

**POWER WIND HEALTH INDUSTRY INCORPORATED  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT AUDITORS  
FOR THE YEARS ENDED  
DECEMBER 31, 2025 AND 2024**

Address: No. 238, Bo-ai 4th Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.)

Telephone: 886-7-348-8000

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.

## REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2025 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Power Wind Health Industry Incorporated

Chairman: Chen, Shang-Yih

March 11, 2026



安永聯合會計師事務所

80052 高雄市中正三路2號17樓  
17F, No. 2, Zhongzheng 3rd Road  
Kaohsiung City, Taiwan, R.O.C.

電話 Tel: 886 7 238 0011  
傳真 Fax: 886 7 237 0198  
ey.com/zh\_tw

## **Independent Auditors' Report**

To Power Wind Health Industry Incorporated

### **Opinion**

We have audited the accompanying consolidated balance sheets of Power Wind Health Industry Incorporated (the “Company”) and its subsidiaries as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and cash flows for the years ended December 31, 2025 and 2024 in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Revenue Recognition

Net sales recognized by the Company and its subsidiaries amounted to NT\$6,065,690 thousand for the year ended December 31, 2025, including services for fitness center members and sports health courses, soccer and bowling, trampoline and shooting games, and rental of sports space. Due to the diverse services and the large number of members, each member's membership and sports health course purchases vary. Differences in membership status and course execution led to complex calculation of revenue. We therefore determined revenue recognition as a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy and testing the effectiveness of internal controls around revenue recognition, reperforming relevant control points including reviewing contractual provisions and contract amounts, confirming the period for rendering of services and selecting courses to verify the condition of execution. In addition, through performing cash anchor testing, cut-off testing, reviewing analytical procedures and recalculating etc. to validate appropriateness of revenue recognition, we also assessed the adequacy of disclosures of operating revenue. Please refer to Note 6 to the consolidated financial statements.

### Recognition of Right-of-Use Assets and Lease Liabilities

The Company and its subsidiaries acquired right-of-use for sites of fitness center chains and recreational sports venues by leasing. As the completeness of contracts entered into, contract terms and conditions, judgment of all relevant facts and circumstances and the discount rate of the lease payments involved management's subjective determination and assumptions, and the amount of right-of-use assets and lease liabilities increased as business locations increased, we therefore considered this a key audit matter.

Our audit procedures included, but not limited to, testing the effectiveness of internal controls concerning the measurement of right-of-use assets and lease liabilities, reviewing important meeting minutes and details of rental expenditures of the Group, identifying additional lease agreement during the period. We also identified the lease components within contracts and assessed the lease terms and the appropriateness of the discount rate which the lease payments adopted, and recalculating appropriateness of the amount booked of right-of-use assets and lease liabilities. Furthermore, we considered the appropriateness of disclosing the right-of-use assets and lease liabilities in Note 6 to the consolidated financial statements.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, Interpretations developed by the IFRIC or the former SIC as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2025 and 2024.

/s/ Lee, Fang-Wen

/s/ Hung, Kuo-Sen

Ernst & Young, Taiwan

March 11, 2026

## 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2025	%	December 31, 2024	%
<b>Current assets</b>					
Cash and cash equivalents	4,6(1)	\$1,247,828	10	\$935,776	9
Notes receivable, net	4	16	-	11	-
Accounts receivable, net	4,6(2)	18,277	-	14,959	-
Inventories	4	17,724	-	15,052	-
Prepayments		26,933	-	28,485	1
Other financial assets, current	4,6(3),8	554,788	5	459,821	4
Other current assets	4,7	111,912	1	96,051	1
Total current assets		1,977,478	16	1,550,155	15
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income, non-current	4,6(4)	90,551	1	104,964	1
Property, plant and equipment	4,6(5)	3,522,750	30	3,287,442	31
Right-of-use assets	4,6(16),7	6,160,903	51	5,470,198	51
Intangible assets	4,6(6)	65,816	1	63,033	1
Deferred tax assets	4,6(20)	17,164	-	16,304	-
Refundable deposits	4,7	153,376	1	146,560	1
Total non-current assets		10,010,560	84	9,088,501	85
<b>Total Assets</b>					
		\$11,988,038	100	\$10,638,656	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  
CONSOLIDATED BALANCE SHEETS – (Continued)  
December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2025	%	December 31, 2024	%
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss, current	4,6(7)	\$-	-	\$4,673	-
Contract liabilities	4,6(15)	1,069,546	9	873,088	8
Notes payable		743	-	891	-
Accounts payable		8,881	-	4,085	-
Payables on equipment		162,969	2	94,999	1
Other payables	6(8)	576,368	5	463,386	4
Current tax liabilities	4,6(20)	124,078	1	91,723	1
Lease liabilities	4,6(16)	732,055	6	644,565	6
Current bonds issued and current portion of non-current bonds issued	4,6(9),8	265,375	2	290,979	3
Current portion of long-term loans	4,6(10),8	260,359	2	157,652	2
Other current liabilities		4,171	-	3,292	-
Total current liabilities		<u>3,204,545</u>	<u>27</u>	<u>2,629,333</u>	<u>25</u>
<b>Non-current liabilities</b>					
Long-term loans	4,6(10),8	413,200	3	672,204	6
Provisions, non-current	4,6(12)	140,509	1	106,778	1
Lease liabilities	4,6(16)	5,851,327	49	5,191,793	49
Other non-current liabilities		4,890	-	4,821	-
Total non-current liabilities		<u>6,409,926</u>	<u>53</u>	<u>5,975,596</u>	<u>56</u>
<b>Total liabilities</b>		<u>9,614,471</u>	<u>80</u>	<u>8,604,929</u>	<u>81</u>
<b>Equity attributable to the parent company</b>					
Share capital					
Common stock		792,921	7	793,261	7
Share capital awaiting retirement		-	-	(70)	-
Total share capital		<u>792,921</u>	<u>7</u>	<u>793,191</u>	<u>7</u>
Capital surplus		779,366	6	779,876	7
Retained earnings					
Legal reserve		144,155	1	107,118	1
Special reserve		13,156	-	13,156	-
Unappropriated retained earnings		666,002	6	370,371	4
Total retained earnings		<u>823,313</u>	<u>7</u>	<u>490,645</u>	<u>5</u>
Other equity		(34,394)	-	(38,469)	-
Treasury shares		-	-	(2,801)	-
<b>Total equity attributable to owners of parent</b>		<u>2,361,206</u>	<u>20</u>	<u>2,022,442</u>	<u>19</u>
Non-controlling interests		12,361	-	11,285	-
<b>Total equity</b>		<u>2,373,567</u>	<u>20</u>	<u>2,033,727</u>	<u>19</u>
<b>Total liabilities and equity</b>		<u>\$11,988,038</u>	<u>100</u>	<u>\$10,638,656</u>	<u>100</u>

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  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per share)

Accounting	Notes	For the years ended December 31			
		2025	%	2024	%
Operating revenues	4,6(15)	\$6,065,690	100	\$5,122,945	100
Operating costs	4,6(11&17),7	<u>(4,128,672)</u>	<u>(68)</u>	<u>(3,677,273)</u>	<u>(72)</u>
Gross profit		<u>1,937,018</u>	<u>32</u>	<u>1,445,672</u>	<u>28</u>
Operating expenses	4,6(11&17),7				
Selling expenses		(113,608)	(2)	(106,719)	(2)
Administrative expenses		<u>(922,821)</u>	<u>(15)</u>	<u>(823,554)</u>	<u>(16)</u>
Total operating expenses		<u>(1,036,429)</u>	<u>(17)</u>	<u>(930,273)</u>	<u>(18)</u>
Operating income		<u>900,589</u>	<u>15</u>	<u>515,399</u>	<u>10</u>
Non-operating income and expenses	4,6(18),7				
Interest income		14,291	-	11,179	-
Other income		72,438	1	59,212	1
Other gains and losses		(19,450)	-	(844)	-
Finance costs		<u>(125,274)</u>	<u>(2)</u>	<u>(116,993)</u>	<u>(2)</u>
Total non-operating income and expenses		<u>(57,995)</u>	<u>(1)</u>	<u>(47,446)</u>	<u>(1)</u>
Profit from continuing operations before income tax		842,594	14	467,953	9
Income tax expense	4,6(20)	<u>(172,277)</u>	<u>(3)</u>	<u>(93,983)</u>	<u>(2)</u>
Profit from continuing operations		<u>670,317</u>	<u>11</u>	<u>373,970</u>	<u>7</u>
Net income		<u>670,317</u>	<u>11</u>	<u>373,970</u>	<u>7</u>
Other comprehensive (loss)	6(19)				
Items that will not be reclassified subsequently to profit or loss					
Unrealised (loss) from investments in equity instruments measured at fair value through other comprehensive income		<u>(14,413)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive (loss), net of tax		<u>(14,413)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income		<u>\$655,904</u>	<u>11</u>	<u>\$373,970</u>	<u>7</u>
Net income attributable to:					
Owners of the parent		\$666,002	11	\$370,371	7
Non-controlling interests		<u>4,315</u>	<u>-</u>	<u>3,599</u>	<u>-</u>
		<u>\$670,317</u>	<u>11</u>	<u>\$373,970</u>	<u>7</u>
Comprehensive income attributable to:					
Owners of the parent		\$651,589	11	\$370,371	7
Non-controlling interests		<u>4,315</u>	<u>-</u>	<u>3,599</u>	<u>-</u>
		<u>\$655,904</u>	<u>11</u>	<u>\$373,970</u>	<u>7</u>
Earnings per share (NTD)	6(21)				
Earnings per share - Basic		<u>\$8.49</u>		<u>\$4.77</u>	
Earnings per share - Diluted		<u>\$8.30</u>		<u>\$4.68</u>	

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  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to the parent company											Non-controlling interests	Total equity
	Common stock	Certificate of entitlement to new shares from convertible bond	Share capital awaiting retirement	Capital surplus	Retained earnings			Other components of equity		Treasury shares	Total		
					Legal reserve	Special reserve	Unappropriated retained earnings	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive	Unearned rewards for employees				
Balance as of January 1, 2024	\$793,954	\$7	(\$180)	\$841,056	\$95,290	\$14,268	\$118,283	(\$13,156)	(\$76,975)	(\$2,801)	\$1,769,746	\$9,018	\$1,778,764
Appropriation and distribution of 2023 retained earnings:													
Legal reserve	-	-	-	-	11,828	-	(11,828)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(107,567)	-	-	-	(107,567)	-	(107,567)
Reversal of special reserve	-	-	-	-	-	(1,112)	1,112	-	-	-	-	-	-
Other changes in capital surplus													
Cash dividends from capital surplus	-	-	-	(60,000)	-	-	-	-	-	-	(60,000)	-	(60,000)
Net income for the year ended December 31, 2024	-	-	-	-	-	-	370,371	-	-	-	370,371	3,599	373,970
Total comprehensive income	-	-	-	-	-	-	370,371	-	-	-	370,371	3,599	373,970
Conversion of certificate of entitlement to new shares from convertible bonds	7	(7)	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transaction	(700)	-	110	(1,180)	-	-	-	-	51,662	-	49,892	-	49,892
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,332)	(1,332)
Balance as of December 31, 2024	\$793,261	\$-	(\$70)	\$779,876	\$107,118	\$13,156	\$370,371	(\$13,156)	(\$25,313)	(\$2,801)	\$2,022,442	\$11,285	\$2,033,727
Balance as of January 1, 2025	\$793,261	\$-	(\$70)	\$779,876	\$107,118	\$13,156	\$370,371	(\$13,156)	(\$25,313)	(\$2,801)	\$2,022,442	\$11,285	\$2,033,727
Appropriation and distribution of 2024 retained earnings:													
Legal reserve	-	-	-	-	37,037	-	(37,037)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(333,334)	-	-	-	(333,334)	-	(333,334)
Net income for the year ended December 31, 2025	-	-	-	-	-	-	666,002	-	-	-	666,002	4,315	670,317
Other comprehensive (loss), net of tax for the years ended December 31, 2025	-	-	-	-	-	-	-	(14,413)	-	-	(14,413)	-	(14,413)
Total comprehensive income	-	-	-	-	-	-	666,002	(14,413)	-	-	651,589	4,315	655,904
Share-based payment transaction	(340)	-	70	(510)	-	-	-	-	18,488	2,801	20,509	-	20,509
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,239)	(3,239)
Balance as of December 31, 2025	\$792,921	\$-	\$-	\$779,366	\$144,155	\$13,156	\$666,002	(\$27,569)	(\$6,825)	\$-	\$2,361,206	\$12,361	\$2,373,567

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  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2025 and 2024  
(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31	
	2025	2024
Cash flows from operating activities:		
Net income before tax	\$842,594	\$467,953
Adjustments to reconcile (profit) loss:		
Depreciation	1,169,708	1,136,122
Amortization	11,247	8,146
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(3,246)	390
Interest expense	125,274	116,993
Interest income	(14,291)	(11,179)
Share-based payments	18,488	51,662
(Gain) Loss on disposal and abandonment of property, plant and equipment	(717)	6,005
Others	(815)	(7,245)
Changes in operating assets and liabilities:		
Decrease in notes receivable	(5)	(11)
(Increase) Decrease in accounts receivable	(3,318)	39,990
(Increase) in inventories	(2,672)	(5,782)
Decrease (Increase) in prepayments	1,552	(9,815)
(Increase) in other current assets	(15,861)	(24,124)
(Increase) in other financial assets	(94,967)	(82,315)
Increase in contract liabilities	196,458	139,304
(Decrease) Increase in notes payable	(148)	346
Increase in accounts payable	4,796	1,569
Increase in other payables	112,982	108,811
(Decrease) in provisions	(1,553)	-
Increase in other current liabilities	879	947
(Decrease) in other operating liabilities	-	(900)
Cash generated from operations	2,346,385	1,936,867
Interest received	14,291	11,179
Income tax paid	(140,782)	(12,224)
Net cash provided by operating activities	2,219,894	1,935,822
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(100,120)
Acquisition of property, plant and equipment	(669,986)	(614,107)
Proceeds from disposal of property, plant and equipment	127	-
Increase in refundable deposits	(6,816)	(4,947)
Acquisition of intangible assets	(1,436)	(15,354)
Net cash (used in) investing activities	(678,111)	(734,528)
Cash flows from financing activities:		
Repayments of bonds issued	(33,664)	(96,500)
Repayments of long-term loans	(156,297)	(192,138)
Payments of lease liabilities	(587,785)	(549,119)
(Decrease) in other non-current liabilities	-	(703)
Cash dividends paid	(333,334)	(167,567)
Interest paid	(117,433)	(109,027)
Change in non-controlling interests	(3,239)	(1,332)
Others	2,021	(1,770)
Net cash (used in) financing activities	(1,229,731)	(1,118,156)
Net increase in cash and cash equivalents	312,052	83,138
Cash and cash equivalents at beginning of period	935,776	852,638
Cash and cash equivalents at end of period	\$1,247,828	\$935,776

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

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

1. HISTORY OF ORGANIZATION

POWER WIND HEALTH INDUSTRY INCORPORATED (“the Company”) was established 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 stocks 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 years ended December 31, 2025 and 2024 were authorized for issue by the Board of Directors on March 11, 2026.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (FSC) and become effective for annual periods beginning on or after January 1, 2025. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (IASB) which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by the IASB
A	<i>IFRS 17 “Insurance Contracts”</i>	January 1, 2023
B	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
C	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
D	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(A) *IFRS 17 “Insurance Contracts”*

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide.

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.

(B) Amendments to the Classification and Measurement of Financial Instruments –  
Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(C) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(2) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(3) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(4) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(5) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(6) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

(D) Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7

This amendment includes:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after January 1, 2026. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (B) and (C), 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.

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

- (3) Standards or interpretations issued, revised or amended, by the IASB which are not endorsed by the FSC, and 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	<i>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</i>	To be determined by the IASB
B	<i>IFRS 18 “Presentation and Disclosure in Financial Statements”</i>	January 1, 2027 (Note)
C	Disclosure Initiative - <i>Subsidiaries without Public Accountability: Disclosures (IFRS 19)</i>	January 1, 2027
D	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

- (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 18 “Presentation and Disclosure in Financial Statements”*

IFRS 18 replaces *IAS 1 “Presentation of Financial Statements”*. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(C) Disclosure Initiative - *Subsidiaries without Public Accountability: Disclosures (IFRS 19)*

This new standard and its amendments permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(D) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (1) Clarify that when the entity’s functional currency is that of a non hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (2) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.

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

- (3) When the entity’s functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

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, the local effective dates are to be determined by the FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (A) and (B), 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 MATERIAL ACCOUNTING POLICIES

##### (1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC, which are 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 stated.

##### (3) Basis of consolidation

###### Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee
- C. the ability to use its power over the investee to affect its returns

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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When the Company directly or indirectly has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs;  
and
- F. recognizes any resulting difference in profit or loss.

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership	
			Dec. 31, 2025	Dec. 31, 2024
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%

(4) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and financial liabilities within the scope of *IFRS 9 “Financial Instruments”* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets: recognition and measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. the Group’s business model for managing the financial assets and
- b. the contractual cash flow characteristics of the financial assets.

Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets at amortized cost and other receivables, etc., on balance sheet as at the reporting date:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and are not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue which is calculated by using the effective interest method is recognized in profit or loss. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity instruments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instruments, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets at fair value through other comprehensive income on the balance sheet. Dividends on such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investments.

Financial assets at fair value through profit or loss

Financial assets are classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost. The loss allowance on investments in debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- b. the time value of money
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follow:

- a. At an amount equal to twelve-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- a. the rights to receive cash flows from the financial asset have expired.
- b. the Group has transferred the financial asset and substantially all the risks and rewards of the asset have been transferred.
- c. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity instruments

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

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

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- a. it is acquired or incurred principally for the purpose of selling it in the near term;
- b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated at fair value through profit or loss when doing so results in more relevant information, because either:

- a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of financial liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include payables and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(7) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow and the Group's net investments in foreign subsidiaries hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(8) Fair value measurement

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Goods - Purchase cost on a first in, first out basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 "Property, Plant and Equipment."* When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

<u>Class of assets</u>	<u>Useful lives</u>
Buildings	5~60 years
Business facilities	3~16 years
Leasehold improvements	2~16 years
Other equipment	3~15 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses throughout the period of use whether the Group has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset
- B. the right to direct the use of the identified asset

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

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

- C. amounts expected to be paid by the lessee under residual value guarantees
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability
- B. any lease payments made at or before the commencement date, less any lease incentives received
- C. any initial direct costs incurred by the lessee
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset by applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies *IAS 36 "Impairment of Assets"* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

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For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group has applied the practical expedient to all rent concessions that met the conditions for it.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Group's intangible assets is as follows:

	<u>Computer software</u>
Useful lives	Finite (3~10 years)
Amortization method used	Amortized on a straight-line basis
Internally generated or externally acquired	Externally acquired

Franchise

Franchises are granted for periods ranging between 4 and 8 years and may be renewed at little or no cost to the Group.

(13) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "*Impairment of Assets*" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(14) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose from construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(15) Treasury shares

Own equity instruments (treasury shares) which are reacquired on market are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(16) Revenue recognition

The Group's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follows:

Sale of goods

The Group sells merchandise. Sales are recognized when goods have been delivered to customers and customers have obtained the control.

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Rendering of services

The Group provides sports training and other services. Such services are separately priced or negotiated, and provided based on contract periods. As the Group provides the sports training and other services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, commitment of rendering services to customers where revenue is recognized when performance obligations are satisfied.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. The consideration is received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period to match the grant on a systematic basis to the costs that are intended to compensate.

(19) Post-employment benefits

All regular employees of the Group is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group. Therefore, fund assets are not included in the Group's consolidated financial statements.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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For the defined contribution plan, the Group will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Group and employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee is not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

When the Group approves the restricted stock plans for employees, its cost is based on the fair value of the equity instruments, which shall be measured at the grant date. The Group recognizes the salary expense with a corresponding increase in equity during the vesting period. On the grant date, the Group recognizes the employee unearned benefits, a transitional account, as the contra equity account on the balance sheet. As time goes by, it will be transferred to the salary expense.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Undistributed earnings subject to income tax are recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Stockholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at the end of each reporting period and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example, the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(3) Provision for decommissioning

The Group estimates the provision for decommissioning liability including the discounted at a current pre-tax rate that reflects the specific risks. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows.

(4) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(5) Determination of lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, the Group mainly takes into account risk-free interest rates in the market, the estimated lessee's risk premium and secured status in a similar economic environment.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Cash on hand	\$1,893	\$1,925
Bank deposit	1,245,935	933,851
Total	<u>\$1,247,828</u>	<u>\$935,776</u>

(2) Accounts receivable

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Accounts receivable	\$18,277	\$14,959
Less: loss allowance	—	—
Total	<u>\$18,277</u>	<u>\$14,959</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	
	Dec. 31, 2025	Dec. 31, 2024
Bank deposit	<u>\$554,788</u>	<u>\$459,821</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	
	Dec. 31, 2025	Dec. 31, 2024
Investments in equity instruments measured at fair value through other comprehensive income, non-current		
Unlisted companies stocks	<u>\$90,551</u>	<u>\$104,964</u>

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(5) Property, plant and equipment

	As at						
				Dec. 31, 2025	Dec. 31, 2024		
	Owner occupied property, plant and equipment			\$3,522,750	\$3,287,442		
	Land	Buildings	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
<u>Cost:</u>							
As at Jan. 1, 2025	\$690,600	\$494,969	\$3,132,571	\$2,462,862	\$225,097	\$189,683	\$7,195,782
Additions	—	—	312,540	335,226	27,917	62,273	737,956
Disposals	—	—	(78,258)	(18,684)	(2,093)	—	(99,035)
Other (Note)	—	—	—	34,156	—	—	34,156
Transfers	—	—	63,224	105,636	3,759	(185,213)	(12,594)
As at Dec. 31, 2025	\$690,600	\$494,969	\$3,430,077	\$2,919,196	\$254,680	\$66,743	\$7,856,265
As at Jan. 1, 2024	\$690,600	\$494,969	\$2,943,414	\$2,251,497	\$204,511	\$29,605	\$6,614,596
Additions	—	—	234,386	215,362	18,365	182,942	651,055
Disposals	—	—	(56,207)	(25,101)	(704)	—	(82,012)
Other (Note)	—	—	—	19,529	—	—	19,529
Transfers	—	—	10,978	1,575	2,925	(22,864)	(7,386)
As at Dec. 31, 2024	\$690,600	\$494,969	\$3,132,571	\$2,462,862	\$225,097	\$189,683	\$7,195,782
<u>Depreciation and impairment:</u>							
As at Jan. 1, 2025	\$—	(\$115,997)	(\$2,345,770)	(\$1,277,034)	(\$169,539)	\$—	(\$3,908,340)
Depreciation	—	(16,782)	(279,160)	(205,571)	(23,287)	—	(524,800)
Disposals	—	—	78,252	19,293	2,080	—	99,625
Transfers	—	—	—	—	—	—	—
As at Dec. 31, 2025	\$—	(\$132,779)	(\$2,546,678)	(\$1,463,312)	(\$190,746)	\$—	(\$4,333,515)
As at Jan. 1, 2024	\$—	(\$99,215)	(\$2,105,585)	(\$1,106,446)	(\$145,731)	\$—	(\$3,456,977)
Depreciation	—	(16,782)	(296,150)	(189,935)	(24,503)	—	(527,370)
Disposals	—	—	55,965	19,347	695	—	76,007
Transfers	—	—	—	—	—	—	—
As at Dec. 31, 2024	\$—	(\$115,997)	(\$2,345,770)	(\$1,277,034)	(\$169,539)	\$—	(\$3,908,340)
<u>Net carrying amount:</u>							
As at Dec. 31, 2025	\$690,600	\$362,190	\$883,399	\$1,455,884	\$63,934	\$66,743	\$3,522,750
As at Dec. 31, 2024	\$690,600	\$378,972	\$786,801	\$1,185,828	\$55,558	\$189,683	\$3,287,442

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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Note: Additional leasehold improvements for decommissioning, restoration and rehabilitation costs.

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

(6) Intangible assets

	Computer software	Franchise	Total
<u>Cost:</u>			
As at Jan. 1, 2025	\$80,327	\$6,786	\$87,113
Addition - acquired separately	1,436	—	1,436
Derecognition	—	—	—
Transfers	12,594	—	12,594
As at Dec. 31, 2025	<u>\$94,357</u>	<u>\$6,786</u>	<u>\$101,143</u>
As at Jan. 1, 2024	\$58,269	\$6,786	\$65,055
Addition - acquired separately	15,354	—	15,354
Derecognition	—	—	—
Transfers	6,704	—	6,704
As at Dec. 31, 2024	<u>\$80,327</u>	<u>\$6,786</u>	<u>\$87,113</u>
<u>Amortization and impairment:</u>			
As at Jan. 1, 2025	(\$22,172)	(\$1,908)	(\$24,080)
Amortization	(10,399)	(848)	(11,247)
Derecognition	—	—	—
As at Dec. 31, 2025	<u>(\$32,571)</u>	<u>(\$2,756)</u>	<u>(\$35,327)</u>
As at Jan. 1, 2024	(\$14,874)	(\$1,060)	(\$15,934)
Amortization	(7,298)	(848)	(8,146)
Derecognition	—	—	—
As at Dec. 31, 2024	<u>(\$22,172)</u>	<u>(\$1,908)</u>	<u>(\$24,080)</u>
<u>Net carrying amount:</u>			
As at Dec. 31, 2025	<u>\$61,786</u>	<u>\$4,030</u>	<u>\$65,816</u>
As at Dec. 31, 2024	<u>\$58,155</u>	<u>\$4,878</u>	<u>\$63,033</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(7) Financial liabilities at fair value through profit or loss

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Designated financial liabilities at fair value through profit or loss		
Derivatives not designated as hedging relationship		
Embedded derivative		
Convertible bonds	\$—	\$4,673
Current	\$—	\$4,673
Non-current	\$—	\$—

(8) Other payables

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Accrued salaries and bonuses	\$214,031	\$164,864
Accrued labor and health insurance	40,152	33,655
Accrued employee compensation	26,183	14,509
Value added tax payable	30,304	21,300
Accrued franchises fees, current	900	900
Others	264,798	228,158
Total	\$576,368	\$463,386

(9) Bonds payable

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Domestic 3 <sup>rd</sup> unsecured convertible bonds payable	\$265,375	\$290,979
Less: current portion	(265,375)	(290,979)
Net	\$—	\$—

A. Domestic 3<sup>rd</sup> unsecured convertible bonds payable

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Liability component:		
Principal amount	\$267,000	\$300,000
Discounts on bonds payable	(1,625)	(9,021)
Subtotal	\$265,375	\$290,979
Less: current portion	(265,375)	(290,979)
Net	\$—	\$—
Embedded derivative	\$—	\$4,673
Equity component	\$12,357	\$13,884

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

On April 14, 2023, 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\$300,000 thousand

Period: April 14, 2023 ~ April 14, 2026

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 (July 15, 2023) to the forty days before the expiry of the issuance period (March 5, 2026), 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 March 5, 2025, which is 40 days before the put option date, April 14, 2025.

Terms of Exchange:

- a. Underlying Securities: Common stocks of the Company.
- b. Exchange Period: The bonds are exchangeable at any time on or after July 15, 2023 and prior to April 14, 2026 into common stocks of the Company.
- c. Conversion Price and Adjustment: The conversion price was originally NT\$150 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 December 31, 2025 and 2024 were NT\$141.20 and NT\$145.90 per share, respectively.
- 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 were not converted as at December 31, 2025 and 2024.

As at the put option date April 14, 2025 for the convertible corporate bonds, the bondholders of the convertible corporate bonds exercised their put option, resulting in an amount of NT\$33,000 thousand.

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

(10)Long-term loans

Details of long-term loans as at December 31, 2025 and 2024 were as follows:

Lenders	As at Dec. 31, 2025	Maturity date and terms of repayment
Cathay United Bank -secured	\$100,569	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank -secured	20,075	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank -secured	127,743	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	157,232	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	110,306	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
E.SUN Commercial Bank -unsecured	54,344	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	26,500	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	76,790	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.
Subtotal	673,559	
Less: current portion	(260,359)	
Total	\$413,200	

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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Lenders	As at Dec. 31, 2024	Maturity date and terms of repayment
Cathay United Bank -secured	\$118,581	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank -secured	10,000	Effective from June 1, 2022 to February 7, 2025, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Cathay United Bank -secured	22,348	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank -secured	142,205	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	171,526	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	119,052	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
E.SUN Commercial Bank -unsecured	104,281	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	39,563	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	102,300	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.
Subtotal	<u>829,856</u>	
Less: current portion	<u>(157,652)</u>	
Total	<u>\$672,204</u>	

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Interest rate range	1.375%~2.24%	1.375%~2.065%

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)

(11) 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 years ended December 31, 2025 and 2024 were NT\$83,932 thousand and NT\$72,630 thousand, respectively.

(12) Provisions, non-current

	<u>Decommissioning, restoration and rehabilitation costs</u>
As at January 1, 2025	\$ 106,778
Arising during the period	34,156
Using during the period	(1,553)
Discount rate adjustment and unwinding of discount from the passage of time	<u>1,128</u>
As at December 31, 2025	<u>\$ 140,509</u>
As at January 1, 2024	\$86,386
Arising during the period	19,529
Discount rate adjustment and unwinding of discount from the passage of time	<u>863</u>
As at December 31, 2024	<u>\$106,778</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)

(13) Equities

A. Common stock

The Company's authorized capital were both NT\$1,000,000 thousand as at December 31, 2025 and 2024, divided into both 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\$792,921 thousand and NT\$793,261 thousand, divided into 79,292 thousand shares and 79,326 thousand shares as at December 31, 2025 and 2024, respectively.

The Company has redeemed 29 thousand shares of issued restricted stocks for employees for the year ended December 31, 2025. As of December 31, 2025, the cancellation and registration of change of the aforementioned shares have been completed.

The Company has redeemed 59 thousand shares of issued restricted stocks for employees for the year ended December 31, 2024. As of December 31, 2024, 7 thousand shares of the above-mentioned, which were recorded as share capital pending retirement in the amount NT\$70 thousand, were not yet registered. The remaining shares have completed the registration of cancellation.

B. Capital surplus

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Employee share options	\$47	\$47
Restricted stocks for employees	434,050	434,590
Additional paid-in capital from common stock	775	775
Due to recognition of equity component of convertible bonds issued	12,357	13,884
Additional paid-in capital from convertible bonds	317,449	317,449
Vested stock option	5,966	4,439
Treasury share transactions	30	—
Others	8,692	8,692
Total	<u>\$779,366</u>	<u>\$779,876</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 amounted to NT\$0 thousand and NT\$2,801 thousand, and the number of shares were 0 thousand and 20 thousand as at December 31, 2025 and 2024, respectively. The changes are as below:

Reasons	Beginning	Increase	Decrease	Cancell	Ending
Selling to employees	20 thousand shares	—	20 thousand shares	—	—

The Company Board granted an option to employee on June 3, 2025, and employee could buy 20 thousand treasury share on June 27, 2025 at NT\$140.00. The Company recognized expenses of NT\$31 thousand for the share-based payment transactions on grant date. The option for 20 thousand share were exercised on June 27, 2025, and the Company recognized as capital surplus - treasury stock transactions in the amount of NT\$30 thousand.

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 other regulations 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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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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 2025 and 2024 was proposed by the Board of Directors meeting held on March 11, 2026 and was resolved in the stockholders’ meeting held on June 3, 2025. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2025	2024	2025(Note 1)	2024(Note 2)
Legal reserve	\$66,600	\$37,037	\$—	\$—
(Reversal of) Special reserve	\$14,413	\$—	\$—	\$—
Cash dividend	\$584,989	\$333,334	\$7.38	\$4.20

Note 1: The Company bought back restricted stocks for employee departure and converted corporate bonds into common stocks, resulting in a decrease in the outstanding shares to 79,290 thousand shares.

Note 2: The Company bought back restricted stocks for employee departure and treasury shares, resulting in a decrease in the outstanding shares to 79,286 thousand shares.

Note 3: The Company's Board of Directors, authorized by the Articles of Incorporation, resolved a special resolution of 2025 cash dividends on March 11, 2026.

For information on the accrual basis of the employees’ compensation and directors’ remuneration and the actual distributions, please refer to Note 6(17) for details.

E. Non-controlling interests

	For the years ended December 31	
	2025	2024
Beginning balance	\$ 11,285	\$9,018
Profit attributable to non-controlling interests	4,315	3,599
Change in non-controlling interests	(3,239)	(1,332)
Ending balance	\$ 12,361	\$11,285

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

(14) 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, totaling 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, totaling 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, totaling 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, totaling 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, totaling 2,000 thousand shares. The share price at grant date was NT\$117.50 per share.

Employees are entitled to 50%, 25%, and 25% of vested shares, respectively, upon reaching two, three, and four full years from being vested the restricted stocks for employees, provided they remain employed, their performance assessments have reached 3 points (included) or above, and during that period, they have not violated any laws, company service agreements and commitments, company work rules, code of conduct and business ethics, and other relevant regulations and agreements.

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 years ended December 31, 2025 and 2024, the Company incurred expenses of NT\$18,488 thousand and NT\$51,662 thousand for the share-based payment transactions, respectively.

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

(15) Operating revenues

	For the years ended December 31	
	2025	2024
Revenue of Fitness and recreational sports services	\$3,718,317	\$3,094,405
Revenue of Sports health services	2,140,442	1,863,869
Revenue of Joining fees	142,060	117,994
Others	65,631	47,156
Total	6,066,450	5,123,424
Less: sales return and sales discounts and allowances	(760)	(479)
Net operating revenues	<u>\$ 6,065,690</u>	<u>\$5,122,945</u>

Information on revenues from contracts with customers for the years ended December 31, 2025 and 2024 are as follows:

A. Disaggregation of revenue - Operation department

	For the years ended December 31	
	2025	2024
Sale of goods	\$40,711	\$28,023
Rendering of services	5,989,701	5,060,845
Others	35,278	34,077
Total	<u>\$6,065,690</u>	<u>\$5,122,945</u>

	For the years ended December 31	
	2025	2024
Timing of revenue recognition		
At a point in time	\$2,219,017	\$1,929,565
Over time	3,846,673	3,193,380
Total	<u>\$6,065,690</u>	<u>\$5,122,945</u>

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Rendering of services - Fitness	\$147,453	\$122,077
Rendering of services - Sports health etc.	895,098	723,254
Rendering of services - Joining fees (Initiation and processing fees included)	16,216	13,137
Rendering of services - Others	10,779	14,620
Total	<u>\$1,069,546</u>	<u>\$873,088</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2025 and 2024 are as follows:

	For the years ended December 31	
	2025	2024
Beginning balance	\$873,088	\$733,784
The beginning balance transferred to revenue	(699,571)	(607,190)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	896,029	746,494
Ending balance	<u>\$1,069,546</u>	<u>\$873,088</u>

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT\$1,069,546 thousand and NT\$873,088 thousand as at December 31, 2025 and 2024, 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.

(16) Leases

Group as a lessee

The Group leases various properties, including buildings, and 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 follows:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Land	\$—	\$55,032
Buildings	6,158,163	5,414,066
Transportation equipment	2,740	1,100
Total	<u>\$6,160,903</u>	<u>\$5,470,198</u>

During the years ended December 31, 2025 and 2024, the Group's additions to right-of-use assets amounted to NT\$1,037,011 thousand and NT\$684,055 thousand, respectively.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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b. Lease liabilities

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Lease liabilities	\$6,583,382	\$5,836,358
Current	\$732,055	\$644,565
Non-current	\$5,851,327	\$5,191,793

Please refer to Note 6(18) finance costs for the interest on lease liabilities recognized for the years ended December 31, 2025 and 2024 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at December 31, 2025 and 2024.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2025	2024
Land	\$2,152	\$308
Buildings	641,121	606,978
Transportation equipment	1,635	1,466
Total	\$644,908	\$608,752

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2025	2024
The expenses relating to short-term leases	\$6,252	\$6,753
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	\$4,834	\$4,787
(Income) from subleasing right-of-use assets	(\$8,201)	(\$9,991)

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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D. Cash outflow relating to leasing activities

During the years ended December 31, 2025 and 2024, the Group's total cash outflows for leases amounted to NT\$694,108 thousand and NT\$643,180 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.

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

Nature \ Function	For the years ended December 31					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$2,352,601	185,574	\$2,538,175	\$2,030,957	173,122	\$2,204,079
Labor and health insurance	\$156,325	10,175	\$166,500	\$133,925	8,761	\$142,686
Pension	\$78,558	5,374	\$83,932	\$67,763	4,867	\$72,630
Directors' remuneration	\$143	9,572	\$9,715	\$109	5,336	\$5,445
Other employee benefits expense	\$34,249	1,255	\$35,504	\$25,147	1,667	\$26,814
Depreciation	\$1,153,157	16,551	\$1,169,708	\$1,119,056	17,066	\$1,136,122
Amortization	\$848	10,399	\$11,247	\$848	7,298	\$8,146

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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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 Company's accumulated losses shall have been covered. The Company 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.

The Company estimated the amounts of the employees' compensation and remuneration to directors for the period to be 3% and 0.75% of profit of 2025, respectively, under the salaries. As such, employees' compensation and remuneration to directors for the year ended December 31, 2025 amounted to NT\$26,041 thousand and NT\$6,510 thousand, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors for the period to be 3% and 0.75% of profit of 2024, respectively, under the salaries. As such, employees' compensation and remuneration to directors for the year ended December 31, 2024 amounted to NT\$14,400 thousand and NT\$3,600 thousand, respectively.

In the Board of Directors meeting held on March 11, 2026, the Company resolved to distribute NT\$26,041 thousand and NT\$6,510 thousand in cash as employees' compensation and remuneration to directors of 2025, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year of 2025

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, 2024.

(18) Non-operating income and expenses

A. Interest income

	For the years ended	
	December 31	
	2025	2024
Financial assets at amortized cost - bank deposits	\$14,291	\$11,179

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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B. Other income

	For the years ended	
	December 31	
	2025	2024
Rental income	\$8,201	\$9,991
Others	64,237	49,221
Total	<u>\$72,438</u>	<u>\$59,212</u>

C. Other gains and losses

	For the years ended	
	December 31	
	2025	2024
(Loss) on disposal of property, plant and equipment	(\$22,155)	(\$6,005)
Gain (loss) on financial assets at fair value through profit or loss	3,246	(390)
Lease modification benefits	804	7,941
Others	(1,345)	(2,390)
Total	<u>(\$19,450)</u>	<u>(\$844)</u>

D. Finance costs

	For the years ended	
	December 31	
	2025	2024
Interest on loans from bank	\$13,995	\$16,515
Interest on lease liabilities	103,438	92,512
Interest on other non-current liabilities	80	82
Interest on bonds payable	6,633	7,021
Total interest expenses	124,146	116,130
Unwinding of discount on provisions	1,128	863
Total	<u>\$125,274</u>	<u>\$116,993</u>

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

(19) Components of other comprehensive income

For the year ended December 31, 2025

	Reclassification	Other	Income tax	Other
Arising	adjustments	comprehensive	(expense)	comprehensive
during the	during the	income, before	relating to	income, net of
period	period	tax	components of	tax
			other	
			comprehensive	
			income	
			income	
Items that will not be reclassified to profit or loss:				
Unrealised (losses) from investments in equity instruments measured at fair value through other comprehensive income	(\$14,413)	\$—	(\$14,413)	(\$14,413)

For the year ended December 31, 2024:

	Reclassification	Other	Income tax	Other
Arising	adjustments	comprehensive	(expense)	comprehensive
during the	during the	income, before	relating to	income, net of
period	period	tax	components of	tax
			other	
			comprehensive	
			income	
			income	
Items that will not be reclassified to profit or loss:				
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$—	\$—	\$—	\$—

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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(20) Income tax

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

Income tax expense recognized in profit or loss

	For the years ended	
	December 31	
	2025	2024
Current income tax expense (income):		
Current income tax charge	\$171,461	\$97,532
Adjustment of current income tax from prior years in the current period	1,676	(2,592)
Deferred tax (income) expense:		
Deferred tax (income) relating to origination and reversal of temporary differences	(860)	(957)
Total income tax expense	<u>\$172,277</u>	<u>\$93,983</u>

B. Reconciliation between tax expense (income) and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended	
	December 31	
	2025	2024
Accounting profit before tax from continuing operations	<u>\$842,594</u>	<u>\$467,953</u>
Tax at the domestic rates applicable to profits in the country concerned	\$168,519	\$93,591
Tax effect of expenses not deductible for tax purposes	226	475
Tax effect of deferred tax assets	1,718	984
Adjustment of current income tax from prior years in the current period	1,676	(2,592)
Others	138	1,525
Total income tax expense recognized in profit or loss	<u>\$172,277</u>	<u>\$93,983</u>

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

C. Deferred tax assets (liabilities) relate to the following:

	For the year ended December 31, 2025			
	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized rental expense	\$5,297	(\$1,660)	\$—	\$3,637
Decommissioning Costs	8,167	1,858	—	10,025
Others	2,840	662	—	3,502
Deferred tax income		\$860	\$—	
Net deferred tax assets	<u>\$16,304</u>			<u>\$17,164</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$16,304</u>			<u>\$17,164</u>
Deferred tax liabilities	<u>\$—</u>			<u>\$—</u>
	For the year ended December 31, 2024			
	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized rental expense	\$6,281	(\$984)	\$—	\$5,297
Decommissioning Costs	6,515	1,652	—	8,167
Others	2,551	289	—	2,840
Deferred tax income		\$957	\$—	
Net deferred tax assets	<u>\$15,347</u>			<u>\$16,304</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$15,347</u>			<u>\$16,304</u>
Deferred tax liabilities	<u>\$—</u>			<u>\$—</u>

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

D. The assessment of income tax returns

As at December 31, 2025, 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 2023
Subsidiary - Bo Xin Health Industry Incorporated	Assessed and approved up to 2023

(21) Earnings per share

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

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

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Basic earnings per share</u>		
Net income	\$666,002	\$370,371
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	78,452	77,601
Basic earnings per share (NT\$)	\$8.49	\$4.77
<u>Diluted earnings per share</u>		
Net income	\$666,002	\$370,371
Interest expense from convertible bonds	5,306	5,617
Profit attributable to common stockholders of the Company after dilution	\$671,308	\$375,988
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	78,452	77,601
Effect of dilution:		
Employee compensation - stock (in thousands)	172	129
Employee stock options (in thousands)	276	637
Convertible bonds (in thousands)	1,958	2,056
Weighted average number of common stocks outstanding after dilution (in thousands)	\$80,858	\$80,423
Diluted earnings per share (NT\$)	\$8.30	\$4.68

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.

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

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

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

Significant related party transactions

(1) Rental income

	For the years ended December 31	
	2025	2024
Director	\$229	\$229

(2) Key management personnel compensation

	For the years ended December 31	
	2025	2024
Short-term employee benefits	\$31,834	\$26,656
Post-employment benefits	870	832
Share-based payment	4,714	13,256
Total	\$37,418	\$40,744

8. ASSETS PLEDGED AS COLLATERAL

The Group has the following assets as collateral:

Items	As at		Secured liabilities
	Dec. 31, 2025	Dec. 31, 2024	
Property, plant and equipment			
- land and buildings	\$1,050,764	\$1,066,685	Long-term loans
Other financial assets, current	554,788	459,821	Performance guarantee of fitness center
Total	\$1,605,552	\$1,526,506	

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

(1) As of December 31, 2025, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT\$44,570 thousand.

(2) As of December 31, 2025, the total amount of the equipment and construction purchased under contracts was approximately NT\$330,146 thousand, including approximately NT\$180,526 thousand unpaid.

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Financial assets at fair value through other comprehensive income	\$90,551	\$104,964
Financial assets at amortized cost		
Cash and cash equivalents (Cash on hand excluded)	1,245,935	933,851
Notes and accounts receivable	18,293	14,970
Other receivables	10,489	11,523
Other financial assets, current	554,788	459,821
Refundable deposits	153,376	146,560
Subtotal	1,982,881	1,566,725
Total	\$2,073,432	\$1,671,689

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

Financial Liabilities

	As at	
	Dec. 31, 2025	Dec. 31, 2024
Financial liabilities at amortized cost		
Payables and other payables	\$748,961	\$563,361
Bonds payable (current portion included)	265,375	290,979
Long-term loans (current portion included)	673,559	829,856
Lease liabilities (current portion included)	6,583,382	5,836,358
Subtotal	8,271,277	7,520,554
Financial liabilities at fair value through profit or loss		
Embedded derivatives	—	4,673
Total	\$8,271,277	\$7,525,227

(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.

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

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's investment activities.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit or loss, and equity is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the equity for the For the year ended December 31, 2025 and 2024 would decreased /increased by NT\$890 thousand and NT\$1,001 thousand, respectively.

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 loans 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 loans 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 years ended December 31, 2025 and 2024 increased /decreased by NT\$1,127 thousand and NT\$564 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.

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

(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 loans. 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 loans with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
As at December 31, 2025					
Payables	\$748,961	—	—	—	\$748,961
Loans	\$250,358	170,439	110,327	176,117	\$707,241
Lease liabilities	\$732,055	1,416,987	1,228,638	4,013,487	\$7,391,167
Convertible bonds	\$267,000	—	—	—	\$267,000
As at December 31, 2024					
Payables	\$563,361	—	—	—	\$563,361
Loans	\$167,546	357,167	116,279	232,479	\$873,471
Lease liabilities	\$644,566	1,245,233	1,113,595	3,523,153	\$6,526,547
Convertible bonds	\$300,000	—	—	—	\$300,000

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

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:

	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
As at December 31, 2025	\$732,055	2,645,625	1,973,156	1,263,429	776,902	\$7,391,167
As at December 31, 2024	\$644,566	2,358,828	1,907,506	1,010,350	605,297	\$6,526,547

(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.).

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

- 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

Financial liabilities	Carrying amounts as at	
	Dec. 31, 2025	Dec. 31, 2024
Long-term loans (current portion included)	\$673,559	\$829,856
Bonds payable (current portion included)	\$265,375	\$290,979

  

Financial liabilities	Fair value as at	
	Dec. 31, 2025	Dec. 31, 2024
Long-term loans (current portion included)	\$673,559	\$829,856
Bonds payable (current portion included)	\$265,959	\$292,500

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 year ended December 31, 2025:

	Bonds payable	Long-term loans	Lease liabilities	Total liabilities arising from financing activities
As at January 1, 2025	\$290,979	\$829,856	\$5,836,358	\$6,957,193
Cash flow	(33,664)	(156,297)	(691,223)	(881,184)
Non-cash movement	8,060	—	1,438,247	1,446,307
As at December 31, 2025	\$265,375	\$673,559	\$6,583,382	\$7,522,316

Reconciliation of liabilities for the year ended December 31, 2024:

	Bonds payable	Long-term loans	Lease liabilities	Total liabilities arising from financing activities
As at January 1, 2024	\$380,458	\$1,021,994	\$5,651,388	\$7,053,840
Cash flow	(96,500)	(192,138)	(641,631)	(930,269)
Non-cash movement	7,021	—	826,601	833,622
As at December 31, 2024	\$290,979	\$829,856	\$5,836,358	\$6,957,193

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

(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:

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 December 31, 2025:

	<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	\$—	\$—	\$90,551	\$90,551
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	\$—	\$—	\$—

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES –(Continued)  
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As at December 31, 2024:

	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	\$—	\$—	\$104,964	\$104,964
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	\$—	\$4,673	\$4,673

Transfers between Level 1 and Level 2

For the years ended December 31, 2025 and 2024, 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 assets and 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:

	Assets	Liabilities
	At fair value through other comprehensive income	At fair value through profit or loss
	Equity instruments	Derivative
As at January 1, 2025	\$104,964	(\$4,673)
Total gains (losses) recognized for the year ended December 31, 2025		
Amount recognized in profit (presented in “other gains or losses”)	—	3,246
Amount recognized in OCI (presented in “Unrealized gains (losses) form equity instruments investments measured at fair value through other comprehensive income)	(14,413)	—
Pay off of 2025	—	1,427
As at December 31, 2025	\$90,551	\$—

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

	Assets	Liabilities
	At fair value through other comprehensive income	At fair value through profit or loss
	Equity instruments	Derivative
As at January 1, 2024	\$4,844	(\$4,283)
Total gains (losses) recognized for the year ended December 31, 2024		
Amount recognized in (loss) (presented in “other gains or losses”)	—	(390)
Acquisition and issue of 2024	100,120	—
As at December 31, 2024	\$104,964	(\$4,673)

Total gains and losses recognized in profit or (loss) for the years ended December 31, 2025 and 2024 in the table above contain gains related to assets on hand as at December 31, 2025 and 2024 in the amount of NT\$0 thousand.

Total gains and losses recognized in profit or (loss) for the years ended December 31, 2025 and 2024 in the table above contain losses related to liabilities on hand as at December 31, 2025 and 2024 in the amount of NT\$3,246 thousand and NT(\$390) thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

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

As at December 31, 2025:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of liquidity adjustment	15.6%	The higher the liquidity discount adjustment, the lower the fair value estimates	The liquidity discount adjustment increases or decreases by 1%, and the Group's equity will decrease/increase NT\$941 thousand.
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives in convertible bonds	Binomial tree valuation model	Volatility	31.16%	The higher the volatility, the higher the fair value of the embedded derivatives	The volatility increases or decreases by 5%, and the Group's profit and loss will be NT\$0 thousand.

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

As at December 31, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Income approach	Discount rate	15.37%	The higher the discount rate, the lower the fair value of the stocks	The discount rate increases or decreases by 1%, and the Group's equity will decrease by NT\$21,343 thousand or increase NT\$25,632 thousand, respectively.
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives in convertible bonds	Binomial tree valuation model	Volatility	27.67%	The higher the volatility, the higher the fair value of the embedded derivatives	The volatility increases or decreases by 5%, and the Group's profit and loss will increase by NT\$440 thousand or decrease NT\$640 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. The Group manages its capital structure and makes adjustment to it. In light of changes in economic conditions, 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 year ended December 31, 2025: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2025: None.
- C. Significant securities held (excluding investments in subsidiaries, associates, and joint ventures) as at December 31, 2025: Please refer to Attachment 1.
- D. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2025: None.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2025: None.
- F. Other: Intercompany relationships and significant intercompany transactions for the year ended December 31, 2025: None.

(2) Information on investees

Names, locations and related information of investee companies (excluding investment in Mainland China): Please refer to Attachment 2.

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

### 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 years ended December 31, 2025 and 2024, there was no income from a single customer that exceeded 10% of the Group's total revenue.

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

ATTACHMENT 1

Securities held as at December 31, 2025 (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 December 31, 2025				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	\$1,589	0.55	\$1,589	
Power Wind Health Industry Incorporated	TAROKO US CORPORATION	-	Financial assets at fair value through other comprehensive income, non-current	28	\$88,962	15	\$88,962	

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.

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

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 December 31, 2025			Net income of investee company	Investment income 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	\$18,542	\$10,788	\$6,473	Note

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