COMPANY UPDATE

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Netmarble (251270)

Strategic shift from volume to lifespan

- Netmarble's 2Q operating profit leapt 51% q-q to KRW80.1b on the success of SOL: enchant and the full-quarter recognition of sales from The Seven Deadly Sins: Origin (released in 1Q). But it missed consensus by 7% due to marketing spend for new titles.
- The company has pivoted from a high-volume release strategy to extending the product life cycle of existing titles. As a result, its 2H26 pipeline has been trimmed from five to three titles and this prompts investors to moderate expectations about 2026 operating profit.
- The potential for a stock rebound should depend on the competitive strength of its 2027 new title lineup (set to be unveiled in November).

AT A GLANCE

BUY

Target price	KRW44,000	7.6%
Current price	**KRW40,900**	
Market cap	KRW3.4t/USD2.4b	
Shares (float)	83,158,425 (36.0%)	
52-week high/low	KRW68,000/KRW34,900	
Avg daily trading value (60-day)	KRW8.6b/ USD6.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Netmarble (%)	4.2	-25.2	-33.9
Vs Kospi (%pts)	27.5	-39.2	-65.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	44,000	49,000	-10.2%
2026E EPS	4,036	3,890	3.7%
2027E EPS	4,350	4,944	-12.0%

SAMSUNG vs THE STREET

No of estimates	16
Target price	56,938
Recommendation	4.0

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

WHAT'S THE STORY?

2Q review—operating profit rebounds but miss consensus: Netmarble's 2Q sales rose 15% q-q to KRW749.2b in 2Q, driven by the success of SOL: enchant and the full-quarter recognition of sales from The Seven Deadly Sins: Origin (released in 1Q). Backed by rising sales, operating profit leapt 51% q-q to KRW80.1b, but fell short of consensus by 7% due to marketing spend for new titles. Pre-tax profit hit KRW265.5b on a one-off gain of around KRW200b from the sale of G-Tower.

Strategic shift from volume to longevity: Netmarble has pivoted from a high-volume release strategy to extending the product life cycle (PLC) of existing titles. Its 2H26 pipeline has been trimmed from five to three titles: Solo Leveling: KARMA, Shangri-La Frontier: The Seven Colossi, and Project Aegis. The company plans to reallocate development and operational resources toward selective new titles and prolonging the revenue potential of established games. While Project Octopus and Evilbane are expected to hit the market in 1H27, the company's reduced 2H26 slate should inevitably weaken near-term momentum.

(Continued on the next page)

SUMMARY 2Q26 RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	749.2	4.4	15.0	0.8	2.6
Operating profit	80.1	-20.8	51.0	-9.7	-7.0
Pre-tax profit	265.5	39.8	-4.2	-23.8	19.7
Net profit	246.6	54.0	16.9	41.6	48.3
Margins (%)					
Operating profit	10.7				
Pre-tax profit	35.4				
Net profit	32.9				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	15.3	10.1	9.4
P/B	0.7	0.6	0.6
EV/EBITDA	10.3	9.1	8.1
Div yield (%)	1.8	4.8	1.9
EPS growth (% y-y)	-74.9	28.0	7.9
ROE (%)	4.1	8.9	3.4
Per-share data (KRW)			
EPS	3,150	4,036	4,350
BVPS	66,269	72,013	73,965
DPS	876	1,976	796

Samsung Securities

Lack of visibility into 2027 earnings: Netmarble's quarterly operating profit has stagnated amid delayed launches and declining revenue from legacy titles. With no clear roadmap for 2027 releases, visibility into future earnings growth remains limited. Sustained profitability should depend on two factors: the competitive strength of its 2027 new titles and the ability to extend the PLC of current games.

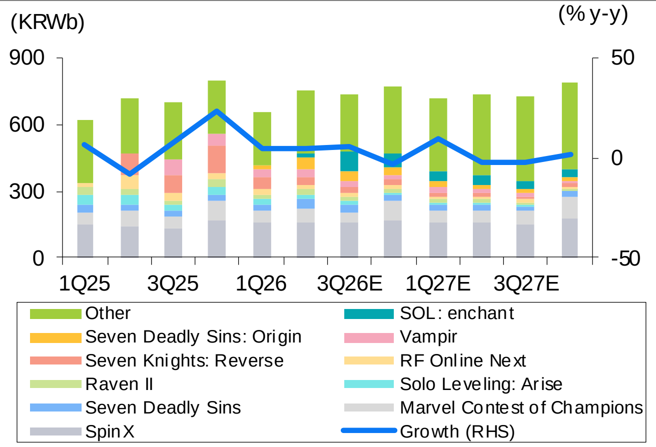
2027 new title lineup to be announced in November: Reflecting the delayed launches and weakening legacy game performance, we revise down our 2026 and 2027 operating profit estimates by 13% and 16%, respectively. We also reduce our target price from KRW49,000 to KRW44,000 (based on 10.5x forward P/E; our target P/E represents a 20% discount to the average at which domestic and international game companies are trading to account for growth differential). Yet, we maintain BUY rating, given the scheduled November announcement of the 2027 new title lineup and the expected 1H27 launches of previously delayed titles.

2Q26 review

(KRWb)	2Q26			Diff (%)		2Q25	1Q26	Chg	
	Result	Samsung	Consensus	Samsung	Consensus			(% y-y)	(% q-q)
Sales	**749.2**	**743.4**	**730.0**	**0.8**	**2.6**	**717.6**	**651.7**	**4.4**	**15.0**
SpinX	157.3	154.8		1.6		143.5	156.4	9.6	0.6
Marvel Contest of Champions	67.4	57.3		17.6		64.6	52.1	4.4	29.3
The Seven Deadly Sins	37.5	45.6		-17.9		28.7	32.6	30.5	15.0
RF Online Next	22.5	31.3		-28.1		64.6	26.1	-65.2	-13.8
Seven Knights Re:Birth	30.0	31.9		-6.2		93.3	45.6	-67.9	-34.3
The Seven Deadly Sins: Origin	52.4	82.1		-36.1		0.0	19.6	n/a	168.2
SOL: enchant	22.5	24.0		-6.3		0.0	0.0	n/a	n/a
Other	359.6	316.3		13.7		322.9	319.3	11.4	12.6
Operating expenses	**669.1**	**654.7**	**643.9**	**2.2**	**3.9**	**616.5**	**598.6**	**8.5**	**11.8**
Commission paid	235.6	222.6		5.9		242.4	200.9	-2.8	17.3
Labor costs	182.5	179.1		1.9		174.9	167.6	4.3	8.9
Advertising expenses	183.5	178.7		2.7		135.4	168.2	35.5	9.1
Other	67.5	74.3		-9.2		63.8	61.9	5.8	9.0
Operating profit	**80.1**	**88.7**	**86.1**	**-9.7**	**-7.0**	**101.1**	**53.1**	**-20.8**	**50.8**
Pre-tax profit	265.5	348.3	221.9	-23.8	19.7	189.9	277.2	39.8	-4.2
Net profit	246.6	174.1	166.3	41.6	48.3	160.1	211.0	54.0	16.9
Net profit (controlling)	239.0	173.1	115.5	38.1	106.9	160.3	209.7	49.1	14.0
Margins (%)									
Operating profit	10.7	11.9	11.8			14.1	8.1		
Pre-tax profit	35.4	46.9	30.4			26.5	42.5		
Net profit	32.9	23.4	22.8			22.3	32.4		
Net profit (controlling)	31.9	23.3	15.8			22.3	32.2		

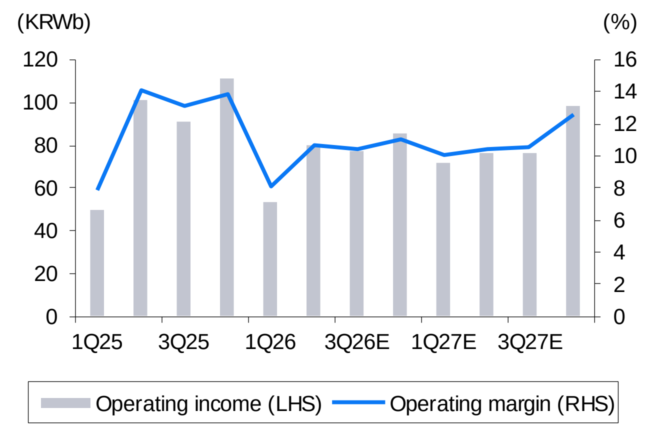
Source: Company data, FnGuide, Samsung Securities estimates

Quarterly sales



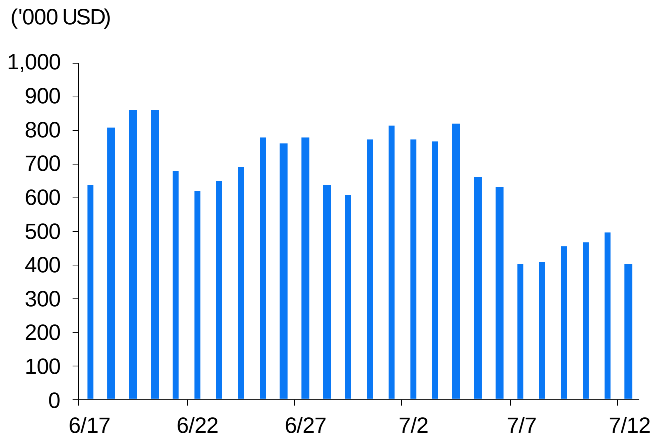
Source: Company data, Samsung Securities estimates

Quarterly operating profit



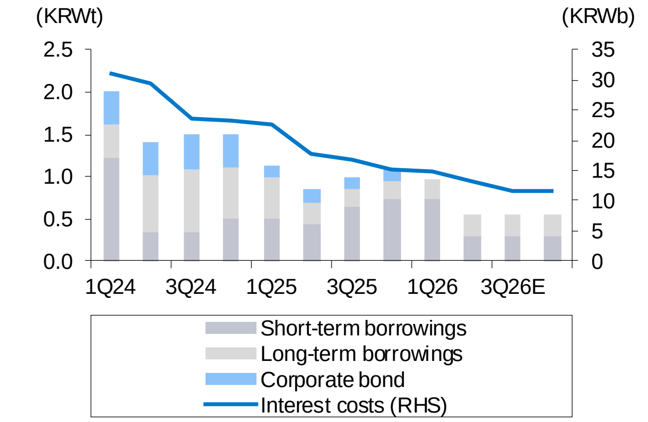
Source: Company data, Samsung Securities estimates

SOL: Enchant weekly sales



Source: Sensor Tower, Samsung Securities

Borrowings and interest expense



Source: Sensor Tower

New and upcoming titles

Launch	Title	Genre	Platform	In-house/publishing	Region
2Q26	Mongil: Star Dive	Action RPG	PC/mobile	In-house	Global
	SOL: Enchant	MMORPG	PC/mobile	Publishing	Korea
2H26	Solo Leveling: Karma	Roguelike Action RPG	PC/mobile	In-house	Global
	Shangri-La Frontier: The Seven Colossi	Action RPG	Mobile	In-house	Global
	Project Aegis	Collectible RPG	PC/mobile	In-house	Global

Source: Company data, Samsung Securities

Valuation

	(KRW)
12-month forward adjusted EPS	4,161
Target P/E* (x)	10.5
Fair value per share	43,897
Target price	**44,000**
Current price	37,950
Upside (%)	15.9

Note: * Apply a 20% discount to the peer group's average P/E for 2026 and 2027, adjusted for growth differentials; Based on Aug 5
Source: Samsung Securities estimates

Global peer P/E valuation

(x)	2026E	2027E	Average
Krafton	11.7	9.3	10.5
NC	11.2	10.9	11.0
Shift Up	13.7	14.5	14.1
NetEase	13.7	12.5	13.1
Nexon	17.4	17.0	17.2
Average	**13.6**	**12.8**	**13.2**

Note: Based on Aug 5 closing prices
Source: Bloomberg, Samsung Securities

Quarterly results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	**623.9**	**717.6**	**696.0**	**797.6**	**651.7**	749.2	737.9	772.4	715.7	734.4	722.5	787.8
SpinX	149.7	143.5	132.2	167.5	156.4	157.3	155.8	163.5	157.0	155.4	153.9	177.0
Marvel Contest of Champions	56.2	64.6	48.7	87.7	52.1	67.4	50.6	88.5	53.1	60.0	54.0	97.2
The Seven Deadly Sins	31.2	28.7	27.8	31.9	32.6	37.5	30.7	29.5	28.0	26.6	25.5	24.8
RF Online Next	18.7	64.6	34.8	31.9	26.1	22.5	19.1	16.2	13.8	11.7	10.0	8.5
Seven Knights Re:Birth		93.3	83.5	119.6	45.6	30.0	25.5	21.7	18.4	16.6	14.9	13.4
The Seven Deadly Sins: Origin					19.6	52.4	36.7	29.4	25.0	20.0	18.0	16.2
SOL: enchant						22.5	88.5	61.9	49.6	39.6	35.7	32.1
Other	368.1	322.9	368.9	358.9	319.3	359.6	331.0	361.7	370.9	404.5	410.6	418.7
Operating expenses	**574.2**	**616.5**	**605.1**	**686.8**	**598.6**	**669.1**	**660.8**	**687.0**	**643.7**	**657.7**	**646.5**	**689.5**
Commission paid	219.1	242.4	224.9	252.3	200.9	235.6	235.9	243.1	217.9	218.4	210.0	229.4
Labor costs	172.1	174.9	170.4	182.0	167.6	182.5	183.2	183.9	184.6	192.1	193.3	194.4
Advertising expenses	114.2	135.4	145.3	178.7	168.2	183.5	171.7	185.8	172.5	176.7	173.9	190.0
Other	68.8	63.8	64.5	73.8	61.9	67.5	70.1	74.2	68.7	70.5	69.4	75.6
Operating profit	**49.7**	**101.1**	**90.9**	**110.8**	**53.1**	**80.1**	**77.0**	**85.4**	**72.0**	**76.7**	**76.0**	**98.3**
Pre-tax profit	97.5	189.9	55.9	2.8	277.2	265.5	85.7	(2.6)	75.7	83.4	83.8	33.0
Net profit	80.2	160.1	40.6	(50.9)	211.0	246.6	65.1	(2.0)	57.6	63.4	63.7	25.1
Net profit (controlling)	75.6	160.3	37.5	(49.1)	209.7	239.0	63.1	(1.9)	55.8	61.4	61.7	24.3
Adjusted EPS (KRW)	597	1,191	909	410	680	1,232	1,002	1,121	1,006	1,032	1,034	1,278
Margins (%)												
Operating profit	8.0	14.1	13.1	13.9	8.1	10.7	10.4	11.1	10.1	10.4	10.5	12.5
Pre-tax profit	15.6	26.5	8.0	0.4	42.5	35.4	11.6	(0.3)	10.6	11.4	11.6	4.2
Net profit	12.9	22.3	5.8	(6.4)	32.4	32.9	8.8	(0.3)	8.0	8.6	8.8	3.2
Net profit (controlling)	12.1	22.3	5.4	(6.2)	32.2	31.9	8.6	(0.3)	7.8	8.4	8.5	3.1

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	**2,932.3**	**2,911.2**	**(0.7)**	**3,096.8**	**2,960.5**	**(4.4)**	**3,205.0**	**3,082.6**	**(3.8)**
SpinX	625.5	633.0	1.2	633.1	643.3	1.6	685.0	696.1	1.6
Marvel Contest of Champions	243.5	258.6	6.2	249.4	264.3	6.0	263.8	281.1	6.6
The Seven Deadly Sins	154.2	130.3	(15.5)	132.5	105.0	(20.8)	111.4	88.2	(20.8)
RF Online Next	106.5	83.9	(21.3)	61.2	44.0	(28.1)	32.0	23.0	(28.1)
Seven Knights Re:Birth	127.8	122.7	(4.0)	67.4	63.3	(6.2)	44.2	41.5	(6.2)
The Seven Deadly Sins: Origin	205.1	138.1	(32.7)	123.8	79.1	(36.1)	78.4	50.1	(36.1)
SOL: enchant	161.7	172.9	6.9	143.7	157.0	9.3	91.0	99.4	9.3
Other	1,307.9	1,371.7	4.9	1,685.6	1,604.6	(4.8)	1,899.2	1,803.2	(5.1)
Operating expenses	**2,592.0**	**2,615.5**	**0.9**	**2,714.0**	**2,637.4**	**(2.8)**	**2,790.0**	**2,699.3**	**(3.3)**
Commission paid	904.4	915.5	1.2	904.3	875.7	(3.2)	852.9	830.9	(2.6)
Labor costs	706.9	717.2	1.5	750.0	764.4	1.9	800.9	816.4	1.9
Advertising expenses	697.7	709.2	1.6	762.4	713.1	(6.5)	815.7	743.8	(8.8)
Other	283.1	273.6	(3.3)	297.3	284.2	(4.4)	320.5	308.3	(3.8)
Operating profit	**340.2**	**295.6**	**(13.1)**	**382.8**	**323.1**	**(15.6)**	**415.0**	**383.3**	**(7.6)**
Pre-tax profit	742.6	625.8	(15.7)	331.9	276.0	(16.8)	398.3	375.3	(5.8)
Net profit	474.1	520.7	9.8	252.3	209.8	(16.8)	302.7	285.2	(5.8)
Net profit (controlling)	471.3	509.9	8.2	250.7	203.3	(18.9)	300.9	276.4	(8.1)
Adjusted EPS (KRW)	3,890	4,036	3.7	4,944	4,350	(12.0)	5,330	5,025	(5.7)
Margins (%)									
Operating profit	13.0	10.2		13.6	10.9			12.4	
Pre-tax profit	14.0	21.5		17.0	9.3			12.2	
Net profit	10.6	17.9		12.9	7.1			9.3	
Net profit (controlling)	10.1	17.5		12.3	6.9			9.0	

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**2,664**	**2,835**	**2,911**	**2,961**	**3,083**
Cost of goods sold	0	0	0	0	0
Gross profit	**2,664**	**2,835**	**2,911**	**2,961**	**3,083**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	2,448	2,483	2,616	2,637	2,699
Operating profit	**216**	**352**	**296**	**323**	**383**
Operating margin (%)	8.1	12.4	10.2	10.9	12.4
Non-operating gains (losses)	**-139**	**-6**	**330**	**-47**	**-8**
Financial profit	77	196	75	80	91
Financial costs	192	159	223	206	205
Equity-method gains (losses)	109	106	158	164	171
Other	-133	-149	319	-86	-65
Pre-tax profit	**76**	**346**	**626**	**276**	**375**
Taxes	73	115	105	66	90
Effective tax rate (%)	95.8	33.3	16.8	24.0	24.0
Profit from continuing operations	3	231	521	210	285
Profit from discontinued operations	0	0	0	0	0
Net profit	**3**	**231**	**521**	**210**	**285**
Net margin (%)	0.1	8.1	17.9	7.1	9.3
Net profit (controlling interests)	26	225	510	203	276
Net profit (non-controlling interests)	-22	6	11	6	9
EBITDA	370	484	411	431	486
EBITDA margin (%)	13.9	17.1	14.1	14.6	15.8
EPS (parent-based) (KRW)	298	2,618	6,149	2,493	3,390
EPS (consolidated) (KRW)	37	2,685	6,279	2,573	3,498
Adjusted EPS (KRW)*	12,551	3,150	4,031	4,350	5,025

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,115**	**1,257**	**1,335**	**1,631**	**2,060**
Cash & equivalents	578	689	796	1,082	1,483
Accounts receivable	277	281	309	315	332
Inventories	2	2	2	2	2
Other current assets	258	285	228	232	243
Fixed assets	**7,062**	**6,837**	**6,874**	**6,620**	**6,439**
Investment assets	2,928	3,060	3,214	3,068	2,989
Tangible assets	340	402	305	274	247
Intangible assets	3,245	2,858	2,918	2,840	2,765
Other long-term assets	549	516	438	438	438
Total assets	**8,177**	**8,094**	**8,209**	**8,251**	**8,499**
Current liabilities	**1,348**	**1,901**	**1,525**	**1,512**	**1,520**
Accounts payable	28	23	30	31	32
Short-term debt	505	733	304	304	304
Other current liabilities	815	1,145	1,192	1,178	1,184
Long-term liabilities	**1,355**	**701**	**645**	**652**	**671**
Bonds & long-term debt	997	363	254	254	254
Other long-term liabilities	358	337	391	398	418
Total liabilities	**2,703**	**2,601**	**2,171**	**2,164**	**2,192**
Owners of parent equity	**5,416**	**5,430**	**5,974**	**6,016**	**6,228**
Capital stock	9	9	9	9	9
Capital surplus	3,055	3,061	3,061	3,061	3,061
Retained earnings	1,145	1,338	1,288	1,331	1,542
Other	1,207	1,023	1,616	1,616	1,616
Non-controlling interests' equity	**58**	**63**	**65**	**71**	**80**
Total equity	**5,474**	**5,492**	**6,039**	**6,088**	**6,308**
Net debt	1,009	756	340	58	-332

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**288**	**338**	**97**	**137**	**209**
Net profit	3	231	521	210	285
Non-cash profit and expenses	382	258	-279	32	35
Depreciation	53	48	36	31	28
Amortization	101	84	80	78	75
Other	228	127	-395	-76	-68
Changes in A/L from operating activities	-35	-47	-46	-21	-12
Cash flow from investments	**37**	**-74**	**507**	**-6**	**-9**
Change in tangible assets	-17	-47	61	0	0
Change in financial assets	-35	-38	42	-2	-6
Other	89	10	404	-4	-3
Cash flow from financing	**-221**	**-146**	**-757**	**-155**	**-47**
Change in debt	-148	-102	-353	6	17
Change in equity	5	6	0	0	0
Dividends	-0	-41	-72	-161	-65
Other	-77	-9	-332	0	-0
Change in cash	148	111	108	286	402
Cash at beginning of year	430	578	689	796	1,083
Cash at end of year	578	689	796	1,083	1,484
Gross cash flow	**385**	**489**	**241**	**242**	**320**
Free cash flow	**270**	**290**	**88**	**137**	**209**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	6.5	6.4	2.7	1.7	4.1
Operating profit	nm	63.5	-16.1	9.3	18.6
Net profit	nm	7,076.8	125.6	-59.7	36.0
Adjusted EPS**	nm	-74.9	28.0	7.9	15.5
Per-share data (KRW)					
EPS (parent-based)	298	2,618	6,149	2,493	3,390
EPS (consolidated)	37	2,685	6,279	2,573	3,498
Adjusted EPS**	12,551	3,150	4,031	4,350	5,025
BVPS	66,102	66,269	72,013	73,965	76,567
DPS (common)	417	876	1,976	796	796
Valuations (x)					
P/E***	4.1	15.3	10.1	9.4	8.1
P/B***	0.8	0.7	0.6	0.6	0.5
EV/EBITDA	14.9	10.3	9.1	8.1	6.4
Ratios (%)					
ROE	0.5	4.1	8.9	3.4	4.5
ROA	0.0	2.8	6.4	2.5	3.4
ROIC	0.3	7.2	7.9	7.8	9.5
Payout ratio	133.3	31.9	31.5	31.9	23.4
Dividend yield (common)	0.8	1.8	4.8	1.9	1.9
Net debt to equity	18.4	13.8	5.6	0.9	-5.3
Interest coverage (x)	2.0	4.9	5.8	7.0	8.3

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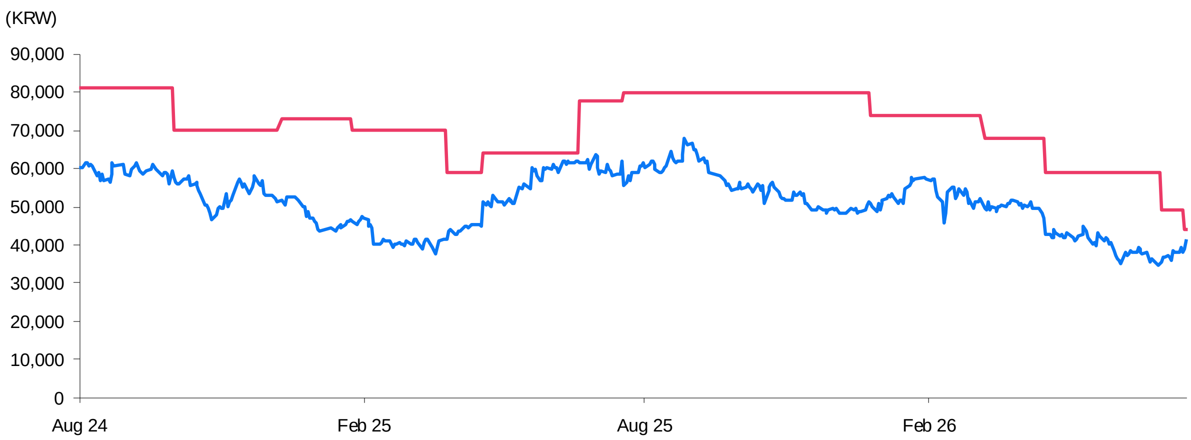
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/8/9	10/22	12/30	2025/2/14	4/16	5/9	7/11	8/8	2026/1/15	3/30	5/8	7/22
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	81000	70000	73000	70000	59000	64000	78000	80000	74000	68000	59000	49000
Gap* (average)	-26.48	-23.22	-34.71	-40.50	-25.12	-11.50	-22.55	-30.27	-28.29	-26.27	-32.16	-23.26
(max or min)**	-21.98	-17.14	-27.81	-32.43	-22.80	-2.81	-18.21	-15.00	-21.76	-23.68	-23.90	-19.80

Date	8/6
Recommendation	BUY
Target price (KRW)	44000
Gap* (average)	
(max or min)**	

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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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
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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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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