

**SIMPLE MART RETAIL CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

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

Introduction

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

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Simple Mart Retail Co., Ltd. and its subsidiaries as of September 30, 2025 and 2024, and of its consolidated financial performance for three months and nine months ended September 30, 2025 and 2024, as well as its consolidated cash flows for the nine months ended September 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 6, 2025

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2025, December 31, 2024, and September 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2025		December 31, 2024		September 30, 2024				September 30, 2025		December 31, 2024		September 30, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (notes 6(a)(t))	\$ 266,375	4	472,471	7	547,547	9	2100	Short-term borrowings (note 6(j)(t)(w))	\$ 100,000	2	-	-	-	-
1150	Notes receivable, net (note 6(c))	-	-	46	-	-	-	2110	Short-term notes and bills payable (note 6(k)(t)(w))	-	-	-	-	127,919	2
1170	Accounts receivable, net (note 6(c))	60,390	1	67,031	1	68,344	1	2130	Contract liabilities - current (note 6(r))	58,722	1	53,595	1	50,754	1
1180	Accounts receivable - related parties, net (notes 6(c) and 7)	353	-	1,284	-	5,384	-	2150	Notes payable (note 6(t))	148	-	80	-	127	-
1200	Other receivables	15,511	-	15,267	-	11,352	-	2170	Accounts payable (note 6(t))	1,274,147	20	1,286,776	20	1,240,012	19
1300	Inventories (note 6(d))	1,806,684	29	1,857,408	29	1,804,719	28	2180	Accounts payable - related parties (note 6(t) and 7)	4,553	-	3,136	-	68,986	1
1410	Prepayments (note 7)	34,478	1	32,393	1	41,314	1	2200	Other payables (note 6(l)(t) and 7)	566,819	9	682,525	11	604,515	10
1476	Other current financial assets (notes 6(a) and 8)	120,200	2	120,200	2	320,200	5	2280	Lease liabilities - current (note 6(m)(t)(w) and 7)	495,833	8	493,303	8	484,830	7
		<u>2,303,991</u>	<u>37</u>	<u>2,566,100</u>	<u>40</u>	<u>2,798,860</u>	<u>44</u>	2300	Other current liabilities	41,859	1	85,841	1	146,447	2
										<u>2,542,081</u>	<u>41</u>	<u>2,605,256</u>	<u>41</u>	<u>2,723,590</u>	<u>42</u>
Non-current assets:								Non-Current liabilities:							
1510	Financial assets at fair value through profit or loss - non-current (notes (b)(t) and 13)	52,022	1	59,202	1	-	-	2527	Contract liabilities - non-current (note 6(r))	2,901	-	4,653	-	5,264	-
1600	Property, plant and equipment (note 6(g))	1,525,463	24	1,315,500	21	1,218,600	19	2550	Non-current provisions	22,849	-	10,446	-	9,433	-
1755	Right-of-use assets (note 6(h))	1,921,608	31	1,989,621	31	1,941,457	31	2570	Deferred tax liabilities	9,435	-	2,762	-	1,096	-
1780	Intangible assets (note 6(i))	293,864	4	295,345	5	246,695	4	2580	Lease liabilities - non-current (note 6(m)(t)(w) and 7)	1,473,278	24	1,549,750	24	1,507,102	24
1840	Deferred tax assets	41,372	1	34,170	-	29,748	-	2612	Long-term accounts payable (note 6(e)(t))	100,000	2	100,000	2	100,000	2
1920	Guarantee deposits paid (note 7)	112,188	2	108,370	2	98,849	2	2645	Guarantee deposits received (note 6(t))	83,073	1	78,972	1	77,661	1
1980	Other non-current financial assets (notes 6(a) and 8)	5,586	-	20,126	-	25,587	-			<u>1,691,536</u>	<u>27</u>	<u>1,746,583</u>	<u>27</u>	<u>1,700,556</u>	<u>27</u>
		<u>3,952,103</u>	<u>63</u>	<u>3,822,334</u>	<u>60</u>	<u>3,560,936</u>	<u>56</u>		Total liabilities	<u>4,233,617</u>	<u>68</u>	<u>4,351,839</u>	<u>68</u>	<u>4,424,146</u>	<u>69</u>
									Equity (notes (f) and (p)):						
								3110	Ordinary share	<u>675,000</u>	<u>11</u>	<u>675,000</u>	<u>11</u>	<u>675,000</u>	<u>11</u>
								3200	Capital surplus	<u>1,001,310</u>	<u>16</u>	<u>1,001,310</u>	<u>16</u>	<u>1,001,310</u>	<u>16</u>
									Retained earnings:						
								3310	Legal reserve	92,640	1	79,000	1	79,000	1
								3350	Unappropriated retained earnings	123,366	2	145,499	2	108,063	2
										<u>216,006</u>	<u>3</u>	<u>224,499</u>	<u>3</u>	<u>187,063</u>	<u>3</u>
								3400	Other equity	(511)	-	-	-	-	-
									Total equity attributable to owners of parent:	<u>1,891,805</u>	<u>30</u>	<u>1,900,809</u>	<u>30</u>	<u>1,863,373</u>	<u>30</u>
								36XX	Non-controlling interests	<u>130,672</u>	<u>2</u>	<u>135,786</u>	<u>2</u>	<u>72,277</u>	<u>1</u>
									Total equity	<u>2,022,477</u>	<u>32</u>	<u>2,036,595</u>	<u>32</u>	<u>1,935,650</u>	<u>31</u>
Total assets		<u>\$ 6,256,094</u>	<u>100</u>	<u>6,388,434</u>	<u>100</u>	<u>6,359,796</u>	<u>100</u>	Total liabilities and equity		<u>\$ 6,256,094</u>	<u>100</u>	<u>6,388,434</u>	<u>100</u>	<u>6,359,796</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and nine months ended September 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		For the three months ended September 30,				For the nine months ended September 30,			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(r), 7 and 14)	\$ 3,855,921	100	3,751,248	100	10,969,164	100	10,599,893	100
5000	Operating costs (note 6(d) and 7)	<u>2,805,535</u>	<u>73</u>	<u>2,735,517</u>	<u>73</u>	<u>7,975,091</u>	<u>73</u>	<u>7,738,283</u>	<u>73</u>
	Gross margin from operations	<u>1,050,386</u>	<u>27</u>	<u>1,015,731</u>	<u>27</u>	<u>2,994,073</u>	<u>27</u>	<u>2,861,610</u>	<u>27</u>
	Operating expenses: (note 6(c)(g)(h)(i)(m)(n)(s), 7 and 12)								
6100	Selling expenses	884,704	23	853,227	23	2,518,712	23	2,422,650	23
6200	Administrative expenses	121,242	3	106,559	3	352,006	3	311,009	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	<u>(296)</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>155</u>	<u>-</u>	<u>987</u>	<u>-</u>
	Total operating expenses	<u>1,005,650</u>	<u>26</u>	<u>960,136</u>	<u>26</u>	<u>2,870,873</u>	<u>26</u>	<u>2,734,646</u>	<u>26</u>
	Net operating income	<u>44,736</u>	<u>1</u>	<u>55,595</u>	<u>1</u>	<u>123,200</u>	<u>1</u>	<u>126,964</u>	<u>1</u>
	Non-operating income and expenses:								
7100	Interest income	(223)	-	2,069	-	3,710	-	6,344	-
7190	Other income	3,911	-	4,180	-	15,377	-	10,236	-
7230	Foreign exchange gains	78	-	1,502	-	416	-	2,010	-
7235	Gains (losses) on financial assets at fair value through profit or loss	(3,430)	-	-	-	(7,179)	-	1,165	-
7510	Interest expenses (note 6(m) and 7)	(9,930)	-	(8,180)	-	(28,332)	-	(22,906)	-
7590	Miscellaneous disbursements	1,223	-	(1,983)	-	(1,578)	-	(4,297)	-
7610	Losses on disposal of property, plant and equipment (note 6(g) and 7)	<u>(183)</u>	<u>-</u>	<u>(4,136)</u>	<u>-</u>	<u>(1,978)</u>	<u>-</u>	<u>(7,960)</u>	<u>-</u>
		<u>(8,554)</u>	<u>-</u>	<u>(6,548)</u>	<u>-</u>	<u>(19,564)</u>	<u>-</u>	<u>(15,408)</u>	<u>-</u>
	Profit from continuing operations before tax	36,182	1	49,047	1	103,636	1	111,556	1
7950	Less: Income tax expenses (note 6(o))	<u>2,364</u>	<u>-</u>	<u>10,998</u>	<u>-</u>	<u>14,835</u>	<u>-</u>	<u>24,508</u>	<u>-</u>
	Profit	<u>33,818</u>	<u>1</u>	<u>38,049</u>	<u>1</u>	<u>88,801</u>	<u>1</u>	<u>87,048</u>	<u>1</u>
8300	Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
8500	Total comprehensive income	<u>\$ 33,818</u>	<u>1</u>	<u>38,049</u>	<u>1</u>	<u>88,801</u>	<u>1</u>	<u>87,048</u>	<u>1</u>
	Profit, attributable to:								
	Owners of parent	\$ 39,173	1	42,878	1	97,330	1	98,963	1
8620	Non-controlling interests	<u>(5,355)</u>	<u>-</u>	<u>(4,829)</u>	<u>-</u>	<u>(8,529)</u>	<u>-</u>	<u>(11,915)</u>	<u>-</u>
		<u>\$ 33,818</u>	<u>1</u>	<u>38,049</u>	<u>1</u>	<u>88,801</u>	<u>1</u>	<u>87,048</u>	<u>1</u>
	Comprehensive income attributable to:								
	Owners of parent	\$ 39,173	1	42,878	1	97,330	1	98,963	1
8720	Non-controlling interests	<u>(5,355)</u>	<u>-</u>	<u>(4,829)</u>	<u>-</u>	<u>(8,529)</u>	<u>-</u>	<u>(11,915)</u>	<u>-</u>
		<u>\$ 33,818</u>	<u>1</u>	<u>38,049</u>	<u>1</u>	<u>88,801</u>	<u>1</u>	<u>87,048</u>	<u>1</u>
9750	Basic earnings per share (note 6(q))	<u>\$ 0.58</u>		<u>0.64</u>		<u>1.44</u>		<u>1.47</u>	
9850	Diluted earnings per share (note 6(q))	<u>\$ 0.58</u>		<u>0.63</u>		<u>1.44</u>		<u>1.46</u>	

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						
	Retained earnings			Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Others	Non-controlling interests	Total equity
Balance at January 1, 2024	\$ 675,000	1,001,310	69,044	100,056	-	46,928	1,892,338
Distribution of retained earnings:							
Legal reserve appropriated	-	-	9,956	(9,956)	-	-	-
Cash dividends of ordinary share	-	-	-	(81,000)	-	-	(81,000)
	-	-	9,956	(90,956)	-	-	(81,000)
Net income	-	-	-	98,963	-	(11,915)	87,048
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	98,963	-	(11,915)	87,048
Changes in non-controlling interests	-	-	-	-	-	37,264	37,264
Balance at September 30, 2024	\$ 675,000	1,001,310	79,000	108,063	-	72,277	1,935,650
Balance at January 1, 2025	\$ 675,000	1,001,310	79,000	145,499	-	135,786	2,036,595
Distribution of retained earnings:							
Legal reserve appropriated	-	-	13,640	(13,640)	-	-	-
Cash dividends of ordinary share	-	-	-	(101,250)	-	-	(101,250)
	-	-	13,640	(114,890)	-	-	(101,250)
Net income	-	-	-	97,330	-	(8,529)	88,801
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	97,330	-	(8,529)	88,801
Other	-	-	-	-	(511)	-	(511)
Changes in non-controlling interests	-	-	-	(4,573)	-	3,415	(1,158)
Balance at September 30, 2025	\$ 675,000	1,001,310	92,640	123,366	(511)	130,672	2,022,477

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30,	
	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 103,636	111,556
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	531,744	512,671
Amortization expenses	11,949	8,227
Expected credit loss	155	987
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	7,179	(1,165)
Interest expenses	28,332	22,906
Interest income	(3,710)	(6,344)
Losses on disposal of property, plant and equipment	1,978	7,960
Profit from lease modification	(1,058)	(464)
Total adjustments to reconcile profit	576,569	544,778
Changes in operating assets and liabilities:		
Decrease in notes receivable	46	-
Decrease in accounts receivable	6,486	21,642
Decrease (increase) in accounts receivable - related parties	931	(4,051)
Decrease in other receivables	7,912	866
Decrease (increase) in inventories	50,724	(107,937)
Increase in prepayments	(2,085)	(5,355)
Increase in other financial assets	-	(185,000)
Increase (decrease) in contract liabilities	3,375	(9,595)
Increase (decrease) in notes payable	68	(26)
Decrease in accounts payable	(12,629)	(158,907)
Increase (decrease) in accounts payable - related parties	1,417	(13,343)
(Decrease) increase in other payables	(71,645)	22,020
(Decrease) increase in other current liabilities	(20,483)	32,874
Total adjustments	540,686	137,966
Cash inflow generated from operations	644,322	249,522
Interest received	4,158	6,275
Interest paid	(28,153)	(22,846)
Income taxes paid	(47,466)	(28,006)
Net cash flows generated from operating activities	572,861	204,945
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	-	6,510
Acquisition of subsidiaries (Net of cash acquired)	-	(89,267)
Acquisition of property, plant and equipment	(402,101)	(152,088)
Proceeds from disposal of property, plant and equipment	46	247
Increase in guarantee deposits paid	(3,818)	(3,578)
Acquisition of intangible assets	(4,843)	(2,945)
Decrease (increase) in other financial assets	14,540	(1,742)
Net cash flows used in investing activities	(396,176)	(242,863)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	100,000	-
Increase in short-term notes and bills payable	-	127,919
Increase (decrease) in guarantee deposits received	4,101	(8,402)
Payments of lease liabilities	(383,963)	(366,533)
Cash dividends paid	(101,250)	(81,000)
Distribution of dividends by subsidiaries to non-controlling interests	(1,669)	-
Net cash flows used in financing activities	(382,781)	(328,016)
Net decrease in cash and cash equivalents	(206,096)	(365,934)
Cash and cash equivalents at beginning of period	472,471	913,481
Cash and cash equivalents at end of period	\$ 266,375	547,547

See accompanying notes to consolidated financial statements.

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2025 and 2024

(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, over-the-counter medicines, cosmetice, as well as pet food and supplies.

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

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

The Board of Directors authorized the consolidated financial statements on November 6, 2025.

(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, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

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

(Continued)

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have not yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	Effective date to be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. 	<p>January 1, 2027</p> <p>Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19

(4) Summary of material accounting policies:

(a) Statement of compliance

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

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements included:

Name of investor	Name of subsidiary	Main business and products	Shareholding			Remark
			September 30, 2025	December 31, 2024	September 30, 2024	
Simple Mart Retail Co., Ltd.	Simple Mart Plus Co., Ltd.	General wholesale trade	100 %	100 %	100 %	Note1
Simple Mart Retail Co., Ltd.	Sanyou Beauty & Wellness Marketing, Ltd.	Retail sales of drugs and cosmetics	75.50 %	67.33 %	67.33 %	Note2
Simple Mart Retail Co., Ltd.	Simple Mart Investment Co., Ltd.	Investment	100 %	100 %	100 %	
Simple Mart Investment Co., Ltd.	Pet Wonderland Co., Ltd.	Retail Sale of Pet Food and Supplies	66 %	66 %	66 %	

Note1: Simple Mart Plus Co., Ltd. was renamed its Chinese name on July 7, 2025.

Note2: Based on a resolution approved by its board meeting held on December 24, 2024, the Company injected capital into its subsidiary, Sanyou Beauty & Wellness Marketing, Ltd. through cash capital increase. On January 13, 2025, it invested the amount of \$50,000 thousand in cash to acquire additional equity, resulting in its ownership to increase from 67.33% to 75.5%.

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

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. The current income tax expense and deferred income tax expense are then allocated based on the estimated proportion of total current and deferred tax expenses for the entire year.

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

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards 34, Interim Reporting endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, 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.

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

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

Upon evaluation, the accounting judgments involved in the Group's accounting policies have not had a significant impact on the amounts recognized in this consolidated financial report. Additionally, the uncertainties in the assumptions and estimates used are not expected to result in significant adjustments to the carrying amounts of assets and liabilities in the next financial year.

(6) Explanation of significant accounts:

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

(a) Cash and cash equivalents

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand	\$ 58,396	65,307	75,805
Bank deposits	187,979	407,164	471,742
Reverse repurchase agreement	20,000	-	-
	<u>\$ 266,375</u>	<u>472,471</u>	<u>547,547</u>

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:

	September 30, 2025	December 31, 2024	September 30, 2024
Time deposits with maturities of more than three months	\$ -	-	80,000
Restricted time deposits	<u>\$ 125,786</u>	<u>140,326</u>	<u>265,787</u>

The Group's restricted bank deposits are mainly for the purpose of guaranteeing the performance of procurement and collection services, as well as the performance trust guarantee for gift vouchers. For related disclosures, please refer to Note 8.

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

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

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Derivative instruments not used for hedging :			
Call option	\$ 453	4,202	-
Non-derivative financial assets :			
unlisted stocks	<u>51,569</u>	<u>55,000</u>	<u>-</u>
	<u>\$ 52,022</u>	<u>59,202</u>	<u>-</u>

(c) Notes and accounts receivable (including related parties)

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Notes receivable - measured at amortized cost	\$ -	46	-
Accounts receivable - measured at amortized cost	62,390	68,933	72,659
Accounts receivable (related parties) - measured at amortized cost	353	1,284	5,384
Less: loss allowance	<u>(2,000)</u>	<u>(1,902)</u>	<u>(4,315)</u>
	<u>\$ 60,743</u>	<u>68,361</u>	<u>73,728</u>

Most of the Group's accounts receivable are generated from the customers who paid by credit cards and e-payment, as well as service fee income from collection agency operations.

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

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current	\$ 60,714	68,379	73,888
1-60 days past due	456	415	132
61-120 days past due	212	84	1,808
121-180 days past due	-	546	173
More than 181 days past due	<u>1,361</u>	<u>839</u>	<u>2,042</u>
	<u>\$ 62,743</u>	<u>70,263</u>	<u>78,043</u>

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

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

	For the nine months ended September 30,	
	2025	2024
Beginning balance of the period	\$ 1,902	4,940
Add: Impairment losses recognized	155	987
Less: Amounts written off	(57)	(1,612)
Ending balance of the period	<u><u>\$ 2,000</u></u>	<u><u>4,315</u></u>

(d) Inventories

	September 30, 2025	December 31, 2024	September 30, 2024
Merchandise Inventories	\$ 1,761,235	1,836,594	1,754,558
Inventory in transit	45,449	20,814	50,161
	<u><u>\$ 1,806,684</u></u>	<u><u>1,857,408</u></u>	<u><u>1,804,719</u></u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 2,777,702	2,721,702	7,909,102	7,693,381
Inventory losses from obsolescence and others	27,833	13,815	65,989	44,902
Cost of sales	<u><u>\$ 2,805,535</u></u>	<u><u>2,735,517</u></u>	<u><u>7,975,091</u></u>	<u><u>7,738,283</u></u>

As of September 30, 2025, December 31 and September 30, 2024, the Group did not provide any merchandise inventories as collateral for its loans.

(e) Business combinations

On August 29, 2024, the Group signed a share purchase agreement with the shareholders of Pet Wonderland Co., Ltd. (Pet Wonderland). According to the agreement, the Group will acquire the shares of Pet Wonderland in three phases.

According to the above agreement, the Group will have the right to purchase its non-controlling interests after the acquisition date. However, the management has determined that these non-controlling interests still have present access rights to Pet Wonderland. Therefore, the Group has chosen to apply the anticipated acquisition method for accounting purposes in accordance with its accounting policy. This means the Group assumes that on the acquisition date, it has already purchased 15% of the non-controlling interests of Pet Wonderland for \$100,000 thousand in cash. This amount is presented under long-term payables and will be settled only when Pet Wonderland meets the conditions for the second phase of the share purchase agreement, based on its profitability performance from October 1, 2024 to September 30, 2025.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group completed the first phase of the share purchase agreement on September 9, 2024 (the acquisition date), and obtained control over Pet Wonderland. Therefore, Pet Wonderland has been listed as a subsidiary from that date. According to the accounting policy of the anticipated acquisition method, the Group is deemed to have acquired an additional 15% shares in Pet Wonderland for the agreed price of \$100,000 thousand. As a result, the Group held 66% equity in Pet Wonderland on the acquisition date, with the payment for the second phase recorded under long-term payables. Furthermore, the purchase right for the third phase of \$4,202 thousand is recognized as a financial asset measured at fair value through profit or loss - non-current.

Pet Wonderland primarily engages in the retail sale of pet food and supplies, with its core competitiveness being the provision of various products for cat owners. Gaining control over Pet Wonderland allows the Group to leverage Pet Wonderland's management team's many years of experience in the pet industry and their relationships with customers to expand the Group's sales scale in the retail market and optimize pet products in other channels of the Group.

From the acquisition date to September 30, 2024, Pet Wonderland contributed the revenue and net income of \$26,157 thousand and \$1,334 thousand, respectively. If the acquisition had taken place on January 1, 2024, it was estimated that the Group's consolidated revenue and consolidated net income for the nine months ended September 30, 2024 would have been \$10,604,088 thousand and \$86,652 thousand, respectively. In determining these amounts, the management had assumed that the fair value adjustments (determined provisionally) that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2024. The aforementioned pro forma information is presented for illustrative purposes only and is not necessarily an indication of consolidated revenue and results on the Group's operations that would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

Legal consultation fees and advisory fees incurred for this acquisition transaction amounting to \$1,920 thousand were recorded under 'Operating Expenses'.

Since Pet Wonderland did not meet the conditions for the second phase of the share purchase agreement for the period from October 1, 2024 to September 30, 2025, the Company have not yet purchased the additional 15% equity interest from Pet Wonderland's non-controlling interests based on the share purchase agreement.

Please refer to Note 6(e) of the 2024 consolidated financial statements for more details.

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

On January 13, 2025, the Group acquired an additional interest in Sanyou Beauty & Wellness Marketing, Ltd., one of the subsidiaries of the Company, for \$50,000 thousand in cash, increasing its ownership from 67.33% to 75.5%.

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

The effects of the changes in ownership interests in the above subsidiary on the equity attributable to owners of the parent is as follows:

	For the nine months ended September 30, 2025
Carrying amount of non-controlling interest on acquisition	\$ 45,427
Less: Consideration	<u>(50,000)</u>
Unappropriated retained earnings deduction arising from differences between the actual acquisition price and the carrying amount of the subsidiaries' shares acquired	<u><u>\$ (4,573)</u></u>

(g) Property, plant and equipment

The movement of the cost, accumulated depreciation and impairment losses of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery and equipment	Leasehold improvements	Prepayment for business facilities and construction in progress	Total
Cost:						
Balance at January 1, 2025	\$ 537,599	220,887	1,190,151	879,023	222,467	3,050,127
Additions	-	-	224,205	32,709	101,126	358,040
Transfer from (to)	-	-	134,611	-	(140,236)	(5,625)
Scraps	-	-	(20,630)	(30,908)	-	(51,538)
Disposal	-	-	(6,005)	(10,885)	-	(16,890)
Balance at September 30, 2025	<u>\$ 537,599</u>	<u>220,887</u>	<u>1,522,332</u>	<u>869,939</u>	<u>183,357</u>	<u>3,334,114</u>
Balance at January 1, 2024	\$ 537,599	220,887	1,134,248	884,996	13,911	2,791,641
Additions	-	-	46,014	33,121	140,267	219,402
Scraps	-	-	(29,866)	(36,237)	-	(66,103)
Disposal	-	-	(10,593)	(17,960)	-	(28,553)
Acquired in a business combination	-	-	14,104	-	-	14,104
Balance at September 30, 2024	<u>\$ 537,599</u>	<u>220,887</u>	<u>1,153,907</u>	<u>863,920</u>	<u>154,178</u>	<u>2,930,491</u>
Accumulated depreciation and impairment losses:						
Balance at January 1, 2025	\$ -	36,621	975,195	722,811	-	1,734,627
Depreciation	-	3,252	85,990	51,186	-	140,428
Scraps	-	-	(20,026)	(30,848)	-	(50,874)
Disposal	-	-	(5,947)	(9,583)	-	(15,530)
Balance at September 30, 2025	<u>\$ -</u>	<u>39,873</u>	<u>1,035,212</u>	<u>733,566</u>	<u>-</u>	<u>1,808,651</u>

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

	Land	Buildings	Machinery and equipment	Leasehold improvements	Prepayment for business facilities and construction in progress	Total
Balance at January 1, 2024	\$ -	32,286	907,204	708,737	-	1,648,227
Depreciation	-	3,251	79,196	57,016	-	139,463
Scraps	-	-	(27,187)	(34,366)	-	(61,553)
Disposal	-	-	(10,221)	(14,675)	-	(24,896)
Acquired in a business combination	-	-	10,650	-	-	10,650
Balance at September 30, 2024	<u>\$ -</u>	<u>35,537</u>	<u>959,642</u>	<u>716,712</u>	<u>-</u>	<u>1,711,891</u>
Carrying amounts:						
Balance at January 1, 2025	<u>\$ 537,599</u>	<u>184,266</u>	<u>214,956</u>	<u>156,212</u>	<u>222,467</u>	<u>1,315,500</u>
Balance at September 30, 2025	<u>\$ 537,599</u>	<u>181,014</u>	<u>487,120</u>	<u>136,373</u>	<u>183,357</u>	<u>1,525,463</u>
Balance at January 1, 2024	<u>\$ 537,599</u>	<u>188,601</u>	<u>227,044</u>	<u>176,259</u>	<u>13,911</u>	<u>1,143,414</u>
Balance at September 30, 2024	<u>\$ 537,599</u>	<u>185,350</u>	<u>194,265</u>	<u>147,208</u>	<u>154,178</u>	<u>1,218,600</u>

Investing activities that are partially paid in cash:

	For the nine months ended September 30,	
	2025	2024
Acquisition of property, plant and equipment	\$ 358,040	219,402
Add: Payables on construction equipment, beginning of period	123,951	32,213
Less: Payables on construction equipment, end of period	(79,890)	(99,527)
Cash paid	<u>\$ 402,101</u>	<u>152,088</u>

(h) Right-of-use assets

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

	Buildings	Machinery and equipment	Total
Cost:			
Balance at January 1, 2025	\$ 4,093,605	2,086	4,095,691
Additions	378,022	-	378,022
Derecognized	(259,042)	-	(259,042)
Balance at September 30, 2025	<u>\$ 4,212,585</u>	<u>2,086</u>	<u>4,214,671</u>

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

	Buildings	Machinery and equipment	Total
Balance at January 1, 2024	\$ 3,532,233	2,086	3,534,319
Additions	529,553	-	529,553
Derecognized	(168,187)	-	(168,187)
Acquired in a business combination	53,120	-	53,120
Balance at September 30, 2024	<u><u>\$ 3,946,719</u></u>	<u><u>2,086</u></u>	<u><u>3,948,805</u></u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2025	\$ 2,104,456	1,614	2,106,070
Depreciation	391,114	202	391,316
Derecognized	(204,323)	-	(204,323)
Balance at September 30, 2025	<u><u>\$ 2,291,247</u></u>	<u><u>1,816</u></u>	<u><u>2,293,063</u></u>
Balance at January 1, 2024	\$ 1,771,878	1,345	1,773,223
Depreciation	373,006	202	373,208
Derecognized	(139,453)	-	(139,453)
Acquired in a business combination	370	-	370
Balance at September 30, 2024	<u><u>\$ 2,005,801</u></u>	<u><u>1,547</u></u>	<u><u>2,007,348</u></u>
Carrying amounts:			
Balance at January 1, 2025	<u><u>\$ 1,989,149</u></u>	<u><u>472</u></u>	<u><u>1,989,621</u></u>
Balance at September 30, 2025	<u><u>\$ 1,921,338</u></u>	<u><u>270</u></u>	<u><u>1,921,608</u></u>
Balance at January 1, 2024	<u><u>\$ 1,760,355</u></u>	<u><u>741</u></u>	<u><u>1,761,096</u></u>
Balance at September 30, 2024	<u><u>\$ 1,940,918</u></u>	<u><u>539</u></u>	<u><u>1,941,457</u></u>

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group were as follows:

	Goodwill	Trademark rights	Customer relationship	Computer software	Total
Cost or recognized cost:					
Balance at January 1, 2025	\$ 90,646	179,950	9,366	123,885	403,847
Additions	-	-	-	4,843	4,843
Transfers from construction in progress and equipment under installation	-	-	-	5,625	5,625
Disposals	-	-	-	(7)	(7)
Balance at September 30, 2025	<u><u>\$ 90,646</u></u>	<u><u>179,950</u></u>	<u><u>9,366</u></u>	<u><u>134,346</u></u>	<u><u>414,308</u></u>

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

	<u>Goodwill</u>	<u>Trademark rights</u>	<u>Customer relationship</u>	<u>Computer software</u>	<u>Total</u>
Balance at January 1, 2024	\$ -	-	-	119,065	119,065
Additions	-	-	-	2,945	2,945
Acquired in a business combination	227,661	-	-	2,327	229,988
Disposals	-	-	-	(86)	(86)
Balance at September 30, 2024	<u>\$ 227,661</u>	<u>-</u>	<u>-</u>	<u>124,251</u>	<u>351,912</u>
Accumulated amortization:					
Balance at January 1, 2025	\$ -	-	395	108,107	108,502
Amortization	-	-	962	10,987	11,949
Disposals	-	-	-	(7)	(7)
Balance at September 30, 2025	<u>\$ -</u>	<u>-</u>	<u>1,357</u>	<u>119,087</u>	<u>120,444</u>
Balance at January 1, 2024	\$ -	-	-	97,076	97,076
Amortization	-	-	-	8,227	8,227
Disposals	-	-	-	(86)	(86)
Balance at September 30, 2024	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>105,217</u>	<u>105,217</u>
Carrying amounts:					
Balance at January 1, 2025	<u>\$ 90,646</u>	<u>179,950</u>	<u>8,971</u>	<u>15,778</u>	<u>295,345</u>
Balance at September 30, 2025	<u>\$ 90,646</u>	<u>179,950</u>	<u>8,009</u>	<u>15,259</u>	<u>293,864</u>
Balance at January 1, 2024	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>21,989</u>	<u>21,989</u>
Balance at September 30, 2024	<u>\$ 227,661</u>	<u>-</u>	<u>-</u>	<u>19,034</u>	<u>246,695</u>

(i) Amortization expense

The amortization of intangible assets are included in the statement of comprehensive income:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Operating expenses	<u>\$ 4,222</u>	<u>2,929</u>	<u>11,949</u>	<u>8,227</u>

(ii) Impairment test for goodwill

According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. Based on the impairment test conducted by the consolidated entities as of December 31, 2024, no impairment loss on goodwill was recognized, please refer to Note6(i).

(iii) Guarantee

As of September 30, 2025, December 31 and September 30, 2024, the intangible assets of the Group had not been pledged as collaterals.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	\$ <u>100,000</u>	<u>-</u>	<u>-</u>
Range of interest rates	<u>2.00%</u>	<u>-</u>	<u>-</u>
Unused short-term credit lines	\$ <u>168,700</u>	<u>488,700</u>	<u>518,700</u>

The Group did not pledge its assets as collateral for its bank loans.

(k) Short-term notes and bills payable

	September 30, 2025	December 31, 2024	September 30, 2024
Commercial paper payable	\$ <u>-</u>	<u>-</u>	<u>127,919</u>
Range of interest rates	<u>\$ -</u>	<u>-</u>	<u>1.978%~2.120%</u>
Unused short-term credit lines	\$ <u>200,000</u>	<u>500,000</u>	<u>372,000</u>

Sanyou Beauty & Wellness Marketing, Ltd., a subsidiary of the Group, has obtained short-term financing facilities, with its parent company serving as a joint guarantor. For details and for disclosures regarding the issuance of guarantee promissory notes, please refer to Notes 7 and 9, respectively.

(l) Other payables

	September 30, 2025	December 31, 2024	September 30, 2024
Salaries and bonuses payable	\$ 153,449	186,745	173,969
Payable on construction and equipment	79,890	123,951	99,527
Payable on labor insurance, health insurance and pension expense	61,124	56,284	56,588
Payable to service rendered by franchisees	43,961	34,473	33,471
Accrued freight expenses	41,782	65,951	62,504
Payable on unused annual leave	41,321	39,621	36,141
Others	<u>145,292</u>	<u>175,500</u>	<u>142,315</u>
	\$ <u>566,819</u>	<u>682,525</u>	<u>604,515</u>

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

(m) Lease liabilities

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

	September 30, 2025	December 31, 2024	September 30, 2024
Current	\$ <u>495,833</u>	<u>493,303</u>	<u>484,830</u>
Non-current	\$ <u>1,473,278</u>	<u>1,549,750</u>	<u>1,507,102</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interests on lease liabilities	\$ <u>8,793</u>	<u>7,815</u>	<u>25,937</u>	<u>21,782</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>4,646</u>	<u>5,244</u>	<u>13,894</u>	<u>16,373</u>
Expenses relating to short-term leases	\$ <u>4,418</u>	<u>2,465</u>	<u>13,440</u>	<u>7,767</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>502</u>	<u>503</u>	<u>1,387</u>	<u>1,531</u>

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

	For the nine months ended September 30,	
	2025	2024
Total cash outflow for leases	\$ <u>438,621</u>	<u>413,986</u>

(i) Real estate leases

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

(Continued)

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

(ii) Other leases

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

(n) Employee benefit

(i) Defined 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:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Selling expenses	\$ 5	-	13	1
Administrative expenses	-	-	-	26
	<u>\$ 5</u>	<u>-</u>	<u>13</u>	<u>27</u>

(ii) Defined contribution plans

The Group makes defined contribution plan and contributed 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 pension expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Selling expenses	\$ 16,940	18,112	52,113	53,020
Administrative expenses	4,013	3,548	11,763	10,435
	<u>\$ 20,953</u>	<u>21,660</u>	<u>63,876</u>	<u>63,455</u>

(Continued)

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

(o) Income taxes

(i) Income tax expenses

The components of income tax were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Current tax expenses				
Current period	\$ 8,139	14,345	19,286	28,762
Adjustments for prior years	-	-	(3,922)	(629)
	<u>8,139</u>	<u>14,345</u>	<u>15,364</u>	<u>28,133</u>
Deferred tax expenses				
Origination and reversal of temporary differences	\$ (5,775)	(3,347)	(446)	(3,362)
Adjustments for prior years	-	-	(83)	(263)
	<u>(5,775)</u>	<u>(3,347)</u>	<u>(529)</u>	<u>(3,625)</u>
Income tax expenses	<u>\$ 2,364</u>	<u>10,998</u>	<u>14,835</u>	<u>24,508</u>

There is no income tax directly recognized under equity.

(ii) The tax authorities have examined the Company's income tax for the years through 2023.

The tax authorities have examined the income tax of Simple Mart Plus Co., Ltd., one of the subsidiaries of the Company, for the years through 2023.

The tax authorities have examined the income tax of Sanyou Beauty & Wellness Marketing, Ltd., one of the subsidiaries of the Company, for the years through 2023.

(p) Capital and other equity

(i) Ordinary shares

As of September 30, 2025, December 31 and September 30, 2024, the Company's authorized capital consisted of 80,000 thousand shares, amounting to \$800,000 thousand, with par value of \$10 per share. On September 30, 2025, December 31 and September 30, 2024, all of the issued and outstanding shares were ordinary shares consisted of 67,500 thousand shares.

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Premium on issuance of common stock	\$ 959,010	959,010	959,010
Others	42,300	42,300	42,300
	<u>\$ 1,001,310</u>	<u>1,001,310</u>	<u>1,001,310</u>

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. The 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. The Board of Directors is authorized, with the attendance of more than two-thirds of the directors and the approval of a majority of those present, to distribute dividends and bonuses, or to distribute all or part of the legal reserve and capital reserve, in form of cash, which shall then be reported during the shareholders' meeting, in accordance with Paragraph 1, Article 241 of the Company Act. However, if the distribution is to be made in the form of new shares, it must first be approved by the shareholders' meeting.

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 appropriation of earnings for 2024 and 2023 had been approved in the board meeting held on February 21, 2025 and shareholders' meeting held on May 30, 2024, respectively. These earnings were appropriated as follows:

	<u>2024</u>	<u>2023</u>
Dividends distributed to ordinary shareholders:		
Cash	<u>\$ 101,250</u>	<u>81,000</u>

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

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

(iv) Other Equity

The subsidiary of the Group, Pet Wonderland Co., Ltd., distributed cash dividends in July 2025. Since the Company applies the anticipated acquisition method, the dividends not actually received are recorded under other equity items.

(q) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Basic earnings per share				
Profit or loss attributable to ordinary shareholders of the Company	\$ <u>39,173</u>	<u>42,878</u>	<u>97,330</u>	<u>98,963</u>
Weighted-average number of ordinary shares outstanding	<u>67,500</u>	<u>67,500</u>	<u>67,500</u>	<u>67,500</u>
Basic earnings per share	\$ <u>0.58</u>	<u>0.64</u>	<u>1.44</u>	<u>1.47</u>
Diluted earnings per share				
Profit or loss attributable to ordinary shareholders of the Company	\$ <u>39,173</u>	<u>42,878</u>	<u>97,330</u>	<u>98,963</u>
Weighted-average number of ordinary shares outstanding	67,500	67,500	67,500	67,500
Effect of dilutive potential ordinary shares - employee bonus	<u>85</u>	<u>82</u>	<u>99</u>	<u>82</u>
Weighted-average number of ordinary shares outstanding(diluted)	<u>67,585</u>	<u>67,582</u>	<u>67,599</u>	<u>67,582</u>
Diluted earnings per share	\$ <u>0.58</u>	<u>0.63</u>	<u>1.44</u>	<u>1.46</u>

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

(r) Revenue from contracts with customers

(i) Details of revenue

The Company derives revenue from the transfer of goods services over time or from the transfer of goods or services at a point in time, and the amounts of revenue for the nine months ended September 30, 2025 and 2024, were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Sale of goods	\$ 3,705,614	3,582,338	10,499,442	10,069,499
Others operating income	150,307	168,910	469,722	530,394
	\$ 3,855,921	3,751,248	10,969,164	10,599,893

(ii) Contract balances

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

	September 30, 2025	December 31, 2024	September 30, 2024
Contract liabilities - current - gift voucher revenue	\$ 10,273	13,136	16,954
Contract liabilities - current - customer loyalty program	30,353	37,534	30,566
Contract liabilities - current - franchise royalty fee	2,151	2,925	3,234
Contract liabilities - current - advance receipts of goods payments	15,945	-	-
Total	\$ 58,722	53,595	50,754
Contract liabilities - non-current - franchise royalty fee	\$ 2,901	4,653	5,264

- 2) The amounts of revenue recognized for the nine months ended September 30, 2025 and 2024, included in the contract liabilities balance at the beginning of the period, were \$39,696 thousand, \$51,470 thousand, respectively.

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

(s) Remunerations to employees and directors

On May 28, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Company Articles of Incorporation, if the Company generates profit in the year, no less than 1% shall be set aside for employee compensation, of which no less than 60% shall be distributed to non-executive employees. The board of directors shall resolve the employees' compensation to be distributed in the form of shares or in cash in installment, and the qualification requirements of employees shall include the employees of subsidiaries of the Company meeting certain specific requirements. The profit amount in the preceding paragraph shall be set aside no more than 3% as directors' remuneration by the resolution of the board of directors. This distribution plan shall be submitted for a report in the meeting of shareholders. However, the Company's accumulated losses shall have been covered first, and the employees' and directors' remuneration shall be distributed in accordance with the ratio referred to above.

The prior Articles of Incorporation stipulated that, if the Company has profit, the profit shall be allocated no less than 1% as employee remuneration and no more than 3% as remunerations for directors. However, the Company's accumulated losses shall have been covered first. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months and nine months ended September 30, 2025 and 2024, the Company estimated its employee remuneration amounted to \$1,050 thousand, \$960 thousand, \$3,150 thousand, \$2,880 thousand, and directors' remuneration amounted to \$1,390 thousand, \$900 thousand, \$3,490 thousand, \$2,700 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 nine months ended September 30, 2025 and 2024. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2024 and 2023, the remunerations to employees amounted to \$3,000 thousand, \$2,700 thousand; and the remunerations to directors amounted to \$2,000 thousand, \$1,800 thousand, respectively. There were no differences between the estimated and the actual amounts. The remuneration to employees and directors stated in the consolidated financial statements are identical to the amounts approved by the Board of Directors on February 23, 2024. However, the former director transferred its shares prior to the payment date, thus, two representatives of the directors were terminated and the directors' remuneration of \$500 thousand was not paid, which was approved by the Board of Directors on May 3, 2024, and the Company accounted for this adjustment as a change in accounting estimate and recognized the difference as profit or loss for 2024. The information is available on the Market Observation Post System website.

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

(t) 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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>More than 1 year</u>
September 30, 2025				
Non derivative financial liabilities				
Short-term borrowings	\$ 100,000	100,082	100,082	-
Notes payable	148	148	148	-
Accounts payable	1,274,147	1,274,147	1,274,147	-
Accounts payable - related parties	4,553	4,553	4,553	-
Other payables (include current and non-current)	666,819	666,819	566,819	100,000
Lease liabilities (include current and non-current)	1,969,111	2,068,162	527,000	1,541,162
Guarantee deposits received	<u>83,073</u>	<u>83,073</u>	<u>-</u>	<u>83,073</u>
	<u>\$ 4,097,851</u>	<u>4,196,984</u>	<u>2,472,749</u>	<u>1,724,235</u>
December 31, 2024				
Non derivative financial liabilities				
Notes payable	\$ 80	80	80	-
Accounts payable	1,286,776	1,286,776	1,286,776	-
Accounts payable - related parties	3,136	3,136	3,136	-
Other payables (include current and non-current)	782,525	782,525	682,525	100,000
Lease liabilities (include current and non-current)	2,043,053	2,128,225	521,422	1,606,803
Guarantee deposits received	<u>78,972</u>	<u>78,972</u>	<u>-</u>	<u>78,972</u>
	<u>\$ 4,194,542</u>	<u>4,279,714</u>	<u>2,493,939</u>	<u>1,785,775</u>

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

		<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>More than 1 year</u>
September 30, 2024					
Non derivative financial liabilities					
Short-term notes and bills payable	\$	127,919	127,919	127,919	-
Notes payable		127	127	127	-
Accounts payable		1,240,012	1,240,012	1,240,012	-
Accounts payable - related parties		68,986	68,986	68,986	-
Other payables (include current and non-current)		704,515	704,515	604,515	100,000
Lease liabilities (include current and non-current)		1,991,932	2,054,449	509,786	1,544,663
Guarantee deposits received		77,661	77,661	-	77,661
	\$	<u><u>4,211,152</u></u>	<u><u>4,273,669</u></u>	<u><u>2,551,345</u></u>	<u><u>1,722,324</u></u>

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:

	September 30, 2025				December 31, 2024			September 30, 2024		
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets										
Monetary items										
JPY	\$	5,337	0.204	1,088	2,352	0.208	489	8,791	0.220	1,937
USD		13	30.395	390	26	32.735	862	9	31.600	269
EUR		10	35.570	356	13	33.940	426	27	35.180	936
Financial liabilities										
Monetary items										
EUR		85	35.570	3,023	18	33.940	627	81	35.180	2,867
USD		31	30.395	930	-	-	-	32	31.600	1,003

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on financial assets and liabilities that are denominated in foreign currency. A depreciation or appreciation of 1% of the NTD against the USD, EUR, and JPY as of September 30, 2025 and 2024 would have decreased or increased the net profit after tax by \$17 thousand and \$6 thousand for the nine months ended September 30, 2025 and 2024, respectively, assuming all other factors remain constant. The analysis is performed on the same basis for both periods.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change. The Group's assets and liabilities with variable interest rates have no significant impact on net profit after tax for the nine months ended September 30, 2025 and 2024.

(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:

	September 30, 2025		September 30, 2024	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 5%	\$ -	2,063	-	-
Decreasing 5%	\$ -	(2,063)	-	-

(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:

	September 30, 2025				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 52,022	-	-	52,022	52,022
	December 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	\$ 59,202	-	-	59,202	59,202

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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2) Valuation techniques for financial instruments measured at fair value

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

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

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

Except for the financial instruments with an active market mentioned above, the fair value of the remaining financial instruments is determined with reference to recent transaction prices.

3) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – equity investments and derivative financial instruments".

The majority of the Group's fair values are classified as Level 3, having only a single significant unobservable input. Only equity instrument investments without an active market have multiple significant unobservable inputs. Since the significant unobservable inputs for equity instrument investments without an active market are independent of each other, there is no interrelationship.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – equity investments without an active market	Comparable Company Analysis	Discount for lack of marketability (30% as of September 30, 2025 and December 31, 2024)	The higher the discount for lack of marketability, the lower the fair value.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative financial assets – stock option	Option Pricing Models	Volatility (39.25% as of September 30, 2025 and 39.54% as of December 31, 2024)	The higher the volatility, the higher the fair value.

- 4) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurements of financial instruments are reasonable; however, using different valuation models or parameters may lead to different valuation results. For financial instruments classified as Level 3, changes in valuation parameters would have the following effects on the current period's profit or loss or other comprehensive income:

		Upward or downward movement	Profit or loss		Other comprehensive income	
			Input-value	Favour-able	Unfavour-able	Favour-able
September 30, 2025						
Equity investments without an active market	Lack of marketability discount	10%	4,550	(4,550)	-	-
Derivative financial assets – stock option	Volatility	10%	153	(169)	-	-
December 31, 2024						
Equity investments without an active market	Lack of marketability discount	10%	2,004	(2,004)	-	-
Derivative financial assets – stock option	Volatility	10%	412	(418)	-	-

The Group's favorable and unfavorable changes refer to fluctuations in fair value, which are calculated using valuation techniques based on varying degrees of unobservable input parameters. If the fair value of financial instruments is influenced by more than one input value, the table above only reflects the impact of changes in a single input value, without considering the correlation and variability between input values.

- (vii) Offsetting financial assets and financial liabilities

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

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

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

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

September 30, 2025					
Financial assets that are offset and have an exercisable master netting arrangement or a similar agreement					
Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet(d)		
			Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Offsetting agreement	\$ 20,000	-	20,000	-	-

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

As of September 30 and December 31, 2024, there were no offsetting of financial assets and financial liabilities.

(u) Financial risk management

The objectives and policies of financial risk management of the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to the 2024 annual consolidated financial statements.

(v) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. For the related information, please refer to the 2024 annual consolidated financial statements.

(w) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes Changes in lease	September 30, 2025
Short-term borrowings	\$ -	100,000	-	100,000
Lease liabilities	2,043,053	(383,963)	310,022	1,969,112
Total liabilities from financing activities	<u>\$ 2,043,053</u>	<u>(283,963)</u>	<u>310,022</u>	<u>2,069,112</u>

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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	January 1, 2024	Cash flows	Non-cash changes Changes in lease	September 30, 2024
Short-term notes and bills payable	\$ -	127,919	-	127,919
Lease liabilities	1,807,998	(366,533)	550,467	1,991,932
Total liabilities from financing activities	<u>\$ 1,807,998</u>	<u>(238,614)</u>	<u>550,467</u>	<u>2,119,851</u>

(7) Related-party transactions:

(a) Names and relationship with related-parties

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

Name of related-party	Relationship with the Group
Mercuries & Associates Holding Ltd.	Parent company
Sumitomo Corporation	An entity with significant influence over the Group (Note1)
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 (Note3)
Mercuries F&B Co., Ltd.	Other related party
Mercuries Life Insurance Co., Ltd.	Other related party
Sanyou Beauty & Wellness Marketing, Ltd. Employee Welfare Committee	Other related party
Simple Mart Retail Co., Ltd. Employee Welfare Committee	Other related party
Taiwan Chain Stores and Franchise Association	Other related party
Horizon Securities Co., Ltd.	Other related party (Note4)
INSIGHT EDGE, INC	Other related party (Note1)
Digicentre Co., Ltd.	Other related party
Health International Marketing Group Co., Ltd.	Other related party (Note2)
Hong Xiang Industrial Co., Ltd.	Other related party (Note2)
Bingo Planet International Ltd.	Other related party (Note2)
The Group's directors, general manager and vice general managers	

Note 1: Sumitomo Corporation lost its significant influence over the Company in March, 2024. Thus, Sumitomo Corporation and its subsidiary, INSIGHT EDGE, INC, were no longer related parties of the Company since March 2024.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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Note 2: Health International Marketing Group Co., Ltd., Hong Xiang Industrial Co., Ltd. and Bingo Planet International Ltd. have become related parties on September 9, 2024.

Note 3: Mercuries Fu Bao Ltd. dissolved after merging with Mercuries Liquor & Food Co., Ltd. on October 29, 2024.

Note 4: Horizon Securities Co., Ltd. was no longer a related party of the Group since February 6, 2025.

(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:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Other related parties	\$ <u>9,395</u>	<u>3,658</u>	<u>50,967</u>	<u>13,514</u>

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

(iii) Receivables from related parties

The receivables from related parties were as follows:

Accounts	Type of related parties	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable	Other related parties	\$ <u>353</u>	<u>1,284</u>	<u>5,384</u>

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

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

(iv) Payables to related parties

The payables to related parties were as follows:

Accounts	Type of related parties	September 30, 2025	December 31, 2024	September 30, 2024
Accounts payable	Other related parties	\$ 4,553	3,136	68,986
Other payables	Other related parties	6,855	2,574	10,074
		<u>\$ 11,408</u>	<u>5,710</u>	<u>79,060</u>

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

(v) Prepayments

The prepayments to related parties were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Mercuries Life Insurance Co., Ltd.	\$ 3,622	3,049	-
Other related parties	-	2,392	-
	<u>\$ 3,622</u>	<u>5,441</u>	<u>-</u>

The prepayments were prepaid insurance and other related expense.

(vi) Property transactions

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

	For the nine months ended September 30,			
	2025		2024	
Type of related parties	Proceeds	Gain (loss) on disposal	Proceeds	Gain (loss) on disposal
Other related parties	<u>\$ 29</u>	<u>28</u>	<u>-</u>	<u>-</u>

For the nine months ended September 30, 2025 and 2024, the Group sold its machinery and equipment to other related parties at the amounts (including tax) of \$29 thousand and \$0, respectively. As of September 30, 2025, all proceeds from these sales had been fully collected.

(vii) Leases

The Group rented office space from other related parties. For the three months and nine months ended September 30, 2025 and 2024, the Group recognized \$12 thousand, \$12 thousand, \$53 thousand and \$39 thousand as interest expenses, respectively. As of September 30, 2025, December 31 and September 30, 2024, the balance of lease liabilities amounted to \$1,138 thousand, \$4,906 thousand and \$2,368 thousand, respectively.

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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(viii) Guarantee deposits paid

	September 30, 2025	December 31, 2024	September 30, 2024
Other related parties	\$ <u>292</u>	<u>292</u>	<u>292</u>

The above transactions were guarantee deposits of office leases.

(ix) Other operating expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Other related parties	\$ <u>2,253</u>	<u>1,782</u>	<u>8,536</u>	<u>5,805</u>

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

(x) Guarantees and endorsements

Sanyou Beauty & Wellness Marketing, Ltd. entered into a loan agreement with a financial institution, with a maximum credit line of NT\$100,000 thousand., and Mercuries & Associates Holdings Ltd. serving as a joint guarantor. As of September 30, 2025, December 31, and September 30, 2024, no withdrawals had been made from the credit line.

(c) Key management personnel compensation

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Short-term employee benefits	\$ 5,984	5,015	17,190	15,322
Post-employment benefits	<u>252</u>	<u>225</u>	<u>726</u>	<u>639</u>
	<u>\$ 6,236</u>	<u>5,240</u>	<u>17,916</u>	<u>15,961</u>

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

(8) Pledged assets:

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

<u>Pledged Assets</u>	<u>Pledged to secure</u>	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Time deposits (Recorded as current and non-current other financial assets)	Performance guarantee for purchasing and collection business	\$ 120,950	128,950	248,950
Bank deposits (Recorded as non-current other financial assets)	Performance trust of gift voucher	4,836	11,376	16,837
		<u>\$ 125,786</u>	<u>140,326</u>	<u>265,787</u>

(9) Commitments and contingencies:

- (a) As of September 30, 2025, the Group has entered into below agreements, namely: (i) solar photovoltaic power generation system construction contract, and (ii) electronic shelf label procurement contract, both totaling \$161,411 thousand, which has not yet to be purchased.
- (b) The Group issued guarantee notes to obtain short-term loan facility and purchase goods, amounting to \$900,000 thousand, \$1,020,000 thousand and \$1,020,000 thousand, respectively, as of September 30, 2025, December 31 and September 30, 2024.
- (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.
- (d) The Group signed a share purchase agreement with the shareholders of Pet Wonderland Co., Ltd. For related commitments, please refer to Note 6(e) of this consolidated financial statements and Note 6(e) of the 2024 Consolidated Financial Statements for further details.

(10) Losses due to major disasters: None

(11) Subsequent events: None

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

(12) Others:

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

By item	By function	For the three months ended September 30, 2025			For the three months ended September 30, 2024		
		Operating cost	Operating expense	Total	Operating cost	Operating Expense	Total
Employee benefits							
Salary		-	373,275	373,275	-	387,078	387,078
Labor and health insurance		-	45,658	45,658	-	46,174	46,174
Pension		-	20,958	20,958	-	21,660	21,660
Remuneration of directors		-	1,765	1,765	-	1,275	1,275
Others		-	25,641	25,641	-	26,585	26,585
Depreciation		-	180,717	180,717	-	169,538	169,538
Amortization		-	4,222	4,222	-	2,929	2,929

By item	By function	For the nine months ended September 30, 2025			For the nine months ended September 30, 2024		
		Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits							
Salary		-	1,134,562	1,134,562	-	1,158,917	1,158,917
Labor and health insurance		-	139,419	139,419	-	135,743	135,743
Pension		-	63,889	63,889	-	63,482	63,482
Remuneration to directors		-	4,615	4,615	-	3,825	3,825
Others		-	78,897	78,897	-	78,759	78,759
Depreciation		-	531,744	531,744	-	512,671	512,671
Amortization		-	11,949	11,949	-	8,227	8,227

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

(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 nine months ended September 30, 2025:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note)	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 (note 2)	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 (note 3)	Maximum limit of fund financing (note 3)
													Item	Value		
0	The Company	Sanyou Beauty & Wellness Marketing, Ltd.	Other receivables - related parties	Yes	50,000	50,000	-	-	2	-	Working capital	-		-	189,180	756,721
0	The Company	Simple Mart Plus Co., Ltd.	Other receivables - related parties	Yes	150,000	150,000	30,000	2.2%	2	-	Working capital	-		-	189,180	756,721
0	The Company	Pet Wonderland Co., Ltd	Other receivables - related parties	Yes	30,000	30,000	-	-	2	-	Working capital	-		-	189,180	756,721

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.

Note2: The above transactions had already been eliminated in the preparation of the consolidated financial statements.

Note3: The maximum amount of loans to other parties provided by the Company is 40% of the net equity as audited or reviewed by a CPA in the most recent period. The limit for loans to individual parties is capped at 10% of the aforementioned net equity.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (note)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
0	The Company	Simple Mart Plus Co., Ltd.	2	283,770	250,000	250,000	-	-	13.22 %	567,541	Y	N	N

Note : (i) "0" represents the Company; (ii) Subsidiaries are numbered starting from "1", wherein the same company code should be identical.

Note 1: The relationship between the endorser and the endorsed guarantee recipient is as follows:

Companies in which the Company directly or indirectly holds more than 50% of their voting shares.

Note 2: The maximum amount of endorsements and guarantees provided by the Company is 30% of the net equity as audited or reviewed by a CPA in the most recent period. The limit for endorsements and guarantees to a single enterprise is capped at 15% of the aforementioned net equity.

(iii) Securities held as of September 30, 2025 (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	Carrying value	Percentage of ownership (%)	Fair value	
The Company	M2 Communication Inc.	None	FVTPL - non current	666,667	10,000	4.38 %	2,501	
Simple Mart Investment Co., Ltd.	Flow-Tide Enterprises Co., Ltd.	None	FVTPL - non current	3,000,000	45,000	8.00 %	49,068	

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

- (iv) Related-party transactions for purchases or sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases /sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Simple Mart Plus Co., Ltd.	A wholly-owned subsidiary of the Company	Purchases	514,428	6.55 %		-	10-day cycle closing-15-day monthly closing	(97,913)	(7.66)%	(Note)

Note: The above transactions had already been eliminated in the preparation of the consolidated financial statements.

- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (vi) Business relationships and significant intercompany transactions:

Details of intercompany business relationships and significant transactions between the parent and subsidiaries during the current period that exceed 1% of total assets or operating revenue are as follows:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Simple Mart Plus Co., Ltd.	1	Cost of Purchases	514,428	10-day cycle closing-15-day monthly closing	4.69%
0	The Company	Simple Mart Plus Co., Ltd.	1	Accounts Payable	97,913	10-day cycle closing-15-day monthly closing	1.57%

Note1: The above transactions had already been eliminated in the preparation of the consolidated financial statements.

Note2: The numbers denote the following:

1. "0" represents the Company
2. Subsidiaries are numbered starting from "1".

Note3: The relationship with the counterparty is as follows:

1. The company to subsidiary
2. Subsidiary to the Company

- (b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2025 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Sanyou Beauty & Wellness Marketing, Ltd.	Taiwan	Retail sales of drugs and cosmetics	164,879	114,879	15,100	75.50 %	84,433	(31,782)	(23,933)	(Note1)
The Company	Simple Mart Plus Co., Ltd.	Taiwan	General wholesale trade	60,000	60,000	6,000	100 %	85,170	38,334	38,334	(Note1)
The Company	Simple Mart Investment Co., Ltd.	Taiwan	Investment	246,000	246,000	24,600	100 %	243,238	(1,236)	(1,236)	(Note1)
Simple Mart Investment Co., Ltd.	Pet Wonderland Co., Ltd.	Taiwan	Retail Sale of Pet Food and Supplies	300,000 (Note2)	300,000 (Note2)	990 (Note2)	66 % (Note2)	291,028	258	(1,559)	(Note1)

Note: The above transactions had already been eliminated in the preparation of the consolidated financial statements.

Note 1: On September 9, 2024, Simple Mart Investment Co., Ltd. acquired 765 thousand shares of Pet Wonderland Co., Ltd. for NT\$200,000 thousand. The above table include 225 thousand shares expected to be acquired under the anticipated acquisition method, with an estimated investment amount of NT\$100,000 thousand, totaling 66% of the entire shares.

- (c) Information on investment in mainland China: None

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

(14) Segment information:

The Group has two reportable segments. Segment A mainly engages in selling daily commodities to customers; while the other segment engages in home shopping, health supplements, over-the-counter medicines, cosmetic, and organic products, as well as retail business on pet food and supplies.

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.

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

For the three months ended September 30, 2025					
	Segment A	Other segments	Headquarters	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 3,623,189	231,271	1,461	-	3,855,921
Intersegment revenues	-	270,819	-	(270,819)	-
Total revenue	<u>\$ 3,623,189</u>	<u>502,090</u>	<u>1,461</u>	<u>(270,819)</u>	<u>3,855,921</u>
Reportable segment profit or loss from continuing operations before tax	<u>\$ 55,135</u>	<u>2,922</u>	<u>(14,825)</u>	<u>(7,050)</u>	<u>36,182</u>
For the three months ended September 30, 2024					
	Segment A	Other segments	Headquarters	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 3,601,526	149,486	236	-	3,751,248
Intersegment revenues	-	8,962	-	(8,962)	-
Total revenue	<u>\$ 3,601,526</u>	<u>158,448</u>	<u>236</u>	<u>(8,962)</u>	<u>3,751,248</u>
Reportable segment profit or loss from continuing operations before tax	<u>\$ 69,193</u>	<u>(14,464)</u>	<u>(14,407)</u>	<u>8,725</u>	<u>49,047</u>

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SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES
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For the nine months ended September 30, 2025					
	Segment A	Other segments	Headquarters	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 10,255,471	699,651	14,042	-	10,969,164
Intersegment revenues	-	536,968	-	(536,968)	-
Total revenue	<u>\$ 10,255,471</u>	<u>1,236,619</u>	<u>14,042</u>	<u>(536,968)</u>	<u>10,969,164</u>
Reportable segment profit or loss from continuing operations before tax	<u>\$ 138,702</u>	<u>7,442</u>	<u>(26,754)</u>	<u>(15,754)</u>	<u>103,636</u>
For the nine months ended September 30, 2024					
	Segment A	Other segments	Headquarters	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	\$ 10,195,202	401,839	2,852	-	10,599,893
Intersegment revenues	-	38,314	-	(38,314)	-
Total revenue	<u>\$ 10,195,202</u>	<u>440,153</u>	<u>2,852</u>	<u>(38,314)</u>	<u>10,599,893</u>
Reportable segment profit or loss from continuing operations before tax	<u>\$ 170,850</u>	<u>(37,555)</u>	<u>(43,771)</u>	<u>22,032</u>	<u>111,556</u>