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KOSDAQ | Software & Services

# GENIANS (263860)

## Beyond dominating the domestic security market, Genians is achieving tangible success in the Middle East and North America



### Check Point

- The company's cash cow, NAC, is rapidly expanding beyond its domestic market leadership to the Middle East and the U.S. markets. In comparison with global competitors, the company demonstrates a competitive edge not only in pricing but also in its ability to support NAC and ZTNA in both on-premise and cloud-based formats. While most global NAC providers are based in North America, geopolitical tensions in the Middle East are accelerating the growth of Genians' NAC. From 2025 onwards, the company is expected to achieve tangible results from overseas clients.
- EDR is projected to achieve a compound annual growth rate (CAGR) of 46% in revenue from 2022 to 2025. By 2025, the company is expected to advance its technology, diversify its portfolio, and expand into overseas markets. Starting in 2026, the mandatory adoption of Zero Trust for domestic public institutions is expected to create substantial opportunities, positioning Genians to capitalize on its dominant market share and extensive track record in public sector NAC and EDR deployments.
- The company is expected to achieve record-breaking performance in 2024, with estimated annual revenue of 49.4 billion KRW (+15.1% YoY) and operating profit of 8.7 billion KRW (+34.0% YoY).

### Stock Price Trend and Key Events

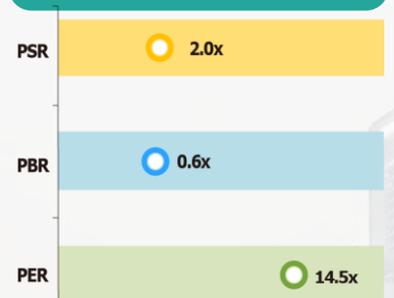


### Financial Indicators



Note: As of 2023, grading within IT industry according to FnGuide WICS classification

### Valuation Metrics



Note: PSR and PER as of 2023, PBR as of 3Q24, and comparison of rankings within IT industry according to FnGuide WICS classification, with lower valuation as it moves to the right.

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## Genian NAC: Expanding from Domestic Leadership to Global Markets

The Middle Eastern security market has historically been dominated by global players such as Cisco and IBM. However, rising geopolitical tensions have led major institutions and enterprises to increasingly prefer Korean security solutions for their robust on-premise and cloud deployment options. Genians' NAC and ZTNA solutions, which support both on-premise and cloud formats, have been rapidly gaining traction in the Middle East and North America, acquiring new clients at a fast pace.

Genians successfully established a local office in the Middle East in 2024, representing a strategic move to bolster its regional operations and enhance client engagement. The company's client base in the Middle East grew significantly, expanding from just one client in 2018 to 57 in 2024, achieving an impressive compound annual growth rate (CAGR) of 96%. Its key customers include government agencies, financial institutions, defense contractors, aviation companies, and retail organizations.

While most of Genians' revenue has traditionally come from domestic clients, its global market performance is expected to become more visible starting in 2025.

## EDR continues its strong growth trajectory, and the mandatory ad option of Zero Trust by public institutions starting in 2026 is expected to further drive demand.

In 2023, the company dominated the domestic public procurement market with a 78% market share in the EDR segment. Currently, its EDR solutions are offered exclusively on-premise, but a cloud-based EDR solution is set to launch in 2025, further diversifying its portfolio and advancing its technology. The addition of anti-malware functionality is also expected to drive additional growth in the domestic market.

While EDR sales have been concentrated in the domestic market, there is potential for an earlier-than-expected global launch due to requests from international clients. EDR revenue is projected to exceed 10 billion KRW in 2025, with a compound annual growth rate (CAGR) of 46% from 2022 to 2025 for Genian EDR.

Additionally, The National Intelligence Service (NIS) has mandated the implementation of Korean-style Zero Trust frameworks across all national and public institutions by 2026. This policy is expected to significantly boost demand in the public sector, creating new opportunities for Genians. Although the contribution of the company's ZTNA solutions to its current performance remains limited, its dominant market share and references in public procurement for NAC and EDR position it to benefit significantly from future opportunities in the Zero Trust public procurement sector.

## In 2024, both revenue and operating profit are expected to reach record highs.

In 2024, the company is expected to achieve record-breaking performance with annual revenue of 49.4 billion KRW (+15.1% YoY), operating profit of 8.7 billion KRW (+34.0% YoY), and an operating margin of 17.6% (+2.5%p YoY). For Q4 2024, revenue is projected at 20.1 billion KRW (+19.6% YoY), with operating profit estimated at 5 billion KRW (+3.4% YoY). This quarter is expected to benefit not only from seasonal demand but also from increased global performance, particularly in North America and the Middle East, driven by rising demand for Zero Trust and NAC solutions compared to the previous year.

## Forecast earnings & Valuation

	2020	2021	2022	2023	2024F
Sales (100 million KRW)	319	385	429	494	574
YoY(%)	19.0	20.5	11.5	15.1	16.3
Operating Profit	59	69	65	87	108
OP Margin (%)	18.5	18.0	15.1	17.6	18.7
Net Income	62	71	62	93	114
EPS(KRW)	654	757	661	996	1,258
YoY(%)	80.3	15.8	-12.6	50.6	26.4
PER(x)	19.4	10.9	19.1	9.4	7.4
PSR(x)	3.8	2.0	2.8	1.8	1.5
EV/EBITDA(x)	15.0	5.8	12.4	5.6	4.2
PBR(x)	2.9	1.6	2.4	1.5	1.3
ROE(%)	16.2	16.1	12.7	17.2	18.1
Dividend Yield(%)	0.9	1.8	1.6	2.1	2.1

Source: Korea IR Service Corporate Research Center

## Company Data

Current Stock Price(12/30)	KRW 9,330
52-Week High	KRW 15,550
52-Week Low	KRW 8,520
KOSDAQ(10/4)	678.19 points
Capital	KRW 4.7 billion
Market Capitalization	KRW 84.7 billion
Face Value	KRW 500
Shares Outstanding	9 million
Average Daily Trading Volume(60 days)	20,000 shares
Average Daily Trading Value(60 days)	KRW 200 million
Foreign Ownership Ratio	22.75%
Major Shareholders	Lee Dong-beom and 2 others 39.26% Miri Capital Management LLC 15.12%

## Price & Relative Performance



## Stock Data

Period	1 Month	6 Months	12 Months
Absolute Return (%)	-8.4	2.5	-26.0
Relative Return(%)	-8.4	27.1	-5.5

## References

### 1) Cover Financial Indicators

- Stability Indicator: Debt Ratio
- Growth Indicator: EPS growth rate
- Profitability Indicator: Operating profit margin
- Activity Indicator: Inventory turnover ratio
- Liquidity Indicator: Current Ratio

### 2) Cover Valuation Indicator Chart

This chart shows the relative valuation level of the company within its industry. The further to the right, the higher the valuation attractiveness

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※Related evidence: Article 5-2, Article 5-3 of the Market Surveillance Regulations and Articles 3 to 3-7 of the Enforcement Rules of the Market Surveillance Regulations.

Company name	Investment Caution Item	Investment Warning Item	Investment Risk Item
GENIANS	X	X	X

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