

DISCLAIMER

The financial information included in this document are consolidated earnings results based on K-IFRS.

The “financial results for 1Q 2019” for Netmarble (the “Company”) contained in this document have been provided for investors’ convenience only and have not been audited by an independent auditor. Therefore, certain part(s) of this document are subject to change upon the audit outcome.

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, “forward-looking statements” often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” “Forward-looking statements” by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include the behavior of financial markets, the Company’s strategic actions, unanticipated dramatic developments in our major business conditions, and numerous other matters at the national and international levels which could affect our financial results.

These uncertainties may cause our actual results to be materially different from those expressed in this document.

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1. FINANCIAL HIGHLIGHTS OF 1Q 2019

- 1Q recorded revenue of W477.6bn (YoY -5.9%, QoQ -2.0%), EBITDA of W60.3bn (YoY -33.7%, QoQ -3.2%), and operating profit of W33.9bn (YoY -54.3%, QoQ -10.8%)
- EBITDA margin and operating profit margin were 12.6% and 7.1%, respectively

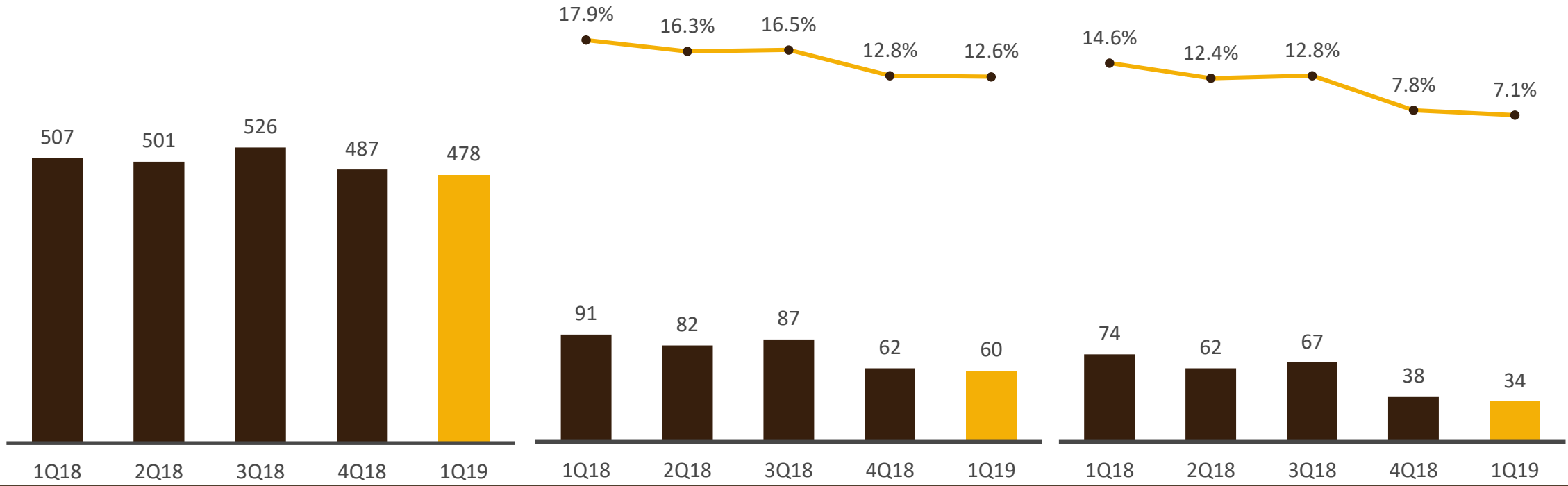
Revenue

EBITDA

Operating Profit

(Unit : W bn)

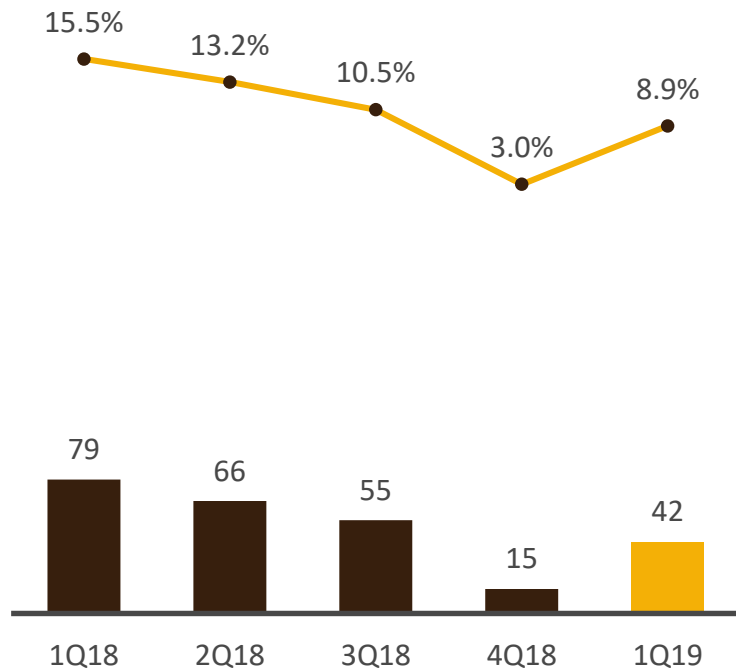
YoY -5.9%
QoQ -2.0%



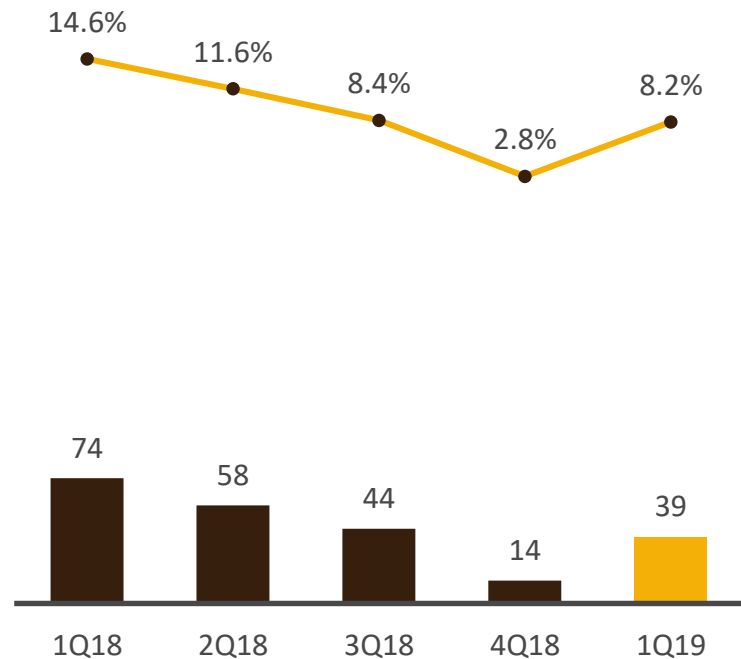
1. FINANCIAL HIGHLIGHTS OF 1Q 2019

- Net profit was W42.3bn (YoY -46.4%, QoQ +189.7%), Net profit (controlling) was W39.4bn (YoY -46.7%, QoQ +189.7%)
- Margins for net profit and net profit (controlling) were 8.9% and 8.2%, respectively

Net Profit



Net Profit (Controlling)

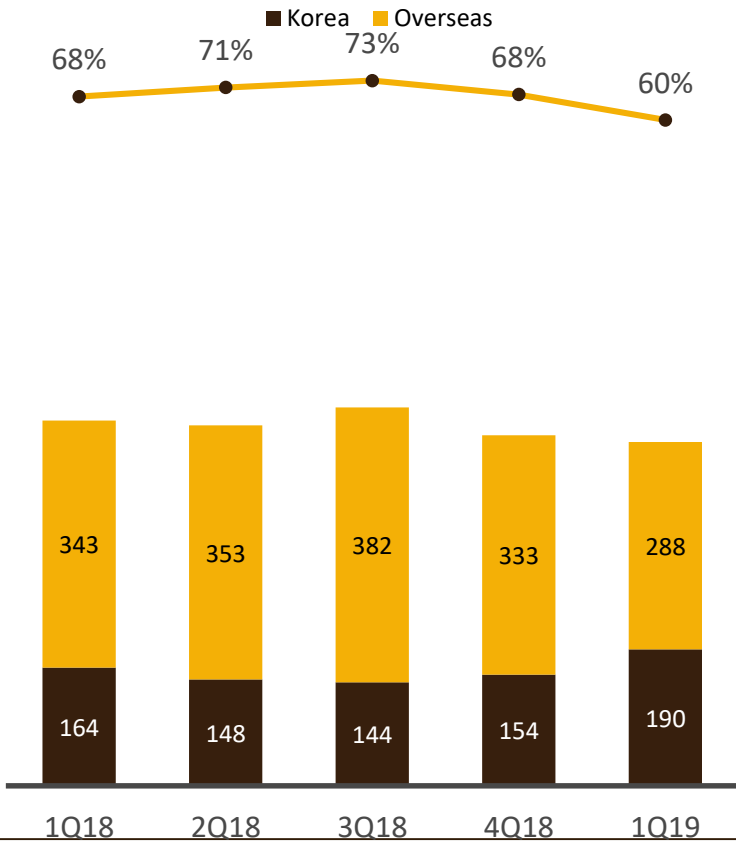


(Unit : W bn)

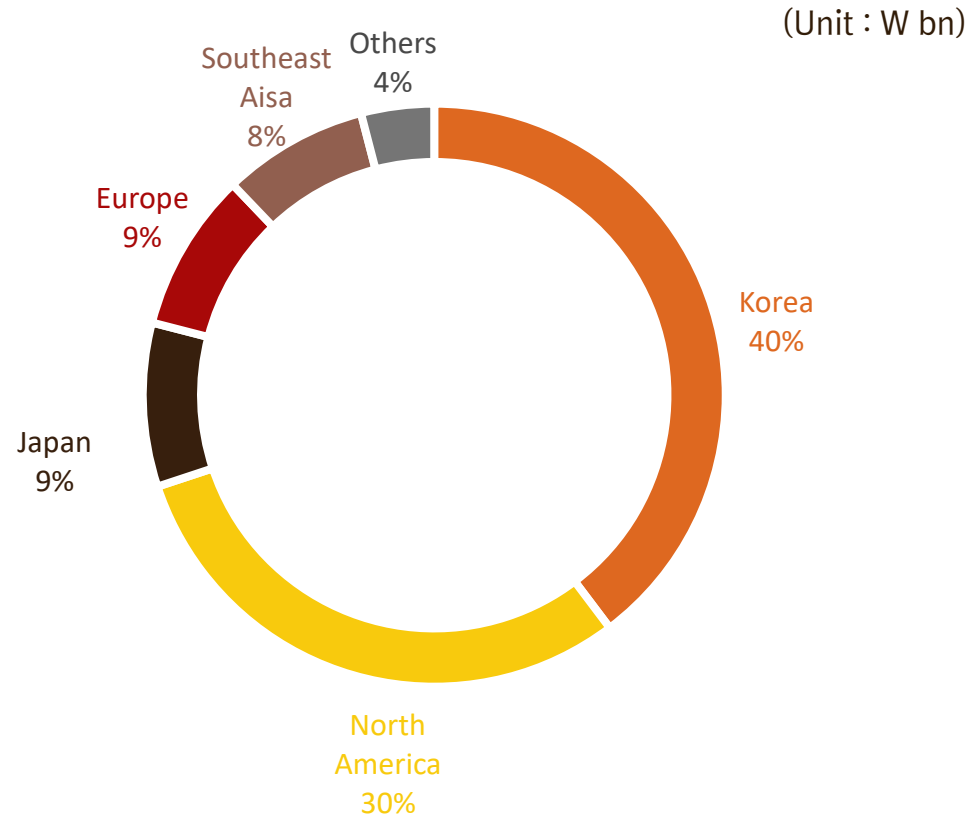
2. OVERSEAS REVENUE SHARE

- Overseas revenue for 1Q was W287.9bn. Proportion of overseas revenue fell to 60% (QoQ -8%p)
- As B&S Revolution was launched in 4Q18 in Korea, the domestic revenue increased
- Revenues were diversified across Korea (40%), N.A (30%), Japan (9%), Europe (9%), SEA (8%), and others (4%)

Korea & Overseas Revenue Share



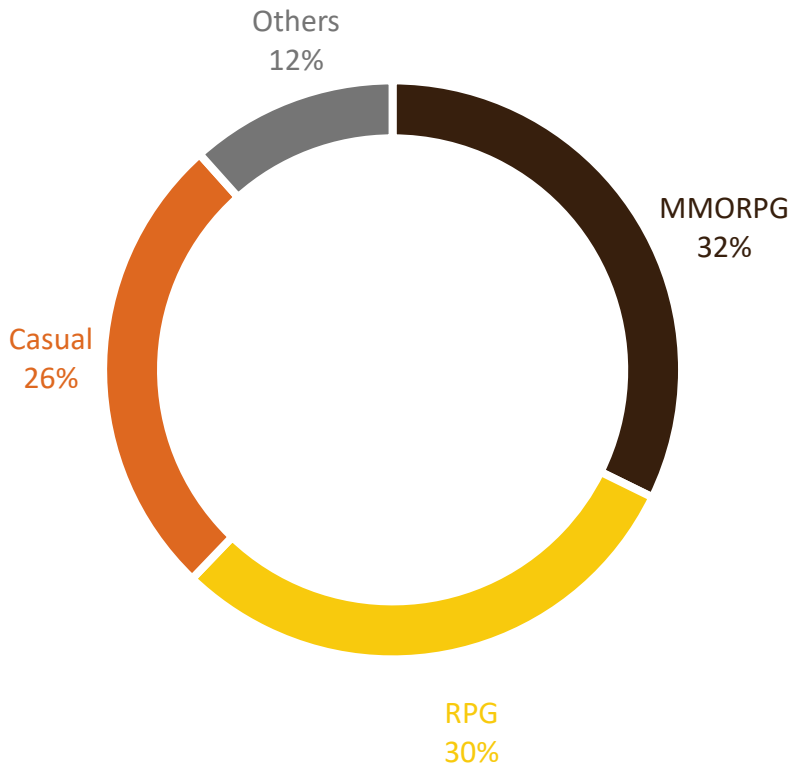
Revenue Breakdown by Region



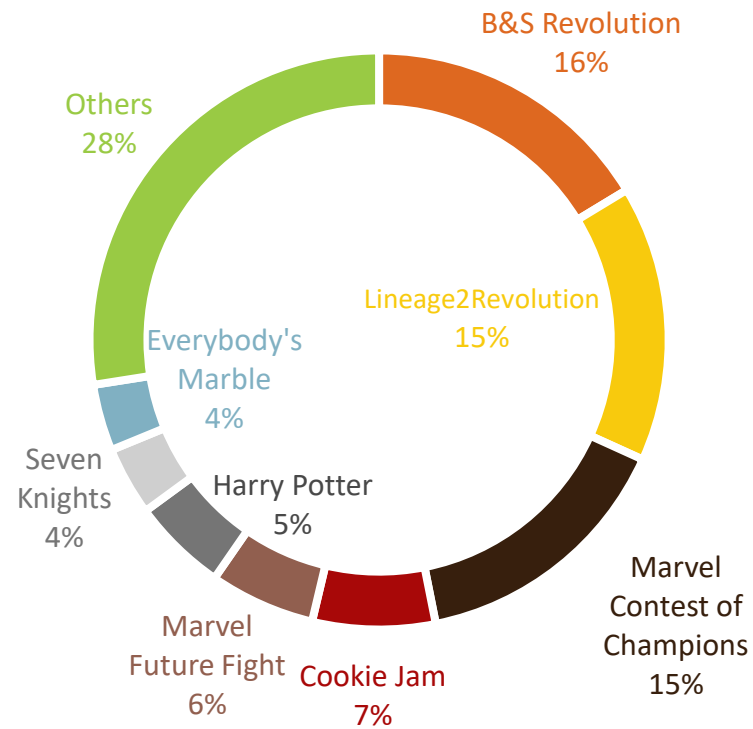
3. GAME PORTFOLIO

- Genre portfolio showed diversification across MMORPG (32%), RPG (30%), Casual (26%) and others (12%)
- Game portfolio continues to be well balanced with 8 major titles
- Top revenue generators are B&S Revolution, L2R, MCoC, Cookie Jam, MFF, Harry Potter, Seven Knights and Everybody's Marble.

Revenue Breakdown by Genre



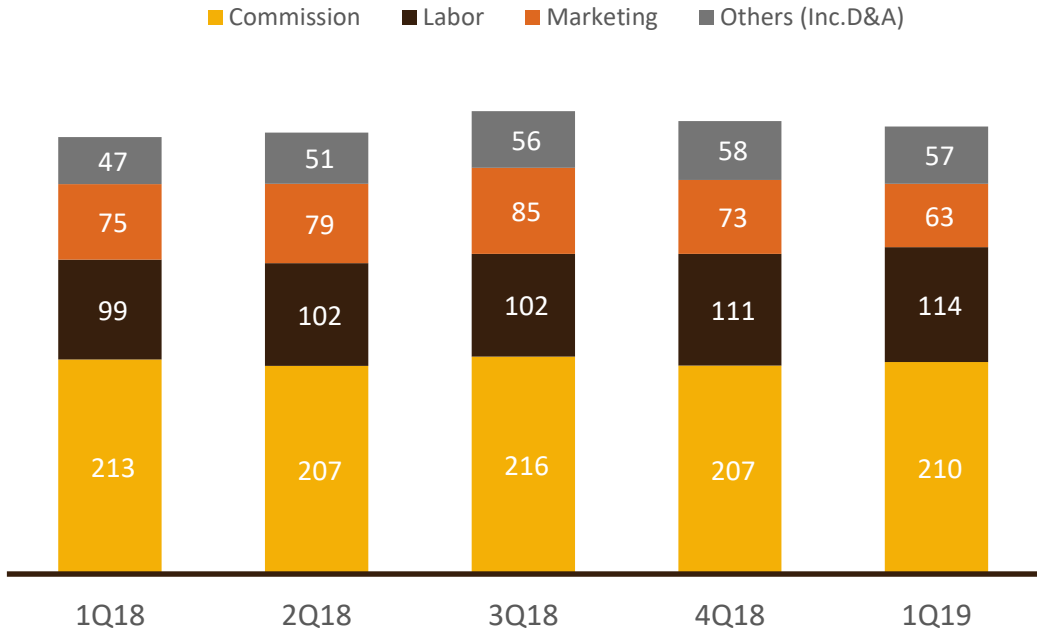
Revenue Breakdown by Major Games



4. MAJOR COST STRUCTURES

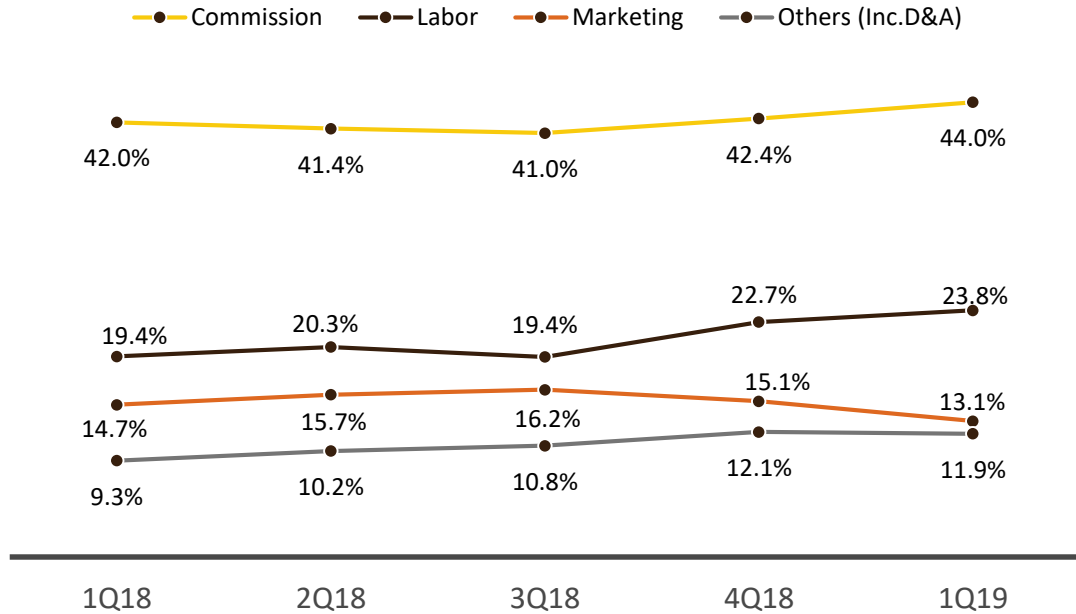
- 1Q operating cost was W443.7bn (YoY +2.4%, QoQ -1.2%)
- Labor cost slightly increased to W113.9bn (YoY +15.2%, QoQ +2.9%)
- Marketing cost slightly declined to W62.8bn (YoY -15.9%, QoQ -14.4%) with an absence of new titles
- Commission ratio increased as a proportion of external IP game service grew along with the launch of B&S Revolution

Operating Costs



Breakdown of Revenue by Operating Costs

(Unit : W bn)



5. Focus of 2Q 2019

- The Seven Deadly Sins: Grand Cross : Scheduled to be launched in 2Q in Korea/Japan. 5.0+ m pre-registered users so far.
- Yokai Watch: Medal Wars : Scheduled to be launched in 2Q in Japan. Pre-registration has exceeded 2.0m so far.
- BTS World : Pre-registration started since May 10th, scheduled to be launched globally at the end of June.

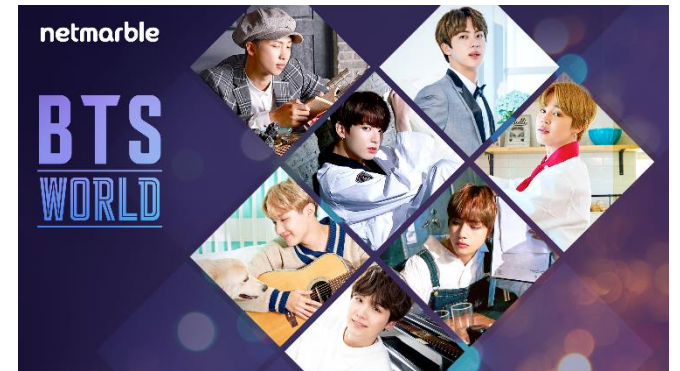
The Seven Deadly Sins : Grand Cross



Yokai Watch: Medal Wars



BTS World



APPENDIX. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

(Unit : W bn)

(KRW bn)	1Q18	2Q18	3Q18	4Q18	1Q19
Revenue	507	501	526	487	478
Commission	213	207	216	207	210
Labor Cost	99	102	102	111	114
Advertising Cost	74	79	85	73	63
Other Costs (exc. D&A)	30	31	36	34	31
EBITDA	91	82	87	62	60
<i>Margin (%)</i>	<i>17.9%</i>	<i>16.4%</i>	<i>16.5%</i>	<i>12.8%</i>	<i>12.6%</i>
D&A	17	20	20	24	26
Operating Income	74	62	67	38	34
<i>Margin (%)</i>	<i>14.6%</i>	<i>12.4%</i>	<i>12.8%</i>	<i>7.8%</i>	<i>7.1%</i>
Non-Operating Income	40	36	14	18	39
Non-Operating Cost	9	10	9	30	14
Pre-tax Profit	105	88	72	26	59
Tax	26	22	17	11	17
Net Profit	79	66	55	15	42
Net Profit (controlling)	74	58	44	14	39
<i>Margin (%)</i>	<i>14.6%</i>	<i>11.6%</i>	<i>8.4%</i>	<i>2.8%</i>	<i>8.2%</i>

Consolidated Statement of Financial Position

(Unit : W bn)

(KRW bn)	1Q18	2Q18	3Q18	4Q18	1Q19
Current Assets	2,854	2,660	2,706	2,590	2,667
Cash and Cash Equivalents	1,751	1,642	1,650	1,549	1,616
Accounts Receivable	224	248	226	182	220
Other Current Financial Assets	805	677	740	771	756
Other Current Assets	74	93	90	88	75
Non-Current Assets	2,446	2,618	2,719	2,843	3,089
Investment Assets	926	1,087	1,206	1,255	1,312
Intangible Assets	1,258	1,295	1,275	1,320	1,427
Tangible Assets	150	154	167	174	240
Other Non-Current Assets	111	82	71	94	110
Total Assets	5,300	5,278	5,425	5,433	5,756
Current Liabilities	458	385	348	586	689
Accounts Payable	87	94	90	81	115
Debt	4	5	5	8	12
Other Current Financial Liabilities	150	86	91	340	409
Other Current Liabilities	217	200	162	157	153
Non-Current Liabilities	359	343	376	295	453
Other Non-Current Financial Liabilities	216	216	217	123	255
Other Non-Current Assets	143	127	159	172	198
Total Liabilities	816	728	724	881	1,142
Total Equity	4,484	4,550	4,701	4,552	4,614

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