

**YUANTA FUTURES CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT

PWCR24000018

To the Board of Directors and Stockholders of Yuanta Futures Co., Ltd.

### *Introduction*

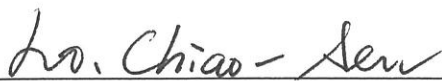
We have reviewed the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd and subsidiaries (the "Group") as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### *Scope of review*

We conducted our reviews in accordance with the Standard on Review Engagement 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.



Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

May 8, 2024



Lee, Hsiu-Ling

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

**YUANTA FUTURES CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

| ASSETS             |   |                | March 31, 2024 |     | December 31, 2023 |     | March 31, 2023 |     |
|--------------------|---|----------------|----------------|-----|-------------------|-----|----------------|-----|
|                    |   |                | AMOUNT         | %   | AMOUNT            | %   | AMOUNT         | %   |
| Current assets     |   |                |                |     |                   |     |                |     |
| 111100             | Cash and cash equivalents   | 6(1) and 7     | \$ 10,298,504  | 8   | \$ 11,262,291     | 10  | \$ 9,462,039   | 9   |
| 112000             | Financial assets at fair value through profit or loss - current                 | 6(2), 7 and 11 | 1,517,895      | 1   | 686,305           | 1   | 544,268        | 1   |
| 113200             | Financial assets at fair value through other comprehensive income - current     | 6(5)           | 1,242,861      | 1   | 152,712           | -   | 1,213,486      | 1   |
| 114070             | Customer margin deposits  | 6(3) and 7     | 105,773,876    | 86  | 95,469,319        | 85  | 90,488,903     | 85  |
| 114100             | Security lending deposits   |                | -              | -   | -                 | -   | 10,170         | -   |
| 114130             | Accounts receivable   |                | 71,513         | -   | 251,176           | -   | 16,305         | -   |
| 114140             | Accounts receivable - related parties   | 7              | 2,326          | -   | 1,648             | -   | 1,254          | -   |
| 114150             | Prepayments   | 7              | 23,745         | -   | 13,497            | -   | 25,548         | -   |
| 114170             | Other receivables   |                | 182,658        | -   | 186,587           | -   | 84,168         | -   |
| 114180             | Other receivables - related parties   | 7              | 30,920         | -   | 122,815           | -   | 134,951        | -   |
| 114300             | Leverage margin contract trading client margin deposits                         | 7              | 606,446        | 1   | 573,860           | 1   | 530,926        | -   |
| 119000             | Other current assets  |                | 4              | -   | -                 | -   | 1              | -   |
| 110000             | Subtotal current assets   |                | 119,750,748    | 97  | 108,720,210       | 97  | 102,512,019    | 96  |
| Non-current assets |   |                |                |     |                   |     |                |     |
| 123200             | Financial assets at fair value through other comprehensive income - non-current | 6(5)           | 2,278,394      | 2   | 2,276,213         | 2   | 2,127,665      | 2   |
| 123300             | Financial assets at amortised cost - non-current                                | 6(6) and 7     | 59,721         | -   | 57,095            | -   | 55,743         | -   |
| 125000             | Property and equipment  | 6(9)           | 685,480        | 1   | 712,032           | 1   | 634,170        | 1   |
| 125800             | Right-of-use assets   | 6(10) and 7    | 72,936         | -   | 79,576            | -   | 115,730        | -   |
| 127000             | Intangible assets   | 6(11)          | 87,664         | -   | 97,986            | -   | 70,756         | -   |
| 128000             | Deferred income tax assets  | 6(32)          | 24,027         | -   | 23,772            | -   | 27,701         | -   |
| 129010             | Operating guarantee deposits  | 6(7) and 7     | 163,883        | -   | 161,447           | -   | 146,208        | -   |
| 129020             | Clearing and settlement funds   | 6(8)           | 460,890        | -   | 446,100           | -   | 455,790        | 1   |
| 129030             | Refundable deposits   | 7              | 21,659         | -   | 21,521            | -   | 36,412         | -   |
| 129130             | Prepayment for equipment  |                | 14,452         | -   | 13,266            | -   | 98,962         | -   |
| 129990             | Other non-current assets - other  |                | 43,714         | -   | 28,228            | -   | 28,169         | -   |
| 120000             | Subtotal non-current assets   |                | 3,912,820      | 3   | 3,917,236         | 3   | 3,797,306      | 4   |
| 906001             | Total assets  |                | \$ 123,663,568 | 100 | \$ 112,637,446    | 100 | \$ 106,309,325 | 100 |

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**YUANTA FUTURES CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

| LIABILITIES AND EQUITY                              |  | Notes       | March 31, 2024 |     | December 31, 2023 |     | March 31, 2023 |     |
|---|--|-------------|----------------|-----|-------------------|-----|----------------|-----|
|   |  |             | AMOUNT         | %   | AMOUNT            | %   | AMOUNT         | %   |
| Current liabilities                                 |  |             |                |     |                   |     |                |     |
| 212000  | Financial liabilities at fair value through profit or loss - current | 6(2) and 11 | \$ 16,122      | -   | \$ 8,422          | -   | \$ 21,181      | -   |
| 214080  | Futures traders' equity  | 6(3) and 7  | 105,500,477    | 85  | 95,307,015        | 85  | 90,243,986     | 85  |
| 214100  | Leverage margin contract transaction traders' equity                 |             | 399,416        | 1   | 372,254           | -   | 356,758        | 1   |
| 214130  | Accounts payable   |             | 179,327        | -   | 117,574           | -   | 147,237        | -   |
| 214140  | Accounts payable - related parties                                   | 7           | 24,495         | -   | 17,456            | -   | 24,130         | -   |
| 214160  | Collection for third parties   |             | 16,031         | -   | 9,445             | -   | 11,121         | -   |
| 214170  | Other payables   | 6(12)       | 443,044        | 1   | 469,351           | 1   | 283,584        | -   |
| 214180  | Other payables - related parties                                     | 6(12) and 7 | 1,512          | -   | 4                 | -   | 1,535          | -   |
| 214600  | Current income tax liabilities                                       |             | 193,595        | -   | 137,762           | -   | 156,271        | -   |
| 216000  | Lease liabilities - current  | 7           | 48,176         | -   | 48,831            | -   | 51,574         | -   |
| 219000  | Other current liabilities  | 6(13)       | 7,689          | -   | 6,327             | -   | 6,671          | -   |
| 210000  | Subtotal current liabilities   |             | 106,829,884    | 87  | 96,494,441        | 86  | 91,304,048     | 86  |
| Non-current liabilities                             |  |             |                |     |                   |     |                |     |
| 221100  | Bonds payable  | 6(14)       | 1,498,250      | 1   | 1,498,157         | 1   | 1,497,872      | 1   |
| 226000  | Lease liabilities - non-current                                      | 7           | 31,020         | -   | 37,915            | -   | 73,838         | -   |
| 228000  | Deferred income tax liabilities                                      |             | 45,386         | -   | 39,927            | -   | 34,929         | -   |
| 229000  | Other non-current liabilities  |             | 55,246         | -   | 54,297            | -   | 71,999         | -   |
| 220000  | Subtotal non-current liabilities                                     |             | 1,629,902      | 1   | 1,630,296         | 1   | 1,678,638      | 1   |
| 906003  | Total liabilities  |             | 108,459,786    | 88  | 98,124,737        | 87  | 92,982,686     | 87  |
| Equity attributable to owners of the parent company |  |             |                |     |                   |     |                |     |
| Capital   |  |             |                |     |                   |     |                |     |
| 301010  | Common stock   | 6(16)       | 2,899,763      | 2   | 2,899,763         | 2   | 2,899,763      | 3   |
| Additional paid-in capital                          |  |             |                |     |                   |     |                |     |
| 302000  | Capital surplus  | 6(17)       | 3,070,484      | 3   | 3,070,484         | 3   | 3,070,484      | 3   |
| Retained earnings                                   |  |             |                |     |                   |     |                |     |
| 304010  | Legal reserve  | 6(19)       | 1,340,216      | 1   | 1,340,216         | 1   | 1,228,957      | 1   |
| 304020  | Special reserve  | 6(18)(19)   | 2,923,533      | 2   | 2,923,533         | 3   | 2,701,014      | 2   |
| 304040  | Undistributed earnings   | 6(19)       | 2,873,880      | 2   | 2,341,954         | 2   | 1,641,805      | 2   |
| Other equity  |  |             |                |     |                   |     |                |     |
| 305000  | Other equity interest  | 6(20)       | 2,095,906      | 2   | 1,936,759         | 2   | 1,784,616      | 2   |
| 906004  | Total equity   |             | 15,203,782     | 12  | 14,512,709        | 13  | 13,326,639     | 13  |
| 906002  | Total liabilities and equity   |             | \$ 123,663,568 | 100 | \$ 112,637,446    | 100 | \$ 106,309,325 | 100 |

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items              |   | Notes                | For the three months ended March 31, |        |            |        |
|--------------------|---|----------------------|--------------------------------------|--------|------------|--------|
|                    |   |                      | 2024                                 |        | 2023       |        |
|                    |   |                      | AMOUNT                               | %      | AMOUNT     | %      |
| Revenues           |   |                      |                                      |        |            |        |
| 401000             | Brokerage   | 6(21) and 7          | \$ 824,941                           | 93     | \$ 785,746 | 95     |
| 410000             | Gains on trading of securities  | 6(2)(22)             | 68,271                               | 8      | 12,874     | 2      |
| 421300             | Dividend income   | 6(2)                 | 4,194                                | -      | 232        | -      |
| 421500             | Gains on valuation of trading securities  | 6(2)                 | 111,120                              | 12     | 7,814      | 1      |
| 421600             | Losses on covering of borrowed securities and bonds with resale agreements-short sales                                    | 6(2)                 | -                                    | - (    | 289)       | -      |
| 421610             | Valuation losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss | 6(2)                 | -                                    | - (    | 2,171)     | -      |
| 424200             | Securities commission revenue   | 7                    | 5,142                                | 1      | 2,923      | -      |
| 424300             | Clearance fee from consignment  | 6(23)                | 9,614                                | 1      | 8,614      | 1      |
| 424400             | Net (losses) gains on derivative financial instruments  | 6(2)(24)             | ( 133,553)                           | ( 15)  | 9,244      | 1      |
| 424900             | Futures advisory revenues   |                      | 1,871                                | -      | 3,238      | -      |
| 428000             | Other operating revenues  | 7                    | ( 179)                               | -      | 25         | -      |
| 400000             | Total revenues  |                      | 891,421                              | 100    | 828,250    | 100    |
| Costs and expenses |   |                      |                                      |        |            |        |
| 501000             | Brokerage fee   | 6(25)                | ( 166,808)                           | ( 19)  | ( 137,101) | ( 17)  |
| 502000             | Dealer handling fee   | 6(25)                | ( 530)                               | - (    | 109)       | -      |
| 521200             | Interest expense  | 7                    | ( 143,220)                           | ( 16)  | ( 85,455)  | ( 10)  |
| 425300             | Expected credit impairment losses and reversal gains  | 6(4)                 | 750                                  | -      | 1,312      | -      |
| 524100             | Futures commission  | 6(26) and 7          | ( 173,176)                           | ( 19)  | ( 168,758) | ( 20)  |
| 524300             | Clearance fee   | 6(27)                | ( 119,317)                           | ( 13)  | ( 98,625)  | ( 12)  |
| 524700             | Futures administrative expenses   |                      | ( 394)                               | - (    | 4)         | -      |
| 528000             | Other operating fee   |                      | ( 1,420)                             | - (    | 1,808)     | -      |
| 531000             | Employee benefit expense  | 6(28) and 7          | ( 251,034)                           | ( 28)  | ( 199,314) | ( 24)  |
| 532000             | Depreciation and amortization   | 6(29) and 7          | ( 52,461)                            | ( 6)   | ( 40,865)  | ( 5)   |
| 533000             | Other operating expenses  | 6(30) and 7          | ( 157,346)                           | ( 18)  | ( 139,129) | ( 17)  |
| 500000             | Total costs and expenses  |                      | ( 1,064,956)                         | ( 119) | ( 869,856) | ( 105) |
| Operating income   |   |                      | ( 173,535)                           | ( 19)  | ( 41,606)  | ( 5)   |
| 602000             | Other gains and losses  | 6(2)(5)(6)(31) and 7 | 821,407                              | 92     | 493,274    | 60     |
| 902001             | Income before income tax  |                      | 647,872                              | 73     | 451,668    | 55     |
| 701000             | Income tax expense  | 6(32)                | ( 118,644)                           | ( 13)  | ( 88,430)  | ( 11)  |
| 902005             | Net income  |                      | \$ 529,228                           | 60     | \$ 363,238 | 44     |

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YUANTA FUTURES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

| Items  |  | Notes    | For the three months ended March 31, |           |                   |           |
|--|--|----------|--------------------------------------|-----------|-------------------|-----------|
|  |  |          | 2024                                 |           | 2023              |           |
|  |  |          | AMOUNT                               | %         | AMOUNT            | %         |
| <b>Other comprehensive income</b>                                    |  |          |                                      |           |                   |           |
| <b>Items that will not be reclassified to profit or loss</b>         |  |          |                                      |           |                   |           |
| 805540   | Unrealized gain on equity instrument                 | 6(5)(20) |                                      |           |                   |           |
|  | investment measured at fair value through            |          |                                      |           |                   |           |
|  | other comprehensive income                           |          | \$ 120,740                           | 13        | \$ 106,408        | 13        |
| <b>Items that may be reclassified to profit or loss subsequently</b> |  |          |                                      |           |                   |           |
| 805610   | Translation gain and loss on the financial           | 6(20)    |                                      |           |                   |           |
|  | statements of foreign operating entities             |          | 41,105                               | 5         | ( 13,856)         | ( 2)      |
| 805000   | <b>Total other comprehensive income (net of tax)</b> |          | <u>\$ 161,845</u>                    | <u>18</u> | <u>\$ 92,552</u>  | <u>11</u> |
| 902006   | <b>Total comprehensive income</b>                    |          | <u>\$ 691,073</u>                    | <u>78</u> | <u>\$ 455,790</u> | <u>55</u> |
| Consolidated net income attributable to:                             |  |          |                                      |           |                   |           |
|  | Owners of the parent                                 |          | <u>\$ 529,228</u>                    | <u>60</u> | <u>\$ 363,238</u> | <u>44</u> |
| Consolidated comprehensive income attributable to:                   |  |          |                                      |           |                   |           |
|  | Owners of the parent                                 |          | <u>\$ 691,073</u>                    | <u>78</u> | <u>\$ 455,790</u> | <u>55</u> |
| Earnings per share (in New Taiwan Dollars)                           |  |          |                                      |           |                   |           |
|  | Basic and diluted earnings per share                 | 6(33)    | \$ 1.83                              |           | \$ 1.25           |           |

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

|  | Notes    | Equity attributable to owners of the parent |  |  |                   |                 |                           |  |   |
|--|----------|---|--|--|-------------------|-----------------|---------------------------|--|---|
|  |          | Capital surplus                             |  |  | Retained earnings |                 |                           | Other equity interest  |   |
|  |          | Capital<br>-Common stock                    | Paid-in capital in<br>excess of par<br>value | Paid-in capital<br>from business<br>merger | Legal reserve     | Special reserve | Undistributed<br>earnings | Translation gain<br>and loss on the<br>financial<br>statements of<br>foreign operating<br>entities | Unrealized gain and<br>loss on equity<br>instrument<br>investment<br>measured at fair<br>value through other<br>comprehensive<br>income |
|  |          |   |  |  |                   |                 |                           |  | Total equity  |
| <u>For the three months ended March 31, 2023</u>   |          |   |  |  |                   |                 |                           |  |   |
| Balance, January 1, 2023   |          | \$ 2,899,763                                | \$ 3,024,151                                 | \$ 46,333                                  | \$ 1,228,957      | \$ 2,701,014    | \$ 1,279,417              | \$ 7,020   | \$ 1,684,194  |
| Net income for the period  |          | -   | -  | -  | -                 | -               | 363,238                   | -  | -   |
| Other comprehensive income (loss) for the period   | 6(5)(20) | -   | -  | -  | -                 | -               | -                         | ( 13,856 )   | 106,408   |
| Total comprehensive income (loss)  |          | -   | -  | -  | -                 | -               | 363,238                   | ( 13,856 )   | 106,408   |
| Disposal of equity instrument investment measured at fair value through other comprehensive income | 6(5)(20) | -   | -  | -  | -                 | -               | ( 850 )                   | -  | 850   |
| Balance, March 31, 2023  |          | \$ 2,899,763                                | \$ 3,024,151                                 | \$ 46,333                                  | \$ 1,228,957      | \$ 2,701,014    | \$ 1,641,805              | ( \$ 6,836 )   | \$ 1,791,452  |
| <u>For the three months ended March 31, 2024</u>   |          |   |  |  |                   |                 |                           |  |   |
| Balance, January 1, 2024   |          | \$ 2,899,763                                | \$ 3,024,151                                 | \$ 46,333                                  | \$ 1,340,216      | \$ 2,923,533    | \$ 2,341,954              | \$ 5,157   | \$ 1,931,602  |
| Net income for the period  |          | -   | -  | -  | -                 | -               | 529,228                   | -  | -   |
| Other comprehensive income for the period  | 6(5)(20) | -   | -  | -  | -                 | -               | -                         | 41,105   | 120,740   |
| Total comprehensive income   |          | -   | -  | -  | -                 | -               | 529,228                   | 41,105   | 120,740   |
| Disposal of equity instrument investment measured at fair value through other comprehensive income | 6(5)(20) | -   | -  | -  | -                 | -               | 2,698                     | -  | ( 2,698 )   |
| Balance, March 31, 2024  |          | \$ 2,899,763                                | \$ 3,024,151                                 | \$ 46,333                                  | \$ 1,340,216      | \$ 2,923,533    | \$ 2,873,880              | \$ 46,262  | \$ 2,049,644  |

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



YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

|   |              | For the three months ended March 31, |               |
|---|--------------|--------------------------------------|---------------|
|   | Notes        | 2024                                 | 2023          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |                                      |               |
| Profit before tax   |              | \$ 647,872                           | \$ 451,668    |
| Adjustments   |              |                                      |               |
| Income and expenses having no effect on cash flows  |              |                                      |               |
| Depreciation  | 6(9)(10)(29) | 41,702                               | 33,934        |
| Amortization  | 6(11)(29)    | 10,759                               | 6,931         |
| Interest income   | 6(31)        | ( 709,022 )                          | ( 469,577 )   |
| Interest expense  |              | 143,220                              | 85,455        |
| Dividend income   | 6(31)        | ( 17,490 )                           | ( 11,820 )    |
| Expected credit impairment losses and reversal gains  |              | ( 750 )                              | ( 1,312 )     |
| Changes in operating assets and liabilities   |              |                                      |               |
| Changes in operating assets   |              |                                      |               |
| Financial assets at fair value through profit or loss - current                             |              | ( 831,602 )                          | ( 223,314 )   |
| Customer margin deposits  |              | ( 10,195,278 )                       | ( 6,516,249 ) |
| Futures trading margin receivable   |              | 750                                  | 1,312         |
| Security lending deposits   |              | -                                    | 9,924         |
| Accounts receivable   |              | 178,185                              | 3,800         |
| Accounts receivable - related parties   |              | ( 678 )                              | ( 275 )       |
| Prepayments   |              | ( 10,049 )                           | ( 9,040 )     |
| Other receivables   |              | ( 1,210 )                            | ( 301 )       |
| Other receivables - related parties   |              | 85,059                               | 83            |
| Leverage margin contract trading client margin deposits                                     |              | ( 32,586 )                           | ( 5,226 )     |
| Other current assets  |              | ( 4 )                                | ( 1 )         |
| Other non-current assets - other  |              | ( 15,486 )                           | ( 10,046 )    |
| Changes in operating liabilities  |              |                                      |               |
| Financial liabilities at fair value through profit or loss - current                        |              | 7,700                                | ( 5,277 )     |
| Futures traders' equity   |              | 10,077,161                           | ( 6,444,422 ) |
| Leverage margin contract transaction traders' equity  |              | 27,162                               | ( 14,416 )    |
| Accounts payable  |              | 61,753                               | 8,899         |
| Accounts payable - related parties  |              | 7,039                                | 2,110         |
| Collection for third parties  |              | 6,586                                | 2,679         |
| Other payables  |              | ( 125,999 )                          | ( 96,134 )    |
| Other payables - related parties  |              | 1,508                                | 1,127         |
| Other current liabilities   |              | 1,330                                | 218           |
| Other non-current liabilities   |              | 949                                  | 586           |
| Cash outflow generated from operations  |              | ( 641,419 )                          | ( 155,298 )   |
| Interest received   |              | 732,939                              | 480,287       |
| Interest paid   |              | ( 44,005 )                           | ( 37,989 )    |
| Dividends received  |              | 8,496                                | 2,651         |
| Income tax paid   |              | ( 57,607 )                           | ( 37,372 )    |
| Net cash flows (used in) generated from operating activities                                |              | ( 1,596 )                            | ( 252,279 )   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |              |                                      |               |
| Acquisition of financial assets at fair value through other comprehensive income            |              | ( 1,015,133 )                        | ( 405,085 )   |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 6(5)         | 43,543                               | 3,074         |
| Acquisition of financial assets at amortised cost   |              | -                                    | ( 55,032 )    |
| Acquisition of property and equipment   | 6(9)         | ( 2,865 )                            | ( 2,820 )     |
| Increase in intangible assets   | 6(11)        | ( 367 )                              | ( 3,495 )     |
| Increase in operating guarantee deposits  |              | ( 1,571 )                            | ( 389 )       |
| Increase in clearing and settlement funds   |              | ( 14,790 )                           | ( 2,132 )     |
| (Increase) decrease in refundable deposits  |              | ( 113 )                              | ( 373 )       |
| Increase in prepayment for equipment  |              | ( 1,125 )                            | ( 9,517 )     |
| Net cash flows used in investing activities   |              | ( 992,421 )                          | ( 475,023 )   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |              |                                      |               |
| Principal payment for lease liabilities   |              | ( 13,078 )                           | ( 12,824 )    |
| Net cash flows used in financing activities   |              | ( 13,078 )                           | ( 12,824 )    |
| Effect of change in foreign exchange rates  |              | 43,308                               | ( 12,071 )    |
| Net decrease in cash and cash equivalents   |              | ( 963,787 )                          | ( 247,639 )   |
| Cash and cash equivalents at beginning of period  |              | 11,262,291                           | 9,709,678     |
| Cash and cash equivalents at end of period  |              | \$ 10,298,504                        | \$ 9,462,039  |

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANISATION**

Yuanta Futures Co., Ltd.'s (the "Company") and its subsidiaries' (collectively referred herein as the "Group") profile is described below:

(1) The Company was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) and started its operations on April 9, 1997. The Company merged with "Refco Taiwan Co., Ltd." on September 1, 2003 and was renamed as "Polaris Refco Futures Co., Ltd.". As of 2005, on account of changes in foreign shareholders, an extraordinary shareholders' meeting was held on February 15, 2006, and resolved to change its name to "Polaris MF Futures Co., Ltd." as approved by the Ministry of Economic Affairs.

On October 6, 2011, the Board of Directors of Polaris MF Futures Co., Ltd. decided to merge with Yuanta Futures Co., Ltd. In relation to the share conversion with Yuanta Futures Co., Ltd. in accordance with Gin-Gwen-Zheng-Qi Letter No. 1000052507, the Company can exchange its common shares using a ratio of 1.01 share to 1 share of Yuanta Futures common share. Both parties agreed to set April 1, 2012 as the merger date. The Company has also obtained the approval to change its name to "Yuanta Futures Co., Ltd.".

(2) The Group is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, leverage transaction merchant, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Group ceased engaging in futures business management. As of March 31, 2024, the Company had 4 branches.

(3) As of March 31, 2024 and 2023, the Group had 441 and 456 employees, respectively.

**2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION**

These consolidated financial statements were authorised for issuance by the Board of Directors on May 8, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS<sup>®</sup>") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

| New Standards, Interpretations and Amendments                                  | Effective date by<br>International Accounting<br>Standards Board |
|--|--|
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback'               | January 1, 2024  |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024  |
| Amendments to IAS 1, 'Non-current liabilities with covenants'                  | January 1, 2024  |
| Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'                | January 1, 2024  |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments   | Effective date by<br>International Accounting<br>Standards Board   |
|---|--|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by<br>International Accounting<br>Standards Board |
| IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendments to IFRS 17, 'Insurance contracts'  | January 1, 2023  |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'                               | January 1, 2023  |
| IFRS 18, 'Presentation and disclosure in financial statements'  | January 1, 2027  |
| Amendments to IAS 21, 'Lack of exchangeability'   | January 1, 2025  |

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete:

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Firms, and the International Accounting Standard 34, “Interim financial reporting” that came into effect as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) Financial assets at fair value through other comprehensive income.
- (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (A) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary                   | Main business activities        | Ownership (%)  |                   |                | Note |
|------------------|--------------------------------------|---------------------------------|----------------|-------------------|----------------|------|
|                  |                                      |                                 | March 31, 2024 | December 31, 2023 | March 31, 2023 |      |
| The Company      | Yuanta Futures (Hong Kong) Co., Ltd. | Financial services              | 100            | 100               | 100            |      |
| The Company      | SYF Information Co., Ltd.            | Information technology services | 100            | 100               | 100            |      |
| The Company      | Yuanta Global (Singapore) Pte. Ltd.  | Applying                        | 100            | 100               | 100            | Note |

Note: On November 23, 2022, Yuanta Global (Singapore) Pte. Ltd. was established by the Company through reinvestment, and its main business activities are currently under approval by Singapore authorities.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(D) Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

**B. Translation of foreign operations**

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that consolidated balance sheet;

(B) Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates of that period; and

(C) All resulting exchange differences are recognised in other comprehensive income.

**(5) Classification of current and non-current items**

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realised within twelve months from the balance sheet date;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(A) Liabilities that are expected to be settled within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be settled within twelve months from the balance sheet date;

(D) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

**(6) Cash and cash equivalents**

Cash and cash equivalents include cash, petty cash, checking accounts, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

**(7) Financial assets at fair value through profit or loss**

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (A) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (B) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Customer margin deposits

In accordance with the Rules Governing Futures Commission Merchants, customer margin deposits accounts refer to the guarantee deposits and premiums collected from the futures customers, and the spread is calculated based on daily market price.

(11) Futures traders' equity / Futures trading margin receivable

Futures traders' equity is the trading margin/premiums deposited by customers and the difference of daily close-market balance. Futures traders' equity is shown under current liabilities. It cannot be offset except for the same customer with the same category of accounts. If payable to customer does not occur, it should be classified as futures trading margin receivable.

(12) Leverage margin contract trading client margin deposits

In accordance with the Regulations Governing Leverage Transaction Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the leveraged trader, and the difference of daily evaluation.

(13) Leverage margin contract transaction traders' equity

Leverage margin contract transaction traders' equity is the trading margin/premiums deposited by customers and the difference of daily evaluation. Leverage margin contract transaction traders' equity is shown under current liabilities.

(14) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(15) Impairment of financial assets

For financial assets at amortised cost, customer margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, leverage margin deposit, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(16) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(17) Property and equipment

A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated, other property and equipment are recognised using the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.



- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

(18) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (A) Fixed payments, less any lease incentives receivable; and
  - (B) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (A) The amount of the initial measurement of lease liability;
  - (B) Any lease payments made at or before the commencement date; and
  - (C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(19) Intangible assets

- A. Membership in a foreign Futures Exchange

Membership in a foreign Futures Exchange is stated at acquisition cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Membership in a foreign Futures Exchange is not amortised, but is tested annually for impairment.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(21) Derivative financial instruments and non-hedging activities

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(22) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
- (A) Hybrid (combined) contracts; or
  - (B) They eliminate or significantly reduce a measurement or recognition inconsistency; or
  - (C) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- a. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the consolidated balance sheet date).
- b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- c. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each consolidated balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

- F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

- A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is recognised on the date of settlement.
- B. Security commission revenue: Commission revenues that are generated from the operation of securities introducing broker business by futures commission merchants. The revenue is recognised based on the related contract terms.
- C. Entrusted clearing settlement service fee: Service fee income that is generated by futures merchants who have the qualification of clearing membership while exercising clearing settlement transaction is recognised on the date of futures transaction.
- D. Derivative instrument net income
  - (A) Futures contract gains or losses: The margin of futures trading is recognised at cost and measured through mark-to-market accounting. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognised as gains or losses in the current period.
  - (B) Options trading: The deposit of options trading is recognized at cost and assessed monthly through mark-to-market valuation before the obligation is fulfilled. Any gain and loss occurring due to the option exercise is recognised as gain and loss in the period.
- E. Futures management fees revenues and futures advisory revenues: These revenues are recognised based on the related contract terms as performance obligations are satisfied over time.
- F. Interest income: All of the interest income of financial instruments are calculated using the effective interest rate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

## 5. CRITICAL ACCOUNTING JUDGEMENT, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. There is no significant change during the period. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

### Fair value of unlisted stocks

Fair values of unlisted stocks without an active market or quoted prices are determined using valuation methods. Under such a situation, fair value is the observable data or methods of similar financial instruments. If there are no observable market parameters, the fair value of financial instruments are estimated from appropriate assumptions. When utilizing valuation models to determine fair value, all models need to be calibrated in order to ensure generated results reflect actual data and market prices. Models should only elect observable data as much as possible. Please refer to Note 21(3) for the financial instruments fair value information.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

|  | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|--------------------------|-----------------------|
| Cash   | \$ 4,764              | \$ -                     | \$ -                  |
| Petty cash                                       | 112                   | 108                      | 108                   |
| Cash in bank                                     |                       |                          |                       |
| Demand deposits                                  | 553,080               | 682,304                  | 464,525               |
| Time deposits                                    | <u>9,428,395</u>      | <u>10,232,081</u>        | <u>8,551,766</u>      |
| Subtotal   | 9,986,351             | 10,914,493               | 9,016,399             |
| Excess futures margin deposits                   | 205,292               | 239,040                  | 317,790               |
| Excess margin in foreign exchange margin trading | <u>106,861</u>        | <u>108,758</u>           | <u>127,850</u>        |
|  | <u>\$ 10,298,504</u>  | <u>\$ 11,262,291</u>     | <u>\$ 9,462,039</u>   |

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss – current

|  | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|--------------------------|-----------------------|
| Financial assets mandatorily<br>measured at fair value<br>through profit or loss |                       |                          |                       |
| Listed stocks  | \$ 745,826            | \$ 290,212               | \$ 288,577            |
| Beneficiary certificates   | 400,000               | 290,000                  | 163,525               |
| Futures trading margin   |                       |                          |                       |
| - own funds  | 124,103               | 57,744                   | 37,746                |
| Buy options - futures  | 22,135                | 5,302                    | 22,708                |
| Derivatives assets - OTC   | 40,911                | 26,787                   | 23,002                |
|  | <u>1,332,975</u>      | <u>670,045</u>           | <u>535,558</u>        |
| Valuation adjustment   | <u>184,920</u>        | <u>16,260</u>            | <u>8,710</u>          |
|  | <u>\$ 1,517,895</u>   | <u>\$ 686,305</u>        | <u>\$ 544,268</u>     |
|  | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
| Financial liabilities held for trading   |                       |                          |                       |
| Sell options - futures   | \$ 16,122             | \$ 8,422                 | \$ 12,700             |
| Security borrowing payable   |                       |                          |                       |
| - non-hedging  | -                     | -                        | 8,443                 |
|  | <u>16,122</u>         | <u>8,422</u>             | <u>21,143</u>         |
| Valuation adjustment   | <u>-</u>              | <u>-</u>                 | <u>38</u>             |
|  | <u>\$ 16,122</u>      | <u>\$ 8,422</u>          | <u>\$ 21,181</u>      |

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

|  | <u>For the three months ended March 31,</u> |                  |
|--|---|------------------|
|  | <u>2024</u>                                 | <u>2023</u>      |
| Financial assets and liabilities at fair value<br>through profit or loss |   |                  |
| Listed stocks  | \$ 183,585                                  | \$ 20,913        |
| Beneficiary certificates   | 57,540                                      | 4,736            |
| Borrowed securities  | - (   | 2,460)           |
| Net loss on futures contracts  | ( 181,218)                                  | ( 17,156)        |
| Net gain on options contracts  | 25,200                                      | 1,371            |
| Net gain on leverage derivatives assets                                  | 22,465                                      | 25,029           |
| Other financial instruments  | ( 1,245)                                    | 1,443            |
|  | <u>\$ 106,327</u>                           | <u>\$ 33,876</u> |

For the three months ended March 31, 2024 and 2023, the above mentioned amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognised in gains on trading of securities, dividend income, gains on valuation of trading securities, losses on covering of borrowed securities and bonds with resale agreements-short sales, valuation losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net (losses) gains on derivative financial instruments and other gains and losses.

## B. Futures

The Group entered into futures contracts to earn the spread. As of March 31, 2024, December 31, 2023 and March 31, 2023, customer margin deposits for the futures contract was \$329,395, \$296,784 and \$355,536, respectively, with excess margin of \$205,292, \$239,040 and \$317,790, respectively, recognised in “cash and cash equivalents”.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

### (3) Customer margin deposits /Futures traders’ equity

|  | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|--------------------------|-----------------------|
| Customer margin deposits by customers:               |                       |                          |                       |
| Cash in banks  | \$ 77,517,020         | \$ 69,632,709            | \$ 67,222,224         |
| Clearing house                                       | 15,197,484            | 15,032,931               | 11,775,042            |
| Other futures commission merchants                   | 13,064,529            | 10,807,591               | 11,491,637            |
| Valuation adjustment on customer margin accounts-CGS | ( 5,157)              | ( 3,912)                 | -                     |
| Total  | 105,773,876           | 95,469,319               | 90,488,903            |
| Add: Others  | 1,599                 | -                        | -                     |
| Less: Fees and interest revenue                      |                       |                          |                       |
| pending for transfer                                 | ( 259,804)            | ( 148,887)               | ( 229,800)            |
| Futures exchange tax                                 |                       |                          |                       |
| pending for transfer                                 | ( 8,765)              | ( 5,007)                 | ( 6,524)              |
| Temporary receipts                                   | ( 5,594)              | ( 6,045)                 | ( 5,143)              |
| Others   | ( 835)                | ( 2,365)                 | ( 3,450)              |
| Futures traders’ equity                              | <u>\$ 105,500,477</u> | <u>\$ 95,307,015</u>     | <u>\$ 90,243,986</u>  |

A. The Group has no expected credit loss on customer margin deposits.

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the customer margin deposits held by the Group was \$105,773,876, \$95,469,319 and \$90,488,903, respectively.

### (4) Futures trading margin receivable

|  | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|--|-----------------------|--------------------------|-----------------------|
| Futures trading margin receivable          | \$ 47,555             | \$ 48,305                | \$ 94,690             |
| Less: Allowance for uncollectible accounts | ( 47,555)             | ( 48,305)                | ( 94,690)             |
|  | <u>\$ -</u>           | <u>\$ -</u>              | <u>\$ -</u>           |

A. Information relating to credit risk of futures trading margin receivable is provided in Note 21(6).



B. The ageing analysis of futures trading margin receivable is as follows:

|               | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---------------|-----------------------|--------------------------|-----------------------|
| Up to 30 days | \$ -                  | \$ -                     | \$ -                  |
| 31-90 days    | -                     | -                        | -                     |
| 91-180 days   | -                     | -                        | -                     |
| Over 181 days | 47,555                | 48,305                   | 94,690                |
|               | <u>\$ 47,555</u>      | <u>\$ 48,305</u>         | <u>\$ 94,690</u>      |

The above ageing analysis was based on posting date.

(5) Financial assets at fair value through other comprehensive income

|                      | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|----------------------|-----------------------|--------------------------|-----------------------|
| Current items:       |                       |                          |                       |
| Equity instrument    |                       |                          |                       |
| Listed stocks        | \$ 1,145,708          | \$ 171,420               | \$ 1,223,796          |
| Valuation adjustment | 97,153                | (18,708)                 | (10,310)              |
|                      | <u>\$ 1,242,861</u>   | <u>\$ 152,712</u>        | <u>\$ 1,213,486</u>   |
| Non-current items:   |                       |                          |                       |
| Equity instrument    |                       |                          |                       |
| Listed stocks        | \$ 104,771            | \$ 104,771               | \$ 104,771            |
| Valuation adjustment | 33,015                | 24,559                   | 11,865                |
| Subtotal             | <u>137,786</u>        | <u>129,330</u>           | <u>116,636</u>        |
| Non-Listed stocks    | 221,132               | 221,132                  | 221,132               |
| Valuation adjustment | 1,919,476             | 1,925,751                | 1,789,897             |
| Subtotal             | <u>2,140,608</u>      | <u>2,146,883</u>         | <u>2,011,029</u>      |
|                      | <u>\$ 2,278,394</u>   | <u>\$ 2,276,213</u>      | <u>\$ 2,127,665</u>   |

A. The Group has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$3,521,255, \$2,428,925 and \$3,341,151 as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

B. For the three months ended March 31, 2024 and 2023, consider the asset allocation and adjust the investment portfolios, the Group sold listed stocks at fair value amounting to \$43,543 and \$3,074, respectively, which resulted in cumulative gains (losses) on disposal of \$2,698 and (\$850), respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

|  | For the three months ended March 31, |            |
|--|--------------------------------------|------------|
|  | 2024                                 | 2023       |
| <u>Equity instruments at fair value through other comprehensive income</u>       |                                      |            |
| Fair value change recognised in other comprehensive income                       | \$ 120,740                           | \$ 106,408 |
| Cumulative (gains) losses reclassified to retained earnings due to derecognition | (\$ 2,698)                           | \$ 850     |
| Dividend income recognised in profit or loss                                     |                                      |            |
| Held at end of period  | \$ 13,296                            | \$ 11,588  |

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(6) Financial assets at amortised cost

|                    | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------|----------------|-------------------|----------------|
| Non-current items: |                |                   |                |
| Corporate bonds    | \$ 59,721      | \$ 57,095         | \$ 55,743      |

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

|                 | For the three months ended March 31, |        |
|-----------------|--------------------------------------|--------|
|                 | 2024                                 | 2023   |
| Interest income | \$ 675                               | \$ 338 |

B. As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$59,721, \$57,095 and \$55,743, respectively.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk is provided in Note 21(6).

(7) Operating guarantee deposits

As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Group was \$163,883, \$161,447 and \$146,208, respectively.

(8) Clearing and settlement funds

As at March 31, 2024, December 31, 2023 and March 31, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Group was \$460,890, \$446,100 and \$455,790, respectively.

(9) Property and equipment

| 2024                                  |                   |                   |                        |                   |
|---------------------------------------|-------------------|-------------------|------------------------|-------------------|
|                                       | Land (Note)       | Equipment         | Leasehold improvements | Total             |
| At January 1,                         |                   |                   |                        |                   |
| Cost                                  | \$ 466,947        | \$ 366,099        | \$ 92,155              | \$ 925,201        |
| Accumulated depreciation              | -                 | ( 151,720)        | ( 61,449)              | ( 213,169)        |
|                                       | <u>\$ 466,947</u> | <u>\$ 214,379</u> | <u>\$ 30,706</u>       | <u>\$ 712,032</u> |
| Opening net book amount at January 1, | \$ 466,947        | \$ 214,379        | \$ 30,706              | \$ 712,032        |
| Additions                             | -                 | 2,865             | -                      | 2,865             |
| Disposals (cost)                      | -                 | ( 11,496)         | -                      | ( 11,496)         |
| Disposals (accumulated depreciation)  | -                 | 11,496            | -                      | 11,496            |
| Depreciation expense                  | -                 | ( 21,858)         | ( 7,685)               | ( 29,543)         |
| Net exchange differences              | -                 | 50                | 76                     | 126               |
| Closing net book amount at March 31,  | <u>\$ 466,947</u> | <u>\$ 195,436</u> | <u>\$ 23,097</u>       | <u>\$ 685,480</u> |
| At March 31,                          |                   |                   |                        |                   |
| Cost                                  | \$ 466,947        | \$ 357,634        | \$ 92,279              | \$ 916,860        |
| Accumulated depreciation              | -                 | ( 162,198)        | ( 69,182)              | ( 231,380)        |
|                                       | <u>\$ 466,947</u> | <u>\$ 195,436</u> | <u>\$ 23,097</u>       | <u>\$ 685,480</u> |
| 2023                                  |                   |                   |                        |                   |
|                                       | Land (Note)       | Equipment         | Leasehold improvements | Total             |
| At January 1,                         |                   |                   |                        |                   |
| Cost                                  | \$ 466,947        | \$ 243,830        | \$ 92,034              | \$ 802,811        |
| Accumulated depreciation              | -                 | ( 118,799)        | ( 30,747)              | ( 149,546)        |
|                                       | <u>\$ 466,947</u> | <u>\$ 125,031</u> | <u>\$ 61,287</u>       | <u>\$ 653,265</u> |
| Opening net book amount at January 1, | \$ 466,947        | \$ 125,031        | \$ 61,287              | \$ 653,265        |
| Additions                             | -                 | 2,820             | -                      | 2,820             |
| Disposals (cost)                      | -                 | ( 390)            | -                      | ( 390)            |
| Disposals (accumulated depreciation)  | -                 | 390               | -                      | 390               |
| Depreciation expense                  | -                 | ( 14,188)         | ( 7,665)               | ( 21,853)         |
| Net exchange differences              | -                 | ( 17)             | ( 45)                  | ( 62)             |
| Closing net book amount at March 31,  | <u>\$ 466,947</u> | <u>\$ 113,646</u> | <u>\$ 53,577</u>       | <u>\$ 634,170</u> |
| At March 31,                          |                   |                   |                        |                   |
| Cost                                  | \$ 466,947        | \$ 246,025        | \$ 91,989              | \$ 804,961        |
| Accumulated depreciation              | -                 | ( 132,379)        | ( 38,412)              | ( 170,791)        |
|                                       | <u>\$ 466,947</u> | <u>\$ 113,646</u> | <u>\$ 53,577</u>       | <u>\$ 634,170</u> |

Note: A trust in Chang Hwa Bank was set up for the land due to the city renovation.

(10) Leasing arrangements — lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

|           | <u>March 31, 2024</u>  | <u>December 31, 2023</u> | <u>March 31, 2023</u>  |
|-----------|------------------------|--------------------------|------------------------|
|           | <u>Carrying amount</u> | <u>Carrying amount</u>   | <u>Carrying amount</u> |
| Buildings | <u>\$ 72,936</u>       | <u>\$ 79,576</u>         | <u>\$ 115,730</u>      |

|           | <u>For the three months ended March 31,</u> |                            |
|-----------|---|----------------------------|
|           | <u>2024</u>                                 | <u>2023</u>                |
|           | <u>Depreciation charge</u>                  | <u>Depreciation charge</u> |
| Buildings | <u>\$ 12,159</u>                            | <u>\$ 12,081</u>           |

C. For the three months ended March 31, 2024 and 2023, there were no additions to right-of-use assets.

D. The information on profit and loss accounts relating to lease contracts is as follows:

|                                       | <u>For the three months ended March 31,</u> |             |
|---------------------------------------|---|-------------|
|                                       | <u>2024</u>                                 | <u>2023</u> |
| <u>Items affecting profit or loss</u> |   |             |
| Interest expense on lease liabilities | \$ 246                                      | \$ 414      |
| Expense on short-term lease contracts | 121   | 23          |

E. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases was \$13,445 and \$13,261, respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(11) Intangible assets

|  | 2024   |                  |                  |
|--|--|------------------|------------------|
|  | Membership in a<br>foreign Futures<br>Exchange | Others           | Total            |
| At January 1,                            |  |                  |                  |
| Cost                                     | \$ 24,125                                      | \$ 131,021       | \$ 155,146       |
| Accumulated amortisation                 | -  | ( 57,160)        | ( 57,160)        |
|  | <u>\$ 24,125</u>                               | <u>\$ 73,861</u> | <u>\$ 97,986</u> |
| Opening net book amount at<br>January 1, | \$ 24,125                                      | \$ 73,861        | \$ 97,986        |
| Additions                                | -  | 367              | 367              |
| Transfers                                | -  | 52               | 52               |
| Disposals (cost)                         | -  | ( 2,159)         | ( 2,159)         |
| Disposals (accumulated<br>amortisation)  | -  | 2,159            | 2,159            |
| Amortisation expense                     | -  | ( 10,759)        | ( 10,759)        |
| Net exchange differences                 | -  | 18               | 18               |
| Closing net book amount at<br>March 31,  | <u>\$ 24,125</u>                               | <u>\$ 63,539</u> | <u>\$ 87,664</u> |
| At March 31,                             |  |                  |                  |
| Cost                                     | \$ 24,125                                      | \$ 129,302       | \$ 153,427       |
| Accumulated amortisation                 | -  | ( 65,763)        | ( 65,763)        |
|  | <u>\$ 24,125</u>                               | <u>\$ 63,539</u> | <u>\$ 87,664</u> |

|  | 2023   |                  |                  |
|--|--|------------------|------------------|
|  | Membership in a<br>foreign Futures<br>Exchange | Others           | Total            |
| At January 1,                            |  |                  |                  |
| Cost                                     | \$ 24,125                                      | \$ 84,872        | \$ 108,997       |
| Accumulated amortisation                 | -  | ( 34,985)        | ( 34,985)        |
|  | <u>\$ 24,125</u>                               | <u>\$ 49,887</u> | <u>\$ 74,012</u> |
| Opening net book amount at<br>January 1, | \$ 24,125                                      | \$ 49,887        | \$ 74,012        |
| Additions                                | -  | 3,495            | 3,495            |
| Transfers                                | -  | 180              | 180              |
| Disposals (cost)                         | -  | ( 3,096)         | ( 3,096)         |
| Disposals (accumulated<br>amortisation)  | -  | 3,096            | 3,096            |
| Amortisation expense                     | -  | ( 6,931)         | ( 6,931)         |
| Closing net book amount at<br>March 31,  | <u>\$ 24,125</u>                               | <u>\$ 46,631</u> | <u>\$ 70,756</u> |
| At March 31,                             |  |                  |                  |
| Cost                                     | \$ 24,125                                      | \$ 85,447        | \$ 109,572       |
| Accumulated amortisation                 | -  | ( 38,816)        | ( 38,816)        |
|  | <u>\$ 24,125</u>                               | <u>\$ 46,631</u> | <u>\$ 70,756</u> |

(12) Other payables

|                                      | March 31, 2024    | December 31, 2023 | March 31, 2023    |
|--------------------------------------|-------------------|-------------------|-------------------|
| Other payables - related parties     | <u>\$ 1,512</u>   | <u>\$ 4</u>       | <u>\$ 1,535</u>   |
| Other payables - non-related parties |                   |                   |                   |
| Salaries and bonus payables          | \$ 271,593        | \$ 404,242        | \$ 174,752        |
| Operating expenses payable           | 38,585            | 31,365            | 45,712            |
| Interest payables                    | 132,866           | 33,744            | 63,120            |
|                                      | <u>\$ 443,044</u> | <u>\$ 469,351</u> | <u>\$ 283,584</u> |

(13) Other current liabilities

|                    | March 31, 2024  | December 31, 2023 | March 31, 2023  |
|--------------------|-----------------|-------------------|-----------------|
| Temporary receipts | <u>\$ 7,689</u> | <u>\$ 6,327</u>   | <u>\$ 6,671</u> |

(14) Bonds payable

|                                 | March 31, 2024      | December 31, 2023   | March 31, 2023      |
|---------------------------------|---------------------|---------------------|---------------------|
| Bonds payable                   | \$ 1,500,000        | \$ 1,500,000        | \$ 1,500,000        |
| Less: Discount on bonds payable | ( 1,750)            | ( 1,843)            | ( 2,128)            |
|                                 | <u>\$ 1,498,250</u> | <u>\$ 1,498,157</u> | <u>\$ 1,497,872</u> |

|                      | First issue of unsecured subordinate normal<br>corporate bond in 2021 |
|----------------------|---|
| Par value            | \$1,500,000   |
| Stated interest rate | Fixed interest rate at 0.85%  |
| Issuance date        | November 12, 2021   |
| Maturity date        | November 12, 2028   |
| Issuance area        | Taiwan  |

(15) Pension

A. Defined benefit plan

- (A) The Company has a defined benefit pension plan in accordance with the Labour Standards Law, covering all regular employees' service years prior to the enforcement of the Labour Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labour pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- (B) For the three months ended March 31, 2024 and 2023, the foreign subsidiaries recognised \$121 and \$185, respectively, of pension cost under aforementioned regulations.
- (C) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$742.

B. Defined contribution plan

- (A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (B) The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2024 and 2023 were \$4,671 and \$4,939, respectively.
- C. The pension plans for the consolidated foreign subsidiaries are as follows:
- (A) The pension plan for Yuanta Futures (Hong Kong) Co., Ltd. and Yuanta Global (Singapore) Pte. Ltd. are in compliance with related regulations enacted by respective local governments.

(B) For the three months ended March 31, 2024 and 2023, the foreign subsidiaries recognised \$694 and \$342, respectively, of pension expense under aforementioned regulations.

(16) Share capital

As of March 31, 2024, the Company's authorised capital was \$3,500,000 consisting of 350,000 thousand shares, and paid-in capital was \$2,899,763 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Special reserve

- A. According to the "Rules Governing the Administration of Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. Except for offsetting the Company's deficit by using the special reserve or cumulative special reserve exceeding 25% of the paid-in capital, the Company could transfer 25% of certain special reserve as share capital. No other purpose is permitted. According to Gin-Gwen-Zheng-Qi Letter No.1110380212 on January 21, 2022, the basis for the provision of the special reserve should be included in the amount of the net profit after tax in the current year, plus items other than the profit after tax that are included in the undistributed earnings.
- B. According to the other regulations, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative decrease in stockholders' equity of the prior period, an equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in stockholders' equity, the earnings may be distributed based on the reversal proportion.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. In addition, if there is any surplus after the special reserve is set aside or reversed as required by regulations, the remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.



- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of the Company's earnings distribution for 2023 and 2022 as resolved by the Board of Directors on February 27, 2024 and the stockholders at the stockholders' meeting on May 24, 2023, respectively, are as follows:

|                 | 2023       |                                  | 2022       |                                  |
|-----------------|------------|----------------------------------|------------|----------------------------------|
|                 | Amount     | Dividends per Share (in dollars) | Amount     | Dividends per Share (in dollars) |
| Legal reserve   | \$ 212,126 |                                  | \$ 111,259 |                                  |
| Special reserve | -          |                                  | 222,519    |                                  |
| Cash dividends  | 1,449,881  | \$ 5.00                          | 724,941    | \$ 2.50                          |

(20) Other equity items

|   | Unrealised gains (losses) on valuation | Currency translation differences | Total        |
|---|--|----------------------------------|--------------|
| At January 1, 2024  | \$ 1,931,602                           | \$ 5,157                         | \$ 1,936,759 |
| Financial assets at fair value through other comprehensive income |  |                                  |              |
| -Revaluation  | 120,740                                | -                                | 120,740      |
| -Revaluation transferred to retained earnings                     | ( 2,698)                               | - ( 2,698)                       |              |
| Currency translation differences                                  |  |                                  |              |
| -Exchange differences   | -                                      | 41,105                           | 41,105       |
| At March 31, 2024   | \$ 2,049,644                           | \$ 46,262                        | \$ 2,095,906 |

|   | Unrealised<br>gains (losses) on<br>valuation | Currency<br>translation<br>differences | Total               |
|---|--|--|---------------------|
| At January 1, 2023  | \$ 1,684,194                                 | \$ 7,020                               | \$ 1,691,214        |
| Financial assets at fair value<br>through other comprehensive<br>income |  |  |                     |
| -Revaluation  | 106,408                                      | -                                      | 106,408             |
| -Revaluation transferred to<br>retained earnings                        | 850  | -                                      | 850                 |
| Currency translation differences  |  |  |                     |
| -Exchange differences   | -  | (13,856)                               | (13,856)            |
| At March 31, 2023   | <u>\$ 1,791,452</u>                          | <u>(\$ 6,836)</u>                      | <u>\$ 1,784,616</u> |

(21) Brokerage

|                                 | For the three months ended March 31, |                   |
|---------------------------------|--------------------------------------|-------------------|
|                                 | 2024                                 | 2023              |
| Dealers' commissions - domestic | \$ 549,265                           | \$ 479,440        |
| Dealers' commissions - foreign  | 271,534                              | 302,972           |
| Dealers' commissions - leverage | 4,142                                | 3,334             |
|                                 | <u>\$ 824,941</u>                    | <u>\$ 785,746</u> |

(22) Net gain on trading of securities

|   | For the three months ended March 31, |                  |
|---|--------------------------------------|------------------|
|   | 2024                                 | 2023             |
| Revenue from sale of securities - dealing | \$ 1,810,290                         | \$ 593,264       |
| Cost from sale of securities - dealing    | (1,742,019)                          | (580,390)        |
|   | <u>\$ 68,271</u>                     | <u>\$ 12,874</u> |

(23) Clearance fee from consignment

|   | For the three months ended March 31, |                 |
|---|--------------------------------------|-----------------|
|   | 2024                                 | 2023            |
| Clearance fee from consignment -<br>non-related parties | <u>\$ 9,614</u>                      | <u>\$ 8,614</u> |

(24) Net (losses) gains on derivative financial instruments

|   | For the three months ended March 31, |                    |
|---|--------------------------------------|--------------------|
|   | 2024                                 | 2023               |
| Non-hedging   |                                      |                    |
| Gains (losses) from futures contract interests            |                                      |                    |
| Futures contract gains                                    | \$ 36,876                            | \$ 23,225          |
| Futures contract losses                                   | ( 218,094)                           | ( 40,381)          |
|   | <u>(\$ 181,218)</u>                  | <u>(\$ 17,156)</u> |
| Gains (losses) from options trading                       |                                      |                    |
| Gains from options trading                                | \$ 153,522                           | \$ 24,426          |
| Losses from options trading                               | ( 128,322)                           | ( 23,055)          |
|   | <u>\$ 25,200</u>                     | <u>\$ 1,371</u>    |
| Gains (losses) from leverage margin contract transactions |                                      |                    |
| Gains from leverage margin contract transactions          | \$ 146,133                           | \$ 167,342         |
| Losses from leverage margin contract transactions         | ( 123,668)                           | ( 142,313)         |
|   | <u>\$ 22,465</u>                     | <u>\$ 25,029</u>   |
| Gains from derivative financial instruments               | \$ 336,531                           | \$ 214,993         |
| Losses from derivative financial instruments              | ( 470,084)                           | ( 205,749)         |
|   | <u>(\$ 133,553)</u>                  | <u>\$ 9,244</u>    |

(25) Service charge

|                            | For the three months ended March 31, |                   |
|----------------------------|--------------------------------------|-------------------|
|                            | 2024                                 | 2023              |
| Service charge - brokerage | \$ 166,808                           | \$ 137,101        |
| Service charge - dealing   | 530                                  | 109               |
|                            | <u>\$ 167,338</u>                    | <u>\$ 137,210</u> |

(26) Futures commission

|                               | For the three months ended March 31, |                   |
|-------------------------------|--------------------------------------|-------------------|
|                               | 2024                                 | 2023              |
| Entrusted futures transaction | \$ 101,509                           | \$ 99,822         |
| Futures auxiliary business    | 71,667                               | 68,936            |
|                               | <u>\$ 173,176</u>                    | <u>\$ 168,758</u> |

(27) Clearance fee

|                           | For the three months ended March 31, |                  |
|---------------------------|--------------------------------------|------------------|
|                           | 2024                                 | 2023             |
| Clearance fee - brokerage | \$ 119,047                           | \$ 98,578        |
| Clearance fee - dealing   | 270                                  | 47               |
|                           | <u>\$ 119,317</u>                    | <u>\$ 98,625</u> |

(28) Employee benefit expense

|                                 | For the three months ended March 31, |                   |
|---------------------------------|--------------------------------------|-------------------|
|                                 | 2024                                 | 2023              |
| Wages and salaries              | \$ 229,345                           | \$ 175,446        |
| Labor and health insurance fees | 9,067                                | 12,791            |
| Pension costs                   | 5,486                                | 5,466             |
| Post-employment benefits        | 1,214                                | 525               |
| Other personnel expenses        | 5,922                                | 5,086             |
|                                 | <u>\$ 251,034</u>                    | <u>\$ 199,314</u> |

A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the three months ended March 31, 2024 and 2023, employees' compensation was accrued at \$1,050 and \$1,050, respectively, and the aforementioned amounts were recognised in salary expenses.

B. Employees' compensation of 2023 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2023 financial statements.

C. Information about employees' compensation of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Depreciation and amortisation

|                      | For the three months ended March 31, |                  |
|----------------------|--------------------------------------|------------------|
|                      | 2024                                 | 2023             |
| Depreciation expense | \$ 41,702                            | \$ 33,934        |
| Amortisation expense | 10,759                               | 6,931            |
|                      | <u>\$ 52,461</u>                     | <u>\$ 40,865</u> |

(30) Other operating expenses

|                               | For the three months ended March 31, |                   |
|-------------------------------|--------------------------------------|-------------------|
|                               | 2024                                 | 2023              |
| Postage and telephone costs   | \$ 43,083                            | \$ 31,879         |
| Tax expenses                  | 28,403                               | 22,112            |
| Computer information expenses | 39,285                               | 34,037            |
| Donation                      | -                                    | 75                |
| Institutional membership fees | 9,304                                | 10,493            |
| Operating lease payments      | 121                                  | 23                |
| Repair charge                 | 10,349                               | 7,357             |
| Advertising costs             | 5,054                                | 7,587             |
| Service expenses              | 7,395                                | 6,300             |
| Other expenses                | 14,352                               | 19,266            |
|                               | <u>\$ 157,346</u>                    | <u>\$ 139,129</u> |

(31) Other gains and losses

|  | For the three months ended March 31, |                   |
|--|--------------------------------------|-------------------|
|  | 2024                                 | 2023              |
| Interest income  | \$ 709,022                           | \$ 469,577        |
| Dividend income  | 13,296                               | 11,588            |
| Net currency exchange gains (losses)                           | 14,706 (                             | 12,545)           |
| Gains on financial assets at fair value through profit or loss | 56,295                               | 6,172             |
| Others   | 28,088                               | 18,482            |
|  | <u>\$ 821,407</u>                    | <u>\$ 493,274</u> |

(32) Income tax

A. Income tax expense

Components of income tax expense:

|   | For the three months ended March 31, |                  |
|---|--------------------------------------|------------------|
|   | 2024                                 | 2023             |
| Current tax:                                      |                                      |                  |
| Current tax on profits for the period             | \$ 113,440                           | \$ 95,163        |
| Prior year income tax under estimation            | -                                    | 650              |
| Total current tax                                 | <u>113,440</u>                       | <u>95,813</u>    |
| Deferred tax:                                     |                                      |                  |
| Origination and reversal of temporary differences | <u>5,204 (</u>                       | <u>7,383)</u>    |
| Total deferred tax                                | <u>5,204 (</u>                       | <u>7,383)</u>    |
| Income tax expense                                | <u>\$ 118,644</u>                    | <u>\$ 88,430</u> |

B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

The Company's subsidiary, SYF Information Co., Ltd.'s income tax returns through 2022 have been assessed and approved by the Tax Authority.

(33) Earnings per share

|  | For the three months ended March 31, 2024 |   |                                 |
|--|---|---|---------------------------------|
|  | Amount after tax                          | Weighted average number of ordinary shares outstanding (share in thousands) | Earnings per Share (in dollars) |
| <u>Basic earnings per share</u>                            |   |   |                                 |
| Profit attributable to ordinary shareholders of the parent | <u>\$ 529,228</u>                         | <u>289,976</u>  | <u>\$ 1.83</u>                  |

|   | For the three months ended March 31, 2023 |  |                                       |
|---|---|--|---------------------------------------|
|   | Amount<br>after tax                       | Weighted average<br>number of ordinary<br>shares outstanding<br>(share in thousands) | Earnings per<br>Share<br>(in dollars) |
| <u>Basic earnings per share</u>                               |   |  |                                       |
| Profit attributable to ordinary<br>shareholders of the parent | \$ 363,238                                | 289,976  | \$ 1.25                               |

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company's parent and ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company's shares.

### (2) The names and relationship of related parties

| Names   | Relationship with the Group  |
|---|--|
| Yuanta Financial Holdings                           | The parent company of the Company  |
| Yuanta Bank Co., Ltd.                               | The same group of enterprises  |
| Yuanta Securities Co., Ltd.                         | The same group of enterprises  |
| Yuanta Life Insurance Co., Ltd.                     | The same group of enterprises  |
| Yuanta Securities Investment Trust Co., Ltd.        | The same group of enterprises  |
| Yuanta Securities Investment Consulting Co., Ltd.   | The same group of enterprises  |
| Yuanta Securities Korea Co., Ltd.                   | The same group of enterprises  |
| Yuanta Securities (Hong Kong) Co., Ltd.             | The same group of enterprises  |
| Yuanta Securities (Vietnam) Co., Ltd.               | The same group of enterprises  |
| SYF Information (Shanghai) Limited                  | The same group of enterprises (Note 1)   |
| Funds managed by Yuanta Securities Investment Trust | The funds managed by the same group of enterprises   |
| Yuanta Cultural & Educational Foundation            | Related parties in substance   |
| Yuanta Polaris Research                             | Related parties in substance (Note 2)  |
| Other   | Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the director or general manager, or have spouse or relatives in the same position. |

Note 1: On June 30, 2022, the Board of Directors of SYF Information Co., Ltd. approved the dissolution and liquidation of SYF Information (Shanghai) Limited. The record date for the liquidation was June 30, 2022, and the liquidation was completed on January 30, 2024.

Note 2: On September 14, 2023, the Ministry of Economic Affairs (MOEA) approved the dissolution of Yuanta Polaris Research. The record date for liquidation was September 14, 2023, and the related procedures are currently on-going.

(3) Significant related party transactions and balances

A. Cash and cash equivalents/ operating guarantee deposits/ customer margin deposits/ excess futures margin deposits

| March 31, 2024                        |                      |                                     |                                 |                                       |
|---------------------------------------|----------------------|-------------------------------------|---------------------------------|---------------------------------------|
|                                       | <u>Bank deposits</u> | <u>Operating guarantee deposits</u> | <u>Customer margin deposits</u> | <u>Excess futures margin deposits</u> |
| Fellow subsidiary                     |                      |                                     |                                 |                                       |
| Yuanta Bank Co., Ltd.                 | \$ 2,022,897         | \$ 140,000                          | \$ 23,947,599                   | \$ -                                  |
| Yuanta Securities Korea Co., Ltd.     | -                    | -                                   | 22,314                          | 29                                    |
| Yuanta Securities (Vietnam) Co., Ltd. | -                    | -                                   | 177,174                         | -                                     |
|                                       | <u>\$ 2,022,897</u>  | <u>\$ 140,000</u>                   | <u>\$ 24,147,087</u>            | <u>\$ 29</u>                          |
| December 31, 2023                     |                      |                                     |                                 |                                       |
|                                       | <u>Bank deposits</u> | <u>Operating guarantee deposits</u> | <u>Customer margin deposits</u> | <u>Excess futures margin deposits</u> |
| Fellow subsidiary                     |                      |                                     |                                 |                                       |
| Yuanta Bank Co., Ltd.                 | \$ 4,454,633         | \$ 140,000                          | \$ 22,468,952                   | \$ -                                  |
| Yuanta Securities Korea Co., Ltd.     | -                    | -                                   | 24,063                          | 127                                   |
| Yuanta Securities (Vietnam) Co., Ltd. | -                    | -                                   | 209,670                         | -                                     |
|                                       | <u>\$ 4,454,633</u>  | <u>\$ 140,000</u>                   | <u>\$ 22,702,685</u>            | <u>\$ 127</u>                         |
| March 31, 2023                        |                      |                                     |                                 |                                       |
|                                       | <u>Bank deposits</u> | <u>Operating guarantee deposits</u> | <u>Customer margin deposits</u> | <u>Excess futures margin deposits</u> |
| Fellow subsidiary                     |                      |                                     |                                 |                                       |
| Yuanta Bank Co., Ltd.                 | \$ 6,134,791         | \$ 140,000                          | \$ 21,923,483                   | \$ -                                  |
| Yuanta Securities Korea Co., Ltd.     | -                    | -                                   | 5,617                           | 112                                   |
| Yuanta Securities (Vietnam) Co., Ltd. | -                    | -                                   | 286,174                         | -                                     |
|                                       | <u>\$ 6,134,791</u>  | <u>\$ 140,000</u>                   | <u>\$ 22,215,274</u>            | <u>\$ 112</u>                         |

For the three months ended March 31, 2024 and 2023, the Group purchased Book - Entry Central Government Securities through Yuanta Securities Co., Ltd. amounting to \$0 and \$596,123, respectively, and recognised these as customer margin deposits.

B. Leverage margin contract trading client margin deposits

|                       | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|-----------------------|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary     |                       |                          |                       |
| Yuanta Bank Co., Ltd. | <u>\$ 366,749</u>     | <u>\$ 266,264</u>        | <u>\$ 121,640</u>     |

C. Accounts receivable - related parties

|                             | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|-----------------------------|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary           |                       |                          |                       |
| Yuanta Securities Co., Ltd. | <u>\$ 2,326</u>       | <u>\$ 1,648</u>          | <u>\$ 1,254</u>       |

D. Prepayments

|                                 | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---------------------------------|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary               |                       |                          |                       |
| Yuanta Life Insurance Co., Ltd. | <u>\$ 802</u>         | <u>\$ 1,403</u>          | <u>\$ 846</u>         |

E. Other receivables - related parties

|   | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary                       |                       |                          |                       |
| Yuanta Bank Co., Ltd.                   | \$ 30,395             | \$ 37,254                | \$ 16,712             |
| Yuanta Securities (Hong Kong) Co., Ltd. | 73                    | 34                       | 79                    |
| Yuanta Securities Korea Co., Ltd.       | 452                   | 1                        | 1                     |
|   | <u>\$ 30,920</u>      | <u>\$ 37,289</u>         | <u>\$ 16,792</u>      |

F. Other receivables - refund receivable for investments

|                                    | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|------------------------------------|-----------------------|--------------------------|-----------------------|
| Other related parties              |                       |                          |                       |
| SYF Information (Shanghai) Limited | <u>\$ -</u>           | <u>\$ 85,526</u>         | <u>\$ 118,159</u>     |

The Group fully recovered the aforementioned refund receivable for investments in January 2024.

G. Leasing arrangements — lessee

(A) The Group leases buildings from Yuanta Bank Co., Ltd., Yuanta Securities (Hong Kong) Co., Ltd. and Yuanta Life Insurance Co., Ltd. with a lease term from 2 to 5 years and rents are paid monthly.

(B) Depreciation expense - right-of-use assets

|   | <u>For the three months ended March 31,</u> |                  |
|---|---|------------------|
|   | <u>2024</u>                                 | <u>2023</u>      |
| Fellow subsidiary                       |   |                  |
| Yuanta Bank Co., Ltd.                   | \$ 597                                      | \$ 590           |
| Yuanta Life Insurance Co., Ltd.         | 9,113                                       | 9,113            |
| Yuanta Securities (Hong Kong) Co., Ltd. | 1,764                                       | 1,703            |
|   | <u>\$ 11,474</u>                            | <u>\$ 11,406</u> |



(C) Lease liabilities

a. Outstanding balance

|   | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary                       |                       |                          |                       |
| Yuanta Bank Co., Ltd.                   | \$ 5,302              | \$ 2,260                 | \$ 4,063              |
| Yuanta Life Insurance Co., Ltd.         | 63,702                | 73,705                   | 103,620               |
| Yuanta Securities (Hong Kong) Co., Ltd. | 4,692                 | 6,269                    | 11,201                |
|   | <u>\$ 73,696</u>      | <u>\$ 82,234</u>         | <u>\$ 118,884</u>     |

b. Interest expense

|   | <u>For the three months ended March 31,</u> |               |
|---|---|---------------|
|   | <u>2024</u>                                 | <u>2023</u>   |
| Fellow subsidiary                       |   |               |
| Yuanta Bank Co., Ltd.                   | \$ 8  | \$ 7          |
| Yuanta Life Insurance Co., Ltd.         | 107   | 168           |
| Yuanta Securities (Hong Kong) Co., Ltd. | 98  | 206           |
|   | <u>\$ 213</u>                               | <u>\$ 381</u> |

H. Refundable deposits

|                                 | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---------------------------------|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary               |                       |                          |                       |
| Yuanta Bank Co., Ltd.           | \$ 10,315             | \$ 10,304                | \$ 10,304             |
| Yuanta Life Insurance Co., Ltd. | 6,740                 | 6,740                    | 6,740                 |
|                                 | <u>\$ 17,055</u>      | <u>\$ 17,044</u>         | <u>\$ 17,044</u>      |

I. Futures traders' equity

|   | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary                                   |                       |                          |                       |
| Yuanta Securities Co., Ltd.                         | \$ 2,895,628          | \$ 2,567,422             | \$ 3,925,767          |
| Yuanta Bank Co., Ltd.                               | 898,425               | 513,843                  | 164,981               |
| Yuanta Securities (Hong Kong) Co., Ltd.             | 35,721                | 55,577                   | 98,909                |
| Yuanta Securities Korea Co., Ltd.                   | 318,256               | 286,651                  | 284,528               |
| Funds managed by fellow subsidiary                  |                       |                          |                       |
| Funds managed by Yuanta Securities Investment Trust | 40,179,577            | 39,128,798               | 33,905,097            |
| Other related parties                               | 111,022               | 68,659                   | 65,279                |
|   | <u>\$ 44,438,629</u>  | <u>\$ 42,620,950</u>     | <u>\$ 38,444,561</u>  |

J. Accounts payable - related parties

|                             | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|-----------------------------|-----------------------|--------------------------|-----------------------|
| Fellow subsidiary           |                       |                          |                       |
| Yuanta Securities Co., Ltd. | \$ 24,449             | \$ 17,434                | \$ 24,130             |
| Other related parties       | 46                    | 22                       | -                     |
|                             | <u>\$ 24,495</u>      | <u>\$ 17,456</u>         | <u>\$ 24,130</u>      |

K. Other payables - related parties

|                                 | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---------------------------------|-----------------------|--------------------------|-----------------------|
| Parent Company                  |                       |                          |                       |
| Yuanta Financial Holdings       | \$ 761                | \$ 4                     | \$ 483                |
| Fellow subsidiary               |                       |                          |                       |
| Yuanta Securities Co., Ltd.     | 38                    | -                        | 8                     |
| Yuanta Life Insurance Co., Ltd. | -                     | -                        | 996                   |
| Other related parties           | 713                   | -                        | 48                    |
|                                 | <u>\$ 1,512</u>       | <u>\$ 4</u>              | <u>\$ 1,535</u>       |

L. Brokerage

|   | <u>For the three months ended March 31,</u> |                  |
|---|---|------------------|
|   | <u>2024</u>                                 | <u>2023</u>      |
| Fellow subsidiary                                   |   |                  |
| Yuanta Securities Co., Ltd.                         | \$ 24,769                                   | \$ 25,193        |
| Yuanta Bank Co., Ltd.                               | 668   | 396              |
| Yuanta Securities (Hong Kong) Co., Ltd.             | 1,571                                       | 4,657            |
| Yuanta Securities Korea Co., Ltd.                   | 500   | 417              |
| Funds managed by fellow subsidiary                  |   |                  |
| Funds managed by Yuanta Securities Investment Trust | 48,954                                      | 37,960           |
| Other related parties                               | 1,423                                       | 1,287            |
|   | <u>\$ 77,885</u>                            | <u>\$ 69,910</u> |

M. Securities commissions revenue

|                             | <u>For the three months ended March 31,</u> |             |
|-----------------------------|---|-------------|
|                             | <u>2024</u>                                 | <u>2023</u> |
| Fellow subsidiary           |   |             |
| Yuanta Securities Co., Ltd. | \$ 5,142                                    | \$ 2,923    |

N. Futures commissions expense

|                                       | <u>For the three months ended March 31,</u> |                  |
|---------------------------------------|---|------------------|
|                                       | <u>2024</u>                                 | <u>2023</u>      |
| Fellow subsidiary                     |   |                  |
| Yuanta Securities Co., Ltd.           | \$ 57,410                                   | \$ 58,801        |
| Yuanta Securities (Vietnam) Co., Ltd. | 125   | 458              |
| Yuanta Securities Korea Co., Ltd.     | 96  | 2                |
| Other related parties                 | 75  | -                |
|                                       | <u>\$ 57,706</u>                            | <u>\$ 59,261</u> |

O. Service fees

|   | For the three months ended March 31, |                 |
|---|--------------------------------------|-----------------|
|   | 2024                                 | 2023            |
| Fellow subsidiary                                 |                                      |                 |
| Yuanta Securities Investment Consulting Co., Ltd. | \$ 1,148                             | \$ 900          |
| Yuanta Securities Co., Ltd.                       | 405                                  | 420             |
|   | <u>\$ 1,553</u>                      | <u>\$ 1,320</u> |

P. Computer information expense

|                             | For the three months ended March 31, |               |
|-----------------------------|--------------------------------------|---------------|
|                             | 2024                                 | 2023          |
| Fellow subsidiary           |                                      |               |
| Yuanta Securities Co., Ltd. | <u>\$ 114</u>                        | <u>\$ 114</u> |

Q. Other employee benefit expense

|                                 | For the three months ended March 31, |               |
|---------------------------------|--------------------------------------|---------------|
|                                 | 2024                                 | 2023          |
| Fellow subsidiary               |                                      |               |
| Yuanta Life Insurance Co., Ltd. | <u>\$ 601</u>                        | <u>\$ 634</u> |

R. Repairing fee

|                                 | For the three months ended March 31, |               |
|---------------------------------|--------------------------------------|---------------|
|                                 | 2024                                 | 2023          |
| Fellow subsidiary               |                                      |               |
| Yuanta Life Insurance Co., Ltd. | <u>\$ 93</u>                         | <u>\$ 239</u> |

S. Water, electricity and gas fee

|                                 | For the three months ended March 31, |               |
|---------------------------------|--------------------------------------|---------------|
|                                 | 2024                                 | 2023          |
| Fellow subsidiary               |                                      |               |
| Yuanta Life Insurance Co., Ltd. | <u>\$ 311</u>                        | <u>\$ 693</u> |

T. Building management fee

|   | For the three months ended March 31, |                 |
|---|--------------------------------------|-----------------|
|   | 2024                                 | 2023            |
| Fellow subsidiary                       |                                      |                 |
| Yuanta Bank Co., Ltd.                   | \$ 41                                | \$ 41           |
| Yuanta Life Insurance Co., Ltd.         | -                                    | 2,050           |
| Yuanta Securities (Hong Kong) Co., Ltd. | 374                                  | 361             |
|   | <u>\$ 415</u>                        | <u>\$ 2,452</u> |

U. Miscellaneous expenses

|                       | For the three months ended March 31, |       |
|-----------------------|--------------------------------------|-------|
|                       | 2024                                 | 2023  |
| Fellow subsidiary     |                                      |       |
| Yuanta Bank Co., Ltd. | \$ 42                                | \$ 56 |

V. Interest income

|                                       | For the three months ended March 31, |           |
|---------------------------------------|--------------------------------------|-----------|
|                                       | 2024                                 | 2023      |
| Fellow subsidiary                     |                                      |           |
| Yuanta Bank Co., Ltd.                 | \$ 159,789                           | \$ 99,356 |
| Yuanta Life Insurance Co., Ltd.       | 27                                   | 25        |
| Yuanta Securities (Vietnam) Co., Ltd. | 99                                   | 183       |
| Yuanta Securities Korea Co., Ltd.     | 8                                    | 2         |
|                                       | \$ 159,923                           | \$ 99,566 |

Interest income includes the interest from demand deposits, time deposits, customer margin deposits, and operating guarantee deposits.

W. Interest expense

|   | For the three months ended March 31, |          |
|---|--------------------------------------|----------|
|   | 2024                                 | 2023     |
| Fellow subsidiary                       |                                      |          |
| Yuanta Securities Co., Ltd.             | \$ 2,400                             | \$ 2,500 |
| Yuanta Bank Co., Ltd.                   | 18                                   | 2        |
| Yuanta Securities (Hong Kong) Co., Ltd. | 41                                   | 83       |
| Yuanta Securities Korea Co., Ltd.       | 695                                  | 500      |
| Yuanta Life Insurance Co., Ltd.         | 27                                   | 25       |
| Funds managed by fellow subsidiary      |                                      |          |
| Funds managed by Yuanta                 |                                      |          |
| Securities Investment Trust             | 89                                   | -        |
|   | \$ 3,270                             | \$ 3,110 |

X. Property transactions

|                                    | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|----------------|-------------------|----------------|
| Acquisition of financial assets    |                |                   |                |
| Funds managed by fellow subsidiary |                |                   |                |
| Funds managed by Yuanta            |                |                   |                |
| Securities Investment Trust        | \$ 460,436     | \$ 292,896        | \$ 164,268     |

For the three months ended March 31, 2024 and 2023, the Group purchased bonds through Yuanta Bank Co., Ltd. amounting to \$0 and \$55,032, respectively, and recognised these as financial assets at amortised cost-non-current.

(4) Key management compensation

|                              | For the three months ended March 31, |                  |
|------------------------------|--------------------------------------|------------------|
|                              | 2024                                 | 2023             |
| Short-term employee benefits | \$ 90,545                            | \$ 60,015        |
| Post-employment benefits     | 1,231                                | 1,103            |
| Other long-term benefits     | 502                                  | 459              |
|                              | <u>\$ 92,278</u>                     | <u>\$ 61,577</u> |

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2024, the amount for the contracts of capital expenditures signed by the Group is \$229,924. Based on the contracts, the amount that has been paid is \$29,654 and the amount that has not yet been paid is \$200,270.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

| March 31, 2024               |                       |               |                             |                        |              |         |
|------------------------------|-----------------------|---------------|-----------------------------|------------------------|--------------|---------|
| Item                         | Object of transaction | Buyer /Seller | Open Interest               |                        | Fair value   | Remarks |
|                              |                       |               | Number of contract(s) (lot) | Margin paid (received) |              |         |
| Futures contracts (Domestic) | TX                    | Seller        | 5                           | (\$ 20,269)            | (\$ 20,278)  |         |
|                              | MTX                   | Buyer         | 50                          | 50,565                 | 50,638       |         |
|                              | MTX                   | Seller        | 89                          | ( 90,115)              | ( 90,237)    |         |
|                              | Stock Futures         | Buyer         | 1,625                       | 161,506                | 161,465      |         |
|                              | Stock Futures         | Seller        | 3,309                       | ( 944,695)             | ( 1,039,018) |         |
|                              | ZFF                   | Seller        | 3                           | ( 1,378)               | ( 1,379)     |         |
|                              | Foreign Exchange      | Buyer         | 25                          | 15,823                 | 15,945       |         |
|                              | Foreign Exchange      | Seller        | 25                          | ( 15,823)              | ( 15,945)    |         |
|                              | Energy Futures        | Seller        | 10                          | ( 5,445)               | ( 5,518)     |         |
| Futures contracts (Overseas) | Foreign Exchange      | Buyer         | 2                           | 6,288                  | 6,375        |         |
|                              | Energy Futures        | Buyer         | 2                           | 5,446                  | 5,568        |         |
| Option contracts (Domestic)  | TXO                   | Buy call      | 457                         | 14,771                 | 17,601       |         |
|                              | TXO                   | Buy put       | 624                         | 8,019                  | 4,534        |         |
|                              | TXO                   | Sell call     | 299                         | ( 9,615)               | ( 11,653)    |         |
|                              | TXO                   | Sell put      | 781                         | ( 8,750)               | ( 4,469)     |         |

Note: The Group does not have any derivative financial instruments for hedging purpose.

December 31, 2023

| Item                            | Object of transaction | Buyer /Seller | Open Interest                  |                           |            | Remarks |
|---------------------------------|-----------------------|---------------|--------------------------------|---------------------------|------------|---------|
|                                 |                       |               | Number of contract(s)<br>(lot) | Margin paid<br>(received) | Fair value |         |
| Futures contracts<br>(Domestic) | TX                    | Buyer         | 37                             | \$ 132,196                | \$ 132,238 |         |
|                                 | MTX                   | Buyer         | 165                            | 147,288                   | 147,427    |         |
|                                 | MTX                   | Seller        | 67 (                           | 59,593) (                 | 59,936)    |         |
|                                 | Stock Futures         | Buyer         | 1,103                          | 268,817                   | 269,817    |         |
|                                 | Stock Futures         | Seller        | 3,463 (                        | 569,327) (                | 578,582)   |         |
|                                 | TE                    | Buyer         | 1                              | 3,562                     | 3,567      |         |
|                                 | ZE                    | Seller        | 7 (                            | 3,119) (                  | 3,121)     |         |
|                                 | Foreign Exchange      | Buyer         | 26                             | 16,149                    | 15,787     |         |
|                                 | Foreign Exchange      | Seller        | 26 (                           | 16,147) (                 | 15,787)    |         |
| Futures contracts<br>(Overseas) | Foreign Exchange      | Buyer         | 8                              | 24,651                    | 24,565     |         |
|                                 | Energy Futures        | Seller        | 2 (                            | 4,720) (                  | 4,731)     |         |
| Option contracts<br>(Domestic)  | TXO                   | Buy call      | 77                             | 2,260                     | 2,832      |         |
|                                 | TXO                   | Buy put       | 292                            | 4,822                     | 2,470      |         |
|                                 | TXO                   | Sell call     | 231 (                          | 5,754) (                  | 7,098)     |         |
|                                 | TXO                   | Sell put      | 138 (                          | 2,917) (                  | 1,324)     |         |

Note: The Group does not have any derivative financial instruments for hedging purpose.

March 31, 2023

| Item                            | Object of transaction | Buyer /Seller | Open Interest                  |                           |            | Remarks |
|---------------------------------|-----------------------|---------------|--------------------------------|---------------------------|------------|---------|
|                                 |                       |               | Number of contract(s)<br>(lot) | Margin paid<br>(received) | Fair value |         |
| Futures contracts<br>(Domestic) | TX                    | Buyer         | 1                              | \$ 3,142                  | \$ 3,173   |         |
|                                 | TX                    | Seller        | 3 (                            | 9,484) (                  | 9,518)     |         |
|                                 | MTX                   | Buyer         | 108                            | 85,521                    | 85,684     |         |
|                                 | MTX                   | Seller        | 75 (                           | 59,285) (                 | 59,498)    |         |
|                                 | Stock Futures         | Buyer         | 142                            | 86,005                    | 86,921     |         |
|                                 | Stock Futures         | Seller        | 2,653 (                        | 369,490) (                | 375,638)   |         |
|                                 | Gold Futures          | Seller        | 50 (                           | 30,271) (                 | 30,337)    |         |
|                                 | ZFF                   | Seller        | 2 (                            | 766) (                    | 764)       |         |
| Futures contracts<br>(Overseas) | Foreign Exchange      | Buyer         | 5                              | 15,123                    | 15,133     |         |
|                                 | Foreign Exchange      | Seller        | 3 (                            | 8,735) (                  | 8,704)     |         |
|                                 | Metal Futures         | Buyer         | 5                              | 29,885                    | 30,240     |         |
|                                 | Index Futures         | Buyer         | 4                              | 1,619                     | 1,621      |         |
| Option contracts<br>(Domestic)  | TXO                   | Buy call      | 469                            | 14,714                    | 18,687     |         |
|                                 | TXO                   | Buy put       | 648                            | 8,987                     | 4,021      |         |
|                                 | TXO                   | Sell call     | 441 (                          | 8,712) (                  | 10,020)    |         |
|                                 | TXO                   | Sell put      | 676 (                          | 8,496) (                  | 2,680)     |         |

Note: The Group does not have any derivative financial instruments for hedging purpose.

## 12. RESTRICTIONS AND ENFORCEMENT OF THE COMPANY'S VARIOUS FINANCIAL RATIOS UNDER R.O.C. FUTURES COMMISSION MERCHANTS LAWS

According to Regulations Governing Futures Commission Merchants

| Article | Calculation formula   | March 31, 2024                    |          | March 31, 2023                  |          | Standard                               | Enforcement<br>(Note 3) |
|---------|---|-----------------------------------|----------|---------------------------------|----------|--|-------------------------|
|         |   | Calculation                       | Ratio    | Calculation                     | Ratio    |  |                         |
| 17      | $\frac{\text{Equity}}{\text{(Total liabilities – Future traders' equity)}}$                                     | $\frac{15,203,782}{2,942,750}$    | 5.17     | $\frac{13,326,639}{2,713,239}$  | 4.91     | $\geq 1$                               | Satisfied               |
| 17      | $\frac{\text{Current assets}}{\text{Current liabilities}}$  | $\frac{115,853,308}{104,325,160}$ | 1.11     | $\frac{98,962,883}{88,891,549}$ | 1.11     | $\geq 1$                               | Satisfied               |
| 22      | $\frac{\text{Equity}}{\text{Minimum paid – in capital (Note 1)}}$   | $\frac{15,203,782}{1,060,000}$    | 1434.32% | $\frac{13,326,639}{1,060,000}$  | 1257.23% | $\geq 60\%$<br>$\geq 40\%$<br>(Note 2) | Satisfied               |
| 22      | $\frac{\text{Adjusted net capital}}{\text{Total margin deposit required for futures traders, not yet off-set}}$ | $\frac{13,597,595}{20,616,102}$   | 65.96%   | $\frac{12,224,652}{15,573,624}$ | 78.50%   | $\geq 20\%$<br>$\geq 15\%$             | Satisfied               |

Note 1: “Minimum paid-in capital” shall be in compliance with futures commission merchants standard set of capital amount or designated appropriation of operating capital amount.

Note 2: For the entrusted foreign futures trading of foreign futures merchants, the standard ratios (equity / minimum paid-in capital) are adjusted to 50% and 30%, respectively.

Note 3: “Enforcement” column shall state whether or not the financial ratio requirements are satisfied; if not, an explanation is needed to be filed with a specific appointed institution or establish an improvement plan.

### 13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

- (1) Credit risk is the main risk for engaging in futures brokerage business since the Group must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Group acts as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Group pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Group's futures brokerage business are outlined below:  
Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavourable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.
- (3) See Note 21 for significant financial risk information on futures dealer business.

### 14. SEGMENT INFORMATION

#### (1) General information – type of product and service of reporting segments' income source

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision-Maker, i.e. Board of Directors, that are used to make strategic decisions. The Chief Operating Decision-Maker considers the source of income, and the Group's operating segments are divided into broker and dealer. The primary source of income by each segment is as follows:

Broker: Consigned and entrusted with the trading of domestic and foreign futures, listed securities, securities trading auxiliary business approved by competent authorities in R.O.C and futures consulting business, etc.

Dealer: Used capital funds to engage in the trading of domestic and foreign futures, securities, research and development of dealing information systems and leverage margin contract trading business approved by competent authorities in R.O.C.

#### (2) Measurement of segment information

##### A. Information on segment profit (loss); measurement of assets and liabilities

Measurement of profit (loss), assets and liabilities of the Group are consistent with Note 4 – Summary of significant accounting policies. Measurement of profit (loss) performance is based on income before tax.

In order to establish a fair and reasonable performance evaluation, the Group would offset the income and expense incurred internally from each segment for external financial reporting purposes.

Income and expense are classified directly to the segment where they belong to. For expense incurred indirectly, it will consider its classification based on the usage purpose by proportionally dividing into each segment when a reasonable rate can be assigned. Otherwise, it will be classified as "Other operating segment" when a reasonable rate cannot be assigned.



B. Identifying factors for reportable segments

The measurement of segment performance will be evaluated periodically to ensure that it achieves the goals of the Group. The results of its evaluation will be used as the framework for resource allocation.

(3) Information on segment profit (loss)

| For the three months ended March 31, 2024 |                      |                    |                            |            |
|---|----------------------|--------------------|----------------------------|------------|
|   | Brokerage<br>segment | Dealing<br>segment | Other operating<br>segment | Total      |
| Segment revenue                           | \$ 837,256           | \$ 54,174          | (\$ 9)                     | \$ 891,421 |
| Segment profit (loss)                     | \$ 688,646           | \$ 15,759          | (\$ 56,533)                | \$ 647,872 |
| For the three months ended March 31, 2023 |                      |                    |                            |            |
|   | Brokerage<br>segment | Dealing<br>segment | Other operating<br>segment | Total      |
| Segment revenue                           | \$ 797,219           | \$ 31,038          | (\$ 7)                     | \$ 828,250 |
| Segment profit (loss)                     | \$ 506,228           | \$ 5,127           | (\$ 59,687)                | \$ 451,668 |

Note: The Group's Chief Operating Decision-Maker does not use segment assets and liabilities as a basis for decision making, therefore, the Group does not have to disclose the assets and liabilities of the operating segments.

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

- (1) Financing activities to any company or person: None.
- (2) Endorsements and guarantees provided: None.
- (3) Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- (4) Disposal of real estate properties exceeding \$300 million or 20% of the Companies' paid-in capital: None.
- (5) Handling fee discounts on transactions with related parties in excess of NT\$5,000,000: None.
- (6) Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital balance: None.

(7) Other: Significant transactions between parent company and subsidiaries:

| No.<br>(Note 1) | Company                              | Counterparty                         | Relationship<br>(Note 2) | Details of transactions |         |   | Percentage (%) of total consolidated revenues or assets |
|-----------------|--------------------------------------|--------------------------------------|--------------------------|-------------------------|---------|---|---|
|                 |                                      |                                      |                          | Account                 | Amount  | Conditions  |   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Cash                    | 3,575   | No significant difference from general customers. | 0.00%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Customer margin deposit | 232,760 | No significant difference from general customers. | 0.19%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Other receivables       | 12      | No significant difference from general customers. | 0.00%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Accounts receivable     | 8       | No significant difference from general customers. | 0.00%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Futures traders' equity | 501,962 | No significant difference from general customers. | 0.41%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Other payables          | 38      | No significant difference from general customers. | 0.00%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Brokerage               | 2,690   | No significant difference from general customers. | 0.30%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Futures commission      | 4,332   | No significant difference from general customers. | 0.49%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Interest income         | 31      | No significant difference from general customers. | 0.00%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Futures (Hong Kong) Co., Ltd. | 1                        | Interest expense        | 1,270   | No significant difference from general customers. | 0.14%   |
| 0               | Yuanta Futures Co., Ltd.             | Yuanta Global (Singapore) Pte. Ltd.  | 1                        | Other receivables       | 11,737  | No significant difference from general customers. | 0.01%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd.             | 2                        | Cash                    | 590     | No significant difference from general customers. | 0.00%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd.             | 2                        | Customer margin deposit | 501,372 | No significant difference from general customers. | 0.41%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd.             | 2                        | Other receivables       | 38      | No significant difference from general customers. | 0.00%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd.             | 2                        | Other payables          | 20      | No significant difference from general customers. | 0.00%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd.             | 2                        | Futures traders' equity | 236,335 | No significant difference from general customers. | 0.19%   |

| No.<br>(Note 1) | Company                              | Counterparty             | Relationship<br>(Note 2) | Details of transactions |        |   | Percentage (%) of total consolidated revenues or assets |
|-----------------|--------------------------------------|--------------------------|--------------------------|-------------------------|--------|---|---|
|                 |                                      |                          |                          | Account                 | Amount | Conditions  |   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd. | 2                        | Brokerage               | 4,332  | No significant difference from general customers. | 0.49%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd. | 2                        | Futures commission      | 2,690  | No significant difference from general customers. | 0.30%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd. | 2                        | Interest income         | 1,270  | No significant difference from general customers. | 0.14%   |
| 1               | Yuanta Futures (Hong Kong) Co., Ltd. | Yuanta Futures Co., Ltd. | 2                        | Interest expense        | 31     | No significant difference from general customers. | 0.00%   |
| 2               | Yuanta Global (Singapore) Pte. Ltd.  | Yuanta Futures Co., Ltd. | 2                        | Other payables          | 11,737 | No significant difference from general customers. | 0.01%   |

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

## 17. INFORMATION ON INVESTEEES

(1) Names of investee companies, locations, and related information are as follows:

| Investor    | Investee                                   | Location  | Set up date | FSC Approved Number                     | Main business activities        | Initial investment amount    |                                 | Shares held as at March 31, 2024 |               |            | Operating revenue of the investee | Net income (loss) of the investee | Investment income (loss) recognised by the Company | Cash dividend for the current period | Note         |
|-------------|--|-----------|-------------|---|---------------------------------|------------------------------|---------------------------------|----------------------------------|---------------|------------|-----------------------------------|-----------------------------------|--|--------------------------------------|--------------|
|             |  |           |             |   |                                 | Balance as at March 31, 2024 | Balance as at December 31, 2023 | Number of shares (in thousands)  | Ownership (%) | Book value |                                   |                                   |  |                                      |              |
| The Company | Yuanta Futures (Hong Kong)                 | Hong Kong | 2010.12.2   | Gin-Gwen-Zheng-Qi Letter No. 0990055943 | Financial Services              | 1,033,971                    | 1,033,971                       | 34,000                           | 100.00%       | 1,047,545  | \$ 22,405                         | \$ 13,936                         | \$ 13,936  | -                                    | Subsidiaries |
| The Company | SYF Information Co., Ltd.                  | Taiwan    | 2012.11.9   | Gin-Gwen-Zheng-Qi Letter No. 1010035210 | Information Technology Services | 350,000                      | 350,000                         | 35,000                           | 100.00%       | 294,209    | -                                 | 870                               | 870  | -                                    | Subsidiaries |
| The Company | Yuanta Global (Singapore) Pte. Ltd. (Note) | Singapore | 2022.11.23  | Gin-Gwen-Zheng-Qi Letter No. 1110357536 | Applying                        | 156,725                      | -                               | 5,000                            | 100.00%       | 150,797    | -                                 | ( 2,166)                          | ( 2,166)   | -                                    | Subsidiaries |

Note: The Company's investment in incorporating Yuanta Global (Singapore) Pte. Ltd. has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1110357536 on October 20, 2022, as well as approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) through Jing-Shen-Er-Zi Letter No.11100198340 on December 26, 2022. The case was approved by the Singapore Accounting and Corporate Regulatory Authority (ACRA) on November 23, 2022, and the incorporation registration has been completed. In addition, the case has been approved by the FSC through Gin-Gwen-Zheng-Qi Letter No.1130339385 on April 17, 2024 which agrees to extend its starting period until October 19, 2024.

(2) Information on investee companies with direct or indirect controlling interest is as follows:

- A. Financing activities to any company or person: None.
- B. Endorsements and guarantees provided: None.
- C. Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- D. Disposal of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Handling fee discounts on transactions with related parties in excess of \$5 million: None.
- F. Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital: None.
- G. Other: Significant transactions between parent company and subsidiaries: None.

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

None.

## 20. MAJOR SHAREHOLDERS INFORMATION

| Major Shareholder                   | Shares | Number of shares held<br>(thousands) | Shareholding ratio |
|-------------------------------------|--------|--------------------------------------|--------------------|
| Yuanta Financial Holdings Co., Ltd. |        | 192,167                              | 66.27%             |
| Cathay Life Insurance Co.,Ltd.      |        | 23,998                               | 8.27%              |
| Luo Sheng Fong Co., Ltd.            |        | 17,711                               | 6.10%              |

Note 1: The information on the major shareholders in this table is based on the last business day of the end of each quarter by CCB. The total number of ordinary shares and special shares of the company that have been delivered without physical registration (including treasury shares) is calculated by the shareholders of the company up to 5%. There may be differences due to the calculation basis of the preparation between share capital recorded in the company's financial report and the company's actual non-physical registration of shares.

Note 2: If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right etc. Please refer to the Public Information Observatory for information on insider shareholding declarations.

## 21. FINANCIAL RISK MANAGEMENT

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group adopted to strengthen risk-adjusted return on capital, which allocated the Group's capital effectively.

### (2) Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to Notes 6(1), 6(2) and 6(24).

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

(A) Fair value information

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value are approximate to their fair values, and thus their fair values are not disclosed.

| March 31, 2024                                    |              |              |         |              |         |
|---|--------------|--------------|---------|--------------|---------|
|   | Book value   | Fair value   |         |              |         |
|   |              | Total        | Level 1 | Level 2      | Level 3 |
| Financial assets                                  |              |              |         |              |         |
| Investments in debt instruments at amortised cost | \$ 59,721    | \$ 59,073    | \$ -    | \$ 59,073    | \$ -    |
| Financial liabilities                             |              |              |         |              |         |
| Bond payable                                      | \$ 1,498,250 | \$ 1,463,286 | \$ -    | \$ 1,463,286 | \$ -    |
| December 31, 2023                                 |              |              |         |              |         |
|   | Book value   | Fair value   |         |              |         |
|   |              | Total        | Level 1 | Level 2      | Level 3 |
| Financial assets                                  |              |              |         |              |         |
| Investments in debt instruments at amortised cost | \$ 57,095    | \$ 57,203    | \$ -    | \$ 57,203    | \$ -    |
| Financial liabilities                             |              |              |         |              |         |
| Bond payable                                      | \$ 1,498,157 | \$ 1,459,340 | \$ -    | \$ 1,459,340 | \$ -    |
| March 31, 2023                                    |              |              |         |              |         |
|   | Book value   | Fair value   |         |              |         |
|   |              | Total        | Level 1 | Level 2      | Level 3 |
| Financial assets                                  |              |              |         |              |         |
| Investments in debt instruments at amortised cost | \$ 55,743    | \$ 56,165    | \$ -    | \$ 56,165    | \$ -    |
| Financial liabilities                             |              |              |         |              |         |
| Bond payable                                      | \$ 1,497,872 | \$ 1,442,489 | \$ -    | \$ 1,442,489 | \$ -    |

(B) Financial valuation technique:

- a. The carrying amounts of cash and cash equivalents, customer margin deposits, futures trading margin receivable, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, leverage margin contract trading client margin deposits, operating guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, leverage margin contract transaction traders' equity, accounts payable, accounts payable – related parties, other payables, other payables – related parties and other current liabilities are approximate to their fair values.
- b. Investments in debt instrument at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price available in an active market, the fair value is estimated by adopting financial valuation method or by reference to counterparty quotes.
- c. Bond payable: The fair values of corporate bonds issued by the Group, which were estimated based on the present value of the expected cash flows, are approximate to their carrying amounts.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at March 31, 2024, December 31, 2023 and March 31, 2023 is as follows:

| March 31, 2024  | Level 1             | Level 2          | Level 3             | Total               |
|---|---------------------|------------------|---------------------|---------------------|
| <u>Assets</u>   |                     |                  |                     |                     |
| <u>Recurring fair value measurements</u>                          |                     |                  |                     |                     |
| Financial assets at fair value through profit or loss             |                     |                  |                     |                     |
| Listed stocks   | \$ 870,310          | \$ -             | \$ -                | \$ 870,310          |
| Beneficiary certificates  | 460,436             | -                | -                   | 460,436             |
| Futures trading margin - own funds                                | 124,103             | -                | -                   | 124,103             |
| Buy options - futures   | 22,135              | -                | -                   | 22,135              |
| Derivatives Assets - OTC  | -                   | 40,911           | -                   | 40,911              |
| Financial assets at fair value through other comprehensive income |                     |                  |                     |                     |
| Equity securities   | 1,380,647           | -                | 2,140,608           | 3,521,255           |
|   | <u>\$ 2,857,631</u> | <u>\$ 40,911</u> | <u>\$ 2,140,608</u> | <u>\$ 5,039,150</u> |
| <u>Liabilities</u>  |                     |                  |                     |                     |
| <u>Recurring fair value measurements</u>                          |                     |                  |                     |                     |
| Financial liabilities at fair value through profit or loss        |                     |                  |                     |                     |
| Sell options - futures  | <u>\$ 16,122</u>    | <u>\$ -</u>      | <u>\$ -</u>         | <u>\$ 16,122</u>    |

| December 31, 2023   | <u>Level 1</u>    | <u>Level 2</u>   | <u>Level 3</u>      | <u>Total</u>        |
|---|-------------------|------------------|---------------------|---------------------|
| <u>Assets</u>   |                   |                  |                     |                     |
| <u>Recurring fair value measurements</u>                          |                   |                  |                     |                     |
| Financial assets at fair value through profit or loss             |                   |                  |                     |                     |
| Listed stocks   | \$ 303,576        | \$ -             | \$ -                | \$ 303,576          |
| Beneficiary certificates  | 292,896           | -                | -                   | 292,896             |
| Futures trading margin - own funds                                | 57,744            | -                | -                   | 57,744              |
| Buy options - futures   | 5,302             | -                | -                   | 5,302               |
| Derivatives Assets - OTC  | -                 | 26,787           | -                   | 26,787              |
| Financial assets at fair value through other comprehensive income |                   |                  |                     |                     |
| Equity securities   | 282,042           | -                | 2,146,883           | 2,428,925           |
|   | <u>\$ 941,560</u> | <u>\$ 26,787</u> | <u>\$ 2,146,883</u> | <u>\$ 3,115,230</u> |

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through

profit or loss

|                        |          |      |      |          |
|------------------------|----------|------|------|----------|
| Sell options - futures | \$ 8,422 | \$ - | \$ - | \$ 8,422 |
|------------------------|----------|------|------|----------|

March 31, 2023

|   | <u>Level 1</u>      | <u>Level 2</u>   | <u>Level 3</u>      | <u>Total</u>        |
|---|---------------------|------------------|---------------------|---------------------|
| <u>Assets</u>   |                     |                  |                     |                     |
| <u>Recurring fair value measurements</u>                          |                     |                  |                     |                     |
| Financial assets at fair value through profit or loss             |                     |                  |                     |                     |
| Listed stocks   | \$ 296,544          | \$ -             | \$ -                | \$ 296,544          |
| Beneficiary certificates  | 164,268             | -                | -                   | 164,268             |
| Futures trading margin - own funds                                | 37,746              | -                | -                   | 37,746              |
| Buy options - futures   | 22,708              | -                | -                   | 22,708              |
| Derivatives Assets - OTC  | -                   | 23,002           | -                   | 23,002              |
| Financial assets at fair value through other comprehensive income |                     |                  |                     |                     |
| Equity securities   | 1,330,122           | -                | 2,011,029           | 3,341,151           |
|   | <u>\$ 1,851,388</u> | <u>\$ 23,002</u> | <u>\$ 2,011,029</u> | <u>\$ 3,885,419</u> |

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through

profit or loss

|                        |           |      |      |           |
|------------------------|-----------|------|------|-----------|
| Sell options - futures | \$ 12,700 | \$ - | \$ - | \$ 12,700 |
|------------------------|-----------|------|------|-----------|

|  |       |   |   |       |
|--|-------|---|---|-------|
| Security borrowing payable - non-hedging | 8,481 | - | - | 8,481 |
|--|-------|---|---|-------|

|  |                  |             |             |                  |
|--|------------------|-------------|-------------|------------------|
|  | <u>\$ 21,181</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,181</u> |
|--|------------------|-------------|-------------|------------------|



D. The methods and assumptions the Group used to measure fair value are as follows:

- (A) The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.
- (B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- (D) Specific valuation techniques used to value financial instruments include:
  - a. Quoted market prices or dealer quotes for similar instruments.
  - b. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- E. For the three months ended March 31, 2024 and 2023, there were no transfer between Level 1 and Level 2.
- F. The following table presents the changes in level 3 instruments for the three months ended March 31, 2024 and 2023.

|  | <u>Equity securities</u> |
|--|--------------------------|
| January 1, 2024  | \$ 2,146,883             |
| Gains and losses recognised in other comprehensive income (Note) | ( 6,275)                 |
| March 31, 2024   | <u>\$ 2,140,608</u>      |
|  | <u>Equity securities</u> |
| January 1, 2023  | \$ 2,052,432             |
| Gains and losses recognised in other comprehensive income (Note) | ( 41,403)                |
| March 31, 2023   | <u>\$ 2,011,029</u>      |

Note: Recorded as unrealised valuation gain or loss on financial assets at fair value through other comprehensive income (loss).

G. The following is the quantitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

|                       | <u>Fair value at<br/>March 31, 2024</u>    | <u>Valuation<br/>technique</u> | <u>Significant<br/>unobservable input</u> | <u>Range (weighted<br/>average)</u> | <u>Relationship of<br/>inputs to fair value</u>                    |
|-----------------------|--|--------------------------------|---|-------------------------------------|--|
| Non-derivative equity |  |                                |   |                                     |  |
| Non-listed stocks     | \$ 2,140,608                               | Market multiplier approach     | Discount of marketability                 | ≤ 40%                               | The higher the discount of marketability, the lower the fair value |
|                       | <u>Fair value at<br/>December 31, 2023</u> | <u>Valuation<br/>technique</u> | <u>Significant<br/>unobservable input</u> | <u>Range (weighted<br/>average)</u> | <u>Relationship of<br/>inputs to fair value</u>                    |
| Non-derivative equity |  |                                |   |                                     |  |
| Non-listed stocks     | \$ 2,146,883                               | Market multiplier approach     | Discount of marketability                 | ≤ 40%                               | The higher the discount of marketability, the lower the fair value |
|                       | <u>Fair value at<br/>March 31, 2023</u>    | <u>Valuation<br/>technique</u> | <u>Significant<br/>unobservable input</u> | <u>Range (weighted<br/>average)</u> | <u>Relationship of<br/>inputs to fair value</u>                    |
| Non-derivative equity |  |                                |   |                                     |  |
| Non-listed stocks     | \$ 2,011,029                               | Market multiplier approach     | Discount of marketability                 | ≤ 40%                               | The higher the discount of marketability, the lower the fair value |

H. The valuation process for fair values classified at Level 3 is the responsibility of the risk management department, which verifies the financial instrument's fair value. The result of the evaluation is then reviewed and approved by the risk management department of the Group's parent company. The risk management department evaluates the independence, reliability, consistency, and representativeness of the information source, and periodically verifies the valuation model and calibrates the valuation parameters, ensuring the valuation process and valuation results are in accordance with IFRS's requirements. The Group adjusted the valuation parameters of certain underlying companies in the second quarter of 2023 to reflect the observable market data at the measurement date and the operations of the underlying companies.

- I. Use of different valuation models or assumptions may result in difference measurement. The following is the effect of other comprehensive income from financial instruments categorized within Level 3 if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%:

|                   |    | March 31, 2024                           |                     |
|-------------------|----|--|---------------------|
|                   |    | Recognised in other comprehensive income |                     |
|                   |    | Favourable change                        | Unfavourable change |
| Financial assets  |    |  |                     |
| Equity instrument | \$ | 9,174                                    | (\$ 9,174)          |
|                   |    | December 31, 2023                        |                     |
|                   |    | Recognised in other comprehensive income |                     |
|                   |    | Favourable change                        | Unfavourable change |
| Financial assets  |    |  |                     |
| Equity instrument | \$ | 9,201                                    | (\$ 9,201)          |
|                   |    | March 31, 2023                           |                     |
|                   |    | Recognised in other comprehensive income |                     |
|                   |    | Favourable change                        | Unfavourable change |
| Financial assets  |    |  |                     |
| Equity instrument | \$ | 8,619                                    | (\$ 8,619)          |

(4) System of risk management

A. Objectives of risk management

The Group controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly.

B. Risk management system

The Group's risk management system is in compliance with the "Risk Management Policy" of Yuanta Financial Holding Co., Ltd. and "Risk Management Practice Principles for Futures Commission Merchants" of Taiwan Futures Exchange. The Group has established the Risk Management Policy, which is the internally highest risk management standard authorised by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

C. Organisational structure of risk management

(A) The Group's organisational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Internal Audit Department, other risk management related units and each business unit; they all together form three lines of defence for risk management.

- a. First line of defence: this includes business, operation, management and other units, which are responsible for identifying and managing the risks arising from its duties and functions or business scope when performing related operations.

- b. Second line of defence: this includes high management level, Risk Management Department, Legal Compliance Department and other risk management related units, which are responsible for establishing the management mechanism for each major risk category, supervising the overall risk tolerance ability and current situation of risk tolerance and reporting the monitoring implementation status.
  - c. Third line of defence: this includes the Board of Directors, Audit Committee and Internal Audit Department. Internal Audit Department is responsible for auditing the compliance and implementation status of various regulations and internal control system and ensuring the internal control system can be implemented continuously and effectively.
- (B) The function of each unit in the structure of risk management of the Group is as follows:
- a. The Board of Directors: The Board of Directors is the highest decision-making unit of the Group's risk management; its main duties include assessing and approving the Risk Management Policy, significant risk management system, annual acceptable limit of risk and monitoring indicator threshold and directing the execution of the risk management system.
  - b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include deliberating the Risk Management Policy, significant risk management system, annual acceptable limit of risks and monitoring indicator threshold and supervising the management of the Group's existing or potential risk.
  - c. High management level: High management level reviews the risks involved in the Group's various operating activities and ensures that the Company's risk management system can completely and effectively control related risks.
  - d. Risk Management Department: Risk Management Department is an independent department under the Board of Directors; its main duties include developing the risk management system, establishing the effective method for measuring risks and the risk management system, monitoring and analysing risks and reporting and warning significant risks.
  - e. Legal Compliance Department: The main duties of the Legal Compliance Department are implementing the legal compliance risk control, confirming all operating and management regulations are updated in accordance with relevant regulations timely, supervising the supervisors of each unit to execute the introduction, establishment and implementation of relevant internal norms and assessing the legal and legal compliance risks that may be involved in various businesses, legal documents and contracts.
  - f. Internal Audit Department: Internal Audit Department, an independent department under the Board of Directors together with the Risk Management Department, is responsible for independently auditing and assessing whether the risk management and related internal control system are continuously and effectively operating and timely providing suggestions for improvement.

- g. Other risk management related units: Other risk management related units are responsible for assessing and detecting the risks that may cause losses to the Group within the scope of risks under their supervision, formulating the risk monitoring indicators according to the characteristics of the risks, supervising the overall risk tolerance ability and current situation of risk tolerance and reporting the monitoring implementation status.
- h. Each business unit: Each business unit is responsible for identifying and managing the risks arising from its duties and functions or business scope and designing and implementing the effective internal control procedures that include the functions of risk management fully covers relevant operating activities for the characteristics of the risks.

#### D. Procedures of risk management

The Group's procedures of risk management include risk identification, risk measurement, risk monitoring and risk management. The design of these procedures is to ensure all risks faced by the Group can be effectively controlled.

- (A) Risk identification: Confirm the nature and type of risk in each business through analysing the procedures. Identify the major operating risks of the Group, including financial risk, operational risk, legal and legal compliance risks and climate change risk.
- (B) Risk measurement: Make a reasonable estimate of various risk characteristics that may cause or affect potential losses. For risk characteristics that are quantifiable, appropriate quantitative methods shall be used to measure the degree of risks; for risk characteristics that cannot be quantified, appropriate qualitative methods shall be used to express the degree of risks.
- (C) Risk monitoring: The Group assesses the risk degree actually generated from the business according to the risk limits of each business to ensure each risk complies with the Company's authorisation.
- (D) Risk management reporting: Report information related to risk management to relevant supervisors. The level, content and frequency of risk reporting shall be adjusted according to the nature of the risks and their influence degree on the Company's business, profit or loss and net assets.

#### E. Hedging and risk diminishing strategies

The Group uses hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Group may restrict risks within authorised limits, and employ authorised financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk positions within acceptable levels.

#### F. Climate risk

The Group has established three lines of defence for risk management. Each line of defence has clear organisation, responsibilities, and functions to ensure the effective operation of the risk management mechanism. The assessment and management of transition risk or physical risk related to climate risk are integrated into the existing risk management framework, including qualitative and quantitative analysis.

The climate risk and opportunity management process of our group mainly consists of four steps, from risk and opportunity identification, measurement, monitoring to management reporting, and the responsibilities and management actions of each step are described as follows:

(a) Risk identification:

- I. The Group conducts climate risk identification annually based on its business characteristics.
- II. Refers to international organisations' climate risk reports.

(b) Risk measurement:

- I. The Group evaluates the impact and influence of each risk based on its business characteristics.
- II. The scope of measurement includes impact pathways, impact time and geographical scope, the position of the impact value chain, and financial impact.
- III. The Risk Management Department of the Yuanta Financial Holdings establishes a climate risk value measurement model to enhance quantitative management of climate risk.

(c) Risk monitoring:

- I. Include environmental and social risk factors of each industry in the industry risk level assessment mechanism.
- II. Establish quantifiable indicators and limits for climate risk.

(d) Risk management reporting:

- I. Develop response strategies for each risk and opportunity and report to the Audit Committee and the Board of Directors.
- II. Regularly report on the use of various risk indicators or limits at the Audit Committee and the Board of Directors.
- III. Report climate risk-related information to the Audit Committee and the Board of Directors on an irregular basis.

(5) Market risk

The Group's financial assets include bank deposits, domestic listed stocks, securities investment trust funds, offshore funds authorised by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, and other financial instruments authorised by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Group has established the Rules of Financial Instruments Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, profit and loss limits, and special authorisation. The Group also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Group measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence interval.

According to the types of trading, the VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading are as follows:

<Table>VaR of Trading of Different Types

Period: January 1 ~ March 31, 2024

| Type of Trading | Equity    | Commodity | Foreign<br>Exchange Rate | Interest Rate | Total     |
|-----------------|-----------|-----------|--------------------------|---------------|-----------|
| March 31, 2024  | \$ 16,477 | \$ 49     | \$ 2,479                 | \$ -          | \$ 18,746 |
| Average         | 11,945    | 41        | 3,080                    | -             | 14,872    |
| Lowest          | 7,603     | -         | 2,479                    | -             | 10,505    |
| Highest         | 16,559    | 138       | 4,179                    | -             | 19,033    |

Period: January 1 ~ March 31, 2023

| Type of Trading | Equity   | Commodity | Foreign<br>Exchange Rate | Interest Rate | Total    |
|-----------------|----------|-----------|--------------------------|---------------|----------|
| March 31, 2023  | \$ 2,310 | \$ 42     | \$ 2,518                 | \$ 859        | \$ 4,807 |
| Average         | 2,826    | 43        | 6,258                    | 847           | 9,275    |
| Lowest          | 813      | -         | 2,112                    | 836           | 3,760    |
| Highest         | 8,543    | 391       | 15,828                   | 859           | 18,297   |

Note 1: Trading included trading positions but not including non-trading positions.

Note 2: Total category of value-at-risk may be less than the amount of value-at-risk of equity, commodity, foreign exchange rate and interest rate, that is due to diversification effects between different categories.

To ensure that the VaR model can reasonably, completely and correctly measure the maximum potential risk of the financial instrument or portfolio, the Group continues to run model validation and back testing to ensure that the Group's VaR model can reasonably measure maximum potential losses of financial instruments or portfolios.

#### (6) Credit risk

A. The Group is exposed to credit risk from financial trading, including issuer credit risk, counterparty credit risk, custodian credit risk and underlying asset credit risk.

(A) Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the Group or bank with which the Group deposits money fails to fulfill contractual obligations (or guarantor's obligations) because of its default, bankruptcy or liquidation, which would cause a financial loss to the Group.

(B) Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Group fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Group.

(C) Custodian credit risk occurs when a custodian, an entrusted futures merchants with which the Group deposits its futures margin or premiums, fails to fulfill contractual obligations due to its default, bankruptcy or liquidation, which would cause a financial loss to the Group.

(D) Underlying asset credit risk refers to the risk of loss that may arise from deterioration of credit quality of the underlying asset linked to the financial instruments or increasing of credit risk premium or downgrade of credit rating or contract default.

B. The financial assets of the Group with credit risk include bank deposits, OTC derivative, bonds, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending, margins for futures, customer margin deposits deposited under central government bonds, other refundable deposit<sup>1</sup> and receivables<sup>2</sup>.

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Group's financial assets by geographic area were as follows (see the table below): As of March 31, 2024, the highest was Taiwan with (85.91%), the second was Asia (excluding Taiwan) with (7.17%) and the third was America with (6.51%). Compared to the same period last year, the proportion of investments in Taiwan and Europe have decreased with 1.69% and 4.72%, Asia (excluding Taiwan) and America have increased with 0.62% and 5.80%, respectively.

|                         | March 31, 2024        | December 31, 2023     | March 31, 2023        |
|-------------------------|-----------------------|-----------------------|-----------------------|
| Taiwan                  | \$ 101,693,711        | \$ 95,317,415         | \$ 89,120,227         |
| Asia (excluding Taiwan) | 8,492,231             | 7,534,777             | 6,667,051             |
| Europe                  | 464,744               | 569,959               | 5,193,791             |
| America                 | 7,700,178             | 5,550,178             | 716,107               |
| Other                   | 16,672                | 12,564                | 12,364                |
|                         | <u>\$ 118,367,536</u> | <u>\$ 108,984,893</u> | <u>\$ 101,709,540</u> |

b. Industry:

Percentages of credit risk exposure amounts of the Group's financial assets by industry were as follows (see the table below): Financial institutions accounted for (99.39%) with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Group's equity capital and margins received from customers were both deposited with financial institutions, and counterparties of derivative trade undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

|                            | March 31, 2024        | December 31, 2023     | March 31, 2023        |
|----------------------------|-----------------------|-----------------------|-----------------------|
| Privately owned businesses | \$ 522,261            | \$ 353,574            | \$ 220,012            |
| Financial institutions     | 117,649,820           | 108,381,474           | 101,253,648           |
| Public enterprises         | 105,577               | 158,654               | 105,265               |
| Government agencies        | 8,299                 | 25,185                | 1,085                 |
| Other                      | 81,579                | 66,006                | 129,530               |
|                            | <u>\$ 118,367,536</u> | <u>\$ 108,984,893</u> | <u>\$ 101,709,540</u> |

<sup>1</sup> Other refundable deposits include operating guarantee deposits, clearing and settlement funds and refundable deposits.

<sup>2</sup> Receivables include accounts receivable, other receivables and brokerage trading receivables.



(B) Analysis of credit risk levels

a. Credit risk rating is categorised into Excellent, Standard, Below standard, Other and the definitions are illustrated below:

- (a) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.
- (b) Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is at an acceptable level, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfil financial commitment.
- (c) Below standard: The underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.
- (d) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) be applied with the internal credit risk ratings.

b. As of March 31, 2024, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 96.44%, standard is 3.49%. Compared to the same period last year, the proportion of financial assets classified as excellent had decreased while assets classified as standard had increased.

|                | March 31, 2024        | December 31, 2023     | March 31, 2023        |
|----------------|-----------------------|-----------------------|-----------------------|
| Excellent      | \$ 114,159,239        | \$ 104,941,851        | \$ 98,535,117         |
| Standard       | 4,132,156             | 3,925,410             | 3,050,922             |
| Below standard | 76,141                | 117,632               | 123,501               |
|                | <u>\$ 118,367,536</u> | <u>\$ 108,984,893</u> | <u>\$ 101,709,540</u> |

C. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

- (A) The Group determines that there has been a significant increase in credit risk on a receivable (futures trading margin receivable and other receivables) if it is either past due over 30 days or in violation of the terms of the agreement.
- (B) Refundable deposits that have not been returned and the number of days past the refund date is more than 30, excluding deposits not returned due to specific conditions set in the contract.
- (C) At the balance sheet date, a debt instrument is considered to have significant increase in credit risk if the credit rating of the credit reference subject is non-investment grade and any of the following conditions apply:
  - a. The credit rating of the credit reference subject has dropped by more than one scale since initial recognition.
  - b. The implicit credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(D) The definition of a financial asset in default

- a. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- b. A debt instrument investment is considered in default if any of the following conditions apply:
  - (a) Bond was credit-impaired at the time of purchase.
  - (b) At the financial reporting date, the bond is rated as “in default.”
  - (c) Interest or principal payments have not been made in accordance with the issuance terms.
  - (d) Due to credit condition of the issuer, the issuance terms were changed so that interest payments were delayed or not made at all.
  - (e) The issuer or guarantor has ceased operations, applied for reorganisation, filed for bankruptcy, dissolved, or sold assets that have a significant impact on the company’s ability to continue as a going concern.

(E) Write off policy

If the Group cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

(F) Measurement of expected credit loss and consideration of forward-looking information

a. Futures trading margin receivable

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment (forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

- (a) The total carrying amount, allowance for losses, and maximum exposure of “futures trading margin receivable” of the Group are as follows:

|                         | March 31, 2024                     |                                     |                   |             |
|-------------------------|------------------------------------|-------------------------------------|-------------------|-------------|
|                         |                                    | Lifetime                            |                   |             |
|                         | 12 months                          | Significant increase in credit risk | Credit impaired   |             |
|                         | Without past due or within 30 days | More than 30 days                   | More than 90 days | Total       |
| Expected loss rate      | 0%                                 | 100%                                | 100%              |             |
| Total book value        | \$ -                               | \$ -                                | \$ 47,555         | \$ 47,555   |
| Loss allowance          | \$ -                               | \$ -                                | (\$ 47,555)       | (\$ 47,555) |
| Maximum exposure amount | \$ -                               | \$ -                                | \$ -              | \$ -        |

| December 31, 2023       |                                    |                                     |                   |             |
|-------------------------|------------------------------------|-------------------------------------|-------------------|-------------|
|                         | Lifetime                           |                                     |                   |             |
|                         | 12 months                          | Significant increase in credit risk | Credit impaired   | Total       |
|                         | Without past due or within 30 days | More than 30 days                   | More than 90 days |             |
|                         | 0%                                 | 100%                                | 100%              |             |
| Expected loss rate      | 0%                                 | 100%                                | 100%              |             |
| Total book value        | \$ -                               | \$ -                                | \$ 48,305         | \$ 48,305   |
| Loss allowance          | \$ -                               | \$ -                                | (\$ 48,305)       | (\$ 48,305) |
| Maximum exposure amount | \$ -                               | \$ -                                | \$ -              | \$ -        |

| March 31, 2023          |                                    |                                     |                   |             |
|-------------------------|------------------------------------|-------------------------------------|-------------------|-------------|
|                         | Lifetime                           |                                     |                   |             |
|                         | 12 months                          | Significant increase in credit risk | Credit impaired   | Total       |
|                         | Without past due or within 30 days | More than 30 days                   | More than 90 days |             |
|                         | 0%                                 | 100%                                | 100%              |             |
| Expected loss rate      | 0%                                 | 100%                                | 100%              |             |
| Total book value        | \$ -                               | \$ -                                | \$ 94,690         | \$ 94,690   |
| Loss allowance          | \$ -                               | \$ -                                | (\$ 94,690)       | (\$ 94,690) |
| Maximum exposure amount | \$ -                               | \$ -                                | \$ -              | \$ -        |

(b) Movements in loss allowance for futures trading margin receivable is as follows:

| For the three months ended March 31, 2024 |                                    |                                     |                   |             |
|---|------------------------------------|-------------------------------------|-------------------|-------------|
|   | Lifetime                           |                                     |                   |             |
|   | 12 months                          | Significant increase in credit risk | Credit impaired   | Total       |
|   | Without past due or within 30 days | More than 30 days                   | More than 90 days |             |
|   |                                    |                                     |                   |             |
| January 1, 2024                           | \$ -                               | \$ -                                | (\$ 48,305)       | (\$ 48,305) |
| Reversal of impairment loss               | -                                  | -                                   | 750               | 750         |
| March 31, 2024                            | \$ -                               | \$ -                                | (\$ 47,555)       | (\$ 47,555) |

| For the three months ended March 31, 2023 |                                       |   |                      |                    |
|---|---------------------------------------|---|----------------------|--------------------|
|   |                                       | Lifetime                                  |                      |                    |
|   | 12 months                             | Significant<br>increase in<br>credit risk | Credit impaired      |                    |
|   | Without past due<br>or within 30 days | More than<br>30 days                      | More than<br>90 days | Total              |
| January 1, 2023                           | \$ -                                  | \$ -                                      | (\$ 96,002)          | (\$ 96,002)        |
| Reversal of impairment loss               | -                                     | -   | 1,312                | 1,312              |
| March 31, 2023                            | <u>\$ -</u>                           | <u>\$ -</u>                               | <u>(\$ 94,690)</u>   | <u>(\$ 94,690)</u> |

b. Investments in debt instruments

The expected credit loss (ECL) model is primarily based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

- (a) Probability of default: Calculated based on the internal credit ratings of the credit reference subject determined using external credit rating which has taken into consideration the forecast, such as macroeconomics, incorporating default rates published by external credit rating agencies.
- (b) Loss given default: Calculated based on the guarantees and the priority of claims of the debt instrument, and the average recovery rates published by external credit rating agencies.
- (c) Exposure at default: total carrying amount (including interest receivable). The carrying amount is measured at amortised cost before any adjustments to the allowance for losses.
- (d) The expected credit loss of the investments in debt instrument at amortised cost of the Group, within 12 months, at March 31, 2024, December 31, 2023 and March 31, 2023, are all \$0.
- (e) Forward-looking information considerations

I. For determining significant increase in credit risk

The measure of credit loss is based on external credit ratings, the probability of default and loss given default information published by external credit rating agencies. These credit ratings incorporate forward-looking information, which is considered to be appropriate by the Group in estimating the expected credit losses.

II. For measuring expected credit losses

At least reflected in the forecastable adjustments of PD and LGD: In order to predict future probabilities of default, historical performances of PD, current trends in PD, the correlation between PD and macroeconomic factors, and other relevant information is considered by experts to give an overall assessment of forecastable scenarios of PD. The PD parameters are then adjusted accordingly to produce the forecastable PD parameters.

### III. Other

Forecastable adjustments are not made if the results from such adjustments are not expected to differ significantly from the original results, assuming there are no significant changes in current economic conditions and the future macroeconomic environment. However, if significant changes in the future macroeconomic environment are predicted, the loss rates have to be adjusted accordingly; for example, adjusting the loss rate by a certain percentage according to expected changes in GDP.

- D. For investments in debt instruments at amortised cost, the credit rating levels within 12 months are presented as below:

|   | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|--------------------------|-----------------------|
|   | <u>12 months</u>      | <u>12 months</u>         | <u>12 months</u>      |
| Financial assets at<br>amortised cost<br>Credit rating level<br>over BBB+ | <u>\$ 59,721</u>      | <u>\$ 57,095</u>         | <u>\$ 55,743</u>      |

#### (7) Liquidity risk analysis

- A. Liquidity risk of capital refers to the risk arising from the Group's inability to raise funds adequately in a period, which makes it unable to fulfill repayment or disbursement obligations on the expiry days. For liquidity risk management, the Group has established a warning system based on the nature of its businesses, including capital liquidity index, current ratio, loan lines granted by financial institutions and capital shortfall indication, which can estimate in advance the possible capital shortfall in certain periods and help the Group be aware of the overall liquidity risk of capital; the Group has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realisation, marketability and safety of current assets, the Group has established the rules of capital risk management, which state the Group's bank deposits, bond trade, repo trade, etc. must meet certain level above of the internal rating and their positions and liquidity shall be monitored regularly.

B. The information about the maturity of the Group's financial liabilities is shown below. The Group's working capital is sufficient to meet its funding requirements in the future. Therefore, it has no liquidity risk that would arise from inability to raise funds to fulfill repayment or disbursement obligations.

Cash flow analysis of financial liabilities on March 31, 2024

| Accounts | Financial liabilities  | Payment period        |                    |                   |                     |              | Total                 |
|----------|--|-----------------------|--------------------|-------------------|---------------------|--------------|-----------------------|
|          |  | Prevailing Period     | Less than 3 months | 3 ~12 months      | 1~5 years           | Over 5 years |                       |
| 212000   | Financial liabilities at fair value through profit or loss - current | \$ 16,122             | \$ -               | \$ -              | \$ -                | \$ -         | \$ 16,122             |
| 214080   | Futures traders' equity  | 105,500,477           | -                  | -                 | -                   | -            | 105,500,477           |
| 214100   | Leverage margin contract transaction traders' equity                 | 399,416               | -                  | -                 | -                   | -            | 399,416               |
| 214130   | Accounts payable   | 11,379                | 167,948            | -                 | -                   | -            | 179,327               |
| 214140   | Accounts payable - related parties                                   | -                     | 24,495             | -                 | -                   | -            | 24,495                |
| 214170   | Other payables   | -                     | 291,404            | 151,601           | 39                  | -            | 443,044               |
| 214180   | Other payables - related parties                                     | -                     | 1,512              | -                 | -                   | -            | 1,512                 |
| 216000   | Lease liabilities - current  | -                     | 12,763             | 35,413            | -                   | -            | 48,176                |
| 219000   | Other current liabilities  | -                     | 2,094              | 5,595             | -                   | -            | 7,689                 |
| 221100   | Bonds Payable  | -                     | -                  | -                 | 1,498,250           | -            | 1,498,250             |
| 226000   | Lease liabilities - non-current                                      | -                     | -                  | -                 | 31,020              | -            | 31,020                |
|          | Total  | <u>\$ 105,927,394</u> | <u>\$ 500,216</u>  | <u>\$ 192,609</u> | <u>\$ 1,529,309</u> | <u>\$ -</u>  | <u>\$ 108,149,528</u> |
|          | Percentage (%) of overall  | 97.95%                | 0.46%              | 0.18%             | 1.41%               | 0.00%        | 100.00%               |

Cash flow analysis of financial liabilities on December 31, 2023

| Accounts | Financial liabilities   | Payment period       |                       |                  |                     |              | Total                |
|----------|---|----------------------|-----------------------|------------------|---------------------|--------------|----------------------|
|          |   | Prevailing<br>Period | Less than 3<br>months | 3 ~12 months     | 1~5 years           | Over 5 years |                      |
| 212000   | Financial liabilities at fair value through<br>profit or loss - current | \$ 8,422             | \$ -                  | \$ -             | \$ -                | \$ -         | \$ 8,422             |
| 214080   | Futures traders' equity   | 95,307,015           | -                     | -                | -                   | -            | 95,307,015           |
| 214100   | Leverage margin contract transaction traders' equity                    | 372,254              | -                     | -                | -                   | -            | 372,254              |
| 214130   | Accounts payable  | 7,745                | 109,829               | -                | -                   | -            | 117,574              |
| 214140   | Accounts payable - related parties                                      | -                    | 17,456                | -                | -                   | -            | 17,456               |
| 214170   | Other payables  | -                    | 426,066               | 43,246           | 39                  | -            | 469,351              |
| 214180   | Other payables - related parties  | -                    | 4                     | -                | -                   | -            | 4                    |
| 216000   | Lease liabilities - current   | -                    | 12,846                | 35,985           | -                   | -            | 48,831               |
| 219000   | Other current liabilities   | -                    | 282                   | 6,045            | -                   | -            | 6,327                |
| 221100   | Bonds Payable   | -                    | -                     | -                | 1,498,157           | -            | 1,498,157            |
| 226000   | Lease liabilities - non-current   | -                    | -                     | -                | 37,915              | -            | 37,915               |
|          | Total   | <u>\$ 95,695,436</u> | <u>\$ 566,483</u>     | <u>\$ 85,276</u> | <u>\$ 1,536,111</u> | <u>\$ -</u>  | <u>\$ 97,883,306</u> |
|          | Percentage (%) of overall   | 97.76%               | 0.58%                 | 0.09%            | 1.57%               | 0.00%        | 100.00%              |

Cash flow analysis of financial liabilities on March 31, 2023

| Accounts | Financial liabilities   | Payment period       |                       |                   |                  |                     | Total                |
|----------|---|----------------------|-----------------------|-------------------|------------------|---------------------|----------------------|
|          |   | Prevailing<br>Period | Less than 3<br>months | 3 ~12 months      | 1~5 years        | Over 5 years        |                      |
| 212000   | Financial liabilities at fair value through<br>profit or loss - current | \$ 21,181            | \$ -                  | \$ -              | \$ -             | \$ -                | \$ 21,181            |
| 214080   | Futures traders' equity   | 90,243,986           | -                     | -                 | -                | -                   | 90,243,986           |
| 214100   | Leverage margin contract transaction traders' equity                    | 356,758              | -                     | -                 | -                | -                   | 356,758              |
| 214130   | Accounts payable  | 2,872                | 144,365               | -                 | -                | -                   | 147,237              |
| 214140   | Accounts payable - related parties                                      | -                    | 24,130                | -                 | -                | -                   | 24,130               |
| 214170   | Other payables  | -                    | 143,519               | 140,026           | 39               | -                   | 283,584              |
| 214180   | Other payables - related parties  | -                    | 1,535                 | -                 | -                | -                   | 1,535                |
| 216000   | Lease liabilities - current   | -                    | 12,871                | 38,703            | -                | -                   | 51,574               |
| 219000   | Other current liabilities   | -                    | 412                   | 6,259             | -                | -                   | 6,671                |
| 221100   | Bonds Payable   | -                    | -                     | -                 | -                | 1,497,872           | 1,497,872            |
| 226000   | Lease liabilities - non-current   | -                    | -                     | -                 | 73,838           | -                   | 73,838               |
|          | Total   | <u>\$ 90,624,797</u> | <u>\$ 326,832</u>     | <u>\$ 184,988</u> | <u>\$ 73,877</u> | <u>\$ 1,497,872</u> | <u>\$ 92,708,366</u> |
|          | Percentage (%) of overall   | 97.75%               | 0.35%                 | 0.20%             | 0.08%            | 1.62%               | 100.00%              |



The analysis of cash flow gap on March 31, 2024

| Accounts | Financial assets   | Receipt period       |                       |              |                |              | Total          |
|----------|--|----------------------|-----------------------|--------------|----------------|--------------|----------------|
|          |  | Prevailing<br>Period | Less than 3<br>months | 3 ~12 months | 1~5 years      | Over 5 years |                |
| 111100   | Cash and cash equivalents  | \$ 870,108           | \$ 4,374,013          | \$ 5,054,383 | \$ -           | \$ -         | \$ 10,298,504  |
| 112000   | Financial assets at fair value through<br>profit or loss - current                 | 1,517,895            | -                     | -            | -              | -            | 1,517,895      |
| 113200   | Financial assets at fair value through<br>other comprehensive income - current     | 1,242,861            | -                     | -            | -              | -            | 1,242,861      |
| 114070   | Customer margin deposits   | 105,773,876          | -                     | -            | -              | -            | 105,773,876    |
| 114080   | Futures trading margin receivable  | -                    | -                     | 47,555       | -              | -            | 47,555         |
| 114130   | Accounts receivable  | -                    | 71,513                | -            | -              | -            | 71,513         |
| 114140   | Accounts receivable - related parties  | -                    | 2,326                 | -            | -              | -            | 2,326          |
| 114170   | Other receivables  | -                    | 117,380               | 65,278       | -              | -            | 182,658        |
| 114180   | Other receivables - related parties  | -                    | 30,863                | 57           | -              | -            | 30,920         |
| 114300   | Leverage margin contract trading<br>client margin deposits                         | 606,446              | -                     | -            | -              | -            | 606,446        |
| 119000   | Other current assets   | -                    | 4                     | -            | -              | -            | 4              |
| 123200   | Financial assets at fair value through<br>other comprehensive income - non-current | -                    | -                     | -            | -              | 2,278,394    | 2,278,394      |
| 123300   | Financial assets at amortised cost - non-current                                   | -                    | -                     | -            | 59,721         | -            | 59,721         |
| 129010   | Operating guarantee deposits   | -                    | -                     | -            | -              | 163,883      | 163,883        |
| 129020   | Clearing and settlement funds  | -                    | -                     | -            | -              | 460,890      | 460,890        |
| 129030   | Refundable deposits  | -                    | -                     | -            | 21,659         | -            | 21,659         |
|          | Subtotal   | \$ 110,011,186       | \$ 4,596,099          | \$ 5,167,273 | \$ 81,380      | \$ 2,903,167 | \$ 122,759,105 |
|          | Cash inflow  | \$ 110,011,186       | \$ 4,596,099          | \$ 5,167,273 | \$ 81,380      | \$ 2,903,167 | \$ 122,759,105 |
|          | Cash outflow   | 105,927,394          | 500,216               | 192,609      | 1,529,309      | -            | 108,149,528    |
|          | The amount of capital gap  | \$ 4,083,792         | \$ 4,095,883          | \$ 4,974,664 | (\$ 1,447,929) | \$ 2,903,167 | \$ 14,609,577  |

The analysis of cash flow gap on December 31, 2023

| Accounts | Financial assets   | Receipt period       |                       |                     |                       |                     | Total                 |
|----------|--|----------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
|          |  | Prevailing<br>Period | Less than 3<br>months | 3 ~12 months        | 1~5 years             | Over 5 years        |                       |
| 111100   | Cash and cash equivalents  | \$ 1,030,210         | \$ 4,613,554          | \$ 5,468,527        | \$ 150,000            | \$ -                | \$ 11,262,291         |
| 112000   | Financial assets at fair value through<br>profit or loss - current                 | 686,305              | -                     | -                   | -                     | -                   | 686,305               |
| 113200   | Financial assets at fair value through<br>other comprehensive income - current     | 152,712              | -                     | -                   | -                     | -                   | 152,712               |
| 114070   | Customer margin deposits   | 95,469,319           | -                     | -                   | -                     | -                   | 95,469,319            |
| 114080   | Futures trading margin receivable  | -                    | -                     | 48,305              | -                     | -                   | 48,305                |
| 114130   | Accounts receivable  | -                    | 251,176               | -                   | -                     | -                   | 251,176               |
| 114140   | Accounts receivable - related parties  | -                    | 1,648                 | -                   | -                     | -                   | 1,648                 |
| 114170   | Other receivables  | -                    | 102,289               | 84,298              | -                     | -                   | 186,587               |
| 114180   | Other receivables - related parties  | -                    | 37,185                | 85,630              | -                     | -                   | 122,815               |
| 114300   | Leverage margin contract trading<br>client margin deposits                         | 573,860              | -                     | -                   | -                     | -                   | 573,860               |
| 123200   | Financial assets at fair value through<br>other comprehensive income - non-current | -                    | -                     | -                   | -                     | 2,276,213           | 2,276,213             |
| 123300   | Financial assets at amortised cost - non-current                                   | -                    | -                     | -                   | 57,095                | -                   | 57,095                |
| 129010   | Operating guarantee deposits   | -                    | -                     | -                   | -                     | 161,447             | 161,447               |
| 129020   | Clearing and settlement funds  | -                    | -                     | -                   | -                     | 446,100             | 446,100               |
| 129030   | Refundable deposits  | -                    | -                     | -                   | 21,521                | -                   | 21,521                |
|          | Subtotal   | <u>\$ 97,912,406</u> | <u>\$ 5,005,852</u>   | <u>\$ 5,686,760</u> | <u>\$ 228,616</u>     | <u>\$ 2,883,760</u> | <u>\$ 111,717,394</u> |
|          | Cash inflow  | \$ 97,912,406        | \$ 5,005,852          | \$ 5,686,760        | \$ 228,616            | \$ 2,883,760        | \$ 111,717,394        |
|          | Cash outflow   | 95,695,436           | 566,483               | 85,276              | 1,536,111             | -                   | 97,883,306            |
|          | The amount of capital gap  | <u>\$ 2,216,970</u>  | <u>\$ 4,439,369</u>   | <u>\$ 5,601,484</u> | <u>(\$ 1,307,495)</u> | <u>\$ 2,883,760</u> | <u>\$ 13,834,088</u>  |

The analysis of cash flow gap on March 31, 2023

| Accounts | Financial assets   | Receipt period       |                       |                     |                   |                     | Total                 |
|----------|--|----------------------|-----------------------|---------------------|-------------------|---------------------|-----------------------|
|          |  | Prevailing<br>Period | Less than 3<br>months | 3 ~12 months        | 1~5 years         | Over 5 years        |                       |
| 111100   | Cash and cash equivalents  | \$ 910,273           | \$ 2,734,698          | \$ 5,667,068        | \$ 150,000        | \$ -                | \$ 9,462,039          |
| 112000   | Financial assets at fair value through<br>profit or loss - current                 | 544,268              | -                     | -                   | -                 | -                   | 544,268               |
| 113200   | Financial assets at fair value through<br>other comprehensive income - current     | 1,213,486            | -                     | -                   | -                 | -                   | 1,213,486             |
| 114070   | Customer margin deposits   | 90,488,903           | -                     | -                   | -                 | -                   | 90,488,903            |
| 114080   | Futures trading margin receivable  | -                    | -                     | 94,690              | -                 | -                   | 94,690                |
| 114100   | Security lending deposits  | 10,170               | -                     | -                   | -                 | -                   | 10,170                |
| 114130   | Accounts receivable  | -                    | 16,305                | -                   | -                 | -                   | 16,305                |
| 114140   | Accounts receivable - related parties  | -                    | 1,254                 | -                   | -                 | -                   | 1,254                 |
| 114170   | Other receivables  | -                    | 71,272                | 12,896              | -                 | -                   | 84,168                |
| 114180   | Other receivables - related parties  | -                    | 16,719                | 118,232             | -                 | -                   | 134,951               |
| 114300   | Leverage margin contract trading<br>client margin deposits                         | 530,926              | -                     | -                   | -                 | -                   | 530,926               |
| 119000   | Other current assets   | -                    | 1                     | -                   | -                 | -                   | 1                     |
| 123200   | Financial assets at fair value through<br>other comprehensive income - non-current | -                    | -                     | -                   | -                 | 2,127,665           | 2,127,665             |
| 123300   | Financial assets at amortised cost - non-current                                   | -                    | -                     | -                   | 55,743            | -                   | 55,743                |
| 129010   | Operating guarantee deposits   | -                    | -                     | -                   | -                 | 146,208             | 146,208               |
| 129020   | Clearing and settlement funds  | -                    | -                     | -                   | -                 | 455,790             | 455,790               |
| 129030   | Refundable deposits  | -                    | -                     | -                   | 36,412            | -                   | 36,412                |
|          | Subtotal   | <u>\$ 93,698,026</u> | <u>\$ 2,840,249</u>   | <u>\$ 5,892,886</u> | <u>\$ 242,155</u> | <u>\$ 2,729,663</u> | <u>\$ 105,402,979</u> |
|          | Cash inflow  | \$ 93,698,026        | \$ 2,840,249          | \$ 5,892,886        | \$ 242,155        | \$ 2,729,663        | \$ 105,402,979        |
|          | Cash outflow   | 90,624,797           | 326,832               | 184,988             | 73,877            | 1,497,872           | 92,708,366            |
|          | The amount of capital gap  | <u>\$ 3,073,229</u>  | <u>\$ 2,513,417</u>   | <u>\$ 5,707,898</u> | <u>\$ 168,278</u> | <u>\$ 1,231,791</u> | <u>\$ 12,694,613</u>  |

(8) Currency risk

- A. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)

|                              | <u>March 31, 2024</u> |             | <u>December 31, 2023</u> |             | <u>March 31, 2023</u> |             |
|------------------------------|-----------------------|-------------|--------------------------|-------------|-----------------------|-------------|
|                              | Foreign<br>currency   | Exchange    | Foreign<br>currency      | Exchange    | Foreign<br>currency   | Exchange    |
| <u>Financial instruments</u> | <u>(in thousands)</u> | <u>rate</u> | <u>(in thousands)</u>    | <u>rate</u> | <u>(in thousands)</u> | <u>rate</u> |
| <u>Financial assets</u>      |                       |             |                          |             |                       |             |
| <u>Monetary items</u>        |                       |             |                          |             |                       |             |
| USD/NTD                      | \$ 1,352,883          | 32.0000     | \$ 1,344,837             | 30.7050     | \$ 1,211,431          | 30.4500     |
| <u>Financial liabilities</u> |                       |             |                          |             |                       |             |
| <u>Monetary items</u>        |                       |             |                          |             |                       |             |
| USD/NTD                      | 1,335,870             | 32.0000     | 1,328,737                | 30.7050     | 1,196,353             | 30.4500     |

- B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2024 and 2023 amounted to \$14,706 and (\$12,545), respectively.

(Blank)