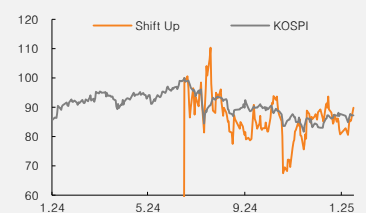


(Maintain)	Buy
Target price	W95,000
Current price (2/10/25)	W63,800
Upside	48.9%

OP (24, Wbn)	149
Consensus OP (24F, Wbn)	148
EPS growth (24, %)	22.8
Market EPS growth (24F, %)	68.2
P/E (24, x)	24.2
Market P/E (24F, x)	10.8
KOSPI	2,521.27

Market cap (Wbn)	3,722
Shares (mn)	58
Free float (%)	57.0
Foreign ownership (%)	2.5
Beta (12M)	0.47
52-week low (W)	47,900
52-week high (W)	78,300

(%)	1M	6M	12M
Absolute	0.6	-10.9	0.0
Relative	0.4	-8.5	0.0



Mirae Asset Securities Co., Ltd.

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Shift Up

Regional expansion and platform diversification to drive growth

4Q24 review: Above-consensus revenue, in-line operating profit

For 4Q24, Shift Up reported revenue of W59.3bn (+29% YoY) and operating profit of W42.1bn (+30% YoY). The revenue result was 6% higher than the consensus (W55.8bn), while operating profit was largely in line with the consensus (W41.5bn).

We attribute the strong top-line performance to the continued success of *Stellar Blade*, which generated W14.3bn in revenue, exceeding expectations by W9bn on the back of strong sales of *Nier: Automata* crossover downloadable content (supported by promotions). Meanwhile, revenue from *Goddess of Victory: Nikke* missed expectations by 8%, coming in at W43.9bn (-3% YoY). Company-wide operating expenses came in W3bn above the consensus at W17.2bn (+28% YoY), due mainly to the one-time recognition of game engine royalties.

Goddess of Victory: Nikke still holds significant potential

While *Goddess of Victory: Nikke's* revenue slipped 7% YoY in 2024 (due in large part to a failed collaboration), we note that the average monthly active user (MAU) base was higher YoY. Traffic remains elevated YTD, and we expect *Goddess of Victory: Nikke's* global ex-China sales to reach W155bn (+1% YoY) in 2025, marking an end to the title's downturn.

According to Sensor Tower, *Goddess of Victory: Nikke* ranked fifth among global subculture games in 2024, following *Honkai: Star Rail*, *Genshin Impact*, *FGO*, and *Love and Deepspace*. We expect the title to achieve a similar ranking in China and estimate 2025 average daily revenue in the country at W1 bn.

Maintain TP of W95,000; still our top pick in games

We maintain our Buy rating and target price of W95,000 on Shift Up. The stock is currently trading at a 2025F P/E of 16x. This year, we expect the company's regional expansion and platform diversification efforts for existing titles to translate into strong top- and bottom-line growth. We forecast 2025 revenue at W377bn (+71% YoY) and operating profit at W289bn (+94% YoY). Notably, we expect *Stellar Blade's* upcoming IP crossovers to be successful, unlike *Goddess of Victory: Nikke's* collaboration event last year.

In the short term, new release momentum will peak with the anticipated launch of *Goddess of Victory: Nikke* in China in April. Although official updates on the number of pre-registrations have been delayed, we believe that the general trend is in line with Shift Up's projections. As the launch approaches, Tencent's online and offline marketing efforts will intensify, leading to a pickup in the flow of pre-registrations.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	65	169	220	377	316
OP (Wbn)	22	111	149	289	220
OP margin (%)	33.8	65.7	67.7	76.7	69.6
NP (Wbn)	20	107	143	231	176
EPS (W)	421	2,132	2,618	3,960	3,018
ROE (%)	36.7	86.4	30.3	26.4	16.3
P/E (x)	-	-	24.2	16.1	21.1
P/B (x)	-	-	4.9	3.8	3.2
Dividend yield (%)	-	-	0.0	0.0	0.0

Notes: Under non-consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Quarterly/annual earnings and forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24	1Q25F	2Q25F	3Q25F	4Q25F	2023	2024	2025F	2026F	2027F
Revenue	37	65	58	59	42	153	90	92	169	220	377	316	410
YoY	-17%	64%	52%	29%	12%	135%	56%	55%	155%	30%	71%	-16%	30%
<i>Goddess of Victory: Nikke</i>	36	38	34	44	32	71	58	71	164	153	231	261	255
Global	36	38	34	44	32	40	36	46	164	153	154	161	162
China	0	0	0	0	0	31	22	25	0	0	77	100	92
<i>Stellar Blade</i>	0	26	23	14	8	81	31	19	0	63	140	49	17
Other	1	1	1	1	1	1	1	1	4	4	5	6	7
Operating expenses	11	20	22	17	17	24	23	25	58	71	88	96	110
Labor	9	17	19	10	12	15	17	18	49	55	62	71	81
Variable costs	1	1	1	4	2	6	3	3	5	7	14	11	14
Fixed costs	2	2	3	3	3	3	3	3	4	9	13	14	14
OP	26	45	36	42	25	129	67	67	111	149	289	220	300
YoY	-13%	38%	120%	30%	-3%	188%	90%	59%	508%	34%	94%	-24%	36%
OP margin	69%	69%	61%	71%	60%	85%	75%	73%	66%	68%	77%	70%	73%
NP attr. to owners of the parent	25	40	23	54	20	104	54	53	107	143	231	176	240
Net margin	66%	62%	40%	91%	48%	68%	60%	58%	63%	65%	61%	56%	59%

Source: Mirae Asset Securities Research

Table 2. Earnings forecast revisions

(Wbn)

	Previous		Revised		Chg.		Consensus		Diff.		Notes
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	
Revenue	365	321	377	316	3%	-1%	309	296	22%	7%	Raised <i>Stellar Blade</i> revenue estimates Revised up revenue-linked cost estimates
OP	289	235	289	220	0%	-6%	230	208	26%	6%	
NP	231	188	231	176	0%	-6%	196	182	18%	-3%	
OP margin	79.1%	73.4%	76.6%	69.7%	-	-	74.5%	70.2%	-	-	
Net margin	63.3%	58.7%	61.3%	55.7%	-	-	63.6%	61.3%	-	-	

Source: FnGuide, Mirae Asset Securities Research

Table 3. 4Q24 review

(Wbn)

	Actual	Mirae Asset	Diff.	Consensus	Diff.
Revenue	59	54	9%	56	6%
OP	42	40	5%	42	1%
NP attributable to owners of the parent	54	32	69%	37	47%

Source: Company data, FnGuide, Mirae Asset Securities Research

Table 4. Valuation table

	Value	Notes
2025F NP attributable to owners of the parent (Wbn)	231	
Target P/E (x)	24	Nexon's avg. P/E in 2022, when the firm was diversifying platforms while seeing a rebound in revenue from existing titles
Target market cap (Wbn)	5,544	
No. of shares ('000)	58,335	
TP (W)	95,000	
CP (W)	63,800	
Upside	48.9%	

Source: Mirae Asset Securities Research

Shift Up (462870 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	169	220	377	316
Cost of revenue	0	0	0	0
GP	169	220	377	316
SG&A expenses	58	71	88	96
OP (adj.)	111	149	289	220
OP	111	149	289	220
Non-operating profit	3	24	0	0
Net financial income	0	2	7	10
Net income from associates	0	21	-7	-10
Pretax profit	114	173	289	220
Income tax	8	30	58	44
Profit from continuing operations	107	143	231	176
Profit from discontinued operations	0	0	0	0
NP	107	143	231	176
Attributable to owners	107	143	231	176
Attributable to minority interests	0	0	0	0
Total comprehensive income	107	143	231	176
Attributable to owners	107	143	231	176
Attributable to minority interests	0	0	0	0
EBITDA	114	151	291	222
FCF	100	-183	228	173
EBITDA margin (%)	67.5	68.6	77.2	70.3
OP margin (%)	65.7	67.7	76.7	69.6
Net margin (%)	63.3	65.0	61.3	55.7

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	177	765	996	1,171
Cash & equivalents	116	289	516	688
AR & other receivables	60	61	61	62
Inventory	0	0	0	0
Other current assets	1	415	419	421
Non-current assets	27	36	36	37
Investments in associates	0	0	0	0
PP&E	1	3	3	4
Intangible assets	1	3	3	3
Total assets	204	801	1,032	1,208
Current liabilities	11	29	30	30
AP & other payables	1	2	2	2
Short-term financial liabilities	3	5	5	5
Other current liabilities	7	22	23	23
Non-current liabilities	12	11	11	11
Long-term financial liabilities	10	9	9	9
Other non-current liabilities	2	2	2	2
Total liabilities	23	40	41	41
Equity attributable to owners	181	760	991	1,168
Capital stock	10	12	12	12
Capital surplus	96	529	529	529
Retained earnings	71	214	445	621
Minority interests	0	0	0	0
Shareholders' equity	181	760	991	1,168

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	100	-180	229	175
NP	107	143	231	176
Non-cash income/expenses	14	29	53	36
Depreciation	2	1	1	1
Amortization	0	1	1	1
Other	12	27	51	34
Chg. in working capital	-10	-324	-4	-4
Chg. in AR & other receivables	-9	-1	-1	-1
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	1	0	0	0
Income tax	-11	-30	-58	-44
Cash flow from investing activities	4	-11	-3	-3
Chg. in PP&E	0	-3	-2	-2
Chg. in intangible assets	-1	-3	-1	-1
Chg. in financial assets	3	0	0	0
Other	2	-5	0	0
Cash flow from financing activities	0	438	0	0
Chg. in financial liabilities	13	1	0	0
Chg. in equity	33	436	0	0
Dividends	0	0	0	0
Other	-46	1	0	0
Chg. in cash	104	173	227	172
Beginning balance	12	116	289	516
Ending balance	116	289	516	688

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

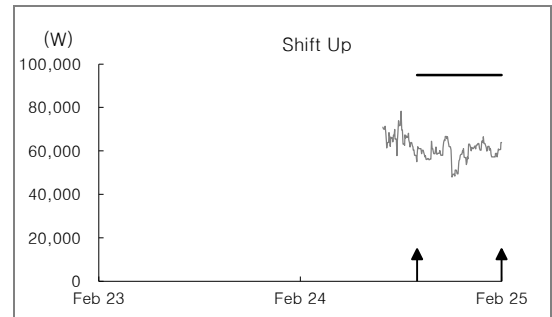
	2023	2024F	2025F	2026F
P/E (x)	-	24.2	16.1	21.1
P/CF (x)	-	20.1	13.1	17.5
P/B (x)	-	4.9	3.8	3.2
EV/EBITDA (x)	-	22.2	10.8	13.4
EPS (W)	2,132	2,618	3,960	3,018
CFPS (W)	2,416	3,159	4,874	3,640
BPS (W)	3,568	13,036	16,996	20,015
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	158.1	30.4	71.5	-16.2
EBITDA growth (%)	386.2	32.4	93.2	-23.5
OP growth (%)	400.7	33.8	94.3	-23.8
EPS growth (%)	406.7	22.8	51.2	-23.8
AR turnover (x)	3.0	3.7	6.2	5.1
Inventory turnover (x)	0.0	0.0	0.0	0.0
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	76.8	28.4	25.2	15.7
ROE (%)	86.4	30.3	26.4	16.3
ROIC (%)	183.0	56.8	56.4	42.5
Debt-to-equity ratio (%)	12.6	5.3	4.1	3.5
Current ratio (%)	1,582.3	2,602.5	3,354.9	3,908.0
Net debt-to-equity ratio (%)	-57.6	-46.0	-58.2	-64.1
Interest coverage ratio (x)	126.6	80.4	148.5	112.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Shift Up (462870)	09/11/24	Buy	95,000



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

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

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	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

* Based on recommendations in the last 12-months (as of December 31, 2024)

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