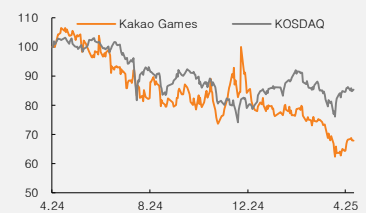


(Maintain)	Buy
Target price	▼ W17,500
Current price (5/2/25)	W14,180
Upside	23.4%

OP (25F, Wbn)	-10
Consensus OP (25F, Wbn)	15
EPS growth (25F, %)	RR
Market EPS growth (25F, %)	25.8
P/E (25F, x)	-
Market P/E (25F, x)	9.3
KOSDAQ	721.86

Market cap (Wbn)	1,175
Shares (mn)	83
Free float (%)	45.4
Foreign ownership (%)	11.0
Beta (12M)	0.78
52-week low (W)	13,030
52-week high (W)	22,250

(%)	1M	6M	12M
Absolute	-1.2	-17.8	-35.3
Relative	-6.3	-17.0	-22.2



Mirae Asset Securities Co., Ltd.

HeeSeok Lim
heeseok.lim@miraeasset.com

Kakao Games

New releases on the horizon

1Q25 review: Below-consensus results

Kakao Games reported below-consensus 1Q25 results, with revenue of W123bn (-31% YoY; vs. consensus of W133bn) and an operating loss of W12bn (turning to red YoY; vs. consensus of -W8bn). Mobile revenue came in at W96bn (-41% YoY), missing expectations by 14%, as revenue from existing titles (e.g., *Odin: Valhalla Rising*) continued to stabilize downward. Also, the initial performance of *Valhalla Survival* (released in January) fell short of expectations. PC revenue reached W27bn (+72% YoY), in line with expectations, supported by the recognition of *Path of Exile 2* revenue. In addition, *PUBG* maintained strong user traffic, contributing to solid PC revenue.

On the cost side, operating expenses decreased 18% YoY to W135bn thanks to efficient cost management, especially in labor and marketing.

New title momentum to gain traction from 2H25

Upcoming releases include: 1) *Goddess Order* (action RPG; global) in 3Q25 (soft launch expected in June); 2) *Project C* (subculture; Korea/Japan), *God Save Birmingham* (survival; global), *Project Q* (MMORPG; domestic), and *Chrono Odyssey* (action RPG; global) in 4Q25; 3) *ArcheAge Chronicles* (action RPG; global) in 1H26; and 4) *Project S* (looter shooter; global) and an action RPG based on the *Swordmaster's Youngest Son* manga sometime in 2026.

Cut TP to W17,500, but maintain Buy rating

We cut our target price for Kakao Games by 17% to W17,500 (from W21,000; based on a 2026F target P/E of 21x), as we revised down our earnings estimates to reflect the downtrend in revenue from key mobile games. The stock is currently trading at a 2026F P/E of 17x. We believe a meaningful rebound in shares will require: 1) a rebound in *Odin: Valhalla Rising* revenue; and 2) successful new title releases.

For *Odin: Valhalla Rising*, we see strong potential for a revenue recovery, as a major update to mark the game's fourth anniversary is scheduled for June. *Chrono Odyssey* has already undergone testing among Western gamers and is preparing for a large-scale closed beta test on Steam in 1H25. *ArcheAge Chronicles* is planning Western user testing in June or July followed by a global closed beta test in 2H25.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	726	627	584	905	1,014
OP (Wbn)	75	19	-10	87	128
OP margin (%)	10.3	3.0	-1.7	9.6	12.6
NP (Wbn)	-229	-109	-21	70	103
EPS (W)	-2,774	-1,318	-258	844	1,237
ROE (%)	-14.9	-8.0	-1.6	5.2	7.1
P/E (x)	-	-	-	16.8	11.5
P/B (x)	1.5	1.0	0.9	0.8	0.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Notes: Under 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	1Q25	2Q25F	3Q25F	4Q25F	2023	2024	2025F	2026F
Revenue	178	153	163	133	123	114	147	201	726	627	584	905
(YoY)	4.8%	-17.4%	-17.4%	-23.2%	-31.1%	-25.3%	-9.9%	50.6%	-36.8%	-13.6%	-6.8%	54.8%
Mobile	163	136	129	113	96	93	126	153	675	540	467	520
PC	16	16	34	21	27	22	21	48	51	87	118	385
Operating expenses	164	152	155	137	135	128	153	178	650	608	595	817
Labor	40	38	39	38	40	39	39	39	146	155	157	163
Fees/commissions	95	84	82	68	62	57	80	105	344	329	304	513
Marketing	8	8	14	10	13	13	13	13	53	41	51	58
Other	21	22	20	21	20	20	20	20	106	83	82	82
OP	14	1	8	-4	-12	-14	-6	22	75	19	-10	87
(YoY)	70.5%	-94.7%	-74.0%	TTR	TTR	TTR	TTR	TTB	-57.1%	-74.6%	TTR	TTB
OP margin	8.0%	0.7%	4.7%	-3.0%	-10.1%	-12.5%	-4.0%	11.1%	10.4%	3.1%	-1.8%	9.7%
NP attributable to owners of the parent	1	-9	-4	-96	-23	-11	-5	18	-229	-109	-21	70
Net margin	0.5%	-6.2%	-2.5%	-72.4%	-18.7%	-10.0%	-3.2%	8.9%	-31.5%	-17.4%	-3.7%	7.7%

Source: Company data, Mirae Asset Securities Research

Table 2. Annual earnings forecast revisions

(Wbn)

	Previous		Revised		Chg.		Consensus		Diff.		Notes
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	
Revenue	794	1,088	584	905	-26%	-17%	633	804	-8%	12%	Revenue from existing titles continues to stabilize downward
OP	30	105	-10	87	-	-17%	15	72	-	21%	
NP	38	84	-21	70	-	-17%	-3	38	-	86%	
OP margin (%)	3.7%	9.7%	-1.8%	9.7%	-	-	2.4%	9.0%	-	-	
Net margin (%)	4.7%	7.7%	-3.7%	7.7%	-	-	-0.5%	4.7%	-	-	

Source: FnGuide, Mirae Asset Securities Research

Table 3. 1Q25 review

(Wbn)

	Actual	Mirae Asset	Diff.	Consensus	Diff.
Revenue	123	160	-23%	133	-8%
OP	-12	-13	-	-8	-
NP attributable to owners of the parent	-23	-8	-	-10	-

Source: Company data, FnGuide, Mirae Asset Securities Research

Table 4. Valuation table

	Value	Notes
2026F NP attributable to owners of the parent (Wbn)	70	
Target P/E (x)	21	Nexon's avg. P/E in 2021, when the firm was developing new titles amid a downward stabilization in revenue from existing titles
Target market cap (Wbn)	1,469	
No. of shares ('000)	83,960	Reflected CBs
TP (W)	17,500	
CP (W)	14,180	
Upside	23.4%	

Source: Mirae Asset Securities Research

Kakao Games (293490 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	627	584	905	1,014
Cost of revenue	0	0	0	0
GP	627	584	905	1,014
SG&A expenses	608	595	817	886
OP (adj.)	19	-10	87	128
OP	19	-10	87	128
Non-operating profit	-127	-20	0	0
Net financial income	-33	-30	-30	-27
Net income from associates	-16	10	30	27
Pretax profit	-108	-30	87	128
Income tax	5	-1	17	26
Profit from continuing operations	-113	-29	70	103
Profit from discontinued operations	-15	-3	0	0
NP	-128	-32	70	103
Attributable to owners	-109	-21	70	103
Attributable to minority interests	-19	-10	0	0
Total comprehensive income	-80	-32	70	103
Attributable to owners	-60	-24	53	77
Attributable to minority interests	-20	-8	17	25
EBITDA	91	34	126	163
FCF	15	-1	102	98
EBITDA margin (%)	14.5	5.8	13.9	16.1
OP margin (%)	3.0	-1.7	9.6	12.6
Net margin (%)	-17.4	-3.6	7.7	10.2

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	1,069	1,058	1,168	1,310
Cash & equivalents	605	539	634	714
AR & other receivables	50	45	51	58
Inventory	0	0	0	0
Other current assets	414	474	483	538
Non-current assets	2,104	2,099	2,073	2,055
Investments in associates	178	180	183	187
PP&E	12	12	10	10
Intangible assets	1,484	1,476	1,449	1,427
Total assets	3,173	3,157	3,241	3,365
Current liabilities	1,199	1,220	1,229	1,238
AP & other payables	81	77	78	80
Short-term financial liabilities	878	896	899	901
Other current liabilities	240	247	252	257
Non-current liabilities	495	491	497	508
Long-term financial liabilities	202	202	202	202
Other non-current liabilities	293	289	295	306
Total liabilities	1,695	1,711	1,725	1,746
Equity attributable to owners	1,338	1,316	1,386	1,489
Capital stock	8	8	8	8
Capital surplus	1,100	1,099	1,099	1,099
Retained earnings	188	167	237	339
Minority interests	140	130	130	130
Shareholders' equity	1,478	1,446	1,516	1,619

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	27	9	107	105
NP	-128	-32	70	103
Non-cash income/expenses	220	73	85	87
Depreciation	36	10	7	7
Amortization	37	35	31	28
Other	147	28	47	52
Chg. in working capital	-17	-4	-1	-33
Chg. in AR & other receivables	6	9	-1	-4
Chg. in inventory	14	0	0	0
Chg. in AP & other payables	-18	0	0	0
Income tax	-34	1	-17	-26
Cash flow from investing activities	85	-87	-11	-24
Chg. in PP&E	-10	-10	-5	-7
Chg. in intangible assets	0	-26	-4	-6
Chg. in financial assets	120	-54	-2	-11
Other	-25	3	0	0
Cash flow from financing activities	-137	18	2	2
Chg. in financial liabilities	-232	18	2	2
Chg. in equity	0	-1	0	0
Dividends	0	0	0	0
Other	95	1	0	0
Chg. in cash	-24	-91	95	80
Beginning balance	654	630	539	634
Ending balance	630	539	634	714

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

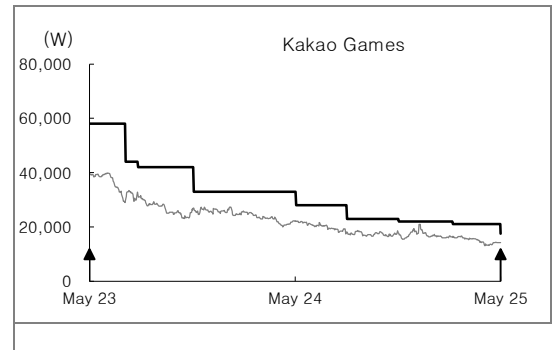
	2024	2025F	2026F	2027F
P/E (x)	-	-	16.8	11.5
P/CF (x)	14.7	28.4	7.6	6.2
P/B (x)	1.0	0.9	0.8	0.8
EV/EBITDA (x)	21.2	50.9	13.2	9.6
EPS (W)	-1,318	-258	844	1,237
CFPS (W)	1,115	499	1,870	2,290
BPS (W)	16,763	16,498	17,342	18,580
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-13.6	-6.8	54.8	12.1
EBITDA growth (%)	-46.7	-62.4	266.2	29.7
OP growth (%)	-74.6	TTR	TTB	46.5
EPS growth (%)	RR	RR	TTB	46.5
AR turnover (x)	9.7	15.0	25.8	27.0
Inventory turnover (x)	15.6	0.0	0.0	0.0
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	-3.9	-1.0	2.2	3.1
ROE (%)	-8.0	-1.6	5.2	7.1
ROIC (%)	1.1	-0.7	4.5	6.5
Debt-to-equity ratio (%)	114.6	118.3	113.8	107.9
Current ratio (%)	89.1	86.8	95.1	105.8
Net debt-to-equity ratio (%)	30.1	30.8	23.1	16.2
Interest coverage ratio (x)	0.4	-0.2	1.8	2.6

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Kakao Games (293490)	05/07/25	Buy	17,500
	02/11/25	Buy	21,000
	11/07/24	Buy	22,000
	08/07/24	Buy	23,000
	05/09/24	Buy	28,000
	11/09/23	Buy	33,000
	08/02/23	Buy	42,000
	07/11/23	Buy	44,000
	05/04/23	Buy	58,000



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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. has acted as a liquidity provider for equity-linked warrants backed by shares of Kakao Games as an underlying asset; other than this, Mirae Asset Securities has no other special interests in the covered companies.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report. The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeeasset.us.com or +1 (212) 407-1000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong SAR: This report is distributed in Hong Kong SAR by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong SAR. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong SAR (Cap. 571, Laws of Hong Kong SAR) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong SAR to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong SAR
Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
