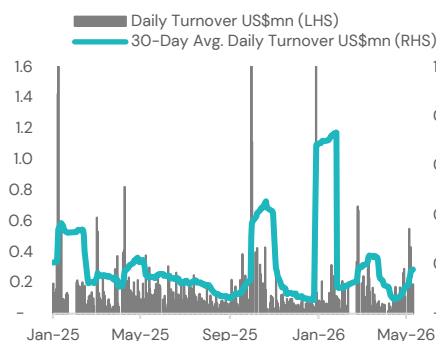
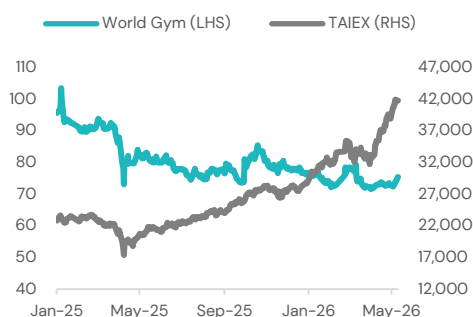


2026/05/12  
TruePulse Equity Research  
research@truepulsecapital.com

### Key Statistics

Ticker:	2762.TW / 2762 TT
Current Price:	TWD 74.0
52-Week Range:	TWD 69.4 - 82.4
Avg. Vol. (30-Day, k share)	75.5
Outstanding Shares (MN)	112.5
FINI Holding (%)	87.17
Market Cap (US\$MN)	258.0

### Price Performance



### Financial Summary

NT\$ mn	2022	2023	2024	2025
Revenue	8,863	9,428	9,817	10,984
Revenue YoY (%)	13.1	6.4	4.1	11.9
Gross Margin (%)	16.1	16.5	16.2	17.3
OP Margin(%)	5.5	5.4	5.4	6.0
Net Profit	304	350	352	409
Net Profit YoY (%)	852.1	15.1	0.6	16.3
Net Margin(%)	3.4	3.7	3.6	3.7
EPS (NT\$)	3.04	3.50	3.19	3.75
BPS (NT\$)	25.9	23.3	28.4	26.5
ROE (%)	11.1	14.2	12.9	13.6
Yield (%)	-	7.8	8.0	8.0
P/E (x)	-	23.1	23.0	19.8
P/B (x)	-	3.2	2.6	2.8
P/S (x)	-	0.8	0.8	0.7
EV/EBITDA (x)	-	12.1	12.3	11.5

## World Gym Corporation

### From Domestic Leader to Global Platform: Early Signals of a Structural Re-rating

#### Company Overview

Founded in 1976 in California, World Gym Corporation has evolved into a globally recognized fitness brand and is now the leading fitness chain operator in Taiwan. Following its acquisition of World Gym International, the company assumed global brand ownership and franchising rights, expanding its role beyond domestic gym operations. Its business model combines recurring membership revenue with service-driven offerings such as personal training, supported by a growing ecosystem of digital and wellness initiatives. With an expanding international footprint, World Gym is increasingly positioned as an integrated fitness and lifestyle platform.

#### Key Points

**A dominant domestic platform with deepening monetization:** World Gym has established a leading position in Taiwan's fitness market, supported by a network of over 140 locations and a member base approaching 500,000 users. Beyond scale, the operating model is increasingly driven by engagement and monetization rather than simple member growth. Approximately 180,000 members participate in personal training, implying penetration of ~35-40%, with service revenue forming a key earnings driver. With Taiwan's fitness penetration still below 5%, the company continues to benefit from both network expansion and same-store sales growth, supporting a gradual shift toward a more productivity-driven and monetization-focused model.

**Global expansion is supported by a scalable franchise platform:** Following the acquisition of World Gym International, World Gym has expanded beyond a domestic operator into a global brand owner with franchising capabilities. The company now oversees 280+ clubs across more than 10 countries, providing a foundation for international growth. Management has indicated plans to add approximately 40-50 global units in 2026, building on recent expansion momentum. Initial efforts are focused on Southeast Asia, where fitness penetration remains low (e.g., Thailand ~3%). The combination of direct expansion and franchising introduces a scalable growth pathway, although execution and localization will be key to long-term success.

**Product innovation is enhancing engagement and revenue per user:** The company is expanding its monetization model through new products and services aimed at increasing average revenue per user and strengthening customer retention. Pilates programs, implemented through a "club-within-a-club" model, enable incremental revenue generation while leveraging existing infrastructure. In parallel, the company is developing its "Gym 2.0" platform, integrating 50+ biometric indicators, nutrition tracking, and AI-driven coaching. These initiatives reflect a shift toward a more holistic health and wellness offering. While still early in monetization, they have the potential to deepen customer engagement and support higher lifetime value over time.

**Earnings recovery may not yet be fully reflected in valuation:** Financial performance has improved meaningfully, with FY2025 revenue reaching NT\$10.98 billion (+11.9% YoY) and EPS of NT\$3.75, while 4Q25 EPS reached NT\$1.53 (+179%). Early 2026 revenue trends remain stable, with year-to-date growth in the ~9-10% range. The stock is currently trading at ~12x run-rate earnings, representing a discount to global fitness peers, which typically trade at materially higher multiples. This suggests the market may not yet fully reflect the company's earnings recovery trajectory, with potential for upward revision to consensus expectations as operating momentum continues.

## 1. Company Introduction

### 1.1 Company Background

World Gym Corporation (2762.TW), formerly known as World Fitness Services Ltd., is the largest fitness chain operator in Taiwan and the global owner of the World Gym brand. The brand was originally founded in 1976 by Joe Gold and Arnold Schwarzenegger in Venice Beach, California, and has since grown into an international fitness icon. The company entered the Taiwan market in 2001 and achieved market leadership through aggressive organic growth and the 2010 acquisition of California Fitness.

A transformative milestone occurred in October 2024, when the company acquired World Gym International (WGI) for US\$9 million, moving the global headquarters to Taichung, Taiwan. Following this acquisition, the company officially changed its name to World Gym Corporation in May 2025 to reflect its new status as a global brand owner and franchisor.

As a result, the company's business model now spans two distinct but related layers:

- **Domestic gym operations**, which remain asset-intensive and execution-driven
- **Global brand ownership and franchising**, which introduces a potentially more scalable, asset-light component over time

While the financial contribution from the franchise layer is still at an early stage, this evolution broadens the company's strategic positioning beyond that of a purely domestic fitness operator.

### 1.2 Business Model & Service Formats

World Gym operates a multi-format gym model designed to address a broad spectrum of fitness demand across different locations, customer segments, and price sensitivities. As of late 2025, the company operates over 280 clubs globally, with more than 140 locations in Taiwan, making it the largest fitness chain in the domestic market.

Its format architecture spans multiple segments:

- **World Gym (Full-Service)**: Flagship facilities offering comprehensive equipment, group classes, and premium amenities such as pools and saunas
- **World Gym Express**: Smaller, efficiency-focused locations tailored for urban density and convenience
- **World Gym Elite**: Premium clubs in landmark locations (e.g., Taipei 101), targeting higher-income and professional users
- **FitZone**: Boutique-style studios focused on HIIT and specialized group training

This multi-format approach allows the company to cover a wide range of customer use cases while maintaining a unified brand platform. It also supports a cluster-based expansion strategy, improving accessibility and reinforcing local market presence.

From a monetization perspective, the business model can be understood across three primary layers:

- **Recurring membership revenue**, providing a base level of predictable cash flow
- **Personal training (coaching) revenue**, which is more service-intensive and structurally higher margin
- **Ancillary revenue**, including retail products and wellness-related offerings

The depth of engagement within this model is particularly notable. The company serves approximately 490,000 members in Taiwan, of whom around,

180,000 participate in personal training programs, implying a personal training penetration of roughly 35–40%.

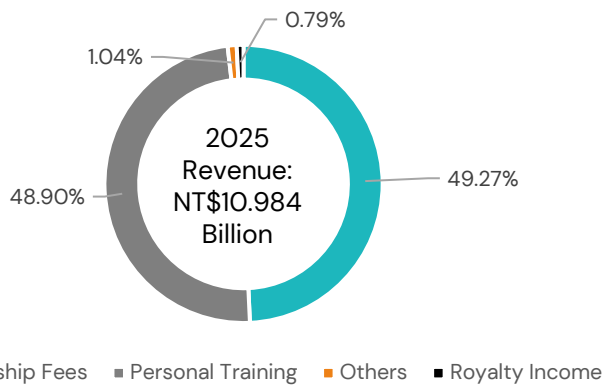
This relatively high service penetration suggests that monetization is not driven purely by membership volume, but also by engagement intensity and revenue per member. In addition, management has indicated that personal training contributes a substantial portion of total revenue, further reinforcing its importance within the overall model.

Operationally, the business carries a meaningful fixed-cost structure, with rent, equipment depreciation, and staffing forming the majority of store-level costs. As a result, utilization levels are critical. Once a club reaches sufficient member density, incremental revenue—particularly from coaching and other value-added services—tends to contribute at higher margins, creating operating leverage.

Management’s increasing focus on larger-format “Mega-Gym” facilities aligns with this logic. By concentrating capacity and driving higher member density, these locations may enhance unit economics, although they also require higher upfront investment and longer ramp-up periods.

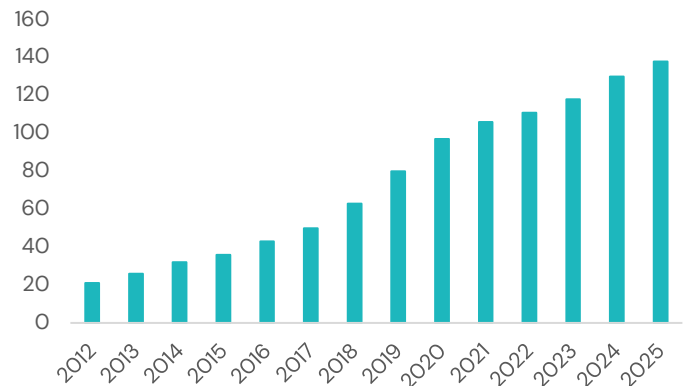
In addition to direct operations, the acquisition of WGI introduces a second structural layer to the business model. Beyond corporate-owned gyms, the company now has exposure to franchise and royalty income through its role as global brand owner and franchisor. While still developing, this component may gradually shift the company’s earnings mix toward a more hybrid model over time.

Exhibit 1.1: World Gym Revenue Breakdown



Source: Company Data, TruePulse Equity Research

Exhibit 1.2: No. of Stores in Taiwan



Source: Company Data, TruePulse Equity Research

### 1.3 Strategic Moat & Competitive Advantages

World Gym’s competitive positioning appears to be supported by a combination of scale, service depth, and ecosystem integration, rather than a single defining advantage.

First, scale and brand recognition represent a meaningful competitive foundation. With close to 500,000 members in Taiwan, more than 140 locations, and near-universal brand awareness according to management disclosures, the company benefits from a level of visibility and customer reach that is difficult for smaller competitors to replicate.

Second, the company’s coaching-centric operating model differentiates it from many traditional gym operators. With over 3,000 professional trainers supporting its network, personal training is embedded as a core component of the customer experience rather than a supplementary service. This shifts competition away from purely price-based membership offerings toward a more service-driven model, which may support higher revenue per user, stronger engagement, and improved retention.

This is further supported by the company’s relatively strong retention profile. Management has indicated that member retention exceeds 70%, with monthly churn around 2%, suggesting a relatively stable and recurring customer base compared to broader industry benchmarks. This level of retention is particularly important in a subscription-based model, as it underpins revenue visibility and customer lifetime value.

Third, network density and format flexibility strengthen local market positioning. By combining large flagship gyms with smaller urban formats, the company improves accessibility and coverage across different geographic areas. Over time, this clustering strategy may reinforce convenience and create structural barriers for smaller operators, although the risk of intra-network cannibalization should also be considered as density increases.

Fourth, the acquisition of World Gym International introduces a broader strategic dimension beyond Taiwan. As global brand owner and franchisor, the company now benefits from access to franchise management and royalty income streams, adding a potentially more scalable and less capital-intensive growth layer alongside its domestic operations.

Finally, the company is building what can be described as a lifestyle-oriented ecosystem, integrating fitness with digital engagement and retail channels. On the digital side, the company has introduced AI-enabled tools within its member application, including posture analysis and biomarker tracking, aimed at enhancing personalization and engagement. In parallel, its retail ecosystem—spanning supplements, apparel, and related products—creates additional touchpoints with its global member base.

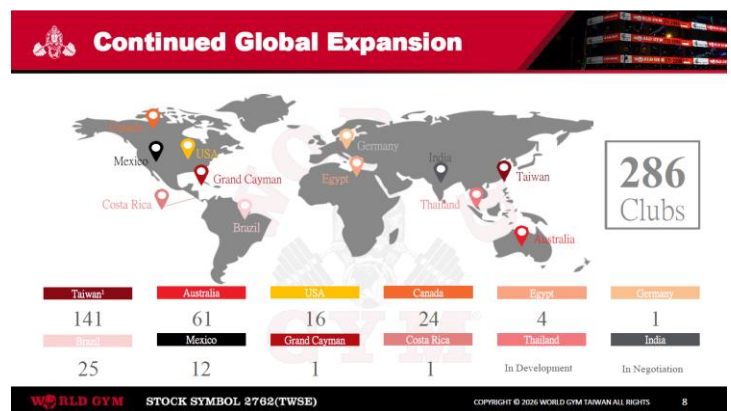
Together, these elements suggest that World Gym is evolving beyond a traditional gym operator toward a more integrated fitness and wellness platform. While the extent to which this translates into sustained competitive advantage will depend on execution, the model appears more layered and differentiated than that of a typical fitness chain.

Exhibit 1.3: World Gym’s Core Strength



Source: Company Data, TruePulse Equity Research

Exhibit 1.4: World Gym’s Global Presence



Source: Company Data, TruePulse Equity Research

## 2 Outlook

### 2.1 Domestic Dominance: Capturing Taiwan's "White Spaces"

Despite its established leadership position, World Gym Corporation continues to operate within a structurally underpenetrated domestic market. Fitness participation in Taiwan remains below 5%, suggesting meaningful long-term room for industry expansion relative to more mature markets.

Management's expansion strategy in Taiwan bears a strong structural resemblance to that of Poya (5904 TT, NR), utilizing a highly disciplined, data-driven "cluster-and-dominate" model. Similar to how Poya identifies retail gaps, World Gym targets specific commercial indicators to validate new sites:

- **Demographic Sweet Spot:** Management targets commercial zones with a population density of 70,000 to 90,000 residents.
- **The "Proxy Rule" for Market Readiness:** A zone is considered ready for a full-sized "Mega-Gym" once it can successfully support a specific cluster of high-traffic anchor tenants: McDonald's, Starbucks, and PX Mart.
- **Identifying White Space:** Internal assessments indicate that numerous secondary cities and suburban districts across Taiwan currently meet these commercial criteria but remain underserved by institutional-grade fitness operators. This supports a long-term domestic target of ~250 locations, representing nearly 80% growth potential from current levels.

On the expansion side, the company targets 10–15 new corporate-owned stores annually. However, the growth profile is increasingly shifting from purely store-driven to intensive monetization:

- **SSS Momentum:** In early 2026, same-store membership dues increased ~8% YoY, while mature stores (4+ years) maintained a healthy 6% YoY growth rate.
- **Clustering Advantage:** Much like Poya, World Gym utilizes network density to create a competitive moat. By clustering locations in urban hubs, the company improves member convenience—the primary driver of retention—while keeping monthly churn at an industry-leading ~2%.

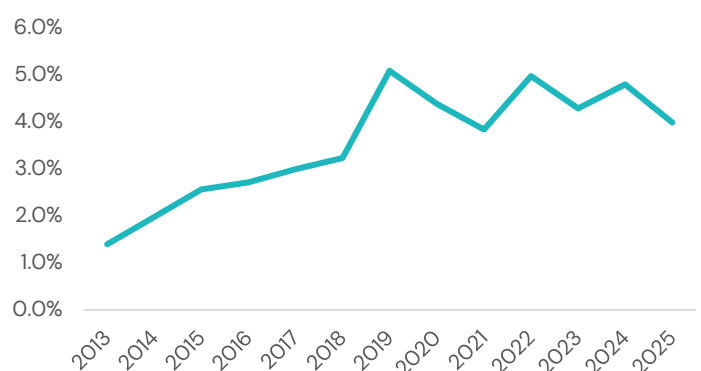
This transition toward intensive growth is further bolstered by the expansion of high-margin personal training penetration and the rollout of new service tiers (e.g., Pilates Reformer), ensuring that even established locations continue to see enhanced revenue productivity per member.

Exhibit 2.1: Taiwan Fitness Market Size



Source: Ministry of Finance, TruePulse Equity Research

Exhibit 2.2: Taiwan Gym Penetration (15 Yrs Old Above)



Source: Ministry of Education, Ministry of the Interior TruePulse Equity Research

## 2.2 International Expansion: Scaling the Global Blueprint

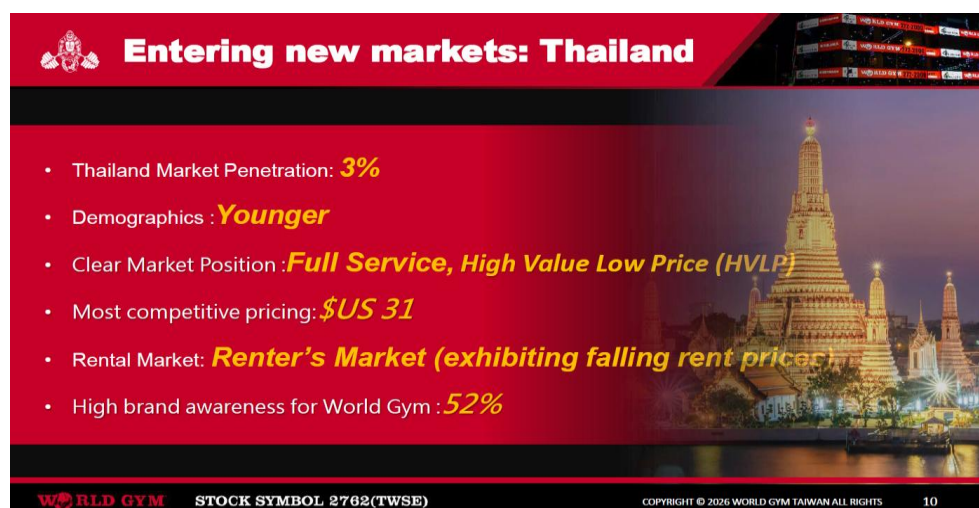
Following the acquisition of World Gym International, the company has begun extending its operating model beyond Taiwan, with Southeast Asia positioned as an initial growth frontier.

Thailand represents the first major step in this strategy. The market is characterized by low fitness penetration—estimated at approximately 3%—as well as a relatively young demographic profile, suggesting favorable long-term growth potential.

The company intends to initially expand through corporate-owned locations, allowing for greater control over execution, before potentially scaling through franchising.

A central element of the company’s positioning is its “High Value, Low Price” (HVLP) strategy—offering full-service gym experiences at accessible price points. This approach has been a key driver of its domestic success and is expected to support adoption in underpenetrated international markets.

### Exhibit 2.3: Thailand Market Snapshot



Source: Company Data, TruePulse Equity Research

In parallel, the company is also scaling its global franchise platform. Following the acquisition of WGI, World Gym now oversees a network of more than 280 clubs across over 10 countries, providing a foundation for expansion through franchise partnerships.

Management has indicated plans to add approximately 40–50 global units in 2026, following an estimated ~30+ additions in 2025, suggesting an acceleration in international network growth.

From a structural perspective, this introduces a potentially attractive asset-light growth layer, as franchise models typically require lower capital investment and offer higher margin characteristics relative to corporate-owned operations.

However, the key consideration remains execution and replicability. The Taiwan model has been built on a combination of pricing strategy, trainer quality, service consistency, and operational discipline. Replicating these elements across diverse international markets introduces uncertainties related to consumer behavior, cost structures, and competitive dynamics.

As such, international expansion should be viewed as a structurally attractive but execution-dependent growth driver, likely to scale progressively over time rather than immediately.

### 2.3 Product Innovation: Pilates & AI-Driven Longevity

Alongside geographic expansion, the company is enhancing its monetization model through new service offerings aimed at increasing average revenue per user (ARPU) and strengthening member retention.

One of the most immediate initiatives is the rollout of Pilates programs through its partnership with Your Reformer. This initiative adopts a “club-within-a-club” model, allowing World Gym to leverage existing space and infrastructure while introducing higher-value training services targeted at premium and specialized segments.

From an operating perspective, this approach is attractive as it:

- improves utilization of existing assets
- enhances service mix
- generates incremental revenue without significant additional fixed costs

In parallel, the company continues to expand its retail offerings, including supplements, apparel, and fitness-related products. While smaller in scale relative to core services, retail provides an additional monetization layer and extends engagement beyond physical gym usage.

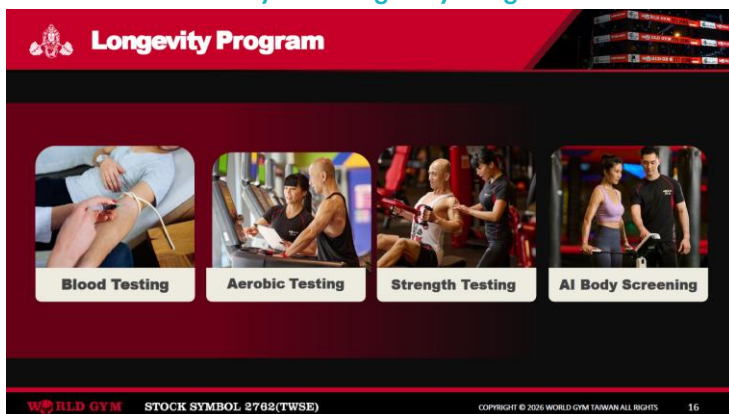
At a more strategic level, the company is investing in a data-driven health management platform, referred to as “Gym 2.0”. This initiative integrates:

- biometric and health data tracking
- nutrition monitoring
- personalized coaching
- AI-generated health insights

Conceptually, this reflects a transition from a traditional fitness operator toward a broader preventative health and wellness platform, focused on long-term engagement rather than episodic gym usage.

However, while these initiatives are directionally aligned with broader industry trends, their commercial impact remains at an early stage, and their ability to drive sustained revenue growth and margin expansion will require further validation over time.

Exhibit 2.4: World Gym’s Longevity Program



Source: Company Data, TruePulse Equity Research

Exhibit 2.5: World Gym’s Longevity Program



Source: Company Data, TruePulse Equity Research

### 3. Financials

#### 3.1 Financial Performance Recap: Post-COVID Inflection Point

World Gym’s FY2025 results mark a clear transition from post-pandemic recovery toward normalized growth, with operating trends indicating a return to structural expansion.

For the full year, the company reported:

- Revenue: NT\$10.98 billion (+11.9% YoY)
- Net profit: NT\$409.1 million (+16.3% YoY)
- EPS: NT\$3.75

The recovery was particularly evident in the latter part of the year. In 4Q25, the company delivered:

- Revenue: NT\$2.88 billion (+13.3% YoY)
- Net profit: NT\$167 million (+125% YoY)
- EPS: NT\$1.53

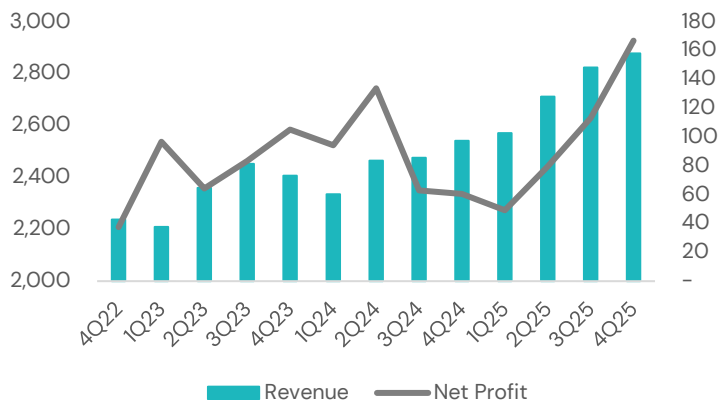
This back-end loaded performance suggests that operating leverage has begun to re-emerge as utilization levels normalize and service penetration improves.

Entering 2026, operating momentum appears to have been sustained. Based on available monthly revenue data, the company recorded:

- Jan 2026: NT\$9.74bn (+14.9% YoY)
- Feb 2026: NT\$8.87bn (+6.1% YoY)
- Mar 2026: NT\$9.51bn (+7.2% YoY)
- Apr 2026: NT\$9.71bn (+10.5% YoY)

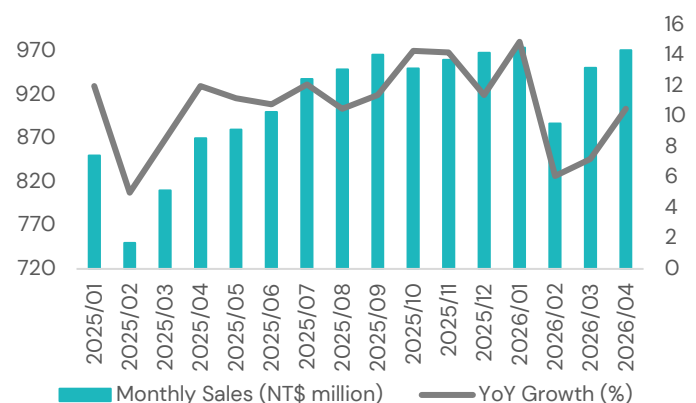
This implies year-to-date growth tracking in the high single-digit to low double-digit range (~9–10% YoY). While some month-to-month volatility is visible due to seasonality, the overall trajectory suggests that demand remains stable and the company is transitioning into a more consistent growth phase..

Exhibit 3.1: World Gym Revenue and Net Profit (NT\$m)



Source: Company Data, TruePulse Equity Research

Exhibit 3.2: World Gym’s Recent Monthly Sales Trend



Source: Company Data, TruePulse Equity Research

#### 3.2 Margin Recovery: Returning to Peak Performance

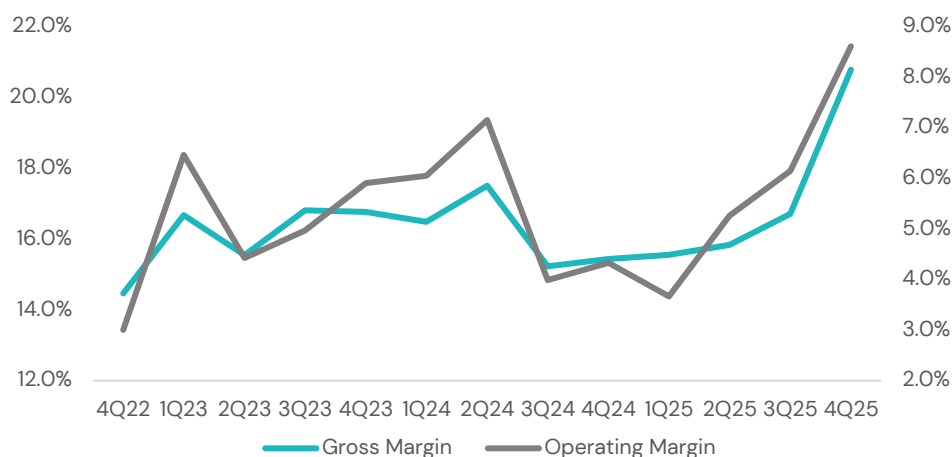
A key feature of the company’s financial recovery has been the normalization of margins.

Gross margin, which declined to the mid-teens during the pandemic (~15–16%), has recovered to approximately:

- ~20.8% in 4Q25
- ~17.3% for FY2025

This places the company close to its pre-COVID operating range, suggesting that store-level economics have largely stabilized. The margin recovery appears to be supported by several structural drivers, including sustained same-store sales growth, which enables revenue expansion without a proportional increase in fixed costs, as well as operating leverage inherent in a cost structure dominated by rent, equipment depreciation, and staffing. In addition, a gradual shift toward higher-margin offerings—particularly personal training and other value-added services—has contributed to an improved overall margin profile. At the operating level, 4Q25 operating margin reached approximately ~8.6%, reflecting both improved utilization and cost absorption. Taken together, margin recovery appears increasingly driven by structural factors rather than purely cyclical normalization.

**Exhibit 3.3: World Gym’s Gross and Operating Margins**



Source: Company Data, TruePulse Equity Research

**3.3 2026 Outlook Guesstimate: Conservative Benchmark**

While the company has not provided explicit earnings guidance, recent operating trends allow for a reference-based framework for assessing 2026 performance. Using the 4Q25 earnings run-rate as a baseline, with EPS of NT\$1.53, a simple annualization would imply an indicative level of approximately ~NT\$6.1 EPS, although this should be viewed as a directional reference rather than a forecast. Several factors may moderate this run-rate, including seasonal strength in 4Q, potential margin dilution from new store openings, and the early-stage monetization of new initiatives such as Pilates and the AI-driven platform.

In the near term, the upcoming 1Q26 results (May 13), with current consensus at approximately NT\$1.33 EPS, will serve as an important indicator of trend sustainability. On balance, recent performance suggests earnings could trend above the current FY2026 consensus (approximately ~NT\$5.7), with potential for upward revisions should operating momentum continue.

## 4. Valuations

### 4.1 Hybrid Model Transition & Relative Valuation Context

Following the acquisition of World Gym International, World Gym is evolving beyond a traditional domestic gym operator, with the addition of global brand ownership and franchising rights introducing a new layer of franchise and royalty income. Despite this shift, the stock is currently trading at approximately ~12x earnings based on a 4Q25 run-rate, which compares to mid-to-high teens multiples for global peers. This appears inconsistent with the company's market-leading position in Taiwan and its evolving business mix, suggesting the market may not yet fully reflect its positioning and future earnings potential.

Exhibit 4.1: World Gym's Peer Valuation Comparison Table

	Ticker	Market Cap (US\$m)	EPS CAGR 2025-2027E	P/S (x)			P/E (x)			EV/EBITDA			ROE (%)			Dividend Yield	
				2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026
<b>Taiwan Peers</b>																	
World Gym Corp	2762 TT	258	36.7%	0.7	0.7	0.6	19.8	12.0	10.6	11.5	5.4	4.6	13.6	23.2	30.0	8.0	8.2
Power Wind	8462 TT	375	20.4%	1.9	1.7	1.5	17.6	13.6	12.1	12.6	7.6	7.2	30.4	31.3	30.4	5.0	-
<b>Average</b>			<b>28.6%</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>18.7</b>	<b>12.8</b>	<b>11.4</b>	<b>12.1</b>	<b>6.5</b>	<b>5.9</b>	<b>22.0</b>	<b>27.3</b>	<b>30.2</b>	<b>6.5</b>	<b>8.2</b>
<b>Global Fitness Peers</b>																	
Plane Fitness	PLNT US	3,630	13.7%	2.9	2.5	2.3	16.6	14.3	12.8	10.9	10.2	9.2	NM	-	-	-	-
Life Time Group	LTH US	7,108	9.3%	2.4	2.1	1.9	19.0	18.3	15.9	14.4	11.9	10.7	13.0	10.9	10.9	-	-
Xponential Fitness	XPOF US	235	-	0.7	0.9	0.8	-	7.4	6.6	7.5	0.6	0.6	NM	-	-	-	-
Basic Fit	BFIT NA	2,224	205.5%	1.3	1.1	1.0	130.3	21.8	14.0	13.1	6.5	5.9	3.5	24.3	28.5	-	-
Smartfit	SMFT3 BZ	2,544	38.3%	1.7	1.4	1.1	19.5	13.3	10.2	8.7	7.9	5.3	11.5	15.5	17.5	-	3.4
The Gym Group	GYM LN	444	14.3%	1.3	1.2	1.1	44.0	36.2	33.7	13.2	6.9	6.3	5.4	5.0	6.3	-	-
Viva Leisure	VVA AU	113	74.5%	0.7	0.6	0.6	18.3	7.6	6.0	9.2	5.6	5.1	7.5	-	-	-	1.8
<b>Average</b>			<b>59.3%</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>41.3</b>	<b>17.0</b>	<b>14.2</b>	<b>11.0</b>	<b>7.1</b>	<b>6.2</b>	<b>8.2</b>	<b>14.0</b>	<b>15.8</b>	<b>N/A</b>	<b>2.6</b>

Source: Company Data, TruePulse Equity Research

### 4.2 Industry-Leading Dividend Yield

Another notable aspect of the company's positioning is its relatively strong shareholder return profile. Based on a FY2025 dividend of approximately NT\$5.95 per share, the stock offers a dividend yield of approximately ~8%, which is elevated relative to both domestic peers and the broader consumer services sector. This yield profile reflects the company's solid cash flow generation and provides a degree of income support, particularly in the context of stable recurring revenue derived from memberships and service-based offerings.

### 4.3 Risks and Challenges

At the same time, several key risks and execution factors should be considered:

- International expansion execution: While Southeast Asia represents a structurally attractive growth opportunity, the ability to replicate the Taiwan operating model—particularly in pricing, service delivery, and cost control—remains to be proven.
- Dependence on service-driven monetization: A significant portion of revenue is tied to personal training and related services, which rely on trainer quality, availability, and scalability.
- Store-level utilization and fixed cost structure: Given the relatively high fixed cost base, underutilization—particularly in newly opened or large-format locations—could weigh on margins.
- Same-store sales sustainability: As the business transitions toward a more productivity-driven model, maintaining consistent same-store sales growth will be increasingly important.
- Execution of new initiatives: Programs such as Pilates expansion and the "Gym 2.0" platform are strategically relevant, but their long-term monetization and scalability remain at an early stage.

### Income Statement

NT\$m	2022	2023	2024	2025
Net Sales	8,863	9,428	9,817	10,984
COGS	7,437	7,877	8,231	9,085
Realized profit (loss) from sales	0	0	0	0
<b>Gross Profit</b>	<b>1,426</b>	<b>1,551</b>	<b>1,586</b>	<b>1,899</b>
Selling Expenses	77	103	104	135
G&A Expenses	864	937	955	1,106
R&D Expenses	0	0	0	0
Other Operating Expenses	0	0	0	0
<b>Operating Profit</b>	<b>486</b>	<b>511</b>	<b>526</b>	<b>658</b>
EBITDA	2,715	2,813	2,813	2,999
Net Interest Income (Expenses)	-32	-20	5	-14
Other, Net	0	0	0	0
EBT Excl. Unusual Items	454	491	531	644
Gain (Loss) on Sales of Investments	0	0	0	0
Gain (Loss) on Sale of Assets	-1	1	-9	0
Gain (Loss) on FX	2	0	3	1
Other Unusual Items, Total	-92	-48	-79	-128
<b>EBT Incl. Unusual Items</b>	<b>363</b>	<b>444</b>	<b>446</b>	<b>518</b>
Income Tax Expense	60	94	94	108
Earnings from Cont. Ops.	304	350	352	409
Discontinued Operations	0	0	0	0
Net Income to Company	304	350	352	409
Minority Interest	0	0	0	0
<b>Net Income to Parent</b>	<b>304</b>	<b>350</b>	<b>352</b>	<b>409</b>
EPS (NT\$)	3.04	3.50	3.19	3.75

Source: Company Data, TEJ TruePulse Equity Research

### Balance Sheet

NT\$m	2022	2023	2024	2025
Cash & Equivalent	785	424	570	1,007
Trading Asset Securities	0	0	0	0
Short-Term Investment	869	637	599	657
AR & NR	151	178	90	74
Inventories	0	2	22	28
Prepaid Expenses	89	118	119	96
Other Current Assets	6	8	10	7
<b>Total Current Assets</b>	<b>1,899</b>	<b>1,367</b>	<b>1,410</b>	<b>1,869</b>
Long-term Investment	45	28	28	23
Total property plant and equipment	5,749	5,539	6,032	6,072
Goodwill	0	0	40	40
Other intangibles	118	133	407	410
Other Non-Current Assets	9,811	9,809	9,427	10,322
<b>Total Assets</b>	<b>17,622</b>	<b>16,877</b>	<b>17,344</b>	<b>18,735</b>
AP & NP	6	4	4	11
Accrued Expenses	1,652	1,373	1,360	1,259
Other Current Liabilities	3,337	3,309	3,452	4,072
Total Current Liabilities (excl. ST Debt)	4,995	4,686	4,816	5,343
Working Capital Revolver (ST Debt)	400	400	400	800
Total Debt (excl. Working Capital Revolver+incl. LT Debt within 1 yr)	615	360	150	360
Other Liabilities	9,021	9,101	8,844	9,340
<b>Total Liabilities</b>	<b>15,031</b>	<b>14,547</b>	<b>14,210</b>	<b>15,843</b>
Total Common Equity	2,590	2,330	3,134	2,893
Common Stock	500	1,000	1,125	1,125
Capital Reserve	1,823	980	2,171	1,837
Retained Earnings	268	350	139	278
Other Adjusted Items	0	0	-301	-348
Total Preferred Equity	0	0	0	0
Minority Interest	0	0	0	0
<b>Total Equity</b>	<b>2,590</b>	<b>2,330</b>	<b>3,134</b>	<b>2,893</b>

Source: Company Data, TEJ TruePulse Equity Research

### Statement of Cashflow

NT\$m	2022	2023	2024	2025
Net Income	304	350	352	409
Minority Interest	0	0	0	0
D & A, Total	2,215	2,284	2,266	2,318
Amortization of Deferred Charges	14	17	20	23
Change in Net Operating Assets	-114	-250	158	438
Other Non-Cash Items, Total	-107	-18	-83	39
Other Non-Cash Items, Total (incl. minority profit)	-107	-18	-83	39
<b>Cash Flow-Operating</b>	<b>2,312</b>	<b>2,383</b>	<b>2,713</b>	<b>3,227</b>
Capital Expenditure	-1,023	-878	-1,327	-1,318
Sales of PP&E	1	1	1	0
Other Investing Activities	-509	238	-268	-100
<b>Cash Flow-Investment</b>	<b>-1,532</b>	<b>-640</b>	<b>-1,595</b>	<b>-1,417</b>
Issue/(Retire) of Debt	137	-255	-210	610
Bank Revolver Draw/(Paydown)	0	0	-0	400
LT Debt (Paydown)	137	-255	-210	210
Issue/(Retire) of Common Equity	0	0	1,356	-39
Issue/(Retire) of Preferred Equity	0	0	0	0
Cash dividends paid	-537	-667	-882	-635
Other Financing Activities	-1,112	-1,183	-1,237	-1,308
Increase (decrease) in Minority	0	0	0	0
<b>Cash Flow-Financing</b>	<b>-1,512</b>	<b>-2,105</b>	<b>-973</b>	<b>-1,372</b>
Foreign Exchange Effects	-0	0	0	-0
Change in Cash Flow	-732	-361	146	437
Beginning Cash	1,517	785	424	570
Ending Cash	785	424	570	1,007

Source: Company Data, TEJ TruePulse Equity Research

### Financial Ratios

NT\$m / % / Days	2022	2023	2024	2025
<b>Margins</b>				
Gross margin	16.1%	16.5%	16.2%	17.3%
Op expense ratio	10.6%	11.0%	10.8%	11.3%
Operating margin	5.5%	5.4%	5.4%	6.0%
EBITDA margin	30.6%	29.8%	28.7%	27.3%
Pretax margin	4.1%	4.7%	4.5%	4.7%
Net margin	3.4%	3.7%	3.6%	3.7%
<b>Balance sheet ratios</b>				
Receivables	151	178	90	74
Inventory	0	2	22	28
Payables	6	4	4	11
Net working capital	145	176	108	91
Receivable days	6.3	6.4	5.0	2.7
Inventory days	0.0	0.1	0.5	1.0
Payable days	0.8	0.2	0.2	0.3
Cash conversion cycle	5.5	6.2	5.3	3.4
<b>Liquidity ratios</b>	<b>577</b>	<b>832</b>	<b>715</b>	<b>960</b>
Operating cash flow	2,312	2,383	2,713	3,227
Capex	-1,023	-878	-1,327	-1,318
Free cash flow	1,289	1,505	1,386	1,909
Cash & Cash equivalent	785	424	570	1,007
Gross debt	1,015	760	550	1,160
Net debt	-638	-301	-619	-504
Gross debt/equity	39%	33%	18%	40%
Net Debt/Equity	-25%	-13%	-20%	-17%
Liabilities/Equity	580%	624%	453%	548%
Liabilities/Assets	85%	86%	82%	85%
<b>Return ratios</b>				
ROAE	11.1%	14.2%	12.9%	13.6%
ROAA	1.7%	2.0%	2.1%	2.3%

Source: Company Data, TEJ TruePulse Equity Research

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