

2Q 2021 Earnings Release

NCSOFT IR

August 11, 2021



Disclaimer

The financial results for 2Q 2021 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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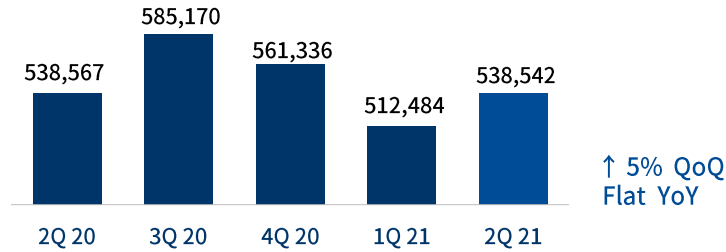
1. Financial Highlights

- Sales totaled KRW 538.5 billion, an increase of 5% qoq and flat yoy
- Operating profit recorded KRW 112.8 billion, up 99% qoq and down 46% yoy

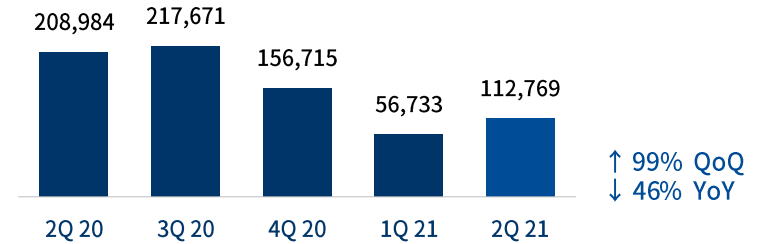
2Q Performance

(UNIT: KRW MN)

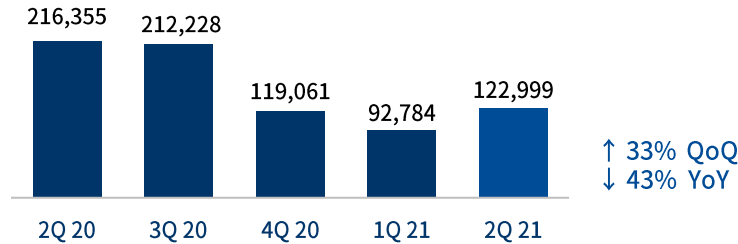
Sales



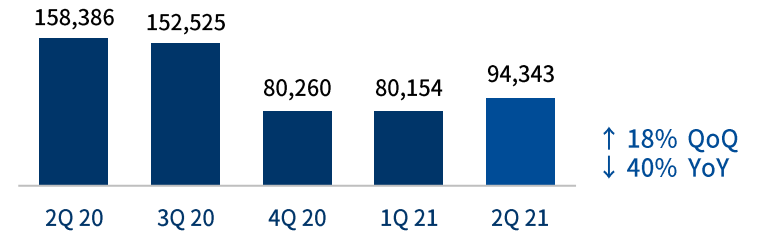
Operating Profit



Pre-tax Income



Net Income

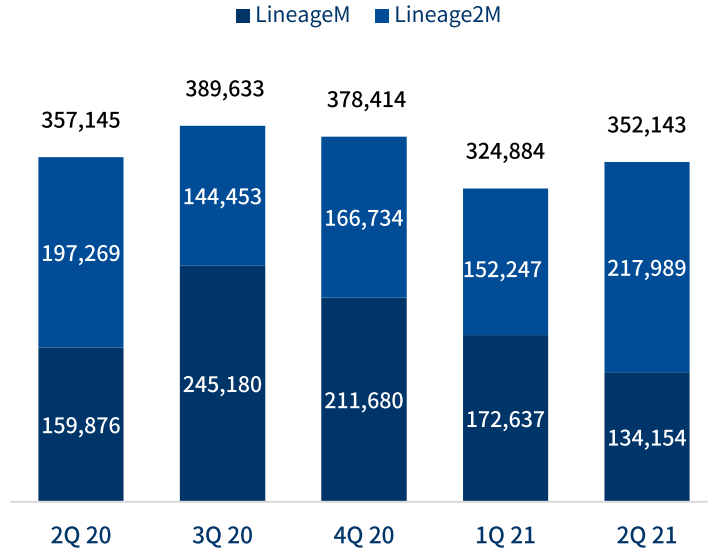


2. Sales Breakdown (by Game)

- Mobile game sales posted KRW 352.1 billion, higher 8% qoq, due to the full quarter recognition of Lineage2M overseas
- Legacy PC online game sales was KRW 106.0 billion, a decline of 18% qoq

Mobile Games

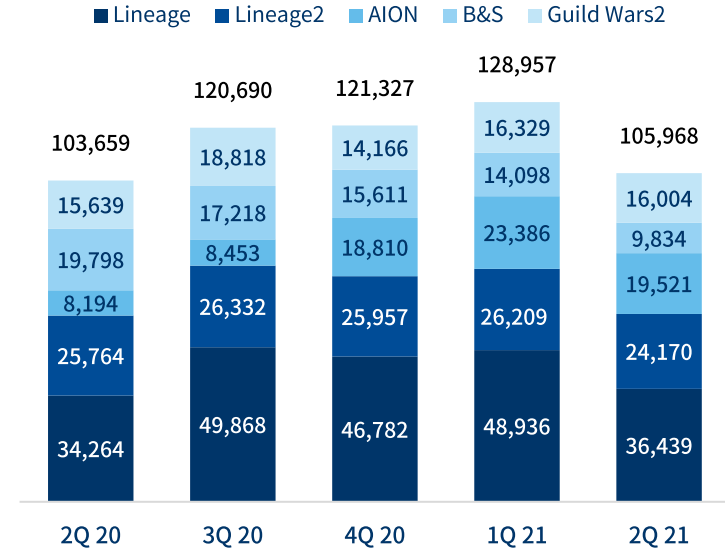
(UNIT: KRW MN)



* Not including other mobile games

PC Online Games

(UNIT: KRW MN)



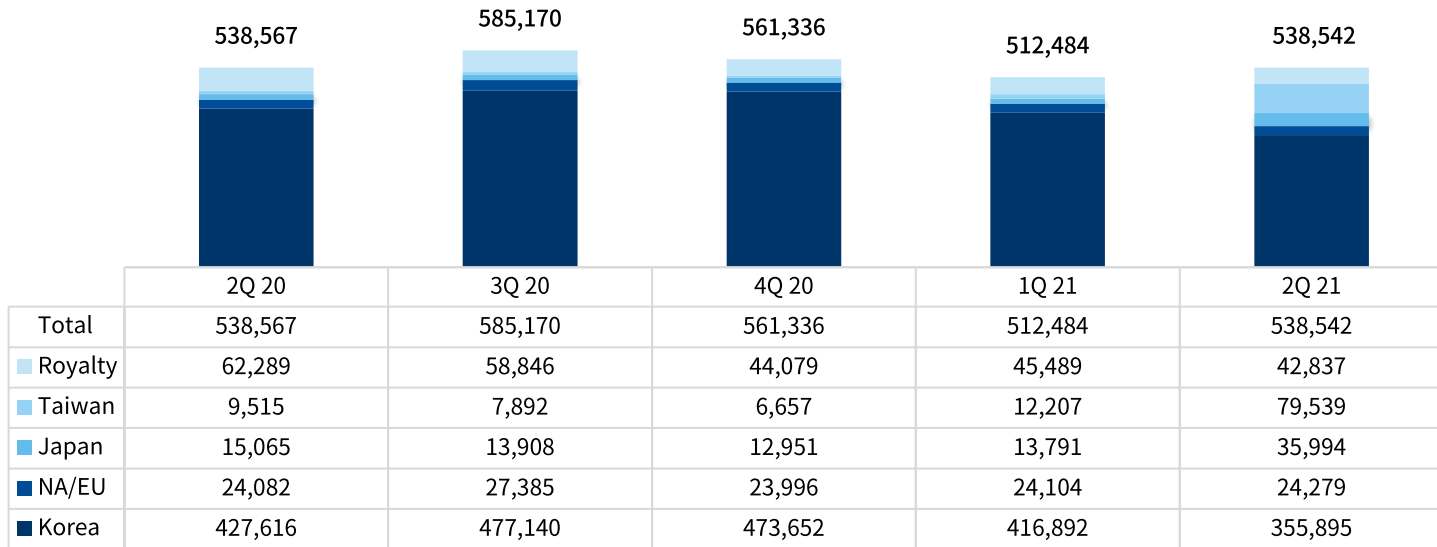
* Not including other PC online games

2. Sales Breakdown (by Region)

- Korea sales decreased 15% qoq as the company moderated its mobile game promotional activity
- In Japan and Taiwan, Lineage2M's launch boosted sales 161% and 552% higher respectively qoq, setting a new record in quarterly sales

Sales by Region

(UNIT: KRW MN)

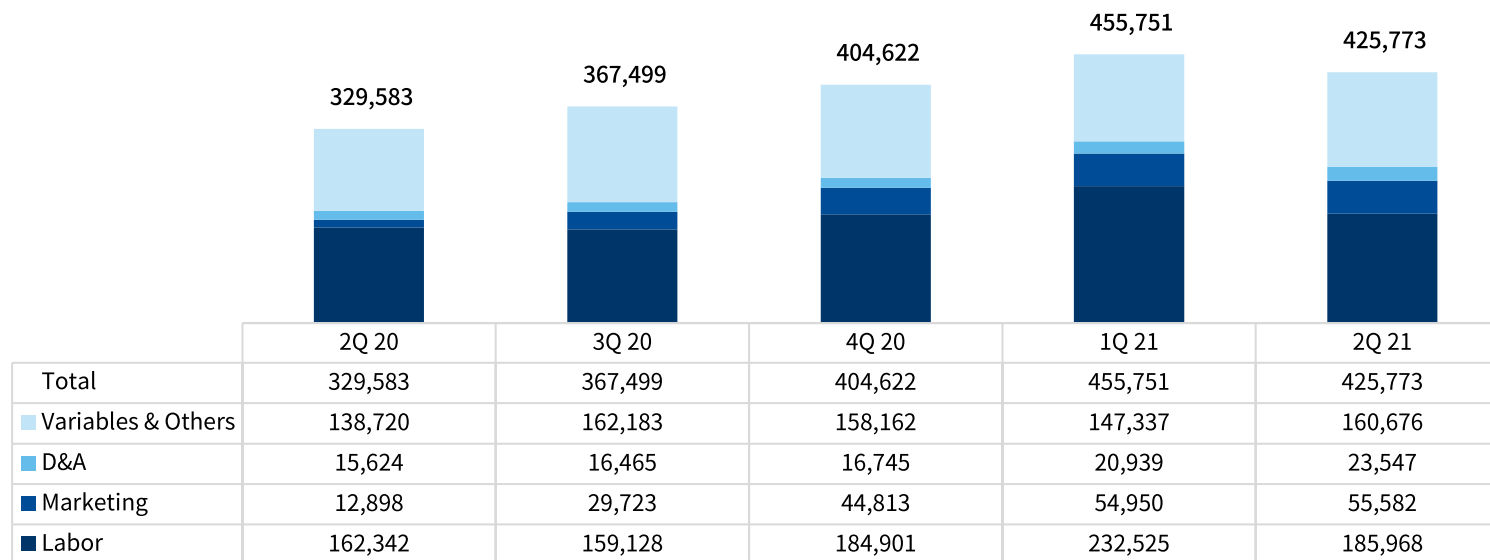


3. Cost Breakdown

- Total operating costs decreased 7% qoq, but increased 29% yoy
- Labor cost declined 20% with the absence of one-off expenses incurred in 1Q
- Marketing cost increased 1% qoq, due to advertisements for new titles, such as B&S2 and Lineage2M overseas

Cost Breakdown

(UNIT: KRW MN)



4. Consolidated Financial Statements

Statement of Financial Position

	Dec 2020	June 2021
Assets		
I. Current Assets	2,444,363	2,146,857
Cash and cash equivalents	157,273	207,511
Short-Term financial instruments	638,038	393,544
Account receivables	243,026	173,733
Other receivables	38,544	26,622
Short-Term investment assets	1,323,419	1,293,245
Others	44,063	52,203
II. Non-current Assets	1,636,846	1,954,422
Long-Term loans	4,594	6,000
Other receivables	15,562	25,435
Long-Term investment assets	1,021,880	1,075,042
Investment stock in Affiliated companies	67,326	64,178
Investment property	92,370	91,713
Tangible assets	368,441	631,305
Intangible assets	49,661	44,256
Others	17,012	16,493
Total Assets	4,081,209	4,101,279

(UNIT : KRW MN)

	Dec 2020	June 2021
Liabilities		
I. Current Liabilities	509,342	489,956
Borrowings	5,271	145,006
Account payables	79,964	49,288
Lease liabilities	36,908	47,444
Current tax liabilities	140,483	23,784
Other current liabilities	246,716	224,434
Other provisions	0	0
II. Non-current liabilities	427,179	474,146
Borrowings	249,607	109,809
Defined benefit obligations	6,889	24,905
Long-Term employee benefits	14,511	15,975
Lease liabilities	45,752	194,375
Others	110,420	129,082
Total Liabilities	936,522	964,102
Shareholders Equity		
I. Capital Stock	10,977	10,977
II. Other Paid-in Capital	(4,350)	(4,350)
III. Other Components of Equity	278,190	289,492
IV. Retained Earnings	2,856,767	2,838,456
V. Non-controlling Interest	3,103	2,601
Total Stockholders Equity	3,144,687	3,137,177
Total Liabilities and Shareholders Equity	4,081,209	4,101,279

4. Consolidated Financial Statements

Comprehensive Income Statement

(UNIT : KRW MN)

	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
Sales	538,567	585,170	561,336	512,484	538,542
Operating Expenses	329,583	367,499	404,622	455,751	425,773
Operating Income	208,984	217,671	156,715	56,733	112,769
Non-operating Income	7,371	(5,443)	(37,653)	36,051	10,230
Pre-tax Income	216,355	212,228	119,061	92,784	122,999
Income Tax	57,969	59,702	38,801	12,631	28,656
Net Income	158,386	152,525	80,260	80,154	94,343
Equity Attribution to the Owners of the Parent Company	158,210	153,161	80,573	80,877	94,398
Non-controlling Interest	177	(636)	(313)	(723)	(55)