TruePulse Capital Advisory

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TruePulse Equity Research
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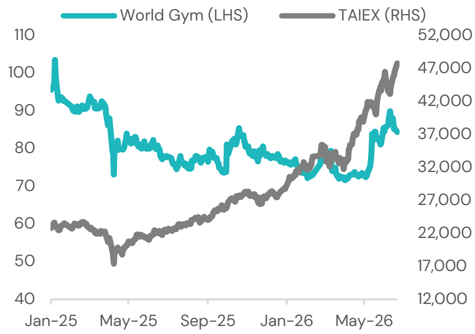
World Gym Corporation

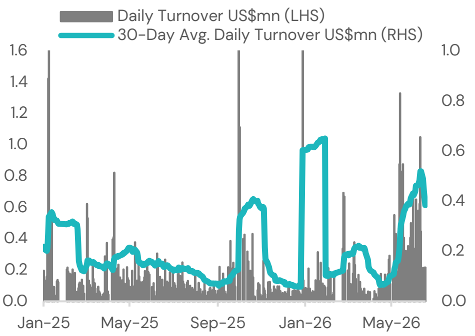
Operating Leverage Builds as New Growth Engines Scale

Key Statistics

Ticker:	2762.TW / 2762 TT
Current Price:	TWD 84.5
52-Week Range:	TWD 69.4 - 90.8
Avg. Vol. (30-Day, k share)	142.8
Outstanding Shares (MN)	112.5
FINI Holding (%)	82.9
Market Cap (US$MN)	300.6

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 (%)	-	6.8	7.0	7.0
P/E (x)	-	26.4	26.2	22.6
P/B (x)	-	3.6	3.0	3.2
P/S (x)	-	1.0	0.9	0.8
EV/EBITDA (x)	-	12.5	12.8	11.9

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

Earnings Outpace Revenue as Operating Leverage Accelerates: World Gym reported 1Q26 revenue of NT$2.81bn, up 9.4% YoY, while gross profit rose 53.2% to NT$610mn and gross margin expanded to 21.8%. Operating profit surged 218.8% YoY to NT$301mn, lifting operating margin to 10.7%, while net profit reached NT$219mn and EPS came in at NT$2.01. The stronger earnings growth reflected higher-margin membership revenue, greater contribution from mature clubs, and continued improvements in energy, staffing, and marketing efficiency. In our view, the quarter demonstrated that a better revenue mix and tighter cost control are translating into more visible operating leverage and a more sustainable earnings profile.

Membership Growth Strengthens Recurring Revenue Visibility: World Gym operated 138 clubs in Taiwan and served approximately 507,000 members at the end of 1Q26. Membership continues to grow by around 15,000–20,000 annually, while monthly churn remains below 2%, supporting recurring revenue accumulation. Same-store membership revenue increased 10% YoY, the strongest first-quarter growth in four years and a key driver of margin improvement. Members aged 18–29 accounted for 35% of average monthly new sign-ups, while more than half of active members are over 40 and have stronger demand for personal training and wellness services. This balance should support both longer customer lifetimes and higher monetization.

Thailand Expansion Moves into the Execution Stage: World Gym's Thailand strategy has moved from planning into execution, with two club openings targeted for 2026. The first location is scheduled to begin presales in August and open in October. Management estimates that development and operating costs will be around 70% of Taiwan levels, while revenue per club should reach 80–85%, supporting attractive unit economics. New clubs are expected to begin contributing to profit within six to nine months. Key milestone will be whether the clubs can validate member ramp-up, cost control, and operating-system replication, paving the way for broader Southeast Asian expansion.

New Services and Overseas Execution Could Support a Broader Valuation Framework: World Gym is expanding beyond basic memberships through Pilates, its healthy-aging platform, HYROX programs, and retail initiatives. Pilates has been introduced in 44 clubs, while the healthy-aging platform targets roughly 250,000 members aged over 40. Operating cash flow reached NT$816mn, quarter-end cash stood at NT$945mn, and the company declared a cash dividend of NT$3.63 per share. Market perception remains anchored to World Gym as Taiwan's leading fitness-club chain and a high-dividend stock. Successful Thailand execution and stronger service penetration could support a re-rating toward a regional fitness and wellness platform.

1Q26 Earnings Takeaways

Operating Leverage Accelerates as Overseas Replication and Wellness Services Open New Growth Avenues

World Gym maintained solid earnings momentum in 1Q26, supported by membership growth, a more favorable revenue mix, and better operating efficiency. Revenue increased 9.4% YoY to NT$2.81bn, while gross margin rose to 21.8% and operating margin reached 10.7%. Net profit came in at NT$219mn, translating into EPS of NT$2.01. Gross profit and operating profit grew 53.2% and 218.8% YoY, respectively, demonstrating increasingly visible operating leverage.

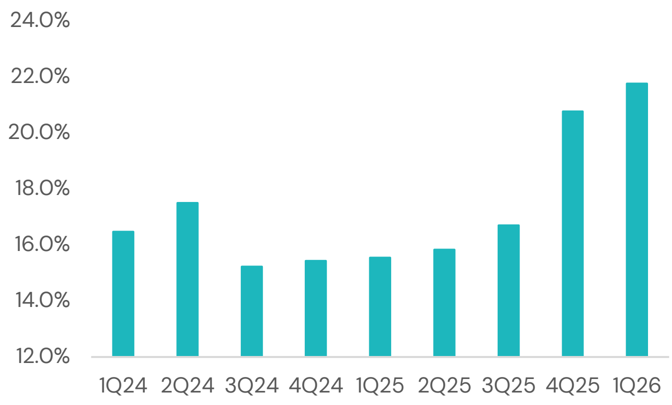
The earnings call also provided greater clarity on the company's next phase of growth. In addition to expanding its Taiwan membership base, World Gym is moving into the execution stage of its Thailand strategy and broadening its service portfolio through Pilates, a longevity and healthy-aging platform, HYROX programs, and retail initiatives.

In our view, World Gym's growth model is gradually evolving beyond domestic club expansion. Recurring membership revenue provides a stable earnings and cash-flow foundation, while overseas replication and higher-value wellness services could add new layers of growth and support a broader platform positioning over time...

1. Operating Leverage Becomes More Visible

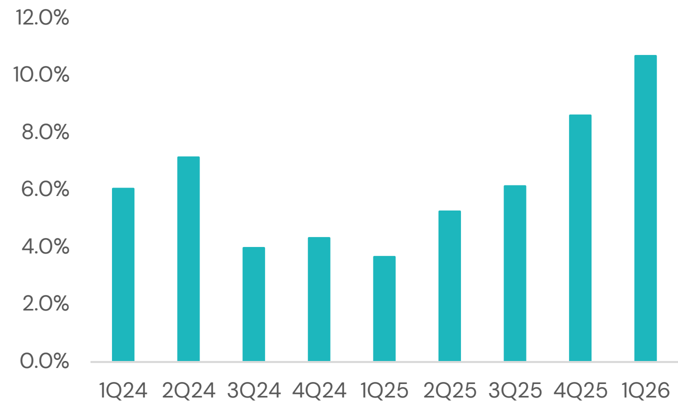
World Gym reported 1Q26 revenue of NT$2.81bn, up 9.4% YoY and down 2.3% QoQ. Gross profit increased 53.2% YoY to NT$610mn, lifting gross margin to 21.8% from 15.6% a year earlier. Operating profit rose 218.8% YoY to NT$301mn, while operating margin expanded by 7.0ppts YoY to 10.7%. Net profit reached NT$219mn, with EPS of NT$2.01.

Exhibit 1.1: World Gym GM Trend



Source: Company Data, TruePulse Equity Research

Exhibit 1.2: World Gym OPM Trend



Source: Company Data, TruePulse Equity Research

The faster growth in profit than in revenue reflected stronger high-margin membership revenue and greater scale benefits across the company's fixed-cost platform. On a cash basis, same-store revenue increased 2% YoY, with membership revenue rising 10%, the strongest first-quarter growth in four years. Personal-training revenue declined 4%, mainly due to the longer Lunar New Year holiday and fewer completed training sessions.

The company also continued to improve efficiency through energy-saving measures, staffing optimization, digital tools, and AI-enabled marketing. Management noted that utility expenses during the first five months were below the prior-year level despite the addition of more than ten clubs.

We believe the key takeaway is that revenue-mix improvement and cost discipline are now translating into stronger earnings elasticity. As membership continues to grow and mature clubs contribute more, incremental revenue should continue to generate faster profit growth.

2. Membership Growth Supports Recurring Revenue Visibility
At the end of 1Q26, World Gym operated 138 locations in Taiwan and served approximately 507,000 members. Taiwan membership continues to increase by around 15,000–20,000 annually, while monthly churn remains below 2%, allowing new member additions to consistently exceed attrition.

The membership profile also supports both customer acquisition and monetization. Members aged 18–29 accounted for 35% of average monthly new sign-ups, indicating continued appeal among younger users. Meanwhile, more than half of active members are over 40 and generally have stronger demand for personal training, health management, and other premium services.

World Gym currently has around 190,000 personal-training customers, leaving a meaningful proportion of the membership base that has not yet purchased additional services. This creates room for greater cross-selling through Pilates, healthy-aging programs, and other wellness offerings.

With approximately 25 years of operating experience in Taiwan, a nationwide club network, and more than 3,000 full-time professional trainers, the company can use its existing infrastructure as a distribution platform for new services rather than relying solely on new club openings.

3. Thailand Expansion Enters the Execution Stage
Thailand is the company's most important overseas company-operated growth market. World Gym plans to open two locations in 2026, with the first club scheduled to begin presales in August and officially open in October. The second location is expected to follow around two to three months later.

The company has established its Bangkok headquarters, and the first group of local managers has completed training in Taiwan. World Gym intends to replicate its Taiwan operating systems, including CRM, ERP, presales, recruitment, training, and club-level management.

Thailand has a population of around 70mn, yet its largest fitness chain operates only approximately 31–32 locations, indicating relatively low market penetration. World Gym plans to enter with monthly pricing of roughly NT$1,000, compared with around NT$2,500 for major local chains, while offering larger facilities and broader services.

Management estimates that club development and operating costs in Thailand will be approximately 70% of the Taiwan level, while revenue per club should reach around 80–85%. Personal-training pricing is expected to be NT$1,100–1,200 per session, compared with NT$1,400–1,500 in Taiwan. As costs are expected to decline more than revenue, management remains constructive on the unit economics.

Each new club is expected to reach more than 4,000–5,000 members and begin contributing to profit within six to nine months. The company currently has around six potential locations in its development pipeline and plans to accelerate expansion once the initial clubs validate the model.

The near-term financial contribution will remain limited, but successful execution would demonstrate that World Gym's Taiwan operating system can be replicated in Southeast Asia and materially extend the company's long-term growth runway.

4. New Services Expand Member Lifetime Value
World Gym has identified four key growth initiatives: Pilates, stronger retail execution, a longevity and healthy-aging platform, and its partnership with HYROX. These initiatives are designed to increase member engagement, service penetration, and same-store revenue.

Pilates
World Gym has partnered with Australia-based Your Reformer to introduce equipment, course content, instructor education, and member progress tracking. The service has already been introduced in 44 clubs and is expected to expand to most locations.

The initial focus is on one-on-one sessions, with small-group formats potentially introduced later. As Pilates can be delivered through existing clubs and trainers, the company can add a new personal-training category with relatively limited incremental investment.

Longevity and Healthy-Aging Platform
The healthy-aging platform primarily targets members over 40 and combines health tests, VO2 max, resting heart rate, body-composition measurements, strength, endurance, nutrition, sleep, and stress-management data into a structured 90-day program.

The service is expected to be priced at approximately NT$5,000. With roughly 250,000 members over 40, the platform addresses a sizable existing customer base. Medical data will remain with partner healthcare institutions, while World Gym will focus on exercise, nutrition, and general wellness recommendations.

HYROX
World Gym plans to introduce HYROX courses, branded training camps, official training zones across Taiwan, and priority ticketing benefits for members.

HYROX allows the company to reach runners, endurance athletes, and functional-fitness participants who may not previously have been traditional gym users. It also creates opportunities for additional training, camp, membership, and retail revenue.

Together, these services allow World Gym to leverage its existing members, clubs, trainers, and brand as a scalable platform for new offerings. Higher penetration should support same-store sales and member lifetime value.

5. Global Franchise Platform Adds Long-Term Optionality
World Gym currently has 288 locations across ten countries and serves approximately 900,000 members globally. Of these locations, 138 are company-operated or joint-venture clubs, while 150 operate under franchise arrangements.

Compared with company-operated clubs, franchise expansion requires less direct investment in fit-out, equipment, and staffing. Revenue is generated through brand licensing, franchise management, and related services, providing a more capital-efficient route to international growth.

The company is also evaluating M&A, joint-venture, and franchise opportunities across Southeast Asia. No specific targets have been disclosed, but strong operating cash flow provides flexibility to pursue both organic and inorganic expansion. In our view, the international strategy is developing along two tracks: Thailand will test the overseas replication of the company-operated model, while the global franchise network provides a lower-capital pathway to expand brand coverage.

6. Strong Cash Flow Supports Expansion and Dividends
World Gym generated NT$816mn in operating cash flow in 1Q26, up from NT$627mn a year earlier. Capital expenditure declined to NT$148mn from NT$354mn, supporting strong free-cash-flow generation during the quarter. Financing activities resulted in a cash outflow of NT$757mn.

Management stated that the company repaid NT$400mn of borrowings during the quarter. Cash and cash equivalents stood at NT$945mn at quarter-end, compared with NT$781mn a year earlier, indicating that liquidity remained healthy after capital expenditure, debt repayment, and shareholder distributions.

The company declared a cash dividend of NT$3.63 per share for 1Q26 and reiterated its quarterly dividend policy. Annual cash dividends remained stable at NT$5.50–5.95 per share between 2022 and 2025.The quarterly dividend exceeded EPS of NT$2.01, with part of the distribution funded through capital surplus. While operating cash flow remains strong, investors should continue to monitor the balance between dividends, overseas expansion, and future capital requirements.

World Gym's recurring and prepaid membership revenue remains a key financial strength, allowing the company to fund club expansion, new-service development, debt repayment, and shareholder returns simultaneously.

7. Moving Toward a Fitness and Wellness Platform
World Gym currently has three main layers of growth: operating leverage in Taiwan, higher monetization through new services, and international expansion through Thailand and the global franchise network.

Near-term indicators include the recovery of personal-training revenue, the sustainability of margin improvement, and the progress of Thailand's first club presales and opening. Medium-term milestones include the profitability ramp of Thailand clubs and the penetration of Pilates, healthy-aging, and HYROX services.

Market perception remains largely anchored to World Gym's position as Taiwan's leading fitness-club chain and a high-dividend stock. However, the company is increasingly using its membership base, trainers, clubs, and brand to expand into wellness services, functional training, sports partnerships, and international licensing.

If the company successfully validates Thailand's unit economics and converts new services into higher same-store revenue and member lifetime value, its positioning could gradually evolve toward a global fitness and wellness platform with recurring revenue, replicable operating systems, and multiple long-term growth drivers.

Income Statement

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

Source: Company Data, TEJ TruePulse Equity Research

Statement of Cashflow

NT$mn	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
Cash Flow-Operating	2,312	2,383	2,713	3,227
Capital Expenditure	-1,023	-878	-1,327	-1,318
Sales of PP&E	1	1	1	0
Other Investing Activities	-509	238	-268	-100
Cash Flow-Investment	-1,532	-640	-1,595	-1,417
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
Cash Flow-Financing	-1,512	-2,105	-973	-1,372
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

Balance Sheet

NT$mn	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
Total Current Assets	1,899	1,367	1,410	1,869
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
Total Assets	17,622	16,877	17,344	18,735
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
Total Liabilities	15,031	14,547	14,210	15,843
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
Total Equity	2,590	2,330	3,134	2,893

Source: Company Data, TEJ TruePulse Equity Research

Financial Ratios

NT$mn / % / Days	2022	2023	2024	2025
Margins				
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%
Balance sheet ratios				
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
Liquidity ratios				
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%
Return ratios				
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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