

# **Ten Ren Tea Co., Ltd.**

## **2023 Annual General Meeting Minutes**

Form of Shareholders' Meeting: Physical

Time and Date: 9:30 a.m. on June 13, 2023 (Tuesday)

Venue: No. 422, Zhonghua Road, Zhunan Township, Miaoli County (Ten Ren Tea Garden MingFeng Hall).

Attendance: The total number of shares represented by the shareholders present and their proxies was 62,804,588 accounted for 69.35% of the Company's total issued shares of 90,548,948 shares (the number of shares held by shareholders who met the criteria under Article 179 of the Company Act was deducted).

Number of board members attending this annual general meeting:

Chairman Lee, Kuo-Lin; directors Wang, Sheng-Juin, Tsai, Song-Tsung, Lin, Jen-Chung, Tseng, Ming-Sung, and Lee, Chien-Te; independent directors Teng, Syh-Tang (convener of the Audit Committee), Ferng, Ren-Ho and Edwin C. Shieh, all board members attended this shareholders' meeting.

Chair: Lee, Kuo-Lin

Minutes taker: Hsieh, Ai-Yun

Attendance in a non-voting capacity: Chi, Kuan-Ling, attorney at SAN-HO LAWYER OFFICE and Lu, Chian-Uen, CPA at Ernst & Young Global Limited.

**I. The chair called the meeting to order:** The total number of shares represented by the shareholders and their proxies present reached the number required in the Company Act, and the chair called the meeting to order according to law.

**II. Chair's Remarks: (Omitted)**

**III. Report items**

1. 2022 business report and 2023 summary of business plan (see the attachment for details)
2. Audit Committee's Review Report on the 2022 financial statements (see the attachment for details)
3. Report on the execution of the 2022 external endorsements/guarantees (see the meeting handbook for details)
4. Report on the 2022 remuneration distribution to employees and

directors/supervisors

Description:

- (1) The Company, according to the profit in 2022, estimated the employee remuneration and remuneration to directors and supervisors at 2.93% and 1.99% of the profit, respectively, and recognized the employee remuneration and remuneration to directors and supervisors in the amounts of NT\$1,734,189 and NT\$1,176,126, respectively, in salary under expenses.
- (2) The Company's Board of Directors, on March 21, 2023, resolved a decision to pay out employee remuneration and directors' and supervisors' remuneration in cash in the amounts of NT\$1,773,576 and NT\$1,182,384, respectively. The difference between the estimated amount and the amount paid as resolved by the Board of Directors is NT\$39,387 and NT\$6,258, respectively, which are recognized in profit or loss for the following year.
- (3) Employee remuneration is limited to full-time employees of the Company and its subsidiaries. The Chairman is authorized to determine the amount of remuneration by taking into account the employee's seniority, ranking, performance, overall contribution or special merit and qualification.

5. The Company's 2022 earnings distribution and cash dividend report.

Description:

The total amount of dividends to be distributed to shareholders in the form of cash for 2022 earnings is NT\$77,003,156, that is, the cash dividends per share paid out is NT\$0.85, which is rounded down to NT\$1. The total amount below NT\$1 will be recognized in the Company's other income. The board of directors shall separately determine the record date, payment date and other matters related to the cash dividends.

6. Report on the amendments to the Ethical Corporate Management Best-Practice Principles (see the meeting handbook for details)
7. Report on the amendments to the Sustainable Development Best-Practice Principles (see the meeting handbook for details)

#### **IV. Acknowledgments**

Proposal 1: (Proposed by the Board of Directors)

The 2022 financial statements are submitted for ratification.

Description:

1. The Company's 2022 parent company only financial statements and consolidated financial statements, which have been audited by Lu, Chian-Uen and Liu, Hui-Yuan, CPAs at Ernst & Young Global Limited, as well as the business report and the statement of earnings distribution, which have been reviewed by the Company's Audit Committee, have been submitted and resolved by the Board of Director on March 21, 2023. These financial statements, business report and statement of earnings are submitted for ratification at the annual general meeting.
2. The Company's 2022 business report and 2023 summary of business plan, CPAs' audit report and financial statements (including consolidated financial statements), and statement of earnings distribution are as shown in the attachment.

Resolution: Voting results: The number of votes in favor: 58,605,770, accounting for 93.31% of the total voting rights; the number of votes against: 5,222; the number of abstentions: 4,193,596. This proposal was approved as proposed.

#### **V. Discussions**

Proposal 1: (Proposed by the Board of Directors)

Removal of the non-compete clause for the Company's directors is submitted for discussion.

Description:

1. Pursuant to Article 209, paragraph 1 of the Company Act, if a director acts for himself or others within the scope of the Company's business, he shall explain the important contents of his act to the shareholders' meeting and obtain its permission.
2. To respond to the Company's business needs, the Company hereby proposes to the shareholders' meeting for the approval of removal of the non-compete clause for the Company's directors.

Title	Name	Concurrent Company	Job Title
Representative of the Corporate Director	Lee, Chien-Te	Lu Yu Tea Art Co., Ltd.	Director

3. It is submitted for discussion.

Resolution: Voting results: The number of votes in favor: 58,601,142, accounting for 93.30% of the total voting rights; the number of votes against: 9,861; the number of abstentions: 4,193,585. This proposal was approved as proposed.

**VIII. Questions and Motions: None.**

**IX. Adjournment: 09:49 a.m. on the same day.**

**No shareholder raised any question at this shareholders' meeting.**

**Chair: Lee, Kuo-Lin**

**Minutes taker: Hsieh, Ai-Yun**

## [Attachment] 2022 business report and 2023 summary of business plan

### 2022 Business Report and 2023 Summary of Business Plan

#### I. 2022 Business Report

##### (一) Implement Results for Business Plans:

Up until December 31, 2022, total assets were NT\$2,353,960 thousand; total liabilities were NT\$864,411 thousand, total shareholders' equity was NT\$1,489,549 thousand, with a net worth of NT\$16.44 per share.

Unit: thousand

Item	2022 results	2021 results	Growth rate %
Operating income	1,835,662	1,773,001	3.53
Gross profit	1,027,969	990,761	3.76
Operating expenses	1,008,251	975,925	3.31
Operating profit	19,718	14,836	32.91
Non-operating income and expenses	37,780	38,102	(0.85)
Profit before tax	57,498	52,938	8.61
Profit after tax	51,592	43,429	18.80
Earnings per share (EPS) (NT\$)	0.57	0.48	18.75

In 2022, Changes in the global economic situation as a result of the pandemic and the impact of geopolitical conflicts and climate change have made us realize we must accelerate the investment in digitalization and intelligence to improve our operational efficiency. The Company will also incorporate key issues relating to food safety, digital nerves, risk management and corporate governance into the content of our corporate culture. By doing this, we inject diverse, future and sustainability elements into our corporate culture.

In 2022, the number of confirmed COVID-19 cases in Taiwan reached a new record high, thus making the post-pandemic recovery more difficult. We have continued to intensify our efforts in epidemic prevention and food safety to create a safe working and shopping environments. We have also accelerated the digitalization in retail and the implication of a scissor economy. We have introduced the Ten Ren Tea App and the CHA FOR TEA instant food series to provide better and more accurate services to meet the new consuming pattern in the post pandemic era.

In the fourth quarter of 2022, the increase in cross-border travel and consumer sentiment were clearly observed. However, it is expected that the manufacturing and service industries will show both decline and growth in 2023, and the cost of ingredients, rising wages and labor shortage will challenge the resilience and flexibility among the companies. Business resilience should be built on flexibility, speed, innovation, and tolerance. Lower the cost to compete no longer exists.

In 2022, not only do we consolidate our corporate core values through “tea renaissance,” we do our utmost to create a sense of social trust through corporate governance strengthening. We intend to establish a dedicated corporate governance department to enhance the functions of the Board of Directors. Meanwhile, we strive to create a better future by focusing on sustainable development issues and integrating corporate social responsibility with management strategies.

(二) Financial income and expenditures and profitability analysis (all companies in the consolidated financial statements)

Item		2022	
Profitability	Return on assets (%)	2.45	
	Return on equity (%)	3.50	
	Ratio to paid-in capital (%)	Operating profit	2.18
		Net income before tax	6.35
	Profit margin	2.81	
	Earnings per share (EPS) (NT\$)	0.57	
Financial structure	Debt to assets ratio (%)	36.72	
	Long-term capital to fixed assets ratio (%)	168.45	
Solvency	Current ratio (%)	129.47	
	Quick ratio (%)	78.28	
	Times interest earned	9.42	

## II. 2023 Summary of Business Plan

The Company will be celebrating its 70th anniversary in 2023. Under the theme of “Tea for Sustainability, Tea for Joy,” we will continue to strengthen the relationship between the Company and the public. Our major business policies are as follows:

1. We will strengthen corporate governance and social participation, and actively support cultural and art events and cultural and creative industries in order to promote sustainable cultural development and to build a future that is centered on culture and wisdom.
2. Safety and risk control for food safety, information safety, occupational safety, industrial safety, and construction safety are implemented in the organization culture and operational activities. As for food safety, the government has promoted and implemented a mandatory traceability system for domestic tea leaves, and is planning to carry out FSSC 22000 V6 revision-related operations.
3. We aim to improve our ability to recruit and retain talents, and to implement succession plans for key executives, so that we can pass on and innovate based on our existing foundation to create new achievements.
4. We will reinforce the revival of tea art and the implementation of touching services, and grasp the new challenges and business opportunities in digital marketing and scissor economy after the introduction of the APP and instant food series.
5. The Company is working on automation, labor saving and process improvement to provide a more friendly working environment, and to plan and promote a new-generation production system.
6. We are committed to improving service agility and humanization to face the post-pandemic opportunities and challenges. We will work with consulting company to promote the “Customer Satisfaction Improvement Project” and support our overseas partners to prepare for the post-pandemic revival.

I thank you for your support and advice. Stay safe and healthy and happy tea-drinking!

Chairman Lee, Kuo-Lin

General Manager Lin, Jen-Chung

Chief Accounting officer, Chu, Hui-Ling

## **Ten Ren Tea Co., Ltd.**

### **Audit Committee Review Report**

The Board of Directors prepared the Company's 2022 business report, financial statements and statement of earnings distribution, among which the financial statements were audited by CPAs Lu, Chian-Uen and Liu, Hui-Yuan of EY and a verification report was issued. The business report, financial statements and statement of earnings distribution stated above have been reviewed by the Audit Committee and found to be in compliance with the Article 14-4 of the Securities and Exchange Act and the Article 219 in the Company Act.

To

The Company's 2023 Annual General Meeting

Ten Ren Tea Co., Ltd.

Audit Committee

Teng, Syh-Tang, Convener

March 21, 2023

[Attachment] 2022 CPAs' Audit Report and the 2022 Financial Statements  
(Including Consolidated Financial Statements)

**Independent Auditors' Report Translated from Chinese**

To Ten Ren Tea Co., Ltd.

**Opinion**

We have audited the accompanying parent company only balance sheets of Ten Ren Tea Co., Ltd. (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory management

As of December 31, 2022, the Company's net inventories amounted to NT\$277,010 thousand, accounting for 12% of total assets, which are significant to the parent company only financial statements. As products are sold through multiple stores and numerous inventory items are distributed across multiple warehouses and stores, we consider the management and control over inventory quantities as a key audit matter.



The audit procedures we performed included but not limited to: understanding the internal control over the management of inventory quantities; reviewing the inventory counting plan, including the control for cut-off for receiving and shipping of goods and the control for the inventory movement during physical inventory count period; selecting major storage locations to perform on-site observation of physical inventory counts to verify the quantities and status of inventories; comparing quantities counted with quantities booked to ensure the accuracy and completeness of inventory quantities.

We also evaluated the adequacy of disclosure of inventories. Please refer to Note 6 of the parent company only financial statements.

#### Revenue recognition – accuracy and completeness of retail sales revenue

For the year ended December 31, 2022, the Company recognized revenue in the amount of NT\$1,825,881 thousand. As products are sold through multiple retail stores, their daily sales records are collected and summarized through the point-of-sale (POS) system, and transaction details are generated simultaneously and transferred to the accounting system to make relevant accounting entries. As retail sales are made directly to customers comprising of voluminous number of transactions, we consider the accuracy and completeness of retail sales revenue as a key audit matter.

The audit procedures we performed included but are not limited to: understanding and testing the effectiveness of general computer control environment related to the POS system; selecting samples to check whether the merchandise master file data in the POS system is properly maintained and approved by authorized personnel; examining scheduling of uploading data and transferring data between systems; selecting samples to check whether detail of daily cash receipt report of each retail stores is consistent with sales revenue ledger to ensure sales revenue generated from retail stores are accurate and complete.

We also evaluated the adequacy of disclosure of revenue. Please refer to Note 6 of the parent company only financial statements.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lu, Chian Uen

Liu, Hui Yuan

Ernst & Young, Taiwan

March 21, 2023

**Notice to Readers**

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

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

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

TEN REN TEA CO., LTD  
PARENT COMPANY ONLY BALANCE SHEETS  
As of December 31, 2022 and December 31, 2021  
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021	
Contents	Notes	Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	4 and 6.(1)	\$168,469	7	\$152,678	7
Financial assets measured at amortized cost – current	4, 6.(2) and 8	1,100	-	70,075	3
Notes receivable, net	4, 6.(5) and 7	6,183	-	6,455	-
Accounts receivable, net	4 and 6.(6)	182,066	9	202,394	9
Accounts receivable–related parties, net	4, 6.(6) and 7	34,654	1	33,685	2
Other receivables		34	-	61	-
Inventories	4 and 6.(7)	277,010	12	253,888	11
Prepayments		4,611	-	2,940	-
Other current assets		1,425	-	3,510	-
Total current assets		<u>675,552</u>	<u>29</u>	<u>725,686</u>	<u>32</u>
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss – non-current	4 and 6.(3)	-	-	-	-
Financial assets at fair value through other comprehensive income – non-current	4 and 6.(4)	84,118	4	80,133	4
Investments accounted for using the equity method	4 and 6.(8)	321,325	14	305,830	13
Property, plant and equipment	4, 6.(9), 7 and 8	867,037	37	851,373	37
Right-of-use assets	4 and 6.(17)	309,842	13	286,029	13
Intangible assets	4 and 6.(10)	1,831	-	3,689	-
Deferred tax assets	4 and 6.(21)	3,559	-	4,800	-
Other non-current assets		621	-	9,509	-
Refundable deposits		25,943	1	26,309	1
Net defined benefit assets – non-current	4 and 6.(13)	50,182	2	-	-
Total non-current assets		<u>1,664,458</u>	<u>71</u>	<u>1,567,672</u>	<u>68</u>
<b>Total assets</b>		<u>\$2,340,010</u>	<u>100</u>	<u>\$2,293,358</u>	<u>100</u>

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

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

TEN REN TEA CO., LTD  
PARENT COMPANY ONLY BALANCE SHEETS  
As of December 31, 2022 and December 31, 2021  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2022		December 31, 2021	
Contents	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(11)	\$160,000	7	\$190,000	8
Contract liabilities – current	4 and 6.(15)	25,763	1	21,017	1
Notes payable	7	75,995	3	83,143	4
Accounts payable	7	46,841	2	32,624	1
Other payables	6.(12) and 7	138,341	6	130,995	6
Current tax liabilities	4 and 6.(21)	7,993	-	12,209	-
Lease liabilities – current	4 and 6.(17)	94,046	4	92,246	4
Other current liabilities	7	5,976	-	8,658	-
Total current liabilities		554,955	23	570,892	24
Non-current liabilities					
Deferred tax liabilities	4 and 6.(21)	61,897	3	52,392	2
Lease liabilities – non-current	4 and 6.(17)	225,349	9	200,896	9
Net defined benefit liabilities – non-current	4 and 6.(13)	-	-	386	-
Guarantee deposits	7	12,163	1	12,211	1
Total non-current liabilities		299,409	13	265,885	12
Total liabilities		854,364	36	836,777	36
Equity attributable to shareholders of the parent					
Capital stock	6.(14)				
Common stock		905,919	39	905,919	40
Capital surplus	6.(14)				
Treasury stock transactions		17,012	1	26,977	1
Others		1,173	-	1,173	-
		18,185	1	28,150	1
Retained earnings	6.(14)				
Legal reserve		387,910	17	380,987	17
Special reserve		3,547	-	3,547	-
Unappropriated earnings		87,582	3	69,449	3
		479,039	20	453,983	20
Other components of equity					
Exchange differences resulting from translating the financial statements of foreign operations		(2,919)	-	(2,906)	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		87,396	4	73,409	3
		84,477	4	70,503	3
Treasury stock	4 and 6.(14)	(1,974)	-	(1,974)	-
Total equity		1,485,646	64	1,456,581	64
Total liabilities and equity		\$2,340,010	100	\$2,293,358	100

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

TEN REN TEA CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Notes	For the years ended December 31			
		2022		2021	
		Amount	%	Amount	%
Operating revenues	4, 6.(15) and 7	\$1,825,881	100	\$1,765,510	100
Operating costs	4, 6.(7), 6.(18) and 7	(804,247)	(44)	(781,014)	(44)
Gross profit		1,021,634	56	984,496	56
Unrealized gross profit		(152)	-	(85)	-
Realized gross profit		134	-	517	-
		<u>1,021,616</u>	<u>56</u>	<u>984,928</u>	<u>56</u>
Operating expenses	6.(10), 6.(13), 6.(17), 6.(18) and 7				
Selling expenses		(841,784)	(46)	(813,599)	(46)
Administrative expenses		(156,078)	(9)	(147,263)	(9)
Research and development expenses		(5,612)	-	(5,638)	-
Expected credit gains (losses)	6.(16)	1,843	-	(2,950)	-
Subtotal		<u>(1,001,631)</u>	<u>(55)</u>	<u>(969,450)</u>	<u>(55)</u>
Operating income		<u>19,985</u>	<u>1</u>	<u>15,478</u>	<u>1</u>
Non-operating income and expenses	4, 6.(19) and 7				
Interest income		598	-	196	-
Other income		11,783	1	13,095	1
Other gains and losses		17,858	1	18,003	1
Finance costs		(6,819)	-	(6,051)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6.(8)	12,803	-	11,108	-
Subtotal		<u>36,223</u>	<u>2</u>	<u>36,351</u>	<u>2</u>
Income before tax		56,208	3	51,829	3
Income tax expense	4 and 6.(21)	(4,979)	-	(8,701)	-
Net Income		<u>51,229</u>	<u>3</u>	<u>43,128</u>	<u>3</u>
Other comprehensive income (loss)	4 and 6.(20)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	4 and 6.(13)	45,418	2	20,232	1
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		932	-	8,076	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, which will not be reclassified subsequently to profit or loss		13,055	1	(35,791)	(2)
Income tax related to items that will not be reclassified subsequently	4, 6.(20) and 6.(21)	(9,083)	-	(4,046)	-
Items that may be reclassified subsequently to profit or loss					
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, which may be reclassified subsequently to profit or loss	4 and 6.(8)	(13)	-	(652)	-
Total other comprehensive income (loss), net of tax		<u>50,309</u>	<u>3</u>	<u>(12,181)</u>	<u>(1)</u>
Total comprehensive income		<u>\$101,538</u>	<u>6</u>	<u>\$30,947</u>	<u>2</u>
Earnings per share (NTD)					
Earnings per share-basic	6.(22)	<u>\$0.57</u>		<u>\$0.48</u>	
Earnings per share-diluted	6.(22)	<u>\$0.57</u>		<u>\$0.48</u>	

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

TEN REN TEA CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

Contents	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Treasury Stock	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Resulting From Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income		
Balance as of January 1, 2021	\$905,919	\$46,053	\$375,590	\$3,547	\$59,967	\$(2,254)	\$113,525	\$(1,974)	\$1,500,373
Appropriation and distribution of 2020 retained earnings									
Legal reserve	-	-	5,397	-	(5,397)	-	-	-	-
Cash dividends	-	-	-	-	(54,355)	-	-	-	(54,355)
Cash dividends distributed through capital surplus	-	(18,118)	-	-	-	-	-	-	(18,118)
Other changes in capital surplus									
Dividends unclaimed by shareholders		215							215
Net income in 2021	-	-	-	-	43,128	-	-	-	43,128
Other comprehensive income (loss) in 2021	-	-	-	-	16,186	(652)	(27,715)	-	(12,181)
Total comprehensive income (loss)	-	-	-	-	59,314	(652)	(27,715)	-	30,947
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	9,920	-	(12,401)	-	(2,481)
Balance as of December 31, 2021	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581
Balance as of January 1, 2022	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581
Appropriation and distribution of 2021 retained earnings									
Legal reserve	-	-	6,923	-	(6,923)	-	-	-	-
Cash dividends	-	-	-	-	(62,508)	-	-	-	(62,508)
Cash dividends distributed through capital surplus	-	(9,965)	-	-	-	-	-	-	(9,965)
Net income in 2022	-	-	-	-	51,229	-	-	-	51,229
Other comprehensive income (loss) in 2022	-	-	-	-	36,335	(13)	13,987	-	50,309
Total comprehensive income (loss)	-	-	-	-	87,564	(13)	13,987	-	101,538
Balance as of December 31, 2022	\$905,919	\$18,185	\$387,910	\$3,547	\$87,582	\$(2,919)	\$87,396	\$(1,974)	\$1,485,646

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

TEN REN TEA CO., LTD  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the years ended December 31		Contents	For the years ended December 31	
	2022	2021		2022	2021
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Income before income tax	\$56,208	\$51,829	Acquisition of financial assets at fair value through other comprehensive income or loss	(3,053)	(15,861)
Adjustments:			Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	-	37,549
Adjustments to reconcile profit (loss):			Acquisition of financial assets measured at amortized cost	(25,548)	(69,075)
Depreciation expense	157,265	159,620	Proceeds from disposal of financial assets measured at amortized cost	94,523	350
Amortization expense	2,083	2,910	Acquisition of investments accounted for using the equity method	(4,996)	-
Expected credit (gains) losses	(1,843)	2,950	Acquisition of property, plant and equipment	(59,465)	(21,785)
Interest expense	6,819	6,051	Proceeds from disposal of property, plant and equipment	852	38,486
Interest income	(598)	(196)	Refundable deposits received	(501)	(732)
Dividend income	(4,590)	(3,481)	Refundable deposits refunded	866	1,893
Share of profit or loss of associates and joint ventures accounted for using the equity method	(12,803)	(11,108)	Acquisition of intangible assets	(225)	(972)
(Losses) gains on disposal of property, plant, and equipment	31	(26,238)	Increase in other non-current assets	(769)	(12,307)
Unrealized gross profit	152	85	Decrease in other non-current assets	400	434
Realized gross profit	(134)	(517)	Dividends received	19,918	15,830
Gain on rent concession	-	(5,533)	Net cash provided by (used in) investing activities	22,002	(26,190)
Gain from lease modification	-	(65)			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Notes receivable	272	(518)	Increase in short-term loans	212,000	190,000
Accounts receivable	22,171	(43,046)	Decrease in short-term loans	(242,000)	(220,000)
Accounts receivable-related parties	(969)	(195)	Decrease in long-term loans	-	(25,000)
Other receivables	27	363	Guarantee deposits paid	(48)	(40)
Inventories	(23,122)	2,277	Cash payments for the principal portion of the lease liabilities	(102,649)	(94,556)
Prepayments	(1,671)	(231)	Cash dividends	(72,473)	(72,473)
Other current assets	2,085	(2,787)	Dividends unclaimed by shareholders	-	215
Contract liabilities	4,746	2,170	Net cash used in financing activities	(205,170)	(221,854)
Notes payable	(7,148)	(8,341)			
Accounts payable	14,217	4,942			
Other payables	7,346	1,289			
Other current liabilities	(2,682)	928			
Net defined benefit liabilities	(5,150)	(4,870)			
Cash generated from operations	212,712	128,288			
Interest received	598	196			
Interest paid	(6,819)	(6,051)	Net increase (decrease) in cash and cash equivalents	15,791	(139,593)
Income taxes paid	(7,532)	(13,982)	Cash and cash equivalents, beginning of year	152,678	292,271
Net cash generated by operating activities	198,959	108,451	Cash and cash equivalents, end of year	\$168,469	\$152,678

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



## **Independent Auditors' Report Translated from Chinese**

To Ten Ren Tea Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Ten Ren Tea Co., Ltd. (the “Company”) and its subsidiaries (together the “Group”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Inventory management

As of December 31, 2022, the Group's net inventories amounted to NT\$279,522 thousand, accounting for 12% of total assets, which are significant to the consolidated financial statements. As products are sold through multiple stores and numerous inventory items are distributed across multiple warehouses and stores, we consider the management and control over inventory quantities as a key audit matter.

The audit procedures we performed included but not limited to: understanding the internal control over the management of inventory quantities; reviewing the inventory counting plan, including the control for cut-off for receiving and shipping of goods and the control for the inventory movement during physical inventory count period; selecting major storage locations to perform on-site observation of physical inventory counts to verify the quantities and status of inventories; comparing quantities counted with quantities booked to ensure the accuracy and completeness of inventory quantities.

We also evaluated the adequacy of disclosure of inventories. Please refer to Note 6 of the Group's consolidated financial statements.

### Revenue recognition – accuracy and completeness of retail sales revenue

For the year ended December 31, 2022, the Group recognized revenue in the amount of NT\$1,835,662 thousand. As products are sold through multiple retail stores, their daily sales records are collected and summarized through the point-of-sale (POS) system, and transaction details are generated simultaneously and transferred to the accounting system to make relevant accounting entries. As retail sales are made directly to customers comprising of voluminous number of transactions, we consider the accuracy and completeness of retail sales revenue as a key audit matter.

The audit procedures we performed included but are not limited to: understanding and testing the effectiveness of general computer control environment related to the POS system; selecting samples to check whether the merchandise master file data in the POS system is properly maintained and approved by authorized personnel; examining scheduling of uploading data and transferring data between systems; selecting samples to check whether detail of daily cash receipt report of each retail stores is consistent with sales revenue ledger to ensure sales revenue generated from retail stores are accurate and complete.

We also evaluated the adequacy of disclosure of revenue. Please refer to Note 6 of the Company's consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Others**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Lu, Chian Uen

Liu, Hui Yuan

Ernst & Young, Taiwan

March 21, 2023

### **Notice to Readers**

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 2022 and December 31, 2021  
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021	
Contents	Notes	Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	4 and 6.(1)	\$200,226	9	\$179,663	8
Financial assets measured at amortized cost – current	4, 6.(2) and 8	9,765	-	76,983	3
Notes receivable, net	4, 6.(5) and 7	5,523	-	5,701	-
Accounts receivable, net	4 and 6.(6)	184,274	8	212,523	9
Accounts receivable-related parties, net	4, 6.(6) and 7	33,058	1	29,983	1
Other receivables		493	-	1,486	-
Inventories	4 and 6.(7)	279,522	12	255,712	11
Prepayments		4,802	-	3,506	-
Other current assets		1,461	-	3,556	-
Total current assets		<u>719,124</u>	<u>30</u>	<u>769,113</u>	<u>32</u>
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss – non-current	4 and 6.(3)	-	-	-	-
Financial assets at fair value through other comprehensive income – non-current	4 and 6.(4)	348,289	15	331,250	14
Investments accounted for using the equity method	4 and 6.(8)	10,123	-	9,911	1
Property, plant and equipment	4, 6.(9), 7 and 8	884,271	38	868,685	38
Right-of-use assets	4 and 6.(17)	309,842	14	286,029	13
Intangible assets	4 and 6.(10)	1,831	-	3,689	-
Deferred tax assets	4 and 6.(21)	3,559	-	4,821	-
Other non-current assets		621	-	9,509	1
Refundable deposits		26,118	1	26,469	1
Net defined benefit assets – non-current	4 and 6.(13)	50,182	2	-	-
Total non-current assets		<u>1,634,836</u>	<u>70</u>	<u>1,540,363</u>	<u>68</u>
<b>Total assets</b>		<u>\$2,353,960</u>	<u>100</u>	<u>\$2,309,476</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 2022 and December 31, 2021  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2022		December 31, 2021	
Contents	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(11)	\$161,000	7	\$190,000	8
Contract liabilities – current	4 and 6.(15)	25,763	1	21,017	1
Notes payable	7	76,120	3	83,271	4
Accounts payable	7	45,412	2	33,667	1
Other payables	6.(12)	138,626	6	132,059	6
Current tax liabilities	4 and 6.(21)	8,445	-	12,731	1
Lease liabilities – current	4 and 6.(17)	94,046	4	92,246	4
Other current liabilities		6,010	-	8,727	-
Total current liabilities		<u>555,422</u>	<u>23</u>	<u>573,718</u>	<u>25</u>
Non-current liabilities					
Deferred tax liabilities	4 and 6.(21)	71,607	3	62,135	3
Lease liabilities – non-current	4 and 6.(17)	225,349	10	200,896	9
Net defined benefit liabilities – non-current	4 and 6.(13)	-	-	386	-
Guarantee deposits	7	12,033	-	12,080	-
Total non-current liabilities		<u>308,989</u>	<u>13</u>	<u>275,497</u>	<u>12</u>
Total liabilities		<u>864,411</u>	<u>36</u>	<u>849,215</u>	<u>37</u>
Equity attributable to shareholders of the parent					
Capital stock	6.(14)				
Common stock		<u>905,919</u>	<u>38</u>	<u>905,919</u>	<u>39</u>
Capital surplus	6.(14)				
Treasury stock transactions		17,012	1	26,977	1
Others		1,173	-	1,173	-
		<u>18,185</u>	<u>1</u>	<u>28,150</u>	<u>1</u>
Retained earnings	6.(14)				
Legal reserve		387,910	17	380,987	17
Special reserve		3,547	-	3,547	-
Unappropriated earnings		87,582	4	69,449	3
		<u>479,039</u>	<u>21</u>	<u>453,983</u>	<u>20</u>
Other components of equity					
Exchange differences resulting from translating the financial statements of foreign operations		(2,919)	-	(2,906)	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		87,396	4	73,409	3
		<u>84,477</u>	<u>4</u>	<u>70,503</u>	<u>3</u>
Treasury stock	4 and 6.(14)	<u>(1,974)</u>	<u>-</u>	<u>(1,974)</u>	<u>-</u>
Equity attributable to the parent company		<u>1,485,646</u>	<u>64</u>	<u>1,456,581</u>	<u>63</u>
Non-controlling interests	6.(14)	<u>3,903</u>	<u>-</u>	<u>3,680</u>	<u>-</u>
Total equity		<u>1,489,549</u>	<u>64</u>	<u>1,460,261</u>	<u>63</u>
Total liabilities and equity		<u>\$2,353,960</u>	<u>100</u>	<u>\$2,309,476</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	Notes	For the years ended December 31			
		2022		2021	
		Amount	%	Amount	%
Operating revenues	4, 6.(15) and 7	\$1,835,662	100	\$1,773,001	100
Operating costs	4, 6.(7), 6.(18) and 7	(807,693)	(44)	(782,240)	(44)
Gross profit		1,027,969	56	990,761	56
Operating expenses	6.(10), 6.(13), 6.(17), 6.(18) and 7				
Selling expenses		(845,606)	(46)	(816,724)	(46)
Administrative expenses		(158,876)	(9)	(150,613)	(8)
Research and development expenses		(5,612)	-	(5,638)	-
Expected credit gains (losses)	6.(16)	1,843	-	(2,950)	-
Subtotal		(1,008,251)	(55)	(975,925)	(54)
Operating income		19,718	1	14,836	2
Non-operating income and expenses	4, 6.(19) and 7				
Interest income		675	-	278	-
Other income		24,214	1	25,361	1
Other gains and losses		19,648	1	17,770	1
Finance costs		(6,826)	-	(6,051)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6.(8)	69	-	744	-
Subtotal		37,780	2	38,102	2
Income before tax		57,498	3	52,938	4
Income tax expense	4 and 6.(21)	(5,906)	-	(9,509)	(1)
Net Income		51,592	3	43,429	3
Other comprehensive income (loss)	4 and 6.(20)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	4 and 6.(13)	45,418	2	20,232	1
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		13,987	1	(27,715)	(2)
Income tax related to items that will not be reclassified subsequently	4, 6.(20) and 6.(21)	(9,083)	-	(4,046)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		39	-	(841)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, which may be reclassified subsequently to profit or loss	4 and 6.(8)	142	-	(70)	-
Total other comprehensive income (loss), net of tax		50,503	3	(12,440)	(1)
Total comprehensive income		\$102,095	6	\$30,989	2
Net income attributable to:					
Shareholders of the parent		\$51,229	3	\$43,128	3
Non-controlling interests	6.(14)	363	-	301	-
		\$51,592	3	\$43,429	3
Comprehensive income attributable to:					
Shareholders of the parent		\$101,538	6	\$30,947	2
Non-controlling interests	6.(14)	557	-	42	-
		\$102,095	6	\$30,989	2
Earnings per share (NTD)					
Earnings per share-basic	6.(22)	\$0.57		\$0.48	
Earnings per share-diluted	6.(22)	\$0.57		\$0.48	

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



English Translation of Consolidated Financial Statements Originally Issued in Chinese

TEN REN TEA CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

Contents	Equity Attributable to the Parent Company									Non-Controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Treasury Stock	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Resulting From Translating the Financial Statements of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income				
Balance as of January 1, 2021	\$905,919	\$46,053	\$375,590	\$3,547	\$59,967	\$(2,254)	\$113,525	\$(1,974)	\$1,500,373	\$3,901	\$1,504,274
Appropriation and distribution of 2020 retained earnings											
Legal reserve	-	-	5,397	-	(5,397)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(54,355)	-	-	-	(54,355)	(263)	(54,618)
Cash dividends distributed through capital surplus	-	(18,118)	-	-	-	-	-	-	(18,118)	-	(18,118)
Other changes in capital surplus											
Dividends unclaimed by shareholders	-	215	-	-	-	-	-	-	215	-	215
Net income in 2021	-	-	-	-	43,128	-	-	-	43,128	301	43,429
Other comprehensive income (loss) in 2021	-	-	-	-	16,186	(652)	(27,715)	-	(12,181)	(259)	(12,440)
Total comprehensive income (loss)	-	-	-	-	59,314	(652)	(27,715)	-	30,947	42	30,989
Disposal of equity instruments investments measured at fair value through other comprehensive income											
value through other comprehensive income	-	-	-	-	9,920	-	(12,401)	-	(2,481)	-	(2,481)
Balance as of December 31, 2021	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581	\$3,680	\$1,460,261
Balance as of January 1, 2022	\$905,919	\$28,150	\$380,987	\$3,547	\$69,449	\$(2,906)	\$73,409	\$(1,974)	\$1,456,581	\$3,680	\$1,460,261
Appropriation and distribution of 2021 retained earnings											
Legal reserve	-	-	6,923	-	(6,923)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(62,508)	-	-	-	(62,508)	(334)	(62,842)
Cash dividends distributed through capital surplus	-	(9,965)	-	-	-	-	-	-	(9,965)	-	(9,965)
Net income in 2022	-	-	-	-	51,229	-	-	-	51,229	363	51,592
Other comprehensive income (loss) in 2022	-	-	-	-	36,335	(13)	13,987	-	50,309	194	50,503
Total comprehensive income (loss)	-	-	-	-	87,564	(13)	13,987	-	101,538	557	102,095
Balance as of December 31, 2022	\$905,919	\$18,185	\$387,910	\$3,547	\$87,582	\$(2,919)	\$87,396	\$(1,974)	\$1,485,646	\$3,903	\$1,489,549

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

TEN REN TEA CO., LTD AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the years ended December 31		Contents	For the years ended December 31	
	2022	2021		2022	2021
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Income before income tax	\$57,498	\$52,938	Acquisition of financial assets at fair value through other comprehensive income or loss	(3,053)	(15,861)
Adjustments:			Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	-	37,549
Adjustments to reconcile profit (loss):			Acquisition of financial assets measured at amortized cost	(26,548)	(69,075)
Depreciation expense	157,354	159,684	Proceeds from disposal of financial assets measured at amortized cost	94,523	350
Amortization expense	2,083	2,910	Acquisition of property, plant and equipment	(59,465)	(21,892)
Expected credit (gains) losses	(1,843)	2,950	Proceeds from disposal of property, plant and equipment	852	38,486
Interest expense	6,826	6,051	Refundable deposits received	(501)	(750)
Interest income	(675)	(278)	Refundable deposits refunded	866	1,941
Dividend income	(17,663)	(16,341)	Acquisition of intangible assets	(225)	(972)
Share of profit or loss of associates and joint ventures accounted for using the equity method	(69)	(744)	Increase in other non-current assets	(769)	(12,307)
(Losses) gains on disposal of property, plant, and equipment	31	(26,231)	Decrease in other non-current assets	400	434
Gain on rent concession	-	(5,533)	Dividends received	17,663	16,341
Gain from lease modification	-	(65)	Net cash provided by (used in) investing activities	23,743	(25,756)
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Notes receivable	178	236	Increase in short-term loans	213,000	190,000
Accounts receivable	27,016	(48,237)	Decrease in short-term loans	(242,000)	(220,000)
Other receivables	993	(140)	Decrease in long-term loans	-	(25,000)
Inventories	(23,810)	3,625	Guarantee deposits paid	(48)	(40)
Prepayments	(1,296)	(539)	Cash payments for the principal portion of the lease liabilities	(102,649)	(94,556)
Other current assets	2,095	(2,830)	Cash dividends	(72,807)	(72,736)
Contract liabilities	4,746	2,170	Dividends unclaimed by shareholders	-	215
Notes payable	(7,151)	(8,213)	Net cash used in financing activities	(204,504)	(222,117)
Accounts payable	11,745	5,888	Effect of exchange rate changes on cash and cash equivalents	(742)	(588)
Other payables	6,567	1,419	Net increase (decrease) in cash and cash equivalents	20,563	(144,033)
Other current liabilities	(2,717)	932	Cash and cash equivalents, beginning of year	179,663	323,696
Net defined benefit liabilities	(5,150)	(4,870)	Cash and cash equivalents, end of year	\$200,226	\$179,663
Cash generated from operations	216,758	124,782			
Interest received	675	278			
Interest paid	(6,826)	(6,051)			
Income taxes paid	(8,541)	(14,581)			
Net cash generated by operating activities	202,066	104,428			

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

**[Attachment] The Company's 2022 Earnings Distribution Table**

Ten Ren Tea Co., Ltd.  
Earnings Distribution  
2022

Unit: NT\$

Item	Amount		Note
Undistributed earnings at the beginning of the period		\$ 17,737	
2022 net income	\$ 51,229,503		
Add: Other comprehensive income (actuarial gains and losses on defined benefit plans (2022))	36,334,143		
Add: Other equity (disposal of equity at fair value through other comprehensive income)	0		
Sub-total	87,563,646		
Provision for statutory surplus reserve	(8,756,365)		
Total		78,807,281	
Total earnings available for distribution for the year		78,825,018	
Distribution items:			
Bonus to shareholders (cash dividends)	77,003,156		Cash dividends of NT\$0.85 per share
Total distribution		77,003,156	
Undistributed earnings at the end of the period		\$ 1,821,862	

Note: Cash dividends are calculated on the distribution ratio up to the dollar, and is rounded down to NT\$1. The total amount below NT\$1 will be recognized in the Company's other income.

Chairman Lee, Kuo-Lin

General Manager Lin, Jen-Chung

Chief Accounting officer, Chu, Hui-Ling