

netmarble



3Q 2022

Earnings Results

Netmarble IR Nov. 11th, 2022

DISCLAIMER

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

The “financial results for 3Q 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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3Q22 Earnings

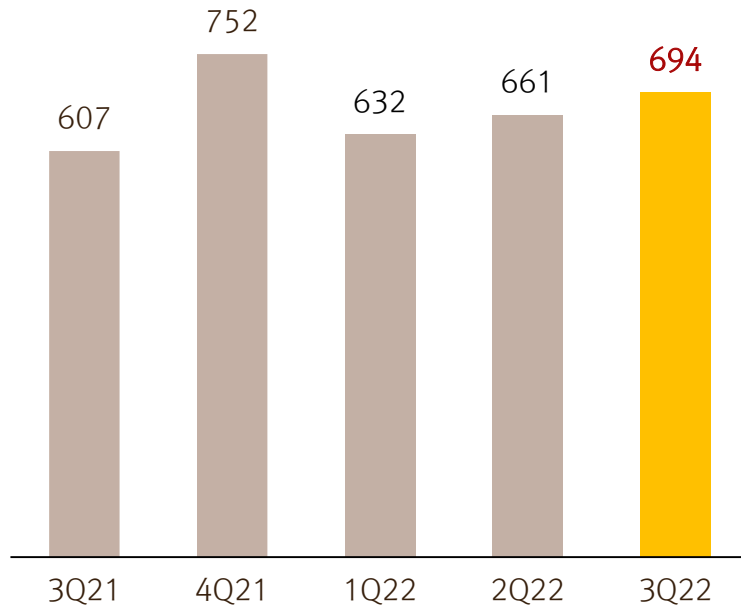
[Revenue] KRW 694.4bn (YoY 14.4% ▲ / QoQ 5.1% ▲)
 [EBITDA] KRW 20.8bn (YoY 64.4% ▼ / QoQ 3.3% ▼)

- The increase in revenue was subject to full recognition of sales from 2Q releases (e.g., Ni no Kuni: Cross Worlds global, etc.) as well as 3Q new lineups (e.g., Seven Knights Revolution, etc.)
- EBITDA decreased due to Jam City related one-off severance payment
- EBITDA Margin 3.0% (D&A KRW 58.8bn)

Revenue

(Unit: KRW bn)

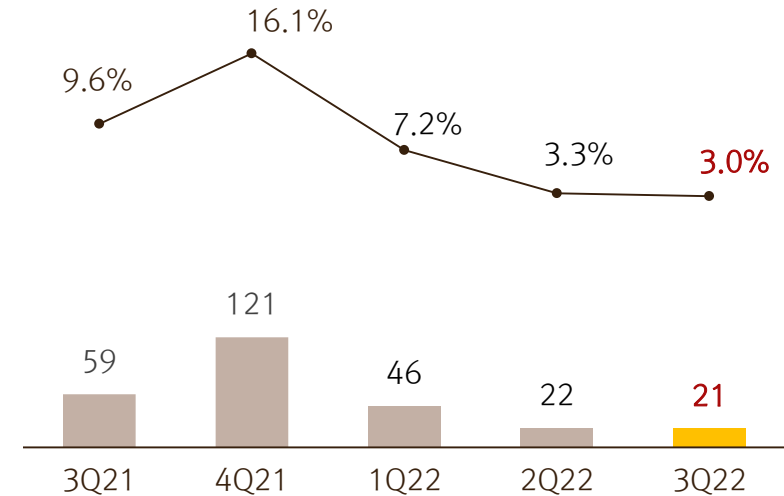
YoY 14.4% ▲
 QoQ 5.1% ▲



EBITDA

(Unit: KRW bn)

YoY 64.4% ▼
 QoQ 3.3% ▼



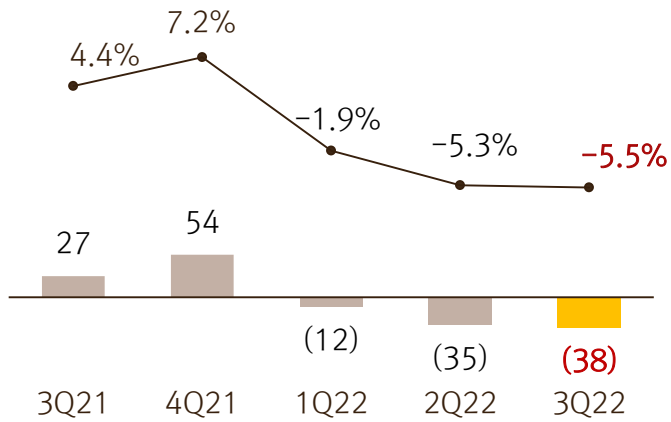
3Q22 Earnings

[Profit] Operating Loss KRW -38.0bn, Net Loss KRW -277.5bn,
Net Loss (Controlling) KRW -245.3bn

- The decline in non-operating income and loss by KRW -118.3bn QoQ was due to foreign currency translation losses from higher FX rate, etc.

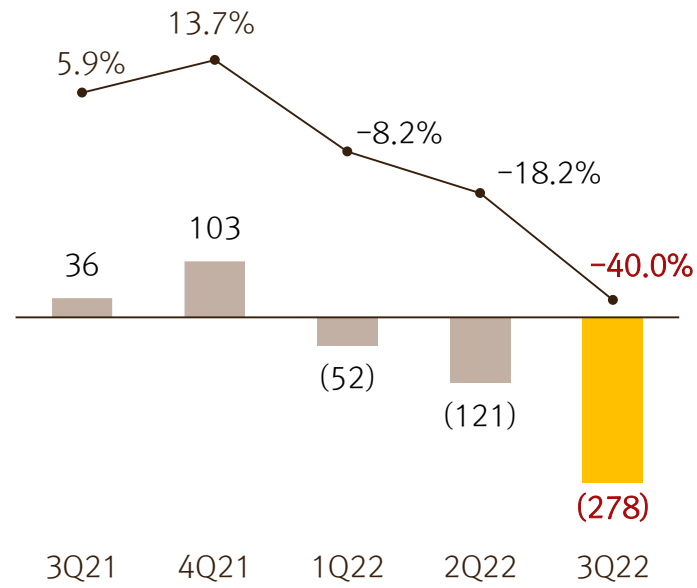
Operating Profit

(Unit: KRW bn)



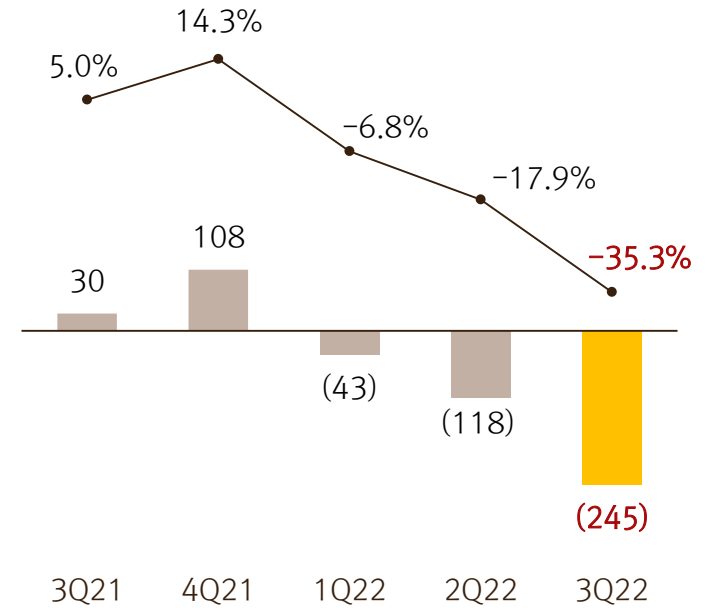
Net Profit

(Unit: KRW bn)



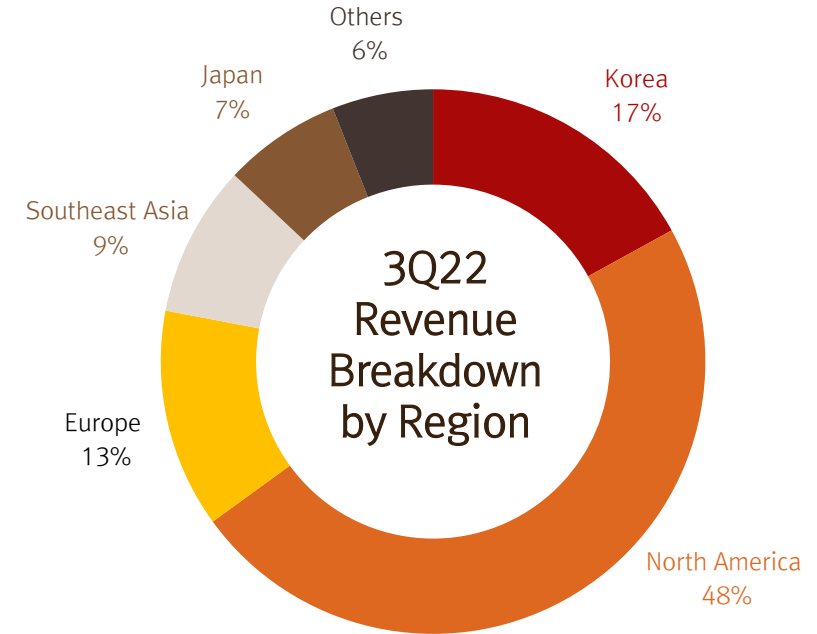
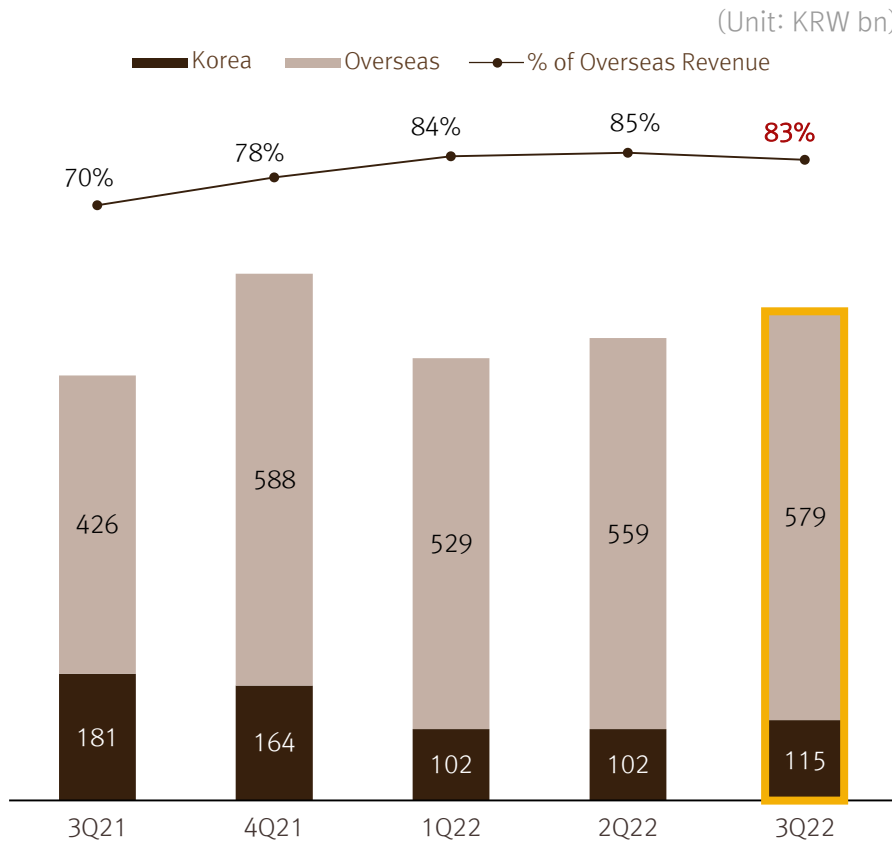
Net Profit (Controlling)

(Unit: KRW bn)



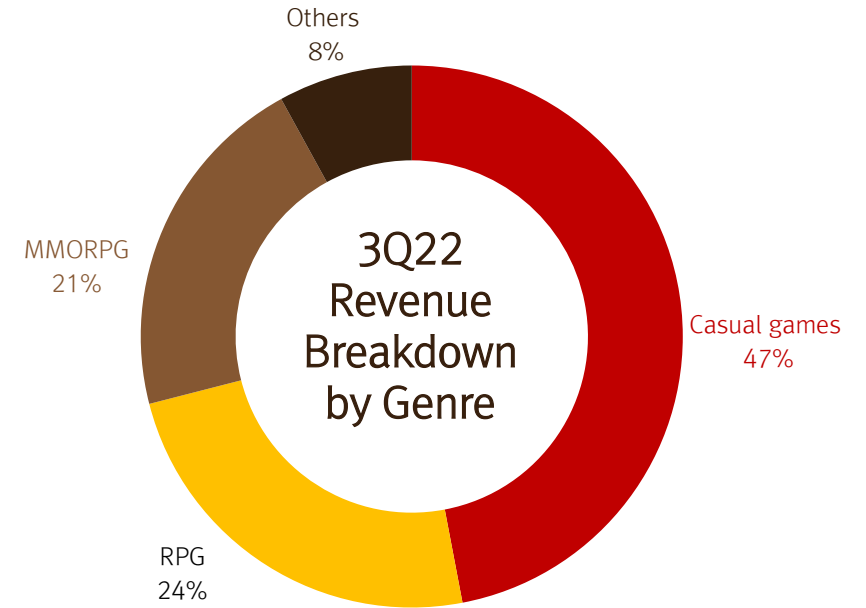
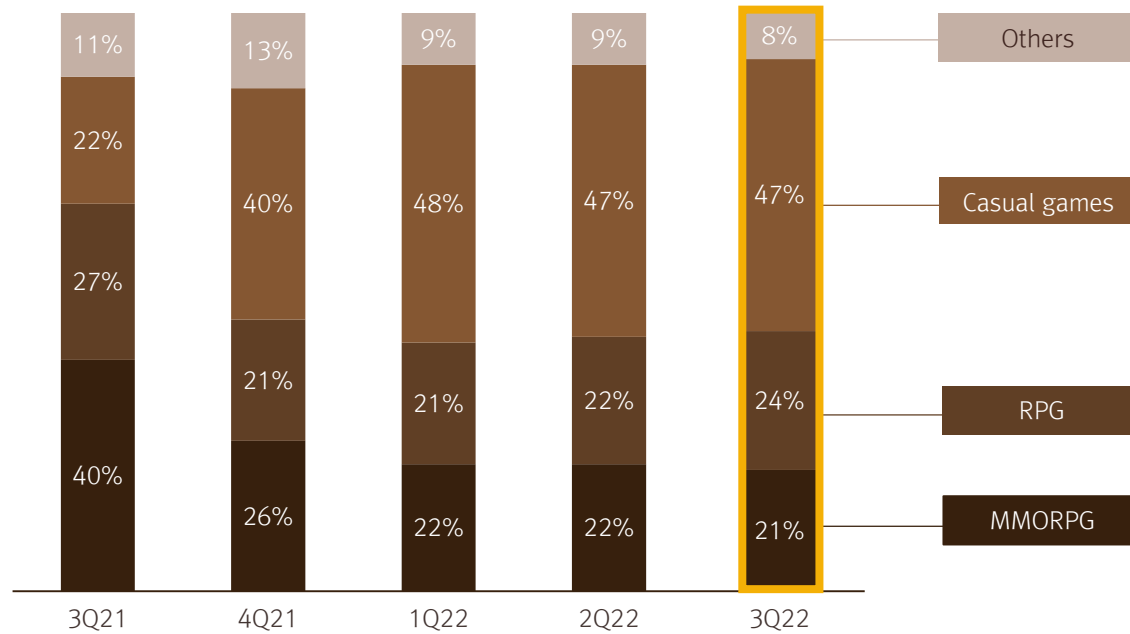
Revenue Breakdown by Region

- Overseas revenue for 3Q was KRW 579.4bn consisting 83% (QoQ -2%p) of the total revenue
- Regional diversification in revenue continued across N.A. 48%, Korea 17%, Europe 13%, SEA 9%, Japan 7% and others 6%
- Korea's proportion in revenue increased by +2%p QoQ owing to Seven Knights Revolution release



Revenue Breakdown by Genre

- Genre portfolio showed diversification across Casual games 47%, RPG 24%, MMORPG 21% and others 8%
- RPG proportion increased by +2%p QoQ due to MCoC update, etc.



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

Game Portfolio

- Top revenue generators were evenly distributed: MARVEL Contest of Champions 11%, Cash Frenzy 8%, Ni no Kuni: Cross Worlds 8%, Jackpot World 8%, Lotsa Slots 8%, The Seven Deadly Sins: Grand Cross 6%, etc.

✓ 3Q22 Main Updates



[Marvel Contest of Champions]
4th of July Independence Day Update (Jul. 1st)



[Seven Knights Revolution]
Korea Release (Jul. 28th)



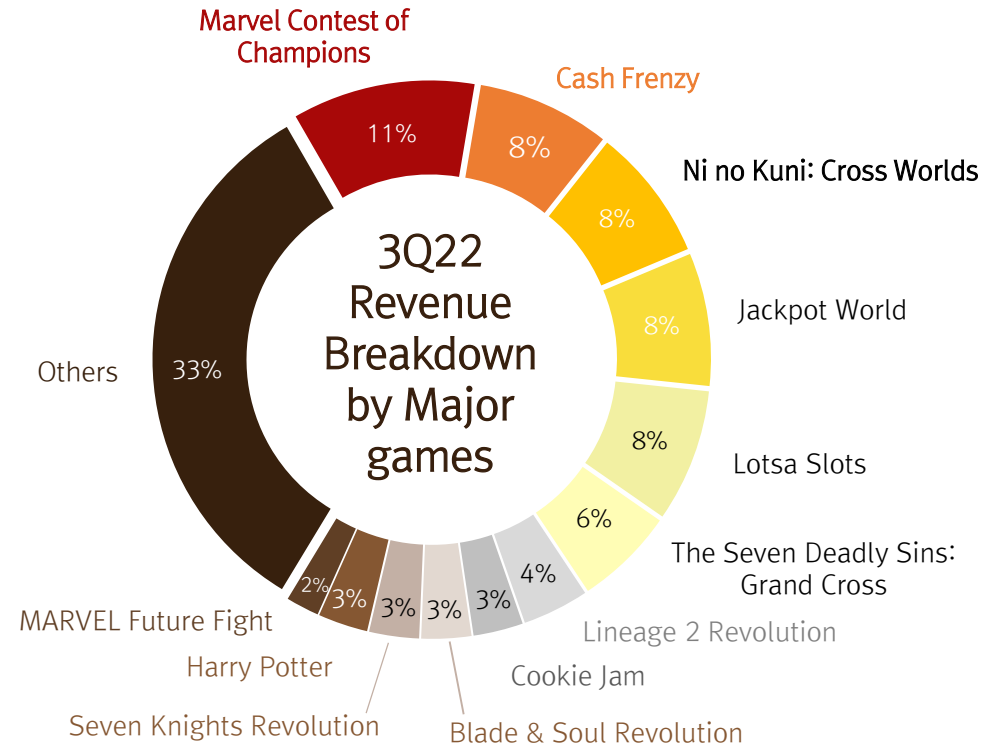
[Lineage 2 Revolution]
Season 3 Expansion Pack 'Fury of Lindvior' Update (Aug. 18th)



[The Seven Deadly Sins: Grand Cross]
7 Deadly Sins x Re:Zero Collaboration Returns Update (Aug. 31st)



[Ni no Kuni: Cross Worlds]
Gateway to Beyond the Moon Update (Sep. 8th)



Major Cost Structure

[Operating Cost] KRW 732.4bn (YoY 26.2% ▲ / QoQ 5.3% ▲)

– Commission KRW 278.5bn (YoY 9.4% ▲ / QoQ 6.8% ▲)

Commission increased QoQ due to growth in revenue, etc.

– Labor costs KRW 203.0bn (YoY 28.6% ▲ / QoQ 7.0% ▲)

Labor costs increased QoQ due to Jam City related one-off severance payment

– Marketing costs KRW 144.9bn (YoY 44.3% ▲ / QoQ 0.3% ▲)

Marketing costs slightly increased QoQ affected by new lineups such as Disney Mirrorverse (Jun. 23rd)

(Unit: KRW bn)

	3Q21	4Q21	1Q22	2Q22	3Q22	YoY	QoQ
Operating Costs	580	698	643	695	732	26.2%	5.3%
Commission	255	283	246	261	279	9.4%	6.8%
*Ratio(%)	41.9%	37.6%	38.9%	39.5%	40.1%	–	–
Labor	158	183	187	190	203	28.6%	7.0%
*Ratio(%)	26.0%	24.3%	29.6%	28.7%	29.2%	–	–
Marketing	100	122	113	144	145	44.3%	0.3%
*Ratio(%)	16.5%	16.2%	17.9%	21.9%	20.9%	–	–
Others (Inc. D&A)	68	111	98	100	106	57.0%	5.6%
*Ratio(%)	11.1%	14.7%	15.6%	15.2%	15.3%	–	–

※ 3Q22 Other Costs: D&A KRW 58.8bn, other commission KRW 47.2bn

* Proportion to the revenue (%)

New Lineups

- In 4Q22, along with Charlotte’s Table official launch (Nov. 9th), The King of Fighters ARENA (Nov. 14th) and Paragon: The Overprime (Early Access / mid-Dec.) are expected to be released
- At G-Star 2022, 4 new games including Paragon: The Overprime, Arthdal Chronicle, Solo Leveling: ARISE and Hype Squad will be presented

4Q22 Lineups



Charlotte’s Table
Global
Casual games / Mobile



The King of Fighters ARENA
Global
Fighting / PC & Mobile / Blockchain applied



Paragon: The Overprime
Global
TPS MOBA / PC & Console

G-Star 2022 Lineups



Paragon: The Overprime
Global
TPS MOBA / PC & Console



Arthdal Chronicle
Global
MMORPG / PC & Mobile



Solo Leveling: ARISE
Global
Action RPG / PC & Mobile



Hype Squad
Global
Battle Royale / PC

Appendix

Consolidated Income Statement

(Unit: KRW bn)	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue	607	752	632	661	694
Commission	255	283	246	261	279
Labor Cost	158	183	187	190	203
Marketing Cost	100	122	113	144	145
Other Costs (exc. D&A)	36	44	41	44	47
EBITDA	59	121	46	22	21
<i>Margin (%)</i>	<i>9.6%</i>	<i>16.1%</i>	<i>7.2%</i>	<i>3.3%</i>	<i>3.0%</i>
D&A	32	67	58	56	59
Operating Income	27	54	(12)	(35)	(38)
<i>Margin (%)</i>	<i>4.4%</i>	<i>7.2%</i>	<i>-1.9%</i>	<i>-5.3%</i>	<i>-5.5%</i>
Non-Operating Income&Cost	29	84	(46)	(132)	(251)
Pre-tax Profit	56	138	(58)	(167)	(289)
Tax	20	35	(7)	(47)	(11)
Net Profit	36	103	(52)	(121)	(278)
Net Profit (controlling)	30	108	(43)	(118)	(245)
<i>Margin (%)</i>	<i>5.0%</i>	<i>14.3%</i>	<i>-6.8%</i>	<i>-17.9%</i>	<i>-35.3%</i>

Consolidated Statement of Financial Position

(Unit: KRW bn)	3Q21	4Q21	1Q22	2Q22	3Q22
Current Assets	1,682	1,963	1,755	1,492	1,254
Cash and Cash Equivalents	1,140	1,354	1,134	706	729
Accounts Receivable	209	202	195	229	183
Other Current Financial Assets	237	302	314	400	198
Other Current Assets	96	105	113	157	144
Non-Current Assets	6,542	8,701	8,502	8,609	9,095
Investment Assets	4,098	3,857	3,562	3,383	3,436
Intangible Assets	1,570	4,099	4,182	4,444	4,853
Tangible Assets	364	375	381	388	394
Other Non-Current Assets	510	371	376	394	412
Total Assets	8,224	10,664	10,257	10,101	10,349
Current Liabilities	1,024	3,056	2,899	2,824	3,048
Accounts Payable	83	57	49	67	79
Short-term Debt	40	1,713	1,754	1,859	2,029
Other Current Financial Liabilities	425	649	654	627	642
Other Current Liabilities	476	638	443	271	298
Non-Current Liabilities	1,236	1,600	1,559	1,515	1,331
Other Non-Current Financial Liabilities	780	1,191	1,217	1,247	1,067
Other Non-Current Liabilities	456	409	342	267	264
Total Liabilities	2,259	4,656	4,458	4,339	4,379
Total Equity	5,965	6,008	5,799	5,762	5,970

THANK YOU

