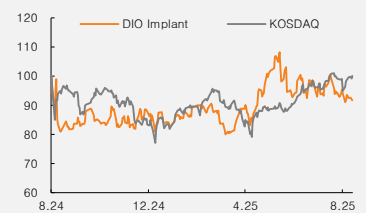


| | |
|-------------------------|----------------|
| (Maintain) | Buy |
| Target price | W25,000 |
| Current price (8/13/25) | W17,750 |
| Upside | 40.8% |

| | |
|----------------------------|--------|
| OP (25F, Wbn) | 16 |
| Consensus OP (25F, Wbn) | 17 |
| EPS growth (25F, %) | TTB |
| Market EPS growth (25F, %) | 23.8 |
| P/E (25F, x) | 532.9 |
| Market P/E (25F, x) | 11.8 |
| KOSDAQ | 807.19 |

| | |
|-----------------------|--------|
| Market cap (Wbn) | 256 |
| Shares (mn) | 14 |
| Free float (%) | 62.8 |
| Foreign ownership (%) | 13.4 |
| Beta (12M) | 0.37 |
| 52-week low (W) | 15,480 |
| 52-week high (W) | 20,950 |

| (%) | 1M | 6M | 12M |
|----------|------|------|------|
| Absolute | -4.8 | 3.1 | 13.1 |
| Relative | -6.4 | -5.1 | 6.3 |



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DIO Implant

Solid underlying performance masked by conservative accounting approach

2Q25 review: In-line revenue and below-consensus OP

For 2Q25, DIO Implant reported in-line revenue of W40.1bn (+158% YoY) and below-consensus operating profit of W3bn (swinging to black YoY; OP margin of 7.5%). Adjusted EBITDA came in at W9.7bn (adjusted EBITDA margin of 24.3%), also swinging to black YoY.

Domestic revenue was W6.4bn, while exports grew 93% YoY to W32.5bn. By region, revenue came in at W10.8bn (+205% YoY) for China, W1.8bn (-24% YoY) for the US, W2.6bn (+72% YoY) for Mexico, W2bn (+26% YoY) for Portugal, W2.1bn (+102% YoY) for Turkey, W1.9bn (+266% YoY) for Russia, W2.1bn (+23% YoY) for India, and W1.8bn (+24% YoY) for Australia.

By product, dental implant revenue surged 166% YoY to W35.3bn, while merchandise revenue grew 64% YoY to W3.6bn.

Maintain Buy and TP of W25,000

DIO Implant's restructuring efforts (initiated in 2H24) are progressing smoothly, with solid growth continuing across its seven strategic markets (China, Portugal, Turkey, Russia, India, Australia, and Mexico). Accounts receivable, which stood at W138.5bn in 3Q23, declined to W75.8bn in 2Q25.

That said, the company has taken a conservative accounting approach to strengthen its financial soundness, resulting in substantial bad debt expenses of W4.1bn in 2Q25. Excluding these expenses, adjusted OP margin would have reached 17.6%. We expect this conservative accounting approach to continue in 2H25. On a positive note, a portion of the bad debt expenses booked this year could be reversed in the future.

Reflecting these factors, we forecast 2025 revenue at W163.6bn (+37% YoY), adjusted EBITDA at W39.7bn (+31% YoY; adjusted EBITDA margin of 24.3%), and operating profit at W16.1bn (swinging to black; OP margin of 9.8%).

The stock is trading at a 12-month forward EV/EBITDA of 6x, below the global peer average (9x) and its three-year average (16x). This year, DIO Implant will remain focused on strengthening its financial structure while rebuilding its sales networks in key markets.

| (Dec.) | 2023 | 2024 | 2025F | 2026F | 2027F |
|--------------------|-------|--------|-------|-------|-------|
| Revenue (Wbn) | 156 | 120 | 164 | 194 | 230 |
| OP (Wbn) | 21 | -41 | 16 | 28 | 39 |
| OP margin (%) | 13.5 | -34.2 | 9.8 | 14.4 | 17.0 |
| NP (Wbn) | 3 | -41 | 0 | 23 | 32 |
| EPS (W) | 209 | -2,657 | 33 | 1,612 | 2,261 |
| ROE (%) | 1.8 | -20.7 | 0.2 | 10.7 | 13.3 |
| P/E (x) | 107.4 | - | 532.9 | 11.0 | 7.9 |
| P/B (x) | 1.5 | 1.1 | 1.1 | 1.0 | 0.9 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. 2Q25 review

(Wbn, %, %p)

| | 2Q24 | 1Q25 | 2Q25 | | | Growth | |
|---------------|--------|------|--------|------------------------|-----------|--------|------|
| | | | Actual | Mirae Asset Securities | Consensus | YoY | QoQ |
| Revenue | 15.5 | 35.8 | 40.1 | 38.5 | 38.4 | 158.0 | 12.0 |
| OP | -47.1 | 1.5 | 3.0 | 4.9 | 3.6 | TTB | 98.9 |
| OP margin (%) | -303.4 | 4.2 | 7.5 | 12.7 | 9.4 | 310.9 | 3.3 |
| NP | -47.3 | 0.1 | -8.9 | 4.2 | 3.0 | RR | TTR |

Notes: Under K-IFRS

Source: Company data, WISEfn, Mirae Asset Securities Research estimates

Table 2. Earnings forecast revisions

(Wbn, %)

| | Previous | | Revised | | Chg. | | Notes |
|---------|----------|-------|---------|-------|-------|------|------------------------|
| | 25F | 26F | 25F | 26F | 25F | 26F | |
| Revenue | 159.7 | 190.0 | 163.6 | 193.7 | 2.5 | 1.9 | Reflected 2Q25 results |
| OP | 18.8 | 28.2 | 16.1 | 28.3 | -14.5 | 0.5 | |
| NP | 14.9 | 24.0 | 0.5 | 23.2 | -96.7 | -3.5 | |

Note: Under K-IFRS

Source: Mirae Asset Securities Research estimates

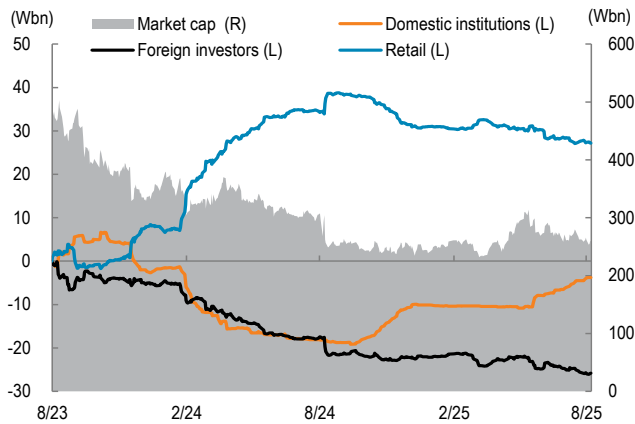
Table 3. Quarterly and annual earnings

(Wbn, %)

| | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25F | 4Q25F | 2024 | 2025F | 2026F |
|-------------------------------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Revenue | 35.0 | 15.5 | 31.3 | 37.8 | 35.8 | 40.1 | 41.8 | 46.0 | 119.6 | 163.6 | 193.7 |
| Domestic | 10.8 | -1.3 | 5.8 | 7.2 | 6.9 | 6.4 | 6.7 | 7.3 | 22.4 | 27.3 | 30.0 |
| China | 4.7 | 3.5 | 4.6 | 4.7 | 9.6 | 10.8 | 11.1 | 12.2 | 17.6 | 43.6 | 52.8 |
| US | 2.3 | 2.4 | 2.2 | 1.8 | 2.2 | 1.8 | 2.6 | 2.2 | 8.6 | 8.8 | 10.5 |
| India | 1.5 | 1.7 | 1.9 | 2.1 | 2.0 | 2.1 | 2.2 | 2.5 | 7.2 | 8.8 | 10.6 |
| Other | 15.7 | 9.2 | 16.9 | 22.0 | 15.2 | 19.0 | 19.1 | 21.8 | 63.8 | 75.1 | 89.8 |
| Adj. EBITDA | 11.0 | -13.2 | 4.2 | 7.7 | 6.1 | 9.7 | 10.8 | 13.2 | 9.7 | 39.7 | 54.4 |
| OP | 5.6 | -47.1 | 0.4 | 0.3 | 1.5 | 3.0 | 4.5 | 7.1 | -40.7 | 16.1 | 28.3 |
| NP (owners of the parent) | 4.2 | -47.3 | -7.2 | 9.0 | 0.1 | -8.9 | 3.6 | 5.7 | -41.3 | 0.5 | 23.2 |
| Adj. EBITDA margin (%) | 31.4 | -85.2 | 13.4 | 20.4 | 16.9 | 24.3 | 25.8 | 28.6 | 8.1 | 24.3 | 28.1 |
| OP margin (%) | 16.1 | -303.4 | 1.3 | 0.9 | 4.2 | 7.5 | 10.8 | 15.3 | -34.0 | 9.8 | 14.6 |
| NP margin (owners of the parent, %) | 12.0 | -304.7 | -22.8 | 23.7 | 0.3 | -22.5 | 8.7 | 12.5 | -34.5 | 0.3 | 12.0 |

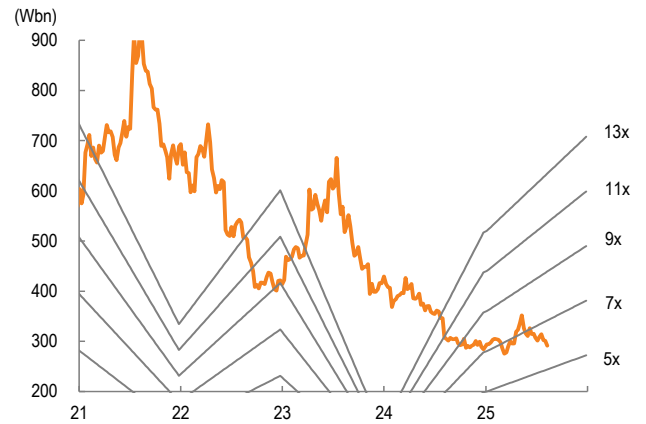
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. Net buying by investor type vs. market cap



Source: QuantiWise, Mirae Asset Securities Research

Figure 2. 12-month forward EV/EBITDA band chart



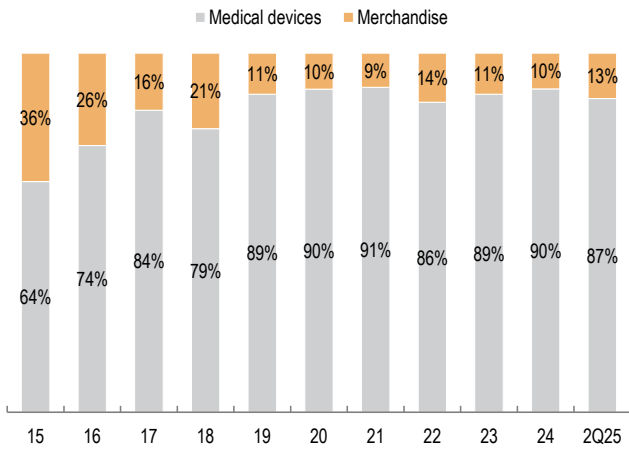
Source: QuantiWise, Mirae Asset Securities Research

Table 4. Global peer valuations

| Company | Market cap (Wbn) | OP margin (%) | | | P/E (x) | | | P/S (x) | | | EV/EBITDA (x) | | | Revenue (Wbn) | | |
|------------------|------------------|---------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|---------------|-------------|-------------|---------------|--------------|--------------|
| | | 24 | 25F | 26F | 24 | 25F | 26F | 24 | 25F | 26F | 24 | 25F | 26F | 24 | 25F | 26F |
| Straumann | 28,358 | 24.0 | 25.7 | 26.2 | 36.1 | 30.5 | 26.8 | 6.6 | 6.2 | 5.6 | 24.4 | 19.9 | 17.8 | 3,880 | 4,586 | 5,060 |
| Align Technology | 14,095 | 15.2 | 22.3 | 22.8 | 21.5 | 13.9 | 13.0 | 2.6 | 2.5 | 2.5 | 14.7 | 9.4 | 8.7 | 5,456 | 5,571 | 5,755 |
| Henry Schein | 11,330 | 4.9 | 7.4 | 7.5 | 16.6 | 14.0 | 12.9 | 0.7 | 0.6 | 0.6 | 14.5 | 11.3 | 10.7 | 17,280 | 18,057 | 18,709 |
| Envista | 4,805 | -41.4 | 12.1 | 12.7 | 62.1 | 18.8 | 17.1 | 1.4 | 1.3 | 1.3 | 14.0 | 10.5 | 9.8 | 3,425 | 3,631 | 3,753 |
| Dentsply Sirona | 3,603 | -23.2 | 16.1 | 16.1 | 4.6 | 6.9 | 6.4 | 0.7 | 0.7 | 0.7 | - | 6.5 | 6.3 | 5,175 | 5,079 | 5,193 |
| Hefei Meiya | 2,955 | 29.2 | 32.0 | 32.8 | 23.0 | 21.0 | 18.7 | 6.4 | 5.9 | 5.3 | - | 17.7 | 15.8 | 438 | 493 | 547 |
| Angelalign | 1,977 | 3.4 | 6.7 | 5.1 | 330.1 | 89.1 | 72.9 | 10.0 | 12.5 | 6.5 | 117.2 | 51.5 | 45.3 | 51 | 158 | 305 |
| Modern Dental | 778 | 17.7 | - | - | 10.9 | 8.2 | 7.2 | 1.3 | 1.1 | 1.0 | 5.5 | - | - | 588.4 | 668.9 | 804.3 |
| ZimVie | 736 | -4.6 | 5.1 | 6.5 | 287.5 | 34.1 | 27.7 | 1.2 | 1.2 | 1.2 | 16.4 | 10.2 | 9.2 | 614 | 628 | 636 |
| Dentium | 681 | 24.2 | 21.9 | 23.0 | 5.9 | 9.4 | 7.1 | 1.3 | 1.6 | 1.5 | 6.9 | 7.5 | 6.6 | 408 | 418 | 449 |
| Vatech | 346 | 14.0 | 13.2 | 15.2 | 8.1 | 7.5 | 5.8 | 0.9 | 0.8 | 0.8 | 3.5 | 4.0 | 3.4 | 385 | 417 | 448 |
| DIO Implant | 256 | -34.0 | 12.9 | 16.9 | - | 17.9 | 11.1 | 1.7 | 1.6 | 1.4 | 18.1 | 10.0 | 7.6 | 120 | 162 | 184 |
| Ray | 110 | -55.4 | 4.3 | 7.3 | - | - | 9.9 | 1.3 | 0.9 | 0.8 | - | 12.1 | 9.3 | 80 | 120 | 142 |
| Avg. | | -2.0 | 15.0 | 16.0 | 73.3 | 22.6 | 18.2 | 2.8 | 2.9 | 2.2 | 23.5 | 14.2 | 12.5 | 2,915 | 3,076 | 3,230 |

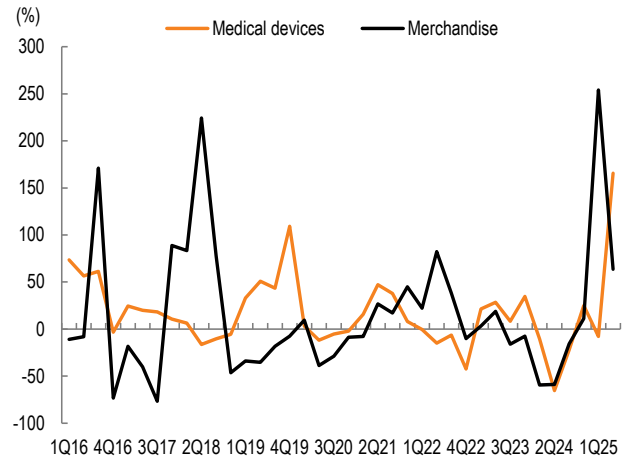
Source: Bloomberg, Mirae Asset Securities Research

Figure 3. Revenue breakdown by category



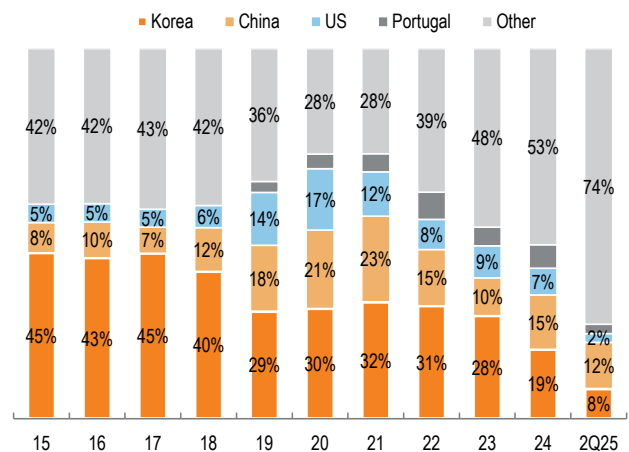
Source: Company data, Mirae Asset Securities Research

Figure 4. Revenue growth by category



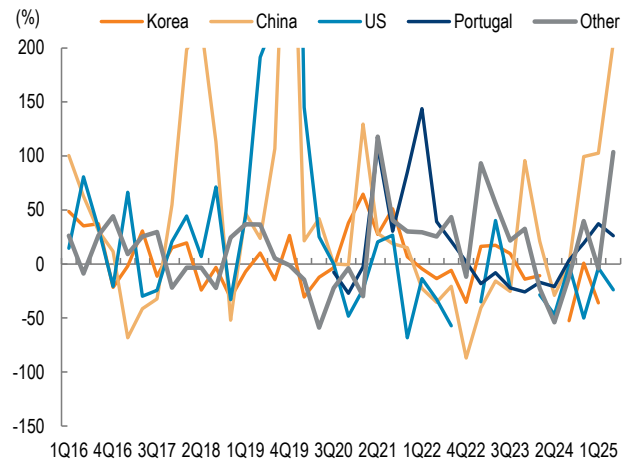
Source: Company data, Mirae Asset Securities Research

Figure 5. Revenue breakdown by region



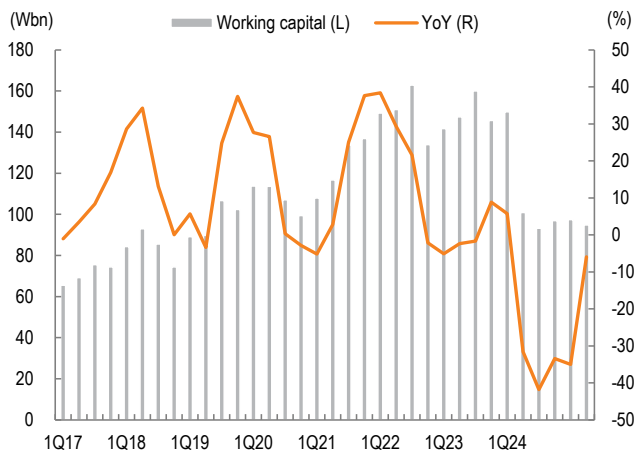
Source: Company data, Mirae Asset Securities Research

Figure 6. Revenue growth by region



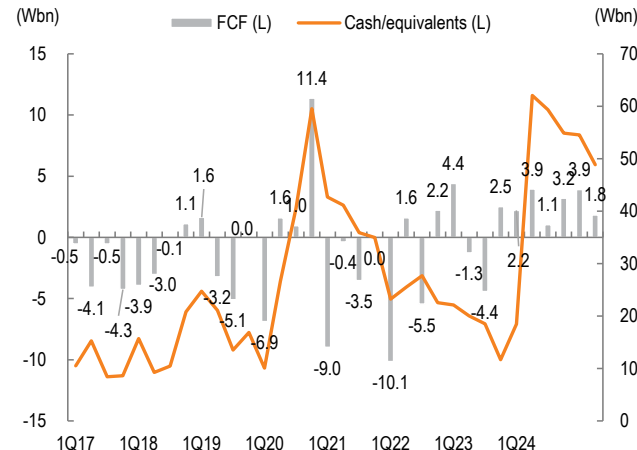
Source: Company data, Mirae Asset Securities Research

Figure 7. Working capital



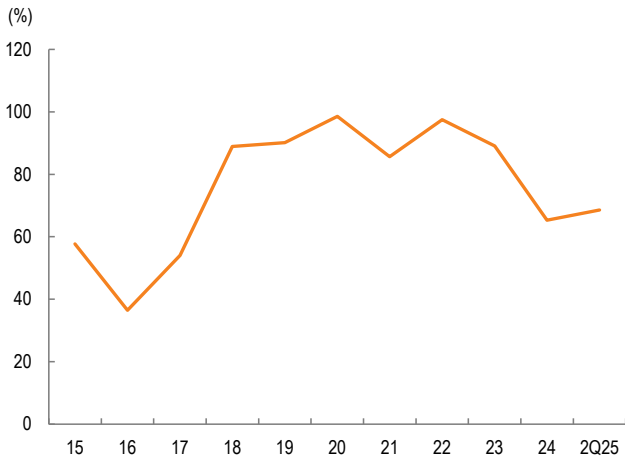
Source: Company data, Mirae Asset Securities Research

Figure 8. Free cash flow



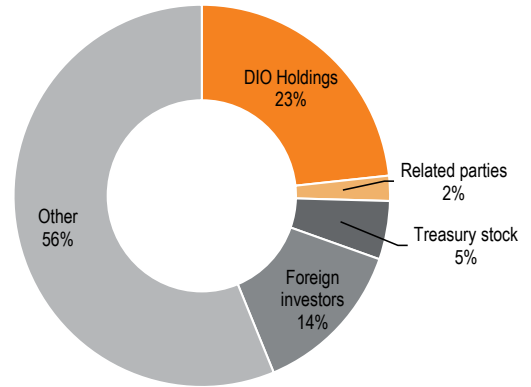
Source: Company data, Mirae Asset Securities Research

Figure 9. Debt ratio



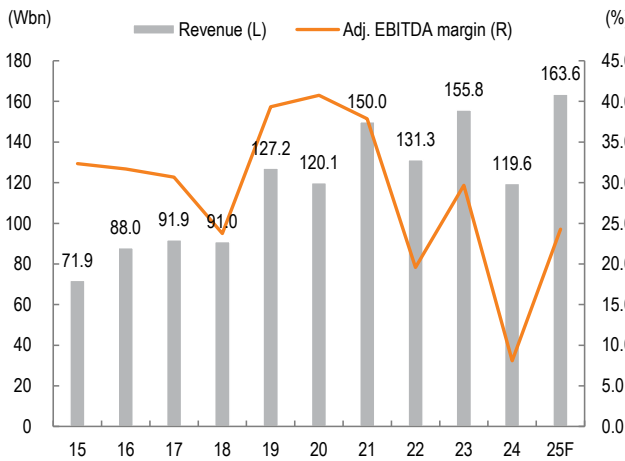
Source: Company data, Mirae Asset Securities Research

Figure 10. Ownership breakdown



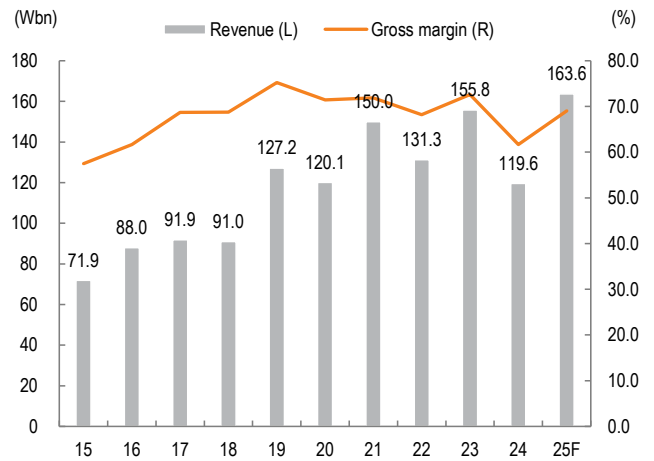
Source: Company data, Mirae Asset Securities Research

Figure 11. Revenue and adj. EBITDA margin



Source: Company data, Mirae Asset Securities Research

Figure 12. Revenue and gross margin



Source: Company data, Mirae Asset Securities Research

DIO Implant (039840 KQ)

Income statement (summarized)

| (Wbn) | 2024 | 2025F | 2026F | 2027F |
|-------------------------------------|------------|------------|------------|------------|
| Revenue | 120 | 164 | 194 | 230 |
| Cost of revenue | 46 | 51 | 58 | 68 |
| GP | 74 | 113 | 136 | 162 |
| SG&A expenses | 115 | 97 | 108 | 123 |
| OP (adj.) | -41 | 16 | 28 | 39 |
| OP | -41 | 16 | 28 | 39 |
| Non-operating profit | -9 | -15 | 1 | 1 |
| Net financial income | -5 | -3 | -3 | -3 |
| Net income from associates | 0 | 0 | 0 | 0 |
| Pretax profit | -50 | 1 | 29 | 40 |
| Income tax | -9 | 0 | 5 | 7 |
| Profit from continuing operations | -41 | 0 | 23 | 33 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 |
| NP | -41 | 0 | 23 | 33 |
| Attributable to owners | -41 | 0 | 23 | 32 |
| Attributable to minority interests | 0 | 0 | 0 | 0 |
| Total comprehensive income | -50 | 1 | 23 | 33 |
| Attributable to owners | -50 | 1 | 23 | 33 |
| Attributable to minority interests | 0 | 0 | 0 | 0 |
| EBITDA | -29 | 25 | 38 | 48 |
| FCF | 10 | -13 | 11 | 17 |
| EBITDA margin (%) | -24.2 | 15.2 | 19.6 | 20.9 |
| OP margin (%) | -34.2 | 9.8 | 14.4 | 17.0 |
| Net margin (%) | -34.2 | 0.0 | 11.9 | 13.9 |

Balance sheet (summarized)

| (Wbn) | 2024 | 2025F | 2026F | 2027F |
|--------------------------------------|------------|------------|------------|------------|
| Current assets | 171 | 185 | 221 | 270 |
| Cash & equivalents | 25 | 6 | 15 | 30 |
| AR & other receivables | 79 | 101 | 119 | 142 |
| Inventory | 26 | 33 | 39 | 47 |
| Other current assets | 41 | 45 | 48 | 51 |
| Non-current assets | 172 | 174 | 175 | 176 |
| Investments in associates | 0 | 0 | 0 | 0 |
| PP&E | 144 | 143 | 142 | 142 |
| Intangible assets | 2 | 2 | 1 | 1 |
| Total assets | 343 | 359 | 396 | 445 |
| Current liabilities | 120 | 120 | 133 | 149 |
| AP & other payables | 12 | 15 | 18 | 21 |
| Short-term financial liabilities | 67 | 49 | 49 | 49 |
| Other current liabilities | 41 | 56 | 66 | 79 |
| Non-current liabilities | 20 | 34 | 35 | 36 |
| Long-term financial liabilities | 18 | 32 | 32 | 32 |
| Other non-current liabilities | 2 | 2 | 3 | 4 |
| Total liabilities | 139 | 154 | 168 | 185 |
| Equity attributable to owners | 204 | 204 | 228 | 259 |
| Capital stock | 8 | 8 | 8 | 8 |
| Capital surplus | 27 | 27 | 27 | 27 |
| Retained earnings | 78 | 78 | 101 | 134 |
| Minority interests | 0 | 0 | 0 | 1 |
| Shareholders' equity | 204 | 204 | 228 | 260 |

Cash flow statement (summarized)

| (Wbn) | 2024 | 2025F | 2026F | 2027F |
|--|------------|------------|------------|------------|
| Operating cash flow | 15 | -5 | 19 | 25 |
| NP | -41 | 0 | 23 | 33 |
| Non-cash income/expenses | 56 | 16 | 17 | 19 |
| Depreciation | 10 | 9 | 9 | 9 |
| Amortization | 2 | 1 | 0 | 0 |
| Other | 44 | 6 | 8 | 10 |
| Chg. in working capital | 15 | -17 | -14 | -17 |
| Chg. in AR & other receivables | 13 | -25 | -19 | -22 |
| Chg. in inventory | 2 | -7 | -6 | -7 |
| Chg. in AP & other payables | -1 | 1 | 1 | 2 |
| Income tax | -10 | 0 | -5 | -7 |
| Cash flow from investing activities | -21 | -10 | -10 | -10 |
| Chg. in PP&E | 5 | -8 | -8 | -8 |
| Chg. in intangible assets | 0 | 0 | 0 | 0 |
| Chg. in financial assets | 0 | 0 | -2 | -2 |
| Other | -26 | -2 | 0 | 0 |
| Cash flow from financing activities | 20 | -4 | 0 | 0 |
| Chg. in financial liabilities | -33 | -4 | 0 | 0 |
| Chg. in equity | -78 | 0 | 0 | 0 |
| Dividends | -1 | 0 | 0 | 0 |
| Other | 132 | 0 | 0 | 0 |
| Chg. in cash | 16 | -19 | 9 | 15 |
| Beginning balance | 9 | 25 | 6 | 15 |
| Ending balance | 25 | 6 | 15 | 30 |

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

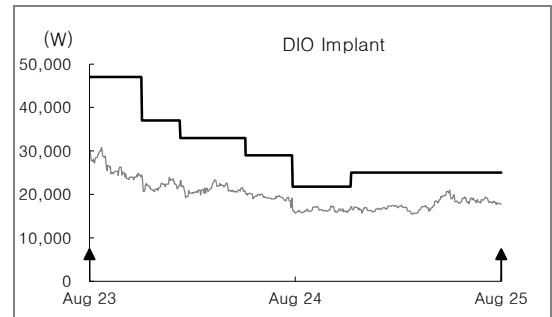
| | 2024 | 2025F | 2026F | 2027F |
|------------------------------|--------|--------|---------|--------|
| P/E (x) | - | 532.9 | 11.0 | 7.9 |
| P/CF (x) | 16.7 | 16.0 | 6.3 | 5.0 |
| P/B (x) | 1.1 | 1.1 | 1.0 | 0.9 |
| EV/EBITDA (x) | - | 11.8 | 7.8 | 5.7 |
| EPS (W) | -2,657 | 33 | 1,612 | 2,261 |
| CFPS (W) | 968 | 1,112 | 2,830 | 3,586 |
| BPS (W) | 15,194 | 15,835 | 17,448 | 19,708 |
| DPS (W) | 0 | 0 | 0 | 0 |
| Dividend payout ratio (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| Revenue growth (%) | -23.2 | 36.7 | 18.4 | 18.8 |
| EBITDA growth (%) | TTR | TTB | 47.2 | 28.8 |
| OP growth (%) | TTR | TTB | 75.7 | 39.1 |
| EPS growth (%) | TTR | TTB | 4,726.1 | 40.2 |
| AR turnover (x) | 1.2 | 1.9 | 1.8 | 1.8 |
| Inventory turnover (x) | 4.6 | 5.5 | 5.4 | 5.4 |
| AP turnover (x) | 6.1 | 7.4 | 7.5 | 7.4 |
| ROA (%) | -11.6 | 0.1 | 6.2 | 7.8 |
| ROE (%) | -20.7 | 0.2 | 10.7 | 13.3 |
| ROIC (%) | -13.1 | 5.0 | 9.9 | 12.9 |
| Debt-to-equity ratio (%) | 68.2 | 75.7 | 74.0 | 71.0 |
| Current ratio (%) | 143.1 | 153.7 | 165.9 | 180.5 |
| Net debt-to-equity ratio (%) | 29.3 | 22.0 | 15.9 | 8.2 |
| Interest coverage ratio (x) | -7.0 | 3.8 | 6.7 | 9.3 |

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

| Company | Date | Rating | TP (W) |
|----------------------|----------|--------|--------|
| DIO Implant (039840) | 11/20/24 | Buy | 25,000 |
| | 08/08/24 | Buy | 21,800 |
| | 05/17/24 | Buy | 29,000 |
| | 01/22/24 | Buy | 33,000 |
| | 11/15/23 | Buy | 37,000 |
| | 04/12/23 | Buy | 47,000 |



Stock ratings

| | |
|------|--|
| Buy | Expected 12-month return: +20% or greater |
| Hold | Expected 12-month return: Greater than -10% and less than +10% |
| Sell | Expected 12-month return: -10% or less |

Sector ratings

| | |
|-------------|--|
| Overweight | Expected to outperform the market over 12 months |
| Neutral | Expected to perform in line with the market over 12 months |
| Underweight | Expected to underperform the market over 12 months |

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

| | Buy | Trading Buy | Hold | Sell |
|-----------------------------|--------|-------------|--------|-------|
| Ratings distribution | 84.91% | 5.59% | 8.94% | 0.56% |
| Investment banking services | 88.89% | 0% | 11.11% | 0% |

* Based on recommendations in the last 12-months (as of June 30, 2025)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. and/or its affiliates do not have any special interest with the subject company and do not own 1% or more of the subject company's shares outstanding.

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