

TAIWAN COOPERATIVE SECURITIES CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 265,370	1	\$ 428,398	2
Financial assets at fair value through profit or loss - current	3,789,732	11	2,688,380	9
Financial assets at fair value through other comprehensive income - current	10,849,171	30	11,454,838	40
Margin loans receivable	5,720,642	16	4,496,543	16
Refinancing margin	11,084	-	30,576	-
Refinancing collateral receivable	9,229	-	23,509	-
Receivable of money lending	743,982	2	171,208	1
Security borrowing margin	378,350	1	356,263	1
Notes receivable	-	-	1,250	-
Accounts receivable	13,321,257	37	7,995,157	28
Prepayments	17,812	-	23,574	-
Other receivables	16,450	-	12,784	-
Other current assets	<u>115,696</u>	<u>-</u>	<u>215,220</u>	<u>1</u>
Total current assets	<u>35,238,775</u>	<u>98</u>	<u>27,897,700</u>	<u>98</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	41,943	-	37,800	-
Investments accounted for using the equity method	49,123	-	-	-
Properties and equipment	94,729	-	79,522	-
Right-of-use assets	108,205	1	83,076	-
Intangible assets	61,522	-	64,069	-
Deferred tax assets	10,621	-	8,293	-
Other non-current assets	<u>422,270</u>	<u>1</u>	<u>412,549</u>	<u>2</u>
Total non-current assets	<u>788,413</u>	<u>2</u>	<u>685,309</u>	<u>2</u>
TOTAL	<u>\$ 36,027,188</u>	<u>100</u>	<u>\$ 28,583,009</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 690,862	2	\$ 307,250	1
Commercial paper payable	4,075,715	11	1,789,148	6
Financial liabilities at fair value through profit or loss - current	393,373	1	703,462	3
Liabilities for bonds with attached repurchase agreements	10,694,053	30	10,553,908	37
Securities financing refundable deposits	358,869	1	960,993	3
Deposits payable for securities financing	405,781	1	867,744	3
Accounts payable	12,884,679	36	7,259,526	25
Advance receipts	1,410	-	-	-
Receipts under custody	39,285	-	191,365	1
Other payables	263,919	1	216,413	1
Current tax liabilities	33,035	-	31,476	-
Lease liabilities - current	<u>50,034</u>	<u>-</u>	<u>44,525</u>	<u>-</u>
Total current liabilities	<u>29,891,015</u>	<u>83</u>	<u>22,925,810</u>	<u>80</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current	59,015	-	40,635	-
Deferred tax liabilities	743	-	7,157	-
Other non-current liabilities	<u>5,720</u>	<u>-</u>	<u>8,560</u>	<u>-</u>
Total non-current liabilities	<u>65,478</u>	<u>-</u>	<u>56,352</u>	<u>-</u>
Total liabilities	<u>29,956,493</u>	<u>83</u>	<u>22,982,162</u>	<u>80</u>
EQUITY				
Capital stock				
Common stock	<u>5,206,131</u>	<u>14</u>	<u>5,206,131</u>	<u>18</u>
Capital surplus	<u>294,440</u>	<u>1</u>	<u>294,440</u>	<u>1</u>
Retained earnings				
Legal reserve	254,237	1	236,554	1
Special reserve	615,180	2	456,036	1
Unappropriated retained earnings	<u>170,710</u>	<u>-</u>	<u>176,827</u>	<u>1</u>
Total retained earnings	<u>1,040,127</u>	<u>3</u>	<u>869,417</u>	<u>3</u>
Other equity	<u>(470,003)</u>	<u>(1)</u>	<u>(769,141)</u>	<u>(2)</u>
Total equity	<u>6,070,695</u>	<u>17</u>	<u>5,600,847</u>	<u>20</u>
TOTAL	<u>\$ 36,027,188</u>	<u>100</u>	<u>\$ 28,583,009</u>	<u>100</u>

TAIWAN COOPERATIVE SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
REVENUES				
Brokerage handling fee revenue	\$ 930,013	51	\$ 839,585	48
Revenue from underwriting business	40,381	2	73,891	4
Gains on sale of operating securities, net	380,301	21	39,789	2
Interest revenue	394,453	22	388,985	22
Dividend revenue	124,621	7	119,752	7
Valuation gains (losses) on operating securities at fair value through profit or loss, net	77,003	4	(160,256)	(9)
Gains on covering of borrowed securities and bonds with resale agreements - short sales, net	12,833	1	302,345	17
Valuation gains (losses) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(43,552)	(2)	31,282	2
Realized gains (losses) on investment in debt instruments at fair value through other comprehensive income	8,262	-	(47,129)	(3)
Future commission revenue	24,347	1	25,514	2
Gains (losses) from derivatives - futures, net	(98,916)	(5)	53,615	3
Gains (losses) from derivatives - OTC, net	(47,853)	(3)	18,001	1
Expected credit impairment (losses) and gains on reversal	1,110	-	10,557	1
Other operating income	<u>9,420</u>	<u>1</u>	<u>42,841</u>	<u>3</u>
Total revenues	<u>1,812,423</u>	<u>100</u>	<u>1,738,772</u>	<u>100</u>
EXPENDITURE AND EXPENSES				
Brokerage handling fee expenses	79,062	4	72,842	4
Proprietary handling fee expenses	7,430	-	5,930	-
Refinancing processing fee expenses	908	-	1,061	-
Underwriting operation processing fee expenses	243	-	448	-
Finance costs	407,946	23	166,048	10
Losses from securities borrowing transactions	54,779	3	113,987	7
Expenses of clearing and settlement	289	-	372	-
Other operating expenditure	53,266	3	41,011	2
Employee benefits expenses	534,036	30	514,105	30
Depreciation and amortization expenses	90,966	5	82,728	5
Other operating expenses	<u>340,471</u>	<u>19</u>	<u>349,820</u>	<u>20</u>
Total expenditure and expenses	<u>1,569,396</u>	<u>87</u>	<u>1,348,352</u>	<u>78</u>
OPERATING INCOME	<u>243,027</u>	<u>13</u>	<u>390,420</u>	<u>22</u>

(Continued)

TAIWAN COOPERATIVE SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries accounted for using equity method	(877)	-	-	-
Other gains and losses	<u>36,295</u>	<u>2</u>	<u>(8,959)</u>	<u>-</u>
Total non-operating income and expenses	<u>35,418</u>	<u>2</u>	<u>(8,959)</u>	<u>-</u>
INCOME BEFORE INCOME TAX	278,445	15	381,461	22
INCOME TAX EXPENSES	<u>(76,312)</u>	<u>(4)</u>	<u>(94,898)</u>	<u>(6)</u>
NET INCOME	<u>202,133</u>	<u>11</u>	<u>286,563</u>	<u>16</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>51,020</u>	<u>3</u>	<u>(118,241)</u>	<u>(7)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	902	-	(23,272)	(1)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	215,973	12	(636,532)	(36)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(180)</u>	<u>-</u>	<u>4,654</u>	<u>-</u>
	<u>216,695</u>	<u>12</u>	<u>(655,150)</u>	<u>(37)</u>
Other comprehensive income for the year, net of income tax	<u>267,715</u>	<u>15</u>	<u>(773,391)</u>	<u>(44)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 469,848</u>	<u>26</u>	<u>\$ (486,828)</u>	<u>(28)</u>
EARNINGS PER SHARE				
Basic	<u>\$0.39</u>		<u>\$0.55</u>	

(Concluded)

TAIWAN COOPERATIVE SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, 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	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
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	-	-	-	-	-	(31,423)	-	31,423	-
Net income for the year ended December 31, 2023	-	-	-	-	-	202,133	-	-	202,133
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	722	266,993	267,715
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	202,133	722	266,993	469,848
BALANCE AT DECEMBER 31, 2023	520,613	\$ 5,206,131	\$ 294,440	\$ 254,237	\$ 615,180	\$ 170,710	\$ (21,209)	\$ (448,794)	\$ 6,070,695

TAIWAN COOPERATIVE SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed in Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 278,445	\$ 381,461
Adjustments for:		
Depreciation expense	68,521	61,596
Amortization expense	22,445	21,132
Expected credit impairment losses and gains on reversal	(1,110)	(10,557)
Losses (gains) on financial assets or liabilities at fair value through profit or loss	(77,003)	160,256
Interest expense	407,946	166,048
Interest income (including financial income)	(405,580)	(394,826)
Dividend income	(124,621)	(119,752)
Share of losses of subsidiaries accounted for using equity method	877	-
Losses on disposal of properties and equipment	178	108
Losses (gains) on disposal of investments	(805)	12,719
Losses (gains) on non-operating financial instrument at fair value through profit or loss	(6,556)	11,535
Others	(47)	(115)
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	(1,016,988)	1,040,568
Decrease in bond investments under resale agreements	-	137,210
Decrease (increase) in margin loans receivable	(1,224,099)	2,419,807
Decrease in refinancing margin	19,492	35,151
Decrease in refinancing collateral receivable	14,280	43,378
Increase in receivable of money lending	(572,774)	(27,101)
Decrease (increase) in security borrowing margin	(22,087)	332,202
Decrease in notes receivable	1,250	1,090
Decrease (increase) in accounts receivable	(5,321,049)	5,378,140
Decrease (increase) in prepayments	5,762	(9,185)
Increase in other receivables	(3,440)	(9,413)
Decrease (increase) in financial assets at fair value through other comprehensive income	872,934	(5,108,635)
Decrease in other current assets	99,524	3,353,551
Decrease in overdue receivable	-	9,157
Increase in liabilities for bonds with attached repurchase agreements	140,145	4,560,167
Increase (decrease) in financial liabilities at fair value through profit or loss	(310,089)	48,706
Increase (decrease) in securities financing refundable deposits	(602,124)	448,546
Increase (decrease) in deposits payable for securities financing	(461,963)	292,776
Increase (decrease) in accounts payable	5,620,058	(6,091,537)
Increase (decrease) in advance receipts	1,410	(6,360)
Decrease in receipts under custody	(152,080)	(3,297,342)
Increase (decrease) in other payables	47,506	(104,105)
Decrease in other current liabilities	-	(200)
Increase in other operating liabilities	283	302
		(Continued)

TAIWAN COOPERATIVE SECURITIES CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash generated from (used in) operations	(2,701,359)	3,736,478
Interest received	395,245	384,833
Dividends received	123,596	119,177
Interest paid	(406,284)	(161,505)
Income tax paid	(83,675)	(128,088)
Net cash flows generated from (used in) operating activities	(2,672,477)	3,950,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(50,000)	-
Acquisition of properties and equipment	(34,539)	(39,459)
Decrease in operating deposits	-	10,000
Increase in deposits settlement of fund	(1,366)	(17,681)
Decrease in deposits settlement of fund	1,744	13,224
Increase in refundable deposits	(110,824)	(52,831)
Decrease in refundable deposits	109,765	51,785
Acquisition of intangible assets	(13,184)	(16,584)
Increase in prepayments for equipment	(18,107)	(11,389)
Net cash flows used in investing activities	(116,511)	(62,935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	22,868,380	27,380,996
Decrease in short-term loans	(22,484,768)	(27,101,401)
Increase in commercial papers payable	41,605,000	44,180,000
Decrease in commercial papers payable	(39,315,000)	(48,010,000)
Increase in guarantee deposits received	33,059	73,815
Decrease in guarantee deposits received	(36,182)	(70,696)
Repayment of the principal portion of lease liabilities	(45,674)	(43,790)
Cash dividends paid	-	(206,131)
Net cash flows generated from (used in) financing activities	2,624,815	(3,797,207)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	1,145	(24,078)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(163,028)	66,675
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	428,398	361,723
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 265,370	\$ 428,398

(Concluded)