

CAPITAL SECURITIES CORPORATION**Financial Statements****With Independent Auditors' Report
For The Years Ended December 31, 2025 and 2024**

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

Table of contents

| Contents | Page |
|---|---------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 |
| 3. Independent Auditors' Report | 3 |
| 4. Balance Sheets | 4 |
| 5. Statements of Comprehensive Income | 5 |
| 6. Statements of Changes in Equity | 6 |
| 7. Statements of Cash Flows | 7 |
| 8. Notes to the Financial Statements | |
| (1) Overview | 8 |
| (2) Approval date and procedures of the financial statements | 9 |
| (3) New standards, amendments and interpretations adopted | 9~11 |
| (4) Summary of material accounting policies | 11~26 |
| (5) Significant accounting assumptions and judgements, and major sources of estimation uncertainty | 26~27 |
| (6) Explanation of significant accounts | 27~78 |
| (7) Related-party transactions | 79~86 |
| (8) Pledged assets | 87 |
| (9) Significant contingent liability and unrecognized contract commitment | 87~89 |
| (10) Significant Catastrophic Loss | 90 |
| (11) Significant Subsequent Events | 90 |
| (12) Other | 90 |
| (13) Other disclosures | |
| (a) Information on significant transactions | 91 |
| (b) Related information of investee companies | 92 |
| (c) Information on overseas branches and representative offices | 93 |
| (d) Information on investments in the Mainland China | 93 |
| (e) Disclosures required for securities firm investing in countries or regions without securities authority | 94~95 |
| (14) Segment information | 95 |
| 9. Statement of major accounting items | 96~126 |
| 10. Disclosures of Managed Futures Enterprises Department | 127~144 |



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Independent Auditors' Report

To the Board of Directors of Capital Securities Corporation:

Opinion

We have audited the financial statements of Capital Securities Corporation (“the Company”), which comprise the balance sheets as of December 31, 2025 and 2024, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years ended then in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

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 Financial Statements section of our report. We are independent of the Company 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 for 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 financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the 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 Company's financial statements are stated as follows:

1. Valuation of financial instruments

Please refer to Note 4(f) 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(l) financial liabilities at fair value through profit or loss and Note 6(v)(v), fair value and fair value hierarchy of financial instruments for details.

Risk and descriptions of the key audit matter:

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

Procedures performed:

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

2. Goodwill impairment

Please refer to Note 4(p) for the related accounting policy regarding the impairment of non-financial assets, Note 5(b) for accounting assumptions and estimation uncertainty of the goodwill impairment, Note 6(h)(i) for details about measurement of goodwill impairment.

Risk and descriptions of the key audit matter:

Assessment of the Company's goodwill impairment is one of our significant audit processes, because it mainly depends on the prediction of future operation and there is a high uncertainty on assessing recoverable amounts by discounted future cash flows. Therefore, the measurement of goodwill impairment is one of our key audit matters.

Procedures performed:

Our key audit procedures included understanding tests of goodwill impairment implemented by management, certifying the assumptions of management by related available external information, making professional assessment on main parameters of predictable growth rate, discount rate, etc. adopted by management, and performing the retrospective analysis for testing the precision of previous years' forecasts including sensitivity analyses on the key assumptions related to Goodwill impairment tests.

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 0.60% and 0.63% of total assets of December 31, 2025 and 2024, respectively, and the recognized profit of loss under using equity method constituted 6.98% and 6.00% of net income before income tax for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms and the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 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)

March 6, 2026

Notes to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Financial Statements Originally Issued in Chinese)

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

| | Assets | December 31, 2025 | | December 31, 2024 | |
|--------|---|------------------------------|-------------------|---------------------------|-------------------|
| | | Amount | % | Amount | % |
| 110000 | Current assets: | | | | |
| 111100 | Cash and cash equivalents (note 6(a)) | \$ 5,607,868 | 2 | 3,874,686 | 1 |
| 112000 | Financial assets at fair value through profit or loss - current (notes 6(b) and 8) | 89,030,841 | 30 | 68,047,676 | 27 |
| 113200 | Financial assets at fair value through other comprehensive income - current (note 6(b)) | 25,911,825 | 9 | 30,534,249 | 12 |
| 114030 | Receivable for securities provided as collateral | 23,273,590 | 8 | 22,137,746 | 9 |
| 114040 | Refinancing margin | 26,361 | - | 49,349 | - |
| 114050 | Refinancing collateral receivable | 21,941 | - | 41,089 | - |
| 114060 | Receivable of securities business money lending | 32,338,389 | 11 | 32,677,621 | 13 |
| 114090 | Collateral for securities borrowed | 183,465 | - | 140,311 | - |
| 114100 | Security borrowing margin | 13,501,773 | 5 | 14,026,729 | 5 |
| 114110 | Notes receivable | 11,813 | - | 7,458 | - |
| 114130 | Accounts receivable (note 6(c)) | 25,846,472 | 9 | 13,281,849 | 5 |
| 114150 | Prepayments | 61,312 | - | 75,091 | - |
| 114170 | Other receivables | 195,577 | - | 80,568 | - |
| 114200 | Other financial assets - current | 116 | - | - | - |
| 119095 | Amounts held for each customer in the account (note 6(n)) | 44,167,892 | 15 | 35,555,711 | 14 |
| 119990 | Other current assets-others | 692,493 | - | 1,287,075 | 1 |
| | | <u>260,871,728</u> | <u>89</u> | <u>221,817,208</u> | <u>87</u> |
| 120000 | Non-current assets: | | | | |
| 122000 | Financial assets at fair value through profit or loss - non-current (notes 6(b) and 8) | 179,227 | - | 177,730 | - |
| 123200 | Financial assets at fair value through other comprehensive income - non-current (note 6(b)) | 4,884,922 | 2 | 4,444,378 | 2 |
| 123300 | Financial assets at amortized cost - non-current (note 6(b)) | 5,511,713 | 2 | 6,567,032 | 3 |
| 124100 | Investments accounted for under equity method (note 6(d)) | 10,513,961 | 3 | 9,050,706 | 4 |
| 125000 | Property and equipment (notes 6(e) and 8) | 2,163,851 | 1 | 2,413,859 | 1 |
| 125800 | Right-of-use assets (notes 6(f)) | 434,499 | - | 508,192 | - |
| 126000 | Investment property (notes 6(g) and 8) | 4,213,751 | 1 | 3,959,267 | 1 |
| 127000 | Intangible assets (note 6(h)) | 3,562,561 | 1 | 3,559,782 | 1 |
| 129000 | Other non-current assets | 1,474,110 | 1 | 1,281,167 | 1 |
| | | <u>32,938,595</u> | <u>11</u> | <u>31,962,113</u> | <u>13</u> |
| | Total assets | \$ <u>293,810,323</u> | <u>100</u> | <u>253,779,321</u> | <u>100</u> |

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

| | December 31, 2025 | | December 31, 2024 | |
|---|-----------------------|------------|--------------------|------------|
| | Amount | % | Amount | % |
| Liabilities and Equity | | | | |
| Current liabilities: | | | | |
| 210000 | | | | |
| 211100 Short-term borrowings (note 6(i)) | \$ 6,563,030 | 2 | 7,304,896 | 3 |
| 211200 Commercial paper payable (note 6(j)) | 54,271,018 | 18 | 41,514,617 | 16 |
| 212000 Financial liabilities at fair value through profit or loss - current (note 6(l)) | 36,210,214 | 12 | 25,584,491 | 10 |
| 214010 Bonds sold under repurchase agreements (note 6(m)) | 43,305,196 | 15 | 53,683,935 | 21 |
| 214040 Guarantee deposited for short sales | 2,564,848 | 1 | 2,527,527 | 1 |
| 214050 Proceeds payable from short sales | 2,863,691 | 1 | 2,874,680 | 1 |
| 214070 Securities lending refundable deposits | 16,352,311 | 6 | 16,292,813 | 7 |
| 214090 Equity for each customer in the account (note 6(n)) | 44,167,892 | 15 | 35,555,711 | 14 |
| 214110 Notes payable | - | - | 152 | - |
| 214130 Accounts payable (note 6(o)) | 22,187,408 | 8 | 10,423,517 | 4 |
| 214150 Advance receipts | 26,889 | - | 30,465 | - |
| 214160 Receipts under custody | 290,283 | - | 817,799 | - |
| 214170 Other payables | 1,574,140 | 1 | 1,070,747 | 1 |
| 214200 Other financial liabilities - current (note 6(w)) | 8,571,912 | 3 | 6,420,134 | 3 |
| 214600 Current income tax liabilities | 663,869 | - | 532,295 | - |
| 215100 Provisions - current (note 6(q)) | 56,472 | - | 51,149 | - |
| 216000 Current lease liabilities (note 6(p)) | 182,277 | - | 179,875 | - |
| 219000 Other current liabilities | 5,199 | - | 5,163 | - |
| | <u>239,856,649</u> | <u>82</u> | <u>204,869,966</u> | <u>81</u> |
| Non-Current liabilities: | | | | |
| 220000 | | | | |
| 221200 Long-term borrowings(note 6(k)) | 6,000,000 | 2 | 4,497,142 | 2 |
| 222000 Financial liabilities at fair value through profit or loss - non current (note 6(l)) | 184,863 | - | 112,762 | - |
| 224200 Other financial liabilities - non-current (note 6(w)) | 996,775 | - | 516,042 | - |
| 226000 Non-current lease liabilities(note 6(p)) | 287,597 | - | 373,492 | - |
| 228000 Deferred income tax liabilities(note 6(r)) | 702,849 | - | 807,440 | - |
| 229000 Other non-current liabilities (note 6(q)) | 224,692 | - | 331,235 | - |
| | <u>8,396,776</u> | <u>2</u> | <u>6,638,113</u> | <u>2</u> |
| Total liabilities | <u>248,253,425</u> | <u>84</u> | <u>211,508,079</u> | <u>83</u> |
| 301010 Common stock (note 6(s)) | 21,709,081 | 8 | 21,709,081 | 9 |
| 302000 Capital surplus (note 6(s)) | 2,781,067 | 1 | 2,743,257 | 1 |
| 304000 Retained earnings: | | | | |
| 304010 Legal reserve | 3,783,173 | 1 | 3,299,604 | 1 |
| 304020 Special reserve | 7,836,822 | 3 | 6,869,685 | 3 |
| 304040 Unappropriated earnings (note 6(s)) | 6,120,588 | 2 | 4,919,483 | 2 |
| 305120 Exchange differences on translation of foreign operations | 48,589 | - | 153,408 | - |
| 305140 Unrealized gains (losses) on financial assets at fair value through other comprehensive income | 3,277,578 | 1 | 2,576,724 | 1 |
| Total equity | <u>45,556,898</u> | <u>16</u> | <u>42,271,242</u> | <u>17</u> |
| Total liabilities and equity | <u>\$ 293,810,323</u> | <u>100</u> | <u>253,779,321</u> | <u>100</u> |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

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

| | 2025 | | 2024 | |
|---|---------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| Income: | | | | |
| 401000 Brokerage commissions (note 6(u)) | \$ 5,277,697 | 32 | 5,258,106 | 36 |
| 402000 Revenues from securities business money lending | 15,718 | - | 5,037 | - |
| 403000 Revenue from securities lending | 611,465 | 4 | 604,666 | 4 |
| 404000 Underwriting commissions (note 6(u)) | 127,762 | 1 | 128,998 | 1 |
| 406000 Commissions on wealth management business | 172,983 | 1 | 103,732 | 1 |
| 410000 Net gains (losses) on sale of trading securities (note 6(u)) | 7,323,896 | 44 | 6,448,837 | 44 |
| 421100 Securities management, distribution, and management fees | 186,113 | 1 | 170,353 | 1 |
| 421200 Interest revenue (note 6(u)) | 4,090,866 | 25 | 3,792,354 | 26 |
| 421300 Dividend revenue | 1,286,174 | 8 | 1,391,937 | 10 |
| 421500 Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(u)) | 3,298,465 | 20 | (970,401) | (7) |
| 421600 Net gains (losses) on covering of borrowed securities and bonds with resale agreements(note 6(w)) | (3,028,403) | (18) | (1,104,322) | (8) |
| 421610 Net gains (losses) on measurement of borrowed securities and bonds with resale agreements | (2,060,134) | (13) | (71,139) | - |
| 421750 Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income | 185,379 | 1 | 75,396 | - |
| 421800 Net gains (losses) on securities for futures margin at fair value through profit or loss | (2,717) | - | (8,305) | - |
| 422200 Net gains (losses) on stock warrants issued (note 6(u) and (w)) | (683,400) | (4) | 252,443 | 2 |
| 424100 Futures commission revenues | 139,961 | 1 | 145,793 | 1 |
| 424400 Net gains (losses) on derivative instruments - futures (note 6(w)) | 647,932 | 4 | (949,011) | (6) |
| 424500 Net gains (losses) on derivative instruments - OTC (note 6(w)) | (1,234,164) | (8) | (543,867) | (4) |
| 425100 Net gains (losses) arising from derecognition of financial assets measured at amortized cost (note 6(b)) | (1,002) | - | - | - |
| 425300 Impairment losses and reversal gains (note 6(v)) | (3,045) | - | (5,154) | - |
| 428000 Other operating revenues | 134,965 | 1 | (113,685) | (1) |
| | <u>16,486,511</u> | <u>100</u> | <u>14,611,768</u> | <u>100</u> |
| Expenses: | | | | |
| 501000 Brokerage fees | 511,990 | 3 | 483,379 | 3 |
| 502000 Brokerage fees - proprietary trading | 60,538 | - | 61,972 | - |
| 503000 Clearing and exchange fees - refinancing | 2,217 | - | 1,885 | - |
| 504000 Clearing and exchange fees - underwriting | 2,108 | - | 2,230 | - |
| 521200 Financial costs | 2,460,072 | 15 | 2,831,518 | 20 |
| 521640 Loss from securities borrowing transactions | 1,138,594 | 7 | 839,876 | 6 |
| 524200 Total securities commission expense | 38,199 | - | 23,478 | - |
| 524300 Cleaning and settlement expenses | 1,603 | - | - | - |
| 528000 Other operating expenditures | 160,560 | 1 | 80,711 | - |
| 531000 Employee benefits expenses (note 6(u)) | 3,522,806 | 21 | 2,921,236 | 20 |
| 532000 Depreciation and amortization expense (note 6(u)) | 403,354 | 3 | 407,756 | 3 |
| 533000 Other operating expenses (note 6(u)) | 3,581,489 | 22 | 3,161,941 | 22 |
| | <u>11,883,530</u> | <u>72</u> | <u>10,815,982</u> | <u>74</u> |
| Other income (expenses): | | | | |
| 601100 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method (note 6(d)) | 1,238,914 | 8 | 1,073,942 | 8 |
| 602000 Other gains and losses (note 6(u)) | 674,756 | 4 | 913,212 | 6 |
| | <u>1,913,670</u> | <u>12</u> | <u>1,987,154</u> | <u>14</u> |
| 902001 Net income before income tax | 6,516,651 | 40 | 5,782,940 | 40 |
| 701000 Less: Income tax expenses (note 6(r)) | 780,717 | 5 | 899,164 | 6 |
| Net income | <u>5,735,934</u> | <u>35</u> | <u>4,883,776</u> | <u>34</u> |
| 805000 Other comprehensive income: | | | | |
| 805500 Components that may not be reclassified to profit or loss in subsequent periods: | | | | |
| 805510 Gains (losses) on remeasurements of defined benefit plans(note 6(q)) | 104,802 | 1 | (203,958) | (1) |
| 805540 Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income | 386,607 | 2 | 283,940 | 2 |
| 805560 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method | (1,260) | - | 81,288 | - |
| 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>490,149</u> | <u>3</u> | <u>161,270</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 | (92,465) | (1) | 199,602 | 1 |
| 805615 Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income | 382,944 | 2 | (354,645) | (2) |
| 805660 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method | (26,683) | - | 44,025 | - |
| 805699 Less: Income tax related to components of other comprehensive income (note 6(r)) | (14,329) | - | 22,363 | - |
| Subtotal of items that may be subsequently reclassified into profit or loss | <u>278,125</u> | <u>1</u> | <u>(133,381)</u> | <u>(1)</u> |
| 805000 Other comprehensive income, net | <u>768,274</u> | <u>4</u> | <u>27,889</u> | <u>-</u> |
| 902006 Total comprehensive income | <u>\$ 6,504,208</u> | <u>39</u> | <u>4,911,665</u> | <u>34</u> |
| 975000 Basic earnings per share (note 6(t)) | <u>2.64</u> | | <u>2.25</u> | |
| 985000 Diluted earnings per share (note 6(t)) | <u>2.64</u> | | <u>2.25</u> | |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION
Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

| | Stock | | Retained earnings | | | Total other equity interest | | Total Equity |
|---|----------------------|------------------|-------------------|------------------|-------------------------|---|---|-------------------|
| | Common stocks | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Exchange differences on translation of foreign operations | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | |
| Balance at January 1, 2024 | \$ 21,709,081 | 2,743,256 | 2,889,367 | 6,049,211 | 4,201,815 | (67,856) | 2,722,009 | 40,246,883 |
| Net income for the year ended December 31, 2024 | - | - | - | - | 4,883,776 | - | - | 4,883,776 |
| Other comprehensive income | - | - | - | - | (203,640) | 221,264 | 10,265 | 27,889 |
| Total comprehensive income | - | - | - | - | 4,680,136 | 221,264 | 10,265 | 4,911,665 |
| Appropriation and distribution of retained earnings: (note 6(s)) | | | | | | | | |
| Legal reserve | - | - | 410,237 | - | (410,237) | - | - | - |
| Special reserve | - | - | - | 820,474 | (820,474) | - | - | - |
| Cash dividends of common stocks | - | - | - | - | (2,887,307) | - | - | (2,887,307) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 155,550 | - | (155,550) | - |
| Changes in ownership interests in subsidiaries | - | 1 | - | - | - | - | - | 1 |
| Balance at December 31, 2024 | 21,709,081 | 2,743,257 | 3,299,604 | 6,869,685 | 4,919,483 | 153,408 | 2,576,724 | 42,271,242 |
| Net income for the year ended December 31, 2025 | - | - | - | - | 5,735,934 | - | - | 5,735,934 |
| Other comprehensive income | - | - | - | - | 106,602 | (104,819) | 766,491 | 768,274 |
| Total comprehensive income | - | - | - | - | 5,842,536 | (104,819) | 766,491 | 6,504,208 |
| Appropriation and distribution of retained earnings: (note 6(s)) | | | | | | | | |
| Legal reserve | - | - | 483,569 | - | (483,569) | - | - | - |
| Special reserve | - | - | - | 967,137 | (967,137) | - | - | - |
| Cash dividends of common stocks | - | - | - | - | (3,256,362) | - | - | (3,256,362) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 65,637 | - | (65,637) | - |
| Changes in ownership interests in subsidiaries | - | 37,810 | - | - | - | - | - | 37,810 |
| Balance at December 31, 2025 | \$ 21,709,081 | 2,781,067 | 3,783,173 | 7,836,822 | 6,120,588 | 48,589 | 3,277,578 | 45,556,898 |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION**Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Net income before tax | \$ 6,516,651 | 5,782,940 |
| Adjustments: | | |
| Income and expenses items: | | |
| Depreciation expense | 355,017 | 358,967 |
| Amortization expense | 48,337 | 48,789 |
| Expected credit impairment losses | 3,045 | 5,154 |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss | (1,235,614) | 1,049,845 |
| Financial cost | 2,460,072 | 2,831,518 |
| Net loss arising from derecognition of financial assets measured at amortized cost | 1,002 | - |
| Interest revenue (including financial revenue) | (4,156,351) | (3,860,583) |
| Dividend revenue | (1,413,666) | (1,467,963) |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | (1,238,914) | (1,073,942) |
| Gain on disposal of investments under equity method | - | (406) |
| Net loss (gain) on non-operating financial instruments at fair value through profit or loss | 39,689 | (9,073) |
| Net gain on lease modifications | (25) | (157) |
| Subtotal of income of non-cash activities | <u>(5,137,408)</u> | <u>(2,117,851)</u> |
| Changes in operating assets and liabilities: | | |
| Increase in financial assets at fair value through profit or loss | (17,728,603) | (5,873,973) |
| Decrease (increase) in financial assets at fair value through other comprehensive income | 4,954,858 | (7,057,676) |
| Increase in receivable for securities provided as collateral | (1,135,844) | (5,414,706) |
| Decrease (increase) in refinancing margin | 22,988 | (32,730) |
| Decrease (increase) in receivable on refinancing collateral | 19,148 | (27,242) |
| Decrease (increase) in receivable of securities business money lending | 339,232 | (26,791,117) |
| Increase in collateral for securities borrowed | (43,154) | (42,937) |
| Decrease (increase) in security borrowing margin | 524,956 | (1,531,458) |
| Increase in notes receivable | (4,355) | (850) |
| (Increase) decrease in accounts receivable | (12,645,777) | 2,664,869 |
| Decrease in prepayments | 13,779 | 48,872 |
| Increase in other receivables | (112,410) | (11,416) |
| Decrease (increase) in other current assets | 594,582 | (431,057) |
| Increase in other current financial assets | (116) | - |
| Increase in other non-current assets | (191,827) | (128,211) |
| Increase in financial liabilities at fair value through profit or loss | 8,637,690 | 4,762,491 |
| (Decrease) increase in bonds sold under repurchase agreements | (10,378,739) | 2,227,343 |
| Increase in guarantee deposited for short sales | 37,321 | 523,766 |
| (Decrease) increase in proceeds payable from short sales | (10,989) | 580,036 |
| Increase in securities lending refundable deposits | 59,498 | 811,647 |
| Decrease in notes payable | (152) | (14) |
| Increase in accounts payable | 11,798,248 | 918,630 |
| (Decrease) increase in advance receipts | (3,576) | 10,244 |
| (Decrease) increase in receipts under custody | (527,516) | 495,350 |
| Increase (decrease) in other payable | 505,205 | (425,499) |
| Increase in provision - current | 5,323 | 5,737 |
| Increase in other financial liabilities | 2,632,511 | 2,035,511 |
| Increase in other current liabilities | 36 | 544 |
| Decrease in other non-current liabilities | (1,741) | (49,839) |
| Total changes in assets and liabilities from operating activities | <u>(12,639,424)</u> | <u>(32,733,685)</u> |
| Total adjustments | <u>(17,776,832)</u> | <u>(34,851,536)</u> |

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION**Statements of Cash Flows****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Cash generated from operating activities | \$ (11,260,181) | (29,068,596) |
| Interest received | 4,207,645 | 3,492,119 |
| Dividends received | 2,162,062 | 2,016,732 |
| Interest paid | (2,492,233) | (3,007,097) |
| Income taxes paid | (739,405) | (601,284) |
| Net Cash flows used in operating activities | (8,122,112) | (27,168,126) |
| Cash flows from investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (5,001) | (862,000) |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 3,410 | 676 |
| Acquisition of financial assets at amortized cost | (667,136) | (1,239,300) |
| Proceeds from disposal of financial assets at amortized cost | 1,597,633 | - |
| Proceeds from capital reduction of investments accounted for under equity method | - | 7,400 |
| Acquisition of investments accounted for using equity method | (1,032,436) | - |
| Increase in deferred debits | (1,403) | (205) |
| Acquisition of property and equipment | (178,128) | (124,839) |
| Acquisition of intangible assets | (51,979) | (42,663) |
| Net cash flows used in investing activities | (335,040) | (2,260,931) |
| Cash flows from financing activities: | | |
| (Decrease) increase in short-term borrowings | (741,866) | 2,013,045 |
| Increase in commercial papers payable | 12,756,401 | 28,424,448 |
| Proceeds from long-term borrowings | 6,000,000 | 4,500,000 |
| Repayments of long-term borrowings | (4,500,000) | - |
| Payment of lease liabilities | (191,140) | (181,899) |
| Cash dividends paid | (3,256,362) | (2,887,307) |
| Net cash flows provided by financing activities | 10,067,033 | 31,868,287 |
| Effect of exchange rate changes on cash and cash equivalents | 123,301 | 87,807 |
| Increase in cash and cash equivalents | 1,733,182 | 2,527,037 |
| Cash and cash equivalents, beginning of period | 3,874,686 | 1,347,649 |
| Cash and cash equivalents, end of period | \$ 5,607,868 | 3,874,686 |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

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

(1) Overview:

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

The Company is authorized to conduct the following businesses:

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

The financial statements were authorized for issuance by the board of directors on March 6, 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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

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

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|--|
| IFRS 18 “Presentation and Disclosure in Financial Statements” | <p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. | January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC. |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

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

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

(4) Summary of material accounting policies:

(a) Statement of compliance

The financial statements has been prepared in accordance with the “ Regulations Governing the Preparation of Financial Reports by Securities Firms” and the “ Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”.

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the presentation currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle.
- (ii) It is held primarily for the purposes of trading.
- (iii) It is expected to be realized within twelve months after the reporting period.
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle.
 - (ii) It is held primarily for the purposes of trading.
 - (iii) It is due to be settled within twelve months after the reporting period.
 - (iv) The Company 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.
- (e) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and check deposits.

Cash equivalent comprises of time deposit with maturity within 1 year, excess future margin, commercial paper and short-term, highly liquid investments. For an investment to qualify as a cash equivalents it must readily convertible to a known amount of cash and be subjected to an insignificant risk of changes in value.

- (f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

- (i) Financial assets

All regular transactions of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

- 1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following criteria and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal (SPPI) and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI if it meets both of the following criteria and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividends derived from equity investments are recognized as revenue when the right to receive payment is established, which is normally the ex-dividend date.

3) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis), including derivative financial assets. On initial recognition, the Company may irrevocably designate financial assets at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss, if they can eliminate or significantly reduce a measurement or recognition inconsistency.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including accounts receivable), debt instrument investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortized cost are deducted from the carrying amount of the assets. For debt instrument investments at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and Equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

6) Interest rate benchmark

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, then the Company updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

If changes are made to a financial asset or financial liability in addition to changes made to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Company first updates the effective interest rate of the financial asset or financial liability to reflect the changes that are required by interest rate benchmark reform. Subsequently, the Company applies the policies on accounting for modifications set out above to the additional changes.

(iii) Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Margin loan, short sale and refinancing

Margin loan represents loans extended to customers and is accounted for as receivables for securities provided as collateral. Such loans are secured by the securities purchased by customers. These securities are returned when the loans are repaid.

Short sale represents securities lent to customers and the deposits received from customers on securities lent out are accounted to guarantee deposited for securities lent. The proceeds from sales of securities lent to customers, net of securities transaction tax, commission and financing charges, is retained by the Company and are recorded under the proceeds payable from securities lent. The deposits received and the proceeds from short sale will be returned to customers while the securities are returned and paid off.

Refinancing margin loan means that the Company operates margin loan business, if capital is insufficient, the Company can refinance from securities finance companies, recorded as borrowed funds refinanced, and securities from margin loan are regarded pledged.

Refinancing short sale means the Company operates short sale business, if securities are insufficient, the Company can borrow securities from securities finance companies. For securities refinancing, the Company pays margin deposits to securities finance companies and these margin deposits are recorded as refinancing margin. The proceeds from the short sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral which are recorded as proceeds payable from securities lent and receivable on refinancing collateral, respectively.

(h) Bonds with resell and repurchase agreements

When bonds are repurchased, they are reflected under “bonds sold under repurchase agreements” at the settlement date. The difference between the selling price and repurchase price is recognized as financial cost. When bonds are resold, they are reflected under “bonds purchased under resell agreements” at the settlement date. The difference between the selling price and repurchase price is recognized as interest revenue.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(i) Securities borrowing transactions

Engage in securities lending transactions, the amount of the sale of securities borrowing recognized liability, and to distinguish hedging and non-hedging purposes, in accordance with stocks and bonds. The amount paid to redeem shares or bonds borrowed, as a deduction of the subjects, the collateral paid in cash recorded as security borrowing margin, short sales delivered for securities market financing recorded as security borrowing collateral price.

(j) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in capital surplus in proportion to its ownership.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated the Company's interests in the associate.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date. The difference between the fair value of retained investment and proceeds from disposal of the part of interest in the investment, and the carrying amount of the investment at that date was recognized in profit or loss. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amount previously recognized in other comprehensive income in relation to that associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

If the investments in associates become the investment in joint ventures, or vice versa, the Company is accounted for using the equity method consistently and does not remeasure the retained equity.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

If the Company does not subscribe the new issuance of capital based on holding percentage and result in a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus and investments under equity method. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments under equity method is insufficient, the shortage is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis.

(k) Investments in subsidiaries

When preparing the financial statement of the parent company, the Company uses the Equity Method in evaluating the control of an investee. Under Equity Method, the net income or loss for the period of separate financial statement and the other comprehensive income of separate financial statement are the same as net income or loss for the period attributed to owners of parents of consolidated statement and other comprehensive income attributed to owners of parents of consolidated statement, respectively. The equity of the separate financial statement is the same as the equity attributable to the owners of parents of the consolidated statements.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction between the owners.

(l) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The estimated useful lives of property and equipment are as follows:

- | | |
|---|------------|
| 1) Buildings | 3~55 years |
| 2) Transportation equipment | 5 years |
| 3) Office equipment and computer facilities | 3~5 years |
| 4) Miscellaneous equipment | 5~10 years |
| 5) Leasehold improvements are depreciated evenly by the shorter of the estimated useful life or the lease period. | |

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If the expected value differs from the previous estimation, the change regards as changes in accounting estimation.

(m) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value, other than goodwill, operation franchise and the seats of foreign futures exchanges with all indefinite useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- 1) Customer relationships: 5 years
- 2) Computer software cost and dial-up service charges: 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Lease

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has listed right of use assets and leasing liabilities that are not categorized as investment properties as individual items in the balance sheet.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment and transportation equipment etc. that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

(ii) Lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(p) Non-financial assets impairment

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets and assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Revenue recognition

The recognition of the Company's major revenue:

(i) Brokerage commissions, gains or loss on securities sold and related handling fees is recognized on the settlement date.

(ii) Underwriting commissions

Underwriting brokerage revenue is recognized when the underwriting contract is completed; revenue from underwriting securities on a firm commitment basis is recognized when the payment received after underwriting securities, and revenue from underwriting consultation is recognized according to the period specified in the underwriting consultation contract.

(iii) Interest revenue and expense arising from margin loan, short sale and bonds with repurchase agreements is recognized on an accrual basis during trading.

(iv) Futures commission revenue arising from accessory services of futures trading, collecting commission from appointed futures dealer, the revenue is recognized on an accrual basis in accordance with related agreement.

(v) Gains or losses from sale of equity investments at fair value is recognized on the trade date.

(vi) Dividend revenue is recognized as the right of receiving payment confirmed.

(vii) Gains on futures and options transactions: Futures transaction margins are recognized as cost and valued at daily fair value. The gains or losses arising from reverse trading or execution of the futures and options recognized as Net Profit or Loss for the period.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(s) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(t) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year measured using tax rates enacted or substantively enacted and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences.
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) The same taxable entity; or

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

- 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

- (u) Business combinations

The Company only chose to restate the business combinations occurred after January 1, 2012, upon the transition from ROC GAAP to IFRSs endorsed by FSC are approved, with regard to acquisition before January 1, 2012, the amount should be recognized as Regulations Governing the Preparation of Financial Reports released by Securities Issuers as of January 10, 2009 and Statement of Financial Accounting Standards announced by Accounting Research and Development Foundation.

- (v) Earnings per share (EPS)

The Company presents its basic and dilutive earnings per share attributable to the Company's ordinary equity holders. The basic earnings per share of the Company is calculated by dividing profit or loss attributable to the Company's ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company include the estimation of employee remuneration.

- (w) Segment information

The Company has disclosed the segment information on the consolidated financial report, thus, the Company does not disclose it on this financial report.

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

In preparing these financial statements, management has made 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) The fair value of financial instrument:

The fair value of non-active market or non-quoted financial instruments is determined by evaluation method. In this case, fair value is assessed from observable data or patterns of similar financial instruments. If there are no market observables, the fair value of financial instruments is assessed using appropriate assumptions. When using the evaluation model to determine fair value, all models must be calibrated to ensure that the output reflects actual data and market prices. The model uses only observable data as much as possible; however, for the part of credit risk (risk of itself and the counterparty), the Company must estimate the fluctuation and correlation for the fair value of financial assets. For sensitivity analysis of financial instruments, please refer to note 6(v).

(b) The impairment evaluation of goodwill:

The Company performed the impairment test of goodwill annually. The recoverable amount of the cash-generating unit was based on the value in use. The Company chose the appropriate discount rate and estimated the expected cash flows of the cash-generating unit.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2025 | December 31, 2024 |
|--------------------------------|------------------------------|------------------------------|
| Cash | \$ <u>2,615</u> | <u>2,590</u> |
| Bank deposits | | |
| Checking accounts | 147,076 | 82,257 |
| Demand deposits | <u>1,356,847</u> | <u>1,362,604</u> |
| Subtotal | <u>1,503,923</u> | <u>1,444,861</u> |
| Cash equivalents | | |
| Time deposits | 1,000,000 | - |
| Futures margin - excess margin | <u>3,101,330</u> | <u>2,427,235</u> |
| Subtotal | <u>4,101,330</u> | <u>2,427,235</u> |
| Total | <u>\$ 5,607,868</u> | <u>3,874,686</u> |

(b) Financial assets

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

| | December 31, 2025 | December 31, 2024 |
|--|------------------------------|------------------------------|
| Open-ended funds and money-market instruments | | |
| Open-ended funds and money-market instruments | \$ 316,216 | 1,211,074 |
| Valuation adjustment | <u>6,872</u> | <u>46,561</u> |
| Subtotal | <u>323,088</u> | <u>1,257,635</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---|------------------------------|------------------------------|
| Trading securities - proprietary trading | | |
| Listed stocks | \$ 15,843,594 | 4,407,303 |
| Listed funds | 15,814,167 | 11,482,230 |
| OTC stocks | 3,391,960 | 1,048,063 |
| OTC funds | 7,424,599 | 7,207,680 |
| Emerging market stocks | 491,570 | 629,529 |
| Convertible bonds | 4,995,501 | 3,886,351 |
| Government bonds | 49,640 | 444,341 |
| Corporate bonds | 2,746,663 | 5,217,626 |
| International bonds | 2,451,409 | 4,675,185 |
| Financial debentures | - | 500,000 |
| Foreign stocks | 234,655 | 111,790 |
| Foreign funds | 502,828 | 159,550 |
| Foreign bonds | 1,246,092 | 1,192,058 |
| Others | <u>59,557</u> | <u>14,056</u> |
| | 55,252,235 | 40,975,762 |
| Valuation adjustment | <u>1,545,848</u> | <u>(668,706)</u> |
| Subtotal | <u>56,798,083</u> | <u>40,307,056</u> |
| Trading securities - underwriting | | |
| Listed stocks | 6,467 | 17,355 |
| OTC stocks | 9,865 | 104,126 |
| Convertible bonds | <u>264,136</u> | <u>309,130</u> |
| | 280,468 | 430,611 |
| Valuation adjustment | <u>21,429</u> | <u>5,558</u> |
| Subtotal | <u>301,897</u> | <u>436,169</u> |
| Trading securities - hedging | | |
| Listed stocks | 6,027,704 | 4,822,176 |
| OTC stocks | 1,203,266 | 860,552 |
| Convertible bonds | 18,038,542 | 17,999,139 |
| Others | <u>76,733</u> | <u>90,789</u> |
| | 25,346,245 | 23,772,656 |
| Valuation adjustment | <u>687,724</u> | <u>(371,972)</u> |
| Subtotal | <u>26,033,969</u> | <u>23,400,684</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|------------------------------------|------------------------------|------------------------------|
| Derivatives | | |
| Buy options | \$ 1,443 | 5,480 |
| Futures margin - security | 701,795 | 394,650 |
| Futures margin - proprietary fund | 3,311,824 | 1,381,605 |
| IRS asset swaps | 18,708 | 48,834 |
| Asset swap options - long position | 1,482,197 | 785,194 |
| Structured notes | 1,128 | 2,623 |
| Exchange rate derivatives | 56,566 | 27,503 |
| Interest rate swaps | <u>143</u> | <u>243</u> |
| Subtotal | <u>5,573,804</u> | <u>2,646,132</u> |
| Total | <u>\$ 89,030,841</u> | <u>68,047,676</u> |

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

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

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|------------------------------|------------------------------|
| Debt instruments at fair value through other comprehensive income | | |
| Government bonds | \$ 1,265,623 | 3,403,185 |
| Corporate bonds | 7,349,301 | 10,026,546 |
| International bonds | 942,900 | 1,180,260 |
| Foreign bonds | <u>15,630,874</u> | <u>14,592,931</u> |
| | 25,188,698 | 29,202,922 |
| Valuation adjustment | <u>(59,604)</u> | <u>(460,102)</u> |
| Subtotal | <u>25,129,094</u> | <u>28,742,820</u> |
| Equity instrument at fair value through other comprehensive income | | |
| Listed stocks | 828,188 | 1,676,406 |
| OTC stocks | <u>497</u> | <u>124,444</u> |
| | 828,685 | 1,800,850 |
| Valuation adjustment | <u>(45,954)</u> | <u>(9,421)</u> |
| Subtotal | <u>782,731</u> | <u>1,791,429</u> |
| Total | <u>\$ 25,911,825</u> | <u>30,534,249</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

The Company 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 years ended December 31, 2025 and 2024, the dividends were recognized from the Company equity instrument investments measured at fair value through other comprehensive income - current amounted to \$82,124 and \$43,796, respectively. For the years ended December 31, 2025 and 2024, the dividends were recognized from the disposing equity instrument investments amounted to \$46,203 and \$9,338, respectively.

Due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Company sold equity instrument at fair value through other comprehensive income (FVOCI) - current at a fair value \$3,442,577 and \$1,768,347, respectively, cumulative dispose gains (losses) for the years ended December 31, 2025 and 2024, amounted to \$(15,814) and \$123,111, 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(v).
- 4) For the years ended December 31, 2025 and 2024, impairment test has been applied by the Company, the variation of loss allowance in the debt instrument measured at fair value through other comprehensive income of the Company please refer to note 6(v).
- 5) For the years ended December 31, 2025 and 2024, financial assets at fair value through other comprehensive income undertaken for repurchase agreements of the Company, please refer to note 8 for details.

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

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|------------------------------|------------------------------|
| Mandatorily measured at fair value through profit or loss: | | |
| Government bonds | \$ 179,704 | 179,604 |
| Valuation adjustment | <u>(477)</u> | <u>(1,874)</u> |
| Total | <u>\$ 179,227</u> | <u>177,730</u> |

As of December 31, 2025 and 2024, the Company 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).

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---|------------------------------|------------------------------|
| Equity instruments at fair value through other comprehensive income | | |
| Non-listed or non-over-the-counter stocks | \$ 1,468,520 | 1,466,929 |
| Valuation adjustment | <u>3,416,402</u> | <u>2,977,449</u> |
| Total | <u>\$ 4,884,922</u> | <u>4,444,378</u> |

For the years ended December 31, 2025 and 2024, the dividends were recognized from the Company equity instrument investments at fair value through other comprehensive income - non-current amounted to \$127,492 and \$76,026, respectively.

For the years ended December 31, 2025 and 2024, the Company did not sell equities recognized in FVOCI - non-current. The Company proceeds from capital reduction of the investees amounted to \$3,410 and \$676 for the years ended December 31, 2025 and 2024.

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

| | <u>For the years ended December 31,</u> | | | | | | | | |
|----------------------------|---|--------------------------|-------------|----------------|----------------|-------------|----------------|----------------|--|
| | <u>2025</u> | | | <u>2024</u> | | | | | |
| <u>Type of market risk</u> | <u>December 31, 2025</u> | <u>December 31, 2024</u> | <u>Mean</u> | <u>Maximum</u> | <u>Minimum</u> | <u>Mean</u> | <u>Maximum</u> | <u>Minimum</u> | |
| Equity stocks | 3,759,679 | 3,267,170 | 3,178,571 | 3,759,679 | 2,474,220 | 3,191,630 | 3,353,425 | 2,836,760 | |

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

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|------------------------------|------------------------------|
| 1) Debt Securities at amortized cost : | | |
| Financial debentures | \$ 500,000 | 500,000 |
| Foreign currency debentures | <u>5,013,493</u> | <u>6,069,135</u> |
| | 5,513,493 | 6,569,135 |
| Less: loss allowance | <u>(1,780)</u> | <u>(2,103)</u> |
| | <u>\$ 5,511,713</u> | <u>6,567,032</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

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

- 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 years ended December 31, | |
|--|---|-------------|
| | 2025 | 2024 |
| Carrying amount on the date of derecognition | \$ 1,598,634 | - |
| | | |
| | For the years ended December 31, | |
| | 2025 | 2024 |
| Current profit and loss | \$ (1,002) | - |

The reason for The Company 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) Accounts Receivable

| | December 31, 2025 | December 31, 2024 |
|---|------------------------------|------------------------------|
| Receivable on securities purchased by customers | \$ 115,411 | 57,552 |
| Settlement | 4,673,299 | - |
| Interests receivable | 967,093 | 1,046,166 |
| Receivables on securities sold | 19,818,534 | 11,835,610 |
| Others | 272,135 | 342,521 |
| Total | \$ 25,846,472 | 13,281,849 |

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(d) Investments accounted for under equity method

Investments under equity method consisted of the following:

| | <u>December 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|--|------------------------------------|------------------------------------|
| Subsidiaries | | |
| Capital Investment Management Corp. | \$ 78,753 | 77,165 |
| CSC International Holdings Ltd. | 1,603,189 | 1,700,728 |
| Capital Futures Corp. | 5,782,876 | 4,380,054 |
| Capital Insurance Advisory Corp. | 76,539 | 64,438 |
| CSC Venture Capital Corp. | 902,996 | 890,853 |
| CSC Private Equity Co., Ltd. (formerly CSC Capital Management Co., Ltd.) | 318,176 | 333,550 |
| Subtotal | <u>8,762,529</u> | <u>7,446,788</u> |
| Associates | | |
| Capital Investment Trust Corp. | <u>1,751,432</u> | <u>1,603,918</u> |
| Total | <u>\$ 10,513,961</u> | <u>9,050,706</u> |

(i) Subsidiaries:

Please refer to the consolidated financial statements as of and for the year ended December 31, 2025 for further information.

For the years ended December 31, 2025 and 2024, the Company's share of gains or losses of the subsidiaries were as follows:

| | <u>For the years ended December 31,</u> | |
|---|---|----------------|
| | <u>2025</u> | <u>2024</u> |
| Based on the audited financial statements | <u>\$ 784,041</u> | <u>726,840</u> |

(ii) Associates

| <u>Name of</u> <u>associate</u> | <u>Nature between</u> <u>the Company</u> | <u>Primary</u> <u>business area</u> <u>and registered</u> <u>country</u> | <u>Proportion of Ownership</u> <u>and Voting Rights</u> | |
|------------------------------------|---|---|--|------------------------------------|
| | | | <u>December</u> <u>31, 2025</u> | <u>December</u> <u>31, 2024</u> |
| Capital Investment Trust Corp. | Engaged in security investment and discretionary investment services. | Taiwan | 20.00 % | 20.00 % |

The Company 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 Company 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 Company has determined that it has significant influence on it.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Summarized financial information of associates accounted for under equity method to the Company was shown as follows:

| | December 31, 2025 | December 31, 2024 |
|---|------------------------------|------------------------------|
| Total carrying amount of the associates | \$ <u>1,751,432</u> | <u>1,603,918</u> |
| For the years ended December 31, | | |
| | 2025 | 2024 |
| Based on the financial statement attributed to the company: | | |
| Net gains from continuing operations | \$ 454,873 | 347,102 |
| Other comprehensive income (losses) | <u>6,782</u> | <u>7,675</u> |
| Total comprehensive income (losses) | \$ <u>461,655</u> | <u>354,777</u> |

(iii) Collateral

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

(e) Property and equipment

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

| | Land | Buildings | Equipment | Leasehold improvements | Total |
|--------------------------------------|----------------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|
| Cost or deemed cost | | | | | |
| Balance at January 1, 2025 | \$ 1,649,972 | 975,892 | 559,305 | 163,507 | 3,348,676 |
| Additions | - | - | 171,244 | 6,884 | 178,128 |
| Transferred from investment property | 117,534 | 10,230 | - | - | 127,764 |
| Reclassified to investment property | (308,990) | (134,272) | - | - | (443,262) |
| Disposals and retirements | <u>-</u> | <u>-</u> | <u>(83,132)</u> | <u>(17,782)</u> | <u>(100,914)</u> |
| Balance at December 31, 2025 | \$ <u>1,458,516</u> | <u>851,850</u> | <u>647,417</u> | <u>152,609</u> | <u>3,110,392</u> |
| Balance at January 1, 2024 | \$ 1,649,972 | 975,892 | 555,913 | 247,164 | 3,428,941 |
| Additions | - | - | 118,881 | 5,958 | 124,839 |
| Disposals and retirements | <u>-</u> | <u>-</u> | <u>(115,489)</u> | <u>(89,615)</u> | <u>(205,104)</u> |
| Balance at December 31, 2024 | \$ <u>1,649,972</u> | <u>975,892</u> | <u>559,305</u> | <u>163,507</u> | <u>3,348,676</u> |
| Depreciation and impairment loss | | | | | |
| Balance at January 1, 2025 | \$ - | 484,939 | 342,598 | 107,280 | 934,817 |
| Depreciation | - | 17,707 | 98,891 | 28,210 | 144,808 |
| Transferred from investment property | - | 4,474 | - | - | 4,474 |
| Reclassified to investment property | - | (36,644) | - | - | (36,644) |
| Disposals and retirements | <u>-</u> | <u>-</u> | <u>(83,132)</u> | <u>(17,782)</u> | <u>(100,914)</u> |
| Balance at December 31, 2025 | \$ <u>-</u> | <u>470,476</u> | <u>358,357</u> | <u>117,708</u> | <u>946,541</u> |
| Balance at January 1, 2024 | \$ - | 465,350 | 357,675 | 162,041 | 985,066 |
| Depreciation | - | 19,589 | 100,412 | 34,854 | 154,855 |
| Disposals and retirements | <u>-</u> | <u>-</u> | <u>(115,489)</u> | <u>(89,615)</u> | <u>(205,104)</u> |
| Balance at December 31, 2024 | \$ <u>-</u> | <u>484,939</u> | <u>342,598</u> | <u>107,280</u> | <u>934,817</u> |
| Carrying amount: | | | | | |
| December 31, 2025 | \$ <u>1,458,516</u> | <u>381,374</u> | <u>289,060</u> | <u>34,901</u> | <u>2,163,851</u> |
| December 31, 2024 | \$ <u>1,649,972</u> | <u>490,953</u> | <u>216,707</u> | <u>56,227</u> | <u>2,413,859</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

(f) Right-of-use assets

Movements in right-of-use assets of the Company are as follows :

| | <u>Buildings</u> | <u>Equipment</u> | <u>Total</u> |
|---|----------------------------|----------------------|-------------------------|
| Cost: | | | |
| Balance at January 1, 2025 | \$ 1,220,111 | 20,567 | 1,240,678 |
| Additions | 105,245 | 4,322 | 109,567 |
| Reductions | <u>(126,488)</u> | <u>(3,999)</u> | <u>(130,487)</u> |
| Balance at December 31, 2025 | <u>\$ 1,198,868</u> | <u>20,890</u> | <u>1,219,758</u> |
| Balance at January 1, 2024 | \$ 1,178,824 | 19,638 | 1,198,462 |
| Additions | 89,560 | 6,040 | 95,600 |
| Reductions | <u>(48,273)</u> | <u>(5,111)</u> | <u>(53,384)</u> |
| Balance at December 31, 2024 | <u>\$ 1,220,111</u> | <u>20,567</u> | <u>1,240,678</u> |
| Accumulated depreciation and impairment losses: | | | |
| Balance at January 1, 2025 | \$ 723,544 | 8,942 | 732,486 |
| Depreciation | 176,205 | 5,160 | 181,365 |
| Reductions | <u>(126,488)</u> | <u>(2,104)</u> | <u>(128,592)</u> |
| Balance at December 31, 2025 | <u>\$ 773,261</u> | <u>11,998</u> | <u>785,259</u> |
| Balance at January 1, 2024 | \$ 599,391 | 9,399 | 608,790 |
| Depreciation | 172,426 | 4,654 | 177,080 |
| Reductions | <u>(48,273)</u> | <u>(5,111)</u> | <u>(53,384)</u> |
| Balance at December 31, 2024 | <u>\$ 723,544</u> | <u>8,942</u> | <u>732,486</u> |
| Carrying amount: | | | |
| December 31, 2025 | <u>\$ 425,607</u> | <u>8,892</u> | <u>434,499</u> |
| December 31, 2024 | <u>\$ 496,567</u> | <u>11,625</u> | <u>508,192</u> |

(g) Investment property

| | <u>Land</u> | <u>Buildings</u> | <u>Total</u> |
|---|----------------------------|-------------------------|-------------------------|
| <u>Cost or deemed cost</u> | | | |
| Balance at January 1, 2025 | \$ 3,305,735 | 1,338,214 | 4,643,949 |
| Transferred from property and equipment | 308,990 | 134,272 | 443,262 |
| Reclassified to property and equipment | <u>(117,534)</u> | <u>(10,230)</u> | <u>(127,764)</u> |
| Balance at December 31, 2025 | <u>\$ 3,497,191</u> | <u>1,462,256</u> | <u>4,959,447</u> |
| Balance at January 1, 2024 | \$ 3,305,735 | 1,338,214 | 4,643,949 |
| Balance at December 31, 2024 | <u>\$ 3,305,735</u> | <u>1,338,214</u> | <u>4,643,949</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| | Land | Buildings | Total |
|---|---------------------|------------------|------------------|
| <u>Depreciation and impairment loss</u> | | | |
| Balance at January 1, 2025 | \$ - | 684,682 | 684,682 |
| Depreciation | - | 28,844 | 28,844 |
| Transferred from property and equipment | - | 36,644 | 36,644 |
| Reclassified to property and equipment | - | (4,474) | (4,474) |
| Balance at December 31, 2025 | <u>\$ -</u> | <u>745,696</u> | <u>745,696</u> |
| Balance at January 1, 2024 | \$ - | 657,650 | 657,650 |
| Depreciation | - | 27,032 | 27,032 |
| Balance at December 31, 2024 | <u>\$ -</u> | <u>684,682</u> | <u>684,682</u> |
| <u>Carrying Amount:</u> | | | |
| December 31, 2025 | <u>\$ 3,497,191</u> | <u>716,560</u> | <u>4,213,751</u> |
| December 31, 2024 | <u>\$ 3,305,735</u> | <u>653,532</u> | <u>3,959,267</u> |
| <u>Fair Value:</u> | | | |
| December 31, 2025 | | | <u>8,347,980</u> |
| December 31, 2024 | | | <u>7,998,576</u> |

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

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

Investment property include several commercial buildings for lease. Each lease contract contains original non-cancellable lease period of 1~12 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(u).

Lessor

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

| | December 31, 2025 | December 31, 2024 |
|---------------|------------------------------|------------------------------|
| Within 1 year | \$ 164,494 | 161,152 |
| 1-5 years | 290,406 | 366,394 |
| Over 5 years | 40,765 | - |
| | <u>\$ 495,665</u> | <u>527,546</u> |

The rental revenue from investment property for the year ended December 31, 2025 and 2024 amounted to \$203,488 and \$197,582, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(h) Intangible assets

(i) Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized as goodwill. As of December 31, 2025 and 2024, the book value was both \$3,126,698.

Goodwill is allocated to the operating segments as follows:

| | <u>December 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|-----------------------------|------------------------------------|------------------------------------|
| Brokerage segment | \$ 1,304,458 | 1,304,458 |
| Underwriting segment | 265,144 | 265,144 |
| Proprietary trading segment | <u>1,557,096</u> | <u>1,557,096</u> |
| Total | <u>\$ 3,126,698</u> | <u>3,126,698</u> |

Recoverable amount of the cash-generating units is assessed by the value in use, which is the present value of the future cash flows expected to be derived from the cash-generating unit. In measuring value in use, the key assumptions are as follows.

The past experience, the actual operating results and the pre-tax cash flows of the next year's financial budget approved by the board of directors are the basis to estimate the future cash flows. The growth rate was both 1.00% and the discount rate was 3.66% and 3.66% in year 2025 and 2024, respectively. But the cash flow projections for periods after five years will be estimated with no growth conservatively.

After impairment test, the recoverable amounts of both year 2025 and 2024 exceeded the carrying amount, no impairment occurred for both years.

(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 December 31, 2025 and 2024, the carrying amounts of the operation franchise were all \$389,999.

(iii) Other intangible assets - Computer software

Computer software was booked at cost and amortized by using the straight-line method over the estimated useful lives. As of December 31, 2025 and 2024, the amortized book value were \$45,864 and \$43,085, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(i) Short-term borrowings

| <u>Nature of borrowings</u> | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|-----------------------------|------------------------------|------------------------------|
| Collateralized loan | \$ 4,052,680 | - |
| Credit loan | 2,510,350 | 7,304,896 |
| Total | <u>\$ 6,563,030</u> | <u>7,304,896</u> |
| Interest rate range | <u>1.700%~5.040%</u> | <u>1.700%~5.590%</u> |

As of December 31, 2025 and 2024, the Company had provided the land and buildings as collateral, for details please refer to note 8.

(j) Commercial paper payable

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|----------------------------|------------------------------|------------------------------|
| Commercial paper payable | \$ 54,400,000 | 41,580,000 |
| Less: Unamortized discount | (128,982) | (65,383) |
| Net amount | <u>\$ 54,271,018</u> | <u>41,514,617</u> |
| Interest rate range | <u>1.588%~1.848%</u> | <u>1.868%~2.108%</u> |

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

(k) Long-term borrowings

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

(i) Long-term bank borrowings

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|-----------------------------|------------------------------|------------------------------|
| Credit loan | \$ 6,000,000 | - |
| Less: current portion | - | - |
| Total | <u>\$ 6,000,000</u> | <u>-</u> |
| Unused credit lines | <u>4,000,000</u> | <u>-</u> |
| Borrowing of interest rates | <u>2.187%</u> | <u>-</u> |

To strengthen its medium-term operating capital, the Company 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 .

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ii) Other long-term borrowings

| | December 31, 2025 | December 31, 2024 |
|------------------------------------|------------------------------|------------------------------|
| Long-term commercial paper payable | \$ - | 4,500,000 |
| Less: Unamortized discount | - | (2,858) |
| Total | <u>\$ -</u> | <u>4,497,142</u> |
| Issuance commitments | <u>-</u> | <u>4,500,000</u> |
| Borrowing of interest rates | <u>-</u> | <u>1.970%~2.020%</u> |

The Company 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.

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

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

| | December 31, 2025 | December 31, 2024 |
|---|------------------------------|------------------------------|
| Liabilities on sale of borrowed securities | \$ 27,902,657 | 21,384,929 |
| Redeem liabilities on sale of borrowed securities | (96,698) | (87,291) |
| Valuation adjustment | <u>2,166,714</u> | <u>104,454</u> |
| Subtotal | <u>29,972,673</u> | <u>21,402,092</u> |
| Stock warrants issued | 24,362,160 | 21,043,522 |
| Stock warrants repurchased | <u>(22,373,285)</u> | <u>(19,979,491)</u> |
| Subtotal | <u>1,988,875</u> | <u>1,064,031</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| | December 31, 2025 | December 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Sale options | \$ 1,871 | 1,590 |
| IRS asset swaps | 434,077 | 292,254 |
| Asset swap options - short position | 3,772,141 | 2,781,544 |
| Structured notes | 39,585 | 42,760 |
| Exchange rate derivatives | 319 | 220 |
| Equity derivatives | <u>673</u> | <u>-</u> |
| Subtotal | <u>4,248,666</u> | <u>3,118,368</u> |
| Total | <u>\$ 36,210,214</u> | <u>25,584,491</u> |
| (ii) Financial liabilities at fair value through profit or loss - non-current | | |
| | December 31, 2025 | December 31, 2024 |
| Financial liabilities at designation as fair value through profit or loss: | | |
| Structured notes | <u>\$ 184,863</u> | <u>112,762</u> |
| (m) Bonds sold under repurchase agreements | | |
| | December 31, 2025 | December 31, 2024 |
| Bonds sold under repurchase agreements | <u>\$ 43,305,196</u> | <u>53,683,935</u> |
| Agreed-upon repurchase amounts | <u>\$ 44,114,217</u> | <u>54,655,880</u> |
| Interest rates | <u>1.05%~4.35%</u> | <u>1.00%~5.06%</u> |
| Date of repurchase | <u>2026.1.2~2026.12.31</u> | <u>2025.1.2~2025.12.24</u> |
| (n) Equity for each customer in the account | | |
| | December 31, 2025 | December 31, 2024 |
| Equity for each customer in the account | <u>\$ 44,167,892</u> | <u>35,555,711</u> |
| Amount of separate account ledger in NTD | | |
| Demand deposit amount | 5,558,713 | 4,949,572 |
| Time deposit amount | 16,000,000 | 16,500,000 |
| Time deposit amount in other banks (market values) | <u>22,600,000</u> | <u>14,100,000</u> |
| Total | <u>\$ 44,158,713</u> | <u>35,549,572</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(o) Accounts payable

| | December 31, 2025 | December 31, 2024 |
|---|------------------------------|------------------------------|
| Payable of securities sold by customers | \$ 73,817 | 56,776 |
| Settlement | - | 1,695,614 |
| Payable of settlements | 21,769,177 | 8,273,608 |
| Others | 344,414 | 397,519 |
| Total | \$ 22,187,408 | 10,423,517 |

(p) Lease liabilities

The Company's lease liabilities are as follow:

| | December 31, 2025 | December 31, 2024 |
|-------------|------------------------------|------------------------------|
| Current | \$ 182,277 | 179,875 |
| Non-current | \$ 287,597 | 373,492 |

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

The amounts recognized in profit or loss were as follows:

| | For the years ended December 31, | |
|--|---|--------------|
| | 2025 | 2024 |
| Interest on lease liabilities | \$ 6,793 | 7,446 |
| Expenses relating to short-term leases | \$ 6,867 | 5,305 |
| Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases | \$ 5,572 | 6,677 |

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

| | For the years ended December 31, | |
|-------------------------------|---|----------------|
| | 2025 | 2024 |
| Total cash outflow for leases | \$ 210,372 | 201,327 |

(q) Employee benefit

(i) Defined benefit plans

The reconciliation in the present value of the defined benefit obligations and fair value of plan assets are as follows:

| | December 31, 2025 | December 31, 2024 |
|--|------------------------------|------------------------------|
| Present value of defined benefit obligations | \$ (933,899) | (998,285) |
| Fair value of plan assets | 762,249 | 717,709 |
| Recognized liabilities for defined benefit obligations | \$ (171,650) | (280,576) |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The Company's employee benefits liabilities are as follows:

| | <u>December 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|----------------------|------------------------------------|------------------------------------|
| Compensated absences | \$ <u>56,472</u> | <u>51,149</u> |

Under the defined benefit plan, the Company deposited the pension fund to the labor pension preparatory special account in Bank of Taiwan. For employee subject to the Labor Standards Law, the retirement benefit are determined based on the years of services and average monthly salary in the last six-months prior to the employee's retirement.

1) Composition of plan assets

The Company set aside the pension funds in accordance with Labor Standards Act, are put under the management of the Bureau of labor funds, ministry of labor. In regards to the utilization of the fund under the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum earnings for the annual distribution shall not be less than the accrued earnings attainable from the interest rates of two year time deposit offered by the local banks.

The balance of the Company's labor pension preparatory special account in Bank of Taiwan amounted to \$760,847 and \$716,722 as of December 31, 2025 and 2024, respectively. The utilization of the labor pension fund includes the assets allocation and yield of the fund, please refers to the information published on the website under Bureau of Labor Funds, Ministry of Labor.

The balance of pension fund under employee retirement fund management committee was \$1,402 and \$987 as of December 31, 2025 and 2024, respectively.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company in 2025 and 2024 were as follows:

| | <u>For the years ended December 31,</u> | |
|--|---|-----------------|
| | <u>2025</u> | <u>2024</u> |
| Defined benefit obligation on January 1 | \$ 998,285 | 775,912 |
| Current service costs and interest | 12,008 | 10,336 |
| Remeasurement of net defined liabilities | | |
| -Actuarial loss (gain) arising from changes in financial assumptions | (5,843) | 10,036 |
| -Experience adjustments | (44,279) | 256,248 |
| Benefits paid by the plan | <u>(26,272)</u> | <u>(54,247)</u> |
| Defined benefit obligation on December 31 | <u>\$ 933,899</u> | <u>998,285</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

3) Movements in fair value of defined benefit plan assets

The movements in fair value of defined benefit plan assets of the Company in 2025 and 2024 were as follows:

| | For the years ended December 31, | |
|---|---|-----------------------|
| | 2025 | 2024 |
| Fair value of plan assets on January 1 | \$ 717,709 | 685,143 |
| Interest revenue | 7,892 | 8,256 |
| Remeasurement of net defined liabilities | | |
| -Return on plan assets (excluding interest) | 54,680 | 62,326 |
| Contributions from the employer | 8,240 | 16,231 |
| Benefits paid from plan assets | <u>(26,272)</u> | <u>(54,247)</u> |
| Fair value of plan assets on December 31 | <u>\$ 762,249</u> | <u>717,709</u> |

4) Expense recognized in profit or loss

The expenses recognized by the Company in 2025 and 2024 were as follows:

| | For the years ended December 31, | |
|--|---|---------------------|
| | 2025 | 2024 |
| Current service cost | \$ 918 | 977 |
| Net interest of net defined benefit liabilities (assets) | <u>3,198</u> | <u>1,103</u> |
| Current pension cost | <u>\$ 4,116</u> | <u>2,080</u> |

5) Re-measurement of net defined benefit plan recognized in other comprehensive income

For the years ended December 31, 2025 and 2024, the re-measurement of net defined benefit plan recognized accumulatively in other comprehensive income was as follows:

| | For the years ended December 31, | |
|-------------------------------------|---|-------------------------|
| | 2025 | 2024 |
| Balance at January 1 | \$ (555,581) | (351,623) |
| Recognized amount during the period | <u>104,802</u> | <u>(203,958)</u> |
| Balance at December 31 | <u>\$ (450,779)</u> | <u>(555,581)</u> |

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

| | December 31, | December 31, |
|---------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Discount rate | <u>1.27 %</u> | <u>1.14 %</u> |
| Future salary growth rate | 2.75 % | 2.75 % |

The expected contribution to the defined benefit plan for the next year is \$1,008. The weighted average duration of the defined benefit obligation is 1 years.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2025 and 2024, the effects of adopting significant actuarial assumptions to defined benefit obligations were as follows:

| | <u>Effects to Defined Benefit Obligations</u> | |
|---------------------------|---|----------------------|
| | <u>Increase 0.5%</u> | <u>Decrease 0.5%</u> |
| December 31, 2025 | | |
| Discount rate | (19,827) | 20,528 |
| Future salary growth rate | 15,675 | (15,338) |
| December 31, 2024 | | |
| Discount rate | (22,176) | 22,991 |
| Future salary growth rate | 17,665 | (17,261) |

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method that the sensitivity analysis adopted is in accordance with the method of calculating net pension liability.

The assumptions and methods adopted for current period sensitivity analysis are identical with the previous period.

(ii) Defined contribution plan

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

The Company contributed \$101,252 and \$94,382 under defined contribution plan to the Bureau of the Labor Insurance for the years ended December 31, 2025 and 2024, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(r) Income tax

(i) Income tax expense

The amount of income tax expense were as follows:

| | For the years ended December 31, | |
|--|---|-----------------------|
| | 2025 | 2024 |
| Current tax expense | | |
| Current year | \$ 871,236 | 581,096 |
| Adjustment to the prior years' income tax | (257) | - |
| | <u>870,979</u> | <u>581,096</u> |
| Deferred tax expense | | |
| Unrealized gains (losses) on derivative financial instruments | (85,083) | 256,600 |
| Unrealized gains (losses) on foreign investments under Equity Method | (5,179) | 61,468 |
| | <u>(90,262)</u> | <u>318,068</u> |
| Income tax expense from continuing operations | <u>\$ 780,717</u> | <u>899,164</u> |

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

| | For the years ended December 31, | |
|---|---|----------------------|
| | 2025 | 2024 |
| Foreign exchange difference from translating financial statements of foreign operations | <u>\$ (14,329)</u> | <u>22,363</u> |

Reconciliation of income tax expense (benefit) and income before tax were as follows:

| | For the years ended December 31, | |
|--|---|-----------------------|
| | 2025 | 2024 |
| Net income before tax | \$ 6,516,651 | 5,782,940 |
| Income tax using the Company's domestic tax rate | 1,303,330 | 1,156,588 |
| Tax exempt income | (528,787) | (257,424) |
| Additional surtax on undistributed retained earnings | 6,431 | - |
| Adjustments to prior year's income tax | (257) | - |
| Total | <u>\$ 780,717</u> | <u>899,164</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ii) Deferred income tax assets and liabilities

Recognized deferred income tax liabilities

| | December 31, 2025 | December 31, 2024 |
|---|------------------------------|------------------------------|
| Unrealized gains on derivative financial instruments | \$ 237,807 | 322,890 |
| Gains on intercompany transactions | 1,928 | 1,928 |
| Amortization of goodwill | 362,697 | 362,697 |
| Land value incremental tax | 47,690 | 47,690 |
| Foreign exchange difference from translating financial statement of foreign operations | 12,332 | 26,661 |
| Unrealized gains on foreign investments under equity method | <u>40,395</u> | <u>45,574</u> |
| Total | <u><u>\$ 702,849</u></u> | <u><u>807,440</u></u> |

(iii) Income tax assessment status

The Company's income tax returns through 2022 were assessed by the Tax Authority.

(iv) 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.

(s) Capital and other equity

(i) Capital stock

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

(ii) Capital surplus

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The followings are the capital surplus of the Company:

| | December 31, 2025 | December 31, 2024 |
|---|------------------------------|------------------------------|
| Premium from stock issuance | \$ 1,661,604 | 1,661,604 |
| Treasury stock transactions | 486,556 | 486,556 |
| Paid-in capital from merger | 563,715 | 563,715 |
| Difference between consideration transferred and carrying amount of subsidiaries acquired and disposed | 1,042 | 1,042 |
| Changes in ownership interests in subsidiaries | <u>68,150</u> | <u>30,340</u> |
| | <u>\$ 2,781,067</u> | <u>2,743,257</u> |

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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

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.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

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

| | 2024 | Dividends per share (dollar) | 2023 | Dividends per share (dollar) |
|----------------|--------------|------------------------------------|-----------|------------------------------------|
| | Amount | | Amount | |
| Cash dividends | \$ 3,256,362 | 1.50 | 2,887,307 | 1.33 |

(t) Earnings per share

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

| | For the years ended December 31, | |
|---|---|-------------|
| | 2025 | 2024 |
| Net income attributable to common shareholders of the Company | \$ 5,735,934 | 4,883,776 |
| Weighted-average number of common stock shares outstanding (thousands of shares) | 2,170,908 | 2,170,908 |
| Basic earnings per share (dollar) | \$ 2.64 | 2.25 |
| Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)(Note) | 4,180 | 3,599 |
| Weighted-average number of outstanding shares for calculating dilutive EPS (thousands of shares) | 2,175,088 | 2,174,507 |
| Dilutive earnings per share (dollar) | \$ 2.64 | 2.25 |

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

(u) Items of the statements of comprehensive income

(i) Brokerage commissions

| | For the years ended December 31, | |
|--------------------------------------|---|-------------|
| | 2025 | 2024 |
| Brokerage commission from TSE market | \$ 3,778,637 | 3,843,351 |
| Brokerage commission from OTC market | 1,197,181 | 1,184,016 |
| Handling fee from security financing | 32,573 | 32,023 |
| Others | 269,306 | 198,716 |
| | \$ 5,277,697 | 5,258,106 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ii) Underwriting commissions

| | For the years ended December 31, | |
|---|---|-----------------------|
| | 2025 | 2024 |
| Revenue from underwriting securities on a firm commitment basis | \$ 79,074 | 72,432 |
| Handling fee revenues from underwriting securities on consignment | 1,276 | 1,227 |
| Processing fee revenues from underwriting operations | 38,727 | 42,308 |
| Revenue from underwriting consultation | 4,550 | 4,170 |
| Others | 4,135 | 8,861 |
| | <u>\$ 127,762</u> | <u>128,998</u> |

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

| | For the years ended December 31, | |
|---|---|-------------------------|
| | 2025 | 2024 |
| Gains (losses) on securities sold - proprietary trading | \$ 5,486,500 | 3,996,897 |
| Gains (losses) on securities sold - underwriting | 76,178 | 28,120 |
| Gains (losses) on securities sold - hedging | 1,761,218 | 2,423,820 |
| | <u>\$ 7,323,896</u> | <u>6,448,837</u> |

(iv) Interest revenue

| | For the years ended December 31, | |
|--|---|-------------------------|
| | 2025 | 2024 |
| Interest revenue - margin loans | \$ 961,785 | 1,053,598 |
| Interest revenue - bonds | 1,507,938 | 1,608,757 |
| Interest revenue - each customer in the account | 587,150 | 432,239 |
| Interest revenue - securities business money lending | 841,532 | 570,083 |
| Others | 192,461 | 127,677 |
| | <u>\$ 4,090,866</u> | <u>3,792,354</u> |

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

| | For the years ended December 31, | |
|-----------------------------------|---|-------------------------|
| | 2025 | 2024 |
| Trading securities - proprietary | \$ 2,222,898 | (345,961) |
| Trading securities - underwriting | 15,871 | 3,032 |
| Trading securities - hedging | 1,059,696 | (627,472) |
| | <u>\$ 3,298,465</u> | <u>(970,401)</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

| | For the years ended December 31, | |
|---|---|-----------------------|
| | 2025 | 2024 |
| Gains on changes in fair value of stock warrants | \$ 10,337,540 | 17,219,248 |
| Gains on exercise of stock warrants before maturity | 62,653,690 | 73,093,737 |
| Losses on changes in fair value of stock warrants repurchased | (73,357,121) | (89,628,931) |
| Gains on expiration of stock warrants | 93,357 | 113,087 |
| Stock warrants issuance expenses | (410,866) | (544,698) |
| | <u>\$ (683,400)</u> | <u>252,443</u> |

(vii) Employee benefits, depreciation, and amortization expenses

| | For the years ended December 31, | |
|------------------------------------|---|-------------------------|
| | 2025 | 2024 |
| Employee benefit expenses | | |
| Salary expense | \$ 3,112,317 | 2,546,368 |
| Health and labor insurance expense | 200,586 | 186,742 |
| Pension expense | 105,368 | 96,462 |
| Others | 104,535 | 91,664 |
| Depreciation expense | 355,017 | 358,967 |
| Amortization expense | 48,337 | 48,789 |
| | <u>\$ 3,926,160</u> | <u>3,328,992</u> |

(viii) Other operating expenses

| | For the years ended December 31, | |
|--------------------------------|---|-------------------------|
| | 2025 | 2024 |
| Rental expense | \$ 12,439 | 11,982 |
| Taxes | 948,224 | 926,487 |
| Information technology expense | 192,472 | 173,877 |
| Postage expense | 240,043 | 205,435 |
| Professional service fee | 110,438 | 106,226 |
| Security borrowed expense | 662,686 | 680,516 |
| Other expenses | 1,415,187 | 1,057,418 |
| | <u>\$ 3,581,489</u> | <u>3,161,941</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ix) Other gains and losses

| | For the years ended December 31, | |
|---|---|-----------------------|
| | 2025 | 2024 |
| Financial revenue | \$ 65,485 | 68,229 |
| Net gains (losses) on disposal of investment | 10,182 | 119,785 |
| Net gains (losses) on measurement of non-operating financial instruments at fair value through profit or loss | (39,689) | 9,073 |
| Revenue from bank's allocation fee | 184,636 | 202,942 |
| Revenue from information technology service | 60,238 | 57,573 |
| Dividend revenue | 127,492 | 76,026 |
| Gains on reversal of prior year's liabilities | 10,089 | 140,457 |
| Rental income | 203,488 | 197,582 |
| Others | <u>52,835</u> | <u>41,545</u> |
| | <u>\$ 674,756</u> | <u>913,212</u> |

(x) 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 years ended December 31, 2025 and 2024, the estimated amounts of remuneration to employees were \$100,122 and \$88,718, respectively, and to directors were \$66,748 and \$29,285, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and director multiple the earnings allocation percentage as stated under the Company's Articles of Incorporation and were recognized as operating expense. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2024 and 2023, the estimated amounts of remuneration to employees were \$88,718 and \$92,459, and to directors were \$29,285 and \$138,689 by the Company. The difference between actual employee remuneration of \$88,718 and \$73,000 and actual remuneration to directors of \$19,500 and \$17,926 were \$9,785 and \$140,222 in total. The difference was accounted for as changes in accounting estimates and would be recognized as profit or loss in 2025 and 2024. The information about the appropriations of remuneration to employees and to directors approved by the Board of Directors is available at the website of the Market Observation Post System.

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2025 and 2024, the maximum credit exposure amounted to \$199,638,898 and \$191,008,691, respectively.

The regional distribution of financial assets' credit risk exposure amount which owned by the Company is as the list below. The region of exposure is mostly in Taiwan (accounted for 90.75%); secondly, is in America (accounted for 4.25%); then, is in Asia (accounted for 2.98%, exclusion of Taiwan). Compare to the same period of last year, there is no significant change in proportion of region of investments.

| <u>Region</u> | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|---------------------------|------------------------------|------------------------------|
| Taiwan | \$ 181,175,864 | 171,587,271 |
| Asia (Taiwan is excluded) | 5,939,234 | 4,508,050 |
| Europe | 4,041,855 | 3,802,042 |
| America | <u>8,481,945</u> | <u>11,111,328</u> |
| Total | <u>\$ 199,638,898</u> | <u>191,008,691</u> |

2) Impairment loss

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

| | <u>December 31, 2025</u> | | <u>December 31, 2024</u> | |
|-----------------------------|--------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | <u>Gross carrying amount</u> | <u>Allowance</u> | <u>Gross carrying amount</u> | <u>Allowance</u> |
| Not past due | \$ 81,680,885 | 26,857 | 68,201,211 | 23,427 |
| Past due 0~30 days | 3,700 | 3,700 | - | - |
| Past due 31~120 days | 47 | 47 | 213 | 213 |
| Past due 121~360 days | 1,476 | 1,476 | 1,653 | 1,653 |
| Past due more than 360 days | <u>241,489</u> | <u>241,489</u> | <u>243,600</u> | <u>243,600</u> |
| | <u>\$ 81,927,597</u> | <u>273,569</u> | <u>68,446,677</u> | <u>268,893</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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 December 31, 2025 and 2024, the impairment losses of receivables were \$273,569 and \$268,893, respectively.

3) Credit risk of receivables and debt securities

Debt securities held by the Company 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(f).

The Company 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 Company. Thus, the Company will recognize the impairment losses.

The loss allowance provision for the years ended December 31, 2025 and 2024 was as follows:

| | 12-month ECL | | | Lifetime ECL-not credit impaired | | | Lifetime ECL-credit impaired | | | Total |
|--|---------------------|--------------------------|-----------------------------------|----------------------------------|--------------------------|-----------------------------------|------------------------------|--------------------------|-----------------------------------|----------------|
| | Accrued receivables | Debt securities at FVOCI | Debt securities at amortized cost | Accrued receivables | Debt securities at FVOCI | Debt securities at amortized cost | Accrued receivables | Debt securities at FVOCI | Debt securities at amortized cost | |
| Balance on January 1, 2024 | \$ - | 12,595 | 2,103 | - | - | - | 268,893 | - | - | 283,591 |
| Provision or reversal of Impairment loss | - | (1,837) | (341) | - | - | - | 5,223 | - | - | 3,045 |
| Amounts written off | - | - | - | - | - | - | (547) | - | - | (547) |
| Effect of exchange rate | - | - | 18 | - | - | - | - | - | - | 18 |
| Balance on December 31, 2025 | \$ - | <u>10,758</u> | <u>1,780</u> | - | - | - | <u>273,569</u> | - | - | <u>286,107</u> |

| | 12-month ECL | | | Lifetime ECL-not credit impaired | | | Lifetime ECL-credit impaired | | | Total |
|--|---------------------|--------------------------|-----------------------------------|----------------------------------|--------------------------|-----------------------------------|------------------------------|--------------------------|-----------------------------------|----------------|
| | Accrued receivables | Debt securities at FVOCI | Debt securities at amortized cost | Accrued receivables | Debt securities at FVOCI | Debt securities at amortized cost | Accrued receivables | Debt securities at FVOCI | Debt securities at amortized cost | |
| Balance on January 1, 2024 | \$ - | 9,682 | 1,721 | - | - | - | 267,300 | - | - | 278,703 |
| Provision or reversal of Impairment loss | - | 2,913 | 375 | - | - | - | 1,866 | - | - | 5,154 |
| Amounts written off | - | - | - | - | - | - | (273) | - | - | (273) |
| Effect of exchange rate | - | - | 7 | - | - | - | - | - | - | 7 |
| Balance on December 31, 2024 | \$ - | <u>12,595</u> | <u>2,103</u> | - | - | - | <u>268,893</u> | - | - | <u>283,591</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ii) Liquidity risk

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

| | <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 | \$ 29,972,673 | 29,972,673 | 29,972,673 | - | - | - | - |
| Stock warrants issued | 1,988,875 | 1,988,875 | 1,804,965 | 174,987 | 8,923 | - | - |
| Put options | 1,871 | 1,871 | 1,871 | - | - | - | - |
| Exchange traded notes | 673 | 673 | 673 | - | - | - | - |
| 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 | - |
| 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 | 43,305,196 | 44,114,217 | 23,602,999 | 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 | - | - | - | - |
| Equity for each customer in the account | 44,167,892 | 44,167,892 | 44,167,892 | - | - | - | - |
| Notes payable and accounts payable | 344,415 | 344,415 | 344,415 | - | - | - | - |
| Receipts under custody | 290,283 | 290,283 | 290,283 | - | - | - | - |
| Other payables | 1,574,140 | 1,574,140 | 1,574,140 | - | - | - | - |
| Other financial liabilities | 9,568,687 | 9,568,687 | 7,650,822 | 921,090 | 551,140 | 445,635 | - |
| Lease liabilities | 469,874 | 480,059 | 101,781 | 86,017 | 160,571 | 131,018 | 672 |
| Long-term borrowings | <u>6,000,000</u> | <u>6,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,000,000</u> | <u>-</u> |
| | <u>\$ 224,730,462</u> | <u>225,678,650</u> | <u>192,516,764</u> | <u>22,104,709</u> | <u>2,267,045</u> | <u>8,604,597</u> | <u>185,535</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Less than 6 months</u> | <u>6-12 months</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>More than 5 years</u> |
|---|----------------------------|-----------------------------------|-------------------------------|------------------------|------------------|------------------|------------------------------|
| December 31, 2024 | | | | | | | |
| Financial liabilities at fair value through profit or loss | | | | | | | |
| Liabilities on sale of borrowed securities | \$ 21,402,092 | 21,402,092 | 21,402,092 | - | - | - | - |
| Stock warrants issued | 1,064,031 | 1,064,031 | 854,432 | 194,900 | 14,699 | - | - |
| Put options | 1,590 | 1,590 | 1,590 | - | - | - | - |
| Interest rate swaps and Exchange rate derivatives (including IRS asset swaps) | 292,474 | 292,474 | 2,730 | 7,013 | 100,976 | 181,755 | - |
| Asset swap option - short position | 2,781,544 | 2,781,544 | 160,425 | 340,580 | 1,043,668 | 1,236,871 | - |
| Structured notes | 155,522 | 155,522 | 16,400 | 2,865 | 9,078 | 14,417 | 112,762 |
| Short-term borrowings | 7,304,896 | 7,304,896 | 7,304,896 | - | - | - | - |
| Commercial paper payable | 41,514,617 | 41,580,000 | 41,580,000 | - | - | - | - |
| Bonds sold under repurchase agreements | 53,683,935 | 54,655,880 | 35,216,091 | 19,439,789 | - | - | - |
| Guarantee deposited for short sales | 2,527,527 | 2,527,527 | 2,527,527 | - | - | - | - |
| Proceeds payable from short sales | 2,874,680 | 2,874,680 | 2,874,680 | - | - | - | - |
| Securities lending refundable deposits | 16,292,813 | 16,292,813 | 16,292,813 | - | - | - | - |
| Equity for each customer in the account | 35,555,711 | 35,555,711 | 35,555,711 | - | - | - | - |
| Notes payable and accounts payable | 397,671 | 397,671 | 397,671 | - | - | - | - |
| Receipts under custody | 817,799 | 817,799 | 817,799 | - | - | - | - |
| Other payables | 1,070,747 | 1,070,747 | 1,070,747 | - | - | - | - |
| Other financial liabilities | 6,936,176 | 6,936,176 | 6,021,004 | 399,130 | 411,672 | 104,370 | - |
| Lease liabilities | 553,367 | 565,866 | 100,376 | 85,545 | 158,460 | 220,141 | 1,344 |
| Long-term borrowings | 4,497,142 | 4,500,000 | - | - | 4,500,000 | - | - |
| | <u>\$ 199,724,334</u> | <u>200,777,019</u> | <u>172,196,984</u> | <u>20,469,822</u> | <u>6,238,553</u> | <u>1,757,554</u> | <u>114,106</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(iii) Currency risk

1) Currency risk exposure

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

| | December 31, 2025 | | |
|---|---|----------------------|---------------|
| | Foreign Currency (thousands) | Exchange Rate | Amount |
| <u>Financial assets</u> | | | |
| <u>Monetary Item</u> | | | |
| USD | \$ 541,374 | 31.4300 | 17,015,385 |
| AUD | 3,427 | 21.0100 | 72,001 |
| CHF | 1 | 39.6150 | 40 |
| EUR | 8,764 | 36.9000 | 323,392 |
| GBP | 311 | 42.3300 | 13,165 |
| HKD | 8,872 | 4.0380 | 35,825 |
| JPY | 296,623 | 0.2008 | 59,562 |
| SGD | 5 | 24.4500 | 122 |
| CNY | 71,369 | 4.4960 | 320,875 |
| ZAR | 1 | 1.8940 | 2 |
| THB | 7,727 | 1.0019 | 7,742 |
| VND | 12,816,315 | 0.0012 | 15,380 |
| <u>Non-Monetary Item</u> | | | |
| USD | 654,905 | 31.4300 | 20,583,664 |
| AUD | 186,789 | 21.0100 | 3,924,437 |
| EUR | 32,407 | 36.9000 | 1,195,818 |
| GBP | 2,006 | 42.3300 | 84,914 |
| HKD | 7,063 | 4.0380 | 28,520 |
| JPY | 47,933 | 0.2008 | 9,625 |
| CNY | 50,096 | 4.4960 | 225,232 |
| KRW | 60,192 | 0.0220 | 1,324 |
| <u>Investments under equity method</u> | | | |
| USD | 51,090 | 31.3800 | 1,603,189 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary Item</u> | | | |
| USD | \$ 1,259,225 | 31.4300 | 39,577,442 |
| AUD | 183,763 | 21.0100 | 3,860,861 |
| EUR | 37,938 | 36.9000 | 1,399,912 |
| GBP | 1,937 | 42.3300 | 81,993 |
| HKD | 4,426 | 4.0380 | 17,872 |
| JPY | 149,119 | 0.2008 | 29,943 |
| SGD | 1 | 24.4500 | 24 |
| CNY | 11,117 | 4.4960 | 49,982 |
| KRW | 47,721 | 0.0220 | 1,050 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| | | | | December 31, 2024 | | |
|--|----|-----------|--|--------------------------|----------------------|---------------|
| | | | | Foreign Currency | Exchange Rate | Amount |
| | | | | (thousands) | | |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary Item</u> | | | | | | |
| USD | \$ | 479,322 | | 32.7850 | | 15,714,572 |
| AUD | | 1,923 | | 20.3900 | | 39,210 |
| EUR | | 1,652 | | 34.1400 | | 56,399 |
| JPY | | 291,961 | | 0.2099 | | 61,283 |
| SGD | | 3 | | 24.1300 | | 72 |
| CNY | | 4,797 | | 4.4780 | | 21,481 |
| KRW | | 4 | | 0.0225 | | - |
| VND | | 5,285,773 | | 0.0013 | | 6,872 |
| CHF | | 1,273 | | 2.9900 | | 3,806 |
| <u>Non-Monetary Item</u> | | | | | | |
| USD | | 728,171 | | 32.7850 | | 23,873,086 |
| AUD | | 124,292 | | 20.3900 | | 2,534,314 |
| EUR | | 27,908 | | 34.1400 | | 952,779 |
| HKD | | 15,056 | | 4.2220 | | 63,566 |
| JPY | | 49,254 | | 0.2099 | | 10,338 |
| CNY | | 33,676 | | 4.4780 | | 150,801 |
| <u>Investments under equity</u> | | | | | | |
| <u>method</u> | | | | | | |
| USD | | 51,954 | | 32.7350 | | 1,700,728 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary Item</u> | | | | | | |
| USD | \$ | 1,264,192 | | 32.7850 | | 41,446,535 |
| AUD | | 119,606 | | 20.3900 | | 2,438,766 |
| EUR | | 28,235 | | 34.1400 | | 963,943 |
| HKD | | 3,913 | | 4.2220 | | 16,521 |
| JPY | | 309,639 | | 0.2099 | | 64,993 |
| SGD | | 1 | | 24.1300 | | 24 |
| CNY | | 8,225 | | 4.4780 | | 36,832 |
| CHF | | 1,257 | | 2.9900 | | 3,758 |

For the years ended December 31, 2025 and 2024, the Company's currency projects that had a significant impact on exchange rate fluctuations. The impact on the realized and unrealized currency exchange gains (losses) amounted to \$28,219 and \$(235,136), respectively.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Sensitivity analysis

The currency risk of the Company 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, short-term borrowings, 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 years ended December 31, 2025 and 2024, given other factors remain constantly, if the relevant foreign currencies, when compared with the NTD, had appreciates or depreciates by 5%, the net income and other comprehensive income will change as follows:

| | For the year ended December 31, 2025 | | For the year ended December 31, 2024 | |
|----------------------------|---|-------------------|---|-------------------|
| | Appreciated 5% | Depreciated 5% | Appreciated 5% | Depreciated 5% |
| | Net income | (703,614) | 703,614 | (674,601) |
| Other comprehensive income | 723,662 | (723,662) | 683,320 | (683,320) |

(iv) Sensitivity analysis of interest rate risk

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

| Market risk type | December 31, 2025 | December 31, 2024 | For the years ended December 31, | | | | | |
|------------------|----------------------|----------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| | | | 2025 | | | 2024 | | |
| | | | Average | Maximum | Minimum | Average | Maximum | Minimum |
| Interest risk | 2,491,414 | 3,022,542 | 2,922,976 | 3,464,010 | 2,491,414 | 2,794,749 | 3,159,498 | 2,592,498 |

(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.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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 Company 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 Company'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 Company 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.

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Not measured at fair value

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

a) Fair value information

| | December 31, 2025 | | December 31, 2024 | |
|---|--------------------------|-------------------|--------------------------|-------------------|
| | Book value | Fair value | Book value | Fair value |
| Financial assets: | | | | |
| Cash and cash equivalents | \$ 5,607,868 | 5,607,868 | 3,874,686 | 3,874,686 |
| Accrued receivable | 139,567,273 | 139,567,273 | 117,998,431 | 117,998,431 |
| Restricted assets - current | 389,946 | 389,946 | 439,035 | 439,035 |
| Other non-current assets | 1,415,968 | 1,415,968 | 1,252,925 | 1,252,925 |
| Financial liabilities: | | | | |
| Short-term borrowings | 6,563,030 | 6,563,030 | 7,304,896 | 7,304,896 |
| Commercial paper payable | 54,271,018 | 54,271,018 | 41,514,617 | 41,514,617 |
| Bonds sold under repurchase agreements | 43,305,196 | 43,305,196 | 53,683,935 | 53,683,935 |
| Accrued payable | 90,664,442 | 90,664,442 | 70,095,241 | 70,095,241 |
| Other financial liabilities - current | 8,571,912 | 8,571,912 | 6,420,134 | 6,420,134 |
| Long-term borrowings | 6,000,000 | 6,000,000 | 4,497,142 | 4,497,142 |
| Other financial liabilities - non-current | 996,775 | 996,775 | 516,042 | 516,042 |
| Other non-current liabilities | 53,042 | 53,042 | 50,659 | 50,659 |

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

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|----------------|------------------|----------------|------------------|
| Debt securities at amortized cost | | | | |
| December 31, 2025 | \$ - | 5,584,918 | - | 5,584,918 |
| December 31, 2024 | \$ - | 6,639,189 | - | 6,639,189 |

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, accrued receivable, other current assets, other non-current assets, short-term borrowings, long-term borrowings, commercial paper payable, bonds sold under repurchase agreements, accrued payable, other financial liabilities - current, other financial liabilities - non-current, and other non-current liabilities.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

- 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 Company 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 Company.
- 3) Measured at fair value
- a) Hierarchy information of fair value

The Company'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> |
|---|-----------------------------|--------------------------|-------------------------|---------------------------|
| December 31, 2025 | | | | |
| Financial assets at fair value through profit or loss | \$ 53,976,464 | 29,659,800 | - | 83,636,264 |
| Financial assets at fair value through other comprehensive income | 2,055,857 | 23,855,968 | 4,884,922 | 30,796,747 |
| Derivative financial assets | <u>4,015,062</u> | <u>1,558,742</u> | <u>-</u> | <u>5,573,804</u> |
| | <u>\$ 60,047,383</u> | <u>55,074,510</u> | <u>4,884,922</u> | <u>120,006,815</u> |
| Financial liabilities at fair value through profit or loss | \$ 31,961,548 | - | - | 31,961,548 |
| Derivative financial liabilities | <u>23,008</u> | <u>4,410,521</u> | <u>-</u> | <u>4,433,529</u> |
| | <u>\$ 31,984,556</u> | <u>4,410,521</u> | <u>-</u> | <u>36,395,077</u> |
| December 31, 2024 | | | | |
| Financial assets at fair value through profit or loss | \$ 32,813,110 | 32,766,164 | - | 65,579,274 |
| Financial assets at fair value through other comprehensive income | 5,170,968 | 25,363,281 | 4,444,378 | 34,978,627 |
| Derivative financial assets | <u>1,781,735</u> | <u>864,397</u> | <u>-</u> | <u>2,646,132</u> |
| | <u>\$ 39,765,813</u> | <u>58,993,842</u> | <u>4,444,378</u> | <u>103,204,033</u> |
| Financial liabilities at fair value through profit or loss | \$ 22,466,123 | - | - | 22,466,123 |
| Derivative financial liabilities | <u>28,773</u> | <u>3,202,357</u> | <u>-</u> | <u>3,231,130</u> |
| | <u>\$ 22,494,896</u> | <u>3,202,357</u> | <u>-</u> | <u>25,697,253</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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.

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 years ended December 31, 2025 and 2024, there is no transfer of financial instruments between Level 1 and Level 2.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

5) Fair value adjustments

Financial valuation techniques do not necessarily completely reflect all relevant elements of financial or non-financial instruments held by the Company. 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.

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

(In Thousands Dollars)

| Item | For the year ended December 31, 2025 | | | | | | | | Ending Balance |
|---|--------------------------------------|-------------------------------------|---|---------------------|------------------------|---------------------------|-------------------|--------------------------|----------------|
| | Beginning Balance | Gains and losses on valuation | | Addition | | Reduction | | | |
| | | Amount recognized in profit or loss | Amount recognized in comprehensive income | Purchased or issued | Transferred to Level 3 | Sold, disposed or settled | Capital reduction | Transferred from Level 3 | |
| Financial assets at fair value through other comprehensive income | \$ 4,444,378 | - | 438,953 | 5,001 | - | - | 3,410 | - | 4,884,922 |

| Item | For the year ended December 31, 2024 | | | | | | | | Ending Balance |
|---|--------------------------------------|-------------------------------------|---|---------------------|------------------------|---------------------------|-------------------|--------------------------|----------------|
| | Beginning Balance | Gains and losses on valuation | | Addition | | Reduction | | | |
| | | Amount recognized in profit or loss | Amount recognized in comprehensive income | Purchased or issued | Transferred to Level 3 | Sold, disposed or settled | Capital reduction | Transferred from Level 3 | |
| Financial assets at fair value through other comprehensive income | \$ 3,406,044 | - | 177,010 | 862,000 | - | - | 676 | - | 4,444,378 |

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

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

The Company'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 other comprehensive income - equity instruments without an active market | Market approach | <ul style="list-style-type: none"> • Price-to-Book Ratio • Discount for lack of marketability | <ul style="list-style-type: none"> • The higher the multiple, the higher fair value. • The higher the discount for lack of marketability, the lower the fair value. |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| <u>Item</u> | <u>Valuation technique</u> | <u>Significant unobservable inputs</u> | <u>Correlation between inputs and fair value</u> |
|---|----------------------------|--|--|
| Financial assets at fair value through other comprehensive income - equity instruments without an active market | 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 Company made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the Level 3 changes by 1%, the effects on other comprehensive income are as follows:

| | <u>Change in fair value recognized in other comprehensive income</u> | |
|---|--|---------------------------|
| | <u>Favorable change</u> | <u>Unfavorable change</u> |
| December 31, 2025 | | |
| Financial assets at fair value through other comprehensive income | \$ <u>48,849</u> | <u>(48,849)</u> |
| December 31, 2024 | | |
| Financial assets at fair value through other comprehensive income | \$ <u>44,444</u> | <u>(44,444)</u> |

Favorable and unfavorable movements of the Company 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 Company 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 Company cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since the Company 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:

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| 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 | \$ 45,105,449 | 43,305,196 | - | - | - |

| December 31, 2024 | | | | | |
|-----------------------------|--|--|---|---|--------------------------------|
| Types of financial assets | Book value of the transferred financial assets | Book value of relevant financial liabilities | Fair value of the transferred financial assets (Note) | Fair value of relevant financial liabilities (Note) | Fair value net position (Note) |
| Under repurchase agreements | \$ 55,665,831 | 53,683,935 | - | - | - |

Note: The counterparties in repurchase agreements hold the right of recourse not merely on the transferred assets against the Company; 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 Company 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 Company 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:

| December 31, 2025 | | | | | | |
|--|---|--|--|--|------------------------------|------------------------|
| Financial assets under offsetting or general agreement of net amount settlement or similar norms | | | | | | |
| | Gross amount of recognized financial assets (a) | Gross amount of recognized financial liabilities offsetting in the balance sheet (b) | Net amount of financial assets presented in the balance sheets (c)=(a)-(b) | Related amount not offset in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash received as collaterals | |
| Derivative financial assets | \$ 1,558,742 | - | 1,558,742 | - | - | 1,558,742 |

| 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 | \$ 4,431,658 | - | 4,431,658 | - | - | 4,431,658 |
| Under repurchase agreements | 43,305,196 | - | 43,305,196 | 43,305,196 | - | - |
| Total | \$ 47,736,854 | - | 47,736,854 | 43,305,196 | - | 4,431,658 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| December 31, 2024 | | | | | | |
|---|---|---|--|--|------------------------------|---------------------------|
| Financial assets under offsetting or general agreement of net amount settlement or similar norms | | | | | | |
| | Gross amount of recognized financial assets (a) | Gross amount of recognized financial liabilities offsetting in the balance sheet (b) | Net amount of financial assets presented in the balance sheets (c)=(a)-(b) | Related amount not offset in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash received as collaterals | |
| Derivative financial assets | \$ 864,397 | - | 864,397 | - | - | 864,397 |
| December 31, 2024 | | | | | | |
| Financial liabilities under offsetting or general agreement of net amount settlement or similar norms | | | | | | |
| | Gross amount of recognized financial liabilities (a) | Gross amount of recognized financial assets offsetting in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b) | Related amount not offset in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash received as collaterals | |
| Derivative financial liabilities | \$ 3,116,778 | - | 3,116,778 | - | - | 3,116,778 |
| Under repurchase agreements | 53,683,935 | - | 53,683,935 | 53,683,935 | - | - |
| Total | \$ 56,800,713 | - | 56,800,713 | 53,683,935 | - | 3,116,778 |

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

(w) Financial risk management

(i) Brief

The Company is exposed to the following risks due to the usage of financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The disclosure hereby presents above-mentioned risk information, evaluation, and objectives, policies, and procedures of managing information. Further information regarding quantity disclosure please refers to related disclosures.

(ii) Risk management framework

The risk management system includes the set-up of an independent risk management department and whole risk management framework which comprises segregation of duties and delegation of board of directors, president, risk management department, auditing department, finance department, settlement and clearing department and other business department. The Company also established an operating strategy, capital structure, risk management policy and executive procedure by risk and operating activities. Furthermore, the Company set up a risk management information system to assist whole risk management execute effectively.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(iii) Credit risk

- 1) Determining whether credit risk has increased significantly since initial recognition
 - a) The Company measures each financial instrument that applies under IFRS9 if the credit risk of financial asset at the reporting date has increased significantly since initial recognition. The Company considers reasonable and supportable information that is relevant and available, including forward-looking information, since initial recognition for assessment. Main factors taking into consideration include credit risk rating and information of past due condition.
 - b) Low Credit Risk: A financial instrument has low credit risk at the reporting date, assumed to have no significant increase in credit risk since initial recognition. The determination criteria are the financial instrument's external credit rating is 'investment grade' or above.
- 2) Measurement of Expected Credit Losses (ECL)
 - a) Methods adopted and assumptions

The Company applies 12-month ECLs to measure the impairment loss of financial instruments, which have not increased significantly since initial recognition. For those financial instruments have increased significantly after initial recognition or with credit loss, the Company adopts lifetime ECLs to measure.

In order to measure ECLs, the Company takes into the future 12 months and lifetime probability of default (PD) on the financial assets, issuer, and counterparty to the possibility of Loss given default (LGD), then multiplies the amount of exposure at default (EAD) with the consideration of time value on currency, to calculate the 12 month and lifetime ECLs respectively.

Probability of PD is the probability of defaults occurring of an issuer or the counterparty. Probability of LGD is the percentage of the amount of loss incurred when issuers or the counterparty default. The probability of PD and LGD used by the Company was referring to the information periodically release from international credit rating institutions such as S&P, Moody's and Fitch. The Company measures EAD by the amortized cost plus interest receivables of financial instruments.

(iv) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet obligations because of the inability to obtain adequate funding or liquidate of other financial assets to settle the financial liabilities. It includes financial funding risk and financial market liquidity risk.

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Besides decentralizing the financial institutions, the Company also to diversify the financing channels for funding. The Company plans and controls the daily funding operation in advance as the need for funding from various business situations. Also utilizes the simulation analysis mechanism of special event to keep up with the abnormal funding need from the system risks. The Company has set up the rules based on the different risk factors such as issue amount, trading volume, counterparty and etc. to address the liquidity risk of each holding position. Moreover, the Company operates a dynamic monitoring of the volatility of market to manage the liquidity risk of holding positions.

(v) Market risk

Market risk refers to the risk that change in market prices, exchange rates, interest rates and equity instrument prices, which will affect the Company's revenue or the value of its holdings of financial instruments.

The Company has set up the trading quotas and upper limit of Value at Risk ("VaR") in all operation to ensure the capital adequacy ratio meets the qualification requirements and maximum loss limit to be controlled. The different risk factors that the Company uses to measure the market risk are as follows:

- 1) Equity securities: calculate by variance-covariance method and to conduct back testing to estimate the VaR of one day at 99% of confidence interval.
- 2) Bond: use the base point (0.01%) value as the controlling base, and estimate the VaR of one day at 99% of confidence interval.
- 3) Financial derivatives: use the Delta and Gamma value as the controlling base, and estimate the VaR of one day at 99% of confidence interval.
- 4) Margin trading: use the maintenance ratio ruled by the competent authority as the standard for disposal.

Each business departments of the Company can utilize approved financial hedging instruments (such as Futures, Options, Swap and etc.) to adjust the risk level to improve the risk management system implemented.

(vi) Hedging strategies (financial hedging)

The Company's strategies use financial derivatives to hedge market price fluctuations in the attainable scope. The Company sets up each business quota, the capacity for tolerating risk and hedging strategy according to risk tolerance and establishes a monitoring system to understand variation of hedging position. In addition, the Company also formulates principal to conduct over or under limitations with hedging position.

1) Equity securities:

As equity securities price fluctuate, the Company will suffer losses when the unfavorable variation of equity securities price is incurred. To reduce the above risk, the Company not only relies on its well-designed risk management system but also uses index futures and options to hedge the market risk of equity securities.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

2) Fixed income instruments:

Risk of fixed income instruments is mainly affected by the fluctuations of market rate. The Company will suffer losses when unfavorable variation of market rate is incurred. The Company uses financial derivatives such as interest rate swap, government bond futures and bond options whose variation in fair value and cash flow are negative correlated with the hedged position to hedge the market risk.

3) Stock warrants:

The market risk of stock warrants issued arises from the fluctuations of market price of the underlying securities and the risk of investors' exercising the stock warrants. The Company will acquire stock warrants of the same underlying securities issued by others whose theoretical price was underestimated to hedge against the fluctuations. Furthermore, the Company will also adjust the hedged position such as the underlying securities, convertible corporate bonds and stock warrants based on the dynamic hedging strategies with the variation of Delta.

4) Structured notes:

Structured notes are the combination of fixed income and asset option. The market risk includes variation of interest rate, stock price and the volatility. In order to hedge the interest rate risk in the fixed income aspect, the Company uses the interest which it generates from investing to repay the principal due. In the asset option aspect, the Company establishes related hedged position to hedge the stock price and the volatility risk.

5) Asset swap:

Convertible bond asset swap is a hybrid derivative comprising of an interest rate swap and a call option on a convertible bond. The related risks are market risk and credit risk of the counterparties. The Company manages its risk through selling of the interest rate swap and options with third parties and verifies its counterparty's credit limit to lower the above risk.

(vii) Financial risk information of financial derivatives and other financial instruments as approved by the authority

As of December 31, 2025 and 2024, the related financial risk and the presentation of the Company'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

| | December 31, 2025 | | December 31, 2024 | |
|------------------------------|--|----------------|--|----------------|
| | Notional principal / Nominal amount | Credit Risk | Notional principal / Nominal amount | Credit Risk |
| Financial Instruments | | | | |
| For trading purpose: | | | | |
| Stock warrants issued | \$ 37,930,671 | - | 31,046,844 | - |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

The Company 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 Company 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 Company'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 years ended December 31, 2025 and 2024:

a) Gains (losses) on valuation

| | <u>For the years ended December 31,</u> | | <u>Account</u> |
|----------------------------|---|--------------|---|
| | <u>2025</u> | <u>2024</u> | |
| Stock warrants issued | \$ 21,776,554 | 29,058,735 | Gains (losses) on stock warrants issued |
| Stock warrants repurchased | (22,661,637) | (28,468,679) | Gains (losses) on stock warrants issued |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

b) Gains (losses) on sale

| | For the years ended December 31, | | Account |
|------------------------------|----------------------------------|-----------|--|
| | 2025 | 2024 | |
| Security borrowing | \$ (119,797) | (8,226) | Gains (losses) on covering of borrowed securities and bonds with resale agreements |
| Trading securities - hedging | 446,113 | 695,473 | Gains (losses) on sale of trading securities |
| Futures transaction | (40,517) | (359,762) | Gains (losses) on derivative financial instruments - futures |

c) Gains (losses) on maturity

| | For the years ended December 31, | | Account |
|----------------------------|----------------------------------|--------------|---|
| | 2025 | 2024 | |
| Stock warrants issued | \$ 51,308,033 | 61,367,337 | Gains (losses) on stock warrants issued |
| Stock warrants repurchased | (50,695,484) | (61,160,252) | Gains (losses) on stock warrants issued |

Futures

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

| Financial Instruments | December 31, 2025 | | December 31, 2024 | |
|---------------------------------|-------------------------------------|-------------|-------------------------------------|-------------|
| | Notional principal / Nominal amount | Credit Risk | Notional principal / Nominal amount | Credit Risk |
| For trading purpose: | | | | |
| TAIEX Futures | \$ 1,253,626 | - | 483,766 | - |
| Electronic Sector Index Futures | 262,857 | - | 133,287 | - |
| Single Stock Futures | 8,258,831 | - | 3,799,869 | - |
| Mini Electronic Futures | 11,707 | - | 45,734 | - |
| US Dollar Index Futures | 77,555 | - | 243,572 | - |
| Gold Futures | 762,705 | - | 95,861 | - |
| FTSE Taiwan Index Futures | 469,106 | - | - | - |
| Soybean Futures | 36,455 | - | - | - |
| E-mini S&P 500 Futures | 206,830 | - | 29,388 | - |
| 10 Year U.S. T Note Futures | 234,429 | - | 332,226 | - |
| 10 Year U.S. T Bond Futures | 7,221 | - | 82,346 | - |
| JPY Futures | 238,789 | - | 34,015 | - |
| 10 Year Euro Bond | 141,307 | - | - | - |
| UK Long-term Bonds | 3,871 | - | - | - |
| 10 Year Japanese Treasury Bond | 266,763 | - | - | - |
| Brent Crude Oil Futures | 555,911 | - | 896,135 | - |
| Crude Oil Futures | 113,265 | - | 116,806 | - |
| FTSE China A50 Index Futures | 2,097,939 | - | 2,785,043 | - |
| HHI Futures | 158,666 | - | 445,933 | - |
| Micro E-mini S&P 500 Futures | 21,518 | - | 15,918 | - |
| Micro E-mini Nasdaq Futures | 112,265 | - | 64,158 | - |
| Micro E-mini Dow Futures | 47,583 | - | - | - |
| E-mini Nasdaq Futures | 891,498 | - | 472,686 | - |
| Micro Gold Futures | 6,985 | - | - | - |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

| Financial Instruments | December 31, 2025 | | December 31, 2024 | |
|-----------------------------------|--|------------------------|--|------------------------|
| | Notional principal / Nominal amount | Credit Risk | Notional principal / Nominal amount | Credit Risk |
| Silver Futures | \$ 157,137 | - | 9,642 | - |
| Copper Futures | - | - | 44,286 | - |
| 2 Year U.S. T Note Futures | 196,831 | - | 755,024 | - |
| Ultra U.S. Treasury Bonds | 2,371,090 | - | 2,486,734 | - |
| 30 Year U.S. Treasury Bond | 181,951 | - | 287,976 | - |
| E-mini Dow Futures | 183,032 | - | 113,178 | - |
| HSI Futures | - | - | 68,005 | - |
| Mini-HSI Futures | 107,754 | - | 9,358 | - |
| China Index Futures | 71,106 | - | 4,210 | - |
| GIN Futures | 88,743 | - | 31,392 | - |
| TOPIX Futures | 20,602 | - | 109,481 | - |
| Mini TOPIX Futures | 4,117 | - | - | - |
| E-mini Russell 2000 Index Futures | 7,963 | - | 3,665 | - |
| SGX Nikkei 225 Index Futures | 86,191 | - | 70,275 | - |
| Long-Term Euro - BTP Futures | - | - | 81,827 | - |
| Refined Copper Futures | 52,487 | - | - | - |
| Micro Silver Futures | 4,629 | - | - | - |
| KOSPI 200 Futures | 9,955 | - | - | - |
| For non-trading purpose: | | | | |
| TAIEX Futures | 496,977 | - | 1,000,070 | - |
| Single Stock Futures | 8,683,643 | - | 1,918,710 | - |
| Finance Sector Index Futures | 58,386 | - | 10,765 | - |
| Mini TAIEX Futures | 402,525 | - | 85,319 | - |
| Silver Futures | 54,571 | - | - | - |
| Vietnam Index Futures | 485 | - | - | - |
| TAIEX Options | 246 | - | 2,472 | - |
| TAIEX Options W1 | 345 | - | 4,449 | - |
| TAIEX Options W2 | - | - | 320 | - |
| TAIEX Options F1 | 2,438 | - | - | - |
| Stock Options | - | - | 259 | - |

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ii) Market risk:

Market risk resulted from the purchase and sale of futures and options. Since the fair values of futures and options are available, and stop-loss points are established in order to manage risk, the Company 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 Company 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 Company. For margin calls, the Company 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 Company has sufficient operating funds to meet the liquidity requirement. Therefore, there is no liquidity risk, no cash flow risk, and no significant cash demand.

(iv) Presentation of financial derivatives:

| | <u>December 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> | <u>Account</u> |
|---|---|------------------------------------|--|
| Futures margin - security | \$ 701,795 | 394,650 | Financial assets at fair value through profit or loss - current |
| Futures margin - proprietary fund | 3,311,824 | 1,381,605 | Financial assets at fair value through profit or loss - current |
| Excess futures margin | 3,101,330 | 2,427,235 | Cash and cash equivalent |
| Buy options | 1,443 | 5,480 | Financial assets at fair value through profit or loss - current |
| Sale options | 1,871 | 1,590 | Financial liabilities at fair value through profit or loss - current |
| | <u>For the years ended December 31,</u> | | |
| | <u>2025</u> | <u>2024</u> | <u>Account</u> |
| Gains (losses) on futures transactions | \$ 647,932 | (949,011) | Gains (losses) on derivatives - futures |
| Gains (losses) on futures transactions - security | (2,717) | (8,305) | Gains (losses) on securities for futures margin at fair value through profit or loss |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Derivative instruments - OTC

(i) Interest rate financial derivatives

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

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

Counterparties to interest rate swaps are banks with good credit ratings. The Company 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 Company'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 Company entered into non-trading NT dollar interest rate swaps with banks to hedge against interest rate fluctuations of claims and obligations. The Company'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.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

(ii) Structured notes

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

| Financial Instruments | December 31, 2025 | | December 31, 2024 | |
|---|--|----------------|--|----------------|
| | Notional principal / Nominal amount | Credit Risk | Notional principal / Nominal amount | Credit Risk |
| For trading purpose: | | | | |
| Equity-linked notes | \$ 437,000 | - | 330,000 | - |
| Principal guaranteed notes | 6,602,937 | - | 5,634,024 | - |
| Credit-linked notes | 2,265,200 | - | 1,046,400 | - |
| Principal guaranteed notes (in USD thousands) | USD 14,680 | - | USD 1,845 | - |

The Company 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 Company 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 | December 31, 2025 | | December 31, 2024 | |
|------------------------------|--|----------------|--|----------------|
| | Notional principal / Nominal amount | Credit Risk | Notional principal / Nominal amount | Credit Risk |
| For trading purpose: | | | | |
| Convertible bond asset swaps | \$ 9,666,500 | - | 6,127,100 | - |
| Convertible bond options | 23,782,900 | - | 19,454,000 | - |

Counterparties to convertible bond asset swaps are institutions with good credit ratings. The Company 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 Company maintains good credit risk control over counterparties, the credit risks is minimal.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

2) Market risk:

For convertible bond asset swaps, the Company 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-backed swaps. The underlying assets are sold to the counterparties for commission. Within the term of the contract, the Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. The Company 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 | December 31, 2025 | | December 31, 2024 | |
|------------------------------|---|------------------------|---|------------------------|
| | Notional principal/ Nominal amount | Credit Risk | Notional principal/ Nominal amount | Credit Risk |
| For trading purpose: | | | | |
| Equity options | \$ 6,883 | - | 281 | - |

The counterparties that the Company entered into derivative transactions with are all well-known financial institutions with good credit ratings. The Company does not expect the counter-party will default. Therefore, the credit risks 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 Company 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 Company has sufficient operating funds to meet the liquidity requirement. As a result, there is no liquidity risk, no cash flow risk, and no significant cash demand.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(v) Presentation of derivative instruments in financial statement

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

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
|--|------------------------------|------------------------------|
| Financial assets at fair value through profit or loss - current | | |
| IRS asset swaps | \$ 18,708 | 48,834 |
| Asset swap options-long position | 1,482,197 | 785,194 |
| Structured notes | 1,128 | 2,623 |
| Exchange rate derivatives | 56,566 | 27,503 |
| Interest rate swaps | <u>143</u> | <u>243</u> |
| Total | <u>\$ 1,558,742</u> | <u>864,397</u> |
| Financial liabilities at fair value through profit or loss - current | | |
| IRS asset swaps | \$ 434,077 | 292,254 |
| Asset swap options-short position | 3,772,141 | 2,781,544 |
| Structured notes | 39,585 | 42,760 |
| Exchange rate derivatives | 319 | 220 |
| Equity derivatives | <u>673</u> | <u>-</u> |
| Total | <u>\$ 4,246,795</u> | <u>3,116,778</u> |
| Financial liabilities at fair value through profit or loss - non-current | | |
| Structured notes | <u>\$ 184,863</u> | <u>112,762</u> |
| Other financial liabilities - current | | |
| Structured notes principal value | <u>\$ 8,571,912</u> | <u>6,420,134</u> |
| Other financial liabilities - non-current | | |
| Structured notes principal value | <u>\$ 996,775</u> | <u>516,042</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

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

| | For the year ended December 31, 2025 | | For the year ended December 31, 2024 | |
|---------------------------|--|------------------------------|--|------------------------------|
| | Gains (losses) on derivative instruments - OTC | Unrealized Gains (losses) | Gains (losses) on derivative instruments - OTC | Unrealized Gains (losses) |
| | Interest rate swaps | \$ 3 | 143 | 3 |
| Equity derivatives | (553) | (138) | 462 | 22 |
| Structured notes | (164,442) | (25,031) | (94,202) | (17,323) |
| IRS asset swaps | (11,284) | (11,862) | (2,132) | (1,809) |
| Asset swap options | (1,138,719) | 1,806,153 | (728,697) | 1,365,666 |
| Exchange rate derivatives | 80,831 | 56,246 | 280,699 | 27,324 |
| Total | <u>\$ (1,234,164)</u> | <u>1,825,511</u> | <u>(543,867)</u> | <u>1,374,123</u> |

(x) 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 Company has sufficient financial resources to cope with the future need of operating fund, capital expenditure and other operating need.

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

| | December 31, 2025 | December 31, 2024 |
|------------------------|----------------------|----------------------|
| Capital adequacy ratio | 276 % | 278 % |

(y) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024, were as follows:

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

| | January 1, 2025 | Cash flows | Non-cash changes | | | December 31, 2025 |
|-------------------|--------------------|------------------|------------------|---------------------------------|-----------------------|----------------------|
| | | | Other | Foreign exchange movement | Fair value changes | |
| Lease liabilities | <u>\$ 553,367</u> | <u>(197,933)</u> | <u>114,440</u> | <u>-</u> | <u>-</u> | <u>469,874</u> |
| | January 1, 2024 | Cash flows | Non-cash changes | | | December 31, 2024 |
| Lease liabilities | <u>\$ 639,823</u> | <u>(189,345)</u> | <u>102,889</u> | <u>-</u> | <u>-</u> | <u>553,367</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(7) Related-party transactions:

- (a) Relationships between parents and subsidiaries

Refer to Note 13(b) for a detailed list of the Company's subsidiaries.

- (b) Names of related parties and relationships

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

| <u>Names of related parties</u> | <u>Relationships</u> |
|--|-------------------------------------|
| Capital Insurance Advisory Corp. | Subsidiary |
| Capital Futures Corp. | Subsidiary |
| Capital Investment Management Corp. | Subsidiary |
| CSC Venture Capital Corp. | Subsidiary |
| CSC Private Equity Co. (formerly CSC Capital Management Co.) | Subsidiary |
| CSC Securities (HK) Ltd. | Second-level subsidiary |
| Capital International Technology Corp. | Second-level subsidiary |
| Capital Private Equity Fund I Co. | Second-level subsidiary |
| Capital Investment Trust Corp. | Associates |
| 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 |
| Feng Yang Investment Corp. | Related party in substance |
| Chuan Yi Investment Corp. | Related party in substance |
| Bao Ching Investment Corp. | Related party in substance |
| Bao Sheng Investment Corp. | Related party in substance |
| Fu Ding Investment Corp. | Related party in substance |
| Run Xiang Industrial Corp. | Related party in substance |
| Yu Bao Industrial Corp. | Related party in substance |
| Tai-Chun Enterprise Co., Ltd. | Related party in substance |
| Kwang Hsing Industrial Corp. | Corporate directors (Note 2) |
| Other related parties | Key management personnel and others |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the 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.

Note 2: The term of office of the corporate directors ended on May 27, 2025.

(c) Key management personnel transactions

(i) Key management personnel compensation

| | For the years ended December 31, | |
|------------------------------|---|----------------|
| | 2025 | 2024 |
| Short-term employee benefits | \$ 200,120 | 182,183 |
| Post-employment benefits | 1,846 | 1,414 |
| Total | \$ 201,966 | 183,597 |

(ii) Bonds sold under repurchase agreements

| | For the years ended December 31, | |
|---------------------------------|---|-------------|
| Total financial expenses | 2025 | 2024 |
| Other related parties | \$ - | 19 |

Transaction terms are the same as the general clients.

(iii) Structured notes transactions - remaining balance

| | December 31, 2025 | December 31, 2024 |
|-----------------------|------------------------------|------------------------------|
| Other related parties | \$ - | 67,700 |

(iv) Brokerage and sub-brokerage

| | For the years ended December 31, | |
|------------------------------|---|-------------|
| | 2025 | 2024 |
| <u>Brokerage commissions</u> | | |
| Other related parties | \$ 5,859 | 66,074 |

| | For the years ended December 31, | |
|--|---|-------------|
| | 2025 | 2024 |
| <u>Re-consigned handling commissions</u> | | |
| Other related parties | \$ 675 | 2,212 |

(v) Other expense

| | For the years ended December 31, | |
|---------------------------------|---|-------------|
| Total financial expenses | 2025 | 2024 |
| Other related parties | \$ 585 | 496 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(d) Significant transactions with related parties

(i) Bonds sold under repurchase agreements

| | December 31, 2025 | | December 31, 2024 | |
|---------------------------------|-------------------|----------------|---|----------------|
| | Par value | Purchase price | Par value | Purchase price |
| Funds issued by associate | \$ 751,000 | 751,000 | 712,000 | 712,000 |
| Subsidiaries | 32,000 | 32,106 | 61,000 | 61,068 |
| Total | <u>\$ 783,000</u> | <u>783,106</u> | <u>773,000</u> | <u>773,068</u> |
| | | | For the years ended December 31, | |
| | | | 2025 | 2024 |
| Total financial expenses | | | | |
| Funds issued by associate | | | \$ 17,678 | 13,051 |
| Subsidiaries | | | 702 | 403 |
| Total | | | <u>\$ 18,380</u> | <u>13,454</u> |

Transaction terms are the same as the general clients.

(ii) Financial assets transactions

The Company held securities regarding to related parties, and ending amount and related gains and losses were as followed :

| Relationship | Account | December 31, 2025 | | December 31, 2024 | |
|---------------------------|---|----------------------|---------------------|----------------------|------------------|
| | | Ending shares (Note) | Ending amount | Ending shares (Note) | Ending amount |
| Funds issued by associate | Financial assets at fair value through profit or loss-current | <u>168,728</u> | <u>\$ 2,839,593</u> | <u>117,763</u> | <u>2,376,959</u> |

Notes: Amounts in thousand shares.

| | For the years ended December 31, | | | |
|---------------------------|----------------------------------|----------------|--------------------------|---------------------|
| | 2025 | | 2024 | |
| | Gain or loss on disposal | Dividend | Gain or loss on disposal | Dividend |
| Funds issued by associate | <u>\$ 258,290</u> | <u>177,992</u> | <u>399,873</u> | <u>204,716</u> |
| | | | December 31, | December 31, |
| Prepayments | | | 2025 | 2024 |
| Associates | | | <u>\$ 9,641</u> | <u>12,574</u> |

Transaction terms are the same as the general clients.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(iii) Futures commission revenue

The Company signed contracts with subsidiary and provided futures trading assistance approved by the authority. The details were as follows:

| | December 31, 2025 | December 31, 2024 |
|------------------------------|--|------------------------------|
| Commission receivable | \$ <u>12,315</u> | <u>10,013</u> |
| Other Payable (Default loss) | \$ <u>3,303</u> | <u>3,409</u> |
| | For the years ended December 31, 2025 | 2024 |
| Futures commission revenue | \$ <u>139,961</u> | <u>145,793</u> |

(iv) Futures transactions

The futures margin in subsidiary of the Company is as follow:

| | December 31, 2025 | December 31, 2024 |
|------------------------------------|--|------------------------------|
| Futures margin-proprietary fund | \$ <u>4,839,239</u> | <u>3,650,953</u> |
| | For the years ended December 31, 2025 | 2024 |
| Interest revenue of futures margin | \$ <u>159</u> | <u>102</u> |
| Handling fees charge | \$ <u>77,309</u> | <u>70,649</u> |

(v) Lease agreements

Lessor

| | For the years ended December 31, | |
|------------------------------------|---|------------------------------|
| Lease revenue | 2025 | 2024 |
| Subsidiaries | \$ 18,612 | 18,636 |
| Second-level Subsidiaries | 50 | 50 |
| Associates | 17,794 | 17,658 |
| Total | \$ <u>36,456</u> | <u>36,344</u> |
| | December 31, 2025 | December 31, 2024 |
| Guarantee deposits received | | |
| Subsidiaries | \$ 4,620 | 4,620 |
| Second-level Subsidiaries | 12 | 12 |
| Associates | 4,429 | 4,429 |
| Total | \$ <u>9,061</u> | <u>9,061</u> |

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

Lessee

- 1) The Company leases office places from related party in substance for operation, and lease period is nine years. The aggregate contractual value of the lease is \$854,046 and rent is paid monthly. As of December 31, 2025 and 2024, the refundable deposits were \$26,351 and \$26,351.

- 2) Acquisition of right-of-use assets

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

- 3) Lease liabilities

| | December 31, 2025 | December 31, 2024 |
|----------------------------|------------------------------|------------------------------|
| Related party in substance | \$ 271,258 | 369,428 |

- 4) Financial expenses

| | For the years ended December 31, | |
|----------------------------|---|--------------|
| | 2025 | 2024 |
| Related party in substance | \$ 4,390 | 5,497 |

- (vi) Custody account business

| | For the years ended December 31, | |
|--|---|----------------|
| | 2025 | 2024 |
| Custody account business revenue (Accounted for as rental income) | | |
| Related party in substance | \$ 123,859 | 123,859 |

| | December 31, 2025 | December 31, 2024 |
|----------------------------------|------------------------------|------------------------------|
| Other accounts receivable | | |
| Related party in substance | \$ 8,379 | 8,379 |

- (vii) Information Technology Service

| | For the years ended December 31, | |
|--------------|---|---------------|
| | 2025 | 2024 |
| Subsidiaries | \$ 60,239 | 57,573 |

- (viii) Insurance commission revenues

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

| | For the years ended December 31, | |
|----------------------------|---|--------------|
| | 2025 | 2024 |
| Commission revenues | | |
| Subsidiaries | \$ 7,124 | 6,592 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ix) Brokerage and sub-brokerage

Due to the involvement of related parties in securities and futures transactions, for the years ended December 31, 2025 and 2024, commission revenues charged by the Company were as follows:

| Brokerage commissions | For the years ended December 31, | |
|------------------------------|---|-------------|
| | 2025 | 2024 |
| Subsidiaries | \$ 1,237 | 629 |
| Second-level Subsidiaries | 271 | 363 |
| Funds issued by associate | 19,104 | 23,251 |
| Related party in substance | 608 | 458 |
| Corporate directors | - | 66 |
| Total | \$ 21,220 | 24,767 |

| Re-consigned handling commissions | For the years ended December 31, | |
|--|---|-------------|
| | 2025 | 2024 |
| Funds issued by associate | \$ 767 | 241 |

(x) Fund services business

| Fund services revenue | For the years ended December 31, | |
|------------------------------|---|-------------|
| | 2025 | 2024 |
| Associates | \$ 80 | 183 |

| Channel services revenue | For the years ended December 31, | |
|---------------------------------|---|-------------|
| | 2025 | 2024 |
| Associates | \$ 80 | 183 |

| Account receivable | December 31, | December 31, |
|---------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Associates | \$ 10 | 16 |

(xi) Wealth management business

| Trust account commissions revenue | For the years ended December 31, | |
|--|---|-------------|
| | 2025 | 2024 |
| Associates | \$ 5,197 | 15,696 |

| Trust account management fee revenue | For the years ended December 31, | |
|---|---|-------------|
| | 2025 | 2024 |
| Associates | \$ 1,556 | 1,623 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(xvi) Accrued receivables

| Other receivable | December 31, 2025 | December 31, 2024 |
|---------------------------|------------------------------|------------------------------|
| Subsidiaries | \$ 817 | 613 |
| Second-level subsidiaries | 90 | 39 |
| Total | <u>\$ 907</u> | <u>652</u> |
| Other payable | | |
| Subsidiaries | \$ - | 336 |
| Second-level subsidiaries | 16,352 | 24 |
| Total | <u>\$ 16,352</u> | <u>360</u> |

(xvii) Receipts in advance

| | December 31, 2025 | December 31, 2024 |
|--------------|------------------------------|------------------------------|
| Subsidiaries | <u>\$ 27</u> | <u>27</u> |

(xviii) Custody account business

| Custody account business revenue | For the years ended December 31, | |
|---|---|--------------|
| | 2025 | 2024 |
| Second-level subsidiaries | <u>\$ 5,408</u> | <u>7,352</u> |
| Accounts receivable | | |
| Second-level subsidiaries | <u>\$ 389</u> | <u>677</u> |

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

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(8) Pledged assets:

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

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> | <u>The collateral use</u> |
|---|--------------------------|--------------------------|--|
| Restricted assets - current | \$ 389,946 | 439,035 | Bank borrowings, accounts settled, repurchase agreement. |
| Trading securities | 21,416,993 | 32,324,584 | Repurchase agreement |
| Financial assets at fair value through other comprehensive income - Bonds | 18,331,724 | 17,468,365 | Repurchase agreement |
| Property (net amount) | 1,312,331 | 1,324,129 | Bank borrowings |
| Financial assets at fair value through profit or loss - non-current | 179,227 | 177,730 | 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) | 5,558,564 | 6,635,873 | Repurchase agreement |
| Investment property (cost) | <u>3,794,329</u> | <u>3,815,697</u> | Bank borrowings |
| Total | <u>\$ 50,983,114</u> | <u>62,185,413</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>December 31, 2025</u> | | <u>December 31, 2024</u> | |
|---|------------------------------|------------------|------------------------------|------------------|
| | <u>Shares (in thousands)</u> | <u>Par value</u> | <u>Shares (in thousands)</u> | <u>Par value</u> |
| Securities procured through margin purchase | 554,978 | \$ 5,549,780 | 565,843 | 5,658,430 |
| Collateral for margin purchase | 8,840 | 88,405 | 7,056 | 70,564 |
| Lending securities to customers through short sales | 29,415 | 294,150 | 35,765 | 357,650 |
| Collateral for short sales | 5,811 | 58,110 | 6,681 | 66,810 |

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

| | <u>December 31, 2025</u> | | <u>December 31, 2024</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 | 890 | \$ 8,900 | 434 | 4,340 |

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

| | | |
|-------------------------------------|----------------------|---|
| Promissory notes | <u>\$ 34,890,000</u> | <u>December 31, 2024</u> <u>37,520,000</u> |
| Promissory notes (in USD thousands) | <u>USD 85,000</u> | <u>USD 85,000</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

- (d) As of December 31, 2025 and 2024, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$77,662,203 and \$69,834,694, 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) The Company provided the Letter of Comfort to the banks which loaned to its subsidiary CSC International Holdings Ltd. and CSC Securities (HK) Ltd.
- (i) 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

December 31, 2025 and 2024

| Trust Assets | December 31, | December | Trust Liabilities | December 31, | December |
|-----------------------|----------------------|-------------------|---------------------------------|----------------------|-------------------|
| | 2025 | 31, 2024 | | 2025 | 31, 2024 |
| Bank deposits | \$ 936,243 | 970,063 | Accounts payable | \$ 54 | 2,783 |
| Short-term investment | | | Trust capital | 15,952,509 | 15,029,805 |
| Funds | 9,403,383 | 8,885,379 | Net income | 995,612 | 660,679 |
| Stocks | 654,556 | 1,420,008 | Accumulated earnings or deficit | 509,816 | 160,390 |
| Bonds | 1,693,865 | 1,566,961 | | | |
| Structured notes | 4,719,333 | 2,969,620 | | | |
| Accounts receivable | 50,611 | 41,626 | | | |
| Total Assets | \$ 17,457,991 | 15,853,657 | Total Liabilities | \$ 17,457,991 | 15,853,657 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(ii) Income statement of trust accounts

Income Statement of Trust Accounts**For the years ended December 31, 2025 and 2024**

| | For the years ended December 31, | |
|------------------------------------|---|----------------|
| | 2025 | 2024 |
| Trust revenue | | |
| Interest revenue | \$ 270,462 | 141,460 |
| Cash dividends revenue | 284,591 | 279,317 |
| Rental revenue | 16,257 | 41,252 |
| Investment gains - realized | 46,822 | 207,102 |
| Investment gains - unrealized | 670,059 | 594,442 |
| Unrealized currency exchange gains | 1,230 | - |
| Subtotal | 1,289,421 | 1,263,573 |
| Trust expense | | |
| Management fee | 1,029 | 2,162 |
| Service fee | 26,418 | 29,727 |
| Investment losses - unrealized | 265,468 | 569,831 |
| Other fees | 36 | 126 |
| Subtotal | 292,951 | 601,846 |
| Gain (loss) before income tax | 996,470 | 661,727 |
| Less: Income tax expense | 858 | 1,048 |
| Net gain (loss) | \$ 995,612 | 660,679 |

(iii) Property list of trust accounts

Property list of trust accounts**December 31, 2025 and 2024**

| Investment items | December 31, 2025 | December 31, 2024 |
|-------------------------|------------------------------|------------------------------|
| Bank deposits | \$ 936,243 | 970,063 |
| Short-term investment | | |
| Funds | 9,403,383 | 8,885,379 |
| Stocks | 654,556 | 1,420,008 |
| Bonds | 1,693,865 | 1,566,961 |
| Structured Notes | 4,719,333 | 2,969,620 |
| Other assets | 50,611 | 41,626 |
| Total | \$ 17,457,991 | 15,853,657 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(10) Significant Catastrophic Loss: None

(11) Significant Subsequent Events: None

(12) Other:

- (a) Restrictions and enforcement of the Company's various financial ratios under futures trading law

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

| Art. | Calculation formula | Current Period | | Standard | Enforcement |
|------|---|----------------|----------|----------|-----------------------------|
| | | Calculation | Ratio | | |
| 17 | Stockholders' equity | 1,405,867 | 1.06 | ≥ 1 | Satisfactory to requirement |
| | (Total liabilities - futures traders' equity) | 1,332,119 | | | |
| 17 | Current Assets | 2,726,626 | 1,076.44 | ≥ 1 | " |
| | Current Liabilities | 2,533 | | | |
| 22 | Stockholders' equity | 1,405,867 | 351.47 % | ≥ 60% | " |
| | Minimum paid-in capital | 400,000 | | ≥ 40% | |
| 22 | Adjusted net capital | 944,980 | 104.87 % | ≥ 20% | " |
| | Total amount of customers' margin required for open positions of futures trader | 901,073 | | ≥ 15% | |

- (b) 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
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the year ended 2025, required by the “Regulations Governing the Preparation of Financial Reports by Securities firms” for the Company:

(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 | \$ 857,357 | 825,977 | 825,977 | - % | 2 | - | Working capital | - | - | - | 1,603,189 | 1,603,189 |
| 2 | CSC Futures (HK) Ltd. | F190402 | Account receivables - Customer | No | 62,372 | - | - | 8.53 % | 1 | - | | - | - | - | 208,774 | 1,043,872 |
| 3 | CSC Futures (HK) Ltd. | F611702 | Account receivables - Customer | No | 436,607 | 436,607 | 218,304 | 4.78%~6.03% | 1 | 309,305 | | - | - | - | 436,607 | 1,043,872 |
| 4 | CSC Futures (HK) Ltd. | F613059 | Account receivables - Customer | No | 93,559 | 93,559 | - | 7.53 % | 1 | 9,877 | | - | - | - | 208,774 | 1,043,872 |
| 5 | CSC Futures (HK) Ltd. | F612688 | Account receivables - Customer | No | 11,851 | 11,851 | - | 6.53 % | 1 | 375 | | - | - | - | 208,774 | 1,043,872 |
| 6 | CSC Futures (HK) Ltd. | F613091 | Account receivables - Customer | No | 312 | 312 | - | 6.53 % | 1 | 2,032 | | - | - | - | 208,774 | 1,043,872 |
| 7 | CSC Futures (HK) Ltd. | F190416 | Account receivables - Customer | No | 218,304 | 218,304 | - | 5.03 % | 1 | 7,556 | | - | - | - | 218,304 | 1,043,872 |
| 8 | CSC Futures (HK) Ltd. | F613511 | Account receivables - Customer | No | 15,593 | 15,593 | - | 8.00 % | 1 | 1,080 | | - | - | - | 208,774 | 1,043,872 |
| 9 | CSC Futures (HK) Ltd. | F613390 | Account receivables - Customer | No | 124,745 | 124,745 | - | 5.50 % | 1 | 905 | | - | - | - | 208,774 | 1,043,872 |

Note: Type of Loans

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

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

(Continued)

CAPITAL SECURITIES CORPORATION

Notes to the 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 December 31, 2025 | Balance on December 31, 2024 | Shares | Ratio | Book value | | | | | |
| 0 | Capital- Investment Management Corp. | Taipei ,Taiwan, R.O.C. | February 16, 1990 | Note 5 | Engaged in providing research, analysis and recommendations, organize seminars and publish materials on securities investments | 72,515 | 72,515 | 7,000,000 | 100.00 % | 78,753 | 104,047 | 1,869 | 1,869 | - | Subsidiary |
| 0 | Capital Futures Corp. | Taipei ,Taiwan, R.O.C. | February 26, 1997 | No. FSC-1050044467 dated November 15, 2016 | Engaged in domestic and foreign futures business | 2,928,955 | 1,896,520 | 138,619,711 | 55.46 % | 5,782,876 | 2,441,514 | 1,330,911 | 740,197 | 392,294 | " |
| 0 | CSC International Holdings Ltd. | British Virgin Island | March 4, 1996 | No. FSC-65350 dated January 12, 1996 | Long-term equity investment business | 1,339,555 | 1,339,555 | 45,000,000 | 100.00 % | 1,603,189 | (9,015) | (25,892) | (25,892) | - | " |
| 0 | Capital Insurance Advisory Corp. | Taipei ,Taiwan, R.O.C. | November 9, 2000 | Note 5 | Engaged in personal insurance brokerage and property insurance brokerage and manages personal insurance agent business | 3,890 | 3,890 | 500,000 | 100.00 % | 76,539 | 245,179 | 50,661 | 50,661 | 38,560 | " |
| 0 | CSC Venture Capital Corp. | Taipei ,Taiwan, R.O.C. | January 12, 2016 | No. FSC-1040034071 dated September 8,2015 | Venture capital and consulting business | 1,000,000 | 1,000,000 | 100,000,000 | 100.00 % | 902,996 | 11,126 | (11,164) | (11,914) | - | " |
| 0 | CSC Private Equity Co. (Note 6) | Taipei ,Taiwan,R.O.C. | December 3, 2020 | No. FSC-1090349163dated September 7,2020 | Investment and management consulting,venture capital and general investing | 330,000 | 330,000 | 33,000,000 | 100.00 % | 318,176 | 36,951 | 29,360 | 29,120 | 1,320 | " |
| 0 | Capital Investment Trust Corp. | Taipei ,Taiwan, R.O.C. | October 16, 1995 | Note 5 | Engaged in security investment and discretionary investment services | 1,272,505 | 1,272,505 | 33,067,507 | 20.00 % | 1,751,432 | 5,615,590 | 2,543,772 | 454,873 | 314,141 | Associates |
| 1 | CSC Securities(HK) Ltd. | Hong Kong | May 3, 1994 | No. FSC-90931dated 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 % | 703,980 | 51,930 | (9,015) | Note 4 | - | Second-level subsidiary |
| 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 % | 1,043,872 | 591,031 | (14,149) | Note 4 | - | " |
| 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 % | 11,996 | - | (503) | Note 4 | - | " |
| 3 | Capital Securities Nominee Ltd. | Hong Kong | April 7, 1995 | No. FSC-90931 dated January 5, 1998 | Agency services | - | - | 2 | 100.00 % | - | - | - | Note 4 | - | Third-level subsidiary |
| 4 | Capital Private Equity Fund I Co. (Note 6) | Taipei ,Taiwan, R.O.C. | April 20, 2021 | No. FSC-1090380058 dated January 26, 2021 | Merged and dissolved | - | 300,000 | - | - % | - | (3,137) | (7,687) | Note 4 | - | Second-level subsidiary |
| 5 | Enno Cap Venture Inc. | Taipei ,Taiwan, R.O.C. | July 30, 2021 | No. FSC-1040034071 dated September 08, 2015 | Liquidation completed | - | 400 | - | - % | - | - | - | Note 4 | - | Associates |

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

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

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

Note 4: The investment gains and losses is recognized with equity method.

Note 5: According to the regulations of reinvesting domestic business issued by Financial Supervisory Commission, securities firms may invest securities finance enterprises and should file for recordation within 15 days after the investment. Therefore, this case only needs to be filed for recordation afterwards.

Note 6: 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.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements

(c) Information on overseas branches and representative offices:

(In Thousands of New Taiwan Dollars)

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

(d) Information on investments in the Mainland China:

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

(In Thousands of New Taiwan Dollars)

| Name of investee in Mainland China | Major Operations | Issued capital | Method of investment | Accumulated remittance as of January 1, 2025 | Remittance of recoverable investment this period | | Accumulated remittance as of December 31, 2025 | Net gains (losses) of the investee | Direct or indirect Share holdings (%) by the company | Investment gains (losses) recognized during this period | Ending Balance of Investment | Investment income remitted back as of December 31, 2025 |
|--|--|----------------|----------------------|--|--|--------------------|--|------------------------------------|--|---|------------------------------|---|
| | | | | | Remittance amount | Recoverable amount | | | | | | |
| Capital True Partner Technology Co., Ltd. | Management, consulting and information service business | 5,013 | (Note 1) (C) | 24,372 | - | - | 24,372 | (796) | 28.28% | (225) (Note2) B(2) | 2,236 | - |
| 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 | (47) | 55.46% | (26) (Note2) B(2) | 1,017 | - |

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.

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the 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. 10703209011 issued by Financial Supervisory Commission on June 1, 2018, the required supplementary disclosures of the Company's information on reinvestment in overseas businesses for the year ended December 31, 2025 are as follows:

- (i) Balance sheet and income statement:

1) Balance sheet

Unit: US \$ thousands

| Nature | Company | CSC International Holdings Ltd. December 31, 2025 |
|--|----------------|--|
| Current assets | | 7,743 |
| Long-term investments | | 22,566 |
| Property and premises | | 1,559 |
| Other assets | | 19,352 |
| Total assets | | 51,220 |
| Current liabilities | | 82 |
| Other liabilities | | 48 |
| Total liabilities | | 130 |
| Common stock | | 45,000 |
| Retained earnings (Accumulated deficit) | | 6,199 |
| Cumulative translation adjustments | | (109) |
| Total stockholders' equity | | 51,090 |
| Total liabilities and stockholders' equity | | 51,220 |

(Continued)

2) Income statement

Unit: US \$ thousands

| Company | |
|--|---|
| CSC International Holdings Ltd. | |
| Nature | For the year ended December 31, 2025 |
| Operating revenue | (281) |
| Operating expense | (694) |
| Non-operating revenue | 169 |
| Non-operating expense | - |
| Income (loss) before tax | (806) |
| Net income (loss) | (806) |

(ii) Securities held as of December 31, 2025

Unit: shares / US\$ thousands

| Name of holding company | Securities types and name | Account classification | December 31, 2025 | |
|---------------------------------|----------------------------------|-------------------------------|--------------------------|-------------------|
| | | | Shares | Book value |
| CSC International Holdings Ltd. | CSC Securities(HK) Ltd. | Long-term investments | 128,000,000 | <u>\$ 22,566</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.

(14) Segment information:

Please refer to the consolidated financial statements of the Company as of and for the year ended December 31, 2025.

Capital Securities Corporation
Statement of cash and cash equivalents
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> |
|--|---|-----------------------------------|
| Cash | | \$ 2,615 |
| Bank deposits | | |
| Checking accounts | | 147,076 |
| Demand deposits | | 497,929 |
| Foreign currency deposits | HKD3,420 Thousands @ 4.038 | 858,918 |
| | USD18,249 Thousands @ 31.43 | |
| | CNY49,100 Thousands @ 4.496 | |
| | EUR729 Thousands @ 36.9 | |
| | JPY9,647 Thousands @ 0.2008 | |
| | AUD151 Thousands @ 42.33 | |
| | SEK1 Thousands @ 1.894 | |
| | AUD735 Thousands @21.01 | |
| | SGD4 Thousands @24.45 | |
| | CHF1 Thousands @39.615 | |
| Cash equivalents | | |
| Time deposits | Maturity dates are 2026.3.16 to 2026.9.15 and the interest rates are 1.46%~1.70% | 1,000,000 |
| Futures margin – excess margin (NTD) | | 2,876,173 |
| Futures margin – excess margin (Foreign currency) | USD4,311 Thousands @ 31.43 | 225,157 |
| | HKD 909 Thousands @4.038 | |
| | JPY134,120 Thousands @ 0.2008 | |
| | EUR828 Thousands @ 36.9 | |
| | AUD47 Thousands @21.01 | |
| | GBP131 Thousands @42.33 | |
| | KRW-49,266 Thousands @0.0220 | |
| | THD7,727 Thousands @1.0019 | |
| | VND12,816,315 Thousands @0.0012 | |
| Total | | \$ <u><u>5,607,868</u></u> |

Capital Securities Corporation

**Statement of financial assets at fair value through profit or loss - current—open-ended funds and
money-market instruments**

December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| <u>Name of financial instrument</u> | <u>Description</u> | <u>Shares or units</u> | <u>Par value (Dollars)</u> | <u>Total amount</u> | <u>Interest rate</u> | <u>Acquisition cost</u> | <u>Fair value</u> | | <u>Fair value changes is attributable to the changes in credit risk</u> | <u>Note</u> |
|---|--------------------|------------------------|--------------------------------|---------------------|----------------------|-----------------------------|---------------------------------|---------------------|---|-------------|
| | | | | | | | <u>Unit price (Dollars)</u> | <u>Total amount</u> | | |
| Cathay Taiwan Money Market Fund | | 7,617,828 | - | - | - | \$ 100,000 | 13.13 | 100,008 | - | |
| Fubon China Money Market Fund - CNY | | 1,648,166 | - | - | - | 20,000 | 12.17 | 20,053 | - | |
| Fuh Hwa Money Market Fund | | 3,116,924 | - | - | - | 45,000 | 15.19 | 47,343 | - | |
| UPAMC Quality Low Volatility Multi- Asset Fund-ACC | | 4,380,585 | - | - | - | 50,000 | 11.43 | 50,057 | - | |
| Taishin Income Leading Multi-Asset Fund A | | 2,597,402 | - | - | - | 30,000 | 11.68 | 30,338 | - | |
| Others | | 3,753,655 | - | - | - | 71,216 | - | 75,289 | Note | |
| Total | | | | | | 316,216 | | <u>323,088</u> | | |
| Valuation adjustment | | | | | | 6,872 | | | | |
| Net amount | | | | | | <u>\$ 323,088</u> | | | | |

Note: The amount of single item is under 5% of the subject.

Capital Securities Corporation
Statement of financial assets at fair value through profit or loss - current— trading securities
(Proprietary trading)
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars; Foreign currencies)

| Name of financial instrument | Description | Shares or units | Par value (Dollars) | Total amount | Interest rate | Acquisition cost | Fair value | | Fair value changes is attributable to the changes in credit risk | Note |
|---|-----------------------|-------------------------------------|------------------------|--------------|---------------|---------------------|-------------------------|--------------|--|-----------------------------|
| | | | | | | | Unit price (Dollars) | Total amount | | |
| Listed stocks | | | | | | | | | | |
| Delta Electronics, Inc | | 922,916 | \$ 10 | 9,229 | | \$ 878,486 | 963.00 | 888,768 | - | |
| Taiwan Semiconductor Manufacturing Co., Ltd | | 3,774,598 | 10 | 37,746 | | 5,500,476 | 1550.00 | 5,850,627 | - | |
| Nanya Technology Corporation | | 6,825,000 | 10 | 68,250 | | 1,093,056 | 193.00 | 1,317,225 | - | |
| Others | | 67,580,409 | 10 | 675,804 | | 8,371,576 | | 8,561,472 | - | Note |
| Subtotal | | | | | | 15,843,594 | | 16,618,092 | | |
| Listed funds | | | | | | | | | | |
| Yuanta/P-shares Taiwan Top 50 ETF | | 18,557,000 | 10 | 185,570 | | 1,147,079 | 65.60 | 1,217,339 | - | |
| Others | | 800,442,009 | 10 | 8,004,420 | | 14,667,088 | | 14,898,376 | - | Note |
| Subtotal | | | | | | 15,814,167 | | 16,115,715 | | |
| OTC stocks | | | | | | | | | | |
| LandMark | | 452,000 | 10 | 4,520 | | 257,761 | 613.00 | 277,076 | - | |
| ADATA Technology Co., Ltd | | 2,204,000 | 10 | 22,040 | | 489,814 | 279.50 | 616,018 | - | |
| Auras Technology Co., Ltd | | 269,424 | 10 | 2,694 | | 254,187 | 1010.00 | 272,118 | - | |
| eMemory Technology Inc. | | 93,500 | 10 | 935 | | 182,487 | 1730.00 | 161,755 | - | |
| Phison Electronics Corporation | | 763,500 | 10 | 7,635 | | 898,368 | 1450.00 | 1,107,075 | - | |
| Co-Tech Development Corp. | | 1,083,000 | 10 | 10,830 | | 279,758 | 277.00 | 299,991 | - | |
| Others | | 7,567,225 | 10 | 75,672 | | 1,029,585 | | 1,061,737 | - | Note |
| Subtotal | | | | | | 3,391,960 | | 3,795,770 | | |
| OTC funds | | | | | | | | | | |
| Yuanta U.S. Treasury 20+ Year Bond ETF | | 60,533,000 | 10 | 605,330 | | 1,646,829 | 27.24 | 1,648,919 | - | |
| Cathay U.S. Treasury 20+ Yr ETF TWD | | 18,634,000 | 10 | 186,340 | | 529,668 | 28.30 | 527,342 | - | |
| Yuanta US 20+ Year BBB Corporate Bond ETF | | 15,407,000 | 10 | 154,070 | | 504,278 | 33.69 | 519,062 | - | |
| Yuanta US 20+ Year AAA-A Corporate Bond ETF | | 15,654,000 | 10 | 156,540 | | 498,063 | 32.15 | 503,276 | - | |
| CTBC U.S. Treasury 20+ Year Bond ETF | | 20,200,000 | 10 | 202,000 | | 554,390 | 27.43 | 554,086 | - | |
| CAPITAL ICE ESG 20+ Year BBB Corporate ETF | | 39,340,000 | 10 | 393,400 | | 591,861 | 15.08 | 593,247 | - | |
| Others | | 182,629,658 | 10 | 1,826,297 | | 3,099,510 | | 3,135,053 | - | Note |
| Subtotal | | | | | | 7,424,599 | | 7,480,985 | | |
| Emerging market stocks | | | | | | | | | | |
| Fiber Logic Communications, Inc. | | 658,761 | 10 | 6,588 | | 54,825 | 91.42 | 60,224 | - | |
| Texture Maker Enterprise Co., Ltd | | 1,232,188 | 10 | 12,322 | | 47,188 | 32.25 | 39,738 | - | |
| APEX Wind Power Equipment Manufacturing Co., Ltd | | 619,889 | 10 | 6,199 | | 45,247 | 27.64 | 17,134 | - | |
| Asustor.Inc | | 668,494 | 10 | 6,685 | | 80,247 | 106.57 | 71,241 | - | |
| New Smart Technology Co., Ltd | | 483,856 | 10 | 4,839 | | 27,147 | 49.76 | 24,077 | - | |
| Others | | 5,952,266 | 10 | 59,523 | | 236,916 | | 228,356 | - | Note |
| Subtotal | | | | | | 491,570 | | 440,770 | | |
| Convertible bonds | | | | | | | | | | |
| Macronix International Co., Ltd 2nd Domestic Unsecured Convertible Bond | | 2,530 | 100,000 | 253,000 | | 299,002 | 173.00 | 437,690 | - | |
| Weiking Industrial Co., Ltd. 6th Domestic Unsecured Convertible Bond | | 1,971 | 100,000 | 197,100 | | 254,432 | 128.95 | 254,160 | - | |
| Others | | 39,420 | 100,000 | 3,942,000 | | 4,442,067 | | 4,551,097 | - | Note |
| Subtotal | | | | | | 4,995,501 | | 5,242,947 | | |
| Government bonds | | | | | | | | | | |
| A12108 | 2023/09/15~2028/09/15 | Repayment of principal at maturity. | | 49,700 | 1.13% | 49,640 | 99.63 | 49,516 | - | Interest payment every year |
| Subtotal | | | | | | 49,640 | | 49,516 | | |

Capital Securities Corporation
Statement of financial assets at fair value through profit or loss - current—trading securities
(Proprietary trading)
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars; Foreign currencies)

| Name of financial instrument | Description | Shares or units | Par value (Dollars) | Total amount | Interest rate | Acquisition cost | Fair value | | Fair value changes is attributable to the changes in credit risk | Note |
|---|-----------------------|-----------------|------------------------|--------------|---------------|---------------------|-------------------------|--------------|--|----------------------------------|
| | | | | | | | Unit price (Dollars) | Total amount | | |
| Corporate bonds | | | | | | | | | | |
| B66607 | 2021/07/05~2026/07/05 | | | 300,000 | 0.51% | \$ 300,000 | 99.47 | 298,438 | - | Interest payment every year |
| B95124 | 2020/10/12~2030/10/12 | | | 150,000 | 0.90% | 150,000 | 95.61 | 143,418 | - | " |
| B95125 | 2021/06/25~2028/06/25 | | | 400,000 | 0.68% | 400,000 | 97.38 | 389,553 | - | " |
| B99006 | 2024/06/24~2034/06/24 | | | 310,000 | 3.50% | 309,961 | 99.98 | 309,954 | - | " |
| B99009 | 2024/08/28~2034/08/28 | | | 610,000 | 3.50% | 610,000 | 99.99 | 609,976 | - | " |
| B99011 | 2024/12/09~2034/12/09 | | | 250,000 | 3.50% | 250,000 | 100.00 | 250,009 | - | " |
| Others | | | | 730,000 | | 726,702 | | 718,239 | - | Note |
| Subtotal | | | | | | 2,746,663 | | 2,719,587 | | |
| International bonds | | | | | | | | | | |
| F02642 | 2021/06/16~2031/06/16 | | USD | 15,000 | 2.30% | 471,450 | USD 88.16 | 415,638 | - | Interest payment every year |
| F05435 | 2021/02/08~2031/02/08 | | USD | 15,000 | 1.80% | 471,450 | USD 86.72 | 408,828 | - | " |
| F06804 | 2023/07/10~2028/07/10 | | USD | 7,500 | 4.89% | 235,725 | USD 101.23 | 238,620 | - | Interest payment every season |
| F13749 | 2021/10/06~2031/10/06 | | USD | 10,000 | 4.71% | 314,300 | USD 82.06 | 257,924 | - | Interest payment every year |
| F15601 | 2019/11/19~2026/11/19 | | TWD | 300,000 | 0.92% | 300,000 | TWD 99.43 | 298,304 | - | " |
| F16603 | 2021/09/07~2026/09/07 | | USD | 6,000 | 1.72% | 188,580 | USD 98.00 | 184,800 | - | " |
| F17002 | 2021/03/23~2026/03/23 | | USD | 14,951 | 1.75% | 469,904 | USD 99.44 | 468,790 | - | Interest payment every half year |
| Subtotal | | | | | | 2,451,409 | | 2,272,904 | | |
| Foreign stocks | | | | | | | | | | |
| Inesa Intelligent Tech Inc | | 420,000 | | | | 39,156 | CNY 18.69 | 35,292 | - | Shanghai Stock Exchange |
| Dawning Information Industry Co., Ltd | | 112,000 | | | | 38,197 | CNY 85.64 | 43,124 | - | " |
| Keli Sensing Technology (Ningbo) Co., Ltd | | 80,000 | | | | 23,241 | CNY 72.00 | 25,897 | - | " |
| Iflytek Co., Ltd | | 60,000 | | | | 12,882 | CNY 50.29 | 13,566 | - | Shenzhen Stock Exchange |
| ChaoZhou Three-circle (Group) Co., Ltd | | 100,000 | | | | 16,867 | CNY 45.75 | 20,569 | - | " |
| RoboTechnik Intelligent Technology Co., Ltd | | 16,500 | | | | 15,968 | CNY 233.30 | 17,307 | - | " |
| Others | | 506,910 | | | | 88,344 | | 106,239 | - | Note |
| Subtotal | | | | | | 234,655 | | 261,994 | | |
| Foreign funds | | | | | | | | | | |
| iShares Preferred and Income Securities ETF | | 250,000 | | | | 247,421 | USD 30.96 | 243,268 | - | American Stock Exchange |
| Vanguard Real Estate ETF | | 82,800 | | | | 234,513 | USD 88.49 | 230,287 | - | " |
| Others | | 16,900 | | | | 20,894 | | 20,251 | - | Note |
| Subtotal | | | | | | 502,828 | | 493,806 | | |
| Foreign bonds | | | | | | | | | | |
| GNR 2023-56 FC | | | USD | 8,988 | 4.91% | 282,481 | USD 100.27 | 283,243 | - | |
| GNR 23-63 JF | | | USD | 3,879 | 4.94% | 121,923 | USD 100.35 | 122,352 | - | |
| GNR 2024-4 FH M | | | USD | 6,814 | 5.16% | 214,170 | USD 100.63 | 215,509 | - | |
| GNR 2024-126 FH | | | USD | 8,551 | 5.06% | 268,761 | USD 100.50 | 270,105 | - | |
| QUANTA 0 09/16/ | | | USD | 1,121 | 0.00% | 35,236 | USD 103.48 | 32,522 | - | |
| ZHEDIN 0 09/25/ | | | USD | 312 | 0.00% | 9,816 | USD 100.09 | 9,437 | - | |
| GNR 2025-192 F | | | USD | 9,981 | 4.91% | 313,705 | USD 100.20 | 314,329 | - | |
| | | | | | | 1,246,092 | | 1,247,497 | | |
| Other | | | | | | | | | | |
| FSITC Taiwan Stock Trend Selection Active ETF | | 5,500,000 | 10 | 55,000 | | 55,000 | 10.00 | 55,000 | - | |
| Red Sunrise Co., Ltd | | 100,000 | 10 | 1,000 | | 3,500 | 35.00 | 3,500 | - | |
| Others | | 29,129 | 10 | 291 | | 1,057 | | - | - | Note |
| Subtotal | | | | | | 59,557 | | 58,500 | | |
| Total | | | | | | 55,252,235 | | 56,798,083 | | |
| Valuation adjustment | | | | | | 1,545,848 | | | | |
| Net amount | | | | | | \$ 56,798,083 | | | | |

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation
Statement of financial assets at fair value through profit or loss - current—trading securities
(Underwriting business)
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Name of financial instrument | Description | Shares or units | Par value (Dollars) | Total amount | Interest rate | Acquisition cost | Fair value | | Fair value changes is attributable to the changes in credit risk | Note |
|---|-------------|-----------------|---------------------|--------------|---------------|------------------|----------------------|--------------|--|------|
| | | | | | | | Unit price (Dollars) | Total amount | | |
| Listed stocks | | | | | | | | | | |
| Chia Her Industrial Co., Ltd. | | 567,964 | \$ 10 | 5,680 | | \$ 5,940 | 11.10 | 6,304 | - | |
| Ta Chen Stainless Pipe Co., Ltd. | | 17,000 | 10 | 170 | | 527 | 35.59 | 605 | - | |
| Subtotal | | | | | | 6,467 | | 6,909 | | |
| OTC stocks | | | | | | | | | | |
| Fulltech Fiber Glass Corp. | | 40,000 | 10 | 400 | | 2,640 | 94.40 | 3,776 | - | |
| Brogent Technology Inc. | | 85,000 | 10 | 850 | | 7,225 | 103.51 | 8,798 | - | |
| Subtotal | | | | | | 9,865 | | 12,574 | | |
| Convertible bonds | | | | | | | | | | |
| Huayulien Development Co.,Ltd. 3th Domestic Unsecured Convertible Bond(14363) | | 545 | 100,000 | 54,500 | | 54,500 | 99.50 | 54,228 | - | |
| Huayulien Development Co.,Ltd. 4th Domestic Unsecured Convertible Bond(14364) | | 580 | 100,000 | 58,000 | | 58,580 | 96.20 | 55,796 | - | |
| Pan German Universal Motors Ltd. 1st Domestic Unsecured Convertible Bond(22471) | | 146 | 100,000 | 14,600 | | 14,746 | 105.45 | 15,396 | - | |
| Gold Circuit Electronics Ltd. 3rd Domestic Unsecured Convertible Bond(23683) | | 90 | 100,000 | 9,000 | | 10,159 | 159.00 | 14,310 | - | |
| Grand Process Technology Corporation 2nd Domestic Unsecured Convertible Bond(31312) | | 165 | 100,000 | 16,500 | | 18,233 | 126.00 | 20,790 | - | |
| Grand-Tek Technology Co., Ltd. 1st Domestic Unsecured Convertible Bond(36841) | | 300 | 100,000 | 30,000 | | 30,300 | 134.90 | 40,470 | - | |
| Others | | 748 | 100,000 | 74,800 | | 77,618 | | 81,424 | - | Note |
| Subtotal | | | | | | 264,136 | | 282,414 | | |
| Total | | | | | | 280,468 | | 301,897 | | |
| Valuation adjustment | | | | | | 21,429 | | | | |
| Net amount | | | | | | \$ 301,897 | | | | |

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation

Statement of financial assets at fair value through profit or loss - current—trading securities

(Hedging business)

December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| Name of financial instrument | Description | Shares or units | Par value (Dollars) | Total amount | Interest rate | Acquisition cost | Fair value | | Fair value changes is attributable to the changes in credit risk | Note |
|---|-------------|-----------------|------------------------|--------------|---------------|---------------------|-------------------------|--------------|--|---|
| | | | | | | | Unit price (Dollars) | Total amount | | |
| Listed stocks | | | | | | | | | | |
| Taiwan Semiconductor Manufacturing Co., Ltd. | | 352,537 | \$ 10 | 3,525 | | 496,953 | 1,550.00 | 546,432 | - | Warrants |
| Wiwynn Corporation | | 462,256 | 10 | 4,623 | | 441,210 | 1,096.38 | 506,809 | - | " |
| Others | | 140,297,838 | 10 | 1,402,978 | | 5,089,541 | | 5,751,476 | - | Warrants/Equity Derivatives/ Structured notes/Note |
| Subtotal | | | | | | 6,027,704 | | 6,804,717 | | |
| OTC stocks | | | | | | | | | | |
| Fulltech Fiber Glass Corp. | | 910,373 | 10 | 9,104 | | 73,589 | 94.40 | 85,939 | - | Warrants |
| ADATA Technology Co., Ltd. | | 514,489 | 10 | 5,145 | | 101,557 | 279.50 | 143,800 | - | " |
| Others | | 14,632,046 | 10 | 146,320 | | 1,028,120 | | 1,092,106 | - | Warrants、 Structured notes/Note |
| Subtotal | | | | | | 1,203,266 | | 1,321,845 | | |
| Convertible bonds | | | | | | | | | | |
| Others | | 153,592 | 100,000 | 15,359,200 | | 18,038,542 | | 17,835,951 | - | Asset swaps/Note |
| Subtotal | | | | | | 18,038,542 | | 17,835,951 | | |
| Others | | | | | | | | | | |
| Capital Global Financial Bond Fund | | 2,652,083 | 10 | 26,521 | | 25,293 | 8.00 | 21,219 | - | Structured notes |
| Allianz Global Investors All Seasons Harvest Fund of Bond Funds | | 7,214,992 | 10 | 72,150 | | 51,440 | 6.96 | 50,237 | - | " |
| Subtotal | | | | | | 76,733 | | 71,456 | | |
| Total | | | | | | 25,346,245 | | 26,033,969 | | |
| Valuation adjustment | | | | | | 687,724 | | | | |
| Net amount | | | | | | \$ 26,033,969 | | | | |

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation
Statement of financial assets at fair value through other comprehensive income - curren
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars; Foreign currencies)

| Name of financial instrument | Description | Shares or units | Par value (Dollars) | Total amount | Interest rate | Acquisition cost | Accumulated impairment | Fair Value | | Note | |
|-------------------------------------|-----------------------|-------------------------------------|------------------------|--------------|---------------|------------------|---------------------------|-------------------------|--------------|------------|----------------------------------|
| | | | | | | | | Unit price (Dollars) | Total amount | | |
| Debt instruments | | | | | | | | | | | |
| Government bonds | | | | | | | | | | | |
| A05111 | 2016/09/07~2026/09/07 | Repayment of principal at maturity. | 4,000 | \$ 100,000 | 400,000 | 0.63% | \$ 400,023 | - | 99.65 | 398,601 | Interest payment every year |
| A12101R | 2023/01/17~2028/01/17 | Repayment of principal at maturity. | 3,200 | 100,000 | 320,000 | 1.00% | 319,466 | - | 99.52 | 318,470 | " |
| A12104 | 2023/03/03~2043/03/03 | Repayment of principal at maturity. | 1,000 | 100,000 | 100,000 | 1.38% | 99,334 | - | 99.34 | 99,348 | " |
| A13101 | 2024/01/05~2026/01/05 | Repayment of principal at maturity. | 1,000 | 100,000 | 100,000 | 1.13% | 100,000 | - | 100.00 | 100,001 | " |
| A13103R | 2024/01/29~2029/01/29 | Repayment of principal at maturity. | 1,000 | 100,000 | 100,000 | 1.13% | 99,796 | - | 99.55 | 99,551 | " |
| A13106 | 2024/05/24~2054/05/24 | Repayment of principal at maturity. | 1,000 | 100,000 | 100,000 | 1.88% | 97,524 | - | 101.07 | 101,074 | " |
| A14106 | 2025/05/16~2055/05/16 | Repayment of principal at maturity. | 1,000 | 100,000 | 100,000 | 1.88% | 99,664 | - | 106.37 | 106,375 | " |
| Others | | | | | | | 49,816 | - | | 49,707 | Note |
| Subtotal | | | | | | | 1,265,623 | | | 1,273,127 | |
| Corporate bonds | | | | | | | | | | | |
| B20167 | 2024/04/26~2029/04/26 | Repayment of principal at maturity. | 5,000 | 100,000 | 500,000 | 1.70% | 500,000 | - | 100.10 | 500,515 | Interest payment every year |
| B402BP | 2024/12/10~2029/12/10 | Installment Repayment of Principal | 4,000 | 100,000 | 400,000 | 1.92% | 400,000 | - | 100.83 | 403,324 | " |
| B644D9 | 2024/04/25~2029/04/25 | Repayment of principal at maturity. | 8,000 | 100,000 | 800,000 | 1.80% | 800,000 | - | 100.42 | 803,386 | " |
| B92360 | 2023/09/25~2028/09/25 | Repayment of principal at maturity. | 5,000 | 100,000 | 500,000 | 1.70% | 500,000 | - | 99.79 | 498,969 | " |
| B94461 | 2024/03/12~2029/03/12 | Repayment of principal at maturity. | 4,000 | 100,000 | 400,000 | 1.68% | 400,000 | - | 99.63 | 398,529 | " |
| Others | | | | | | | 4,749,301 | - | | 4,762,811 | Note |
| Subtotal | | | | | | | 7,349,301 | | | 7,367,534 | |
| International bonds | | | | | | | | | | | |
| P18NATIX2 | 2018/03/08~2048/03/08 | Repayment of principal at maturity. | | | USD 10,000 | | 314,300 | - | USD 75.52 | 237,370 | Interest payment every year |
| P23NATIX9 | 2023/11/21~2028/11/21 | Repayment of principal at maturity. | | | USD 20,000 | 5.26% | 628,600 | - | USD 102.14 | 642,039 | Interest payment every season |
| Subtotal | | | | | | | 942,900 | | | 879,409 | |
| Foreign bonds | | | | | | | | | | | |
| T 2.875 05/15/3 | 2022/05/16~2032/05/15 | Repayment of principal at maturity. | | | USD 35,000 | 2.88% | 1,051,018 | - | USD 94.33 | 1,037,656 | Interest payment every half year |
| Others | | | | | | | 14,579,856 | - | | 14,571,368 | Note |
| Subtotal | | | | | | | 15,630,874 | | | 15,609,024 | |
| Total | | | | | | | 25,188,698 | | | 25,129,094 | |
| Valuation adjustment | | | | | | | (59,604) | | | | |
| Net amount | | | | | | | 25,129,094 | | | | |
| Equity instrument | | | | | | | | | | | |
| Listed stocks | | | | | | | | | | | |
| Sampo Corporation | | | 1,485,000 | 10 | 14,850 | | 43,607 | Not applicable | 24.40 | 36,234 | |
| Chunghwa Telecom Co., Ltd. | | | 504,000 | 10 | 5,040 | | 65,321 | " | 130.50 | 65,772 | |
| Taiwan Mobile Co., Ltd | | | 597,000 | 10 | 5,970 | | 63,467 | " | 108.50 | 64,775 | |
| Others | | | 7,783,404 | 10 | 77,834 | | 655,793 | " | | 614,666 | Note |
| Subtotal | | | | | | | 828,188 | | | 781,447 | |
| OTC stocks | | | | | | | | | | | |
| Chipbond Technology Corporation | | | 5,000 | 10 | 50 | | 365 | " | 54.00 | 270 | |
| Taiwan Union Technology Corporation | | | 2,000 | 10 | 20 | | 114 | " | 494.00 | 988 | |
| Others | | | 157 | 10 | 2 | | 18 | " | | 26 | Note |
| Subtotal | | | | | | | 497 | | | 1,284 | |
| Total | | | | | | | 828,685 | | | 782,731 | |
| Valuation adjustment | | | | | | | (45,954) | | | 25,911,825 | |
| Net amount | | | | | | | 782,731 | | | | |
| Grand Total | | | | | | | \$ 25,911,825 | | | | |

Note: The amount of single security is under 5% of the subject.

Capital Securities Corporation
Statement of receivable for securities provided as
collateral
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Name of security</u> | <u>Shares or units</u> | <u>Amount</u> | <u>Note</u> |
|---------------------------------------|------------------------|----------------------|---|
| Others | 554,978,000 | \$ 23,273,590 | The amount of single security is under 5% of the subject. |
| Less: allowance for doubtful accounts | | - | |
| Total | | <u>\$ 23,273,590</u> | |

Capital Securities Corporation
Statement of derivative instruments and others
approved by the authority
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Name of derivative instrument</u> | <u>Description</u> | <u>Fair Value</u> | <u>Note</u> |
|---------------------------------------|-------------------------------------|----------------------------|-------------|
| Derivative financial asset | Buy options | \$ 1,443 | |
| | Futures margin - Security | 701,795 | |
| | Futures margin - proprietary fund | 3,311,824 | |
| | IRS asset swaps | 18,708 | |
| | Asset swap options - long position | 1,482,197 | |
| | Structured notes | 1,128 | |
| | Exchange rate derivatives | 56,566 | |
| | Interest rate swaps | <u>143</u> | |
| | Total | <u><u>\$ 5,573,804</u></u> | |
| Derivative financial liability | Stock warrant issued | \$ 24,362,160 | |
| | Stock warrant repurchase | (22,373,285) | |
| | Sale options | 1,871 | |
| | IRS asset swaps | 434,077 | |
| | Asset swap options - short position | 3,772,141 | |
| | Structured notes | 39,585 | |
| | Equity derivatives | 673 | |
| | Exchange rate derivatives | <u>319</u> | |
| | Total | <u><u>\$ 6,237,541</u></u> | |

Capital Securities Corporation
Statement of accounts receivable
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Client name</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|-----------------------------|---|-----------------------------|---|
| TWSE&TPEX, etc. | Receivables on securities sold | \$ 19,818,534 | |
| " | Settlement | 4,673,299 | |
| Subsidiaries and Associates | Commission receivable | 12,325 | |
| Customers of the Brokerage | Receivable on securities purchased by customers | 115,411 | The amount of single client is under 5% of the subject. |
| " | Interests receivable - financing | 292,168 | " |
| Others | Interests receivable - others | 674,925 | " |
| " | Others | 259,810 | " |
| | Subtotal | <u>25,846,472</u> | |
| | Less: allowance for doubtful accounts | <u>-</u> | |
| | Total | <u><u>\$ 25,846,472</u></u> | |

Statement of prepayments

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|---|--------------------------------------|-------------------------|---|
| TWSE&TPEX, etc. | Warrant listing fees | \$ 3,635 | |
| Capital Securities Investment Trust Co., Ltd. | Prepaid ETF subscription fees | 9,641 | |
| Yuanta Securities Investment Trust Co., Ltd. | " | 2,821 | |
| Taishin Securities Investment Trust Co., Ltd. | " | 4,363 | |
| Others | Prepaid repairs and maintenance fees | 5,292 | The amount of single item is under 5% of the subject. |
| " | Others | <u>35,560</u> | " |
| Total | | <u><u>\$ 61,312</u></u> | |

Capital Securities Corporation

Statement of other receivables

December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|--|--|-------------------|--|
| Other receivable | Default receivable | \$ 41,276 | |
| | Rental receivable | 8,382 | |
| | Interests receivable- Time deposit | 28,432 | |
| | Receivable from bank's allocation fee | 7,820 | |
| | Others | 164,513 | The amount of single item is under 5% of the subject. |
| | Subtotal | 250,423 | |
| Less: allowance for doubtful accounts | | (54,846) | |
| | Total | <u>\$ 195,577</u> | |

Statement of other current assets

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|--|--------------------|-------------------|--|
| Restricted assets - current | | \$ 389,946 | |
| Settlement payment | | 302,256 | |
| Receipts under custody from customer's security subscription | | 276 | |
| Others | | 15 | The amount of single item is under 5% of the subject. |
| Total | | <u>\$ 692,493</u> | |

Capital Securities Corporation

**Statement of changes in financial assets at fair value through profit or loss –
non-current**

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| Name of financial instrument | Beginning Balance | | Addition | | Decrease | | Ending Balance | | Collateral | Note |
|------------------------------|-------------------|-------------------|-----------|--------------|-----------|----------|----------------|----------------|------------|-----------------------------|
| | Par value | Fair value | Par value | Amount | Par value | Amount | Par value | Fair value | | |
| A12101R | 1,300 | \$ 128,117 | - | 1,262 | - | - | 1,300 | 129,379 | Yes | Interest payment every year |
| A11106 | 500 | 49,613 | - | 235 | - | - | 500 | 49,848 | " | " |
| Total | | <u>\$ 177,730</u> | | <u>1,497</u> | | <u>-</u> | | <u>179,227</u> | | |

Capital Securities Corporation
Statement of financial assets measured at fair value through other
comprehensive income – non-current

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| Name | Beginning Balance | | Addition | | Decrease | | Ending Balance | | Accumulated impairment | Collateral | Note |
|--|--------------------|----------------------------|--------------------|-----------------------|--------------------|----------------------|--------------------|-------------------------|---------------------------|------------|------|
| | Shares or units | Fair value | Shares or units | Amount | Shares or units | Amount | Shares or units | Fair value | | | |
| Taiwan Depository & Clearing Corporation | 10,058,404 | \$ 1,715,360 | 3,017,521 | - | - | 54,979 | 13,075,925 | 1,660,381 | Not applicable | No | |
| Taiwan Futures Exchange Corporation | 17,731,459 | 1,070,803 | 2,837,033 | 63,139 | - | - | 20,568,492 | 1,133,942 | " | " | |
| Taiwan Stock Exchange Corporation | 17,662,633 | 1,501,324 | 5,298,843 | 450,401 | - | - | 22,961,476 | 1,951,725 | " | " | |
| Others | 8,766,888 | 156,891 | - | 5,000 | - | 23,017 | 8,766,888 | 138,874 | " | " | Note |
| Total | | <u>\$ 4,444,378</u> | | <u>518,540</u> | | <u>77,996</u> | | <u>4,884,922</u> | | | |

Note: The amount of single item is under 5% of the subject.

Capital Securities Corporation
Statement of financial assets at amortized cost - non - current
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Name | Beginning Balance | | Addition | | Decrease | | Ending Balance | | Accumulated impairment | Collateral | Note |
|-----------------|-------------------|---------------------|-----------------|----------------|-----------------|------------------|-----------------|------------------|------------------------|------------|--------|
| | Shares or units | Fair value | Shares or units | Amount | Shares or units | Amount | Shares or units | Fair value | | | |
| HSBC 7.39 11/03 | 11,000 | \$ 371,296 | - | - | - | 18,765 | 11,000 | 352,531 | 101 | Note 2 | |
| HSBC 7.336 11/0 | 16,000 | 531,972 | - | - | 16,000 | 531,972 | - | - | - | " | |
| C 3.668 07/24/2 | 13,000 | 408,089 | - | - | - | 10,378 | 13,000 | 397,711 | 205 | " | |
| JPM 3.54 05/01/ | 13,000 | 409,580 | - | - | - | 10,339 | 13,000 | 399,241 | 114 | " | |
| HSBC Float 09/1 | 10,000 | 329,759 | - | - | 10,000 | 329,759 | - | - | - | " | |
| NAB 4.95 11/25/ | 15,000 | 306,334 | - | 9,168 | - | - | 15,000 | 315,502 | 36 | " | |
| SANTAN Float 03 | 9,000 | 295,329 | - | - | - | 12,283 | 9,000 | 283,046 | 146 | " | |
| WFC Float 09/15 | - | - | 10,000 | 314,497 | - | - | 10,000 | 314,497 | 162 | " | |
| G189AX | 500,000 | 500,000 | - | - | - | - | 500,000 | 500,000 | 143 | " | |
| Others | 136,000 | 3,416,776 | 11,500 | 401,067 | 28,000 | 866,878 | 119,500 | 2,950,965 | 873 | " | Note 1 |
| Total | | \$ 6,569,135 | | 724,732 | | 1,780,374 | | 5,513,493 | 1,780 | | |

Note 1: The amount of single item is under 5% of the subject.

Note 2: Its financial assets are subject to repurchase conditions.

Capital Securities Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| Name of investee | Beginning Balance | | Addition | | Decrease | | Ending Balance | | | Market Value or Net Assets Value | | Collateral | Note |
|-------------------------------------|-------------------|---------------------|------------|------------------|----------|------------------|----------------|-------------------------|-------------------|----------------------------------|-------------------|------------|-------|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Percentage of ownership | Amount | Unit price | Total amount | | |
| Capital Investment Management Corp. | 7,000,000 | \$ 77,165 | - | 1,869 | - | 281 | 7,000,000 | 100.00 % | 78,753 | 11.25 | 78,753 | No | Note1 |
| CSC International Holdings Ltd. | 45,000,000 | 1,700,728 | - | - | - | 97,539 | 45,000,000 | 100.00 % | 1,603,189 | 35.63 | 1,603,189 | " | Note2 |
| Capital Futures Corp. | 119,066,014 | 4,380,054 | 19,553,697 | 1,824,897 | - | 422,075 | 138,619,711 | 55.46 % | 5,782,876 | 51.00 | 7,069,605 | " | Note3 |
| Capital Insurance Advisory Corp. | 500,000 | 64,438 | - | 50,661 | - | 38,560 | 500,000 | 100.00 % | 76,539 | 153.08 | 76,539 | " | Note4 |
| CSC Venture Capital Corp. | 100,000,000 | 890,853 | - | 99,596 | - | 87,453 | 100,000,000 | 100.00 % | 902,996 | 9.04 | 903,746 | " | Note5 |
| CSC Private Equity Corp. | 33,000,000 | 333,550 | - | 29,120 | - | 44,494 | 33,000,000 | 100.00 % | 318,176 | 9.65 | 318,416 | " | Note6 |
| Capital Investment Trust Corp. | 33,067,507 | 1,603,918 | - | 461,655 | - | 314,141 | 33,067,507 | 20.00 % | 1,751,432 | 37.32 | 1,234,177 | " | Note7 |
| Total | | \$ 9,050,706 | | 2,467,798 | | 1,004,543 | | | 10,513,961 | | 11,284,425 | | |

Note 1: The addition of Capital Investment Management Corp. is due to gains on investment amounted to \$1,869; the decrease is due to actuarial loss from define benefit plans amounted to \$281.

Note 2: The decrease of CSC International Holdings Ltd. is due to the investment loss amounted to \$25,892 and allocation of exchange differences on translation of foreign operations amounted to \$71,647.

Note 3: The addition of Capital Futures Corp. is due to investment profits amounted to \$740,197, recognized investment amounted to \$1,032,436, unrealized gains from investments in equity instruments measured at fair value through other comprehensive income amounted to \$13,139, the actuarial gains on capital surplus changes in ownership interests in subsidiaries amounted to \$37,810, and actuarial gain from define benefit plans amounted to \$1,315; the decrease is due to the declaration for cash dividends distributed by the investee amounted to \$392,294, allocation of exchange differences on translation of foreign operations amounted to \$26,683, and disposal loss from investment in equity instruments at fair value through other comprehensive income amounted to \$3,098.

Note 4: The addition of Capital Insurance Advisory Corp. is due to investment profits amounted to \$50,661; the decrease is due to the declaration for cash dividends distributed by the investee amounted to \$38,560.

Note 5: The addition of CSC Venture Capital Corp. is due to unrealized gains from investments in equity instruments measured at fair value through other comprehensive income amounted to \$99,596; the decrease is due to investment losses amounted to \$11,914 and unrealized loss from investments in equity instruments measured at fair value through other comprehensive income amounted to \$75,539.

Note 6: The addition of CSC Private Equity Corp. is due to investment profits amounted to \$29,120; the decrease is due to the declaration for cash dividends distributed by the investee amounted to \$1,320, unrealized gains from investments in equity instruments measured at fair value through other comprehensive income amounted to \$28,127, and disposal loss from investment in equity instruments at fair value through other comprehensive income amounted to \$15,047.

Note 7: The addition of Capital Investment Trust Corp. is due to investment profits amounted to \$454,873; unrealized gains from investments in equity instruments measured at fair value through other comprehensive income amounted to \$6,016, and actuarial gain from define benefit plans amounted to \$766; the decrease is due the declaration for cash dividends distributed by the investee amounted to \$314,141.

Capital Securities Corporation
Statement of changes in property and equipment
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Item | Beginning Balance | Addition | Decrease | Ending Balance | Collateral | Note |
|------------------------|------------------------------|-----------------|-----------------|---------------------------|-------------------|-------------|
| Land | \$ 1,649,972 | 117,534 | 308,990 | 1,458,516 | Note 1, Note 2 | |
| Buildings | 975,892 | 10,230 | 134,272 | 851,850 | " | |
| Equipment | | | | | | |
| Office | 42,771 | 2,600 | 3,778 | 41,593 | Note 1 | |
| Computer facilities | 369,592 | 156,718 | 53,936 | 472,374 | " | |
| Miscellaneous | 146,942 | 11,926 | 25,418 | 133,450 | " | |
| Leasehold improvements | 163,507 | 6,884 | 17,782 | 152,609 | " | |
| Total | \$ 3,348,676 | 305,892 | 544,176 | 3,110,392 | | |

Note 1: The addition includes purchases and transferred-in, and the decrease includes disposals, retirements and transferred-out.

Note 2: Please refer to Note(8) for collateral of property and equipment.

Capital Securities Corporation

**Statement of changes in accumulated depreciation of
property and equipment**

For the year ended December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| Item | Beginning Balance | Addition | Decrease | Ending Balance | Note |
|------------------------|------------------------------|-----------------------|-----------------------|---------------------------|----------------|
| Buildings | \$ 484,939 | 22,181 | 36,644 | 470,476 | Note 1, Note 2 |
| Equipment | | | | | |
| Office | 28,262 | 5,206 | 3,778 | 29,690 | " |
| Computer facilities | 223,395 | 75,218 | 53,936 | 244,677 | " |
| Miscellaneous | 90,941 | 18,467 | 25,418 | 83,990 | " |
| Leasehold improvements | 107,280 | 28,210 | 17,782 | 117,708 | " |
| Total | \$ <u>934,817</u> | <u>149,282</u> | <u>137,558</u> | <u>946,541</u> | |

Note 1: The addition includes depreciation and transferred-in, and the decrease includes disposals, retirements and transferred-out .

Note 2: The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

(1) Buildings : 3~55 years

(2) Office equipment and computer facilities : 3~5 years

(3) Miscellaneous equipment : 5~10 years

(4) Leasehold improvements are depreciated evenly by the shorter of the estimated useful life or the lease term.

Capital Securities Corporation
Statement of changes in right-of-use assets
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Beginning Balance</u> | <u>Addition</u> | <u>Decrease</u> | <u>Ending Balance</u> | <u>Note</u> |
|--------------|------------------------------|-----------------|-----------------|-----------------------|-------------|
| Buildings | \$ 1,220,111 | 105,245 | 126,488 | 1,198,868 | |
| Equipment | 20,567 | 4,322 | 3,999 | 20,890 | |
| Total | \$ 1,240,678 | 109,567 | 130,487 | 1,219,758 | |

**Statement of changes in accumulated depreciation of
right-of-use assets**

| <u>Item</u> | <u>Beginning Balance</u> | <u>Addition</u> | <u>Decrease</u> | <u>Ending Balance</u> | <u>Note</u> |
|--------------|------------------------------|-----------------|-----------------|-----------------------|-------------|
| Buildings | \$ 723,544 | 176,205 | 126,488 | 773,261 | |
| Equipment | 8,942 | 5,160 | 2,104 | 11,998 | |
| Total | \$ 732,486 | 181,365 | 128,592 | 785,259 | |

Capital Securities Corporation
Statement of changes in investment property
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Item | Beginning Balance | Addition | Decrease | Ending Balance | Note |
|--------------|------------------------------|-----------------|-----------------|---------------------------|-------------------------------|
| Land | \$ 3,305,735 | 308,990 | 117,534 | 3,497,191 | Note1, Note2 |
| Buildings | 1,338,214 | 134,272 | 10,230 | 1,462,256 | Note1, Note2, Note3, Note4 |
| Total | \$ 4,643,949 | 443,262 | 127,764 | 4,959,447 | |

Note 1: The current increases represent transferred-in, and the current decreases represent transferred-out.

Note 2: The property is subsequently measured at cost method.

Note 3: Please refer to Note(8) for collateral of investment property.

Note 4: The depreciation is recognized on a straight-line basis, and the useful life is estimated 3~55 years.

**Statement of changes in accumulated depreciation of
investment property**

| Item | Beginning Balance | Addition | Decrease | Ending Balance | Note |
|-------------|------------------------------|-----------------|-----------------|---------------------------|-------------|
| Buildings | \$ 684,682 | 65,488 | 4,474 | 745,696 | Note |

Note: The addition includes depreciation and transferred-in, and the decrease includes transferred-out.

Capital Securities Corporation
Statement of other non-current assets
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|---|---|---------------------|-------------|
| Guarantee deposited for business operations | Time deposits within one year and government bonds | \$ 1,040,000 | |
| Settlement fund | Deposited at Taiwan Stock Exchange, Taipei Exchange and Taiwan Futures Exchange | 289,669 | |
| Refundable deposits | | 86,299 | |
| Deferred fee | | 11,274 | |
| Overdue receivables | | 218,723 | |
| Prepayments for business facilities | | 46,868 | |
| Subtotal | | 1,692,833 | |
| Less: allowance for doubtful accounts | | (218,723) | |
| Total | | <u>\$ 1,474,110</u> | |

Capital Securities Corporation
Statement of short-term borrowings
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Type</u> | <u>Description</u> | <u>Ending balance</u> | <u>Contract term</u> | <u>Range of interest rate</u> | <u>Loan Commitment</u> | <u>Collateral</u> | <u>Note</u> |
|---------------------|-----------------------------------|-----------------------|----------------------|-------------------------------|------------------------|-------------------|-------------|
| Collateralized loan | loans from financial institutions | \$ 4,052,680 | due within one year | 1.75%~5.04% | 40,593,000 | Property | |
| Credit loan | " | 2,510,350 | " | 1.70%~4.23% | 8,421,550 | None | |
| | | <u>\$ 6,563,030</u> | | | | | |

Capital Securities Corporation
Statement of financial liabilities at fair value through profit or loss(excluding derivatives) - current
(Liabilities on sale of borrowed securities)
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Name of financial instrument | Description | Shares or units | Par value (Dollars) | Total amount | Interest rate | Fair Value | | Fair value changes is attributable to the changes in credit risk | Note |
|--|-------------|-----------------|------------------------|-----------------------------|---------------|-------------------------|-------------------|--|-----------------|
| | | | | | | Unit price (Dollars) | Total amount | | |
| Hedged | | | | | | | | | |
| Cathay Financial Holding Co., Ltd | | 401,000 | \$ 10 | \$ 27,344 | | 75.80 | 30,396 | - | Warrants-hedged |
| Nanya Technology Corporation | | 438,000 | 10 | 17,153 | | 193.00 | 84,534 | - | " |
| Jinan Acetate Chemical Co., Ltd | | 530,000 | 10 | 31,500 | | 51.90 | 27,507 | - | " |
| Parade Technologies, Ltd | | 23,000 | 10 | 16,632 | | 584.00 | 13,432 | - | " |
| Allied Circuit Co., Ltd | | 76,000 | 10 | 12,630 | | 168.00 | 12,768 | - | " |
| Others | | 1,517,000 | 10 | 117,871 | | | 115,699 | - | "/Note |
| Subtotal | | | | <u>223,130</u> | | | <u>284,336</u> | | |
| Non-hedged | | | | | | | | | |
| Yuanta U.S. Treasury 20+ Year Bond ETF | | 62,627,000 | 10 | 1,807,791 | | 27.24 | 1,705,960 | - | |
| Others | | 1,168,148,600 | 10 | 25,775,038 | | | 27,982,377 | - | Note |
| Subtotal | | | | <u>27,582,829</u> | | | <u>29,688,337</u> | | |
| Total | | | | <u>27,805,959</u> | | | <u>29,972,673</u> | | |
| Valuation adjustment | | | | <u>2,166,714</u> | | | | | |
| Net amount | | | | <u><u>\$ 29,972,673</u></u> | | | | | |

Note : The amount of single security is under 5% of the subject.

Capital Securities Corporation
Statement of bonds sold under repurchase
agreements
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Name of security | Contract terms | | | Type | Amount | | Note |
|------------------|----------------|---------------|------------------------|------|----------------------|-------------------|------|
| | Start Date | Maturity date | Range of interest rate | | Par value (Dollars) | Turnover | |
| Others | 2025.06.06 | 2026.01.02 | 1.05%~4.35% | | \$ <u>45,307,281</u> | <u>43,305,196</u> | Note |
| | ~2025.12.30 | ~2026.12.31 | | | | | |

Note: The amount of single security is under 5% of the subject.

Statement of guarantee deposited for short sales

| Name of security | Shares | Amount | Note |
|----------------------------|-------------------|---------------------|---|
| AURAS Technology Co., Ltd. | 284,000 | \$ 244,318 | |
| Others | 29,131,000 | 2,320,530 | The amount of single security is under 5% of the subject. |
| | <u>29,415,000</u> | <u>\$ 2,564,848</u> | |

Capital Securities Corporation
Statement of proceeds payable from short sales
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Name of security</u> | <u>Shares</u> | <u>Amount</u> | <u>Note</u> |
|----------------------------|-------------------|---------------------|---|
| AURAS Technology Co., Ltd. | 284,000 | \$ 270,432 | |
| Others | 29,131,000 | 2,593,259 | The amount of single security is under 5% of the subject. |
| | <u>29,415,000</u> | <u>\$ 2,863,691</u> | |

Statement of accounts payable

| <u>Client name</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|----------------------------|---|----------------------|---|
| Taipei Exchange | Payable on securities purchased | \$ 1,471,173 | |
| Taiwan Stock Exchange | " | 541,922 | |
| Customers of the brokerage | " | 19,550,130 | |
| " | Payable of securities sold by customers | 73,817 | |
| Subsidiaries | Commission payable | 5,429 | The amount of single client is under 5% of the subject. |
| Others | Payable on securities purchased | 205,952 | " |
| " | Others | <u>338,985</u> | " |
| | Total | <u>\$ 22,187,408</u> | |

Capital Securities Corporation

Statement of other payables

December 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|---|--------------------|---------------------|---|
| Salary and bonus payable | | \$ 895,967 | |
| Service charge discounts payable | | 189,398 | |
| Employees and directors' remuneration payable | | 166,870 | |
| Others | | 321,905 | The amount of single item is under 5% of the subject. |
| Total | | <u>\$ 1,574,140</u> | |

Statement of lease liabilities

| <u>Item</u> | <u>Description</u> | <u>Lease Term</u> | <u>Discount Rate</u> | <u>Ending Balance</u> | <u>Note</u> |
|-------------|--------------------|-----------------------|----------------------|-----------------------|-------------|
| Buildings | | 2019.01.01~2031.12.31 | 0.51%~2.08% | \$ 461,258 | Note |
| Equipment | | 2021.11.13~2030.05.07 | 0.75%~2.03% | 8,616 | " |
| | | | | <u>\$ 469,874</u> | |

Note: Lease liabilities due within one year have been accounted for under current liabilities.

Statement of provisions - current

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|-------------------|----------------------|------------------|-------------|
| Employee benefits | Compensated absences | <u>\$ 56,472</u> | |

Capital Securities Corporation
Statement of long-term borrowings
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Creditor</u> | <u>Description</u> | <u>Amount</u> | <u>Term of contract</u> | <u>Interest rate</u> | <u>Loan Commitment</u> | <u>Collateral</u> | <u>Note</u> |
|----------------------------|--------------------|---------------------|-------------------------|----------------------|------------------------|-------------------|-------------|
| Long-term bank credit loan | Syndicated loan | \$ 6,000,000 | 2025.01.07~2028.01.07 | 2.187% | 10,000,000 | None | |
| Total | | <u>\$ 6,000,000</u> | | | <u>10,000,000</u> | | |

Capital Securities Corporation
Statement of deferred income tax liabilities
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|---|--------------------|-------------------|-------------|
| Unrealized gains on derivative financial instruments | | \$ 237,807 | |
| Gains on intercompany transactions | | 1,928 | |
| Amortization of goodwill | | 362,697 | |
| Land value incremental tax | | 47,690 | |
| Foreign exchange difference from translating financial statements of foreign operations | | 40,395 | |
| Unrealized gains on foreign investments under equity method | | 12,332 | |
| | | <u>\$ 702,849</u> | |

Statement of other non-current liabilities

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|-----------------------------|--------------------|-------------------|-------------|
| Guarantee deposits received | | \$ 53,042 | |
| Pension liability payable | | <u>171,650</u> | |
| Total | | <u>\$ 224,692</u> | |

Capital Securities Corporation
Statement of brokerage commissions
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Month | Brokerage commission | | Securities | Other brokerage commission | Total | Note |
|--------------|-----------------------------|-------------------|--------------------------------|---------------------------------------|------------------|-------------|
| | TSE market | OTC market | Lending Fees Income | | | |
| January | \$ 201,494 | 61,965 | 2,098 | 14,037 | 279,594 | |
| February | 273,218 | 84,223 | 2,376 | 18,716 | 378,533 | |
| March | 263,124 | 96,047 | 2,575 | 18,646 | 380,392 | |
| April | 215,078 | 68,910 | 2,407 | 24,179 | 310,574 | |
| May | 243,650 | 81,811 | 2,173 | 23,922 | 351,556 | |
| June | 352,493 | 90,660 | 2,295 | 19,395 | 464,843 | |
| July | 297,818 | 97,339 | 3,003 | 27,720 | 425,880 | |
| August | 342,301 | 126,800 | 3,036 | 18,694 | 490,831 | |
| September | 364,327 | 140,692 | 3,229 | 28,654 | 536,902 | |
| October | 390,508 | 112,138 | 3,167 | 29,267 | 535,080 | |
| November | 399,101 | 111,475 | 3,410 | 20,171 | 534,157 | |
| December | 435,525 | 125,121 | 2,804 | 25,905 | 589,355 | |
| Total | \$ 3,778,637 | 1,197,181 | 32,573 | 269,306 | 5,277,697 | |

Capital Securities Corporation
Statement of underwriting commissions
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Month | Remuneration | Revenues from underwriting securities on a best efforts basis | Revenues from underwriting processing fee | Revenue from underwriting advisory fees | Other | Total | Note |
|--------------|---------------------|--|--|--|--------------|----------------|-------------|
| January | \$ 4,156 | 129 | 757 | 240 | - | 5,282 | |
| February | 5,751 | 127 | 2,530 | 240 | 300 | 8,948 | |
| March | 3,402 | 115 | 1,260 | 240 | 100 | 5,117 | |
| April | 4,725 | 125 | 166 | 290 | 150 | 5,456 | |
| May | 10,505 | 103 | 715 | 340 | 1,080 | 12,743 | |
| June | 9,627 | 99 | 7,960 | 340 | - | 18,026 | |
| July | 6,619 | 83 | 1,834 | 290 | 450 | 9,276 | |
| August | 9,284 | 89 | 4,757 | 460 | 1,275 | 15,865 | |
| September | 2,973 | 96 | 1,317 | 820 | - | 5,206 | |
| October | 10,532 | 97 | 1,876 | 520 | 225 | 13,250 | |
| November | 7,144 | 106 | 12,641 | 400 | 200 | 20,491 | |
| December | 4,356 | 107 | 2,914 | 370 | 355 | 8,102 | |
| Total | \$ 79,074 | 1,276 | 38,727 | 4,550 | 4,135 | 127,762 | |

Capital Securities Corporation
Statement of gains (losses) on sale of trading
securities
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Revenue from sale of securities</u> | <u>Cost from sale of securities</u> | <u>Net gains (losses) from sale of securities</u> | <u>Note</u> |
|---------------------|--|---|---|-------------|
| <u>Dealing</u> | | | | |
| TSE market: | | | | |
| Stocks | \$ 524,376,308 | 520,411,753 | 3,964,555 | |
| OTC market: | | | | |
| Stocks | 195,187,907 | 194,351,210 | 836,697 | |
| Bonds | 72,459,946 | 72,596,651 | (136,705) | |
| Convertible bonds | 7,706,283 | 7,062,131 | 644,152 | |
| foreign market: | | | | |
| Stocks | 3,900,125 | 3,726,997 | 173,128 | |
| Bonds | <u>467,726</u> | <u>463,053</u> | <u>4,673</u> | |
| Total | <u>\$ 804,098,295</u> | <u>798,611,795</u> | <u>5,486,500</u> | |
| <u>Underwriting</u> | | | | |
| TSE market: | | | | |
| Stocks | \$ 20,472 | 18,397 | 2,075 | |
| OTC market: | | | | |
| Stocks | 102,834 | 109,416 | (6,582) | |
| Convertible bonds | <u>972,089</u> | <u>891,404</u> | <u>80,685</u> | |
| Total | <u>\$ 1,095,395</u> | <u>1,019,217</u> | <u>76,178</u> | |
| <u>Hedging</u> | | | | |
| TSE market: | | | | |
| Stocks | \$ 29,316,661 | 29,018,025 | 298,636 | |
| OTC market: | | | | |
| Stocks | 8,601,733 | 8,447,394 | 154,339 | |
| Convertible bonds | 26,458,901 | 25,147,953 | 1,310,948 | |
| Bonds | 9,790 | 9,999 | (209) | |
| Fund | <u>11,560</u> | <u>14,056</u> | <u>(2,496)</u> | |
| Total | <u>\$ 64,398,645</u> | <u>62,637,427</u> | <u>1,761,218</u> | |

Capital Securities Corporation
Statement of interest revenue
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|--|--------------------|----------------------------|-------------|
| Interest revenue - margin loans | | \$ 961,785 | |
| Interest revenue - bonds | | 1,507,938 | |
| Interest revenue - each customer in the account | | 587,150 | |
| Interest revenue - securities business money lending | | 841,532 | |
| Others | | <u>192,461</u> | |
| Total | | <u>\$ <u>4,090,866</u></u> | |

Statement of financial costs

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|---|--------------------|----------------------------|---|
| Interest expense - bonds with repurchase agreements | | \$ 1,410,611 | |
| Interest expense - bank borrowings | | 299,752 | |
| Interest expense - issuing commercial paper | | 546,402 | |
| Interest expense -borrowed securities | | 120,320 | |
| Others | | 82,987 | The amount of single item is under 5% of the subject. |
| Total | | <u>\$ <u>2,460,072</u></u> | |

Capital Securities Corporation
Statement of employee benefits, depreciation,
amortization, and other operating expenses
For the year ended December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Item | 2025 | 2024 | Note |
|---|---------------------|------------------|-------------|
| Employee benefit expenses | | | |
| Salary expense | \$ 3,027,836 | 2,497,052 | |
| Labor and national health insurance expense | 200,586 | 186,742 | |
| Pension expense | 105,368 | 96,462 | |
| Remuneration of directors | 84,481 | 49,316 | |
| Others | 104,535 | 91,664 | |
| Depreciation expense | 355,017 | 358,967 | |
| Amortization expense | 48,337 | 48,789 | |
| Others | 3,581,489 | 3,161,941 | |
| | <u>\$ 7,507,649</u> | <u>6,490,933</u> | |

The number of employees hired by the company as of the years ended December 31, 2025 and 2024 are as follows:

| | 2025 | 2024 |
|-------------------------------------|-----------------|--------------|
| Employee Count | <u>2,093</u> | <u>1,921</u> |
| Unemployed trustee count | <u>9</u> | <u>9</u> |
| Average employee benefit expense | <u>\$ 1,650</u> | <u>1,502</u> |
| Average employee salary expense | <u>\$ 1,453</u> | <u>1,306</u> |
| Average employee salary adjustments | <u>11.25 %</u> | |

The Company's remuneration policies including directors, supervisors, managers and employees:

The remuneration to directors of the Company is based on degree of operation, contribution and industry average, and is determined by the board of directors. The remuneration to managers and employees of the Company is based on personal performance, participation, contribution to the Company, job, and reasonable relationship between performance of the Company and risks of future. The remuneration of directors and managers above must reviewed by the Remuneration and Compensation Committee and authorized by the board of directors.

CAPITAL SECURITIES CORPORATION
Financial Statements of Futures Proprietary Trading Department
For the Years Ended December 31, 2025

Table of contents

| Contents | Page |
|---|---------|
| 1. Cover Page | 127 |
| 2. Table of Contents | 128 |
| 3. Futures Proprietary Trading Department's Balance Sheets | 129 |
| 4. Futures Proprietary Trading Department's Statements of Comprehensive Income | 130 |
| 5. Notes to the Financial Statements of Futures Proprietary Trading Department | |
| (1) Company history | 131 |
| (2) Approval date and procedures of the financial statements | 131 |
| (3) New standards, amendments and interpretations adopted | 131 |
| (4) Summary of significant accounting policies | 131 |
| (5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty | 131 |
| (6) Explanation of significant accounts | 131~133 |
| (7) Related-party transactions | 133 |
| (8) Pledged assets | 133 |
| (9) Commitments and contingencies | 133 |
| (10) Losses Due to Major Disasters | 133 |
| (11) Subsequent Events | 133 |
| (12) Derivative instrument transactions | 133~134 |
| (13) Restrictions and enforcement of the Company's various financial ratios under Futures Trading Act | 134 |
| (14) Specific inherent risks in operating as futures dealer | 134 |
| (15) Other | 135 |
| (16) Other disclosures | |
| (a) Information on significant transactions | 135 |
| (b) Information on investees | 135 |
| (c) Information on investment in Mainland China | 135 |
| (17) Segment information | 135 |
| 6. Statement of significant accounts | 136~144 |

(English Translation of Financial Statements of Futures Proprietary Trading Department Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION
Futures Proprietary Trading Department's Balance Sheets
December 31, 2025
(Expressed in Thousands of New Taiwan Dollars)

| Assets | December 31, 2025 | | Liabilities and Equity | December 31, 2025 | |
|--|--------------------------|------------|---|--------------------------|------------|
| Current assets: | Amount | % | Current liabilities: | Amount | % |
| 111100 Cash and cash equivalents (Note 6(a)) | \$ 1,820,201 | 67 | 212000 Financial liabilities at fair value through profit or loss - current (Note 6(d)) | \$ 1,871 | - |
| 112000 Financial assets at fair value through profit or loss - current (Note 6(b) and 7) | 904,959 | 33 | 214130 Accounts payable | 340 | - |
| 114150 Prepayments | 634 | - | 214160 Receipts under custody | 20 | - |
| 114170 Other receivables | <u>832</u> | - | 214170 Other payables | <u>302</u> | - |
| | <u>2,726,626</u> | <u>100</u> | | <u>2,533</u> | - |
| Non-current assets: | | | Non-Current liabilities: | | |
| 129010 Operating margin (Note 6(c)) | 10,000 | - | 229110 Inter-department accounts, credit | <u>1,329,586</u> | 49 |
| 129030 Margins deposited | <u>1,360</u> | - | | <u>1,329,586</u> | 49 |
| | 11,360 | - | Total liabilities | <u>1,332,119</u> | 49 |
| | | | Share capital: | | |
| | | | 301110 Operating capital | <u>1,400,000</u> | 51 |
| | | | 304000 Retained earnings | 5,867 | - |
| | | | Total equity | <u>1,405,867</u> | 51 |
| Total assets | <u>\$ 2,737,986</u> | <u>100</u> | Total liabilities and equity | <u>\$ 2,737,986</u> | <u>100</u> |

See accompanying notes to financial statements of futures proprietary trading department.

(English Translation of Financial Statements of Futures Proprietary Trading Department Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION**Futures Proprietary Trading Department's Statements of Comprehensive Income****For the period from March 7 to December 31, 2025****(Expressed in Thousands of New Taiwan Dollars)**

| | | 2025 | |
|---|--|-----------------|-------------|
| | | Amount | % |
| Income: | | | |
| 421300 | Dividend revenue | \$ 481 | 4 |
| 421600 | Net gains (losses) on covering of borrowed securities and bonds with resale agreements | 15,102 | 135 |
| 424400 | Net gains (losses) on derivative instruments - futures | <u>(4,354)</u> | <u>(39)</u> |
| | | <u>11,229</u> | <u>100</u> |
| Expense: | | | |
| 502000 | Brokerage fees - proprietary trading | 1,379 | 12 |
| 524300 | Cleaning and settlement expenses | 1,603 | 14 |
| 531000 | Employee benefits expenses | 3,011 | 27 |
| 533000 | Other operating expenses | <u>6,574</u> | <u>59</u> |
| | | <u>12,567</u> | <u>112</u> |
| | Net operating income | <u>(1,338)</u> | <u>(12)</u> |
| Non-operating income and expenses: | | | |
| 602000 | Other gains and losses | <u>7,205</u> | <u>64</u> |
| | | <u>7,205</u> | <u>64</u> |
| | Net income before income tax | 5,867 | 52 |
| 701000 | Less: Income tax expenses | <u>-</u> | <u>-</u> |
| | Net income | <u>5,867</u> | <u>52</u> |
| 805000 | Other comprehensive income (Net amount after tax) | <u>-</u> | <u>-</u> |
| | Total comprehensive income | <u>\$ 5,867</u> | <u>52</u> |

See accompanying notes to financial statements of futures proprietary trading department.

(English Translation of Financial Statements of Futures Proprietary Trading Department Originally Issued in Chinese)

CAPITAL SECURITIES CORPORATION

Notes to the Financial Statements of Futures Proprietary Trading Department

For the years ended December 31, 2025

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

(1) Company history

The Futures Proprietary Trading Department of Capital Securities Corporation (the “Department”) was approved by the Financial Supervisory Commission to conduct futures proprietary trading business in July, 2024, and commenced operations in March, 2025.

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

The financial statements of the Department were authorized for issuance by the Board of Directors on March 6, 2026.

(3) New standards, amendments and interpretations adopted:

The new standards, amendments and interpretations of the Department apply in line with parent-Company-only financial reports. Please refer to the parent-Company-only financial reports.

(4) Summary of significant accounting policies:

The financial statements of the Department have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

The accounting policies of the Department are consistent with the parent-Company-only financial reports, please refer to the parent-Company-only financial reports.

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

The significant accounting assumptions and judgements, and major sources of estimation uncertainty of the Department are derived from the parent-Company-only financial reports. Please refer to the parent-Company-only financial reports.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2025 |
|--------------------------------|------------------------------|
| Bank deposits | |
| Demand deposits | \$ 230,780 |
| Cash equivalent | |
| Time deposits | 1,000,000 |
| Futures margin - excess margin | <u>589,421</u> |
| Total | <u>\$ 1,820,201</u> |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements of Futures Proprietary Trading Department

(b) Financial assets

Financial assets at fair value through profit or loss - current

| | December 31, 2025 |
|---|------------------------------|
| Call options - non-hedging | \$ 1,120 |
| Futures margin - proprietary fund - non-hedging | 903,839 |
| Total | \$ 904,959 |

(c) Operating margin

As of December 31, 2025, the Department provided time deposits amounting to \$10,000 thousand as operating margin in accordance with the regulations governing Futures Commission Merchants.

(d) Financial liabilities

Financial liabilities at fair value through profit or loss - current

| | December 31, 2025 |
|---------------------------|------------------------------|
| Put options - non-hedging | \$ 1,871 |

(e) Disclosure of financial instruments

(i) Fair value information

The fair value information of the Department apply in line with the parent Company-only financial report. Please refer to the parent Company-only financial report.

(ii) Based on fair value measurement

1) Hierarchy information of fair value

The Company'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:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|-------------------|----------------|----------------|----------------|
| December 31, 2025 | | | | |
| Derivative financial assets | \$ 904,959 | - | - | 904,959 |
| Derivative financial liabilities | \$ 1,871 | - | - | 1,871 |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements of Futures Proprietary Trading Department

2) Valuation techniques

The valuation techniques of the Department apply in line with the parent Company-only financial report. Please refer to the parent Company-only financial report.

3) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the period from March 7 to December 31, 2025.

(iii) Financial instruments not measured at fair value

Fair value information

For financial instruments not measured at fair value, such as cash and cash equivalents, accounts receivable, operating margin, margin deposited, accounts payable and other payables. The carrying amount is a reasonable approximation of the fair value. Therefore, the Department did not disclose the fair value.

(7) Related-party transactions: None

(8) Pledged assets: None.

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Derivative instrument transactions:

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

| 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 | 79 | \$ 6,434 | 6,536 | |
| | Single Stock Futures | short | 248 | (22,394) | (22,664) | |
| | TAIEX Futures | Long | 9 | 52,065 | 52,225 | |
| | Mini TAIEX Futures | short | 21 | (30,460) | (30,465) | |
| | Mini-HSI Futures | short | 42 | (43,711) | (43,498) | |
| | Total | | | <u>\$ (38,066)</u> | <u>(37,866)</u> | |

(Continued)

CAPITAL SECURITIES CORPORATION
Notes to the Financial Statements of Futures Proprietary Trading Department

| December 31, 2025 | | | | | | |
|-------------------|------------------------|----------------|---------------------|---|------------|------|
| 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 F1(Call) | Long | 91 | \$ 563 | 730 | |
| | TAIEX Options F1(Put) | Long | 90 | 698 | 201 | |
| | TAIEX Options F1(Call) | Short | 90 | (646) | (1,272) | |
| | TAIEX Options F1(Put) | Short | 91 | (531) | (410) | |
| | TAIEX Options(Call) | Long | 2 | 77 | 188 | |
| | TAIEX Options(Put) | Long | 1 | 47 | 1 | |
| | TAIEX Options(Call) | Short | 2 | (75) | (188) | |
| | TAIEX Options(Put) | Short | 1 | (47) | (1) | |
| | Total | | | \$ 86 | (751) | |

(13) Restrictions and enforcement of the Company's various financial ratios under Futures Trading Act:

The Department's financial ratio in the table below is prepared according to "Regulations Governing Futures Commission Merchants":

| Art. | Calculation formula | Current | Period | Standard | Enforcement |
|------|--|-------------------------------|----------|----------------------------|-----------------------------|
| | | Calculation | Ratio | | |
| 17 | $\frac{\text{Stockholders' equity}}{\text{(Total liabilities- futures traders' equity)}}$ | $\frac{1,405,867}{1,332,119}$ | 1.06 | ≥ 1 | Satisfactory to requirement |
| 17 | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | $\frac{2,726,626}{2,533}$ | 1,076.44 | ≥ 1 | " |
| 22 | $\frac{\text{Stockholders' equity}}{\text{Minimum paid-in capital}}$ | $\frac{1,405,867}{400,000}$ | 351.47 % | $\geq 60\%$ $\geq 40\%$ | " |
| 22 | $\frac{\text{Adjusted net capital}}{\text{Total amount of customer's margin required for open positions of futures trader}}$ | $\frac{944,980}{901,073}$ | 104.87 % | $\geq 20\%$ $\geq 15\%$ | " |

(14) Specific inherent risks in operating as futures dealer:

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
Notes to the Financial Statements of Futures Proprietary Trading Department

(15) Other: None.

(16) Other disclosures:

- (a) Information on significant transactions: None.
 - (i) Loans to other parties:None
 - (ii) Guarantees and endorsements for other parties:None
 - (iii) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
 - (iv) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
 - (v) Service charge discounts on transactions with related parties in an aggregate amount of NT\$5 million or more:None
 - (vi) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None
- (b) Information on investees: None.
- (c) Information on investment in Mainland China: None.

(17) Segment information: None.

**Managed Futures Enterprises Department of
Capital Securities Corporation**

Statement of cash and cash equivalents

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

| Item | Description | Amount |
|---|--|----------------------------|
| Cash | | |
| Bank deposits - demand deposits | | \$ 230,780 |
| Cash equivalent | | |
| Time deposits | Maturity date are 2026.3.16~2026.9.15, and the interest rate are 1.46%~1.70% | 1,000,000 |
| Futures margin - excess margin | | 580,921 |
| Futures margin - excess margin - foreign currency | USD141 Thousands @31.43 HKD-912 Thousands @4.038 THD7,727 Thousands @1.0019 | 8,500 |
| Total | | \$ <u>1,820,201</u> |

Capital Securities Corporation
Statement of financial assets at fair value through profit or loss – current
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

| <u>Name of financial instrument</u> | <u>Description</u> | <u>Shares or units</u> | <u>Par value (Dollars)</u> | <u>Total amount</u> | <u>Interest rate</u> | <u>Acquisition cost</u> | <u>Fair value</u> | | <u>Fair value changes is attributable to the changes in credit risk</u> | <u>Note</u> |
|-------------------------------------|--------------------|------------------------|--------------------------------|---------------------|----------------------|-----------------------------|---------------------------------|---------------------|---|-------------|
| | | | | | | | <u>Unit price (Dollars)</u> | <u>Total amount</u> | | |
| Buy options | | | | | | | | \$ 1,120 | | Table 1 |
| Futures margin - proprietary fund | | | | | | | | 903,839 | | Table 2 |
| Total | | | | | | | | <u>\$ 904,959</u> | | |

Capital Securities Corporation
Statement of call options
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Table 1

| Name of financial instrument | Description | Number of contracts | Contract paid for premium | Fair value | Unrealized (loss) gain | Note |
|------------------------------|------------------|---------------------|---------------------------|---------------------|------------------------|------|
| Buy options | | | | | | |
| Call | | | | | | |
| | TAIEX Options F1 | 91 | \$ 563 | 730 | 167 | |
| | TAIEX Options | <u>2</u> | <u>77</u> | <u>188</u> | <u>111</u> | |
| | Subtotal | <u>93</u> | <u>640</u> | <u>918</u> | <u>278</u> | |
| Put | | | | | | |
| | TAIEX Options F1 | 90 | 698 | 201 | (497) | |
| | TAIEX Options | <u>1</u> | <u>47</u> | <u>1</u> | <u>(46)</u> | |
| | Subtotal | <u>91</u> | <u>745</u> | <u>202</u> | <u>(543)</u> | |
| Total | | <u>184</u> | <u>\$ 1,385</u> | <u>1,120</u> | <u>(265)</u> | |

Statement of futures margin – proprietary funds

Table 2

| Futures clearing houses (other futures commission merchants) | Description | Currency | Foreign currency (Dollars) | Exchange Rate | Amount(NTD) | Note |
|--|-----------------------|----------|----------------------------|---------------|--------------------------|------|
| | KGI Futures Co., Ltd. | HKD | \$ 958,524 | 4.0380 | \$ 3,870 | |
| | IBF Futures Co.,Ltd. | TWD | 899,968,952 | 1.0000 | <u>899,969</u> | |
| Total | | | | | <u>\$ 903,839</u> | |

**Managed Futures Enterprises Department of
Capital Securities Corporation**

Statement of other non-current assets

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|---|------------------------------|------------------|-------------|
| Guarantee deposited for business operations | | \$ 10,000 | |
| Refundable deposits | Computer connection deposit | 1,000 | |
| | Guild self-regulatory margin | <u>360</u> | |
| Total | | <u>\$ 11,360</u> | |

Capital Securities Corporation

Statement of financial liabilities at fair value through profit or loss –current

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

| <u>Name of financial instrument</u> | <u>Description</u> | <u>Shares or units</u> | <u>Par value (Dollars)</u> | <u>Total amount</u> | <u>Interest rate</u> | <u>Fair value</u> | | <u>Changes in fair value attributable to changes in credit risk</u> | <u>Note</u> |
|-------------------------------------|--------------------|------------------------|----------------------------|---------------------|----------------------|-----------------------------|------------------------|---|-------------|
| | | | | | | <u>Unit price (Dollars)</u> | <u>Total amount</u> | | |
| Put options | | | | | | | \$ <u><u>1,871</u></u> | | |

Capital Securities Corporation
Statement of put options
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Table 1

| Name of financial instrument | Description | Number of contracts | Contract paid for premium | Fair value | Unrealized (loss) gain | Note |
|------------------------------|-------------|---------------------|---------------------------|---------------------|------------------------|------|
| Sale options | | | | | | |
| Call | | | | | | |
| TAIEX Options F1 | | 90 | \$ 646 | 1,272 | (626) | |
| TAIEX Options | | <u>2</u> | <u>75</u> | <u>188</u> | <u>(113)</u> | |
| Subtotal | | <u>92</u> | <u>721</u> | <u>1,460</u> | <u>(739)</u> | |
| Put | | | | | | |
| TAIEX Options F1 | | 91 | \$ 531 | 410 | 121 | |
| TAIEX Options | | <u>1</u> | <u>47</u> | <u>1</u> | <u>46</u> | |
| Subtotal | | <u>92</u> | <u>578</u> | <u>411</u> | <u>167</u> | |
| Total | | <u>184</u> | <u>\$ 1,299</u> | <u>1,871</u> | <u>(572)</u> | |

Statement of accounts payable

| Client Name | Description | Amount | Note |
|-------------------------|----------------------------------|----------------------|------|
| Non-related parties | | | |
| Taiwan Futures Exchange | Transaction fees | \$ 290 | |
| " | Clearing and settlement expenses | <u>50</u> | |
| Total | | <u>\$ 340</u> | |

Capital Securities Corporation

Statement of other payables

For the period from March 7 to December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|-------------------------|--------------------|----------------------|-------------|
| Non-related parties : | | | |
| Year-end bonus payable | | \$ 287 | |
| Transaction tax payable | | <u>15</u> | |
| Total | | <u><u>\$ 302</u></u> | |

Statement of gains (losses) on derivative instruments

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|---|--|--------------------------|-------------|
| <u>Gain on derivative instruments:</u> | | | |
| Futures contract gain — non-hedged and realized | The benefits arising from futures trading for trading purposes | \$ 137,006 | |
| Futures contract gain — non-hedged and unrealized | " | 369 | |
| Option trading gain — non-hedged and realized | The benefits arising from option trading for trading purposes | 31,494 | |
| Option trading gain — non-hedged and unrealized | " | <u>68</u> | |
| Subtotal | | <u>168,937</u> | |
| <u>Loss on derivative instruments:</u> | | | |
| Futures contract loss — non-hedged and realized | The loss arising from futures trading for trading purposes | 141,048 | |
| Futures contract loss — non-hedged and unrealized | " | 168 | |
| Option trading loss — non-hedged and realized | The loss arising from option trading for trading purposes | 31,169 | |
| Option trading loss — non-hedged and unrealized | " | <u>906</u> | |
| Subtotal | | <u>173,291</u> | |
| Total | | <u><u>\$ (4,354)</u></u> | |

**Managed Futures Enterprises Department of
Capital Securities Corporation**

**Statement of employee benefit, depreciation,
amortization and other operating expenses**

For the period from March 7 to December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

| Item | 2025.3.7~12.31 |
|------------------------------------|------------------------|
| Employee benefit expenses | |
| Salary expense | \$ 2,519 |
| Labor and health insurance expense | 228 |
| Pension expense | 146 |
| Others | 118 |
| Operating expense | <u>6,574</u> |
| Total | <u><u>\$ 9,585</u></u> |

Additional information on the number of employees of the Department for 2025 were as follows:

| | |
|------------------------------------|-----------------------|
| | 2025.3.7~12.31 |
| Employees | <u><u>3</u></u> |
| Number of directors- non-employees | <u><u>-</u></u> |
| Average employee benefit expense | <u><u>1,004</u></u> |
| Average employee salary expense | <u><u>840</u></u> |

**Managed Futures Enterprises Department of
Capital Securities Corporation**

Statement of other gains and losses

For the period from March 7 to December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> | <u>Note</u> |
|-------------------------------------|--|------------------------|-------------|
| Interest income | Interest on time deposits and interest on demand deposit | \$ 7,363 | |
| Net gains on disposal of investment | | 248 | |
| Others | | <u>2</u> | |
| Subtotal | | <u>7,613</u> | |
| Net loss on foreign exchange | | <u>(408)</u> | |
| Subtotal | | <u>(408)</u> | |
| Total | | <u><u>\$ 7,205</u></u> | |