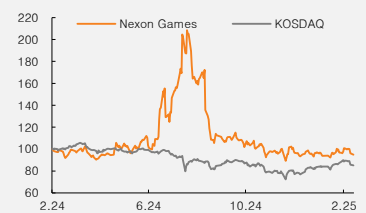


(Maintain)	Buy
Target price	₩20,000
Current price (3/4/25)	₩13,350
Upside	49.8%

OP (24, Wbn)	39
Consensus OP (24F, Wbn)	-
EPS growth (24, %)	178.1
Market EPS growth (24F, %)	68.2
P/E (24, x)	28.0
Market P/E (24F, x)	10.8
KOSDAQ	737.90

Market cap (Wbn)	879
Shares (mn)	66
Free float (%)	33.8
Foreign ownership (%)	4.5
Beta (12M)	0.58
52-week low (₩)	12,560
52-week high (₩)	29,350

(%)	1M	6M	12M
Absolute	0.8	-20.2	-3.0
Relative	-1.7	-20.9	14.8



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Nexon Games

Still holding significant potential

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 games 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 in 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 *Blue Archive* require less than 30 minutes of play time per day, making them easy to integrate into a player's 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 Nexon Games boasts strong competitiveness. 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 ₩20,000

We maintain our Buy rating on Nexon Games with a target price of ₩20,000 (based on a target P/E of 24x). While we changed our EPS base year to 2026 (from 2025) to reflect the timeline for major new releases, we lowered our 2026 earnings forecasts due to declining revenue from key existing titles. The stock is currently trading at a 2026F P/E of 16x.

We believe the firm is well-positioned to adapt flexibly to the trend of declining player engagement. Indeed, *Blue Archive* has maintained long-term popularity by implementing updates that reduce player fatigue. Looking ahead, we expect momentum to build once the release schedules for the highly anticipated Project DW (based on the *Dungeon & Fighter* IP) and Project DX (*Durango* IP) become clearer.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	132	193	256	203	299
OP (Wbn)	5	12	39	-14	67
OP margin (%)	3.8	6.2	15.2	-6.9	22.4
NP (Wbn)	6	11	31	-11	54
EPS (₩)	107	172	478	-169	820
ROE (%)	2.6	4.5	10.9	-3.6	16.4
P/E (x)	121.3	87.2	28.0	-	16.3
P/B (x)	3.2	3.3	2.5	2.6	2.3
Dividend yield (%)	0.0	0.0	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 and annual earnings

(Wbn)

	1Q24	2Q24	3Q24	4Q24	1Q25F	2Q25F	3Q25F	4Q25F	2023	2024	2025F	2026F
Revenue	53	44	112	48	55	46	52	50	193	256	203	299
(YoY)	0.9%	0.4%	97.4%	17.3%	3.7%	6.6%	-53.8%	4.0%	46.0%	32.5%	-20.8%	47.6%
Mobile	37	30	33	21	33	26	32	21	152	122	111	107
PC	15	12	77	25	20	18	17	28	39	129	83	183
Other	1	1	2	2	2	2	2	2	1	6	9	9
Operating expenses	50	52	65	50	53	54	54	55	181	217	217	232
Labor	32	32	45	28	31	31	32	32	120	137	126	138
Commissions	3	4	3	5	5	5	5	5	11	15	21	22
D&A	3	4	4	4	4	4	4	4	8	14	17	17
Other	12	13	13	13	13	13	13	14	43	51	54	55
OP	2	-8	47	-2	1	-7	-3	-5	12	39	-14	67
(YoY)	-80.6%	TTR	390.4%	RR	-53.2%	RR	TTR	RR	133.0%	222.5%	TTR	TTB
OP margin	4.7%	-19.4%	42.0%	-4.4%	2.1%	-16.1%	-5.6%	-9.3%	6.2%	15.1%	-6.8%	22.5%
NP attr. to owners of the parent	0	-11	40	3	1	-6	-2	-4	11	31	-11	54
Net margin	-0.4%	-25.2%	35.6%	6.1%	1.7%	-12.9%	-4.5%	-7.4%	5.8%	12.3%	-5.5%	18.0%

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	268	359	203	299	-24%	-17%	259	342	-22%	-12%	Reflected downward stabilization in revenue from existing titles
OP	62	132	-14	67	-	-49%	39	77	-	-12%	
NP	54	106	-11	54	-	-49%	30	62	-	-13%	
OP margin	23.0%	36.7%	-6.8%	22.5%	-	-	15.2%	22.4%	-	-	
Net margin	20.2%	29.4%	-5.5%	18.0%	-	-	11.6%	18.2%	-	-	

Source: FnGuide, Mirae Asset Securities Research

Table 3. Valuation table

	Value	Notes
2026F NP attributable to owners of the parent (Wbn)	54	
Target P/E (x)	24	Nexon's avg. in 2022, when the firm expanded into different platforms via the release of new titles
Target market cap (Wbn)	1,317	
No. of shares ('000)	65,860	
TP (W)	20,000	
CP (W)	13,350	
Upside	49.8%	

Source: Mirae Asset Securities Research

Nexon Games (225570 KQ)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	193	256	203	299
Cost of revenue	0	0	0	0
GP	193	256	203	299
SG&A expenses	181	217	217	232
OP (adj.)	12	39	-14	67
OP	12	39	-14	67
Non-operating profit	4	5	0	0
Net financial income	4	3	1	2
Net income from associates	0	2	-1	-2
Pretax profit	16	44	-14	67
Income tax	4	12	-3	13
Profit from continuing operations	11	31	-11	54
Profit from discontinued operations	0	0	0	0
NP	11	31	-11	54
Attributable to owners	11	31	-11	54
Attributable to minority interests	0	0	0	0
Total comprehensive income	11	31	-11	54
Attributable to owners	11	31	-11	54
Attributable to minority interests	0	0	0	0
EBITDA	22	51	-2	79
FCF	33	-13	-1	67
EBITDA margin (%)	11.4	19.9	-1.0	26.4
OP margin (%)	6.2	15.2	-6.9	22.4
Net margin (%)	5.7	12.1	-5.4	18.1

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	37	37	2	71
NP	11	31	-11	54
Non-cash income/expenses	36	22	8	23
Depreciation	8	10	10	9
Amortization	2	2	2	2
Other	26	10	-4	12
Chg. in working capital	-7	-6	2	6
Chg. in AR & other receivables	-2	0	0	0
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	0	0	0	0
Income tax	-7	-12	3	-13
Cash flow from investing activities	-37	-79	-6	-8
Chg. in PP&E	-4	-50	-3	-4
Chg. in intangible assets	-1	-3	-2	-3
Chg. in financial assets	-34	-26	-1	-1
Other	2	0	0	0
Cash flow from financing activities	-2	93	0	0
Chg. in financial liabilities	8	74	0	0
Chg. in equity	-141	0	0	0
Dividends	0	0	0	0
Other	131	19	0	0
Chg. in cash	-3	52	-4	63
Beginning balance	115	111	163	159
Ending balance	111	163	159	222

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	237	292	289	358
Cash & equivalents	111	163	159	222
AR & other receivables	33	35	34	36
Inventory	0	0	0	0
Other current assets	93	94	96	100
Non-current assets	130	195	188	184
Investments in associates	0	0	0	0
PP&E	59	98	92	87
Intangible assets	35	36	36	37
Total assets	367	486	477	543
Current liabilities	66	61	61	62
AP & other payables	3	3	3	3
Short-term financial liabilities	6	6	6	6
Other current liabilities	57	52	52	53
Non-current liabilities	38	113	114	126
Long-term financial liabilities	17	91	91	91
Other non-current liabilities	21	22	23	35
Total liabilities	104	174	176	187
Equity attributable to owners	263	313	301	355
Capital stock	33	33	33	33
Capital surplus	99	99	99	99
Retained earnings	153	185	174	228
Minority interests	0	0	0	0
Shareholders' equity	263	313	301	355

Key valuation metrics/ratios

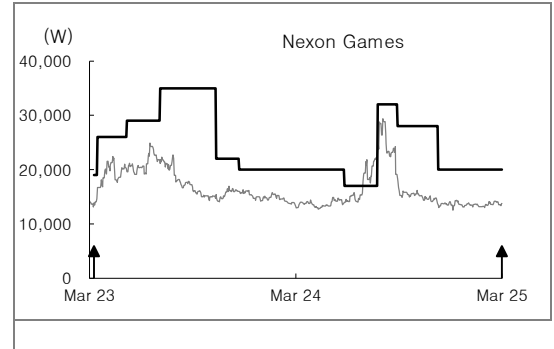
	2023	2024F	2025F	2026F
P/E (x)	87.2	28.0	-	16.3
P/CF (x)	21.0	16.5	-	11.5
P/B (x)	3.3	2.5	2.6	2.3
EV/EBITDA (x)	37.7	14.2	-	8.5
EPS (W)	172	478	-169	820
CFPS (W)	715	810	-55	1,162
BPS (W)	4,505	5,256	5,087	5,907
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	46.0	32.5	-20.8	47.6
EBITDA growth (%)	116.2	137.9	TTR	TTB
OP growth (%)	133.0	222.4	TTR	TTB
EPS growth (%)	60.9	178.1	TTR	TTB
AR turnover (x)	6.8	8.5	6.7	9.8
Inventory turnover (x)	0.0	0.0	0.0	0.0
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	3.3	7.4	-2.3	10.6
ROE (%)	4.5	10.9	-3.6	16.4
ROIC (%)	12.0	28.4	-9.1	49.1
Debt-to-equity ratio (%)	39.6	55.6	58.2	52.7
Current ratio (%)	358.7	481.7	472.0	580.4
Net debt-to-equity ratio (%)	-66.2	-48.6	-49.4	-59.8
Interest coverage ratio (x)	10.1	10.2	-2.2	10.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Nexon Games (225570)	11/13/24	Buy	20,000
	09/02/24	Buy	28,000
	07/29/24	Buy	32,000
	05/31/24	Buy	17,000
	11/27/23	Buy	20,000
	10/17/23	Buy	22,000
	07/10/23	Buy	35,000
	05/12/23	Buy	29,000
	03/21/23	Buy	26,000
	03/15/23	Buy	19,000



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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