COMPANY UPDATE

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Tech Team

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NHN (181710)

High growth on web-board games and GPUaaS

- NHN' game sales should head north on: 1) a rise in monthly payment limit for web-board games in February; and 2) the release of a new title based on popular IP.
- While addition of more GPUaaS contracts should boost technology sales, restructuring of non-core subsidiaries should lift overall profitability.
- The stock should put in solid performance, backed by robust growth in both game and technology sales and also improving profitability at subsidiaries.

▶ AT A GLANCE

BUY

Target price	KRW46,000	19.3%
Current price	KRW38,550	
Market cap	KRW1.3t/USD0.9b	
Shares (float)	32,753,139 (37.3%)	
52-week high/low	KRW42,400/KRW18,770	
Avg daily trading value (60-day)	KRW3.5b/ USD2.3m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
NHN (%)	-1.4	43.3	82.7
Vs Kospi (%pts)	-6.9	-11.6	-23.5

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	46,000	46,000	0.0%
2025E EPS	1,401	1,401	0.0%
2026E EPS	2,854	2,854	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	7
Target price	46,000
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

Game business—growth powered by web-board games: NHN's web-board game sales grew over 20% m-m on the relaxation of monthly payment limit for web-board games—from KRW700,000 to KRW1,000,000—starting in February. As a result, web-board game sales should expand 8.8% y-y in 1Q, primarily driven by strong performance from heavy users in PC-based games. Meanwhile, Dissidia Duellum Final Fantasy, released on Mar 24, has been making splashes in Japan and is likely to serve as a key growth driver from 2Q.

GPUaaS sales to grow in earnest: Building on last year's momentum, GPU-as-a-Service (GPUaaS) is again set to lead growth in NHN's technology sales in 2026. The company should recognize sales from: 1) operating government-funded GPU infrastructure at the Yangpyeong data center from 2Q; and 2) Krafton, which should begin using NHN's GPU services, from 3Q. With these new GPUaaS contracts, technology sales should increase more than 25% y-y in 2026.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	2,456	2,516	2,821	3,176
Operating profit (KRWb)	-33	132	204	240
Net profit (adj) (KRWb)	-193	58	127	167
EPS (adj) (KRW)	-2,101	1,401	2,854	3,604
EPS (adj) growth (% y-y)	nm	nm	103.6	26.3
EBITDA margin (%)	2.9	9.4	11.2	11.2
ROE (%)	-8.6	2.5	5.8	7.5
P/E (adj) (x)	n/a	20.7	13.5	10.7
P/B (x)	0.4	0.6	0.8	0.7
EV/EBITDA (x)	7.0	1.7	2.2	1.9
Dividend yield (%)	2.8	1.7	1.3	1.3

Source: Company data, Samsung Securities estimates

Subsidiary restructuring to boost profitability: NHN Bugs is scheduled for full divestment by end-March, and should be excluded from consolidated results starting in 2Q. At the same time, NHN is planning to improve profitability in its e-commerce and global businesses by winding down underperforming operations. Additional streamlining of non-core subsidiaries (eg, content and e-commerce) should drive company-wide margin improvement this year.

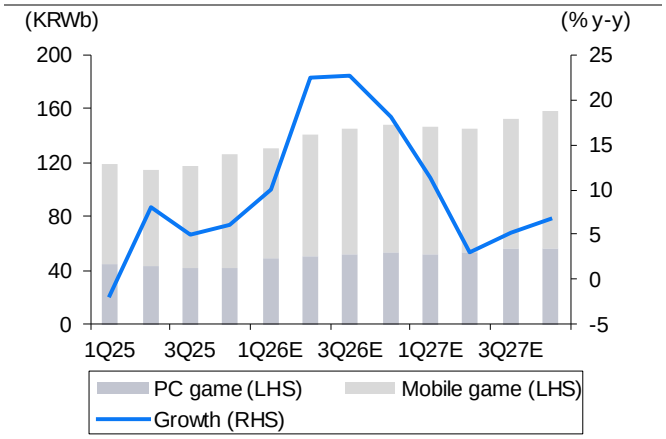
Games and cloud to fuel earnings momentum: We maintain BUY rating and KRW46,000 target price (based on a 16x 2026 P/E; the domestic gaming industry average). NHN is benefiting from two key tailwinds: 1) the prospect of robust game sales growth, supported by regulatory easing for Web-board games and new titles based on anime IPs; and 2) accelerating cloud sales driven by GPUaaS adoption. The stock should put in solid performance this year based on improving earnings momentum.

Changes in web-board game regulations

	2014	2016	2018	2020	2022	2024	2026
Monthly payment limit	KRW300,000	KRW500,000	KRW500,000	KRW500,000	KRW700,000	KRW700,000	KRW1,000,000
Single bet limit	KRW30,000	KRW50,000	KRW50,000	KRW50,000	KRW70,000	KRW70,000	KRW100,000
Daily loss limit	KRW100,000	KRW100,000	KRW100,000	User sets limit up to KRW500,000	User sets limit up to KRW700,000	User sets limit up to KRW700,000	User sets limit up to KRW1,000,000
Game opponent selection	X	KRW2,500	KRW2,500	KRW2,500	KRW3,500	KRW3,500	KRW5,000
Automatic betting	X	X	X	X	X	X	X
Self-check frequency	Quarterly	Annually	Annually	Annually	Annually	Annually	Annually

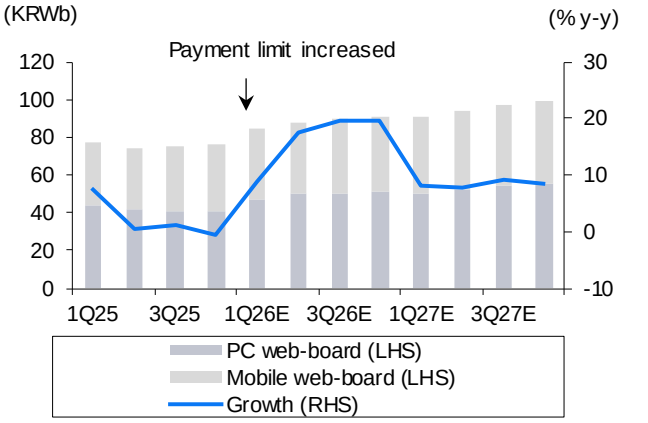
Source: Samsung Securities

Game sales



Source: Square Enix

Web board game sales

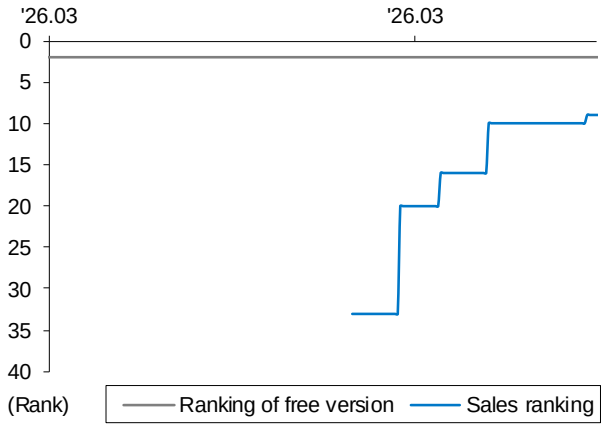


Source: Company data, Samsung Securities

Dissidia Duellum Final Fantasy (Mar 24)

Source: Square Enix

Dissidia Duellum Final Fantasy: Japan iOS ranking



Note: Top 100 rankings over the past 48 hours, aggregated at 10-minute intervals
Source: Mobile Index

Recent and upcoming titles

Launch	Title	Genre	Details
1Q26	Puzzle Star	Three-match puzzle	Oshi no Ko (My Star's Child) IP-based
	Dissidia Duellum Final Fantasy	Fighting game	Final fantasies IP-based
2Q26	Touken Puzzle	Action puzzle	Touken Ranbu IP-based
	Suuuiplash	Causal	Web 3-based
2H26	Project MM	Puzzle	IP-based
	EMMA	Casual	

Source: Company data, Samsung Securities

NHN Cloud key projects

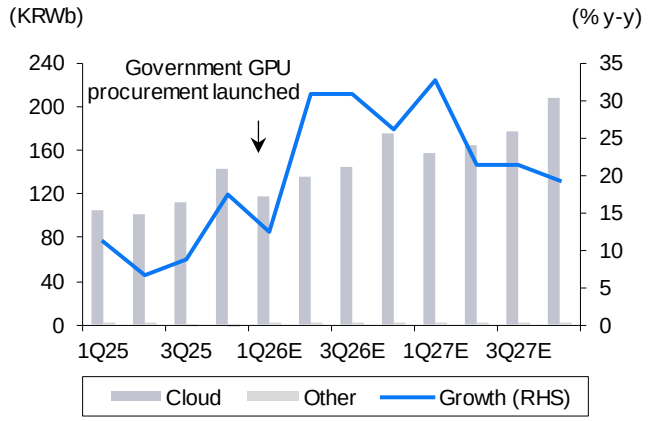
Project	Details	Data center	Revenue	Timeline
Government system migration	System migration following government data center fire, NHN cloud capacity provision	PPP Daegu data center	KRW1b-2b	4Q25
AI compute infrastructure expansion program	Government-owned GPU B200 procurement, deployment and operations support	Yangpyeong data center	5 year KRW300b	2Q26~
Krafton cloud GPU operation	Krafton GPU deployment and operations	Pangyo data center	5 year KRW100b	3Q26~
Disaster recovery system build	Hybrid DR system deployment (public+private cloud)	PPP Daegu data center	KRW70b	4Q26~
Daegu data center private sales	Partial data center capacity allocation and private sales	PPP Daegu data center	Annual KRW20b+	3Q26~

Source: Company data, Samsung Securities

Yangpyeong 26 kW urban data center

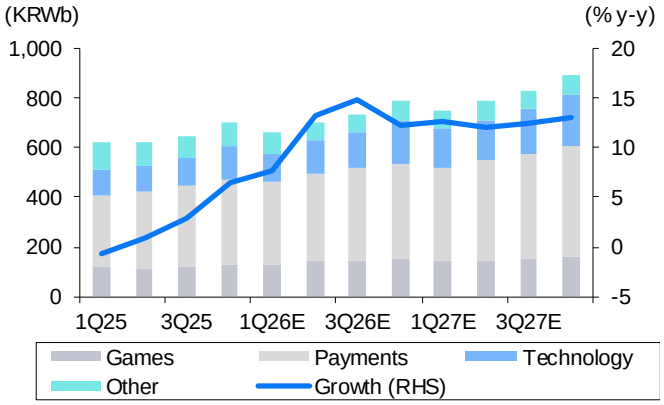
Source: Company data

Technology sales



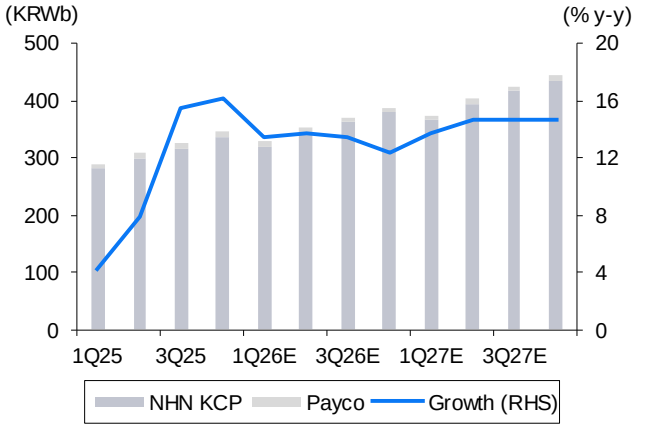
Source: Company data, Samsung Securities estimates

Quarterly sales, by division



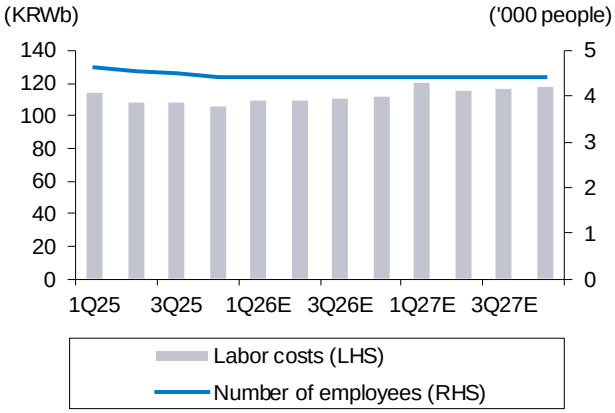
Source: Company data, Samsung Securities estimates

Payment sales



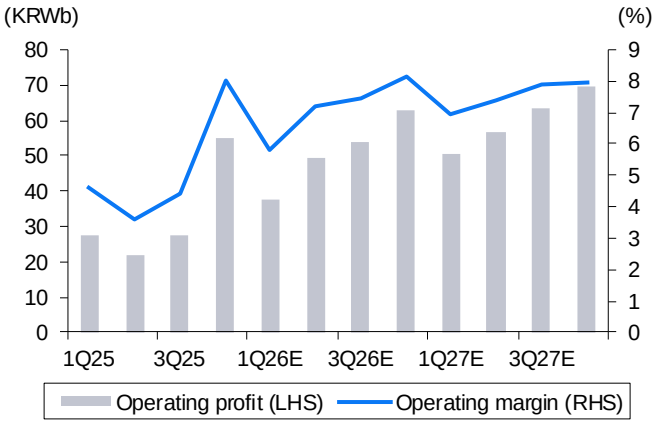
Source: Company data, Samsung Securities estimates

Labor costs and number of employees



Source: Company data, Samsung Securities estimates

Quarterly operating profit



Source: Company data, Samsung Securities estimates

1Q26 preview

(KRWb)	1Q26			Diff (%)		1Q25	4Q25	Chg	
	Result	Samsung	Consensus	Samsung	Consensus			(% y-y)	(% q-q)
Sales	**646.9**	**669.6**	**645.2**	**(3.4)**	**0.3**	**600.1**	**685.7**	**7.8**	**(5.7)**
Games	131.5	125.6		4.7		119.6	126.1	9.9	4.2
Payment	329.4	343.9		(4.2)		290.3	345.6	13.5	(4.7)
Technology	118.9	132.7		(10.4)		105.6	139.1	12.6	(14.5)
Other	85.0	90.1		(5.6)		104.5	94.3	(18.6)	(9.8)
Internal transactions	(17.9)	(22.7)		(21.0)		(19.9)	(19.4)	(10.0)	(7.6)
Operating expenses	**609.1**	**639.3**		**(4.7)**		**572.5**	**630.6**	**6.4**	**(3.4)**
Salaries and employee benefits	108.8	110.6		(1.6)		113.8	106.2	(4.4)	2.5
Commission paid	426.5	438.7		(2.8)		368.4	454.5	15.8	(6.2)
Marketing expenses	23.6	26.4		(10.7)		18.2	23.9	29.5	(1.4)
D&A expenses	27.3	25.4		7.2		26.4	26.8	3.5	1.8
Other	23.0	38.2		(39.8)		45.7	19.2	(49.7)	19.9
Operating profit	**37.8**	**30.3**	**33.4**	**24.6**	**12.9**	**27.6**	**55.1**	**36.6**	**(31.5)**
Pre-tax profit	38.9	(9.3)	35.1	(517.4)	10.8	24.1	46.3	61.5	(16.0)
Net profit	19.4	(24.2)	19.4	(180.3)	0.2	(0.2)	28.7	nm	(32.2)
Net profit (controlling)	11.7	(14.5)	15.2	(180.3)	(23.3)	(3.8)	19.5	nm	(40.3)
Margins (%)									
Operating profit	5.8	4.5	5.2			4.6	8.0		
Pre-tax profit	6.0	(1.4)	5.4			4.0	6.7		
Net profit	3.0	(3.6)	3.0			(0.0)	4.2		
Net profit (controlling)	1.8	(2.2)	2.4			(0.6)	2.8		

Source: Company data, Samsung Securities estimates

NHN valuation

(KRWb)	
2026E EPS	2,854
Target P/E* (x)	16.0
Fair share price (KRW)	45,585
Target price (KRW)	**46,000**
Current price (KRW)	41,850
Upside (%)	9.9

Note: *Based on Mar 27 closing price
Source: Samsung Securities estimates

NHN's peers: Valuations

(x)	2025	2026E
Netmarble	13.9	12.6
NCsoft	15.1	15.3
Pearl Abyss	n/a	15.7
Com2us	49.2	20.9
Neowiz	9.9	13.6
Nexon	20.6	17.8
Target P/E	**21.7**	**16.0**

Note: Based on Apr 15 closing prices
Source: Bloomberg

Quarterly results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	**600**	**605**	**626**	**686**	**647**	**686**	**719**	**770**	**729**	**769**	**809**	**870**
Games	120	115	118	126	131	141	145	149	146	145	153	159
Payment	290	309	327	346	329	352	371	389	375	404	426	446
Technology	106	104	112	139	119	137	146	175	158	166	177	209
Other	104	96	90	94	85	77	76	79	71	77	76	82
Internal transactions	(20)	(20)	(21)	(19)	(18)	(20)	(20)	(22)	(21)	(22)	(24)	(26)
Operating expenses	**572**	**583**	**598**	**631**	**609**	**636**	**665**	**707**	**678**	**712**	**745**	**801**
Salaries and employee benefits	114	108	108	106	109	110	111	112	120	115	116	117
Commission paid	368	392	405	454	426	455	480	518	483	520	549	599
Marketing expenses	18	21	24	24	24	24	25	26	26	27	29	31
D&A expenses	26	25	25	27	27	28	28	28	29	29	29	29
Other	46	37	36	19	23	21	21	22	21	21	22	24
Operating profit	**28**	**22**	**28**	**55**	**38**	**49**	**54**	**63**	**51**	**57**	**64**	**69**
Pre-tax profit	24	24	39	46	39	52	58	60	53	61	67	76
Net profit	(0)	11	18	29	19	31	38	39	34	39	43	49
Net profit (controlling)	(4)	9	12	20	12	21	27	28	24	28	31	37
Adjusted EPS (KRW)	74	223	131	984	336	591	744	1,184	688	757	884	1,275
Margins (%)												
Operating profit	4.6	3.6	4.4	8.0	5.8	7.2	7.5	8.2	7.0	7.4	7.9	8.0
Pre-tax profit	4.0	3.9	6.2	6.7	6.0	7.6	8.1	7.8	7.3	7.9	8.3	8.7
Net profit	(0.0)	1.9	2.9	4.2	3.0	4.6	5.2	5.0	4.7	5.1	5.4	5.7
Net profit (controlling)	(0.6)	1.5	1.9	2.8	1.8	3.1	3.8	3.7	3.3	3.6	3.9	4.3

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

(KRWb)	2026E			2027E			2028E		
	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Sales	2,819	2,821	0.1	3,194	3,176	(0.6)		3,576	n/a
Games	537	566	5.5	584	603	3.2		658	n/a
Payment	1,450	1,441	(0.6)	1,667	1,650	(1.0)		1,877	n/a
Technology	570	577	1.3	694	710	2.3		833	n/a
Other	351	317	(9.7)	348	305	(12.3)		313	n/a
Internal transactions	(88)	(81)	(8.2)	(100)	(93)	(7.3)		(105)	n/a
Operating expenses	2,628	2,617	(0.4)	2,953	2,936	(0.6)		3,276	n/a
Salaries and employee benefits	435	442	1.5	454	468	3.3		493	n/a
Commission paid	1,897	1,879	(0.9)	2,179	2,151	(1.3)		2,434	n/a
Marketing expenses	100	98	(1.5)	113	113	(0.5)		129	n/a
D&A expenses	111	111	0.0	116	116	0.0		121	n/a
Other	84	87	3.4	91	88	(3.3)		98	n/a
Operating profit	192	204	6.1	241	240	(0.3)		300	n/a
Pre-tax profit	197	209	6.1	257	256	(0.2)		318	n/a
Net profit	120	127	6.0	167	167	(0.2)		207	n/a
Net profit (controlling)	84	89	5.9	120	120	(0.2)		149	n/a
Adjusted EPS (KRW)	2,702	2,854	5.6	3,613	3,604	(0.2)		4,495	n/a
Margins (%)									
Operating profit	6.8	7.2		7.5	7.6			8.4	
Pre-tax profit	7.0	7.4		8.0	8.1			8.9	
Net profit	4.3	4.5		5.2	5.2			5.8	
Net profit (controlling)	3.0	3.1							

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**2,270**	**2,456**	**2,516**	**2,821**	**3,176**
Cost of goods sold	0	0	0	0	0
Gross profit	**2,270**	**2,456**	**2,516**	**2,821**	**3,176**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	2,214	2,489	2,384	2,617	2,936
Operating profit	**56**	**-33**	**132**	**204**	**240**
Operating margin (%)	2.4	-1.3	5.3	7.2	7.6
Non-operating gains (losses)	**-43**	**-97**	**1**	**5**	**16**
Financial profit	81	92	75	74	78
Financial costs	78	69	51	46	47
Equity-method gains (losses)	5	-11	-5	-5	-4
Other	-51	-109	-19	-18	-11
Pre-tax profit	**13**	**-130**	**133**	**209**	**256**
Taxes	36	63	76	82	90
Effective tax rate (%)	278.1	-48.7	56.7	39.0	35.0
Profit from continuing operations	-23	-193	58	127	167
Profit from discontinued operations	0	0	0	0	0
Net profit	**-23**	**-193**	**58**	**127**	**167**
Net margin (%)	-1.0	-7.8	2.3	4.5	5.2
Net profit (controlling interests)	-9	-133	37	89	120
Net profit (non-controlling interests)	-15	-60	21	38	47
EBITDA	149	72	236	315	357
EBITDA margin (%)	6.6	2.9	9.4	11.2	11.2
EPS (parent-based) (KRW)	-243	-3,904	1,098	2,712	3,664
EPS (consolidated) (KRW)	-656	-5,674	1,715	3,886	5,088
Adjusted EPS (KRW)*	182	-2,101	1,401	2,854	3,604

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,537**	**1,419**	**1,815**	**1,943**	**2,117**
Cash & equivalents	772	622	1,074	1,136	1,226
Accounts receivable	182	185	183	205	232
Inventories	67	49	32	35	40
Other current assets	516	563	526	567	619
Fixed assets	**1,912**	**1,774**	**1,687**	**1,674**	**1,662**
Investment assets	532	474	469	505	547
Tangible assets	706	701	653	561	464
Intangible assets	427	345	365	406	446
Other long-term assets	247	254	200	202	204
Total assets	**3,450**	**3,193**	**3,502**	**3,617**	**3,779**
Current liabilities	**888**	**878**	**1,174**	**1,135**	**1,098**
Accounts payable	0	0	0	0	0
Short-term debt	53	65	28	28	28
Other current liabilities	836	813	1,146	1,107	1,071
Long-term liabilities	**571**	**549**	**547**	**590**	**641**
Bonds & long-term debt	179	176	155	155	155
Other long-term liabilities	392	374	392	435	487
Total liabilities	**1,460**	**1,428**	**1,721**	**1,725**	**1,739**
Owners of parent equity	**1,631**	**1,451**	**1,483**	**1,555**	**1,656**
Capital stock	19	19	19	19	19
Capital surplus	1,229	1,229	1,229	1,229	1,229
Retained earnings	524	325	348	421	526
Other	-140	-121	-112	-113	-117
Non-controlling interests' equity	**358**	**314**	**298**	**337**	**383**
Total equity	**1,990**	**1,765**	**1,781**	**1,892**	**2,039**
Net debt	-547	-410	-859	-907	-984

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**165**	**47**	**551**	**133**	**169**
Net profit	-23	-193	58	127	167
Non-cash profit and expenses	232	468	172	164	173
Depreciation	75	86	86	92	96
Amortization	18	18	18	19	20
Other	138	364	68	53	57
Changes in A/L from operating activities	15	-168	368	-77	-82
Cash flow from investments	**-294**	**-50**	**55**	**-18**	**-20**
Change in tangible assets	-308	-42	-21	0	0
Change in financial assets	-9	-43	51	3	-0
Other	22	35	24	-21	-20
Cash flow from financing	**269**	**-149**	**-149**	**-33**	**-33**
Change in debt	176	22	-65	3	3
Change in equity	0	0	0	0	0
Dividends	-6	-21	-18	-15	-15
Other	100	-150	-66	-20	-21
Change in cash	141	-150	453	61	90
Cash at beginning of year	631	772	622	1,074	1,136
Cash at end of year	772	622	1,074	1,136	1,226
Gross cash flow	**209**	**275**	**230**	**291**	**340**
Free cash flow	**-153**	**-1**	**524**	**133**	**169**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	7.3	8.2	2.5	12.1	12.6
Operating profit	42.4	nm	nm	53.8	18.1
Net profit	nm	nm	nm	120.8	30.9
Adjusted EPS**	-43.4	nm	nm	103.6	26.3
Per-share data (KRW)					
EPS (parent-based)	-243	-3,904	1,098	2,712	3,664
EPS (consolidated)	-656	-5,674	1,715	3,886	5,088
Adjusted EPS**	182	-2,101	1,401	2,854	3,604
BVPS	48,402	45,675	48,114	50,463	53,726
DPS (common)	500	500	500	500	500
Valuations (x)					
P/E***	128.0	n/a	20.7	13.5	10.7
P/B***	0.5	0.4	0.6	0.8	0.7
EV/EBITDA	4.2	7.0	1.7	2.2	1.9
Ratios (%)					
ROE	-0.5	-8.6	2.5	5.8	7.5
ROA	-0.7	-5.8	1.7	3.6	4.5
ROIC	-10.0	-4.4	6.5	16.9	19.3
Payout ratio	-197.4	-12.0	41.7	17.4	12.8
Dividend yield (common)	2.1	2.8	1.7	1.3	1.3
Net debt to equity	-27.5	-23.2	-48.2	-47.9	-48.3
Interest coverage (x)	2.4	-1.1	6.6	10.0	11.7

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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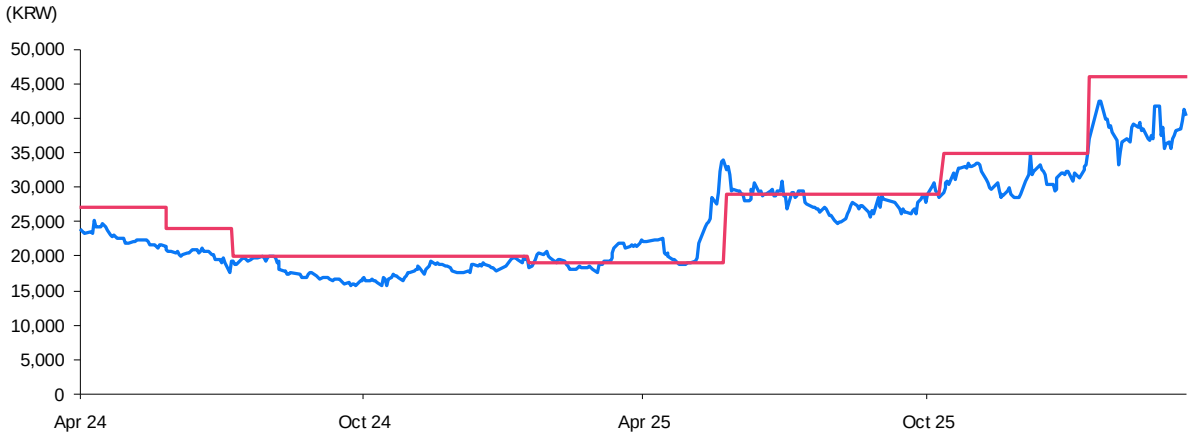
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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	

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

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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