

**CAPITAL SECURITIES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For The Nine Months Ended September 30, 2024 and 2023**

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

Telephone: 886-2-87898888

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Overview	8
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of material accounting policies	11~15
(5) Major sources of significant accounting assumptions, judgments and estimation uncertainty	15
(6) Explanation of significant accounts	15~71
(7) Related-party transactions	71~77
(8) Pledged assets	78
(9) Significant contingent liability and unrecognized contract commitment	78~79
(10) Significant Catastrophic Loss	79
(11) Significant Subsequent Events	79
(12) Other	80~86
(13) Other disclosures	
(a) Information on significant transactions	87~89
(b) Related information of investee companies	90~91
(c) Information on overseas branches and representative offices	91
(d) Information on investments in the Mainland China	91~92
(e) Major shareholders	92
(14) Segment information	93~94



安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Review Report

To the Board of Directors of
Capital Securities Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Securities Corporation and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(c), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$5,090,270 thousands and \$3,657,417 thousands, constituting 1.65% and 1.61% of consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to \$2,085,791 thousands and \$647,547 thousands, constituting 0.79% and 0.35% of consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to \$4,618 thousands, \$39,636 thousands, \$168,052 thousands and \$222,632 thousands, constituting 0.17%, 3.34%, 3.09% and 5.17% of consolidated total comprehensive income (loss) for the three months and the nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Capital Securities Corporation and its subsidiaries in its investee companies of \$1,548,916 thousands and \$1,443,085 thousands as of September 30, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$103,634 thousands, \$47,505 thousands, \$268,671 thousands and \$144,627 thousands for the three months and the nine months ended September 30, 2024 and 2023, respectively, and its equity in other comprehensive income (loss) on these investee companies of \$0 thousands, \$0 thousands, \$5,518 thousands and \$(2,276) thousands for the three months and the nine months ended September 30, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Capital Securities Corporation and its subsidiaries as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months and the nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 11, 2024

Notes to Readers

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

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

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2024, December 31, 2023, and September 30, 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						
110000 Current assets:						
111100 Cash and cash equivalents (note 6(a))	\$ 8,435,021	3	8,598,180	4	9,253,146	4
112000 Financial assets at fair value through profit or loss - current (notes 6(b) and 8)	69,066,060	22	64,089,612	26	59,042,263	26
113200 Financial assets at fair value through other comprehensive income - current (note 6(b))	27,061,153	9	24,025,136	10	21,790,844	10
114010 Bonds purchased under resale agreements (note 6(c))	230,059	-	60,208	-	90,063	-
114030 Receivable for securities provided as collateral	22,569,225	7	17,397,754	7	15,714,435	7
114040 Refinancing margin	18,858	-	16,619	-	6,469	-
114050 Refinancing collateral receivable	15,715	-	13,847	-	5,367	-
114060 Receivable of securities business money lending	29,704,536	10	5,886,504	2	4,998,097	2
114070 Customers' margin account (note 6(e))	49,871,463	16	38,874,681	16	39,921,698	18
114080 Receivable - futures margin	92	-	-	-	-	-
114090 Collateral for securities borrowed	537,696	-	214,766	-	140,942	-
114100 Security borrowing margin	12,675,484	4	12,583,951	5	12,479,705	6
114110 Notes receivable	9,786	-	6,608	-	10,225	-
114130 Accounts receivable (note 6(d))	19,896,195	7	16,268,453	7	9,723,541	4
114150 Prepayments	225,737	-	147,349	-	153,825	-
114170 Other receivables	227,192	-	199,048	-	168,929	-
114300 Leverage contract trading - customers' margin account	847,700	-	712,455	-	797,165	-
114600 Current income tax assets	1,165	-	677	-	233	-
119095 Amounts held for each customer in the account (note 6(p))	37,158,893	12	32,426,834	13	28,567,340	13
119990 Other current assets-others	5,215,150	2	2,004,140	1	623,581	-
	<u>283,767,180</u>	<u>92</u>	<u>223,526,822</u>	<u>91</u>	<u>203,487,868</u>	<u>90</u>
120000 Non-current assets:						
122000 Financial assets at fair value through profit or loss - non-current (notes 6(b) and 8)	177,889	-	179,438	-	179,437	-
123200 Financial assets at fair value through other comprehensive income - non-current (note 6(b))	4,389,436	1	3,731,891	2	3,366,039	1
123300 Financial assets at amortized cost - non-current (note 6(b))	6,097,026	2	5,310,086	2	5,446,719	2
124100 Investments accounted for under equity method (note 6(f))	1,548,936	1	1,473,075	1	1,443,218	1
125000 Property and equipment (notes 6(g) and 8)	3,159,457	1	3,182,785	1	3,179,626	1
125800 Right-of-use assets (note 6(h))	597,939	-	671,689	-	711,789	-
126000 Investment property (notes 6(i) and 8)	3,427,538	1	3,444,763	1	3,451,403	2
127000 Intangible assets (note 6(j))	3,596,578	1	3,622,839	1	3,614,868	2
128000 Deferred income tax assets	-	-	15,894	-	16,803	-
129000 Other non-current assets	1,945,872	1	1,751,450	1	1,666,020	1
	<u>24,940,671</u>	<u>8</u>	<u>23,383,910</u>	<u>9</u>	<u>23,075,922</u>	<u>10</u>
Total assets	<u>\$ 308,707,851</u>	<u>100</u>	<u>246,910,732</u>	<u>100</u>	<u>226,563,790</u>	<u>100</u>

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2024, December 31, 2023, and September 30, 2023****(Expressed in Thousands of New Taiwan Dollars)**

	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
Liabilities and Equity						
210000 Current liabilities:						
211100 Short-term borrowings (note 6(k))	\$ 10,025,566	3	5,874,434	2	6,672,305	3
211200 Commercial paper payable (note 6(l))	34,052,670	11	13,090,169	5	8,445,994	4
212000 Financial liabilities at fair value through profit or loss - current (note 6(n))	29,792,804	10	21,090,404	9	15,370,106	7
214010 Bonds sold under repurchase agreements (note 6(o))	48,796,809	16	51,425,166	21	48,507,685	21
214040 Guarantee deposited for short sales	1,869,651	1	2,003,761	1	1,827,815	1
214050 Proceeds payable from short sales	2,247,288	1	2,294,644	1	2,095,310	1
214070 Securities lending refundable deposits	15,761,753	5	15,481,166	6	15,675,716	7
214080 Futures traders' equity (note 6(e))	49,553,039	16	38,762,176	16	39,715,271	18
214090 Equity for each customer in the account (note 6(p))	37,158,893	12	32,426,834	13	28,567,340	13
214100 Leverage contract trading - customers' equity	717,122	-	733,533	-	802,530	-
214110 Notes payable	228	-	166	-	239	-
214130 Accounts payable (note 6(q))	16,930,587	6	11,146,460	5	8,022,515	4
214150 Advance receipts	62,728	-	22,636	-	24,509	-
214160 Receipts under custody	2,238,566	1	327,934	-	140,620	-
214170 Other payables	1,291,756	-	1,733,199	1	929,098	-
214200 Other financial liabilities - current (note 6(y))	6,373,087	2	4,223,503	2	5,333,653	2
214600 Current income tax liabilities	508,145	-	715,565	-	310,213	-
215100 Provisions - current (note 6(s))	66,895	-	54,787	-	59,961	-
216000 Current lease liabilities (note 6(r))	201,307	-	201,566	-	203,027	-
219000 Other current liabilities	52,361	-	43,609	-	29,113	-
	<u>257,701,255</u>	<u>84</u>	<u>201,651,712</u>	<u>82</u>	<u>182,733,020</u>	<u>81</u>
220000 Non-Current liabilities:						
221200 Long-term borrowings (note 6(m))	3,498,866	1	-	-	-	-
222000 Financial liabilities at fair value through profit or loss - non-current (note 6(n))	108,814	-	-	-	-	-
224200 Other financial liabilities - non-current (note 6(y))	511,059	-	677,162	-	669,294	-
226000 Non-current lease liabilities (note 6(r))	447,138	-	522,851	-	566,319	-
228000 Deferred income tax liabilities	669,078	-	513,134	-	606,143	-
229000 Other non-current liabilities	164,992	-	181,349	-	115,494	-
	<u>5,399,947</u>	<u>1</u>	<u>1,894,496</u>	<u>-</u>	<u>1,957,250</u>	<u>-</u>
Total liabilities	<u>263,101,202</u>	<u>85</u>	<u>203,546,208</u>	<u>82</u>	<u>184,690,270</u>	<u>81</u>
Equity attributable to shareholders of the parent:						
301010 Common stock (note 6(u))	21,709,081	7	21,709,081	9	21,709,081	10
302000 Capital surplus (note 6(u))	2,743,257	1	2,743,256	1	2,743,256	1
304000 Retained earnings:						
304010 Legal reserve	3,299,604	1	2,889,367	1	2,889,367	1
304020 Special reserve	6,869,685	2	6,049,211	3	6,049,211	3
304040 Unappropriated earnings (note 6(u))	4,071,267	2	4,201,815	2	3,411,814	2
305120 Exchange differences on translation of foreign operations	31,007	-	(67,856)	-	100,121	-
305140 Unrealized gains (losses) on financial assets at fair value through other comprehensive income	3,642,023	1	2,722,009	1	1,937,301	1
Total equity attributable to the parent company	<u>42,365,924</u>	<u>14</u>	<u>40,246,883</u>	<u>17</u>	<u>38,840,151</u>	<u>18</u>
306000 Non-controlling interests	<u>3,240,725</u>	<u>1</u>	<u>3,117,641</u>	<u>1</u>	<u>3,033,369</u>	<u>1</u>
Total equity	<u>45,606,649</u>	<u>15</u>	<u>43,364,524</u>	<u>18</u>	<u>41,873,520</u>	<u>19</u>
Total liabilities and equity	<u>\$ 308,707,851</u>	<u>100</u>	<u>246,910,732</u>	<u>100</u>	<u>226,563,790</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 nine months ended September 30, 2024 and 2023

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

	For the three months ended September 30				For the nine months ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Income:								
401000 Brokerage commissions (note 6(w))	\$ 1,941,084	41	1,519,903	43	5,463,870	42	3,956,416	43
402000 Revenues from securities business money lending	1,180	-	522	-	2,647	-	838	-
403000 Revenue from securities lending	154,722	3	97,022	3	425,594	3	309,585	3
404000 Underwriting commissions (note 6(w))	44,633	1	20,951	1	89,132	1	53,683	1
406000 Commissions on wealth management business	30,885	1	15,757	-	74,151	-	46,079	1
410000 Net gains (losses) on sale of trading securities (note 6(w))	591,032	13	(53,562)	(2)	6,373,234	48	1,496,719	16
421100 Securities management, distribution, and management fees	44,774	1	41,737	1	126,138	1	119,010	1
421200 Interest revenue (note 6(w))	1,001,341	21	661,896	19	2,752,131	21	1,688,661	19
421300 Dividend revenue	595,410	13	652,613	18	1,214,885	9	2,755,654	30
421500 Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(w))	(2,321,678)	(49)	263,256	7	(25,177)	-	969,753	11
421600 Net gains (losses) on covering of borrowed securities and bonds with resale agreements (note 6(y))	125,847	3	(170,479)	(5)	(697,026)	(5)	(331,098)	(4)
421610 Net gains (losses) on measurement of borrowed securities and bonds with resale agreements	(805,152)	(17)	477,855	13	(1,316,168)	(10)	(172,863)	(2)
421750 Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income	61,971	1	(549)	-	73,430	-	5,646	-
421800 Net gains (losses) on securities for futures margin at fair value through profit or loss	(135,642)	(3)	-	-	648	-	-	-
422200 Net gains (losses) on stock warrants issued (notes 6(w) and (y))	901,005	19	18,344	1	(190,378)	(1)	(192,318)	(2)
424100 Futures commission revenues (note 6(w))	63,351	1	98,841	3	225,754	2	220,173	2
424400 Net gains (losses) on derivative instruments - futures (note 6(y))	1,955,511	41	326,815	9	(412,272)	(3)	(388,230)	(4)
424500 Net gains (losses) on derivative instruments - OTC (note 6(y))	346,781	7	(316,237)	(9)	(1,093,714)	(8)	(1,261,167)	(14)
424800 Management fee revenues	2,427	-	930	-	5,459	-	2,094	-
424900 Consultancy fee revenue	6,367	-	2,723	-	16,972	-	8,175	-
425100 Net gains (losses) arising from derecognition of financial assets measured at amortized cost (note 6(b))	-	-	-	-	-	-	38	-
425300 Impairment losses and reversal gains (note 6(x))	928	-	(976)	-	(3,889)	-	(7,390)	-
428000 Other operating revenues	135,168	3	(88,727)	(2)	1,060	-	(120,254)	(1)
	<u>4,741,945</u>	<u>100</u>	<u>3,568,635</u>	<u>100</u>	<u>13,106,481</u>	<u>100</u>	<u>9,159,204</u>	<u>100</u>
Expenses:								
501000 Brokerage fees	246,804	5	195,003	5	710,287	5	472,444	5
502000 Brokerage and clearing fees - proprietary trading	20,718	-	12,498	-	56,775	-	30,226	-
503000 Clearing and exchange fees - refinancing	357	-	691	-	1,283	-	2,219	-
504000 Clearing and exchange fees - underwriting	1,137	-	119	-	1,617	-	422	-
521200 Financial costs	762,993	16	523,524	15	2,159,369	17	1,339,730	15
521640 Loss from securities borrowing transactions	311,328	7	146,982	4	692,080	5	228,697	3
524100 Futures commission expense (note 6(w))	88,230	2	86,796	3	250,339	2	235,255	3
524300 Cleaning and settlement expenses	61,362	1	48,182	1	161,698	1	124,257	1
528000 Other operating expenditure	26,986	1	14,233	-	67,051	1	32,851	-
531000 Employee benefits expenses (note 6(w))	1,007,559	21	880,861	25	3,015,741	23	2,393,555	26
532000 Depreciation and amortization expense (note 6(w))	122,868	3	115,622	3	368,710	3	345,221	4
533000 Other operating expenses (note 6(w))	965,529	20	701,278	20	2,699,708	21	1,843,607	20
	<u>3,615,871</u>	<u>76</u>	<u>2,725,789</u>	<u>76</u>	<u>10,184,658</u>	<u>78</u>	<u>7,048,484</u>	<u>77</u>
Other income (expenses):								
601000 Share of profits of associates and joint ventures accounted for using equity method (note 6(f))	103,604	2	47,477	1	268,589	2	144,550	1
602000 Other gains and losses (note 6(w))	617,684	13	375,320	10	1,897,660	14	1,524,158	17
	<u>721,288</u>	<u>15</u>	<u>422,797</u>	<u>11</u>	<u>2,166,249</u>	<u>16</u>	<u>1,668,708</u>	<u>18</u>
902001 Net income before income tax	1,847,362	39	1,265,643	35	5,088,072	38	3,779,428	41
701000 Less: Income tax expenses (note 6(t))	451,414	10	72,510	2	821,201	6	173,846	2
Net income	<u>1,395,948</u>	<u>29</u>	<u>1,193,133</u>	<u>33</u>	<u>4,266,871</u>	<u>32</u>	<u>3,605,582</u>	<u>39</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	973,622	21	138,689	4	972,841	7	769,563	9
805550 Share of other comprehensive income of associates and joint ventures accounted for using equity method	-	-	-	-	5,518	-	(2,276)	-
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>973,622</u>	<u>21</u>	<u>138,689</u>	<u>4</u>	<u>978,359</u>	<u>7</u>	<u>767,287</u>	<u>9</u>
805600 Components that may be reclassified to profit or loss in subsequent periods:								
805610 Exchange differences on translation of foreign operations	(105,170)	(2)	145,772	4	126,590	1	191,750	2
805615 Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income	407,535	8	(278,309)	(8)	82,453	1	(243,963)	(3)
805699 Less: Income tax related to components of other comprehensive income (note 6(t))	(7,644)	-	11,775	-	10,523	-	15,650	-
Subtotal of items that may be subsequently reclassified into profit or loss	<u>310,009</u>	<u>6</u>	<u>(144,312)</u>	<u>(4)</u>	<u>198,520</u>	<u>2</u>	<u>(67,863)</u>	<u>(1)</u>
805000 Other comprehensive income, net	<u>1,283,631</u>	<u>27</u>	<u>(5,623)</u>	<u>-</u>	<u>1,176,879</u>	<u>9</u>	<u>699,424</u>	<u>8</u>
902006 Total comprehensive income	<u>\$ 2,679,579</u>	<u>56</u>	<u>1,187,510</u>	<u>33</u>	<u>5,443,750</u>	<u>41</u>	<u>4,305,006</u>	<u>47</u>
Net income attributable to:								
913100 Shareholders of the parent	\$ 1,245,273	26	1,073,194	30	3,851,021	29	3,271,990	35
913200 Non-controlling interests	150,675	3	119,939	3	415,850	3	333,592	4
	<u>\$ 1,395,948</u>	<u>29</u>	<u>1,193,133</u>	<u>33</u>	<u>4,266,871</u>	<u>32</u>	<u>3,605,582</u>	<u>39</u>
Total comprehensive income attributable to:								
914100 Shareholders of the parent	\$ 2,532,955	53	1,045,813	29	5,006,347	38	3,942,297	43
914200 Non-controlling interests	146,624	3	141,697	4	437,403	3	362,709	4
	<u>\$ 2,679,579</u>	<u>56</u>	<u>1,187,510</u>	<u>33</u>	<u>5,443,750</u>	<u>41</u>	<u>4,305,006</u>	<u>47</u>
975000 Basic earnings per share (note 6(v))	<u>\$ 0.57</u>		<u>0.49</u>		<u>1.77</u>		<u>1.51</u>	
985000 Diluted earnings per share (note 6(v))	<u>\$ 0.57</u>		<u>0.49</u>		<u>1.77</u>		<u>1.51</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 nine months ended September 30, 2024 and 2023****(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, 2023	\$ 21,709,081	2,743,256	2,758,257	5,786,990	1,339,434	(55,863)	1,463,354	35,744,509	2,946,604	38,691,113	
Net income for the nine months ended September 30, 2023	-	-	-	-	3,271,990	-	-	3,271,990	333,592	3,605,582	
Other comprehensive income	-	-	-	-	-	155,984	514,323	670,307	29,117	699,424	
Total comprehensive income	-	-	-	-	3,271,990	155,984	514,323	3,942,297	362,709	4,305,006	
Appropriation and distribution of retained earnings: (note 6(u))	-	-	131,110	-	(131,110)	-	-	-	-	-	
Legal reserve	-	-	131,110	-	(131,110)	-	-	-	-	-	
Special reserve	-	-	-	262,221	(262,221)	-	-	-	-	-	
Cash dividends of common stocks	-	-	-	-	(846,655)	-	-	(846,655)	-	(846,655)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	40,376	-	(40,376)	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(275,944)	(275,944)	
Balance at September 30, 2023	\$ 21,709,081	2,743,256	2,889,367	6,049,211	3,411,814	100,121	1,937,301	38,840,151	3,033,369	41,873,520	
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 nine months ended September 30, 2024	-	-	-	-	3,851,021	-	-	3,851,021	415,850	4,266,871	
Other comprehensive income	-	-	-	-	-	98,863	1,056,463	1,155,326	21,553	1,176,879	
Total comprehensive income	-	-	-	-	3,851,021	98,863	1,056,463	5,006,347	437,403	5,443,750	
Appropriation and distribution of retained earnings: (note 6(u))	-	-	410,237	-	(410,237)	-	-	-	-	-	
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	-	-	-	-	136,449	-	(136,449)	-	-	-	
Changes in ownership interests in subsidiaries	-	1	-	-	-	-	-	1	-	1	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(314,319)	(314,319)	
Balance at September 30, 2024	\$ 21,709,081	2,743,257	3,299,604	6,869,685	4,071,267	31,007	3,642,023	42,365,924	3,240,725	45,606,649	

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 nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$ 5,088,072	3,779,428
Adjustments:		
Income and expenses items:		
Depreciation expense	324,639	312,492
Amortization expense	44,071	32,729
Expected credit impairment losses	3,889	7,390
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,340,697	(796,890)
Financial cost	2,159,369	1,339,730
Net gains arising from derecognition of financial assets measured at amortized cost	-	(38)
Interest revenue (including financial revenue)	(3,882,421)	(2,693,376)
Dividend revenue	(1,299,352)	(3,088,718)
Shares of profit of associates and joint ventures accounted for using equity method	(268,589)	(144,550)
Gains on disposal and retirement of property and equipment	-	(50)
Gain on disposal of investments under equity method	(406)	-
Net gain on non-operating financial instruments at fair value through profit or loss	(64,285)	(29,698)
Impairment loss on non-financial assets	4,291	3,422
Net gains on lease modifications	(157)	(5)
Subtotal of income of non-cash activities	(1,638,254)	(5,057,562)
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(4,935,143)	(15,639,478)
Increase in bonds purchased under resale agreements	(169,851)	(90,063)
Increase in receivable for securities provided as collateral	(5,172,478)	(3,780,775)
(Increase) decrease in refinancing margin	(2,239)	12,390
(Increase) decrease in receivable on refinancing collateral	(1,868)	10,051
Increase in receivable of securities business money lending	(23,818,032)	(571,764)
Increase in customers' margin account	(10,996,782)	(871,957)
Decrease in margin receivable of futures trading	110	231
(Increase) decrease in collateral for securities borrowed	(322,930)	1,623,480
(Increase) decrease in security borrowing margin	(91,533)	1,249,311
(Increase) decrease in notes receivable	(3,178)	2,325
Increase in accounts receivable	(3,328,381)	(3,557,785)
Increase in prepayments	(78,618)	(74,979)
(Increase) decrease in other receivables	(44,675)	148,883
Increase in financial assets at fair value through other comprehensive income	(2,632,455)	(8,152,478)
(Increase) decrease in leverage contract trading-customers' margin account	(135,245)	58,856
(Increase) decrease in other current assets	(3,211,010)	107,539
Increase in other non-current assets	(194,437)	(59,256)
Decrease (increase) in bonds sold under repurchase agreements	(2,628,357)	12,471,716
Increase in financial liabilities at fair value through profit or loss	7,495,045	3,552,644
Decrease in guarantee deposited for short sales	(134,110)	(2,290,625)
Decrease in proceeds payable from short sales	(47,356)	(1,619,631)
Increase in securities lending refundable deposits	280,587	994,698
Increase in futures traders' equity	10,790,863	830,978
Decrease in leverage contract trading - customers' equity	(16,411)	(47,357)
Increase in notes payable	62	87
Increase in accounts payable	5,967,968	3,206,542
Increase (decrease) in advance receipts	40,447	(9,140)
Increase (decrease) in receipts under custody	1,910,632	(406,624)
(Decrease) increase in other payable	(450,287)	80,457
Increase in provision - current	12,108	8,384
Increase in other financial liabilities	1,983,481	2,480,355
Increase in other current liabilities	8,752	10,666
Decrease in other non-current liabilities	(16,357)	(17,426)
Total changes in assets and liabilities from operating activities	(29,941,678)	(10,339,745)
Total adjustments	(31,579,932)	(15,397,307)

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2024	2023
Cash generated from operating activities	\$ (26,491,860)	(11,617,879)
Interest received	3,649,892	2,518,912
Dividends received	1,424,916	3,238,199
Interest paid	(2,337,906)	(1,195,447)
Income taxes paid	(867,918)	(433,273)
Net Cash flows used in operating activities	(24,622,876)	(7,489,488)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(7,000)	(124,382)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	48,786
Acquisition of financial assets at amortized cost	(773,802)	(2,286,493)
Proceeds from disposal of financial assets at amortized cost	-	121,662
Proceeds from capital reduction of investments accounted for under equity method	7,400	-
Acquisition of property and equipment	(127,002)	(208,915)
Proceeds from disposal of property and equipment	110	860
Acquisition of intangible assets	(19,416)	(36,599)
Increase in deferred debits	(350)	(596)
Increase in prepayments for business facilities	(594)	-
Net cash flows used in investing activities	(920,654)	(2,485,677)
Cash flows from financing activities:		
Increase in short-term borrowings	4,151,132	3,801,506
Increase in commercial papers payable	20,962,501	5,247,272
Increase in long-term borrowings	3,500,000	-
Payment of lease liabilities	(156,421)	(146,563)
Cash dividends paid	(3,201,626)	(1,122,599)
Proceed from right of inclusion options exercised	2	-
Net cash flows provided by financing activities	25,255,588	7,779,616
Effect of exchange rate changes on cash and cash equivalents	124,783	189,145
Decrease in cash and cash equivalents	(163,159)	(2,006,404)
Cash and cash equivalents, beginning of period	8,598,180	11,259,550
Cash and cash equivalents, end of period	\$ 8,435,021	9,253,146

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

September 30, 2024 and 2023

(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 September 30, 2024, the composition of the consolidated financial statements includes the Company and the subsidiaries (the “Group”). As of September 30, 2024, 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 November 11, 2024.

(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, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>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.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across 	January 1, 2027

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
	<ul style="list-style-type: none"> ● the settlement risk associated with the electronic payment system is insignificant. <p>2. An additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:</p> <ul style="list-style-type: none"> ● not related directly to a change in basic lending risks or costs; and ● are not measured at fair value through profit or loss. 	

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

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

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

(4) Summary of material accounting policies:

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” (hereinafter referred to as “the Regulations”), and the IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC, and 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 (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except as described below, the significant accounting policies adopted in the accompanying consolidated financial statements are the same as the consolidated financial statements as of and for the year ended December 31, 2023. Please refer to Note 4 of the consolidated financial statements as of and for the year ended December 31, 2023 for the detail disclosures of significant accounting policies.

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

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			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Capital Investment Management Corp.	Engaged in providing advice on securities investment and discretionary investment services.	100.00 %	100.00 %	100.00 %	(Note 1)
"	CSC International Holdings Ltd.	Long-term equity investment business	100.00 %	100.00 %	100.00 %	(Note 2)
"	Capital Futures Corp.	Engaged in domestic and foreign futures business	56.58 %	56.58 %	56.58 %	
"	Taiwan International Securities (B.V.I) Corp.	Have been sold	- %	100.00 %	100.00 %	(Note 3)
"	CSC Venture Capital Corp.	Management, consulting, venture and general investment business	100.00 %	100.00 %	100.00 %	(Note 4)
"	CSC Capital Management Co.	Consulting business and venture capital	100.00 %	100.00 %	100.00 %	(Note 5)
Capital Futures Corp.	CSC Futures (HK) Ltd.	Futures dealing business	100.00 %	100.00 %	100.00 %	
"	Capital International Technology Corp.	Management, consulting and information service business	100.00 %	100.00 %	100.00 %	(Note 6)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management, consulting and information service business.	51.00 %	51.00 %	51.00 %	(Note 6)
"	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	100.00 %	(Note 6)
CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses	100.00 %	100.00 %	100.00 %	(Note 2)
CSC Securities (HK) Ltd.	Capital Securities Nominees Ltd.	Agency service	100.00 %	100.00 %	100.00 %	(Note 2)
Taiwan International Securities (B.V.I) Corp.	TIS Securities (HK) Limited	Have been sold	- %	100.00 %	100.00 %	(Note 3)
TIS Securities (HK) Limited	Taiwan International Capital (HK) Ltd.	Have been sold	- %	100.00 %	100.00 %	(Note 3)
CSC Capital Management Co.	CSC Private Equity Fund I Co.	General investment and venture capital business	100.00 %	100.00 %	100.00 %	(Note 5)

Note 1: Capital Investment Management Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2024 and 2023, the total assets amounted to \$146,776 and \$124,068, and the total liabilities amounted to \$52,399 and \$41,538, respectively. The total comprehensive income (loss) for the three months and the nine months ended September 30, 2024 and 2023 were \$6,849, \$1,620, \$16,910 and \$5,112, respectively.

Note 2: CSC International Holdings Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2024 and 2023, the total consolidated assets amounted to \$3,664,946 and \$2,253,734, and the total consolidated liabilities amounted to \$2,019,388 and \$591,060, respectively. The total consolidated comprehensive income (loss) for the three months and the nine months ended September 30, 2024 and 2023 were \$(36,677), \$60,473, \$57,915 and \$87,603, respectively.

Note 3: Taiwan International Securities (B.V.I) Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed.; it has been sold on August 29, 2024. As of September 30, 2023, the total consolidated assets amounted to \$92, and the total consolidated liabilities amounted to \$0. The total consolidated comprehensive income (loss) for the three months and the nine months ended September 30, 2023 were \$103 and \$53, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 4: CSC Venture Capital Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2024 and 2023, the total assets amounted to \$924,753 and \$930,397, and the total liabilities amounted to \$5,185 and \$5,856, respectively. The total comprehensive income (loss) for the three months and the nine months ended September 30, 2024 and 2023 were \$29,717, \$(28,874), \$78,142 and \$105,425, respectively.

Note 5: CSC Capital Management Co. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2024 and 2023, the total assets amounted to \$329,541 and \$319,972, and the total liabilities amounted to \$1,613 and \$3,131, respectively. The total comprehensive income (loss) for the three months and the nine months ended September 30, 2024 and 2023 were \$6,797, \$8,468, \$19,268 and \$29,842, respectively.

Note 6: Capital International Technology Co., Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2024 and 2023, the total consolidated assets amounted to \$24,254 and \$29,154, and the total consolidated liabilities amounted to \$7,206 and \$5,962, respectively. The total consolidated comprehensive income (loss) for the three months and the nine months ended September 30, 2024 and 2023 were \$(2,068), \$(2,154), \$(4,183) and \$(5,403), respectively.

(iii) Subsidiaries not listed in the consolidated financial statements

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Capital Insurance Agency Corp.	Engaged in personal insurance agent business.	- %	100.00 %	100.00 %	The corporation established in November 2000. The liquidation date of the company happened on November 30, 2023, and the liquidation was completed registration to Financial Supervisory Commission R.O.C in January 2024. The paid-in capitals amounted to \$7,400. As of December 31, 2023 and September 30, 2023, the total assets constituted 0.00% and 0.02% of the Group's total assets, respectively. For the nine months ended September 30, 2023, the operation revenue constituted 0.00% of the consolidated revenue, respectively. Thus it was excluded from the consolidated financial statement due to immaterial.
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 September 30, 2024, December 31, 2023 and September 30, 2023, the total assets constituted 0.03%, 0.03% and 0.03% of the Group's total assets, respectively. For the nine months ended September 30, 2024 and 2023, the operation revenue constituted 1.16% and 1.14% of the consolidated revenue, respectively. Thus it was excluded from the consolidated financial statement due to immaterial.

(d) Employee benefits

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Income tax

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.

(5) Major sources of significant accounting assumptions, judgments and estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms and the IAS 34 "Interim Financial Reporting" requires management to make judgments, estimates and assumptions 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.

In These consolidated financial statements, judgments and key sources of estimation and assumption uncertainty are expected to be consistent with those of Note 5 of the consolidated financial statements as of and for the year ended December 31, 2023.

(6) Explanation of significant accounts:

Expect 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 2023 consolidated financial statements. Please refer to Note 6 of the consolidated financial statements as of and for the year ended December 31, 2023 for the detail disclosures of Explanation of significant accounts.

(a) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash	\$ 2,889	2,912	2,845
Bank deposits			
Checking accounts	151,016	112,656	42,824
Demand deposits	1,955,073	1,734,028	1,572,322
Subtotal	2,106,089	1,846,684	1,615,146
Cash equivalents			
Time deposits	2,680,535	4,501,621	5,292,710
Futures margin - excess margin	3,525,463	1,997,886	2,225,120
Commercial papers	120,045	249,077	117,325
Subtotal	6,326,043	6,748,584	7,635,155
Total	\$ 8,435,021	8,598,180	9,253,146

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets

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

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Open-ended funds and money-market instruments			
Open-ended funds and money-market instruments	\$ 1,244,322	671,856	1,199,489
Valuation adjustment	<u>103,568</u>	<u>37,751</u>	<u>20,395</u>
Subtotal	<u>1,347,890</u>	<u>709,607</u>	<u>1,219,884</u>
Securities invested by securities broker			
Securities invested by securities broker	-	6,314	23,308
Valuation adjustment	<u>-</u>	<u>7</u>	<u>422</u>
Subtotal	<u>-</u>	<u>6,321</u>	<u>23,730</u>
Trading securities - proprietary trading			
Listed stocks	3,542,610	2,363,216	2,396,361
Listed funds	10,183,857	6,391,682	6,030,923
OTC stocks	1,020,820	642,609	801,477
OTC funds	12,242,212	7,842,384	6,968,228
Emerging market stocks	529,256	481,795	408,683
Convertible bonds	3,134,633	3,026,744	2,235,161
Government bonds	641,904	3,370,684	2,886,436
Corporate bonds	5,157,661	8,004,798	6,612,714
International bonds	4,713,618	5,195,937	5,445,477
Financial debentures	550,000	550,000	550,000
Foreign stocks	127,521	128,613	110,564
Foreign funds	66,783	158,539	178,915
Foreign bonds	1,227,896	741,649	846,916
Others	<u>118,737</u>	<u>113,151</u>	<u>276,470</u>
	43,257,508	39,011,801	35,748,325
Valuation adjustment	<u>(91,678)</u>	<u>(262,549)</u>	<u>(755,358)</u>
Subtotal	<u>43,165,830</u>	<u>38,749,252</u>	<u>34,992,967</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Trading securities - underwriting			
Listed stocks	\$ 15,691	15,642	21,147
OTC stocks	97,549	11,902	-
Convertible bonds	<u>296,711</u>	<u>12,620</u>	<u>3,008</u>
	409,951	40,164	24,155
Valuation adjustment	<u>36,093</u>	<u>2,526</u>	<u>(2,846)</u>
Subtotal	<u>446,044</u>	<u>42,690</u>	<u>21,309</u>
Trading securities - hedging			
Listed stocks	4,727,822	4,997,262	4,461,816
OTC stocks	935,555	1,583,011	1,178,008
Convertible bonds	15,760,639	15,837,002	15,600,440
Others	<u>96,432</u>	<u>172,279</u>	<u>287,515</u>
	21,520,448	22,589,554	21,527,779
Valuation adjustment	<u>4,468</u>	<u>255,499</u>	<u>(77,748)</u>
Subtotal	<u>21,524,916</u>	<u>22,845,053</u>	<u>21,450,031</u>
Derivatives			
Buy options	343,429	194,501	96,871
Futures margin - security	56,250	-	-
Futures margin - proprietary fund	1,251,679	1,014,514	770,741
IRS asset swaps	48,235	43,403	24,687
Asset swap options - long position	647,149	315,076	235,120
Leverage derivatives - non-hedging	218,184	150,671	128,340
Structured notes	2,886	2,284	4,099
Exchange rate derivatives	613	-	64,972
Equity derivatives	12,685	15,890	9,512
Interest rate swaps	<u>270</u>	<u>350</u>	<u>-</u>
Subtotal	<u>2,581,380</u>	<u>1,736,689</u>	<u>1,334,342</u>
Total	<u>\$ 69,066,060</u>	<u>64,089,612</u>	<u>59,042,263</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, trading securities undertaken for repurchase agreements of the Group, please refer to note 8 for details.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Debt instruments at fair value through other comprehensive income			
Government bonds	\$ 3,006,186	3,499,233	3,350,873
Corporate bonds	9,369,825	6,490,004	4,983,406
International bonds	1,139,400	1,105,380	516,320
Foreign bonds	<u>11,877,276</u>	<u>12,588,989</u>	<u>12,975,892</u>
	25,392,687	23,683,606	21,826,491
Valuation adjustment	<u>(14,878)</u>	<u>(82,559)</u>	<u>(506,117)</u>
Subtotal	<u>25,377,809</u>	<u>23,601,047</u>	<u>21,320,374</u>
Equity instrument at fair value through other comprehensive income			
Listed stocks	\$ 1,057,588	170,950	185,813
OTC stocks	210,875	17,288	69,936
Emerging market stocks	<u>306,493</u>	<u>276,809</u>	<u>274,799</u>
	1,574,956	465,047	530,548
Valuation adjustment	<u>108,388</u>	<u>(40,958)</u>	<u>(60,078)</u>
Subtotal	<u>1,683,344</u>	<u>424,089</u>	<u>470,470</u>
Total	<u>\$ 27,061,153</u>	<u>24,025,136</u>	<u>21,790,844</u>

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

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

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

For the three months and the nine months ended September 30, 2024 and 2023, the dividends were recognized from the Group equity instrument investments measured at fair value through other comprehensive income – current amounted to \$29,548, \$14,106, \$48,861 and \$21,298, respectively. For the three months and the nine months ended September 30, 2024 and 2023, the dividends were recognized from the disposing equity instrument investments amounted to \$7,604, \$0, \$7,604 and \$0, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold equity instrument at fair value through other comprehensive income (FVOCI) - current at a fair value \$712,130, \$220,470, \$1,640,376 and \$816,504, respectively, cumulative dispose gains (losses) for the three months and the nine months ended September 30, 2024 and 2023, amounted to \$25,433, \$7,229, \$134,727 and \$71,607, 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 nine months ended September 30, 2024 and 2023, 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 September 30, 2024, December 31, 2023 and September 30, 2023, 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Mandatorily measured at fair value through profit or loss:			
Government bonds	\$ 179,579	180,887	180,887
Valuation adjustment	<u>(1,690)</u>	<u>(1,449)</u>	<u>(1,450)</u>
Total	<u>\$ 177,889</u>	<u>179,438</u>	<u>179,437</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group took advantage of government bonds as guaranty deposited of bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business (for details please refer to note 8).

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Equity instruments at fair value through other comprehensive income			
Non-listed or non-over-the-counter stocks	\$ 992,772	1,022,272	1,017,024
Valuation adjustment	<u>3,396,664</u>	<u>2,709,619</u>	<u>2,349,015</u>
Total	<u>\$ 4,389,436</u>	<u>3,731,891</u>	<u>3,366,039</u>

For the three months and the nine months ended September 30, 2024 and 2023, the dividends were recognized from the Group designated and disposed the aforementioned equity instrument investments at fair value through other comprehensive income – non-current amounted to \$76,030, \$38,329, \$78,268 and \$76,291, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and the nine months ended September 30, 2024 and 2023 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, \$5,222 and \$106,500, generated cumulative dispose (losses) gains \$0, \$0, \$1,722 and \$(43,125). Furthermore, for the three months and the nine months ended September 30, 2024 and 2023, the investee company distribution of residual property liquidation amounted to \$0, \$0, \$0 and \$12,175.

- (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 nine months ended September 30, 2024 and 2023 VaR (99%, per 10-day) of equity stocks are as follows:

Type of market risk	September 30, 2024	December 31, 2023	September 30, 2023	For the nine months ended September 30,					
				2024			2023		
				Mean	Maximum	Minimum	Mean	Maximum	Minimum
Equity stocks	3,163,302	2,682,078	1,957,528	3,168,214	3,353,425	2,836,760	1,732,747	2,057,623	1,403,626

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

	September 30, 2024	December 31, 2023	September 30, 2023
1) Debt Instrument at amortized cost :			
Financial debentures	\$ 500,000	500,000	500,000
Foreign currency debentures	<u>5,598,994</u>	<u>4,811,807</u>	<u>4,948,529</u>
	6,098,994	5,311,807	5,448,529
Less: loss allowance	<u>(1,968)</u>	<u>(1,721)</u>	<u>(1,810)</u>
Total	<u><u>\$ 6,097,026</u></u>	<u><u>5,310,086</u></u>	<u><u>5,446,719</u></u>

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Carrying amount on the date of derecognition	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>121,624</u>
Current profit and loss	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>38</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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Bonds purchased under resell agreements	\$ <u>230,059</u>	<u>60,208</u>	<u>90,063</u>
Agreed-upon resale amounts	\$ <u>230,098</u>	<u>60,220</u>	<u>90,078</u>
Interest rate	<u>1.00%</u>	<u>0.95%</u>	<u>0.95%</u>
Date of resale	<u>2024.10.1~2024.10.7</u>	<u>2024.1.2~2024.1.3</u>	<u>2023.10.3~2023.10.13</u>

- (d) Accounts Receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Receivable on securities purchased by customers	\$ 95,753	79,263	46,807
Settlement	-	667,035	-
Interests receivable	932,833	701,062	694,414
Receivables on securities sold	18,537,672	14,673,330	8,807,280
Others	<u>329,937</u>	<u>147,763</u>	<u>175,040</u>
Total	<u>\$ 19,896,195</u>	<u>16,268,453</u>	<u>9,723,541</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Customers' margin account			
Cash in banks	\$ 35,092,786	26,514,502	28,435,625
Customers' margin account - futures clearing house	8,621,243	7,039,533	5,631,185
Customers' margin account - other futures commission merchants	6,116,523	5,319,585	5,853,812
Marketable securities	<u>40,911</u>	<u>1,061</u>	<u>1,076</u>
Total customers' margin account	<u>49,871,463</u>	<u>38,874,681</u>	<u>39,921,698</u>
Add:			
Commission expense	8,428	3,335	4,483
Other	170	-	-
Less:			
Brokerage fee revenue	(29,254)	(11,190)	(18,160)
Futures transaction tax	(5,627)	(1,544)	(2,377)
Interest revenues	(9,978)	(3,202)	(6,479)
Temporary receipts	(1,133)	(812)	(743)
Remittance amount of the customers after the market closed	(39,902)	(37,268)	(22,675)
Other receivable	(241,128)	(61,788)	(160,458)
Other	<u>-</u>	<u>(36)</u>	<u>(18)</u>
Futures traders' equity	<u>\$ 49,553,039</u>	<u>38,762,176</u>	<u>39,715,271</u>

(f) Investments accounted for under equity method

As of September 30, 2024, December 31, 2023 and September 30, 2023, investments under equity method consisted of the following:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Subsidiaries			
Capital Insurance Advisory Corp.	\$ 52,260	44,481	40,659
Capital Insurance Agency Corp.	<u>-</u>	<u>7,400</u>	<u>39,507</u>
Subtotal	<u>52,260</u>	<u>51,881</u>	<u>80,166</u>
Associates			
Capital Investment Trust Corp.	1,496,656	1,421,092	1,362,919
EnnoCap Venture Inc.	<u>20</u>	<u>102</u>	<u>133</u>
Subtotal	<u>1,496,676</u>	<u>1,421,194</u>	<u>1,363,052</u>
Total	<u>\$ 1,548,936</u>	<u>1,473,075</u>	<u>1,443,218</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Subsidiaries:

For the three months and the nine months ended September 30, 2024 and 2023, the Group's share of gains or losses and the summarized financial information of the subsidiaries were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
The Group's share of gains based on the subsidiaries' financial statements	\$ <u>9,799</u>	<u>1,714</u>	<u>26,674</u>	<u>14,794</u>
		<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
		<u>2024</u>	<u>2023</u>	<u>2023</u>
Total assets		\$ <u>81,060</u>	<u>82,537</u>	<u>105,240</u>
Total liabilities		\$ <u>28,800</u>	<u>30,656</u>	<u>25,074</u>
		<u>For the three months ended September 30,</u>	<u>For the nine months ended September 30,</u>	
		<u>2024</u>	<u>2024</u>	<u>2023</u>
Revenue	\$ <u>53,514</u>	<u>30,496</u>	<u>151,531</u>	<u>104,624</u>
Net income	\$ <u>9,799</u>	<u>1,714</u>	<u>26,674</u>	<u>14,794</u>

(ii) Associates

<u>Name of associate</u>	<u>Nature between the Company</u>	<u>Primary business area and registered country</u>	<u>Proportion of Ownership and Voting Rights</u>		
			<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Capital Investment Trust Corp.	Engaged in security investment and discretionary investment services.	Taiwan	20.00 %	20.00 %	20.00 %
EnnoCap Venture Inc.	Engaged in asset management. The Subsidiary's strategic alliance in expansion of asset management.	Taiwan	40.00 %	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:

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
Total carrying amount of interests in associates that were individually immaterial	\$ <u>1,496,676</u>	<u>1,421,194</u>	<u>1,363,052</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
The Group's share of gains based on the associates' financial statements:				
Net gains from continuing operations	\$ 93,805	45,763	241,915	129,756
Other comprehensive income (losses)	-	-	5,518	(2,276)
Total comprehensive income (losses)	<u>\$ 93,805</u>	<u>45,763</u>	<u>247,433</u>	<u>127,480</u>

(iii) Collateral

As of September 30, 2024, December 31, 2023 and September 30, 2023, 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, 2024	\$ 2,045,574	1,266,014	794,986	279,705	4,386,279
Additions	-	-	118,849	8,784	127,633
Disposals and retirements	-	-	(115,677)	(89,615)	(205,292)
Effect of exchange rate changes	-	2,360	2,931	437	5,728
Balance at September 30, 2024	<u>\$ 2,045,574</u>	<u>1,268,374</u>	<u>801,089</u>	<u>199,311</u>	<u>4,314,348</u>
Balance at January 1, 2023	\$ 1,805,285	1,131,369	689,869	266,959	3,893,482
Additions	-	-	165,176	43,739	208,915
Transferred from investment property	240,289	134,658	-	-	374,947
Disposals and retirements	-	-	(72,405)	(36,407)	(108,812)
Effect of exchange rate changes	-	3,895	3,093	579	7,567
Balance at September 30, 2023	<u>\$ 2,045,574</u>	<u>1,269,922</u>	<u>785,733</u>	<u>274,870</u>	<u>4,376,099</u>
Depreciation and impairment loss					
Balance at January 1, 2024	\$ -	558,490	465,829	179,175	1,203,494
Depreciation	-	18,975	102,764	30,798	152,537
Disposals and retirements	-	-	(115,567)	(89,615)	(205,182)
Effect of exchange rate changes	-	1,251	2,572	219	4,042
Balance at September 30, 2024	<u>\$ -</u>	<u>578,716</u>	<u>455,598</u>	<u>120,577</u>	<u>1,154,891</u>
Balance at January 1, 2023	\$ -	501,935	448,304	169,972	1,120,211
Depreciation	-	17,883	92,699	36,372	146,954
Transferred from investment property	-	32,390	-	-	32,390
Disposals and retirements	-	-	(71,595)	(36,407)	(108,002)
Effect of exchange rate changes	-	1,991	2,718	211	4,920
Balance at September 30, 2023	<u>\$ -</u>	<u>554,199</u>	<u>472,126</u>	<u>170,148</u>	<u>1,196,473</u>

(Continued)

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:					
September 30, 2024	\$ <u>2,045,574</u>	<u>689,658</u>	<u>345,491</u>	<u>78,734</u>	<u>3,159,457</u>
January 1, 2024	\$ <u>2,045,574</u>	<u>707,524</u>	<u>329,157</u>	<u>100,530</u>	<u>3,182,785</u>
September 30, 2023	\$ <u>2,045,574</u>	<u>715,723</u>	<u>313,607</u>	<u>104,722</u>	<u>3,179,626</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, 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:			
September 30, 2024	\$ <u>581,800</u>	<u>16,139</u>	<u>597,939</u>
January 1, 2024	\$ <u>656,046</u>	<u>15,643</u>	<u>671,689</u>
September 30, 2023	\$ <u>698,206</u>	<u>13,583</u>	<u>711,789</u>

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Additions of Right-of-use assets	\$ <u>37,796</u>	<u>30,057</u>	<u>79,787</u>	<u>88,423</u>
Depreciation for the period				
Buildings	\$ 49,997	48,540	149,012	141,092
Others	1,687	1,995	5,422	5,669
	\$ <u>51,684</u>	<u>50,535</u>	<u>154,434</u>	<u>146,761</u>

(i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Carrying Amount:</u>			
September 30, 2024	\$ <u>2,910,133</u>	<u>517,405</u>	<u>3,427,538</u>
January 1, 2024	\$ <u>2,910,133</u>	<u>534,630</u>	<u>3,444,763</u>
September 30, 2023	\$ <u>2,910,134</u>	<u>541,269</u>	<u>3,451,403</u>
<u>Fair Value:</u>			
September 30, 2024			<u>7,291,179</u>
January 1, 2024			<u>7,302,757</u>
September 30, 2023			<u>7,310,242</u>

The Group elected 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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of September 30, 2024, December 31, 2023 and September 30, 2023, the investment properties were provided as collateral or pledged, for details please refer to note 8.

For the three months and the nine months ended September 30, 2024 and 2023, the depreciation expense of the Group amounted to \$5,885, \$5,897, \$17,668 and \$18,777, 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 nine months ended September 30, 2024 and 2023. For the nine months ended September 30, 2024 and 2023, \$0 and \$342,557 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Within 1 year	\$ 149,504	136,676	140,278
1-5 years	392,778	449,949	452,041
Over 5 years	-	2,409	29,353
	<u>\$ 542,282</u>	<u>589,034</u>	<u>621,672</u>

The rental revenue from investment property for the three months and the nine months ended September 30, 2024 and 2023 amounted to \$45,883, \$53,291, \$138,004 and \$140,606, respectively.

(j) Intangible assets

(i) Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized goodwill. As of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amounts were all \$3,126,698.

The Capital International Technology Corp., the second level subsidiary, acquired 51% shares of the Capital True Partner Technology Co., Ltd on February 9, 2015 in order to expand operations. The Group recognized the differences between consideration transferred and fair value of identifiable net assets as goodwill. As of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amounts of goodwill were \$2,213, \$6,504 and \$7,709, respectively. Furthermore, the Group recognized an impairment loss of \$4,291 and \$3,422 for the nine months ended September 30, 2024 and 2023 respectively, by using discount rate of 3.85% and 4.20% to be used to estimate the future recoverable amount of Capital True Partner Technology Co.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other intangible assets - Operation franchise

The Company acquired the operation franchise of securities corporation channel during 1994 to 2005 and expected the franchise will generate continuing cash inflows. In accordance with IAS No.38 “Intangible Assets” endorsed by the FSC, the franchise is regarded as intangible assets with an indefinite useful life. As of September 30, 2024, December 31, 2023 and September 30, 2023, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amounts of intangible assets were \$46,347, \$46,274 and \$46,371, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the amortized book value were \$31,321, \$53,364 and \$44,091, respectively.

(k) Short-term borrowings

<u>Nature of borrowings</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Collateralized loan	\$ -	767,625	-
Credit loan	10,025,566	5,106,809	6,672,305
Total	<u>\$ 10,025,566</u>	<u>5,874,434</u>	<u>6,672,305</u>
Interest rate range	<u>0.90%~5.76%</u>	<u>0.95%~6.522%</u>	<u>0.95%~6.31%</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had provided land, buildings, and certificates of time deposits as collateral, for details please refer to note 8.

(l) Commercial paper payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Commercial paper payable	\$ 34,100,000	13,100,000	8,450,000
Less: Unamortized discount	(47,330)	(9,831)	(4,006)
Net amount	<u>\$ 34,052,670</u>	<u>13,090,169</u>	<u>8,445,994</u>
Interest rate range	<u>1.778%~2.108%</u>	<u>1.568%~1.668%</u>	<u>1.518%~1.698%</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Long-term borrowings

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Long-term commercial paper payable	\$ 3,500,000	-	-
Less: commercial paper payable discount	(1,134)	-	-
Total	<u>\$ 3,498,866</u>	<u>-</u>	<u>-</u>
Issuance commitments	<u>\$ 3,500,000</u>	<u>-</u>	<u>-</u>
Borrowing of interest rates	<u>1.9613%~2.0113%</u>	<u>-</u>	<u>-</u>

The Group has started to enter into non guaranteed commercial papers loan agreements with maturity less than 21~90 days with several bills finance corporations from May 2024. Based on the agreements, all facilities shall be drawn down (issued) from the signing date of agreement and facilities shall be reissued continually once they are drawn down. If one party is unable to issue or purchase non guaranteed commercial papers at the agreed upon amount or at the agreed upon total cost of issuance, a penalty of 0.20%~0.30% of the face value of unissued or at unpurchased commercial papers based on the actual number of days elapsed shall be paid to the counterparty by the default party as commitment fees. The contracts period are 24-30 months.

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Liabilities on sale of borrowed securities	\$ 23,618,993	17,001,985	12,082,264
Redeem liabilities on sale of borrowed securities	(42,228)	(243,755)	(85,187)
Valuation adjustment	<u>1,348,919</u>	<u>32,752</u>	<u>(481,806)</u>
Subtotal	<u>24,925,684</u>	<u>16,790,982</u>	<u>11,515,271</u>
Stock warrants issued	15,413,851	19,542,173	17,409,198
Stock warrants repurchased	<u>(14,053,576)</u>	<u>(18,199,928)</u>	<u>(16,293,510)</u>
Subtotal	<u>1,360,275</u>	<u>1,342,245</u>	<u>1,115,688</u>
Sale options	173,735	82,162	41,418
IRS asset swaps	147,498	56,167	42,423
Asset swap options - short position	3,087,083	2,663,494	2,593,290
Structured notes	40,296	41,296	56,533
Leverage derivatives - non-hedging	32,065	15,402	3,851
Exchange rate derivatives	26,168	98,566	-
Interest rate swaps	-	-	49
Equity derivatives	<u>-</u>	<u>90</u>	<u>1,583</u>
Subtotal	<u>3,506,845</u>	<u>2,957,177</u>	<u>2,739,147</u>
Total	<u>\$ 29,792,804</u>	<u>21,090,404</u>	<u>15,370,106</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Financial liabilities designated at fair value through profit or loss:			
Structured notes	\$ <u>108,814</u>	<u>-</u>	<u>-</u>

(o) Bonds sold under repurchase agreements

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Bonds sold under repurchase agreements	\$ <u>48,796,809</u>	<u>51,425,166</u>	<u>48,507,685</u>
Agreed-upon repurchase amounts	<u>49,688,665</u>	<u>52,334,161</u>	<u>49,436,516</u>
Interest rates	<u>0.90%~5.67%</u>	<u>0.80%~5.85%</u>	<u>0.8%~5.69%</u>
Date of repurchase	<u>2024.10.1~2025.9.30</u>	<u>2024.1.2~2024.12.17</u>	<u>2023.10.2~2024.9.27</u>

(p) Equity for each customer in the account

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Equity for each customer in the account	\$ <u>37,158,893</u>	<u>32,426,834</u>	<u>28,567,340</u>
Amount of separate account ledger in NTD			
Demand deposit amount	8,597,423	7,426,830	10,067,336
Time deposit amount	16,500,000	17,500,000	11,000,000
Time deposit amount in other banks(market values)	12,060,000	7,500,000	7,500,000
Total	\$ <u>37,157,423</u>	<u>32,426,830</u>	<u>28,567,336</u>

(q) Accounts payable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Payable of securities sold by customers	\$ 48,146	50,980	72,668
Settlement	885,563	-	1,136,883
Payable of settlements	15,570,914	10,587,751	6,476,990
Others	425,964	507,729	335,974
Total	\$ <u>16,930,587</u>	<u>11,146,460</u>	<u>8,022,515</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Lease liabilities

The Group's lease liabilities are as follow:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ <u>201,307</u>	<u>201,566</u>	<u>203,027</u>
Non-current	\$ <u>447,138</u>	<u>522,851</u>	<u>566,319</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	2024	2023	2024	2023
Interest on lease liabilities	\$ <u>2,142</u>	<u>2,271</u>	<u>6,616</u>	<u>7,267</u>
Expenses relating to short-term leases	\$ <u>4,434</u>	<u>3,311</u>	<u>12,884</u>	<u>9,080</u>
Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases	\$ <u>1,422</u>	<u>969</u>	<u>5,079</u>	<u>3,788</u>

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

	<u>For the nine months ended September 30,</u>	
	2024	2023
Total cash outflow for leases	\$ <u>181,000</u>	<u>166,698</u>

(s) Employee benefit

(i) Defined benefit plans

In the prior fiscal year, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, pension cost in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report as of December 31, 2023 and 2022.

For the three months and the nine months ended September 30, 2024 and 2023, the Group's pension expenses recognized in profit or loss were \$496, \$(157), \$1,486 and \$(469), 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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group contributed \$29,316, \$23,509, \$82,027 and \$70,094 under defined contribution plan to the Bureau of the Labor Insurance for the three months and the nine months ended September 30, 2024 and 2023, respectively.

(iii) For the three months and the nine months ended September 30, 2024 and 2023, the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$1,535, \$1,343, \$4,317 and \$3,778, respectively.

(iv) Provision for employee benefits liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Compensated absences	\$ 66,895	54,787	59,961

(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 nine months ended September 30, 2024 and 2023.

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 nine months ended September 30, 2024 and 2023.

The tax rates of reinvestment business of subsidiaries which founded in Hong Kong are all 16.5% for the nine months ended September 30, 2024 and 2023.

The tax rates of reinvestment business of subsidiaries founded in Mainland China are all 25% for the nine months ended September 30, 2024 and 2023.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Current tax expense	\$ 2,849	85,030	659,886	357,810
Deferred income tax expense (benefit)	448,565	(12,520)	161,315	(183,964)
Total	\$ 451,414	72,510	821,201	173,846

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Foreign exchange difference from translating financial statement of foreign operations	\$ <u>(7,644)</u>	<u>11,775</u>	<u>10,523</u>	<u>15,650</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 2022 were assessed by the Tax Authority.
- 3) Subsidiary - Capital Futures Corp.'s income tax returns through 2022 were assessed by the Tax Authority.
- 4) Second level Subsidiary - Capital International Technology Corp.'s income tax returns through 2022 were assessed by the Tax Authority.
- 5) Subsidiary - CSC Venture Capital Corp.'s income tax returns through 2022 were assessed by the Tax Authority.
- 6) Subsidiary - CSC Capital Management Co.'s income tax returns through 2022 were assessed by the Tax Authority.
- 7) Second level Subsidiary - CSC Private Equity Fund I Co.'s income tax returns through 2022 were assessed by the Tax Authority.

- (v) Income tax administrative relief

Since the stock warrants in year 2020 and 2021 were assessed differently from those reported by the Company, and the Company has filed for administrative relief. The additional tax was accrued based on conservative concept.

- (u) Capital and other equity

- (i) Capital stock

As of September 30, 2024, December 31, 2023 and September 30, 2023, 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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

	September 30, 2024	December 31, 2023	September 30, 2023
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>30,340</u>	<u>30,339</u>	<u>30,339</u>
	<u>\$ 2,743,257</u>	<u>2,743,256</u>	<u>2,743,256</u>

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 2023 earnings distribution proposed by the shareholders' meeting on June 27, 2024, and fiscal year 2022 earnings distribution resolved by the shareholders' meeting on June 27, 2023. Dividends distributed to the owners were as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>Dividends per share (dollar)</u>	<u>Amount</u>	<u>Dividends per share (dollar)</u>
Cash dividends	<u>\$ 2,887,307</u>	1.33	<u>846,655</u>	0.39

(Continued)

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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net income attributable to common shareholders of the Company	\$ <u>1,245,273</u>	<u>1,073,194</u>	<u>3,851,021</u>	<u>3,271,990</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>0.57</u>	<u>0.49</u>	<u>1.77</u>	<u>1.51</u>
Effect of potentially dilutive common stock	<u>131</u>	<u>1,161</u>	<u>2,197</u>	<u>3,031</u>
- Employee remuneration (thousands of shares) (Note)				
Weighted-average number of outstanding shares for calculating dilutive EPS (thousands of shares)	<u>2,171,039</u>	<u>2,172,069</u>	<u>2,173,105</u>	<u>2,173,939</u>
Dilutive earnings per share (dollar)	\$ <u>0.57</u>	<u>0.49</u>	<u>1.77</u>	<u>1.51</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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Brokerage commission from TSE market	\$ 1,028,651	799,968	2,965,481	1,922,501
Brokerage commission from OTC market	331,834	242,087	908,594	649,748
Handling fee from security financing	9,093	9,198	23,652	21,332
Futures commission income - brokerage	521,925	430,288	1,415,647	1,216,107
Overseas subsidiaries	3,498	5,990	11,883	28,947
Others	<u>46,083</u>	<u>32,372</u>	<u>138,613</u>	<u>117,781</u>
	<u>\$ 1,941,084</u>	<u>1,519,903</u>	<u>5,463,870</u>	<u>3,956,416</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Underwriting commissions

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue from underwriting securities on a firm commitment basis	\$ 28,893	15,445	57,796	39,524
Handling fee revenues from underwriting securities on consignment	352	89	872	293
Processing fee revenues from underwriting operations	12,038	2,892	19,254	8,845
Revenue from underwriting consultation	820	2,200	3,450	4,210
Others	<u>2,530</u>	<u>325</u>	<u>7,760</u>	<u>811</u>
	<u>\$ 44,633</u>	<u>20,951</u>	<u>89,132</u>	<u>53,683</u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Gains (losses) on securities sold - proprietary trading	\$ 283,413	(566,382)	3,872,528	201,964
Gains (losses) on securities sold - underwriting	6,727	(183)	18,793	7,548
Gains (losses) on securities sold - hedging	300,892	513,003	2,481,913	1,287,207
	<u>\$ 591,032</u>	<u>(53,562)</u>	<u>6,373,234</u>	<u>1,496,719</u>

(iv) Interest revenue

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest revenue - margin loans	\$ 275,474	203,130	764,671	539,102
Interest revenue - bonds	392,037	350,310	1,203,099	931,347
Overseas subsidiaries	6,981	4,045	18,905	13,597
Others	<u>326,849</u>	<u>104,411</u>	<u>765,456</u>	<u>204,615</u>
	<u>\$ 1,001,341</u>	<u>661,896</u>	<u>2,752,131</u>	<u>1,688,661</u>

(Continued)

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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Trading securities - proprietary	\$ (471,426)	304,400	192,185	40,178
Trading securities - underwriting	26,744	(75)	33,566	4,401
Trading securities - hedging	(1,876,996)	(41,069)	(250,928)	925,174
	<u>\$ (2,321,678)</u>	<u>263,256</u>	<u>(25,177)</u>	<u>969,753</u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Gains on changes in fair value of stock warrants	\$ 9,271,117	3,632,118	8,159,669	5,404,497
Gains on exercise of stock warrants before maturity	12,197,196	21,557,408	64,112,844	50,388,256
Losses on changes in fair value of stock warrants repurchased	(20,491,413)	(25,056,638)	(72,118,271)	(55,732,181)
Gains on expiration of stock warrants	34,286	5,460	67,647	26,346
Stock warrants issuance expenses	(110,181)	(120,004)	(412,267)	(279,236)
	<u>\$ 901,005</u>	<u>18,344</u>	<u>(190,378)</u>	<u>(192,318)</u>

(vii) Futures commission revenues

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Futures commission revenues - CSC Futures (HK) Ltd.	\$ <u>63,351</u>	<u>98,841</u>	<u>225,754</u>	<u>220,173</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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Commission expenses - future

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Future trading - reconsignment	\$ 69,160	55,874	192,147	174,189
Future trading - introducing brokers	869	794	2,256	2,451
Commission expenses - CSC Futures (HK) Ltd.	18,201	30,128	55,936	58,615
	<u>\$ 88,230</u>	<u>86,796</u>	<u>250,339</u>	<u>235,255</u>

(ix) Employee benefits, depreciation, and amortization expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Employee benefit expenses				
Salary expense	\$ 883,114	789,142	2,672,501	2,123,555
Health and labor insurance expense	61,766	48,274	170,778	145,634
Pension expense	31,347	24,695	87,830	73,403
Others	31,332	18,750	84,632	50,963
Depreciation expense	108,906	103,058	324,639	312,492
Amortization expense	13,962	12,564	44,071	32,729
	<u>\$ 1,130,427</u>	<u>996,483</u>	<u>3,384,451</u>	<u>2,738,776</u>

(x) Other operating expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Rental expense	\$ 5,870	4,293	18,006	12,903
Taxes	302,165	232,379	831,296	526,661
Information technology expense	111,536	70,107	279,608	206,769
Postage expense	80,247	63,454	218,487	185,525
Professional service fee	12,564	6,845	24,093	17,620
Expense from securities lending	180,367	101,549	505,278	322,508
Other expenses	272,780	222,651	822,940	571,621
	<u>\$ 965,529</u>	<u>701,278</u>	<u>2,699,708</u>	<u>1,843,607</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xi) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Financial revenue	\$ 379,639	340,481	1,130,290	1,004,715
Currency exchange gains (losses)	(6,518)	3,088	3,489	6,030
Net gains (losses) on disposal of investment	126,254	(313,995)	142,490	(279,946)
Net gains (losses) on measurement of non- operating financial instruments at fair value through profit or loss	(70,809)	137,972	64,285	29,698
Revenue from bank's allocation fee	53,176	75,134	153,746	227,694
Dividend revenue	78,706	71,626	84,467	333,064
Gains on reversal of prior year's liabilities	146	94	140,818	18,473
Rental income	45,883	53,291	138,004	140,606
Others	11,207	7,629	40,071	43,824
	<u>\$ 617,684</u>	<u>375,320</u>	<u>1,897,660</u>	<u>1,524,158</u>

(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 nine months ended September 30, 2024 and 2023, the estimated amounts of remuneration to employees were \$(4,289), \$17,606, \$47,575 and \$44,251, respectively, and to directors were \$8,119, \$33,070, \$22,526 and \$59,715, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and director multiple the earnings allocation percentage as stated under the Company's Articles of Incorporation and were recognized as operating expense. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022, the estimated amounts of remuneration to employees were \$92,459 and \$16,731, and to directors were \$138,689 and \$20,404 by the Company. The difference between actual employee remuneration of \$73,000 and \$8,197 and actual remuneration to directors of \$17,926 and \$10,930 were \$140,222 and \$18,008 in total. The difference was accounted for as changes in accounting estimates and would be recognized as profit or loss in 2024 and 2023. 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 nine months ended September 30, 2024 and 2023, the estimated amounts of remuneration to employees were \$4,275, \$3,025, \$14,828 and \$11,443 and to directors were \$4,144, \$3,025, \$14,492 and \$11,443 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 September 30, 2024, December 31, 2023 and September 30, 2023, the maximum credit exposure amounted to \$250,312,682, \$201,681,173 and \$185,434,407, 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 5.60%, exclusion of Taiwan); then, is in America (accounted for 3.71%). Compare to the same period of last year, there is no significant change in proportion of region of investments.

<u>Region</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Taiwan	\$ 218,871,461	170,713,461	155,292,333
Asia (Taiwan is excluded)	14,024,965	12,924,755	15,448,247
Europe	8,123,122	7,961,492	3,741,571
America	9,293,134	10,081,465	10,272,680
Other	-	-	679,576
Total	<u>\$ 250,312,682</u>	<u>201,681,173</u>	<u>185,434,407</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Impairment loss

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

	September 30, 2024		December 31, 2023		September 30, 2023	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Not past due	\$ 72,426,974	29,734	39,786,382	34,623	30,639,766	34,764
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	-	-	-	-	319	319
Past due 121~360 days	1,653	1,653	2,223	2,223	1,904	1,904
Past due more than 360 days	269,510	269,510	260,900	260,900	262,405	262,405
	\$ 72,698,137	300,897	40,049,505	297,746	30,904,394	299,392

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 September 30, 2024, December 31, 2023 and September 30, 2023, the impairment losses of receivables were \$300,897, \$297,746 and \$299,392, 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, 2023.

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 nine months ended September 30, 2024 and 2023 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, 2024	\$ -	9,682	1,721	-	-	-	297,746	-	-	309,149
Provision or reversal of Impairment loss	-	1,190	241	-	-	-	2,458	-	-	3,889
Amounts written off	-	-	-	-	-	-	(208)	-	-	(208)
Effect of exchange rate	-	-	6	-	-	-	901	-	-	907
Balance on September 30, 2024	\$ -	10,872	1,968	-	-	-	300,897	-	-	313,737
	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, 2023	\$ -	5,127	1,141	-	-	-	296,309	-	-	302,577
Provision or reversal of Impairment loss	-	4,247	681	-	-	-	2,462	-	-	7,390
Amounts written off	-	-	(35)	-	-	-	(516)	-	-	(551)
Effect of exchange rate	-	-	23	-	-	-	1,137	-	-	1,160
Balance on September 30, 2023	\$ -	9,374	1,810	-	-	-	299,392	-	-	310,576

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

September 30, 2024	<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>
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 24,925,684	24,925,684	24,925,684	-	-	-	-
Stock warrants issued	1,360,275	1,360,275	1,040,957	303,118	16,200	-	-
Put options	173,735	173,735	173,735	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	173,666	173,666	27,879	1,823	47,073	96,891	-
Asset swap option - short position	3,087,083	3,087,083	209,633	386,852	1,338,375	1,152,223	-
Leverage derivatives - non-hedging	32,065	32,065	32,065	-	-	-	-
Structured notes	149,110	149,110	12,143	1,746	10,873	15,534	108,814
Short-term borrowings	10,025,566	10,025,566	10,025,566	-	-	-	-
Commercial paper payable	34,052,670	34,100,000	34,100,000	-	-	-	-
Bonds sold under repurchase agreements	48,796,809	49,688,665	33,077,025	16,611,640	-	-	-
Guarantee deposited for short sales	1,869,651	1,869,651	1,869,651	-	-	-	-
Proceeds payable from short sales	2,247,288	2,247,288	2,247,288	-	-	-	-
Securities lending refundable deposits	15,761,753	15,761,753	15,761,753	-	-	-	-
Futures traders' equity	49,553,039	49,553,039	49,553,039	-	-	-	-
Equity for each customer in the account	37,158,893	37,158,893	37,158,893	-	-	-	-
Leverage contract trading customers' equity	717,122	717,122	717,122	-	-	-	-
Notes payable and accounts payable	426,192	426,192	426,192	-	-	-	-
Receipts under custody	2,238,566	2,238,566	2,238,566	-	-	-	-
Other payables	1,291,756	1,291,756	1,290,587	1,169	-	-	-
Other financial liabilities	6,884,146	6,884,146	5,977,471	395,615	386,411	124,649	-
Lease liabilities	648,445	663,965	115,245	95,391	179,172	272,645	1,512
Long-term borrowings	3,498,866	3,500,000	-	-	3,000,000	500,000	-
	<u>\$ 245,072,380</u>	<u>246,028,220</u>	<u>220,980,494</u>	<u>17,797,354</u>	<u>4,978,104</u>	<u>2,161,942</u>	<u>110,326</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2023							
Financial liabilities at fair value through profit or loss - current							
Liabilities on sale of borrowed securities	\$ 16,790,982	16,790,982	16,790,982	-	-	-	-
Stock warrants issued	1,342,245	1,342,245	1,092,252	244,992	5,001	-	-
Put options	82,162	82,162	82,162	-	-	-	-
Equity derivatives	90	90	90	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	154,733	154,733	99,996	8,977	15,429	30,331	-
Asset swap option - short position	2,663,494	2,663,494	211,937	346,676	991,141	1,113,740	-
Leverage derivatives - non- hedging	15,402	15,402	15,402	-	-	-	-
Structured notes	41,296	41,296	18,425	16,344	3,664	2,863	-
Short-term borrowings	5,874,434	5,874,434	5,874,434	-	-	-	-
Commercial paper payable	13,090,169	13,100,000	13,100,000	-	-	-	-
Bonds sold under repurchase agreements	51,425,166	52,334,160	36,411,873	15,922,287	-	-	-
Guarantee deposited for short sales	2,003,761	2,003,761	2,003,761	-	-	-	-
Proceeds payable from short sales	2,294,644	2,294,644	2,294,644	-	-	-	-
Securities lending refundable deposits	15,481,166	15,481,166	15,481,166	-	-	-	-
Futures traders' equity	38,762,176	38,762,176	38,762,176	-	-	-	-
Equity for each customer in the account	32,426,834	32,426,834	32,426,834	-	-	-	-
Leverage contract trading customers' equity	733,533	733,533	733,533	-	-	-	-
Notes payable and accounts payable	507,895	507,895	507,895	-	-	-	-
Receipts under custody	327,934	327,934	327,934	-	-	-	-
Other payables	1,733,199	1,733,199	1,732,128	1,071	-	-	-
Other financial liabilities	4,900,665	4,900,665	3,974,452	249,051	426,210	250,952	-
Lease liabilities	724,417	744,145	111,098	98,610	187,830	344,591	2,016
	<u>\$ 191,376,397</u>	<u>192,314,950</u>	<u>172,053,174</u>	<u>16,888,008</u>	<u>1,629,275</u>	<u>1,742,477</u>	<u>2,016</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2023	<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>
Financial liabilities at fair value through profit or loss - current							
Liabilities on sale of borrowed securities	\$ 11,515,271	11,515,271	11,515,271	-	-	-	-
Stock warrants issued	1,115,688	1,115,688	978,102	133,083	4,503	-	-
Put options	41,418	41,418	41,418	-	-	-	-
Equity derivatives	1,583	1,583	1,583	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	42,472	42,472	2,608	5,365	12,983	21,516	-
Asset swap option - short position	2,593,290	2,593,290	220,339	293,580	1,113,664	965,707	-
Leverage derivatives - non- hedging	3,851	3,851	3,851	-	-	-	-
Structured notes	56,533	56,533	29,481	13,483	3,072	10,497	-
Short-term borrowings	6,672,305	6,672,305	6,672,305	-	-	-	-
Commercial papers payable	8,445,994	8,450,000	8,450,000	-	-	-	-
Bonds sold under repurchase agreements	48,507,685	49,436,516	32,089,297	17,347,219	-	-	-
Guarantee deposited for short sales	1,827,815	1,827,815	1,827,815	-	-	-	-
Proceeds payable from short sales	2,095,310	2,095,310	2,095,310	-	-	-	-
Securities lending refundable deposits	15,675,716	15,675,716	15,675,716	-	-	-	-
Futures traders' equity	39,715,271	39,715,271	39,715,271	-	-	-	-
Equity for each customer in the account	28,567,340	28,567,340	28,567,340	-	-	-	-
Leverage contract trading customers' equity	802,530	802,530	802,530	-	-	-	-
Notes payable and accounts payable	336,213	336,213	336,213	-	-	-	-
Receipts under custody	140,620	140,620	140,620	-	-	-	-
Other payables	929,098	929,098	927,148	1,950	-	-	-
Other financial liabilities	6,002,947	6,002,947	5,068,073	265,579	440,355	228,940	-
Lease liabilities	769,346	790,908	113,330	98,358	190,590	386,446	2,184
	<u>\$ 175,858,296</u>	<u>176,812,695</u>	<u>155,273,621</u>	<u>18,158,617</u>	<u>1,765,167</u>	<u>1,613,106</u>	<u>2,184</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

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

	September 30, 2024		
	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>			
<u>Monetary Item</u>			
USD	\$ 1,117,729	31.6500	35,376,123
AUD	4,486	21.9300	98,378
CAD	25	23.4200	586
CHF	27	37.5450	1,014
EUR	7,020	35.3800	248,368
GBP	1,403	42.4300	59,529
HKD	491,273	4.0750	2,001,937
JPY	2,394,434	0.2223	532,283
SGD	313	24.7200	7,737
CNY	90,694	4.5230	410,209
ZAR	4,431	1.8520	8,206
KRW	170,354	0.0243	4,140
NZD	104	20.1400	2,095
THB	4,405	0.9868	4,347
MYR	688	7.4205	5,105
VND	8,681,559	0.0013	11,286
INR	35,388	0.3778	13,370
<u>Non-Monetary Item</u>			
USD	669,687	31.6500	21,195,594
AUD	124,871	21.9300	2,738,421
CHF	9	37.5450	338
EUR	25,024	35.3800	885,349
HKD	4,050	4.0750	16,504
JPY	226,842	0.2223	50,427
CNY	21,322	4.5230	96,439
ZAR	77	1.8520	143
NZD	3	20.1400	60
INR	5,668	0.3778	2,141

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2024		
<u>Financial liabilities</u>	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Monetary Item</u>			
USD	\$ 1,816,859	31.6500	57,503,587
AUD	122,215	21.9300	2,680,175
CAD	2	23.4200	47
CHF	46	37.5450	1,727
EUR	31,139	35.3800	1,101,698
GBP	1,384	42.4300	58,723
HKD	669,886	4.0750	2,729,785
JPY	2,459,541	0.2223	546,756
SGD	351	24.7200	8,677
CNY	77,895	4.5230	352,319
ZAR	210	1.8520	389
KRW	166,378	0.0243	4,043
NZD	17	20.1400	342
THB	1,455	0.9868	1,436
MYR	645	7.4205	4,786
VND	3,158,805	0.0013	4,106
<u>Non-Monetary Item</u>			
USD	498	31.6500	15,762
AUD	1	21.9300	22
CAD	31	23.4200	726
GBP	10	42.4300	424
JPY	6,599	0.2223	1,467
CNY	3,019	4.5230	13,655

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>			
<u>Monetary Item</u>			
USD	\$ 1,014,104	30.7050	31,138,063
AUD	4,966	20.9800	104,187
CAD	2	23.2000	46
CHF	56	36.4850	2,043
EUR	13,006	33.9800	441,944
GBP	547	39.1500	21,415
HKD	60,128	3.9290	236,243
JPY	1,228,850	0.2172	266,906
SGD	772	23.2900	17,980
CNY	92,667	4.3270	400,970
ZAR	3,753	1.6570	6,219
KRW	117,695	0.0239	2,813
NZD	124	19.4800	2,416
THB	4,079	0.9017	3,678
MYR	1,037	6.4110	6,648
DKK	11	4.5600	50
VND	9,817,275	0.0012	11,781
<u>Non-Monetary Item</u>			
USD	683,632	30.7050	20,990,921
AUD	131,184	20.9800	2,752,240
CAD	6	23.2000	139
EUR	23,358	33.9800	793,705
GBP	5	39.1500	196
HKD	7,380	3.9290	28,996
JPY	14,690	0.2172	3,191
CNY	24,314	4.3270	105,207
ZAR	389	1.6570	645

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
<u>Financial liabilities</u>	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Monetary Item</u>			
USD	\$ 1,784,509	30.7050	54,793,349
AUD	129,867	20.9800	2,724,610
CAD	8	23.2000	182
CHF	137	36.4850	4,998
EUR	35,883	33.9800	1,219,304
GBP	474	39.1500	18,557
HKD	205,545	3.9290	807,586
JPY	1,162,260	0.2172	252,443
SGD	844	23.2900	19,657
CNY	82,129	4.3270	355,372
KRW	115,946	0.0239	2,771
NZD	1	19.4800	19
THB	1,318	0.9017	1,188
MYR	998	6.4110	6,398
VND	3,158,805	0.0012	3,791
<u>Non-Monetary Item</u>			
USD	13	30.7050	399
CHF	183	36.4850	6,677
SGD	5	23.2900	116
CNY	1,858	4.3270	8,040
NZD	9	19.4800	175

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2023			
Financial assets	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Monetary Item</u>			
USD	\$ 1,049,720	32.2700	33,874,464
AUD	6,837	20.5500	140,500
CAD	16	23.9000	382
CHF	426	35.0550	14,933
EUR	13,756	33.9100	466,466
GBP	602	39.2300	23,616
HKD	59,604	4.1230	245,747
JPY	1,489,063	0.2162	321,935
SGD	432	23.5300	10,165
CNY	71,029	4.4150	313,593
ZAR	731	1.6800	1,228
KRW	2,373,880	0.0240	56,973
NZD	317	19.1700	6,077
THB	4,198	0.8822	3,703
MYR	1,033	6.5740	6,791
VND	10,063,017	0.0013	13,082
<u>Non-Monetary Item</u>			
USD	645,211	32.2700	20,820,959
AUD	126,861	20.5500	2,606,994
CHF	16	35.0550	561
EUR	22,742	33.9100	771,181
GBP	3	39.2300	118
HKD	6,710	4.1230	27,665
JPY	28,557	0.2162	6,174
CNY	18,968	4.4150	83,744
ZAR	568	1.6800	954

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

				September 30, 2023
				Foreign Currency
<u>Financial liabilities</u>	<u>(thousands)</u>	<u>Exchange Rate</u>	<u>Amount</u>	
<u>Monetary Item</u>				
USD	\$ 1,782,433	32.2700	57,519,113	
AUD	129,019	20.5500	2,651,340	
CHF	22	35.0550	771	
EUR	36,620	33.9100	1,241,784	
GBP	453	39.2300	17,771	
HKD	147,282	4.1230	607,244	
JPY	1,481,826	0.2162	320,371	
SGD	452	23.5300	10,636	
CNY	52,683	4.4150	232,595	
ZAR	103	1.6800	173	
KRW	2,850,121	0.0240	68,403	
NZD	56	19.1700	1,074	
THB	1,539	0.8822	1,358	
MYR	995	6.5740	6,541	
VND	3,158,805	0.0013	4,106	
<u>Non-Monetary Item</u>				
USD	61	32.2700	1,968	
CAD	1	23.9000	24	
JPY	9,151	0.2162	1,978	
CNY	186	4.4150	821	

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 nine months ended September 30, 2024 and 2023, the realized and unrealized currency exchange gains (losses) amounted to \$86,588, \$(116,844), \$(145,661) and \$(209,723), respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, other receivables, security borrowing margin, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, amortized cost of a financial asset, 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 nine months ended September 30, 2024 and 2023, 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 nine months ended September 30, 2024		For the nine months ended September 30, 2023	
	Appreciated 5%	Depreciated 5%	Appreciated 5%	Depreciated 5%
	Net income	(573,273)	573,273	(633,678)
Other comprehensive income	522,853	(522,853)	518,873	(518,873)

(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	September 30, 2024	December 31, 2023	September 30, 2023	For the nine months ended September 30,					
				2024			2023		
				Average	Maximum	Minimum	Average	Maximum	Minimum
Interest risk	2,736,377	2,620,698	2,309,269	2,706,970	2,828,289	2,592,498	2,028,326	2,309,269	1,781,528

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value information and hierarchy

1) Fair value information

a) General description

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

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Not measured at fair value

As of September 30, 2024, December 31, 2023 and September 30, 2023, the fair value information of the financial assets and financial liabilities of the Group was as follows:

a) Fair value information

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Financial assets:						
Cash and cash equivalents	\$ 8,435,021	8,435,021	8,598,180	8,598,180	9,253,146	9,253,146
Bonds purchased under resale agreements	230,059	230,059	60,208	60,208	90,063	90,063
Accrued receivable	122,814,837	122,814,837	85,015,061	85,015,061	71,815,283	71,815,283
Customers' margin account	49,871,463	49,871,463	38,874,681	38,874,681	39,921,698	39,921,698
Leverage contract trading - customers' margin account	847,700	847,700	712,455	712,455	797,165	797,165
Restricted assets - current	2,945,782	2,945,782	1,591,156	1,591,156	553,814	553,814
Other non-current assets	1,890,603	1,890,603	1,697,550	1,697,550	1,605,842	1,605,842
Financial liabilities:						
Short-term borrowings	10,025,566	10,025,566	5,874,434	5,874,434	6,672,305	6,672,305
Commercial paper payable	34,052,670	34,052,670	13,090,169	13,090,169	8,445,944	8,445,944
Bonds sold under repurchase agreements	48,796,809	48,796,809	51,425,166	51,425,166	48,507,685	48,507,685
Accrued payable	78,006,867	78,006,867	66,129,729	66,129,729	57,568,866	57,568,866
Futures traders' equity	49,553,039	49,553,039	38,762,176	38,762,176	39,715,271	39,715,271
Leverage contract trading - customers' equity	717,122	717,122	733,533	733,533	802,530	802,530
Other financial liabilities - current	6,373,087	6,373,087	4,223,503	4,223,503	5,333,653	5,333,653
Long-term borrowings	3,498,866	3,498,866	-	-	-	-
Other financial liabilities - non-current	511,059	511,059	677,162	677,162	669,294	669,294
Other non-current liabilities	85,315	85,315	84,640	84,640	96,972	96,972

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities at amortized cost				
September 30, 2024	<u>\$ -</u>	<u>6,210,741</u>	<u>-</u>	<u>6,210,741</u>
December 31, 2023	<u>\$ -</u>	<u>5,361,000</u>	<u>-</u>	<u>5,361,000</u>
September 30, 2023	<u>\$ -</u>	<u>5,430,180</u>	<u>-</u>	<u>5,430,180</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

3) Measured at fair value

a) Hierarchy information of fair value

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2024				
Financial assets at fair value through profit or loss	\$ 36,025,394	30,534,890	102,285	66,662,569
Financial assets at fair value through other comprehensive income	4,808,813	22,392,011	4,249,765	31,450,589
Derivative financial assets	<u>1,651,358</u>	<u>930,022</u>	-	<u>2,581,380</u>
	<u>\$ 42,485,565</u>	<u>53,856,923</u>	<u>4,352,050</u>	<u>100,694,538</u>
Financial liabilities at fair value through profit or loss	\$ 26,285,959	-	-	26,285,959
Derivative financial liabilities	<u>311,719</u>	<u>3,303,940</u>	-	<u>3,615,659</u>
	<u>\$ 26,597,678</u>	<u>3,303,940</u>	-	<u>29,901,618</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023				
Financial assets at fair value through profit or loss	\$ 30,233,689	32,196,042	102,630	62,532,361
Financial assets at fair value through other comprehensive income	4,048,127	20,106,338	3,602,562	27,757,027
Derivative financial assets	<u>1,209,015</u>	<u>527,674</u>	<u>-</u>	<u>1,736,689</u>
	<u>\$ 35,490,831</u>	<u>52,830,054</u>	<u>3,705,192</u>	<u>92,026,077</u>
Financial liabilities at fair value through profit or loss	\$ 18,133,227	-	-	18,133,227
Derivative financial liabilities	<u>114,262</u>	<u>2,842,915</u>	<u>-</u>	<u>2,957,177</u>
	<u>\$ 18,247,489</u>	<u>2,842,915</u>	<u>-</u>	<u>21,090,404</u>
September 30, 2023				
Financial assets at fair value through profit or loss	\$ 27,809,385	30,077,973	-	57,887,358
Financial assets at fair value through other comprehensive income	3,937,276	17,982,790	3,236,817	25,156,883
Derivative financial assets	<u>867,612</u>	<u>466,730</u>	<u>-</u>	<u>1,334,342</u>
	<u>\$ 32,614,273</u>	<u>48,527,493</u>	<u>3,236,817</u>	<u>84,378,583</u>
Financial liabilities at fair value through profit or loss	\$ 12,630,959	-	-	12,630,959
Derivative financial liabilities	<u>88,470</u>	<u>2,650,677</u>	<u>-</u>	<u>2,739,147</u>
	<u>\$ 12,719,429</u>	<u>2,650,677</u>	<u>-</u>	<u>15,370,106</u>

b) Valuation techniques of financial instruments measured at fair value

i) Non-derivative financial instruments

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

ii) Derivative financial instruments

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

4) Transfer between Level 1 and Level 2

For the nine months ended September 30, 2024 and 2023, there is no transfer of financial instruments between Level 1 and Level 2.

5) Fair value adjustments

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(In Thousands Dollars)

Item	For the nine months ended September 30, 2024								
	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	(345)	-	-	-	-	-	-	102,285
Financial assets at fair value through other comprehensive income	3,602,562	-	676,703	27,000	-	3,500	-	53,000	4,249,765
Total	\$ 3,705,192	(345)	676,703	27,000	-	3,500	-	53,000	4,352,050

Item	For the nine months ended September 30, 2023								
	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	\$ 42,482	-	(64)	-	-	39,810	-	2,608	-
Financial assets at fair value through other comprehensive income	2,690,775	-	711,842	10,000	-	161,800	-	14,000	3,236,817
Total	\$ 2,733,257	-	711,778	10,000	-	201,610	-	16,608	3,236,817

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

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

	<u>Change in fair value recognized in other comprehensive income</u>	
	<u>Favorable change</u>	<u>Unfavorable change</u>
September 30, 2024		
Financial assets at fair value through profit or loss	\$ <u>1,023</u>	<u>(1,023)</u>
Financial assets at fair value through other comprehensive income	\$ <u>42,498</u>	<u>(42,498)</u>
December 31, 2023		
Financial assets at fair value through profit or loss	\$ <u>1,026</u>	<u>(1,026)</u>
Financial assets at fair value through other comprehensive income	\$ <u>36,026</u>	<u>(36,026)</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Change in fair value recognized in other comprehensive income	
	Favorable change	Unfavorable change
September 30, 2023		
Financial assets at fair value through other comprehensive income	\$ 32,368	(32,368)

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:

September 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	\$ 51,073,422	48,796,809	-	-	-
December 31, 2023					
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	\$ 53,843,190	51,425,166	-	-	-
September 30, 2023					
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	\$ 50,668,444	48,507,685	-	-	-

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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:

September 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	\$ 930,022	-	930,022	-	-	930,022
September 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	\$ 3,441,924	-	3,441,924	-	-	3,441,924
Under repurchase agreements	48,796,809	-	48,796,809	48,796,809	-	-
Total	\$ 52,238,733	-	52,238,733	48,796,809	-	3,441,924
December 31, 2023						
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	\$ 527,674	-	527,674	-	-	527,674

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023						
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	\$ 2,875,015	-	2,875,015	-	-	2,875,015
Under repurchase agreements	51,425,166	-	51,425,166	51,425,166	-	-
Total	\$ 54,300,181	-	54,300,181	51,425,166	-	2,875,015

September 30, 2023						
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	\$ 466,730	-	466,730	-	-	466,730

September 30, 2023						
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	\$ 2,697,729	-	2,697,729	-	-	2,697,729
Under repurchase agreements	48,507,685	-	48,507,685	48,507,685	-	-
Total	\$ 51,205,414	-	51,205,414	48,507,685	-	2,697,729

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, 2023.

As of September 30, 2024, December 31, 2023 and September 30, 2023, 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	September 30, 2024		December 31, 2023		September 30, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Stock warrants issued	\$ 69,194,047	-	93,530,484	-	59,408,127	-

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(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 nine months ended September 30, 2024:

a) Gains (losses) on valuation

	<u>For the three months ended</u> <u>September 30, 2024</u>	<u>For the nine months ended</u> <u>September 30, 2024</u>	<u>Account</u>
Stock warrants issued	\$ (1,030,336)	34,856,599	Gains (losses) on stock warrants issued
Stock warrants repurchased	2,131,432	(34,399,587)	Gains (losses) on stock warrants issued

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Gains (losses) on sale

	<u>For the three months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2024</u>	<u>Account</u>
Security borrowing	\$ 4,553	(9,962)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	(285,943)	805,947	Gains (losses) on sale of trading securities
Futures transaction	285,718	(285,024)	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	<u>For the three months ended September 30, 2024</u>	<u>For the nine months ended September 30, 2024</u>	<u>Account</u>
Stock warrants issued	\$ 22,532,935	37,483,561	Gains (losses) on stock warrants issued
Stock warrants repurchased	(22,622,845)	(37,718,684)	Gains (losses) on stock warrants issued

2) For the three months and the nine months ended September 30, 2023:

a) Gains (losses) on valuation

	<u>For the three months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2023</u>	<u>Account</u>
Stock warrants issued	\$ 11,647,437	33,150,003	Gains (losses) on stock warrants issued
Stock warrants repurchased	(11,465,203)	(33,075,973)	Gains (losses) on stock warrants issued

b) Gains (losses) on sale

	<u>For the three months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2023</u>	<u>Account</u>
Security borrowing	\$ (4,410)	(112,866)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	91,397	459,202	Gains (losses) on sale of trading securities
Futures transaction	7,415	(153,892)	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	<u>For the three months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2023</u>	<u>Account</u>
Stock warrants issued	\$ 13,547,549	22,669,096	Gains (losses) on stock warrants issued
Stock warrants repurchased	(13,591,435)	(22,656,208)	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 September 30, 2024, December 31, 2023 and September 30, 2023.

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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(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:

	September 30, 2024	December 31, 2023	September 30, 2023	Account	
Futures margin - security	\$ 56,250	-	-	Financial assets at fair value through profit or loss - current	
Futures margin - proprietary fund	1,251,679	1,014,514	770,741	Financial assets at fair value through profit or loss - current	
Futures margin - excess margin	3,525,463	1,997,886	2,225,120	Cash and cash equivalent	
Buy options	343,429	194,501	96,871	Financial assets at fair value through profit or loss - current	
Sale options	173,735	82,162	41,418	Financial liabilities at fair value through profit or loss - current	
	For the three months ended September 30,	For the nine months ended September 30,			
	2024	2023	2024	2023	Account
Gains (losses) on futures transactions	\$ 1,955,511	326,815	(412,272)	(388,230)	Gains (losses) on derivatives - futures
Gains (losses) on futures transactions - security	(135,642)	-	648	-	Gains (losses) on securities for futures margin at fair value through profit or loss

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Derivative instruments - OTC

(i) Interest rate financial derivatives

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

<u>Financial Instruments</u>	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>
For trading purpose:						
NT dollar interest swaps	\$ 8,000,000	-	8,000,000	-	9,500,000	-

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

2) Market risk:

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

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

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

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

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

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Structured notes

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

Financial Instruments	September 30, 2024		December 31, 2023		September 30, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Equity-linked notes	\$ 391,000	-	266,000	-	307,500	-
Principal guaranteed notes	5,585,161	-	3,470,817	-	4,531,527	-
Credit-linked notes	998,200	-	1,138,700	-	1,161,400	-
Principal guaranteed notes (in USD thousands)	USD 1,454	-	USD 2,487	-	USD 2,887	-

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	September 30, 2024		December 31, 2023		September 30, 2023	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Convertible bond asset swaps	\$ 4,027,800	-	2,744,800	-	2,494,800	-
Convertible bond options	15,289,000	-	15,354,000	-	15,224,600	-

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Market risk:

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

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

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

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

(iv) Options

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

<u>Financial Instruments</u>	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Equity options	\$ 751,546	-	475,427	-	398,811	-

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.

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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Leverage derivatives

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

<u>Financial Instruments</u>	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</u>	
	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	\$ 3,303,695	-	4,606,396	-	2,804,699	-
Leverage derivatives-short position	3,298,744	-	4,592,219	-	2,805,581	-

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

2) Market risk:

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Presentation of derivative instruments in financial statement

As of September 30, 2024, December 31, 2023 and September 30, 2023, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at fair value through profit or loss - current			
IRS asset swaps	\$ 48,235	43,403	24,687
Asset swap options-long position	647,149	315,076	235,120
Leverage derivatives - non-hedging	218,184	150,671	128,340
Structured notes	2,886	2,284	4,099
Exchange rate derivatives	613	-	64,972
Interest rate swaps	270	350	-
Equity derivatives	12,685	15,890	9,512
Total	<u>\$ 930,022</u>	<u>527,674</u>	<u>466,730</u>
Financial liabilities at fair value through profit or loss - current			
IRS asset swaps	\$ 147,498	56,167	42,423
Asset swap options-short position	3,087,083	2,663,494	2,593,290
Leverage derivatives - non-hedging	32,065	15,402	3,851
Structured notes	40,296	41,296	56,533
Exchange rate derivatives	26,168	98,566	-
Interest rate swaps	-	-	49
Equity derivatives	-	90	1,583
Total	<u>\$ 3,333,110</u>	<u>2,875,015</u>	<u>2,697,729</u>
Financial liabilities at fair value through profit or loss - non-current			
Structured notes	<u>\$ 108,814</u>	<u>-</u>	<u>-</u>
Other financial liabilities - current			
Structured notes principal value	<u>\$ 6,373,087</u>	<u>4,223,503</u>	<u>5,333,653</u>
Other financial liabilities - non-current			
Structured notes principal value	<u>\$ 511,059</u>	<u>677,162</u>	<u>669,294</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and the nine months ended September 30, 2024 and 2023, 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:

	<u>For the three months ended September 30, 2024</u>		<u>For the nine months ended September 30, 2024</u>	
	<u>Gains (losses) on derivative instruments - OTC</u>	<u>Unrealized Gains (losses)</u>	<u>Gains (losses) on derivative instruments - OTC</u>	<u>Unrealized Gains (losses)</u>
Interest rate swaps	\$ 2	(25)	2	270
Equity derivatives	2,678	(747)	6,656	(3,199)
Structured notes	(16,970)	(2,369)	(58,491)	(10,687)
IRS asset swaps	(355)	(253)	(725)	(769)
Asset swap options	389,620	1,180,870	(1,329,983)	619,589
Exchange rate derivatives	(52,674)	(101,575)	216,802	(25,555)
Leverage derivatives - non-hedging	24,480	(1,400)	72,025	50,850
Total	<u>\$ 346,781</u>	<u>1,074,501</u>	<u>(1,093,714)</u>	<u>630,499</u>
	<u>For the three months ended September 30, 2023</u>		<u>For the nine months ended September 30, 2023</u>	
	<u>Gains (losses) on derivative instruments - OTC</u>	<u>Unrealized Gains (losses)</u>	<u>Gains (losses) on derivative instruments - OTC</u>	<u>Unrealized Gains (losses)</u>
Interest rate swaps	\$ 127	119	220	(48)
Equity derivatives	1,706	(5,132)	4,092	8,575
Structured notes	(26,615)	(96,449)	(78,466)	36,397
IRS asset swaps	(211)	172	(673)	(810)
Asset swap options	(428,506)	(117,702)	(1,494,420)	464,114
Exchange rate derivatives	112,458	10,900	234,373	64,972
Leverage derivatives - non-hedging	24,804	(87,842)	73,707	124,489
Total	<u>\$ (316,237)</u>	<u>(295,934)</u>	<u>(1,261,167)</u>	<u>697,689</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:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Capital adequacy ratio	279 %	276 %	312 %

(Continued)

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 nine months ended September 30, 2024 and 2023, were as follows:

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

	January 1, 2024	Cash flows	Non-cash changes			September 30, 2024
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 724,417	(163,037)	86,344	721	-	648,445

	January 1, 2023	Cash flows	Non-cash changes			September 30, 2023
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 827,292	(153,830)	94,702	1,182	-	769,346

(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
Bao Ching Investment Corp.	Related party in substance
Bao Sheng Investment Corp.	Related party in substance
Fu Ding Investment Corp.	Related party in substance
Kwang Hsing Industrial Corp.	Corporate directors
Other related parties	Key management personnel

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel transactions

(i) Key management personnel compensation

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 110,346	100,593	293,318	242,716
Post-employment benefits	861	724	2,475	2,145
Total	\$ <u>111,207</u>	<u>101,317</u>	<u>295,793</u>	<u>244,861</u>

(ii) Bonds sold under repurchase agreements

	<u>September 30, 2024</u>		<u>December 31, 2023</u>		<u>September 30, 2023</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	\$ -	-	4,000	4,051	4,000	4,042
Total financial expenses	<u>2</u>	<u>10</u>	<u>19</u>	<u>93</u>		

Transactions terms are the same as the general clients.

(iii) Structured notes transactions - remaining balance

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other related parties	\$ <u>65,700</u>	<u>86,800</u>	<u>81,500</u>

(iv) Futures transactions

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Future Traders' equity			
Other related parties	\$ <u>2,464</u>	<u>270</u>	<u>3,742</u>

(v) Brokerage and sub-brokerage

Brokerage commissions	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>17,336</u>	<u>14,271</u>	<u>49,781</u>	<u>37,168</u>
Re-consigned handling commissions	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	\$ <u>340</u>	<u>314</u>	<u>1,657</u>	<u>859</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Consultancy Fee

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Consultancy Fee				
Other related parties	\$ -	9	-	39

(vii) Other revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Other revenue				
Other related parties	\$ -	-	-	4

(viii) Property Transactions - Dispose Equipment

	For the three months ended September 30,				For the nine months ended September 30,			
	2024		2023		2024		2023	
	Disposal proceeds	Gain or loss on disposal	Disposal proceeds	Gain or loss on disposal	Disposal proceeds	Gain or loss on disposal	Disposal proceeds	Gain or loss on disposal
Other related parties	\$ -	-	-	-	-	-	860	50

(d) Significant transactions with related parties

(i) Bonds sold under repurchase agreements

	September 30, 2024		December 31, 2023		September 30, 2023	
	Par value	Purchase price	Par value	Purchase price	Par value	Purchase price
	Funds issued by associate	\$ 759,720	759,720	1,056,720	1,056,720	1,071,720

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Total financial expenses				
Subsidiaries	\$ 26	33	45	35
Funds issued by associate	4,079	3,763	9,262	8,458
Total	\$ 4,105	3,796	9,307	8,493

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	September 30, 2024		December 31, 2023		September 30, 2023	
		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	108,195	\$ 2,271,354	111,489	2,073,630	70,997	1,205,988

Notes: Expressed in thousand shares.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30,				For the nine months ended September 30,			
	2024		2023		2024		2023	
	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	\$ 56,991	52,423	(63,275)	43,533	435,219	160,857	(23,835)	55,263

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments			
Associates	\$ 2,711	55,202	2,000

Transaction terms are the same as the general clients.

(iii) Futures transactions

	September 30, 2024	December 31, 2023	September 30, 2023
Futures traders' equity			
Funds issued by associate	\$ 136,256	671,147	262,855

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Total financial expenses				
Funds issued by associate	\$ -	-	573	174

Transaction terms are the same as the general clients.

(iv) Lease agreements

Lessor

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Lease revenue				
Associates	\$ 4,447	4,316	13,211	12,948
Guarantee deposits received				
Associates	\$ 4,429	3,811	3,811	3,811

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

Lessee

- 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 September 30, 2024, December 31, 2023 and September 30, 2023, the refundable deposits were \$29,278, \$28,014 and \$28,014.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Acquisition of right-of-use assets

The new acquisition of right-of-use assets of the Company in the periods for the nine months ended September 30, 2024 was \$18,390.

3) Lease liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Related party in substance	\$ <u>438,399</u>	<u>493,661</u>	<u>521,301</u>

4) Financial expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Related party in substance	\$ <u>1,516</u>	<u>1,836</u>	<u>4,742</u>	<u>5,201</u>

(v) Custody account business

Custody account business

revenue(Account to rental income)	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Related party in substance	\$ <u>30,965</u>	<u>38,442</u>	<u>92,895</u>	<u>90,189</u>

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other accounts receivable			
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:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
Commission revenues	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Subsidiaries	\$ <u>1,317</u>	<u>1,109</u>	<u>3,937</u>	<u>4,551</u>

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Accounts receivable			
Subsidiaries	\$ <u>-</u>	<u>1,453</u>	<u>827</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Brokerage and sub-brokerage

Due to the involvement of related parties in securities and futures transactions, for the three months and the nine months ended September 30, 2024 and 2023, commission revenues charged by the Group were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Brokerage commissions				
Funds issued by associate	\$ 6,008	14,941	18,038	39,926
Related party in substance	100	118	414	178
Total	<u>\$ 6,108</u>	<u>15,059</u>	<u>18,452</u>	<u>40,104</u>
Re-consigned handling commissions				
Funds issued by associate	<u>\$ -</u>	<u>1,296</u>	<u>241</u>	<u>12,671</u>

(viii) Fund services business

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Fund services revenue				
Associates	<u>\$ 29</u>	<u>287</u>	<u>159</u>	<u>1,116</u>
Channel services revenue				
Associates	<u>\$ 29</u>	<u>287</u>	<u>159</u>	<u>1,116</u>
Account receivable		<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
Associates		<u>\$ 18</u>	<u>65</u>	<u>130</u>

(ix) Wealth management business

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Trust account commissions revenue				
Associates	<u>\$ 4,962</u>	<u>1,510</u>	<u>11,866</u>	<u>3,135</u>
Trust account management fee revenue				
Associates	<u>\$ 393</u>	<u>489</u>	<u>1,210</u>	<u>1,550</u>

(x) Underwriting business

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Stock service income				
Associates	<u>\$ 32</u>	<u>30</u>	<u>92</u>	<u>92</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Handling fee revenues from underwriting securities on consignment	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Funds issued by associate	\$ -	-	-	13
		September 30,	December 31,	September 30,
Accounts receivable		2024	2023	2023
Associates		\$ 10	10	10

(xi) Other revenue and expense

Other revenue	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Associates	\$ 1	1	3	3
Other expense	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Related party in substance	\$ 269	180	1,715	423

(xii) Custody account business

Custody account business revenue	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Second-level subsidiaries (note)	\$ 2,011	1,554	5,307	4,607
		September 30,	December 31,	September 30,
Accounts receivable		2024	2023	2023
Second-level subsidiaries (note)		\$ 619	607	467

(xiii) Accrued receivable

Accounts receivable/ Other receivables	September 30,	December 31,	September 30,
	2024	2023	2023
Subsidiaries	\$ 86	132	108

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:

	September 30, 2024	December 31, 2023	September 30, 2023	The collateral use
Restricted assets - current	\$ 2,945,782	1,591,156	553,814	Bank borrowings, accounts settled, repurchase agreement.
Restricted assets - non-current	49,875	49,875	49,875	Guarantee deposit for provisional seizure
Trading securities	30,159,060	34,337,950	31,729,390	Repurchase agreement
Financial assets at fair value through other comprehensive income - Bonds	14,667,351	14,206,648	13,861,149	Repurchase agreement
Property (net amount)	1,858,747	1,869,210	1,875,492	Bank borrowings
Financial assets at fair value through profit or loss - non-current	177,889	179,438	179,437	Guaranty deposited for bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business
Financial assets at amortized cost - non-current(par value)	6,171,550	5,397,887	5,540,987	Repurchase agreement
Investment property (net amount)	3,290,635	3,307,288	3,313,975	Bank borrowings
Total	<u>\$ 59,320,889</u>	<u>60,939,452</u>	<u>57,104,119</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:

	September 30, 2024		December 31, 2023		September 30, 2023	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities procured through margin purchase	593,576	\$ 5,935,757	496,265	4,962,650	457,562	4,575,620
Collateral for margin purchase	5,293	52,932	2,218	22,184	3,063	30,630
Lending securities to customers through short sales	30,656	306,560	35,482	354,820	31,179	311,790
Collateral for short sales	6,403	64,030	6,283	62,830	6,604	66,040

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

	September 30, 2024		December 31, 2023		September 30, 2023	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities borrowed from securities finance companies	53	\$ 530	111	1,110	179	1,790
Collateral for refinancing margin	-	-	-	-	1	10

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2024	December 31, 2023	September 30, 2023
Promissory notes	\$ <u>37,520,000</u>	<u>26,320,000</u>	<u>26,320,000</u>
Promissory notes (in USD thousands)	USD <u>85,000</u>	USD <u>85,000</u>	USD <u>85,000</u>

- (d) As of September 30, 2024, December 31, 2023 and September 30, 2023, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$65,169,701, \$13,859,923 and \$11,023,318, respectively.
- (e) A resigned employee of Wan-Hua branch was accused of privately soliciting investment to scam. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$2,798. The case is under the trial of Taiwan Taipei District Court. The Company assesses that it is not liable for compensation, thus the Company unrecognized this amount.
- (f) A resigned employee of Xi-Song branch scammed the clients. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$16,375. The first instance ruled that the company should jointly and severally compensate the plaintiff \$41 and interest. The plaintiff refused to accept and filed an appeal, and the Company also filed a side appeal. The second instance claimed the case in favor of the Company, and it is not liable for compensation, thus the Company unrecognized this amount.
- (g) The Company provided the Letter of Comfort to the banks which loaned to its subsidiary CSC International Holdings Ltd. and CSC Securities (HK) Ltd.

(10) Significant Catastrophic Loss: None

(11) Significant Subsequent Events:

On October 14, 2024, the Company was approved by the Financial Supervisory Commission to purchase 10,000 thousand shares of Taiwan Stock Exchange Co., Ltd.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

(a) As of September 30, 2024, December 31, 2023 and September 30, 2023, the open positions of futures and option contracts were as follows:

(i) September 30, 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	9,083	\$ 2,840,553	2,851,547	
	Single Stock Futures	Short	17,169	(3,152,239)	(3,128,118)	
	TAIEX Futures	Long	453	2,035,960	2,023,349	
	TAIEX Futures	Short	240	(1,084,012)	(1,071,648)	
	Mini TAIEX Futures	Long	232	260,568	259,261	
	Mini TAIEX Futures	Short	117	(133,003)	(130,695)	
	Micro TAIEX Futures	Short	2,036	(465,629)	(454,590)	
	Finance Sector Index Futures	Long	12	25,143	25,015	
	Finance Sector Index Futures	Short	5	(10,583)	(10,435)	
	Electronic Sector Index Futures	Long	10	47,957	47,460	
	Electronic Sector Index Futures	Short	23	(107,337)	(109,158)	
	Mini Electronic Futures	Short	94	(56,428)	(55,766)	
	10 Year U.S. T Note Futures	Short	44	(159,462)	(159,148)	
	10 Year U.S. T Bond Futures	Long	87	326,376	325,736	
	Ultra U.S. Treasury Bond	Long	450	1,908,913	1,895,588	
	Ultra U.S. Treasury Bond	Short	12	(50,632)	(50,549)	
	Euro-Bund Futures	Long	3	14,274	14,320	
	Brent Crude Oil Futures	Long	1	2,311	2,269	
	Brent Crude Oil Futures	Short	217	(502,509)	(492,439)	
	Crude Oil Futures	Long	5	10,685	10,788	
	Crude Oil Futures	Short	34	(73,782)	(73,358)	
	FTSE China A50 Index Futures	Long	6,745	2,686,843	2,967,362	
	FTSE China A50 Index Futures	Short	169	(74,416)	(74,349)	
	E-mini S&P 500 Futures	Long	4	36,433	36,804	
	Gold Futures	Long	1	997	1,017	
	Gold Futures	Short	36	(78,586)	(81,042)	
	HHI Futures	Long	22	33,844	33,865	
	HHI Futures	Short	75	(115,469)	(115,450)	
	HSI Futures	Short	19	(82,269)	(82,372)	
	TOPIX Futures	Short	19	(109,927)	(111,822)	
	JPY Index Futures	Long	20	55,873	55,629	
	JPY Index Futures	Short	26	(72,971)	(72,317)	
	Copper Futures	Short	6	(18,941)	(21,615)	
	Micro E-mini Nasdaq Futures	Long	53	67,934	67,974	
	Micro E-mini Nasdaq Futures	Short	36	(95,915)	(96,190)	
	E-mini Nasdaq Futures	Long	5	64,113	64,127	
	E-mini Nasdaq Futures	Short	37	(344,479)	(346,285)	
	E-mini Russell 2000 Index Futures	Short	1	(3,551)	(3,559)	
	SGX Nikkei 225 Index Futures	Long	3	12,866	12,618	
	SGX Nikkei 225 Index Futures	Short	27	(109,008)	(113,560)	
	E-mini Dow Futures	Short	2	(13,265)	(13,497)	
	US Dollar Index Futures	Short	99	(316,675)	(314,967)	
	Micro E-mini S&P 500 Futures	Short	18	(16,448)	(16,562)	
	Dow Jones U.S. Real Estate Index	Short	3	(3,750)	(3,737)	
	Silver Futures	Short	6	(28,783)	(29,869)	
	2 Year U.S. T Note Futures	Long	55	363,078	362,498	
	2 Year U.S. T Note Futures	Short	26	(171,652)	(171,362)	
	30 Year U.S. Treasury Bond	Long	9	35,485	35,375	
	30 Year U.S. Treasury Bond	Short	84	(330,537)	(330,165)	
	Long-Term Euro-BTP Futures	Long	30	129,084	128,928	
	China Index Futures	Short	5	(3,692)	(4,344)	
	FTSE Taiwan Index Futures	Long	9	21,213	21,261	

(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			
	Euro-Bobl Futures	Long	30	\$ 127,262	127,421	
	Mini Finance Sector Index Futures	Short	36	(18,857)	(18,761)	
	One Week E-Mini Stock Index Futures	Long	230	262,017	256,450	
	One Week E-Mini Stock Index Futures	Short	69	(78,951)	(76,918)	
	CME BTC	Short	6	(59,997)	(60,122)	
	GIN Futures	Short	4	(6,658)	(6,585)	
	Subtotal			<u>3,419,369</u>		
Options contract :						
	TAIEX Options (Call)	Long	5,008	\$ 135,993	138,371	
	TAIEX Options (Put)	Long	6,593	168,878	172,439	
	TAIEX Options (Call)	Short	6,000	(121,493)	(103,543)	
	TAIEX Options (Put)	Short	3,944	(48,619)	(52,236)	
	Stock Options (Call)	Long	254	5,898	5,860	
	Stock Options (Put)	Long	202	3,211	3,487	
	Stock Options (Call)	Short	200	(1,366)	(4,933)	
	Stock Options (Put)	Short	49	(291)	(94)	
	Finance Insurance Index Options (Call)	Long	83	1,167	1,279	
	Finance Insurance Index Options (Put)	Long	56	240	232	
	Finance Insurance Index Options (Call)	Short	108	(160)	(87)	
	Finance Insurance Index Options (Put)	Short	58	(482)	(294)	
	Gold Options (Call)	Long	116	1,385	1,596	
	Gold Options (Put)	Long	46	535	389	
	Gold Options (Call)	Short	29	(286)	(495)	
	Gold Options (Put)	Short	103	(797)	(295)	
	iShares India 50 ETF Options (Call)	Long	425	25	6	
	iShares India 50 ETF Options (Put)	Long	4,350	85	181	
	iShares India 50 ETF Options (Call)	Short	1,700	(122)	(70)	
	iShares India 50 ETF Options (Put)	Short	2,675	(226)	(444)	
	TAIEX Weekly Options (Call)	Long	2,071	6,570	3,071	
	TAIEX Weekly Options (Put)	Long	1,440	9,051	16,518	
	TAIEX Weekly Options (Call)	Short	2,033	(5,254)	(2,005)	
	TAIEX Weekly Options (Put)	Short	1,282	(4,748)	(9,239)	
	Subtotal			<u>149,194</u>		
Total				<u>\$ 3,568,563</u>		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) December 31, 2023

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	7,512	\$ 1,884,165	1,894,021	
	Single Stock Futures	Short	10,989	(1,856,912)	(1,903,766)	
	TAIEX Futures	Long	445	1,586,880	1,590,217	
	TAIEX Futures	Short	504	(1,786,059)	(1,801,264)	
	Mini TAIEX Futures	Long	362	322,557	323,224	
	Mini TAIEX Futures	Short	60	(52,593)	(53,542)	
	Electronic Sector Index Futures	Long	2	7,038	7,135	
	Electronic Sector Index Futures	Short	54	(188,037)	(192,640)	
	Mini Electronic Futures	Short	368	(161,244)	(164,100)	
	TPEX 200 Index	Short	1	(459)	(463)	
	10 Year U.S. T Note Futures	Short	31	(105,200)	(107,456)	
	Ultra U.S. Treasury Bond	Long	456	1,847,239	1,870,510	
	Ultra U.S. Treasury Bond	Short	30	(115,077)	(123,060)	
	Brent Crude Oil Futures	Short	285	(681,134)	(674,171)	
	Crude Oil Futures	Long	9	20,049	19,800	
	FTSE China A50 Index Futures	Short	90	(31,719)	(31,766)	
	FTSE China A50 Index Futures	Long	5,841	2,021,762	2,061,604	
	E-mini S&P 500 Futures	Short	13	(95,925)	(96,199)	
	Gold Futures	Short	12	(74,059)	(76,338)	
	HHI Futures	Long	26	28,945	29,604	
	HHI Futures	Short	31	(34,956)	(35,297)	
	HSI Futures	Long	7	23,508	23,559	
	TOPIX Futures	Short	4	(20,266)	(20,556)	
	JPY Index Future	Long	2	5,360	5,508	
	Copper Future	Short	8	(22,674)	(23,892)	
	Gold Futures	Short	1	(770)	(767)	
	Micro E-mini Nasdaq Futures	Short	18	(18,848)	(18,817)	
	E-mini Nasdaq Futures	Short	41	(430,560)	(428,619)	
	E-mini Nasdaq Futures	Long	6	62,853	62,725	
	Micro E-mini Dow Futures	Short	16	(9,347)	(9,337)	
	Micro Russell 2000 Index Futures	Long	9	2,820	2,829	
	E-mini Russell 2000 Index Futures	Short	3	(9,145)	(9,431)	
	SGX Nikkei 225 Index Futures	Short	10	(35,879)	(36,289)	
	E-mini Dow Futures	Short	9	(51,840)	(52,522)	
	U.S. Dollar Index Futures	Short	78	(244,996)	(241,964)	
	Micro E-mini S&P 500 Futures	Long	13	9,611	9,620	
	Dow Jones U.S. Real Estate Index	Short	5	(5,477)	(5,473)	
	Dow Jones U.S. Real Estate Index	Long	-	8,686	8,757	
	Silver Futures	Short	5	(19,230)	(18,489)	
	2 Year U.S. T Note Futures	Short	30	(189,534)	(189,678)	
	30 Year U.S. Treasury Bond	Short	3	(11,468)	(11,509)	
	Finance Sector Index Futures	Long	3	5,163	5,158	
	Mini Finance Sector Index Futures	Short	4	(1,719)	(1,719)	
	One Week E-Mini Stock Index Futures	Long	332	295,916	297,006	
	CME BTC	Short	7	(47,168)	(45,270)	
	CME MBT	Short	5	(674)	(647)	
	Subtotal			1,829,583		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Options contract :						
	TAIEX Options (Call)	Short	4,635	\$ (48,055)	(64,308)	
	TAIEX Options (Put)	Long	6,936	83,712	64,039	
	TAIEX Options (Call)	Long	3,363	112,684	125,734	
	TAIEX Options (Put)	Short	4,185	(17,811)	(11,508)	
	Stock Options (Call)	Long	45	375	476	
	Stock Options (Call)	Short	103	(667)	(717)	
	Stock Options (Put)	Long	92	383	390	
	Stock Options (Put)	Short	31	(249)	(224)	
	Electronic Sector Index Options (Call)	Short	20	(171)	(273)	
	Finance Insurance Index Options (Call)	Short	27	(60)	(113)	
	Finance Insurance Index Options (Put)	Long	25	54	9	
	Finance Insurance Index Options (Call)	Long	22	51	36	
	Finance Insurance Index Options (Put)	Short	10	(16)	(1)	
	Gold Options (Call)	Short	11	(51)	(9)	
	Gold Options (Put)	Short	10	(25)	(34)	
	TAIEX Weekly Options (Call)	Short	1,138	(3,905)	(3,855)	
	TAIEX Weekly Options (Put)	Long	1,415	2,141	1,730	
	TAIEX Weekly Options (Call)	Long	1,283	2,054	2,087	
	TAIEX Weekly Options (Put)	Short	643	(1,328)	(1,120)	
	Subtotal			129,116		
Total				\$ <u>1,958,699</u>		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) September 30, 2023

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	2,673	\$ 543,091	548,494	
	Single Stock Futures	Short	12,609	(2,726,239)	(2,693,644)	
	TAIEX Futures	Long	121	397,504	396,071	
	TAIEX Futures	Short	326	(1,066,323)	(1,067,128)	
	Mini TAIEX Futures	Long	29	23,905	23,729	
	Mini TAIEX Futures	Short	116	(95,084)	(94,909)	
	Electronic Sector Index Futures	Long	2	6,431	6,391	
	Electronic Sector Index Futures	Short	57	(185,606)	(182,138)	
	Mini Electronic Futures	Long	46	18,386	18,374	
	Mini Electronic Futures	Short	12	(4,781)	(4,793)	
	10 Year U.S.Treasury Bond	Short	11	(38,870)	(38,287)	
	Ultra U.S. Treasury Bond	Short	906	(1,884,814)	(1,866,975)	
	Brent Crude Oil Futures	Short	91	(269,705)	(273,395)	
	Crude Oil Futures	Short	129	(362,878)	(381,773)	
	FTSE China A50 Index Futures	Short	5	(2,019)	(1,997)	
	FTSE China A50 Index Futures	Long	530	214,089	211,668	
	E-mini S&P 500 Futures	Short	7	(50,170)	(48,990)	
	Gold Futures	Short	5	(32,148)	(30,311)	
	HHI Futures	Long	8	9,951	9,897	
	HHI Futures	Short	34	(42,445)	(42,062)	
	TOPIX Futures	Short	21	(107,354)	(106,241)	
	Copper Futures	Short	8	(24,638)	(23,931)	
	Gold Futures	Long	8	6,015	5,905	
	Mini-HSI Futures	Long	2	1,442	1,435	
	Micro E-mini Nasdaq Futures	Short	13	(12,399)	(12,468)	
	E-mini Nasdaq Futures	Short	3	(28,776)	(28,771)	
	Micro E-mini Dow Futures	Long	11	5,992	6,015	
	Mini Russell 2000 Index Futures	Short	2	(5,838)	(5,838)	
	SGX Nikkei 225 Index Futures	Short	11	(38,811)	(37,879)	
	E-mini Dow Futures	Short	9	(50,873)	(49,216)	
	E-mini Dow Futures	Long	2	11,298	10,937	
	US Dollar Index Futures	Short	63	(212,151)	(215,191)	
	Micro E-mini S&P 500 Futures	Long	46	33,077	32,193	
	Micro E-mini S&P 500 Futures	Short	130	(91,262)	(90,730)	
	Dow Jones U.S. Real Estate Index	Short	30	(31,296)	(29,372)	
	Silver Futures	Short	2	(7,731)	(7,339)	
	2 Year U.S. T Note Futures	Short	13	(84,915)	(84,997)	
	30 Year U.S. Treasury Bonds	Short	29	(110,302)	(106,217)	
	Mini Finance Sector Index Futures	Long	8	3,256	3,249	
	One Week E-Mini Stock Index Futures	Long	42	34,359	34,352	
	CME BTC	Short	7	(29,658)	(30,362)	
	CME MBT	Short	5	(423)	(434)	
	Mini DAX Futures	Short	20	(52,706)	(52,649)	
	Subtotal			(6,341,419)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Options contract :						
	TAIEX Options (Call)	Short	2,455	\$ (22,494)	(15,802)	
	TAIEX Options (Put)	Long	3,963	48,884	48,984	
	TAIEX Options (Call)	Long	3,235	47,204	42,824	
	TAIEX Options (Put)	Short	2,329	(21,398)	(20,024)	
	Stock Options (Call)	Long	37	112	90	
	Stock Options (Call)	Short	38	(163)	(92)	
	Stock Options (Put)	Long	41	162	140	
	Stock Options (Put)	Short	10	(76)	(78)	
	Electronic Sector Index Options (Call)	Short	40	(641)	(663)	
	Electronic Sector Index Options (Put)	Long	6	26	15	
	Electronic Sector Index Options (Call)	Long	4	45	43	
	Finance Insurance Index Options (Call)	Short	26	(81)	(55)	
	Finance Insurance Index Options (Put)	Long	60	125	167	
	Finance Insurance Index Options (Call)	Long	20	50	12	
	Finance Insurance Index Options(Put)	Short	63	(120)	(77)	
	Gold Options (Call)	Short	28	(126)	(67)	
	Gold Options (Put)	Long	97	512	559	
	Gold Options (Call)	Long	52	243	116	
	Gold Options (Put)	Short	56	(85)	(139)	
	TAIEX Weekly Options (Call)	Short	972	(2,723)	(2,946)	
	TAIEX Weekly Options (Put)	Long	857	2,438	2,144	
	TAIEX Weekly Options (Call)	Long	921	1,749	1,777	
	TAIEX Weekly Options (Put)	Short	786	(1,967)	(1,475)	
	Subtotal			51,676		
Total				<u>\$ (6,289,743)</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

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	$\frac{\text{Stockholders' equity}}{\text{(Total liabilities - futures traders' equity)}}$	$\frac{7,455,723}{1,910,726}$	3.90	$\frac{6,980,004}{1,374,701}$	5.08	≥ 1	Satisfactory to requirement
17	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{57,768,752}{52,081,239}$	1.11	$\frac{44,589,125}{39,326,253}$	1.13	≥ 1	"
22	$\frac{\text{Stockholders' equity}}{\text{Minimum paid-in capital}}$	$\frac{7,455,723}{1,115,000}$	668.67 %	$\frac{6,980,004}{1,115,000}$	626.01 %	$\geq 60\%$ $\geq 40\%$	"
22	$\frac{\text{Adjusted net capital}}{\text{Total amount of customers' margin required for open positions of futures trader}}$	$\frac{4,712,442}{11,532,517}$	40.86 %	$\frac{5,221,767}{8,250,051}$	63.29 %	$\geq 20\%$ $\geq 15\%$	"

- (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 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	\$ 863,368	863,368	863,368	-	2	-	Working capital	-		-	1,640,698	1,640,698
2	CSC Futures (HK) Ltd.	F190402	Account receivables - Customer	No	62,878	62,878	-	9.72 %	1	2,335		-		-	220,242	1,101,211
3	CSC Futures (HK) Ltd.	F611702	Account receivables - Customer	No	440,145	440,145	62,878	5.97%~7.22%	1	262,968		-		-	440,145	1,101,211
4	CSC Futures (HK) Ltd.	F613059	Account receivables - Customer	No	94,317	94,317	-	8.72 %	1	19,664		-		-	220,242	1,101,211
5	CSC Futures (HK) Ltd.	F612688	Account receivables - Customer	No	15,719	314	-	7.72 %	1	-		-		-	220,242	1,101,211
6	CSC Futures (HK) Ltd.	F612687	Account receivables - Customer	No	-	-	-	7.72 %	1	82		-		-	220,242	1,101,211
7	CSC Futures (HK) Ltd.	F612851	Account receivables - Customer	No	62,878	314	-	7.72 %	1	265		-		-	220,242	1,101,211
8	CSC Futures (HK) Ltd.	F613091	Account receivables - Customer	No	47,158	314	-	7.72 %	1	-		-		-	220,242	1,101,211
9	CSC Futures (HK) Ltd.	F190416	Account receivables - Customer	No	220,073	220,073	-	6.22 %	1	16,132		-		-	220,242	1,101,211

Note: Type of Loans

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Significant transactions between parent company and subsidiaries for the three months ended September 30, 2024:

(In Thousands Dollars)

Ref No. (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Intercompany transaction details			Percentage of total consolidated revenue or total assets
				General ledger account	Amount	Trading terms	
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts payable	2,702		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts receivable	11,629		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other receivables	409		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Bonds sold under repurchase agreements	27,630		0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other payable	3,629		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Guarantee deposits received	4,620		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Futures commission revenue	113,100	General transaction	0.86 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Lease revenue	13,988	General transaction	0.11 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Revenue from securities management, distribution, and management fees	486	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Financial costs	925	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other operating revenue	309	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Securities commission expense	16,980	General transaction	0.13 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Interest revenue	42	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Miscellaneous expense	50,077	General transaction	0.38 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Non-operating revenue	43,405	General transaction	0.33 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Brokerage commissions revenue	357	General transaction	- %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Professional service fees	88,650	General transaction	0.68 %
0	Capital Securities Corp.	CSC Capital Management Co.	1	Other receivables	1		- %
0	Capital Securities Corp.	CSC Capital Management Co.	1	Revenue from securities management, distribution, and management fees	20	General transaction	- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other receivables	168		- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other payable	116		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Other receivables	69		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Brokerage commissions revenue	21	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	37	General transaction	- %
0	Capital Securities Corp.	Capital Private Equity Fund I Co.	1	Revenue from securities management, distribution, and management fees	20	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			Percentage of total consolidated revenue or total assets
				General ledger account	Amount	Trading terms	
0	Capital Securities Corp.	Capital Private Equity Fund I Co.	1	Brokerage commissions revenue	275	General transaction	- %
1	Capital Futures Corp.	Capital Securities Corp.	2	Customers' margin account	3,656,340		1.18 %
1	Capital Futures Corp.	Capital Securities Corp.	2	Futures traders' equity	3,656,340		1.18 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Customers' margin account	1,051,889		0.34 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures traders' equity	3,512,999		1.14 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Other payable	5,114		- %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures commission expense	15,506	General transaction	0.12 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Brokerage commissions revenue	78,975	General transaction	0.60 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Financial costs	16,146	General transaction	0.12 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Customers' margin account	3,305,301		1.07 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Futures traders' equity	844,191		0.27 %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Other payable	3,778		- %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Information technology expense	31,506	General transaction	0.24 %
2	CSC Futures (HK) Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Professional service fees	3,527	General transaction	0.03 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other receivables	HKD 143		- %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	HKD 856	General transaction	0.03 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Brokerage commissions expense	HKD 240	General transaction	0.01 %
4	CSC International Holdings Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Lease revenue	456	General transaction	- %
5	CSC Capital Management Co.	Capital Private Equity Fund I Co.	3	Management fee revenue	3,937	General transaction	0.03 %

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 September 30, 2024	Balance on December 31, 2023	Shares	Ratio	Book value					
0	Capital- Investment Management Corp.	Taipei ,Taiwan, R.O.C.	February 16, 1990	Note 5	Engaged in providing research, analysis and recommendations, organize seminars and publish materials on securities investments.	72,515	72,515	7,000,000	100.00 %	94,377	98,808	16,910	16,910	432	The transaction has been eliminated in the consolidated financial statements
0	Capital Futures Corp.	Taipei ,Taiwan, R.O.C.	February 26, 1997	No. FSC-105004467 dated November 15, 2016	Engaged in domestic and foreign futures business.	1,896,520	1,896,520	119,066,014	56.58 %	4,218,827	1,864,145	956,860	541,583	409,587	"
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 %	1,645,558	19,281	4,712	4,712	-	"
0	Capital Insurance Advisory Corp.	Taipei ,Taiwan, R.O.C.	November 9, 2000	Note 5	Engaged in personal insurance brokerage and property insurance brokerage and manages personal insurance agent business.	3,890	3,890	500,000	100.00 %	52,260	151,531	26,674	26,674	18,895	Subsidiary
0	Capital Insurance Agency Corp.	Taipei ,Taiwan, R.O.C.	November 8, 2000	Note 5	Liquidation completed	-	7,400	-	- %	-	-	-	-	-	"
0	Taiwan International Securities (B.V.I) Corp. (Note 4)	British Virgin Island	December 10, 1996	No. FSC-53981	Have been sold	-	1,394,817	-	- %	-	214	214	214	-	The transaction has been eliminated in the consolidated financial statements
0	CSC Venture Capital Corp.	Taipei ,Taiwan, R.O.C.	December 3, 2020	No. FSC-1040034071 dated September 8, 2015	Long-term equity investment business.	1,000,000	1,000,000	100,000,000	100.00 %	919,568	6,731	911	911	-	"
0	CSC Capital Management Co.	Taipei ,Taiwan, R.O.C.	January 12, 2016	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 %	327,928	8,674	5,428	5,428	-	"
0	Capital Investment Trust Corp.	Taipei ,Taiwan, R.O.C.	October 16, 1995	Note 5	Engaged in security investment and discretionary investment services.	1,272,505	1,272,505	33,067,507	20.00 %	1,496,656	2,933,957	1,209,987	241,997	171,951	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 %	718,551	77,706	19,281	-	-	The transaction has been eliminated in the consolidated financial statements
2	TIS Securities(HK) Limited.(Note 4)	Hong Kong	August 17, 1993	No. FSC-40912 dated November 4 ,1993	Have been sold	-	1,103,411	-	- %	-	-	214	-	-	"
3	Taiwan International Capital (HK)Ltd. (Note 4)	Hong Kong	July 16, 1997	No. FSC-101159	Have been sold	-	-	-	- %	-	-	120	-	-	"
4	CSC Futures(HK) Ltd.	Taipei ,Taiwan, R.O.C.	December 9, 1998	No. FSC-1030038387 dated November 18, 2014	Future brokerage and other businesses permitted by local law of Hong Kong.	886,284	886,284	220,000,000	100.00 %	1,101,211	248,861	26,843	-	-	"
4	Capital International Technology Co.,Ltd.	Hong Kong	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 %	13,598	-	(4,947)	-	-	"
5	Capital Securities Nominee Ltd.	Taipei ,Taiwan, R.O.C.	April 7, 1995	No. FSC- 90931 dated January 5 ,1998	Agency services.	-	-	2	100.00 %	-	-	-	-	-	"
6	Capital Private Equity Fund I Co.	Taipei ,Taiwan, R.O.C.	April 7, 2021	No. FSC-1090380058 dated January 26, 2021	General investment and venture capital business.	300,000	300,000	30,000,000	100.00 %	294,201	10,142	4,737	-	-	"
7	EnnoCap Venture Inc.	Taipei ,Taiwan, R.O.C.	July 30, 2021	No. FSC- 1040034071 dated September 8,2015	Investment and management consulting, venture capital and general investing.	400	400	40,000	40.00 %	20	-	(206)	-	-	Associates

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: (0) Capital Securities Corp. (1) CSC International Holdings Ltd. (2) Taiwan International Securities (B.V.I) Corp. (3) TIS Securities (HK) Limited. (4) Capital Futures Corp. (5) CSC Securities (HK) Ltd. (6) CSC Capital Management Co. (7) 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: On July 29, 2024, the company passed the resolution of the board of directors to sell all the shares of its subsidiary, Taiwan International Securities (B.V.I) Corp. , and was approved by the Financial Management Commission on August 26, 2024.

Note 5: 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.

(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 (Note 1)	Accumulated remittance as of January 1, 2024	Remittance of recoverable investment this period		Accumulated remittance as of September 30, 2024	Net gains (losses) of the investee	Direct or indirect Share holdings (%) by the company	Investment gains (losses) recognized during this period (Note 2)	Ending Balance of Investment	Investment income remitted back as of September 30, 2024
					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	779	28.86%	225	3,284	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	18,863	Note 1 (C)	18,863	-	-	18,863	(996)	56.58%	(564)	906	-

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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 differ from the shares which have been registered in dematerialized form because of different basis of preparation.

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

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

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

- (i) Brokerage segment: Engaged in brokerage trading, margin trading, and securities lending business.
- (ii) Corporate financing segment: Engaged in providing advisory on initial public offering or to register on the emerging or listed market, securities underwriting and sales, corporate finance, mergers and acquisitions.
- (iii) Dealing segment: Engaged in trading securities and related listed stock instruments on a proprietary basis.
- (iv) Derivative instrument segment: Engaged in the investment, consultancy and issuance of derivative instruments.
- (v) 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 September 30, 2024								
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 2,243,855	136,848	332,264	1,269,724	57,353	804,729	(102,828)	4,741,945
Segment profit or loss	\$ 1,330,192	92,292	(671,448)	1,107,058	(228,096)	421,927	(204,563)	1,847,362

For the three months ended September 30, 2023								
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 1,531,438	83,126	880,988	311,909	78,615	751,802	(69,243)	3,568,635
Segment profit or loss	\$ 780,966	45,149	178,472	156,470	(77,366)	346,769	(164,817)	1,265,643

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024								
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 6,201,348	304,422	3,190,792	1,448,184	221,880	2,018,524	(278,669)	13,106,481
Segment profit or loss	\$ 3,450,414	178,131	310,604	1,054,041	(504,516)	1,173,700	(574,302)	5,088,072

For the nine months ended September 30, 2023								
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 3,967,832	223,072	2,403,151	916,420	167,427	1,674,873	(193,571)	9,159,204
Segment profit or loss	\$ 1,874,028	105,584	747,840	647,252	(67,282)	966,248	(494,242)	3,779,428

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.