

netmarble



**4Q 2022 & FY 2022
Earnings Results
Netmarble IR Feb. 9th, 2023**

DISCLAIMER

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

The “financial results for 4Q 2022 and FY 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.

Table of Contents

- FY 2022 EARNINGS SUMMARY..... 3
- 4Q22 EARNINGS..... 4
- REVENUE BREAKDOWN BY REGION..... 6
- REVENUE BREAKDOWN BY GENRE..... 7
- GAME PORTFOLIO..... 8
- MAJOR COST STRUCTURE..... 9
- 2023 NEW LINEUPS..... 10

- APPENDIX) CONSOLIDATED FINANCIAL STATEMENTS..... 11

FY 2022 EARNINGS SUMMARY

[Revenue] KRW 2,673.4bn (YoY 6.6%▲)

- In 2022, the revenue proportions of overseas and Korea accounted for 84% and 16% respectively

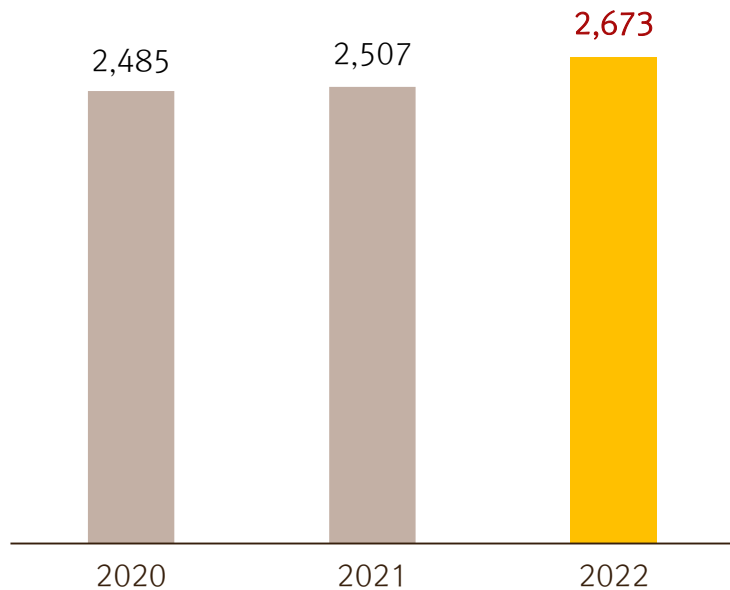
[EBITDA] KRW 127.8 (YoY 57.6%▼)

- Operating costs increased as a result of full recognition of earnings in SpinX and Ludia Inc.

Revenue

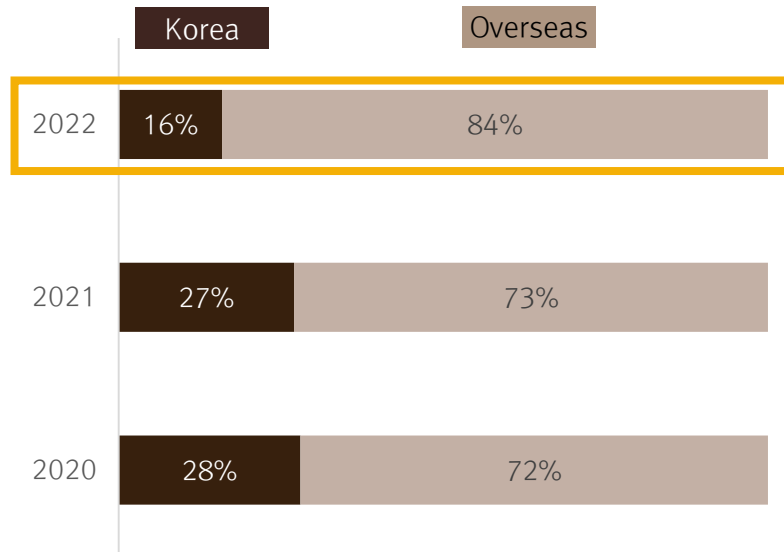
(Unit: KRW bn)

YoY 6.6% ▲



Revenue Breakdown

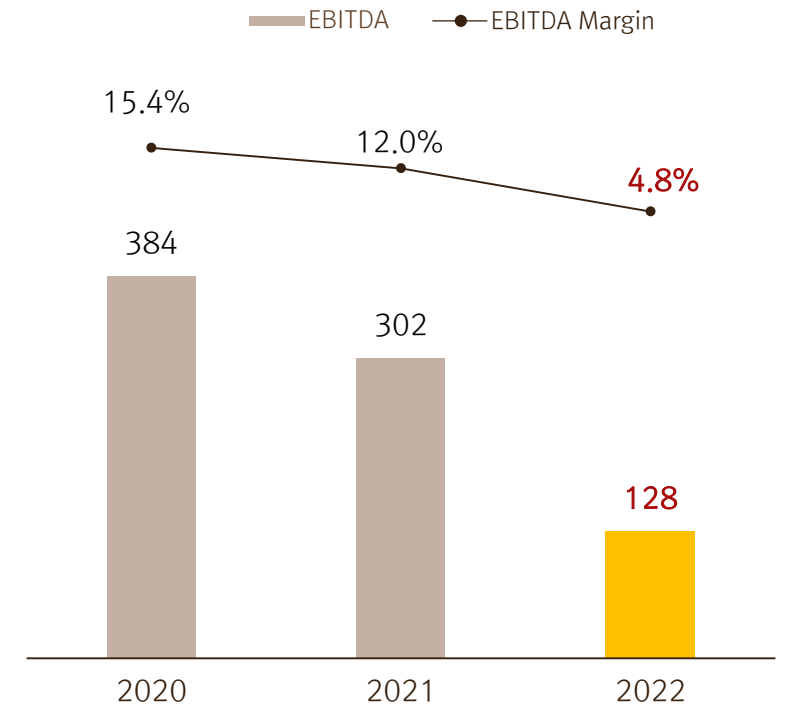
[Korea & Overseas Revenue Breakdown]



EBITDA

(Unit: KRW bn)

YoY 57.6% ▼



4Q22 EARNINGS

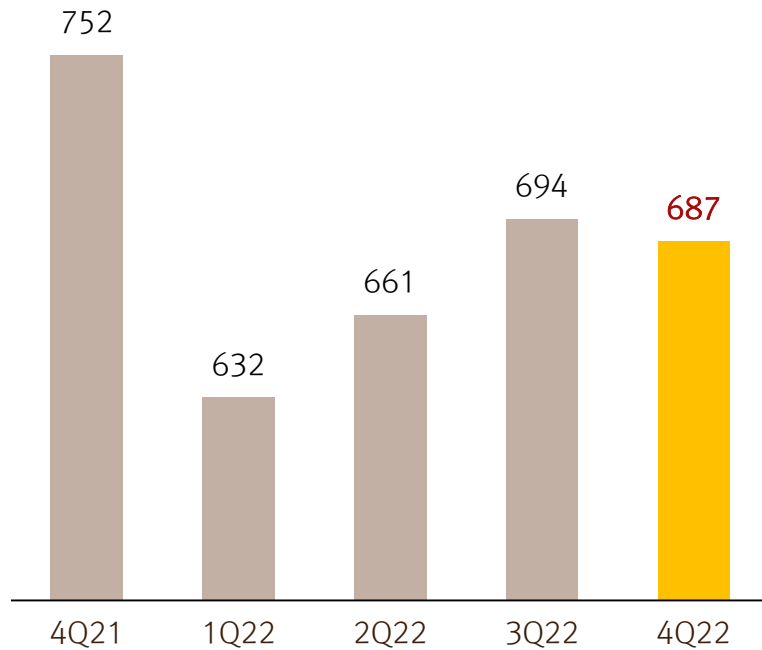
[Revenue] KRW 686.9bn (YoY 8.7%▼ / QoQ 1.1%▼)
 [EBITDA] KRW 39.8bn (YoY 67.1%▼ / QoQ 91.3%▲)

- Revenue slightly decreased due to the absence of major game launches in 4Q and a soft landing of the existing games while EBITDA increased as the overall operating costs (marketing expense, etc.) reduced
- EBITDA Margin 5.8% (D&A KRW 59.6bn)

Revenue

(Unit: KRW bn)

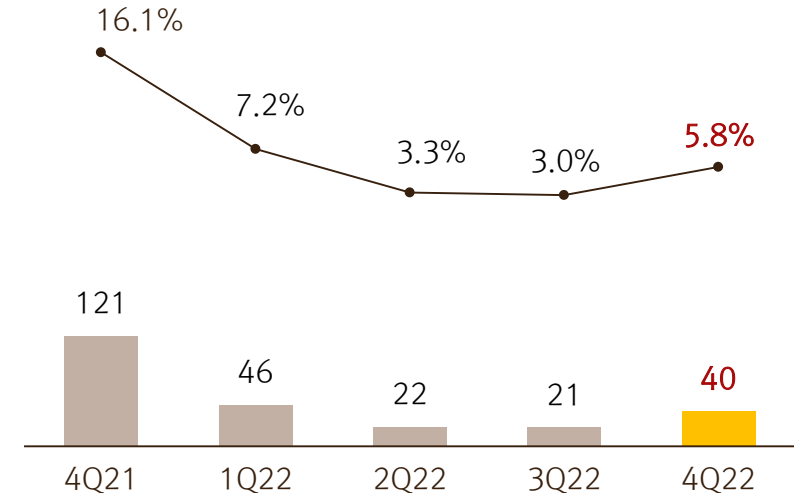
YoY 8.7% ▼
 QoQ 1.1% ▼



EBITDA

(Unit: KRW bn)

YoY 67.1% ▼
 QoQ 91.3% ▲



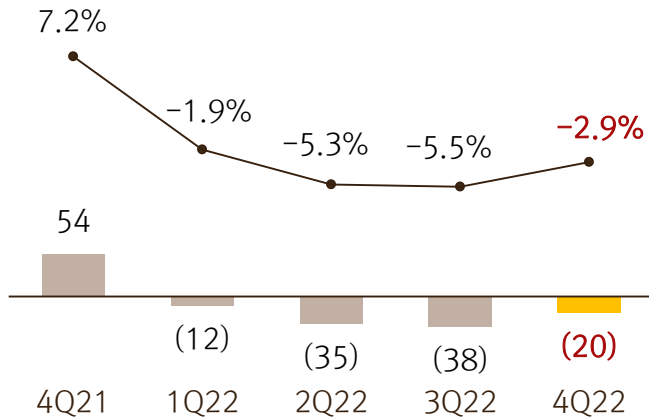
4Q22 EARNINGS

[Profit] Operating Loss KRW -19.8bn, Net Loss KRW -456.6bn,
Net Loss (Controlling) KRW -410.4bn

- The decline in non-operating income and loss by KRW -160.3bn QoQ was caused by the impairment losses of the intangible assets, etc.

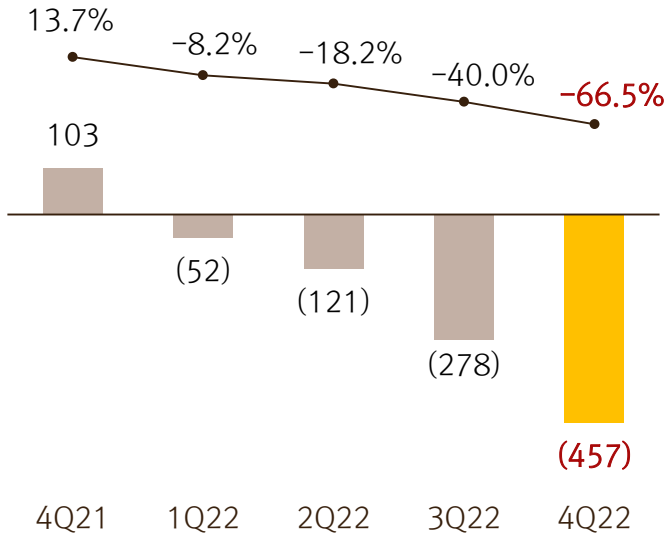
Operating Profit

(Unit: KRW bn)



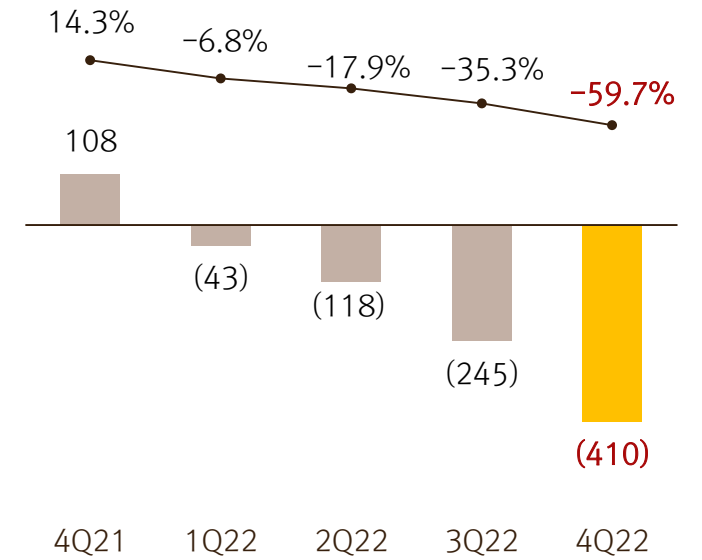
Net Profit

(Unit: KRW bn)



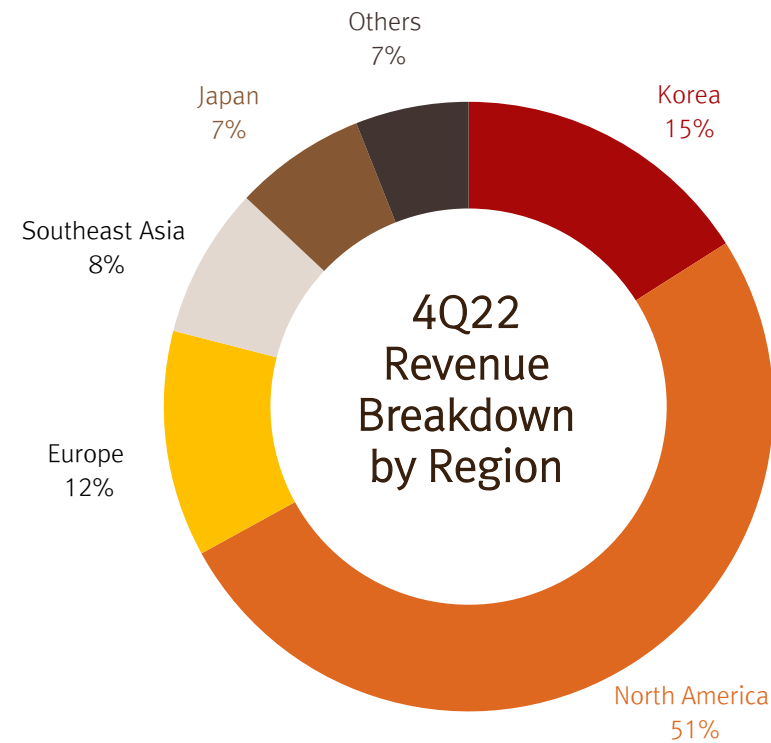
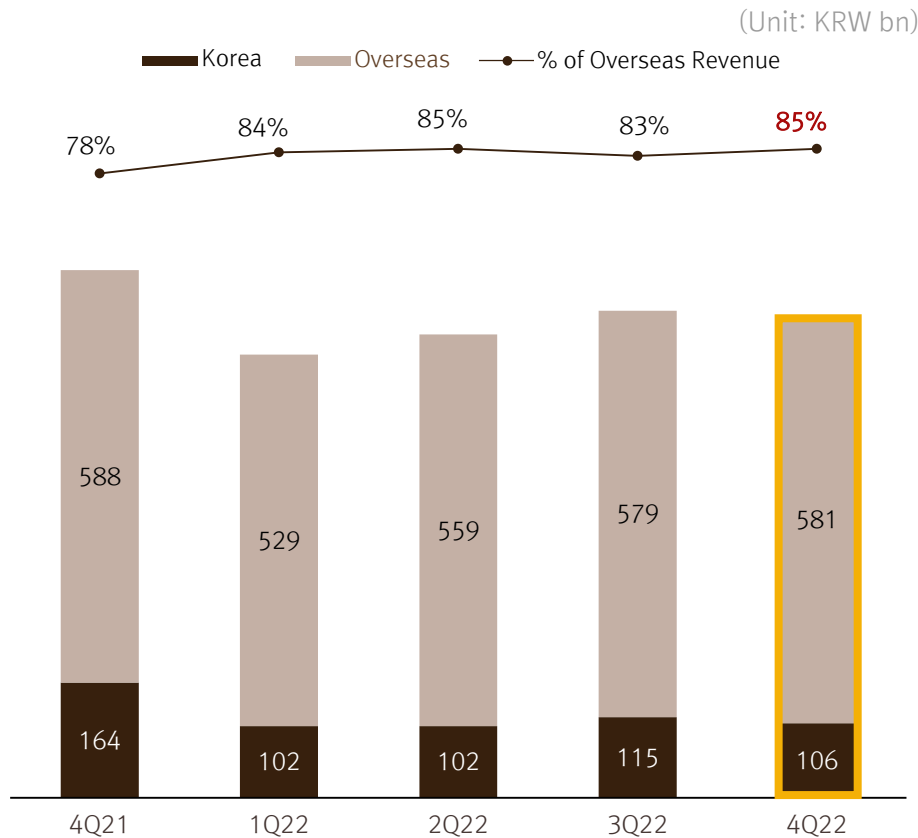
Net Profit (Controlling)

(Unit: KRW bn)



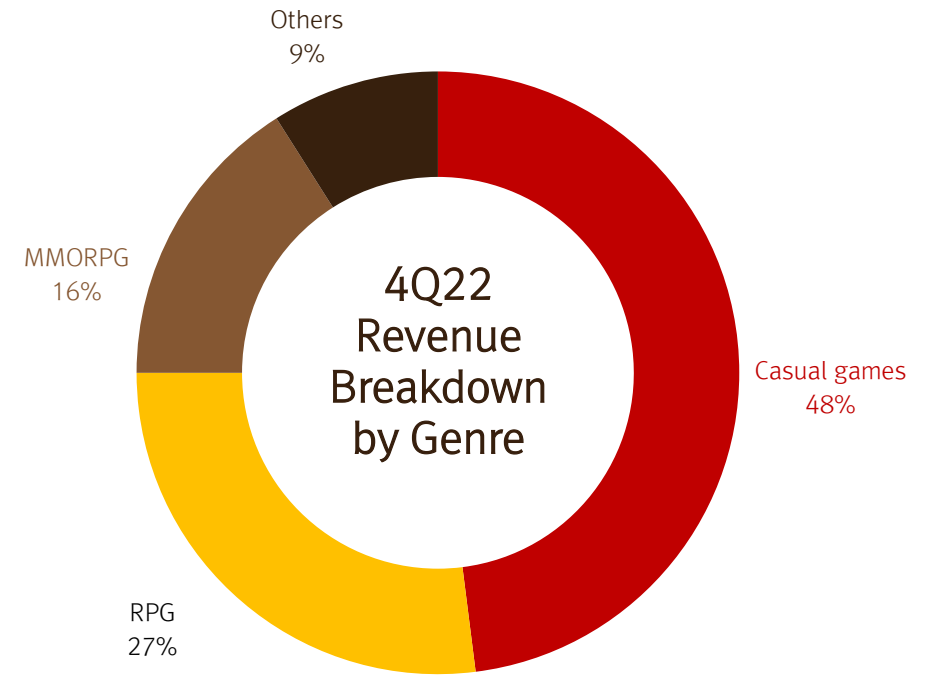
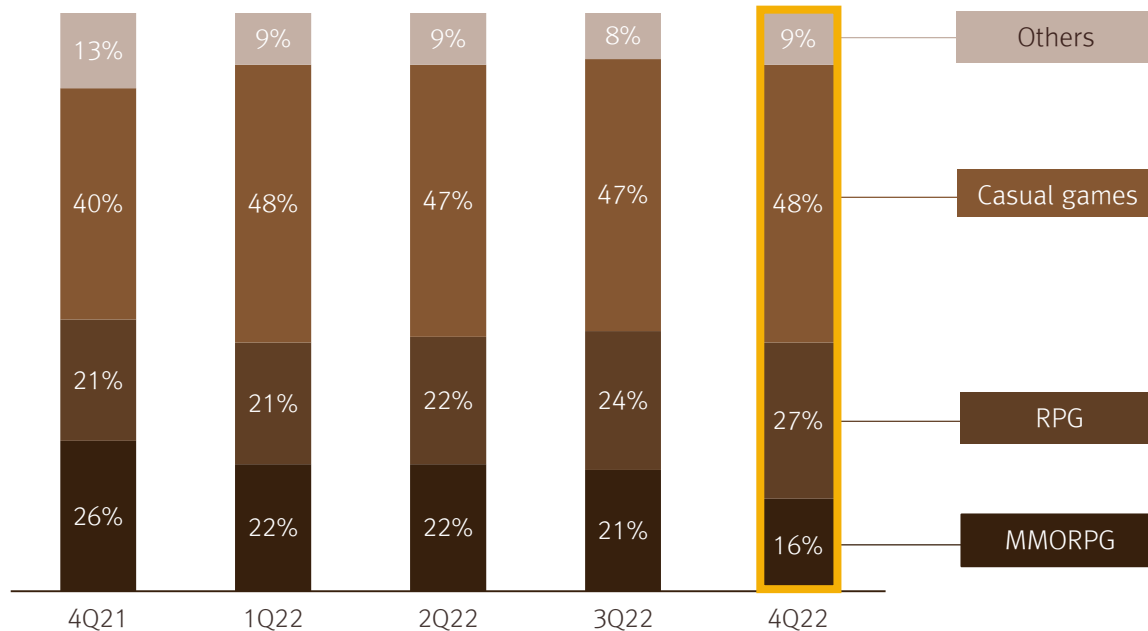
Revenue Breakdown by Region

- Overseas revenue for 4Q was KRW 581.0bn consisting 85% (QoQ +2%p) of the total
- Regional diversification in revenue continued across N.A. 51%, Korea 15%, Europe 12%, SEA 8%, Japan 7% and others 7%
- Revenue proportion in North America increased by +3%p due to the effects of MARVEL Contest of Champions event, etc.



Revenue Breakdown by Genre

- Genre portfolio showed diversification across Casual games 48%, RPG 27%, MMORPG 16% and others 9%
- Revenue proportion in RPG increased by +3%p owing to the effects of MARVEL Contest of Champions event, The Seven Deadly Sins: Grand Cross 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 13%, Jackpot World 9%, Cash Frenzy 8%, Lotsa Slots 8%, The Seven Deadly Sins: Grand Cross 7%, Ni no Kuni: Cross Worlds 5%, etc.

✓ 4Q22 Main Updates & Events



[The Seven Deadly Sins: Grand Cross]
Grand Cross 3.5th Anniversary ~The Ultimate One~ (Nov. 24th)



[Blade & Soul Revolution]
4th Anniversary Update (Nov. 24th)



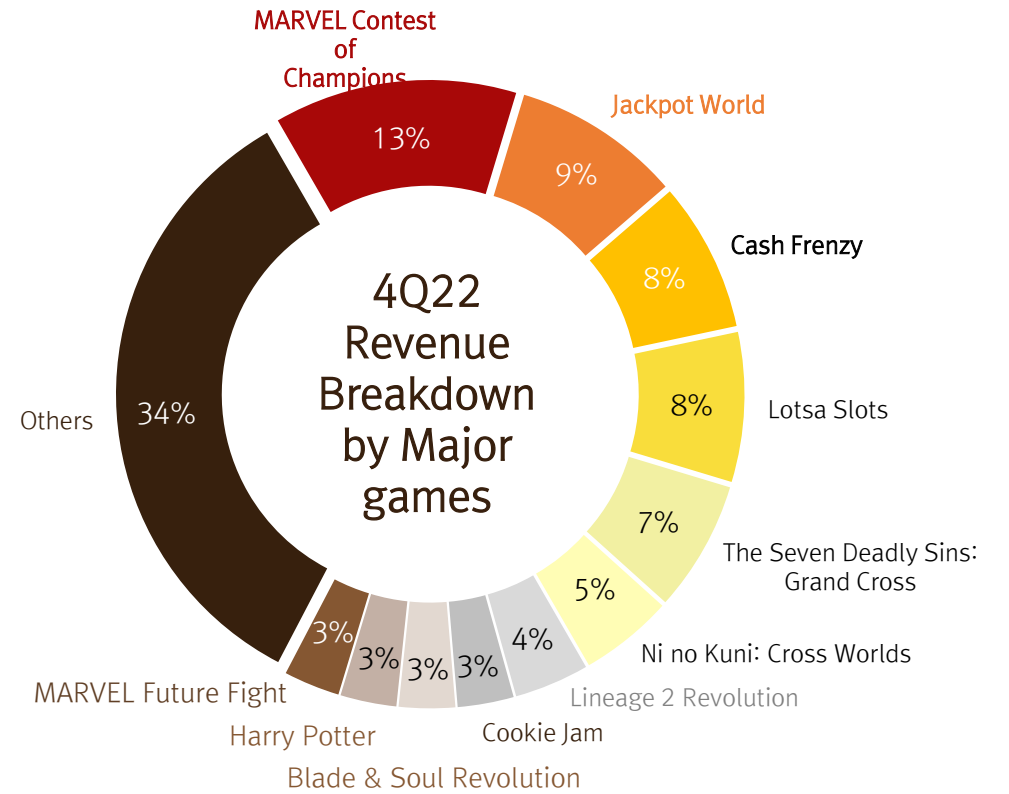
[MARVEL Contest of Champions]
2022 Cyber Weekend Event (Nov. 25th)



[Lineage 2 Revolution]
6th Anniversary Update (Dec. 8th)



[Ni no Kuni: Cross Worlds]
1.5th Anniversary Update (Dec. 22nd)



Major Cost Structure

[Operating Cost] KRW 706.7bn (YoY 1.2%▲ / QoQ 3.5%▼)

– Commission 271.4bn (YoY 4.1%▼ / QoQ 2.5%▼)

Commission decreased QoQ due to reduction in revenue

– Labor costs KRW 199.8bn (YoY 9.2%▲ / QoQ 1.6%▼)

Labor costs reduced QoQ as a result of a decline in the number of workforces

– Marketing costs KRW 122.2bn (YoY 0.5%▲ / QoQ 15.7%▼)

Marketing costs decreased QoQ on account of the absence of major game launches

(Unit: KRW bn)

	4Q21	1Q22	2Q22	3Q22	4Q22	YoY	QoQ
Operating Costs	698	643	695	732	707	1.2%	-3.5%
Commission	283	246	261	279	271	-4.1%	-2.5%
*Ratio(%)	37.6%	38.9%	39.5%	40.1%	39.5%	-	-
Labor	183	187	190	203	200	9.2%	-1.6%
*Ratio(%)	24.3%	29.6%	28.7%	29.2%	29.1%	-	-
Marketing	122	113	144	145	122	0.5%	-15.7%
*Ratio(%)	16.2%	17.9%	21.9%	20.9%	17.8%	-	-
Others (Inc. D&A)	111	98	100	106	113	2.2%	6.9%
*Ratio(%)	14.7%	15.6%	15.2%	15.3%	16.5%	-	-

※ 4Q22 Other Costs: D&A KRW 59.6bn, other commission KRW 53.7bn

* Proportion to the revenue (%)

2023
New
Lineups

- In 2023, Paragon: The Overprime, Hype Squad, A3: Still Alive, Shop Titans, Ni no Kuni: Cross Worlds, StoneAge are expected to be launched
- In 1H 2023, Meta World: My City, Grand Cross W, Tower of God: New World will be released
- In 2H 2023, Arthdal Chronicles, Solo Leveling: ARISE, Project Knights (TBD), Seven Knights Idle Adventure (TBD) will be launched

2023



Paragon: The Overprime
Global
TPS MOBA / PC & Console



Hype Squad
Global
Action Battle / PC



A3: Still Alive
China



Shop Titans
China



Ni no Kuni: Cross Worlds
China



StoneAge
China

1H
2023



Meta World: My City
Global
Casual / Mobile & PC
Blockchain Applied



Grand Cross W
Global
Strategy / Mobile & PC



Tower of God: New World
Global
Collection RPG / Mobile

2H
2023



Arthdal Chronicles
Global
MMORPG / Mobile & PC



Solo Leveling: ARISE
Global
Action RPG / Mobile & PC



Project Knights (TBD)
Global
Strategy RPG / Mobile



Seven Knights Idle Adventure (TBD)
Global
Incremental RPG / Mobile

Appendix

Consolidated Income Statement

(Unit: KRW bn)	4Q21	1Q22	2Q22	3Q22	4Q22	FY 2021	FY 2022
Revenue	752	632	661	694	687	2,507	2,673
Commission	283	246	261	279	271	1,015	1,056
Labor Cost	183	187	190	203	200	639	779
Marketing Cost	122	113	144	145	122	400	524
Other Costs (exc. D&A)	44	41	44	47	54	151	186
EBITDA	121	46	22	21	40	302	128
<i>Margin (%)</i>	16.1%	7.2%	3.3%	3.0%	5.8%	12.0%	4.8%
D&A	67	58	56	59	60	151	232
Operating Income	54	(12)	(35)	(38)	(20)	151	(104)
<i>Margin (%)</i>	7.2%	-1.9%	-5.3%	-5.5%	-2.9%	6.0%	-3.9%
Non-Operating Income&Cost	84	(46)	(132)	(251)	(411)	200	(841)
Pre-tax Profit	138	(58)	(167)	(289)	(431)	351	(945)
Tax	35	(7)	(47)	(11)	26	102	(39)
Net Profit	103	(52)	(121)	(278)	(457)	249	(906)
Net Profit (controlling)	108	(43)	(118)	(245)	(410)	240	(817)
<i>Margin (%)</i>	14.3%	-6.8%	-17.9%	-35.3%	-59.7%	9.6%	-30.6%

Appendix

Consolidated Statement of Financial Position

(Unit: KRW bn)	4Q21	1Q22	2Q22	3Q22	4Q22	FY 2021	FY 2022
Current Assets	1,963	1,755	1,492	1,254	1,019	1,963	1,019
Cash and Cash Equivalents	1,354	1,134	706	729	503	1,354	503
Accounts Receivable	202	195	229	183	190	202	190
Other Current Financial Assets	302	314	400	198	173	302	173
Other Current Assets	105	113	157	144	153	105	153
Non-Current Assets	8,701	8,502	8,609	9,095	7,965	8,701	7,965
Investment Assets	3,857	3,562	3,383	3,436	3,576	3,857	3,576
Intangible Assets	4,099	4,182	4,444	4,853	3,596	4,099	3,596
Tangible Assets	375	381	388	394	423	375	423
Other Non-Current Assets	370	376	394	412	370	370	370
Total Assets	10,664	10,257	10,101	10,349	8,984	10,664	8,984
Current Liabilities	3,056	2,899	2,824	3,047	2,307	3,056	2,307
Accounts Payable	57	49	67	79	49	57	49
Short-term Debt	1,712	1,754	1,859	2,029	1,553	1,712	1,553
Other Current Financial Liabilities	649	654	627	641	388	649	388
Other Current Liabilities	638	443	271	298	317	638	317
Non-Current Liabilities	1,600	1,559	1,515	1,331	1,052	1,600	1,052
Other Non-Current Financial Liabilities	1,191	1,217	1,248	1,067	803	1,191	803
Other Non-Current Liabilities	409	342	267	264	249	409	249
Total Liabilities	4,656	4,458	4,339	4,378	3,359	4,656	3,359
Total Equity	6,008	5,799	5,762	5,970	5,625	6,008	5,625

THANK YOU

