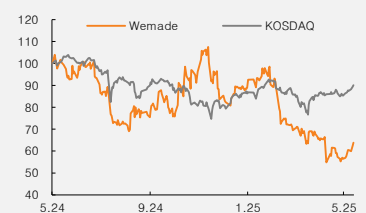


(Maintain)	Buy
Target price	▲ W38,000
Current price (6/5/25)	W27,550
Upside	37.9%

OP (25F, Wbn)	46
Consensus OP (25F, Wbn)	80
EPS growth (25F, %)	-90.9
Market EPS growth (25F, %)	25.7
P/E (25F, x)	54.3
Market P/E (25F, x)	10.2
KOSDAQ	756.23

Market cap (Wbn)	935
Shares (mn)	34
Free float (%)	60.0
Foreign ownership (%)	8.5
Beta (12M)	0.54
52-week low (W)	23,650
52-week high (W)	46,400

(%)	1M	6M	12M
Absolute	16.5	-40.6	-36.3
Relative	11.2	-47.3	-28.3



Mirae Asset Securities Co., Ltd.

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Wemade

Excessive undervaluation presents an opportunity

Excessively undervalued

Based on trailing PGR (i.e., market cap divided by gross game revenue over the last 12 months), Wemade is trading at 1.0x—a 62% discount to the average of nine major domestic game companies and a 32% discount to its own two-year average. Notably, the current level is close to the historical low of 0.9x. We believe the stock is now clearly undervalued in absolute terms.

The company has been working to improve its fundamentals, significantly reducing labor and commission expenses. As such, profitability could improve sharply on a series of upcoming releases. Key releases scheduled for 2H25 include *The Midnight Walkers*, *Mir M*(China), and *Legend of Ymir*(global). In 2026, the company plans to release *Mir 5* and *Night Crows 2*.

Key beneficiary of potential in-app commission cuts

Globally, Apple and Google are facing growing scrutiny and legal pressure over excessive fees on in-app purchases, increasing the likelihood of reductions. Lower commission rates would immediately boost game companies' profitability by lifting contribution margins. Using 2024 as a baseline, we estimate that a mobile commission rate of 17% would lift the OP margins of major domestic game companies by 7%p on average. Wemade, which generates 73% of its revenue from mobile games, would experience especially sharp improvement in profitability, with commission fees paid falling by approximately W70bn.

Maintain Buy and raise TP to W38,000

We lift our target price for Wemade to W38,000 (from W32,000), as we revised up our 2026 earnings estimates to reflect updated assumptions for new titles (target P/E unchanged at 22x). We present the company as our top pick among small/mid-cap game stocks for 2H25. The stock is currently trading at a 2026F P/E of 16x. After a prolonged de-rating, downside risk appears limited, and there exists significant upside if new releases perform well.

We expect new titles such as *Mir M*(China), *Legend of Ymir*(global), *Mir 5*, and *Night Crow 2* to provide strong momentum going forward. As China's gaming market continues to grow rapidly, game companies with strong potential in the country should experience re-ratings. Notably, only a limited number of companies have IPs that are popular in China, and Wemade is among them. We also see potential for *Mir 4* to be released in China.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	605	712	647	731	732
OP (Wbn)	-110	7	46	84	59
OP margin (%)	-18.2	1.0	7.1	11.5	8.1
NP (Wbn)	-200	188	17	59	39
EPS (W)	-5,931	5,552	507	1,727	1,145
ROE (%)	-63.9	55.6	3.9	12.3	7.4
P/E (x)	-	6.3	54.3	16.0	24.1
P/B (x)	7.8	2.7	2.1	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	731
(YoY)	71.8%	7.6%	-9.0%	41.4%	-12.1%	-28.6%	-19.1%	26.9%	30.6%	17.6%	-9.2%	13.0%
Games	152	166	128	110	139	119	120	156	480	557	534	617
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	647
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	233
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	84
(YoY)	RR	RR	14.1%	TTB	RR	RR	-46.9%	197.1%	RR	TTR	549.1%	82.7%
OP margin	-23.3%	-14.1%	24.2%	10.3%	-8.0%	-17.1%	15.9%	24.2%	-18.2%	1.0%	7.1%	11.5%
NP attributable to owners of the parent	-56	4	42	198	-22	-19	20	38	-200	188	17	59
Net margin	-34.6%	2.4%	19.6%	120.2%	-15.8%	-15.3%	11.5%	18.4%	-33.1%	26.5%	2.7%	8.0%

Source: Company data, Mirae Asset Securities Research

Table 2. Valuation table

	Value	Notes
2026F NP attributable to owners of the parent (Wbn)	59	
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)	1,290	
No. of shares ('000)	33,948	
TP (W)	38,000	
CP (W)	27,550	
Upside	37.9%	

Source: Mirae Asset Securities Research

Wemade (112040 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	712	647	731	732
Cost of revenue	0	0	0	0
GP	712	647	731	732
SG&A expenses	705	601	647	673
OP (adj.)	7	46	84	59
OP	7	46	84	59
Non-operating profit	149	-9	0	0
Net financial income	-7	-5	-1	2
Net income from associates	24	-4	1	-2
Pretax profit	156	37	84	59
Income tax	-26	12	17	12
Profit from continuing operations	182	25	67	47
Profit from discontinued operations	0	0	0	0
NP	182	25	67	47
Attributable to owners	188	17	59	39
Attributable to minority interests	-7	8	8	8
Total comprehensive income	134	25	67	47
Attributable to owners	141	26	71	50
Attributable to minority interests	-7	-1	-4	-2
EBITDA	28	65	102	77
FCF	-82	182	100	79
EBITDA margin (%)	3.9	10.0	14.0	10.5
OP margin (%)	1.0	7.1	11.5	8.1
Net margin (%)	26.4	2.6	8.1	5.3

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	551	741	843	816
Cash & equivalents	271	457	550	513
AR & other receivables	128	128	132	136
Inventory	0	0	0	0
Other current assets	152	156	161	167
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	2,143	2,115
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	505	544
Capital stock	17	17	17	17
Capital surplus	165	165	165	165
Retained earnings	203	220	279	317
Minority interests	403	410	419	427
Shareholders' equity	832	857	924	971

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	-80	185	107	88
NP	182	25	67	47
Non-cash income/expenses	-99	36	36	27
Depreciation	12	10	10	10
Amortization	9	9	9	9
Other	-120	17	17	8
Chg. in working capital	-75	140	21	23
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	-17	-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	93	-36
Beginning balance	315	271	457	550
Ending balance	271	457	550	513

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

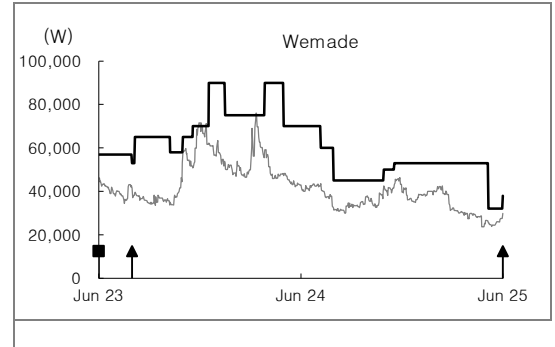
	2024	2025F	2026F	2027F
P/E (x)	6.3	54.3	16.0	24.1
P/CF (x)	14.4	15.4	9.1	12.5
P/B (x)	2.7	2.1	1.8	1.7
EV/EBITDA (x)	54.0	16.4	9.6	11.9
EPS (W)	5,552	507	1,727	1,145
CFPS (W)	2,441	1,792	3,042	2,199
BPS (W)	12,920	13,427	15,155	16,300
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	17.6	-9.2	13.0	0.2
EBITDA growth (%)	TTB	133.4	57.1	-24.3
OP growth (%)	TTB	549.1	82.7	-29.5
EPS growth (%)	TTB	-90.9	240.6	-33.7
AR turnover (x)	8.3	5.5	6.0	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	3.2	2.2
ROE (%)	55.6	3.9	12.3	7.4
ROIC (%)	-18.3	17.1	47.2	39.5
Debt-to-equity ratio (%)	125.5	138.7	131.9	117.8
Current ratio (%)	56.1	71.6	79.5	83.0
Net debt-to-equity ratio (%)	-10.7	-32.5	-40.2	-45.4
Interest coverage ratio (x)	0.5	3.2	5.8	5.2

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Wemade (112040)	06/09/25	Buy	38,000
	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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