Stock Code:2945

SIMPLE MART RETAIL CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: B1, No. 4, Section 3, Minquan East Road, Zhongshan District, Taipei City 10477, Taiwan, R.O.C.
Telephone: (02)2506-1166

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Representation Letter

The entities that are required to be included in the combined financial statements of Simple Mart Retail Co., Ltd. as of and for the years ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 " Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Repiblic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Simple Mart Retail Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Simple Mart Retail Co., Ltd.
Chairman: Chen, Shiang Feng
Date: February 23, 2024

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors
Simple Mart Retail Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Simple Mart Retail Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

1. Recognition of retail sales revenue:

   Please refer to Note 4(m) for the accounting policy of the recognition of retail sales revenue and Note 6(n) for the details of related disclosures.

   Description of the key audit matter:

   Retail sales revenue is generated by point of sale (POS) terminals, which record sales information (inclusive of merchandise name, quantity, sales price, and total sales amount) of each transaction using pre-established merchandise master file data. After the daily closing process, the store sales information is uploaded to the ERP (enterprise resource planning) system, which summarizes all sales and automatically generates sales revenue journal entries.

   As retail sales revenue comprises numerous small amount transactions and highly relies on the system transition, the process of summarizing and recording sales revenue through these systems are important with regard to the completeness and accuracy of the recognition of retail sales revenues, and thus has been identified as a key audit matter.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, we have performed certain audit procedures including evaluating the control of which sales information in POS terminals was periodically and completely transferred to the ERP system and automatically generated sales revenue journal entries, and inspecting manual sales journal entries and relevant documents; inspecting the amount consistency between daily cash reports and bank statement.

Other Matter

Simple Mart Retail Co., Ltd. has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsiao, Pei-Ju and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2024

Notes to Readers

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

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

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 913,481	16	548,034	9
1110	Financial assets at fair value through profit or loss - current (notes 6(b)(q) and 13)	5,345	-	5,807	-
1170	Accounts receivable, net (note 6(c))	87,309	1	92,467	2
1180	Accounts receivable - related parties, net (notes 6(c) and 7)	1,333	-	671	-
1197	Finance lease receivable - current (note 6(d))	-	-	1,490	-
1200	Other receivables (note 7)	12,138	-	12,842	-
1300	Inventories (note 6(e))	1,622,365	28	1,797,015	31
1410	Prepayments (note 7)	32,320	1	36,503	1
1476	Other current financial assets (notes 6(a) and 8)	135,200	2	176,500	3
		2,809,491	48	2,671,329	46
	Non-current assets:				
1600	Property, plant and equipment (notes 6(g) and 7)	1,143,414	20	1,240,694	22
1755	Right-of-use assets (note 6(h))	1,761,096	30	1,659,417	29
1780	Intangible assets	21,989	-	19,171	-
1840	Deferred tax assets (note 6(k))	25,583	-	23,210	1
1920	Guarantee deposits paid (note 7)	95,271	2	102,120	2
1980	Other non-current financial assets (notes 6(a) and 8)	23,845	-	27,064	-
		3,071,198	52	3,071,676	54
	Total assets	$ 5,880,689	100	5,743,005	100

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Contract liabilities - current (note 6(n))	$ 58,939	1	65,731	1
2150	Notes payable (note 6(q))	153	-	252	-
2170	Accounts payable (note 6(q))	1,398,919	24	1,465,321	26
2180	Accounts payable - related parties (note 6(q) and 7)	1,973	-	3,164	-
2200	Other payables (note 6(q) and 7)	506,909	8	474,480	8
2280	Lease liabilities - current (note 6(i)(q)(t) and 7)	465,532	8	457,704	8
2300	Other current liabilities	113,433	2	54,565	1
		2,545,858	43	2,521,217	44
	Non-Current liabilities:				
2527	Contract liabilities - non-current (note 6(n))	6,674	-	8,196	-
2550	Non-current provisions	6,734	-	3,740	-
2570	Deferred tax liabilities (note 6(k))	556	-	-	-
2580	Lease liabilities - non-current (note 6(i)(q)(t) and 7)	1,342,466	23	1,249,387	22
2645	Guarantee deposits received (note 6(q) and 7)	86,063	2	101,474	2
		1,442,493	25	1,362,797	24
	Total liabilities	3,988,351	68	3,884,014	68
	Equity(notes 6(f)(l) and (u))**:**				
3110	Ordinary share	675,000	11	675,000	12
3200	Capital surplus	1,001,310	17	1,001,300	17
	Retained earnings:				
3310	Legal reserve	69,044	1	63,514	1
3350	Unappropriated retained earnings	100,056	2	55,294	1
		169,100	3	118,808	2
	Total equity attributable to owners of parent:	1,845,410	31	1,795,108	31
36XX	Non-controlling interests	46,928	1	63,883	1
	Total equity	1,892,338	32	1,858,991	32
	Total liabilities and equity	$ 5,880,689	100	5,743,005	100

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue** (note 6(n), 7 and 14)	$ 14,041,914	100	14,183,503	100
5000	**Operating costs** (note 6(e) and 7)	10,402,276	74	10,653,923	75
	Gross margin from operations	3,639,638	26	3,529,580	25
	Operating expenses: (note 6(c)(g)(h)(i)(j)(o), 7 and 12)				
6100	Selling expenses	3,129,515	22	3,073,236	22
6200	Administrative expenses	389,591	3	416,666	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	(734)	-	8,793	-
	Total operating expenses	3,518,372	25	3,498,695	25
	Net operating income	121,266	1	30,885	-
	Non-operating income and expenses:				
7100	Interest income (note 6(i))	5,417	-	3,043	-
7190	Other income (note 6(i)(p) and 7)	19,751	-	57,262	-
7230	Foreign exchange gains	1,821	-	2,633	-
7235	(Losses) gains on financial assets at fair value through profit or loss	(462)	-	65	-
7510	Interest expenses (note 6(i) and 7)	(25,061)	-	(19,339)	-
7590	Miscellaneous disbursements	(9,968)	-	(10,015)	-
7610	Losses on disposal of property, plant and equipment (note 6(g))	(4,946)	-	(6,380)	-
7670	Impairment losses (note 6(g))	(847)	-	(1,949)	-
		(14,295)	-	25,320	-
	Profit from continuing operations before tax	106,971	1	56,205	-
7950	**Less: Income tax expenses** (note 6(k))	24,359	-	12,831	-
	Profit	82,612	1	43,374	-
8300	**Other comprehensive income, net of tax**	-	-	-	-
8500	**Total comprehensive income**	**$ 82,612**	**1**	**43,374**	**-**
	Profit, attributable to:				
	Owners of parent	$ 101,146	1	55,294	-
	Former owner of business combination under common control	-	-	(4,124)	-
8720	Non-controlling interests	(18,534)	-	(7,796)	-
		$ 82,612	**1**	**43,374**	**-**
	Comprehensive income attributable to:				
	Owners of parent	$ 101,146	1	55,294	-
	Former owner of business combination under common control	-	-	(4,124)	-
8620	Non-controlling interests	(18,534)	-	(7,796)	-
		$ 82,612	**1**	**43,374**	**-**
9750	Basic earnings per share (note 6(m))	**$**	**1.50**		**0.82**
9850	Diluted earnings per share (note 6(m))	**$**	**1.50**		**0.82**

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						
			Retained earnings				
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 675,000	992,115	44,064	194,503	94,028	-	1,999,710
Distribution of retained earnings:							
Legal reserve appropriated	-	-	19,450	(19,450)	-	-	-
Cash dividends of ordinary share	-	-	-	(175,053)	-	-	(175,053)
	-	-	19,450	(194,503)	-	-	(175,053)
Other changes in capital surplus:							
Other changes in capital surplus	-	122	-	-	-	-	122
Net income	-	-	-	55,294	(4,124)	(7,796)	43,374
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	55,294	(4,124)	(7,796)	43,374
Reorganization	-	9,326	-	-	(89,904)	71,679	(8,899)
Unrealized gain or loss in the intragroup transaction	-	(263)	-	-	-	-	(263)
Balance at December 31, 2022	675,000	1,001,300	63,514	55,294	-	63,883	1,858,991
Distribution of retained earnings:							
Legal reserve appropriated	-	-	5,530	(5,530)	-	-	-
Cash dividends of ordinary share	-	-	-	(49,275)	-	-	(49,275)
	-	-	5,530	(54,805)	-	-	(49,275)
Other changes in capital surplus:							
Other changes in capital surplus	-	10	-	-	-	-	10
Net income	-	-	-	101,146	-	(18,534)	82,612
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	101,146	-	(18,534)	82,612
Changes in non-controlling interests	-	-	-	(1,579)	-	1,579	-
Balance at December 31, 2023	**$ 675,000**	**1,001,310**	**69,044**	**100,056**	**-**	**46,928**	**1,892,338**

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before tax	$	106,971	56,205
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expenses		720,098	745,247
Amortization expenses		11,771	15,655
(Reversal of expected credit loss) expected credit loss		(734)	8,793
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		462	(65)
Interest expenses		25,061	19,339
Interest income		(5,417)	(3,043)
Losses on disposal of property, plant and equipment		4,946	6,380
Profit from lease modification		(1,330)	(20,673)
Losses on disposal of intangible assets		-	1
Impairment losses on non-financial assets		847	1,949
Total adjustments to reconcile profit		755,704	773,583
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable		5,892	(20,591)
Increase in accounts receivable - related parties		(662)	(565)
Decrease in other receivables		863	10,007
Decrease (increase) in inventories		174,650	(159,757)
Decrease (increase) in prepayments		4,183	(9,857)
Decrease (increase) in other financial assets		41,300	(26,500)
(Decrease) increase in contract liabilities		(8,314)	23,313
(Decrease) increase in notes payable		(99)	178
(Decrease) increase in accounts payable		(66,402)	90,201
Decrease in accounts payable - related parties		(1,191)	(174)
Increase (decrease) in other payables		26,248	(13,592)
Increase in other current liabilities		43,862	22,852
Total adjustments		976,034	689,098
Cash inflow generated from operations		1,083,005	745,303
Interest received		4,942	3,049
Interest paid		(25,030)	(19,339)
Income taxes paid		(10,858)	(46,086)
Net cash flows generated from operating activities		1,052,059	682,927
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through other profit or loss		-	(5,742)
Acquisition of property, plant and equipment		(128,824)	(164,649)
Proceeds from disposal of property, plant and equipment		1,617	165
Decrease in guarantee deposits paid		6,849	14,685
Acquisition of intangible assets		(14,589)	(10,148)
Decrease in finance lease receivable		1,432	8,548
Decrease in other financial assets		3,219	-
Increase in other financial assets		-	(18,314)
Net cash flows used in investing activities		(130,296)	(175,455)
Cash flows from (used in) financing activities:			
Decrease in guarantee deposits received		(15,411)	(17,120)
Payments of lease liabilities		(491,640)	(509,315)
Cash dividends paid		(49,275)	(175,053)
Payments of reorganization		-	(8,899)
Other changes in capital surplus		10	122
Net cash flows used in financing activities		(556,316)	(710,265)
Net increase (decrease) in cash and cash equivalents		365,447	(202,793)
Cash and cash equivalents at beginning of period		548,034	750,827
Cash and cash equivalents at end of period	$	**913,481**	**548,034**

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Simple Mart Retail Co., Ltd. (the "Company") was incorporated on February 7, 2013 as a company limited authorized by the Ministry of Economic Affairs. The Company has registered office located at B1, No. 4, Section 3, Minquan East Road, Zhongshan District, Taipei City 10477, Taiwan (R.O.C.). The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The main engagement is in supermarket operation, and retail sales in kinds of food, beverage, medicament and cosmetice, daily commodities, etc.

As of October 24, 2018, the Company got approval for public offering, and were listed on the Taiwan Stock Exchange (TWSE) on November 30, 2021.

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

The Board of Directors authorized the consolidated financial statements on February 23, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") 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, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS issued 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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

(Continued)

- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRS endorsed by the FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for financial instruments at fair value through profit or loss are measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income 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.

When necessary, financial statements of subsidiaries are adjusted to align the accounting policies with those adopted by the Company.;

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements included:

			Shareholding	
Name of investor	**Name of subsidiary**	**Main business and products**	**December 31, 2023**	**December 31, 2022**
Simple Mart Co., Ltd.	Simple Mart Plus Co., Ltd.	Retail sales of food and beverage	100 %	100 %
Simple Mart Co., Ltd.	Sanyou Drugstores Co., Ltd.	Retail sales of drugs and cosmetics	67.33 %	51 %

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date, exchange differences are generally recognized in profit or loss.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, debt instrument measured at fair value through other comprehensive income, equity instrument measured at fair value through other comprehensive income and financial asset at fair value though profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

(Continued)

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

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

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

All financial assets not classified as amortized cost or FVOCI described as above (e.g., financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, leases receivable, guarantee deposit paid and other financial assets).

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

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

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

(Continued)

As the Group's bank deposits, time deposits and reverse repurchase agreement are dealt with financial institutions with good credit rating and graded above investment level, hence, there is no significant credit risk arising.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

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

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

5) Offsetting of financial assets and liabilities

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

(h) Inventories

Inventories are measured at actual cost. The cost of inventories is calculated using the weighted average method. Thereafter, allowance for inventory obsolescence losses is recognized for obsolescent and overdue goods, the obsolescence losses are recognized as cost in the current period.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost (inclusive of capitalized borrowing costs) less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (major components) of property, plant and equipment.

(Continued)

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful life of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	50 years
2)	Plant and equipment	2~10 years
3)	Leasehold improvements	1~11 years

Depreciation methods, useful life and residual values are reviewed at least at each annual reporting date and adjusted if appropriate, the change is processed in accordance with the accounting estimate change policy.

(j) Leases

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

(i) As a lessee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise a extension or termination option; or

5) there is any lease modifications

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

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

(Continued)

(ii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’ s net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "rental income".

(k) Intangible assets

Intangible assets are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(i) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(ii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful life of intangible assets, from the date that they are available for use.

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

Computer software and others	2~8 years

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

(Continued)

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

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

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

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

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells consumer foods, beverage and daily commodities in the retail market. The Group recognizes revenue when a customer takes possession of the product. Payment of the transaction price is due immediately when the customer purchases the product.

2) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

3) Other operating income

The Group provides kinds of service, including advertisement, product launch, franchisee, etc.. The Group recognizes revenue when the service is provided to customers during the reporting period.

(Continued)

4) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

Contributions to defined benefit retirement plans are expensed as the related service is provided.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

(Continued)

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

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

(q) Earnings per share

The Group discloses the Group' s basic and diluted earnings per share attributable to ordinary shareholders of the Group. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Group divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(Continued)

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(s) Business combination

Accounting to the Questions and Answers " Accounting issues about business combinations under common control" issued by Accounting Research and Development Foundation on October 26, 2018, there is no explicit standard about business combinations under common control in IFRS3 "Business Combinations"; therefore, the reorganizational structure of the Group should follow the explanation issued and use the carrying value method for its accounting treatment, recognize the adjustment in the statements of changes in equity as " equity attributed to the former owner of the business combination under common control "; as well as recognize the profit in the statement of comprehensive income as " net profit attributed to the former owner of business combination under common control ".

(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 the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The Group has assessed having no assumptions and estimated uncertainties that could have a material impact on the consolidated financial statements.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 64,115	60,321
Bank deposits	349,324	247,698
Reverse repurchase agreement	500,042	240,015
	$ 913,481	**548,034**

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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Time deposits are not held for the purpose of meeting short-term cash commitments and are readily convertible into cash with low risk of changes in value. They are classified as other financial assets as follows:

	December 31, 2023	December 31, 2022
Time deposits with maturities of more than three months	$ -	10,000
Restricted time deposits	$ 159,045	193,564

Please refer to note 6(q) and (r) for the sensitivity analysis, interest rate risk and offseting of the financial assets and liabilities of the Group.

(b) Financial assetsat fair value through profit or loss (FVTPL)

	December 31, 2023	December 31, 2022
Stock in listed companies	$ 5,345	5,807

(c) Accounts receivable (including related parties)

	December 31, 2023	December 31, 2022
Accounts receivable - measured at amortized cost	$ 92,249	101,324
Accounts receivable (related parties) - measured at amortized cost	1,333	671
Less: loss allowance	(4,940)	(8,857)
	$ 88,642	93,138

Most of the Group's receivable are generated from the customers who paid by credit cards and e-payment.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The aging analyses of overdue accounts receivable, based on the past due date, were as follows:

	December 31, 2023	December 31, 2022
Current	$ 88,208	90,765
1-60 days past due	810	2,630
61-120 days past due	280	58
121-180 days past due	44	4,371
More than 180 days past due	4,240	4,171
	$ 93,582	101,995

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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The movement in the allowance for accounts receivable were as follows:

	For the years ended December 31,	
	2023	**2022**
Beginning balance of the period	$ 8,857	64
Add: Impairment losses recognized	-	8,793
Less: Impairment losses reversed	(734)	-
Less: Amounts written off	(3,183)	-
Ending balance of the period	**$ 4,940**	**8,857**

(d) Finance leases receivable

The Group subleases the leased office and retail stores. It classified the sublease as a finance lease, because the sublease is for the whole of the remaining terms of the head lease.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2023	**December 31, 2022**
Less than one year	$ -	1,491
Total lease payments receivable	-	1,491
Unearned finance income	-	(1)
Present value of lease payments receivable	**$ -**	**1,490**

(e) Inventories

	December 31, 2023	**December 31, 2022**
Merchandise Inventories	$ 1,596,804	1,759,374
Inventory in transit	25,561	37,641
	$ 1,622,365	**1,797,015**

	2023	**2022**
Cost of goods sold	$ 10,362,023	10,602,111
Inventory losses from obsolescence and others	40,253	51,812
Cost of sales	**$ 10,402,276**	**10,653,923**

As of December 31, 2023 and 2022, the Group did not provide any merchandise inventories as collateral for its loans.

(f) Changes in a parent's ownership interest in a subsidiary

(i) Acquisitions of NCI

On December 1, 2023, the Group acquired an additional interest in Sanyou Drugstores Co., Ltd., one of the subsidiaries of the Company, for $50,000 thousand in cash, increasing its ownership from 51% to 67.33%.

The effects of the changes in shareholdings were as follows:

		2023
Carrying amount of non-controlling interest on acquisition	$	48,421
Less: Consideration paid to non-controlling interests		(50,000)
Unappropriated retained earnings deduction arising from differences between the actual acquisition price and the carrying amount of the subsidiaries' shares acquired	**$**	**(1,579)**

(g) Property, plant and equipment

The movement of the cost, accumulated depreciation and impairment losses of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

		Land	Buildings	Machinery and equipment	Leasehold improvements	Prepayment for business facilities and construction in progress	Total
Cost:							
Balance at January 1, 2023	$	537,599	220,887	1,108,993	859,675	3,326	2,730,480
Additions		-	-	64,429	58,195	12,381	135,005
Transfer from (to)		-	-	796	1,000	(1,796)	-
Scraps		-	-	(25,980)	(29,976)	-	(55,956)
Disposal and others		-	-	(13,990)	(3,898)	-	(17,888)
Balance at December 31, 2023	**$**	**537,599**	**220,887**	**1,134,248**	**884,996**	**13,911**	**2,791,641**
Balance at January 1, 2022	$	537,599	220,887	1,060,896	840,575	-	2,659,957
Additions		-	-	80,561	50,386	3,326	134,273
Scraps		-	-	(22,183)	(19,537)	-	(41,720)
Disposal		-	-	(10,281)	(11,749)	-	(22,030)
Balance at December 31, 2022	**$**	**537,599**	**220,887**	**1,108,993**	**859,675**	**3,326**	**2,730,480**
Accumulated depreciation and impairment losses:							
Balance at January 1, 2023	$	-	27,950	806,526	655,310	-	1,489,786
Depreciation		-	4,336	139,412	81,127	-	224,875
Scraps		-	-	(25,567)	(27,679)	-	(53,246)
Disposal and others		-	-	(13,167)	(868)	-	(14,035)
Impairment		-	-	-	847	-	847
Balance at December 31, 2023	**$**	**-**	**32,286**	**907,204**	**708,737**	**-**	**1,648,227**

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	Land	Buildings	Machinery and equipment	Leasehold improvements	Prepayment for business facilities and construction in progress	Total
Balance at January 1, 2022	$ -	23,614	674,030	599,353	-	1,296,997
Depreciation	-	4,336	162,989	80,720	-	248,045
Scraps	-	-	(20,872)	(17,184)	-	(38,056)
Disposal	-	-	(9,621)	(9,528)	-	(19,149)
Impairment	-	-	-	1,949	-	1,949
Balance at December 31, 2022	**$ -**	**27,950**	**806,526**	**655,310**	**-**	**1,489,786**
Carrying amounts:						
Balance at December 31, 2023	**$ 537,599**	**188,601**	**227,044**	**176,259**	**13,911**	**1,143,414**
Balance at January 1, 2022	**$ 537,599**	**197,273**	**386,866**	**241,222**	**-**	**1,362,960**
Balance at December 31, 2022	**$ 537,599**	**192,937**	**302,467**	**204,365**	**3,326**	**1,240,694**

Investing activities that are partially paid in cash:

	2023	2022
Acquisition of property, plant and equipment	$ 135,005	134,273
Add: Payables on equipment, beginning of period	26,032	56,408
Less: Payables on equipment, end of period	(32,213)	(26,032)
Cash paid	**$ 128,824**	**164,649**

(h) Right-of-use assets

The movement of the cost, accumulated depreciation and impairment losses of the leased buildings and machinery and equipment of the Group were as follows:

	Buildings	Machinery and equipment	Total
Cost:			
Balance at January 1, 2023	$ 3,167,717	2,086	3,169,803
Additions	643,337	-	643,337
Derecognized	(278,821)	-	(278,821)
Balance at December 31, 2023	**$ 3,532,233**	**2,086**	**3,534,319**
Balance at January 1, 2022	$ 2,852,206	2,086	2,854,292
Additions	519,231	-	519,231
Derecognized	(203,720)	-	(203,720)
Balance at December 31, 2022	**$ 3,167,717**	**2,086**	**3,169,803**

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	Buildings	Machinery and equipment	Total
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	$ 1,509,310	1,076	1,510,386
Depreciation	494,954	269	495,223
Derecognized	(232,386)	-	(232,386)
Balance at December 31, 2023	**$ 1,771,878**	**1,345**	**1,773,223**
Balance at January 1, 2022	$ 1,180,583	807	1,181,390
Depreciation	496,933	269	497,202
Derecognized	(168,206)	-	(168,206)
Balance at December 31, 2022	**$ 1,509,310**	**1,076**	**1,510,386**
Carrying amounts:			
Balance at December 31, 2023	**$ 1,760,355**	**741**	**1,761,096**
Balance at January 1, 2022	**$ 1,671,623**	**1,279**	**1,672,902**
Balance at December 31, 2022	**$ 1,658,407**	**1,010**	**1,659,417**

(i) Lease liabilities

The carrying amount of the Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	**$ 465,532**	**457,704**
Non-current	**$ 1,342,466**	**1,249,387**

For the maturity analysis, please refer to note 6(q).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interests on lease liabilities	**$ 23,316**	**17,798**
Variable lease payments not included in the measurement of lease liabilities	**$ 26,513**	**23,034**
Income from sub-leasing right-of-use assets (recognized as interest income)	**$ (1)**	**(55)**
Expenses relating to short-term leases	**$ 11,743**	**9,718**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 2,685**	**2,896**
COVID-19-related rent concessions (recognized as other income)	**$ -**	**(3,044)**

(Continued)

The amounts recognized in the statement of cash flows by the Group were as follows:

	2023	2022
Total cash outflow for leases	$ 555,896	559,662

(i) Real estate leases

The Group leases land and buildings for its retail stores, warehouse, and office space. The leases of office space typically run for a period of 3 to 5 years, of retail stores for 2 to 10 years, and of warehouse for 1 to 3 years. Some leases include an option to renew the lease for an additional period after the end of the contract term.

The Group subleases some of its right-of-use assets under finance leases; please refer to note 6(d).

(ii) Other leases

The Group leases machinery and office equipment, with lease terms of 1 to 8 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Employee benefit

(i) Defines benefit plan

The Group makes defined benefit plan contributions based on 2% of monthly salary to the bank account. The details of expenses were as follows:

2023	2022
$ 69	69

(ii) Defined contribution plans

The Group makes defined benefit plan contributions based on 6% of monthly salary to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group has no legal or constructive obligation to pay additional amounts once the Group has contributed a fixed amount to the Bureau of Labor Insurance.

The following pension expenses under the provisions of the Labor Pension Act were as follows:

2023	2022
$ 81,339	79,037

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(k) Income taxes

(i) Income tax expenses

The components of income tax were as follows:

		2023	2022
Current tax expenses			
Current period	$	25,858	20,240
Adjustments for prior years		318	(628)
		26,176	19,612
Deferred tax expenses			
Current period	$	(745)	(6,046)
Adjustments for prior years		(1,072)	(735)
		(1,817)	(6,781)
Income tax expenses	**$**	**24,359**	**12,831**

There is no income tax directly recognized under equity for 2023 and 2022.

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

		2023	2022
Income before income tax	$	106,971	56,205
Income tax using the company's domestic tax rate		21,394	11,241
Prior year's income tax adjustment		(754)	(1,363)
Change in unrecognized temporary differences		3,151	3,299
Tax-free income		-	(57)
Others		568	(289)
Income tax expenses	**$**	**24,359**	**12,831**

(ii) Deferred income tax assets

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2023	December 31, 2022
Tax loss	$	175,137	167,148
Allowance for inventory valuation losses		347	770
Deferred revenue		1,855	2,068
Impairment loss		103	4,524
Others		483	264
	$	**177,925**	**174,774**

(Continued)

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the Group's unused tax losses for which no deferred tax assets were recognized were as follows:

Year of loss		Unused tax loss	Expiry year
2014 (approved)	$	34,553	2024
2015 (approved)		66,427	2025
2016 (approved)		71,837	2026
2017 (approved)		89,161	2027
2018 (approved)		106,918	2028
2019 (approved)		171,114	2029
2020 (approved)		131,680	2030
2021 (approved)		103,159	2031
2022 (assessed)		58,973	2032
2023 (estimated)		41,865	2033
	$	**875,687**	

2) Recognized deferred tax assets

Changes in the amounts of deferred tax assets for 2023 and 2022 were as follows:

		Loss on investment	Unrealized Loss on inventories	Deferred income	Compesation for unused annual leave	Impairment loss	Others	Total
Deferred income tax assets:								
Balance on January 1, 2023	$	5,580	2,240	7,136	6,444	1,781	29	23,210
Recognized in profit or loss		2,358	(186)	(635)	147	(143)	832	2,373
Balance on December 31, 2023	**$**	**7,938**	**2,054**	**6,501**	**6,591**	**1,638**	**861**	**25,583**
Balance on January 1, 2022	$	3,762	2,435	4,490	4,976	1,340	191	17,194
Recognized in profit or loss		1,818	(195)	2,646	1,468	441	(162)	6,016
Balance on December 31, 2022	**$**	**5,580**	**2,240**	**7,136**	**6,444**	**1,781**	**29**	**23,210**

3) Recognized deferred tax liabilities

		Profit on investment	Right-of-ues assets	Total
Deferred tax liabilities:				
Balance at January 1, 2023	$	-	-	-
Recognized in profit or loss		-	556	556
Balance at December 31, 2023	**$**	**-**	**556**	**556**

(Continued)

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	Profit on investment	Right-of-ues assets	Total
Balance at January 1, 2022	$ (765)	-	(765)
Recognized in profit or loss	765	-	765
Balance at December 31, 2022	$ -	-	-

(iii) The tax authorities have examined the Company's income tax for the years through 2021.

The tax authorities have examined the income tax of Simple Mart Plus Co., Ltd., one of the subsidiaries of the Company, for the years through 2021.

The tax authorities have examined the income tax of Sanyou Drugstores Co., Ltd., one of the subsidiaries of the Company, for the years through 2021.

(l) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized capital consisted of 80,000 thousand shares, amounting to $800,000 thousand, with par value of $10 per share. On December 31, 2023 and 2022, all of the issued and outstanding shares were ordinary shares consisted of 67,500 thousand shares.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Premium on issuance of common stock	$ 959,010	959,010
Others	42,300	42,290
	$ 1,001,310	**1,001,300**

According to the Company Act, capital surplus shall be used to offset a deficit first, and only the realized capital surplus of that can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that if there is a surplus at year-end, after the payment of income tax and offsetting accumulated deficits, 10% of the remaining balance should be set aside as legal reserve until such retention equals to the total paid-in capital, and then any remaining profit together with any undistributed retained earnings of previous years and the adjustment of the undistributed earnings of the current year shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

(Continued)

1) Legal reserve

When the Company incurs no loss, it may pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Earnings distribution

The appropriations of earnings for 2022 and 2021 had been approved in the shareholders' meeting held on May 29, 2023 and May 25, 2022, respectively. These earnings were appropriated as follows:

	2022	2021
Legal reserve	$ 5,530	19,450
Dividends distributed to ordinary shareholders:		
Cash	49,275	175,053
	$ 54,805	**194,503**

On February 23, 2024, the Company's Board of Directors resolved to appropriate the earnings for 2023 as follows:

	2023
Dividends distributed to ordinary shareholders:	
Cash	**$ 81,000**

The related information can be accessed on the Market Obsevation Post System website.

(m) Earnings per share

Basic earnings per share and diluted earnings per share were computed as follows:

	2023	2022
Basic earnings per share		
Profit or loss attributable to ordinary shareholders of the Company	**$ 101,146**	**55,294**
Weighted-average number of ordinary shares outstanding	**67,500**	**67,500**
Basic earnings per share	**$ 1.50**	**0.82**
Diluted earnings per share		
Profit or loss attributable to ordinary shareholders of the Company	**$ 101,146**	**55,294**
Weighted-average number of ordinary shares outstanding	67,500	67,500
Effect of dilutive potential ordinary shares - employee bonus	67	62
Weighted-average number of ordinary shares outstanding(diluted)	**67,567**	**67,562**
Diluted earnings per share	**$ 1.50**	**0.82**

(Continued)

(n) Revenue from contracts with customers

(i) Details of revenue

The Company derives revenue from the transfer of goods services over time or from the transfer of goods or services at a point in time, and the amounts of revenue for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Sale of goods	$	13,350,105	13,502,496
Others operating income		691,809	681,007
	$	**14,041,914**	**14,183,503**

(ii) Contract balances

1) Recognition of contract liabilities relating to revenue from customer contracts were as follows:

		December 31, 2023	December 31, 2022
Contract liabilities - current - gift voucher revenue	$	12,658	14,091
Contract liabilities - current - customer loyalty program		41,782	46,020
Contract liabilities - current - franchise royalty fee		4,499	5,620
Total	**$**	**58,939**	**65,731**
Contract liabilities - non-current - franchise royalty fee	**$**	**6,674**	**8,196**

2) The amounts of revenue recognized for the years ended December 31, 2023 and 2022, was included in the contract liabilities balance at the beginning of the period, were $61,304 thousand and $40,874 thousand, respectively.

(o) Remunerations to employees and directors

In accordance with the Articles of Incorporation the Company should contribute no less than 1% of the profit as employee remuneration and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounted to $2,700 thousand and $2,362 thousand, and directors' remuneration amounted to $1,800 thousand and $0 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses for the years ended December 31, 2023 and 2022. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

(p) Other income

	December 31, 2023	December 31, 2022
Profit of lease modification	$ 1,330	20,673
Grant revenue	924	13,819
2-years past due unpaid payables transferred to	1,408	5,889
Others	16,089	16,881
	$ 19,751	**57,262**

(q) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group has a large and unrelated customer base, therefore, has limited concentration of credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 1 year	More than 1 year
December 31, 2023				
Non derivative financial liabilities				
Notes payable	$ 153	153	153	-
Accounts payable	1,398,919	1,398,919	1,398,919	-
Accounts payable - related parties	1,973	1,973	1,973	-
Other payables	506,909	506,909	506,909	-
Lease liabilities (include current and non-current)	1,807,998	1,879,866	487,964	1,391,902
Guarantee deposits received	86,063	86,063	-	86,063
	$ 3,802,015	**3,873,883**	**2,395,918**	**1,477,965**

		Carrying amount	Contractual cash flows	Within 1 year	More than 1 year
December 31, 2022					
Non derivative financial liabilities					
Notes payable	$	252	252	252	-
Accounts payable		1,465,321	1,465,321	1,465,321	-
Accounts payable - related parties		3,164	3,164	3,164	-
Other payables		474,480	474,480	474,480	-
Lease liabilities (include current and non-current)		1,707,091	1,758,516	474,121	1,284,395
Guarantee deposits received		101,474	101,474	-	101,474
	$	3,751,782	3,803,207	2,417,338	1,385,869

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
JPY	$ 34,793	0.215	7,487	14,779	0.230	3,405
EUR	98	33.780	3,312	11	32.520	361
USD	11	30.655	326	62	30.660	1,911
Financial liabilities						
Monetary items						
EUR	141	33.780	4,770	125	32.520	4,073
USD	-	-	-	123	30.660	3,772

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on financial assets and liabilities that are denominated in foreign currency. A depreciation or appreciation of 1% of the NTD against the USD, EUR, and JPY as of December 31, 2023 and 2022 would have increased or decreased the net profit after tax by $51 thousand for the year ended December 31, 2023, and decreased or increased the net profit after tax by $17 thousand for the year ended 2022, respectively, assuming all other factors remain constant. The analysis is performed on the same basis for both periods.

(iv) Interest rate analysis

Please refer to the notes 6(r) on interest rate exposure of the Group' s financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management' s assessment of the reasonably possible interest rate change. The Group's assets and liabilities with variable interest rates have no significant impact on net profit after tax for the years ended December 31, 2023 and 2022.

(v) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	December 31, 2023		December 31, 2022	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 5%	**$ -**	**214**	**-**	**232**
Decreasing 5%	**$ -**	**(214)**	**-**	**(232)**

(vi) Fair value of financial instruments

1) Fair value hierarchy

The management of the Group believes the carrying amount of loans and receivables, financial assets measured at amortized cost, and financial liabilities measured at amortized cost are reasonably closed to its fair value in the current period. Also, a disclosure of the fair value information for lease liabilities is not required under regulations. The Group valued its financial assets measured at fair value through profit or loss based on recurring fair value measurement method. The details are as follows:

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**$ 5,345**	**5,345**	**-**	**-**	**5,345**

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**$ 5,807**	**5,807**	**-**	**-**	**5,807**

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2) Valuation techniques for financial instruments measured at fair value

If there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in an active market. The fair value of listed (or over the counter) equity instruments is based on the quoted price on major exchanges.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above conditions are not met, the market is considered inactive. Generally speaking, a very wide bid ask spread, a significant increase in bid ask spread or low trading volume are all indicators of an inactive market.

The fair value of listed (or over the counter) stocks held by the Group with standard terms and conditions and traded in an active market is based on the quoted market price.

(vii) Offsetting financial assets and financial liabilities

The Group has no financial instruments transactions applicable to the Sections 42 of International Financial Reporting Standards NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The Group only performs transactions not applicable to the Sections 42 of International Financial Reporting Standards NO. 32, but the Company has an exercisable master netting arrangement or similar agreement (e.g., global master repurchase agreement and global securities lending agreement) in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

The following tables present the aforesaid offsetting financial assets and financial liabilities:

	December 31, 2023					
	Financial assets that are offset and have an exercisable master netting arrangement or a similar agreement					
				Amounts not offset in the balance sheet(d)		
	Gross amounts of recognized financial assests (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Offsetting agreement	$ 500,042	-	500,042	500,042	-	-

	December 31, 2022					
	Financial assets that are offset and have an exercisable master netting arrangement or a similar agreement					
				Amounts not offset in the balance sheet(d)		
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet(c)=(a)-(b)	Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Offsetting agreement	$ 240,015	-	240,015	240,015	-	-

Note: Master netting arrangements and non cash financial collateral are included.

(r) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the consolidated financial statements.

(ii) Structure of risk management

The Board of Directors supervises the management team in monitoring the compliance and review of the financial risk management policies and procedures of the Group, as well as the adequacy of the related financial risk management framework. The internal auditors assists the board of directors in its supervisory role over the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and bank deposits. The Group’s bank deposits are placed with creditworthy financial institutions, and there are no significant credit risks as there are no major performance concerns. The Group's accounts receivable are mainly due from credit cards, which are received from creditworthy banks and do not give rise to significant credit risks.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s capital and working capital are sufficient to meet all contractual obligations, and has sufficient bank facilities to cover its daily operating turnover. Therefore, there is no liquidity risk due to the inability to raise funds to meet contractual obligations.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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1) Currency risk

The Group's functional currency is TWD, some of its purchase transactions are denominated in EUR, USD and JPY. The Group always buy foreign currency at spot rate, and these transactions do not expose any significant exchange rate risk.

2) Interest rate risk

Interest risk is the risk that changes in market interest rates will affect the fair value of the Group's financial instrument or cash flow. The Group's bank deposits, time deposits and short-term borrowings are subject to floating interest rates. Therefore, there is a risk that changes in market interest rates will cause the effective interest rates to change accordingly, resulting in fluctuations in its future cash flows. However, the Company have no significant interest rate risk arising from these transactions.

3) Market price risk

The Company is exposed to equity price risk due to its investments in equity securities.

(s) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and markets confidence, and to sustain future development of the business. The Group's policy is to manage its capital to safeguard the capacity to continue as a going concern, to continue to provide returns for shareholders, maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

As of December 31, 2023, the Group's capital management was remaining constant.

(t) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes	
	January 1, 2023	**Cash flows**	**Changes in lease**	**December 31, 2023**
Lease liabilities	$ 1,707,091	(491,640)	592,547	1,807,998

			Non-cash changes	
	January 1, 2022	**Cash flows**	**Changes in lease**	**December 31, 2022**
Lease liabilities	$ 1,753,414	(509,315)	462,992	1,707,091

(u) Business combination

In order to diversify its retail business, the Company acquired 6,000 thousand ordinary shares (6% of the issued shares) of Sanyou Drugstores Co., Ltd., by cash, at the amount of $8,899 thousand, from its parent company, Mercuries & Associates Holding Ltd on April 14, 2022, based on the resolution approved during the board meeting held on February 25, 2022. As a result, the shareholding ratio increased from the original 45% to 51%. The above transaction had been completed on April 15, 2022. Since Sanyou Drugstores Co., Ltd. and the Company were under the control of the same parent company, Mercuries & Associates Holding Ltd., the transaction was regarded as business combination under common control of the parent company using the carrying value method, wherein the surplus of purchase consideration exceeding net value was recognized as capital surplus.

The amount of the Company's equity attributed to the former owner of the business combination under common control amounting to $89,904 was offset on the acquisition date.

(7) Related-party transactions:

(a) Names and relationship with related-parties

Related companies trading within the financial reporting period were as follows:

Name of related-party	Relationship with the Group
Mercuries & Associates Holding Ltd.	Parent company
Sumitomo Corporation	An entity with significant influence over the Group
Mercuries Data Systems Ltd.	Other related party
Mercuries Liquor & Food Co., Ltd.	Other related party
Mercuries & Associates Ltd.	Other related party
Mercuries Fu Bao Ltd.	Other related party
Mercuries F&B Co., Ltd.	Other related party
Mercuries Life Insurance Co., Ltd.	Other related party
Horizon Securities Co., Ltd.	Other related party
Mercuries Social Welfare and Charity Foundation, Taoyuan County	Other related party
Criminal Investigation and Prevention Association, R.O.C.	Other related party
Simple Mart Retail Co., Ltd. Employee Welfare Committee	Other related party
Sanyou Drugstores Co., Ltd. Employee Welfare Committee	Other related party
Foundation for Chinese Dietary Culture	Other related party
Taiwan Chain Stores and Franchise Association	Other related party
INSIGHT EDGE, INC	Other related party
The Group's directors, general manager and vice general managers	

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(b) Significant transactions with related parties

(i) Sales

The amounts of sales to related parties is less than 1% of the total annual revenue.

The sales prices and trade terms to its related parties were mutually agreed between the two parties.

(ii) Purchases

The amounts of purchases from related parties were as follows:

	2023	2022
Other related parties	$ 18,761	15,873

The purchase prices and payment terms from its other related parties were mutually agreed between the two parties.

(iii) Receivables from related parties

The receivables from related parties were as follows:

Accounts	Type of related parties	December 31, 2023	December 31, 2022
Accounts receivable	Other related parties	$ 1,333	4,486
Other receivables	Other related parties	5	-
		$ 1,338	4,486

The receivables from related parties are generated by sales of goods and others.

(iv) Payables to related parties

The payables to related parties were as follows:

Accounts	Type of related parties	December 31, 2023	December 31, 2022
Accounts payable	Other related parties	$ 1,973	3,962
Other payable	Other related parties	2,667	7,876
		$ 4,640	11,838

The payables to related parties are generated by the payment of goods purchased and other disbursement.

(v) Prepayments

The prepayments to related parties were as follows:

	December 31, 2023	December 31, 2022
Other related parties	$ 3,332	3,198

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The prepayments were prepaid insurance and other related expense.

(vi) Property transactions

1) The Company acquired 6,000 thousand ordinary shares of Sanyou Drugstores Co., Ltd., by cash, amounting to $8,899 thousand, from its parent company, Mercuries & Associates Holding Ltd, in April, 2022. As a result, the shareholding ratio increased from the original 45% to 51%. The Group acquired control of Sanyou Drugstore Co., Ltd. which became a subsidiary of the Group from that date.

2) The amounts of equipment acquired from related parties were summarized as follows:

	2023	2022
Other related parties	$ -	2,655

As of December 31, 2023 and 2022, the unpaid payments were $0 thousand and $2,788 thousand, their were classified as other payables.

3) The disposals of equipment to related parties were summarized as follows:

	2023		2022	
Type of related parties	**Proceeds**	**Gain (loss) on disposal**	**Proceeds**	**Gain (loss) on disposal**
Other related parties	$ -	-	32	(198)

For the year ended December 31, 2023 and 2022, The Group sold its office equipment to other related parties at the amounts of $0 thousand and $32, respectively, which had been fully received.

(vii) Leases

The Group rented office space from other related parties. For the year ended December 31, 2023 and 2022, the Group recognized $24 thousand $11 thousand as interest expenses, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $3,246 thousand and $762 thousand, respectively.

(viii) Guarantee deposits paid

	December 31, 2023	December 31, 2022
Other related parties	$ 292	292

The above transactions were guarantee deposits of office leases.

(ix) Guarantee deposits received

	December 31, 2023	December 31, 2022
Other related parties	$ -	100

The above transactions were guarantee deposits of stores leases.

(Continued)

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(x) Other operating expenses

	2023	2022
Criminal Investigation and Prevention Association,R.O.C.	$ 300	-
Mercuries Social Welfare and Charity Foundation,Taoyuan County	300	-
Foundation for Chinese Dietary Culture	-	1,500
Entities with significant influence over the Group	33	33
Other related parties	7,663	7,607
	$ 8,296	**9,140**

The above transactions were donation, group insurance and maintenance fees, etc.

(xi) Other incomes

	2023	2022
Other related parties	**$ 5**	**-**

(xii) Guarantees and endorsements

As of December 31, 2023 and 2022, in order to acquire the bank loan facility, Mercuries & Associates Holding Ltd. served as joint guarantor for the Group, guaranteed amount $100,000 thousand each. As of December 31, 2023 and 2022, amounts utilized have been repaid.

(c) Key management personnel compensation

	2023	2022
Short-term employee benefits	$ 31,172	29,395
Post-employment benefits	821	920
	$ 31,993	**30,315**

(8) Pledged assets:

The carrying amounts of the Group’s pledged assets were as follows:

Pledged Assets	Pledged to secure	December 31, 2023	December 31, 2022
Time deposits (Recorded as current and non-current other financial assets)	Performance guarantee for purchasing and collection business	$ 143,950	175,250
Bank deposits (Recorded as non-current other financial assets.)	Charitable trust of gift voucher	15,095	18,314
		$ 159,045	**193,564**

(Continued)

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(9) Commitments and contingencies:

(a) The Group issued guarantee notes to obtain short-term loan facility, as of December 31, 2023 and 2022, the balance was $1,100,000 thousand and $900,000 thousand, respectively.

(b) The Group rent several buildings as retail stores for operation, the lease term is from 1 to 5 years. The lease payments for the stores are based on a percentage of the determined revenue for each period. If the actual revenue exceeds the determined level, the lease payments shall be calculated based on actual revenue of the period.

(10) Losses due to major disasters: None

(11) Subsequent events:None

(12) Others:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the years ended December 31, 2023			For the years ended December 31, 2022		
	Operating cost	**Operating expense**	**Total**	**Operating cost**	**Operating Expense**	**Total**
Employee benefits						
Salary	-	1,493,694	1,493,694	-	1,452,059	1,452,059
Labor and health insurance	-	174,961	174,961	-	169,114	169,114
Pension	-	81,408	81,408	-	79,106	79,106
Remuneration to directors	-	3,300	3,300	-	1,500	1,500
Others	-	92,262	92,262	-	93,162	93,162
Depreciation	-	720,098	720,098	-	745,247	745,247
Amortization	-	11,771	11,771	-	15,655	15,655

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the years ended December 31, 2023:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount	Range of interest rates during the period	Purposes of fund financing for the borrower (note1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Sanyou Drudstores Co., Ltd.	Other receivables - related parties	Yes	30,000	30,000	-	-	2	-	Working capital	-		-	184,541	738,164

Note: The numbers denote the following:

1. "0" represents the Company

2. Subsidiaries are numbered starting from "1".

Note1: Purpose of fund financing for the borrower:

1. For those companies with business transaction with the Company, please fill in 1.

2. For those companies with short-term financing needs, please fill in 2.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Mercuries Life Insurance Co., Ltd. Common Stock	Other related party	FVTPL - current	1,050,000	5,345	0.02 %	5,345	0.03 %	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases or sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

There was no material business relationships and intercompany transactions in the current period.

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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
The Company	Sanyou Drugstores Co., Ltd.	Taiwan	Retail sales of drugs and cosmetics	114,879	64,879	10,100	67.33 %	96,652	67.33 %	(36,729)	(17,800)	(Note)
The Company	Simple Mart Plus Co., Ltd.	Taiwan	Retail sales of food and beverage	60,000	60,000	6,000	100 %	42,198	100 %	1,146	1,146	(Note)

Note: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

(c) Information on investment in mainland China: None

(d) Information on major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Mercuries & Associates Holding Ltd.	41,018,951	60.76 %
Sumitomo Corporation	13,200,000	19.55 %

(14) Segment information:

General information:

The Group has two reportable segments. Segment A mainly engages in selling daily commodities to customer and other segments engage in home shopping, medicament, cosmetic and organic products.

The reportable segments of the Group are strategic business units that provide different products and services. Each strategic business unit is managed separately as it requires different technology and marketing strategies.

(a) Reportable information of segments profit or loss, segment liabilities, and their measurement and reconciliations:

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker. The operating segment accounting policies are similar to those described in note 4 "Significant accounting policies".

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The Group's operating segment information and reconciliation were as follows:

	For the years ended December 31, 2023				
	Segment A	**Other segments**	**Headquarters**	**Reconciliation and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 13,499,701	534,894	7,319	-	14,041,914
Intersegment revenues	-	32,601	70,611	(103,212)	-
Total revenue	**$ 13,499,701**	**567,495**	**77,930**	**(103,212)**	**14,041,914**
Reportable segment profit or loss from continuing operations before tax	**$ 189,775**	**(55,860)**	**(43,992)**	**17,048**	**106,971**

	For the years ended December 31, 2022				
	Segment A	**Other segments**	**Headquarters**	**Reconciliation and elimination**	**Total**
Revenue:					
Revenue from external customers	$ 13,572,735	600,700	10,068	-	14,183,503
Intersegment revenues	-	24,579	25,770	(50,349)	-
Total revenue	**$ 13,572,735**	**625,279**	**35,838**	**(50,349)**	**14,183,503**
Reportable segment profit or loss from continuing operations before tax	**$ 123,680**	**(43,069)**	**(37,813)**	**13,407**	**56,205**

(b) Product and service information

Revenue from the external customers of the Group is mainly from super market business, details of revenue were as follows:

Products and services	**2023**	**2022**
Sale of goods	$ 13,350,105	13,502,496
Service Revenue	691,809	681,007
Total	**$ 14,041,914**	**14,183,503**

(c) Geographic information

The Group does not have foreign operation; therefore, no geographic information needs to be disclosed.

(d) Major customers

No customers constituted more than 10% of the Group's total revenue for the years ended December 31, 2023 and 2022.