

3Q 2021 Earnings Release

NCSOFT IR

November 11, 2021



Disclaimer

The financial results for 3Q 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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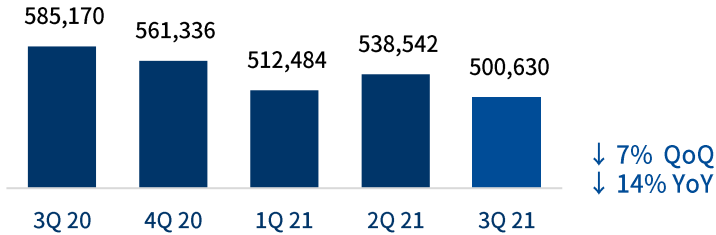
1. Financial Highlights

- Sales totaled KRW 500.6 billion, decrease of 7% qoq and 14% yoy
- Operating profit recorded KRW 96.3 billion, decrease of 15% qoq and 56% yoy

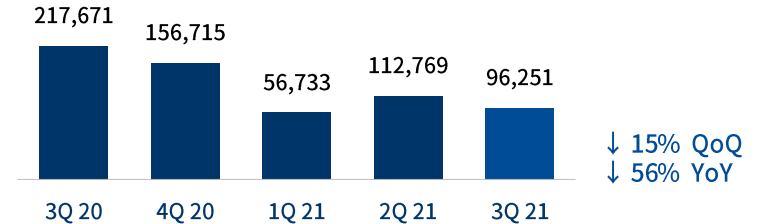
3Q Performance

(UNIT: KRW MN)

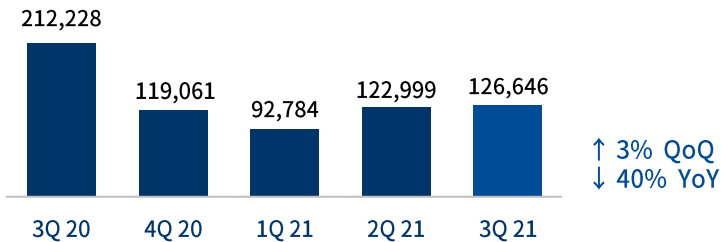
Sales



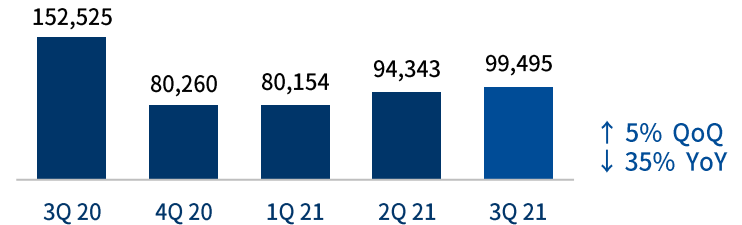
Operating Profit



Pre-tax Income



Net Income

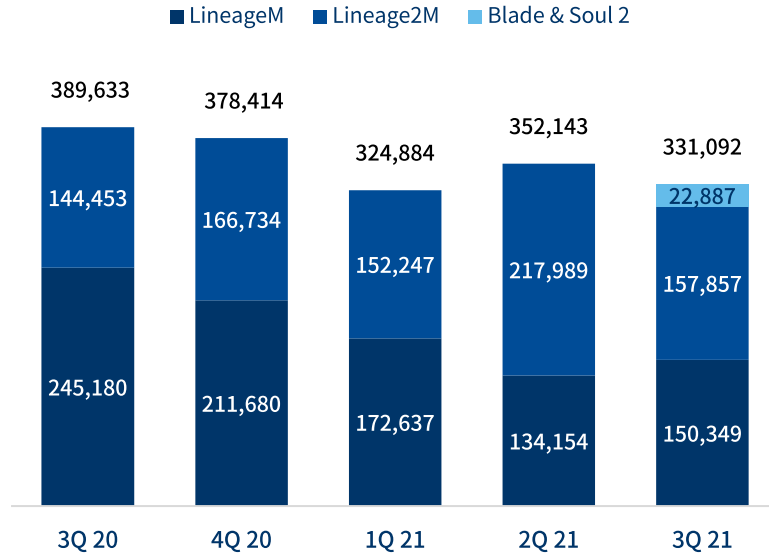


2. Sales Breakdown (by Game)

- Mobile game sales posted KRW 331.1 billion, down by 6% qoq due to stabilization of Lineage2M sales
- Legacy PC online game sales was KRW 101.6 billion, decline of 4% qoq

Mobile Games

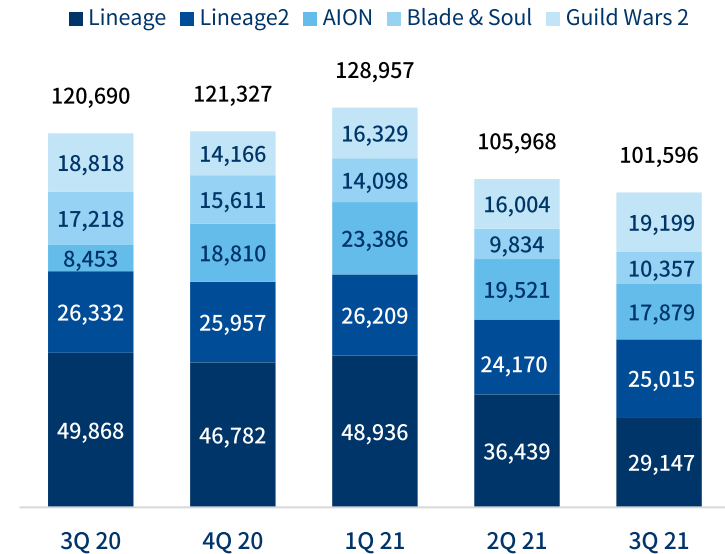
(UNIT: KRW MN)



* Not including other mobile games

PC Online Games

(UNIT: KRW MN)



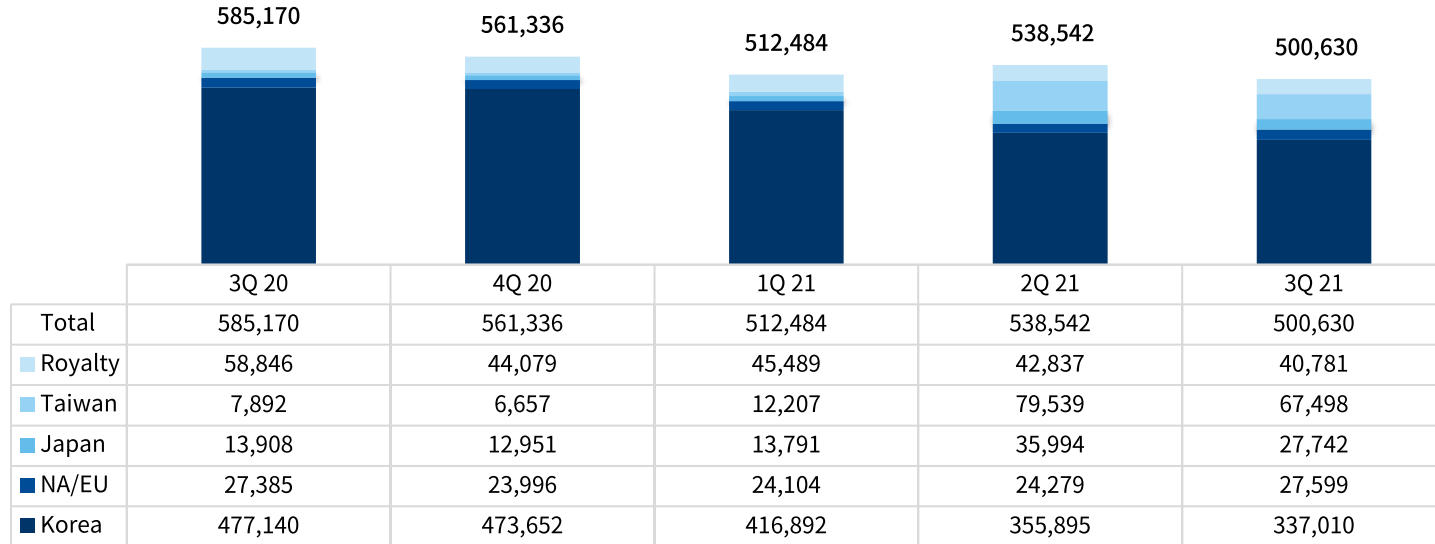
* Not including other PC online games

2. Sales Breakdown (by Region)

- Taiwan and Japan sales decreased qoq due to a high base from the regional expansion of Lineage2M
- NA/EU sales increased 14% qoq driven by Guild Wars 2 sales

Sales by Region

(UNIT: KRW MN)

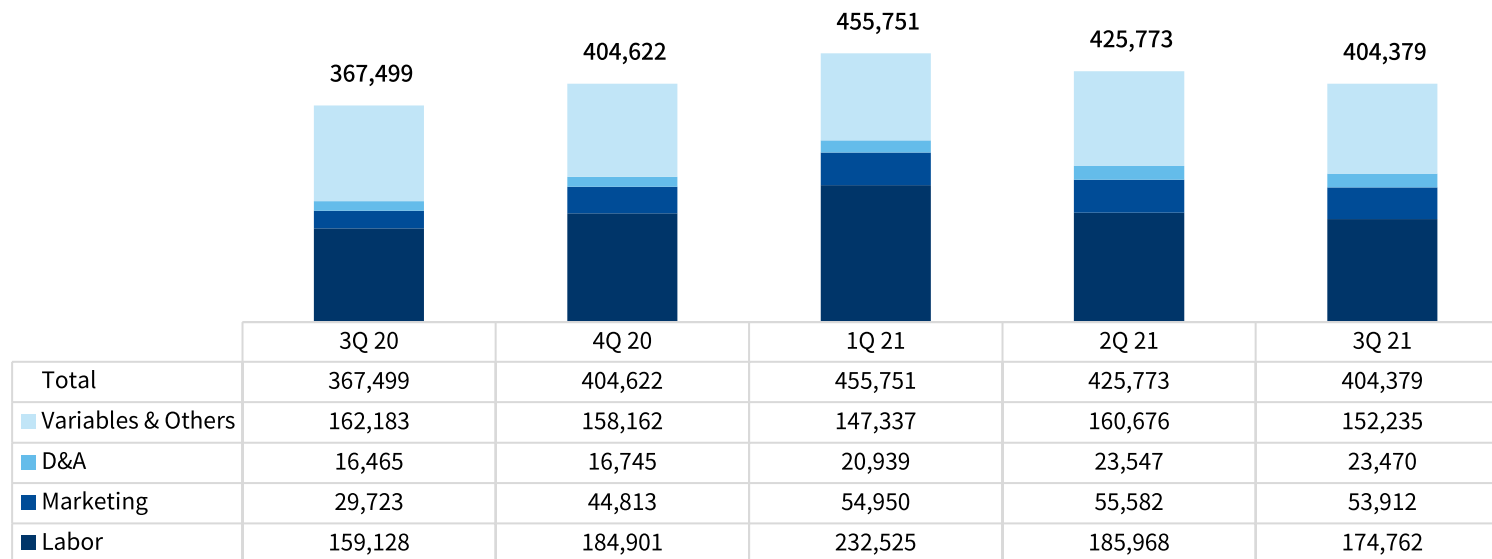


3. Cost Breakdown

- Total operating costs decreased 5% qoq, but increased 10% yoy
- Labor cost declined 6% qoq, due to decline in employee welfare benefits expenses
- Marketing cost decreased 3% qoq, because of less marketing for new launches, such as Lineage2M overseas and Trickster M

Cost Breakdown

(UNIT: KRW MN)



4. Consolidated Financial Statements

Statement of Financial Position

(UNIT : KRW MN)

	Dec 2020	Sep 2021
Assets		
I. Current Assets	2,444,363	2,476,850
Cash and cash equivalents	157,273	214,871
Short-Term financial instruments	638,038	392,500
Account receivables	243,026	216,704
Other receivables	38,544	31,142
Short-Term investment assets	1,323,419	1,568,038
Others	44,063	53,595
II. Non-current Assets	1,636,846	1,979,958
Long-Term loans	4,594	5,800
Other receivables	15,562	25,252
Long-Term investment assets	1,021,880	1,051,823
Investment stock in Affiliated companies	67,326	66,764
Investment property	92,370	91,384
Tangible assets	368,441	679,074
Intangible assets	49,661	45,164
Others	17,012	14,697
Total Assets	4,081,209	4,456,807

	Dec 2020	Sep 2021
Liabilities		
I. Current Liabilities	509,342	524,008
Borrowings	5,271	145,230
Account payables	79,964	80,169
Lease liabilities	36,908	45,499
Current tax liabilities	140,483	25,939
Other current liabilities	246,716	227,172
Other provisions	0	0
II. Non-current liabilities	427,179	806,073
Borrowings	249,607	409,039
Defined benefit obligations	6,889	32,644
Long-Term employee benefits	14,511	16,209
Lease liabilities	45,752	189,319
Others	110,420	158,861
Total Liabilities	936,522	1,330,081
Shareholders Equity		
I. Capital Stock	10,977	10,977
II. Other Paid-in Capital	(4,350)	(50,444)
III. Other Components of Equity	278,190	224,971
IV. Retained Earnings	2,856,767	2,938,733
V. Non-controlling Interest	3,103	2,488
Total Stockholders Equity	3,144,687	3,126,726
Total Liabilities and Shareholders Equity	4,081,209	4,456,807

4. Consolidated Financial Statements

Comprehensive Income Statement

(UNIT : KRW MN)

	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
Sales	585,170	561,336	512,484	538,542	500,630
Operating Expenses	367,499	404,622	455,751	425,773	404,379
Operating Income	217,671	156,715	56,733	112,769	96,251
Non-operating Income	(5,443)	(37,653)	36,051	10,230	30,395
Pre-tax Income	212,228	119,061	92,784	122,999	126,646
Income Tax	59,702	38,801	12,631	28,656	27,150
Net Income	152,525	80,260	80,154	94,343	99,495
Equity Attribution to the Owners of the Parent Company	153,161	80,573	80,877	94,398	99,749
Non-controlling Interest	(636)	(313)	(723)	(55)	(254)