

**CAPITAL SECURITIES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For The Six Months Ended June 30, 2025 and 2024**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of
Capital Securities Corporation:

Opinion

We have audited the consolidated financial statements of Capital Securities Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of June 30, 2025, December 31, 2024 and June 30, 2024, and the consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024 as well as the changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025, December 31, 2024 and June 30, 2024, and its consolidated financial performance, for the three months ended June 30, 2025, and 2024 and the six months ended June 30, 2025, and 2024 as well as its consolidated cash flows for the six months ended June 30, 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 Standards (“IASs”) 34 “Interim Financial Reporting”, which are endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters of the Group’s financial statements are stated as follows:

Valuation of financial instruments

Please refer to Note 4(g) of the consolidated financial statements as of and for the year ended December 31, 2024 for the related accounting policy regarding the valuation of financial instruments, Note 6(b) financial assets, Note 6(n) financial liabilities at fair value through profit or loss and Note 6(x)(v), fair value and fair value hierarchy of financial instruments for details.

Risk and descriptions of the key audit matter:

The Group's valuation of financial instruments is one of audit processes refer to important judgements. Financial products on balance sheets mainly belong to first or secondary level in fair value hierarchy, and can be achieved by available quoted market prices in an active market and direct or indirect evaluation of observation. Fair value of some derivative financial products invested and issued depends on models and observably variable factors in the market, so management's professional judgement has highly importance when using different valuation methods and assumptions. Therefore, the valuation of financial instruments is one of our key audit matters.

Procedures performed:

Our key audit procedures included considering how management selected appropriate valuation methods and assessed the key assumptions adopted. We confirmed the presentation and disclosures of financial products were in accordance with relevant regulations. For financial assets with quoted market prices in an active market, we selected samples to test the appropriateness of quoted prices used. For financial assets without quoted market prices in an active market and measured at fair value using valuation techniques, we selected samples to test the appropriateness of valuation methods and significantly underlying parameters applied by management.

Other Matter

We did not audit the financial statements of Capital Investment Trust Corporation, an associate of Capital Securities Corporation. Those financial statements were audited by another auditor, whose report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Capital Investment Trust Corporation, is based solely on the report of another auditor. The recognized investment amount of Capital Investment Trust Corporation under equity method constituted 0.49%, 0.52% and 0.43% of consolidated total assets of June 30, 2025, December 31, 2024 and June 30, 2024, respectively, and the recognized profit or loss under using equity method constituted 6.49%, 5.03%, 7.40% and 4.57% of consolidated net income before income tax for the three months and six months ended June 30, 2025 and 2024, respectively.

The Group has prepared its parent-company-only financial statements as of and for the six months ended June 30, 2025 and 2024, on which we have issued an unmodified opinion with other matters paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 Standards ("IASs") 34 "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
August 25, 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 such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2025, December 31, 2024, and June 30, 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Assets	June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%
110000	Current assets:						
111100	Cash and cash equivalents (note 6(a))	\$ 12,541,970	4	9,289,189	3	9,089,282	3
112000	Financial assets at fair value through profit or loss - current (notes 6(b) and 8)	61,190,277	20	69,363,225	22	87,285,159	27
113200	Financial assets at fair value through other comprehensive income - current (note 6(b))	27,444,349	9	31,059,002	10	28,775,712	9
114010	Bonds purchased under resale agreements (note 6(c))	250,515	-	250,121	-	220,322	-
114030	Receivable for securities provided as collateral	15,456,876	5	22,406,866	7	22,399,669	7
114040	Refinancing margin	31,219	-	49,349	-	4,061	-
114050	Refinancing collateral receivable	25,797	-	41,089	-	3,382	-
114060	Receivable of securities business money lending	29,059,400	9	32,677,621	11	29,307,829	9
114070	Customers' margin account (note 6(e))	54,964,990	18	48,810,284	16	44,202,386	14
114080	Receivable - futures margin	12	-	-	-	1	-
114090	Collateral for securities borrowed	514,411	-	542,368	-	61,998	-
114100	Security borrowing margin	13,847,688	5	14,378,972	5	12,221,571	4
114110	Notes receivable	20,589	-	7,458	-	12,984	-
114130	Accounts receivable (note 6(d))	23,488,435	8	13,784,088	4	23,798,355	7
114150	Prepayments	103,047	-	95,292	-	154,010	-
114170	Other receivables	983,338	-	491,011	-	1,081,890	-
114300	Leverage contract trading - customers' margin account	755,103	-	907,903	-	859,417	-
114600	Current income tax assets	736	-	1,126	-	968	-
119095	Amounts held for each customer in the account (note 6(p))	38,948,009	13	35,555,711	12	38,625,265	12
119990	Other current assets-others	1,867,507	1	3,216,222	1	2,533,508	1
		<u>281,494,268</u>	<u>92</u>	<u>282,926,897</u>	<u>91</u>	<u>300,637,769</u>	<u>93</u>
120000	Non-current assets:						
122000	Financial assets at fair value through profit or loss - non-current (notes 6(b) and 8)	178,554	-	177,730	-	179,359	-
123200	Financial assets at fair value through other comprehensive income - non-current (note 6(b))	4,777,206	1	4,710,452	2	3,547,541	1
123300	Financial assets at amortized cost - non-current (note 6(b))	5,541,270	2	6,567,032	2	6,166,981	2
124100	Investments accounted for under equity method (note 6(f))	1,538,448	1	1,668,360	1	1,445,331	-
125000	Property and equipment (notes 6(g) and 8)	2,919,589	1	3,151,015	1	3,169,862	1
125800	Right-of-use assets (note 6(h))	534,745	-	560,957	-	612,011	-
126000	Investment property (notes 6(i) and 8)	3,673,140	1	3,422,160	1	3,433,801	1
127000	Intangible assets (note 6(j))	3,609,703	1	3,616,766	1	3,609,830	1
128000	Deferred income tax assets	11,037	-	-	-	246,765	-
129000	Other non-current assets	1,858,339	1	1,887,133	1	1,794,996	1
		<u>24,642,031</u>	<u>8</u>	<u>25,761,605</u>	<u>9</u>	<u>24,206,477</u>	<u>7</u>
	Total assets	<u>\$ 306,136,299</u>	<u>100</u>	<u>308,688,502</u>	<u>100</u>	<u>324,844,246</u>	<u>100</u>

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2025, December 31, 2024, and June 30, 2024****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%
210000	Liabilities and Equity						
211100	Current liabilities:						
211100	Short-term borrowings (note 6(k))	\$ 3,633,787	1	7,304,896	2	14,656,661	5
211200	Commercial paper payable (note 6(l))	20,783,547	7	41,514,617	14	46,731,999	14
212000	Financial liabilities at fair value through profit or loss - current (note 6(n))	33,925,267	11	26,097,565	9	30,163,226	9
214010	Bonds sold under repurchase agreements (note 6(o))	45,551,139	15	53,622,868	17	53,211,822	16
214040	Guarantee deposited for short sales	1,536,679	1	2,527,527	1	1,329,248	-
214050	Proceeds payable from short sales	1,530,232	-	2,874,680	1	1,481,928	1
214070	Securities lending refundable deposits	14,612,186	5	16,292,813	5	16,329,028	5
214080	Futures traders' equity (note 6(e))	54,793,522	18	48,552,145	16	44,010,919	14
214090	Equity for each customer in the account (note 6(p))	38,948,009	13	35,555,711	12	38,625,265	12
214100	Leverage contract trading - customers' equity	736,033	-	907,350	-	879,193	-
214110	Notes payable	-	-	152	-	-	-
214130	Accounts payable (note 6(q))	17,085,659	6	11,429,911	4	21,191,238	7
214150	Advance receipts	42,474	-	34,281	-	33,335	-
214160	Receipts under custody	1,029,557	-	825,388	-	331,532	-
214170	Other payables	5,100,176	2	1,414,546	-	4,662,888	1
214200	Other financial liabilities - current (note 6(y))	8,099,758	3	6,420,134	2	3,898,863	1
214600	Current income tax liabilities	641,520	-	655,028	-	812,032	-
215100	Provisions - current (note 6(s))	72,415	-	61,267	-	65,068	-
216000	Current lease liabilities (note 6(r))	206,270	-	199,337	-	200,709	-
219000	Other current liabilities	31,298	-	54,888	-	24,749	-
		<u>248,359,528</u>	<u>82</u>	<u>256,345,104</u>	<u>83</u>	<u>278,639,703</u>	<u>85</u>
220000	Non-Current liabilities:						
221200	Long-term borrowings (note 6(m))	9,498,552	3	4,497,142	2	1,498,536	1
222000	Financial liabilities at fair value through profit or loss - non-current (note 6(n))	109,034	-	112,762	-	-	-
224200	Other financial liabilities - non-current (note 6(y))	1,502,107	-	516,042	-	678,446	-
226000	Non-current lease liabilities (note 6(r))	366,402	-	409,190	-	456,202	-
228000	Deferred income tax liabilities	742,969	-	836,027	-	474,922	-
229000	Other non-current liabilities	329,242	-	335,762	-	169,367	-
		<u>12,548,306</u>	<u>3</u>	<u>6,706,925</u>	<u>2</u>	<u>3,277,473</u>	<u>1</u>
	Total liabilities	<u>260,907,834</u>	<u>85</u>	<u>263,052,029</u>	<u>85</u>	<u>281,917,176</u>	<u>86</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))	2,781,067	1	2,743,257	1	2,743,257	1
304000	Retained earnings:						
304010	Legal reserve	3,783,173	1	3,299,604	1	3,299,604	1
304020	Special reserve	7,836,822	3	6,869,685	2	6,869,685	2
304040	Unappropriated earnings (note 6(u))	2,189,554	1	4,919,483	2	2,800,561	1
305120	Exchange differences on translation of foreign operations	(229,102)	-	153,408	-	119,308	-
305140	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	2,875,575	1	2,576,724	1	2,291,473	1
		<u>40,946,170</u>	<u>14</u>	<u>42,271,242</u>	<u>14</u>	<u>39,832,969</u>	<u>13</u>
	Total equity attributable to the parent company	<u>40,946,170</u>	<u>14</u>	<u>42,271,242</u>	<u>14</u>	<u>39,832,969</u>	<u>13</u>
306000	Non-controlling interests	<u>4,282,295</u>	<u>1</u>	<u>3,365,231</u>	<u>1</u>	<u>3,094,101</u>	<u>1</u>
	Total equity	<u>45,228,465</u>	<u>15</u>	<u>45,636,473</u>	<u>15</u>	<u>42,927,070</u>	<u>14</u>
	Total liabilities and equity	<u>\$ 306,136,299</u>	<u>100</u>	<u>308,688,502</u>	<u>100</u>	<u>324,844,246</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 and six months ended June 30, 2025 and 2024

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

		For the three months ended June 30				For the six months ended June 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
Income:									
401000	Brokerage commissions (note 6(w))	\$ 1,623,854	36	1,961,159	45	3,115,228	37	3,522,786	42
402000	Revenues from securities business money lending	3,140	-	1,064	-	6,973	-	1,467	-
403000	Revenue from securities lending	138,394	3	154,681	4	325,643	4	270,872	3
404000	Underwriting commissions (note 6(w))	36,223	1	23,523	1	55,572	1	44,499	1
406000	Commissions on wealth management business	24,382	1	24,638	1	57,113	1	43,266	1
410000	Net gains (losses) on sale of trading securities (note 6(w))	(1,794,328)	(40)	2,641,208	61	(1,800,088)	(21)	5,782,202	69
421100	Securities management, distribution, and management fees	47,064	1	42,666	1	90,970	1	81,364	1
421200	Interest revenue (note 6(w))	965,245	22	930,973	21	2,049,369	24	1,750,790	21
421300	Dividend revenue	425,774	10	407,193	9	655,190	8	619,475	7
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(w))	1,413,341	32	1,103,005	25	185,089	2	2,296,501	27
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements (note 6(y))	26,822	1	(179,865)	(4)	477	-	(822,873)	(10)
421610	Net gains (losses) on measurement of borrowed securities and bonds with resale agreements	229,974	5	(242,371)	(6)	1,045,833	12	(511,016)	(6)
421750	Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income	27,335	1	1,794	-	47,762	1	11,459	-
421800	Net gains (losses) on securities for futures margin at fair value through profit or loss	36,138	1	106,800	2	(58,085)	(1)	136,290	2
422200	Net gains (losses) on stock warrants issued (notes 6(w) and (y))	18,710	-	(524,610)	(12)	602,284	7	(1,091,383)	(13)
424100	Futures commission revenues (note 6(w))	112,150	2	73,559	2	253,321	3	162,403	2
424400	Net gains (losses) on derivative instruments - futures (note 6(y))	1,136,097	25	(1,390,268)	(32)	1,417,765	17	(2,367,783)	(28)
424500	Net gains (losses) on derivative instruments - OTC (note 6(y))	(226,699)	(5)	(789,048)	(18)	156,761	2	(1,440,495)	(17)
424800	Management fee revenues	4,865	-	1,693	-	8,944	-	3,032	-
424900	Consultancy fee revenue	8,738	-	4,360	-	14,218	-	10,605	-
425300	Impairment losses and reversal gains (note 6(x))	1,726	-	(1,728)	-	533	-	(4,817)	-
428000	Other operating revenues	194,963	4	(1,337)	-	211,604	2	(134,108)	(2)
		<u>4,453,908</u>	<u>100</u>	<u>4,349,089</u>	<u>100</u>	<u>8,442,476</u>	<u>100</u>	<u>8,364,536</u>	<u>100</u>
Expenses:									
501000	Brokerage fees	255,859	6	246,068	6	531,549	6	463,483	6
502000	Brokerage and clearing fees - proprietary trading	15,796	-	18,537	1	30,099	-	36,057	-
503000	Clearing and exchange fees - refinancing	550	-	566	-	846	-	926	-
504000	Clearing and exchange fees - underwriting	614	-	275	-	1,137	-	480	-
521200	Financial costs	663,411	15	771,651	18	1,385,800	17	1,396,376	17
521640	Loss from securities borrowing transactions	322,553	7	212,458	5	500,242	6	380,752	5
524100	Futures commission expense (note 6(w))	91,819	2	85,103	2	181,944	2	162,109	2
524300	Cleaning and settlement expenses	54,033	1	55,856	1	101,719	1	100,336	1
528000	Other operating expenditure	43,530	1	17,517	-	79,644	1	40,065	-
531000	Employee benefits expenses (note 6(w))	984,090	22	1,097,763	25	2,020,066	24	2,008,182	24
532000	Depreciation and amortization expense (note 6(w))	123,681	3	124,127	3	242,897	3	245,842	3
533000	Other operating expenses (note 6(w))	935,440	21	915,365	21	1,830,197	22	1,734,179	21
		<u>3,491,376</u>	<u>78</u>	<u>3,545,286</u>	<u>82</u>	<u>6,906,140</u>	<u>82</u>	<u>6,568,787</u>	<u>79</u>
Other income (expenses):									
601000	Share of profits of associates and joint ventures accounted for using equity method (note 6(f))	108,206	2	90,043	2	222,793	3	164,985	2
602000	Other gains and losses (note 6(w))	491,198	11	738,038	17	990,896	12	1,279,976	15
		<u>599,404</u>	<u>13</u>	<u>828,081</u>	<u>19</u>	<u>1,213,689</u>	<u>15</u>	<u>1,444,961</u>	<u>17</u>
902001	Net income before income tax	1,561,936	35	1,631,884	37	2,750,025	33	3,240,710	38
701000	Less: Income tax expenses (note 6(t))	277,861	6	234,476	5	468,954	6	369,787	4
	Net income	<u>1,284,075</u>	<u>29</u>	<u>1,397,408</u>	<u>32</u>	<u>2,281,071</u>	<u>27</u>	<u>2,870,923</u>	<u>34</u>
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	27,279	1	9,427	-	(65,920)	(1)	(781)	-
805550	Share of other comprehensive income of associates and joint ventures accounted for using equity method	-	-	5,518	-	-	-	5,518	-
805599	Less: Income tax related to components of other comprehensive income	-	-	-	-	-	-	-	-
	Subtotal of components that may not be subsequently reclassified into profit or loss	<u>27,279</u>	<u>1</u>	<u>14,945</u>	<u>-</u>	<u>(65,920)</u>	<u>(1)</u>	<u>4,737</u>	<u>-</u>
805600	Components that may be reclassified to profit or loss in subsequent periods:								
805610	Exchange differences on translation of foreign operations	(531,825)	(12)	59,458	1	(478,213)	(5)	231,760	3
805615	Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income	166,095	4	(218,980)	(5)	330,769	4	(325,082)	(4)
805699	Less: Income tax related to components of other comprehensive income (note 6(t))	(41,747)	(1)	4,948	-	(37,698)	-	18,167	-
	Subtotal of items that may be subsequently reclassified into profit or loss	<u>(323,983)</u>	<u>(7)</u>	<u>(164,470)</u>	<u>(4)</u>	<u>(109,746)</u>	<u>(1)</u>	<u>(111,489)</u>	<u>(1)</u>
805000	Other comprehensive income, net	<u>(296,704)</u>	<u>(6)</u>	<u>(149,525)</u>	<u>(4)</u>	<u>(175,666)</u>	<u>(2)</u>	<u>(106,752)</u>	<u>(1)</u>
902006	Total comprehensive income	<u>\$ 987,371</u>	<u>23</u>	<u>1,247,883</u>	<u>28</u>	<u>2,105,405</u>	<u>25</u>	<u>2,764,171</u>	<u>33</u>
Net income attributable to:									
913100	Shareholders of the parent	\$ 1,139,703	26	1,248,940	29	2,014,359	24	2,605,748	31
913200	Non-controlling interests	144,372	3	148,468	3	266,712	3	265,175	3
		<u>\$ 1,284,075</u>	<u>29</u>	<u>1,397,408</u>	<u>32</u>	<u>2,281,071</u>	<u>27</u>	<u>2,870,923</u>	<u>34</u>
Total comprehensive income attributable to:									
914100	Shareholders of the parent	\$ 913,927	21	1,095,725	25	1,893,480	22	2,473,392	30
914200	Non-controlling interests	73,444	2	152,158	3	211,925	3	290,779	3
		<u>\$ 987,371</u>	<u>23</u>	<u>1,247,883</u>	<u>28</u>	<u>2,105,405</u>	<u>25</u>	<u>2,764,171</u>	<u>33</u>
975000	Basic earnings per share (note 6(v))	<u>\$ 0.53</u>		<u>0.58</u>		<u>0.93</u>		<u>1.20</u>	
985000	Diluted earnings per share (note 6(v))	<u>\$ 0.53</u>		<u>0.58</u>		<u>0.93</u>		<u>1.20</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 Changes in Equity

For the six months ended June 30, 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					
	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	Total equity attributable to the parent company			
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 six months ended June 30, 2024	-	-	-	-	2,605,748	-	-	2,605,748	265,175	2,870,923	
Other comprehensive income	-	-	-	-	-	187,164	(319,520)	(132,356)	25,604	(106,752)	
Total comprehensive income	-	-	-	-	2,605,748	187,164	(319,520)	2,473,392	290,779	2,764,171	
Appropriation and distribution of retained earnings: (note 6(u))											
Legal reserve	-	-	410,237	-	(410,237)	-	-	-	-	-	
Special reserve	-	-	-	820,474	(820,474)	-	-	-	-	-	
Cash dividends of common stocks	-	-	-	-	(2,887,307)	-	-	(2,887,307)	-	(2,887,307)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	111,016	-	(111,016)	-	-	-	
Changes in ownership interests in subsidiaries	-	1	-	-	-	-	-	1	-	1	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(314,319)	(314,319)	
Balance at June 30, 2024	\$ 21,709,081	2,743,257	3,299,604	6,869,685	2,800,561	119,308	2,291,473	39,832,969	3,094,101	42,927,070	
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 six months ended June 30, 2025	-	-	-	-	2,014,359	-	-	2,014,359	266,712	2,281,071	
Other comprehensive income	-	-	-	-	-	(382,510)	261,631	(120,879)	(54,787)	(175,666)	
Total comprehensive income	-	-	-	-	2,014,359	(382,510)	261,631	1,893,480	211,925	2,105,405	
Appropriation and distribution of retained earnings: (note 6(u))											
Legal reserve	-	-	483,569	-	(483,569)	-	-	-	-	-	
Special reserve	-	-	-	967,137	(967,137)	-	-	-	-	-	
Cash dividends of common stocks	-	-	-	-	(3,256,362)	-	-	(3,256,362)	-	(3,256,362)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(37,220)	-	37,220	-	-	-	
Changes in ownership interests in subsidiaries	-	37,810	-	-	-	-	-	37,810	-	37,810	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	705,139	705,139	
Balance at June 30, 2025	\$ 21,709,081	2,781,067	3,783,173	7,836,822	2,189,554	(229,102)	2,875,575	40,946,170	4,282,295	45,228,465	

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 six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2025	2024
Cash flows from operating activities:		
Net income before tax	\$ 2,750,025	3,240,710
Adjustments:		
Income and expenses items:		
Depreciation expense	215,694	215,733
Amortization expense	27,203	30,109
Expected credit impairment (reversal profit) losses	(533)	4,817
Net gain on financial assets or liabilities at fair value through profit	(1,172,837)	(1,921,775)
Financial cost	1,385,800	1,396,376
Interest revenue (including financial revenue)	(2,864,710)	(2,501,441)
Dividend revenue	(702,197)	(625,236)
Share-based payment	10,427	-
Shares of profit of associates and joint ventures accounted for using equity method	(222,793)	(164,985)
Net loss (gain) on non-operating financial instruments at fair value through profit or loss	54,284	(135,094)
Impairment loss on non-financial assets	-	2,605
Net gains on lease modifications	(25)	(157)
Subtotal of income of non-cash activities	(3,269,687)	(3,699,048)
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	8,244,844	(20,627,583)
Increase in bonds purchased under resale agreements	(395)	(160,114)
Decrease (increase) in receivable for securities provided as collateral	6,949,852	(5,002,956)
Decrease in refinancing margin	18,130	12,558
Decrease in receivable on refinancing collateral	15,292	10,465
Decrease (increase) in receivable of securities business money lending	3,618,221	(23,421,325)
Increase in customers' margin account	(6,154,706)	(5,327,705)
Decrease in margin receivable of futures trading	65	137
Decrease in collateral for securities borrowed	27,957	152,768
Decrease in security borrowing margin	531,284	362,380
Increase in notes receivable	(13,131)	(6,376)
Increase in accounts receivable	(9,608,511)	(7,154,728)
Increase in prepayments	(11,428)	(3,802)
Decrease (increase) in other receivables	262,331	(270,915)
Decrease (increase) in financial assets at fair value through other comprehensive income	3,808,888	(4,887,080)
Decrease (increase) in leverage contract trading-customers' margin account	152,800	(146,962)
Decrease (increase) in other current assets	1,348,715	(529,368)
Decrease (increase) in other non-current assets	28,278	(43,369)
(Decrease) increase in bonds sold under repurchase agreements	(8,071,729)	1,786,656
Increase in financial liabilities at fair value through profit or loss	8,869,806	8,561,806
Decrease in guarantee deposited for short sales	(990,848)	(674,513)
Decrease in proceeds payable from short sales	(1,344,448)	(812,716)
(Decrease) increase in securities lending refundable deposits	(1,680,627)	847,862
Increase in futures traders' equity	6,241,377	5,248,743
(Decrease) increase in leverage contract trading - customers' equity	(171,317)	145,660
Decrease in notes payable	(152)	(166)
Increase in accounts payable	5,553,631	9,963,747
Increase in advance receipts	8,431	11,213
Increase in receipts under custody	204,169	3,598
Decrease in other payable	(283,612)	(678,412)
Increase in provision - current	11,148	10,281
Increase (decrease) in other financial liabilities	2,665,689	(323,356)
Decrease in other current liabilities	(23,590)	(18,860)
Decrease in other non-current liabilities	(6,520)	(11,982)
Total changes in assets and liabilities from operating activities	20,199,894	(42,984,414)
Total adjustments	16,930,207	(46,683,462)

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2025	2024
Cash generated from operating activities	\$ 19,680,232	(43,442,752)
Interest received	2,965,167	2,302,726
Dividends received	491,108	427,210
Interest paid	(1,280,952)	(1,322,013)
Income taxes paid	(548,474)	(560,806)
Net Cash flows provided by (used in) operating activities	21,307,081	(42,595,635)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(5,272)	(7,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	10,577	-
Acquisition of financial assets at amortized cost	(114,870)	(848,310)
Repayment of financial assets measured at amortized cost upon maturity	627,803	-
Proceeds from capital reduction of investments accounted for under equity method	4	7,400
Acquisition of property and equipment	(133,107)	(84,878)
Proceeds from disposal of property and equipment	-	110
Acquisition of intangible assets	(21,428)	(17,840)
Decrease (increase) in deferred debits	402	(432)
Increase in prepayments for business facilities	(2,199)	(4,000)
Net cash flows provided by (used in) investing activities	361,910	(954,950)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(3,671,109)	8,782,227
(Decrease) increase in commercial papers payable	(20,731,070)	33,641,830
Proceeds from long-term borrowings	6,000,000	1,500,000
Repayments of long-term borrowings	(1,000,000)	-
Payment of lease liabilities	(113,094)	(110,350)
Issuance of common stock for cash by subsidiaries	1,047,564	-
Proceed from right of inclusion options exercised	-	2
Net cash flows (used in) provided by financing activities	(18,467,709)	43,813,709
Effect of exchange rate changes on cash and cash equivalents	51,499	227,978
Increase in cash and cash equivalents	3,252,781	491,102
Cash and cash equivalents, beginning of period	9,289,189	8,598,180
Cash and cash equivalents, end of period	\$ 12,541,970	9,089,282

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

June 30, 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 June 30, 2025, the composition of the consolidated financial statements includes the Company and the subsidiaries (the “Group”). As of June 30, 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 August 25, 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:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (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:

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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. ● 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.	January 1, 2027

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 19 “Subsidiaries without Public Accountability: Disclosures”

(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 consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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		
			June 30, 2025	December 31, 2024	June 30, 2024
The Company	Capital Investment Management Corp.	Engaged in providing advice on securities investment and discretionary investment services	100.00 %	100.00 %	100.00 %
"	CSC International Holdings Ltd.	Long-term equity investment business	100.00 %	100.00 %	100.00 %
"	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 %
"	CSC Venture Capital Corp.	Management, consulting, venture and general investment business	100.00 %	100.00 %	100.00 %
"	CSC Capital Management Co.	Consulting business and venture capital	100.00 %	100.00 %	100.00 %
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 %
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	51.00 %	51.00 %	51.00 %
"	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business	100.00 %	100.00 %	100.00 %
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 %
CSC Securities (HK) Ltd.	Capital Securities Nominees Ltd.	Agency service	100.00 %	100.00 %	100.00 %
Taiwan International Securities (B.V.I) Corp.	TIS Securities (HK) Limited	Have been sold	- %	- %	100.00 %
TIS Securities (HK) Limited	Taiwan International Capital (HK) Ltd.	Have been sold	- %	- %	100.00 %
CSC Capital Management Co.	CSC Private Equity Fund I Co.	General investment and venture capital business	100.00 %	100.00 %	100.00 %

(iii) Subsidiaries not listed in the consolidated financial statements

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			June 30, 2025	December 31, 2024	June 30, 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 June 30, 2025, December 31, 2024 and June 30, 2024, the total assets constituted 0.03%, 0.03% and 0.03% of the Group's total assets, respectively. For the six months ended June 30, 2025 and 2024, the operation revenue constituted 1.23% and 1.17% of the consolidated revenue, respectively. Thus it was excluded from the consolidated financial statement due to immaterial.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) 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.

(d) 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.

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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Cash and cash equivalents

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cash	\$ 2,889	2,838	2,980
Bank deposits			
Checking accounts	294,640	129,721	99,717
Demand deposits	<u>2,313,000</u>	<u>2,317,396</u>	<u>1,608,756</u>
Subtotal	<u>2,607,640</u>	<u>2,447,117</u>	<u>1,708,473</u>
Cash equivalents			
Time deposits	5,149,972	3,089,350	3,396,259
Futures margin - excess margin	3,816,216	3,442,899	3,707,697
Commercial papers	<u>965,253</u>	<u>306,985</u>	<u>273,873</u>
Subtotal	<u>9,931,441</u>	<u>6,839,234</u>	<u>7,377,829</u>
Total	<u><u>\$ 12,541,970</u></u>	<u><u>9,289,189</u></u>	<u><u>9,089,282</u></u>

(b) Financial assets

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Open-ended funds and money-market instruments			
Open-ended funds and money-market instruments	\$ 929,770	1,341,074	1,822,340
Valuation adjustment	<u>(925)</u>	<u>44,343</u>	<u>108,208</u>
Subtotal	<u>928,845</u>	<u>1,385,417</u>	<u>1,930,548</u>
Invested securities			
Invested Securities	232,858	200,689	189,447
Valuation adjustment	<u>(10,249)</u>	<u>290</u>	<u>816</u>
Subtotal	<u>222,609</u>	<u>200,979</u>	<u>190,263</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Trading securities - proprietary trading			
Listed stocks	\$ 3,012,119	4,572,615	9,740,097
Listed funds	12,799,954	11,508,102	10,180,727
OTC stocks	770,825	1,089,198	1,552,482
OTC funds	6,805,708	7,246,835	12,697,208
Emerging market stocks	547,979	629,529	574,889
Convertible bonds	4,789,909	3,914,731	2,513,366
Government bonds	693,496	444,341	660,842
Corporate bonds	2,636,873	5,217,626	6,917,706
International bonds	2,745,108	4,675,185	5,474,179
Financial debentures	-	500,000	550,000
Foreign stocks	316,805	144,562	107,998
Foreign funds	136,547	159,550	69,693
Foreign bonds	949,119	1,192,058	980,014
Others	<u>46,056</u>	<u>14,056</u>	<u>106,057</u>
	36,250,498	41,308,388	52,125,258
Valuation adjustment	<u>(246,225)</u>	<u>(606,102)</u>	<u>445,605</u>
Subtotal	<u>36,004,273</u>	<u>40,702,286</u>	<u>52,570,863</u>
Trading securities - underwriting			
Listed stocks	7,650	17,355	7,757
OTC stocks	67,353	104,126	9,022
Convertible bonds	437,018	309,130	31,431
Others	<u>-</u>	<u>-</u>	<u>13,130</u>
	512,021	430,611	61,340
Valuation adjustment	<u>(14,536)</u>	<u>5,558</u>	<u>9,348</u>
Subtotal	<u>497,485</u>	<u>436,169</u>	<u>70,688</u>
Trading securities - hedging			
Listed stocks	1,655,223	4,822,176	9,844,086
OTC stocks	452,082	860,552	1,711,356
Convertible bonds	18,198,296	17,999,139	14,976,199
Others	<u>87,380</u>	<u>90,789</u>	<u>99,519</u>
	20,392,981	23,772,656	26,631,160
Valuation adjustment	<u>(545,745)</u>	<u>(371,972)</u>	<u>1,881,567</u>
Subtotal	<u>19,847,236</u>	<u>23,400,684</u>	<u>28,512,727</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Derivatives			
Buy options	\$ 225,747	280,311	207,193
Futures margin - security	410,771	394,650	493,400
Futures margin - proprietary fund	1,998,647	1,541,089	2,655,024
IRS asset swaps	48,050	48,834	53,096
Asset swap options - long position	867,165	785,194	298,277
Leverage derivatives - non-hedging	122,995	153,147	208,925
Structured notes	685	2,623	4,648
Exchange rate derivatives	4,643	27,503	76,020
Equity derivatives	10,932	4,096	13,192
Interest rate swaps	<u>194</u>	<u>243</u>	<u>295</u>
Subtotal	<u>3,689,829</u>	<u>3,237,690</u>	<u>4,010,070</u>
Total	<u><u>\$ 61,190,277</u></u>	<u><u>69,363,225</u></u>	<u><u>87,285,159</u></u>

As of June 30, 2025, December 31, 2024 and June 30, 2024, trading securities undertaken for repurchase agreements of the Group, please refer to note 8 for details.

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Debt instruments at fair value through other comprehensive income			
Government bonds	\$ 3,256,708	3,403,185	3,085,566
Corporate bonds	7,541,609	10,026,546	9,203,132
International bonds	879,000	1,180,260	1,168,200
Foreign bonds	<u>13,783,546</u>	<u>14,592,931</u>	<u>14,079,200</u>
	25,460,863	29,202,922	27,536,098
Valuation adjustment	<u>(114,170)</u>	<u>(460,102)</u>	<u>(420,400)</u>
Subtotal	<u>25,346,693</u>	<u>28,742,820</u>	<u>27,115,698</u>
Equity instrument at fair value through other comprehensive income			
Listed stocks	\$ 1,762,565	1,813,965	1,186,598
OTC stocks	107,702	154,402	185,252
Emerging market stocks	<u>284,521</u>	<u>316,983</u>	<u>233,071</u>
	2,154,788	2,285,350	1,604,921
Valuation adjustment	<u>(57,132)</u>	<u>30,832</u>	<u>55,093</u>
Subtotal	<u>2,097,656</u>	<u>2,316,182</u>	<u>1,660,014</u>
Total	<u><u>\$ 27,444,349</u></u>	<u><u>31,059,002</u></u>	<u><u>28,775,712</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 and the six months ended June 30, 2025 and 2024, the dividends were recognized from the Group equity instrument investments measured at fair value through other comprehensive income – current amounted to \$32,280, \$18,593, \$37,919 and \$19,313, respectively. For the six months ended June 30, 2025 and 2024, there were no holdings of equity instrument investments, and the dividends were recognized from the disposing equity instrument investments amounted to \$2,983 and \$0, respectively.

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 \$678,029, \$552,574, \$1,640,458 and \$928,246, respectively, cumulative dispose gains (losses) for the three months and the six months ended June 30, 2025 and 2024, amounted to \$(63,995), \$47,362, \$(39,708) and \$109,294, 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 six months ended June 30, 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 June 30, 2025, December 31, 2024 and June 30, 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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Mandatorily measured at fair value through profit or loss:			
Government bonds	\$ 179,653	179,604	180,887
Valuation adjustment	<u>(1,099)</u>	<u>(1,874)</u>	<u>(1,528)</u>
Total	<u><u>\$ 178,554</u></u>	<u><u>177,730</u></u>	<u><u>179,359</u></u>

As of June 30, 2025, December 31, 2024 and June 30, 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).

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 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	800,439
Foreign stocks	<u>245,333</u>	<u>245,333</u>	<u>245,333</u>
	1,852,096	1,847,096	1,045,772
Valuation adjustment	<u>2,925,110</u>	<u>2,863,356</u>	<u>2,501,769</u>
Total	<u><u>\$ 4,777,206</u></u>	<u><u>4,710,452</u></u>	<u><u>3,547,541</u></u>

For the three months and the six months ended June 30, 2025 and 2024, the dividends were recognized from the Group equity instrument investments at fair value through other comprehensive income— non-current amounted to \$45,956, \$1,730, \$46,531 and \$2,238, respectively.

For the three months and the six months ended June 30, 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, \$0, \$0 and \$5,222, generated cumulative dispose (losses) gains \$0, \$0, \$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 six months ended June 30, 2025 and 2024 VaR (99%, per 10-day) of equity stocks are as follows:

Type of market risk	June 30, 2025	December 31, 2024	June 30, 2024	For the six months ended June 30,					
				2025			2024		
				Mean	Maximum	Minimum	Mean	Maximum	Minimum
Equity stocks	2,778,234	3,267,170	3,247,935	2,890,192	3,325,106	2,474,220	3,153,507	3,353,425	2,836,760

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
1) Debt Instrument at amortized cost :			
Financial debentures	\$ 500,000	500,000	500,000
Foreign currency debentures	<u>5,043,016</u>	<u>6,069,135</u>	<u>5,668,974</u>
	5,543,016	6,569,135	6,168,974
Less: loss allowance	<u>(1,746)</u>	<u>(2,103)</u>	<u>(1,993)</u>
Total	<u><u>\$ 5,541,270</u></u>	<u><u>6,567,032</u></u>	<u><u>6,166,981</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 be 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).

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Carrying amount on the date of derecognition	\$ <u>463,878</u>	<u>-</u>	<u>627,803</u>	<u>-</u>
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current profit and loss	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Bonds purchased under resell agreements	\$ <u>250,515</u>	<u>250,121</u>	<u>220,322</u>
Agreed-upon resale amounts	\$ <u>250,553</u>	<u>250,154</u>	<u>220,355</u>
Interest rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Date of resale	<u>2025.7.1~2025.7.4</u>	<u>2025.1.2~2025.1.6</u>	<u>2024.7.1~2024.7.4</u>

- (d) Accounts Receivable

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Receivable on securities purchased by customers	\$ 124,955	57,552	88,461
Settlement	5,794,438	-	-
Interests receivable	925,618	1,046,166	880,228
Receivables on securities sold	16,116,309	12,344,224	22,399,218
Others	527,115	336,146	430,448
Total	\$ <u>23,488,435</u>	<u>13,784,088</u>	<u>23,798,355</u>

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

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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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Customers' margin account			
Cash in banks	\$ 34,730,956	30,889,798	30,104,668
Customers' margin account - futures clearing house	11,936,423	10,544,939	12,847,680
Customers' margin account - other futures commission merchants	8,100,116	7,145,394	989,125
Marketable securities	<u>197,495</u>	<u>230,153</u>	<u>260,913</u>
Total customers' margin account	<u>54,964,990</u>	<u>48,810,284</u>	<u>44,202,386</u>
Add:			
Commission expense	2,693	1,542	5,377
Other	9	1,159	116
Less:			
Brokerage fee revenue	(12,452)	(9,133)	(20,449)
Futures transaction tax	(2,925)	(3,169)	(4,879)
Interest revenues	(8,036)	(5,941)	(2,898)
Temporary receipts	(974)	(33,377)	(1,546)
Remittance amount of the customers after the market closed	(22,784)	(13,558)	(17,307)
Other receivable	<u>(126,999)</u>	<u>(195,662)</u>	<u>(149,881)</u>
Futures traders' equity	<u><u>\$ 54,793,522</u></u>	<u><u>48,552,145</u></u>	<u><u>44,010,919</u></u>

(f) Investments accounted for under equity method

As of June 30, 2025, December 31, 2024 and June 30, 2024, investments under equity method consisted of the following:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Subsidiaries			
Capital Insurance Advisory Corp.	\$ 45,165	64,438	42,461
Associates			
Capital Investment Trust Corp.	1,493,283	1,603,918	1,402,821
Enno Cap Venture Inc.	<u>-</u>	<u>4</u>	<u>49</u>
Subtotal	<u>1,493,283</u>	<u>1,603,922</u>	<u>1,402,870</u>
Total	<u><u>\$ 1,538,448</u></u>	<u><u>1,668,360</u></u>	<u><u>1,445,331</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Subsidiaries:

For the three months and the six months ended June 30, 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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
The Group's share of gains based on the subsidiaries' financial statements	\$ <u>6,762</u>	<u>7,917</u>	<u>19,287</u>	<u>16,875</u>
	June 30, 2025	December 31, 2024	June 30, 2024	
Total assets	\$ <u>106,124</u>	<u>94,992</u>	<u>87,016</u>	
Total liabilities	\$ <u>60,959</u>	<u>30,554</u>	<u>44,555</u>	
	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue	\$ <u>47,507</u>	<u>47,159</u>	<u>103,673</u>	<u>98,017</u>
Net income	\$ <u>6,762</u>	<u>7,917</u>	<u>19,287</u>	<u>16,875</u>

(ii) Associates

Name of associate	Nature between the Company	Primary business area and registered country	Proportion of Ownership and Voting Rights		
			June 30, 2025	December 31, 2024	June 30, 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 completed.	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:

	June 30, 2025	December 31, 2024	June 30, 2024
Total carrying amount of interests in associates that were individually immaterial	\$ <u>1,493,283</u>	<u>1,603,922</u>	<u>1,402,870</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
The Group's share of gains based on the associates' financial statements:				
Net gains from continuing operations	\$ 101,444	82,126	203,506	148,110
Other comprehensive income (losses)	-	5,518	-	5,518
Total comprehensive income (losses)	<u>\$ 101,444</u>	<u>87,644</u>	<u>203,506</u>	<u>153,628</u>

(iii) Collateral

As of June 30, 2025, December 31, 2024 and June 30, 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:

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost or deemed cost					
Balance at January 1, 2025	\$ 2,045,574	1,271,209	826,004	198,039	4,340,826
Additions	-	-	130,046	8,699	138,745
Transferred from investment property	76,897	3,350	-	-	80,247
Reclassified to investment property	(235,942)	(156,609)	-	-	(392,551)
Disposals and retirements	-	-	(83,798)	(17,782)	(101,580)
Effect of exchange rate changes	-	(7,372)	(10,288)	(1,493)	(19,153)
Balance at June 30, 2025	<u>\$ 1,886,529</u>	<u>1,110,578</u>	<u>861,964</u>	<u>187,463</u>	<u>4,046,534</u>
Balance at January 1, 2024	\$ 2,045,574	1,266,014	794,986	279,705	4,386,279
Additions	-	-	80,842	4,666	85,508
Disposals and retirements	-	-	(115,677)	(89,615)	(205,292)
Effect of exchange rate changes	-	4,359	4,212	697	9,268
Balance at June 30, 2024	<u>\$ 2,045,574</u>	<u>1,270,373</u>	<u>764,363</u>	<u>195,453</u>	<u>4,275,763</u>
Depreciation and impairment loss					
Balance at January 1, 2025	\$ -	586,587	475,677	127,547	1,189,811
Depreciation	-	11,781	68,722	18,687	99,190
Transferred from investment property	-	2,545	-	-	2,545
Reclassified to investment property	-	(49,078)	-	-	(49,078)
Disposals and retirements	-	-	(83,798)	(17,782)	(101,580)
Effect of exchange rate changes	-	(4,030)	(8,972)	(941)	(13,943)
Balance at June 30, 2025	<u>\$ -</u>	<u>547,805</u>	<u>451,629</u>	<u>127,511</u>	<u>1,126,945</u>
Balance at January 1, 2024	\$ -	558,490	465,829	179,175	1,203,494
Depreciation	-	12,660	67,788	20,752	101,200
Disposals and retirements	-	-	(115,567)	(89,615)	(205,182)
Effect of exchange rate changes	-	2,303	3,747	339	6,389
Balance at June 30, 2024	<u>\$ -</u>	<u>573,453</u>	<u>421,797</u>	<u>110,651</u>	<u>1,105,901</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Carrying amount:					
June 30, 2025	\$ <u>1,886,529</u>	<u>562,773</u>	<u>410,335</u>	<u>59,952</u>	<u>2,919,589</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>
June 30, 2024	\$ <u>2,045,574</u>	<u>696,920</u>	<u>342,566</u>	<u>84,802</u>	<u>3,169,862</u>

As of June 30, 2025, December 31, 2024 and June 30, 2024, the property and equipment which were provided as collateral or pledge, please refer to note 8 for details.

(h) Right-of-use assets

	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Carrying amount:			
June 30, 2025	\$ <u>521,439</u>	<u>13,306</u>	<u>534,745</u>
January 1, 2025	\$ <u>546,206</u>	<u>14,751</u>	<u>560,957</u>
June 30, 2024	\$ <u>599,625</u>	<u>12,386</u>	<u>612,011</u>

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Additions of Right-of-use assets	\$ <u>34,365</u>	<u>15,252</u>	<u>81,963</u>	<u>41,991</u>
Depreciation for the period				
Buildings	\$ 49,580	49,434	99,989	99,015
Others	<u>1,902</u>	<u>1,615</u>	<u>3,872</u>	<u>3,735</u>
	\$ <u>51,482</u>	<u>51,049</u>	<u>103,861</u>	<u>102,750</u>

(i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Carrying Amount:</u>			
June 30, 2025	\$ <u>3,069,178</u>	<u>603,962</u>	<u>3,673,140</u>
January 1, 2025	\$ <u>2,910,133</u>	<u>512,027</u>	<u>3,422,160</u>
June 30, 2024	\$ <u>2,910,133</u>	<u>523,668</u>	<u>3,433,801</u>
<u>Fair Value:</u>			
June 30, 2025			<u>7,688,254</u>
January 1, 2025			<u>7,300,845</u>
June 30, 2024			<u>7,310,509</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 June 30, 2025, December 31, 2024 and June 30, 2024, the investment properties were provided as collateral or pledged, for details please refer to note 8.

For the three months and the six months ended June 30, 2025 and 2024, the depreciation expense of the Group amounted to \$6,648, \$5,893, \$12,643 and \$11,783, respectively.

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 six months ended June 30, 2025 and 2024. For the six months ended June 30, 2025 and 2024, the Group has identified certain parcels of land, buildings, and structures that are no longer required for operational purposes and has decided to lease these assets to external parties, \$343,473 and \$0 of land and buildings out of use were transferred to investment property, and \$77,702 and \$0 of investment property were transferred to property and equipment.

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:

	June 30, 2025	December 31, 2024	June 30, 2024
Within 1 year	\$ 162,626	146,370	151,755
1-5 years	354,012	356,243	427,896
Over 5 years	46,530	-	-
	<u>\$ 563,168</u>	<u>502,613</u>	<u>579,651</u>

The rental revenue from investment property for the three months and the six months ended June 30, 2025 and 2024 amounted to \$47,858, \$44,912, \$94,516 and \$92,121, respectively.

(j) Intangible assets

(i) Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized goodwill. As of June 30, 2025, December 31, 2024 and June 30, 2024, the carrying amounts were all \$3,126,698.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 June 30, 2025, December 31, 2024 and June 30, 2024, the carrying amounts of goodwill were \$0, \$0 and \$3,899, respectively. Furthermore, the Group recognized an impairment loss of \$2,605 for the six months ended June 30, 2024 by using discount rate of 3.95% to be used to estimate the future recoverable amount of Capital True Partner Technology Co.

(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 June 30, 2025, December 31, 2024 and June 30, 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 June 30, 2025, December 31, 2024 and June 30, 2024, the carrying amounts of intangible assets were \$46,176, \$46,421 and \$46,387, 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 June 30, 2025, December 31, 2024 and June 30, 2024, the amortized book value were \$46,830, \$53,648 and \$42,847, respectively.

(k) Short-term borrowings

Nature of borrowings	June 30, 2025	December 31, 2024	June 30, 2024
Collateralized loan	\$ -	-	2,563,550
Credit loan	3,633,787	7,304,896	12,093,111
Total	<u>\$ 3,633,787</u>	<u>7,304,896</u>	<u>14,656,661</u>
Interest rate range	<u>1.860%~5.233%</u>	<u>1.700%~5.590%</u>	<u>0.850%~6.140%</u>

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group had provided land, buildings, and certificates of time deposits as collateral, for details please refer to note 8.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Commercial paper payable

	June 30, 2025	December 31, 2024	June 30, 2024
Commercial paper payable	\$ 20,800,000	41,580,000	46,850,000
Less: Unamortized discount	(16,453)	(65,383)	(118,001)
Net amount	<u>\$ 20,783,547</u>	<u>41,514,617</u>	<u>46,731,999</u>
Interest rate range	<u>1.558%~1.888%</u>	<u>1.868%~2.108%</u>	<u>1.798%~2.128%</u>

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

(m) Long-term borrowings

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

(i) Long-term bank borrowings

	June 30, 2025	December 31, 2024	June 30, 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>2.188%</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

	June 30, 2025	December 31, 2024	June 30, 2024
Long-term commercial paper payable	\$ 3,500,000	4,500,000	1,500,000
Less: Unamortized discount	(1,448)	(2,858)	(1,464)
Total	<u>\$ 3,498,552</u>	<u>4,497,142</u>	<u>1,498,536</u>
Issuance commitments	<u>\$ 3,500,000</u>	<u>4,500,000</u>	<u>1,500,000</u>
Borrowing of interest rates	<u>1.951%~1.960%</u>	<u>1.970%~2.020%</u>	<u>1.961%~1.965%</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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Liabilities on sale of borrowed securities	\$ 31,112,450	21,799,169	23,424,507
Redeem liabilities on sale of borrowed securities	(88,045)	(87,291)	(37,682)
Valuation adjustment	(951,899)	96,180	543,767
Subtotal	<u>30,072,506</u>	<u>21,808,058</u>	<u>23,930,592</u>
Stock warrants issued	17,832,911	21,043,522	20,075,349
Stock warrants repurchased	(17,245,783)	(19,979,491)	(17,724,213)
Subtotal	<u>587,128</u>	<u>1,064,031</u>	<u>2,351,136</u>
Sale options	102,761	94,390	171,282
IRS asset swaps	387,418	292,254	52,074
Asset swap options - short position	2,664,598	2,781,544	3,599,404
Structured notes	43,779	42,760	36,841
Leverage derivatives - non-hedging	22,185	12,900	21,406
Exchange rate derivatives	44,890	220	-
Equity derivatives	2	1,408	491
Subtotal	<u>3,265,633</u>	<u>3,225,476</u>	<u>3,881,498</u>
Total	<u><u>\$ 33,925,267</u></u>	<u><u>26,097,565</u></u>	<u><u>30,163,226</u></u>

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Financial liabilities designated at fair value through profit or loss:			
Structured notes	<u><u>\$ 109,034</u></u>	<u><u>112,762</u></u>	<u><u>-</u></u>

(o) Bonds sold under repurchase agreements

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Bonds sold under repurchase agreements	<u><u>\$ 45,551,139</u></u>	<u><u>53,622,868</u></u>	<u><u>53,211,822</u></u>
Agreed-upon repurchase amounts	<u><u>46,365,000</u></u>	<u><u>54,594,750</u></u>	<u><u>54,289,041</u></u>
Interest rates	<u><u>0.95%~4.70%</u></u>	<u><u>1.00%~5.06%</u></u>	<u><u>0.90%~5.71%</u></u>
Date of repurchase	<u><u>2025.7.1~2026.6.25</u></u>	<u><u>2025.1.2~2025.12.24</u></u>	<u><u>2024.7.1~2025.6.27</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Equity for each customer in the account

	June 30, 2025	December 31, 2024	June 30, 2024
Equity for each customer in the account	<u><u>\$ 38,948,009</u></u>	<u><u>35,555,711</u></u>	<u><u>38,625,265</u></u>
Amount of separate account ledger in NTD			
Demand deposit amount	5,845,766	4,949,572	10,162,355
Time deposit amount	16,500,000	16,500,000	17,500,000
Time deposit amount in other banks(market values)	16,600,000	14,100,000	10,960,000
Total	<u><u>\$ 38,945,766</u></u>	<u><u>35,549,572</u></u>	<u><u>38,622,355</u></u>

(q) Accounts payable

	June 30, 2025	December 31, 2024	June 30, 2024
Payable of securities sold by customers	\$ 97,442	56,776	118,151
Settlement	-	1,695,614	5,213,405
Payable of settlements	16,444,980	9,239,779	15,173,381
Others	543,237	437,742	686,301
Total	<u><u>\$ 17,085,659</u></u>	<u><u>11,429,911</u></u>	<u><u>21,191,238</u></u>

(r) Lease liabilities

The Group' s lease liabilities are as follow:

	June 30, 2025	December 31, 2024	June 30, 2024
Current	<u><u>\$ 206,270</u></u>	<u><u>199,337</u></u>	<u><u>200,709</u></u>
Non-current	<u><u>\$ 366,402</u></u>	<u><u>409,190</u></u>	<u><u>456,202</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 June 30, 2025	2024	For the six months ended June 30, 2025	2024
Interest on lease liabilities	<u><u>\$ 2,310</u></u>	<u><u>2,137</u></u>	<u><u>4,360</u></u>	<u><u>4,474</u></u>
Expenses relating to short-term leases	<u><u>\$ 4,709</u></u>	<u><u>5,065</u></u>	<u><u>8,780</u></u>	<u><u>8,450</u></u>
Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases	<u><u>\$ 1,373</u></u>	<u><u>2,254</u></u>	<u><u>2,821</u></u>	<u><u>3,657</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the six months ended June 30,	
	2025	2024
Total cash outflow for leases	\$ 129,055	126,931

(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 and the six months ended June 30, 2025 and 2024, the Group's pension expenses recognized in profit or loss were \$1,006, \$495, \$2,011 and \$990, respectively.

(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 \$30,404, \$27,025, \$60,897 and \$52,711 under defined contribution plan to the Bureau of the Labor Insurance for the three months and the six months ended June 30, 2025 and 2024, respectively.

(iii) For the three months and the six months ended June 30, 2025 and 2024, the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$1,572, \$1,464, \$3,324 and \$2,782, respectively.

(iv) Provision for employee benefits liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
	\$ 72,415	61,267	65,068
Compensated absences			

(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 six months ended June 30, 2025 and 2024.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 six months ended June 30, 2025 and 2024.

The tax rates of reinvestment business of subsidiaries which founded in Hong Kong are all 16.5% for the six months ended June 30, 2025 and 2024.

The tax rates of reinvestment business of subsidiaries founded in Mainland China are all 25% for the six months ended June 30, 2025 and 2024.

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current tax expense	\$ 418,739	412,355	535,351	657,037
Deferred income tax expense (benefit)	(140,878)	(177,879)	(66,397)	(287,250)
Total	<u>\$ 277,861</u>	<u>234,476</u>	<u>468,954</u>	<u>369,787</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Foreign exchange difference from translating financial statement of foreign operations	<u>\$ (41,747)</u>	<u>4,948</u>	<u>(37,698)</u>	<u>18,167</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 2023 were assessed by the Tax Authority.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Capital and other equity

(i) Capital stock

As of June 30, 2025, December 31, 2024 and June 30, 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.

The followings are the capital surplus of the Company:

	June 30, 2025	December 31, 2024	June 30, 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	<u>68,150</u>	<u>30,340</u>	<u>30,340</u>
	<u><u>\$ 2,781,067</u></u>	<u><u>2,743,257</u></u>	<u><u>2,743,257</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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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 resolved by the shareholders’ meeting on May 28, 2025, and fiscal year 2023 earnings distribution resolved by the shareholders’ meeting on June 27, 2024. Dividends distributed to the owners were as follows:

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Earnings per share

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net income attributable to common shareholders of the Company	<u>\$ 1,139,703</u>	<u>1,248,940</u>	<u>2,014,359</u>	<u>2,605,748</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>2,170,908</u>	<u>2,170,908</u>	<u>2,170,908</u>	<u>2,170,908</u>
Basic earnings per share (dollar)	<u>\$ 0.53</u>	<u>0.58</u>	<u>0.93</u>	<u>1.20</u>
Effect of potentially dilutive common stock	<u>1,233</u>	<u>513</u>	<u>1,835</u>	<u>2,066</u>
- Employee remuneration (thousands of shares) (Note)				
Weighted-average number of outstanding shares for calculating dilutive EPS (thousands of shares)	<u>2,172,141</u>	<u>2,171,421</u>	<u>2,172,743</u>	<u>2,172,974</u>
Dilutive earnings per share (dollar)	<u>\$ 0.53</u>	<u>0.58</u>	<u>0.93</u>	<u>1.20</u>

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

(w) Items of the statements of comprehensive income

(i) Brokerage commissions

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Brokerage commission from TSE market	\$ 810,819	1,095,301	1,548,464	1,936,830
Brokerage commission from OTC market	241,381	307,036	483,616	576,760
Handling fee from security financing	6,875	8,041	13,924	14,559
Futures commission income - brokerage	493,730	492,217	942,955	893,722
Overseas subsidiaries	3,553	4,268	7,374	8,385
Others	67,496	54,296	118,895	92,530
	<u>\$ 1,623,854</u>	<u>1,961,159</u>	<u>3,115,228</u>	<u>3,522,786</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Underwriting commissions

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue from underwriting securities on a firm commitment basis	\$ 24,856	17,187	38,166	28,903
Handling fee revenues from underwriting securities on consignment	327	253	698	520
Processing fee revenues from underwriting operations	8,840	2,438	13,388	7,216
Revenue from underwriting consultation	970	1,820	1,690	2,630
Others	1,230	1,825	1,630	5,230
	\$ 36,223	23,523	55,572	44,499

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Gains (losses) on securities sold - proprietary trading	\$ (1,416,314)	1,545,918	(1,364,748)	3,589,115
Gains (losses) on securities sold - underwriting	8,614	6,015	39,443	12,066
Gains (losses) on securities sold - hedging	(386,628)	1,089,275	(474,783)	2,181,021
	\$ (1,794,328)	2,641,208	(1,800,088)	5,782,202

(iv) Interest revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest revenue - margin loans	\$ 193,949	259,201	466,232	489,197
Interest revenue - bonds	385,788	410,215	797,021	811,062
Interest revenue - each customer in the account	131,471	104,545	258,593	199,114
Interest revenue - securities business money lending	208,350	120,926	434,494	175,560
Overseas subsidiaries	2,728	6,032	6,912	11,924
Others	42,959	30,054	86,117	63,933
	\$ 965,245	930,973	2,049,369	1,750,790

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Trading securities - proprietary	\$ 896,311	124,043	378,956	663,611
Trading securities - underwriting	9,969	6,902	(20,094)	6,822
Trading securities - hedging	507,061	972,060	(173,773)	1,626,068
	<u>\$ 1,413,341</u>	<u>1,103,005</u>	<u>185,089</u>	<u>2,296,501</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Gains on changes in fair value of stock warrants	\$ 3,092,391	(48,210)	18,254,303	(1,111,448)
Gains on exercise of stock warrants before maturity	13,501,787	23,787,220	21,076,858	51,915,648
Losses on changes in fair value of stock warrants repurchased	(16,515,336)	(24,131,931)	(38,601,144)	(51,626,858)
Gains on expiration of stock warrants	21,499	20,008	62,730	33,361
Stock warrants issuance expenses	(81,631)	(151,697)	(190,463)	(302,086)
	<u>\$ 18,710</u>	<u>(524,610)</u>	<u>602,284</u>	<u>(1,091,383)</u>

- (vii) Futures commission revenues

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Futures commission revenues - CSC Futures (HK) Ltd.	<u>\$ 112,150</u>	<u>73,559</u>	<u>253,321</u>	<u>162,403</u>

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Commission expenses - future

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Future trading - reconsignment	\$ 73,928	63,080	142,979	122,987
Future trading - introducing brokers	928	752	1,808	1,387
Commission expenses - CSC Futures (HK) Ltd.	16,963	21,271	37,157	37,735
	\$ 91,819	85,103	181,944	162,109

(ix) Employee benefits, depreciation, and amortization expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Employee benefit expenses				
Salary expense	\$ 861,869	993,035	1,766,674	1,789,387
Health and labor insurance expense	59,674	47,188	128,069	109,012
Pension expense	32,982	28,984	66,232	56,483
Others	29,565	28,556	59,091	53,300
Depreciation expense	108,720	108,250	215,694	215,733
Amortization expense	14,961	15,877	27,203	30,109
	\$ 1,107,771	1,221,890	2,262,963	2,254,024

(x) Other operating expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Rental expense	\$ 6,097	7,327	11,632	12,136
Taxes	233,365	282,932	449,429	529,131
Information technology expense	124,280	85,657	220,615	168,072
Postage expense	84,681	75,063	167,204	138,240
Professional service fee	7,126	6,100	12,870	11,529
Security borrowed expense	158,323	179,033	337,984	324,911
Other expenses	321,568	279,253	630,463	550,160
	\$ 935,440	915,365	1,830,197	1,734,179

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xi) Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Financial revenue	\$ 403,125	406,031	815,341	750,651
Currency exchange gains (losses)	(43,465)	1,604	(34,751)	10,007
Net gains (losses) on disposal of investment	(34,139)	(2,164)	(19,420)	16,236
Net gains (losses) on measurement of non-operating financial instruments at fair value through profit or loss	(18,337)	66,635	(54,284)	135,094
Revenue from bank's allocation fee	41,003	52,461	85,438	100,570
Dividend revenue	45,716	4,428	47,007	5,761
Gains on reversal of prior year's liabilities	10,089	140,578	10,089	140,672
Rental income	47,858	44,912	94,516	92,121
Others	39,348	23,553	46,960	28,864
	\$ 491,198	738,038	990,896	1,279,976

(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 and the six months ended June 30, 2025 and 2024, the estimated amounts of remuneration to employees were \$20,703, \$22,127, \$35,967 and \$51,864, respectively, and to directors were \$13,802, \$(30,199), \$23,978 and \$14,407, 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.

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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 difference between actual employee remuneration of \$88,718 and \$73,000 and actual remuneration to directors of \$19,500 and \$17,926 were \$9,785 and \$140,222 in total. The difference was accounted for as changes in accounting estimates and would be recognized as profit or loss in 2025 and 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 and the six months ended June 30, 2025 and 2024, the estimated amounts of remuneration to employees were \$4,844, \$5,462, \$9,902 and \$10,553 and to directors were \$4,805, \$5,257, \$9,834 and \$10,348 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 June 30, 2025, December 31, 2024 and June 30, 2024, the maximum credit exposure amounted to \$248,879,234, \$251,623,021 and \$249,170,765, 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 87.44%); secondly, is in Asia (accounted for 4.97%, exclusion of Taiwan); then, is in Europe (accounted for 4.35%). Compare to the same period of last year, there is no significant change in proportion of region of investments.

<u>Region</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Taiwan	\$ 217,624,194	218,229,776	216,896,113
Asia (Taiwan is excluded)	12,374,007	12,777,068	12,931,551
Europe	10,815,151	9,249,483	8,518,744
America	<u>8,065,882</u>	<u>11,366,694</u>	<u>10,824,357</u>
Total	<u>\$ 248,879,234</u>	<u>251,623,021</u>	<u>249,170,765</u>

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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:

	June 30, 2025		December 31, 2024		June 30, 2024	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Not past due	\$ 69,021,631	33,570	69,389,188	29,602	76,617,590	29,846
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	1,229	1,229	213	213	1,653	1,653
Past due 121~360 days	213	213	1,653	1,653	84	84
Past due more than 360 days	246,026	246,026	269,377	269,377	269,968	269,968
	<u>\$ 69,269,099</u>	<u>281,038</u>	<u>69,660,431</u>	<u>300,845</u>	<u>76,889,295</u>	<u>301,551</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 June 30, 2025, December 31, 2024 and June 30, 2024, the impairment losses of receivables were \$281,038, \$300,845 and \$301,551, 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 six months ended June 30, 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	-	(1,447)	(376)	-	-	-	1,290	-	-	(533)
Amounts written off	-	-	-	-	-	-	(18,091)	-	-	(18,091)
Effect of exchange rate	-	-	19	-	-	-	(3,006)	-	-	(2,987)
Balance on June 30, 2025	<u>\$ -</u>	<u>11,148</u>	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,038</u>	<u>-</u>	<u>-</u>	<u>293,932</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	-	1,993	267	-	-	-	2,557	-	-	4,817
Amounts written off	-	-	-	-	-	-	(158)	-	-	(158)
Effect of exchange rate	-	-	5	-	-	-	1,406	-	-	1,411
Balance on June 30, 2024	<u>\$ -</u>	<u>11,675</u>	<u>1,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,551</u>	<u>-</u>	<u>-</u>	<u>315,219</u>

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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
June 30, 2025							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 30,072,506	30,072,506	30,072,506	-	-	-	-
Stock warrants issued	587,128	587,128	466,053	108,521	12,554	-	-
Put options	102,761	102,761	102,761	-	-	-	-
Equity derivatives	2	2	2	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	432,308	432,308	49,841	16,510	117,705	248,252	-
Asset swap option - short position	2,664,598	2,664,598	158,624	244,943	1,013,002	1,248,029	-
Leverage derivatives - non- hedging	22,185	22,185	22,185	-	-	-	-
Structured notes	152,813	152,813	24,492	1,682	15,335	2,270	109,034
Short-term borrowings	3,633,787	3,633,787	3,633,787	-	-	-	-
Commercial paper payable	20,783,547	20,800,000	20,800,000	-	-	-	-
Bonds sold under repurchase agreements	45,551,139	46,365,000	30,581,864	15,783,136	-	-	-
Guarantee deposited for short sales	1,536,679	1,536,679	1,536,679	-	-	-	-
Proceeds payable from short sales	1,530,232	1,530,232	1,530,232	-	-	-	-
Securities lending refundable deposits	14,612,186	14,612,186	14,612,186	-	-	-	-
Futures traders' equity	54,793,522	54,793,522	54,793,522	-	-	-	-
Equity for each customer in the account	38,948,009	38,948,009	38,948,009	-	-	-	-
Leverage contract trading customers' equity	736,033	736,033	736,033	-	-	-	-
Notes payable and accounts payable	543,237	543,237	543,237	-	-	-	-
Receipts under custody	1,029,557	1,029,557	1,029,557	-	-	-	-
Other payables	5,100,176	5,100,176	5,099,001	1,175	-	-	-
Other financial liabilities	9,601,865	9,601,865	7,908,737	191,021	1,037,084	465,023	-
Lease liabilities	572,672	586,382	106,043	107,514	184,914	186,903	1,008
Long-term borrowings	9,498,552	9,500,000	-	-	3,500,000	6,000,000	-
	<u>\$ 242,505,494</u>	<u>243,350,966</u>	<u>212,755,351</u>	<u>16,454,502</u>	<u>5,880,594</u>	<u>8,150,477</u>	<u>110,042</u>

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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>

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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>
June 30, 2024							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 23,930,592	23,930,592	23,930,592	-	-	-	-
Stock warrants issued	2,351,136	2,351,136	1,709,160	609,807	32,169	-	-
Put options	171,282	171,282	171,282	-	-	-	-
Equity derivatives	491	491	491	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	52,074	52,074	2,579	1,387	24,529	23,579	-
Asset swap option - short position	3,599,404	3,599,404	264,749	704,118	1,356,428	1,274,109	-
Leverage derivatives - non- hedging	21,406	21,406	21,406	-	-	-	-
Structured notes	36,841	36,841	12,260	813	4,849	18,919	-
Short-term borrowings	14,656,661	14,656,661	14,656,661	-	-	-	-
Commercial papers payable	46,731,999	46,850,000	46,850,000	-	-	-	-
Bonds sold under repurchase agreements	53,211,822	54,289,041	40,712,661	13,576,380	-	-	-
Guarantee deposited for short sales	1,329,248	1,329,248	1,329,248	-	-	-	-
Proceeds payable from short sales	1,481,928	1,481,928	1,481,928	-	-	-	-
Securities lending refundable deposits	16,329,028	16,329,028	16,329,028	-	-	-	-
Futures traders' equity	44,010,919	44,010,919	44,010,919	-	-	-	-
Equity for each customer in the account	38,625,265	38,625,265	38,625,265	-	-	-	-
Leverage contract trading customers' equity	879,193	879,193	879,193	-	-	-	-
Notes payable and accounts payable	686,301	686,301	686,301	-	-	-	-
Receipts under custody	331,532	331,532	331,532	-	-	-	-
Other payables	4,662,888	4,662,888	4,662,014	874	-	-	-
Other financial liabilities	4,577,309	4,577,309	3,759,968	138,895	503,417	175,029	-
Lease liabilities	656,911	673,153	104,650	104,726	176,688	285,409	1,680
Long-term borrowings	<u>1,498,536</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>500,000</u>	<u>-</u>
	<u>\$ 259,832,766</u>	<u>261,045,692</u>	<u>240,531,887</u>	<u>15,137,000</u>	<u>3,098,080</u>	<u>2,277,045</u>	<u>1,680</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(iii) Currency risk

1) Currency risk exposure

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

		June 30, 2025		
		Foreign Currency (thousands)	Exchange Rate	Amount
Financial assets				
<u>Monetary Item</u>				
USD	\$	1,359,026	29.3000	39,819,462
AUD		10,597	19.1400	202,827
CAD		12	21.4300	257
CHF		125	36.6650	4,583
EUR		11,979	34.3500	411,479
GBP		866	40.1600	34,779
HKD		247,147	3.7320	922,353
JPY		2,136,232	0.2034	434,510
SGD		170	23.0000	3,910
CNY		93,072	4.0910	380,758
ZAR		2,820	1.6480	4,647
KRW		533,562	0.0219	11,685
NZD		13	17.7800	231
THB		14,328	0.9069	12,994
MYR		439	6.6905	2,937
VND		5,610,413	0.0011	6,171
SEK		6	3.0900	19
INR		32,808	0.3456	11,338
<u>Non-Monetary Item</u>				
USD		658,387	29.3000	19,290,739
AUD		142,647	19.1400	2,730,264
CAD		1	21.4300	21
EUR		49,934	34.3500	1,715,233
HKD		13,917	3.7320	51,938
JPY		101,366	0.2034	20,618
CNY		82,146	4.0910	336,059
ZAR		89	1.6480	147
INR		7,748	0.3456	2,678

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		June 30, 2025		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	2,005,663	29.3000	58,765,926
AUD		144,360	19.1400	2,763,050
CHF		63	36.6650	2,310
EUR		59,336	34.3500	2,038,192
GBP		712	40.1600	28,594
HKD		364,180	3.7320	1,359,120
JPY		2,127,688	0.2034	432,772
SGD		160	23.0000	3,680
CNY		90,410	4.0910	369,867
KRW		494,864	0.0219	10,838
NZD		2	17.7800	36
THB		565	0.9069	512
MYR		398	6.6905	2,663
SEK		6	3.0900	19
<u>Non-Monetary Item</u>				
USD		77	29.3000	2,256
AUD		1	19.1400	19
CHF		362	36.6650	13,273
GBP		5	40.1600	201
JPY		2,959	0.2034	602
SGD		1	23.0000	23
CNY		1,384	4.0910	5,662
NZD		8	17.7800	142

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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

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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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2024	
	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>			
<u>Monetary Item</u>			
USD	\$ 1,057,773	32.4500	34,324,734
AUD	4,685	21.5200	100,821
CAD	6	23.6700	142
EUR	12,668	34.7100	439,706
GBP	1,284	41.0400	52,695
HKD	329,558	4.1550	1,369,313
JPY	10,602,871	0.2017	2,138,599
SGD	501	23.9200	11,984
CNY	81,001	4.4450	360,049
ZAR	2,892	1.7810	5,151
KRW	153,349	0.0237	3,634
NZD	91	19.7000	1,793
THB	4,201	0.8867	3,725
MYR	980	6.5980	6,466
VND	9,044,031	0.0013	11,757
INR	33,522	0.3889	13,037
<u>Non-Monetary Item</u>			
USD	719,145	32.4500	23,336,255
AUD	123,660	21.5200	2,661,163
CAD	1	23.6700	24
CHF	31	36.0550	1,118
EUR	31,427	34.7100	1,090,831
GBP	3	41.0400	123
HKD	6,467	4.1550	26,870
JPY	49,475	0.2017	9,979
CNY	24,329	4.4450	108,142
ZAR	29	1.7810	52
INR	7,310	0.3889	2,843

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2024		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,863,401	32.4500	60,467,362
AUD		122,439	21.5200	2,634,887
CHF		65	36.0550	2,344
EUR		43,899	34.7100	1,523,734
GBP		1,279	41.0400	52,490
HKD		509,903	4.1550	2,118,647
JPY		10,583,430	0.2017	2,134,678
SGD		543	23.9200	12,989
CNY		70,717	4.4450	314,337
KRW		151,022	0.0237	3,579
NZD		3	19.7000	59
THB		1,295	0.8867	1,148
MYR		939	6.5980	6,196
VND		3,158,805	0.0013	4,106
<u>Non-Monetary Item</u>				
USD		572	32.4500	18,561
AUD		1	21.5200	22
JPY		13,557	0.2017	2,734
NZD		4	19.7000	79

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 and the six months ended June 30, 2025 and 2024, the realized and unrealized currency exchange gains (losses) amounted to \$110,479, \$(53,888), \$101,526 and \$(232,249), respectively.

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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 six months ended June 30, 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 six months ended June 30, 2025		For the six months ended June 30, 2024	
	Appreciated 5%	Depreciated 5%	Appreciated 5%	Depreciated 5%
Net income	(559,194)	559,194	(725,310)	725,310
Other comprehensive income	583,708	(583,708)	596,552	(596,552)

(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	June 30, 2025	December 31, 2024	June 30, 2024	For the six months ended June 30,					
				2025			2024		
				Average	Maximum	Minimum	Average	Maximum	Minimum
Interest risk	3,003,822	3,022,542	2,715,770	3,169,508	3,464,010	2,992,814	2,689,271	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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Not measured at fair value

As of June 30, 2025, December 31, 2024 and June 30, 2024, the fair value information of the financial assets and financial liabilities of the Group was as follows:

a) Fair value information

	June 30, 2025		December 31, 2024		June 30, 2024	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets:						
Cash and cash equivalents	\$ 12,541,970	12,541,970	9,289,189	9,289,189	9,089,282	9,089,282
Bonds purchased under resale agreements	250,515	250,515	250,121	250,121	220,322	220,322
Accrued receivable	122,376,510	122,376,510	119,935,659	119,935,659	127,517,973	127,517,973
Customers' margin account	54,964,990	54,964,990	48,810,284	48,810,284	44,202,386	44,202,386
Leverage contract trading - customers' margin account	755,103	755,103	907,903	907,903	859,417	859,417
Restricted assets - current	1,563,912	1,563,912	2,368,179	2,368,179	2,240,837	2,240,837
Other non-current assets	1,817,481	1,817,481	1,843,360	1,843,360	1,739,583	1,739,583
Financial liabilities:						
Short-term borrowings	3,633,787	3,633,787	7,304,896	7,304,896	14,656,661	14,656,661
Commercial paper payable	20,783,547	20,783,547	41,514,617	41,514,617	46,731,999	46,731,999
Bonds sold under repurchase agreements	45,551,139	45,551,139	53,622,868	53,622,868	53,211,822	53,211,822
Accrued payable	80,484,018	80,484,018	71,575,756	71,575,756	84,763,159	84,763,159
Futures traders' equity	54,793,522	54,793,522	48,552,145	48,552,145	44,010,919	44,010,919
Leverage contract trading - customers' equity	736,033	736,033	907,350	907,350	879,193	879,193
Other financial liabilities - current	8,099,758	8,099,758	6,420,134	6,420,134	3,898,863	3,898,863
Long-term borrowings	9,498,552	9,498,552	4,497,142	4,497,142	1,498,536	1,498,536
Other financial liabilities - non-current	1,502,107	1,502,107	516,042	516,042	678,446	678,446
Other non-current liabilities	49,952	49,952	49,165	49,165	85,390	85,390

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

	Level 1	Level 2	Level 3	Total
Debt securities at amortized cost				
June 30, 2025	\$ -	5,623,871	-	5,623,871
December 31, 2024	\$ -	6,639,189	-	6,639,189
June 30, 2024	\$ -	6,210,956	-	6,210,956

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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>
June 30, 2025				
Financial assets at fair value through profit or loss	\$ 28,584,647	28,981,802	112,553	57,679,002
Financial assets at fair value through other comprehensive income	5,506,303	22,099,559	4,615,693	32,221,555
Derivative financial assets	<u>2,635,165</u>	<u>1,054,664</u>	<u>-</u>	<u>3,689,829</u>
	<u>\$ 36,726,115</u>	<u>52,136,025</u>	<u>4,728,246</u>	<u>93,590,386</u>
Financial liabilities at fair value through profit or loss	\$ 30,659,634	-	-	30,659,634
Derivative financial liabilities	<u>233,467</u>	<u>3,141,200</u>	<u>-</u>	<u>3,374,667</u>
	<u>\$ 30,893,101</u>	<u>3,141,200</u>	<u>-</u>	<u>34,034,301</u>

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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>
June 30, 2024				
Financial assets at fair value through profit or loss	\$ 51,257,522	32,095,599	101,327	83,454,448
Financial assets at fair value through other comprehensive income	4,830,374	24,072,931	3,419,948	32,323,253
Derivative financial assets	<u>3,355,617</u>	<u>654,453</u>	<u>-</u>	<u>4,010,070</u>
	<u>\$ 59,443,513</u>	<u>56,822,983</u>	<u>3,521,275</u>	<u>119,787,771</u>
Financial liabilities at fair value through profit or loss	\$ 26,281,728	-	-	26,281,728
Derivative financial liabilities	<u>198,676</u>	<u>3,682,822</u>	<u>-</u>	<u>3,881,498</u>
	<u>\$ 26,480,404</u>	<u>3,682,822</u>	<u>-</u>	<u>30,163,226</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.

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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 six months ended June 30, 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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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6) Movements of financial assets at fair value classified into Level 3

(In Thousands Dollars)

For the six months ended June 30, 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	(2,255)	-	13,500	-	-	-	-	112,553
Financial assets at fair value through other comprehensive income	4,558,179	-	52,514	5,000	-	-	-	-	4,615,693
Total	<u>\$ 4,659,487</u>	<u>(2,255)</u>	<u>52,514</u>	<u>18,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,728,246</u>

For the six months ended June 30, 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	(1,303)	-	-	-	-	-	-	101,327
Financial assets at fair value through other comprehensive income	3,602,562	-	(206,114)	27,000	-	3,500	-	-	3,419,948
Total	<u>\$ 3,705,192</u>	<u>(1,303)</u>	<u>(206,114)</u>	<u>27,000</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>3,521,275</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	- Price-to-Book Ratio - Discount for lack of marketability	- The higher the multiple, the higher fair value. - The higher the discount for lack of marketability, the lower the fair value.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Item	Valuation technique	Significant unobservable inputs	Correlation between inputs and fair value
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market approach	• Price-to-Book Ratio • Discount for lack of marketability	• 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:

	Change in fair value recognized in other comprehensive income	
	Favorable change	Unfavorable change
June 30, 2025		
Financial assets at fair value through profit or loss	\$ <u>1,126</u>	<u>(1,126)</u>
Financial assets at fair value through other comprehensive income	\$ <u>46,157</u>	<u>(46,157)</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>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Change in fair value recognized in other comprehensive income	
	Favorable change	Unfavorable change
June 30, 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>34,199</u>	<u>(34,199)</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:

June 30, 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>47,527,211</u>	<u>45,551,139</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>55,605,652</u>	<u>53,622,868</u>	<u>-</u>	<u>-</u>	<u>-</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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June 30, 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	\$ 55,809,159	53,211,822	-	-	-

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:

June 30, 2025						
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) Financial instruments (Note)	Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial assets	\$ 1,054,664	-	1,054,664	-	-	1,054,664

June 30, 2025						
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) Financial instruments (Note)	Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial liabilities	\$ 3,271,906	-	3,271,906	-	-	3,271,906
Under repurchase agreements	45,551,139	-	45,551,139	45,551,139	-	-
Total	\$ 48,823,045	-	48,823,045	45,551,139	-	3,271,906

(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

June 30, 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	\$ 654,453	-	654,453	-	-	654,453

June 30, 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	\$ 3,710,216	-	3,710,216	-	-	3,710,216
Under repurchase agreements	53,211,822	-	53,211,822	53,211,822	-	-
Total	\$ 56,922,038	-	56,922,038	53,211,822	-	3,710,216

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of June 30, 2025, December 31, 2024 and June 30, 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	June 30, 2025		December 31, 2024		June 30, 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	\$ 13,089,048	-	31,046,844	-	55,305,481	-

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.

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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 and the six months ended June 30, 2025:

a) Gains (losses) on valuation

	For the three months ended June 30, 2025	For the six months ended June 30, 2025	Account
Stock warrants issued	\$ 3,877,352	24,480,529	Gains (losses) on stock warrants issued
Stock warrants repurchased	(4,166,235)	(24,216,029)	Gains (losses) on stock warrants issued

b) Gains (losses) on sale

	For the three months ended June 30, 2025	For the six months ended June 30, 2025	Account
Security borrowing	\$ 2,920	(57,332)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	(423,772)	(522,122)	Gains (losses) on sale of trading securities
Futures transaction	89,843	150,379	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	For the three months ended June 30, 2025	For the six months ended June 30, 2025	Account
Stock warrants issued	\$ 12,738,325	14,913,362	Gains (losses) on stock warrants issued
Stock warrants repurchased	(12,349,101)	(14,385,115)	Gains (losses) on stock warrants issued

2) For the three months and the six months ended June 30, 2024:

a) Gains (losses) on valuation

	For the three months ended June 30, 2024	For the six months ended June 30, 2024	Account
Stock warrants issued	\$ 11,616,272	35,886,935	Gains (losses) on stock warrants issued
Stock warrants repurchased	(11,861,724)	(36,531,019)	Gains (losses) on stock warrants issued

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Gains (losses) on sale

	For the three months ended June 30, 2024	For the six months ended June 30, 2024	Account
Security borrowing	\$ (1,695)	(14,515)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	534,318	1,091,890	Gains (losses) on sale of trading securities
Futures transaction	(419,418)	(570,742)	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	For the three months ended June 30, 2024	For the six months ended June 30, 2024	Account
Stock warrants issued	\$ 12,142,746	14,950,626	Gains (losses) on stock warrants issued
Stock warrants repurchased	(12,270,207)	(15,095,839)	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 June 30, 2025, December 31, 2024 and June 30, 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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>	<u>Account</u>
Futures margin - security	\$ 410,771	394,650	493,400	Financial assets at fair value through profit or loss - current
Futures margin - proprietary fund	1,998,647	1,541,089	2,655,024	Financial assets at fair value through profit or loss - current
Futures margin - excess margin	3,816,216	3,442,899	3,707,697	Cash and cash equivalent
Buy options	225,747	280,311	207,193	Financial assets at fair value through profit or loss - current
Sale options	102,761	94,390	171,282	Financial liabilities at fair value through profit or loss - current

	<u>For the three months ended June 30, 2025</u>	<u>2024</u>	<u>For the six months ended June 30, 2025</u>	<u>2024</u>	<u>Account</u>
Gains (losses) on futures transactions	\$ 1,136,097	(1,390,268)	1,417,765	(2,367,783)	Gains (losses) on derivatives - futures
Gains (losses) on futures transactions - security	36,138	106,800	(58,085)	136,290	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>June 30, 2025</u>		<u>December 31, 2024</u>		<u>June 30, 2024</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>
Financial Instruments						
For trading purpose:						
NT dollar interest swaps	\$ 7,400,000	-	8,000,000	-	8,000,000	-

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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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.

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(ii) Structured notes

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

Financial Instruments	June 30, 2025		December 31, 2024		June 30, 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	\$ 340,000	-	330,000	-	302,000	-
Principal guaranteed notes	7,006,846	-	5,634,024	-	3,311,026	-
Credit-linked notes	2,071,000	-	1,046,400	-	939,900	-
Principal guaranteed notes (in USD thousands)	USD 10,869	-	USD 1,845	-	USD 1,680	-

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	June 30, 2025		December 31, 2024		June 30, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
IRS asset swaps	\$ 8,597,600	-	6,127,100	-	2,647,400	-
Asset swap options	22,428,700	-	19,454,000	-	13,575,700	-

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.

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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	June 30, 2025		December 31, 2024		June 30, 2024	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Equity options	\$ 786,183	-	524,813	-	514,207	-

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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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	June 30, 2025		December 31, 2024		June 30, 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	\$ 4,015,446	-	5,647,635	-	5,500,308	-
Leverage derivatives-short position	4,023,619	-	5,645,208	-	5,497,070	-

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(vi) Presentation of derivative instruments in financial statement

As of June 30, 2025, December 31, 2024 and June 30, 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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Financial assets at fair value through profit or loss - current			
IRS asset swaps	\$ 48,050	48,834	53,096
Asset swap options - long position	867,165	785,194	298,277
Leverage derivatives - non-hedging	122,995	153,147	208,925
Structured notes	685	2,623	4,648
Exchange rate derivatives	4,643	27,503	76,020
Interest rate swaps	194	243	295
Equity derivatives	<u>10,932</u>	<u>4,096</u>	<u>13,192</u>
Total	<u>\$ 1,054,664</u>	<u>1,021,640</u>	<u>654,453</u>
Financial liabilities at fair value through profit or loss - current			
IRS asset swaps	\$ 387,418	292,254	52,074
Asset swap options - short position	2,664,598	2,781,544	3,599,404
Leverage derivatives - non-hedging	22,185	12,900	21,406
Structured notes	43,779	42,760	36,841
Exchange rate derivatives	44,890	220	-
Equity derivatives	<u>2</u>	<u>1,408</u>	<u>491</u>
Total	<u>\$ 3,162,872</u>	<u>3,131,086</u>	<u>3,710,216</u>
Financial liabilities at fair value through profit or loss - non-current			
Structured notes	<u>\$ 109,034</u>	<u>112,762</u>	<u>-</u>
Other financial liabilities - current			
Structured notes principal value	<u>\$ 8,099,758</u>	<u>6,420,134</u>	<u>3,898,863</u>
Other financial liabilities - non-current			
Structured notes principal value	<u>\$ 1,502,107</u>	<u>516,042</u>	<u>678,446</u>

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For the three months and the six months ended June 30, 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 June 30, 2025		For the six months ended June 30, 2025	
	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)
Interest rate swaps	\$ 7	(18)	2	193
Equity derivatives	3,765	(1,019)	6,736	8,242
Structured notes	(31,022)	(28,234)	(40,428)	(16,920)
IRS asset swaps	(2,641)	(2,497)	(4,920)	(6,546)
Asset swap options	(121,515)	21,704	196,573	1,739,906
Exchange rate derivatives	(106,950)	(76,525)	(67,988)	(40,246)
Leverage derivatives - non-hedging	31,657	(142,040)	66,786	(39,437)
Total	<u>\$ (226,699)</u>	<u>(228,629)</u>	<u>156,761</u>	<u>1,645,192</u>

	For the three months ended June 30, 2024		For the six months ended June 30, 2024	
	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)
Interest rate swaps	\$ 1	(26)	-	295
Equity derivatives	2,064	(14,384)	3,978	(2,452)
Structured notes	(14,094)	(13,807)	(41,521)	(8,318)
IRS asset swaps	(80)	138	(370)	(516)
Asset swap options	(879,995)	(558,619)	(1,719,603)	(561,281)
Exchange rate derivatives	80,325	(47,542)	269,476	76,020
Leverage derivatives - non-hedging	22,731	(117,088)	47,545	52,250
Total	<u>\$ (789,048)</u>	<u>(751,328)</u>	<u>(1,440,495)</u>	<u>(444,002)</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Capital adequacy ratio	267 %	278 %	250 %

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the six months ended June 30, 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 Foreign exchange movement	Fair value changes	June 30, 2025
Lease liabilities	\$ 608,527	(117,454)	82,815	(1,216)	-	572,672

	January 1, 2024	Cash flows	Other	Non-cash changes Foreign exchange movement	Fair value changes	June 30, 2024
Lease liabilities	\$ 724,417	(114,824)	46,407	911	-	656,911

(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.

Names of related parties	Relationships
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
Run Xiang Industrial Corp.	Related party in substance
Yu Bao Industrial Corp.	Related party in substance
Kwang Hsing Industrial Corp.	Corporate directors
Other related parties	Key management personnel

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(c) Key management personnel transactions

(i) Key management personnel compensation

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 57,295	5,670	192,788	182,972
Post-employment benefits	966	868	1,840	1,614
Share-based Payment	-	-	1,962	-
Total	<u>\$ 58,261</u>	<u>6,538</u>	<u>196,590</u>	<u>184,586</u>

(ii) Bonds sold under repurchase agreements

	<u>June 30, 2025</u>		<u>December 31, 2024</u>		<u>June 30, 2024</u>	
	<u>Par value</u>	<u>Purchase price</u>	<u>Par value</u>	<u>Purchase price</u>	<u>Par value</u>	<u>Purchase price</u>
Other related parties	\$ -	-	-	-	3,000	3,066
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>			
Total financial expenses	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>		
Other related parties	\$ -	8	-	17		

Transactions terms are the same as the general clients.

(iii) Structured notes transactions - remaining balance

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Other related parties	\$ 74,900	67,700	69,700

(iv) Futures transactions

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Future Traders' equity			
Other related parties	\$ 4,847	3,032	1,228

(v) Brokerage and sub-brokerage

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
Brokerage commissions	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	\$ 1,332	19,890	2,946	32,445
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
Re-consigned handling commissions	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	\$ 78	409	147	1,317

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Other expense

Other expense	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Other related parties	\$ <u>269</u>	<u>239</u>	<u>269</u>	<u>239</u>

(d) Significant transactions with related parties

(i) Bonds sold under repurchase agreements

	June 30, 2025		December 31, 2024		June 30, 2024	
	Par value	Purchase price	Par value	Purchase price	Par value	Purchase price
Subsidiaries	\$ 30,000	30,099	-	-	15,000	15,000
Funds issued by associate	<u>1,443,000</u>	<u>1,443,000</u>	<u>712,000</u>	<u>712,000</u>	<u>939,720</u>	<u>939,720</u>
Total	\$ <u>1,473,000</u>	<u>1,473,099</u>	<u>712,000</u>	<u>712,000</u>	<u>954,720</u>	<u>954,720</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Total financial expenses				
Subsidiaries	\$ 101	19	123	19
Funds issued by associate	<u>5,281</u>	<u>2,225</u>	<u>8,920</u>	<u>5,183</u>
Total	\$ <u>5,382</u>	<u>2,244</u>	<u>9,043</u>	<u>5,202</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	June 30, 2025		December 31, 2024		June 30, 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>141,569</u>	\$ <u>2,513,774</u>	<u>117,763</u>	<u>2,376,959</u>	<u>158,217</u>	<u>3,083,708</u>

Notes: Amounts in thousand shares.

	For the three months ended June 30,				For the six months ended June 30,			
	2025		2024		2025		2024	
	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend
Funds issued by associate	\$ <u>(76,358)</u>	<u>37,481</u>	<u>88,158</u>	<u>56,333</u>	<u>(67,222)</u>	<u>75,460</u>	<u>378,228</u>	<u>108,434</u>

	December 31,		
Prepayments	June 30, 2025	2024	June 30, 2024
Associates	\$ <u>-</u>	<u>12,574</u>	<u>19,770</u>

Transaction terms are the same as the general clients.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Futures transactions

Futures traders' equity	June 30, 2025	December 31, 2024	June 30, 2024
Funds issued by associate	\$ <u>1,436,222</u>	<u>384,333</u>	<u>139,748</u>

	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Total financial expenses				
Funds issued by associate	\$ <u>5,533</u>	<u>573</u>	<u>5,533</u>	<u>573</u>

Transaction terms are the same as the general clients.

(iv) Lease agreements

Lessor

	For the three months ended June 30, 2025	2024	For the six months ended June 30, 2025	2024
Lease revenue				
Associates	\$ <u>4,448</u>	<u>4,447</u>	<u>8,897</u>	<u>8,764</u>

	June 30, 2025	December 31, 2024	June 30, 2024
Guarantee deposits received			
Associates	\$ <u>4,429</u>	<u>4,429</u>	<u>4,430</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 June 30, 2025, December 31, 2024 and June 30, 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 six months ended June 30, 2025.

- 3) Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Related party in substance	\$ <u>351,247</u>	<u>410,041</u>	<u>438,091</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Financial expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Related party in substance	\$ <u>1,276</u>	<u>1,564</u>	<u>2,656</u>	<u>3,226</u>

(v) Custody account business

Custody account business

revenue(Account to rental income)	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Related party in substance	\$ <u>30,965</u>	<u>30,965</u>	<u>61,930</u>	<u>61,930</u>

Other accounts receivable	June 30, 2025	December 31, 2024	June 30, 2024
Related party in substance	\$ <u>8,379</u>	<u>8,379</u>	<u>8,379</u>

(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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Subsidiaries	\$ <u>1,506</u>	<u>597</u>	<u>4,186</u>	<u>2,620</u>

Accounts receivable	June 30, 2025	December 31, 2024	June 30, 2024
Subsidiaries	\$ <u>-</u>	<u>-</u>	<u>108</u>

(vii) Brokerage and sub-brokerage

Due to the involvement of related parties in securities and futures transactions, for the three months and the six months ended June 30, 2025 and 2024, commission revenues charged by the Group were as follows:

Brokerage commissions	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Funds issued by associate	\$ 5,526	4,409	12,990	12,030
Related party in substance	585	188	626	314
Total	\$ <u>6,111</u>	<u>4,597</u>	<u>13,616</u>	<u>12,344</u>

Re-consigned handling commissions	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Funds issued by associate	\$ <u>-</u>	<u>-</u>	<u>416</u>	<u>241</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Fund services business

	For the three months ended June 30,		For the six months ended June 30,	
Fund services revenue	2025	2024	2025	2024
Associates	\$ <u>21</u>	<u>45</u>	<u>45</u>	<u>130</u>
Channel services revenue	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Associates	\$ <u>21</u>	<u>45</u>	<u>45</u>	<u>130</u>
Account receivable	June 30, 2025		December 31, 2024	June 30, 2024
Associates	\$ <u>14</u>		<u>16</u>	<u>21</u>

(ix) Wealth management business

	For the three months ended June 30,		For the six months ended June 30,	
Trust account commissions revenue	2025	2024	2025	2024
Associates	\$ <u>658</u>	<u>3,975</u>	<u>5,045</u>	<u>6,904</u>
Trust account management fee revenue	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Associates	\$ <u>382</u>	<u>396</u>	<u>805</u>	<u>817</u>

(x) Underwriting business

	For the three months ended June 30,		For the six months ended June 30,	
Stock service income	2025	2024	2025	2024
Associates	\$ <u>30</u>	<u>30</u>	<u>60</u>	<u>60</u>
Accounts receivable	June 30, 2025		December 31, 2024	June 30, 2024
Associates	\$ <u>10</u>		<u>10</u>	<u>10</u>

(xi) Other revenue and expense

	For the three months ended June 30,		For the six months ended June 30,	
Other revenue	2025	2024	2025	2024
Associates	\$ <u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
Other expense	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Related party in substance	\$ <u>759</u>	<u>832</u>	<u>776</u>	<u>1,446</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xii) Accrued receivable

<u>Accounts receivable/ Other receivables</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Subsidiaries	\$ 38,794	94	18,940
Associates	314,150	-	171,959
Total	<u>\$ 352,944</u>	<u>94</u>	<u>190,899</u>

(xiii) Custody account business

<u>Custody account business revenue</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Second-level subsidiaries (note)	<u>\$ 1,338</u>	<u>1,558</u>	<u>2,849</u>	<u>3,296</u>

<u>Accounts receivable</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Second-level subsidiaries (note)	<u>\$ 454</u>	<u>677</u>	<u>525</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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>	<u>The collateral use</u>
Restricted assets - current	\$ 1,563,912	2,368,179	2,240,837	Bank borrowings, accounts settled, repurchase agreement.
Restricted assets - non-current	49,875	49,875	49,875	Guarantee deposit for provisional seizure
Trading securities	25,809,730	32,263,584	32,947,985	Repurchase agreement
Financial assets at fair value through other comprehensive income - Bonds	16,107,124	17,468,365	16,664,167	Repurchase agreement
Property (net amount)	1,920,303	1,854,741	1,862,752	Bank borrowings
Financial assets at fair value through profit or loss - non-current	178,554	177,730	179,359	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)	5,594,602	6,635,873	6,246,480	Repurchase agreement
Investment property (net amount)	3,200,411	3,285,085	3,296,186	Bank borrowings
Total	<u>\$ 54,424,511</u>	<u>64,103,432</u>	<u>63,487,641</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:

	<u>June 30, 2025</u>		<u>December 31, 2024</u>		<u>June 30, 2024</u>	
	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>
Securities procured through margin purchase	445,642	\$ 4,456,420	565,843	5,658,430	532,207	5,322,070
Collateral for margin purchase	23,662	236,616	7,056	70,564	1,784	17,837
Lending securities to customers through short sales	17,221	172,210	35,765	357,650	15,046	150,460
Collateral for short sales	785	7,850	6,681	66,810	2,463	24,630

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

	<u>June 30, 2025</u>		<u>December 31, 2024</u>		<u>June 30, 2024</u>	
	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>
Securities borrowed from securities finance companies	584	\$ 5,840	434	4,340	127	1,270

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Promissory notes	<u>\$ 37,520,000</u>	<u>37,520,000</u>	<u>26,720,000</u>
Promissory notes (in USD thousands)	<u>USD 85,000</u>	<u>USD 85,000</u>	<u>USD 85,000</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (d) As of June 30, 2025, December 31, 2024 and June 30, 2024, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$63,926,352, \$69,834,694 and \$67,419,783, 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.
- (h) According to the Article 17 of Enforcement Rules of the Trust Enterprise Act, the balance sheet, income statement and property list of trust accounts were declared as follows:
- (i) Balance sheet of trust accounts

Balance Sheet of Trust Accounts

June 30, 2025, December 31, 2024 and June 30, 2024

Trust Assets	June 30, 2025	December 31, 2024	June 30, 2024	Trust Liabilities	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits	\$ 833,950	970,063	956,799	Accounts payable	\$ 80	2,783	1,916
Short-term investment				Trust capital	15,442,289	15,029,805	13,447,582
Funds	8,809,190	8,885,379	9,495,332	Net income	(511,332)	660,679	570,477
Stocks	893,918	1,420,008	1,602,571	Accumulated earnings or deficit	691,477	160,390	299,397
Bonds	1,573,774	1,566,961	1,627,707				
Structured notes	3,494,392	2,969,620	589,520				
Accounts receivable	17,290	41,626	47,443				
Total Assets	\$ 15,622,514	15,853,657	14,319,372	Total Liabilities	\$ 15,622,514	15,853,657	14,319,372

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Income statement of trust accounts

Income Statement of Trust Accounts

For the six months ended June 30, 2025 and 2024

	For the six months ended June 30,	
	2025	2024
Trust revenue		
Interest revenue	\$ 100,474	65,620
Cash dividends revenue	141,415	136,335
Rental revenue	13,570	16,225
Investment gains - realized	-	151,472
Investment gains - unrealized	-	604,893
Other revenue	1,230	-
Subtotal	<u>256,689</u>	<u>974,545</u>
Trust expense		
Management fee	980	1,050
Service fee	10,431	12,341
Investment losses - realized	86,364	-
Investment losses - unrealized	669,803	390,093
Other fees	7	33
Subtotal	<u>767,585</u>	<u>403,517</u>
Gain (loss) before income tax	(510,896)	571,028
Less: Income tax expense	436	551
Net gain (loss)	<u><u>\$ (511,332)</u></u>	<u><u>570,477</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Property list of trust accounts

Property list of trust accounts

June 30, 2025, December 31, 2024 and June 30, 2024

Investment items	June 30, 2025	December 31, 2024	June 30, 2024
Bank deposits	\$ 833,950	970,063	956,799
Short-term investment			
Funds	8,809,190	8,885,379	9,495,332
Stocks	893,918	1,420,008	1,602,571
Bonds	1,573,774	1,566,961	1,627,707
Structured Notes	3,494,392	2,969,620	589,520
Other assets	17,290	41,626	47,443
Total	<u><u>\$ 15,622,514</u></u>	<u><u>15,853,657</u></u>	<u><u>14,319,372</u></u>

(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 June 30, 2025, December 31, 2024 and June 30, 2024, the open positions of futures and option contracts were as follows:

(i) June 30, 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	36,365	\$ 8,855,312	8,902,940	
	Single Stock Futures	Short	8,653	(1,247,312)	(1,249,499)	
	TAIEX Futures	Long	148	642,419	652,011	
	TAIEX Futures	Short	317	(1,379,368)	(1,399,918)	
	Mini TAIEX Futures	Long	98	106,939	107,206	
	Mini TAIEX Futures	Short	360	(398,142)	(398,282)	
	Micro TAIEX Futures	Long	406	88,243	89,905	
	Finance Sector Index Futures	Long	5	10,446	10,459	
	Electronic Sector Index Futures	Short	30	(146,934)	(148,740)	
	Mini Electronic Futures	Long	129	79,876	79,948	
	Mini Electronic Futures	Short	82	(50,511)	(50,820)	
	10 Year U.S. T Note Futures	Long	20	65,412	65,705	
	10 Year U.S. T Note Futures	Short	21	(68,124)	(68,991)	
	10 Year U.S. T Bond Futures	Long	24	79,729	80,352	
	Ultra U.S. Treasury Bond	Long	641	2,177,251	2,237,322	
	Ultra U.S. Treasury Bond	Short	18	(61,517)	(62,827)	
	10 Year Euro Bond	Long	20	89,636	89,413	
	Brent Crude Oil Futures	Short	259	(518,796)	(506,470)	
	Crude Oil Futures	Long	70	134,602	133,541	
	FTSE China A50 Index Futures	Long	4,678	1,853,510	1,835,032	
	E-mini S&P 500 Futures	Long	2	17,854	18,323	
	E-mini S&P 500 Futures	Short	7	(64,053)	(64,132)	
	Gold Futures	Long	2	19,348	19,383	
	Gold Futures	Short	55	(529,322)	(524,492)	
	HHI Futures	Long	19	30,822	30,735	
	HHI Futures	Short	104	(170,676)	(168,234)	
	HSI Futures	Long	8	36,269	35,953	
	HSI Futures	Short	1	(4,528)	(4,494)	
	Mini TOPIX Futures	Short	5	(2,829)	(2,904)	
	TOPIX Futures	Short	11	(61,967)	(63,889)	
	JPY Futures	Long	22	56,566	56,358	
	JPY Futures	Short	154	(393,880)	(394,507)	
	Euro Futures	Long	5	21,572	21,675	
	Micro Gold Futures	Long	8	7,872	7,753	
	Refined Copper Futures	Long	7	25,698	26,061	
	Refined Copper Futures	Short	9	(32,338)	(33,506)	
	Mini-HSI Futures	Short	110	(99,152)	(98,870)	
	Micro E-mini Nasdaq Futures	Long	5	6,662	6,708	
	Micro E-mini Nasdaq Futures	Short	20	(26,721)	(26,831)	
	E-mini Nasdaq Futures	Long	6	80,178	80,493	
	E-mini Nasdaq Futures	Short	8	(107,226)	(107,324)	
	Micro E-mini Dow Futures	Long	7	4,466	4,552	
	E-mini Eussell 2000 Index Futures	Long	3	9,671	9,633	
	SGX Nikkei 225 Index Futures	Short	16	(64,064)	(65,828)	
	E-mini Dow Futures	Short	5	(31,719)	(32,515)	
	U.S. Dollar Index Futures	Short	70	(201,395)	(197,907)	
	Micro E-mini S&P 500 Futures	Long	53	47,614	48,557	
	Copper Futures	Long	4	28,819	28,915	
	Silver Futures	Short	17	(90,944)	(90,086)	
	2 Year U.S. T-Note Futures	Long	72	437,391	438,846	
	2 Year U.S. T-Note Futures	Short	38	(231,350)	(231,613)	
	30 Year U.S. Treasury Bonds	Long	62	206,352	209,761	

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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 :						
	30 Year U.S. Treasury Bonds	Short	20	\$ (67,074)	(67,665)	
	5 Year U.S. T-Note Futures	Long	40	127,222	127,748	
	Long-Term Euro - BTP Futures	Long	20	83,127	83,127	
	Soybean Futures	Short	14	(21,151)	(21,064)	
	China Index Futures	Short	4	(3,539)	(3,534)	
	FTSE Taiwan Index Futures	Long	160	340,927	341,943	
	FTSE Taiwan Index Futures	Short	28	(59,807)	(59,840)	
	Vietnam Index Futures	Short	49	(7,994)	(7,979)	
	Mini Finance Sector Index Futures	Short	4	(2,092)	(2,092)	
	One Week E-mini Stock Index Futures	Long	164	181,231	183,055	
	CME BTC	Short	6	(94,435)	(94,360)	
	GIN Futures	Short	45	(66,894)	(67,510)	
	10 Year Japanese Treasury Bond	Short	35	(991,748)	(989,683)	
	Hang Seng TECH Index	Long	10	9,900	9,905	
	SGX TWN	Long	9	19,069	19,077	
	Subtotal			<u>8,684,403</u>		
Options contract :						
	TAIEX Options (Call)	Long	3,683	\$ 86,163	115,439	
	TAIEX Options (Put)	Long	5,298	98,262	71,323	
	TAIEX Options (Call)	Short	3,475	(41,107)	(54,290)	
	TAIEX Options (Put)	Short	4,554	(56,827)	(28,511)	
	TAIEX Options W1 (Call)	Long	2,930	15,712	22,178	
	TAIEX Options W1 (Put)	Long	3,042	14,181	10,751	
	TAIEX Options W1 (Call)	Short	2,611	(10,295)	(9,060)	
	TAIEX Options W1 (Put)	Short	2,242	(5,982)	(2,793)	
	Stock Options (Call)	Long	177	800	666	
	Stock Options (Put)	Long	122	803	554	
	Stock Options (Call)	Short	99	(363)	(315)	
	Stock Options (Put)	Short	95	(389)	(252)	
	Electronic Sector Index Options (Call)	Long	15	259	343	
	Electronic Sector Index Options (Put)	Long	17	357	285	
	Electronic Sector Index Options (Call)	Short	15	(299)	(546)	
	Electronic Sector Index Options (Put)	Short	10	(261)	(170)	
	Finance Insurance Index Options (Call)	Long	182	2,122	1,966	
	Finance Insurance Index Options (Put)	Long	141	1,796	1,588	
	Finance Insurance Index Options (Call)	Short	147	(469)	(396)	
	Finance Insurance Index Options (Put)	Short	175	(350)	(85)	
	Gold Options (Call)	Long	14	307	133	
	Gold Options (Put)	Long	5	111	149	
	Gold Options (Call)	Short	1	(14)	(3)	
	iShares India 50 ETF Options (Call)	Long	150	7	7	
	iShares India 50 ETF Options (Put)	Long	150	6	6	
	Nifty Bank Options (Call)	Long	525	157	153	
	Nifty Bank Options (Put)	Short	525	(159)	(162)	
	Nifty Financial Services Index Options (Put)	Long	1,105	162	166	
	Nifty Financial Services Index Options (Call)	Short	1,105	(156)	(153)	
	TAIFEX Options (Put)	Long	6	39	40	
	TAIFEX Options (Call)	Short	129	(1,374)	(1,427)	
	TAIFEX Options (Put)	Short	329	(5,414)	(4,598)	
	Subtotal			<u>97,785</u>		
Total				<u>\$ 8,782,188</u>		

(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				<u>\$ 960,554</u>		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) June 30, 2024

Item	Trading category	Open positions		Contract size or paid	Fair value	Note
		Long/ Short	Number of contracts	for (received from) premium		
Futures contract :						
	Single Stock Futures	Long	2,651	\$ 1,037,350	1,047,020	
	Single Stock Futures	Short	45,477	(14,049,576)	(14,343,152)	
	TAIEX Futures	Long	383	1,759,478	1,760,138	
	TAIEX Futures	Short	509	(2,328,843)	(2,339,383)	
	Mini TAIEX Futures	Long	221	235,225	235,556	
	Mini TAIEX Futures	Short	194	(239,872)	(241,290)	
	Finance Sector Index Futures	Long	2	3,975	3,988	
	Finance Sector Index Futures	Short	61	(121,959)	(121,356)	
	Electronic Sector Index Futures	Long	15	74,884	74,505	
	Electronic Sector Index Futures	Short	95	(463,449)	(471,808)	
	Mini Electronic Futures	Long	140	85,996	86,912	
	10 Year U.S. T Note Futures	Short	17	(60,617)	(60,673)	
	10 Year U.S. T Bond Futures	Long	50	185,058	184,204	
	Ultra U.S. Treasury Bond	Long	358	1,417,423	1,456,131	
	Ultra U.S. Treasury Bond	Short	13	(52,613)	(52,876)	
	Euro-Bund Futures	Long	20	91,581	91,371	
	Brent Crude Oil Futures	Short	201	(543,245)	(554,408)	
	Crude Oil Futures	Long	1	2,587	2,646	
	Crude Oil Futures	Short	22	(57,555)	(58,211)	
	FTSE China A50 Index Futures	Long	5,537	2,148,096	2,138,500	
	FTSE China A50 Index Futures	Short	62	(24,105)	(23,946)	
	E-Mini S&P 500 Futures	Short	5	(44,949)	(44,793)	
	Gold Futures	Long	6	5,473	5,523	
	Gold Futures	Short	5	(38,048)	(37,960)	
	HHI Futures	Long	71	93,901	92,410	
	HHI Futures	Short	26	(34,046)	(33,840)	
	TOPIX Futures	Short	31	(173,558)	(175,732)	
	JPY Index Futures	Long	10	25,932	25,524	
	JPY Index Futures	Short	21	(53,940)	(53,600)	
	Copper Futures	Short	10	(36,776)	(35,626)	
	Micro E-mini Nasdaq Futures	Long	2	2,567	2,587	
	E-mini Nasdaq Futures	Short	2	(26,124)	(25,866)	
	Micro E-Mini Dow Futures	Short	18	(11,612)	(11,527)	
	E-mini Russell 2000 Index Futures	Short	1	(3,310)	(3,350)	
	SGX Nikkei 225 Index Futures	Short	9	(35,298)	(35,952)	
	E-mini Dow Futures	Short	2	(12,806)	(12,808)	
	U.S. dollar Index Futures	Short	122	(414,822)	(417,842)	
	Micro E-mini S&P 500 Futures	Short	19	(17,084)	(17,021)	
	Dow Jones Real Estate Futures	Short	3	(3,270)	(3,305)	
	Silver Futures	Short	8	(38,620)	(38,369)	
	2 Year U.S. T-Note Futures	Short	12	(79,500)	(79,523)	
	30 Year U.S. Treasury Bond	Long	30	115,770	115,177	
	Soybean Futures	Short	9	(16,600)	(16,121)	
	China Index Futures	Short	5	(3,798)	(3,652)	
	FTSE Taiwan Index Futures	Short	107	(267,979)	(267,876)	
	Mini Finance Sector Index Futures	Short	76	(37,807)	(37,886)	
	One Week E-Mini Stock Index Futures	Long	10	11,496	11,508	
	One Week E-Mini Stock Index Futures	Short	24	(27,384)	(27,581)	
	CME BTC	Short	7	(69,936)	(67,972)	
	Subtotal			(12,092,309)		

(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	3,182	\$ 79,797	128,784	
	TAIEX Options (Put)	Long	6,354	70,125	51,529	
	TAIEX Options (Call)	Short	3,982	(74,684)	(138,296)	
	TAIEX Options (Put)	Short	3,282	(31,876)	(18,468)	
	Stock Options (Call)	Long	242	3,172	2,810	
	Stock Options (Put)	Long	401	9,888	7,065	
	Stock Options (Call)	Short	167	(1,263)	(1,217)	
	Stock Options (Put)	Short	64	(483)	(514)	
	Electronic Sector Index Options (Call)	Long	1	14	77	
	Electronic Sector Index Options (Put)	Long	63	911	320	
	Electronic Sector Index Options (Call)	Short	109	(3,097)	(3,683)	
	Electronic Sector Index Options (Put)	Short	1	(11)	-	
	Finance Insurance Index Options (Call)	Long	321	2,910	2,683	
	Finance Insurance Index Options (Put)	Long	132	549	269	
	Finance Insurance Index Options (Call)	Short	69	(177)	(122)	
	Finance Insurance Index Options (Put)	Short	173	(2,189)	(2,258)	
	Gold Options (Call)	Long	43	315	237	
	Gold Options (Put)	Long	78	484	354	
	Gold Options (Call)	Short	12	(119)	(122)	
	iShares India 50 ETF Options (Call)	Long	2,650	238	253	
	iShares India 50 ETF Options (Put)	Long	2,100	214	186	
	iShares India 50 ETF Options (Call)	Short	4,200	(236)	(258)	
	iShares India 50 ETF Options (Put)	Short	3,600	(284)	(247)	
	TAIEX Weekly Options (Call)	Long	1,906	6,304	7,554	
	TAIEX Weekly Options (Put)	Long	1,603	9,331	5,072	
	TAIEX Weekly Options (Call)	Short	2,019	(4,011)	(4,233)	
	TAIEX Weekly Options (Put)	Short	1,422	(3,810)	(1,864)	
	Subtotal			62,012		
Total				<u>\$ (12,030,297)</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	406,441	3.42	≥ 1	Satisfactory to requirement
	(Total liabilities - futures traders' equity)	118,736			
17	Current Assets	513,932	4.34	≥ 1	"
	Current Liabilities	118,539			
22	Stockholders' equity	406,441	101.61 %	$\geq 60\%$	"
	Minimum paid-in capital	400,000		$\geq 40\%$	
22	Adjusted net capital	377,103	834.63 %	$\geq 20\%$	"
	Total amount of customers' margin required for open positions of futures trader	45,182		$\geq 15\%$	

- (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	9,608,034	3.67	7,117,649	3.05	≥ 1	Satisfactory to requirement
	(Total liabilities - futures traders' equity)	2,620,025		2,331,384			
17	Current Assets	66,205,573	1.14	58,772,900	1.10	≥ 1	"
	Current Liabilities	58,305,581		53,427,739			
22	Stockholders' equity	9,608,034	861.71 %	7,117,649	638.35 %	$\geq 60\%$	"
	Minimum paid-in capital	1,115,000		1,115,000		$\geq 40\%$	
22	Adjusted net capital	7,166,242	51.44 %	4,946,620	33.59 %	$\geq 20\%$	"
	Total amount of customers' margin required for open positions of futures trader	13,929,983		14,724,395		$\geq 15\%$	

(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 six months ended June 30, 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	\$ 799,162	799,162	781,612	-	2	-	Working capital	-		-	1,512,685	1,512,685
2	CSC Futures (HK) Ltd.	F190402	Account receivables - Customer	No	58,120	-	-	8.88 %	1	-		-		-	194,675	973,373
3	CSC Futures (HK) Ltd.	F611702	Account receivables - Customer	No	406,839	406,839	331,284	5.13%~6.38%	1	241,323		-		-	406,839	973,373
4	CSC Futures (HK) Ltd.	F613059	Account receivables - Customer	No	87,180	87,180	-	7.88 %	1	12,713		-		-	194,675	973,373
5	CSC Futures (HK) Ltd.	F612688	Account receivables - Customer	No	291	291	-	6.88 %	1	-		-		-	194,675	973,373
6	CSC Futures (HK) Ltd.	F613091	Account receivables - Customer	No	291	291	-	6.88 %	1	1,966		-		-	194,675	973,373
7	CSC Futures (HK) Ltd.	F190416	Account receivables - Customer	No	203,420	203,420	43,590	5.38 %	1	8,840		-		-	203,420	973,373
8	CSC Futures (HK) Ltd.	F613511	Account receivables - Customer	No	14,530	14,530	-	8.00 %	1	116		-		-	194,675	973,373

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 receivable from related parties exceeding NT\$100 million or 20% of paid-in capital:

(In Thousands of New Taiwan Dollars)

Company of classification-account receivables	Name of transaction parties	Relationship	Balance of account receivables-Related parties	Turnover	Expiration of account receivables-Related parties		Subsequent recoverable amount	Allowance of doubtful accounts
					Amount	Treatment		
Capital Securities Corp.	Capital Futures Corp.	Subsidiary	402,723	N/A	-	N/A	402,723	-
Capital Securities Corp.	Capital Investment Trust Corp.	Associate	314,141	N/A	-	N/A	314,141	-

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Significant transactions between parent company and subsidiaries for the six months ended June 30, 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	4,506		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts receivable	9,046		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other receivables	392,552		0.13 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Bonds sold under repurchase agreements	20,000		0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other payable	3,360		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Guarantee deposits received	4,620		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Futures commission revenue	69,663	General transaction	0.83 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Lease revenue	9,297	General transaction	0.11 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Revenue from securities management, distribution, and management fees	351	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Financial costs	755	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other operating revenue	576	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Securities commission expense	16,293	General transaction	0.19 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Interest revenue	63	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Miscellaneous expense	38,541	General transaction	0.46 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Non-operating revenue	30,269	General transaction	0.36 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Brokerage commissions revenue	471	General transaction	0.01 %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Other receivables	104		- %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Professional service fees	55,980	General transaction	0.66 %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Entertainment expenses	38	General transaction	- %
0	Capital Securities Corp.	CSC Capital Management Co.	1	Other receivables	1,323		- %
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	15		- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other payable	47		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Other receivables	67		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Brokerage commissions revenue	27	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	25	General transaction	- %
0	Capital Securities Corp.	Capital Private Equity Fund I Co.	1	Brokerage commissions revenue	96	General transaction	- %

(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
1	Capital Futures Corp.	Capital Securities Corp.	2	Customers' margin account	4,320,075		1.41 %
1	Capital Futures Corp.	Capital Securities Corp.	2	Futures traders' equity	4,320,075		1.41 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Customers' margin account	581,474		0.19 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures traders' equity	5,119,174		1.67 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Other payable	5,203		- %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures commission expense	7,385	General transaction	0.09 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Brokerage commissions revenue	47,097	General transaction	0.56 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Financial costs	7,992	General transaction	0.09 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Customers' margin account	5,107,006		1.67 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Futures traders' equity	569,306		0.19 %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Other payable	4,066		- %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Information technology expense	24,682	General transaction	0.29 %
2	CSC Futures (HK) Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Professional service fees	2,927	General transaction	0.03 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other receivables	HKD 269		- %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	HKD 877	General transaction	0.04 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Brokerage commissions expense	HKD 51	General transaction	- %
4	CSC International Holdings Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Lease revenue	324	General transaction	- %
4	CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	3	Other receivable	USD 26,507		0.25 %
5	CSC Capital Management Co.	Capital Private Equity Fund I Co.	3	Management fee revenue	2,860	General transaction	0.03 %
5	CSC Capital Management Co.	Capital Private Equity Fund I Co.	3	Other receivable	3,897		- %

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 June 30, 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 %	82,150	59,332	4,985	4,985	-	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 %	5,328,986	1,366,052	606,137	338,356	392,294	"
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 %	1,512,685	9,128	448	448	-	"
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 %	45,165	103,673	19,287	19,287	38,560	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 %	869,423	4,796	(4,379)	(4,379)	-	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 %	316,652	(5,809)	(8,146)	(8,146)	1,320	"
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 %	1,493,283	2,630,692	1,017,531	203,506	314,141	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 %	666,811	34,354	9,128	-	-	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 %	973,373	270,710	(3,744)	-	-	"
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 %	10,824	-	(1,159)	-	-	"
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 %	280,241	(5,407)	(8,669)	-	-	"
5	Enno Cap Venture Inc.	Taipei ,Taiwan, R.O.C.	July 30, 2021	No. FSC- 1040034071 dated September 8,2015	Liquidation completed	-	400	-	- %	-	-	-	-	-	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.

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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 June 30, 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 June 30, 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	(2,149)	28.28%	(608) Note 2 B(2)	1,661	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	18,863	Note 1 (C)	18,863	-	-	18,863	(40)	55.46%	(22) Note 2 B(2)	927	-

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:

There was no shareholder who held 5% or more of the issuer's equity.

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.

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (f) Disclosures required for securities firm investing in countries or regions without securities authority :

According to article 1, paragraph 3, no. 5 of the letter no. 11303479011 issued by Financial Supervisory Commission on September 26, 2024, the required supplementary disclosures of the Company's information on reinvestment in overseas businesses for the six months ended June 30, 2025 are as follows:

- (i) Balance sheet and income statement:

- 1) Balance sheet

Unit: US \$ thousands

Company	
CSC International Holdings Ltd.	
Nature	June 30, 2025
Current assets	7,894
Long-term investments	22,946
Property and premises	1,596
Other assets	19,394
Total assets	51,830
Current liabilities	66
Other liabilities	48
Total liabilities	114
Common stock	45,000
Retained earnings (Accumulated deficit)	7,019
Cumulative translation adjustments	(303)
Total stockholders' equity	51,716
Total liabilities and stockholders' equity	51,830

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Income statement

Unit: US \$ thousands

Company	
	CSC International Holdings Ltd.
Nature	For the six months ended June 30, 2025
Operating revenue	294
Operating expense	(358)
Non-operating revenue	78
Non-operating expense	-
Income (loss) before tax	14
Net income (loss)	14

(ii) Securities held as of June 30, 2025

Unit: shares / US\$ thousands

Name of holding company	Securities types and name	Account classification	June 30, 2025	
			Shares	Book value
CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	Long-term investments	128,000,000	\$ <u><u>22,946</u></u>

(iii) Derivatives financial instrument transactions and the source of capital: None.

(iv) Revenue from engagement in consultation on assets management business, service contents and litigation: None.

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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 June 30, 2025							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination
Segment Revenue	\$ 2,018,030	127,449	1,493,722	105,773	(71,921)	877,389	(96,534)
Segment profit or loss	\$ 1,064,171	77,688	545,654	(50,619)	(279,336)	397,305	(192,927)
							Total
							4,453,908
							1,561,936
For the three months ended June 30, 2024							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination
Segment Revenue	\$ 2,217,304	98,572	1,458,695	(43,298)	66,273	644,239	(92,696)
Segment profit or loss	\$ 1,218,622	55,091	496,589	(175,153)	(168,734)	417,899	(212,430)
							Total
							4,349,089
							1,631,884

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2025							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 3,957,076	194,664	2,509,521	401,895	(14,292)	1,582,279	(188,667)	8,442,476
Segment profit or loss	\$ 2,116,095	101,402	687,547	145,317	(720,936)	743,211	(322,611)	2,750,025

	For the six months ended June 30, 2024							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 3,957,493	167,574	2,858,528	178,460	164,527	1,213,795	(175,841)	8,364,536
Segment profit or loss	\$ 2,120,222	85,839	982,052	(53,017)	(276,420)	751,773	(369,739)	3,240,710

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.