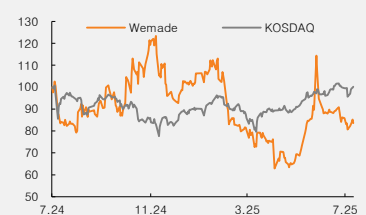


(Maintain)	Buy
Target price	W38,000
Current price (8/8/25)	W31,450
Upside	20.8%

OP (25F, Wbn)	-6
Consensus OP (25F, Wbn)	43
EPS growth (25F, %)	TTR
Market EPS growth (25F, %)	24.1
P/E (25F, x)	-
Market P/E (25F, x)	11.9
KOSDAQ	809.27

Market cap (Wbn)	1,068
Shares (mn)	34
Free float (%)	60.0
Foreign ownership (%)	7.2
Beta (12M)	0.58
52-week low (W)	23,650
52-week high (W)	46,400

(%)	1M	6M	12M
Absolute	-5.6	-21.0	0.2
Relative	-8.5	-27.5	-7.8



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Wemade

Awaiting new releases

2Q25 review: Below-consensus results

For 2Q25, Wemade reported below-consensus results, with revenue of W116.8bn (-32% YoY; vs. consensus of W126.9bn) and an operating loss of W28.5bn (remaining in the red YoY; vs. consensus of -W14.7bn). Game revenue totaled W114.7bn (-31% YoY), 4% below expectations, with the mobile segment seeing a 23% QoQ decline due to a downward stabilization in revenue from *Legend of Ymir* and *Lost Sword*. The company posted licensing revenue of W0.7bn and blockchain revenue of W0.6bn.

Operating expenses were W145.4bn (-26% YoY), in line with expectations. Labor expenses rose 12% QoQ to W61.2bn, affected by one-off costs (e.g., bonus payments at Madngine). However, marketing costs declined 23% QoQ to W14.2bn due to the absence of new releases.

New game launches to resume in 2H25

Wemade plans to launch *Mir M* in China and *Legend of Ymir* globally in 2H25. For *Mir M*, the firm is not merely localizing the game for the Chinese market but actively redeveloping key components (e.g., combat system and progression mechanics) to better suit local player preferences. The Chinese publisher The9 expects the game to generate annual revenue of W380bn.

The firm plans to launch the global version of *Legend of Ymir* as a blockchain-based game; Wemix tokens will be integrated directly, which should simplify gameplay and reduce entry barriers for global users. Meanwhile, *The Midnight Walkers* completed its third global open playtest and is thus also set for release in 2H25.

Maintain Buy and TP of W38,000

We maintain our Buy rating on Wemade with a target price of W38,000 (based on a 2026F P/E of 22x) and retain the company as our top pick among small/mid-cap game stocks. The stock is currently trading at a 2026F P/E of 18x. With a leaner cost structure now in place after two years of streamlining efforts, Wemade is better positioned to benefit from operating leverage driven by the success of new titles.

Earnings momentum fueled by new title releases is likely to continue from 2H25 through 2026. Key upcoming catalysts include updates on the release schedules for: 1) *Mir M* (China) and *Legend of Ymir* (global) in 2H25; and 2) *Mir 5* and *Night Crows 2* in 2026.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	605	712	576	721	802
OP (Wbn)	-110	7	-6	81	111
OP margin (%)	-18.2	1.0	-1.0	11.2	13.8
NP (Wbn)	-200	188	-24	59	82
EPS (W)	-5,931	5,552	-699	1,728	2,415
ROE (%)	-63.9	55.6	-5.7	13.5	16.2
P/E (x)	-	6.3	-	18.2	13.0
P/B (x)	7.8	2.7	2.6	2.3	1.9
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	2Q25	3Q25F	4Q25F	2023	2024	2025F	2026F
Revenue	161	171	214	165	142	117	146	171	605	712	576	721
(YoY)	71.8%	7.6%	-9.0%	41.4%	-12.1%	-31.8%	-31.8%	3.8%	30.6%	17.6%	-19.1%	25.1%
Games	152	166	128	110	139	115	94	119	480	557	467	611
Licensing	1	2	84	52	1	1	51	51	111	138	104	104
Blockchain	7	2	1	1	1	1	1	1	9	11	3	2
Other	1	1	2	1	1	1	1	1	5	6	3	3
Operating expenses	199	196	163	148	153	145	136	147	716	705	582	639
Labor	63	60	59	48	55	61	57	57	242	229	230	235
Fees/commissions	96	97	72	62	54	44	38	46	307	327	182	223
Marketing	15	15	13	15	18	14	15	19	73	58	66	75
D&A	5	5	5	6	12	11	11	11	23	21	46	46
Other	21	20	14	16	15	14	14	15	70	71	58	59
OP	-38	-24	52	17	-11	-29	10	24	-110	7	-6	81
(YoY)	RR	RR	14.1%	TTB	RR	RR	-80.3%	38.7%	RR	TTB	TTR	TTB
OP margin	-23.3%	-14.1%	24.2%	10.3%	-8.0%	-24.4%	7.0%	13.8%	-18.2%	1.0%	-1.0%	11.3%
NP attributable to owners of the parent	-56	4	42	198	-22	-28	8	19	-200	188	-24	59
Net margin	-34.6%	2.4%	19.6%	120.2%	-15.8%	-24.3%	5.6%	11.1%	-33.1%	26.5%	-4.1%	8.1%

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	647	731	576	721	-11%	-1%	635	704	-9%	2%	Assuming Chinese launch of <i>Mir M</i> and global launch of <i>Legend of Ymir</i> in 4Q25 Reflected cost efficiency improvements Adjusted non-operating income assumptions
OP	46	84	-6	81	-	-3%	43	90	-	-9%	
NP	17	59	-24	59	-	0%	27	71	-	-18%	
OP margin	7.1%	11.5%	-1.0%	11.3%	-	-	6.7%	12.7%	-	-	
Net margin	2.7%	8.0%	-4.1%	8.1%	-	-	4.2%	10.1%	-	-	

Source: FnGuide, Mirae Asset Securities Research

Table 3. 2Q25 review

(Wbn)

	Actual	Mirae Asset	Diff.	Consensus	Diff.
Revenue	117	122	-5%	127	-8%
OP	-29	-21	-	-15	-
NP attributable to owners of the parent	-28	-19	-	-4	-

Source: Mirae Asset Securities Research

Table 4. 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)	31,450	
Upside	20.8%	

Source: Mirae Asset Securities Research

Wemade (112040 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	712	576	721	802
Cost of revenue	0	0	0	0
GP	712	576	721	802
SG&A expenses	705	582	639	690
OP (adj.)	7	-6	81	111
OP	7	-6	81	111
Non-operating profit	149	-6	-8	-9
Net financial income	-7	-7	-7	-3
Net income from associates	24	1	-1	-6
Pretax profit	156	-12	73	102
Income tax	-26	10	15	20
Profit from continuing operations	182	-22	59	82
Profit from discontinued operations	0	0	0	0
NP	182	-22	59	82
Attributable to owners	188	-24	59	82
Attributable to minority interests	-7	2	0	0
Total comprehensive income	134	-22	59	82
Attributable to owners	141	-23	62	86
Attributable to minority interests	-7	1	-3	-4
EBITDA	28	13	100	130
FCF	-82	-111	83	105
EBITDA margin (%)	3.9	2.3	13.9	16.2
OP margin (%)	1.0	-1.0	11.2	13.8
Net margin (%)	26.4	-4.2	8.2	10.2

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	551	511	598	597
Cash & equivalents	271	228	305	294
AR & other receivables	128	127	132	137
Inventory	0	0	0	0
Other current assets	152	156	161	166
Non-current assets	1,325	1,240	1,235	1,236
Investments in associates	53	55	56	58
PP&E	115	107	105	104
Intangible assets	502	495	490	489
Total assets	1,876	1,752	1,833	1,833
Current liabilities	981	731	748	659
AP & other payables	85	88	91	94
Short-term financial liabilities	230	232	233	129
Other current liabilities	666	411	424	436
Non-current liabilities	63	211	217	223
Long-term financial liabilities	10	10	10	10
Other non-current liabilities	53	201	207	213
Total liabilities	1,044	942	965	882
Equity attributable to owners	429	406	465	547
Capital stock	17	17	17	17
Capital surplus	165	165	165	165
Retained earnings	203	179	238	320
Minority interests	403	404	404	404
Shareholders' equity	832	810	869	951

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	-80	-108	90	114
NP	182	-22	59	82
Non-cash income/expenses	-99	36	40	41
Depreciation	12	10	10	10
Amortization	9	9	9	9
Other	-120	17	21	22
Chg. in working capital	-75	-106	13	14
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	-10	-15	-20
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	-43	77	-10
Beginning balance	315	271	228	305
Ending balance	271	228	305	294

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

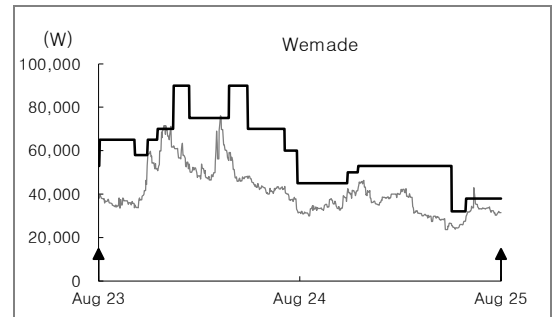
	2024	2025F	2026F	2027F
P/E (x)	6.3	-	18.2	13.0
P/CF (x)	14.4	75.6	10.9	8.7
P/B (x)	2.7	2.6	2.3	1.9
EV/EBITDA (x)	54.0	107.4	13.5	9.6
EPS (W)	5,552	-699	1,728	2,415
CFPS (W)	2,441	416	2,895	3,634
BPS (W)	12,920	12,222	13,950	16,364
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	17.6	-19.1	25.1	11.2
EBITDA growth (%)	TTB	-52.5	654.1	29.8
OP growth (%)	TTB	TTR	TTB	36.8
EPS growth (%)	TTB	TTR	TTB	39.7
AR turnover (x)	8.3	4.9	5.9	6.4
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	-1.2	3.3	4.5
ROE (%)	55.6	-5.7	13.5	16.2
ROIC (%)	-18.3	-2.8	14.7	20.5
Debt-to-equity ratio (%)	125.5	116.3	111.0	92.8
Current ratio (%)	56.1	70.0	80.0	90.6
Net debt-to-equity ratio (%)	-10.7	-6.1	-14.5	-23.4
Interest coverage ratio (x)	0.5	-0.4	5.6	9.7

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
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



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	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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