

Q4 2022 Earnings Release

NCSOFT IR

February 9, 2023



Disclaimer

The financial results for Q4 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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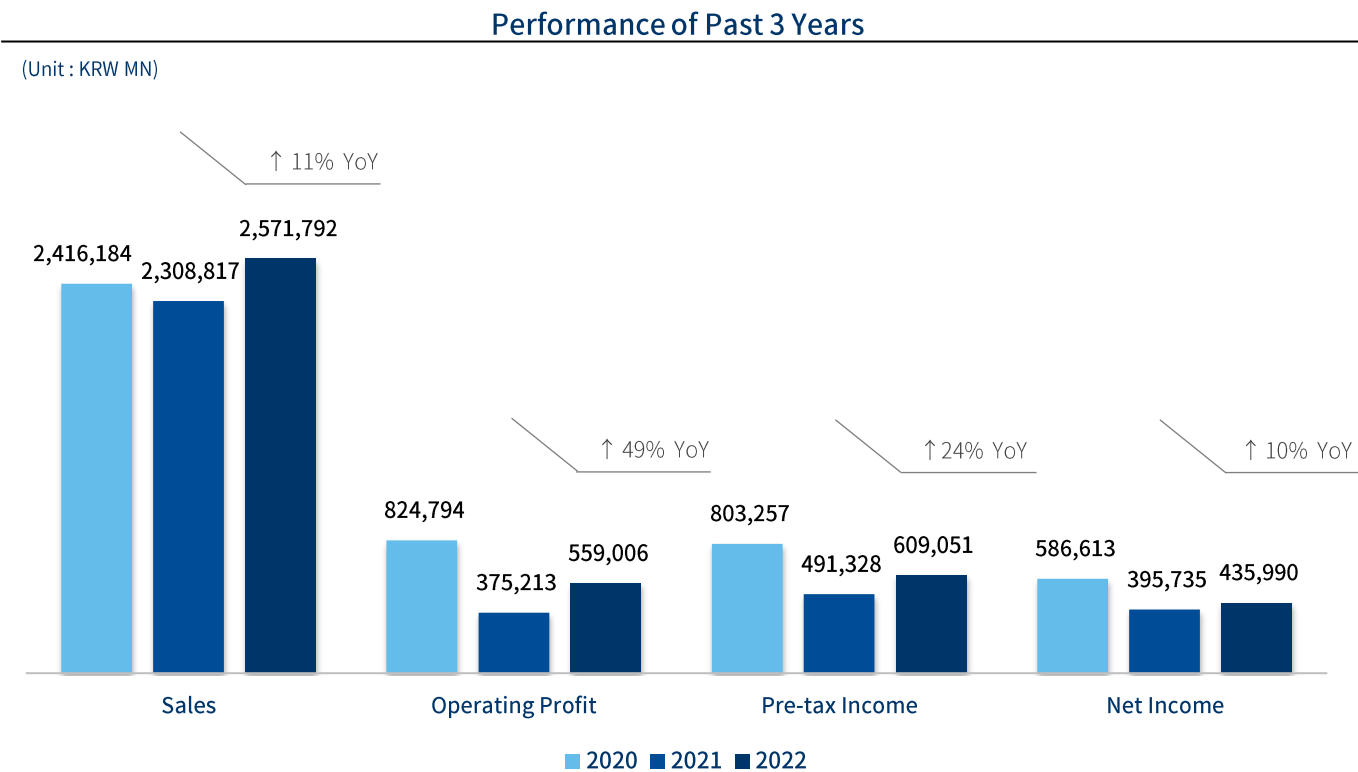
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1. Financial Highlights (FY 2022)

- Full year 2022 sales recorded KRW 2,571.8 billion (YoY +11%), and operating profit was KRW 559.0 billion (YoY +49%)



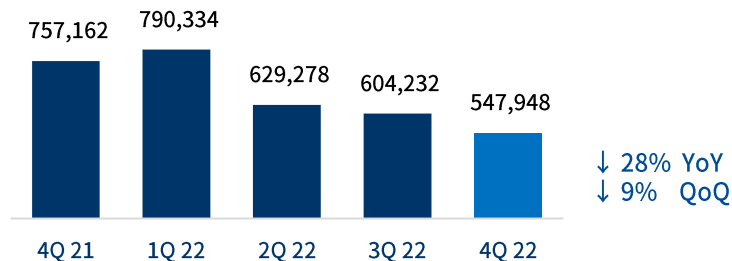
1. Financial Highlights (Q4 2022)

- Sales was KRW 547.9 billion, a decline of 28% yoy and 9% qoq
- Operating profit was KRW 47.4 billion, down by 57% yoy and 67% qoq

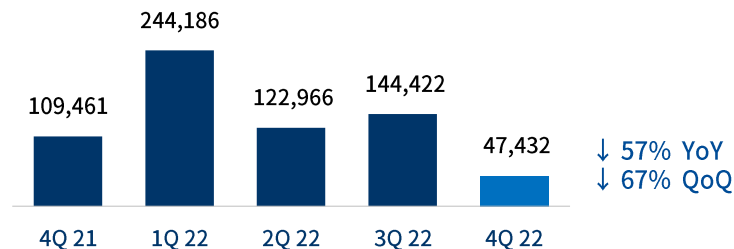
Q4 Performance

(Unit : KRW MN)

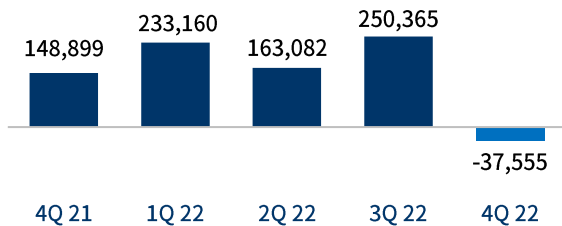
Sales



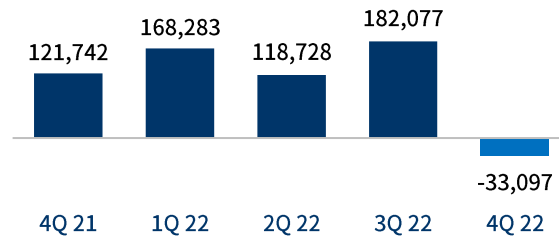
Operating Profit



Pre-tax Income

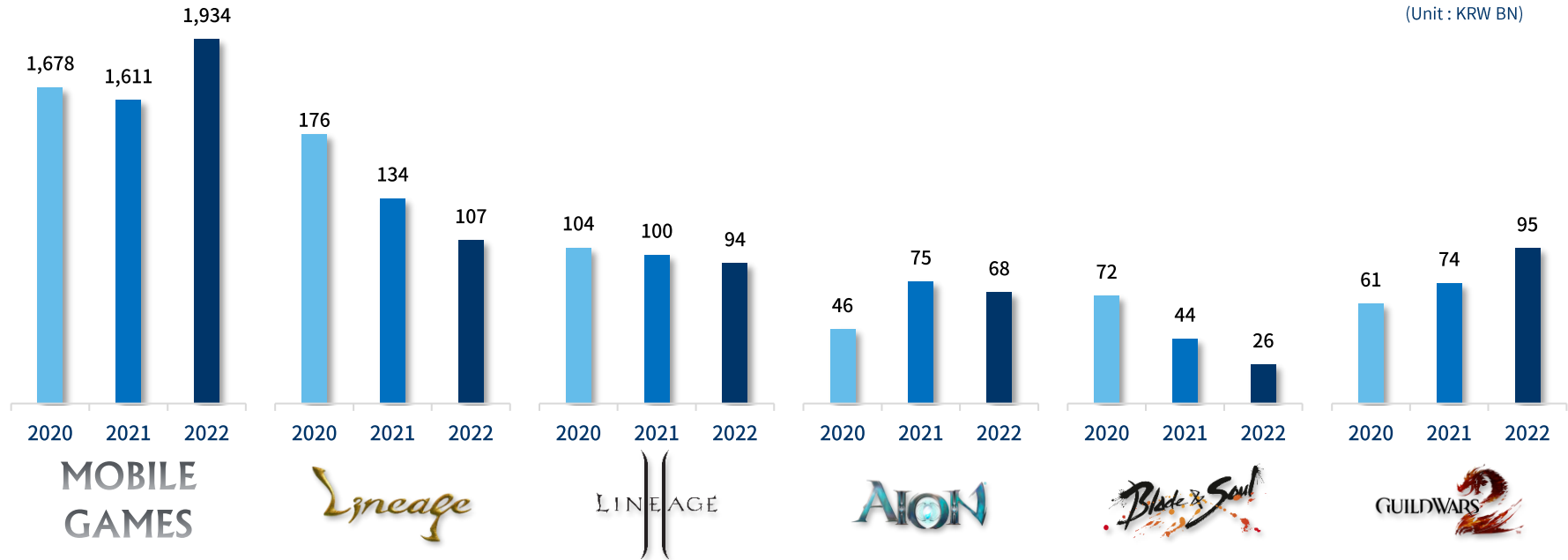


Net Income



2. Sales Breakdown (FY 2022)

- Mobile game sales accounted for 75% of total sales at KRW 1,934.3 billion, an increase of 20% yoy, with the full-year recognition of Lineage W
- The 5 PC online games in total recorded KRW 390.4 billion, a decrease of 8% yoy
- Guild Wars 2 recorded KRW 95.0 billion, which was higher 29% yoy, due to the new expansion pack launch

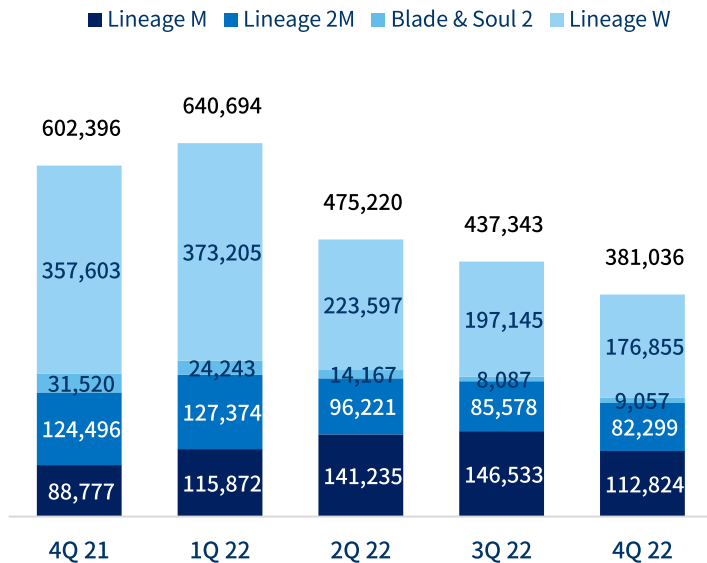


2. Sales Breakdown (Q4 2022 by game)

- Mobile game sales recorded KRW 381.0 billion, a decrease of 13% qoq
- Legacy PC online games totaled KRW 104.4 billion, up by 7% qoq, driven by the large-scale updates of key games

Mobile Games

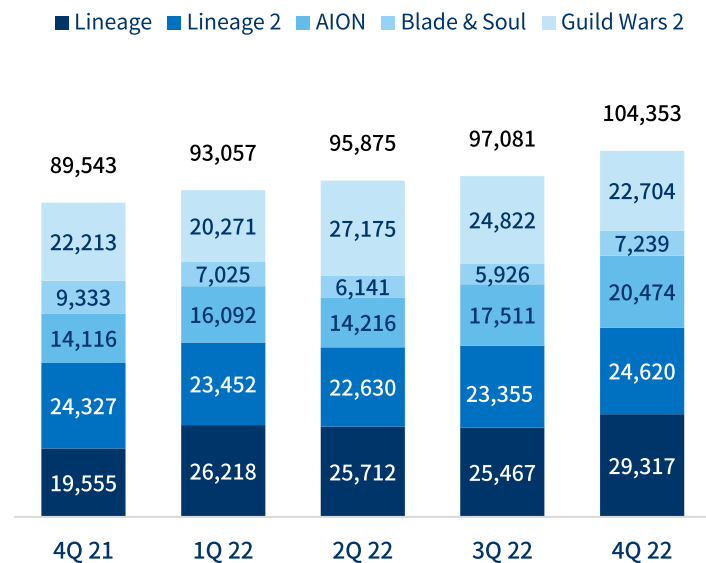
(Unit : KRW MN)



* Not including other mobile games

PC Online Games

(Unit : KRW MN)



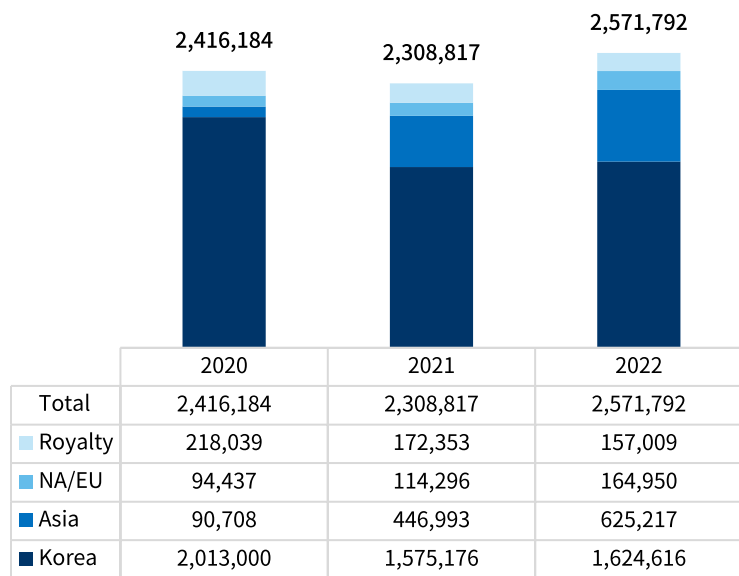
* Not including other PC online games

2. Sales Breakdown (by region)

- 2022 Asia sales and NA/Europe sales increased by 40% and 44% yoy respectively
- 2022 overseas and royalty sales grew by 29% yoy, representing 37% of total sales, due to the success of Lineage W launched simultaneously in 12 Asian countries

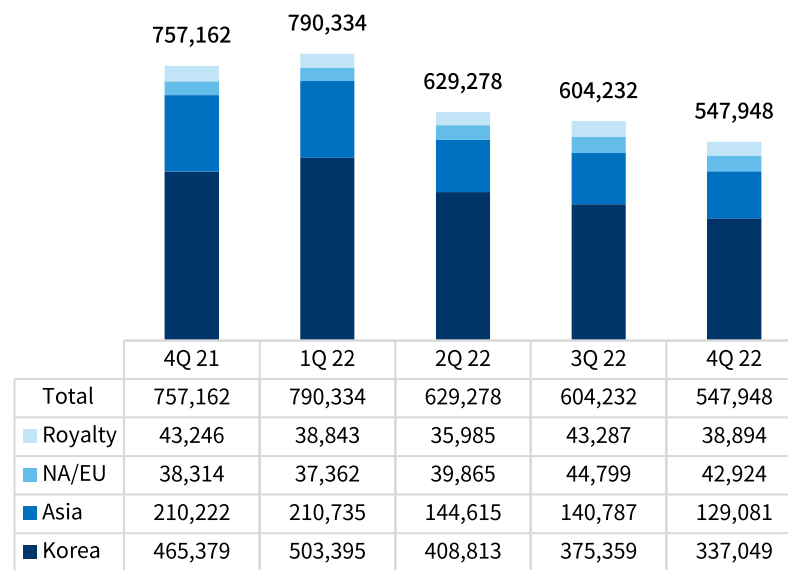
Sales by Region (FY 2022)

(Unit : KRW MN)



Sales by Region (Q4 2022)

(Unit : KRW MN)

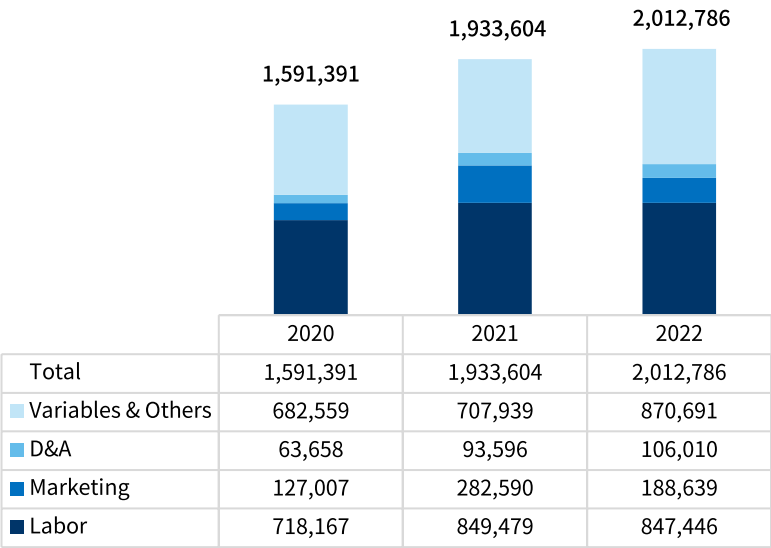


3. Cost Breakdown

- 2022 operating expenses was KRW 2,012.8 billion, up by 4% yoy, while Q4 was KRW 500.5 billion, a decline of 23% yoy, but increase of 9% qoq
- 2022 labor cost was flat yoy at KRW 847.4 billion, while marketing decreased 33% yoy to KRW 188.6 billion, due to more prudent cost controls
- Q4 labor cost increased 23% qoq, due to additional recognition of Lineage W incentives, and marketing was up 24% qoq, led by more business activities

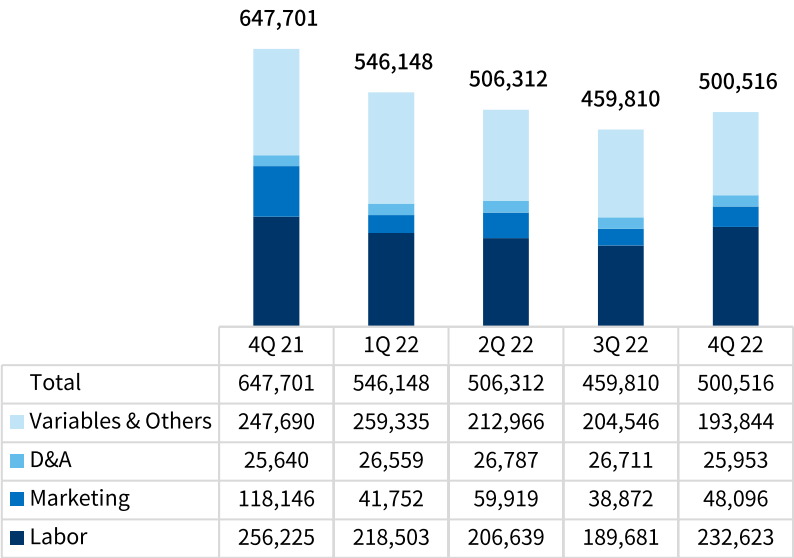
Cost Breakdown (FY 2022)

(Unit : KRW MN)



Cost Breakdown (Q4 2022)

(Unit : KRW MN)



4. Consolidated Financial Statements

Statement of Financial Position

	FY 2021	FY 2022
Assets		
I. Current Assets	2,452,606	2,691,080
Cash and cash equivalents	255,942	285,574
Short-term financial instruments	420,420	1,088,608
Account receivables	277,920	175,463
Other receivables	48,889	43,894
Short-term investment assets	1,385,155	1,054,472
Others	64,280	43,068
II. Non-current Assets	2,129,283	1,746,552
Long-term loans	7,228	7,437
Other receivables	20,312	23,262
Long-term investment assets	1,139,532	504,265
Investment stock in associated companies	54,644	26,240
Investment property	91,055	90,227
Tangible assets	747,288	930,207
Intangible assets	42,322	43,399
Others	26,901	121,517
Total Assets	4,581,889	4,437,632

(Unit : KRW MN)

	FY 2021	FY 2022
Liabilities		
I. Current Liabilities	663,361	515,349
Borrowings	145,137	-
Account payables	74,026	86,555
Lease liabilities	36,058	35,287
Current tax liabilities	63,520	85,537
Other current liabilities	344,620	307,190
Other provisions	-	779
II. Non-current Liabilities	767,302	723,735
Debentures and borrowings	409,120	409,384
Defined benefit obligations	6,041	5,728
Long-term employee benefits	20,231	19,444
Lease liabilities	182,481	176,522
Others	149,428	112,657
Total Liabilities	1,430,663	1,239,084
Shareholders Equity		
I. Capital Stock	10,977	10,977
II. Other Paid-in Capital	(189,424)	(189,424)
III. Other Components of Equity	255,838	(34,751)
IV. Retained Earnings	3,071,454	3,409,409
V. Non-controlling Interest	2,382	2,338
Total Stockholders Equity	3,151,227	3,198,549
Total Liabilities and Shareholders Equity	4,581,889	4,437,632

4. Consolidated Financial Statements

Income Statement

(Unit: KRW MN)

	1Q 22	2Q 22	3Q 22	4Q 22	FY 2021	FY 2022
Sales	790,334	629,278	604,232	547,948	2,308,817	2,571,792
Operating Expenses	546,148	506,312	459,810	500,516	1,933,604	2,012,786
Operating Income	244,186	122,966	144,422	47,432	375,213	559,006
Non-operating Income	(11,026)	40,116	105,942	(84,987)	116,115	50,045
Pre-tax Income	233,160	163,082	250,365	(37,555)	491,328	609,051
Income Tax	64,876	44,354	68,288	(4,458)	95,593	173,061
Net Income	168,283	118,728	182,077	(33,097)	395,735	435,990
Equity Attribution to the Owners of the Parent Company	168,902	118,614	181,815	(33,615)	396,893	435,715
Non-controlling Interest	(619)	114	262	518	(1,158)	276