

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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' REPORT

PWCR23000305

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

Opinion

We have audited the accompanying parent company only balance sheets of Yuanta Futures Co., Ltd. (the "Company") as at December 31, 2023 and 2022, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Yuanta Futures Co., Ltd. as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation of Engagements Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

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Fair value valuation of the unlisted stocks

Description

For the accounting policy of the unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Note 6(5). The carrying amount of financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2023 was NTD 2,146,883 thousand.

Because there are no active market quoted prices for the financial assets at fair value through other comprehensive income - unlisted stocks held by Yuanta Futures Co., Ltd., the management uses valuation techniques to estimate the fair value. The valuation technique used by Yuanta Futures Co., Ltd. is primarily the market method. The market method's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. The models and parameters used in valuation techniques are based on management's professional judgments and estimates, and such accounting judgments and estimates are highly uncertain. Thus, we have included the fair value valuation of unlisted stocks as a key audit matter in our audit for the year ended December 31, 2023.

How our audit addressed the matter

We obtained an understanding of management's valuation procedures for unlisted equity securities. We sample tested the management authorization procedures for the fair value valuation reports of unlisted equity securities.

In addition, we and our valuation expert discussed with management and sample tested the Company's valuation data and for unlisted stocks, evaluated whether the valuation methods used by management were commonly used; we and our valuation expert also evaluated the reasonableness of the comparable companies under the market method and sample tested related supporting documents regarding the parameters used in the valuation.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial

Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

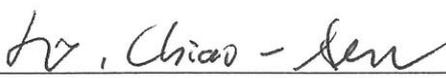
1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the parent company only audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

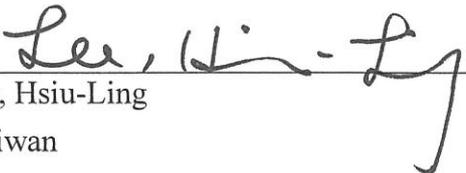
From the matters communicated with those charged with governance, we determine those matters of the Company that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2024



Lee, Hsiu-Ling

The accompanying parent company only 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 parent company only financial statements and independent auditors' 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2023 | | December 31, 2022 | | |
|---------------------------|---|-------------------|-----------------------|-------------------|-----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 111100 | Cash and cash equivalents | 6(1) and 7 | \$ 10,188,549 | 9 | \$ 8,657,642 | 8 |
| 112000 | Financial assets at fair value through profit or loss - current | 6(2), 7 and 11 | 685,885 | 1 | 320,027 | - |
| 113200 | Financial assets at fair value through other comprehensive income - current | 6(5) | 152,712 | - | 677,015 | 1 |
| 114070 | Customer margin deposits | 6(3) and 7 | 92,916,102 | 84 | 94,577,662 | 86 |
| 114100 | Security lending deposits | 7 | - | - | 20,094 | - |
| 114130 | Accounts receivable | | 251,176 | - | 20,105 | - |
| 114140 | Accounts receivable - related parties | 7 | 1,648 | - | 979 | - |
| 114150 | Prepayments | 7 | 11,626 | - | 12,854 | - |
| 114170 | Other receivables | | 126,500 | - | 63,270 | - |
| 114180 | Other receivables - related parties | 7 | 48,669 | - | 17,118 | - |
| 114300 | Leverage margin contract trading client margin deposits | 7 | 573,860 | 1 | 536,152 | - |
| 110000 | Subtotal current assets | | <u>104,956,727</u> | <u>95</u> | <u>104,902,918</u> | <u>95</u> |
| Non-current assets | | | | | | |
| 123200 | Financial assets at fair value through other comprehensive income - non-current | 6(5) | 2,276,213 | 2 | 2,155,716 | 2 |
| 124100 | Investments accounted for under the equity method | 6(6) | 1,282,080 | 1 | 1,218,760 | 1 |
| 125000 | Property and equipment | 6(9) | 708,583 | 1 | 649,159 | 1 |
| 125800 | Right-of-use assets | 6(10) | 73,265 | - | 113,172 | - |
| 127000 | Intangible assets | 6(11) | 97,515 | - | 74,012 | - |
| 128000 | Deferred income tax assets | | 23,772 | - | 27,643 | - |
| 129010 | Operating guarantee deposits | 6(7) and 7 | 140,000 | - | 140,000 | - |
| 129020 | Clearing and settlement funds | 6(8) | 446,100 | 1 | 453,658 | 1 |
| 129030 | Refundable deposits | 7 | 20,896 | - | 35,928 | - |
| 129130 | Prepayment for equipment | | 6,690 | - | 89,591 | - |
| 129990 | Other non-current assets - other | | 28,228 | - | 18,123 | - |
| 120000 | Subtotal non-current assets | | <u>5,103,342</u> | <u>5</u> | <u>4,975,762</u> | <u>5</u> |
| 906001 | Total Assets | | <u>\$ 110,060,069</u> | <u>100</u> | <u>\$ 109,878,680</u> | <u>100</u> |

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YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| LIABILITIES AND EQUITY | Notes | December 31, 2023 | | December 31, 2022 | | |
|--------------------------------|--|-------------------|-----------------------|-------------------|-----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | |
| 212000 | Financial liabilities at fair value through profit or loss - current | 6(2) and 11 | \$ 8,422 | - | \$ 26,458 | - |
| 214080 | Futures traders' equity | 6(3) and 7 | 92,758,076 | 84 | 94,279,967 | 86 |
| 214100 | Leverage margin contract transaction traders' equity | | 372,254 | - | 371,174 | 1 |
| 214130 | Accounts payable | | 117,574 | - | 138,338 | - |
| 214140 | Accounts payable - related parties | 7 | 17,456 | - | 22,020 | - |
| 214160 | Collection for third parties | | 9,445 | - | 8,442 | - |
| 214170 | Other payables | 6(12) | 447,483 | 1 | 321,990 | - |
| 214180 | Other payables - related parties | 6(12) and 7 | 4 | - | 408 | - |
| 214600 | Current income tax liabilities | | 137,762 | - | 97,830 | - |
| 216000 | Lease liabilities - current | 7 | 42,286 | - | 43,322 | - |
| 219000 | Other current liabilities | 6(13) | 6,302 | - | 6,235 | - |
| 210000 | Subtotal current liabilities | | <u>93,917,064</u> | <u>85</u> | <u>95,316,184</u> | <u>87</u> |
| Non-current liabilities | | | | | | |
| 221100 | Bonds payable | 6(14) | 1,498,157 | 2 | 1,497,779 | 1 |
| 226000 | Lease liabilities - non-current | 7 | 37,915 | - | 80,201 | - |
| 228000 | Deferred income tax liabilities | | 39,927 | - | 42,254 | - |
| 229000 | Other non-current liabilities | | 54,297 | - | 71,413 | - |
| | Subtotal non-current liabilities | | <u>1,630,296</u> | <u>2</u> | <u>1,691,647</u> | <u>1</u> |
| 906003 | Total Liabilities | | <u>95,547,360</u> | <u>87</u> | <u>97,007,831</u> | <u>88</u> |
| Capital | | | | | | |
| 301010 | Common stock | 6(16) | 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 |
| Retained earnings | | | | | | |
| 304010 | Legal reserve | 6(19) | 1,340,216 | 1 | 1,228,957 | 1 |
| 304020 | Special reserve | 6(18)(19) | 2,923,533 | 3 | 2,701,014 | 2 |
| 304040 | Undistributed earnings | 6(19) | 2,341,954 | 2 | 1,279,417 | 1 |
| Other equity | | | | | | |
| 305000 | Other equity interest | 6(20) | 1,936,759 | 2 | 1,691,214 | 2 |
| 906004 | Total equity | | <u>14,512,709</u> | <u>13</u> | <u>12,870,849</u> | <u>12</u> |
| 906002 | Total liabilities and equity | | <u>\$ 110,060,069</u> | <u>100</u> | <u>\$ 109,878,680</u> | <u>100</u> |

The accompanying notes are an integral part of these parent company only financial statements.

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

| Items | Notes | For the years ended December 31, | | | | |
|---------------------------|---|----------------------------------|---------------------|---------------|---------------------|--------------|
| | | 2023 | | 2022 | | |
| | | AMOUNT | % | AMOUNT | % | |
| Revenues | | | | | | |
| 401000 | Brokerage | 6(21) and 7 | \$ 3,139,823 | 93 | \$ 3,785,620 | 96 |
| 410000 | Losses on trading of securities | 6(2)(22) and 7 | (50,775) | (1) | (88,117) | (2) |
| 421300 | Dividend income | 6(2) | 321,081 | 10 | 79,463 | 2 |
| 421500 | Gains (losses) on valuation of trading securities | 6(2) | 13,211 | - | (6,869) | - |
| 421600 | (Losses) gains on covering of borrowed securities and bonds with resale agreements-short sales | 6(2) | (458) | - | 34 | - |
| 421610 | Valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss | 6(2) | (2,132) | - | 2,132 | - |
| 424200 | Securities commission revenue | 7 | 15,533 | - | 13,581 | 1 |
| 424300 | Clearance fee from consignment | 6(23) | 35,363 | 1 | 37,221 | 1 |
| 424400 | Net (loss) gain on derivative financial instruments | 6(2)(24) | (106,334) | (3) | 90,321 | 2 |
| 424900 | Futures advisory revenues | | 9,519 | - | 8,352 | - |
| 428000 | Other operating revenues | 7 | (283) | - | 85 | - |
| 400000 | Total revenues | | <u>3,374,548</u> | <u>100</u> | <u>3,921,823</u> | <u>100</u> |
| Costs and expenses | | | | | | |
| 501000 | Brokerage fee | 6(25) | (607,506) | (18) | (800,438) | (20) |
| 502000 | Dealer handling fee | 6(25) | (641) | - | (608) | - |
| 521200 | Interest expense | 7 | (468,544) | (14) | (124,495) | (3) |
| 425300 | Expected credit impairment losses and reversal gains | | 38,353 | 1 | 2,795 | - |
| 524100 | Futures commission | 6(26) and 7 | (642,898) | (19) | (711,970) | (18) |
| 524300 | Clearance fee | 6(27) | (436,442) | (13) | (569,590) | (15) |
| 524700 | Futures administrative expenses | | (839) | - | - | - |
| 528000 | Other operating fee | | (6,592) | - | (3,206) | - |
| 531000 | Employee benefit expense | 6(28) | (901,352) | (26) | (799,901) | (20) |
| 532000 | Depreciation and amortization | 6(29) and 7 | (169,349) | (5) | (157,659) | (4) |
| 533000 | Other operating expenses | 6(30) and 7 | (498,267) | (15) | (458,561) | (12) |
| 500000 | Total costs and expenses | | <u>(3,694,077)</u> | <u>(109)</u> | <u>(3,623,633)</u> | <u>(92)</u> |
| | Operating income | | <u>(319,529)</u> | <u>(9)</u> | <u>298,190</u> | <u>8</u> |
| 601100 | Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method | 6(6) | 65,183 | 2 | (27,264) | (1) |
| 602000 | Other gains and losses | 6(2)(5)(31) and 7 | 2,541,086 | 75 | 1,150,941 | 29 |
| 902001 | Income before income tax | | <u>2,286,740</u> | <u>68</u> | <u>1,421,867</u> | <u>36</u> |
| 701000 | Income tax expense | 6(32) | (434,021) | (13) | (276,519) | (7) |
| 902005 | Net income | | <u>\$ 1,852,719</u> | <u>55</u> | <u>\$ 1,145,348</u> | <u>29</u> |

(Continued)

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

| Items | Notes | For the years ended December 31, | | | |
|--|--|----------------------------------|------|--------------|------|
| | | 2023 | | 2022 | |
| | | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| 805510 | Remeasurement of defined benefit obligations | 6(15) | | | |
| | | \$ 19,518 | - | \$ 8,500 | - |
| 805540 | Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income | 6(5)(20) | | | |
| | | 500,331 | 15 (| 68,495) (| 2) |
| 805599 | Income tax related to components of items not to be reclassified | 6(32) | | | |
| | | (3,904) | - (| 1,700) | - |
| Items that may be reclassified to profit or loss subsequently | | | | | |
| 805610 | Translation (loss) gain on the financial statements of foreign operating entities | 6(6)(20) | | | |
| | | (1,863) | - | 104,243 | 3 |
| 805000 | Total other comprehensive income (net of tax) | | | | |
| | | \$ 514,082 | 15 | \$ 42,548 | 1 |
| | Total comprehensive income | | | | |
| | | \$ 2,366,801 | 70 | \$ 1,187,896 | 30 |
| Earnings per share (in New Taiwan dollars) | | | | | |
| | Basic and diluted earnings per share | 6(33) | | | |
| | | \$ | 6.39 | \$ | 3.95 |

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital surplus | | | Retained earnings | | | Other equity interest | | Total equity |
|--|----------|------------------------|--|--------------------------------------|-------------------|-----------------|------------------------|---|--|---------------|
| | | Capital - common stock | Paid-in capital in excess of par value | Paid-in capital from business merger | Legal reserve | Special reserve | Undistributed earnings | Translation gain and loss on the financial statements of foreign operating entities | Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income | |
| <u>For the year ended December 31, 2022</u> | | | | | | | | | | |
| Balance, January 1, 2022 | | \$ 2,899,763 | \$ 3,024,151 | \$ 46,333 | \$ 1,132,477 | \$ 2,508,054 | \$ 1,123,207 | (\$ 97,223) | \$ 1,713,136 | \$ 12,349,898 |
| Net income for the year | | - | - | - | - | - | 1,145,348 | - | - | 1,145,348 |
| Other comprehensive income (loss) for the year | 6(5)(20) | - | - | - | - | - | 6,800 | 104,243 | (68,495) | 42,548 |
| Total comprehensive income (loss) | | - | - | - | - | - | 1,152,148 | 104,243 | (68,495) | 1,187,896 |
| Appropriations of 2021 earnings: | | | | | | | | | | |
| Legal reserve | 6(19) | - | - | - | 96,480 | - | (96,480) | - | - | - |
| Special reserve | 6(19) | - | - | - | - | 192,960 | (192,960) | - | - | - |
| Cash dividends | 6(19) | - | - | - | - | - | (666,945) | - | - | (666,945) |
| Disposal of equity instrument investment measured at fair value through other comprehensive income | 6(5)(20) | - | - | - | - | - | (39,553) | - | 39,553 | - |
| Balance, December 31, 2022 | | \$ 2,899,763 | \$ 3,024,151 | \$ 46,333 | \$ 1,228,957 | \$ 2,701,014 | \$ 1,279,417 | \$ 7,020 | \$ 1,684,194 | \$ 12,870,849 |
| <u>For the year ended December 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 | \$ 12,870,849 |
| Net income for the year | | - | - | - | - | - | 1,852,719 | - | - | 1,852,719 |
| Other comprehensive income (loss) for the year | 6(5)(20) | - | - | - | - | - | 15,614 | (1,863) | 500,331 | 514,082 |
| Total comprehensive income (loss) | | - | - | - | - | - | 1,868,333 | (1,863) | 500,331 | 2,366,801 |
| Appropriations of 2022 earnings: | | | | | | | | | | |
| Legal reserve | 6(19) | - | - | - | 111,259 | - | (111,259) | - | - | - |
| Special reserve | 6(19) | - | - | - | - | 222,519 | (222,519) | - | - | - |
| Cash dividends | 6(19) | - | - | - | - | - | (724,941) | - | - | (724,941) |
| Disposal of equity instrument investment measured at fair value through other comprehensive income | 6(5)(20) | - | - | - | - | - | 252,923 | - | (252,923) | - |
| Balance, December 31, 2023 | | \$ 2,899,763 | \$ 3,024,151 | \$ 46,333 | \$ 1,340,216 | \$ 2,923,533 | \$ 2,341,954 | \$ 5,157 | \$ 1,931,602 | \$ 14,512,709 |

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, | |
|--|--------------|----------------------------------|---------------------|
| | | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 2,286,740 | \$ 1,421,867 |
| Adjustments | | | |
| Income and expenses having no effect on cash flows | | | |
| Depreciation | 6(9)(10)(29) | 135,664 | 130,554 |
| Amortization | 6(11)(29) | 33,685 | 27,105 |
| Interest income | 6(31) | (2,206,949) | (883,189) |
| Interest expense | | 468,544 | 124,495 |
| Share of profit or loss of subsidiaries associates, and joint ventures accounted for using the equity method | 6(6) | (65,183) | 27,264 |
| Dividend income | 6(31) | (580,701) | (234,462) |
| Expected credit impairment losses and reversal gains | | (38,353) | (2,795) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss - current | | (365,858) | (34,143) |
| Customer margin deposits | | 1,661,560 | (13,518,841) |
| Futures trading margin receivable | | 38,353 | 2,795 |
| Security lending deposits | | 20,094 | (20,094) |
| Accounts receivable | | (227,489) | (16,048) |
| Accounts receivable - related parties | | (669) | 1,023 |
| Prepayments | | 1,228 | (4,113) |
| Other receivables | | 2,350 | 224 |
| Other receivables - related parties | | (11,386) | (154) |
| Leverage margin contract trading client margin deposits | | (37,708) | (188,747) |
| Other non-current assets - other | | (10,105) | (6,707) |
| Changes in operating liabilities | | | |
| Financial liabilities at fair value through profit or loss - current | | (18,036) | 25,532 |
| Futures traders' equity | | (1,521,891) | 13,411,131 |
| Leverage margin contract transaction traders' equity | | 1,080 | 88,366 |
| Accounts payable | | (20,764) | 1,482 |
| Accounts payable - related parties | | (4,564) | 2,271 |
| Collection for third parties | | 1,003 | (656) |
| Other payables | | 107,496 | 124,305 |
| Other payables-related parties | | (404) | (1,434) |
| Other current liabilities | | 67 | (24,908) |
| Other non-current liabilities | | 2,402 | 443 |
| Cash (outflow) inflow from operations | | (349,794) | 452,566 |
| Interest received | | 2,121,035 | 819,387 |
| Interest paid | | (450,169) | (110,617) |
| Dividends received | | 577,288 | 234,523 |
| Income tax paid | | (396,449) | (163,762) |
| Net cash flows generated from operating activities | | <u>1,501,911</u> | <u>1,232,097</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | (909,693) | (543,350) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 6(5) | 1,813,830 | 381,687 |
| Acquisition of property and equipment | 6(9) | (43,011) | (50,017) |
| Increase in intangible assets | 6(11) | (17,884) | (10,545) |
| Decrease in clearing and settlement funds | | 7,558 | 90,807 |
| Decrease in refundable deposits | | 15,032 | 50 |
| Increase in prepayment for equipment | | (68,573) | (19,133) |
| Net cash flows generated from (used in) investing activities | | <u>797,259</u> | <u>(150,501)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Principal payment for lease liabilities | | (43,322) | (43,025) |
| Payment of cash dividends | 6(19) | (724,941) | (666,945) |
| Net cash flows used in financing activities | | <u>(768,263)</u> | <u>(709,970)</u> |
| Net increase in cash and cash equivalents | | 1,530,907 | 371,626 |
| Cash and cash equivalents at beginning of year | | <u>8,657,642</u> | <u>8,286,016</u> |
| Cash and cash equivalents at end of year | | <u>\$ 10,188,549</u> | <u>\$ 8,657,642</u> |

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Yuanta Futures Co., Ltd.'s (the "Company") 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 Company 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 Company ceased engaging in futures business management. As of December 31, 2023, the Company had 4 branches.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on February 27, 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[®]") 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 2023 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|---|
| Amendments to IAS 1, ‘Disclosure of accounting policies’ | January 1, 2023 |
| Amendments to IAS 8, ‘Definition of accounting estimates’ | January 1, 2023 |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ | January 1, 2023 |
| Amendments to IAS 12, ‘International tax reform - pillar two model rules’ | May 23, 2023 |

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’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 Company

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

| New Standards, Interpretations and Amendments | Effective date by International Accounting 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 Company’s financial condition and financial performance based on the Company’s assessment.

(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 International Accounting 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 International Accounting 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 |
| Amendments to IAS 21, ‘Lack of exchangeability’ | January 1, 2025 |

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulations Governing the Preparation of Financial Reports by Securities Firms.

(2) Basis of preparation

A. Except for the following items, the parent company only 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 financial statements in conformity with the 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional 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 parent company only 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 parent company only 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 parent company only statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all subsidiaries 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 balance sheet;

(B) Income and expenses for each parent company only 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.

(4) 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) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the parent company only balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents include 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.

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

(7) 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 Company 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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company and the amount of the dividend can be measured reliably.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) Accounts receivable

- A. Accounts receivable entitle the Company 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.

(13) Impairment of financial assets

For customer margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Company 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.

(14) Derecognition of financial assets

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

(15) Investment accounted for under the equity method – subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised

in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, according to its share of interest in the subsidiary, the Company does not recognise further losses.

- D. According to Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the profit or loss for the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(16) 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 Company 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. Equipment applies cost model and is 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.

(17) 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 Company. 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 Company 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 recognize the difference between remeasured lease liability in profit or loss.

(18) 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.

(19) Impairment of non-financial assets

A. The Company 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.

(20) 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.

(21) 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 Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Bonds payable

Ordinary corporate bonds issued by the Company 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.

(23) 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.

(24) 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 Company pays fixed contributions to an independent, publicly or privately administered pension fund. The Company 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 Company 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 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. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company'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 Company 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.

(25) 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 based on 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 parent company only 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. 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 Company 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 parent company only 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 parent company only 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.

(26) 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.

(27) 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 future merchants who has 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 recognised 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.

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

The preparation of the financial statements requires management to make critical judgements in applying the Company'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>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Petty cash | \$ 30 | \$ 30 |
| Cash in bank | | |
| Demand deposits | 601,846 | 388,676 |
| Time deposits | 9,243,600 | 7,818,125 |
| Subtotal | 9,845,476 | 8,206,831 |
| Excess futures margin deposits | 234,315 | 337,742 |
| Excess margin in foreign exchange margin trading | 108,758 | 113,069 |
| | <u>\$ 10,188,549</u> | <u>\$ 8,657,642</u> |

A. The Company 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 Company has no cash and cash equivalents pledged to others.

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

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 290,212 | \$ 100,459 |
| Beneficiary certificates | 290,000 | 163,994 |
| Futures trading margin - own funds | 57,324 | 19,312 |
| Buy options - futures | 5,302 | 14,087 |
| Derivatives assets - OTC | 26,787 | 26,008 |
| | 669,625 | 323,860 |
| Valuation adjustment | 16,260 | (3,833) |
| | <u>\$ 685,885</u> | <u>\$ 320,027</u> |

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Financial liabilities held for trading | | |
| Sell options - futures | \$ 8,422 | \$ 12,184 |
| Security borrowing payable - non-hedging | - | 16,406 |
| | 8,422 | 28,590 |
| Valuation adjustment | - | (2,132) |
| | <u>\$ 8,422</u> | <u>\$ 26,458</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:

| | For the years ended December 31, | |
|---|----------------------------------|------------------|
| | 2023 | 2022 |
| Financial assets and liabilities at fair value through profit or loss | | |
| Listed stocks | \$ 283,510 | (\$ 12,734) |
| Beneficiary certificates | 7,474 | (6,774) |
| Borrowed securities | (2,590) | 2,166 |
| Net loss on futures contracts | (182,828) | (47,821) |
| Net (loss) gain on options contracts | (26,175) | 63,695 |
| Net gain on leverage derivatives assets | 102,669 | 74,447 |
| Other financial instruments | (3,912) | - |
| | <u>\$ 178,148</u> | <u>\$ 72,979</u> |

For the years ended December 31, 2023 and 2022, 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 losses on trading of securities, dividend income, gains (losses) on valuation of trading securities, (losses) gains on covering of borrowed securities and bonds with resale agreements-short sales, valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net (loss) gain on derivative instruments and other gains and losses.

B. Futures

The Company entered into futures contracts to earn the spread. As of December 31, 2023 and 2022, margin deposits for the contract was \$291,639 and \$357,054, respectively, with excess margin of \$234,315 and \$337,742, respectively, recognised in “cash and cash equivalents”.

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

(3) Customer margin deposits /Futures traders’ equity

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Margin deposits by customers: | | |
| Cash in bank | \$ 68,064,649 | \$ 75,099,906 |
| Clearing house | 14,651,948 | 10,954,086 |
| Other futures commission merchants | 10,203,417 | 8,523,670 |
| Valuation adjustment on customer margin accounts- CGS | (3,912) | - |
| Total | <u>\$ 92,916,102</u> | <u>\$ 94,577,662</u> |
| Less: Fees and interest revenue pending for transfer | (146,974) | (286,864) |
| Futures exchange tax pending for transfer | (5,007) | (5,080) |
| Temporary receipts | (6,045) | (5,751) |
| Futures traders’ equity | <u>\$ 92,758,076</u> | <u>\$ 94,279,967</u> |

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

B. As at December 31, 2023 and 2022, 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 Company was \$92,916,102 and \$94,577,662, respectively.

(4) Futures trading margin receivable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Futures trading margin receivable | \$ 48,305 | \$ 96,002 |
| Less: Allowance for uncollectible accounts | (48,305) | (96,002) |
| | <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>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------|--------------------------|--------------------------|
| Up to 30 days | \$ - | \$ - |
| 31-90 days | - | - |
| 91-180 days | - | - |
| Over 181 days | 48,305 | 96,002 |
| | <u>\$ 48,305</u> | <u>\$ 96,002</u> |

The above ageing analysis was based on posting date.

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

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------|--------------------------|--------------------------|
| Current items: | | |
| Equity instrument | | |
| Listed stocks | \$ 171,420 | \$ 822,634 |
| Valuation adjustment | (18,708) | (145,619) |
| | <u>\$ 152,712</u> | <u>\$ 677,015</u> |
| Non-current items: | | |
| Equity instrument | | |
| Listed stocks | \$ 104,771 | \$ 104,771 |
| Valuation adjustment | 24,559 | (1,487) |
| Subtotal | <u>129,330</u> | <u>103,284</u> |
| Non-Listed stocks | 221,132 | 221,132 |
| Valuation adjustment | 1,925,751 | 1,831,300 |
| Subtotal | <u>2,146,883</u> | <u>2,052,432</u> |
| | <u>\$ 2,276,213</u> | <u>\$ 2,155,716</u> |

A. The Company 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 \$2,428,925 and \$2,832,731 as at December 31, 2023 and 2022, respectively.

B. For the years ended December 31, 2023 and 2022, consider the asset allocation and adjust the investment portfolios, the Company sold \$1,813,830 and \$381,687, respectively, of listed stocks at fair value and resulted in cumulative gains (losses) on disposal of \$252,923 and (\$39,553), 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 years ended December 31, | |
|--|----------------------------------|-------------------|
| | 2023 | 2022 |
| <u>Equity instruments at fair value through other comprehensive income</u> | | |
| Fair value change recognised in other comprehensive income | \$ 500,331 | (\$ 68,495) |
| Cumulative (gains) losses reclassified to retained earnings due to derecognition | (\$ 252,923) | \$ 39,553 |
| Dividend income recognised in profit or loss | | |
| Held at end of period | \$ 76,002 | \$ 147,049 |
| Derecognised during the period | 183,618 | 7,950 |
| | <u>\$ 259,620</u> | <u>\$ 154,999</u> |

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

(6) Investments accounted for under the equity method

A. Items of equity investments are summarised below:

| Company name | December 31, 2023 | |
|--------------------------------------|---------------------|--------------------|
| | Amount | Shareholding ratio |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 994,470 | 100.00% |
| SYF Information Co., Ltd. | 293,338 | 100.00% |
| Yuanta Global (Singapore) Pte. Ltd. | (5,728) | 100.00% |
| | <u>\$ 1,282,080</u> | |

| Company name | December 31, 2022 | |
|--------------------------------------|---------------------|--------------------|
| | Amount | Shareholding ratio |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 927,751 | 100.00% |
| SYF Information Co., Ltd. | 291,157 | 100.00% |
| Yuanta Global (Singapore) Pte. Ltd. | (148) | 100.00% |
| | <u>\$ 1,218,760</u> | |

B. The Company's share of the operating results in all individually immaterial invested companies are summarised below:

| | For the years ended December 31, | |
|---|----------------------------------|------------------|
| | 2023 | 2022 |
| Gain (loss) for the year from continuing operations | \$ 65,183 | (\$ 27,264) |
| Currency translation differences | (1,863) | 104,243 |
| Total comprehensive income | <u>\$ 63,320</u> | <u>\$ 76,979</u> |

(7) Operating guarantee deposits

As at December 31, 2023 and 2022, 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 Company were both \$140,000.

(8) Clearing and settlement funds

As at December 31, 2023 and 2022, 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 Company was \$446,100 and \$453,658, respectively.

(9) Property and equipment

| | 2023 | | | |
|---|-------------------|-------------------|------------------------|-------------------|
| | Land (Note) | Equipment | Leasehold improvements | Total |
| At January 1, | | | | |
| Cost | \$ 466,947 | \$ 228,089 | \$ 88,971 | \$ 784,007 |
| Accumulated depreciation | - | (104,185) | (30,663) | (134,848) |
| | <u>\$ 466,947</u> | <u>\$ 123,904</u> | <u>\$ 58,308</u> | <u>\$ 649,159</u> |
| Opening net book amount at January 1, | \$ 466,947 | \$ 123,904 | \$ 58,308 | \$ 649,159 |
| Additions | - | 43,011 | - | 43,011 |
| Transfers | - | 112,170 | - | 112,170 |
| Disposals (cost) | - | (21,403) | - | (21,403) |
| Disposals (accumulated depreciation) | - | 21,403 | - | 21,403 |
| Depreciation expense | - | (66,100) | (29,657) | (95,757) |
| Closing net book amount at December 31, | <u>\$ 466,947</u> | <u>\$ 212,985</u> | <u>\$ 28,651</u> | <u>\$ 708,583</u> |
| At December 31, | | | | |
| Cost | \$ 466,947 | \$ 361,867 | \$ 88,971 | \$ 917,785 |
| Accumulated depreciation | - | (148,882) | (60,320) | (209,202) |
| | <u>\$ 466,947</u> | <u>\$ 212,985</u> | <u>\$ 28,651</u> | <u>\$ 708,583</u> |

| | 2022 | | | |
|---|-------------------|-------------------|------------------------|-------------------|
| | Land (Note) | Equipment | Leasehold improvements | Total |
| At January 1, | | | | |
| Cost | \$ 466,947 | \$ 247,398 | \$ 18,261 | \$ 732,606 |
| Accumulated depreciation | - | (106,471) | (1,290) | (107,761) |
| | <u>\$ 466,947</u> | <u>\$ 140,927</u> | <u>\$ 16,971</u> | <u>\$ 624,845</u> |
| Opening net book amount at January 1, | \$ 466,947 | \$ 140,927 | \$ 16,971 | \$ 624,845 |
| Additions | - | 44,307 | 5,710 | 50,017 |
| Transfers | - | - | 65,000 | 65,000 |
| Disposals (cost) | - | (63,616) | - | (63,616) |
| Disposals (accumulated depreciation) | - | 63,616 | - | 63,616 |
| Depreciation expense | - | (61,330) | (29,373) | (90,703) |
| Closing net book amount at December 31, | <u>\$ 466,947</u> | <u>\$ 123,904</u> | <u>\$ 58,308</u> | <u>\$ 649,159</u> |
| At December 31, | | | | |
| Cost | \$ 466,947 | \$ 228,089 | \$ 88,971 | \$ 784,007 |
| Accumulated depreciation | - | (104,185) | (30,663) | (134,848) |
| | <u>\$ 466,947</u> | <u>\$ 123,904</u> | <u>\$ 58,308</u> | <u>\$ 649,159</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 Company leases various assets including buildings. Rental contracts are typically made for periods of 3 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:

| | December 31, 2023 | December 31, 2022 |
|-----------|----------------------------------|----------------------|
| | Carrying amount | Carrying amount |
| Buildings | <u>\$ 73,265</u> | <u>\$ 113,172</u> |
| | For the years ended December 31, | |
| | 2023 | 2022 |
| | Depreciation expense | Depreciation expense |
| Buildings | <u>\$ 39,907</u> | <u>\$ 39,851</u> |

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were both \$0.

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

| | For the years ended December 31, | |
|---------------------------------------|----------------------------------|--------|
| | 2023 | 2022 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 680 | \$ 877 |

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases was \$44,002 and \$43,902, respectively.

F. Extension and termination options

In determining the lease term, the Company 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

| | 2023 | | |
|--|--|------------------|------------------|
| | Membership in a foreign Futures Exchange | Others | Total |
| At January 1, | | | |
| Cost | \$ 24,125 | \$ 84,627 | \$ 108,752 |
| Accumulated amortisation | - | (34,740) | (34,740) |
| | <u>\$ 24,125</u> | <u>\$ 49,887</u> | <u>\$ 74,012</u> |
| Opening net book amount as at January 1, | \$ 24,125 | \$ 49,887 | \$ 74,012 |
| Additions | - | 17,884 | 17,884 |
| Transfers | - | 39,304 | 39,304 |
| Disposals (cost) | - | (11,323) | (11,323) |
| Disposals (accumulated amortisation) | - | 11,323 | 11,323 |
| Amortisation expense | - | (33,685) | (33,685) |
| Closing net book amount as at December 31, | <u>\$ 24,125</u> | <u>\$ 73,390</u> | <u>\$ 97,515</u> |
| At December 31, | | | |
| Cost | \$ 24,125 | \$ 130,492 | \$ 154,617 |
| Accumulated amortisation | - | (57,102) | (57,102) |
| | <u>\$ 24,125</u> | <u>\$ 73,390</u> | <u>\$ 97,515</u> |

| | 2022 | | |
|--|------------------------------------|------------------|------------------|
| | Membership in a foreign Futures | | |
| | Exchange | Others | Total |
| At January 1, | | | |
| Cost | \$ 24,125 | \$ 78,776 | \$ 102,901 |
| Accumulated amortisation | - | (15,922) | (15,922) |
| | <u>\$ 24,125</u> | <u>\$ 62,854</u> | <u>\$ 86,979</u> |
| Opening net book amount as at January 1, | \$ 24,125 | \$ 62,854 | \$ 86,979 |
| Additions | - | 10,545 | 10,545 |
| Transfers | - | 3,593 | 3,593 |
| Disposals (cost) | - | (8,287) | (8,287) |
| Disposals (accumulated amortisation) | - | 8,287 | 8,287 |
| Amortisation expense | - | (27,105) | (27,105) |
| Closing net book amount as at December 31, | <u>\$ 24,125</u> | <u>\$ 49,887</u> | <u>\$ 74,012</u> |
| At December 31, | | | |
| Cost | \$ 24,125 | \$ 84,627 | \$ 108,752 |
| Accumulated amortisation | - | (34,740) | (34,740) |
| | <u>\$ 24,125</u> | <u>\$ 49,887</u> | <u>\$ 74,012</u> |

(12) Other payables

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------------------|--------------------------|--------------------------|
| Other payables - related parties | \$ 4 | \$ 408 |
| Other payables - non-related parties | | |
| Salaries and bonus payables | \$ 388,113 | \$ 272,934 |
| Operating expenses payable | 25,626 | 33,310 |
| Interest payables | 33,744 | 15,746 |
| | <u>\$ 447,483</u> | <u>\$ 321,990</u> |

(13) Other current liabilities

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------|--------------------------|--------------------------|
| Temporary receipts | \$ 6,302 | \$ 6,235 |

(14) Bonds payable

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Bonds payable | \$ 1,500,000 | \$ 1,500,000 |
| Less: Discount on bonds payable | (1,843) | (2,221) |
| | <u>\$ 1,498,157</u> | <u>\$ 1,497,779</u> |

First issue of unsecured subordinate normal 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 Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor 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 labor 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) The amounts recognised in the balance sheet are as follows:

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | \$ 65,226 | \$ 85,326 |
| Fair value of plan assets | (27,930) | (28,463) |
| Net defined benefit liability | <u>\$ 37,296</u> | <u>\$ 56,863</u> |

(C) Movement in net defined benefit liabilities are as follows:

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|-------------------------------------|--|------------------------------|----------------------------------|
| <u>Year ended December 31, 2023</u> | | | |
| Balance at January 1 | \$ 85,326 | (\$ 28,463) | \$ 56,863 |
| Interest expense (income) | 1,109 | (370) | 739 |
| | <u>86,435</u> | <u>(28,833)</u> | <u>57,602</u> |
| Remeasurements: | | | |
| Return on plan assets | - | (112) | (112) |
| Experience adjustments | (19,406) | - | (19,406) |
| | <u>(19,406)</u> | <u>(112)</u> | <u>(19,518)</u> |
| Pension fund contribution | - | (735) | (735) |
| Paid pension | (1,803) | 1,750 | (53) |
| Balance at December 31 | <u>\$ 65,226</u> | <u>(\$ 27,930)</u> | <u>\$ 37,296</u> |
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
| <u>Year ended December 31, 2022</u> | | | |
| Balance at January 1 | \$ 92,316 | (\$ 26,045) | \$ 66,271 |
| Interest expense (income) | 554 | (157) | 397 |
| | <u>92,870</u> | <u>(26,202)</u> | <u>66,668</u> |
| Remeasurements: | | | |
| Return on plan assets | - | (1,953) | (1,953) |
| Change in financial assumptions | (5,977) | - | (5,977) |
| Experience adjustments | (570) | - | (570) |
| | <u>(6,547)</u> | <u>(1,953)</u> | <u>(8,500)</u> |
| Pension fund contribution | - | (740) | (740) |
| Paid pension | (997) | 432 | (565) |
| Balance at December 31 | <u>\$ 85,326</u> | <u>(\$ 28,463)</u> | <u>\$ 56,863</u> |

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate

in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

| | For the years ended December 31, | |
|-------------------------|----------------------------------|-------|
| | 2023 | 2022 |
| Discount rate | 1.30% | 1.30% |
| Future salary increases | 3.00% | 3.00% |

For the years ended December 31, 2023 and 2022, assumptions regarding future mortality rate were estimated in accordance both with the 6th Chart of Life Span Estimate Used by the Taiwan Life Insurance Enterprises. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|----------------|----------------|-------------------------|----------------|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| <u>December 31, 2023</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 1,641) | \$ 1,699 | \$ 1,317 | (\$ 1,282) |
| <u>December 31, 2022</u> | | | | |
| Effect on present value of defined benefit obligation | (\$ 1,997) | \$ 2,068 | \$ 1,752 | (\$ 1,704) |

(F) The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$734.

(H) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.

B. Defined contribution plan

(A) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor 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 Company for the years ended December 31, 2023 and 2022, were \$19,019 and \$19,018, respectively.

(16) Share capital

As of December 31, 2023, 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 may transfer 25% of certain special reserve as share capital. No other purpose is permitted. According to the Gin-Gwen-Zheng-Qi Letter No. 1110380212 dated 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, the 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 2022 and 2021 as resolved at the stockholders' meeting on May 24, 2023 and on May 24, 2022, respectively, are as follows:

| | <u>2022</u> | | <u>2021</u> | |
|-----------------|---------------|---|---------------|---|
| | <u>Amount</u> | <u>Dividends per Share (in dollars)</u> | <u>Amount</u> | <u>Dividends per Share (in dollars)</u> |
| Legal reserve | \$ 111,259 | | \$ 96,480 | |
| Special reserve | 222,519 | | 192,960 | |
| Cash dividends | 724,941 | \$ 2.50 | 666,945 | \$ 2.30 |

- E. On February 27, 2024, the Board of Directors resolved the distribution of profits for 2023 as follows:

| | <u>2023</u> | |
|-----------------|---------------|---|
| | <u>Amount</u> | <u>Dividends per Share (in dollars)</u> |
| Legal reserve | \$ 212,126 | |
| Special reserve | - | |
| Cash dividends | 1,449,881 | \$ 5.00 |

(20) Other equity items

| | Unrealised gains (losses) on valuation | Currency translation differences | Total |
|--|--|--|---------------------|
| At January 1, 2023 | \$ 1,684,194 | \$ 7,020 | \$ 1,691,214 |
| Financial assets at fair value through other comprehensive income | | | |
| -Revaluation | 500,331 | - | 500,331 |
| -Revaluation transferred to retained earnings | (252,923) | - | (252,923) |
| Currency translation differences | | | |
| -Exchange differences | - | (1,863) | (1,863) |
| At December 31, 2023 | <u>\$ 1,931,602</u> | <u>\$ 5,157</u> | <u>\$ 1,936,759</u> |

| | Unrealised gains (losses) on valuation | Currency translation differences | Total |
|--|--|--|---------------------|
| At January 1, 2022 | \$ 1,713,136 | (\$ 97,223) | \$ 1,615,913 |
| Financial assets at fair value through other comprehensive income | | | |
| -Revaluation | (68,495) | - | (68,495) |
| -Revaluation transferred to retained earnings | 39,553 | - | 39,553 |
| Currency translation differences | | | |
| -Exchange differences | - | 104,243 | 104,243 |
| At December 31, 2022 | <u>\$ 1,684,194</u> | <u>\$ 7,020</u> | <u>\$ 1,691,214</u> |

(21) Brokerage

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|---------------------|
| | 2023 | 2022 |
| Dealers' commissions - domestic | \$ 2,091,579 | \$ 2,650,313 |
| Dealers' commissions - foreign | 1,035,932 | 1,125,527 |
| Dealers' commissions - leverage | 12,312 | 9,780 |
| | <u>\$ 3,139,823</u> | <u>\$ 3,785,620</u> |

(22) Net loss on trading of securities

| | For the years ended December 31, | |
|---|----------------------------------|--------------------|
| | 2023 | 2022 |
| Revenue from sale of securities - dealing | \$ 4,294,844 | \$ 3,179,357 |
| Cost from sale of securities - dealing | (4,345,619) | (3,267,474) |
| | <u>(\$ 50,775)</u> | <u>(\$ 88,117)</u> |

(23) Clearance fee from consignment

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Clearance fee from consignment - non-related parties | \$ 35,363 | \$ 37,221 |

(24) Net (loss) gain on derivative financial instruments

| | For the years ended December 31, | |
|---|----------------------------------|--------------------|
| | 2023 | 2022 |
| Non-hedging | | |
| Gains (losses) from futures contract interests | | |
| Futures contract gains | \$ 406,869 | \$ 182,535 |
| Futures contract losses | (589,697) | (230,356) |
| | <u>(\$ 182,828)</u> | <u>(\$ 47,821)</u> |
| Gains (losses) from options trading | | |
| Gains from options trading | \$ 175,939 | \$ 235,207 |
| Losses from options trading | (202,114) | (171,512) |
| | <u>(\$ 26,175)</u> | <u>\$ 63,695</u> |
| Gains (losses) from leverage margin contract transactions | | |
| Gains from leverage margin contract transactions | \$ 587,823 | \$ 634,712 |
| Losses from leverage margin contract transactions | (485,154) | (560,265) |
| | <u>\$ 102,669</u> | <u>\$ 74,447</u> |
| Gains from derivatives financial instruments | \$ 1,170,631 | \$ 1,052,454 |
| Losses from derivatives financial instruments | (1,276,965) | (962,133) |
| | <u>(\$ 106,334)</u> | <u>\$ 90,321</u> |

(25) Service charge

| | For the years ended December 31, | |
|----------------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Service charge - brokerage | \$ 607,506 | \$ 800,438 |
| Service charge - dealing | 641 | 608 |
| | <u>\$ 608,147</u> | <u>\$ 801,046</u> |

(26) Futures commission

| | For the years ended December 31, | |
|-------------------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Entrusted futures transaction | \$ 356,458 | \$ 364,843 |
| Futures auxiliary business | 286,440 | 347,127 |
| | <u>\$ 642,898</u> | <u>\$ 711,970</u> |

(27) Clearance fee

| | For the years ended December 31, | |
|---------------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Clearance fee - brokerage | \$ 436,222 | \$ 569,255 |
| Clearance fee - dealing | 220 | 335 |
| | <u>\$ 436,442</u> | <u>\$ 569,590</u> |

(28) Employee benefit expense

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Wages and salaries | \$ 813,825 | \$ 716,156 |
| Labor and health insurance fees | 42,126 | 39,430 |
| Pension costs | 19,758 | 19,415 |
| Post-employment benefits | 5,391 | 3,372 |
| Other personnel expenses | 20,252 | 21,528 |
| | <u>\$ 901,352</u> | <u>\$ 799,901</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 years ended December 31, 2023 and 2022, employees' compensation was accrued at \$3,821 and \$4,055, respectively, and the aforementioned amounts were recognised in salary expenses.
- B. Employees' compensation of 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 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 amortization

| | For the years ended December 31, | |
|----------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Depreciation expense | \$ 135,664 | \$ 130,554 |
| Amortisation expense | 33,685 | 27,105 |
| | <u>\$ 169,349</u> | <u>\$ 157,659</u> |

(30) Operating expenses

| | For the years ended December 31, | |
|-------------------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Postage and telephone costs | \$ 133,942 | \$ 115,999 |
| Tax expenses | 100,567 | 104,388 |
| Computer information expense | 112,388 | 107,240 |
| Donation | 5,730 | 4,165 |
| Institutional membership fees | 33,528 | 30,107 |
| Repair charge | 35,872 | 31,414 |
| Advertising costs | 10,936 | 7,965 |
| Service expenses | 22,584 | 18,236 |
| Other expenses | 42,720 | 39,047 |
| | <u>\$ 498,267</u> | <u>\$ 458,561</u> |

(31) Other gains and losses

| | For the years ended December 31, | |
|--|----------------------------------|---------------------|
| | 2023 | 2022 |
| Interest income | \$ 2,206,949 | \$ 883,189 |
| Gains on disposals of investments | 585 | - |
| Dividend income | 259,620 | 154,999 |
| Net currency exchange (losses) gains | (16,566) | 44,649 |
| Gains (losses) on financial assets at fair value through profit or loss | 2,970 | (3,985) |
| Others | 87,528 | 72,089 |
| | <u>\$ 2,541,086</u> | <u>\$ 1,150,941</u> |

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | For the years ended December 31, | |
|--|----------------------------------|-------------------|
| | 2023 | 2022 |
| Current tax: | | |
| Current tax on profits for the year | \$ 427,098 | \$ 244,688 |
| Tax on undistributed surplus earnings | 2,694 | 421 |
| Prior year income tax under (over) estimation | 6,589 | (1,996) |
| Total current tax | <u>436,381</u> | <u>243,113</u> |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (2,360) | 33,406 |
| Total deferred tax | <u>(2,360)</u> | <u>33,406</u> |
| Income tax expense | <u>\$ 434,021</u> | <u>\$ 276,519</u> |

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

| | For the years ended December 31, | |
|--|----------------------------------|-----------------|
| | 2023 | 2022 |
| Remeasurement of defined benefit obligations | \$ <u>3,904</u> | \$ <u>1,700</u> |

B. Reconciliation between income tax expense and accounting profit

| | For the years ended December 31, | |
|--|----------------------------------|-------------------|
| | 2023 | 2022 |
| Tax calculated based on profit before tax and statutory tax rate | \$ 457,348 | \$ 284,373 |
| Tax exempt income by tax regulation | (46,320) | (6,279) |
| Recongised in income tax of Controlled Foreign Company | 13,710 | - |
| Tax on undistributed surplus earnings | 2,694 | 421 |
| Prior year income tax under (over) estimation | 6,589 | (1,996) |
| Income tax expense | \$ <u>434,021</u> | \$ <u>276,519</u> |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

| | For the year ended December 31, 2023 | | | |
|-----------------------------------|--------------------------------------|------------------------------|--|--------------------|
| | January 1 | Recognised in profit or loss | Recognised in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| —Deferred income tax assets: | | | | |
| Accrued pension liabilities | \$ 2,043 | \$ 161 | (\$ 2,204) | \$ - |
| Unrealised exchange loss | - | 27 | - | 27 |
| Expected credit losses | 21,400 | (2,237) | - | 19,163 |
| Others | 4,200 | 382 | - | 4,582 |
| Subtotal | <u>27,643</u> | <u>(1,667)</u> | <u>(2,204)</u> | <u>23,772</u> |
| —Deferred income tax liabilities: | | | | |
| Accrued pension liabilities | - | (171) | (1,700) | (1,871) |
| Unrealised exchange gain | (5,738) | 5,536 | - | (202) |
| Others | (36,516) | (1,338) | - | (37,854) |
| Subtotal | <u>(42,254)</u> | <u>4,027</u> | <u>(1,700)</u> | <u>(39,927)</u> |
| | <u>(\$ 14,611)</u> | <u>\$ 2,360</u> | <u>(\$ 3,904)</u> | <u>(\$ 16,155)</u> |

| | For the year ended December 31, 2022 | | | |
|------------------------------------|--------------------------------------|---------------------------------|---|--------------------|
| | January 1 | Recognised in profit or loss | Recognised in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| — Deferred income tax assets: | | | | |
| Accrued pension liabilities | \$ 3,925 | (\$ 182) | (\$ 1,700) | \$ 2,043 |
| Unrealised exchange loss | 2,814 | (2,814) | - | - |
| Expected credit losses | 23,201 | (1,801) | - | 21,400 |
| Others | 1,746 | 2,454 | - | 4,200 |
| Subtotal | <u>31,686</u> | <u>(2,343)</u> | <u>(1,700)</u> | <u>27,643</u> |
| — Deferred income tax liabilities: | | | | |
| Unrealised exchange gain | - | (5,738) | - | (5,738) |
| Others | (11,191) | (25,325) | - | (36,516) |
| Subtotal | <u>(11,191)</u> | <u>(31,063)</u> | <u>-</u> | <u>(42,254)</u> |
| | <u>\$ 20,495</u> | <u>(\$ 33,406)</u> | <u>(\$ 1,700)</u> | <u>(\$ 14,611)</u> |

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

The Company's subsidiary, SYF Information Co. Ltd.'s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(33) Earnings per share

| | For the year ended December 31, 2023 | | |
|---|--------------------------------------|--|---------------------------------------|
| | 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>\$ 1,852,719</u> | <u>289,976</u> | <u>\$ 6.39</u> |
| | For the year ended December 31, 2022 | | |
| | 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>\$ 1,145,348</u> | <u>289,976</u> | <u>\$ 3.95</u> |

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

| <u>Names</u> | <u>Relationship with the Group</u> |
|---|--|
| 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 |
| Funds managed by Yuanta Securities Investment Trust | The funds managed by same group of enterprises |
| Yuanta Futures (Hong Kong) Co., Ltd. | The subsidiary company of the Company |
| Yuanta Global (Singapore) Pte. Ltd. | The subsidiary company of the Company(Note 1) |
| Yuanta Cultural & Educational Foundation | Related parties in substance |
| Yuanta Polaries 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: Yuanta Futures (Singapore) Pte. Ltd. was established by the Company through reinvestment on November 23, 2022, and the business items are pending approval by the competent authority of Singapore.

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/ futures trading margin

| | December 31, 2023 | | | | |
|--------------------------------------|----------------------|-------------------------------------|---------------------------------|-------------------------------|----------------------|
| | <u>Bank deposits</u> | <u>Operating guarantee deposits</u> | <u>Customer margin deposits</u> | <u>Futures trading margin</u> | |
| | | | | <u>Own funds</u> | <u>Excess margin</u> |
| Subsidiary | | | | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ - | \$ - | \$ 367,855 | \$ - | \$ 4,709 |
| Fellow subsidiary | | | | | |
| Yuanta Bank Co., Ltd. | 4,276,913 | 140,000 | 22,468,867 | - | - |
| | <u>\$ 4,276,913</u> | <u>\$ 140,000</u> | <u>\$ 22,836,722</u> | <u>\$ -</u> | <u>\$ 4,709</u> |

| | December 31, 2022 | | | | |
|--------------------------------------|----------------------|-------------------------------------|---------------------------------|-------------------------------|----------------------|
| | <u>Bank deposits</u> | <u>Operating guarantee deposits</u> | <u>Customer margin deposits</u> | <u>Futures trading margin</u> | |
| | | | | <u>Own funds</u> | <u>Excess margin</u> |
| Subsidiary | | | | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ - | \$ - | \$ 504,076 | \$ 409 | \$ 9,394 |
| Fellow subsidiary | | | | | |
| Yuanta Bank Co., Ltd. | 5,930,333 | 140,000 | 25,529,271 | - | - |
| | <u>\$ 5,930,333</u> | <u>\$ 140,000</u> | <u>\$ 26,033,347</u> | <u>\$ 409</u> | <u>\$ 9,394</u> |

For the years ended December 31, 2023 and 2022, the Company purchased Book – Entry Central Government Securities through Yuanta Securities Co., Ltd. amounting to \$2,985,744 and \$0, respectively, and recognised these as customer margin deposits.

B. Leverage margin contract trading client margin deposits

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------|--------------------------|--------------------------|
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | <u>\$ 266,264</u> | <u>\$ 123,367</u> |

C. Accounts receivable - related parties

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------------|--------------------------|--------------------------|
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | <u>\$ 1,648</u> | <u>\$ 979</u> |

D. Prepayments

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| Subsidiary | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 261 | \$ - |
| Fellow subsidiary | | |
| Yuanta Life Insurance Co., Ltd. | <u>1,403</u> | <u>1,480</u> |
| | <u>\$ 1,664</u> | <u>\$ 1,480</u> |

E. Other receivables - related parties

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--------------------------------------|--------------------------|--------------------------|
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 37,129 | \$ 16,965 |
| Subsidiary | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | - | 1 |
| Yuanta Global (Singapore) Pte. Ltd. | <u>11,540</u> | <u>152</u> |
| | <u>\$ 48,669</u> | <u>\$ 17,118</u> |

F. Leasing arrangements – lessee

(A) The Company leases buildings from Yuanta Bank Co., Ltd., and Yuanta Life Insurance Co., Ltd. with a lease term from 3 to 5 years and rents are paid monthly.

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

| | <u>For the years ended December 31,</u> | |
|---------------------------------|---|------------------|
| | <u>2023</u> | <u>2022</u> |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 2,360 | \$ 2,360 |
| Yuanta Life Insurance Co., Ltd. | <u>36,452</u> | <u>36,452</u> |
| | <u>\$ 38,812</u> | <u>\$ 38,812</u> |

(C) Lease liabilities

a. Outstanding balance

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---------------------------------|--------------------------|--------------------------|
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 2,260 | \$ 4,663 |
| Yuanta Life Insurance Co., Ltd. | <u>73,705</u> | <u>113,561</u> |
| | <u>\$ 75,965</u> | <u>\$ 118,224</u> |

b. Interest expense

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|---------------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 21 | \$ 35 |
| Yuanta Life Insurance Co., Ltd. | 582 | 824 |
| | <u>\$ 603</u> | <u>\$ 859</u> |

G. Refundable deposits

| | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 10,304 | \$ 10,304 |
| Yuanta Life Insurance Co., Ltd. | 6,740 | 6,740 |
| | <u>\$ 17,044</u> | <u>\$ 17,044</u> |

H. Futures traders' equity

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Subsidiary | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 497,589 | \$ 404,304 |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | 513,843 | 105,315 |
| Yuanta Securities Co., Ltd. | 2,499,779 | 2,861,905 |
| Yuanta Securities (Hong Kong) Co., Ltd. | 32,723 | 79,395 |
| Yuanta Securities Korea Co., Ltd. | 285,470 | 289,808 |
| Funds managed by fellow subsidiary | | |
| Funds managed by Yuanta | | |
| Securities Investment Trust | 39,128,798 | 37,679,405 |
| Other related parties | 68,659 | 89,347 |
| | <u>\$ 43,026,861</u> | <u>\$ 41,509,479</u> |

I. Accounts payable - related parties

| | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | \$ 17,434 | \$ 22,020 |
| Other related parties | 22 | - |
| | <u>\$ 17,456</u> | <u>\$ 22,020</u> |

J. Other payables - related parties

| | December 31, 2023 | December 31, 2022 |
|---------------------------|-------------------|-------------------|
| Parent Company | | |
| Yuanta Financial Holdings | \$ 4 | \$ 319 |
| Other related parties | - | 89 |
| | <u>\$ 4</u> | <u>\$ 408</u> |

K. Brokerage

| | For the years ended December 31, | |
|---|----------------------------------|-------------------|
| | 2023 | 2022 |
| Subsidiary | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 8,315 | \$ 3,333 |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | 2,034 | 725 |
| Yuanta Securities Co., Ltd. | 83,037 | 98,168 |
| Yuanta Securities (Hong Kong) Co., Ltd. | 12,720 | 17,929 |
| Yuanta Securities Korea Co., Ltd. | 2,369 | 1,929 |
| Funds managed by fellow subsidiary | | |
| Funds managed by Yuanta Securities Investment Trust | 72,401 | 135,584 |
| Other related parties | 4,935 | 9,820 |
| | <u>\$ 185,811</u> | <u>\$ 267,488</u> |

L. Securities commissions revenue

| | For the years ended December 31, | |
|-----------------------------|----------------------------------|------------------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | <u>\$ 15,533</u> | <u>\$ 13,581</u> |

M. Futures advisory revenues

| | For the years ended December 31, | |
|-----------------------------|----------------------------------|--------------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | <u>\$ 15</u> | <u>\$ 15</u> |

N. Other operating revenues - Co-marketing revenue

| | For the years ended December 31, | |
|--|----------------------------------|-------------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Securities Investment Trust Co., Ltd. | \$ 1 | \$ 1 |
| Yuanta Bank Co., Ltd. | 2 | - |
| | <u>\$ 3</u> | <u>\$ 1</u> |

O. Futures commissions expense

| | For the years ended December 31, | |
|--------------------------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Subsidiary | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 14,321 | \$ 13,924 |
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | 238,351 | 292,413 |
| Other related parties | 54 | - |
| | <u>\$ 252,726</u> | <u>\$ 306,337</u> |

P. Service fees

| | For the years ended December 31, | |
|---|----------------------------------|-----------------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Securities Investment Consulting Co., Ltd. | \$ 3,600 | \$ 3,600 |
| Yuanta Securities Co., Ltd. | 1,719 | 1,775 |
| | <u>\$ 5,319</u> | <u>\$ 5,375</u> |

Q. Computer information expense

| | For the years ended December 31, | |
|-----------------------------|----------------------------------|------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | \$ 456 | 456 |

R. Other employee benefit expense

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Life Insurance Co., Ltd. | \$ 2,413 | \$ 2,543 |

S. Repairing fee

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Life Insurance Co., Ltd. | \$ 1,316 | \$ 1,218 |

T. Water, electricity and gas fee

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Life Insurance Co., Ltd. | \$ 3,244 | \$ 3,114 |

U. Building management fee

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|-----------------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 164 | \$ 164 |
| Yuanta Life Insurance Co., Ltd. | 9,036 | 7,834 |
| | <u>\$ 9,200</u> | <u>\$ 7,998</u> |

V. Miscellaneous expenses

| | For the years ended December 31, | |
|---------------------------------|----------------------------------|---------------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 157 | \$ 162 |
| Yuanta Life Insurance Co., Ltd. | - | 7 |
| | <u>\$ 157</u> | <u>\$ 169</u> |

W. Interest income

| | For the years ended December 31, | |
|--------------------------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Subsidiary | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 211 | \$ 220 |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | 471,287 | 252,952 |
| Yuanta Life Insurance Co., Ltd. | 99 | 53 |
| | <u>\$ 471,597</u> | <u>\$ 253,225</u> |

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

X. Security lending expense

| | For the years ended December 31, | |
|-----------------------------|----------------------------------|------|
| | 2023 | 2022 |
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | \$ - | \$ 7 |

Y. Interest expense

| | For the years ended December 31, | |
|---|----------------------------------|------------------|
| | 2023 | 2022 |
| Subsidiary | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | \$ 3,825 | \$ 649 |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | 979 | 103 |
| Yuanta Securities (Hong Kong) Co., Ltd. | 246 | 128 |
| Yuanta Life Insurance Co., Ltd. | 99 | 53 |
| Yuanta Securities Co., Ltd. | 9,546 | 3,956 |
| Yuanta Securities Korea Co., Ltd. | 2,397 | 539 |
| Funds managed by fellow subsidiary | | |
| Funds managed by Yuanta Securities | | |
| Investment Trust | 207,972 | 38,027 |
| | <u>\$ 225,064</u> | <u>\$ 43,455</u> |

Z. Donation expenditure

| | For the years ended December 31, | |
|--|----------------------------------|-----------------|
| | 2023 | 2022 |
| Other related parties | | |
| Yuanta Cultural & Education Foundation | \$ 4,000 | \$ 2,400 |
| Yuanta Polaris Research | 1,150 | 950 |
| | <u>\$ 5,150</u> | <u>\$ 3,350</u> |

AA. Property transactions

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|-------------------|-------------------|
| Acquisition of financial assets | | |
| Funds managed by fellow subsidiary | | |
| Funds managed by Yuanta | | |
| Securities Investment Trust | <u>\$ 292,896</u> | <u>\$ 159,540</u> |

The gains (losses) on disposal of funds managed by fellow subsidiary were \$585 and (\$2,727) for the years ended December 31, 2023 and 2022, respectively.

(4) Key management compensation

| | For the years ended December 31, | |
|---|----------------------------------|-------------------|
| | 2023 | 2022 |
| Salary and other short-term employee benefits | \$ 285,205 | \$ 276,554 |
| Post-employment benefits | 6,616 | 4,040 |
| Other long-term benefits | 1,903 | 1,912 |
| | <u>\$ 293,724</u> | <u>\$ 282,506</u> |

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2023, the amount for the contracts of capital expenditures signed by the Company is \$205,673. Based on the contracts, the amount that has been paid is \$21,824 and the amount that has not yet been paid is \$183,849.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Company had derivative financial instrument trading as follows:

| December 31, 2023 | | | | | | |
|------------------------------|------------------------------|----------------|-----------------------------|------------------------|------------|----------|
| Item | Object of transaction | Buyer /Seller | Open Interest | | Fair value | Remarks |
| | | | Number of contract(s) (lot) | Margin paid (received) | | |
| Futures contracts (Domestic) | TX | Buyer | 37 | \$ 132,196 | \$ 132,238 | |
| | MTX | Buyer | 165 | 147,288 | 147,427 | |
| | MTX | Seller | 67 | (59,593) | (59,936) | |
| | ZE | Seller | 7 | (3,119) | (3,121) | |
| | 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 | |
| | Foreign Exchange | Buyer | 26 | 16,149 | 15,787 | |
| | Foreign Exchange | Seller | 26 | (16,147) | (15,787) | |
| | Futures contracts (Overseas) | Energy Futures | Seller | 2 | (4,720) | (4,731) |
| Option contracts (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) | |

December 31, 2022

| Item | Object of transaction | Buyer /Seller | Open Interest | | Fair value | Remarks |
|------------------------------|-----------------------|---------------|-----------------------------|------------------------|------------|---------|
| | | | Number of contract(s) (lot) | Margin paid (received) | | |
| Futures contracts (Domestic) | TX | Buyer | 3 | \$ 8,447 | \$ 8,481 | |
| | TX | Seller | 5 | (14,079) | (14,055) | |
| | MTX | Buyer | 64 | 45,136 | 45,151 | |
| | MTX | Seller | 117 | (82,981) | (82,712) | |
| | Stock Futures | Buyer | 270 | 97,530 | 93,807 | |
| | Stock Futures | Seller | 2,259 | (174,902) | (173,274) | |
| | Index Futures | Buyer | 9 | 5,967 | 5,989 | |
| | Gold Futures | Seller | 40 | (22,361) | (22,433) | |
| Futures contracts (Overseas) | Index Futures | Buyer | 3 | 3,360 | 3,358 | |
| | Index Futures | Seller | 13 | (10,018) | (10,054) | |
| | Metal Futures | Buyer | 4 | 22,358 | 22,433 | |
| | Foreign Exchange | Buyer | 1 | 2,922 | 2,959 | |
| Option contracts (Domestic) | TXO | Buy call | 286 | 6,673 | 5,716 | |
| | TXO | Buy put | 316 | 9,555 | 8,371 | |
| | TXO | Sell call | 216 | (3,679) | (3,437) | |
| | TXO | Sell put | 385 | (9,716) | (8,747) | |

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

(Blank)

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 | December 31, 2023 | | December 31, 2022 | | Standard | Enforcement (Note3) |
|---------|---|-------------------|----------|-------------------|----------|----------------------------|------------------------|
| | | Calculation | Ratio | Calculation | Ratio | | |
| 17 | <i>Equity</i> | 14,512,709 | 5.20 | 12,870,849 | 4.72 | ≥ 1 | Satisfied |
| | <i>(Total liabilities - Future traders' equity)</i> | 2,789,284 | | 2,727,864 | | | |
| 17 | <i>Current assets</i> | 104,956,727 | 1.12 | 104,902,918 | 1.10 | ≥ 1 | Satisfied |
| | <i>Current liabilities</i> | 93,917,064 | | 95,316,184 | | | |
| 22 | <i>Equity</i> | 14,512,709 | 1369.12% | 12,870,849 | 1214.23% | ≥ 60% ≥ 40% (Note 2) | Satisfied |
| | <i>Minimum paid - in capital (Note 1)</i> | 1,060,000 | | 1,060,000 | | | |
| 22 | <i>Adjusted net capital</i> | 13,466,482 | 68.64% | 11,113,300 | 77.46% | ≥ 20% ≥ 15% | Satisfied |
| | <i>Total margin deposit required for futures traders, not yet off-set</i> | 19,618,859 | | 14,347,089 | | | |

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 Company must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Company 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 Company pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Company'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 unfavorable 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

In accordance to Article 28 of the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants 28, when futures commission merchants prepare parent company only financial statements, it is not required to prepare segment information within the scope of IFRS 8.

15. SUBSEQUENT EVENTS

The Company invested US \$5,000,000 in Yuanta Global (Singapore) Pte. Ltd. on January 24, 2024.

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.

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 December 31, 2023 | | | 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 December 31, 2023 | Balance as at December 31, 2022 | Number of shares (in thousands) | Ownership (%) | Book value | | | | | |
| The Company | Yuanta Futures (Hong Kong) Co., Ltd. | Hong Kong | 2010.12.2 | Gin-Gwen-Zheng-Qi Letter No.0990055943 | Financial Services | 1,033,971 | 1,033,971 | 34,000 | 100.00% | 994,470 | \$ 84,141 | \$ 68,552 | \$ 68,552 | - | 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% | 293,338 | - | 2,181 | 2,181 | - | Subsidiaries |
| The Company | Yuanta Global (Singapore) Pte. Ltd.(Note) | Singapore | 2022.11.23 | Gin-Gwen-Zheng-Qi Letter No.1110357536 | Applying | - | - | - | 100.00% | (5,728) | - | (5,550) | (5,550) | - | 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.1120355060 on September 19, 2023 which agrees to extend its starting period until April 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.

(Blank)

20. MAJOR SHAREHOLDERS INFORMATION

| Major Shareholder | Shares | Number of shares held (thousands) | Shareholding ratio |
|-------------------------------------|--------|--------------------------------------|--------------------|
| Yuanta Financial Holdings Co., Ltd. | | 192,167 | 66.27% |
| Cathay Life Insurance Co., Ltd. | | 23,998 | 8.28% |
| Luo Sheng Fong Co., Ltd. | | 17,711 | 6.11% |

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 Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company adopted to strengthen risk-adjusted return on capital, which allocated the Company's capital effectively.

(2) Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to the 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 Company'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 Company'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 Company's financial instruments not measured at fair value are approximate to their fair values, and thus their fair values are not disclosed.

| | | December 31, 2023 | | | |
|-----------------------|---------------------|---------------------|----------------|---------------------|----------------|
| | | Fair Value | | | |
| | <u>Book Value</u> | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Financial liabilities | | | | | |
| Bond payable | <u>\$ 1,498,157</u> | <u>\$ 1,459,340</u> | <u>\$ -</u> | <u>\$ 1,459,340</u> | <u>\$ -</u> |

| | | December 31, 2022 | | | |
|-----------------------|---------------------|---------------------|----------------|---------------------|----------------|
| | | Fair Value | | | |
| | <u>Book Value</u> | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Financial liabilities | | | | | |
| Bond payable | <u>\$ 1,497,779</u> | <u>\$ 1,427,078</u> | <u>\$ -</u> | <u>\$ 1,427,078</u> | <u>\$ -</u> |

(B) Financial valuation technique:

- a. The carrying amounts of cash and cash equivalents, customer margin deposits, futures trading margin receivable, security leading deposits, accounts receivable, accounts receivable – related parties, other receivables, other receivables – related parties, leverage margin contract trading client margin deposits, other current assets, 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. Bond payable: The fair values of corporate bonds issued by the Company, 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 December 31, 2023 and 2022 is as follows:

| 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 | 57,324 | - | - | 57,324 |
| 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 | <u>282,042</u> | <u>-</u> | <u>2,146,883</u> | <u>2,428,925</u> |
| | <u>\$ 941,140</u> | <u>\$ 26,787</u> | <u>\$ 2,146,883</u> | <u>\$ 3,114,810</u> |
| <u>Liabilities</u> | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Sell options - futures | <u>\$ 8,422</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,422</u> |
| December 31, 2022 | | | | |
| | <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 | \$ 100,594 | \$ - | \$ - | \$ 100,594 |
| Beneficiary certificates | 160,026 | - | - | 160,026 |
| Futures trading margin - own funds | 19,312 | - | - | 19,312 |
| Buy options - futures | 14,087 | - | - | 14,087 |
| Derivatives Assets - OTC | - | 26,008 | - | 26,008 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | <u>780,299</u> | <u>-</u> | <u>2,052,432</u> | <u>2,832,731</u> |
| | <u>\$ 1,074,318</u> | <u>\$ 26,008</u> | <u>\$ 2,052,432</u> | <u>\$ 3,152,758</u> |
| <u>Liabilities</u> | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Sell options - futures | \$ 12,184 | \$ - | \$ - | 12,184 |
| Security borrowing payable - non-hedging | <u>14,274</u> | <u>-</u> | <u>-</u> | <u>14,274</u> |
| | <u>\$ 26,458</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,458</u> |

D. The methods and assumptions the Company 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 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 Company 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 years ended December 31, 2023 and 2022, there were no transfer between Level 1 and Level 2.
- F. The following table presents the changes in level 3 instruments for the years ended December 31, 2023 and 2022.

| | |
|--|--------------------------|
| | <u>Equity securities</u> |
| January 1, 2023 | \$ 2,052,432 |
| Gains and losses recognised in other comprehensive income (Note) | 94,451 |
| December 31, 2023 | <u>\$ 2,146,883</u> |
| | <u>Equity securities</u> |
| January 1, 2022 | \$ 1,806,258 |
| Gains and losses recognised in other comprehensive income (Note) | 246,174 |
| December 31, 2022 | <u>\$ 2,052,432</u> |

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

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

| | Fair value at December 31, 2023 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|-----------------------|------------------------------------|----------------------------|-----------------------------------|-----------------------------|--|
| 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 |
| | Fair value at December 31, 2022 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
| Non-derivative equity | | | | | |
| Non-listed stocks | \$ 2,052,432 | 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 Company'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 Company 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 profit or loss or of other comprehensive income from financial instruments categorised within Level 3 if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%:

| | December 31, 2023 | |
|-------------------|--|---------------------|
| | Recognised in other comprehensive income | |
| | Favourable change | Unfavourable change |
| Financial assets | | |
| Equity instrument | \$ 9,201 | (\$ 9,201) |
| | December 31, 2022 | |
| | Recognised in other comprehensive income | |
| | Favourable change | Unfavourable change |
| Financial assets | | |
| Equity instrument | \$ 8,796 | (\$ 8,796) |

(4) System of risk management

A. Objectives of risk management

The Company 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 Company'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 Company 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. Organizational structure of risk management

(A) The Company's organizational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Auditing Office, each business unit and each functional committee; they all together form three lines of defense for risk management.

- a. First line of defense: this includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.
- b. Second line of defense: this includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Company's Risk Management Policy. The Company also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Company.
- c. Third line of defense: this includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.

(B) The function of each unit in the structure of risk management of the Company is as follows:

- a. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Company; it shall be fully aware of every risk exposure to the Company, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors hears risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.
- 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 review of the Company's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorised acceptable limit of risk of each kind, as well as directing the execution of the risk management system.
- c. High management level: High management level reviews the risks involved in the Company'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 Company 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 Company's procedures of risk management include risk identification, risk measurement, risk management and risk reporting. The design of these procedures is to ensure all risks faced by the Company 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 Company, including financial risk, operational risk, legal and legal compliance risks and climate change risk.
- (B) Risk management: 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 Company 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 Company uses hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Company 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 Company has established three lines of defense for risk management. Each line of defense has clear organization, 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 company mainly consists of four steps, from risk and opportunity identification, measurement, monitoring to reporting, and the responsibilities and management actions of each step are described as follows:

(a) Risk identification:

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

(b) Risk measurement:

- I. The Company 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 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 Company's financial assets include bank deposits, domestic listed stocks, securities investment trust funds, offshore funds authorized 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 authorized 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 Company 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 authorization. The Company 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 Company 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 ~ December 31, 2023

| Type of Trading | Equity | Commodity | Foreign | | Total |
|-------------------|----------|-----------|---------------|---------------|----------|
| | | | Exchange Rate | Interest Rate | |
| December 31, 2023 | \$ 8,118 | \$ 72 | \$ 1,608 | \$ - | \$ 9,658 |
| Average | 4,680 | 65 | 1,550 | 245 | 6,089 |
| Lowest | 230 | - | 204 | - | 412 |
| Highest | 12,117 | 1,521 | 14,220 | 870 | 16,701 |

Period: January 1 ~ December 31, 2022

| Type of Trading | Equity | Commodity | Foreign | | Total |
|-------------------|----------|-----------|---------------|---------------|-----------|
| | | | Exchange Rate | Interest Rate | |
| December 31, 2022 | \$ 2,637 | \$ - | \$ 6,841 | \$ 849 | \$ 11,191 |
| Average | 2,936 | 241 | 3,230 | 77 | 6,033 |
| Lowest | 280 | - | 261 | - | 2,242 |
| Highest | 16,892 | 2,361 | 7,503 | 855 | 19,611 |

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

(6) Credit risk

A. The Company 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 Company or bank with which the Company 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 Company.

- (B) Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Company fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Company.
- (C) Custodian credit risk occurs when a custodian, an entrusted futures merchants with which the Company 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 Company.
- (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 Company with credit risk include bank deposits, OTC derivative trade, deposits for securities borrowing and lending trade, margins for futures trade, other refundable deposits¹ and receivables².

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Company's financial assets by geographic area were as follows (see the table below): As of December 31, 2023, the highest was Taiwan with 88.32%, the second was Asia (excluding Taiwan) with 6.35%, and the third was America with 5.22%. Compared to the same period of last year, the proportion of investments in Taiwan and Europe have decreased with 3.23% and 3.59%, respectively, Asia (excluding Taiwan) and America have increased with 2.24% and 4.58%, respectively.

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------|--------------------------|--------------------------|
| Taiwan | \$ 92,864,881 | \$ 95,982,595 |
| Asia (excluding Taiwan) | 6,679,432 | 4,312,889 |
| Europe | 99,746 | 3,861,554 |
| America | 5,487,491 | 674,598 |
| Other | 12,564 | 6,407 |
| Total | <u>\$ 105,144,114</u> | <u>\$ 104,838,043</u> |

b. Industry:

Percentages of credit risk exposure amounts of the Company's financial assets by industry were as follows (see the table below): Financial institutions accounted for 99.48% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Company's equity capital and margins received from customers

¹ Other refundable deposits include operating guarantee deposits, clearing and settlement funds and refundable deposits.

² Receivables include accounts receivable, other receivables and dealers' accounts receivable.

were both deposited with financial institutions, and counterparties of derivative trade and reverse repurchase agreement undertaken by the Company 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.

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------------------|--------------------------|--------------------------|
| Privately owned businesses | \$ 296,479 | \$ 160,026 |
| Financial institutions | 104,598,415 | 104,473,292 |
| Public enterprises | 158,654 | 82,643 |
| Government agencies | 25,185 | - |
| Other | <u>65,381</u> | <u>122,082</u> |
| Total | <u>\$ 105,144,114</u> | <u>\$ 104,838,043</u> |

(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 December 31, 2023, the credit quality levels of the Company's financial assets were classified as follows: Excellent is 96.48%, standard is 3.46%. The result of credit quality level classification did not change significantly compared to the same period last year. The proportion of financial assets classified as excellent had decreased while assets classified as standard had increased.

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|----------------|--------------------------|--------------------------|
| Excellent | \$ 101,444,177 | \$ 102,578,454 |
| Standard | 3,636,046 | 2,148,885 |
| Below standard | <u>63,891</u> | <u>110,704</u> |
| Total | <u>\$ 105,144,114</u> | <u>\$ 104,838,043</u> |

C. The Company 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 Company 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 Company 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 Company 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

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 Company are as follows:

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

| | December 31, 2022 | | | | |
|-------------------------|--|---|--|-------------|--|
| | 12 months Without past due or within 30 days | Lifetime | | Total | |
| | | Significant increase in credit risk More than 30 days | Credit impaired More than 90 days | | |
| | | | | | |
| Expected loss rate | | | | | |
| Total book value | \$ - | \$ - | \$ 96,002 | \$ 96,002 | |
| Loss allowance | \$ - | \$ - | (\$ 96,002) | (\$ 96,002) | |
| Maximum exposure amount | \$ - | \$ - | \$ - | \$ - | |

- b. Movements in loss allowance for futures trading margin receivable is as follows:

| | For the year ended December 31, 2023 | | | | |
|-----------------------------|--|---|--|-------------|--|
| | 12 months Without past due or within 30 days | Lifetime | | Total | |
| | | Significant increase in credit risk More than 30 days | Credit impaired More than 90 days | | |
| | | | | | |
| January 1, 2023 | \$ - | \$ - | (\$ 96,002) | (\$ 96,002) | |
| Reversal of impairment loss | - | - | 38,353 | 38,353 | |
| Write-offs | - | - | 9,344 | 9,344 | |
| December 31, 2023 | \$ - | \$ - | (\$ 48,305) | (\$ 48,305) | |

For the year ended December 31, 2022

| | 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, 2022 | \$ - | \$ - | (\$ 107,770) | (\$ 107,770) |
| Reversal of impairment loss | - | - | 2,795 | 2,795 |
| Write-offs | - | - | 8,973 | 8,973 |
| December 31, 2022 | <u>\$ -</u> | <u>\$ -</u> | <u>(\$ 96,002)</u> | <u>(\$ 96,002)</u> |

(7) Liquidity risk analysis

A. Liquidity risk of capital refers to the risk arising from the Company'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 Company 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 Company be aware of the overall liquidity risk of capital; the Company has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realization, marketability and safety of current assets, the Company has established the rules of capital risk management, which state the Company'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.

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B. The information about the maturity of the Company's financial liabilities is shown below. The Company's working capital is sufficient enough 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 December 31, 2023

| 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 | \$ 8,422 | \$ - | \$ - | \$ - | \$ - | \$ 8,422 |
| 214080 | Futures traders' equity | 92,758,076 | - | - | - | - | 92,758,076 |
| 214100 | Leverage margin contract transaction traders' equity | 372,254 | - | - | - | - | 372,254 |
| 221100 | Bonds payable | - | - | - | 1,498,157 | - | 1,498,157 |
| 214130 | Accounts payable | 7,745 | 109,829 | - | - | - | 117,574 |
| 214140 | Accounts payable - related parties | - | 17,456 | - | - | - | 17,456 |
| 214170 | Other payables | - | 409,877 | 37,566 | 40 | - | 447,483 |
| 214180 | Other payables - related parties | - | 4 | - | - | - | 4 |
| 216000 | Lease liabilities - current | - | 10,816 | 31,470 | - | - | 42,286 |
| 219000 | Other current liabilities | - | 257 | 6,045 | - | - | 6,302 |
| 226000 | Lease liabilities - non-current | - | - | - | 37,915 | - | 37,915 |
| | Total | <u>\$ 93,146,497</u> | <u>\$ 548,239</u> | <u>\$ 75,081</u> | <u>\$ 1,536,112</u> | <u>\$ -</u> | <u>\$ 95,305,929</u> |
| | Percentage (%) of overall | 97.73% | 0.58% | 0.08% | 1.61% | 0.00% | 100.00% |

Cash flow analysis of financial liabilities on December 31, 2022

| 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 | \$ 26,458 | \$ - | \$ - | \$ - | \$ - | \$ 26,458 |
| 214080 | Futures traders' equity | 94,279,967 | - | - | - | - | 94,279,967 |
| 214100 | Leverage margin contract transaction traders' equity | 371,174 | - | - | - | - | 371,174 |
| 221100 | Bonds payable | - | - | - | - | 1,497,779 | 1,497,779 |
| 214130 | Accounts payable | 2,163 | 136,175 | - | - | - | 138,338 |
| 214140 | Accounts payable - related parties | - | 22,020 | - | - | - | 22,020 |
| 214170 | Other payables | - | 316,149 | 5,802 | 39 | - | 321,990 |
| 214180 | Other payables - related parties | - | 408 | - | - | - | 408 |
| 216000 | Lease liabilities - current | - | 10,805 | 32,517 | - | - | 43,322 |
| 219000 | Other current liabilities | - | 483 | 5,752 | - | - | 6,235 |
| 226000 | Lease liabilities - non-current | - | - | - | 80,201 | - | 80,201 |
| | Total | <u>\$ 94,679,762</u> | <u>\$ 486,040</u> | <u>\$ 44,071</u> | <u>\$ 80,240</u> | <u>\$ 1,497,779</u> | <u>\$ 96,787,892</u> |
| | Percentage (%) of overall | 97.82% | 0.50% | 0.05% | 0.08% | 1.55% | 100.00% |

The analysis of cash flow gap on December 31, 2023

| Accounts | Financial assets | Receipt period | | | | | Total |
|----------|---|----------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| | | Prevailing Period | Less than 3 months | 3 ~ 12 months | 1~5 years | Over 5 years | |
| 111100 | Cash and cash equivalents | \$ 944,949 | \$ 4,135,200 | \$ 4,958,400 | \$ 150,000 | \$ - | \$ 10,188,549 |
| 112000 | Financial assets at fair value through profit or loss - current | 685,885 | - | - | - | - | 685,885 |
| 113200 | Financial assets at fair value through other comprehensive income - current | 152,712 | - | - | - | - | 152,712 |
| 114070 | Customer margin deposits | 92,916,102 | - | - | - | - | 92,916,102 |
| 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 | - | 100,165 | 26,335 | - | - | 126,500 |
| 114180 | Other receivables - related parties | - | 48,669 | - | - | - | 48,669 |
| 114300 | Leverage margin contract trading client margin deposits | 573,860 | - | - | - | - | 573,860 |
| 123200 | Financial assets at fair value through other comprehensive income - non-current | - | - | - | - | 2,276,213 | 2,276,213 |
| 129010 | Operating guarantee deposits | - | - | - | - | 140,000 | 140,000 |
| 129020 | Clearing and settlement funds | - | - | - | - | 446,100 | 446,100 |
| 129030 | Refundable deposits | - | - | - | 20,896 | - | 20,896 |
| | Subtotal | <u>\$ 95,321,813</u> | <u>\$ 4,536,858</u> | <u>\$ 4,984,735</u> | <u>\$ 170,896</u> | <u>\$ 2,862,313</u> | <u>\$ 107,876,615</u> |
| | Cash inflow | \$ 95,321,813 | \$ 4,536,858 | \$ 4,984,735 | \$ 170,896 | \$ 2,862,313 | \$ 107,876,615 |
| | Cash outflow | <u>93,146,497</u> | <u>548,239</u> | <u>75,081</u> | <u>1,536,112</u> | <u>-</u> | <u>95,305,929</u> |
| | The amount of capital gap | <u>\$ 2,175,316</u> | <u>\$ 3,988,619</u> | <u>\$ 4,909,654</u> | <u>(\$ 1,365,216)</u> | <u>\$ 2,862,313</u> | <u>\$ 12,570,686</u> |

The analysis of cash flow gap on December 31, 2022

| Accounts | Financial assets | Receipt period | | | | | Total |
|----------|---|----------------------|---------------------|---------------------|--------------------|---------------------|-----------------------|
| | | Prevailing Period | Less than 3 months | 3 ~ 12 months | 1~5 years | Over 5 years | |
| 111100 | Cash and cash equivalents | \$ 839,517 | \$ 5,177,725 | \$ 2,640,400 | \$ - | \$ - | \$ 8,657,642 |
| 112000 | Financial assets at fair value through profit or loss - current | 320,027 | - | - | - | - | 320,027 |
| 113200 | Financial assets at fair value through other comprehensive income - current | 677,015 | - | - | - | - | 677,015 |
| 114070 | Customer margin deposits | 94,577,662 | - | - | - | - | 94,577,662 |
| 114080 | Futures trading margin receivable | 96,002 | - | - | - | - | 96,002 |
| 114100 | Security lending deposits | 20,094 | - | - | - | - | 20,094 |
| 114130 | Accounts receivable | - | 20,105 | - | - | - | 20,105 |
| 114140 | Accounts receivable - related parties | - | 979 | - | - | - | 979 |
| 114170 | Other receivables | - | 63,207 | 63 | - | - | 63,270 |
| 114180 | Other receivables - related parties | - | 17,118 | - | - | - | 17,118 |
| 114300 | Leverage margin contract trading client margin deposits | 536,152 | - | - | - | - | 536,152 |
| 123200 | Financial assets at fair value through other comprehensive income - non-current | - | - | - | - | 2,155,716 | 2,155,716 |
| 129010 | Operating guarantee deposits | - | - | - | - | 140,000 | 140,000 |
| 129020 | Clearing and settlement funds | - | - | - | - | 453,658 | 453,658 |
| 129030 | Refundable deposits | - | - | - | 35,928 | - | 35,928 |
| | Subtotal | <u>\$ 97,066,469</u> | <u>\$ 5,279,134</u> | <u>\$ 2,640,463</u> | <u>\$ 35,928</u> | <u>\$ 2,749,374</u> | <u>\$ 107,771,368</u> |
| | Cash inflow | \$ 97,066,469 | \$ 5,279,134 | \$ 2,640,463 | \$ 35,928 | \$ 2,749,374 | \$ 107,771,368 |
| | Cash outflow | 94,679,762 | 486,040 | 44,071 | 80,240 | 1,497,779 | 96,787,892 |
| | The amount of capital gap | <u>\$ 2,386,707</u> | <u>\$ 4,793,094</u> | <u>\$ 2,596,392</u> | <u>(\$ 44,312)</u> | <u>\$ 1,251,595</u> | <u>\$ 10,983,476</u> |

(8) Currency risk

- A. The Company'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>Financial instrument</u> | <u>December 31, 2023</u> | | <u>December 31, 2022</u> | |
|------------------------------|--|--------------------------|--|--------------------------|
| | <u>Foreign currency (In thousands)</u> | <u>Exchange rate</u> | <u>Foreign currency (In thousands)</u> | <u>Exchange rate</u> |
| <u>Financial assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD/NTD | \$ 1,344,837 | 30.7050 | \$ 1,260,451 | 30.7100 |
| <u>Financial liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD/NTD | 1,328,737 | 30.7050 | 1,216,550 | 30.7100 |

- B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to (\$16,566) and \$44,649, respectively.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|---|---|----------------------|------|
| Cash: | | | |
| Petty cash | | \$ 30 | |
| Demand deposits | | | |
| New Taiwan dollar | | 586,700 | |
| Foreign currency | JPY \$48, exchange rate 0.2172 | 10 | |
| (in thousands) | USD \$493, exchange rate 30.7050 | 15,124 | |
| | CNY \$3, exchange rate 4.3270 | 12 | |
| Time deposits | | | |
| New Taiwan dollar | expiring within one year, interest rate 1.300%~1.650% | 9,243,600 | |
| | | <u>9,845,476</u> | |
| Cash equivalents: | | | |
| Excess futures margin deposits | | 234,315 | |
| Excess margin in foreign exchange margin trading | | 108,758 | |
| | | <u>\$ 10,188,549</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented,
while the others that do not meet aforementioned threshold can be collectively presented.

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Name of financial instrument | Description | Shares or units (in thousands) | Face value | Total amount (in thousands) | Interest rate | Cost | Fair value | | Amount of the fair value attributable to change in the credit risk | Note |
|---|-------------|--------------------------------------|------------|--------------------------------|---------------|-------------------|-------------------------|-------------------|--|--------|
| | | | | | | | Unit price (dollars) | Total amount | | |
| <u>Listed stocks</u> | | | | | | | | | | |
| TSMC Co., Ltd. | | 158 | | | | \$ 85,440 | \$ 593.00 | \$ 93,694 | | |
| Others | | 1,314 | | | | 160,745 | | 164,961 | | |
| Subtotal | | 1,472 | | | | <u>246,185</u> | | <u>258,655</u> | | |
| <u>OTC stocks</u> | | | | | | | | | | |
| Others | | 400 | | | | 44,027 | | 44,921 | | |
| | | | | | | <u>\$ 290,212</u> | | <u>\$ 303,576</u> | | |
| <u>Beneficiary certificates</u> | | | | | | | | | | |
| Yuanta Global Leaders Balanced Fund-USD (I) | | 29,202 | | | | 290,000 | 10.03 | 292,896 | | |
| | | | | | | <u>\$ 580,212</u> | | <u>\$ 596,472</u> | | |
| <u>Derivative financial instruments – non-hedging</u> | | | | | | | | | | |
| Futures trading margin – own funds | | | | | | | | \$ 57,324 | | |
| Call options – futures | | | | | | | | 5,302 | | Note 2 |
| Derivatives assets – OTC | | | | | | | | 26,787 | | |
| | | | | | | | | <u>89,413</u> | | |
| | | | | | | | | <u>\$ 685,885</u> | | |

Note 1: The items which amount exceed 5% of the total account amount shall be individually presented,
while the others that do not meet aforementioned threshold can be collectively presented.

Note 2: Contract amount or premiums paid was \$7,082 and the fair value at the balance sheet date was \$5,302.

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Name of financial instrument | Description | Shares or units (in thousands) | Face value | Total amount (in thousands) | Interest rate | Cost | Accumulated impairment | Fair value | | Note |
|-----------------------------------|-------------|-----------------------------------|------------|--------------------------------|------------------|-------------------|---------------------------|-------------------------|-------------------|------|
| | | | | | | | | Unit price (dollars) | Total amount | |
| <u>Listed stocks / OTC stocks</u> | | | | | | | | | | |
| Tung Ho Steel Enterprise Corp. | | 2,160 | | | | <u>\$ 171,420</u> | N/A | \$ 70.70 | <u>\$ 152,712</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.
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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN - OWN FUNDS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

| Clearing house (Other futures commission merchants) | Description | Currency | Foreign amount (in thousands) | Exchange rate (dollars) | New Taiwan dollar | Note |
|---|--------------|----------|-------------------------------------|----------------------------|-------------------------|---------------|
| Taiwan Futures Exchange | Cash in bank | NTD | \$ - | 1.0000 | \$ 270,600 | |
| | Cash in bank | USD | 65 | 30.7050 | 1,989 | |
| | Cash in bank | CNY | 733 | 4.3270 | 3,171 | |
| | Cash in bank | JPY | 550 | 0.2172 | 119 | |
| | | | | | <u>275,879</u> | |
| ADM Investor Services, Inc Taiwan branch | Cash in bank | USD | 5 | 30.7050 | <u>154</u> | |
| Nissan Securities Co., Ltd. | Cash in bank | JPY | 222 | 0.2172 | <u>48</u> | |
| Yuanta Futures (Hong Kong) Co., Ltd | Cash in bank | HKD | 1,164 | 3.9290 | 4,575 | Related party |
| | Cash in bank | USD | 4 | 30.7050 | <u>134</u> | Related party |
| | | | | | <u>4,709</u> | |
| StoneX Group Inc. | Cash in bank | USD | 4 | 30.7050 | <u>132</u> | |
| Phillip Nova Pte Ltd. | Cash in bank | USD | 162 | 30.7050 | <u>4,963</u> | |
| R.J. O'BRIEN & ASSOCIATES, LLC | Cash in bank | USD | 187 | 30.7050 | <u>5,754</u> | |
| | | | | | <u>\$ 291,639</u> | |

Note: The Company's margin deposits for the futures contract was \$291,639 with excess margin of \$234,315, recognised in "Cash and cash equivalents".

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | December 31, 2023 | | December 31, 2022 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| Cash in bank | \$ 68,064,649 | 73 | \$ 75,099,906 | 79 |
| Clearing house | | | | |
| -Cash in bank | 12,055,445 | 13 | 11,083,955 | 12 |
| -CGS | 2,985,744 | 3 | - | - |
| -Losses on open futures position | (408,857) | - | (129,932) | - |
| -Securities | 19,616 | - | 63 | - |
| | <u>14,651,948</u> | <u>16</u> | <u>10,954,086</u> | <u>12</u> |
| Other futures commission merchants | | | | |
| -Cash in bank | 5,625,007 | 6 | 8,383,984 | 9 |
| -Gains on open futures positions | 4,578,410 | 5 | 139,686 | - |
| | <u>10,203,417</u> | <u>11</u> | <u>8,523,670</u> | <u>9</u> |
| Valuation adjustment on customer margin accounts-CGS | (3,912) | - | - | - |
| | <u>\$ 92,916,102</u> | <u>100</u> | <u>\$ 94,577,662</u> | <u>100</u> |

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS - CASH IN BANK
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Bank | Account | Currency | Foreign amount (in thousands) | Exchange rate (dollars) | New Taiwan dollar | Note |
|--------------------|--------------|----------|-------------------------------------|-------------------------------|----------------------|------|
| TAIWAN BUSINESS | | | | | | |
| BANK,LTD. | 9052090463 | USD | \$ 126,529 | 30.7050 | \$ 3,885,064 | |
| TAIWAN BUSINESS | | | | | | |
| BANK,LTD. | 9052090455 | USD | 112,052 | 30.7050 | 3,440,548 | |
| Yuanta Bank | 367210718820 | NTD | - | 1.0000 | 12,356,466 | |
| Yuanta Bank | 219211458850 | NTD | - | 1.0000 | 3,788,552 | |
| Yuanta Bank | 219280066699 | USD | 128,605 | 30.7050 | 3,948,812 | |
| KGI Bank Co., Ltd. | 14582812223 | USD | 126,024 | 30.7050 | 3,869,581 | |
| Others | | NTD | - | 1.0000 | 21,830,006 | |
| | | USD | 456,854 | 30.7050 | 14,027,717 | |
| | | HKD | 37,841 | 3.9290 | 148,676 | |
| | | EUR | 8,192 | 33.9800 | 278,354 | |
| | | JPY | 742,645 | 0.2172 | 161,303 | |
| | | GBP | 1,840 | 39.1500 | 72,038 | |
| | | AUD | 3,951 | 20.9800 | 82,886 | |
| | | SGD | 347 | 23.2900 | 8,074 | |
| | | CHF | - | 36.4850 | 14 | |
| | | CNY | 38,493 | 4.3270 | 166,558 | |
| | | | | | \$ 68,064,649 | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS - CLEARING BALANCES WITH FUTURES
CLEARING HOUSE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| <u>Clearing house</u> | <u>Description</u> | <u>Currency</u> | <u>Foreign amount (in thousands)</u> | <u>Exchange rate (dollars)</u> | <u>New Taiwan dollar (the marked-to- market value of pledged deposits)</u> | <u>Note</u> |
|-------------------------|--------------------|---|--|--|--|-------------|
| Taiwan Futures Exchange | Cash in bank | NTD | \$ - | 1.0000 | \$ 9,084,308 | |
| | | USD | 48,668 | 30.7050 | 1,494,357 | |
| | | HKD | 172 | 3.9290 | 675 | |
| | | CNY | 10,677 | 4.3270 | 46,200 | |
| | | JPY | 3,274,025 | 0.2172 | 711,118 | |
| | | GBP | 9,650 | 39.1500 | 377,798 | |
| | | EUR | 10,035 | 33.9800 | 340,989 | |
| | | Gains (losses) on open futures position | NTD | - | 1.0000 | (409,099) |
| | | USD | 1 | 30.7050 | 30 | |
| | | CNY | 37 | 4.3270 | 160 | |
| | | JPY | 239 | 0.2172 | 52 | |
| | CGS | NTD | - | 1.0000 | 2,985,744 | |
| | Securities | NTD | - | 1.0000 | 19,616 | |
| | | | | <u>\$ 14,651,948</u> | | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

| Other futures commission merchants | Description | Currency | Foreign amount (in thousands) | Exchange rate (dollars) | New Taiwan dollar | Note |
|---|--|----------|-------------------------------------|-------------------------------|----------------------|------|
| G.H. Financials (Hong Kong) Limited | Cash in bank | AUD | \$ 998 | 20.9800 | \$ 20,932 | |
| | Gains (losses) on open futures position | AUD | (13) | 20.9800 | (274) | |
| | | | | | <u>20,658</u> | |
| | Cash in bank | USD | 47 | 30.7050 | 1,456 | |
| | Gains (losses) on open futures position | USD | - | 30.7050 | - | |
| | | | | | <u>1,456</u> | |
| Nissan Securities Co., Ltd. | Cash in bank | JPY | 209,858 | 0.2172 | 45,581 | |
| | Gains (losses) on open futures position | JPY | (28,410) | 0.2172 | (6,171) | |
| | | | | | <u>39,410</u> | |
| OCBC Securities Private Limited | Cash in bank | JPY | 53,938 | 0.2172 | 11,715 | |
| | Gains (losses) on open futures position | JPY | (8,654) | 0.2172 | (1,880) | |
| | | | | | <u>9,835</u> | |
| | Cash in bank | SGD | 26 | 23.2900 | 604 | |
| | Gains (losses) on open futures position | SGD | (3) | 23.2900 | (66) | |
| | | | | | <u>538</u> | |
| Phillip Nova Pte Ltd. | Cash in bank | USD | 59,077 | 30.7050 | 1,813,961 | |
| | Gains (losses) on open futures position | USD | 20,071 | 30.7050 | 616,276 | |
| | | | | | <u>2,430,237</u> | |
| | Cash in bank | USD | 31,051 | 30.7050 | 953,432 | |
| | Gains (losses) on open futures position | USD | 9,215 | 30.7050 | 282,941 | |
| | | | | | <u>1,236,373</u> | |
| R.J. O'BRIEN & ASSOCIATES, LLC | Cash in bank | USD | 54,376 | 30.7050 | 1,669,630 | |
| | Gains (losses) on open futures position | USD | 180 | 30.7050 | 5,542 | |
| | | | | | <u>1,675,172</u> | |
| | Cash in bank | EUR | 583 | 33.9800 | 19,817 | |
| | Gains (losses) on open futures position | EUR | - | 33.9800 | - | |
| | | | | <u>19,817</u> | | |

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS -CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS (Cont.)
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Other futures commission merchants | Description | Currency | Foreign amount (in thousands) | Exchange rate (dollars) | New Taiwan dollar | Note |
|---|--|----------|-------------------------------------|-------------------------------|----------------------|---------------|
| R.J. O'BRIEN & ASSOCIATES, LLC | Cash in bank | GBP | \$ 695 | 39.1500 | \$ 27,199 | |
| | Gains (losses) on open futures position | GBP | 846 | 39.1500 | <u>33,108</u> | |
| | | | | | <u>60,307</u> | |
| StoneX Group Inc. | Cash in bank | EUR | 3,268 | 33.9800 | 111,058 | |
| | Gains (losses) on open futures position | EUR | 1,284 | 33.9800 | <u>43,628</u> | |
| | | | | | <u>154,686</u> | |
| | Cash in bank | USD | 14,760 | 30.7050 | 453,198 | |
| | Gains (losses) on open futures position | USD | 304 | 30.7050 | <u>9,320</u> | |
| | | | | | <u>462,518</u> | |
| Yuanta Futures (Hong Kong) Co., Ltd. | Cash in bank | HKD | 30,820 | 3.9290 | 121,091 | Related party |
| | Gains (losses) on open futures position | HKD | (178) | 3.9290 | <u>(698)</u> | Related party |
| | | | | | <u>120,393</u> | |
| | Cash in bank | USD | 8,015 | 30.7050 | 246,102 | Related party |
| | Gains (losses) on open futures position | USD | 44 | 30.7050 | <u>1,360</u> | Related party |
| | | | | | <u>247,462</u> | |
| ADM Investor Services, Inc. Taiwan branch | Cash in bank | USD | 4,175 | 30.7050 | 128,206 | |
| | Gains (losses) on open futures position | USD | 117,095 | 30.7050 | <u>3,595,409</u> | |
| | | | | | <u>3,723,615</u> | |
| | Cash in bank | GBP | 7 | 39.1500 | 293 | |
| | Gains (losses) on open futures position | GBP | - | 39.1500 | <u>-</u> | |
| | | | | | <u>293</u> | |
| | Cash in bank | JPY | 3,370 | 0.2172 | 732 | |
| | Gains (losses) on open futures position | JPY | (393) | 0.2172 | <u>(85)</u> | |
| | | | | <u>647</u> | | |
| | | | | <u>\$ 10,203,417</u> | | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN RECEIVABLE
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

| Client code | Account | Foreign amount | Exchange rate | New Taiwan dollar | Note |
|--------------------------------------|---------|-------------------|------------------|----------------------|------|
| A | | | | \$ 14,900 | |
| B | | | | 11,680 | |
| C | | | | 10,990 | |
| D | | | | 6,856 | |
| Others | | | | 3,879 | |
| Allowance for uncollectible accounts | | | | (48,305) | |
| | | | | <u>\$ -</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Client | Description | Amount | Note |
|-----------------------------|-----------------------------|-------------------|------|
| Non-related parties: | | | |
| Taiwan Stock Exchange | Price of securities selling | \$ 234,210 | |
| Others | | <u>16,966</u> | |
| | | <u>\$ 251,176</u> | |
| Related parties: | | | |
| Yuanta Securities Co., Ltd. | | <u>\$ 1,648</u> | |

Note1: The ageing of the accounts receivable are all within 30 days.

Note2: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

| Client name | Description | Amount | Note |
|-------------------------------------|---------------------------|------------------|------|
| Non-related parties: | | | |
| Khieng Atelier Co., Ltd. | Employees uniform expense | \$ 2,599 | |
| | Computer information | | |
| SponGeek Inc. | expenses | 2,205 | |
| Others | | <u>5,158</u> | |
| | | <u>9,962</u> | |
| Related parties: | | | |
| Yuanta Life Insurance Co., Ltd. | Group insurance | \$ 1,403 | |
| | Computer information | | |
| Yuanta Futures (Hong Kong) Co., Ltd | expenses | <u>261</u> | |
| | | <u>1,664</u> | |
| | | <u>\$ 11,626</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|----------------------|-------------|-------------------|------|
| Non-related parties: | | | |
| Interest receivable | | \$ 125,193 | |
| Others | | 1,307 | |
| | | <u>\$ 126,500</u> | |
| Related parties: | | | |
| Interest receivable | | \$ 37,129 | |
| Others | | 11,540 | |
| | | <u>\$ 48,669</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Name | Beginning balance | | Addition | | Decrease | | Ending balance | | Accumulated impairment | Collateral | Note |
|------------|--------------------------|---------------------|--------------------------|-------------------|--------------------------|-------------|--------------------------|---------------------|------------------------|------------|------|
| | Shares (in thousands) | Fair value | Shares (in thousands) | Amount | Shares (in thousands) | Amount | Shares (in thousands) | Fair value | | | |
| Stocks: | | | | | | | | | | | |
| Taiwan | | | | | | | | | | | |
| Futures | | | | | | | | | | | |
| Exchange | 23,932 | \$ 2,052,432 | 3,351 | \$ 94,451 | - | \$ - | 27,283 | \$ 2,146,883 | N/A | None | |
| Chicago | | | | | | | | | | | |
| Mercantile | | | | | | | | | | | |
| Exchange | 20 | <u>103,284</u> | - | <u>26,046</u> | - | <u>-</u> | 20 | <u>129,330</u> | N/A | None | |
| | | <u>\$ 2,155,716</u> | | <u>\$ 120,497</u> | | <u>\$ -</u> | | <u>\$ 2,276,213</u> | | | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Name | Beginning balance | | Addition | | Decrease | | Ending balance | | | Market value or net assets value | | Collateral | Note |
|--------------------------------------|----------------------|---------------------|----------------------|------------------|----------------------|-------------------|----------------------|-------------------------|---------------------|----------------------------------|---------------------|------------|------|
| | Share (in thousands) | Amount | Share (in thousands) | Amount | Share (in thousands) | Amount | Share (in thousands) | Percentage of ownership | Amount | Unit price | Total amount | | |
| Yuanta Futures (Hong Kong) Co., Ltd. | 34,000 | \$ 927,751 | - | \$ 66,719 | - | \$ - | 34,000 | 100% | \$ 994,470 | \$ - | \$ 994,470 | None | |
| SYF Information Co., Ltd. | 35,000 | 291,157 | - | 2,181 | - | - | 35,000 | 100% | 293,338 | - | 293,338 | None | |
| Yuanta Global (Singapore) Pte. Ltd. | - | (148) | - | - | - | (5,580) | - | 100% | (5,728) | - | (5,728) | None | |
| | | <u>\$ 1,218,760</u> | | <u>\$ 68,900</u> | | <u>(\$ 5,580)</u> | | | <u>\$ 1,282,080</u> | | <u>\$ 1,282,080</u> | | |

Note 1: This table does not include the amount of accumulated impairment.

Note 2: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u> | <u>Beginning balance</u> | <u>Addition</u> | <u>Decrease</u> | <u>Ending balance</u> | <u>Collateral</u> | <u>Note</u> |
|-------------------------|--------------------------|-------------------|--------------------|-----------------------|-------------------|-------------|
| Land | \$ 466,947 | \$ - | \$ - | \$ 466,947 | None | |
| Information equipment | 212,498 | 151,991 (| 21,283) | 343,206 | None | |
| Miscellaneous equipment | 6,564 | 110 (| 120) | 6,554 | None | |
| Office equipment | 1,585 | 3,080 | - | 4,665 | None | |
| Transpotation equipment | 7,442 | - | - | 7,442 | None | |
| Leasehold improvements | 88,971 | - | - | 88,971 | None | |
| | <u>\$ 784,007</u> | <u>\$ 155,181</u> | <u>(\$ 21,403)</u> | <u>\$ 917,785</u> | | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | Beginning balance | Addition | Decrease | Ending balance | Note |
|--------------------------|-------------------|------------------|--------------------|-------------------|-------------------|
| Information equipment | \$ 98,075 | \$ 63,476 | (\$ 21,283) | \$ 140,268 | Note 1 and Note 2 |
| Miscellaneous equipment | 1,398 | 1,077 | (120) | 2,355 | Note 1 and Note 3 |
| Office equipment | 308 | 307 | - | 615 | Note 1 and Note 4 |
| Transportation equipment | 4,404 | 1,240 | - | 5,644 | Note 1 and Note 5 |
| Leasehold improvements | 30,663 | 29,657 | - | 60,320 | Note 1 and Note 6 |
| | <u>\$ 134,848</u> | <u>\$ 95,757</u> | <u>(\$ 21,403)</u> | <u>\$ 209,202</u> | |

Note 1: Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Note 2: The useful life of information equipment is 4 years.

Note 3: The useful life of miscellaneous equipment is 6 years.

Note 4: The useful life of office equipment is 6 years.

Note 5: The useful life of transportation equipment is 5 years.

Note 6: The useful life of leasehold improvements is 3 years.

Note 7: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| <u>Item</u> | <u>Beginning balance</u> | <u>Addition</u> | <u>Decrease</u> | <u>Ending balance</u> | <u>Note</u> |
|-------------|--------------------------|-----------------|-----------------|-----------------------|-------------|
| Buildings | \$ 196,492 | \$ - | \$ - | \$ 196,492 | |

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| <u>Item</u> | <u>Beginning balance</u> | <u>Addition</u> | <u>Decrease</u> | <u>Ending balance</u> | <u>Note</u> |
|-------------|--------------------------|-----------------|-----------------|-----------------------|-------------|
| Buildings | \$ 83,320 | \$ 39,907 | \$ - | \$ 123,227 | |

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGE IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Beginning balance | Addition | Decrease | Ending balance | Note |
|--|-------------------|------------------|--------------------|------------------|--------|
| Computer software | \$ 49,887 | \$ 57,188 | (\$ 33,685) | \$ 73,390 | Note 1 |
| Membership in a foreign Futures Exchange | 24,125 | - | - | 24,125 | Note 2 |
| | <u>\$ 74,012</u> | <u>\$ 57,188</u> | <u>(\$ 33,685)</u> | <u>\$ 97,515</u> | |

Note 1: Computer software is amortised using the straight-line method to allocate its cost over 3 years.

Note 2: Membership in a foreign Futures Exchange with an indefinite useful life and is tested annually for impairment.

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YUANTA FUTURES CO., LTD.
STATEMENT OF DEFERRED INCOME TAX ASSETS
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|-----------------------------|-------------|------------------|------|
| Accrued pension liabilities | | \$ 3,400 | |
| Unrealised exchange loss | | 27 | |
| Expected credit losses | | 19,163 | |
| Others | | 1,182 | |
| | | <u>\$ 23,772</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|-------------------------------|--------------------|-------------------|-------------|
| Operating guarantee deposits | | \$ 140,000 | |
| Clearing and settlement funds | | 446,100 | |
| Refundable deposits | | 20,896 | |
| Prepayment for equipment | | 6,690 | |
| Others | | 28,228 | |
| | | <u>\$ 641,914</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Name of financial instrument | Description | Shares or units (in thousands) | Face value (in thousands) | Total amount (in thousands) | Interest rate | Fair value | | Amount of the fair value attributable to change in the credit risk | Note | |
|---|-------------|-----------------------------------|------------------------------|--------------------------------|------------------|-------------------------|--------------|--|------|------|
| | | | | | | Unit price (dollars) | Total amount | | | |
| Financial liabilities held for trading: | | | | | | | | | | |
| Put options – futures | | - | \$ - | - | - | \$ - | - | <u>\$ 8,422</u> | \$ - | Note |

Note: Contract amount or premiums received was \$8,671 and the fair value at the balance sheet date was \$8,422.

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADERS' EQUITY
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Client code | Currency | Foreign amount (in thousands) | Exchange rate | New Taiwan dollar | Note |
|-------------|----------|----------------------------------|------------------|-------------------|---------------|
| A | NTD | \$ - | 1.0000 | \$ 3,086,691 | Related party |
| | USD | 209,364 | 30.7050 | 6,428,517 | |
| B | USD | 278,680 | 30.7050 | 8,556,854 | Related party |
| C | NTD | - | 1.0000 | 7,562,733 | Related party |
| Others | NTD | - | 1.0000 | 38,864,679 | |
| | USD | 828,569 | 30.7050 | 25,441,210 | |
| | HKD | 68,336 | 3.9290 | 268,492 | |
| | EUR | 23,342 | 33.9800 | 793,162 | |
| | JPY | 4,237,364 | 0.2172 | 920,355 | |
| | GBP | 13,037 | 39.1500 | 510,388 | |
| | AUD | 4,934 | 20.9800 | 103,504 | |
| | SGD | 370 | 23.2900 | 8,610 | |
| | CHF | - | 36.4850 | 14 | |
| | CNY | 49,195 | 4.3270 | 212,867 | |
| | | | | \$ 92,758,076 | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Client | Description | Amount | Note |
|-----------------------------|-----------------------|-------------------|------|
| Non-related parties: | | | |
| Taiwan Futures Exchange | Clearance fee | \$ 42,156 | |
| | Service charge | 59,864 | |
| Taiwan Stock Exchange | Securities settlement | 7,745 | |
| Others | | 7,809 | |
| | | <u>\$ 117,574</u> | |
| Related parties: | | | |
| Yuanta Securities Co., Ltd. | Futures commissions | \$ 17,434 | |
| Others | | 22 | |
| | | <u>\$ 17,456</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount |
|---------------------------|------------------------------|------------|
| Non-related parties: | | |
| | Bonuses and salaries payable | \$ 388,113 |
| | Operating expenses payable | 25,626 |
| | Interest payable | 33,744 |
| | | \$ 447,483 |
| Related parties: | | |
| Yuanta Financial Holdings | Postage expenses | \$ 4 |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|--------------------|--------------------|-----------------|-------------|
| Temporary receipts | Others | \$ <u>6,302</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Description | Leasing period | Discount rate | Ending balance | Note |
|-----------|-------------|----------------|---------------|------------------|------|
| Buildings | | 3~5 years | 0.59%~1.60% | \$ <u>80,201</u> | |

Note: The amount of lease liabilities due within one year is \$42,286, which have been classified as current liabilities.

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YUANTA FUTURES CO., LTD.
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Bonds Name | Trustee | Issuance Date | Interest Payment Date | Interest Rate | Amount | | | | | | |
|--|-----------------------|---------------|-----------------------|---------------|---------------------|----------------|---------------------|----------------------------------|---------------------|--------------------|------------|
| | | | | | Par Value | Repayment Paid | Ending Balance | Unamortized Premiums (Discounts) | Carrying Amount | Repayment Term | Collateral |
| First issue of unsecured subordinate normal corporate bond in 2021 | BANK SINOPAC CO., Ltd | 2021/11/12 | Note | 0.85% | <u>\$ 1,500,000</u> | <u>\$ -</u> | <u>\$ 1,500,000</u> | <u>(\$ 1,843)</u> | <u>\$ 1,498,157</u> | Repaid on Maturity | None |

Note: The principal is repaid at par on the maturity date and interest is according to stated interest rate payable annually on November 12 at simple interest from the issue date.

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YUANTA FUTURES CO., LTD.
STATEMENT OF DEFERRED INCOME TAX LIABILITIES
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|---------------------------------------|-------------|------------------|------|
| Valuation gains on derivatives assets | | \$ 26,663 | |
| Book-tax difference in fixed assets | | 11,191 | |
| Accrued pension liability | | 1,871 | |
| Unrealized exchange gain | | 202 | |
| | | <u>\$ 39,927</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|-----------------------------|-------------|------------------|------|
| Accrued pension liabilities | | | |
| – non-current | | \$ 37,296 | |
| Other long-term liabilities | | 17,001 | |
| | | <u>\$ 54,297</u> | |

Note 1: Listed by deposits received, collection for third parties and other liabilities, etc.

Note 2: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF GAINS (LOSSES) ON DERIVATIVE INSTRUMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|---|-------------|---------------------|------|
| Non-hedging | | | |
| Gains (losses) from futures contract interests | | | |
| Futures contract gains | | \$ 406,869 | |
| Futures contract losses | | (589,697) | |
| | | <u>(\$ 182,828)</u> | |
| Gains (losses) from options trading | | | |
| Gains from options trading | | \$ 175,939 | |
| Losses from options trading | | (202,114) | |
| | | <u>(\$ 26,175)</u> | |
| Gains (losses) from leverage margin contract transactions | | | |
| Gains from leverage margin contract transactions | | \$ 587,823 | |
| Losses from leverage margin contract transactions | | (485,154) | |
| | | <u>\$ 102,669</u> | |
| Non-hedging | | | |
| Gains from derivative financial instruments | | \$ 1,170,631 | |
| Losses from derivative financial instruments | | (1,276,965) | |
| Net losses on derivative financial instruments | | <u>(\$ 106,334)</u> | |

YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES COMMISSIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u> | <u>Payee</u> | <u>Amount</u> | <u>Note</u> |
|-------------------------------|---------------------------------|-------------------|---------------|
| Entrusted futures transaction | J.P.Morgan Securities Ltd | \$ 199,982 | |
| | OCBC Securities Private Limited | 38,008 | |
| | Phillip Nova Pte Ltd | 56,854 | |
| | Others | <u>61,614</u> | |
| | Subtotal | <u>356,458</u> | |
| Futures auxiliary business | Yuanta Securities Co., Ltd. | 238,351 | Related party |
| | Others | <u>48,089</u> | |
| | Subtotal | <u>286,440</u> | |
| | | <u>\$ 642,898</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | 2023 | 2022 | Note |
|--|---------------------|---------------------|------|
| Employee benefit expense (Note1): | | | |
| Wages and salaries | \$ 710,767 | \$ 663,524 | |
| Director's remuneration | 103,058 | 52,632 | |
| Labor and health insurance fees | 42,126 | 39,430 | |
| Pension costs | 19,758 | 19,415 | |
| Post-employment benefits | 5,391 | 3,372 | |
| Other personnel expenses | 20,252 | 21,528 | |
| | <u>901,352</u> | <u>799,901</u> | |
| Depreciation and amortisation expense: | | | |
| Depreciation expense | 135,664 | 130,554 | |
| Amortisation expense | 33,685 | 27,105 | |
| | <u>169,349</u> | <u>157,659</u> | |
| Other operating expenses: | | | |
| Postage and telephone costs | 133,942 | 115,999 | |
| Tax expenses | 100,567 | 104,388 | |
| Computer information expenses | 112,388 | 107,240 | |
| Donation | 5,730 | 4,165 | |
| Institutional membership fees | 33,528 | 30,107 | |
| Repair charge | 35,872 | 31,414 | |
| Advertising costs | 10,936 | 7,965 | |
| Service expenses | 22,584 | 18,236 | |
| Other expenses | 42,720 | 39,047 | |
| | <u>498,267</u> | <u>458,561</u> | |
| | <u>\$ 1,568,968</u> | <u>\$ 1,416,121</u> | |

- Note 1: A. The Company had 417 and 429 employees in 2023 and 2022, respectively, in which directors not concurrently serving as employees were both 6.
- B. The annual financial statements shall additionally disclose the information below:
- (A) For the years ended December 31, 2023 and 2022, average employee benefit expense were \$1,942 and \$1,767, respectively.
- (B) For the years ended December 31, 2023 and 2022, average wages and salaries were \$1,729 and \$1,569, respectively.
- (C) Year on Year change in average employee wages and salaries was 10.20%.
- (D) Supervisors' remuneration in 2023 and 2022 were both \$0. (Because of the establishment of Audit Committee, there's no supervisors' remuneration.)
- (E) Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)
- a. Directors
- (a) Including remuneration, severance pension and service payment.
- (b) The monthly fixed pay to independent directors is determined by the board of directors taking into account industry standards, and independent directors do not receive the distribution of company directors' compensation.
- (c) Service payment are expenses incurred by the directors in their capacity as company directors, including travelling costs and costs associated with attending meetings, and they are paid according to industry standards.
- b. Managers and employees
- (a) Including salary, pension, bonus and employee compensation.
- (b) Managers and employees are remunerated based on their responsibilities, professional capabilities and experiences. In order to motivate the morale of all employees, each year, depending on the profitability, additional performance bonuses are granted to enhance the Company's future operating performance.
- (c) Employee compensation is based on the Company's Articles of Incorporation. In order to motivate employees and the management team, if the current year's earnings, following offset prior years' operating losses, are positive, then 0.01% to 5% of the remaining balances shall be set aside as employee compensation.
- Note 2: A. The table should describe the number of employees, and the calculation base should be in agreement with that of employees' benefit expenses and wages and salaries expense, and average employee numbers should be used when calculating.
- B. Under IAS 19, employees include directors and other management personnel. Employees can provide services on a full-time, part-time, permanent, casual or temporary basis. Thus, the "employee" in this statement means directors, managers, normal staff and contract employees. However, supervisors, temp worker, hire of work or outsourcing personnel are not included.
- C. The "directors' remuneration" is the remuneration, retirement payment, directors' compensation and service payments which are earned by all directors.
- D. The term "supervisor's remuneration" refers to the remuneration, compensation and service payment received by all supervisors.

YUANTA FUTURES CO., LTD.
STATEMENT OF INTEREST EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|---------------------|---|-------------------|------|
| Non-related parties | | | |
| A | | \$ 36,496 | |
| B | | 24,645 | |
| Others | | 181,736 | |
| | | <u>242,877</u> | |
| Related parties: | | | |
| | Yuanta Futures (Hong Kong) Co., Ltd. | 3,825 | |
| | Yuanta Securities Co., Ltd. | 9,546 | |
| | Yuanta Bank Co., Ltd. | 1,000 | |
| | Yuanta Life Insurance Co., Ltd. | 681 | |
| | Yuanta Securities (Hong Kong) Co., Ltd. | 246 | |
| | Yuanta Securities Korea Co., Ltd. | 2,397 | |
| | Funds managed by Yuanta Securities Investment Trust | 207,972 | |
| | | <u>\$ 468,544</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF EXPECTED CREDIT IMPAIRMENT REVERSAL GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|-----------------------------------|---------------------------------|---------------------|---|
| Futures trading margin receivable | Futures traders' default amount | (\$ <u>38,353</u>) | Measured by the historical loss rate and consideration of forward-looking information |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|--|-------------|---------------------|------|
| Interest income | | \$ 2,206,949 | |
| Gains on disposal of property and equipment | | 585 | |
| Dividend income | | 259,620 | |
| Net currency exchange losses | | (16,566) | |
| Gains on financial assets at fair value through profit or loss | | 2,970 | |
| Others | | 87,528 | |
| | | <u>\$ 2,541,086</u> | |

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.

DISCLOSURE OF SECURITIES DEPARTMENT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2023 | | December 31, 2022 | | |
|--------------------------------|---|-------------------|---------------------|-------------------|-------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 111100 | Cash and cash equivalents | 6(1) and 7 | \$ 603,879 | 51 | \$ 774,537 | 87 |
| 112000 | Financial assets at fair value through profit or loss - current | 6(2) and 7 | 303,576 | 26 | 101,080 | 11 |
| 114130 | Accounts receivable | | 248,217 | 21 | - | - |
| 114170 | Other receivables | | - | - | 169 | - |
| 114600 | Current income tax assets | | 1,151 | - | 621 | - |
| 110000 | Subtotal current assets | | <u>1,156,823</u> | <u>98</u> | <u>876,407</u> | <u>98</u> |
| Non-current assets | | | | | | |
| 129010 | Operating guarantee deposits | 6(3) and 7 | 10,000 | 1 | 10,000 | 1 |
| 129020 | Clearing and settlement funds | 6(3) | 8,093 | 1 | 8,382 | 1 |
| 120000 | Subtotal non-current assets | | <u>18,093</u> | <u>2</u> | <u>18,382</u> | <u>2</u> |
| 906001 | Total Assets | | <u>\$ 1,174,916</u> | <u>100</u> | <u>\$ 894,789</u> | <u>100</u> |
| Liabilities and Equity | | | | | | |
| Current liabilities | | | | | | |
| 214130 | Accounts payable | | \$ 7,816 | 1 | \$ 2,181 | - |
| 214160 | Collection for third parties | | - | - | 4 | - |
| 214170 | Other payables | | 805 | - | 7 | - |
| 210000 | Subtotal current liabilities | | <u>8,621</u> | <u>1</u> | <u>2,192</u> | <u>-</u> |
| Non-Current liabilities | | | | | | |
| 229110 | Inter-department debits | 6(4) | 31 | - | - | - |
| | Subtotal non-current liabilities | | <u>31</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 906003 | Total Liabilities | | <u>8,652</u> | <u>1</u> | <u>2,192</u> | <u>-</u> |
| Capital | | | | | | |
| 301110 | Operating capital | | 800,000 | 68 | 800,000 | 90 |
| Retained earnings | | | | | | |
| 304040 | Undistributed earnings | | 366,264 | 31 | 92,597 | 10 |
| 906004 | Total equity | | <u>1,166,264</u> | <u>99</u> | <u>892,597</u> | <u>100</u> |
| 906002 | Total liabilities and equity | | <u>\$ 1,174,916</u> | <u>100</u> | <u>\$ 894,789</u> | <u>100</u> |

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

| Items | Notes | For the years ended December 31 | | | |
|---------------------------|--|---------------------------------|-------------------|--------------------|--------------------------------|
| | | 2023 | | 2022 | |
| | | AMOUNT | % | AMOUNT | % |
| Revenues | | | | | |
| 410000 | Losses on trading of securities | 6(2) and 7 | (\$ 50,775) (18) | (\$ 88,117) (565) | |
| 421300 | Dividend income | 6(2) | 321,081 | 113 | 79,463 509 |
| 421500 | Gains (Losses) on valuation of trading securities | 6(2) and 7 | 13,211 | 5 (| 6,869) (44) |
| 421600 | Losses on covering of borrowed securities and bonds with resale agreements-short sales | 6(2) | - | - (| 75) - |
| 400000 | Total revenues | | <u>283,517</u> | <u>100</u> (| <u>15,598</u>) (<u>100</u>) |
| Costs and expenses | | | | | |
| 502000 | Dealer handling fee | | (471) | - (| 336) (2) |
| 531000 | Employee benefit expense | | (601) | - (| 1,495) (10) |
| 533000 | Other operating expenses | 7 | (13,788) | (5) | (10,287) (66) |
| 500000 | Total costs and expenses | | (<u>14,860</u>) | (5) | (<u>12,118</u>) (78) |
| | Operating income (loss) | | 268,657 | 95 (| 27,716) (178) |
| 602000 | Other gains and losses | 7 | 5,010 | 2 | 2,862 19 |
| 902005 | Net income (loss) | | <u>\$ 273,667</u> | <u>97</u> (\$ | <u>24,854</u>) (<u>159</u>) |
| | Total comprehensive income (loss) | | <u>\$ 273,667</u> | <u>97</u> (\$ | <u>24,854</u>) (<u>159</u>) |

YUANTA FUTURES CO., LTD.
NOTES TO THE DISCLOSURE OF SECURITIES DEPARTMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

The Department was approved by the competent authority to engage in securities dealing business on April 28, 2010, and it officially launched business on July 2, 2010.

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

These department financial statements were authorized for issuance by the Board of Directors on February 27, 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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board |
|--|---|
| Amendments to IAS 1, ‘Disclosure of accounting policies’ | January 1, 2023 |
| Amendments to IAS 8, ‘Definition of accounting estimates’ | January 1, 2023 |
| Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’ | January 1, 2023 |
| Amendments to IAS 12, ‘International tax reform - pillar two model rules’ | May 23, 2023 |

The above standards and interpretations have no significant impact to the Department’s financial condition and financial performance based on the Department’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 Department

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

| New Standards, Interpretations and Amendments | Effective date by International Accounting 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 Department's financial condition and financial performance based on the Department's assessment.

(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 International Accounting 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 International Accounting 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 |
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025 |

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Department have been prepared in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Firms.

(2) Basis of preparation

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

Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

B. The preparation of financial statements in conformity with the 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 Department’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Department financial statements are disclosed in Note 5.

(3) 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) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the consolidated balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(4) Cash and cash equivalents

Cash and cash equivalents include petty cash, 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.

(5) 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 Department measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Department subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Department recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Department and the amount of the dividend can be measured reliably.

(6) Accounts receivable

A. Accounts receivable entitle the Department 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.

(7) Impairment of non-financial assets

The Department 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.

(8) Impairment of financial assets

For accounts receivable, operation guarantee deposits, and clearing and settlement funds, at each reporting date, the Department 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.

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

The preparation of these Department financial statements requires management to make critical judgements in applying the Department's accounting policies and make critical assumptions and estimates concerning future events. The significant accounting estimates and 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. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The management assessed that the Department had no significant accounting estimates and assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------|--------------------------|--------------------------|
| Demand deposits | \$ 103,879 | \$ 154,537 |
| Time deposits | 500,000 | 620,000 |
| | <u>\$ 603,879</u> | <u>\$ 774,537</u> |

A. The Department 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 Department has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Listed stocks | \$ 290,213 | \$ 100,459 |
| Beneficiary certificates | - | 469 |
| | 290,213 | 100,928 |
| Valuation adjustment | 13,363 | 152 |
| | <u>\$ 303,576</u> | <u>\$ 101,080</u> |

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 years ended December 31,</u> | |
|---|---|--------------------|
| | <u>2023</u> | <u>2022</u> |
| Financial assets at fair value through profit or loss | | |
| Listed stocks | \$ 283,510 | (\$ 12,734) |
| Beneficiary certificates | 7 | (2,789) |
| Borrowed securities | - | (75) |
| | <u>\$ 283,517</u> | <u>(\$ 15,598)</u> |

(3) Other assets

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-------------------------------|--------------------------|--------------------------|
| Operating guarantee deposits | \$ 10,000 | \$ 10,000 |
| Clearing and settlement funds | 8,093 | 8,382 |
| | <u>\$ 18,093</u> | <u>\$ 18,382</u> |

A. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, operating guarantee deposits shall deposit in financial institutions designated by the FSC.

B. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, clearing and settlement fund shall deposit in Taiwan Stock Exchange Corporation and Taipei Exchange.

C. As at December 31, 2023 and 2022, 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 other assets held by the Department was \$18,093 and \$18,382, respectively.

(4) Inter-department debits

As at December 31, 2023 and 2022, the amount of inter-department debits of the Department was \$31 and \$0, respectively.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company’s 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

| <u>Names</u> | <u>Relationship with the Company</u> |
|-----------------------------|--------------------------------------|
| Yuanta Bank Co., Ltd. | The same group of enterprises |
| Yuanta Securities Co., Ltd. | The same group of enterprises |

(3) Significant related party transactions and balances

A. Cash and cash equivalents

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------|--------------------------|--------------------------|
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 400,000 | \$ 520,000 |

B. Operating guarantee deposits

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|-----------------------|--------------------------|--------------------------|
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 10,000 | \$ 10,000 |

C. Security lending expense

| | <u>For the years ended December 31,</u> | |
|-----------------------------|---|-------------|
| | <u>2023</u> | <u>2022</u> |
| Fellow subsidiary | | |
| Yuanta Securities Co., Ltd. | \$ - | \$ 7 |

D. Interest income

| | <u>For the years ended December 31,</u> | |
|-----------------------|---|-------------|
| | <u>2023</u> | <u>2022</u> |
| Fellow subsidiary | | |
| Yuanta Bank Co., Ltd. | \$ 2,963 | \$ 2,203 |

E. Property transaction

The losses on disposal of beneficiary certificates was \$0 and (\$2,727) for the years ended December 31, 2023 and 2022, respectively.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DISCLOSURES OF FINANCIAL INSTRUMENTS INFORMATION

Please refer to 2023 financial statements of the Company.

12. SPECIFIC INHERENT RISKS IN PROPRIETARY SECURITY BUSINESS

(1) The primary risk of the Department's securities dealing business is market price risk. The securities held are measured at fair value, and market prices of securities are price index sensitive, the Department employs optimum hedging strategy to reduce the degree of exposure to relevant risks.

(2) The Department 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 Department determines that there has been a significant increase in credit risk on a receivable, if it is either past due over 30 days or in violation of the terms of the agreement.

B. The definition of a financial asset in default

The Department adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

C. Write off policy

If the Department 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.

D. Measurement of expected credit loss and consideration of forward-looking information

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).

On December 31, 2023 and 2022, the Department's total carrying amount and maximum exposure to credit risk amount of account receivable were \$248,217 and \$0, respectively.

13. INCOME STATEMENTS BASED ON THE TYPE OF BUSINESS

N/A

14. SEGMENT INFORMATION

N/A

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

None.

17. INFORMATION ON INVESTEES

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. OTHERS

None.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|-----------------|---|-------------------|------|
| Demand deposits | | \$ 103,879 | |
| Time deposits | Expiring within one year, interest rate 1.30% | <u>500,000</u> | |
| | | <u>\$ 603,879</u> | |

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Name of Financial Instrument | Description | Shares or units (in thousands) | Face Value | Total Amount | | Fair Value | | Amount of the fair value attributable to change in the credit risk | Note |
|------------------------------|-------------|-----------------------------------|------------|----------------|---------------|-------------------------|--------------|--|------|
| | | | | (in thousands) | Interest Rate | Unit Price (dollars) | Total Amount | | |
| <u>Listed stocks</u> | | | | | | | | | |
| TSMC | | 158 | | | | \$ 85,440 | \$ 593.00 | 93,694 | |
| Nanya Technology Corp. | | 272 | | | | 19,260 | 78.00 | 21,216 | |
| Catcher Technology Co., Ltd. | | 84 | | | | 14,772 | 194.00 | 16,296 | |
| Walsin Technology Corp. | | 242 | | | | 29,920 | 123.00 | 29,766 | |
| Others | | 716 | | | | <u>96,793</u> | | <u>97,683</u> | Note |
| Subtotal | | | | | | <u>246,185</u> | | <u>258,655</u> | |
| <u>OTC stocks</u> | | | | | | | | | |
| Others | | 400 | | | | <u>44,028</u> | | <u>44,921</u> | Note |
| Subtotal | | | | | | <u>44,028</u> | | <u>44,921</u> | |
| | | | | | | <u>\$ 290,213</u> | | <u>\$ 303,576</u> | |

Note: The other items do not exceed 5%.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
 (Expressed in thousands of New Taiwan dollars)

| Client | Description | Amount | Note |
|-----------------------|----------------------------------|-------------------|------|
| Non-related parties: | | | |
| Taiwan Stock Exchange | Accounts receivable from trading | \$ 234,210 | |
| Others | | 14,007 | Note |
| | | <u>\$ 248,217</u> | |

Note: The other items do not exceed 5%.

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Client | Description | Amount | Note |
|-----------------------|--------------------------------|-----------------|------|
| Non-related parties: | | | |
| Taiwan Stock Exchange | Securities settlement payables | \$ 7,745 | |
| Others | | <u>71</u> | Note |
| | | <u>\$ 7,816</u> | |

Note: The other items do not exceed 5%.

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | 2023 | 2022 | Note |
|----------------------------------|------------------|------------------|------|
| Employee benefit expense (Note): | | | |
| Wages and salaries | \$ 39 | \$ 1,274 | |
| Labor and health insurance fees | 8 | 94 | |
| Pension costs | 4 | 50 | |
| Other personnel expenses | 550 | 77 | |
| | <u>601</u> | <u>1,495</u> | |
| Other operating expenses: | | | |
| Tax expenses | 12,122 | 8,706 | |
| Computer information expenses | 1,530 | 1,489 | |
| Institutional membership fees | 22 | 27 | |
| Other expenses | 114 | 65 | |
| | <u>13,788</u> | <u>10,287</u> | |
| | <u>\$ 14,389</u> | <u>\$ 11,782</u> | |

- Note: 1. The Department had 1 employee in 2023 and 2022. The Department has no director.
2. For the years ended December 31, 2023 and 2022, average employee benefit expense were \$601 and \$1,495, respectively.
3. For the years ended December 31, 2023 and 2022, average wages and salaries were \$39 and \$1,274, respectively.
4. Year on Year change in average employee wages and salaries was (96.94%).
5. Supervisors' remuneration in 2023 and 2022 were both \$0.
6. Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)
Please find the remuneration policy of the Department in 2023 parent company only financial statements, in the statements of employee benefits, depreciation, amortization and other operating expenses.

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

| Item | Description | Amount | Note |
|-----------------|-------------|-----------------|------|
| Other gains | | | |
| Interest income | | \$ <u>5,010</u> | |

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