
netmarble
1Q 2022
Earnings Results
Netmarble IR May. 12th, 2022

DISCLAIMER

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

The “financial results for 1Q 2022” 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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1Q22 EARNINGS

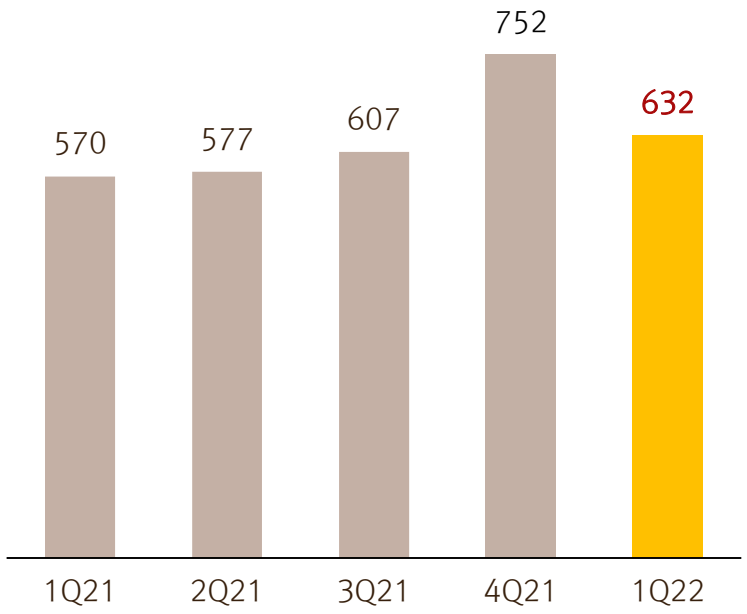
[Revenue] KRW 632bn (YoY 10.7% ▲ / QoQ 16.1% ▼)
[EBITDA] KRW 46bn (YoY 43.1%▼ / QoQ 62.2%▼)

- The decreases in revenue and EBITDA were subjected to an absence of major game launches in 1Q, a soft landing of existing games, and seasonality in overseas business
- EBITDA Margin 7.2% (D&A KRW 58bn)

Revenue

(Unit: KRW bn)

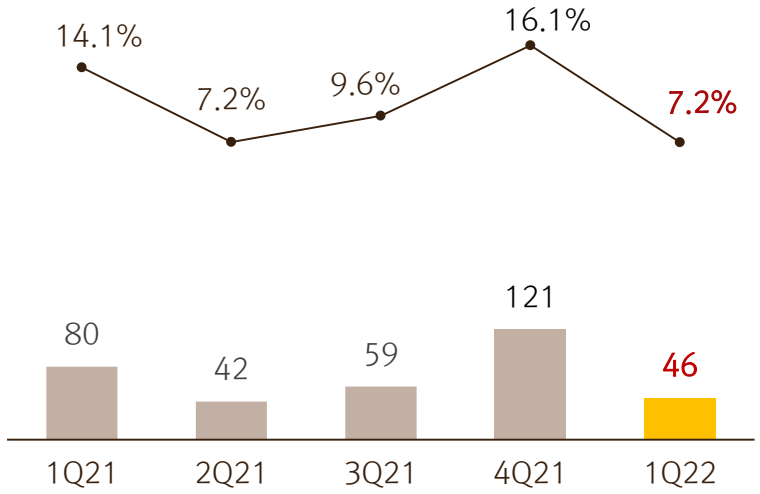
YoY 10.7% ▲
QoQ 16.1% ▼



EBITDA

(Unit: KRW bn)

YoY 43.1% ▼
QoQ 62.2% ▼



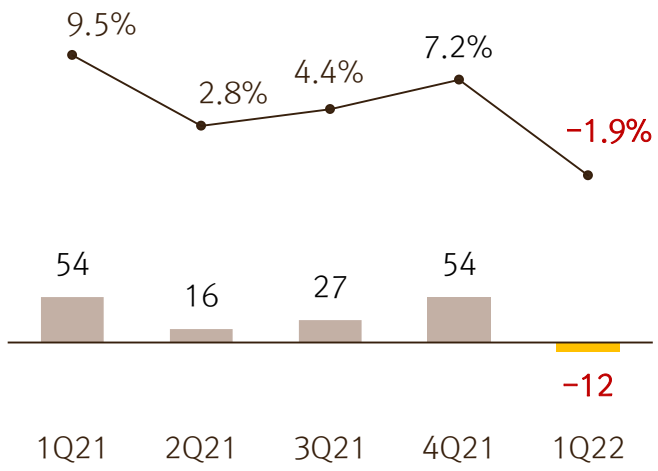
1Q22 EARNINGS

[Profit] Operating Loss KRW −12bn, Net Loss KRW −52bn, Net Loss (Controlling) KRW −43bn (YoY & QoQ recorded deficit)

- Non-operating income & cost was decreased by KRW 130.4bn QoQ due to the absence of HYBE's capital increase

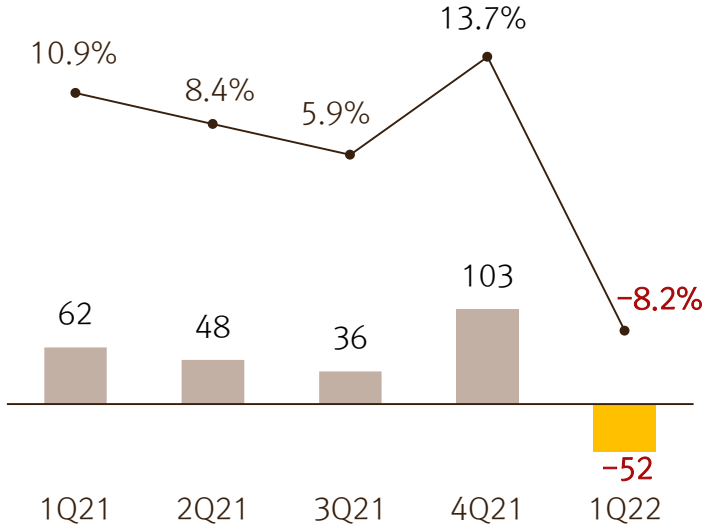
Operating Profit

(Unit: KRW bn)



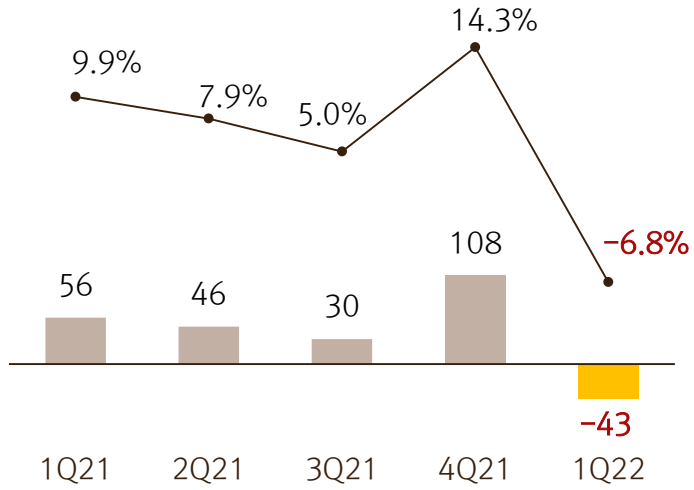
Net Profit

(Unit: KRW bn)



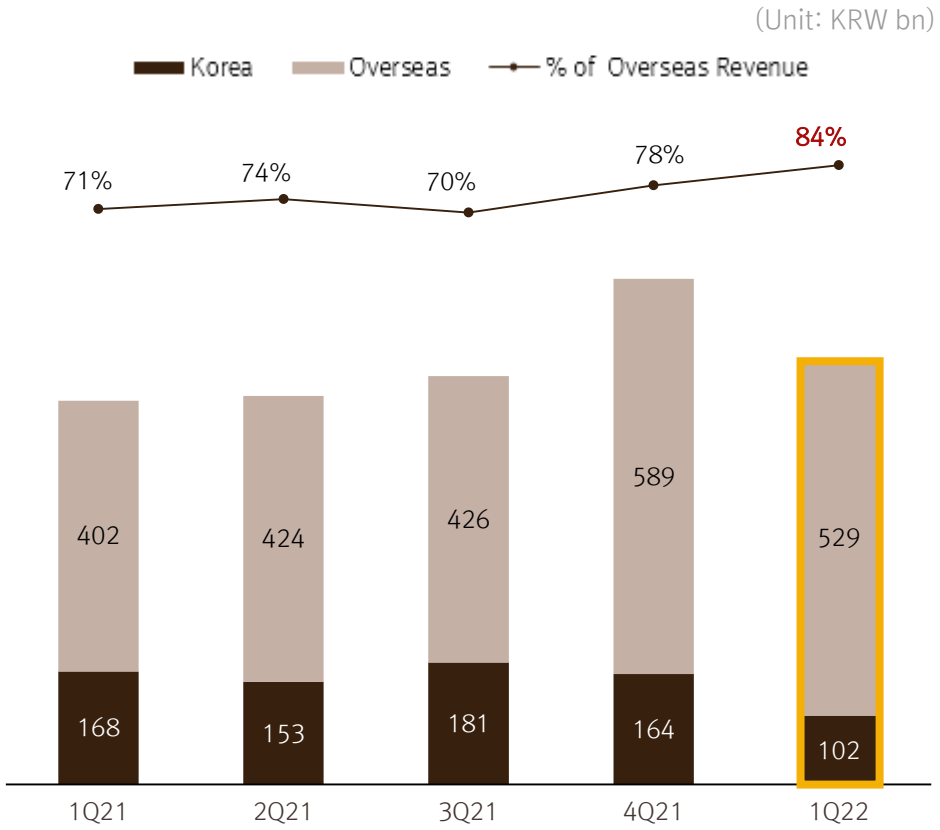
Net Profit (Controlling)

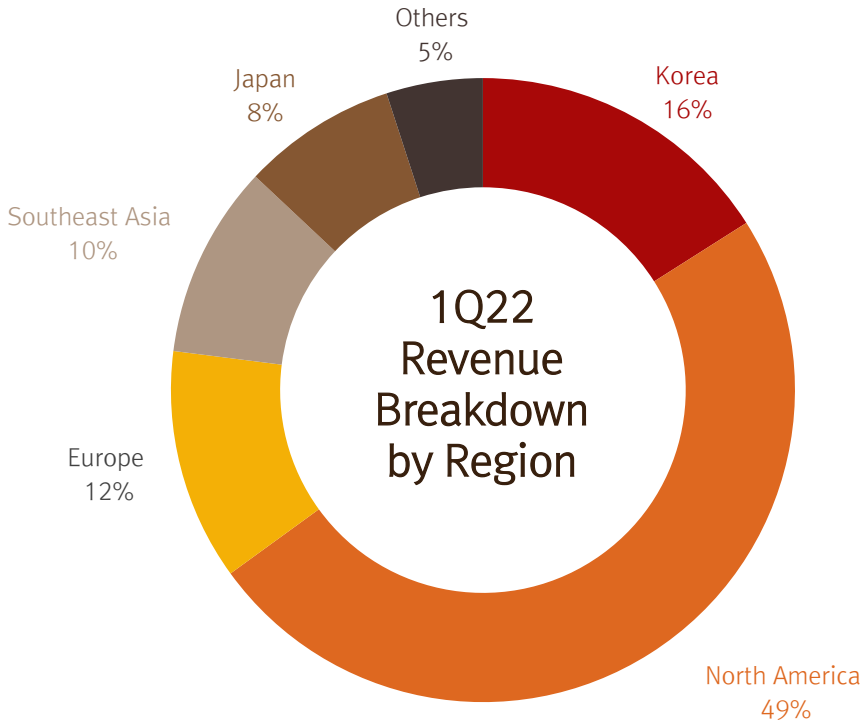
(Unit: KRW bn)



Revenue Breakdown by Region

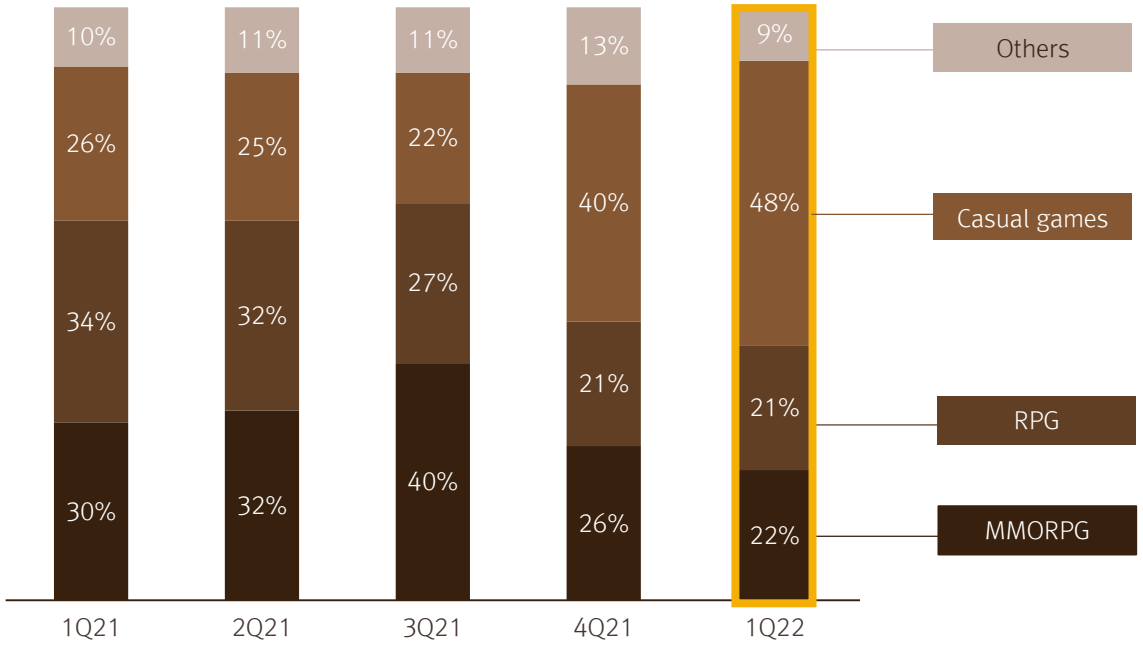
- Overseas revenue for 1Q was KRW 529.4bn and the overseas revenue proportion was 84% (QoQ +6%p) led by a decrease in domestic revenue proportion
- Revenue were diversified across N.A. (49%), Korea (16%), Europe (12%), SEA (10%), Japan (8%), others (5%)



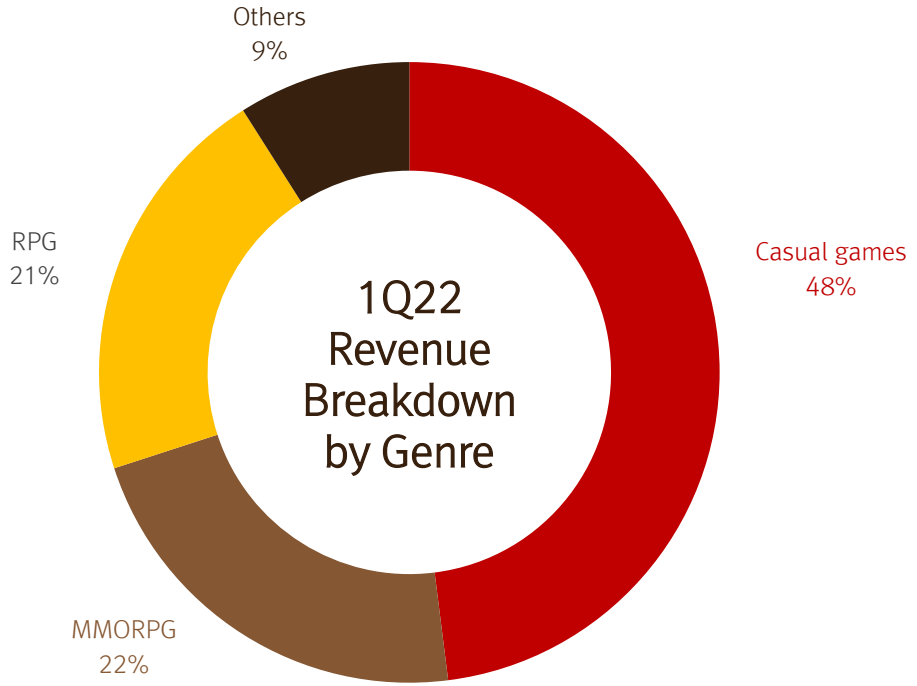


Revenue Breakdown by Genre

- Genre portfolio showed diversification across **Casual games (48%), MMORPG (22%), RPG (21%), and others (9%)**
- **Revenue proportion of MMORPG was decreased by −4%p QoQ** due to sales decline in existing MMORPG such as Ni no Kuni: Cross Worlds



※ Since 4Q21, Sales from SpinX games (Cash Frenzy, Jackpot World, Lotsa Slot, etc.) has been reflected in Casual games, increasing the proportion of casual games



Game Portfolio

- Top revenue generators were evenly distributed: MARVEL Contest of Champions 9%, Cash Frenzy 9%, Jackpot World 7%, Lotsa Slots 7%, Seven Deadly Sins: Grand Cross 7%, Ni no Kuni: Cross Worlds 7%

✓ Main Events or Updates in 1Q22



[Seven Deadly Sins: Grand Cross]
New Year Festival 2022 Update (Dec. 31st)



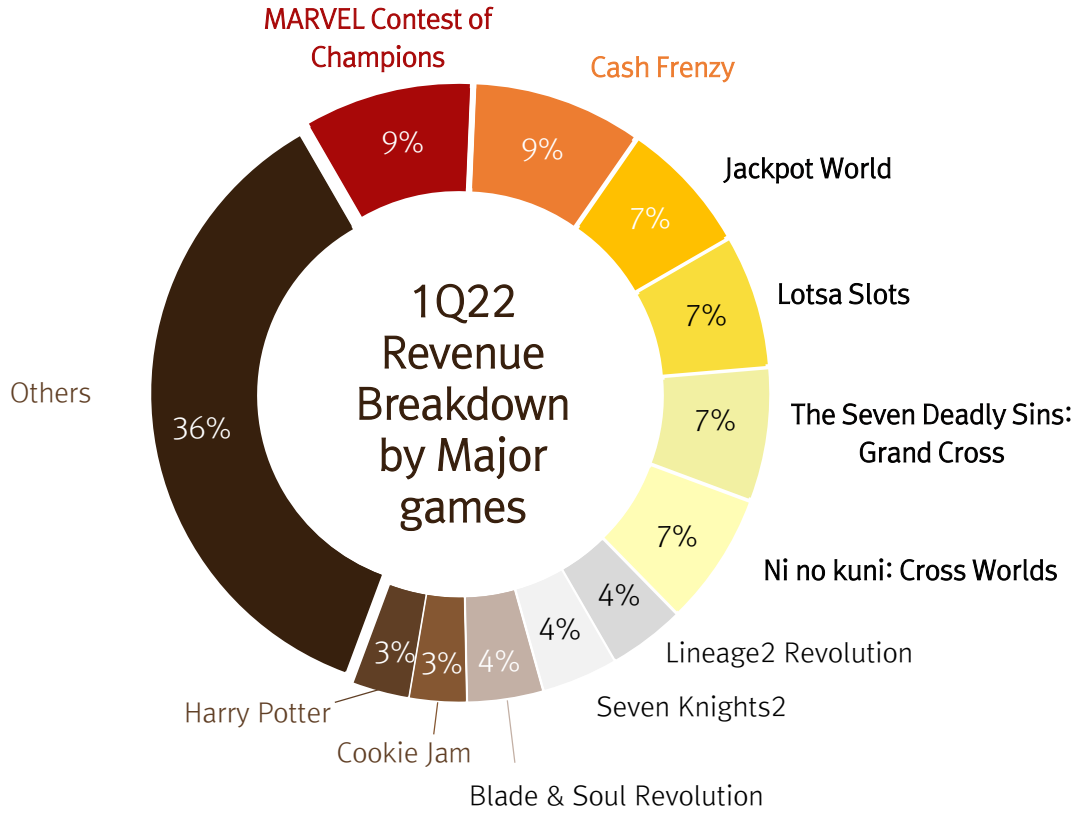
[Ni no Kuni: Cross Worlds]
Fated Card Challenge Update (Feb. 11th)



[Lineage2 Revolution]
The Guardian of the East Update (Mar. 17th)



[MARVEL Contest of Champions]
Chapter. 7 Update (Mar. 23rd)



MAJOR COST STRUCTURES

[Operating Cost] KRW 643bn (YoY 24.6% ▲ / QoQ 7.9%▼)

- Commission KRW 246bn (YoY 4.8%▲ / QoQ 13.2%▼)
  The decreased quarterly sales led QoQ decrease
- Labor costs KRW 187bn (YoY 30.3%▲ / QoQ 2.1%▲)
  The recruitments of developers for new lineups led a slight increase in QoQ
- Marketing costs KRW 113bn (YoY 45.5%▲ / QoQ 7.2%▼)
  The absence of major game launches in 1Q led QoQ increase

(Unit: KRW bn)

	1Q21	2Q21	3Q21	4Q21	1Q22	YoY	QoQ
Operating Costs	**516**	**561**	**580**	**699**	**643**	**24.6%**	**-7.9%**
Commission	234	243	255	283	246	4.8%	-13.2%
* Ratio (%)	41.1%	42.2%	41.9%	37.6%	38.9%	-	-
Labor	143	155	158	183	187	30.3%	2.1%
* Ratio (%)	25.1%	26.8%	26.0%	24.3%	29.6%	-	-
Marketing	78	100	100	122	113	45.5%	-7.2%
* Ratio (%)	13.6%	17.4%	16.5%	16.2%	17.9%	-	-
Others (Inc. D&A)	61	63	67	111	98	61.0%	-11.5%
* Ratio (%)	10.7%	10.8%	11.1%	14.7%	15.6%	-	-

※ 1Q22 Others Costs: D&A KRW 58bn, other commissions KRW 41bn, etc.

* Proportion to the revenue (%)

New Lineups In 2022

- In 2Q 2022, Ni no Kuni: Cross Worlds global (May 25th), Golden Bros, BTS Dream: TinyTAN House (Soft Launch in May), Disney Mirror Guardians (June 23rd), Merge KUYA Island (Grand Launch in June) will be released
- In 2H 2022, Seven Knights Revolution (July), Overprime (Early Access), Monster Arena (TBD), King of Fighters: Arena, Champions: Ascensions, Everybody's Marvel: Meta World (TBD), Grand Cross W, and Hype Squad (fmr. Squad Battle) will be launched

2Q 2022

2H 2022

New Line ups



Ni no Kuni: Cross Worlds
Global
MMORPG / PC & Mobile



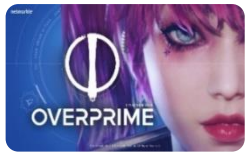
Golden Bros
Global
Casual shooting/ PC & Mobile



BTS Dream: TinyTAN House
Global
Rhythm & Customization / Mobile



Seven Knights Revolution
Korea
MMORPG / PC & Mobile



Overprime
Global
TPS MOBA / PC & Console



Monster Arena (TBD)
Global
CCG / PC & Mobile



King of Fighters: Arena
Global
Fighting / PC & Mobile



Disney Mirror Guardians
Global
Action RPG / Mobile



Merge KUYA Island
Global
Merge / Mobile



Champions: Ascension
Global
RPG / Mobile



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



Grand Cross W
Global
Strategy / Mobile



Hype Squad
Global
Action battle / PC

Block Chain



Ni no Kuni: Cross Worlds
Global
MMORPG / PC & Mobile



Golden Bros
Global
Casual shooting/ PC & Mobile



Monster Arena (TBD)
Global
CCG / PC & Mobile



King of Fighters: Arena
Global
Fighting / PC & Mobile



Champions: Ascension
Global
RPG / Mobile



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

Consolidated Income Statement

(KRW bn)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	**570**	**577**	**607**	**753**	**632**
Commission	234	243	255	283	246
Labor Cost	143	155	158	183	187
Marketing Cost	78	100	100	122	113
Other Costs (exc. D&A)	35	37	35	44	40
EBITDA	**80**	**42**	**59**	**121**	**46**
Margin (%)	*14.1%*	*7.2%*	*9.6%*	*16.1%*	*7.2%*
D&A	26	26	32	67	58
Operating Income	**54**	**16**	**27**	**54**	**-12**
Margin (%)	*9.5%*	*2.8%*	*4.4%*	*7.2%*	*-1.9%*
Non-operating Income & Cost	41	46	29	84	-46
Pre-tax Profit	**95**	**62**	**56**	**138**	**-58**
Tax	33	14	20	35	-6
Net Profit	**62**	**48**	**36**	**103**	**-52**
Net Profit (controlling)	**56**	**46**	**30**	**108**	**-43**
Margin (%)	*9.9%*	*7.9%*	*5.0%*	*14.3%*	*-6.8%*

Consolidated Statement of Financial Position

(KRW bn)	1Q21	2Q21	3Q21	4Q21	1Q22
Current Assets	**1,849**	**1,313**	**1,682**	**1,963**	**1,756**
Cash and Cash Equivalents	1,280	793	1,140	1,354	1,134
Accounts Receivable	194	212	209	202	195
Other Current Financial Assets	267	219	237	302	314
Other Current Assets	108	89	96	105	113
Non-Current Assets	**6,405**	**6,702**	**6,542**	**8,701**	**8,502**
Investment Assets	4,442	4,734	4,098	3,857	3,562
Intangible Assets	1,333	1,324	1,570	4,099	4,182
Tangible Assets	311	324	364	375	381
Other Non-Current Assets	319	320	510	370	376
Total Assets	**8,254**	**8,015**	**8,224**	**10,664**	**10,257**
Current Liabilities	**1,557**	**1,118**	**1,023**	**3,056**	**2,899**
Accounts Payable	65	73	83	57	49
Short-term Debt	520	290	40	1,712	1,754
Other Current Financial Liabilities	676	509	424	649	653
Other Current Liabilities	296	246	476	638	443
Non-Current Liabilities	**1,178**	**1,190**	**1,236**	**1,600**	**1,559**
Other Non-Current Financial Liabilities	663	635	780	1,191	1,217
Other Non-Current Liabilities	515	555	456	409	342
Total Liabilities	**2,735**	**2,308**	**2,259**	**4,656**	**4,458**
Total Equity	**5,519**	**5,707**	**5,965**	**6,008**	**5,799**

THANK YOU

