SECTOR UPDATE

2026. 3. 9

Tech Team

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▶ **AT A GLANCE**

Krafton (259960 KS, 226,000)		
Target price	KRW300,000	32.7%
BUY		
NCsoft (036570 KS, 214,500)		
Target price	KRW260,000	21.2%
BUY		
Netmarble (251270 KS, 54,000)		
Target price	KRW74,000	37%
BUY		
Pearl Abyss (263750 KQ, 58,800)		
Target price	KRW36,000	-38.8%
HOLD		
Shift Up (462870 KS, 31,550)		
Target price	KRW32,000	1.4%
HOLD		
Kakao Games (293490 KQ, 13,380)		
Target price	KRW13,000	-2.8%
HOLD		
DoubleU Games (192080 KS, 50,000)		
Target price	KRW74,000	48%
BUY		
NHN (181710 KS, 36,600)		
Target price	KRW46,000	25.7%
BUY		

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Games (OVERWEIGHT)

Google Play fee cut to lift margins across sector

- Google's new Play Store commission and billing policy should enhance profitability across Korea's game industry.
- The largest beneficiaries from the fee reduction should be the companies with: 1) high sales exposures to mobile games and self-publishing; and 2) relatively low operating margins.
- We expect Netmarble, Neowiz, and Com2us to enjoy the most significant improvements in profitability.

WHAT'S THE STORY?

Google decides to cut Play Store commission: On Mar 4, Google unveiled a major overhaul of its Play Store commission and billing policy, marking the culmination of a multi-year legal battle with Epic Games. The new policy not only lowers commission rates but also relaxes long-standing restrictions on third-party app stores. The updated rules should roll out first in the US and Europe by the end of June, with Korea and Japan to follow by the end of December. Under the new framework, in-app purchase fees should be split into two components: a service fee and a payment processing fee, enabling developers to use external payment systems. Google should lower its service fee on in-app purchases from 30% to 25% for all newly downloaded apps. An additional 5% discount should be available to apps that qualify for its Game Level Up program.

Apple likely to follow suit: While Apple has not yet officially announced any changes to its App Store commission structure, the pressure from Google's move significantly increases the likelihood that Apple will adopt developer-friendly measures—potentially lowering its own fees or permitting external payment options. If Apple follows suit with fee reductions, the entire game industry stands to benefit from broader improvements in profitability.

(Continued on the next page)

WHY SHOULD
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Game sector profitability to improve, but company-specific impacts to be different: The revised app store commission structure should boost overall profitability for Korean game companies, enhancing the sector's investment attractiveness. However, the actual improvement in operating profit should vary significantly depending on three key factors: 1) whether a developer participates in Google's Game Level Up program; 2) the proportion of its sales generated from mobile games; and 3) the firm's current operating margin. To qualify for the Game Level Up program, developers must meet some requirements (eg, supporting cross-platform play)—meaning the benefits should primarily favor newer titles. Participating developers should see their service fee drop from 30% to 20% for new games and 25% for existing ones. Non-participants, however, will only benefit from a reduced rate of 25% on new games, with no reduction for existing titles. Moreover, since developers receive only a portion of total sales (not the full amount), the financial benefit from fee reductions should be inherently limited. Taking all these variables into account, we forecast the improvement in operating margins will differ across companies, with gains ranging from 0% to 8%.

Netmarble, Neowiz, and Com2us best positioned to benefit: The financial advantages of Google's new policy should be most pronounced among companies with: 1) high sales exposures to mobile games and self-publishing; and 2) relatively low operating margins, a factor that suggests the leverage effect of reduced fees should be the strongest. Based on these criteria, Netmarble, Neowiz, and Com2us are identified as the primary beneficiaries. However, tangible improvements in operating results should become visible from 2027 when the new fee structure takes full effect.

Google Play commission changes

	Previous commission rate	New commission rate (service fee + Google billing fee)	
		Level-up program: Participants	Level-up program: Non participants
First USD1m revenue	15%	15% (10%+5%)	15% (10%+5%)
New installs	30%	20% (15%+5%)	25% (20%+5%)
Existing installs	30%	25% (20%+5%)	30% (25%+5%)
Subscriptions	15%	15% (10%+5%)	15% (10%+5%)

Source: Google, Samsung Securities estimates

Google Play games level up program

Requirements	Benefits
1. Player journey rewards - Achievement and reward design based on level progression	Promotion of content and benefits across Google Play
2. Player continuity - Ensuring gameplay continuity through cloud save and restore	Game promotion through YouTube videos on Google Play
3. Cross-device gameplay - Cross-platform support across mobile, PC, and tablet - Support for keyboard, mouse, and controllers	Game promotion through YouTube videos on Google Play

Source: Google

Impact of Google Play commission cuts on major game publishers

	Mobile sales ratio	In-app purchase ratio*	Revenue exposure to fee reduction**	Estimated payment fee savings***		2026E operating margin	Operating profit growth	
				Low (5%)	High (10%)		Low	High
Krafton	39%	14%	5%	0.3%	0.5%	26%	1.1%	2.1%
NCsoft	40%	70%	28%	1.4%	2.8%	16%	9.0%	23.2%
Netmarble	100%	80%	80%	4.0%	8.0%	13%	30.7%	61.3%
Pearl Abyss	5%	100%	5%	0.2%	0.5%	20%	1.3%	2.5%
Shift Up	60%	0%	0%	0.0%	0.0%	50%	0.0%	0.0%
Kakao Games	67%	100%	67%	3.3%	6.7%	-5%	n/a	n/a
DoubleU Games	91%	82%	74%	3.7%	7.4%	33%	11.4%	22.9%
NHN	13%	100%	13%	0.6%	1.3%	7%	9.3%	18.5%
Neowiz	47%	88%	42%	2.1%	4.2%	12%	17.0%	34.1%
C2S	78%	95%	74%	3.7%	7.4%	2%	156.6%	313.1%

Note: *Share of self-published mobile revenue using IAP;
**IAP revenue share of total revenue;
***Commission cut impact on total revenue
Source: Samsung Securities estimates

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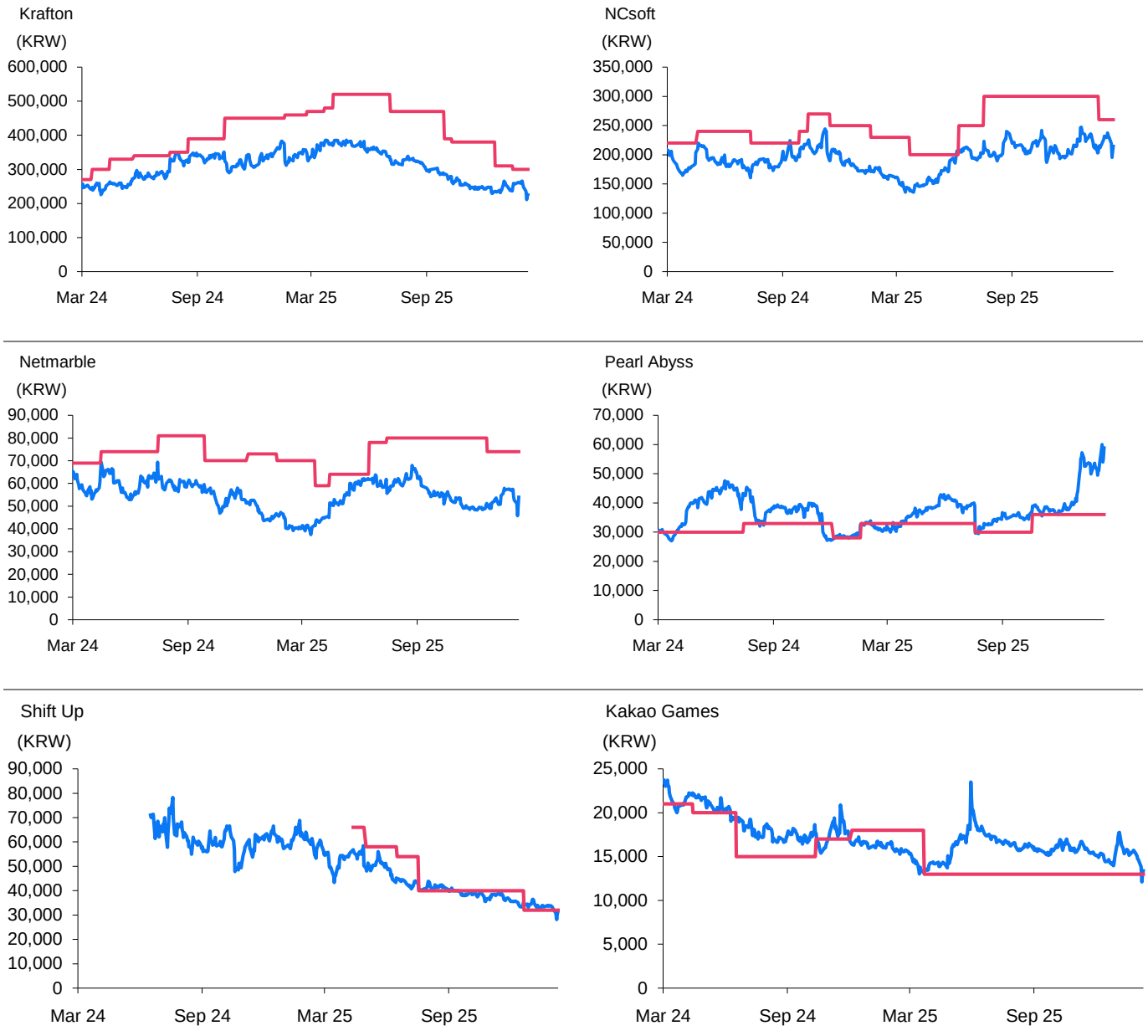
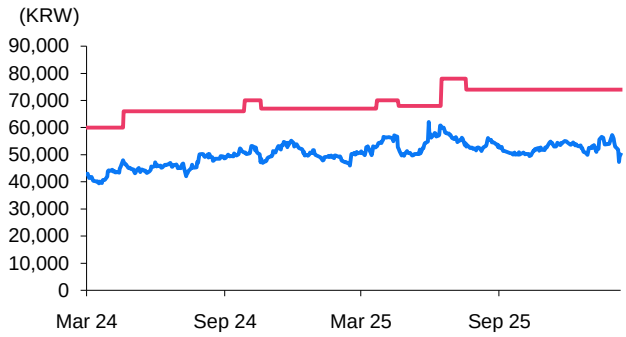
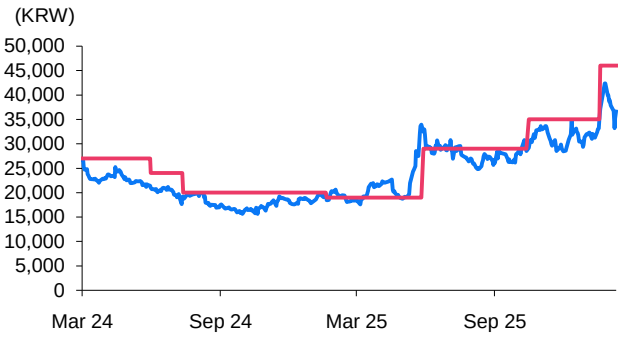
Target price changes in past two years



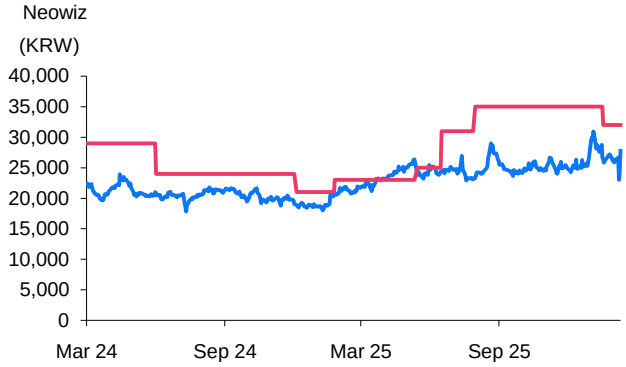
DoubleU Games



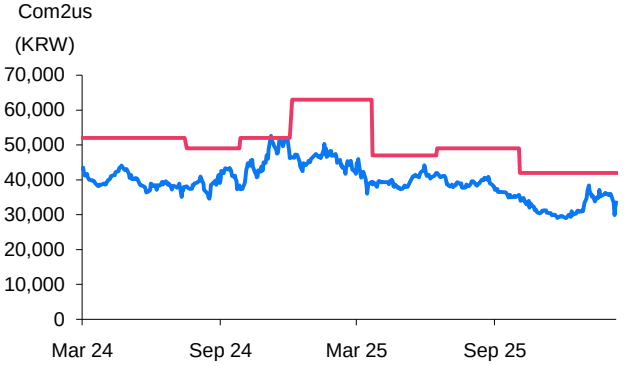
NHN



Neowiz



Com2us



Rating changes over past two years (adjusted share prices)

Krafton												
Date	2024/2/13	4/11	5/9	6/17	8/13	9/11	11/8	2025/2/12	3/19	4/16	4/30	7/30
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	270000	300000	330000	340000	350000	390000	450000	460000	470000	480000	520000	470000
Gap* (average)	-12.80	-17.85	-22.59	-16.76	-5.61	-13.29	-27.25	-26.43	-25.08	-21.22	-29.80	-33.18
(max or min)**	-4.81	-13.33	-17.58	-12.65	-0.29	-10.00	-14.89	-22.17	-19.68	-19.58	-25.77	-27.87
Date	10/24	11/5	2026/1/13	2/10								
Recommendation	BUY	BUY	BUY	BUY								
Target price (KRW)	390000	380000	310000	300000								
Gap* (average)	-28.48	-34.01	-21.29									
(max or min)**	-26.92	-27.63	-25.32									
NCsoft												
Date	2024/2/13	3/20	5/13	8/6	10/22	11/5	12/10	2025/2/13	4/16	7/3	8/12	2026/2/11
Recommendation	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	210000	220000	240000	220000	240000	270000	250000	230000	200000	250000	300000	260000
Gap* (average)	-5.46	-16.29	-20.65	-13.65	-10.60	-20.02	-25.18	-30.22	-17.89	-18.99	-28.78	
(max or min)**	1.43	-5.45	-8.33	2.05	-8.54	-9.44	-16.20	-22.43	3.25	-14.60	-17.50	
Netmarble												
Date	2024/2/8	5/10	8/9	10/22	12/30	2025/2/14	4/16	5/9	7/11	8/8	2026/1/15	
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	
Target price (KRW)	69000	74000	81000	70000	73000	70000	59000	64000	78000	80000	74000	
Gap* (average)	-13.44	-18.59	-26.48	-23.22	-34.71	-40.50	-25.12	-11.50	-22.55	-30.27		
(max or min)**	-3.19	-6.22	-21.98	-17.14	-27.81	-32.43	-22.80	-2.81	-18.21	-15.00		
Pearl Abyss												
Date	2023/11/13	2024/8/9	12/30	2025/2/12	8/13	11/12						
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD						
Target price (KRW)	30000	33000	28000	33000	30000	36000						
Gap* (average)	23.33	11.31	3.04	9.43	13.89							
(max or min)**	-10.00	-17.73	16.07	30.15	22.50							
Shift Up												
Date	2025/5/7	5/26	7/11	8/12	2026/1/15							
Recommendation	BUY	BUY	BUY	HOLD	HOLD							
Target price (KRW)	66000	58000	54000	40000	32000							
Gap* (average)	-16.62	-15.05	-19.98	-3.15								
(max or min)**	-11.36	-3.28	-17.04	-16.88								
Kakao Games												
Date	2023/11/9	2024/5/9	7/12	11/7	12/30	2025/4/16						
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD						
Target price (KRW)	21000	20000	15000	17000	18000	13000						
Gap* (average)	15.87	3.64	17.94	2.77	-12.52							
(max or min)**	-4.76	-4.85	9.47	-9.47	-4.17							
DoubleU Games												
Date	2024/2/15	5/14	10/22	11/13	2025/4/16	5/15	7/11	8/13				
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY				
Target price (KRW)	60000	66000	70000	67000	70000	68000	78000	74000				
Gap* (average)	-27.16	-29.12	-26.96	-24.57	-20.71	-21.18	-27.58					
(max or min)**	-18.75	-20.76	-24.00	-17.61	-18.43	-8.68	-23.08					

NHN								
Date	2024/2/15	6/25	8/7	2025/2/14	6/23	11/10	2026/2/13	
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	
Target price (KRW)	27000	24000	20000	19000	29000	35000	46000	
Gap* (average)	-10.71	-15.79	-10.26	10.07	-3.66	-10.14		
(max or min)**	6.48	-11.88	-0.30	78.68	-14.48	0.00		
Neowiz								
Date	2024/2/15	6/26	12/30	2025/2/19	6/9	7/11	8/25	2026/2/11
Recommendation	BUY	BUY	HOLD	HOLD	HOLD	BUY	BUY	BUY
Target price (KRW)	29000	24000	21000	23000	25000	31000	35000	32000
Gap* (average)	-25.31	-15.00	-9.45	-0.53	-2.77	-21.40	-26.74	
(max or min)**	-15.69	-9.17	-0.95	14.57	1.80	-13.06	-11.57	
Com2us								
Date	2024/1/16	8/12	10/22	12/30	2025/4/16	7/11	10/29	2026/1/21
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	HOLD	BUY
Target price (KRW)	52000	49000	52000	63000	47000	49000	42000	42000
Gap* (average)	-21.04	-19.66	-11.80	-29.25	-15.12	-21.73	-26.06	
(max or min)**	-7.31	-11.43	1.15	-20.16	-5.96	-15.92	-17.14	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Percentage of ratings in 12 months prior to 2025.12.31

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