



netmarble

3Q 2023 Earnings Results

Nov. 9th, 2023

DISCLAIMER

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

The “financial results for 3Q 2023 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.

3Q23 Earnings

[Revenue] KRW 630.6bn (QoQ 4.5% ▲ / YoY 9.2% ▼)

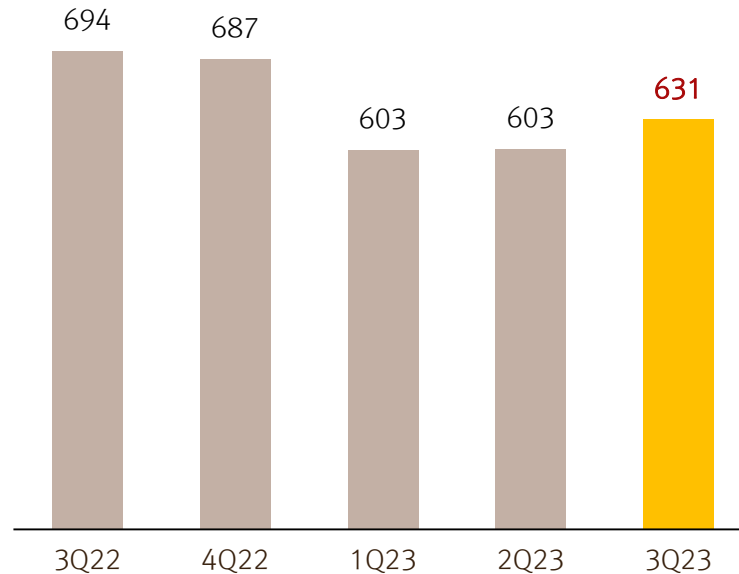
[EBITDA] KRW 24.5bn (QoQ 126.9% ▲ / YoY 17.8% ▲)

- Revenue and EBITDA increased due to the effects of new releases in 3Q such as Seven Knights Idle Adventure, Tower of God: New World, etc.
- EBITDA Margin 3.9% (D&A KRW 46.4bn)

Revenue

(Unit: KRW bn)

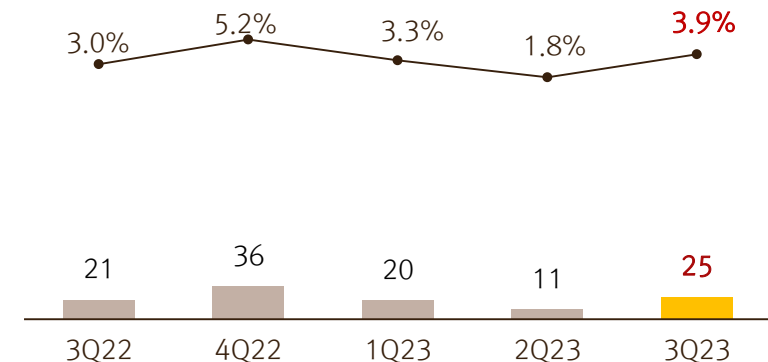
QoQ 4.5% ▲
YoY 9.2% ▼



EBITDA

(Unit: KRW bn)

QoQ 126.9% ▲
YoY 17.8% ▲

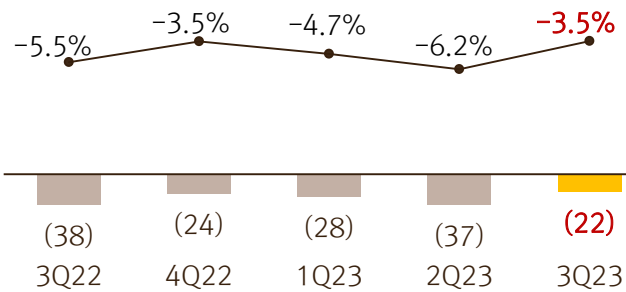


3Q23 Earnings

[Profit] Operating Loss KRW -21.9bn, Net Loss KRW -28.4bn, Net Loss (Controlling) KRW -19.0bn

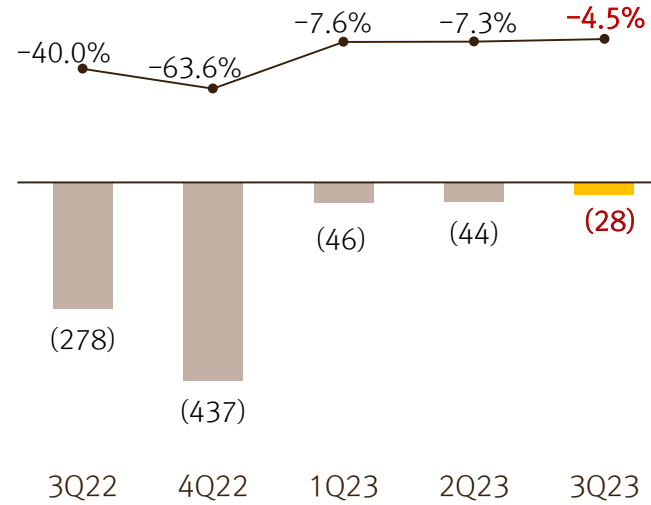
Operating Profit

(Unit: KRW bn)



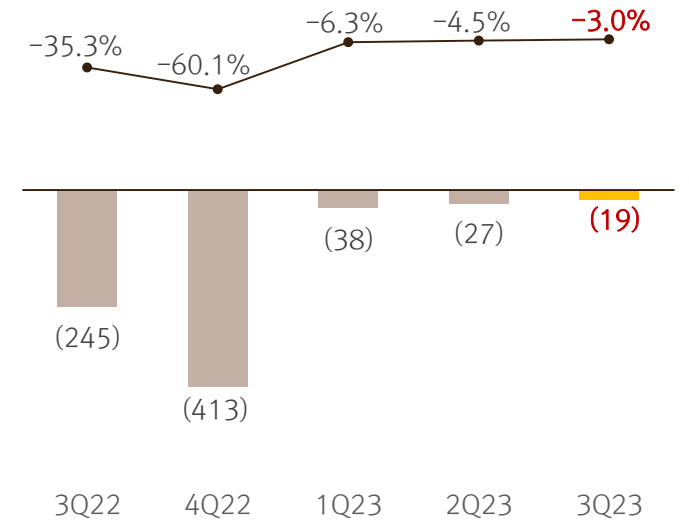
Net Profit

(Unit: KRW bn)



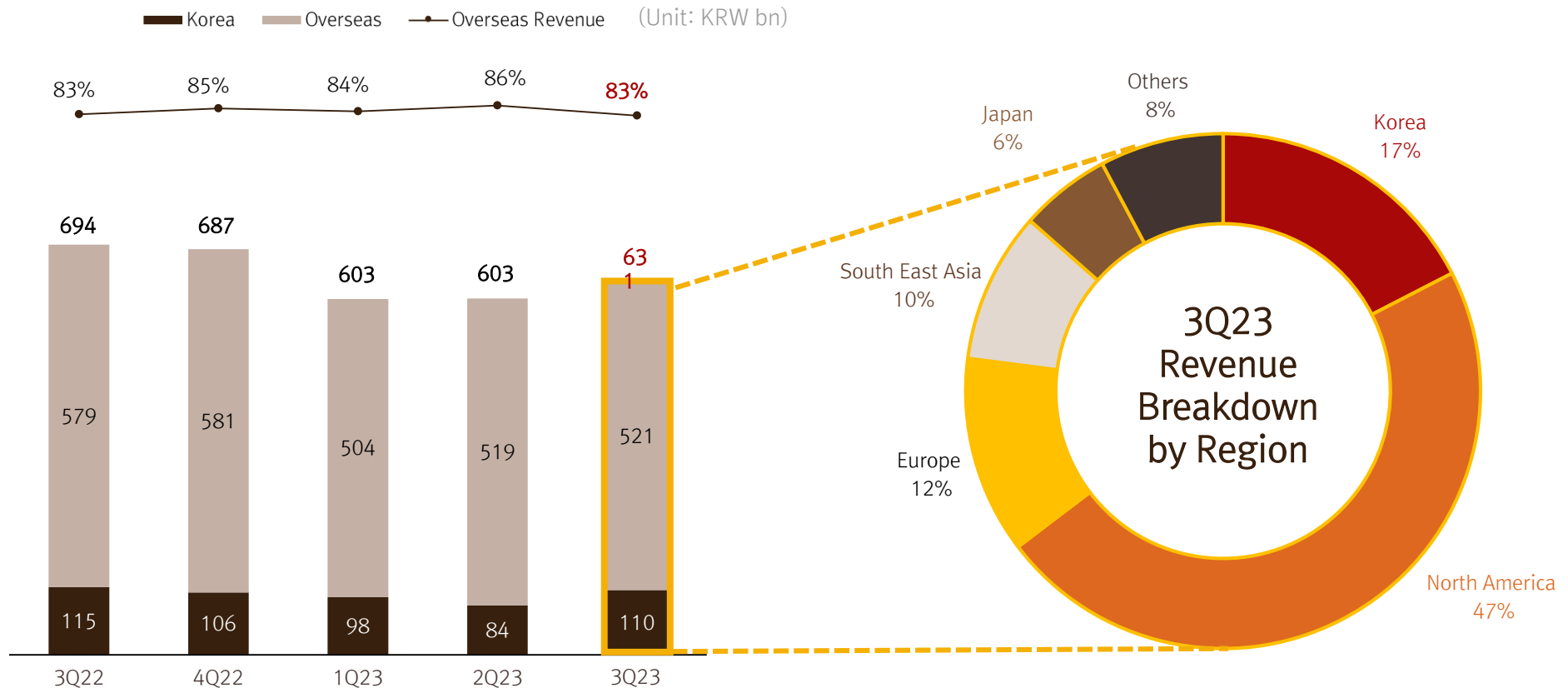
Net Profit (Controlling)

(Unit: KRW bn)



Revenue Breakdown by Region

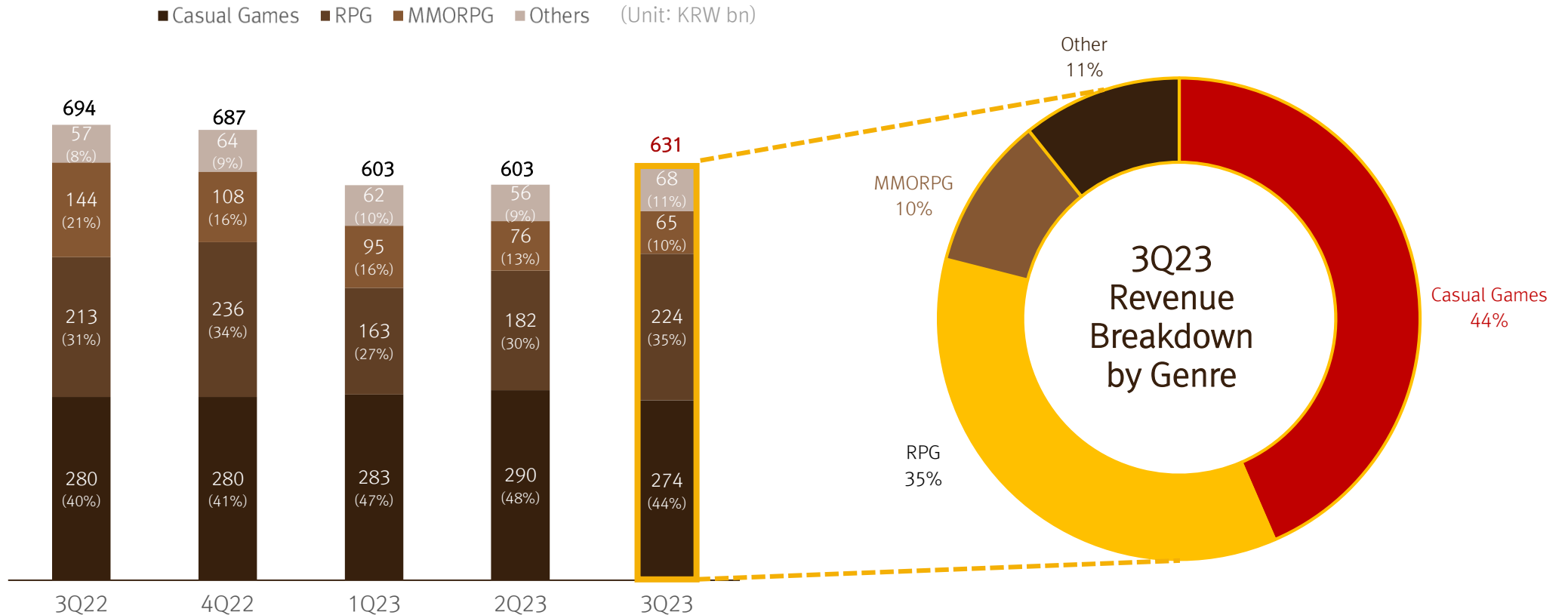
- Overseas revenue for 3Q was KRW 520.6bn consisting 83% (QoQ -3%P) of the total revenue
- Regional diversification in revenue continued across N.A. 47%, Korea 17%, Europe 12%, SEA 10%, Japan 6% and others 8%
- Revenue proportion in Korea increased by +3%P QoQ due to the new releases of Seven Knights Idle Adventure and Tower of God: New World



※ Royalty sales from China are included in 'Others'

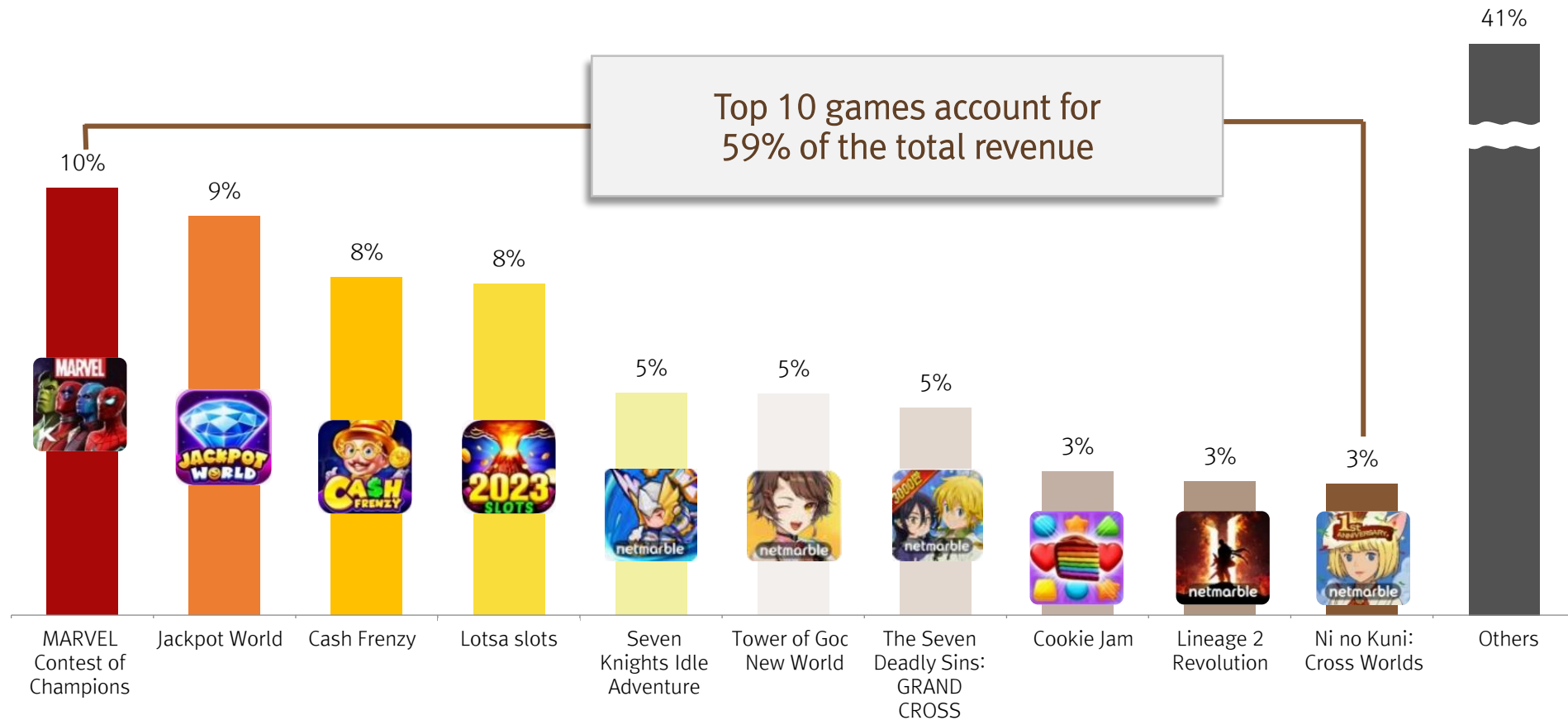
Revenue Breakdown by Genre

- Genre portfolio showed diversification across Casual games 44%, RPG 35%, MMORPG 10% and others 11%
- Revenue proportion of RPG increased by +5%P QoQ owing to the new releases of Seven Knights Idle Adventure and Tower of God: New World



Game Portfolio

- Top revenue generators were evenly distributed: MARVEL Contest of Champions 10%, Jackpot World 9%, Cash Frenzy 8%, Lotsa Slots 8%, Seven Knights Idle Adventure 5%, Tower of God: New World 5%, The Seven Deadly Sins: GRAND CROSS 5%, etc.

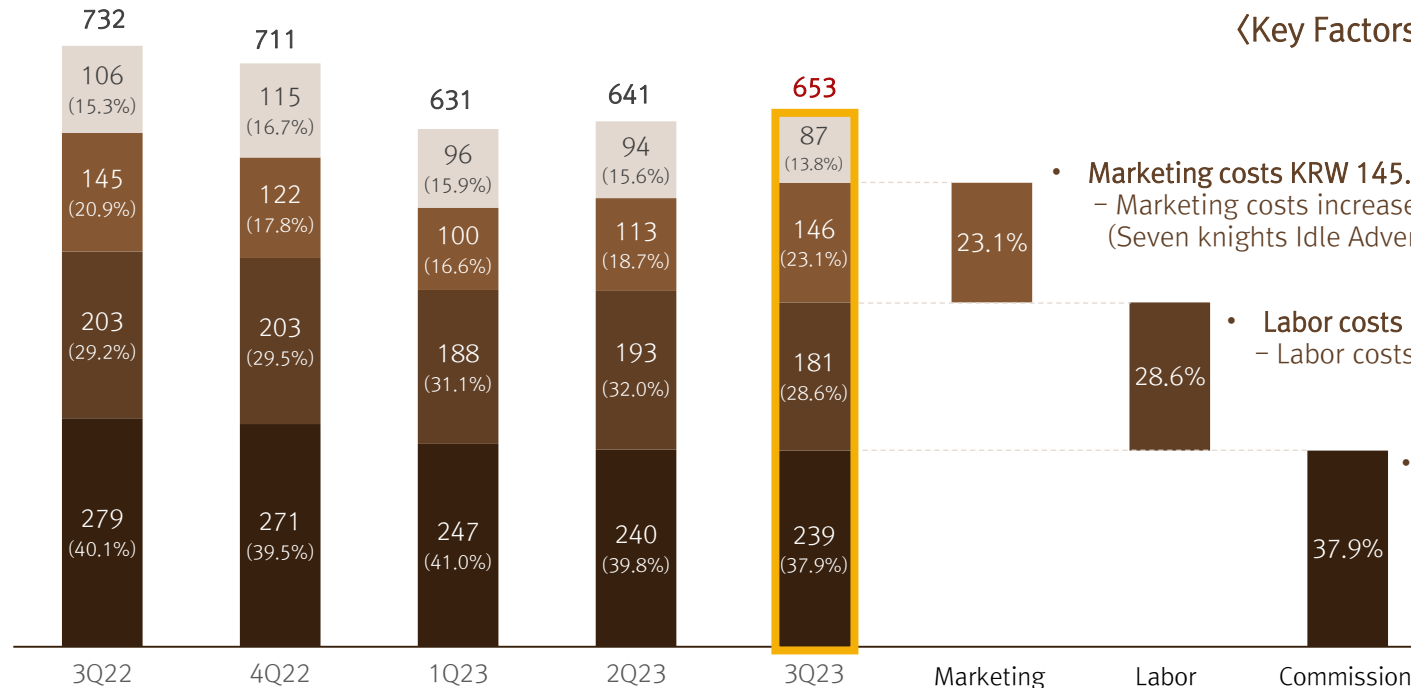


Major Cost Structure

- [Operating Cost] KRW 652.5bn (QoQ 1.9% ▲ / YoY 10.9% ▼)

(Unit: KRW bn)

■ Commission ■ Labor ■ Marketing ■ Others (Inc. D&A)



Key Factors in Major Cost Changes

- Marketing costs KRW 145.8bn (QoQ 28.9% ▲ / YoY 0.6% ▲)
 - Marketing costs increased QoQ due to the launch of new titles in 3Q (Seven knights Idle Adventure, Tower of God: New World, etc)
- Labor costs KRW 180.6bn (QoQ 6.5% ▼ / YoY 11.0% ▼)
 - Labor costs decreased QoQ as a result of a decline in the number of workforces
- Commission KRW 239.1bn (QoQ 0.5% ▼ / YoY 14.1% ▼)
 - Commission decreased QoQ due to the increased sales of in-house IP games

※ 3Q23 Other costs: D&A KRW 46.4bn, other fees KRW 40.6bn



* Proportion to the revenue (%)

- ## New Lineups
- In 1H24, 6 new games (Arthdal Chronicles: Three Factions, Solo Leveling:ARISE, Raven 2, etc.) will be released and 1 game (Ni no Kuni: Cross Worlds) will be launched in China.
 - At G-Star 2023, The Seven Deadly Sins: Origin, RF Online Next and Demis Re:Born will be presented



 Mobile
  PC
  Console

1H24 New Releases





Arthdal Chronicles: Three Factions
 Korea, Taiwan, HongKong, Macao
 MMORPG  






Solo Leveling:ARISE
 Global
 Action RPG  





Raven 2
 Korea
 MMORPG  

G-Star 2023 Lineups



The Seven Deadly Sins: Origin
 Open World RPG   





Paragon: The Overprime
 Global
 TPS MOBA  



King Arthur: Legends Rise
 Global
 Collection Strategy RPG  



Let's Get Rich 2
 Korea
 Casual  





Ni no Kuni: Cross Worlds
 China
 MMORPG 



RF Online Next
 MMORPG  



Demis Re:Born
 Collection RPG  

※ (Other than the games listed above) The new releases for 2024 will be introduced later on

Appendix) Consolidated Income Statement

(KRW bn)	3Q22	4Q22	1Q23	2Q23	3Q23
Revenue	694	687	603	603	631
Commission	279	271	247	240	239
Labor Cost	203	203	188	193	181
Marketing Cost	145	122	100	113	146
Other Costs (exc. D&A)	47	55	48	46	41
EBITDA	21	36	20	11	25
<i>Margin (%)</i>	<i>3.0%</i>	<i>5.2%</i>	<i>3.3%</i>	<i>1.8%</i>	<i>3.9%</i>
D&A	59	60	48	48	46
Operating Income	(38)	(24)	(28)	(37)	(22)
<i>Margin (%)</i>	<i>-5.5%</i>	<i>-3.5%</i>	<i>-4.7%</i>	<i>-6.2%</i>	<i>-3.5%</i>
<i>Non-Operating Income&Cost</i>	<i>(251)</i>	<i>(403)</i>	<i>(25)</i>	<i>(28)</i>	<i>(11)</i>
Pre-tax Profit	(289)	(427)	(54)	(65)	(33)
Tax	(11)	9	(8)	(21)	(5)
Net Profit	(278)	(437)	(46)	(44)	(28)
Net Profit (controlling)	(245)	(413)	(38)	(27)	(19)
<i>Margin (%)</i>	<i>-35.3%</i>	<i>-60.1%</i>	<i>-6.3%</i>	<i>-4.5%</i>	<i>-3.0%</i>

Appendix) Consolidated Statement of Financial Position

(KRW bn)	3Q22	4Q22	1Q23	2Q23	3Q23
Current Assets	1,254	997	1,064	1,010	997
Cash and Cash Equivalents	729	503	529	542	511
Accounts Receivable	183	190	205	201	236
Other Current Financial Assets	198	164	190	124	115
Other Current Assets	144	140	141	143	135
Non-Current Assets	9,095	7,938	7,862	7,763	7,775
Investment Assets	3,436	3,541	3,403	3,288	3,206
Intangible Assets	4,853	3,596	3,650	3,639	3,687
Tangible Assets	394	423	421	422	426
Other Non-Current Assets	412	378	388	413	456
Total Assets	10,349	8,936	8,927	8,773	8,772
Current Liabilities	3,048	2,294	2,397	2,373	2,397
Accounts Payable	79	49	44	32	21
Short-term Debt	2,029	1,553	1,679	1,678	1,684
Other Current Financial Liabilities	642	376	374	361	392
Other Current Liabilities	298	316	302	302	300
Non-Current Liabilities	1,331	1,020	971	988	1,010
Other Non-Current Financial Liabilities	1,067	808	815	827	838
Other Non-Current Liabilities	264	212	156	161	172
Total Liabilities	4,379	3,314	3,368	3,362	3,407
Total Equity	5,970	5,622	5,558	5,411	5,365



Thank You