COMPANY UPDATE

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EV/Mobility Team

Hyunryul Cho
Senior Analyst
hyunryul.cho@samsung.com

Wonyoung Kim
Research Associate
wonyoung10.kim@samsung.com

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Seojin System (178320)

Time to focus on its competitiveness

- Seojin System should see its ESS and semiconductor equipment businesses' sales (as a portion of its total sale) expand thanks to increasing AI investments around the world.
- Its three North American assembly lines—each built for a specific client—are scheduled to come online over 2026-2027, a factor that should enable the company to cash in from growing demand for non-Chinese suppliers.
- At the semiconductor equipment business, the company has been diversifying its product portfolio and client base. It is also expanding into advanced industries such as solid oxide fuel cell and aerospace.

WHAT'S THE STORY?

Company overview: Seojin System is a global manufacturer of metal-based equipment, and it has vertically integrated its businesses (spanning raw material sourcing and metal processing to final assembly). This end-to-end control allows the company to respond quickly and flexibly to evolving demands across multiple high-growth industries. Its 2025 sales and operating profit came in at KRW1.06t (down 12.1%) and KRW1.1b (down 99%), respectively. Specifically, 37% of its sales came from the ESS business, 27% from the semiconductor equipment business, 12% from the communications equipment business, 7% from the EV & battery components business, and 16% from its other businesses.

(Continued on the next page)

AT A GLANCE

Not Rated

Target price	n/a
Current price	**KRW49,950**
Market Cap	KRW3.0t/USD2.0b
Shares (float)	59,240,429 (63.9%)
52-week high/low	KRW49,950/KRW18,650
Avg daily trading value (60-day)	KRW90.9b/ USD61.3m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Seojin System (%)	8.8	123.5	163.0
Vs Kosdaq (%pts)	11.8	68.9	66.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not Rated		
Target price	n/a		
2026E EPS	n/a		
2027E EPS	n/a		

SAMSUNG vs THE STREET

No of estimates	2
Target price	62,500
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2022	2023	2024	2025
Revenue (KRWb)	736	779	1,214	1,066
Operating profit (KRWb)	60	49	109	1
Net Profit (KRWb)	2	(23)	84	(102)
EPS (adj) (KRW)	4,834	n/a	252,768	n/a
EPS (adj) growth (%)	(95.8)	nm	nm	nm
EBITDA margin (%)	16.9	16.4	16.7	10.1
ROE (%)	0.4	(4.3)	12.3	(12.6)
P/E (adj) (x)	n/a	n/a	n/a	n/a
P/B (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	4.0	5.3	4.1	10.9
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company data, Samsung Securities estimates

The company achieved full vertical integration after acquiring Texon (now a subsidiary) in 2015, transitioning from a component supplier to a full-system assembler of electronic equipment. It operates manufacturing facilities in Korea, Vietnam, and the US. Its Vietnamese plant (its main production base that is almost 1m m^2) has a massive production capacity and a significant cost advantage. In response to global supply-chain realignments away from China, Seojin System has established North American assembly lines dedicated to its key clients. These capabilities underpin its core strength: Its ability to scale rapidly in response to strong demand for ESS, semiconductors, robotics, aerospace, and more.

ESS business to benefit from growing demand for non-Chinese suppliers: Seojin System supplies fully assembled ESS units to major clients, including Client F and Korea's number-one and number-two cell makers. It manufactures all components in-house—except for battery cells and cooling systems—typically delivering products as integrated enclosures (outer casings) and DC blocks. Its ESS sales tumbled 37.5% in 2025, primarily due to project delays at a client amid uncertainty surrounding US tariffs. However, the project was resumed in November, easing near-term concerns. More importantly, rising US tariffs on Chinese imports should benefit Seojin System.

Meanwhile, the firm's three dedicated North American assembly lines—each built for a specific client—are scheduled to come online sequentially from 2026, which should drive steady growth in orders from North America. After initially supplying the Samsung Battery Box (SBB) 1.5 model, it should produce SBB 1.7 and SBB 2.0—the first North American-made versions of the product made by Korea's leading cell maker. Furthermore, last month, it began to deliver Client F's Smartstack, a next-generation ESS with 30% higher energy density. This shift towards higher-value products should improve its product mix and boost its profitability.

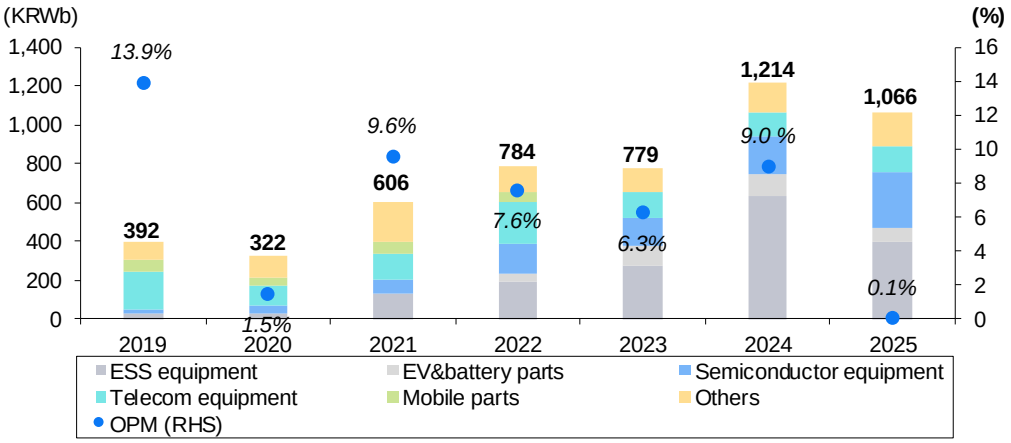
Moving up the semiconductor business's value chain: Previously, Seojin System's semiconductor business relied almost entirely on sales to Client L, which client accounted for 95% of its sales. It assembled parts for Client L at its Hwaseong plant. From 2H25, however, Seojin System began producing key components and carrying out final assembly of these parts at its Vietnamese plant, entering a phase of better profitability and growing order volume as a value-added partner.

Seojin System has also been diversifying its product portfolio and client base. In Sep 2025, it started supplying critical equipment (process modules) to Client L through its Vietnamese facility, moving beyond peripheral components and into core equipment. Besides, the firm has completed qualification testing with Client A and expects to secure its first new order from this client this year.

Entering high-margin new business (SOFC): Seojin System is expanding into advanced industries such as robotics and aerospace. One of its most promising initiatives is its entry into the Solid Oxide Fuel Cell (SOFC) business. In 2022, Bloom SK Fuel Cell—a joint venture between SK Ecoplant and US-based Bloom Energy—picked Texon as its US component supplier. Since then, Seojin System has been developing design and pilot production capabilities for SOFC cell stack enclosure. This year, it began making deliveries, with additional contracts expected to be won in 2H26. SOFC-related products carry significantly higher margins than those generated at the firm's other businesses.

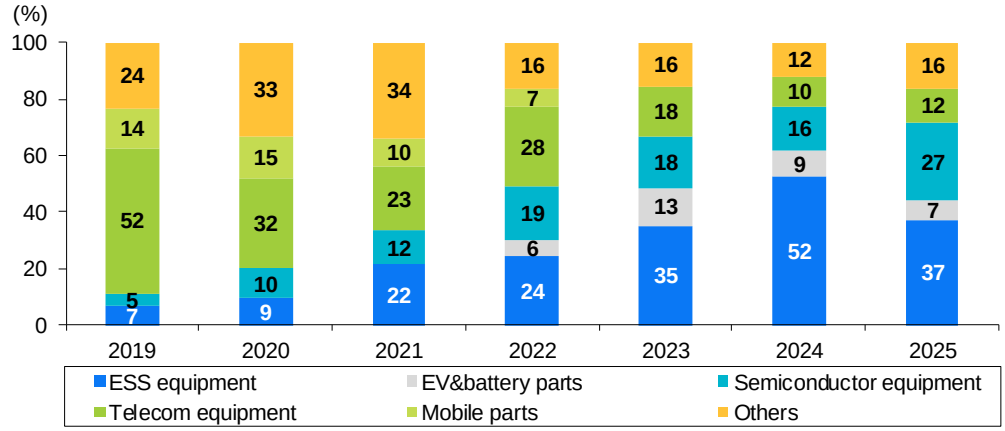
View—time to focus on core competencies: Seojin System is well positioned to benefit from the global shift away from Chinese supply chains. Its customers include leading AI infra players. The company's long-term growth story rests on three pillars: 1) full vertical integration across the production chain; 2) massive production capacity and unmatched cost efficiency; and 3) proven production track records with global tier-1 clients. Additionally, a long-standing overhang concern—stemming from a put option at KRW32,000 on 47.1% of total outstanding shares—was fully resolved in Jan 2026, removing a discount factor.

Seojin System: Revenue vs operating margin



Source: Company data, Samsung Securities

Seojin System: Revenue, by division



Source: Company data, Samsung Securities

Seojin System: North American plant start-up dates & contract details

Client	Location	Start-up	Contract Status
Company F	Houston	2Q26	• Signed 5-year Master Manufacturing Agreement (MMA). • Priority allocation to Seojin for the majority of the client's production volume.
K-Cell Maker 1	Indiana	3Q26	• Signed 7-year supply agreement. • US production of SBB 1.7 and SBB 2.0.
K-Cell Maker 2	Georgia	1Q27	• Signed 10-year supply agreement. • Contract value fixed at KRW1.9t for 24 GWh supply over 2027-2030.

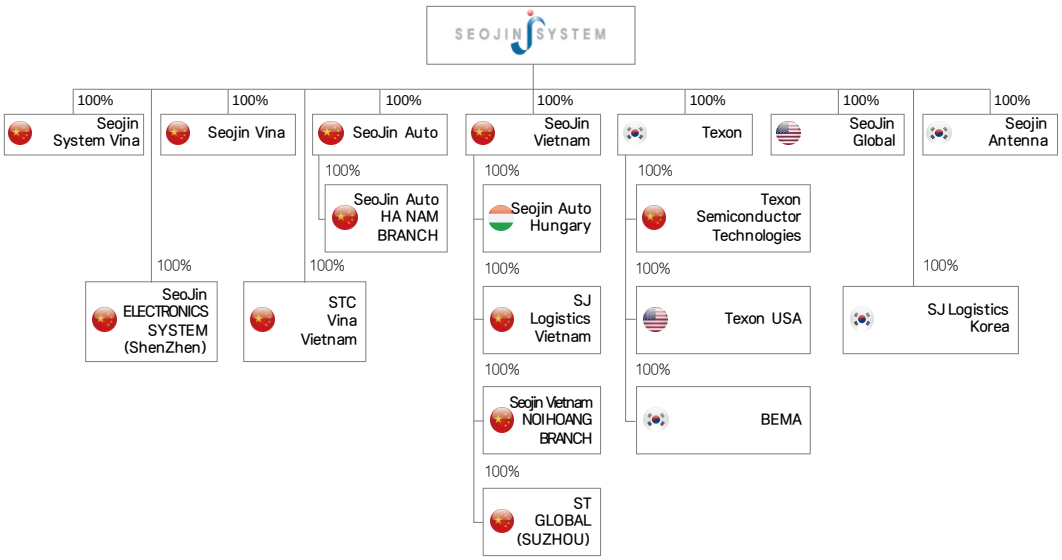
Source: Company data, Samsung Securities

Seojin System: ESS equipment orders placed by company F

Start Date	End Date	Amount (KRWb)	Client	Production Base	Supply Region
2026-03-17	2027-12-31	270	Company F	US / Vietnam	US
2025-12-24	2026-06-09	66	Company F	Vietnam	US, Europe
2025-11-26	2026-08-14	185	Company F	US / Vietnam	US
2025-08-26	2026-03-31	122	Company F	Vietnam	US, Europe, etc.
2025-04-01	2025-08-07	91	Company F	Vietnam	US, Europe, etc.
2024-12-26	2025-09-26	91	Company F	Vietnam	US, Europe, etc.

Note: Orders in lilac shading undergo final assembly at the Houston plant, US.
Source: Company data, Samsung Securities

Seojin System: Corporate governance



Source: Company data, Samsung Securities

Seojin System: Governance restructuring & put option resolution timeline

Issue	Date	Detail
Existing FI Entry	Crescendo (2015~) SKS PE (2021~)	**(Crescendo)** Continued investment across 4+ rounds since 2015. **(SKS PE)** Invested via CB/BW between 2021–2022.
CB to Equity	Apr 30, 2024	**(CB Conversion)** Crescendo & SKS PE: ~KRW360b **(New Shares Issued)** 17.7m shares (~47% of total shares) **(Market Impact)** Equity dilution & overhang risks
Put-Option Agreement	May 2024	**(Contracting Parties)** CEO Dong-kyu Jun ↔ Crescendo & SKS PE **(Objective)** Deferring immediate market dumping by FIs **(Exercise Price)** KRW32,000 per share **(Exercise Period)** Extended from June 2025 to Year-end 2025 **(Target Volume)** ~10.63m shares (~KRW340b)
Divestment & Risk Resolution	Jan 29, 2026	**(Acquiring Entity)** SPC led by Shinhan & Hana Sec **(Acquisition Size)** Remaining shares held by FIs (18.1% stake) **(Acquisition Price)** ~KRW30,000 per share **(Financing)** ~KRW320b Bridge Loan (Shinhan & Hana Sec.) **(Key Outcome)** Exit of PEs; Lock-up period during loan repayment

Source: Company data, Samsung Securities

Seojin System: Results

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2022	2023	2024	2025
KRW/USD (average)	1,329	1,371	1,358	1,400	1,453	1,401	1,387	1,449	1,292	1,306	1,365	1,422
Sales	**326**	**309**	**315**	**264**	**281**	**259**	**216**	**311**	**736**	**779**	**1,214**	**1,066**
Growth (% q-q)	26.1	-5.2	1.9	-16.0	6.4	-8.1	-16.7	44.3				
Growth (% y-y)	72.3	80.5	96.5	2.4	-13.6	-16.3	-31.6	17.6	29.3	-0.6	55.9	-12.1
ESS Equipment	200	161	178	96	129	97	55	116	190	274	636	398
EV & Battery Parts	31	31	28	23	12	18	23	18	48	105	112	72
Semiconductor Equipment	33	52	47	63	76	58	69	89	148	139	194	291
Telecom Equipment	29	30	28	36	33	34	32	33	221	139	123	132
Others	32	35	34	47	32	51	36	55	129	122	148	174
EBITDA	**64**	**52**	**55**	**26**	**47**	**22**	**-12**	**52**	**124**	**125**	**197**	**108**
Growth (% q-q)	12.5	-19.3	5.9	-53.2	81.9	-53.8	Turned neg	Turned pos				
Growth (% y-y)	75.0	479.2	148.7	-55.0	-27.2	-58.4	Turned neg	101.7	16.4	0.8	57.5	-45.2
Operating profit	**43**	**31**	**33**	**1**	**21**	**-6**	**-37**	**24**	**60**	**49**	**109**	**1**
Growth (% q-q)	23.9	-28.0	6.9	-97.0	1,977.5	Turned neg	Remained neg	Turned pos				
Growth (% y-y)	116.7	Turned pos	903.0	-97.1	-51.8	Turned neg	Turned neg	2,241.0	2.9	-17.9	121.8	-98.9
Earnings Before Tax	39	32	19	29	2	-95	-43	30	30	0	118	-106
Growth (% q-q)	143.2	-18.3	-39.9	51.5	-92.2	Turned neg	Remained neg	Turned pos				
Growth (% y-y)	39.9	Turned pos	Turned pos	80.8	-94.2	Turned neg	Turned neg	4.4	-32.4	-99.1	44,551.6	Turned neg
Net income	**37**	**15**	**24**	**8**	**1**	**-81**	**-48**	**26**	**2**	**-23**	**84**	**-102**
Growth (% q-q)	137.1	-60.3	61.1	-66.8	Remained neg	Remained neg	Remained neg	Remained neg				
Growth (% y-y)	178.5	Turned pos	Turned pos	-49.7	-97.0	Turned neg	Turned neg	223.7	-95.8	Turned neg	Turned pos	Turned neg
Net profit attr. Parent	**37**	**15**	**24**	**8**	**1**	**-81**	**-48**	**26**	**2**	**-23**	**84**	**-101**
Margins (%)												
EBITDA	13.3	10.1	10.6	0.4	7.4	-2.3	-17.3	7.8	15.8	16.1	16.2	0.2
Operating profit	13.3	10.1	10.6	0.4	7.4	-2.3	-17.3	7.6	8.1	6.3	9.0	0.1
Pre-tax income	11.9	10.3	6.0	10.9	0.8	-36.8	-20.0	9.7	3.9	0.0	9.8	-9.9
Net profit	11.5	4.8	7.6	3.0	0.4	-31.4	-22.3	8.2	0.2	-2.9	6.9	-9.6

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Sales	**606**	**736**	**779**	**1,214**	**1,066**
Cost of goods sold	489	607	641	1,000	956
Gross profit	**118**	**129**	**138**	**213**	**110**
Gross margin (%)	19.4	17.5	17.7	17.6	10.4
SG&A expenses	60	69	89	105	109
Operating profit	**58**	**60**	**49**	**109**	**1**
Operating margin (%)	9.6	8.1	6.3	9.0	0.1
Non-operating Gains (Losses)	**(13)**	**(29)**	**(49)**	**10**	**(107)**
Financial Profit	13	22	41	146	68
Financial Costs	28	53	91	137	174
Gains (Losses) in Equity Method	0	1	0	(0)	(0)
Other	2	1	1	0	(0)
Pre-tax profit	**45**	**30**	**0**	**118**	**(106)**
Taxes	6	14	2	34	(3)
Effective tax rate (%)	14.3	44.5	941.4	29.1	3.2
Profit from continuing operations	39	17	(2)	84	(102)
Profit from discontinued operations	0	(15)	(20)	0	0
Net profit	**39**	**2**	**(23)**	**84**	**(102)**
Net margin (%)	6.4	0.2	(2.9)	6.9	(9.6)
Net profit (Controlling Interests)	39	2	(23)	84	(101)
Net profit (Non-controlling Interests)	0	0	(0)	(0)	(1)
EBITDA	107	124	127	202	108
EBITDA margin (%)	17.6	16.9	16.4	16.7	10.1
EPS (parent) (KRW)	115,826	4,834	n/a	252,768	n/a
EPS (consolidated) (KRW)	115,826	4,834	n/a	251,764	n/a
Adjusted EPS (KRW)*	115,826	4,834	n/a	252,768	n/a

Balance sheet

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Current assets	**531**	**729**	**780**	**1,142**	**1,192**
Cash & equivalents	24	19	16	41	32
Accounts receivable	107	141	105	242	234
Inventories	344	527	619	772	850
Other current assets	56	42	40	86	75
Fixed assets	**519**	**656**	**740**	**962**	**1,115**
Investment assets	1	2	2	36	2
Tangible assets	466	576	646	819	976
Intangible assets	5	6	7	20	22
Other long-term assets	47	73	85	86	115
Total assets	**1,050**	**1,385**	**1,520**	**2,103**	**2,306**
Current liabilities	**438**	**663**	**920**	**885**	**1,377**
Accounts payable	180	271	198	250	244
Short-term debt	189	226	300	413	623
Other current liabilities	70	166	422	222	510
Long-term liabilities	**251**	**182**	**102**	**343**	**191**
Bond & long-term debt	206	148	79	271	155
Other long-term liabilities	45	34	23	72	36
Total liabilities	**690**	**845**	**1,022**	**1,228**	**1,569**
Owners of parent equity	**360**	**540**	**498**	**870**	**733**
Capital stock	9	19	19	28	28
Capital surplus	180	171	171	555	553
Retained earnings	147	137	106	189	78
Other	24	213	202	98	74
Non-controlling interests equity	**0**	**0**	**(0)**	**6**	**4**
Total equity	**360**	**540**	**498**	**876**	**738**
Net debt	444	496	671	815	1,169

Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Cash flow from operations	**(5)**	**24**	**43**	**(113)**	**(40)**
Net profit	39	2	(23)	84	(102)
Non-Cash Profit and Expense	89	115	138	115	226
Depreciation	48	64	78	92	105
Amortization	0	0	1	1	2
Others	41	51	60	22	119
Changes in A/L from Operating Activities	(131)	(62)	(35)	(266)	(94)
Cash flow from investments	**(119)**	**(214)**	**(162)**	**(212)**	**(306)**
Change in Tangible Assets	(117)	(153)	(157)	(173)	(288)
Change in Financial Assets	(1)	(0)	(2)	(8)	5
Other	(0)	(60)	(4)	(31)	(23)
Cash flow from financing	**126**	**184**	**117**	**349**	**334**
Change in debt	119	47	174	166	351
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	0	(6)	0	0	0
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	2	(5)	(3)	25	(9)
Cash at beginning of year	22	24	19	16	41
Cash at end of year	24	19	16	41	32
Gross cash flow	**128**	**117**	**115**	**199**	**124**
Free cash flow	**(126)**	**(139)**	**(120)**	**(291)**	**(332)**

Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	88.3	21.4	5.8	55.9	(12.1)
Operating profit	1,082.2	2.9	(17.9)	121.8	(98.9)
Net profit	nm	(95.8)	nm	nm	nm
Adjusted EPS**	nm	(95.8)	nm	nm	nm
Per share data (KRW)					
EPS (parent)	115,826	4,834	n/a	252,768	n/a
EPS (consolidated)	115,826	4,834	n/a	251,764	n/a
Adjusted EPS **	115,826	4,834	n/a	252,768	n/a
BPS	26,680	39,968	36,904	64,443	54,330
DPS (common)	n/a	n/a	n/a	n/a	n/a
Valuations (x)					
P/E***	n/a	n/a	n/a	n/a	n/a
P/B***	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	4.2	4.0	5.3	4.1	10.9
Ratios					
ROE (%)	12.8	0.4	(4.3)	12.3	(12.6)
ROA (%)	4.4	0.1	(1.6)	4.6	(4.6)
ROIC (%)	7.2	3.6	(37.4)	5.4	0.1
Payout ratio (%)	n/a	n/a	n/a	n/a	n/a
Dividend yield (Common, %)	n/a	n/a	n/a	n/a	n/a
Net debt to equity (%)	123.2	91.9	134.8	93.1	158.5
Interest coverage (x)	2.8	2.1	1.1	2.2	0.0

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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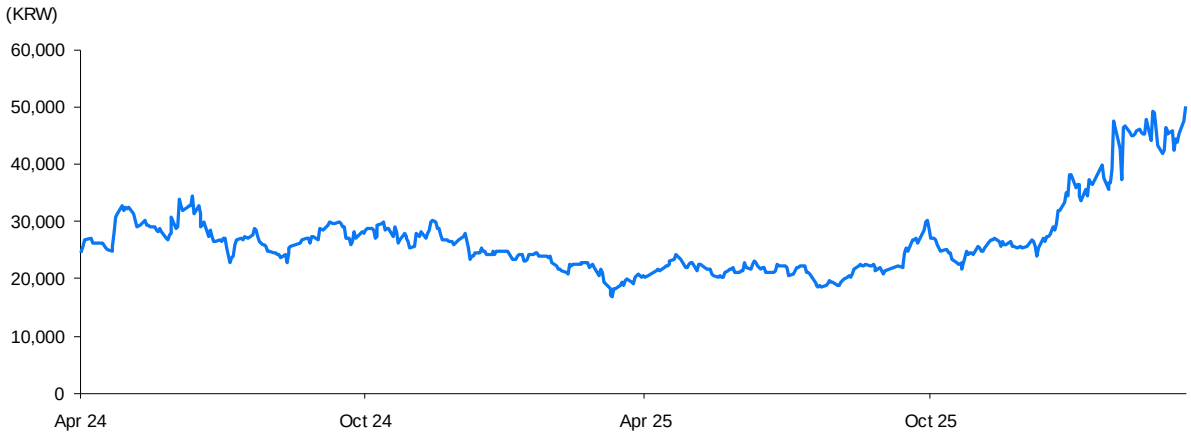
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/4/15
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

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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Company

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
SELL	Expected to decrease in value by 15% or more within 12 months

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 2026.03.31

BUY (85.2%)·HOLD (14.8%)·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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