

**CAPITAL SECURITIES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For The Nine Months Ended September 30, 2025 and 2024**

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

Table of contents

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



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Independent Auditors' Review Report

To the Board of Directors of
Capital Securities Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Securities Corporation and its subsidiaries as of September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2025 and 2024, as well as the changes in equity and cash flows for the nine months ended September 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$3,909,079 thousands and \$5,090,270 thousands, constituting 1.17% and 1.65% of consolidated total assets as of September 30, 2025 and 2024, respectively, total liabilities amounting to \$1,014,809 thousands and \$2,085,791 thousands, constituting 0.36% and 0.79% of consolidated total liabilities as of September 30, 2025 and 2024, respectively, and total comprehensive income (loss) amounting to \$99,660 thousands, \$4,618 thousands, \$(123,423) thousands and \$168,052 thousands, constituting 3.59%, 0.17%, (2.53)% and 3.09% of consolidated total comprehensive income (loss) for the three months and the nine months ended September 30, 2025 and 2024, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Capital Securities Corporation and its subsidiaries in its investee companies of \$1,668,196 thousands and \$1,548,916 thousands as of September 30, 2025 and 2024, respectively, and its equity in net earnings on these investee companies of \$129,948 thousands, \$103,634 thousands, \$352,741 thousands and \$268,671 thousands for the three months and the nine months ended September 30, 2025 and 2024, respectively, and its equity in other comprehensive income (loss) on these investee companies of \$(199) thousands, \$0 thousands, \$(199) thousands and \$5,518 thousands for the three months and the nine months ended September 30, 2025 and 2024, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Capital Securities Corporation and its subsidiaries as of September 30, 2025 and 2024, and of its consolidated financial performance for the three months and the nine months ended September 30, 2025 and 2024, as well as its consolidated cash flows for the nine months ended September 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2025

Notes to Readers

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

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

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

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

	Assets	September 30, 2025		December 31, 2024		September 30, 2024	
		Amount	%	Amount	%	Amount	%
110000	Current assets:						
111100	Cash and cash equivalents (note 6(a))	\$ 14,518,619	4	9,289,189	3	8,435,021	3
112000	Financial assets at fair value through profit or loss - current (notes 6(b) and 8)	72,554,125	22	69,363,225	22	69,066,060	22
113200	Financial assets at fair value through other comprehensive income - current (note 6(b))	28,185,119	9	31,059,002	10	27,061,153	9
114010	Bonds purchased under resale agreements (note 6(c))	300,833	-	250,121	-	230,059	-
114030	Receivable for securities provided as collateral	18,997,345	6	22,406,866	7	22,569,225	7
114040	Refinancing margin	53,985	-	49,349	-	18,858	-
114050	Refinancing collateral receivable	44,900	-	41,089	-	15,715	-
114060	Receivable of securities business money lending	29,550,419	9	32,677,621	11	29,704,536	10
114070	Customers' margin account (note 6(e))	54,003,270	16	48,810,284	16	49,871,463	16
114080	Receivable - futures margin	16	-	-	-	92	-
114090	Collateral for securities borrowed	286,107	-	542,368	-	537,696	-
114100	Security borrowing margin	13,470,365	4	14,378,972	5	12,675,484	4
114110	Notes receivable	15,142	-	7,458	-	9,786	-
114130	Accounts receivable (note 6(d))	24,645,745	7	13,784,088	4	19,896,195	7
114150	Prepayments	162,308	-	95,292	-	225,737	-
114170	Other receivables	508,969	-	491,011	-	227,192	-
114300	Leverage contract trading - customers' margin account	816,933	-	907,903	-	847,700	-
114600	Current income tax assets	621	-	1,126	-	1,165	-
119095	Amounts held for each customer in the account (note 6(p))	49,158,623	15	35,555,711	12	37,158,893	12
119990	Other current assets-others	708,494	-	3,216,222	1	5,215,150	2
		<u>307,981,938</u>	<u>92</u>	<u>282,926,897</u>	<u>91</u>	<u>283,767,180</u>	<u>92</u>
120000	Non-current assets:						
122000	Financial assets at fair value through profit or loss - non-current (notes 6(b) and 8)	179,107	-	177,730	-	177,889	-
123200	Financial assets at fair value through other comprehensive income - non-current (note 6(b))	5,083,861	1	4,710,452	2	4,389,436	1
123300	Financial assets at amortized cost - non-current (note 6(b))	5,576,592	2	6,567,032	2	6,097,026	2
124100	Investments accounted for under equity method (note 6(f))	1,668,196	1	1,668,360	1	1,548,936	1
125000	Property and equipment (notes 6(g) and 8)	2,860,881	1	3,151,015	1	3,159,457	1
125800	Right-of-use assets (note 6(h))	491,159	-	560,957	-	597,939	-
126000	Investment property (notes 6(i) and 8)	3,700,674	1	3,422,160	1	3,427,538	1
127000	Intangible assets (note 6(j))	3,601,132	1	3,616,766	1	3,596,578	1
129000	Other non-current assets	1,942,149	1	1,887,133	1	1,945,872	1
		<u>25,103,751</u>	<u>8</u>	<u>25,761,605</u>	<u>9</u>	<u>24,940,671</u>	<u>8</u>
	Total assets	<u>\$ 333,085,689</u>	<u>100</u>	<u>308,688,502</u>	<u>100</u>	<u>308,707,851</u>	<u>100</u>

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

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

		September 30, 2025		December 31, 2024		September 30, 2024	
		Amount	%	Amount	%	Amount	%
210000	Liabilities and Equity						
211100	Current liabilities:						
211100	Short-term borrowings (note 6(k))	\$ 4,309,080	1	7,304,896	2	10,025,566	3
211200	Commercial paper payable (note 6(l))	29,090,858	9	41,514,617	14	34,052,670	11
212000	Financial liabilities at fair value through profit or loss - current (note 6(n))	43,153,550	13	26,097,565	9	29,792,804	10
214010	Bonds sold under repurchase agreements (note 6(o))	45,990,917	14	53,622,868	17	48,796,809	16
214040	Guarantee deposited for short sales	2,153,897	1	2,527,527	1	1,869,651	1
214050	Proceeds payable from short sales	2,398,965	1	2,874,680	1	2,247,288	1
214070	Securities lending refundable deposits	15,037,019	4	16,292,813	5	15,761,753	5
214080	Futures traders' equity (note 6(e))	53,806,706	16	48,552,145	16	49,553,039	16
214090	Equity for each customer in the account (note 6(p))	49,158,623	15	35,555,711	12	37,158,893	12
214100	Leverage contract trading - customers' equity	685,103	-	907,350	-	717,122	-
214110	Notes payable	228	-	152	-	228	-
214130	Accounts payable (note 6(q))	18,571,896	6	11,429,911	4	16,930,587	6
214150	Advance receipts	35,699	-	34,281	-	62,728	-
214160	Receipts under custody	329,194	-	825,388	-	2,238,566	1
214170	Other payables	1,431,521	1	1,414,546	-	1,291,756	-
214200	Other financial liabilities - current (note 6(y))	7,815,263	2	6,420,134	2	6,373,087	2
214600	Current income tax liabilities	501,883	-	655,028	-	508,145	-
215100	Provisions - current (note 6(s))	74,997	-	61,267	-	66,895	-
216000	Current lease liabilities (note 6(r))	202,405	-	199,337	-	201,307	-
219000	Other current liabilities	36,574	-	54,888	-	52,361	-
		<u>274,784,378</u>	<u>83</u>	<u>256,345,104</u>	<u>83</u>	<u>257,701,255</u>	<u>84</u>
220000	Non-Current liabilities:						
221200	Long-term borrowings (note 6(m))	7,499,139	2	4,497,142	2	3,498,866	1
222000	Financial liabilities at fair value through profit or loss - non-current (note 6(n))	185,221	-	112,762	-	108,814	-
224200	Other financial liabilities - non-current (note 6(y))	1,237,394	1	516,042	-	511,059	-
226000	Non-current lease liabilities (note 6(r))	331,536	-	409,190	-	447,138	-
228000	Deferred income tax liabilities	716,340	-	836,027	-	669,078	-
229000	Other non-current liabilities	328,932	-	335,762	-	164,992	-
		<u>10,298,562</u>	<u>3</u>	<u>6,706,925</u>	<u>2</u>	<u>5,399,947</u>	<u>1</u>
	Total liabilities	<u>285,082,940</u>	<u>86</u>	<u>263,052,029</u>	<u>85</u>	<u>263,101,202</u>	<u>85</u>
	Equity attributable to shareholders of the parent:						
301010	Common stock (note 6(u))	21,709,081	7	21,709,081	7	21,709,081	7
302000	Capital surplus (note 6(u))	2,781,067	1	2,743,257	1	2,743,257	1
304000	Retained earnings:						
304010	Legal reserve	3,783,173	1	3,299,604	1	3,299,604	1
304020	Special reserve	7,836,822	2	6,869,685	2	6,869,685	2
304040	Unappropriated earnings (note 6(u))	4,290,449	1	4,919,483	2	4,071,267	2
305120	Exchange differences on translation of foreign operations	(81,640)	-	153,408	-	31,007	-
305140	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	3,220,149	1	2,576,724	1	3,642,023	1
		<u>43,539,101</u>	<u>13</u>	<u>42,271,242</u>	<u>14</u>	<u>42,365,924</u>	<u>14</u>
	Total equity attributable to the parent company	<u>43,539,101</u>	<u>13</u>	<u>42,271,242</u>	<u>14</u>	<u>42,365,924</u>	<u>14</u>
306000	Non-controlling interests	<u>4,463,648</u>	<u>1</u>	<u>3,365,231</u>	<u>1</u>	<u>3,240,725</u>	<u>1</u>
	Total equity	<u>48,002,749</u>	<u>14</u>	<u>45,636,473</u>	<u>15</u>	<u>45,606,649</u>	<u>15</u>
	Total liabilities and equity	<u>\$ 333,085,689</u>	<u>100</u>	<u>308,688,502</u>	<u>100</u>	<u>308,707,851</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2025 and 2024

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

		For the three months ended September 30				For the nine months ended September 30			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
Income:									
401000	Brokerage commissions (note 6(w))	\$ 1,875,444	34	1,941,084	41	4,990,672	36	5,463,870	42
402000	Revenues from securities business money lending	3,481	-	1,180	-	10,454	-	2,647	-
403000	Revenue from securities lending	128,280	2	154,722	3	453,923	3	425,594	3
404000	Underwriting commissions (note 6(w))	30,346	-	44,633	1	85,918	1	89,132	1
406000	Commissions on wealth management business	58,922	1	30,885	1	116,035	1	74,151	-
410000	Net gains (losses) on sale of trading securities (note 6(w))	4,236,827	77	591,032	13	2,436,739	17	6,373,234	48
421100	Securities management, distribution, and management fees	48,378	1	44,774	1	139,348	1	126,138	1
421200	Interest revenue (note 6(w))	1,003,450	18	1,001,341	21	3,052,819	22	2,752,131	21
421300	Dividend revenue	414,164	7	595,410	13	1,069,354	8	1,214,885	9
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss (note 6(w))	1,736,224	32	(2,321,678)	(49)	1,921,313	14	(25,177)	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements (note 6(y))	(681,615)	(12)	125,847	3	(681,138)	(5)	(697,026)	(5)
421610	Net gains (losses) on measurement of borrowed securities and bonds with resale agreements	(4,030,836)	(73)	(805,152)	(17)	(2,985,003)	(22)	(1,316,168)	(10)
421750	Realized gains (losses) from investments in debt instruments at fair value through other comprehensive income	70,082	1	61,971	1	117,844	1	73,430	-
421800	Net gains (losses) on securities for futures margin at fair value through profit or loss	60,080	1	(135,642)	(3)	1,995	-	648	-
422200	Net gains (losses) on stock warrants issued (notes 6(w) and (y))	(465,764)	(8)	901,005	19	136,520	1	(190,378)	(1)
424100	Futures commission revenues (note 6(w))	142,227	3	63,351	1	395,548	3	225,754	2
424400	Net gains (losses) on derivative instruments - futures (note 6(y))	1,760,887	32	1,955,511	41	3,178,652	23	(412,272)	(3)
424500	Net gains (losses) on derivative instruments - OTC (note 6(y))	(878,677)	(16)	346,781	7	(721,916)	(5)	(1,093,714)	(8)
424800	Management fee revenues	7,573	-	2,427	-	16,517	-	5,459	-
424900	Consultancy fee revenue	10,325	-	6,367	-	24,543	-	16,972	-
425100	Net gain (losses) arising from derecognition of financial assets measured in amortized cost (note (b))	(1,058)	-	-	-	(1,058)	-	-	-
425300	Impairment losses and reversal gains (note 6(x))	(18,434)	-	928	-	(17,901)	-	(3,889)	-
428000	Other operating revenues	(17,211)	-	135,168	3	194,393	1	1,060	-
		<u>5,493,095</u>	<u>100</u>	<u>4,741,945</u>	<u>100</u>	<u>13,935,571</u>	<u>100</u>	<u>13,106,481</u>	<u>100</u>
Expenses:									
501000	Brokerage fees	313,326	6	246,804	5	844,875	6	710,287	5
502000	Brokerage and clearing fees - proprietary trading	17,839	-	20,718	-	47,938	-	56,775	-
503000	Clearing and exchange fees - refinancing	728	-	357	-	1,574	-	1,283	-
504000	Clearing and exchange fees - underwriting	191	-	1,137	-	1,328	-	1,617	-
521200	Financial costs	564,823	10	762,993	16	1,950,623	14	2,159,369	17
521640	Loss from securities borrowing transactions	404,030	7	311,328	7	904,272	6	692,080	5
524100	Futures commission expense (note 6(w))	78,276	2	88,230	2	260,220	2	250,339	2
524300	Cleaning and settlement expenses	55,176	1	61,362	1	156,895	1	161,698	1
528000	Other operating expenditure	55,651	1	26,986	1	135,295	1	67,051	1
531000	Employee benefits expenses (note 6(w))	1,185,934	22	1,007,559	21	3,206,000	23	3,015,741	23
532000	Depreciation and amortization expense (note 6(w))	124,335	2	122,868	3	367,232	3	368,710	3
533000	Other operating expenses (note 6(w))	1,049,558	19	965,529	20	2,879,755	21	2,699,708	21
		<u>3,849,867</u>	<u>70</u>	<u>3,615,871</u>	<u>76</u>	<u>10,756,007</u>	<u>77</u>	<u>10,184,658</u>	<u>78</u>
Other income (expenses):									
601000	Share of profits of associates and joint ventures accounted for using equity method (note 6(f))	129,948	2	103,604	2	352,741	2	268,589	2
602000	Other gains and losses (note 6(w))	689,812	13	617,684	13	1,680,708	12	1,897,660	14
		<u>819,760</u>	<u>15</u>	<u>721,288</u>	<u>15</u>	<u>2,033,449</u>	<u>14</u>	<u>2,166,249</u>	<u>16</u>
902001	Net income before income tax	2,462,988	45	1,847,362	39	5,213,013	37	5,088,072	38
701000	Less: Income tax expenses (note 6(t))	265,132	5	451,414	10	734,086	5	821,201	6
	Net income	<u>2,197,856</u>	<u>40</u>	<u>1,395,948</u>	<u>29</u>	<u>4,478,927</u>	<u>32</u>	<u>4,266,871</u>	<u>32</u>
805000	Other comprehensive income:								
805500	Components that may not be reclassified to profit or loss in subsequent periods:								
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	271,525	5	973,622	21	205,605	2	972,841	7
805550	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(199)	-	-	-	(199)	-	5,518	-
805599	Less: Income tax related to components of other comprehensive income	-	-	-	-	-	-	-	-
	Subtotal of components that may not be subsequently reclassified into profit or loss	<u>271,326</u>	<u>5</u>	<u>973,622</u>	<u>21</u>	<u>205,406</u>	<u>2</u>	<u>978,359</u>	<u>7</u>
805600	Components that may be reclassified to profit or loss in subsequent periods:								
805610	Exchange differences on translation of foreign operations	182,506	3	(105,170)	(2)	(295,707)	(2)	126,590	1
805615	Unrealized gains (losses) from investments in debt instruments at fair value through other comprehensive income	135,890	2	407,535	8	466,659	3	82,453	1
805699	Less: Income tax related to components of other comprehensive income (note 6(t))	13,294	-	(7,644)	-	(24,404)	-	10,523	-
	Subtotal of items that may be subsequently reclassified into profit or loss	<u>305,102</u>	<u>5</u>	<u>310,009</u>	<u>6</u>	<u>195,356</u>	<u>1</u>	<u>198,520</u>	<u>2</u>
805000	Other comprehensive income, net	<u>576,428</u>	<u>10</u>	<u>1,283,631</u>	<u>27</u>	<u>400,762</u>	<u>3</u>	<u>1,176,879</u>	<u>9</u>
902006	Total comprehensive income	<u>\$ 2,774,284</u>	<u>50</u>	<u>2,679,579</u>	<u>56</u>	<u>4,879,689</u>	<u>35</u>	<u>5,443,750</u>	<u>41</u>
Net income attributable to:									
913100	Shareholders of the parent	\$ 2,039,517	37	1,245,273	26	4,053,876	29	3,851,021	29
913200	Non-controlling interests	158,339	3	150,675	3	425,051	3	415,850	3
		<u>\$ 2,197,856</u>	<u>40</u>	<u>1,395,948</u>	<u>29</u>	<u>4,478,927</u>	<u>32</u>	<u>4,266,871</u>	<u>32</u>
Total comprehensive income attributable to:									
914100	Shareholders of the parent	\$ 2,592,931	47	2,532,955	53	4,486,411	32	5,006,347	38
914200	Non-controlling interests	181,353	3	146,624	3	393,278	3	437,403	3
		<u>\$ 2,774,284</u>	<u>50</u>	<u>2,679,579</u>	<u>56</u>	<u>4,879,689</u>	<u>35</u>	<u>5,443,750</u>	<u>41</u>
975000	Basic earnings per share (note 6(v))	<u>\$ 0.94</u>		<u>0.57</u>		<u>1.87</u>		<u>1.77</u>	
985000	Diluted earnings per share (note 6(v))	<u>\$ 0.94</u>		<u>0.57</u>		<u>1.86</u>		<u>1.77</u>	

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company										
	Stock	Retained earnings				Total other equity interest			Total equity attributable to the parent company	Non-controlling interests	Total Equity
					Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
Common stocks	Capital surplus	Legal reserve	Special reserve								
Balance at January 1, 2024	\$ 21,709,081	2,743,256	2,889,367	6,049,211	4,201,815	(67,856)	2,722,009	40,246,883	3,117,641	43,364,524	
Net income for the nine months ended September 30, 2024	-	-	-	-	3,851,021	-	-	3,851,021	415,850	4,266,871	
Other comprehensive income	-	-	-	-	-	98,863	1,056,463	1,155,326	21,553	1,176,879	
Total comprehensive income	-	-	-	-	3,851,021	98,863	1,056,463	5,006,347	437,403	5,443,750	
Appropriation and distribution of retained earnings: (note 6(u))											
Legal reserve	-	-	410,237	-	(410,237)	-	-	-	-	-	
Special reserve	-	-	-	820,474	(820,474)	-	-	-	-	-	
Cash dividends of common stocks	-	-	-	-	(2,887,307)	-	-	(2,887,307)	-	(2,887,307)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	136,449	-	(136,449)	-	-	-	
Changes in ownership interests in subsidiaries	-	1	-	-	-	-	-	1	-	1	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(314,319)	(314,319)	
Balance at September 30, 2024	\$ 21,709,081	2,743,257	3,299,604	6,869,685	4,071,267	31,007	3,642,023	42,365,924	3,240,725	45,606,649	
Balance at January 1, 2025	\$ 21,709,081	2,743,257	3,299,604	6,869,685	4,919,483	153,408	2,576,724	42,271,242	3,365,231	45,636,473	
Net income for the nine months ended September 30, 2025	-	-	-	-	4,053,876	-	-	4,053,876	425,051	4,478,927	
Other comprehensive income	-	-	-	-	-	(235,048)	667,583	432,535	(31,773)	400,762	
Total comprehensive income	-	-	-	-	4,053,876	(235,048)	667,583	4,486,411	393,278	4,879,689	
Appropriation and distribution of retained earnings: (note 6(u))											
Legal reserve	-	-	483,569	-	(483,569)	-	-	-	-	-	
Special reserve	-	-	-	967,137	(967,137)	-	-	-	-	-	
Cash dividends of common stocks	-	-	-	-	(3,256,362)	-	-	(3,256,362)	-	(3,256,362)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	24,158	-	(24,158)	-	-	-	
Changes in ownership interests in subsidiaries	-	37,810	-	-	-	-	-	37,810	-	37,810	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	705,139	705,139	
Balance at September 30, 2025	\$ 21,709,081	2,781,067	3,783,173	7,836,822	4,290,449	(81,640)	3,220,149	43,539,101	4,463,648	48,002,749	

See accompanying notes to consolidated financial statements.

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

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

	For the nine months ended September 30	
	2025	2024
Cash flows from operating activities:		
Net income before tax	\$ 5,213,013	5,088,072
Adjustments:		
Income and expenses items:		
Depreciation expense	325,169	324,639
Amortization expense	42,063	44,071
Expected credit impairment losses	17,901	3,889
Net loss on financial assets or liabilities at fair value through profit	1,061,695	1,340,697
Financial cost	1,950,623	2,159,369
Net loss arising from derecognition of financial assets measured at amortized cost	1,058	-
Interest revenue (including financial revenue)	(4,294,971)	(3,882,421)
Dividend revenue	(1,209,160)	(1,299,352)
Share-based payment	10,427	-
Shares of profit of associates and joint ventures accounted for using equity method	(352,741)	(268,589)
Gain on disposal of investments under equity method	-	(406)
Net loss (gain) on non-operating financial instruments at fair value through profit or loss	20,835	(64,285)
Impairment loss on non-financial assets	-	4,291
Net gains on lease modifications	(25)	(157)
Subtotal of income of non-cash activities	(2,427,126)	(1,638,254)
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(1,289,805)	(4,935,143)
Increase in bonds purchased under resale agreements	(50,712)	(169,851)
Decrease (increase) in receivable for securities provided as collateral	3,391,595	(5,172,478)
Increase in refinancing margin	(4,636)	(2,239)
Increase in receivable on refinancing collateral	(3,811)	(1,868)
Decrease (increase) in receivable of securities business money lending	3,127,202	(23,818,032)
Increase in customers' margin account	(5,192,986)	(10,996,782)
Decrease in margin receivable of futures trading	141	110
Decrease (increase) in collateral for securities borrowed	256,261	(322,930)
Decrease (increase) in security borrowing margin	908,607	(91,533)
Increase in notes receivable	(7,684)	(3,178)
Increase in accounts receivable	(10,996,090)	(3,328,381)
Increase in prepayments	(58,538)	(78,618)
Increase in other receivables	(5,827)	(44,675)
Decrease (increase) in financial assets at fair value through other comprehensive income	3,165,080	(2,632,455)
Decrease (increase) in leverage contract trading-customers' margin account	90,970	(135,245)
Decrease (increase) in other current assets	2,507,728	(3,211,010)
Increase in other non-current assets	(55,329)	(194,437)
Decrease in bonds sold under repurchase agreements	(7,631,951)	(2,628,357)
Increase in financial liabilities at fair value through profit or loss	14,143,441	7,495,045
Decrease in guarantee deposited for short sales	(373,630)	(134,110)
Decrease in proceeds payable from short sales	(475,715)	(47,356)
(Decrease) increase in securities lending refundable deposits	(1,255,794)	280,587
Increase in futures traders' equity	5,254,561	10,790,863
Decrease in leverage contract trading - customers' equity	(222,247)	(16,411)
Increase in notes payable	76	62
Increase in accounts payable	7,215,674	5,967,968
Increase in advance receipts	1,541	40,447
(Decrease) increase in receipts under custody	(496,194)	1,910,632
Decrease in other payable	(5,392)	(450,287)
Increase in provision - current	13,729	12,108
Increase in other financial liabilities	2,116,481	1,983,481
(Decrease) increase in other current liabilities	(18,314)	8,752
Decrease in other non-current liabilities	(6,830)	(16,357)
Total changes in assets and liabilities from operating activities	14,041,602	(29,941,678)
Total adjustments	11,614,476	(31,579,932)

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

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

	For the nine months ended September 30	
	2025	2024
Cash generated from (used in) operating activities	\$ 16,827,489	(26,491,860)
Interest received	4,409,298	3,649,892
Dividends received	1,554,747	1,424,916
Interest paid	(1,998,969)	(2,337,906)
Income taxes paid	(982,009)	(867,918)
Net Cash flows provided by (used in) operating activities	19,810,556	(24,622,876)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(5,273)	(7,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	10,578	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,410	-
Acquisition of financial assets at amortized cost	(421,013)	(773,802)
Proceeds from disposal of financial assets at amortized cost	1,105,953	-
Proceeds from capital reduction of investments accounted for under equity method	4	7,400
Acquisition of property and equipment	(155,891)	(127,002)
Proceeds from disposal of property and equipment	-	110
Acquisition of intangible assets	(27,559)	(19,416)
Decrease (increase) in deferred debits	134	(350)
Increase in prepayments for business facilities	(14,241)	(594)
Net cash flows provided by (used in) investing activities	496,102	(920,654)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(2,995,816)	4,151,132
(Decrease) increase in commercial papers payable	(12,423,759)	20,962,501
Proceeds from long-term borrowings	6,000,000	3,500,000
Repayments of long-term borrowings	(3,000,000)	-
Payment of lease liabilities	(161,140)	(156,421)
Cash dividends paid	(3,571,391)	(3,201,626)
Issuance of common stock for cash by subsidiaries	1,047,564	-
Proceed from right of inclusion options exercised	-	2
Net cash flows (used in) provided by financing activities	(15,104,542)	25,255,588
Effect of exchange rate changes on cash and cash equivalents	27,314	124,783
Increase (decrease) in cash and cash equivalents	5,229,430	(163,159)
Cash and cash equivalents, beginning of period	9,289,189	8,598,180
Cash and cash equivalents, end of period	\$ 14,518,619	8,435,021

See accompanying notes to consolidated financial statements.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 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 September 30, 2025, the composition of the consolidated financial statements includes the Company and the subsidiaries (the “Group”). As of September 30, 2025, except for the Head Office, the Company has established an Offshore Securities Unit branch and 51 branches nationwide.

The Company is authorized to conduct the following businesses:

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The consolidated financial statements were authorized for issuance by the board of directors on November 10, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated 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 Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across 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. 	<p>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.</p>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(4) Summary of material accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Capital Investment Management Corp.	Engaged in providing advice on securities investment and discretionary investment services	100.00 %	100.00 %	100.00 %	(Note 1)
"	CSC International Holdings Ltd.	Long-term equity investment business	100.00 %	100.00 %	100.00 %	(Note 2)
"	Capital Futures Corp.	Engaged in domestic and foreign futures business	55.46 %	56.58 %	56.58 %	
"	CSC Venture Capital Corp.	Management, consulting, venture and general investment business	100.00 %	100.00 %	100.00 %	(Note 3)
"	CSC Private Equity Co., Ltd. (formerly CSC Capital Management Co., Ltd.)	Consulting business, venture capital and general investment business	100.00 %	100.00 %	100.00 %	(Note 4)
Capital Futures Corp.	CSC Futures (HK) Ltd.	Futures dealing business	100.00 %	100.00 %	100.00 %	
"	Capital International Technology Corp.	Management, consulting and information service business	100.00 %	100.00 %	100.00 %	(Note 5)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	51.00 %	51.00 %	51.00 %	(Note 5 and 6)
"	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business	100.00 %	100.00 %	100.00 %	(Note 5)
CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses	100.00 %	100.00 %	100.00 %	(Note 2)
CSC Securities (HK) Ltd.	Capital Securities Nominees Ltd.	Agency service	100.00 %	100.00 %	100.00 %	(Note 2)
CSC Private Equity Co.	CSC Private Equity Fund I Co.	Merged and dissolved	- %	100.00 %	100.00 %	(Note 4)

Note 1: Capital Investment Management Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2025 and 2024, the total assets amounted to \$133,965 and \$146,776, and the total liabilities amounted to \$45,359 and \$52,399, respectively. The total comprehensive income (loss) for the three months and the nine months ended September 30, 2025 and 2024 were \$6,455, \$6,849, \$11,440 and \$16,910, respectively.

Note 2: CSC International Holdings Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2025 and 2024, the total consolidated assets amounted to \$2,501,066 and \$3,664,946, and the total consolidated liabilities amounted to \$949,154 and \$2,019,388, respectively. The total consolidated comprehensive income (loss) for the three months and the nine months ended September 30, 2025 and 2024 were \$39,227, \$(36,677), \$(148,816) and \$57,915, respectively.

Note 3: CSC Venture Capital Corp. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2025 and 2024, the total assets amounted to \$929,824 and \$924,753, and the total liabilities amounted to \$11,361 and \$5,185, respectively. The total comprehensive income (loss) for the three months and the nine months ended September 30, 2025 and 2024 were \$49,040, \$29,717, \$27,609 and \$78,142, respectively.

Note 4: CSC Private Equity Co. is an individually immaterial subsidiary; its financial statements have not been reviewed. On September 1, 2025, the company merged with its subsidiary, Capital Private Equity Fund I Co., Ltd. As of September 30, 2025 and 2024, the total assets amounted to \$323,708 and \$329,541, and the total liabilities amounted to \$1,377 and \$1,613, respectively. The total comprehensive income (loss) for the three months and the nine months ended September 30, 2025 and 2024 were \$5,680, \$6,797, \$(9,898) and \$19,268, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 5: Capital International Technology Co., Ltd. is an individually immaterial subsidiary; its financial statements have not been reviewed. As of September 30, 2025 and 2024, the total consolidated assets amounted to \$20,516 and \$24,254, and the total consolidated liabilities amounted to \$7,558 and \$7,206, respectively. The total consolidated comprehensive income (loss) for the three months and the nine months ended September 30, 2025 and 2024 were \$(742), \$(2,068), \$(3,758) and \$(4,183), respectively.

Note 6: On September 17, 2025, the Board of Directors of Capital Futures Co., Ltd. resolved to approve the dissolution and liquidation of its investee, Capital True Partner Technology Co., Ltd. (Chengdu).

(iii) Subsidiaries not listed in the consolidated financial statements

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Capital Insurance Advisory Corp.	Engaged in personal insurance and property insurance agent business.	100.00 %	100.00 %	100.00 %	The corporation established in November 2000. The paid-in capitals amounted to \$5,000. As of September 30, 2025, December 31, 2024 and September 30, 2024, the total assets constituted 0.03%, 0.03% and 0.03% of the Group's total assets, respectively. For the nine months ended September 30, 2025 and 2024, the operation revenue constituted 1.16% and 1.16% of the consolidated revenue, respectively. Thus it was excluded from the consolidated financial statement due to immaterial.

(c) Employee benefits

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

(d) Income taxes

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

Income tax expenses are best estimated by multiplying pretax income for the interim reporting period using the effective annual tax rate as forecasted by the management, and is recognized as current tax expenses.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2024 consolidated financial statements. Please refer to Note 6 to the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2025	December 31, 2024	September 30, 2024
Cash	\$ 3,097	2,838	2,889
Bank deposits			
Checking accounts	157,335	129,721	151,016
Demand deposits	2,668,394	2,317,396	1,955,073
Subtotal	2,825,729	2,447,117	2,106,089
Cash equivalents			
Time deposits	7,396,218	3,089,350	2,680,535
Futures margin - excess margin	4,098,769	3,442,899	3,525,463
Commercial papers	194,806	306,985	120,045
Subtotal	11,689,793	6,839,234	6,326,043
Total	\$ 14,518,619	9,289,189	8,435,021

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Open-ended funds and money-market instruments			
Open-ended funds and money-market instruments	\$ 933,065	1,341,074	1,244,322
Valuation adjustment	<u>32,675</u>	<u>44,343</u>	<u>103,568</u>
Subtotal	<u>965,740</u>	<u>1,385,417</u>	<u>1,347,890</u>
Invested securities			
Invested Securities	153,953	200,689	191,475
Valuation adjustment	<u>(897)</u>	<u>290</u>	<u>1,546</u>
Subtotal	<u>153,056</u>	<u>200,979</u>	<u>193,021</u>
Trading securities - proprietary trading			
Listed stocks	6,631,258	4,572,615	3,485,509
Listed funds	16,269,908	11,508,102	10,183,857
OTC stocks	2,372,094	1,089,198	990,946
OTC funds	6,849,243	7,246,835	12,242,212
Emerging market stocks	534,323	629,529	529,256
Convertible bonds	4,768,082	3,914,731	3,134,633
Government bonds	199,459	444,341	641,904
Corporate bonds	2,646,663	5,217,626	5,157,661
International bonds	2,840,660	4,675,185	4,713,618
Financial debentures	-	500,000	550,000
Foreign stocks	269,817	144,562	127,521
Foreign funds	117,689	159,550	66,783
Foreign bonds	966,180	1,192,058	1,227,896
Others	<u>133,118</u>	<u>14,056</u>	<u>14,237</u>
	44,598,494	41,308,388	43,066,033
Valuation adjustment	<u>993,009</u>	<u>(606,102)</u>	<u>(93,224)</u>
Subtotal	<u>45,591,503</u>	<u>40,702,286</u>	<u>42,972,809</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2025	December 31, 2024	September 30, 2024
Trading securities - underwriting			
Listed stocks	\$ 6,467	17,355	15,691
OTC stocks	26,202	104,126	97,549
Convertible bonds	278,927	309,130	296,711
Others	<u>11,985</u>	<u>-</u>	<u>-</u>
	323,581	430,611	409,951
Valuation adjustment	<u>8,493</u>	<u>5,558</u>	<u>36,093</u>
Subtotal	<u>332,074</u>	<u>436,169</u>	<u>446,044</u>
Trading securities - hedging			
Listed stocks	3,408,461	4,822,176	4,727,822
OTC stocks	996,751	860,552	935,555
Convertible bonds	16,548,044	17,999,139	15,760,639
Others	<u>83,920</u>	<u>90,789</u>	<u>96,432</u>
	21,037,176	23,772,656	21,520,448
Valuation adjustment	<u>(76,664)</u>	<u>(371,972)</u>	<u>4,468</u>
Subtotal	<u>20,960,512</u>	<u>23,400,684</u>	<u>21,524,916</u>
Derivatives			
Buy options	177,134	280,311	343,429
Futures margin - security	744,398	394,650	56,250
Futures margin - proprietary fund	2,332,093	1,541,089	1,251,679
IRS asset swaps	21,249	48,834	48,235
Asset swap options - long position	1,072,950	785,194	647,149
Leverage derivatives - non-hedging	180,789	153,147	218,184
Structured notes	3,661	2,623	2,886
Exchange rate derivatives	17,818	27,503	613
Equity derivatives	980	4,096	12,685
Interest rate swaps	<u>168</u>	<u>243</u>	<u>270</u>
Subtotal	<u>4,551,240</u>	<u>3,237,690</u>	<u>2,581,380</u>
Total	<u>\$ 72,554,125</u>	<u>69,363,225</u>	<u>69,066,060</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>September 30,</u> <u>2024</u>
Debt instruments at fair value through other comprehensive income			
Government bonds	\$ 2,063,315	3,403,185	3,006,186
Corporate bonds	7,346,697	10,026,546	9,369,825
International bonds	913,350	1,180,260	1,139,400
Foreign bonds	<u>16,141,401</u>	<u>14,592,931</u>	<u>11,877,276</u>
	26,464,763	29,202,922	25,392,687
Valuation adjustment	<u>20,517</u>	<u>(460,102)</u>	<u>(14,878)</u>
Subtotal	<u>26,485,280</u>	<u>28,742,820</u>	<u>25,377,809</u>
Equity instrument at fair value through other comprehensive income			
Listed stocks	\$ 1,391,283	1,813,965	1,057,588
OTC stocks	52,219	154,402	210,875
Emerging market stocks	<u>267,886</u>	<u>316,983</u>	<u>306,493</u>
	1,711,388	2,285,350	1,574,956
Valuation adjustment	<u>(11,549)</u>	<u>30,832</u>	<u>108,388</u>
Subtotal	<u>1,699,839</u>	<u>2,316,182</u>	<u>1,683,344</u>
Total	<u><u>\$ 28,185,119</u></u>	<u><u>31,059,002</u></u>	<u><u>27,061,153</u></u>

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

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

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

For the three months and the nine months ended September 30, 2025 and 2024, the dividends were recognized from the Group equity instrument investments measured at fair value through other comprehensive income – current amounted to \$53,293, \$29,548, \$91,212 and \$48,861, respectively. For the three months and the nine months ended September 30, 2025 and 2024, there were no holdings of equity instrument investments, and the dividends were recognized from the disposing equity instrument investments amounted to \$10,689, \$7,604, \$13,672 and \$7,604, respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold equity instrument at fair value through other comprehensive income (FVOCI) - current at a fair value \$1,158,613, \$712,130, \$2,799,071 and \$1,640,376, respectively, cumulative dispose gains (losses) for the three months and the nine months ended September 30, 2025 and 2024, amounted to \$61,377, \$25,433, \$21,669 and \$134,727, respectively, were transferred from other equity items to retained earnings.

- 3) For credit risk (including the impairment of debt instrument investments) and market risk; please refer to note 6(x).
- 4) For the nine months ended September 30, 2025 and 2024, impairment test has been applied by the Group, the variation of loss allowance in the debt instrument measured at fair value through other comprehensive income of the Group please refer to note 6(x).
- 5) As of September 30, 2025, December 31, 2024 and September 30, 2024, financial assets at fair value through other comprehensive income undertaken for repurchase agreements of the Group, please refer to note 8 for details.

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Mandatorily measured at fair value through profit or loss:			
Government bonds	\$ 179,678	179,604	179,579
Valuation adjustment	<u>(571)</u>	<u>(1,874)</u>	<u>(1,690)</u>
Total	<u><u>\$ 179,107</u></u>	<u><u>177,730</u></u>	<u><u>177,889</u></u>

As of September 30, 2025, December 31, 2024 and September 30, 2024, the Group took advantage of government bonds as guaranty deposited of bills, interest rate swaps business, structured notes business, settlement fund and compensation reserve for trust business (for details please refer to note 8).

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Equity instruments at fair value through other comprehensive income			
Non-listed or non-over-the-counter stocks	\$ 1,748,854	1,601,763	747,439
Foreign stocks	<u>245,333</u>	<u>245,333</u>	<u>245,333</u>
	1,994,187	1,847,096	992,772
Valuation adjustment	<u>3,089,674</u>	<u>2,863,356</u>	<u>3,396,664</u>
Total	<u><u>\$ 5,083,861</u></u>	<u><u>4,710,452</u></u>	<u><u>4,389,436</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months and the nine months ended September 30, 2025 and 2024, the dividends were recognized from the Group equity instrument investments at fair value through other comprehensive income – non-current amounted to \$83,759, \$76,030, \$130,290 and \$78,268, respectively.

For the three months and the nine months ended September 30, 2025 and 2024 under the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold equities recognized in FVOCI non-current for a fair value \$0, \$0, \$0 and \$5,222, generated cumulative dispose (losses) gains \$0, \$0, \$0 and \$1,722.

- (v) The Group uses Value at risk (VaR) to monitor and measure the market risk of its investment in equity stocks. VaR refers to the unexpected loss of financial instruments derived from the changes in market risk factors within certain time periods and confidence level. The table below discloses the VaR, which is the estimation of potential loss in ten days and is covered by 99% of the adverse changes in market prices. In the table below by using this assumption, 2.5 out of 250 days VaR will exceed the disclosed amounts due to the changes in market price. For the nine months ended September 30, 2025 and 2024 VaR (99%, per 10-day) of equity stocks are as follows:

Type of market risk	September 30, 2025	December 31, 2024	September 30, 2024	For the nine months ended September 30,					
				2025			2024		
				Mean	Maximum	Minimum	Mean	Maximum	Minimum
Equity stocks	3,408,205	3,267,170	3,163,302	3,007,398	3,408,205	2,474,220	3,168,214	3,353,425	2,836,760

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

	September 30, 2025	December 31, 2024	September 30, 2024
1) Debt Instrument at amortized cost :			
Financial debentures	\$ 500,000	500,000	500,000
Foreign currency debentures	5,078,425	6,069,135	5,598,994
	5,578,425	6,569,135	6,098,994
Less: loss allowance	(1,833)	(2,103)	(1,968)
	<u>\$ 5,576,592</u>	<u>6,567,032</u>	<u>6,097,026</u>

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Carrying amount on the date of derecognition	<u>\$ 479,208</u>	<u>-</u>	<u>1,107,011</u>	<u>-</u>
	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current profit and loss	<u>\$ (1,058)</u>	<u>-</u>	<u>(1,058)</u>	<u>-</u>

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

- (c) Bonds purchased under resale agreements

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Bonds purchased under resell agreements	<u>\$ 300,833</u>	<u>250,121</u>	<u>230,059</u>
Agreed-upon resale amounts	<u>\$ 300,885</u>	<u>250,154</u>	<u>230,098</u>
Interest rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Date of resale	<u>2025.10.1~2025.10.7</u>	<u>2025.1.2~2025.1.6</u>	<u>2024.10.1~2024.10.7</u>

- (d) Accounts Receivable

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Receivable on securities purchased by customers	\$ 105,629	57,552	95,753
Settlement	483,361	-	-
Interests receivable	906,180	1,046,166	932,833
Receivables on securities sold	22,840,280	12,344,224	18,537,672
Others	310,295	336,146	329,937
Total	<u>\$ 24,645,745</u>	<u>13,784,088</u>	<u>19,896,195</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	September 30, 2025	December 31, 2024	September 30, 2024
Customers' margin account			
Cash in banks	\$ 35,877,064	30,889,798	35,092,786
Customers' margin account - futures clearing house	10,910,712	10,544,939	8,621,243
Customers' margin account - other futures commission merchants	6,963,031	7,145,394	6,116,523
Marketable securities	<u>252,463</u>	<u>230,153</u>	<u>40,911</u>
Total customers' margin account	<u>54,003,270</u>	<u>48,810,284</u>	<u>49,871,463</u>
Add:			
Commission expense	2,588	1,542	8,428
Other	35,397	1,159	170
Less:			
Brokerage fee revenue	(8,560)	(9,133)	(29,254)
Futures transaction tax	(4,355)	(3,169)	(5,627)
Interest revenues	(8,181)	(5,941)	(9,978)
Temporary receipts	(580)	(33,377)	(1,133)
Remittance amount of the customers after the market closed	(25,415)	(13,558)	(39,902)
Other receivable	<u>(187,458)</u>	<u>(195,662)</u>	<u>(241,128)</u>
Futures traders' equity	<u><u>\$ 53,806,706</u></u>	<u><u>48,552,145</u></u>	<u><u>49,553,039</u></u>

(f) Investments accounted for under equity method

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

	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiaries			
Capital Insurance Advisory Corp.	\$ 56,809	64,438	52,260
Associates			
Capital Investment Trust Corp.	1,611,387	1,603,918	1,496,656
Enno Cap Venture Inc.	<u>-</u>	<u>4</u>	<u>20</u>
Subtotal	<u>1,611,387</u>	<u>1,603,922</u>	<u>1,496,676</u>
Total	<u><u>\$ 1,668,196</u></u>	<u><u>1,668,360</u></u>	<u><u>1,548,936</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Subsidiaries:

For the three months and the nine months ended September 30, 2025 and 2024, the Group's share of gains or losses and the summarized financial information of the subsidiaries were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
The Group's share of gains based on the subsidiaries' financial statements	\$ <u>11,643</u>	<u>9,799</u>	<u>30,930</u>	<u>26,674</u>
	September 30, 2025	December 31, 2024	September 30, 2024	
Total assets	\$ <u>84,574</u>	<u>94,992</u>	<u>81,060</u>	
Total liabilities	\$ <u>27,765</u>	<u>30,554</u>	<u>28,800</u>	
	For the three months ended September 30, 2025	2024	For the nine months ended September 30, 2025	2024
Revenue	\$ <u>57,507</u>	<u>53,514</u>	<u>161,180</u>	<u>151,531</u>
Net income	\$ <u>11,643</u>	<u>9,799</u>	<u>30,930</u>	<u>26,674</u>

(ii) Associates

Name of associate	Nature between the Company	Primary business area and registered country	Proportion of Ownership and Voting Rights		
			September 30, 2025	December 31, 2024	September 30, 2024
Capital Investment Trust Corp.	Engaged in security investment and discretionary investment services.	Taiwan	20.00 %	20.00 %	20.00 %
Enno Cap Venture Inc.	Liquidation completed.	Taiwan	- %	40.00 %	40.00 %

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

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

	September 30, 2025	December 31, 2024	September 30, 2024
Total carrying amount of interests in associates that were individually immaterial	\$ <u>1,611,387</u>	<u>1,603,922</u>	<u>1,496,676</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
The Group's share of gains based on the associates' financial statements:				
Net gains from continuing operations	\$ 118,305	93,805	321,811	241,915
Other comprehensive income (losses)	(199)	-	(199)	5,518
Total comprehensive income (losses)	<u>\$ 118,106</u>	<u>93,805</u>	<u>321,612</u>	<u>247,433</u>

(iii) Collateral

As of September 30, 2025, December 31, 2024 and September 30, 2024, none of the investment accounted for under equity method of the Group was pledged for collateral.

(g) Property and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost or deemed cost					
Balance at January 1, 2025	\$ 2,045,574	1,271,209	826,004	198,039	4,340,826
Additions	-	-	152,011	9,520	161,531
Transferred from investment property	113,831	8,006	-	-	121,837
Reclassified to investment property	(308,990)	(157,759)	-	-	(466,749)
Disposals and retirements	-	-	(83,817)	(17,782)	(101,599)
Effect of exchange rate changes	-	(4,938)	(6,438)	(954)	(12,330)
Balance at September 30, 2025	<u>\$ 1,850,415</u>	<u>1,116,518</u>	<u>887,760</u>	<u>188,823</u>	<u>4,043,516</u>
Balance at January 1, 2024	\$ 2,045,574	1,266,014	794,986	279,705	4,386,279
Additions	-	-	118,849	8,784	127,633
Disposals and retirements	-	-	(115,677)	(89,615)	(205,292)
Effect of exchange rate changes	-	2,360	2,931	437	5,728
Balance at September 30, 2024	<u>\$ 2,045,574</u>	<u>1,268,374</u>	<u>801,089</u>	<u>199,311</u>	<u>4,314,348</u>
Depreciation and impairment loss					
Balance at January 1, 2025	\$ -	586,587	475,677	127,547	1,189,811
Depreciation	-	17,362	105,398	26,351	149,111
Transferred from investment property	-	3,846	-	-	3,846
Reclassified to investment property	-	(49,514)	-	-	(49,514)
Disposals and retirements	-	-	(83,817)	(17,782)	(101,599)
Effect of exchange rate changes	-	(2,709)	(5,692)	(619)	(9,020)
Balance at September 30, 2025	<u>\$ -</u>	<u>555,572</u>	<u>491,566</u>	<u>135,497</u>	<u>1,182,635</u>
Balance at January 1, 2024	\$ -	558,490	465,829	179,175	1,203,494
Depreciation	-	18,975	102,764	30,798	152,537
Disposals and retirements	-	-	(115,567)	(89,615)	(205,182)
Effect of exchange rate changes	-	1,251	2,572	219	4,042
Balance at September 30, 2024	<u>\$ -</u>	<u>578,716</u>	<u>455,598</u>	<u>120,577</u>	<u>1,154,891</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Carrying amount:					
September 30, 2025	\$ <u>1,850,415</u>	<u>560,946</u>	<u>396,194</u>	<u>53,326</u>	<u>2,860,881</u>
January 1, 2025	\$ <u>2,045,574</u>	<u>684,622</u>	<u>350,327</u>	<u>70,492</u>	<u>3,151,015</u>
September 30, 2024	\$ <u>2,045,574</u>	<u>689,658</u>	<u>345,491</u>	<u>78,734</u>	<u>3,159,457</u>

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

(h) Right-of-use assets

	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Carrying amount:			
September 30, 2025	\$ <u>479,346</u>	<u>11,813</u>	<u>491,159</u>
January 1, 2025	\$ <u>546,206</u>	<u>14,751</u>	<u>560,957</u>
September 30, 2024	\$ <u>581,800</u>	<u>16,139</u>	<u>597,939</u>

	<u>For the three months ended September 30,</u>	<u>For the nine months ended September 30,</u>
	<u>2025</u>	<u>2024</u>
Additions of Right-of-use assets	\$ <u>8,298</u>	<u>37,796</u>
Depreciation for the period		
Buildings	\$ 51,409	49,997
Others	<u>1,493</u>	<u>1,687</u>
	\$ <u>52,902</u>	<u>51,684</u>

(i) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Carrying Amount:</u>			
September 30, 2025	\$ <u>3,105,292</u>	<u>595,382</u>	<u>3,700,674</u>
January 1, 2025	\$ <u>2,910,133</u>	<u>512,027</u>	<u>3,422,160</u>
September 30, 2024	\$ <u>2,910,133</u>	<u>517,405</u>	<u>3,427,538</u>
<u>Fair Value:</u>			
September 30, 2025			<u>7,689,976</u>
January 1, 2025			<u>7,300,845</u>
September 30, 2024			<u>7,291,179</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

For the three months and the nine months ended September 30, 2025 and 2024, the depreciation expense of the Group amounted to \$6,652, \$5,885, \$19,295 and \$17,668, respectively.

There was no significant acquisition, disposal and impairment loss or reversal of impairment losses of investment properties of the Group in the periods for the nine months ended September 30, 2025 and 2024. For the nine months ended September 30, 2025 and 2024, the Group has identified certain parcels of land, buildings, and structures that are no longer required for operational purposes and has decided to lease these assets to external parties, \$417,235 and \$0 of land and buildings out of use were transferred to investment property, and \$117,991 and \$0 of investment property were transferred to property and equipment.

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

Lessor

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

	September 30, 2025	December 31, 2024	September 30, 2024
Within 1 year	\$ 158,365	146,370	149,504
1-5 years	343,978	356,243	392,778
Over 5 years	43,748	-	-
	<u>\$ 546,091</u>	<u>502,613</u>	<u>542,282</u>

The rental revenue from investment property for the three months and the nine months ended September 30, 2025 and 2024 amounted to \$48,621, \$45,883, \$143,137 and \$138,004, respectively.

(j) Intangible assets

(i) Goodwill

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Capital International Technology Corp., the second level subsidiary, acquired 51% shares of the Capital True Partner Technology Co., Ltd on February 9, 2015 in order to expand operations. The Group recognized the differences between consideration transferred and fair value of identifiable net assets as goodwill. As of September 30, 2025, December 31, 2024 and September 30, 2024, the carrying amounts of goodwill were \$0, \$0 and \$2,213, respectively. Furthermore, the Group recognized an impairment loss of \$4,291 for the nine months ended September 30, 2024 by using discount rate of 3.85% to be used to estimate the future recoverable amount of Capital True Partner Technology Co.

(ii) Other intangible assets - Operation franchise

The Company acquired the operation franchise of securities corporation channel during 1994 to 2005 and expected the franchise will generate continuing cash inflows. In accordance with IAS No.38 “Intangible Assets” endorsed by the FSC, the franchise is regarded as intangible assets with an indefinite useful life. As of September 30, 2025, December 31, 2024 and September 30, 2024, the carrying amounts of the operation franchise were all \$389,999.

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

The subsidiaries obtained the membership of foreign futures Exchanges - NYMEX, COMEX, CBOT, HKEX and CME for business development. In accordance with IAS 38 “Intangible Assets” endorsed by the FSC, the memberships are regarded as intangible assets with an indefinite useful life. As of September 30, 2025, December 31, 2024 and September 30, 2024, the carrying amounts of intangible assets were \$46,266, \$46,421 and \$46,347, respectively.

(iv) Other intangible assets - Computer software

Computer software was booked at cost and amortized by using the straight-line method over the estimated useful lives. As of September 30, 2025, December 31, 2024 and September 30, 2024, the amortized book value were \$38,169, \$53,648 and \$31,321, respectively.

(k) Short-term borrowings

Nature of borrowings	September 30, 2025	December 31, 2024	September 30, 2024
Credit loan	\$ <u>4,309,080</u>	<u>7,304,896</u>	<u>10,025,566</u>
Interest rate range	<u>1.810%~4.930%</u>	<u>1.700%~5.590%</u>	<u>0.900%~5.760%</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Commercial paper payable

	September 30, 2025	December 31, 2024	September 30, 2024
Commercial paper payable	\$ 29,120,000	41,580,000	34,100,000
Less: Unamortized discount	(29,142)	(65,383)	(47,330)
Net amount	<u>\$ 29,090,858</u>	<u>41,514,617</u>	<u>34,052,670</u>
Interest rate range	<u>1.558%~1.618%</u>	<u>1.868%~2.108%</u>	<u>1.778%~2.108%</u>

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

(m) Long-term borrowings

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

(i) Long-term bank borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Credit loan	\$ 6,000,000	-	-
Less: current portion	-	-	-
Total	<u>\$ 6,000,000</u>	<u>-</u>	<u>-</u>
Unused credit lines	<u>\$ 4,000,000</u>	<u>-</u>	<u>-</u>
Borrowing of interest rates	<u>2.187%</u>	<u>-</u>	<u>-</u>

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

(ii) Other long-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Long-term commercial paper payable	\$ 1,500,000	4,500,000	3,500,000
Less: Unamortized discount	(861)	(2,858)	(1,134)
Total	<u>\$ 1,499,139</u>	<u>4,497,142</u>	<u>3,498,866</u>
Issuance commitments	<u>\$ 1,500,000</u>	<u>4,500,000</u>	<u>3,500,000</u>
Borrowing of interest rates	<u>1.949%~1.95%</u>	<u>1.970%~2.020%</u>	<u>1.961%~2.011%</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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

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

	September 30, 2025	December 31, 2024	September 30, 2024
Liabilities on sale of borrowed securities	\$ 35,538,017	21,799,169	23,618,993
Redeem liabilities on sale of borrowed securities	(59,976)	(87,291)	(42,228)
Valuation adjustment	<u>3,080,418</u>	<u>96,180</u>	<u>1,348,919</u>
Subtotal	<u>38,558,459</u>	<u>21,808,058</u>	<u>24,925,684</u>
Stock warrants issued	19,282,775	21,043,522	15,413,851
Stock warrants repurchased	<u>(18,065,413)</u>	<u>(19,979,491)</u>	<u>(14,053,576)</u>
Subtotal	<u>1,217,362</u>	<u>1,064,031</u>	<u>1,360,275</u>
Sale options	124,996	94,390	173,735
IRS asset swaps	386,800	292,254	147,498
Asset swap options - short position	2,814,836	2,781,544	3,087,083
Structured notes	37,962	42,760	40,296
Leverage derivatives - non-hedging	10,338	12,900	32,065
Exchange rate derivatives	1,212	220	26,168
Equity derivatives	<u>1,585</u>	<u>1,408</u>	<u>-</u>
Subtotal	<u>3,377,729</u>	<u>3,225,476</u>	<u>3,506,845</u>
Total	<u><u>\$ 43,153,550</u></u>	<u><u>26,097,565</u></u>	<u><u>29,792,804</u></u>

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

	September 30, 2025	December 31, 2024	September 30, 2024
Financial liabilities designated at fair value through profit or loss:			
Structured notes	<u><u>\$ 185,221</u></u>	<u><u>112,762</u></u>	<u><u>108,814</u></u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Bonds sold under repurchase agreements

	September 30, 2025	December 31, 2024	September 30, 2024
Bonds sold under repurchase agreements	\$ <u>45,990,917</u>	<u>53,622,868</u>	<u>48,796,809</u>
Agreed-upon repurchase amounts	<u>46,866,511</u>	<u>54,594,750</u>	<u>49,688,665</u>
Interest rates	<u>0.95%~4.66%</u>	<u>1.00%~5.06%</u>	<u>0.90%~5.67%</u>
Date of repurchase	<u>2025.10.1~2026.9.30</u>	<u>2025.1.2~2025.12.24</u>	<u>2024.10.1~2025.9.30</u>

(p) Equity for each customer in the account

	September 30, 2025	December 31, 2024	September 30, 2024
Equity for each customer in the account	\$ <u>49,158,623</u>	<u>35,555,711</u>	<u>37,158,893</u>
Amount of separate account ledger in NTD			
Demand deposit amount	10,052,752	4,949,572	8,597,423
Time deposit amount	18,000,000	16,500,000	16,500,000
Time deposit amount in other banks(market values)	21,100,000	14,100,000	12,060,000
Total	\$ <u>49,152,752</u>	<u>35,549,572</u>	<u>37,157,423</u>

(q) Accounts payable

	September 30, 2025	December 31, 2024	September 30, 2024
Payable of securities sold by customers	\$ 114,216	56,776	48,146
Settlement	-	1,695,614	885,563
Payable of settlements	18,063,611	9,239,779	15,570,914
Others	<u>394,069</u>	<u>437,742</u>	<u>425,964</u>
Total	\$ <u>18,571,896</u>	<u>11,429,911</u>	<u>16,930,587</u>

(r) Lease liabilities

The Group' s lease liabilities are as follow:

	September 30, 2025	December 31, 2024	September 30, 2024
Current	\$ <u>202,405</u>	<u>199,337</u>	<u>201,307</u>
Non-current	\$ <u>331,536</u>	<u>409,190</u>	<u>447,138</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest on lease liabilities	\$ <u>2,211</u>	<u>2,142</u>	<u>6,571</u>	<u>6,616</u>
Expenses relating to short-term leases	\$ <u>6,824</u>	<u>4,434</u>	<u>15,604</u>	<u>12,884</u>
Expenses relating to leases of low-value assets, excluding low-value assets of short-term leases	\$ <u>1,708</u>	<u>1,422</u>	<u>4,529</u>	<u>5,079</u>

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

	For the nine months ended September 30,	
	2025	2024
Total cash outflow for leases	\$ <u>187,844</u>	<u>181,000</u>

(s) Employee benefit

(i) Defined benefit plans

In the prior fiscal year, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, pension cost in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report as of December 31, 2024 and 2023.

For the three months and the nine months ended September 30, 2025 and 2024, the Group's pension expenses recognized in profit or loss were \$1,006, \$496, \$3,017 and \$1,486, respectively.

(ii) Defined contribution plan

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

The Group contributed \$29,543, \$29,316, \$90,440 and \$82,027 under defined contribution plan to the Bureau of the Labor Insurance for the three months and the nine months ended September 30, 2025 and 2024, respectively.

(iii) For the three months and the nine months ended September 30, 2025 and 2024, the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$1,806, \$1,535, \$5,130 and \$4,317, respectively.

(iv) Provision for employee benefits liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Compensated absences	\$ <u>74,997</u>	<u>61,267</u>	<u>66,895</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Income tax

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

The Company and its consolidated subsidiaries including Capital Investment Management Corp., Capital Futures Corp., CSC Venture Capital Corp., CSC Private Equity Co. and CSC Private Equity Fund I Co. are founded in Taiwan. The corporate income tax rates are both 20% for the nine months ended September 30, 2025 and 2024.

The subsidiary CSC International Holdings Ltd. is founded in British Virgin Islands, and it has a tax exemption for the nine months ended September 30, 2025 and 2024.

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

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Current tax expense	\$ 294,018	2,849	829,369	659,886
Deferred income tax expense (benefit)	(28,886)	448,565	(95,283)	161,315
Total	<u>\$ 265,132</u>	<u>451,414</u>	<u>734,086</u>	<u>821,201</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Foreign exchange difference from translating financial statement of foreign operations	<u>\$ 13,294</u>	<u>(7,644)</u>	<u>(24,404)</u>	<u>10,523</u>

(iv) Income tax assessment status

- 1) The Company's income tax returns through 2022 were assessed by the Tax Authority.
- 2) Subsidiary - Capital Investment Management Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 3) Subsidiary - Capital Futures Corp.'s income tax returns through 2023 were assessed by the Tax Authority.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 4) Subsidiary - Capital International Technology Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 5) Subsidiary - CSC Venture Capital Corp.'s income tax returns through 2023 were assessed by the Tax Authority.
- 6) Subsidiary - CSC Private Equity Co.'s income tax returns through 2023 were assessed by the Tax Authority.
- 7) Second level Subsidiary - CSC Private Equity Fund I Co.'s income tax returns through 2023 were assessed by the Tax Authority.

(v) Income tax administrative relief :

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

(u) Capital and other equity

(i) Capital stock

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

(ii) Capital surplus

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

The followings are the capital surplus of the Company:

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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

3) Undistributed earnings

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's fiscal year 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:

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

(v) Earnings per share

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net income attributable to common shareholders of the Company	<u>\$ 2,039,517</u>	<u>1,245,273</u>	<u>4,053,876</u>	<u>3,851,021</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>2,170,908</u>	<u>2,170,908</u>	<u>2,170,908</u>	<u>2,170,908</u>
Basic earnings per share (dollar)	<u>\$ 0.94</u>	<u>0.57</u>	<u>1.87</u>	<u>1.77</u>
Effect of potentially dilutive common stock	<u>1,010</u>	<u>131</u>	<u>2,845</u>	<u>2,197</u>
- Employee remuneration (thousands of shares) (Note)				
Weighted-average number of outstanding shares for calculating dilutive EPS (thousands of shares)	<u>2,171,918</u>	<u>2,171,039</u>	<u>2,173,753</u>	<u>2,173,105</u>
Dilutive earnings per share (dollar)	<u>\$ 0.94</u>	<u>0.57</u>	<u>1.86</u>	<u>1.77</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Items of the statements of comprehensive income

(i) Brokerage commissions

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Brokerage commission from TSE market	\$ 1,004,126	1,028,651	2,552,590	2,965,481
Brokerage commission from OTC market	364,832	331,834	848,448	908,594
Handling fee from security financing	9,268	9,093	23,192	23,652
Futures commission income - brokerage	417,268	521,925	1,360,223	1,415,647
Overseas subsidiaries	4,882	3,498	12,256	11,883
Others	75,068	46,083	193,963	138,613
	<u>\$ 1,875,444</u>	<u>1,941,084</u>	<u>4,990,672</u>	<u>5,463,870</u>

(ii) Underwriting commissions

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue from underwriting securities on a firm commitment basis	\$ 18,876	28,893	57,042	57,796
Handling fee revenues from underwriting securities on consignment	267	352	965	872
Processing fee revenues from underwriting operations	7,908	12,038	21,296	19,254
Revenue from underwriting consultation	1,570	820	3,260	3,450
Others	1,725	2,530	3,355	7,760
	<u>\$ 30,346</u>	<u>44,633</u>	<u>85,918</u>	<u>89,132</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Gains (losses) on securities sold - proprietary trading	\$ 3,013,623	283,413	1,648,875	3,872,528
Gains (losses) on securities sold - underwriting	18,485	6,727	57,928	18,793
Gains (losses) on securities sold - hedging	1,204,719	300,892	729,936	2,481,913
	<u>\$ 4,236,827</u>	<u>591,032</u>	<u>2,436,739</u>	<u>6,373,234</u>

(iv) Interest revenue

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest revenue - margin loans	\$ 225,319	275,474	691,551	764,671
Interest revenue - bonds	358,387	392,037	1,155,408	1,203,099
Interest revenue - each customer in the account	155,607	111,626	414,200	310,740
Interest revenue - securities business money lending	198,199	180,591	632,693	356,151
Overseas subsidiaries	1,443	6,981	8,355	18,905
Others	<u>64,495</u>	<u>34,632</u>	<u>150,612</u>	<u>98,565</u>
	<u>\$ 1,003,450</u>	<u>1,001,341</u>	<u>3,052,819</u>	<u>2,752,131</u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Trading securities - proprietary	\$ 1,244,114	(471,426)	1,623,070	192,185
Trading securities - underwriting	23,029	26,744	2,935	33,566
Trading securities - hedging	469,081	(1,876,996)	295,308	(250,928)
	<u>\$ 1,736,224</u>	<u>(2,321,678)</u>	<u>1,921,313</u>	<u>(25,177)</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Gains on changes in fair value of stock warrants	\$ (4,824,536)	9,271,117	13,429,767	8,159,669
Gains on exercise of stock warrants before maturity	24,264,697	12,197,196	45,341,555	64,112,844
Losses on changes in fair value of stock warrants repurchased	(19,802,021)	(20,491,413)	(58,403,165)	(72,118,271)
Gains on expiration of stock warrants	14,955	34,286	77,685	67,647
Stock warrants issuance expenses	(118,859)	(110,181)	(309,322)	(412,267)
	<u>\$ (465,764)</u>	<u>901,005</u>	<u>136,520</u>	<u>(190,378)</u>

(vii) Futures commission revenues

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Futures commission revenues - CSC Futures (HK) Ltd.	\$ <u>142,227</u>	<u>63,351</u>	<u>395,548</u>	<u>225,754</u>

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

(viii) Commission expenses - future

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Future trading - reconsignment	\$ 52,073	69,160	195,052	192,147
Future trading - introducing brokers	689	869	2,497	2,256
Commission expenses - CSC Futures (HK) Ltd.	25,514	18,201	62,671	55,936
	<u>\$ 78,276</u>	<u>88,230</u>	<u>260,220</u>	<u>250,339</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Employee benefits, depreciation, and amortization expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Employee benefit expenses				
Salary expense	\$ 1,057,653	883,114	2,824,327	2,672,501
Health and labor insurance expense	61,107	61,766	189,176	170,778
Pension expense	32,355	31,347	98,587	87,830
Others	34,819	31,332	93,910	84,632
Depreciation expense	109,475	108,906	325,169	324,639
Amortization expense	<u>14,860</u>	<u>13,962</u>	<u>42,063</u>	<u>44,071</u>
	<u>\$ 1,310,269</u>	<u>1,130,427</u>	<u>3,573,232</u>	<u>3,384,451</u>

(x) Other operating expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Rental expense	\$ 8,545	5,870	20,177	18,006
Taxes	273,239	302,165	722,668	831,296
Information technology expense	95,040	111,536	315,655	279,608
Postage expense	86,868	80,247	254,072	218,487
Professional service fee	12,067	12,564	24,937	24,093
Security borrowed expense	162,540	180,367	500,524	505,278
Other expenses	<u>411,259</u>	<u>272,780</u>	<u>1,041,722</u>	<u>822,940</u>
	<u>\$ 1,049,558</u>	<u>965,529</u>	<u>2,879,755</u>	<u>2,699,708</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xi) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Financial revenue	\$ 426,811	379,639	1,242,152	1,130,290
Currency exchange gains (losses)	6,131	(6,518)	(28,620)	3,489
Net gains (losses) on disposal of investment	25,911	126,254	6,491	142,490
Net gains (losses) on measurement of non-operating financial instruments at fair value through profit or loss	33,449	(70,809)	(20,835)	64,285
Revenue from bank's allocation fee	49,129	53,176	134,567	153,746
Dividend revenue	92,799	78,706	139,806	84,467
Gains on reversal of prior year's liabilities	-	146	10,089	140,818
Rental income	48,621	45,883	143,137	138,004
Others	6,961	11,207	53,921	40,071
	<u>\$ 689,812</u>	<u>617,684</u>	<u>1,680,708</u>	<u>1,897,660</u>

(xii) Remuneration to employees and directors

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

For the three months and the nine months ended September 30, 2025 and 2024, the estimated amounts of remuneration to employees were \$34,172, \$(4,289), \$70,139 and \$47,575, respectively, and to directors were \$22,782, \$8,119, \$46,760 and \$22,526, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and director multiple the earnings allocation percentage as stated under the Company's Articles of Incorporation and were recognized as operating expense. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

For the three months and the nine months ended September 30, 2025 and 2024, the estimated amounts of remuneration to employees were \$6,124, \$4,275, \$16,026 and \$14,828 and to directors were \$6,041, \$4,144, \$15,875 and \$14,492 by the domestic subsidiaries of the Group, respectively.

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. As of September 30, 2025, December 31, 2024 and September 30, 2024, the maximum credit exposure amounted to \$263,335,801, \$251,623,021 and \$250,312,682, respectively.

The regional distribution of financial assets' credit risk exposure amount which owned by the Group is as the list below. The region of exposure is mostly in Taiwan (accounted for 87.54%); secondly, is in Asia (accounted for 5.03%, exclusion of Taiwan); then, is in Europe (accounted for 3.90%). Compare to the same period of last year, there is no significant change in proportion of region of investments.

<u>Region</u>	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>September 30,</u> <u>2024</u>
Taiwan	\$ 230,513,772	218,229,776	218,871,461
Asia (Taiwan is excluded)	13,250,594	12,777,068	14,024,965
Europe	10,263,655	9,249,483	8,123,122
America	9,307,780	11,366,694	9,293,134
Total	<u>\$ 263,335,801</u>	<u>251,623,021</u>	<u>250,312,682</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Impairment loss

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

	September 30, 2025		December 31, 2024		September 30, 2024	
	Gross carrying amount	Allowance	Gross carrying amount	Allowance	Gross carrying amount	Allowance
Not past due	\$ 73,735,370	32,876	69,389,188	29,602	72,426,974	29,734
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	247	247	213	213	-	-
Past due 121~360 days	1,229	1,229	1,653	1,653	1,653	1,653
Past due more than 360 days	262,252	262,252	269,377	269,377	269,510	269,510
	<u>\$ 73,999,098</u>	<u>296,604</u>	<u>69,660,431</u>	<u>300,845</u>	<u>72,698,137</u>	<u>300,897</u>

Allowance for doubtful debts under receivables and overdue receivables are recorded for the impairment loss. When a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of September 30, 2025, December 31, 2024 and September 30, 2024, the impairment losses of receivables were \$296,604, \$300,845 and \$300,897, respectively.

3) Credit risk of receivables and debt securities

Debt securities held by the Group including government bonds, listed and unlisted debt securities are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2024.

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

The loss allowance provision for the nine months ended September 30, 2025 and 2024 was as follows:

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2025	\$ -	12,595	2,103	-	-	-	300,845	-	-	315,543
Provision or reversal of Impairment loss	-	(1,055)	(289)	-	-	-	19,245	-	-	17,901
Amounts written off	-	-	-	-	-	-	(20,882)	-	-	(20,882)
Effect of exchange rate	-	-	19	-	-	-	(2,604)	-	-	(2,585)
Balance on September 30, 2025	<u>\$ -</u>	<u>11,540</u>	<u>1,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,604</u>	<u>-</u>	<u>-</u>	<u>309,977</u>

	12-month ECL			Lifetime ECL-not credit impaired			Lifetime ECL-credit impaired			Total
	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	Accrued receivables	Debt securities at FVOCI	Debt securities at amortized cost	
Balance on January 1, 2024	\$ -	9,682	1,721	-	-	-	297,746	-	-	309,149
Provision or reversal of Impairment loss	-	1,190	241	-	-	-	2,458	-	-	3,889
Amounts written off	-	-	-	-	-	-	(208)	-	-	(208)
Effect of exchange rate	-	-	6	-	-	-	901	-	-	907
Balance on September 30, 2024	<u>\$ -</u>	<u>10,872</u>	<u>1,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,897</u>	<u>-</u>	<u>-</u>	<u>313,737</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
September 30, 2025							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 38,558,459	38,558,459	38,558,459	-	-	-	-
Stock warrants issued	1,217,362	1,217,362	995,850	212,800	8,712	-	-
Put options	124,996	124,996	124,996	-	-	-	-
Equity derivatives	1,585	1,585	1,585	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	388,012	388,012	3,310	33,775	141,502	209,425	-
Asset swap option - short position	2,814,836	2,814,836	134,438	371,105	1,098,978	1,210,315	-
Leverage derivatives - non- hedging	10,338	10,338	10,338	-	-	-	-
Structured notes	223,183	223,183	17,614	7,427	12,921	-	185,221
Short-term borrowings	4,309,080	4,309,080	4,309,080	-	-	-	-
Commercial paper payable	29,090,858	29,120,000	29,120,000	-	-	-	-
Bonds sold under repurchase agreements	45,990,917	46,866,511	25,494,045	21,372,466	-	-	-
Guarantee deposited for short sales	2,153,897	2,153,897	2,153,897	-	-	-	-
Proceeds payable from short sales	2,398,965	2,398,965	2,398,965	-	-	-	-
Securities lending refundable deposits	15,037,019	15,037,019	15,037,019	-	-	-	-
Futures traders' equity	53,806,706	53,806,706	53,806,706	-	-	-	-
Equity for each customer in the account	49,158,623	49,158,623	49,158,623	-	-	-	-
Leverage contract trading customers' equity	685,103	685,103	685,103	-	-	-	-
Notes payable and accounts payable	394,297	394,297	394,297	-	-	-	-
Receipts under custody	329,194	329,194	329,194	-	-	-	-
Other payables	1,431,521	1,431,521	1,430,363	1,158	-	-	-
Other financial liabilities	9,052,657	9,052,657	7,258,111	557,152	720,045	517,349	-
Lease liabilities	533,941	545,856	112,553	96,594	180,647	155,222	840
Long-term borrowings	7,499,139	7,500,000	-	-	1,500,000	6,000,000	-
	<u>\$ 265,210,688</u>	<u>266,128,200</u>	<u>231,534,546</u>	<u>22,652,477</u>	<u>3,662,805</u>	<u>8,092,311</u>	<u>186,061</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2024							
Financial liabilities at fair value through profit or loss							
Liabilities on sale of borrowed securities	\$ 21,808,058	21,808,058	21,808,058	-	-	-	-
Stock warrants issued	1,064,031	1,064,031	854,432	194,900	14,699	-	-
Put options	94,390	94,390	94,390	-	-	-	-
Equity derivatives	1,408	1,408	1,408	-	-	-	-
Interest rate swaps and Exchange rate derivatives (including IRS asset swaps)	292,474	292,474	2,730	7,013	100,976	181,755	-
Asset swap option - short position	2,781,544	2,781,544	160,425	340,580	1,043,668	1,236,871	-
Leverage derivatives - non- hedging	12,900	12,900	12,900	-	-	-	-
Structured notes	155,522	155,522	16,400	2,865	9,078	14,417	112,762
Short-term borrowings	7,304,896	7,304,896	7,304,896	-	-	-	-
Commercial paper payable	41,514,617	41,580,000	41,580,000	-	-	-	-
Bonds sold under repurchase agreements	53,622,868	54,594,750	35,154,961	19,439,789	-	-	-
Guarantee deposited for short sales	2,527,527	2,527,527	2,527,527	-	-	-	-
Proceeds payable from short sales	2,874,680	2,874,680	2,874,680	-	-	-	-
Securities lending refundable deposits	16,292,813	16,292,813	16,292,813	-	-	-	-
Futures traders' equity	48,552,145	48,552,145	48,552,145	-	-	-	-
Equity for each customer in the account	35,555,711	35,555,711	35,555,711	-	-	-	-
Leverage contract trading customers' equity	907,350	907,350	907,350	-	-	-	-
Notes payable and accounts payable	437,894	437,894	437,894	-	-	-	-
Receipts under custody	825,388	825,388	825,388	-	-	-	-
Other payables	1,414,546	1,414,546	1,413,476	1,070	-	-	-
Other financial liabilities	6,936,176	6,936,176	6,021,004	399,130	411,672	104,370	-
Lease liabilities	608,527	622,694	112,405	93,787	175,401	239,757	1,344
Long-term borrowings	4,497,142	4,500,000	-	-	4,500,000	-	-
	<u>\$ 250,082,607</u>	<u>251,136,897</u>	<u>222,510,993</u>	<u>20,479,134</u>	<u>6,255,494</u>	<u>1,777,170</u>	<u>114,106</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

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

September 30, 2025			
	Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>			
<u>Monetary Item</u>			
USD	\$ 1,275,122	30.4450	38,821,089
AUD	9,605	20.1100	193,157
CAD	12	21.8900	263
CHF	120	38.2450	4,589
EUR	10,044	35.7700	359,274
GBP	1,098	40.9700	44,985
HKD	204,086	3.9130	798,589
JPY	1,849,592	0.2058	380,646
SGD	239	23.6100	5,643
CNY	74,614	4.2710	318,676
ZAR	1,207	1.7640	2,129
KRW	520,772	0.0219	11,405
THB	11,358	0.9466	10,751
MYR	183	6.9675	1,275
VND	12,807,557	0.0011	14,088
SEK	6	3.2400	19
INR	40,992	0.3432	14,068
<u>Non-Monetary Item</u>			
USD	692,708	30.4450	21,089,495
AUD	170,590	20.1100	3,430,565
EUR	50,870	35.7700	1,819,620
GBP	2,949	40.9700	120,821
HKD	10,020	3.9130	39,208
JPY	59,334	0.2058	12,211
CNY	81,805	4.2710	349,389
ZAR	25	1.7640	44

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		September 30, 2025		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,968,511	30.4450	59,931,317
AUD		171,454	20.1100	3,447,940
CHF		29	38.2450	1,109
EUR		57,985	35.7700	2,074,123
GBP		3,812	40.9700	156,178
HKD		284,142	3.9130	1,111,848
JPY		1,849,649	0.2058	380,658
SGD		265	23.6100	6,257
CNY		74,613	4.2710	318,672
KRW		477,326	0.0219	10,453
NZD		18	17.6800	318
THB		592	0.9466	560
MYR		144	6.9675	1,003
SEK		6	3.2400	19
<u>Non-Monetary Item</u>				
USD		230	30.4450	7,002
CHF		14	38.2450	535
GBP		2	40.9700	82
JPY		1,317	0.2058	271
CNY		608	4.2710	2,597
NZD		78	17.6800	1,379

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2024		
		Foreign Currency (thousands)	Exchange Rate	Amount
<u>Financial assets</u>				
<u>Monetary Item</u>				
USD	\$	1,172,545	32.7850	38,441,888
AUD		4,337	20.3900	88,431
CAD		22	22.8200	502
CHF		333	36.2650	12,076
EUR		7,346	34.1400	250,792
GBP		1,399	41.1900	57,625
HKD		291,873	4.2220	1,232,288
JPY		2,084,495	0.2099	437,536
SGD		106	24.1300	2,558
CNY		73,371	4.4780	328,555
ZAR		2,688	1.7500	4,704
KRW		287,550	0.0225	6,470
NZD		45	18.4700	831
THB		4,504	0.9623	4,334
MYR		48	7.0655	340
VND		8,681,559	0.0013	11,286
SEK		1,273	2.9900	3,806
INR		40,176	0.3830	15,387
<u>Non-Monetary Item</u>				
USD		739,696	32.7850	24,250,933
AUD		124,292	20.3900	2,534,314
CHF		58	36.2650	2,103
EUR		27,908	34.1400	952,779
HKD		15,056	4.2220	63,566
JPY		49,254	0.2099	10,338
CNY		34,639	4.4780	155,113

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2024		
		Foreign Currency	Exchange Rate	Amount
		(thousands)		
<u>Financial liabilities</u>				
<u>Monetary Item</u>				
USD	\$	1,956,864	32.7850	64,155,786
AUD		122,088	20.3900	2,489,374
CHF		27	36.2650	979
EUR		33,901	34.1400	1,157,380
GBP		1,363	41.1900	56,142
HKD		449,178	4.2220	1,896,430
JPY		2,095,797	0.2099	439,908
SGD		140	24.1300	3,378
CNY		68,387	4.4780	306,237
ZAR		158	1.7500	277
KRW		284,314	0.0225	6,397
THB		1,533	0.9623	1,475
VND		3,158,805	0.0013	4,106
SEK		1,257	2.9900	3,758
<u>Non-Monetary Item</u>				
USD		241	32.7850	7,901
AUD		1	20.3900	20
CAD		2	22.8200	46
JPY		2,566	0.2099	539
SGD		1	24.1300	24
ZAR		3,181	1.7500	5,567
NZD		11	18.4700	203

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Because there are a variety of functional currencies, the Group discloses a summary of currency exchange variation on the monetary items. For the three months and the nine months ended September 30, 2025 and 2024, the realized and unrealized currency exchange gains (losses) amounted to \$(44,972), \$86,588, \$56,554 and \$(145,661), respectively.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, other receivables, security borrowing margin, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, customers' margin account, short-term borrowings, futures traders' equity, and securities lending refundable deposits, which are denominated in foreign currencies. Currency exchange gains or losses occur when translating the foreign currency assets to NTD assets. For the nine months ended September 30, 2025 and 2024, given other factors remain constantly, if the relevant foreign currencies, when compared with the NTD, had appreciates or depreciates by 5%, the net income and other comprehensive income will change as follows:

	For the nine months ended September 30, 2025		For the nine months ended September 30, 2024	
	Appreciated 5%	Depreciated 5%	Appreciated 5%	Depreciated 5%
Net income	(660,401)	660,401	(573,273)	573,273
Other comprehensive income	682,953	(682,953)	522,853	(522,853)

(iv) Sensitivity analysis of interest rate risk

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

Market risk type	September 30, 2025	December 31, 2024	September 30, 2024	For the nine months ended September 30,					
				2025			2024		
				Average	Maximum	Minimum	Average	Maximum	Minimum
Interest risk	2,665,914	3,022,542	2,736,377	3,037,745	3,464,010	2,665,914	2,706,970	2,828,289	2,592,498

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value information and hierarchy

1) Fair value information

a) General description

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

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Not measured at fair value

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

a) Fair value information

	September 30, 2025		December 31, 2024		September 30, 2024	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets:						
Cash and cash equivalents	\$ 14,518,619	14,518,619	9,289,189	9,289,189	8,435,021	8,435,021
Bonds purchased under resale agreements	300,833	300,833	250,121	250,121	230,059	230,059
Accrued receivable	136,732,237	136,732,237	119,935,659	119,935,659	122,814,837	122,814,837
Customers' margin account	54,003,270	54,003,270	48,810,284	48,810,284	49,871,463	49,871,463
Leverage contract trading - customers' margin account	816,933	816,933	907,903	907,903	847,700	847,700
Restricted assets - current	456,980	456,980	2,368,179	2,368,179	2,945,782	2,945,782
Other non-current assets	1,879,541	1,879,541	1,843,360	1,843,360	1,890,603	1,890,603
Financial liabilities:						
Short-term borrowings	4,309,080	4,309,080	7,304,896	7,304,896	10,025,566	10,025,566
Commercial paper payable	29,090,858	29,090,858	41,514,617	41,514,617	34,052,670	34,052,670
Bonds sold under repurchase agreements	45,990,917	45,990,917	53,622,868	53,622,868	48,796,809	48,796,809
Accrued payable	89,583,226	89,583,226	71,575,756	71,575,756	78,006,867	78,006,867
Futures traders' equity	53,806,706	53,806,706	48,552,145	48,552,145	49,553,039	49,553,039
Leverage contract trading - customers' equity	685,103	685,103	907,350	907,350	717,122	717,122
Other financial liabilities - current	7,815,263	7,815,263	6,420,134	6,420,134	6,373,087	6,373,087
Long-term borrowings	7,499,139	7,499,139	4,497,142	4,497,142	3,498,866	3,498,866
Other financial liabilities - non-current	1,237,394	1,237,394	516,042	516,042	511,059	511,059
Other non-current liabilities	49,742	49,742	49,165	49,165	85,315	85,315

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

	Level 1	Level 2	Level 3	Total
Debt securities at amortized cost				
September 30, 2025	\$ -	5,662,190	-	5,662,190
December 31, 2024	\$ -	6,639,189	-	6,639,189
September 30, 2024	\$ -	6,210,741	-	6,210,741

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2025				
Financial assets at fair value through profit or loss	\$ 40,173,159	27,992,993	15,840	68,181,992
Financial assets at fair value through other comprehensive income	3,935,181	24,414,456	4,919,343	33,268,980
Derivative financial assets	<u>3,253,625</u>	<u>1,297,615</u>	<u>-</u>	<u>4,551,240</u>
	<u>\$ 47,361,965</u>	<u>53,705,064</u>	<u>4,935,183</u>	<u>106,002,212</u>
Financial liabilities at fair value through profit or loss	\$ 39,775,821	-	-	39,775,821
Derivative financial liabilities	<u>332,314</u>	<u>3,230,636</u>	<u>-</u>	<u>3,562,950</u>
	<u>\$ 40,108,135</u>	<u>3,230,636</u>	<u>-</u>	<u>43,338,771</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2024				
Financial assets at fair value through profit or loss	\$ 33,435,793	32,766,164	101,308	66,303,265
Financial assets at fair value through other comprehensive income	5,847,994	25,363,281	4,558,179	35,769,454
Derivative financial assets	<u>2,216,050</u>	<u>1,021,640</u>	<u>-</u>	<u>3,237,690</u>
	<u>\$ 41,499,837</u>	<u>59,151,085</u>	<u>4,659,487</u>	<u>105,310,409</u>
Financial liabilities at fair value through profit or loss	\$ 22,872,089	-	-	22,872,089
Derivative financial liabilities	<u>234,335</u>	<u>3,103,903</u>	<u>-</u>	<u>3,338,238</u>
	<u>\$ 23,106,424</u>	<u>3,103,903</u>	<u>-</u>	<u>26,210,327</u>
September 30, 2024				
Financial assets at fair value through profit or loss	\$ 36,025,394	30,534,890	102,285	66,662,569
Financial assets at fair value through other comprehensive income	4,808,813	22,392,011	4,249,765	31,450,589
Derivative financial assets	<u>1,651,358</u>	<u>930,022</u>	<u>-</u>	<u>2,581,380</u>
	<u>\$ 42,485,565</u>	<u>53,856,923</u>	<u>4,352,050</u>	<u>100,694,538</u>
Financial liabilities at fair value through profit or loss	\$ 26,285,959	-	-	26,285,959
Derivative financial liabilities	<u>311,719</u>	<u>3,303,940</u>	<u>-</u>	<u>3,615,659</u>
	<u>\$ 26,597,678</u>	<u>3,303,940</u>	<u>-</u>	<u>29,901,618</u>

b) Valuation techniques of financial instruments measured at fair value

i) Non-derivative financial instruments

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

ii) Derivative financial instruments

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

4) Transfer between Level 1 and Level 2

For the nine months ended September 30, 2025 and 2024, there is no transfer of financial instruments between Level 1 and Level 2.

5) Fair value adjustments

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(In Thousands Dollars)

For the nine months ended September 30, 2025									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 101,308	(4,367)	-	36,000	-	99,473	-	17,628	15,840
Financial assets at fair value through other comprehensive income	4,558,179	-	214,073	165,501	-	15,000	3,410	-	4,919,343
Total	<u>\$ 4,659,487</u>	<u>(4,367)</u>	<u>214,073</u>	<u>201,501</u>	<u>-</u>	<u>114,473</u>	<u>3,410</u>	<u>17,628</u>	<u>4,935,183</u>
For the nine months ended September 30, 2024									
Item	Beginning Balance	Gains and losses on valuation		Addition		Reduction			Ending Balance
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Capital reduction	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 102,630	(345)	-	-	-	-	-	-	102,285
Financial assets at fair value through other comprehensive income	3,602,562	-	676,703	27,000	-	3,500	-	53,000	4,249,765
Total	<u>\$ 3,705,192</u>	<u>(345)</u>	<u>676,703</u>	<u>27,000</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>53,000</u>	<u>4,352,050</u>

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

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

	<u>Change in fair value recognized in other comprehensive income</u>	
	<u>Favorable change</u>	<u>Unfavorable change</u>
September 30, 2025		
Financial assets at fair value through profit or loss	\$ <u>158</u>	<u>(158)</u>
Financial assets at fair value through other comprehensive income	\$ <u>49,193</u>	<u>(49,193)</u>
December 31, 2024		
Financial assets at fair value through profit or loss	\$ <u>1,013</u>	<u>(1,013)</u>
Financial assets at fair value through other comprehensive income	\$ <u>45,582</u>	<u>(45,582)</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(vi) Transfer of financial assets

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

September 30, 2025					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u>48,075,982</u>	<u>45,990,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2024					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u>55,605,652</u>	<u>53,622,868</u>	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2024					
Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	\$ <u>51,073,422</u>	<u>48,796,809</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(vii) Offsetting financial assets and financial liabilities

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

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

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

September 30, 2025						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offsetting in the balance sheet	Net amount of financial assets presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial assets	\$ 1,297,615	-	1,297,615	-	-	1,297,615
September 30, 2025						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offsetting in the balance sheet	Net amount of financial liabilities presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial liabilities	\$ 3,437,954	-	3,437,954	-	-	3,437,954
Under repurchase agreements	45,990,917	-	45,990,917	45,990,917	-	-
Total	\$ 49,428,871	-	49,428,871	45,990,917	-	3,437,954
December 31, 2024						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offsetting in the balance sheet	Net amount of financial assets presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial assets	\$ 1,021,640	-	1,021,640	-	-	1,021,640

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2024						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets offsetting in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial liabilities	\$ 3,243,848	-	3,243,848	-	-	3,243,848
Under repurchase agreements	53,622,868	-	53,622,868	53,622,868	-	-
Total	<u>\$ 56,866,716</u>	<u>-</u>	<u>56,866,716</u>	<u>53,622,868</u>	<u>-</u>	<u>3,243,848</u>

September 30, 2024						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial assets (a)	Gross amount of recognized financial liabilities offsetting in the balance sheet (b)	Net amount of financial assets presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial assets	\$ 930,022	-	930,022	-	-	930,022

September 30, 2024						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Gross amount of recognized financial liabilities (a)	Gross amount of recognized financial assets offsetting in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amount not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial liabilities	\$ 3,441,924	-	3,441,924	-	-	3,441,924
Under repurchase agreements	48,796,809	-	48,796,809	48,796,809	-	-
Total	<u>\$ 52,238,733</u>	<u>-</u>	<u>52,238,733</u>	<u>48,796,809</u>	<u>-</u>	<u>3,441,924</u>

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

(y) Financial risk management

Except the following mentioned, there were no material changes in the Group's financial risk management and policies as disclosed in note 6(y) of the consolidated financial statements as of and for the year ended December 31, 2024.

As of September 30, 2025, December 31, 2024 and September 30, 2024, the related financial risk and the presentation of the Group's financial derivatives and other financial instruments as approved by the authority were as follows:

Stock warrants

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

Financial Instruments	September 30, 2025		December 31, 2024		September 30, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Stock warrants issued	\$ 23,876,997	-	31,046,844	-	69,194,047	-

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group collects premium from investors prior to issuing stock warrants, and therefore, does not assume any credit risk.

(ii) Market risk:

Market risk of stock warrants issued arises from changes in prices of the underlying securities. Market risk can be hedged by adjusting the positions of stock warrants and hedging instruments.

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

The Group establishes hedging positions by collecting margins or premium prior to the issue of stock warrants, which are based on the underlying securities. Therefore, there is no significant funding demand. Furthermore, since the underlying security are restricted by certain market prices and diversification requirements, the risk of being unable to sell securities at reasonable prices is rather low; likewise for liquidity risk as well. The only risk is capital demands resulting from hedged positions adjusted for changes in securities prices. However, under the assumption of good market liquidity, cash flow risk is assessed to be low.

The duration of stock warrants issued is three months to two years from the issue date. Except for cash flows from hedging transactions, there is no additional cash demand.

(iv) Type, purpose, and strategy of financial derivatives held:

The Group's strategy is to avoid most of the market risk. Non-trading marketable securities hedging positions are used to hedge against risk from investors' exercising of stock warrants. These underlying securities used as hedging instruments exhibit highly positive correlation with the fair values of stock warrants issued, and positions held are evaluated and adjusted periodically.

(v) Presentation of financial derivatives

Relevant transaction pertaining to issuance of stock warrants, its presentation and valuation, and gains or losses on sale and expiration and settlement prior to maturity date, were reflected as follows:

1) For the three months and the nine months ended September 30, 2025:

a) Gains (losses) on valuation

	For the three months ended September 30, 2025	For the nine months ended September 30, 2025	Account
Stock warrants issued	\$ (812,266)	23,668,263	Gains (losses) on stock warrants issued
Stock warrants repurchased	303,848	(23,912,181)	Gains (losses) on stock warrants issued

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Gains (losses) on sale

	<u>For the three months ended September 30, 2025</u>	<u>For the nine months ended September 30, 2025</u>	<u>Account</u>
Security borrowing	\$ (35,514)	(92,846)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	448,417	(73,705)	Gains (losses) on sale of trading securities
Futures transaction	(65,995)	84,384	Gains (losses) on derivative financial instruments - futures

c) Gains (losses) on maturity

	<u>For the three months ended September 30, 2025</u>	<u>For the nine months ended September 30, 2025</u>	<u>Account</u>
Stock warrants issued	\$ 20,267,383	35,180,745	Gains (losses) on stock warrants issued
Stock warrants repurchased	(20,105,870)	(34,490,985)	Gains (losses) on stock warrants issued

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

a) Gains (losses) on valuation

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

b) Gains (losses) on sale

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

c) Gains (losses) on maturity

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

Futures

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

Please refer to note 12(a) for the notional principal and nominal amount as of September 30, 2025, December 31, 2024 and September 30, 2024.

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Market risk:

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

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

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

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

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

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

(iv) Presentation of financial derivatives:

	September 30, 2025	December 31, 2024	September 30, 2024	Account
Futures margin - security	\$ 744,398	394,650	56,250	Financial assets at fair value through profit or loss - current
Futures margin - proprietary fund	2,332,093	1,541,089	1,251,679	Financial assets at fair value through profit or loss - current
Futures margin - excess margin	4,098,769	3,442,899	3,525,463	Cash and cash equivalent
Buy options	177,134	280,311	343,429	Financial assets at fair value through profit or loss - current
Sale options	124,996	94,390	173,735	Financial liabilities at fair value through profit or loss - current

	For the three months ended September 30, 2025	2024	For the nine months ended September 30, 2025	2024	Account
Gains (losses) on futures transactions	\$ 1,760,887	1,955,511	3,178,652	(412,272)	Gains (losses) on derivatives - futures
Gains (losses) on futures transactions - security	60,080	(135,642)	1,995	648	Gains (losses) on securities for futures margin at fair value through profit or loss

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Derivative instruments - OTC

(i) Interest rate financial derivatives

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

Financial Instruments	September 30, 2025		December 31, 2024		September 30, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
NT dollar interest swaps	\$ 7,400,000	-	8,000,000	-	8,000,000	-

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

2) Market risk:

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

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

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

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

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

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Structured notes

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

Financial Instruments	September 30, 2025		December 31, 2024		September 30, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
Equity-linked notes	\$ 494,000	-	330,000	-	391,000	-
Principal guaranteed notes	6,359,321	-	5,634,024	-	5,585,161	-
Credit-linked notes	1,904,100	-	1,046,400	-	998,200	-
Principal guaranteed notes (in USD thousands)	USD 16,268	-	USD 1,845	-	USD 1,454	-

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

2) Market risk

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

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

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

(iii) Convertible bond asset swaps

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

Financial Instruments	September 30, 2025		December 31, 2024		September 30, 2024	
	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk	Notional principal / Nominal amount	Credit Risk
For trading purpose:						
IRS asset swaps	\$ 8,331,300	-	6,127,100	-	4,027,800	-
Asset swap options	21,082,500	-	19,454,000	-	15,289,000	-

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Market risk:

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

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

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

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

(iv) Options

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

Financial Instruments	September 30, 2025		December 31, 2024		September 30, 2024	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Equity options	\$ 546,736	-	524,813	-	751,546	-

The counterparties that the Group entered into derivative transactions with are all well-known financial institutions with good credit ratings. The Group does not expect the counter-party will default. Therefore, the credit risk is minimal.

2) Market risk:

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(v) Leverage derivatives

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

Financial Instruments	September 30, 2025		December 31, 2024		September 30, 2024	
	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk	Notional principal/ Nominal amount	Credit Risk
For trading purpose:						
Leverage derivatives-long position	\$ 3,170,872	-	5,647,635	-	3,303,695	-
Leverage derivatives-short position	3,145,139	-	5,645,208	-	3,298,744	-

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

2) Market risk:

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Presentation of derivative instruments in financial statement

As of September 30, 2025, December 31, 2024 and September 30, 2024, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps were presented on the balance sheets as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Financial assets at fair value through profit or loss - current			
IRS asset swaps	\$ 21,249	48,834	48,235
Asset swap options - long position	1,072,950	785,194	647,149
Leverage derivatives - non-hedging	180,789	153,147	218,184
Structured notes	3,661	2,623	2,886
Exchange rate derivatives	17,818	27,503	613
Interest rate swaps	168	243	270
Equity derivatives	980	4,096	12,685
Total	<u>\$ 1,297,615</u>	<u>1,021,640</u>	<u>930,022</u>
Financial liabilities at fair value through profit or loss - current			
IRS asset swaps	\$ 386,800	292,254	147,498
Asset swap options - short position	2,814,836	2,781,544	3,087,083
Leverage derivatives - non-hedging	10,338	12,900	32,065
Structured notes	37,962	42,760	40,296
Exchange rate derivatives	1,212	220	26,168
Equity derivatives	1,585	1,408	-
Total	<u>\$ 3,252,733</u>	<u>3,131,086</u>	<u>3,333,110</u>
Financial liabilities at fair value through profit or loss - non-current			
Structured notes	<u>\$ 185,221</u>	<u>112,762</u>	<u>108,814</u>
Other financial liabilities - current			
Structured notes principal value	<u>\$ 7,815,263</u>	<u>6,420,134</u>	<u>6,373,087</u>
Other financial liabilities - non-current			
Structured notes principal value	<u>\$ 1,237,394</u>	<u>516,042</u>	<u>511,059</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months and the nine months ended September 30, 2025 and 2024, relevant transactions of interest rate financial derivatives, structured notes, equity derivatives, bond options, convertible bond asset swaps, exchange rate derivatives and interest rate swaps are presented in the statements of income as follows:

	For the three months ended September 30, 2025		For the nine months ended September 30, 2025	
	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)
Interest rate swaps	\$ 1	(25)	3	168
Equity derivatives	8,054	(11,443)	14,790	(3,201)
Structured notes	(70,288)	(2,999)	(110,716)	(19,919)
IRS asset swaps	(3,131)	(2,556)	(8,051)	(9,102)
Asset swap options	(908,584)	(266,925)	(712,011)	1,472,981
Exchange rate derivatives	65,569	56,932	(2,419)	16,686
Leverage derivatives - non-hedging	29,702	69,641	96,488	30,204
Total	<u>\$ (878,677)</u>	<u>(157,375)</u>	<u>(721,916)</u>	<u>1,487,817</u>

	For the three months ended September 30, 2024		For the nine months ended September 30, 2024	
	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)	Gains (losses) on derivative instruments - OTC	Unrealized Gains (losses)
Interest rate swaps	\$ 2	(25)	2	270
Equity derivatives	2,678	(747)	6,656	(3,199)
Structured notes	(16,970)	(2,369)	(58,491)	(10,687)
IRS asset swaps	(355)	(253)	(725)	(769)
Asset swap options	389,620	1,180,870	(1,329,983)	619,589
Exchange rate derivatives	(52,674)	(101,575)	216,802	(25,555)
Leverage derivatives - non-hedging	24,480	(1,400)	72,025	50,850
Total	<u>\$ 346,781</u>	<u>1,074,501</u>	<u>(1,093,714)</u>	<u>630,499</u>

(z) Capital management

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

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

	September 30, 2025	December 31, 2024	September 30, 2024
Capital adequacy ratio	279 %	278 %	279 %

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the nine months ended September 30, 2025 and 2024, were as follows:

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

			<u>Non-cash changes</u>			
	<u>January 1,</u>	<u>Cash flows</u>	<u>Other</u>	<u>Foreign</u>	<u>Fair value</u>	<u>September</u>
	<u>2025</u>			<u>exchange</u>	<u>changes</u>	<u>30, 2025</u>
	<u>\$</u>			<u>movement</u>		
Lease liabilities	<u>608,527</u>	<u>(167,711)</u>	<u>93,825</u>	<u>(700)</u>	<u>-</u>	<u>533,941</u>
			<u>Non-cash changes</u>			
	<u>January 1,</u>	<u>Cash flows</u>	<u>Other</u>	<u>Foreign</u>	<u>Fair value</u>	<u>September</u>
	<u>2024</u>			<u>exchange</u>	<u>changes</u>	<u>30, 2024</u>
	<u>\$</u>			<u>movement</u>		
Lease liabilities	<u>724,417</u>	<u>(163,037)</u>	<u>86,344</u>	<u>721</u>	<u>-</u>	<u>648,445</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the parent company and the ultimate controlling party of the consolidated company.

(b) Names of related parties and relationships

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

<u>Names of related parties</u>	<u>Relationships</u>
Capital Insurance Advisory Corp.	Subsidiary
Capital Investment Trust Corp.	Associate
Funds issued by Capital Investment Trust Corp.	Funds issued by associate
Chuan Yi Construction Corp.	Related party in substance
Bao Zuo Investment Corp.	Related party in substance
Sheng Hsiang Enterprise Corp.	Related party in substance
Fu Tai Construction Corp.	Related party in substance
Feng Yang Investment Corp.	Related party in substance
Chuan Yi Investment Corp.	Related party in substance
Bao Ching Investment Corp.	Related party in substance
Bao Sheng Investment Corp.	Related party in substance
Fu Ding Investment Corp.	Related party in substance
Run Xiang Industrial Corp.	Related party in substance
Yu Bao Industrial Corp.	Related party in substance
Kwang Hsing Industrial Corp.	Corporate directors
Other related parties	Key management personnel

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel transactions

(i) Key management personnel compensation

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 124,232	110,346	317,020	293,318
Post-employment benefits	1,014	861	2,854	2,475
Share-based Payment	-	-	1,962	-
Total	<u>\$ 125,246</u>	<u>111,207</u>	<u>321,836</u>	<u>295,793</u>

(ii) Bonds sold under repurchase agreements

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
Total financial expenses	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	<u>\$ -</u>	<u>2</u>	<u>-</u>	<u>19</u>

Transactions terms are the same as the general clients.

(iii) Structured notes transactions - remaining balance

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2025</u>	<u>2024</u>	<u>2024</u>
Other related parties	<u>\$ 68,900</u>	<u>67,700</u>	<u>65,700</u>

(iv) Futures transactions

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
Future Traders' equity	<u>2025</u>	<u>2024</u>	<u>2024</u>
Other related parties	<u>\$ 5,770</u>	<u>3,032</u>	<u>2,464</u>

(v) Brokerage and sub-brokerage

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
Brokerage commissions	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	<u>\$ 1,771</u>	<u>17,336</u>	<u>4,717</u>	<u>49,781</u>
	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
Re-consigned handling commissions	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	<u>\$ 277</u>	<u>340</u>	<u>424</u>	<u>1,657</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Other expense

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

(d) Significant transactions with related parties

(i) Bonds sold under repurchase agreements

	September 30, 2025		December 31, 2024		September 30, 2024	
	Par value	Purchase price	Par value	Purchase price	Par value	Purchase price
Funds issued by associate	\$ <u>1,695,000</u>	<u>1,695,000</u>	<u>712,000</u>	<u>712,000</u>	<u>759,720</u>	<u>759,720</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Total financial expenses				
Subsidiaries	\$ 63	26	186	45
Funds issued by associate	4,285	4,079	13,205	9,262
Total	\$ <u>4,348</u>	<u>4,105</u>	<u>13,391</u>	<u>9,307</u>

Transaction terms are the same as the general clients.

(ii) Financial assets transactions

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

Relationship	Account	September 30, 2025		December 31, 2024		September 30, 2024	
		Ending shares (Note)	Ending amount	Ending shares (Note)	Ending amount	Ending shares (Note)	Ending amount
Funds issued by associate	Financial assets at fair value through profit or loss - current	<u>179,105</u>	<u>\$ 3,074,203</u>	<u>117,763</u>	<u>2,376,959</u>	<u>108,195</u>	<u>2,271,354</u>

Notes: Amounts in thousand shares.

	For the three months ended September 30,				For the nine months ended September 30,			
	2025		2024		2025		2024	
	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend	Gain or loss on disposal	Dividend
Funds issued by associate	\$ <u>131,009</u>	<u>57,615</u>	<u>56,991</u>	<u>52,423</u>	<u>63,787</u>	<u>133,075</u>	<u>435,219</u>	<u>160,857</u>

	September 30, 2025	December 31, 2024	September 30, 2024
Prepayments			
Associates	\$ <u>5,811</u>	<u>12,574</u>	<u>2,711</u>

Transaction terms are the same as the general clients.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Futures transactions

Futures traders' equity	September 30, 2025	December 31, 2024	September 30, 2024
Funds issued by associate	\$ <u>1,546,702</u>	<u>384,333</u>	<u>136,256</u>
Total financial expenses	For the three months ended September 30, 2025	For the nine months ended September 30, 2024	For the nine months ended September 30, 2024
Funds issued by associate	\$ <u>-</u>	<u>-</u>	<u>5,533</u>
			<u>573</u>

Transaction terms are the same as the general clients.

(iv) Lease agreements

Lessor

Lease revenue	For the three months ended September 30, 2025	2024	For the nine months ended September 30, 2025	2024
Associates	\$ <u>4,449</u>	<u>4,447</u>	<u>13,346</u>	<u>13,211</u>
Guarantee deposits received	September 30, 2025	December 31, 2024	September 30, 2024	
Associates	\$ <u>4,429</u>	<u>4,429</u>	<u>4,429</u>	

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

Lessee

- 1) The Group leases office places from related party in substance for operation, and lease period is seven to nine years. The aggregate contractual value of the lease is \$936,085 and rent is paid monthly. As of September 30, 2025, December 31, 2024 and September 30, 2024, the refundable deposits were \$29,317, \$29,278 and \$29,278.

- 2) Acquisition of right-of-use assets

There was no new acquisition of right-of-use assets of the Company in the periods for the nine months ended September 30, 2025.

- 3) Lease liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Related party in substance	\$ <u>331,203</u>	<u>410,041</u>	<u>438,399</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Financial expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Related party in substance	\$ <u>1,194</u>	<u>1,516</u>	<u>3,850</u>	<u>4,742</u>

(v) Custody account business

Custody account business

revenue(Account to rental income)	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Related party in substance	\$ <u>30,965</u>	<u>30,965</u>	<u>92,895</u>	<u>92,895</u>

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

(vi) Insurance commission revenues

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

Commission revenues	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Subsidiaries	\$ <u>883</u>	<u>1,317</u>	<u>5,069</u>	<u>3,937</u>

(vii) Brokerage and sub-brokerage

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

Brokerage commissions	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Funds issued by associate	\$ 5,368	6,008	18,358	18,038
Related party in substance	<u>72</u>	<u>100</u>	<u>698</u>	<u>414</u>
Total	\$ <u>5,440</u>	<u>6,108</u>	<u>19,056</u>	<u>18,452</u>

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Fund services business

	For the three months ended September 30,		For the nine months ended September 30,	
Fund services revenue	2025	2024	2025	2024
Associates	\$ <u>19</u>	<u>29</u>	<u>64</u>	<u>159</u>
Channel services revenue	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Associates	\$ <u>19</u>	<u>29</u>	<u>64</u>	<u>159</u>
Account receivable	September 30,		December 31,	September 30,
	2025		2024	2024
Associates	\$ <u>12</u>		<u>16</u>	<u>18</u>

(ix) Wealth management business

	For the three months ended September 30,		For the nine months ended September 30,	
Trust account commissions revenue	2025	2024	2025	2024
Associates	\$ <u>72</u>	<u>4,962</u>	<u>5,117</u>	<u>11,866</u>
Trust account management fee revenue	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Associates	\$ <u>397</u>	<u>393</u>	<u>1,202</u>	<u>1,210</u>

(x) Underwriting business

	For the three months ended September 30,		For the nine months ended September 30,	
Stock service income	2025	2024	2025	2024
Associates	\$ <u>32</u>	<u>32</u>	<u>92</u>	<u>92</u>
Accounts receivable	September 30,		December 31,	September 30,
	2025		2024	2024
Associates	\$ <u>10</u>		<u>10</u>	<u>10</u>

(xi) Other revenue and expense

	For the three months ended September 30,		For the nine months ended September 30,	
Other revenue	2025	2024	2025	2024
Associates	\$ <u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>
Other expense	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Related party in substance	\$ <u>179</u>	<u>269</u>	<u>955</u>	<u>1,715</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xii) Accrued receivable

<u>Accounts receivable/ Other receivables</u>	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>September 30,</u> <u>2024</u>
Subsidiaries	\$ <u>142</u>	<u>94</u>	<u>86</u>

(xiii) Custody account business

<u>Custody account business</u> <u>revenue</u>	<u>For the three months ended September 30,</u> <u>2025</u>	<u>2024</u>	<u>For the nine months ended September 30,</u> <u>2025</u>	<u>2024</u>
Second-level subsidiaries (note)	\$ <u>1,414</u>	<u>2,011</u>	<u>4,263</u>	<u>5,307</u>

<u>Accounts receivable</u>	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>September 30,</u> <u>2024</u>
Second-level subsidiaries (note)	\$ <u>408</u>	<u>677</u>	<u>619</u>

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

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

	September 30, 2025	December 31, 2024	September 30, 2024	The collateral use
Restricted assets - current	\$ 456,980	2,368,179	2,945,782	Bank borrowings, accounts settled, repurchase agreement.
Restricted assets - non-current	49,875	49,875	49,875	Guarantee deposit for provisional seizure
Trading securities	23,718,061	32,263,584	30,159,060	Repurchase agreement
Financial assets at fair value through other comprehensive income - Bonds	18,477,306	17,468,365	14,667,351	Repurchase agreement
Property (net amount)	1,842,726	1,854,741	1,858,747	Bank borrowings
Financial assets at fair value through profit or loss - non-current	179,107	177,730	177,889	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)	5,628,491	6,635,873	6,171,550	Repurchase agreement
Investment property (net amount)	3,268,432	3,285,085	3,290,635	Bank borrowings
Total	<u>\$ 53,620,978</u>	<u>64,103,432</u>	<u>59,320,889</u>	

(9) Significant contingent liability and unrecognized contract commitment:

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

	September 30, 2025		December 31, 2024		September 30, 2024	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities procured through margin purchase	504,532	\$ 5,045,320	565,843	5,658,430	593,576	5,935,757
Collateral for margin purchase	13,907	139,066	7,056	70,564	5,293	52,932
Lending securities to customers through short sales	25,375	253,750	35,765	357,650	30,656	306,560
Collateral for short sales	4,545	45,450	6,681	66,810	6,403	64,030

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

	September 30, 2025		December 31, 2024		September 30, 2024	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities borrowed from securities finance companies	494	\$ 4,940	434	4,340	53	530

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

	September 30, 2025	December 31, 2024	September 30, 2024
Promissory notes	<u>\$ 34,920,000</u>	<u>37,520,000</u>	<u>37,520,000</u>
Promissory notes (in USD thousands)	<u>USD 85,000</u>	<u>USD 85,000</u>	<u>USD 85,000</u>

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (d) As of September 30, 2025, December 31, 2024 and September 30, 2024, the market values of collaterals which received from customers on conducting borrowing and lending business with unrestricted purposes were \$71,600,899, \$69,834,694 and \$65,169,701, 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.

(10) Significant Catastrophic Loss: None

(11) Significant Subsequent Events:

On November 10, 2025, the Board of Directors resolved to increase the cash capital of Capital Futures (Hong Kong) Corp., an investee company of subsidiary Capital Futures Corp. The investment amounted to HK\$120 million.

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

(a) As of September 30, 2025, December 31, 2024 and September 30, 2024, the open positions of futures and option contracts were as follows:

(i) September 30, 2025

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	35,726	\$ 9,582,962	9,832,635	
	Single Stock Futures	Short	12,500	(3,356,005)	(3,347,846)	
	TAIEX Futures	Long	90	466,989	467,124	
	TAIEX Futures	Short	493	(2,557,883)	(2,558,859)	
	Mini TAIEX Futures	Long	501	650,790	650,020	
	Mini TAIEX Futures	Short	62	(79,260)	(80,371)	
	Micro TAIEX Futures	Long	20	5,116	5,193	
	Micro TAIEX Futures	Short	60	(15,515)	(15,572)	
	Finance Sector Index Futures	Short	18	(39,949)	(40,086)	
	Electronic Sector Index Futures	Long	1	6,100	6,064	
	Electronic Sector Index Futures	Short	39	(235,192)	(236,519)	
	Mini Electronic Futures	Long	160	121,084	121,292	
	Mini Electronic Futures	Short	218	(165,783)	(165,260)	
	10 Year U.S. T Note Futures	Long	4	13,725	13,700	
	10 Year U.S. T Note Futures	Short	28	(96,151)	(95,902)	
	10 Year U.S. T Bond Futures	Short	14	(49,090)	(49,050)	
	Ultra U.S. Treasury Bond	Long	681	2,442,413	2,489,261	
	10 Year Euro Bond	Long	20	91,793	91,979	
	Brent Crude Oil Futures	Short	365	(758,625)	(733,753)	
	Crude Oil Futures	Long	36	69,068	68,359	
	FTSE China A50 Index Futures	Long	3,824	1,762,027	1,759,714	
	FTSE China A50 Index Futures	Short	190	(87,433)	(87,433)	
	E-mini S&P 500 Futures	Long	2	20,516	20,516	
	E-mini S&P 500 Futures	Short	6	(61,232)	(61,548)	
	Gold Futures	Long	5	6,904	7,087	
	Gold Futures	Short	43	(480,326)	(507,054)	
	HHI Futures	Short	111	(203,741)	(207,963)	
	HSI Futures	Long	1	5,167	5,265	
	HSI Futures	Short	1	(5,176)	(5,265)	
	Mini TOPIX Futures	Short	6	(3,921)	(3,879)	
	TOPIX Futures	Short	5	(32,233)	(32,321)	
	JPY Futures	Long	40	103,365	103,727	
	JPY Futures	Short	61	(158,790)	(158,182)	
	Micro Gold Futures	Long	44	49,242	51,885	
	Refined Copper Futures	Short	5	(17,322)	(18,482)	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid	Fair value	Note
		Long/ Short	Number of contracts	for (received from) premium		
Futures contract :	Mini-HSI Futures	Long	146	\$ 152,957	153,748	
	Micro E-mini Nasdaq Futures	Long	9	13,571	13,646	
	E-mini Nasdaq Futures	Long	20	301,807	303,254	
	E-mini Russell 2000 Index Futures	Long	1	3,726	3,738	
	SGX Nikkei 225 Index Futures	Short	25	(116,239)	(115,518)	
	E-mini Dow Futures	Long	2	14,166	14,214	
	E-mini Dow Futures	Short	21	(148,311)	(149,252)	
	US Dollar Index Futures	Short	74	(219,304)	(219,550)	
	Micro E-mini S&P 500 Futures	Long	4	4,067	4,103	
	Micro E-mini S&P 500 Futuress	Short	11	(11,238)	(11,284)	
	Silver Futures	Short	15	(102,623)	(106,497)	
	2 Year U.S. T Note Futures	Long	42	266,381	266,477	
	2 Year U.S. T Note Futures	Short	48	(304,709)	(304,545)	
	30 Year U.S. Treasury Bonds	Long	61	216,215	216,532	
	Soybean Futures	Short	7	(11,158)	(10,674)	
	China Index Futures	Short	147	(159,486)	(161,562)	
	FTSE Taiwan Index Futures	Long	30	78,099	78,119	
	FTSE Taiwan Index Futures	Short	154	(397,101)	(401,010)	
	Vietnam Index Futures	Long	40	8,603	8,581	
	Mini Finance Sector Index Futures	Long	96	53,132	53,448	
	One Week E-mini Stock Index Futures	Long	1	1,301	1,297	
	One Week E-mini Stock Index Futures	Short	15	(19,442)	(19,445)	
	CME BTC	Short	6	(99,732)	(104,440)	
	GIN Futures	Short	42	(63,461)	(63,325)	
	10 Year Japanese Treasury Bond	Long	10	279,668	279,456	
	SGX TWN	Long	9	22,974	23,265	
	Subtotal			6,757,497		
Options contract :	TAIEX Options (Call)	Long	3,082	\$ 64,510	109,789	
	TAIEX Options (Put)	Long	5,443	58,739	41,567	
	TAIEX Options (Call)	Short	2,878	(51,522)	(85,312)	
	TAIEX Options (Put)	Short	4,219	(42,247)	(23,573)	
	TAIEX Options W1 (Call)	Long	1,101	4,204	3,500	
	TAIEX Options W1 (Put)	Long	3,546	14,829	5,846	
	TAIEX Options W1 (Call)	Short	1,359	(4,919)	(2,279)	
	TAIEX Options W1 (Put)	Short	2,196	(10,071)	(3,492)	
	Stock Options (Call)	Long	174	1,374	1,539	
	Stock Options (Put)	Long	117	856	599	
	Stock Options (Call)	Short	123	(558)	(668)	
	Stock Options (Put)	Short	92	(439)	(270)	
	Electronic Sector Index Options (Call)	Long	2	60	171	
	Electronic Sector Index Options (Put)	Long	3	138	50	
	Finance Insurance Index Options (Call)	Long	77	633	800	
	Finance Insurance Index Options (Put)	Long	143	1,275	644	
	Finance Insurance Index Options (Call)	Short	62	(228)	(263)	
	Finance Insurance Index Options (Put)	Short	40	(88)	(29)	
	Gold Options (Call)	Long	61	729	3,650	
	Gold Options (Put)	Long	50	605	55	
	Gold Options (Call)	Short	60	(1,326)	(6,661)	
	Gold Options (Put)	Short	60	(1,405)	(1)	
	TAIEX Options F2 (Call)	Long	5	83	88	
	TAIEX Options F2 (Put)	Long	141	164	119	
	TAIEX Options F2 (Call)	Short	84	(849)	(1,067)	
	TAIEX Options F2 (Put)	Short	3	(66)	(40)	
	TAIEX Options F1 (Call)	Long	497	5,610	3,476	
	TAIEX Options F1 (Put)	Long	939	5,788	5,241	
	TAIEX Options F1 (Call)	Short	39	(170)	(205)	
	TAIEX Options F1 (Put)	Short	570	(1,608)	(1,136)	
	Subtotal			44,101		
Total				\$ 6,801,598		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) December 31, 2024

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	11,348	\$ 3,059,688	3,055,657	
	Single Stock Futures	Short	11,481	(3,767,507)	(3,790,911)	
	TAIEX Futures	Long	304	1,402,606	1,402,383	
	TAIEX Futures	Short	310	(1,437,853)	(1,428,793)	
	Mini TAIEX Futures	Long	128	148,551	147,691	
	Mini TAIEX Futures	Short	156	(180,251)	(180,538)	
	Micro TAIEX Futures	Short	1,165	(269,477)	(268,582)	
	Finance Sector Index Futures	Long	46	97,438	96,839	
	Finance Sector Index Futures	Short	8	(16,863)	(16,882)	
	Electronic Sector Index Futures	Short	34	(174,621)	(174,325)	
	Mini Electronic Futures	Long	66	42,617	42,299	
	Mini Electronic Futures	Short	71	(45,734)	(45,504)	
	10 Year U.S. T Note Futures	Long	8	28,552	28,523	
	10 Year U.S. T Note Futures	Short	85	(303,674)	(303,056)	
	10 Year U.S. T Bond Futures	Long	22	82,346	80,286	
	Ultra U.S. Treasury Bond	Long	615	2,486,734	2,397,480	
	Brent Crude Oil Futures	Short	371	(896,135)	(907,864)	
	Crude Oil Futures	Short	55	(128,221)	(129,324)	
	FTSE China A50 Index Futures	Long	5,162	2,298,765	2,278,766	
	FTSE China A50 Index Futures	Short	1,261	(561,530)	(556,668)	
	E-mini S&P 500 Futures	Long	3	29,388	29,191	
	Gold Futures	Long	1	8,900	8,659	
	Gold Futures	Short	11	(88,009)	(87,629)	
	HHI Futures	Short	289	(445,933)	(444,015)	
	HSI Futures	Long	6	25,503	25,442	
	HSI Futures	Short	10	(42,501)	(42,404)	
	TOPIX Futures	Short	19	(109,481)	(111,128)	
	JPY Futures	Long	21	56,418	55,165	
	JPY Futures	Short	13	(34,015)	(34,150)	
	Copper Futures	Short	13	(44,286)	(42,903)	
	Mini-HSI Futures	Long	10	8,513	8,481	
	Mini-HSI Futures	Short	1	(845)	(848)	
	Micro E-mini Nasdaq Futures	Long	3	4,264	4,175	
	Micro E-mini Nasdaq Futures	Short	43	(59,894)	(59,848)	
	E-mini Nasdaq Futures	Long	20	286,219	278,364	
	E-mini Nasdaq Futures	Short	13	(186,467)	(180,937)	
	E-mini Russell 2000 Index Futures	Short	1	(3,665)	(3,688)	
	SGX Nikkei 225 Index Futures	Short	17	(70,275)	(70,090)	
	E-mini Dow Futures	Short	16	(113,178)	(112,447)	
	US Dollar Index Futures	Short	106	(369,383)	(376,351)	
	Micro E-mini S&P 500 Futures	Long	4	4,033	3,892	
	Micro E-mini S&P 500 Futures	Short	12	(11,885)	(11,676)	
	Silver Futures	Short	2	(9,642)	(9,587)	
	2 Year U.S. T Note Futures	Long	97	654,045	653,868	
	2 Year U.S. T Note Futures	Short	15	(100,979)	(101,114)	
	30 Year U.S. Treasury Bond	Short	77	(287,976)	(287,392)	
	Long - Term Euro-BTP Futures	Long	20	81,827	81,922	
	Soybean Futures	Long	4	6,510	6,626	
	China Index Futures	Long	5	4,210	4,183	
	Mini Finance Sector Index Futures	Short	120	(63,689)	(63,156)	
	One Week E-mini Stock Index Futures	Long	26	29,804	29,946	
	One Week E-mini Stock Index Futures	Short	108	(124,862)	(124,378)	
	CME BTC	Short	6	(95,393)	(91,945)	
	GIN Futures	Short	20	(31,392)	(31,171)	
	Corn Futures	Long	10	7,447	7,516	
	Gas Futures	Long	7	7,922	8,338	
	Subtotal			786,684		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Options contract :	TAIEX Options (Call)	Long	6,291	\$ 153,730	145,689	
	TAIEX Options (Put)	Long	6,853	123,218	112,440	
	TAIEX Options (Call)	Short	4,832	(85,687)	(54,451)	
	TAIEX Options (Put)	Short	2,386	(27,694)	(24,889)	
	TAIEX Options W1 (Call)	Long	1,624	5,283	2,892	
	TAIEX Options W1 (Put)	Long	2,095	8,784	9,153	
	TAIEX Options W1 (Call)	Short	1,172	(5,291)	(3,815)	
	TAIEX Options W1 (Put)	Short	1,606	(8,701)	(10,140)	
	TAIEX Options W2 (Call)	Short	35	(320)	(275)	
	Stock Options (Call)	Long	138	1,100	822	
	Stock Options (Put)	Long	221	1,098	989	
	Stock Options (Call)	Short	123	(663)	(356)	
	Stock Options (Put)	Short	52	(216)	(187)	
	Electronic Sector Index Options (Put)	Long	2	49	37	
	Finance Insurance Index Options (Call)	Long	307	4,523	3,315	
	Finance Insurance Index Options (Put)	Long	320	3,538	3,906	
	Finance Insurance Index Options (Call)	Short	190	(375)	(198)	
	Finance Insurance Index Options (Put)	Short	110	(179)	(72)	
	Gold Options (Call)	Long	69	791	511	
	Gold Options (Put)	Long	85	935	557	
	Gold Options (Call)	Short	10	(53)	(7)	
	Subtotal			173,870		
	Total			<u>\$ 960,554</u>		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) September 30, 2024

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	Single Stock Futures	Long	9,083	\$ 2,840,553	2,851,547	
	Single Stock Futures	Short	17,169	(3,152,239)	(3,128,118)	
	TAIEX Futures	Long	453	2,035,960	2,023,349	
	TAIEX Futures	Short	240	(1,084,012)	(1,071,648)	
	Mini TAIEX Futures	Long	232	260,568	259,261	
	Mini TAIEX Futures	Short	117	(133,003)	(130,695)	
	Micro TAIEX Futures	Short	2,036	(465,629)	(454,590)	
	Finance Sector Index Futures	Long	12	25,143	25,015	
	Finance Sector Index Futures	Short	5	(10,583)	(10,435)	
	Electronic Sector Index Futures	Long	10	47,957	47,460	
	Electronic Sector Index Futures	Short	23	(107,337)	(109,158)	
	Mini Electronic Futures	Short	94	(56,428)	(55,766)	
	10 Year U.S. T Note Futures	Short	44	(159,462)	(159,148)	
	10 Year U.S. T Bond Futures	Long	87	326,376	325,736	
	Ultra U.S. Treasury Bond	Long	450	1,908,913	1,895,588	
	Ultra U.S. Treasury Bond	Short	12	(50,632)	(50,549)	
	Euro-Bund Futures	Long	3	14,274	14,320	
	Brent Crude Oil Futures	Long	1	2,311	2,269	
	Brent Crude Oil Futures	Short	217	(502,509)	(492,439)	
	Crude Oil Futures	Long	5	10,685	10,788	
	Crude Oil Futures	Short	34	(73,782)	(73,358)	
	FTSE China A50 Index Futures	Long	6,745	2,686,843	2,967,362	
	FTSE China A50 Index Futures	Short	169	(74,416)	(74,349)	
	E-Mini S&P 500 Futures	Long	4	36,433	36,804	
	Gold Futures	Long	1	997	1,017	
	Gold Futures	Short	36	(78,586)	(81,042)	
	HHI Futures	Long	22	33,844	33,865	
	HHI Futures	Short	75	(115,469)	(115,450)	
	HSI Futures	Short	19	(82,269)	(82,372)	
	TOPIX Futures	Short	19	(109,927)	(111,822)	
	JPY Futures	Long	20	55,873	55,629	
	JPY Futures	Short	26	(72,971)	(72,317)	
	Copper Futures	Short	6	(18,941)	(21,615)	
	Micro E-mini Nasdaq Futures	Long	53	67,934	67,974	
	Micro E-mini Nasdaq Futures	Short	36	(95,915)	(96,190)	
	E-mini Nasdaq Futures	Long	5	64,113	64,127	
	E-mini Nasdaq Futures	Short	37	(344,479)	(346,285)	
	E-mini Russell 2000 Index Futures	Short	1	(3,551)	(3,559)	
	SGX Nikkei 225 Index Futures	Long	3	12,866	12,618	
	SGX Nikkei 225 Index Futures	Short	27	(109,008)	(113,560)	

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract :						
	E-mini Dow Futures	Short	2	\$ (13,265)	(13,497)	
	U.S. dollar Index Futures	Short	99	(316,675)	(314,967)	
	Micro E-mini S&P 500 Futures	Short	18	(16,448)	(16,562)	
	Dow Jones Real Estate Index	Short	3	(3,750)	(3,737)	
	Silver Futures	Short	6	(28,783)	(29,869)	
	2 Year U.S. T-Note Futures	Long	55	363,078	362,498	
	2 Year U.S. T-Note Futures	Short	26	(171,652)	(171,362)	
	30 Year U.S. Treasury Bond	Long	9	35,485	35,375	
	30 Year U.S. Treasury Bond	Short	84	(330,537)	(330,165)	
	Long-Term Euro - BTP Futures	Long	30	129,084	128,928	
	China Index Futures	Short	5	(3,692)	(4,344)	
	FTSE Taiwan Index Futures	Long	9	21,213	21,261	
	5 Year Euro Bond	Long	30	127,262	127,421	
	Mini Finance Sector Index Futures	Short	36	(18,857)	(18,761)	
	One Week E-Mini Stock Index Futures	Long	230	262,017	256,450	
	One Week E-Mini Stock Index Futures	Short	69	(78,951)	(76,918)	
	CME BTC	Short	6	(59,997)	(60,122)	
	GIN Futures	Short	4	(6,658)	(6,585)	
	Subtotal			<u>3,419,369</u>		
Options contract :						
	TAIEX Options (Call)	Long	5,008	\$ 135,993	138,371	
	TAIEX Options (Put)	Long	6,593	168,878	172,439	
	TAIEX Options (Call)	Short	6,000	(121,493)	(103,543)	
	TAIEX Options (Put)	Short	3,944	(48,619)	(52,236)	
	Stock Options (Call)	Long	254	5,898	5,860	
	Stock Options (Put)	Long	202	3,211	3,487	
	Stock Options (Call)	Short	200	(1,366)	(4,933)	
	Stock Options (Put)	Short	49	(291)	(94)	
	Finance Insurance Index Options(Call)	Long	83	1,167	1,279	
	Finance Insurance Index Options (Put)	Long	56	240	232	
	Finance Insurance Index Options (Call)	Short	108	(160)	(87)	
	Finance Insurance Index Options (Put)	Short	58	(482)	(294)	
	Gold Options (Call)	Long	116	1,385	1,596	
	Gold Options(Put)	Long	46	535	389	
	Gold Options (Call)	Short	29	(286)	(495)	
	Gold Options(Put)	Short	103	(797)	(295)	
	iShares India 50 ETF Options(Call)	Long	425	25	6	
	iShares India 50 ETF Options (Put)	Long	4,350	85	181	
	iShares India 50 ETF Options (Call)	Short	1,700	(122)	(70)	
	iShares India 50 ETF Options (Put)	Short	2,675	(226)	(444)	
	TAIEX Weekly Options (Call)	Long	2,071	6,570	3,071	
	TAIEX Weekly Options (Putl)	Long	1,440	9,051	16,518	
	TAIEX Weekly Options (Call)	Short	2,033	(5,254)	(2,005)	
	TAIEX Weekly Options (Put)	Short	1,282	(4,748)	(9,239)	
	Subtotal			<u>149,194</u>		
Total				<u>\$ 3,568,563</u>		

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Art.	Calculation formula	Current Period		Standard	Enforcement
		Calculation	Ratio		
17	Stockholders' equity	1,401,832	1.13	≥ 1	Satisfactory to requirement
	(Total liabilities - futures traders' equity)	1,239,598			
17	Current Assets	2,630,071	1,169.96	≥ 1	"
	Current Liabilities	2,248			
22	Stockholders' equity	1,401,832	350.46 %	$\geq 60\%$	"
	Minimum paid-in capital	400,000		$\geq 40\%$	
22	Adjusted net capital	1,008,063	131.48 %	$\geq 20\%$	"
	Total amount of customers' margin required for open positions of futures trader	766,699		$\geq 15\%$	

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	10,016,106	6.68	7,455,723	3.90	≥ 1	Satisfactory to requirement
	(Total liabilities - futures traders' equity)	1,498,755		1,910,726			
17	Current Assets	64,457,004	1.15	57,768,752	1.11	≥ 1	"
	Current Liabilities	56,157,444		52,081,239			
22	Stockholders' equity	10,016,106	898.31 %	7,455,723	668.67 %	$\geq 60\%$	"
	Minimum paid-in capital	1,115,000		1,115,000		$\geq 40\%$	
22	Adjusted net capital	7,880,461	63.42 %	4,712,442	40.86 %	$\geq 20\%$	"
	Total amount of customers' margin required for open positions of futures trader	12,425,811		11,532,517		$\geq 15\%$	

(c) Unique risk for futures trading

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the nine months ended September 30, 2025 and 2024, required by the “Regulations Governing the Preparation of Financial Reports by Securities firms” for the Group:

(i) Loans to others:

(In Thousands Dollars)

Number	Name of the company providing Loans to Others	Party to Transactions	Account Classification	Related party	Maximum Balance of the Period	Ending balance	Capital Employed	Range of interest rate	Type of Loans (Note)	Amount of Transactions	Purposes of the Borrowers	Allowance of Doubtful Accounts	Collateral		Limit on Loans to a Single Business	Limit on the Amount of Loans
													Name	Value		
1	CSC International Holdings Ltd.	CSC Securities (HK) Ltd	Account receivables - Related party	Yes	\$ 830,445	800,050	800,050	-	2	-	Working capital	-		-	1,571,899	1,571,899
2	CSC Futures (HK) Ltd.	F190402	Account receivables - Customer	No	60,447	-	-	6.68 %	1	-		-		-	201,939	1,009,695
3	CSC Futures (HK) Ltd.	F611702	Account receivables - Customer	No	423,127	423,127	272,010	2.93%-4.18%	1	261,268		-		-	423,127	1,009,695
4	CSC Futures (HK) Ltd.	F613059	Account receivables - Customer	No	90,670	90,670	-	5.68 %	1	11,480		-		-	201,939	1,009,695
5	CSC Futures (HK) Ltd.	F612688	Account receivables - Customer	No	11,485	11,485	907	4.68 %	1	263		-		-	201,939	1,009,695
6	CSC Futures (HK) Ltd.	F613091	Account receivables - Customer	No	302	302	-	4.68 %	1	2,311		-		-	201,939	1,009,695
7	CSC Futures (HK) Ltd.	F190416	Account receivables - Customer	No	211,563	211,563	-	3.18 %	1	8,405		-		-	211,563	1,009,695
8	CSC Futures (HK) Ltd.	F613511	Account receivables - Customer	No	15,112	15,112	-	8.00 %	1	478		-		-	201,939	1,009,695

Note: Type of Loans

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Significant transactions between parent company and subsidiaries for the nine months ended September 30, 2025:

(In Thousands Dollars)

Ref No. (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Intercompany transaction details			
				General ledger account	Amount	Trading terms	Percentage of total consolidated revenue or total assets
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts payable	3,159		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Accounts receivable	11,652		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other receivables	298		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Bonds sold under repurchase agreements	20,054		0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other payable	3,332		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Guarantee deposits received	4,620		- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Futures commission revenue	100,930	General transaction	0.72 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Lease revenue	13,962	General transaction	0.10 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Revenue from securities management, distribution, and management fees	531	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Financial costs	865	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Other operating revenue	1,010	General transaction	0.01 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Securities commission expense	27,182	General transaction	0.20 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Interest revenue	76	General transaction	- %
0	Capital Securities Corp.	Capital Futures Corp.	1	Miscellaneous expense	58,472	General transaction	0.42 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Non-operating revenue	45,404	General transaction	0.33 %
0	Capital Securities Corp.	Capital Futures Corp.	1	Brokerage commissions revenue	727	General transaction	0.01 %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Professional Service Fees	83,970	General transaction	0.60 %
0	Capital Securities Corp.	Capital Investment Management Corp.	1	Entertainment expenses	75	General transaction	- %
0	Capital Securities Corp.	CSC Private Equity Co.	1	Other receivables	1		- %
0	Capital Securities Corp.	CSC Private Equity Co.	1	Revenue from securities management, distribution, and management fees	20	General transaction	- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other receivables	150		- %
0	Capital Securities Corp.	CSC Securities (HK) Ltd.	1	Other payables	131		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Other receivables	90		- %
0	Capital Securities Corp.	CSC Venture Capital Corp.	1	Brokerage commissions revenue	74	General transaction	- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Guarantee deposits received	13		- %
0	Capital Securities Corp.	Capital International Technology Corp.	1	Lease revenue	37	General transaction	- %
0	Capital Securities Corp.	Capital Private Equity Fund I Co.	1	Revenue from securities management, distribution, and management fees	20	General transaction	- %

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Ref No. (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Intercompany transaction details			
				General ledger account	Amount	Trading terms	Percentage of total consolidated revenue or total assets
0	Capital Securities Corp.	Capital Private Equity Fund I Co.	1	Brokerage commissions revenue	111	General transaction	- %
1	Capital Futures Corp.	Capital Securities Corp.	2	Customers' margin account	3,577,452		1.07 %
1	Capital Futures Corp.	Capital Securities Corp.	2	Futures traders' equity	3,577,452		1.07 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Customers' margin account	658,964		0.20 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures traders' equity	5,454,063		1.64 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Other payable	7,470		- %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Futures commission expense	12,764	General transaction	0.09 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Brokerage commissions revenue	74,974	General transaction	0.54 %
1	Capital Futures Corp.	CSC Futures (HK) Ltd.	3	Financial costs	12,945	General transaction	0.09 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Customers' margin account	5,354,737		1.61 %
2	CSC Futures (HK) Ltd.	Capital Futures Corp.	3	Futures traders' equity	559,638		0.17 %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Other payable	4,671		- %
2	CSC Futures (HK) Ltd.	Capital True Partner Technology Co.,Ltd.	3	Information technology expense	39,200	General transaction	0.28 %
2	CSC Futures (HK) Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Professional service fees	4,483	General transaction	0.03 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other receivables	HKD 280		- %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	HKD 1,216	General transaction	0.04 %
3	CSC Securities (HK) Ltd.	CSC Futures (HK) Ltd.	3	Brokerage commissions expense	HKD 51	General transaction	- %
4	CSC International Holdings Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Guarantee deposits received	135		- %
4	CSC International Holdings Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Advanced Receipt	360		- %
4	CSC International Holdings Ltd.	Capital Futures Technology (Shanghai) Co. Ltd.	3	Management fee revenue	417	General transaction	- %
4	CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	3	Other receivable	USD 26,283		0.25 %
5	CSC Private Equity Co.	Capital Private Equity Fund I Co.	3	Management Fee Income	3,813	General transaction	0.03 %

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

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

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

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

(Continued)

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Related information of investee companies:

(In Thousands of New Taiwan Dollars)

Ref. No.	Name of investee company (Notes 1 and 2)	Area	Date of establishment	Approval date and number of FSC	Primary business operation	Original investment amount		Equity Ownership by company (note 3)			Operating income or loss of investee company during the period	Net income or loss of investee company during the period	Investment gain or loss recognized during the period	Cash dividend	Note
						Balance on September 30, 2025	Balance on December 31, 2024	Shares	Ratio	Book value					
0	Capital-Investment Management Corp.	Taipei ,Taiwan, R.O.C.	February 16, 1990	Note 4	Engaged in providing research, analysis and recommendations, organize seminars and publish materials on securities investments	72,515	72,515	7,000,000	100.00 %	88,606	89,485	11,440	11,440	-	The transaction has been eliminated in the consolidated financial statements
0	Capital Futures Corp.	Taipei ,Taiwan, R.O.C.	February 26, 1997	No. FSC-105004467 dated November 15, 2016	Engaged in domestic and foreign futures business	2,928,955	1,896,520	138,619,711	55.46 %	5,555,255	1,980,759	962,910	536,174	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 %	1,551,912	(13,968)	(26,797)	(26,797)	-	"
0	Capital Insurance Advisory Corp.	Taipei ,Taiwan, R.O.C.	November 9, 2000	Note 4	Engaged in personal insurance brokerage and property insurance brokerage and manages personal insurance agent business	3,890	3,890	500,000	100.00 %	56,809	161,180	30,930	30,930	38,560	Subsidiary
0	CSC Venture Capital Corp.	Taipei ,Taiwan, R.O.C.	January 12, 2016	No. FSC-1040034071 dated September 8, 2015	Venture capital and consulting business	1,000,000	1,000,000	100,000,000	100.00 %	918,463	13,747	(1,588)	(1,588)	-	The transaction has been eliminated in the consolidated financial statements
0	CSC Private Equity Co. (Note 5)	Taipei ,Taiwan, R.O.C.	December 3, 2020	No. FSC-1090349163 dated September 7, 2020	Investment and management consulting, venture capital and general investing	330,000	330,000	33,000,000	100.00 %	322,331	2,431	(998)	(998)	1,320	"
0	Capital Investment Trust Corp.	Taipei ,Taiwan, R.O.C.	October 16, 1995	Note 4	Engaged in security investment and discretionary investment services	1,272,505	1,272,505	33,067,507	20.00 %	1,611,387	4,057,522	1,609,054	321,811	314,141	Associates
1	CSC Securities(HK) Ltd.	Hong Kong	May 3, 1994	No. FSC-90931 dated January 5,1998	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses permitted by local law of Hong Kong	530,000	530,000	128,000,000	100.00 %	677,166	28,628	(13,968)	-	-	The transaction has been eliminated in the consolidated financial statements
2	CSC Futures(HK) Ltd.	Hong Kong	December 9, 1998	No. FSC-1010027412 dated August 24, 2012	Future brokerage and other businesses permitted by local law of Hong Kong	886,284	886,284	220,000,000	100.00 %	1,009,695	424,316	(15,635)	-	-	"
2	Capital International Technology Co.,Ltd.	Taipei ,Taiwan, R.O.C.	December 29, 2014	No. FSC-1030038387 dated November 18, 2014	Management and consulting business Information technology software	50,000	50,000	5,000,000	100.00 %	10,484	-	(1,746)	-	-	"
3	Capital Securities Nominee Ltd.	Hong Kong	April 7, 1995	No. FSC- 90931 dated January 5, 1998	Agency services	-	-	2	100.00 %	-	-	-	-	-	"
4	Capital Private Equity Fund I Co. (Note 5)	Taipei ,Taiwan, R.O.C.	April 20, 2021	No. FSC-1090380058 dated January 26, 2021	Merged and dissolved	-	300,000	-	- %	-	(3,137)	(7,485)	-	-	"
5	Enno Cap Venture Inc.	Taipei ,Taiwan, R.O.C.	July 30, 2021	No. FSC- 1040034071 dated September 8,2015	Liquidation completed	-	400	-	- %	-	-	-	-	-	Associates

Note 1: (0) Capital Securities Corp. (1) CSC International Holdings Ltd. (2) Capital Futures Corp. (3) CSC Securities (HK) Ltd. (4) CSC 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: According to the regulations of reinvesting domestic business issued by Financial Supervisory Commission, securities firms may invest securities finance enterprises and should file for recordation within 15 days after the investment. Therefore, this case only needs to be filed for recordation afterwards.

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

CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on overseas branches and representative offices:

(In Thousands of New Taiwan Dollars)

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

(d) Information on investments in the Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee in Mainland China	Major Operations	Issued capital	Method of investment	Accumulated remittance as of January 1, 2025	Remittance of recoverable investment this period		Accumulated remittance as of September 30, 2025	Net gains (losses) of the investee	Direct or indirect Share holdings (%) by the company	Investment gains (losses) recognized during this period	Ending Balance of Investment	Investment income remitted back as of September 30, 2025
					Remittance amount	Recoverable amount						
Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	5,013	Note 1 (C)	24,372	-	-	24,372	(3,306)	28.28%	(935) Note 2 B(3)	1,429	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	18,863	Note 1 (C)	18,863	-	-	18,863	(23)	55.46%	(13) Note 2 B(3)	978	-

Note 1: Investment methods are classified into the following three categories:

- A. Directly invest in a company in Mainland China.
- B. Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Please indicate the investee name of the third area).
- C. Through a subsidiary to invest in a company in Mainland China.

Note 2: Investment gains and losses recognized during the period

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

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

(ii) Limitation on investment in the Mainland China:

(In Thousands of New Taiwan Dollars)

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

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

(e) Major shareholders:

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

Note 1: Taiwan Depository & Clearing Corporation calculates the information of the shareholders holding 5% or more of the Company's non-physical common shares and special shares which have been registered in dematerialized form (including treasury shares) based on the last business day of every quarter. The stock recorded in the Company's financial statements may differs from the shares which have been registered in dematerialized form because of different basis of preparation.

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

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

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

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

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

(b) Measurement of segmental information

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

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

For the three months ended September 30, 2025							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination
Segment Revenue	\$ 2,269,570	133,327	865,543	1,538,490	44,605	735,057	(93,497)
Segment profit or loss	\$ 1,242,514	79,788	(138,231)	1,265,280	(228,519)	430,356	(188,200)
For the three months ended September 30, 2024							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination
Segment Revenue	\$ 2,243,855	136,848	332,264	1,269,724	57,353	804,729	(102,828)
Segment profit or loss	\$ 1,330,192	92,292	(671,448)	1,107,058	(228,096)	421,927	(204,563)

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CAPITAL SECURITIES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2025							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 6,226,646	327,991	3,375,064	1,940,385	30,313	2,317,336	(282,164)	13,935,571
Segment profit or loss	\$ 3,358,609	181,190	549,316	1,410,597	(949,455)	1,173,567	(510,811)	5,213,013
	For the nine months ended September 30, 2024							
	Brokerage business	Corporate financing business	Dealing business	Derivative instrument business	Others	Futures	Adjustment and elimination	Total
Segment Revenue	\$ 6,201,348	304,422	3,190,792	1,448,184	221,880	2,018,524	(278,669)	13,106,481
Segment profit or loss	\$ 3,450,414	178,131	310,604	1,054,041	(504,516)	1,173,700	(574,302)	5,088,072

Note 1: Internal segment revenues are eliminated on consolidation.

Note 2: The Group's segment assets and liabilities are not provided to the chief operating decision maker, so such items are not required to be disclosed.

(d) Information about products and services

The Group identified the reportable segments based on the type of products and service provided and the general information is already to be disclosed. Thus, no additional disclosure is required.

(e) Information about regions

Since the revenue from individual foreign customers were not significant and there was no disclosure.

(f) Information about major customers

There was no disclosure because no individual customer accounted for 10% or more of the Group's revenues for the current periods.