

**CAPITAL SECURITIES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For The Six Months Ended June 30, 2026 and 2025**

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

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Independent Auditors' Report

To the Board of Directors of
Capital Securities Corporation:

Opinion

We have audited the consolidated financial statements of Capital Securities Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of June 30, 2026, December 31, 2025 and June 30, 2025, the consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and the six months ended June 30, 2026 and 2025 as well as the changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026, December 31, 2025 and June 30, 2025, and its consolidated financial performance, for the three months ended June 30, 2026, and 2025 and the six months ended June 30, 2026, and 2025 as well as its consolidated cash flows for the six months ended June 30, 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 Standards (“IASs”) 34 “Interim Financial Reporting”, which are endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2026. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters of the Group's financial statements are stated as follows:

Valuation of financial instruments

Please refer to Note 4(g) of the consolidated financial statements as of and for the year ended December 31, 2025 for the related accounting policy regarding the valuation of financial instruments, Note 5(a) for accounting assumptions and estimation uncertainty of the valuation of financial instruments, Note 6(b) financial assets, Note 6(n) financial liabilities at fair value through profit or loss and Note 6(x)(v), fair value and fair value hierarchy of financial instruments for details.

Risk and descriptions of the key audit matter:

The Group's valuation of financial instruments is one of audit processes refer to important judgements. Financial instruments on balance sheets mainly belong to Level 1 or Level 2 in fair value hierarchy, and can be achieved by available quoted market prices in an active market and direct or indirect evaluation of observation. Fair value of some derivative Financial instruments invested and issued depends on models and observably variable factors in the market, so management's professional judgement has highly importance when using different valuation methods and assumptions. Therefore, the valuation of financial instruments is one of our key audit matters.

Procedures performed:

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

Other Matter

We did not audit the financial statements of Capital Investment Trust Corporation, an associate of Capital Securities Corporation. Those financial statements were audited by another auditor, whose report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Capital Investment Trust Corporation, is based solely on the report of another auditor. The recognized investment amount of Capital Investment Trust Corporation under equity method constituted 0.30%, 0.49% and 0.49% of consolidated total assets of June 30, 2026, December 31, 2025 and June 30, 2025, respectively, and the recognized profit or loss under using equity method constituted 3.04%, 6.49%, 4.06% and 7.40% of consolidated net income before income tax for the three months and six months ended June 30, 2026 and 2025, respectively.

The Group has prepared its parent-company-only financial statements as of and for the six months ended June 30, 2026 and 2025, on which we have issued an unmodified opinion with other matters paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Accounting Standards ("IASs") 34 "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
August 28, 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 such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2026, December 31, 2025, and June 30, 2025****(Expressed in Thousands of New Taiwan Dollars)**

	Assets	June 30, 2026		December 31, 2025		June 30, 2025	
		Amount	%	Amount	%	Amount	%
110000	Current assets:						
111100	Cash and cash equivalents (note 6(a))	\$ 32,679,058	6	14,666,156	4	12,541,970	4
112000	Financial assets at fair value through profit or loss - current (notes 6(b) and 8)	115,540,460	22	91,246,381	26	61,190,277	20
113200	Financial assets at fair value through other comprehensive income - current (note 6(b))	25,518,906	5	26,484,889	8	27,444,349	9
114010	Bonds purchased under resale agreements (note 6(c))	230,219	-	210,718	-	250,515	-
114030	Receivable for securities provided as collateral	42,021,408	8	23,394,006	7	15,456,876	5
114040	Refinancing margin	18,946	-	26,361	-	31,219	-
114050	Refinancing collateral receivable	15,778	-	21,941	-	25,797	-
114060	Receivable of securities business money lending	37,228,848	7	32,338,389	9	29,059,400	9
114070	Customers' margin account (note 6(c))	119,103,134	23	57,416,523	16	54,964,990	18
114080	Receivable - futures margin	3	-	1	-	12	-
114090	Collateral for securities borrowed	288,219	-	277,904	-	514,411	-
114100	Security borrowing margin	13,757,965	3	13,594,435	4	13,847,688	5
114110	Notes receivable	19,357	-	11,813	-	20,589	-
114130	Accounts receivable (note 6(d))	46,243,552	9	25,984,058	7	23,488,435	8
114150	Prepayments	242,932	-	79,422	-	103,047	-
114170	Other receivables	1,087,780	-	529,722	-	983,338	-
114200	Other financial assets - current	80	-	116	-	-	-
114300	Leverage contract trading - customers' margin account	659,204	-	572,040	-	755,103	-
114600	Current income tax assets	41	-	621	-	736	-
119095	Amounts held for each customer in the account (note 6(p))	63,508,804	12	44,167,892	12	38,948,009	13
119990	Other current assets-others	1,988,422	-	780,419	-	1,867,507	1
		<u>500,153,116</u>	<u>95</u>	<u>331,803,807</u>	<u>93</u>	<u>281,494,268</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)	179,387	-	179,227	-	178,554	-
123200	Financial assets at fair value through other comprehensive income - non-current (note 6(b))	4,686,544	1	5,168,875	1	4,777,206	1
123300	Financial assets at amortized cost - non-current (note 6(b))	5,837,267	1	5,511,713	2	5,541,270	2
124100	Investments accounted for under equity method (note 6(f))	1,634,822	-	1,827,971	-	1,538,448	1
125000	Property and equipment (notes 6(g) and 8)	2,922,725	-	2,895,225	1	2,919,589	1
125800	Right-of-use assets (note 6(h))	494,174	-	493,474	-	534,745	-
126000	Investment property (notes 6(i) and 8)	3,676,119	1	3,689,539	1	3,673,140	1
127000	Intangible assets (note 6(j))	3,623,803	1	3,625,945	1	3,609,703	1
128000	Deferred income tax assets	-	-	-	-	11,037	-
129000	Other non-current assets	2,932,681	1	2,203,900	1	1,858,339	1
		<u>25,987,522</u>	<u>5</u>	<u>25,595,869</u>	<u>7</u>	<u>24,642,031</u>	<u>8</u>
	Total assets	<u><u>\$ 526,140,638</u></u>	<u><u>100</u></u>	<u><u>357,399,676</u></u>	<u><u>100</u></u>	<u><u>306,136,299</u></u>	<u><u>100</u></u>

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2026, December 31, 2025, and June 30, 2025****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2026		December 31, 2025		June 30, 2025	
		Amount	%	Amount	%	Amount	%
210000	Liabilities and Equity						
211100	Current liabilities:						
211200	Short-term borrowings (note 6(k))	\$ 7,263,624	2	6,563,030	2	3,633,787	1
212000	Commercial paper payable (note 6(l))	78,794,263	15	54,271,018	15	20,783,547	7
212000	Financial liabilities at fair value through profit or loss - current (note 6(n))	58,634,907	11	36,493,070	10	33,925,267	11
214010	Bonds sold under repurchase agreements (note 6(o))	44,792,469	9	43,285,089	12	45,551,139	15
214040	Guarantee deposited for short sales	1,333,259	-	2,564,848	1	1,536,679	1
214050	Proceeds payable from short sales	1,540,022	-	2,863,691	1	1,530,232	-
214070	Securities lending refundable deposits	19,185,665	4	16,352,311	5	14,612,186	5
214080	Futures traders' equity (note 6(e))	118,829,225	23	57,279,256	16	54,793,522	18
214090	Equity for each customer in the account (note 6(p))	63,508,804	12	44,167,892	13	38,948,009	13
214100	Leverage contract trading - customers' equity	658,270	-	571,630	-	736,033	-
214130	Accounts payable (note 6(q))	43,342,569	8	22,387,114	6	17,085,659	6
214150	Advance receipts	51,646	-	33,054	-	42,474	-
214160	Receipts under custody	807,823	-	299,580	-	1,029,557	-
214170	Other payables	5,302,974	1	1,915,410	1	5,100,176	2
214200	Other financial liabilities - current (note 6(y))	14,623,913	3	8,571,912	2	8,099,758	3
214600	Current income tax liabilities	1,622,306	-	811,011	-	641,520	-
215100	Provisions - current (note 6(s))	75,813	-	68,403	-	72,415	-
216000	Current lease liabilities (note 6(r))	210,086	-	210,608	-	206,270	-
219000	Other current liabilities	75,348	-	32,840	-	31,298	-
		<u>460,652,986</u>	<u>88</u>	<u>298,741,767</u>	<u>84</u>	<u>248,359,528</u>	<u>82</u>
220000	Non-Current liabilities:						
221200	Long-term borrowings (note 6(m))	6,000,000	1	6,000,000	2	9,498,552	3
222000	Financial liabilities at fair value through profit or loss - non-current (note 6(n))	183,140	-	184,863	-	109,034	-
224200	Other financial liabilities - non-current (note 6(y))	1,285,982	-	996,775	-	1,502,107	-
226000	Non-current lease liabilities (note 6(r))	311,256	-	321,010	-	366,402	-
228000	Deferred income tax liabilities	682,069	-	722,421	-	742,969	-
229000	Other non-current liabilities	225,592	-	228,037	-	329,242	-
		<u>8,688,039</u>	<u>1</u>	<u>8,453,106</u>	<u>2</u>	<u>12,548,306</u>	<u>3</u>
	Total liabilities	<u>469,341,025</u>	<u>89</u>	<u>307,194,873</u>	<u>86</u>	<u>260,907,834</u>	<u>85</u>
	Equity attributable to shareholders of the parent:						
301010	Common stock (note 6(u))	21,709,081	4	21,709,081	6	21,709,081	7
301070	Stock dividend to be distributed (note 6(u))	2,843,890	1	-	-	-	-
302000	Capital surplus (note 6(u))	2,781,067	-	2,781,067	1	2,781,067	1
304000	Retained earnings:						
304010	Legal reserve	4,373,990	1	3,783,173	1	3,783,173	1
304020	Special reserve	9,018,457	2	7,836,822	2	7,836,822	3
304040	Unappropriated earnings (note 6(u))	8,571,278	2	6,120,588	2	2,189,554	1
305120	Exchange differences on translation of foreign operations	85,730	-	48,589	-	(229,102)	-
305140	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	2,609,631	-	3,277,578	1	2,875,575	1
		<u>51,993,124</u>	<u>10</u>	<u>45,556,898</u>	<u>13</u>	<u>40,946,170</u>	<u>14</u>
	Total equity attributable to the parent company	<u>51,993,124</u>	<u>10</u>	<u>45,556,898</u>	<u>13</u>	<u>40,946,170</u>	<u>14</u>
306000	Non-controlling interests	<u>4,806,489</u>	<u>1</u>	<u>4,647,905</u>	<u>1</u>	<u>4,282,295</u>	<u>1</u>
	Total equity	<u>56,799,613</u>	<u>11</u>	<u>50,204,803</u>	<u>14</u>	<u>45,228,465</u>	<u>15</u>
	Total liabilities and equity	<u>\$ 526,140,638</u>	<u>100</u>	<u>357,399,676</u>	<u>100</u>	<u>306,136,299</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2026 and 2025

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

		For the three months ended June 30				For the six months ended June 30			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
Income:									
401000	Brokerage commissions (note 6(w))	\$ 4,022,900	33	1,623,854	36	6,580,274	34	3,115,228	37
402000	Revenues from securities business money lending	6,807	-	3,140	-	11,031	-	6,973	-
403000	Revenue from securities lending	303,827	3	138,394	3	504,740	3	325,643	4
404000	Underwriting commissions (note 6(w))	39,255	-	36,223	1	102,622	1	55,572	1
406000	Commissions on wealth management business	66,521	1	24,382	1	112,790	1	57,113	1
410000	Net gains (losses) on sale of trading securities (note 6(w))	25,701,008	213	(1,794,328)	(40)	37,498,217	195	(1,800,088)	(21)
421100	Securities management, distribution, and management fees	51,180	-	47,064	1	97,590	1	90,970	1
421200	Interest revenue (note 6(w))	1,337,562	11	965,245	22	2,488,446	13	2,049,369	24
421300	Dividend revenue	458,097	4	425,774	10	890,370	5	655,190	8
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(w))	4,901,164	41	1,413,341	32	1,944,632	10	185,089	2
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements (note 6(y))	(2,438,818)	(20)	26,822	1	(4,302,159)	(22)	477	-
421610	Net gains (losses) on measurement of borrowed securities and bonds with resale agreements	(7,023,459)	(58)	229,974	5	(5,135,995)	(27)	1,045,833	12
421750	Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income	(13,091)	-	27,335	1	16,573	-	47,762	1
421800	Net gains (losses) on securities for futures margin at fair value through profit or loss	555,194	5	36,138	1	736,760	4	(58,085)	(1)
422200	Net gains (losses) on stock warrants issued (notes 6(w) and (y))	(2,928,743)	(24)	18,710	-	(3,954,073)	(21)	602,284	7
424100	Futures commission revenues (note 6(w))	162,863	1	112,150	2	326,340	2	253,321	3
424400	Net gains (losses) on derivative instruments - futures (note 6(y))	(9,262,228)	(77)	1,136,097	25	(13,773,328)	(72)	1,417,765	17
424500	Net gains (losses) on derivative instruments - OTC (note 6(y))	(3,958,486)	(33)	(226,699)	(5)	(4,947,141)	(26)	156,761	2
424800	Management fee revenues	25,682	-	4,865	-	43,451	-	8,944	-
424900	Consultancy fee revenue	11,694	-	8,738	-	23,729	-	14,218	-
425300	Impairment losses and reversal gains (note 6(x))	(2,690)	-	1,726	-	(135,166)	(1)	533	-
428000	Other operating revenues	50,495	-	194,963	4	68,111	-	211,604	2
		<u>12,066,734</u>	<u>100</u>	<u>4,453,908</u>	<u>100</u>	<u>19,197,814</u>	<u>100</u>	<u>8,442,476</u>	<u>100</u>
Expenses:									
501000	Brokerage fees	514,807	4	255,859	6	879,146	5	531,549	6
502000	Brokerage and clearing fees - proprietary trading	42,256	-	15,796	-	71,641	-	30,099	-
503000	Clearing and exchange fees - refinancing	489	-	550	-	1,095	-	846	-
504000	Clearing and exchange fees - underwriting	532	-	614	-	1,420	-	1,137	-
521200	Financial costs	871,695	7	663,411	15	1,591,341	8	1,385,800	17
521640	Loss from securities borrowing transactions	333,514	3	322,553	7	725,599	4	500,242	6
524100	Futures commission expense (note 6(w))	94,503	1	91,819	2	205,742	1	181,944	2
524300	Clearing and settlement expenses	68,413	1	54,033	1	132,919	1	101,719	1
528000	Other operating expenditure	70,462	1	43,530	1	130,568	1	79,644	1
531000	Employee benefits expenses (note 6(w))	3,099,452	26	984,090	22	4,616,988	24	2,020,066	24
532000	Depreciation and amortization expense (note 6(w))	133,522	1	123,681	3	264,395	1	242,897	3
533000	Other operating expenses (note 6(w))	2,464,874	20	935,440	21	3,983,285	21	1,830,197	22
		<u>7,694,519</u>	<u>64</u>	<u>3,491,376</u>	<u>78</u>	<u>12,604,139</u>	<u>66</u>	<u>6,906,140</u>	<u>82</u>
Other income (expenses):									
601000	Share of profits of associates and joint ventures accounted for using equity method (note 6(f))	203,747	2	108,206	2	419,659	2	222,793	3
602000	Other gains and losses (note 6(w))	<u>1,639,128</u>	<u>13</u>	<u>491,198</u>	<u>11</u>	<u>2,528,299</u>	<u>13</u>	<u>990,896</u>	<u>12</u>
		<u>1,842,875</u>	<u>15</u>	<u>599,404</u>	<u>13</u>	<u>2,947,958</u>	<u>15</u>	<u>1,213,689</u>	<u>15</u>
902001	Net income before income tax	6,215,090	51	1,561,936	35	9,541,633	49	2,750,025	33
701000	Less: Income tax expenses (note 6(t))	<u>887,035</u>	<u>7</u>	<u>277,861</u>	<u>6</u>	<u>1,111,456</u>	<u>6</u>	<u>468,954</u>	<u>6</u>
	Net income	<u>5,328,055</u>	<u>44</u>	<u>1,284,075</u>	<u>29</u>	<u>8,430,177</u>	<u>43</u>	<u>2,281,071</u>	<u>27</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	(212,925)	(2)	27,279	1	(448,587)	(2)	(65,920)	(1)
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>(212,925)</u>	<u>(2)</u>	<u>27,279</u>	<u>1</u>	<u>(448,587)</u>	<u>(2)</u>	<u>(65,920)</u>	<u>(1)</u>
805600	Components that may be reclassified to profit or loss in subsequent periods:								
805610	Exchange differences on translation of foreign operations	(23,035)	-	(531,825)	(12)	43,247	-	(478,213)	(5)
805615	Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income	(6,233)	-	166,095	4	(246,747)	(1)	330,769	4
805699	Less: Income tax related to components of other comprehensive income (note 6(t))	<u>(1,541)</u>	<u>-</u>	<u>(41,747)</u>	<u>(1)</u>	<u>3,215</u>	<u>-</u>	<u>(37,698)</u>	<u>-</u>
	Subtotal of items that may be subsequently reclassified into profit or loss	<u>(27,727)</u>	<u>-</u>	<u>(323,983)</u>	<u>(7)</u>	<u>(206,715)</u>	<u>(1)</u>	<u>(109,746)</u>	<u>(1)</u>
805000	Other comprehensive income, net	<u>(240,652)</u>	<u>(2)</u>	<u>(296,704)</u>	<u>(6)</u>	<u>(655,302)</u>	<u>(3)</u>	<u>(175,666)</u>	<u>(2)</u>
902006	Total comprehensive income	<u>\$ 5,087,403</u>	<u>42</u>	<u>987,371</u>	<u>23</u>	<u>7,774,875</u>	<u>40</u>	<u>2,105,405</u>	<u>25</u>
Net income attributable to:									
913100	Shareholders of the parent	\$ 5,040,253	42	1,139,703	26	7,948,928	40	2,014,359	24
913200	Non-controlling interests	<u>287,802</u>	<u>2</u>	<u>144,372</u>	<u>3</u>	<u>481,249</u>	<u>3</u>	<u>266,712</u>	<u>3</u>
		<u>\$ 5,328,055</u>	<u>44</u>	<u>1,284,075</u>	<u>29</u>	<u>8,430,177</u>	<u>43</u>	<u>2,281,071</u>	<u>27</u>
Total comprehensive income attributable to:									
914100	Shareholders of the parent	\$ 4,823,400	40	913,927	21	7,304,589	38	1,893,480	22
914200	Non-controlling interests	<u>264,003</u>	<u>2</u>	<u>73,444</u>	<u>2</u>	<u>470,286</u>	<u>2</u>	<u>211,925</u>	<u>3</u>
		<u>\$ 5,087,403</u>	<u>42</u>	<u>987,371</u>	<u>23</u>	<u>7,774,875</u>	<u>40</u>	<u>2,105,405</u>	<u>25</u>
975000	Basic earnings per share (note 6(v))	<u>\$ 2.05</u>		<u>0.46</u>		<u>3.24</u>		<u>0.82</u>	
985000	Diluted earnings per share (note 6(v))	<u>\$ 2.05</u>		<u>0.46</u>		<u>3.23</u>		<u>0.82</u>	

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to the parent company										
	Stock		Retained earnings				Total other equity interest				
	Common stocks	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity attributable to the parent company	Non-controlling interests	Total Equity
Balance at January 1, 2025	\$ 21,709,081	-	2,743,257	3,299,604	6,869,685	4,919,483	153,408	2,576,724	42,271,242	3,365,231	45,636,473
Net income for the six months ended June 30, 2025	-	-	-	-	-	2,014,359	-	-	2,014,359	266,712	2,281,071
Other comprehensive income	-	-	-	-	-	-	(382,510)	261,631	(120,879)	(54,787)	(175,666)
Total comprehensive income	-	-	-	-	-	2,014,359	(382,510)	261,631	1,893,480	211,925	2,105,405
Appropriation and distribution of retained earnings: (note 6(u))											
Legal reserve	-	-	-	483,569	-	(483,569)	-	-	-	-	-
Special reserve	-	-	-	-	967,137	(967,137)	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	(3,256,362)	-	-	(3,256,362)	-	(3,256,362)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(37,220)	-	37,220	-	-	-
Changes in ownership interests in subsidiaries	-	-	37,810	-	-	-	-	-	37,810	-	37,810
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	705,139	705,139
Balance at June 30, 2025	\$ 21,709,081	-	2,781,067	3,783,173	7,836,822	2,189,554	(229,102)	2,875,575	40,946,170	4,282,295	45,228,465
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 six months ended June 30, 2026	-	-	-	-	-	7,948,928	-	-	7,948,928	481,249	8,430,177
Other comprehensive income	-	-	-	-	-	-	37,141	(681,480)	(644,339)	(10,963)	(655,302)
Total comprehensive income	-	-	-	-	-	7,948,928	37,141	(681,480)	7,304,589	470,286	7,774,875
Appropriation and distribution of retained earnings: (note 6(u))											
Legal reserve	-	-	-	590,817	-	(590,817)	-	-	-	-	-
Special reserve	-	-	-	-	1,181,635	(1,181,635)	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	(868,363)	-	-	(868,363)	-	(868,363)
Stock dividends of common stocks	-	2,843,890	-	-	-	(2,843,890)	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(13,533)	-	13,533	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(311,702)	(311,702)
Balance at June 30, 2026	\$ 21,709,081	2,843,890	2,781,067	4,373,990	9,018,457	8,571,278	85,730	2,609,631	51,993,124	4,806,489	56,799,613

See accompanying notes to consolidated financial statements.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2026	2025
Cash flows from operating activities:		
Net income before tax	\$ 9,541,633	2,750,025
Adjustments:		
Income and expenses items:		
Depreciation expense	230,444	215,694
Amortization expense	33,951	27,203
Expected credit impairment losses (reversal profit)	135,166	(533)
Net loss (gain) on financial assets or liabilities at fair value through profit	2,454,603	(1,172,837)
Financial cost	1,591,341	1,385,800
Interest revenue (including financial revenue)	(3,460,201)	(2,864,710)
Dividend revenue	(939,581)	(702,197)
Share-based payment	-	10,427
Share of profit of associates and joint ventures accounted for using the equity method	(419,659)	(222,793)
Gain on disposal and retirement of property and equipment	(109)	-
Gain on disposal of intangible assets	(41)	-
Net loss on non-operating financial instruments at fair value through profit or loss	1,669	54,284
Net gains on lease modifications	(320)	(25)
Subtotal of income of non-cash activities	(372,737)	(3,269,687)
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at fair value through profit or loss	(21,614,516)	8,244,844
Increase in bonds purchased under resale agreements	(19,501)	(395)
(Increase) decrease in receivable for securities provided as collateral	(18,627,356)	6,949,852
Decrease in refinancing margin	7,415	18,130
Decrease in receivable on refinancing collateral	6,163	15,292
(Increase) decrease in receivable of securities business money lending	(4,890,459)	3,618,221
Increase in customers' margin account	(61,686,611)	(6,154,706)
Decrease in margin receivable of futures trading	150	65
(Increase) decrease in collateral for securities borrowed	(10,315)	27,957
(Increase) decrease in security borrowing margin	(163,530)	531,284
Increase in notes receivable	(7,544)	(13,131)
Increase in accounts receivable	(20,003,839)	(9,608,511)
Increase in prepayments	(157,240)	(11,428)
Decrease in other receivables	367,052	262,331
Decrease in other financial assets - current	36	-
Decrease in financial assets at fair value through other comprehensive income	756,626	3,808,888
(Increase) decrease in leverage contract trading-customers' margin account	(87,164)	152,800
(Increase) decrease in other current assets	(1,208,003)	1,348,715
(Increase) decrease in other non-current assets	(729,080)	28,278
Increase (decrease) in bonds sold under repurchase agreements	1,507,380	(8,071,729)
Increase in financial liabilities at fair value through profit or loss	17,004,118	8,869,806
Decrease in guarantee deposited for short sales	(1,231,589)	(990,848)
Decrease in proceeds payable from short sales	(1,323,669)	(1,344,448)
Increase (decrease) in securities lending refundable deposits	2,833,354	(1,680,627)
Increase in futures traders' equity	61,549,969	6,241,377
Increase (decrease) in leverage contract trading - customers' equity	86,640	(171,317)
Decrease in notes payable	-	(152)
Increase in accounts payable	20,763,537	5,553,631
Increase in advance receipts	18,899	8,431
Increase in receipts under custody	508,243	204,169
Increase (decrease) in other payable	1,813,492	(283,612)
Increase in provision - current	7,410	11,148
Increase in other financial liabilities	6,341,208	2,665,689
Increase (decrease) in other current liabilities	42,508	(23,590)
Decrease in other non-current liabilities	(2,445)	(6,520)
Total changes in assets and liabilities from operating activities	(18,148,661)	20,199,894
Total adjustments	(18,521,398)	16,930,207

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2026	2025
Cash (used in) generated from operating activities	\$ (8,979,765)	19,680,232
Interest received	3,294,976	2,965,167
Dividends received	775,476	491,108
Interest paid	(1,394,879)	(1,280,952)
Income taxes paid	(343,147)	(548,474)
Net Cash flows (used in) provided by operating activities	(6,647,339)	21,307,081
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,500)	(5,272)
Proceeds from disposal of financial assets at fair value through other comprehensive income	318	10,577
Acquisition of financial assets at amortized cost	(356,255)	(114,870)
Proceeds from disposal of financial assets at amortized cost	157,146	-
Repayment of financial assets measured at amortized cost upon maturity	-	627,803
Proceeds from capital reduction of investments accounted for under equity method	-	4
Acquisition of property and equipment	(138,263)	(133,107)
Proceeds from disposal of property and equipment	2,102	-
Acquisition of intangible assets	(31,535)	(21,428)
Proceeds from disposal of intangible assets	115	-
(Increase) decrease in deferred debits	(34)	402
Acquisition of investment properties	(1,401)	-
Increase in prepayments for business facilities	(7,158)	(2,199)
Net cash flows (used in) provided by investing activities	(378,465)	361,910
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	700,594	(3,671,109)
Increase (decrease) in commercial papers payable	24,523,245	(20,731,070)
Proceeds from long-term borrowings	-	6,000,000
Repayments of long-term borrowings	-	(1,000,000)
Payment of lease liabilities	(115,954)	(113,094)
Issuance of common stock for cash by subsidiaries	-	1,047,564
Net cash flows provided by (used in) financing activities	25,107,885	(18,467,709)
Effect of exchange rate changes on cash and cash equivalents	(69,179)	51,499
Increase in cash and cash equivalents	18,012,902	3,252,781
Cash and cash equivalents, beginning of period	14,666,156	9,289,189
Cash and cash equivalents, end of period	\$ 32,679,058	12,541,970

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 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 June 30, 2026, the composition of the consolidated financial statements includes the Company and the subsidiaries (the “Group”). As of June 30, 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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The consolidated financial statements were authorized for issuance by the board of directors on August 28, 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 endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

The Group expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

- (i) 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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 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 new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

- (ii) Amendments to IAS 28 “The Fair Value Option for Investments in Associates and Joint Ventures”

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

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

The Group does not expect the following 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 20 “Regulatory Assets and Regulatory Liabilities”

(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.

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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		
			June 30, 2026	December 31, 2025	June 30, 2025
The Company	Capital Investment Management Corp.	Engaged in providing advice on securities investment and discretionary investment services	100.00 %	100.00 %	100.00 %
"	CSC International Holdings Ltd.	Long-term equity investment business	100.00 %	100.00 %	100.00 %
"	Capital Futures Corp.	Engaged in domestic and foreign futures business	55.46 %	55.46 %	55.46 %
"	CSC Venture Capital Corp.	Management, consulting, venture and general investment business	100.00 %	100.00 %	100.00 %
"	CSC Private Equity Co. (formerly CSC Capital Management Co., Ltd.)	Consulting business, venture capital and general investment business	100.00 %	100.00 %	100.00 %
CSC Private Equity Co.	CSC Private Equity Fund I Co.	Merged and dissolved	- %	- %	100.00 %
Capital Futures Corp.	CSC Futures (HK) Ltd.	Futures dealing business	100.00 %	100.00 %	100.00 %
"	Capital International Technology Corp.	Management, consulting and information service business	100.00 %	100.00 %	100.00 %
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	51.00 %	51.00 %	51.00 %
"	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	Management, consulting and information service business	100.00 %	100.00 %	100.00 %
CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses	- %	100.00 %	100.00 %
CSC Securities (HK) Ltd.	Capital Securities Nominees Ltd.	Agency service	100.00 %	100.00 %	100.00 %

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Subsidiaries not listed in the consolidated financial statements

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			June 30, 2026	December 31, 2025	June 30, 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 June 30, 2026, December 31, 2025 and June 30, 2025, the total assets constituted 0.03%, 0.03% and 0.03% of the Group's total assets, respectively. For the six months ended June 30, 2026 and 2025, the operation revenue constituted 0.91% and 1.23% 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.

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Cash	\$ 2,914	3,026	2,889
Bank deposits			
Checking accounts	203,174	198,888	294,640
Demand deposits	<u>17,478,574</u>	<u>2,284,392</u>	<u>2,313,000</u>
Subtotal	<u>17,681,748</u>	<u>2,483,280</u>	<u>2,607,640</u>
Cash equivalents			
Time deposits	7,512,020	7,450,912	5,149,972
Futures margin - excess margin	6,552,986	4,105,334	3,816,216
Commercial papers	<u>929,390</u>	<u>623,604</u>	<u>965,253</u>
Subtotal	<u>14,994,396</u>	<u>12,179,850</u>	<u>9,931,441</u>
Total	<u><u>\$ 32,679,058</u></u>	<u><u>14,666,156</u></u>	<u><u>12,541,970</u></u>

(b) Financial assets

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Open-ended funds and money-market instruments			
Open-ended funds and money-market instruments	\$ 338,424	811,216	929,770
Valuation adjustment	<u>71,890</u>	<u>30,586</u>	<u>(925)</u>
Subtotal	<u>410,314</u>	<u>841,802</u>	<u>928,845</u>
Invested securities			
Invested Securities	406,762	220,373	232,858
Valuation adjustment	<u>7,656</u>	<u>19,121</u>	<u>(10,249)</u>
Subtotal	<u>414,418</u>	<u>239,494</u>	<u>222,609</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Trading securities - proprietary trading			
Listed stocks	\$ 15,630,704	16,400,432	3,012,119
Listed funds	32,449,993	15,814,167	12,799,954
OTC stocks	5,973,815	3,521,568	770,825
OTC funds	7,421,481	7,424,599	6,805,708
Emerging market stocks	519,085	490,580	547,979
Convertible bonds	5,171,689	4,996,785	4,789,909
Government bonds	394,718	49,640	693,496
Corporate bonds	2,746,663	2,746,663	2,636,873
International bonds	2,003,975	2,451,409	2,745,108
Foreign stocks	378,657	265,988	316,805
Foreign funds	500,144	502,828	136,547
Foreign bonds	2,068,470	1,246,092	949,119
Others	<u>207,722</u>	<u>59,557</u>	<u>46,056</u>
	75,467,116	55,970,308	36,250,498
Valuation adjustment	<u>2,005,854</u>	<u>1,668,125</u>	<u>(246,225)</u>
Subtotal	<u>77,472,970</u>	<u>57,638,433</u>	<u>36,004,273</u>
Trading securities - underwriting			
Listed stocks	7,200	6,467	7,650
OTC stocks	18,460	9,865	67,353
Convertible bonds	430,593	264,136	437,018
Others	<u>22,531</u>	<u>-</u>	<u>-</u>
	478,784	280,468	512,021
Valuation adjustment	<u>60,147</u>	<u>21,429</u>	<u>(14,536)</u>
Subtotal	<u>538,931</u>	<u>301,897</u>	<u>497,485</u>
Trading securities - hedging			
Listed stocks and stock warrants	6,376,106	6,027,704	1,655,223
OTC stocks and stock warrants	1,713,901	1,203,266	452,082
Convertible bonds	16,849,074	18,038,542	18,198,296
Others	<u>280,825</u>	<u>76,733</u>	<u>87,380</u>
	25,219,906	25,346,245	20,392,981
Valuation adjustment	<u>2,223,970</u>	<u>687,724</u>	<u>(545,745)</u>
Subtotal	<u>27,443,876</u>	<u>26,033,969</u>	<u>19,847,236</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Derivatives			
Buy options	\$ 454,533	139,373	225,747
Futures margin - security	2,107,395	701,795	410,771
Futures margin - proprietary fund	3,783,978	3,664,637	1,998,647
IRS asset swaps	17,575	18,708	48,050
Asset swap options - long position	2,668,149	1,482,197	867,165
Leverage derivatives - non-hedging	107,591	117,508	122,995
Structured notes	6,514	1,128	685
Exchange rate derivatives	78,385	56,566	4,643
Equity derivatives	4,502	8,731	10,932
Interest rate swaps	100	143	194
Total return swap contract value	<u>31,229</u>	<u>-</u>	<u>-</u>
Subtotal	<u>9,259,951</u>	<u>6,190,786</u>	<u>3,689,829</u>
Total	<u><u>\$ 115,540,460</u></u>	<u><u>91,246,381</u></u>	<u><u>61,190,277</u></u>

As of June 30, 2026, December 31, 2025 and June 30, 2025, trading securities undertaken for repurchase agreements of the Group, please refer to note 8 for details.

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Debt instruments at fair value through other comprehensive income			
Government bonds	\$ 1,562,653	1,265,623	3,256,708
Corporate bonds	6,454,251	7,349,301	7,541,609
International bonds	955,500	942,900	879,000
Foreign bonds	<u>16,266,403</u>	<u>15,630,874</u>	<u>13,783,546</u>
	25,238,807	25,188,698	25,460,863
Valuation adjustment	<u>(311,641)</u>	<u>(59,604)</u>	<u>(114,170)</u>
Subtotal	<u>24,927,166</u>	<u>25,129,094</u>	<u>25,346,693</u>
Equity instrument at fair value through other comprehensive income			
Listed stocks	\$ 115,948	896,240	1,762,565
OTC stocks	59,807	60,469	107,702
Emerging market stocks	<u>389,560</u>	<u>405,861</u>	<u>284,521</u>
	565,315	1,362,570	2,154,788
Valuation adjustment	<u>26,425</u>	<u>(6,775)</u>	<u>(57,132)</u>
Subtotal	<u>591,740</u>	<u>1,355,795</u>	<u>2,097,656</u>
Total	<u><u>\$ 25,518,906</u></u>	<u><u>26,484,889</u></u>	<u><u>27,444,349</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

For the three months and the six months ended June 30, 2026 and 2025, the dividends were recognized from the Group equity instrument investments measured at fair value through other comprehensive income – current amounted to \$1,718, \$32,280, \$9,469 and \$37,919, respectively. For the three months and the six months ended June 30, 2026 and 2025, there were no holdings of equity instrument investments, and the dividends were recognized from the disposing equity instrument investments amounted to \$11,357, \$2,583, \$14,783 and \$2,983, respectively.

Due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold equity instrument at fair value through other comprehensive income (FVOCI) - current at a fair value \$1,112,137, \$678,029, \$1,256,134 and \$1,640,458, respectively, cumulative dispose gains (losses) for the three months and the six months ended June 30, 2026 and 2025, amounted to \$11,287, \$(63,995), \$3,724 and \$(39,708), respectively, were transferred from other equity items to retained earnings.

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

4) For the six months ended June 30, 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 June 30, 2026, December 31, 2025 and June 30, 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>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Mandatorily measured at fair value through profit or loss:			
Government bonds	\$ 179,754	179,704	179,653
Valuation adjustment	(367)	(477)	(1,099)
Total	<u>\$ 179,387</u>	<u>179,227</u>	<u>178,554</u>

As of June 30, 2026, December 31, 2025 and June 30, 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).

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Equity instruments at fair value through other comprehensive income			
Non-listed or non-over-the-counter stocks	\$ 1,686,425	1,700,500	1,606,763
Foreign stocks	<u>245,333</u>	<u>245,333</u>	<u>245,333</u>
	1,931,758	1,945,833	1,852,096
Valuation adjustment	<u>2,754,786</u>	<u>3,223,042</u>	<u>2,925,110</u>
Total	<u><u>\$ 4,686,544</u></u>	<u><u>5,168,875</u></u>	<u><u>4,777,206</u></u>

For the three months and the six months ended June 30, 2026 and 2025, the dividends were recognized from the Group equity instrument investments at fair value through other comprehensive income— non-current amounted to \$42,288, \$45,956, \$45,608 and \$46,531, respectively.

For the three months and the six months ended June 30, 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 \$0, \$0, \$209 and \$0, generated cumulative dispose (losses) gains \$0, \$0, \$(17,257) and \$0. Furthermore, for the three months and the six months ended June 30, 2026 and 2025, the Group received the refunded capital reduction proceeds amounted to \$0, \$0, \$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. In the table below by using this assumption, 250 out of 2.5 days VaR will exceed the disclosed amounts due to the changes in market price. For the six months ended June 30, 2026 and 2025 VaR (99%, per 10-day) of equity stocks are as follows:

Type of market risk	June 30, 2026	December 31, 2025	June 30, 2025	For the six months ended June 30,					
				2026			2025		
				Mean	Maximum	Minimum	Mean	Maximum	Minimum
Equity stocks	4,654,233	3,759,679	2,778,234	4,360,324	5,156,245	3,638,482	2,890,192	3,325,106	2,474,220

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
1) Debt Instrument at amortized cost :			
Financial debentures	\$ 500,000	500,000	500,000
Foreign currency debentures	<u>5,339,148</u>	<u>5,013,493</u>	<u>5,043,016</u>
	5,839,148	5,513,493	5,543,016
Less: loss allowance	<u>(1,881)</u>	<u>(1,780)</u>	<u>(1,746)</u>
	<u><u>\$ 5,837,267</u></u>	<u><u>5,511,713</u></u>	<u><u>5,541,270</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Carrying amount on the date of derecognition	\$ <u>-</u>	<u>463,878</u>	<u>157,146</u>	<u>627,803</u>
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Current profit and loss	\$ <u>-</u>	<u>-</u>	<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

	June 30, 2026	December 31, 2025	June 30, 2025
Bonds purchased under resell agreements	\$ <u>230,219</u>	<u>210,718</u>	<u>250,515</u>
Agreed-upon resale amounts	\$ <u>265,475</u>	<u>210,754</u>	<u>250,553</u>
Interest rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Date of resale	<u>2026.7.1~2026.7.2</u>	<u>2026.1.2~2026.1.7</u>	<u>2025.7.1~2025.7.4</u>

- (d) Accounts Receivable

	June 30, 2026	December 31, 2025	June 30, 2025
Receivable on securities purchased by customers	\$ 142,918	115,411	124,955
Settlement	6,485,076	4,673,299	5,794,438
Interests receivable	1,061,782	967,093	925,618
Receivables on securities sold	38,132,144	19,963,039	16,116,309
Others	553,332	265,216	527,115
Less: allowance for doubtful accounts	(131,700)	-	-
Total	\$ <u>46,243,552</u>	<u>25,984,058</u>	<u>23,488,435</u>

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Customers' margin account			
Cash in banks	\$ 79,073,067	35,173,775	34,730,956
Customers' margin account - futures clearing house	32,241,400	14,289,325	11,936,423
Customers' margin account - other futures commission merchants	7,032,682	7,574,814	8,100,116
Marketable securities	<u>755,985</u>	<u>378,609</u>	<u>197,495</u>
Total customers' margin account	<u>119,103,134</u>	<u>57,416,523</u>	<u>54,964,990</u>
Add:			
Commission expense	2,530	2,904	2,693
Other	-	-	9
Less:			
Brokerage fee revenue	(13,059)	(11,618)	(12,452)
Futures transaction tax	(9,513)	(4,409)	(2,925)
Interest revenues	(5,964)	(2,260)	(8,036)
Temporary receipts	(1,271)	(581)	(974)
Remittance amount of the customers after the market closed	(62,030)	(24,934)	(22,784)
Other receivable	(181,735)	(93,637)	(126,999)
Other	<u>(2,867)</u>	<u>(2,732)</u>	<u>-</u>
Futures traders' equity	<u><u>\$ 118,829,225</u></u>	<u><u>57,279,256</u></u>	<u><u>54,793,522</u></u>

(f) Investments accounted for under equity method

As of June 30, 2026, December 31, 2025 and June 30, 2025, investments under equity method consisted of the following:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Subsidiaries			
Capital Insurance Advisory Corp.	\$ 58,030	76,539	45,165
Associates			
Capital Investment Trust Corp.	<u>1,576,792</u>	<u>1,751,432</u>	<u>1,493,283</u>
Total	<u><u>\$ 1,634,822</u></u>	<u><u>1,827,971</u></u>	<u><u>1,538,448</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Subsidiaries:

For the three months and the six months ended June 30, 2026 and 2025, the Group's share of gains or losses and the summarized financial information of the subsidiaries were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
The Group's share of gains based on the subsidiaries' financial statements	<u>\$ 14,747</u>	<u>6,762</u>	<u>32,151</u>	<u>19,287</u>
	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>	
Total assets	<u>\$ 151,917</u>	<u>113,178</u>	<u>106,124</u>	
Total liabilities	<u>\$ 93,887</u>	<u>36,639</u>	<u>60,959</u>	
	<u>For the three months ended June 30,</u>	<u>For the six months ended June 30,</u>		
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Revenue	<u>\$ 94,434</u>	<u>47,507</u>	<u>175,339</u>	<u>103,673</u>
Net income	<u>\$ 14,747</u>	<u>6,762</u>	<u>32,151</u>	<u>19,287</u>

(ii) Associates

<u>Name of associate</u>	<u>Nature between the Company</u>	<u>Primary business area and registered country</u>	<u>Proportion of Ownership and Voting Rights</u>		
			<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
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:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Total carrying amount of interests in associates that were individually immaterial	<u>\$ 1,576,792</u>	<u>1,751,432</u>	<u>1,493,283</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
The Group's share of gains based on the associates' financial statements:				
Net gains from continuing operations	\$ <u>189,000</u>	<u>101,444</u>	<u>387,508</u>	<u>203,506</u>
Total comprehensive income (losses)	\$ <u>189,000</u>	<u>101,444</u>	<u>387,508</u>	<u>203,506</u>

(iii) Collateral

As of June 30, 2026, December 31, 2025 and June 30, 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:

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost or deemed cost					
Balance at January 1, 2026	\$ 1,854,118	1,120,470	954,533	186,754	4,115,875
Additions	-	-	127,310	11,534	138,844
Transferred from investment property	1,740	1,292	-	-	3,032
Disposals and retirements	-	-	(181,910)	(50,054)	(231,964)
Effect of exchange rate changes	-	738	803	96	1,637
Balance at June 30, 2026	\$ <u>1,855,858</u>	<u>1,122,500</u>	<u>900,736</u>	<u>148,330</u>	<u>4,027,424</u>
Balance at January 1, 2025	\$ 2,045,574	1,271,209	826,004	198,039	4,340,826
Additions	-	-	130,046	8,699	138,745
Transferred from investment property	76,897	3,350	-	-	80,247
Reclassified to investment property	(235,942)	(156,609)	-	-	(392,551)
Disposals and retirements	-	-	(83,798)	(17,782)	(101,580)
Effect of exchange rate changes	-	(7,372)	(10,288)	(1,493)	(19,153)
Balance at June 30, 2025	\$ <u>1,886,529</u>	<u>1,110,578</u>	<u>861,964</u>	<u>187,463</u>	<u>4,046,534</u>
Depreciation and impairment loss					
Balance at January 1, 2026	\$ -	562,732	517,043	140,875	1,220,650
Depreciation	-	11,159	87,397	13,249	111,805
Transferred from investment property	-	1,066	-	-	1,066
Disposals and retirements	-	-	(179,918)	(50,054)	(229,972)
Effect of exchange rate changes	-	415	668	67	1,150
Balance at June 30, 2026	\$ <u>-</u>	<u>575,372</u>	<u>425,190</u>	<u>104,137</u>	<u>1,104,699</u>
Balance at January 1, 2025	\$ -	586,587	475,677	127,547	1,189,811
Depreciation	-	11,781	68,722	18,687	99,190
Transferred from investment property	-	2,545	-	-	2,545
Reclassified to investment property	-	(49,078)	-	-	(49,078)
Disposals and retirements	-	-	(83,798)	(17,782)	(101,580)
Effect of exchange rate changes	-	(4,030)	(8,972)	(941)	(13,943)
Balance at June 30, 2025	\$ <u>-</u>	<u>547,805</u>	<u>451,629</u>	<u>127,511</u>	<u>1,126,945</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Carrying amount:					
June 30, 2026	\$ <u>1,855,858</u>	<u>547,128</u>	<u>475,546</u>	<u>44,193</u>	<u>2,922,725</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>
June 30, 2025	\$ <u>1,886,529</u>	<u>562,773</u>	<u>410,335</u>	<u>59,952</u>	<u>2,919,589</u>

As of June 30, 2026, December 31, 2025 and June 30, 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:			
June 30, 2026	\$ <u>485,715</u>	<u>8,459</u>	<u>494,174</u>
January 1, 2026	\$ <u>483,154</u>	<u>10,320</u>	<u>493,474</u>
June 30, 2025	\$ <u>521,439</u>	<u>13,306</u>	<u>534,745</u>

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Additions of Right-of-use assets	\$ <u>46,039</u>	<u>34,365</u>	<u>117,102</u>	<u>81,963</u>
Depreciation for the period				
Buildings	\$ 51,309	49,580	102,431	99,989
Others	<u>1,549</u>	<u>1,902</u>	<u>3,041</u>	<u>3,872</u>
	\$ <u>52,858</u>	<u>51,482</u>	<u>105,472</u>	<u>103,861</u>

(i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Carrying Amount:</u>			
June 30, 2026	\$ <u>3,099,849</u>	<u>576,270</u>	<u>3,676,119</u>
January 1, 2026	\$ <u>3,101,589</u>	<u>587,950</u>	<u>3,689,539</u>
June 30, 2025	\$ <u>3,069,178</u>	<u>603,962</u>	<u>3,673,140</u>
<u>Fair Value:</u>			
June 30, 2026			<u>7,692,004</u>
January 1, 2026			<u>7,716,969</u>
June 30, 2025			<u>7,688,254</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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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As of June 30, 2026, December 31, 2025 and June 30, 2025, the investment properties were provided as collateral or pledged, for details please refer to note 8.

For the three months and the six months ended June 30, 2026 and 2025, the depreciation expense of the Group amounted to \$6,581, \$6,648, \$13,167 and \$12,643, respectively.

There was no significant acquisition, disposal and impairment loss or reversal of impairment losses of investment properties of the Group in the periods for the six months ended June 30, 2026 and 2025. For the six months ended June 30, 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 \$343,473 of land and buildings out of use were transferred to investment property, and \$1,966 and \$77,702 of investment property were transferred to property and equipment.

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

Lessor

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

	June 30, 2026	December 31, 2025	June 30, 2025
Within 1 year	\$ 163,704	156,473	162,626
1-5 years	247,579	291,117	354,012
Over 5 years	34,799	40,765	46,530
	\$ 446,082	488,355	563,168

The rental revenue from investment property for the three months and the six months ended June 30, 2026 and 2025 amounted to \$49,527, \$47,858, \$101,651 and \$94,516, respectively.

(j) Intangible assets

(i) Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized goodwill. As of June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts were all \$3,126,698.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other intangible assets - Operation franchise

The Company acquired the operation franchise of securities corporation channel during 1994 to 2005 and expected the franchise will generate continuing cash inflows. In accordance with IAS No.38 “Intangible Assets” endorsed by the FSC, the franchise is regarded as intangible assets with an indefinite useful life. As of June 30, 2026, December 31, 2025 and June 30, 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 June 30, 2026, December 31, 2025 and June 30, 2025, the carrying amounts of intangible assets were \$46,341, \$46,329 and \$46,176, 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 June 30, 2026, December 31, 2025 and June 30, 2025, the amortized book value were \$60,765, \$62,919 and \$46,830, respectively.

(k) Short-term borrowings

Nature of borrowings	June 30, 2026	December 31, 2025	June 30, 2025
Collateralized loan	\$ 1,797,706	4,052,680	-
Credit loan	5,465,918	2,510,350	3,633,787
Total	<u>\$ 7,263,624</u>	<u>6,563,030</u>	<u>3,633,787</u>
Interest rate range	<u>0.900%~5.860%</u>	<u>1.700%~5.040%</u>	<u>1.860%~5.233%</u>

As of June 30, 2026, December 31, 2025 and June 30, 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

	June 30, 2026	December 31, 2025	June 30, 2025
Commercial paper payable	\$ 79,200,000	54,400,000	20,800,000
Less: Unamortized discount	(405,737)	(128,982)	(16,453)
Net amount	<u>\$ 78,794,263</u>	<u>54,271,018</u>	<u>20,783,547</u>
Interest rate range	<u>1.818%~2.898%</u>	<u>1.588%~1.848%</u>	<u>1.558%~1.888%</u>

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Long-term borrowings

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

(i) Long-term bank borrowings

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
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>2.188%</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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Long-term commercial paper payable	\$ -	-	3,500,000
Less: Unamortized discount	-	-	(1,448)
Total	<u>\$ -</u>	<u>-</u>	<u>3,498,552</u>
Issuance commitments	<u>-</u>	<u>-</u>	<u>3,500,000</u>
Borrowing of interest rates	<u>-</u>	<u>-</u>	<u>1.951%~1.960%</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
Notes to the Consolidated Financial Statements

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

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Liabilities on sale of borrowed securities	\$ 40,239,795	27,996,579	31,112,450
Redeem liabilities on sale of borrowed securities	(43,039)	(96,698)	(88,045)
Valuation adjustment	7,299,178	2,163,259	(951,899)
Subtotal	<u>47,495,934</u>	<u>30,063,140</u>	<u>30,072,506</u>
Stock warrants issued	19,707,924	24,362,160	17,832,911
Stock warrants repurchased	<u>(15,650,087)</u>	<u>(22,373,285)</u>	<u>(17,245,783)</u>
Subtotal	<u>4,057,837</u>	<u>1,988,875</u>	<u>587,128</u>
Sale options	334,429	165,882	102,761
IRS asset swaps	432,519	434,077	387,418
Asset swap options - short position	6,218,906	3,772,141	2,664,598
Structured notes	63,602	39,585	43,779
Leverage derivatives - non-hedging	26,305	18,191	22,185
Exchange rate derivatives	1,072	319	44,890
Equity derivatives	<u>4,303</u>	<u>10,860</u>	<u>2</u>
Subtotal	<u>7,081,136</u>	<u>4,441,055</u>	<u>3,265,633</u>
Total	<u><u>\$ 58,634,907</u></u>	<u><u>36,493,070</u></u>	<u><u>33,925,267</u></u>

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Financial liabilities designated at fair value through profit or loss:			
Structured notes	<u><u>\$ 183,140</u></u>	<u><u>184,863</u></u>	<u><u>109,034</u></u>

(o) Bonds sold under repurchase agreements

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Bonds sold under repurchase agreements	<u><u>\$ 44,792,469</u></u>	<u><u>43,285,089</u></u>	<u><u>45,551,139</u></u>
Agreed-upon repurchase amounts	<u><u>45,683,129</u></u>	<u><u>44,094,095</u></u>	<u><u>46,365,000</u></u>
Interest rates	<u><u>0.20%~4.78%</u></u>	<u><u>1.05%~4.35%</u></u>	<u><u>0.95%~4.70%</u></u>
Date of repurchase	<u><u>2026.7.1~2027.7.1</u></u>	<u><u>2026.1.2~2026.12.31</u></u>	<u><u>2025.7.1~2026.6.25</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Equity for each customer in the account

	June 30, 2026	December 31, 2025	June 30, 2025
Equity for each customer in the account	<u><u>\$ 63,508,804</u></u>	<u><u>44,167,892</u></u>	<u><u>38,948,009</u></u>
Amount of separate account ledger in NTD			
Demand deposit amount	6,889,421	5,558,713	5,845,766
Time deposit amount	26,000,000	16,000,000	16,500,000
Time deposit amount in other banks(market values)	30,615,000	22,600,000	16,600,000
Total	<u><u>\$ 63,504,421</u></u>	<u><u>44,158,713</u></u>	<u><u>38,945,766</u></u>

(q) Accounts payable

	June 30, 2026	December 31, 2025	June 30, 2025
Payable of securities sold by customers	\$ 169,951	73,817	97,442
Payable of settlements	42,344,320	21,926,897	16,444,980
Others	828,298	386,400	543,237
Total	<u><u>\$ 43,342,569</u></u>	<u><u>22,387,114</u></u>	<u><u>17,085,659</u></u>

(r) Lease liabilities

The Group' s lease liabilities are as follow:

	June 30, 2026	December 31, 2025	June 30, 2025
Current	<u><u>\$ 210,086</u></u>	<u><u>210,608</u></u>	<u><u>206,270</u></u>
Non-current	<u><u>\$ 311,256</u></u>	<u><u>321,010</u></u>	<u><u>366,402</u></u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30, 2026	2025	For the six months ended June 30, 2026	2025
Interest on lease liabilities	<u><u>\$ 2,268</u></u>	<u><u>2,310</u></u>	<u><u>4,342</u></u>	<u><u>4,360</u></u>
Expenses relating to short-term leases	<u><u>\$ 7,766</u></u>	<u><u>4,709</u></u>	<u><u>13,974</u></u>	<u><u>8,780</u></u>
Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases	<u><u>\$ 3,534</u></u>	<u><u>1,373</u></u>	<u><u>5,045</u></u>	<u><u>2,821</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the six months ended June 30,	
	2026	2025
Total cash outflow for leases	\$ 139,315	129,055

(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 and the six months ended June 30, 2026 and 2025, the Group's pension expenses recognized in profit or loss were \$668, \$1,006, \$1,336 and \$2,011, 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 \$33,602, \$30,404, \$66,318 and \$60,897 under defined contribution plan to the Bureau of the Labor Insurance for the three months and the six months ended June 30, 2026 and 2025, respectively.

(iii) For the three months and the six months ended June 30, 2026 and 2025, the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$1,007, \$1,572, \$2,983 and \$3,324, respectively.

(iv) Provision for employee benefits liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
	\$ 75,813	68,403	72,415
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 six months ended June 30, 2026 and 2025.

The subsidiary CSC International Holdings Ltd. is founded in British Virgin Islands, and it has a tax exemption for the six months ended June 30, 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 six months ended June 30, 2026 and 2025.

The tax rates of reinvestment business of subsidiaries founded in Mainland China are all 25% for the six months ended June 30, 2026 and 2025.

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Current tax expense	\$ 1,125,973	418,739	1,155,023	535,351
Deferred income tax expense (benefit)	(238,938)	(140,878)	(43,567)	(66,397)
Total	<u>\$ 887,035</u>	<u>277,861</u>	<u>1,111,456</u>	<u>468,954</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Foreign exchange difference from translating financial statement of foreign operations	<u>\$ (1,541)</u>	<u>(41,747)</u>	<u>3,215</u>	<u>(37,698)</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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(u) Capital and other equity

(i) Capital stock

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

On May 27, 2026, the Company's stockholders resolved to transfer un-appropriated earnings of \$2,843,890 and issued 284,389 thousand shares of common stock. The capital increase was approved by the Financial Supervisory Commission on July 8, 2026 and the record date was August 17, 2026.

(ii) Capital surplus

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

The followings are the capital surplus of the Company:

	June 30, 2026	December 31, 2025	June 30, 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	68,150
	<u><u>\$ 2,781,067</u></u>	<u><u>2,781,067</u></u>	<u><u>2,781,067</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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

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.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's fiscal year 2025 earnings distribution resolved by the shareholders' meeting on May 27, 2026, and fiscal year 2024 earnings distribution resolved by the shareholders' meeting on May 28, 2025. Dividends distributed to the owners were as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>Dividends per share (dollar)</u>	<u>Amount</u>	<u>Dividends per share (dollar)</u>
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>	

(v) Earnings per share

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Net income attributable to common shareholders of the Company	<u>\$ 5,040,253</u>	<u>1,139,703</u>	<u>7,948,928</u>	<u>2,014,359</u>
Weighted-average number of common stock shares outstanding (thousands of shares)(Note 1)	<u>2,455,297</u>	<u>2,455,297</u>	<u>2,455,297</u>	<u>2,455,297</u>
Basic earnings per share (dollar)	<u>\$ 2.05</u>	<u>0.46</u>	<u>3.24</u>	<u>0.82</u>
Effect of potentially dilutive common stock	<u>2,104</u>	<u>1,394</u>	<u>4,022</u>	<u>2,075</u>
- Employee remuneration (thousands of shares) (Note 1, 2)				
Weighted-average number of outstanding shares for calculating dilutive EPS (thousands of shares)	<u>2,457,401</u>	<u>2,456,691</u>	<u>2,459,319</u>	<u>2,457,372</u>
Dilutive earnings per share (dollar)(Note 1)	<u>\$ 2.05</u>	<u>0.46</u>	<u>3.23</u>	<u>0.82</u>

Note 1: The resolution was passed during the general meeting of shareholders held on May 27, 2026, with August 17, 2026 as the date of capital increase.

As the issuance of bonus shares occurred before the issuance date of these financial statements, earnings per share for the six months ended June 30, 2026 and 2025 have been retrospectively adjusted.

Note 2: 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
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(w) Items of the statements of comprehensive income

(i) Brokerage commissions

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Brokerage commission from TSE market	\$ 2,672,743	810,819	4,205,616	1,548,464
Brokerage commission from OTC market	710,354	241,381	1,128,797	483,616
Handling fee from security financing	14,705	6,875	25,240	13,924
Futures commission income - brokerage	485,846	493,730	1,000,315	942,955
Overseas subsidiaries	6,824	3,553	10,883	7,374
Others	132,428	67,496	209,423	118,895
	<u>\$ 4,022,900</u>	<u>1,623,854</u>	<u>6,580,274</u>	<u>3,115,228</u>

(ii) Underwriting commissions

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Revenue from underwriting securities on a firm commitment basis	\$ 25,563	24,856	60,868	38,166
Handling fee revenues from underwriting securities on consignment	478	327	822	698
Processing fee revenues from underwriting operations	6,204	8,840	30,512	13,388
Revenue from underwriting consultation	4,550	970	6,210	1,690
Others	2,460	1,230	4,210	1,630
	<u>\$ 39,255</u>	<u>36,223</u>	<u>102,622</u>	<u>55,572</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Gains (losses) on securities sold - proprietary trading	\$ 19,546,997	(1,416,314)	28,481,346	(1,364,748)
Gains (losses) on securities sold - underwriting	116,548	8,614	298,784	39,443
Gains (losses) on securities sold - hedging	6,037,463	(386,628)	8,718,087	(474,783)
	<u>\$ 25,701,008</u>	<u>(1,794,328)</u>	<u>37,498,217</u>	<u>(1,800,088)</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest revenue - margin loans	\$ 427,755	193,949	747,830	466,232
Interest revenue - bonds	373,107	385,788	736,805	797,021
Interest revenue - each customer in the account	213,921	131,471	392,094	258,593
Interest revenue - securities business money lending	244,742	208,350	465,410	434,494
Overseas subsidiaries	1,410	2,728	3,016	6,912
Others	76,627	42,959	143,291	86,117
	\$ 1,337,562	965,245	2,488,446	2,049,369

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Trading securities - proprietary	\$ 2,854,968	896,311	369,668	378,956
Trading securities - underwriting	(20,536)	9,969	38,718	(20,094)
Trading securities - hedging	2,066,732	507,061	1,536,246	(173,773)
	\$ 4,901,164	1,413,341	1,944,632	185,089

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Gains on changes in fair value of stock warrants	\$ (14,065,380)	3,092,391	(21,722,206)	18,254,303
Gains on exercise of stock warrants before maturity	31,560,232	13,501,787	59,387,141	21,076,858
Losses on changes in fair value of stock warrants repurchased	(20,362,074)	(16,515,336)	(41,488,151)	(38,601,144)
Gains on expiration of stock warrants	27,478	21,499	57,618	62,730
Stock warrants issuance expenses	(88,999)	(81,631)	(188,475)	(190,463)
	\$ (2,928,743)	18,710	(3,954,073)	602,284

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Futures commission revenues

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Futures commission revenues - CSC Futures (HK) Ltd.	<u>\$ 162,863</u>	<u>112,150</u>	<u>326,340</u>	<u>253,321</u>

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

(viii) Commission expenses - future

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Future trading - reconsignment	\$ 47,207	73,928	112,027	142,979
Future trading - introducing brokers	973	928	2,141	1,808
Commission expenses - CSC Futures (HK) Ltd.	46,323	16,963	91,574	37,157
	<u>\$ 94,503</u>	<u>91,819</u>	<u>205,742</u>	<u>181,944</u>

(ix) Employee benefits, depreciation, and amortization expenses

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Employee benefit expenses				
Salary expense	\$ 2,939,016	861,869	4,301,763	1,766,674
Health and labor insurance expense	67,682	59,674	144,954	128,069
Pension expense	35,277	32,982	70,637	66,232
Others	57,477	29,565	99,634	59,091
Depreciation expense	116,506	108,720	230,444	215,694
Amortization expense	17,016	14,961	33,951	27,203
	<u>\$ 3,232,974</u>	<u>1,107,771</u>	<u>4,881,383</u>	<u>2,262,963</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Other operating expenses

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Rental expense	\$ 11,315	6,097	19,051	11,632
Taxes	813,675	233,365	1,307,298	449,429
Information technology expense	158,805	124,280	269,189	220,615
Postage expense	100,900	84,681	196,505	167,204
Professional service fee	8,554	7,126	21,366	12,870
Security borrowed expense	316,992	158,323	517,898	337,984
Transaction fee	695,536	126,711	1,059,876	250,013
Other expenses	<u>359,097</u>	<u>194,857</u>	<u>592,102</u>	<u>380,450</u>
	<u>\$ 2,464,874</u>	<u>935,440</u>	<u>3,983,285</u>	<u>1,830,197</u>

(xi) Other gains and losses

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Financial revenue	\$ 543,814	403,125	971,755	815,341
Currency exchange gains (losses)	475	(43,465)	12,721	(34,751)
Net gains (losses) on disposal of investment	803,538	(34,139)	1,178,667	(19,420)
Net gains (losses) on measurement of non-operating financial instruments at fair value through profit or loss	39,739	(18,337)	(1,669)	(54,284)
Revenue from bank's allocation fee	57,170	41,003	108,391	85,438
Dividend revenue	45,110	45,716	49,211	47,007
Gains on reversal of prior year's liabilities	43,295	10,089	43,295	10,089
Rental income	49,527	47,858	101,651	94,516
Others	<u>56,460</u>	<u>39,348</u>	<u>64,277</u>	<u>46,960</u>
	<u>\$ 1,639,128</u>	<u>491,198</u>	<u>2,528,299</u>	<u>990,896</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xii) Remuneration to employees and directors

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

For the three months and the six months ended June 30, 2026 and 2025, the estimated amounts of remuneration to employees were \$89,562, \$20,703, \$136,046 and \$35,967, respectively, and to directors were \$59,707, \$13,802, \$90,697 and \$23,978, 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.

For the year ended December 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 difference between actual employee remuneration of \$100,122 and \$88,718, and actual remuneration to directors of \$24,033 and \$19,500 were \$42,715 and \$9,785 in total. The difference was accounted for as changes in accounting estimates and would be recognized as profit or loss in 2026 and 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 and the six months ended June 30, 2026 and 2025, the estimated amounts of remuneration to employees were \$11,878, \$4,844, \$21,927 and \$9,902 and to directors were \$8,552, \$4,805, \$18,585 and \$9,834 by the domestic subsidiaries of the Group, respectively.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. As of June 30, 2026, December 31, 2025 and June 30, 2025, the maximum credit exposure amounted to \$400,053,096, \$269,647,572 and \$248,879,234, 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 92.14%); secondly, is in Asia (accounted for 3.37%, exclusion of Taiwan); then, is in Europe (accounted for 2.35%). Compare to the same period of last year, there is no significant change in proportion of region of investments.

<u>Region</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Taiwan	\$ 368,602,825	238,605,292	217,624,194
Asia (Taiwan is excluded)	13,485,089	12,600,707	12,374,007
Europe	9,406,676	9,738,554	10,815,151
America	<u>8,558,506</u>	<u>8,703,019</u>	<u>8,065,882</u>
Total	<u><u>\$ 400,053,096</u></u>	<u><u>269,647,572</u></u>	<u><u>248,879,234</u></u>

2) Impairment loss

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

	<u>June 30, 2026</u>		<u>December 31, 2025</u>		<u>June 30, 2025</u>	
	<u>Gross carrying amount</u>	<u>Allowance</u>	<u>Gross carrying amount</u>	<u>Allowance</u>	<u>Gross carrying amount</u>	<u>Allowance</u>
Not past due	\$ 126,611,027	29,436	82,278,970	32,794	69,021,631	33,570
Past due 0~30 days	131,700	131,700	3,700	3,700	-	-
Past due 31~120 days	3,247	3,247	47	47	1,229	1,229
Past due 121~360 days	3,944	3,944	1,476	1,476	213	213
Past due more than 360 days	<u>267,767</u>	<u>267,767</u>	<u>262,845</u>	<u>262,845</u>	<u>246,026</u>	<u>246,026</u>
	<u><u>\$ 127,017,685</u></u>	<u><u>436,094</u></u>	<u><u>82,547,038</u></u>	<u><u>300,862</u></u>	<u><u>69,269,099</u></u>	<u><u>281,038</u></u>

Allowance for doubtful debts under receivables and overdue receivables are recorded for the impairment loss. When a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of June 30, 2026, December 31, 2025 and June 30, 2025, the impairment losses of receivables were \$436,094, \$300,862 and \$281,038, respectively.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 six months ended June 30, 2026 and 2025 was as follows:

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2026	\$ -	10,758	1,780	-	-	-	300,862	-	-	313,400
Provision or reversal of Impairment loss	-	(465)	98	-	-	-	135,533	-	-	135,166
Amounts written off	-	-	-	-	-	-	(427)	-	-	(427)
Effect of exchange rate	-	-	3	-	-	-	126	-	-	129
Balance on June 30, 2026	<u>\$ -</u>	<u>10,293</u>	<u>1,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436,094</u>	<u>-</u>	<u>-</u>	<u>448,268</u>

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2025	\$ -	12,595	2,103	-	-	-	300,845	-	-	315,543
Provision or reversal of Impairment loss	-	(1,447)	(376)	-	-	-	1,290	-	-	(533)
Amounts written off	-	-	-	-	-	-	(18,091)	-	-	(18,091)
Effect of exchange rate	-	-	19	-	-	-	(3,006)	-	-	(2,987)
Balance on June 30, 2025	<u>\$ -</u>	<u>11,148</u>	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,038</u>	<u>-</u>	<u>-</u>	<u>293,932</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
June 30, 2026							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 47,495,934	47,495,934	47,495,934	-	-	-	-
Stock warrants issued	4,057,837	4,057,837	3,618,123	407,056	32,658	-	-
Put options	334,429	334,429	334,429	-	-	-	-
Equity derivatives	4,303	4,303	4,303	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	433,591	433,591	18,377	10,102	217,268	187,844	-
Asset swap option - short position	6,218,906	6,218,906	377,701	380,986	2,515,429	2,944,790	-
Leverage derivatives - non- hedging	26,305	26,305	26,305	-	-	-	-
Structured notes	246,742	246,742	51,019	10,153	2,430	-	183,140
Short-term borrowings	7,263,624	7,263,624	7,263,624	-	-	-	-
Commercial paper payable	78,794,263	79,200,000	79,200,000	-	-	-	-
Bonds sold under repurchase agreements	44,792,469	45,683,129	32,950,621	10,927,046	1,805,462	-	-
Guarantee deposited for short sales	1,333,259	1,333,259	1,333,259	-	-	-	-
Proceeds payable from short sales	1,540,022	1,540,022	1,540,022	-	-	-	-
Securities lending refundable deposits	19,185,665	19,185,665	19,185,665	-	-	-	-
Futures traders' equity	118,829,225	118,829,225	118,829,225	-	-	-	-
Equity for each customer in the account	63,508,804	63,508,804	63,508,804	-	-	-	-
Leverage contract trading customers' equity	658,270	658,270	658,270	-	-	-	-
Notes payable and accounts payable	828,298	828,298	828,298	-	-	-	-
Receipts under custody	807,823	807,823	807,823	-	-	-	-
Other payables	5,302,974	5,302,974	5,301,454	1,520	-	-	-
Other financial liabilities	15,909,895	15,909,895	14,381,863	242,050	1,076,914	209,068	-
Lease liabilities	521,342	537,090	108,709	108,545	184,825	112,160	22,851
Long-term borrowings	6,000,000	6,000,000	-	-	6,000,000	-	-
	<u>\$ 424,093,980</u>	<u>425,406,125</u>	<u>397,823,828</u>	<u>12,087,458</u>	<u>11,834,986</u>	<u>3,453,862</u>	<u>205,991</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

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

		June 30, 2026		
		Foreign Currency (thousands)	Exchange Rate	Amount
Financial assets				
<u>Monetary Item</u>				
USD	\$	1,660,913	31.8500	52,900,079
AUD		10,912	21.9000	238,973
CAD		29	22.3900	649
CHF		798	39.3350	31,389
EUR		9,594	36.2900	348,166
GBP		1,926	42.1700	81,219
HKD		236,347	4.0610	959,805
JPY		2,489,993	0.1963	488,786
SGD		284	24.6100	6,989
CNY		171,379	4.6900	803,768
ZAR		2,541	1.9400	4,930
KRW		2,410,281	0.0207	49,893
NZD		26	18.0100	468
THB		11,501	0.9641	11,088
MYR		408	7.5545	3,082
VND		14,402,332	0.0012	17,283
INR		41,735	0.3362	14,031
<u>Non-Monetary Item</u>				
USD		668,620	31.8500	21,295,547
AUD		212,423	21.9000	4,652,064
EUR		46,530	36.2900	1,688,574
GBP		2,014	42.1700	84,930
HKD		3,081	4.0610	12,512
JPY		101,259	0.1963	19,877
CNY		79,026	4.6900	370,632
ZAR		72	1.9400	140
KRW		715,435	0.0207	14,810

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2026		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	2,429,511	31.8500	77,379,925
AUD		215,111	21.9000	4,710,931
CAD		1	22.3900	22
CHF		2,533	39.3350	99,636
EUR		51,583	36.2900	1,871,947
GBP		1,205	42.1700	50,815
HKD		212,457	4.0610	862,788
JPY		2,356,689	0.1963	462,618
SGD		268	24.6100	6,595
CNY		117,623	4.6900	551,652
KRW		2,451,028	0.0207	50,736
NZD		2	18.0100	36
THB		710	0.9641	685
MYR		363	7.5545	2,742
<u>Non-Monetary Item</u>				
USD		112	31.8500	3,567
CHF		8	39.3350	315
JPY		32,578	0.1963	6,395
CNY		3,994	4.6900	18,732
NZD		4	18.0100	72

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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 (thousands)	Exchange Rate	Amount
<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

		June 30, 2025	
		Foreign Currency	
		(thousands)	Exchange Rate
			Amount
<u>Financial assets</u>			
<u>Monetary Item</u>			
USD	\$	1,359,026	29.3000
AUD		10,597	19.1400
CAD		12	21.4300
CHF		125	36.6650
EUR		11,979	34.3500
GBP		866	40.1600
HKD		247,147	3.7320
JPY		2,136,232	0.2034
SGD		170	23.0000
CNY		93,072	4.0910
ZAR		2,820	1.6480
KRW		533,562	0.0219
NZD		13	17.7800
THB		14,328	0.9069
MYR		439	6.6905
VND		5,610,413	0.0011
SEK		6	3.0900
INR		32,808	0.3456
<u>Non-Monetary Item</u>			
USD		658,387	29.3000
AUD		142,647	19.1400
CAD		1	21.4300
EUR		49,934	34.3500
HKD		13,917	3.7320
JPY		101,366	0.2034
CNY		82,146	4.0910
ZAR		89	1.6480
INR		7,748	0.3456

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Because there are a variety of functional currencies, the Group discloses a summary of currency exchange variation on the monetary items. For the three months and the six months ended June 30, 2026 and 2025, the realized and unrealized currency exchange gains (losses) amounted to \$3,910, \$110,479, \$(3,591) and \$101,526, respectively.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, other receivables, security borrowing margin, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, customers' margin account, short-term borrowings, futures traders' equity, and securities lending refundable deposits, which are denominated in foreign currencies. Currency exchange gains or losses occur when translating the foreign currency assets to NTD assets. For the six months ended June 30, 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 six months ended June 30, 2026		For the six months ended June 30, 2025	
	Appreciated	Depreciated	Appreciated	Depreciated
	5%	5%	5%	5%
Net income	(756,075)	756,075	(559,194)	559,194
Other comprehensive income	676,854	(676,854)	583,708	(583,708)

(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	June 30, 2026	December 31, 2025	June 30, 2025	For the six months ended June 30,					
				2026			2025		
				Average	Maximum	Minimum	Average	Maximum	Minimum
Interest risk	2,619,531	2,491,414	3,003,822	2,592,391	2,703,489	2,433,057	3,169,508	3,464,010	2,992,814

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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 June 30, 2026, December 31, 2025 and June 30, 2025, the fair value information of the financial assets and financial liabilities of the Group was as follows:

a) Fair value information

	June 30, 2026		December 31, 2025		June 30, 2025	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets:						
Cash and cash equivalents	\$ 32,679,058	32,679,058	14,666,156	14,666,156	12,541,970	12,541,970
Bonds purchased under resale agreements	230,219	230,219	210,718	210,718	250,515	250,515
Accrued receivable	204,190,701	204,190,701	140,347,143	140,347,143	122,376,510	122,376,510
Customers' margin account	119,103,134	119,103,134	57,416,523	57,416,523	54,964,990	54,964,990
Leverage contract trading - customers' margin account	659,204	659,204	572,040	572,040	755,103	755,103
Restricted assets - current	813,819	813,819	477,106	477,106	1,563,912	1,563,912
Other non-current assets	2,848,253	2,848,253	2,127,730	2,127,730	1,817,481	1,817,481
Financial liabilities:						
Short-term borrowings	7,263,624	7,263,624	6,563,030	6,563,030	3,633,787	3,633,787
Commercial paper payable	78,794,263	78,794,263	54,271,018	54,271,018	20,783,547	20,783,547
Bonds sold under repurchase agreements	44,792,469	44,792,469	43,285,089	43,285,089	45,551,139	45,551,139
Accrued payable	136,643,422	136,643,422	91,361,857	91,361,857	80,484,018	80,484,018
Futures traders' equity	118,829,225	118,829,225	57,279,256	57,279,256	54,793,522	54,793,522
Leverage contract trading - customers' equity	658,270	658,270	571,630	571,630	736,033	736,033
Other financial liabilities - current	14,623,913	14,623,913	8,571,912	8,571,912	8,099,758	8,099,758
Long-term borrowings	6,000,000	6,000,000	6,000,000	6,000,000	9,498,552	9,498,552
Other financial liabilities - non-current	1,285,982	1,285,982	996,775	996,775	1,502,107	1,502,107
Other non-current liabilities	50,633	50,633	49,795	49,795	49,952	49,952

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

	Level 1	Level 2	Level 3	Total
Debt securities at amortized cost				
June 30, 2026	\$ -	5,876,201	-	5,876,201
December 31, 2025	\$ -	5,584,918	-	5,584,918
June 30, 2025	\$ -	5,623,871	-	5,623,871

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2026				
Financial assets at fair value through profit or loss	\$ 76,424,687	30,001,669	33,540	106,459,896
Financial assets at fair value through other comprehensive income	2,299,098	23,360,477	4,545,875	30,205,450
Derivative financial assets	<u>6,345,906</u>	<u>2,914,045</u>	<u>-</u>	<u>9,259,951</u>
	<u>\$ 85,069,691</u>	<u>56,276,191</u>	<u>4,579,415</u>	<u>145,925,297</u>
Financial liabilities at fair value through profit or loss	\$ 51,553,771	-	-	51,553,771
Derivative financial liabilities	<u>349,607</u>	<u>6,914,669</u>	<u>-</u>	<u>7,264,276</u>
	<u>\$ 51,903,378</u>	<u>6,914,669</u>	<u>-</u>	<u>58,818,047</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>
June 30, 2025				
Financial assets at fair value through profit or loss	\$ 28,584,647	28,981,802	112,553	57,679,002
Financial assets at fair value through other comprehensive income	5,506,303	22,099,559	4,615,693	32,221,555
Derivative financial assets	<u>2,635,165</u>	<u>1,054,664</u>	<u>-</u>	<u>3,689,829</u>
	<u>\$ 36,726,115</u>	<u>52,136,025</u>	<u>4,728,246</u>	<u>93,590,386</u>
Financial liabilities at fair value through profit or loss	\$ 30,659,634	-	-	30,659,634
Derivative financial liabilities	<u>233,467</u>	<u>3,141,200</u>	<u>-</u>	<u>3,374,667</u>
	<u>\$ 30,893,101</u>	<u>3,141,200</u>	<u>-</u>	<u>34,034,301</u>

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 six months ended June 30, 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
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6) Movements of financial assets at fair value classified into Level 3

(In Thousands Dollars)

	For the six months ended June 30, 2026							
		Gains and losses on valuation		Addition		Reduction		
	Beginning 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
Item								Ending Balance
Financial assets at fair value through profit or loss	\$ 2,955	585	-	30,000	-	-	-	33,540
Financial assets at fair value through other comprehensive income	4,997,217	-	(454,524)	3,500	-	318	-	4,545,875
Total	\$ 5,000,172	585	(454,524)	33,500	-	318	-	4,579,415

	For the six months ended June 30, 2025							
		Gains and losses on valuation		Addition		Reduction		
	Beginning 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
Item								Ending Balance
Financial assets at fair value through profit or loss	\$ 101,308	(2,255)	-	13,500	-	-	-	112,553
Financial assets at fair value through other comprehensive income	4,558,179	-	52,514	5,000	-	-	-	4,615,693
Total	\$ 4,659,487	(2,255)	52,514	18,500	-	-	-	4,728,246

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

Item	Valuation technique	Significant unobservable inputs	Correlation between inputs and fair value
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market approach	• Price-to-Book Ratio • Discount for lack of marketability	• The higher the multiple, the higher fair value. • The higher the discount for lack of marketability, the lower the fair value.
Financial assets at fair value through other comprehensive income - equity instruments without an active market - venture capital corporation	Net Asset Value Method	• Net Asset Value	Not applicable

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

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

	Change in fair value recognized in other comprehensive income	
	Favorable change	Unfavorable change
June 30, 2026		
Financial assets at fair value through profit or loss	\$ <u>335</u>	<u>(335)</u>
Financial assets at fair value through other comprehensive income	\$ <u>45,459</u>	<u>(45,459)</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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	Change in fair value recognized in other comprehensive income	
	Favorable change	Unfavorable change
June 30, 2025		
Financial assets at fair value through profit or loss	\$ <u><u>1,126</u></u>	<u><u>(1,126)</u></u>
Financial assets at fair value through other comprehensive income	\$ <u><u>46,157</u></u>	<u><u>(46,157)</u></u>

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

(vi) Transfer of financial assets

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

June 30, 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><u>46,586,219</u></u>	<u><u>44,792,469</u></u>	<u><u>-</u></u>	<u><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><u>45,085,545</u></u>	<u><u>43,285,089</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
June 30, 2025					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u><u>47,527,211</u></u>	<u><u>45,551,139</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

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

(vii) Offsetting financial assets and financial liabilities

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

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

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

June 30, 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) Financial instruments (Note)	Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial assets	\$ 2,914,045	-	2,914,045	-	-	2,914,045
June 30, 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) Financial instruments (Note)	Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial liabilities	\$ 6,929,847	-	6,929,847	-	-	6,929,847
Under repurchase agreements	44,792,469	-	44,792,469	44,792,469	-	-
Total	\$ 51,722,316	-	51,722,316	44,792,469	-	6,929,847
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) Financial instruments (Note)	Cash received as collaterals	Net amount (e)=(c)-(d)
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	<u>\$ 47,745,125</u>	<u>-</u>	<u>47,745,125</u>	<u>43,285,089</u>	<u>-</u>	<u>4,460,036</u>

June 30, 2025						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities offsetting in the balance sheet (b)	Net amount of financial assets presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial assets	\$ 1,054,664	-	1,054,664	-	-	1,054,664

June 30, 2025						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets offsetting in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial liabilities	\$ 3,271,906	-	3,271,906	-	-	3,271,906
Under repurchase agreements	45,551,139	-	45,551,139	45,551,139	-	-
Total	<u>\$ 48,823,045</u>	<u>-</u>	<u>48,823,045</u>	<u>45,551,139</u>	<u>-</u>	<u>3,271,906</u>

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.

The Group's unused credit facilities granted by financial institutions as of June 30, 2026, December 31, 2025 and June 30, 2025 amounted to \$42,335,890, \$42,186,526 and \$41,764,219, respectively.

As of June 30, 2026, December 31, 2025 and June 30, 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	June 30, 2026		December 31, 2025		June 30, 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	\$ 35,565,414	-	37,930,671	-	13,089,048	-

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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 and the six months ended June 30, 2026:

a) Gains (losses) on valuation

	For the three months ended June 30, 2026	For the six months ended June 30, 2026	Account
Stock warrants issued	\$ 2,115,850	16,438,801	Gains (losses) on stock warrants issued
Stock warrants repurchased	(3,602,608)	(18,416,432)	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 June 30, 2026	For the six months ended June 30, 2026	Account
Security borrowing	\$ (25,043)	(63,365)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	2,568,272	4,235,647	Gains (losses) on sale of trading securities
Futures transaction	(777,204)	(936,976)	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	For the three months ended June 30, 2026	For the six months ended June 30, 2026	Account
Stock warrants issued	\$ 15,406,480	21,283,752	Gains (losses) on stock warrants issued
Stock warrants repurchased	(16,759,466)	(23,071,719)	Gains (losses) on stock warrants issued

2) For the three months and the six months ended June 30, 2025:

a) Gains (losses) on valuation

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

b) Gains (losses) on sale

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

c) Gains (losses) on maturity

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

Futures

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

Please refer to note 12(a) for the notional principal and nominal amount as of June 30, 2026, December 31, 2025 and June 30, 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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(ii) Market risk:

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

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

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

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

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

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

(iv) Presentation of financial derivatives:

	December 31,				
	June 30, 2026	2025	June 30, 2025	Account	
Futures margin - security	\$ 2,107,395	701,795	410,771	Financial assets at fair value through profit or loss - current	
Futures margin - proprietary fund	3,783,978	3,664,637	1,998,647	Financial assets at fair value through profit or loss - current	
Futures margin - excess margin	6,552,986	4,105,334	3,816,216	Cash and cash equivalent	
Buy options	454,533	139,373	225,747	Financial assets at fair value through profit or loss - current	
Sale options	334,429	165,882	102,761	Financial liabilities at fair value through profit or loss - current	
	For the three months ended June 30,	For the six months ended June 30,			
	2026	2025	2026	2025	Account
Gains (losses) on futures transactions	\$ (9,262,228)	1,136,097	(13,773,328)	1,417,765	Gains (losses) on derivatives - futures
Gains (losses) on futures transactions - security	555,194	36,138	736,760	(58,085)	Gains (losses) on securities for futures margin at fair value through profit or loss

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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Derivative instruments - OTC

(i) Interest rate financial derivatives

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

Financial Instruments	June 30, 2026		December 31, 2025		June 30, 2025	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
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.

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.

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(ii) Structured notes

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

Financial Instruments	June 30, 2026		December 31, 2025		June 30, 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	\$ 677,500	-	437,000	-	340,000	-
Principal guaranteed notes	12,778,832	-	6,602,937	-	7,006,846	-
Credit-linked notes	2,238,300	-	2,265,200	-	2,071,000	-
Principal guaranteed notes (in USD thousands)	USD 13,416	-	USD 14,680	-	USD 10,869	-

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

2) Market risk

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

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

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

(iii) Convertible bond asset swaps

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

Financial Instruments	June 30, 2026		December 31, 2025		June 30, 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	\$ 9,922,400	-	9,666,500	-	8,597,600	-
Asset swap options	22,567,300	-	23,782,900	-	22,428,700	-
Total return swap contract value	USD 1,001	-	-	-	-	-

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

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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2) Market risk:

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

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

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

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

(iv) Options

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

Financial Instruments	June 30, 2026		December 31, 2025		June 30, 2025	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Equity options	\$ 925,886	-	477,804	-	786,183	-

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
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(v) Leverage derivatives

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

Financial Instruments	June 30, 2026		December 31, 2025		June 30, 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	\$ 2,094,606	-	2,507,950	-	4,015,446	-
Leverage derivatives-short position	2,186,285	-	2,489,229	-	4,023,619	-

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

2) Market risk:

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

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

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

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(vi) Presentation of derivative instruments in financial statement

As of June 30, 2026, December 31, 2025 and June 30, 2025, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives, interest rate swaps and total return swaps were presented on the balance sheets as follows:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Financial assets at fair value through profit or loss - current			
IRS asset swaps	\$ 17,575	18,708	48,050
Asset swap options - long position	2,668,149	1,482,197	867,165
Leverage derivatives - non-hedging	107,591	117,508	122,995
Structured notes	6,514	1,128	685
Exchange rate derivatives	78,385	56,566	4,643
Equity derivatives	4,502	8,731	10,932
Interest rate swaps	100	143	194
Total return swap contract value	31,229	-	-
Total	<u>\$ 2,914,045</u>	<u>1,684,981</u>	<u>1,054,664</u>
Financial liabilities at fair value through profit or loss - current			
IRS asset swaps	\$ 432,519	434,077	387,418
Asset swap options - short position	6,218,906	3,772,141	2,664,598
Structured notes	63,602	39,585	43,779
Leverage derivatives - non-hedging	26,305	18,191	22,185
Exchange rate derivatives	1,072	319	44,890
Equity derivatives	4,303	10,860	2
Total	<u>\$ 6,746,707</u>	<u>4,275,173</u>	<u>3,162,872</u>
Financial liabilities at fair value through profit or loss - non-current			
Structured notes	<u>\$ 183,140</u>	<u>184,863</u>	<u>109,034</u>
Other financial liabilities - current			
Structured notes principal value	<u>\$ 14,623,913</u>	<u>8,571,912</u>	<u>8,099,758</u>
Other financial liabilities - non-current			
Structured notes principal value	<u>\$ 1,285,982</u>	<u>996,775</u>	<u>1,502,107</u>

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For the three months and the six months ended June 30, 2026 and 2025, relevant transactions of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives, interest rate swaps and total return swaps are presented in the statements of income as follows:

	For the three months ended June 30, 2026		For the six months ended June 30, 2026	
	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)
Interest rate swaps	\$ 1	(18)	1	100
Equity derivatives	(18,699)	(23,739)	(16,128)	(3,560)
Structured notes	(100,436)	(5,366)	(140,071)	(30,899)
IRS asset swaps	(3,901)	(1,016)	(7,274)	(15,221)
Asset swap options	(3,914,495)	(643,985)	(4,924,108)	1,209,985
Exchange rate derivatives	46,503	13,088	88,994	77,314
Leverage derivatives - non-hedging	33,187	8,817	52,091	(18,031)
Total return swap contract value	(646)	-	(646)	-
Total	<u>\$ (3,958,486)</u>	<u>(652,219)</u>	<u>(4,947,141)</u>	<u>1,219,688</u>

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

(z) Capital management

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

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

	June 30, 2026	December 31, 2025	June 30, 2025
Capital adequacy ratio	265 %	276 %	267 %

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the six months ended June 30, 2026 and 2025, were as follows:

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

	January 1, 2026	Cash flows	Other	Non-cash changes Foreign exchange movement	Fair value changes	June 30, 2026
Lease liabilities	\$ 531,618	(120,296)	109,814	206	-	521,342

	January 1, 2025	Cash flows	Other	Non-cash changes Foreign exchange movement	Fair value changes	June 30, 2025
Lease liabilities	\$ 608,527	(117,454)	82,815	(1,216)	-	572,672

(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
Tai-Chun Enterprise Co., Ltd.	Related party in substance
Rui Jin Industrial Corp.	Related party in substance
Other related parties	Key management personnel

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 288,741	57,295	454,604	192,788
Post-employment benefits	1,022	966	2,068	1,840
Share-based Payment	-	-	-	1,962
Total	<u>\$ 289,763</u>	<u>58,261</u>	<u>456,672</u>	<u>196,590</u>

(ii) Structured notes transactions - remaining balance

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Other related parties	<u>\$ 52,600</u>	<u>72,000</u>	<u>74,900</u>

(iii) Futures transactions

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
<u>Future Traders' equity</u>			
Other related parties	<u>\$ 3,075</u>	<u>1,801</u>	<u>4,847</u>

(iv) Brokerage and sub-brokerage

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
<u>Brokerage commissions</u>	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Other related parties	<u>\$ 3,036</u>	<u>1,332</u>	<u>4,554</u>	<u>2,946</u>
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
<u>Re-consigned handling commissions</u>	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Other related parties	<u>\$ 243</u>	<u>78</u>	<u>503</u>	<u>147</u>

(v) Other expense

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
<u>Other expense</u>	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Other related parties	<u>\$ -</u>	<u>269</u>	<u>-</u>	<u>269</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

	June 30, 2026		December 31, 2025		June 30, 2025	
	Par value	Purchase price	Par value	Purchase price	Par value	Purchase price
Subsidiaries	\$ 43,000	43,224	12,000	12,000	30,000	30,099
Funds issued by associate	-	-	751,000	751,000	1,443,000	1,443,000
Total	<u>\$ 43,000</u>	<u>43,224</u>	<u>763,000</u>	<u>763,000</u>	<u>1,473,000</u>	<u>1,473,099</u>

	For the three months ended June 30,		For the six months ended June 30,	
Total financial expenses	2026	2025	2026	2025
Subsidiaries	\$ 148	101	232	123
Funds issued by associate	-	5,281	-	8,920
Total	<u>\$ 148</u>	<u>5,382</u>	<u>232</u>	<u>9,043</u>

Transaction terms are the same as the general clients.

(ii) Financial assets transactions

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

Relationship	Account	June 30, 2026		December 31, 2025		June 30, 2025	
		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	141,569	2,513,774

Notes: Amounts in thousand shares.

	For the three months ended June 30,				For the six months ended June 30,			
	2026		2025		2026		2025	
	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend
Funds issued by associate	\$ -	-	(76,358)	37,481	-	-	(67,222)	75,460

	December 31,	
Prepayments	June 30, 2026	2025
Associates	<u>\$ -</u>	<u>9,641</u>

Transaction terms are the same as the general clients.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Futures transactions

Futures traders' equity	June 30, 2026	December 31, 2025	June 30, 2025
Funds issued by associate	\$ <u>-</u>	<u>689,052</u>	<u>1,436,222</u>

	For the three months ended June 30,		For the six months ended June 30,	
Total financial expenses	2026	2025	2026	2025
Funds issued by associate	\$ <u>-</u>	<u>5,533</u>	<u>-</u>	<u>5,533</u>

Transaction terms are the same as the general clients.

(iv) Lease agreements

Lessor

	For the three months ended June 30,		For the six months ended June 30,	
Lease revenue	2026	2025	2026	2025
Associates	\$ <u>4,448</u>	<u>4,448</u>	<u>8,897</u>	<u>8,897</u>

	June 30, 2026	December 31, 2025	June 30, 2025
Guarantee deposits received			
Associates	\$ <u>4,429</u>	<u>4,429</u>	<u>4,429</u>

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

Lessee

- 1) The Group leases office places from related party in substance for operation, and lease period is seven to nine years. The aggregate contractual value of the lease is \$913,724 and rent is paid monthly. As of June 30, 2026, December 31, 2025 and June 30, 2025, the refundable deposits were \$28,323, \$29,317 and \$29,278.
- 2) Acquisition of right-of-use assets

The new acquisition of right-of-use assets of the Company in the periods for the six months ended June 30, 2026 was \$1,729.
- 3) Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Related party in substance	\$ <u>231,831</u>	<u>301,098</u>	<u>351,247</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Financial expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Related party in substance	\$ <u>886</u>	<u>1,276</u>	<u>1,879</u>	<u>2,656</u>

(v) Custody account business

Custody account business

revenue(Account to rental income)	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Related party in substance	\$ <u>32,318</u>	<u>30,965</u>	<u>64,217</u>	<u>61,930</u>

Other accounts receivable	June 30, 2026	December 31, 2025	June 30, 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 June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Subsidiaries	\$ <u>1,946</u>	<u>1,506</u>	<u>5,449</u>	<u>4,186</u>

Accounts receivable	June 30, 2026	December 31, 2025	June 30, 2025
Subsidiaries	\$ <u>3,435</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 and the six months ended June 30, 2026 and 2025, commission revenues charged by the Group were as follows:

Brokerage commissions	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Funds issued by associate	\$ -	5,526	-	12,990
Related party in substance	310	585	449	626
Total	\$ <u>310</u>	<u>6,111</u>	<u>449</u>	<u>13,616</u>

Re-consigned handling commissions	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Funds issued by associate	\$ -	-	-	416

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Fund services business

	For the three months ended June 30,		For the six months ended June 30,	
Fund services revenue	2026	2025	2026	2025
Associates	\$ <u>2</u>	<u>21</u>	<u>7</u>	<u>45</u>
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Channel services revenue				
Associates	\$ <u>2</u>	<u>21</u>	<u>7</u>	<u>45</u>
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Account receivable				
Associates		June 30, 2026	December 31, 2025	June 30, 2025
		\$ <u>2</u>	<u>10</u>	<u>14</u>

(ix) Wealth management business

	For the three months ended June 30,		For the six months ended June 30,	
Trust account commissions revenue	2026	2025	2026	2025
Associates	\$ <u>4</u>	<u>658</u>	<u>11</u>	<u>5,045</u>
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Trust account management fee revenue				
Associates	\$ <u>316</u>	<u>382</u>	<u>637</u>	<u>805</u>

(x) Underwriting business

	For the three months ended June 30,		For the six months ended June 30,	
Stock service income	2026	2025	2026	2025
Associates	\$ <u>30</u>	<u>30</u>	<u>60</u>	<u>60</u>
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Accounts receivable				
Associates		June 30, 2026	December 31, 2025	June 30, 2025
		\$ <u>10</u>	<u>10</u>	<u>10</u>

(xi) Other revenue and expense

	For the three months ended June 30,		For the six months ended June 30,	
Other revenue	2026	2025	2026	2025
Associates	\$ <u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Other expense				
Related party in substance	\$ <u>1,487</u>	<u>759</u>	<u>1,848</u>	<u>776</u>

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xii) Accrued receivable

<u>Accounts receivable/ Other receivables</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Subsidiaries	\$ 51,021	196	38,794
Associates	562,155	-	314,150
Total	<u>\$ 613,176</u>	<u>196</u>	<u>352,944</u>

(xiii) Custody account business

<u>Custody account business revenue</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Second-level subsidiaries (note)	<u>\$ 1,342</u>	<u>1,338</u>	<u>2,525</u>	<u>2,849</u>

<u>Accounts receivable</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Second-level subsidiaries (note)	<u>\$ 503</u>	<u>389</u>	<u>454</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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>	<u>The collateral use</u>
Restricted assets - current	\$ 813,819	477,106	1,563,912	Bank borrowings, accounts settled, repurchase agreement.
Restricted assets - non-current	49,875	49,875	49,875	Guarantee deposit for provisional seizure
Trading securities	20,967,202	21,396,887	25,809,730	Repurchase agreement
Financial assets at fair value through other comprehensive income - Bonds	20,290,248	18,331,724	16,107,124	Repurchase agreement
Property (net amount)	1,830,710	1,838,931	1,920,303	Bank borrowings
Financial assets at fair value through profit or loss - non-current	179,387	179,227	178,554	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)	5,868,929	5,558,564	5,594,602	Repurchase agreement
Investment property (net amount)	<u>3,251,780</u>	<u>3,267,730</u>	<u>3,200,411</u>	Bank borrowings
Total	<u>\$ 53,251,950</u>	<u>51,100,044</u>	<u>54,424,511</u>	

(9) Significant contingent liability and unrecognized contract commitment:

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

	<u>June 30, 2026</u>		<u>December 31, 2025</u>		<u>June 30, 2025</u>	
	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>
Securities procured through margin purchase	643,728	\$ 6,437,280	554,978	5,549,780	445,642	4,456,420
Collateral for margin purchase	3,843	38,435	8,840	88,405	23,662	236,616
Lending securities to customers through short sales	18,103	181,030	29,415	294,150	17,221	172,210
Collateral for short sales	4,852	48,520	5,811	58,110	785	7,850

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

	<u>June 30, 2026</u>		<u>December 31, 2025</u>		<u>June 30, 2025</u>	
	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>	<u>Shares (in thousands)</u>	<u>Par value</u>
Securities borrowed from securities finance companies	512	\$ 5,120	890	8,900	584	5,840

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Promissory notes	\$ <u>46,130,000</u>	<u>44,890,000</u>	<u>47,520,000</u>
Promissory notes (in USD thousands)	USD <u>85,000</u>	USD <u>85,000</u>	USD <u>85,000</u>

- (d) As of June 30, 2026, December 31, 2025 and June 30, 2025, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$108,749,112, \$77,662,203 and \$63,926,352, respectively.
- (e) A resigned employee of Wan-Hua branch was accused of privately soliciting investment to scam. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$2,798. The case is under the trial of Taiwan Taipei District Court. The Company assesses that it is not liable for compensation, thus the Company unrecognized this amount.
- (f) A resigned employee of Xi-Song branch scammed the clients. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation of \$16,375. The first instance ruled that the company should jointly and severally compensate the plaintiff \$41 and interest. The plaintiff refused to accept and filed an appeal, and the Company also filed a side appeal. The second instance claimed the case in favor of the Company, and it is not liable for compensation, thus the Company unrecognized this amount.
- (g) 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 first-instance, Kaohsiung District Court, claimed the case in favor of the Company, and it is not liable for such compensation, thus the Company unrecognized this amount.
- (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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) According to the Article 17 of Enforcement Rules of the Trust Enterprise Act, the balance sheet, income statement and property list of trust accounts were declared as follows:

(i) Balance sheet of trust accounts

Balance Sheet of Trust Accounts

June 30, 2026, December 31, 2025 and June 30, 2025

Trust Assets	June 30, 2026	December 31, 2025	June 30, 2025	Trust Liabilities	June 30, 2026	December 31, 2025	June 30, 2025
Bank deposits	\$ 972,214	936,243	833,950	Accounts payable	\$ 122	54	80
Short-term investment				Trust capital	14,936,063	15,952,509	15,442,289
Funds	10,384,528	9,403,383	8,809,190	Net income	1,870,643	995,612	(511,332)
Stocks	706,946	654,556	893,918	Accumulated earnings or deficit	1,229,121	509,816	691,477
Bonds	1,572,941	1,693,865	1,573,774				
Structured notes	4,362,878	4,719,333	3,494,392				
Account receivable	36,432	50,611	17,290				
Prepayments	10		-				
Total Assets	\$ 18,035,949	17,457,991	15,622,514	Total Liabilities	\$ 18,035,949	17,457,991	15,622,514

(ii) Income statement of trust accounts

Income Statement of Trust Accounts

For the six months ended June 30, 2026 and 2025

	For the six months ended June 30,	
	2026	2025
Trust revenue		
Interest revenue	\$ 203,870	100,474
Cash dividends revenue	157,969	141,415
Rental revenue	8,484	13,570
Investment gains - realized	125,982	-
Investment gains - unrealized	1,385,258	-
Other revenue	-	1,230
Subtotal	1,881,563	256,689
Trust expense		
Management fee	137	980
Service fee	10,414	10,431
Investment losses - realized	-	86,364
Investment losses - unrealized	-	669,803
Other fees	9	7
Subtotal	10,560	767,585
Gain (loss) before income tax	1,871,003	(510,896)
Less: Income tax expense	360	436
Net gain (loss)	\$ 1,870,643	(511,332)

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Property list of trust accounts

Property list of trust accounts

June 30, 2026, December 31, 2025 and June 30, 2025

Investment items	June 30, 2026	December 31, 2025	June 30, 2025
Bank deposits	\$ 972,214	936,243	833,950
Short-term investment			
Funds	10,384,528	9,403,383	8,809,190
Stocks	706,946	654,556	893,918
Bonds	1,572,941	1,693,865	1,573,774
Structured Notes	4,362,878	4,719,333	3,494,392
Other assets	36,442	50,611	17,290
Total	\$ 18,035,949	17,457,991	15,622,514

(10) Significant Catastrophic Loss: None

(11) Significant Subsequent Events:

On June 16, 2026, the Board of Directors of the subsidiary, Capital Futures Corp., resolved to issue secured subordinated corporate bonds with an aggregate principal amount of up to NT\$3 billion. The bonds may be issued in one or more tranches depending on market conditions, with a maturity of no more than 10 years. The proceeds are intended primarily to strengthen the capital base and financial structure and enhance the adjusted net capital ratio.

(12) Other:

(a) As of June 30, 2026, December 31, 2025 and June 30, 2025, the open positions of futures and option contracts were as follows:

(i) June 30, 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	11,410	\$ 3,913,881	3,968,868	
	Single Stock Futures	Short	31,523	(19,119,106)	(19,866,490)	
	TAIEX Futures	Long	123	1,150,149	1,151,023	
	TAIEX Futures	Short	344	(3,177,247)	(3,221,804)	
	Mini TAIEX Futures	Long	1,063	2,478,230	2,486,477	
	Mini TAIEX Futures	Short	93	(211,878)	(220,171)	
	Finance Sector Index Futures	Long	11	34,066	34,393	
	Electronic Sector Index Futures	Short	27	(323,121)	(328,644)	
	Mini Electronic Futures	Long	46	68,158	69,989	
	10 Year U.S. T Note Futures	Long	4	13,920	14,000	
	10 Year U.S. T Note Futures	Short	60	(209,778)	(210,001)	
	10 Year U.S. T Bond Futures	Short	78	(280,190)	(279,406)	

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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 :						
	Ultra U.S. Treasury Bond	Long	966	\$ 3,568,167	3,573,791	
	Ultra U.S. Treasury Bond	Short	36	(134,086)	(133,185)	
	Brent Crude Oil Futures	Short	335	(947,330)	(778,358)	
	Crude Oil Futures	Long	4	10,977	8,854	
	Crude Oil Futures	Short	45	(100,436)	(99,611)	
	FTSE China A50 Index Futures	Long	2,213	1,065,363	1,093,490	
	FTSE China A50 Index Futures	Short	9	(4,431)	(4,447)	
	E-mini S&P 500 Futures	Long	54	646,096	649,112	
	E-mini S&P 500 Futures	Short	16	(191,446)	(192,329)	
	Gold Futures	Short	18	(229,653)	(231,527)	
	HHI Futures	Long	23	35,237	35,180	
	HHI Futures	Short	14	(21,702)	(21,414)	
	HSI Futures	Long	4	18,389	18,556	
	TOPIX Futures	Long	5	38,703	39,289	
	TOPIX Futures	Short	10	(74,936)	(78,579)	
	Micro AUD Futures	Short	5	(1,117)	(1,101)	
	CAD Futures	Short	4	(9,168)	(9,000)	
	Micro CAD Futures	Short	8	(1,833)	(1,800)	
	JPY Futures	Long	17	42,380	41,874	
	JPY Futures	Short	10	(24,660)	(24,632)	
	Euro Futures	Long	7	31,872	31,928	
	NZD Futures	Long	14	26,030	25,390	
	CHF Futures	Long	2	10,085	9,934	
	Micro Gold Futures	Long	8	10,889	10,290	
	Micro Gold Futures	Short	4	(5,356)	(5,145)	
	Refined Copper Futures	Short	29	(145,997)	(144,412)	
	Mini-HSI Futures	Long	23	21,487	21,340	
	Mini-HSI Futures	Short	22	(20,356)	(20,412)	
	Micro E-mini Nasdaq Futures	Long	56	108,011	108,883	
	E-mini Nasdaq Futures	Long	40	756,917	777,739	
	E-mini Nasdaq Futures	Short	65	(1,238,961)	(1,263,826)	
	E-mini Dow Futures	Short	32	(26,693)	(26,841)	
	Micro E-mini Russell 2000 Index Futures	Short	4	(18,874)	(19,400)	
	SGX Nikkei 225 Index Futures	Short	17	(117,119)	(117,274)	
	Swiss Market Index Futures	Short	3	(16,299)	(16,779)	
	E-mini Dow Futures	Short	19	(158,327)	(159,366)	
	US Dollar Index Futures	Long	4	12,694	12,862	
	US Dollar Index Futures	Short	37	(117,546)	(118,973)	
	Silver Futures	Short	6	(55,437)	(57,255)	
	Micro Silver Futures	Long	1	2,272	1,909	
	Micro Silver Futures	Short	5	(9,388)	(9,543)	
	Platinum Futures	Long	2	5,766	4,987	
	2 Year U.S. T Note Futures	Long	15	98,544	98,480	
	2 Year U.S. T Note Futures	Short	7	(45,995)	(45,957)	
	30 Year U.S. Treasury Bonds	Short	197	(715,970)	(712,150)	
	5 Year U.S. T Note Futures	Short	15	(51,246)	(51,142)	
	Long-Term Euro - BTP Futures	Long	20	86,319	86,624	
	Long-Term Euro - BTP Futures	Short	3	(12,805)	(12,994)	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Soybean Futures	Short	40	\$ (72,306)	(72,857)	
	China Index Futures	Long	282	265,755	256,742	
	FTSE Taiwan Index Futures	Long	307	1,553,594	1,581,290	
	FTSE Taiwan Index Futures	Short	144	(727,387)	(741,713)	
	10 Year Euro Bond	Long	11	50,827	50,833	
	30 Year Euro Bond	Long	40	161,984	161,447	
	France 10 Year Bond	Short	1	(4,310)	(4,354)	
	Mini Finance Sector Index Futures	Short	32	(24,760)	(25,013)	
	Wheat Futures	Long	7	6,925	6,569	
	CME BTC	Short	6	(56,333)	(55,823)	
	Mini DAX Futures	Short	2	(9,110)	(9,122)	
	Gas Futures	Long	2	1,994	2,086	
	Corn Futures	Long	13	8,891	8,628	
	Cocoa Futures	Short	6	(8,096)	(9,704)	
	Gotton Futures	Short	2	(2,539)	(2,446)	
	Coffee Futures	Short	2	(6,502)	(7,081)	
	Live Cattle Futures	Short	4	(12,560)	(12,354)	
	Lean Hog Futures	Short	8	(9,833)	(10,009)	
	10 Year Japanese Treasury Bond	Short	10	(250,989)	(250,813)	
	Mini 10 Year Japanese Treasury Bond	Short	2	(5,004)	(5,016)	
	UK Long-term Bonds	Long	3	11,116	11,286	
	South Korea 10-Year Bond	Short	4	(8,849)	(8,890)	
	10 Year Australia Treasury Bond	Long	13	31,079	31,265	
	10 Year Australia Treasury Bond	Short	7	(16,738)	(16,835)	
	KOSPI 200 Futures	Short	6	(42,004)	(43,046)	
	Mini KOSPI 200 Futures	Short	22	(31,573)	(31,408)	
	SGX TWN	Short	2	(9,840)	(10,223)	
	STOXX Europe 600 Index	Short	1	(1,165)	(1,169)	
	FTSE 100 Index	Long	3	13,344	13,336	
	USD/KRW Futures	Short	350	(110,631)	(112,283)	
	Subtotal			(12,868,905)		

(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	1,438	\$ 136,888	301,599	
	TAIEX Options (Put)	Long	3,628	171,855	107,576	
	TAIEX Options (Call)	Short	1,921	(157,256)	(229,807)	
	TAIEX Options (Put)	Short	2,263	(109,854)	(66,733)	
	TAIEX Options W1 (Call)	Long	657	10,866	17,712	
	TAIEX Options W1 (Put)	Long	685	6,082	2,388	
	TAIEX Options W1 (Call)	Short	697	(12,414)	(24,671)	
	TAIEX Options W1 (Put)	Short	1,196	(9,737)	(7,859)	
	TAIEX Options F1 (Call)	Long	103	3,180	5,885	
	TAIEX Options F1 (Put)	Long	105	2,008	627	
	TAIEX Options F1 (Call)	Short	108	(2,890)	(3,087)	
	TAIEX Options F1 (Put)	Short	188	(4,966)	(1,689)	
	TAIEX Options F2 (Call)	Long	1	31	45	
	Stock Options (Call)	Long	227	6,935	5,762	
	Stock Options (Put)	Long	254	1,495	1,285	
	Stock Options (Call)	Short	1	(5)	(2)	
	Finance Insurance Index Options (Call)	Short	15	(105)	(581)	
	Gold Options (Call)	Long	20	3,902	1,669	
	Silver Options (Call)	Long	8	3,312	2,940	
	Silver Options (Put)	Long	6	2,540	6,906	
	WTI Crude Oil Options (Call)	Long	8	981	64	
	U.S. Treasury Bond Options (Call)	Long	2	109	75	
	Subtotal			52,957		
Total				<u>\$ (12,815,948)</u>		

(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) June 30, 2025

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	36,365	\$ 8,855,312	8,902,940	
	Single Stock Futures	Short	8,653	(1,247,312)	(1,249,499)	
	TAIEX Futures	Long	148	642,419	652,011	
	TAIEX Futures	Short	317	(1,379,368)	(1,399,918)	
	Mini TAIEX Futures	Long	98	106,939	107,206	
	Mini TAIEX Futures	Short	360	(398,142)	(398,282)	
	Micro TAIEX Futures	Long	406	88,243	89,905	
	Finance Sector Index Futures	Long	5	10,446	10,459	
	Electronic Sector Index Futures	Short	30	(146,934)	(148,740)	
	Mini Electronic Futures	Long	129	79,876	79,948	
	Mini Electronic Futures	Short	82	(50,511)	(50,820)	
	10 Year U.S. T Note Futures	Long	20	65,412	65,705	
	10 Year U.S. T Note Futures	Short	21	(68,124)	(68,991)	
	10 Year U.S. T Bond Futures	Long	24	79,729	80,352	
	Ultra U.S. Treasury Bond	Long	641	2,177,251	2,237,322	
	Ultra U.S. Treasury Bond	Short	18	(61,517)	(62,827)	
	10 Year Euro Bond	Long	20	89,636	89,413	
	Brent Crude Oil Futures	Short	259	(518,796)	(506,470)	
	Crude Oil Futures	Long	70	134,602	133,541	
	FTSE China A50 Index Futures	Long	4,678	1,853,510	1,835,032	
	E-Mini S&P 500 Futures	Long	2	17,854	18,323	
	E-Mini S&P 500 Futures	Short	7	(64,053)	(64,132)	
	Gold Futures	Long	2	19,348	19,383	
	Gold Futures	Short	55	(529,322)	(524,492)	
	HHI Futures	Long	19	30,822	30,735	
	HHI Futures	Short	104	(170,676)	(168,234)	
	HSI Futures	Long	8	36,269	35,953	
	HSI Futures	Short	1	(4,528)	(4,494)	
	Mini TOPIX Futures	Short	5	(2,829)	(2,904)	
	TOPIX Futures	Short	11	(61,967)	(63,889)	
	JPY Futures	Long	22	56,566	56,358	
	JPY Futures	Short	154	(393,880)	(394,507)	
	Euro Futures	Long	5	21,572	21,675	

(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	8	\$ 7,872	7,753	
	Refined Copper Futures	Long	7	25,698	26,061	
	Refined Copper Futures	Short	9	(32,338)	(33,506)	
	Mini HSI Futures	Short	110	(99,152)	(98,870)	
	Micro E-mini Nasdaq Futures	Long	5	6,662	6,708	
	Micro E-mini Nasdaq Futures	Short	20	(26,721)	(26,831)	
	E-mini Nasdaq Futures	Long	6	80,178	80,493	
	E-mini Nasdaq Futures	Short	8	(107,226)	(107,324)	
	Micro E-mini Dow Futures	Long	7	4,466	4,552	
	E-mini Eussell 2000 Index Futures	Long	3	9,671	9,633	
	SGX Nikkei 225 Index Futures	Short	16	(64,064)	(65,828)	
	E-mini Dow Futures	Short	5	(31,719)	(32,515)	
	U.S. Dollar Index Futures	Short	70	(201,395)	(197,907)	
	Micro E-mini S&P 500 Futures	Long	53	47,614	48,557	
	Copper Futures	Long	4	28,819	28,915	
	Silver Futures	Short	17	(90,944)	(90,086)	
	2 Year U.S. T-Note Futures	Long	72	437,391	438,846	
	2 Year U.S. T-Note Futures	Short	38	(231,350)	(231,613)	
	30 Year U.S. Treasury Bonds	Long	62	206,352	209,761	
	30 Year U.S. Treasury Bonds	Short	20	(67,074)	(67,665)	
	5 Year U.S. T-Note Futures	Long	40	127,222	127,748	
	Long-Term Euro - BTP Futures	Long	20	83,127	83,127	
	Soybean Futures	Short	14	(21,151)	(21,064)	
	China Index Futures	Short	4	(3,539)	(3,534)	
	FTSE Taiwan Index Futures	Long	160	340,927	341,943	
	FTSE Taiwan Index Futures	Short	28	(59,807)	(59,840)	
	Vietnam Index Futures	Short	49	(7,994)	(7,979)	
	Mini Finance Sector Index Futures	Short	4	(2,092)	(2,092)	
	One Week E-mini Stock Index Futures	Long	164	181,231	183,055	
	CMI BTC	Short	6	(94,435)	(94,360)	
	Gin Futures	Short	45	(66,894)	(67,510)	
	10 Year Japanese Treasury Bond	Short	35	(991,748)	(989,683)	
	Hang Seng TECH Index	Long	10	9,900	9,905	
	SGX TWN	Long	9	19,069	19,077	
	Subtotal			8,684,403		

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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			
Options contract :						
	TAIEX Options (Call)	Long	3,683	\$ 86,163	115,439	
	TAIEX Options (Put)	Long	5,298	98,262	71,323	
	TAIEX Options (Call)	Short	3,475	(41,107)	(54,290)	
	TAIEX Options (Put)	Short	4,554	(56,827)	(28,511)	
	TAIEX Options W1 (Call)	Long	2,930	15,712	22,178	
	TAIEX Options W1 (Put)	Long	3,042	14,181	10,751	
	TAIEX Options W1 (Call)	Short	2,611	(10,295)	(9,060)	
	TAIEX Options W1 (Put)	Short	2,242	(5,982)	(2,793)	
	Stock Options (Call)	Long	177	800	666	
	Stock Options (Put)	Long	122	803	554	
	Stock Options (Call)	Short	99	(363)	(315)	
	Stock Options (Put)	Short	95	(389)	(252)	
	Electronic Sector Index Options (Call)	Long	15	259	343	
	Electronic Sector Index Options (Put)	Long	17	357	285	
	Electronic Sector Index Options (Call)	Short	15	(299)	(546)	
	Electronic Sector Index Options (Put)	Short	10	(261)	(170)	
	Finance Insurance Index Options (Call)	Long	182	2,122	1,966	
	Finance Insurance Index Options (Put)	Long	141	1,796	1,588	
	Finance Insurance Index Options (Call)	Short	147	(469)	(396)	
	Finance Insurance Index Options (Put)	Short	175	(350)	(85)	
	Gold Options (Call)	Long	14	307	133	
	Gold Options (Put)	Long	5	111	149	
	Gold Options (Call)	Short	1	(14)	(3)	
	iShares India 50 ETF Options (Call)	Long	150	7	7	
	iShares India 50 ETF Options (Put)	Long	150	6	6	
	Nifty Bank Options (Call)	Long	525	157	153	
	Nifty Bank Options (Put)	Short	525	(159)	(162)	
	Nifty Financial Services Index Options (Put)	Long	1,105	162	166	
	Nifty Financial Services Index Options (Call)	Short	1,105	(156)	(153)	
	TAIFEX Options (Put)	Long	6	39	40	
	TAIFEX Options (Call)	Short	129	(1,374)	(1,427)	
	TAIFEX Options (Put)	Short	329	(5,414)	(4,598)	
	Subtotal			97,785		
Total				<u>\$ 8,782,188</u>		

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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)	1,381,392 17,113	80.72	406,441 118,736	3.42	≥ 1	Satisfactory to requirement
17	Current Assets Current Liabilities	2,605,592 17,113	152.26	513,932 118,539	4.34	≥ 1	"
22	Stockholders' equity Minimum paid-in capital	1,381,392 400,000	345.35 %	406,441 400,000	101.61 %	≥ 60% ≥ 40%	"
22	Adjusted net capital Total amount of customers' margin required for open positions of futures trader	1,229,027 551,245	222.95 %	377,103 45,182	834.63 %	≥ 20% ≥ 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)	10,791,399 2,745,544	3.93	9,608,034 2,620,025	3.67	≥ 1	Satisfactory to requirement
17	Current Assets Current Liabilities	134,259,259 125,252,981	1.07	66,205,573 58,305,581	1.14	≥ 1	"
22	Stockholders' equity Minimum paid-in capital	10,791,399 1,115,000	967.84 %	9,608,034 1,115,000	861.71 %	≥ 60% ≥ 40%	"
22	Adjusted net capital Total amount of customers' margin required for open positions of futures trader	8,995,143 30,137,766	29.85 %	7,166,242 13,929,983	51.44 %	≥ 20% ≥ 15%	"

(c) Unique risk for futures trading

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the six months ended June 30, 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	\$ 837,032	837,032	837,032	-	2	-	Working capital	-		-	1,611,172	1,611,172
2	CSC Futures (HK) Ltd.	F611702	Account receivables - Customer	No	442,482	442,482	173,832	3.61%-4.86%	1	521,135		-		-	442,482	1,057,219
3	CSC Futures (HK) Ltd.	F613059	Account receivables - Customer	No	94,818	94,818	-	6.36 %	1	8,004		-		-	211,444	1,057,219
4	CSC Futures (HK) Ltd.	F612688	Account receivables - Customer	No	12,010	12,010	-	5.36 %	1	377		-		-	211,444	1,057,219
5	CSC Futures (HK) Ltd.	F613091	Account receivables - Customer	No	316	316	-	5.36 %	1	2,712		-		-	211,444	1,057,219
6	CSC Futures (HK) Ltd.	F190416	Account receivables - Customer	No	221,241	221,241	-	3.86 %	1	6,275		-		-	221,241	1,057,219
7	CSC Futures (HK) Ltd.	F613511	Account receivables - Customer	No	15,803	15,803	-	8.00 %	1	3,084		-		-	211,444	1,057,219
8	CSC Futures (HK) Ltd.	F613390	Account receivables - Customer	No	126,423	126,423	-	4.06 %	1	6,344		-		-	211,444	1,057,219

Note: Type of Loans

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

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

(In Thousands of New Taiwan Dollars)

Company of classification-account receivables	Name of transaction parties	Relationship	Balance of account receivables-Related parties	Turnover	Expiration of account receivables-Related parties		Subsequent recoverable amount	Allowance of doubtful accounts
					Amount	Treatment		
Capital Securities Corp.	Capital Futures Corp.	Subsidiary	436,024	N/A	-	N/A	436,024	-
Capital Securities Corp.	Capital Investment Trust Corp.	Associate	562,167	N/A	-	N/A	562,167	-

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Significant transactions between parent company and subsidiaries for the six months ended June 30, 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	12,269		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts receivable	17,138		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other receivable	418,886		0.08 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Bonds sold under repurchase agreements	35,191		0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other payable	3,248		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Guarantee deposits received	4,620		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Futures commission revenue	87,010	General transaction	0.45 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Lease revenue	9,281	General transaction	0.05 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Revenue from securities management, distribution, and management fees	352	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Financial costs	1,777	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other operating revenue	3,311	General transaction	0.02 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Securities commission expense	48,640	General transaction	0.25 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Interest revenue	137	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Miscellaneous expense	49,300	General transaction	0.26 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Non-operating revenue	30,269	General transaction	0.16 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Brokerage commissions revenue	705	General transaction	- %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Other receivables	1,531		- %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Professional Service Fees	55,980	General transaction	0.29 %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Entertainment expenses	91	General transaction	- %
0	Capital Securities Corp.	CSC Private Equity Co.	1	Other receivable	36		- %
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	550	General transaction	- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other receivables	203		- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Commissions expenses	12,483	General transaction	0.07 %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Other receivables	102		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Brokerage commissions revenue	158	General transaction	- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Guarantee deposits received	13		- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Lease revenue	25	General transaction	- %
1	Capital Futures Corp.	Capital Securities Corp.	2	Customers' margin account	7,094,368		1.35 %

(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	Futures traders' equity	7,094,368		1.35 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Customers' margin account	566,785		0.11 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures traders' equity	9,848,504		1.87 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Other payable	12,722		- %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures commission expense	13,227	General transaction	0.07 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Brokerage commissions revenue	82,080	General transaction	0.43 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Financial costs	7,243	General transaction	0.04 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Customers' margin account	9,631,516		1.83 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Futures traders' equity	349,797		0.07 %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Information technology expense	10,564	General transaction	0.06 %
2	CSC Futures (HK) Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Other payable	6,065		- %
2	CSC Securities (HK) Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Professional Service Fees	28,877	General transaction	0.15 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other receivables	1,043		- %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Brokerage commissions revenue	16	General transaction	- %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	2,240	General transaction	0.01 %
4	CSC International Holdings Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Guarantee deposits received	148		- %
4	CSC International Holdings Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Advanced Receipt	544		- %
4	CSC International Holdings Ltd.	QIT Technology Co., Ltd. (formerly Capital Futures Technology (Shanghai) Co., Ltd.)	3	Lease revenue	292	General transaction	- %
4	CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	3	Other receivables	826,013		0.16 %

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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Related information of investee companies:

(In Thousands of New Taiwan Dollars)

Ref. No.	Name of investee company (Notes 1 and 2)	Area	Date of establishment	Approval date and number of FSC	Primary business operation	Original investment amount		Equity Ownership by company (note 3)			Operating income or loss of investee company during the period	Net income or loss of investee company during the period	Investment gain or loss recognized during the period	Cash dividend	Note
						Balance on June 30, 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 %	82,810	59,596	5,219	5,219	1,162	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 %	5,984,954	869,004	1,089,419	603,995	388,135	"
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 %	1,611,172	17	(8,090)	(8,090)	-	"
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 %	58,030	175,339	32,151	32,151	50,660	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	107,368,834	100.00 %	1,036,047	169,223	129,040	129,791	-	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	34,815,000	100.00 %	401,623	117,676	90,494	90,734	-	"
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 %	1,576,792	3,581,972	1,668,137	387,508	562,148	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 %	708,036	34,236	17	-	-	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 %	1,057,219	354,027	7,392	-	-	"
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 %	15,244	-	2,947	-	-	"
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.

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on overseas branches and representative offices:

(In Thousands of New Taiwan Dollars)

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

(d) Information on investments in the Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee in Mainland China	Major Operations	Issued capital	Method of investment	Accumulated remittance as of January 1, 2026	Remittance of recoverable investment this period		Accumulated remittance as of June 30, 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 June 30, 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	(8,119)	28.28%	(2,296) Note 2 B(2)	-	-
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	7,112	55.46%	3,944 Note 2 B(2)	5,067	-

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

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

According to article 1, paragraph 3, no. 5 of the letter no. 11303479011 issued by Financial Supervisory Commission on September 26, 2024, the required supplementary disclosures of the Company's information on reinvestment in overseas businesses as of June 30, 2026 and for the six months ended June 30, 2026 are as follows:

- (i) Balance sheet and income statement:

1) Balance sheet

Unit: US \$ thousands

Company	
CSC International Holdings Ltd.	
Nature	June 30, 2026
Current assets	7,511
Long-term investments	22,398
Property and premises	1,522
Other assets	19,353
Total assets	50,784
Current liabilities	69
Other liabilities	49
Total liabilities	118
Common stock	45,000
Retained earnings (Accumulated deficit)	5,943
Cumulative translation adjustments	(277)
Total stockholders' equity	50,666
Total liabilities and stockholders' equity	50,784

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Income statement

Unit: US \$ thousands

Company	
	CSC International Holdings Ltd.
Nature	For the six months ended June 30, 2026
Operating revenue	-
Operating expense	(356)
Non-operating revenue	100
Non-operating expense	-
Income (loss) before tax	(256)
Net income (loss)	(256)

(ii) Securities held as of June 30, 2026

Unit: shares / US\$ thousands

Name of holding company	Securities types and name	Account classification	June 30, 2026	
			Shares	Book value
CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	Long-term investments	128,000,000	\$ <u><u>22,398</u></u>

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

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

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

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

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

(b) Measurement of segmental information

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

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

	For the three months ended June 30, 2026							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Subsidiary futures segment	Adjustment and elimination	Total
Segment Revenue	\$ 4,917,544	204,706	10,001,914	(3,643,915)	285,462	443,950	(142,927)	12,066,734
Segment profit or loss	\$ 3,170,301	133,119	8,067,077	(3,969,640)	(1,370,312)	739,433	(554,888)	6,215,090

	For the three months ended June 30, 2025							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Subsidiary futures segment	Adjustment and elimination	Total
Segment Revenue	\$ 2,018,030	127,449	1,493,722	105,773	(71,921)	877,389	(96,534)	4,453,908
Segment profit or loss	\$ 1,064,171	77,688	545,654	(50,619)	(279,336)	397,305	(192,927)	1,561,936

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2026							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Subsidiary futures segment	Adjustment and elimination	Total
Segment Revenue	\$ 7,954,406	559,400	14,701,875	(5,304,395)	418,806	1,127,724	(260,002)	19,197,814
Segment profit or loss	\$ 5,009,924	431,240	11,383,570	(5,960,061)	(1,770,058)	1,267,872	(820,854)	9,541,633

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

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.