Stock Code：2945

Simple Mart Retail Co., Ltd.

Annual Report 2025

美廉綠動

綠動不停，心球永續

Printed on February 28, 2026

Annual Report Website:

Taiwan Stock Exchange Market Observation Post System:

https://mops.twse.com.tw/mops/#/web/home

Company Website: https://www.simplemartretail.com/

If there is any conflict between the English version and the original Chinese version, the Chinese version shall prevail.

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5. Overseas Securities Exchange: None

6. Company Website / https://www.simplemartretail.com/

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I. Message to shareholders

1. Business Performance in 2025

The Company and its subsidiaries primarily operate in the retail sector, focusing on daily consumer goods. The core business philosophy of our flagship brand, Simple Mart, has always been to offer products at supermarket prices with the convenience of a convenience store, consistently supplying neighborhood communities with a wide range of daily necessities, including food and household goods. In addition to Simple Mart's nearly two decades of deep community roots, The Company has developed other retail brands to mitigate risks. These include Simple Mart Plus, which emphasizes food safety; Sanyou Beauty & Wellness Marketing, Ltd., which combines inner health and beauty; and Pet Wonderland Co., Ltd., which specializes in cat food and supplies. Through this diversification strategy, we aim to leverage retail synergies, reduce operational risks, and meet consumers' daily needs. As of the end of 2025, the total number of stores operated by The Company and its subsidiaries reached 840 (including 812 Simple Mart stores, 4 Simple Mart Plus stores, 15 Tomod's stores, and 9 Pet Wonderland Co., Ltd. stores).

In terms of channel strategy, to mitigate the bottlenecks caused by severe labor shortages on our expansion efforts, The Company has introduced various flexible franchise programs. By continuously optimizing our franchise partnership models and operational support mechanisms, we aim to attract franchise partners with strong management capabilities and local resources to join us in expanding the brand's distribution network. As of the end of 2025, the franchise ratio of Simple Mart stores had reached 36.95%. Moving forward, The Company will continue to deepen its relationships with franchise partners to achieve mutual prosperity and shared benefits.

In terms of digital applications, in response to the rapid evolution of retail technology, The Company will continue to drive the upgrade of smart retail, focusing on the application of digital tools and system integration to build a data-driven operational model. In July 2025, The Company completed the store-wide installation of electronic price tags for both Simple Mart and Simple Mart Plus brands. In addition to achieving the goal of reducing the workload on staff, we will continue to leverage the energy-efficient and real-time price-adjustment capabilities of electronic price tags. By integrating with the promotional and inventory systems on our backend information platform, we will utilize AI-driven pricing and AIoT technologies to gradually implement dynamic pricing and precision marketing. This will shift operational decision-making from experience-based to data-driven, enabling us to issue price adjustment instructions in real time in response to market changes. Furthermore, The Company can leverage electronic price tags to provide targeted product marketing services. By combining data analytics with real-time price adjustments, we can improve conversion rates for RMN (Rice, Meat, and Noodles) products. This not only generates tangible revenue for The Company but also strengthens relationships with suppliers, thereby establishing a higher competitive barrier.

In terms of product strategy, The Company will continue to focus on strengthening product differentiation as the core approach to enhancing profitability. By adjusting our product mix to boost sales of differentiated products—such as private-label items and directly imported goods—we aim to establish an irreplaceable, distinctive brand image in the minds of consumers and build a unique competitive barrier. In particular, with prices continuing to rise in recent years, the concept of "affordable alternatives" has gradually shifted consumer behavior, making private-label brands the top choice for smart shopping. The Company has always regarded meeting consumer needs as the cornerstone of its store operations. We introduce products that combine quality with price competitiveness, offering consumers "high value-for-money" items while simultaneously increasing gross profit margins. As of the end of 2025, differentiated products accounted for 25.17% of our total product mix, with sales revenue increasing by 6.35% compared to the previous year. Moving forward, we will continue to leverage supply chain integration and economies of scale to accelerate the introduction of new products and the phasing out of older ones, thereby adapting to market changes.

The Company's consolidated revenue for 2025 was NT$14,803,779 thousand, representing a 3.54% increase from 2024. Net income attributable to owners of the parent company was NT$144,264 thousand, representing a 5.77% increase from 2024.

Operating results of 2025 are shown below:

In Thousands of NTD, Except Earnings Per Share

	2025	2024	Difference
Consolidated net operating income	14,803,779	14,297,180	3.54%
Consolidated operating profit	4,044,370	3,877,336	6.80%
Gross profit margin	27.32%	27.12%	3.13%
Consolidated operating interests	170,960	177,531	(3.70%)
Net profit before tax	154,325	153,088	0.81%
Net profit attributable to owners of the parent company	144,264	136,399	5.77%
Earnings per share	2.14	2.02	5.77%

2. Business Outlook for 2026

In light of the increasingly competitive retail industry, evolving consumer trends, and rapid advancements in technology, The Company will continue to uphold the core principles of "steady growth, efficiency optimization, data-driven decision-making, and differentiated operations" in 2026, as it did in 2025. We will focus on key strategies such as expanding our franchise network, advancing smart retail and digital transformation, optimizing our product mix, and promoting sustainable operations to enhance overall operational efficiency and corporate value.

In addition to upholding our founding mission of "becoming the most trusted retail brand in the hearts of consumers," The Company will continue to implement sustainable development principles by integrating ESG values into our daily operations and strategic planning. We will reduce our environmental impact through measures such as energy conservation, carbon reduction, plastic-free packaging, and eco-friendly products. At the same time, through long-term collaboration with our supplier partners, The Company will drive the development of sustainable products and promote transparency, thereby establishing a resilient and responsible supply chain system. The Company not only strives to improve operational performance but will also continue to instill the principles of sustainable business practices in its employees. The Company is committed to creating long-term value that benefits the Company, consumers, and society alike, thereby realizing corporate sustainability.

Chairman: Shiang-Feng Chen

II. Corporate Governance Report

1. Information on Directors, General Managers and Major Shareholders of Institutional Shareholders

(1) Board Members：

A. Information Regarding Board Members

As of February 28, 2026；Unit: Share

Title	Nationality or place of registration	Name	Gender Age	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minors		Shares held by third parties		Education and experie-nce	Concurrent positions at Simple Mart and other compan-ies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relatio-nship	
Chairman	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2025.5.28	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Shiang-Feng Chen	Male 51~60	2025.5.28	3 Years	2013.01.15	-	-	-	-	-	-	-	-	Note1	Note1	Director	Shiang-Li Chen	Brothe-rs	-
Director	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2025.5.28	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Shiang-Li Chen	Male 61~70	2025.5.28	3 Years	2013.01.15	-	-	-	-	-	-	-	-	Note1	Note1	Chairman	Shiang-Feng Chen	Brothe-rs	-
Director	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2025.5.28	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Wei-Chyun Wong	Male 61~70	2025.5.28	3 Years	2019.01.18	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-
Director	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2025.5.28	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Kuang-Lung Chiu	Male 61~70	2025.5.28	3 Years	2013.01.15	1,667,363	2.47	1,667,363	2.47	5,000	0.01	-	-	Note1	Note1	-	-	-	-
Director	ROC	Representative of Shopnet Homeshopping Co., Ltd.	-	2025.5.28	3 Years	2025.05.28	10,400,000	15.41	10,400,000	15.41	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Chen-Chih Tai	Male 71~80	2025.5.28	3 Years	2025.05.28	-	-	-	-	3,266,603	4.84	-	-	Note1	Note1	Director	Sung-Wen Tai	Father and daughter	
Director	ROC	Representative of Shopnet Homeshopping Co., Ltd.	-	2025.5.28	3 Years	2025.05.28	10,400,000	15.41	10,400,000	15.41	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Sung-Wen Tai	Female 41~50	2025.5.28	3 Years	2025.05.28	-	-	-	-	-	-	-	-	Note1	Note1	Director	Chen-Chih Tai	Father and daughter	
Independent Director	ROC	Tsay-Lin Lin	Male 71~80	2025.5.28	3 Years	2019.01.18	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-
Independent Director	ROC	Meng-Lin Tsai	Male 51~60	2025.5.28	3 Years	2020.06.29	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-
Independent Director	ROC	Tzu-Yun Chen	Female 31~40	2025.5.28	3 Years	2025.05.28	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-

1. Please describe the policy, system, criteria and structure for the payment of compensation to independent directors, and describe the relationship between the amount of compensation paid and the responsibilities, risks, time commitment, etc.: The Company's "Regulations Governing the Evaluation of the Performance of Directors, Functional Committees, and Managers, and Salary and Compensation" stipulate that independent directors shall be paid on the basis of the total

remuneration at a level competitive with the market, and that independent directors shall be paid without any participation in the distribution of the remuneration. The Company determines the remuneration of its independent directors on an annual basis by making reference to the remuneration levels of independent directors of peer companies, taking into account the Company's size, profit structure and business characteristics other companies.

2. In addition to the above table, the remuneration received by the directors of the Company for services rendered (e.g., acting as consultants to the parent company/all the companies in the financial statements/transferred investment businesses that are not employees, etc.) in the most recent year: None.

Note 1：A table showing the Directors' major experience and current positions with the Company and other companies is set out in the attached table on the next page.

Note 2：If the chairman of the board of directors and the president or equivalent (top manager) are the same person, or are each other's spouse or first-degree relatives, the reasons, reasonableness, necessity, and related information on countermeasures should be stated: Not applicable.

Note 3：Independent Director Ming-Jye Huang was relieved of his duties upon the expiration of his term on May 24, 2025.

Schedule: Major experience (Education) of Directors and current positions held by the Company and other companies

Title	Name	Education & Selected Past Positions	Concurrent positions currently served as at the Company and other companies
Chairman	Shiang-Feng Chen	Master, Science & Engineering, Cornell University	**Chairman**: Mercuries & Associates, Ltd., Mercuries F&B Co., Ltd., Mercuries Furniture Co., Ltd., M.T.I. CIGARS Co., Ltd., Simple Mart Plus Co., Ltd., Mercuries Liquor & Food Co., Ltd., Mercuries Harvest Co., Ltd., Sanor Co., Ltd., Shang Rih Co., Ltd., Simple Mart Investment Co., Ltd. **Directors**: Mercuries General Media Inc., Mercuries Leisure Co., Ltd., Shang Hong Investment Co., Ltd., Mercuries & Associates Holding, Ltd., Sanhui Co., Ltd. **Independent Director**: Silicon Motion Technology Corporation **General Manager**: Mercuries F&B Co., Ltd.
Director	Shiang-Li Chen	Master, Business Administration, Georgetown University General Manager, Mercuries & Associates Holdin Ltd.	**Chairman**: Mercuries & Associates Holding, Ltd., Mercuries General Media Inc., Mercuries Leisure Co., Ltd., Shang Hong Investment Co., Ltd. **Director**: Mercuries Life Insurance Co., Ltd., Mercuries Data Systems Ltd., SCI Pharmtech, Inc., Mercuries & Associates, Ltd., Mercuries Liquor & Food Co., Ltd., Shang Lin Investment Co., Ltd., Simple Mart Plus Co., Ltd., Mercuries F&B Co., Ltd., Simple Mart Investment Co., Ltd. **General Manager**： Mercuries & Associates Holding, Ltd.
Director	Wei-Chyun Wong	Ph.D., Chemistry, University of Pennsylvania General Manager, SCI Pharmtech, Inc.	**Chairman**: SCI Pharmtech, Inc., Yushan Pharmaceuticals, Inc., Shu Ren Investment Co., Ltd., Shu Feng Investment Co., Ltd. **Director**: Mercuries & Associates Holding, Ltd., Shu Zone Co., Mercuries F&B Co., Ltd., Framosa Co., Ltd., Mercuries Life Insurance Co., Ltd., Energenesis Biomedical Co., Ltd. **General Manager**： Yushan Pharmaceuticals, Inc.
Director	Kuang-Lung Chiu	National Taipei College of Business Deputy Procurement Vice General Manager, RT-MART International Ltd.	**Chairman**: Sanyou Beauty & Wellness Marketing, Ltd., Pet Wonderland Co., Ltd. **Director**: CMG International One Co. Ltd., CMG International Two Co., Ltd., TriHealth Enterprise Co., Ltd. (representative), Simple Mart Investment Co., Ltd., Simple Mart Plus Co., Ltd. **General Manager**: Simple Mart Retail Co., Ltd. , Simple Mart Investment Co., Ltd.
Director	Chen-Chih Tai	Department of Business Management , NCHU	**Director**: Mentex Glass Industry Development, Inc., Taiga Development Corporation, Taiwan Pulp & Paper Corporation, Kings Town Bank International Lease Corporation
Director	Sung-Wen Tai	Department of Mathematics, London University	**Chairman**: Shopnet Homeshopping Co., Ltd., Taiwan Pulp & Paper Corporation, Xincheng Asset Management Co., Ltd., Mentex Enterprise Co., Ltd., Mentex Glass Industry Development, Inc., Taiga Development Corporation
Independent Director	Tsay-Lin Lin	Bachelor, Electrical Engineering, National Taipei University of Technology General Manager/ Vice Chairman, World Peace Industrial Co., Ltd. Chairman, Taipei Electronic Components Suppliers' Association Chairman, Shih-Yo Investment Co., Ltd. (WPG Holdings)	**Director**: WPG Holdings Limited, FantasyStory Inc., H Bank Biopharma Corp., H Bank Technology Inc., M2 Communication Inc. **Independent Director**: Ultra Chip, Inc. **Supervisor** : Digitimes Inc.
Independent Director	Meng-Lin Tsai	Bachelor, Business Admin. - University of California, Riverside	**Chairman**: OP NanoPharma Co., Ltd., **Director**: Orient Europharma Co., Ltd., Orient Pharma Co., Ltd., Babecare Co., Ltd., AnnJi Pharmaceutical Co., Ltd., Aska Investment Co., Ltd., Taiwan Excelsior Co., Ltd., Pharmacyplus Co., Ltd. **General Manager**: Orient Europharma Co., Ltd. **Supervisor** : TECN Investment Co., Ltd., Karihome Co., Ltd.
Independent Director	Tzu-Yun Chen	Master of Laws, NCKU	Lawyer, Qian Yi Law Firm

B. Major Shareholders of Corporate Shareholders

Name of the corporate shareholders	Major shareholders of the corporate shareholders（Shareholding percentage）
Mercuries & Associates Holding, Ltd. (As of February 28, 2026)	(1) Shanglin Investment Co., Ltd. (18.27%) (2) Shuren Investment Co., Ltd. (13.07%) (3) Mega Prosper Investment Limited (10.09%) (4) Shanghong Investment Co., Ltd. (4.89%) (5) Shufeng Investment Co., Ltd. (5.05%) (6) Mercuries Liquor & Food Co., Ltd. (4.23%) (7) Shiang-Li Chen (2.28%) (8) Pension fund management committee of Mercuries & Associates, Ltd. (1.88%) (9) Chau-Shi Wong (1.79%) (10) Shiang-Chung Chen (1.62%)
Shopnet Homeshopping Co., Ltd. (As of February 28, 2026)	(1) Sung-Chi Tai (32%) (2) Sung-Wen Tai (31%) (3) Sung-Wei Tai (31%) (4) Wan-Hsin Liu (2%) (5) Ching-Tang Hsu (2%) (6) Pi-Hung Li(2%)

C.Major shareholders if the aforementioned major shareholders are legal persons:

Name of the corporate shareholders	Major shareholders of the corporate shareholders
Shanglin Investment Co., Ltd. (As of February 28, 2026)	Shiang-Li Chen (31.41%), Shiang-Chieh Chen (17.67%), Shiang-Feng Chen (17.67%), Chang-Hui Hsu (6.37%), Shiang-Chung Chen (13.54%), Shanghong Investment Co., Ltd. (8.21%), Te-Pin Wang (5.13%)
Shuren Investment Co., Ltd. (As of February 28, 2026)	Wei-Chyun Wong (27.89%), Tsui-Chun Wong (24.70%), Shufeng Investment Co., Ltd (15.39%), Chau-Shi Wong (14.39%), I-Hsuan Wong (17.55%), Chun-Hui Yang (0.06%), Hsueh-Hui Yang (0.02%)
Mega Prosper Investment Limited (As of February 28, 2026)	Mega Prosper International Limited (100%)
Shanghong Investment Co., Ltd. (As of February 28, 2026)	Shanglin Investment Co., Ltd. (32.61%), Shiang-Li Chen (21.74%), Shiang-Chieh Chen (13.48%), Shiang-Feng Chen (13.48%), Shiang-Chung Chen (9.56%), Chang-Hui Hsu (5.22%), Te-Pin Wang (3.91%)
Shufeng Investment Co., Ltd. (As of February 28, 2026)	Shuren Investment Co., Ltd. (67.95%), Chau-Shi Wong (14.62%), Wei-Chyun Wong (8.20%), Tsui-Chun Wong (8.20%), Chun-Hui Yang (0.46%), Hsueh-Hui Yang (0.26%), I-Hsuan Wong (0.26%), Shiang-Feng Chen (0.05%)
Mercuries Liquor & Food Co., Ltd. (As of February 28, 2026)	Mercuries & Associates Holding, Ltd. (100%)

D. Directors' Professional Qualifications and Independent Directors' Independence Status：

Criteria Name	Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chairman Shiang-Feng Chen	Possessing over five years of work experience in business and corporate operations, in addition to serving as the chairman of the Company, also holds the position of chairman in related other enterprises.	Non-independent director, not applicable	0
Director Shiang-Li Chen	Possessing over five years of work experience in business and corporate operations, in addition to serving as the director of the Company, also holds the position of chairman in Mercuries & Associates Holding and related other enterprises.	Non-independent director, not applicable	0
Director Wei-Chyun Wong	Possessing over five years of work experience in business and corporate operations, in addition to serving as the director of the Company, also holds the position of chairman in SCI Pharmtech, Inc.	Non-independent director, not applicable	0
Director Kuang-Lung Chiu	Possessing over five years of work experience in business and corporate operations, previously served as the Deputy General Manager of Procurement at RT-MART International Ltd., and currently holds the position of General Manager in the Company.	Non-independent director, not applicable	0
Director Chen-Chih Tai	Possessing over five years of work experience in business and corporate operations, in addition to previously served as the director of the Company, also holds the position of chairman in King's Town Bank Co., Ltd.	Non-independent director, not applicable	0
Director Sung-Wen Tai	Possessing over five years of work experience in business and corporate operations, in addition to serving as the director of the Company, also holds the position of chairman in Shopnet Homeshopping Co., Ltd.	Non-independent director, not applicable	0
Independent Director Tsay-Lin Lin	Possessing over five years of work experience in business and corporate operations, previously served as the General Manager/Vice Chairman of World Peace Industrial Co., Ltd. and as the Chairman of Shih-Yo Investment Co., Ltd. (WPG Holdings). Currently, in addition to serving as an independent director of the Company, also serves as a director of WPG Holdings Ltd.	The three independent directors in the left column met the qualification requirements set forth by the Financial Supervisory Commission's " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " and Article 14-2 of the Securities and Exchange Act during the two years prior to their appointment and throughout their tenure. The independent directors have also been granted the power to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and have thus executed their related duties independently.	1
Independent Director Meng-Lin Tsai	Possessing over five years of work experience in business and corporate operations, obtained the U.S. CPA license in 2007 and previously worked in the Audit Department at Deloitte & Touche. Currently, in addition to serving as an independent director of the Company, also holds positions as a director and general manager at Orient Europharma Co., Ltd. and as chairman and legal representative at OP NanoPharma Co., Ltd.		0
Independent Director Tzu-Yun Chen	Possesses over five years of experience as a senior executive in legal affairs and corporate governance; holds a master's degree in law from National Cheng Kung University; currently serves as an independent director of the Company and as a practicing attorney at Qianyi Law Firm.		0

Note 1： None of the directors have been subject to the provisions of Article 30 of the Company Act as of the printing date.

E. Diversity and Independence of the Board of Directors

a. Diversity of the Board of Directors

(a). According to Article 20 of the Company's corporate governance best practices, the composition of the Board of Directors should take into account diversity. Except for directors who also serve as company executives, they should not exceed one-third of the total number of directors. The board should develop appropriate diversity policies based on its own operations, business model, and development needs, which should include but not be limited to the following two aspects:

i . Background and value: Gender, age, nationality, culture etc.

ii. Knowledge and skills: Career background (e.g., law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

Details of the management objectives and achievements of the Company's diversity policy are as follows:

objective	Achievement Status
3 independent directors	Achieved
Not exceed one-third of the number of directors who also serve as managers of the Company	Achieved
Gender, age, nationality and cultural diversity	The Company currently has nine directors ranging in age from 30 to 70, including two female directors, thereby achieving diversity in the Board’s gender and age composition.
At least one independent director with expertise in law, finance and accounting, and industry experience	Achieved. Three independent directors have expertise in law (Mrs. Tzu-Yun Chen, independent director), finance and accounting (Mr. Meng-Lin Tsai, independent director), and industry experience (Mr. Tsay-Lin Lin, independent director and Mr. Meng-Lin Tsai, independent director).

In addition to the fact that all of our directors have extensive experience in the retail industry, when nominating independent director candidates for each election, we consider the need for expertise in law, accounting, and the channel industry, which will have a positive and enhancing effect on the company's corporate governance and business development.

(b). For information on the diversity of the Company's Board of Directors, please refer to the attachment on the next page, and disclosure on the Company's website.

b. Board Independence:

As of the date of publication, the company has a total of 9 directors, of which 1 director is also an employee, accounting for 11% of the board members; 3 independent directors, accounting for 33% of the board members. The independent directors are all independent in accordance with Articles 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and none of the independent directors are related to any director by marriage or within the second degree of kinship. The board of directors of the company is independent. Please refer to page 8 of this annual report for the professional qualifications of the directors and the disclosure of information on the independence of the independent directors. For the education, gender, and work experience of each director, please refer to the director information on pages 3 to 5 of this annual report.

Attachment 1：Diversified Core Competency of the members of the Board

Diversity Item / Name	Basic composition								Industry experience			Expertise						
	Nationality	Gender	Concurrent employment position	Age		Terms and years as independent director			Retail	Logistics	Business judgment	Financial & accounting	Law	Management	Crisis management	International perspective	Leadership	Decision making
				35-50	51-70	under 3 years	3-9 years	More than 9 years										
Shiang-Feng Chen	ROC	Male			✓				✓	✓	✓			✓	✓	✓	✓	✓
Shiang-Li Chen	ROC	Male			✓				✓	✓	✓	✓		✓	✓	✓	✓	✓
Wei-Chyun Wong	ROC	Male			✓				✓		✓			✓	✓	✓	✓	✓
Kuang-Lung Chiu	ROC	Male	✓		✓				✓	✓	✓	✓		✓	✓	✓	✓	✓
Chen-Chih Tai	ROC	Male			✓				✓	✓	✓	✓		✓	✓	✓	✓	✓
Sung-Wen Tai	ROC	Female		✓					✓	✓	✓	✓		✓	✓	✓	✓	✓
Tsay-Lin Lin	ROC	Male			✓		✓		✓	✓	✓			✓	✓	✓	✓	✓
Meng-Lin Tsai	ROC	Male			✓		✓		✓	✓	✓	✓		✓	✓	✓	✓	✓
Ming-Jye Huang	ROC	Male			✓		✓				✓		✓	✓	✓	✓	✓	✓

(2) General Managers, assistant general managers, deputy assistant general managers, and the supervisors of all the Company’s divisions and branch units.

As of February 28, 2026；Unit: Share

Title	Nationality or place of registration	Name	Gender Age	Date elected / appointed	Shares currently held		Shares currently held by spouse and minors		Shares held by third parties		Education and experience	Concurrent positions at Simple Mart and other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship	
GM	ROC	Kuang-Lung Chiu	Male	2006.03.24	1,667,363	2.47%	5,000	0.01%	-	-	Note 1	Note 1	-	-	-	NA
VP	ROC	Chung-Ping Hsieh	Male	2013.04.01	141,699	0.21%	-	-	-	-		Note 1	-	-	-	-
CFO	ROC	Yen-Hsiu Liu	Female	2017.12.08	58,289	0.09%	-	-	-	-		Note 1	-	-	-	-
CHO	ROC	Hui-Lan Su	Female	2019.06.19	50,000	0.07%	-	-	-	-		-	-	-	-	-
CIO	ROC	Te-Cheng Meng	Male	2019.11.21	50,000	0.07%	-	-	-	-		-	-	-	-	-
COO	ROC	Su-Hui Lien	Female	2021.05.03	35,000	0.05%	-	-	-	-		-	-	-	-	-
CAO	ROC	Nien-Meng Yu	Male	2022.01.01	20,000	0.03%	-	-	-	-		-	-	-	-	-
CMO	ROC	Nian-Qing Ye	Female	2024.08.02	3,000	0.01%	-	-	-	-		Note 1	-	-	-	-
Accounting Manager	ROC	Yun-Ru Lin (Note 3)	Female	2025.05.02	-	-	1,000	-	-			Note 1	-	-	-	-
Manager	ROC	Sih-Han Wu (Note 3)	Male	2025.12.26	-	-	-	-	-	-		-	-	-	-	-

Note 1: Please refer to the attached table on the next page for details on the educational background and current positions held by the general manager, deputy general manager, assistant manager, department and branch heads, as well as other affiliated companies.

Note 2: Disclosure of the reasons, reasonableness, necessity, and measures to respond to the circumstances where the general manager or equivalent (top manager) and the chairman of the board are the same person, spouses, or relatives within the first degree of kinship: Not applicable.

Note 3: Kuan-Yu Lu resigned as an assistant manager on January 31, 2025, Yi-Hsiang Chiu resigned as an assistant manager on March 3, 2025 and resigned as an assistant manager on October 19, 2025, Yun-Ru Lin resigned as an assistant manager on May 2, 2025, Sih-Han Wu resigned as an assistant manager on December 26, 2025.

Attachment: Information on the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the Company's divisions and branch units

Title	Name	Major academic and career achievements	Positions at the Company and other companies
GM	Kuang-Lung Chiu	Graduated, National Taipei College of Business Deputy Procurement Vice General Manager, RT-MART International Ltd.	**Chairman**: Sanyou Drugstores Ltd., Pet Wonderland Co., Ltd. **Director**: Simple Mart Plus Co., Ltd., Simple Mart Investment Co., Ltd., International One Co., Ltd., International Two Co., Ltd., TriHealth Enterprise Co., Ltd.
Supply Chain Division VP	Chung-Ping Hsieh	Bachelor, Department Agricultural Marketing, Chung Hsing University Director of Merchandise Department, Presicarre Corporation	**Director**: Pet Wonderland Co., Ltd. **Manager:** Simple Mart Plus Co., Ltd.
Financial Management Division CFO	Yen-Hsiu Liu	Master of Accounting, National Chengchi University Project Manager, MiTAC International Corporation Assistant Manager, Audit Department, Deloitte & Touche	**Director**: Sanyou Beauty & Wellness Marketing, Ltd. **Supervisor**:, Pet Wonderland Co., Ltd., Simple Mart Investment Co., Ltd.
Human Resource Division CHO	Hui-Lan Su	Shih Chien College of Home Economics Manager, Human Resource Department, Hong Kong Giordano	-
Information Technology Division CIO	Te-Cheng Meng	Master of Accounting, National Taiwan University SAP Consultant, EY Advisory Services Inc.	-
Operation Division COO	Su-Hui Lien	Department of Integrated Business, Neng Ren Home Economic and Commercial Vocational High School Senior Director of Business Operations, Wellcome Taiwan Co., Ltd.	-
Administration Division CAO	Nien-Meng Yu	Master of Business Administration, Carnegie Mellon University CFO, Wellcome Taiwan Co., Ltd.	-
Digital Marketing Division CMO	Nian-Qing Ye	Department of International Business, I-Shou University Merchandising Director, RT-Mart International Ltd.	**Director:** Pet Wonderland Co., Ltd.
Financial Management Division Accounting Manager	Yun-Ru Lin	Accounting, Tamkang University Assistant Manager, Audit Department, KPMG	**Accounting Manager:** Sanyou Beauty & Wellness Marketing, Ltd., Simple Mart Plus Co., Ltd., Simple Mart Investment Co., Ltd.
Audit Office Manager	Sih-Han Wu	Master’s Degree in Accounting, Tamkang University Audit Manager, Anxo Pharmaceutical Co., Ltd.	-

2. Remuneration paid to directors, supervisors, general managers, and assistant general managers

(1) Remuneration to directors (including independent director)

As of December 31, 2025；Unit: Thousand NT$

Title	Name	Director's remuneration								(A+B+C+D) as a % of net income		Employee remuneration for other activities								(A+B+C+D+E+F+G) as a % of Net Income		Other compensations from non-subsidiary affiliates
		Remuneration (A)		Retirement pension (B)		Director's Remuneration (C)		Business execution fees (D)				Salaries, bonuses, and special expenses (E)		Retirement allowance (F)		Employee remuneration (G)						
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
																Cash Amount	Share Amount	Cash Amount	Share Amount			
Mercuries & Associates Holding, Ltd.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chairman	Shiang-Feng Chen	600	600	-	-	1,000	1,000	-	-	1,600	1,600	-	-	-	-	-	-	-	-	1,600	1,600	1,195
										1.1%	1.1%									1.1%	1.1%	
Director	Shiang-Li Chen	-	-	-	-	500	500	-	-	500	500	-	-	-	-	-	-	-	-	500	500	13,747
										0.3%	0.3%									0.3%	0.3%	
Director	Wei-Chyun Wong	-	-	-	-	500	500	-	-	500	500	-	-	-	-	-	-	-	-	500	500	1,070
										0.3%	0.3%									0.3%	0.3%	
Director	Kuang-Lung Chiu	-	-	-	-	500	500	-	-	500	500	9,077	9,077	108	108	3	-	3	-	9,688	9,688	
										0.3%	0.3%									6.7%	6.7%	
Shopnet Homeshopping Co., Ltd (Note 1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Chen-Chih Tai	-	-	-	-	250	250	-	-	250	250	-	-	-	-	-	-	-	-	250	250	-
										0.2%	0.2%									0.2%	0.2%	
Director	Sung-Wen Tai	-	-	-	-	400	400	-	-	400	400	-	-	-	-	-	-	-	-	400	400	-
										0.3%	0.3%									0.3%	0.3%	
Independent Director	Tsay-Lin Lin	400	400	-	-	-	-	-	-	400	400	-	-	-	-	-	-	-	-	400	400	-
										0.3%	0.3%									0.3%	0.3%	
	Meng-Lin Tsai	400	400	-	-	-	-	-	-	400	400	-	-	-	-	-	-	-	-	400	400	-
										0.3%	0.3%									0.3%	0.3%	
	Ming-Jye Huang(Note 1)	200	200	-	-	-	-	-	-	200	200	-	-	-	-	-	-	-	-	200	200	-
										0.1%	0.1%									0.1%	0.1%	
	Tzu-Yun Chen	300	300							300	300									300	300	
										0.2%	0.2%									0.2%	0.2%	

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: As provided in the "Regulations Governing the Performance Evaluation and Compensation of Directors, Functional Committees and Managers" of the Company, the remuneration of independent directors is based on the competitive market level of total remuneration and is not subject to remuneration distribution. The remuneration of the Company's independent directors is determined annually with reference to the remuneration level of the independent directors in the industry, considering the scale, profit structure and business characteristics of the Company.
2. Compensation received by director for providing service to any company included in the consolidated financial statements (Such as parent company, all companies in the consolidated financial statements and invested companies, etc. serving as a consultants who are not employees) last year, except those disclosed in the above table: None

Note 1: Independent Director Ming-Jye Huang was relieved of his duties upon the expiration of his term on May 24, 2025

(2) Remuneration to supervisor: Not applicable

(3) Remuneration to general manager and assistant general manager

As of December 31, 2025；Unit: Thousand NT$

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C)		Employee’s remuneration (D)				(A+B+C+D) as % of net income		Other compensation from non-subsidiary affiliates or parent company
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
GM	Kuang-Lung Chiu	4,577	4,577	108	108	4,500	4,500	3	-	3	-	9,188 6.37%	9,188 6.37%	-
VP	Chung-Ping Hsieh	2,272	2,272	108	108	1,349	1,349	3	-	3	-	3,732 2.59%	3,732 2.59%	-

Remuneration Scale Table

Remuneration range for each general managers and assistant general managers in the Company	Name of the general managers and assistant general managers	
	The Company	All companies listed in this Financial Report
Less than NT$ 1,000,000	-	-
NT$ 1,000,000 (inclusive) to NT$ 2,000,000	-	-
NT$ 2,000,000 (inclusive) to NT$ 3,500,000	-	-
NT$ 3,500,000 (inclusive) to NT$ 5,000,000	Chung-Ping Hsieh	Chung-Ping Hsieh
NT$ 5,000,000 (inclusive) to NT$ 10,000,000	Kuang-Lung Chiu	Kuang-Lung Chiu
NT$ 10,000,000 (inclusive) to NT$ 15,000,000	-	-
NT$ 15,000,000 (inclusive) to NT$ 30,000,000	-	-
NT$ 30,000,000 (inclusive) to NT$ 50,000,000	-	-
NT$ 50,000,000 (inclusive) to NT$ 100,000,000	-	-
More than NT$ 100,000,000	-	-
Total	2	2

(4) Individual disclosure of the top 5 highest paid executives

Please note that the Company has not incurred any after-tax losses in the last three years and the results of the latest annual corporate governance evaluation are in the last tier. In addition, the Company has not been subject to a change in trading practices, suspension of trading, termination of listing, or other circumstances that have been approved by the Corporate Governance Evaluation Committee as not being evaluated in the most recent year and as of the date of the annual report. As such, the compensation of the top five most highly compensated executives is not disclosed individually.

(5) Employee Remuneration Distributed to Managers and Distribution Situation

As of December 31, 2025；Unit: Thousand NT$

	Title（Note1）	Name（Note1）	Share amount	Cash amount	Total	Percentage of net earnings after tax (%)
Manager	GM	Kuang-Lung Chiu	-	28	28	0.02
	Supply Chain Division VP	Chung-Ping Hsieh				
	Operation Division COO	Su-Hui Lien				
	Administration Division CAO	Nien-Meng Yu				
	Financial Management Division CFO	Yen-Hsiu Liu				
	Human Resource Division CHO	Hui-Lan Su				
	Information Technology Division CIO	Te-Cheng Meng,				
	Digital Marketing Division CMO	Nian-Qing Ye				
	Financial Management Division Accounting Manager	Yun-Ru Lin				

(6) Analyze the remuneration to directors, president and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated statements in the most recent two years and specify the policies, standards, and packages based on which they were paid, the procedures through which remunerations were determined, and their correlation with operating performance and future risks:

A. Analysis of the remuneration to directors, president and vice-president in proportion to the net earnings after tax of the individual or separate financial statements in the most recent two years

Unit: Thousand NT$; %

Item	2024		2025	
	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report
Directors and Independent director (%)	2%	2%	4%	4%
General Managers, Assistant general managers and Attorney General (%)	9%	9%	9%	9%

B. The policy, standards and packages, and the procedures for determining the remuneration, along with the correlation with operating performance and future risk exposure:

In accordance with the Company's Articles of Association, if the Company makes a profit in a year, no less than 1% of such profit shall be set aside as employees' remuneration and distributed in the form of stock or cash, the independent directors of the Company shall receive a fixed remuneration and no remuneration, and the rest of the directors shall be entitled to set aside not more than 3% of the abovementioned profit for the purpose of directors' remuneration.

In accordance with the “Regulations Governing the Evaluation of the Performance and Compensation of Directors, Functional Committees and Managers of the Company,” the remuneration of directors of the Company is evaluated and reviewed by the Compensation Committee of the Company based on the size of the Company, the salary level of the position in the peer market, the scope of authority and responsibility of the position, and the degree of contribution to the operating objectives of the Company, and is submitted to the Board of Directors for resolution and approval.

In addition to risk weighting, the allocation of directors’ compensation is calculated based on attendance rates and continuing education hours, as follows:

(1) Risk Weight: As the representative of the company, the Chairman bears a greater degree of risk and is assigned a weight of 2; all other directors are assigned a weight of 1.

(2) Director Attendance Weight: Each director is assigned a base weight of 1. If the attendance rate exceeds 85%, the weight is 1; if the attendance rate is between 60% and 85%, the weight is 0.8; if the attendance rate is between 30% and 59%, the weight is 0.5; if the attendance rate is less than 30%, the weight is 0. If the annual professional development hours reach 6 hours, the weight is 1; if they fall short of 6 hours, the weight is 0.5.

Based on the above considerations regarding the risks borne by directors, their participation in Board meetings, and their professional development, The Company has determined the allocation of directors’ compensation for 2025. The directors’ compensation, allocated according to the above weightings, is as follows:

Title	**Name of Representative**	**Name of Legal Entity Represented**	**Risk Weight**	**Attendance Weight**	**Training Weight**	**Total Weight (Multiplied)**	**Director Remuneration (Thousand)**
Representative Director & Chairman	Shiang-Feng Chen	Mercuries & Associates Holding, Ltd.	2	1	1	2	1,000
Representative Director	Shiang-Li Chen		1	1	1	1	500
Representative Director	Wei-Chyun Wong		1	1	1	1	500
Representative Director	Kuang-Lung Chiu		1	1	1	1	500
Representative Director	Chen-Chih Tai	Shopnet Homeshopping Co., Ltd.	1	0.5	1	0.5	250
Representative Director	Sung-Wen Tai		1	0.8	1	0.8	400
Total						6.3	3,150

The manager's compensation consists of salary and bonus, of which the salary is evaluated with reference to the peer group and market level, taking into account items such as title, grade, education (experience), professional ability and responsibility; the bonus is highly linked to performance, and the manager is required to formulate performance targets based on the strategic items of the annual strategic map (including the financial aspect, customer aspect, internal process aspect, and learning and growth aspect), and both the strategic items and the evaluation of performance targets are reviewed by the Salary and Compensation Committee and submitted to the Board of Directors for approval. Strategic projects and performance objectives are reviewed by the Compensation Committee and submitted to the Board of Directors for approval. In addition to the strategic map performance targets, the Manager's performance indicators include the realization of the Company's core values, the performance of high-level professional behavioral indicators, leadership and team management skills, and operational performance indicators, as well as the measurement of other special contributions or whether there are any significant deficiencies in compliance with laws and regulations and operational risk items in the departments under the Manager's purview.

Performance Measurement Structure	Item	description
Performance Indicators	Business Performance Indicators by Financial Segment, Customer Segment, etc.	◆Profit Growth Indicators ◆Operation Management Quality ◆Customer Satisfaction Improvement ◆Net income after tax, etc.
	Comprehensive Management Indicators (Internal Process Dimension, Learning and Development Dimension)	◆Risk Management, Compliance, Continuous Innovation and ESG Sustainability Strategies ◆Practice the business philosophy and realize the vision and mission of the company. ◆Continuously optimize internal processes, digital transformation, and improve team performance. ◆Establishing a systematic performance evaluation system (including goal-based and competency-based evaluations) ◆ Human resource management and establishment of diversified, fair, and inclusive organizational culture and management system.

	Other Special Contributions or Significant Deficiencies	Rolled out Electronic Shelf Labels across 800 stores province-wide.

In order to motivate senior managers, outstanding key professionals and all employees to emphasize long-term consolidated performance and achieve sustainable operation, action targets have been formulated for the six sustainability strategies of the Sustainability Committee in 2025, which are linked to the short-term and long-term incentive compensation of the General Manager and senior managers.

a. Short-Term Performance Goals of the General Manager:
Performance Indicators - Financial Indicators (30%), Strategic Indicators (50%), Sustainability and Internal Control Indicators (20%), Management Indicators (optimizing the effectiveness of ESG implementation, additional items to be considered)

Indicator Item	Weighting Ratio	Description
Financial Indicators	30%	Company's financial efficiency management, budget achievement rate, total assets, revenue, and profitability.
Strategic Indicators	50%	Develop OGSM based on the company's medium- to long-term vision and strategic objectives. Objective (Ultimate Goal), Goal (Specific Target), Strategy, and Measure (Metrics) are used to break down the vision into actionable, measurable action plans. Additionally, develop a strategy map (financial dimension/customer dimension/internal process dimension/learning and growth dimension), and formulate objectives and actions tailored to key drivers.
Sustainability and Internal Control Indicators	20%	Based on the results of the identification of the six major ESG themes: (1) Talent Recruitment and Retention (2) Corporate Governance and Ethical Business Practices (3) Supply Chain and Raw Material Management (4) Product Quality and Safety (5) Service Quality and Customer Satisfaction (6) Climate Change and Adaptation We will continue to integrate sustainability and internal control management mechanisms into our corporate governance framework and senior management performance evaluation system to ensure that policies, management measures, and internal control systems related to key themes are effectively implemented. Furthermore, by regularly reviewing the implementation results of key themes, as well as the effectiveness of risk management and compliance operations, we will use these as key criteria for linking senior management performance evaluations to compensation, thereby enhancing the quality of corporate governance and the effectiveness of sustainable operations. In 2025, the achievement rate for the 16 performance indicators across the six key themes

		exceeded 80%. In 2026, we will continue to implement and optimize these indicators.
Management Indicators	Additional Consideration Items	(1) Human Resources Indicators: Continued development of a learning organization, a friendly workplace (DEI), and the implementation of OHSAS 45001 (BSI certification obtained in 2025). (2) Subsidiary risk management indicators: Assist in implementing various risk management measures at subsidiaries.

b. Long-Term Performance Goals of the General Manager:
To strengthen senior managers’ accountability for the company’s sustainable operations and corporate governance, The Company has incorporated ESG-related issues into the short-term performance evaluation and bonus linkage mechanism for senior managers. Evaluation criteria and weightings are set in accordance with the annual strategy map and the sustainability strategies established by the Sustainability Committee.

c. In addition to the performance of each department’s functional responsibilities, the key focus areas for the short-term performance evaluation of senior managers also include the following ESG-related aspects:
Performance Indicators - Major Theme Adaptation (5%), Climate Change and Adaptation (10%), Talent Appointment and Retention (10%), Risk Management (5%)

Indicator Item	Weighting Ratio	Description
Major Theme Adaptation	5%	Based on identified ESG material topics, assess the planning and implementation effectiveness of relevant policies, management mechanisms, and action plans to ensure that material topics are effectively integrated into the company’s operations and management decisions.
Climate Change and Adaptation	10%	Assess the identification of climate-related risks, the implementation of response measures, and the effectiveness of internal management mechanisms, while continuously strengthening climate risk management and adaptation capabilities.
Talent Appointment and Retention	10%	Review the implementation of workforce structure, key talent development, and retention measures to promote organizational stability and the sustainable development of human capital.
Risk Management	5%	Assess the effectiveness of internal control systems, compliance, and operational risk management to ensure sound corporate governance and operations.

The results of the aforementioned short-term performance evaluations, after review by the Remuneration Committee, are submitted to the Board of Directors for resolution and serve as a key basis for the distribution of short-term bonuses to senior executives, thereby ensuring the alignment of compensation with sustainable performance.

3. Implementation of Corporate Governance

(1) Board of Directors Meeting Status

The Board of Directors convened 7(A) meetings in 2025. The attendance of directors and supervisors were as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate in Percentage (%) 【B/A】	Note
Chairman	Mercuries & Associates Holding, Ltd. Representative: Shiang-Feng Chen	7	0	100	-
Director	Mercuries & Associates Holding, Ltd. Representative: Shiang-Li Chen	6	1	86	-
Director	Mercuries & Associates Holding, Ltd. Representative: Wei-Chyun Wong	7	0	100	-
Director	Mercuries & Associates Holding, Ltd. Representative: Kuang-Lung Chiu	7	0	100	-
Director	Shopnet Homeshopping Co., Ltd. Representative: Chen-Chih Tai	2	2	50	(Note)
Director	Shopnet Homeshopping Co., Ltd. Representative: Sung-Wen Tai	3	1	75	(Note)
Independent Director	Tsay-Lin Lin	6	1	86	-
Independent Director	Meng-Lin Tsai	5	2	71	-
Independent Director	Ming-Jye Huang	3	0	100	(Note)
Independent Director	Tzu-Yun Chen	4	0	100	(Note)

Note: Independent Director Ming-Jye Huang was relieved of his duties upon the expiration of his term on May 24, 2025; on May 28, 2025, a full board election was held, and Directors Chen-Chih Tai and Sung-Wen Tai, as well as Independent Director Tzu-Yun Chen, were elected as new directors.

Annotation:

1. If any of the following circumstances occur, the dates of the board meetings, sessions, contents of motions, opinions of all independent directors and the Company's response to the board meeting's opinion should be stated.
    (1) The matter listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, which was renamed the Audit and Risk Management Committee on May 3, 2024. For the independent directors' opinions on the resolutions of the Board of Directors for the 2025 year and the Company's handling of such opinions, please refer to pages 24 to 27 of this annual report. For information on the operations of the Audit and Risk Management Committee or the participation of the supervisors in the operations of the Board of Directors, please refer to the relevant sections of this annual report.
    (2) Apart from the aforementioned item, other board meeting resolutions where independent directors have expressed dissenting or reserved opinions and have records or written statements: None.
2. Recusals of directors due to conflicts of interests, the names of directors, contents of motion, reasons for the recusals of conflicts of interests, and the participation in the vote shall be stated:
    If a director has a conflict of interest with the Company regarding a matter to be discussed, he or she may state his or her opinion and answer questions, but shall not participate in the discussion or voting.

Session	Date	Content of Motion	Reasons for recusal due to conflicts of interest and participation in the vote
5th session The 19th meetings	2025.01.21	The year-end bonus of 2024 to the Company's managers.	• Reason for recusal: Director Kuang-Lung Chiu is employee. • Participation in the vote: Disassociated from discussion and voting
		2025 performance goal setting of the Company's managers	• Reason for recusal: Director Kuang-Lung Chiu recused himself due to a conflict of interest arising from his position as general manager of the Company. • Participation in the vote: Disassociated from discussion and voting
5th session The 20th meetings	2025.02.21	The employees' bonus and directors' compensation of 2024.	• Reason for recusal: Regarding the allocation of employee's remuneration, directors Kuang-Lung Chiu is employee. Another motion on the allocation of directors' remuneration, director Shiang-Feng Chen, Shiang-Li Chen, Wei-Chyun Wong and Kuang-Lung Chiu are the recipients of directors'

			remuneration. • Participation in the vote: Disassociated from discussion and voting.
6th session The 1st meetings	2025.05.28	Appointment of Remuneration Committee Members	• Reason for recusal: Independent Directors Tsay-Lin Lin, Meng-Lin Tsai, and Tzu-Yun Chen recused themselves due to a conflict of interest. • Participation in the vote: Disassociated from discussion and voting.
6th session The 2nd meetings	2025.08.01	Proposal on Remuneration for Independent Directors	• Reason for recusal: Independent Directors Tsay-Lin Lin, Meng-Lin Tsai, and Tzu-Yun Chen recused themselves due to a conflict of interest. • Participation in the vote: Disassociated from discussion and voting.
		Proposal on Remuneration for the Chairman	• Reason for recusal: Directors Shiang-Feng Chen Lin, recused himself due to a conflict of interest. • Participation in the vote: Disassociated from discussion and voting.
6th session The 3rd meetings	2025.11.06	The release of the prohibition on manager from participation in competitive business.	• Reason for Recusal: Director Kuang-Lung Chiu recused himself due to a conflict of interest arising from his position as general manager of the Company. • Participation in the vote: Disassociated from discussion and voting.

3. A TWSE/TPEX Listed Companies is required to disclosure the information and implementation status about self-evaluation of the Board of Directors, including the period, duration, range, methods and contents, etc.

Disclosure of the following information related to the self-evaluation of the Board of Directors:

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Conduct internal board performance evaluation annually.	2025.01.01~ 2025.12.31	The Board of Directors, individual board members, the audit committee and the remuneration committee	Internal self-evaluation by the Board of Directors, self-evaluation by members of the board, and performance evaluation by other appropriate methods	(1) Performance assessment for the board: 1. Participation in the Company’s operations 2. Quality of board’s decision 3. Composition and Structure of the board 4. Election and ongoing education 5. Internal control (2) Performance assessment for individual director (self or peer): 1.Director's awareness toward the Company's goals and missions 2.Awareness to duties 3.Participation in the Company’s operations 4.Maintenance of internal relations and communication 5.Professionalism and ongoing education 6.Internal control (3) Performance assessment for functional committees 1.participation in the Company’s operations 2.Awareness to duties 3.Quality of committee’s decisions 4.Composition and member selection 5.Internal control

Perform an external board performance evaluation every three years	2022.01.01~ 2023.11.30	Overall Board of Directors, Audit Committee and Remuneration Committee	Appointment of an External Professional Organization - Taipei Foundation of Finance to Conduct Performance Evaluation	The evaluation items include safeguarding shareholders' rights and interests, strengthening the structure and operation of the Board of Directors, participation in the Company's operations, enhancing the quality of the Board of Directors' decision-making, improving information transparency, internal control, promoting sustainable development, and other additional evaluation considerations.

4. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g., establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:
   (1) The Company elected three independent directors at the Annual General Meeting of Shareholders on May 28, 2025, and established the Third Audit and Risk Management Committee. As of February 28, 2026, the Sixth Board of Directors had convened a total of six meetings. To ensure directors have a better understanding of the Company’s operational overview and strategy implementation process, the Company regularly reports relevant operational performance to the directors for their review during Board meetings. The Company's Board of Directors approved the establishment of the Sustainability Committee on August 2, 2024. As of February 28, 2026, the second-term Sustainability Committee had convened a total of 4 meetings. The Committee reports to the Board of Directors at least once per quarter and continues to strengthen communication with the Board.
   (2) The Company's corporate website continues to expand its disclosures regarding corporate governance, including the operations of the Board of Directors. The website address is as follows: website: https://www.simplemartretail.com/, The Company's corporate website has a new English interface, https://www.simplemartretail.com/en/business-philosophy/, to enhance the transparency of information.
   (3) In order to strengthen and enhance the functions of the Board of Directors, the Company has formulated a " Corporate Governance Code" to regulate the diversity of the composition of the Board of Directors and the professional competence, which states the diversification of the board, except the directors who are also managers of the Company shall not exceed one-third of the board, and appropriate diversity guidelines shall be formulated with respect to its operation, business model and development requirements, including but not limited to the following two major criteria:
      1. Background and value: Gender, age, nationality, culture etc.
      2. Knowledge and skills: Career background (e.g., law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

      Please refer to page 9 to 10 for Diversity of the Board of Directors.
   (4) The Company has formulated the "Rules on the Scope of Duties of Independent Directors" to enhance the independence and functionality of independent directors, and to ensure the responsibilities of professional personnel and managers. We have also established the "Organizational Regulations of the Remuneration and Compensation Committee" and the "Organizational Regulations of the Audit Committee" to provide objective suggestions to the Board of Directors from the professional and objective position of committee members. The "Rules on the Scope of Duties of Independent Directors" and the "Organizational Regulations of the Audit Committee" are in line with the implementation of Corporate Governance 3.0, and were amended and approved by the Board of Directors on January 21, 2021, and the " Charters of Audit Committee " was amended on February 23, 2024 by the Board of Directors. The Company periodically evaluates the professional qualifications, shareholding and concurrent employment restrictions of its independent directors, and the evaluation for fiscal year 2025 was completed at the time of the review of the Board of Directors' nomination of independent director candidates on February 21, 2025.
   (5) In addition to specifying matters for recusal of directors, the Company's "Rules and Procedure of Board Meetings" also requires that board members' spouses, first- and second-degree of kinship, or companies with a controlling or subordinate relationship with a director that have an interest in

the matters discussed at the meeting should also be avoided. Prior to the amendment of the rules of procedure, all members of the Company's Board of Directors had adhered to their duties as directors and avoided conflicts of interest in accordance with the aforementioned principles to avoid affecting the rights and interests of the Company's shareholders.

(6) In order to implement corporate governance and enhance the functions of the Company's Board of Directors, and to establish performance objectives to strengthen the efficiency of the Board's operations, the Company has set up the "Board of Directors' Self-Evaluation or Peer Review Method". The Company has also amended the method of evaluation and required the performance review shall be performed by an external professional independent organization or a team of external experts and scholars at least once every three years, and the amendment was approved by the Board of Directors on November 3, 2023. Report to the Board of Directors on 11 February 2026 on the results of the self-assessment and the external expert's assessment, and include the required improvements in the future tracking plan.

The Taipei Foundation of Finance's recommendations to the Company and the Company's 2025 improvement implementation status are as follows:

ITEM	Recommendations of the assessment report	Adopt measures
1	It is recommended that the company arrange more training courses (including online courses) for directors to meet the required number of hours.	Regularly share information about director training courses with directors and actively promote director training. In 2025, all directors had met the required hours, with an average of 8 hours of training per director.
2	It is recommended to increase the proportion of individual directors and the appointment of female directors to enhance the diversity of the board members.	The Company held a re-election at the Annual General Meeting on May 28, 2025. Currently, there are two directors of different genders, achieving diversity in the board composition.
3	It is recommended that the ESG Sustainability Working Group be elevated to a higher level and placed under the Board of Directors to implement sustainability performance and increase director participation.	The Company’s Board of Directors approved the establishment of a Sustainability Committee on August 2, 2024, which operates under the Board of Directors. The Committee reports to the Board at least once per quarter to continuously strengthen communication with the Board.

(2) Information on the operational status of the audit committee or the participation of supervisors in the operation of the Board

A. Operational Status of the Audit Committee

The Company has established an Audit Committee to replace the Supervisors, renamed the Audit and Risk Management Committee on May 3, 2024.

In the latest year (2025), the Audit and Risk Management Committee held a total of 5 (A) meetings, and the attendance is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate in Percentage (%) 【B/A】 (Note 1)	Note
Independent Director	Tsay-Lin Lin	5	0	100	-
Independent Director	Meng-Lin Tsai	4	1	80	-
Independent Director	Ming-Jye Huang	2	0	100	Note
Independent Director	Tzu-Yun Chen	3	0	100	Note

Note: Independent Director Ming-Jye Huang was relieved of his duties upon the expiration of his term on May 24, 2025, Tzu-Yun Chen was elected as the new independent director on May 28, 2025.

Annotation:

1. The operation of the audit committee shall be disclosed if any of the following circumstances exist: the date and session of the audit committee meeting, the agenda, any opposing opinions from independent directors, any reservations or significant recommendations, the result of the audit committee's decision, and the Company's handling of the opinions of the audit committee.

(1) Items listed in Article 14-5 of the Securities and Exchange Act.

Term and Session	Date	Content of Motion	Resolution	The Company's Handling of the Opinions of the Audit Committee
The 14th meeting of the 2nd	2025.02.21	The statement on internal control for year 2024.	Approved	Not applicable
		The financial Report of 2024.	Approved	Not applicable
		Amendment of the “Operational Procedures for the Acquisition or Disposal of Assets”.	Approved	Not applicable
		Issuance of Restricted Stock Awards (RSA) to Employees.	Approved	Not applicable
		Appointment of Audit Manager.	Approved	Not applicable
The 15th meeting of the 2nd	2025.05.02	Amendment to the Organizational Regulations of the Sustainable Development Committee.	Approved	Not applicable
		Proposed Regulations on Employee Compensation Disbursement	Approved	The amended provisions were approved by all directors present
		Revised Table of Delegation of Authority	Approved	Not applicable
		Appointment of Accounting Manager	Approved	Not applicable
		Appointment of the Certified Public Accountant for Fiscal Year 2025	Approved	Not applicable
		Adoption of the consolidated financial reports of the first quarter of 2025.	Approved	Not applicable
		Proposal for the Audit and Risk Management Committee to Sign Agreements on Behalf of The Company	Approved	All directors present agreed to approve the motion without objection and nominated independent director Meng-Lin Tsai to sign the

				contract on behalf of The Company.
The 1st meeting of the 3rd	2025.08.01	Adoption of the consolidated financial reports of the second quarter of 2025.	Approved	Not applicable
		Proposal for Loans and Guarantees to Subsidiaries	Approved	Not applicable
The 2nd meeting of the 3rd	2025.11.06	Resignation of the Manager	Approved	Not applicable
		Adoption of the consolidated financial reports of the third quarter of 2025.	Approved	Not applicable
The 3rd meeting of the 3rd	2025.12.26	Appointment of Audit Manager	Approved	Not applicable
		Amendment to the " Employee Compensation Disbursement"	Approved	Not applicable
		Adoption of internal audit plan for year 2025.	Approved	Not applicable

Note: To strengthen corporate governance and establish sound risk management practices, the Board of Directors of the Company resolved on May 3, 2024, to rename the “Audit Committee” as the “Audit and Risk Management Committee.”

(2) Except for the foregoing matters, other matters that have not been approved by the Audit Committee but have been approved by two-thirds or more of all directors: None.

2. The implementation status of the independent director's recusal from the interest-related proposal shall be stated in terms of the name of the independent director, the content of the proposal, the reason for the recusal from the conflict of interest, and the voting status: None.

3. Communication status between independent directors and internal audit supervisors and accountants (it shall include the significant matters, manner and results of communication regarding the financial and business status of the Company):

(1) The communication status between independent directors and the head of internal audit:

Session	Date	Communication formality	Communication Matter	The Company’s Response	Suggestion
The 14th meeting of the 2nd	2025.2.21	Meetings	Report: Internal audit findings and follow-up actions. Proposal: Statement on the Effectiveness of the Internal Control System for 2024.	1. The internal audit operation is reported to the Audit and Risk Management Committee and then to the Board of Directors. 2. The "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control" for the year 2024 were reviewed and approved by all members present and presented to the Board of Directors for resolution.	No comments were raised at this meeting.
The 15th meeting of the 2nd	2025.5.2	Meetings	Report: Internal audit findings and follow-up actions. Proposal: Revision of internal control policies and procedures	1. The internal audit operation is reported to the Audit and Risk Management Committee and then to the Board of Directors. 2. Internal control systems or management	This report focuses on the communication with the independent directors regarding the audit operation, and the recommendations and results of the

				regulations shall be submitted to the Board of Directors for resolution after being reviewed and approved by all attending committee members.	communication are set out below: It is recommended that the audit department develop a plan to assist investee companies in establishing and improving their internal control systems.
The 1st meeting of the 3rd	2025.8.1	Meetings	Report: Internal audit findings and follow-up actions.	The internal audit is reported to the Audit and Risk Management Committee and then to the Board of Directors.	No comments were raised at this meeting.
The 3rd meeting of the 3rd	2025.12.26	Meetings	Report: Internal audit findings and follow-up actions. Proposal: 2026 Audit Plan.	1. The internal audit is reported to the Audit and Risk Management Committee and then to the Board of Directors. 2. The 2026 Annual Audit Plan was reviewed and approved by all members present and submitted to the Board of Directors for resolution.	No comments were raised at this meeting.

(2) Communication between the Audit Committee and Certified Public Accountants: The Company adopted the "Procedures for Communication Between the Audit Committee and the Independent Auditors" on December 28, 2022, which clearly stipulates that the independent auditors shall report to the Audit Committee at the beginning of each year on the planning of the audit work for the year, and attend the Audit Committee meetings held each quarter to report on the Company's financial condition, internal control audit findings, any significant adjustments to accounting entries, or changes in laws and regulations that may have a material impact on the Company. To strengthen corporate governance and establish sound risk management procedures, the Company renamed the Audit Committee to the Audit and Risk Management Committee on May 3, 2024. In 2025, the Audit and Risk Management Committee invited the certified public accountants to attend four meetings of the Audit and Risk Management Committee to explain the audit or review of the financial statements for each period. Communication between the accountants and independent directors was good, and both parties maintained contact as needed. The details are listed separately as follows:

Session	Date	Communication Form	Communication Matter
The 14th meeting of the 2nd	2025.02.21	Meeting	The CPAs are present to report the audit status of the 2024 financial statements together with the updates on various regulatory and tax laws, and reminding the important issues for the Company.
-	2025.02.21	Meeting	The independent directors held a separate meeting with the certifying public accountants to discuss management recommendations, areas for improvement, and reminders regarding the implementation of IFRS 18.
The 15th meeting of the 2nd	2025.05.02	Meeting	The CPAs are present to report the audit status of the 2025 financial statements of the first quarter together with the updates on various regulatory and tax laws, and reminding the important issues for the Company.
The 1st meeting of	2025.08.01	Meeting	The CPAs are present to report the audit status of the consolidated financial statements for the second quarter of

the 3rd			2025 together with the updates on various regulatory and tax laws, and reminding the important issues for the Company.
The 2nd meeting of the 3rd	2025.11.06	Meeting	The CPAs are present to report the audit status of the consolidated financial statements for the third quarter of 2025 and the annual audit plan with the updates on various regulatory and tax laws, and reminding the important issues for the Company.

(3) The operational status of corporate governance, the difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	✓		To establish sound corporate governance practices, the Company adopted its "Corporate Governance Practices" on February 18, 2019, in accordance with the "Corporate Governance Practices for Listed Companies." These practices were revised on November 1, 2024, in line with the Corporate Governance 3.0 guidelines, and are disclosed on the Public Observation Information Platform and the Company's website.	No significant difference
2. Shareholding Structure & Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?	✓		On August 5, 2022, the Company's board of directors approved the "Procedures for Handling Shareholder Suggestions, Questions, Disputes, and Litigation Matters." In addition to appointing a spokesperson, deputy spokesperson, and shareholder service email address, the Company has also entrusted Horizon Securities Co., Ltd., a professional shareholder service agency, to handle shareholder-related questions and suggestions. If legal issues arise, professional lawyers or legal personnel will be engaged to handle them.	The Company has designated a specialized unit and appointed a professional stock agent to properly handle shareholders' questions and suggestions.
(2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The Company fully comprehends and acquires knowledge of the major shareholder structure through the shareholder agency, and regularly reports any changes in director and executive shareholdings. In regard to the ultimate controllers of major shareholders, aside from natural persons, as the Company is a subsidiary of major shareholders, we shall obtain the ultimate controller list from the relevant company if deemed necessary.	No significant difference
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		The Company has established clear divisions of assets and financial management responsibilities between affiliated companies. We have developed regulations, such as the "Financial Operations Code of Conduct for Related Parties," "Supervision and Management Measures for Subsidiaries," "Regulations governing the Acquisition and Disposal of Assets," "Operation Procedure for Making of Guarantee/Endorsement," and " Operation Procedure for Loaning Funds to Others," which we follow in order to effectively implement risk control and firewall mechanisms for affiliated companies.	No significant difference
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		1. The Company has formulated the "Procedure for the Prevention of Insider Trading" and "Procedure for Handling Material Inside Information," which prohibit insiders from trading securities using undisclosed information in the market. 2. The Company has established relevant regulations regarding insider trading for internal personnel upon their appointment, and has obtained signed statements from such internal personnel confirming their understanding of the relevant laws and regulations. The Company also	No significant difference

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			conducts training at least once a year, with a total of 8 participants in 2025, to remind internal personnel of the relevant regulations regarding insider trading. 3. The Company periodically promotes regulations such as the prohibition of insider trading to the directors during board meetings. 4. The Company's internal operation management meeting periodically conducts internal advocacy and reminders on insider trading. 5. In the event of significant transactional matters, the Company will require individuals who may have access to critical internal information as a result of their involvement in said transaction to sign a nondisclosure agreement to prevent any potential leakage of significant internal information. 6. The Company has revised its “Corporate Governance Practices Code” on November 1, 2024, in accordance with the Corporate Governance 3.0 revisions, to enhance corporate value and sustainable development.	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		Pursuant to Article 20 of the Company's Corporate Governance Best Practice, the composition of the Board of Directors should consider diversity. Directors who also serve as company executives should not exceed one-third of the total number of directors. In addition, the board should establish an appropriate diversity policy based on the Company's operations, business model, and development needs. For information on the diversity of the Board of Directors, please refer to the appendix on Board Diversity and Independence.	No significant difference
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		In addition to establishing a Remuneration Committee and an Audit and Risk Management Committee in accordance with applicable laws and regulations, the Company has established an Ethics and Compliance Committee under the Board of Directors. This committee is responsible for formulating and promoting ethics and compliance policies, and reports to the Board of Directors at least once a year on the implementation status and results of such policies. The Committee submitted its report on the implementation of ethics and compliance policies to the Board of Directors on August 1, 2025. To achieve sustainable development goals and strengthen sustainable governance, the Board of Directors resolved on August 2, 2024, to establish a Sustainable Development Committee to replace the Sustainable Development Task Force. The Committee has established an Organizational Charter for the Sustainable Development Committee and established the following subcommittees under the Committee to assist in the implementation of various initiatives: the Corporate Governance Subcommittee, the Risk Management Subcommittee, the Environmental Protection Subcommittee, the Employee and Social Care Subcommittee, and the Product and Service Subcommittee.	No significant difference

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis?</td><td>✓</td><td></td><td>The Company has established the “Board of Directors Performance Evaluation Measures” to implement corporate governance and enhance the functions of the Board of Directors, establish performance targets to strengthen the operational efficiency of the Board of Directors.
Internal evaluations are conducted by the Human Resources Department using internal questionnaires. They are divided into four sections: board operations, director participation, compensation committee operations, and audit and risk management committee operations. The evaluations are conducted by directors assessing board operations, directors assessing their own participation, compensation committee members assessing committee operations, and audit and risk management committee members assessing committee operations.
After all questionnaires have been collected, our company will analyze the results in accordance with the aforementioned procedures, report the findings to the board of directors, and propose measures to strengthen and improve the system based on the directors' suggestions.
The Company completed its 2025 performance evaluation in the first quarter of 2026 and reported the results of the self-assessment and the status of the Company’s 2025 improvement initiatives to the Board of Directors on February 11, 2026, to serve as a reference for determining directors’ compensation for the 2025. The Board of Directors' performance evaluation covers five major areas and a total of 45 indicators, with an average score exceeding 4 points (excellent), indicating that the Company's Board of Directors has made high-quality decisions, actively participated in the Company's operations, and fulfilled its responsibilities of guidance and supervision.
In addition, in accordance with the "Rules for Performance Evaluation of the Board of Directors " of the Company, the evaluation of the performance of the Board of Directors of the Company shall be conducted at least once every three years by an external professional independent organization or a team of external experts and scholars. The external evaluation commissioned an external institution, Taipei Foundation of Finance, to conduct a board effectiveness evaluation during the period from 01 January 2022 to 30 November 2023. The evaluation was conducted by Commissioners Chun-Tu Liu and Shao-Tang Lee, together with two members of the working group. The evaluation focused on the topics of safeguarding shareholders' rights and interests, strengthening the structure and operation of the board of directors, participation in the Company's operations, enhancing the quality of the board of directors' decision-making, improving information transparency, internal control, and promoting the development of the Company's business</td><td>No significant difference</td></tr>
</table>

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			operations. The outside experts evaluated the effectiveness of the board of directors by means of questionnaires and on-site visits in seven areas, including safeguarding shareholders' rights and interests, strengthening the structure and operation of the board of directors, enhancing participation in the Company's operations, improving the quality of board decisions, enhancing the transparency of information, internal control, promoting sustainable development, and other additional evaluation criteria. The Taipei Foundation of Finance and its executive experts have no business dealings with the Company and are independent. Please refer to pages 23 of this annual report for the recommendations and improvement actions of external experts to the Board of Directors and functional committees.	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		In accordance with the Company's "Independent and Qualified Auditor Evaluation Guidelines," the independence and qualifications of the appointed auditors must be evaluated on a regular basis (at least once a year), and a statement of auditor independence must be obtained. In addition to requiring the auditors to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)," the Company evaluates the independence and qualifications of the auditors in accordance with the standards set forth in Appendix 1. On May 2, 2025, the Company's board of directors approved the assessment of the independence of the certified public accountants and appointed Pei-Ju Hsiao and Chi-Lung Yu of KPMG as the Company's certified public accountants for 2025. Please refer to Appendix I below for the most recent assessment form.	No significant difference
4. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		On December 18, 2020, the Company appointed Ms. Yen-Hsiu Liu as the corporate governance officer to safeguard the rights and interests of shareholders and strengthen the functions of the Board of Directors. Ms. Yen-Hsiu Liu, the CFO, has held managerial positions in finance, equity, and corporate governance affairs of publicly listed companies for over three years and has CPA qualification in the ROC. Her primary responsibilities are as follows: 1. Handle all matters related to the convening and conduct of board of directors' meetings and shareholders' meetings in accordance with the law. 2. Prepare the minutes of board of directors' meetings and shareholders' meetings. 3. Assist directors in assuming their duties and in continuing their professional development. 4. Provide directors with the necessary information and materials required for the performance of their duties. 5. Assist directors in complying with applicable laws and regulations.	No significant difference

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>6. Report to the board of directors on the results of the review conducted regarding whether the qualifications of independent directors meet the relevant legal and regulatory requirements at the time of nomination, election, and during their tenure.
7. Handle matters related to changes in directors.
8. Other matters as stipulated in the company's articles of incorporation or contracts.
The continuing education status of the corporate governance officer of the Company, Ms. Yen-Hsiu Liu, the Chief Financial Officer, as follows:
<table>
<tr><th colspan="2">Course Duration</th><th rowspan="2">Organizing Company</th><th rowspan="2">Course Name</th><th rowspan="2">Hours</th></tr>
<tr><th>From</th><th>To</th></tr>
<tr><td>2025.07.09</td><td>2025.07.09</td><td>TWSE</td><td>2025 Cathay Sustainable Finance and Climate Change Summit</td><td>6</td></tr>
<tr><td>2025.10.31</td><td>2025.10.31</td><td>Securities & Futures Institute</td><td>2024 Annual Legal Compliance Briefing on Insider Share Transactions</td><td>3</td></tr>
<tr><td>2025.12.05</td><td>2025.12.05</td><td>Securities & Futures Institute</td><td>New Approaches to Corporate Risk Management: Addressing Exchange Rate Challenges and Asset Management Trends</td><td>3</td></tr>
</table>
</td><td></td></tr>
<tr><td>5. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?</td><td>✓</td><td></td><td>1. The Company has established a spokesperson system and also set up a stakeholder section on the Company website to facilitate communication between stakeholders and the Company.
2. The stakeholders of this company include nine major categories: 1) shareholders/directors, 2) consumers, 3) employees, 4) suppliers, and 5) franchisees. Each category has designated departments responsible for addressing their respective concerns regarding important corporate social responsibility issues, ensuring open lines of communication. In the event of major issues, the relevant departments will report to the management meeting or the board of directors for discussion.</td><td>No significant difference</td></tr>
<tr><td>6. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?</td><td>✓</td><td></td><td>The Company has appointed Horizon Securities as the shareholder services agent to assist with all matters related to the shareholders' meetings.</td><td>No significant difference</td></tr>
<tr><td colspan="5">7. Information disclosure</td></tr>
</table>

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(1) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		The Company has established a corporate website to disclose information related to financial business and corporate governance, which is maintained by dedicated personnel. Additionally, it is connected to the Taiwan Stock Exchange Market Observation Post System to facilitate real-time updates and disclosures of information. The corporate website：https://www.simplemartretail.com/	No significant difference
(2) Has the Company adopted other means to disclose information (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the Company website)?	✓		1. The company has established a corporate website (including an English section) and has designated a dedicated person to be responsible for maintaining and disclosing company information. 2. The Company has established a spokesperson system, with General Manager Kuang-Lung Chiu, who is familiar with the Company's business, serving as the spokesperson and Chief Financial Officer Yen-Hsiu Liu serving as the acting spokesperson, and dedicated personnel are responsible for collecting various information and then communicated to the public by the spokesperson or acting spokesperson. 3. In order to reduce information asymmetry, the Company held four Investor Conferences in 2025. After each conference, the Company posted relevant information on the Public Information Observation Station and the Company's website for public inquiry.	No significant difference
(3) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	✓		The Company announced and filed its financial report for the first quarter of 2025 on May 8, 2025; announced and filed its financial report for the second quarter of 2025 on August 4, 2025; announced and filed its financial report for the third quarter of 2025 on November 7, 2025; and on February 23, 2026, the Company announced and filed its 2025 annual financial report. All quarterly financial reports and monthly operational updates were announced and filed well in advance of the prescribed deadlines.	No significant difference
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?	✓		1. Employee benefits: A. In addition to establishing an Employee Welfare Committee and implementing a retirement pension system in accordance with legal requirements, the Company also provides additional coverage through group insurance for employees. Moreover, we offer clear communication channels to enhance labor-management relations and safeguard the interests of the employees. B. The Company revises the working rules regularly in accordance with the relevant laws and regulations, while informing employees of their work privileges through emails and internal website announcements. C. The Company holds regular labor meeting to reduce and settle conflicts between employees and the Company through the	No significant difference

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			presence of labor representatives and management representatives. 2. Staff Care: The Company has established an Employee Welfare Committee and developed a well-designed employee welfare program that provides subsidies for employee marriage, funeral, joyous events, and celebrations. We also hold regular in-service training for employees and endeavor to build good relationships with them. 3. Investors Relation: The Company fully discloses information on the Market Observation Post System and the Company's website so that investors can immediately understand the Company's operations. At the same time, the Company communicates with investors through shareholders' meetings, corporate meetings and the spokesperson system to protect the rights of investors and maintain a healthy and harmonious relationship between the Company and its shareholders. 4. Suppliers' Relation: The Company manages its partnerships on a fair and mutually beneficial basis and carefully evaluates various business conditions for new partners. In addition, the Company manages its supplier relationships in accordance with the "Ethical Corporate Management Best Practice Principles", which is monitored by the audit unit and reported to the Board of Directors on a regular basis. 5. Stakeholders' Right: (1) Customer: To provide quality products and services, listen to customers' opinions and respond immediately to meet their needs. (2) Shareholder: The Company's highest goal is to fulfill its corporate social responsibility and to protect the interests of the shareholders. 6. The status of directors and supervisors for continuing education: The Company regularly arranges various types of continuing education courses and regularly reviews the number of hours of continuing education for the relevant directors, please refer to Table 2 below. 7. Implementation of Risk Management Policies and Risk Measurement Standards: The Company will regularly review amendments to various laws and regulations or government policies, assess changes in the overall market environment, and establish various business strategies or operational procedures to flexibly address various unexpected risks and reduce the impact of such risks on the Company. On April 28, 2021, the Board of Directors approved the "Risk Management Policy and Procedures." The Risk Management Committee will report to the Audit and Risk Management Committee and the Board of Directors at least once a year. 8. The implementation status of customer policy: The Company values consumer rights and has established a 24-hour customer service hotline to	

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			address any customer complaints. The Company also requires that any related complaints shall be responded to within 24 hours. In addition, the Company provide customer service email address on the Company's website, where our staff will provide answers to inquiries regarding the products, providing consumers and customers with a convenient channel of communication. 9. The status of purchasing of director's liability insurance: The Company has purchased liability insurance for its directors to reduce operational risk and safeguard the rights and interests of shareholders. 10. The chairman has no spouse or first degree of kinship with the general manager, and none of the chairman, general manager, or manager in charge of financial or accounting matters of the Company has served in the firm of the current CPA or its affiliated companies within the last year. 11. With respect to the Company's investment, corporate governance is implemented gradually in accordance with the Company's regulations. In case of major decisions, each representative of the directors of the reinvestment must be appointed by the Board of Directors to implement the supervision of the subsidiary. 12. In accordance with Article 29 of the Company's Articles of Incorporation, if the Company makes a profit in a year, the Company shall distribute not less than 1% of such profit to employees in the form of stock or cash distribution as determined by the Board of Directors, including employees of affiliated companies who meet certain criteria. If the Company makes such profit, a maximum of 3% of such profit are allowed to distributed as remuneration to directors as determined by the Board of Directors. However, if the Company has accumulated losses, the Company shall retain the amount of compensation in advance and then allocate the compensation to employees and directors in accordance with the aforementioned ratio. Considering the company's operating performance for the 2025, The Company's Board of Directors resolved on February 11, 2026, to distribute compensation to directors, and resolved at meetings held on February 11, 2026, and March 17, 2026, to distribute compensation to employees.	

9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified：

Improvements have been made to the 11th Corporate Governance Assessment Indicators:

Title	Indicator Items	Improvement Of The Situation
1.1	Does the Company report to the shareholders' meeting regarding the directors' remuneration, including the remuneration policy, the content, and the amount of	The individual remuneration of the Company's directors was included in the report items at the 2024 shareholders' meeting.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
</table>

	individual remuneration?	
1.4	Does the Chairman of the Board personally attend the shareholders' meeting?	The Chairman of the Board personally attended the 2024 shareholders' meeting and presided over the meeting.
2.19	In the year under review, was the attendance rate of independent directors at Board meetings over 85%, and was there at least one independent director personally present at each Board meeting?	The attendance rate of the Company's Board meetings in 2024 was 89%, and at least one independent director personally attended each meeting.
2.25	Do the Company's independent directors meet the required hours and completion of continuing education as stipulated by the "Guidelines for Continuing Education for Directors and Supervisors of Listed and OTC Companies"?	All directors of the Company (including independent directors) have completed the required continuing education hours.
3.4	Does the Company announce and file the annual financial report audited and certified by the CPA within four months after the end of the fiscal year?	The Company's 2024 consolidated and individual financial reports have been audited and certified by the CPA and uploaded on February 23, 2024.
3.14	Does the Company disclose in its Annual Report the link between performance evaluation and remuneration for directors and managers?	The Company continues to strengthen the disclosure of the link between performance evaluation and remuneration for directors and managers, and has enhanced the explanation of ESG relevance in the 2023 Annual Report.
3.18	Has the Company established a dedicated corporate responsibility section on its website, including information related to finance, operations, and corporate governance?	The Company has established a dedicated corporate responsibility section on its website.
3.21	Does the Company voluntarily disclose the individual remuneration of managers and deputy general managers?	The Company has voluntarily disclosed the individual remuneration information of managers and deputy general managers in the Annual Report.
4.1	Has the Company established a dedicated (or concurrent) unit to promote sustainable development, conducted risk assessments on environmental, social, or corporate governance issues related to its operations based on the principle of materiality, formulated relevant risk management policies or strategies, and ensured that the Board of Directors supervises the promotion of sustainability efforts, with disclosures made on the Company's website and in the Annual Report?	The Company established the Sustainability Development Committee on August 2, 2024, and reported its implementation status to the Board of Directors on November 1, 2024, and December 27, 2024, respectively; additionally, on May 3, 2024, the Board of Directors resolved to rename the "Audit Committee" to the "Audit and Risk Management Committee."
4.4	Does the Company prepare a sustainability report in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) and upload it to the Market Observation Post System (MOPS) and the Company's website by the end of September?	The Company uploaded the Sustainability Report to the Market Observation Post System and the Company's website on August 28, 2024.
4.7	Has the Company uploaded an English version of the Sustainability Report to the Market Observation Post System and the Company's website?	The Company uploaded the English version of the Sustainability Report to the Market Observation Post System and the Company's website by the end of 2024.
4.18	Has the Company disclosed information on the governance, strategy, risk management, metrics, and targets related to climate-related risks and opportunities, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?	The Company has disclosed relevant information in accordance with the TCFD recommendations.

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

The 11th Corporate Governance Assessment has not yet improved its indicators for prioritized enhancement projects:

Title	Indicator Items	Improvement Of The Situation
2.6	Does the company's board of directors include at least one female director? (If each gender constitutes at least one-third of the board seats, one additional point will be awarded.)	The term of office of the current directors of the Company will expire on May 24, 2025. In accordance with Article 195 of the Company Act, their terms of office will be extended until the re-election of directors. The Company intends to re-elect directors at the next regular shareholders' meeting and nominated two female directors at the board meeting on February 21, 2025, to promote diversity in the composition of the board of directors.
4.5	Has the company's sustainability report been verified by a third party?	The Company's 2024 Sustainability Report will be prepared with the guidance and assurance of KPMG, and the Company will continue to strengthen its disclosure of sustainability information.
4.11	Has the company disclosed its water consumption and total waste weight for the past two years? [If the water consumption or total waste weight for the past two years has been externally verified, one additional point will be added to the total score.]	The Company's 2024 sustainability report will be prepared and verified by KPMG, and the Company will continue to strengthen its disclosure of sustainability information. The Company continues to establish a system for auditing greenhouse gas emissions, water consumption, and waste weight, and will subsequently evaluate whether to commission an external entity to conduct verification.
4.13	Has the company obtained ISO 14001, ISO 50001, or similar environmental or energy management system certification?	The Company continues to establish various environmental and energy management operations and assess the feasibility of commissioning external entities for verification in the future.

Attachment 1: Evaluation form of CPA's independence

Qualification & Independence	Yes	No
1.Has it been confirmed that the affiliated accounting firms have followed relevant independence regulations and obtained the annual independence declaration for CPAs and the affiliated accounting firms, as specified in Attachment 2?	✓	
2.Are the CPAs and audit team members neither salaried by the Company or its related affiliates, nor involved in financing or guarantee transactions with the Company?	✓	
3.Have the certified public accountants and audit team members neither served as directors, independent directors, or managers of the company or its related enterprises, nor had a familial relationship with personnel whose positions have a significant impact on the audit case?	✓	
4.Do the CPAs and audit team members not serve as shareholders of the Company or its affiliates?	✓	
5.Has the certification of the company's financial reports for each period been completed on schedule in the most recent year?	✓	
6.Has the auditing of financial reports for each period of re-investment been completed on schedule in the most recent year?	✓	
7.In the most recent year, have the CPAs and audit team members periodically provided the Company with financial and tax advisory services?	✓	

Attachment 2: The directors Continuing education status is as follows:

Title	Name	Course Duration		Organizing Company	Course Name	Hour
		From	To			
Chairman	Shiang-Feng Chen	2025.03.25	2025.03.25	Taiwan Corporate Governance Association	How Directors and Supervisors Should Oversee Corporate Risk Management and Crisis Response	3
		2025.08.05	2025.08.05	Taiwan Investor Relations Institute	Practical Analysis of Insider Trading and Equity Disclosure	3
Director	Shiang-Li Chen	2025.03.20	2025.03.20	Taiwan Corporate Governance Association	AI Applications and Governance, Information Security, and Zero-Trust Architecture	3
		2025.03.25	2025.03.25	Taiwan Corporate Governance Association	How Board Members and Supervisors Can Oversee Corporate Risk Management and Crisis Response	3
		2025.04.24	2025.04.24	Taiwan Corporate Governance Association	Treating Vulnerable Customers with Kindness and Fairness: A Board Perspective	3
Director	Wei-Chyun Wong	2025.03.25	2025.03.25	Taiwan Corporate Governance Association	How Directors and Supervisors Should Oversee Corporate Risk Management and Crisis Response	3
		2025.07.31	2025.07.31	TWSE	2025 Summit on Expanding Taiwan’s Capital Markets	3
		2025.08.08	2025.08.08	Taiwan Corporate Governance Association	Comprehensive Smart Protection Strategies: Leveraging AI to Support Intellectual Property Planning for Innovative Technologies	3
		2025.08.08	2025.08.08	Taiwan Corporate Governance Association	Trends and Risk Management in Generative AI	3
Director	Kuang-Lung Chiu	2025.03.20	2025.03.20	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Series	3
		2025.12.15	2025.12.15	Taiwan Institute of Directors	Toward 2026: Steering Asia, Shaping a Visionary Blueprint for Enterprises	3
Director	Chen-Chih Tai	2025.07.09	2025.07.09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	6
Director	Sung-Wen Tai	2025.06.26	2025.06.26	Taiwan Securities Association	Analysis of Anti-Money Laundering and Counter-Terrorist Financing Regulations and Case Studies	3
		2025.07.09	2025.07.09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	3
		2025.10.31	2025.10.31	Securities & Futures Institute	2025 Insider Trading Compliance Seminar	3
Independent Director	Tsay-Lin Lin	2025.05.13	2025.05.13	Taiwan Institute of Directors	Global Corporate Management Strategies	3
		2025.08.12	2025.08.12	Taiwan Institute of Directors	AI-Driven Industrial Digital Transformation and Business Innovation Applications	3
Independent Director	Meng-Lin Tsai	2025.10.31	2025.10.31	Securities & Futures Institute	FY 2025 Legal Compliance Briefing on Insider Share Transactions	3
		2025.12.18	2025.12.18	Importers and Exporters Association of Taipei	Taiwan Amid Global Turmoil	3
Independent Director	Tzu-Yun Chen	2025.07.09	2025.07.09	TWSE	2025 Cathay Sustainable Finance and Climate Change Summit	3
		2025.11.21	2025.11.21	Securities & Futures Institute	2025 Legal Compliance Briefing on Insider Share Transactions	3
		2025.12.04	2025.12.04	The Greater Chinese Financial Development Association	2026 Global and Taiwan Economic, Financial, and Investment Trends Outlook	3

(4) Compositions and Implementation Status of the Remuneration Committee

A. Composition of the remuneration committee:

February 28, 2026

Criteria Identity (Note)	Name	Qualification and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as a Remuneration Committee Member
Independent Director (Committee chair)	Tzu-Yun Chen	(Note 1)	In accordance with the Company's Articles of Incorporation and the Code of Corporate Governance Practices, directors are elected under the nomination system. During the nomination and selection of the Board of Directors, the Company obtains from each independent director candidate a written statement, employment history, proof of current employment, and a family relationship form to verify the independence of the director, his/her spouse, and his/her relatives, including the spouse and the third degree of consanguinity, from the Company. The Company also periodically reviews the independent directors' compliance with the "Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act during their tenure of office. The Company has also granted the independent directors the right to participate fully in decision-making and to express their opinions in order to independently perform the relevant duties and responsibilities in accordance with Article 14-3 of the Securities and Exchange Act. The Company reviewed the independence of its independent directors on May 28, 2025, and reported to the Board of Directors that all independent directors are independent.	0
Independent Director	Tsay-Lin Lin			1
Independent Director	Meng-Lin Tsai			0

Note 1: Please refer to the disclosure of professional qualifications of directors on page 8 for the years of service, professional qualifications and experience, and independence of the members of the Compensation Committee.

Note 2: Independent Director Ming-Jye Huang stepped down upon the expiration of his term on May 24, 2025; Independent Director Tzu-Yun Chen assumed office on May 28, 2025, and serves as the Committee chair.

B. Information on the operation of the Compensation and Remuneration Committee

a. There are 3 members of the Compensation and Remuneration Committee of the Company.

b. The term of office of the current members: From May 28, 2025 to May 27, 2028.

The current members of the Remuneration Committee held 2 meetings in the most recent year (2025) (A), and the qualifications and attendance status of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate in Percentage (%)【B/A】	Note
Committee chair	Tzu-Yun Chen	2	0	100	-
Member	Tsay-Lin Lin	2	0	100	-
Member	Meng-Lin Tsai	2	0	100	-

Annotation:

1. The Board of Directors did not adopt or revise the recommendations of the Compensation and Remuneration Committee: None.
2. On matters resolved by the Compensation and Remuneration Committee, members had objections or reservations which were recorded or with written statements: None.

(5) Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons thereof

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>1. Did the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is to be handled by the senior management authorized by the Board of Directors, and the supervisory status of the Board of Directors?
(Listed companies are required to report their implementation status, not interpretation or compliance.)</td><td>✓</td><td></td><td>1. The Board of Directors is the highest governing body of the Company. To implement sustainable development goals and strengthen sustainable governance, the Board of Directors resolved on August 2, 2024, to establish a Sustainable Development Committee to replace the Sustainable Development Task Force and adopted the Organizational Regulations of the Sustainable Development Committee, authorizing the General Manager to oversee the formulation of the Company's overall sustainable development direction and objectives. The Sustainable Development Committee is chaired by the General Manager and comprises the “Corporate Governance Subcommittee,” “Risk Subcommittee,” “Environmental Subcommittee,” “Innovation and Care Subcommittee,” “Social Welfare Subcommittee,” and “Monitoring Subcommittee” to assist the Committee in implementing various initiatives.
2. To improve sustainable development management, the Sustainable Development Committee has established a dedicated Sustainable Development Office responsible for proposing and implementing sustainable development policies, systems, or related management guidelines and specific implementation plans, and for reporting to the Board of Directors on a regular basis.
In 2025, the Sustainability Working Group and Sustainability Committee reported to the Board of Directors 4 times, with the following content:
<table>
<tr><th>Report Date</th><th>Content Of The Report</th></tr>
<tr><td>2025/02/21</td><td>Report:
1. Progress on Sustainability Disclosure at Simple Mart
2. Simple Mart 2024 ESG Progress Review (including greenhouse gas inventory progress)
3. Simple Mart 2025 ESG Strategy Framework</td></tr>
<tr><td>2025/05/02</td><td>Report:
1. 2024 Greenhouse Gas Inventory Results
2. Action Plan Under the 2025 Strategic Framework: Environment
Discussion:
1. Proposed Amendments to the Organizational Regulations of the Sustainable Development Committee</td></tr>
<tr><td>2025/08/01</td><td>Report:
1. ESG Cumulative Data Report for Q2 2025
2. Progress on Greenhouse Gas Inventory
Discussion:
1. Appointment of Members to the Sustainability</td></tr>
</table>
</td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>Committee
2. 2024 Sustainability Report</td></tr>
<tr><td>2025/11/06</td><td>Report:
1. ESG Q3 Activity Results and Q4 Plan
2. Q3 Greenhouse Gas Inventory Data Statistics
3. Sustainability Committee Progress Report: Preparation of the 2025 Sustainability Report (including stakeholders and Material Topics), Greenhouse Gas Inventory and Third-Party Assurance Planning, and 2026 Sustainability Implementation Plan
4. Report on Stakeholder Engagement</td></tr>
</table>
Among these, the convener of the Risk Management Task Force attended the Audit and Risk Management Committee meeting on August 1, 2025, to report on risk management, and attended the Board of Directors meeting on December 26, 2025, to report on the implementation of risk management. The Audit and Risk Management Committee made the following recommendations regarding the risks identified:
<table>
<tr><th>Committee recommendation</th><th>Company response and implementation status</th></tr>
<tr><td>Are there any preventive measures in place regarding personal computer security or the protection of internal data from external access? We still need to develop a plan for managing external access to information.</td><td>All personal computers are currently equipped with antivirus software, and employees are not permitted to install software on their own. If installation is required, it must be authorized by a supervisor and carried out with the assistance of the IT department. At present, if someone were to intentionally upload malicious content, this security measure would indeed be relatively weak; this issue will be included in follow-up research.</td></tr>
</table>
</td><td></td></tr>
<tr><td>2. Did the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?
(Listed companies are required to report their implementation status,</td><td>✓</td><td></td><td>1. The disclosed information covers the Company's sustainability performance for the full year of 2025 at its major locations. The risk assessment scope is primarily the Company, with a focus on Taiwan.
2. The Company conducts risk assessments on significant issues based on the materiality principle and establishes relevant risk management</td><td>No significant differences</td></tr>
</table>

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
not interpretation or compliance.)			strategies and specific actions based on the assessed risks, as shown in the table below:	

Material Issues	Risk Assessment Items	Risk Level	Mitigation Strategies/Control Measures
Environment (E)	Environmental Impact and Management – Natural Disaster Response	Moderate	1. Purchase relevant insurance based on operational characteristics (e.g., public liability insurance, and clearly disclosing natural disaster exclusions). 2. Implement daily safety inspections at retail stores and logistics facilities, including regular maintenance and upkeep of buildings and related facilities and equipment. 3. Establish and implement a major incident reporting mechanism to coordinate cross-departmental logistical personnel and resource support. 4. Conduct natural disaster and emergency response drills on an irregular basis to enhance overall response capabilities.
	Environmental Management (Greenhouse Gases and Regulatory Compliance)		1. Conduct regular greenhouse gas inventories in accordance with the GHG Protocol to identify the environmental impacts and risks of operational activities. 2. Continuously implement carbon reduction initiatives based on carbon inventory results to mitigate risks associated with Scope 1 direct emissions and Scope 2 indirect emissions from purchased electricity. 3. Incorporate into the annual internal audit plan to verify the consolidated company's compliance with various environmental regulations, ensuring that relevant operational processes meet the requirements of the competent authorities.

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Social (S)</td><td>Public Safety Risks</td><td>High</td><td>Minimize the impact of human error or unforeseen incidents on operations through systematic management and multi-layered protective measures:
1. Enhance the deployment of safety equipment (such as dry powder fire extinguishers, emergency lighting, dry ice, etc.).
2. Conduct regular employee safety training and periodic disaster drills, and establish clear safety regulations and emergency response procedures.
3. Purchase relevant insurance based on risk characteristics (e.g., commercial fire insurance, public liability insurance, cash insurance, construction all-risk insurance, theft insurance, etc.).
4. Implement daily safety inspections and maintenance operations, including fire source management, and maintenance of buildings and equipment.
5. Establish a mechanism for immediate reporting of major incidents and logistical support to ensure.</td></tr></table></td><td></td></tr>
</table>

Promotion Items	Implementation Status						Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description				
				Food Safety Risk	Moderate	1. Conduct annual supplier evaluations to ensure supply chain quality and compliance with food safety standards standards. 2. Strengthen reporting, review, and risk control mechanisms for the introduction of new products by suppliers 3. Implement a periodic rotation testing program for high-risk products. 4. For imported products, customs brokers, inspection agencies, and the company’s quality assurance department jointly verify ingredients and country of origin. 5. For private-label products, suppliers must provide complete technical specifications; the company’s quality assurance department reviews product ingredients and conducts regular on-site factory evaluations. 6. Exercise caution when introducing products with short shelf lives, and verify that the expiration dates and storage conditions are suitable for retail sale. 7. Distribution centers and retail stores check product expiration dates in accordance with Standard Operating Procedures (SOPs), and the security and audit department conducts regular on-site inspections. 8. Take out relevant insurance (such as product liability insurance) to mitigate the impact of potential food safety risks on operations and consumers.	

Promotion Items	Implementation Status						Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description				
				Occupational Safety Risks	Low	1. Conduct regular employee health promotion, occupational safety and health training, and disaster emergency response drills. 2. Provide employees with regular health checkups (at least once a year) in accordance with the law. 3. Establish diverse complaint channels and a dedicated handling mechanism to ensure smooth communication between labor and management 4. Appoint qualified personnel dedicated to occupational safety and health in accordance with the law. 5. Continuously review and periodically assess relevant prevention plans. 6. Continuously monitor and comply with relevant occupational safety and health laws, regulations, and regulations. 7. Establish sports clubs or organize employee health promotion activities to enhance physical and mental well-being.	
				Public Relations Risk	Low	1. Continuously monitor media and social media platforms, and verify and analyze relevant information sources. 2. In response to false reports or negative news, promptly issue clarifications or balanced statements. 3. The Legal Department will coordinate the assessment and draft external statements or relevant legal documents. 4. Depending on the scope of the incident, file a report or make a formal notification with law enforcement or relevant government agencies as necessary. 5. Improve service quality through internal training to reduce the likelihood of consumer complaints and disputes. 6. Establish a unit dedicated to intellectual property rights and obligations, as well as related business management, to strengthen brand and rights management.	
			Corporate Governance (G)	Cybersecurity risks	High	1. Establish system backup mechanisms and enter into warranty or maintenance contracts. 2. Perform regular backups of critical systems and databases, and establish a disaster recovery plan. 3. System or software version updates must be approved by the authorized decision-maker, and risk assessments, testing, and	

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td></td><td>version management.
4. Following a major incident, establish incident reporting procedures and a manual for remediation and improvement.
5. Establish a system of designated alternates and job rotation based on IT functions and technical specialties to over-reliance on a single operations provider.
6. Appoint a senior executive responsible for project risk management and clearly define the roles and responsibilities of project members to mitigate risks associated with project execution and decision-making.</td></tr>
<tr><td></td><td>Personal Data Protection Risks</td><td>Moderate</td><td>1. Perform regular security maintenance, monitoring, and inspections of the network and information systems.
2. Ensure that paper and electronic data are completely data erasure procedures are fully completed.
3. Have employees sign confidentiality agreements and complete at least 2 hours of annual training on the related to the Personal Data Protection Act.
4. Employees must log in to information systems using their designated usernames and passwords before they may collect, process, and use personal data.
5. The server room is equipped with access control, video surveillance, and fire protection systems and backups are made of critical personal data.
6. Electronic data shall be transmitted using encryption as required.</td></tr>
<tr><td></td><td>Financial Risk</td><td>Moderate</td><td>1. Regularly monitor and assess fluctuations in market exchange rates and interest rates.
2. In the event of significant or long-term funding needs, carefully evaluate appropriate funding methods based on market conditions.
3. Define investment risk profiles and regularly assess the risks associated with various types of investments.
4. Review the status of loans to third parties and guarantees on a monthly basis to ensure compliance with relevant laws, regulations, and internal policies.</td></tr>
</table>
</td><td></td></tr>
<tr><td colspan="5">3. Environmental issues</td></tr>
<tr><td>(1) Did the Company establish an appropriate environmental management system according to its industrial characteristics?</td><td>✓</td><td></td><td>1. In 2025, The Company adopted its <Environmental Policy>. In accordance with the characteristics of the retail and distribution industry, we have established corresponding environmental management processes and internal</td><td>No significant differences</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>control mechanisms for our operational sites, logistics centers, and retail stores. These cover aspects such as energy use, greenhouse gas emissions, water consumption, and waste management. Through regular reviews and continuous improvement mechanisms, we ensure the suitability and adequacy of these systems.
2. In 2024, The Company completed its first comprehensive greenhouse gas inventory across all retail locations, covering Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy use). In 2025, the scope of the inventory was further expanded to include Scope 3 items (such as business travel and employee commuting), thereby gradually enhancing the comprehensiveness of emissions management and the transparency of information disclosure.
3. The Company has commissioned a third-party organization to perform assurance services for its 2025 greenhouse gas inventory to enhance the reliability and credibility of the disclosed information.</td><td></td></tr>
<tr><td>(2) Has the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?</td><td>✓</td><td></td><td>In accordance with the “Energy Management Policy” and environmental management guidelines, The Company continuously promotes energy efficiency improvements and low-carbon transition initiatives. Through measures such as replacing energy-inefficient equipment, implementing digital management systems, and installing renewable energy facilities, The Company reduces energy intensity and environmental impact during operations. Key achievements for 2025 are as follows:
1. Replacement of Energy-Efficient Equipment and Efficiency Improvements
To reduce electricity demand at retail stores and logistics facilities, The Company continues to upgrade to high-efficiency equipment:
(1) Replacement of Refrigeration and Air Conditioning Equipment
● Installation of 87 variable-frequency refrigeration units and 75 high-efficiency variable-frequency air conditioning units
● Total investment: approximately NT$13.56 million
● By using variable-frequency compressors to adjust operating efficiency based on load, estimated electricity savings of approximately 20% – 30%.
● Estimated annual carbon reduction benefit: approximately 260 tCO₂e
(2) Lighting Energy Efficiency Optimization
● Retail store lighting was upgraded from 32W bulbs to 25W LED fixtures, and optimization of shelf lights and ceiling lights in the logistics center was completed
● Annual investment: approximately NT$300,000
● Estimated annual carbon reduction benefit: approximately 84.75 tCO₂e</td><td>No significant differences</td></tr>
</table>

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			In addition to reducing electricity consumption, the above measures help mitigate peak loads and strengthen energy efficiency management in retail stores 2. Digital Carbon Reduction Investments To reduce paper usage and related resource consumption, The Company introduced an electronic price tag system starting in the fourth quarter of 2024. As of the end of 2025, the system has been implemented in 818 stores. (1).The investment amount for 2025 was approximately NT$201 million (2).By fully replacing paper price tags, we have reduced resource consumption associated with paper, printing ink, logistics and distribution, and manual replacement (3).Estimated annual carbon reduction benefit: approximately 7,000 tCO_2e This investment simultaneously enhances the efficiency of price adjustments and the timeliness of information, balancing operational efficiency with environmental benefits. 3. Renewable Energy Planning To increase the proportion of green energy usage, The Company has installed a 2,800 kWp solar power generation facility at its logistics center, with an investment of approximately NT$100 million. The facility is expected to officially connect to the grid and begin generating electricity in the second half of 2026. (1). Estimated annual electricity generation: approximately 1,558,639 kWh (2).This will serve as a key measure to increase the proportion of self-generated and self-consumed green electricity and reduce Scope 2 emissions The Company will continue to evaluate the feasibility of improving energy efficiency and adopting renewable energy, and will gradually expand the scale of investments in energy conservation and carbon reduction to minimize the environmental impact of its operations. The complete energy management policy has been disclosed on the Company's official website for review by stakeholders. 4. Promotion of Recycled Materials In addition to energy efficiency management, The Company is also gradually introducing recycled and sustainably sourced materials that have a lower environmental impact. The following items were added in 2025: ● Introduction of FSC-certified toilet paper ● Introduction of FSC-certified coffee cups and sleeves These products utilize paper sourced from forests managed in accordance with sustainable forestry standards, helping to reduce reliance on virgin forest resources and minimize the environmental impact throughout the product	

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			lifecycle. Moving forward, The Company will continue to identify suitable product categories, gradually expand the use of sustainably certified or recycled materials, and promote the adoption of low-environmental-impact materials through supplier collaboration mechanisms. 5. Environmental Friendliness The Company's brand, Simple Mart Plus (4 stores), upholds the philosophy of "Living Naturally, Nature Living," advocating for resource conservation and sustainable consumption. Through daily operations, we practice environmentally friendly actions and enhance consumers' understanding of land and food sources. Simple Mart Plus promotes the "Sharing the Good Life" initiative, which integrates land stewardship, environmental protection, and cultural issues to deepen food education. This initiative enhances consumers' understanding of sustainable diets and resource recycling, encouraging the adoption of low-environmental-impact consumption patterns in daily life. Additionally, starting in 2024, Simple Mart Plus launched the "Bag-to-Bag" initiative to promote the reuse of secondhand paper bags. By encouraging consumers to donate paper bags through a points-based system, the program fosters resource reuse. In 2025, a total of 17,860 secondhand paper bags were collected, effectively extending the lifespan of the bags and reducing the consumption of single-use resources and waste generation. The Company will continue to evaluate feasible recycling measures and promote resource reduction and reuse to minimize the environmental impact of its operations.	
(3) Did the Company assess the current and future potential risks and opportunities of climate change, and take relevant countermeasures?	✓		For details regarding The Company's assessment of climate change-related risks and opportunities, as well as its response measures, please refer to page 58 of this annual report.	No significant differences
(4) Did the Company conduct statistics on the greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water reduction or other waste management?	✓		For details regarding The Company's greenhouse gas inventory results and reduction policies, please refer to page 71 of this annual report.	No significant differences
4. Social issues				
(1) Did the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		The Company complies with relevant government regulations and adheres to international human rights conventions, such as gender equality, the right to work, and the prohibition of discrimination, respecting the protections provided by human rights conventions, and has published this information on the company website. To fulfill our responsibility to protect human rights, the Company has established an Occupational Safety and Health Committee in accordance with	No significant differences

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			the Occupational Safety and Health Act, which regularly discusses and implements measures to ensure the safety and health of employees in the workplace, and has established “Safety and Health Work Guidelines” to comprehensively care for the physical and mental well-being of all employees.	
(2) Did the Company formulate and implement reasonable employee welfare measures (including compensation and remuneration, vacation, and other benefits, etc.), and appropriately reflect business performance or results on employee compensation?	✓		The Company actively prioritizes employee well-being and a friendly workplace environment. We have established reasonable and diverse employee welfare measure and appropriately reflect operational performance or results in employee compensation. 1. Employee Welfare Measures: The Company has established an Employee Welfare Committee to plan diverse and high-quality welfare programs, such as Go Simple Mart Electronic Welfare Points (online shopping credits), festival bonuses, birthday shopping credits, travel subsidies, marriage subsidies, childbirth subsidies, funeral subsidies, and more. Additionally, the Company provides free health check-ups and employee shopping discounts. 2. Employee Compensation: Employee compensation is governed by the company’s articles of incorporation, which stipulate that if the company generates a profit in a given fiscal year, it must set aside an amount equivalent to no less than one percent of that profit. Of this amount, no less than 60% must be allocated for the distribution of compensation to frontline employees. The overall compensation package for employees primarily consists of three components: base salary, bonuses, and benefits; Regarding the standards for payment, base fixed salaries and benefits are determined based on market rates for the positions held by employees, while bonuses are awarded based on the achievement of individual and departmental targets as well as the company’s overall operating performance. Workplace Diversity and Equality: The company provides transparent promotion channels and equal pay for equal work. Over the past three years, the proportion of female employees at the headquarters and stores has remained above 50%, and by 2025, the proportion of female managers will exceed 63%, promoting a diverse and inclusive workplace environment.	No significant differences
(3) Did the Company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	✓		1. The Company provides measures for a safe and healthy working environment for employees, as well as employee education policies and their implementation. Please refer to Labor Relations. 2. The Company's headquarters and Simple Mart Longjiang Store have obtained ISO 45001:2018 certification, which was verified by a third party in January 2025 and remains valid.	No significant differences

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			3. To reduce occupational accidents and ensure the safety and health of employees, we have developed a Labor Safety and Health Manual tailored to the characteristics of our industry and the risks specific to our stores. This manual details and explains the safety and health operations conducted at the headquarters on a daily basis, as well as the common potential hazards found in stores. We also conduct regular occupational safety and health training to help employees establish basic safety and health awareness and prevent accidents before they occur.	
(4) Did the Company establish an effective career development training program for employees?	✓		Due to the rapid evolution of the times, competition in the retail services industry has become increasingly fierce. Cultivating and retaining outstanding talent has become a critical factor in strengthening a company's competitive edge. By defining the relevant competencies for each position through a training and development model, we implement various on-the-job training programs, work guidance, job rotation, seminars, and online learning initiatives. Additionally, by integrating and leveraging company resources, we provide a comprehensive and diverse learning environment to achieve the primary objectives of talent retention and development. In 2025, The Company conducted a total of 5,032 training sessions for its employees, amounting to 59,039 total training hours.	No significant differences
(5) Regarding issues such as customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company follow relevant regulations and international standards, and formulate relevant policies and appeal procedures for the protection of consumers or customers' rights and interests?	✓		The Company places great importance on customer health and safety regarding products and services, transparency in information disclosure, and the protection of customer privacy. We have established management systems and internal control mechanisms in accordance with relevant regulations to ensure that our operations comply with the requirements of the competent authorities. 1. Product Safety and Quality Management The Company has established quality management and audit mechanisms for all stages of product handling, from raw material procurement and logistics management to retail sales. We have implemented quality assurance procedures and regularly monitor product safety information and announcements from regulatory authorities to fulfill our product safety management responsibilities. In the event of product abnormalities, we follow established procedures to remove products from shelves, report incidents, and implement corrective measures to protect consumer rights. 2. Marketing and Labeling Management The Company complies with the Food Safety and Hygiene Management Act, the Consumer Protection Act, and relevant labeling regulations. We	No significant differences

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>have established processes for reviewing product labeling and verifying marketing content to ensure that disclosed information is accurate and complete, and to prevent false, exaggerated, or misleading claims.
3. Consumer Complaints and Customer Service
The Company has established a customer service center and multiple complaint channels (including in-store service, a dedicated hotline, and the official website) to handle consumer feedback and complaints. We log, investigate, and respond to cases in accordance with internal procedures, continuously improving service quality.
4. Customer Privacy and Personal Data Protection
The Company has established a "Personal Data Protection Management System and Policy" to manage and protect customer data in accordance with the Personal Data Protection Act. We also strengthen employees' information security awareness through internal audit mechanisms, risk prevention measures, and training programs to safeguard customer privacy and information security.
The Company will continue to strengthen product safety management, transparency in information disclosure, and mechanisms for safeguarding customer rights to enhance consumer trust and uphold the Company's reputation.</td><td></td></tr>
<tr><td>(6) Has the Company formulated a supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation status?</td><td>✓</td><td></td><td>To strengthen supply chain management and sustainable risk control, The Company has established the "Supplier Management Policy" and implemented mechanisms for supplier evaluation, auditing, and tiered management. Through contractual terms and relevant regulations, we require our suppliers to comply with applicable laws and The Company's management requirements regarding environmental protection, occupational safety and health, labor rights, and ethical business practices.
1. Supplier Code of Conduct
In 2025, The Company implemented the "Supplier Code of Conduct" and required both new and existing suppliers to sign and comply with it. The Code covers environmental management, pollution control and energy conservation and carbon reduction, occupational safety and health, labor conditions and human rights protection, as well as integrity in business operations and business ethics.
As of December 31, 2025, the adoption rate of the Supplier Code of Conduct reached 99.15%.
2. On-site Supplier Audits and Tiered Management
The Company has established an on-site audit system for suppliers of its own-</td><td>No significant differences</td></tr>
</table>

<table>
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<tr><td></td><td></td><td></td><td>brand products and implements tiered supplier management in accordance with internal procedures. Factory audits are conducted by personnel with relevant professional qualifications, and audit items include process management, quality control, and compliance with relevant laws and regulations.
Suppliers are classified into different tiers based on evaluation results, and audit frequencies and follow-up management measures (including guidance for improvement, re-inspection, or adjustment of cooperation) are arranged according to their tier. As of December 31, 2025, a total of 60 contract manufacturing suppliers had completed audits, of which 37 were rated A (61.67%), 14 were rated B (23.33%), 7 were rated C (11.67%), 1 was rated D (1.67%), and 1 was rated E (1.67%);12 of these suppliers underwent on-site audits in 2025.
3. Supplier Evaluation System
In accordance with internal management regulations, The Company conducts regular evaluations of contract manufacturers for proprietary products, general merchandise suppliers, and retail store supply vendors. The evaluation criteria incorporate Environmental, Social, and Governance (ESG) aspects, covering environmental management, occupational safety and health, labor conditions, legal compliance, and ethical business practices.
Suppliers are required to complete the “Supplier Sustainability Checklist.” The evaluation results serve as a reference for supplier management and collaboration, and corresponding management measures are implemented based on these results. As of December 31, 2025, self-assessments have been completed for 468 suppliers.
4. Management of Imported Goods and Regulatory Compliance
For imported goods, The Company follows government border inspection procedures and has established an internal audit process to verify whether the country of origin, ingredients, and labeling comply with relevant regulations. Products may only be placed on the shelves for sale after the review process is completed.
The Company will continue to review its supply chain management mechanisms on an ongoing basis in accordance with its operational scale and risk assessment results, and strengthen supplier management practices regarding environmental and social responsibility issues.</td><td></td></tr>
<tr><td>5. Did the Company take account of the internationally accepted report preparation standards or guidelines to prepare reports such as sustainability reports and others that disclose non-financial information of the Company? Has the foregoing disclosure report obtained the assurance or assurance opinion of the third-party certification unit?</td><td>✓</td><td></td><td>The content framework of The Company’s sustainability report is prepared in reference to the “GRI Sustainability Reporting Standards (2021 Edition)” published by the Global Reporting Initiative (GRI), disclosing the Company’s environmental, social, and governance (ESG)-related non-financial information.</td><td>No significant differences</td></tr>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>Furthermore, to enhance the credibility and transparency of the disclosed information, The Company engaged KPMG to perform limited assurance procedures on specific assurance targets as prescribed by the competent authorities, in accordance with Assurance Standards Bulletin No. 1, “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information,” issued by the Accounting Research and Development Foundation of the Republic of China. KPMG has issued a limited assurance report.
The relevant assurance opinion and report contents have been disclosed in The Company’s Sustainability Report for review by stakeholders.</td><td></td></tr>
<tr><td colspan="5">6. If the Company has formulated its own sustainable development rules in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the difference between its operation and the stipulated rules: No difference.</td></tr>
<tr><td colspan="5">7. Other important information helpful to understand the implementation status of the promotion of sustainable development:
(1) Intellectual Property Management Plan and Implementation Status
The Company places great importance on intellectual property management and has established relevant management mechanisms to safeguard the Company’s brand value and operational competitiveness. The relevant implementation status was reported to the Board of Directors by the Corporate Sustainability Committee on November 6, 2025.
A. Brand Trademark and Patent Management
The Company entrusts professional firms to handle trademark applications and management. As of December 31, 2025, a total of 114 trademarks have been applied for and registered, and one patent has been granted.
Registered brands include Simple Mart, Simple Office, GO Simple Mart, Simple Mart Plus-related proprietary brands, Jiulian She (newly added in 2025), VV, Simple Mart She Coffee Simple Mart Café, Simple Life, and tgh We’re Good.
B. Trade Secret Management Mechanism
To safeguard trade secrets and confidential information, The Company has established relevant internal control and management measures, including:
(a) Signing confidentiality agreements with external partners, clearly defining both parties’ confidentiality obligations and liability for breach of contract.
(b) Requiring employees to sign confidentiality agreements upon joining the company, clearly defining their responsibilities regarding the confidentiality of business information.
(c) Implementing tiered access permissions for data, information, and contracts involving trade secrets.
(d) Establishing a tiered management system for information system accounts to restrict access by non-business-related personnel.
No confirmed incidents of trade secret leaks or major unlawful infringements occurred in 2025.
C. Training
In 2025, training courses related to trade secrets and information protection were conducted, with a total of 33 employees involved in relevant business operations participating.
(2) Social Engagement Initiatives
The Company continues to promote public welfare and social engagement activities, strengthening social connections and resource sharing through material donations and local partnerships.
A. Food Waste Reduction Project: In collaboration with food banks in the northern, central, and southern regions, we donated edible surplus food to underprivileged groups and schools. In 2025, 34 additional stores joined the initiative, bringing the total number of participating stores to 51. The total weight of donations was approximately 3.875 metric tons, with a donation value of approximately NT$574 thousand.
B. Lunar New Year Meal Donation Campaign: Through consumer subscriptions, Lunar New Year meals and related supplies were donated to social welfare organizations and underprivileged groups. In 2025, 1,774 sets of meals were raised through this charitable donation initiative.
C. “Love in the Neighborhood” Care Package Program: Combining online and physical channels, this initiative invites employees and consumers to donate nutritional supplies to vulnerable families. In 2025, a total of 401 care packages were collected and distributed to beneficiary families through charitable organizations.</td></tr>
</table>

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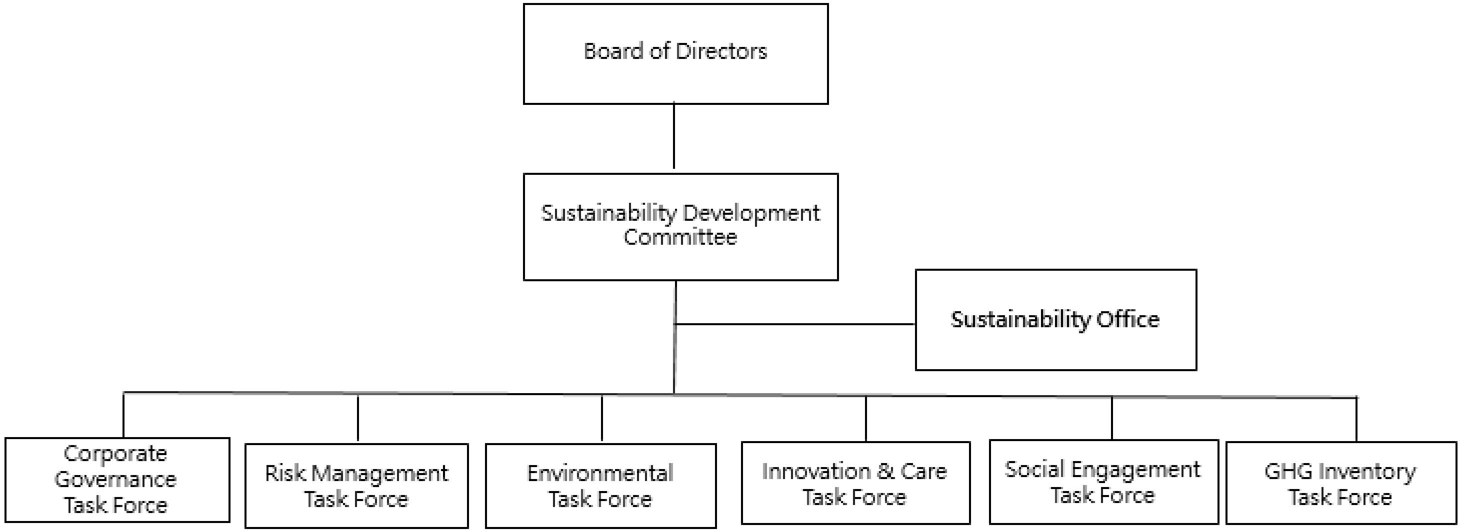
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">D. Promotion of a Middle-Aged and Older-Friendly Workplace: We foster a supportive work environment through age-specific training and skill-enhancement initiatives. As of the end of 2025, middle-aged and older employees accounted for 26.6% of the workforce. The company has obtained certification as a middle-aged and older-friendly enterprise and received related awards.
E. Participation in the Ministry of the Environment’s Eco-Points Program: Aligning with the Ministry of the Environment’s “Green Consumption and Circular Economy” initiative, The Company participates in the “Eco-Points System,” designating all Simple Mart stores nationwide as redemption partners for “Eco-Points.” This allows consumers to accumulate “Eco-Points” and receive tangible rewards for purchasing eco-friendly products, using public transportation, or participating in environmental actions, thereby “monetizing environmental actions.” By participating in the Eco-Points Program, we foster the habit of “green living and eco-conscious shopping,” making “green consumption” an integral part of daily life. Together, we strive to reduce resource waste and mitigate environmental impacts. This initiative also indirectly encourages businesses to invest in the development of eco-friendly products, driving carbon emission reductions at the source of production and thereby helping to mitigate the greenhouse effect. A total of 16,213 redemption transactions were processed through this program.</td></tr>
</table>

Climatological Information for Listed and OTC Companies

1. Implementation of climate-related information

Project	Enforcement Scenarios
1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.	 The Company has integrated climate-related risks and opportunities into its corporate governance and risk management framework. The Board of Directors bears ultimate oversight responsibility, and implementation is carried out through the Sustainability Committee and various functional working groups to ensure that climate issues are effectively integrated into operational decision-making and long-term strategic planning. **1. Board Oversight of Climate-Related Risks and Opportunities** The Board of Directors serves as the highest supervisory body for The Company’s risk management and sustainability, responsible for ensuring that climate-related risks and opportunities are incorporated into overall operational strategies and decision-making. The Board regularly reviews climate governance-related matters, including the progress of greenhouse gas inventories and verification, carbon reduction targets and implementation results, assessments of material climate risks and opportunities, and scenario analysis, and uses this information to oversee management’s execution. The Company reports climate-related information to the Board of Directors on a quarterly basis through the Sustainability Committee, enabling the Board to stay informed of changes in climate risks and their potential impact on

operations. The Board provides strategic guidance on major issues, including carbon reduction pathway planning, energy-saving investments, and resource allocation, to ensure alignment between the Company’s climate strategy and its operational development direction.

Furthermore, to continuously enhance the Board’s understanding of climate issues, The Company arranges training on sustainability or climate-related topics as needed to strengthen directors’ understanding of climate risks, net-zero transition trends, and relevant international standards, thereby supporting the Board in effectively fulfilling its oversight responsibilities.

Additionally, a Risk Subcommittee will be established under the Sustainability Committee to serve as the unit responsible for risk management. It shall convene at least twice a year and regularly report risk management outcomes to the Sustainability Committee. The Sustainability Committee shall report climate-related information to the Board of Directors on a quarterly basis, including progress on greenhouse gas inventories and verification, carbon reduction targets and implementation progress, analysis of material climate risks and opportunities, and results of scenario analysis, to enable the Board to, based on such climate-related information, guide the Company’s climate strategy, review risk mitigation measures, approve major carbon reduction and energy conservation investment plans, and make necessary strategic adjustments in response to changes in the Company’s operations and the external environment.

2. Management’s Role in Assessing and Managing Climate-Related Risks and Opportunities

To implement corporate sustainability and strengthen climate governance mechanisms, The Company established the “Sustainability Committee” on August 2, 2024, pursuant to a Board resolution. The Committee consists of three members, comprising directors and senior management, and is responsible for coordinating the direction of sustainability initiatives and advancing climate-related issues. The Committee meets quarterly to review climate-related strategies and targets, oversee the implementation of action plans, and report to the Board of Directors on a quarterly basis.

The Sustainability Committee has established several functional sub-groups to enhance the depth of management and the efficiency of execution regarding climate risks and opportunities. Among these, the Risk Management Sub-group is responsible for identifying and assessing climate-related risks and opportunities (including physical risks and transition risks) and proposing response strategies; the Environmental Sub-group and the Greenhouse Gas Inventory Sub-group are responsible for driving greenhouse gas inventories, energy conservation and carbon reduction measures, and environmental management-related work.

Additionally, the Sustainability Office has been established as the coordinating unit for sustainability strategy and climate management. It is responsible for integrating resources across departments to advance climate-related initiatives, including greenhouse gas inventories and data management, climate risk assessments and scenario analysis, carbon reduction strategy planning, and KPI tracking. The Office of Sustainable Development reports its progress to the Sustainable Development Committee on a quarterly basis, covering greenhouse gas emissions, energy-saving improvements, results of major climate risk assessments, and the current status of carbon reduction initiatives. This ensures the effective operation of the climate governance mechanism.

Through the aforementioned governance framework, The Company has established a climate governance system overseen by the Board of Directors and executed by management, and continues to strengthen relevant management mechanisms to address the risks and opportunities posed by climate change to its operations.

2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (short, medium and long term).

3. Describe the financial impact of extreme climate events and transformational actions.

Risk Categories	Risk Dimension	Risk Details	Timing of Impact	Impact of the risk on the company's strategy, operations, Financial Impact	Quantitative Data on the Impact of Risk on the Company Quantitative Data	Mitigation Strategies	Financial impact of mitigation strategies, Annual Performance Results
Physical Risks	Immediate	Increase in extreme weather events—torrential rain / floods / inundation / typhoons	Short-term	• Extreme weather events may cause inconvenience to customers or prevent them from visiting stores, thereby impacting store sales. • Typhoons or other extreme weather events will increase labor costs for store staff and pose risks to their personal safety. • Store hardware such as signage, glass, and freezers may be damaged. Additionally, product inventory inside the store may be compromised due to flooding or damage to refrigeration equipment, thereby increasing the financial loss from damaged goods. • Typhoons, floods, and water damage may also cause logistics and distribution to be suspended, affecting supply chain stability, leading to product shortages, and resulting in operational losses.	**Typhoons**: Sales at Yunlin, Chiayi, and Tainan stores decline by 8%; labor costs on the day of the typhoon double; merchandise losses amount to 1%; store repair costs increase by 0.1%. **Heavy Rain**: Store sales decreased by 10%. Store repair costs: 0.1%. **Flooding**: Sales at Yun-Jia-Nan stores decreased by 3%, merchandise losses at stores were 0.1%, and store maintenance costs increased by 0.1%. **Flooding**: Sales at Yun-Jia-Nan stores decreased by 3%, merchandise losses at stores were 0.1%, and store repair costs increased by 0.1%.	• Install floodgates in low-lying areas to prevent flooding**,** and conduct regular inspections at varying frequencies based on risk levels**.** • Install UPS (uninterruptible power supply) systems and conduct regular inspections at varying frequencies based on risk levels**.** • Increase insurance coverage for typhoons, flooding, and other related risks. • Incorporate assessments of extreme weather event risks into store site selection.	• Waterproof floodgates were installed at one store in 2025 at a cost of 0 yuan, as the landlord assisted with the investment and installation (Renwu Bade East). • Currently, all stores have UPS systems installed on their POS terminals. • In 2025, 235 franchise stores purchased typhoon and flood insurance, totaling NT$282,439 (paid by franchisees). • Typhoon-related losses in 2025 decreased by 2,785,822 yuan compared to 2024.

Transition Risks	Market	Raw Material Costs Increase	Short-term	• Rising product costs lead to a decline in revenue. • The existing product category structure may need to be adjusted due to rising costs.	A 10–15% increase in raw material costs leads to a 5% decrease in customer traffic, an 8–12% drop in sales, and a 10% decline in the company's overall revenue.	• Identify risks early and seek alternative raw materials. • Vertically integrate upstream and downstream operations to ensure the stable and uninterrupted quality and quantity of upstream raw material supplies. • Establish a supply chain by identifying a secondary supplier for best-selling products.	• The projected investment cost for developing new upstream supply chains and engaging downstream customers/consumers is 6 million yuan; 3 million yuan has already been invested in 2025, with 10 staff members recruited. Team members include category managers and procurement staff. • In 2025, we developed 73 new suppliers. • In 2025, 10 new customers were acquired in newly developed markets. • By 2027, we expect to have identified a secondary alternative supplier for each of the top five best-selling products. By 2027, we plan to develop 10 new suppliers.

Opportunity Dimension	Opportunity Details	Timing of Impact	Impact of the Opportunity on Company Strategy, Operations, and Finance	Quantitative Data on the Impact of the Opportunity on the Company Quantitative Data	Response Plan	Financial Impact of Response Plan, Annual Performance Results
Resource Utilization Efficiency	Implementing more efficient production and distribution processes	Short-term	• By implementing a WMS system to integrate inventory, order, and delivery information, we can enhance the Group's overall logistics and distribution efficiency as well as load planning capabilities. • Enhancing the timeliness and accuracy of store restocking is expected to reduce stockouts and excess inventory, while optimizing inventory management efficiency. • Systematized management helps reduce reliance on manual operations and improves operational accuracy. • By providing transparency in inventory and distribution data, this will facilitate the subsequent optimization of logistics routes and warehouse space allocation, thereby improving resource utilization efficiency.	• The system is currently in the implementation and optimization phase; related benefits (such as impacts on logistics costs, labor costs, and revenue) remain to be observed and evaluated over time. • The Company is establishing relevant metrics (such as inventory turnover rate, stockout rate, and delivery efficiency) and will gradually disclose specific results based on implementation progress.	• Implementing a WMS (Warehouse Management System) to strengthen real-time inventory monitoring, batch number and expiration date management, and automated replenishment mechanisms. • We have established systematic replenishment logic (e.g., safety stock levels and automatic reorder point settings) to improve replenishment efficiency and accuracy. • Combining data analysis to optimize picking routes and delivery batches, thereby improving operational efficiency.	• The Company has invested approximately NT$9.8 million in the implementation of the WMS system as infrastructure to improve supply chain management efficiency. • It is anticipated that the implementation of the system will help gradually optimize manual operational efficiency and logistics operations management. • System implementation and initial launch are expected to be completed in 2026, followed by continuous optimization of functions and the establishment of a benefit tracking mechanism.

	Products and Services	Changing Consumer Preferences and New Market Opportunities	Short-term	Consumers are beginning to embrace eco-friendly products, and demand for all green products is gradually increasing.	Increase customer traffic by 5%.	• Develop and expand the range of eco-friendly products. • Introduce new suppliers and consolidate existing suppliers to share resources and reduce costs.	• The addition of new green products and services is expected to increase revenue by 3–5%. • Green products will account for 3% of total sales by 2027.
	Note: Short-term is defined as 1–3 years, medium-term as 3–5 years, and long-term as 5 years or more.						

4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	The Company has integrated climate-related risks and opportunities into its overall risk management system. Through systematic identification, assessment, and management processes, we ensure that climate issues are effectively integrated into corporate decision-making and daily operations, while continuously strengthening our management capabilities and operational resilience in response to climate change. The specific processes and integration methods are as follows: 1. Identification and Assessment of Climate Risks and Opportunities (1) Identification of Climate Risks and Opportunities Within the Overall Risk Management Framework. • The company holds regular risk committee meetings to identify climate-related risks and opportunities that may impact its operations (such as extreme weather, carbon pricing policies, and supply chain disruptions). • By integrating external information sources (such as government policies, climate change regulations, and global climate models) with internal operational data, the company ensures that the identification of climate risks and opportunities is scientifically sound and forward-looking. • We conduct climate risk and opportunity assessments in accordance with the TCFD framework and identify material risks and opportunities. (2) Risk Classification and Quantitative Assessment: • Climate risks are categorized into short-term (within 1–3 years), medium-term (3–5 years), and long-term (5+ years). • Qualitative and quantitative analytical methods, such as financial impact simulations and carbon emissions data analysis, are used to quantify the impact of climate risks on operating costs, revenue, and asset value. 2. Management and Response Measures for Climate Risks and Opportunities (1) Integration of the Overall Risk Management Framework: • Climate risks are managed in conjunction with other operational risks (such as market, financial, and legal risks) and incorporated into the company's annual risk reporting and review mechanisms. • For significant climate risks and opportunities, management develops corresponding response measures based on assessment results and submits them to the Sustainability Committee and the Board of Directors for review, to serve as a reference for operational strategies and resource allocation. The Board of Directors monitors changes in climate risks through a regular reporting mechanism and oversees the progress of relevant strategies and actions. (2) Climate Risk Response Actions • Short-term: (a) Develop business continuity plans (BCPs) for extreme weather events, install flood gates at retail locations, and deploy UPS systems to ensure uninterrupted store operations.

(b) Ensure supply chain resilience through vertical integration with upstream and downstream partners and by seeking alternative raw materials, thereby mitigating the impact of rising raw material costs caused by climate change.

- Medium-term: Incorporate assessments of extreme weather risks into store site selection and implement energy-saving and carbon-reduction measures in stores and offices to mitigate cost increases resulting from policy changes.
- Long-term: Drive business transformation and product innovation to align with global carbon reduction trends, thereby enhancing competitiveness and market positioning.

3. Process for Identifying and Integrating Climate Risks and Opportunities

With the support of senior management, the company conducts climate risk and opportunity identification in accordance with the TCFD framework and integrates these into its risk management processes.

Steps:

Compilation of a List of Climate Risks and Opportunities

In accordance with the TCFD's recommendations on climate-related financial disclosures, and taking into account domestic and international regulatory developments and industry trends, we have established a list of climate-related risks and opportunities, comprising 19 climate risks and 15 climate opportunities.

➡

Assessing Climate Risks and Opportunities

The Risk Management Team convened department heads from across the Simple Mart Group to conduct a TCFD workshop. Participants were divided into groups to comprehensively assess the significance of potential impacts on the Group by evaluating the "potential impact/severity" and "likelihood of occurrence," while taking into account the relevance to their respective businesses and the Group's industry characteristics. They also assessed the timeframes (short, medium, and long term) in which these risks and opportunities might materialize.

➡

Creating a Risk-Opportunity Matrix

Compile the identification results from each group, perform statistical ranking, and produce a climate risk/opportunity matrix for Simple Mart.

➡

Identifying Significant Climate Risks and Opportunities

The risk management team will review the findings, finalize the list of the Group's significant climate risks and opportunities, and report to the Sustainability Committee while proposing corresponding strategies.

➡

Report to the Board of Directors

The Sustainability Committee shall submit the results of its assessment of climate risks and opportunities to the Board of Directors on an annual basis and recommend response strategies.

➡

Take Action

Based on the results of the Board's deliberations, implement the corresponding climate action plan and incorporate it into the performance objectives of each department.

	Through workshops and group assessment discussions, climate risks and opportunities were identified. The statistical results were reviewed by the Risk Management Team, which ultimately identified 2 material climate risks from among 19 climate risks (including 12 transition risks and 7 physical risks) and 2 material climate opportunities from among 15 climate opportunities. Expected Outcomes: The Company continues to strengthen its climate risk management mechanisms and has established the following medium- to long-term strategic directions to enhance climate governance maturity and operational resilience: (1) Continuously optimize mechanisms for collecting and managing climate-related data, gradually improving cross-departmental information integration to strengthen climate risk identification and decision-support capabilities. (2) In accordance with the TCFD framework and international sustainability disclosure trends, we will continue to refine our climate risk management processes, improve the comprehensiveness and consistency of risk assessments, and strengthen the Company's overall climate resilience. 4. Future Plans The Company will continue to dynamically adjust its climate risk management mechanisms in accordance with operational needs and external regulatory trends, with the following key directions: (1) Continuously optimize climate-related data management tools and operational processes to improve the efficiency of collecting and analyzing greenhouse gas inventories, energy usage, and related environmental data (e.g., by implementing carbon management data integration tools or optimizing internal carbon inventory systems). (2) Continuously monitor and plan for alignment with IFRS sustainability disclosure standards (such as IFRS S2), gradually adjusting relevant disclosure content and management mechanisms to meet the requirements of regulatory authorities and capital markets regarding climate-related information disclosure. (3) Continuously strengthen the integration of climate risk identification, assessment, and management processes to ensure that climate issues are incorporated into the overall risk management framework. Through regular reviews and rolling adjustments, enhance the company's ability to respond to climate change and ensure long-term operational stability.
5. If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical	Physical Risk Scenario Analysis This physical risk calculation method primarily employs overlay analysis using the third-generation flood hazard maps (https://fhy.wra.gov.tw/fhyv2/disaster/downloads) provided by the Water Resources Agency of the Ministry of Economic Affairs (classified into no impact, 0.3–0.5 meters, 0.5–1 meter, 1–2 meters, 2–3 meters, and over 3 meters).These flood hazard maps incorporate sewer systems, district drainage simulations, and flood management planning results for flood-prone areas. They also account for flood progression (flow velocity and water level rise rates) and differences in rainfall

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<td>factors and key financial impacts should be described.</td>
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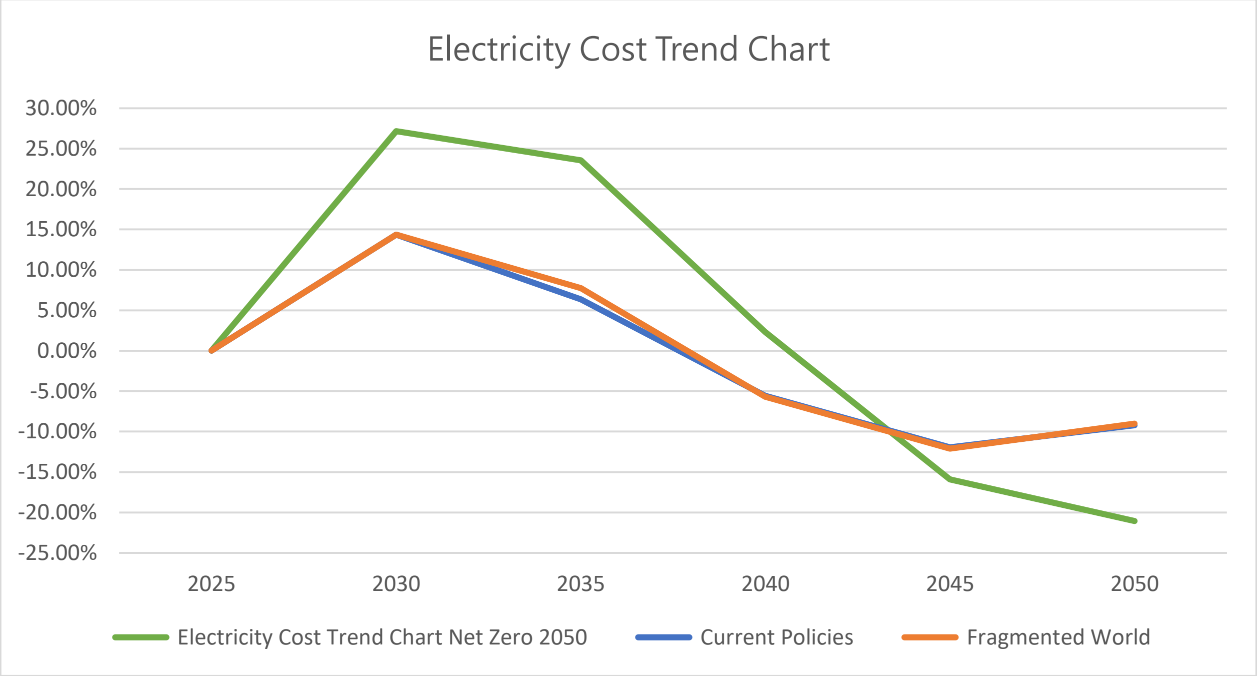
<p>distribution between flatlands and mountainous areas. Ten quantitative rainfall scenarios were designed for simulation (150, 250, and 350 mm every six hours;200, 300, and 400 mm per 12 hours; 200, 350, 500, and 650 mm per 24 hours).</p>
<p>This analysis simulates ten different rainfall scenarios, corresponding to the moderate scenario of SSP2-4.5 (future warming limited to 2°C) and the severe scenario of SSP5-8.5 (future warming exceeding 4°C).At a 90% confidence level, the maximum daily rainfall across Taiwan under the mild scenario is approximately 371.9 mm in 2037, corresponding to a simulation of 350 mm of rainfall per 24 hours; under the severe scenario, the maximum daily rainfall across Taiwan is approximately 419.3 mm in 2040, corresponding to a simulation of 500 mm of rainfall per 24 hours.</p>
<p>The Company's analysis covers a total of 850 locations across Taiwan (Note: In addition to retail stores, the Company includes the headquarters, regional offices, and logistics warehouses). After overlaying the data, only 45 locations were identified as having potential flood risks under the general flood scenario, while 73 locations were identified under the severe scenario. While the remainder were not located within the flood-affected areas estimated by the flood hazard map. Even under the most severe estimated scenario, only approximately 8.5% of The Company’s retail stores and operational sites have a potential risk of flooding. The complete statistical analysis results are shown in the table below:</p>
<table>
<tr><th>Estimated Flood Height
Scenario</th><th>No Risk</th><th>0.3–0.5 (m)</th><th>0.5–1 (m)</th><th>1–2 (m)</th><th>2–3 m</th></tr>
<tr><td>General situations</td><td>805</td><td>24</td><td>16</td><td>5</td><td>0</td></tr>
<tr><td>Severe Scenario</td><td>777</td><td>32</td><td>28</td><td>12</td><td>1</td></tr>
</table>
<p>In the event of a store flooding, the primary financial impacts include reduced store revenue, increased losses of store merchandise, and higher store repair costs.</p>
<p>Transition Risk Scenario Analysis</p>
<p>This transformation risk calculation method primarily utilizes scenario simulation parameters provided by the Network for Greening the Financial System (hereinafter referred to as NGFS) for analysis.This transition risk scenario analysis utilizes the NGFS′ s REMIND-MAgPIE model: The REMIND model is a numerical model used to predict future global economic developments, focusing primarily on energy development and its impact on the global climate; the MAgPIE model is a global land-use allocation model that simulates interactions between the land surface and the atmosphere, as well as the impact of human activities on the environment.</p>
<p>This transition risk scenario analysis uses the REMIND-MAgPIE model to simulate future fluctuations in electricity prices under different climate and policy environments and assess their impact on The Company’s various retail outlets. The analysis employs three scenarios to simulate changes in electricity prices:</p>
<p>1. Net Zero 2050: This scenario assumes that, through stricter global climate policies, global warming is limited to below 1.5°C, and global net-zero carbon dioxide emissions are achieved around 2050.</p>
</td>
</tr>
</table>

2. Current Policies: This scenario is based solely on the climate policies currently in place in various countries, and therefore carries a higher likelihood of material risk.

3. Fragmented World: This scenario assumes that the implementation of climate-related policies across the globe is delayed and inconsistent, leading to high physical and transition risks on a global scale. It also assumes that all countries with net-zero targets will only partially achieve them (completing approximately 80% of their targets), while other countries maintain their current climate policies.

By comparing multiple scenarios across different quadrants, the potential impact of future climate change on electricity prices was fully simulated. The comprehensive analysis results are as follows:



The simulation results indicate that electricity prices are projected to continue rising in the short to medium term (before 2040) across all three scenarios, consistent with current global expectations regarding electricity prices;However, after 2040, due to advancements in science and energy technology, coupled with the continued development of renewable energy, the electricity supply will become more stable, causing electricity prices in all three scenarios to gradually decline. Consequently, by 2045, the projected trend for electricity prices in all three scenarios is expected to reverse, with prices estimated to be lower than those under the current political and economic conditions.

6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify and manage entity and transition risks.

Transition Plan, Indicators, and Targets for Physical Risks

Scenario	Estimated Flood Height	Number of Retail Outlets	Response Plan	Management Objectives and Metrics
General Scenario	0.3–1 m	40	• Install floodgates based on the store's risk level • Conduct annual inspections of floodgates • Conduct annual inspections of the UPS	• 100% inspection coverage for floodgates and UPS • Maintain normal operation of existing equipment
	1–2 m	5	• Install floodgates based on store-specific risk assessments • Conduct semi-annual inspections of flood gates • Inspect the UPS every six months • Continuously monitor store operational risks	• Increase inspection frequency for high-risk stores (every six months) • Ensure equipment is functioning properly
	2–3(m)	0	-	–
Severe scenario	0.3–1 m	60	• Install floodgates based on the store's risk level • Conduct annual inspections of floodgates • Conduct annual inspections of the UPS	• Ensure 100% coverage • Maintain normal equipment operation
	1–2 m	12	• Install floodgates based on store-specific risk assessments • Conduct semi-annual inspections of flood gates • Inspect the UPS every six months • Continuously monitor operational risks	• Increase inspection frequency for high-risk stores • Ensure equipment is functioning properly
	2–3 (m)	1	• Strengthen monitoring of operational risks at stores • Implement short-term contingency measures as necessary	• Continuously monitor the operational status of high-risk locations

The Company will continue to actively and prudently assess and strengthen flood prevention and damage mitigation measures at all operational locations. For example, we will progressively enhance our Business Continuity Planning (BCP) to address physical risks, ensuring uninterrupted operations at all stores and related logistics services. This approach aims to indirectly support the supply of essential goods to the local community in the event of a disaster, while also taking into account the safety of our employees' commutes to enhance The Company's resilience against physical risks.

Transformation Plans, Metrics, and Targets for Transformation Risks

In response to short- and medium-term electricity price increases, The Company has fully adopted and replaced all lighting in new and renovated stores with flat panel lights in 2024, installing over 3,000 LED energy-saving fixtures; Additionally, regarding the use of renewable energy, The Company participated in Taipower's pilot program for small-scale green electricity sales last year, purchasing a total of 10,000 kWh and acquiring 10 renewable energy certificates, thereby laying the groundwork for The Company's future green electricity initiatives. The Company has invested in the installation of approximately 2,800 kWp of solar photovoltaic equipment at the Guanyin Logistics Warehouse, which is expected to begin generating electricity in the second half of 2026. The estimated annual power generation is approximately 1,558,639 kWh, and future benefits will be disclosed based on actual power generation performance.

Moving forward, The Company will continue to monitor electricity price trends, communicate with all retail outlets to implement energy-saving and environmental protection measures, and phase out outdated, high-power equipment (such as

	old refrigerators, cooling systems, and lighting fixtures) across all locations. This ensures The Company can effectively manage operational costs in the face of anticipated electricity price increases. Furthermore, The Company will continue to monitor the renewable energy market and incorporate the construction of in-house power plants and the development of renewable energy into its future climate change opportunity roadmap. We will continue to pursue "energy conservation, environmental protection, and stable power supply," enhance the in-store service experience, maintain profitability, and ensure long-term effective operations.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.	Status of Carbon Pricing Management The Company has not yet fully implemented carbon pricing as a formal internal management tool. This is primarily because, at this stage, we are prioritizing the establishment of a greenhouse gas emissions inventory system and the promotion of carbon reduction measures—including improving energy efficiency, reducing waste, and managing emissions in the supply chain—to lay the groundwork for future carbon management decisions. 1. Current Status and Explanation of Reasons (1). Initial Stage of Inventory System Establishment The Company completed its first greenhouse gas inventory in 2024. At this stage, we are continuing to expand the inventory scope and perform data validation, including the incorporation of subsidiaries and the inventory of Scope 3 emissions. Given that carbon pricing tools rely heavily on complete and stable emissions data, our current priority is to strengthen the inventory system and improve data quality. (2). Establishing Data Quality and Consistency At this stage, we are continuing to establish cross-departmental data collection processes and optimize internal verification mechanisms to enhance data completeness and comparability, serving as the necessary foundation for future carbon pricing implementation. (3). Resources are focused on foundational carbon reduction management. In terms of resource allocation for sustainability management, The Company currently prioritizes investments in energy efficiency improvements, operational carbon reduction measures, and regulatory compliance to ensure the stable operation of the greenhouse gas management system and gradually accumulate management experience. 2. Future Implementation Plans In light of the gradual rollout of the domestic carbon fee system and international trends in carbon pricing, The Company has included carbon pricing as a medium- to long-term evaluation item. We plan to implement it gradually once the inventory system is stabilized, with the following implementation directions: • Short Term (1–3 years): Complete the optimization of the greenhouse gas inventory system to improve data quality and coverage.

	• Medium Term (3–5 years): Evaluate the feasibility of carbon pricing mechanisms (such as internal carbon pricing or scenario analysis tools). • Long Term: Depending on regulatory developments and the Company's operational needs, gradually introduce carbon pricing as a reference tool for investment and operational decision-making.
8. If climate-related targets are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be described; if carbon credits or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits or renewable energy certificates (RECs) should be described.	Greenhouse Gas Management Objectives The Company completed its first organizational greenhouse gas inventory in 2024 and established a greenhouse gas management system and quantifiable targets. In accordance with the "Greenhouse Gas Management and Reduction Policy," the Company has set the following medium- and long-term carbon reduction targets: • 2030 Target: Reduce greenhouse gas emissions intensity by 10% compared to the base year • 2050 Target: Achieve net-zero emissions for Scope 1 and Scope 2 In terms of short-term management, The Company adheres to the principle of continuous annual improvement and sets annual reduction targets. The original reduction target for 2025 was a 1% decrease in greenhouse gas emission intensity compared to the base year. The Company will disclose and review the relevant carbon reduction results after completing the 2025 greenhouse gas inventory. The 3% increase in greenhouse gas emission intensity in 2025 compared to 2024 is attributed to the expansion of the inventory scope in 2025. However, considering that 2024 marked The Company's first greenhouse gas inventory—with the scope of the inventory and data completeness still in the establishment phase—and that the inventory scope was expanded and data collection mechanisms optimized in 2025, The Company resolved at the February 2026 Sustainability Committee meeting to adjust 2025 as the base year for greenhouse gas management to enhance data comparability and management consistency. Future carbon reduction targets and performance evaluations will be reviewed and disclosed using the adjusted base year to ensure the validity and consistency of long-term trend analysis. Renewable Energy Certificates The Company did not use any renewable energy certificates in 2025.
9. Greenhouse gas inventory and confirmation of status and reduction targets, strategies and specific action plans.	Please refer to 1-1 below.

1-1 Greenhouse Gas Inventory and Confirmation in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

The Ghg Emissions (Tonnes CO2E), Intensity (Tonnes CO2E/$M) And Data Coverage For The Last Two Years Are Presented.

		2024				2025			
Scope/Category/tCO2e		Simple Mart (Individual)	Sanyou Beauty & Wellness Marketing, Ltd.	Pet Wonderland Co., Ltd.	Consolidated Total	Simple Mart (Individual)	Sanyou Beauty & Wellness Marketing, Ltd.	Pet Wonderland Co., Ltd.	Consolidated Total
Scope 1	Direct Discharge	1,990.8591	12.2478	13.3038	2,016.4107	3,722.4671	17.4959	18.2633	3,758.2263
Category 2	Indirect Emissions	44,410.3380	650.3604	10.2905	45,070.9889	45,732.9860	599.6608	234.6097	46,567.2565
Total for Categories 1 and 2		**46,401.1971**	**662.6082**	**23.5943**	**47,087.3996**	**49,455.4531**	**617.1567**	**252.8730**	**50,325.4828**
Sales in millions					**14,297.18**				**14,803.78**
Greenhouse gas emissions intensity					**3.29**				**3.40**

1-1-2 Greenhouse Gas Confirmation Information

A Description Of The Status Of Assurance For The Two Most Recent Years Ended On The Date Of The Annual Report, Including The Scope Of Assurance, The Assurance Organization, The Assurance Criteria, And The Opinion Of The Assurance.

The Company conducted its first greenhouse gas inventory for the 2024 fiscal year. As the scope of the inventory and data completeness are still being established, no assurance was performed.

Assurance for the 2025 is scheduled to be performed by KPMG on May 25.

1-2 Greenhouse Gas Reduction Goals, Strategies and Specific Action Plans

Describe The Base Year Of Ghg Reduction And Its Data, Reduction Targets, Strategies And Specific Action Plans And Achievement Of Reduction Targets.

1. Greenhouse Gas Management Goals

The Company completed its organizational greenhouse gas inventory in 2024 and established a greenhouse gas management system and quantifiable targets. In 2025, total Scope 1 and Scope 2 greenhouse gas emissions amounted to 50,325.4828 metric tons of CO_2e, with an emissions intensity of 3.40 tCO_2e per million yuan of revenue. In accordance with the "Greenhouse Gas Management and Reduction Policy," The Company has established the following medium- and long-term carbon reduction targets:

- 2030 Target: Reduce greenhouse gas emission intensity by 10% compared to the base year
- 2050 Target: Achieve net-zero emissions for Scope 1 and Scope 2

In terms of short-term management, The Company follows a principle of continuous annual improvement and sets annual reduction targets. The original reduction target for 2025 was to reduce greenhouse gas emission intensity by 1% compared to the base year. The Company will disclose and review the relevant carbon reduction results after completing the 2025 greenhouse gas inventory. The 3% increase in greenhouse gas emission intensity in 2025 compared to 2024 is attributed to the expansion of the inventory scope in 2025.

However, considering that 2024 marked The Company's first greenhouse gas inventory—with the scope of the inventory and data completeness still in the establishment phase—and that the inventory scope was expanded and data collection mechanisms optimized in 2025, The Company resolved at the February 2026 Sustainability Committee meeting to adjust 2025 as the base year for greenhouse gas management to enhance data comparability and management consistency. Future carbon reduction targets and performance evaluations will be reviewed and disclosed using the adjusted base year to ensure the validity and consistency of long-term trend analysis.

Additionally, to enhance the comprehensiveness of climate management, The Company has been gradually expanding the scope of Scope 3 emissions inventory since 2025 and completed third-party verification in 2026; subsequently, a supply chain inventory plan will be progressively implemented based on the verification results.

2. Carbon Reduction Strategies and Actions

To achieve our carbon reduction targets, The Company is implementing carbon reduction initiatives through investments in energy-efficient equipment, operational optimization, and digital transformation. The key measures for fiscal year 2025 and the estimated carbon reduction benefits are as follows:

(1) Energy-Efficient Equipment and Energy Efficiency Improvements

We will continue to phase out high-energy-consumption equipment and introduce high-efficiency systems, including variable-frequency refrigeration and cold storage equipment, high-efficiency air conditioning systems, and lighting upgrades (replacement with LED fixtures), to reduce overall electricity demand by improving energy efficiency.

Investments in relevant energy-saving equipment for the 2025 fiscal year, including refrigeration, air conditioning, and lighting equipment, are projected to yield an estimated total carbon reduction benefit of approximately 344.8 tCO_2e.

(Note: The carbon reduction benefits mentioned above are estimated annual reductions based on full-year operational scenarios following the completion of equipment replacement or installation; they do not represent the actual cumulative carbon reductions for the current fiscal year.)

(2) Digital Carbon Reduction Measures

Comprehensive implementation of the Electronic Shelf Label (ESL) system. By 2025, the system has been deployed across 818 stores nationwide, replacing paper price tags to reduce carbon emissions associated with paper, printing, and transportation. The estimated annual carbon reduction benefit is approximately 7,000 tCO_2e.

(Note: The carbon reduction benefit is estimated based on annual usage scenarios following full implementation.)

(3) Operations and Electricity Management

Reducing energy consumption during operations through store energy-saving measures, such as turning off sign lights at night and adjusting air conditioning operating modes.

4. Circular Economy and Consumer Engagement

I. Promoting Plastic Reduction and Recycling Initiatives at Retail Locations

The Company continues to implement plastic reduction and resource recycling measures at its retail locations, encouraging consumers to bring their own containers when purchasing beverages to reduce the use of single-use packaging. Additionally, through its Simple Mart Plus initiative, the Company has launched a paper bag recycling and reuse program ("Bag-to-Bag") and integrated it with a member rewards system to boost consumer participation, promote the reuse of packaging materials, and reduce the use of single-use plastic bags. In terms of guiding consumer behavior, stores offer incentives for bringing reusable cups (a NT$5 discount for customers using their own cups), resulting in approximately 1.87 million reusable cups used in 2025. Additionally, through in-store recycling programs, the company collected approximately 3,100 metric tons of empty glass bottles and 371. 9 metric tons of cardboard boxes throughout the year, continuously improving resource recovery and recycling efficiency to achieve the goals of a circular economy and environmental sustainability.

II. Achievements in Reducing Product Packaging and Guiding Consumer Behavior

The Company has promoted plastic-reduction packaging for its own-brand products. The results for 2025 are as follows: Regarding the use of containers for three product categories packaged eggs, pastries and bread, and fruits and vegetables the total number of containers actually used was approximately 1,560,000. Of these, 161,413 were alternative containers, and 3,277,518 products were packaged without containers. The overall reduction rate reached 80.82%, resulting in a reduction of approximately 102.2 metric tons of plastic usage.

III. Renewable Energy and Green Energy Investments

The Company is a retail company with a wide network of store locations and high electricity consumption. Purchased electricity under Scope 2 currently represents our primary source of carbon emissions. The Company continues to promote the adoption of renewable energy. We have invested in the installation of approximately 2,800 kWp of solar photovoltaic equipment at the Guanyin Logistics Warehouse, which is expected to begin generating electricity in the second half of 2026. The estimated annual electricity generation is approximately 1,558,639 kWh. In the future, we will disclose the carbon reduction benefits based on actual electricity generation.

IV. Performance Tracking and Disclosure

The Company regularly reviews the implementation of its carbon reduction targets and action plans based on the results of its annual greenhouse gas inventory. The Sustainability Committee oversees and drives progress, reporting regularly to the Board of Directors.

In 2026, the Company will conduct a verification of its 2025 greenhouse gas emissions to enhance data quality and disclosure transparency, and will continue to refine the management of climate-related indicators to meet the requirements of international sustainability disclosure standards (such as IFRS S2).

(6) Implementation of business integrity management, and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
1. Stipulating policies and plans for ethical corporate management				
(1) Does the Company establish clearly indicated policies and activities that are approved by the Board of Directors, related to ethical corporate management in its bylaws and external documents, and are the Company's directors and management actively fulfilling their commitment to corporate policies?	✓		The Company has established an Ethical Corporate Management Best Practice Principles and has been approved by the Board of Directors. Members of the Board of Directors and the management of the Company emphasize ethical and honest business practices, uphold the concept of clean, transparent and accountable business practices, and implement an integrity policy. The Company also requires suppliers to sign an integrity statement in order to create a sustainable business environment.	No significant differences

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(2) Has the Company established an evaluation mechanism to periodically analyze and evaluate business activities that have a relatively higher risk of unethical conduct and thus taken steps to prevent the unethical occurrences listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?</td><td>✓</td><td></td><td>The Company has established an Ethical Corporate Management Best Practice Principles, and regularly promotes the prevention of dishonest behavior in company meetings or educational training sessions, proactively implementing the execution of our integrity management policy.</td><td>No significant differences</td></tr>
<tr><td>(3) Has the Company established and implemented measures against dishonest conduct, and does it periodically review and amend them? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions, and compliance systems?</td><td>✓</td><td></td><td>The Company's Ethical Corporate Management Best Practice Principles explicitly stipulates that our personnel, when engaging in commercial activities, must not directly or indirectly offer, promise, demand, or accept any improper benefits, or commit any other acts that violate integrity, legality, or breach fiduciary duties.</td><td>No significant differences</td></tr>
<tr><td colspan="5">2. Ethic Management Practice</td></tr>
<tr><td>(1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</td><td>✓</td><td></td><td>The Company has established relevant assessment systems for all its commercial activities, with both parties' rights and obligations explicitly detailed in the contracts.</td><td>No significant differences</td></tr>
<tr><td>(2) Does the Company have a unit under its Board of Directors handling business integrity related matters? Does this unit report its integrity policies and unethical conduct prevention programs, as well as their implementation, to the Board of Directors on a regular basis (at least once a year)?</td><td>✓</td><td></td><td>The Company has established an Integrity Management Committee under the Board of Directors, with Hui-Lan Su, the Human Resources Officer, serving as the convener. The Committee is responsible for promoting integrity management, handling the revision, execution, interpretation, consultation services, and reporting of corporate integrity management procedures and behavioral guidelines, as well as related operations and supervision. The committee also regularly reports to the Board of Directors. The report on the Board of Directors' situation for the year 2025 is as follows:
<table>
<tr><th>Date</th><th>Report Unit</th><th>Summary</th></tr>
<tr><td>2025.08.01</td><td>Hui-Lan Su, Human Resource Division-CHO</td><td>(1) Report on the implementation of measures related to ethical management practices
(2) Description of various reporting channels and a summary of accepted content</td></tr>
</table></td><td>No significant differences</td></tr>
<tr><td>(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</td><td>✓</td><td></td><td>(1) The Company has formulated a policy to prevent conflicts of interest. The policy is used to identify, monitor, and manage the risks of dishonest behavior that may arise from conflicts of interest. We also provide appropriate channels for directors, independent directors, managers, and other stakeholders attending or participating in board meetings to</td><td>No significant differences</td></tr>
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<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>proactively disclose any potential conflicts of interest they may have with the Company.
(2) Directors, independent directors, managers, and other stakeholders attending or participating in board meetings must disclose any significant conflicts of interest involving themselves or the legal entities they represent (including spouses or second-degree relatives) for any motion items discussed at the board meeting. Regardless of whether the conflict is detrimental to the Company's interests, they must not participate in discussions or vote on the matter, should recuse themselves during discussions and voting, and must not act as a proxy to exercise voting rights on behalf of other directors. All directors maintain self-discipline, and there have been no instances of inappropriate mutual support.
(3) The Company's directors, independent directors, managers, employees, appointees, and those with substantial control must not exploit their positions or influence within the Company to secure improper benefits for themselves, their spouses, parents, children, or any other individuals.</td><td></td></tr>
<tr><td>(4) Has the Company implemented effective accounting and internal control systems for maintaining business integrity? Are relevant audit plans made by the internal auditors based on unethical conduct assessments to examine compliance with unethical conduct prevention or are these audits done by the Company's CPAs?</td><td>✓</td><td></td><td>(1) For business activities with a higher risk of dishonest behavior, the Company has established effective accounting and internal control systems, strictly prohibiting the use of off-the-books or secret accounts. We also continually review these systems to ensure their design and execution remain effective and up-to-date.
(2) The Company's internal audit unit regularly reviews the compliance with the aforementioned systems and submits audit reports to the Board of Directors. No violations of integrity management or deficiencies in internal controls have been discovered.</td><td>No significant differences</td></tr>
<tr><td>(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?</td><td>✓</td><td></td><td>(1) The Company's chairman, general manager, or senior management regularly communicate the importance of integrity to employees.
(2) The Company regularly organizes education and training for its employees, and holds manufacturers' meetings or franchisee meetings, inviting those who are engaged in business with the Company to participate. So that these stakeholders are fully aware of the Company's determination to operate in an honest and trustworthy manner, its policies, preventive programs, and the consequences of committing acts of dishonesty, and the Company also requires suppliers to sign a declaration of trust to jointly create an honest and trustworthy business environment.
(3) The Company integrates its integrity management policy with employee performance evaluations and human resource policies, establishing a clear and effective reward and disciplinary system.</td><td>No significant differences</td></tr>
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Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
3. Implementation of Complaint Procedures				
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		In order to establish a corporate culture of integrity and transparency and to promote sound operations, and to protect the rights and interests of whistleblowers, the Company has adopted the “Regulations for the Implementation of the Whistleblowing System” at the Board of Directors' Meeting held on May 3, 2024. According to which the Regulations, a dedicated whistleblower reporting line and a whistleblower reporting mail have been set up, which are also published on the Company's website. Information on the Company's reporting channels is as follows: 1. The unit of acceptance of the report system: The Legal Affairs Office of the Company's Administration Division. 2. Investigation unit of the prosecution system: The Legal Affairs Office of the Company's Administration Office, the Audit Office, or any other investigation department or team assigned to the case depending on the nature of the case. 3. Reporting hotline: 02-2506-1166 ext. 1030. 4. Reporting mail: whistleblowing@simplemart.com.tw, or by mail to the Legal Affairs Office of the Company's Administration Division, B1, No.4, Sec. 3, Minquan E. Rd., Zhongshan Dist., Taipei City. 5. The unit that receives the report hotline and report mail cases is the Legal Affairs Office of the Company's Administration Office.	No significant differences
(2) Does the Company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓		The ‘Regulations Governing the Implementation of the Whistleblower System’ stipulate the procedures for handling whistleblower cases, the principles for filing a case, the procedures for subsequent handling, and measures for the protection of whistleblowers. **Principles of Case Filing:** Under any of the following circumstances, the unit accepting the report may not open a case for acceptance, but it should still be registered for record: 1. The report is anonymous. 2. The report does not provide evidence of reasonable suspicion. 3. The content of the report is clearly inconsistent with the facts or appears to be a malicious misrepresentation or accusation. 4. Cases not within the scope of Article 2 of these Regulations may be referred to the competent unit in accordance with the Company's authority if the Company has other regulatory procedures for handling such cases. 5. If a case with the same facts has been decided to be inadmissible or concluded after investigation, unless the complainant presents new facts or new evidence to prove the necessity of re-investigating the case, this shall not be limited. 6. Where the same case is under investigation, inquiry, trial or has completed the	No significant differences

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	Yes	No	Summary	
			relevant procedures by the competent authorities, prosecution unit or court and there is no need to handle the case again. **Investigation handling procedures (including confidentiality mechanism):** 1. The complainant shall, by himself/herself or by his/her agent, submit the complaint to the receiving unit through the channels and methods of complaint as stipulated in these Regulations, and provide the specific reasons for the violation of the scope as stipulated in Article 2 of these Regulations as well as the information required in the record form for verification. 2. The officer of the receiving unit shall fill out the 'Record of Complaint Reporting Incident' to make a record, and recite it to the complainant or allow him/her to read it, and after confirming that the content is correct, the officer shall sign it and the record sheet shall be filed with the approval of the supervisor in charge of the case. 3. When receiving the complaint, the receiving unit shall remind the complainant of the confidentiality of the complaint. 4. Upon receipt of a complaint, the receiving unit shall handle it as a confidential case and examine whether it is admissible or not based on the content of the complaint and relevant information. After verification, the case is confirmed to be accepted and referred to the investigation unit for investigation. 5. The investigation unit shall be objective and fair in handling the report, and give the person being reported a full opportunity to defend himself/herself and present his/her opinions. 6. In handling the complaint, the investigation unit may notify the complainant or other relevant personnel to appear before the court for explanation, and may invite relevant professionals to assist in the investigation. 7. The investigation unit shall complete the investigation and prepare an investigation report within three months, and the period may be extended if there is a need to do so before the expiration of the period, but it shall not be extended beyond three months. 8. In the case of related cases based on the same facts, if the reports are filed in succession, the cases filed in succession shall be merged into the former case for investigation and handling. 9. The officer handling the report shall abstain himself/herself if he/she has a conflict of interest with the report. 10. After the investigation of the whistleblower case is completed, a written report shall be made on the results of the investigation and recommendations for handling the case. If the whistleblower is a general employee, the report shall be sent to the supervisor or general manager to whom the whistleblower belongs. If the whistleblower is a director, supervisor, or vice president or has	

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			responsibilities equivalent to those of a vice president or above, or if the whistleblower involves a major violation of law or has a significant detrimental impact on the Company, the report of the investigation shall be submitted to the Audit and Risk Management Committee for review and report to the Board of Directors. **Follow-up Procedures:** Cases confirmed to be substantiated by investigation shall be handled in accordance with the following procedures: 1. Immediately requesting the cited person to stop the relevant conduct and anticipating necessary precautionary or emergency response measures. If, after investigation, it is confirmed that the person cited has violated the relevant regulations, the person cited shall be dealt with or punished in accordance with the relevant regulations immediately. 2. The relevant departments will put forward written review and improvement measures and refer them to the investigation unit for tracking until the improvements are completed. 3. In the event of a material breach of contract or a risk of material damage to the Company, the relevant department will separately report to the Audit and Risk Management Committee for follow-up action and review of improvement measures. 4. If there is any violation of law or crime, the case should be referred to the prosecution unit or relevant authorities for handling, and if necessary, the case should be processed through legal procedures to request for damages and to pursue the relevant responsibilities.	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		The Company has formulated the ‘Regulations for the Implementation of the Whistleblower System’, which is applicable to the Company's subsidiaries. In accordance with the Regulations, the Company has established the following measures for the protection of whistleblowers: 1. The identity of an informant shall be kept confidential and shall not be disclosed in a manner that would allow his or her identity to be identified or deduced. However, this shall not apply to information that the prosecutor has agreed to disclose or has disclosed on his or her own initiative, or information that should be disclosed in accordance with the provisions of the law. 2. Those who know the identity of the informant and the content of the report due to the performance of their duties or business shall be responsible for maintaining confidentiality and shall not disclose the information. Any violation shall be punished in accordance with the relevant regulations of the Company. 3. The whistleblower may be dismissed, discharged, demoted, have his/her	No significant differences

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			salary reduced, have his/her rights and interests under the law or contract impaired, or be subjected to other unfavorable penalties as a result of the whistleblower's case. **Reporting of Whistleblowing Cases Handled by the Company's Whistleblowing Hotline:** In 2025, the Company and its subsidiaries did not receive any whistleblowing reports, meaning that the Company received a total of 0 reports and its subsidiaries received a total of 0 reports.	
4. Information Disclosure				
Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		The Company has established an Ethical Corporate Management Best Practice Principles, which is disclosed on the Company's website and the Market Observation Post System.	No significant differences
5. If a company has established its own code of integrity in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the differences between its operations and the established principles: No significant differences.				
6. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review the Company's corporate conduct and ethics policy): In addition to complying with legal requirements, the Company requires vendors to implement and adhere to the principles of integrity management in their daily operations and management practices.				

(7) Other important information that may enhance understanding of the company's governance operations may also be disclosed:

A. The Company has established internal procedures for handling material information and preventing insider trading, which are to be followed by the Company's directors, managers, department heads, and all employees to avoid violations or incidents of insider trading.

B. For other matters not disclosed in this annual report, please refer to the following website:

a. Company website https://www.simplemartretail.com/

b. Market Observation Post System https://mops.twse.com.tw/mops/#/web/home
Code：2945

(8) Implementation of the internal control system

A. Statement of internal control

The Company's internal control statement has been announced on the Market Observation Post System.

Market Observation Post System > Single Company > Corporate Governance > Company Regulations/Internal Control > Internal Control Statement Announcement (https://mops.twse.com.tw/mops/#/web/t06sg20) prior to the date of publication of the annual report.

B. For the Company that appoints an accountant to review the internal control system, the accountant's review report shall be disclosed: None

(9) Important resolutions and implementation of the Shareholder Meeting and the Board of Directors in the most recent year and as of the publication date of the annual report:

A. Important resolution of the shareholder meeting

Date of Meeting	Resolution and Implementation Status
2025.05.28 Regular Shareholder Meeting	● Adoption of the Business Report and Financial Statements of 2024. ● Adoption of the earnings distribution of 2024. Implementation Status The Company's Board of Directors set July 15, 2025 as the ex-dividend date for the cash dividend, which was paid on July 31, 2024, at $1.50 per share. ● Amendment of the “Articles of Incorporation” Implementation Status The Company has announced the revised “Articles of Incorporation" on its website and completed the registration of changes, and has proceeded in accordance with the revised procedures. ● Amendment of the “Operational Procedures for the Acquisition or Disposal of Assets” Implementation Status The Company has announced the revised “Operational Procedures for the Acquisition or Disposal of Assets” on its website and will proceed in accordance with the revised procedures. ● Issuance of Restricted Stock Awards (RSA) to Employees Implementation Status The Company’s restricted stock plan is currently in progress and will be implemented upon receipt of applications. ● Amendment of the “Director Election Procedures” Implementation Status The Company has announced the revised “Director Election Procedures” on its website and will proceed in accordance with the revised procedures. ● Re-election of all directors Implementation Status At this shareholders’ meeting, 6 directors and 3 independent directors were elected. The Company has completed the registration of changes with the Department of Commerce regarding the list of elected directors. ● Approval of the release of the prohibition on new directors from participation in competitive business.

B. Important resolution of the Board of Directors

Date of Meeting	Resolution	Implementation Status
2025.02.21	● Approved the business report of 2024. ● Approved the financial reports of 2024.	Implemented according to the resolution

Date of Meeting	Resolution	Implementation Status
	• Approved the earnings distribution of 2024. • Approved of the amendments of the "Articles of Incorporation". • Approved the employees' bonus and directors' compensation of 2024. • Approved the statement on internal control for year 2024. • Approved of the amendments of the "Operational Procedures for the Acquisition or Disposal of Assets". • Approved of the issuance of Restricted Stock Awards (RSA) to Employees • Approved of the amendments of the "Director Election Procedures". • Approval of the Proposal for the Re-election of Directors. • Approval of the Nomination of Directors. • Approved of the release of the prohibition on new directors from participation in competitive business. • Approved the meeting date, location, and subjects for the regular shareholders' meeting of 2025. • Approved of the Audit Manager Appointment.	
2025.05.02	• Approval of the Amendment to the Organizational Regulations of the Sustainability Committee • Approval of the Proposal to Establish the Employee Compensation Distribution Procedures • Approval of the Amendment to the Delegation of Authority • Approval of the Appointment of the Accounting Manager. • Approved of engagement of attesting CPAs for 2025. • Approved of the consolidated financial statements of the first quarter of 2025.	Implemented according to the resolution
2025.05.28	• Approval of the Chairman Election • Approval of the Appointment of Members to the Remuneration Committee	Implemented according to the resolution
2025.08.01	• Approved of the consolidated financial reports of the second quarter of 2025. • Approval of the Independent Director Compensation Proposal. • Approval of the Appointment of Members to the Sustainability Committee. • Approval of the 2024 Sustainability Report • Approval for the loan facility from financial institutions. • Approval of the Proposal for Loans and Guarantees to Subsidiaries.	Implemented according to the resolution
2025.11.06	• Approval of the motion to remove the manager. • Adoption of the consolidated financial reports of the third quarter of 2025. • Approval for the loan facility from financial institutions. • Approved the motion to lift the non-compete clause for the manager.	Implemented according to the resolution
2025.12.26	• Adoption of Business Plan and Budget for year 2026. • Approved of the Appointment of the Audit Manager. • Approved the amendment to the "Employee Compensation Distribution Procedures" • Adoption of internal audit plan for year 2026.	Implemented according to the resolution
2026.01.23	• Approval of the Share and Intellectual Property Purchase Agreement	Implemented according to the resolution
2026.02.11	• Adoption of the financial reports of 2025. • Approval of the business report of 2025. • Approval of the earnings distribution of 2025. • Approval of employees' bonus and directors' compensation of 2025.	Implemented according to the resolution

Date of Meeting	Resolution	Implementation Status
	● Approved the amendment to the "Employee Compensation Distribution Procedures" ● Approval of the Donation Proposal to ANGEL LEB. ● Adoption of the statement on internal control for year 2025. ● Approval for the loan facility from financial institutions. ● Approval of the amendments to the "Procedures for Lending Funds to Third Parties" and the "Procedures for Endorsements and Guarantees". ● Approved of the release of the prohibition on directors from participation in competitive business. ● Approval of the meeting date, location, and subjects for the regular shareholders' meeting of 2026.	

(10) If the directors or supervisors had different opinions on the important resolutions passed by the Board of Directors in the most recent year and as of the date of publication of the annual report, which were recorded or with written statements, the main content thereof: None.

4. Information on service fees of CPAs

(1) Information on service fees of CPAs

Unit: Thousand NT$

Public Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fees	Non-audit Fees	Total	Note
KPMG	Pei-Ju Hsiao and Chi-Lung Yu	2025/01/01~ 2025/12/31	1,719	570	2,289	-
KPMG	Yu-ting Huang	2024/1/1~ 2025/12/31	-	900	900	-

(2) Please provide specific details of the non-audit services: Non-audit public expenses include the verification of salary information for full-time employees who are not in managerial positions, services related to the establishment and registration of changes, procedures for the issuance of promissory notes, various tax certifications, and administrative work related to the preparation of financial statements (including typing, formatting, and translation of financial statements).

(3) If the accounting firm is changed and the audit fee paid in the year of the change is lower than the audit fee of the year before the change, the amount of the audit fee before and after the change as well as the reason thereof shall be disclosed: None.

(4) If the audit fee is reduced by 10% or more compared with that in the previous year, the amount, percentage, and the reason for the reduction of the audit fee shall be disclosed: None.

5. Alternation of CPA: None.

6. The Company's chairman, the general manager, or the manager in charge of financial or accounting affairs used to work in the firm of the appointed CPA or its affiliates in the most recent year: None.

7. Changes in equity transfer and equity pledge of directors, managers, and shareholders with a shareholding ratio exceeding 10% in the most recent year and as of the publication date of the annual report, thereof:

   (1) Changes in shareholdings of directors, supervisor, managers and shareholders with a shareholding ratio exceeding 10%: The transfer of shares and changes in share pledges of the Company's directors, supervisors, managers, and shareholders with shareholdings exceeding 10% were announced on the Market Observation Post System
   Share transfer: Market Observation Post System > Single Company > Share Change/Securities Issuance > Share Transfer Information Inquiry > Post-Reporting Form for Changes in Shareholdings by Insiders
   Website: https://mops.twse.com.tw/mops/#/web/query6_1
   Changes in share pledge: Market Observation Post System > Single Company > Share Changes/Securities Issuance > Pledge by Insiders > Announcement of Pledge by Insiders
   Website: https://mopsov.twse.com.tw/mops/web/STAMAK03_1

   (2) Information on directors, supervisors, managers, and related parties who transfer more than 10% of their shareholdings in the Company:
   Share Transfer Information

Name And Surname	Reasons For The Transfer Of Shares	Date Of Transaction	Transaction counterparty	Relationship Between The Counterparty And The Company, Directors, Supervisors, Managers And Shareholders Holding More Than 10% Of The Company's Shares	Number Of Shares	Transaction Price
Mei-Ling Yu	Equity Planning	2025.2.17	Shopnet Homeshopping Co., Ltd.	Counterparties are directors of the Company and shareholders holding more than 10% of the Company's shares.	10,400,000	$39.82 per share

   (3) Information on directors, supervisors, managers, and related parties who pledge more than 10% of their shareholdings in the Company: None.

8. Information on the shareholders whose shareholding ratio accounts for the top ten and who are related persons or are spouses or relatives within the second degree of kinship:

July 11, 2025; Unit: Shares; %

Name	Shares held personally		Shares held by the spouse and minor children		Total shares held in the name of others		The titles or names and relationships of the top ten shareholders who are related persons or are spouses or relatives within the second degree of kinship		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Mercuries & Associates Holding, Ltd. Representative: Shiang-Li Chen	41,018,951	60.76	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Shopnet Homeshopping	10,400,000	15.40	-	-	-	-	-	-	-

Name	Shares held personally		Shares held by the spouse and minor children		Total shares held in the name of others		The titles or names and relationships of the top ten shareholders who are related persons or are spouses or relatives within the second degree of kinship		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Co., Ltd. Representative: Sung-Wen Tai	-	-	-	-	-	-	-	-	-
Mei-Ling Yu	3,266,603	4.83	-	-	-	-	-	-	-
Kuang-Lung Chiu	1,667,363	2.47	5,000	0.01	-	-	-	-	-
Acer Synergy Tech Corp.	300,000	0.44	-	-	-	-	-	-	-
Representative: Hsuan-Hui Shih	-	-	-	-	-	-	-	-	-
Flow Tide Enterprises Co., Ltd.	288,444	0.42	-	-	-	-	-	-	-
Representative: Shu-Chang Wang	-	-	-	-	-	-	-	-	-
GTM Holdings	200,000	0.29	-	-	-	-	-	-	-
Representative: Li-Kai Ku	-	-	-	-	-	-	-	-	-
Ding-Jia Liang	190,000	0.28							
Chung-Ping Hsieh	141,699	0.21	-	-	-	-	-	-	-
Wen-Yao Chen	137,000	0.20							

9. The number of shares held by the Company, the Company's directors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio:

Comprehensive Shareholding Ratio

December 31, 2025: Unit: Shares; %

Reinvested company (Note)	Investment by the Company		Investment of directors, managers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Simple Mart Plus Co., Ltd.	6,000,000	100%	-	-	6,000,000	100%
Sanyou Beauty & Wellness Marketing, Ltd.	15,100,000	75.5%	4,900,000	24.5%	20,000,000	100%
Simple Mart Investment Co., Ltd.	24,600,000	100%	-	-	24,600,000	100%
Pet Wonderland Co., Ltd.	765,000	51%	-	-	765,000	51%

Note: equity-method investments.

III. Capital and Shares

1. Capital and Shares

(1) Source of share capital

A. Acquisition of share capital

February 28, 2026, Unit: Thousand Shares, Thousand NT$

Year/Month	Issue price (dollar)	Authorized share capital		Paid-in capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Share Capital	Contribution to share capital in the form of property other than cash	Other
FEB, 2013	10	20,000	200,000	100	1,000	Share capital of $1,000,000	-	Note 1
AUG, 2017	10	80,000	800,000	45,100	451,000	Acquisition of newly issued shares through merger of 450,000,000	-	Note 2
JUL, 2018	10.87	80,000	800,000	47,688	476,880	Issuance of new shares through the conversion of subscription warrants 25,880,000	-	Note 3
AUG, 2018	100	80,000	800,000	52,988	529,886	Cash Capital increase 53,006,000	-	Note 4
SEP, 2018	21	80,000	800,000	53,096	530,966	Issuance of new shares through the conversion of subscription warrants 1,080,000	-	Note 5
APR, 2019	110	80,000	800,000	53,681	536,818	Cash Capital increase 5,852,000	-	Note 6
AUG, 2019	10	80,000	800,000	60,000	600,000	Capital surplus transferred to capital increase 53,095,000 Earnings transferred to capital increase 10,087,000	-	Note 7
DEC, 2021	69	80,000	800,000	67,500	675,000	Cash Capital increase 75,000,000	-	Note 8

Note 1: Approval of registration No.: February 07, 2013, letter Fu- Chan-Ye Commercial No. 10280605940.
Note 2: Change of registration No.: August 09, 2017, letter Fu- Chan-Ye Commercial No. 10656372120.
Note 3: Change of registration No.: July 06, 2018, letter Fu- Chan-Ye Commercial No. 10749216330.
Note 4: Change of registration No.: August 23, 2018, letter Fu- Chan-Ye Commercial No. 10701096980.
Note 5: Change of registration No.: September 13, 2018, letter Fu- Chan-Ye Commercial No. 10701111750.
Note 6: Change of registration No.: April 22, 2019, letter Jing-Shou Commercial No. 10801045270.
Note 7: Change of registration No.: August 06, 2019, letter Jing-Shou Commercial No. 10801099890.
Note 8: Change of registration No.: December 10, 2021, letter Jing-Shou Commercial No. 11001228820.

B. Type of share

February 28, 2026, Unit: Thousand shares

Type of shares	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Registered ordinary share	67,500	12,500	80,000	Listed company stocks

C. Information related to the shelf registration system: Not applicable.

(2) List of major shareholders

The names, shareholding amounts and percentages of shareholders with a stake of 5% or more should be disclosed, and if there are less than ten such shareholders, the names, shareholding amounts and percentages of the top ten shareholders in terms of shareholding proportion should be disclosed:

July 11, 2025；Unit：Shares；%

Shares / Name Of Major Shareholder	Shares Held	Shareholding Percentage
Mercuries & Associates Holding, Ltd. Representative: Shiang-Li Chen	41,018,951	60.76
Shopnet Homeshopping Co., Ltd. Representative: Sung-Wen Tai	10,400,000	15.40
Mei-Ling Yu	3,266,603	4.83
Kuang-Lung Chiu	1,667,363	2.47
Acer Synergy Tech Corp. Representative: Hsuan-Hui Shih	300,000	0.44
Flow Tide Enterprises Co., Ltd. Representative: Shu-Chang Wang	288,444	0.42
GTM Holdings Representative: Chao-Chi Ku	200,000	0.29
Ding-Jia Liang	190,000	0.28
Chung-Ping Hsieh	141,699	0.21
Wen-Yao Chen	137,000	0.20

(3) The Company's dividend policy and implementation status:

A. Dividend policy:

In accordance with the Company's Articles of Incorporation, if there is any surplus in the Company's annual financial statements, 10% of it shall be set aside as legal reserve after the Company pays tax and makes up for the accumulated losses in accordance with the law, provided that no further appropriation shall be made if the legal reserve reaches the Company's paid-in capital; the remaining balance shall be added to the accumulated undistributed retained earnings of prior years and the undistributed earnings for the current year, and shall be appropriated by the Board of Directors in accordance with the appropriation resolution, which shall be authorized to be approved by the Board of Directors with the presence of at least two thirds of the directors and a resolution of the majority of the directors present. The Board of Directors is authorized to distribute all or a portion of the dividends and bonuses payable or the legal reserve and capital surplus in accordance with Article 241, Paragraph 1 of the Company Act in the form of a cash distribution by a resolution of the Board of Directors with two-thirds or more of the directors present and a majority of the directors present, and to report the distribution to the shareholders' meeting. However, if new shares are to be issued, a resolution must be submitted to the shareholders' meeting before distributions can be made.

The Company's dividend policy takes into account the Company's future capital requirements. The type of dividends will depend on the Company's earnings, financial structure and future operating plans, and the amount of dividends will be distributed to shareholders annually from the available-for-distribution earnings after deducting the amount of expected capital requirements and capital expenditures for the following year, and the distribution of dividends to shareholders may be made in the form of cash or stock, with cash dividends of at least 50% of the dividends paid in the form of stock dividends. The annual shareholders' meeting may decide the most appropriate and timely method of dividend distribution, taking into account industry conditions and the Company's interests and development as the overriding principle.

The Company's dividend distribution status from 2024 to 2025 is as follows:

Unit: NT$ thousand

Year	The distributable profits after the allocation of the statutory reserve	Cash Dividend	Stock Dividend	Cash Dividend Disbursement Ratio
2025	156,330	101,250	-	70%
2024	131,858	101,250	-	77%

B. The appropriation of earnings for fiscal year 2025 was approved by the board of directors on February 11, 2026, and the available-for-distribution earnings for 2025 amounted to $170,299 thousand, less the legal reserve of $13,969 thousand, and the proposed cash dividends to shareholders of $101,250 thousand, retained earnings after distribution amount to $55,080 thousand.

(4) The effect of the proposed stock dividend issuance at the shareholders' meeting on the Company's business performance and earnings per share: Not applicable.

(5) Remuneration of Employees and Directors

A. The percentage or scope of remuneration for employees and directors as set forth in the Articles of Incorporation:

If the Company generates profits in any fiscal year, it shall set aside no less than one percent of such profits as employee bonuses, which shall be distributed in the form of stock or cash, as decided by the Board of Directors. The recipients of such bonuses shall include employees of subsidiary companies who meet certain conditions. The Company may, at the discretion of the Board of Directors, set aside no more than three percent of the aforementioned profits as director bonuses. However, if the Company has accumulated losses, it shall first set aside an amount sufficient to cover such losses before allocating employee bonuses and director compensation in accordance with the aforementioned proportions. At the shareholders' meeting held on May 28, 2025, The Company approved an amendment to Article 19 of its Articles of Incorporation, in accordance with the provisions of the Financial Supervisory Commission's Securities and Futures Bureau Circular No. 1130385442, adding that no less than 60% of the employee remuneration shall be allocated for distribution to front-line employees.

B. The basis for estimating the amount of employee bonus and remuneration to directors/supervisors, the basis for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The estimated amounts of employee and director remuneration in this company are calculated based on the current period's pre-tax net profit, using the allocation percentage specified in the Company's articles of association, and recognized as salary expenses. If there is a difference between the actual amount of the subsequent year's dividend and the estimated amount, accounting estimates will be adjusted accordingly, and the difference will be recognized as a loss or gain in the subsequent year.

C. Information on any employee bonus proposal approved by the Board of Directors:

    a. Distribution of cash bonuses or stock bonuses to employees, and remuneration to directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, reasons therefor, and how it is treated shall be disclosed:
       The Company's Board of Directors approved the 2025 Employee Bonus Distribution Plan at its meeting on March 17, 2026. The bonus will be distributed in cash, with a total amount of NT$3,000 thousand. 95% of the employee remuneration, or NT$2,850 thousand, will be distributed equally among eligible frontline employees, while the remaining 5%, or NT$150 thousand, will be distributed equally among eligible non-frontline employees (including managers); on February 11, 2026, the Board of Directors approved director remuneration of NT$3,150 thousand, which is consistent with the estimated amount recognized as an expense for the fiscal year.
    b. The amount of any proposed distribution of employee stock remunerations, and as a percentage of the sum of the current after-tax net income and total employee remuneration: No stock-based employee remuneration in 2025.

  D. The actual distribution of employee bonus and remuneration to directors/supervisors for the previous fiscal year (including the number, dollar amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonus and director/supervisor compensation, additionally the discrepancy, reasons therefor, and how it is treated: None.

(6) Shares of the Company bought back by the Company: None.

2. Implementation status of corporate bonds: None.
3. Implementation status of special shares: None.
4. Implementation status of overseas depositary receipts: None.
5. Implementation status of employee stock option certificates: None.
6. Implementation status of employee restricted stock awards:
   This matter was approved at the Company's Annual General Meeting held on May 28, 2025. The Company plans to file the necessary reports with the competent authorities in May 2026 and proceed with the implementation once the approval takes effect.
7. Implementation status of issuance of new shares due to merger and acquisition or shares transferred by other companies:
   On January 23, 2026, the Company's board of directors approved a resolution to enter into a share and intellectual property rights purchase agreement with OKmart CO., Ltd. As of the date of publication, the transaction remains subject to the necessary permits, consents, or approvals from the relevant regulatory authorities.
8. Implementation status of the fund utilization plan: As of the previous quarter of printing date of the of annual report, the Company has not been in circumstances of uncompleted issuance or private placements of securities or completed plans with planned benefits not yet emerging.

IV. Operation Overview

1. Business Service

(1) Business content

The company's portfolio includes various retail brands such as Simple Mart, Simple Mart Plus, Simple OFFICE Mart, and Go Simple. The main revenue comes from the Simple Mart brand, which was established in February 2013 and primarily operates supermarkets and retails a variety of food, beverages, and daily necessities. The company engages in the retail business of various consumer goods through these channels, with the mission of establishing influential stores that connect community resources while committing to environmental protection and sustainable food safety practices.

The Company's leading brand, "Simple Mart," positions itself as a community-based supermarket, emphasizing "good quality at low prices" as the main business concept. We adhere to the beliefs of passion, innovation, trust, and lean management, deeply cultivating in alleys, communities, and neighborhoods, considering ourselves as customers' storerooms, and becoming the closest supply station to consumers. We carefully select core consumer products and adhere to the concept of "one-stop shopping for household and daily necessities," focusing on retail channels and caring about consumer needs. In addition to selling various domestic brand consumer goods, we are also committed to developing our own products and importing selected foreign products, creating differentiation with innovative service methods, and satisfying customers' needs with products that offer great value. In response to the continuously growing e-commerce market, the Company established the "Go Simple" brand to enter the e-commerce market, targeting existing members of Simple Mart and providing product categories that the physical stores cannot fully satisfy, aiming to increase the frequency of existing members coming to the stores and their consumption frequency. Furthermore, we actively cooperate with e-commerce platforms to provide parcel delivery and pick-up services to increase the frequency of visits from non-existing customers.

In order to reduce operating risks and effectively utilize existing retail resources, the Company will invest in pet channels in 2024. In addition to increasing the types of channels to bring profits to the Company, it will also utilize its expertise in pets to improve and enhance the sales of pet-related products at Simple Mart, with the expectation that it will bring additional revenue to Simple Mart and attract different customer segments in an era of rapid growth in the pet economy.

In January 2026, The Company also entered into a share and intellectual property purchase agreement with OKmart CO., Ltd. The transaction is currently pending the necessary permits, consents, or approvals from the relevant regulatory authorities. Upon completion of the transaction, The Company expects to expand the number of OK Mart stores. In addition to rapidly increasing the number of retail outlets and enhancing the overall scale of operations, The Company will also cross-list products and services with Simple Mart, providing consumers with a more comprehensive and complete shopping experience and enhancing operational synergies.

A. Revenue percentage

Unit: NT$ thousand

Year	2024		2025	
Main products	Operating revenue	%	Operating revenue	%
Sale of goods	13,591,774	95%	14,188,570	96%
Others operating	705,406	5%	615,209	4%

income				
Total	14,297,180	100%	14,803,779	100%

B. Current Products (Services)

The Company and its subsidiaries currently mainly sell consumer products, cosmetics, and pet supplies. In addition to selling various domestic consumer products, they also develop their own products and import various alcoholic beverages, snacks, and other items from abroad to enrich the product categories sold in stores and meet the various consumer needs of customers. The main products sold are as follows:

Category	Content
Food	All kinds of fresh food, eggs, beverages, biscuits, snack foods, canned food, etc.
Wine & Tobacco	Various cigarettes, beer, wine, liquor, edible wine, etc.
Other Product	Various household and personal cleaning products or hardware products.
Service	Revenue from various types of collection fees, display revenue and advertising revenue
Pharmaceutical cosmetics	Various over-the-counter (OTC) medications, medical devices, health supplements, cosmetics, skincare products, beauty equipment, etc.
Pet food and supplies	Pet food (dry food, canned food), snacks, nutritional supplements, toys, cleaning supplies, daily necessities, etc.

To avoid engaging in price war with our competitors, both the Company and its subsidiaries are committed to introducing various differentiated products as a means of market segmentation and differentiation from other competitors:

a. Self-imported goods

With the increase in Gross National Income, demand for various imported foods, beverages, and consumer goods has also increased year by year. Our company imports a wide range of essential consumer goods directly to enhance our gross profit margins. We continuously introduce a wide range of imported products from around the world. By directly sourcing and importing from overseas manufacturers, we secure lower-cost imported beer, wine, and snacks, offering customers who enjoy trying new products affordable yet high-quality items. We aim to reduce costs and increase profits through direct procurement while building a loyal customer base by providing a diverse selection of imported products, thereby enhancing customer loyalty.

b. Private Brand

Taiwanese consumers are increasingly accepting retail stores selling their own-brand products. The affordability and high quality of own-brand products are gaining popularity among consumers, who are now more inclined toward smart consumption rather than pursuing well-known brands. Simple Mart currently has two private label brands, Simple Mart Plus and Simple Life. Through packaging design, these brands convey the concepts of quality, freshness, and health. The company also commissions well-known domestic manufacturers to develop private label products and launch differentiated and exclusive products to satisfy consumers' diverse choices when shopping. At the same time, the company has dedicated quality assurance personnel who conduct factory evaluations and regular spot checks to ensure that all operations meet standards. This strengthens customers' recognition and trust in the distribution channel. Currently, the products developed include fresh milk, yogurt, yogurt drinks, dried fruits, snack cookies, sparkling water, frozen meat slices, and toilet paper, among other food and daily necessities, all of which have received positive feedback from consumers. In the future, the company will continue to deepen its efforts in the aforementioned developed private-label brands while also evaluating the development of other products, expanding the scope of products and services offered into other fields.

c. Ready-To-Eat

In response to the business opportunities arising from the increase in the proportion of people who eat out, in addition to the best-selling tea-leaf eggs and baked sweet potatoes, the Company has been actively testing the development of new ready-to-eat food products. The Company also continues to test the market acceptance of other ready-to-eat food products, and establishes various types of operational standards to comply with the relevant laws and regulations.

d. Fruits & Vegetable

The customers are mainly families in the community, due to the demographic trend of aging and childlessness, the proportion of single and dual-income families is gradually increasing, the company has been selling fresh fruits and vegetables in all stores to provide small quantities of inexpensive fruits and vegetables for families, which makes it convenient to go home from work to do shopping and simple cooking, and the company has also adjusted the number of fruits and vegetables to be provided in accordance with the different business districts of different stores. We also flexibly adjust to provide different items of fruits and vegetables according to the different types of business districts in which each market is located, in order to satisfy the fruits and vegetables needs of customers in different business districts.

e. Ready-To-Cook

With the increasing awareness of healthy eating among families, the proportion of home-cooked meals is still on the rise. In addition, with the recent rise in the price index and the decrease in household disposable income, it is expected that consumers will reduce the frequency of eating out, and in response to this demand, we have continued to introduce various products that can be used for easy cooking to help consumers cook safe and nutritious meals in the easiest and fastest way.

f. Simple Café

According to the data from the Ministry of Finance, the value of coffee beans imported into Taiwan has been increasing rapidly over the past decade, indicating the growing demand in the domestic market. In order to capture the coffee market and provide consumers with convenient choices, the Company began to install coffee machines in some of its outlets in 2018 to provide freshly brewed coffee sales services. In addition to replacing coffee machines and refrigerators from 2020 onwards in order to provide consumers with better choices, the Company also purchases coffee beans from overseas to reduce procurement costs and provide feedback to consumers. In the future, the Company will continue to test the market acceptance of various types of coffee beans and introduce other flavors of coffee or freshly brewed tea. The Company will also continue to increase the number of outlets selling coffee in order to expand its overall purchasing volume and reduce purchasing costs so as to pass on the benefits to consumers. By the end of December 2024, the Company will have introduced freshly brewed coffee service in all of its stores, and will also introduce “buy-as-you-go” service through the optimization of its APP and various marketing programs, so that consumers can enjoy a cup of good coffee at any time.

C. New products (services) under development

Given the widespread use of mobile devices and the rapid dissemination of information, consumer habits in the retail industry are constantly evolving. If companies fail to quickly identify and respond to consumer needs, they will struggle to sustain their operations in the retail market. The Company plans to continue investing in digital applications and generative AI tools for retail operations. With the full rollout of electronic price tags, generative AI tools can rapidly determine pricing based on market conditions, inventory levels, and other factors, and quickly disseminate this information to stores via electronic price tags for delivery to consumers; Furthermore, as generative AI matures, related marketing visuals can be rapidly generated. By aligning with promotional themes provided by suppliers, digital signage can deliver supplier marketing services in real time and with precision, enabling suppliers to effectively leverage the vast data resources held by the retail sector to improve the conversion rates of their advertising campaigns.

Upon completion of the acquisition of shares in OKmart CO., Ltd., The Company plans to introduce convenience store-specific services such as multi-channel pickup and bill payment, thereby further expanding the Group's overall revenue, meeting the diverse needs of local consumers, and enhancing customer loyalty. At the same time, The Company will fully integrate the logistics and distribution resources of both parties, re-optimize delivery routes and warehouse scheduling, reduce logistics operating costs, and improve logistics operational efficiency.

(2) Industry Overview

A. Status and development

According to the "Overview of Current Economic Conditions" released by the Statistics Division of the Ministry of Economic Affairs in February 2026, the global economic growth forecast remains unchanged; however, risks such as geopolitical conflicts and trade barriers remain high and are likely to continue disrupting the pace of global economic growth. Meanwhile, based on data from the Statistics Division's "Overview of Retail Sales in 2025" (see table below), retail sales for 2025 amounted to NT$4,844.8 billion, a slight decrease of 0.2% compared to 2024. In 2025, the turnover of the general merchandise retail sector accounted for 32.81% of the total retail sector, amounting to NT$1,589.7 billion, with a year-on-year growth rate of 3%. Compared to other industries, the retail sector remains resilient, with the specialty retail sector and the food, beverage, and tobacco products retail sector performing the best, recording annual growth rates of 7.99% and 5.54%, respectively.

Overview of Retail Industry Revenue in 2025

Industry	2024 annual revenue (NT$ billion)	2023 annual revenue (NT$ billion)	Annual growth rate (%)	composition ratio (%)	Historical annual ranking	The highest in history	
						Revenue (NT$ billion)	Period
Retail	48,448	48,530	-0.2	100	2	48,543	2024
General retail	15,897	15,421	3	32.81	1	15,897	2025
Department store	4,555	4,478	1.43	9.4	1	4,555	2025
Supermarket	2,708	2,598	4.27	5.59	1	2,708	2025
Convenience store	4,420	4,235	4.37	9.12	1	4,420	2025
Retail vending	2,563	2,484	3.18	5.29	1	2,563	2025
Other general retail	1,650	1,626	1.5	3.41	4	1,692	2019
Food, beverage and tobacco product retail	3,092	2,929	5.54	6.38	11	3,493	2006
Fabric and clothing accessory retail	3,438	3,529	-2.57	7.1	3	3,529	2024
Household appliance and goods retail	2,288	2,343	-2.34	4.72	14	2,694	2007
Pharmaceutical, medical supplies and cosmetic retail	2,160	2,132	1.35	4.46	1	2,160	2025
Stationery, education and recreational goods retail	902	864	4.41	1.86	13	1,082	2006
Building material retail	267	263	1.26	0.55	21	434	2008
Fuel and related products retail	2,530	2,674	-5.35	5.22	15	3,138	2013
Information and communication equipment and home appliance retail	2,860	2,823	1.33	5.9	11	3,507	2007
Automobile, motorcycle and their accessories, supplies retail	8,432	9,113	-7.47	17.41	3	9,113	2024
Other specialty retail	822	761	7.99	1.7	1	822	2025
Other non-store retail	5,759	5,680	1.41	11.89	1	5,759	2025
Online shopping and mail order	4,827	4,668	3.41	9.96	1	4,827	2025

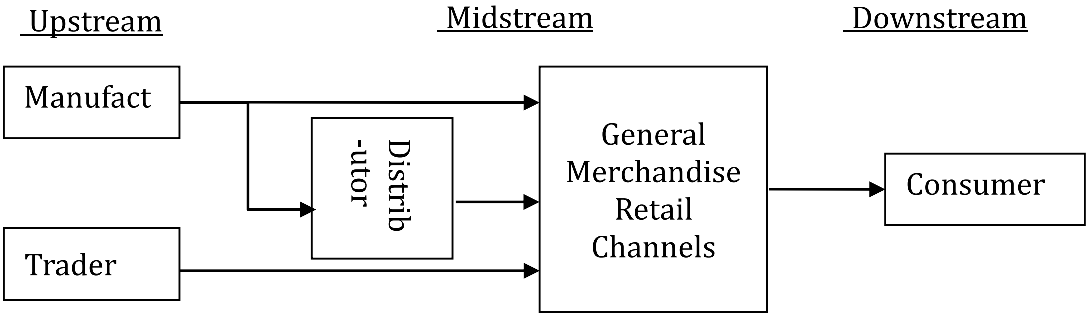
Source: Department of Statistics, Ministry of Economic Affairs

The Company is engaged in the retail industry of consumer goods, with the sale of fast-moving consumer goods (FMCG) as its primary business. Sales are driven by consumers' essential needs. However, domestic chain supermarkets and convenience store operators, after years of operation, have seen an increase in the number of stores each year, and the revenue share of supermarkets and convenience stores in the retail industry has also risen annually. The rise of online shopping, the continuous optimization of e-commerce platforms and their logistics infrastructure have all had a significant impact on the revenue of physical retail stores. Traditional hypermarkets, chain supermarkets, and convenience stores have been affected to varying degrees. In recent years, the convenience store sector has faced market saturation, and newly opened stores have shifted from street-side locations to deeper within communities, further intensifying the competitive landscape for our company in the retail market. The Company's management team continues to adhere to a prudent business approach and carefully select store locations. In 2025, Simple Mart opened 29 new stores and closed 27 stores. As of the end of 2025, the Simple Mart brand had a total of 812 stores. The distribution of the number of stores operated by the major players in the supermarket chain industry in which the Company operates as of the end of 2025 is as follows:

Retail Brand	Simple Mart	PXMart	Carrefour	Funcom Supermarket
Numbers of Store	812	1,247	235	52

Resource: Nielsen IQ Taiwan Ltd.

B. The Company and its subsidiaries procure goods directly from brand manufacturers or indirectly through agents or distributors, or by purchasing from external suppliers or commissioning manufacturers. They then deliver the goods to retail stores for selection and purchase by end consumers through effective in-house or outsourced logistics systems. The upstream, midstream, and downstream relationships are as follows



Industry	Upstream	Midstream	Downstream
Retail of consumer goods	Manufacturers, agents, distributors, and logistics service providers	Retail stores	End consumer

C. Various product development trends

In addition to continuing to offer freshly brewed coffee for sale, the Company is gradually introducing various collection services to provide greater convenience to community residents. Based on the Company's core competencies, we will continue to improve and adjust the content of products sold, such as launching a neighborhood wine cellar starting in 2023 and expanding the sales of spirits, red wine, and other items. The Company also continues to strengthen the various functions of its app, such as launching transaction details inquiries to help members understand the contents of their transactions at Simple Mart physical stores and online, launching a buy-and-pick-up service to allow consumers to pick up coffee or related products across stores, and continuing to optimize online group buying and pre-order functions to ensure a smooth consumer journey.

D. Competition status

Due to increases in the minimum wage, labor costs have continued to rise, but prices cannot be raised proportionally. As a result, retailers are increasingly adopting strategies such as scaling up operations, expanding into chains, and differentiating their offerings. Scaling up allows companies to effectively spread fixed costs, achieve economies of scale, enhance bargaining power, and reduce procurement costs. Chain expansion standardizes store opening processes, enabling rapid expansion and quick profitability. Differentiation helps companies identify niche markets in highly competitive environments. maintain operational profits. In addition to continuously developing our own products and using high-quality goods and affordable prices to reduce costs and increase customer traffic, we also actively seek out high-quality products from around the world and import them directly to secure low procurement costs, which we pass on to consumers.

(3) Technology and R&D Overview

A. Technology level, research and development of the business

The Company adopts a multi-brand business strategy. In addition to operating traditional retail businesses under the Simple Mart brand, it has expanded into the organic retail sector with brands such as Simple Mart Plus. It has also established the e-commerce brand Go Simple Mart to actively enter the e-commerce market. Furthermore, The Company offers Simple Office, a new retail service for corporate offices, which utilizes an app for online payments to enable OMO (Online-Merged-Offline) integration—including unmanned shelves for on-demand purchases, online pre-orders for in-store pickup, and corporate group buying. We aim to increase overall revenue and boost the frequency of visits and average transaction value of existing Simple Mart members through e-commerce and OMO integration. The Company has also invested in Sanyou Beauty & Wellness Marketing, Ltd. to introduce nutritional and health products into Simple Mart, thereby increasing product diversity and strengthening our offerings in personal and household cleaning products; In the second half of 2024, The Company invested in Pet Wonderland Co., Ltd. to enter the pet industry, and by 2025, 126 stores had introduced pet product shelves to enhance integration benefits. However, in addition to operating these diverse brands, The Company currently plans to continue research and development on the following projects, with the primary goal of optimizing customer relationships.

a. Electronic Shelf Label application

As the labor shortage across society becomes increasingly severe, reducing and streamlining in-store labor to retain and attract talent has become a critical challenge for brick-and-mortar retail operations. The Company has completed the installation of electronic shelf labels at all Simple Mart and Simple Mart Plus locations. This initiative reduces the labor required by store staff to replace price tags in conjunction with promotional campaigns and minimizes consumer disputes caused by delays in updating paper price tags. In addition to reducing operating costs, the introduction of electronic shelf labels will enable The Company to continue investing in complementary hardware and software upgrades to enhance their functionality. This includes the ability to dynamically adjust prices in real-time for supplier promotions, weather-related events, and seasonal celebrations, as well as flexibly adjusting prices based on individual store inventory levels to minimize clearance sales and waste. The widespread adoption of electronic shelf labels will drive the retail industry toward a shared vision of “reducing food waste, lowering carbon emissions, and advancing digital transformation,” enabling businesses of all sizes to join hands in moving toward a new era of sustainable retail.

b. Order Recommendation System

The Company's core brand, Simple Mart, is a community-based mini supermarket. Due to the large number of product items, a significant amount of time is required to accurately complete daily ordering and replenishment operations. Through a self-developed order recommendation system, the most appropriate order quantity is calculated based on historical sales data, store inventory, product delivery cycles, promotional periods, and other parameters, effectively assisting store personnel and improving order efficiency, thereby achieving effective inventory management and reducing the risk of stockouts and inventory buildup. simultaneously reducing the risk of stockouts and inventory buildup. However, due to the rapidly evolving retail environment, such as the widespread adoption of delivery services blurring the boundaries of traditional retail districts, making product sales increasingly unpredictable, or unstable seasonal temperatures and unpredictable weather conditions, these factors may all lead to store stockouts and impact the Company's performance. The Company continues to adjust relevant parameters to adapt to environmental changes.

c. Consumer Data Analytics

Since its establishment, the company has accumulated years of consumer shopping information. By establishing a data warehouse and utilizing information reporting tools, we analyze the distribution of members across stores, product category sales, regional consumption characteristics, and member consumption behavior tags to understand the consumption profiles of core customer segments. This enables us to provide the necessary products and services and flexibly design marketing activities that meet consumer experience requirements. We have utilized our existing database to gradually build data analytics capabilities to support operational decision-making. Moving forward, we will continue to adopt new technologies and tools to reduce the subjective influence of manual analysis.

B. R&D staff and their academic experience

The Company primarily engages in the retail of daily consumer staples and does not have a dedicated research and development department. However, the domestic market for chain convenience stores and large supermarkets has been established and developed for many years, with leading companies already enjoying economies of scale. As a result, the competition within the industry is fierce, and companies are continuously developing new products and value-added services to enhance their competitiveness. Therefore, the Company conducts market research, analyzes consumer feedback through the customer service department, performs data analysis, and develops our own brand products to continue meeting the needs and preferences of consumers. The Company is committed to providing comprehensive retail services that offer differentiated value through both online and offline channels.

C. R&D expenses and successful technologies or products developed in each of the last five years.

Year	Success in developing technologies and products
2021	Incorporating resources from the group's cosmetics business unit, the experimental stores of Simple Mart are now selling health, skincare, and personal hygiene products. Staff shopping system: Integrating the human resources system with the staff shopping system, which allows employees to enjoy shopping discounts according to welfare policies; in the future, it will also be recommended to major enterprises as one of the employee welfare programs.
2022	Merge the APP function of the existing convenience store to develop " Simple Mart" APP, which not only strengthens the online shopping experience, but also digitizes pre-purchase and group-buying services, and introduces the intelligent logistics system for goods, breaking through the distance of the physical store's local services, diversifying services, and bringing a new shopping experience that is more Simple and convenient for the consumers.
2023	Integrate the Shopee e-commerce platform's delivery system so that customers can pick up and drop off e-commerce platform packages at Simple Mart and Shopee partner stores, expanding store services. Integrate the food delivery platform system to regularly update the list of products available for sale in stores on the delivery platform, allowing customers to purchase needed items in real-time and have them delivered to their homes, enhancing shopping convenience. Implement a cross-store batch pickup system for in-store purchases, enabling customers to enjoy price discounts for bulk purchases while improving shopping convenience, saving time, and reducing storage space through batch pickup across stores.
2024	Launch the Simple Mart APP's “Buy Now, Pick Up Later” service, allowing customers to purchase products in bulk within the app, collect them in multiple batches, and transfer or share them with other customers, thereby enhancing

Year	Success in developing technologies and products
	shopping convenience and improving the overall shopping experience. Implement automated workflow tools (RPA) to streamline internal financial, human resources, and product management operations through standardized automated processes, reducing manual labor time and minimizing the risk of errors. Implement electronic price tags to integrate product management and promotional information into electronic price tags for real-time display, significantly reducing the use of paper price tags and minimizing store staff operational time. In response to the declining labor force trend, our logistics center has introduced robotic arms and upgraded automatic sorting machines to replace and assist in picking and packing operations, improving shipping efficiency while reducing labor costs and workplace safety risks.
2025	Upgrade the electronic shelf label information integration platform to automatically adjust the display layout of electronic shelf labels based on product expiration dates, promotional information, and shelf layout diagrams, enabling consumers to clearly identify product prices; promptly update electronic shelf label management information so that store staff can closely monitor the status of electronic shelf label updates throughout the store, identify any discrepancies, and minimize the impact on the shopping experience caused by consumers seeing incorrect information.

The Company operates in the retail industry and does not invest in product development, thus there are no relevant research and development expenses.

(4) Long-term and short-term business development plans

A. Short-term plan

a. Implementing flexible and diverse marketing activities to stimulate customers to visit the store and make purchases.
b. Actively managing various social media and media outlets to communicate with customers about featured products and the latest promotional activities of Simple Mart.
c. Increasing the proportion of frozen and fresh products for sale and creating a neighborhood food bank to become the most trusted retail brand for consumers.
d. Continuously cooperating with delivery platforms to expand the service area, attract new customers, and increase revenue.
e. Adjusting the frequency of product shelving to cater to consumer needs.
f. Conducting regular consumer surveys based on consumer demands and tracking the improvement status.
g. Continuously renovating stores to provide clean, bright shopping spaces and necessary products.
h. Integrate the product procurement and logistics operations of our subsidiary, Sanyou Beauty & Wellness Marketing, Ltd., to enhance the overall efficiency and effectiveness of the supply chain.
i. Continuously optimizing the Simple Mart application to provide customers with an OMO virtual-real integration shopping experience.
j. Testing a new store format to increase the number of self-imported and private-label products available for sale.
k. Introduced the "Wine Cellar", a dedicated wine rack offering a wide variety of wine choices.
l. Expansion of pet-related products to meet the business opportunities for furry pet children.
m. Develop a real-time inventory system to assist in flexible adjustments to operational decisions.

B. Long-term plans

a. Scale Expansion:

With a neighborhood-centric approach, The Company will continue to open new retail locations to expand economies of scale and substantially increase revenue. Furthermore, by leveraging bulk purchasing power, we will enhance our bargaining power with suppliers, strengthen the price competitiveness of our products, and pass these savings on to consumers. In addition to opening our own stores, The Company plans to acquire 100% of the equity in OKmart CO., Ltd. in 2026 to expand our retail operations. We will also strive to integrate OK Mart's resources to improve the Group's overall operational efficiency.

b. Increase the proportion of franchise:

The Company not only attracts aspiring partners in the retail business, but also encourages outstanding employees to participate in franchise opportunities. By increasing the proportion of franchises, we can accelerate store expansion and improve the performance and efficiency of each location, creating a win-win situation.

c. Increase the Proportion of Differentiated Products:

The Company not only sells well-known domestic brand products to consumers, but also continuously introduces unique products, including our own brand and imported goods, to attract customers, increase customer loyalty, and avoid being dragged into a price competition, ensuring our pricing image and stable profits.

d. Optimization of Logistics Management

The Company continues to improve overall supply chain efficiency and reduce unnecessary losses and scrap through automated equipment and the introduction of logistics optimization systems. It also invests in cold chain logistics to effectively control the quality of cold chain logistics.

e. Management of Membership

The Company is committed to the integration of online and offline business through the introduction of an APP, with physical stores as the core and supplemented by pre-ordering, group buying, Go Simple, and Simple OFFICE Mart and other e-commerce services. By integrating various digital tools, we aim to break the limitations of store area and business district size and create a shopping space that can meet consumer needs anytime, anywhere, with value for money, and satisfy consumers' various life needs, becoming a virtual shopping center in the community. In addition, we are adjusting our membership system to ensure that every dollar spent by members creates loyal value.

f. Talent Development and Retention

The Company will continue to improve the service quality of its store personnel and store management capabilities, including product knowledge and promotional skills. In addition, the Company will continue to cultivate management personnel through various job training programs to increase the proportion of permanent employees, reduce turnover, and build a talent pool for the sustainable development of the enterprise in the future.

2. Market and Production Overview

(1) Market Analysis

A. Sales territory of the Company's main products

The Company and its subsidiaries primarily operate in Taiwan, with 100% of the revenue generated from domestic sales in this region.

B. Market Share

As of the end of 2025, the Company operates over 30% of the total number of stores compared to similarly sized chain supermarkets, making it one of the leading chain store operators in the country. The Company plans to continue expanding its store network and scale, while enhancing market share through a variety of differentiated products and improved consumer experiences.

C. Future market supply and demand and growth

The Company's core brand, Simple Mart, is mainly engaged in the retail sale of tobacco, alcohol, and food products, with household and personal demand each accounting for approximately half of its turnover. In response to rising prices, consumers are expected to increase their willingness to cook at home, and retail business from this type of household demand will continue to grow. In addition, convenience stores have continued to open in recent years. In the future, convenience store and supermarket operators will not only establish locations in line with the development of new metropolitan areas, but traditional individually-operated grocery stores will also gradually transform into chain stores. This will help smaller chain supermarkets such as Simple Mart and convenience stores to expand their store networks.

The Company has also integrated resources from its brands Simple Mart, Simple Mart Plus, and Pet Wonderland Co., Ltd. to tap into the rapidly growing "cat economy" market. As of the end of 2025, Simple Mart had established dedicated pet product sections in 126 stores, featuring daily necessities, snacks, and canned food for pets. In 2026, the company will continue to roll out dedicated shelving and introduce products previously exclusive to Pet Wonderland Co., Ltd. to enhance integration benefits. This initiative aims to ensure that "Simple Mart can meet all basic cat-owning needs," thereby further expanding the pet retail ecosystem.

D. Niche Marketing

Unlike other supermarkets or convenience stores, our company has chosen to operate at the proximity of a convenience store while offering supermarket-quality products at comparable prices to meet the daily needs of our local community. The selection of product categories and the development of store locations are key operational factors for our company. All our stores are operated through lease agreements, resulting in lower operating costs. With years of experience in store management and product selection, we provide a convenient and well-equipped shopping environment. We conduct thorough assessments and planning for commercial districts, market research, staff training, and target markets, enabling us to identify the primary consumer base. This not only generates stable revenue for the company but also establishes our market position. Our business model falls between large supermarkets and small chain convenience stores. By positioning ourselves close to residential areas, we offer consumers a convenient shopping experience while allowing them to purchase essential daily goods at supermarket prices.

In recent years, the labor market has faced a shortage of workers, and retail and food service operators have all encountered staffing challenges. Compared to other supermarket competitors, our company, positioned as a micro-supermarket, has a smaller product range, lower capital expenditures, and operates in alignment with community schedules, eliminating the need for 24-hour operations. This makes it easier for potential franchisees to enter the business, thereby increasing our franchise ratio, alleviating labor shortages, and facilitating the expansion of our operational footprint.

E. Advantageous and disadvantageous factors for development prospects and response measures

a. Advantageous factors

(a) The change of people's consumption habits

Due to the rising awareness of health, the demand for various types of home cooking continues to grow. Additionally, inflation has caused a decrease in people's real income, leading them to be more cautious about their spending. This trend is expected to benefit our company's promotion and sales of imported products and our own brand products. In addition, with the continuous improvement of communication and smart mobile devices and their widespread use among all age groups, Simple Mart's proximity to residential areas and its focus on selling basic household goods will attract new business opportunities arising from changes in consumer habits and the widespread use of communication tools. Facing new market niches, the Company will continue to provide products and services that are close to consumer needs. In addition to expanding the categories of imported and private label products, continuing to add stores selling freshly brewed coffee, increasing parcel delivery services at stores, and flexibly introducing frozen fresh products according to the characteristics of the business district, the Company will gradually increase consumer loyalty to Simple Mart through continuous optimization of products and services, making Simple Mart the most trusted retail brand for consumers.

(b) Make Simple Mart the final destination for online shoppers by offering convenient locations near homes.

Simple Mart is deeply rooted in local communities and is generally closer to home than other supermarkets or convenience store chains. With Taiwan ranking among the top three countries globally in terms of convenience store density, choosing online shopping with in-store pickup remains a cost-effective delivery option. Following our investment in OKmart CO., Ltd., The Company will evaluate how to leverage its extensive experience in parcel pickup and delivery services to enhance its logistics capabilities. In addition to improving the efficiency of product logistics and distribution, The Company will gradually integrate relevant processes into its parcel handling operations to prepare for the future development of OmO models. Moving forward, The Company will continue to coordinate with product promotions and expand its e-commerce platforms to address the last mile challenge for e-commerce businesses..

b. Disadvantageous factors

(a) Due to the constant rise in labor costs and the difficulty in recruiting and training talent, as well as changes in labor regulations, it has affected the progress of opening new stores.

Company’s Response:

In recent years, labor shortages in Taiwan have become increasingly severe, particularly in industries such as retail and food service, where high employee turnover has driven up hidden costs associated with training and other initiatives. Moving forward, in addition to addressing labor shortages through recruitment advertisements, internships, and industry-academia partnerships with local colleges, as well as participating in various public and private recruitment events to select suitable candidates, The Company will continue to refine its employee benefits programs. In addition to ongoing salary adjustments, The Company will continue to use digital tools to enhance employees’ willingness and efficiency in learning, thereby increasing employee retention rates. Concurrently, by enhancing brand awareness, The Company aims to build a positive image of Simple Mart in the minds of consumers and employees, facilitating future talent recruitment. Furthermore, The Company will continue to expand the proportion of franchise stores to mitigate the impact of labor shortages on newly opened locations.

Furthermore, The Company has fully implemented Electronic Shelf Labels, becoming the retail channel with the highest number of stores using them. By addressing labor shortages and improving operational efficiency for store staff, we are resolving pain points related to store openings and franchisee operations, while moving toward the goal of a low-carbon, paperless store environment.

(b) High homogeneity and substitutability of goods have led to intense competition and price-cutting competition among industry peers.

Response measure:

With convenience store chains and supermarkets continuing to open new locations in recent years, the market is becoming increasingly saturated. Furthermore, convenience stores are expanding into fresh food and other business areas. In response to this competition, in addition to optimizing our product mix, expanding the variety of products catering to the post-pandemic demand for home dining among small households, and introducing internationally renowned brands, The Company will also increase customer visit frequency by broadening our service offerings. This includes expanding the range and variety of frozen foods and fresh produce, introducing freshly brewed coffee, and offering parcel pickup and drop-off services, thereby continuously improving sales per square foot at each store.

The Company is deepening its membership management by actively attracting new consumers to join through various marketing activities and enhancing member loyalty through daily member discounts. These include a 3,000-point welcome gift for new members, a 10,000-point gift for a single purchase of $250 or more during their birthday month, and a 1-point accumulation for every dollar spent, with no upper limit on redemption (300 points can be redeemed for $1). These initiatives are expected to increase member visit frequency and average transaction value.

(2) Major uses and production process of the primary products

A. Major uses of the primary products: Providing retail sales of general household goods and foodstuffs and various innovative services.

B. Production process: Not applicable.

(3) Main raw material supply status: None.

(4) List of vendors (customers) that account for more than 10% of total purchases(sales) within either of the last two years, their purchase amount and ratio, and reasons for changes in this amount and ratio

A. List of vendors that account for more than 10% of total purchases within either of the last two years

Unit: NT$ thousand

Item	2024				2025			
	Supplier	Amount	Net purchases ratio for the year (%)	Relationship with the Issuer	Supplier	Amount	Net purchases ratio for the year (%)	Relationship with the Issuer
1	TTL	1,410,322	13.31	Unrelated party	TTL	1,417,383	13.29	Unrelated party
2	A Company	1,208,082	11.40	Unrelated party	A Company	1,242,406	11.65	Unrelated party
	Others	7,975,485	75.29		Others	8,002,922	75.06	
	Net Purchases	10,593,889	100.00		Net Purchases	10,662,711	100.00	
Explanation of major changes in purchases: No significant changes								

B. List of customers that account for more than 10% of total sales within either of the last two years

The Company operates in the retail industry of daily necessities, with the products mainly targeting the general public. The Company have no major customers who account for more than 10% of our total sales.

3. Number of employees in the last two years and as of the printing date of the publication of the annual report

Year		2024	2025	As of February 28, 2026
Number of employees(p)	Full-time	2,205	2,021	1,983
	Part-time	1,577	1,392	1,338
	Total	3,782	3,413	3,321
Average age (years)		32.92	34.64	32.58
Average length of service (years)		2.99	3.52	4.00
Academic Distribution Rate (%)	Doctor	0.10	0.03	0.03
	Master	0.88	1.14	1.11
	Bachelor	60.15	60.36	60.61
	High school	36.92	36.68	36.46
	below high school	2.00	1.79	1.78

4. Environmental protection expenditures

In the most recent year and as of the printing date of this annual report, if the Company has suffered losses due to environmental pollution (including compensation, environmental protection inspection results, and relevant penalties), it shall disclose the estimated amount of current and future losses and the corresponding measures. If it is impossible to make a reasonable estimate, the Company shall explain the factual reasons for such inability: None.

5. Employer & employee relationship

The various employee welfare measures, training programs, retirement systems, and the implementation status of agreements between labor and management, as well as measures for safeguarding employee rights, are listed as follows:

(1) Employee Benefit Programs

A. The Company established an Employee Welfare Committee on July 14, 2017, pursuant to Taipei City Labor Affairs Letter No. 10635848300. The committee members are nominated by both labor and management representatives. The committee operates in a collaborative environment to promote employee welfare, conducts regular activities, and monitors the physical and mental health of employees.

B. Regularly organize labor-management meetings for all employees to participate in the Company's policies and have a channel to express their opinions and raise their needs.

C. With the concepts of employee safety and gender work harmony and equality, the Company has set up a labor safety and health management office, which regularly conducts labor safety education and training courses, sets up occupational safety and health codes of practice, and implements self-monitoring.

D. To ensure the health and well-being of our employees, the Company has dedicated nurses who provide health advice, manage employee health, and prevent occupational diseases. Maternal protection is also a key concern of the Company. In addition to providing lactation rooms for female employees, the Company also collaborate with nearby daycare centers to offer employees with childcare needs more options.

E. Safeguard gender equality at work, set up sexual harassment prevention policy with a complaint hotline 3385 (Mercuries Help Me) to receive employee complaints, and strive to enhance a favorable working environment and atmosphere.

(1) Diverse employee welfare programs

- A. Employee benefits: Free membership for joining the Simple Mart, employee shopping discounts, special offers from partner stores for food, clothing, housing, transportation, and entertainment, insurance discounts for employees and their dependents.
- B. Activities benefits: Year-end party/spring banquet, club activity subsidies, employee health check subsidies, employee travel subsidies, travel subsidies for senior employees.
- C. Allowances and awards: Mobile phone subsidies for some job positions, subsidies for weddings/funerals/celebrations, employee maternity subsidies, performance bonuses, year-end bonuses, Dragon Boat Festival/Mid-Autumn Festival and other holiday gifts, birthday gifts.
- D. Various subsidies: Mobile phone subsidies for some job positions, subsidies for weddings/funerals/celebrations, employee maternity subsidies, disaster subsidies, medical subsidies.
- E. Emergency relief funds.
- F. Facility benefits: Nursing room, free coffee at the employee coffee bar at the headquarters.
- G. To build a high-quality culture and foster a shared sense of teamwork, a quarterly publication called " Queyue " is published to share organizational information and help employees understand the Company's vision, goals, cross-departmental activities, and talent development.
- H. Talent development: Plan and implement a complete education and training system, promote online learning platforms to enhance employees' learning efficiency and effectiveness, and promote team development in terms of project and organizational management skills to ensure sustainable talent development. At the same time, promote labor safety and food safety-related training to take care of employees' health and customers' rights.

(2) Occupational Safety and Health Measures

- A. Establish an occupational safety and health organization: Hold a quarterly occupational safety and health committee to review and coordinate occupational safety and health matters.
- B. Appoint occupational safety and health personnel: One manager in charge of Level A occupational safety and health matters, one Level A occupational safety management engineer, and one Level B occupational safety and health management officer are responsible for planning, implementing, and supervising occupational safety and health matters. The Company has reported to the Taipei City Government.
- C. Develop safety and health policies:
  - a. Compliance with occupational safety and health regulations: Comply with relevant safety and health regulations, implement occupational safety and health management to prevent occupational accidents and diseases.
  - b. All employees participate: Implement occupational safety and health education and promotion, establish and maintain effective communication channels between senior management and employees, and communicate this policy and occupational safety and health issues to employees, customers, contractors, and stakeholders to establish a safety culture.
  - c. Implement gender equality: Care for the physical and mental health of all employees, maintain a safe and healthy workplace with gender equality, and fulfill corporate social responsibility.

d. Continuously improve performance: Cooperate with the current situation of the organization and revisions of laws and regulations, and continuously improve occupational safety and health management performance through Plan-Do-Check-Act (PDCA).

e. Building a sustainable home: Implementing sustainable development concepts and practicing corporate social responsibility. Establishing goals for sustainable company operations, global sustainable development, and mutual prosperity with society.

D. Plan and implement occupational safety and health measures:

a. Conduct regular automatic checks at headquarters and stores (quarterly for company vehicles and annually for low-voltage electrical equipment).

b. Environmental monitoring: Carbon dioxide concentration and illuminance in the workplace (once every six months; 50 tests conducted in 2025, all below standard values); drinking water quality (once per quarter; 4 tests conducted in 2025, all meeting standard values)..

c. New employee safety and health education and training: 73 sessions were held in 2025.

d. Conducting emergency response and evacuation drills: 1 session held in 2025 to ensure employees are familiar with evacuation routes and procedures.

e. Management and maintenance of Class C Occupational Safety Supervisor and First Aid Personnel certifications for retail stores.

f. Establishing an emergency response plan: To ensure employees remain calm in emergencies and protect their own safety as well as that of others.

g. Establish a workplace environment monitoring plan: In accordance with the Regulations Governing the Monitoring of Workers' Work Environments, we have planned the parameters and frequency of measurements at workplaces to track trends in the work environment.

h. Conduct in-person occupational safety and health training for new employees; in 2025, a total of 73 sessions were held, with 442 participants.

Online occupational safety and health courses for all current employees: In 2025, a total of 39,450 minutes of online e-books were read, with 2,630 views.

In-person and online courses covered topics related to general occupational safety and health management, as well as the prevention of sexual harassment and workplace bullying.

i. Conducting safety and health audits at retail stores and logistics facilities: Audits are conducted once per quarter, covering administrative management, machinery and equipment, and workplace safety and health.

j. Safety measures for personnel and workplace environment protection in retail stores and logistics facilities are implemented through hazard identification and risk assessment forms. Hardware measures: Emergency evacuation route maps were posted in prominent locations within the work area, and alarm systems, fire extinguishing equipment, and emergency escape facilities are installed.

Software measures: All personnel undergo safety training to educate them on proper fire prevention and disaster preparedness concepts. Training content includes the use of fire safety equipment, fire safety knowledge, emergency response procedures, and practical fire extinguishing techniques. The aim is to ensure that personnel possess basic disaster prevention and response knowledge and skills. Additionally, for high-risk special hot work operations, supervisors must be assigned to monitor the work to prevent warehouse fires.

Disaster prevention measures:

        - (a) No smoking is strictly prohibited in indoor office areas, electrical rooms, warehouses, or areas surrounding facilities containing hazardous materials. No open flames are permitted in any location without prior authorization.
        - (b) Before using any fire or electrical equipment or appliances, check and confirm that there are no flammable items in the surrounding area. After use, place the equipment or appliances in a suitable safe location.
        - (c) To prevent the spread of fire, safety doors must remain closed at all times and must not be locked. Items must not be placed in a manner that obstructs their closure.
        - (d) Emergency exits, corridors, stairwells, and safety doors must not be obstructed by items to ensure unobstructed evacuation routes.
    - k. Future plans:
        - (a) The ISO 45001 system underwent a follow-up audit by an external audit body and received follow-up audit certification from BSI in November 2025 to maintain the effectiveness of the occupational health and safety management system.

(3) Health Care

- A. Healthcare: Employees are covered by group accident insurance and medical insurance from their first day of work. In addition, the Company provides subsidies for on-the-job health checkups and promotes self-health management through the "Health Passport" program, employee-exclusive e-newsletters, and health education lectures.
- B. Employee Health Examinations: In accordance with the Occupational Health Protection Regulations, annual health examinations are conducted for all employees. A total of 923 employees underwent examinations in 2025.
- C. Implementation of Health Care and Consultation:
    - a. On-site Healthcare Services: Since 2019, we have implemented physician-led health services, offering one-on-one health consultations. Starting in 2024, contracted nurses were added to provide on-site health services. In 2025, a total of 18 on-site healthcare sessions were held (physicians: 1 session every 2 months; nurses: 1 session per month), resulting in a total of 65 health consultation visits.
    - b. Full-time Nurse: One nurse has been assigned to oversee occupational health services, including managing health classification for employees with abnormal health check results, tracking corrective measures for abnormalities, and conducting case management.
    - c. Promote occupational disease prevention and health protection mechanisms for special groups: Establish mechanisms such as a maternal health protection system for employees, a plan for the prevention of ergonomic hazards, a plan for the prevention of workplace illegal harm, and a plan for the prevention of diseases triggered by abnormal workloads.
    - d. Establish one high-quality lactation room.
    - e. Health service promotion and implementation:
        - (a) Health Passport: Based on the needs and characteristics of employees, we have established a health service plan that emphasizes self-management of health and work-life balance. Under the framework of Health Passport, we have designed a variety of health activities, including health check plans, health knowledge, and mental growth programs.
        - (b) Health seminars: In 2025, we will organize seminars on topics such as “Prevention and Education on Musculoskeletal Disorders in the Workplace” and “Tobacco, Betel Nut, and Alcohol Prevention”
        - (c) Health Education Campaigns: Published digital posters on health-related topics (January—Measles Prevention; April—Hypertension Prevention; July—Hypertension and Heat-Related Illnesses); in November, a new health column (Hypertension and Flu Prevention) was introduced for the first time in the “Queyue” quarterly magazine.

(d) Health Promotion Activities: In line with the Group's sustainable management plan, the Company organized the Mercury Cup Road Run Charity Road Race on November 1, 2025, with a total of 1,345 participants, including our company's employees.

A. Future Plan:

a. Health talks are organized from time to time.

b. Friendly Enterprise DEI "Diversity, Equity and Inclusion" Diversity and Inclusion Workplace Promotion.

(4) Offering internal entrepreneurial opportunities

The company and its subsidiaries prioritize continuous talent acquisition and employee development to enhance professional competencies, create higher corporate value, achieve operational performance, and promote future growth. To achieve this goal, the company and its subsidiaries have established a comprehensive education and training framework in accordance with the functional system, and arranged job rotations for career planning to encourage employees to engage in diverse learning and self-improvement. In addition, internal entrepreneurship opportunities are provided, and employees who excel are encouraged to join the commissioned franchise program, with benefits such as lower franchise fees or installment payments, with the aim of growing together with the company.

(5) Continuing education and training and its implementation status

The Company and its subsidiaries are committed to developing a learning organization. Based on organizational functions and the competency requirements of various job levels, we have designed a comprehensive training program that includes general competency training, new employee orientation, professional skill development, foundational management training, mid-level management training, and senior management training. These programs consist of both in-person courses and online e-book training. The course content covers corporate governance, risk management, store operations, store management, product knowledge, product category planning, maintenance operations, marketing management, data analysis, human resources operations and management, subordinate development, and other comprehensive courses.

The total number of training hours for the 2025 new hire training program is 3,536; the target management course for senior executives is 120 hours; and the total number of training hours for the headquarters’ core competency courses is 1,228. For further details, please refer to the Employee Training and Development Plan.

(6) Retirement system and its implementation

In accordance with Article 67 of the Company's Employment Regulations, the Company shall apply the provisions of the Labor Pension Act to the employees' pension benefits, and the Company shall contribute 6% of the employees' monthly wages to the employees' individual pension accounts; employees may also voluntarily contribute up to 6% of their monthly wages to the employees' pension accounts, and the portion of the employees' voluntary contributions may be deducted from the total amount of the comprehensive income of the employees in the current year.

In accordance with the law, the Company establishes a special account for the labor retirement reserve for foreign employees (workers of nationalities other than those listed in Article 46, Paragraph 1, Sections 8 to 10 of the Employment Service Law) and contributes 2% of their salaries and wages on a monthly basis to the labor retirement reserve.

(7) Agreements between labor and management and various measures for protecting employees' rights and interests

The Company and its subsidiaries adhere to the Labor Standards Act and have established an employee's welfare committee where employees can communicate with the Company through the committee regarding issues related to the Company's system and working environment. As of the printing date of the annual report for the most recent year, labor relations are harmonious and there are no labor disputes that need to be coordinated.

(8) List any losses suffered by the Company in the most recent fiscal year and as of the publication date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:
The Company and its subsidiaries have not suffered any significant losses due to violations of labor standards or labor disputes in the most recent year and as of the date of publication of the annual report, except as listed in the table below. The Company continues to promote improvements, and the estimated amount of future losses is less than NT$100,000.

Date of Penalty	Penalty Document No.	Violated Law/Article	Description of Violation	Penalty	Corrective Measures
2025/02/17	Fu-Lao-Zi No. 1140038406	Article 24, Paragraph 2; Article 32, Paragraph 2; and Article 79, Paragraph 1, Subparagraph 1 of the Labor Standards Act	The laborer was not paid the overtime wages required by law for working extended hours on regular days, and the laborer worked overtime.	Fine of NT$100,000	Following labor-management mediation and enhanced management outreach, employees who require overtime must follow the established overtime request procedure to safeguard their employment rights. All supervisors must schedule staff in accordance with labor laws and regulations. Human Resources will issue monthly reminders regarding scheduling guidelines and verify compliance with actual schedules.

6. Cyber security management

(1) Cyber security risk management framework and policies:

A. Corporate information security governance organization

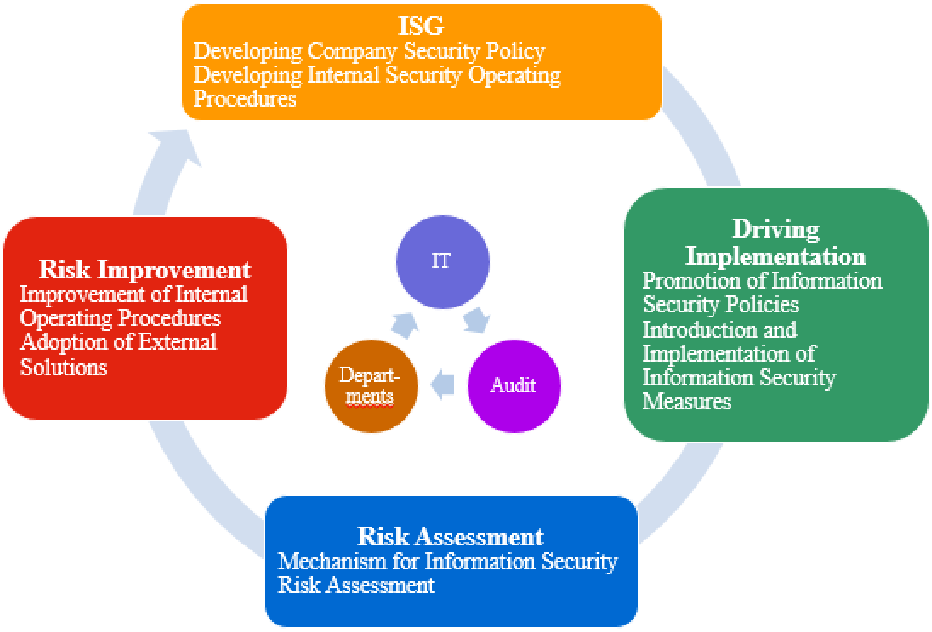
In order to maintain the Company's competitive advantage and valuable intellectual property, the Company established an “Information Security Management group” in 2023, assigning one information security manager, one information security officer, and two information security personnel, for a total of four people. Their main responsibilities are to ensure the operation of the information security management system and establish information security management policies to strengthen the Company's information security management, ensure the security of data, systems, equipment, and networks, protect the interests of the company and all employees, and comprehensively enhance information security awareness. To ensure that operational risks associated with relevant information systems are effectively controlled, the “Information Security Management group” holds at least one annual review meeting on information security operations, and may convene an extraordinary meeting as necessary. The results of these reviews are summarized annually and reported separately to the Audit and Risk Management Committee and the Board of Directors.

B. Cyber security risk management framework

a. The information security authority of the Company is the information unit, which is responsible for planning and implementing the security of data center, computer information file, network security, email security management, information system control access, and promoting information security awareness.

b. The Audit Department of the Company serves as the supervisory and auditing unit for information security. In the event of any deficiencies discovered during an audit, the audited unit is required to submit a related improvement plan to the Board of Directors and the progress of the improvement is regularly tracked to reduce information security risks.

c. The organizational operation mode follows a PDCA (Plan-Do-Check-Act) cycle management approach to ensure the achievement of reliability objectives and continuous improvement.



(2) Cyber Security Policy

A. Goals of Cyber Security:

To ensure the effective implementation of various information management systems in the Company, and to establish a secure and reliable computerized operating environment, we strive to maintain the security and operation of information systems, equipment, and networks. This is to safeguard the interests of the Company and to achieve sustainable operation of various information systems, in line with our goal of sustainable business operations.

B. Scope of Cyber Security:

- Personnel management and information security education training
- Computer system security management
- Network security management
- System access control
- System and maintenance security management
- Information asset security management

- Physical and environmental security management
- Information security audit

C. Principles and standards of information security:

a. Periodic information security awareness campaigns, including information security policies, information security laws and regulations, information security operating procedures, information security case studies, and how to use information technology-related facilities correctly, to promote employee understanding of the importance of information security and various potential security risks, thereby raising employee awareness of information security and ensuring compliance with information security regulations.

b. To prevent information systems and files from being infected by computer viruses, measures should be taken to detect and prevent computer viruses. For intrusions and malicious attacks, an active intrusion detection system should be established to ensure the requirements of computer data security.

c. To prevent significant incidents such as natural disasters or human-caused events from interrupting critical information assets and key business or communication systems, a policy for information system sustainability should be established.

D. Information security management measures

Item	Management Measure
Authority Management	Measures for managing personnel accounts, access rights, and system operations: ● Management and review of personnel account access rights. ● Regular inventory of personnel account permissions.
Access Control	Control measures for personnel access to internal and external systems, and data transmission channels: ● Connection access between internal networks, DMZ segments, test segments, and external networks is secured through firewall control. ● User web behavior is regulated using an automated web protection system. ● Automatic filtering of websites potentially linked to Trojans, ransomware, or malicious programs during user web access.
External Threats	Potential vulnerabilities, infection channels, and protective measures: ● Use antivirus software with automatic virus definition updates to reduce the risk of infection. ● Regular updates for software and operating systems. ● Automatic email threat scanning for protection against unsafe attachments, phishing emails, spam, and malicious links.
System Accessibility	Measures for system availability and handling service interruptions: ● Regular inspection, adjustment, and optimization of critical information systems by professional consultants. ● Important departmental files stored on servers with centralized backup and preservation by the IT unit. ● Daily backups set up for critical information system databases. ● Periodic disaster recovery exercises conducted.

Item	Management Measure
Network, System Security	● Professional security experts are commissioned to perform internal security clinics from time to time; review the internal network architecture and malicious activities, user computers and server hosts to improve malicious activities, and improve the security of the enterprise's internal network and system.
Application Security	● External service platforms commission professional security vendors to conduct website vulnerability scanning and penetration testing. ● Web Application Firewall (WAF) is introduced to continuously strengthen the application security control mechanism.
Education, Training and Advocacy	● Enhance staff's alertness to email attacks and conduct regular social engineering drills to raise their awareness of information security.
Information Collection	● Join the "Taiwan CERT/CSIRT Information Security Alliance" for information exchange on information security.

(3) Major Cyber Security Events:

List any losses (ex. effect on the) suffered by the Company in the most recent year and as of the printing date of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

7. Important Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent year.

Company	Contract Type	Counterparty	Contract Start and Ending Dates	Content	Restrictive Clause
Simple Mart Retail Co., Ltd.	Purchase Contract	TTL	2025.1.1~ 2025.12.31	Purchase tobacco and alcohol products	None
Simple Mart Retail Co., Ltd.	Purchase Contract	M2 Communication Inc.	2024.10.1~ 2025.9.30	Procurement Electronic Price Card	Confidentiality Agreement
Simple Mart Retail Co., Ltd.	Engineering contract	Kenmec Mechanical Engineering Co., Ltd.	2024.5.2~ 2027.5.1	Mechanical Arm Assisted Operation Equipment	None
Simple Mart Retail Co., Ltd.	Engineering contract	Chunghwa System Integration Co., Ltd.	2024.9.12~ To 180 days after obtaining the approval letter for establishment.	Solar panels installed on the roof of Guanyin Warehouse	None
Simple Mart Retail Co., Ltd.	Franchise contract	Franchisee	Join period	Franchise contract	None
Simple Mart Retail Co., Ltd.	Loan Contract	Taishin International Bank Co., Ltd.	2025.8.28~ 2026.5.31	Short-Term Loan	None
Simple Mart Retail Co., Ltd.	Loan Contract	E.SUN Commercial Bank, Ltd.	2025.11.28~ 2026.10.7	Short-Term Loan	None
Simple Mart Retail Co., Ltd.	Loan Contract	DBS Bank Ltd	2025.1.18~ 2026.1.17	Short-Term Loan	None
Simple Mart Retail Co., Ltd.	Issuance of commercial paper	Mega Bills Finance Co., Ltd	2025.9.5~ 2026.9.4	Issuance of commercial paper	None
Simple Mart Retail Co., Ltd.	Issuance of commercial paper	Ta Ching Bills Finance Corporation	2025.8.20~ 2026.8.20	Issuance of commercial paper	None
Simple Mart Retail Co., Ltd.	Issuance of commercial paper	Grand Bills Finance Corp.	2024.9.9~ 2025.9.8	Issuance of commercial paper	None
Simple Mart Plus Co., Ltd.	Loan Contract	E.SUN Commercial Bank, Ltd.	2025.11.28~ 2026.10.7	Short-Term Loan	Endorsed by Simple Mart; shares the same credit limit as Simple Mart
Sanyou Beauty & Wellness Marketing, Ltd.	Issuance of commercial paper	Mega Bills Finance Co., Ltd	2025.10.15~ 2026.10.14	Issuance of commercial paper	Guarantee by Mercuries & Associates Holding, Ltd.

V. Review of Financial Conditions, Operating Results and Risk

1. Analysis of Financial Status:

Any material change in the company's assets, liabilities, or equity during the 2 most recent fiscal years, the main reasons for the material change, and the effect thereof.

Unit: Thousand NT$

Year / Item	2024	2025	Difference	
			Amount	%
Current Assets	2,566,100	2,274,355	(291,745)	(11.37)
Fixed Assets	1,315,500	1,546,809	231,309	17.58
Other Assets	2,506,834	2,478,127	(28,707)	(1.15)
Total Assets	**6,388,434**	**6,299,291**	**(89,143)**	**(1.40)**
Current Liabilities	2,605,256	2,482,130	(123,126)	(4.73)
Long-term Liabilities	1,746,583	1,647,124	(99,459)	(5.69)
Total Liabilities	**4,351,839**	**4,129,254**	**(222,585)**	**(5.11)**
Capital stock	675,000	675,000	-	-
Capital surplus	1,001,310	1,055,235	53,925	5.39
Retained Earnings	224,499	262,940	38,441	17.12
Non-controlling interest	135,786	176,862	41,076	30.25
Total Stockholders' Equity	**2,036,595**	**2,170,037**	**133,442**	**6.55**

Analysis of changes in financial ratios: (A change percentage of 20% or more with an amount exceeding NT$10 million)

1. Increase in non-controlling interests: This was primarily due to the increase in non-controlling interests in The Company's subsidiary, Pet Wonderland Co., Ltd., resulting from a change in The Company's ownership percentage in September 2024.

2. Financial performance:

Main reasons for any material changes in operating revenue, operating profit, and profit before tax in the most recent 2 years and sales volume forecast and its basis, and possible impact on the future finance of the Company and response measures:

(1) Analysis of financial performance:

Unit: Thousand NT$

Year / Item	2024	2025	Increase (decrease) Amount	Percentage of change (%)
Operating revenue	14,297,180	14,803,779	506,599	3.54
Operating costs	10,419,844	10,759,409	339,565	3.26
Gross margin from operations	3,877,336	4,044,370	167,034	4.31
Operating expenses	3,699,805	3,873,410	173,605	4.69
Net operating income	177,531	170,960	(6,571)	(3.70)
Non-operating income and expenses	(24,443)	(16,635)	7,808	31.94
Income before tax	153,088	154,325	1,237	0.81
Income tax expenses	33,515	17,964	(15,551)	(46.40)
Net income	119,573	136,361	16,788	14.04
Total comprehensive income	119,573	136,361	16,788	14.04
Analysis of changes in financial ratios: (A change percentage of 20% or more with an amount exceeding NT$10 million) The decrease in income tax expense is primarily attributable to an increase in income tax benefits expected to result from the application for the smart machinery investment tax credit in fiscal year 2025.				

(2) Estimated sales volume and its basis, and possible impact on the future finance of the Company and response measures:

As a retailing company, our future sales volume will be subject to fluctuations in consumer spending and overall economic conditions. In addition to actively expanding the store network to achieve economies of scale, the management team will also develop e-commerce channels to increase sales outlets. Furthermore, by increasing the proportion of imported and private brand products, the Company will create differentiation and enhance profitability.

3. Cash flow:

Analysis and explanations of changes in cash flow in recent fiscal years, plans to improve negative liquidity and cash liquidity analysis for the following year:

(1) Analysis and explanations of changes in cash flow in recent fiscal years

Unit: Thousand NT$

Year / Item	2024	2025	change(%)
Cash inflow (outflow) from operating activities	562,979	921,822	63.74
Cash inflow (outflow) from investment activities	(421,524)	(461,911)	9.58
Cash inflow (outflow) from financing activities	(582,465)	(601,795)	3.32
Analysis of the Change in Cash Flow: Net cash inflows from operating activities in 2025 increased compared to 2024, primarily due to delayed payments for goods at the end of 2023, which coincided with a public holiday.			

(2) Plans to improve negative liquidity: Not applicable

(3) Cash liquidity analysis for the following year:

Unit: Thousand NT$

Cash balance, Beginning of the year	Forecast net cash inflow from operating activities	Forecast cash outflow from investment activities	Forecast cash outflow from financing activities	Cash balance, end of the year	Remedial measures for expected cash inadequacy	
					Investment plan	Financing plan
330,587	602,146	(1,363,551)	659,797	228,979	NA	NA

1. Analysis of cash flow changes for the upcoming year:
   a. Operating Activities: The company plans to continue making product adjustments in the future to increase cash flow from operating activities by boosting overall profitability.
   b. Investing Activities: In addition to capital expenditures related to the ongoing expansion of retail outlets and the replacement of equipment at existing stores, we also anticipate an increase in investments and loans resulting from the acquisition of shares in OKmart CO., Ltd., which will result in cash outflows from investing activities.
   c. Financing activities: In addition to repaying lease liabilities for leased retail spaces, The Company distributed and paid cash dividends in accordance with its past dividend policy. Cash inflows from financing activities arose because The Company plans to borrow from financial institutions to fund its operating activities.
2. Source of Funding for Negative Cash Flow: Not applicable.

4. Analysis of Major Capex and its Impact on Finance and Operations:
   To enhance operational efficiency and reduce the staffing burden on retail stores, The Company's Board of Directors approved a procurement plan for electronic shelf labels totaling NT$450 million on August 2, 2024. Installation was completed across all stores in 2025. Additionally, in 2023, the Board of Directors approved a plan to expand the logistics center to meet the needs of stores in central and northern regions. The expansion of the logistics center was completed in early 2026, and the facility obtained its occupancy permit and began operations. All of the above capital expenditures were funded through working capital or bank loans and had no material impact on The Company's financial operations.
5. Policy on investment in other companies, main reasons for profit / losses resulting therefrom, improvement plan, and investment policy for the upcoming fiscal year:
   (1) Investment policy: The Company's investment policy is based on the considerations of sustainable operation and business growth, and is guided by the "Procedures for Acquiring or Disposing of Assets" established according to the regulations set forth by the competent authority, "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." This allows the Company to monitor the relevant business and financial conditions of the invested enterprises. In addition, to enhance the supervision and management of invested companies, the Company has established the "Supervision and Management Measures for Subsidiaries" within its internal control system, setting out relevant regulations for information disclosure, financial, and business management, allowing the Company's investment ventures to maximize their operational performance within the Group.
   (2) Reasons for profit/losses and plans for improvement:

Unit: Thousand NT$

Investment company	Investee company	Major Business	Investment profits (Losses) recognized in 2025	Main Reason	Improvement
Simple Mart Retail Co., Ltd.	Sanyou Beauty & Wellness Marketing, Ltd.	Pharmacy and Cosmetics Retail	(31,490)	This is primarily due to the closure of unprofitable stores and the fact that the current number of stores has not yet reached economies of scale.	In the future, we will review our overall channel strategy. In addition to increasing revenue and gross profit per store, we will expand our portfolio of represented brands to achieve the break-even point as soon as possible.
Simple Mart Retail Co., Ltd.	Simple Mart Plus Co., Ltd.	General Wholesale	8,038	Primarily involves purchasing goods for resale to The Company.	In the future, the company plans to transition into a specialized logistics company in line with the Group's division of

					labor. In addition to serving the Group’s various retail channels, it will actively pursue external logistics business to continuously enhance corporate value.
Simple Mart Retail Co., Ltd.	Simple Mart Investment Co., Ltd.	General Investment	4,153	Investment is the primary business activity.	In the future, the company will carry out various strategic investments in line with the Group’s overall planning and will seek other investment targets that align with the Group’s strategic direction to enhance the Group’s corporate value.
Simple Mart Investment Co., Ltd.	Pet Wonderland Co., Ltd.	Pet Retail Industry	1,729	Primarily engaged in the sale of pet food and supplies .	In addition to continuing to expand our store network, we will effectively integrate group resources to enhance synergies in procurement and management.

(3) Investment policy for the upcoming fiscal year:
In January 2026, The Company’s Board of Directors approved the acquisition of 100% of the equity in OKmart CO., Ltd., and the parties have signed the relevant agreements. The transaction is pending approval from the competent authorities. Following the acquisition, The Company plans to conduct a comprehensive review of the stores’ operational performance and invest appropriate capital expenditures in hardware and software upgrades to enhance operational efficiency and contribute to the Group’s overall revenue and profitability.

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6. Risk Management

(1) Impact of inflation, interest and exchange rate fluctuations, and preventive measures:

A. The effect upon the company's profits (losses) of interest rate fluctuations, and response measures to be taken in the future:

Unit: Thousand NT$；%

Year Item	2024	2025
Net interest income (expenses)	(22,624)	(32,674)
Operating revenue	14,297,180	14,803,779
Ratio to net operating income (%)	(0.16)%	(0.22)%

The Company and its subsidiaries recorded total net interest income (expense) of NT$(32,674) thousand for 2025. After excluding the financial expense of NT$35,035 thousand resulting from the adoption of IFRS 16, the remainder is net interest income and expense, which mainly arose from bank deposits and borrowings and accounted for a negligible percentage of net operating revenue. In addition, the Company and its subsidiaries have always maintained good relationships with financial institutions, are financially sound, and have good credit standing, enabling them to obtain favorable interest rates. good credit standing, and can obtain favorable interest rates. It is expected that future interest rate changes will not have a significant impact on overall operations. The Company and its subsidiaries will also monitor changes in financial market interest rates and take measures as necessary to reduce the impact of interest rate changes on profit and loss.

B. The effect upon the company's profits (losses) of exchange rate fluctuations, and response measures to be taken in the future:

Unit: Thousand NT$；%

Year / Item	2024	2025
Foreign exchange gains and losses	1,410	1,568
Operating revenue	14,297,180	14,803,779
Ratio to net operating income (%)	-	0.01%

The Company and its subsidiaries mainly operate in the domestic retail market. with New Taiwan Dollars as the transaction currency. The main currencies used for trading imported goods are US dollars, Euros, or Japanese yen. However, imported goods traded in foreign currencies only account for approximately 4% of the purchase costs of the Company and its subsidiaries. The exchange gains and losses of the Company and its subsidiaries in 2025 accounted for a very small percentage of net operating revenue. Therefore, exchange rate fluctuations do not have a significant impact on the Company and its subsidiaries. However, the Company will continue to monitor exchange rate market fluctuations and propose response strategies as necessary.

C. The effect upon the Company's profits (losses) of inflation rate fluctuations and response measures to be taken in the future:

Due to continued strong demand for AI-related product exports, the Directorate General of Budget, Accounting and Statistics has revised its 2026 economic growth forecast upward to 7.71%. Additionally, the year-on-year consumer price index (CPI) for February 2026 stood at 1.75%, indicating a gradual rise in overall prices. The Company operates a retail business in daily consumer goods, with its primary revenue derived from consumers’ essential needs. As a result, it is relatively less affected by inflation. Nevertheless, The Company will continue to monitor market price fluctuations closely and maintain strong relationships with suppliers. Through adjustments to product portfolios and the development of more differentiated products, we aim to provide savvy consumers with more cost-effective shopping options.

(2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

A. Policies for engaging in high-risk, highly leveraged investments, the main reasons for profits or losses, and future measures.

The Company and its subsidiaries focus on their core businesses and adhere to sound management principles and financial integrity. Therefore, the Company and its subsidiaries have not engaged in high-risk, high-leverage investments in the most recent fiscal year or as of the date of publication of this annual report.

B. The Company's policy regarding loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

During the most recent fiscal year and as of the date of publication of this annual report, The Company’s Board of Directors approved, on August 1, 2025, loans to its subsidiaries: NT$50 million to Sanyou Beauty & Wellness Marketing, Ltd., NT$150 million to Simple Mart Plus Co., Ltd., and NT$30 million to Pet Wonderland Co., Ltd. As of the date of publication, Simple Mart Plus Co., Ltd. has drawn down NT$20 million, and the matter has been announced in accordance with The Company’s “Procedures for Lending Funds to Third Parties.”

On August 1, 2025, The Company’s Board of Directors approved a guarantee of NT$250 million for its subsidiary, Simple Mart Plus Co., Ltd. As of the date of publication, the subsidiary has actually drawn down NT$100 million.

Based on operational risk considerations, if the Company and its subsidiaries wish to engage in lending funds to others, endorsement guarantees, derivative transactions, etc. in the future, they shall comply with the Company's “Procedures for Lending Funds to Others,” “Endorsement Guarantee Procedures,” and “Procedures for Acquiring or Disposing of Assets.”.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company and its subsidiaries are engaged in the retailing of consumer goods, with a major investment on the development of products, services and improvement in consumer experience.

A. CRM Data Analysis:

Due to the high degree of overlap in customer bases between the Company and other retail channel competitors, in order to enhance the value of its product mix and services, it is necessary to understand consumer shopping habits and product demand. The Company continues to strengthen its customer relationship management (CRM) data analysis to understand the consumption characteristics of each sales region, so as to meet the diverse daily necessities and service product needs of neighborhood residents and cultivate deep roots in the community.

B. Product expiration date management:

Retail distributors need to refer to product expiration dates when purchasing goods from the supply chain and receiving goods at stores in order to effectively reduce inventory and comply with expiration date regulations. The Company plans to develop an expiration date management system to integrate expiration date information from the supply chain to store operations, reduce the time required for expiration date inventory checks at stores, further improve the speed of store inventory reduction, and reduce inventory management costs.

C. Upgrade warehouse management system:

With the increase in the variety of products supplied and the continued expansion of the number of stores in operation, warehouse operations have also increased. The Company continues to optimize its warehouse management system, electronic label-assisted picking system, and automatic sorting system, and has introduced automated equipment such as paper presses to reduce warehouse management costs and improve warehouse and logistics operations efficiency.

D. Continuing to develop mobile device app software:

In recent years, retail channel operators have been developing app software and encouraging customers to install the app on their mobile devices through promotional activities to provide faster and more convenient consumer services, promotional information, and product purchasing channels. In addition to launching a brand-new

Simple Mart app, the Company will continue to optimize it and invest relevant R&D resources in the development and optimization of the app.

E. Demand Forecasting Analysis System:

With increasingly fierce competition and rapidly changing consumer demands, supply chain management can significantly improve a company's productivity, reduce costs, improve service quality, and increase customer satisfaction. Replenishment is an essential part of daily operations in the retail industry. It can effectively replenish the right products in the right quantities at the right time to the right sales points, which will help improve a company's competitiveness.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company is constantly monitoring policy and legal changes related to financial operations and seeking professional opinions from external experts such as lawyers and accountants if necessary. We also discuss response measures to comply with regulations and minimize the impact on financial operations. In the most recent year and as of the printing date of this annual report, the Company and its subsidiaries have not been significantly affected by important policy and legal changes both domestically and internationally.

(5) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

A. Sales:

Due to the transformation of the overall industry ecosystem brought about by new retail, the retail sector has shifted from traditional offline operations to a hybrid online-offline model. Additionally, domestic and international e-commerce platforms have actively integrated offline physical channels in recent years, leading to significant changes in the industry landscape. In Taiwan, e-commerce platforms have gradually eroded the traditional retail market due to their well-developed logistics integration. Furthermore, changes in consumer behavior have further accelerated the penetration of e-commerce platforms and delivery services into the retail market. The Company has responded to this trend by turning threats into opportunities for business growth. The Company and its subsidiaries are committed to an omni-channel sales model, with the aim of providing customers with 360-degree services that meet their needs, whether they are shopping in physical stores or online. In addition to increasing cooperation with delivery platform operators, the Company will continue to optimize its e-commerce website, increase investment in customer relationship management (CRM), and strengthen customer loyalty to the Company's brands.

B. Operation:

The Company continues to adopt new technologies and equipment while phasing out energy-intensive, inefficient hardware facilities. In addition, The Company will continue to optimize its ERP system to improve operational efficiency through the integration of internal resources and launch a series of “Smart New Retail” initiatives. Our logistics centers are moving toward automation to reduce labor costs, with the primary goals of continuously lowering inventory levels and increasing logistics efficiency through precise data analysis. In the second half of 2024, we began significant investments in logistics expansion and the installation of automated warehouse equipment, which went live in 2026 and is currently undergoing continuous optimization. Furthermore, as fluctuations in labor costs have a significant impact on The Company’s profit and loss, we have fully implemented Electronic Shelf Labels in 2025 to ensure the effective utilization of human resources. This initiative not only saves store staff time spent replacing price tags and allows for the provision of more personalized services to customers but also reduces carbon emissions, moving us closer to our goal of a low-carbon, paperless store.

C. Information Technology:

Due to the widespread use of the Internet, hacker attacks, ransomware, and theft of consumer personal information or consumption data are common occurrences. The Company has established relevant information security management measures and regularly reviews their effectiveness to reduce potential damage to the Company's operations and image. The Company allocates a certain amount of its annual budget to information security protection to reduce information security risks. In addition, the Company has appointed a professional information security company to review the overall information and communication environment and provide recommendations for improvement. The Company will also establish a dedicated unit and hire personnel to strengthen the Company's information security and reduce risks.

(6) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

The Company upholds a corporate culture of proactivity, reliability, and innovation. It provides consumers with high-quality, affordable products to meet market demand. It prioritizes customer service and has consistently maintained a corporate image characterized by friendliness and integrity. Through the Simple Mart Plus brand, it has expanded into the organic retail industry, with its primary focus on providing safe and trustworthy products. In recent years, we have continuously introduced new product lines (such as coffee, sweet potatoes, and potatoes) to offer a more diverse range of products and services, expand our business scale, and better meet customer needs. We have also established a customer service center to centrally collect feedback and opinions regarding our various brands and respond to consumers in a timely manner. The Company has also established a spokesperson mechanism and a public relations department to standardize communication procedures, monitor public sentiment in real time to prevent inappropriate public opinion from affecting operations, and ensure swift and effective handling of emergencies and media inquiries.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

To expand our retail operations and enhance operational efficiency, At its January 2026 board meeting, The Company resolved to acquire 100% of the equity in OKmart CO., Ltd. As of the date of publication, the transaction remains subject to necessary permits, consents, or approvals from relevant regulatory authorities. The Company anticipates that this transaction will have a positive impact on its future operational development. In the future, through the cross-promotion of products and services with Simple Mart, The Company will not only provide consumers with a more diverse shopping experience but also integrate supply chains to enhance overall procurement efficiency.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The Company and its subsidiaries are engaged in trading and services, therefore, the description of this item is not applicable.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

The Company mainly operates community-based supermarkets, selling a wide variety of products and purchasing from a diverse range of suppliers, so there is no risk of excessive concentration. The Company's main supplier is Taiwan Tobacco and Liquor Corporation (TTL), which accounted for 13% of the Company's total purchases in 2025. However, TTL is wholly owned by the Ministry of Finance and is responsible for the production of tobacco and alcohol in Taiwan and balancing the supply and demand of the domestic tobacco and alcohol market. so there should be no significant concerns about stock shortages. In addition, the Company also purchases various types of tobacco and alcohol from domestic and foreign suppliers. Even if TTL experiences a stock shortage, it will not have a significant impact on the Company's operations. Therefore, the Company does not have any risks arising from excessive concentration of purchases.

(10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

On February 17, 2025, Mei-Ling Yu, a major shareholder of The Company, sold 10,400,000 shares on the centralized trading market via a block trade, Following the sale of her shares, Mei-Ling Yu’s stake fell below 5%, and she was relieved of her duties as an insider on the same day. On the same day, Shopnet Homeshopping Co., Ltd. acquired 10,400,000 shares, bringing its holding in The Company to 15.4%. The Company held its Annual General Meeting of Shareholders on May 28, 2025, to re-elect directors. The institutional shareholder, Shopnet Homeshopping Co., Ltd., nominated Mr. Chen-Chih Tai and Ms. Sung-Wen Tai as its representatives, and they were elected as directors. As Mercuries & Associates Holding, Ltd. continues to hold 60.76% of the Company’s shares, the Company determines that this transfer of equity does not constitute a change in control.

For information on the transfer of shares, please refer to page 84 of this annual report.

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

For the most recent year and as of the printing date of the annual report, there has been no significant change in governance personnel or top management.

(12) Any litigious or non-litigious matters or administrative disputes up to the printing date of this annual report where the Company and its Directors, Supervisors, General Managers, actual person in charge, and major shareholders holding more than 10% of the Company's shares, and affiliated companies that have been concluded by means of a final judgment or are still under litigation, to be a party thereof, and where the results thereof could materially affect shareholders’ equity or prices of the Company’s securities, as well as the facts of the dispute, amount of money at stake, start date of litigation, and main parties to the litigation.

As of publication date of the annual report, the Company and its directors, general manager, actual person in charge, major shareholders holding more than 10% of shares, and subsidiaries have no significant litigations, non-litigations, or administrative disputes that are either already finalized or still pending, which may have a significant impact on shareholder equity or security prices.

(13) Other important risks, and mitigation measures being or to be taken: No other significant risks

7. Other important matters: None.

VI. Other Special Notes

1. Information Regarding Affiliated companies

   In accordance with the letter No. 1130382569 dated June 26, 2024, issued by the Securities and Futures Bureau of the Financial Supervisory Commission, the Company's Consolidated Business Report and Affiliated Companies Report have been publicly announced and filed on the Market Observation Post System

   Market Observation Post System>Single Company>Download Electronic Documents>Affiliate Form

   (Website https://mopsov.twse.com.tw/mops/web/t57sb01_q10) prior to the printing date of this Annual Report.

2. Private placement of securities of the most recent year up to the publication date of this report printed: None.
3. Other items that must be included：None

VII. Any event which has a material impact on the shareholders' equity or securities prices as prescribed in subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that has occurred in the most recent year up to the printing date of this annual report:

1. The dishonoring of negotiable instruments due to insufficient deposit, the refusal to transact by banking services, or other events that result in the loss of good credit standing: None.
2. Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the company: None.
3. Serious drop in the output, complete or partial suspension of work, lease of the company factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the company business: None.
4. Any event specified under Article 185, paragraph 1 of the Company Act: None.
5. Judgment by the competent court to prohibit the transfer of the company's shares under Article 287, paragraph 1, item 5 of the Company Act: None.
6. Change in the chairman of the board, general manager, or one-third or more of the directors of the company: At The Company’s annual general meeting held on May 28, 2025, three new directors were elected, including two director representatives from Shopnet Homeshopping Co., Ltd. and one independent director. The Company now has a total of nine directors, representing a change of one-third of the board.
7. Change in the auditing and certifying accountant. However, where the change is due to internal adjustments in the accounting office, this matter shall not be included in the above definition: None.
8. Execution, amendment, termination, and rescindment of the important memoranda, strategic alliances or other cooperative business plans, or important contracts, change in the material contents of the business plan, completion of new product development, successful development of trial products, and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a major effect on the finances or business of the company: At a board meeting held on January 23, 2026, The Company resolved to acquire 100% of the equity interest in OKmart CO., Ltd. The Company plans to purchase all of OKmart CO., Ltd.’s common shares and the intellectual property rights necessary for its operations for NT$125 million in cash. As

of the date of publication, the transaction is subject to the necessary permits, consents, or approvals from the relevant regulatory authorities. The Company expects this transaction to have a positive impact on its future operational development.

9. Other important events that have had significant impact on the continuation of company operation: None.

Simple Mart Retail Co., Ltd.

Chairman: Shiang-Feng Chen