

**CAPITAL SECURITIES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For The Three Months Ended March 31, 2025 and 2024**

Address: 11/F, No. 156, Section 3, Minsheng East Road, Songshan District, Taipei,
Taiwan, R.O.C.
Telephone: 886-2-87898888

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Overview	8
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of material accounting policies	12~15
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	15
(6) Explanation of significant accounts	15~69
(7) Related-party transactions	70~76
(8) Pledged assets	76
(9) Significant contingent liability and unrecognized contract commitment	76~77
(10) Significant Catastrophic Loss	77
(11) Significant Subsequent Events	77
(12) Other	78~84
(13) Other disclosures	
(a) Information on significant transactions	85~87
(b) Related information of investee companies	88
(c) Information on overseas branches and representative offices	89
(d) Information on investments in the Mainland China	89
(e) Major shareholders	89
(14) Segment information	90~91



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of
Capital Securities Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Securities Corporation and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(c), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$4,538,834 thousands and \$5,440,679 thousands, constituting 1.42% and 1.85% of consolidated total assets as of March 31, 2025 and 2024, respectively, total liabilities amounting to \$1,524,759 thousands and \$2,514,218 thousands, constituting 0.56% and 1.01% of consolidated total liabilities as of March 31, 2025 and 2024, respectively, and total comprehensive income (loss) amounting to \$(4,938) thousands and \$89,589 thousands, constituting (0.44)% and 5.91% of consolidated total comprehensive income (loss) for the three months ended March 31, 2025 and 2024, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Capital Securities Corporation and its subsidiaries in its investee companies of \$1,782,948 thousands and \$1,540,617 thousands as of March 31, 2025 and 2024, respectively, and its equity in net earnings on these investee companies of \$114,587 thousands and \$74,942 thousands for the three months ended March 31, 2025 and 2024, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Capital Securities Corporation and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Wu, Cheng-Yen and Chen, Yi-Jen.

KPMG

Taipei, Taiwan (Republic of China)
May 12, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2025, December 31, 2024, and March 31, 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
110000	Current assets:						
111100	Cash and cash equivalents (note 6(a))	\$ 12,200,106	4	9,289,189	3	8,767,102	3
112000	Financial assets at fair value through profit or loss - current (notes 6(b) and 8)	63,145,101	20	69,363,225	22	76,914,862	26
113200	Financial assets at fair value through other comprehensive income - current (note 6(b))	32,076,513	10	31,059,002	10	26,439,671	9
114010	Bonds purchased under resale agreements (note 6(c))	250,116	-	250,121	-	130,003	-
114030	Receivable for securities provided as collateral	19,687,956	6	22,406,866	7	20,874,016	7
114040	Refinancing margin	347	-	49,349	-	60,673	-
114050	Refinancing collateral receivable	288	-	41,089	-	50,532	-
114060	Receivable of securities business money lending	34,772,393	11	32,677,621	11	14,903,894	5
114070	Customers' margin account (note 6(e))	51,378,872	16	48,810,284	16	43,975,496	15
114080	Receivable - futures margin	109	-	-	-	-	-
114090	Collateral for securities borrowed	193,544	-	542,368	-	214,980	-
114100	Security borrowing margin	14,355,080	5	14,378,972	5	12,142,710	4
114110	Notes receivable	5,044	-	7,458	-	11,056	-
114130	Accounts receivable (note 6(d))	27,501,965	9	13,784,088	4	24,366,729	9
114150	Prepayments	476,604	-	95,292	-	50,970	-
114170	Other receivables	433,259	-	491,011	-	489,076	-
114300	Leverage contract trading - customers' margin account	889,627	-	907,903	-	690,953	-
114600	Current income tax assets	1,168	-	1,126	-	829	-
119095	Amounts held for each customer in the account (note 6(p))	33,782,805	11	35,555,711	12	36,739,894	13
119990	Other current assets-others	1,745,722	-	3,216,222	1	2,649,147	1
		<u>292,896,619</u>	<u>92</u>	<u>282,926,897</u>	<u>91</u>	<u>269,472,593</u>	<u>92</u>
120000	Non-current assets:						
122000	Financial assets at fair value through profit or loss - non-current (notes 6(b) and 8)	178,158	-	177,730	-	179,363	-
123200	Financial assets at fair value through other comprehensive income - non-current (note 6(b))	4,684,035	1	4,710,452	2	3,669,171	1
123300	Financial assets at amortized cost - non-current (note 6(b))	6,610,817	2	6,567,032	2	6,055,921	2
124100	Investments accounted for under equity method (note 6(f))	1,782,948	1	1,668,360	1	1,540,617	1
125000	Property and equipment (notes 6(g) and 8)	3,168,862	1	3,151,015	1	3,178,668	1
125800	Right-of-use assets (note 6(h))	554,450	-	560,957	-	647,626	-
126000	Investment property (notes 6(i) and 8)	3,427,489	1	3,422,160	1	3,439,486	1
127000	Intangible assets (note 6(j))	3,619,265	1	3,616,766	1	3,615,659	1
128000	Deferred income tax assets	-	-	-	-	64,971	-
129000	Other non-current assets	1,868,436	1	1,887,133	1	1,772,383	1
		<u>25,894,460</u>	<u>8</u>	<u>25,761,605</u>	<u>9</u>	<u>24,163,865</u>	<u>8</u>
	Total assets	<u>\$ 318,791,079</u>	<u>100</u>	<u>308,688,502</u>	<u>100</u>	<u>293,636,458</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2025, December 31, 2024, and March 31, 2024****(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
210000	Liabilities and Equity						
	Current liabilities:						
211100	Short-term borrowings (note 6(k))	\$ 9,451,227	3	7,304,896	2	9,173,317	3
211200	Commercial paper payable (note 6(l))	34,899,681	11	41,514,617	14	34,601,382	12
212000	Financial liabilities at fair value through profit or loss - current (note 6(n))	24,307,947	8	26,097,565	9	25,609,920	9
214010	Bonds sold under repurchase agreements (note 6(o))	54,364,841	17	53,622,868	17	49,943,425	17
214040	Guarantee deposited for short sales	951,982	-	2,527,527	1	1,227,160	-
214050	Proceeds payable from short sales	1,028,124	-	2,874,680	1	1,373,116	1
214070	Securities lending refundable deposits	17,669,588	6	16,292,813	5	17,081,008	6
214080	Futures traders' equity (note 6(e))	51,122,799	16	48,552,145	16	43,992,892	15
214090	Equity for each customer in the account (note 6(p))	33,782,805	11	35,555,711	12	36,739,894	13
214100	Leverage contract trading - customers' equity	886,394	-	907,350	-	689,589	-
214110	Notes payable	76	-	152	-	80	-
214130	Accounts payable (note 6(q))	19,070,713	6	11,429,911	4	18,643,558	6
214150	Advance receipts	54,733	-	34,281	-	31,980	-
214160	Receipts under custody	219,100	-	825,388	-	711,971	-
214170	Other payables	1,109,986	-	1,414,546	-	1,404,779	1
214200	Other financial liabilities - current (note 6(y))	8,036,595	3	6,420,134	2	4,559,796	2
214600	Current income tax liabilities	729,213	-	655,028	-	925,156	-
215100	Provisions - current (note 6(s))	64,812	-	61,267	-	59,683	-
216000	Current lease liabilities (note 6(r))	206,171	-	199,337	-	203,020	-
219000	Other current liabilities	74,252	-	54,888	-	55,645	-
		<u>258,031,039</u>	<u>81</u>	<u>256,345,104</u>	<u>83</u>	<u>247,027,371</u>	<u>85</u>
220000	Non-Current liabilities:						
221200	Long-term borrowings (note 6(m))	10,497,545	4	4,497,142	2	-	-
222000	Financial liabilities at fair value through profit or loss - non-current (note 6(n))	114,779	-	112,762	-	-	-
224200	Other financial liabilities - non-current (note 6(y))	695,113	-	516,042	-	588,545	-
226000	Non-current lease liabilities (note 6(r))	391,930	-	409,190	-	494,128	-
228000	Deferred income tax liabilities	914,557	-	836,027	-	466,061	-
229000	Other non-current liabilities	333,568	-	335,762	-	179,541	-
		<u>12,947,492</u>	<u>4</u>	<u>6,706,925</u>	<u>2</u>	<u>1,728,275</u>	<u>-</u>
	Total liabilities	<u>270,978,531</u>	<u>85</u>	<u>263,052,029</u>	<u>85</u>	<u>248,755,646</u>	<u>85</u>
	Equity attributable to shareholders of the parent:						
301010	Common stock (note 6(u))	21,709,081	7	21,709,081	7	21,709,081	7
302000	Capital surplus (note 6(u))	2,781,095	1	2,743,257	1	2,743,256	1
304000	Retained earnings:						
304010	Legal reserve	3,299,604	1	3,299,604	1	2,889,367	1
304020	Special reserve	6,869,685	2	6,869,685	2	6,049,211	2
304040	Unappropriated earnings (note 6(u))	5,818,426	2	4,919,483	2	5,622,277	2
305120	Exchange differences on translation of foreign operations	197,411	-	153,408	-	72,616	-
305140	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	2,613,331	1	2,576,724	1	2,538,742	1
		<u>43,288,633</u>	<u>14</u>	<u>42,271,242</u>	<u>14</u>	<u>41,624,550</u>	<u>14</u>
	Total equity attributable to the parent company	<u>43,288,633</u>	<u>14</u>	<u>42,271,242</u>	<u>14</u>	<u>41,624,550</u>	<u>14</u>
306000	Non-controlling interests	<u>4,523,915</u>	<u>1</u>	<u>3,365,231</u>	<u>1</u>	<u>3,256,262</u>	<u>1</u>
	Total equity	<u>47,812,548</u>	<u>15</u>	<u>45,636,473</u>	<u>15</u>	<u>44,880,812</u>	<u>15</u>
	Total liabilities and equity	<u>\$ 318,791,079</u>	<u>100</u>	<u>308,688,502</u>	<u>100</u>	<u>293,636,458</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2025 and 2024

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

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
Income:					
401000	Brokerage commissions (note 6(w))	\$ 1,491,374	37	1,561,627	39
402000	Revenues from securities business money lending	3,833	-	403	-
403000	Revenue from securities lending	187,249	5	116,191	3
404000	Underwriting commissions (note 6(w))	19,349	-	20,976	1
406000	Commissions on wealth management business	32,731	1	18,628	-
410000	Net gains (losses) on sale of trading securities (note 6(w))	(5,760)	-	3,140,994	78
421100	Securities management, distribution, and management fees	43,906	1	38,698	1
421200	Interest revenue (note 6(w))	1,084,124	27	819,817	20
421300	Dividend revenue	229,416	6	212,282	5
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(w))	(1,228,252)	(31)	1,193,496	30
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements (note 6(y))	(26,345)	(1)	(643,008)	(16)
421610	Net gains (losses) on measurement of borrowed securities and bonds with resale agreements	815,859	20	(268,645)	(7)
421750	Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income	20,427	1	9,665	-
421800	Net gains (losses) on securities for futures margin at fair value through profit or loss	(94,223)	(2)	29,490	1
422200	Net gains (losses) on stock warrants issued (notes 6(w) and (y))	583,574	15	(566,773)	(14)
424100	Futures commission revenues (note 6(w))	141,171	4	88,844	2
424400	Net gains (losses) on derivative instruments - futures (note 6(y))	281,668	7	(977,515)	(24)
424500	Net gains (losses) on derivative instruments - OTC (note 6(y))	383,460	10	(651,447)	(16)
424800	Management fee revenues	4,079	-	1,339	-
424900	Consultancy fee revenue	5,480	-	6,245	-
425300	Impairment losses and reversal gains (note 6(x))	(1,193)	-	(3,089)	-
428000	Other operating revenues	16,641	-	(132,771)	(3)
		3,988,568	100	4,015,447	100
Expenses:					
501000	Brokerage fees	275,690	7	217,415	5
502000	Brokerage and clearing fees - proprietary trading	14,303	-	17,520	-
503000	Clearing and exchange fees - refinancing	296	-	360	-
504000	Clearing and exchange fees - underwriting	523	-	205	-
521200	Financial costs	722,389	18	624,725	16
521640	Loss from securities borrowing transactions	177,689	5	168,294	4
524100	Futures commission expense (note 6(w))	90,125	2	77,006	2
524300	Cleaning and settlement expenses	47,686	1	44,480	1
528000	Other operating expenditure	36,114	1	22,548	1
531000	Employee benefits expenses (note 6(w))	1,035,976	26	910,419	23
532000	Depreciation and amortization expense (note 6(w))	119,216	3	121,715	3
533000	Other operating expenses (note 6(w))	894,757	23	818,814	20
		3,414,764	86	3,023,501	75
Other income (expenses):					
601000	Share of profits of associates and joint ventures accounted for using equity method (note 6(f))	114,587	3	74,942	2
602000	Other gains and losses (note 6(w))	499,698	13	541,938	13
		614,285	16	616,880	15
902001	Net income before income tax	1,188,089	30	1,608,826	40
701000	Less: Income tax expenses (note 6(t))	191,093	5	135,311	3
	Net income	996,996	25	1,473,515	37
805000	Other comprehensive income:				
805500	Components that may not be reclassified to profit or loss in subsequent periods:				
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(93,199)	(2)	(10,208)	-
805599	Less: Income tax related to components of other comprehensive income	-	-	-	-
	Subtotal of components that may not be subsequently reclassified into profit or loss	(93,199)	(2)	(10,208)	-
805600	Components that may be reclassified to profit or loss in subsequent periods:				
805610	Exchange differences on translation of foreign operations	53,612	1	172,302	4
805615	Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income	164,674	4	(106,102)	(3)
805699	Less: Income tax related to components of other comprehensive income (note 6(t))	4,049	-	13,219	-
	Subtotal of items that may be subsequently reclassified into profit or loss	214,237	5	52,981	1
805000	Other comprehensive income, net	121,038	3	42,773	1
902006	Total comprehensive income	\$ 1,118,034	28	1,516,288	38
Net income attributable to:					
913100	Shareholders of the parent	\$ 874,656	22	1,356,808	34
913200	Non-controlling interests	122,340	3	116,707	3
		\$ 996,996	25	1,473,515	37
Total comprehensive income attributable to:					
914100	Shareholders of the parent	\$ 979,553	25	1,377,667	34
914200	Non-controlling interests	138,481	3	138,621	4
		\$ 1,118,034	28	1,516,288	38
975000	Basic earnings per share (note 6(v))	\$ 0.40		0.62	
985000	Diluted earnings per share (note 6(v))	\$ 0.40		0.62	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company									Non-controlling interests	Total Equity
	Stock	Retained earnings				Total other equity interest			Total equity attributable to the parent company		
Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income					
Balance at January 1, 2024	\$ 21,709,081	2,743,256	2,889,367	6,049,211	4,201,815	(67,856)	2,722,009	40,246,883	3,117,641	43,364,524	
Net income for the three months ended March 31, 2024	-	-	-	-	1,356,808	-	-	1,356,808	116,707	1,473,515	
Other comprehensive income	-	-	-	-	-	140,472	(119,613)	20,859	21,914	42,773	
Total comprehensive income	-	-	-	-	1,356,808	140,472	(119,613)	1,377,667	138,621	1,516,288	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	63,654	-	(63,654)	-	-	-	
Balance at March 31, 2024	\$ 21,709,081	2,743,256	2,889,367	6,049,211	5,622,277	72,616	2,538,742	41,624,550	3,256,262	44,880,812	
Balance at January 1, 2025	\$ 21,709,081	2,743,257	3,299,604	6,869,685	4,919,483	153,408	2,576,724	42,271,242	3,365,231	45,636,473	
Net income for the three months ended March 31, 2025	-	-	-	-	874,656	-	-	874,656	122,340	996,996	
Other comprehensive income	-	-	-	-	-	44,003	60,894	104,897	16,141	121,038	
Total comprehensive income	-	-	-	-	874,656	44,003	60,894	979,553	138,481	1,118,034	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	24,287	-	(24,287)	-	-	-	
Changes in ownership interests in subsidiaries	-	37,838	-	-	-	-	-	37,838	1,020,203	1,058,041	
Balance at March 31, 2025	\$ 21,709,081	2,781,095	3,299,604	6,869,685	5,818,426	197,411	2,613,331	43,288,633	4,523,915	47,812,548	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2025	2024
Cash flows from operating activities:		
Net income before tax	\$ 1,188,089	1,608,826
Adjustments:		
Income and expenses items:		
Depreciation expense	106,974	107,483
Amortization expense	12,242	14,232
Expected credit impairment losses	1,193	3,089
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	506,616	(954,341)
Financial cost	722,389	624,725
Interest revenue (including financial revenue)	(1,496,340)	(1,164,437)
Dividend revenue	(230,707)	(213,615)
Share-based payment	10,427	-
Shares of profit of associates and joint ventures accounted for using equity method	(114,587)	(74,942)
Net loss (gain) on non-operating financial instruments at fair value through profit or loss	35,947	(68,459)
Impairment loss on non-financial assets	-	1,230
Net gains on lease modifications	(25)	(157)
Subtotal of income of non-cash activities	(445,871)	(1,725,192)
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	4,859,274	(11,533,730)
Decrease (increase) in bonds purchased under resale agreements	5	(69,795)
Decrease (increase) in receivable for securities provided as collateral	2,718,902	(3,476,267)
Decrease (increase) in refinancing margin	49,002	(44,054)
Decrease (increase) in receivable on refinancing collateral	40,801	(36,685)
Increase in receivable of securities business money lending	(2,094,772)	(9,017,390)
Increase in customers' margin account	(2,568,588)	(5,100,815)
(Increase) decrease in margin receivable of futures trading	(39)	68
Decrease (increase) in collateral for securities borrowed	348,824	(214)
Decrease in security borrowing margin	23,892	441,241
Decrease (increase) in notes receivable	2,414	(4,448)
Increase in accounts receivable	(13,610,915)	(7,960,886)
(Increase) decrease in prepayments	(369,680)	101,663
Decrease (increase) in other receivables	60,498	(287,287)
Increase in financial assets at fair value through other comprehensive income	(915,849)	(2,469,834)
Decrease in leverage contract trading-customers' margin account	18,276	21,502
Decrease (increase) in other current assets	1,470,500	(645,007)
Decrease (increase) in other non-current assets	18,686	(20,698)
Increase (decrease) in bonds sold under repurchase agreements	741,973	(1,481,741)
(Decrease) increase in financial liabilities at fair value through profit or loss	(971,742)	4,250,871
Decrease in guarantee deposited for short sales	(1,575,545)	(776,601)
Decrease in proceeds payable from short sales	(1,846,556)	(921,528)
Increase in securities lending refundable deposits	1,376,775	1,599,842
Increase in futures traders' equity	2,570,654	5,230,716
Decrease in leverage contract trading - customers' equity	(20,956)	(43,944)
Decrease in notes payable	(76)	(86)
Increase in accounts payable	7,575,562	7,283,766
Increase in advance receipts	20,313	9,344
(Decrease) increase in receipts under custody	(606,288)	384,037
Decrease in other payable	(320,275)	(334,058)
Increase in provision - current	3,545	4,896
Increase in other financial liabilities	1,795,532	247,676
Increase in other current liabilities	19,364	12,036
Decrease in other non-current liabilities	(2,194)	(1,808)
Total changes in assets and liabilities from operating activities	(1,188,683)	(24,639,218)
Total adjustments	(1,634,554)	(26,364,410)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2025	2024
Cash generated from operating activities	\$ (446,465)	(24,755,584)
Interest received	1,368,378	1,081,151
Dividends received	244,255	151,259
Interest paid	(640,048)	(406,667)
Income taxes paid	(42,468)	(35,203)
Net Cash flows provided by (used in) operating activities	483,652	(23,965,044)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(5,000)	-
Acquisition of financial assets at amortized cost	(203,027)	(741,767)
Proceeds from disposal of financial assets at amortized cost	163,925	-
Proceeds from capital reduction of investments accounted for under equity method	-	7,400
Acquisition of property and equipment	(73,583)	(43,141)
Proceeds from disposal of property and equipment	-	110
Acquisition of intangible assets	(15,810)	(7,322)
Increase in deferred debits	(45)	(364)
Decrease in prepayments for business facilities	(14,788)	(5,914)
Net cash flows used in investing activities	(148,328)	(790,998)
Cash flows from financing activities:		
Increase in short-term borrowings	2,146,331	3,298,883
(Decrease) increase in commercial papers payable	(6,614,936)	21,511,213
Long-term borrowings	6,000,000	-
Payment of lease liabilities	(56,136)	(54,611)
Issuance of common stock for cash by subsidiaries	1,047,614	-
Net cash flows provided by financing activities	2,522,873	24,755,485
Effect of exchange rate changes on cash and cash equivalents	52,720	169,479
Increase in cash and cash equivalents	2,910,917	168,922
Cash and cash equivalents, beginning of period	9,289,189	8,598,180
Cash and cash equivalents, end of period	\$ 12,200,106	8,767,102

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Overview:

Capital Securities Corporation (the “Company”) was registered under the Ministry of Economic Affairs, R.O.C. on June 21, 1988. The address of the Company’s registered office is 11F, No. 156, Section 3, Minsheng East Road, Songshan District, Taipei City, Taiwan, R.O.C. As of March 31, 2025, the composition of the consolidated financial statements includes the Company and the subsidiaries (the “Group”). As of March 31, 2025, except for the Head Office, the Company has established an Offshore Securities Unit branch and 51 branches nationwide.

The Company is authorized to conduct the following businesses:

- (a) Underwriting of marketable securities;
- (b) Trading of marketable securities on a proprietary basis on stock exchange;
- (c) Brokerage of marketable securities on stock exchange;
- (d) Trading of marketable securities at the Company’s branches;
- (e) Brokerage of marketable securities at the Company’s branches;
- (f) Margin loan, short sale and refinancing;
- (g) Securities registration agency services;
- (h) Dealership of foreign marketable securities;
- (i) Short-term bills service;
- (j) Accessory services of futures trading;
- (k) Proprietary trading of securities-related futures;
- (l) Securities business money lending;
- (m) Managing the unexpended balance of clients’ securities accounts within their authorization;
- (n) Trust business;
- (o) Offshore securities business;
- (p) Other relevant services as approved by the authority in charge.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the board of directors on May 12, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
	<ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7	<p>The amendments set out:</p> <p>The company generally derecognises its trade payable on the settlement date. However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date, potentially, when it uses an electronic payment system that meets all of the following criteria:</p> <ul style="list-style-type: none"> ● no practical ability to withdraw, stop or cancel the payment instruction; ● no practical ability to access the cash to be used for settlement as a result of the payment instruction; and ● the settlement risk associated with the electronic payment system is insignificant. 	January 1, 2026

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the “ Regulations Governing the Preparation of Financial Reports by Securities Firms”, the “ Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" (hereinafter referred to as “ the Regulations”) , and the IAS 34 “ Interim Financial Reporting” which are endorsed and issued into effect by the FSC. The consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (altogether referred to “ IFRS Accounting Standards” endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements has been prepared on a historical cost basis except for the following material items of balance sheet:

- 1) Financial assets and liabilities at fair value through profit or loss are measured at fair value (including derivative instruments);
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inter-company transactions, balances and any unrealized gains or losses on transactions between companies within the Group are eliminated.

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Capital Investment Management Corp.	Engaged in providing advice on securities investment and discretionary investment services	100.00 %	100.00 %	100.00 %	(Note 1)
"	CSC International Holdings Ltd.	Long-term equity investment business	100.00 %	100.00 %	100.00 %	(Note 2)
"	Capital Futures Corp.	Engaged in domestic and foreign futures business	55.46 %	56.58 %	56.58 %	
"	Taiwan International Securities (B.V.I) Corp.	Have been sold	- %	- %	100.00 %	(Note 3)
"	CSC Venture Capital Corp.	Management, consulting, venture and general investment business	100.00 %	100.00 %	100.00 %	(Note 4)
"	CSC Capital Management Co.	Consulting business and venture capital	100.00 %	100.00 %	100.00 %	(Note 5)
Capital Futures Corp.	CSC Futures (HK) Ltd.	Futures dealing business	100.00 %	100.00 %	100.00 %	
"	Capital International Technology Corp.	Management, consulting and information service business	100.00 %	100.00 %	100.00 %	(Note 6)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	51.00 %	51.00 %	51.00 %	(Note 6)
"	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business	100.00 %	100.00 %	100.00 %	(Note 6)
CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses	100.00 %	100.00 %	100.00 %	(Note 2)
CSC Securities (HK) Ltd.	Capital Securities Nominees Ltd.	Agency service	100.00 %	100.00 %	100.00 %	(Note 2)
Taiwan International Securities (B.V.I) Corp.	TIS Securities (HK) Limited	Have been sold	- %	- %	100.00 %	(Note 3)
TIS Securities (HK) Limited	Taiwan International Capital (HK) Ltd.	Have been sold	- %	- %	100.00 %	(Note 3)
CSC Capital Management Co.	CSC Private Equity Fund I Co.	General investment and venture capital business	100.00 %	100.00 %	100.00 %	(Note 5)

Note 1: Capital Investment Management Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2025 and 2024, the total assets amounted to \$121,428 and \$131,405, and the total liabilities amounted to \$39,633 and \$47,595, respectively. The total comprehensive income (loss) for the three months ended March 31, 2025 and 2024 were \$4,630 and \$5,911, respectively.

Note 2: CSC International Holdings Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2025 and 2024, the total consolidated assets amounted to \$3,185,369 and \$4,106,464, and the total consolidated liabilities amounted to \$1,461,246 and \$2,452,295, respectively. The total consolidated comprehensive income (loss) for the three months ended March 31, 2025 and 2024 were \$23,395 and \$66,526, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 3: Taiwan International Securities (B.V.I) Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed.; it has been sold on August 29, 2024. As of March 31, 2024, the total consolidated assets amounted to \$54, and the total consolidated liabilities amounted to \$0. The total consolidated comprehensive income (loss) for the three months ended March 31, 2024 were \$42.

Note 4: CSC Venture Capital Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2025 and 2024, the total assets amounted to \$892,854 and \$863,237, and the total liabilities amounted to \$16,431 and \$5,215, respectively. The total comprehensive income (loss) for the three months ended March 31, 2025 and 2024 were \$(14,431) and \$16,596, respectively.

Note 5: CSC Capital Management Co. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2025 and 2024, the total assets amounted to \$316,670 and \$311,655, and the total liabilities amounted to \$1,340 and \$1,602, respectively. The total comprehensive income (loss) for the three months ended March 31, 2025 and 2024 were \$(18,220) and \$1,393, respectively.

Note 6: Capital International Technology Co., Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2025 and 2024, the total consolidated assets amounted to \$22,513 and \$27,864, and the total consolidated liabilities amounted to \$6,109 and \$7,511, respectively. The total consolidated comprehensive income (loss) for the three months ended March 31, 2025 and 2024 were \$(312) and \$(879), respectively.

(iii) Subsidiaries not listed in the consolidated financial statements

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Capital Insurance Advisory Corp.	Engaged in personal insurance and property insurance agent business.	100.00 %	100.00 %	100.00 %	The corporation established in November 2000. The paid-in capitals amounted to \$5,000. As of March 31, 2025, December 31, 2024 and March 31, 2024, the total assets constituted 0.03%, 0.03% and 0.03% of the Group's total assets, respectively. For the three months ended March 31, 2025 and 2024, the operation revenue constituted 1.41% and 1.27% of the consolidated revenue, respectively. Thus it was excluded from the consolidated financial statement due to immaterial.

(d) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(e) Income taxes

The Group estimated and disclosed interim income tax under IAS 34 “Interim Financial Reporting” Appendix B12.

Income tax expenses are best estimated by multiplying pretax income for the interim reporting period using the effective annual tax rate as forecasted by the management, and is recognized as current tax expenses.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

Income tax of overseas subsidiaries is estimated in accordance with local regulation. Income tax of the Group is the sum of the income tax of subsidiaries in the consolidated financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2024 consolidated financial statements. Please refer to Note 6 to the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash	\$ 2,870	2,838	2,862
Bank deposits			
Checking accounts	181,781	129,721	57,242
Demand deposits	2,450,253	2,317,396	1,982,792
Subtotal	2,632,034	2,447,117	2,040,034
Cash equivalents			
Time deposits	6,162,108	3,089,350	4,135,037
Futures margin - excess margin	2,993,047	3,442,899	2,360,177
Commercial papers	410,047	306,985	228,992
Subtotal	9,565,202	6,839,234	6,724,206
Total	<u>\$ 12,200,106</u>	<u>9,289,189</u>	<u>8,767,102</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets

(i) Financial assets at fair value through profit or loss - current:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Open-ended funds and money-market instruments			
Open-ended funds and money-market instruments	\$ 1,206,068	1,341,074	1,493,135
Valuation adjustment	<u>21,800</u>	<u>44,343</u>	<u>102,503</u>
Subtotal	<u>1,227,868</u>	<u>1,385,417</u>	<u>1,595,638</u>
Invested securities			
Invested Securities	270,535	200,689	155,826
Valuation adjustment	<u>(15,221)</u>	<u>290</u>	<u>(2,420)</u>
Subtotal	<u>255,314</u>	<u>200,979</u>	<u>153,406</u>
Trading securities - proprietary trading			
Listed stocks	2,481,094	4,572,615	4,793,799
Listed funds	12,483,722	11,508,102	9,332,592
OTC stocks	524,328	1,089,198	888,641
OTC funds	7,740,971	7,246,835	12,792,746
Emerging market stocks	591,070	629,529	522,660
Convertible bonds	3,974,976	3,914,731	2,678,350
Government bonds	494,178	444,341	1,988,734
Corporate bonds	3,966,874	5,217,626	6,562,714
International bonds	4,731,234	4,675,185	5,402,426
Financial debentures	500,000	500,000	550,000
Foreign stocks	343,629	144,562	113,654
Foreign funds	285,251	159,550	35,577
Foreign bonds	1,206,009	1,192,058	1,017,850
Others	<u>64,056</u>	<u>14,056</u>	<u>1,108,056</u>
	39,387,392	41,308,388	47,787,799
Valuation adjustment	<u>(1,132,005)</u>	<u>(606,102)</u>	<u>263,546</u>
Subtotal	<u>38,255,387</u>	<u>40,702,286</u>	<u>48,051,345</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Trading securities - underwriting			
Listed stocks	\$ 7,650	17,355	8,072
OTC stocks	95,624	104,126	10,758
Convertible bonds	<u>240,447</u>	<u>309,130</u>	<u>11,983</u>
	343,721	430,611	30,813
Valuation adjustment	<u>(24,505)</u>	<u>5,558</u>	<u>2,446</u>
Subtotal	<u>319,216</u>	<u>436,169</u>	<u>33,259</u>
Trading securities - hedging			
Listed stocks	2,631,527	4,822,176	6,939,220
OTC stocks	543,108	860,552	1,369,497
Convertible bonds	17,592,319	17,999,139	14,990,818
Others	<u>90,789</u>	<u>90,789</u>	<u>166,502</u>
	20,857,743	23,772,656	23,466,037
Valuation adjustment	<u>(1,052,807)</u>	<u>(371,972)</u>	<u>909,507</u>
Subtotal	<u>19,804,936</u>	<u>23,400,684</u>	<u>24,375,544</u>
Derivatives			
Buy options	428,926	280,311	220,787
Futures margin - security	453,260	394,650	386,600
Futures margin - proprietary fund	1,216,031	1,541,089	1,398,298
IRS asset swaps	56,966	48,834	56,428
Asset swap options - long position	825,099	785,194	324,284
Leverage derivatives - non-hedging	229,828	153,147	178,749
Structured notes	29,845	2,623	4,833
Exchange rate derivatives	36,828	27,503	123,562
Equity derivatives	5,386	4,096	11,808
Interest rate swaps	<u>211</u>	<u>243</u>	<u>321</u>
Subtotal	<u>3,282,380</u>	<u>3,237,690</u>	<u>2,705,670</u>
Total	<u><u>\$ 63,145,101</u></u>	<u><u>69,363,225</u></u>	<u><u>76,914,862</u></u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, trading securities undertaken for repurchase agreements of the Group, please refer to note 8 for details.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial assets at fair value through other comprehensive income — current

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Debt instruments at fair value through other comprehensive income			
Government bonds	\$ 3,402,725	3,403,185	2,598,361
Corporate bonds	10,032,957	10,026,546	6,896,552
International bonds	996,150	1,180,260	1,152,000
Foreign bonds	<u>15,642,532</u>	<u>14,592,931</u>	<u>15,081,467</u>
	30,074,364	29,202,922	25,728,380
Valuation adjustment	<u>(298,088)</u>	<u>(460,102)</u>	<u>(194,679)</u>
Subtotal	<u>29,776,276</u>	<u>28,742,820</u>	<u>25,533,701</u>
Equity instrument at fair value through other comprehensive income			
Listed stocks	\$ 1,973,611	1,813,965	650,568
OTC stocks	113,177	154,402	15,301
Emerging market stocks	<u>268,684</u>	<u>316,983</u>	<u>275,702</u>
	2,355,472	2,285,350	941,571
Valuation adjustment	<u>(55,235)</u>	<u>30,832</u>	<u>(35,601)</u>
Subtotal	<u>2,300,237</u>	<u>2,316,182</u>	<u>905,970</u>
Total	<u>\$ 32,076,513</u>	<u>31,059,002</u>	<u>26,439,671</u>

1) Debt instrument investments measured at fair value through other comprehensive income

The Group has assessed the debentures shown above are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities; therefore, they have been classified as financial asset at fair value through other comprehensive income.

2) Equity instrument investments measured at fair value through other comprehensive income

For the three months ended March 31, 2025 and 2024, the dividends were recognized from the Group equity instrument investments measured at fair value through other comprehensive income — current amounted to \$5,639 and \$720, respectively. For the three months ended March 31, 2025 and 2024, there were no holdings of equity instrument investments, and the dividends were recognized from the disposing equity instrument investments amounted to \$400 and \$0, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold equity instrument at fair value through other comprehensive income (FVOCI) - current at a fair value \$962,429 and \$375,672, respectively, cumulative dispose gains (losses) for the three months ended March 31, 2025 and 2024, amounted to \$24,287 and \$61,932, respectively, were transferred from other equity items to retained earnings.

- 3) For credit risk (including the impairment of debt instrument investments) and market risk; please refer to note 6(x).
- 4) For the three months ended March 31, 2025 and 2024, impairment test has been applied by the Group, the variation of loss allowance in the debt instrument measured at fair value through other comprehensive income of the Group please refer to note 6(x).
- 5) As of March 31, 2025, December 31, 2024 and March 31, 2024, financial assets at fair value through other comprehensive income undertaken for repurchase agreements of the Group, please refer to note 8 for details.

(iii) Financial assets at fair value through profit or loss - non-current:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Mandatorily measured at fair value through profit or loss:			
Government bonds	\$ 179,628	179,604	180,887
Valuation adjustment	<u>(1,470)</u>	<u>(1,874)</u>	<u>(1,524)</u>
Total	<u><u>\$ 178,158</u></u>	<u><u>177,730</u></u>	<u><u>179,363</u></u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group took advantage of government bonds as guaranty deposited of bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business (for details please refer to note 8).

(iv) Financial assets at fair value through other comprehensive income - non-current

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Equity instruments at fair value through other comprehensive income			
Non-listed or non-over-the-counter stocks	\$ 1,606,763	1,601,763	793,439
Foreign stocks	<u>245,333</u>	<u>245,333</u>	<u>245,333</u>
	1,852,096	1,847,096	1,038,772
Valuation adjustment	<u>2,831,939</u>	<u>2,863,356</u>	<u>2,630,399</u>
Total	<u><u>\$ 4,684,035</u></u>	<u><u>4,710,452</u></u>	<u><u>3,669,171</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024, the dividends were recognized from the Group equity instrument investments at fair value through other comprehensive income – non-current amounted to \$575 and \$508, respectively.

For the three months ended March 31, 2025 and 2024 under the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold equities recognized in FVOCI non-current for a fair value \$0 and \$5,222, generated cumulative dispose (losses) gains \$0 and \$1,722.

- (v) The Group uses Value at risk (VaR) to monitor and measure the market risk of its investment in equity stocks. VaR refers to the unexpected loss of financial instruments derived from the changes in market risk factors within certain time periods and confidence level. The table below discloses the VaR, which is the estimation of potential loss in ten days and is covered by 99% of the adverse changes in market prices. In the table below by using this assumption, 2.5 out of 250 days VaR will exceed the disclosed amounts due to the changes in market price. For the three months ended March 31, 2025 and 2024 VaR (99%, per 10-day) of equity stocks are as follows:

Type of market risk	March 31, 2025	December 31, 2024	March 31, 2024	For the three months ended March 31,					
				2025			2024		
				Mean	Maximum	Minimum	Mean	Maximum	Minimum
Equity stocks	2,913,681	3,267,170	3,206,024	3,161,865	3,325,106	2,913,681	3,017,740	3,206,024	2,836,760

- (vi) Financial assets at amortized cost - non-current

	March 31, 2025	December 31, 2024	March 31, 2024
1) Debt Instrument at amortized cost :			
Financial debentures	\$ 500,000	500,000	500,000
Foreign currency debentures	6,112,946	6,069,135	5,557,929
	6,612,946	6,569,135	6,057,929
Less: loss allowance	(2,129)	(2,103)	(2,008)
Total	<u>\$ 6,610,817</u>	<u>6,567,032</u>	<u>6,055,921</u>

The Group has assessed the assets shown above are held for collecting the contractual cash flows, and these financial assets' cash flows are expected to completely provided by repayment of principal and interest calculated on the basis of outstanding principal amount; therefore, they have been classified as debt instrument investments measured at amortized cost.

For credit risk (including the impairment of debt instrument investments) please refer to note 6(x).

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Profit and Loss arisen from Sale of Financial Assets at amortized cost and the derecognized carrying amount on the date of derecognition:

	For the three months ended March 31,	
	2025	2024
Carrying amount on the date of derecognition	\$ 163,925	-
	For the three months ended March 31,	
	2025	2024
Current profit and loss	\$ -	-

The reason for the Group selling financial assets measured at amortized cost is that the credit risk of the bond issuer has been increased, and other sales are infrequent (even if the amount is significant), or the individual and collective amounts are not significant (even if frequent).

- (c) Bonds purchased under resale agreements

	March 31, 2025	December 31, 2024	March 31, 2024
Bonds purchased under resell agreements	\$ 250,116	250,121	130,003
Agreed-upon resale amounts	\$ 250,166	250,154	130,029
Interest rate	1.00%	1.00%	1.00%
Date of resale	2025.4.2~2025.4.8	2025.1.2~2025.1.6	2024.4.1~2024.4.8

- (d) Accounts Receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Receivable on securities purchased by customers	\$ 46,244	57,552	117,557
Interests receivable	1,163,278	1,046,166	774,798
Receivables on securities sold	25,918,884	12,344,224	23,232,443
Others	373,559	336,146	241,931
Total	\$ 27,501,965	13,784,088	24,366,729

For credit risk and the variation of loss allowance in receivables, please refer to note 6(x).

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Customers' margin account / Futures traders' equity

Reconciliation of the customers' margin account and the futures traders' equity was as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Customers' margin account			
Cash in banks	\$ 34,118,056	30,889,798	29,824,045
Customers' margin account - futures clearing house	9,641,180	10,544,939	8,759,036
Customers' margin account - other futures commission merchants	7,459,101	7,145,394	5,157,306
Marketable securities	<u>160,535</u>	<u>230,153</u>	<u>235,109</u>
Total customers' margin account	<u>51,378,872</u>	<u>48,810,284</u>	<u>43,975,496</u>
Add:			
Commission expense	1,302	1,542	4,757
Other payable	-	-	48,471
Other	121	1,159	51
Less:			
Brokerage fee revenue	(10,912)	(9,133)	(16,144)
Futures transaction tax	(5,248)	(3,169)	(3,699)
Interest revenues	(9,191)	(5,941)	(2,347)
Temporary receipts	(635)	(33,377)	(694)
Remittance amount of the customers after the market closed	(66,597)	(13,558)	(12,999)
Other receivable	<u>(164,913)</u>	<u>(195,662)</u>	<u>-</u>
Futures traders' equity	<u><u>\$ 51,122,799</u></u>	<u><u>48,552,145</u></u>	<u><u>43,992,892</u></u>

(f) Investments accounted for under equity method

As of March 31, 2025, December 31, 2024 and March 31, 2024, investments under equity method consisted of the following:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Subsidiaries			
Capital Insurance Advisory Corp.	\$ 76,965	64,438	53,439
Associates			
Capital Investment Trust Corp.	1,705,979	1,603,918	1,487,103
Enno Cap Venture Inc.	<u>4</u>	<u>4</u>	<u>75</u>
Subtotal	<u>1,705,983</u>	<u>1,603,922</u>	<u>1,487,178</u>
Total	<u><u>\$ 1,782,948</u></u>	<u><u>1,668,360</u></u>	<u><u>1,540,617</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Subsidiaries:

For the three months ended March 31, 2025 and 2024, the Group's share of gains or losses and the summarized financial information of the subsidiaries were as follows:

		For the three months ended March 31,	
		2025	2024
The Group's share of gains based on the subsidiaries' financial statements		<u>\$ 12,525</u>	<u>8,958</u>
		December 31,	
	March 31, 2025	2024	March 31, 2024
Total assets	<u>\$ 106,848</u>	<u>94,992</u>	<u>79,958</u>
Total liabilities	<u>\$ 29,883</u>	<u>30,554</u>	<u>26,519</u>
		For the three months ended March 31,	
		2025	2024
Revenue		<u>\$ 56,166</u>	<u>50,858</u>
Net income		<u>\$ 12,525</u>	<u>8,958</u>

(ii) Associates

Name of associate	Nature between the Company	Primary business area and registered country	Proportion of Ownership and Voting Rights		
			March 31, 2025	December 31, 2024	March 31, 2024
Capital Investment Trust Corp.	Engaged in security investment and discretionary investment services.	Taiwan	20.00 %	20.00 %	20.00 %
Enno Cap Venture Inc.	Liquidation in progress.	Taiwan	- %	40.00 %	40.00 %

The Group holds 20% of the voting shares of Capital Investment Trust Corp., which is the single largest shareholder. Although the remaining 80% of the outstanding in shares are not concentrated in specific shareholders, the Group still cannot obtain more than half of the board seats, and it has not obtained more than half of the voting rights of the shareholders present at the shareholders meeting, so the Group has determined that it has significant influence on it.

Summarized financial information of associates accounted for under equity method that was individually immaterial to the Group was shown in aggregate as follows:

		December 31,	
		2024	March 31, 2024
Total carrying amount of interests in associates that were individually immaterial	<u>\$ 1,705,983</u>	<u>1,603,922</u>	<u>1,487,178</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
	2025	2024
The Group's share of gains based on the associates' financial statements:		
Net gains from continuing operations	\$ 102,062	65,984
Total comprehensive income (losses)	<u>\$ 102,062</u>	<u>65,984</u>

(iii) Collateral

As of March 31, 2025, December 31, 2024 and March 31, 2024, none of the investment accounted for under equity method of the Group was pledged for collateral.

(g) Property and equipment

Movements in property and equipment of the Group are as follows:

	Land	Buildings	Equipment	Leasehold improvements	Total
Cost or deemed cost					
Balance at January 1, 2025	\$ 2,045,574	1,271,209	826,004	198,039	4,340,826
Additions	-	-	71,423	5,453	76,876
Reclassified to investment property	-	(24,513)	-	-	(24,513)
Disposals and retirements	-	-	(83,629)	(17,782)	(101,411)
Effect of exchange rate changes	-	930	1,102	149	2,181
Balance at March 31, 2025	<u>\$ 2,045,574</u>	<u>1,247,626</u>	<u>814,900</u>	<u>185,859</u>	<u>4,293,959</u>
Balance at January 1, 2024	\$ 2,045,574	1,266,014	794,986	279,705	4,386,279
Additions	-	-	40,513	3,258	43,771
Disposals and retirements	-	-	(115,645)	(89,615)	(205,260)
Effect of exchange rate changes	-	3,234	2,948	497	6,679
Balance at March 31, 2024	<u>\$ 2,045,574</u>	<u>1,269,248</u>	<u>722,802</u>	<u>193,845</u>	<u>4,231,469</u>
Depreciation and impairment loss					
Balance at January 1, 2025	\$ -	586,587	475,677	127,547	1,189,811
Depreciation	-	6,252	32,692	9,656	48,600
Reclassified to investment property	-	(13,431)	-	-	(13,431)
Disposals and retirements	-	-	(83,629)	(17,782)	(101,411)
Effect of exchange rate changes	-	506	933	89	1,528
Balance at March 31, 2025	<u>\$ -</u>	<u>579,914</u>	<u>425,673</u>	<u>119,510</u>	<u>1,125,097</u>
Balance at January 1, 2024	\$ -	558,490	465,829	179,175	1,203,494
Depreciation	-	6,327	33,205	10,360	49,892
Disposals and retirements	-	-	(115,535)	(89,615)	(205,150)
Effect of exchange rate changes	-	1,701	2,630	234	4,565
Balance at March 31, 2024	<u>\$ -</u>	<u>566,518</u>	<u>386,129</u>	<u>100,154</u>	<u>1,052,801</u>
Carrying amount:					
March 31, 2025	<u>\$ 2,045,574</u>	<u>667,712</u>	<u>389,227</u>	<u>66,349</u>	<u>3,168,862</u>
January 1, 2025	<u>\$ 2,045,574</u>	<u>684,622</u>	<u>350,327</u>	<u>70,492</u>	<u>3,151,015</u>
March 31, 2024	<u>\$ 2,045,574</u>	<u>702,730</u>	<u>336,673</u>	<u>93,691</u>	<u>3,178,668</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the property and equipment which were provided as collateral or pledge, please refer to note 8 for details.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right-of-use assets

	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Carrying amount:			
March 31, 2025	\$ <u>541,376</u>	<u>13,074</u>	<u>554,450</u>
January 1, 2025	\$ <u>546,206</u>	<u>14,751</u>	<u>560,957</u>
March 31, 2024	\$ <u>633,625</u>	<u>14,001</u>	<u>647,626</u>
		<u>For the three months ended March 31,</u>	
		<u>2025</u>	<u>2024</u>
Additions of Right-of-use assets		\$ <u>47,598</u>	<u>26,739</u>
Depreciation for the period			
Buildings		\$ 50,409	49,581
Others		<u>1,970</u>	<u>2,120</u>
		\$ <u>52,379</u>	<u>51,701</u>

(i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Carrying Amount:</u>			
March 31, 2025	\$ <u>2,910,133</u>	<u>517,356</u>	<u>3,427,489</u>
January 1, 2025	\$ <u>2,910,133</u>	<u>512,027</u>	<u>3,422,160</u>
March 31, 2024	\$ <u>2,910,133</u>	<u>529,353</u>	<u>3,439,486</u>
<u>Fair Value:</u>			
March 31, 2025			<u>7,319,892</u>
January 1, 2025			<u>7,300,845</u>
March 31, 2024			<u>7,303,936</u>

The Group selected to apply Cost Method to evaluate investment property. The fair value of investment property was evaluated and estimated by using Market Method based on the market evidence of transaction price of similar properties in the locations, and it belongs to level 3.

As of March 31, 2025, December 31, 2024 and March 31, 2024, the investment properties were provided as collateral or pledged, for details please refer to note 8.

For the three months ended March 31, 2025 and 2024, the depreciation expense of the Group amounted to \$5,995 and \$5,890, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There was no significant acquisition, disposal and impairment loss or reversal of impairment losses of investment properties of the Group in the periods for the three months ended March 31, 2025 and 2024. For the three months ended March 31, 2025 and 2024, \$11,082 and \$0 of land and buildings out of use were transferred to investment property.

Investment property include several commercial buildings for lease. Each lease contract contains original non-cancellable lease period of 1 to 12 years, which the subsequent lease period is negotiable with lessee, and no contingent rent payment. Related information (including rental revenue and direct operation expense), please refer to note 6(w).

Lessor

The Group leases investment property to other under operating lease agreements. The future lease receivables under non-cancellable leases are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Within 1 year	\$ 156,984	146,370	134,296
1-5 years	372,037	356,243	423,412
Over 5 years	49,500	-	602
	<u><u>\$ 578,521</u></u>	<u><u>502,613</u></u>	<u><u>558,310</u></u>

The rental revenue from investment property for the three months ended March 31, 2025 and 2024 amounted to \$46,658 and \$47,209, respectively.

(j) Intangible assets

(i) Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized goodwill. As of March 31, 2025, December 31, 2024 and March 31, 2024, the carrying amounts were all \$3,126,698.

The Capital International Technology Corp., the second level subsidiary, acquired 51% shares of the Capital True Partner Technology Co., Ltd on February 9, 2015 in order to expand operations. The Group recognized the differences between consideration transferred and fair value of identifiable net assets as goodwill. As of March 31, 2025, December 31, 2024 and March 31, 2024, the carrying amounts of goodwill were \$0, \$0 and \$5,274, respectively. Furthermore, the Group recognized an impairment loss of \$1,230 for the three months ended March 31, 2024 by using discount rate of 3.95% to be used to estimate the future recoverable amount of Capital True Partner Technology Co.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other intangible assets - Operation franchise

The Company acquired the operation franchise of securities corporation channel during 1994 to 2005 and expected the franchise will generate continuing cash inflows. In accordance with IAS No.38 “Intangible Assets” endorsed by the FSC, the franchise is regarded as intangible assets with an indefinite useful life. As of March 31, 2025, December 31, 2024 and March 31, 2024, the carrying amounts of the operation franchise were all \$389,999.

(iii) Other intangible assets - Membership of foreign futures Exchanges

The subsidiaries obtained the membership of foreign futures Exchanges - NYMEX, COMEX, CBOT, HKEX and CME for business development. In accordance with IAS 38 “Intangible Assets” endorsed by the FSC, the memberships are regarded as intangible assets with an indefinite useful life. As of March 31, 2025, December 31, 2024 and March 31, 2024, the carrying amounts of intangible assets were \$46,443, \$46,421 and \$46,354, respectively.

(iv) Other intangible assets - Computer software

Computer software was booked at cost and amortized by using the straight-line method over the estimated useful lives. As of March 31, 2025, December 31, 2024 and March 31, 2024, the amortized book value were \$56,125, \$53,648 and \$47,334, respectively.

(k) Short-term borrowings

Nature of borrowings	March 31, 2025	December 31, 2024	March 31, 2024
Collateralized loan	\$ -	-	2,605,600
Credit loan	9,451,227	7,304,896	6,567,717
Total	<u>\$ 9,451,227</u>	<u>7,304,896</u>	<u>9,173,317</u>
Interest rate range	<u>1.70%~5.19%</u>	<u>1.70%~5.59%</u>	<u>0.93%~6.25%</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group had provided land, buildings, and certificates of time deposits as collateral, for details please refer to note 8.

(l) Commercial paper payable

	March 31, 2025	December 31, 2024	March 31, 2024
Commercial paper payable	\$ 34,950,000	41,580,000	34,650,000
Less: Unamortized discount	(50,319)	(65,383)	(48,618)
Net amount	<u>\$ 34,899,681</u>	<u>41,514,617</u>	<u>34,601,382</u>
Interest rate range	<u>1.768%~1.958%</u>	<u>1.868%~2.108%</u>	<u>1.548%~1.888%</u>

All commercial papers were issued by bills of finance companies or banks.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Long-term borrowings

The details of the long-term borrowings of the Group were as follows:

(i) Long-term bank borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Credit loan	\$ 6,000,000	-	-
Less: current portion	-	-	-
Total	<u>\$ 6,000,000</u>	<u>-</u>	<u>-</u>
Unused credit lines	<u>\$ 4,000,000</u>	<u>-</u>	<u>-</u>
Borrowing of interest rates	<u>2.17%</u>	<u>-</u>	<u>-</u>

To strengthen its medium-term operating capital, the Group entered into a syndicated loan agreement with a consortium of 10 banks led by Yuanta Commercial Bank in August 2024. The total credit facility amounts to \$10 billion, with a loan term of three years starting from the first drawdown date in January 2025 .

(ii) Other long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Long-term commercial paper payable	\$ 4,500,000	4,500,000	-
Less: Unamortized discount	(2,455)	(2,858)	-
Total	<u>\$ 4,497,545</u>	<u>4,497,142</u>	<u>-</u>
Issuance commitments	<u>\$ 4,500,000</u>	<u>4,500,000</u>	<u>-</u>
Borrowing of interest rates	<u>1.96%~2.01%</u>	<u>1.97%~2.02%</u>	<u>-</u>

The Group has started to enter into non-guaranteed commercial papers loan agreements with several bills finance corporations from May 2024. The term of contracts period is 2-years and the issuance needs to be revolving during the agreement period.

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

(i) Financial liabilities at fair value through profit or loss - current

	March 31, 2025	December 31, 2024	March 31, 2024
Liabilities on sale of borrowed securities	\$ 21,321,893	21,799,169	20,539,003
Redeem liabilities on sale of borrowed securities	(97,614)	(87,291)	(82,018)
Valuation adjustment	(719,702)	96,180	301,396
Subtotal	<u>20,504,577</u>	<u>21,808,058</u>	<u>20,758,381</u>
Stock warrants issued	19,316,572	21,043,522	18,987,048
Stock warrants repurchased	<u>(18,733,034)</u>	<u>(19,979,491)</u>	<u>(17,347,448)</u>
Subtotal	<u>583,538</u>	<u>1,064,031</u>	<u>1,639,600</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2025	December 31, 2024	March 31, 2024
Sale options	\$ 332,180	94,390	79,117
IRS asset swaps	357,728	292,254	68,475
Asset swap options - short position	2,471,514	2,781,544	3,003,663
Structured notes	46,397	42,760	50,107
Leverage derivatives - non-hedging	11,465	12,900	9,411
Exchange rate derivatives	548	220	-
Equity derivatives	<u>-</u>	<u>1,408</u>	<u>1,166</u>
Subtotal	<u>3,219,832</u>	<u>3,225,476</u>	<u>3,211,939</u>
Total	<u><u>\$ 24,307,947</u></u>	<u><u>26,097,565</u></u>	<u><u>25,609,920</u></u>

(ii) Financial liabilities at fair value through profit or loss - non-current

	March 31, 2025	December 31, 2024	March 31, 2024
Financial liabilities designated at fair value through profit or loss:			
Structured notes	<u><u>\$ 114,779</u></u>	<u><u>112,762</u></u>	<u><u>-</u></u>

(o) Bonds sold under repurchase agreements

	March 31, 2025	December 31, 2024	March 31, 2024
Bonds sold under repurchase agreements	<u><u>\$ 54,364,841</u></u>	<u><u>53,622,868</u></u>	<u><u>49,943,425</u></u>
Agreed-upon repurchase amounts	<u><u>55,342,382</u></u>	<u><u>54,594,750</u></u>	<u><u>51,053,342</u></u>
Interest rates	<u><u>0.95%~4.72%</u></u>	<u><u>1.00%~5.06%</u></u>	<u><u>0.95%~5.80%</u></u>
Date of repurchase	<u><u>2025.4.1~2026.3.20</u></u>	<u><u>2025.1.2~2025.12.24</u></u>	<u><u>2024.4.1~2025.3.27</u></u>

(p) Equity for each customer in the account

	March 31, 2025	December 31, 2024	March 31, 2024
Equity for each customer in the account	<u><u>\$ 33,782,805</u></u>	<u><u>35,555,711</u></u>	<u><u>36,739,894</u></u>
Amount of separate account ledger in NTD			
Demand deposit amount	2,677,783	4,949,572	9,236,492
Time deposit amount	16,500,000	16,500,000	17,500,000
Time deposit amount in other banks(market values)	14,600,000	14,100,000	10,000,000
Total	<u><u>\$ 33,777,783</u></u>	<u><u>35,549,572</u></u>	<u><u>36,736,492</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Accounts payable

	March 31, 2025	December 31, 2024	March 31, 2024
Payable of securities sold by customers	\$ 115,199	56,776	88,693
Settlement	6,021,097	1,695,614	2,224,930
Payable of settlements	12,394,326	9,239,779	15,561,932
Others	540,091	437,742	768,003
Total	<u><u>\$ 19,070,713</u></u>	<u><u>11,429,911</u></u>	<u><u>18,643,558</u></u>

(r) Lease liabilities

The Group's lease liabilities are as follow:

	March 31, 2025	December 31, 2024	March 31, 2024
Current	<u><u>\$ 206,171</u></u>	<u><u>199,337</u></u>	<u><u>203,020</u></u>
Non-current	<u><u>\$ 391,930</u></u>	<u><u>409,190</u></u>	<u><u>494,128</u></u>

The maturity analysis please refer to note 6(x) financial instruments.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2025	2024
Interest on lease liabilities	<u><u>\$ 2,050</u></u>	<u><u>2,337</u></u>
Expenses relating to short-term leases	<u><u>\$ 4,071</u></u>	<u><u>3,385</u></u>
Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases	<u><u>\$ 1,448</u></u>	<u><u>1,403</u></u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31, 2025	2024
Total cash outflow for leases	<u><u>\$ 63,705</u></u>	<u><u>61,736</u></u>

(s) Employee benefit

(i) Defined benefit plans

In the prior fiscal year, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, pension cost in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report as of December 31, 2024 and 2023.

For the three months ended March 31, 2025 and 2024, the Group's pension expenses recognized in profit or loss were \$1,005 and \$495, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plan

In accordance with the Labor Pension Act of R.O.C, the Group contributes 6% of the employee's monthly wages to employee's individual pension accounts under the Bureau of the Labor Insurance. Therefore, the Group has no further legal or constructive obligations to make any additional contribution once the contributions have been paid.

The Group contributed \$30,493 and \$25,686 under defined contribution plan to the Bureau of the Labor Insurance for the three months ended March 31, 2025 and 2024, respectively.

(iii) For the three months ended March 31, 2025 and 2024, the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$1,752 and \$1,318, respectively.

(iv) Provision for employee benefits liabilities

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Compensated absences	\$ <u>64,812</u>	<u>61,267</u>	<u>59,683</u>

(t) Income tax

(i) The Group's tax rate interpretation was as follow:

The Company and its consolidated subsidiaries including Capital Investment Management Corp., Capital Futures Corp., CSC Venture Capital Corp., CSC Capital Management Co. and CSC Private Equity Fund I Co. are founded in Taiwan. The corporate income tax rates are both 20% for the three months ended March 31, 2025 and 2024.

The subsidiaries CSC International Holdings Ltd. and Taiwan International Securities (B.V.I) Corp is founded in British Virgin Islands, and it has a tax exemption for the three months ended March 31, 2025 and 2024.

The tax rates of reinvestment business of subsidiaries which founded in Hong Kong are all 16.5% for the three months ended March 31, 2025 and 2024.

The tax rates of reinvestment business of subsidiaries founded in Mainland China are all 25% for the three months ended March 31, 2025 and 2024.

(ii) The detail of income tax expense or benefit was as follows:

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Current tax expense	\$ 116,612	244,682
Deferred income tax expense (benefit)	<u>74,481</u>	<u>(109,371)</u>
Total	\$ <u>191,093</u>	<u>135,311</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) The amounts of income tax expense (benefit) recognized in other comprehensive income were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Foreign exchange difference from translating financial statement of foreign operations	<u>\$ 4,049</u>	<u>13,219</u>

- (iv) Income tax assessment status

- 1) The Company's income tax returns through 2022 were assessed by the Tax Authority.
- 2) Subsidiary - Capital Investment Management Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 3) Subsidiary - Capital Futures Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 4) Subsidiary - Capital International Technology Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 5) Subsidiary - CSC Venture Capital Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 6) Subsidiary - CSC Capital Management Co.'s income tax returns through 2023 were assessed by the Tax Authority.
- 7) Second level Subsidiary - CSC Private Equity Fund I Co.'s income tax returns through 2022 were assessed by the Tax Authority.

- (u) Capital and other equity

- (i) Capital stock

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Company had authorized capital of \$30,000,000 and issued common stock were all 2,170,908 thousand shares, with a par value of \$10 per share.

- (ii) Capital surplus

In accordance with the ROC Company Act amended in January 2012, realized capital surplus can only be used to cover accumulated deficit or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the company has no accumulated deficit. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the amount of capital surplus to be capitalized shall not exceed 10 percent of the paid-in capital each year.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The followings are the capital surplus of the Company:

	March 31, 2025	December 31, 2024	March 31, 2024
Premium from stock issuance	\$ 1,661,604	1,661,604	1,661,604
Treasury stock transactions	486,556	486,556	486,556
Paid-in capital from merger	563,715	563,715	563,715
Difference between consideration transferred and carrying amount of subsidiaries acquired and disposed	1,042	1,042	1,042
Changes in ownership interests in subsidiaries	68,178	30,340	30,339
	<u><u>\$ 2,781,095</u></u>	<u><u>2,743,257</u></u>	<u><u>2,743,256</u></u>

(iii) Retained earnings

1) Legal reserve

If the company incurs no loss for the year, the distribution of the legal reserve, either by issuing new shares or by cash, shall be decided at the shareholders' meeting, and only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

2) Special reserve

In accordance with Article 41 of the "Securities and Exchange Act", 20 percent of the current year's earnings after tax should be set aside as special reserve. Ruling No. 1100365484 issued by the Financial Supervisory Commission on January 21, 2022, 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 deduction in stockholders' equity of the prior period, the equal amount of special reserve set aside based on undistributed earnings should not be distributed. If there is any reversal of the deduction in stockholders' equity, the earnings may be distributed based on the reversal proportion.

Originally in accordance with Ruling No. 10500278285 issued by the Financial Supervisory Commission on August 5, 2016, 0.5% to 1.0% of the current year's earnings after tax should be set aside as special reserve for year 2016 to 2018. From year 2017, the aforementioned special reserve can be reversed within an amount equal to the expenditures stemming from employee re-training, re-assignments, or relocations made necessary by the introduction of financial technology; However, in accordance with Ruling No. 1080321644 issued by the Financial Supervisory Commission on July 10, 2019, from year 2019, a special reserve can not to be set aside. From year 2019, the special reserve can be reversed within an amount equal to special reserve for prior year when the aforementioned fees being expended.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Undistributed earnings

According to the Company's Articles of Incorporation, after-tax earnings should first offset accumulated deficit, and then appropriated 10% as legal reserve, 20% as special reserve and any other as required by law.

The Company's earnings distribution was proposed by board of directors and is subject to the resolution of the shareholders' meeting. The shareholders' meeting may declare dividends after retaining a certain portion of earnings. The amount of earnings to distribute after retaining earnings must be higher than 10% of the distributable balance. According to the capital budget of the Company, the payout of stock dividend is for retaining necessary capital and the remainder can be paid as cash dividend. Cash dividend shall not fall below 10% of the total dividend.

The Company's fiscal year 2024 earnings distribution proposed by the board of directors on March 7, 2025, and fiscal year 2023 earnings distribution resolved by the shareholders' meeting on June 27, 2024. Dividends distributed to the owners were as follows:

	<u>2024</u>		<u>2023</u>
	<u>Amount</u>	<u>Dividends per share (dollar)</u>	<u>Amount</u>
Cash dividends	<u>\$ 3,256,362</u>	1.50	<u>2,887,307</u>
			1.33

The information about the appropriations is available at the Market Observation Post System website.

(v) Earnings per share

The basic earnings per share and dilutive earnings per share were calculated as follows:

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Net income attributable to common shareholders of the Company	<u>\$ 874,656</u>	<u>1,356,808</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>2,170,908</u>	<u>2,170,908</u>
Basic earnings per share (dollar)	<u>\$ 0.40</u>	<u>0.62</u>
Effect of potentially dilutive common stock	<u>602</u>	<u>1,553</u>
- Employee remuneration (thousands of shares) (Note)		
Weighted-average number of outstanding shares for calculating dilutive	<u>2,171,510</u>	<u>2,172,461</u>
EPS (thousands of shares)		
Dilutive earnings per share (dollar)	<u>\$ 0.40</u>	<u>0.62</u>

Note: The number of shares issued was calculated based on the closing price at the reporting date.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Items of the statements of comprehensive income

(i) Brokerage commissions

	For the three months ended March 31,	
	2025	2024
Brokerage commission from TSE market	\$ 737,645	841,529
Brokerage commission from OTC market	242,235	269,724
Handling fee from security financing	7,049	6,518
Futures commission income - brokerage	449,225	401,505
Overseas subsidiaries	3,821	4,117
Others	51,399	38,234
	\$ 1,491,374	1,561,627

(ii) Underwriting commissions

	For the three months ended March 31,	
	2025	2024
Revenue from underwriting securities on a firm commitment basis	\$ 13,310	11,716
Handling fee revenues from underwriting securities on consignment	371	267
Processing fee revenues from underwriting operations	4,548	4,778
Revenue from underwriting consultation	720	810
Others	400	3,405
	\$ 19,349	20,976

(iii) Net gains (losses) on sale of trading securities

	For the three months ended March 31,	
	2025	2024
Gains (losses) on securities sold - proprietary trading	\$ 51,566	2,043,197
Gains (losses) on securities sold - underwriting	30,829	6,051
Gains (losses) on securities sold - hedging	(88,155)	1,091,746
	\$ (5,760)	3,140,994

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest revenue

	For the three months ended March 31,	
	2025	2024
Interest revenue - margin loans	\$ 272,283	229,996
Interest revenue - bonds	411,233	400,847
Interest revenue - each customer in the account	127,122	94,569
Interest revenue - securities business money lending	226,144	54,634
Overseas subsidiaries	4,184	5,892
Others	43,158	33,879
	\$ 1,084,124	819,817

(v) Net gains (losses) on measurement of trading securities at fair value through profit or loss

	For the three months ended March 31,	
	2025	2024
Trading securities - proprietary	\$ (517,355)	539,568
Trading securities - underwriting	(30,063)	(80)
Trading securities - hedging	(680,834)	654,008
	\$ (1,228,252)	1,193,496

(vi) Net gains (losses) on stock warrants issued

	For the three months ended March 31,	
	2025	2024
Gains on changes in fair value of stock warrants	\$ 15,161,912	(1,063,238)
Gains on exercise of stock warrants before maturity	7,575,071	28,128,428
Losses on changes in fair value of stock warrants repurchased	(22,085,808)	(27,494,927)
Gains on expiration of stock warrants	41,231	13,353
Stock warrants issuance expenses	(108,832)	(150,389)
	\$ 583,574	(566,773)

(vii) Futures commission revenues

	For the three months ended March 31,	
	2025	2024
Futures commission revenues - CSC Futures (HK) Ltd.	\$ 141,171	88,844

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Future commission revenues is the commission revenue from future trading by CSC Futures (HK) Ltd, the second level subsidiary, which is reflected under “Brokerage Commission Income”. The Group recognized the commission from CSC Futures (HK) Ltd as “Futures commission revenues” in the consolidated financial statements.

(viii) Commission expenses - future

	For the three months ended March 31,	
	2025	2024
Future trading - reconsignment	\$ 69,051	59,907
Future trading - introducing brokers	880	635
Commission expenses - CSC Futures (HK) Ltd.	20,194	16,464
	\$ 90,125	77,006

(ix) Employee benefits, depreciation, and amortization expenses

	For the three months ended March 31,	
	2025	2024
Employee benefit expenses		
Salary expense	\$ 904,805	796,352
Health and labor insurance expense	68,395	61,824
Pension expense	33,250	27,499
Others	29,526	24,744
Depreciation expense	106,974	107,483
Amortization expense	12,242	14,232
	\$ 1,155,192	1,032,134

(x) Other operating expenses

	For the three months ended March 31,	
	2025	2024
Rental expense	\$ 5,535	4,809
Taxes	216,064	246,199
Information technology expense	96,335	82,415
Postage expense	82,523	63,177
Professional service fee	5,744	5,429
Security borrowed expense	179,661	145,878
Other expenses	308,895	270,907
	\$ 894,757	818,814

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xi) Other gains and losses

	For the three months ended March 31,	
	2025	2024
Financial revenue	\$ 412,216	344,620
Currency exchange gains (losses)	8,714	8,403
Net gains (losses) on disposal of investment	14,719	18,400
Net gains (losses) on measurement of non-operating financial instruments at fair value through profit or loss	(35,947)	68,459
Revenue from bank's allocation fee	44,435	48,109
Dividend revenue	1,291	1,333
Rental income	46,658	47,209
Others	7,612	5,405
	\$ 499,698	541,938

(xii) Remuneration to employees and directors

According to the Company's Articles of Incorporation, the Company shall appropriate 0.6% to 2.0% of its earnings, if applicable, as remuneration to employees. The Board of Directors shall determine if the employees' remuneration distributed, in the form of shares or in cash. The targets of remuneration shall include the employees of subsidiaries meeting certain specific requirement that shall be determined by the Company's Board of Directors. The Company shall also appropriate no more than 3% of the aforementioned amount of earnings as remuneration to the Directors. The proposal for the remuneration to employees and directors shall be reported to the shareholders' meeting. If there is accumulated deficit, specific amount shall be retained to cover, and appropriate the remainder in the aforementioned percentage as remuneration to employees and directors.

For the three months ended March 31, 2025 and 2024, the estimated amounts of remuneration to employees were \$15,264 and \$29,737, respectively, and to directors were \$10,176 and \$44,606, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and director multiple the earnings allocation percentage as stated under the Company's Articles of Incorporation and were recognized as operating expense. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023, the estimated amounts of remuneration to employees were \$88,718 and \$92,459, and to directors were \$29,285 and \$138,689 by the Company. The remuneration to employees and directors in 2024 have not been distributed. The difference between actual employee remuneration in 2023 of \$73,000 and actual remuneration to directors of \$17,926 were \$140,222 in total. The difference was accounted for as changes in accounting estimates and would be recognized as profit or loss in 2024. The information about the appropriations of remuneration to employees and to directors approved by the Board of Directors is available at the website of the Market Observation Post System.

For the three months ended March 31, 2025 and 2024, the estimated amounts of remuneration to employees were \$5,058 and \$5,091 and to directors were \$5,029 and \$5,091 by the domestic subsidiaries of the Group, respectively.

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. As of March 31, 2025, December 31, 2024 and March 31, 2024, the maximum credit exposure amounted to \$258,158,864, \$251,623,021 and \$229,830,349, respectively.

The regional distribution of financial assets' credit risk exposure amount which owned by the Group is as the list below. The region of exposure is mostly in Taiwan (accounted for 86.33%); secondly, is in Asia (accounted for 5.29%, exclusion of Taiwan); then, is in Europe (accounted for 4.45%). Compare to the same period of last year, there is no significant change in proportion of region of investments.

<u>Region</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Taiwan	\$ 222,877,087	218,229,776	195,928,695
Asia (Taiwan is excluded)	13,666,656	12,777,068	13,801,337
Europe	11,497,699	9,249,483	8,786,618
America	10,117,422	11,366,694	11,313,699
Total	<u>\$ 258,158,864</u>	<u>251,623,021</u>	<u>229,830,349</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Impairment loss

The Group's aging analysis of receivables at reporting date was as follows:

	March 31, 2025		December 31, 2024		March 31, 2024	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Not past due	\$ 82,429,312	33,630	69,389,188	29,602	60,663,687	29,972
Past due 0~30 days	-	-	-	-	1,159	1,159
Past due 31~120 days	-	-	213	213	-	-
Past due 121~360 days	707	707	1,653	1,653	478	478
Past due more than 360 days	266,443	266,443	269,377	269,377	268,109	268,109
	<u>\$ 82,696,462</u>	<u>300,780</u>	<u>69,660,431</u>	<u>300,845</u>	<u>60,933,433</u>	<u>299,718</u>

Allowance for doubtful debts under receivables and overdue receivables are recorded for the impairment loss. When a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of March 31, 2025, December 31, 2024 and March 31, 2024, the impairment losses of receivables were \$300,780, \$300,845 and \$299,718, respectively.

3) Credit risk of receivables and debt securities

Debt securities held by the Group including government bonds, listed and unlisted debt securities are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2024.

The Group regards a financial asset as a default when the client of brokerage business is unable to fulfill the settlement obligation, which the counterparty is unable to pay the Group. Thus, the Group will recognize the impairment losses.

The loss allowance provision for the three months ended March 31, 2025 and 2024 was as follows:

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2025	\$ -	12,595	2,103	-	-	-	300,845	-	-	315,543
Provision or reversal of Impairment loss	-	1,229	26	-	-	-	(62)	-	-	1,193
Amounts written off	-	-	-	-	-	-	(280)	-	-	(280)
Effect of exchange rate	-	-	-	-	-	-	277	-	-	277
Balance on March 31, 2025	<u>\$ -</u>	<u>13,824</u>	<u>2,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,780</u>	<u>-</u>	<u>-</u>	<u>316,733</u>

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2024	\$ -	9,682	1,721	-	-	-	297,746	-	-	309,149
Provision or reversal of Impairment loss	-	1,709	283	-	-	-	1,097	-	-	3,089
Amounts written off	-	-	-	-	-	-	(94)	-	-	(94)
Effect of exchange rate	-	-	4	-	-	-	969	-	-	973
Balance on March 31, 2024	<u>\$ -</u>	<u>11,391</u>	<u>2,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,718</u>	<u>-</u>	<u>-</u>	<u>313,117</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the effect of contract maturity on financial liabilities. The Group does not expect that the cash flow included in the maturity analysis could occur significantly earlier or at significantly different amounts.

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
March 31, 2025							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 20,504,577	20,504,577	20,504,577	-	-	-	-
Stock warrants issued	583,538	583,538	453,572	112,796	17,170	-	-
Put options	332,180	332,180	332,180	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	358,276	358,276	2,981	7,498	136,839	210,958	-
Asset swap option - short position	2,471,514	2,471,514	101,020	272,206	911,252	1,187,036	-
Leverage derivatives - non- hedging	11,465	11,465	11,465	-	-	-	-
Structured notes	161,176	161,176	20,923	2,009	16,800	6,665	114,779
Short-term borrowings	9,451,227	9,451,227	9,451,227	-	-	-	-
Commercial paper payable	34,899,681	34,950,000	34,950,000	-	-	-	-
Bonds sold under repurchase agreements	54,364,841	55,342,382	33,626,572	21,715,810	-	-	-
Guarantee deposited for short sales	951,982	951,982	951,982	-	-	-	-
Proceeds payable from short sales	1,028,124	1,028,124	1,028,124	-	-	-	-
Securities lending refundable deposits	17,669,588	17,669,588	17,669,588	-	-	-	-
Futures traders' equity	51,122,799	51,122,799	51,122,799	-	-	-	-
Equity for each customer in the account	33,782,805	33,782,805	33,782,805	-	-	-	-
Leverage contract trading customers' equity	886,394	886,394	886,394	-	-	-	-
Notes payable and accounts payable	540,167	540,167	540,167	-	-	-	-
Receipts under custody	219,100	219,100	219,100	-	-	-	-
Other payables	1,109,986	1,109,986	1,108,402	1,584	-	-	-
Other financial liabilities	8,731,708	8,731,708	7,908,184	128,411	605,389	89,724	-
Lease liabilities	598,101	602,199	104,374	105,745	180,909	209,995	1,176
Long-term borrowings	10,497,545	10,500,000	-	-	4,500,000	6,000,000	-
	<u>\$ 250,276,774</u>	<u>251,311,187</u>	<u>214,776,436</u>	<u>22,346,059</u>	<u>6,368,359</u>	<u>7,704,378</u>	<u>115,955</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2024							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 21,808,058	21,808,058	21,808,058	-	-	-	-
Stock warrants issued	1,064,031	1,064,031	854,432	194,900	14,699	-	-
Put options	94,390	94,390	94,390	-	-	-	-
Equity derivatives	1,408	1,408	1,408	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	292,474	292,474	2,730	7,013	100,976	181,755	-
Asset swap option - short position	2,781,544	2,781,544	160,425	340,580	1,043,668	1,236,871	-
Leverage derivatives - non- hedging	12,900	12,900	12,900	-	-	-	-
Structured notes	155,522	155,522	16,400	2,865	9,078	14,417	112,762
Short-term borrowings	7,304,896	7,304,896	7,304,896	-	-	-	-
Commercial paper payable	41,514,617	41,580,000	41,580,000	-	-	-	-
Bonds sold under repurchase agreements	53,622,868	54,594,750	35,154,961	19,439,789	-	-	-
Guarantee deposited for short sales	2,527,527	2,527,527	2,527,527	-	-	-	-
Proceeds payable from short sales	2,874,680	2,874,680	2,874,680	-	-	-	-
Securities lending refundable deposits	16,292,813	16,292,813	16,292,813	-	-	-	-
Futures traders' equity	48,552,145	48,552,145	48,552,145	-	-	-	-
Equity for each customer in the account	35,555,711	35,555,711	35,555,711	-	-	-	-
Leverage contract trading customers' equity	907,350	907,350	907,350	-	-	-	-
Notes payable and accounts payable	437,894	437,894	437,894	-	-	-	-
Receipts under custody	825,388	825,388	825,388	-	-	-	-
Other payables	1,414,546	1,414,546	1,413,476	1,070	-	-	-
Other financial liabilities	6,936,176	6,936,176	6,021,004	399,130	411,672	104,370	-
Lease liabilities	608,527	622,694	112,405	93,787	175,401	239,757	1,344
Long-term borrowings	4,497,142	4,500,000	-	-	4,500,000	-	-
	<u>\$ 250,082,607</u>	<u>251,136,897</u>	<u>222,510,993</u>	<u>20,479,134</u>	<u>6,255,494</u>	<u>1,777,170</u>	<u>114,106</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
March 31, 2024							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 20,758,381	20,758,381	20,758,381	-	-	-	-
Stock warrants issued	1,639,600	1,639,600	1,183,948	440,169	15,483	-	-
Put options	79,117	79,117	79,117	-	-	-	-
Equity derivatives	1,166	1,166	1,166	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	68,475	68,475	1,653	8,991	9,618	48,213	-
Asset swap option - short position	3,003,663	3,003,663	180,075	477,152	901,638	1,444,798	-
Leverage derivatives - non- hedging	9,411	9,411	9,411	-	-	-	-
Structured notes	50,107	50,107	27,360	1,510	3,740	17,497	-
Short-term borrowings	9,173,317	9,173,317	9,173,317	-	-	-	-
Commercial papers payable	34,601,382	34,650,000	34,650,000	-	-	-	-
Bonds sold under repurchase agreements	49,943,425	51,053,342	41,258,319	9,795,023	-	-	-
Guarantee deposited for short sales	1,227,160	1,227,160	1,227,160	-	-	-	-
Proceeds payable from short sales	1,373,116	1,373,116	1,373,116	-	-	-	-
Securities lending refundable deposits	17,081,008	17,081,008	17,081,008	-	-	-	-
Futures traders' equity	43,992,892	43,992,892	43,992,892	-	-	-	-
Equity for each customer in the account	36,739,894	36,739,894	36,739,894	-	-	-	-
Leverage contract trading customers' equity	689,589	689,589	689,589	-	-	-	-
Notes payable and accounts payable	768,083	768,083	768,083	-	-	-	-
Receipts under custody	711,971	711,971	711,971	-	-	-	-
Other payables	1,404,779	1,404,779	1,403,481	1,298	-	-	-
Other financial liabilities	5,148,341	5,148,341	4,409,854	149,942	329,809	258,736	-
Lease liabilities	697,148	715,239	102,552	108,150	180,786	321,903	1,848
	<u>\$ 229,162,025</u>	<u>230,338,651</u>	<u>215,822,347</u>	<u>10,982,235</u>	<u>1,441,074</u>	<u>2,091,147</u>	<u>1,848</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk of financial assets and liabilities is as follows:

		March 31, 2025		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>				
<u>Monetary Item</u>				
USD	\$	1,185,694	33.2050	39,370,969
AUD		6,932	20.8100	144,255
CAD		13	23.1600	301
CHF		365	37.6850	13,755
EUR		21,443	35.9700	771,305
GBP		1,421	43.0500	61,174
HKD		302,263	4.2680	1,290,058
JPY		2,151,136	0.2227	479,058
SGD		213	24.7700	5,276
CNY		69,967	4.5730	319,959
ZAR		6,518	1.8190	11,856
KRW		338,349	0.0228	7,714
NZD		47	18.9300	890
THB		3,707	0.9842	3,648
MYR		243	7.2195	1,754
VND		8,681,559	0.0013	11,286
INR		27,360	0.3874	10,599
<u>Non-Monetary Item</u>				
USD		723,507	33.2050	24,024,050
AUD		129,964	20.8100	2,704,551
CHF		29	37.6850	1,093
EUR		62,675	35.9700	2,254,420
GBP		33	43.0500	1,421
HKD		15,538	4.2680	66,316
JPY		60,683	0.2227	13,514
CNY		81,744	4.5730	373,815
ZAR		241	1.8190	438
INR		12,802	0.3874	4,959

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2025		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,954,303	33.2050	64,892,631
AUD		129,702	20.8100	2,699,099
CAD		3	23.1600	69
CHF		56	37.6850	2,110
EUR		82,658	35.9700	2,973,208
GBP		1,384	43.0500	59,581
HKD		405,241	4.2680	1,729,569
JPY		1,999,720	0.2227	445,338
SGD		224	24.7700	5,548
CNY		65,213	4.5730	298,919
ZAR		198	1.8190	360
KRW		306,179	0.0228	6,981
NZD		18	18.9300	341
THB		701	0.9842	690
MYR		196	7.2195	1,415
VND		3,158,805	0.0013	4,106
<u>Non-Monetary Item</u>				
USD		182	33.2050	6,043
AUD		31	20.8100	645
CAD		1	23.1600	23
JPY		5,151	0.2227	1,147
CNY		704	4.5730	3,219
NZD		20	18.9300	379

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2024		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>				
<u>Monetary Item</u>				
USD	\$	1,172,545	32.7850	38,441,888
AUD		4,337	20.3900	88,431
CAD		22	22.8200	502
CHF		333	36.2650	12,076
EUR		7,346	34.1400	250,792
GBP		1,399	41.1900	57,625
HKD		291,873	4.2220	1,232,288
JPY		2,084,495	0.2099	437,536
SGD		106	24.1300	2,558
CNY		73,371	4.4780	328,555
ZAR		2,688	1.7500	4,704
KRW		287,550	0.0225	6,470
NZD		45	18.4700	831
THB		4,504	0.9623	4,334
MYR		48	7.0655	340
VND		8,681,559	0.0013	11,286
SEK		1,273	2.9900	3,806
INR		40,176	0.3830	15,387
<u>Non-Monetary Item</u>				
USD		739,696	32.7850	24,250,933
AUD		124,292	20.3900	2,534,314
CHF		58	36.2650	2,103
EUR		27,908	34.1400	952,779
HKD		15,056	4.2220	63,566
JPY		49,254	0.2099	10,338
CNY		34,639	4.4780	155,113

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2024		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,956,864	32.7850	64,155,786
AUD		122,088	20.3900	2,489,374
CHF		27	36.2650	979
EUR		33,901	34.1400	1,157,380
GBP		1,363	41.1900	56,142
HKD		449,178	4.2220	1,896,430
JPY		2,095,797	0.2099	439,908
SGD		140	24.1300	3,378
CNY		68,387	4.4780	306,237
ZAR		158	1.7500	277
KRW		284,314	0.0225	6,397
THB		1,533	0.9623	1,475
VND		3,158,805	0.0013	4,106
SEK		1,257	2.9900	3,758
<u>Non-Monetary Item</u>				
USD		241	32.7850	7,901
AUD		1	20.3900	20
CAD		2	22.8200	46
JPY		2,566	0.2099	539
SGD		1	24.1300	24
ZAR		3,181	1.7500	5,567
NZD		11	18.4700	203

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2024		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>				
<u>Monetary Item</u>				
USD	\$	1,023,863	32.0000	32,763,616
AUD		2,989	20.8200	62,231
CAD		7	23.6200	165
CHF		136	35.4750	4,825
EUR		12,195	34.4600	420,240
GBP		486	40.3900	19,630
HKD		281,042	4.0890	1,149,181
JPY		1,756,830	0.2115	371,570
SGD		864	23.7200	20,494
CNY		76,851	4.4080	338,759
ZAR		3,045	1.6890	5,143
KRW		150,313	0.0239	3,592
NZD		15	19.1100	287
THB		4,341	0.8840	3,837
MYR		1,366	6.4960	8,874
VND		9,452,718	0.0013	12,289
INR		15,741	0.3837	6,040
<u>Non-Monetary Item</u>				
USD		755,212	32.0000	24,166,784
AUD		134,435	20.8200	2,798,937
CAD		2	23.6200	47
CHF		149	35.4750	5,286
EUR		31,468	34.4600	1,084,387
HKD		7,732	4.0890	31,616
JPY		44,215	0.2115	9,351
SGD		1	23.7200	24
CNY		25,012	4.4080	110,253
ZAR		353	1.6890	596
INR		841	0.3837	323

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2024		
		Foreign Currency	Exchange Rate	Amount
		(thousands)		
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,894,839	32.0000	60,634,848
AUD		130,848	20.8200	2,724,255
CHF		16	35.4750	568
EUR		43,173	34.4600	1,487,742
GBP		477	40.3900	19,266
HKD		423,255	4.0890	1,730,690
JPY		1,792,099	0.2115	379,029
SGD		927	23.7200	21,988
CNY		66,605	4.4080	293,595
ZAR		135	1.6890	228
KRW		148,224	0.0239	3,543
NZD		8	19.1100	153
THB		1,500	0.8840	1,326
MYR		1,326	6.4960	8,614
VND		3,158,805	0.0013	4,106
<u>Non-Monetary Item</u>				
USD		274	32.0000	8,768
JPY		2,652	0.2115	561
NZD		4	19.1100	76

Because there are a variety of functional currencies, the Group discloses a summary of currency exchange variation on the monetary items. For the three months ended March 31, 2025 and 2024, the realized and unrealized currency exchange gains (losses) amounted to \$(8,953) and \$(178,361), respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, other receivables, security borrowing margin, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, customers' margin account, short-term borrowings, futures traders' equity, and securities lending refundable deposits, which are denominated in foreign currencies. Currency exchange gains or losses occur when translating the foreign currency assets to NTD assets. For the three months ended March 31, 2025 and 2024, given other factors remain constantly, if the relevant foreign currencies, when compared with the NTD, had appreciates or depreciates by 5%, the net income and other comprehensive income will change as follows:

	For the three months ended March 31, 2025		For the three months ended March 31, 2024	
	Appreciated 5%	Depreciated 5%	Appreciated 5%	Depreciated 5%
Net income	(703,538)	703,538	(798,399)	798,399
Other comprehensive income	656,248	(656,248)	641,562	(641,562)

(iv) Sensitivity analysis of interest rate risk

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For floating rate instruments, the sensitivity analysis assumes the liabilities are outstanding for the whole year at the reporting date. The variable rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. This is mainly attributable to the Group's exposure to floating rates on its bond position.

Market risk type	March 31, 2025	December 31, 2024	March 31, 2024	For the three months ended March 31,					
				2025			2024		
				Average	Maximum	Minimum	Average	Maximum	Minimum
Interest risk	3,464,010	3,022,542	2,592,498	3,201,780	3,464,010	3,028,565	2,716,492	2,828,289	2,592,498

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Fair value information and hierarchy

1) Fair value information

a) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Initially, financial instruments should be measured at fair value, which mostly refers to transaction price. Except for those measured at amortized cost, financial instruments are subsequently measured at fair value. A quoted market in an active market provides the most reliable evidence of fair value. If the market is not active, the Group determines the fair value of financial instruments in accordance with (a) the calculation of valuation techniques, (b) valuation provided by the professional electronic information company and commonly used by market participants, or (c) quoted prices of the counter party.

b) Definition of fair value hierarchy

i) Level 1

The input of Level 1 is the public quote of the same financial instrument in an active market. An active market satisfies all the following conditions: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. The Group's investments in Taiwan central government bonds, equity instruments, debt instruments and derivative instruments with public quote in an active market belong to Level 1.

ii) Level 2

The input of Level 2 refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price). The bond instruments without public quotes in an active market and most of the derivative financial instruments of the Group belong to Level 2.

iii) Level 3

Level 3 means input in this level are based neither on direct market data nor from the counter party.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Not measured at fair value

As of March 31, 2025, December 31, 2024 and March 31, 2024, the fair value information of the financial assets and financial liabilities of the Group was as follows:

a) Fair value information

	March 31, 2025		December 31, 2024		March 31, 2024	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets:						
Cash and cash equivalents	\$ 12,200,106	12,200,106	9,289,189	9,289,189	8,767,102	8,767,102
Bonds purchased under resale agreements	250,116	250,116	250,121	250,121	130,003	130,003
Accrued receivable	130,733,958	130,733,958	119,935,659	119,935,659	109,854,389	109,854,389
Customers' margin account	51,378,872	51,378,872	48,810,284	48,810,284	43,975,496	43,975,496
Leverage contract trading - customers' margin account	889,627	889,627	907,903	907,903	690,953	690,953
Restricted assets - current	1,451,180	1,451,180	2,368,179	2,368,179	1,897,041	1,897,041
Other non-current assets	1,830,447	1,830,447	1,843,360	1,843,360	1,724,504	1,724,504
Financial liabilities:						
Short-term borrowings	9,451,227	9,451,227	7,304,896	7,304,896	9,173,317	9,173,317
Commercial paper payable	34,899,681	34,899,681	41,514,617	41,514,617	34,601,382	34,601,382
Bonds sold under repurchase agreements	54,364,841	54,364,841	53,622,868	53,622,868	49,943,425	49,943,425
Accrued payable	74,561,587	74,561,587	71,575,756	71,575,756	78,106,722	78,106,722
Futures traders' equity	51,122,799	51,122,799	48,552,145	48,552,145	43,992,892	43,992,892
Leverage contract trading - customers' equity	886,394	886,394	907,350	907,350	689,589	689,589
Other financial liabilities - current	8,036,595	8,036,595	6,420,134	6,420,134	4,559,796	4,559,796
Long-term borrowings	10,497,545	10,497,545	4,497,142	4,497,142	-	-
Other financial liabilities - non-current	695,113	695,113	516,042	516,042	588,545	588,545
Other non-current liabilities	50,605	50,605	49,165	49,165	85,279	85,279

b) Hierarchy information of non-financial instruments not measured at fair value

	Level 1	Level 2	Level 3	Total
Debt securities at amortized cost				
March 31, 2025	\$ -	<u>6,694,267</u>	-	<u>6,694,267</u>
December 31, 2024	\$ -	<u>6,639,189</u>	-	<u>6,639,189</u>
March 31, 2024	\$ -	<u>6,125,627</u>	-	<u>6,125,627</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c) Valuation techniques used in estimating the fair values of financial instruments
- i) For short term financial instruments, the fair values are determined based on their book value because of their short maturities. Their carrying amounts is a reasonable approximation of the fair value. The method is applied to cash and cash equivalents, bonds purchased under resale agreements, accrued receivable, customers' margin account, leverage contract trading - customers' margin account, other current assets, other non-current assets, short-term borrowings, long-term borrowings, commercial paper payable, bonds sold under repurchase agreements, accrued payable, futures traders' equity, leverage contract trading-customers' equity, other financial liabilities-current, other financial liabilities-non-current, and other non-current liabilities.
 - ii) The quoted market price is used as the fair value when the debt instrument investments measured at amortized cost have an active market, if there is no market price as reference, the fair values are determined based on evaluation approach. Estimation and assumption in which the Group applies on evaluation approach will be as same as information market participators use to estimate and assume when pricing financial instruments, and the information can be acquired by the Group.

3) Measured at fair value

a) Hierarchy information of fair value

The Group's financial instruments measured at fair value are evaluated on a recurring basis. The financial assets and liabilities measured at fair value were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2025				
Financial assets at fair value through profit or loss	\$ 28,976,952	30,952,427	111,500	60,040,879
Financial assets at fair value through other comprehensive income	5,856,047	26,396,645	4,507,856	36,760,548
Derivative financial assets	<u>2,098,217</u>	<u>1,184,163</u>	<u>-</u>	<u>3,282,380</u>
	<u>\$ 36,931,216</u>	<u>58,533,235</u>	<u>4,619,356</u>	<u>100,083,807</u>
Financial liabilities at fair value through profit or loss	\$ 21,088,115	-	-	21,088,115
Derivative financial liabilities	<u>474,144</u>	<u>2,860,467</u>	<u>-</u>	<u>3,334,611</u>
	<u>\$ 21,562,259</u>	<u>2,860,467</u>	<u>-</u>	<u>24,422,726</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2024				
Financial assets at fair value through profit or loss	\$ 33,435,793	32,766,164	101,308	66,303,265
Financial assets at fair value through other comprehensive income	5,847,994	25,363,281	4,558,179	35,769,454
Derivative financial assets	<u>2,216,050</u>	<u>1,021,640</u>	<u>-</u>	<u>3,237,690</u>
	<u>\$ 41,499,837</u>	<u>59,151,085</u>	<u>4,659,487</u>	<u>105,310,409</u>
Financial liabilities at fair value through profit or loss	\$ 22,872,089	-	-	22,872,089
Derivative financial liabilities	<u>234,335</u>	<u>3,103,903</u>	<u>-</u>	<u>3,338,238</u>
	<u>\$ 23,106,424</u>	<u>3,103,903</u>	<u>-</u>	<u>26,210,327</u>
March 31, 2024				
Financial assets at fair value through profit or loss	\$ 43,998,424	30,289,136	100,995	74,388,555
Financial assets at fair value through other comprehensive income	3,632,603	22,944,853	3,531,386	30,108,842
Derivative financial assets	<u>2,005,685</u>	<u>699,985</u>	<u>-</u>	<u>2,705,670</u>
	<u>\$ 49,636,712</u>	<u>53,933,974</u>	<u>3,632,381</u>	<u>107,203,067</u>
Financial liabilities at fair value through profit or loss	\$ 22,397,981	-	-	22,397,981
Derivative financial liabilities	<u>115,930</u>	<u>3,096,009</u>	<u>-</u>	<u>3,211,939</u>
	<u>\$ 22,513,911</u>	<u>3,096,009</u>	<u>-</u>	<u>25,609,920</u>

b) Valuation techniques of financial instruments measured at fair value

i) Non-derivative financial instruments

The quoted market price is used as the fair value when the financial instruments have an active market. Publicly listed and over-the-counter traded equity instruments of primary stock exchanges along with central government bonds that are popular securities all regard active market quotes as the basis of fair value.

When quotes of financial instruments are obtained from the Stock Exchange, Reuters, Bloomberg, dealers or competent authorities and the prices represent arm's length transactions with sufficient frequency, the financial instruments are regarded as active market quotes. If the aforementioned requirements are not met, then the financial instruments are regarded as quotes without an active market. Large bid-ask spreads or low trade volumes are features of quotes without an active market.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Excluding the above mentioned financial instruments with active market quotes, the fair value of the remaining financial instruments are obtained by financial valuation models or referencing counterparty quotes. Fair value obtained through the calculations of financial valuation models include, but are not limited to, fair value references of substantive factors and characteristics from similar financial instruments, those obtained from the cash flow discounting method or those obtained by other financial valuation techniques. Fair values obtained through financial valuation techniques are derived from market information on the balance sheet date, and utilizes the fair values derived from the calculations of financial valuation models (for example referencing the yield curve from the Taipei Exchange, Reuters' average commercial paper interest et cetera).

ii) Derivative financial instruments

The fair value of derivative financial instruments is determined by using valuation model. Option instruments are determined by using Black-Scholes Model and non-option derivative financial instruments are determined by using discounted cash flow method. The market inputs for the valuation are derived from stock exchange market and independent financial information service institution, such as Stock Exchange, Futures Exchange, Reuters and Bloomberg. Closing price, settlement price, and the average rate of ask and bid price during certain specific time are adopted.

4) Transfer between Level 1 and Level 2

For the three months ended March 31, 2025 and 2024, there is no transfer of financial instruments between Level 1 and Level 2.

5) Fair value adjustments

Financial valuation techniques do not necessarily completely reflect all relevant elements of financial or non-financial instruments held by the Group. Thus, the outputs of financial valuation models may need necessary adjustments in line with important relevant elements. The valuation models and adjustment parameters were verified to ensure valuation procedures and results are in accordance with the requirements, so the valuation adjustments are pertinent and appropriate. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market condition.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Movements of financial assets at fair value classified into Level 3

(In Thousands Dollars)

For the three months ended March 31, 2025									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 101,308	(3,308)	-	13,500	-	-	-	-	111,500
Financial assets at fair value through other comprehensive income	4,558,179	-	(55,323)	5,000	-	-	-	-	4,507,856
Total	<u>\$ 4,659,487</u>	<u>(3,308)</u>	<u>(55,323)</u>	<u>18,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,619,356</u>
For the three months ended March 31, 2024									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 102,630	(1,635)	-	-	-	-	-	-	100,995
Financial assets at fair value through other comprehensive income	3,602,562	-	(87,676)	20,000	-	3,500	-	-	3,531,386
Total	<u>\$ 3,705,192</u>	<u>(1,635)</u>	<u>(87,676)</u>	<u>20,000</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,632,381</u>

7) Quantified information of fair value measurement for significant unobservable inputs (Level 3)

The Group's Level 3 fair value measurements are financial assets at fair value through other comprehensive income – equity instruments investment.

The Group's equity instruments investment without active market include multiple significant unobservable inputs. Those unobservable inputs of equity instrument without active market are independent from each other, thus, they are not correlative. Since the correlation between significant unobservable inputs and fair value cannot be fully measured in practical, the quantified information is not disclosed.

Item	Valuation technique	Significant unobservable inputs	Correlation between inputs and fair value
Financial assets at fair value through profit or loss - equity instruments without an active market - private equity fund I corporation	Market approach	<ul style="list-style-type: none"> • Price-to-Book Ratio • Discount for lack of marketability 	<ul style="list-style-type: none"> • The higher the multiple, the higher fair value. • The higher the discount for lack of marketability, the lower the fair value.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Correlation between inputs and fair value</u>
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market approach	<ul style="list-style-type: none"> • Price-to-Book Ratio • Discount for lack of marketability 	<ul style="list-style-type: none"> • The higher the multiple, the higher fair value. • The higher the discount for lack of marketability, the lower the fair value.
Financial assets at fair value through other comprehensive income - equity instruments without an active market - venture capital corporation	Net Asset Value Method	• Net Asset Value	Not applicable

- 8) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Group made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the Level 3 changes by 1%, the effects on other comprehensive income are as follows:

	<u>Change in fair value recognized in other comprehensive income</u>	
	<u>Favorable change</u>	<u>Unfavorable change</u>
March 31, 2025		
Financial assets at fair value through profit or loss	\$ <u>1,115</u>	<u>(1,115)</u>
Financial assets at fair value through other comprehensive income	\$ <u>45,079</u>	<u>(45,079)</u>
December 31, 2024		
Financial assets at fair value through profit or loss	\$ <u>1,013</u>	<u>(1,013)</u>
Financial assets at fair value through other comprehensive income	\$ <u>45,582</u>	<u>(45,582)</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Change in fair value recognized in other comprehensive income	
	Favorable change	Unfavorable change
March 31, 2024		
Financial assets at fair value through profit or loss	\$ <u><u>1,010</u></u>	<u><u>(1,010)</u></u>
Financial assets at fair value through other comprehensive income	\$ <u><u>35,314</u></u>	<u><u>(35,314)</u></u>

Favorable and unfavorable movements of the Group refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the unobservable inputs to different extent. If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

(vi) Transfer of financial assets

The transferred financial assets of the Group which are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under securities lending agreement. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, the Group cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since the Group still bears the interest rate risk and credit risk, so transferred financial assets are not fully derecognized. Financial assets that do not meet criteria for de-recognition and related financial liabilities are as below:

March 31, 2025					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u><u>56,509,577</u></u>	<u><u>54,364,841</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
December 31, 2024					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u><u>55,605,652</u></u>	<u><u>53,622,868</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2024					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ 52,468,892	49,943,425	-	-	-

Note: The counterparties in repurchase agreements hold the right of recourse not merely on the transferred assets against the Group; hence according to IFRS7p42D(d), disclosure of the fair values of transferred assets and their relevant liabilities and fair value net position is not mandatory.

(vii) Offsetting financial assets and financial liabilities

The Group did not hold any financial instruments contracts which meet Section 42 of IAS 32 endorsed by the FSC therefore, the financial assets and financial liabilities of the above instruments shall be offset on the balance sheet.

The Group has transactions, such as repurchase and resell agreements, that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party defaults, the other party can choose to use net settlement.

The offsetting of financial assets and liabilities information is as below:

March 31, 2025					
Financial assets under offsetting or general agreement of net amount settlement or similar norms					
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offsetting in the balance sheet	Net amount of financial assets presented in the balance sheets	Related amount not offset in the balance sheet (d)	
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash received as collaterals
					Net amount (e)=(c)-(d)
Derivative financial assets	\$ 1,184,163	-	1,184,163	-	-
					1,184,163
March 31, 2025					
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms					
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offsetting in the balance sheet	Net amount of financial liabilities presented in the balance sheets	Related amount not offset in the balance sheet (d)	
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash received as collaterals
					Net amount (e)=(c)-(d)
Derivative financial liabilities	\$ 3,002,431	-	3,002,431	-	-
					3,002,431
Under repurchase agreements	54,364,841	-	54,364,841	54,364,841	-
					-
Total	\$ 57,367,272	-	57,367,272	54,364,841	-
					3,002,431

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2024						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities offsetting in the balance sheet (b)	Net amount of financial assets presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial assets	\$ 1,021,640	-	1,021,640	-	-	1,021,640

December 31, 2024						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets offsetting in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial liabilities	\$ 3,243,848	-	3,243,848	-	-	3,243,848
Under repurchase agreements	53,622,868	-	53,622,868	53,622,868	-	-
Total	\$ 56,866,716	-	56,866,716	53,622,868	-	3,243,848

March 31, 2024						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities offsetting in the balance sheet (b)	Net amount of financial assets presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial assets	\$ 699,985	-	699,985	-	-	699,985

March 31, 2024						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets offsetting in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial liabilities	\$ 3,132,822	-	3,132,822	-	-	3,132,822
Under repurchase agreements	49,943,425	-	49,943,425	49,943,425	-	-
Total	\$ 53,076,247	-	53,076,247	49,943,425	-	3,132,822

Note: Including netting settlement agreement and non-cash financial collaterals.

(y) Financial risk management

Except the following mentioned, there were no material changes in the Group's financial risk management and policies as disclosed in note 6(y) of the consolidated financial statements as of and for the year ended December 31, 2024.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of March 31, 2025, December 31, 2024 and March 31, 2024, the related financial risk and the presentation of the Group's financial derivatives and other financial instruments as approved by the authority were as follows:

Stock warrants

- (i) Notional principal (nominal amount) and credit risk

Financial Instruments	March 31, 2025		December 31, 2024		March 31, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Stock warrants issued	\$ 23,594,360	-	31,046,844	-	62,262,109	-

The Group collects premium from investors prior to issuing stock warrants, and therefore, does not assume any credit risk.

- (ii) Market risk:

Market risk of stock warrants issued arises from changes in prices of the underlying securities. Market risk can be hedged by adjusting the positions of stock warrants and hedging instruments.

- (iii) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

The Group establishes hedging positions by collecting margins or premium prior to the issue of stock warrants, which are based on the underlying securities. Therefore, there is no significant funding demand. Furthermore, since the underlying security are restricted by certain market prices and diversification requirements, the risk of being unable to sell securities at reasonable prices is rather low; likewise for liquidity risk as well. The only risk is capital demands resulting from hedged positions adjusted for changes in securities prices. However, under the assumption of good market liquidity, cash flow risk is assessed to be low.

The duration of stock warrants issued is three months to two years from the issue date. Except for cash flows from hedging transactions, there is no additional cash demand.

- (iv) Type, purpose, and strategy of financial derivatives held:

The Group's strategy is to avoid most of the market risk. Non-trading marketable securities hedging positions are used to hedge against risk from investors' exercising of stock warrants. These underlying securities used as hedging instruments exhibit highly positive correlation with the fair values of stock warrants issued, and positions held are evaluated and adjusted periodically.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Presentation of financial derivatives

Relevant transaction pertaining to issuance of stock warrants, its presentation and valuation, and gains or losses on sale and expiration and settlement prior to maturity date, were reflected as follows:

1) For the three months ended March 31, 2025 and 2024:

a) Gains (losses) on valuation

	For the three months ended March 31,		Account
	2025	2024	
Stock warrants issued	\$ 20,603,177	24,270,663	Gains (losses) on stock warrants issued
Stock warrants repurchased	(20,049,794)	(24,669,295)	Gains (losses) on stock warrants issued

b) Gains (losses) on sale

	For the three months ended March 31,		Account
	2025	2024	
Security borrowing	\$ (60,252)	(12,820)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	(98,350)	557,572	Gains (losses) on sale of trading securities
Futures transaction	60,536	(151,324)	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	For the three months ended March 31,		Account
	2025	2024	
Stock warrants issued	\$ 2,175,037	2,807,880	Gains (losses) on stock warrants issued
Stock warrants repurchased	(2,036,014)	(2,825,632)	Gains (losses) on stock warrants issued

Futures

(i) Notional principal (nominal amount) and credit risk:

Please refer to note 12(a) for the notional principal and nominal amount as of March 31, 2025, December 31, 2024 and March 31, 2024.

Should counterparties to futures and options default, the associated loss is borne by the futures commission merchants. Hence, the Group is subject to insignificant credit risk.

(ii) Market risk:

Market risk resulted from the purchase and sale of futures and options. Since the fair values of futures and options are available, and stop-loss points are established in order to manage risk, the Group can confine losses to a predictable range. Therefore, there is no significant market risk.

For non-trading futures or options contracts, gain or loss from the fluctuations of index tends to offset gain and loss of the hedged items. Hence, there is no significant market risk.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Liquidity risk, cash flow risk, and the amount, period and uncertainty of future cash demand:

The open positions of futures and options held by the Group can be settled on the market at reasonable prices, and as such there is no liquidity risk.

Futures trading are considered as margin transactions. Margins are collected in advance and valued daily on open futures positions established by the Group. For margin calls, the Group has sufficient operating funds to meet the liquidity requirement. As a result, there is no liquidity risk, cash flow risk, or significant cash demand.

For options trading, premiums are collected or paid in advance. If the counterparty of a short put position exercises the option, the Group has sufficient operating funds to meet the liquidity requirement. Therefore, there is no liquidity risk, no cash flow risk, and no significant cash demand.

- (iv) Presentation of financial derivatives:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>Account</u>
Futures margin - security	\$ 453,260	394,650	386,600	Financial assets at fair value through profit or loss - current
Futures margin - proprietary fund	1,216,031	1,541,089	1,398,298	Financial assets at fair value through profit or loss - current
Futures margin - excess margin	2,993,047	3,442,899	2,360,177	Cash and cash equivalent
Buy options	428,926	280,311	220,787	Financial assets at fair value through profit or loss - current
Sale options	332,180	94,390	79,117	Financial liabilities at fair value through profit or loss - current
		<u>For the three months ended March 31,</u>		
		<u>2025</u>	<u>2024</u>	<u>Account</u>
Gains (losses) on futures transactions	\$	281,668	(977,515)	Gains (losses) on derivatives - futures
Gains (losses) on futures transactions - security		(94,223)	29,490	Gains (losses) on securities for futures margin at fair value through profit or loss

Derivative instruments - OTC

- (i) Interest rate financial derivatives

- 1) Notional principal (nominal amount) and credit risk:

	<u>March 31, 2025</u>		<u>December 31, 2024</u>		<u>March 31, 2024</u>	
<u>Financial Instruments</u>	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>
For trading purpose:						
NT dollar interest swaps	\$ 7,400,000	-	8,000,000	-	8,000,000	-

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Counterparties to interest rate swaps are banks with good credit ratings. The Group pays fixed and collects floating interest payments. Since the trend of interest rate is stabilized, no default is expected and credit risk is accordingly remote.

2) Market risk:

Non-trading NT dollar interest rate swaps are primarily held for hedging. Gain or loss from the fluctuations of interest rate tends to offset gains and losses of the hedged items, and therefore market risk is insignificant.

In order to manage risk, stop loss points are established in accordance to the changes in the contract value of trading NT dollar interest rate. Loss is kept within prediction, and therefore there is no significant market risk.

3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

The Group's non-trading NT dollar interest rate swaps are used to hedge against interest rate fluctuations of claims and obligations. On the settlement date, interest receivables or payables are derived from multiplying the notional principals by interest rate differences, and the amount is insignificant. Given that there is no physical transfer of principals on maturity, there is no liquidity risk, cash flow risk, or significant cash demand.

For trading NT dollar interest rate swaps, the interest receivables or payables are derived through multiplying of its notional principals by interest rate differences on the settlement dates; and the amount is insignificant. Given that there is no physical transfer of principals on maturity, there is no liquidity risk, cash flow risk, or significant cash demand associated.

4) Type, purpose, and strategy of financial derivatives held:

The Group entered into non-trading NT dollar interest rate swaps with banks to hedge against interest rate fluctuations of claims and obligations. The Group's strategy is to avoid most of the market risk. Financial derivatives exhibiting highly negative correlation with the fair value of hedged items are used as hedging instruments and evaluated periodically.

The Group engages in trading NT dollar interest rate swaps to gain from the differences in interest rates upon evaluation of the trending of interest rates.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Structured notes

1) Notional principal (nominal amount) and credit risk:

Financial Instruments	March 31, 2025		December 31, 2024		March 31, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Equity-linked notes	\$ 482,000	-	330,000	-	294,000	-
Principal guaranteed notes	6,984,044	-	5,634,024	-	3,943,659	-
Credit-linked notes	1,171,400	-	1,046,400	-	922,200	-
Principal guaranteed notes (in USD thousands)	USD 7,127	-	USD 1,845	-	USD 1,314	-

The Group collects premium from investors prior to conducting structured note transactions, and therefore, does not assume any credit risk.

2) Market risk

For structured notes, the respective products are exercised at their fair value and the hedged items all have fair values. Therefore, there is no significant market risk of structured notes.

3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

The Group collects premium from investors prior to transacting in structured notes, therefore there is no significant liquidity risk.

(iii) Convertible bond asset swaps

1) Notional principal (nominal amount) and credit risk:

Financial Instruments	March 31, 2025		December 31, 2024		March 31, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Convertible bond asset swaps	\$ 7,597,100	-	6,127,100	-	3,050,800	-
Convertible bond options	20,722,000	-	19,454,000	-	14,221,700	-

Counterparties to convertible bond asset swaps are institutions with good credit ratings. The Group swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. Since the counterparties are governed by relevant regulatory authorities, and the Group maintains good credit risk control over counterparties, the credit risks is minimal.

For convertible bond options, the Group collects premium or margins from investor prior to issuing convertible bond options, and therefore, there is no credit risk.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Market risk:

For convertible bond asset swaps, the Group swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. Therefore, there is no market risk.

For convertible bond options, since the exercise price of the convertible bonds acquired through underwriting or proprietary trading is determined on the contract date, there is no market risk.

3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand:

Convertible bonds acquired through underwriting or proprietary trading are the underlying assets of asset swaps. The underlying assets are sold to the counterparties for commission. Within the term of the contract, the Group swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. The Group also receives the right to call the convertible bond prior to the expiration of the contract. Therefore, there is no significant liquidity risk or significant cash demand.

(iv) Options

1) Notional principal (nominal amount) and credit risk:

Financial Instruments	March 31, 2025		December 31, 2024		March 31, 2024	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Equity options	\$ 2,009,126	-	524,813	-	520,166	-

The counterparties that the Group entered into derivative transactions with are all well-known financial institutions with good credit ratings. The Group does not expect the counter-party will default. Therefore, the credit risk is minimal.

2) Market risk:

Market risk of trading equity options results from the purchase and sale of options. Since the fair values of options are available, and stop-loss points are established in order to manage risk, the Group can confine losses to a predictable range. Therefore, there is no significant market risk.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Liquidity risk, cash flow risk, and the amount of future cash demand:

For equity options, premiums are collected or paid in advance. If the counterparty of a short put position exercises the option, the Group has sufficient operating funds to meet the liquidity requirement. As a result, there is no liquidity risk, no cash flow risk, and no significant cash demand.

(v) Leverage derivatives

1) Notional principal (nominal amount) and credit risk:

Financial Instruments	March 31, 2025		December 31, 2024		March 31, 2024	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Leverage derivatives-long position	\$ 5,032,470	-	5,647,635	-	3,167,899	-
Leverage derivatives-short position	4,957,740	-	5,645,208	-	3,164,337	-

The Group does the KYC process before trading, and gives counterparties appropriate leverage multiples and risk ratings based on their financial status and past trading experience. Besides, the Group collects margins from counterparties and sets the Pre-Settlement Risk (PSR) to manage credit risk. The Group examines the limits regularly to insure their overall credit risk is acceptable, and therefore the risk is controllable.

2) Market risk:

The Group has established the product types, trading quotas, market risk limits, stop-loss and stop-right standards to manage market risk, and therefore losses are within predictable range.

3) Liquidity risk, cash flow risk, and the amount of future cash demand:

The Group monitors the concentration rate and trading volume, and selects registered brokers which have related licenses, experience and a certain amount of asset to cover the position to meet the liquidity need and control the liquidity risk.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Presentation of derivative instruments in financial statement

As of March 31, 2025, December 31, 2024 and March 31, 2024, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps were presented on the balance sheets as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial assets at fair value through profit or loss - current			
IRS asset swaps	\$ 56,966	48,834	56,428
Asset swap options - long position	825,099	785,194	324,284
Leverage derivatives - non-hedging	229,828	153,147	178,749
Structured notes	29,845	2,623	4,833
Exchange rate derivatives	36,828	27,503	123,562
Interest rate swaps	211	243	321
Equity derivatives	5,386	4,096	11,808
Total	<u>\$ 1,184,163</u>	<u>1,021,640</u>	<u>699,985</u>
Financial liabilities at fair value through profit or loss - current			
IRS asset swaps	\$ 357,728	292,254	68,475
Asset swap options - short position	2,471,514	2,781,544	3,003,663
Leverage derivatives - non-hedging	11,465	12,900	9,411
Structured notes	46,397	42,760	50,107
Exchange rate derivatives	548	220	-
Equity derivatives	-	1,408	1,166
Total	<u>\$ 2,887,652</u>	<u>3,131,086</u>	<u>3,132,822</u>
Financial liabilities at fair value through profit or loss - non-current			
Structured notes	<u>\$ 114,779</u>	<u>112,762</u>	<u>-</u>
Other financial liabilities - current			
Structured notes principal value	<u>\$ 8,036,595</u>	<u>6,420,134</u>	<u>4,559,796</u>
Other financial liabilities - non-current			
Structured notes principal value	<u>\$ 695,113</u>	<u>516,042</u>	<u>588,545</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps are presented on statements of income as follows:

	For the three months ended March 31, 2025		For the three months ended March 31, 2024	
	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)
Interest rate swaps	\$ (5)	211	(1)	321
Equity derivatives	2,971	9,261	1,914	11,932
Structured notes	(9,406)	11,314	(27,427)	5,489
IRS asset swaps	(2,279)	(4,049)	(290)	(654)
Asset swap options	318,088	1,718,202	(839,608)	(2,662)
Exchange rate derivatives	38,962	36,279	189,151	123,562
Leverage derivatives - non-hedging	35,129	102,603	24,814	169,338
Total	<u>\$ 383,460</u>	<u>1,873,821</u>	<u>(651,447)</u>	<u>307,326</u>

(z) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital base includes shares capital, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to make sure the Group has sufficient financial resources to cope with the future need of operating fund, capital expenditure and other operating need.

The Group maintains no change of its capital management. The Group's capital adequacy ratio is as below:

	March 31, 2025	December 31, 2024	March 31, 2024
Capital adequacy ratio	265 %	278 %	261 %

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the three months ended March 31, 2025 and 2024, were as follows:

For Right-of-use assets, please refer to note 6(h).

	January 1, 2025	Cash flows	Other	Non-cash changes		March 31, 2025
				Foreign exchange movement	Fair value changes	
Lease liabilities	<u>\$ 608,527</u>	<u>(58,186)</u>	<u>47,652</u>	<u>108</u>	<u>-</u>	<u>598,101</u>
	January 1, 2024	Cash flows	Other	Non-cash changes		March 31, 2024
				Foreign exchange movement	Fair value changes	
Lease liabilities	<u>\$ 724,417</u>	<u>(56,948)</u>	<u>29,017</u>	<u>662</u>	<u>-</u>	<u>697,148</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the parent company and the ultimate controlling party of the consolidated company.

(b) Names of related parties and relationships

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Names of related parties</u>	<u>Relationships</u>
Capital Insurance Advisory Corp.	Subsidiary
Capital Investment Trust Corp.	Associate
Funds issued by Capital Investment Trust Corp.	Funds issued by associate
Chuan Yi Construction Corp.	Related party in substance
Bao Zuo Investment Corp.	Related party in substance
Sheng Hsiang Enterprise Corp.	Related party in substance
Fu Tai Construction Corp.	Related party in substance
Feng Yang Investment Corp.	Related party in substance
Chuan Yi Investment Corp.	Related party in substance
Bao Ching Investment Corp.	Related party in substance
Bao Sheng Investment Corp.	Related party in substance
Fu Ding Investment Corp.	Related party in substance
Kwang Hsing Industrial Corp.	Corporate directors
Other related parties	Key management personnel

(c) Key management personnel transactions

(i) Key management personnel compensation

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 135,493	177,302
Post-employment benefits	874	746
Share-based Payment	1,962	-
Total	<u><u>\$ 138,329</u></u>	<u><u>178,048</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Bonds sold under repurchase agreements

	March 31, 2025		December 31, 2024		March 31, 2024	
	Par value	Purchase price	Par value	Purchase price	Par value	Purchase price
Other related parties	\$ -	-	-	-	3,000	3,058
				For the three months ended March 31,		
Total financial expenses				2025	2024	
Other related parties				\$ -	9	

Transactions terms are the same as the general clients.

(iii) Structured notes transactions - remaining balance

	March 31, 2025	December 31, 2024	March 31, 2024
Other related parties	\$ 71,900	67,700	79,700

(iv) Futures transactions

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Future Traders' equity</u>			
Other related parties	\$ 6,884	3,032	1,282

(v) Brokerage and sub-brokerage

	For the three months ended March 31,	
Brokerage commissions	2025	2024
Other related parties	\$ 1,614	12,555
	For the three months ended March 31,	
Re-consigned handling commissions	2025	2024
Other related parties	\$ 69	908

(d) Significant transactions with related parties

(i) Bonds sold under repurchase agreements

	March 31, 2025		December 31, 2024		March 31, 2024	
	Par value	Purchase price	Par value	Purchase price	Par value	Purchase price
Subsidiaries	\$ 30,000	30,000	-	-	-	-
Funds issued by associate	1,053,000	1,053,000	712,000	712,000	244,720	244,720
Total	\$ 1,083,000	1,083,000	712,000	712,000	244,720	244,720

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Total financial expenses	For the three months ended March 31,	
	2025	2024
Subsidiaries	\$ 22	-
Funds issued by associate	3,639	2,958
Total	<u>\$ 3,661</u>	<u>2,958</u>

Transaction terms are the same as the general clients.

(ii) Financial assets transactions

The Company held securities publicly raised by related parties, and their ending amount and related gains and losses were as followed :

Relationship	Account	March 31, 2025		December 31, 2024		March 31, 2024	
		Ending shares (Note)	Ending amount	Ending shares (Note)	Ending amount	Ending shares (Note)	Ending amount
Funds issued by associate	Financial assets at fair value through profit or loss - current	<u>102,790</u>	<u>\$ 2,053,516</u>	<u>117,763</u>	<u>2,376,959</u>	<u>150,671</u>	<u>3,149,049</u>

Notes: Amounts in thousand shares.

	For the three months ended March 31,			
	2025		2024	
	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend
Funds issued by associate	<u>\$ 9,136</u>	<u>37,979</u>	<u>290,070</u>	<u>52,101</u>

Prepayments	March 31, 2025	December 31, 2024	March 31, 2024
	<u>\$ 153,884</u>	<u>12,574</u>	<u>-</u>

Transaction terms are the same as the general clients.

(iii) Futures transactions

Futures traders' equity	March 31, 2025	December 31, 2024	March 31, 2024
Funds issued by associate	<u>\$ 2,476,108</u>	<u>384,333</u>	<u>127,471</u>

Transaction terms are the same as the general clients.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Lease agreements

Lessor

		For the three months ended March 31,	
		2025	2024
Lease revenue			
Associates		\$ <u>4,449</u>	<u>4,317</u>
		December 31,	
		2024	March 31, 2024
Guarantee deposits received	March 31, 2025		
Associates	\$ <u>4,429</u>	<u>4,429</u>	<u>4,429</u>

Lease period and rent collection method is based on lease agreements. Transaction terms are the same as the general clients.

Lessee

- 1) The Group leases office places from related party in substance for operation, and lease period is seven to nine years. The aggregate contractual value of the lease is \$936,085 and rent is paid monthly. As of March 31, 2025, December 31, 2024 and March 31, 2024, the refundable deposits were \$29,278, \$29,278 and \$28,014.

- 2) Acquisition of right-of-use assets

There was no new acquisition of right-of-use assets of the Company in the periods for the three months ended March 31, 2025.

- 3) Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Related party in substance	\$ <u>380,696</u>	<u>410,041</u>	<u>465,925</u>

- 4) Financial expenses

	For the three months ended March 31,	
	2025	2024
Related party in substance	\$ <u>1,380</u>	<u>1,662</u>

(v) Custody account business

Custody account business revenue(Account to rental income)		For the three months ended March 31,	
		2025	2024
Related party in substance		\$ <u>30,965</u>	<u>30,965</u>
Other accounts receivable		December 31,	
		2024	March 31, 2024
Related party in substance	March 31, 2025		
	\$ <u>8,379</u>	<u>8,379</u>	<u>8,379</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Insurance commission revenues

The Group assists subsidiaries in recruiting insurance contracts and charging commission revenues. The details were as follows:

Commission revenues		For the three months ended March 31,	
		2025	2024
Subsidiaries		<u>\$ 2,680</u>	<u>2,023</u>
		December 31,	
Accounts receivable	March 31, 2025	2024	March 31, 2024
Subsidiaries	<u>\$ -</u>	<u>-</u>	<u>837</u>

(vii) Brokerage and sub-brokerage

Due to the involvement of related parties in securities and futures transactions, for the three months ended March 31, 2025 and 2024, commission revenues charged by the Group were as follows:

Brokerage commissions		For the three months ended March 31,	
		2025	2024
Funds issued by associate		\$ 7,464	7,621
Related party in substance		41	126
Total		<u>\$ 7,505</u>	<u>7,747</u>
		For the three months ended March 31,	
Re-consigned handling commissions		2025	2024
Funds issued by associate		<u>\$ 416</u>	<u>241</u>

(viii) Fund services business

Fund services revenue		For the three months ended March 31,	
		2025	2024
Associates		<u>\$ 24</u>	<u>85</u>
		For the three months ended March 31,	
Channel services revenue		2025	2024
Associates		<u>\$ 24</u>	<u>85</u>
		December 31,	
Account receivable	March 31, 2025	2024	March 31, 2024
Associates	<u>\$ 16</u>	<u>16</u>	<u>54</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Wealth management business

Trust account commissions revenue		For the three months ended March 31,	
		2025	2024
Associates		\$ <u>4,387</u>	<u>2,929</u>
Trust account management fee revenue		For the three months ended March 31,	
		2025	2024
Associates		\$ <u>423</u>	<u>421</u>

(x) Underwriting business

Stock service income		For the three months ended March 31,	
		2025	2024
Associates		\$ <u>30</u>	<u>30</u>
Accounts receivable	March 31, 2025	December 31, 2024	March 31, 2024
Associates	\$ <u>10</u>	<u>10</u>	<u>10</u>

(xi) Other revenue and expense

Other revenue		For the three months ended March 31,	
		2025	2024
Associates		\$ <u>1</u>	<u>1</u>
Other expense		For the three months ended March 31,	
		2025	2024
Related party in substance		\$ <u>17</u>	<u>614</u>

(xii) Accrued receivable

Accounts receivable/ Other receivables		March 31, 2025	December 31, 2024	March 31, 2024
Subsidiaries	\$	155	94	114
Associates		<u>1</u>	<u>-</u>	<u>1</u>
Total	\$	<u>156</u>	<u>94</u>	<u>115</u>

(xiii) Custody account business

Custody account business revenue		For the three months ended March 31,	
		2025	2024
Second-level subsidiaries (note)		\$ <u>1,511</u>	<u>1,738</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Accounts receivable	March 31, 2025	December 31, 2024	March 31, 2024
Second-level subsidiaries (note)	\$ <u>479</u>	<u>677</u>	<u>624</u>

Note: The Company provides custody account business for customers of the second-level subsidiary CSC Securities (HK) Ltd. The custody account is for the customers of the second-level subsidiary to trade and custody the relevant funds and securities as FINI. The second-level subsidiary recorded custody account business on a net basis, recognizing net income and net accrued receivable. Therefore, there are no custodian costs and payables to the Company on the book of the second-level subsidiary that need to be eliminated in the consolidated financial statements.

(xiv) The Company provided the Letter of Comfort to the banks which loaned to subsidiaries CSC International Holdings Ltd. and CSC Securities (HK) Ltd.

(8) Pledged assets:

The following assets were pledged as collateral or restricted in use:

	March 31, 2025	December 31, 2024	March 31, 2024	The collateral use
Restricted assets - current	\$ 1,451,180	2,368,179	1,897,041	Bank borrowings, accounts settled, repurchase agreement.
Restricted assets - non-current	49,875	49,875	49,875	Guarantee deposit for provisional seizure
Trading securities	32,066,111	32,263,584	29,410,320	Repurchase agreement
Financial assets at fair value through other comprehensive income - Bonds	18,277,604	17,468,365	17,024,061	Repurchase agreement
Property (net amount)	1,850,736	1,854,741	1,866,757	Bank borrowings
Financial assets at fair value through profit or loss - non-current	178,158	177,730	179,363	Guaranty deposited for bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business
Financial assets at amortized cost - non-current(par value)	6,675,987	6,635,873	6,138,163	Repurchase agreement
Investment property (net amount)	3,279,534	3,285,085	3,301,737	Bank borrowings
Total	<u>\$ 63,829,185</u>	<u>64,103,432</u>	<u>59,867,317</u>	

(9) Significant contingent liability and unrecognized contract commitment:

(a) Information of handling margin purchase and short sale lending operations in securities trading are as follows:

	March 31, 2025		December 31, 2024		March 31, 2024	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities procured through margin purchase	521,165	\$ 5,211,650	565,843	5,658,430	508,504	5,085,040
Collateral for margin purchase	9,174	91,738	7,056	70,564	2,049	20,485
Lending securities to customers through short sales	15,872	158,720	35,765	357,650	14,755	147,550
Collateral for short sales	218	2,180	6,681	66,810	1,856	18,560

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) Information of the collateral provided or the securities borrowed of refinancing margin from securities finance companies are as follows:

	March 31, 2025		December 31, 2024		March 31, 2024	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities borrowed from securities finance companies	25	\$ 250	434	4,340	416	4,160

- (c) Information of issuing promissory notes in connection with bank loans and issuance of commercial paper are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Promissory notes	\$ <u>37,520,000</u>	<u>37,520,000</u>	<u>26,720,000</u>
Promissory notes (in USD thousands)	USD <u>85,000</u>	USD <u>85,000</u>	USD <u>85,000</u>

- (d) As of March 31, 2025, December 31, 2024 and March 31, 2024, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$69,341,038, \$69,834,694 and \$33,795,844, respectively.
- (e) A resigned employee of Wan-Hua branch was accused of privately soliciting investment to scam. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$2,798. The case is under the trial of Taiwan Taipei District Court. The Company assesses that it is not liable for compensation, thus the Company unrecognized this amount.
- (f) A resigned employee of Xi-Song branch scammed the clients. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$16,375. The first instance ruled that the company should jointly and severally compensate the plaintiff \$41 and interest. The plaintiff refused to accept and filed an appeal, and the Company also filed a side appeal. The second instance claimed the case in favor of the Company, and it is not liable for compensation, thus the Company unrecognized this amount.
- (g) The Company provided the Letter of Comfort to the banks which loaned to its subsidiary CSC International Holdings Ltd. and CSC Securities (HK) Ltd.

(10) Significant Catastrophic Loss: None

(11) Significant Subsequent Events: None

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

(a) As of March 31, 2025, December 31, 2024 and March 31, 2024, the open positions of futures and option contracts were as follows:

(i) March 31, 2025

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	6,301	\$ 1,895,569	1,714,753	
	Single Stock Futures	Short	7,816	(1,741,168)	(1,625,078)	
	TAIEX Futures	Long	137	603,891	562,611	
	TAIEX Futures	Short	694	(2,901,189)	(2,881,945)	
	Mini TAIEX Futures	Long	53	56,914	54,840	
	Mini TAIEX Futures	Short	1,467	(1,588,561)	(1,518,504)	
	Micro TAIEX Futures	Short	960	(209,449)	(199,334)	
	Finance Sector Index Futures	Long	1	2,133	2,088	
	Finance Sector Index Futures	Short	3	(6,283)	(6,260)	
	Electronic Sector Index Futures	Long	15	68,270	66,753	
	Electronic Sector Index Futures	Short	21	(100,543)	(93,454)	
	Mini Electronic Futures	Long	15	8,409	8,344	
	Mini Electronic Futures	Short	95	(54,025)	(52,846)	
	10 Year U.S. T Note Futures	Long	35	129,035	129,256	
	10 Year U.S. T Note Futures	Short	27	(99,075)	(99,712)	
	10 Year U.S. T Bond Futures	Long	30	113,009	113,686	
	Ultra U.S. Treasury Bond	Long	488	2,003,032	1,980,944	
	10 Year Euro Bond	Long	40	185,918	185,361	
	Brent Crude Oil Futures	Short	187	(448,042)	(464,272)	
	Crude Oil Futures	Short	37	(85,569)	(87,784)	
	FTSE China A50 Index Futures	Long	4,830	2,154,633	2,138,509	
	FTSE China A50 Index Futures	Short	821	(366,208)	(363,502)	
	E-mini S&P 500 Futures	Long	3	28,187	28,157	
	E-mini S&P 500 Futures	Short	1	(9,533)	(9,386)	
	Gold Futures	Long	4	41,066	41,842	
	Gold Futures	Short	52	(338,883)	(341,511)	
	HHI Futures	Long	24	43,860	43,631	
	HHI Futures	Short	232	(430,443)	(421,765)	
	HSI Futures	Long	1	4,943	4,943	
	HSI Futures	Short	9	(44,426)	(44,485)	
	TOPIX Futures	Short	13	(77,897)	(77,068)	
	JPY Futures	Long	21	59,157	58,565	
	JPY Futures	Short	19	(53,395)	(52,987)	
	Micro Gold Futures	Long	20	20,651	20,921	
	Copper Futures	Short	22	(86,761)	(91,935)	
	Mini-HSI Futures	Short	73	(72,179)	(72,164)	
	Micro E-mini Nasdaq Futures	Long	15	19,579	19,365	
	Micro E-mini Nasdaq Futures	Short	30	(39,476)	(38,729)	
	E-mini Nasdaq Futures	Long	18	235,927	232,376	
	SGX Nikkei 225 Index Futures	Long	6	24,889	23,848	
	SGX Nikkei 225 Index Futures	Short	15	(61,685)	(59,620)	
	E-mini Dow Futures	Short	10	(70,147)	(70,161)	
	U.S. Dollar Index Futures	Short	89	(304,982)	(307,000)	
	Micro E-mini S&P 500 Futures	Long	17	16,185	15,956	
	Silver Futures	Short	11	(63,053)	(63,209)	
	2 Year U.S. T Note Futures	Long	35	240,464	240,770	
	2 Year U.S. T Note Futures	Short	37	(254,101)	(254,528)	
	30 Year U.S. Treasury Bond	Long	25	96,580	97,358	
	30 Year U.S. Treasury Bond	Short	17	(66,484)	(66,204)	
	5 Year U.S. T-Note Futures	Long	40	143,326	143,653	
	Long-Term Euro - BTP Futures	Long	25	105,433	105,680	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Soybean Futures	Short	10	\$ (17,399)	(16,847)	
	China Index Futures	Short	3	(3,131)	(2,933)	
	FTSE Taiwan Index Futures	Long	150	346,670	346,212	
	Euro-Bobl Futures	Long	10	42,329	42,369	
	Euro Buxl Futures	Long	15	64,506	64,347	
	Mini Finance Sector Index Futures	Short	12	(6,303)	(6,262)	
	One Week E-mini Stock Index Futures	Short	26	(27,789)	(26,996)	
	CME BTC	Short	6	(87,771)	(81,728)	
	GIN Futures	Short	43	(67,552)	(66,732)	
	Gas Futures	Short	2	(2,791)	(2,735)	
	Soybean Oil Futures	Short	8	(7,021)	(7,155)	
	Corn Futures	Long	5	3,771	3,796	
	10 Year Japanese Treasury Bond	Long	12	367,885	369,860	
	MSCI Taiwan Index	Long	7	20,715	19,901	
	UK Long-term Bonds	Long	12	47,489	47,367	
	10 Year Australian Treasury Bond	Long	20	357,686	358,024	
	Subtotal			(241,203)		
Options contract :						
	TAIEX Options (Call)	Long	8,100	\$ 158,232	84,336	
	TAIEX Options (Put)	Long	3,732	177,194	274,359	
	TAIEX Options (Call)	Short	2,676	(39,176)	(12,550)	
	TAIEX Options (Put)	Short	5,128	(100,023)	(253,693)	
	TAIEX Options W1 (Call)	Long	2,155	6,630	1,573	
	TAIEX Options W1 (Put)	Long	2,456	16,583	58,312	
	TAIEX Options W1 (Call)	Short	2,174	(5,708)	(2,693)	
	TAIEX Options W1 (Put)	Short	2,111	(15,884)	(60,186)	
	Stock Options (Call)	Long	161	2,188	505	
	Stock Options (Put)	Long	184	1,644	3,258	
	Stock Options (Call)	Short	81	(506)	(131)	
	Stock Options (Put)	Short	65	(793)	(1,456)	
	Electronic Sector Index Options (Call)	Long	6	250	10	
	Electronic Sector Index Options (Put)	Long	25	418	1,011	
	Electronic Sector Index Options (Put)	Short	1	(29)	(91)	
	Finance Insurance Index Options (Call)	Long	197	2,223	929	
	Finance Insurance Index Options (Put)	Long	71	545	1,228	
	Finance Insurance Index Options (Call)	Short	144	(435)	(177)	
	Finance Insurance Index Options (Put)	Short	89	(112)	(272)	
	Gold Options (Call)	Long	46	569	2,626	
	Gold Options (Put)	Long	37	454	57	
	Gold Options (Call)	Short	3	(38)	(108)	
	Gold Options (Put)	Short	52	(511)	(56)	
	iShares India 50 ETF Options (Call)	Long	900	64	53	
	iShares India 50 ETF Options (Put)	Long	600	36	32	
	iShares India 50 ETF Options (Call)	Short	525	(44)	(77)	
	iShares India 50 ETF Options (Put)	Short	825	(70)	(45)	
	Nifty Bank Options (Call)	Long	1,080	306	338	
	Nifty Bank Options (Put)	Long	240	70	71	
	Nifty Bank Options (Call)	Short	240	(67)	(66)	
	Nifty Bank Options (Put)	Short	1,080	(316)	(285)	
	Nifty Financial Services Index Options (Put)	Long	1,820	251	228	
	Nifty Financial Services Index Options (Call)	Short	1,820	(265)	(294)	
	Subtotal			203,680		
Total				\$ (37,523)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) December 31, 2024

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	11,348	\$ 3,059,688	3,055,657	
	Single Stock Futures	Short	11,481	(3,767,507)	(3,790,911)	
	TAIEX Futures	Long	304	1,402,606	1,402,383	
	TAIEX Futures	Short	310	(1,437,853)	(1,428,793)	
	Mini TAIEX Futures	Long	128	148,551	147,691	
	Mini TAIEX Futures	Short	156	(180,251)	(180,538)	
	Micro TAIEX Futures	Short	1,165	(269,477)	(268,582)	
	Finance Sector Index Futures	Long	46	97,438	96,839	
	Finance Sector Index Futures	Short	8	(16,863)	(16,882)	
	Electronic Sector Index Futures	Short	34	(174,621)	(174,325)	
	Mini Electronic Futures	Long	66	42,617	42,299	
	Mini Electronic Futures	Short	71	(45,734)	(45,504)	
	10 Year U.S. T Note Futures	Long	8	28,552	28,523	
	10 Year U.S. T Note Futures	Short	85	(303,674)	(303,056)	
	10 Year U.S. T Bond Futures	Long	22	82,346	80,286	
	Ultra U.S. Treasury Bond	Long	615	2,486,734	2,397,480	
	Brent Crude Oil Futures	Short	371	(896,135)	(907,864)	
	Crude Oil Futures	Short	55	(128,221)	(129,324)	
	FTSE China A50 Index Futures	Long	5,162	2,298,765	2,278,766	
	FTSE China A50 Index Futures	Short	1,261	(561,530)	(556,668)	
	E-mini S&P 500 Futures	Long	3	29,388	29,191	
	Gold Futures	Long	1	8,900	8,659	
	Gold Futures	Short	11	(88,009)	(87,629)	
	HHI Futures	Short	289	(445,933)	(444,015)	
	HSI Futures	Long	6	25,503	25,442	
	HSI Futures	Short	10	(42,501)	(42,404)	
	TOPIX Futures	Short	19	(109,481)	(111,128)	
	JPY Futures	Long	21	56,418	55,165	
	JPY Futures	Short	13	(34,015)	(34,150)	
	Copper Futures	Short	13	(44,286)	(42,903)	
	Mini-HSI Futures	Long	10	8,513	8,481	
	Mini-HSI Futures	Short	1	(845)	(848)	
	Micro E-mini Nasdaq Futures	Long	3	4,264	4,175	
	Micro E-mini Nasdaq Futures	Short	43	(59,894)	(59,848)	
	E-mini Nasdaq Futures	Long	20	286,219	278,364	
	E-mini Nasdaq Futures	Short	13	(186,467)	(180,937)	
	E-mini Russell 2000 Index Futures	Short	1	(3,665)	(3,688)	
	SGX Nikkei 225 Index Futures	Short	17	(70,275)	(70,090)	
	E-mini Dow Futures	Short	16	(113,178)	(112,447)	
	US Dollar Index Futures	Short	106	(369,383)	(376,351)	
	Micro E-mini S&P 500 Futures	Long	4	4,033	3,892	
	Micro E-mini S&P 500 Futures	Short	12	(11,885)	(11,676)	
	Silver Futures	Short	2	(9,642)	(9,587)	
	2 Year U.S. T Note Futures	Long	97	654,045	653,868	
	2 Year U.S. T Note Futures	Short	15	(100,979)	(101,114)	
	30 Year U.S. Treasury Bond	Short	77	(287,976)	(287,392)	
	Long - Term Euro-BTP Futures	Long	20	81,827	81,922	
	Soybean Futures	Long	4	6,510	6,626	
	China Index Futures	Long	5	4,210	4,183	
	Mini Finance Sector Index Futures	Short	120	(63,689)	(63,156)	
	One Week E-mini Stock Index Futures	Long	26	29,804	29,946	
	One Week E-mini Stock Index Futures	Short	108	(124,862)	(124,378)	
	CME BTC	Short	6	(95,393)	(91,945)	
	GIN Futures	Short	20	(31,392)	(31,171)	
	Corn Futures	Long	10	7,447	7,516	
	Gas Futures	Long	7	7,922	8,338	
	Subtotal			786,684		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Options contract :	TAIEX Options (Call)	Long	6,291	\$ 153,730	145,689	
	TAIEX Options (Put)	Long	6,853	123,218	112,440	
	TAIEX Options (Call)	Short	4,832	(85,687)	(54,451)	
	TAIEX Options (Put)	Short	2,386	(27,694)	(24,889)	
	TAIEX Options W1 (Call)	Long	1,624	5,283	2,892	
	TAIEX Options W1 (Put)	Long	2,095	8,784	9,153	
	TAIEX Options W1 (Call)	Short	1,172	(5,291)	(3,815)	
	TAIEX Options W1 (Put)	Short	1,606	(8,701)	(10,140)	
	TAIEX Options W2 (Call)	Short	35	(320)	(275)	
	Stock Options (Call)	Long	138	1,100	822	
	Stock Options (Put)	Long	221	1,098	989	
	Stock Options (Call)	Short	123	(663)	(356)	
	Stock Options (Put)	Short	52	(216)	(187)	
	Electronic Sector Index Options (Put)	Long	2	49	37	
	Finance Insurance Index Options (Call)	Long	307	4,523	3,315	
	Finance Insurance Index Options (Put)	Long	320	3,538	3,906	
	Finance Insurance Index Options (Call)	Short	190	(375)	(198)	
	Finance Insurance Index Options (Put)	Short	110	(179)	(72)	
	Gold Options (Call)	Long	69	791	511	
	Gold Options (Put)	Long	85	935	557	
	Gold Options (Call)	Short	10	(53)	(7)	
	Subtotal			173,870		
	Total			\$ 960,554		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) March 31, 2024

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	4,227	\$ 789,376	780,283	
	Single Stock Futures	Short	24,765	(6,973,072)	(7,104,227)	
	TAIEX Futures	Long	95	384,380	384,861	
	TAIEX Futures	Short	983	(3,955,970)	(3,986,134)	
	Mini TAIEX Futures	Long	326	313,507	313,913	
	Mini TAIEX Futures	Short	59	(75,550)	(75,775)	
	Finance Sector Index Futures	Long	12	21,668	22,066	
	Electronic Sector Index Futures	Short	101	(421,758)	(430,320)	
	Mini Electronic Futures	Long	83	44,068	44,204	
	Mini Electronic Futures	Short	239	(126,906)	(127,285)	
	TPEX 200 Index	Short	11	(5,419)	(5,499)	
	10 Year U.S. T Note Futures	Short	53	(187,701)	(187,912)	
	Ultra U.S. Treasury Bond	Long	259	1,045,470	1,069,152	
	Ultra U.S. Treasury Bond	Short	216	(886,498)	(891,648)	
	Brent Crude Oil Futures	Short	111	(304,670)	(309,024)	
	Crude Oil Futures	Long	62	160,668	165,009	
	Crude Oil Futures	Short	3	(7,795)	(7,984)	
	FTSE China A50 Index Futures	Short	532	(207,596)	(206,382)	
	FTSE China A50 Index Futures	Long	5,722	2,223,462	2,219,770	
	E-mini S&P 500 Futures	Short	15	(126,786)	(127,404)	
	Gold Futures	Short	11	(77,471)	(78,792)	
	HHI Futures	Long	4	4,705	4,755	
	HHI Futures	Short	137	(162,532)	(162,848)	
	TOPIX Futures	Short	28	(163,327)	(164,039)	
	JPY Index Futures	Short	13	(34,788)	(34,765)	
	JPY Index Futures	Long	22	59,737	58,832	
	Copper Futures	Short	19	(58,382)	(60,906)	
	Gold Futures	Long	25	21,211	21,655	
	Micro E-mini Nasdaq Futures	Short	4	(4,739)	(4,730)	
	Micro E-mini Nasdaq Futures	Long	3	3,548	3,547	
	E-mini Nasdaq Futures	Long	12	142,529	141,888	
	Micro E-mini Dow Futures	Short	5	(3,209)	(3,214)	
	E-mini Russell 2000 Index Futures	Short	1	(3,402)	(3,433)	
	SGX Nikkei 225 Index Futures	Short	5	(20,920)	(21,425)	
	E-mini Dow Futures	Short	9	(57,344)	(57,853)	
	U.S. dollar Index Futures	Short	94	(308,544)	(313,641)	
	Micro E-Mini S&P 500 Futures	Long	21	17,768	17,837	
	Silver Futures	Short	6	(23,333)	(23,919)	
	2 Year U.S. T-Note Futures	Short	21	(137,521)	(137,414)	
	30 Year U.S. Treasury Bond	Short	10	(38,228)	(38,540)	
	5 Year U.S. T-Note Futures	Long	30	103,010	102,735	
	Long - Term Euro - BTP Futures	Long	10	41,094	41,011	
	Soybean Futures	Short	15	(28,893)	(28,596)	
	China Index Futures	Long	6	4,001	4,044	
	FTSE Taiwan Index Futures	Short	148	(328,922)	(330,099)	
	Euro-Bobl Futures	Long	10	40,709	40,749	
	Euro Buxl Futures	Short	2	(9,340)	(9,359)	
	Finance Sector Index Futures	Short	4	(7,347)	(7,355)	
	Mini Finance Sector Index Futures	Short	32	(14,650)	(14,710)	
	One Week E-Mini Stock Index Futures	Long	5	5,050	5,067	
	CME BTC	Short	7	(77,965)	(79,421)	
	CME MBT	Short	5	(1,113)	(1,134)	
	Subtotal			(9,415,730)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Options contract :						
	TAIEX Options (Call)	Short	3,604	\$ (32,709)	(61,955)	
	TAIEX Options (Put)	Long	4,780	43,462	27,583	
	TAIEX Options (Call)	Long	4,847	148,752	184,905	
	TAIEX Options (Put)	Short	3,670	(16,025)	(6,988)	
	Stock Options (Call)	Long	148	1,139	1,456	
	Stock Options (Call)	Short	124	(622)	(3,355)	
	Stock Options (Put)	Long	113	1,357	534	
	Stock Options (Put)	Short	37	(406)	(210)	
	Electronic Sector Index Options (Call)	Short	61	(1,330)	(1,422)	
	Electronic Sector Index Options (Call)	Long	26	166	56	
	Electronic Sector Index Options (Put)	Short	1	(11)	(1)	
	Finance Insurance Index Options (Call)	Short	87	(241)	(558)	
	Finance Insurance Index Options (Put)	Long	70	188	56	
	Finance Insurance Index Options (Call)	Long	135	732	1,758	
	Finance Insurance Index Options (Put)	Short	116	(313)	(95)	
	Gold Options (Call)	Short	56	(387)	(1,432)	
	Gold Options (Put)	Long	88	596	255	
	Gold Options (Call)	Long	56	344	749	
	Gold Options (Put)	Short	53	(147)	(3)	
	iShares India 50 ETF Options (Call)	Short	1,000	(57)	(37)	
	iShares India 50 ETF Options (Put)	Long	1,000	36	45	
	iShares India 50 ETF Options (Call)	Long	1,000	62	42	
	iShares India 50 ETF Options (Put)	Short	900	(38)	(46)	
	TAIEX Weekly Options (Put)	Short	597	(1,781)	(1,819)	
	TAIEX Weekly Options (Put)	Long	628	1,576	1,303	
	TAIEX Weekly Options (Call)	Long	744	1,823	2,045	
	TAIEX Weekly Options (Put)	Short	897	(1,604)	(1,196)	
	Subtotal			144,562		
Total				<u>\$ (9,271,168)</u>		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Restrictions and enforcement of the Group's various financial ratios under futures trading law

- (i) The Company's proprietary futures trading department commenced operations in March 2025. The financial ratio in the table below is prepared according to "Regulations Governing Futures Commission Merchants" :

Art.	Calculation formula	Current Period		Standard	Enforcement
		Calculation	Ratio		
17	Stockholders' equity	399,917	∞	≥ 1	Satisfactory to requirement
	(Total liabilities - futures traders' equity)	0			
17	Current Assets	388,917	∞	≥ 1	"
	Current Liabilities	0			
22	Stockholders' equity	399,917	99.98 %	$\geq 60\%$	"
	Minimum paid-in capital	400,000		$\geq 40\%$	
22	Adjusted net capital	398,690	∞	$\geq 20\%$	"
	Total amount of customers' margin required for open positions of futures trader	0		$\geq 15\%$	

- (ii) Subsidiary - Capital Futures Corp.'s financial ratio in the table below is prepared according to "Regulations Governing Futures Commission Merchants" :

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	10,147,435	4.88	7,490,962	4.23	≥ 1	Satisfactory to requirement
	(Total liabilities - futures traders' equity)	2,081,084		1,771,379			
17	Current Assets	61,194,603	1.16	51,987,962	1.12	≥ 1	"
	Current Liabilities	52,872,994		46,235,237			
22	Stockholders' equity	10,147,435	910.08 %	7,490,962	671.84 %	$\geq 60\%$	"
	Minimum paid-in capital	1,115,000		1,115,000		$\geq 40\%$	
22	Adjusted net capital	7,657,556	61.36 %	5,374,346	47.32 %	$\geq 20\%$	"
	Total amount of customers' margin required for open positions of futures trader	12,480,548		11,357,891		$\geq 15\%$	

(c) Unique risk for futures trading

Transactions in futures and options carry a high degree of risk because of the amount of initial margin is small relative to the value of the futures contract, meaning that transactions are heavily leveraged, the fluctuation of underlying markets is unpredictable, and the variance risk of the exchange rate is high. Futures industry thus bears higher operation risk than other industries. If the customers can't exercise the contract or maintain the proper margin, in order to dealing with such abrupt condition, the futures business needs sufficient liquidity to cover the transactions and suffer the loss may occur.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the three months ended March 31, 2025 and 2024, required by the “Regulations Governing the Preparation of Financial Reports by Securities firms” for the Group:

(i) Loans to others:

(In Thousands Dollars)

Number	Name of the company providing Loans to Others	Party to Transactions	Account Classification	Related party	Maximum Balance of the Period	Ending balance	Capital Employed	Range of interest rate	Type of Loans (Note)	Amount of Transactions	Purposes of the Borrowers	Allowance of Doubtful Accounts	Collateral		Limit on Loans to a Single Business	Limit on the Amount of Loans
													Name	Value		
1	CSC International Holdings Ltd.	CSC Securities (HK) Ltd	Account receivables - Related party	Yes	\$ 905,853	905,853	885,960	-	2	-	Working capital	-		-	1,722,549	1,722,549
2	CSC Futures (HK) Ltd.	F190402	Account receivables - Customer	No	65,933	65,933	-	9.37 %	1	377		-		-	223,126	1,115,629
3	CSC Futures (HK) Ltd.	F611702	Account receivables - Customer	No	461,532	461,532	197,799	5.62%~6.87%	1	299,313		-		-	461,532	1,115,629
4	CSC Futures (HK) Ltd.	F613059	Account receivables - Customer	No	98,900	98,900	-	8.37 %	1	18,260		-		-	223,126	1,115,629
5	CSC Futures (HK) Ltd.	F612688	Account receivables - Customer	No	330	330	-	7.37 %	1	-		-		-	223,126	1,115,629
6	CSC Futures (HK) Ltd.	F613091	Account receivables - Customer	No	330	330	-	7.37 %	1	857		-		-	223,126	1,115,629
7	CSC Futures (HK) Ltd.	F190416	Account receivables - Customer	No	230,766	230,766	-	5.87 %	1	12,714		-		-	230,766	1,115,629

Note: Type of Loans

1. Business transactions
2. Necessaries of short-term financing

- (ii) Providing endorsements and guarantees for other parties: None
- (iii) Acquisition of real estate exceeding NT\$300 million or 20% of paid-in capital: None
- (iv) Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital: None
- (v) Handling fee discounts on transactions with related parties exceeding NT\$5 million: None
- (vi) Accounts receivables from related parties exceeding NT\$100 million or 20% of paid-in capital: None

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Significant transactions between parent company and subsidiaries for the three months ended March 31, 2025:

(In Thousands Dollars)

Ref No. (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Intercompany transaction details			
				General ledger account	Amount	Trading terms	Percentage of total consolidated revenue or total assets
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts payable	3,127		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts receivable	13,235		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other receivables	14,734		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Bonds sold under repurchase agreements	71,243		0.02 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other payable	3,387		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Guarantee deposits received	4,620		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Futures commission revenue	32,772	General transaction	0.82 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Lease revenue	4,640	General transaction	0.12 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Revenue from securities management, distribution, and management fees	162	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Financial costs	443	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other operating revenue	264	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Securities commission expense	7,814	General transaction	0.20 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Interest revenue	18	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Miscellaneous expense	19,046	General transaction	0.48 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Non-operating revenue	14,468	General transaction	0.36 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Brokerage commissions revenue	123	General transaction	- %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Professional service fees	27,990	General transaction	0.70 %
0	Capital Securities Corp.	CSC Capital Management Co.	1	Other receivables	1		- %
0	Capital Securities Corp.	CSC Capital Management Co.	1	Revenue from securities management, distribution, and management fees	20	General transaction	- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other receivables	145		- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other payable	149		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Other receivables	79		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Brokerage commissions revenue	16	General transaction	- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Guarantee deposits received	13		- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Lease revenue	12	General transaction	- %
0	Capital Securities Corp.	Capital Private Equity Fund I Co.	1	Brokerage commissions revenue	52	General transaction	- %
0	Capital Futures Corp.	Capital Securities Corp.	2	Customers' margin account	2,716,300		0.85 %

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Ref No. (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Intercompany transaction details			
				General ledger account	Amount	Trading terms	Percentage of total consolidated revenue or total assets
0	Capital Futures Corp.	Capital Securities Corp.	2	Futures traders' equity	2,716,300		0.85 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Customers' margin account	874,247		0.27 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures traders' equity	4,979,628		1.56 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Other payable	5,929		- %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures commission expense	4,218	General transaction	0.11 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Brokerage commissions revenue	21,687	General transaction	0.54 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Financial costs	3,660	General transaction	0.09 %
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Customers' margin account	4,667,447		1.46 %
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Futures traders' equity	562,065		0.18 %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Other payable	4,275		- %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Information technology expense	12,763	General transaction	0.32 %
2	CSC Futures (HK) Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Professional service fees	1,546	General transaction	0.04 %
2	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other receivables	HKD 741		- %
2	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	HKD 528	General transaction	0.06 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Brokerage commissions expense	HKD 44	General transaction	- %
3	CSC International Holdings Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Lease revenue	171	General transaction	- %
3	CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	3	Other receivables	USD 26,679		0.28 %
4	CSC Capital Management Co.	Capital Private Equity Fund I Co.	3	Management fee revenue	1,430	General transaction	0.04 %

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

- (1) 0 stands for the parent company.
- (2) Subsidiaries are coded from No. 1 per respective companies.

Note 2: Transaction relationship with the counterparties are as follows:

- (1) Parent company to subsidiaries.
- (2) Subsidiaries to parent company.
- (3) Subsidiaries to subsidiaries.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Related information of investee companies:

(In Thousands of New Taiwan Dollars)

Ref. No.	Name of investee company (Notes 1 and 2)	Area	Date of establishment	Approval date and number of FSC	Primary business operation	Original investment amount		Equity Ownership by company (note 3)			Operating income or loss of investee company during the period	Net income or loss of investee company during the period	Investment gain or loss recognized during the period	Cash dividend	Note
						Balance on March 31, 2025	Balance on December 31, 2024	Shares	Ratio	Book value					
0	Capital-Investment Management Corp.	Taipei ,Taiwan, R.O.C.	February 16, 1990	Note 4	Engaged in providing research, analysis and recommendations, organize seminars and publish materials on securities investments	72,515	72,515	7,000,000	100.00 %	81,795	28,858	4,630	4,630	-	The transaction has been eliminated in the consolidated financial statements
0	Capital Futures Corp.	Taipei ,Taiwan, R.O.C.	February 26, 1997	No. FSC-1050044467 dated November 15, 2016	Engaged in domestic and foreign futures business	2,928,955	1,896,520	138,619,711	55.46 %	5,628,163	580,780	279,830	157,399	-	"
0	CSC International Holdings Ltd.	British Virgin Island	March 4, 1996	No. FSC-65350 dated January 12, 1996	Long-term equity investment business	1,339,555	1,339,555	45,000,000	100.00 %	1,724,123	8,367	3,149	3,149	-	"
0	Capital Insurance Advisory Corp.	Taipei ,Taiwan, R.O.C.	November 9, 2000	Note 4	Engaged in personal insurance brokerage and property insurance brokerage and manages personal insurance agent business	3,890	3,890	500,000	100.00 %	76,965	56,166	12,525	12,525	-	Subsidiary
0	CSC Venture Capital Corp.	Taipei ,Taiwan, R.O.C.	January 12, 2016	No. FSC-1040034071 dated September 8, 2015	Venture capital and consulting business	1,000,000	1,000,000	100,000,000	100.00 %	876,423	(998)	(6,230)	(6,230)	-	The transaction has been eliminated in the consolidated financial statements
0	CSC Capital Management Co.	Taipei ,Taiwan, R.O.C.	December 3, 2020	No. FSC-1090349163 dated September 7, 2020	Investment and management consulting, venture capital and general investing	330,000	330,000	33,000,000	100.00 %	315,330	(13,262)	(14,575)	(14,575)	-	"
0	Capital Investment Trust Corp.	Taipei ,Taiwan, R.O.C.	October 16, 1995	Note 4	Engaged in security investment and discretionary investment services	1,272,505	1,272,505	33,067,507	20.00 %	1,705,979	1,331,029	510,308	102,062	-	Associates
1	CSC Securities(HK) Ltd.	Hong Kong	May 3, 1994	No. FSC-90931 dated January 5,1998	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses permitted by local law of Hong Kong	530,000	530,000	128,000,000	100.00 %	761,980	22,026	8,367	-	-	The transaction has been eliminated in the consolidated financial statements
2	CSC Futures(HK) Ltd.	Hong Kong	December 9, 1998	No. FSC-1010027412 dated August 24, 2012	Future brokerage and other businesses permitted by local law of Hong Kong	886,284	886,284	220,000,000	100.00 %	1,115,629	150,014	(2,669)	-	-	"
2	Capital International Technology Co.,Ltd.	Taipei ,Taiwan, R.O.C.	December 29, 2014	No. FSC-1030038387 dated November 18, 2014	Management and consulting business Information technology software	50,000	50,000	5,000,000	100.00 %	12,157	-	(447)	-	-	"
3	Capital Securities Nominee Ltd.	Hong Kong	April 7, 1995	No. FSC- 90931 dated January 5, 1998	Agency services	-	-	2	100.00 %	-	-	-	-	-	"
4	Capital Private Equity Fund I Co.	Taipei ,Taiwan, R.O.C.	April 20, 2021	No. FSC-1090380058 dated January 26, 2021	General investment and venture capital business	300,000	300,000	30,000,000	100.00 %	281,902	(13,028)	(14,692)	-	-	"
5	Enno Cap Venture Inc.	Taipei ,Taiwan, R.O.C.	July 30, 2021	No. FSC- 1040034071 dated September 8,2015	Liquidation in progress	400	400	40,000	40.00 %	4	-	-	-	-	Associates

Note 1: (0) Capital Securities Corp. (1) CSC International Holdings Ltd. (2) Capital Futures Corp. (3) CSC Securities (HK) Ltd. (4) CSC Capital Management Co. (5) CSC Venture Capital Corp.

Note 2: Includes the Company’s investment in overseas business and its reinvestments in other businesses, etc.

Note 3: Book value is the investment balance according to equity method, including investment income (loss), cash dividends, and cumulative translation adjustment, etc.

Note 4: According to the regulations of reinvesting domestic business issued by Financial Supervisory Commission, securities firms may invest securities finance enterprises and should file for recordation within 15 days after the investment. Therefore, this case only needs to be filed for recordation afterwards.

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on overseas branches and representative offices:

(In Thousands of New Taiwan Dollars)

Name	Region	Date of establishment	Approval date and number of FSC	Primary business operation	Operating Revenues	Net Income	Assignment of working capital				Transactions with parent company	Note
							Beginning amount	Add	Less	Ending amount		
CSC International Holdings Ltd. Shanghai Representative Office	Shanghai	November 27, 1997	Ruling No. 16322 by FSC on Feb.22, 1997	Investigation of business, research of industrial technology and related information collection	-	-	-	-	-	-	-	

(d) Information on investments in the Mainland China:

(i) Investment in the Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee in Mainland China	Major Operations	Issued capital	Method of investment	Accumulated remittance as of January 1, 2025	Remittance of recoverable investment this period		Accumulated remittance as of March 31, 2025	Net gains (losses) of the investee	Direct or indirect Share holdings (%) by the company	Investment gains (losses) recognized during this period	Ending Balance of Investment	Investment income remitted back as of March 31, 2025
					Remittance amount	Recoverable amount						
Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	5,013	Note 1 (C)	24,372	-	-	24,372	(178)	28.28%	(51) Note 2 B(3)	2,452	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	18,863	Note 1 (C)	18,863	-	-	18,863	(344)	55.46%	(191) Note 2 B(3)	869	-

Note 1: Investment methods are classified into the following three categories:

- A. Directly invest in a company in Mainland China.
- B. Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Please indicate the investee name of the third area).
- C. Through a subsidiary to invest in a company in Mainland China.

Note 2: Investment gains and losses recognized during the period

- A. It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- B. Indicate the basis for investment gains and losses recognition in the number of one of the following three categories:
 - (1) The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - (2) The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - (3) The financial statements that are provided by the investee without audited by CPA.

Note 3: Above information is expressed in New Taiwan Dollars.

(ii) Limitation on investment in the Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated remittance from Taiwan to Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in Mainland China regulated by MOEA
Capital International Technology Corp.	43,235	43,235	80,000

Note: The Company invests through subsidiaries Capital International Technology Corp. to invest in Mainland China. According to the relevant rules to small and medium enterprises, the upper limit for investment in China is \$80,000.

(e) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Capital Tip Customized Taiwan Select High Dividend ETF Account		212,808,000	9.80 %

Note 1: Taiwan Depository & Clearing Corporation calculates the information of the shareholders holding 5% or more of the Company's non-physical common shares and special shares which have been registered in dematerialized form (including treasury shares) based on the last business day of every quarter. The stock recorded in the Company's financial statements may differs from the shares which have been registered in dematerialized form because of different basis of preparation.

Note 2: If the shareholders deliver shareholdings to the trust, it shows the trustor's separate account opened by the trustee. As to insiders' equity declaration of shareholdings over 10% under securities trading laws, the shareholders' shareholdings include their own shareholdings and shares delivered to the trust with the right to decide how to use the trust property. The information related to insiders' equity declaration please refers to Market Observation Post System.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The operating segments are consistent with the internal reports provided to the chief operating decision-maker. The Group's operating segments are classified into brokerage, corporate financing, dealing, derivative instrument and reinvestment according to the sources of revenue. The remaining operating results which have not reached the threshold requirements are consolidated in other operating segments.

Sources of income from products and services rendered by each segment are as follows:

- (i) Brokerage segment: Engaged in brokerage trading, margin trading, and securities lending business.
- (ii) Corporate financing segment: Engaged in providing advisory on initial public offering or to register on the emerging or listed market, securities underwriting and sales, corporate finance, mergers and acquisitions.
- (iii) Dealing segment: Engaged in trading securities and related listed stock instruments on a proprietary basis and engaged in proprietary futures trading.
- (iv) Derivative instrument segment: Engaged in the investment, consultancy and issuance of derivative instruments.
- (v) Subsidiary Futures: Engaged in the business of domestic futures brokerage services, trading on a proprietary basis, futures consultancy and managed futures enterprises.

(b) Measurement of segmental information

All accounting policies of the Group's operating segments' accounting policies are no material difference from the ones described in Note 4 "significant accounting policies". The Group evaluates segment performance based on the net profit before tax of various operating segments. Income and expense attributable to each operating segment are directly attributed to the profits and losses of the corresponding operating segment. Indirect expenses and expenses from logistic support segment that cannot be directly attributed are listed under "other segments".

(c) Profits or losses, assets and liabilities of segments information

For the three months ended March 31, 2025							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination
Segment Revenue	\$ 1,939,046	67,215	1,015,799	296,122	57,629	704,890	(92,133)
Segment profit or loss	\$ 1,051,924	23,714	141,893	195,936	(441,600)	345,906	(129,684)
							1,188,089

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2024							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 1,740,189	69,002	1,399,833	221,758	98,254	569,556	(83,145)	4,015,447
Segment profit or loss	\$ 901,600	30,748	485,463	122,136	(107,686)	333,874	(157,309)	1,608,826

Note 1: Internal segment revenues are eliminated on consolidation.

Note 2: The Group's segment assets and liabilities are not provided to the chief operating decision maker, so such items are not required to be disclosed.

(d) Information about products and services

The Group identified the reportable segments based on the type of products and service provided and the general information is already to be disclosed. Thus, no additional disclosure is required.

(e) Information about regions

Since the revenue from individual foreign customers were not significant and there was no disclosure.

(f) Information about major customers

There was no disclosure because no individual customer accounted for 10% or more of the Group's revenues for the current periods.