

netmarble



2Q 2022

Earnings Results

Netmarble IR Aug. 11th, 2022

DISCLAIMER

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

The “financial results for 2Q 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

• 2Q22 EARNINGS	3
• REVENUE BREAKDOWN BY REGION	5
• REVENUE BREAKDOWN BY GENRE	6
• GAME PORTFOLIO	7
• MAJOR COST STRUCTURES	8
• NEW LINEUPS	9
APPENDIX) CONSOLIDATED FINANCIAL STATEMENTS	10

2Q22 Earnings

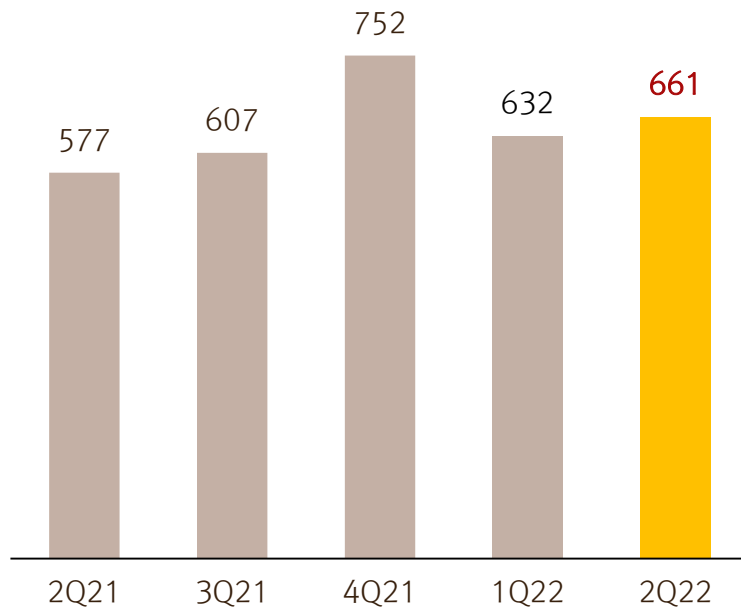
[Revenue] KRW 660.6bn (YoY 14.4% ▲ / QoQ 4.6% ▲)
 [EBITDA] KRW 21.5bn (YoY 48.6% ▼ / QoQ 53.0% ▼)

- The launch of new lineups including Ni no Kuni Global assisted growth in revenue, while increasing the marketing expenses which led the EBITDA decline
- EBITDA Margin 3.3% (D&A KRW 56.2bn)

Revenue

(Unit: KRW bn)

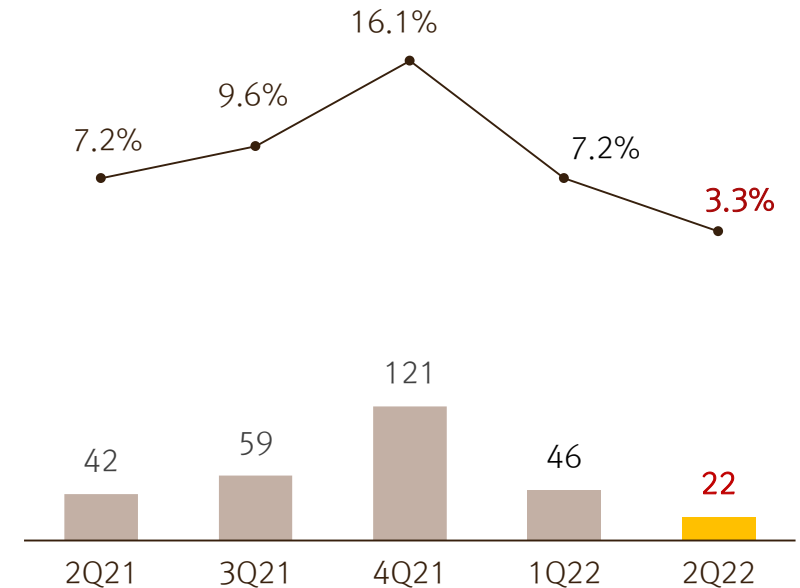
YoY 14.4% ▲
 QoQ 4.6% ▲



EBITDA

(Unit: KRW bn)

YoY 48.6% ▼
 QoQ 53.0% ▼



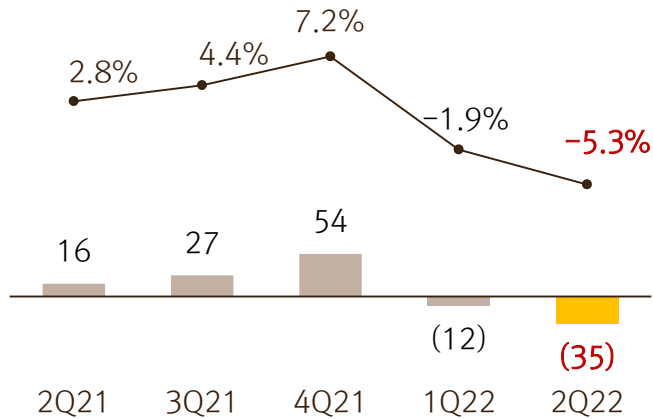
2Q22 Earnings

[Profit] Operating Loss KRW -34.7bn, Net Loss KRW -120.5bn,
Net Loss (Controlling) KRW -118.3bn

- Non-operating income and loss decreased by KRW 86.0bn QoQ due to the rise in FX rate resulting higher FX borrowing-related losses, etc.

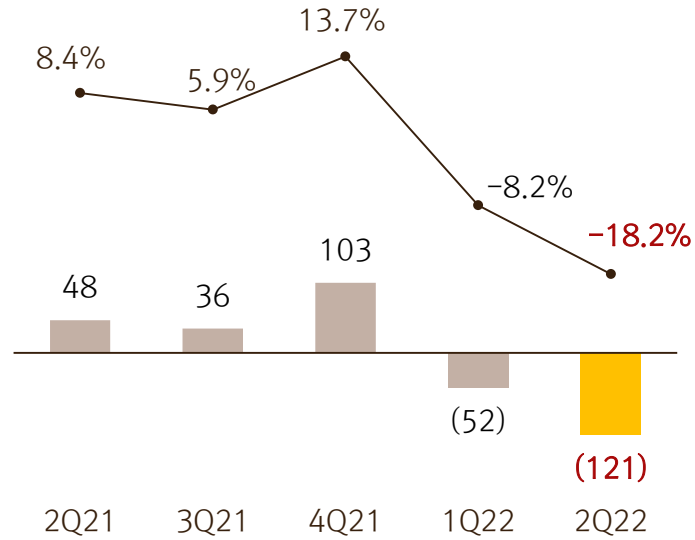
Operating Profit

(Unit: KRW bn)



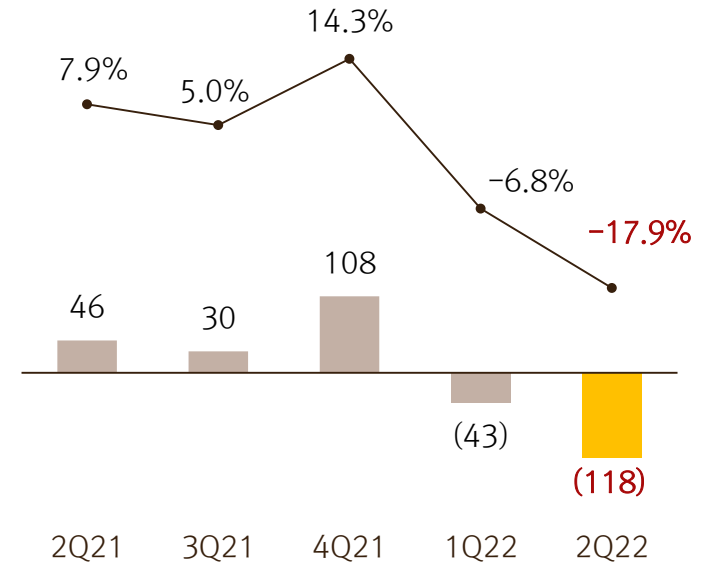
Net Profit

(Unit: KRW bn)



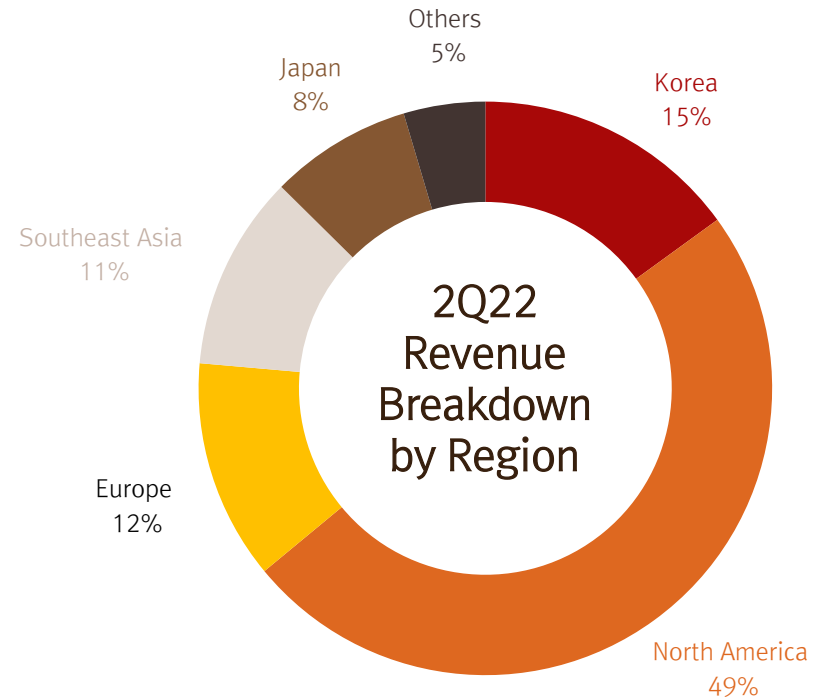
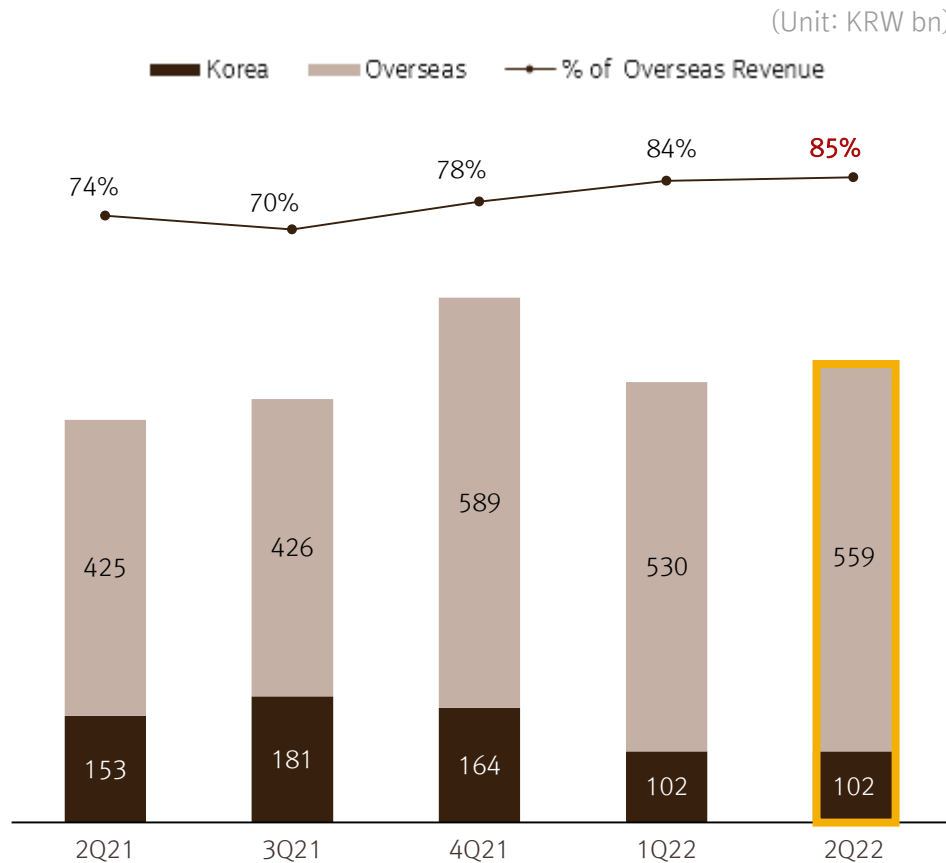
Net Profit (Controlling)

(Unit: KRW bn)



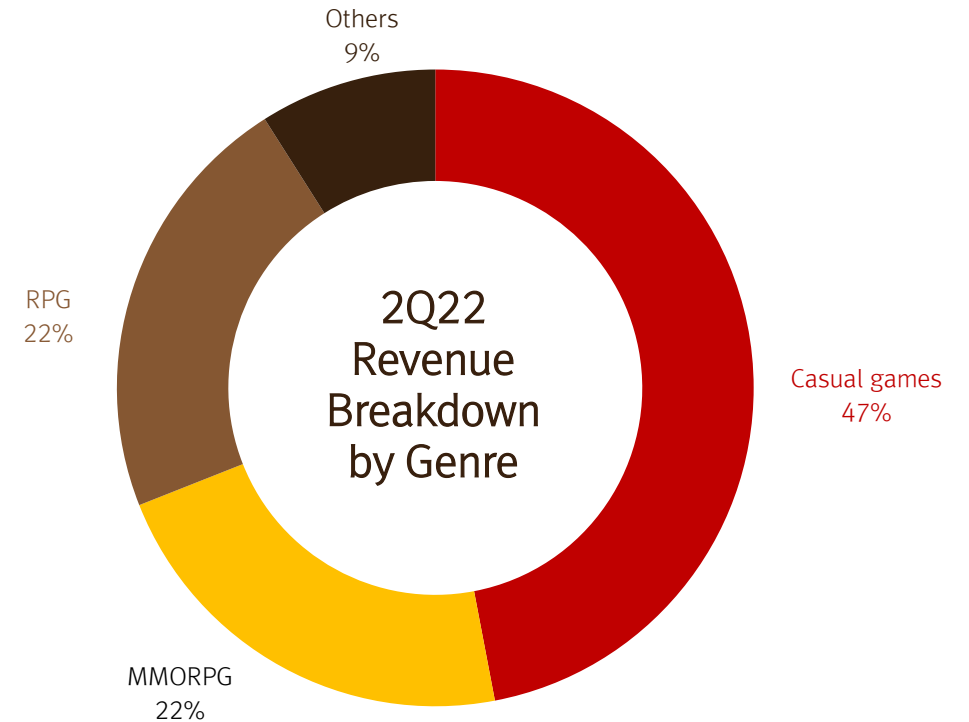
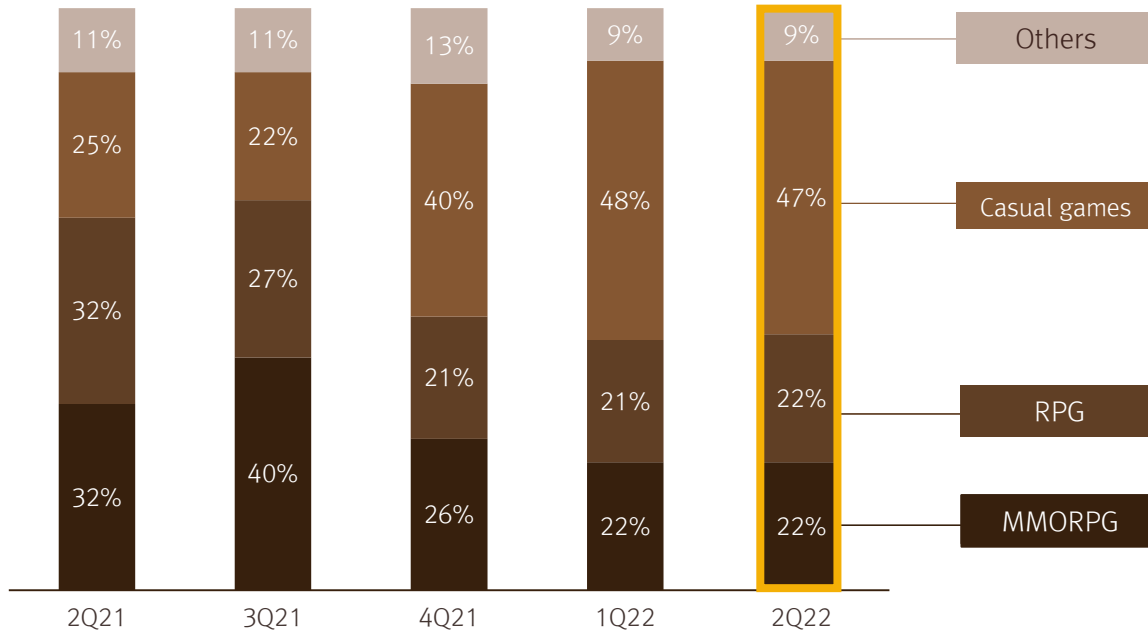
Revenue Breakdown by Region

- Overseas revenue for 2Q recorded KRW 558.5bn consisting 85% of the total revenue (QoQ +1%p)
- Regional diversification in revenue continues across N.A. 49%, Korea 15%, Europe 12%, SEA 11%, Japan 8%, and others 5%



Revenue Breakdown by Genre

- Genre portfolio showed diversification across Casual games 47%, MMORPG 22%, RPG 22%, and others 9%



※ 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: Ni no Kuni: Cross Worlds 10%, MARVEL Contest of Champions 10%, Cash Frenzy 8%, Jackpot World 8%, Lotsa Slot 8%, The Seven deadly Sins: Grand Cross 7%

✓ Main Events or Updates in 2Q22



[MARVEL Contest of Champions]
Deadpool's Spring Cleaning
(Apr. 23rd)



[Ni no Kuni: Cross Worlds]
Search for the Legendary Fish
(May. 12th)



[Ni no Kuni: Cross Worlds]
Global launch
(May. 25th)



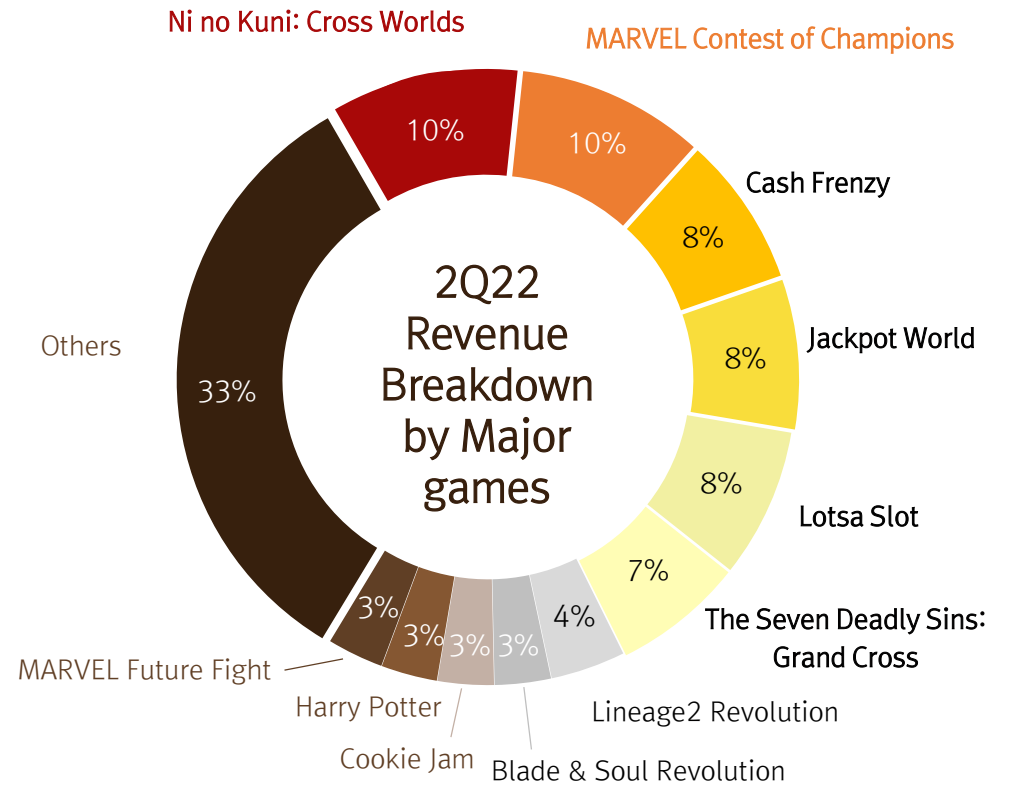
[Seven Deadly Sins: Grand Cross]
Grand Cross 3rd Anniversary
(May. 26th)



[Lineage2 Revolution]
2 New Classes (Bellator, Arcana) Update
(Jun. 23rd)



[Disney Mirrorverse]
Global launch
(Jun. 23rd)



Major Cost Structure

[Operating Cost] KRW 695.3bn (YoY 23.9% ▲ / QoQ 8.1% ▲)

– Commission KRW 260.8bn (YoY 7.1% ▲ / QoQ 6.2% ▲)

The rise in revenue led a QoQ increase

– Labor costs KRW 189.7bn (YoY 22.7% ▲ / QoQ 1.5% ▲)

The recruitments of developers for new lineups led a slight increase in QoQ

– Marketing costs KRW 144.4bn (YoY 43.8% ▲ / QoQ 28.0% ▲)

The launch of new lineups including Ni no Kuni Global led a QoQ increase

(Unit: KRW bn)

	2Q21	3Q21	4Q21	1Q22	2Q22	YoY	QoQ
Operating Costs	561	580	698	643	695	23.9%	8.1%
Commission	243	255	283	246	261	7.1%	6.2%
*Ratio(%)	42.2%	41.9%	37.6%	38.9%	39.5%	–	–
Labor	155	158	183	187	190	22.7%	1.5%
*Ratio(%)	26.8%	26.0%	24.3%	29.6%	28.7%	–	–
Marketing	100	100	122	113	144	43.8%	28.0%
*Ratio(%)	17.4%	16.5%	16.2%	17.9%	21.9%	–	–
Others (Inc. D&A)	63	68	111	98	100	60.4%	2.2%
*Ratio(%)	10.8%	11.1%	14.7%	15.6%	15.2%	–	–

※ 2Q22 Other Costs: D&A KRW 56.2bn, other commission KRW 44.2bn

* Proportion to the revenue (%)

New Lineups In 2022

- In 2H 2022, a total of 6 new lineups are expected to be released; Let's Get Rich:Meta World, Monster Arena Ultimate Battle, King of Fighters ARENA, Overprime (Early Access), BTS Dream: TinyTAN House (Grand Launching), and Charlotte's Table

2H 2022

Blockchain
New Lineups



Let's Get Rich: Meta World

Global
Casual games / PC & Mobile



Monster Arena Ultimate Battle

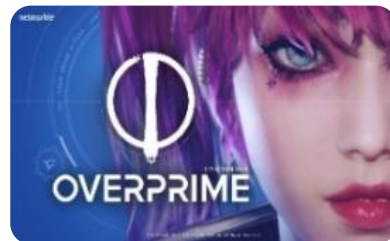
Global
CCG / PC & Mobile



King of Fighters ARENA

Global
Fighting / PC & Mobile

New Lineups



Overprime

Global
TPS MOBA / PC & Console



BTS Dream: TinyTAN House

Global
Rhythm & Customization / Mobile



Charlotte's Table

Global
Casual games / Mobile

Appendix

Consolidated Income Statement

(Unit: KRW bn)	2Q21	3Q21	4Q21	1Q22	2Q22
Revenue	577	607	752	632	661
Commission	243	255	283	246	261
Labor Cost	155	158	183	187	190
Marketing Cost	100	100	122	113	144
Other Costs (exc. D&A)	37	36	44	41	44
EBITDA	42	59	121	46	22
<i>Margin (%)</i>	<i>7.2%</i>	<i>9.6%</i>	<i>16.1%</i>	<i>7.2%</i>	<i>3.3%</i>
D&A	26	32	67	58	56
Operating Income	16	27	54	(12)	(35)
<i>Margin (%)</i>	<i>2.8%</i>	<i>4.4%</i>	<i>7.2%</i>	<i>-1.9%</i>	<i>-5.3%</i>
Non-operating Income & Cost	46	29	84	(46)	(132)
Pre-tax Profit	63	56	138	(58)	(167)
Tax	14	20	35	(7)	(47)
Net Profit	48	36	103	(52)	(121)
Net Profit (controlling)	46	30	108	(43)	(118)
<i>Margin (%)</i>	<i>7.9%</i>	<i>5.0%</i>	<i>14.3%</i>	<i>-6.8%</i>	<i>-17.9%</i>

Consolidated Statement of Financial Position

(Unit: KRW bn)	2Q21	3Q21	4Q21	1Q22	2Q22
Current Assets	1,313	1,682	1,963	1,755	1,492
Cash and Cash Equivalents	793	1,140	1,354	1,134	706
Accounts Receivable	212	209	202	195	229
Other Current Financial Assets	219	237	302	314	400
Other Current Assets	90	96	105	113	157
Non-Current Assets	6,702	6,542	8,701	8,502	8,609
Investment Assets	4,734	4,098	3,857	3,562	3,383
Intangible Assets	1,324	1,570	4,099	4,182	4,444
Tangible Assets	324	364	375	381	388
Other Non-Current Assets	320	510	371	376	394
Total Assets	8,015	8,224	10,664	10,257	10,101
Current Liabilities	1,118	1,024	3,056	2,899	2,824
Accounts Payable	73	83	57	49	67
Short-term Debt	290	40	1,713	1,754	1,859
Other Current Financial Liabilities	509	425	649	654	627
Other Current Liabilities	246	476	638	443	271
Non-Current Liabilities	1,190	1,236	1,600	1,559	1,515
Other Non-Current Financial Liabilities	635	780	1,191	1,217	1,247
Other Non-Current Liabilities	556	456	409	342	267
Total Liabilities	2,308	2,259	4,656	4,458	4,339
Total Equity	5,707	5,965	6,008	5,799	5,762

THANK YOU

