

DISCLAIMER

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

The “financial results for 2Q 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. 2Q EARNINGS SUMMARY & 2H FORECAST

- 2Q recorded revenue of W526.2bn (YoY +5.1%, QoQ +10.2%), EBITDA of W62.3bn (YoY -23.7%, QoQ +3.3%), and operating profit of W33.2bn (YoY -46.6%, QoQ -2.1%)
- New titles contributed to the top line growth. EBITDA and OP were similar to 1Q reflecting marketing costs from 2Q new releases

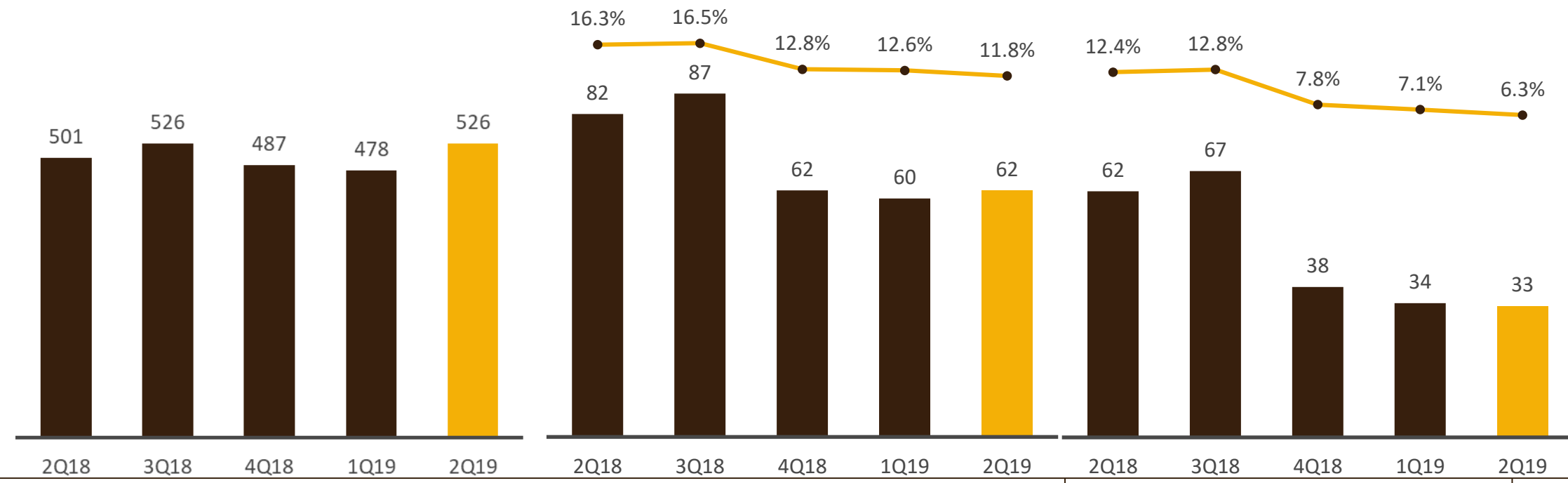
Revenue

EBITDA

Operating Profit

(Unit : W bn)

YoY 5.1%
QoQ 10.2%



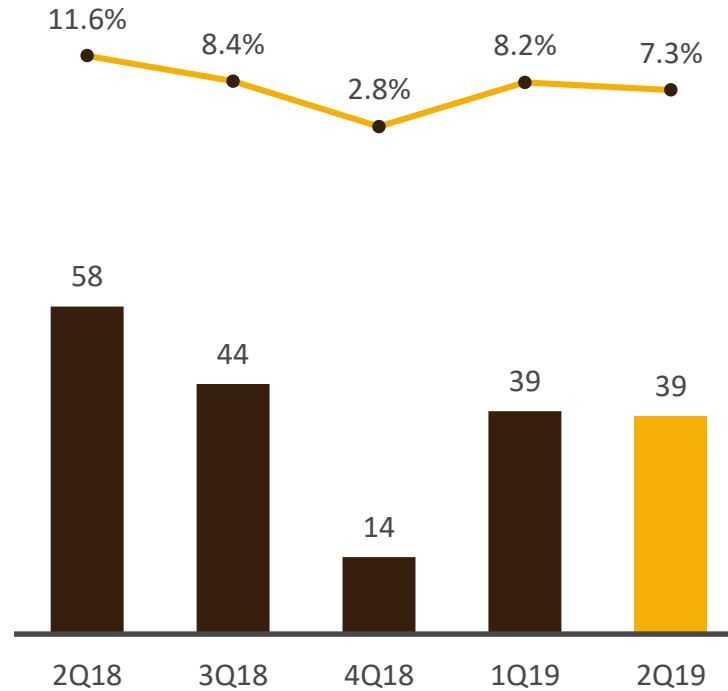
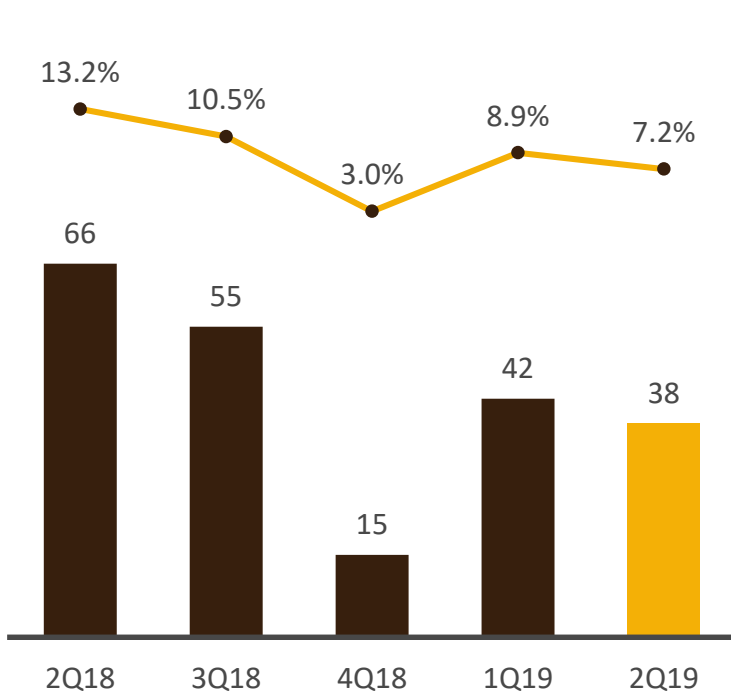
1. 2Q EARNINGS SUMMARY & 2H FORECAST

- Net profit was W38.0bn (YoY -42.7%, QoQ -10.2%), Net profit (controlling) was W38.5bn (YoY -33.5%, QoQ -2.3%)
- 3Q19 earnings turnaround is expected; fully recognizing 2Q new titles and launching 3Q new line-ups
- 3Q and 4Q OPs are expected to bounce back quickly to 2017 quarterly OP levels

Net Profit

Net Profit (Controlling)

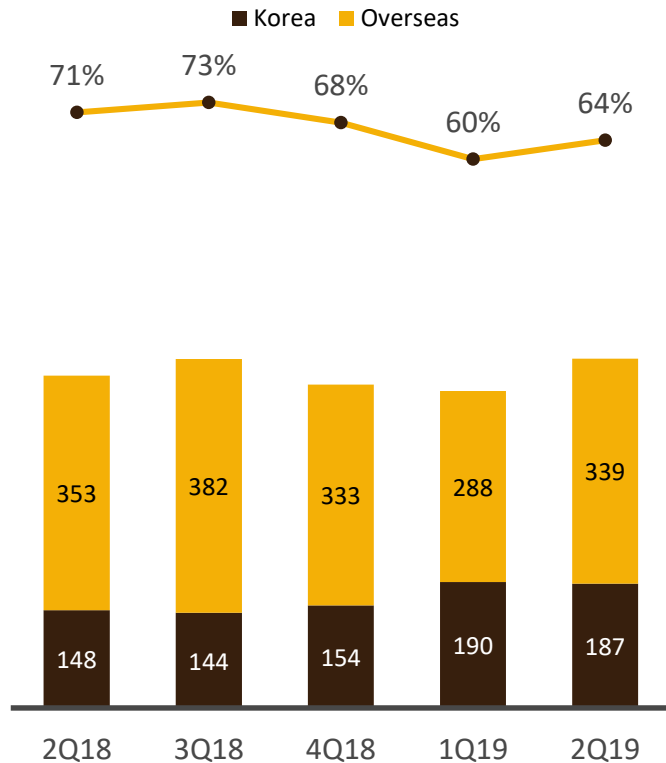
(Unit : W bn)



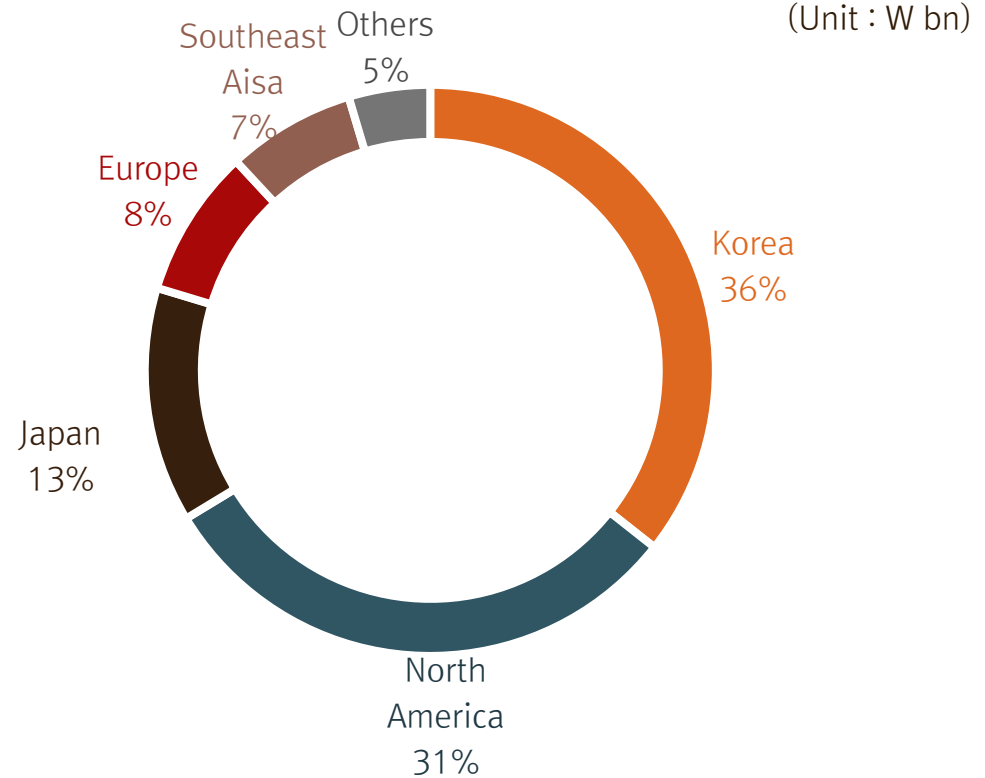
2. OVERSEAS REVENUE SHARE

- Overseas revenue for 2Q was W339.0bn
Proportion of overseas revenue increased to 64% (QoQ +4%p) after launching Seven Deadly Sins
- Revenues were diversified across Korea (36%), N.A (31%), Japan (13%), Europe (8%), SEA (7%), and others (5%)
- Overseas proportion is expected to increase up to a level of 70% by 2H19

Korea & Overseas Revenue Share



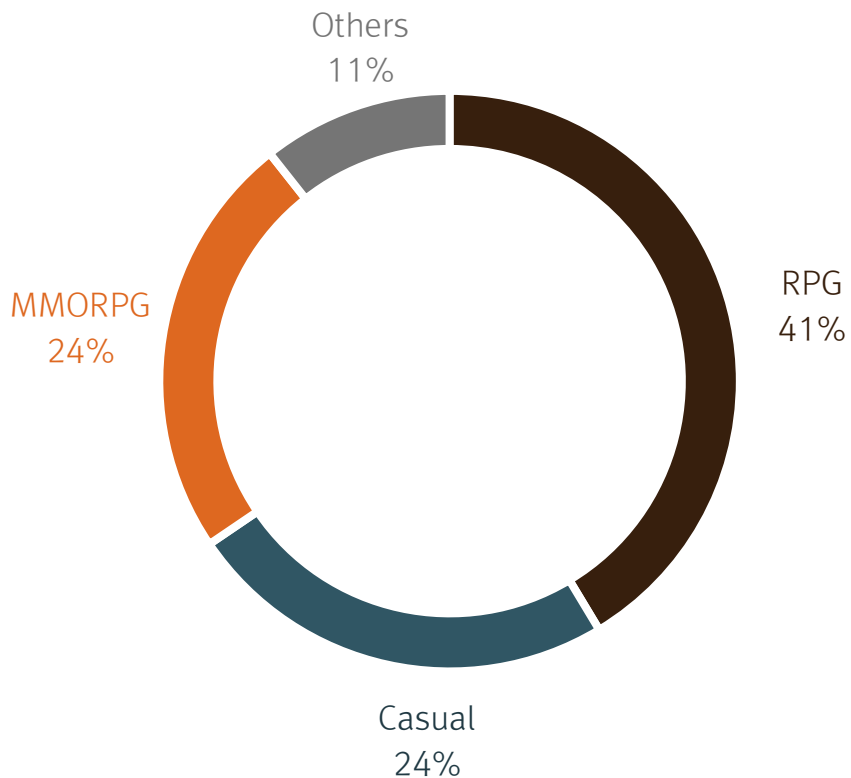
Revenue Breakdown by Region



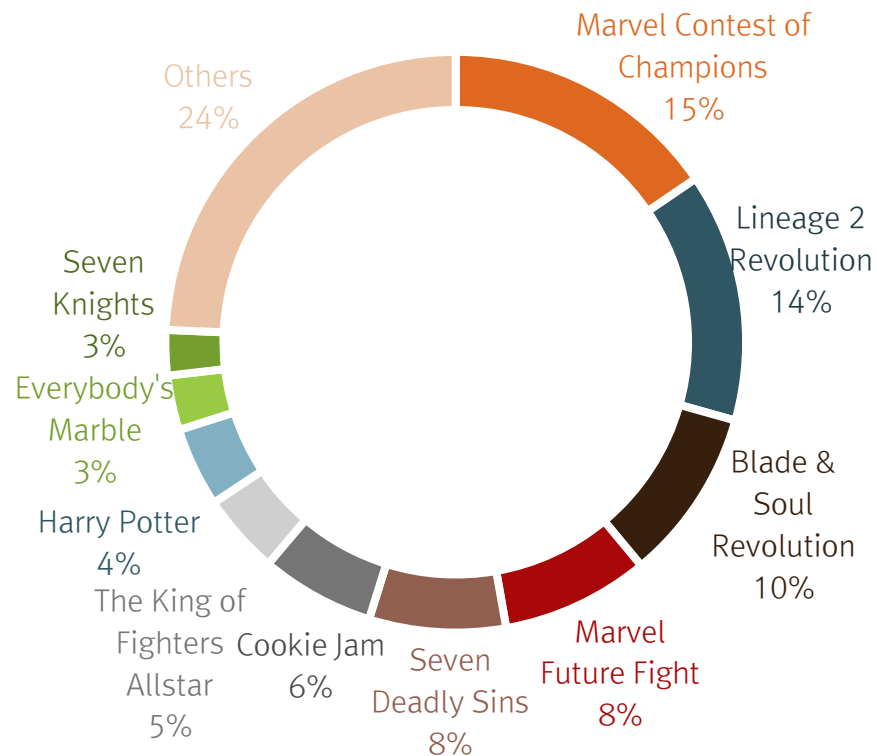
3. GAME PORTFOLIO

- Genre portfolio showed diversification across RPG (41%), Casual (24%), MMORPG (24%), and others (11%)
- Top revenue generators are Marvel Contest of Champions, Lineage 2 Revolution, Blade & Soul Revolution, Marvel Future Fight and Seven Deadly Sins
- Games portfolio is expected to be more dispersed and diversified in 2H19

Revenue Breakdown by Genre



Revenue Breakdown by Major Games



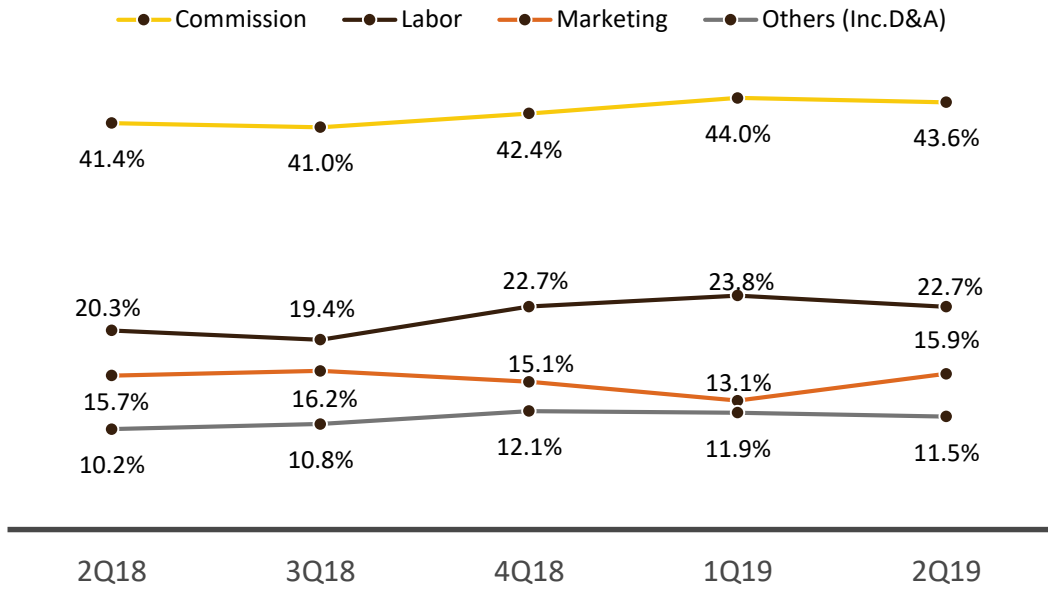
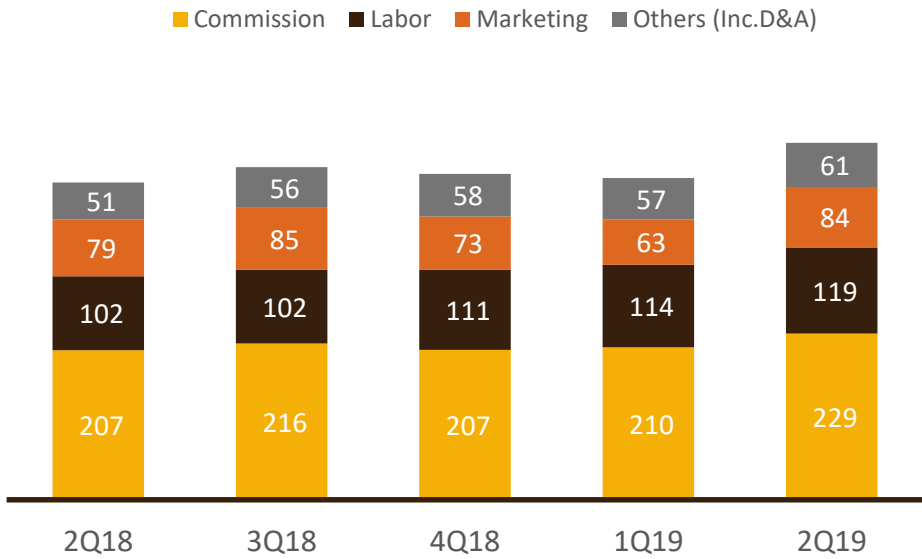
4. MAJOR COST STRUCTURES

- 2Q operating cost was W 493.0bn (YoY +12.4%, QoQ +11.1%)
- Launching new titles and acquiring a game studio in N.A increased the labor cost to W119.5bn (YoY +17.5%, QoQ +4.9%)
- Marketing cost increased to W83.6bn (YoY +6.4%, QoQ +33.1%) reflecting marketing expenses from 2Q new releases

Operating Costs

Breakdown of Revenue by Operating Costs

(Unit : W bn)



5. 2H MAJOR LINE-UPS

- Yokai Watch:Medal Wars and Koongya Catchmind are launched for today, Aug.12nd
- Blade & Soul Revolution(Japan) and King of Fighters: All Stars(Global) will be released in 3Q19
- Within 4Q, 2 major line-ups, Seven Knights2 and A3: Still Alive, as well as Tera Origin(Japan) will be launched

Yokai Watch:Medal Wars
(Japan, July 30th)



Blade & Soul Revolution
(Japan, 3Q)



Seven Knights 2
(Korea, 4Q)



Koongya Catchmind
(Korea, Aug. 8th)



King of Fighters All Stars
(Global, 3Q)



A3:Still Alive
(Korea, 4Q)



APPENDIX. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

(Unit : W bn)

(KRW bn)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Revenue	507	501	526	487	478	526
Commission	213	207	216	207	210	229
Labor Cost	99	102	102	111	114	119
Advertising Cost	74	79	85	73	63	84
Other Costs (exc. D&A)	30	31	36	34	31	32
EBITDA	91	82	87	62	60	62
Margin (%)	17.9%	16.4%	16.5%	12.8%	12.6%	11.8%
D&A	17	20	20	24	26	29
Operating Income	74	62	67	38	34	33
Margin (%)	14.6%	12.4%	12.8%	7.8%	7.1%	6.3%
Non-Operating Income	40	36	14	18	39	40
Non-Operating Cost	9	10	9	30	14	34
Pre-tax Profit	105	88	72	26	59	39
Tax	26	22	17	11	17	1
Net Profit	79	66	55	15	42	38
Net Profit (controlling)	74	58	44	14	39	39
Margin (%)	14.6%	11.6%	8.4%	2.8%	8.2%	7.3%

Consolidated Statement of Financial Position

(Unit : W bn)

(KRW bn)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Current Assets	2,854	2,660	2,706	2,590	2,667	2,724
Cash and Cash Equivalents	1,751	1,642	1,650	1,549	1,616	1,720
Accounts Receivable	224	248	226	182	220	261
Other Current Financial Assets	805	677	740	771	756	664
Other Current Assets	74	93	90	88	75	79
Non-Current Assets	2,446	2,618	2,719	2,843	3,089	3,070
Investment Assets	926	1,087	1,206	1,255	1,312	1,284
Intangible Assets	1,258	1,295	1,275	1,320	1,427	1,427
Tangible Assets	150	154	167	174	240	254
Other Non-Current Assets	111	82	71	94	110	105
Total Assets	5,300	5,278	5,425	5,433	5,756	5,794
Current Liabilities	458	385	348	586	689	662
Accounts Payable	87	94	90	81	115	119
Debt	4	5	5	8	12	14
Other Current Financial Liabilities	150	86	91	340	409	367
Other Current Liabilities	217	200	162	157	153	162
Non-Current Liabilities	359	343	376	295	453	426
Other Non-Current Financial Liabilities	216	216	217	123	255	234
Other Non-Current Assets	143	127	159	172	198	192
Total Liabilities	816	728	724	881	1,142	1,088
Total Equity	4,484	4,550	4,701	4,552	4,614	4,706

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