K Wave Media Enters into Exclusive LOI to Acquire Majority Stake in a privately held South Korean semiconductor-materials company, Advancing Its Long-Term AI Transformation Strategy

August 4, 2026

Proposed acquisition establishes KWM's first strategic platform in AI infrastructure and semiconductor technologies, marking the first significant implementation of the Company's vision to build an integrated AI infrastructure and intelligent systems company across the AI value chain

SEOUL, South Korea and NEW YORK, Aug. 04, 2026 (GLOBE NEWSWIRE) -- K Wave Media Ltd. (Nasdaq: KWM) announced it has entered an exclusive Letter of Intent (LOI) with the shareholders of a privately held South Korean semiconductor-materials company (the target company) to acquire a controlling interest in the company. Under the LOI, KWM intends to acquire 50% plus one share, subject to due diligence, definitive agreements, financing, regulatory approvals and customary closing conditions. The parties expect to complete due diligence over the next four weeks, execute a Share Purchase Agreement by the end of August 2026 and target closing of the transaction by the end of October 2026.

The target company is a Korea-based developer and manufacturer of proprietary advanced materials and specialty chemicals used in the production of semiconductors and related electronic components. The company has built differentiated process technology and an established intellectual property portfolio in its field, and its materials are used by customers serving both domestic and global end markets. Based on audited financial statements prepared in accordance with a non-U.S. accounting framework (the Accounting Standards for Non-Public Entities in Korea), the company delivered strong double-digit revenue growth from 2024 to 2025, together with meaningful expansion in both EBITDA margin and net income margin.

KWM’s management team believes that the acquisition of a controlling interest in the target company will add to KWM an established operating business, audited profitability, participation in the advanced memory semiconductor ecosystem, relationships with leading global customers, exposure to long-term AI infrastructure demand, and a platform for future expansion into adjacent semiconductor and AI infrastructure opportunities.

Ted Kim, Chief Executive Officer of K Wave Media, commented: "The signing of this exclusive LOI represents an important milestone in KWM's transformation into an integrated AI infrastructure and intelligent systems company. We believe long-term value in artificial intelligence will be created across the entire AI value chain from the semiconductor technologies that power AI computing, to the intelligent software that enables AI reasoning, to the autonomous systems that bring AI into the physical world.

Mr. Kim continued: Our long-term vision is to build what we refer to as an Integrated AI Value Chain Platform, a strategy that brings together complementary technologies, operating businesses and strategic capabilities across the AI ecosystem. We believe this platform approach positions KWM to participate in multiple segments of the AI value chain while creating opportunities for long-term sustainable shareholder value. We believe that the proposed acquisition of the target company is an important milestone in executing that vision. The target company has built a high-quality business serving world-leading customers while delivering impressive financial growth. We believe this acquisition establishes a strong strategic foundation for KWM's AI infrastructure initiatives and positions KWM to pursue additional opportunities across the broader AI value chain."

The proposed acquisition of the target company would represent the first strategic acquisition in KWM's long-term AI transformation strategy and the first step toward building KWM's Integrated AI Value Chain Platform. Subject to the successful completion of the transaction, KWM intends to continue evaluating acquisitions, strategic investments and commercial partnerships that strengthen its Integrated AI Value Chain Platform and expand its participation across the global AI ecosystem. KWM’s management will continue to evaluate future opportunities based on their strategic fit, financial discipline and ability to enhance KWM's long-term competitive position and create sustainable shareholder value.

The LOI contains binding provisions relating to exclusivity, confidentiality and certain other matters. Completion of the proposed acquisition remains subject to satisfactory due diligence, execution of definitive agreements, financing, applicable regulatory approvals and customary closing conditions.

About K Wave Media Ltd.

KWM is a Nasdaq-listed company undergoing a strategic transformation toward investments in AI projects, including data centers, compute resources, and AI-related technologies.

Non-GAAP Financial Measures

This press release includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), including EBITDA and EBITDA margin (collectively, "Non-GAAP Financial Measures"). The financial information relating to the target company presented herein, including revenue, EBITDA margin, and net income margin growth rates, is derived from the target company's audited financial statements prepared in accordance with the Accounting Standards for Non-Public Entities ("Korean GAAP") promulgated by the Korea Accounting Standards Board, which is a simplified accounting framework applicable to non-public companies in South Korea. Korean GAAP differs from U.S. GAAP and International Financial Reporting Standards ("IFRS") in a number of significant respects, including with respect to revenue recognition, lease accounting, financial instrument classification, and the presentation of certain income and expense items. Accordingly, the financial measures presented herein may not be comparable to similarly titled measures reported by companies that prepare their financial statements in accordance with U.S. GAAP or IFRS.

EBITDA represents net income before interest expense, income tax expense, depreciation, and amortization, as derived from the target company's Korean GAAP financial statements. EBITDA margin represents EBITDA as a percentage of revenue. Because Korean GAAP differs from U.S. GAAP in the classification and measurement of certain items, including items that affect the calculation of net income, EBITDA derived from Korean GAAP financial statements may not be comparable to EBITDA as calculated by companies reporting under U.S. GAAP. KWM's management believes that EBITDA and EBITDA margin are useful supplemental measures in evaluating the target company Tech's operating performance because they exclude certain non-cash charges and other items that may not be indicative of the target company's core business operating results. These Non-GAAP Financial Measures are not intended as substitutes for, and should not be considered in isolation from, measures of financial performance prepared in accordance with U.S. GAAP or Korean GAAP.

These Non-GAAP Financial Measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of the target company's results as reported under Korean GAAP or U.S. GAAP. Korean GAAP is not widely followed outside of South Korea, and investors may have limited familiarity with its requirements. Other companies may calculate similarly titled measures differently, making comparisons potentially less meaningful. A reconciliation of the Non-GAAP Financial Measures to the most directly comparable U.S. GAAP financial measures is not provided herein because the target company is a privately held South Korean company that does not prepare financial statements in accordance with U.S. GAAP, and such reconciliation is not readily available without unreasonable effort. Investors are cautioned not to place undue reliance on these Non-GAAP Financial Measures and are encouraged to review the target company's audited Korean GAAP financial statements when available.

Forward-Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally are accompanied by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "would," "plan," "future," "outlook," and similar expressions that predict or indicate future events or trends or that are not statements of historical matters, but the absence of these words does not mean that a statement is not forward looking.

These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of other performance metrics and projections of market opportunity. These statements are based on various assumptions, whether or not identified in this communication, and on the current expectations of KWM's management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and may differ from assumptions. Many actual events and circumstances are beyond the control of KWM. Some important risks that could cause actual results to differ materially from those in any forward-looking statements include changes in domestic and foreign business, market, financial, political, and legal conditions and that the acquisition of a controlling equity stake in the target company may not ultimately be consummated.

If any of these risks materialize or KWM's assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that KWM does not presently know, or that KWM currently believes are immaterial, that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect KWM's current expectations, plans, and forecasts of future events and views as of the date hereof.

Nothing in this communication should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved.

You should not place undue reliance on forward-looking statements in this communication, which speak only as of the date they are made and are qualified in their entirety by reference to the cautionary statements herein and the risk factors of KWM described in KWM's Annual Report on Form 20-F filed with the SEC on May 15, 2025, including those under the heading "Risk Factors" therein. KWM anticipates that subsequent events and developments may cause its assessments to change. However, while KWM may elect to update these forward-looking statements at some point in the future, KWM specifically disclaims any obligation to do so, except as required by law.

The forward-looking statements contained herein should not be relied upon as representing KWM's assessments as of any date subsequent to the date of this communication. Accordingly, undue reliance should not be placed upon the forward-looking statements.

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