

CATHAY LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax from continuing operations	\$ 51,148,577	\$ 71,880,489
Profit before income tax from discontinued operations	-	2,514,676
Profit before income tax	<u>51,148,577</u>	<u>74,395,165</u>
Adjustments for:		
Depreciation expenses	2,321,509	2,293,742
Amortization expenses	2,055,439	2,146,472
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(159,693,624)	128,071,606
Realized gain on financial assets at fair value through other comprehensive income	(2,608,665)	(939,986)
(Gain) loss on derecognition of financial assets measured at amortized cost	(2,251,667)	504,299
Interest expense	12,068,559	7,687,723
Interest income	(208,922,595)	(207,313,263)
Dividend income	(19,742,319)	(18,008,365)
Net changes in insurance liabilities	42,043,863	216,918,607
Net changes in reserve for insurance contracts with the nature of financial products	1,204,933	3,336,897
Net changes in reserve for foreign exchange valuation	71,658,752	6,741,061
Expected credit loss on investments	2,419,357	1,838,259
Expected credit loss on non-investments	4,232	20,697
Share of profit of associates and joint ventures accounted for using the equity method	(3,485,239)	(2,777,077)
(Gain) loss on reclassification using overlay approach	(28,731,775)	16,313,576
Loss on disposal and retirement of property and equipment	749	723
Gain on disposal of investments accounted for using the equity method	-	(6,766)
Gain on changes in fair value of investment property	(8,395,532)	(587,594)
Gain on disposal of subsidiary and other	(247,306)	(2,636,626)
Net changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	346,497,355	164,278,126
Increase in financial assets at fair value through other comprehensive income	(214,550,339)	(79,724,172)
Decrease (increase) in financial assets measured at amortized cost	240,809,029	(275,972,922)
Increase in financial assets for hedging	(9,587)	(74,149)
Increase in other financial assets	(1,500,000)	-
Decrease (increase) in notes receivable	59,070	(20,464)
Decrease (increase) in other receivables	8,279,607	(27,638,099)
Decrease (increase) in prepaid expenses and other prepayments	87,538	(1,267,392)
Decrease (increase) in guarantee deposits paid	14,615,054	(49,771,917)
Decrease (increase) in reinsurance assets	161,876	(398,312)
(Increase) decrease in other assets	(931,013)	815,325
Decrease in financial liabilities at fair value through profit or loss	(226,877,846)	(301,256,492)
Decrease in financial liabilities for hedging	(3,245,248)	(466,338)

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(Decrease) increase in notes payable	\$ (890,850)	\$ 91,990
(Decrease) increase in claims payable	(22,810)	34,956
(Decrease) increase in other payables	(6,302,235)	10,123,357
Decrease in due to reinsurers and ceding companies	(9,974)	(328,527)
Increase in commissions payable	700,638	1,143,630
Decrease in advance receipts	(8,662)	(36,343)
Increase (decrease) in guarantee deposits received	312,947	(12,686,395)
Decrease in deferred fee income	(36,552)	(54,886)
(Decrease) increase in other liabilities	<u>(5,625,645)</u>	<u>11,894,120</u>
Cash used in operations	(97,640,399)	(333,315,754)
Interest received	206,339,297	203,062,994
Dividends received	21,201,623	18,753,822
Interest paid	(10,962,572)	(4,970,095)
Income tax (paid) refunded	<u>(2,443,417)</u>	<u>7,456,441</u>
Net cash generated from (used in) operating activities	<u>116,494,532</u>	<u>(109,012,592)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(10,346,859)	(3,761,119)
Proceeds from disposal of investments accounted for using the equity method	-	26,520
Acquisition of subsidiaries (net of cash acquired)	637	-
Disposal of subsidiary	(15,663,780)	(3,787,537)
Proceeds from return of capital on reduction of investments accounted for using the equity method	206,578	291,320
Acquisition of property and equipment	(1,918,079)	(2,315,454)
Proceeds from disposal of property and equipment	43	505
Acquisition of intangible assets	(261,902)	(282,279)
(Increase) decrease in loans	(25,429,637)	1,442,264
Acquisition of investment property	<u>(14,783,032)</u>	<u>(16,563,310)</u>
Net cash used in investing activities	<u>(68,196,031)</u>	<u>(24,949,090)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial papers payable	1,484,601	-
Increase in other financial liabilities	8,462,610	22,650,405
Repayments of the principal portion of lease liabilities	(558,500)	(629,235)
Proceeds from issuance of bonds	-	79,739,712
Acquisition of additional interests in subsidiaries	(386,100)	-
Changes in non-controlling interests	<u>(79,054)</u>	<u>(335,896)</u>
Net cash generated from financing activities	<u>8,923,557</u>	<u>101,424,986</u>

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	2025	2024
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>7,080,678</u>	\$ <u>(2,045,460)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	64,302,736	(34,582,156)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>216,664,932</u>	<u>251,247,088</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 280,967,668</u>	<u>\$ 216,664,932</u>

The accompanying notes are an integral part of the consolidated financial statements.

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