WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

SEPTEMBER 30, 2024 AND 2023

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

WORLD FITNESS SERVICES LTD.

SEPTEMBER 30, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REVIEW REPORT

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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR 24002077

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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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 September 30, 2024 and 2023, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-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.

Hsu, Chien-Yeh　　　　Wang, Yu-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

November 12, 2024

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
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2024 and 2023 are reviewed, not audited)

	Assets	Notes	September 30, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	September 30, 2023 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1) and 12(2)	$ 994,939	6	$ 424,123	2	$ 292,891	2
1136	Current financial assets at amortised cost	6(2) and 12(2)	554,368	3	636,748	4	929,545	5
1170	Accounts receivable, net	6(3) and 12(2)	147,683	1	159,837	1	170,602	1
1197	Finance lease receivable, net	6(3)(7) and 12(2)	22,081	-	17,880	-	17,796	-
1200	Other receivables	12(2)	4,590	-	4,900	-	4,442	-
1210	Other receivables - related parties	7(2) and 12(2)	144	-	97	-	115	-
130X	Inventories		21,660	-	2,435	-	1,916	-
1410	Prepayments		105,423	1	118,131	1	114,157	1
1470	Other current assets		1,182	-	2,910	-	3,030	-
11XX	**Current Assets**		1,852,070	11	1,367,061	8	1,534,494	9
	Non-current assets							
1535	Non-current financial assets at amortised cost	6(2) and 12(2)	14,194	-	14,175	-	14,175	-
1550	Investments accounted for under equity method	6(4)	8,242	-	13,980	-	14,341	-
1600	Property, plant and equipment, net	6(5)	5,681,223	32	5,539,200	33	5,579,840	33
1755	Right-of-use assets	6(6)	9,010,902	52	9,107,439	54	8,958,501	53
1780	Intangible assets	6(8)	134,351	1	132,996	1	118,980	1
1840	Deferred income tax assets		153,190	1	170,066	1	171,470	1
1920	Guarantee deposits paid	12(2)	428,024	2	416,981	2	403,608	2
194D	Long-term finance lease receivable, net	6(3)(7) and 12(2)	127,812	1	114,773	1	119,275	1
15XX	**Non-current assets**		15,557,938	89	15,509,610	92	15,380,190	91
1XXX	**Total assets**		$ 17,410,008	100	$ 16,876,671	100	$ 16,914,684	100

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2024 and 2023 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	September 30, 2023 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(9) and 12(2)	$ 399,900	2	$ 400,000	2	$ 400,000	2
2130	Current contract liabilities	6(19)	2,031,301	12	2,077,152	12	2,108,468	13
2150	Notes payable	12(2)	1,452	-	4,398	-	6,680	-
2170	Accounts payable	12(2)	629	-	-	-	10	-
2200	Other payables	6(10) and 12(2)	1,009,633	6	1,156,826	7	1,373,206	8
2220	Other payables to related parties	7(2) and 12(2)	23	-	33	-	25	-
2230	Current income tax liabilities		16,328	-	136,318	1	136,553	1
2280	Current lease liabilities	6(28) and 12(2)	1,241,345	7	1,178,091	7	1,166,085	7
2320	Long-term borrowings, current portion	6(11) and 12(2)	60,000	-	210,000	1	215,000	1
2399	Other current liabilities	6(12) and 12(2)	111,675	1	132,798	1	144,490	1
21XX	**Current Liabilities**		4,872,286	28	5,295,616	31	5,550,517	33
	Non-current liabilities							
2527	Non-current contract liabilities	6(19)	538,708	3	506,920	3	495,669	3
2540	Long-term borrowings	6(11) and 12(2)	105,000	1	150,000	1	202,500	1
2550	Provisions for liabilities - non-current	6(15)	164,000	1	154,000	1	150,000	1
2570	Deferred income tax liabilities		12,960	-	12,843	-	12,800	-
2580	Non-current lease liabilities	6(28) and 12(2)	8,251,287	47	8,350,627	50	8,193,054	48
2600	Other non-current liabilities	6(12) and 12(2)	66,610	-	76,676	-	85,298	1
25XX	**Non-current liabilities**		9,138,565	52	9,251,066	55	9,139,321	54
2XXX	**Total Liabilities**		14,010,851	80	14,546,682	86	14,689,838	87
	Equity							
	Share capital	6(16)						
3110	Share capital - common stock		1,125,000	6	1,000,000	6	1,000,000	6
	Capital surplus	6(17)						
3200	Capital surplus		2,170,501	13	980,458	6	1,020,331	6
	Retained earnings	6(18)						
3310	Legal reserve		34,953	-	-	-	-	-
3350	Unappropriated retained earnings		291,282	2	349,531	2	204,515	1
3500	Treasury shares	6(16)	(222,579)	(1)	-	-	-	-
3XXX	**Total equity**		3,399,157	20	2,329,989	14	2,224,846	13
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	**Total liabilities and equity**		$ 17,410,008	100	$ 16,876,671	100	$ 16,914,684	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 AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(UNAUDITED)

			Three-month periods ended September 30				Nine-month periods ended September 30			
			2024		2023		2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	$ 2,475,358	100	$ 2,452,807	100	$ 7,275,129	100	$ 7,021,818	100
5000	Operating costs	6(24)	(2,098,358)	(85)	(2,040,389)	(83)	(6,081,801)	(83)	(5,874,094)	(84)
5900	Net operating margin		377,000	15	412,418	17	1,193,328	17	1,147,724	16
	Operating expenses	6(24)								
6100	Selling expenses		(29,328)	(1)	(25,726)	(1)	(70,566)	(1)	(79,630)	(1)
6200	General and administrative expenses		(248,951)	(10)	(264,786)	(11)	(706,503)	(10)	(699,035)	(10)
6000	Total operating expenses		(278,279)	(11)	(290,512)	(12)	(777,069)	(11)	(778,665)	(11)
6900	Operating profit		98,721	4	121,906	5	416,259	6	369,059	5
	Non-operating income and expenses									
7100	Interest income	6(20)	4,251	-	2,864	-	19,597	-	10,954	-
7010	Other income	6(21) and 7(2)	27,591	1	33,224	1	76,779	1	86,914	1
7020	Other gains and losses	6(22)	4,336	1	3,466	-	19,710	-	8,563	-
7050	Finance costs	6(23)	(50,931)	(2)	(53,283)	(2)	(155,366)	(2)	(160,077)	(2)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(4)	(1,812)	-	(1,691)	-	(5,738)	-	(5,425)	-
7000	Total non-operating income and expenses		(16,565)	-	(15,420)	(1)	(45,018)	(1)	(59,071)	(1)
7900	**Profit before income tax**		82,156	4	106,486	4	371,241	5	309,988	4
7950	Income tax expense	6(25)	(19,091)	(1)	(23,170)	(1)	(79,959)	(1)	(65,600)	(1)
8200	**Profit for the period**		$ 63,065	3	$ 83,316	3	$ 291,282	4	$ 244,388	3
8500	**Total comprehensive income for the period**		$ 63,065	3	$ 83,316	3	$ 291,282	4	$ 244,388	3
	Earnings per share	6(26)								
9750	Basic earnings per share		$	0.57	$	0.83	$	2.64	$	2.44
9850	Diluted earnings per share		$	0.57	$	0.83	$	2.63	$	2.44

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent					
				Retained Earnings			
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Unappropriated retained earnings	Treasury shares	Total equity
Nine-month period ended September 30, 2023							
Balance at January 1, 2023		$ 500,000	$ 1,822,806	$ -	$ 267,652	$ -	$ 2,590,458
Profit for the period		-	-	-	244,388	-	244,388
Total comprehensive income		-	-	-	244,388	-	244,388
Appropriations and distribution of 2022 earnings:							
Cash dividends	6(18)	-	-	-	(307,525)	-	(307,525)
Cash dividends from capital surplus	6(17)	-	(302,475)	-	-	-	(302,475)
Capitalisation of capital surplus	6(17)	500,000	(500,000)	-	-	-	-
Balance at September 30, 2023		$ 1,000,000	$ 1,020,331	$ -	$ 204,515	$ -	$ 2,224,846
Nine-month period ended September 30, 2024							
Balance at January 1, 2024		$ 1,000,000	$ 980,458	$ -	$ 349,531	$ -	$ 2,329,989
Profit for the period		-	-	-	291,282	-	291,282
Total comprehensive income		-	-	-	291,282	-	291,282
Appropriations and distribution of 2023 earnings:							
Legal reserve		-	-	34,953	(34,953)	-	-
Cash dividends	6(18)	-	-	-	(314,578)	-	(314,578)
Cash dividends from capital surplus	6(17)	-	(335,422)	-	-	-	(335,422)
Treasury shares acquired	6(16)	-	-	-	-	(222,579)	(222,579)
Issuance of common stock	6(16)	125,000	1,525,465	-	-	-	1,650,465
Balance at September 30, 2024		$ 1,125,000	$ 2,170,501	$ 34,953	$ 291,282	($ 222,579)	$ 3,399,157

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month periods ended September 30 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 371,241	$ 309,988
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(24)	720,726	745,401
Depreciation for right-of-use assets	6(6)(24)	985,158	964,642
Amortization expense	6(8)(24)	14,618	11,238
Interest expense	6(23)	16,909	28,093
Interest expense for lease liabilities	6(6)(23)	138,457	131,984
Interest income	6(20)	(19,597)	(10,954)
Share of loss of associates and joint ventures accounted for under equity method	6(4)	5,738	5,425
Loss on disposal of property, plant and equipment	6(22)	1,622	143
Gain on lease modification	6(6)(22)	(22,019)	(10,388)
Unrealised net gain on foreign currency exchange		(7)	(39)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		-	149
Accounts receivable, net		12,154	(37,534)
Finance lease receivable, net		(15,046)	15,082
Other receivables		310	(1,058)
Other receivables - related parties		(47)	77
Inventories		(19,225)	(1,916)
Prepayments		2,510	(25,038)
Other current assets		1,728	(694)
Changes in operating liabilities			
Contract liabilities		(14,062)	70,015
Notes payable		(2,946)	650
Accounts payable		629	10
Other payables		(88,762)	(207,614)
Other payables to related parties		(10)	22
Other current liabilities		4,315	3,604
Cash inflow generated from operations		2,094,394	1,991,288
Interest received		12,602	5,038
Interest paid		(155,234)	(159,960)
Income tax paid		(182,956)	(81,811)
Net cash flows from operating activities		1,768,806	1,754,555
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(27)	(910,570)	(709,857)
Proceeds from disposal of property, plant and equipment		62	-
(Increase) decrease in financial assets at amortised cost		82,361	(50,198)
Aquisition of intangible assets	6(8)	(15,973)	(12,666)
Increase in guarantee deposits paid		(27,396)	(20,312)
Decrease in guarantee deposits paid		19,314	50,245
Net cash flows used in investing activities		(852,202)	(742,788)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		(100)	-
Repayments of long-term borrowings	6(28)	(195,000)	(197,594)
Repayment of the principal portion of lease liabilities	6(28)	(923,105)	(883,173)
Increase (decrease) in guarantee deposits recieved	6(28)	50	(9)
Cash dividends paid	6(27)	(665,906)	(423,168)
Capital increase	6(16)	1,660,845	-
Purchase of treasury shares	6(16)	(222,579)	-
Net cash flows used in financing activities		(345,795)	(1,503,944)
Effect of exchange rate changes on cash and cash equivalents		7	39
Net increase (decrease) in cash and cash equivalents		570,816	(492,138)
Cash and cash equivalents at beginning of period		424,123	785,029
Cash and cash equivalents at end of period		$ 994,939	$ 292,891

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE-MONTH PERIODS ENDED SPETEMBER 30, 2024 AND 2023
(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 November 12, 2024.

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 FSC and became effective from 2024 are as follows:

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

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

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

New standards, interpretations and amendments endorsed by the FSC 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 application of the above new, revised or amended standards and interpretations will not have a material impact on the Company's consolidated financial statements.

(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
Amendment to IFRS 9 and IFRS 7,'Amendments to the classification and measurement of financial instruments'	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
Amendment to IFRS 18,'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
Amendments to IFRS Accounting Standards 'Annual Improvements—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, 2023, 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, 2023.

(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, 2023.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	September 30, 2024	December 31, 2023	September 30, 2023
WORLD FITNESS SERVICES LTD.	WORLD FITNESS ASIA LIMITED	Physical fitness, sports and sauna business	100	100	100

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) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(5) Employee share-based payment

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

(6) 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.

(7) Share capital

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

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

There have been no significant changes as of September 30, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and revolving funds	$ 9,250	$ 13,696	$ 13,954
Checking accounts and demand deposits	587,610	410,427	278,937
Time deposits	398,079	-	-
	$ 994,939	$ 424,123	$ 292,891

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	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Reserved time deposits pledged as collateral	$ -	$ 109,000	$ 405,000
Reserved trust account	554,368	527,748	524,545
	$ 554,368	$ 636,748	$ 929,545
Non-current items:			
Reserved time deposits pledged as collateral	$ 14,194	$ 14,175	$ 14,175

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

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Interest income	$ 883	$ 892

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Interest income	$ 2,495	$ 3,128

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the 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 receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	$ 147,683	$ 159,837	$ 170,602
Less: Loss allowance	-	-	-
	$ 147,683	$ 159,837	$ 170,602
Finance lease payments receivable	$ 24,651	$ 20,193	$ 20,193
Long-term finance lease payments receivable	134,426	121,257	126,305
Less: Unearned finance income of finance lease	(2,570)	(2,313)	(2,397)
Less: Unearned finance income of long-term finance lease	(6,614)	(6,484)	(7,030)
	$ 149,893	$ 132,653	$ 137,071

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

	September 30, 2024	December 31, 2023	September 30, 2023
	Accounts receivable	Accounts receivable	Accounts receivable
Not past due	$ 147,683	$ 159,837	$ 170,602
Up to 30 days	-	-	-
31 to 60 days	-	-	-
	$ 147,683	$ 159,837	$ 170,602

The above aging analysis was based on past due date.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, 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, 2023, the balance of receivables from credit card payment amounted to $133,217.

C. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $147,683, $159,837 and $170,602, 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 of September 30, 2024, December 31, 2023 and September 30, 2023, the carrying amount of the Group's individually immaterial associates amounted to $8,242, $13,980 and $14,341, respectively.

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Loss for the period from continuing operations	($ 1,812)	($ 1,691)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 1,812)	($ 1,691)
Dividend received from the associates	$ -	$ -

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Loss for the period from continuing operations	($ 5,738)	($ 5,425)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 5,738)	($ 5,425)
Dividend received from the associates	$ -	$ -

(5) Property, plant and equipment, net

	Nine-month period ended September 30, 2024					
	Beginning of period	Additions	Disposals	Transfers	Reclassifications	End of period
Cost						
Fitness equipment	$ 1,791,876	$ 61,394	($ 3,359)	$ 17,592	($ 6,267)	$ 1,861,236
Leasehold improvements	9,464,720	544,704	(4,412)	50,765	-	10,055,777
Unfinished construction and equipment under acceptance	171,931	264,932	-	(68,357)	(6,454)	362,052
	$ 11,428,527	$ 871,030	($ 7,771)	$ -	($ 12,721)	$ 12,279,065
Accumulated depreciation						
Fitness equipment	($ 1,333,604)	($ 139,611)	$ 3,356	$ -	$ 6,124	($ 1,463,735)
Leasehold improvements	(4,555,723)	(581,115)	2,731	-	-	(5,134,107)
	($ 5,889,327)	($ 720,726)	$ 6,087	$ -	$ 6,124	($ 6,597,842)
	$ 5,539,200					$ 5,681,223

	Nine-month period ended September 30, 2023					
	Beginning of period	Additions	Disposals	Transfers	Reclassifications	End of period
Cost						
Fitness equipment	$ 1,707,084	$ 63,622	($ 4,893)	$ 31,254	$ -	$ 1,797,067
Leasehold improvements	8,756,494	405,720	-	163,976	-	9,326,190
Unfinished construction and equipment under acceptance	208,161	142,797	-	(195,230)	(35,614)	120,114
	$ 10,671,739	$ 612,139	($ 4,893)	$ -	($ 35,614)	$ 11,243,371
Accumulated depreciation						
Fitness equipment	($ 1,160,880)	($ 153,265)	$ 4,750	$ -	$ -	($ 1,309,395)
Leasehold improvements	(3,762,000)	(592,136)	-	-	-	(4,354,136)
	($ 4,922,880)	($ 745,401)	$ 4,750	$ -	$ -	($ 5,663,531)
	$ 5,748,859					$ 5,579,840

A. The Group reclassified certain unfinished construction and equipment on August 30, 2024 and March 29, 2023 based on the Group's intended use of those assets.

B. The Group reclassified certain fitness equipment on January 31, 2024 based on the Group's intended use of those assets.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Leasing arrangements－lessee

A. The Group leases various assets including 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:

	September 30, 2024	December 31, 2023	September 30, 2023
	Book Value	Book Value	Book Value
Buildings	$ 9,010,902	$ 9,107,439	$ 8,958,501

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
	Depreciation expense	Depreciation expense
Buildings	$ 329,486	$ 322,487

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
	Depreciation expense	Depreciation expense
Buildings	$ 985,158	$ 964,642

D. For the three-month and nine-month periods ended September 30, 2024 and 2023, the additions to right-of-use assets amounted to $381,098, $582,913, $1,262,547 and $882,947, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 46,153	$ 44,701
Gain on sublease of right-of-use assets	707	653
Expense on short-term lease contracts	16,104	13,158

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 138,457	$ 131,984
Gain on sublease of right-of-use assets	2,195	2,017
Expense on short-term lease contracts	46,881	40,227

F. For the nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases amounted to $1,108,443 and $1,055,384, respectively.

G. For the three-month and nine-month periods ended September 30, 2024 and 2023, the Group recognised the gain from changes in lease payments arising from the rent concessions amounting to gain of $6,005, gain of $3,927, gain of $22,019 and gain of $10,388. (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:

	September 30, 2024
October 1, 2024 to December 31, 2024	$ 6,105
2025	24,749
2026	24,815
2027	25,152
2028	25,220
After 2029	53,036
	$ 159,077

	December 31, 2023
2024	$ 20,193
2025	20,521
2026	20,586
2027	20,924
2028	20,991
After 2029	38,235
	$ 141,450

	September 30, 2023
October 1, 2023 to December 31, 2023	$ 5,047
2024	20,193
2025	20,521
2026	20,586
2027	20,924
After 2028	59,227
	$ 146,498

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

	September 30, 2024		December 31, 2023		September 30, 2023	
	Current	Non-current	Current	Non-current	Current	Non-current
Undiscounted lease payments	$24,651	$134,426	$20,193	$121,257	$20,193	$126,305
Unearned finance income	(2,570)	(6,614)	(2,313)	(6,484)	(2,397)	(7,030)
Net investment in the lease	$22,081	$127,812	$17,880	$114,773	$17,796	$119,275

D. Gain arising from operating lease agreements for the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Rent income	$ 5,063	$ 6,054
Rent income arising from variable lease payments	$ 563	$ 494

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Rent income	$ 15,210	$ 17,909
Rent income arising from variable lease payments	$ 1,715	$ 1,558

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

	September 30, 2024
October 1, 2024 to December 31, 2024	$ 4,883
2025	19,127
2026	18,696
2027	18,179
2028	18,321
After 2029	41,053
	$ 120,259

	December 31, 2023
2024	$ 23,435
2025	22,450
2026	18,143
2027	21,490
2028	21,647
After 2029	54,113
	$ 161,278

		September 30, 2023
October 1, 2023 to December 31, 2023	$	5,806
2024		23,435
2025		22,450
2026		18,143
2027		21,490
After 2028		75,760
	$	167,084

(8) Intangible assets

	Nine-month period ended September 30, 2024		
	Beginning of period	Additions	End of period
Cost			
Software	$ 171,986	$ 15,973	$ 187,959
Trademark	42,731	-	42,731
	$ 214,717	$ 15,973	$ 230,690
Accumulated amortisation			
Software	($ 66,408)	($ 13,089)	($ 79,497)
Trademark	(15,313)	(1,529)	(16,842)
	($ 81,721)	($ 14,618)	($ 96,339)
	$ 132,996		$ 134,351

	Nine-month period ended September 30, 2023		
	Beginning of period	Additions	End of period
Cost			
Software	$ 138,433	$ 12,666	$ 151,099
Trademark	42,731	-	42,731
	$ 181,164	$ 12,666	$ 193,830
Accumulated amortisation			
Software	($ 50,337)	($ 9,710)	($ 60,047)
Trademark	(13,275)	(1,528)	(14,803)
	($ 63,612)	($ 11,238)	($ 74,850)
	$ 117,552		$ 118,980

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

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Administrative expenses	$ 5,140	$ 3,881

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Administrative expenses	$ 14,618	$ 11,238

B. The Group entered into a trademark licensing agreement with World Gym International, LLC 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.

(9) Short-term borrowings

Type of borrowings	September 30, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 399,900	1.63%	None

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 400,000	1.45%	None

Type of borrowings	September 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 400,000	1.45%	None

Interest expense recognised in profit or loss amounted to $1,585, $1,478, $4,553 and $5,048 for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively.

(10) Other payables

	September 30, 2024	December 31, 2023	September 30, 2023
Payable for salaries and bonus	$ 469,036	$ 492,366	$ 503,184
Payable for purchase of construction	116,295	120,046	52,718
Payable for insurance	71,383	69,548	68,993
Payable for utilities	63,377	45,434	55,200
Payable for retirement benefit	62,113	61,315	59,462
Payable for compensation for unused leave	39,214	13,495	8,568
Payable for value-added tax	24,132	193,584	215,409
Payable for employees' compensation	7,576	9,060	-
Payable for dividends	602	16,508	260,176
Others	155,905	135,470	149,496
	$ 1,009,633	$ 1,156,826	$ 1,373,206

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2024
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	$ 165,000
Less: Current portion				(60,000)
				$ 105,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
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	$ 150,000
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable monthly from July 29, 2022.	2.18%	None	210,000
				360,000
Less: Current portion				(210,000)
				$ 150,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2023
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.	3.59%	None	$ 187,500
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable in installments from July 29, 2022.	2.18%	None	230,000
				417,500
Less: Current portion				(215,000)
				$ 202,500

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

	September 30, 2024	December 31, 2023	September 30, 2023
Payable for purchase of equipment	$ 108,591	$ 144,380	$ 161,158
Less: Current portion - payable for purchase of equipment	(53,678)	(79,351)	(87,557)
Long-term payable for purchase of equipment	$ 54,913	$ 65,029	$ 73,601

(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 and nine-month periods ended September 30, 2024 and 2023 were $62,128, $59,463, $184,242 and $177,435, respectively.

(14) Share-based payment

A. For the three-month and nine-month periods ended September 30, 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 units	NA	Vested immediately

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

	2024		2023	
	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)	121.92	-	-
Options outstanding at September 30	-	-	-	-
Options exercisable at September 30	-	-	-	-

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 per unit
Cash capital increase reserved for employee preemption	2024.01.15	121.92	121.92	28.19%	0.025 year	0.7922%	$ -

(15) Provisions

	September 30, 2024	September 30, 2023
At January 1	$ 154,000	$ 142,000
Additional provisions	10,000	8,000
At September 30	$ 164,000	$ 150,000

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 September 30, 2024, 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:

Unit: thousand of shares

	2024	2023
At January 1	100,000	50,000
Cash capital increase	12,500	-
Purchase of treasury shares	(2,019)	-
Capitalisation of capital surplus	-	50,000
At September 30	110,481	100,000

A. For the Company's 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 $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 September 30, 2024, 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 September 30, 2024, the Company has purchased 519 thousand units from Taiwan Stock Exchange.

D. 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

Name of company holding the shares	Reason for reacquisition	September 30, 2024 Number of shares	Carrying amount
The Company	To be reissued to employees	2,019	$ 222,579

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

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

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

(17) Capital surplus

A. Capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On May 25, 2023, the shareholders' meeting made a resolution for applying the sum of $302,475 ($6.05 in dollars per share) out of capital surplus, additional paid-in capital of the Company to distribute cash dividends. On October 16, 2023, the Board of Directors made a resolution for revising the former resolution and applying the sum of $342,348 ($6.85 in dollars per share) out of capital surplus. The resolution has been made by the shareholders' meeting on October 25, 2023. The financial statements are presented based on the proposals before adjustment.

C. On May 24, 2024, the shareholders' meeting made a resolution for applying the sum of $335,422 ($2.98 in dollars per share) out of capital surplus, additional paid-in capital of Company to distribute cash dividends. Because the Company acquired treasury shares, the shareholders' meeting authorized the Chairman to revise the allotment of $3.02 in dollars per share based on the actual number of outstanding shares.

(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, shall be proposed by the Board of Directors and the distribution of earnings in the form of new shares 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 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 the death or bankruptcy, the deed is not effective unless it is expressed to be executed by all the holders.

B. On May 25, 2023, the shareholders' meeting made a resolution for distribution of dividends of $307,525 at $6.15 (in dollars) per share. On October 16, 2023, the Board of Directors made a resolution for revising the former resolution and making a new distribution of dividends of $267,652 at $5.35 (in dollars) per share. The revision was approved at the shareholders' meeting on October 25, 2023. The financial statements are presented based on the proposals before adjustment.

C. On May 24, 2024, the shareholders' meeting made a resolution for distribution of dividends of $314,578 at $2.80 (in dollars) per share. Because the Company acquired treasury shares, the shareholder's meeting authorized the Chairman to revise the allotment at $2.83 (in dollars) per share based on the actual number of outstanding shares.

D. In accordance with the amendment to the Articles of Incorporation approved by 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.

E. 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. If the Company acquired treasury shares, the Chairman is authorized to have authority to adjust the distribution amount per share based on the actual number of outstanding shares.

(19) Operating revenue

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Revenue from contracts with customers	$ 2,475,358	$ 2,452,807
	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Revenue from contracts with customers	$ 7,275,129	$ 7,021,818

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:

Three-month period ended September 30, 2024	Taiwan			
	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 1,228,690	$ 1,220,641	$ 26,027	$ 2,475,358
Timing of revenue				
At a point in time	$ -	$ -	$ 26,027	$ 26,027
Over time	1,228,690	1,220,641	-	2,449,331
	$ 1,228,690	$ 1,220,641	$ 26,027	$ 2,475,358

Three-month period ended September 30, 2023	Taiwan			
	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 1,188,429	$ 1,239,868	$ 24,510	$ 2,452,807
Timing of revenue				
At a point in time	$ -	$ -	$ 24,510	$ 24,510
Over time	1,188,429	1,239,868	-	2,428,297
	$ 1,188,429	$ 1,239,868	$ 24,510	$ 2,452,807

Nine-month period ended September 30, 2024	Taiwan			
	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 3,637,329	$ 3,561,033	$ 76,767	$ 7,275,129
Timing of revenue				
At a point in time	$ -	$ -	$ 76,767	$ 76,767
Over time	3,637,329	3,561,033	-	7,198,362
	$ 3,637,329	$ 3,561,033	$ 76,767	$ 7,275,129

Nine-month period ended September 30, 2023	Taiwan			
	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 3,446,592	$ 3,500,850	$ 74,376	$ 7,021,818
Timing of revenue				
At a point in time	$ -	$ -	$ 74,376	$ 74,376
Over time	3,446,592	3,500,850	-	6,947,442
	$ 3,446,592	$ 3,500,850	$ 74,376	$ 7,021,818

B. Contract liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Contract liabilities:				
Membership fees	$ 283,115	$ 304,490	$ 309,249	$ 323,164
Coaching fees				
Contract not due	1,215,482	1,133,248	1,144,959	1,133,111
Contract due	532,704	639,414	654,260	641,426
Current contract liabilities	2,031,301	2,077,152	2,108,468	2,097,701
Membership fees	538,708	506,920	495,669	436,421
Non-current contract liabilities	538,708	506,920	495,669	436,421
	$ 2,570,009	$ 2,584,072	$ 2,604,137	$ 2,534,122

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

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Membership fees	$ 35,933	$ 16,432
Coaching fees		
Contract not due	28	1,661
Contract due	96,922	102,039
	$ 132,883	$ 120,132

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Membership fees	$ 373,996	$ 312,952
Coaching fees		
Contract not due	816,989	856,747
Contract due	454,416	418,377
	$ 1,645,401	$ 1,588,076

(20) Interest income

	Three-month period ended September 30, 2024		Three-month period ended September 30, 2023	
Interest income from bank deposits	$	1,464	$	65
Interest income from financial assets measured at amortised cost		883		892
Interest income from financial lease receivable		707		653
Interest income from guarantee deposits paid		1,197		1,254
	$	4,251	$	2,864

	Nine-month period ended September 30, 2024		Nine-month period ended September 30, 2023	
Interest income from bank deposits	$	10,107	$	1,910
Interest income from financial assets measured at amortised cost		2,495		3,128
Interest income from financial lease receivable		2,195		2,017
Interest income from guarantee deposits paid		4,800		3,899
	$	19,597	$	10,954

(21) Other income

	Three-month period ended September 30, 2024		Three-month period ended September 30, 2023	
Government grants (Note)	$	16,556	$	21,687
Rental income		5,626		6,548
Others		5,409		4,989
	$	27,591	$	33,224

	Nine-month period ended September 30, 2024		Nine-month period ended September 30, 2023	
Government grants (Note)	$	41,551	$	51,284
Rental income		16,925		19,467
Others		18,303		16,163
	$	76,779	$	86,914

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 September 30, 2024	Three-month period ended September 30, 2023
Gain on disposal of property, plant and equipment	$ 31	$ -
Foreign exchange (loss) gain	(1,692)	205
Gain on lease modification	6,005	3,927
Others	(8)	(666)
	$ 4,336	$ 3,466

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Loss on disposal of property, plant and equipment	($ 1,622)	($ 143)
Foreign exchange (loss) gain	(617)	1,035
Gain on lease modification	22,019	10,388
Others	(70)	(2,717)
	$ 19,710	$ 8,563

(23) Finance costs

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Interest expense:		
Bank borrowings	$ 2,594	$ 4,946
Installment payment for equipment	2,139	3,597
Lease liability-interest expense	46,153	44,701
Other interest expense	45	39
	$ 50,931	$ 53,283

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Interest expense:		
Bank borrowings	$ 9,450	$ 16,387
Installment payment for equipment	7,327	11,590
Lease liability-interest expense	138,457	131,984
Other interest expense	132	116
	$ 155,366	$ 160,077

(24) Expenses by nature

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Employee benefit expense		
Wages and salaries	$ 1,081,632	$ 1,079,389
Labour and health insurance fees	106,128	102,642
Pension costs	62,128	59,463
Other personel expenses	45,435	38,160
	$ 1,295,323	$ 1,279,654
Depreciation charges on property, plant and equipment	$ 231,310	$ 251,998
Depreciation charges on right-of-use assets	$ 329,486	$ 322,487
Amortisation charges on intangible assets	$ 5,140	$ 3,881

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Employee benefit expense		
Wages and salaries	$ 3,111,928	$ 3,045,757
Labour and health insurance fees	313,885	306,019
Pension costs	184,242	177,435
Other personnel expenses	131,456	111,355
	$ 3,741,511	$ 3,640,566
Depreciation charges on property, plant and equipment	$ 720,726	$ 745,401
Depreciation charges on right-of-use assets	$ 985,158	$ 964,642
Amortisation charges on intangible assets	$ 14,618	$ 11,238

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 and nine-month periods ended September 30, 2024, employees' compensation was accrued at $1,676 and $7,576, respectively; while directors' remuneration was accrued at $0 and $0, respectively. The aforementioned amounts were recognized in salary expenses. No employees' compensation nor directors' remuneration were accrued for the three-month and nine-month periods ended September 30, 2023.

For the nine-month periods ended September 30, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 2%, 0% and 0%, 0% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration for 2023 amounting to $9,060 and $0, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounted recognized in the 2023 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 September 30, 2024	Three-month period ended September 30, 2023
Current tax:		
Current tax on profit for the period	$ 8,041	$ 23,233
Prior year income tax overestimation	-	-
Total current tax	8,041	23,233
Deferred tax:		
Origination and reversal of temporary differences	11,050	(63)
Income tax expense	$ 19,091	$ 23,170

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Current tax:		
Current tax on profit for the period	$ 63,036	$ 63,783
Prior year income tax overestimation	(70)	-
Total current tax	62,966	63,783
Deferred tax:		
Origination and reversal of temporary differences	16,993	1,817
Income tax expense	$ 79,959	$ 65,600

B. World Fitness Asia Limited (H.K.) Taiwan Branch's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Three-month period ended September 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 63,065	110,904	$ 0.57
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	63,065	110,904	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	83	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	63,065	110,987	$ 0.57

	Three-month period ended Septembe 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 83,316	100,000	$ 0.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 83,316	100,000	$ 0.83

	Nine-month period ended Septembe 30, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 291,282	110,464	$ 2.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	291,282	110,464	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	104	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 291,282	110,568	$ 2.63

	Nine-month period ended Septembe 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 244,388	100,000	$ 2.44
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 244,388	100,000	$ 2.44

1. The impact of converting capital surplus for capital increase has been retrospectively adjusted when calculating earnings per share for the three-month and nine-month periods ended September 30, 2023.
2. In calculating diluted earnings per share, it is assumed that all of employees' compensation are paid in shares.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Purchase of property, plant and equipment	$ 871,030	$ 612,139
Add: Opening balance of payable on construction and equipment	120,046	98,148
Opening balance of payable on equipment by installment	144,380	213,446
Less: Ending balance of payable on construction and equipment	(116,295)	(52,718)
Ending balance of payable on equipment by installment	(108,591)	(161,158)
Cash paid during the period	$ 910,570	$ 709,857

B. Financing activities with partial cash payments

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Dividends recognised	$ 650,000	$ 610,000
Add: Opening balance of dividends payable	16,508	73,344
Loss: Ending balance of dividends payable	(602)	(260,176)
Cash paid during the period	$ 665,906	$ 423,168

(28) Changes in liabilities from financing activities

	2024					
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2024	$ 400,000	$ 360,000	$ 11,647	$ 16,508	$ 9,528,718	$ 10,316,873
Changes in cash flow from financing activities	(100)	(195,000)	50	(665,906)	(923,105)	(1,784,061)
Additions	-	-	-	650,000	887,019	1,537,019
September 30, 2024	$ 399,900	$ 165,000	$ 11,697	$ 602	$ 9,492,632	$ 10,069,831

	2023					
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2023	$ 400,000	$ 615,094	$ 11,706	$ 73,344	$ 9,502,424	$ 10,602,568
Changes in cash flow from financing activities	-	(197,594)	(9)	(423,168)	(883,173)	(1,503,944)
Additions	-	-	-	610,000	739,888	1,349,888
September 30, 2023	$ 400,000	$ 417,500	$ 11,697	$ 260,176	$ 9,359,139	$ 10,448,512

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

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables			
Associates	$ 144	$ 97	$ 115

Other receivables are receivables for miscellaneous expenses.

B. Payables to related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Other payables			
Associates	$ 23	$ 33	$ 25

Other payables are payables for miscellaneous expenses.

C. Other income

	Three-month period ended September 30, 2024	Three-month period ended September 30, 2023
Other income		
Associates	$ 1,571	$ 1,571
	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Other income		
Associates	$ 4,714	$ 4,714

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 September 30, 2024	Three-month period ended September 30, 2023
Short-term employee benefits	$ 28,493	$ 25,799
Post-employment benefits	616	483
	$ 29,109	$ 26,282

	Nine-month period ended September 30, 2024	Nine-month period ended September 30, 2023
Short-term employee benefits	$ 65,422	$ 69,504
Post-employment benefits	1,554	1,369
	$ 66,976	$ 70,873

8. Pledged Assets

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

	Book value			
Pledged asset	September 30, 2024	December 31, 2023	September 30, 2023	Purpose
Reserved trust account	$ 554,368	$ 527,748	$ 524,545	Collaterals for membership fees and coaching fees received in advance.
Reserved time deposits	-	109,000	405,000	Collaterals for readers to banks for use of credit cards.
Reserved time deposits	14,194	14,175	14,175	Collaterals for lease deposit.
Fitness equipment	156,580	213,243	230,388	Collaterals for purchase of equipment by installments.
	$ 725,142	$ 864,166	$ 1,174,108	

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	$ 447,057	$ 329,879	$ 272,828

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

	September 30, 2024	December 31, 2023	September 30, 2023
Right-of-use assets	$ 176,086	$ 335,161	$ 423,179

10. Significant Disaster Loss

None.

11. Significant Event after the Balance Sheet Date

A. The Group acquired 100% equity of World Gym International, LLC (hereinafter referred to as "WGI Company") in the United States for USD 9,000 thousands. The transaction date of the equity acquisition is October 28, 2024. After evaluation, it has been determined that our company has substantive control over WGI Company and therefore, it will be included in our consolidated entities from October 28, 2024. The main business of the company is trademark licensing, and it holds the global operating rights for the World Gym fitness centers.

B. Please refer to Note 6(18) 5. for the explanation of the earnings distribution proposal of the third quarter of 2024.

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 September 30, 2024, December 31,2023 and September 30, 2023, the Group's debt ratios were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Total liabilities	$ 14,010,851	$ 14,546,682	$ 14,689,838
Total assets	17,410,008	16,876,671	16,914,684
Debt ratio	80%	86%	87%

(2) Financial instruments

A. Financial instruments by category

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	$ 994,939	$ 424,123	$ 292,891
Financial assets at amortised cost	568,562	650,923	943,720
Accounts receivable	147,683	159,837	170,602
Financial lease receivables	149,893	132,653	137,071
Other receivables (including related parties)	4,734	4,997	4,557
Guarantee deposits paid	428,024	416,981	403,608
	$ 2,293,835	$ 1,789,514	$ 1,952,449

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ 399,900	$ 400,000	$ 400,000
Notes payable	1,452	4,398	6,680
Accounts payable	629	-	10
Other payables (including related parties)	1,009,656	1,156,859	1,373,231
Long-term borrowings (including current portion)	165,000	360,000	417,500
Long-term payables (including current portion)	108,591	144,380	161,158
Guarantee deposits received	11,697	11,647	11,697
	$ 1,696,925	$ 2,077,284	$ 2,370,276
Lease liabilities	$ 9,492,632	$ 9,528,718	$ 9,359,139

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:

	September 30, 2024					
				Sensitivity analysis		
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：TWD	$ 7,507	31.65	$ 237,589	1%	$ 2,376	$ -

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：TWD	$ 1,226	30.71	$ 37,657	1%	$ 377	$ -

	September 30, 2023					
				Sensitivity analysis		
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：TWD	$ 277	32.27	$ 8,930	1%	$ 89	$ -

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 and nine -month periods ended September 30, 2024 and 2023 amounted to loss of $1,692, gain of $205, loss of $617 and gain of $1,035, respectively.

<u>Cash flow and fair value Interest rate risk</u>

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. During the nine-month period ended September 30, 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 and nine-month periods ended September 30, 2024 and 2023 would have increased/decreased by $262, $361, $847 and $1,226, 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. The Group classifies customers' notes receivable and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix 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 methods. These receivables are mainly paid by domestic famous financial institutions, and the probability of occurrence of credit risk is extremely low.

(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 at September 30, 2024 and 2023, and December 31, 2023, the Group did not have any undrawn borrowing facilities.

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.

September 30, 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	$ 1,625	$ 402,507	$ -	$ -	$ -	$ 404,132
Notes payable	1,452	-	-	-	-	1,452
Other payables (including related parties)	893,361	116,295	-	-	-	1,009,656
Guarantee deposits received	-	-	-	-	11,697	11,697
Long-term borrowings (including current portion)	15,922	47,247	61,786	45,432	-	170,387
Long-term payable (including current portion)	19,245	40,926	33,847	25,666	-	119,684
Lease liability	356,186	1,055,286	1,317,763	3,438,680	4,256,139	10,424,054

December 31, 2023 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	$ 1,433	$ 400,892	$ -	$ -	$ -	$ 402,325
Notes payable	4,398	-	-	-	-	4,398
Other payables (including related parties)	1,036,813	120,046	-	-	-	1,156,859
Guarantee deposits received	-	-	-	-	11,647	11,647
Long-term borrowings (including current portion)	55,002	162,439	62,671	91,553	-	371,665
Long-term payable (including current portion)	26,207	60,779	42,716	26,216	-	155,918
Lease liability	342,211	1,023,806	1,306,590	3,443,389	4,342,393	10,458,389

September 30, 2023 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	$ 1,446	$ 402,336	$ -	$ -	$ -	$ 403,782
Notes payable	6,680	-	-	-	-	6,680
Other payables (including related parties)	1,320,513	52,718	-	-	-	1,373,231
Guarantee deposits received	-	-	-	-	11,697	11,697
Long-term borrowings (including current portion)	60,970	163,942	100,868	107,098	-	432,878
Long-term payable (including current portion)	28,596	68,385	49,071	30,113	-	176,165
Lease liability	350,145	1,006,331	1,307,229	3,449,939	4,495,695	10,609,339

(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 September 30, 2024 and 2023, and December 31, 2023, 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: None.

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

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

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

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please to refer to table 2.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: None.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 4.

14. Segment Information

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

World Fitness Services Ltd. and Subsidaries

Loans to others

September 30, 2024

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 nine-month period ended September 30, 2024	Balance at September 30, 2024	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 Item	Collateral Value	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	$ 400,000	$ 372,783	2.00%	Note 2	$ -	Business operation	$ -	NA	$ -	$ 1,019,747	$ 1,019,747	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 subsidaries which is 100% owned by the Company. For business dealings, limit on loans should not exceed the total amount that both parties deal with each other during the past 12-month period. (The amount indicate purchase or sales, whichever is higher), and should not exceed 5% of the Company's net assets. For short-term financing, the limit is 30% of the Company's net assets.

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

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

World Fitness Services Ltd. and Subsidaries

Significant inter-company transactions during the reporting periods

Nine-month period ended September 30,2024

Table 2

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	$ 373,654	Repayment of principal and interest is determined by both parties	2.15%

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 Subsidaries

Information on investees

Nine-month period ended September 30,2024

Table 3

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

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2024	Initial investment amount: Balance as at December 31, 2023	Shares held as at September 30, 2024: Number of shares	Shares held as at September 30, 2024: Ownership (%)	Shares held as at September 30, 2024: Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2024	Investment income(loss) recognised by the Company for the nine-month period ended September 30, 2024	Footnote
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	$ 2,600,311	$ 308,243	$ 308,243	Note
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	8,242	(19,128)	(5,738)	

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

World Fitness Services Ltd. and Subsidaries

Major shareholders information

September 30, 2024

Table 4

Name of major shareholders	Shares	
	Number of shares held (share)	Ownership (%)
Cienega Holdings Limited	28,846,720	25.64%
CTBC in custody for CWFS Holdings SPC Limited	23,710,852	21.07%
Tustana Investment Holdings Limited	7,151,372	6.35%

Description: If a company applies to the Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(1)The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

(2) If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insiders, please refer to Market Observation Post System.