

TAIWAN COOPERATIVE SECURITIES CO., LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 846,669	3	\$ 428,398	2	\$ 920,059	2
Financial assets at fair value through profit or loss - current	4,000,517	11	2,688,380	9	3,243,833	8
Financial assets at fair value through other comprehensive income - current	11,702,346	33	11,454,838	40	12,339,935	32
Margin loans receivable	4,817,267	14	4,496,543	16	5,401,202	14
Refinancing margin	13,952	-	30,576	-	7,571	-
Refinancing collateral receivable	11,616	-	23,509	-	7,899	-
Receivable of money lending	166,406	1	171,208	1	158,778	-
Security borrowing margin	836,940	2	356,263	1	1,435,582	4
Notes receivable	-	-	1,250	-	2,750	-
Accounts receivable	12,061,298	34	7,995,157	28	13,883,298	36
Prepayments	7,492	-	23,574	-	11,022	-
Other receivables	22,906	-	12,784	-	15,580	-
Other current assets	89,346	-	215,220	1	614,718	2
Total current assets	<u>34,576,755</u>	<u>98</u>	<u>27,897,700</u>	<u>98</u>	<u>38,042,227</u>	<u>98</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current	40,221	-	37,800	-	32,995	-
Properties and equipment	73,535	1	79,522	-	57,582	-
Right-of-use assets	65,661	-	83,076	-	103,775	1
Intangible assets	64,333	-	64,069	-	52,927	-
Deferred tax assets	11,530	-	8,293	-	9,859	-
Other non-current assets	421,147	1	412,549	2	422,268	1
Total non-current assets	<u>676,427</u>	<u>2</u>	<u>685,309</u>	<u>2</u>	<u>679,406</u>	<u>2</u>
TOTAL	<u>\$ 35,253,182</u>	<u>100</u>	<u>\$ 28,583,009</u>	<u>100</u>	<u>\$ 38,721,633</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 711,400	2	\$ 307,250	1	\$ 86,231	-
Commercial paper payable	4,576,965	13	1,789,148	6	5,587,746	14
Financial liabilities at fair value through profit or loss - current	679,632	2	703,462	3	988,344	3
Liabilities for bonds with attached repurchase agreements	10,443,929	30	10,553,908	37	11,034,009	29
Securities financing refundable deposits	343,857	1	960,993	3	373,181	1
Deposits payable for securities financing	414,138	1	867,744	3	405,482	1
Accounts payable	11,818,580	33	7,259,526	25	13,629,351	35
Advance receipts	384	-	-	-	1,340	-
Receipts under custody	21,923	-	191,365	1	520,357	1
Other payables	259,518	1	216,413	1	239,396	1
Current tax liabilities	29,710	-	31,476	-	42,303	-
Lease liabilities - current	37,003	-	44,525	-	46,511	-
Total current liabilities	<u>29,337,039</u>	<u>83</u>	<u>22,925,810</u>	<u>80</u>	<u>32,954,251</u>	<u>85</u>
NON-CURRENT LIABILITIES						
Lease liabilities - non-current	30,419	-	40,635	-	59,615	-
Deferred tax liabilities	1,621	-	7,157	-	6,426	-
Other non-current liabilities	6,945	-	8,560	-	5,749	-
Total non-current liabilities	<u>38,985</u>	<u>-</u>	<u>56,352</u>	<u>-</u>	<u>71,790</u>	<u>-</u>
Total liabilities	<u>29,376,024</u>	<u>83</u>	<u>22,982,162</u>	<u>80</u>	<u>33,026,041</u>	<u>85</u>
EQUITY						
Capital stock						
Common stock	5,206,131	15	5,206,131	18	5,000,000	13
Stock dividend to be distributed	-	-	-	-	206,131	1
Total capital stock	<u>5,206,131</u>	<u>15</u>	<u>5,206,131</u>	<u>18</u>	<u>5,206,131</u>	<u>14</u>
Capital surplus	294,440	1	294,440	1	294,440	1
Retained earnings						
Legal reserve	254,237	1	236,554	1	236,554	1
Special reserve	615,180	2	456,036	1	456,036	1
Unappropriated retained earnings	131,541	-	176,827	1	105,406	-
Total retained earnings	<u>1,000,958</u>	<u>3</u>	<u>869,417</u>	<u>3</u>	<u>797,996</u>	<u>2</u>
Other equity	(624,371)	(2)	(769,141)	(2)	(602,975)	(2)
Total equity	<u>5,877,158</u>	<u>17</u>	<u>5,600,847</u>	<u>20</u>	<u>5,695,592</u>	<u>15</u>
TOTAL	<u>\$ 35,253,182</u>	<u>100</u>	<u>\$ 28,583,009</u>	<u>100</u>	<u>\$ 38,721,633</u>	<u>100</u>

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			
	2023		2022	
	Amount	%	Amount	%
REVENUE				
Brokerage handling fee revenue	\$ 406,555	46	\$ 450,294	52
Revenues from underwriting business	11,202	1	22,673	3
Gains (losses) on sale of operating securities, net	220,308	25	(9,123)	(1)
Interest revenue	181,597	20	196,907	23
Dividend revenue	66,804	8	61,305	7
Valuation gains (losses) on operating securities at fair value through profit or loss, net	101,519	11	(171,141)	(20)
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	(32,575)	(4)	123,440	14
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(3,868)	-	116,867	13
Realized gains (losses) on investment in debt instruments at fair value through other comprehensive income	7,100	1	(31,801)	(4)
Future commission revenue	7,670	1	12,389	1
Gains (losses) from derivatives - futures, net	(64,840)	(7)	49,369	6
Gains (losses) from derivatives - OTC, net	(26,495)	(3)	17,251	2
Expected credit impairment (losses) and gains on reversal	402	-	4,210	1
Other operating income	<u>8,524</u>	<u>1</u>	<u>27,654</u>	<u>3</u>
Total revenue	<u>883,903</u>	<u>100</u>	<u>870,294</u>	<u>100</u>
COSTS AND EXPENSES				
Brokerage handling fee expenses	34,487	4	38,845	4
Proprietary handling fee expenses	3,292	-	3,126	-
Refinancing processing fee expenses	475	-	421	-
Underwriting operation processing fee expenses	65	-	135	-
Finance costs	182,132	20	43,198	5
Losses from securities borrowing transactions	46,478	5	56,189	6
Expenses of clearing and settlement	102	-	176	-
Other operating expenditure	24,981	3	21,670	3
Employee benefits expenses	254,052	29	271,976	31
Depreciation and amortization expenses	45,348	5	40,003	5
Other operating expenses	<u>155,760</u>	<u>18</u>	<u>178,328</u>	<u>21</u>
Total costs and expenses	<u>747,172</u>	<u>84</u>	<u>654,067</u>	<u>75</u>
OPERATING INCOME	136,731	16	216,227	25
NON-OPERATING INCOME AND EXPENSES				

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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			
	2023		2022	
	Amount	%	Amount	%
Other gains and losses	\$ 21,110	2	\$ (17,017)	(2)
INCOME BEFORE INCOME TAX	157,841	18	199,210	23
INCOME TAX EXPENSE	(24,319)	(3)	(50,978)	(6)
NET INCOME	133,522	15	148,232	17
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	40,537	5	(95,361)	(11)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(8,538)	(1)	(14,820)	(2)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	109,082	12	(433,098)	(50)
Income tax related to items that may be reclassified subsequently to profit or loss	1,708	-	2,964	1
	102,252	11	(444,954)	(51)
Other comprehensive income, net of income tax	142,789	16	(540,315)	(62)
TOTAL COMPREHENSIVE INCOME	\$ 276,311	31	\$ (392,083)	(45)
EARNINGS PER SHARE				
Basic	\$0.26		\$0.28	

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, 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>
BALANCE AT JANUARY 1, 2023	520,613	\$ 5,206,131	\$ -	\$ 294,440	\$ 236,554	\$ 456,036	\$ 176,827	\$ (21,931)	\$ (747,210)	\$ 5,600,847
Appropriation of 2022 earnings										
Legal reserve	-	-	-	-	17,683	-	(17,683)	-	-	-
Special reserve	-	-	-	-	-	159,144	(159,144)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	(1,981)	-	1,981	-
Net income for the six months ended June 30, 2023	-	-	-	-	-	-	133,522	-	-	133,522
Other comprehensive income (losses) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	(6,830)	149,619	142,789
Total comprehensive income (losses) for the six months ended June 30, 2023	-	-	-	-	-	-	133,522	(6,830)	149,619	276,311
BALANCE AT JUNE 30, 2023	<u>520,613</u>	<u>\$ 5,206,131</u>	<u>\$ -</u>	<u>\$ 294,440</u>	<u>\$ 254,237</u>	<u>\$ 615,180</u>	<u>\$ 131,541</u>	<u>\$ (28,761)</u>	<u>\$ (595,610)</u>	<u>\$ 5,877,158</u>

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended	
	June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 157,841	\$ 199,210
Adjustments to reconcile profit (loss)		
Depreciation expense	34,189	29,466
Amortization expense	11,159	10,537
Expected credit impairment gains on reversal	(402)	(4,210)
Losses (gains) on financial assets or liabilities at fair value through profit or loss	(101,519)	171,141
Interest expense	182,132	43,198
Interest income (including financial income)	(186,447)	(198,587)
Dividend income	(66,804)	(61,305)
Losses on disposal of properties and equipment	166	13
Losses (gains) on disposal of investments	(452)	8,154
Losses (gains) on non-operating financial instrument at fair value through profit or loss	(3,207)	14,327
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss	(1,206,959)	476,003
Decrease in bond investments under resale agreements	-	137,210
Decrease (increase) in margin loans receivable	(320,724)	1,515,148
Decrease in refinancing margin	16,624	58,156
Decrease in refinancing collateral receivable	11,893	58,988
Decrease (increase) in receivable of money lending	4,802	(14,671)
Increase in security borrowing margin	(480,677)	(747,117)
Decrease (increase) in notes receivable	1,250	(410)
Increase in accounts receivable	(4,035,963)	(479,573)
Decrease in prepayments	16,082	3,367
Increase in other receivables	(9,390)	(11,598)
Increase in financial assets at fair value through other comprehensive income	(98,380)	(5,767,244)
Decrease in other current assets	125,874	2,954,053
Decrease in overdue receivable	-	3,120
Increase (decrease) in liabilities for bonds with attached repurchase agreements	(109,979)	5,040,268
Increase (decrease) in financial liabilities at fair value through profit or loss	(23,830)	333,588
Decrease in securities financing refundable deposits	(617,136)	(139,266)
Decrease in deposits payable for securities financing	(453,606)	(169,486)
Increase in accounts payable	4,559,699	281,818
Increase (decrease) in advance receipts	384	(5,020)
Decrease in receipts under custody	(169,442)	(2,968,350)
Increase (decrease) in other payables	43,105	(81,122)

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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	
	2023	2022
Decrease in other current liabilities	\$ -	\$ (200)
Increase in other operating liabilities	144	154
Cash generated from (used in) operations	<u>(2,719,573)</u>	<u>689,760</u>
Interest received	202,340	192,002
Dividends received	17,353	29,047
Interest paid	(184,960)	(43,587)
Income tax paid	<u>(33,150)</u>	<u>(77,328)</u>
Net cash flows generated from (used in) operating activities	<u>(2,717,990)</u>	<u>789,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(5,764)	(9,813)
Decrease in operation guarantee	-	10,000
Increase in deposits settlement fund	(1,366)	(15,327)
Decrease in deposits settlement fund	1,744	10,870
Increase in refundable deposits	(44,534)	(4,786)
Decrease in refundable deposits	41,371	-
Acquisition of intangible assets	(7,300)	(4,459)
Increase in prepayments for equipment	<u>(8,328)</u>	<u>(4,624)</u>
Net cash flows used in investing activities	<u>(24,177)</u>	<u>(18,139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	11,851,434	14,634,466
Decrease in short-term loans	(11,447,284)	(14,575,890)
Increase in commercial papers payable	17,960,000	30,790,000
Decrease in commercial papers payable	(15,170,000)	(30,820,000)
Increase in guarantee deposits received	25,992	7,895
Decrease in guarantee deposits received	(27,751)	(7,439)
Repayment of the principal portion of lease liabilities	(22,930)	(21,108)
Cash dividends paid	<u>-</u>	<u>(206,131)</u>
Net cash flows generated from (used in) financing activities	<u>3,169,461</u>	<u>(198,207)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(9,023)</u>	<u>(15,212)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	418,271	558,336
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>428,398</u>	<u>361,723</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 846,669</u>	<u>\$ 920,059</u>