



2Q 2020 Earnings Results
Aug. 12, 2020



DISCLAIMER

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

The “financial results for 2Q 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.

CONTENTS

1	2Q EARNINGS SUMMARY	3
2	OVERSEAS REVENUE SHARE	5
3	GAME PORTFOLIO	6
4	MAJOR COST STRUCTURES	7
5	2H20 LINE-UP	8
	APPENDIX 1. CONSOLIDATED FINANCIAL STATEMENTS	9
	APPENDIX 2. MAJOR INVESTMENTS (NON-CONSOLIDATED)	10

1. 2Q EARNINGS SUMMARY

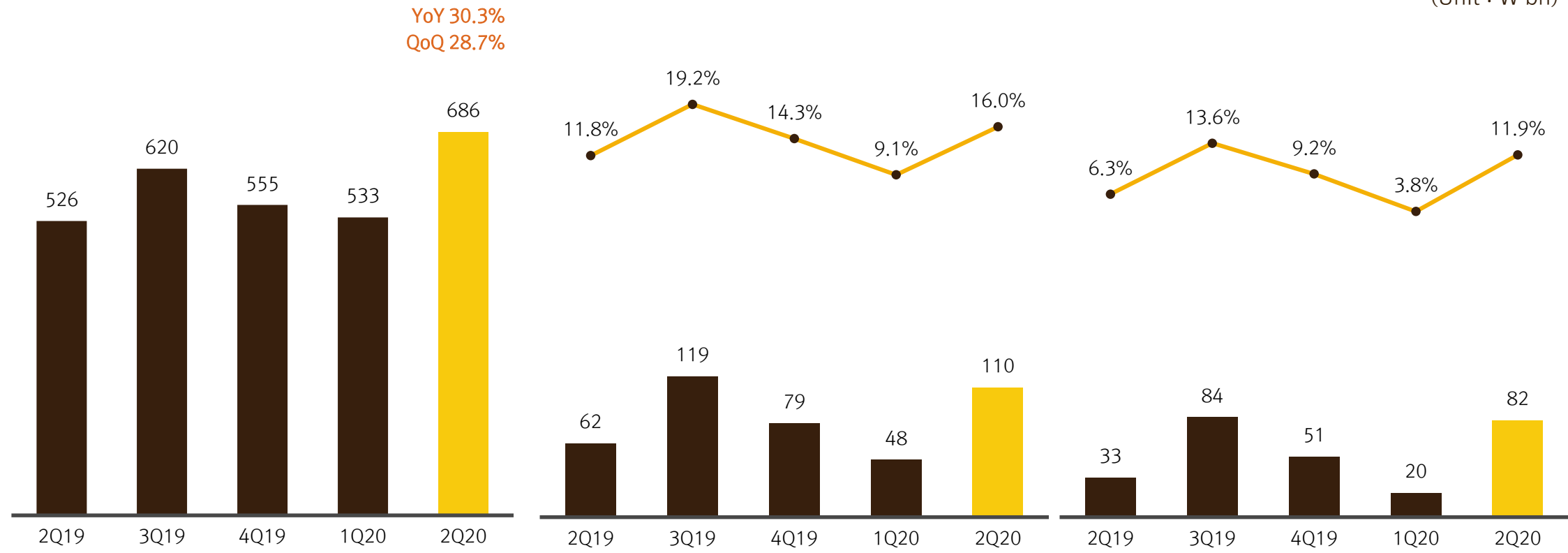
- 2Q recorded revenue of W685.7bn (YoY +30.3%, QoQ +28.7%), EBITDA of W109.5bn (YoY +75.8%, QoQ +126.2%), and operating profit of W81.7bn (YoY +146.1%, QoQ +300.5%)
- Increase in revenue and operating profit QoQ as launched titles in 1Q were fully reflected and 2Q new titles were released

Revenue

EBITDA

Operating Profit

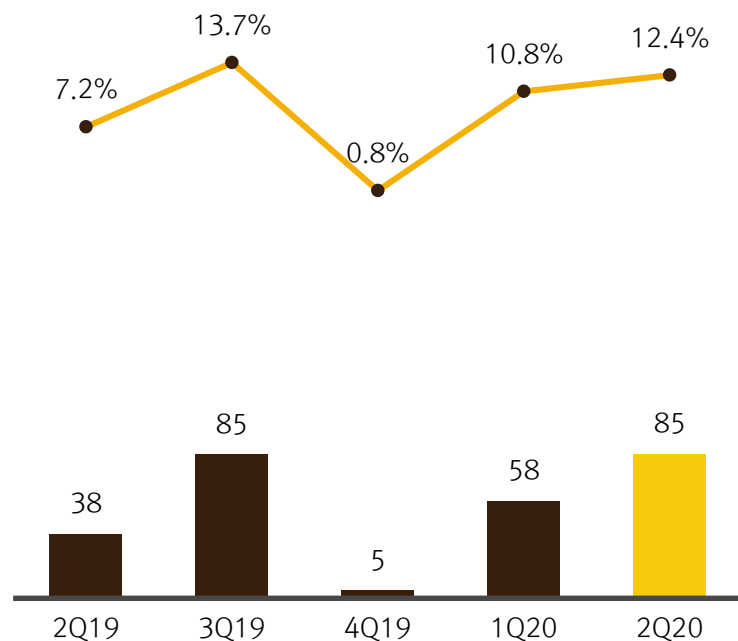
(Unit : W bn)



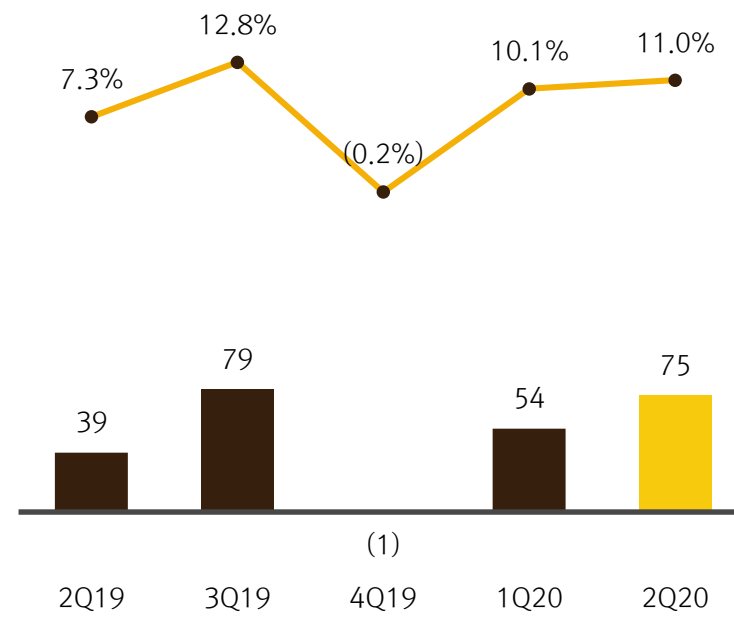
1. 2Q EARNINGS SUMMARY

- Net profit was W85.2bn (YoY +124.2%, QoQ +48.2%), Net profit (controlling) was W75.3bn (YoY +95.6%, QoQ +39.7%)

Net Profit



Net Profit (Controlling)

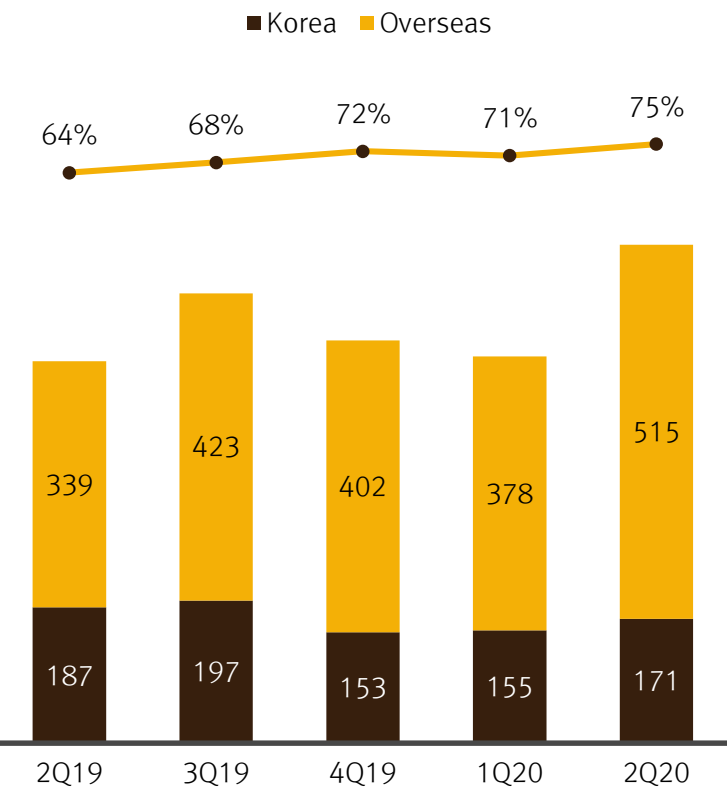


(Unit : W bn)

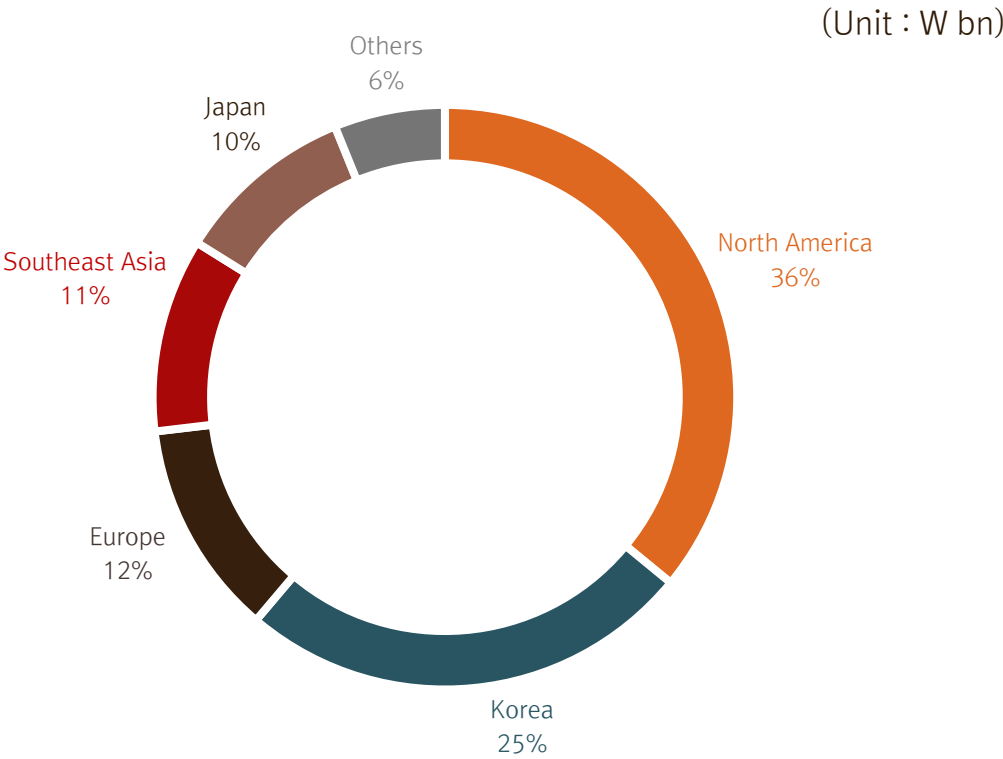
2. OVERSEAS REVENUE SHARE

- Overseas revenue for 2Q was W514.4bn. Proportion of overseas revenue is 75% (QoQ +4%p)
- Revenues were diversified across N.A (36%), Korea (25%), Europe (12%), SEA (11%), Japan (10%), and others (6%)
- Success of The Seven Deadly Sins: Grand Cross led an increase in revenue proportion of N.A (+3%p) and Europe (+2%p) QoQ

Korea & Overseas Revenue Share



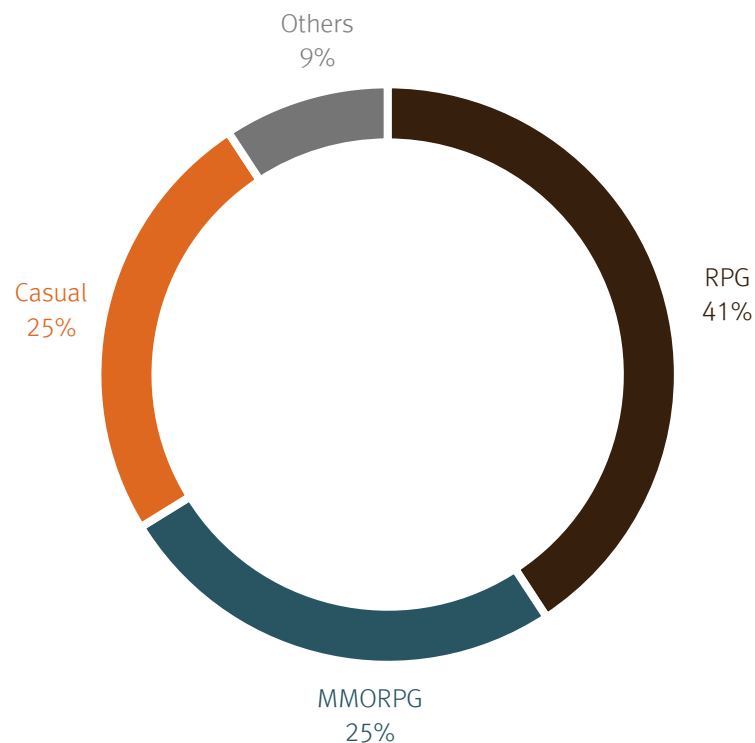
Revenue Breakdown by Region



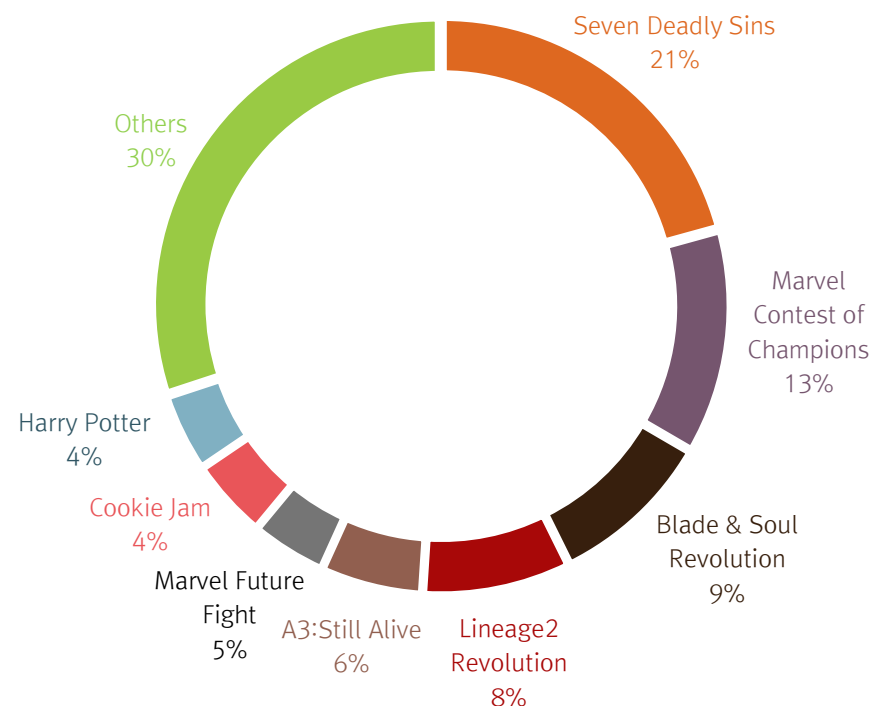
3. GAME PORTFOLIO

- Genre portfolio showed diversification across RPG (41%), MMORPG (25%), Casual (25%), and others (9%)
- Top revenue generators were evenly distributed; The Seven Deadly Sins: Grand Cross 21%, Marvel Contest of Champions 13%, Blade & Soul Revolution 9%, Lineage2 Revolution 8%, A3: Still Alive 6%, etc

Revenue Breakdown by Genre



Revenue Breakdown by Major Games



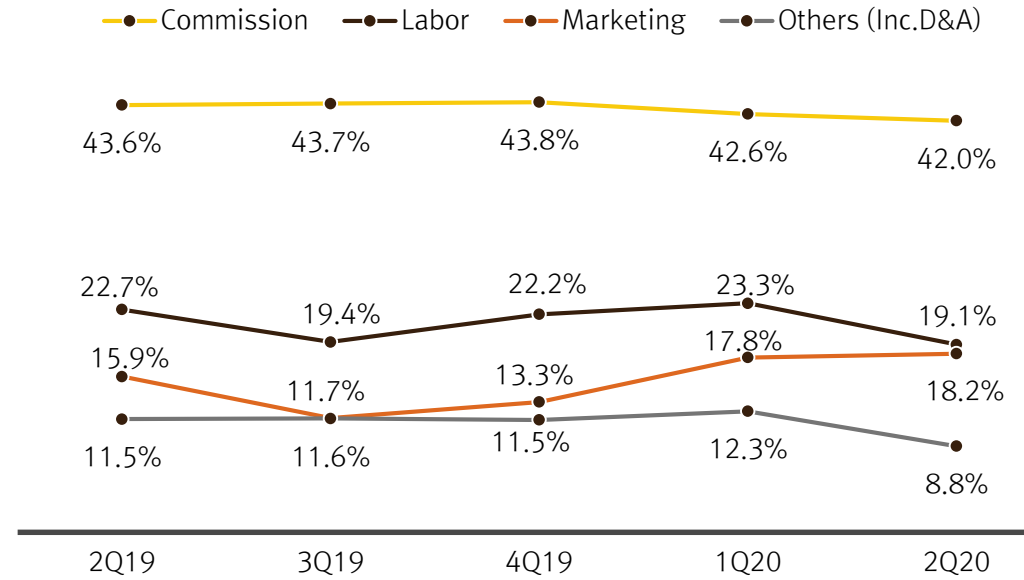
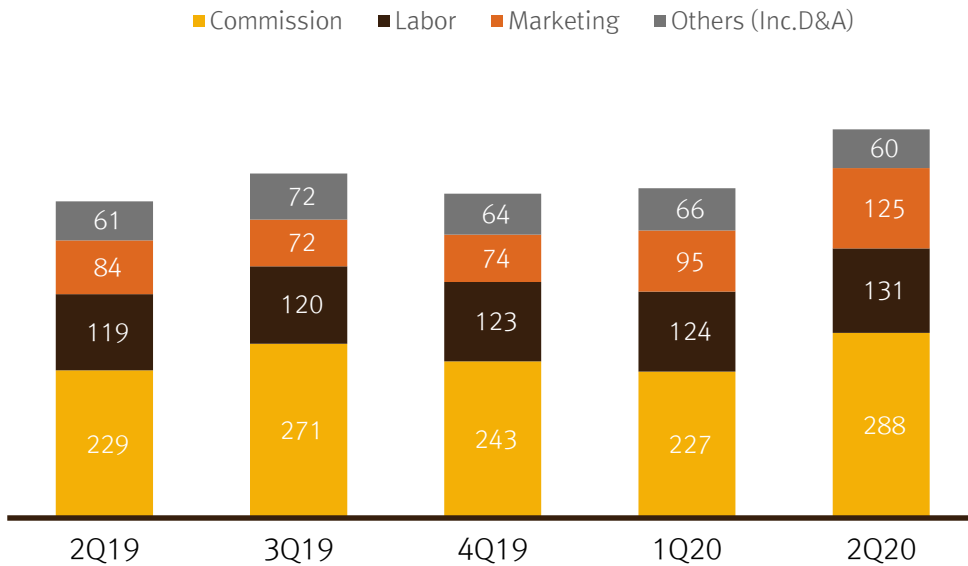
4. MAJOR COST STRUCTURES

- 2Q operating cost was W604.0bn (YoY +22.5%, QoQ +17.9%)
- The labor cost was W131.2bn (YoY +9.8%, QoQ +5.5%), increased QoQ as a number of headcounts was added in overseas studios
- Marketing cost was increased to W124.9bn (YoY +49.4%, QoQ +31.5%) due to marketing activities in North America

Operating Costs

Breakdown of Revenue by Operating Costs

(Unit : W bn)



5. 2H20 LINE-UP

- Magumagu 2020 (Korea) was launched on July 8th, and BTS Universe Story (Global, excluding China) will be launched within 3Q
- Seven Knights2 (Korea), Seven Knights–Time Wanderer (Nintendo Switch), Marvel Realm of Champions (Global, excluding China), and A3: Still Alive (Global, excluding Korea and China) will be released in 4Q

2020.3Q

Magumagu 2020
(Korea, Launched on July 8th)



BTS Universe Story
(Global, excluding China)



2020.4Q

Seven Knights2
(Korea)



Marvel Realm of Champions
(Global, excluding China)



Seven Knights–Time Wanderer
(Nintendo Switch)



A3: Still Alive
(Global, excluding Korea and China)



APPENDIX1. CONSOLIDATED FINANCIAL STATEMENTS






Consolidated Income Statement

(KRW bn)	2Q19	3Q19	4Q19	1Q20	2Q20
Revenue	526	620	555	533	686
Commission	229	271	243	227	288
Labor Cost	119	120	123	125	131
Marketing Cost	84	72	74	95	125
Other Costs (exc. D&A)	32	38	36	38	32
EBITDA	62	119	79	48	110
<i>Margin (%)</i>	<i>11.8%</i>	<i>19.2%</i>	<i>14.3%</i>	<i>9.1%</i>	<i>16.0%</i>
D&A	29	35	28	28	28
Operating Income	33	84	51	20	82
<i>Margin (%)</i>	<i>6.3%</i>	<i>13.6%</i>	<i>9.2%</i>	<i>3.8%</i>	<i>11.9%</i>
Non-Operating Income	40	35	7	56	19
Non-Operating Cost	34	8	48	22	16
Pre-tax Profit	39	111	10	54	85
Tax	1	26	5	4	1
Net Profit	38	85	5	58	85
Net Profit (controlling)	39	79	-	54	75
<i>Margin (%)</i>	<i>7.3%</i>	<i>12.8%</i>	<i>-0.2%</i>	<i>10.1%</i>	<i>11.0%</i>

Consolidated Statement of Financial Position

(KRW bn)	2Q19	3Q19	4Q19	1Q20	2Q20
Current Assets	2,724	2,618	2,560	1,451	1,522
Cash and Cash Equivalents	1,720	1,876	1,575	535	740
Accounts Receivable	261	221	147	216	232
Other Current Financial Assets	664	422	761	611	442
Other Current Assets	79	99	77	89	108
Non-Current Assets	3,070	3,217	3,246	5,308	5,776
Investment Assets	1,284	1,378	1,453	3,423	3,901
Intangible Assets	1,427	1,457	1,384	1,427	1,395
Tangible Assets	254	267	283	325	342
Other Non-Current Assets	105	115	126	133	138
Total Assets	5,794	5,835	5,806	6,759	7,298
Current Liabilities	662	643	665	1,389	1,613
Accounts Payable	119	81	53	77	88
Short-term Debt	14	16	16	717	829
Other Current Financial Liabilities	367	361	405	406	483
Other Current Liabilities	162	185	191	189	213
Non-Current Liabilities	426	486	493	441	434
Other Non-Current Financial Liabilities	234	271	277	174	55
Other Non-Current Liabilities	192	215	216	267	379
Total Liabilities	1,088	1,129	1,158	1,830	2,047
Total Equity	4,706	4,706	4,648	4,929	5,251

APPENDIX 2. MAJOR INVESTMENTS (NON-CONSOLIDATED)

				 kakaobank	
Company	Coway	Big Hit Entertainment	NC Soft	Kakao Bank	Kakao Games
Acquisition Date ¹⁾	Dec. 2019	Apr. 2018	Feb. 2015	Feb. 2016	Feb. 2018
Owned Shares ²⁾	25.51%	25.04%	8.88%	3.94%	5.64%

1) As of the execution / disclosure date

2) As of the end of 2Q20

netmarble

