

netmarble

1Q 2020 Earnings Results

May 13, 2020



DISCLAIMER

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

The “financial results for 1Q 2020” 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. 1Q EARNINGS SUMMARY

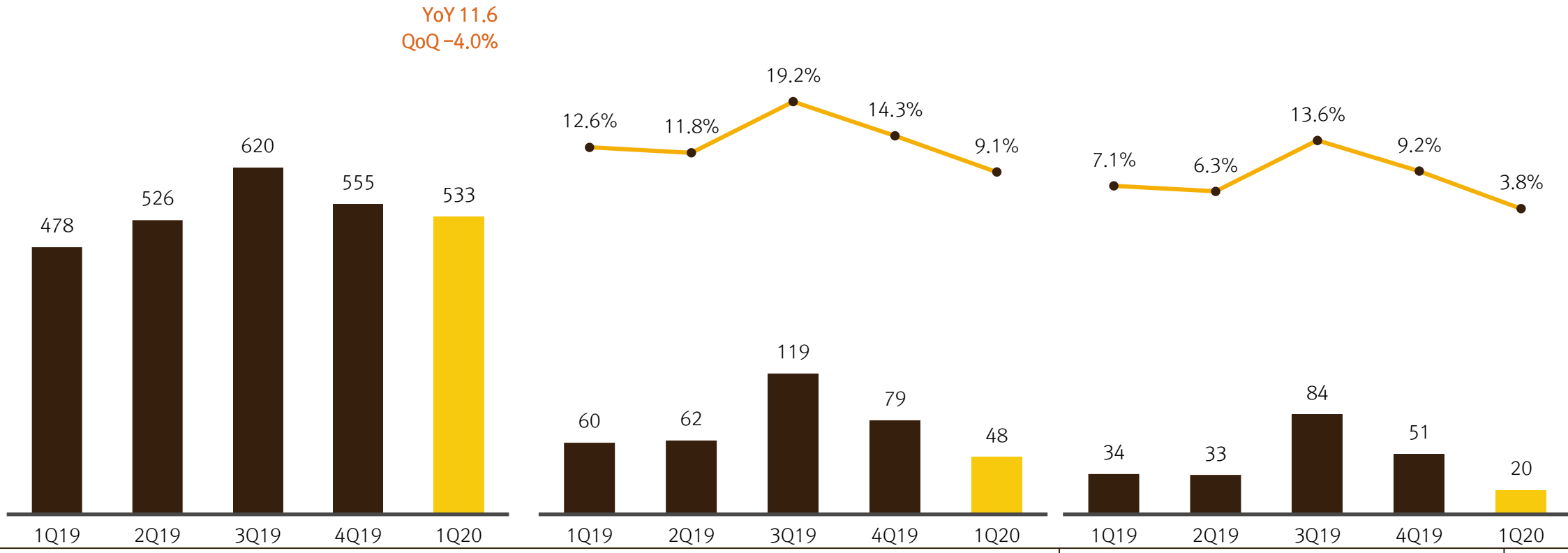
- 1Q recorded revenue of W532.9bn (YoY +11.6%, QoQ -4.0%), EBITDA of W48.4bn (YoY -19.7%, QoQ -38.9%), and operating profit of W20.4bn (YoY -39.8%, QoQ -60.1%)
- Most of the new titles were released in March and therefore, increase in marketing expenses led to QoQ decline in revenue and margin

Revenue

EBITDA

Operating Profit

(Unit : W bn)



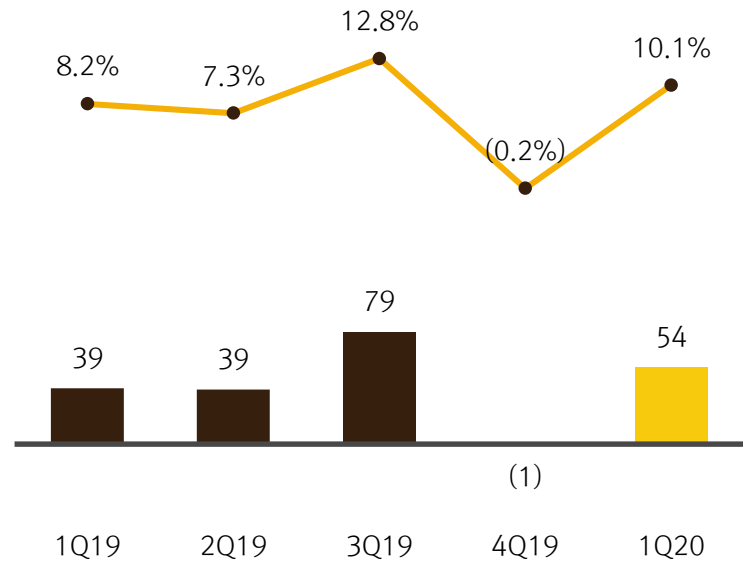
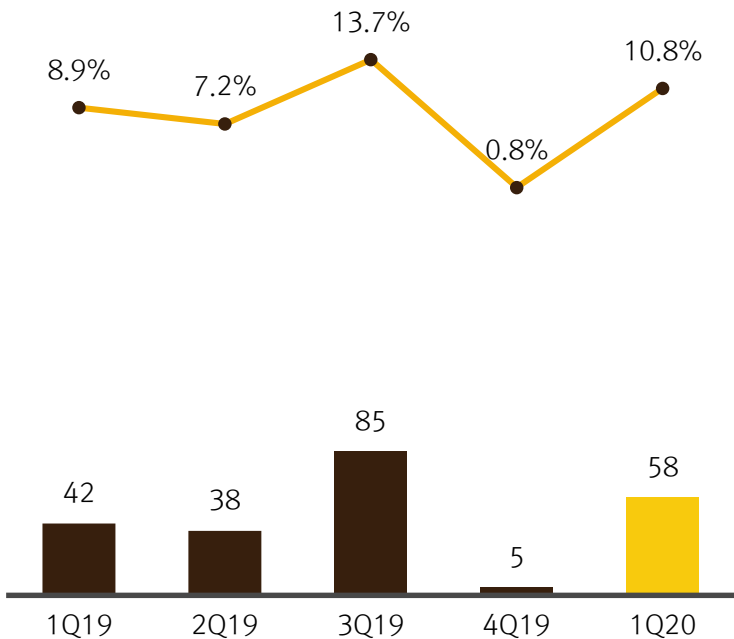
1. 1Q EARNINGS SUMMARY

- Net profit was W57.5bn (YoY +35.9%, QoQ +1123.4%), Net profit (controlling) was W53.9bn (YoY +36.8%, QoQ turnaround to profit)
- Non-operating profit includes profit related to FX W13.9bn, dividend income W10.2bn and equity method income W17.9bn

Net Profit

Net Profit (Controlling)

(Unit : W bn)

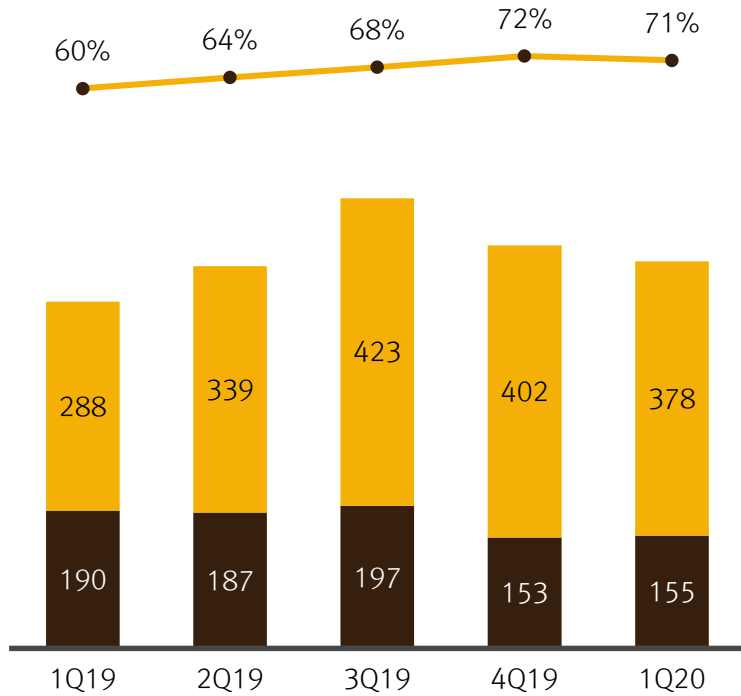


2. OVERSEAS REVENUE SHARE

- Overseas revenue for 1Q was W377.7bn. Proportion of overseas revenue is 71% (QoQ -1%p)
- Revenues were diversified across N.A (33%), Korea (29%), Japan (12%), Europe (10%), SEA (9%), and others (7%)

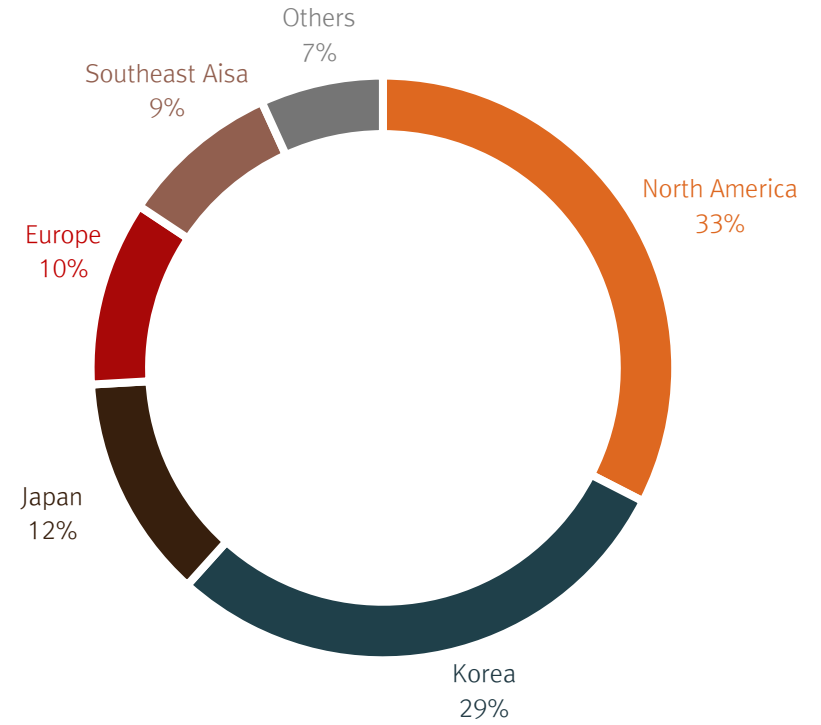
Korea & Overseas Revenue Share

■ Korea ■ Overseas



Revenue Breakdown by Region

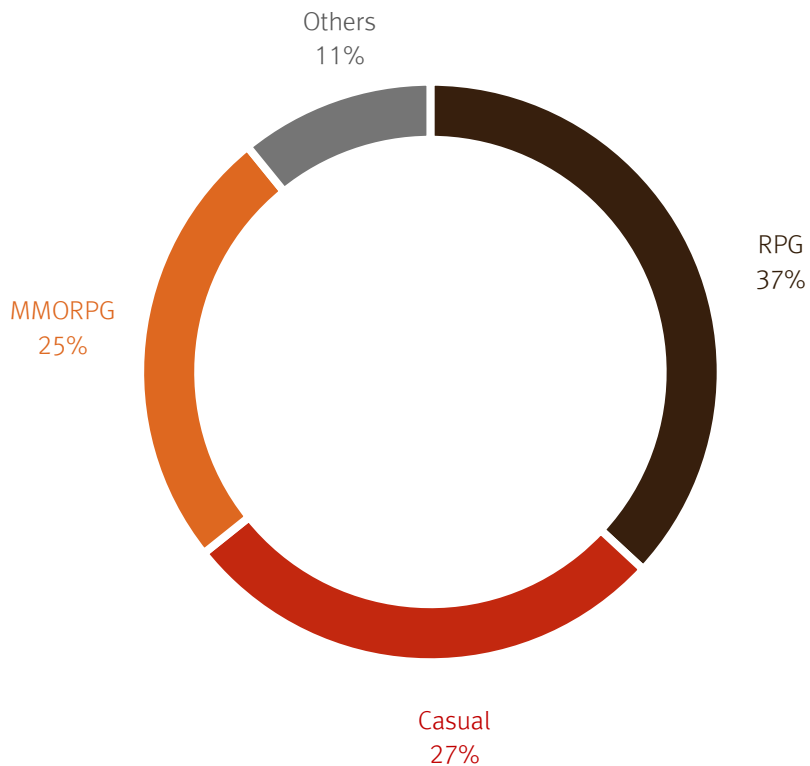
(Unit : W bn)



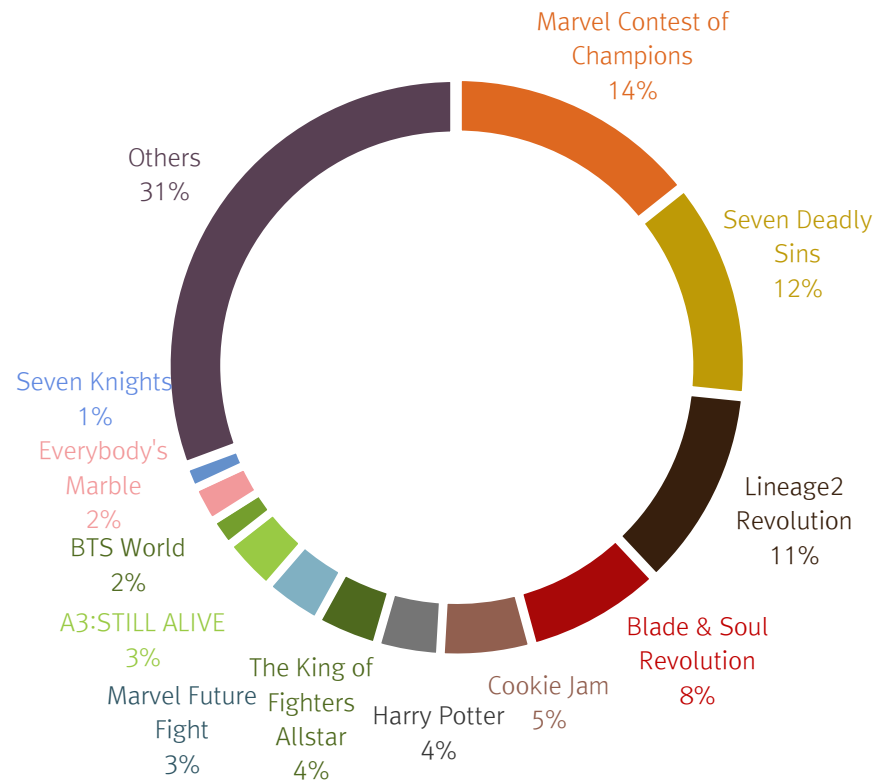
3. GAME PORTFOLIO

- Genre portfolio showed diversification across RPG (37%), Casual (27%), MMORPG (25%), and others (11%)
- Top revenue generators were evenly distributed; Marvel Contest of Champions 14%, Seven Deadly Sins 12%, Lineage 2 Revolution 11%, Blade & Soul Revolution 8%, Cookie Jam 5%, etc

Revenue Breakdown by Genre



Revenue Breakdown by Major Games



4. MAJOR COST STRUCTURES

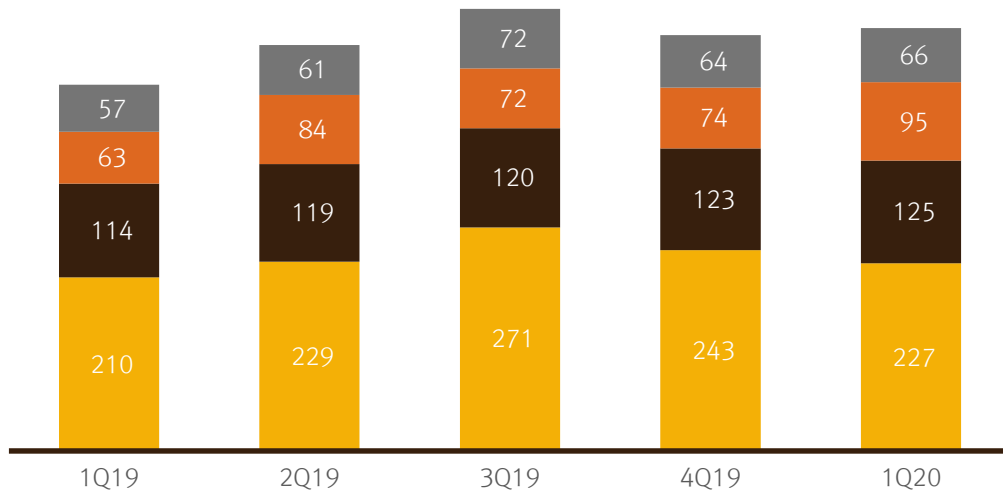
- 1Q operating cost was W 512.5bn (YoY +15.5%, QoQ +1.7%)
- The labor cost was W124.5bn (YoY +9.3%, QoQ +1.0%), increased slightly QoQ
- Marketing cost was W95.0bn (YoY +51.3 %, QoQ +28.9 %), increased QoQ as new titles were launched

Operating Costs

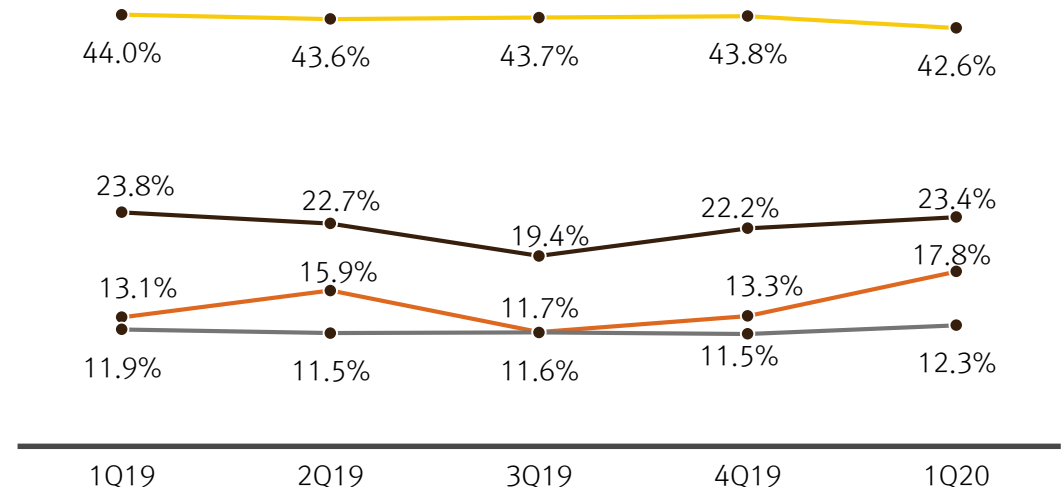
Breakdown of Revenue by Operating Costs

(Unit : W bn)

■ Commission ■ Labor ■ Marketing ■ Others (Inc.D&A)



● Commission ● Labor ● Marketing ● Others (Inc.D&A)



5. 2020 MAJOR LINE-UP

- B&S Revolution(Asia), Stone Age World(Korea/Global) will be released in 2Q20
- BTS Universe Story(Global), A3:Still Alive(Global), Magu Magu 2020(Korea) will be launched in 3Q20

2Q 2020

B&S REVOLUTION (ASIA)



STONEAGE WORLD (KOREA, GLOBAL)



3Q 2020

BTS UNIVERSE STORY (GLOBAL)



A3:STILL ALIVE (GLOBAL)



MAGU MAGU 2020 (KOREA)



4Q 2020

SEVEN KNIGHTS 2 (KOREA)



SEVEN KNIGHTS TIME WANDERER(SWITCH VER.)



NI NO KUNI: CROSS WORLDS (KOREA/JAPAN)



MARVEL REALM OF CHAMPIONS (GLOBAL)



B&S REVOLUTION (GLOBAL)



APPENDIX. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

(Unit : W bn)

(KRW bn)	1Q19	2Q19	3Q19	4Q19	1Q20
Revenue	478	526	620	555	533
Commission	210	229	271	243	227
Labor Cost	114	119	120	123	125
Advertising Cost	63	84	72	74	95
Other Costs (exc. D&A)	31	32	38	36	38
EBITDA	60	62	119	79	48
<i>Margin (%)</i>	<i>12.6%</i>	<i>11.8%</i>	<i>19.2%</i>	<i>14.3%</i>	<i>9.1%</i>
D&A	26	29	35	28	28
Operating Income	34	33	84	51	20
<i>Margin (%)</i>	<i>7.1%</i>	<i>6.3%</i>	<i>13.6%</i>	<i>9.2%</i>	<i>3.8%</i>
Non-Operating Income	39	40	35	7	56
Non-Operating Cost	14	34	8	48	22
Pre-tax Profit	59	39	111	10	54
Tax	17	1	26	5	4
Net Profit	42	38	85	5	58
Net Profit (controlling)	39	39	79	- 1	54
<i>Margin (%)</i>	<i>8.2%</i>	<i>7.3%</i>	<i>12.8%</i>	<i>-0.2%</i>	<i>10.1%</i>

Consolidated Statement of Financial Position

(Unit : W bn)

(KRW bn)	1Q19	2Q19	3Q19	4Q19	1Q20
Current Assets	2,667	2,724	2,618	2,560	1,451
Cash and Cash Equivalents	1,616	1,720	1,876	1,575	535
Accounts Receivable	220	261	221	147	216
Other Current Financial Assets	756	664	422	761	611
Other Current Assets	75	79	99	77	89
Non-Current Assets	3,089	3,070	3,217	3,246	5,308
Investment Assets	1,312	1,284	1,378	1,453	3,423
Intangible Assets	1,427	1,427	1,457	1,384	1,427
Tangible Assets	240	254	267	283	325
Other Non-Current Assets	110	105	115	126	133
Total Assets	5,756	5,794	5,835	5,806	6,759
Current Liabilities	689	662	643	665	1,389
Accounts Payable	115	119	81	53	77
Debt	12	14	16	16	717
Other Current Financial Liabilities	409	367	361	405	406
Other Current Liabilities	153	162	185	191	189
Non-Current Liabilities	453	426	486	493	441
Other Non-Current Financial Liabilities	255	234	271	277	174
Other Non-Current Assets	198	192	215	216	267
Total Liabilities	1,142	1,088	1,129	1,158	1,830
Total Equity	4,614	4,706	4,706	4,648	4,929

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