

**WORLD GYM CORPORATION (FORMERLY
WORLD FITNESS SERVICES LTD.) AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2025 AND 2024

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.

WORLD GYM CORPORATION (FORMERLY WORLD FITNESS SERVICES LTD.)
AND SUBSIDIARIES
DECEMBER 31, 2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25000243

To the Board of Directors and Shareholders of World Gym Corporation

Opinion

We have audited the accompanying consolidated balance sheets of World Gym Corporation and subsidiaries (the "Group") as at December 31, 2025 and 2024 and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Revenue recognition of the professional coaching course services**Description**

For the accounting policy of sales revenue recognition, please refer to Note 4(27). Contract liabilities of the professional coaching course services amounted to \$2,219,928 thousand (including contract liabilities that have expired and not yet expired) as at December 31, 2025; revenue of the professional coaching course services amounted to \$5,371,373 thousand for the year ended December 31, 2025. Revenue for the coaching course with which contract has expired and the course has not been completed is recognised based on the evaluation report of the amortisation period of unfinished courses issued by external experts based on the past service experience.

The assumptions used in the evaluation report are critical accounting estimates and the calculation of sales revenue is complex. Therefore, we included revenue recognition of the professional coaching course services (those recognised based on the evaluation report) as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

- A. We evaluated the professional qualification, competency and independence of the independent actuaries engaged by the management.

- B. We understood and sample-tested the accuracy and completeness of the data used by management in the evaluation report.
- C. We compared the methodologies and significant assumptions, including the number of days and usage percentage for the completion of the course which contract has expired, with specific historical data of the Group in order to assess the reasonableness of management's judgments.
- D. We obtained an understanding, evaluated, and verified the effectiveness of managements' control of revenue recognition, including reviewing contract terms and amount, confirming the period for rendering of services and selecting courses to verify the status of execution.
- E. We performed testing, on a sampling basis, on revenue recognised in accordance with the evaluation report for contract liabilities that have expired.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Lai, Chih-Wei

Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2026

The accompanying consolidated 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 consolidated 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WORLD GYM CORPORATION (FORMERLY WORLD FITNESS SERVICES LTD.) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		(Adjusted) December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1) and 12(2)	\$ 1,006,860	5	\$ 569,661	3
1136	Current financial assets at amortised cost	6(2) and 12(2)	656,987	4	599,229	4
1170	Accounts receivable, net	6(3) and 12(2)	50,962	-	67,657	-
1197	Finance lease receivable, net	6(3)(7) and 12(2)	22,769	-	22,283	-
1200	Other receivables	12(2)	5,868	-	6,360	-
1210	Other receivables - related parties	7(2) and 12(2)	245	-	139	-
130X	Inventories		28,232	-	21,693	-
1410	Prepayments		95,937	1	119,440	1
1470	Other current assets		1,011	-	3,734	-
11XX	Current Assets		<u>1,868,871</u>	<u>10</u>	<u>1,410,196</u>	<u>8</u>
Non-current assets						
1535	Non-current financial assets at amortised cost	6(2) and 12(2)	20,213	-	20,194	-
1550	Investments accounted for under equity method	6(4)	2,974	-	7,589	-
1600	Property, plant and equipment, net	6(5)	6,071,818	33	6,031,715	35
1755	Right-of-use assets	6(6)	9,599,135	51	8,733,562	50
1780	Intangible assets	6(8)	449,781	2	446,631	3
1840	Deferred income tax assets	6(25)	189,812	1	149,671	1
1920	Guarantee deposits paid	12(2)	433,404	2	422,043	2
194D	Long-term finance lease receivable, net	6(3)(7) and 12(2)	99,417	1	122,186	1
15XX	Non-current assets		<u>16,866,554</u>	<u>90</u>	<u>15,933,591</u>	<u>92</u>
1XXX	Total assets		<u>\$ 18,735,425</u>	<u>100</u>	<u>\$ 17,343,787</u>	<u>100</u>

(Continued)

WORLD GYM CORPORATION (FORMERLY WORLD FITNESS SERVICES LTD.) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2025		(Adjusted) December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(9) and 12(2)	\$ 799,900	4	\$ 399,900	2
2130	Current contract liabilities	6(19)	2,515,095	13	2,170,518	13
2150	Notes payable	12(2)	926	-	3,177	-
2170	Accounts payable	12(2)	9,920	-	743	-
2200	Other payables	6(10) and 12(2)	1,101,267	6	1,278,373	7
2220	Other payables to related parties	7(2) and 12(2)	24	-	40	-
2230	Current income tax liabilities		107,997	1	24,117	-
2280	Current lease liabilities	6(29) and 12(2)	1,499,657	8	1,218,602	7
2320	Long-term borrowings, current portion	6(11) and 12(2)	120,000	1	60,000	-
2399	Other current liabilities	6(12) and 12(2)	107,768	1	120,220	1
21XX	Current Liabilities		<u>6,262,554</u>	<u>34</u>	<u>5,275,690</u>	<u>30</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(19)	517,986	3	569,087	3
2540	Long-term borrowings	6(11) and 12(2)	240,000	1	90,000	1
2550	Provisions for liabilities - non-current	6(15)	192,000	1	176,000	1
2570	Deferred income tax liabilities	6(25)	36,936	-	36,615	-
2580	Non-current lease liabilities	6(29) and 12(2)	8,505,084	45	7,967,121	46
2600	Other non-current liabilities	6(12) and 12(2)	88,270	1	95,423	1
25XX	Non-current liabilities		<u>9,580,276</u>	<u>51</u>	<u>8,934,246</u>	<u>52</u>
2XXX	Total Liabilities		<u>15,842,830</u>	<u>85</u>	<u>14,209,936</u>	<u>82</u>
Equity						
	Share capital	6(16)				
3110	Share capital - common stock		1,125,000	6	1,125,000	7
	Capital surplus	6(17)				
3200	Capital surplus		1,837,117	10	2,170,501	13
	Retained earnings	6(18)				
3310	Legal reserve		94,351	-	64,081	-
3320	Special reserve		17,000	-	-	-
3350	Unappropriated retained earnings		166,896	1	75,167	-
	Other equity					
3400	Other equity interest		(3,553)	-	3,898	-
3500	Treasury shares	6(16)	(344,216)	(2)	(304,796)	(2)
3XXX	Total equity		<u>2,892,595</u>	<u>15</u>	<u>3,133,851</u>	<u>18</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		<u>\$ 18,735,425</u>	<u>100</u>	<u>\$ 17,343,787</u>	<u>100</u>

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

WORLD GYM CORPORATION (FORMERLY WORLD FITNESS SERVICES LTD.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2025		2024	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	\$ 10,983,985	100	\$ 9,816,657	100
5000	Operating costs	6(24)	(9,084,936)	(83)	(8,231,081)	(84)
5900	Net operating margin		<u>1,899,049</u>	<u>17</u>	<u>1,585,576</u>	<u>16</u>
	Operating expenses	6(24)				
6100	(space)Selling expenses		(134,978)	(1)	(103,718)	(1)
6200	(space)General and administrative expenses		(1,106,163)	(10)	(955,152)	(9)
6450	(space)(Reversal of) impairment loss determined in accordance with IFRS 9	12(2)	<u>200</u>	<u>-</u>	<u>(488)</u>	<u>-</u>
6000	(space)(space)Total operating expenses		<u>(1,240,941)</u>	<u>(11)</u>	<u>(1,059,358)</u>	<u>(10)</u>
6900	Operating profit		<u>658,108</u>	<u>6</u>	<u>526,218</u>	<u>6</u>
	Non-operating income and expenses					
7100	(space)Interest income	6(20)	18,814	-	26,420	-
7010	(space)Other income	6(21) and 7(2)	80,395	1	98,496	1
7020	(space)Other gains and losses	6(22)	(6,012)	-	6,396	-
7050	(space)Finance costs	6(23)	(229,158)	(2)	(205,484)	(2)
7060	(space)Share of loss of associates and joint ventures accounted for under equity method	6(4)	<u>(4,615)</u>	<u>-</u>	<u>(6,391)</u>	<u>-</u>
7000	(space)(space)Total non-operating income and expenses		<u>(140,576)</u>	<u>(1)</u>	<u>(80,563)</u>	<u>(1)</u>
7900	Profit before income tax		<u>517,532</u>	<u>5</u>	<u>445,655</u>	<u>5</u>
7950	(space)Income tax expense	6(25)	<u>(108,451)</u>	<u>(1)</u>	<u>(93,860)</u>	<u>(1)</u>
8200	Profit for the year		<u>\$ 409,081</u>	<u>4</u>	<u>\$ 351,795</u>	<u>4</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	(space)Financial statements translation differences of foreign operations		<u>(\$ 7,451)</u>	<u>-</u>	<u>\$ 3,898</u>	<u>-</u>
8300	Other comprehensive (loss) income for the year		<u>(\$ 7,451)</u>	<u>-</u>	<u>\$ 3,898</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 401,630</u>	<u>4</u>	<u>\$ 355,693</u>	<u>4</u>
	Earnings per share	6(26)				
9750	(space)Basic earnings per share		<u>\$ 3.75</u>		<u>\$ 3.19</u>	
9850	(space)Diluted earnings per share		<u>\$ 3.74</u>		<u>\$ 3.18</u>	

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

WORLD GYM CORPORATION (FORMERLY WORLD FITNESS SERVICES LTD.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent							
	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
	Legal reserve	Special reserve	Unappropriated retained earnings					
Year ended December 31, 2024								
Balance at January 1, 2024	\$ 1,000,000	\$ 980,458	\$ -	\$ -	\$ 349,531	\$ -	\$ -	\$ 2,329,989
Profit for the year	-	-	-	-	351,795	-	-	351,795
Other comprehensive income	-	-	-	-	-	3,898	-	3,898
Total comprehensive income	-	-	-	-	351,795	3,898	-	355,693
Appropriations and distribution of 2023 earnings:								
Legal reserve	-	-	64,081	-	(64,081)	-	-	-
Cash dividends 6(18)	-	-	-	-	(562,078)	-	-	(562,078)
Cash from capital surplus 6(17)	-	(335,422)	-	-	-	-	-	(335,422)
Treasury shares acquired 6(16)	-	-	-	-	-	-	(304,796)	(304,796)
Issuance of common stock 6(16)	125,000	1,525,465	-	-	-	-	-	1,650,465
Balance at December 31, 2024	<u>\$ 1,125,000</u>	<u>\$ 2,170,501</u>	<u>\$ 64,081</u>	<u>\$ -</u>	<u>\$ 75,167</u>	<u>\$ 3,898</u>	<u>(\$ 304,796)</u>	<u>\$ 3,133,851</u>
Year ended December 31, 2025								
Balance at January 1, 2025	\$ 1,125,000	\$ 2,170,501	\$ 64,081	\$ -	\$ 75,167	\$ 3,898	(\$ 304,796)	\$ 3,133,851
Profit for the year	-	-	-	-	409,081	-	-	409,081
Other comprehensive loss	-	-	-	-	-	(7,451)	-	(7,451)
Total comprehensive income (loss)	-	-	-	-	409,081	(7,451)	-	401,630
Appropriations and distribution of 2024 earnings:								
Legal reserve	-	-	6,051	-	(6,051)	-	-	-
Cash dividends 6(18)	-	-	-	-	(69,116)	-	-	(69,116)
Appropriations and distribution of 2025 earnings:								
Legal reserve	-	-	24,219	-	(24,219)	-	-	-
Special reserve	-	-	-	17,000	(17,000)	-	-	-
Cash dividends 6(18)	-	-	-	-	(200,966)	-	-	(200,966)
Cash dividends from capital surplus 6(17)	-	(333,384)	-	-	-	-	-	(333,384)
Treasury shares acquired 6(16)	-	-	-	-	-	-	(39,420)	(39,420)
Balance at December 31, 2025	<u>\$ 1,125,000</u>	<u>\$ 1,837,117</u>	<u>\$ 94,351</u>	<u>\$ 17,000</u>	<u>\$ 166,896</u>	<u>(\$ 3,553)</u>	<u>(\$ 344,216)</u>	<u>\$ 2,892,595</u>

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

WORLD GYM CORPORATION (FORMERLY WORLD FITNESS SERVICES LTD.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 517,532	\$ 445,655
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(24)	922,703	949,870
Depreciation for right-of-use assets	6(6)(24)	1,395,504	1,316,617
Amortization expense	6(8)(24)	22,981	19,817
Expected credit gain	12(2)	(200)	488
Interest expense	6(23)	33,001	21,923
Interest expense for lease liabilities	6(6)(23)	196,157	183,561
Interest income		(18,814)	(26,420)
Share of loss of associates and joint ventures accounted for under equity method	6(4)	4,615	6,391
(Gain) loss on disposal of property, plant and equipment	6(22)	(301)	8,926
Gain on lease modification	6(6)(22)	(214)	(18,692)
Impairment loss on non-financial assets		(77)	166
Unrealised net loss (gain) on foreign currency exchange		8	(12)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		16,895	94,068
Finance lease receivable, net		24,750	(8,940)
Other receivables		492	(1,460)
Other receivables - related parties		(106)	(42)
Inventories		(6,462)	(18,603)
Prepayments		23,505	(11,509)
Other current assets		2,723	4,227
Changes in operating liabilities			
Contract liabilities		293,476	155,533
Notes payable		(2,251)	(1,221)
Accounts payable, net		9,177	149
Other payables		80,869	(22,249)
Other payables to related parties		(16)	7
Other current liabilities		(5,214)	(13,453)
Cash inflow generated from operations		3,510,733	3,084,797
Interest received		9,214	17,068
Interest paid		(228,963)	(205,280)
Income tax paid		(64,391)	(183,846)
Net cash flows from operating activities		<u>3,226,593</u>	<u>2,712,739</u>

(Continued)

WORLD GYM CORPORATION (FORMERLY WORLD FITNESS SERVICES LTD.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(28)	(\$ 1,317,920)	(\$ 1,326,988)
Proceeds from disposal of property, plant and equipment		462	768
(Increase) decrease in financial assets at amortised cost		(57,777)	31,500
Acquisition of intangible assets	6(8)	(33,193)	(18,411)
Net cash flow from acquisition of subsidiary		-	(281,120)
Increase in guarantee deposits paid		(30,090)	(45,915)
Decrease in guarantee deposits paid		21,481	45,479
Net cash flows used in investing activities		(1,417,037)	(1,594,687)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		-	(100)
Increase in short-term borrowings	6(29)	400,000	-
Proceeds from long-term borrowings	6(29)	300,000	-
Repayment of long-term borrowings	6(29)	(90,000)	(210,000)
Repayment of the principal portion of lease liabilities	6(29)	(1,307,672)	(1,237,739)
Increase in guarantee deposits recieved	6(29)	20	650
Cash dividends paid (distribution of cash from capital surplus)	6(28)	(635,180)	(881,546)
Capital increase	6(16)	-	1,660,845
Purchase of treasury shares	6(16)	(39,420)	(304,796)
Net cash flows used in financing activities		(1,372,252)	(972,686)
Effect of exchange rate changes on cash and cash equivalents		(105)	172
Net increase in cash and cash equivalents		437,199	145,538
Cash and cash equivalents at beginning of year		569,661	424,123
Cash and cash equivalents at end of year		\$ 1,006,860	\$ 569,661

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

WORLD GYM CORPORATION AND SUBSIDIARIES
(FORMERLY WORLD FITNESS SERVICES LTD.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

World Gym Corporation (the “Company”) was originally named WORLD FITNESS SERVICES LTD., but the shareholders' meeting on May 23, 2025 passed a resolution to change the Company’s name to “World Gym Corporation” The Company was incorporated in the Cayman Islands on November 21, 2013. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the physical fitness, sports and sauna business.

2. The Date of Authorisation for Issuance of the Consolidated Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorized for issuance by the Board of Directors on February 24, 2026.

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 endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’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 Group

New standards, interpretations and amendments endorsed by the FSC and became effective from 2026 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of 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
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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’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 International Accounting Standards Board
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 International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027 (Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, 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. The consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained

in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2025	December 31, 2024	
WORLD GYM CORPORATION	WORLD FITNESS ASIA LIMITED	Physical fitness, sports and sauna business	100	100	
WORLD GYM CORPORATION	WG Franchise Management Corp.	Fitness brand trademark management	100	100	Note 1
WORLD GYM CORPORATION	World Gym International, LLC	Trademark licensing service for fitness brands	99.9	99.9	Note 2
WG Franchise Management Corp.	World Gym International, LLC	Trademark licensing service for fitness brands	0.1	0.1	Note 2

Note 1: The Company was registered in the United States on August 21, 2024, and the board of directors of the Company resolved to transfer ownership to WORLD GYM CORPORATION.

Note 2: On October 28, 2024, the Group acquired 100% of the equity of World Gym International, LLC for USD 9 million. After the acquisition, WORLD GYM CORPORATION and WG Franchise Management Corp. hold 99.9% and 0.1% respectively of the equity of World Gym International, LLC.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign

subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

- (c) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) 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 that are expected to be realized, or are intended to be sold or consumed in the normal operating cycle;
 - (b) Assets that are held primarily for the purpose of trading;
 - (c) Assets that are expected to be realized within twelve months after the reporting period;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- 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 settled in the normal operating cycle;
 - (b) Liabilities that are held primarily for the purpose of trading;
 - (c) Liabilities that are due to be settled within twelve months after the reporting period;
 - (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.

(6) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group 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.

(8) 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.

(9) Impairment of financial assets

For financial assets at amortised cost (including accounts receivable), at each reporting date, the Group 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.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or

exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. 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 cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be 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:

- (a) Office equipment : 1~7 years

(b) Leasehold improvement : 1~21 years

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

A. Leases are recognised 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 Group. For short-term leases or leases of low-value assets, lease payments are recognised 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 the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 initial direct costs incurred by the lessee; and

(c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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 recognised 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 and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(15) Intangible assets

A. Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks and licences have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 6 to 25 years.

Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. It was assessed to generate continuous net cash inflow in the foreseeable future and it tested annually for impairment.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. The goodwill recognized on the acquisition date is used as cost and subsequently measured at cost less accumulated impairment losses.

(16) Impairment of non-financial assets

A. The Group 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 recognised 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 to sell or value in use. Except for goodwill when the circumstances or reasons for recognising 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 amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction

costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

- A. Accounts and notes payable are those resulting from operating and non-operating activities.
- B. The short-term accounts and notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Provisions

Provisions (including decommissioning) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) 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 recognised as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

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

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised 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.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate 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.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or 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 tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognised 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, unrecognised and recognised deferred 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 recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred 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.

(25) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

A. Sales of goods

The Group sells a wide range of sports consumables. Sales are recognised when products are being sold to customers.

B. Workout area services

The Group provides workout area services. Revenue from providing such services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual days passed relative to the total usage days. The customer pays at the time specified in the payment schedule. If the payments exceed the services rendered, a contract liability is recognised.

C. Professional coaching course services

The Group provides professional coaching course services. Revenue from providing such services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the number of courses taken relative to the total courses. The customer makes payment upon signing the contract. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is recognised based on the coaching course with which contract has expired and the course has not been completed and the evaluation report of the amortisation period of unfinished courses issued by external experts. The amortisation ratio of unfinished courses is derived from usage of coaching courses which contract has expired, and is calculated by a 30-day period as a group based on historical data of total courses and percentage of use for each group.

D. Revenue from licencing intellectual property

The Group entered into a contract with a customer to grant a licence of trademarks to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the trademarks to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the licence to a customer at a point in time.

E. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the

acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group’s chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’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 amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Revenue recognition of coaching courses due

When recognising revenue of the coaching course which contract has expired and the course has not been completed, the Group needs to apply judgements and estimates to determine the related assumption on balance sheet date, including the expected percentage of use of coaching course which contract has expired and the course has not been completed. Any changes in the expected percentage of use of coaching course which contract has expired and the course has not been completed could significantly impact the carrying amount of contract liabilities.

As of December 31, 2025, the carrying amount of contract liabilities of coaching course which contract has expired and the course has not been completed was \$718,519.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 10,988	\$ 10,650
Checking accounts and demand deposits	995,872	559,011
	<u>\$ 1,006,860</u>	<u>\$ 569,661</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has reclassified pledged time deposits, reserved trust account, and time deposits maturing in excess of three months to ‘financial assets at amortised cost’. Please refer to Note 6(2) for details.

(2) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Current items:		
Reserved trust account	656,987	599,229
Non-current items:		
Reserved time deposits pledged as collateral	\$ 20,213	\$ 20,194

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	\$ 4,433	\$ 3,452

B. As of December 31, 2025 and 2024, 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 financial assets at amortised cost held by the Group was its book value.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	\$ 50,962	\$ 69,197
Less: Loss allowance	-	(1,540)
	\$ 50,962	\$ 67,657
Finance lease payments receivable	\$ 24,815	\$ 24,749
Long-term finance lease payments receivable	103,408	128,222
Less: Unearned finance income of finance lease	(2,046)	(2,466)
Less: Unearned finance income of long-term finance lease	(3,991)	(6,036)
	\$ 122,186	\$ 144,469

A. The aging analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2025	December 31, 2024
	Accounts receivable	Accounts receivable
Not past due	\$ 41,111	\$ 66,472
Up to 30 days	2,717	916
31 to 60 days	832	269
61 to 90 days	786	-
91-180 days	5,516	-
	\$ 50,962	\$ 67,657

The above aging analysis was based on past due date.

- B. As at December 31, 2025 and 2024, accounts receivable mainly comprised of receivables from credit card companies who collected payment for the customers' purchase of workout area services and coaching course services. And as of January 1, 2024, the balance of receivables from credit card payment amounted to \$159,837.
- C. As at December 31, 2025 and 2024, 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 Group's notes and accounts receivable was \$50,962 and \$67,657, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).
- E. Information relating to finance lease payments receivable is provided in Note 6(7).

(4) Investments accounted for under equity method

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As at December 31, 2025 and 2024, the carrying amount of the Group's individually immaterial associates amounted to \$2,974 and \$7,589, respectively.

	Year ended December 31, 2025	Year ended December 31, 2024
Loss for the period from continuing operations	(\$ 4,615)	(\$ 6,391)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	(\$ 4,615)	(\$ 6,391)
Dividend received from the associates	\$ -	\$ -

(5) Property, plant and equipment, net

Year ended December 31, 2025

	<u>Beginning of period</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Reclassifications</u>	<u>Net exchange differences</u>	<u>End of period</u>
Cost							
Building and structures	\$ -	\$ 7,608	\$ -	\$ -	\$ -	\$ -	\$ 7,608
Fitness equipment	1,907,607	97,329	(21,970)	47,054	(3,387)	(490)	2,026,143
Leasehold improvements	10,698,832	818,309	(15)	101,552	-	-	11,618,678
Unfinished construction and equipment under acceptance	212,503	154,539	-	(148,606)	(114,523)	-	103,913
	<u>\$ 12,818,942</u>	<u>\$ 1,077,785</u>	<u>(\$ 21,985)</u>	<u>\$ -</u>	<u>(\$ 117,910)</u>	<u>(\$ 490)</u>	<u>\$ 13,756,342</u>
Accumulated depreciation							
Building and structures	\$ -	(\$ 571)	\$ -	\$ -	\$ -	\$ -	(\$ 571)
Fitness equipment	(1,469,298)	(169,420)	21,810	-	3,384	197	(1,613,327)
Leasehold improvements	(5,317,929)	(752,712)	15	-	-	-	(6,070,626)
	<u>(\$ 6,787,227)</u>	<u>(\$ 922,703)</u>	<u>\$ 21,825</u>	<u>\$ -</u>	<u>\$ 3,384</u>	<u>\$ 197</u>	<u>(\$ 7,684,524)</u>
	<u>\$ 6,031,715</u>						<u>\$ 6,071,818</u>

Year ended December 31, 2024

	Beginning of period	Acquired from				Transfers	Reclassifications	Net exchange differences	End of period
		business combinations	Additions	Disposals					
Cost									
Fitness equipment	\$ 1,791,876	\$ 11,603	\$ 141,814	(\$ 49,651)	\$ 22,912	(\$ 11,196)	\$ 249	\$ 1,907,607	
Leasehold improvements	9,464,720	-	1,137,755	(5,739)	102,096	-	-	\$ 10,698,832	
Unfinished construction and equipment under acceptance	171,931	-	202,511	-	(125,008)	(36,931)	-	212,503	
	<u>\$ 11,428,527</u>	<u>\$ 11,603</u>	<u>\$1,482,080</u>	<u>(\$ 55,390)</u>	<u>\$ -</u>	<u>(\$ 48,127)</u>	<u>\$ 249</u>	<u>\$ 12,818,942</u>	
Accumulated depreciation									
Fitness equipment									
Leasehold improvements	(\$ 1,333,604)	(\$ 4,678)	(\$ 184,521)	\$ 42,553	\$ -	\$ 11,055	(\$ 103)	(\$ 1,469,298)	
	<u>(4,555,723)</u>	<u>-</u>	<u>(765,349)</u>	<u>3,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,317,929)</u>	
	<u>(\$ 5,889,327)</u>	<u>(\$ 4,678)</u>	<u>(\$ 949,870)</u>	<u>\$ 45,696</u>	<u>\$ -</u>	<u>\$ 11,055</u>	<u>(\$ 103)</u>	<u>(\$ 6,787,227)</u>	
	<u>\$ 5,539,200</u>							<u>\$ 6,031,715</u>	

- A. The Group reclassified certain unfinished construction and equipment on November 7, 2025, November 23, 2024, and August 30, 2024 based on the Group's intended use of those assets.
- B. The aforementioned property, plant and equipment are all for own use.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Leasing arrangements – lessee

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 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. In addition, according to the operating lease agreement, the Group bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment in the future. Please refer to Note 6 (15) for the relevant decommissioning liabilities.
- B. Short-term leases with a lease term of 12 months or less comprise office equipment and advertising board.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Book Value</u>	<u>Book Value</u>
Land	\$ 687,203	\$ 658,558
Buildings	8,911,932	8,075,004
	<u>\$ 9,599,135</u>	<u>\$ 8,733,562</u>
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 47,452	\$ 46,795
Buildings	1,348,052	1,269,822
	<u>\$ 1,395,504</u>	<u>\$ 1,316,617</u>

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets amounted to \$2,271,977 and \$1,316,666, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 196,157	\$ 183,561
Gain on sublease of right-of-use assets	25,994	22,544
Expense on short-term lease contracts	70,759	65,954

- F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases amounted to \$1,574,588 and \$1,487,254, respectively.

G. For the years ended December 31, 2025 and 2024, the Group recognised the gain from changes in lease contract to gain of \$214 and gain of \$18,692 (Presented as other gains and losses).

(7) Leasing arrangements – lessor

A. The Group leases various assets including sublease of right-of-use assets to others. Rental contracts are typically made for periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

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

	<u>December 31, 2025</u>
2026	\$ 24,815
2027	25,153
2028	25,220
2029	22,165
2030	18,557
After 2031	12,313
	<u>\$ 128,223</u>

	<u>December 31, 2024</u>
2025	\$ 24,749
2026	24,815
2027	25,152
2028	25,220
2029	22,165
After 2030	30,870
	<u>\$ 152,971</u>

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

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Undiscounted lease payments	\$ 24,815	\$ 103,408	\$ 24,749	\$ 128,222
Unearned finance income	(2,046)	(3,991)	(2,466)	(6,036)
Net investment in the lease	<u>\$ 22,769</u>	<u>\$ 99,417</u>	<u>\$ 22,283</u>	<u>\$ 122,186</u>

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

E. Gain arising from operating lease agreements for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Rent income	\$ 22,669	\$ 20,220
Rent income arising from variable lease payments	\$ 3,325	\$ 2,324

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

	December 31, 2025
2026	\$ 22,387
2027	21,348
2028	21,192
2029	16,344
2030	7,964
After 2031	39,819
	<u>\$ 129,054</u>

	December 31, 2024
2025	\$ 22,241
2026	22,124
2027	21,622
2028	21,921
2029	17,557
After 2030	49,674
	<u>\$ 155,139</u>

(8) Intangible assets

	Year ended December 31, 2025				
	<u>Beginning of period</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Net exchange differences</u>	<u>End of period</u>
Cost					
Goodwill	\$ 39,814	\$ -	\$ -	\$ -	\$ 39,814
Software	190,231	27,648	-	-	217,879
Trademark	318,124	5,545	-	(7,062)	316,607
	<u>\$ 548,169</u>	<u>\$ 33,193</u>	<u>\$ -</u>	<u>(\$ 7,062)</u>	<u>\$ 574,300</u>
Accumulated amortisation					
Software	(\$ 84,186)	(\$ 22,545)	\$ -	\$ -	(\$ 106,731)
Trademark	(17,352)	(436)	-	-	(17,788)
	<u>(\$ 101,538)</u>	<u>(\$ 22,981)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 124,519)</u>
	<u>\$ 446,631</u>				<u>\$ 449,781</u>

Year ended December 31, 2024						
	Beginning of period	Acquired from			Net exchange differences	End of period
		business combinations	Additions	Reclassifications		
Cost						
Goodwill	\$ -	\$ 39,814	\$ -	\$ -	\$ -	\$ 39,814
Software	171,986	-	18,245	-	-	190,231
Trademark	42,731	271,634	166	-	3,593	318,124
	<u>\$ 214,717</u>	<u>\$ 311,448</u>	<u>\$ 18,411</u>	<u>\$ -</u>	<u>\$ 3,593</u>	<u>\$ 548,169</u>
Accumulated amortisation						
Software	(\$ 66,408)	\$ -	(\$ 17,778)	\$ -	\$ -	(\$ 84,186)
Trademark	(15,313)	-	(2,039)	-	-	(17,352)
	<u>(\$ 81,721)</u>	<u>\$ -</u>	<u>(\$ 19,817)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 101,538)</u>
	<u>\$ 132,996</u>					<u>\$ 446,631</u>

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Administrative expenses	<u>\$ 22,981</u>	<u>\$ 19,817</u>

B. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	December 31, 2025	December 31, 2024
US	<u>\$ 39,814</u>	<u>\$ 39,814</u>

C. The Group entered into a trademark licensing agreement on October 1, 2015. This agreement grants the Group the exclusive right and license to World Gym trademark in the People's Republic of China, Taiwan, Hong Kong and Macau for twenty-five years. The Group acquired 100% ownership of World Gym International, LLC on October 28, 2024. Since that date, the trademark rights owned have been held by the Group.

D. In accordance with IAS 36, goodwill acquired in a business combination must be tested for impairment at least annually. The recoverable amount of goodwill calculated using the value-in-use exceeded its carrying amount as at December 31, 2025, so goodwill was not impaired. The key assumptions used for value-in-use calculations of goodwill during 2025 and 2024 are as follows:

The cash flow projections used are the basis for the estimation. Key assumptions include revenue growth rate and operating expense rate. These assumptions are derived from assessments of future trends in the industry and considerations on both internal and external historical information. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used during 2025 and 2024 were 12.11% and 14.62%, are pre-tax and reflect specific risks relating to the relevant operating segments.

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 799,900</u>	1.67%~2.18%	None

<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 399,900</u>	1.66%	None

Interest expense recognised in profit or loss amounted to \$14,599 and \$6,197 for the years ended December 31, 2025 and 2024, respectively.

(10) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payable for salaries and bonus	\$ 595,116	\$ 498,343
Payable for insurance	78,286	73,890
Payable for retirement benefit	69,210	64,369
Payable for value-added tax	64,151	49,213
Payable for utilities	57,897	55,854
Payable for purchase of construction and equipment	53,358	279,083
Payable for compensation for unused leave	18,684	50,283
Payable for employees' compensation	10,562	9,095
Payable for dividends	748	32,462
Payable for treasury shares	-	4,384
Others	153,255	161,397
	<u>\$ 1,101,267</u>	<u>\$ 1,278,373</u>

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable monthly from July 29, 2022.	2.31%	None	\$ 90,000
Unsecured borrowings	Borrowing period is from June 15, 2025 to May 14, 2030; interest payable monthly; principal is repayable quarterly from August 3, 2025.	2.55%	None	
				<u>270,000</u>
				<u>360,000</u>
Less: Current portion				(<u>120,000</u>)
				<u>\$ 240,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2024</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable monthly from July 29, 2022.	2.31%	None	\$ 150,000
Less: Current portion				(<u>60,000</u>)
				<u>\$ 90,000</u>

(12) Payable for purchase of equipment (Listed as other current liabilities and other non-current liabilities)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payable for purchase of equipment	\$ 126,025	\$ 140,435
Less: Current portion - payable for purchase of equipment	(<u>50,072</u>)	(<u>57,309</u>)
Long-term payable for purchase of equipment	<u>\$ 75,953</u>	<u>\$ 83,126</u>

(13) Pensions

- A. Effective July 1, 2005, the Company and its domestic subsidiaries have 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, World Fitness Asia Limited (H.K.) Taiwan Branch 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.
- B. The pension costs under defined contribution pension plans for the years ended December 31, 2025 and 2024 were \$272,292 and \$248,703, respectively.

(14) Share-based payment

- A. For the year ended December 31, 2024, the Group’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2024.01.15	1,250 thousand shares	NA	Vested immediately

- B. Details of the share-based payment arrangements are as follows:

	2025		Unit: thousand of shares 2024	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options granted	-	-	1,250	132
Option exercised	-	-	(1,250)	132
Options outstanding at December 31	-	-	-	-
Options outstanding at December 31	-	-	-	-

C. The fair value of stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected ratio volatility	Expected option life	Risk-free interest rate	Fair value of rights per share
Cash capital increase reserved for employee preemption	2024.01.15	121.92	132	28.19%	0.025 year	0.7922%	\$ -

(15) Provisions

	2025	2024
At January 1	\$ 176,000	\$ 154,000
Additional provisions	16,000	22,000
At December 31	<u>\$ 192,000</u>	<u>\$ 176,000</u>

Decommissioning liabilities

According to the operating lease agreement, the Group bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site.

(16) Share capital

As of December 31, 2025, the Company's authorized capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,125,000 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2025	2024
At January 1	109,611	100,000
Cash capital increase	-	12,500
Purchase of treasury shares	(389)	(2,889)
At December 31	<u>109,222</u>	<u>109,611</u>

A. For operation considerations, the Company increased its share capital by 12,500 thousand shares with a par value of \$10 (in dollars) per share, and with total amount of \$1,672,065 (excluding issuance cost of \$21,600). The Company has received the full amount on January 22, 2024.

B. To transfer stock to employees, the Board of Directors made a resolution for purchasing treasury stock on March 18, 2024. As of December 31, 2025, the Company has purchased 1,500 thousand units from Taiwan Stock Exchange.

C. To transfer stock to employees, the Board of Directors made a resolution for another purchase of

treasury stock on August 27, 2024, expecting to purchase 2,000 thousand units. As of December 31, 2025, the Company has purchased 1,018 thousand units from Taiwan Stock Exchange.

D. To transfer stock to employees, the Board of Directors made a resolution for the third purchase of treasury stock on November 12, 2024, expecting to purchase 1,500 thousand units. As of December 31, 2025, the Company has purchased 760 thousand units from Taiwan Stock Exchange.

E. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		Unit: thousand of shares December 31, 2025	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	3,278	\$ 344,216

		Unit: thousand of shares December 31, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	2,889	\$ 304,796

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(17) Capital surplus

A. 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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On May 24, 2024, the shareholders' meeting made a resolution for applying the sum of \$335,422 (\$2.98 in dollars per share) from the capital surplus and additional paid-in capital of the

Company to distribute cash dividends. Because the Company acquired treasury shares, the shareholders' meeting authorized the Chairman to revise the allotment of \$3.02 in dollars per share based on the actual number of outstanding shares.

- C. On May 23, 2025, the shareholders' meeting made a resolution to distribute cash dividends amounting to \$333,384 (\$3.05 in dollars per share) from the capital surplus and additional paid-in capital of the Company.
- D. On February 24, 2026, the Board of Directors proposed that total dividends for the distribution of capital surplus for the year of 2025 was \$298,826 (\$2.73 in dollars per share). The resolution to the dividends for the distribution of capital surplus for the year of 2025 is yet to be resolved by the shareholders.

(18) Retained earnings

- A. In accordance with the distribution ordinance, the Company may at a general meeting apply the reserves for any purpose to which the profits of the Company may be properly applied. If there are any reserves, dividends will be distributed according to the shareholding ratio of each shareholder on the resolution date. Under the Company's Articles of Incorporation, the distribution of earnings in the form of new shares shall be proposed by the Board of Directors and shall be reported to the shareholders for the resolution. However, the distribution of earnings in the form of cash shall be resolved by the Board of Directors. Profits of the Company shall be distributed preferably by way of cash dividend and also made by way of non-cash assets of equivalent value as approved by the Board of Directors. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by executing to the Company a deed to that effect. However, if the share has more than one person entitled to the share whether by the reason of death or bankruptcy, the deed is not effective unless it is expressed to be executed by all the holders.
- B. In accordance with the amendment to the Articles of Incorporation approved at the shareholders' meeting on May 24, 2024, the appropriation of earnings or loss can be made after the end of each quarter or semi-annual fiscal year.
- C. In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on the other equity items is reserved subsequently, the reserved amount could be included in the distributable earnings.
- D. On May 24, 2024, the shareholders' meeting made a resolution for distribution of dividends of \$314,578 at \$2.80 (in dollars) per share. Because the Company acquired treasury shares, the shareholders' meeting authorized the Chairman to revise the allotment at \$2.83 (in dollars) per share based on the actual number of outstanding shares.
- E. On May 23, 2025, the shareholders' meeting made a resolution for distribution of dividends for the fourth quarter of 2024 was \$69,116 at \$0.63 (in dollars) per share.
- F. On August 26, 2025, the Board of Directors made a resolution for distribution of dividends of

\$99,107 at \$0.91 (in dollars) per share from the distributable earnings in the first half year of 2025.

G. On November 12, 2025, the Board of Directors made a resolution for distribution of dividends of 101,859 at \$0.93 (in dollars) per share from the distributable earnings in the third quarter of 2025.

H. On February 24, 2026, the Board of Directors proposed that total dividends for the distribution of earnings for the year of 2025 was \$150,207 at \$1.38 (in dollars) per share. The resolution to the dividends for the distribution of retained earnings for the year of 2025 is yet to be resolved by the shareholders.

(19) Operating revenue

	Year ended December 31, 2025	Year ended December 31, 2024
Revenue from contracts with customers	\$ 10,983,985	\$ 9,816,657

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time as shown below:

Year ended December 31, 2025	Taiwan			America	
	Membership fees	Coaching fees	Others	Royalty income	Total
Revenue from external customer	\$ 5,411,269	\$ 5,371,373	\$ 114,656	\$ 86,687	\$ 10,983,985
Timing of revenue					
At a point in time	\$ -	\$ -	\$ 114,656	\$ -	\$ 114,656
Over time	5,411,269	5,371,373	-	86,687	10,869,329
	<u>\$ 5,411,269</u>	<u>\$ 5,371,373</u>	<u>\$ 114,656</u>	<u>\$ 86,687</u>	<u>\$ 10,983,985</u>
Year ended December 31, 2024	Taiwan			America	
	Membership fees	Coaching fees	Others	Royalty income	Total
Revenue from external customer	\$ 4,875,286	\$ 4,823,595	\$ 105,691	\$ 12,085	\$ 9,816,657
Timing of revenue					
At a point in time	\$ -	\$ -	\$ 105,691	\$ -	\$ 105,691
Over time	4,875,286	4,823,595	-	12,085	9,710,966
	<u>\$ 4,875,286</u>	<u>\$ 4,823,595</u>	<u>\$ 105,691</u>	<u>\$ 12,085</u>	<u>\$ 9,816,657</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:			
Membership fees	\$ 295,167	\$ 279,873	\$ 304,490
Coaching fees			
Contract not due	1,501,409	1,396,109	1,133,248
Contract due	718,519	494,041	639,414
Royalty	-	495	-
Current contract liabilities	<u>2,515,095</u>	<u>2,170,518</u>	<u>2,077,152</u>
Membership fees	504,117	551,813	506,920
Royalty	13,869	17,274	-
Non-current contract liabilities	<u>517,986</u>	<u>569,087</u>	<u>506,920</u>
	<u>\$ 3,033,081</u>	<u>\$ 2,739,605</u>	<u>\$ 2,584,072</u>

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
Membership fees		
Current contract liabilities	\$ 278,016	\$ 304,490
Non-current contract liabilities	139,145	111,391
Coaching fees		
Contract not due	974,171	816,989
Contract due	429,553	519,664
Royalty income	495	-
	<u>\$ 1,821,380</u>	<u>\$ 1,752,534</u>

Unfulfilled long-term contracts

Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at December 31, 2025 and 2024, amounted to \$13,869 and \$17,769, respectively. Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2025 and 2024, will be recognised as revenue amounting to \$734 and \$495 during 2026 and 2025. The remaining will be recognised annually based on the straight-line method. The amount disclosed above does not include variable consideration which is constrained.

Except for the abovementioned contracts, all other IT consulting contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(20) Interest income

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income from bank deposits	\$ 4,781	\$ 13,616
Interest income from financial assets measured at amortised cost	4,433	3,452
Interest income from financial lease receivable	2,465	2,876
Interest income from guarantee deposits paid	7,135	6,476
	<u>\$ 18,814</u>	<u>\$ 26,420</u>

(21) Other income

	Year ended December 31, 2025	Year ended December 31, 2024
Government grants (Note)	\$ 24,075	\$ 53,094
Rental income	25,994	22,544
Others	30,326	22,858
	<u>\$ 80,395</u>	<u>\$ 98,496</u>

Note: The Group received government grants in accordance with the “Youth's Employment Ultimate Program” and the “Basic Wage Supplement Program” from Ministry of Labor and Ministry of Economic Affairs.

(22) Other gains and losses

	Year ended December 31, 2025	Year ended December 31, 2024
Gain (loss) on disposal of property, plant and equipment	\$ 301	(\$ 8,926)
Foreign exchange gain	1,205	2,765
Gain on lease modification	214	18,692
Other losses	(7,732)	(6,135)
	<u>(\$ 6,012)</u>	<u>\$ 6,396</u>

(23) Finance costs

	Year ended December 31, 2025	Year ended December 31, 2024
Interest expense:		
Bank borrowings	\$ 21,730	\$ 12,017
Installment payment for equipment	11,076	9,702
Lease liability-interest expense	196,157	183,561
Other interest expense	195	204
	<u>\$ 229,158</u>	<u>\$ 205,484</u>

(24) Expenses by nature

	Year ended December 31, 2025	Year ended December 31, 2024
Employee benefit expense		
Wages and salaries	\$ 4,840,339	\$ 4,243,867
Labour and health insurance fees	473,227	424,076
Pension costs	272,292	248,703
Other personnel expenses	201,044	179,481
	<u>\$ 5,786,902</u>	<u>\$ 5,096,127</u>
Depreciation charges on property, plant and equipment	<u>\$ 922,703</u>	<u>\$ 949,870</u>
Depreciation charges on right-of-use assets	<u>\$ 1,395,504</u>	<u>\$ 1,316,617</u>
Amortisation charges on intangible assets	<u>\$ 22,981</u>	<u>\$ 19,817</u>

A. According to the Articles of Incorporation of the Company, a portion of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$10,562 and \$9,095, respectively; while directors' remuneration was accrued at \$0 and \$0, respectively. The aforementioned amounts were recognized in salary expenses.

For the years ended December 31, 2025 and 2024, the employees' compensation and directors' remuneration were estimated and accrued based on 2% and 0% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration for 2024, as resolved at the meeting of Board of Directors, were in agreement with those amounted recognized in the 2024 financial statements.

Information about employees' compensation and directors' remuneration of 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.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
Current tax:		
Current tax on profit for the period	\$ 148,105	\$ 71,715
Prior year income tax underestimation (overestimation)	166	(70)
Total current tax	<u>148,271</u>	<u>71,645</u>
Deferred tax:		
Origination and reversal of temporary differences	(39,820)	22,215
Income tax expense	<u>\$ 108,451</u>	<u>\$ 93,860</u>

B. Reconciliation between income tax expense and accounting profit

	<u>Year ended</u> <u>December 31, 2025</u>	<u>Year ended</u> <u>December 31, 2024</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 108,078	\$ 93,094
Expenses disallowed by tax regulation	207	836
Prior year income tax underestimation (overestimation)	166	(70)
Income tax expense	<u>\$ 108,451</u>	<u>\$ 93,860</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2025			
	January 1	Recognised in profit or loss		December 31
Temporary differences:				
– Deferred tax assets:				
Loss on inventory	\$ -	\$ 18	\$ 18	
Unrealised exchange loss	-	2	2	
Decommissioning liability	20,537	2,880	23,417	
Payable for annual leave	9,912	(6,274)	3,638	
Contract liability	5,752	(1,701)	4,051	
Deferred revenue	98,807	44,896	143,703	
Book-tax difference on provisions	14,663	320	14,983	
Subtotal	\$ 149,671	\$ 40,141	\$ 189,812	
– Deferred tax liabilities:				
Trademarks	(\$ 21,952)	\$ -	(\$ 21,952)	
Book-tax difference on right-of-use assets	(14,663)	(321)	(\$ 14,984)	
Subtotal	(\$ 36,615)	(\$ 321)	(\$ 36,936)	
Total	\$ 113,056	\$ 39,820	\$ 152,876	
	2024			
	January 1	Acquired from business combinations	Recognised in profit or loss	December 31
Temporary differences:				
– Deferred tax assets:				
Unrealised exchange loss	\$ 2	\$ -	(\$ 2)	\$ -
Decommissioning liability	17,957	-	2,580	20,537
Payable for annual leave	2,699	-	7,213	9,912
Contract liability	8,683	-	(2,931)	5,752
Deferred revenue	127,882	-	(29,075)	98,807
Book-tax difference on provisions	12,843	-	1,820	14,663
Subtotal	\$ 170,066	\$ -	(\$ 20,395)	\$ 149,671
– Deferred tax liabilities:				
Trademarks	\$ -	(\$ 21,952)	\$ -	(\$ 21,952)
Book-tax difference on right-of-use assets	(12,843)	-	(1,820)	(14,663)
Subtotal	(\$ 12,843)	(\$ 21,952)	(\$ 1,820)	(\$ 36,615)
Total	\$ 157,223	(\$ 21,952)	(\$ 22,215)	\$ 113,056

D. World Fitness Asia Limited (H.K.) Taiwan Branch's income tax returns through 2023 have been

(27) Business combinations

- A. On October 28, 2024, the Group acquired 100% of the share capital of World Gym International, LLC for USD 9 million and obtained the control over World Gym International, LLC, which provides fitness trademark licensing services in the US. As a result of the acquisition, the Group is part of the Group's operating strategy and expand its business locations.
- B. The following table summarises the consideration paid for World Gym International, LLC and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>October 28, 2024</u>
Purchase consideration	
Cash paid	\$ 288,855
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	7,735
Accounts receivable	2,376
Inventories	821
Property, plant and equipment	6,925
Intangible assets-trademarks	271,634
Other current assets	5,050
Accounts payable	(594)
Other payables	(1,797)
Deferred tax liabilities for	
Intangible assets-trademarks	(21,952)
Other current liabilities	(21,157)
Total identifiable net assets	<u>249,041</u>
Goodwill	<u>\$ 39,814</u>

- C. As of December 31, 2025, the Group has obtained a report on reasonable price allocation. The Group has revised the preliminary estimated values for the price allocation period based on the fair value as of the acquisition date, and the financial statements at the acquisition date have retrospectively adjusted in accordance with IFRS 3. This adjustment resulted in a reduction of goodwill by \$9,094 and a reduction of deferred tax liabilities by \$9,094.
- D. The operating revenue included in the consolidated statement of comprehensive income since October 28, 2024 contributed by World Gym International, LLC was \$12,085. World Gym International, LLC also contributed profit before income tax of \$3,227 over the same period. Had World Gym International, LLC been consolidated from January 1, 2024, the consolidated statement of comprehensive income would increase operating revenue by \$70,539 and loss before income tax by \$49,044.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2025	Year ended December 31, 2024
Purchase of property, plant and equipment	\$ 1,077,785	\$ 1,482,080
Add: Opening balance of payable on construction and equipment	279,083	120,046
Opening balance of long-term payable for purchase of equipment	140,435	144,380
Less: Ending balance of payable on construction and equipment	(53,358)	(279,083)
Ending balance of long-term payable for purchase of equipment	(126,025)	(140,435)
Cash paid during the period	<u>\$ 1,317,920</u>	<u>\$ 1,326,988</u>

B. Financing activities with partial cash payments

	Year ended December 31, 2025	Year ended December 31, 2024
Dividends recognised	\$ 603,466	\$ 897,500
Add: Opening balance of dividends payable	32,462	16,508
Loss: Ending balance of dividends payable	(748)	(32,462)
Cash paid during the period	<u>\$ 635,180</u>	<u>\$ 881,546</u>

(29) Changes in liabilities from financing activities

	2025					
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2025	\$ 399,900	\$ 150,000	\$ 12,297	\$ 32,462	\$ 9,185,723	\$ 9,780,382
Changes in cash flow from financing activities	400,000	210,000	20	(635,180)	(1,307,672)	(1,332,832)
Additions	-	-	-	603,466	2,126,690	2,730,156
December 31, 2025	<u>\$ 799,900</u>	<u>\$ 360,000</u>	<u>\$ 12,317</u>	<u>\$ 748</u>	<u>\$ 10,004,741</u>	<u>\$ 11,177,706</u>

2024

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2024	\$ 400,000	\$ 360,000	\$ 11,647	\$ 16,508	\$ 9,528,718	\$ 10,316,873
Changes in cash flow from financing activities	(100)	(210,000)	650	(881,546)	(1,237,739)	(2,328,735)
Additions	-	-	-	897,500	894,744	1,792,244
December 31, 2024	<u>\$ 399,900</u>	<u>\$ 150,000</u>	<u>\$ 12,297</u>	<u>\$ 32,462</u>	<u>\$ 9,185,723</u>	<u>\$ 9,780,382</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Jing Keng Health World Co., Ltd.	Associate

(2) Significant related party transactions

A. Receivables from related parties

	December 31, 2025	December 31, 2024
Other receivables		
Associates	\$ 245	\$ 139

Other receivables are receivables for miscellaneous expenses.

B. Payables to related parties

	December 31, 2025	December 31, 2024
Other payables		
Associates	\$ 24	\$ 40

Other payables are payables for miscellaneous expenses.

C. Other income

	Year ended December 31, 2025	Year ended December 31, 2024
Other income		
Associates	\$ 6,286	\$ 6,286

Other income was charged with a fixed amount monthly for service provided for the development, management and operation of fitness centers.

(3) Key management compensation

	Year ended December 31, 2025	Year ended December 31, 2024
Short-term employee benefits	\$ 96,841	\$ 85,782
Post-employment benefits	2,015	2,059
	<u>\$ 98,856</u>	<u>\$ 87,841</u>

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>	
Reserved trust account	\$ 656,987	\$ 599,229	Collaterals for membership fees and coaching fees received in advance.
Reserved time deposits	20,213	20,194	Collaterals for lease deposit.
Fitness equipment	151,642	176,335	Collaterals for purchase of equipment by installments.
	<u>\$ 828,842</u>	<u>\$ 795,758</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	\$ 280,053	\$ 344,912

Lease arrangement contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Right-of-use assets	\$ 85,223	\$ 189,471

10. Significant Disaster Loss

None.

11. Significant Event after the Balance Sheet Date

Please refer to Note 6(18) H and Note 6(17) D. for the explanation of the earnings distribution proposal of the year of 2025.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the years ended December 31, 2025 and 2024, the Group's debt ratios were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liabilities	\$ 15,842,830	\$ 14,209,936
Total assets	18,735,425	17,343,787
Debt ratio	85%	82%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,006,860	\$ 569,661
Financial assets at amortised cost	677,200	619,423
Accounts receivable	50,962	67,657
Financial lease receivables	122,186	144,469
Other receivables	6,113	6,499
(including related parties)		
Guarantee deposits paid	433,404	422,043
	<u>\$ 2,296,725</u>	<u>\$ 1,829,752</u>

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 799,900	\$ 399,900
Notes payable	926	3,177
Accounts payable	9,920	743
Other payables (including related parties)	1,101,291	1,278,413
Long-term borrowings (including current portion)	360,000	150,000
Long-term payables (including current portion)	126,025	140,435
Guarantee deposits received	12,317	12,297
	<u>\$ 2,410,379</u>	<u>\$ 1,984,965</u>
Lease liabilities	<u>\$ 10,004,741</u>	<u>\$ 9,185,723</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of financing plans, the Board of Directors is assisted in its oversight role by the internal audit department. Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025						
Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 2,356	31.43	\$ 74,037	1%	\$ 740	\$ -

December 31, 2024						
Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 787	32.79	\$ 25,792	1%	\$ 258	\$ -

iii. The exchange gain or loss including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024 amounted to gain of \$1,205 and gain of \$2,765, respectively.

Cash flow and fair value Interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. As at December 31, 2025 and 2024, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. The Group's borrowings are measured at amortised 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 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2025 and 2024, would have increased/decreased by \$2,320 and \$1,100, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group 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, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.

- ii. According to the Group’s credit policy, only well-known financial institutions within the operating country can be accepted as transaction banks.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts assumptions 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.
- v. For accounts receivable generated from exchanges, the Group evaluates the expected credit risk of accounts receivable using the following methods:
 - (i.) For each significant account receivable that has already defaulted, the expected credit loss is estimated on an individual basis.
 - (ii.) The Group classifies customers’ notes receivable and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The accounts receivable of the Group mainly uses credit card payment and bank remittance methods. These receivables are mainly paid by domestic famous financial institutions, and thus there are no significant concerns regarding contract payments, and the probability of occurrence of credit risk is extremely low.
- vii. The Group adjusts the loss rates based on forward-looking considerations and historical and current information for a specific period to estimate the allowance for doubtful accounts. The loss rate method as of December 31, 2025 and 2024 is as follows:

	At December 31, 2025			Total
	Individual	Group A	Group B	
Expected loss rate	0.00%	0.00%	0.00%	
Total book value	\$ -	\$ 10,910	\$ 40,052	\$ 50,962
Loss allowance	\$ -	\$ -	\$ -	\$ -
	At December 31, 2024			Total
	Individual	Group A	Group B	
Expected loss rate	96.36%	20.00%	0.00%	
Total book value	\$ 1,153	\$ 2,145	\$ 65,899	\$ 69,197
Loss allowance	\$ 1,111	\$ 429	\$ -	\$ 1,540

viii. The changes in the allowance for doubtful accounts of the Group under the simplified approach are as follows:

	2025	2024
	Accounts receivable	Accounts receivable
At January 1	\$ 1,540	\$ -
Impact of initial acquisition	-	1,930
Provision for impairment	-	488
Reversal of impairment loss	(200)	-
Write-offs	(1,266)	(878)
Effect of foreign exchange	(74)	-
At December 31	<u>\$ -</u>	<u>\$ 1,540</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. As of December 31, 2025 and 2024, the Group's unused floating rate short-term borrowing facilities were \$100 and \$100, respectively.
- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2025

<u>Non-derivative financial liabilities</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Short-term borrowings	\$ 802,453	\$ -	\$ -	\$ -	\$ -	\$ 802,453
Notes payable	926	-	-	-	-	926
Accounts payable	9,920	-	-	-	-	9,920
Other payables (including related parties)	1,047,933	53,358	-	-	-	1,101,291
Guarantee deposits received	-	-	-	-	12,317	12,317
Long-term borrowings (including current portion)	32,179	95,445	157,979	91,817	-	377,420
Long-term payable (including current portion)	15,610	42,656	43,833	38,561	-	140,660
Lease liability	376,927	1,139,691	1,460,760	3,657,060	4,398,531	11,032,969

December 31, 2024

<u>Non-derivative financial liabilities</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Short-term borrowings	\$ 1,621	\$ 400,920	\$ -	\$ -	\$ -	\$ 402,541
Notes payable	3,177	-	-	-	-	3,177
Accounts payable	743	-	-	-	-	743
Other payables (including related parties)	999,330	279,083	-	-	-	1,278,413
Guarantee deposits received	-	-	-	-	12,297	12,297
Long-term borrowings (including current portion)	15,836	46,988	61,441	30,202	-	154,467
Long-term payable (including current portion)	19,159	47,142	43,909	47,515	-	157,725
Lease liability	355,751	1,027,600	1,307,702	3,360,313	4,016,502	10,067,868

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, finance lease payments receivable, other receivables, guarantee deposits paid, notes payable, other payables, long-term payables, borrowings and guarantee deposits received are approximate to their fair values.

C. As of December 31, 2025 and 2024, the Group did not have any financial instruments and non-financial instruments measured at fair value.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please to refer to table 1.

B. Provision of endorsements and guarantees to others: Please to refer to table 2.

C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

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

F. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The business organizations are divided by subsidiary into the Group (except US) Operations Division and the US Operations Division. The reportable segments of the group are classified by operating company.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on a measure of income or loss before tax.

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

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

<u>Year ended December 31, 2025</u>	<u>Group(except USA)</u>	<u>America</u>	<u>Write-off</u>	<u>Total</u>
Revenue from external customers	\$ 10,897,298	\$ 86,687	\$ -	\$ 10,983,985
Inter-segment revenue	-	36,361	(36,361)	-
Total segment revenue	<u>\$ 10,897,298</u>	<u>\$ 123,048</u>	<u>(\$ 36,361)</u>	<u>\$ 10,983,985</u>
Segment income before tax	<u>\$ 460,301</u>	<u>\$ 57,231</u>	<u>\$ -</u>	<u>\$ 517,532</u>
Segment income including:				
Interest income	<u>\$ 18,791</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 18,814</u>
Interest expense	<u>\$ 229,153</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 229,158</u>
Depreciation and amortisation	<u>\$ 2,338,487</u>	<u>\$ 2,701</u>	<u>\$ -</u>	<u>\$ 2,341,188</u>
Income tax expense	<u>\$ 101,105</u>	<u>\$ 7,346</u>	<u>\$ -</u>	<u>\$ 108,451</u>
<u>Year ended December 31, 2024</u>	<u>Group(except USA)</u>	<u>America</u>	<u>Write-off</u>	<u>Total</u>
Revenue from external customers	\$ 9,804,572	\$ 12,085	\$ -	\$ 9,816,657
Inter-segment revenue	-	6,315	(6,315)	-
Total segment revenue	<u>\$ 9,804,572</u>	<u>\$ 18,400</u>	<u>(\$ 6,315)</u>	<u>\$ 9,816,657</u>
Segment income before tax	<u>\$ 442,428</u>	<u>\$ 3,227</u>	<u>\$ -</u>	<u>\$ 445,655</u>
Segment income including:				
Interest income	<u>\$ 26,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,420</u>
Interest expense	<u>\$ 205,458</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 205,484</u>
Depreciation and amortisation	<u>\$ 2,285,782</u>	<u>\$ 522</u>	<u>\$ -</u>	<u>\$ 2,286,304</u>
Income tax expense	<u>\$ 93,335</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 93,860</u>

B. The Group's main sources of revenue are membership income, course income, and trademark royalty income

(4) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. 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, and the segment income reported to the chief operating decision-maker is measured in a manner consistent with that of the Group's financial statements. Therefore, no adjustment is needed.

B. The amount provided to the chief operating decision-maker with respect to total assets and to total liabilities are measured in a manner consistent with that of the Group's financial statements. Therefore, no adjustment is needed.

(5) Information on products and services

The Group (except USA) segments primarily engage in the management of leisure sports and fitnesscenters, offering services related to sports and physical fitness. The U.S. segments mainly provideservices related to fitness brand trademark licensing and management.

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	<u>Year ended December 31, 2025</u>		<u>Year ended December 31, 2024</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Group(except USA)	\$ 10,897,298	\$ 15,803,464	\$ 9,804,572	\$ 14,892,485
America	<u>86,687</u>	<u>317,270</u>	<u>12,085</u>	<u>319,423</u>
Total	<u>\$ 10,983,985</u>	<u>\$ 16,120,734</u>	<u>\$ 9,816,657</u>	<u>\$ 15,211,908</u>

The Group's geographical revenue is calculated based on the countries where sales occur. Non-current assets refer to property, plant and equipment, right-of-use assets, intangible assets, but exclude financial instruments and deferred income tax assets.

(7) Major customer information

None of the revenue from any single customer has exceeded 10% of the revenue in the consolidated statement of comprehensive income for the years ended December 31, 2025 and 2024.

World Gym Corporation and Subsidiaries

Loans to others

December 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2025	Balance at December 31, 2025	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 4)	Footnote
													Item	Value			
0	WORLD GYM CORPORATION	World Fitness Asia Limited (H.K.) Taiwan Branch	Other receivable-related party	Y	\$ 400,000	\$ -	\$ -	2.00%	Note 2	\$ -	Business operation	\$ -	NA	\$ -	\$ 867,779	\$ 867,779	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Need for short-term financing.

Note 3: Limit on loans granted by the Company to a single party is 30% of its net assets. While there's no such limit for subsidiaries which is 100% owned by the Company. For business dealings, limit on loans should not exceed the total amount that both parties deal with each other during the past 12-month period. (The amount indicate purchase or sales, whichever is higher), and should not exceed 5% of the Company's net assets. For short-term financing, the limit is 30% of the Company's net assets.

Note 4: The total amount of funds borrowed by the company shall not exceed 30% of the company's net worth. For companies with business dealings, the total amount shall not exceed 10% of the company's net worth; if it is necessary for short-term financing, the total amount shall not exceed 30% of the Company's net worth.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

World Gym Corporation and Subsidiaries
Provision of endorsements and guarantees to others
December 31, 2025

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note1)	Endorser/guarantor	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party(Note 3)	Maximum balance during the period	Outstanding balance at December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantee amount to net worth of the endorser/guarantor company(%)	Limit on total amount of endorsements/ guarantee(Note 4)	Provision of endorsements/ guarantee by parent company to subsidiary	Provision of endorsements/ guarantee by subsidiary to parent company	Provision of endorsements/ guarantee to party in Mainland China	Note
		Company name													
0	WORLD GYM CORPORATION	World Fitness Asia Limited (H.K.) Taiwan Branch		2	\$ 2,892,595	\$ 400,000	\$ 400,000	\$ 400,000	\$ -	13.83%	\$ 2,892,595	Y	N	N	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: The following code represents the relationship with the Company :

(1) Trading partner.

(2) Majority owned subsidiary.

(3) The Company direct and indirect owns over 50% ownership of the investee company.

(4) A subsidiary jointly owned over 90% by the Company.

(5) Guaranteed by the Company according to the construction contract.

(6) An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

(7) Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

Note 3: The limit of endorsement for any single entity is 100% of its net worth and 10% of the Company's net worth. If the Board of Directors makes a resolution for the endorsements to subsidiaries which are 100% directly or indirectly owned by the Company, the limit of endorsement for any single entity should not exceed the amount of 100% of the Company's net worth.

Note 4: The total amount of transactions of endorsement shall not exceed 100% of the company's net worth.

World Gym Corporation and Subsidiaries

Information on investees

December 31, 2025

Table 3

Expressed in thousands of NTD/ share
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income(loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
WORLD GYM CORPORATION	WORLD FITNESS ASIA LIMITED	Hong Kong	Fitness centers and other sports related services	\$ 10,397	\$ 10,397	2,482,606	100.00	\$ 2,499,213	\$ 397,206	\$ 397,206	Note 1
WORLD GYM CORPORATION	World Gym International, LLC	America	Trademark licensing service for fitness brands	288,855	288,855	-	99.90	344,204	49,885	49,885	Note 1、Note 2
WORLD FITNESS ASIA LIMITED	Jing Keng Health World Co., Ltd.	Taiwan	Fitness centers and other sports related services	16,350	16,350	1,635,000	30.00	2,974 (15,384) (4,615)	

Note 1: The transaction has already been written off in the consolidated financial statements.

Note 2: WG Franchise Management Corp. holds 0.1% of World Gym International, LLC. Since the final actual controlling shareholder is World Gym Corporation, all investment income is recognized in World Gym Corporation.