

TAIWAN COOPERATIVE SECURITIES CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 428,398	2	\$ 361,723	1
Financial assets at fair value through profit or loss - current	2,688,380	9	3,913,458	11
Financial assets at fair value through other comprehensive income - current	11,454,838	40	7,058,101	19
Bond investments under resale agreements	-	-	137,210	-
Margin loans receivable	4,496,543	16	6,916,350	19
Refinancing margin	30,576	-	65,727	-
Refinancing collateral receivable	23,509	-	66,887	-
Receivable of money lending	171,208	1	144,107	-
Security borrowing margin	356,263	1	688,465	2
Notes receivable	1,250	-	240	-
Accounts receivable	7,995,157	28	13,361,241	36
Prepayments	23,574	-	14,389	-
Other receivables	12,784	-	3,761	-
Other current assets	215,220	1	3,568,771	10
Total current assets	27,897,700	98	36,300,430	98
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	37,800	-	84,318	-
Properties and equipment	79,522	-	52,740	-
Right-of-use assets	83,076	-	123,539	1
Intangible assets	64,069	-	57,493	-
Deferred tax assets	8,293	-	6,769	-
Other non-current assets	412,549	2	419,455	1
Total non-current assets	685,309	2	744,314	2
TOTAL	\$ 28,583,009	100	\$ 37,044,744	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 307,250	1	\$ 27,655	-
Commercial paper payable	1,789,148	6	5,618,775	15
Financial liabilities at fair value through profit or loss - current	703,462	3	654,756	2
Liabilities for bonds with attached repurchase agreements	10,553,908	37	5,993,741	16
Securities financing refundable deposits	960,993	3	512,447	1
Deposits payable for securities financing	867,744	3	574,968	2
Accounts payable	7,259,526	25	13,346,893	36
Advance receipts	-	-	6,360	-
Receipts under custody	191,365	1	3,488,707	10
Other payables	216,413	1	320,518	1
Current tax liabilities	31,476	-	74,953	-
Lease liabilities - current	44,525	-	45,731	-
Other current liabilities	-	-	200	-
Total current liabilities	22,925,810	80	30,665,704	83
NON-CURRENT LIABILITIES				
Lease liabilities - non-current	40,635	-	80,095	-
Deferred tax liabilities	7,157	-	-	-
Other non-current liabilities	8,560	-	5,139	-
Total non-current liabilities	56,352	-	85,234	-
Total liabilities	22,982,162	80	30,750,938	83
EQUITY				
Capital stock				
Common stock	5,206,131	18	5,000,000	13
Capital surplus	294,440	1	294,440	1
Retained earnings				
Legal reserve	236,554	1	162,590	-
Special reserve	456,036	1	202,625	1
Unappropriated retained earnings	176,827	1	739,637	2
Total retained earnings	869,417	3	1,104,852	3
Other equity	(769,141)	(2)	(105,486)	-
Total equity	5,600,847	20	6,293,806	17
TOTAL	\$ 28,583,009	100	\$ 37,044,744	100

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
REVENUES				
Brokerage handling fee revenue	\$ 839,585	48	\$ 1,344,121	60
Revenue from underwriting business	73,891	4	71,979	3
Gains on sale of operating securities, net	39,789	2	637,964	28
Interest revenue	388,985	22	309,003	14
Dividend revenue	119,752	7	102,442	4
Valuation losses on operating securities at fair value through profit or loss, net	(160,256)	(9)	(49,345)	(2)
Gains on covering of borrowed securities and bonds with resale agreements - short sales, net	302,345	17	123,755	5
Valuation gains on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	31,282	2	14,825	1
Realized losses on investment in debt instruments at fair value through other comprehensive income	(47,129)	(3)	(84,472)	(4)
Future commission revenue	25,514	2	19,167	1
Gains (losses) from derivatives - futures, net	53,615	3	(223,978)	(10)
Gains from derivatives - OTC, net	18,001	1	15,295	1
Expected credit impairment (losses) and gains on reversal	10,557	1	(9,473)	-
Other operating income	<u>42,841</u>	<u>3</u>	<u>(20,439)</u>	<u>(1)</u>
Total revenues	<u>1,738,772</u>	<u>100</u>	<u>2,250,844</u>	<u>100</u>
EXPENDITURE AND EXPENSES				
Brokerage handling fee expenses	72,842	4	114,323	5
Proprietary handling fee expenses	5,930	-	6,936	-
Refinancing processing fee expenses	1,061	-	941	-
Underwriting operation processing fee expenses	448	-	403	-
Finance costs	166,048	10	34,287	1
Losses from securities borrowing transactions	113,987	7	107,188	5
Expenses of clearing and settlement	372	-	242	-
Other operating expenditure	41,011	2	37,685	2
Employee benefits expenses	514,105	30	643,409	28
Depreciation and amortization expenses	82,728	5	81,538	4
Other operating expenses	<u>349,820</u>	<u>20</u>	<u>397,296</u>	<u>18</u>
Total expenditure and expenses	<u>1,348,352</u>	<u>78</u>	<u>1,424,248</u>	<u>63</u>
OPERATING INCOME	<u>390,420</u>	<u>22</u>	<u>826,596</u>	<u>37</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	(8,959)	-	24,134	1

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TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 381,461	22	\$ 850,730	38
INCOME TAX EXPENSES	<u>(94,898)</u>	<u>(6)</u>	<u>(109,073)</u>	<u>(5)</u>
NET INCOME	<u>286,563</u>	<u>16</u>	<u>741,657</u>	<u>33</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Unrealized losses on investments in equity instruments at fair value through other comprehensive income	<u>(118,241)</u>	<u>(7)</u>	<u>(65,109)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(23,272)	(1)	4,179	-
Unrealized losses on investments in debt instruments at fair value through other comprehensive income	(636,532)	(36)	(64,810)	(3)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>4,654</u>	<u>-</u>	<u>(836)</u>	<u>-</u>
	<u>(655,150)</u>	<u>(37)</u>	<u>(61,467)</u>	<u>(3)</u>
Other comprehensive income for the year, net of income tax	<u>(773,391)</u>	<u>(44)</u>	<u>(126,576)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ (486,828)</u>	<u>(28)</u>	<u>\$ 615,081</u>	<u>27</u>
EARNINGS PER SHARE				
Basic	<u>\$0.55</u>		<u>\$1.42</u>	

(Concluded)

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in Thousands of New Taiwan Dollars)

	Capital Stock		Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Shares (In Thousands)	Common Stock		Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	472,420	\$ 4,724,200	\$ 294,440	\$ 94,349	\$ 70,562	\$ 682,409	\$ (6,656)	\$ 25,725	\$ 5,885,029
Reversal of special reserve	-	-	-	-	(80)	80	-	-	-
Appropriation of 2020 earnings									
Legal reserve	-	-	-	68,241	-	(68,241)	-	-	-
Special reserve	-	-	-	-	132,143	(132,143)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(206,304)	-	-	(206,304)
Stock dividends of ordinary share	27,580	275,800	-	-	-	(275,800)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(2,021)	-	2,021	-
Net income for the year ended December 31, 2021	-	-	-	-	-	741,657	-	-	741,657
Other comprehensive income (losses) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	3,343	(129,919)	(126,576)
Total comprehensive income (losses) for the year ended December 31, 2021	-	-	-	-	-	741,657	3,343	(129,919)	615,081
BALANCE AT DECEMBER 31, 2021	500,000	5,000,000	294,440	162,590	202,625	739,637	(3,313)	(102,173)	6,293,806
Reversal of special reserve	-	-	-	-	(3)	3	-	-	-
Appropriation of 2021 earnings									
Legal reserve	-	-	-	73,964	-	(73,964)	-	-	-
Special reserve	-	-	-	-	253,414	(253,414)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(206,131)	-	-	(206,131)
Stock dividends of ordinary share	20,613	206,131	-	-	-	(206,131)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(109,736)	-	109,736	-
Net income for the year ended December 31, 2022	-	-	-	-	-	286,563	-	-	286,563
Other comprehensive income (losses) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	(18,618)	(754,773)	(773,391)
Total comprehensive income (losses) for the year ended December 31, 2022	-	-	-	-	-	286,563	(18,618)	(754,773)	(486,828)
BALANCE AT DECEMBER 31, 2022	520,613	\$ 5,206,131	\$ 294,440	\$ 236,554	\$ 456,036	\$ 176,827	\$ (21,931)	\$ (747,210)	\$ 5,600,847

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 381,461	\$ 850,730
Adjustments for:		
Depreciation expense	61,596	60,341
Amortization expense	21,132	21,197
Expected credit impairment losses and gains on reversal	(10,557)	9,473
Losses on financial assets or liabilities at fair value through profit or loss	160,256	49,345
Interest expense	166,048	34,287
Interest income (including financial income)	(394,826)	(313,958)
Dividend income	(119,752)	(102,442)
Losses on disposal of properties and equipment	108	53
Losses on disposal of investments	12,719	1,818
Losses (gains) on non-operating financial instrument at fair value through profit or loss	11,535	(9,490)
Others	(115)	-
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	1,040,568	(799,736)
Decrease (increase) in bond investments under resale agreements	137,210	(137,210)
Decrease (increase) in margin loans receivable	2,419,807	(2,034,725)
Decrease (increase) in refinancing margin	35,151	(14,964)
Decrease (increase) in refinancing collateral receivable	43,378	(20,674)
Increase in receivable of money lending	(27,101)	(99,424)
Decrease (increase) in security borrowing margin	332,202	(5,210)
Decrease in notes receivable	1,090	6,763
Decrease (increase) in accounts receivable	5,378,140	(699,427)
Increase in prepayments	(9,185)	(3,127)
Increase in other receivables	(9,413)	(1,267)
Decrease (increase) in financial assets at fair value through other comprehensive income	(5,108,635)	1,153,402
Decrease (increase) in other current assets	3,353,551	(3,014,387)
Decrease in overdue receivable	9,157	2,487
Increase (decrease) in liabilities for bonds with attached repurchase agreements	4,560,167	(98,283)
Increase in financial liabilities at fair value through profit or loss	48,706	226,045
Increase (decrease) in securities financing refundable deposits	448,546	(71,614)
Increase (decrease) in deposits payable for securities financing	292,776	(76,373)
Decrease in accounts payable	(6,091,537)	(74,260)
Increase (decrease) in advance receipts	(6,360)	5,464
Increase (decrease) in receipts under custody	(3,297,342)	2,993,270
Increase (decrease) in other payables	(104,105)	2,735
Increase (decrease) in other current liabilities	(200)	84
Increase in other operating liabilities	302	192
Cash generated from (used in) operations	<u>3,736,478</u>	<u>(2,158,885)</u>

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TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Interest received	\$ 384,833	\$ 286,810
Dividends received	119,177	102,440
Interest paid	(161,505)	(32,559)
Income tax paid	<u>(128,088)</u>	<u>(68,475)</u>
Net cash flows generated from (used in) operating activities	<u>3,950,895</u>	<u>(1,870,669)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(39,459)	(18,830)
Decrease in operating deposits	10,000	-
Increase in deposits settlement of fund	(17,681)	(45,941)
Decrease in deposits settlement of fund	13,224	33,909
Increase in refundable deposits	(52,831)	(11,717)
Decrease in refundable deposits	51,785	11,717
Acquisition of intangible assets	(16,584)	(15,788)
Increase in prepayments for equipment	<u>(11,389)</u>	<u>(12,462)</u>
Net cash flows used in investing activities	<u>(62,935)</u>	<u>(59,112)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	27,380,996	22,539,756
Decrease in short-term loans	(27,101,401)	(22,873,861)
Increase in commercial papers payable	44,180,000	59,210,000
Decrease in commercial papers payable	(48,010,000)	(56,570,000)
Increase in guarantee deposits received	73,815	6,037
Decrease in guarantee deposits received	(70,696)	(5,946)
Repayment of the principal portion of lease liabilities	(43,790)	(43,938)
Cash dividends paid	<u>(206,131)</u>	<u>(206,304)</u>
Net cash flows generated from (used in) financing activities	<u>(3,797,207)</u>	<u>2,055,744</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(24,078)</u>	<u>4,256</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,675	130,219
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>361,723</u>	<u>231,504</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 428,398</u>	<u>\$ 361,723</u>

(Concluded)