

**CAPITAL SECURITIES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For The Three Months Ended March 31, 2026 and 2025**

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.

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安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Review Report

To the Board of Directors of
Capital Securities Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Securities Corporation and its subsidiaries as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), 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 \$3,061,695 thousands and \$4,538,834 thousands, constituting 0.78% and 1.42% of consolidated total assets as of March 31, 2026 and 2025, respectively, total liabilities amounting to \$151,409 thousands and \$1,524,759 thousands, constituting 0.04% and 0.56% of consolidated total liabilities as of March 31, 2026 and 2025, respectively, and total comprehensive income (loss) amounting to \$(9,688) thousands and \$(4,938) thousands, constituting (0.36)% and (0.44)% of consolidated total comprehensive income (loss) 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 \$2,043,883 thousands and \$1,782,948 thousands as of March 31, 2026 and 2025, respectively, and its equity in net earnings on these investee companies of \$215,912 thousands and \$114,587 thousands for the three months ended March 31, 2026 and 2025, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Capital Securities Corporation and its subsidiaries as of March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
May 15, 2026

Notes to Readers

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

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

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2026, December 31, 2025, and March 31, 2025****(Expressed in Thousands of New Taiwan Dollars)**

	Assets	March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%
110000	Current assets:						
111100	Cash and cash equivalents (note 6(a))	\$ 16,399,922	4	14,666,156	4	12,200,106	4
112000	Financial assets at fair value through profit or loss - current (notes 6(b) and 8)	84,714,287	22	91,246,381	26	63,145,101	20
113200	Financial assets at fair value through other comprehensive income - current (note 6(b))	28,784,470	7	26,484,889	8	32,076,513	10
114010	Bonds purchased under resale agreements (note 6(c))	570,295	-	210,718	-	250,116	-
114030	Receivable for securities provided as collateral	26,012,595	7	23,394,006	7	19,687,956	6
114040	Refinancing margin	16,435	-	26,361	-	347	-
114050	Refinancing collateral receivable	13,549	-	21,941	-	288	-
114060	Receivable of securities business money lending	33,226,385	8	32,338,389	9	34,772,393	11
114070	Customers' margin account (note 6(e))	66,428,810	17	57,416,523	16	51,378,872	16
114080	Receivable - futures margin	356	-	1	-	109	-
114090	Collateral for securities borrowed	731,251	-	277,904	-	193,544	-
114100	Security borrowing margin	14,157,958	4	13,594,435	4	14,355,080	5
114110	Notes receivable	4,687	-	11,813	-	5,044	-
114130	Accounts receivable (note 6(d))	40,903,159	10	25,984,058	7	27,501,965	9
114150	Prepayments	560,875	-	79,422	-	476,604	-
114170	Other receivables	443,120	-	529,722	-	433,259	-
114200	Other financial assets - current	-	-	116	-	-	-
114300	Leverage contract trading - customers' margin account	631,302	-	572,040	-	889,627	-
114600	Current income tax assets	652	-	621	-	1,168	-
119095	Amounts held for each customer in the account (note 6(p))	50,945,073	13	44,167,892	12	33,782,805	11
119990	Other current assets-others	2,829,529	1	780,419	-	1,745,722	-
		<u>367,374,710</u>	<u>93</u>	<u>331,803,807</u>	<u>93</u>	<u>292,896,619</u>	<u>92</u>
120000	Non-current assets:						
122000	Financial assets at fair value through profit or loss - non-current (notes 6(b) and 8)	179,465	-	179,227	-	178,158	-
123200	Financial assets at fair value through other comprehensive income - non-current (note 6(b))	4,989,094	1	5,168,875	1	4,684,035	1
123300	Financial assets at amortized cost - non-current (note 6(b))	5,851,469	1	5,511,713	2	6,610,817	2
124100	Investments accounted for under equity method (note 6(f))	2,043,883	1	1,827,971	-	1,782,948	1
125000	Property and equipment (notes 6(g) and 8)	2,916,356	1	2,895,225	1	3,168,862	1
125800	Right-of-use assets (note 6(h))	510,759	-	493,474	-	554,450	-
126000	Investment property (notes 6(i) and 8)	3,681,409	1	3,689,539	1	3,427,489	1
127000	Intangible assets (note 6(j))	3,626,436	1	3,625,945	1	3,619,265	1
129000	Other non-current assets	2,066,194	1	2,203,900	1	1,868,436	1
		<u>25,865,065</u>	<u>7</u>	<u>25,595,869</u>	<u>7</u>	<u>25,894,460</u>	<u>8</u>
	Total assets	<u>\$ 393,239,775</u>	<u>100</u>	<u>357,399,676</u>	<u>100</u>	<u>318,791,079</u>	<u>100</u>

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2026, December 31, 2025, and March 31, 2025****(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%
210000	Liabilities and Equity						
211100	Current liabilities:						
211200	Short-term borrowings (note 6(k))	\$ 11,743,770	3	6,563,030	2	9,451,227	3
212000	Commercial paper payable (note 6(l))	56,614,775	15	54,271,018	15	34,899,681	11
212000	Financial liabilities at fair value through profit or loss - current (note 6(n))	37,461,319	10	36,493,070	10	24,307,947	8
214010	Bonds sold under repurchase agreements (note 6(o))	48,480,586	12	43,285,089	12	54,364,841	17
214040	Guarantee deposited for short sales	1,067,500	-	2,564,848	1	951,982	-
214050	Proceeds payable from short sales	1,117,422	-	2,863,691	1	1,028,124	-
214070	Securities lending refundable deposits	18,256,473	5	16,352,311	5	17,669,588	6
214080	Futures traders' equity (note 6(e))	66,185,981	17	57,279,256	16	51,122,799	16
214090	Equity for each customer in the account (note 6(p))	50,945,073	13	44,167,892	13	33,782,805	11
214100	Leverage contract trading - customers' equity	625,524	-	571,630	-	886,394	-
214110	Notes payable	-	-	-	-	76	-
214130	Accounts payable (note 6(q))	25,984,581	7	22,387,114	6	19,070,713	6
214150	Advance receipts	49,411	-	33,054	-	54,733	-
214160	Receipts under custody	1,343,366	-	299,580	-	219,100	-
214170	Other payables	2,104,920	1	1,915,410	1	1,109,986	-
214200	Other financial liabilities - current (note 6(y))	8,628,188	2	8,571,912	2	8,036,595	3
214600	Current income tax liabilities	789,049	-	811,011	-	729,213	-
215100	Provisions - current (note 6(s))	68,063	-	68,403	-	64,812	-
216000	Current lease liabilities (note 6(r))	211,510	-	210,608	-	206,171	-
219000	Other current liabilities	58,450	-	32,840	-	74,252	-
		<u>331,735,961</u>	<u>85</u>	<u>298,741,767</u>	<u>84</u>	<u>258,031,039</u>	<u>81</u>
220000	Non-Current liabilities:						
221200	Long-term borrowings (note 6(m))	6,000,000	2	6,000,000	2	10,497,545	4
222000	Financial liabilities at fair value through profit or loss - non-current (note 6(n))	187,965	-	184,863	-	114,779	-
224200	Other financial liabilities - non-current (note 6(y))	943,711	-	996,775	-	695,113	-
226000	Non-current lease liabilities (note 6(r))	332,700	-	321,010	-	391,930	-
228000	Deferred income tax liabilities	922,548	-	722,421	-	914,557	-
229000	Other non-current liabilities	224,615	-	228,037	-	333,568	-
		<u>8,611,539</u>	<u>2</u>	<u>8,453,106</u>	<u>2</u>	<u>12,947,492</u>	<u>4</u>
	Total liabilities	<u>340,347,500</u>	<u>87</u>	<u>307,194,873</u>	<u>86</u>	<u>270,978,531</u>	<u>85</u>
	Equity attributable to shareholders of the parent:						
301010	Common stock (note 6(u))	21,709,081	5	21,709,081	6	21,709,081	7
302000	Capital surplus (note 6(u))	2,781,067	1	2,781,067	1	2,781,095	1
304000	Retained earnings:						
304010	Legal reserve	3,783,173	1	3,783,173	1	3,299,604	1
304020	Special reserve	7,836,822	2	7,836,822	2	6,869,685	2
304040	Unappropriated earnings (note 6(u))	9,004,443	2	6,120,588	2	5,818,426	2
305120	Exchange differences on translation of foreign operations	104,979	-	48,589	-	197,411	-
305140	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	2,818,522	1	3,277,578	1	2,613,331	1
		<u>48,038,087</u>	<u>12</u>	<u>45,556,898</u>	<u>13</u>	<u>43,288,633</u>	<u>14</u>
	Total equity attributable to the parent company	<u>48,038,087</u>	<u>12</u>	<u>45,556,898</u>	<u>13</u>	<u>43,288,633</u>	<u>14</u>
306000	Non-controlling interests	<u>4,854,188</u>	<u>1</u>	<u>4,647,905</u>	<u>1</u>	<u>4,523,915</u>	<u>1</u>
	Total equity	<u>52,892,275</u>	<u>13</u>	<u>50,204,803</u>	<u>14</u>	<u>47,812,548</u>	<u>15</u>
	Total liabilities and equity	<u>\$ 393,239,775</u>	<u>100</u>	<u>357,399,676</u>	<u>100</u>	<u>318,791,079</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2026 and 2025

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

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
Income:					
401000	Brokerage commissions (note 6(w))	\$ 2,557,374	36	1,491,374	37
402000	Revenues from securities business money lending	4,224	-	3,833	-
403000	Revenue from securities lending	200,913	3	187,249	5
404000	Underwriting commissions (note 6(w))	63,367	1	19,349	-
406000	Commissions on wealth management business	46,269	1	32,731	1
410000	Net gains (losses) on sale of trading securities (note 6(w))	11,797,209	165	(5,760)	-
421100	Securities management, distribution, and management fees	46,410	1	43,906	1
421200	Interest revenue (note 6(w))	1,150,884	16	1,084,124	27
421300	Dividend revenue	432,273	6	229,416	6
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(w))	(2,956,532)	(41)	(1,228,252)	(31)
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements (note 6(y))	(1,863,341)	(26)	(26,345)	(1)
421610	Net gains (losses) on measurement of borrowed securities and bonds with resale agreements	1,887,464	26	815,859	20
421750	Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income	29,664	-	20,427	1
421800	Net gains (losses) on securities for futures margin at fair value through profit or loss	181,566	3	(94,223)	(2)
422200	Net gains (losses) on stock warrants issued (notes 6(w) and (y))	(1,025,330)	(14)	583,574	15
424100	Futures commission revenues (note 6(w))	163,477	2	141,171	4
424400	Net gains (losses) on derivative instruments - futures (note 6(y))	(4,511,100)	(63)	281,668	7
424500	Net gains (losses) on derivative instruments - OTC (note 6(y))	(988,655)	(14)	383,460	10
424800	Management fee revenues	17,769	-	4,079	-
424900	Consultancy fee revenue	12,035	-	5,480	-
425300	Impairment losses and reversal gains (note 6(x))	(132,476)	(2)	(1,193)	-
428000	Other operating revenues	17,616	-	16,641	-
		<u>7,131,080</u>	<u>100</u>	<u>3,988,568</u>	<u>100</u>
Expenses:					
501000	Brokerage fees	364,339	5	275,690	7
502000	Brokerage and clearing fees - proprietary trading	29,385	-	14,303	-
503000	Clearing and exchange fees - refinancing	606	-	296	-
504000	Clearing and exchange fees - underwriting	888	-	523	-
521200	Financial costs	719,646	10	722,389	18
521640	Loss from securities borrowing transactions	392,085	5	177,689	5
524100	Futures commission expense (note 6(w))	111,239	2	90,125	2
524300	Cleaning and settlement expenses	64,506	1	47,686	1
528000	Other operating expenditure	60,106	1	36,114	1
531000	Employee benefits expenses (note 6(w))	1,517,536	21	1,035,976	26
532000	Depreciation and amortization expense (note 6(w))	130,873	2	119,216	3
533000	Other operating expenses (note 6(w))	1,518,411	21	894,757	23
		<u>4,909,620</u>	<u>68</u>	<u>3,414,764</u>	<u>86</u>
Other income (expenses):					
601000	Share of profits of associates and joint ventures accounted for using equity method (note 6(f))	215,912	3	114,587	3
602000	Other gains and losses (note 6(w))	889,171	12	499,698	13
		<u>1,105,083</u>	<u>15</u>	<u>614,285</u>	<u>16</u>
902001	Net income before income tax	3,326,543	47	1,188,089	30
701000	Less: Income tax expenses (note 6(t))	224,421	3	191,093	5
	Net income	<u>3,102,122</u>	<u>44</u>	<u>996,996</u>	<u>25</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	(235,662)	(3)	(93,199)	(2)
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>(235,662)</u>	<u>(3)</u>	<u>(93,199)</u>	<u>(2)</u>
805600	Components that may be reclassified to profit or loss in subsequent periods:				
805610	Exchange differences on translation of foreign operations	66,282	1	53,612	1
805615	Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income	(240,514)	(4)	164,674	4
805699	Less: Income tax related to components of other comprehensive income (note 6(t))	4,756	-	4,049	-
	Subtotal of items that may be subsequently reclassified into profit or loss	<u>(178,988)</u>	<u>(3)</u>	<u>214,237</u>	<u>5</u>
805000	Other comprehensive income, net	<u>(414,650)</u>	<u>(6)</u>	<u>121,038</u>	<u>3</u>
902006	Total comprehensive income	<u>\$ 2,687,472</u>	<u>38</u>	<u>1,118,034</u>	<u>28</u>
Net income attributable to:					
913100	Shareholders of the parent	\$ 2,908,675	41	874,656	22
913200	Non-controlling interests	193,447	3	122,340	3
		<u>\$ 3,102,122</u>	<u>44</u>	<u>996,996</u>	<u>25</u>
Total comprehensive income attributable to:					
914100	Shareholders of the parent	\$ 2,481,189	35	979,553	25
914200	Non-controlling interests	206,283	3	138,481	3
		<u>\$ 2,687,472</u>	<u>38</u>	<u>1,118,034</u>	<u>28</u>
975000	Basic earnings per share (note 6(v))	<u>\$ 1.34</u>		<u>0.40</u>	
985000	Diluted earnings per share (note 6(v))	<u>\$ 1.34</u>		<u>0.40</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 three months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company									
	Stock		Retained earnings			Total other equity interest				
						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	Non-controlling interests	Total Equity
Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings						
Balance at January 1, 2025	\$ 21,709,081	2,743,257	3,299,604	6,869,685	4,919,483	153,408	2,576,724	42,271,242	3,365,231	45,636,473
Net income for the three months ended March 31, 2025	-	-	-	-	874,656	-	-	874,656	122,340	996,996
Other comprehensive income	-	-	-	-	-	44,003	60,894	104,897	16,141	121,038
Total comprehensive income	-	-	-	-	874,656	44,003	60,894	979,553	138,481	1,118,034
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	24,287	-	(24,287)	-	-	-
Changes in ownership interests in subsidiaries	-	37,838	-	-	-	-	-	37,838	1,020,203	1,058,041
Balance at March 31, 2025	\$ 21,709,081	2,781,095	3,299,604	6,869,685	5,818,426	197,411	2,613,331	43,288,633	4,523,915	47,812,548
Balance at January 1, 2026	\$ 21,709,081	2,781,067	3,783,173	7,836,822	6,120,588	48,589	3,277,578	45,556,898	4,647,905	50,204,803
Net income for the three months ended March 31, 2026	-	-	-	-	2,908,675	-	-	2,908,675	193,447	3,102,122
Other comprehensive income	-	-	-	-	-	56,390	(483,876)	(427,486)	12,836	(414,650)
Total comprehensive income	-	-	-	-	2,908,675	56,390	(483,876)	2,481,189	206,283	2,687,472
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(24,820)	-	24,820	-	-	-
Balance at March 31, 2026	\$ 21,709,081	2,781,067	3,783,173	7,836,822	9,004,443	104,979	2,818,522	48,038,087	4,854,188	52,892,275

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2026	2025
Cash flows from operating activities:		
Net income before tax	\$ 3,326,543	1,188,089
Adjustments:		
Income and expenses items:		
Depreciation expense	113,938	106,974
Amortization expense	16,935	12,242
Expected credit impairment losses	132,476	1,193
Net loss on financial assets or liabilities at fair value through profit	887,502	506,616
Financial cost	719,646	722,389
Interest revenue (including financial revenue)	(1,578,825)	(1,496,340)
Dividend revenue	(436,374)	(230,707)
Share-based payment	-	10,427
Shares of profit of associates and joint ventures accounted for using equity method	(215,912)	(114,587)
Net loss on non-operating financial instruments at fair value through profit or loss	41,408	35,947
Net gains on lease modifications	(277)	(25)
Subtotal of income of non-cash activities	(319,483)	(445,871)
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	3,715,481	4,859,274
(Increase) decrease in bonds purchased under resale agreements	(359,577)	5
(Increase) decrease in receivable for securities provided as collateral	(2,618,627)	2,718,902
Decrease in refinancing margin	9,926	49,002
Decrease in receivable on refinancing collateral	8,392	40,801
Increase in receivable of securities business money lending	(887,996)	(2,094,772)
Increase in customers' margin account	(9,012,287)	(2,568,588)
Increase in margin receivable of futures trading	(283)	(39)
(Increase) decrease in collateral for securities borrowed	(453,347)	348,824
(Increase) decrease in security borrowing margin	(563,523)	23,892
Decrease in notes receivable	7,126	2,414
Increase in accounts receivable	(14,764,257)	(13,610,915)
Increase in prepayments	(479,120)	(369,680)
(Increase) decrease in other receivables	(38,621)	60,498
Decrease in other financial assets - current	116	-
Increase in financial assets at fair value through other comprehensive income	(2,595,667)	(915,849)
(Increase) decrease in leverage contract trading-customers' margin account	(59,262)	18,276
(Increase) decrease in other current assets	(2,049,110)	1,470,500
Decrease in other non-current assets	137,596	18,686
Increase in bonds sold under repurchase agreements	5,195,497	741,973
Increase (decrease) in financial liabilities at fair value through profit or loss	2,858,814	(971,742)
Decrease in guarantee deposited for short sales	(1,497,348)	(1,575,545)
Decrease in proceeds payable from short sales	(1,746,269)	(1,846,556)
Increase in securities lending refundable deposits	1,904,162	1,376,775
Increase in futures traders' equity	8,906,725	2,570,654
Increase (decrease) in leverage contract trading - customers' equity	53,894	(20,956)
Decrease in notes payable	-	(76)
Increase in accounts payable	3,501,519	7,575,562
Increase in advance receipts	16,217	20,313
Increase (decrease) in receipts under custody	1,043,786	(606,288)
Increase (decrease) in other payable	161,442	(320,275)
(Decrease) increase in provision - current	(340)	3,545
Increase in other financial liabilities	3,212	1,795,532
Increase in other current liabilities	25,610	19,364
Decrease in other non-current liabilities	(3,422)	(2,194)
Total changes in assets and liabilities from operating activities	(9,579,541)	(1,188,683)
Total adjustments	(9,899,024)	(1,634,554)

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2026	2025
Cash generated from operating activities	\$ (6,572,481)	(446,465)
Interest received	1,483,563	1,368,378
Dividends received	362,605	244,255
Interest paid	(595,807)	(640,048)
Income taxes paid	(51,042)	(42,468)
Net Cash flows (used in) provided by operating activities	(5,373,162)	483,652
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,000)	(5,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	318	-
Acquisition of financial assets at amortized cost	(356,255)	(203,027)
Proceeds from disposal of financial assets at amortized cost	157,146	163,925
Acquisition of property and equipment	(72,719)	(73,583)
Acquisition of intangible assets	(17,238)	(15,810)
Increase in deferred debits	(54)	(45)
Increase in prepayments for business facilities	(2,775)	(14,788)
Net cash flows used in investing activities	(292,577)	(148,328)
Cash flows from financing activities:		
Increase in short-term borrowings	5,180,740	2,146,331
Increase (decrease) in commercial papers payable	2,343,757	(6,614,936)
Proceeds from long-term borrowings	-	6,000,000
Payment of lease liabilities	(56,782)	(56,136)
Issuance of common stock for cash by subsidiaries	-	1,047,614
Net cash flows provided by financing activities	7,467,715	2,522,873
Effect of exchange rate changes on cash and cash equivalents	(68,210)	52,720
Increase in cash and cash equivalents	1,733,766	2,910,917
Cash and cash equivalents, beginning of period	14,666,156	9,289,189
Cash and cash equivalents, end of period	\$ 16,399,922	12,200,106

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2026 and 2025

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

(1) Overview:

Capital Securities Corporation (the “Company”) was registered under the Ministry of Economic Affairs, R.O.C. on June 21, 1988. The address of the Company’s registered office is 11F, No. 156, Section 3, Minsheng East Road, Songshan District, Taipei City, Taiwan, R.O.C. As of March 31, 2026, the composition of the consolidated financial statements includes the Company and the subsidiaries (the “Group”). As of March 31, 2026, except for the Head Office, the Company has established an Offshore Securities Unit branch and 51 branches nationwide.

The Company is authorized to conduct the following businesses:

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The consolidated financial statements were authorized for issuance by the board of directors on May 15, 2026.

(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, 2026:

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
	• 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.	

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies:

(a) Statement of compliance

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2025. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2025.

(b) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

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

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

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Capital Investment Management Corp.	Engaged in providing advice on securities investment and discretionary investment services	100.00 %	100.00 %	100.00 %	(Note 1)
"	CSC International Holdings Ltd.	Long-term equity investment business	100.00 %	100.00 %	100.00 %	(Note 2)
"	Capital Futures Corp.	Engaged in domestic and foreign futures business	55.46 %	55.46 %	55.46 %	
"	CSC Venture Capital Corp.	Management, consulting, venture and general investment business	100.00 %	100.00 %	100.00 %	(Note 3)
"	CSC Private Equity Co. (formerly CSC Capital Management Co., Ltd.)	Consulting business, venture capital and general investment business	100.00 %	100.00 %	100.00 %	(Note 4)
CSC Private Equity Co.	CSC Private Equity Fund I Co.	Merged and dissolved	- %	- %	100.00 %	(Note 4)
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 5)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	51.00 %	51.00 %	51.00 %	(Note 5 and 6)
"	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	Management, consulting and information service business	100.00 %	100.00 %	100.00 %	(Note 5)
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)
Capital Securities (HK) Ltd.	Capital Securities Nominees Ltd.	Agency service	100.00 %	100.00 %	100.00 %	(Note 2)

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- Note 1: Capital Investment Management Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2026 and 2025, the total assets amounted to \$117,307 and \$121,428, and the total liabilities amounted to \$35,980 and \$39,633, respectively. The total comprehensive income (loss) for the three months ended March 31, 2026 and 2025 were \$2,574 and \$4,630, respectively.
- Note 2: CSC International Holdings Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2026 and 2025, the total consolidated assets amounted to \$1,713,320 and \$3,185,369, and the total consolidated liabilities amounted to \$88,985 and \$1,461,246, respectively. The total consolidated comprehensive income (loss) for the three months ended March 31, 2026 and 2025 were \$21,146 and \$23,395, respectively.
- Note 3: CSC Venture Capital Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2026 and 2025, the total assets amounted to \$864,185 and \$892,854, and the total liabilities amounted to \$13,629 and \$16,431, respectively. The total comprehensive income (loss) for the three months ended March 31, 2026 and 2025 were \$(53,191) and \$(14,431), respectively.
- Note 4: CSC Private Equity Co. is an individually immaterial subsidiary; its financial statements have not been reviewed. On September 1, 2025, the company merged with its subsidiary, Capital Private Equity Fund I Co. As of March 31, 2026 and 2025, the total consolidated assets amounted to \$353,081 and \$316,670, and the total consolidated liabilities amounted to \$8,636 and \$1,340, respectively. The total consolidated comprehensive income (loss) for the three months ended March 31, 2026 and 2025 were \$26,029 and \$(18,220), respectively.
- Note 5: Capital International Technology Co., Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of March 31, 2026 and 2025, the total consolidated assets amounted to \$13,802 and \$22,513, and the total consolidated liabilities amounted to \$4,179 and \$6,109, respectively. The total consolidated comprehensive income (loss) for the three months ended March 31, 2026 and 2025 were \$(6,246) and \$(312), respectively.
- Note 6: On September 17, 2025, the Board of Directors of Capital Futures Co., Ltd. resolved to approve the dissolution and liquidation of its investee, Capital True Partner Technology Co., Ltd. (Chengdu).

(iii) Subsidiaries not listed in the consolidated financial statements

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Capital Insurance Advisory Corp.	Engaged in personal insurance and property insurance agent business.	100.00 %	100.00 %	100.00 %	The corporation established in November 2000. The paid-in capitals amounted to \$5,000. As of March 31, 2026, December 31, 2025 and March 31, 2025, the total assets constituted 0.03%, 0.03% and 0.03% of the Group's total assets, respectively. For the three months ended March 31, 2026 and 2025, the operation revenue constituted 1.13% and 1.41% of the consolidated revenue, respectively. Thus it was excluded from the consolidated financial statement due to immaterial.

(c) Employee benefits

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

(d) Income taxes

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2025. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2025.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2025 consolidated financial statements. Please refer to Note 6 to the 2025 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash	\$ 2,854	3,026	2,870
Bank deposits			
Checking accounts	216,119	198,888	181,781
Demand deposits	2,655,263	2,284,392	2,450,253
Subtotal	2,871,382	2,483,280	2,632,034
Cash equivalents			
Time deposits	7,724,473	7,450,912	6,162,108
Futures margin - excess margin	5,534,384	4,105,334	2,993,047
Commercial papers	266,829	623,604	410,047
Subtotal	13,525,686	12,179,850	9,565,202
Total	\$ 16,399,922	14,666,156	12,200,106

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Open-ended funds and money-market instruments			
Open-ended funds and money-market instruments	\$ 473,013	811,216	1,206,068
Valuation adjustment	<u>46,583</u>	<u>30,586</u>	<u>21,800</u>
Subtotal	<u>519,596</u>	<u>841,802</u>	<u>1,227,868</u>
Invested securities			
Invested Securities	353,235	220,373	270,535
Valuation adjustment	<u>2,059</u>	<u>19,121</u>	<u>(15,221)</u>
Subtotal	<u>355,294</u>	<u>239,494</u>	<u>255,314</u>
Trading securities - proprietary trading			
Listed stocks	10,636,692	16,400,432	2,481,094
Listed funds	19,024,898	15,814,167	12,483,722
OTC stocks	2,140,212	3,521,568	524,328
OTC funds	8,246,394	7,424,599	7,740,971
Emerging market stocks	503,391	490,580	591,070
Convertible bonds	4,967,435	4,996,785	3,974,976
Government bonds	344,627	49,640	494,178
Corporate bonds	2,746,663	2,746,663	3,966,874
International bonds	2,011,733	2,451,409	4,731,234
Financial debentures	-	-	500,000
Foreign stocks	221,882	265,988	343,629
Foreign funds	572,604	502,828	285,251
Foreign bonds	1,619,988	1,246,092	1,206,009
Others	<u>181,062</u>	<u>59,557</u>	<u>64,056</u>
	53,217,581	55,970,308	39,387,392
Valuation adjustment	<u>(857,613)</u>	<u>1,668,125</u>	<u>(1,132,005)</u>
Subtotal	<u>52,359,968</u>	<u>57,638,433</u>	<u>38,255,387</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Trading securities - underwriting			
Listed stocks	\$ 20,363	6,467	7,650
OTC stocks	-	9,865	95,624
Convertible bonds	<u>504,473</u>	<u>264,136</u>	<u>240,447</u>
	524,836	280,468	343,721
Valuation adjustment	<u>80,684</u>	<u>21,429</u>	<u>(24,505)</u>
Subtotal	<u>605,520</u>	<u>301,897</u>	<u>319,216</u>
Trading securities - hedging			
Listed stocks	3,774,284	6,027,704	2,631,527
OTC stocks	822,081	1,203,266	543,108
Convertible bonds	19,447,479	18,038,542	17,592,319
Others	<u>55,043</u>	<u>76,733</u>	<u>90,789</u>
	24,098,887	25,346,245	20,857,743
Valuation adjustment	<u>157,238</u>	<u>687,724</u>	<u>(1,052,807)</u>
Subtotal	<u>24,256,125</u>	<u>26,033,969</u>	<u>19,804,936</u>
Derivatives			
Buy options	262,862	139,373	428,926
Futures margin - security	1,552,200	701,795	453,260
Futures margin - proprietary fund	2,491,972	3,664,637	1,216,031
IRS asset swaps	21,512	18,708	56,966
Asset swap options - long position	2,099,985	1,482,197	825,099
Leverage derivatives - non-hedging	88,827	117,508	229,828
Structured notes	9,716	1,128	29,845
Exchange rate derivatives	69,268	56,566	36,828
Equity derivatives	21,324	8,731	5,386
Interest rate swaps	<u>118</u>	<u>143</u>	<u>211</u>
Subtotal	<u>6,617,784</u>	<u>6,190,786</u>	<u>3,282,380</u>
Total	<u><u>\$ 84,714,287</u></u>	<u><u>91,246,381</u></u>	<u><u>63,145,101</u></u>

As of March 31, 2026, December 31, 2025 and March 31, 2025, trading securities undertaken for repurchase agreements of the Group, please refer to note 8 for details.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Debt instruments at fair value through other comprehensive income			
Government bonds	\$ 1,363,046	1,265,623	3,402,725
Corporate bonds	8,251,866	7,349,301	10,032,957
International bonds	959,850	942,900	996,150
Foreign bonds	<u>17,043,655</u>	<u>15,630,874</u>	<u>15,642,532</u>
	27,618,417	25,188,698	30,074,364
Valuation adjustment	<u>(307,575)</u>	<u>(59,604)</u>	<u>(298,088)</u>
Subtotal	<u>27,310,842</u>	<u>25,129,094</u>	<u>29,776,276</u>
Equity instrument at fair value through other comprehensive income			
Listed stocks	\$ 1,074,688	896,240	1,973,611
OTC stocks	59,807	60,469	113,177
Emerging market stocks	<u>393,544</u>	<u>405,861</u>	<u>268,684</u>
	1,528,039	1,362,570	2,355,472
Valuation adjustment	<u>(54,411)</u>	<u>(6,775)</u>	<u>(55,235)</u>
Subtotal	<u>1,473,628</u>	<u>1,355,795</u>	<u>2,300,237</u>
Total	<u>\$ 28,784,470</u>	<u>26,484,889</u>	<u>32,076,513</u>

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

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

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

For the three months ended March 31, 2026 and 2025, the dividends were recognized from the Group equity instrument investments measured at fair value through other comprehensive income – current amounted to \$7,751 and \$5,639, respectively. For the three months ended March 31, 2026 and 2025, there were no holdings of equity instrument investments, and the dividends were recognized from the disposing equity instrument investments amounted to \$3,426 and \$400, 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 \$143,997 and \$962,429, respectively, cumulative dispose gains (losses) for the three months ended March 31, 2026 and 2025, amounted to \$(7,563) and \$24,287, respectively, were transferred from other equity items to retained earnings.

- 3) For credit risk (including the impairment of debt instrument investments) and market risk; please refer to note 6(x).
- 4) For the three months ended March 31, 2026 and 2025, impairment test has been applied by the Group, the variation of loss allowance in the debt instrument measured at fair value through other comprehensive income of the Group please refer to note 6(x).
- 5) As of March 31, 2026, December 31, 2025 and March 31, 2025, financial assets at fair value through other comprehensive income undertaken for repurchase agreements of the Group, please refer to note 8 for details.

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Mandatorily measured at fair value through profit or loss:			
Government bonds	\$ 179,729	179,704	179,628
Valuation adjustment	<u>(264)</u>	<u>(477)</u>	<u>(1,470)</u>
Total	<u>\$ 179,465</u>	<u>179,227</u>	<u>178,158</u>

As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group took advantage of government bonds as guaranty deposited of bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business (for details please refer to note 8).

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Equity instruments at fair value through other comprehensive income			
Non-listed or non-over-the-counter stocks	\$ 1,683,925	1,700,500	1,606,763
Foreign stocks	<u>245,333</u>	<u>245,333</u>	<u>245,333</u>
	1,929,258	1,945,833	1,852,096
Valuation adjustment	<u>3,059,836</u>	<u>3,223,042</u>	<u>2,831,939</u>
Total	<u>\$ 4,989,094</u>	<u>5,168,875</u>	<u>4,684,035</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

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For the three months ended March 31, 2026 and 2025, the dividends were recognized from the Group equity instrument investments at fair value through other comprehensive income – non-current amounted to \$3,320 and \$575, respectively.

For the three months ended March 31, 2026 and 2025 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 \$209 and \$0, generated cumulative dispose (losses) gains \$(17,257) and \$0. Furthermore, for the three months ended March 31, 2026 and 2025, the Group received the refunded capital reduction proceeds amounted to \$318 and \$0.

- (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. For the three months ended March 31, 2026 and 2025 VaR (99%, per 10-day) of equity stocks are as follows:

Type of market risk	March 31, 2026	December 31, 2025	March 31, 2025	For the three months ended March 31,					
				2026			2025		
				Mean	Maximum	Minimum	Mean	Maximum	Minimum
Equity stocks	3,638,482	3,759,679	2,913,681	3,932,416	4,152,149	3,638,482	3,161,865	3,325,106	2,913,681

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

	March 31, 2026	December 31, 2025	March 31, 2025
1) Debt Instrument at amortized cost :			
Financial debentures	\$ 500,000	500,000	500,000
Foreign currency debentures	5,353,354	5,013,493	6,112,946
	5,853,354	5,513,493	6,612,946
Less: loss allowance	(1,885)	(1,780)	(2,129)
	<u>\$ 5,851,469</u>	<u>5,511,713</u>	<u>6,610,817</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
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- 2) Profit and Loss arisen from Sale of Financial Assets at amortized cost and the derecognized carrying amount on the date of derecognition:

	For the three months ended March 31,	
	2026	2025
Carrying amount on the date of derecognition	<u>\$ 157,146</u>	<u>163,925</u>
	For the three months ended March 31,	
	2026	2025
Current profit and loss	<u>\$ -</u>	<u>-</u>

The main reason for the Group selling financial assets measured at amortized cost is that the bond issuer execute early redemption or redemption at maturity, and other sales are infrequent (even if the amount is significant), or the individual and collective amounts are not significant (even if frequent).

- (c) Bonds purchased under resale agreements

	March 31, 2026	December 31, 2025	March 31, 2025
Bonds purchased under resell agreements	<u>\$ 570,295</u>	<u>210,718</u>	<u>250,116</u>
Agreed-upon resale amounts	<u>\$ 570,438</u>	<u>210,754</u>	<u>250,166</u>
Interest rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Date of resale	<u>2026.4.1~2026.4.13</u>	<u>2026.1.2~2026.1.7</u>	<u>2025.4.2~2025.4.8</u>

- (d) Accounts Receivable

	March 31, 2026	December 31, 2025	March 31, 2025
Receivable on securities purchased by customers	<u>\$ 293,877</u>	<u>115,411</u>	<u>46,244</u>
Settlement	<u>-</u>	<u>4,673,299</u>	<u>-</u>
Interests receivable	<u>1,047,878</u>	<u>967,093</u>	<u>1,163,278</u>
Receivables on securities sold	<u>39,273,935</u>	<u>19,963,039</u>	<u>25,918,884</u>
Others	<u>419,169</u>	<u>265,216</u>	<u>373,559</u>
Less: allowance for doubtful accounts	<u>(131,700)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 40,903,159</u>	<u>25,984,058</u>	<u>27,501,965</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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Customers' margin account			
Cash in banks	\$ 43,884,561	35,173,775	34,118,056
Customers' margin account - futures clearing house	14,203,508	14,289,325	9,641,180
Customers' margin account - other futures commission merchants	8,025,215	7,574,814	7,459,101
Marketable securities	<u>315,526</u>	<u>378,609</u>	<u>160,535</u>
Total customers' margin account	<u>66,428,810</u>	<u>57,416,523</u>	<u>51,378,872</u>
Add:			
Commission expense	2,798	2,904	1,302
Other	-	-	121
Less:			
Brokerage fee revenue	(11,471)	(11,618)	(10,912)
Futures transaction tax	(7,461)	(4,409)	(5,248)
Interest revenues	(617)	(2,260)	(9,191)
Temporary receipts	(2,884)	(581)	(635)
Remittance amount of the customers after the market closed	(48,253)	(24,934)	(66,597)
Other receivable	(172,104)	(93,637)	(164,913)
Other	<u>(2,837)</u>	<u>(2,732)</u>	<u>-</u>
Futures traders' equity	<u><u>\$ 66,185,981</u></u>	<u><u>57,279,256</u></u>	<u><u>51,122,799</u></u>

(f) Investments accounted for under equity method

As of March 31, 2026, December 31, 2025 and March 31, 2025, investments under equity method consisted of the following:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Subsidiaries			
Capital Insurance Advisory Corp.	\$ 93,943	76,539	76,965
Associates			
Capital Investment Trust Corp.	1,949,940	1,751,432	1,705,979
Enno Cap Venture Inc.	<u>-</u>	<u>-</u>	<u>4</u>
Subtotal	<u>1,949,940</u>	<u>1,751,432</u>	<u>1,705,983</u>
Total	<u><u>\$ 2,043,883</u></u>	<u><u>1,827,971</u></u>	<u><u>1,782,948</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Subsidiaries:

For the three months ended March 31, 2026 and 2025, the Group's share of gains or losses and the summarized financial information of the subsidiaries were as follows:

		For the three months ended March 31,	
		2026	2025
The Group's share of gains based on the subsidiaries' financial statements		<u>\$ 17,404</u>	<u>12,525</u>
		December 31,	
	March 31, 2026	2025	March 31, 2025
Total assets	<u>\$ 127,934</u>	<u>113,178</u>	<u>106,848</u>
Total liabilities	<u>\$ 33,991</u>	<u>36,639</u>	<u>29,883</u>
		For the three months ended March 31,	
		2026	2025
Revenue		<u>\$ 80,905</u>	<u>56,166</u>
Net income		<u>\$ 17,404</u>	<u>12,525</u>

(ii) Associates

Name of associate	Nature between the Company	Primary business area and registered country	Proportion of Ownership and Voting Rights		
			March 31, 2026	December 31, 2025	March 31, 2025
Capital Investment Trust Corp.	Engaged in security investment and discretionary investment services.	Taiwan	20.00 %	20.00 %	20.00 %

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

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

		December 31,	
		2025	March 31, 2025
Total carrying amount of interests in associates that were individually immaterial		<u>\$ 1,751,432</u>	<u>1,705,983</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
	2026	2025
The Group's share of gains based on the associates' financial statements:		
Net gains from continuing operations	\$ 198,508	102,062
Total comprehensive income (losses)	<u>\$ 198,508</u>	<u>102,062</u>

(iii) Collateral

As of March 31, 2026, December 31, 2025 and March 31, 2025, none of the investment accounted for under equity method of the Group was pledged for collateral.

(g) Property and equipment

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

	Land	Buildings	Equipment	Leasehold improvements	Total
Cost or deemed cost					
Balance at January 1, 2026	\$ 1,854,118	1,120,470	954,533	186,754	4,115,875
Additions	-	-	67,244	6,057	73,301
Transferred from investment property	1,740	1,292	-	-	3,032
Disposals and retirements	-	-	(171,116)	(49,916)	(221,032)
Effect of exchange rate changes	-	992	1,157	157	2,306
Balance at March 31, 2026	<u>\$ 1,855,858</u>	<u>1,122,754</u>	<u>851,818</u>	<u>143,052</u>	<u>3,973,482</u>
Balance at January 1, 2025	\$ 2,045,574	1,271,209	826,004	198,039	4,340,826
Additions	-	-	71,423	5,453	76,876
Reclassified to investment property	-	(24,513)	-	-	(24,513)
Disposals and retirements	-	-	(83,629)	(17,782)	(101,411)
Effect of exchange rate changes	-	930	1,102	149	2,181
Balance at March 31, 2025	<u>\$ 2,045,574</u>	<u>1,247,626</u>	<u>814,900</u>	<u>185,859</u>	<u>4,293,959</u>
Depreciation and impairment loss					
Balance at January 1, 2026	\$ -	562,732	517,043	140,875	1,220,650
Depreciation	-	5,577	42,452	6,709	54,738
Transferred from investment property	-	1,066	-	-	1,066
Disposals and retirements	-	-	(171,116)	(49,916)	(221,032)
Effect of exchange rate changes	-	558	1,034	112	1,704
Balance at March 31, 2026	<u>\$ -</u>	<u>569,933</u>	<u>389,413</u>	<u>97,780</u>	<u>1,057,126</u>
Balance at January 1, 2025	\$ -	586,587	475,677	127,547	1,189,811
Depreciation	-	6,252	32,692	9,656	48,600
Reclassified to investment property	-	(13,431)	-	-	(13,431)
Disposals and retirements	-	-	(83,629)	(17,782)	(101,411)
Effect of exchange rate changes	-	506	933	89	1,528
Balance at March 31, 2025	<u>\$ -</u>	<u>579,914</u>	<u>425,673</u>	<u>119,510</u>	<u>1,125,097</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Carrying amount:					
March 31, 2026	\$ <u>1,855,858</u>	<u>552,821</u>	<u>462,405</u>	<u>45,272</u>	<u>2,916,356</u>
January 1, 2026	\$ <u>1,854,118</u>	<u>557,738</u>	<u>437,490</u>	<u>45,879</u>	<u>2,895,225</u>
March 31, 2025	\$ <u>2,045,574</u>	<u>667,712</u>	<u>389,227</u>	<u>66,349</u>	<u>3,168,862</u>

As of March 31, 2026, December 31, 2025 and March 31, 2025, 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:			
March 31, 2026	\$ <u>501,931</u>	<u>8,828</u>	<u>510,759</u>
January 1, 2026	\$ <u>483,154</u>	<u>10,320</u>	<u>493,474</u>
March 31, 2025	\$ <u>541,376</u>	<u>13,074</u>	<u>554,450</u>

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Additions of Right-of-use assets	\$ <u>71,063</u>	<u>47,598</u>
Depreciation for the period		
Buildings	\$ 51,122	50,409
Others	<u>1,492</u>	<u>1,970</u>
	<u>\$ 52,614</u>	<u>52,379</u>

(i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Carrying Amount:</u>			
March 31, 2026	\$ <u>3,099,849</u>	<u>581,560</u>	<u>3,681,409</u>
January 1, 2026	\$ <u>3,101,589</u>	<u>587,950</u>	<u>3,689,539</u>
March 31, 2025	\$ <u>2,910,133</u>	<u>517,356</u>	<u>3,427,489</u>
<u>Fair Value:</u>			
March 31, 2026			<u>7,691,017</u>
January 1, 2026			<u>7,716,969</u>
March 31, 2025			<u>7,319,892</u>

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

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As of March 31, 2026, December 31, 2025 and March 31, 2025, the investment properties were provided as collateral or pledged, for details please refer to note 8.

For the three months ended March 31, 2026 and 2025, the depreciation expense of the Group amounted to \$6,586 and \$5,995, 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 three months ended March 31, 2026 and 2025. For the three months ended March 31, 2026 and 2025, the Group has identified certain parcels of land, buildings, and structures that are no longer required for operational purposes and has decided to lease these assets to external parties, \$0 and \$11,082 of land and buildings out of use were transferred to investment property, and \$1,966 and \$0 of investment property were transferred to property and equipment.

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

Lessor

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Within 1 year	\$ 160,782	156,473	156,984
1-5 years	265,246	291,117	372,037
Over 5 years	37,782	40,765	49,500
	<u><u>\$ 463,810</u></u>	<u><u>488,355</u></u>	<u><u>578,521</u></u>

The rental revenue from investment property for the three months ended March 31, 2026 and 2025 amounted to \$52,124 and \$46,658, respectively.

(j) Intangible assets

(i) Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized goodwill. As of March 31, 2026, December 31, 2025 and March 31, 2025, the carrying amounts were all \$3,126,698.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(ii) Other intangible assets - Operation franchise

The Company acquired the operation franchise of securities corporation channel during 1994 to 2005 and expected the franchise will generate continuing cash inflows. In accordance with IAS No.38 “Intangible Assets” endorsed by the FSC, the franchise is regarded as intangible assets with an indefinite useful life. As of March 31, 2026, December 31, 2025 and March 31, 2025, the carrying amounts of the operation franchise were all \$389,999.

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

The subsidiaries obtained the membership of foreign futures Exchanges - NYMEX, COMEX, CBOT, HKEX and CME for business development. In accordance with IAS 38 “Intangible Assets” endorsed by the FSC, the memberships are regarded as intangible assets with an indefinite useful life. As of March 31, 2026, December 31, 2025 and March 31, 2025, the carrying amounts of intangible assets were \$46,350, \$46,329 and \$46,443, respectively.

(iv) Other intangible assets - Computer software and others

Computer software and others were booked at cost and amortized by using the straight-line method over the estimated useful lives. As of March 31, 2026, December 31, 2025 and March 31, 2025, the amortized book value were \$63,389, \$62,919 and \$56,125, respectively.

(k) Short-term borrowings

Nature of borrowings	March 31, 2026	December 31, 2025	March 31, 2025
Collateralized loan	\$ 1,380,025	4,052,680	-
Credit loan	10,363,745	2,510,350	9,451,227
Total	<u>\$ 11,743,770</u>	<u>6,563,030</u>	<u>9,451,227</u>
Interest rate range	<u>1.700%~5.850%</u>	<u>1.700%~5.040%</u>	<u>1.700%~5.190%</u>

As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group had provided land, buildings, and certificates of time deposits as collateral, for details please refer to note 8.

(l) Commercial paper payable

	March 31, 2026	December 31, 2025	March 31, 2025
Commercial paper payable	\$ 56,750,000	54,400,000	34,950,000
Less: Unamortized discount	(135,225)	(128,982)	(50,319)
Net amount	<u>\$ 56,614,775</u>	<u>54,271,018</u>	<u>34,899,681</u>
Interest rate range	<u>1.678%~1.968%</u>	<u>1.588%~1.848%</u>	<u>1.768%~1.958%</u>

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(m) Long-term borrowings

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

(i) Long-term bank borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Credit loan	\$ 6,000,000	6,000,000	6,000,000
Less: current portion	-	-	-
Total	<u>\$ 6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Unused credit lines	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
Borrowing of interest rates	<u>2.187%</u>	<u>2.187%</u>	<u>2.186%</u>

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

(ii) Other long-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Long-term commercial paper payable	\$ -	-	4,500,000
Less: Unamortized discount	-	-	(2,455)
Total	<u>\$ -</u>	<u>-</u>	<u>4,497,545</u>
Issuance commitments	<u>-</u>	<u>-</u>	<u>4,500,000</u>
Borrowing of interest rates	<u>-</u>	<u>-</u>	<u>1.96%~2.01%</u>

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

On August 15, 2025, the Accounting Research and Development Foundation issued a Q&A which clarified that, as the revolving commercial paper issued by the entity does not have the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period, such liabilities shall be classified as current liabilities.

In response, the FSC issued transitional provisions stating that, entities with revolving commercial paper issued on or after January 1, 2026 shall apply the classification guidance in the Q&A, while those issued on or before December 31, 2025 need not comply.

Accordingly, the commercial paper issued by the Company on May, 2024 is classified as a non-current liability. For revolving issuances made on or after January 1, 2026, classification will be adjusted and reported as current liabilities in accordance with the above-mentioned guidance.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(n) Financial liabilities at fair value through profit or loss

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Liabilities on sale of borrowed securities	\$ 29,746,983	27,996,579	21,321,893
Redeem liabilities on sale of borrowed securities	(90,548)	(96,698)	(97,614)
Valuation adjustment	275,820	2,163,259	(719,702)
Subtotal	<u>29,932,255</u>	<u>30,063,140</u>	<u>20,504,577</u>
Stock warrants issued	22,335,381	24,362,160	19,316,572
Stock warrants repurchased	<u>(20,605,848)</u>	<u>(22,373,285)</u>	<u>(18,733,034)</u>
Subtotal	<u>1,729,533</u>	<u>1,988,875</u>	<u>583,538</u>
Sale options	292,057	165,882	332,180
IRS asset swaps	417,901	434,077	357,728
Asset swap options - short position	5,027,367	3,772,141	2,471,514
Structured notes	38,829	39,585	46,397
Leverage derivatives - non-hedging	16,359	18,191	11,465
Exchange rate derivatives	5,042	319	548
Equity derivatives	<u>1,976</u>	<u>10,860</u>	<u>-</u>
Subtotal	<u>5,799,531</u>	<u>4,441,055</u>	<u>3,219,832</u>
Total	<u>\$ 37,461,319</u>	<u>36,493,070</u>	<u>24,307,947</u>

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Financial liabilities designated at fair value through profit or loss:			
Structured notes	<u>\$ 187,965</u>	<u>184,863</u>	<u>114,779</u>

(o) Bonds sold under repurchase agreements

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Bonds sold under repurchase agreements	<u>\$ 48,480,586</u>	<u>43,285,089</u>	<u>54,364,841</u>
Agreed-upon repurchase amounts	<u>49,375,955</u>	<u>44,094,095</u>	<u>55,342,382</u>
Interest rates	<u>0.20%~4.53%</u>	<u>1.05%~4.35%</u>	<u>0.95%~4.72%</u>
Date of repurchase	<u>2026.4.1~2027.3.19</u>	<u>2026.1.2~2026.12.31</u>	<u>2025.4.1~2026.3.20</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Equity for each customer in the account

	March 31, 2026	December 31, 2025	March 31, 2025
Equity for each customer in the account	<u><u>\$ 50,945,073</u></u>	<u><u>44,167,892</u></u>	<u><u>33,782,805</u></u>
Amount of separate account ledger in NTD			
Demand deposit amount	5,323,119	5,558,713	2,677,783
Time deposit amount	21,000,000	16,000,000	16,500,000
Time deposit amount in other banks(market values)	24,615,000	22,600,000	14,600,000
Total	<u><u>\$ 50,938,119</u></u>	<u><u>44,158,713</u></u>	<u><u>33,777,783</u></u>

(q) Accounts payable

	March 31, 2026	December 31, 2025	March 31, 2025
Payable of securities sold by customers	\$ 257,146	73,817	115,199
Settlement	5,016,231	-	6,021,097
Payable of settlements	20,123,740	21,926,897	12,394,326
Others	<u>587,464</u>	<u>386,400</u>	<u>540,091</u>
Total	<u><u>\$ 25,984,581</u></u>	<u><u>22,387,114</u></u>	<u><u>19,070,713</u></u>

(r) Lease liabilities

The Group' s lease liabilities are as follow:

	March 31, 2026	December 31, 2025	March 31, 2025
Current	<u><u>\$ 211,510</u></u>	<u><u>210,608</u></u>	<u><u>206,171</u></u>
Non-current	<u><u>\$ 332,700</u></u>	<u><u>321,010</u></u>	<u><u>391,930</u></u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2026	2025
Interest on lease liabilities	<u><u>\$ 2,074</u></u>	<u><u>2,050</u></u>
Expenses relating to short-term leases	<u><u>\$ 6,208</u></u>	<u><u>4,071</u></u>
Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases	<u><u>\$ 1,511</u></u>	<u><u>1,448</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended March 31,	
	2026	2025
Total cash outflow for leases	\$ 66,575	63,705

(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, 2025 and 2024.

For the three months ended March 31, 2026 and 2025, the Group's pension expenses recognized in profit or loss were \$668 and \$1,005, respectively.

(ii) Defined contribution plan

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

The Group contributed \$32,716 and \$30,493 under defined contribution plan to the Bureau of the Labor Insurance for the three months ended March 31, 2026 and 2025, respectively.

(iii) For the three months ended March 31, 2026 and 2025, the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$1,976 and \$1,752, respectively.

(iv) Provision for employee benefits liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
	\$ 68,063	68,403	64,812
Compensated absences			

(t) Income tax

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

The Company and its consolidated subsidiaries including Capital Investment Management Corp., Capital Futures Corp., CSC Venture Capital Corp., CSC Private Equity Co. and CSC Private Equity Fund I Co. are founded in Taiwan. The corporate income tax rates are both 20% for the three months ended March 31, 2026 and 2025.

The subsidiary CSC International Holdings Ltd. is founded in British Virgin Islands, and it has a tax exemption for the three months ended March 31, 2026 and 2025.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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The tax rates of reinvestment business of subsidiaries which founded in Hong Kong are all 16.5% for the three months ended March 31, 2026 and 2025.

The tax rates of reinvestment business of subsidiaries founded in Mainland China are all 25% for the three months ended March 31, 2026 and 2025.

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

	For the three months ended March 31,	
	2026	2025
Current tax expense	\$ 29,050	116,612
Deferred income tax expense (benefit)	195,371	74,481
Total	<u><u>\$ 224,421</u></u>	<u><u>191,093</u></u>

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

	For the three months ended March 31,	
	2026	2025
Foreign exchange difference from translating financial statement of foreign operations	<u><u>\$ 4,756</u></u>	<u><u>4,049</u></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 2024 were assessed by the Tax Authority.
- 3) Subsidiary - Capital Futures Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 4) Subsidiary - Capital International Technology Corp.'s income tax returns through 2024 were assessed by the Tax Authority.
- 5) Subsidiary - CSC Venture Capital Corp.'s income tax returns through 2024 were assessed by the Tax Authority.
- 6) Subsidiary - CSC Private Equity Co.'s income tax returns through 2024 were assessed by the Tax Authority.
- 7) Second level Subsidiary - CSC Private Equity Fund I Co.'s income tax returns through 2024 were assessed by the Tax Authority.

- (v) Income tax administrative relief :

Since the Company still has discrepancies with the assessed income tax in year 2019, and the Company has filed for administrative relief. The additional tax was accrued based on conservative concept.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Capital and other equity

(i) Capital stock

As of March 31, 2026, December 31, 2025 and March 31, 2025, the Company had authorized capital of \$30,000,000 and issued common stock were all 2,170,908 thousand shares, with a par value of \$10 per share.

(ii) Capital surplus

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

The followings are the capital surplus of the Company:

	March 31, 2026	December 31, 2025	March 31, 2025
Premium from stock issuance	\$ 1,661,604	1,661,604	1,661,604
Treasury stock transactions	486,556	486,556	486,556
Paid-in capital from merger	563,715	563,715	563,715
Difference between consideration transferred and carrying amount of subsidiaries acquired and disposed	1,042	1,042	1,042
Changes in ownership interests in subsidiaries	68,150	68,150	68,178
	<u><u>\$ 2,781,067</u></u>	<u><u>2,781,067</u></u>	<u><u>2,781,095</u></u>

(iii) Retained earnings

1) Legal reserve

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

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

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

3) Undistributed earnings

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

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's fiscal year 2025 earnings distribution proposed by the board of directors on April 10, 2026, and fiscal year 2024 earnings distribution resolved by the shareholders' meeting on May 28, 2025. Dividends distributed to the owners were as follows:

	2025		2024	
	Amount	Dividends per share (dollar)	Amount	Dividends per share (dollar)
Cash dividends	\$ 868,363	0.40	3,256,362	1.50
Stock dividends	2,843,890	1.31	-	-
	<u>\$ 3,712,253</u>		<u>3,256,362</u>	

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

(v) Earnings per share

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

	For the three months ended March 31,	
	2026	2025
Net income attributable to common shareholders of the Company	<u>\$ 2,908,675</u>	<u>874,656</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>2,170,908</u>	<u>2,170,908</u>
Basic earnings per share (dollar)	<u>\$ 1.34</u>	<u>0.40</u>
Effect of potentially dilutive common stock	<u>1,696</u>	<u>602</u>
- Employee remuneration (thousands of shares) (Note)		
Weighted-average number of outstanding shares for calculating dilutive	<u>2,172,604</u>	<u>2,171,510</u>
EPS (thousands of shares)		
Dilutive earnings per share (dollar)	<u>\$ 1.34</u>	<u>0.40</u>

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Items of the statements of comprehensive income

(i) Brokerage commissions

	For the three months ended March 31,	
	2026	2025
Brokerage commission from TSE market	\$ 1,532,873	737,645
Brokerage commission from OTC market	418,443	242,235
Handling fee from security financing	10,535	7,049
Futures commission income - brokerage	514,469	449,225
Overseas subsidiaries	4,059	3,821
Others	76,995	51,399
	\$ 2,557,374	1,491,374

(ii) Underwriting commissions

	For the three months ended March 31,	
	2026	2025
Revenue from underwriting securities on a firm commitment basis	\$ 35,305	13,310
Handling fee revenues from underwriting securities on consignment	344	371
Processing fee revenues from underwriting operations	24,308	4,548
Revenue from underwriting consultation	1,660	720
Others	1,750	400
	\$ 63,367	19,349

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

	For the three months ended March 31,	
	2026	2025
Gains (losses) on securities sold - proprietary trading	\$ 8,934,349	51,566
Gains (losses) on securities sold - underwriting	182,236	30,829
Gains (losses) on securities sold - hedging	2,680,624	(88,155)
	\$ 11,797,209	(5,760)

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest revenue

	For the three months ended March 31,	
	2026	2025
Interest revenue - margin loans	\$ 320,075	272,283
Interest revenue - bonds	363,698	411,233
Interest revenue - each customer in the account	178,173	127,122
Interest revenue - securities business money lending	220,668	226,144
Overseas subsidiaries	1,606	4,184
Others	66,664	43,158
	\$ 1,150,884	1,084,124

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

	For the three months ended March 31,	
	2026	2025
Trading securities - proprietary	\$ (2,485,300)	(517,355)
Trading securities - underwriting	59,254	(30,063)
Trading securities - hedging	(530,486)	(680,834)
	\$ (2,956,532)	(1,228,252)

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

	For the three months ended March 31,	
	2026	2025
Gains on changes in fair value of stock warrants	\$ (7,656,826)	15,161,912
Gains on exercise of stock warrants before maturity	27,826,909	7,575,071
Losses on changes in fair value of stock warrants repurchased	(21,126,077)	(22,085,808)
Gains on expiration of stock warrants	30,140	41,231
Stock warrants issuance expenses	(99,476)	(108,832)
	\$ (1,025,330)	583,574

(vii) Futures commission revenues

	For the three months ended March 31,	
	2026	2025
Futures commission revenues - CSC Futures (HK) Ltd.	\$ 163,477	141,171

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Commission expenses - future

	For the three months ended March 31,	
	2026	2025
Future trading - reconsignment	\$ 64,820	69,051
Future trading - introducing brokers	1,168	880
Commission expenses - CSC Futures (HK) Ltd.	45,251	20,194
	\$ 111,239	90,125

(ix) Employee benefits, depreciation, and amortization expenses

	For the three months ended March 31,	
	2026	2025
Employee benefit expenses		
Salary expense	\$ 1,362,747	904,805
Health and labor insurance expense	77,272	68,395
Pension expense	35,360	33,250
Others	42,157	29,526
Depreciation expense	113,938	106,974
Amortization expense	16,935	12,242
	\$ 1,648,409	1,155,192

(x) Other operating expenses

	For the three months ended March 31,	
	2026	2025
Rental expense	\$ 7,736	5,535
Taxes	493,623	216,064
Information technology expense	110,384	96,335
Postage expense	95,605	82,523
Professional service fee	12,812	5,744
Security borrowed expense	200,906	179,661
Other expenses	597,345	308,895
	\$ 1,518,411	894,757

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xi) Other gains and losses

	For the three months ended March 31,	
	2026	2025
Financial revenue	\$ 427,941	412,216
Currency exchange gains (losses)	12,246	8,714
Net gains (losses) on disposal of investment	375,129	14,719
Net gains (losses) on measurement of non-operating financial instruments at fair value through profit or loss	(41,408)	(35,947)
Revenue from bank's allocation fee	51,221	44,435
Dividend revenue	4,101	1,291
Rental income	52,124	46,658
Others	7,817	7,612
	\$ 889,171	499,698

(xii) Remuneration to employees and directors

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

For the three months ended March 31, 2026 and 2025, the estimated amounts of remuneration to employees were \$46,484 and \$15,264, respectively, and to directors were \$30,990 and \$10,176, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and director multiple the earnings allocation percentage as stated under the Company's Articles of Incorporation and were recognized as operating expense. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024, the estimated amounts of remuneration to employees were \$100,122 and \$88,718, and to directors were \$66,748 and \$29,285 by the Company. The remuneration to employees and directors in 2025 have not been distributed. The difference between actual employee remuneration of \$88,718 and actual remuneration to directors of \$19,500 were \$9,785 in total. The difference was accounted for as changes in accounting estimates and would be recognized as profit or loss in 2025. The information about the appropriations of remuneration to employees and to directors approved by the Board of Directors is available at the website of the Market Observation Post System.

For the three months ended March 31, 2026 and 2025, the estimated amounts of remuneration to employees were \$10,049 and \$5,058 and to directors were \$10,033 and \$5,029 by the domestic subsidiaries of the Group, respectively.

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. As of March 31, 2026, December 31, 2025 and March 31, 2025, the maximum credit exposure amounted to \$304,901,460, \$269,647,572 and \$258,158,864, 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 89.27%); secondly, is in Asia (accounted for 4.28%, exclusion of Taiwan); then, is in Europe (accounted for 3.65%). Compare to the same period of last year, there is no significant change in proportion of region of investments.

<u>Region</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Taiwan	\$ 272,175,025	238,605,292	222,877,087
Asia (Taiwan is excluded)	13,042,167	12,600,707	13,666,656
Europe	11,128,865	9,738,554	11,497,699
America	8,555,403	8,703,019	10,117,422
Total	<u>\$ 304,901,460</u>	<u>269,647,572</u>	<u>258,158,864</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Impairment loss

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

	March 31, 2026		December 31, 2025		March 31, 2025	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Not past due	\$ 100,614,694	29,079	82,278,970	32,794	82,429,312	33,630
Past due 0~30 days	131,700	131,700	3,700	3,700	-	-
Past due 31~120 days	3,919	3,919	47	47	-	-
Past due 121~360 days	1,523	1,523	1,476	1,476	707	707
Past due more than 360 days	266,822	266,822	262,845	262,845	266,443	266,443
	<u>\$ 101,018,658</u>	<u>433,043</u>	<u>82,547,038</u>	<u>300,862</u>	<u>82,696,462</u>	<u>300,780</u>

Allowance for doubtful debts under receivables and overdue receivables are recorded for the impairment loss. When a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of March 31, 2026, December 31, 2025 and March 31, 2025, the impairment losses of receivables were \$433,043, \$300,862 and \$300,780, 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, 2025.

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

The loss allowance provision for the three months ended March 31, 2026 and 2025 was as follows:

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			
	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	Total
Balance on January 1, 2026	\$ -	10,758	1,780	-	-	-	300,862	-	-	313,400
Provision or reversal of Impairment loss	-	373	102	-	-	-	132,001	-	-	132,476
Amounts written off	-	-	-	-	-	-	(53)	-	-	(53)
Effect of exchange rate	-	-	3	-	-	-	233	-	-	236
Balance on March 31, 2026	<u>\$ -</u>	<u>11,131</u>	<u>1,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,043</u>	<u>-</u>	<u>-</u>	<u>446,059</u>

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
March 31, 2026							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 29,932,255	29,932,255	29,932,255	-	-	-	-
Stock warrants issued	1,729,533	1,729,533	1,414,631	309,192	5,710	-	-
Put options	292,057	292,057	292,057	-	-	-	-
Equity derivatives	1,976	1,976	1,976	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	422,943	422,943	16,998	35,409	194,752	175,784	-
Asset swap option - short position	5,027,367	5,027,367	320,448	253,806	1,642,146	2,810,967	-
Leverage derivatives - non- hedging	16,359	16,359	16,359	-	-	-	-
Structured notes	226,794	226,794	26,389	6,875	5,565	-	187,965
Short-term borrowings	11,743,770	11,743,770	11,743,770	-	-	-	-
Commercial paper payable	56,614,775	56,750,000	56,750,000	-	-	-	-
Bonds sold under repurchase agreements	48,480,586	49,375,955	26,463,480	22,912,475	-	-	-
Guarantee deposited for short sales	1,067,500	1,067,500	1,067,500	-	-	-	-
Proceeds payable from short sales	1,117,422	1,117,422	1,117,422	-	-	-	-
Securities lending refundable deposits	18,256,473	18,256,473	18,256,473	-	-	-	-
Futures traders' equity	66,185,981	66,185,981	66,185,981	-	-	-	-
Equity for each customer in the account	50,945,073	50,945,073	50,945,073	-	-	-	-
Leverage contract trading customers' equity	625,524	625,524	625,524	-	-	-	-
Notes payable and accounts payable	587,464	587,464	587,464	-	-	-	-
Receipts under custody	1,343,366	1,343,366	1,343,366	-	-	-	-
Other payables	2,104,920	2,104,920	2,102,708	2,212	-	-	-
Other financial liabilities	9,571,899	9,571,899	7,980,146	648,042	770,147	173,564	-
Lease liabilities	544,210	559,802	109,039	109,733	187,849	129,351	23,830
Long-term borrowings	6,000,000	6,000,000	-	-	6,000,000	-	-
	<u>\$ 312,838,247</u>	<u>313,884,433</u>	<u>277,299,059</u>	<u>24,277,744</u>	<u>8,806,169</u>	<u>3,289,666</u>	<u>211,795</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2025							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 30,063,140	30,063,140	30,063,140	-	-	-	-
Stock warrants issued	1,988,875	1,988,875	1,804,965	174,987	8,923	-	-
Put options	165,882	165,882	165,882	-	-	-	-
Equity derivatives	10,860	10,860	10,860	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	434,396	434,396	7,259	49,076	187,550	190,511	-
Asset swap option - short position	3,772,141	3,772,141	232,844	355,970	1,345,894	1,837,433	-
Leverage derivatives - non- hedging	18,191	18,191	18,191	-	-	-	-
Structured notes	224,448	224,448	20,267	6,351	12,967	-	184,863
Short-term borrowings	6,563,030	6,563,030	6,563,030	-	-	-	-
Commercial paper payable	54,271,018	54,400,000	54,400,000	-	-	-	-
Bonds sold under repurchase agreements	43,285,089	44,094,094	23,582,876	20,511,218	-	-	-
Guarantee deposited for short sales	2,564,848	2,564,848	2,564,848	-	-	-	-
Proceeds payable from short sales	2,863,691	2,863,691	2,863,691	-	-	-	-
Securities lending refundable deposits	16,352,311	16,352,311	16,352,311	-	-	-	-
Futures traders' equity	57,279,256	57,279,256	57,279,256	-	-	-	-
Equity for each customer in the account	44,167,892	44,167,892	44,167,892	-	-	-	-
Leverage contract trading customers' equity	571,630	571,630	571,630	-	-	-	-
Notes payable and accounts payable	386,400	386,400	386,400	-	-	-	-
Receipts under custody	299,580	299,580	299,580	-	-	-	-
Other payables	1,915,410	1,915,410	1,913,160	2,250	-	-	-
Other financial liabilities	9,568,687	9,568,687	7,650,822	921,090	551,140	445,635	-
Lease liabilities	531,618	543,801	116,893	100,575	184,634	141,027	672
Long-term borrowings	<u>6,000,000</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>
	<u>\$ 283,298,393</u>	<u>284,248,563</u>	<u>251,035,797</u>	<u>22,121,517</u>	<u>2,291,108</u>	<u>8,614,606</u>	<u>185,535</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(iii) Currency risk

1) Currency risk exposure

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

		March 31, 2026		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>				
<u>Monetary Item</u>				
USD	\$	1,214,182	31.9950	38,847,753
AUD		18,336	21.9600	402,659
CAD		11	22.9600	253
CHF		679	39.9850	27,150
EUR		11,497	36.7100	422,055
GBP		1,457	42.2700	61,587
HKD		234,827	4.0810	958,329
JPY		5,283,401	0.2005	1,059,322
SGD		191	24.8000	4,737
CNY		194,404	4.6290	899,896
ZAR		1,408	1.8750	2,640
KRW		1,878,967	0.0211	39,646
NZD		27	18.2900	494
THB		11,743	0.9782	11,487
MYR		241	7.6525	1,844
VND		13,040,536	0.0012	15,649
INR		41,710	0.3379	14,094
<u>Non-Monetary Item</u>				
USD		641,924	31.9950	20,538,358
AUD		223,722	21.9600	4,912,935
CHF		85	39.9850	3,399
EUR		60,250	36.7100	2,211,778
GBP		5,938	42.2700	250,999
HKD		4,609	4.0810	18,809
JPY		158,291	0.2005	31,737
CNY		42,247	4.6290	195,561
ZAR		76	1.8750	143
KRW		414,537	0.0211	8,747

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2026		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,946,376	31.9950	62,274,300
AUD		236,550	21.9600	5,194,638
CHF		2,500	39.9850	99,963
EUR		68,765	36.7100	2,524,363
GBP		4,873	42.2700	205,982
HKD		241,679	4.0810	986,292
JPY		5,026,735	0.2005	1,007,860
SGD		183	24.8000	4,538
CNY		124,775	4.6290	577,583
ZAR		27	1.8750	51
KRW		1,480,570	0.0211	31,240
THB		754	0.9782	738
MYR		198	7.6525	1,515
<u>Non-Monetary Item</u>				
USD		47	31.9950	1,504
CAD		1	22.9600	23
GBP		1	42.2700	42
JPY		5,407	0.2005	1,084
CNY		3,214	4.6290	14,878
NZD		16	18.2900	293

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2025		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>				
<u>Monetary Item</u>				
USD	\$	1,286,566	31.4300	40,436,769
AUD		8,396	21.0100	176,400
CAD		14	22.9400	321
CHF		51	39.6150	2,020
EUR		14,287	36.9000	527,190
GBP		1,343	42.3300	56,849
HKD		158,391	4.0380	639,583
JPY		2,118,572	0.2008	425,409
SGD		165	24.4500	4,034
CNY		188,275	4.4960	846,484
ZAR		1,577	1.8940	2,987
KRW		174,620	0.0220	3,842
THB		11,564	1.0019	11,586
MYR		489	7.4805	3,658
VND		13,053,297	0.0012	15,664
INR		41,080	0.3495	14,357
<u>Non-Monetary Item</u>				
USD		666,091	31.4300	20,935,240
AUD		186,789	21.0100	3,924,437
CHF		83	39.6150	3,288
EUR		32,407	36.9000	1,195,818
GBP		2,008	42.3300	84,999
HKD		7,063	4.0380	28,520
JPY		47,933	0.2008	9,625
CNY		50,096	4.4960	225,232
ZAR		8	1.8940	15
KRW		60,192	0.0220	1,324

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2025		
		Foreign Currency	Exchange Rate	Amount
		(thousands)		
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,984,806	31.4300	62,382,453
AUD		188,615	21.0100	3,962,801
CHF		23	39.6150	911
EUR		43,427	36.9000	1,602,456
GBP		2,939	42.3300	124,408
HKD		250,808	4.0380	1,012,763
JPY		1,916,665	0.2008	384,866
SGD		157	24.4500	3,839
CNY		124,267	4.4960	558,704
KRW		216,168	0.0220	4,756
NZD		4	18.1500	73
THB		758	1.0019	759
MYR		448	7.4805	3,351
<u>Non-Monetary Item</u>				
USD		353	31.4300	11,095
AUD		2	21.0100	42
JPY		32,008	0.2008	6,427
SGD		1	24.4500	24
CNY		2,387	4.4960	10,732
NZD		4	18.1500	73

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Because there are a variety of functional currencies, the Group discloses a summary of currency exchange variation on the monetary items. For the three months ended March 31, 2026 and 2025, the realized and unrealized currency exchange gains (losses) amounted to \$(7,501) and \$(8,953), respectively.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, other receivables, security borrowing margin, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, customers' margin account, short-term borrowings, futures traders' equity, and securities lending refundable deposits, which are denominated in foreign currencies. Currency exchange gains or losses occur when translating the foreign currency assets to NTD assets. For the three months ended March 31, 2026 and 2025, given other factors remain constantly, if the relevant foreign currencies, when compared with the NTD, had appreciates or depreciates by 5%, the net income and other comprehensive income will change as follows:

	For the three months ended March 31, 2026		For the three months ended March 31, 2025	
	Appreciated 5%	Depreciated 5%	Appreciated 5%	Depreciated 5%
Net income	(786,448)	786,448	(703,538)	703,538
Other comprehensive income	707,054	(707,054)	656,248	(656,248)

(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 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.

Market risk type	March 31, 2026	December 31, 2025	March 31, 2025	For the three months ended March 31,					
				2026			2025		
				Average	Maximum	Minimum	Average	Maximum	Minimum
Interest risk	2,650,712	2,491,414	3,464,010	2,667,498	2,703,489	2,648,293	3,201,780	3,464,010	3,028,565

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Fair value information and hierarchy

1) Fair value information

a) General description

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

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Not measured at fair value

As of March 31, 2026, December 31, 2025 and March 31, 2025, the fair value information of the financial assets and financial liabilities of the Group was as follows:

a) Fair value information

	March 31, 2026		December 31, 2025		March 31, 2025	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets:						
Cash and cash equivalents	\$ 16,399,922	16,399,922	14,666,156	14,666,156	12,200,106	12,200,106
Bonds purchased under resale agreements	570,295	570,295	210,718	210,718	250,116	250,116
Accrued receivable	166,455,220	166,455,220	140,347,143	140,347,143	130,733,958	130,733,958
Customers' margin account	66,428,810	66,428,810	57,416,523	57,416,523	51,378,872	51,378,872
Leverage contract trading - customers' margin account	631,302	631,302	572,040	572,040	889,627	889,627
Restricted assets - current	729,946	729,946	477,106	477,106	1,451,180	1,451,180
Other non-current assets	2,015,735	2,015,735	2,127,730	2,127,730	1,830,447	1,830,447
Financial liabilities:						
Short-term borrowings	11,743,770	11,743,770	6,563,030	6,563,030	9,451,227	9,451,227
Commercial paper payable	56,614,775	56,614,775	54,271,018	54,271,018	34,899,681	34,899,681
Bonds sold under repurchase agreements	48,480,586	48,480,586	43,285,089	43,285,089	54,364,841	54,364,841
Accrued payable	101,608,384	101,608,384	91,361,857	91,361,857	74,561,587	74,561,587
Futures traders' equity	66,185,981	66,185,981	57,279,256	57,279,256	51,122,799	51,122,799
Leverage contract trading - customers' equity	625,524	625,524	571,630	571,630	886,394	886,394
Other financial liabilities - current	8,628,188	8,628,188	8,571,912	8,571,912	8,036,595	8,036,595
Long-term borrowings	6,000,000	6,000,000	6,000,000	6,000,000	10,497,545	10,497,545
Other financial liabilities - non-current	943,711	943,711	996,775	996,775	695,113	695,113
Other non-current liabilities	49,828	49,828	49,795	49,795	50,605	50,605

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

	Level 1	Level 2	Level 3	Total
Debt securities at amortized cost				
March 31, 2026	\$ -	5,889,304	-	5,889,304
December 31, 2025	\$ -	5,584,918	-	5,584,918
March 31, 2025	\$ -	6,694,267	-	6,694,267

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2026				
Financial assets at fair value through profit or loss	\$ 47,027,178	31,246,190	2,600	78,275,968
Financial assets at fair value through other comprehensive income	3,034,211	25,939,253	4,800,100	33,773,564
Derivative financial assets	<u>4,307,034</u>	<u>2,310,750</u>	<u>-</u>	<u>6,617,784</u>
	<u>\$ 54,368,423</u>	<u>59,496,193</u>	<u>4,802,700</u>	<u>118,667,316</u>
Financial liabilities at fair value through profit or loss	\$ 31,661,788	-	-	31,661,788
Derivative financial liabilities	<u>306,569</u>	<u>5,680,927</u>	<u>-</u>	<u>5,987,496</u>
	<u>\$ 31,968,357</u>	<u>5,680,927</u>	<u>-</u>	<u>37,649,284</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2025				
Financial assets at fair value through profit or loss	\$ 55,572,067	29,659,800	2,955	85,234,822
Financial assets at fair value through other comprehensive income	2,800,579	23,855,968	4,997,217	31,653,764
Derivative financial assets	<u>4,505,805</u>	<u>1,684,981</u>	<u>-</u>	<u>6,190,786</u>
	<u>\$ 62,878,451</u>	<u>55,200,749</u>	<u>5,000,172</u>	<u>123,079,372</u>
Financial liabilities at fair value through profit or loss	\$ 32,052,015	-	-	32,052,015
Derivative financial liabilities	<u>187,019</u>	<u>4,438,899</u>	<u>-</u>	<u>4,625,918</u>
	<u>\$ 32,239,034</u>	<u>4,438,899</u>	<u>-</u>	<u>36,677,933</u>
March 31, 2025				
Financial assets at fair value through profit or loss	\$ 28,976,952	30,952,427	111,500	60,040,879
Financial assets at fair value through other comprehensive income	5,856,047	26,396,645	4,507,856	36,760,548
Derivative financial assets	<u>2,098,217</u>	<u>1,184,163</u>	<u>-</u>	<u>3,282,380</u>
	<u>\$ 36,931,216</u>	<u>58,533,235</u>	<u>4,619,356</u>	<u>100,083,807</u>
Financial liabilities at fair value through profit or loss	\$ 21,088,115	-	-	21,088,115
Derivative financial liabilities	<u>474,144</u>	<u>2,860,467</u>	<u>-</u>	<u>3,334,611</u>
	<u>\$ 21,562,259</u>	<u>2,860,467</u>	<u>-</u>	<u>24,422,726</u>

b) Valuation techniques of financial instruments measured at fair value

i) Non-derivative financial instruments

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

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

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

ii) Derivative financial instruments

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

4) Transfer between Level 1 and Level 2

For the three months ended March 31, 2026 and 2025, there is no transfer of financial instruments between Level 1 and Level 2.

5) Fair value adjustments

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(In Thousands Dollars)

For the three months ended March 31, 2026									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 2,955	(355)	-	-	-	-	-	-	2,600
Financial assets at fair value through other comprehensive income	4,997,217	-	(197,799)	1,000	-	318	-	-	4,800,100
Total	<u>\$ 5,000,172</u>	<u>(355)</u>	<u>(197,799)</u>	<u>1,000</u>	<u>-</u>	<u>318</u>	<u>-</u>	<u>-</u>	<u>4,802,700</u>
For the three months ended March 31, 2025									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 101,308	(3,308)	-	13,500	-	-	-	-	111,500
Financial assets at fair value through other comprehensive income	4,558,179	-	(55,323)	5,000	-	-	-	-	4,507,856
Total	<u>\$ 4,659,487</u>	<u>(3,308)</u>	<u>(55,323)</u>	<u>18,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,619,356</u>

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 company limited	Market approach	- Price-to-Book Ratio - Discount for lack of marketability	- The higher the multiple, the higher fair value. - The higher the discount for lack of marketability, the lower the fair value.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<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	• Price-to-Book Ratio • Discount for lack of marketability	• The higher the multiple, the higher fair value. • The higher the discount for lack of marketability, the lower the fair value.
Financial assets at fair value through other comprehensive income - equity instruments without an active market - venture capital corporation	Net Asset Value Method	• Net Asset Value	Not applicable

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

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

	<u>Change in fair value recognized in other comprehensive income</u>	
	<u>Favorable change</u>	<u>Unfavorable change</u>
March 31, 2026		
Financial assets at fair value through profit or loss	\$ <u>26</u>	<u>(26)</u>
Financial assets at fair value through other comprehensive income	\$ <u>48,001</u>	<u>(48,001)</u>
December 31, 2025		
Financial assets at fair value through profit or loss	\$ <u>30</u>	<u>(30)</u>
Financial assets at fair value through other comprehensive income	\$ <u>49,972</u>	<u>(49,972)</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

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

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

(vi) Transfer of financial assets

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

March 31, 2026					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u>50,540,806</u>	<u>48,480,586</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2025					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u>45,085,545</u>	<u>43,285,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2025					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u>56,509,577</u>	<u>54,364,841</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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:

March 31, 2026						
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	\$ 2,310,750	-	2,310,750	-	-	2,310,750
March 31, 2026						
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	\$ 5,695,439	-	5,695,439	-	-	5,695,439
Under repurchase agreements	48,480,586	-	48,480,586	48,480,586	-	-
Total	\$ 54,176,025	-	54,176,025	48,480,586	-	5,695,439
December 31, 2025						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities offsetting in the balance sheet (b)	Net amount of financial assets presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial assets	\$ 1,684,981	-	1,684,981	-	-	1,684,981

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

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December 31, 2025						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets offsetting in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial liabilities	\$ 4,460,036	-	4,460,036	-	-	4,460,036
Under repurchase agreements	43,285,089	-	43,285,089	43,285,089	-	-
Total	\$ 47,745,125	-	47,745,125	43,285,089	-	4,460,036

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

March 31, 2025						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (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	\$ 3,002,431	-	3,002,431	-	-	3,002,431
Under repurchase agreements	54,364,841	-	54,364,841	54,364,841	-	-
Total	\$ 57,367,272	-	57,367,272	54,364,841	-	3,002,431

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, 2025.

As of March 31, 2026, December 31, 2025 and March 31, 2025, the related financial risk and the presentation of the Group's financial derivatives and other financial instruments as approved by the authority were as follows:

Stock warrants

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

Financial Instruments	March 31, 2026		December 31, 2025		March 31, 2025	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Stock warrants issued	\$ 28,166,474	-	37,930,671	-	23,594,360	-

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

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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 ended March 31, 2026 and 2025:

a) Gains (losses) on valuation

	For the three months ended March 31, 2026	For the three months ended March 31, 2025	Account
Stock warrants issued	\$ 14,322,951	20,603,177	Gains (losses) on stock warrants issued
Stock warrants repurchased	(14,813,824)	(20,049,794)	Gains (losses) on stock warrants issued

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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b) Gains (losses) on sale

	For the three months ended March 31, 2026	For the three months ended March 31, 2025	Account
Security borrowing	\$ (38,322)	(60,252)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	1,667,375	(98,350)	Gains (losses) on sale of trading securities
Futures transaction	(159,772)	60,536	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	For the three months ended March 31, 2026	For the three months ended March 31, 2025	Account
Stock warrants issued	\$ 5,877,272	2,175,037	Gains (losses) on stock warrants issued
Stock warrants repurchased	(6,312,253)	(2,036,014)	Gains (losses) on stock warrants issued

Futures

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

Please refer to note 12(a) for the notional principal and nominal amount as of March 31, 2026, December 31, 2025 and March 31, 2025.

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

(ii) Market risk:

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

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

(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.

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(iv) Presentation of financial derivatives:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>	<u>Account</u>
Futures margin - security	\$ 1,552,200	701,795	453,260	Financial assets at fair value through profit or loss - current
Futures margin - proprietary fund	2,491,972	3,664,637	1,216,031	Financial assets at fair value through profit or loss - current
Futures margin - excess margin	5,534,384	4,105,334	2,993,047	Cash and cash equivalent
Buy options	262,862	139,373	428,926	Financial assets at fair value through profit or loss - current
Sale options	292,057	165,882	332,180	Financial liabilities at fair value through profit or loss - current
		<u>For the three months ended March 31,</u>		<u>Account</u>
		<u>2026</u>	<u>2025</u>	
Gains (losses) on futures transactions		\$ (4,511,100)	281,668	Gains (losses) on derivatives - futures
Gains (losses) on futures transactions - security		181,566	(94,223)	Gains (losses) on securities for futures margin at fair value through profit or loss

Derivative instruments - OTC

(i) Interest rate financial derivatives

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

	<u>March 31, 2026</u>		<u>December 31, 2025</u>		<u>March 31, 2025</u>	
	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>	<u>Notional principal / Nominal amount</u>	<u>Credit Risk</u>
Financial Instruments						
For trading purpose:						
NT dollar interest swaps	\$ 5,600,000	-	7,400,000	-	7,400,000	-

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.

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- 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.

(ii) Structured notes

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

Financial Instruments	March 31, 2026		December 31, 2025		March 31, 2025	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Equity-linked notes	\$ 536,100	-	437,000	-	482,000	-
Principal guaranteed notes	6,337,315	-	6,602,937	-	6,984,044	-
Credit-linked notes	2,324,200	-	2,265,200	-	1,171,400	-
Principal guaranteed notes (in USD thousands)	USD 17,692	-	USD 14,680	-	USD 7,127	-

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.

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

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

(iii) Convertible bond asset swaps

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

Financial Instruments	March 31, 2026		December 31, 2025		March 31, 2025	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
IRS asset swaps	\$ 10,250,900	-	9,666,500	-	7,597,100	-
Asset swap options	25,218,300	-	23,782,900	-	20,722,000	-

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.

- 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.

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(iv) Options

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

Financial Instruments	March 31, 2026		December 31, 2025		March 31, 2025	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Equity options	\$ 556,165	-	477,804	-	2,009,126	-

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.

(v) Leverage derivatives

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

Financial Instruments	March 31, 2026		December 31, 2025		March 31, 2025	
	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	\$ 2,371,077	-	2,507,950	-	5,032,470	-
Leverage derivatives-short position	2,326,853	-	2,489,229	-	4,957,740	-

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(vi) Presentation of derivative instruments in financial statement

As of March 31, 2026, December 31, 2025 and March 31, 2025, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps were presented on the balance sheets as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Financial assets at fair value through profit or loss - current			
IRS asset swaps	\$ 21,512	18,708	56,966
Asset swap options - long position	2,099,985	1,482,197	825,099
Leverage derivatives - non-hedging	88,827	117,508	229,828
Structured notes	9,716	1,128	29,845
Exchange rate derivatives	69,268	56,566	36,828
Interest rate swaps	118	143	211
Equity derivatives	<u>21,324</u>	<u>8,731</u>	<u>5,386</u>
Total	<u><u>\$ 2,310,750</u></u>	<u><u>1,684,981</u></u>	<u><u>1,184,163</u></u>
Financial liabilities at fair value through profit or loss - current			
IRS asset swaps	\$ 417,901	434,077	357,728
Asset swap options - short position	5,027,367	3,772,141	2,471,514
Leverage derivatives - non-hedging	16,359	18,191	11,465
Structured notes	38,829	39,585	46,397
Exchange rate derivatives	5,042	319	548
Equity derivatives	<u>1,976</u>	<u>10,860</u>	<u>-</u>
Total	<u><u>\$ 5,507,474</u></u>	<u><u>4,275,173</u></u>	<u><u>2,887,652</u></u>
Financial liabilities at fair value through profit or loss - non-current			
Structured notes	<u><u>\$ 187,965</u></u>	<u><u>184,863</u></u>	<u><u>114,779</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other financial liabilities - current			
Structured notes principal value	\$ <u>8,628,188</u>	<u>8,571,912</u>	<u>8,036,595</u>
Other financial liabilities - non-current			
Structured notes principal value	\$ <u>943,711</u>	<u>996,775</u>	<u>695,113</u>

For the three months ended March 31, 2026 and 2025, relevant transactions of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps are presented in the statements of income as follows:

	<u>For the three months ended March 31, 2026</u>		<u>For the three months ended March 31, 2025</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	\$ -	118	(5)	211
Equity derivatives	2,571	20,179	2,971	9,261
Structured notes	(39,635)	(25,533)	(9,406)	11,314
IRS asset swaps	(3,373)	(14,205)	(2,279)	(4,049)
Asset swap options	(1,009,613)	1,853,970	318,088	1,718,202
Exchange rate derivatives	42,491	64,226	38,962	36,279
Leverage derivatives - non-hedging	18,904	(26,848)	35,129	102,603
Total	\$ <u>(988,655)</u>	<u>1,871,907</u>	<u>383,460</u>	<u>1,873,821</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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Capital adequacy ratio	272 %	276 %	265 %

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the three months ended March 31, 2026 and 2025, were as follows:

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

	January 1, 2026	Cash flows	Non-cash changes			March 31, 2026
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 531,618	(58,856)	71,209	239	-	544,210

	January 1, 2025	Cash flows	Non-cash changes			March 31, 2025
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 608,527	(58,186)	47,652	108	-	598,101

(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 (Note 1)
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
Chuan Yi Investment Corp.	Related party in substance
Bao Ching Investment Corp.	Related party in substance
Bao Sheng Investment Corp.	Related party in substance
Fu Ding Investment Corp.	Related party in substance
Run Xiang Industrial Corp.	Related party in substance
Yu Bao Industrial Corp.	Related party in substance

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Names of related parties</u>	<u>Relationships</u>
Tai-Chun Enterprise Co., Ltd.	Related party in substance
Other related parties	Key management personnel

Note 1: According to the “Clarification on the Identification of Related Parties” IFRS Q&A issued by the Accounting Research and Development Foundation in June 2025, the funds issued by Capital Investment Trust Corp. are no longer considered related parties. Furthermore, based on the transitional Q&A issued by the Financial Supervisory Commission in July 2025, the new requirements shall apply starting from the 2025 annual financial statements. There is no need to restate comparative period information or retrospectively adjust the relationships and transactions of related parties that were previously identified and disclosed.

(c) Key management personnel transactions

(i) Key management personnel compensation

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 165,863	135,493
Post-employment benefits	1,046	874
Share-based Payment	-	1,962
Total	<u>\$ 166,909</u>	<u>138,329</u>

(ii) Structured notes transactions - remaining balance

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other related parties	\$ <u>62,500</u>	<u>72,000</u>	<u>71,900</u>

(iii) Futures transactions

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<u>Future Traders' equity</u>			
Other related parties	\$ <u>-</u>	<u>1,801</u>	<u>6,884</u>

(iv) Brokerage and sub-brokerage

	<u>For the three months ended March 31,</u>	
<u>Brokerage commissions</u>	<u>2026</u>	<u>2025</u>
Other related parties	\$ <u>1,518</u>	<u>1,614</u>
	<u>For the three months ended March 31,</u>	
<u>Re-consigned handling commissions</u>	<u>2026</u>	<u>2025</u>
Other related parties	\$ <u>260</u>	<u>69</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Significant transactions with related parties

(i) Bonds sold under repurchase agreements

	March 31, 2026		December 31, 2025		March 31, 2025	
	Par value	Purchase price	Par value	Purchase price	Par value	Purchase price
Subsidiaries	\$ 43,000	43,031	12,000	12,000	30,000	30,000
Funds issued by associate	-	-	751,000	751,000	1,053,000	1,053,000
Total	<u>\$ 43,000</u>	<u>43,031</u>	<u>763,000</u>	<u>763,000</u>	<u>1,083,000</u>	<u>1,083,000</u>

	For the three months ended March 31,	
Total financial expenses	2026	2025
Subsidiaries	\$ 84	22
Funds issued by associate	-	3,639
Total	<u>\$ 84</u>	<u>3,661</u>

Transaction terms are the same as the general clients.

(ii) Financial assets transactions

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

		March 31, 2026		December 31, 2025		March 31, 2025	
Relationship	Account	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	-	\$ -	168,728	2,839,593	102,790	2,053,516

Notes: Amounts in thousand shares.

	For the three months ended March 31,			
	2026		2025	
	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend
Funds issued by associate	\$ -	-	9,136	37,979

	March 31, 2026	December 31, 2025	March 31, 2025
Prepayments			
Associates	\$ -	9,641	153,884

Transaction terms are the same as the general clients.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Futures transactions

<u>Futures traders' equity</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Funds issued by associate	\$ -	689,052	2,476,108

Transaction terms are the same as the general clients.

(iv) Lease agreements

Lessor

<u>Lease revenue</u>	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Associates	\$ 4,449	4,449

<u>Guarantee deposits received</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Associates	\$ 4,429	4,429	4,429

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

Lessee

- 1) The Group leases office places from related party in substance for operation, and lease period is seven to nine years. The aggregate contractual value of the lease is \$936,085 and rent is paid monthly. As of March 31, 2026, December 31, 2025 and March 31, 2025, the refundable deposits were \$29,317, \$29,317 and \$29,278.

- 2) Acquisition of right-of-use assets

There was no new acquisition of right-of-use assets of the Company in the periods for the three months ended March 31, 2026.

- 3) Lease liabilities

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Related party in substance	\$ 270,429	301,098	380,696

- 4) Financial expenses

	<u>For the three months ended March 31,</u>	
	<u>2026</u>	<u>2025</u>
Related party in substance	\$ 993	1,380

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Custody account business

Custody account business revenue(Account to rental income)		For the three months ended March 31,	
		2026	2025
Related party in substance		<u>\$ 31,899</u>	<u>30,965</u>
		December 31,	
Other accounts receivable	March 31, 2026	2025	March 31, 2025
Related party in substance	<u>\$ 8,379</u>	<u>8,379</u>	<u>8,379</u>

(vi) Insurance commission revenues

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

Commission revenues		For the three months ended March 31,	
		2026	2025
Subsidiaries		<u>\$ 3,503</u>	<u>2,680</u>
		December 31,	
Accounts receivable	March 31, 2026	2025	March 31, 2025
Subsidiaries	<u>\$ 1,490</u>	<u>-</u>	<u>-</u>

(vii) Brokerage and sub-brokerage

Due to the involvement of related parties in securities and futures transactions, for the three months ended March 31, 2026 and 2025, commission revenues charged by the Group were as follows:

Brokerage commissions		For the three months ended March 31,	
		2026	2025
Funds issued by associate		\$ -	7,464
Related party in substance		139	41
Total		<u>\$ 139</u>	<u>7,505</u>
		For the three months ended March 31,	
Re-consigned handling commissions		2026	2025
Funds issued by associate		<u>\$ -</u>	<u>416</u>

(viii) Fund services business

Fund services revenue		For the three months ended March 31,	
		2026	2025
Associates		<u>\$ 5</u>	<u>24</u>
		For the three months ended March 31,	
Channel services revenue		2026	2025
Associates		<u>\$ 5</u>	<u>24</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Account receivable	March 31, 2026	December 31, 2025	March 31, 2025
Associates	\$ <u>1</u>	<u>10</u>	<u>16</u>

(ix) Wealth management business

Trust account commissions revenue	For the three months ended March 31,	
	2026	2025
Associates	\$ <u>7</u>	<u>4,387</u>

Trust account management fee revenue	For the three months ended March 31,	
	2026	2025
Associates	\$ <u>321</u>	<u>423</u>

(x) Underwriting business

Stock service income	For the three months ended March 31,	
	2026	2025
Associates	\$ <u>30</u>	<u>30</u>

Accounts receivable	March 31, 2026	December 31, 2025	March 31, 2025
Associates	\$ <u>10</u>	<u>10</u>	<u>10</u>

(xi) Other revenue and expense

Other revenue	For the three months ended March 31,	
	2026	2025
Associates	\$ <u>1</u>	<u>1</u>

Other expense	For the three months ended March 31,	
	2026	2025
Related party in substance	\$ <u>361</u>	<u>17</u>

(xii) Accrued receivable

Accounts receivable/ Other receivables	March 31, 2026	December 31, 2025	March 31, 2025
Subsidiaries	\$ 291	196	155
Associates	<u>1</u>	-	<u>1</u>
Total	\$ <u>292</u>	<u>196</u>	<u>156</u>

(xiii) Custody account business

Custody account business revenue	For the three months ended March 31,	
	2026	2025
Second-level subsidiaries (note)	\$ <u>1,183</u>	<u>1,511</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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Accounts receivable	March 31, 2026	December 31, 2025	March 31, 2025
Second-level subsidiaries (note)	\$ <u>410</u>	<u>389</u>	<u>479</u>

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

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

(8) Pledged assets:

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

	March 31, 2026	December 31, 2025	March 31, 2025	The collateral use
Restricted assets - current	\$ 729,946	477,106	1,451,180	Bank borrowings, accounts settled, repurchase agreement.
Restricted assets - non-current	49,875	49,875	49,875	Guarantee deposit for provisional seizure
Trading securities	24,235,054	21,396,887	32,066,111	Repurchase agreement
Financial assets at fair value through other comprehensive income - Bonds	20,562,461	18,331,724	18,277,604	Repurchase agreement
Property (net amount)	1,834,785	1,838,931	1,850,736	Bank borrowings
Financial assets at fair value through profit or loss - non-current	179,465	179,227	178,158	Guaranty deposited for bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business
Financial assets at amortized cost - non-current(par value)	5,890,799	5,558,564	6,675,987	Repurchase agreement
Investment property (net amount)	<u>3,258,947</u>	<u>3,267,730</u>	<u>3,279,534</u>	Bank borrowings
Total	<u>\$ 56,741,332</u>	<u>51,100,044</u>	<u>63,829,185</u>	

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant contingent liability and unrecognized contract commitment:

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

	March 31, 2026		December 31, 2025		March 31, 2025	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities procured through margin purchase	542,559	\$ 5,425,590	554,978	5,549,780	521,165	5,211,650
Collateral for margin purchase	5,311	53,109	8,840	88,405	9,174	91,738
Lending securities to customers through short sales	13,377	133,770	29,415	294,150	15,872	158,720
Collateral for short sales	407	4,070	5,811	58,110	218	2,180

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

	March 31, 2026		December 31, 2025		March 31, 2025	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities borrowed from securities finance companies	719	\$ 7,190	890	8,900	25	250

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

	March 31, 2026	December 31, 2025	March 31, 2025
	\$	\$	\$
Promissory notes	<u>35,130,000</u>	<u>34,890,000</u>	<u>37,520,000</u>
Promissory notes (in USD thousands)	<u>USD 85,000</u>	<u>USD 85,000</u>	<u>USD 85,000</u>

- (d) As of March 31, 2026, December 31, 2025 and March 31, 2025, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$82,076,937, \$77,662,203 and \$69,341,038, 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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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- (g) A resigned employee of Nei-Hu branch was accused of inducing clients to use unrestricted-purpose loans to obtain funds, thereby infringing the plaintiff's rights to stocks registered under borrowed names. The client filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$11,397. The case is under the trial of Taiwan Shilin District Court. The Company assesses that it is not liable for compensation, thus the Company unrecognized this amount.
- (h) A retired employee of Kaohsiung branch has filed a lawsuit claiming that the Company failed to fully pay their pension benefits, seeking a payment of the shortfall amounting to \$1,990 thousand. The case is currently under trial at the Kaohsiung District Court. The Company will continue to monitor the progress of this case and will recognize a related liability when appropriate.
- (i) The Company provided the Letter of Comfort to the banks which loaned to its subsidiary CSC International Holdings Ltd. and CSC Securities (HK) Ltd.

(10) Significant Catastrophic Loss: None

(11) Significant Subsequent Events: None

(12) Other:

- (a) As of March 31, 2026, December 31, 2025 and March 31, 2025, the open positions of futures and option contracts were as follows:

- (i) March 31, 2026

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	10,991	\$ 2,401,087	2,243,593	
	Single Stock Futures	Short	14,225	(9,781,030)	(9,165,733)	
	TAIEX Futures	Long	139	888,360	892,030	
	TAIEX Futures	Short	277	(1,760,793)	(1,770,551)	
	Mini TAIEX Futures	Long	15	24,438	24,028	
	Mini TAIEX Futures	Short	213	(341,530)	(340,626)	
	Micro TAIEX Futures	Short	600	(198,267)	(191,724)	
	Finance Sector Index Futures	Short	7	(16,780)	(16,772)	
	Electronic Sector Index Futures	Short	20	(168,744)	(157,892)	
	Mini Electronic Futures	Long	10	10,040	9,869	
	10 Year U.S. T Note Futures	Long	7	25,191	24,871	
	10 Year U.S. T Note Futures	Short	503	(1,781,806)	(1,787,131)	

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	10 Year U.S. T Bond Futures	Short	40	\$ (145,189)	(145,277)	
	Ultra U.S. Treasury Bond	Long	419	1,586,399	1,562,626	
	Ultra U.S. Treasury Bond	Short	30	(111,906)	(111,883)	
	Brent Crude Oil Futures	Long	10	34,298	37,866	
	Brent Crude Oil Futures	Short	595	(1,946,242)	(1,979,279)	
	Crude Oil Futures	Long	2	6,043	6,487	
	Crude Oil Futures	Short	160	(496,216)	(518,984)	
	FTSE China A50 Index Futures	Long	3,660	1,705,463	1,702,190	
	E-mini S&P 500 Futures	Long	23	238,417	241,766	
	Gold Futures	Short	47	(628,070)	(650,824)	
	HHI Futures	Long	8	13,658	13,642	
	HHI Futures	Short	36	(61,677)	(61,389)	
	HSI Futures	Long	3	14,968	15,154	
	TOPIX Futures	Short	30	(214,215)	(210,766)	
	Micro AUD Futures	Short	5	(1,140)	(1,101)	
	CAD Futures	Long	5	11,833	11,518	
	JPY Futures	Long	11	27,823	27,865	
	Euro Futures	Short	15	(69,414)	(69,502)	
	British Pound Futures	Long	1	2,686	2,645	
	NZD Futures	Long	17	32,417	31,291	
	CHF Futures	Short	4	(20,775)	(20,154)	
	Micro Gold Futures	Long	11	16,237	16,466	
	Micro Gold Futures	Short	11	(17,018)	(16,466)	
	Refined Copper Futures	Short	29	(138,830)	(130,224)	
	Mini-HSI Futures	Short	68	(68,387)	(68,697)	
	Micro E-mini Nasdaq Futures	Long	25	38,805	38,258	
	Micro E-mini Nasdaq Futures	Short	2	(2,982)	(3,061)	
	E-mini Nasdaq Futures	Long	39	581,263	596,825	
	E-mini Nasdaq Futures	Short	3	(45,781)	(45,910)	
	Micro E-mini Russell 2000 Index Futures	Long	7	2,823	2,813	
	E-mini Russell 2000 Index Futures	Long	11	44,058	44,208	
	E-mini Russell 2000 Index Futures	Short	6	(23,933)	(24,113)	
	SGX Nikkei 225 Index Futures	Long	4	21,163	20,583	
	SGX Nikkei 225 Index Futures	Short	23	(120,244)	(118,354)	
	E-mini Dow Futures	Short	10	(74,004)	(74,520)	
	US Dollar Index Futures	Long	5	15,822	15,959	
	US Dollar Index Futures	Short	36	(114,047)	(114,904)	
	Micro E-mini S&P 500 Futures	Long	16	17,072	16,818	
	Micro E-mini S&P 500 Futures	Short	16	(16,444)	(16,818)	
	Silver Futures	Long	2	22,289	23,970	
	Silver Futures	Short	12	(137,322)	(143,822)	
	Micro Silver Futures	Short	4	(9,298)	(9,588)	
	Platinum Futures	Short	2	(7,008)	(6,304)	
	2 Year U.S. T Note Futures	Short	146	(967,771)	(969,033)	
	30 Year U.S. Treasury Bonds	Long	15	54,546	54,651	
	30 Year U.S. Treasury Bonds	Short	42	(152,760)	(153,024)	
	5 Year U.S. T Note Futures	Short	110	(380,420)	(380,733)	
	Long-Term Euro - BTP Futures	Long	1	4,405	4,269	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Soybean Futures	Long	7	\$ 13,035	13,113	
	Soybean Futures	Short	41	(74,269)	(76,806)	
	China Index Futures	Long	197	195,716	193,975	
	FTSE Taiwan Index Futures	Long	43	142,368	142,146	
	FTSE Taiwan Index Futures	Short	118	(395,201)	(390,075)	
	10 Year Euro Bond	Long	40	184,550	184,123	
	10 Year Euro Bond	Short	2	(9,390)	(9,206)	
	Mini Finance Sector Index Futures	Short	8	(4,794)	(4,792)	
	Mini Crude Oil Futures	Long	1	1,511	1,622	
	Wheat Futures	Long	20	18,473	19,717	
	CME BTC	Short	6	(66,296)	(64,773)	
	Mini DAX Futures	Long	3	12,548	12,575	
	Mini DAX Futures	Short	2	(8,389)	(8,383)	
	GIN Futures	Short	4	(5,757)	(5,754)	
	Gas Futures	Long	5	5,159	4,614	
	Corn Futures	Long	14	9,895	10,252	
	Cocoa Futures	Short	4	(4,542)	(4,223)	
	Coffee Futures	Short	2	(6,984)	(7,159)	
	Live Cattle Futures	Short	8	(23,485)	(24,907)	
	Lean Hog Futures	Short	8	(11,073)	(10,755)	
	Sugar No.11 Futures	Long	33	16,028	18,353	
	10 Year Japanese Treasury Bond	Short	16	(418,760)	(418,034)	
	UK Long-term Bonds	Long	5	19,612	18,554	
	10 Year Australia Treasury Bond	Long	1	2,388	2,366	
	10 Year Australia Treasury Bond	Short	66	(155,437)	(156,174)	
	Hang Seng TECH Index	Short	17	(16,115)	(16,092)	
	KOSPI 200 Futures	Short	10	(44,652)	(39,560)	
	Mini KOSPI 200 Futures	Short	21	(17,652)	(16,561)	
	SGX TWN	Short	1	(6,663)	(6,559)	
	ASX 200 Index	Long	1	4,754	4,674	
	STOXX Europe 600 Index	Short	7	(7,609)	(7,423)	
	FTSE 100 Index	Short	5	(21,821)	(21,556)	
	USD/KRW Futures	Short	332	(105,972)	(107,407)	
	Subtotal			(12,957,263)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Options contract :						
	TAIEX Options (Call)	Long	2,478	\$ 81,794	70,410	
	TAIEX Options (Put)	Long	3,368	104,234	147,233	
	TAIEX Options (Call)	Short	2,060	(100,224)	(115,821)	
	TAIEX Options (Put)	Short	2,672	(97,758)	(137,729)	
	TAIEX Options W1 (Call)	Long	511	5,619	2,111	
	TAIEX Options W1 (Put)	Long	1,091	13,717	21,467	
	TAIEX Options W1 (Call)	Short	887	(4,520)	(646)	
	TAIEX Options W1 (Put)	Short	889	(11,442)	(14,876)	
	TAIEX Options W2 (Put)	Long	27	378	501	
	TAIEX Options F1 (Call)	Long	135	1,386	470	
	TAIEX Options F1 (Put)	Long	381	4,568	5,372	
	TAIEX Options F1 (Call)	Short	128	(2,688)	(846)	
	TAIEX Options F1 (Put)	Short	225	(6,413)	(9,784)	
	TAIEX Options F2 (Call)	Long	91	3,053	1,591	
	TAIEX Options F2 (Put)	Long	122	3,502	4,719	
	TAIEX Options F2 (Call)	Short	32	(194)	(60)	
	TAIEX Options F2 (Put)	Short	91	(1,030)	(1,393)	
	Stock Options (Call)	Long	197	1,034	830	
	Stock Options (Put)	Long	182	1,366	1,752	
	Stock Options (Call)	Short	52	(387)	(168)	
	Stock Options (Put)	Short	160	(1,083)	(1,029)	
	Electronic Sector Index Options (Call)	Long	40	1,073	172	
	Electronic Sector Index Options (Put)	Long	20	550	1,105	
	Electronic Sector Index Options (Call)	Short	70	(1,517)	(189)	
	Finance Insurance Index Options (Call)	Long	123	1,394	502	
	Finance Insurance Index Options (Put)	Long	72	1,131	2,453	
	Finance Insurance Index Options (Call)	Short	58	(223)	(30)	
	Finance Insurance Index Options (Put)	Short	100	(865)	(1,663)	
	Gold Options (Call)	Long	10	408	455	
	Silver Options (Put)	Long	3	351	121	
	iShares India 50 ETF Options (Call)	Long	130	18	13	
	iShares India 50 ETF Options (Put)	Long	130	18	21	
	WTI Crude Oil Options (Call)	Long	10	678	550	
	WTI Crude Oil Options (Put)	Long	10	1,134	1,014	
	WTI Crude Oil Options (Call)	Short	20	(5,525)	(7,474)	
	Subtotal			(6,463)		
Total				\$ (12,963,726)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) December 31, 2025

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	12,941	\$ 2,291,743	2,343,742	
	Single Stock Futures	Short	34,693	(16,080,738)	(17,124,342)	
	TAIEX Futures	Long	266	1,519,344	1,546,005	
	TAIEX Futures	Short	268	(1,538,825)	(1,555,438)	
	Mini TAIEX Futures	Long	729	1,048,564	1,058,479	
	Mini TAIEX Futures	Short	21	(30,460)	(30,465)	
	Micro TAIEX Futures	Short	1,121	(313,596)	(325,261)	
	Finance Sector Index Futures	Long	24	58,386	57,653	
	Electronic Sector Index Futures	Short	40	(262,857)	(278,400)	
	Mini Electronic Futures	Short	16	(13,423)	(13,920)	
	10 Year U.S. T Note Futures	Long	5	17,716	17,670	
	10 Year U.S. T Note Futures	Short	61	(216,713)	(215,569)	
	10 Year U.S. T Bond Futures	Short	2	(7,221)	(7,230)	
	Ultra U.S. Treasury Bond	Long	629	2,371,090	2,332,797	
	10 Year Euro Bond	Long	30	141,307	141,220	
	Brent Crude Oil Futures	Short	287	(555,911)	(548,892)	
	Crude Oil Futures	Long	62	113,265	111,892	
	FTSE China A50 Index Futures	Long	4,336	2,097,939	2,082,366	
	E-mini S&P 500 Futures	Long	7	75,938	75,821	
	E-mini S&P 500 Futures	Short	12	(130,892)	(129,979)	
	Gold Futures	Short	56	(762,705)	(764,068)	
	HHI Futures	Long	20	36,242	35,950	
	HHI Futures	Short	68	(122,424)	(122,231)	
	Mini TOPIX Futures	Short	6	(4,117)	(4,113)	
	TOPIX Futures	Short	3	(20,602)	(20,563)	
	JPY Futures	Long	49	124,461	123,562	
	JPY Futures	Short	54	(137,210)	(136,170)	
	Micro Gold Futures	Long	38	52,697	51,847	
	Refined Copper Futures	Short	23	(97,131)	(102,687)	
	Mini-HSI Futures	Short	103	(107,754)	(106,674)	
	Micro E-mini Nasdaq Futures	Long	70	112,265	112,015	
	E-mini Nasdaq Futures	Long	55	891,498	880,116	
	Micro E-mini Dow Futures	Long	62	47,583	47,095	
	E-mini Russell 2000 Index Futures	Short	2	(7,963)	(7,851)	
	SGX Nikkei 225 Index Futures	Long	2	9,956	10,129	
	SGX Nikkei 225 Index Futures	Short	15	(76,236)	(75,970)	
	E-mini Dow Futures	Short	24	(183,032)	(182,304)	
	US Dollar Index Futures	Short	78	(240,799)	(240,366)	
	Micro E-mini S&P 500 Futures	Short	20	(21,518)	(21,663)	
	Silver Futures	Long	5	54,571	55,476	
	Silver Futures	Short	14	(157,137)	(155,334)	
	Micro Silver Futures	Long	2	4,629	4,438	
	2 Year U.S. T Note Futures	Long	5	32,799	32,811	
	2 Year U.S. T Note Futures	Short	25	(164,032)	(164,056)	
	30 Year U.S. Treasury Bond	Long	42	152,822	152,591	
	30 Year U.S. Treasury Bond	Short	8	(29,129)	(29,065)	
	Soybean Futures	Short	40	(69,513)	(65,846)	
	China Index Futures	Long	67	71,106	71,229	
	FTSE Taiwan Index Futures	Short	158	(469,106)	(470,970)	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Vietnam Index Futures	Long	2	\$ 485	485	
	Mini Finance Sector Index Futures	Short	22	(13,223)	(13,212)	
	CME BTC	Short	6	(82,124)	(82,229)	
	GIN Futures	Short	54	(88,743)	(89,191)	
	10 Year Japanese Treasury Bond	Long	10	266,763	265,879	
	UK Long-term Bonds	Long	1	3,871	3,868	
	KOSPI 200 Futures	Short	3	(9,955)	(10,037)	
	SGX TWN	Long	10	29,469	29,577	
	Subtotal			(10,388,580)		
Options contract :						
	TAIEX Options (Call)	Long	3,046	\$ 58,942	101,081	
	TAIEX Options (Put)	Long	4,707	56,946	25,248	
	TAIEX Options (Call)	Short	2,722	(95,748)	(139,595)	
	TAIEX Options (Put)	Short	2,879	(23,551)	(14,565)	
	TAIEX Options W1 (Call)	Long	108	581	627	
	TAIEX Options W1 (Put)	Long	178	816	704	
	TAIEX Options W1 (Call)	Short	58	(86)	(116)	
	TAIEX Options W1 (Put)	Short	45	(220)	(126)	
	Stock Options (Call)	Long	394	3,347	5,202	
	Stock Options (Put)	Long	360	1,893	555	
	Stock Options (Call)	Short	271	(2,054)	(2,687)	
	Stock Options (Put)	Short	199	(766)	(815)	
	Electronic Sector Index Options (Call)	Long	20	145	159	
	Electronic Sector Index Options (Put)	Long	20	199	55	
	Electronic Sector Index Options (Put)	Short	3	(35)	(5)	
	Finance Insurance Index Options (Call)	Long	100	1,318	2,243	
	Finance Insurance Index Options (Put)	Long	82	841	828	
	Finance Insurance Index Options (Call)	Short	144	(364)	(726)	
	Finance Insurance Index Options (Put)	Short	29	(110)	(52)	
	TAIEX Options F2 (Call)	Long	2	32	41	
	TAIEX Options F2 (Put)	Long	16	99	76	
	TAIEX Options F2 (Call)	Short	78	(607)	(716)	
	TAIEX Options F2 (Put)	Short	58	(370)	(310)	
	TAIEX Options F1 (Call)	Long	277	1,010	1,632	
	TAIEX Options F1 (Put)	Long	421	2,114	922	
	TAIEX Options F1 (Call)	Short	359	(2,939)	(5,571)	
	TAIEX Options F1 (Put)	Short	418	(1,303)	(598)	
	Subtotal			130		
Total				\$ (10,388,450)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) March 31, 2025

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	6,301	\$ 1,895,569	1,714,753	
	Single Stock Futures	Short	7,816	(1,741,168)	(1,625,078)	
	TAIEX Futures	Long	137	603,891	562,611	
	TAIEX Futures	Short	694	(2,901,189)	(2,881,945)	
	Mini TAIEX Futures	Long	53	56,914	54,840	
	Mini TAIEX Futures	Short	1,467	(1,588,561)	(1,518,504)	
	Micro TAIEX Futures	Short	960	(209,449)	(199,334)	
	Finance Sector Index Futures	Long	1	2,133	2,088	
	Finance Sector Index Futures	Short	3	(6,283)	(6,260)	
	Electronic Sector Index Futures	Long	15	68,270	66,753	
	Electronic Sector Index Futures	Short	21	(100,543)	(93,454)	
	Mini Electronic Futures	Long	15	8,409	8,344	
	Mini Electronic Futures	Short	95	(54,025)	(52,846)	
	10 Year U.S. T Note Futures	Long	35	129,035	129,256	
	10 Year U.S. T Note Futures	Short	27	(99,075)	(99,712)	
	10 Year U.S. T Bond Futures	Long	30	113,009	113,686	
	Ultra U.S. Treasury Bond	Long	488	2,003,032	1,980,944	
	10 Year Euro Bond	Long	40	185,918	185,361	
	Brent Crude Oil Futures	Short	187	(448,042)	(464,272)	
	Crude Oil Futures	Short	37	(85,569)	(87,784)	
	FTSE China A50 Index Futures	Long	4,830	2,154,633	2,138,509	
	FTSE China A50 Index Futures	Short	821	(366,208)	(363,502)	
	E-Mini S&P 500 Futures	Long	3	28,187	28,157	
	E-Mini S&P 500 Futures	Short	1	(9,533)	(9,386)	
	Gold Futures	Long	4	41,066	41,842	
	Gold Futures	Short	52	(338,883)	(341,511)	
	HHI Futures	Long	24	43,860	43,631	
	HHI Futures	Short	232	(430,443)	(421,765)	
	HSI Futures	Long	1	4,943	4,943	
	HSI Futures	Short	9	(44,426)	(44,485)	
	TOPIX Futures	Short	13	(77,897)	(77,068)	
	JPY Futures	Long	21	59,157	58,565	
	JPY Futures	Short	19	(53,395)	(52,987)	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Micro Gold Futures	Long	20	\$ 20,651	20,921	
	Copper Futures	Short	22	(86,761)	(91,935)	
	Mini-HSI Futures	Short	73	(72,179)	(72,164)	
	Micro E-mini Nasdaq Futures	Long	15	19,579	19,365	
	Micro E-mini Nasdaq Futures	Short	30	(39,476)	(38,729)	
	E-mini Nasdaq Futures	Long	18	235,927	232,376	
	SGX Nikkei 225 Index Futures	Long	6	24,889	23,848	
	SGX Nikkei 225 Index Futures	Short	15	(61,685)	(59,620)	
	E-mini Dow Futures	Short	10	(70,147)	(70,161)	
	U.S. Dollar Index Futures	Short	89	(304,982)	(307,000)	
	Micro E-mini S&P 500 Futures	Long	17	16,185	15,956	
	Silver Futures	Short	11	(63,053)	(63,209)	
	2 Year U.S. T Note Futures	Long	35	240,464	240,770	
	2 Year U.S. T Note Futures	Short	37	(254,101)	(254,528)	
	30 Year U.S. Treasury Bond	Long	25	96,580	97,358	
	30 Year U.S. Treasury Bond	Short	17	(66,484)	(66,204)	
	5 Year U.S. T Note Futures	Long	40	143,326	143,653	
	Long-Term Euro - BTP Futures	Long	25	105,433	105,680	
	Soybean Futures	Short	10	(17,399)	(16,847)	
	China Index Futures	Short	3	(3,131)	(2,933)	
	FTSE Taiwan Index Futures	Long	150	346,670	346,212	
	Euro - Bobl Futures	Long	10	42,329	42,369	
	Euro Buxl Futures	Long	15	64,506	64,347	
	Mini Finance Sector Index Futures	Short	12	(6,303)	(6,262)	
	One Week E-mini Stock Index Futures	Short	26	(27,789)	(26,996)	
	CME BTC	Short	6	(87,771)	(81,728)	
	GIN Futures	Short	43	(67,552)	(66,732)	
	Gas Futures	Short	2	(2,791)	(2,735)	
	Soybean Oil Futures	Short	8	(7,021)	(7,155)	
	Corn Futures	Long	5	3,771	3,796	
	10 Year Japanese Treasury Bond	Long	12	367,885	369,860	
	MSCI Taiwan Index	Long	7	20,715	19,901	
	UK Long-term Bonds	Long	12	47,489	47,367	
	10 Year Australian Treasury Bond	Long	20	357,686	358,024	
	Subtotal			(241,203)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Options contract :						
	TAIEX Options (Call)	Long	8,100	\$ 158,232	84,336	
	TAIEX Options (Put)	Long	3,732	177,194	274,359	
	TAIEX Options (Call)	Short	2,676	(39,176)	(12,550)	
	TAIEX Options (Put)	Short	5,128	(100,023)	(253,693)	
	TAIEX Options W1 (Call)	Long	2,155	6,630	1,573	
	TAIEX Options W1 (Put)	Long	2,456	16,583	58,312	
	TAIEX Options W1 (Call)	Short	2,174	(5,708)	(2,693)	
	TAIEX Options W1 (Put)	Short	2,111	(15,884)	(60,186)	
	Stock Options (Call)	Long	161	2,188	505	
	Stock Options (Put)	Long	184	1,644	3,258	
	Stock Options (Call)	Short	81	(506)	(131)	
	Stock Options (Put)	Short	65	(793)	(1,456)	
	Electronic Sector Index Options (Call)	Long	6	250	10	
	Electronic Sector Index Options (Put)	Long	25	418	1,011	
	Electronic Sector Index Options (Put)	Short	1	(29)	(91)	
	Finance Insurance Index Options (Call)	Long	197	2,223	929	
	Finance Insurance Index Options (Put)	Long	71	545	1,228	
	Finance Insurance Index Options (Call)	Short	144	(435)	(177)	
	Finance Insurance Index Options (Put)	Short	89	(112)	(272)	
	Gold Options (Call)	Long	46	569	2,626	
	Gold Options (Put)	Long	37	454	57	
	Gold Options (Call)	Short	3	(38)	(108)	
	Gold Options (Put)	Short	52	(511)	(56)	
	iShares India 50 ETF Options (Call)	Long	900	64	53	
	iShares India 50 ETF Options (Put)	Long	600	36	32	
	iShares India 50 ETF Options (Call)	Short	525	(44)	(77)	
	iShares India 50 ETF Options (Put)	Short	825	(70)	(45)	
	Nifty Bank Options (Call)	Long	1,080	306	338	
	Nifty Bank Options (Put)	Long	240	70	71	
	Nifty Bank Options (Call)	Short	240	(67)	(66)	
	Nifty Bank Options (Put)	Short	1,080	(316)	(285)	
	Nifty Financial Services Index Options (Put)	Long	1,820	251	228	
	Nifty Financial Services Index Options (Call)	Short	1,820	(265)	(294)	
	Subtotal			203,680		
Total				\$ (37,523)		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity (Total liabilities - futures traders' equity)	$\frac{1,371,310}{773,373}$	1.77	$\frac{399,917}{0}$	∞	≥ 1	Satisfactory to requirement
17	Current Assets Current Liabilities	$\frac{2,133,323}{6,273}$	340.08	$\frac{388,917}{0}$	∞	≥ 1	"
22	Stockholders' equity Minimum paid-in capital	$\frac{1,371,310}{400,000}$	342.83 %	$\frac{399,917}{400,000}$	99.98 %	$\geq 60\%$ $\geq 40\%$	"
22	Adjusted net capital Total amount of customers' margin required for open positions of futures trader	$\frac{1,293,025}{261,454}$	494.55 %	$\frac{398,690}{0}$	∞	$\geq 20\%$ $\geq 15\%$	"

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity (Total liabilities - futures traders' equity)	$\frac{10,896,316}{2,308,967}$	4.72	$\frac{10,147,435}{2,081,084}$	4.88	≥ 1	Satisfactory to requirement
17	Current Assets Current Liabilities	$\frac{79,673,310}{70,608,224}$	1.13	$\frac{61,194,603}{52,872,994}$	1.16	≥ 1	"
22	Stockholders' equity Minimum paid-in capital	$\frac{10,896,316}{1,115,000}$	977.25 %	$\frac{10,147,435}{1,115,000}$	910.08 %	$\geq 60\%$ $\geq 40\%$	"
22	Adjusted net capital Total amount of customers' margin required for open positions of futures trader	$\frac{9,242,545}{16,109,593}$	57.37 %	$\frac{7,657,556}{12,480,548}$	61.36 %	$\geq 20\%$ $\geq 15\%$	"

(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 for the three months ended March 31, 2026 and 2025, 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	\$ 840,849	840,849	840,849	-	2	-	Working capital	-		-	1,632,054	1,632,054
2	CSC Futures (HK) Ltd.	F611702	Account receivables - Customer	No	444,405	444,405	126,973	4.18%~5.43%	1	391,692		-		-	444,405	1,058,848
3	CSC Futures (HK) Ltd.	F613059	Account receivables - Customer	No	95,230	95,230	-	6.93 %	1	9,371		-		-	211,770	1,058,848
4	CSC Futures (HK) Ltd.	F612688	Account receivables - Customer	No	12,062	12,062	-	5.93 %	1	379		-		-	211,770	1,058,848
5	CSC Futures (HK) Ltd.	F613091	Account receivables - Customer	No	317	317	-	5.93 %	1	1,588		-		-	211,770	1,058,848
6	CSC Futures (HK) Ltd.	F190416	Account receivables - Customer	No	222,203	222,203	-	4.43 %	1	6,150		-		-	222,203	1,058,848
7	CSC Futures (HK) Ltd.	F613511	Account receivables - Customer	No	15,872	15,872	-	8.00 %	1	2,017		-		-	211,770	1,058,848
8	CSC Futures (HK) Ltd.	F613390	Account receivables - Customer	No	126,973	126,973	-	4.63 %	1	4,326		-		-	211,770	1,058,848

Note: Type of Loans

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Significant transactions between parent company and subsidiaries for the three months ended March 31, 2026:

(In Thousands Dollars)

Ref No. (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Intercompany transaction details			
				General ledger account	Amount	Trading terms	Percentage of total consolidated revenue or total assets
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts payable	5,286		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts receivable	19,265		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other receivables	14,993		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Bonds sold under repurchase agreements	20,155		0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other payable	3,277		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Guarantee deposits received	4,620		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Futures commission revenue	44,326	General transaction	0.62 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Lease revenue	4,640	General transaction	0.07 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Revenue from securities management, distribution, and management fees	180	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Financial costs	683	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other operating revenue	1,389	General transaction	0.02 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Securities commission expense	15,658	General transaction	0.22 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Interest revenue	22	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Miscellaneous expense	22,241	General transaction	0.31 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Non-operating revenue	15,135	General transaction	0.21 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Brokerage commissions revenue	270	General transaction	- %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Professional Service Fees	27,990	General transaction	0.39 %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Entertainment expenses	45	General transaction	- %
0	Capital Securities Corp.	CSC Private Equity Co.	1	Other receivables	12		- %
0	Capital Securities Corp.	CSC Private Equity Co.	1	Revenue from securities management, distribution, and management fees	20	General transaction	- %
0	Capital Securities Corp.	CSC Private Equity Co.	1	Brokerage commissions revenue	153	General transaction	- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other receivables	295		- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other payable	2,424		- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Commission expense	4,682	General transaction	0.07 %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Other receivables	93		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Brokerage commissions revenue	31	General transaction	- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Guarantee deposits received	13		- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Lease revenue	12	General transaction	- %

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Ref No. (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Intercompany transaction details			
				General ledger account	Amount	Trading terms	Percentage of total consolidated revenue or total assets
1	Capital Futures Corp.	Capital Securities Corp.	2	Customers' margin account	5,027,357		1.28 %
1	Capital Futures Corp.	Capital Securities Corp.	2	Futures traders' equity	5,027,357		1.28 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Customers' margin account	709,698		0.18 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures traders' equity	8,583,342		2.18 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Other payable	10,334		- %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures commission expense	6,777	General transaction	0.10 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Brokerage commissions revenue	42,191	General transaction	0.59 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Financial costs	3,063	General transaction	0.04 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Customers' margin account	8,243,631		2.10 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Futures traders' equity	369,987		0.09 %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Information technology expense	10,495	General transaction	0.15 %
2	CSC Futures (HK) Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Professional Service Fees	1,830	General transaction	0.03 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other receivables	1,098		- %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	1,060	General transaction	0.01 %
4	CSC International Holdings Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Guarantee deposits received	146		- %
4	CSC International Holdings Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Advanced Receipt	98		- %
4	CSC International Holdings Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Lease revenue	145	General transaction	- %
4	CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	3	Other receivable	832,554		0.21 %

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

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Related information of investee companies:

(In Thousands of New Taiwan Dollars)

Ref. No.	Name of investee company (Notes 1 and 2)	Area	Date of establishment	Approval date and number of FSC	Primary business operation	Original investment amount		Equity Ownership by company (note 3)			Operating income or loss of investee company during the period	Net income or loss of investee company during the period	Investment gain or loss recognized during the period	Cash dividend	Note
						Balance on March 31, 2026	Balance on December 31, 2025	Shares	Ratio	Book value					
0	Capital-Investment Management Corp.	Taipei ,Taiwan, R.O.C.	February 16, 1990	Note 4	Engaged in providing research, analysis and recommendations, organize seminars and publish materials on securities investments	72,515	72,515	7,000,000	100.00 %	81,327	30,003	2,574	2,574	-	The transaction has been eliminated in the consolidated financial statements
0	Capital Futures Corp.	Taipei ,Taiwan, R.O.C.	February 26, 1997	No. FSC-1050044467 dated November 15, 2016	Engaged in domestic and foreign futures business	2,928,955	2,928,955	138,619,711	55.46 %	6,043,256	555,239	441,039	244,508	-	"
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 %	1,624,335	1,558	(2,637)	(2,637)	-	"
0	Capital Insurance Advisory Corp.	Taipei ,Taiwan, R.O.C.	November 9, 2000	Note 4	Engaged in personal insurance brokerage and property insurance brokerage and manages personal insurance agent business	3,890	3,890	500,000	100.00 %	93,943	80,905	17,404	17,404	-	Subsidiary
0	CSC Venture Capital Corp.	Taipei ,Taiwan, R.O.C.	January 12, 2016	No. FSC-1040034071 dated September 8, 2015	Venture capital and consulting business	1,000,000	1,000,000	100,000,000	100.00 %	850,556	(3,008)	(4,446)	(3,696)	-	The transaction has been eliminated in the consolidated financial statements
0	CSC Private Equity Co. (Note 5)	Taipei ,Taiwan, R.O.C.	December 3, 2020	No. FSC-1090349163 dated September 7, 2020	Investment and management consulting, venture capital and general investing	330,000	330,000	33,000,000	100.00 %	344,445	32,639	25,875	26,115	-	"
0	Capital Investment Trust Corp.	Taipei ,Taiwan, R.O.C.	October 16, 1995	Note 4	Engaged in security investment and discretionary investment services	1,272,505	1,272,505	33,067,507	20.00 %	1,949,940	1,653,235	723,134	198,508	-	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 %	713,087	13,684	1,558	-	-	The transaction has been eliminated in the consolidated financial statements
2	CSC Futures(HK) Ltd.	Hong Kong	December 9, 1998	No. FSC-1010027412 dated August 24, 2012	Future brokerage and other businesses permitted by local law of Hong Kong	886,284	886,284	220,000,000	100.00 %	1,058,848	177,502	3,785	-	-	"
2	Capital International Technology Co.,Ltd.	Taipei ,Taiwan, R.O.C.	December 29, 2014	No. FSC-1030038387 dated November 18, 2014	Management and consulting business Information technology software	50,000	50,000	5,000,000	100.00 %	8,654	-	(3,485)	-	-	"
3	Capital Securities Nominee Ltd.	Hong Kong	April 7, 1995	No. FSC- 90931 dated January 5, 1998	Agency services	-	-	2	100.00 %	-	-	-	-	-	"

Note 1: (0) Capital Securities Corp. (1) CSC International Holdings Ltd. (2) Capital Futures Corp. (3) CSC Securities (HK) Ltd.

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

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

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

Note 5: On June 3, 2025, the Financial Supervisory Commission approved the merger of CSC Capital Management Co. Ltd. with its subsidiary, Capital Private Equity Fund Co., Ltd., in accordance with Ruling No.1140346161. The surviving entity was CSC Capital Management Co. Ltd., and the dissolved entity was Capital Private Equity Fund I Co., Ltd. Following the merger, the company name was changed to CSC Private Equity Co., Ltd. On September 24, 2025, CSC Private Equity Co., Ltd. received approval for the merger and name change in accordance with Ruling No. 11453275410 issued by the Industrial Development Bureau. On the same date, Capital Private Equity Fund I Co., Ltd. was approved for dissolution registration following the merger, in accordance with Ruling No. 11453275510 issued by the Industrial Development Bureau.

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on overseas branches and representative offices:

(In Thousands of New Taiwan Dollars)

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

(d) Information on investments in the Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee in Mainland China	Major Operations	Issued capital	Method of investment	Accumulated remittance as of January 1, 2026	Remittance of recoverable investment this period		Accumulated remittance as of March 31, 2026	Net gains (losses) of the investee	Direct or indirect Share holdings (%) by the company	Investment gains (losses) recognized during this period	Ending Balance of Investment	Investment income remitted back as of March 31, 2026
					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	(6,107)	28.28%	(1,728) Note 2 B(3)	559	-
QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	Management, consulting and information service business.	18,863	Note 1 (C)	18,863	-	-	18,863	(357)	55.46%	(198) Note 2 B(3)	847	-

Note 1: Investment methods are classified into the following three categories:
A. Directly invest in a company in Mainland China.
B. Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Please indicate the investee name of the third area).
C. Through a subsidiary to invest in a company in Mainland China.

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

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

(ii) Limitation on investment in the Mainland China:

(In Thousands of New Taiwan Dollars)

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

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

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

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

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

(b) Measurement of segmental information

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

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

For the three months ended March 31, 2026							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination
Segment Revenue	\$ 3,036,862	354,694	4,699,961	(1,660,480)	133,344	683,774	(117,075)
Segment profit or loss	\$ 1,839,623	298,121	3,316,493	(1,990,421)	(399,746)	528,439	(265,966)
							Total
							7,131,080
							3,326,543

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2025							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 1,939,046	67,215	1,015,799	296,122	57,629	704,890	(92,133)	3,988,568
Segment profit or loss	\$ 1,051,924	23,714	141,893	195,936	(441,600)	345,906	(129,684)	1,188,089

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.