COMPANY UPDATE

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SAMG Entertainment (419530)

Expanding IP and evolving business structure

- Leveraging its flagship IP, SAMG Entertainment is expanding its content portfolio and consumer base.
- The company is strengthening its growth foundations by diversifying its overseas channels and expanding licensing. The firm is enhancing its IP monetization by expanding its online and offline distribution networks.
- Through collaboration with a major K-pop entertainment company, it is building a robust IP pipeline and expanding its international growth story.

AT A GLANCE

Not Rated

Target price	n/a
Current price	**KRW26,100**
Market Cap	KRW266.41b/USD182.16m
Shares (float)	10,207,337 (79.1%)
52-week high/low	KRW82,500/KRW20,500
Avg daily trading value (60-day)	KRW4.0b/ USD2.7m

ONE-YEAR PERFORMANCE

	1M	6M	12M
SAMG Entertainment (%)	27.3	-32.5	-65.6
Vs Kosdaq (%pts)	53.6	8.4	-60.8

SAMSUNG vs THE STREET

No of estimates	2
Target price	55,000
Recommendation	4.0

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

WHAT'S THE STORY?

Powerful IP and expanding consumer base: Leveraging its flagship IP (Catch! Teenieping), SAMG Entertainment is expanding into animation, films, and merchandise, while concurrently diversifying revenue streams through brand collaborations and licensing strategies. Its consumer base is also expanding from its traditional focus (children) to include those in their 20s-30s. While past character collaborations were mainly limited to toddler toys and stationery, recent partnerships with lifestyle goods brands, convenience stores, cosmetics firms, gaming platforms, and major K-pop agency SM Entertainment have significantly broadened the number of consumer touchpoints. This growing IP strength is likely to translate to content success: Its first theatrical film (released in 2024) was the third most popular domestic animated film ever (in terms of the number of tickets sold), and the second installment of the three-part theatrical film series (to be released on Aug 5; building on the success from the first film) is set to perform well at the box office. In 4Q, the launch of Season 7 of the Catch! Teenieping series (titled Jewel Star Catch! Teenieping) should further sustain the IP's momentum. Ultimately, the company aims to establish Teenieping as a family-friendly brand appealing to all age groups.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2022	2023	2024	2025
Revenue (KRWb)	68	95	116	141
Net Profit (KRWb)	(23)	(17)	(19)	30
EPS (adj) (KRW)	(3,534)	(1,997)	(2,263)	3,306
EPS (adj) growth (%)	nm	nm	nm	nm
EBITDA margin (%)	5.3	(3.2)	5.1	24.0
ROE (%)	(188.3)	(37.1)	(52.2)	54.7
P/E (adj) (x)	(7.2)	(10.0)	(5.6)	12.5
P/B (x)	4.3	3.5	3.5	4.7
EV/EBITDA (x)	56.8	(62.8)	18.4	10.9
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Samsung Securities

International expansion and licensing channel diversification: SAMG Entertainment's overseas sales grew to 44% of its total sales in 1Q, fueled by increased distribution and licensing revenue. Expansion continues across key Asian markets including China, Japan, and Taiwan, with localized channel strategies such as TV broadcasts (Japan), collaborations with LINE Friends (Taiwan), and OTT/TV releases of the Metal Cardbot series (China) expected to raise awareness of its IP. The company is also preparing to launch an official online store in China in partnership with a local enterprise. By scaling up its high-margin licensing business, it is likely to solidify its international growth foundation.

Expansion of offline commerce and strengthening of IP value chain: The company is actively expanding the number of physical retail touchpoints. It opened its flagship store in Korea (The Teenieping Seongsu) on Dec 24, 2025), and now runs four offline locations (including two The Teenieping Mini shop-in-shops and one store at Magok One Grove Mall). Beyond basic product sales, these spaces serve as experiential hubs that blend immersive brand activities with merchandise distribution, deepening customer engagement and reinforcing its IP value. The company is also growing its D2C channel through its official online store: The Teenieping Mall. Over 60% of new signups at the official mall are in their 20s-30s, indicating a strong influx of adult fans and the firm's potential to increase its customer lifetime value (LTV).

Strategic partnership with major entertainment company: To win over more global K-pop fans who are 10-39 years old, SAMG Entertainment is deepening its strategic collaboration with SM Entertainment. By developing and distributing character merchandise based on SM artists such as aespa and Hearts2Hearts, SAMG Entertainment has validated the potential of fan-driven business models. Most recently, on Jul 27, the company announced a joint production agreement for a new 3D animated series, Superhero Idol Project (tentatively named), targeting global audiences. The 13-episode series (each episode will be 20 minutes long) is expected to be released globally in 2028. Given its existing business structure, SAMG Entertainment is likely to retain ownership of the IP. This evolution—from simple merchandise collaborations to co-developing original content targeting global K-pop fandoms and animation audiences—positions the company favorably in terms of creating enterprise value over the long haul.

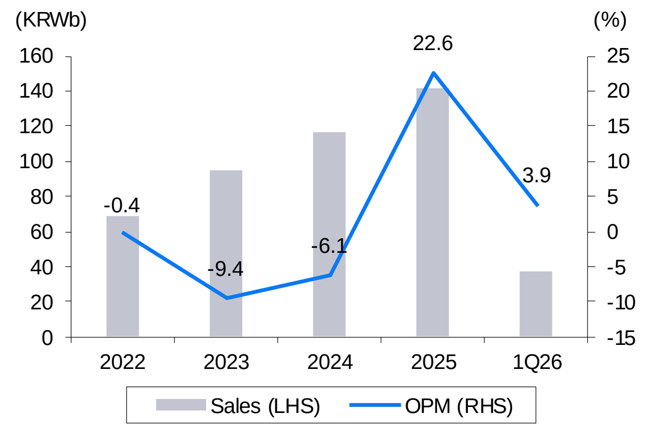
Business model enhanced, growth momentum accelerating: By tapping new demographics and cultivating diverse strategic partnerships, SAMG Entertainment is building a broad IP portfolio whilst simultaneously growing its merchandise and licensing businesses (to diversify its revenue streams). With its overseas sales portion rising, its business model is structurally improving. Its 1Q results proved somewhat disappointing due to proactive investments and the restructuring of its distribution channel, which factors caused its shares to correct. However, with the: 1) upcoming launch of both a new season of the Catch! Teenieping series and a new theatrical film; 2) strengthening of its omnichannel retail presence; and 3) planned opening of an official online store in China, the company's operational foundations are growing more robust, and its longer-term growth momentum is poised to gradually pick up.

Table 1. Earnings trend

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2023	2024	2025
Sales	**25.3**	**24.3**	**25.0**	**41.9**	**35.7**	**35.5**	**21.7**	**48.4**	**37.7**	**95.1**	**116.4**	**141.3**
Merchandise	0.2	0.2	0.1	0.0	0.0	0.0	0.1	0.1	0.2	0.9	0.4	0.3
Products	19.9	19.8	15.8	33.9	26.9	27.1	14.8	38.6	30.0	77.3	89.4	107.4
License	3.8	3.0	7.7	6.7	7.6	5.4	5.3	8.2	6.7	11.2	21.2	26.5
Services	1.4	1.3	1.3	1.2	1.0	2.8	1.4	1.3	0.6	5.7	5.2	6.5
Other	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.6
Gross profit	3.8	5.4	4.8	17.3	13.7	14.2	7.3	24.8	14.1	23.3	31.4	60.0
Operating profit	-5.9	-3.7	-5.5	9.0	6.3	5.4	-0.7	11.7	3.9	-9.4	-6.1	22.6
Operating margin (%)	-23.3	-15.4	-22.0	21.6	17.6	15.1	-3.4	24.2	10.3	-9.9	-5.2	16.0
Pre-tax profit	-6.5	-9.6	-7.1	3.8	5.7	25.7	-1.0	-5.5	4.4	-17.1	-19.5	24.9
Net profit (controlling interests)	-6.6	-9.8	-6.9	3.9	5.6	25.5	-1.0	-0.1	4.5	-17.2	-19.4	30.1
Chg (% y-y)												
Sales	**20.4**	**3.5**	**54.6**	**21.5**	**41.0**	**45.9**	**-13.1**	**15.6**	**5.5**	**39.2**	**22.4**	**21.3**
Merchandise	-7.0	-34.5	-31.5	-94.6	-96.5	-94.8	28.3	641.5	2,692.5	17.2	-50.8	-38.0
Products	15.5	7.0	24.4	17.8	34.8	37.0	-6.7	13.9	11.7	7,792.2	15.8	20.0
License	37.8	-7.2	261.0	117.4	102.8	79.5	-30.8	22.7	-11.4	-8.1	89.4	25.5
Services	223.0	-30.8	11.9	-48.9	-30.2	112.6	9.5	13.9	-39.0	50.3	-9.7	25.4
Other	-96.0	nm	847.3	292.8	1,067.4	638.9	54.8	6.3	-34.6	-42.1	245.8	153.9
Gross profit	-38.1	-3.5	54.8	105.1	261.7	161.0	50.0	43.3	2.7	21.6	34.5	91.2
Operating profit	nm	nm	nm	nm	nm	nm	nm	29.8	-38.2	nm	nm	nm
Operating margin (%)	-24.6	-5.7	4.2	30.8	40.9	30.5	18.7	2.7	-7.3	-9.4	4.7	21.3
Pre-tax profit	nm	nm	nm	nm	nm	nm	nm	nm	-22.4	nm	nm	nm
Net profit (controlling interests)	nm	nm	nm	nm	nm	nm	nm	nm	-19.1	nm	nm	nm

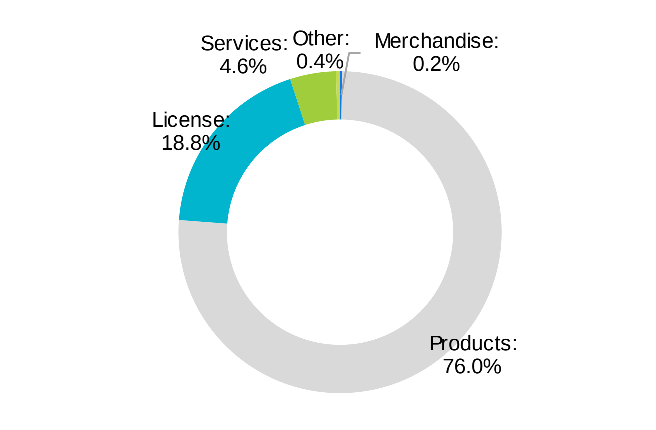
Source: Company data, Samsung Securities

Chart 1. Sales and operating profit margin



Source: Company data, Samsung Securities

Chart 2. Sales, by segment (2025)



Source: Company data, Samsung Securities

Chart 3. Heartsping: Teenieping of Love (prequel of "Catch! Teenieping")

Catch! Teenieping Movie Trilogy

1st movie (Aug 7, 2024)

2nd movie (Aug 5, 2026)

3rd movie (TBD)

Source: Company data, Samsung Securities

Table 2. All-time audience count for Korean animated films

Rank	Animated Film Title	Audience	Release Year
1st	Leafie, A Hen Who Dreamed She Could Fly	2.22m	Jul 2011
2nd	King of Kings	1.32m	Jul 2025
3rd	Heartsping: Teenieping of Love	1.24m	Aug 2024
4th	Dino King: The Marvelous World of Dinosaurs 3D	1.05m	Jan 2012

Note: The figure for Heartsping: Teenieping of Love excludes the audience count for the special edition released on Jun 28, 2026
Source: KOBIS, Samsung Securities

Chart 4. Offline store 'The Teenieping '

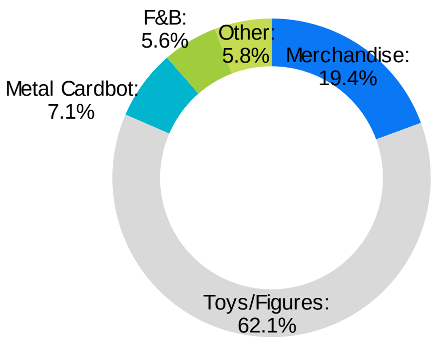
Seongsu Flagship Store
(Dec 2025)

The Teenieping Mini shop-in-shops
(Jamsil/Cheongyangni)
(Apr 2026)

Magok One Grove Store
(Jul 2026)

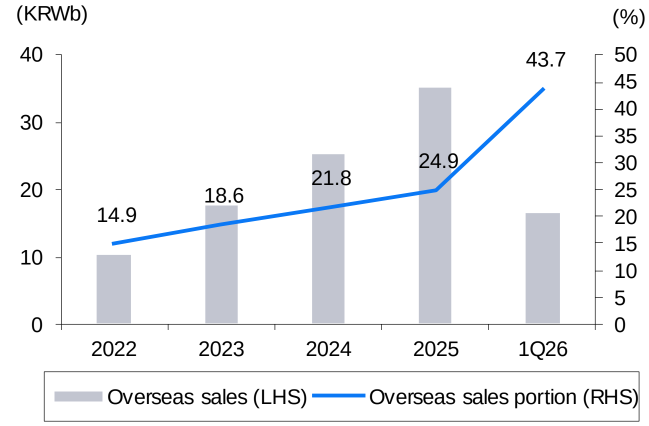
Note: As of July 2026, there are a total of 4 stores (Seongsu Flagship Store, Lotte Mart Toyrogers Jamsil/Cheongnyangni Stores, Magok One Grove Store)
Source: Company data, Samsung Securities

Chart 5. Teenieping online mall sales, by category



Note: Jan 1-May 10, 2026
Source: Company data, Samsung Securities

Chart 6. Overseas sales and overseas sales portion



Source: Company data, Samsung Securities

Table 3. Public disclosure on the production of animation 'Superhero Idol Project'

Category	Description
Investment target	Joint animation production <Superhero Idol Project> (working title)
Investment amount	KRW9b
Investment purpose	Securing new revenue streams through joint animation production
Investment period	Jul 1, 2026-Jun 30, 2028
Investment overview	
Title	Animation <Superhero Idol Project>
Counterparty	SM Entertainment
Production method	3D CGI animation
Number of episodes	20 min x 13 episodes (13 episodes per season)
Production period	Apr 2026-Jun 2028
Broadcast schedule	Scheduled for 1H28
Total production cost	KRW10b * SAMG Ent.'s share (appraised value of in-kind investment): KRW9b (90% of total production cost)
Remarks	SAMG Ent. is responsible for joint planning and general production management, in-kind investment of production costs and attracting external investment, production and securing related copyrights, and domestic/overseas profit settlement and investor distribution

Note: Public disclosure on non-facility investment, etc. (Jul 27, 2026); 2. Number of episodes, production period, and broadcast schedule are subject to change upon mutual agreement
Source: Company data, Samsung Securities

Income statement

Year-end Dec 31	2021	2022	2023	2024	2025
Sales	**38**	**68**	**95**	**116**	**141**
Cost of goods sold	28	49	72	85	81
Gross profit	**10**	**19**	**23**	**31**	**60**
Gross margin (%)	26	28	25	27	42
SG&A expenses	7	20	33	37	37
Operating profit	**3**	**0**	**-9**	**-6**	**23**
Operating margin (%)	9	-1	-10	-5	16
Non-operating Gains (Losses)	**-14**	**-22**	**-8**	**-13**	**2**
Financial Profit	0	1	1	2	11
Financial Costs	14	21	4	13	5
Gains (Losses) in Equity Method	0	0	0	0	0
Other	-1	-2	-5	-3	-4
Pre-tax profit	**-11**	**-22**	**-17**	**-19**	**25**
Taxes	0	1	0	0	-5
Effective tax rate (%)	0	-3	0	0	-21
Profit from continuing operations	-11	-23	-17	-19	30
Profit from discontinued operations	0	0	0	0	0
Net profit	**-11**	**-23**	**-17**	**-19**	**30**
Net margin (%)	-29	-34	-18	-17	21
Net profit (Controlling Interests)	-11	-23	-17	-19	30
Net profit (Non-controlling Interests)	0	0	0	0	0
EBITDA	6	4	-3	6	34
EBITDA margin (%)	16	5	-3	5	24
EPS (parent) (KRW)	-2,550	-3,534	-1,997	-2,263	3,306
EPS (consolidated) (KRW)	-2,550	-3,534	-1,991	-2,256	3,311
Adjusted EPS (KRW)*	-2,550	-3,534	-1,997	-2,263	3,306

Balance sheet

Year-end Dec 31	2021	2022	2023	2024	2025
Current assets	**24**	**55**	**61**	**66**	**103**
Cash & equivalents	1	23	5	31	23
Accounts receivable	14	15	15	14	16
Inventories	1	11	18	8	16
Other current assets	7	5	22	13	47
Fixed assets	**15**	**22**	**40**	**32**	**33**
Investment assets	3	3	11	7	6
Tangible assets	2	8	15	11	5
Intangible assets	10	11	13	14	14
Other long-term assets	0	0	0	0	7
Total assets	**38**	**77**	**100**	**97**	**136**
Current liabilities	**18**	**26**	**21**	**32**	**39**
Accounts payable	0	4	4	7	9
Short-term debt	4	8	4	3	2
Other current liabilities	14	14	13	22	28
Long-term liabilities	**43**	**3**	**32**	**34**	**14**
Bond & long-term debt	13	0	17	19	8
Other long-term liabilities	30	3	15	15	5
Total liabilities	**61**	**30**	**53**	**67**	**52**
Owners of parent equity	**-23**	**47**	**45**	**29**	**81**
Capital stock	1	4	4	4	5
Capital surplus	4	91	103	103	130
Retained earnings	-27	-50	-67	-86	-56
Other	-1	2	5	8	3
Non-controlling interests equity	**0**	**0**	**2**	**2**	**2**
Total equity	**-23**	**47**	**47**	**31**	**83**
Net debt	43	-11	16	-2	-39

Cash flow statement

Year-end Dec 31	2021	2022	2023	2024	2025
Cash flow from operations	**-3**	**-2**	**-12**	**33**	**24**
Net profit	-11	-23	-17	-19	30
Non-Cash Profit and Expense	17	32	21	24	6
Depreciation	1	1	3	5	4
Amortization	2	3	3	7	7
Others	14	28	15	12	-5
Changes in A/L from Operating Activities	-9	-11	-15	28	-13
Cash flow from investments	**0**	**-5**	**-35**	**-3**	**-34**
Change in Tangible Assets	-1	-4	-6	-2	-1
Change in Financial Assets	-6	5	-22	10	-27
Other	8	-7	-8	-12	-6
Cash flow from financing	**0**	**29**	**29**	**-3**	**3**
Change in debt	47	-35	26	1	-16
Change in equity	5	90	12	0	27
Dividends	0	0	0	0	0
Other	-52	-25	-9	-5	-9
Change in cash	-2	22	-18	26	-8
Cash at beginning of year	4	1	23	5	31
Cash at end of year	1	23	5	31	23
Gross cash flow	**6**	**9**	**4**	**5**	**36**
Free cash flow	**-5**	**-6**	**-17**	**31**	**23**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	n/a	78.0	39.2	22.4	21.3
Operating profit	n/a	nm	nm	nm	nm
Net profit	nm	nm	nm	nm	nm
Adjusted EPS**	nm	nm	nm	nm	nm
Per share data (KRW)					
EPS (parent)	-2,550	-3,534	-1,997	-2,263	3,306
EPS (consolidated)	-2,550	-3,534	-1,991	-2,256	3,311
Adjusted EPS **	-2,550	-3,534	-1,997	-2,263	3,306
BPS	-5,215	5,924	5,718	3,652	8,830
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	0.0	-7.2	-10.0	-5.6	12.5
P/B***	0.0	4.3	3.5	3.5	4.7
EV/EBITDA	7.0	56.8	-62.8	18.4	10.9
Ratios					
ROE (%)	48.9	-188.3	-37.1	-52.2	54.7
ROA (%)	-28.8	-39.9	-19.3	-19.6	25.9
ROIC (%)	19.8	-1.5	-21.6	-16.1	110.4
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Dividend yield (Common, %)	n/a	0.0	0.0	0.0	0.0
Net debt to equity (%)	-189.1	-22.6	34.0	-7.1	-47.2
Interest coverage (x)	1.8	-0.5	-5.7	-1.7	7.1

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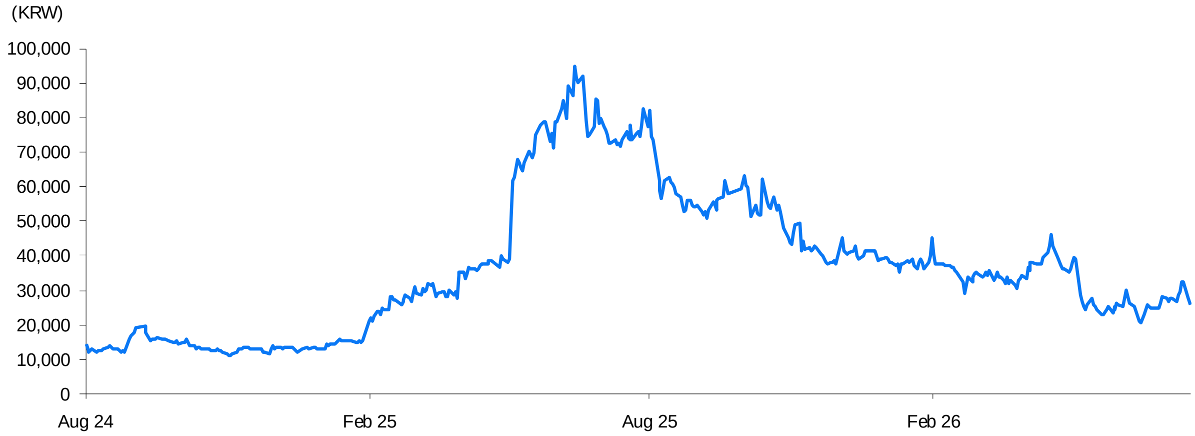
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/7/29
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

Samsung Securities uses the following investment ratings*

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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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