MARKET & COMPETITIVE MONOGRAPH

The Melting *Annuity*

A hyper-profitable legacy-IP licensing house living off a two-decade-old MMORPG trademark — racing to land a new hit before the royalty stream runs down.

KOSDAQ 069080 · Webzen Co., Ltd.

> *A 20-year MMORPG IP is not a decaying asset but a re-platformable trademark — Webzen's whole future turns on whether the next wave arrives before the last one fades.*

FY2025 revenue	Operating margin	MU share of revenue	Royalty (China-led)
₩174.4bn	17.0%	71.5%	33%

Prepared for a consulting firm conducting market and competitive analysis of the Korean games sector and the legacy-IP licensing model, with Webzen as the lens. A market-research and business-analysis monograph, not an equity note: no price target, no valuation; company financials appear only as evidence of market dynamics.

Evidence base · DART Annual Report FY2025 (rcept 20260318000593) + 7-yr structured consolidated financials; peer DART (Wemade 112040, Joycity 067000); KOCCA Game White Paper, Newzoo, Sensor Tower, Niko Partners, GPC/CNG China data, NPPA banhao lists, and primary SEC/SZSE licensing filings. Figures cited inline. · Seoul · 2026-06-17

Contents

SIX SECTIONS · ~24 PAGES

The monograph is built around a single market-research spine — a **legacy-IP royalty annuity in slow decline**. Webzen earns extraordinary margins (17–37%) by *licensing* a two-decade-old MMORPG trademark (MU) rather than self-operating it at cost — above all into China, where the royalty arrives behind a political gate (the banhao publishing-license regime). The annuity is melting as the MU cash curve fades and Korean mobile-MMORPG structurally declines; the report reads Webzen as a position within that market, and asks the only question that matters — whether the **next platform-wave or new hit arrives before the last one runs down**.

HOW TO READ THIS DOCUMENT

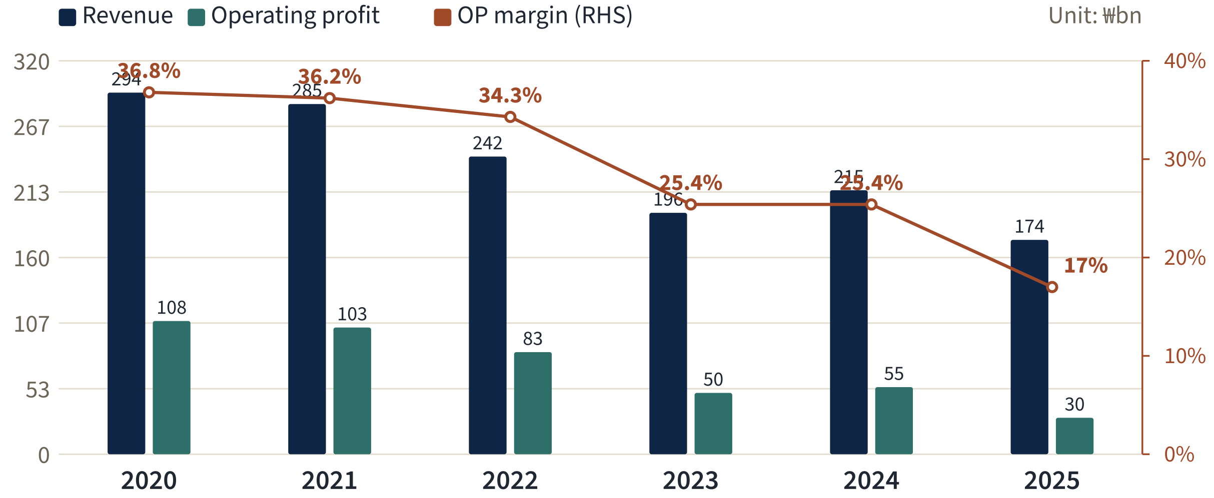
The number that frames Webzen is not a market size but a **shape**: a sawtooth. A 20-year MMORPG IP does not decay smoothly — each new platform (PC→mobile→web→global), classic revival, or regional license *resets* the revenue curve upward, then it fades to the next wave. Webzen's MU-franchise revenue swung **+47% (H1-2024) to −27% (H1-2025)** on exactly that rhythm. The thesis of this report is that the business is a high-margin annuity whose durability depends entirely on the **cadence of the next wave** — and on the China gate staying open.

Executive Summary

THE MARKET THESIS

Webzen Co. (KOSDAQ 069080) is a Korean game developer/publisher whose economics are dominated by a single, two-decade-old asset: the **MU (Miracle) MMORPG IP**, which accounts for **~71.5% of revenue** and is monetized above all by *licensing* it to Chinese operators for a royalty. That model produces extraordinary profitability — operating margins of **25–37%** for most of the past six years — because Webzen collects a revenue share while the licensee carries the development, marketing and operating cost. It also produces a **melting** top line: revenue has fallen from a ₩294bn peak (2020) to ₩174bn (2025), and the operating margin has more than halved, to 17%.

Exhibit 1 · **The melting annuity: extraordinary margins on a revenue line that has fallen ~40% from its peak**



Source: DART 20260318000593 + 7-yr structured consolidated financials. OP margin on right-hand 0–40% scale. Revenue ₩294bn (2020) → ₩174bn (2025); OP margin 36.8% → 17.0%.

This is the opposite shape from a manufacturer's margin cycle: not a reset-and-recover, but the **slow fade of a legacy annuity**. The cause is structural — Korean mobile MMORPG, the genre MU lives in, is in genuine decline (its share of domestic mobile-RPG revenue fell from 78.8% in 2020 to 56.2% in 2024), and MU's China royalty stream tracks each licensed title's hit-decay curve. The whole investment-grade question for the *market*, framed without any valuation view, is whether Webzen can manufacture a **next wave** — a new platform, a new region, or a genuinely new hit — fast enough to arrest the melt.

Webzen is a **hyper-profitable, single-IP licensing house monetizing a re-platformable 20-year trademark** — the most profitable mid-cap in its cohort, but the one most exposed to a single IP and a single foreign gate. Five findings follow.

Five findings a market team should anchor on

1 **The asset is an annuity, and it is melting.** MU is ~71.5% of revenue; the franchise swung +47% (H1-2024) to −27% (H1-2025) on the platform-wave sawtooth. Group revenue is down ~40% from the 2020 peak and OP margin has halved to 17% — high, but fading DART 20260318000593.

2 **The genre underneath it is in structural decline.** Korean mobile MMORPG's share of mobile-RPG revenue fell 78.8%→56.2% (2020→2024); idle/incremental rose 1.7%→16%; RPG dropped below 50% of all mobile spend for the first time in 2024. NCSoft posted its first operating loss in 26 years Sensor Tower; KOCCA.

3 **The cash flows through a political gate.** Webzen cannot publish in China; it licenses MU to operators who hold the banhao (publishing licence) and remit a tiered 6/8/10% net-revenue royalty. That gate froze Korean approvals for ~5 years (THAAD, 2017→Dec-2022) and whipsawed overnight (Dec-2023 draft rules) Kingnet SZSE filing; NPPA.

4 **Profitability, not growth, is the cohort signature.** Among Korean mid-caps Webzen is the margin king (17% in decline) — versus Wemade, which grew revenue ~2× via blockchain but to ~1–2% margin (losses in 2022-23), and Joycity, stagnant at ~4%. Monetizing legacy IP profitably and chasing top-line at any cost are opposite trades DART: 069080 / 112040 / 067000.

5 **The whole future is the next wave.** A 20-year MMORPG IP re-platforms rather than decays (MapleStory grew +46% in year 20; the Mir IP sustained a multi-billion-dollar China annuity). Webzen's pipeline — Terbis (a new sub-culture IP), MU idle/global extensions, published titles — is the bet that the cadence continues 01-market.md §4.

> **The read for the brief.** Webzen is a cash-rich, exceptionally profitable, single-IP licensing house whose top line is structurally fading and whose royalty engine sits behind the China banhao gate. The market question to price is binary in spirit: does the **next platform-wave / new hit land** (and does the gate stay open) — in which case the annuity re-accelerates — or does the cadence break, in which case the decay curve reasserts.

1 The Market

A GENRE IN DECLINE

Two facts scope everything that follows. First, the global games market **stopped growing fast** — the software market (Newzoo's measure) is ~$197bn in 2025, a low-single-digit grower, with the growth rotated to PC/console and away from the mobile boom. Second, and decisively for Webzen, the specific genre its IP lives in — **Korean mobile MMORPG — is in genuine structural decline.**

The market that stopped growing fast

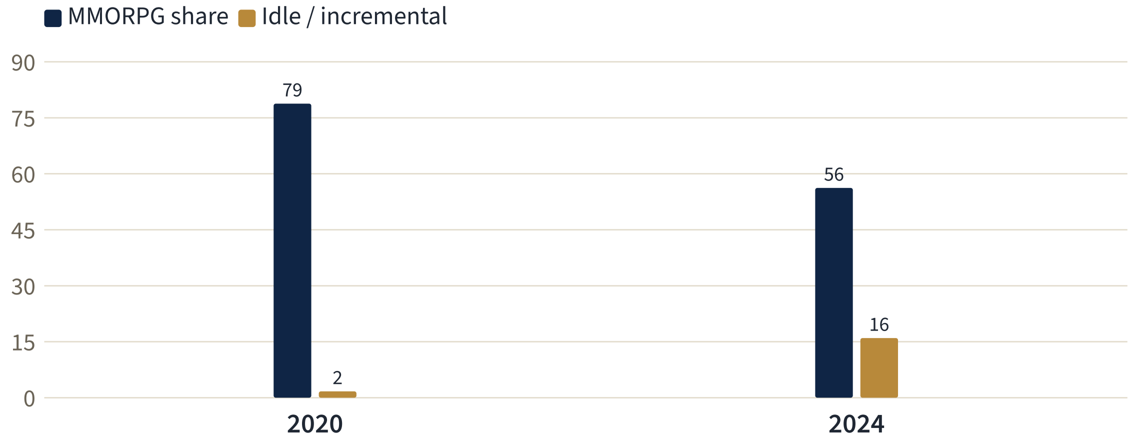
- **Global (software-only, Newzoo):** ~$197bn in 2025 (+7.5% after a 2022 decline); the 2026-27 track is ~2–4% CAGR. Broad-scope trackers (Mordor/Statista, $269–746bn) bundle hardware/ads — a 3–4× definitional gap, not faster growth. 2025 split: mobile ~55% (slowest), console ~24%, PC ~21% (fastest) Newzoo 2025.
- **Korea (KOCCA):** ₩23.85tn in 2024 (+3.9% in won), the world's 4th-largest market (7.2% share). It grows in won but is flat-to-shrinking in dollars (won weakness). Platform mix is the Korean anomaly: **mobile 59% / PC 25% / console just 5%** (vs ~24% globally) — which is why every Korean "console pivot" is an export play KOCCA 2025 White Paper.
- **China is Korea's #1 export destination** at ~25–30% of ~$8.5bn game exports (29.7% in 2024) — the single most important external dependency, and the gateway most relevant to a MU-licensing house KOCCA.

The headline "Korea is contracting" narrative is misleading: in won, Korea has grown every year. What is genuinely declining is the high-ARPU mobile-MMORPG genre — and that is Webzen's home.

The structural decline of mobile MMORPG

The "lineage-like" boom (2017–2021) — heavy-monetization, high-ARPU PvP mobile MMORPGs — was the cash engine of Korean publishers. By 2024 Korean trade press was issuing it a "death sentence." The genre is being out-competed by cheaper, lighter formats that captured the young spender it lost.

Exhibit 2 · The genre rotation: MMORPG collapsing as a share of Korean mobile-RPG revenue; idle surging



Source: Sensor Tower (via GameDevReports). MMORPG fell from 78.8% (2020) to 56.2% (2024) of Korean mobile-RPG revenue; idle/incremental rose 1.7%→16%. RPG dropped below 50% of all Korean mobile spend for the first time in May 2024.

Three forces drive it: **genre fatigue** (Lineage M −16%, Lineage W −36% YoY in 2024; users tired of grind-and-pay), **a shift to sub-culture and idle** (a Chinese-made idle game, Legend of Mushroom, was Korea's #3 grosser in H1-2024), and **monetization regulation** (mandatory loot-box odds disclosure since March 2024, plus a record ₩11.6bn KFTC fine on Nexon). The negative exemplar is NCSoft — the Lineage giant — which posted its first annual operating loss in 26 years in FY2024 and split into four subsidiaries Sensor Tower; GameMeca; Korea Herald.

WHY THIS IS THE BACKDROP, NOT THE FOREGROUND

Webzen is only lightly exposed to the *domestic* mobile-MMORPG decline because its MU monetization is China-licensing-led, not Korea-self-service. But the genre rotation matters in two ways: it caps the value of any new domestic MMORPG launch, and it pushes the whole industry — Webzen included — toward the sub-culture, idle, and console/global containers examined next.

Where the spend is going — and what it means for legacy IP

The money that left mobile MMORPG went to three containers, each reachable by a legacy-IP house mainly as an *export/global* move (Korea's home console market is ~5%):

- **Console / global (premium PC+console for the West)** — the cohort with new money is going here: Shift Up's Stellar Blade (~6.1m copies), Neowiz's Lies of P (~90% Western revenue, 4m cumulative). A re-platforming opportunity for old IP, but one needing new single-player craft and Western distribution.
- **Sub-culture gacha** — the genre that captured the young spender (Genshin >$10bn lifetime; Koreans can win — Nikke $890m, Blue Archive $450m). The best demographic fit to recapture lost youth, but it needs anime art and Japan/global distribution. *Webzen's Terbis is precisely this bet.*
- **Idle / incremental** — the cheapest, highest-margin IP extension (1.7%→16% of Korean mobile-RPG revenue), but a commoditized, China-dominated field. *Webzen has ported MU into it (MU: Pocket Knights).*

Two doors are effectively shut. **Blockchain/P2E** is foreclosed in Korea (P2E titles are denied the mandatory rating; Wemade's WEMIX token was delisted twice) — Webzen's light exposure (a 2022 MOU, no shipped flagship) spared it that blast radius. And **generative AI** is, for now, a back-office live-ops cost lever (36% of devs use it, but 52% think it harms the industry), not a headline feature [CCN; GDC 2025].

> **THE MARKET READ FOR WEBZEN**
>
> The genre rotation makes a 20-year MMORPG IP simultaneously **less able to grow organically** (its native genre is shrinking) and **more valuable as a re-skinnable trademark** (it can be ported onto idle, sub-culture or console containers for export). Webzen's strategy — extend MU into idle/global *and* launch a new sub-culture IP (Terbis) — is the textbook response. The question is execution and cadence, not direction.

2 The China Royalty Engine

LICENSING BEHIND A GATE

For a Korean MMORPG-IP house, China is where the IP earns its keep — but only through licensing, and only behind a political gate. This is the structural lens for Webzen the way technology was for a detector maker: the **royalty model and the banhao regime** determine the shape, durability and risk of the cash flow.

The model — a net-revenue royalty annuity

Korean firms cannot publish directly in mainland China. The IP owner licenses the trademark to a Chinese operator (Tencent, NetEase, Kingnet, 37 Games, etc.) that holds the publishing licence, builds and runs the game, and remits a revenue-share royalty — often plus an upfront minimum guarantee. The economics are extraordinary for the licensor: **near-zero marginal cost**, because the licensee carries development, user-acquisition and operating expense. That is precisely why Webzen earns 25–37% operating margins.

Webzen's flagship licensed title — **MU Origin** (the "MU for All" mobile derivative), developed by Tianma Time and published in China by Kingnet/Kaiying — earned **~$1.1bn cumulatively by 2017**, with royalties arriving at roughly **₩100m/day** at peak. The royalty terms, confirmed by Kingnet's own exchange filing, are a **tiered 6% / 8% / 10% of net revenue** (the 10% ceiling above ¥30m/month) — the low end of the licensing band, but applied to enormous volume Kingnet SZSE 2016-098; jiemian.com.

Exhibit 3 · **Korea→China game-IP royalty benchmarks (primary-filing anchors)**

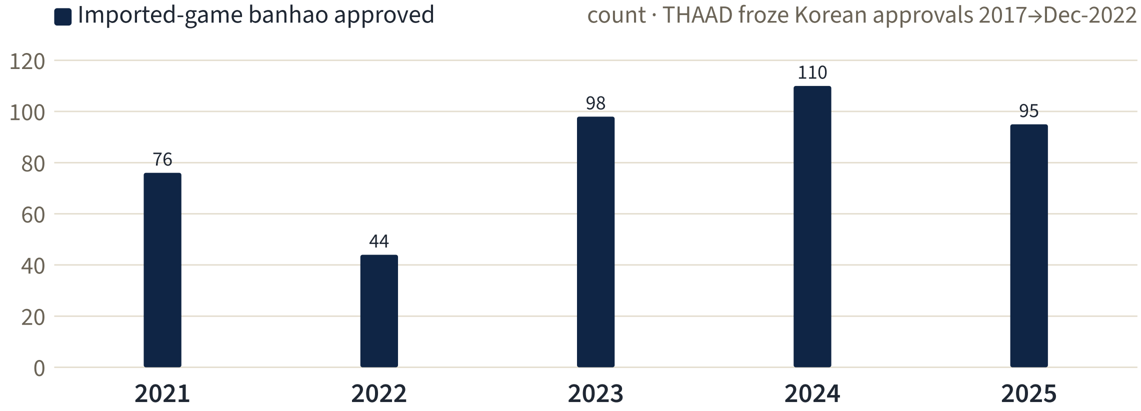
Deal / benchmark	Royalty	Basis	Source
Webzen MU Origin → China	6 / 8 / 10% tiered	monthly **net** revenue (+$1m upfront)	Kingnet SZSE filing (2016)
Gravity / Ragnarok → China	30 → 35%	end-user service-sales (PC)	Gravity SEC 20-F
Shanda / Korean MMOs (incl. Mir2)	25–35%	monthly revenues (PC)	Shanda SEC F-1/A
Trademark licence (general)	10–15%	typical band	industry benchmark

The MU rate sits low because it is a *mobile* sublicence on *net* revenue (the operator bears all cost); the richer 30–35% Gravity/Shanda rates are PC service-sales deals where the Korean owner kept more of the operating stack. The trade-off is the model's signature: **maximum margin, minimum control**.

The banhao gate — and its political-risk record

The royalty only flows if the licensee holds a **banhao** — the mandatory publishing licence (ISBN) issued by China's NPPA, without which a game cannot legally monetize. Foreign titles run on a separate, smaller, less-frequent "imported" track subject to an undisclosed de-facto quota. Its issuance history is the clearest picture of the gate: a near-total freeze, a strong thaw, and a recent normalization.

Exhibit 4 · The gate: China imported-game banhao issuance — freeze (2021-22) → thaw → ~normalized



Source: NPPA lists via Niko Partners / PocketGamer. A total approval freeze ran Aug-2021→Apr-2022; imported approvals froze longer (to Dec-2022). Now ~9–10 imported titles/month. The 2021 ~76 figure is the weakest-sourced.

The royalty annuity therefore sits on **two stacked political-risk layers**:

- **Korea-specific (geopolitical).** After the 2017 THAAD deployment, China's unofficial "Hallyu ban" meant *not a single Korean game received a banhao for ~5 years*, until December 2022. This risk can zero out new Korean approvals — for years — independent of any company's merit.
- **Whole-market (domestic policy).** Minor-playtime caps (3 hours/week, 2021) and the December-2023 draft monetization rules that erased ~$80bn off Tencent/NetEase in a day — then were withdrawn within ~30 days. The defining feature is **volatility, not a fixed rulebook**: discretionary, opaque, and reversible in weeks.

THE STRUCTURAL RISK IN ONE LINE

Webzen's most profitable revenue is also its least controllable: a net-revenue royalty on a licensed title, paid through a Chinese operator, gated by a discretionary foreign licence that has frozen for Korea before and can again. The margin is the reward for handing the operating stack — and the political exposure — to someone else.

3 The Company Within the Market

ONE IP, THREE REVENUE TYPES

Webzen is a small, cash-rich publisher built on one franchise. Its three revenue types — online (self-operated PC), mobile (self-published), and royalty (China-led licensing) — are really three ways of monetizing the **same MU IP**, supplemented by a few published titles (Metin2) and the aging R2 franchise. The financial record is the melting annuity in detail.

Exhibit 5 · Six-year consolidated record, FY2020–FY2025 (₩bn, CFS)

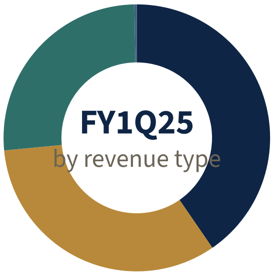
Metric (₩bn)	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	294.1	284.8	242.1	196.3	214.7	174.4
Operating profit	108.3	103.0	83.0	49.9	54.6	29.7
OP margin	**36.8%**	**36.2%**	**34.3%**	**25.4%**	**25.4%**	**17.0%**
Net income	86.3	86.9	72.4	57.6	56.8	23.5

Three features matter. First, the **margin is structurally high but fading** — the royalty/licensing model keeps it in the 17–37% band that self-operating publishers (Wemade, NCSoft) cannot touch, but it has more than halved as the MU cash curve ages. Second, the business is **net-cash and asset-light** — which funds buybacks and a 2026 capital reduction, and means decline is a revenue problem, not a solvency one. Third, the **2024 uptick was a wave, not a turn**: MU Monarch 2's launch lifted the franchise +47% in H1-2024, then it fell −27% in H1-2025 — the sawtooth in a single year.

The revenue structure — royalty-rich, China-exposed

Webzen's revenue splits roughly evenly across three types, with **royalty (China-led licensing) at ~33%** — the high-margin core — alongside mobile (~40%) and self-operated online/PC (~26%). The geographic split is revealing for a Korean publisher: domestic Korea is ~57%, but the two largest *foreign* markets are **China (~13%) and Germany (~13%)** — the latter a legacy of MU's long-running European PC service.

Exhibit 6 · Revenue by type (1Q2025): royalty ~33% is the high-margin China-licensing core



- **Mobile** — self-published + co-published — **40.4**
- **Royalty (China-led licensing)** — MU IP → Chinese operators — **33.1**
- **Online / PC** — self-operated (MU, R2, Metin2) — **26.2**
- **Other** — web / misc. — **0.3**

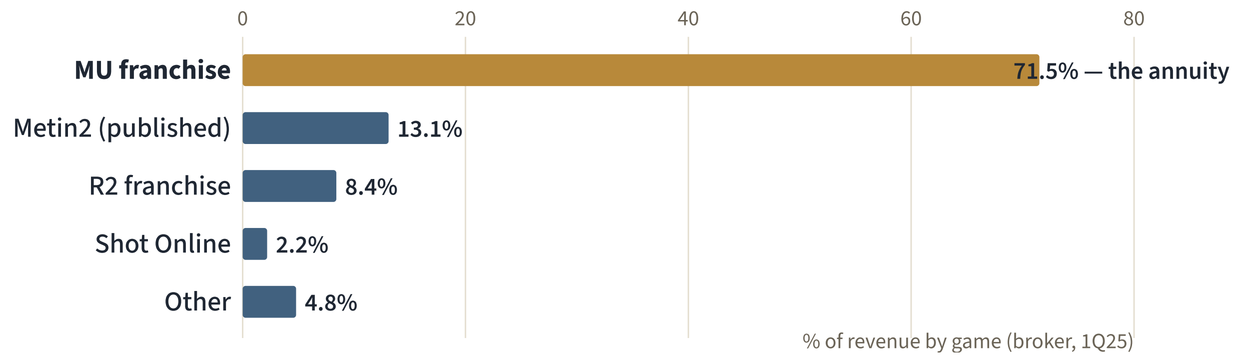
Source: broker decode (1Q2025 basis). By type: mobile 40.4%, royalty 33.1%, online/PC 26.2%, other 0.3%. By region: Korea 57.0%, Germany 13.1%, China 13.0%, other 16.9%.

The point of the royalty line is leverage: it is the slice with almost no associated cost, so its rise and fall drives the margin more than the top line does. When a China-licensed MU title is in its launch wave, royalty swells and margin expands; between waves, it fades — which is exactly the 2024→2025 path.

The MU concentration — one trademark carries the company

The defining structural fact is concentration: the **MU franchise is ~71.5% of revenue**, with the rest spread thinly across published Metin2 (~13%), the aging R2 franchise (~8%), and a long tail. This single-IP dependence is the source of both the margin (a proven, monetizable, two-decade trademark) and the risk (no second engine of comparable scale).

Exhibit 7 · Single-IP concentration: the MU franchise is ~71.5% of revenue



Source: broker decode (1Q2025). MU 71.5%, Metin2 13.1%, R2 8.4%, Shot Online 2.2%, other 4.8%. Single-IP concentration is an industry pattern (Gravity 81%, NCSoft ~70%), not a Webzen anomaly.

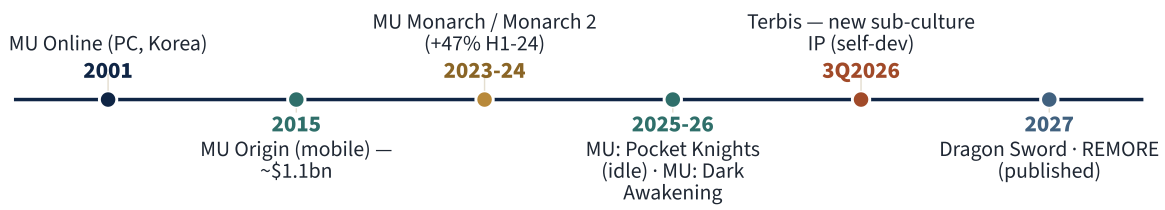
It is worth stating plainly that this is an **industry pattern, not a Webzen anomaly**: Gravity's Ragnarok is 81% of its revenue, NCSoft's Lineage ~70%, Com2uS's Summoners War a majority. A handful of durable IPs carry the Korean industry. The strategic tension Korean trade press repeatedly flags as "one-IP risk" is real — and the uncomfortable fact is that Webzen's stated plan to *reduce* MU dependence has, until now, mostly meant *launching more MU titles*. The genuine diversification bet is the new-title pipeline.

The pipeline — the bet that the cadence continues

Because a legacy MMO IP re-platforms rather than decays, the forward question is whether Webzen keeps the platform-wave cadence going. The pipeline mixes **more MU** (lower-risk extensions onto new genres/regions) with the first genuine **non-MU** bet.

Exhibit 8 · The MU platform-wave cadence — and the new-title pipeline that must sustain it

DART + Webzen IR; sub-culture pivot = first non-MU bet



Source: DART + Webzen IR / trade press. The 2025-26 MU extensions (idle "Pocket Knights", "Dark Awakening") are lower-risk; Terbis (3Q2026) is the first new sub-culture IP — the diversification bet.

- **MU extensions** — MU: Pocket Knights (idle, late 2025) and MU: Dark Awakening (early 2026) port the IP onto the cheaper idle and action containers; MU Immortal / MU: New Dawn extend it globally. Lower-risk, but they monetize the same core.
- **Terbis** — a *self-developed sub-culture RPG* targeting ~3Q2026, Webzen's attempt to build "a stable seller like MU" in the genre that captured the young spender. This is the real diversification — and the real execution risk (a crowded, HoYoverse-dominated field).
- **Published titles** — Dragon Sword and REMORE broaden the portfolio via publishing rather than development, using Webzen's cash to buy distribution exposure.

THE COMPANY, PLACED

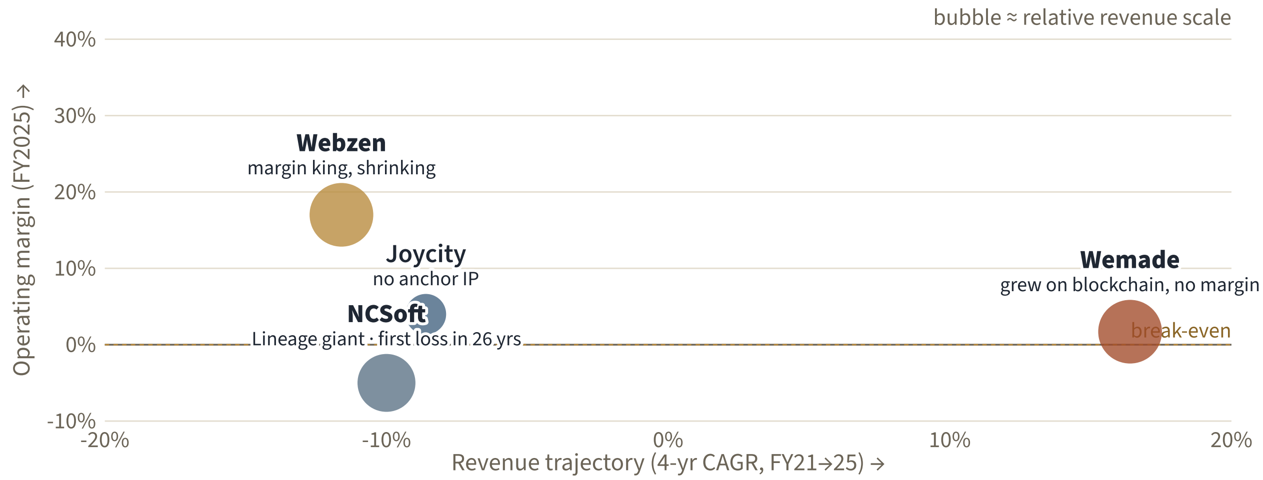
Webzen is a textbook legacy-IP annuity: a cash-rich, hyper-profitable, single-trademark licensing house whose revenue fades between platform-waves and whose highest-margin dollar is a China-gated royalty. Its base case is managed decline; its upside is a new wave — most credibly the Terbis sub-culture bet or a fresh China-licensed MU title — landing before the annuity melts further.

4 Competitive Landscape & Position

PROFITABILITY VS GROWTH

Placed against its Korean mid-cap cohort, Webzen occupies a distinctive quadrant: **the highest margin, on a declining top line**. The cohort sorts on a single trade-off — how a publisher chose to play its legacy IP. Webzen monetized profitably and shrank; Wemade chased growth and lost the margin; Joycity had no anchor IP at all.

Exhibit 9 · **The cohort trade-off: Webzen is the margin king of a shrinking field**



Source: DART consolidated CFS — Webzen (069080), Wemade (112040), Joycity (067000); NCSoft contextual (FY2024 first OP loss in 26 yrs). x = 4-yr revenue CAGR (FY21→25); y = FY2025 OP margin; bubble ≈ revenue scale.

The map is the thesis. **Webzen sits top-left** — shrinking revenue, but a 17% margin no peer matches. **Wemade sits bottom-right** — it grew revenue ~2× (to ₩614bn) on its Mir IP and the WEMIX blockchain platform, but at ~1–2% margin, with outright losses in 2022-23. **Joycity** drifts in the lower-left (declining, low-margin, no flagship IP), and even **NCSoft** — the Lineage giant — fell below the break-even line in 2024. The lesson generalizes: in a maturing genre, **how profitably you monetize a legacy IP matters more than how fast you grow the top line** — and Webzen monetizes best.

The cohort, by the numbers

Exhibit 10 · Korean game mid-cap cohort — revenue & operating margin (₩bn, DART CFS)

Company	FY21 rev	FY25 rev	4-yr CAGR	FY21 OPM	FY25 OPM
Webzen (069080)	**284.8**	**174.4**	**−11.6%**	**36.2%**	**17.0%**
Wemade (112040)	335.0	614.0	+16.4%	29.1%	1.7%
Joycity (067000)	201.3	140.4	−8.6%	10.8%	4.0%

The peers, by role

- **Wemade** — the closest structural comparable: a legacy-MMORPG-IP + China-royalty house built on the **Mir (Legend of Mir)** franchise, whose Chinese derivative market reached >¥130bn cumulative IP value (Century Huatong paid $380m for 5-year China rights). But Wemade bet the company on the **WEMIX blockchain platform** — delisted twice in Korea — driving revenue up at the cost of margin. The "what Webzen avoided" case.
- **Joycity** — a mid-cap publisher (FreeStyle, Gunship Battle, Pirates of the Caribbean) with *no single dominant cash-IP* at MU's scale; revenue ₩140bn and drifting. The contrast that shows the value of Webzen's MU annuity.
- **The majors (context)** — Nexon, NCSoft (Lineage), Kakao Games, Pearl Abyss — far larger, self-operating, and pivoting to console/global. They frame the genre shift, not Webzen's direct competitive set.

WHERE WEBZEN SITS

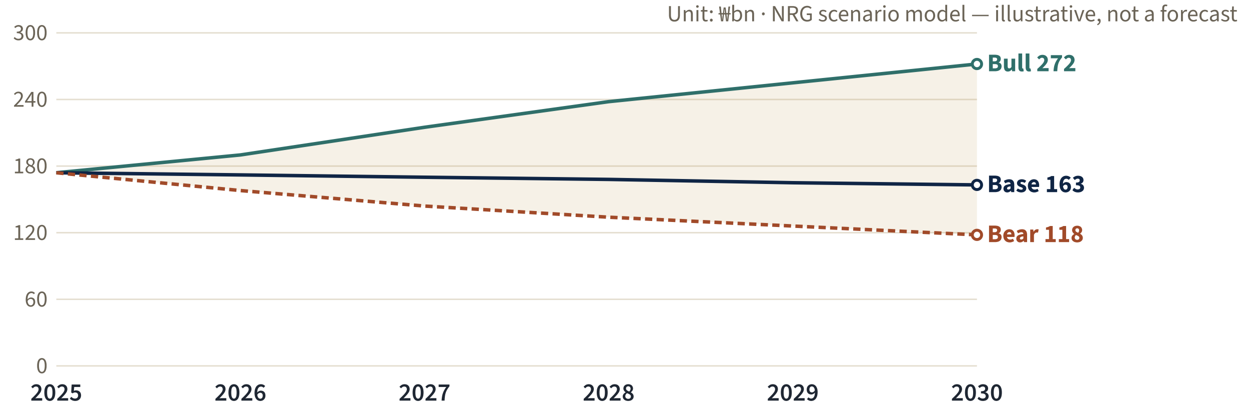
Webzen is a small, hyper-profitable, single-IP licensing house in the **upper-margin / declining-revenue** quadrant — the inverse of Wemade (growth, no margin) and above Joycity/NCSoft on profitability. Its moat is the durability and China-monetizability of the MU trademark; its risk is the absence of a next wave. A reader is underwriting an annuity, not a growth story.

5 Forward Outlook 2026–2030

TWO PIVOTS, THREE PATHS

The forward view turns on two variables above all others: the **China banhao gate** (does it stay open for Korea) and the **next platform-wave cadence** (does a new MU wave or a new hit land). Everything else — genre rotation, gacha regulation, AI cost-cuts, FX — modulates the slope. The scenarios below are **illustrative analytical constructs on a market basis — not forecasts of record, and explicitly not a valuation**.

Exhibit 11 · **Revenue scenarios 2025–2030 (₩bn): the gap is entirely the next-wave / banhao binary**



NRG scenario model, illustrative. Base = managed decline (annuity holds, no new wave fully offsets); bull = a new hit/China wave lands and the gate stays open; bear = the gate closes and no wave arrives. Not a forecast; not a valuation.

The base case is **managed decline**: the annuity holds but slowly erodes, MU extensions (idle/global) and published titles partially offset the fade, and revenue drifts down low-single-digit. The bull and bear diverge almost entirely on whether a *new wave inflects* — which is why the next section isolates the swing factors that decide it.

The three paths, with explicit assumptions

Bull

~₩272bn by 2030

Assumes the China gate stays open and a new wave lands: a fresh China/global MU-licensed title re-enters top-grossing charts, *and* at least one new container works — the Terbis sub-culture IP succeeds or an MU idle/global title scales. AI trims live-ops cost, widening margin. The annuity re-accelerates rather than fades.

Base

~₩163bn by 2030

Assumes the gate stays open but selective; new licensed waves arrive lumpy (the sawtooth), partially offsetting domestic-genre decline. MU extensions and published titles hold the line; no step-change. Revenue erodes low-single-digit; margin stabilizes in the high-teens. Managed decline of a cash-rich annuity.

Bear

~₩118bn by 2030

Assumes a geopolitical shock (THAAD-style) freezes Korean banhao *or* China monetization rules tighten and stick, while the legacy IP finds no next container — the royalty annuity decays with no fresh wave and Terbis fails to land. The decay curve reasserts; revenue falls toward ₩120bn.

The asymmetry: the **cash position is a floor in all three** (Webzen is net-cash and asset-light, so decline is never a solvency event), but the **upside is entirely optionality** — it requires either the China gate to deliver a new wave or a genuinely new hit to emerge. That is the structurally correct place for the variance to sit.

The swing factors that decide the path

- **1** **China banhao access (the biggest swing).** A normalized ~9–10 imported titles/month is favorable; a THAAD-style freeze zeroes new Korean approvals for years. Watch: NPPA imported-banhao issuance, and any Korea-specific approval pattern. This single variable can re-rate the whole royalty engine up or down.
- **2** **The next platform-wave for MU.** The annuity only holds if a next container (idle → global → console) keeps arriving and monetizing. Watch: whether MU: Dark Awakening / idle / global titles re-enter top-grossing charts, and the China-licensed MU pipeline.
- **3** **Terbis and the diversification bet.** Whether Webzen's first new sub-culture IP crosses from a hopeful launch into a durable second franchise — the only path that genuinely reduces MU dependence. The gating risk is a crowded, HoYoverse-dominated genre needing anime craft and global distribution.
- **4** **Genre rotation & monetization regulation.** The continued decline of mobile MMORPG and tightening gacha rules cap the value of any new domestic MMORPG launch — pushing all of Webzen's upside offshore and into idle/sub-culture/console containers.

> **THE FORWARD READ**
>
> The most likely 2026–2030 path is **managed decline of a cash-rich annuity**: the MU royalty engine fades in a sawtooth, MU extensions and published titles soften the slope, and margin stabilizes in the high-teens — neither a collapse nor a re-rating. The breakout to the bull case is real but **conditional on a new wave inflecting** (a China-licensed MU title or Terbis), and the bear requires the China gate to close *and* no new wave to arrive.

6 Strategic Implications

HOW THE MARKET READS

For a consulting client mapping the Korean games sector and the legacy-IP licensing model, Webzen is a clean read on **how a maturing genre rewards IP monetization over top-line growth** — and a specific position within it. Five implications follow.

- **The market rewards IP monetization, not growth.** The cohort is the proof: Webzen (monetize legacy IP profitably) kept a 17% margin while shrinking; Wemade (grow at any cost via blockchain) destroyed its margin; NCSoft (self-operate a declining genre) went to loss. Any thesis here should be a thesis about *how* an IP is monetized.
- **A 20-year MMO IP is a re-platformable trademark, not a decaying asset.** The value sits in the cadence of re-platforming (PC→mobile→idle→global) and regional licensing — the Mir and MapleStory precedents show a single trademark can sustain a multi-billion-dollar, decades-long annuity.
- **China is the structural variable.** The banhao gate sets the regime for every Korean IP-licensing house. The question for the whole sub-sector is whether the gate stays open and normalized — a discretionary, geopolitically-exposed variable no company controls.
- **The genre rotation pushes all upside offshore.** Domestic mobile MMORPG is shrinking under genre rotation and gacha regulation; growth for a legacy-IP house must come from China, SEA, global, and the idle/sub-culture/console containers — an export story, not a domestic one.
- **Webzen is a cash-rich annuity with an option attached.** Its base case is managed decline funded by a fortress balance sheet; its upside is a new wave (Terbis or a China-licensed MU title). That is the shape of the opportunity — and the uncertainty — to price.

> **The open questions a market study leaves — and primary research can close.** Three things filings and market reports cannot resolve: the real health and renewal odds of Webzen's China-licensed MU pipeline (and its operators' standing with the NPPA); whether Terbis has a credible path in a HoYoverse-dominated genre; and how durable the MU royalty rate and terms are at renewal. Each is decidable with the right primary voices — which is where Nathan Research works.

Working With Nathan Research

COMPLIANT EXPERT NETWORK

Market reports and filings establish the *shape* of this sector; they do not capture the operating detail that decides a strategy — the real renewal odds on a China-licensed MU title, the standing of a Chinese operator with the NPPA, the genuine prospects of a new sub-culture launch. That detail lives with the people who built, published, licensed and competed with these games — and reaching them, compliantly, is what Nathan Research does.

Nathan Research Group operates **Korea's first dedicated expert-network service, established in 2013**. We were built for the global private-equity, hedge-fund or corporate-strategy team that has a thesis on a Korean or Asian asset and needs primary, on-the-ground diligence that public disclosure cannot supply. The Korean games, IP-licensing and China-publishing complex is one of our deepest benches.

Who we put in the room

For a Webzen or games / IP-licensing engagement, we source, vet and convene primary experts across the value chain:

- **Former executives & producers** — from Webzen and its peers (Wemade, Joycity, NCSoft, Nexon)
- **Game designers & live-ops leads** — MMORPG, idle, and sub-culture monetization and content cadence
- **IP-licensing & BD specialists** — Korea→China game-IP deal structures, royalty terms, renewals
- **China publishing & banhao experts** — NPPA process, operator relationships (Tencent, Kingnet, 37 Games)
- **Sub-culture & global-distribution contacts** — what it takes to land an anime-gacha title (Japan/global)
- **Market-data & channel analysts** — Korean genre-mix, grossing-chart and China-market trackers

How an engagement works

1 · Scope

We translate your thesis into a precise expert profile and question set, mapped to the decisions you need to make.

2 · Source & vet

We identify, screen and compliance-clear each expert — confirming relevance, recency and the absence of conflicts before any call.

3 · Convene & synthesize

We arrange interviews on your timeline and, where useful, deliver written synthesis tied back to the questions in this brief.

Partner With Nathan Research

START THE CONVERSATION

If your team is evaluating **Webzen**, the **Korean games sector**, or the broader **game-IP licensing and China-publishing** landscape, we would welcome the conversation. Tell us the decision you are trying to make — we will tell you, candidly, whether and how our network can help you make it.

What to expect when you reach out: A direct reply from a partner, not an intake form — and a scoping conversation rather than a sales call. From there: a compliant, conflict-cleared expert panel assembled to your timeline, and, where useful, written synthesis that builds directly on the analysis in this monograph.

WEB	www.nathanrg.com	
EMAIL	team@nathanrg.com	General enquiries
	nathan@nathanrg.com	Nathan Choi · CEO
PHONE	+82 10 3059 3630	Nathan Choi · CEO
	+82 2 939 3630	Office · Seoul

Compliance This monograph is based solely on public disclosures, market-research and media sources. Nathan Research does not request or facilitate the exchange of material non-public information, trade secrets, confidential licensing terms, or undisclosed pricing, royalty or operating data — and runs every engagement through a documented compliance protocol with expert attestations and client-defined restricted-topic lists, agreed before the first call.

A Appendix

SOURCES · METHODOLOGY · GLOSSARY

Evidence base & methodology

This monograph synthesizes primary and secondary sources, cross-checked on 2026-06-17. Figures are cited inline; where houses disagreed, ranges are shown with attribution. Company financials appear only as evidence of *market* dynamics, consistent with the market-research (not equity) scope.

Regulatory (DART, primary): Webzen Annual Report FY2025 (rcept **20260318000593**) + 7-yr structured consolidated financials (fnlttSinglAcnt CFS, 2019–2025). Peer annual reports: **Wemade** (112040) and **Joycity** (067000), self-extracted for the cohort comparison.

Market & industry: KOCCA Korea Game White Paper (2025 ed.); Newzoo (software-only global); Sensor Tower (Korean genre-mix); Niko Partners; GPC/CNG China Game Industry Report; NPPA banhao lists (via Niko/PocketGamer); GDC 2025 State of the Industry.

Licensing (primary filings): Kingnet/Kaiying SZSE filing 2016-098 (MU Origin 6/8/10% tiered royalty); Gravity SEC 20-F; Shanda SEC F-1/A — the royalty-benchmark anchors.

Company / trade press: Webzen IR earnings releases; broker note (consensus 641928); MMOs.com, DigitalToday, GameMeca, PocketGamer.biz — for segment mix, the MU-franchise sawtooth, and the pipeline.

Data notes: (1) Revenue-by-type/region/game splits are 1Q2025-basis broker decodes; full-year mix varies with the wave cycle. (2) Scenarios are illustrative market constructs, not company guidance. (3) MU Origin was developed by **Tianma Time** and published in China by **Kingnet/Kaiying** (not Kingsoft). (4) MU Archangel launched **2020**. (5) The well-known ₩43bn Kingnet royalty-arbitration settlement belongs to **Wemade's Mir IP, not Webzen's MU**. (6) Single-IP concentration is an industry pattern, not a Webzen anomaly.

Glossary

MMORPG — massively-multiplayer online role-playing game. **IP** — intellectual property (here, a game franchise/trademark). **Royalty (net-revenue)** — a revenue-share the licensor earns on a licensee's net sales. **Banhao** — China's mandatory game-publishing licence (ISBN), issued by the NPPA. **NPPA** — China's National Press and Publication Administration. **ARPU** — average revenue per user. **Gacha** — probabilistic ("loot-box") monetization. **OPM** — operating margin. **DART** — Korea's electronic disclosure system; **rcept_no** — a filing's receipt number. 판호 (panho / banhao) — the China publishing licence. 방치형 (banchihyeong) — idle / incremental games. 서브컬처 (subculture) — anime/character-driven gacha games. 한한령 (Hallyu ban) — China's post-THAAD embargo on Korean content. 사업보고서 (saeop bogoseo) — Annual Report (DART).

SCOPE & DISCLAIMER

This is a market-research and business-analysis document for sector and competitive analysis; it is **not** investment advice and contains no price target or valuation. Forward scenarios are illustrative constructs, not forecasts of record. Prepared by Nathan Research Group, Seoul, 2026-06-17.