COMPANY UPDATE

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Tech Team

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Neowiz (095660)

2027 titles to be key rebound catalysts

- We believe Neowiz's operating profit rose 59% q-q in 1Q, thanks to the absence of year-end incentive payments, but missed consensus by 42% as sales declined.
- Sales should rebound in 2Q, supported by growth of web-based board games and a third-anniversary event for *Brown Dust II*. The company plans to safeguard 2026 operating profit by leveraging growth from its cash cow titles and new releases.
- Valuation could start to bounce back meaningfully in 2H as big new games launch.

WHAT'S THE STORY?

1Q preview—underwhelming performance: We expect Neowiz to report a 9.8% q-q decline in 1Q sales, weighed down by *Brown Dust II*'s seasonal slowdown and weaker performance from *Shape of Dreams* and *Lies of P* DLC (downloadable content on Steam)—titles that had provided a strong boost last quarter. Operating profit likely rose 58.9% q-q, thanks to the absence of year-end incentive payments that weighed on last quarter's results—but still 42% short of consensus as sales likely dropped more than expected.

Plans to safeguard 2026 earnings with web-board games and *Brown Dust II*: Web-board games have shown stable growth since regulatory easing in February and are on track to rise 8% this year. *Brown Dust II* continues to see steady traffic increases, so a third-anniversary event in June, along with a summer promotion, could drive a sales recovery starting in 2Q. In 2H, the company plans to launch the *MMORPG Kingdom II* and the indie game *Goodbye Seoul: Itaewon* to counter declining sales from existing titles and protect operating profit.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	433	446	544	601
Operating profit	60	48	55	51
Net profit (adj)	45	51	59	57
EPS (adj) (KRW)	2,386	1,904	2,217	2,113
EPS (adj) growth (% y-y)	nm	-20.2	16.4	-4.7
EBITDA margin (%)	17.5	13.8	12.6	10.7
ROE (%)	9.8	10.1	10.6	9.3
P/E (adj) (x)	10.2	12.4	10.7	11.2
P/B (x)	0.9	0.8	0.7	0.7
EV/EBITDA (x)	4.6	4.3	2.7	1.7
Dividend yield (%)	1.2	1.0	1.1	1.1

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW31,000	30.8%
Current price	KRW23,700	
Market cap	KRW512.78b/USD345.42m	
Shares (float)	21,636,459 (51.7%)	
52-week high/low	KRW30,950/KRW22,900	
Avg daily trading value (60-day)	KRW2.7b/ USD1.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Neowiz (%)	-3.1	-2.3	2.2
Vs Kosdaq (%pts)	-9.7	-28.3	-38.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	31,000	32,000	-3.1%
2026E EPS	1,904	2,146	-11.3%
2027E EPS	2,217	2,210	0.3%

SAMSUNG vs THE STREET

No of estimates	9
Target price	33,111
Recommendation	3.9

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

Potential global blockbusters to roll out from 2027: Development is underway for the life simulation game *Project CF* and Wolfeye Studio's first-person RPG, both targeting a 2027 release. Starting in 2H, the games will be unveiled at major global gaming shows. Round8 Studio is also ramping up hiring to pour more resources into developing AAA-level titles, including a sequel to *Lies of P*.

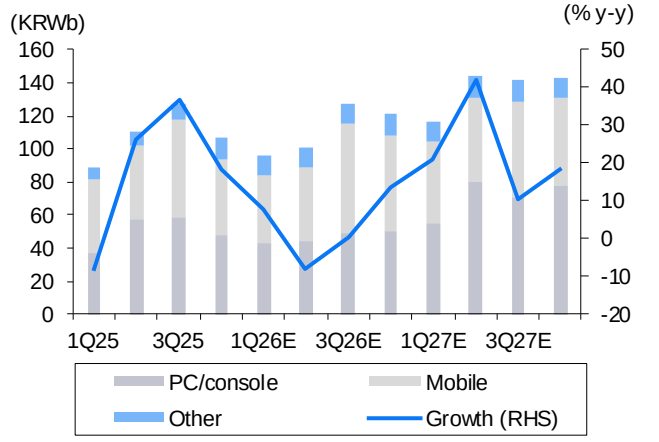
Rebound ahead in 2H: Reflecting declining sales from existing titles, we revise down 2026 operating profit forecast by 13.6% and cut our target price by 3.1% from KRW32,000 to KRW31,000 (based on a 2026 P/E of 16.2x, the average multiple of domestic and overseas game companies). While the stock has lagged due to the absence of new releases, a valuation rebound is possible if big new titles released in 2H reignite investor sentiment.

1Q26 preview

(KRWb)	1Q26			Diff (%)		1Q25	4Q25	Chg	
	New	Old	Consensus	Old	Consensus			(% y-y)	(% q-q)
Sales	**95.9**	**106.7**	**103.0**	**(10.2)**	**(6.9)**	**89.0**	**106.3**	**7.7**	**(9.8)**
PC/console	42.8	43.9		(2.5)		36.4	47.7	17.4	(10.4)
Mobile	41.1	50.8		(19.2)		45.3	45.9	(9.5)	(10.5)
Other	12.0	12.0		0.0		7.3	12.7	65.7	(5.0)
Operating expenses	**88.4**	**93.1**		**(5.0)**		**78.8**	**101.6**	**12.2**	**(13.0)**
Salaries and employee benefits	37.9	36.8		2.9		36.6	44.5	3.5	(14.9)
Commission paid	32.8	37.3		(12.0)		24.8	37.3	32.4	(12.1)
Marketing expenses	6.2	7.5		(16.6)		5.6	8.5	11.5	(26.6)
Other	11.5	11.5		0.0		11.8	11.3	(3.1)	2.0
Operating profit	**7.5**	**13.6**	**12.9**	**(45.3)**	**(42.0)**	**10.2**	**4.7**	**(27.1)**	**58.9**
Pre-tax profit	11.7	17.8	18.4	(34.2)	(36.3)	9.0	4.1	29.8	186.2
Net profit	8.8	13.4	13.4	(34.2)	(34.3)	6.1	1.1	44.1	670.9
Net profit (controlling)	9.7	14.7	12.7	(34.2)	(23.7)	7.3	2.7	33.0	253.3
Margins (%)									
Operating profit	7.8	12.8	12.5			11.5	4.4		
Pre-tax profit	12.2	16.7	17.9			10.2	3.9		
Net profit	9.2	12.5	13.0			6.9	1.1		
Net profit (controlling)	10.1	13.8	12.3			8.2	2.6		

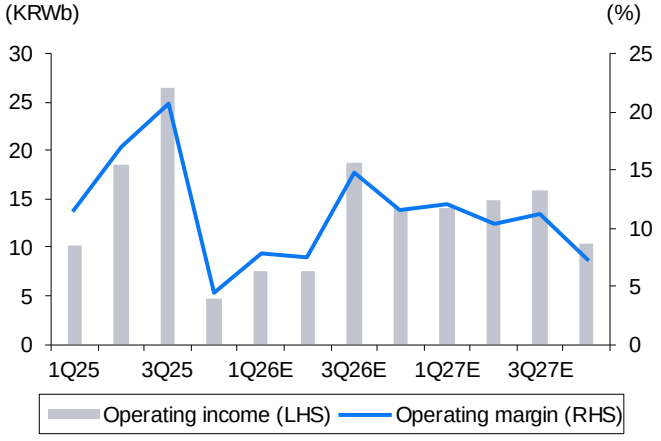
Source: Company data, Samsung Securities estimates

Quarterly sales



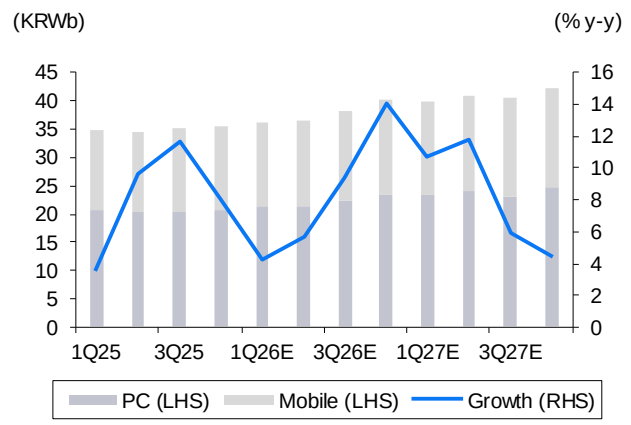
Source: Company data, Samsung Securities estimates

Quarterly operating profit



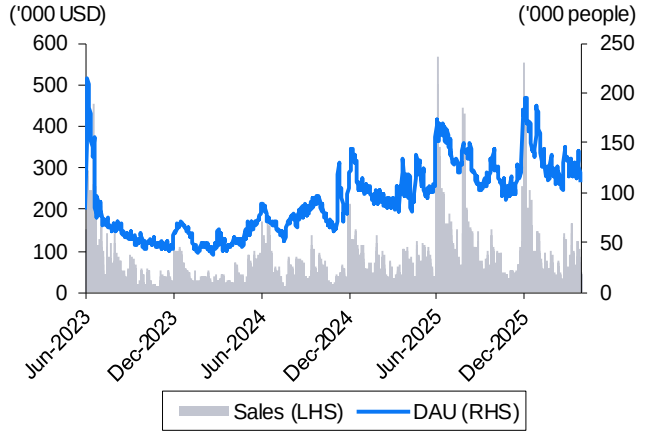
Source: Company data, Samsung Securities estimates

Web-board game sales



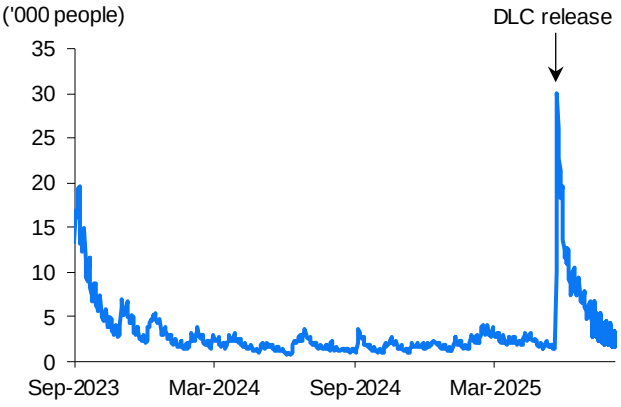
Source: Company data, Samsung Securities estimates-

Brown Dust II: Sales



Source: Company data, Samsung Securities

Lies of P: Concurrent players on Steam



Source: Steam DB

Goodbye Seoul: Itaewon

Source: Company data, Samsung Securities-

Upcoming titles

Launch	Title	Genre	Platform	In-house/publishing
2Q26	Cats & Soup: Magic Recipe	Simulation	Mobile	In-house
3Q26	Kingdom II	MMORPG	Mobile	In-house
4Q26	Goodbye Seoul: Itaewon	Puzzle platformer	PC (Steam)	Publishing (Jino Games)
2027~	Wolfeye Studio's new-title	First-person RPG	PC/console	Publishing (Wolfeye Studio)
	Zakazane Studio's new-title	Noir adventure RPG	PC/console	Publishing (Zakazane Studio)
	Project CF	Life simulation	PC/console	In-house
	Project Rubicon	Story-based RPG	PC/console	In-house
	Lies of P sequel	Souls-like RPG	PC/console	In-house
	Project Windi	Souls-like RPG	PC/console	In-house

Source: Company data, Samsung Securities-

Valuation

(KRW)	
2026E EPS	1,905
Target P/E* (x)	16.2
Fair value per share	30,896
Target price	**31,000**
Current price	24,000
Upside (%)	29.2%

Note: Based on Apr 17 closing price
Source: Samsung Securities estimates

Global peer P/E valuations

(x)	2025	2026E
Krafton	13.9	12.6
NCsoft	17.7	17.8
Netmarble	14.0	12.7
Nexon	31.0	23.6
NetEase	20.1	17.7
EA	13.2	12.9
Average	**18.3**	**16.2**

Note: Based on Apr 17 closing prices
Source: Samsung Securities estimates

Quarterly results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	**89.0**	**110.0**	**127.4**	**106.3**	**95.9**	**101.2**	**127.7**	**120.9**	**116.1**	**143.9**	**141.2**	**143.0**
PC/console	36.4	57.5	58.7	47.7	42.8	44.7	49.3	50.7	54.5	80.5	70.4	77.7
Mobile	45.3	44.0	58.5	45.9	41.1	43.8	66.0	57.6	49.6	50.8	58.5	52.6
Other	7.3	8.5	10.2	12.7	12.0	12.6	12.4	12.6	12.0	12.6	12.3	12.6
Operating expenses	**78.8**	**91.4**	**100.9**	**101.6**	**88.4**	**93.6**	**108.8**	**106.9**	**102.0**	**129.1**	**125.4**	**132.6**
Labor costs	36.6	41.8	36.6	44.5	37.9	38.7	39.2	42.3	39.5	39.9	40.3	44.6
Commission paid	24.8	30.7	45.3	37.3	32.8	36.0	47.4	43.9	41.9	64.8	60.7	63.0
Marketing	5.6	8.3	8.4	8.5	6.2	7.1	10.2	8.5	8.1	11.5	11.3	11.4
Other	11.8	10.5	10.6	11.3	11.5	11.8	12.0	12.3	12.6	12.9	13.1	13.5
Operating profit	**10.2**	**18.6**	**26.5**	**4.7**	**7.5**	**7.6**	**18.8**	**14.0**	**14.0**	**14.9**	**15.8**	**10.4**
Pre-tax profit	9.0	17.2	33.0	4.1	11.7	12.7	25.8	18.2	20.1	21.2	21.9	15.5
Net profit	6.1	12.8	25.0	1.1	8.8	9.5	19.3	13.7	15.1	15.9	16.5	11.7
Net profit (controlling)	7.3	14.0	25.9	2.7	9.7	10.5	21.3	15.0	16.6	17.5	18.1	12.8
Adjusted EPS (KRW)	387	853	913	402	307	308	718	572	554	588	632	443
Margins (%)												
Operating profit	11.5	16.9	20.8	4.4	7.8	7.5	14.8	11.6	12.1	10.3	11.2	7.3
Pre-tax profit	10.2	15.7	25.9	3.9	12.2	12.6	20.2	15.1	17.3	14.7	15.5	10.9
Net profit	6.9	11.6	19.7	1.1	9.2	9.4	15.1	11.3	13.0	11.1	11.7	8.2
Net profit (controlling)	8.2	12.7	20.4	2.6	10.1	10.4	16.6	12.4	14.3	12.2	12.8	9.0

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

	2026E			2027E			2028E		
	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Sales	**452.0**	**445.6**	**(1.4)**	**510.9**	**544.2**	**6.5**		**600.8**	**n/a**
PC/console	188.3	187.5	(0.4)	232.8	283.1	21.6		340.7	n/a
Mobile	214.1	208.5	(2.7)	228.6	211.5	(7.5)		210.7	n/a
Other	49.6	49.6	0.0	49.5	49.5	0.0		49.4	n/a
Operating expenses	**396.6**	**397.7**	**0.3**	**454.4**	**489.1**	**7.6**		**549.9**	**n/a**
Labor costs	153.7	158.1	2.9	159.7	164.3	2.8		173.4	n/a
Commission paid	163.2	160.1	(1.9)	200.4	230.4	15.0		276.2	n/a
Marketing	31.6	32.0	1.1	39.7	42.4	6.8		43.6	n/a
Other	48.1	47.6	(1.0)	54.6	52.0	(4.8)		56.7	n/a
Operating profit	**55.4**	**47.9**	**(13.6)**	**56.5**	**55.1**	**(2.6)**		**50.9**	**n/a**
Pre-tax profit	72.6	68.4	(5.8)	75.7	78.8	4.1		76.1	n/a
Net profit	54.5	51.3	(5.8)	56.8	59.1	4.1		57.0	n/a
Net profit (controlling)	59.9	56.5	(5.8)	62.4	65.0	4.1		62.7	n/a
Adjusted EPS (KRW)	2,146	1,904	(11.3)	2,210	2,217	0.3		2,113	n/a
Margins (%)									
Operating profit	12.3	10.7		11.1	10.1			8.5	
Pre-tax profit	16.1	15.4		14.8	14.5			12.7	
Net profit	12.0	11.5		11.1	10.9			9.5	
Net profit (controlling)	13.3	12.7		12.2	11.9			10.4	

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**367**	**433**	**446**	**544**	**601**
Cost of goods sold	0	0	0	0	0
Gross profit	**367**	**433**	**446**	**544**	**601**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	334	373	398	489	550
Operating profit	**33**	**60**	**48**	**55**	**51**
Operating margin (%)	9.0	13.9	10.7	10.1	8.5
Non-operating gains (losses)	**-28**	**3**	**21**	**24**	**25**
Financial profit	21	24	18	20	21
Financial costs	14	12	-5	-6	-6
Equity-method gains (losses)	-1	-0	-1	-1	-1
Other	-35	-8	-2	-2	-2
Pre-tax profit	**5**	**63**	**68**	**79**	**76**
Taxes	12	18	17	20	19
Effective tax rate (%)	243.3	28.9	25.0	25.0	25.0
Profit from continuing operations	-7	45	51	59	57
Profit from discontinued operations	0	0	0	0	0
Net profit	**-7**	**45**	**51**	**59**	**57**
Net margin (%)	-1.9	10.4	11.5	10.9	9.5
Net profit (controlling interests)	2	50	56	65	63
Net profit (non-controlling interests)	-9	-5	-5	-6	-6
EBITDA	50	76	61	69	64
EBITDA margin (%)	13.7	17.5	13.8	12.6	10.7
EPS (parent-based) (KRW)	109	2,287	2,602	3,005	2,900
EPS (consolidated) (KRW)	-316	2,062	2,366	2,732	2,636
Adjusted EPS (KRW)*	-411	2,386	1,904	2,217	2,113

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**314**	**381**	**453**	**541**	**616**
Cash & equivalents	117	72	114	157	209
Accounts receivable	0	0	0	0	0
Inventories	0	1	1	1	1
Other current assets	197	309	339	383	406
Fixed assets	**306**	**298**	**288**	**280**	**270**
Investment assets	59	70	74	79	82
Tangible assets	87	85	81	77	72
Intangible assets	100	79	69	60	51
Other long-term assets	60	65	65	65	65
Total assets	**620**	**679**	**741**	**821**	**886**
Current liabilities	**81**	**108**	**123**	**145**	**157**
Accounts payable	11	23	26	31	34
Short-term debt	0	0	0	0	0
Other current liabilities	70	85	96	114	123
Long-term liabilities	**20**	**16**	**18**	**20**	**22**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	20	16	18	20	22
Total liabilities	**101**	**124**	**140**	**165**	**178**
Owners of parent equity	**487**	**531**	**582**	**642**	**700**
Capital stock	11	11	11	11	11
Capital surplus	130	80	80	80	80
Retained earnings	421	521	571	632	690
Other	-75	-81	-81	-81	-81
Non-controlling interests' equity	**32**	**25**	**20**	**14**	**8**
Total equity	**519**	**556**	**601**	**656**	**708**
Net debt	-223	-210	-271	-344	-411

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**34**	**76**	**70**	**81**	**74**
Net profit	-7	45	51	59	57
Non-cash profit and expenses	77	43	22	23	21
Depreciation	5	4	4	4	4
Amortization	13	11	9	9	9
Other	60	27	9	10	8
Changes in A/L from operating activities	-26	-3	6	10	5
Cash flow from investments	**-16**	**-117**	**-18**	**-28**	**-13**
Change in tangible assets	-1	-1	0	0	0
Change in financial assets	-33	-34	-20	-30	-16
Other	18	-82	2	3	3
Cash flow from financing	**-35**	**-6**	**-6**	**-4**	**-5**
Change in debt	-20	-0	0	0	0
Change in equity	0	-50	0	0	0
Dividends	-5	0	-6	-4	-5
Other	-10	45	0	0	-0
Change in cash	-13	-45	42	43	53
Cash at beginning of year	130	117	72	114	157
Cash at end of year	117	72	114	157	209
Gross cash flow	**70**	**88**	**74**	**82**	**78**
Free cash flow	**32**	**75**	**70**	**81**	**74**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	0.3	18.0	3.0	22.1	10.4
Operating profit	4.2	82.2	-20.2	15.0	-7.5
Net profit	nm	nm	13.9	15.2	-3.5
Adjusted EPS**	nm	nm	-20.2	16.4	-4.7
Per-share data (KRW)					
EPS (parent-based)	109	2,287	2,602	3,005	2,900
EPS (consolidated)	-316	2,062	2,366	2,732	2,636
Adjusted EPS**	-411	2,386	1,904	2,217	2,113
BVPS	24,475	26,889	30,053	33,182	36,169
DPS (common)	0	303	231	255	255
Valuations (x)					
P/E***	n/a	10.2	12.4	10.7	11.2
P/B***	0.8	0.9	0.8	0.7	0.7
EV/EBITDA	4.4	4.6	4.3	2.7	1.7
Ratios (%)					
ROE	0.5	9.8	10.1	10.6	9.3
ROA	-1.1	6.9	7.2	7.6	6.7
ROIC	-24.8	26.4	25.2	33.5	36.4
Payout ratio	0.0	12.0	7.9	7.6	7.9
Dividend yield (common)	0.0	1.2	1.0	1.1	1.1
Net debt to equity	-43.0	-37.8	-45.1	-52.4	-58.1
Interest coverage (x)	63.0	1,228.8	977.8	1,069.1	958.1

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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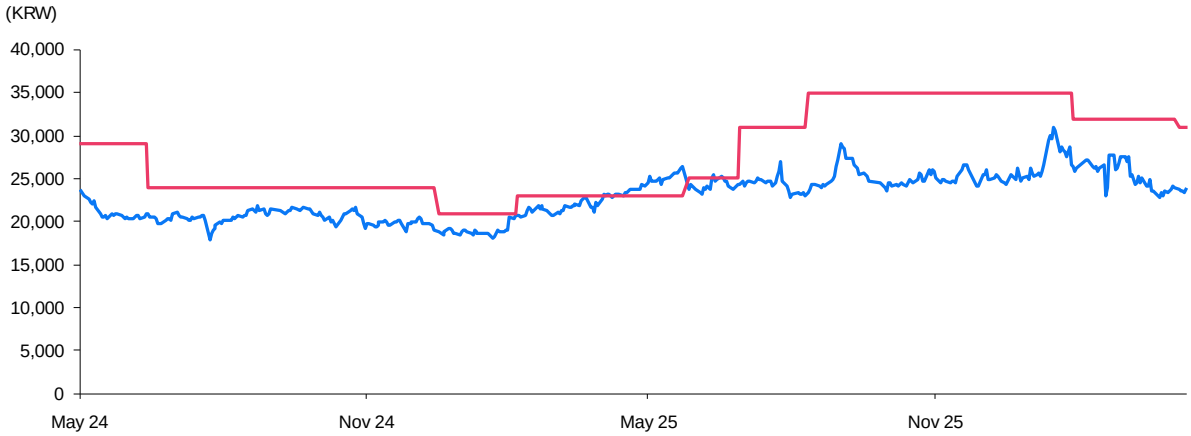
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/15	6/26	12/30	2025/2/19	6/9	7/11	8/25	2026/2/11	4/20
Recommendation	BUY	BUY	HOLD	HOLD	HOLD	BUY	BUY	BUY	BUY
Target price (KRW)	29000	24000	21000	23000	25000	31000	35000	32000	31000
Gap* (average)	-25.31	-15.00	-9.45	-0.53	-2.77	-21.40	-26.74	-21.15	
(max or min)**	-15.69	-9.17	-0.95	14.57	1.80	-13.06	-11.57	-13.13	

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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General

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