



# DISCLAIMER

The financial information included in this document are consolidated earnings results based on K-IFRS.

The “financial results for 4Q 2020” for Netmarble (the “Company”) contained in this document have been provided for investors’ convenience only and have not been audited by an independent auditor. Therefore, certain part(s) of this document are subject to change upon the audit outcome.

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, “forward-looking statements” often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” “Forward-looking statements” by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include the behavior of financial markets, the Company’s strategic actions, unanticipated dramatic developments in our major business conditions, and numerous other matters at the national and international levels which could affect our financial results.

These uncertainties may cause our actual results to be materially different from those expressed in this document.

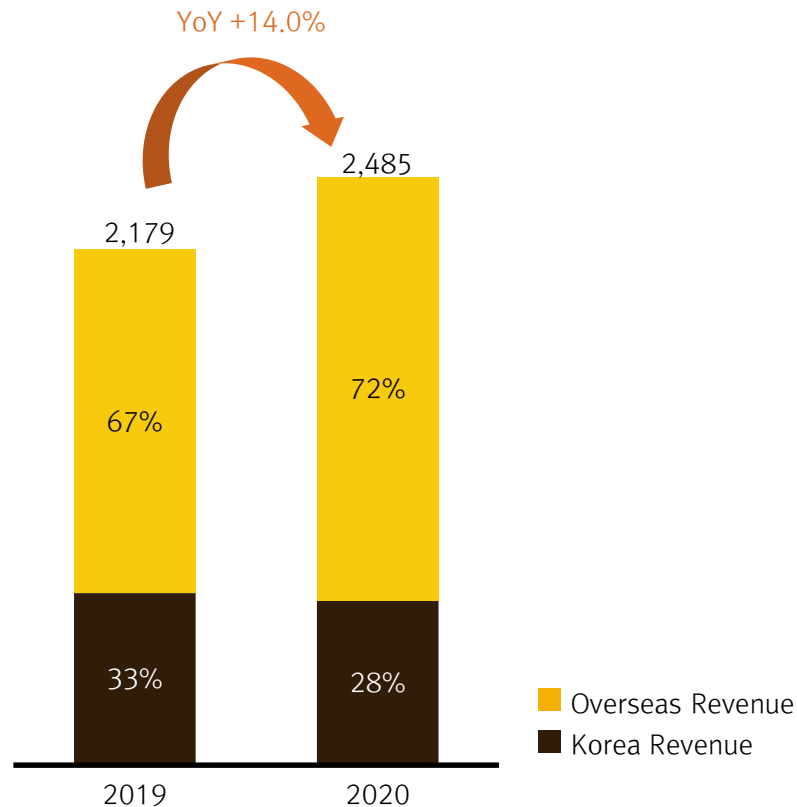
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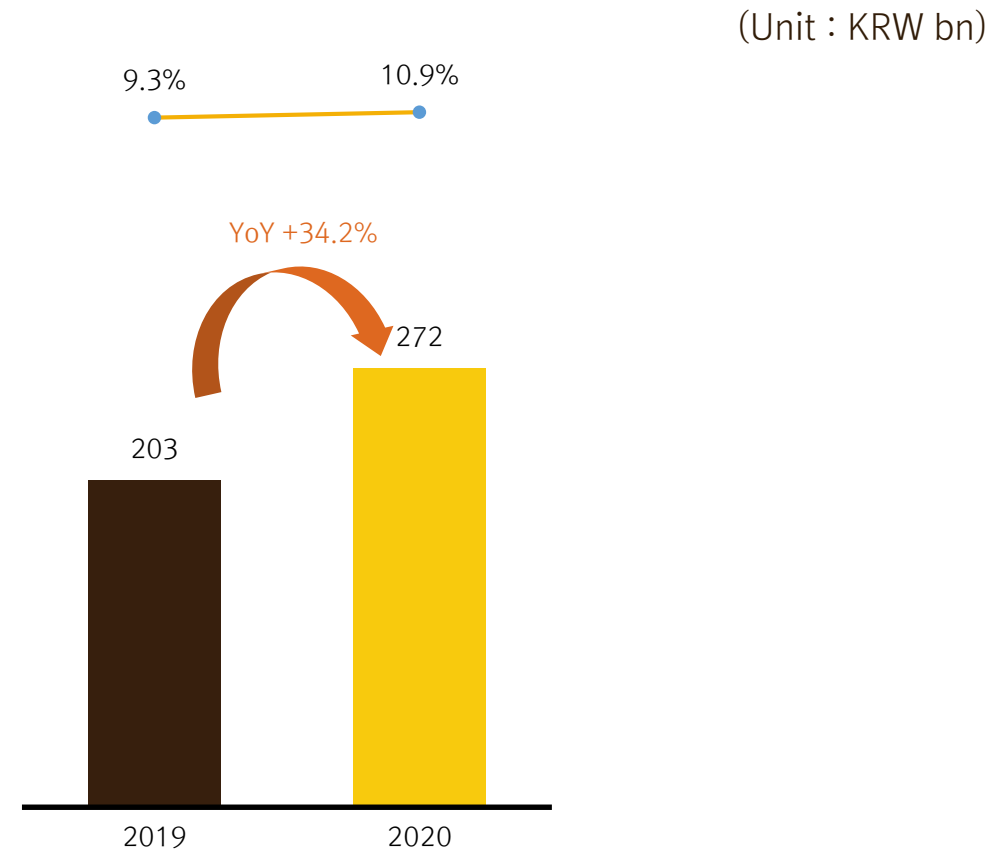
# 1. FY 2020 EARNINGS SUMMARY

- Full year 2020 recorded revenue of KRW 2,484.8bn (YoY +14.0%) and operating profit of KRW 272.0bn (YoY +34.2%)
- Overseas revenue was KRW 1,790.9bn and its proportion was 72% (YoY +5%P)
- In 2020, revenue and operating profit both increased due to the global expansion of previously released games (The Seven Deadly Sins: Grand Cross Global, Blade & Soul Revolution Asia, etc) and successfully launched new games (Seven Knights2, A3: Still Alive, etc)

## Revenue



## Operating Profit



# 1. 4Q20 EARNINGS SUMMARY

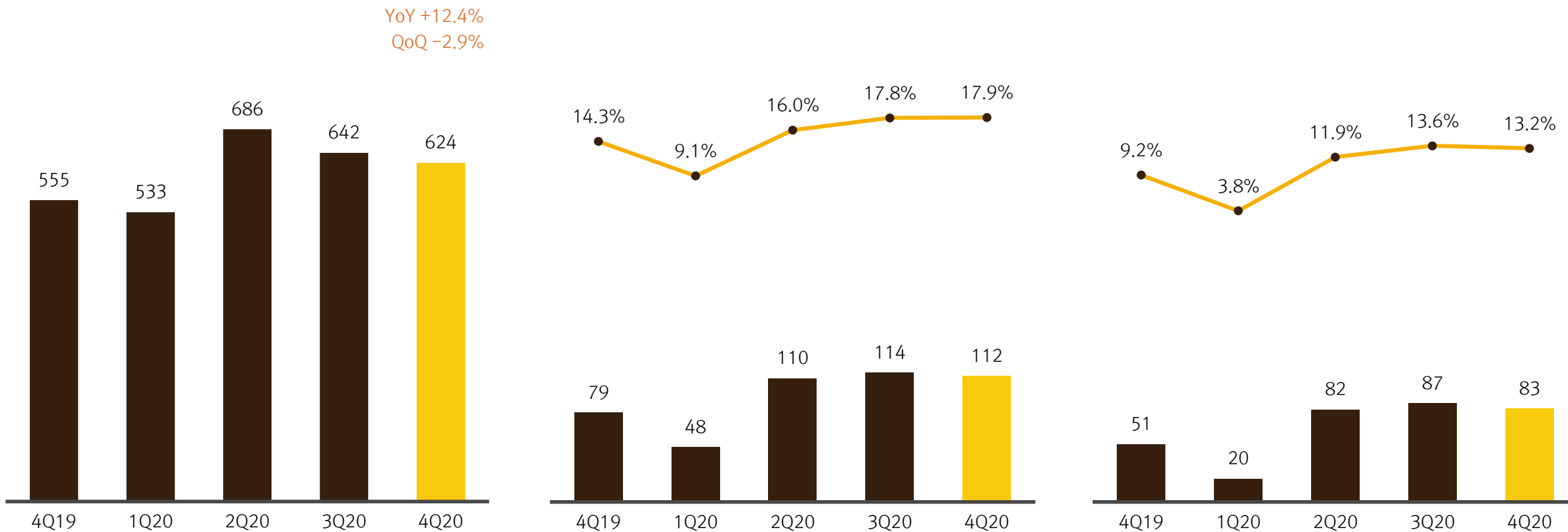
- 4Q recorded revenue of KRW 623.9bn (YoY +12.4%, QoQ -2.9%), EBITDA of KRW 111.5bn (YoY +40.8%, QoQ -2.5%), and operating profit of KRW 82.5bn (YoY +61.4%, QoQ -5.6%)
- Successful release of Seven Knights2 led an increase in sales of Korea. However, as overseas revenue decreased, operating profit slightly decreased accordingly

Revenue

EBITDA

Operating Profit

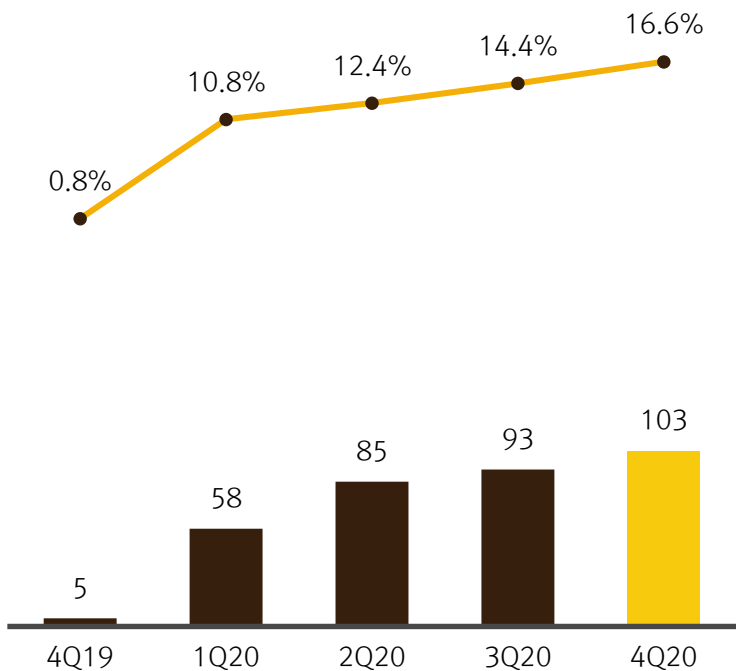
(Unit : KRW bn)



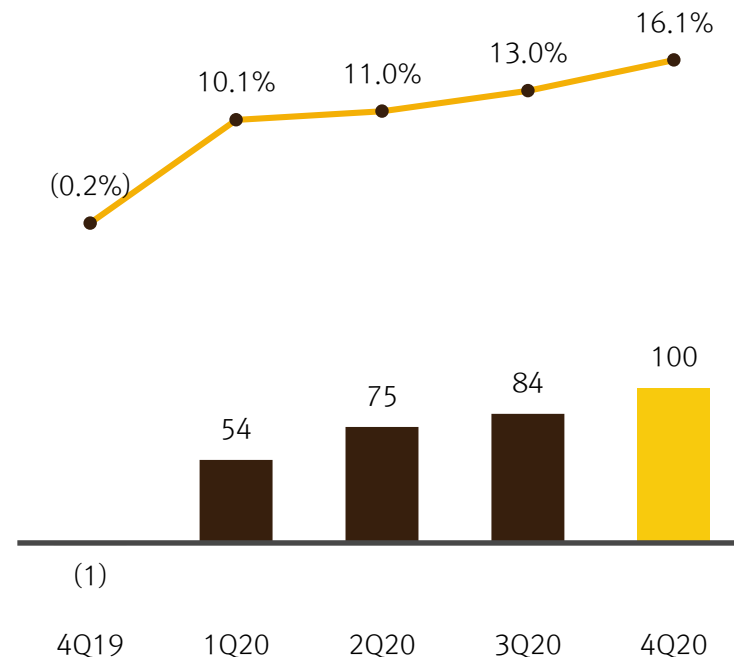
# 1. 4Q EARNINGS SUMMARY

- Net profit was KRW 103.3bn (YoY +2,097.9%, QoQ +11.7%), Net profit (controlling) was KRW 100.5bn (YoY Turn into profit, QoQ +20.1%)
- Non-operating income and cost increased due to an effect of listing Big Hit Entertainment, which was a one-off gains on equity method investment

Net Profit



Net Profit (Controlling)

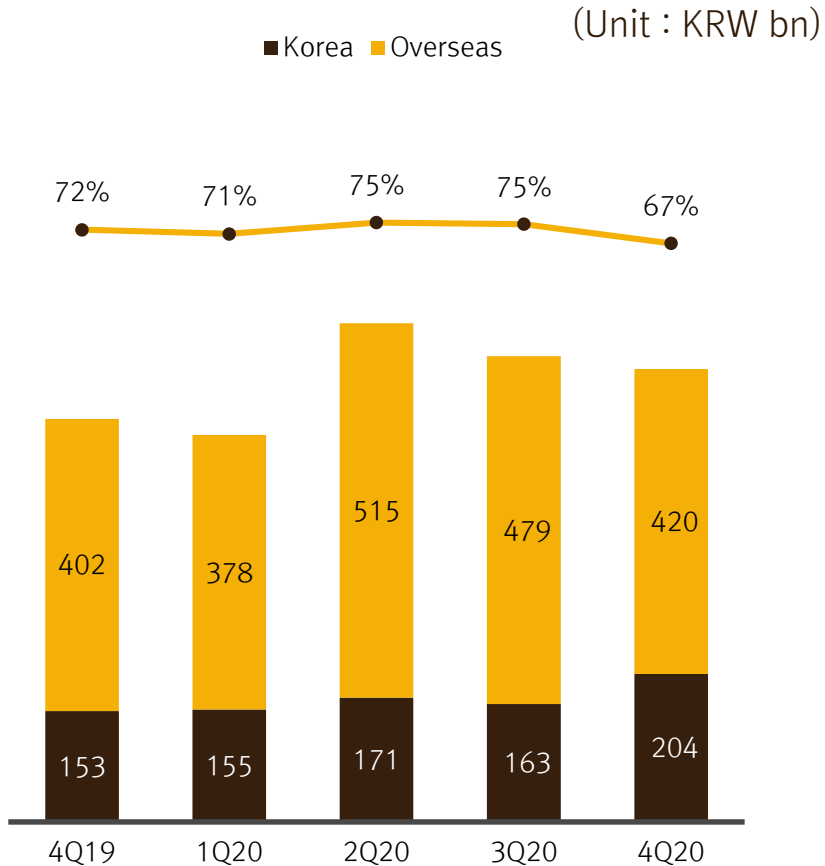


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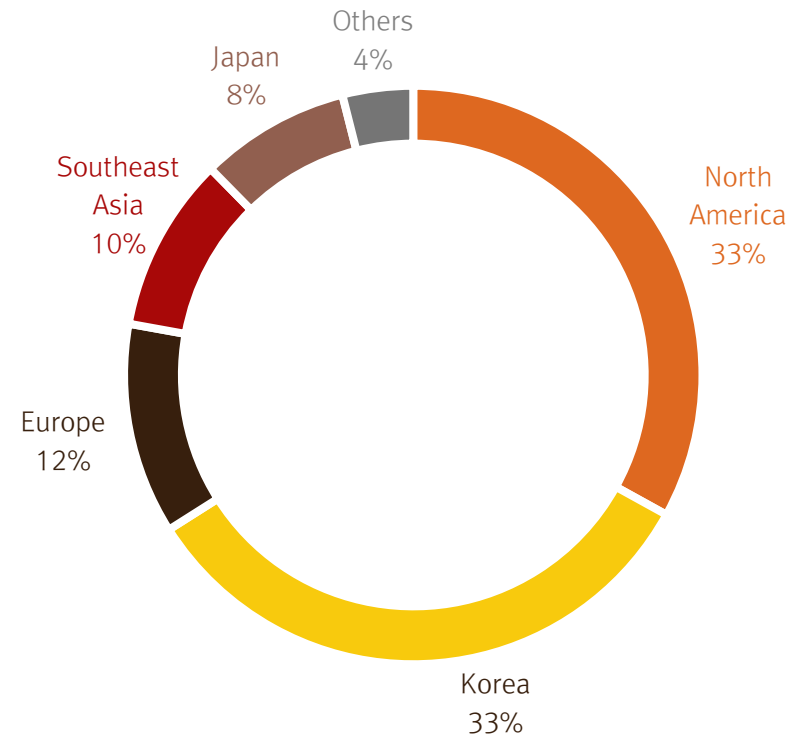
# 2. OVERSEAS REVENUE SHARE

- Overseas revenue for 4Q was KRW 420.1bn. Proportion of overseas revenue decreased to 67% (QoQ -8%P)
- Revenues were diversified across N.A (33%), Korea (33%), Europe (12%), SEA (10%), Japan (8%), and others (4%)
- Revenue proportion of Korea was increased by 8%P QoQ due to the newly released game, Seven Knights2

Korea & Overseas Revenue Share



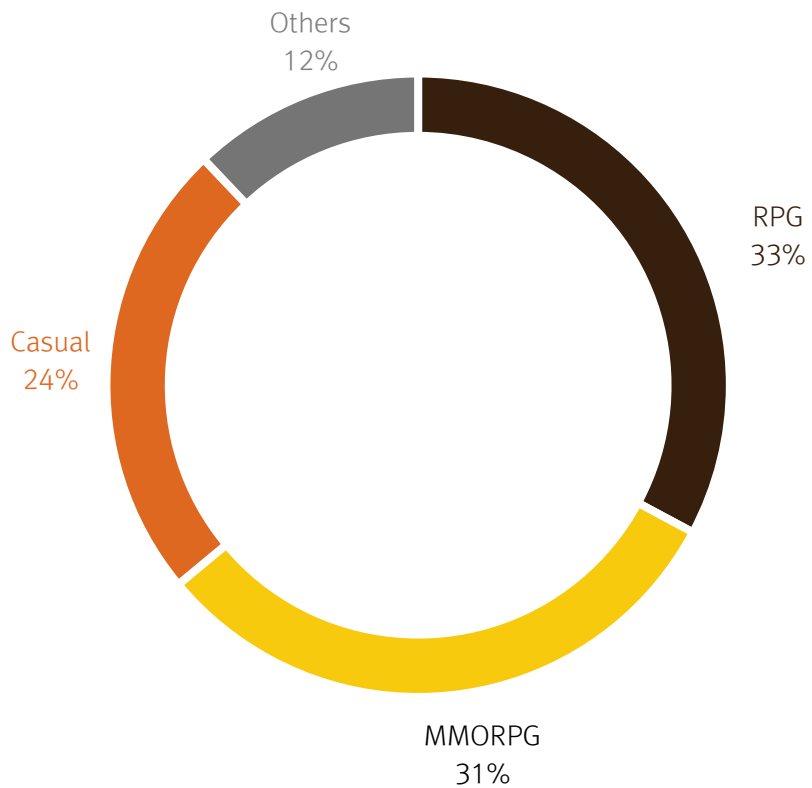
Revenue Breakdown by Region



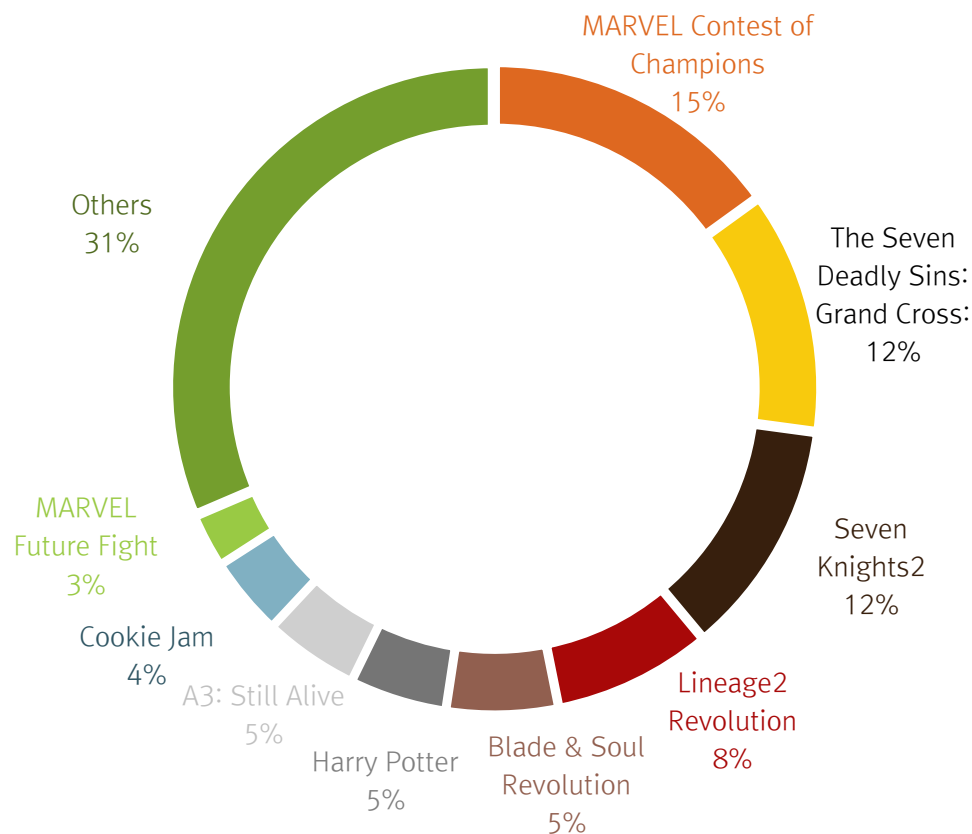
# 3. GAME PORTFOLIO

- Genre portfolio showed diversification across RPG (33%), MMORPG (31%), Casual (24%), and others (12%)
- Due to the launch of new titles including Seven Knights2, the proportion of MMORPG was increased 8%P QoQ
- Top revenue generators were evenly distributed; MARVEL Contest of Champions 15%, The Seven Deadly Sins: Grand Cross 12%, Seven Knights2 12%, Lineage2 Revolution 8%, Blade & Soul Revolution 5%, Harry Potter 5%, A3: Still Alive 5% etc.

Revenue Breakdown by Genre



Revenue Breakdown by Major Games



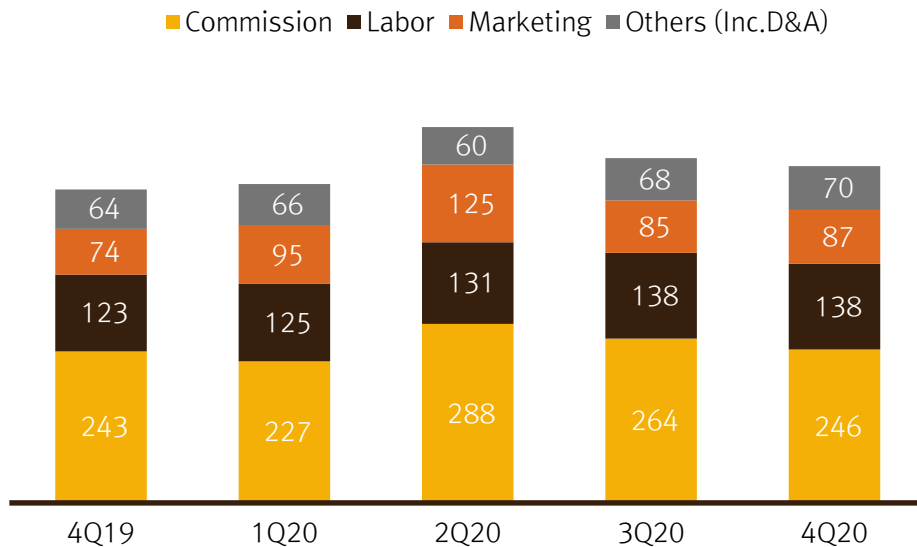


# 4. MAJOR COST STRUCTURES

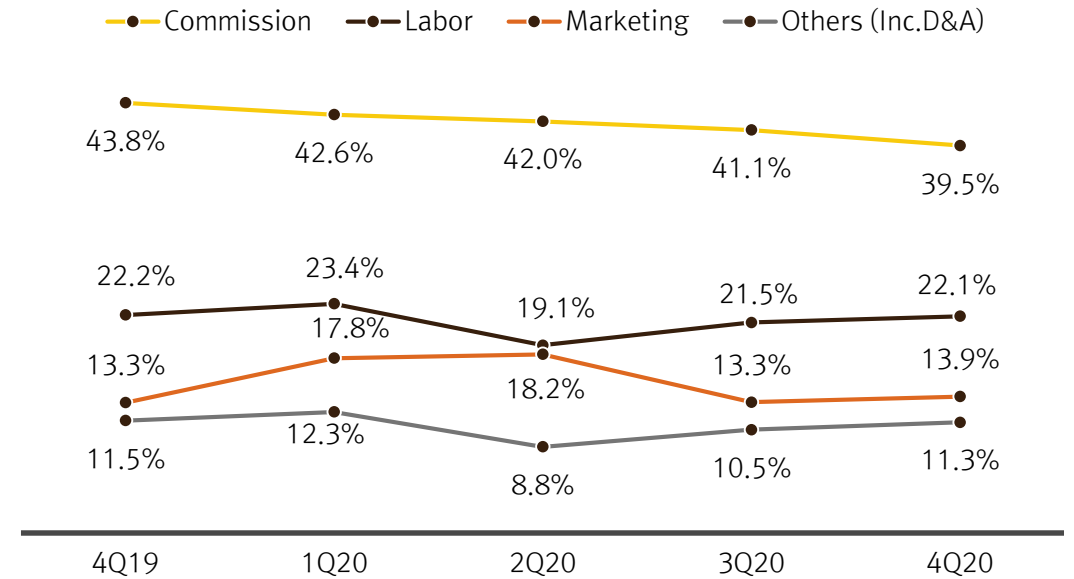
- 4Q operating cost was KRW 541.4bn (YoY +7.4%, QoQ -2.4%), decreased QoQ
- The commission decreased to KRW 246.4bn (YoY +1.3%, QoQ -6.6%), decreased QoQ.  
The commission rate was improved (below 40%) in 4Q20. Constantly enhancing proprietary IP led to decrease in the commission rate and the success of Seven Knights2 in 4Q20 also allowed to continue a downward trend
- The labor cost was KRW 137.8bn (YoY +11.8%, QoQ 0%), the same as previous quarter
- The marketing cost decreased to KRW 86.8bn (YoY +17.8%, QoQ +1.3%), slightly increased QoQ due to the launch of new games

Operating Costs Breakdown

(Unit : KRW bn)



Operating Costs to the Revenue



# 5. NEW LINE UP

- Blade & Soul Revolution (North America, Europe – Global, excluding Korea, Japan, China and SEA) and NBA Ball Stars (Global, excluding China) will be released in 1Q21
- In 2021, Netmarble will launch numerous new titles along with Ni no Kuni (simultaneous launch in Korea, Japan, Taiwan / 2Q21), Seven Knights Revolution (simultaneous launch in Korea, Japan / 2H21) and MARVEL Future Revolution (Global, excluding China / 2H21)

## 1H21



Blade & Soul Revolution  
(North America, Europe – Global, excluding Korea, Japan, China and SEA/ 1Q21)



NBA Ball Stars  
(Global, excluding China/ 1Q21)



## 2H21



Ni no Kuni  
(Simultaneous launch in Korea, Japan, Taiwan / 2Q21)



Seven Knights Revolution  
(Simultaneous launch in Korea, Japan / 2H21)



MARVEL Future Revolution  
(Global, excluding China/ 2H21)



# APPENDIX. CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Income Statement

## Consolidated Statement of Financial Position

| (KRW bn)                        | 4Q19         | 1Q20         | 2Q20         | 3Q20         | 4Q20         | FY 2020      | FY 2019      | YoY(%)        |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Revenue</b>                  | <b>555</b>   | <b>533</b>   | <b>686</b>   | <b>642</b>   | <b>624</b>   | <b>2,485</b> | <b>2,179</b> | <b>14.0%</b>  |
| Commission                      | 243          | 227          | 288          | 264          | 246          | 1,025        | 954          | 7.5%          |
| Labor Cost                      | 123          | 125          | 131          | 138          | 138          | 532          | 477          | 11.4%         |
| Marketing Cost                  | 74           | 95           | 125          | 85           | 87           | 392          | 292          | 34.2%         |
| Other Costs (exc. D&A)          | 36           | 38           | 32           | 41           | 41           | 152          | 135          | 12.7%         |
| <b>EBITDA</b>                   | <b>79</b>    | <b>48</b>    | <b>110</b>   | <b>114</b>   | <b>112</b>   | <b>384</b>   | <b>321</b>   | <b>19.6%</b>  |
| <i>Margin (%)</i>               | <i>14.3%</i> | <i>9.1%</i>  | <i>16.0%</i> | <i>17.8%</i> | <i>17.9%</i> | <i>15.5%</i> | <i>14.7%</i> | -             |
| D&A                             | 28           | 28           | 28           | 27           | 29           | 112          | 118          | -5.3%         |
| <b>Operating Income</b>         | <b>51</b>    | <b>20</b>    | <b>82</b>    | <b>87</b>    | <b>83</b>    | <b>272</b>   | <b>203</b>   | <b>34.2%</b>  |
| <i>Margin (%)</i>               | <i>9.2%</i>  | <i>3.8%</i>  | <i>11.9%</i> | <i>13.6%</i> | <i>13.2%</i> | <i>10.9%</i> | <i>9.3%</i>  | -             |
| Non-Operating Income & Cost     | -41          | 34           | 3            | 29           | 137          | 203          | 15           | 1194.3%       |
| <b>Pre-tax Profit</b>           | <b>10</b>    | <b>54</b>    | <b>85</b>    | <b>116</b>   | <b>220</b>   | <b>475</b>   | <b>218</b>   | <b>117.6%</b> |
| Tax                             | 5            | -4           | -1           | 23           | 117          | 135          | 48           | 181.3%        |
| <b>Net Profit</b>               | <b>5</b>     | <b>58</b>    | <b>85</b>    | <b>93</b>    | <b>103</b>   | <b>339</b>   | <b>170</b>   | <b>99.4%</b>  |
| <b>Net Profit (controlling)</b> | <b>-1</b>    | <b>54</b>    | <b>75</b>    | <b>84</b>    | <b>100</b>   | <b>313</b>   | <b>156</b>   | <b>100.9%</b> |
| <i>Margin (%)</i>               | <i>-0.2%</i> | <i>10.1%</i> | <i>11.0%</i> | <i>13.0%</i> | <i>16.1%</i> | <i>12.6%</i> | <i>7.2%</i>  | -             |

| (KRW bn)                                | 4Q19         | 1Q20         | 2Q20         | 3Q20         | 4Q20         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Current Assets</b>                   | <b>2,560</b> | <b>1,451</b> | <b>1,522</b> | <b>1,593</b> | <b>1,821</b> |
| Cash and Cash Equivalents               | 1,575        | 535          | 740          | 830          | 1,257        |
| Accounts Receivable                     | 147          | 216          | 232          | 208          | 182          |
| Other Current Financial Assets          | 761          | 611          | 442          | 442          | 288          |
| Other Current Assets                    | 77           | 89           | 108          | 113          | 94           |
| <b>Non-Current Assets</b>               | <b>3,246</b> | <b>5,308</b> | <b>5,776</b> | <b>5,809</b> | <b>6,170</b> |
| Investment Assets                       | 1,453        | 3,423        | 3,901        | 3,913        | 4,293        |
| Intangible Assets                       | 1,384        | 1,427        | 1,395        | 1,363        | 1,292        |
| Tangible Assets                         | 283          | 325          | 342          | 409          | 461          |
| Other Non-Current Assets                | 126          | 133          | 138          | 124          | 124          |
| <b>Total Assets</b>                     | <b>5,806</b> | <b>6,759</b> | <b>7,298</b> | <b>7,402</b> | <b>7,991</b> |
| <b>Current Liabilities</b>              | <b>665</b>   | <b>1,389</b> | <b>1,613</b> | <b>1,541</b> | <b>1,634</b> |
| Accounts Payable                        | 53           | 77           | 88           | 91           | 71           |
| Short-term Debt                         | 16           | 717          | 829          | 714          | 807          |
| Other Current Financial Liabilities     | 405          | 406          | 483          | 500          | 514          |
| Other Current Liabilities               | 191          | 189          | 213          | 236          | 242          |
| <b>Non-Current Liabilities</b>          | <b>493</b>   | <b>441</b>   | <b>434</b>   | <b>532</b>   | <b>883</b>   |
| Other Non-Current Financial Liabilities | 277          | 174          | 55           | 154          | 371          |
| Other Non-Current Liabilities           | 216          | 267          | 379          | 378          | 512          |
| <b>Total Liabilities</b>                | <b>1,158</b> | <b>1,830</b> | <b>2,047</b> | <b>2,073</b> | <b>2,517</b> |
| <b>Total Equity</b>                     | <b>4,648</b> | <b>4,929</b> | <b>5,251</b> | <b>5,329</b> | <b>5,474</b> |

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