POYA INTERNATIONAL CO., LTD.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of POYA International Co., Ltd.

Opinion

We have audited the accompanying balance sheets of POYA International Co., Ltd. (the "Company") as at December 31, 2024 and 2023, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 financial statements are stated as follows:

Completeness and accuracy of franchising retail sales revenue

Description

Refer to Note 4(19), "Revenue recognition" for accounting policies on retail franchising.

In retail franchising, merchandise information such as name, cost, retail price, price changes and annual sales discount is first established. The point of sales system (henceforth POS) is used to run the merchandise information automatically. Each store gathers sales transactions by the end of the day. The system will aggregate all the information of transactions and then upload to ERP system to generate sales revenue journal entries. In addition, each store has to file cash report daily including cash, gift vouchers, credit cards, and electronic payment devices and reconcile with system data. Cash collections are deposited with the banks periodically.

Due to numerous transactions with small amount, retail franchising highly relies on POS and ERP system to generate reliable and accurate data. Thus, we identified the completeness and accuracy of retail franchising sales revenue as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Checking randomly whether the merchandise information has been properly approved and relevant evidence was attached whenever the merchandise information is created or changed;

2. Checking randomly whether the merchandise information has been transferred to POS system;
3. Checking randomly whether all the sales that were recorded in the POS are periodically transferred to ERP system and recorded in operating revenue journal entry automatically;
4. Reviewing the reasons and the relevant evidences for manual adjusting journal entries that are related to retail franchising sales revenue; and
5. Reviewing whether stores' cash deposits amounts recorded on the daily cash report are in accordance with bank remittance amounts.

Calculation of cost to retail ratio of retail inventory method

Description

Refer to Note 4(6) for accounting policies on inventory and Note 6(3) "Inventory" for related information on inventory and cost of sales.

Due to various kinds of merchandise, retail inventory method is used to estimate cost of inventory and cost of goods sold which are both calculated using the rate of cost of goods purchased to retail value of goods purchased (known as cost to retail ratio). The calculation of cost to retail ratio is generated automatically by the ERP system and highly relies on the goods purchased both at cost and retail price.

Thus, we identified the accuracy and reliability of calculation of cost to retail ratio of retail inventory method as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Conducting interviews with management to obtain an understanding of the calculation of cost to retail ratio in the calculation system of retail inventory method and determining whether it has been consistently applied in the comparative periods of financial statements;

2. Checking randomly whether the merchandise information has been properly approved and relevant evidence was attached whenever the merchandise information is created or changed;
3. Confirming whether the records of cost of inventory purchased in POS are transferred to ERP periodically and completely and the records could not be changed manually; and
4. Checking the computation for the correctness of cost to retail ratio.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditors’ responsibilities for the audit of the financial statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Hsu, Huei-Yu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan
Republic of China
February 24, 2025

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,834,366	10	$ 1,993,967	8
1150	Notes receivable, net	6(2)	280	-	32,871	-
1170	Accounts receivable, net	6(2)	1,487,126	5	1,414,451	5
1197	Finance lease receivable, net	6(7)	9,293	-	4,865	-
1200	Other receivables		4,381	-	8,584	-
130X	Inventories	6(3)	5,979,380	21	5,328,446	21
1410	Prepayments	6(4)	46,489	-	40,269	-
1476	Other current financial assets	8	8,287	-	8,287	-
11XX	**Total current assets**		10,369,602	36	8,831,740	34
	Non-current assets					
1600	Property, plant and equipment, net	6(5)	4,127,882	14	3,688,219	15
1755	Right-of-use assets	6(6) and 7	13,335,310	47	12,596,611	49
1840	Deferred income tax assets	6(21)	31,563	-	32,689	-
1920	Refundable deposits	6(6)	514,183	2	468,215	2
194D	Long-term finance lease receivable, net	6(7)	146,750	1	59,404	-
1975	Net defined benefit asset-non-current	6(10)	16,447	-	5,836	-
1980	Other non-current financial assets	8	5,000	-	11,000	-
1990	Other non-current assets		17,373	-	16,797	-
15XX	**Total non-current assets**		18,194,508	64	16,878,771	66
1XXX	**Total assets**		$ 28,564,110	100	$ 25,710,511	100

(Continued)

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(14)	$ 87,539	-	$ 90,930	-
2150	Notes payable		57,143	-	95,566	-
2170	Accounts payable		3,387,697	12	3,033,838	12
2200	Other payables	6(8)	938,908	3	928,210	4
2230	Current tax liabilities		384,499	2	367,227	1
2280	Current lease liabilities	7	1,906,776	7	1,737,662	7
2310	Receipts in advance		5	-	100	-
2320	Long-term liabilities, current portion	6(9)	1,445,900	5	1,245,209	5
21XX	**Total current liabilities**		8,208,467	29	7,498,742	29
	Non-current liabilities					
2540	Long-term borrowings	6(9)	1,601,701	6	916,145	4
2570	Deferred income tax liabilities	6(21)	6,898	-	6,378	-
2580	Non-current lease liabilities	7	11,554,259	40	10,917,519	42
2645	Guarantee deposits received		39,751	-	57,443	-
25XX	**Total non-current liabilities**		13,202,609	46	11,897,485	46
2XXX	**Total liabilities**		21,411,076	75	19,396,227	75
	Equity					
	Share capital	6(11)(13)(20)				
3110	Common stock		1,049,362	4	1,034,930	4
3200	Capital surplus	6(11)(12)	1,255,466	4	1,058,249	4
	Retained earnings	6(11)(13)				
3310	Legal reserve		1,923,960	7	1,671,810	7
3350	Unappropriated retained earnings		2,924,246	10	2,549,295	10
3XXX	**Total equity**		7,153,034	25	6,314,284	25
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
3X2X	**Total liabilities and equity**		$ 28,564,110	100	$ 25,710,511	100

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31 2024 AMOUNT	2024 %	2023 AMOUNT	2023 %
4000	Operating revenue	6(14)	$ 23,628,222	100	$ 22,078,695	100
5000	Operating costs	6(3)(10)(19)(20)	(12,961,823)	(55)	(12,341,050)	(56)
5900	Net operating margin		10,666,399	45	9,737,645	44
	Operating expenses	6(10)(19)(20) and 7				
6100	Selling expenses		(6,479,836)	(27)	(5,846,780)	(27)
6200	General and administrative expenses		(738,744)	(3)	(697,575)	(3)
6000	Total operating expenses		(7,218,580)	(30)	(6,544,355)	(30)
6900	Operating profit		3,447,819	15	3,193,290	14
	Non-operating income and expenses					
7100	Interest income	6(15)	24,184	-	20,722	-
7010	Other income	6(7)(16)	201,283	1	114,783	1
7020	Other gains and losses	6(6)(17)	20,355	-	(9,994)	-
7050	Finance costs	6(5)(6)(18) and 7	(187,398)	(1)	(166,277)	(1)
7000	Total non-operating income and expenses		58,424	-	(40,766)	-
7900	**Profit before income tax**		3,506,243	15	3,152,524	14
7950	Income tax expense	6(21)	(701,850)	(3)	(627,132)	(3)
8200	**Net income for the year**		$ 2,804,393	12	$ 2,525,392	11
	Other comprehensive income (loss)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(10)	$ 8,011	-	($ 4,877)	-
8349	Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(1,602)	-	975	-
8300	**Total other comprehensive income (loss) for the year**		$ 6,409	-	($ 3,902)	-
8500	**Total comprehensive income for the year**		$ 2,810,802	12	$ 2,521,490	11
	Earnings per share (in dollars)	6(22)				
9750	Basic		$ 26.74		$ 24.17	
9850	Diluted		$ 26.60		$ 24.07	

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus	Retained Earnings		
	Notes	Common stock	Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Total equity
For the year ended December 31, 2023						
Balance at January 1, 2023		$1,021,820	$ 896,641	$ 1,464,426	$ 2,687,558	$ 6,070,445
Net income for the year ended December 31, 2023		-	-	-	2,525,392	2,525,392
Other comprehensive loss for the year ended December 31, 2023		-	-	-	(3,902)	(3,902)
Total comprehensive income for the year ended December 31, 2023		-	-	-	2,521,490	2,521,490
Distribution of 2022 net income:						
Legal reserve		-	-	207,384	(207,384)	-
Cash dividends	6(13)	-	-	-	(2,442,151)	(2,442,151)
Stock dividends	6(11)(13)	10,218	-	-	(10,218)	-
Employees' stock compensation	6(11)(20)	2,892	161,608	-	-	164,500
Balance at December 31, 2023		$1,034,930	$1,058,249	$ 1,671,810	$ 2,549,295	$ 6,314,284
For the year ended December 31, 2024						
Balance at January 1, 2024		$1,034,930	$1,058,249	$ 1,671,810	$ 2,549,295	$ 6,314,284
Net income for the year ended December 31, 2024		-	-	-	2,804,393	2,804,393
Other comprehensive income for the year ended December 31, 2024		-	-	-	6,409	6,409
Total comprehensive income for the year ended December 31, 2024		-	-	-	2,810,802	2,810,802
Distribution of 2023 net income:						
Legal reserve		-	-	252,150	(252,150)	-
Cash dividends	6(13)	-	-	-	(2,173,352)	(2,173,352)
Stock dividends	6(11)(13)	10,349	-	-	(10,349)	-
Employees' stock compensation	6(11)(20)	4,083	197,217	-	-	201,300
Balance at December 31, 2024		$1,049,362	$1,255,466	$ 1,923,960	$ 2,924,246	$ 7,153,034

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,506,243	$ 3,152,524
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(19)	2,707,399	2,528,927
Loss on disposal of property, plant and equipment	6(17)	21,625	14,121
Gain from lease modification	6(6)(17)	(1,982)	(1,250)
Income from subleasing right-of-use assets	6(17)	(39,998)	(2,877)
Interest income	6(15)	(24,184)	(20,722)
Interest expense	6(18)	187,398	166,277
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		32,591	(28,468)
Accounts receivable		(72,675)	(171,116)
Other receivables		4,203	(4,147)
Inventories		(650,934)	(353,205)
Prepayments		(6,220)	21,116
Net defined benefit assets-non-current		(2,600)	(2,584)
Changes in operating liabilities			
Current contract liabilities		(3,391)	(7,094)
Notes payable		(38,423)	50,394
Accounts payable		353,859	(141,651)
Other payables		239,955	305,446
Receipts in advance		(95)	-
Cash inflow generated from operations		6,212,771	5,505,691
Interest received		24,184	20,722
Interest paid		(187,398)	(166,277)
Income tax paid		(684,534)	(555,837)
Net cash flows from operating activities		5,365,023	4,804,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in finance lease receivables		7,671	342
Acquisition of property, plant and equipment	6(23)	(1,159,688)	(973,742)
Interest paid for acquisition of property, plant and equipment	6(5)(18)(23)	(2,551)	(1,175)
Proceeds from disposal of property, plant and equipment		5,158	6,560
Acquisition of right-of-use assets	6(6)	(125,636)	(93,770)
Increase in refundable deposits		(45,968)	(29,084)
Decrease in other non-current financial assets		6,000	-
Increase in other non-current assets		(576)	(1,979)
Net cash flows used in investing activities		(1,315,590)	(1,092,848)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	6(24)	2,460,000	1,700,000
Repayment of long-term borrowings	6(24)	(1,573,753)	(1,804,524)
Repayment of lease principal	6(24)	(1,904,237)	(1,795,550)
(Decrease) increase in guarantee deposits received	6(24)	(17,692)	37,442
Cash dividends paid	6(13)	(2,173,352)	(2,442,151)
Net cash flows used in financing activities		(3,209,034)	(4,304,783)
Net increase (decrease) in cash and cash equivalents		840,399	(593,332)
Cash and cash equivalents at beginning of year	6(1)	1,993,967	2,587,299
Cash and cash equivalents at end of year	6(1)	$ 2,834,366	$ 1,993,967

The accompanying notes are an integral part of these financial statements.

POYA INTERNATIONAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) POYA International Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on March 12, 1997. The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery, hardware and a variety of products.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on February 24, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments as endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, 'Lack of exchangeablility'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for IFRS 18, 'Presentation and disclosure in financial statements', the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these financial statements have been prepared under the historical cost convention:

Defined benefit assets are recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires that use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5, "Critical accounting judgements, estimates and key sources of assumption uncertainty".

(3) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized within twelve months from the balance sheet date;

d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a. Liabilities that are expected to be paid off within the normal operating cycle;

b. Liabilities arising mainly from trading activities;

c. Liabilities that are to be paid off within twelve months from the balance sheet date;

d. It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(4) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(5) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'Lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'Unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(6) Inventories

Based on the initial recognition at acquisition cost, the cost calculation method uses the retail method for estimation. At the end of the year, all inventories are stated at the lower of cost and net realizable value. When comparing cost and net realizable value, the item-by-item comparison method is used.

(7) Impairment of financial assets

For financial assets measured at amortised cost including accounts receivable and lease receivables that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(8) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply the cost model. Property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful lives
Transportation equipment	5 years
Office equipment	2~10 years
Leasehold improvements	3~50 years
Other equipment	5~20 years

(10) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(11) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(12) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(13) Borrowings

Borrowings comprise long-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(14) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(15) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plan

I. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

II. Remeasurement arising on defined benefit plan is recognized in other comprehensive income in the period in which they arise, and presented in retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(16) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(17) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(18) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed upon resolution by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(19) Revenue recognition

A. The Company operates a chain of retail stores selling daily supplies. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

B. Payment of the transaction price is due immediately when the customer purchases the product. It is the Company's policy to sell its products to the end customer with a right of return within a period. Therefore, a refund liability and a right to the returned goods (included in other current assets) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

C. The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

D. Commission revenue

In accordance with IFRS 15 'Revenue', revenue is recognized when the counters sell its goods. The Company's transactions are not subject to significant risks and rewards associated with the sale of goods or the rendering of service and conform to the definition of an agent. Accordingly, the counter's net revenue is recognized representing commissions earned.

(20) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

A. The Company is primarily responsible for the provision of goods or services;

B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 52,809	$ 49,620
Checking deposits and demand deposits	2,781,557	1,944,347
	$ 2,834,366	$ 1,993,967

A. The Company transacts with a variety of financial institutions all with high credit rankings to diversify credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2024 and 2023, details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8, "Pledged assets".

(2) Notes and accounts receivable, net

	December 31, 2024	December 31, 2023
Notes receivable	$ 280	$ 32,871
Accounts receivable - sponsorship	$ 1,356,796	$ 1,223,202
Accounts receivable - customers	130,330	191,249
	$ 1,487,126	$ 1,414,451

A. The Company has no past due accounts receivable as of December 31, 2024 and 2023.

B. As of December 31, 2024 and 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables (including notes receivable) from contracts with customers amounted to $1,247,738.

C. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was its book value.

D. The Company did not hold any collateral as security as of December 31, 2024 and 2023.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2), "Financial instruments".

(3) Inventories

	December 31, 2024		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 5,979,380	$ -	$ 5,979,380

	December 31, 2023		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 5,328,446	$ -	$ 5,328,446

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2024	2023
Cost of inventories sold	$ 12,875,307	$ 12,212,561
Loss on physical inventory	86,516	128,489
	$ 12,961,823	$ 12,341,050

(4) Prepayments

	December 31, 2024	December 31, 2023
Overpaid value-added tax	$ 26,388	$ 22,660
Other prepaid expenses	20,101	17,609
	$ 46,489	$ 40,269

(5) Property, plant and equipment

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2024						
Cost	$ 37,403	$ 1,078,856	$ 4,125,463	$ 633,657	$ 127,614	$ 6,002,993
Accumulated depreciation	(17,683)	(590,577)	(1,546,769)	(159,745)	-	(2,314,774)
	$ 19,720	$ 488,279	$ 2,578,694	$ 473,912	$ 127,614	$ 3,688,219
For the year ended December 31, 2024						
At January 1	$ 19,720	$ 488,279	$ 2,578,694	$ 473,912	$ 127,614	$ 3,688,219
Additions	-	-	-	-	1,134,282	1,134,282
Transferred after acceptance inspection	10,574	363,076	696,739	119,144	(1,189,533)	-
Depreciation	(7,499)	(210,048)	(401,775)	(48,514)	-	(667,836)
Disposal-Cost	(9,858)	(268,771)	(369,991)	(17,107)	-	(665,727)
-Accumulated depreciation	9,195	250,067	364,223	15,459	-	638,944
At December 31	$ 22,132	$ 622,603	$ 2,867,890	$ 542,894	$ 72,363	$ 4,127,882
At December 31, 2024						
Cost	$ 38,119	$ 1,173,161	$ 4,452,211	$ 735,694	$ 72,363	$ 6,471,548
Accumulated depreciation	(15,987)	(550,558)	(1,584,321)	(192,800)	-	(2,343,666)
	$ 22,132	$ 622,603	$ 2,867,890	$ 542,894	$ 72,363	$ 4,127,882

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2023						
Cost	$ 36,522	$ 1,174,598	$ 3,796,109	$ 543,635	$ 30,596	$ 5,581,460
Accumulated depreciation	(19,010)	(628,369)	(1,467,880)	(126,797)	-	(2,242,056)
	$ 17,512	$ 546,229	$ 2,328,229	$ 416,838	$ 30,596	$ 3,339,404
For the year ended December 31, 2023						
At January 1	$ 17,512	$ 546,229	$ 2,328,229	$ 416,838	$ 30,596	$ 3,339,404
Additions	-	-	-	-	1,006,772	1,006,772
Transferred after acceptance inspection	11,245	168,276	629,494	100,739	(909,754)	-
Depreciation	(7,410)	(212,492)	(374,587)	(42,787)	-	(637,276)
Disposal-Cost	(10,364)	(264,018)	(300,140)	(10,717)	-	(585,239)
-Accumulated depreciation	8,737	250,284	295,698	9,839	-	564,558
At December 31	$ 19,720	$ 488,279	$ 2,578,694	$ 473,912	$ 127,614	$ 3,688,219
At December 31, 2023						
Cost	$ 37,403	$ 1,078,856	$ 4,125,463	$ 633,657	$ 127,614	$ 6,002,993
Accumulated depreciation	(17,683)	(590,577)	(1,546,769)	(159,745)	-	(2,314,774)
	$ 19,720	$ 488,279	$ 2,578,694	$ 473,912	$ 127,614	$ 3,688,219

A. The property, plant and equipment were all owner-occupied as of December 31, 2024 and 2023.

B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2024	2023
Amount capitalized	$ 2,551	$ 1,175
Interest rate range	1.64%～1.88%	1.17%～2.33%

C. As of December 31, 2024 and 2023, no property, plant and equipment was pledged to others.

(6) Leasing arrangements-lessee

A. The Company leases various assets including buildings and structures, machinery and other equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The Company has lease contracts with the key management and non-related parties. The lease terms are between 3 to 20 years. As of December 31, 2024 and 2023, the amounts of deposits paid in accordance with the lease contracts were $508,738 and $465,512, respectively and were classified as "Refundable deposits".

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Buildings and structures	$ 13,314,149	$ 12,574,811
Machinery and equipment	13,519	13,030
Other equipment	7,642	8,770
	$ 13,335,310	$ 12,596,611

	For the years ended December 31,	
	2024	2023
	Depreciation charge	Depreciation charge
Buildings and structures	$ 2,031,684	$ 1,884,099
Machinery and equipment	6,139	5,816
Other equipment	1,740	1,736
	$ 2,039,563	$ 1,891,651

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were $125,636 and $93,770, respectively, and the additions from remeasurement of right-of-use assets were $2,712,073 and $2,798,733, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 161,147	$ 139,950
Expense on short-term lease contracts	22,748	10,291
Expense on leases of low-value assets	240	312
Expense on variable lease payments	102,597	89,348
Gain on sublease of right-of-use assets	(154,090)	(76,819)
Gain from lease modification	(1,982)	(1,250)

F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were $2,316,605 and $2,129,221, respectively.

G. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a store. For individual stores, up to 13%～15% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs for newly established stores. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

H. Extension and termination options

a. Extension options are included in approximately 90.41% of the Company's lease contracts pertaining to retail stores. These terms and conditions aim to maximize optional flexibility in terms of managing contracts.

b. In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Leasing arrangements – lessor

A. The Company subleases underlying right-of-use assets－buildings and structures. Rental contracts are made for a period between 12 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Company leases right-of-use assets － buildings and structures under a finance lease. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2024	2023
Finance income from the net investment in the finance lease	$ 1,905	$ 67

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2024	December 31, 2023
Within 1 year	$ 11,640	$ 5,640
2-5 years	47,236	22,795
Over 5 years	117,390	40,833
	$ 176,266	$ 69,268

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Undiscounted lease payments	$ 11,640	$ 164,626	$ 5,640	$ 63,628
Unearned finance income	(2,347)	(17,876)	(775)	(4,224)
Net investment in the lease	$ 9,293	$ 146,750	$ 4,865	$ 59,404

E. The Company has no overdue lease receivables from the lessee, and the amount of loss arising from credit risk is assessed to be insignificant.

F. For the years ended December 31, 2024 and 2023, the Company recognised rent income in the amounts of $152,185 and $76,752, respectively, based on the operating lease agreement, which does not include variable lease payments.

G. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2024	December 31, 2023
Within 1 year	$ 196,916	$ 115,498
2-5 years	686,384	414,475
Over 5 years	472,170	200,235
	$ 1,355,470	$ 730,208

(8) Other payables

	December 31, 2024	December 31, 2023
Salaries and bonuses payable	$ 438,350	$ 393,334
Accrued employees' compensation and directors' remuneration	234,500	207,080
Labor and health insurance payable	49,945	47,482
Equipment payable	49,443	77,400
Others	166,670	202,914
	$ 938,908	$ 928,210

(9) Long-term borrowings

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2024
Long-term bank borrowings				
Unsecured bank borrowings	1.3.2022～12.2.2027	1.81%～2.17%	None	$ 3,047,601
Less: Current portion of long-term borrowings				(1,445,900)
				$ 1,601,701

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2023
Long-term bank borrowings				
Unsecured bank borrowings	5.13.2021～8.14.2026	1.69%～2.09%	None	$ 2,161,354
Less: Current portion of long-term borrowings				(1,245,209)
				$ 916,145

For more information about interest expenses recognized by the Company for the years ended December 31, 2024 and 2023, refer to Note 6(18), "Finance costs".

(10) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Information on the Company's aforementioned pension plan is as follows:

a. The amounts recognized in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	($ 61,379)	($ 64,269)
Fair value of plan assets	77,826	70,105
Net defined benefit assets	$ 16,447	$ 5,836

b. Movements in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
For the year ended December 31, 2024			
Balance at January 1	($ 64,269)	$ 70,105	$ 5,836
Current service cost	(55)	-	(55)
Interest (expense) income	(835)	911	76
	(65,159)	71,016	5,857
Remeasurements:			
Return on plan assets	-	6,221	6,221
Change in financial assumptions	1,940	-	1,940
Experience adjustments	(150)	-	(150)
	1,790	6,221	8,011
Pension fund contribution	-	2,579	2,579
Paid pension	1,990	(1,990)	-
Balance at December 31	($ 61,379)	$ 77,826	$ 16,447

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
For the year ended December 31, 2023			
Balance at January 1	($ 62,359)	$ 70,488	$ 8,129
Current service cost	(71)	-	(71)
Interest (expense) income	(873)	987	114
	(63,303)	71,475	8,172
Remeasurements:			
Return on plan assets	-	199	199
Change in financial assumptions	(717)	-	(717)
Experience adjustments	(4,359)	-	(4,359)
	(5,076)	199	(4,877)
Pension fund contribution	-	2,541	2,541
Paid pension	4,110	(4,110)	-
Balance at December 31	($ 64,269)	$ 70,105	$ 5,836

c. The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

d. The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2024	2023
Discount rate	1.60%	1.30%
Future salary increases	2.50%	2.50%

Assumptions regarding future mortality experience are both set based on the sixth experience life table of Taiwan life insurance industry for the years ended December 31, 2024 and 2023.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2024				
Effect on present value of defined benefit obligation	($ 1,556)	$ 1,611	$ 1,439	($ 1,400)
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,774)	$ 1,841	$ 1,654	($ 1,605)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

e. Expected contributions to the defined benefit pension plan of the Company for the next year amount to $2,530.

f. As of December 31, 2024, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	2,738
2-5 years		10,170
Over 5 years		18,868
	$	31,776

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2024 and 2023 were $133,291 and $117,479, respectively.

(11) Common stock

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the years ended December 31,	
	2024	2023
Balance at January 1	103,493	102,182
Stock dividends	1,035	1,022
Employees' stock compensation	408	289
Balance at December 31	104,936	103,493

B. On May 30, 2023, the Company's shareholders during their meeting adopted a resolution and reported to shareholders at its meeting to issue new shares of common stock through capitalization of unappropriated retained earnings of $10,218 and employees' compensation payable of $164,500. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on July 15, 2023. Of the amount of $164,500 employees' stock compensation, 289 thousand shares were calculated based on the fair value per share at the preceding day of the Board of Directors' meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.

C. On May 28, 2024, the Company's shareholders during their meeting adopted a resolution and reported to shareholders at its meeting to issue new shares of common stock through capitalization of unappropriated retained earnings of $10,349 and employees' compensation payable of $201,300. As approved by the Securities and Futures Bureau, Financial Supervisory Commission, the effective date of the capitalization was set on June 29, 2024. Of the amount of $201,300 employees' stock compensation, 408 thousand shares were calculated based on the fair value per share at the preceding day of the Board of Directors' meeting, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus-additional paid-in capital.

D. As of December 31, 2024, the Company's total authorized capital was $1,200,000 (including $20,000 reserved for employee stock options) and the paid-in capital was $1,049,362 (104,936 thousand shares) with par value of $10 (in dollars) per share.

(12) Capital surplus

Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is used.

(13) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. As the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budget in determining how much earnings will be kept or distributed and how much cash dividends will be distributed. Under the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income is the distributable net profit of this period, which is added to the unappropriated retained earnings from prior years to arrive at the accumulated distributable net profit. After considering business environment, future operations, the need for reinvestment, etc., the Board of Directors will propose a resolution for the distribution of earnings which will be approved at the shareholders' meeting. The distributable net profit shall be appropriated as: 50%~100% of accumulated distributable net profit will be appropriated as dividends and bonuses to shareholders, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the cash dividend per share is less than $0.5 (in dollars). The

Company's Board of Directors distributed all or part of the distributable dividends and bonuses in cash through a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors and reported it to the shareholders' meeting. The aforementioned regulations of requiring the resolutions from the shareholders are not applicable.

C. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balance in other equity items at the balance sheet date before distributing earnings. When debit balance in other equity items is reversed subsequently, an equal amount could then be used for distribution.

D. The Company recognized cash dividends distributed to owners in 2023 amounting to $2,442,151 ($23.9 dollars per share) and the distribution of stock dividends of $10,218 ($0.1 dollars per share). The distribution of cash dividends from 2023 earnings was resolved by the Board of Directors on February 26, 2024 and reported at the shareholders' meeting on May 28, 2024. The distribution includes a cash dividend of NT$2,173,352 ($21 dollars per share). On May 28, 2024, the shareholders during their meeting also resolved to distribute stock dividends of $10,349 ($0.1 dollar per share) from 2023 earnings. During its meeting on February 24, 2025, the Board of Directors resolved to propose the distribution of cash dividends amounting to $2,413,533 ($23 dollars per share) and stock dividends amounting to $10,494 ($0.1 dollars per share) from the 2024 earnings. Information about the distribution of dividends by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(14) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time as follows:

	For the years ended December 31, 2024	2023
Merchandise sales	$ 23,508,624	$ 21,945,875
License income	119,598	132,820
	$ 23,628,222	$ 22,078,695

B. Contract assets and liabilities

As of December 31, 2024, January 1, 2024 (December 31, 2023), and January 1, 2023, the Company has no revenue-related contract assets, and the Company has recognized the following revenue-related contract liabilities:

	December 31, 2024	January 1, 2024 (December 31, 2023)	January 1, 2023
Contract liabilities:			
– Customer loyalty programmes	$ 57,824	$ 63,995	$ 71,965
– Unearned receipts	29,715	26,935	26,059
	$ 87,539	$ 90,930	$ 98,024

a. Significant changes in contract assets and liabilities

The Company has no significant changes in contract assets and liabilities for the years ended December 31, 2024 and 2023.

b. Revenue recognized that was included in the contract liability balance at the beginning of the year is shown below:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Customer loyalty programmes	$ 63,995	$ 71,965
Unearned receipts	26,935	26,059
	$ 90,930	$ 98,024

(15) Interest income

	For the years ended December 31, 2024	For the years ended December 31, 2023
Interest income from bank deposits	$ 18,836	$ 17,720
Other interest income	5,348	3,002
	$ 24,184	$ 20,722

(16) Other income

	For the years ended December 31, 2024	For the years ended December 31, 2023
Rental income	$ 152,185	$ 76,752
Other income	49,098	38,031
	$ 201,283	$ 114,783

(17) Other gains and losses

	For the years ended December 31,	
	2024	2023
Loss on disposal of property, plant and equipment	($ 21,625)	($ 14,121)
Income from subleasing right-of-use assets	39,998	2,877
Gain from lease modification	1,982	1,250
	$ 20,355	($ 9,994)

(18) Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense:		
Bank borrowings	$ 43,876	$ 39,654
Others	146,073	127,798
Less: Capitalization of qualifying assets	(2,551)	(1,175)
	$ 187,398	$ 166,277

(19) Expenses by nature

	For the year ended December 31, 2024		
	Operating expenses	Operating costs	Total
Employee benefit expense	$ 3,105,058	$ 320,360	$ 3,425,418
Depreciation	$ 2,544,971	$ 162,428	$ 2,707,399

	For the year ended December 31, 2023		
	Operating expenses	Operating costs	Total
Employee benefit expense	$ 2,763,873	$ 268,845	$ 3,032,718
Depreciation	$ 2,390,866	$ 138,061	$ 2,528,927

(20) Employee benefit expenses

	For the year ended December 31, 2024		
Full time employees	Operating expenses	Operating costs	Total
Wages and salaries	$ 2,270,345	$ 112,498	$ 2,382,843
Labor and health insurance expense	239,259	11,419	250,678
Pension costs	106,300	5,945	112,245
Directors’ remuneration	7,500	-	7,500
Other personnel expenses	14,844	34	14,878
	$ 2,638,248	$ 129,896	$ 2,768,144

Part time employees	For the year ended December 31, 2024 Operating expenses	Operating costs	Total
Wages and salaries	$ 396,185	$ 6,315	$ 402,500
Labor and health insurance expense	49,600	-	49,600
Pension costs	21,025	-	21,025
Other personnel expenses	-	184,149	184,149
	$ 466,810	$ 190,464	$ 657,274

Full time employees	For the year ended December 31, 2023 Operating expenses	Operating costs	Total
Wages and salaries	$ 2,060,500	$ 98,365	$ 2,158,865
Labor and health insurance expense	216,054	10,225	226,279
Pension costs	95,789	5,222	101,011
Directors' remuneration	5,780	-	5,780
Other personnel expenses	13,267	54	13,321
	$ 2,391,390	$ 113,866	$ 2,505,256

Part time employees	For the year ended December 31, 2023 Operating expenses	Operating costs	Total
Wages and salaries	$ 315,694	$ 4,670	$ 320,364
Labor and health insurance expense	40,364	-	40,364
Pension costs	16,425	-	16,425
Other personnel expenses	-	150,309	150,309
	$ 372,483	$ 154,979	$ 527,462

A. The number of full time employees were 4,276 and 4,079, while part time employees were 1,459 and 1,309 on average for the years ended December 31, 2024 and 2023, respectively, including both 5 directors.

   The employee benefit expenses were $49,712 and $46,860, while the employee wages and salaries were $40,511 and $38,381 on average for the years ended December 31, 2024 and 2023, respectively. The employee wages and salaries for the year ended December 31, 2024 increased by approximately 5.55 % compared to the year ended December 31, 2023.

B. Under the salary and compensation policy of the Company, directors' remuneration is reviewed by the Compensation Committee based on the degree of their participation, the value contributed to the Company's operations, and the average level in the industry; the compensation for executive officers is reviewed by the Committee and resolved by the Board of Directors based on executive officers' job title, function, contribution, performance, and in consideration of the Company's future risk, etc.; the salary levels of employees vary depending on positions, job requirements and job substitution.At the same time, employees' skills, experience and education are considered as the main basis for salary assessment. The Company understands the industry salary standard and adjusts the salary levels and salary structure in time through regular salary surveys, which is the salary evaluation basis for special talents or newly added positions.

C. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 6% for directors' remuneration.

D. For the years ended December 31, 2024 and 2023, employees' compensation were accrued at $227,000 and $201,300, respectively; while directors' remuneration were accrued at $7,500 and $5,780, respectively. The aforementioned amounts were recognized in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 24, 2025 were $225,000 and $7,500, respectively. The employees' compensation will be distributed in the form of shares, and 458 thousand shares are planned to be issued, calculated based on the fair value per share at the preceding day of the Board of Directors' meeting, after taking into account the effects of ex-rights and ex-dividends. Additionally, there is a $2,000 variance between the employee' compensation and directors' remuneration recognized in the 2024 financial statements and the actual distribution, primarily due to estimation differences. This variance will be adjusted in the 2025 financial statements. The actual amount approved at the Board of Directors' meeting for employees' compensation and directors' remuneration for 2023 were $201,300 and $5,780, respectively, which were the same as the estimated amount recognized in the 2023 financial statements. The number of shares to be distributed as employees' compensation for 2023 and 2022 were 408 thousand and 289 thousand shares, respectively. Refer to Note 6(11), "Common stock" for details.

Information about employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

a. Components of income tax expense:

	For the years ended December 31, 2024	2023
Current income tax:		
Current tax on profits for the year	$ 701,800	$ 630,867
Prior year income tax under (over) estimation	6	(3,813)
Total current tax	701,806	627,054
Deferred tax:		
Origination and reversal of temporary differences	44	78
Income tax expense	$ 701,850	$ 627,132

b. The income tax charged to components of other comprehensive income during the year is as follows:

	For the years ended December 31,	
	2024	2023
Remeasurements of defined benefit obligations	$ 1,602	($ 975)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	$ 701,249	$ 630,505
Expenses disallowed by tax regulation	595	440
Prior year income tax under (over) estimation	6	(3,813)
Income tax expense	$ 701,850	$ 627,132

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealized expense	$ 13,981	$ 1,710	$ -	$ 15,691
Pension	5,909	-	(1,602)	4,307
Unearned revenue	12,799	(1,234)	-	11,565
	$ 32,689	$ 476	($ 1,602)	$ 31,563
—Deferred tax liabilities:				
Pension	($ 6,378)	($ 520)	$ -	($ 6,898)
	$ 26,311	($ 44)	($ 1,602)	$ 24,665

	For the year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealized expense	$ 11,948	$ 2,033	$ -	$ 13,981
Pension	4,934	-	975	5,909
Unearned revenue	14,393	(1,594)	-	12,799
	$ 31,275	$ 439	$ 975	$ 32,689
—Deferred tax liabilities:				
Pension	($ 5,861)	($ 517)	$ -	($ 6,378)
	$ 25,414	($ 78)	$ 975	$ 26,311

D. As of February 24, 2025, the Company's income tax returns through 2022 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

(22) Earnings per share

	For the year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 2,804,393	104,874	$ 26.74
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 2,804,393	104,874	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	546	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,804,393	105,420	$ 26.60

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 2,525,392	104,488	$ 24.17
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 2,525,392	104,488	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	452	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,525,392	104,940	$ 24.07

The abovementioned weighted average number of ordinary shares outstanding has been adjusted to unappropriated retained earnings as proportional increase in capital for the year ended December 31, 2023.

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31, 2024	2023
Purchase of property, plant and equipment	$ 1,134,282	$ 1,006,772
Add: Beginning balance of payable on equipment (Other payables)	77,400	45,545
Less: Ending balance of payable on equipment (Other payables)	(49,443)	(77,400)
Capitalization of interest	(2,551)	(1,175)
Cash paid for acquisition of property, plant and equipment	$ 1,159,688	$ 973,742

B. Investing and financing activities with no cash flow effects:

	For the years ended December 31, 2024	2023
(a) Right-of-use assets transferred to finance lease receivable	$ 59,447	$ 61,734
(b) Accrued employees' compensation transferred to stock dividends to be distributed	$ 201,300	$ 164,500

(24) Changes in liabilities from financing activities

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2024	$ 2,161,354	$ 12,655,181	$ 57,443	$ 14,873,978
Changes in cash flow from financing activities	886,247	(1,904,237)	(17,692)	(1,035,682)
Changes in other non-cash items	-	2,710,091	-	2,710,091
At December 31, 2024	$ 3,047,601	$ 13,461,035	$ 39,751	$ 16,548,387

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2023	$ 2,265,878	$ 11,653,248	$ 20,001	$ 13,939,127
Changes in cash flow from financing activities	(104,524)	(1,795,550)	37,442	(1,862,632)
Changes in other non-cash items	-	2,797,483	-	2,797,483
At December 31, 2023	$ 2,161,354	$ 12,655,181	$ 57,443	$ 14,873,978

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chen Chien Tsao	Key management of the Company

(2) Significant related party transactions

Lease transactions－lessee

A. The Company leases office from the key management of the Company. Rental contracts are typically made for 3 years. Rents are paid at the end of the month.

B. Acquisition of right-of-use assets

Outstanding balance

	December 31, 2024	December 31, 2023
Key management of the Company	$ -	$ 2,956

C. Lease liabilities

(a) Outstanding balance

	December 31, 2024	December 31, 2023
Key management of the Company	$ -	$ 2,986

Classified as "Current lease liabilities" and "Non-current lease liabilities".

(b) Interest expense

	For the years ended December 31,	
	2024	2023
Key management of the Company	$ 14	$ 44

(3) Key management compensation

	For the years ended December 31,	
	2024	2023
Salaries and other short-term employee benefits	$ 21,404	$ 19,300

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Assets	December 31, 2024	December 31, 2023	Purpose of collateral
Demand deposits (Note)	$ 7,237	$ 7,237	Performance guarantee
Certificate of deposit (Note)	6,050	12,050	Refundable deposits
	$ 13,287	$ 19,287	

(Note) Classified as "Other current financial assets" and "Other non-current financial assets".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditures contracted for but not yet incurred

	December 31, 2024	December 31, 2023
Property, plant and equipment	$ 102,563	$ 156,097

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

The Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, finance lease receivable (including current and non-current), other receivables, other financial assets (including current and non-current), refundable deposits, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are based on their book value as book value approximates fair value. In addition, the fair value information of financial instruments measured at fair value is described in Note 12(3), "Fair value information".

B. Financial risk management policies

The Company adopts a comprehensive risk management system to identify all risks (including market risk, credit risk and liquidity risk) and to enable key management to measure and control all risks. The Company's objectives when managing market risk are achieving optimal risk exposure, maintaining appropriate liquidity and managing all market risks centrally by taking into account the economic environment, competition and market risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

Since the main transactions of the Company are denominated in New Taiwan dollars, the Company is not engaged in foreign exchange contracts. Therefore, the Company is not exposed to significant foreign exchange risk.

II. Price risk

The Company is not engaged in any financial instrument or derivatives investment, hence is not exposed to price risk.

III. Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. For the years ended December 31, 2024 and 2023, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, other comprehensive income for the years ended December 31, 2024 and 2023 would have decreased/increased by $3,510 and $3,172, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

III. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over certain number of days.

IV. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using the provision matrix to estimate expected credit loss.

V. The Company uses the forecast to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2024 and 2023, the Company's expected loss rate used in not past due accounts receivable is immaterial, and the Company has no past due accounts receivable.

VI. The Company did not recognize the immaterial impairment losses when applying the modified approach for the years ended December 31, 2024 and 2023.

(c) Liquidity risk

I. Cash flow forecasting is performed by the Company. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. The Company has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Floating rate:		
Expiring within one year	$ 1,055,222	$ 3,247,374
Expiring beyond one year	1,136,059	727,272
	$ 2,191,281	$ 3,974,646

III. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Notes payable	$ 57,143	$ -	$ -	$ -
Accounts payable	3,387,697	-	-	-
Other payables	938,908	-	-	-
Lease liabilities (including current and non-current portion)	2,064,491	1,980,848	4,927,639	5,237,941
Long-term borrowings (including current portion)	1,471,650	1,130,086	500,140	-
Guarantee deposits received	-	39,751	-	-

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Notes payable	$ 95,566	$ -	$ -	$ -
Accounts payable	3,033,838	-	-	-
Other payables	928,210	-	-	-
Lease liabilities (including current and non-current portion)	1,873,716	1,810,546	4,537,329	5,101,657
Long-term borrowings (including current portion)	1,266,690	636,691	295,258	-
Guarantee deposits received	-	57,443	-	-

(3) Fair value information

The Company had no fair value financial instruments as of December 31, 2024 and 2023.

13. SUPPLEMENTARY DISCLOSURES

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2024.)

(1) Significant transaction information

A. Loans to others: None.

B. Provision of endorsements and guarantee to others provided: None.

C. Holding of marketable securities at the end of the period: None.

D. Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Total purchases or sales of goods from or to related parties reaching $100 million or 20% of the paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of the paid-in capital or more: None.

I. Derivative financial instruments undertaken: None.

J. Significant inter-company transactions: None.

(2) Disclosure information of investee company

None.

(3) Disclosure information on indirect investments in Mainland China

As of December 31, 2024, the Company had no investments in Mainland China.

(4) Major shareholders information

Major shareholders information: Refer to table 1.

14. SEGMENT INFORMATION

(1) General information

The Company operates business only in a single industry. The Company's chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of EBIT. This measurement basis excludes the effects of non-recurring earnings and expenditures from the operating segments. The accounting policies of the operating segment are the same with those summarized in Note 4 of the financial statements.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the years ended December 31,	
	2024	2023
	Retailing	Retailing
Segment revenue	$ 23,628,222	$ 22,078,695
Revenue from external customers (net)	23,628,222	22,078,695
Depreciation	2,707,399	2,528,927
Finance cost	187,398	166,277
Segment pre-tax profit	3,506,243	3,152,524
Segment assets	28,564,110	25,710,511
Segment liabilities	21,411,076	19,396,227

(4) Reconciliation for segment (loss) income

A. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The segment income reported to the chief operating decision-maker is measured in a manner consistent with that in the financial statements. Therefore, a reconciliation is not needed.

B. The amounts provided to the chief operating decision-maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Therefore, a reconciliation is not needed.

(5) Information on products and services

Please refer to Note 6(14) Operating revenue for related information.

(6) Geographical information

The Company’s geographical information for the years ended December 31, 2024 and 2023 is as follows:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 23,628,222	$ 17,480,565	$ 22,078,695	$ 16,301,627

(7) Major customer information

The Company’s annual revenue from each customer for the years ended December 31, 2024 and 2023 did not reach more than 10% of the revenue on the statement of comprehensive income.

POYA INTERNATIONAL CO,. LTD.

Major shareholders information

December 31, 2024

Table 1

In thousands of shares

Name of the key shareholder	Number of shares	Ownership (%)	Footnote
Capital Tip Customized Taiwan Select High Dividend Exchange Traded Fund	10,493	9.99%	–
Duo Chin Investment Co., Ltd.	8,670	8.26%	–
Poya Investment Co., Ltd.	8,501	8.10%	–
Chen Ching Investment Co., Ltd.	7,994	7.61%	–

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Cash on hand		$ 52,809
Checking Deposits		56,897
Demand Deposits－New Taiwan Dollar		2,724,660
		$ 2,834,366

POYA INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Client Name	Item	Amount
Others (less than 2%)	Accounts receivable - credit card and sponsorship	$ 1,487,126

POYA INTERNATIONAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Note
Merchandise	$ 5,979,380	$ 8,005,385	(Note)

(Note) The net realizable value was estimated taking into account retail price reductions due to promotions.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT -ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment, and Note 4(9) for the method to determine depreciation and useful lives for assets.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS-COST
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

	Buildings and structures	Machinery and equipment	Other equpiment	Total
Balance at January 1, 2024	$ 20,273,573	$ 37,528	$ 14,893	$ 20,325,994
Increase in lease liabilities	2,769,333	-	-	2,769,333
Additions	118,357	6,667	612	125,636
Decrease	(205,981)	(1,164)	-	(207,145)
Balance at December 31, 2024	$ 22,955,282	$ 43,031	$ 15,505	$ 23,013,818

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

	Buildings and structures	Machinery and equipment	Other equipment	Total
Balance at January 1, 2024	$ 7,698,762	$ 24,498	$ 6,123	$ 7,729,383
Additions	2,031,684	6,139	1,740	2,039,563
Decrease	(89,313)	(1,125)	-	(90,438)
Balance at December 31, 2024	$ 9,641,133	$ 29,512	$ 7,863	$ 9,678,508

POYA INTERNATIONAL CO., LTD.
STATEMENT OF REFUNDABLE DEPOSITS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item		Amount
Lease deposit	$	508,738
Others (less than 5%)		5,445
	$	514,183

POYA INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Suppliers Name	Description	Amount
MENTHOLATUM TAIWAN LIMITED	Accounts payable	$ 95,596
XUAN XIN CO., LTD.	Accounts payable	78,655
UNILEVER TAIWAN LTD.	Accounts payable	72,439
DR.WU SKINCARE CO., LTD.	Accounts payable	70,663
NIVEA (TAIWAN) LTD.	Accounts payable	70,246
Others (less than 2%)	Accounts payable	3,000,098
		$ 3,387,697

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to other payables.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CURRENT INCOME TAX LIABILITIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Income tax payable	—	$ 384,499	—

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CURRENT LEASE LIABILITIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Lease terms	Discount rate	Amount
Buildings and structures	2019.01～2043.01	0.0789%~0.1438%	$ 1,898,586
Machinery and equipment	2019.01～2028.09	0.0789%~0.1438%	6,283
Other equipment	2019.01～2033.01	0.0789%~0.1438%	1,907
			$ 1,906,776

POYA INTERNATIONAL CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS, CURRENT PORTION
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Rate	Loan amount	Collateral
Hua Nan Commercial Bank	Unsecured borrowings	（Note）	$ 705,882	None
Yuanta Commercial Bank	Unsecured borrowings	（Note）	267,240	None
E.SUN Commercial Bank	Unsecured borrowings	（Note）	200,000	None
Entie Commercial Bank	Unsecured borrowings	（Note）	166,667	None
First Commercial Bank	Unsecured borrowings	（Note）	100,000	None
Far Eastern International Bank	Unsecured borrowings	（Note）	3,333	None
Taipei Fubon Commercial Bank	Unsecured borrowings	（Note）	2,778	None
			$ 1,445,900	

（Note）Range of interest rates is 1.81%~2.17%.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Loan Amount	Expiry date	Rate	Collateral	Note
Hua Nan Commercial Bank	Unsecured borrowings	$ 1,280,882	2022.5.26～2027.7.23	（Note）	None	Monthly repayment of principal and interest.
Yuanta Commercial Bank	Unsecured borrowings	613,108	2023.8.14～2027.12.02	（Note）	None	Monthly repayment of principal and interest.
Entie Commercial Bank	Unsecured borrowings	485,278	2024.8.6～2027.11.18	（Note）	None	Monthly repayment of principal and interest.
E.SUN Commercial Bank	Unsecured borrowings	395,833	2023.8.11～2027.5.29	（Note）	None	Monthly repayment of principal and interest.
First Commercial Bank	Unsecured borrowings	262,500	2024.7.23～2027.10.15	（Note）	None	Monthly repayment of principal and interest.
Far Eastern International Bank	Unsecured borrowings	7,222	2024.2.22～2027.2.19	（Note）	None	Monthly repayment of principal and interest.
Taipei Fubon Commercial Bank	Unsecured borrowings	2,778	2022.1.3～2025.1.3	（Note）	None	Monthly repayment of principal and interest.
		3,047,601				
	Less: Current portion	(1,445,900)				
		$ 1,601,701				

（Note）Range of interest rates is 1.81%~2.17%.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF NON-CURRENT LEASE LIABILITIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Lease terms	Discount rate	Amount
Buildings and structures	2019.1～2043.1	0.0789%~0.1438%	$ 13,439,612
Machinery and equipment	2019.1～2028.9	0.0789%~0.1438%	13,593
Other equipment	2019.1～2033.1	0.0789%~0.1438%	7,830
			13,461,035
		Less: Current portion	(1,906,776)
			$ 11,554,259

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
Retail store revenue	$	23,508,624	Revenue from retail stores selling daily supplies
Other operating revenue		119,598	Commission revenue
Operating revenue	$	23,628,222	

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2024	$ 5,328,446
Add：Merchandise purchased	12,956,338
Less：Loss on physical inventory	(86,516)
Merchandise at December 31, 2024	(5,979,380)
Merchandise sold in this period	12,218,888
Loss on physical inventory	86,516
Other operating costs	656,419
Operating costs	$ 12,961,823

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	$ 124,758
Depreciation	162,428
Shipping expenses	150,239
Others (less than 3%)	218,994
	$ 656,419

POYA INTERNATIONAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	$ 2,408,297
Utilities	419,831
Insurance	262,004
Depreciation	2,453,851
Handling fee	263,440
Others (less than 3%)	672,413
	$ 6,479,836

POYA INTERNATIONAL CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	$ 393,058
Travelling expenses	39,522
Advertisement	52,582
Insurance	44,955
Depreciation	91,120
Others (less than 3%)	117,507
	$ 738,744

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(16) for the information related to other income.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF FINANCIAL COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(18) for the information related to financial costs.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(19) for the additional information related to expenses by nature and Note 6(20) for the information related to employee benefit expenses.