

Q3 2023 Earnings Release

NC SOFT IR

November 9, 2023



Disclaimer

The financial results for Q3 2023 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 America(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)

Contents

I. Consolidated Earnings

1. Financial Highlights

2. Sales Breakdown

3. Cost Breakdown

II. Appendix

4. Consolidated Financial Statements

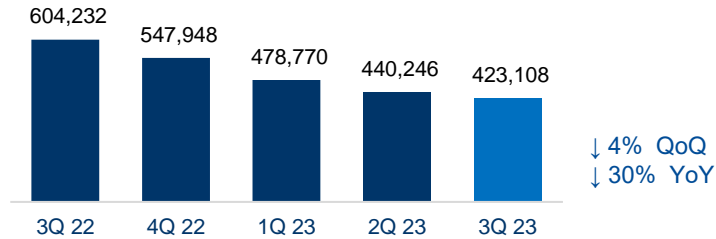
1. Financial Highlights

- Sales totaled KRW 423.1 billion, down 4% qoq and 30% yoy
- Operating profit posted KRW 16.5 billion, down 53% qoq and 89% yoy

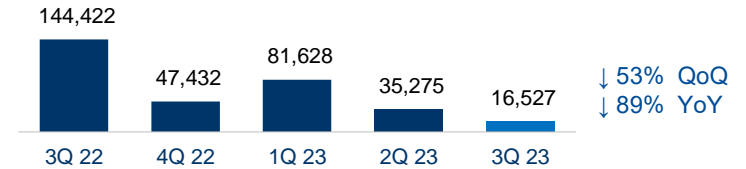
Q3 Performance

(Unit: KRW MN)

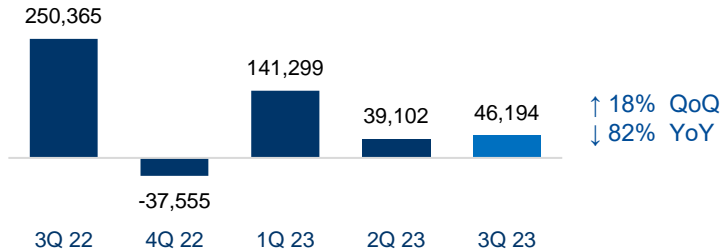
Sales



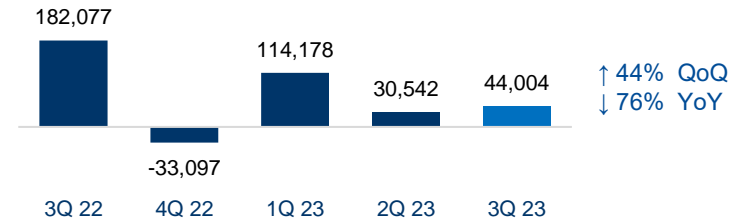
Operating Profit



Pre-tax Income



Net Income

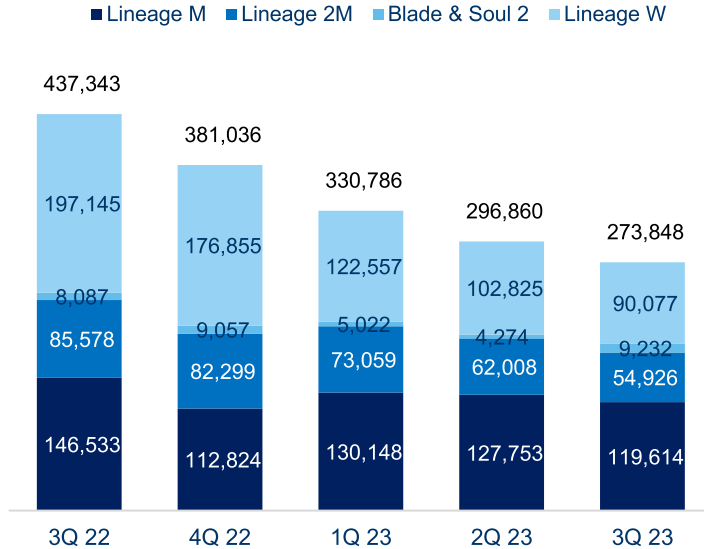


2. Sales Breakdown (by Game)

- Mobile game sales posted KRW 273.8 billion, down 8% qoq
- Legacy PC online games posted KRW 93.2 billion, up 6% qoq with various content updates and expansion pack launching effect

Mobile Games

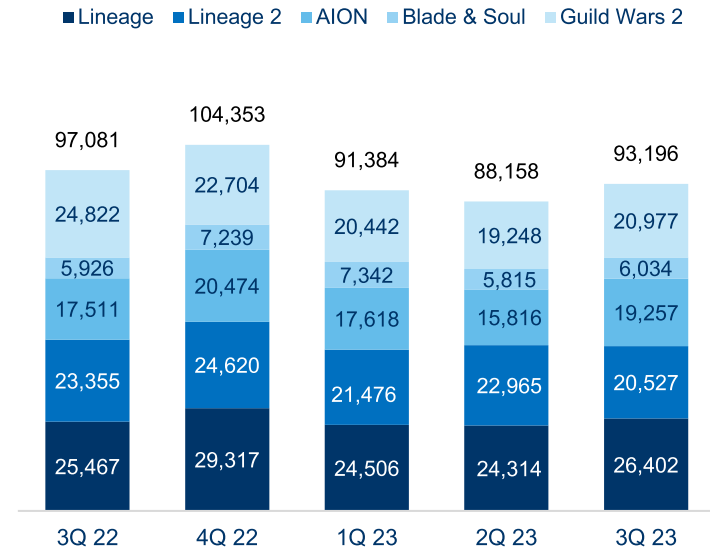
(Unit: KRW MN)



* Not including other mobile games

PC Online Games

(Unit: KRW MN)



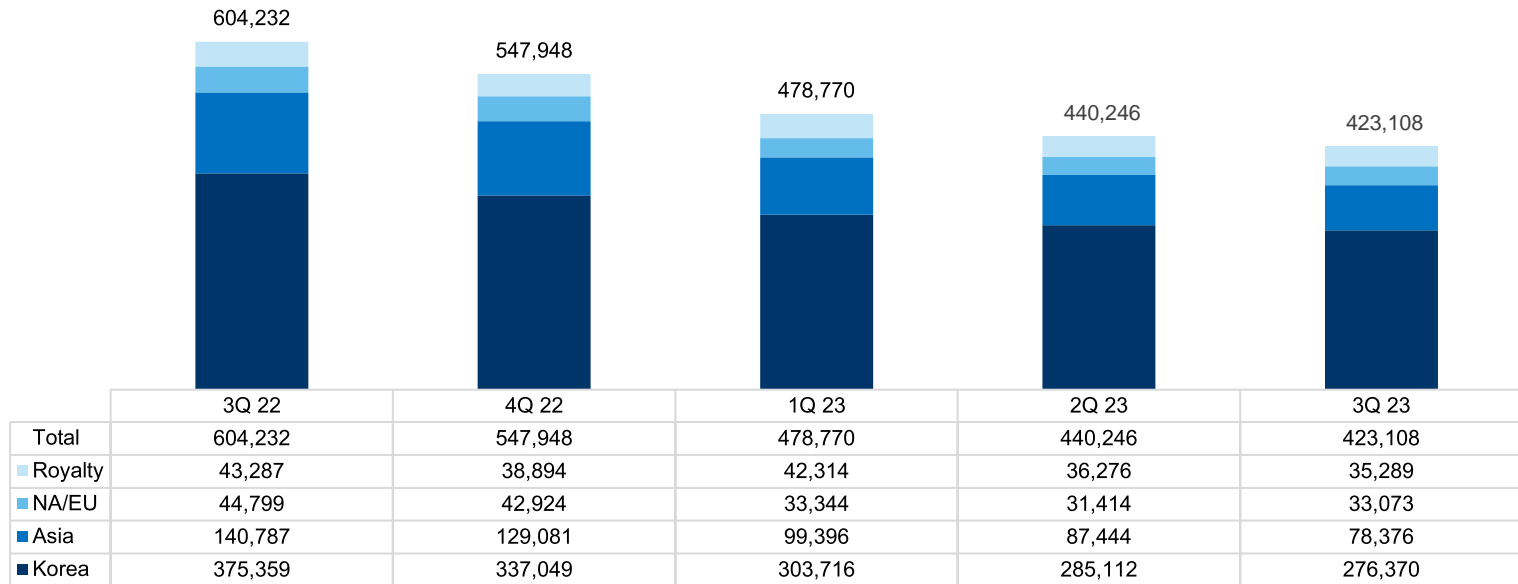
* Not including other PC online games

2. Sales Breakdown (by Region)

- Korea sales posted 276.4 billion won, down 3% qoq
- Overseas and royalty sales posted 146.7 billion won, down 5% qoq, representing 35% of total sales

Sales by Region

(Unit: KRW MN)

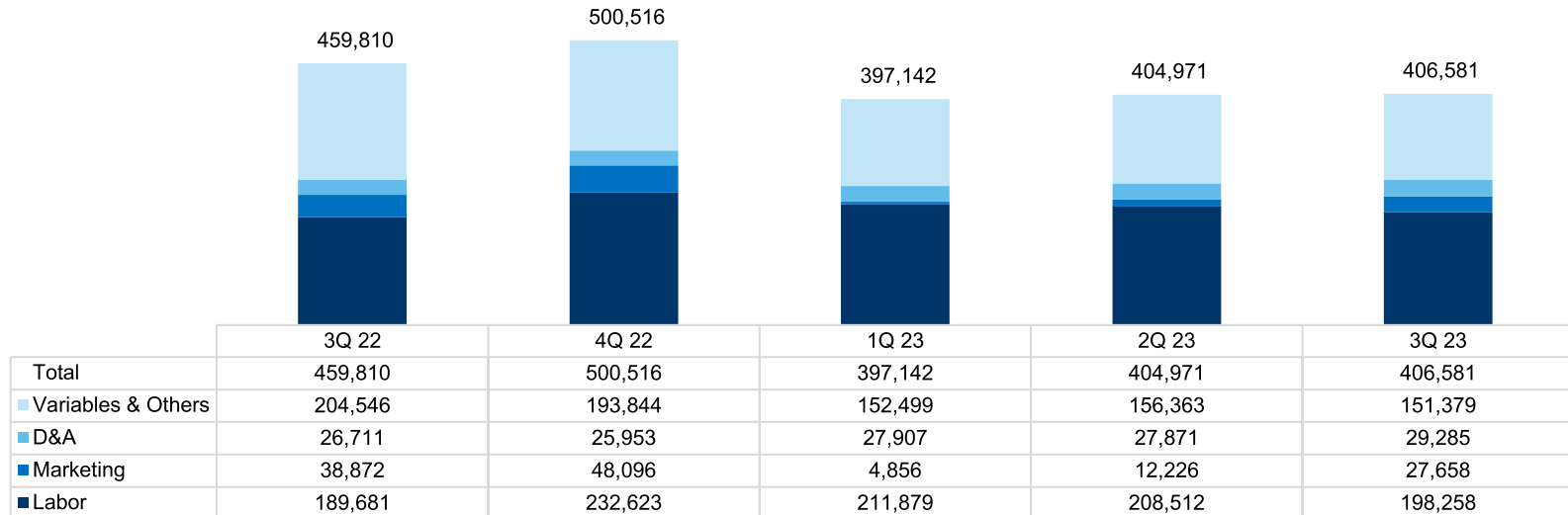


3. Cost Breakdown

- Total operating expenses totaled KRW 406.6 billion, similar to the previous quarter, and down 12% yoy
- Labor cost was KRW 198.3 billion, a decline of 5% qoq with reduction in welfare expenses
- Marketing expenses increased by 126% qoq, driven by advertising for the launch of new titles and expansion pack on a domestic and overseas basis, but decreased by 29% yoy as a result of enhanced marketing efficiency

Cost Breakdown

(Unit: KRW MN)



4. Consolidated Financial Statements

Statement of Financial Position

(Unit : KRW MN)

	FY 2022	3Q 23
Assets		
I. Current Assets	2,691,080	2,385,256
Cash and cash equivalents	285,574	362,346
Short-term financial instruments	1,088,608	1,081,598
Account receivables	175,463	179,151
Other receivables	43,894	36,708
Short-term investment assets	1,054,472	683,904
Others	43,068	41,549
II. Non-current Assets	1,746,552	1,949,283
Long-term loans	7,437	7,892
Other receivables	23,262	23,646
Long-term investment assets	504,265	530,325
Investment stock in associated companies	26,240	24,345
Investment property	90,227	89,269
Tangible assets	930,207	1,028,739
Intangible assets	43,399	121,507
Others	121,517	123,559
Total Assets	4,437,632	4,334,539

	FY 2022	3Q 23
Liabilities		
I. Current Liabilities	515,349	638,305
Borrowings	-	239,914
Account payables	86,555	81,195
Lease liabilities	35,287	36,776
Current tax liabilities	85,537	2,071
Other current liabilities	307,190	278,349
Other provisions	779	-
II. Non-current Liabilities	723,735	535,542
Debentures and borrowings	409,384	169,657
Defined benefit obligations	5,728	5,142
Long-term employee benefits	19,444	21,989
Lease liabilities	176,522	198,735
Others	112,657	140,019
Total Liabilities	1,239,084	1,173,847
Shareholders Equity		
I. Capital Stock	10,977	10,977
II. Other Paid-in Capital	(189,424)	(189,424)
III. Other Components of Equity	(34,751)	(116,533)
IV. Retained Earnings	3,409,409	3,452,494
V. Non-controlling Interest	2,338	3,177
Total Stockholders Equity	3,198,549	3,160,692
Total Liabilities and Shareholders Equity	4,437,632	4,334,539

4. Consolidated Financial Statements

Income Statement

(Unit: KRW MN)

	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
Sales	604,232	547,948	478,770	440,246	423,108
Operating Expenses	459,810	500,516	397,142	404,971	406,581
Operating Income	144,422	47,432	81,628	35,275	16,527
Non-operating Income	105,942	(84,987)	59,671	3,827	29,667
Pre-tax Income	250,365	(37,555)	141,299	39,102	46,194
Income Tax	68,288	(4,458)	27,121	8,561	2,190
Net Income	182,077	(33,097)	114,178	30,542	44,004
Equity Attribution to the Owners of the Parent Company	181,815	(33,615)	113,697	29,878	43,611
Non-controlling Interest	262	518	481	664	393