

# Q1 2023 Earnings Release

NCSOFT IR

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## Disclaimer

The financial results for Q1 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), KLAP(67%, KOR)

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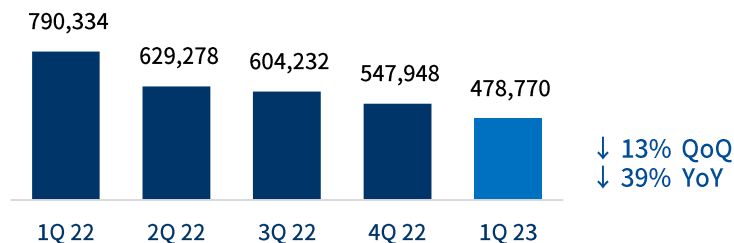
# 1. Financial Highlights

- Sales were KRW 478.8 billion, down 13% qoq, and 39% yoy
- Operating profit was KRW 81.6 billion, up 72% qoq, but down 67% yoy

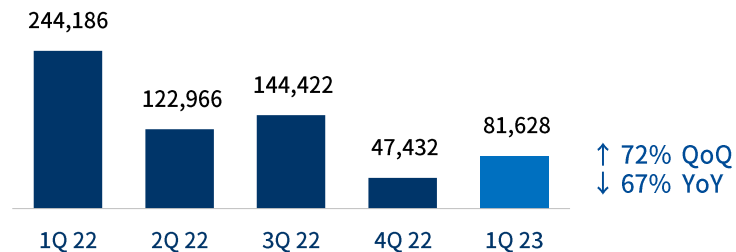
## Q1 Performance

(Unit: KRW MN)

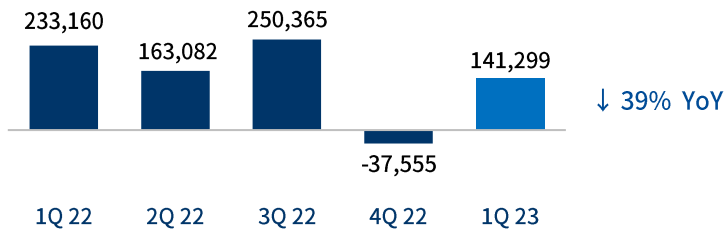
### Sales



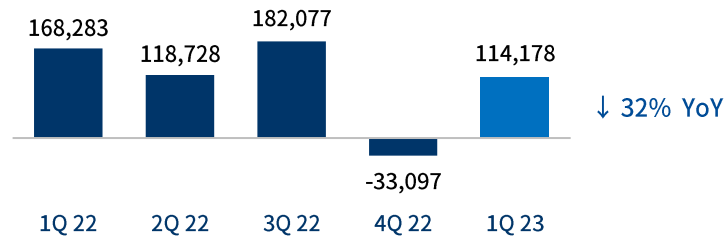
### Operating Profit



### Pre-tax Income



### Net Income

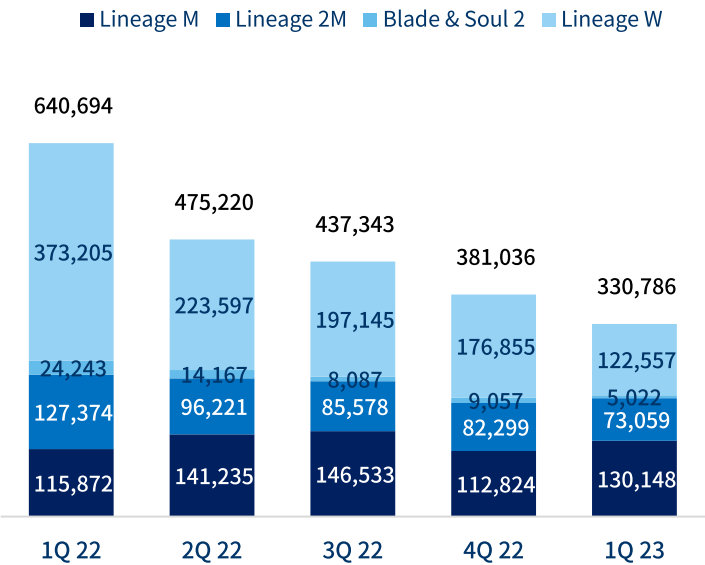


## 2. Sales Breakdown (by Game)

- Mobile game sales reported KRW 330.8 billion, down 13% qoq on downward stabilization of Lineage W sales
- Legacy PC online game sales were KRW 91.4 billion, declined 12% qoq on lapse of impact from large-scale updates

### Mobile Games

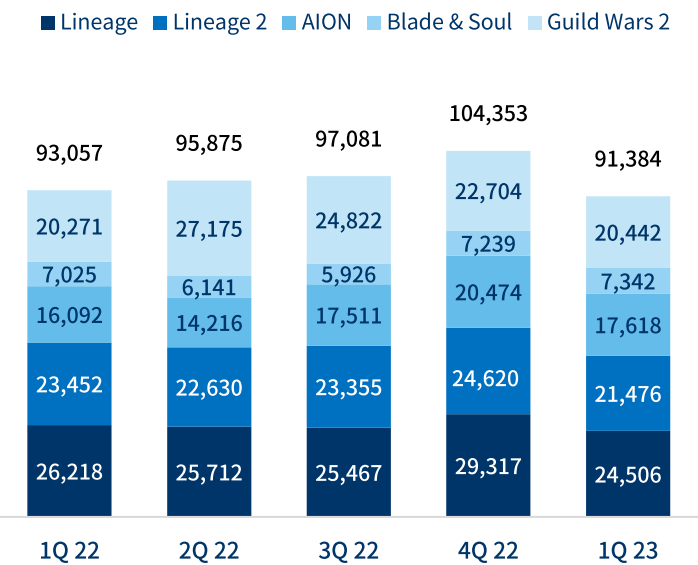
(Unit: KRW MN)



\* Not including other mobile games

### PC Online Games

(Unit: KRW MN)



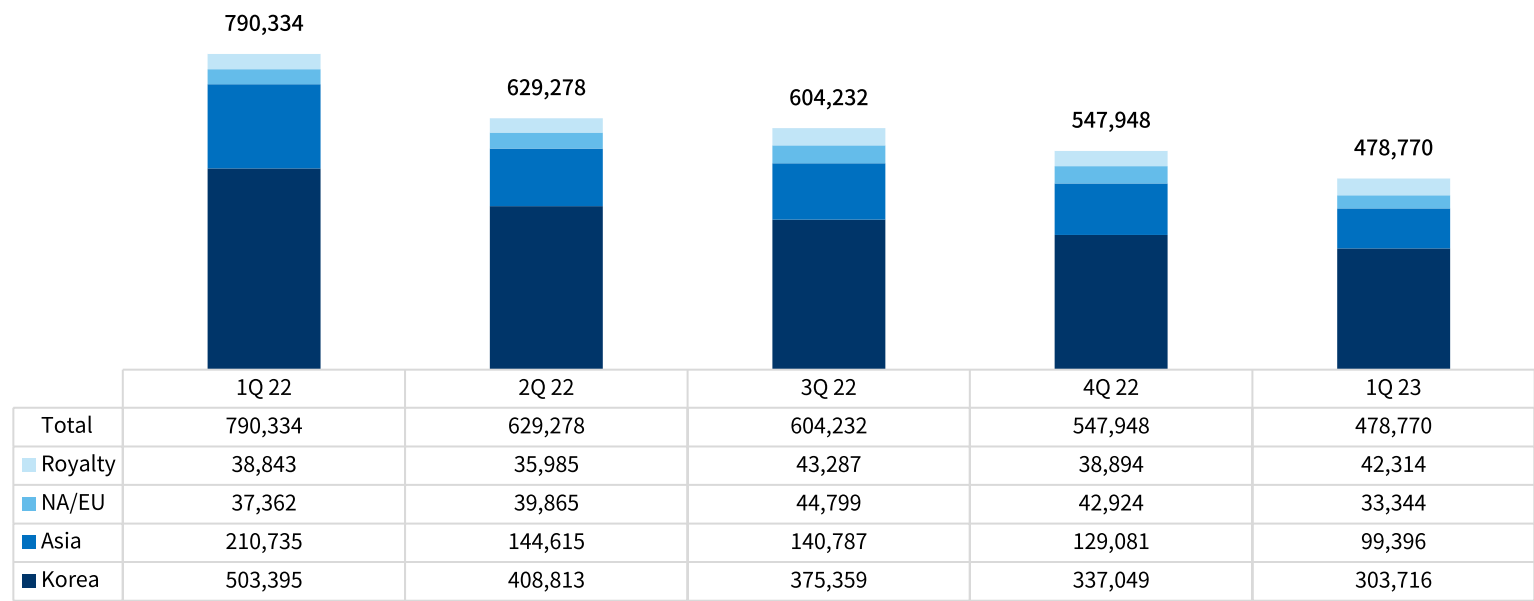
\* Not including other PC online games

## 2. Sales Breakdown (by Region)

- Overseas and royalty sales account for 37% of total sales
- Guild Wars 2 in China reported record-high quarterly sales since its launch in 2014, driving royalty sales up 9% qoq

### Sales by Region

(Unit: KRW MN)

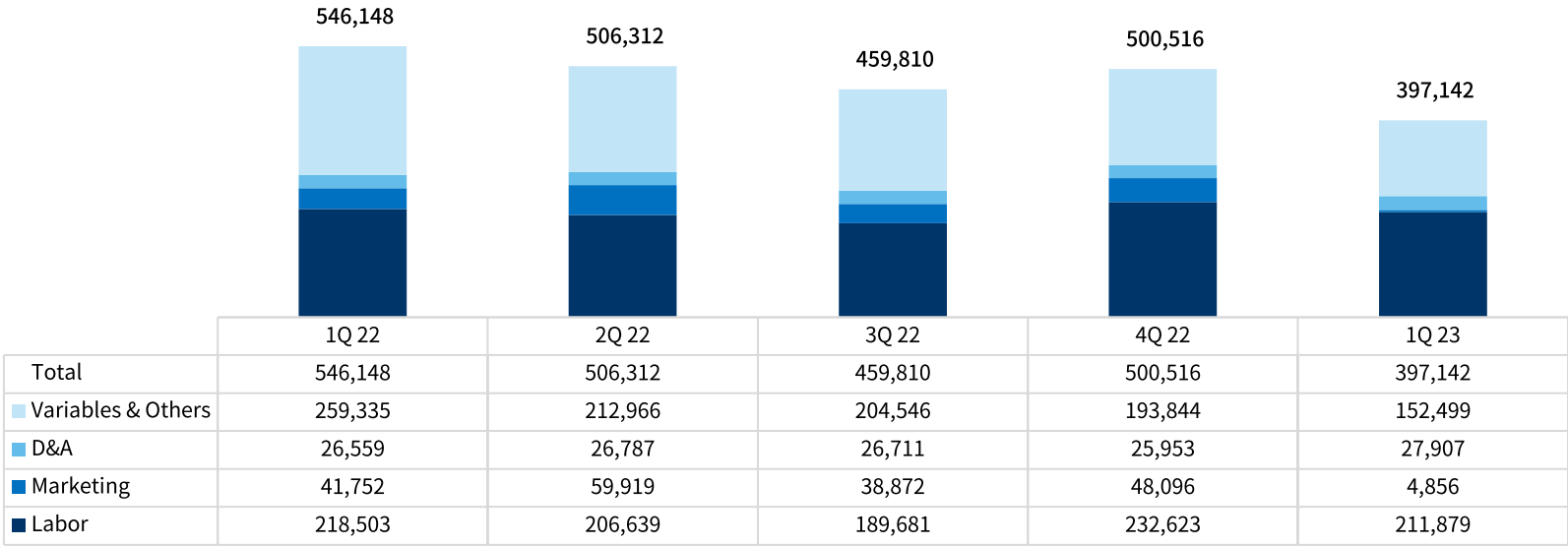


### 3. Cost Breakdown

- Total operating expense decreased 21% qoq, and 27% yoy
- Labor cost was down 9% qoq, on lapse of Lineage W incentive impact
- Marketing expense was down 90% qoq due to the absence of large-scale updates across the game portfolio

#### Cost Breakdown

(Unit: KRW MN)



## 4. Consolidated Financial Statements

### Statement of Financial Position

(Unit : KRW MN)

	FY 2022	1Q 23
<b>Assets</b>		
<b>I. Current Assets</b>	2,691,080	2,623,358
Cash and cash equivalents	285,574	215,364
Short-term financial instruments	1,088,608	1,119,868
Account receivables	175,463	181,895
Other receivables	43,894	25,570
Short-term investment assets	1,054,472	1,046,945
Others	43,068	33,717
<b>II. Non-current Assets</b>	1,746,552	1,813,107
Long-term loans	7,437	7,619
Other receivables	23,262	24,035
Long-term investment assets	504,265	553,271
Investment stock in associated companies	26,240	28,535
Investment property	90,227	89,866
Tangible assets	930,207	993,696
Intangible assets	43,399	43,086
Others	121,517	73,000
<b>Total Assets</b>	4,437,632	4,436,466

	FY 2022	1Q 23
<b>Liabilities</b>		
<b>I. Current Liabilities</b>	515,349	636,118
Borrowings	-	109,944
Account payables	86,555	237,518
Lease liabilities	35,287	36,727
Current tax liabilities	85,537	4,211
Other current liabilities	307,190	247,718
Other provisions	779	-
<b>II. Non-current Liabilities</b>	723,735	606,791
Debentures and borrowings	409,384	299,487
Defined benefit obligations	5,728	5,477
Long-term employee benefits	19,444	20,486
Lease liabilities	176,522	177,144
Others	112,657	104,198
<b>Total Liabilities</b>	1,239,084	1,242,909
<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>	(34,751)	(4,087)
<b>IV. Retained Earnings</b>	3,409,409	3,373,202
<b>V. Non-controlling Interest</b>	2,338	2,888
<b>Total Stockholders Equity</b>	3,198,549	3,193,557
<b>Total Liabilities and Shareholders Equity</b>	4,437,632	4,436,466



## 4. Consolidated Financial Statements

### Income Statement

(Unit: KRW MN)

	1Q 22	2Q 22	3Q 22	4Q 22	1Q 23
Sales	790,334	629,278	604,232	547,948	478,770
Operating Expenses	546,148	506,312	459,810	500,516	397,142
Operating Income	244,186	122,966	144,422	47,432	81,628
Non-operating Income	(11,026)	40,116	105,942	(84,987)	59,671
Pre-tax Income	233,160	163,082	250,365	(37,555)	141,299
Income Tax	64,876	44,354	68,288	(4,458)	27,121
Net Income	168,283	118,728	182,077	(33,097)	114,178
Equity Attribution to the Owners of the Parent Company	168,902	118,614	181,815	(33,615)	113,697
Non-controlling Interest	(619)	114	262	518	481