

**WORLD FITNESS SERVICES LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 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 FITNESS SERVICES LTD.
MARCH 31, 2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 25000261

To the Board of Directors and Shareholders of World Fitness Services Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of World Fitness Services Ltd. and subsidiaries (the "Group") as at March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Lai, Chih-Wei

Hsu, Chien-Yeh

For and on behalf of PricewaterhouseCoopers, Taiwan

May 13, 2025

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 FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2025 and 2024 are reviewed, not audited)

(The balance sheets as of March 31, 2025 and 2024 are reviewed, not audited)								
Assets		Notes	March 31, 2025		(Adjusted) December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1) and 12(2)	\$ 781,161	4	\$ 569,661	3	\$ 1,947,931	11
1136	Current financial assets at amortised cost	6(2) and 12(2)	635,112	4	599,229	4	527,748	3
1170	Accounts receivable, net	6(3) and 12(2)	191,151	1	67,657	-	164,567	1
1197	Finance lease receivable, net	6(3)(7) and 12(2)	22,452	-	22,283	-	17,997	-
1200	Other receivables	12(2)	5,810	-	6,360	-	4,588	-
1210	Other receivables - related parties	7(2) and 12(2)	155	-	139	-	106	-
130X	Inventories		23,855	-	21,693	-	6,747	-
1410	Prepayments		112,252	1	119,440	1	86,924	-
1470	Other current assets		3,133	-	3,734	-	1,687	-
11XX	Current Assets		1,775,081	10	1,410,196	8	2,758,295	15
Non-current assets								
1535	Non-current financial assets at amortised cost	6(2) and 12(2)	20,194	-	20,194	-	14,175	-
1550	Investments accounted for under equity method	6(4)	5,622	-	7,589	-	12,028	-
1600	Property, plant and equipment, net	6(5)	6,141,737	34	6,031,715	35	5,464,642	30
1755	Right-of-use assets	6(6)	9,090,598	50	8,733,562	50	9,091,317	50
1780	Intangible assets	6(8)	459,493	2	446,631	3	129,145	1
1840	Deferred income tax assets		166,896	1	149,671	1	170,382	1
1920	Guarantee deposits paid	12(2)	421,025	2	422,043	2	413,960	2
194D	Long-term finance lease receivable, net	6(3)(7) and 12(2)	116,534	1	122,186	1	110,218	1
15XX	Non-current assets		16,422,099	90	15,933,591	92	15,405,867	85
1XXX	Total assets		\$ 18,197,180	100	\$ 17,343,787	100	\$ 18,164,162	100

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2025 and 2024 are reviewed, not audited)

(The balance sheets as of March 31, 2025 and 2024 are reviewed, not audited)								
Liabilities and Equity		Notes	March 31, 2025		(Adjusted) December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(9) and 12(2)	\$ 799,900	4	\$ 399,900	2	\$ 400,000	2
2130	Current contract liabilities	6(19)	2,261,329	13	2,170,518	13	2,056,571	11
2150	Notes payable	12(2)	1,875	-	3,177	-	4,554	-
2170	Accounts payable	12(2)	1,125	-	743	-	-	-
2200	Other payables	6(10) and 12(2)	1,225,196	7	1,278,373	7	949,423	5
2220	Other payables to related parties	7(2) and 12(2)	22	-	40	-	20	-
2230	Current income tax liabilities		51,978	-	24,117	-	134,532	1
2280	Current lease liabilities	6(29) and 12(2)	1,270,409	7	1,218,602	7	1,211,881	7
2320	Long-term borrowings, current portion	6(11) and 12(2)	60,000	-	60,000	-	172,500	1
2399	Other current liabilities	6(12) and 12(2)	116,690	1	120,220	1	115,354	1
21XX	Current Liabilities		<u>5,788,524</u>	<u>32</u>	<u>5,275,690</u>	<u>30</u>	<u>5,044,835</u>	<u>28</u>
Non-current liabilities								
2527	Non-current contract liabilities	6(19)	580,203	3	569,087	3	516,968	3
2540	Long-term borrowings	6(11) and 12(2)	75,000	-	90,000	1	135,000	1
2550	Provisions for liabilities - non-current	6(15)	186,000	1	176,000	1	158,000	1
2570	Deferred income tax liabilities		37,918	-	36,615	-	13,027	-
2580	Non-current lease liabilities	6(29) and 12(2)	8,286,006	46	7,967,121	46	8,326,627	46
2600	Other non-current liabilities	6(12) and 12(2)	97,766	1	95,423	1	68,933	-
25XX	Non-current liabilities		<u>9,262,893</u>	<u>51</u>	<u>8,934,246</u>	<u>52</u>	<u>9,218,555</u>	<u>51</u>
2XXX	Total Liabilities		<u>15,051,417</u>	<u>83</u>	<u>14,209,936</u>	<u>82</u>	<u>14,263,390</u>	<u>79</u>
Equity								
	Share capital	6(16)						
3110	Share capital - common stock		1,125,000	6	1,125,000	7	1,125,000	6
	Capital surplus	6(17)						
3200	Capital surplus		2,170,501	12	2,170,501	13	2,505,923	14
	Retained earnings	6(18)						
3310	Legal reserve		64,081	-	64,081	-	-	-
3350	Unappropriated retained earnings		124,448	1	75,167	-	443,851	2
	Other equity							
3400	Other equity interest		5,949	-	3,898	-	-	-
3500	Treasury shares	6(16)	(344,216)	(2)	(304,796)	(2)	(174,002)	(1)
3XXX	Total equity		<u>3,145,763</u>	<u>17</u>	<u>3,133,851</u>	<u>18</u>	<u>3,900,772</u>	<u>21</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		\$ 18,197,180	100	\$ 17,343,787	100	\$ 18,164,162	100

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024

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

		Notes	Three-month periods ended March 31			
			2025		2024	
Items			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	\$ 2,570,357	100	\$ 2,335,606	100
5000	Operating costs	6(24)	(2,170,679)	(85)	(1,950,644)	(84)
5900	Net operating margin		<u>399,678</u>	<u>15</u>	<u>384,962</u>	<u>16</u>
	Operating expenses	6(24)				
6100	Selling expenses		(42,367)	(2)	(21,117)	(1)
6200	General and administrative expenses		(263,030)	(10)	(222,487)	(9)
6000	Total operating expenses		(305,397)	(12)	(243,604)	(10)
6900	Operating profit		<u>94,281</u>	<u>3</u>	<u>141,358</u>	<u>6</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	4,521	-	4,737	-
7010	Other income	6(21) and 7(2)	20,329	1	25,558	1
7020	Other gains and losses	6(22)	(694)	-	3,200	-
7050	Finance costs	6(23)	(54,354)	(2)	(52,683)	(2)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(4)	(1,967)	-	(1,952)	-
7000	Total non-operating income and expenses		(32,165)	(1)	(21,140)	(1)
7900	Profit before income tax		<u>62,116</u>	<u>2</u>	<u>120,218</u>	<u>5</u>
7950	Income tax expense	6(25)	(12,835)	-	(25,898)	(1)
8200	Profit for the period		<u>\$ 49,281</u>	<u>2</u>	<u>\$ 94,320</u>	<u>4</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		\$ 2,051	-	\$ -	-
8300	Other comprehensive income for the period		<u>\$ 2,051</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
8500	Total comprehensive income for the period		<u>\$ 51,332</u>	<u>2</u>	<u>\$ 94,320</u>	<u>4</u>
	Earnings per share	6(26)				
9750	Basic earnings per share		<u>\$ 0.45</u>		<u>\$ 0.86</u>	
9850	Diluted earnings per share		<u>\$ 0.45</u>		<u>\$ 0.86</u>	

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent					
		Retained earnings			Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings			
<u>Three-month period ended March 31, 2024</u>							
Balance at January 1, 2024		\$ 1,000,000	\$ 980,458	\$ -	\$ 349,531	\$ -	\$ 2,329,989
Profit for the period		-	-	-	94,320	-	94,320
Total comprehensive income		-	-	-	94,320	-	94,320
Treasury shares acquired	6(16)	-	-	-	-	(174,002)	(174,002)
Issuance of common stock	6(16)	125,000	1,525,465	-	-	-	1,650,465
Balance at March 31, 2024		\$ 1,125,000	\$ 2,505,923	\$ -	\$ 443,851	(\$ 174,002)	\$ 3,900,772
<u>Three-month period ended March 31, 2025</u>							
Balance at January 1, 2025		\$ 1,125,000	\$ 2,170,501	\$ 64,081	\$ 75,167	(\$ 304,796)	\$ 3,133,851
Profit for the period		-	-	-	49,281	-	49,281
Other comprehensive income		-	-	-	-	2,051	2,051
Total comprehensive income		-	-	-	49,281	2,051	51,332
Treasury shares acquired	6(16)	-	-	-	-	(39,420)	(39,420)
Balance at March 31, 2025		\$ 1,125,000	\$ 2,170,501	\$ 64,081	\$ 124,448	(\$ 344,216)	\$ 3,145,763

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31 2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 62,116	\$ 120,218
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(24)	231,885	247,184
Depreciation for right-of-use assets	6(6)(24)	344,505	329,528
Amortization expense	6(8)(24)	5,466	4,699
Interest expense	6(23)	6,861	6,703
Interest expense for lease liabilities	6(6)(23)	47,493	45,980
Interest income	6(20)	(4,521)	(4,737)
Share of loss of associates and joint ventures accounted for under equity method	6(4)	1,967	1,952
Gain on disposal of property, plant and equipment	6(22)	(9)	-
Gain on lease modification	6(6)(22)	-	(2,160)
Impairment loss on non-financial assets		156	-
Unrealised net gain on foreign currency exchange		(2)	(7)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(123,494)	(4,730)
Finance lease receivable, net		6,139	5,048
Other receivables		550	312
Other receivables - related parties		(16)	(9)
Inventories		(2,318)	(4,312)
Prepayments		7,189	20,971
Other current assets		600	1,222
Changes in operating liabilities			
Contract liabilities		101,927	(10,533)
Notes payable		(1,302)	156
Accounts payable, net		382	-
Other payables		(2,514)	(164,450)
Other payables to related parties		(18)	(13)
Other current liabilities		(1,360)	(6,919)
Cash inflow generated from operations		681,682	586,103
Interest received		1,214	1,653
Interest paid		(54,306)	(52,642)
Income tax paid		(896)	(27,816)
Net cash flows from operating activities		627,694	507,298

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(28)	(\$ 353,981)	(\$ 229,679)
Proceeds from disposal of property, plant and equipment		13	-
(Increase) decrease in financial assets at amortised cost		(35,883)	109,000
Acquisition of intangible assets	6(8)	(16,141)	(848)
Increase in guarantee deposits paid		(4,066)	(187)
Decrease in guarantee deposits paid		6,389	5,072
Net cash flows used in investing activities		(403,669)	(116,642)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(29)	400,000	-
Repayment of long-term borrowings	6(29)	(15,000)	(52,500)
Repayment of the principal portion of lease liabilities	6(29)	(325,542)	(301,248)
Increase in guarantee deposits recieved	6(29)	-	50
Cash dividends paid	6(28)	(32,349)	-
Capital increase	6(16)	-	1,660,845
Purchase of treasury shares	6(16)	(39,420)	(174,002)
Net cash flows (used in) from financing activities		(12,311)	1,133,145
Effect of exchange rate changes on cash and cash equivalents		(214)	7
Net increase in cash and cash equivalents		211,500	1,523,808
Cash and cash equivalents at beginning of period		569,661	424,123
Cash and cash equivalents at end of period		\$ 781,161	\$ 1,947,931

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE-MONTH PERIODS ENDED MARCH 31, 2025 AND 2024

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

1. History and Organisation

World Fitness Services Ltd. (the “Company”) was incorporated in Cayman 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 May 13, 2025.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments 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	Effective date by International Accounting Standards Board
Specific provisions of Amendment to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	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
Specific provisions of Amendment to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendment to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11’	January 1, 2026

Except for 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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2024, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, ‘Interim financial reporting’ that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2024.

(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 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”) 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:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2024.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
WORLD FITNESS SERVICES LTD.	WORLD FITNESS ASIA LIMITED	Physical fitness, sports and sauna business	100	100	100	
WORLD FITNESS SERVICES LTD.	WG Franchise Management Corp.	Fitness brand trademark management	100	100	0	Note 1
WORLD FITNESS SERVICES LTD.	World Gym International, LLC	Trademark licensing service for fitness brands	99.9	99.9	0	Note 2
WG Franchise Management Corp.	World Gym International, LLC	Trademark licensing service for fitness brands	0.1	0.1	0	Note 2

Note1: 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 FITNESS SERVICES LTD.

Note2: On October 28, 2024, the Group acquired 100% of the equity of World Gym International, LLC for USD 9 million. After the acquisition, WORLD FITNESS SERVICES LTD. 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) Income tax

A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There have been no significant changes as of March 31, 2025. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and revolving funds	\$ 9,655	\$ 10,650	\$ 15,847
Checking accounts and demand deposits	771,506	559,011	1,839,487
Time deposits	-	-	92,597
	<u>\$ 781,161</u>	<u>\$ 569,661</u>	<u>\$ 1,947,931</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	March 31, 2025	December 31, 2024	March 31, 2024
Current items:			
Reserved trust account	<u>635,112</u>	<u>599,229</u>	<u>527,748</u>
Non-current items:			
Reserved time deposits pledged as collateral	<u>\$ 20,194</u>	<u>\$ 20,194</u>	<u>\$ 14,175</u>

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

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Interest income	\$ 1,040	\$ 48

- B. As of March 31, 2025, December 31, 2024 and March 31, 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

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	\$ 191,445	\$ 69,197	\$ 164,567
Less: Loss allowance	(294)	(1,540)	-
	<u>\$ 191,151</u>	<u>\$ 67,657</u>	<u>\$ 164,567</u>
Finance lease payments receivable	\$ 24,814	\$ 24,749	\$ 20,226
Long-term finance lease payments receivable	122,019	128,222	116,176
Less: Unearned finance income of finance lease	(2,362)	(2,466)	(2,229)
Less: Unearned finance income of long-term finance lease	(5,485)	(6,036)	(5,958)
	<u>\$ 138,986</u>	<u>\$ 144,469</u>	<u>\$ 128,215</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
	<u>Accounts receivable</u>	<u>Accounts receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 191,151	\$ 66,472	\$ 164,567
Up to 30 days	-	916	-
31 to 60 days	-	269	-
	<u>\$ 191,151</u>	<u>\$ 67,657</u>	<u>\$ 164,567</u>

The above aging analysis was based on past due date.

- B. As at March 31, 2025, December 31, 2024 and March 31, 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 March 31, 2025, December 31, 2024 and March 31, 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 \$191,151, \$67,657 and \$164,567, 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 March 31, 2025, December 31, 2024 and March 31, 2024, the carrying amount of the Group's individually immaterial associates amounted to \$5,622, \$7,589 and \$12,028, respectively.

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Loss for the period from continuing operations	(\$ 1,967)	(\$ 1,952)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	(\$ 1,967)	(\$ 1,952)
Dividend received from the associates	\$ -	\$ -

(5) Property, plant and equipment, net

Three-month period ended March 31, 2025							
	Beginning of period	Additions	Disposals	Transfers	Reclassifications	Net exchange differences	End of period
Cost							
Fitness equipment	\$ 1,907,607	\$ 26,597	(\$ 2,248)	\$ 37,781	\$ -	\$ 152	\$ 1,969,889
Leasehold improvements	10,698,832	256,552	-	94,344	-	-	11,049,728
Unfinished construction and equipment under acceptance	212,503	58,682	-	(132,125)	-	-	139,060
	<u>\$ 12,818,942</u>	<u>\$ 341,831</u>	<u>(\$ 2,248)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152</u>	<u>\$ 13,158,677</u>
Accumulated depreciation							
Fitness equipment	(\$ 1,469,298)	(\$ 44,003)	\$ 2,244	\$ -	\$ -	(\$ 72)	(\$ 1,511,129)
Leasehold improvements	(5,317,929)	(187,882)	-	-	-	-	(5,505,811)
	<u>(\$ 6,787,227)</u>	<u>(\$ 231,885)</u>	<u>\$ 2,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 72)</u>	<u>(\$ 7,016,940)</u>
	<u>\$ 6,031,715</u>						<u>\$ 6,141,737</u>
Three-month period ended March 31, 2024							
	Beginning of period	Additions	Disposals	Transfers	Reclassifications		End of period
Cost							
Fitness equipment	\$ 1,791,876	\$ 11,687	(\$ 281)	\$ 6,047	(\$ 6,267)		\$ 1,803,062
Leasehold improvements	9,464,720	92,796	-	17,788	-		9,575,304
Unfinished construction and equipment under acceptance	171,931	68,286	-	(23,835)	-		216,382
	<u>\$ 11,428,527</u>	<u>\$ 172,769</u>	<u>(\$ 281)</u>	<u>\$ -</u>	<u>(\$ 6,267)</u>		<u>\$ 11,594,748</u>
Accumulated depreciation							
Fitness equipment	(\$ 1,333,604)	(\$ 48,144)	\$ 281	\$ -	\$ 6,124		(\$ 1,375,343)
Leasehold improvements	(4,555,723)	(199,040)	-	-	-		(4,754,763)
	<u>(\$ 5,889,327)</u>	<u>(\$ 247,184)</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ 6,124</u>		<u>(\$ 6,130,106)</u>
	<u>\$ 5,539,200</u>						<u>\$ 5,464,642</u>

- A. The aforementioned property, plant and equipment are all for own use.
- B. 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.
- 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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	<u>Book Value</u>	<u>Book Value</u>	<u>Book Value</u>
Land	\$ 646,859	\$ 658,558	\$ 693,655
Buildings	8,443,739	8,075,004	8,397,662
	<u>\$ 9,090,598</u>	<u>\$ 8,733,562</u>	<u>\$ 9,091,317</u>

	<u>Three-month period ended</u>	<u>Three-month period ended</u>
	<u>March 31, 2025</u>	<u>March 31, 2024</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 11,699	\$ 11,699
Buildings	332,806	317,829
	<u>\$ 344,505</u>	<u>\$ 329,528</u>

- D. For the three-month periods ended March 31, 2025 and 2024, the additions to right-of-use assets amounted to \$701,541 and \$313,406, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three-month period ended</u>	<u>Three-month period ended</u>
	<u>March 31, 2025</u>	<u>March 31, 2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 47,493	\$ 45,980
Gain on sublease of right-of-use assets	6,304	6,751
Expense on short-term lease contracts	17,648	13,975

- F. For the three-month periods ended March 31, 2025 and 2024, the Group's total cash outflow for leases amounted to \$390,683 and \$361,203, respectively.

G. For the three-month periods ended March 31, 2025 and 2024, the Group recognised the gain from changes in lease payments arising from the rent concessions amounting to gain of \$0 and gain of \$2,160 (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:

	March 31, 2025
April 1, 2025 to December 31, 2025	\$ 18,611
2026	24,815
2027	25,152
2028	25,220
2029	22,165
After 2030	30,870
	<u>\$ 146,833</u>

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

	March 31, 2024
April 1, 2024 to December 31, 2024	\$ 15,145
2025	20,521
2026	20,586
2027	20,924
2028	20,991
After 2029	38,235
	<u>\$ 136,402</u>

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

	<u>March 31, 2025</u>		<u>December 31, 2024</u>		<u>March 31, 2024</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Undiscounted lease payments	\$ 24,814	\$ 122,019	\$ 24,749	\$ 128,222	\$ 20,226	\$ 116,176
Unearned finance income	(2,362)	(5,485)	(2,466)	(6,036)	(2,229)	(5,958)
Net investment in the lease	<u>\$ 22,452</u>	<u>\$ 116,534</u>	<u>\$ 22,283</u>	<u>\$ 122,186</u>	<u>\$ 17,997</u>	<u>\$ 110,218</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 three-month periods ended March 31, 2025 and 2024 are as follows:

	<u>Three-month period ended March 31, 2025</u>	<u>Three-month period ended March 31, 2024</u>
Rent income	<u>\$ 5,309</u>	<u>\$ 6,111</u>
Rent income arising from variable lease payments	<u>\$ 995</u>	<u>\$ 640</u>

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

	<u>March 31, 2025</u>
April 1, 2025 to December 31, 2025	\$ 17,403
2026	24,386
2027	22,936
2028	23,280
2029	18,929
After 2030	49,972
	<u>\$ 156,906</u>

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

	March 31, 2024
April 1, 2024 to December 31, 2024	\$ 17,502
2025	22,480
2026	18,173
2027	21,521
2028	21,677
After 2029	54,113
	<u>\$ 155,466</u>

(8) Intangible assets

Three-month period ended March 31, 2025					
	Beginning of period	Additions	Reclassifications	Net exchange differences	End of period
Cost					
Goodwill	\$ 39,814	\$ -	\$ -	\$ -	\$ 39,814
Software	190,231	14,469	-	-	204,700
Trademark	318,124	1,672	-	2,187	321,983
	<u>\$ 548,169</u>	<u>\$ 16,141</u>	<u>\$ -</u>	<u>\$ 2,187</u>	<u>\$ 566,497</u>
Accumulated amortisation					
Software	(\$ 84,186)	(\$ 5,028)	\$ -	\$ -	(\$ 89,214)
Trademark	(17,352)	(438)	-	-	(17,790)
	<u>(\$ 101,538)</u>	<u>(\$ 5,466)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 107,004)</u>
	<u>\$ 446,631</u>				<u>\$ 459,493</u>
Three-month period ended March 31, 2024					
	Beginning of period	Additions	Reclassifications		End of period
Cost					
Software	\$ 171,986	\$ 848	\$ -	\$ -	\$ 172,834
Trademark	42,731	-	-	-	42,731
	<u>\$ 214,717</u>	<u>\$ 848</u>	<u>\$ -</u>		<u>\$ 215,565</u>
Accumulated amortisation					
Software	(\$ 66,408)	(\$ 4,190)	\$ -	\$ -	(\$ 70,598)
Trademark	(15,313)	(509)	-	-	(15,822)
	<u>(\$ 81,721)</u>	<u>(\$ 4,699)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 86,420)</u>
	<u>\$ 132,996</u>				<u>\$ 129,145</u>

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

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Administrative expenses	<u>\$ 5,466</u>	<u>\$ 4,699</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
US	<u>\$ 39,814</u>	<u>\$ 39,814</u>	<u>\$ -</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, so goodwill was not impaired. The key assumptions used for value-in-use calculations 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, 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>March 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
<u>Type of borrowings</u>	<u>March 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 400,000</u>	1.45%	None

Interest expense recognised in profit or loss amounted to \$3,051 and \$1,418 for the three-month periods ended March 31, 2025 and 2024, respectively.

(10) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Payable for salaries and bonus	\$ 484,461	\$ 498,343	\$ 442,562
Payable for purchase of construction and equipment	266,760	279,083	81,454
Payable for insurance	78,259	73,890	68,943
Payable for retirement benefit	65,819	64,369	60,565
Payable for compensation for unused leave	63,002	50,283	19,917
Payable for utilities	56,132	55,854	42,750
Payable for value-added tax	30,793	49,213	76,151
Payable for employees' compensation	10,363	9,095	2,454
Payable for dividends	113	32,462	16,508
Payable for Treasury Shares	-	4,384	10,637
Others	169,494	161,397	127,482
	<u>\$ 1,225,196</u>	<u>\$ 1,278,373</u>	<u>\$ 949,423</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>March 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 quarterly from July 29, 2022.	2.31%	None	\$ 135,000
Less: Current portion				(60,000)
				<u>\$ 75,000</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 quarterly from July 29, 2022.	2.31%	None	\$ 150,000
Less: Current portion				(60,000)
				<u>\$ 90,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>March 31, 2024</u>
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from December 22, 2021 to December 22, 2024; interest payable monthly; principal is repayable quarterly from 2023.	3.69%	None	\$ 112,500
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	195,000
				307,500
Less: Current portion				(172,500)
				<u>\$ 135,000</u>

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Payable for purchase of equipment	\$ 140,608	\$ 140,435	\$ 126,062
Less: Current portion - payable for purchase of equipment	(55,139)	(57,309)	(68,826)
Long-term payable for purchase of equipment	<u>\$ 85,469</u>	<u>\$ 83,126</u>	<u>\$ 57,236</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 of for the three-month periods ended March 31, 2025 and 2024 were \$65,952 and \$60,549, 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	-
Option exercised	-		(1,250)	132
Options outstanding at March 31	-		-	-
Options outstanding at March 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	10,000	4,000
At March 31	<u>\$ 186,000</u>	<u>\$ 158,000</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 March 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	Unit: thousand of shares 2024
At January 1	109,611	100,000
Cash capital increase	-	12,500
Purchase of treasury shares	(389)	(1,490)
At March 31	<u>109,222</u>	<u>111,010</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 March 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 March 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 March 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 March 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

		Unit: thousand of shares March 31, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,490	\$ 174,002

- (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 March 6, 2025, the Board of Directors made a resolution to distribute cash dividends amounting to \$333,384 (\$3.05 in dollars per share) from capital surplus and additional paid-in capital of the Company. As of May 13, 2025, the distribution is pending for resolution in the shareholders' meeting.

(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. On November 12, 2024, the Board of Directors made a resolution for distribution of dividends of \$247,500 at \$2.25 (in dollars) per share out of distributable earnings for the three quarters of 2024. If the Company acquired treasury shares, the Chairman is authorized to adjust the distribution amount per share based on the actual number of outstanding shares.
- D. On March 6, 2025, the Board of Directors made a resolution for distribution of dividends for the fourth quarter of 2024 was \$69,116 at \$0.63 (in dollars) per share. As of May 13, 2025, the distribution is pending for resolution in the shareholders' meeting.
- E. The amount of the legal surplus in the fourth quarter of 2024 will be decided at the shareholders' meeting on May 23, 2025.

(19) Operating revenue

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Revenue from contracts with customers	<u>\$ 2,570,357</u>	<u>\$ 2,335,606</u>

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:

	Taiwan			America	
Three-month period ended March 31, 2025	Membership fees	Coaching fees	Others	Royalty income	Total
Revenue from external customer	<u>\$ 1,260,899</u>	<u>\$ 1,265,075</u>	<u>\$ 25,127</u>	<u>\$ 19,256</u>	<u>\$ 2,570,357</u>
Timing of revenue					
At a point in time	\$ -	\$ -	\$ 25,127	\$ -	\$ 25,127
Over time	<u>1,260,899</u>	<u>1,265,075</u>	<u>-</u>	<u>19,256</u>	<u>2,545,230</u>
	<u>\$ 1,260,899</u>	<u>\$ 1,265,075</u>	<u>\$ 25,127</u>	<u>\$ 19,256</u>	<u>\$ 2,570,357</u>

	Taiwan			America	
Three-month period ended March 31, 2024	Membership fees	Coaching fees	Others	Royalty income	Total
Revenue from external customer	<u>\$ 1,189,206</u>	<u>\$ 1,121,862</u>	<u>\$ 24,538</u>	<u>\$ -</u>	<u>\$ 2,335,606</u>
Timing of revenue					
At a point in time	\$ -	\$ -	\$ 24,538	\$ -	\$ 24,538
Over time	<u>1,189,206</u>	<u>1,121,862</u>	<u>-</u>	<u>-</u>	<u>2,311,068</u>
	<u>\$ 1,189,206</u>	<u>\$ 1,121,862</u>	<u>\$ 24,538</u>	<u>\$ -</u>	<u>\$ 2,335,606</u>

B. Contract liabilities

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities:				
Membership fees	\$ 304,428	\$ 279,873	\$ 294,171	\$ 304,490
Coaching fees				
Contract not due	1,397,640	1,396,109	1,127,439	1,133,248
Contract due	558,794	494,041	634,961	639,414
Royalty	<u>467</u>	<u>495</u>	<u>-</u>	<u>-</u>
Current contract liabilities	<u>2,261,329</u>	<u>2,170,518</u>	<u>2,056,571</u>	<u>2,077,152</u>
Membership fees	565,445	551,813	516,968	506,920
Royalty	<u>14,758</u>	<u>17,274</u>	<u>-</u>	<u>-</u>
Non-current contract liabilities	<u>580,203</u>	<u>569,087</u>	<u>516,968</u>	<u>506,920</u>
	<u>\$ 2,841,532</u>	<u>\$ 2,739,605</u>	<u>\$ 2,573,539</u>	<u>\$ 2,584,072</u>

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

	<u>Three-month period ended March 31, 2025</u>	<u>Three-month period ended March 31, 2024</u>
Membership fees		
Current contract liabilities	\$ 268,675	\$ 267,908
Non-current contract liabilities	28,494	30,878
Coaching fees		
Contract not due	710,381	597,758
Contract due	207,131	216,179
Royalty income	<u>124</u>	<u>-</u>
	<u>\$ 1,214,805</u>	<u>\$ 1,112,723</u>

Unfulfilled long-term contracts

Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at March 31, 2025, amounted to \$6,391. Management expects that the transaction price allocated to the unsatisfied contracts as of March 31, 2025, will be recognised as revenue amounting to \$467 during 2026. The remaining will be recognised annually based on the straight-line method. The amount disclosed above does not include variable consideration which is constrained.

(20) Interest income

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Interest income from bank deposits	\$ 174	\$ 1,605
Interest income from financial assets measured at amortised cost	1,040	48
Interest income from financial lease receivable	656	610
Interest income from guarantee deposits paid	2,651	2,474
	<u>\$ 4,521</u>	<u>\$ 4,737</u>

(21) Other income

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Government grants (Note)	\$ 4,621	\$ 13,385
Rental income	6,304	6,751
Others	9,404	5,422
	<u>\$ 20,329</u>	<u>\$ 25,558</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

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Gain on disposal of property, plant and equipment	\$ 9	\$ -
Foreign exchange gain	27	1,041
Gain on lease modification	-	2,160
Others	(730)	(1)
	<u>(\$ 694)</u>	<u>\$ 3,200</u>

(23) Finance costs

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Interest expense:		
Bank borrowings	\$ 3,889	\$ 3,922
Installment payment for equipment	2,924	2,740
Lease liability-interest expense	47,493	45,980
Other interest expense	48	41
	<u>\$ 54,354</u>	<u>\$ 52,683</u>

(24) Expenses by nature

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Employee benefit expense		
Wages and salaries	\$ 1,159,816	\$ 992,541
Labour and health insurance fees	116,127	102,921
Pension costs	65,952	60,549
Other personnel expenses	50,086	42,838
	<u>\$ 1,391,981</u>	<u>\$ 1,198,849</u>
Depreciation charges on property, plant and equipment	<u>\$ 231,885</u>	<u>\$ 247,184</u>
Depreciation charges on right-of-use assets	<u>\$ 344,505</u>	<u>\$ 329,528</u>
Amortisation charges on intangible assets	<u>\$ 5,466</u>	<u>\$ 4,699</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 three-month periods ended March 31, 2025 and 2024, employees' compensation was accrued at \$1,268 and \$2,453, respectively; while directors' remuneration was accrued at \$0 and \$0, respectively. The aforementioned amounts were recognized in salary expenses.

For the three-month periods ended March 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 amounting to \$9,095 and \$0, respectively, 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:

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Current tax:		
Current tax on profit for the period	\$ 28,757	\$ 26,030
Origination and reversal of temporary differences	(15,922)	(132)
Income tax expense	<u>\$ 12,835</u>	<u>\$ 25,898</u>

B. World Fitness Asia Limited (H.K.) Taiwan Branch's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Three-month period ended March 31, 2025		
		Weighted average number of ordinary shares outstanding	Earnings per share
	Amount after tax	(share in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 49,281</u>	<u>109,253</u>	<u>\$ 0.45</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	49,281	109,253	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>85</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 49,281</u>	<u>109,338</u>	<u>\$ 0.45</u>

	Three-month period ended March 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 94,320	109,478	\$ 0.86
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	94,320	109,478	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	86	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 94,320	109,564	\$ 0.86

In calculating diluted earnings per share, it is assumed that all of employees' compensation are paid in shares.

(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 March 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

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Purchase of property, plant and equipment	\$ 341,831	\$ 172,769
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	(266,760)	(81,454)
Ending balance of long-term payable for purchase of equipment	(140,608)	(126,062)
Cash paid during the period	<u>\$ 353,981</u>	<u>\$ 229,679</u>

B. Financing activities with partial cash payments

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Dividends recognised	\$ -	\$ -
Add: Opening balance of dividends payable	32,462	16,508
Loss: Ending balance of dividends payable	(113)	(16,508)
Cash paid during the period	<u>\$ 32,349</u>	<u>\$ -</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	(15,000)	-	(32,349)	(325,542)	27,109
Additions	-	-	-	-	696,234	696,234
March 31, 2025	<u>\$ 799,900</u>	<u>\$ 135,000</u>	<u>\$ 12,297</u>	<u>\$ 113</u>	<u>\$ 9,556,415</u>	<u>\$ 10,503,725</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	-	(52,500)	50	-	(301,248)	(353,698)
Additions	-	-	-	-	311,038	311,038
March 31, 2024	<u>\$ 400,000</u>	<u>\$ 307,500</u>	<u>\$ 11,697</u>	<u>\$ 16,508</u>	<u>\$ 9,538,508</u>	<u>\$10,274,213</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

	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables			
Associates	<u>\$ 155</u>	<u>\$ 139</u>	<u>\$ 106</u>

Other receivables are receivables for miscellaneous expenses.

B. Payables to related parties

	March 31, 2025	December 31, 2024	March 31, 2024
Other payables			
Associates	<u>\$ 22</u>	<u>\$ 40</u>	<u>\$ 20</u>

Other payables are payables for miscellaneous expenses.

C. Other income

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Other income		
Associates	<u>\$ 1,571</u>	<u>\$ 1,571</u>

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

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
Short-term employee benefits	\$ 23,853	\$ 20,974
Post-employment benefits	501	1,858
	<u>\$ 24,354</u>	<u>\$ 22,832</u>

8. Pledged Assets

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

	Book value			
Pledged asset	March 31, 2025	December 31, 2024	March 31, 2024	Purpose
Reserved trust account	\$ 635,112	\$ 599,229	\$ 527,748	Collaterals for membership fees and coaching fees received in advance.
Reserved time deposits	20,194	20,194	14,175	Collaterals for lease deposit.
Fitness equipment	175,532	176,335	185,962	Collaterals for purchase of equipment by installments.
	<u>\$ 830,838</u>	<u>\$ 795,758</u>	<u>\$ 727,885</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:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	<u>\$ 301,575</u>	<u>\$ 344,912</u>	<u>\$ 297,174</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Right-of-use assets	<u>\$ 45,984</u>	<u>\$ 189,471</u>	<u>\$ 359,139</u>

10. Significant Disaster Loss

None.

11. Significant Event after the Balance Sheet Date

None.

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.

As at March 31, 2025, December 31, 2024 and March 31, 2024, the Group's debt ratios were as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Total liabilities	\$ 15,051,417	\$ 14,209,936	\$ 14,263,390
Total assets	18,197,180	17,343,787	18,164,162
Debt ratio	83%	82%	79%

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 781,161	\$ 569,661	\$ 1,947,931
Financial assets at amortised cost	655,306	619,423	541,923
Accounts receivable	191,151	67,657	164,567
Financial lease receivables	138,986	144,469	128,215
Other receivables	5,965	6,499	4,694
(including related parties)			
Guarantee deposits paid	421,025	422,043	413,960
	<u>\$ 2,193,594</u>	<u>\$ 1,829,752</u>	<u>\$ 3,201,290</u>

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 799,900	\$ 399,900	\$ 400,000
Notes payable	1,875	3,177	4,554
Accounts payable	1,125	743	-
Other payables (including related parties)	1,225,218	1,278,413	949,443
Long-term borrowings (including current portion)	135,000	150,000	307,500
Long-term payables (including current portion)	140,608	140,435	126,062
Guarantee deposits received	12,297	12,297	11,697
	<u>\$ 2,316,023</u>	<u>\$ 1,984,965</u>	<u>\$ 1,799,256</u>
Lease liabilities	<u>\$ 9,556,415</u>	<u>\$ 9,185,723</u>	<u>\$ 9,538,508</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:

	March 31, 2025						
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis			Effect on other comprehensive income
				Degree of variation	Effect on profit or loss		
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : TWD	\$ 1,047	33.21	\$ 34,781	1%	\$ 348	\$	-

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

March 31, 2024							
(Foreign currency: functional currency)	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	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : TWD	\$ 445	32.00	\$ 14,243	1%	\$ 142	\$ -	

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 three-month periods ended March 31, 2025 and 2024 amounted to gain of \$27 and gain of \$1,041, 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. For the three-month periods ended March 31, 2025 and 2024 and for the year ended December 31, 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 three-month periods ended March 31, 2025 and 2024, would have increased/decreased by \$467 and \$354, 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 March 31, 2025 and December 31, 2024 is as follows:

At March 31, 2025				
	Individual	Group A	Group B	Total
Expected loss rate	0.00%	21.46%	0.00%	
Total book value	\$ -	\$ 1,370	\$ 190,075	\$ 191,445
Loss allowance	\$ -	\$ 294	\$ -	\$ 294
At December 31, 2024				
	Individual	Group A	Group B	Total
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

At March 31, 2024: None.

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

		2025
		Accounts receivable
At January 1	\$	1,540
Write-offs	(	1,267)
Effect of foreign exchange		21
At March 31	\$	<u>294</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 March 31, 2025, December 31, 2024 and March 31, 2024, the Group's unused floating rate short-term borrowing facilities were \$100, \$100 and \$0, 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.

March 31, 2025

Non-derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	\$ 403,070	\$ 404,746	\$ -	\$ -	\$ -	\$ 807,816
Notes payable	1,875	-	-	-	-	1,875
Accounts payable	1,125	-	-	-	-	1,125
Other payables (including related parties)	958,458	266,760	-	-	-	1,225,218
Guarantee deposits received	-	-	-	-	12,297	12,297
Long-term borrowings (including current portion)	15,749	46,729	61,095	15,058	-	138,631
Long-term payable (including current portion)	18,486	45,730	45,994	47,727	-	157,937
Lease liability	373,282	1,065,443	1,376,220	3,506,960	4,160,368	10,482,273

December 31, 2024

Non-derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
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

March 31, 2024

Non-derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	\$ 400,893	\$ -	\$ -	\$ -	\$ -	\$ 400,893
Notes payable	4,554	-	-	-	-	4,554
Other payables (including related parties)	867,989	81,454	-	-	-	949,443
Guarantee deposits received	-	-	-	-	11,697	11,697
Long-term borrowings (including current portion)	54,634	123,805	62,478	76,153	-	317,070
Long-term payable (including current portion)	23,695	52,380	37,611	23,987	-	137,673
Lease liability	347,615	1,038,337	1,336,141	3,551,870	4,492,346	10,766,309

(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, notes receivable, 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 March 31, 2025, December 31, 2024 and March 31, 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: Please to refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(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>Three-month period ended March 31,2025</u>	<u>Group(except USA)</u>	<u>America</u>	<u>Write-off</u>	<u>Total</u>
Revenue from external customers	\$ 2,551,101	\$ 19,256	\$ -	\$ 2,570,357
Inter-segment revenue	-	9,468	(9,468)	-
Total segment revenue	<u>\$ 2,551,101</u>	<u>\$ 28,724</u>	<u>(\$ 9,468)</u>	<u>\$ 2,570,357</u>
Segment income before tax	<u>\$ 49,121</u>	<u>\$ 12,995</u>	<u>\$ -</u>	<u>\$ 62,116</u>
Segment income including:				
Interest income	<u>\$ 4,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,521</u>
Interest expense	<u>\$ 54,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,354</u>
Depreciation and amortisation	<u>\$ 581,130</u>	<u>\$ 726</u>	<u>\$ -</u>	<u>\$ 581,856</u>
Income tax expense	<u>\$ 12,055</u>	<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 12,835</u>

Three-month period ended March 31,2024	Group(except USA)	America	Write-off	Total
Revenue from external customers	\$ 2,335,606	\$ -	\$ -	\$ 2,335,606
Inter-segment revenue	-	-	-	-
Total segment revenue	\$ 2,335,606	\$ -	\$ -	\$ 2,335,606
Segment income before tax	\$ 120,218	\$ -	\$ -	\$ 120,218
Segment income including:				
Interest income	\$ 4,737	\$ -	\$ -	\$ 4,737
Interest expense	\$ 52,683	\$ -	\$ -	\$ 52,683
Depreciation and amortisation	\$ 569,712	\$ -	\$ -	\$ 569,712
Income tax expense	\$ 25,898	\$ -	\$ -	\$ 25,898

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.

World Fitness Services Ltd. and Subsidiaries

Loans to others

For the three-month period ended March 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 three-month period ended March 31, 2025	Balance at March 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
0	WORLD FITNESS SERVICES LTD.	World Fitness Asia Limited (H.K.) Taiwan Branch	Other receivable- related party	Y	\$ 400,000	\$ 200,000	\$ 102,574	2.00%	Note 2	\$ -	Business operation	\$ -	NA	\$ -	\$ 943,729	\$ 943,729	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.

Table 2

World Fitness Services Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
For the three-month period ended March 31, 2025

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 March 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 Number Endorser/guarant or Company	Note
		Company name													
0	WORLD FITNESS SERVICES LTD.	World Fitness Asia Limited (H.K.) Taiwan Branch		2	\$ 3,145,763	\$ 400,000	\$ 400,000	\$ 400,000	\$ -	12.72%	\$ 3,145,763	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 20% of the company's net worth. For companies which are 50% directly or indirectly owned by the Company, The total amount of transactions of endorsement should not exceed the amount of 100% of the Company's net worth.

World Fitness Services Ltd. and Subsidiaries
Significant inter-company transactions during the reporting periods
For the three-month period ended March 31, 2025

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	WORLD FITNESS SERVICES LTD.	World Fitness Asia Limited(H.K.) Taiwan Branch	1	Other receivable-related party	\$ 103,403	Repayment of principal and interest is determined by both parties	0.57%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company

(3) The consolidated subsidiary to another consolidated subsidiary

Note 3: The prices and terms to related parties were not significantly different from transactions with third parties, except for particular transactions with no similar transactions to compare with. For these transactions, the prices and terms were determined in accordance with mutual agreements.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: For balance sheet accounts, transactions exceeding 1% of the consolidated total assets should be disclosed; for income statement accounts, transactions exceeding 1% of the consolidated total revenue should be disclosed. All the transactions had been eliminated when preparing consolidated financial statements.

Note 6: The aforementioned transactions with related parties were based on the financial statements of the company for the same period which were reviewed by independent auditors.

World Fitness Services Ltd. and Subsidiaries

Information on investees

For the three-month period ended March 31, 2025

Table 4

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

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2025			Net profit (loss) of the investee for the three-month period ended March 31, 2025	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2025	Footnote
				Balance as at March 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
WORLD FITNESS SERVICES LTD.	WORLD FITNESS ASIA LIMITED	Hong Kong	Fitness centers and other sports related services	\$ 10,397	\$ 10,397	2,482,606	100	\$ 2,697,792	\$ 45,785	\$ 45,785	Note 1
WORLD FITNESS SERVICES LTD.	World Gym International, LLC	America	Trademark licensing service for fitness brands	288,855	-	-	99.9	316,052	12,216	12,216	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	5,622 (	6,557) (	1,967)	Note 1

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 Fitness Services Ltd., all investment income is recognized in World Fitness Services Ltd.