

**POWER WIND HEALTH INDUSTRY INCORPORATED
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2023 AND 2022**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Review Report of Independent Accountants

To Power Wind Health Industry Incorporated

Introduction

We have reviewed the accompanying consolidated balance sheets of Power Wind Health Industry Incorporated (the “Company”) and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively “the consolidated financial statements”). 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” as endorsed and became effective by the Financial Supervisory Commission of the Republic of China. 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 Company and its subsidiaries as of March 31, 2023 and 2022, and its consolidated financial performance and cash flows for the three-month periods ended March 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by the Financial Supervisory Commission of the Republic of China.

/s/ Lee, Fang-Wen

/s/ Hung, Kuo-Sen

Ernst & Young, Taiwan

May 9, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	March 31, 2023	%	December 31, 2022	%	March 31, 2022	%
Current assets							
Cash and cash equivalents	4,6(1)	\$461,750	5	\$835,544	9	\$867,231	10
Notes receivable, net	4	171	-	244	-	-	-
Accounts receivable, net	4,6(2)	16,309	-	12,635	-	11,123	-
Inventories	4	8,083	-	10,538	-	12,981	-
Prepayments		26,837	1	17,574	-	9,355	-
Other financial assets, current	4,6(3),8	393,058	4	376,240	4	308,987	4
Other current assets		66,684	1	69,723	1	53,651	1
Total current assets		972,892	11	1,322,498	14	1,263,328	15
Non-current assets							
Financial assets at fair value through other comprehensive income, non-current	4,6(4)	20,389	-	20,389	-	25,962	-
Property, plant and equipment	4,6(5),8	3,137,789	34	3,136,880	34	3,053,333	37
Right-of-use assets	4,6(17),7	4,808,809	52	4,651,612	50	3,826,781	46
Intangible assets	4,6(6)	47,025	1	48,519	1	29,756	-
Deferred tax assets	4,6(21)	39,274	-	38,903	-	41,586	-
Other non-current assets	4,6(7),7	135,275	2	125,310	1	123,678	2
Total non-current assets		8,188,561	89	8,021,613	86	7,101,096	85
Total assets		\$9,161,453	100	\$9,344,111	100	\$8,364,424	100

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	March 31, 2023	%	December 31, 2022	%	March 31, 2022	%
Current liabilities							
Contract liabilities	4,6(16)	\$721,093	8	\$685,832	7	\$597,519	7
Notes payable		4,461	-	640	-	724	-
Notes payable - related parties	7	-	-	437	-	427	-
Accounts payable		1,827	-	1,700	-	886	-
Payables on equipment		79,016	1	129,508	1	48,630	1
Other payables	6(8)	277,928	3	304,410	3	255,158	3
Other payables - related parties	7	-	-	515	-	366	-
Current tax liabilities	4,6(21)	191	-	140	-	39,246	-
Lease liabilities, current	4,6(17)	593,471	6	531,107	6	457,210	5
Lease liabilities, current - related parties	4,6(17),7	-	-	-	-	26,045	-
Current bonds issued and current portion of non-current bonds issued	4,6(10)	95,392	1	383,611	4	-	-
Current portion of long-term liabilities	4,6(11),8	136,399	2	119,555	1	126,649	2
Other current liabilities		3,192	-	2,542	1	3,357	-
Total current liabilities		1,912,970	21	2,159,997	23	1,556,217	18
Non-current liabilities							
Financial liabilities at fair value through profit or loss, non-current	4,6(9)	-	-	435	-	2,853	-
Bonds payable	4,6(10)	-	-	-	-	378,815	5
Long-term loans	4,6(11),8	975,472	11	1,020,174	11	1,090,988	13
Provisions, non-current	4,6(13)	75,330	1	71,972	1	59,590	1
Lease liabilities	4,6(17)	4,487,137	48	4,374,169	47	3,543,608	42
Lease liabilities - related parties	4,6(17),7	-	-	-	-	767	-
Other non-current liabilities		6,737	-	6,713	-	880	-
Total non-current liabilities		5,544,676	60	5,473,463	59	5,077,501	61
Total liabilities		7,457,646	81	7,633,460	82	6,633,718	79
Equity attributable to the parent company	4,6(14&15)						
Share capital							
Common stock		794,444	9	794,484	8	774,553	9
Share capital awaiting retirement		(10)	-	(50)	-	-	-
Total share capital		794,434	9	794,434	8	774,553	9
Capital surplus		888,399	10	888,399	10	796,465	10
Retained earnings							
Legal reserve		88,189	1	88,189	1	214,637	3
Special reserve		13,623	-	13,623	-	29,364	-
Unappropriated earnings (Accumulated losses)		48,021	1	71,010	1	(79,344)	(1)
Total retained earnings		149,833	2	172,822	2	164,657	2
Other components of equity		(136,075)	(2)	(152,140)	(2)	(11,601)	-
Treasury shares		(2,801)	-	(2,801)	-	(2,801)	-
Total equity attributable to the parent company		1,693,790	19	1,700,714	18	1,721,273	21
Non-controlling interests	4,6(14)	10,017	-	9,937	-	9,433	-
Total equity		1,703,807	19	1,710,651	18	1,730,706	21
Total liabilities and equity		\$9,161,453	100	\$9,344,111	100	\$8,364,424	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month periods ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the three-month periods ended March 31			
		2023	%	2022	%
Operating revenues	4,6(16)	\$950,328	100	\$903,775	100
Operating costs	4,6(12&15&17&18),7	(763,248)	(80)	(658,051)	(73)
Gross profit		187,080	20	245,724	27
Operating expenses	4,6(12&15&17&18),7				
Sales and marketing expenses		(15,269)	(2)	(10,810)	(1)
General and administrative expenses		(168,260)	(18)	(138,635)	(15)
Subtotal		(183,529)	(20)	(149,445)	(16)
Operating income		3,551	-	96,279	11
Non-operating income and expenses	4,6(19),7				
Interest income		419	-	157	-
Other income		8,244	1	7,173	1
Other gains and losses		(10,258)	(1)	(2,282)	-
Finance costs		(25,185)	(2)	(21,207)	(3)
Subtotal		(26,780)	(2)	(16,159)	(2)
(Loss) income from continuing operations before income tax		(23,229)	(2)	80,120	9
Income tax income (expense)	4,6(21)	320	-	(16,333)	(2)
(Loss) profit from continuing operations		(22,909)	(2)	63,787	7
Net (loss) income		(22,909)	(2)	63,787	7
Total comprehensive income		\$(22,909)	(2)	\$63,787	7
Net (loss) income attributable to:					
Stockholders of the parent		\$(22,989)	(2)	\$62,845	7
Non-controlling interests		80	-	942	-
		\$(22,909)	(2)	\$63,787	7
Comprehensive income attributable to:					
Stockholders of the parent		\$(22,989)	(2)	\$62,845	7
Non-controlling interests		80	-	942	-
		\$(22,909)	(2)	\$63,787	7
(Loss) earnings per share (NTD)	6(22)				
(Loss) earnings per share - Basic		\$(0.31)		\$0.84	
(Loss) earnings per share - Diluted		\$(0.31)		\$0.82	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three-month periods ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to the parent company										Non-controlling interests	Total equity
	Common stock	Share capital awaiting retirement	Capital surplus	Retained earnings			Other components of equity		Treasury shares	Total		
				Legal reserve	Special reserve	(Accumulated losses) Unappropriated earnings	Unrealized (losses) on financial assets measured at fair value through other comprehensive income	Unearned rewards for employees				
Balance as of January 1, 2022	\$774,703	\$(150)	\$796,465	\$214,637	\$29,364	\$(142,189)	\$(7,583)	\$(6,040)	\$(2,801)	\$1,656,406	\$8,491	\$1,664,897
Net income for the three-month period ended March 31, 2022	-	-	-	-	-	62,845	-	-	-	62,845	942	63,787
Total comprehensive income	-	-	-	-	-	62,845	-	-	-	62,845	942	63,787
Share-based payment transaction	(150)	150	-	-	-	-	-	2,022	-	2,022	-	2,022
Balance as of March 31, 2022	\$774,553	\$-	\$796,465	\$214,637	\$29,364	\$(79,344)	\$(7,583)	\$(4,018)	\$(2,801)	\$1,721,273	\$9,433	\$1,730,706
Balance as of January 1, 2023	\$794,484	\$(50)	\$888,399	\$88,189	\$13,623	\$71,010	\$(13,156)	\$(138,984)	\$(2,801)	\$1,700,714	\$9,937	\$1,710,651
Net (loss) for the three-month period ended March 31, 2023	-	-	-	-	-	(22,989)	-	-	-	(22,989)	80	(22,909)
Total comprehensive income	-	-	-	-	-	(22,989)	-	-	-	(22,989)	80	(22,909)
Share-based payment transaction	(40)	40	-	-	-	-	-	16,065	-	16,065	-	16,065
Balance as of March 31, 2023	\$794,444	\$(10)	\$888,399	\$88,189	\$13,623	\$48,021	\$(13,156)	\$(122,919)	\$(2,801)	\$1,693,790	\$10,017	\$1,703,807

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three-month periods ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the three-month periods ended March 31	
	2023	2022
Cash flows from operating activities:		
Net (loss) income before tax	(\$23,229)	\$80,120
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	266,033	241,729
Amortization	1,873	946
Net loss on financial assets and liabilities at fair value through profit or loss	10,268	390
Interest expense	25,185	21,207
Interest income	(419)	(157)
Compensation costs of share-based payment transaction	16,065	2,022
(Gain) on disposal and abandonment of property, plant and equipment	(10)	-
Others	102	-
Changes in operating assets and liabilities:		
Decrease in notes receivable	73	245
(Increase) Decrease in accounts receivable	(3,674)	7,149
Decrease in inventories	2,455	1,261
(Increase) Decrease in prepayments	(9,263)	3,160
Decrease (Increase) in other current assets	3,045	(5,460)
(Increase) Decrease in other financial assets	(16,818)	22,270
Increase (Decrease) in contract liabilities	35,261	(14,243)
Increase (Decrease) in notes payable	3,821	(275)
(Decrease) Increase in notes payable - related parties	(437)	2
Increase in accounts payable	127	327
(Decrease) in other payables	(26,482)	(43,571)
(Decrease) in other payables - related parties	(515)	(3)
Increase in other current liabilities	650	19
Cash generated from operations	284,111	317,138
Interest received	419	157
Income tax paid	(6)	-
Net cash provided by operating activities	<u>284,524</u>	<u>317,295</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(176,115)	(89,503)
Proceeds from disposal of property, plant and equipment	10	-
Acquisition of intangible assets	(379)	(545)
Increase in other non-current assets	(9,965)	(1,070)
Net cash (used in) investing activities	<u>(186,449)</u>	<u>(91,118)</u>
Cash flows from financing activities:		
Proceeds from bonds issued	(299,399)	-
Proceeds from long-term loans	-	2,200
Repayments of long-term loans	(27,858)	(27,074)
Cash payments for the principal portion of lease liabilities	(140,263)	(121,408)
Interest paid	(4,349)	(3,072)
Net cash (used in) financing activities	<u>(471,869)</u>	<u>(149,354)</u>
Net (Decrease) Increase in cash and cash equivalents	(373,794)	76,823
Cash and cash equivalents at beginning of period	835,544	790,408
Cash and cash equivalents at end of period	<u>\$461,750</u>	<u>\$867,231</u>

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Periods Ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY OF ORGANIZATION

POWER WIND HEALTH INDUSTRY INCORPORATED (“the Company”) was incorporated in Republic of China (R.O.C.) on October 4, 2005. The main activities are the business of membership-based fitness center chains, recreational sports venues and other sports services. The Company’s common shares were publicly listed on the Taipei Exchange (TPEX) on March 10, 2016 and started to list on the Taiwan Stock Exchange Corporation (TWSE) on March 15, 2019. The Company’s registered office and the main administration departments are at No.238, Bo-ai 4th Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (“the Group”) for the three-month periods ended March 31, 2023 and 2022 were authorized for issue by the Board of Directors on May 9, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards

The Group applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (FSC) and became effective for annual periods beginning on or after January 1, 2023. The nature and the impact of each new standard and amendment have no material effect on the Group.

(2) Standards or Interpretations issued, revised or amended, by the International Accounting Standards Board (IASB) which are not endorsed by the FSC, but not yet adopted by the Group as at the date of issuance of the Group’s financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by the IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by the IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
D	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
E	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. *IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”* - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in *IFRS 10 “Consolidated Financial Statements”* and *IAS 28 “Investments in Associates and Joint Ventures,”* in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. *IAS 28* restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. *IFRS 10* requires full profit or loss recognition on the loss of control of the subsidiary. *IAS 28* was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in *IFRS 3* between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in *IFRS 3* between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. *IFRS 17 “Insurance Contracts”*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of *IFRS 17* is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of *IFRS 17* by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying *IFRS 17* and revise some requirements to make the results easier to explain. *IFRS 17* replaces an interim Standard – *IFRS 4 “Insurance Contracts”* – from annual reporting periods beginning on or after January 1, 2023.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These are the amendments to paragraphs 69-76 of *IAS 1 "Presentation of Financial Statements"* and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16 "*Lease,*" thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by the IASB have not yet endorsed by the FSC at the date when the Group's financial statements were authorized for issue, and the actual effective dates are to be determined by the FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under, it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and *IAS 34 "Interim Financial Reporting"* as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise specified.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The same principles of consolidation have been applied in the Group's consolidated financial statements for the three-month period ended March 31, 2023 as those applied in the Group's consolidated financial statements for the year ended December 31, 2022. For the principles of consolidation, please refer to the Group's consolidated financial statements for the year ended December 31, 2022.

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership		
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
The Company	Bo Xin Health Industry Incorporated	Engaged in the business of recreational sports and fitness center and other sports services	60.00%	60.00%	60.00%

(4) Other Significant Accounting Policies

The same accounting policies of consolidation have been applied in the Group's consolidated financial statements for the three-month period ended March 31, 2023 as those applied in the Group's consolidated financial statements for the year ended December 31, 2022. For the summary of significant accounting policies, please refer to the Group's consolidated financial statements for the year ended December 31, 2022.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the three-month period ended March 31, 2023 as those applied in the Group's consolidated financial statements for the year ended December 31, 2022. For significant accounting judgments, estimates and assumptions, please refer to the Group's consolidated financial statements for the year ended December 31, 2022.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Cash on hand	\$1,690	\$1,713	\$1,627
Bank deposit	460,060	833,831	865,604
Total	\$461,750	\$835,544	\$867,231

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Accounts receivable

	As at		
	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Accounts receivable	\$16,309	\$12,635	\$11,123
Less: loss allowance	—	—	—
Total	<u>\$16,309</u>	<u>\$12,635</u>	<u>\$11,123</u>

Accounts receivable were not pledged.

Accounts receivable mainly from transactions with customers using credit cards as the payment method were not past due and not impairment based on collection from domestically well-known financial institutions with high-level credit ratings.

(3) Other financial assets, current

	As at		
	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Bank deposit	<u>\$393,058</u>	<u>\$376,240</u>	<u>\$308,987</u>

The use of other financial assets are mainly restricted because they serve as contract performance guarantee for fitness center members. For the pledge, please refer to Note 8.

(4) Financial assets at fair value through other comprehensive income, non current

	As at		
	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Investments in equity instruments measured at fair value through other comprehensive income, non-current			
Unlisted companies stocks	<u>\$20,389</u>	<u>\$20,389</u>	<u>\$25,962</u>

Financial assets at fair value through other comprehensive income were not pledged.

(5) Property, plant and equipment

	As at		
	<u>Mar. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Mar. 31, 2022</u>
Owner occupied property, plant and equipment	<u>\$3,137,789</u>	<u>\$3,136,880</u>	<u>\$3,053,333</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
<u>Cost:</u>							
As at Jan. 1, 2023	\$690,600	\$494,969	\$2,724,934	\$2,044,570	\$179,972	\$15,207	\$6,150,252
Additions	—	—	36,747	42,630	5,675	40,571	125,623
Disposals	—	—	(266)	—	—	—	(266)
Other (Note)	—	—	—	3,214	—	—	3,214
Transfers	—	—	509	—	—	(509)	—
As at Mar. 31, 2023	<u>\$690,600</u>	<u>\$494,969</u>	<u>\$2,761,924</u>	<u>\$2,090,414</u>	<u>\$185,647</u>	<u>\$55,269</u>	<u>\$6,278,823</u>
As at Jan. 1, 2022	\$690,600	\$494,406	\$2,467,453	\$1,785,608	\$159,355	\$50,996	\$5,648,418
Additions	—	—	29,611	3,855	1,799	34,608	69,873
Disposals	—	—	(553)	—	—	—	(553)
Other (Note)	—	—	—	2,538	—	—	2,538
Transfers	—	—	19,053	1,147	3,187	(23,474)	(87)
As at Mar. 31, 2022	<u>\$690,600</u>	<u>\$494,406</u>	<u>\$2,515,564</u>	<u>\$1,793,148</u>	<u>\$164,341</u>	<u>\$62,130</u>	<u>\$5,720,189</u>
<u>Depreciation and impairment:</u>							
As at Jan. 1, 2023	\$—	\$(80,616)	\$(1,850,500)	\$(959,042)	\$(123,214)	\$—	\$(3,013,372)
Depreciation	—	(4,801)	(73,826)	(43,837)	(5,464)	—	(127,928)
Disposals	—	—	266	—	—	—	266
Transfers	—	—	—	—	—	—	—
As at Mar. 31, 2023	<u>\$—</u>	<u>\$(85,417)</u>	<u>\$(1,924,060)</u>	<u>\$(1,002,879)</u>	<u>\$(128,678)</u>	<u>\$—</u>	<u>\$(3,141,034)</u>
As at Jan. 1, 2022	\$—	\$(61,404)	\$(1,571,791)	\$(809,200)	\$(102,178)	\$—	\$(2,544,573)
Depreciation	—	(4,783)	(73,139)	(39,753)	(5,161)	—	(122,836)
Disposals	—	—	553	—	—	—	553
Transfers	—	—	—	—	—	—	—
As at Mar. 31, 2022	<u>\$—</u>	<u>\$(66,187)</u>	<u>\$(1,644,377)</u>	<u>\$(848,953)</u>	<u>\$(107,339)</u>	<u>\$—</u>	<u>\$(2,666,856)</u>
<u>Net carrying amount:</u>							
As at Mar. 31, 2023	<u>\$690,600</u>	<u>\$409,552</u>	<u>\$837,864</u>	<u>\$1,087,535</u>	<u>\$56,969</u>	<u>\$55,269</u>	<u>\$3,137,789</u>
As at Dec. 31, 2022	<u>\$690,600</u>	<u>\$414,353</u>	<u>\$874,434</u>	<u>\$1,085,528</u>	<u>\$56,758</u>	<u>\$15,207</u>	<u>\$3,136,880</u>
As at Mar. 31, 2022	<u>\$690,600</u>	<u>\$428,219</u>	<u>\$871,187</u>	<u>\$944,195</u>	<u>\$57,002</u>	<u>\$62,130</u>	<u>\$3,053,333</u>

Note: Provision for decommissioning, restoration and rehabilitation costs.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Intangible assets

	Computer software	Franchise	Total
<u>Cost:</u>			
As at Jan. 1, 2023	\$50,980	\$6,786	\$57,766
Addition - acquired separately	379	—	379
Derecognition	—	—	—
As at Mar. 31, 2023	<u>\$51,359</u>	<u>\$6,786</u>	<u>\$58,145</u>
As at Jan. 1, 2022	\$32,365	\$—	\$32,365
Addition - acquired separately	458	—	458
Derecognition	—	—	—
Transfers	87	—	87
As at Mar. 31, 2022	<u>\$32,910</u>	<u>\$—</u>	<u>\$32,910</u>
<u>Amortization and impairment:</u>			
As at Jan. 1, 2023	\$(9,035)	\$(212)	\$(9,247)
Amortization	(1,661)	(212)	(1,873)
Derecognition	—	—	—
As at Mar. 31, 2023	<u>\$(10,696)</u>	<u>\$(424)</u>	<u>\$(11,120)</u>
As at Jan. 1, 2022	\$(2,208)	\$—	\$(2,208)
Amortization	(946)	—	(946)
Derecognition	—	—	—
As at Mar. 31, 2022	<u>\$(3,154)</u>	<u>\$—</u>	<u>\$(3,154)</u>
<u>Net carrying amount:</u>			
As at Mar. 31, 2023	<u>\$40,663</u>	<u>\$6,362</u>	<u>\$47,025</u>
As at Dec. 31, 2022	<u>\$41,945</u>	<u>\$6,574</u>	<u>\$48,519</u>
As at Mar. 31, 2022	<u>\$29,756</u>	<u>\$—</u>	<u>\$29,756</u>

(7) Other non-current assets

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Refundable deposits	<u>\$135,275</u>	<u>\$125,310</u>	<u>\$123,678</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Other payables

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Accrued salaries and bonuses	\$110,473	\$104,697	\$107,600
Accrued labor and health insurance	26,162	24,514	32,006
Accrued employee compensation	946	947	—
Business tax payable	—	11,728	3,047
Other	140,347	162,524	112,505
Total	<u>\$277,928</u>	<u>\$304,410</u>	<u>\$255,158</u>

(9) Financial liabilities at fair value through profit or loss, non current

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Designated financial liabilities at fair value through profit or loss			
Derivatives not designated as hedging relationship			
Embedded derivative			
Convertible bonds	<u>\$—</u>	<u>\$435</u>	<u>\$2,853</u>

(10) Bonds payable

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Domestic 2 nd unsecured convertible bonds payable	\$95,392	\$383,611	\$378,815
Less: current portion	(95,392)	(383,611)	—
Net	<u>\$—</u>	<u>\$—</u>	<u>\$378,815</u>

A. Domestic unsecured convertible bonds payable

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Liability component:			
Principal amount	\$96,600	\$390,100	\$390,100
(Discounts) on bonds payable	(1,208)	(6,489)	(11,285)
Subtotal	95,392	383,611	378,815
Less: current portion	(95,392)	(383,611)	—
Net	<u>\$—</u>	<u>\$—</u>	<u>\$378,815</u>
Embedded derivative	<u>\$—</u>	<u>\$435</u>	<u>\$2,853</u>
Equity component	<u>\$2,860</u>	<u>\$11,551</u>	<u>\$11,551</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On January 6, 2021, the Company issued zero coupon domestic unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's common stocks). The terms of the bonds are as follows:

Issue Amount: NT\$400,000 thousand

Period: January 6, 2021~January 6, 2024

Redemption Clauses and Terms of Put Option:

- a. The Company may redeem the bonds, from the day following the issuance of the full three months (April 7, 2021) to the forty days before the expiry of the issuance period (November 27, 2023), at the principal amount of the bonds by cash if the closing price of the Company's common stocks on TWSE for a period of 30 consecutive trading days, is at least 130% of the conversion price.
- b. The Company may redeem the bonds, in whole, at the principal amount if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.
- c. The bondholders may request the Company to redeem all of or part of convertible bonds held by the bondholders at 102.01% of the par value of the bonds by November 27, 2022, which is 40 days before the put option date, January 6, 2023.

Terms of Exchange:

- a. Underlying Securities: Common stocks of the Company.
- b. Exchange Period: The bonds are exchangeable at any time on or after April 7, 2021 and prior to January 6, 2024 into common stocks of the Company.
- c. Conversion Price and Adjustment: The conversion price was originally NT\$155.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The conversion price as of March 31, 2023 was NT\$ 142.4 per share.
- d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds already converted amounted to both NT\$9,900 thousand as at March 31, 2023, December 31, 2022 and March 31, 2022.

As of the put option date January 6, 2023 for the convertible corporate bonds, the bondholders of the convertible corporate bonds exercised their put option, resulting in an amount of NT\$293,500 thousand.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Long-term borrowings

Details of long-term loans as at March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

Lenders	As at Mar. 31, 2023	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	\$150,103	1.71	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	45,000	1.61	Effective from June 1, 2022 to February 7, 2025, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	26,325	1.61	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	167,513	1.61	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.77	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	134,061	1.93	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	8,981	1.90	Effective from June 15, 2022 to June 15, 2029, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	1.13	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	66,250	1.23	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	1.25	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	18,873	1.96	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	23,956	1.73	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	6,199	2.07	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,111,871		
Less: current portion	(136,399)		
Total	\$975,472		

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As at Dec. 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	\$154,606	1.58	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	50,000	1.48	Effective from June 1, 2022 to February 7, 2025, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	26,893	1.48	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	171,128	1.48	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.65	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	136,184	1.49	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	9,319	1.45	Effective from June 15, 2022 to June 15, 2029, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	1.00	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	69,050	1.10	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	1.12	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	22,595	1.83	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	28,184	1.73	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	7,160	1.94	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,139,729		
Less: current portion	(119,555)		
Total	<u>\$1,020,174</u>		

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As at Mar. 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	\$168,115	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	28,667	1.07	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	181,974	1.07	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.13	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	142,774	1.10	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	0.50	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	20,000	1.25	Effective from April 17, 2020 to December 31, 2022, interest only payment for the first half year, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	77,450	0.60	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	0.62	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	50,000	1.55	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	40,867	1.25	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	43,180	1.39	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	<u>1,217,637</u>		
Less: current portion	<u>(126,649)</u>		
Total	<u><u>\$1,090,988</u></u>		

Certain land and buildings are pledged as first priority security for secured bank loans with Cathay United Bank, E.SUN Commercial Bank and Shin Kong Bank, please refer to Note 8 for more details.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Post-employment benefits plan

The employee pension plan under the Labor Pension Act of the R.O.C. (“the Act”) is a defined contribution plan. For the defined contribution plan, the Group will make monthly contributions of no less than 6% of the monthly wages of the employees. The Group has made monthly contributions of 6% based on each individual employee’s salary or wage to employees’ pension accounts subject to the plan.

Expenses under the defined contribution plan for the three-month periods ended March 31, 2023 and 2022 were NT\$15,824 thousand and NT\$13,654 thousand, respectively.

(13) Provisions, non-current

	Decommissioning, restoration and rehabilitation costs
As at January 1, 2023	\$71,972
Arising during the period	3,214
Discount rate adjustment and unwinding of discount from the passage of time	144
As at March 31, 2023	<u>\$75,330</u>
As at January 1, 2022	\$56,937
Arising during the period	2,538
Discount rate adjustment and unwinding of discount from the passage of time	115
As at March 31, 2022	<u>\$59,590</u>

Decommissioning, restoration and rehabilitation costs

A provision has been recognized for decommissioning costs associated with the Group leasing the building for operating sports venues from the owner. The Group is committed to decommissioning the site as a result of the construction of the beginning of the lease.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Equities

A. Common stock

The Company's authorized capital were all NT\$1,000,000 thousand as at March 31, 2023, December 31, 2022 and March 31, 2022, divided into all 100,000 thousand shares (each authorized capital included 5,000 thousand shares reserved for employee stock options), each at a par value of NT\$10. The Company has issued NT\$794,444 thousand, NT\$794,484 thousand and NT\$774,553 thousand, divided into 79,444 thousand shares, 79,448 thousand shares and 77,455 thousand shares as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

The Company's domestic 2nd unsecured convertible bonds were not converted for the three-month periods ended March 31, 2023 and 2022.

B. Capital surplus

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Employee stock option	\$47	\$47	\$—
Restricted stocks for employees	437,090	437,090	245,157
Additional paid-in capital from common stock	60,775	60,775	160,822
Due to recognition of equity component of convertible bonds issued	2,860	11,551	11,551
Additional paid-in capital from convertible bonds	377,354	377,354	377,354
Vested stock option	1,581	1,581	1,581
Others	8,692	1	—
Total	<u>\$888,399</u>	<u>\$888,399</u>	<u>\$796,465</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its stockholders in proportion to the number of shares being held by each of them.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Treasury shares

The Company reacquired 2,000 thousand shares of its share for selling to employees, which was resolved by the Board of Directors on May 16, 2021. At the end of the repurchased period, the Company reacquired 20 thousand treasury shares, whose average price was NT\$140.06 per share, in total NT\$2,801 thousand. The treasury shares held by the Company were NT\$2,801 thousand as at March 31, 2023, December 31, 2022 and March 31, 2022.

D. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Reserve for tax payments.
- b. Offset accumulated losses in previous years, if any.
- c. Legal reserve, which is 10% of leftover profits.
- d. Allocation or reverse of special reserves as required by law or competent authorities.
- e. The remaining net profits and the retained earnings from previous years will be allocated as stockholders' dividend. The Board of Directors will prepare a distribution proposal and submit it to the stockholders' meeting for review and approval by a resolution.

To consider the Company's future capital requirements and interest of the stockholders' demand for cash inflows, after the annual accounts, if the Company has surpluses, the annual cash dividend will not be less than 10% of the total cash and stock dividends in the current year.

According to the Company Act, the company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the company. When a company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the stockholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from stockholders' equity" for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from stockholders' equity. For any subsequent reversal of other net deductions from stockholders' equity, the amount reversed may be distributed from the special reserve.

The distribution of earnings and dividends for 2022 was proposed in the Board of Directors meeting held on March 13, 2023. The details of distribution are as follows:

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Appropriation of earnings</u>	<u>Dividend per share (NT\$)</u>
	2022	2022 (Note)
Legal reserve	\$7,101	
Special reserve	\$645	
Cash dividend	\$63,264	\$0.80

The Company proposed to distribute cash from capital surplus in the Board of Directors meeting held on March 13, 2023. The total amount is NT\$60,000 thousand, NT\$0.76 per share.

Note: The Company bought back restricted stocks for employee departure and repurchased treasury shares, resulting in a decrease in the outstanding shares to 79,423 thousand shares.

The Company's 2021 loss off-setting proposal was resolved by the stockholders' meeting held on June 1, 2022. The legal reserve, NT\$126,448 thousand, is used to offset the loss in 2021, and the capital surplus, NT\$100,000 thousand, is used to distribute cash at NT\$1.29 per share.

For information on the accrual basis of the employees' compensation and directors' remuneration and the actual distributions, please refer to Note 6(18) for details.

E. Non-controlling interests

	<u>For the three-month periods ended March 31</u>	
	2023	2022
Beginning balance	\$9,937	\$8,491
Profit attributable to non-controlling interests	80	942
Ending balance	<u>\$10,017</u>	<u>\$9,433</u>

(15) Share-based payment plans

A. Restricted stocks plan for employees

The Company issued restricted stocks for employees on October 7, 2016 at NT\$25 per share in the amount of NT\$15,670 thousand, totalling 1,567 thousand shares. The share price at grant date was NT\$101.50 per share. On January 25, 2017, the Company issued restricted stocks for employees at NT\$25 per share in the amount of NT\$880 thousand, totalling 88 thousand shares. The share price at grant date was NT\$81.80 per share. On January 2, 2018, the Company issued restricted stocks for employees at NT\$25 per share in the amount of NT\$3,900 thousand, totalling 390 thousand shares. The share price at grant date was NT\$161.00 per share. On April 30, 2019, the Company issued restricted stocks for employees at NT\$25 per share in the amount of NT\$3,800 thousand, totalling 380 thousand shares. The share price at grant date was NT\$199.00 per share. On October 7, 2022, the Company issued restricted stocks for employees at NT\$30 per share in the amount of NT\$20,000 thousand, totalling 2,000 thousand shares. The share price at grant date was NT\$117.50 per share.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Restrictions on the rights and vesting conditions of restricted stocks for employees are as follows:

- a. Employees who deliver the restricted stocks to the Trust Depository during the vesting period may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, the restricted employee shares, excluding inheritance.
 - b. Stockholders' voting rights: They are executed by the Trust Depository according to relevant laws and regulations.
 - c. During the vesting period, the rights of dividends and bonuses, but the dividends of 1,567 thousand shares issued on October 7, 2016 and 88 thousand shares issued on January 25, 2017 must be deposited in a security trust account. For those who do not conform to the vesting conditions, the cash dividends, stock dividends, and cash (stocks) allocated from the capital surplus are allocated to the Company, and the Company redeems the cash according to relevant regulations and cancels the shares according to law.
- B. For the three-month periods ended March 31, 2023 and 2022, the Company incurred expenses of NT\$16,065 thousand, and NT\$2,022 thousand for the share-based payment transactions, respectively.

(16) Operating revenues

	For the three-month periods ended March 31	
	2023	2022
Revenue of Fitness and recreational sports services	\$553,165	\$518,916
Revenue of Sports health services	358,648	343,978
Revenue of Joining fees	31,604	34,824
Others	7,084	6,248
Total	950,501	903,966
Less: sales return and sales discounts and allowances	(173)	(191)
Net operating revenues	\$950,328	\$903,775

Information on revenues from contracts with customers during the three-month periods ended March 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue - Operation department

	For the three-month periods ended March 31	
	2023	2022
Sale of goods	\$4,964	\$4,130
Rendering of services	937,767	894,695
Others	7,597	4,950
Total	\$950,328	\$903,775
Timing of revenue recognition		
At a point in time	\$372,494	\$354,691
Over time	577,834	549,084
Total	\$950,328	\$903,775

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Contract balances

Contract liabilities, current

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Rendering of services - Fitness	\$155,118	\$166,251	\$80,533
Rendering of services - Sports health etc.	545,676	493,112	453,423
Rendering of services - Joining fees (Initiation and processing fees included)	13,571	19,407	56,325
Rendering of services - Others	6,728	7,062	7,238
Total	<u>\$721,093</u>	<u>\$685,832</u>	<u>\$597,519</u>

The significant changes in the Group's balances of contract liabilities for the three-month periods ended March 31, 2023 and 2022 are as follows:

	For the three-month periods ended March 31	
	2023	2022
Beginning balance	\$685,832	\$611,762
The beginning balance transferred to revenue	(291,483)	(287,272)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	326,744	273,029
Ending balance	<u>\$721,093</u>	<u>\$597,519</u>

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT\$719,903 thousand and NT\$597,519 thousand as at March 31, 2023 and 2022, respectively. The Group will recognize revenue as the Group satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to obtain or fulfil a contract

None.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Leases

Group as a lessee

The Group leases various properties, including buildings, transportation equipment and office equipment. The lease terms range from 2 to 24 years.

The Group's leases effect on the financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Buildings	\$4,805,253	\$4,649,426	\$3,825,319
Transportation equipment	3,556	2,186	225
Office equipment	—	—	1,237
Total	\$4,808,809	\$4,651,612	\$3,826,781

During the three-month periods ended March 31, 2023 and 2022, the Group's additions to right-of-use assets amounted to NT\$243,580 thousand and NT\$329,392 thousand, respectively.

b. Lease liabilities

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Lease liabilities	\$5,080,608	\$4,905,276	\$4,027,630
Current	\$593,471	\$531,107	\$483,255
Non-current	\$4,487,137	\$4,374,169	\$3,544,375

Please refer to Note 6(19) finance costs for the interest on lease liabilities recognized during the three-month periods ended March 31, 2023 and 2022 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at March 31, 2023, December 31, 2022 and March 31, 2022.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended March 31	
	2023	2022
Buildings	\$137,812	\$118,376
Transportation equipment	293	363
Office equipment	—	154
Total	<u>\$138,105</u>	<u>\$118,893</u>

C. Income and costs relating to leasing activities

	For the three-month periods ended March 31	
	2023	2022
The expenses relating to short-term leases	\$1,226	\$520
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	\$2,700	\$2,873
(Income) from subleasing right-of-use assets	\$(2,358)	\$(2,370)

D. Cash outflow relating to leasing activities

During the three-month periods ended March 31, 2023 and 2022, the Group's total cash outflows for leases amounted to NT\$162,022 thousand and NT\$138,866 thousand, respectively.

E. Other information relating to leasing activities

Extension and termination options

Some of the Group's property rental agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function Nature	For the three-month periods ended March 31					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$402,619	37,465	\$440,084	\$334,428	30,799	\$365,227
Labor and health insurance	\$28,324	2,067	\$30,391	\$26,306	1,894	\$28,200
Pension	\$14,690	1,134	\$15,824	\$12,587	1,067	\$13,654
Directors' remuneration	\$—	316	\$316	\$—	339	\$339
Other employee benefits expense	\$13,737	80	\$13,817	\$7,042	100	\$7,142
Depreciation	\$261,757	4,276	\$266,033	\$237,422	4,307	\$241,729
Amortization	\$212	1,661	\$1,873	\$—	946	\$946

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation and no more than 3% of profit of the current year is distributable as remuneration to directors. However, the Group's accumulated losses shall have been covered. The Group may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the stockholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System (MOPS)" on the website of the TWSE.

Since there was a loss as of the three-month periods ended March 31, 2023 and 2022, the Group decided not to recognize the amounts of the employees' compensation and remuneration to directors. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stock distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors' meeting. If there is a difference between the estimated amount and the actual distribution the Board of Directors resolved, the Group will recognize the change as an adjustment in the profit or loss in the subsequent year.

In the Board of Directors meeting held on February 21, 2023, the Company resolved to distribute NT\$902 thousand and NT\$0 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Non-operating income and expenses

A. Interest income

	For the three-month periods ended March 31	
	2023	2022
Financial assets at amortized cost - bank deposits	\$419	\$157

B. Other income

	For the three-month periods ended March 31	
	2023	2022
Rental income	\$2,358	\$2,370
Others	5,886	4,803
Total	\$8,244	\$7,173

C. Other gains and losses

	For the three-month periods ended March 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$10	\$—
(Loss) on financial liabilities at fair value through profit or loss	(10,268)	(390)
Others	—	(1,892)
Total	\$(10,258)	\$(2,282)

D. Finance costs

	For the three-month periods ended March 31	
	2023	2022
Interest on borrowings from bank	\$(4,349)	\$(3,071)
Interest on lease liabilities	(20,191)	(16,435)
Interest on other non-current liabilities	(24)	—
Interest on bonds payable	(477)	(1,585)
Total interest expenses	(25,041)	(21,091)
Unwinding of discount on provisions	(144)	(116)
Total finance costs	\$(25,185)	\$(21,207)

(20) Components of other comprehensive income

For the three-month periods ended March 31, 2023 and 2022: None.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense recognized in profit or loss

	For the three-month periods ended March 31	
	2023	2022
Current income tax expense:		
Current income tax charge	\$51	\$3
Adjustments in respect of current income tax of prior years	—	—
Deferred tax (income) expense:		
Deferred tax (income) expense relating to origination and reversal of temporary differences	(371)	16,330
Total income tax (income) expense	<u><u>\$(320)</u></u>	<u><u>\$16,333</u></u>

B. The assessment of income tax returns

As of March 31, 2023, the assessment of the income tax returns of the Company and subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
Subsidiary - Bo Xin Health Industry Incorporated	Assessed and approved up to 2020

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the three-month period attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the three-month period.

Diluted earnings per share amounts are calculated by dividing the net profit for the three-month period attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the three-month period plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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	For the three-month periods ended March 31	
	2023	2022
<u>Basic (loss) earnings per share</u>		
Net (loss) income	\$(22,989)	\$62,845
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,485
Basic (loss) earnings per share (NT\$)	\$(0.31)	\$0.84
<u>Diluted (loss) earnings per share</u>		
Net (loss) income	\$(22,989)	\$62,845
Interest expense from convertible bonds (Note)	(Note)	—
(Loss) profit attributable to common stockholders of the Company after dilution	\$(22,989)	\$62,845
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,485
Effect of dilution:		
Employee compensation - stock (in thousands)	(Note)	—
Employee stock options (in thousands)	(Note)	2,164
Convertible bonds (in thousands)	(Note)	—
Weighted average number of common stocks outstanding after dilution (in thousands)	74,485	76,649
Diluted (loss) earnings per share (NT\$)	\$(0.31)	\$0.82

Note: Employee stock options and convertible bonds were anti-dilutive and excluded from the computation of diluted earnings per share.

There have been no other transactions involving common stocks or potential common stocks between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

Information on the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Giant Development Co., Ltd. (Giant)	Other related party
Jiayong Investment Development Co., Ltd. (Jiayong Inv.)	Director
All directors and vice presidents or above	Key management personnel

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant related party transactions

(1) Notes payable - related parties

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Other related party	\$—	\$437	\$427

(2) Other payables - related parties

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Other related party	\$—	\$515	\$366

(3) Lease

As of March 31, 2023, December 31, 2022 and March 31, 2022, the security deposits paid to the related party for the lease of the business premises were NT\$0 thousand, NT\$7,588 thousand and NT\$7,588 thousand, respectively, under the refundable deposits. The management fees for the three-month periods ended March 31, 2023 and 2022 were NT\$0 thousand and NT\$1,216 thousand, respectively, under the operating expenses.

A. Right-of-use assets

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Other related party	\$—	\$—	\$25,033

B. Lease liabilities

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Other related party	\$—	\$—	\$26,812

C. Interest expenses

	For the three-month periods ended March 31	
	2023	2022
	Other related party	\$—

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Rental income

	For the three-month periods ended March 31	
	2023	2022
Director	\$57	\$57

The rental price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party are comparable with third party, with monthly payments.

(4) Key management personnel compensation

	For the three-month periods ended March 31	
	2023	2022
Short-term employee benefits	\$6,166	\$6,352
Post-employment benefits	216	221
Share-based payment	4,251	511
Total	\$10,633	\$7,084

(5) Other

As of March 31, 2023, December 31, 2022 and March 31, 2022, the lease performance guarantee bills of related parties drawn by the Group for leasing sports venues amounted were NT\$0 thousand, NT\$10,588 thousand and NT\$10,588 thousand, respectively.

8. ASSETS PLEDGED AS COLLATERAL

The Group has the following assets as collateral:

Items	As at			Secured liabilities
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022	
Property, plant and equipment - land and buildings	\$1,094,998	\$1,098,528	\$1,110,469	Long-term loan
Other financial assets, current	393,058	366,737	308,987	Performance guarantee of fitness center
Total	\$1,488,056	\$1,465,265	\$1,419,456	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of March 31, 2023, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT\$41,701 thousand.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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(2) As of March 31, 2023, the total amount of the equipment and construction purchased under contracts was approximately NT\$176,600 thousand, including approximately NT\$105,634 thousand unpaid.

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

In the Board of Directors meeting on February 21, 2023, the Company resolved to issue domestic 3rd unsecured convertible corporate bonds. The total amount issued is NT\$300,000 thousand with a 0% coupon rate. The period of the issuance is three years. The issuance was approved and came into effect by Letter Jin-Guan-Zheng-Fa-Zi No.1120335005 of the FSC dated March 27, 2023. The full amount was received on April 12, 2023. The Taipei Exchange approved the over-the-counter trading in securities market from April 14, 2023, by Letter Zheng-Gui-Zhai-Zi No.11200026892 of the Taipei Exchange dated April 11, 2023.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial assets at fair value through other comprehensive income	\$20,389	\$20,389	\$25,962
Financial assets at amortized cost			
Cash and cash equivalents	460,060	833,831	865,604
Notes and accounts receivable	16,480	12,879	11,123
Other receivables (related party included)	3,908	3,410	2,180
Other financial assets, current	393,058	376,240	308,987
Other non-current assets - refundable deposits	135,275	125,310	123,678
Subtotal	1,008,781	1,351,670	1,311,572
Total	\$1,029,170	\$1,372,059	\$1,337,534

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial Liabilities

	As at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial liabilities at amortized cost			
Payables and other payables (related party included)	\$363,232	\$437,210	\$306,191
Bonds payable	95,392	383,611	378,815
Long-term loans (current portion included)	1,111,871	1,139,729	1,217,637
Lease liabilities (related party included)	5,080,608	4,905,276	4,027,630
Subtotal	<u>6,651,103</u>	<u>6,865,826</u>	<u>5,930,273</u>
Financial liabilities at fair value through profit or loss			
Embedded derivatives	—	435	2,853
Total	<u>\$6,651,103</u>	<u>\$6,866,261</u>	<u>\$5,933,126</u>

(2) Financial risk management objectives and policies

The Group's risk management objectives are to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on policy and risk preference.

The Group has followed the relevant regulations and established appropriate policies, procedures, and internal controls policies regarding financial risk management. According to the related rules and internal control policies, before the management team executes the significant financial activities, the proposal must be reviewed and resolved by the Board of Directors. When conducting financial management activities, the management team must comply with its financial risk management policies.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Interest rate risk

Interest rate risk is the risk that the fair value of future will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended March 31, 2023 and 2022 to decrease/increase by NT\$259 thousand and NT\$43 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Group are unlisted equity securities, so they are measured at fair value through other comprehensive income.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors must review and approve all equity investment decisions.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable) and from its financing activities (primarily for bank deposits and other financial instruments).

The accounts receivable of the Group are mainly from transactions with customers using credit cards as the payment method. These receivables are mainly paid by domestically famous financial institutions, and the probability of occurrence of credit risk is extremely low, and the maximum amount of credit risk is its book value.

Credit risk from balances with banks and other financial instruments is managed by the Group's financial department in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and companies with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Group's objective is to maintain flexibility through the use of cash and cash equivalents and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 6 years	Total
As at March 31, 2023					
Payables	\$363,232	—	—	—	\$363,232
Loans	\$133,208	349,936	342,164	446,756	\$1,272,064
Lease liabilities	\$593,471	1,103,788	1,003,048	2,916,259	\$5,616,566
Convertible bonds	\$96,600	—	—	—	\$96,600
As at December 31, 2022					
Payables	\$437,210	—	—	—	\$437,210
Loans	\$133,213	366,604	377,790	397,541	\$1,275,148
Lease liabilities	\$531,107	1,029,201	976,272	2,966,669	\$5,503,249
Convertible bonds	\$390,100	—	—	—	\$390,100
As at March 31, 2022					
Payables	\$306,191	—	—	—	\$306,191
Loans	\$138,074	326,413	411,665	413,488	\$1,289,640
Lease liabilities	\$483,255	880,387	830,136	2,300,172	\$4,493,950
Convertible bonds	\$—	390,100	—	—	\$390,100

Notes:

1. Including cash flows resulting from short-term leases or leases of low-value assets.
2. Information on the maturities of lease liabilities is provided in the table below:

As at March 31,
2023

	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
Lease liabilities	\$593,471	2,106,836	1,724,441	727,526	464,292	\$5,616,566

As at December 31,
2022

	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
Lease liabilities	\$531,107	2,005,473	1,722,367	752,542	491,760	\$5,503,249

As at March 31,
2022

	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
Lease liabilities	\$483,255	1,710,522	1,502,639	508,186	289,348	\$4,493,950

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair value of financial assets and financial liabilities:

- a. The carrying amounts of cash and cash equivalents, accounts receivable, refundable deposits, other current assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- b. For financial assets and financial liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (for example, listed equity securities, beneficiary certificates, bonds and futures, etc.).
- c. Fair value of equity instruments without market quotations (for example, private placement of listed equity securities, unquoted public company and private company equity securities) is estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- d. Fair value of debt instruments, bank loans, bonds payable and other non-current liabilities without market quotations is determined based on the counterparty prices or valuation method. The valuation method uses Discounted Cash Flow (DCF) method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (for example, yield curves published by the TPEX, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. The fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Carrying amounts as at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial liabilities:			
Long-term loans (current portion included)	\$1,111,871	\$1,139,729	\$1,217,637
Bonds payable	\$95,392	\$383,611	\$378,815
	Fair value as at		
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
Financial liabilities:			
Long-term loans (current portion included)	\$1,170,717	\$1,139,729	\$1,166,466
Bonds payable	\$93,586	\$397,876	\$387,520

C. Fair value hierarchy for financial instruments

Please refer to Note 12(8) for fair value hierarchy for financial instruments of the Group.

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended March 31, 2023:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2023	\$383,611	\$1,139,729	\$4,905,276	\$6,428,616
Cash flow	(299,399)	(27,858)	(140,263)	(467,520)
Non-cash movement	11,180	—	315,595	326,775
March 31, 2023	\$95,392	\$1,111,871	\$5,080,608	\$6,287,871

Reconciliation of liabilities for the three-month period ended March 31, 2022:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2022	\$377,230	\$1,242,511	\$3,803,211	\$5,422,952
Cash flow	—	(24,874)	(121,408)	(146,282)
Non-cash movement	1,585	—	345,827	347,412
March 31, 2022	\$378,815	\$1,217,637	\$4,027,630	\$5,624,082

(8) Fair value hierarchy

A. The definition of fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at March 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	\$—	\$—	\$20,389	\$20,389
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	\$—	\$—	\$—

As at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	\$—	\$—	\$20,389	\$20,389
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	\$—	\$435	\$435

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As at March 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	\$—	\$—	\$25,962	\$25,962
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	\$—	\$2,853	\$2,853

Transfers between Level 1 and Level 2

For the three-month periods ended March 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

The details of changes in Level 3 of the repeatability fair value hierarchy

The reconciliation of the liabilities at fair value, which are measured in Level 3 of the repeatability fair value hierarchy, from the beginning to the end of the period, is as follows:

	<u>Liabilities</u>
	<u>At fair value through profit or loss</u>
	<u>Derivatives</u>
As at January 1, 2023	\$435
Amount recognized in loss for the period ended March 31, 2023 (presented in “other gains or losses”)	10,268
Pay off for the three-month period ended March 31, 2023	(10,703)
As at March 31, 2023	<u>\$—</u>
	<u>Liabilities</u>
	<u>At fair value through profit or loss</u>
	<u>Derivatives</u>
As at January 1, 2022	\$2,463
Amount recognized in loss for the period ended March 31, 2022 (presented in “other gains or losses”)	390
As at March 31, 2022	<u>\$2,853</u>

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Total gains and losses recognized in (profit) or loss for the three-month periods ended March 31, 2023 and 2022 in the table above contain loss related to liabilities on hand as at March 31, 2023 and 2022 in the amount of NT\$10,268 thousand and NT\$390 thousand, respectively.

(9) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions and reinvestments

- A. Financing provided to others for the three-month period ended March 31, 2023: None.
- B. Endorsement/Guarantee provided to others for the three-month period ended March 31, 2023: None.
- C. Securities held as at March 31, 2023: Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2023: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2023: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three-month period ended March 31, 2023: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three-month period ended March 31, 2023: None.
- I. Investees over whom the Group exercises significant influence or control directly or indirectly (excluding investment in mainland China): Please refer to Attachment 2.
- J. Financial instruments and derivative transactions: None.
- K. Other: Intercompany relationships and significant intercompany transactions for the three-month period ended March 31, 2023: None.

(2) Information on investments in mainland China: Not applicable.

(3) Information on major stockholders: Please refer to Attachment 3.

14. SEGMENT INFORMATION

The Group is engaged in the business of recreational sports and fitness centers. The services it provides are all related to recreational sports and fitness. Therefore, it is considered as a single operating department.

Regional information

The Group operates mainly in Taiwan.

Important customer information

For the three-month periods ended March 31, 2023 and 2022, there was no income from a single customer that exceeded 10% of the Group's total revenue.

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ATTACHMENT 1

Securities held as at March 31, 2023 (Excluding subsidiaries, associates and joint ventures):

(in Thousands of New Taiwan Dollars)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As at March 31, 2023				Note
				Number of shares (in thousands)	Carrying amount (Note 2)	Percentage of ownership (%)	Fair value	
Power Wind Health Industry Incorporated	Taroko Development Corporation	-	Financial assets at fair value through other comprehensive income, non-current	900	\$4,844	0.55	\$4,844	
Power Wind Health Industry Incorporated	Gomore Inc.	-	Financial assets at fair value through other comprehensive income, non-current	25,217	\$15,545	5.04	\$15,545	

Note 1: Marketable securities refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of *IFRS 9 “Financial Instruments.”*

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value.

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ATTACHMENT 2

Names, locations and related information of investee companies (Excluding investment in mainland China):

(in Thousands of New Taiwan Dollars)

Investor company	Investee company	Location	Main businesses and products	Initial investment		Investment as at March 31, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Carrying amount			
Power Wind Health Industry Incorporated	Bo Xin Health Industry Incorporated	Taipei City	Engaged in the business of recreational sports, fitness center and other sports services	\$9,000	\$9,000	900	60.00	\$15,026	\$199	\$119	Note

Note: Aforementioned investment has been written off when preparing the consolidated financial statements.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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ATTACHMENT 3

Information on major stockholders :

Name (Note)	Shares	
	Number of shares (shares)	Percentage of ownership (%)
Jiayong Investment Development Co., Ltd.	21,751,989	27.37
Yu, Zong-Jing	5,000,839	6.29
Chen, Shang-Yih	4,220,895	5.31