

TAIWAN COOPERATIVE SECURITIES CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

| ASSETS | 2021 | | 2020 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 361,723 | 1 | \$ 231,504 | 1 |
| Financial assets at fair value through profit or loss - current | 3,913,458 | 11 | 3,155,395 | 10 |
| Financial assets at fair value through other comprehensive income - current | 7,058,101 | 19 | 8,391,372 | 27 |
| Bond investments under resale agreements | 137,210 | - | - | - |
| Margin loans receivable | 6,916,350 | 19 | 4,881,870 | 16 |
| Refinancing margin | 65,727 | - | 50,763 | - |
| Refinancing collateral receivable | 66,887 | - | 46,213 | - |
| Receivable of money lending | 144,107 | - | 44,683 | - |
| Security borrowing margin | 688,465 | 2 | 683,255 | 2 |
| Notes receivable | 240 | - | 20,300 | - |
| Accounts receivable | 13,361,241 | 36 | 12,610,134 | 40 |
| Prepayments | 14,389 | - | 11,262 | - |
| Other receivables | 3,761 | - | 3,600 | - |
| Other current assets | 3,568,771 | 10 | 554,384 | 2 |
| Total current assets | 36,300,430 | 98 | 30,684,735 | 98 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current | 84,318 | - | 48,952 | - |
| Properties and equipment | 52,740 | - | 51,371 | - |
| Right-of-use assets | 123,539 | 1 | 164,859 | 1 |
| Intangible assets | 57,493 | - | 51,716 | - |
| Deferred tax assets | 6,769 | - | 14,837 | - |
| Other non-current assets | 419,455 | 1 | 414,367 | 1 |
| Total non-current assets | 744,314 | 2 | 746,102 | 2 |
| TOTAL | \$ 37,044,744 | 100 | \$ 31,430,837 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings | \$ 27,655 | - | \$ 361,760 | 1 |
| Commercial paper payable | 5,618,775 | 15 | 2,979,725 | 10 |
| Financial liabilities at fair value through profit or loss - current | 654,756 | 2 | 428,711 | 1 |
| Liabilities for bonds with attached repurchase agreements | 5,993,741 | 16 | 6,092,024 | 19 |
| Securities financing refundable deposits | 512,447 | 1 | 584,061 | 2 |
| Deposits payable for securities financing | 574,968 | 2 | 651,341 | 2 |
| Accounts payable | 13,346,893 | 36 | 13,421,082 | 43 |
| Advance receipts | 6,360 | - | 896 | - |
| Receipts under custody | 3,488,707 | 10 | 495,437 | 2 |
| Other payables | 320,518 | 1 | 317,783 | 1 |
| Current tax liabilities | 74,953 | - | 41,403 | - |
| Lease liabilities - current | 45,731 | - | 44,971 | - |
| Other current liabilities | 200 | - | 116 | - |
| Total current liabilities | 30,665,704 | 83 | 25,419,310 | 81 |
| NON-CURRENT LIABILITIES | | | | |
| Lease liabilities - non-current | 80,095 | - | 121,458 | - |
| Deferred tax liabilities | - | - | 184 | - |
| Other non-current liabilities | 5,139 | - | 4,856 | - |
| Total non-current liabilities | 85,234 | - | 126,498 | - |
| Total liabilities | 30,750,938 | 83 | 25,545,808 | 81 |
| EQUITY | | | | |
| Capital stock | | | | |
| Common stock | 5,000,000 | 13 | 4,724,200 | 15 |
| Capital surplus | 294,440 | 1 | 294,440 | 1 |
| Retained earnings | | | | |
| Legal reserve | 162,590 | - | 94,349 | 1 |
| Special reserve | 202,625 | 1 | 70,562 | - |
| Unappropriated retained earnings | 739,637 | 2 | 682,409 | 2 |
| Total retained earnings | 1,104,852 | 3 | 847,320 | 3 |
| Other equity | (105,486) | - | 19,069 | - |
| Total equity | 6,293,806 | 17 | 5,885,029 | 19 |
| TOTAL | \$ 37,044,744 | 100 | \$ 31,430,837 | 100 |

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|--|------------------|------------|------------------|------------|
| | Amount | % | Amount | % |
| REVENUE | | | | |
| Brokerage handling fee revenue | \$ 1,344,121 | 60 | \$ 739,681 | 41 |
| Revenues from underwriting business | 71,979 | 3 | 97,426 | 5 |
| Gains on sale of operating securities, net | 637,964 | 28 | 303,711 | 17 |
| Interest revenue | 309,003 | 14 | 288,582 | 16 |
| Dividend revenue | 102,442 | 4 | 104,666 | 6 |
| Valuation gains on operating securities at fair value through profit or loss, net | (49,345) | (2) | 121,613 | 7 |
| Gains on covering of borrowed securities and bonds with resale agreements - short sales, net | 123,755 | 5 | 1,781 | - |
| Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net | 14,825 | 1 | (16,595) | (1) |
| Realized gains (losses) on investment in debt instruments at fair value through other comprehensive income | (84,472) | (4) | 224,449 | 12 |
| Future commission revenue | 19,167 | 1 | 16,096 | 1 |
| Loss from derivatives - futures, net | (223,978) | (10) | (58,067) | (3) |
| Gain (loss) from derivatives - OTC, net | 15,295 | 1 | (17,210) | (1) |
| Expected credit loss | (9,473) | - | (5,035) | - |
| Other operating income | (20,439) | (1) | (3,898) | - |
| Total revenue | 2,250,844 | 100 | 1,797,200 | 100 |
| COSTS AND EXPENSES | | | | |
| Brokerage handling fee expenses | 114,323 | 5 | 61,935 | 4 |
| Proprietary handling fee expenses | 6,936 | - | 5,102 | - |
| Refinancing processing fee expenses | 941 | - | 1,230 | - |
| Underwriting operation processing fee expenses | 403 | - | 258 | - |
| Finance costs | 34,287 | 1 | 75,126 | 4 |
| Loss from securities borrowing transactions | 107,188 | 5 | 18,381 | 1 |
| Expenses of clearing and settlement | 242 | - | 253 | - |
| Other operating expenditure | 37,685 | 2 | 23,135 | 1 |
| Employee benefits expenses | 643,409 | 28 | 529,167 | 29 |
| Depreciation and amortization expenses | 81,538 | 4 | 81,698 | 5 |
| Other operating expenses | 397,296 | 18 | 300,839 | 17 |
| Total costs and expenses | 1,424,248 | 63 | 1,097,124 | 61 |
| OPERATING PROFIT | 826,596 | 37 | 700,076 | 39 |

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TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|---|-------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other gains and losses | \$ 24,134 | 1 | \$ 8,003 | 1 |
| PROFIT BEFORE INCOME TAX | 850,730 | 38 | 708,079 | 40 |
| INCOME TAX EXPENSE | <u>(109,073)</u> | <u>(5)</u> | <u>(47,363)</u> | <u>(3)</u> |
| NET PROFIT FOR THE YEAR | <u>741,657</u> | <u>33</u> | <u>660,716</u> | <u>37</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>(65,109)</u> | <u>(3)</u> | <u>20,537</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 | 4,179 | - | (6,229) | - |
| Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income | (64,810) | (3) | 23,815 | 1 |
| Income tax related to items that may be reclassified subsequently to profit or loss | <u>(836)</u> | <u>-</u> | <u>1,246</u> | <u>-</u> |
| | <u>(61,467)</u> | <u>(3)</u> | <u>18,832</u> | <u>1</u> |
| Other comprehensive income for the year, net of income tax | <u>(126,576)</u> | <u>(6)</u> | <u>39,369</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 615,081</u> | <u>27</u> | <u>\$ 700,085</u> | <u>39</u> |
| EARNINGS PER SHARE | | | | |
| Basic | <u>\$ 1.48</u> | | <u>\$ 1.32</u> | |

(Concluded)

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (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 Gain (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income | |
| BALANCE AT JANUARY 1, 2020 | 472,420 | \$ 4,724,200 | \$ 294,440 | \$ 66,016 | \$ 14,301 | \$ 283,330 | \$ (1,673) | \$ 3,066 | \$ 5,383,680 |
| Reversal of special reserve | - | - | - | - | (405) | 405 | - | - | - |
| Appropriation of 2019 earnings | | | | | | | | | |
| Legal reserve | - | - | - | 28,333 | - | (28,333) | - | - | - |
| Special reserve | - | - | - | - | 56,666 | (56,666) | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | (198,736) | - | - | (198,736) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - | 21,693 | - | (21,693) | - |
| Net profit for the year ended December 31, 2020 | - | - | - | - | - | 660,716 | - | - | 660,716 |
| Other comprehensive income (losses) for the year ended December 31, 2020, net of income tax | - | - | - | - | - | - | (4,983) | 44,352 | 39,369 |
| Total comprehensive income (losses) for the year ended December 31, 2020 | - | - | - | - | - | 660,716 | (4,983) | 44,352 | 700,085 |
| BALANCE AT DECEMBER 31, 2020 | 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 profit 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 |

TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 850,730 | \$ 708,079 |
| Adjustments for: | | |
| Depreciation expense | 60,341 | 62,536 |
| Amortization expense | 21,197 | 19,162 |
| Expected credit loss | 9,473 | 5,035 |
| Losses (gains) on financial assets or liabilities at fair value through profit or loss | 49,345 | (121,613) |
| Interest expense | 34,287 | 75,126 |
| Interest income (including financial income) | (313,958) | (298,639) |
| Dividend income | (102,442) | (104,666) |
| Losses on disposal of properties and equipment | 53 | 77 |
| Losses on disposal of investments | 1,818 | 9,429 |
| Gains on non-operating financial instrument at fair value through profit or loss | (9,490) | (1,515) |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in financial assets at fair value through profit or loss | (799,736) | 2,567,684 |
| Decrease (increase) in bond investments under resale agreements | (137,210) | 30,996 |
| Increase in margin loans receivable | (2,034,725) | (585,402) |
| Increase in refinancing margin | (14,964) | (19,763) |
| Increase in refinancing collateral receivable | (20,674) | (18,282) |
| Decrease (increase) in receivable of money lending | (99,424) | 4,522 |
| Increase in security borrowing margin | (5,210) | (473,739) |
| Decrease (increase) in notes receivable | 6,763 | (11,170) |
| Increase in accounts receivable | (699,427) | (5,456,334) |
| Increase in prepayments | (3,127) | (1,824) |
| Increase in other receivables | (1,267) | (76) |
| Decrease (increase) in financial assets at fair value through other comprehensive income | 1,153,402 | (4,061,882) |
| Increase in other current assets | (3,014,387) | (531,700) |
| Decrease in overdue receivable | 2,487 | 2,887 |
| Decrease in liabilities for bonds with attached repurchase agreements | (98,283) | (785,324) |
| Increase in financial liabilities at fair value through profit or loss | 226,045 | 284,005 |
| Increase (decrease) in securities financing refundable deposits | (71,614) | 123,449 |
| Increase (decrease) in deposits payable for securities financing | (76,373) | 149,420 |
| Increase (decrease) in accounts payable | (74,260) | 7,270,816 |
| Increase in advance receipts | 5,464 | 889 |
| Increase in receipts under custody | 2,993,270 | 482,067 |
| Increase in other payables | 2,735 | 148,606 |
| Increase in other current liabilities | 84 | 116 |
| Increase in other operating liabilities | 192 | 132 |
| Cash used in operations | (2,158,885) | (526,896) |
| Interest received | 286,810 | 362,396 |

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TAIWAN COOPERATIVE SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|--------------------------|--------------------------|
| Dividends received | \$ 102,440 | \$ 104,856 |
| Interest paid | (32,559) | (75,445) |
| Income tax paid | <u>(68,475)</u> | <u>(55,946)</u> |
| Net cash flows used in operating activities | <u>(1,870,669)</u> | <u>(191,035)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of properties and equipment | (18,830) | (12,913) |
| Proceeds from disposal of properties and equipment | - | 2 |
| Increase in deposits settlement of fund | (45,941) | (3,353) |
| Decrease in deposits settlement of fund | 33,909 | 7,211 |
| Increase in refundable deposits | (11,717) | (113,777) |
| Decrease in refundable deposits | 11,717 | 113,916 |
| Acquisition of intangible assets | (15,788) | (11,005) |
| Increase in prepayments for equipment | <u>(12,462)</u> | <u>(12,156)</u> |
| Net cash flows used in investing activities | <u>(59,112)</u> | <u>(32,075)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term loans | 22,539,756 | 38,781,728 |
| Decrease in short-term loans | (22,873,861) | (39,247,111) |
| Increase in commercial papers payable | 59,210,000 | 43,770,000 |
| Decrease in commercial papers payable | (56,570,000) | (42,770,000) |
| Increase in guarantee deposits received | 6,037 | 8,908 |
| Decrease in guarantee deposits received | (5,946) | (8,909) |
| Repayment of the principal portion of lease liabilities | (43,938) | (43,392) |
| Cash dividends paid | <u>(206,304)</u> | <u>(198,736)</u> |
| Net cash flows generated from financing activities | <u>2,055,744</u> | <u>292,488</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | |
| | <u>4,256</u> | <u>(5,116)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 130,219 | 64,262 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | |
| | <u>231,504</u> | <u>167,242</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 361,723</u> | <u>\$ 231,504</u> |

(Concluded)