

TAIWAN COOPERATIVE SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 441,871	1	\$ 298,069	1	\$ 846,669	3
Financial assets at fair value through profit or loss - current	4,717,852	13	3,789,732	13	4,000,517	14
Financial assets at fair value through other comprehensive income - current	10,181,760	27	10,849,171	37	11,702,346	40
Margin loans receivable	7,417,692	20	5,720,642	19	4,817,267	16
Refinancing margin	12,073	-	11,084	-	13,952	-
Refinancing collateral receivable	10,010	-	9,229	-	11,616	-
Receivable of money lending	1,385,585	4	743,982	3	166,406	1
Security borrowing margin	573,805	2	378,350	1	836,940	3
Accounts receivable	11,550,284	31	6,824,498	23	6,247,700	21
Prepayments	18,267	-	19,104	-	7,492	-
Other receivables	37,988	-	16,158	-	22,906	-
Other current assets	180,740	-	115,696	-	89,346	-
Total current assets	36,527,927	98	28,775,715	97	28,763,157	98
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current	39,688	-	41,943	-	40,221	-
Properties and equipment	99,453	1	102,669	-	73,535	-
Right-of-use assets	86,043	-	112,023	1	65,661	-
Intangible assets	62,522	-	65,240	-	64,333	-
Deferred tax assets	24,831	-	10,621	-	11,530	-
Other non-current assets	422,576	1	427,748	2	421,147	2
Total non-current assets	735,113	2	760,244	3	676,427	2
TOTAL	\$ 37,263,040	100	\$ 29,535,959	100	\$ 29,439,584	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 908,703	3	\$ 690,862	2	\$ 711,400	3
Commercial paper payable	7,643,261	21	4,075,715	14	4,576,965	16
Financial liabilities at fair value through profit or loss - current	877,815	2	393,373	1	679,632	2
Liabilities for bonds with attached repurchase agreements	9,905,998	27	10,694,053	36	10,443,929	36
Securities financing refundable deposits	402,818	1	358,869	1	343,857	1
Deposits payable for securities financing	436,174	1	405,781	2	414,138	1
Accounts payable	10,456,453	28	6,387,920	22	6,004,982	20
Advance receipts	4,661	-	1,410	-	384	-
Receipts under custody	38,701	-	39,357	-	21,923	-
Other payables	318,137	1	265,402	1	259,518	1
Current tax liabilities	55,309	-	33,035	-	29,710	-
Lease liabilities - current	51,260	-	51,243	-	37,003	-
Other current liabilities	83	-	-	-	-	-
Total current liabilities	31,099,373	84	23,397,020	79	23,523,441	80
NON-CURRENT LIABILITIES						
Lease liabilities - non-current	36,270	-	61,668	-	30,419	-
Deferred tax liabilities	1,079	-	743	-	1,621	-
Other non-current liabilities	6,012	-	5,833	-	6,945	-
Total non-current liabilities	43,361	-	68,244	-	38,985	-
Total liabilities	31,142,734	84	23,465,264	79	23,562,426	80
EQUITY						
Capital stock						
Common stock	5,206,131	14	5,206,131	18	5,206,131	18
Capital surplus	294,440	1	294,440	1	294,440	1
Retained earnings						
Legal reserve	271,308	1	254,237	1	254,237	1
Special reserve	649,322	2	615,180	2	615,180	2
Unappropriated retained earnings	227,110	-	170,710	1	131,541	-
Total retained earnings	1,147,740	3	1,040,127	4	1,000,958	3
Other equity	(528,005)	(2)	(470,003)	(2)	(624,371)	(2)
Total equity	6,120,306	16	6,070,695	21	5,877,158	20
TOTAL	\$ 37,263,040	100	\$ 29,535,959	100	\$ 29,439,584	100

TAIWAN COOPERATIVE SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Six Months Ended June 30			
	2024		2023	
	Amount	%	Amount	%
REVENUE				
Brokerage handling fee revenue	\$ 668,125	56	\$ 406,555	46
Revenues from underwriting business	33,511	3	11,202	1
Gains on sale of operating securities, net	317,728	27	220,308	25
Interest revenue	239,517	20	181,597	20
Dividend revenue	30,735	2	66,804	8
Valuation gains on operating securities at fair value through profit or loss, net	41,388	3	101,519	11
Gains (losses) on covering of borrowed securities and bonds with resale agreements - short sales, net	7,694	1	(32,575)	(4)
Valuation losses on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss, net	(16,851)	(1)	(3,868)	-
Realized gains (losses) on investment in debt instruments at fair value through other comprehensive income	(3,053)	-	7,100	1
Future commission revenue	14,827	1	7,670	1
Losses from derivatives - futures, net	(145,936)	(12)	(64,840)	(7)
Losses from derivatives - OTC, net	(18,179)	(2)	(26,495)	(3)
Expected credit impairment (losses) and gains on reversal	(1,216)	-	402	-
Other operating income	<u>26,328</u>	<u>2</u>	<u>8,524</u>	<u>1</u>
Total revenue	<u>1,194,618</u>	<u>100</u>	<u>883,903</u>	<u>100</u>
COSTS AND EXPENSES				
Brokerage handling fee expenses	57,049	5	34,487	4
Proprietary handling fee expenses	4,479	-	3,292	-
Refinancing processing fee expenses	391	-	475	-
Underwriting operation processing fee expenses	82	-	65	-
Finance costs	249,428	21	182,132	20
Losses from securities borrowing transactions	16,515	1	46,478	5
Expenses of clearing and settlement	262	-	102	-
Other operating expenditure	43,912	4	24,981	3
Employee benefits expenses	335,263	28	254,052	29
Depreciation and amortization expenses	51,200	4	45,348	5
Other operating expenses	<u>196,770</u>	<u>17</u>	<u>155,760</u>	<u>18</u>
Total expenditure and expenses	<u>955,351</u>	<u>80</u>	<u>747,172</u>	<u>84</u>
OPERATING INCOME	239,267	20	136,731	16

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TAIWAN COOPERATIVE SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Six Months Ended June 30			
	2024		2023	
	Amount	%	Amount	%
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	\$ 38,717	3	\$ 21,110	2
INCOME BEFORE INCOME TAX	277,984	23	157,841	18
INCOME TAX EXPENSE	(51,109)	(4)	(24,319)	(3)
NET INCOME	226,875	19	133,522	15
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	(4,503)	-	40,537	5
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(40,046)	(4)	(8,538)	(1)
Unrealized gains (losses) on investments in debt instruments at fair value through other comprehensive income	(21,227)	(2)	109,082	12
Income tax related to items that may be reclassified subsequently to profit or loss	8,009	1	1,708	-
	(53,264)	(5)	102,252	11
Other comprehensive income, net of income tax	(57,767)	(5)	142,789	16
TOTAL COMPREHENSIVE INCOME	\$ 169,108	14	\$ 276,311	31
EARNINGS PER SHARE				
Basic	\$0.44		\$0.26	

(Concluded)

TAIWAN COOPERATIVE SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Expressed in Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Other Equity		Total Equity
	Shares (In Thousands)	Common Stock	Capital Surplus	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, 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>\$ 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>
BALANCE AT JANUARY 1, 2024	520,613	\$ 5,206,131	\$ 294,440	\$ 254,237	\$ 615,180	\$ 170,710	\$ (21,209)	\$ (448,794)	\$ 6,070,695
Appropriation of 2023 earnings									
Legal reserve	-	-	-	17,071	-	(17,071)	-	-	-
Special reserve	-	-	-	-	34,142	(34,142)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(119,497)	-	-	(119,497)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	235	-	(235)	-
Net income for the six months ended June 30, 2024	-	-	-	-	-	226,875	-	-	226,875
Other comprehensive losses for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	-	(32,037)	(25,730)	(57,767)
Total comprehensive income (losses) for the six months ended June 30, 2024	-	-	-	-	-	226,875	(32,037)	(25,730)	169,108
BALANCE AT JUNE 30, 2024	<u>520,613</u>	<u>\$ 5,206,131</u>	<u>\$ 294,440</u>	<u>\$ 271,308</u>	<u>\$ 649,322</u>	<u>\$ 227,110</u>	<u>\$ (53,246)</u>	<u>\$ (474,759)</u>	<u>\$ 6,120,306</u>

TAIWAN COOPERATIVE SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 277,984	\$ 157,841
Adjustments for:		
Depreciation expense	39,791	34,189
Amortization expense	11,409	11,159
Expected credit impairment losses and gains on reversal	1,216	(402)
Gains on financial assets or liabilities at fair value through profit or loss	(41,388)	(101,519)
Interest expense	249,428	182,132
Interest income (including financial income)	(247,859)	(186,447)
Dividend income	(30,735)	(66,804)
Losses on disposal of properties and equipment	1	166
Gains on disposal of investments	(6,094)	(452)
Gains on non-operating financial instrument at fair value through profit or loss	(19,913)	(3,207)
Changes in operating assets and liabilities		
Increase in financial assets at fair value through profit or loss	(860,725)	(1,206,959)
Increase in margin loans receivable	(1,697,050)	(320,724)
Decrease (increase) in refinancing margin	(989)	16,624
Decrease (increase) in refinancing collateral receivable	(781)	11,893
Decrease (increase) in receivable of money lending	(641,603)	4,802
Increase in security borrowing margin	(195,455)	(480,677)
Decrease in notes receivable	-	1,250
Increase in accounts receivable	(4,712,707)	(1,544,523)
Decrease in prepayments	837	16,082
Increase in other receivables	(21,988)	(9,390)
Decrease (increase) in financial assets at fair value through other comprehensive income	648,931	(98,380)
Decrease (increase) in other current assets	(65,044)	125,874
Decrease in liabilities for bonds with attached repurchase agreements	(788,055)	(109,979)
Increase (decrease) in financial liabilities at fair value through profit or loss	484,442	(23,830)
Increase (decrease) in securities financing refundable deposits	43,949	(617,136)
Increase (decrease) in deposits payable for securities financing	30,393	(453,606)
Increase in accounts payable	4,068,972	2,068,259
Increase in advance receipts	3,251	384
Decrease in receipts under custody	(656)	(169,442)
Increase in other payables	52,735	43,105
Increase in other current liabilities	83	-
Increase in other operating liabilities	180	144
Cash used in operations	(3,417,440)	(2,719,573)
Interest received	235,298	202,340

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TAIWAN COOPERATIVE SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
Dividends received	\$ 25,444	\$ 17,353
Interest paid	(252,321)	(184,960)
Income tax paid	<u>(34,700)</u>	<u>(33,150)</u>
Net cash flows used in operating activities	<u>(3,443,719)</u>	<u>(2,717,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(9,412)	(5,764)
Increase in deposits settlement fund	(1,791)	(1,366)
Decrease in deposits settlement fund	5,701	1,744
Increase in refundable deposits	(44,611)	(44,534)
Decrease in refundable deposits	44,418	41,371
Acquisition of intangible assets	(4,163)	(7,300)
Increase in prepayments for equipment	(4,597)	(8,328)
Decrease in prepayments for equipment	<u>74</u>	<u>-</u>
Net cash flows used in investing activities	<u>(14,381)</u>	<u>(24,177)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	14,687,173	11,851,434
Decrease in short-term loans	(14,469,332)	(11,447,284)
Increase in commercial papers payable	28,340,000	17,960,000
Decrease in commercial papers payable	(24,770,000)	(15,170,000)
Increase in guarantee deposits received	1,995	25,992
Decrease in guarantee deposits received	(1,996)	(27,751)
Repayment of the principal portion of lease liabilities	(26,154)	(22,930)
Cash dividends paid	<u>(119,497)</u>	<u>-</u>
Net cash flows generated from financing activities	<u>3,642,189</u>	<u>3,169,461</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(40,287)</u>	<u>(9,023)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	143,802	418,271
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>298,069</u>	<u>428,398</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 441,871</u>	<u>\$ 846,669</u>

(Concluded)