COMPANY UPDATE

2026. 2. 23

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Cosmecca Korea (241710)

4Q review: Smooth sailing

- Cosmecca Korea's 4Q25 results came in line with consensus. Sales topped consensus by 7%, but operating profit fell short by 5% due to one-off costs. Without the one-offs, operating profit would have exceeded consensus by 16%.
- The one-off costs include: 1) KRW2b in impairment of long-term obsolete inventory (quality assurance costs); 2) KRW2.5b in employee incentive accrual; and 3) KRW0.25b in head office relocation costs.
- The company is sailing smoothy. Reflecting upward revisions to our 2026 and 2027 earnings estimates, we raise our target price by 10%.

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WHAT'S THE STORY?

4Q25 review: Cosmecca Korea's consolidated sales and operating profit grew 39% and 57% y-y, respectively, in 4Q25.

- **Parent company:** The performance improvement was driven by the parent company, which recorded a 54% y-y increase in 4Q25 sales and a 36% y-y rise in operating profit. Operating margin came in at 11%, but excluding one-time costs such as quality assurance costs related to long-term obsolete inventory and head office relocation costs, profitability would have been a solid 15%.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW125,000	23.3%
Current price	**KRW101,400**	
Market cap	KRW1.1t/USD0.8b	
Shares (float)	10,680,000 (60.0%)	
52-week high/low	KRW103,000/KRW40,100	
Avg daily trading value (60-day)	KRW8.2b/ USD5.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Cosmecca Korea (%)	41.4	63.0	118.1
Vs Kosdaq (%pts)	19.7	9.9	45.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	125,000	114,000	9.6%
2025E EPS	4,577	4,815	-4.9%
2026E EPS	6,811	6,545	4.1%

SAMSUNG vs THE STREET

No of estimates	10
Target price	103,900
Recommendation	4.0

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

4Q review

(KRWb)	4Q25	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	178.1	182.4	-2.3	128.3	38.8	166.5	6.9	176.3	1.0
Operating profit	20.9	27.2	-23.1	13.3	56.8	22.0	-5.0	23.3	-10.1
Pre-tax profit	19.7	29.6	-33.5	20.7	-4.7	22.5	-12.3	24.0	-17.8
Net profit	11.4	16.7	-31.7	11.8	-3.4	15.2	-25.0	17.7	-35.6
Margins (%)									
Operating profit	11.7	14.9		10.4		13.2		13.2	
Pre-tax profit	11.1	16.2		16.1		13.5		13.6	
Net profit	6.4	9.2		9.2		9.1		10.0	

Source: Company data, Samsung Securities estimates

Valuation

(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	471	49	46	34	2,090	740.3	17.4	69	8.0	2.3	14.1
2024	524	60	68	54	4,007	91.8	13.8	61	9.5	2.7	22.1
2025E	641	83	78	61	4,577	14.2	14.5	52	8.2	2.8	20.6
2026E	752	112	115	91	6,811	48.8	14.9	22	9.4	3.3	24.8
2027E	846	131	133	106	7,929	16.4	12.8	-14	8.1	2.6	22.8

Source: Company data, Samsung Securities estimates

Sales to K-indie beauty clients were remarkable, particularly to its largest client which is showing encouraging results on TikTok Shop. With the company's expanding market share in the K-beauty space, sales to K-beauty clients increased 65% y-y.

- **Overseas subsidiaries:** Englewood Lab's 4Q25 sales rose 29% y-y, with operating profit soaring 151% y-y. This was largely due to customer orders returning to normal, which boosted operating margin to 17% from 8.8% in 4Q24. The Totowa factory saw sales growth of 25% y-y, turning to an operating profit. The Incheon plant recorded sales growth of 35% y-y and operating profit growth of 98% y-y. The China subsidiary grew sales by just 3.9% y-y, but finally turned profitable for the quarter thanks to fixed cost reductions.

Sailing smoothly: With enhanced formulation competitiveness and increased production efficiency, both sales and profitability are improving steadily. Among ODM companies, it is likely to deliver the highest profit growth in 2026. Applying a target P/E of 18x to our forward EPS estimate of KRW6,969, we raise our target price to KRW125,000 .

Cosmecca Korea: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E	2027E
Sales	**125.6**	**143.8**	**126.6**	**128.3**	**118.4**	**161.7**	**182.4**	**178.1**	**176.7**	**173.8**	**201.1**	**200.1**	**470.7**	**524.3**	**640.6**	**751.7**	**845.5**
Parent	68.8	94.6	82.5	82.8	74.3	110.0	129.8	127.3	129.8	121.4	143.8	139.9	268.6	328.7	441.5	534.8	609.3
Korea brand	55.4	77.1	68.2	66.8	59.5	91.7	110.5	110.0	112.4	100.8	122.1	120.4	216.7	267.6	371.6	455.7	521.1
Overseas brand	13.3	17.6	14.3	15.9	14.9	18.3	19.4	17.3	17.4	20.5	21.7	19.4	52.0	61.1	69.9	79.1	88.2
China entity	12.2	10.7	9.3	8.2	8.7	8.6	8.1	8.5	8.1	7.9	7.4	8.2	50.4	40.4	34.0	31.7	30.0
Englewood Lab	52.6	46.0	41.1	42.2	42.5	57.5	61.8	54.5	50.2	61.7	68.2	71.5	206.8	182.2	200.4	251.6	279.5
US (Totowa)	33.8	28.4	26.1	24.2	27.3	31.6	30.4	30.2	28.7	29.4	33.7	34.8	106.2	112.7	119.5	126.6	141.3
Incheon	18.9	17.9	15.8	18.2	16.3	26.7	31.7	24.6	21.5	32.3	34.5	36.7	100.8	70.7	99.3	125.0	138.3
Operating profit	**13.7**	**18.1**	**15.2**	**13.3**	**12.3**	**23.0**	**27.2**	**20.9**	**23.3**	**25.5**	**32.2**	**31.0**	**49.2**	**60.4**	**83.4**	**112.0**	**131.5**
Parent	7.4	14.3	12.0	10.7	8.0	13.8	14.5	14.5	16.4	15.8	20.6	19.1	22.9	44.5	50.9	71.8	86.5
China entity	0.0	-0.1	-0.3	-0.7	-0.6	-1.1	-0.6	0.4	0.2	0.1	0.0	0.0	0.1	-1.1	-1.9	0.2	0.1
Englewood Lab	6.6	4.3	4.1	3.7	4.6	10.1	13.2	9.3	6.8	9.8	11.7	11.9	28.9	18.8	37.2	40.3	45.3
US (Totowa)	2.3	0.3	0.3	-0.6	0.3	2.1	3.0	1.2	0.8	1.1	1.7	1.9	4.6	2.3	6.7	5.5	8.3
Incheon	4.3	4.0	3.9	4.2	4.3	8.2	9.7	8.3	6.0	8.8	10.0	10.1	24.3	16.5	30.6	34.8	37.0
Net profit	**8.8**	**13.7**	**8.5**	**11.8**	**7.6**	**9.3**	**16.7**	**11.4**	**15.1**	**16.7**	**20.7**	**20.2**	**22.3**	**42.8**	**48.9**	**72.7**	**84.7**
Margins (%)																	
Operating profit	**10.9**	**12.6**	**12.0**	**10.4**	**10.4**	**14.2**	**14.9**	**11.7**	**13.2**	**14.7**	**16.0**	**15.5**	**10.4**	**11.5**	**13.0**	**14.9**	**15.5**
Parent	10.8	15.2	14.5	12.9	10.8	12.6	11.2	11.4	12.6	13.0	14.3	13.7	8.5	13.5	11.5	13.4	14.2
China entity	0.1	-1.0	-2.8	-8.7	-6.8	-13.2	-7.3	5.0	2.0	0.7	-0.5	0.1	0.2	-2.6	-5.6	0.6	0.2
Englewood Lab	12.6	9.4	9.9	8.8	10.8	17.5	21.4	17.0	13.6	15.9	17.2	16.7	14.0	10.3	18.5	16.0	16.2
US (Totowa)	6.8	1.0	1.1	-2.5	1.0	6.8	10.0	4.1	2.9	3.6	5.1	5.4	4.3	2.1	5.6	4.4	5.9
Incheon	22.9	22.7	24.7	23.1	26.3	30.9	30.7	33.8	27.8	27.2	29.0	27.4	24.1	23.3	30.8	27.9	26.7
Net profit	**7.0**	**9.5**	**6.7**	**9.2**	**6.4**	**5.8**	**9.2**	**6.4**	**8.5**	**9.6**	**10.3**	**10.1**	**4.7**	**8.2**	**7.6**	**9.7**	**10.0**
Growth (% y-y)																	
Sales	**8.3**	**24.3**	**8.8**	**4.6**	**-5.8**	**12.5**	**44.0**	**38.8**	**49.3**	**7.5**	**10.3**	**12.4**	**17.9**	**11.4**	**22.2**	**17.4**	**12.5**
Parent	4.3	41.9	24.3	18.8	8.1	16.2	57.4	53.8	74.6	10.3	10.7	9.8	18.1	22.3	34.3	21.1	13.9
Korea brand	4.7	51.6	23.2	16.2	7.2	19.0	61.9	64.6	89.0	10.0	10.5	9.5	10.7	23.5	38.9	22.6	14.3
Overseas brand	2.7	10.8	29.7	31.3	11.8	4.3	35.8	8.7	17.0	12.0	12.0	12.0	64.2	17.6	14.5	13.1	11.6
China entity	-5.1	-3.5	-25.5	-41.2	-28.0	-20.0	-12.8	3.9	-7.5	-8.2	-8.5	-3.5	6.6	-19.8	-15.9	-6.9	-5.2
Englewood Lab	14.2	-6.7	-24.4	-26.3	-19.1	25.0	50.3	29.2	18.0	7.3	10.4	31.1	36.5	-11.9	10.0	25.5	11.1
US (Totowa)	10.6	5.6	4.6	2.3	-19.1	11.5	16.2	25.1	5.0	-7.0	11.0	15.0	-3.6	6.2	6.1	5.9	11.6
Incheon	21.5	-20.6	-46.5	-45.9	-13.4	49.4	100.9	35.2	31.5	21.1	9.0	49.0	141.3	-29.8	40.4	25.9	10.6
Operating profit	**48.4**	**62.1**	**11.0**	**-11.3**	**-10.5**	**27.2**	**78.8**	**56.5**	**89.2**	**11.0**	**18.3**	**48.6**	**374.1**	**22.8**	**38.1**	**34.3**	**17.4**
Parent	61.9	126.4	153.3	47.6	8.4	-3.5	20.8	35.5	103.5	13.9	41.8	32.0	198.0	94.1	14.4	41.2	20.4
China entity	-105.0	-81.0	-155.1	-234.4	-3,623.0	967.9	125.4	-159.7	-127.3	-105.2	-93.9	-98.4	-102.3	-1,110.0	76.8	-110.0	-72.9
Englewood Lab	19.2	-30.8	-55.5	-53.4	-31.0	133.5	224.9	150.8	49.1	-2.3	-11.3	28.5	192.0	-34.9	97.7	8.5	12.3
US (Totowa)	21.4	-76.1	-71.4	-251.5	-88.2	621.5	949.7	nm	211.3	-50.7	-42.9	53.5	-3.0	-48.7	184.5	-17.2	50.4
Incheon	24.9	-18.7	-51.9	-46.5	-0.4	103.5	150.0	98.3	38.9	6.5	3.1	20.7	369.4	-32.2	85.8	13.8	6.2
Net profit	**96.5**	**132.1**	**16.5**	**153.5**	**-13.4**	**-32.0**	**97.4**	**-3.3**	**98.5**	**78.6**	**23.8**	**77.3**	**740.3**	**91.8**	**14.2**	**48.8**	**16.4**

Source: Company data, Samsung securities estimates

Cosmecca Korea: Target-price calculation

(KRW)	Calculation	
12-month-forward EPS	(A=BxD+Cx(1-D))	6,969
2026E	(B)	6,811
2027E	(C)	7,929
2026 weighting* (%)	(D)	85.8%
Target P/E (x)**	(E)	18.0
Target price	(F=AxE)	125,000
Last price*	(G)	101,400
Upside	(F/G-1)	23.3%

Note: *As of Feb 20, 2026;
**25% premium to ODM competitor
Source: Bloomberg, FnGuide, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**471**	**524**	**641**	**752**	**846**
Cost of goods sold	364	400	483	558	628
Gross profit	**107**	**125**	**158**	**193**	**218**
Gross margin (%)	22.8	23.7	24.6	25.7	25.7
SG&A expenses	58	64	75	81	86
Operating profit	**49**	**60**	**83**	**112**	**131**
Operating margin (%)	10.4	11.5	13.0	14.9	15.5
Non-operating gains (losses)	**-3**	**7**	**-6**	**3**	**2**
Financial profit	3	11	6	7	6
Financial costs	7	4	9	4	4
Equity-method gains (losses)	0	0	0	0	0
Other	1	0	-3	0	0
Pre-tax profit	**46**	**68**	**78**	**115**	**133**
Taxes	12	14	16	24	28
Effective tax rate (%)	26.5	20.6	21.0	20.6	20.7
Profit from continuing operations	34	54	61	91	106
Profit from discontinued operations	0	0	0	0	0
Net profit	**34**	**54**	**61**	**91**	**106**
Net margin (%)	7.2	10.2	9.6	12.1	12.5
Net profit (controlling interests)	22	43	49	73	85
Net profit (non-controlling interests)	12	11	12	18	21
EBITDA	66	78	103	133	152
EBITDA margin (%)	14.0	14.9	16.1	17.6	18.0
EPS (parent-based) (KRW)	2,090	4,007	4,577	6,811	7,929
EPS (consolidated) (KRW)	3,173	5,027	5,738	8,514	9,912
Adjusted EPS (KRW)*	2,090	4,007	4,577	6,811	7,929

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**221**	**255**	**333**	**361**	**430**
Cash & equivalents	33	54	59	77	113
Accounts receivable	109	114	140	165	185
Inventories	66	67	85	96	107
Other current assets	14	20	48	23	24
Fixed assets	**211**	**262**	**300**	**334**	**353**
Investment assets	3	3	3	3	3
Tangible assets	153	196	234	272	294
Intangible assets	38	36	37	37	37
Other long-term assets	18	27	27	22	20
Total assets	**433**	**518**	**633**	**695**	**783**
Current liabilities	**155**	**171**	**251**	**172**	**152**
Accounts payable	44	39	54	61	60
Short-term debt	57	78	70	50	41
Other current liabilities	54	54	126	61	51
Long-term liabilities	**36**	**40**	**47**	**53**	**61**
Bonds & long-term debt	28	26	32	39	48
Other long-term liabilities	8	14	15	14	12
Total liabilities	**190**	**210**	**297**	**225**	**213**
Owners of parent equity	**170**	**218**	**257**	**329**	**414**
Capital stock	5	5	5	5	5
Capital surplus	58	69	63	63	63
Retained earnings	100	132	181	254	339
Other	6	12	7	7	7
Non-controlling interests' equity	**73**	**89**	**79**	**141**	**156**
Total equity	**242**	**308**	**336**	**470**	**570**
Net debt	69	61	52	22	-14

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**42**	**69**	**55**	**67**	**58**
Net profit	34	54	61	91	106
Non-cash profit and expenses	38	35	31	33	35
Depreciation	14	14	17	18	18
Amortization	3	3	3	3	3
Other	21	17	11	12	15
Changes in A/L from operating activities	-22	-3	-18	-28	-44
Cash flow from investments	**-22**	**-53**	**-39**	**-37**	**-22**
Change in tangible assets	-17	-49	-38	-38	-22
Change in financial assets	-6	-1	-1	1	-0
Other	1	-3	-0	0	-0
Cash flow from financing	**-13**	**2**	**-10**	**-12**	**-0**
Change in debt	-12	14	-10	-12	-0
Change in equity	0	11	0	0	0
Dividends	0	-1	-2	-1	-1
Other	-1	-21	2	1	1
Change in cash	7	21	5	18	36
Cash at beginning of year	26	33	54	59	77
Cash at end of year	33	54	59	77	113
Gross cash flow	**72**	**88**	**92**	**124**	**141**
Free cash flow	**23**	**21**	**17**	**29**	**36**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	17.9	11.4	22.2	17.4	12.5
Operating profit	374.1	22.8	38.1	34.3	17.4
Net profit	464.5	58.4	14.2	48.4	16.4
Adjusted EPS**	740.3	91.8	14.2	48.8	16.4
Per-share data (KRW)					
EPS (parent-based)	2,090	4,007	4,577	6,811	7,929
EPS (consolidated)	3,173	5,027	5,738	8,514	9,912
Adjusted EPS**	2,090	4,007	4,577	6,811	7,929
BVPS	15,874	20,450	24,030	30,841	38,770
DPS (common)	0	100	100	100	100
Valuations (x)					
P/E***	17.4	13.8	14.5	14.9	12.8
P/B***	2.3	2.7	2.8	3.3	2.6
EV/EBITDA	8.0	9.5	8.2	9.4	8.1
Ratios (%)					
ROE	14.1	22.1	20.6	24.8	22.8
ROA	8.2	11.3	10.7	13.7	14.3
ROIC	12.0	14.4	18.1	21.0	20.5
Payout ratio	0.0	2.5	2.2	1.5	1.3
Dividend yield (common)	0.0	0.2	0.2	0.1	0.1
Net debt to equity	28.5	19.8	15.5	4.7	-2.5
Interest coverage (x)	12.2	18.9	26.0	33.6	39.3

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	2025/11/21	2026/2/2	2/23
Recommendation	BUY	BUY	BUY
Target price (KRW)	92,000	114,000	125,000
Gap* (average)	-22.12	-12.42	
(max or min)**	4.78	-9.65	

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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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* 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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