COMPANY UPDATE

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Knowmerce (473980)

Looking for alpha

- Knowmerce—an entertech company—believes that the amount of artist IP under its *aegis* will grow, with greater collaboration with artists (online and offline) across all spectrums (*eg*, on platforms and in connection with performances) set to contribute to its margin improvement.
- The company aims to launch a local version of its fandom platform (fromm) in China in 2026 in collaboration with a Chinese partner.
- The firm, backed by a solid track record, plans to organize more domestic/overseas concerts for K-pop artists. Its performance business should see sustained sales growth in 2026—it is set to organize various world tours for top-tier artists.

WHAT'S THE STORY?

Enjoying high leverage on expansion of IP-based operations: Knowmerce—an entertech company—has reinforced its business structure (which centers on high-margin operations), led by strong earnings growth at key operations (*eg*, its platform and performance businesses) and high leverage effects. It posted 1Q-3Q sales of KRW62.8b (up 16.1% y-y) and an operating profit of KRW14.2b (up 109.1% y-y; for an operating margin of 22.7%, up 10.1%pts y-y). Its 1H operating profit topped its 2024 full-year figure. Its profitability keeps rising, led by growing collaborations with artists (at small/medium-sized agencies) both online and offline. In line with a hike in the number of artists with which it is collaborating, the company believes: 1) the number of subscribers to its fandom platform (*ie*, fromm) will grow; and 2) its earnings will steadily move higher, led by expansion in the scope of artist collaborations (*eg*, world tours, merchandise, and digital content).

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2021	2022	2023	2024
Revenue (KRWb)	n/a	n/a	42	69
Operating profit (KRWb)	n/a	n/a	-0	8
Net profit (adj) (KRWb)	n/a	n/a	-31	10
EPS (adj) (KRW)	n/a	n/a	-4,881	1,022
EPS (adj) growth (% y-y)	nm	nm	nm	nm
EBITDA margin (%)	n/a	n/a	1.1	12.4
ROE (%)	n/a	n/a	-79.8	15.8
P/E (adj) (x)	n/a	n/a	n/a	20.2
P/B (x)	n/a	n/a	n/a	2.6
EV/EBITDA (x)	n/a	n/a	-26.1	24.3
Dividend yield (%)	n/a	n/a	n/a	0.0

Source: Company data, Samsung Securities estimates

AT A GLANCE

Not Rated

Target price	n/a
Current price	KRW21,900
Market cap	KRW240.93b/USD163.12m
Shares (float)	11,001,322 (67.8%)
52-week high/low	KRW36,500/KRW17,420
Avg daily trading value (60-day)	KRW4.0b/ USD2.7m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Knowmerce(%)	2.8	-24.5	-2.7
Vs Kosdaq (%pts)	0.8	-35.9	-25.8

SAMSUNG vs THE STREET

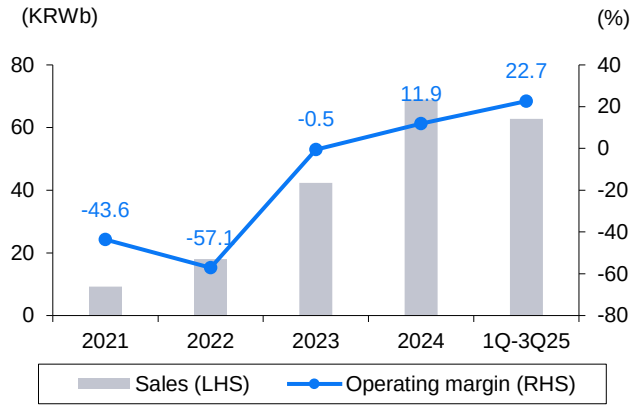
No of estimates	3
Target price	37,167
Recommendation	4.0

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

Ready to penetrate China in earnest: Knowmerce in August partnered with China's Hunan Guangbo Dianshitai (HBS; runs Huhan TV and Mango TV), and plans to launch a local version of its fandom platform (*ie*, fromm) as early as 2026. The launch is likely to reinforce its subscriber retention rate in China, as it should: 1) allow users to access the service without a VPN and utilize an automatic payment function; and 2) boost its ease of use. Based on its collaboration with Mango TV, Knowmerce is expected to roll out a bundled subscription product. Considering the service's launch timeline, the impact of its launch on the company's earnings should be felt from 2026.

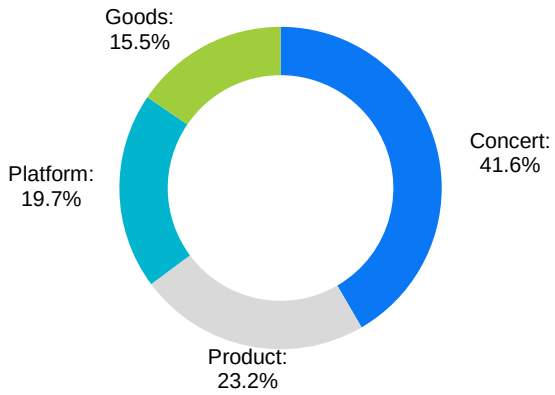
Performance business to enjoy structural growth thanks to world tour track record: The company is expanding collaborations with various agencies and artists. By planning more domestic and overseas concerts for K-pop artists—and supporting online live streaming services—the firm is able to offer fans a more immersive experience and greater convenience. Amid this, the company is also enjoying hikes in merchandise and digital content sales. Led by a growing domestic/overseas tour track record, and further led by a strengthening of its online/offline services, the company believes that the number of performances that it plans on behalf of agencies/artists will expand. In 2026, its performance business should see sustained sales growth—it is set to plan top-tier artists' world tours.

Chart 1. Yearly sales and operating margin



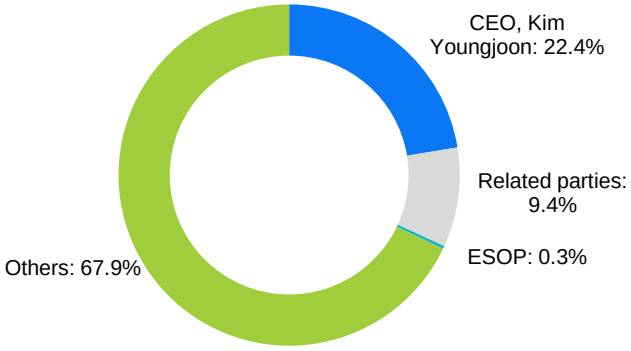
Source: Company data, Samsung Securities

Chart 2. Sales, by segment



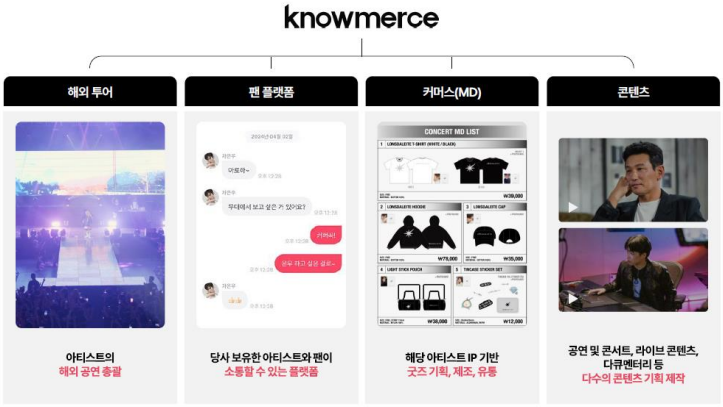
Note: Sum of 1Q25-3Q25 sales
Source: Company data, Samsung Securities

Chart 3. Knowmerce: Shareholder structure



Note: CEO additionally acquired 4,440 shares on Nov 24 (KRW25,500 per share)
Source: Company data, Samsung Securities

Chart 4. Business: Overseas tour, fan platform 'From', commerce, content for artists' IP

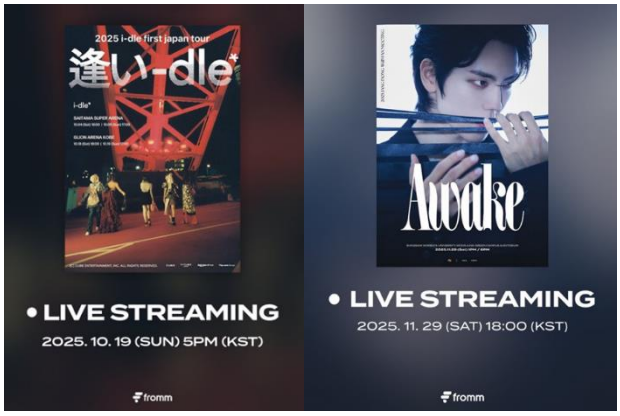


Source: Company data, Samsung Securities

Chart 5. Recent world tour carried out in partnership with agencies and artists

Source: Company data, Samsung Securities

Chart 6. Online live streaming for concert and fan-meeting



Source: Company data, Samsung Securities

Table 1. Financial result

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	2022	2023	2024
Sales	**10.7**	**17.1**	**26.4**	**14.8**	**19.1**	**16.0**	**27.6**	**18.0**	**42.3**	**68.9**
Concert					7.1	5.3	15.4	2.1	18.5	28.7
Product					3.6	4.6	5.0	8.0	10.9	16
Platform					5.5	4.8	5.3	3.3	5.8	13.6
Goods					2.9	1.4	1.9	4.7	7.1	10.7
Gross profit	5.7	6.8	9.6	6.7	9.7	9.2	12.6	4.5	18.6	28.8
Operating profit	**1.0**	**2.1**	**3.7**	**1.4**	**4.6**	**4.2**	**5.4**	**-10.3**	**-0.2**	**8.2**
Operating margin (%)	8.9	12.5	14.2	9.3	24.0	26.3	19.6	-57.1	-0.5	11.9
Pre-tax profit	1.8	2.4	3.4	2.4	4.8	3.0	5.9	-15.5	-24.9	9.9
Net profit (controlling)	**1.8**	**1.6**	**3.4**	**3.2**	**4.8**	**3.0**	**5.9**	**-11.2**	**-31.0**	**9.9**
Chg (% y-y)										
Sales					**79.7**	**-6.0**	**44.4**	**95.4**	**134.8**	**62.9**
Concert								n/a	794.0	55
Product								525.3	35.9	46.8
Platform								5.1	77.6	133.6
Goods								-3.2	52.4	50.3
Gross profit					70.9	35.9	30.0	1.5	316.2	54.4
Operating profit					**384.2**	**98.1**	**18.0**	**nm**	**nm**	**nm**
Operating margin (%pts)					15.1	13.8	-4.4	-13.5	56.6	12.3
Pre-tax profit					169.9	26.1	24.2	nm	nm	nm
Net profit (controlling)					**169.9**	**87.5**	**24.2**	**nm**	**nm**	**nm**

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**n/a**	**n/a**	**n/a**	**42**	**69**
Cost of goods sold	n/a	n/a	n/a	24	40
Gross profit	**n/a**	**n/a**	**n/a**	**19**	**29**
Gross margin (%)	n/a	n/a	n/a	44.0	41.7
SG&A expenses	n/a	n/a	n/a	19	21
Operating profit	**n/a**	**n/a**	**n/a**	**-0**	**8**
Operating margin (%)	n/a	n/a	n/a	-0.5	11.9
Non-operating gains (losses)	**n/a**	**n/a**	**n/a**	**-25**	**2**
Financial profit	0	0	0	1	2
Financial costs	0	0	0	25	1
Equity-method gains (losses)	0	0	0	-0	-0
Other	n/a	n/a	n/a	-1	1
Pre-tax profit	**n/a**	**n/a**	**n/a**	**-25**	**10**
Taxes	n/a	n/a	n/a	6	-0
Effective tax rate (%)	n/a	n/a	n/a	-25.7	-0.1
Profit from continuing operations	0	0	0	-31	10
Profit from discontinued operations	0	0	0	0	0
Net profit	**n/a**	**n/a**	**n/a**	**-31**	**10**
Net margin (%)	n/a	n/a	n/a	-74.1	14.3
Net profit (controlling interests)	n/a	n/a	n/a	-31	10
Net profit (non-controlling interests)	n/a	n/a	n/a	-0	0
EBITDA	n/a	n/a	n/a	0	9
EBITDA margin (%)	n/a	n/a	n/a	1.1	12.4
EPS (parent-based) (KRW)	n/a	n/a	n/a	-4,881	1,022
EPS (consolidated) (KRW)	n/a	n/a	n/a	-4,935	1,022
Adjusted EPS (KRW)*	n/a	n/a	n/a	-4,881	1,022

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**n/a**	**n/a**	**n/a**	**25**	**52**
Cash & equivalents	n/a	n/a	n/a	7	12
Accounts receivable	n/a	n/a	n/a	4	13
Inventories	n/a	n/a	n/a	2	3
Other current assets	n/a	n/a	n/a	12	24
Fixed assets	**n/a**	**n/a**	**n/a**	**21**	**47**
Investment assets	n/a	n/a	n/a	3	3
Tangible assets	n/a	n/a	n/a	0	0
Intangible assets	n/a	n/a	n/a	1	2
Other long-term assets	n/a	n/a	n/a	16	42
Total assets	**n/a**	**n/a**	**n/a**	**46**	**99**
Current liabilities	**n/a**	**n/a**	**n/a**	**7**	**12**
Accounts payable	n/a	n/a	n/a	1	2
Short-term debt	n/a	n/a	n/a	0	0
Other current liabilities	n/a	n/a	n/a	5	10
Long-term liabilities	**n/a**	**n/a**	**n/a**	**1**	**1**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	n/a	n/a	n/a	1	1
Total liabilities	**n/a**	**n/a**	**n/a**	**7**	**13**
Owners of parent equity	**n/a**	**n/a**	**n/a**	**39**	**86**
Capital stock	n/a	n/a	n/a	0	5
Capital surplus	n/a	n/a	n/a	102	135
Retained earnings	n/a	n/a	n/a	-66	-56
Other	n/a	n/a	n/a	3	2
Non-controlling interests' equity	**n/a**	**n/a**	**n/a**	**-0**	**0**
Total equity	**n/a**	**n/a**	**n/a**	**39**	**86**
Net debt	n/a	n/a	n/a	-12	-15

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**0**	**0**	**0**	**-16**	**-32**
Net profit	0	0	0	-31	10
Non-cash profit and expenses	0	0	0	34	2
Depreciation	0	0	0	0	0
Amortization	0	0	0	0	0
Other	0	0	0	34	1
Changes in A/L from operating activities	0	0	0	-19	-44
Cash flow from investments	**0**	**0**	**0**	**-4**	**2**
Change in tangible assets	0	0	0	0	-0
Change in financial assets	0	0	0	-6	1
Other	0	0	0	2	1
Cash flow from financing	**0**	**0**	**0**	**15**	**35**
Change in debt	0	0	0	0	-0
Change in equity	0	0	0	102	38
Dividends	n/a	n/a	n/a	0	0
Other	n/a	n/a	n/a	-87	-3
Change in cash	0	0	0	-5	5
Cash at beginning of year	0	0	0	12	7
Cash at end of year	0	0	0	7	12
Gross cash flow	**0**	**0**	**0**	**3**	**12**
Free cash flow	**0**	**0**	**0**	**-16**	**-32**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	nm	nm	nm	nm	62.9
Operating profit	nm	nm	nm	nm	nm
Net profit	nm	nm	nm	nm	nm
Adjusted EPS**	nm	nm	nm	nm	nm
Per-share data (KRW)					
EPS (parent-based)	n/a	n/a	n/a	-4,881	1,022
EPS (consolidated)	n/a	n/a	n/a	-4,935	1,022
Adjusted EPS**	n/a	n/a	n/a	-4,881	1,022
BVPS	n/a	n/a	n/a	4,178	7,982
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	n/a	n/a	20.2
P/B***	n/a	n/a	n/a	n/a	2.6
EV/EBITDA	n/a	n/a	n/a	-26.1-	24.3
Ratios (%)					
ROE	n/a	n/a	n/a	-79.8	15.8
ROA	n/a	n/a	n/a	-67.9	13.6
ROIC	n/a	n/a	n/a	-1.0	17.5
Payout ratio	n/a	n/a	n/a	0.0	0.0
Dividend yield (common)	n/a	n/a	n/a	n/a	0.0
Net debt to equity	n/a	n/a	n/a	-30.0	-18.0
Interest coverage (x)	n/a	n/a	n/a	-0.1	189.3

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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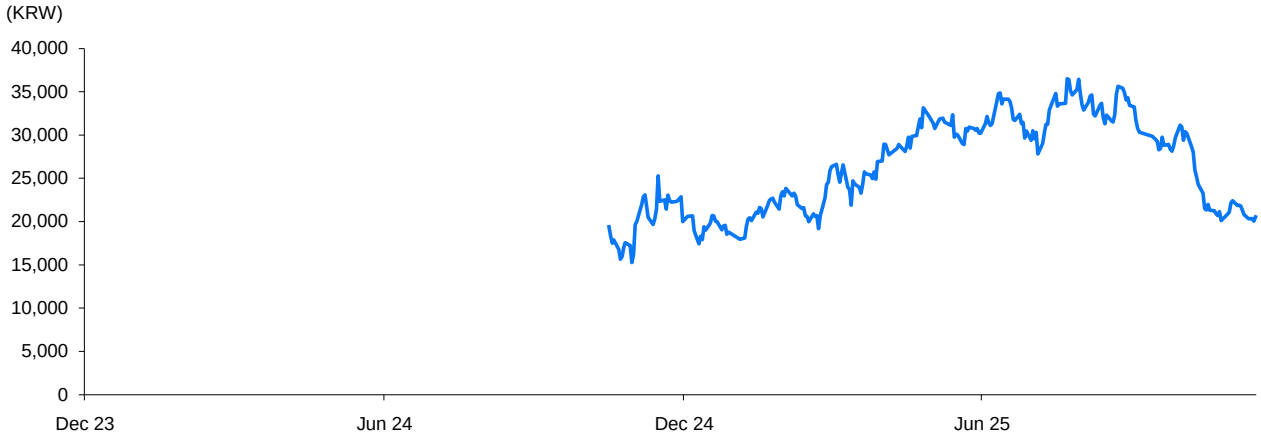

Rating changes over past two years (adjusted share prices)

Date	2025/12/15
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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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 2025.09.30

BUY (83.5%)·HOLD (16.5%)·SELL (0%)

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