

# 2Q 2022 Earnings Release

NCSOFT IR

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## Disclaimer

The financial results for Q2 2022 have been prepared on an unaudited basis and may be subject to change during an independent auditing process.

Please note that NCSOFT will not be responsible for individual investment decisions based on this material.

※ Key Consolidated Subsidiaries (based on K-IFRS):

NCSOFT Corporation(HQ, KOR), NC West Holdings(100%, USA),  
NC Europe(100%, GBR), NC Japan(100%, JPN), NC Taiwan(100%, TWN),  
NCSOFT Service(100%, KOR), NC Dinos(100%, KOR), NC ITS(100%, KOR),  
Ntreev Soft(98%, KOR), This Game Studio(40%, CAN),  
NC Vietnam Visual Studio(100%, VNM), KLAP(67%, KOR)

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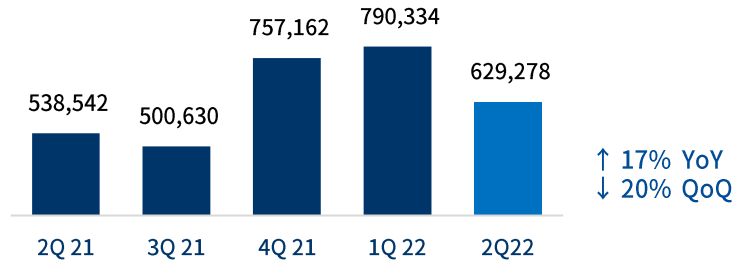
# 1. Financial Highlights

- Sales was KRW 629.3 billion, an increase of 17% yoy, a decrease of 20% qoq
- Operating profit was KRW 123.0 billion, an increase of 9% yoy, a decrease of 50% qoq

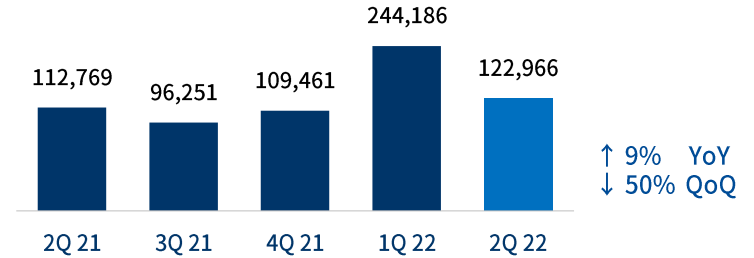
## Q2 Performance

(Unit: KRW MN)

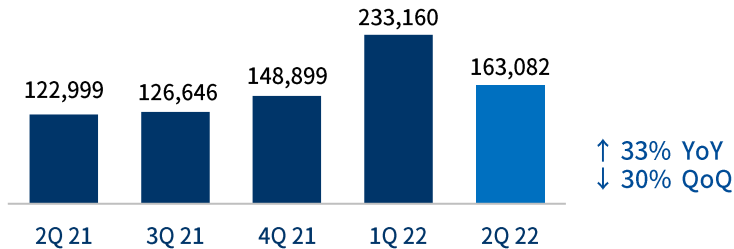
### Sales



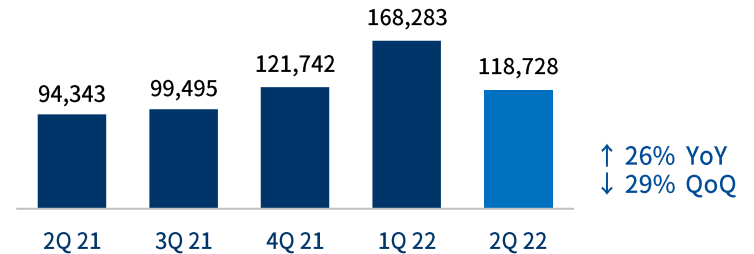
### Operating Profit



### Pre-tax Income



### Net Income

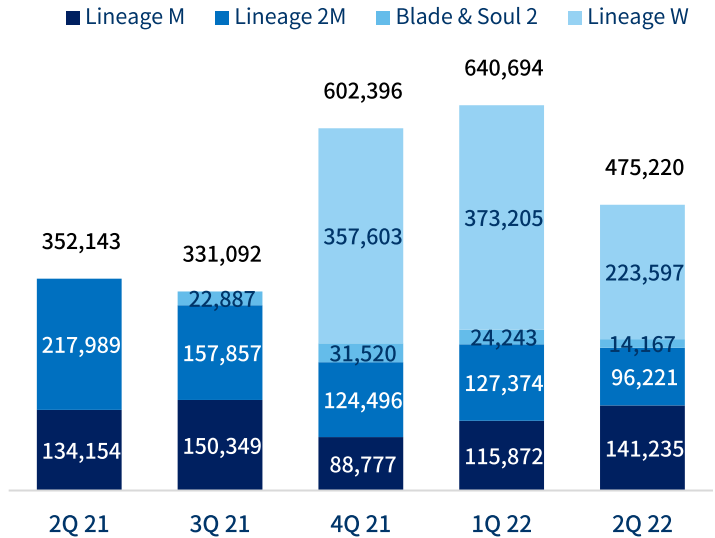


## 2. Sales Breakdown (by Game)

- Mobile game sales was KRW 475.2 billion, down by 26% qoq, due to the stabilization of Lineage W sales and decline in Lineage 2M sales
- PC online games sales posted KRW 95.9 billion, an increase of 3% qoq, driven by the launch of GW2 expansion pack

### Mobile Games

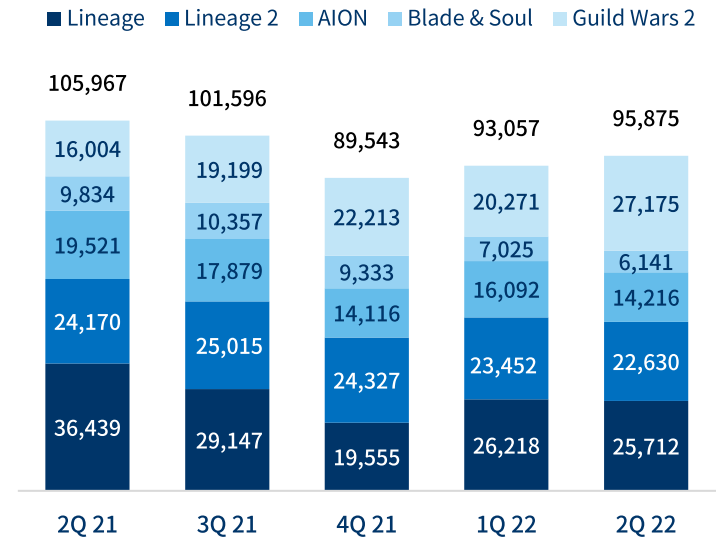
(Unit: KRW MN)



\* Not including other mobile games

### PC Online Games

(Unit: KRW MN)



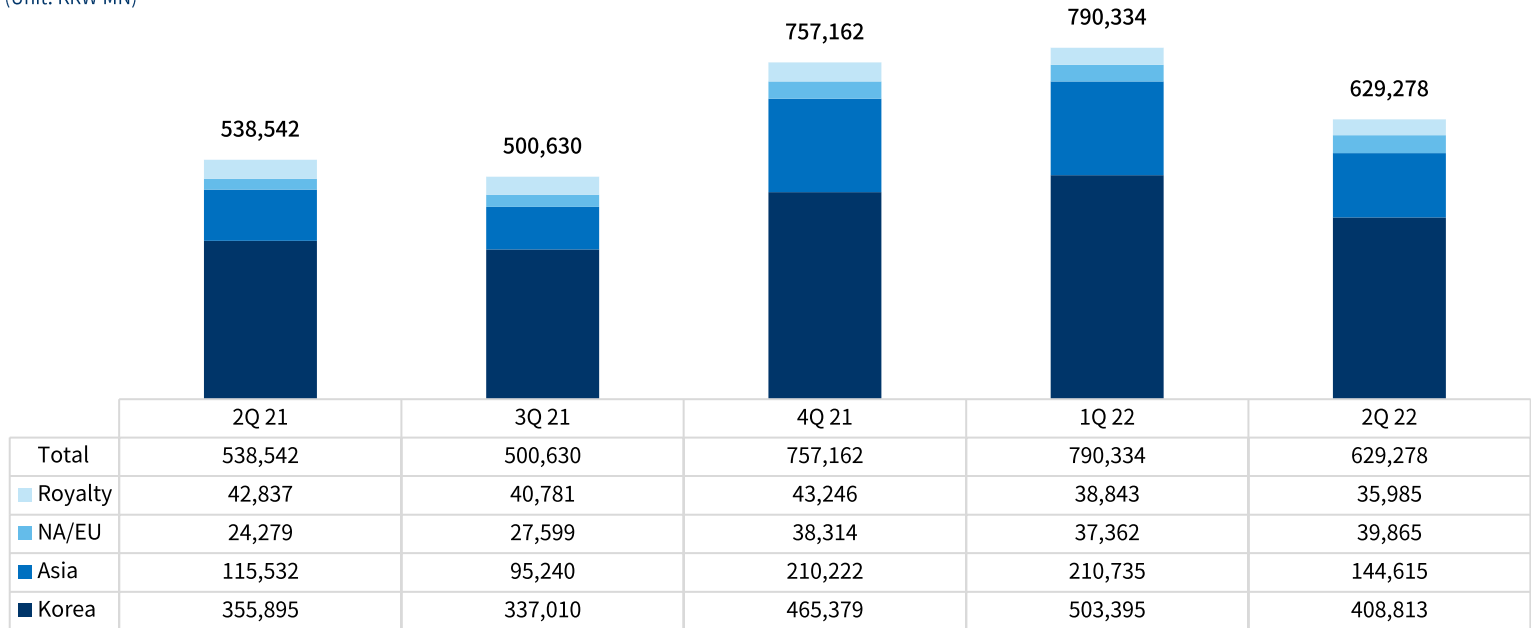
\* Not including other PC online games

## 2. Sales Breakdown (by Region)

- Korea sales declined 19% qoq with mobile game sales stabilization
- Overseas and royalty sales increased 21% yoy, representing 35% of total sales

### Sales by Region

(Unit: KRW MN)

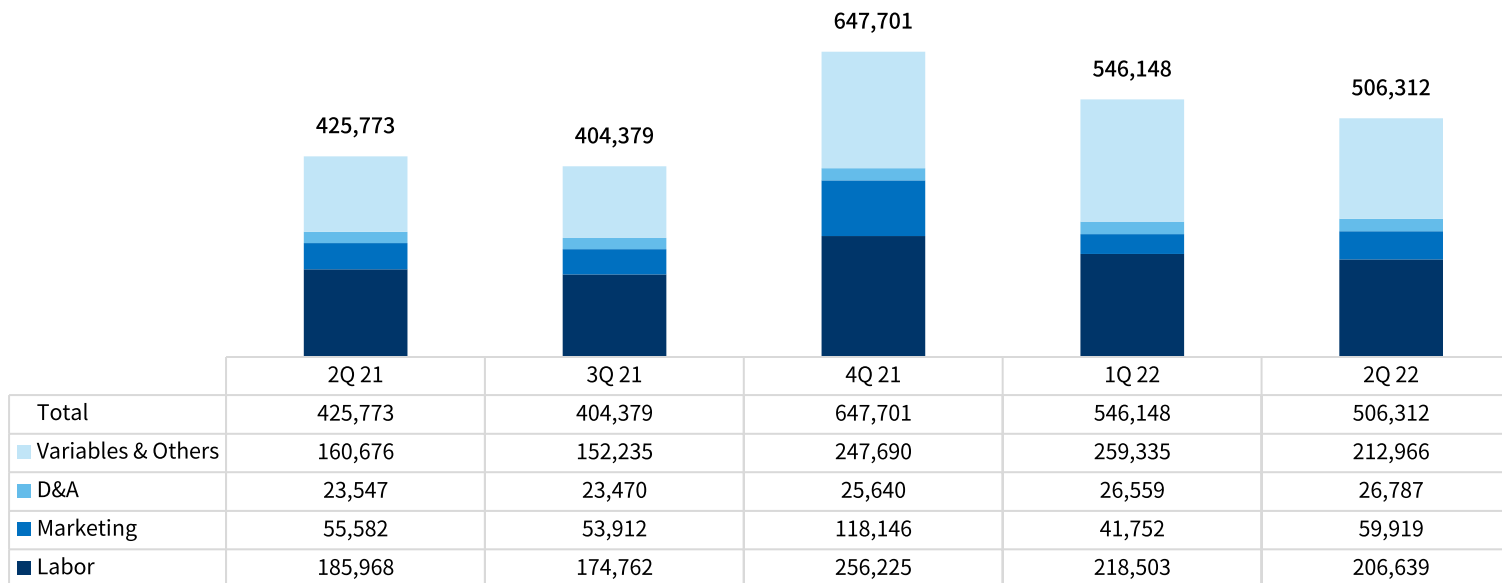


### 3. Cost Breakdown

- Operating expenses totaled KRW 506.3 billion, up 19% yoy, but down 7% qoq
- Labor cost was KRW 206.6 billion, a decrease of 5% qoq
- Marketing was KRW 59.9 billion, an increase of 44% qoq, due to more business activities

#### Cost Breakdown

(Unit: KRW MN)



## 4. Consolidated Financial Statements

### Statement of Financial Position

(Unit: KRW MN)

	FY 2021	2Q 22
<b>Assets</b>		
<b>I. Current Assets</b>	2,452,606	2,632,696
Cash and cash equivalents	255,942	216,767
Short-term financial instruments	420,420	630,003
Account receivables	277,920	177,833
Other receivables	48,889	53,540
Short-term investment assets	1,385,155	1,504,561
Others	64,280	49,992
<b>II. Non-current Assets</b>	2,129,283	1,627,161
Long-term loans	7,228	7,565
Other receivables	20,312	22,359
Long-term investment assets	1,139,532	529,484
Investment stock in associated companies	54,644	50,674
Investment property	91,055	90,398
Tangible assets	747,288	838,044
Intangible assets	42,322	42,621
Others	26,901	46,016
<b>Total Assets</b>	4,581,889	4,259,857

	FY 2021	2Q 22
<b>Liabilities</b>		
<b>I. Current Liabilities</b>	663,361	447,942
Borrowings	145,137	-
Account payables	74,026	52,586
Lease liabilities	36,058	38,778
Current tax liabilities	63,520	75,187
Other current liabilities	344,620	281,391
Other provisions	-	-
<b>II. Non-current liabilities</b>	767,302	729,806
Debentures and borrowings	409,120	409,223
Defined benefit obligations	6,041	5,987
Long-term employee benefits	20,231	20,194
Lease liabilities	182,481	183,209
Others	149,428	111,194
<b>Total Liabilities</b>	1,430,663	1,177,749
<b>Shareholders Equity</b>		
<b>I. Capital Stock</b>	10,977	10,977
<b>II. Other Paid-in Capital</b>	(189,424)	(189,424)
<b>III. Other Components of Equity</b>	255,838	8,352
<b>IV. Retained Earnings</b>	3,071,454	3,250,296
<b>V. Non-controlling Interest</b>	2,382	1,907
<b>Total Stockholders Equity</b>	3,151,227	3,082,108
<b>Total Liabilities and Shareholders Equity</b>	4,581,889	4,259,857



## 4. Consolidated Financial Statements

### Income Statement

(Unit: KRW MN)

	2Q 21	3Q 21	4Q 21	1Q 22	2Q 22
Sales	538,542	500,630	757,162	790,334	629,278
Operating Expenses	425,773	404,379	647,701	546,148	506,312
Operating Income	112,769	96,251	109,461	244,186	122,966
Non-operating Income	10,230	30,395	39,438	(11,026)	40,116
Pre-tax Income	122,999	126,646	148,899	233,160	163,082
Income Tax	28,656	27,150	27,157	64,876	44,354
Net Income	94,343	99,495	121,742	168,283	118,728
Equity Attribution to the Owners of the Parent Company	94,398	99,749	121,868	168,902	118,614
Non-controlling Interest	(55)	(254)	(126)	(619)	114