

netmarble



**4Q 2021 & FY 2021
Earnings Results
Netmarble IR Feb. 9th, 2022**

DISCLAIMER

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

The “financial results for 4Q 2021 and FY 2021” 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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FY 2021 EARNINGS SUMMARY

[Revenue] KRW 2,505.9bn (YoY 0.8% ▲)

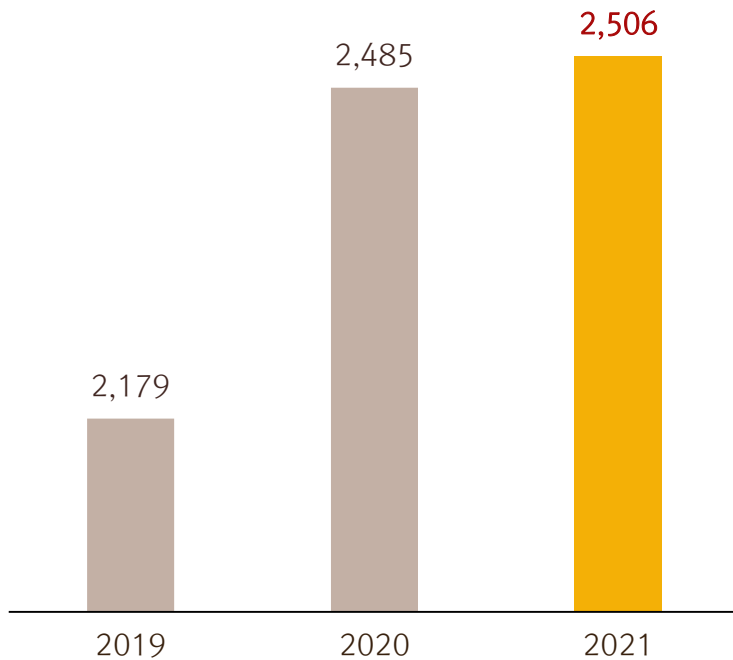
- In 2021, the revenue proportions of overseas and Korea accounted for 73% and 27% respectively

[EBITDA] KRW 305.8bn (YoY 20.3% ▼)

- In 4Q21, the decrease of EBITDA was driven by the increase of labor costs (salary raises & developer addition)

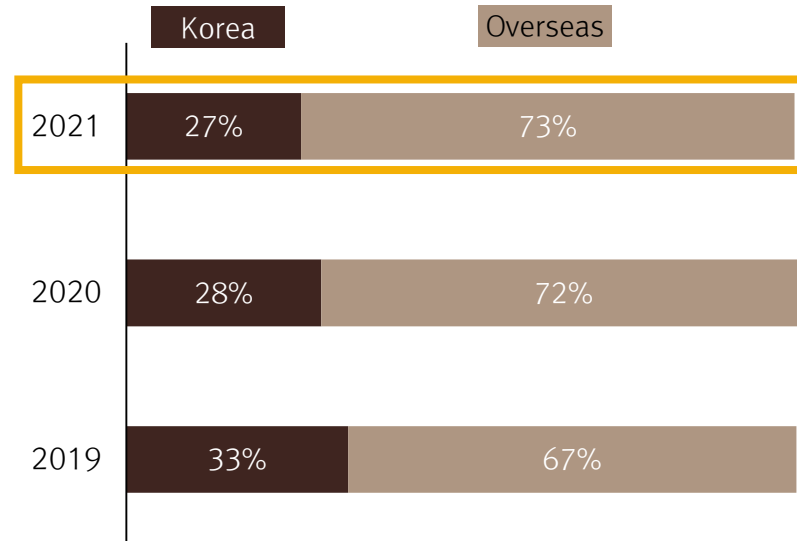
Revenue

(Unit: KRW bn)
YoY 0.8% ▲



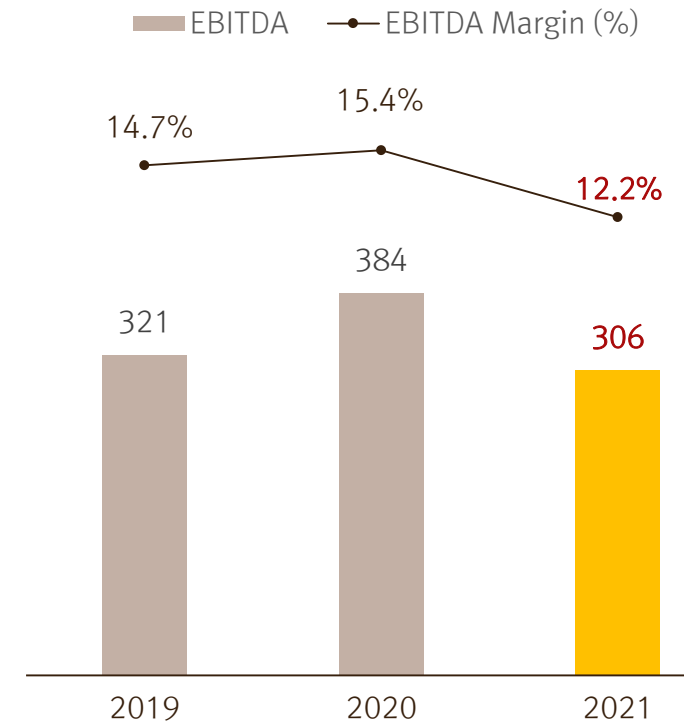
Revenue Breakdown

[Korea & Overseas Revenue Breakdown]



EBITDA

(Unit: KRW bn)
YoY 20.3% ▼



4Q21 EARNINGS

[Revenue] KRW 751.3bn (YoY 20.4% ▲ / QoQ 23.8% ▲)

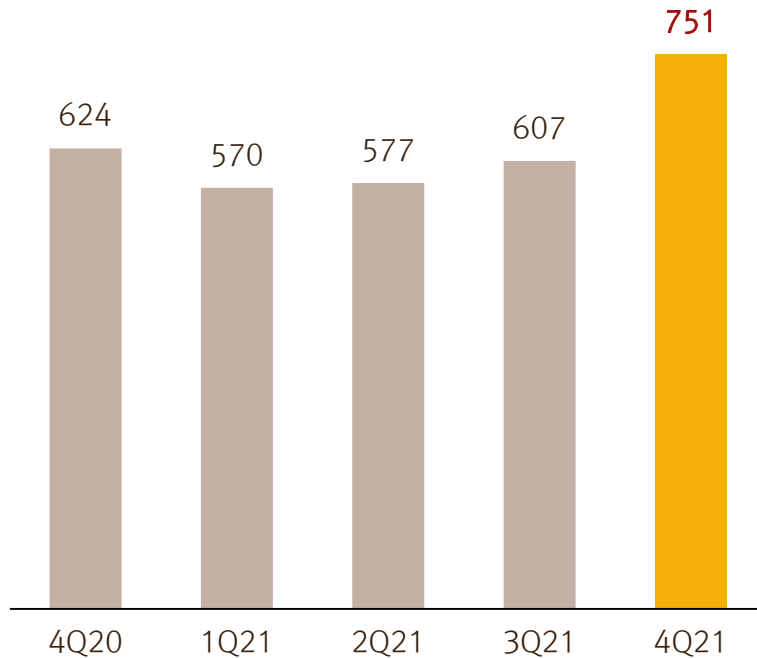
[EBITDA] KRW 125.2bn (YoY 12.3% ▲ / QoQ 114.0% ▲)

- The global launch of Seven Knights2 and the full recognition of earnings from SpinX games in 4Q21 drove revenue growth
- From 4Q21 onward, the acquisition of SpinX games has affected EBITDA growth
- EBITDA Margin 16.7% (D&A KRW 67.7 bn)

Revenue

(Unit: KRW bn)

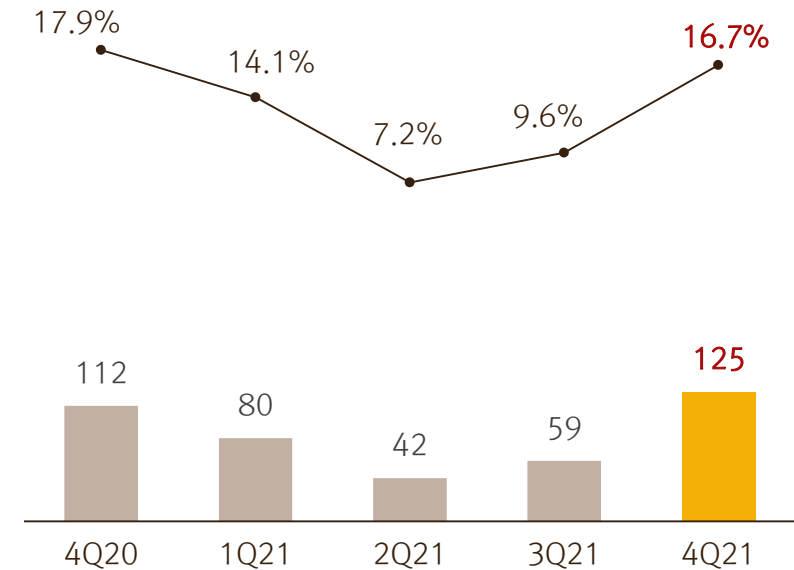
YoY 20.4% ▲
QoQ 23.8% ▲



EBITDA

(Unit: KRW bn)

YoY 12.3% ▲
QoQ 114.0% ▲



4Q21 EARNINGS

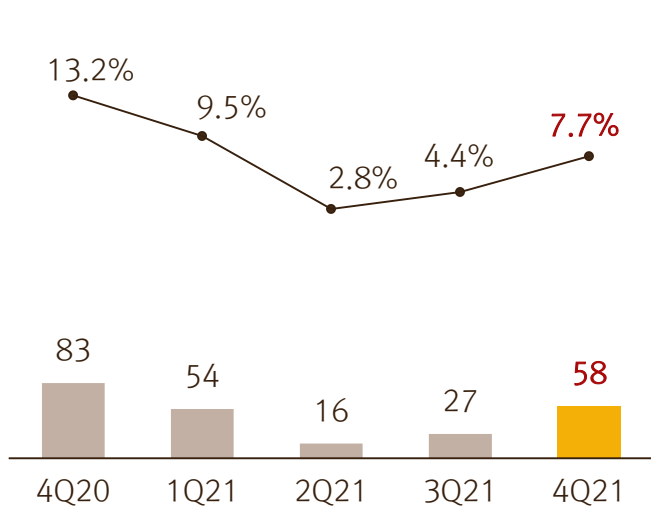
[Profit] Operating Profit KRW 57.5bn (YoY 30.3% ▼ / QoQ 116.2% ▲)
 Net Profit KRW 107.1 bn (YoY 4.2% ▲ / QoQ 200.0% ▲)
 Net Profit (Controlling) KRW 111.5 bn (YoY 11.4% ▲ / QoQ 269.2% ▲)

- Non-operating income and cost was increased by temporary gains on equity method, which resulted from the capital increase of HYBE

Operating Profit

(Unit: KRW bn)

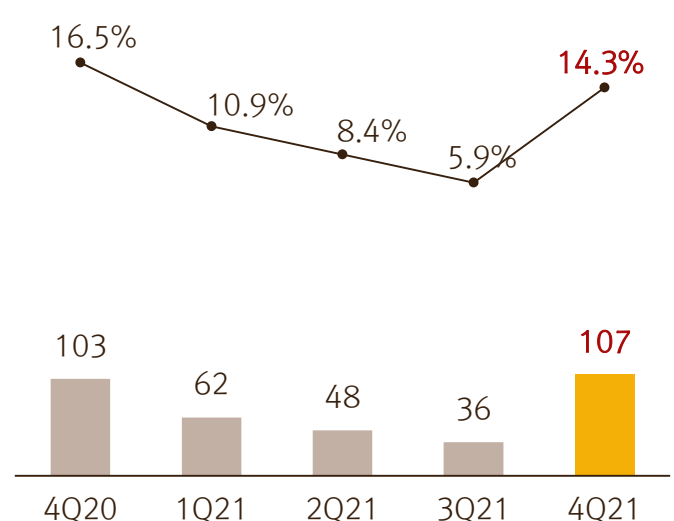
YoY 30.3% ▼
 QoQ 116.2% ▲



Net Profit

(Unit: KRW bn)

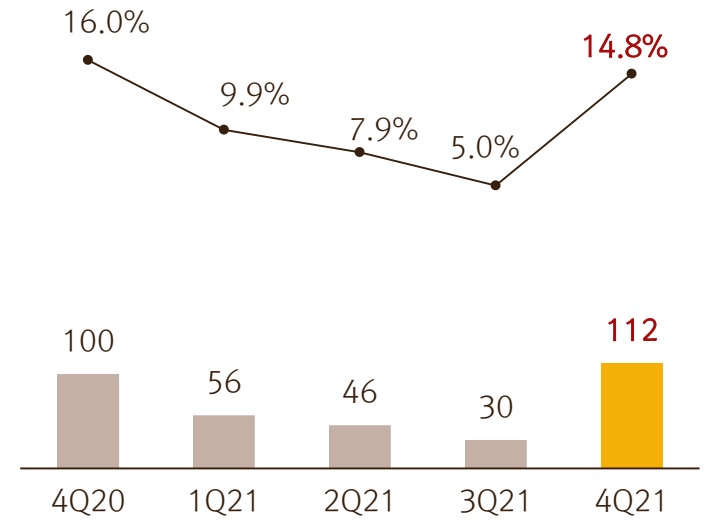
YoY 4.2% ▲
 QoQ 200.0% ▲



Net Profit (Controlling)

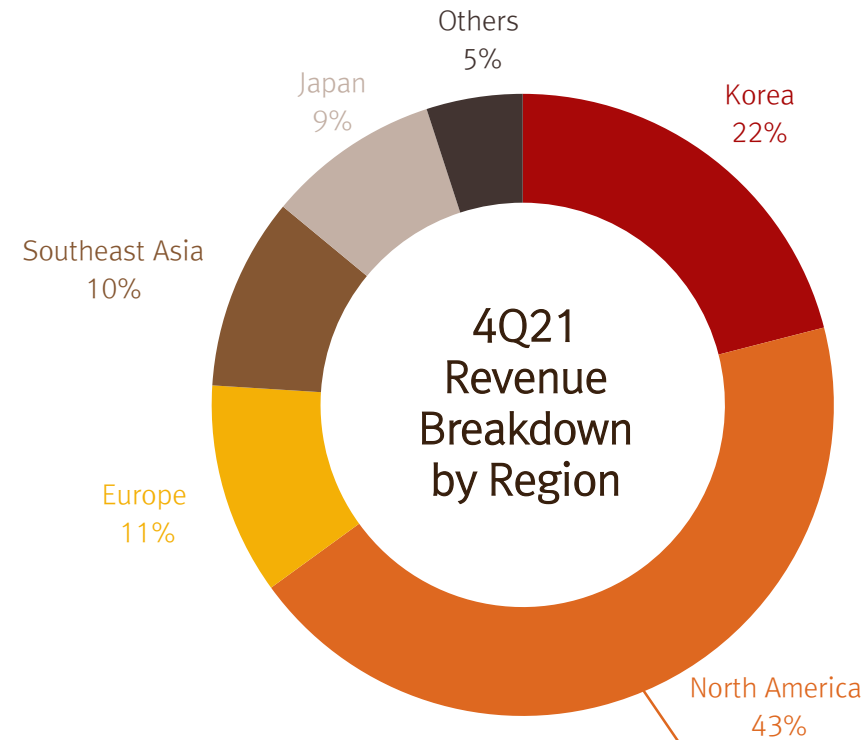
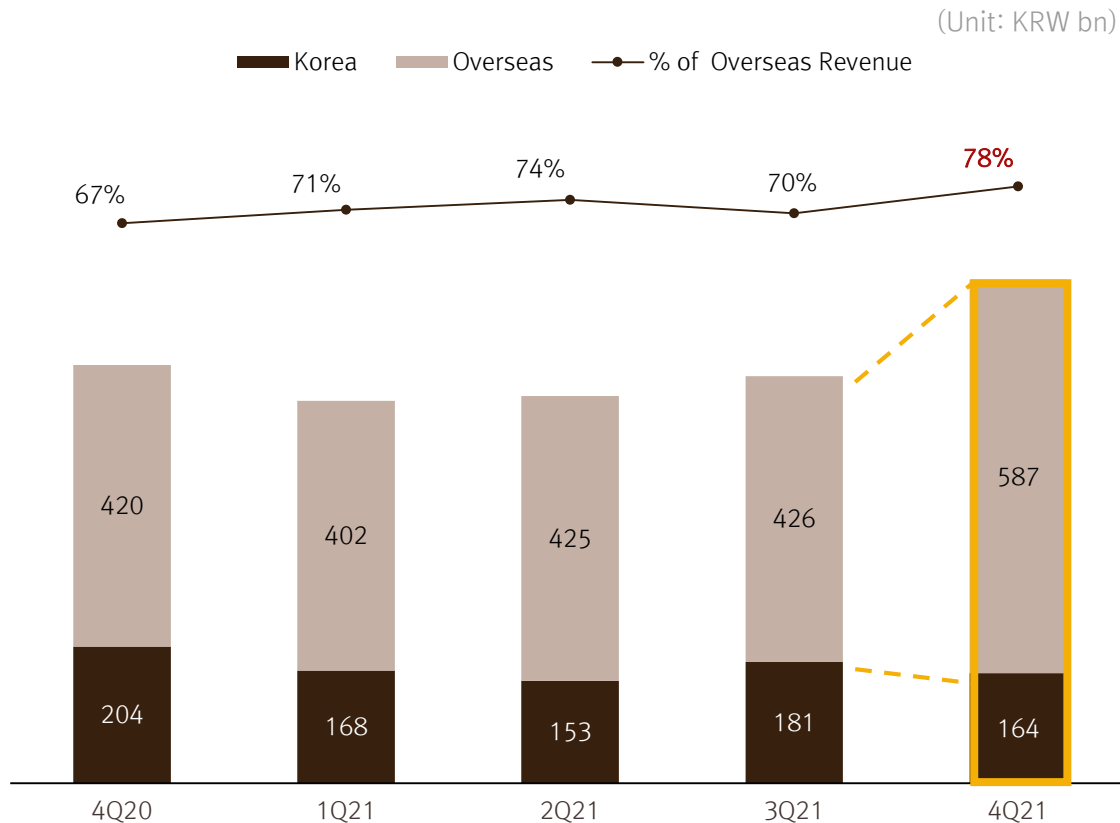
(Unit: KRW bn)

YoY 11.4% ▲
 QoQ 269.2% ▲



Revenue Breakdown by Region

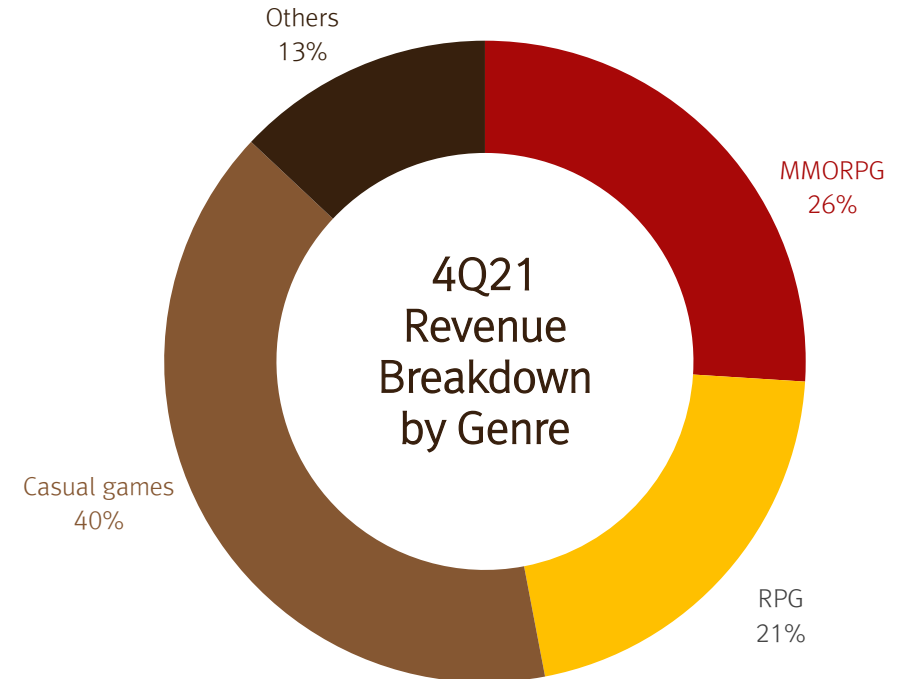
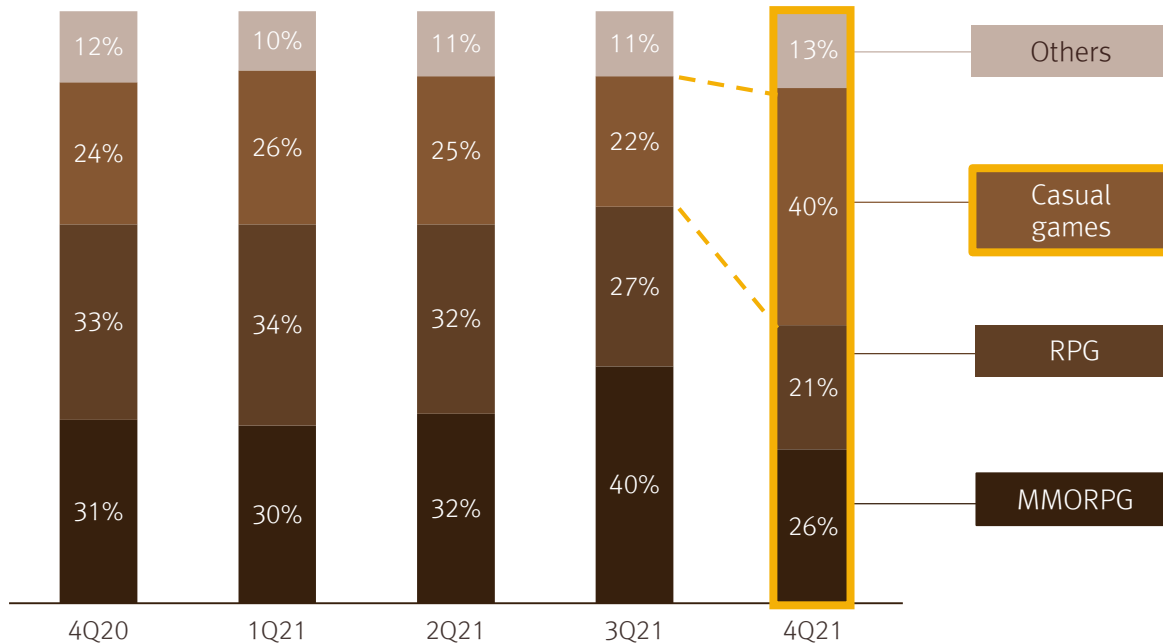
- Due to the full recognition of revenue from SpinX games in 4Q21, Overseas revenue for 4Q was KRW 587.1bn and the proportion of overseas revenue was up +8%p QoQ
- Revenues were diversified across N.A. (43%), Korea (22%), Europe (11%), SEA (10%), Japan (9%), and others (5%)
- Revenue proportion of N.A. was highly increased by +9%p QoQ as the revenue of SpinX games was recognized in 4Q21



✓ Revenue proportion of N.A. was highly increased by +9%p QoQ as the revenue of SpinX games was recognized in 4Q21

Revenue Breakdown by Genre

- Genre portfolio showed diversification across Casual games (40%), MMORPG(26%), RPG (21%), and others (13%)
- Revenue proportion of Casual games was increased by +18%p QoQ, including titles from SpinX games (Cash Frenzy, Jackpot World, Lotsa Slot, etc.)



※ From 4Q21, SpinX games (Cash Frenzy, Jackpot World, Lotsa Slot, etc.) has been recognized in Casual games

Game Portfolio

- Top revenue generators were evenly distributed; **MARVEL Contest of Champions** 12%, **Ni no Kuni: Cross Worlds** 9%, **Cash Frenzy** 8%, **Jackpot World** 6%, **Lotsa Slot** 6%, **The Seven Deadly Sins: Grand Cross** 5%, **Seven Knights2** 5%
- The titles of SpinX games (**Cash Frenzy**, **Jackpot World**, **Lotsa Slot**, etc.) were newly added in game portfolio from 4Q21

✓ Main Events or Updates in 4Q21



[MARVEL Contest of Champions]
2021 Cyber Weekend Event
(Nov. 26th)



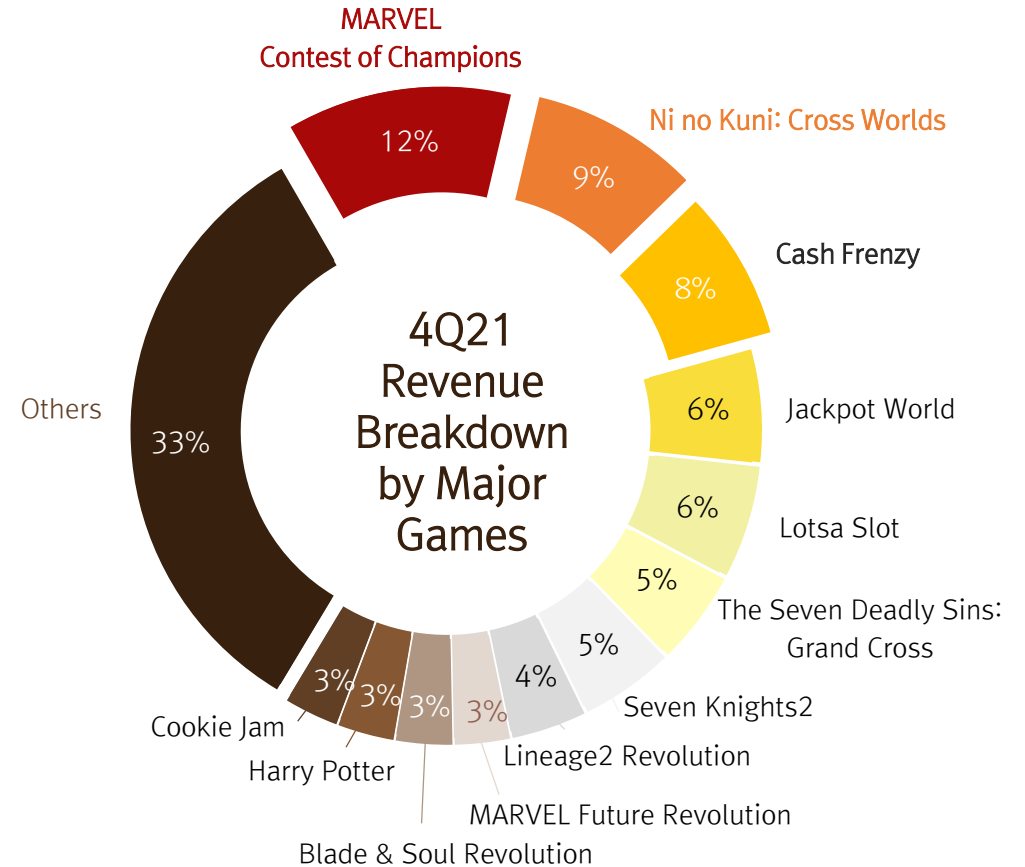
[Ni no Kuni: Cross Worlds]
The 0.5th Anniversary Updates
(Dec.10th)



[Seven Deadly Sins: Grand Cross]
The 2.5th Anniversary Updates
(Nov. 25th)



[Seven Knights2]
The 1st Anniversary Updates
(Nov. 19th)



MAJOR COST STRUCTURES

[Operating Cost] KRW 693.8bn (YoY 28.1% ▲ / QoQ 19.5% ▲)

– Commission KRW 281.1bn (YoY 14.1% ▲ / QoQ 10.4% ▲)

The actual amount of commission was increased QoQ, however, the commission rate was decreased QoQ owing to the increased number of proprietary IPs from SpinX games acquisition and the global launch of Seven Knights2

– Others KRW 112.3bn (YoY 59.5% ▲ / QoQ 66.4% ▲)

Other costs increased QoQ accounted to PPA from SpinX games and Ludia, and other operating costs

(Unit: KRW bn)

| | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | YoY | QoQ |
|-------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating Costs | 541 | 516 | 561 | 580 | 694 | 28.1% | 19.5% |
| Commission | 246 | 234 | 243 | 255 | 281 | 14.1% | 10.4% |
| * Ratio (%) | 39.5% | 41.1% | 42.2% | 41.9% | 37.4% | – | – |
| Labor | 138 | 143 | 155 | 158 | 183 | 32.6% | 15.7% |
| * Ratio (%) | 22.1% | 25.1% | 26.8% | 26.0% | 24.3% | – | – |
| Marketing | 87 | 78 | 100 | 100 | 118 | 35.6% | 17.2% |
| * Ratio (%) | 13.9% | 13.6% | 17.4% | 16.5% | 15.7% | – | – |
| Others (Inc. D&A) | 70 | 61 | 63 | 68 | 112 | 59.5% | 66.4% |
| * Ratio (%) | 11.3% | 10.7% | 10.8% | 11.1% | 14.9% | – | – |

※ Other costs in 4Q21: D&A KRW 67.7bn, other commissions KRW 44.6bn, etc.

* Proportion to the revenue (%)

New Lineups

In 2022

- In 1H 2022, Seven Knights Revolution, Ni no kuni: Cross Worlds global (2Q), Golden Bros (Apr.), Netmarble Pro Baseball 2022 (Apr.), Merge KUYA Island, BTS Dream: TinyTAN House (Soft Launch) will be released
- In 2H 2022, Overprime, Squad Battle, Everybody's Marble: Meta World, Champions: Ascension, Monster Arena (TBD), Grand Cross W will be launched
- In 2022, 6 blockchain games, including A3: Still Alive (Mar.) will be launched

1H 2022

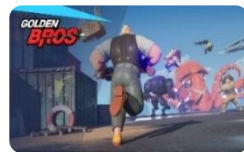
2H 2022



Seven Knights Revolution
Korea
MMORPG / PC & Mobile



Ni no Kuni: Cross Worlds
Global (excluding previously launched countries & China)
MMORPG / PC & Mobile



Golden Bros
Global (excluding Korea & China)
Casual shooting/ PC & Mobile



Overprime
Global (excluding China)
TPS MOBA / PC & Console



Squad Battle
Global (excluding China)
Action battle / PC



Everybody's Marble: Meta World
Global
Casual games / PC & Mobile



Netmarble Pro Baseball 2022
Korea
Sports/ Mobile



Merge KUYA Island
Global (excluding China)
Merge / Mobile



BTS Dream: TinyTAN House
Soft Launch, Global (excluding China)
Rhythm & Customization / Mobile



Champions: Ascension
Global
RPG / Mobile



Monster Arena (TBD)
Global
CCG / Mobile



Grand Cross W
Global
Strategy / Mobile



A3: Still Alive
Global (excluding Korea & China & Vietnam)
MMORPG / PC & Mobile



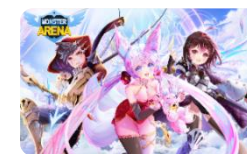
Ni no Kuni: Cross Worlds
Global (excluding previously launched countries & China)
MMORPG / PC & Mobile



Golden Bros
Global (excluding Korea & China)
Casual shooting/ PC & Mobile



Champions: Ascension
Global
RPG / Mobile



Monster Arena (TBD)
Global
CCG / Mobile



Everybody's Marble: Meta World
Global
Casual games / PC & Mobile

New Line ups

Block chain

1) Appendix

Consolidated Income Statement

| (KRW BN) | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | FY2020 | FY2021 |
|---------------------------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|
| Revenue | 624 | 570 | 577 | 607 | 751 | 2,485 | 2,506 |
| Commission | 246 | 234 | 243 | 255 | 281 | 1,025 | 1,013 |
| Labor Cost | 138 | 143 | 155 | 158 | 183 | 531 | 639 |
| Marketing Cost | 87 | 78 | 100 | 100 | 118 | 392 | 396 |
| Other Costs (exc. D&A) | 41 | 35 | 37 | 35 | 45 | 152 | 152 |
| EBITDA | 112 | 80 | 42 | 59 | 125 | 384 | 306 |
| <i>Margin (%)</i> | <i>17.9%</i> | <i>14.1%</i> | <i>7.2%</i> | <i>9.6%</i> | <i>16.7%</i> | <i>15.4%</i> | <i>12.2%</i> |
| D&A | 29 | 26 | 26 | 32 | 68 | 112 | 151 |
| Operating Income | 83 | 54 | 16 | 27 | 58 | 272 | 155 |
| <i>Margin (%)</i> | <i>13.2%</i> | <i>9.5%</i> | <i>2.8%</i> | <i>4.4%</i> | <i>7.7%</i> | <i>10.9%</i> | <i>6.2%</i> |
| Non-operating Income & Cost | 137 | 41 | 46 | 29 | 84 | 203 | 200 |
| Pre-tax Profit | 220 | 95 | 62 | 56 | 141 | 475 | 354 |
| Tax | 117 | 33 | 14 | 20 | 34 | 137 | 101 |
| Net Profit | 103 | 62 | 48 | 36 | 107 | 338 | 253 |
| Net Profit (Controlling) | 100 | 56 | 46 | 30 | 112 | 313 | 244 |
| <i>Margin (%)</i> | <i>16.0%</i> | <i>9.9%</i> | <i>7.9%</i> | <i>5.0%</i> | <i>14.8%</i> | <i>12.6%</i> | <i>9.7%</i> |

1) Appendix

Consolidated Statement of Financial Position

| (KRW bn) | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | FY2020 | FY2021 |
|---|--------------|--------------|--------------|--------------|---------------|--------------|---------------|
| Current Asset | 1,821 | 1,849 | 1,313 | 168 | 1,963 | 1,821 | 1,963 |
| Cash and Cash Equivalents | 1,258 | 1,280 | 793 | 1,140 | 1,437 | 1,258 | 1,437 |
| Accounts Receivable | 182 | 194 | 212 | 209 | 202 | 182 | 202 |
| Other Current Financial Assets | 287 | 267 | 219 | 237 | 219 | 287 | 219 |
| Other Current Assets | 94 | 108 | 89 | 96 | 105 | 94 | 105 |
| Non-current Assets | 6,403 | 6,405 | 6,702 | 6,542 | 8,700 | 6,403 | 8,700 |
| Investment Assets | 4,526 | 4,442 | 4,734 | 4,098 | 3,854 | 4,526 | 3,854 |
| Intangible Assets | 1,292 | 1,333 | 1,324 | 1,570 | 4,101 | 1,292 | 4,101 |
| Tangible Assets | 461 | 311 | 324 | 364 | 375 | 461 | 375 |
| Other Non-current Assets | 124 | 319 | 320 | 510 | 370 | 124 | 370 |
| Total Assets | 8,223 | 8,254 | 8,015 | 8,224 | 10,663 | 8,223 | 10,663 |
| Current Liabilities | 1,634 | 1,557 | 1,118 | 1,024 | 3,053 | 1,634 | 3,053 |
| Accounts Payable | 71 | 65 | 73 | 83 | 86 | 71 | 86 |
| Short-term Debt | 808 | 520 | 290 | 40 | 1,713 | 808 | 1,713 |
| Other Current Financial Liabilities | 513 | 676 | 509 | 425 | 620 | 513 | 620 |
| Other Current Liabilities | 242 | 296 | 246 | 476 | 635 | 242 | 635 |
| Non-current Liabilities | 939 | 1,178 | 1,190 | 1,236 | 1,601 | 939 | 1,601 |
| Other Non-current financial Liabilities | 371 | 663 | 635 | 780 | 1,191 | 371 | 1,191 |
| Other Non-current Liabilities | 569 | 515 | 555 | 456 | 410 | 569 | 410 |
| Total Liabilities | 2,573 | 2,735 | 2,308 | 2,260 | 4,654 | 2,573 | 4,654 |
| Total Equity | 5,651 | 5,519 | 5,707 | 5,965 | 6,010 | 5,651 | 6,010 |

2) Appendix

ESG Management

- In order to effectively communicate with stakeholders regarding the ESG management,
→ We established ESG Management Council in Dec. 2021
& will issue the first ESG report in Mar. 2022
- We will share our contributions, achievements, and plans for ESG management by issuing ESG reports annually

ESG Vision

We Entertain, Support, and Grow together

We entertain the world with fun games

ESG Strategic Direction



ESG Management Enabler



THANK YOU

