

# Minutes of AGV Products Corporation's 2024 Annual General Meeting

**Date:** 9 a.m., June 21 (Friday), 2024

**Location:** 5F., Alishan Ballroom, Nice Prince Hotel

(5F., No. 600, Zhongxiao Rd., East Dist., Chiayi City)

**Attendants:** Total shares issued : 494,513,336 shares, Total Shares Represented by Shareholders and Proxies Present:386,577,896 shares, accounted for 78.17% of the total shares issued.

**Chairperson:** Kuan-Han Chen Recorder: Yueh-Chu Tsai

## Attending Directors:

Chairman Kuan-Han Chen, Vice Chairman Ching-Jen Chen, Director Hsien-Chueh Hsieh, Director Chih-Chan Chen, Independent Director Yung-Chien Wu (Audit Committee Convener), Independent Director Wei-Lung Chen, and Independent Director Yung-Fu Tseng. A total of 7 directors were present, exceeding the majority of the 9 board seats.

**Sit-in Members:** Accountant Ping-Chang Su, Lawyer Kang-JungChan

## Meeting Announcement:

The total number of shares present has reached the legal quorum. The Chairman declared the meeting open.

**Chairman's Remarks:** (omitted)

## Matters to be reported :

- I 2023 Business Report of the Company. (Please refer to the attachment)
- II The Audit Committee's review report on the 2023 financial statements. (Please refer to the attachment)
- III Report on the distribution of remuneration to directors and employees for 2023.  
The profit of the Company in 2023 was NTD 232,595,046 (pre-tax profit before deducting remuneration distributed to employees and directors). According to the Company's Articles of Incorporation, 1%

thereof, i.e. NTD 2,325,000, is distributed as remuneration to directors and 2% thereof, i.e. NTD 4,652,000, is distributed as remuneration to employees. All remunerations are distributed in cash.

- IV Report on private placement of common stocks for cash capital increase for 2023.

The Company's 2023 Annual General Meeting resolved that it shall not exceed the range of 100,000,000 shares and may be carried out in batches within one year of the date of the resolution of the meeting. Said private placement has not been carried out so far. The Board of Directors meeting was resolved on March 11, 2024 to approve that it should not be continued within the residual period.

- V Report on the distribution of cash dividends from retained earnings for 2023.

Pursuant to Article 30-1 of the Articles of Incorporation, the Board of Directors adopted a resolution on March 11, 2024 to allocate NTD 113,738,067 from the distributable earnings of 2023 as cash dividends for shareholders, to be distributed at NTD 0.23 per share on May 24, 2024.

- VI Report on the implementation of the improvement plan established due to the loaning of excessive funds to others by the subsidiary AGV International (BVI) Limited.

1. In accordance with Letter Jin-Guan-Zheng-Shen-Zi No. 1130337597 dated March 27, 2024 from the Financial Supervisory Commission.
2. Description of the reason:  
The net value of the subsidiary AGV International (BVI) Limited on December 31, 2023 decreased due to share payments returned from its capital reduction, resulting in a total of NTD12,316 thousand of funds (the actual balance of funds loaned was NTDO thousand) loaned by it to Taiwan First Biotechnology Corp., which exceeded NTD8,621 thousand, the limit of loans to an individual borrower.

3. Responses and follow-up control measures:  
 The amount of the funds loaned by the subsidiary AGV International (BVI) Limited to Taiwan First Biotechnology Corp. was fully recovered in 2023. An improvement plan has been established in accordance with Article 16 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the letter from the Financial Supervisory Commission. On March 29, 2024, the board of directors of the subsidiary AGV International (BVI) Limited held a meeting to cancel the amount of the funds loaned to comply with the regulations. In the future, a new checking field will be added to the book for loaning of funds for real-time control of their amounts to prevent any such amount exceeding the limit.

**Matters to be ratified :**

Motion No. 1 Proposed by the board of directors  
 Proposal: Ratification of the proposal for the 2023 financial statements.  
 Description: I. The Company’s 2023 business report and financial statements (including the consolidated financial statements) have been reviewed by the Audit Committee and resolved by the Board of Directors.  
 II. Said financial statements were audited and attested by Crowe (TW) CPAs.  
 III. For the attached 2023 business report, independent auditors’ report and financial statements (including consolidated financial statements), please refer to the attachment.  
 Resolution: The voting results for this proposal are as follows:  
 Number of voting rights of shareholders present during the vote: 386,577,396.

voting results	% of the total represented share present
Votes in favor: 380,201,501 votes (including 33,169,022 votes exercised by electronic voting)	98.35%

Votes against: 60,821 votes (including 60,821 votes exercised by electronic voting)	0.01%
Invalid votes: 0 votes	0.00%
Abstentions/Non-voting rights: 6,315,074 votes (including 5,711,552 votes exercised by electronic voting)	1.63%

Motion No. 2 Proposed by the board of directors  
 Proposal: Ratification of the statement for 2023 appropriation of earnings.  
 Description: The Company’s after-tax net profit of 2023 was NTD 200,936,451, and the Company has prepared the 2023 table of earnings distribution. Please refer to the attachment.  
 Resolution: The voting results for this proposal are as follows:  
 Number of voting rights of shareholders present during the vote: 386,577,396.

voting results	% of the total represented share present
Votes in favor: 380,513,409 votes (including 33,480,930 votes exercised by electronic voting)	98.43%
Votes against: 66,618 votes (including 66,618 votes exercised by electronic voting)	0.01%
Invalid votes: 0 votes	0.00%
Abstentions/Non-voting rights: 5,997,369 votes (including 5,393,847 votes exercised by electronic voting)	1.55%

**Matters to be discussed :**

Motion No. 1 Proposed by the board of directors

Proposal: Resolution of the proposal for amendments to the “Articles of Incorporation”

Description: I. Amendment is made in compliance with laws and regulations and actual needs.

II. The Comparison Table of Amended Provisions is as follows:

Amended provision	Current provision	Description
<p><b><u>Article 12-1</u></b> The Company may convene a shareholders’ meeting by means of video conferencing or other methods promulgated by the central competent authority. Where the competent authority has provided otherwise for the criteria, procedures and other requirements which a <b><u>video conference</u></b> shall meet, such provisions shall prevail.</p>	<p><b><u>Article 12-1</u></b> The Company may convene a shareholders’ meeting by means of video conferencing or other methods promulgated by the central competent authority. Where the competent authority has provided otherwise for the criteria, procedures and other requirements which a <b><u>shareholders’ meeting held via video conferencing</u></b> shall meet, such provisions shall prevail.</p>	<p>In accordance with the law and actual operational needs.</p>
<p><b>Article 30-1</b> Where there are earnings after closing of the accounts in a fiscal year, in addition to paying taxes and making up for the losses from prior years, an amount equivalent to 10% of such earnings shall be set aside as legal reserves, and an amount of special reserves shall be set aside or reversed from the after-tax net profit of the current year</p>	<p><b>Article 30-1</b> Where there are earnings after closing of the accounts in a fiscal year, in addition to paying taxes and making up for the losses from prior years, an amount equivalent to 10% of such earnings shall be set aside as legal reserves, and an amount of special reserves shall be set aside or reversed from the after-tax net profit of the current year</p>	<p>In accordance with the law and actual operational needs.</p>

Amended provision	Current provision	Description
<p>plus items other than the after-tax net profit of the current year with respect to the reduction of shareholders’ equity and net increase in the fair value of investment property occurring in the current year. After the dividends to be distributed in the current year for distribution of preferred shares and the accumulated undistributed dividends in prior years are distributed, the Board of Directors shall prepare a proposal for distribution of earnings, excluding the part to be retained, and submit the proposal to the shareholders’ meeting for a resolution. The proposal for the Company's stock dividends or legal reserve distributed from earnings or capital surplus to be paid in cash, in whole or in part, shall be subject to a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and a report of such distribution shall be submitted to a shareholders’ meeting. The food industry is in a changing environment and</p>	<p>plus items other than the after-tax net profit of the current year with respect to the reduction of shareholders’ equity and net increase in the fair value of investment property occurring in the current year. After the dividends to be distributed in the current year for distribution of preferred shares and the accumulated undistributed dividends in prior years are distributed, the Board of Directors shall prepare a proposal for distribution of earnings, excluding the part to be retained, and submit the proposal to the shareholders’ meeting for a resolution. The proposal for the Company's stock dividends or legal reserve distributed from earnings or capital surplus to be paid in cash, in whole or in part, shall be subject to a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and a report of such distribution shall be submitted to a shareholders’ meeting. The food industry is in a changing environment and</p>	

Amended provision	Current provision	Description
the Company is at a stage of stable growth. To meet the demand for operating funds as the business grows and to develop long-term financial planning for sustainable development, dividends are distributed, in principle, based on the appropriation rate of more than 50% (included) from the distributable surplus. The Company distributes stock or cash dividends. Taking into account the Company's growth rate and capital expenditure, <u>Cash dividends</u> provided that shall be no less than 10% of the total dividends distributed for the current year. Dividends less than NTD0.1 per share will not be distributed in cash.	the Company is at a stage of stable growth. To meet the demand for operating funds as the business grows and to develop long-term financial planning for sustainable development, dividends are distributed, in principle, based on the appropriation rate of more than 50% (included) from the distributable surplus. The Company distributes stock or cash dividends. Taking into account the Company's growth rate and capital expenditure, <u>dividends shall be distributed in shares first, and the remaining may</u> be distributed in cash, provided that the latter shall be no less than 10% of the total dividends distributed for the current year. Dividends less than NTD0.1 per share will not be distributed in cash, <u>and will instead be distributed in shares.</u>	
Article 33 The Articles of Incorporation was established on June 14, 1971. The 1st amendment was made on August 17, 1972. .....The 39th amendment was made on June 24, 2022. <u>The 40th</u>	Article 33 The Articles of Incorporation was established on June 14, 1971. The 1st amendment was made on August 17, 1972. .....The 39th amendment was made on June 24, 2022.	Added a date of amendment.

Amended provision	Current provision	Description										
<u>amendment was made on June 21, 2024.</u>												
<p>III. For the original "Articles of Incorporation", please refer to the Handbook.</p> <p>Resolution: The voting results for this proposal are as follows: Number of voting rights of shareholders present during the vote: 386,577,396.</p> <table border="1"> <thead> <tr> <th>voting results</th> <th>% of the total represented share present</th> </tr> </thead> <tbody> <tr> <td>Votes in favor: 380,511,340 votes (including 33,478,861 votes exercised by electronic voting)</td> <td>98.43%</td> </tr> <tr> <td>Votes against: 42,015 votes (including 42,015 votes exercised by electronic voting)</td> <td>0.01%</td> </tr> <tr> <td>Invalid votes: 0 votes</td> <td>0.00%</td> </tr> <tr> <td>Abstentions/Non-voting rights: 6,024,041 votes (including 5,420,519 votes exercised by electronic voting)</td> <td>1.55%</td> </tr> </tbody> </table>			voting results	% of the total represented share present	Votes in favor: 380,511,340 votes (including 33,478,861 votes exercised by electronic voting)	98.43%	Votes against: 42,015 votes (including 42,015 votes exercised by electronic voting)	0.01%	Invalid votes: 0 votes	0.00%	Abstentions/Non-voting rights: 6,024,041 votes (including 5,420,519 votes exercised by electronic voting)	1.55%
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Invalid votes: 0 votes	0.00%											
Abstentions/Non-voting rights: 6,024,041 votes (including 5,420,519 votes exercised by electronic voting)	1.55%											
<p>Motion No. 2 Proposed by the board of directors</p> <p>Proposal: Resolution of the proposal for amendments to the "Rules of Procedure for Shareholders' Meeting"</p> <p>Description: I. Amendment is made in compliance with laws and regulations and actual needs.</p> <p>II. The Comparison Table of Amended Provisions is as follows:</p>												
Amended provision	Current provision	Description										
<u>Article 1-1: Unless otherwise provided by law, shareholders' meetings of the Company shall be convened by the Board of Directors. Unless otherwise provided by the Regulations Governing the Administration of Shareholder Services of Public Companies, the</u>		In accordance with the law and actual operational needs.										

Amended provision	Current provision	Description
<p><u>convening of a shareholders' meeting via video conference by the Company shall be set forth in the Articles of Incorporation and subject to a resolution of the Board of Directors. A shareholders' meeting convened via video conference shall be subject to a resolution approved by a majority of the directors attending a Board of Directors meeting with the attendance of at least two-thirds of all directors.</u></p> <p><u>Any change of the form in which the shareholders' meeting is held shall be subject to a resolution of the Board of Directors and shall be made, at the latest, before the notice of the shareholders' meeting is sent.</u></p>		
<p>Article 20: Where the shareholder's meeting is held via video conference, the notice of the meeting shall specify the following information:</p> <p>I. The manner in which a shareholder attends a video conference and exercises his/her rights.</p> <p>II. Procedures in the event of any hindrance caused by an act of God, an incident or any other force majeure situation to the video conference platform or attendance via video conference, including at least the following information: (Omitted)</p> <p>III. Where the meeting is held via video conference, the notice</p>	<p>Article 20: Where the shareholder's meeting is held via video conference, the notice of the meeting shall specify the following information:</p> <p>I. The manner in which a shareholder attends a video conference and exercises his/her rights.</p> <p>II. Procedures in the event of any hindrance caused by an act of God, an incident or any other force majeure situation to the video conference platform or attendance via video conference, including at least the following information: (Omitted)</p> <p>III. Where the meeting is held via video conference, the notice</p>	<p>In accordance with the law and actual operational needs.</p>

Amended provision	Current provision	Description
<p>of the meeting shall also specify appropriate alternative measures available for shareholders who have difficulties in attending the meeting via video conference. <u>Except for the circumstances under Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, shareholders shall at least be provided with connection equipment and necessary assistance, and the period during which shareholders may apply to the Company and other relevant information requiring attention shall be specified.</u></p>	<p>of the meeting shall also specify appropriate alternative measures available for shareholders who have difficulties in attending the meeting via video conference.</p>	

III. For the original "Rules of Procedure for Shareholders' Meeting", please refer to the Handbook.

Resolution: The voting results for this proposal are as follows:  
Number of voting rights of shareholders present during the vote: 386,577,396.

voting results	% of the total represented share present
Votes in favor: 380,506,328 votes (including 33,473,849 votes exercised by electronic voting)	98.42%
Votes against: 67,028 votes (including 67,028 votes exercised by electronic voting)	0.01%
Invalid votes: 0 votes	0.00%
Abstentions/Non-voting rights: 6,004,040 votes	1.55%

(including 5,400,518 votes exercised by electronic voting)	
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Motion No. 3 Proposed by the board of directors  
 Proposal: Resolution to the proposal for common share issuing by private placement of cash capital increase.

Description: I. To increase working capital, capital expenses and respond to the future development needs of the Company, the Company plans to issue common shares by private placement of cash capital increase while taking the timeliness, convenience and issuing cost of financing into consideration.

II. The common shares issuing by private placement of cash capital increase shall be conducted within the limit of 100,000,000 shares of private placement.

III. According to Article 43-6 of the “Securities and Exchange Act” and provisions of the “Directions for Public Companies Conducting Private Placements of Securities,” matters related to the private placement are as follows:

1. The basis and reasonableness for setting of private placement price:  
 The reference price of private placement shall be calculated based on the higher of the following two calculations:

(1) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

(2) The simple average closing price of the common shares of the TWSE listed or TPEX listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

The price per share fixed for privately placed common shares may not be lower than 80 percent of the reference price and not lower than NTD10 par value. The method of price setting shall be reasonable

according to applicable regulations. The board of directors is authorized by the shareholders’ meeting to determine the actual determination date of the price and private placement price within the percentage scope resolved at the shareholders’ meeting depending on the specified placee and capital market conditions in the future based on the laws and regulations.

2. The method of selecting the placee for that selection:
  - (1) Specific persons will be selected pursuant to Article 43-6 of the Securities and Exchange Act and Order Jin-Guan-Zheng-Fa-Zi No. 1120383220 dated September 12, 2023 from the Financial Supervisory Commission, and only from strategic investors. It is proposed that the shareholders’ meeting authorize the Board of Directors to review the eligibility of offerees.
  - (2) In response to the rapid change of environment and the booming market, we plan to introduce strategic partners and aggressively expand the deployment of the Company in related fields to increase revenue and improve profitability.
3. Reasons necessitating the private placement and anticipated benefits:
  - (1) Reasons of not adopting public offering: When taking timeliness, convenience and issuing cost of financing into consideration, the rapid and convenient characteristics of private placement with the restriction on free transfer within three years can ensure the stable and long-term relationship between the Company and strategic investors. Therefore, we plan to adopt private placement for fundraising.
  - (2) Private placement limits: It shall not exceed the range of 100,000,000 shares and may be carried out in closings within one year of the date of the resolution of the shareholders’ meeting. The closings shall not exceed three times.
  - (3) The use of funds raised by the private placement: Funds raised in each private placement are used to increase working capital, capital expenses and respond to the future development needs of the Company.

(4) Anticipated benefits: Each closing is held to integrate the advantages of the Company and the strategic partner to get a head start in the market while creating long-term and stable performance and profits.

IV. The rights and obligations regarding the private placement of common shares:

The rights and obligations regarding the private placement of common shares are the same as those of common shares issued by the Company, in principle; however, according to the regulations of the Securities and Exchange Act, within three years from the delivery date, the Company of privately placed common shares may not resell the common shares except for those transfer counterparty specified in Article 43-8 of the Securities and Exchange Act. Where three full years have elapsed since the delivery date of the privately placed common shares, the board of directors is authorized to apply to the competent authority for the rearrangement of public issuing and listing depending on the current condition based on related regulations.

V. Besides the percentage for the private placement pricing, we propose to the shareholders' meeting for the authorization of the board of directors to adjust, establish and conduct the main contents of this private placement based on market conditions, including relevant matters such as actual issue price, issue shares, issue conditions, plan items, amount of funds raised and anticipated benefits as well as other matters related to the issuing plan. In case of future changes in laws and regulations, amendment under the instruction of the competent authority or establishment or amendment made according to operation assessment or in response to objective market environment, the board of directors shall also be authorized to handle the matters with full power.

VI. To align with the private placements of securities conducted this time, we propose to the shareholders' meeting for the authorization of the Chairman to sign and discuss all contracts and documents related to the private placement plan on behalf of the Company and

to conduct all matters required for this private placement plan.

VII. Any matters not specified in the previous paragraph shall be handled in accordance with laws and regulations by the board of directors.

Supplementary Explanation:

According to the instructions of the Securities and Futures Investors Protection Center in letter No. 1130000710 dated March 13, 2024, the following is explained:

The company plans to propose a private placement of common stock at the 2024 annual shareholders meeting, with a limit not exceeding 100 million shares, which is approximately 20.22% of the company's capital. However, according to securities regulations, a significant change in control refers to a change of more than one-third of the company's directors. There has been no significant change in the board seats within one year prior to the board's resolution on this private placement. Moreover, an evaluation of the current board seats and the proposed issuance amount indicates that this private placement should not result in a significant change in control of the company. Therefore, there is no need to request an evaluation opinion from an underwriter. Additionally, the pricing of this private placement is set according to the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," at no less than 80% of the reference price and not below the par value of NT\$10. Hence, there should be no significant impact on shareholders' equity.

Resolution: The voting results for this proposal are as follows:  
Number of voting rights of shareholders present during the vote: 386,577,396.

voting results	% of the total represented share present
Votes in favor: 349,975,817 votes (including 2,943,338 votes exercised by electronic voting)	90.53%
Votes against: 30,583,319 votes (including 30,583,319 votes exercised by electronic voting)	7.91%
Invalid votes: 0 votes	0.00%
Abstentions/Non-voting rights: 6,018,260	1.55%

votes (including 5,414,738 votes exercised by electronic voting)	
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### **Impromptu motions :**

Summary of Shareholder No. 164987's Speech:

The shareholder suggested that the management team should work harder and avoid overly complicated products. They asked if the growth target for the second half of the year could be confidently achieved.

Summary of the Chairman's Response:

Regarding the suggestion to avoid product complexity, our product strategy focuses on developing the core advantage product groups. For example, our "Functional Teas" product line, which has seen 18 years of effort from the team, achieved NT\$800 million in revenue last year. This year, we are aiming for NT\$1 billion. We will continue to push in areas where we already have a strong market share, aiming to increase the market benefits of functional teas. This aligns with our strategy of simplifying products and targeting high-profit areas.

Summary of Shareholder No. 16364's Speech:

The shareholder inquired whether the 50-plus investment ventures pose a burden to the management team.

Summary of the Chairman's Response:

The team will continue to review our investment ventures. Over the past 50 years, these investments have accumulated considerable profits. We will continue to improve those investments that require enhancement.

After confirming that there were no other motions, the Chairman declared the meeting adjourned.

**Adjournment : 09:51**

## **attachment**

### **Business Report**

#### **I. 2023 Business Report**

Unit: NTD thousand

Item	2023	%	2022	%	Growth rate of amount (%)
Operating revenue	4,900,038	100.0	4,800,625	100.0	2.1
Gross sales margin	1,413,713	28.9	1,436,950	29.9	-1.6
Operating expense	1,284,939	26.2	1,265,682	26.4	1.5
Net operating profit	128,774	2.6	171,268	3.6	-24.8
Pre-tax profit	260,742	5.3	303,262	6.3	-14.0
Net profit	217,600	4.4	287,793	6.0	-24.4

In 2023, AGV recorded a consolidated operating revenue of NTD4,900,030,000, an increase of NTD99.41 million from the previous year at a growth rate of 2.1%. Due to higher costs of raw materials, the gross profit margin declined by 1% compared to the same period of the previous year, resulting in a decrease of NTD23.23 million in the gross profit. As a result of overall proper control of the operating expense, the expense ratio decreased by 0.2%. The operating expense increased by NTD19.26 million due to revenue growth, generating a net operating profit of NTD128,770,000, which was NTD42.49 million less compared to the same period of the previous year. The pre-tax profit was NTD260,740,000, and the net profit less the income tax expense was NTD217,600,000.

#### **II. Summary of the 2024 business plan**

The following are AGV's business strategies for 2023:

1. Maximization of [corporate values]: Focusing on sustainable development and fulfilling corporate social responsibility.
2. Maximization of [competitive advantages]: Strengthening R&D, production, planning and marketing, and building competitive barriers.
3. Maximization of [growth momentum]: Exploring blue ocean platforms and leading the consumption trend.
4. Maximization of [resource integration]: Combining industry,



government, academia, and the private sector to enhance the synergy of a win-win situation.

As the COVID-19 pandemic, the biggest variable affecting industrial trends in the past four years, subsides, 2024 will be a major turning point for a new wave of trends in the food industry. In this regard, the industry is generally optimistic about the trends of food and consumer demand in 2024. It is expected that years of slow development and stagnant consumption experienced by the food industry will lead to a trend of growth in the medium-to-long term in the future. Therefore, our team's business policy for 2024 will be reoriented according to recent variables in the overall environment and uncertainties in the aspects of politics, the economy, the pandemic and people's livelihoods. Our team has summarized the following operational strategies for 2024 for AGV:

- I. [Strengthening red ocean channels and developing blue ocean platforms]: Strengthening cooperation with existing channels and increasing opportunities for market products
  1. Channel alliances and deepened cooperation: Product management analysis, and cooperation in commercialization and promotion, to strengthen cooperation in production and sales.
  2. Product innovation and brand investment: New products meeting the demand, and integration of media advertising and promotion, to increase the efficiency of resource investment.
  3. Formula development and OEM R&D and production: Product customization services, and professional OEM integration, to enhance two-way cooperation for a win-win situation.
  4. International cooperation and strategic reciprocity: Alliances between the world's leading manufacturers, and authorized trading by agent, to achieve revenue growth and increased profit.
  5. Online channels without borders: A diverse range of e-commerce channels, and direct logistics services, to meet diverse market needs.
  6. Special market and group needs: low-carbon government and leisure, and religion and health for the old and young, with stable revenues to prevent competition.

II. [Building a growth engine and enhancing operating efficiency]: Activating the six forces driving growth and creating conditions for long-term profits

1. Seeking mechanized and automated production and manufacturing, assessment of the introduction of AI, and emphasis on production management scheduling, to reduce wear-and-tear and production costs.
2. Strengthening occupational knowledge and skills, on-the-job training, certifications of external training, and passing down of skills, to improve the level of professionalism.
3. Optimizing procurement costs, attaching importance to the supplier evaluation system, and continued development and vertical integration of new suppliers, to optimize cost management.
4. Training human resources, strengthening industry-academia collaboration, developing talent with general and professional skills, and encouraging on-the-job training to expand the talent pool.
5. Investment in R&D and innovation, strengthening investments in the sub-institutes for biotechnology and food safety of the Institute of Health Science, and accumulating intellectual property and patents, to achieve product uniqueness and food safety protection.
6. Making use of the group's synergy, by combining cross-brand products with existing and new strategic units, to increase the efficiency of R&D, production and sales resources.

III. [Following policy trends and increasing corporate values]: Integrating internal and external resources of our company and enhancing its corporate values and goodwill

1. In response to short-term trends in politics, the economy and people's livelihoods at home and abroad: presidential election, inflation, AI, and functional foods.
2. In response to medium-term trends in politics, the economy and people's livelihoods at home and abroad: regional tensions, deflation, green energy and carbon reduction, and plant-based products.
3. In response to long-term trends in politics, the economy and people's livelihoods at home and abroad: US-China confrontation, economic cycles, sustainable development, and

the health industry.

4. Concentrating resources to achieve revenue growth, increases in three margins (gross profit margin, operating profit margin, and net profit margin) and enhanced market values, to ensure the financial interests of shareholders and related parties.
5. Cooperating with the government in fulfilling the objectives of corporate responsibility, net-zero carbon reduction and environmental sustainability, to enhance AGV's goodwill and social value.
6. Seeking to support short-, medium- and long-term performance with financial and non-financial targets to ensure stable and progressive corporate values.

The following is a summary of the 2024 business plan:

1. AGV's development of new products:

Regardless of the changes in the times and in market trends and consumer demand, and despite the unpredictable changes in decision-making faced by brands and consumers due to the impacts of COVID-19, inflation, war and economic recession, health is the only product value that remains unchanged for consumers. AGV's brand vision of "For a Healthy Tomorrow" is truly close to the real needs of the consumer market. We will focus more on products with health as the core, and substantive aspects with functions, convenience, quality, safety and values as the peripheral.

Taiwan's fast moving consumer goods market is a leading indicator of the global market due to its position at the forefront of the global food industry, and it having a developed food industry, R&D and innovation capabilities, and advanced manufacturing processes. Its prosperous economy and open market has given rise to favorable two-way conditions for manufacturers, channels and consumers. Its consumers, being loyal to brands and also willing to try new things, are highly receptive to new foreign products and concepts, and their spending behavior is largely influenced by their own living habits, buying mentality, product preferences and spending ideas. AGV possesses capabilities for the one-stop integration of R&D, production, planning, and marketing in the areas of market research, product R&D, production, manufacturing, quality control, marketing, advertising and sales. In response to internal/external environmental variables,

competition, consumption trends and market trends, AGV has determined the direction of new product development for the following main products in 2024 in accordance with its annual operating strategy:

- (1) Cultural cuisines - Focusing on deliciousness and convenience and meeting the needs of different timings and groups:  
Traditional Taiwanese cuisines - Tube Savory Rice Pudding, tube sticky rice cake, plant-based canned fish, Kantan grass jelly, and mixed congee with five grains.
- (2) Healthy drinks - Focusing on health functions and meeting various functional needs:  
Functional drinks with oat - Premium Oat Drink (Maca-Zinc), Japanese-style green tea numbered Jian-Zi, and multi-fiber tea drinks.

III. Prospects for the future:

In 2024, in response to changes in the political and economic environments as well as market trends at home and abroad, our team will continue to complete four medium-to-long-term business strategies to lay a firm foundation for the next century in terms of corporate sustainable management and accumulating corporate values for the purpose of achieving our operating targets and maximizing shareholders' interests, taking into account our short-, medium-, and long-term operational missions and visions:

- (1) Enhancing corporate values and focusing on sustainable development (financial and non-financial values, shareholders' interests, and social responsibilities)
- (2) Optimizing operations management and connecting the benefits of management (benefits of management: production, sales, human resources, R&D, finance and accounting)
- (3) Creating niche advantages and establishing a strong position (niche advantages: group, brands, products, R&D, and technologies)
- (4) Step-by-step growth strategies for the short, medium, and long terms (product positioning, brand advantages, strategic alliances, and biotech park)

In addition to being financially responsible to shareholders, a company must also be socially and environmentally responsible to bring a positive impact to the society and environment as a corporate citizen. In short, this refers to the management philosophy where a

company integrates the concept of “sustainable development” into its operational policies. AGV recognizes that rather than being a burden, corporate social responsibility is the force driving business owners and the public to broaden their views and enhance their vision concerning business management. In the future, our team is committed to upholding and implementing a sustainable development strategic layout (SDSL), while simultaneously meeting the needs of corporate development regarding corporate social performance (CSP) and corporate financial performance (CFP). Our team will make adjustments from time to time, contingent upon changes in domestic and foreign trends, systems, or laws. We believe that this is the only way to fulfill our greatest responsibilities as a corporate citizen toward our company, shareholders, employees and related parties, and even the country and society where we grow up. In 2024, our overall business policy will continue to strengthen the four strategic directions for 2023 and further implement the operational strategies for 2024:

- I. Continuing to strengthen the four strategic directions for 2023:
  - [Corporate values] Focusing on sustainable development and fulfilling corporate social responsibility
  - [Competitive advantages] Strengthening R&D, production, planning and marketing, and building competitive barriers
  - [Growth momentum] Exploring blue ocean platforms and leading the consumption trend
  - [Resource integration] Combining industry, government, academia, and the private sector to enhance the synergy of a win-win situation
- II. Implementation of the operational strategies for 2024:
  - [Strengthening red ocean channels and developing blue ocean platforms]: Strengthening cooperation with existing channels and increasing opportunities for market products
  - [Building a growth engine and enhancing operating efficiency]: Activating the six forces driving growth and creating conditions for long-term profits
  - [Following policy trends and increasing corporate values]: Integrating internal and external resources of our company and enhancing its corporate values and goodwill

Chairman:

President:

Accounting Officer:

## Audit Committee’s Review Report of AGV Products Corporation

### Authorized

The 2023 business report, financial statements and appropriation of earnings of the Company were prepared by the Board of Directors and the financial statements have been audited by CPA Shu-Man Tsai and CPA Ling-Wen Huang of Crowe (TW) CPAs, and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Proposed  
for approval.

For  
The Company’s 2024 Annual General Meeting

Audit Committee convener: Yung-Chien Wu

Audit Committee member: Yung-Fu Tseng

Audit Committee member: Wei-Lung Chen

March 11, 2024

# Independent Auditors' Report and Financial Statements

To AGV Products Corporation:

## Audit opinions

We have audited the parent company only balance sheet of AGV Products Corporation as of December 31, 2023 and 2022, as well as the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only statement of cash flows for the periods January 1 to December 31, 2023 and 2022, and the accompanying footnotes (including the summary of major accounting policies).

In our opinion, based on our audit results and the other independent auditors' report (please refer to the Other matters section), all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, giving a fair presentation of the parent company only financial position of AGV Products Corporation as of December 31, 2023 and 2022, and the parent company only financial performance and cash flows for the periods January 1 to December 31, 2023 and 2022.

## Basis of audit opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and relevant auditing standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial report section of our report. The personnel of the CPA firm subject to the independence requirement have acted independently from the business operations of AGV Products Corporation in accordance with the Code of Ethics for Professional Accountants, and have performed the other responsibilities of the Code of Ethics. According to our audits and the other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in the audit of the parent company only financial report of AGV Products Corporation for 2023. These matters were addressed in the content of our audit of the parent company only financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

The following are the key audit matters in the parent company only financial report of AGV Products Corporation for 2023:

### I. Fair value evaluation of investment property

For the accounting policy on investment property, see Note 4(11) of the parent company only financial report; for a description of the accounting basis and evaluation of investment property, see Note 6(10) of the parent company only financial report.

Description of key audit matters:

As of December 31, 2023, investment property held totaled NTD 1,595,025 thousand, accounting for 13.19% of total assets, and it was subsequently measured using the fair value model. The recognized variable income generated from fair value changes totaled NTD 49,049 thousand in 2023, accounting for 21.52% of the net income before tax. The evaluation was mainly based on an analysis of discounted cash flow and land development, under the condition that the income was calculated according to market rent and value by a commissioned external appraiser. The analysis relied on the evaluation and judgment of an external appraiser based on overall usage, and local or market conditions of the subject property. The assumptions and estimates related to profit rate and discount rate adopted for evaluation contained material uncertainty. Thus, we consider the fair value evaluation of investment property as a key audit matter when auditing the parent company only financial report of AGV Products Corporation.

Corresponding audit process:

Our main audit process includes checking the consistency of inventory and appraisal data provided for external appraisers by management, evaluating the accuracy of investment property classification based on the understanding of the Company and checking the recoverable amount and recorded amount in the value

appraisal report of independent evaluation issued by the external appraiser to the Company, reviewing the reasonableness of related assumptions and appraisal content (including the method, analysis period and discount rate) and evaluating the qualification and independence of such external appraiser. The appropriateness and completeness of information disclosed in the notes to the parent company only financial report is also evaluated.

## II. Recognition of revenue

For the accounting policy on revenue recognition, see Note 4(18) of the financial report; for the details of revenue, see Note 6(23) of the financial report.

The main business of AGV Products Corporation consists of the manufacturing, processing and sale of products related to drinks and canned foods. The transaction terms agreed in the sales contract signed with the customer will affect the judgment of AGV Products Corporation regarding whether the income recognition timing meets the time in which the customer owns the right to set the price and use the same, and has taken the responsibility for resale along with the obsolescence risk of the product. Therefore, we consider the test for recognition of the revenue of 2023 as a key audit matter when auditing the parent company only financial report of AGV Products Corporation.

Our main audit procedures include understanding the sales system of AGV Products Corporation, such as the sales channels and sales targets, checking agreements related to sales contracts signed with the main trading customers and randomly checking shipment and income recognition operation procedure records in 2023 (including checking the consistency of the date, amount and counterparty in the shipping order and invoice). We also conducted a comparison of two periods regarding the main trading customers, including a comparison of the accounts receivable turnover rate, accounts receivable turnover days and loan periods, and understanding of the top 10 counterparties in two periods with major changes to evaluate the reasonableness of the transaction amount and counterparty and execution cut-offs for operating revenue recognition and shipping voucher forms before and after the balance sheet date.

### **Other matters**

We have not audited the financial statements of some associated companies disposed under the equity method in said parent company only financial reports of 2023 and 2022; this has been done by other CPAs. Thus, in our opinions expressed on the parent company only financial report, the amounts listed in the statement of associated companies were based on the other independent auditors' report. The investments in these investee companies under the equity method amounted to NTD 1,866,199 thousand and NTD 1,704,152 thousand as of December 31, 2023 and 2022, respectively, accounting for 15.44% and 14.46% of the total assets, respectively. The share of profit or loss from associates and joint ventures under the equity method amounted to NTD 80,285 thousand and NTD 36,043 thousand for the periods of January 1 to December 31, 2023 and 2022, respectively, accounting for 35.22% and 12.86% of the net income before tax, respectively. The share of other comprehensive income from associates and joint ventures under the equity method amounted to NTD 106,824 thousand and NTD (176,962) thousand, respectively accounting for 232.42% and (1,932.74)% of other net comprehensive income, respectively.

### **Responsibilities of management and the governance unit for the parent company only financial report**

Management is responsible for preparing the appropriate parent company only financial report in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the parent company only financial report. As a result, it can ensure material misstatement due to fraud or error does not occur in the parent company only financial report.

In preparing the parent company only financial report, management is also responsible for assessing the ability of AGV Products Corporation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the AGV Products Corporation or to cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of AGV Products Corporation is responsible for supervising the financial reporting process.

## **Independent auditor's responsibilities for the audit of the parent company only financial report**

Our objectives are to obtain reasonable assurance about whether the parent company only financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the parent company only financial report will be discovered during an audit conducted in accordance with relevant auditing standards. Misstatements might have been caused by fraud or errors. If individual values or an overview of misstatements can be reasonably expected to affect economic decisions made by users of parent company only financial report, they are considered significant.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with relevant auditing standards. We also perform the following tasks:

- I. Identify and assess the risk of material misstatement of the parent company only financial report due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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.
- II. 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 AGV Products Corporation.
- III. Evaluate the adequacy of accounting policies adopted by management and the legitimacy of accounting estimates and related disclosures made.
- IV. 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 of AGV Products Corporation to continue as a going

concern. In cases where we consider that events or circumstances have significant uncertainty in this regard, then relevant disclosure of the parent company only financial report shall be provided in the auditors' report to allow users of the parent company only financial report to be aware of such events or circumstances, or we shall revise our opinion when such disclosure is considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the AGV Products Corporation to cease to continue as a going concern.

- V. Evaluate the overall presentation, structure and content of the parent company only financial report (including relevant notes), and whether the parent company only financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within AGV Products Corporation in order to express an opinion on the parent company only financial report. Our responsibilities as auditors are to instruct, supervise and execute audits and form an audit opinion on AGV Products Corporation.

Communications made by the CPAs with governance units include the planned scope and timing of inspection as well as significant inspection findings (including significant deficiencies found with internal control during inspection).

We also provide those in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable (including related protection measures).

The key audit matters in the audit of the parent company only financial report of AGV Products Corporation for 2023 have been determined by us from those matters about which we have communicated with the governing unit. We describe these matters in our auditors' report unless laws or regulations preclude public disclosure about these matters, 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 communications.

Crowe (TW) CPAs  
CPA: Shu-Man Tsai

CPA: Ling-Wen Huang

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 10200032833

March 11, 2024

AGV Products Corporation  
Parent Company Only Balance Sheet  
December 31, 2023 and 2022

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalent (Note 6(1))	\$ 266,221	2	\$ 295,067	3
1110	Financial assets at fair value through profit and loss – current (Notes 6 (2))	207,737	2	50,377	-
1150	Net notes receivable (Note 6(3))	8,576	-	9,061	-
1160	Net notes receivable – related parties (Note 7)	21,498	-	16,709	-
1170	Net accounts receivable (Note 6(4))	479,843	4	506,924	4
1180	Net accounts receivable – related parties (Note 7)	102,989	1	135,625	1
1200	Other accounts receivable	10,702	-	11,412	-
1210	Other accounts receivable – related parties (Note 7)	63,993	1	36,091	-
1220	Income tax assets in the current period	240	-	234	-
130x	Inventories (Note 6(5))	771,988	6	858,031	9
1410	Prepayments	62,409	1	56,944	-
1479	Other current assets – others	1,743	-	2,594	-
11xx	<b>Total current assets</b>	<b>1,997,939</b>	<b>17</b>	<b>1,979,069</b>	<b>17</b>
	<b>Non-current assets</b>				
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 6(6))	1,028,292	9	1,113,167	9
1550	Investment accounted for using the equity method (Note 6(7))	6,233,453	52	6,050,637	51
1600	Property, plant and equipment (Note 6(8))	1,001,883	8	916,830	8
1755	Right-of-use assets (Note 6(9))	18,347	-	20,228	-
1760	Net investment property (Note 6(10))	1,595,025	13	1,458,986	12
1780	Intangible assets (Note 6(11))	1,718	-	2,874	-
1840	Deferred income tax assets (Note 6(28))	158,217	1	184,365	2
1920	Refundable deposits	17,113	-	30,570	1
1980	Other financial assets – non-current (Note 6(13))	20,129	-	20,030	-
1990	Other non-current assets – other (Note 6(12))	17,868	-	12,325	-
15xx	<b>Total non-current assets</b>	<b>10,092,045</b>	<b>83</b>	<b>9,810,012</b>	<b>83</b>
1xxx	<b>Total assets</b>	<b>\$ 12,089,984</b>	<b>100</b>	<b>\$ 11,789,081</b>	<b>100</b>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 6(14))	\$ 674,167	6	\$ 658,333	6
2130	Contract liabilities – current (Note 6(23))	11,735	-	4,674	-
2150	Notes payable	66,640	1	61,369	1
2170	Accounts payable	74,277	1	74,909	1
2180	Accounts payable – related parties (Note 7)	598,716	5	450,896	4
2200	Other payables (Note 6(15))	281,207	2	293,709	2
2220	Other payables – related parties (Note 7)	39,204	-	50,821	-
2230	Current income tax liabilities	165	-	-	-
2250	Liability provision – current (Note 6(16))	20,531	-	18,556	-
2280	Lease liabilities – current (Note 6(9))	7,802	-	8,506	-
2310	Advance receipts (Note 7)	3	-	3	-
2320	Long-term liabilities maturing within a year or operating cycle (Note 6(18))	417,655	3	401,655	3
2399	Other current liabilities	2,482	-	3,717	-
21xx	<b>Total current liabilities</b>	<b>2,194,584</b>	<b>18</b>	<b>2,027,148</b>	<b>17</b>

(Continued on the next page)

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Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
2540	Long-term loans (Note 6(18))	2,933,142	25	2,829,797	25
2570	Deferred income tax liabilities (Note 6(28))	123,523	1	123,486	1
2580	Lease liabilities – non-current (Note 6(9))	11,178	-	13,337	-
2640	Net defined benefit liabilities – non-current (Note 6(17))	26,169	-	40,221	-
2645	Guarantee deposits	2,078	-	2,100	-
25xx	Total non-current liabilities	3,096,090	26	3,008,941	26
2xxx	Total liabilities	5,290,674	44	5,036,089	43
Equity					
3100	Share capital (Note 6(19))				
3110	Common share capital	4,945,134	41	4,945,134	42
3200	Capital reserve (Note 6(20))	268,144	2	268,746	2
3300	Retained earnings (Note 6(21))				
3310	Legal reserve	114,720	1	83,884	1
3320	Special reserve	789,030	7	763,705	6
3350	Undistributed earnings	261,834	2	322,695	3
3400	Other equity (Note 6(22))	420,448	3	368,828	3
3xxx	Total equity	6,799,310	56	6,752,992	57
	Total liabilities and equity	\$ 12,089,984	100	\$ 11,789,081	100

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

**AGV Products Corporation**  
**Parent Company Only Statement of Comprehensive Income**  
**January 1 to December 31, 2023 and 2022**

Code	Item	2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(23))	\$ 4,052,607	100	\$ 4,014,234	100
5000	Operating cost (Note 6(5))	(2,913,990)	(72)	(2,849,193)	(71)
5900	Gross profit (gross loss)	1,138,617	28	1,165,041	29
5910	Unrealized profit from sales	(4,595)	-	(5,845)	-
5920	Realized profit from sales	5,845	-	6,421	-
	Operating expense				
6100	Selling expenses	(698,034)	(17)	(688,546)	(17)
6200	Management expenses	(231,120)	(6)	(231,392)	(6)
6300	Research and development expenses	(45,443)	(1)	(45,606)	(1)
6450	Expected credit impairment profits (losses) (Note 6(4))	53	-	(16)	-
6000	Total operating expenses	(974,544)	(24)	(965,560)	(24)
6900	Operating profits (losses)	165,323	4	200,057	5
	Non-operating income and expenses				
7100	Interest revenue	1,971	-	822	-
7010	Other revenue (Note 6(25))	50,047	1	49,644	1
7020	Other profits and losses (Note 6(26))	24,919	1	165,362	4
7050	Financial cost (Note 6(27))	(98,779)	(2)	(82,451)	(2)
7070	Share of profit or loss from subsidiaries, associates and joint ventures under the equity method	84,463	2	(53,053)	(1)
7000	Total non-operating income and expense	62,621	2	80,324	2
7900	Net profit (loss) before tax	227,944	6	280,381	7
7950	Income tax profit (Note 6(28))	(27,008)	(1)	(2,491)	-
8200	Current net profit (loss)	200,936	5	277,890	7
	Other comprehensive income (Note 6(30))				
	Items not reclassified to profit or loss				
8310	Re-measurement of defined benefit plan	(3,969)	-	19,701	-
8312	Appreciation on revaluation of property	87,587	2	-	-
8316	Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income	(86,415)	(2)	152,569	4
8330	Share of other comprehensive income from subsidiaries, associates and joint ventures under the equity method	55,178	1	(234,919)	(6)
8349	Income tax related to items not reclassified	(135)	-	(3,940)	-
8360	Items that may be subsequently reclassified as profit or loss				
8380	Share of other comprehensive income from subsidiaries, associates and joint ventures under the equity method	(7,078)	-	80,139	2
8399	Income tax related to items that may be reclassified	793	-	(4,394)	-
8300	Other comprehensive income (net)	45,961	1	9,156	-
8500	Total comprehensive income in the current period	\$ 246,897	6	\$ 287,046	7
	Earnings per share				
9750	Basic EPS (Note 6(31))	\$ 0.41		\$ 0.56	
9850	Diluted EPS (Note 6(31))	\$ 0.41		\$ 0.56	

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang



AGV Products Corporation  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

	Retained earnings					Other equity items			Total equity
	Common share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	Appreciation on revaluation of property	
Balance as of January 1, 2022	\$ 4,945,134	\$ 268,647	\$ 64,882	\$ 755,377	\$ 190,023	\$ (103,812)	\$ 501,060	\$ -	\$ 6,621,311
Appropriation and distribution of earnings:									
Allocated legal reserve	-	-	19,002	-	(19,002)	-	-	-	-
Allocated special reserve	-	-	-	8,328	(8,328)	-	-	-	-
Cash dividend for common shares	-	-	-	-	(148,354)	-	-	-	(148,354)
Changes of associates and joint ventures under the equity method	-	99	-	-	(7,110)	-	-	-	(7,011)
Net profit (loss) for 2022	-	-	-	-	277,890	-	-	-	277,890
Other comprehensive income for 2022	-	-	-	-	20,279	69,545	(80,668)	-	9,156
Total comprehensive income for 2022	-	-	-	-	298,169	69,545	(80,668)	-	287,046
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	17,297	-	(17,297)	-	-
Balance on December 31, 2022	4,945,134	268,746	83,884	763,705	322,695	(34,267)	403,095	-	6,752,992
Appropriation and distribution of earnings:									
Allocated legal reserve	-	-	30,836	-	(30,836)	-	-	-	-
Allocated special reserve	-	-	-	25,325	(25,325)	-	-	-	-
Cash dividend for common shares	-	-	-	-	(197,805)	-	-	-	(197,805)
Changes of associates and joint ventures under the equity method	-	(602)	-	-	(2,172)	-	-	-	(2,774)
Net profit (loss) for 2023	-	-	-	-	200,936	-	-	-	200,936
Other comprehensive income for 2023	-	-	-	-	(5,738)	(9,185)	(25,774)	86,658	45,961
Total comprehensive income for 2023	-	-	-	-	195,198	(9,185)	(25,774)	86,658	246,897
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	79	-	(79)	-	-
Balance on December 31, 2023	\$ 4,945,134	\$ 268,144	\$ 114,720	\$ 789,030	\$ 261,834	\$ (43,452)	\$ 377,242	\$ 86,658	\$ 6,799,310

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

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AGV Products Corporation  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Item	2023	2022
Cash flows from operating activities		
Current net profit (loss) before tax	\$ 227,944	\$ 280,381
Adjustments		
Income, expenses, and losses		
Depreciation expenses	64,468	64,807
Amortization expenses	1,211	1,180
Expected credit impairment losses (profits)	(53)	16
Net loss (profit) from financial assets and liabilities at fair value through profit or loss	(2,829)	(5,796)
Interest expenses	98,779	82,451
Interest revenue	(1,971)	(822)
Dividend revenue	(10,722)	(11,499)
Share of losses (profits) from subsidiaries, associates and joint ventures under the equity method	(84,463)	53,053
Losses (profits) from disposal and scrap of property, plant and equipment	401	(23)
Loss (Profit) on disposal of investments	-	(178,362)
Unrealized profits (losses) from sales	4,595	5,845
Realized losses (profits) from sales	(5,845)	(6,421)
Losses (profits) due to fair value adjustment in investment property	(49,049)	(11,532)
Total income/expense items	14,522	(7,103)
Changes of assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Decrease (Increase) in financial assets measured at fair value through profit/loss on a mandatory basis	(154,531)	(44,581)
Decrease (increase) in notes receivable	486	4
Decrease (increase) in notes receivable – related parties	(4,794)	(3,475)
Decrease (increase) in accounts receivable	27,108	(37,645)
Decrease (increase) in accounts receivable – related parties	32,666	(19,386)
Decrease (increase) in other accounts receivable	710	(821)
Other accounts receivable – decrease (increase) for related parties	(2,826)	2,486
Decrease (increase) in inventory	86,043	(145,256)
Decrease (increase) in prepayments	(5,465)	(1,073)
Decrease (increase) in other current assets	851	211
Total net changes in assets related to operating activities	(19,752)	(249,536)
Net changes in liabilities related to operations		
Increase (decrease) in contract liabilities	7,061	2,448
Increase (decrease) in notes payable	5,271	(4,229)
Increase (decrease) in accounts payable	(632)	4,706
Increase (decrease) in accounts payable – related parties	147,820	3,428
Increase (decrease) in other payables	(15,997)	15,333
Other payables – increase (decrease) for related parties	(11,617)	3,003
Increase (decrease) in liability reserve	1,975	613
Increase (decrease) in other current liabilities	(1,235)	(348)
Increase (decrease) in net defined benefit liabilities	(18,021)	(8,788)
Total net changes in liabilities related to operating activities	114,625	16,166

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Item	2023	2022
Total net changes in assets and liabilities related to operating activities	\$ 94,873	\$ (233,370)
Total adjustments	<u>109,395</u>	<u>(240,473)</u>
Cash inflow (outflow) from operations	337,339	39,908
Interest received	1,971	941
Stock dividend received	105,191	139,203
Returned (paid) income tax	(6)	74
Net cash inflow (outflow) from operating activities	<u>444,495</u>	<u>180,126</u>
Cash flows from investment activities		
Acquisition of financial assets measured at fair value through other comprehensive income	-	(87,900)
Disposal of financial assets measured at fair value through other comprehensive income	-	5,291
Refunds from decapitalization of financial assets measured at fair value through other comprehensive income	-	58,486
Acquisition of investment under the equity method	(240,724)	(96,550)
Share payments returned on capital reduction in investee companies accounted for using the equity method	67,862	-
Acquisition of property, plant and equipment	(138,089)	(25,962)
Disposal of property, plant and equipment	-	724
Decrease in refundable deposits	13,457	22,985
Acquisition of intangible assets	(55)	(1,409)
Increase in other financial assets	(99)	(30)
Increase in other non-current assets	(5,543)	-
Decrease in other non-current assets	-	12,648
Net cash inflow (outflow) from investment activities	<u>(303,191)</u>	<u>(111,717)</u>
Cash flow from financing activities		
Increase in short-term loans	15,834	228,333
Proceeds from long-term loans	675,000	248,000
Repayment of long-term loans	(557,167)	(330,829)
Increase in guarantee deposits	-	777
Decrease in guarantee deposits	(22)	-
Lease principle repayment	(8,708)	(8,306)
Distribution of cash dividends	(197,805)	(148,354)
Interest paid	(97,282)	(80,512)
Net cash inflow (outflow) from financing activities	<u>(170,150)</u>	<u>(90,891)</u>
Increase (decrease) in cash and cash equivalents in the current period	(28,846)	(22,482)
Balance of cash and cash equivalents, beginning	295,067	317,549
Balance of cash and cash equivalents, ending	<u>\$ 266,221</u>	<u>\$ 295,067</u>

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

## Independent Auditors' Report and Consolidated Financial Statements

To AGV Products Corporation:

### Audit opinions

We have audited the consolidated balance sheet of AGV Products Corporation and its subsidiaries (hereinafter referred to as the "AGV Group") as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the periods January 1 to December 31, 2023 and 2022, and the accompanying footnotes (including the summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the Other matters section), all material disclosures of the consolidated financial report mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards approved by the Financial Supervisory Commission, the International Accounting Standards, and interpretations thereof, giving a fair presentation of the consolidated financial position of AGV Group as of December 31, 2023 and 2022, and the consolidated financial performance and cash flows for the periods January 1 to December 31, 2023 and 2022.

### Basis of audit opinion

We conducted audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and relevant auditing standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial report section of our report. The personnel of the CPA firm subject to the independence requirement have acted independently from the business operations of AGV Group in accordance with the Code of Ethics for Professional Accountants, and have performed the other responsibilities of the Code of Ethics. According to our audits and

the other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for our opinion.

### **Key audit matters**

“Key audit matters” means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2023 consolidated financial report of AGV Group. These matters were addressed in the content of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

The key audit matters of the 2023 consolidated financial report of AGV Group are as follows:

#### **I. Fair value evaluation of investment property**

For the detailed accounting policy on investment property, please refer to Note 4(12) of the consolidated financial report, and for descriptions of the recording basis and evaluation status of investment property, please refer to Note 6(12) of the consolidated financial statements.

Description of key audit matters:

As of December 31, 2023, the held investment property totaled NTD 3,180,182 thousand, accounting for 22.68% of the total assets, and it was subsequently measured using the fair value model. The recognized variable income generated from fair value changes totaled NTD 52,193 thousand in 2023, accounting for 20.02% of the net income before tax. The evaluation was mainly based on an analysis of discounted cash flow and land development, under the condition that the income was calculated according to market rent and value by a commissioned external appraiser. The analysis relied on the evaluation and judgment of an external appraiser based on overall usage, local or market conditions of the subject property. The assumptions and estimates related to profit rate and discount rates adopted for evaluation contained material uncertainty. Thus, we consider the fair value evaluation of investment property as a key audit matter when auditing the consolidated financial report of AGV Group.

Corresponding audit process:

Our main audit process includes checking the consistency of inventory and appraisal data provided for external appraisers by

management, evaluating the accuracy of investment property classifications based on the understanding of the Company and checking the recoverable amount and recorded amount in the value appraisal report of independent evaluation issued by the external appraiser to the Company, reviewing the reasonableness of related assumptions and appraisal content (including method, analysis period and discount rate) and evaluating the qualification and independence of such external appraisers. The appropriateness and completeness of information disclosed in the notes to consolidated financial report is also evaluated.

#### **II. Recognition of revenue**

Please refer to Note 4(19) of the consolidated financial report for the detailed accounting policy on income recognition. Please refer to Note 6(27) of the consolidated financial report for income details.

The main business of the AGV Group is the manufacturing, processing, and sales of products related to drinks and canned foods. The transaction terms agreed to in the sales contract signed with the customer will affect the judgment of the AGV Group regarding whether the income recognition timing meets the time in which the customer owns the right to set the price and use the same and takes responsibility for resale along with the obsolescence risk of the product. Therefore, we consider the income recognition test in 2023 as a key audit matter when auditing the consolidated financial report of the AGV Group.

Our main audit procedures include understanding the sales system of AGV Group, such as the sales channels and sales targets, checking agreements related to sales contracts signed with main trading customers and randomly checking shipment and income recognition operation procedure records in 2023 (including checking the consistency of the date, amount and counterparty in the shipping order and invoice). We also conducted a comparison of two periods regarding the main trading customers, including a comparison of the accounts receivable turnover rate, accounts receivable turnover days and loan periods, and understanding of the top 10 counterparties in two periods with major changes to evaluate the reasonableness of the transaction amount and counterparty and execution cut-offs for operating revenue recognition and shipping voucher forms before and after the balance sheet date.

## Other matters

As stated in Note 4(3) of the consolidated financial report, we have not audited the financial statements of some subsidiaries and investments under the equity method in said consolidated financial report, which has been done by other CPAs. Thus, in our opinions expressed on the consolidated financial report, the amounts listed in the report for those companies were based on the other independent auditors' report. As of December 31, 2023, and 2022, the total assets of subsidiaries were NTD 4,227 thousand and NTD 4,408 thousand, accounting for 0.03% of total consolidated assets, respectively, and the total liabilities were NTD 2,686 thousand and NTD 1,469 thousand, accounting for 0.04% and 0.02% of total consolidated liabilities, respectively. In 2023 and 2022, the operating revenues were both NTD 0 thousand, accounting for 0% of the net consolidated operating revenue, and the total comprehensive incomes were NTD (1,352) thousand and NTD (1,568) thousand, accounting for (0.53%) and (0.52%) of the total consolidated comprehensive income, respectively. In addition, the investments in these associates under the equity method were NTD 2,022,427 thousand and NTD 1,855,221 thousand as of December 31, 2023 and 2022, accounting for 14.42% and 13.49% of the total consolidated assets, respectively. In 2023 and 2022, the recognized shares of profit/loss from associates and joint ventures under the equity method were NTD 81,291 thousand and NTD 35,467 thousand, accounting for 31.18% and 11.70% of the consolidated pre-tax profit, respectively, while the recognized shares of other comprehensive income from associates and joint ventures under the equity method were NTD 110,960 thousand and NTD (192,634) thousand, accounting for 291.20% and (1,650.70)% of other net consolidated comprehensive income, respectively.

AGV Products Corporation has duly worked out the 2023 and 2022 parent company only financial report for which we have duly worked out a standard type Audit Report with unqualified opinion for reference.

### **Responsibilities of the management and the governance unit for the consolidated financial report**

Management is responsible for preparing the appropriate consolidated financial report in accordance with the Regulations Governing the Preparation of Financial Reports by Securities

Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the consolidated financial report. As a result, it can ensure material misstatement due to fraud or error does not occur in the consolidated financial report.

In preparing the consolidated financial report, management is also responsible for assessing the ability of the AGV Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the AGV Group or cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of AGV Group is responsible for supervising the financial reporting process.

### **Auditors' responsibilities for the audit of the consolidated financial report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance means a high degree of assurance. However, there is no guarantee that any material misstatement contained in the consolidated financial report will be discovered during an audit conducted in accordance with relevant auditing standards. Misstatements might have been caused by fraud or errors. If individual values or an overview of misstatements can be reasonably expected to affect economic decisions made by users of consolidated financial report, they are considered significant.

We rely on our professional judgment and professional skepticism during an audit conducted in accordance with relevant auditing standards. We also perform the following tasks:

- I. Identify and assess the risk of material misstatement of the consolidated financial report due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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.

- II. 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 AGV Group.
- III. Evaluate the adequacy of accounting policies adopted by management and the legitimacy of accounting estimates and related disclosures made.
- IV. 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 of AGV Group to continue as a going concern. In cases where we consider that events or circumstances have significant uncertainty in this regard, then relevant disclosure of the consolidated financial report shall be provided in the auditors' report to allow users of the consolidated financial report to be aware of such events or circumstances, or we shall revise our opinion when such disclosure is considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the AGV Group to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the consolidated financial report (including relevant notes), and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within AGV Group in order to express an opinion on the consolidated financial report. Our responsibilities as auditors are to instruct, supervise and execute audits and form an audit opinion on AGV Group.

Communications made by the CPAs with governance units include the planned scope and timing of inspection as well as significant inspection findings (including significant deficiencies found with internal control during inspection).

We also provide those in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable (including related protection measures).

The independent auditor has used communications with the governing unit as the basis to determine the key audit matters to be performed on the 2023 consolidated financial report of AGV Group. We describe these matters in our auditors' report unless laws or regulations preclude public disclosure about these matters, 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 communications.

Crowe (TW) CPAs  
CPA: Shu-Man Tsai

CPA: Ling-Wen Huang

Approval No.: Jin-Guan-Zheng-  
Shen-Zi No. 10200032833  
March 11, 2024

AGV Products Corporation and its Subsidiaries

Consolidated Balance Sheet  
December 31, 2023 and 2022

(Continued from the previous page)

Code	Assets	Unit: NTD thousand			
		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalent (Note 6(1))	\$ 591,247	4	\$ 616,521	4
1110	Financial assets at fair value through profit and loss – current (Notes 6 (2))	247,264	2	86,994	1
1150	Net notes receivable (Note 6(3))	43,171	-	42,595	-
1160	Net notes receivable – related parties (Note 7)	21,498	-	16,817	-
1170	Net accounts receivable (Note 6(4))	604,451	4	627,535	5
1180	Net accounts receivable – related parties (Note 7)	11,743	-	41,962	-
1200	Other receivables (Note 6(5))	17,839	-	16,681	-
1210	Other accounts receivable – related parties (Note 7)	63,094	-	32,130	-
1220	Income tax assets in the current period	425	-	247	-
130x	Inventories (Note 6(6))	891,424	8	966,278	8
1410	Prepayments (Note 6(7))	103,453	1	108,100	1
1479	Other current assets – others	2,312	-	3,213	-
11xx	<b>Total current assets</b>	<b>2,597,921</b>	<b>19</b>	<b>2,559,073</b>	<b>19</b>
	<b>Non-current assets</b>				
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 6(8))	1,344,104	10	1,396,582	10
1550	Investment under the equity method (Note 6(9))	4,414,855	30	4,218,220	31
1600	Property, plant and equipment (Note 6(10))	2,058,769	15	2,449,187	18
1755	Right-of-use assets (Note 6(11))	172,966	1	174,159	1
1760	Investment property, net (Note 6(12))	3,180,182	23	2,663,489	19
1780	Intangible assets (Note 6(13))	6,222	-	7,727	-
1840	Deferred income tax assets (Note 6(32))	164,372	1	190,890	1
1920	Refundable deposits	18,027	-	48,007	1
1980	Other financial assets – non-current (Note 6(14))	32,748	1	27,838	-
1990	Other non-current assets – others (Note 6(15))	31,544	-	20,017	-
15xx	<b>Total non-current assets</b>	<b>11,423,789</b>	<b>81</b>	<b>11,196,116</b>	<b>81</b>
1xxx	<b>Total assets</b>	<b>\$ 14,021,710</b>	<b>100</b>	<b>\$ 13,755,189</b>	<b>100</b>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 6(16))	\$ 888,612	7	\$ 1,186,202	8
2130	Contract liabilities – current	15,209	-	13,714	-
2150	Notes payable	89,151	1	85,492	1
2160	Notes receivable – the related party (Note 7)	3,830	-	4,916	-
2170	Accounts payable	87,718	1	86,437	1
2180	Accounts payable – related parties (Note 7)	604,052	4	456,546	3
2200	Other payable (Note 6(17))	463,349	3	483,625	4
2230	Current income tax liabilities	11,744	-	10,462	-
2250	Liability reserve – current (Note 6(18))	27,758	-	25,747	-
2280	Lease liabilities – current (Note 6(11))	17,365	-	17,671	-
2310	Advance receipts	588	-	669	-
2320	Long-term liabilities maturing within a year or operating cycle (Note 6(20))	431,729	3	482,828	4
2399	Other current liabilities (Note 6(19))	3,173	-	4,474	-
21xx	<b>Total current liabilities</b>	<b>2,644,278</b>	<b>19</b>	<b>2,858,783</b>	<b>21</b>

Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Non-current liabilities</b>				
2540	Long-term loans (Note 6(20))	3,575,502	26	3,134,172	23
2570	Deferred income tax liabilities (Note 6(32))	142,392	1	142,141	1
2580	Lease liabilities – non-current (Note 6(11))	41,145	-	37,036	-
2620	Long-term notes and accounts payable – related parties (Note 7)	6,141	-	6,142	-
2640	Net defined benefit liabilities – non-current (Note 6(21))	37,328	-	51,554	-
2645	Guarantee deposits	10,433	-	7,889	-
25xx	<b>Total non-current liabilities</b>	<b>3,812,941</b>	<b>27</b>	<b>3,378,934</b>	<b>24</b>
2xxx	<b>Total liabilities</b>	<b>6,457,219</b>	<b>46</b>	<b>6,237,717</b>	<b>45</b>
	<b>Equity</b>				
	<b>Equity attributable to parent company shareholders</b>				
3100	Capital stock (Note 6(22))				
3110	Common share capital	4,945,134	36	4,945,134	35
3200	Capital reserve (Note 6(23))	268,144	2	268,746	2
3300	Retained earnings (Note 6(24))				
3310	Legal reserve	114,720	1	83,884	1
3320	Special reserve	789,030	5	763,705	6
3350	Undistributed earnings	261,834	2	322,695	2
3400	Other equity (Note 6(25))	420,448	3	368,828	3
31xx	<b>Total equity attributable to the parent company</b>	<b>6,799,310</b>	<b>49</b>	<b>6,752,992</b>	<b>49</b>
36xx	<b>Non-controlling equity (Note 6(26))</b>	<b>765,181</b>	<b>5</b>	<b>764,480</b>	<b>6</b>
3xxx	<b>Total equity</b>	<b>7,564,491</b>	<b>54</b>	<b>7,517,472</b>	<b>55</b>
	<b>Total liabilities and equity</b>	<b>\$ 14,021,710</b>	<b>100</b>	<b>\$ 13,755,189</b>	<b>100</b>

(Continued on the next page)

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

**AGV Products Corporation and its Subsidiaries**  
**Consolidated Statement of Comprehensive Income**  
**January 1 to December 31, 2023 and 2022**

Code	Item	2023		2022	
		Amount	%	Amount	%
Unit: NTD thousand					
4000	Operating revenue (Note 6(27))	\$ 4,900,038	100	\$ 4,800,625	100
5000	Operating cost (Note 6(6))	(3,486,325)	(72)	(3,363,675)	(70)
5900	Gross profit (gross loss)	1,413,713	28	1,436,950	30
Operating expense					
6100	Selling expenses	(917,363)	(19)	(899,680)	(18)
6200	Management expenses	(317,411)	(6)	(317,432)	(7)
6300	Research and development expenses	(48,171)	(1)	(48,551)	(1)
6450	Expected credit impairment profits (losses) (Note 6(4))	(1,994)	-	(19)	-
6000	Total operating expenses	(1,284,939)	(26)	(1,265,682)	(26)
6900	Operating profits (losses)	128,774	2	171,268	4
Non-operating income and expenses					
7100	Interest revenue	4,470	-	1,683	-
7010	Other revenue (Note 6(29))	58,234	1	56,933	1
7020	Other profits and losses (Notes 6(30))	14,452	-	84,996	2
7050	Finance costs (Note 6(31))	(132,766)	(3)	(119,325)	(2)
7055	Expected credit impairment profits (losses)	(410)	-	(448)	-
7060	Share of profit or loss of associates and joint ventures under the equity method	187,988	5	108,155	2
7000	Total non-operating income and expense	131,968	3	131,994	3
7900	Net profit (loss) before tax	260,742	5	303,262	7
7950	Income tax benefit (expenses) (Note 6(32))	(43,142)	(1)	(15,469)	-
8200	Current net profit (loss)	217,600	4	287,793	7
Other comprehensive income (Note 6(34))					
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plan	(4,787)	-	22,503	-
8312	Appreciation on revaluation of property	87,587	2	-	-
8316	Unrealized valuation profit/loss on investments in equity instruments measured at fair value through other comprehensive income	(131,897)	(3)	137,925	4
8320	Share of other comprehensive income from associates and joint ventures under the equity method	93,912	2	(221,263)	(5)
8349	Income tax related to items not reclassified	29	-	(4,501)	-
8360	Items that may be subsequently reclassified as profit or loss				
8361	Exchange difference in the financial statement translation of foreign operations	(5,572)	-	70,711	1
8367	Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	2,900	-	6,200	-
8370	Share of other comprehensive income from associates and joint ventures under the equity method	(4,908)	-	4,627	-
8399	Income tax related to items that may be reclassified	840	-	(4,533)	-
8300	Other comprehensive income (net)	38,104	1	11,669	-
8500	Total comprehensive income in the current period	\$ 255,704	5	\$ 299,462	7
8600	Net profit(loss) attributable to:				
8610	Parent company owner (net profit/loss)	\$ 200,936	4	\$ 277,890	7
8620	Non-controlling equity (net profit/loss)	16,664	-	9,903	-
		\$ 217,600	4	\$ 287,793	7
8700	Total comprehensive income attributable to:				
8710	Parent company owner (comprehensive income)	\$ 246,897	5	\$ 287,046	7
8720	Non-controlling equity (comprehensive income)	8,807	-	12,416	-
		\$ 255,704	5	\$ 299,462	7
Earnings per share					
9750	Basic EPS (Note 6(35))	\$ 0.41		\$ 0.56	
9850	Diluted EPS (Note 6(35))	\$ 0.41		\$ 0.56	

**AGV Products Corporation and its Subsidiaries**  
**Consolidated Statement of Changes in Shareholders' Equity**  
**January 1 to December 31, 2023 and 2022**

Unit: NTD thousand

	Equity attributable to parent company shareholders					Other equity items					Total equity attributable to the parent company	Non-controlling equity	Total equity
	Common share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Retained earnings	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	Appreciation on revaluation of property	Total equity attributable to the parent company			
Balance as of January 1, 2022	\$ 4,945,134	\$ 268,647	\$ 64,882	\$ 755,377	\$ 190,023	\$ (103,812)	\$ 501,060	\$ -	\$ -	\$ -	\$ 6,621,311	\$ 776,058	\$ 7,397,369
Appropriation and distribution of earnings:													
Allocated legal reserve	-	-	19,002	-	(19,002)	-	-	-	-	-	-	-	-
Allocated special reserve	-	-	-	8,328	(8,328)	-	-	-	-	-	-	-	-
Cash dividend for common shares	-	-	-	-	(148,354)	-	-	-	-	-	(148,354)	-	(148,354)
Changes of associates and joint ventures under the equity method	-	99	-	-	(7,110)	-	-	-	-	-	(7,011)	-	(7,011)
Net profit (loss) for 2022	-	-	-	-	277,890	-	-	-	-	-	277,890	9,903	287,793
Other comprehensive income for 2022	-	-	-	-	20,279	69,545	(80,668)	-	-	-	9,156	2,513	11,669
Total comprehensive income for 2022	-	-	-	-	298,169	69,545	(80,668)	-	-	-	287,046	12,416	299,462
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	(23,994)	(23,994)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	17,297	-	(17,297)	-	-	-	-	-	-
Balance on December 31, 2022	4,945,134	268,746	83,884	763,705	322,695	(34,267)	403,095	-	-	6,752,992	764,480	7,517,472	
Appropriation and distribution of earnings:													
Allocated legal reserve	-	-	30,836	-	(30,836)	-	-	-	-	-	-	-	-
Allocated special reserve	-	-	-	25,325	(25,325)	-	-	-	-	-	-	-	-
Cash dividend for common shares	-	-	-	-	(197,805)	-	-	-	-	-	(197,805)	-	(197,805)
Changes of associates and joint ventures under the equity method	-	(602)	-	-	(2,172)	-	-	-	-	-	(2,774)	-	(2,774)
Net profit (loss) for 2023	-	-	-	-	200,936	-	-	-	-	-	200,936	16,664	217,600
Other comprehensive income for 2023	-	-	-	-	(5,738)	(9,185)	(25,774)	86,658	-	45,961	(7,857)	38,104	38,104
Total comprehensive income for 2023	-	-	-	-	195,198	(9,185)	(25,774)	86,658	-	246,897	8,807	255,704	255,704
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	(8,106)	(8,106)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	79	-	(79)	-	-	-	-	-	-
Balance on December 31, 2023	\$ 4,945,134	\$ 268,144	\$ 114,720	\$ 789,030	\$ 261,834	\$ (43,452)	\$ 377,242	\$ 86,658	\$ -	\$ 6,799,310	\$ 765,181	\$ 7,564,491	

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

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Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to December 31, 2023 and 2022

(Continued from the previous page)

Item	2023	Unit: NTD thousand 2022
Cash flows from operating activities		
Current net profit (loss) before tax	\$ 260,742	\$ 303,262
Adjustments		
Income, expenses, and losses		
Depreciation expenses	129,048	128,777
Amortization expenses	1,913	2,065
Expected credit impairment losses (profits)	2,404	467
Net loss (profit) from financial assets and liabilities at fair value through profit or loss	(5,736)	5,674
Interest expenses	132,766	119,325
Interest revenue	(4,470)	(1,683)
Dividend revenue	(16,778)	(19,925)
Share of loss (profit) of associates and joint ventures under the equity method	(187,988)	(108,155)
Losses (profits) from disposal and scrap of property, plant and equipment	164	4,265
Amount of property, plant and equipment reclassified as expenses	167	-
Loss (Profit) on disposal of investments	-	(178,362)
Impairment loss of non-financial assets	18,552	21,519
Losses (profits) due to fair value adjustment in investment property	(52,193)	(10,274)
Other items	(13)	(27)
Total income/expense items	17,836	(36,334)
Changes of assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Decrease (Increase) in financial assets measured at fair value through profit/loss on a mandatory basis	(154,532)	(46,824)
Decrease (increase) in notes receivable	(5,263)	1,667
Decrease (increase) in accounts receivable	51,314	(72,056)
Decrease (increase) in other accounts receivable	(2,239)	(16,901)
Decrease (increase) in inventory	74,854	(164,949)
Decrease (increase) in prepayments	4,647	31,394
Decrease (increase) in other current assets	901	450
Total net changes in assets related to operating activities	(30,318)	(267,219)
Net changes in liabilities related to operations		
Increase (decrease) in contract liabilities	1,495	2,025
Increase (decrease) in notes payable	2,573	(10,475)
Increase (decrease) in accounts payable	148,787	11,884
Increase (decrease) in other payables	(24,427)	20,624
Increase (decrease) in liability reserve	2,011	1,059
Increase (decrease) in advance receipts	(81)	1,283
Increase (decrease) in other current liabilities	(1,301)	(631)
Increase (decrease) in net defined benefit liabilities	(19,013)	(9,385)
Total net changes in liabilities related to operating activities	110,044	16,384
Total net changes in assets and liabilities related to operating activities	79,726	(250,835)
Total adjustments	97,562	(287,169)
Cash inflow (outflow) from operations	358,304	16,093
Interest received	4,470	1,668

(Continued on the next page)

Item	2023	2022
Stock dividend received	\$ 84,930	\$ 123,317
Returned (paid) income tax	(14,400)	(12,505)
Net cash inflow (outflow) from operating activities	433,304	128,573
Cash flows from investment activities		
Acquisition of financial assets measured at fair value through other comprehensive income	(76,690)	-
Disposal of financial assets measured at fair value through other comprehensive income	-	5,291
Refunds from decapitalization of financial assets measured at fair value through other comprehensive income	-	58,486
Acquisition of investment under the equity method	(20,800)	(29,350)
Disposal of subsidiaries	-	(41,144)
Acquisition of property, plant and equipment	(124,545)	(62,276)
Disposal of property, plant and equipment	780	1,691
Increase in refundable deposits	-	(48,011)
Decrease in refundable deposits	29,980	-
Acquisition of intangible assets	(414)	(1,459)
Increase in other financial assets	(4,910)	(271)
Increase in other non-current assets	(11,527)	-
Decrease in other non-current assets	-	11,426
Net cash inflow (outflow) from investment activities	(208,126)	(105,617)
Cash flow from financing activities		
Increase in short-term loans	-	285,369
Decrease in short-term loans	(297,590)	-
Proceeds from long-term loans	1,335,000	248,000
Repayment of long-term loans	(946,167)	(414,829)
Increase in guarantee deposits	2,544	4,979
Increase in other payables - related parties	-	3,515
Decrease in other payables - related parties	(5)	-
Lease principle repayment	(18,992)	(18,072)
Distribution of cash dividends	(197,805)	(148,354)
Interest paid	(130,702)	(116,441)
Changes in non-controlling equity	(8,106)	114
Net cash inflow (outflow) from financing activities	(261,823)	(155,719)
Impact of change in exchange rate upon cash & cash equivalents	11,371	61,697
Increase (decrease) in cash and cash equivalents in the current period	(25,274)	(71,066)
Balance of cash and cash equivalents, beginning	616,521	687,587
Balance of cash and cash equivalents, ending	\$ 591,247	\$ 616,521

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang



AGV Products Corporation  
2023 Appropriation of Earnings

Unit: NTD

Summary	Amount
Undistributed earnings at beginning	68,728,128
Actuarial income on defined benefit plan recognized in retained earnings	(5,737,875)
Changes of affiliates and joint ventures under the equity method	(2,171,614)
Disposal of equity instrument measured at fair value through other comprehensive income	79,555
Adjusted undistributed earnings	60,898,194
2023 net profit (loss) after tax	200,936,451
Distributable earnings	261,834,645
Allocated legal reserve	(19,310,652)
Allocated special reserve	(126,930,731)
Distributed shareholder cash dividend at NTD 0.23 per share	(113,738,067)
Undistributed earnings at ending	1,855,195

Chairman:

President:

Accounting Officer: