and development manpower and resources to strengthen its competitive advantage.

IV. The impact of important domestic and foreign policies and regulatory changes on the Company's finances, and business, and the response measures

The Company adheres to relevant domestic and international laws and regulations in its daily operations. We continuously monitor domestic and international policy trends and regulatory changes, collecting relevant information to provide to the management for decision-making reference, and to adjust the Company's operational strategies accordingly. During the most recent year and up to the date of publication of the Report, the Company's finances and business operations were not affected by important domestic and foreign policies and regulatory changes.

V. The impact of technological changes (including information security risks and industry changes on the Company's finances and business operations and response measures)

The Company continues to monitor market trends and technological developments in smart grids and related industries. This includes the evolution of international standards for smart meters, updates in communication technology and standards, and the development of derivative user services. We adjust our business strategies and research and development priorities accordingly to meet market demands and maintain the Company's competitiveness. Regarding information security risks, the Company has formulated Regulations Governing Information Security Management to ensure the confidentiality and security of the Company's core information assets and legal compliance. The measures include the hazard handling procedures to minimize impact. In the most recent year and up to the publication date of the Report, the Company has not been affected by changes in technology (including information security risks) and industry changes that have affected the Company's financial business.

VI. The impact of changes in corporate image on corporate crisis management and countermeasures

Since its establishment, the Company has adhered to the principles of integrity and professionalism, complied with relevant laws and regulations, actively strengthened internal management, and improved management quality and performance, in order to continue to maintain an excellent corporate image and increase customers' trust in the Company. As of the publication date, the Company has not experienced any operational crisis due to changes in its corporate image. The Company will continue to implement various corporate governance requirements to reduce corporate risks and fulfill corporate social

responsibilities.

VII. Expected benefits and possible risks of mergers and acquisitions and countermeasures

During the most recent year and as of the printing date of this annual report, the Company did not have any merger or acquisition plan. However, if there is any future M&A plan, the Company will follow the "Procedure for the Acquisition or Disposal of Assets" of the Company and relevant laws and regulations, and conduct a prudent evaluation to ensure the protection of the Company's interests and shareholders' rights.

VIII. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

In response to the rapid business growth and the expanding market for smart meters at home and abroad, the Company's board of directors resolved to build a new plant on April 6, 2022, and signed an agreement on April 27, 2022 to commence the construction of the new plant. The plant was put into operation in January 2025, and its production capacity expansion is expected to be gradually completed by 2026. The decoration, plant facilities, and production equipment purchased for the new plant require a capital expenditure of NT\$121.248 million and a total investment of NT\$861 million. Upon completion, four production lines will be established. The maximum production capacity of Taipower's smart meters will be expanded from the current 40,000 units per month to 80,000 units per month. Additionally, a production line for exporting smart meters will be established.

The capital required for the plant expansion was financed through the Company's own funds and long-term loans secured with the plant as collateral. Based on the Company's revenue and profit situation, as well as the results of negotiations with banks regarding credit lines, there were no significant risks in securing funds for the expansion investment. The transfer of the new plant was completed in October 2024.

IX. Risks associated with any concentration of purchases or sales, and mitigation measures being or to be taken

(1) Purchases

The Company independently researches and manufactures smart meters, power measurement instrument, and energy management solution. The main electronic components, mechanical parts, and other raw materials are sourced from various suppliers both domestically and internationally, without concentration in procurement. In recent years, disruptions in the international supply chain of electronic components have occurred. To address this, the Company has implemented a strategy of placing long-term orders with both the original manufacturers and suppliers for core electronic components. This allows the Company to constantly monitor the procurement status and to swiftly engage additional suppliers as needed. We have established stable and long-term cooperative relations with suppliers, and there is no risk of supply interruption.

(2) Sales

With the widespread deployment of smart meters domestically, sales to Taipower accounted for 70.02% and 70.02% in the fiscal years 2022 and 2023, respectively. This ratio may continue to rise in the future as Taipower's demand expands. However, due to the high entry barriers and the lengthy development and certification process for smart meters at Taipower, any increase is likely to be gradual. It takes at least two years for new suppliers to enter the market. Moreover, starting from fiscal year 2022, Taipower will adopt selective bidding for all smart meter

procurements. The Company's various models of meters have already undergone Taipower's certification process and obtained qualifications for selective bidding. Taipower plans to complete the replacement of its 14 million meters by the year 2035. The annual procurement quantity is substantial, and multiple tenders are issued for meter procurement. Therefore, the Company has a high probability of winning bids each year, mitigating the risk of sales concentration.

In addition, besides Taipower's smart meters, the Company is continuously expanding its product line in power measurement instrument, and energy management solution. This expansion not only increases revenue but also gradually promotes the overseas smart meter market and develops derivative value-added service applications. Through ongoing development of other products and customer bases, we aim to mitigate the risk of sales concentration.

- X. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

The Chairman of the Company invested with the 1,199,000 shares of the Company he held at the price value to invest in the establishment of Yu Cheng Investment Co., Ltd. (represented by Chen, Jan-Ku, shareholding ratio of 99.92%). Therefore, this transfer of equity is part of the Chairman's personal financial and tax planning and has no impact on the Company.

- XI. Effect upon and risk to the Company due to change in management, and response measures

The Company has always maintained a prudent business philosophy and sound management ethics, aiming to achieve growth in operational performance and profitability to earn recognition from all shareholders for the management team. The Company's management rights are relatively stable, and there has not been a large-scale transfer or replacement of equity shares that could lead to changes in management rights, thereby posing impacts and risks to the Company. Therefore, as of the date of publication of this Report, the Company has not experienced any changes or risks related to alterations in ownership and control.

- XII. Material litigious, non-litigious, or administrative dispute that involves the Company or any of its directors, supervisors, general manager, any major shareholder holding a stake of greater than 10 percent, or any company or companies controlled by the Company, and that has been concluded by a final and conclusive judgment or is still pending. Where the outcome of such a dispute could materially affect shareholders' equity, disclose the facts of the dispute, amount of money at stake in the dispute, the date of commencement of litigation, the main parties to the dispute, and the status of the dispute as of the date of the close of the fiscal year: None.

- XIII. Other material risks and response measures: None.

5.7 Other important matters

None.

6 Special Items

6.1 Affiliates information

None.

6.2 Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

None.

6.3 Other matters that require additional description

None.

6.4 Situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred

None.



archmeter

Arch Meter Corporation



Chairman: Chen, Jan-Ku

