

TAIWAN COOPERATIVE SECURITIES CO., LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 920,059	2	\$ 361,723	1	\$ 302,791	1
Financial assets at fair value through profit or loss - current	3,243,833	8	3,913,458	11	4,682,292	11
Financial assets at fair value through other comprehensive income - current	12,339,935	32	7,058,101	19	4,855,842	11
Bond investments under resale agreements	-	-	137,210	-	56,630	-
Margin loans receivable	5,401,202	14	6,916,350	19	6,228,679	14
Refinancing margin	7,571	-	65,727	-	22,707	-
Refinancing collateral receivable	7,899	-	66,887	-	18,710	-
Receivable of money lending	158,778	-	144,107	-	84,023	-
Security borrowing margin	1,435,582	4	688,465	2	875,745	2
Notes receivable	2,750	-	240	-	17,300	-
Accounts receivable	13,883,298	36	13,361,241	36	24,735,738	57
Prepayments	11,022	-	14,389	-	106,190	-
Other receivables	15,580	-	3,761	-	6,232	-
Other current assets	614,718	2	3,568,771	10	667,135	2
Total current assets	38,042,227	98	36,300,430	98	42,660,014	98
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current	32,995	-	84,318	-	102,997	-
Properties and equipment	57,582	-	52,740	-	52,182	-
Right-of-use assets	103,775	1	123,539	1	143,847	1
Intangible assets	52,927	-	57,493	-	49,755	-
Deferred tax assets	9,859	-	6,769	-	9,170	-
Other non-current assets	422,268	1	419,455	1	432,422	1
Total non-current assets	679,406	2	744,314	2	790,373	2
TOTAL	\$ 38,721,633	100	\$ 37,044,744	100	\$ 43,450,387	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 86,231	-	\$ 27,655	-	\$ 133,896	1
Commercial paper payable	5,587,746	14	5,618,775	15	5,748,385	13
Financial liabilities at fair value through profit or loss - current	988,344	3	654,756	2	589,810	2
Liabilities for bonds with attached repurchase agreements	11,034,009	29	5,993,741	16	4,028,050	9
Securities financing refundable deposits	373,181	1	512,447	1	481,235	1
Deposits payable for securities financing	405,482	1	574,968	2	547,886	1
Accounts payable	13,629,351	35	13,346,893	36	25,267,672	58
Advance receipts	1,340	-	6,360	-	9,462	-
Receipts under custody	520,357	1	3,488,707	10	61,968	-
Other payables	239,396	1	320,518	1	359,970	1
Current tax liabilities	42,303	-	74,953	-	60,128	-
Lease liabilities - current	46,511	-	45,731	-	45,265	-
Other current liabilities	-	-	200	-	9	-
Total current liabilities	32,954,251	85	30,665,704	83	37,333,736	86
NON-CURRENT LIABILITIES						
Lease liabilities - non-current	59,615	-	80,095	-	100,630	-
Deferred tax liabilities	6,426	-	-	-	185	-
Other non-current liabilities	5,749	-	5,139	-	4,713	-
Total non-current liabilities	71,790	-	85,234	-	105,528	-
Total liabilities	33,026,041	85	30,750,938	83	37,439,264	86
EQUITY						
Capital stock						
Common stock	5,000,000	13	5,000,000	13	4,724,200	11
Stock dividend to be distributed	206,131	1	-	-	275,800	-
Total capital stock	5,206,131	14	5,000,000	13	5,000,000	11
Capital surplus	294,440	1	294,440	1	294,440	1
Retained earnings						
Legal reserve	236,554	1	162,590	-	162,590	-
Special reserve	456,036	1	202,625	1	202,625	1
Unappropriated retained earnings	105,406	-	739,637	2	367,210	1
Total retained earnings	797,996	2	1,104,852	3	732,425	2
Other equity	(602,975)	(2)	(105,486)	-	(15,742)	-
Total equity	5,695,592	15	6,293,806	17	6,011,123	14
TOTAL	\$ 38,721,633	100	\$ 37,044,744	100	\$ 43,450,387	100

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30			
	2022		2021	
	Amount	%	Amount	%
REVENUE				
Brokerage handling fee revenue	\$ 450,294	52	\$ 674,303	63
Revenues from underwriting business	22,673	3	24,880	2
Gain (loss) on sale of operating securities, net	(9,123)	(1)	457,410	43
Interest revenue	196,907	23	144,674	14
Dividend revenue	61,305	7	11,601	1
Valuation gain (loss) on operating securities at fair value through profit or loss, net	(171,141)	(20)	24,365	2
Gain on covering of borrowed securities and bonds with resale agreements - short sales, net	123,440	14	6,567	1
Valuation gain on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	116,867	13	11,144	1
Realized losses on investment in debt instruments at fair value through other comprehensive income	(31,801)	(4)	(87,350)	(8)
Future commission revenue	12,389	1	10,335	1
Gain (loss) from derivatives - futures, net	49,369	6	(217,774)	(20)
Gain from derivatives - OTC, net	17,251	2	16,271	2
Reversal of expected credit losses	4,210	1	3,283	-
Other operating income	<u>27,654</u>	<u>3</u>	<u>(16,737)</u>	<u>(2)</u>
Total revenue	<u>870,294</u>	<u>100</u>	<u>1,062,972</u>	<u>100</u>
COSTS AND EXPENSES				
Brokerage handling fee expenses	38,845	4	56,547	5
Proprietary handling fee expenses	3,126	-	3,632	-
Refinancing processing fee expenses	421	-	378	-
Underwriting operation processing fee expenses	135	-	183	-
Finance costs	43,198	5	16,257	2
Loss from securities borrowing transactions	56,189	6	18,626	2
Expenses of clearing and settlement	176	-	149	-
Other operating expenditure	21,670	3	18,576	2
Employee benefits expenses	271,976	31	322,315	30
Depreciation and amortization expenses	40,003	5	41,253	4
Other operating expenses	<u>178,328</u>	<u>21</u>	<u>184,459</u>	<u>17</u>
Total costs and expenses	<u>654,067</u>	<u>75</u>	<u>662,375</u>	<u>62</u>
OPERATING INCOME	216,227	25	400,597	38
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	<u>(17,017)</u>	<u>(2)</u>	<u>9,478</u>	<u>1</u>

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TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Six Months Ended June 30			
	2022		2021	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 199,210	23	\$ 410,075	39
INCOME TAX EXPENSE	<u>(50,978)</u>	<u>(6)</u>	<u>(59,239)</u>	<u>(6)</u>
NET INCOME	<u>148,232</u>	<u>17</u>	<u>350,836</u>	<u>33</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	<u>(95,361)</u>	<u>(11)</u>	<u>11,274</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(14,820)	(2)	3,890	-
Unrealized losses on investments in debt instruments at fair value through other comprehensive income	(433,098)	(50)	(32,824)	(3)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>2,964</u>	<u>1</u>	<u>(778)</u>	<u>-</u>
	<u>(444,954)</u>	<u>(51)</u>	<u>(29,712)</u>	<u>(3)</u>
Other comprehensive income, net of income tax	<u>(540,315)</u>	<u>(62)</u>	<u>(18,438)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ (392,083)</u>	<u>(45)</u>	<u>\$ 332,398</u>	<u>31</u>
EARNINGS PER SHARE				
Basic	<u>\$0.28</u>		<u>\$0.67</u>	

TAIWAN COOPERATIVE SECURITIES CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock			Capital Surplus	Retained Earnings			Other Equity		Total Equity
	Shares (In Thousands)	Common Stock	Stock Dividend to Be Distributed		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	-	-	275,800	-	-	-	(275,800)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	16,373	-	(16,373)	-
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	350,836	-	-	350,836
Other comprehensive income (losses) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	3,112	(21,550)	(18,438)
Total comprehensive income (losses) for the six months ended June 30, 2021	-	-	-	-	-	-	350,836	3,112	(21,550)	332,398
BALANCE AT JUNE 30, 2021	<u>472,420</u>	<u>\$ 4,724,200</u>	<u>\$ 275,800</u>	<u>\$ 294,440</u>	<u>\$ 162,590</u>	<u>\$ 202,625</u>	<u>\$ 367,210</u>	<u>\$ (3,544)</u>	<u>\$ (12,198)</u>	<u>\$ 6,011,123</u>
BALANCE AT JANUARY 1, 2022	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	-	-	206,131	-	-	-	(206,131)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	(42,826)	-	42,826	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	148,232	-	-	148,232
Other comprehensive income (losses) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	(11,856)	(528,459)	(540,315)
Total comprehensive income (losses) for the six months ended June 30, 2022	-	-	-	-	-	-	148,232	(11,856)	(528,459)	(392,083)
BALANCE AT JUNE 30, 2022	<u>500,000</u>	<u>\$ 5,000,000</u>	<u>\$ 206,131</u>	<u>\$ 294,440</u>	<u>\$ 236,554</u>	<u>\$ 456,036</u>	<u>\$ 105,406</u>	<u>\$ (15,169)</u>	<u>\$ (587,806)</u>	<u>\$ 5,695,592</u>

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 199,210	\$ 410,075
Adjustments to reconcile profit (loss)		
Depreciation expense	29,466	30,640
Amortization expense	10,537	10,613
Expected credit gain	(4,210)	(3,283)
Losses (gains) on financial assets or liabilities at fair value through profit or loss	171,141	(24,365)
Interest expense	43,198	16,257
Interest income (including financial income)	(198,587)	(147,250)
Dividend income	(61,305)	(11,601)
Losses on disposal of properties and equipment	13	27
Losses on disposal of investments	8,154	258
Losses (gains) on non-operating financial instrument at fair value through profit or loss	14,327	(2,514)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	476,003	(1,500,276)
Decrease (increase) in bond investments under resale agreements	137,210	(56,630)
Decrease (increase) in margin loans receivable	1,515,148	(1,347,054)
Decrease in refinancing margin	58,156	28,056
Decrease in refinancing collateral receivable	58,988	27,503
Increase in receivable of money lending	(14,671)	(39,340)
Increase in security borrowing margin	(747,117)	(192,490)
Decrease (increase) in notes receivable	(410)	3,003
Increase in accounts receivable	(479,573)	(12,112,153)
Decrease (increase) in prepayments	3,367	(94,928)
Decrease (increase) in other receivables	(11,598)	1,197
Decrease (increase) in financial assets at fair value through other comprehensive income	(5,767,244)	3,452,876
Decrease (increase) in other current assets	2,954,053	(112,751)
Decrease in overdue receivable	3,120	1,539
Increase (decrease) in liabilities for bonds with attached repurchase agreements	5,040,268	(2,063,974)
Increase in financial liabilities at fair value through profit or loss	333,588	161,099
Decrease in securities financing refundable deposits	(139,266)	(102,826)
Decrease in deposits payable for securities financing	(169,486)	(103,455)
Increase in accounts payable	281,818	11,847,053
Increase (decrease) in advance receipts	(5,020)	8,566
Decrease in receipts under custody	(2,968,350)	(433,469)
Increase (decrease) in other payables	(81,122)	42,187

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TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2022	2021
Decrease in other current liabilities	\$ (200)	\$ (107)
Increase in other operating liabilities	154	58
Cash generated from (used in) operations	689,760	(2,307,459)
Interest received	192,002	149,542
Dividends received	29,047	4,533
Interest paid	(43,587)	(16,653)
Income tax paid	(77,328)	(35,624)
Net cash flows generated from (used in) operating activities	<u>789,894</u>	<u>(2,205,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(9,813)	(10,460)
Decrease in operation guarantee	10,000	-
Increase in deposits settlement fund	(15,327)	(37,910)
Decrease in deposits settlement fund	10,870	14,691
Increase in refundable deposits	(4,786)	(11,687)
Decrease in refundable deposits	-	11,687
Acquisition of intangible assets	(4,459)	(4,288)
Increase in prepayments for equipment	(4,624)	(2,723)
Net cash flows used in investing activities	<u>(18,139)</u>	<u>(40,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	14,634,466	13,655,173
Decrease in short-term loans	(14,575,890)	(13,883,037)
Increase in commercial papers payable	30,790,000	30,610,000
Decrease in commercial papers payable	(30,820,000)	(27,840,000)
Increase in guarantee deposits received	7,895	2,685
Decrease in guarantee deposits received	(7,439)	(2,886)
Repayment of the principal portion of lease liabilities	(21,108)	(21,941)
Cash dividends paid	(206,131)	(206,304)
Net cash flows (used in) generated from financing activities	<u>(198,207)</u>	<u>2,313,690</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(15,212)</u>	<u>3,948</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	558,336	71,287
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>361,723</u>	<u>231,504</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 920,059</u>	<u>\$ 302,791</u>