

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1) and 12(2)	\$ 785,029	4	\$ 1,516,650	8
1136	Current financial assets at amortised cost	6(2) and 12(2)	868,559	5	385,101	2
1150	Notes receivable, net	6(3) and 12(2)	149	-	45	-
1170	Accounts receivable, net	6(3) and 12(2)	133,068	1	138,968	1
1197	Finance lease receivable, net	6(3)(7) and 12(2)	17,483	-	16,842	-
1200	Other receivables	12(2)	3,384	-	2,373	-
1210	Other receivables - related parties	7(2) and 12(2)	192	-	206	-
1410	Prepayments		89,119	1	109,020	1
1470	Other current assets		2,336	-	404	-
11XX	Current Assets		<u>1,899,319</u>	<u>11</u>	<u>2,169,609</u>	<u>12</u>
Non-current assets						
1535	Non-current financial assets at amortised cost	6(2) and 12(2)	24,963	-	24,463	-
1550	Investments accounted for under equity method	6(4)	19,766	-	22,921	-
1600	Property, plant and equipment, net	6(5)	5,748,859	33	5,836,190	32
1755	Right-of-use assets	6(6)	9,131,560	52	9,061,768	51
1780	Intangible assets	6(8)	117,552	1	116,946	1
1840	Deferred income tax assets	6(25)	102,749	-	125,786	1
1920	Guarantee deposits paid	12(2)	430,758	2	420,419	2
194D	Long-term finance lease receivable, net	6(3)(7) and 12(2)	132,653	1	141,265	1
15XX	Non-current assets		<u>15,708,860</u>	<u>89</u>	<u>15,749,758</u>	<u>88</u>
1XXX	Total assets		<u>\$ 17,608,179</u>	<u>100</u>	<u>\$ 17,919,367</u>	<u>100</u>

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(9) and 12(2)	\$ 400,000	2	\$ 400,000	2
2130	Current contract liabilities	6(19)	2,097,701	12	2,298,225	13
2150	Notes payable	12(2)	6,030	-	24,758	-
2200	Other payables	6(11) and 12(2)	1,442,728	8	1,319,924	8
2230	Current income tax liabilities		96,842	1	223,067	1
2280	Current lease liabilities	6(28) and 12(2)	1,185,604	7	1,105,553	6
2320	Long-term borrowings, current portion	6(12)	255,094	1	133,052	1
2399	Other current liabilities	6(13) and 12(2)	165,702	1	214,950	1
21XX	Current Liabilities		<u>5,649,701</u>	<u>32</u>	<u>5,719,529</u>	<u>32</u>
Non-current liabilities						
2527	Non-current contract liabilities	6(19)	436,421	2	417,192	2
2540	Long-term borrowings	6(12)	360,000	2	345,094	2
2550	Provisions for liabilities - noncurrent	6(15)	142,000	1	130,000	1
2580	Non-current lease liabilities	6(28) and 12(2)	8,316,820	47	8,227,396	46
2600	Other non-current liabilities	6(13)	112,779	1	183,504	1
25XX	Non-current liabilities		<u>9,368,020</u>	<u>53</u>	<u>9,303,186</u>	<u>52</u>
2XXX	Total Liabilities		<u>15,017,721</u>	<u>85</u>	<u>15,022,715</u>	<u>84</u>
Equity						
	Share capital	6(16)				
3110	Share capital - common stock		500,000	3	500,000	3
	Capital surplus	6(17)				
3200	Capital surplus		1,822,806	10	3,646,493	20
	Retained earnings	6(18)				
3350	Unappropriated retained earnings (Accumulated deficit)		267,652	2	(1,249,841)	(7)
3XXX	Total equity		<u>2,590,458</u>	<u>15</u>	<u>2,896,652</u>	<u>16</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	Total liabilities and equity		<u>\$ 17,608,179</u>	<u>100</u>	<u>\$ 17,919,367</u>	<u>100</u>

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19)	\$ 8,862,771	100	\$ 7,834,358	100
5000	Operating costs	6(24)	(7,436,634)	(84)	(6,803,221)	(87)
5900	Net operating margin		<u>1,426,137</u>	<u>16</u>	<u>1,031,137</u>	<u>13</u>
	Operating expenses	6(24)				
6100	Selling expenses		(76,964)	(1)	(53,573)	-
6200	General and administrative expenses		(863,646)	(10)	(841,522)	(11)
6000	Total operating expenses		(940,610)	(11)	(895,095)	(11)
6900	Operating profit		<u>485,527</u>	<u>5</u>	<u>136,042</u>	<u>2</u>
	Non-operating income and expenses					
7100	Interest income	6(20)	9,784	-	8,656	-
7010	Other income	6(21)	72,355	1	148,136	1
7020	Other gains and losses	6(22)	15,505	-	66,653	1
7050	Finance costs	6(23)	(216,550)	(2)	(283,834)	(4)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(4)	(3,155)	-	(3,867)	-
7000	Total non-operating income and expenses		(122,061)	(1)	(64,256)	(2)
7900	Profit before income tax		<u>363,466</u>	<u>4</u>	<u>71,786</u>	<u>-</u>
7950	Income tax expense	6(25)	(59,660)	(1)	(39,878)	(1)
8200	Profit for the year		<u>\$ 303,806</u>	<u>3</u>	<u>\$ 31,908</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 303,806</u>	<u>3</u>	<u>\$ 31,908</u>	<u>(1)</u>
	Earnings per share	6(26)				
9750	Basic earnings per share		<u>\$ 6.08</u>		<u>\$ 0.67</u>	
9850	Diluted earnings per share		<u>\$ 6.08</u>		<u>\$ 0.67</u>	

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WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Equity attributable to owners of the parent			Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Total unappropriated retained earnings (accumulated deficit)	
<u>Year ended December 31, 2021</u>					
Balance at January 1, 2021		\$ 381,446	\$ 36,138	(\$ 880,754)	(\$ 463,170)
Profit for the year		-	-	31,908	31,908
Total comprehensive income		-	-	31,908	31,908
Appropriations and distribution of 2020 earnings:					
Cash dividends	6(18)	-	-	(400,995)	(400,995)
Convertible preferred shares converted to equity shares	6(16)	118,554	3,610,355	-	3,728,909
Balance at December 31, 2021		<u>\$ 500,000</u>	<u>\$ 3,646,493</u>	<u>(\$ 1,249,841)</u>	<u>\$ 2,896,652</u>
<u>Year ended December 31, 2022</u>					
Balance at January 1, 2022		\$ 500,000	\$ 3,646,493	(\$ 1,249,841)	\$ 2,896,652
Profit for the year		-	-	303,806	303,806
Total comprehensive income		-	-	303,806	303,806
Appropriations and distribution of 2021 earnings:					
Cash dividends	6(18)	-	-	(610,000)	(610,000)
Capital surplus used to offset accumulated deficit	6(17)	-	(1,823,687)	1,823,687	-
Balance at December 31, 2022		<u>\$ 500,000</u>	<u>\$ 1,822,806</u>	<u>\$ 267,652</u>	<u>\$ 2,590,458</u>

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 363,466	\$ 71,786
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(24)	964,445	927,192
Depreciation for right-of-use assets	6(6)(24)	1,250,570	1,172,842
Amortization expense	6(8)(24)	14,159	11,071
Interest expense	6(23)	41,630	116,806
Interest expense for lease liabilities	6(6)(23)	174,920	167,028
Interest income	6(20)	(9,784)	(8,656)
Share of loss of associates and joint ventures accounted for under equity method	6(4)	3,155	3,867
Loss on disposal of property, plant and equipment	6(22)	1,001	1,030
Gain on lease modification	6(22)	(15,045)	(90,151)
Unrealised net loss on foreign currency exchange		120	100
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(104)	(31)
Accounts receivable		5,900	(107,617)
Finance lease receivable, net		10,940	21,269
Other receivables		(1,011)	(1,656)
Other receivables - related parties		14	1,984
Prepayments		10,410	(8,267)
Other current assets		1,933	981
Changes in operating liabilities			
Contract liabilities		(180,959)	(220,158)
Notes payable		(18,728)	(17,748)
Other payables		81,176	276,734
Other current liabilities		(8,872)	23,859
Cash inflow generated from operations		2,689,336	2,342,265
Interest received		2,235	1,083
Interest paid		(41,553)	(228,097)
Income tax paid		(162,848)	(1,110)
Net cash flows from operating activities		<u>2,487,170</u>	<u>2,114,141</u>

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Dividends received from investments accounted for under equity method	6(4)	\$ -	\$ 4,830
Acquisition of property, plant and equipment	6(27)	(1,023,330)	(1,110,995)
Proceeds from disposal of property, plant and equipment		587	-
Increase in financial assets at amortised cost		(483,958)	60,304
Acquisition of intangible assets	6(8)	(14,765)	(30,495)
Increase in guarantee deposits paid		(21,778)	(105,642)
Decrease in guarantee deposits paid		11,053	34,271
Net cash flows used in investing activities		(1,532,191)	(1,147,727)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(28)	-	400,000
Proceeds from long-term borrowings	6(28)	300,000	500,000
Repayments of long-term borrowings	6(28)	(163,052)	(21,854)
Increase in guarantee deposits received	6(28)	1,398	554
Repayment of the principal portion of lease liabilities	6(28)	(1,288,170)	(1,117,118)
Cash dividends paid	6(18)(28)	(536,656)	(400,995)
Net cash flows used in financing activities		(1,686,480)	(639,413)
Effect of exchange rate changes on cash and cash equivalents		(120)	(100)
Net (decrease) increase in cash and cash equivalents		(731,621)	326,901
Cash and cash equivalents at beginning of year		1,516,650	1,189,749
Cash and cash equivalents at end of year		\$ 785,029	\$ 1,516,650

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