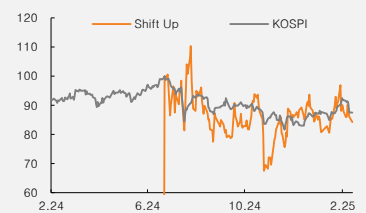


(Maintain)	Buy
Target price	₩95,000
Current price (3/4/25)	₩59,800
Upside	58.9%

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	2,528.92

Market cap (Wbn)	3,488
Shares (mn)	58
Free float (%)	57.0
Foreign ownership (%)	3.0
Beta (12M)	0.48
52-week low (W)	47,900
52-week high (W)	78,300

(%)	1M	6M	12M
Absolute	1.5	-1.0	0.0
Relative	-0.4	1.0	0.0



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Shift Up

Likely to benefit from the growing popularity of idle games

Declining time spent on games and the rise of idle games

The rise of short-form content has affected gaming habits, leading to a reduction in the average play time per session. Gamers, accustomed to quick dopamine hits, are less interested in titles that require long-term character progression and gravitating more toward single-session, short-duration games. For instance, *Monopoly GO!*, which topped the global mobile gaming revenue charts in 2024, has matches lasting less than 10 minutes on average.

As players invest less time into gaming, idle games are faring well. While idle games have been popular on mobile since 2020, they are now gaining traction on PC as well. The number of idle games released on Steam surged 30% YoY in 2023 and 68% YoY in 2024.

Idle games: A perfect match for the subculture genre

Idle games require minimal effort; players can log in once a day, complete simple tasks, and make progress even when not actively playing, making them less mentally demanding than mid-core/hardcore games. Idle games like *Goddess of Victory: Nikke* require less than 30 minutes of play time per day, making them easy to integrate into a daily routine; players quickly complete daily quests while simultaneously engaging with other content (e.g., watching videos).

Idle games are particularly well-suited to the subculture genre, where Shift Up holds a strong competitive edge. The company's games feature visually appealing characters and high-quality artwork, which encourage players to return consistently and stay engaged over time.

Maintain Buy and TP of ₩95,000; retain as our top pick

We reiterate our Buy rating on Shift Up and continue to recommend the stock as our top pick in the gaming sector. The company is flexibly adapting to shifts in gaming habits; for example, in response to player feedback, it has steadily released updates for *Goddess of Victory: Nikke* to reduce the more time-consuming aspects of gameplay.

In the short term, new release momentum should peak with the launch of *Goddess of Victory: Nikke* in China (expected in April or May). As the launch approaches, Tencent will likely ramp up online and offline marketing efforts, leading to a pickup in pre-registrations. For 2025, we maintain our average daily revenue assumption for *Goddess of Victory: Nikke* in China at ₩1bn.

(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	15.1	19.8
P/B (x)	-	-	4.9	3.5	3.0
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: Company data, Mirae Asset Securities Research

Table 2. Valuation table

	Value	Notes
2025F NP attr. 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 existing titles
Target market cap (Wbn)	5,544	
No. of shares ('000)	58,335	
TP (W)	95,000	
CP (W)	59,800	
Upside	58.9%	

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

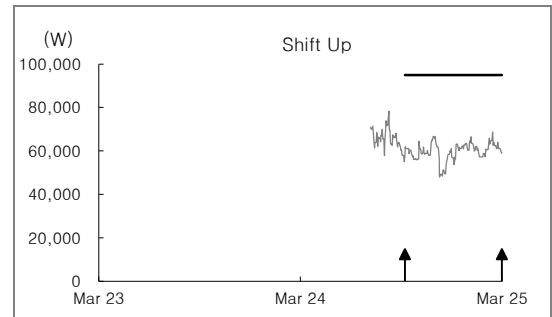
	2023	2024F	2025F	2026F
P/E (x)	-	24.2	15.1	19.8
P/CF (x)	-	20.1	12.3	16.4
P/B (x)	-	4.9	3.5	3.0
EV/EBITDA (x)	-	22.2	10.0	12.3
EPS (W)	2,132	2,618	3,960	3,018
CFPS (W)	2,416	3,159	4,874	3,640
BPS (W)	3,568	13,036	16,996	20,015
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	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

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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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