Stock Code:2945

SIMPLE MART RETAIL CO., LTD.
AND SUBSIDIARY

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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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, 2022 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: March 3, 2023

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Independent Auditors' Report

To the Board of Directors of 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 sheets as of December 31, 2022 and 2021, 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As stated in Notes 1 and 6(u), on April 15, 2022, the Group acquired Sanyou Drugstores Co., Ltd. as part of the Group internal restructuring process under common control. In accordance with the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, when compiling financial report for comparative purposes, it should be regarded as a consolidation from the beginning. The Company had restated the financial statements for the year ended December 31, 2021. Our opinion is not modified in respect of this matter.

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, among others, 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, 2022 and 2021, 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 Chou, Pao-Lian and Chen, Cheng-Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 3, 2023

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 SUBSIDIARY

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021 (restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 548,034	9	750,827	13
1110	Financial assets at fair value through profit or loss - current (notes 6(b)(q))	5,807	-	-	-
1170	Accounts receivable, net (note 6(c))	92,467	2	80,669	1
1180	Accounts receivable - related parties, net (notes 6(c) and 7)	671	-	106	-
1197	Finance lease receivable - current (note 6(d))	1,490	-	8,592	-
1200	Other receivables (note 7)	12,842	-	18,193	-
1300	Inventories (note 6(e))	1,797,015	31	1,637,521	28
1410	Prepayments (note 7)	36,503	1	26,646	-
1476	Other current financial assets (notes 6(a) and 8)	176,500	3	150,000	3
		2,671,329	46	2,672,554	45
	Non-current assets:				
1600	Property, plant and equipment (notes 6(f) and 7)	1,240,694	22	1,362,960	24
1755	Right-of-use assets (note 6(g))	1,659,417	29	1,672,902	28
1840	Deferred tax assets (note 6(j))	23,210	1	17,194	-
1920	Guarantee deposits paid (note 7)	102,120	2	116,805	2
194D	Finance lease receivable - non-current (note 6(d))	-	-	1,442	-
1980	Other non-current financial assets (notes 6(a) and 8)	27,064	-	8,750	-
1990	Other non-current assets	19,171	-	24,679	1
		3,071,676	54	3,204,732	55
	Total assets	$ 5,743,005	100	5,877,286	100

		December 31, 2022		December 31, 2021 (restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Contract liabilities - current (note 6(n))	65,731	1	39,970	1
2150	Notes payable (note 6(q))	252	-	74	-
2170	Accounts payable (note 6(q))	1,465,321	26	1,375,120	23
2180	Accounts payable - related parties (note 6(q) and 7)	3,164	-	3,338	-
2200	Other payables (note 6(q) and 7)	474,480	8	518,448	9
2280	Lease liabilities - current (note 6(h)(q)(t) and 7)	457,704	8	499,088	8
2300	Other current liabilities	54,565	1	53,469	1
		2,521,217	44	2,489,507	42
	Non-Current liabilities:				
2527	Contract liabilities - non-current (note 6(n))	8,196	-	10,644	-
2550	Non-current provisions	3,740	-	3,740	-
2570	Deferred tax liabilities (note 6(j))	-	-	765	-
2580	Lease liabilities - non-current (note 6(h)(q)(t) and 7)	1,249,387	22	1,254,326	22
2645	Guarantee deposits received (note 6(q) and 7)	101,474	2	118,594	2
		1,362,797	24	1,388,069	24
	Total liabilities	3,884,014	68	3,877,576	66
	Equity(notes 6(k)(u)):				
3110	Ordinary share	675,000	12	675,000	12
3200	Capital surplus	1,001,300	17	992,115	17
	Retained earnings:				
3310	Legal reserve	63,514	1	44,064	1
3350	Unappropriated retained earnings	55,294	1	194,503	3
		118,808	2	238,567	4
	Total equity attributable to owners of parent:	1,795,108	31	1,905,682	33
35XX	Equity attributable to former owner of business combination under common control	-	-	94,028	1
36XX	Non-controlling interests	63,883	1	-	-
	Total equity	1,858,991	32	1,999,710	34
	Total liabilities and equity	$ 5,743,005	100	5,877,286	100

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021 (restated)	
		Amount	%	Amount	%
4000	**Operating revenue** (note 6(n), 7 and 14)	$ 14,183,503	100	14,590,436	100
5000	**Operating costs** (note 6(e) and 7)	10,653,923	75	10,874,407	75
	Gross margin from operations	3,529,580	25	3,716,029	25
	Operating expenses: (note 6(c)(f)(g)(h)(i)(l)(o), 7 and 12)				
6100	Selling expenses	3,073,236	22	3,083,737	21
6200	Administrative expenses	416,666	3	437,737	4
6450	Expected credit losses	8,793	-	7	-
	Total operating expenses	3,498,695	25	3,521,481	25
	Net operating income	30,885	-	194,548	-
	Non-operating income and expenses:				
7100	Interest income (note 6(h))	3,043	-	1,585	-
7190	Other income (note 6(h)(p))	57,262	-	102,798	1
7230	Foreign exchange gains	2,633	-	211	-
7235	Gains on financial assets at fair value through profit or loss	65	-	-	-
7510	Interest expenses (note 6(h) and 7)	(19,339)	-	(19,734)	-
7590	Miscellaneous disbursements	(10,015)	-	(16,636)	-
7610	Losses on disposal of property, plant and equipment (note 6(f))	(6,380)	-	(14,064)	-
7670	Impairment losses (note 6(f))	(1,949)	-	(2,038)	-
		25,320	-	52,122	1
	Profit from continuing operations before tax	56,205	-	246,670	1
7950	**Less: Income tax expenses** (note 6(j))	12,831	-	46,301	-
	Profit	43,374	-	200,369	1
8300	**Other comprehensive income, net of tax**	-	-	-	-
8500	**Total comprehensive income**	**$ 43,374**	**-**	**200,369**	**1**
	Profit, attributable to:				
	Owners of parent	$ 55,294	-	194,503	1
	Former owner of business combination under common control	(4,124)	-	5,866	-
8620	Non-controlling interests	(7,796)	-	-	-
		$ 43,374	**-**	**200,369**	**1**
	Comprehensive income attributable to:				
	Owners of parent	$ 55,294	-	194,503	1
	Former owner of business combination under common control	(4,124)	-	5,866	-
8620	Non-controlling interests	(7,796)	-	-	-
		$ 43,374	**-**	**200,369**	**1**
9750	Basic earnings per share (note 6(m))	**$**	**0.82**		**3.21**
9850	Diluted earnings per share (note 6(m))	**$**	**0.82**		**3.21**

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							
			Retained earnings					
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Treasury stocks	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 600,000	537,938	25,867	181,966	(25,365)	-	-	1,320,406
Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	-	-	-	-	-	88,162	-	88,162
Equity at beginning of period after adjustments	600,000	537,938	25,867	181,966	(25,365)	88,162	-	1,408,568
Distribution of retained earnings:								
Legal reserve appropriated	-	-	18,197	(18,197)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(163,769)	-	-	-	(163,769)
	-	-	18,197	(181,966)	-	-	-	(163,769)
Net income	-	-	-	194,503	-	5,866	-	200,369
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	194,503	-	5,866	-	200,369
Treasury stocks sold to employees	-	(2,246)	-	-	25,365	-	-	23,119
Capital increase by cash	75,000	453,967	-	-	-	-	-	528,967
Share-based payment transactions	-	2,456	-	-	-	-	-	2,456
Balance at December 31, 2021(restated)	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**

See accompanying notes to consolidated financial statements.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021 (restated)
Cash flows from operating activities:			
Profit before tax	$	56,205	246,670
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expenses		745,247	778,684
Amortization expenses		15,655	19,343
Expected credit losses		8,793	7
Net gain on financial assets or liabilities at fair value through profit or loss		(65)	-
Interest expenses		19,339	19,734
Interest income		(3,043)	(1,585)
Share-based payment compensation costs		-	4,518
Losses on disposal of property, plant and equipment		6,380	14,064
Profit from lease modification		(20,673)	(64,142)
Losses on disposal of intangible assets		1	7
Impairment losses on non-financial assets		1,949	2,038
Total adjustments to reconcile profit		773,583	772,668
Changes in operating assets and liabilities:			
Decrease in notes receivable		-	7
Increase in accounts receivable		(20,591)	(9,647)
(Increase) decrease in accounts receivable–related parties		(565)	19
Decrease (increase) in other receivables		10,007	(1,142)
(Increase) decrease in inventories		(159,757)	55,248
(Increase) decrease in prepayments		(9,857)	116,659
(Increase) decrease in other current financial assets		(26,500)	429
Increase (decrease) in contract liabilities		23,313	(9,933)
Increase (decrease) in notes payable		178	(874)
Increase in accounts payable		90,201	274,435
(Decrease) increase in accounts payable –related parties		(174)	1,210
(Decrease) increase in other payables		(13,592)	13,323
Increase in other current liabilities		22,852	11,556
Total adjustments		689,098	1,223,958
Cash inflow generated from operations		745,303	1,470,628
Interest received		3,049	1,577
Interest paid		(19,339)	(19,778)
Income taxes paid		(46,086)	(79,830)
Net cash flows from operating activities		682,927	1,372,597
Cash flows from investing activities:			
Acquisition of financial assets at fair value through profit or loss		(5,742)	-
Acquisition of property, plant and equipment		(164,649)	(301,734)
Proceeds from disposal of property, plant and equipment		165	686
Decrease in guarantee deposits paid		14,685	44,588
Acquisition of intangible assets		(10,148)	(3,119)
Decrease in finance lease receivable		8,548	8,461
Increase in other financial assets		(18,314)	(8,000)
Net cash flows used in investing activities		(175,455)	(259,118)
Cash flows from financing activities:			
Decrease in short-term loans		-	(100,000)
Decrease in short-term notes and bills payable		-	(399,863)
Decrease in guarantee deposits received		(17,120)	(16,655)
Payments of lease liabilities		(509,315)	(532,679)
Cash dividends paid		(175,053)	(163,769)
Capital increase by cash		-	528,967
Treasury stocks sold to employees		-	21,057
Payments of reorganization		(8,899)	-
Other changes in capital surplus		122	-
Net cash flows used in financing activities		(710,265)	(662,942)
Net (decrease) increase in cash and cash equivalents		(202,793)	450,537
Cash and cash equivalents at beginning of period		750,827	300,290
Cash and cash equivalents at end of period	$	**548,034**	**750,827**

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(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.

Due to the Group's organizational structure, the Company acquired 6% equity interest of Sanyou Drugstores Co., Ltd., by cash, from its parent company, Mercuries & Associates Holding Ltd. on April 15, 2022, holding a total of 51% equity. While under common control of the parent company, the transaction is regarded as a consolidation from the beginning.

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

The Board of Directors authorized the consolidated financial statements on March 3, 2023.

(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, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
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- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(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 IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The significant 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 conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the "Regulations") and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to "IFRS endorsed by the FSC") for a complete set of the annual consolidated financial statements.

(b) Basis of preparation

(i) Basis of measurement

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.

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(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.

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 the subsidiary in the consolidated financial statements

List of the subsidiary in the consolidated financial statements included:

			Shareholding	
Name of investor	**Name of subsidiary**	**Main business and products**	**December 31, 2022**	**December 31, 2021**
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	51 %	45 %

(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.

(Continued)

(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.

(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
- 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 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, notes and trade receivables, 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.

As the Group's bank deposits, time deposits and 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.

(Continued)

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.

(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) Treasury stock

Repurchased shares are recognized under treasury stocks (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury stocks should be recognized under Capital Reserve – Treasury Stock Transactions; Losses on disposal of treasury stocks should be offset against existing capital reserves arising from similar types of treasury stocks. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury stocks should be calculated using the weighted average of different types of repurchase.

4) 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.

(Continued)

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
Notes to the Consolidated Financial Statements

5) 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.

6) 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.

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.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
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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.

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
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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.

(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.

(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.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
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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.

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) Share-based payment

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as a cost, with a corresponding increase in equity, over the vesting period of the awards.

Grant date of a share-based payment award is the base date which the board of directors had authorized.

(q) 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 for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

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

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(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.

(r) 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.

(s) 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.

(Continued)

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
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(t) 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, restate the statement of financial position as of December 31, 2021, adjust the balance sheets and charges in equity and recognize the adjustment as equity attributed to the former owner of the business combination under common control for the year then ended; as well as restate the statement of comprehensive income as of December 31, 2021 and recognize the profit as profit attributed to the former owner of business combination under common control for the year then.

(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, 2022	December 31, 2021 (restated)
Cash on hand	$ 60,321	56,088
Bank deposits	247,698	262,497
Repurchase agreement	240,015	432,242
	$ 548,034	**750,827**

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, 2022	December 31, 2021 (restated)
Time deposits with maturities of more than three months	**$ 10,000**	**-**
Restricted time deposits	**$ 193,564**	**158,750**

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

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

		December 31, 2022	December 31, 2021
Stock in listed companies	$	5,807	-

(c) Accounts receivable (including related parties)

		December 31, 2022	December 31, 2021 (restated)
Accounts receivable - measured at amortized cost	$	101,324	80,733
Accounts receivable (related parties) - measured at amortized cost		671	106
Less: loss allowance		(8,857)	(64)
	$	93,138	80,775

Most of the Group's receivable are generated from the customer which 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, receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowances was determined as follows:

		December 31, 2022	December 31, 2021(restated)
		Gross carrying amount	Gross carrying amount
Current	$	90,765	80,536
1-60 days past due		2,630	246
61-120 days past due		58	-
121-180 days past due		4,371	-
More than 180 days past due		4,171	57
	$	101,995	80,839

The movement in the allowance for accounts receivable were as follows:

		2022	2021 (restated)
Beginning balance of the period	$	64	57
Add:Impairment losses recognized		8,793	7
Ending balance of the period	$	8,857	64

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(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, 2022	December 31, 2021(restated)
Less than one year	$	1,491	8,647
One to five years		-	1,443
Total lease payments receivable		1,491	10,090
Unearned finance income		(1)	(56)
Present value of lease payments receivable	**$**	**1,490**	**10,034**

(e) Inventories

		December 31, 2022	December 31, 2021(restated)
Merchandise Inventories	$	1,759,374	1,613,520
Inventory in transit		37,641	24,001
	$	**1,797,015**	**1,637,521**

		2022	2021(restated)
Cost of goods sold	$	10,602,111	10,815,224
Inventory losses from obsolescence and others		51,812	59,183
Cost of sales	**$**	**10,653,923**	**10,874,407**

As of December 31, 2022 and 2021, the Group did not provide any merchandise inventories as collateral for its loans.

(f) 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, 2022 and 2021 were as follows:

		Land	Buildings	Machinery and equipment	Leasehold improvements	Prepayment for business facilities and construction in progress	Total
Cost:							
Balance at January 1, 2022 (restated)	$	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**

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		Land	Buildings	Machinery and equipment	Leasehold improvements	Prepayment for business facilities and construction in progress	Total
Balance at January 1, 2021 (restated)	$	537,599	220,887	890,615	826,628	-	2,475,729
Additions		-	-	211,770	82,343	-	294,113
Transfer from (to)		-	-	72	(72)	-	-
Scraps		-	-	(34,173)	(68,324)	-	(102,497)
Disposal		-	-	(7,388)	-	-	(7,388)
Balance at December 31, 2021 (restated)	$	**537,599**	**220,887**	**1,060,896**	**840,575**	**-**	**2,659,957**
Accumulated depreciation and impairment losses:							
Balance at January 1, 2022 (restated)	$	-	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 losses		-	-	-	1,949	-	1,949
Balance at December 31, 2022	$	**-**	**27,950**	**806,526**	**655,310**	**-**	**1,489,786**
Balance at January 1, 2021 (restated)	$	-	19,279	552,047	550,660	-	1,121,986
Depreciation		-	4,335	160,438	103,339	-	268,112
Transfer from (to)		-	-	46	(46)	-	-
Scraps		-	-	(33,395)	(54,850)	-	(88,245)
Disposal		-	-	(6,890)	-	-	(6,890)
Impairment losses		-	-	1,784	250	-	2,034
Balance at December 31, 2021 (restated)	$	**-**	**23,614**	**674,030**	**599,353**	**-**	**1,296,997**
Carrying amounts:							
Balance at December 31, 2022	$	**537,599**	**192,937**	**302,467**	**204,365**	**3,326**	**1,240,694**
Balance at January 1, 2021 (restated)	$	**537,599**	**201,608**	**338,568**	**275,968**	**-**	**1,353,743**
Balance at December 31, 2021 (restated)	$	**537,599**	**197,273**	**386,866**	**241,222**	**-**	**1,362,960**

Investing activities that are partially paid in cash:

		2022	2021 (restated)
Acquisition of property, plant and equipment	$	134,273	294,113
Add: Payables on equipment, beginning of period		56,408	64,029
Less: Payables on equipment, end of period		(26,032)	(56,408)
Cash paid	$	**164,649**	**301,734**

(Continued)

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(g) 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, 2022(restated)	$ 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**
Balance at January 1, 2021(restated)	$ 2,612,454	2,086	2,614,540
Additions	618,375	-	618,375
Derecognized	(378,623)	-	(378,623)
Balance at December 31, 2021(restated)	**$ 2,852,206**	**2,086**	**2,854,292**
Accumulated depreciation and impairment losses:			
Balance at January 1, 2022(restated)	$ 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**
Balance at January 1, 2021(restated)	$ 969,518	538	970,056
Depreciation	510,303	269	510,572
Derecognized	(299,238)	-	(299,238)
Balance at December 31, 2021(restated)	**$ 1,180,583**	**807**	**1,181,390**
Carrying amounts:			
Balance at December 31, 2022	**$ 1,658,407**	**1,010**	**1,659,417**
Balance at January 1, 2021(restated)	**$ 1,642,936**	**1,548**	**1,644,484**
Balance at December 31, 2021(restated)	**$ 1,671,623**	**1,279**	**1,672,902**

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(h) Lease liabilities

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

	December 31, 2022	December 31, 2021 (restated)
Current	$ 457,704	499,088
Non-current	$ 1,249,387	1,254,326

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

The amounts recognized in profit or loss were as follows:

	2022	2021 (restated)
Interests on lease liabilities	$ 17,798	17,255
Variable lease payments not included in the measurement of lease liabilities	$ 23,034	18,046
Income from sub-leasing right-of-use assets	$ (55)	(145)
Expenses relating to short-term leases	$ 9,718	11,490
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 2,896	3,991
COVID-19-related rent concessions (recognized as other income)	$ (3,044)	(16,552)

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

	2022	2021 (restated)
Total cash outflow for leases	$ 559,662	566,764

(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, and of retail stores for 2 to 10 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 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.

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(i) 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:

	2022	2021
	$ 69	28

(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 have been allocated to the Bureau of Labor Insurance:

	2022	2021 (restated)
	$ 79,037	76,737

(j) Income taxes

(i) Income tax expenses

The components of income tax for 2022 and 2021 were as follows:

	2022	2021 (restated)
Current tax expenses		
Current period	$ 20,240	48,797
Adjustments for prior years	(628)	(13)
	19,612	48,784
Deferred tax expenses		
Current period	(6,046)	(2,483)
Adjustments for prior years	(735)	-
	(6,781)	(2,483)
Income tax expenses	$ 12,831	46,301

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(ii) There is no income tax directly recognized under equity.

Reconciliation of income tax and profit before tax for 2022 and 2021 were as follows:

	2022	2021 (restated)
Income before income tax	$ 56,205	246,670
Income tax using the company's domestic tax rate	11,241	49,334
Prior year's income tax adjustment	(1,363)	(13)
Change in unrecognized temporary differences	3,299	(2,381)
Tax-free income	(57)	(1,200)
Others	(289)	561
Income tax expenses	**$ 12,831**	**46,301**

(iii) Deferred income tax assets

1) Unrecognized deferred tax assets

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

	December 31, 2022	December 31, 2021 (restated)
Tax loss	$ 167,148	160,970
Allowance for inventory valuation losses	770	281
Deferred revenue	2,068	2,049
Impairment loss	4,524	7,895
Others	264	280
	$ 174,774	**171,475**

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.

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As of December 31, 2022, 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
2013 (approved)	$ 19,778	2023
2014 (approved)	34,553	2024
2015 (approved)	66,427	2025
2016 (approved)	71,837	2026
2017 (approved)	89,161	2027
2018 (approved)	108,019	2028
2019 (approved)	171,114	2029
2020 (approved)	131,680	2030
2021 (assessed)	103,159	2031
2022 (estimated)	40,010	2032
	$ 835,738	

2) Recognized deferred tax assets

Changes in the amounts of deferred tax assets for 2022 and 2021 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, 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**
Balance on January 1, 2021	$ 3,208	1,597	3,096	4,320	1,714	11	13,946
Recognized in profit or loss	554	838	1,394	656	(374)	180	3,248
Balance on December 31, 2021	**$ 3,762**	**2,435**	**4,490**	**4,976**	**1,340**	**191**	**17,194**

(iv) Recognized deferred tax liabilities

	Profit on investment
Deferred tax liabilities:	
Balance at January 1, 2022	$ (765)
Recognized in profit or loss	765
Balance at December 31, 2022	**$ -**
Balance at January 1, 2021	$ -
Recognized in profit or loss	(765)
Balance at December 31, 2021	**$ (765)**

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(v) The tax authorities have examined the Company's income tax for the year 2020.

The tax authorities have examined the subsidiaries income tax for the year 2020.

(k) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized capital consisted of 80,000 thousand shares, amounting to $800,000 thousand, with par value of $10 per share. In 2022 and 2021, all of the issued shares were both ordinary shares consisted of 67,500 thousand shares.

The movement of shares outstanding was as follows (expressed in thousand shares):

	Ordinary Shares	
	2022	**2021**
Beginning balance of the period	67,500	59,700
Purchase of treasury stocks	-	300
Capital increase by cash	-	7,500
Ending balance of the period	**67,500**	**67,500**

(i) Ordinary shares

On July 7, 2021, the Company's Board of Directors resolved to issue 7,500 thousand shares, with par value of $10 per share, amounting to $75,000 thousand for pre-initial public offering placement. The public subscription price was $69 per share at premium and the average transaction price of the competitive auction was $71.68 per share at premium. In accordance with Article 267 of the Company Act, 10% of the total number of shares issued, amounting to 750,000 shares, were reserved for subscription by the Company's employees. The Chairman shall be fully authorized to arrange for subscription by specific persons at the issuance price, of any unsubscribed shares or subscription of shares waived by employees. On August 27, 2021, the above issuance of shares for cash capital increase was approved by the Taiwan Stock Exchange, with November 29, 2021 as the date of capital increase, the total amount for subscription was $531,967 thousand, after deducting the issuance cost of $3,000 thousand, the total amount of cash received for the capital increase was $528,967 thousand, which was fully received and the related registration procedures were completed. The premium on issuance of common stock was $453,967 thousand, and were recorded as capital surplus.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Premium on issuance of common stock	$ 959,010	959,010
Others	42,290	33,105
	$ 1,001,300	**992,115**

(Continued)

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.

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 2021 and 2020 had been approved in the shareholders' meeting held on May 25, 2022 and July 7, 2021, respectively. These earnings were appropriated as follows:

	2021	**2020**
Legal reserve	$ 19,450	18,197
Dividends distributed to ordinary shareholders:		
Cash	175,053	163,769
Total	**$ 194,503**	**181,966**

On March 3, 2023, the Company's Board of Directors resolved to appropriate the earnings for 2022 as follows:

	2022
Dividends distributed to ordinary shareholders:	
Cash	**$ 49,275**

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

(iv) In 2020, in accordance with the requirements under section 167(1) of the Company Act, the Group purchased 300 thousand shares as treasury stocks in order to transfer to employees. In July 2021, all of the treasury stocks were transferred to employees.

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(l) Share-based payment

(i) As of December 31, 2021, the details of treasury stock transferred to employees were as follows:

	Treasury stock transferred to employees
Grant date	July 22, 2021
Number of shares granted	300
Price of shares granted(NTD)	70.4
Recipients	Eligible employees
Vesting Conditions	Immediately vested

1) The Company used the Black-Scholes option pricing method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2021 Treasury stock transferred to employees
Fair value at grant date	77.28
Exercise price	70.40
Expected volatility (%)	15.00
Expected life (years)	0.04
Risk-free interest rate (%)	0.0973

2) Employees benefit expenses

As of December 31, 2021, the compensation cost resulting from the transfer of treasury stocks to employees amounting to $2,062 thousand.

(ii) As of December 31, 2021, the details of cash capital increase reserved for employee subscription were as follows:

	Cash capital increase reserved for employee subscription
Grant date	November 4, 2021
Number of shares granted	357
Recipients	Eligible employees
Vesting Conditions	Immediately vested

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1) The Company used the Black-Scholes option pricing method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2021 Cash capital increase reserved for employee subscription
Fair value at grant date	77.06
Exercise price	69.00
Expected volatility (%)	28.69
Expected life (years)	0.06
Risk-free interest rate (%)	0.222

2) Employees benefit expenses

As of December 31, 2021, the compensation cost resulting from the cash capital increase reserved for employee subscription amounting to $2,456 thousand.

(m) Earnings per share

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

	2022	2021 (restated)
Basic earnings per share		
Profit or loss attributable to ordinary shareholders of the Company	$ **55,294**	**194,503**
Weighted-average number of ordinary shares outstanding	**67,500**	**60,511**
Basic earnings per share	$ **0.82**	**3.21**
Diluted earnings per share		
Profit or loss attributable to ordinary shareholders of the Company	$ **55,294**	**194,503**
Weighted-average number of ordinary shares outstanding	67,500	60,511
Effect of dilutive potential ordinary shares - employee share bonus	62	57
Weighted-average number of ordinary shares outstanding (diluted)	**67,562**	**60,568**
Diluted earnings per share	$ **0.82**	**3.21**

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(n) Revenue from contracts with customers

(i) Details of revenue

The derives revenue from the transfer of goods and services over time or at a point in time, and the amounts of revenue for the years ended December 31, 2022 and 2021 (restated) were as follows:

		2022	2021 (restated)
Sale of goods	$	13,502,496	13,936,138
Others operating income		681,007	654,298
	$	**14,183,503**	**14,590,436**

(ii) Contract balances

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

		December 31, 2022	December 31, 2021(restated)
Contract liabilities - current - gift voucher revenue	$	14,091	249
Contract liabilities - current - customer loyalty program		46,020	32,695
Contract liabilities - current - franchise royalty fee		5,620	7,026
Total	$	**65,731**	**39,970**
Contract liabilities - non-current - franchise royalty fee	$	**8,196**	**10,644**

2) The amounts of revenue recognized for the years ended December 31, 2022 and 2021 (restated), was included in the contract liabilities balance at the beginning of the period, were $40,874 thousand and $46,327 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, 2022 and 2021, the Company estimated its employee remuneration amounted to $2,362 thousand and $3,600 thousand, and directors' remuneration amounted to $0 thousand and $3,500 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, 2022 and 2021. If there are any subsequent adjustments to the

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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. There was no difference with the actual distribution. The information is available on the Market Observation Post System website.

(p) Other income

		December 31, 2022	December 31, 2021 (restated)
Profit of lease modification	$	20,673	64,142
Grant revenue		13,819	20,100
2-years past due unpaid payables transferred to		5,889	1,667
Others		16,881	16,889
	$	**57,262**	**102,798**

As of December 31, 2022 and 2021， The Group obtained a utility bill relief in accordance with the Ministry of Economic Affairs Approach to the Relief of Industries which were Affected by Severe Pneumonia with Novel Pathogens, which amounted to $320 thousand and $20,100 thousand (recorded as other income), respectively.

(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.

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		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**
December 31, 2021(restated)					
Non derivative financial liabilities					
Notes payable	$	74	74	74	-
Accounts payable		1,375,120	1,375,120	1,375,120	-
Accounts payable - related parties		3,338	3,338	3,338	-
Other payables		518,448	518,448	518,448	-
Lease liabilities (include current and non-current)		1,753,414	1,793,137	512,882	1,280,255
Guarantee deposits received		118,594	118,594	-	118,594
	$	**3,768,988**	**3,808,711**	**2,409,862**	**1,398,849**

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, 2022			December 31, 2021(restated)		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets							
Monetary items							
JPY	$	14,779	0.230	3,405	7,036	0.239	1,678
USD		62	30.660	1,911	134	27.630	3,702
EUR		11	32.520	361	81	31.120	2,528
Financial liabilities							
Monetary items							
EUR	$	125	32.520	4,073	105	31.120	3,273
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 weakening or strengthening of 1% of the NTD against the USD, EUR, and JPY as of December 31, 2022 and 2021 would have decreased or increased the net profit after tax by $17 thousand for the year ended December 31, 2022 and increased or decreased the net profit after tax by $37 thousand for the year ended December 31, 2021 , 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 with variable interest rates, the analysis is based on the assumption that the amount of assets 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 did not have any borrowings with variable interest rates for the years ended December 31, 2022 and 2021.

(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, 2022		December 31, 2021	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 5%	$ -	232	-	-
Decreasing 5%	$ -	(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:

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	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

2) Valuation techniques for financial instruments measured at fair value

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. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The fair value of financial assets and liabilities with standard terms and conditions and traded in an active market is based on the market quoted price.

(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.

(Continued)

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(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 notes and 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.

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 and short-term borrowings are floating rate debts. Therefore, there is a risk that changes in market interest rates will cause the effective interest rates change accordingly, resulting in fluctuations in its future cash flows.

3) Market price risk

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

(Continued)

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(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, 2022, the Group's capital management was remaining constant.

(t) Changes of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

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

	January 1, 2021(restated)	Cash flows	Non-cash changes: Changes in lease	December 31, 2021(restated)
Short-term borrowings	$ 100,000	(100,000)	-	-
Short-term notes and bills payable	399,863	(399,863)	-	-
Lease liabilities	1,811,289	(532,679)	474,804	1,753,414
Total liabilities from financing activities	**$ 2,311,152**	**(1,032,542)**	**474,804**	**1,753,414**

(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 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.

(Continued)

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
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(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
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
Taiwan Masters Golf Foundation	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
Foundation for Chinese Dietary Culture	Other related party
Taiwan Chain Stores and Franchise Association	Other related party
The Group’s directors, general manager and vice general managers	

(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:

	2022	2021(restated)
Other related parties	$ 20,352	9,961

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

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(iii) Receivables from related parties

The receivables from related parties were as follows:

Accounts	Type of related parties	December 31, 2022	December 31, 2021(restated)
Accounts receivable	Other related parties	$ 671	106
Other receivables	Other related parties (excluding property transaction)	-	15
		$ 671	121

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

(iv) Payables from related parties

The payables from related parties were as follows:

Accounts	Type of related parties	December 31, 2022	December 31, 2021(restated)
Accounts payable	Other related parties	$ 3,164	3,338
Other current liabilities	Other related parties (excluding property and lease transaction)	3,461	647
		$ 6,625	3,985

The payables from 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, 2022	December 31, 2021
Mercuries Life Insurance Co., Ltd.	$ 3,198	2,924

The prepayments were prepaid insurance.

(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, on April 14, 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 and intangible assets acquired from related parties were summarized as follows:

	2022	2021
Other related parties	$ 2,655	1,028

(Continued)

As of December 31, 2022 and 2021, the unpaid payments were $2,788 thousand and $188 thousand, their were classified as other payables.

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

Type of related parties	2022 Proceeds	2022 Gain (loss) on disposal	2021(restated) Proceeds	2021(restated) Gain (loss) on disposal
Other related parties	$ 32	(198)	-	-

For the year ended December 31, 2022 and 2021(restated), The Group sold its office equipment to other related parties at the amounts of $32 thousand and $0, respectively, which had been fully paid.

(vii) Leases

The Group rented office space from other related parties. For the years ended December 31, 2022 and 2021, the Group recognized $11 thousand and $25 thousand as interest expenses, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounting to $762 thousand and $1,895 thousand, respectively.

(viii) Guarantee deposits paid

	December 31, 2022	December 31, 2021
Other related parties	$ 292	292

The above transactions were guarantee deposits of office leases.

(ix) Guarantee deposits received

	December 31, 2022	December 31, 2021(restated)
Other related parties	$ 100	100

The above transactions were guarantee deposits of stores leases.

(x) Other operating expenses

	2022	2021 (restated)
Other related parties:		
Foundation for Chinese Dietary Culture	$ 1,500	-
Taiwan Masters Golf Foundation	-	3,000
Other related parties	7,607	10,661
	$ 9,107	13,661

The above transactions were donations, insurance and maintenance fees, etc.

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(xi) Guarantees and endorsements

For the years ended December 31, 2022 and 2021, in order to acquire the bank loan facility, Mercuries & Associates Holding Ltd. served as joint guarantor for the Group, guaranteed amount $100,000 thousand and $200,000 thousand, respectively. As of December 31, 2022 and 2021, no drawdown were made.

(c) Key management personnel compensation

		2022	2021 (restated)
Short-term employee benefits	$	29,395	40,305
Post-employment benefits		920	996
Share-based payments		-	1,245
	$	**30,315**	**42,546**

(8) Pledged assets:

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

Pledged Assets	Pledged to secure		December 31, 2022	December 31, 2021 (restated)
Time deposits (Recorded as current and non-current other financial assets)	Performance guarantee for purchasing and collection business	$	175,250	158,750
Bank deposits (Recorded as current and non-current other financial assets.)	Charitable trust of gift voucher		18,314	-
		$	**193,564**	**158,750**

(9) Commitments and contingencies:

(a) The Group issued guarantee notes to obtain short-term loan facility, as of December 31, 2022 and 2021(restated), the balance was $900,000 thousand and $1,400,000 thousand, respectively.

(b) The Group's performance guarantee issued by the bank due to collection business, as of December 31, 2022 and 2021(restated), the balances were all $500 thousand.

(c) 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.

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARY
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(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	2022			2021(restated)		
	Operating cost	Operating expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	-	1,452,059	1,452,059	-	1,403,608	1,403,608
Labor and health insurance	-	169,114	169,114	-	164,009	164,009
Pension	-	79,106	79,106	-	76,765	76,765
Remuneration to directors	-	1,500	1,500	-	5,000	5,000
Others	-	93,162	93,162	-	99,218	99,218
Depreciation	-	745,247	745,247	-	778,684	778,684
Amortization	-	15,655	15,655	-	19,343	19,343

(Continued)

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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, 2022:

(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 during the period	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	-		-	179,511	718,043

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, 2022 (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				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Mercuries Life Insurance Co., Ltd.	Stock	Other related party	FVTPL - current	1,050,000	5,807	0.03 %	5,807	-

(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, 2022 (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 December 31, 2022	Original investment amount December 31, 2021	Balance as of December 31, 2022 Shares	Balance as of December 31, 2022 Percentage of ownership	Balance as of December 31, 2022 Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Sanyou Drugstores Co., Ltd.	Taiwan	Retail sales of drugs and cosmetics	64,879	55,980	51,000	51 %	66,031	51 %	(25,189)	(15,861)	(Note)
The Company	Simple Mart Plus Co., Ltd.	Taiwan	Retail sales of food and beverage	60,000	60,000	6,000	100 %	41,052	100 %	(139)	(139)	(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, 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**

	For the years ended December 31, 2021(restated)				
	Segment A	Other segments	Headquarters	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	$ 13,875,890	705,916	8,630	-	14,590,436
Intersegment revenues	-	32,327	5,711	(38,038)	-
Total revenue	**$ 13,875,890**	**738,243**	**14,341**	**(38,038)**	**14,590,436**
Reportable segment profit or loss from continuing operations before tax	**$ 330,369**	**(37,991)**	**(44,650)**	**(1,058)**	**246,670**

(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	2022	2021(restated)
Sale of goods	$ 13,502,496	13,936,138
Service Revenue	681,007	654,298
Total	**$ 14,183,503**	**14,590,436**

(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, 2022 and 2021.