COMPANY UPDATE

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Innovation Team

Keunhee Seo, Ph.D.
Team Leader
keunhee.seo@samsung.com

Suhan Shin
Research Associate
shn.shin@samsung.com

Green Cross (006280)

High hopes for 2026

- **4Q25 review:** Green Cross turned around y-y in 4Q, led by growth in high-margin product sales and improved efficiency at subsidiaries.
- **Maintaining BUY and target price of KRW220,000:** We foresee its valuation re-rating given the expansion in high-margin product sales and subsidiary profitability improvement.

WHAT'S THE STORY?

4Q25 review: Green Cross reported 4Q consolidated sales of KRW497.8b (down 18.3% q-q but up 12.9% y-y) and an operating profit of KRW4.6b (down 84.2% q-q but turning profitable y-y). Led by strong performances of high-margin products (*eg*, Alyglo in the US) and enhanced operational efficiency at subsidiaries, the company enjoyed profitability improvement. Alyglo sales (consolidated) surged 92.3% q-q to hit USD50m, leading full-year sales to top guidance of USD100m. Aided by R&D cost cutting at key subsidiaries (*eg*, GC Cell and ABO Holdings), the company turned around y-y. The company, however, booked a net loss. It was, however, primarily due to goodwill impairment loss of KRW85b related to the merger of GC Cell and GC LabCell. With the residual impairment loss expected to be limited, focus should be given to the improvement of its core business fundamentals.

(Continued on the next page)

Green Cross: 4Q25 review

(KRWb)	4Q25	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	497.8	609.5	-18.3	440.9	12.9	483.7	2.9	496.6	0.2
Operating profit	4.6	29.2	-84.3	-10.1	nm	1.1	328.0	2.7	70.1
Pre-tax profit	-105.7	24.9	nm	-44.3	nm	-6.6	nm	-0.6	nm
Net profit	-89.2	15.9	nm	-27.3	nm	-2.6	nm	-0.4	nm
Margins (%)									
Operating profit	0.9	4.8		-2.3		0.2		0.5	
Pre-tax profit	-21.2	4.1		-10.0		-1.4		-0.1	
Net profit	-17.9	2.6		-6.2		-0.5		-0.1	

Source: Company data, Samsung Securities estimates

Valuations

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (% y-y)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2023	1,627	34	-27	-20	-2,279	nm	n/a	689	21.7	1.1	-2.0
2024	1,680	32	-41	-43	-2,249	nm	n/a	807	27.7	1.6	-2.1
2025E	1,991	69	-31	-26	-480	nm	n/a	1,003	19.3	1.5	-0.5
2026E	2,053	92	100	78	5,326	nm	30.6	878	17.2	1.5	5.0
2027E	2,148	102	106	83	5,678	6.6	28.7	784	16.3	1.4	5.2

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW220,000	34.9%
Current price	**KRW163,100**	
Market cap	KRW1.9t/USD1.3b	
Shares (float)	11,686,538 (46.2%)	
52-week high/low	KRW170,500/KRW112,800	
Avg daily trading value (60-day)	KRW10.8b/ USD7.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Green Cross (%)	6.4	6.8	17.1
Vs Kospi (%pts)	-11.2	-31.0	-40.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	220,000	220,000	0.0%
2025E EPS	-480	7,122	nm
2026E EPS	5,326	5,208	2.3%

SAMSUNG vs THE STREET

No of estimates	13
Target price	201,538
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

Maintaining BUY with target price of KRW220,000: We derive our target price for the stock by using a sum-of-the-parts (SOTP) method, combining the estimates of: 1) the value of its operations, based on an EV/EBITDA of 14x (the average multiple of pharmas under our coverage), which we applied to our forward (1Q26-4Q26) EBITDA forecast of KRW1.7302t; and 2) the value of Alyglo (KRW1.0623t). We forecast the company's 2026 sales at KRW2.0534t (up 3.1% y-y) and operating profit at KRW92.1b (up 33.3% y-y). The company's profitability should keep improving in 2026 led by growth in Alyglo sales (to KRW217.8b; up 46.8% y-y driven by expanded prescriptions) and loss cutting at key subsidiaries. While Alyglo sales may suffer a temporary decline in 1Q due to distributor inventory adjustments, we see it as an event typically occurring during market stabilization process and note that the uptrend in its prescription will remain solid. With high-margin products (eg, Alyglo and Hunterase) driving sales growth and improving earnings structure, we foresee its valuation re-rating.

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**1,627**	**1,680**	**1,991**	**2,053**	**2,148**
Cost of goods sold	1,142	1,198	1,437	1,431	1,481
Gross profit	**485**	**482**	**554**	**622**	**666**
Gross margin (%)	29.8	28.7	27.8	30.3	31.0
SG&A expenses	450	450	485	530	564
Operating profit	**34**	**32**	**69**	**92**	**102**
Operating margin (%)	2.1	1.9	3.5	4.5	4.8
Non-operating gains (losses)	**-62**	**-73**	**-100**	**8**	**4**
Financial profit	11	26	28	37	38
Financial costs	32	50	67	43	42
Equity-method gains (losses)	-38	-27	21	22	27
Other	-2	-22	-83	-8	-19
Pre-tax profit	**-27**	**-41**	**-31**	**100**	**106**
Taxes	-7	2	-5	22	23
Effective tax rate (%)	27.0	-3.7	15.9	22.0	22.0
Profit from continuing operations	-20	-43	-26	78	83
Profit from discontinued operations	0	0	0	0	0
Net profit	**-20**	**-43**	**-26**	**78**	**83**
Net margin (%)	-1.2	-2.5	-1.3	3.8	3.9
Net profit (controlling interests)	-27	-26	-6	62	66
Net profit (non-controlling interests)	7	-16	-20	16	17
EBITDA	110	113	158	173	178
EBITDA margin (%)	6.8	6.7	7.9	8.4	8.3
EPS (parent-based) (KRW)	-2,279	-2,249	-480	5,326	5,678
EPS (consolidated) (KRW)	-1,695	-3,648	-2,229	6,658	7,097
Adjusted EPS (KRW)*	-2,279	-2,249	-480	5,326	5,678

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,039**	**1,202**	**1,489**	**1,715**	**1,917**
Cash & equivalents	50	23	35	163	260
Accounts receivable	437	387	547	569	592
Inventories	516	747	866	938	1,015
Other current assets	36	46	41	46	51
Fixed assets	**1,604**	**1,542**	**1,624**	**1,546**	**1,481**
Investment assets	209	226	155	158	168
Tangible assets	828	805	817	756	700
Intangible assets	338	307	433	413	393
Other long-term assets	229	204	219	219	219
Total assets	**2,643**	**2,744**	**3,113**	**3,262**	**3,399**
Current liabilities	**869**	**769**	**1,289**	**1,367**	**1,431**
Accounts payable	144	157	256	288	310
Short-term debt	315	367	411	411	411
Other current liabilities	410	246	622	668	709
Long-term liabilities	**235**	**493**	**434**	**444**	**451**
Bonds & long-term debt	85	340	233	233	233
Other long-term liabilities	150	154	201	211	218
Total liabilities	**1,103**	**1,263**	**1,723**	**1,811**	**1,882**
Owners of parent equity	**1,300**	**1,253**	**1,210**	**1,255**	**1,304**
Capital stock	58	58	58	58	58
Capital surplus	394	396	396	396	396
Retained earnings	873	815	793	838	887
Other	-25	-17	-37	-37	-37
Non-controlling interests' equity	**240**	**228**	**180**	**196**	**212**
Total equity	**1,540**	**1,481**	**1,390**	**1,451**	**1,517**
Net debt	689	807	1,003	878	784

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**-5**	**-53**	**-38**	**135**	**110**
Net profit	-20	-43	-26	78	83
Non-cash profit and expenses	156	172	79	131	123
Depreciation	66	66	68	60	56
Amortization	9	15	20	20	19
Other	80	91	-10	51	47
Changes in A/L from operating activities	-100	-144	-47	-14	-37
Cash flow from investments	**-150**	**-68**	**-163**	**-1**	**-1**
Change in tangible assets	-78	-31	-48	0	0
Change in financial assets	3	-5	6	-1	-1
Other	-76	-31	-120	-1	0
Cash flow from financing	**101**	**94**	**152**	**-13**	**-14**
Change in debt	144	99	202	4	3
Change in equity	0	3	0	0	0
Dividends	-25	-20	-19	-17	-17
Other	-19	12	-31	0	0
Change in cash	-56	-27	12	129	96
Cash at beginning of year	105	50	23	35	163
Cash at end of year	50	23	35	163	260
Gross cash flow	**136**	**130**	**52**	**209**	**206**
Free cash flow	**-85**	**-85**	**-88**	**135**	**110**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-4.9	3.3	18.5	3.1	4.6
Operating profit	-57.6	-6.8	115.4	33.3	10.9
Net profit	nm	nm	nm	nm	6.6
Adjusted EPS**	nm	nm	nm	nm	6.6
Per-share data (KRW)					
EPS (parent-based)	-2,279	-2,249	-480	5,326	5,678
EPS (consolidated)	-1,695	-3,648	-2,229	6,658	7,097
Adjusted EPS**	-2,279	-2,249	-480	5,326	5,678
BVPS	113,924	109,754	106,024	109,978	114,292
DPS (common)	1,500	1,500	1,500	1,500	1,500
Valuations (x)					
P/E***	n/a	n/a	n/a	30.6	28.7
P/B***	1.1	1.6	1.5	1.5	1.4
EV/EBITDA	21.7	27.7	19.3	17.2	16.3
Ratios (%)					
ROE	-2.0	-2.1	-0.5	5.0	5.2
ROA	-0.8	-1.6	-0.9	2.4	2.5
ROIC	1.3	1.6	2.7	3.2	3.6
Payout ratio	-64.3	-65.1	-305.0	27.5	25.8
Dividend yield (common)	1.2	0.8	0.9	0.9	0.9
Net debt to equity	44.7	54.5	72.1	60.5	51.7
Interest coverage (x)	1.2	0.8	1.4	2.2	2.4

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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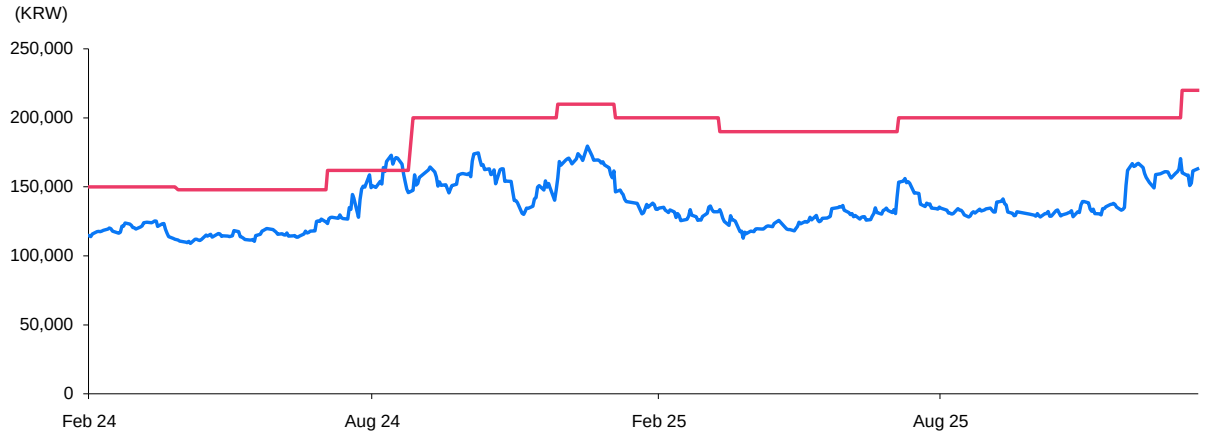
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/12/18	2024/4/11	7/16	9/9	12/11	2025/1/17	3/25	7/18	2026/1/16
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	150000	148000	162000	200000	210000	200000	190000	200000	220000
Gap* (average)	-21.42	-22.05	-9.01	-23.41	-19.93	-33.35	-33.59	-30.16	
(max or min)**	-15.47	-14.46	6.79	-12.65	-14.52	-26.15	-24.84	-14.75	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

**For more information,
please call our sales representatives:**

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

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