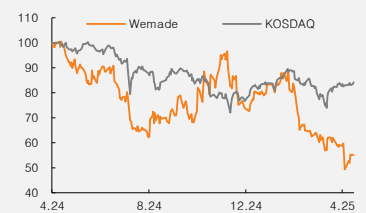


(Maintain)	Buy
Target price	▼ W32,000
Current price (5/13/25)	W26,450
Upside	21.0%

OP (25F, Wbn)	46
Consensus OP (25F, Wbn)	87
EPS growth (25F, %)	-90.9
Market EPS growth (25F, %)	25.2
P/E (25F, x)	52.2
Market P/E (25F, x)	9.3
KOSDAQ	731.88

Market cap (Wbn)	898
Shares (mn)	34
Free float (%)	60.0
Foreign ownership (%)	8.4
Beta (12M)	0.48
52-week low (W)	23,650
52-week high (W)	47,250

(%)	1M	6M	12M
Absolute	-11.2	-30.7	-44.0
Relative	-15.6	-34.7	-34.6



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Wemade

Temper expectations for *Legend of Ymir*

1Q25 review: Below-consensus results

For 1Q25, Wemade posted below-consensus results, with revenue of W141.8bn (-12% YoY; vs consensus of W156bn) and an operating loss of W11.3bn (remaining in the red YoY; vs. consensus of -W5.2bn). Game revenue was W139.4bn (-8% YoY; 11% lower than expected), including W132.5bn (-8% YoY) for mobile and W6.9bn (-13% YoY) for PC.

Mobile revenue declined due to the ongoing downtrend in *Night Crows* revenue and the weak domestic performance of *Legend of Ymir*. For *Night Crows*, combined domestic and global revenue fell 20% QoQ to W40.1bn (-55% YoY). *Legend of Ymir*, launched on Feb. 20, recorded domestic revenue of W24.3bn (average daily revenue of W0.6bn). Operating expenses totaled W153.2bn (-23% YoY), 8% lower than expected.

New title releases and geographical expansion planned in 2H25

The company plans to launch *Mir M* in China in 3Q25. While Chinese publisher The9 expects the title to generate annual revenue of W380bn, our assumption is W130bn. The company is also preparing to launch *The Midnight Walkers* (extraction FPS), *Mir 5* (MMORPG), and *Black Vultures* (team-based extraction FPS).

Legend of Ymir (global) is also under development, with release targeted within 2025. The firm plans to enhance user satisfaction through expanded blockchain integration, enabling the direct use of Wemix tokens within the game ecosystem. We assume revenue from *Legend of Ymir* (domestic and global combined) at W120bn for 2025 and W130bn for 2026.

Cut TP to W32,000, but maintain Buy

We cut our target price for Wemade to W32,000 (from W53,000), as we revised down our *Legend of Ymir* (domestic and global) revenue estimates and changed our valuation base year from 2025 to 2026 (target P/E unchanged at 22x). The stock is currently trading at a 2026F P/E of 18x. Momentum should remain subdued until new titles, including *Mir M* (China) and *Legend of Ymir* (global), deliver results.

On a positive note, Wemade's leaner cost structure should allow for greater leverage effects from successful new title releases compared to in the past. However, based on their underwhelming performances in Korea, the market may have limited expectations for *Mir M* (China) and *Legend of Ymir* (global). That said, momentum could build again once firm release dates are announced for new titles like *Mir M* (China) and *Mir 5*.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	605	712	647	714	732
OP (Wbn)	-110	7	46	72	59
OP margin (%)	-18.2	1.0	7.1	10.1	8.1
NP (Wbn)	-200	188	17	49	39
EPS (W)	-5,931	5,552	507	1,455	1,140
ROE (%)	-63.9	55.6	3.9	10.5	7.5
P/E (x)	-	6.3	52.2	18.2	23.2
P/B (x)	7.8	2.7	2.0	1.8	1.7
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	161	171	214	165	142	122	173	209	605	712	647	714
(YoY)	71.8%	7.6%	-9.0%	41.4%	-12.1%	-28.6%	-19.1%	26.9%	30.6%	17.6%	-9.2%	10.5%
Games	152	166	128	110	139	119	120	156	480	557	534	600
Licensing	1	2	84	52	1	1	51	51	111	138	104	104
Blockchain	7	2	1	1	1	1	1	1	9	11	4	4
Other	1	1	2	1	1	1	1	1	5	5	5	6
Operating expenses	199	196	163	148	153	143	146	158	716	705	601	642
Labor	63	60	59	48	55	55	55	56	242	229	221	225
Fees/commissions	96	97	72	62	54	48	48	59	307	327	208	228
Marketing	15	15	13	15	18	14	16	17	73	58	65	78
D&A	5	5	5	6	12	12	12	12	23	21	47	49
Tax & dues	4	3	2	3	2	2	2	2	7	12	8	10
Other	17	17	12	14	13	13	13	13	64	59	51	53
OP	-38	-24	52	17	-11	-21	27	51	-110	7	46	72
(YoY)	RR	RR	14.1%	TTB	RR	RR	-46.9%	197.1%	RR	TTB	549.1%	57.5%
OP margin	-23.3%	-14.1%	24.2%	10.3%	-8.0%	-17.1%	15.9%	24.2%	-18.2%	1.0%	7.1%	10.1%
NP attributable to owners of the parent	-56	4	42	198	-22	-19	20	38	-200	188	17	49
Net margin	-34.6%	2.4%	19.6%	120.2%	-15.8%	-15.3%	11.5%	18.4%	-33.1%	26.5%	2.7%	6.9%

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	760	826	647	714	-15%	-14%	737	796	-12%	-10%	Lowered <i>Legend of Ymir</i> (domestic and global) revenue estimates
OP	102	132	46	72	-55%	-45%	91	123	-49%	-41%	
NP	82	105	17	49	-79%	-53%	78	100	-78%	-51%	
OP margin	13.4%	16.0%	7.1%	10.1%	-	-	12.3%	15.5%	-	-	
Net margin	10.8%	12.8%	2.7%	6.9%	-	-	10.6%	12.6%	-	-	

Source: FnGuide, Mirae Asset Securities Research

Table 3. 1Q25 review

(Wbn)

	Actual	Mirae Asset	Diff.	Consensus	Diff.
Revenue	142	159	-11%	156	-9%
OP	-11	-7	-	-5	-
NP attributable to owners of the parent	-22	-6	-	-2	-

Source: Mirae Asset Securities Research

Table 4. Valuation table

	Value	Notes
2026F NP attributable to owners of the parent (Wbn)	49	
Target P/E (x)	22	Avg. multiple of Nexon in 2H22-1H23, when the company was seeking to reenter the Chinese market
Target market cap (Wbn)	1,087	
No. of shares ('000)	33,948	
TP (W)	32,000	
CP (W)	26,450	
Upside	21.0%	

Source: Mirae Asset Securities Research

Wemade (112040 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	712	647	714	732
Cost of revenue	0	0	0	0
GP	712	647	714	732
SG&A expenses	705	601	642	674
OP (adj.)	7	46	72	59
OP	7	46	72	59
Non-operating profit	149	-9	0	0
Net financial income	-7	-5	-2	2
Net income from associates	24	-4	2	-2
Pretax profit	156	37	72	59
Income tax	-26	12	14	12
Profit from continuing operations	182	25	58	47
Profit from discontinued operations	0	0	0	0
NP	182	25	58	47
Attributable to owners	188	17	49	39
Attributable to minority interests	-7	8	8	8
Total comprehensive income	134	25	58	47
Attributable to owners	141	26	61	50
Attributable to minority interests	-7	-1	-3	-2
EBITDA	28	65	91	77
FCF	-82	182	91	79
EBITDA margin (%)	3.9	10.0	12.7	10.5
OP margin (%)	1.0	7.1	10.1	8.1
Net margin (%)	26.4	2.6	6.9	5.3

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	551	741	834	806
Cash & equivalents	271	457	541	504
AR & other receivables	128	128	132	136
Inventory	0	0	0	0
Other current assets	152	156	161	166
Non-current assets	1,325	1,304	1,299	1,300
Investments in associates	53	55	56	58
PP&E	115	107	105	104
Intangible assets	502	495	490	489
Total assets	1,876	2,045	2,134	2,106
Current liabilities	981	1,036	1,062	982
AP & other payables	85	88	90	93
Short-term financial liabilities	230	232	233	129
Other current liabilities	666	716	739	760
Non-current liabilities	63	153	157	162
Long-term financial liabilities	10	10	10	10
Other non-current liabilities	53	143	147	152
Total liabilities	1,044	1,188	1,219	1,144
Equity attributable to owners	429	447	496	535
Capital stock	17	17	17	17
Capital surplus	165	165	165	165
Retained earnings	203	220	269	308
Minority interests	403	410	419	427
Shareholders' equity	832	857	915	962

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	-80	185	98	88
NP	182	25	58	47
Non-cash income/expenses	-99	36	34	28
Depreciation	12	10	10	10
Amortization	9	9	9	9
Other	-120	17	15	9
Chg. in working capital	-75	140	21	22
Chg. in AR & other receivables	-58	-4	-4	-4
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	0	0	0	0
Income tax	-90	-12	-14	-12
Cash flow from investing activities	55	-4	-14	-19
Chg. in PP&E	-2	-3	-7	-9
Chg. in intangible assets	2	-2	-4	-7
Chg. in financial assets	-38	1	-3	-3
Other	93	0	0	0
Cash flow from financing activities	-25	2	2	-104
Chg. in financial liabilities	-25	2	2	-104
Chg. in equity	-7	0	0	0
Dividends	0	0	0	0
Other	7	0	0	0
Chg. in cash	-44	186	84	-37
Beginning balance	315	271	457	541
Ending balance	271	457	541	504

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

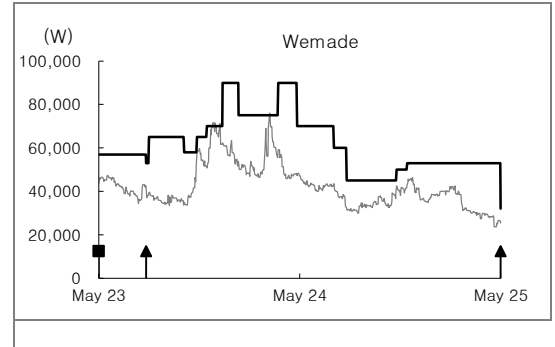
	2024	2025F	2026F	2027F
P/E (x)	6.3	52.2	18.2	23.2
P/CF (x)	14.4	14.8	9.8	12.0
P/B (x)	2.7	2.0	1.8	1.7
EV/EBITDA (x)	54.0	15.8	10.5	11.6
EPS (W)	5,552	507	1,455	1,140
CFPS (W)	2,441	1,792	2,705	2,198
BPS (W)	12,920	13,427	14,882	16,022
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	17.6	-9.2	10.5	2.5
EBITDA growth (%)	TTB	133.4	39.4	-14.9
OP growth (%)	TTB	549.1	57.5	-18.5
EPS growth (%)	TTB	-90.9	186.9	-21.6
AR turnover (x)	8.3	5.5	5.8	5.8
Inventory turnover (x)	0.0	0.0	0.0	0.0
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	11.0	1.3	2.8	2.2
ROE (%)	55.6	3.9	10.5	7.5
ROIC (%)	-18.3	17.1	40.8	39.4
Debt-to-equity ratio (%)	125.5	138.7	133.2	118.9
Current ratio (%)	56.1	71.6	78.6	82.1
Net debt-to-equity ratio (%)	-10.7	-32.5	-39.6	-44.9
Interest coverage ratio (x)	0.5	3.2	5.0	5.1

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Wemade (112040)	05/14/25	Buy	32,000
	11/25/24	Buy	53,000
	11/06/24	Buy	50,000
	08/07/24	Buy	45,000
	07/15/24	Buy	60,000
	05/09/24	Buy	70,000
	04/05/24	Buy	90,000
	01/24/24	Buy	75,000
	12/26/23	Buy	90,000
	11/27/23	Buy	70,000
	11/09/23	Buy	65,000
	10/17/23	Buy	58,000
	08/14/23	Buy	65,000
	08/09/23	Buy	53,000
	05/11/23	Trading Buy	57,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

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

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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)

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