



4Q23 & FY 2023 Earnings Results

February 14th, 2024

Disclaimer

This document contains information and financial data that have not been audited by an independent auditor.

The reason for our earnings release announcement prior to an independent auditor's audit is to communicate our financial results to the market and investors in a timely manner.

Also, the information and projections contained in this document are based on our internal analysis of the market and industry environment. Please note that these estimates are subject to change according to the changes in the management environment and industry conditions.

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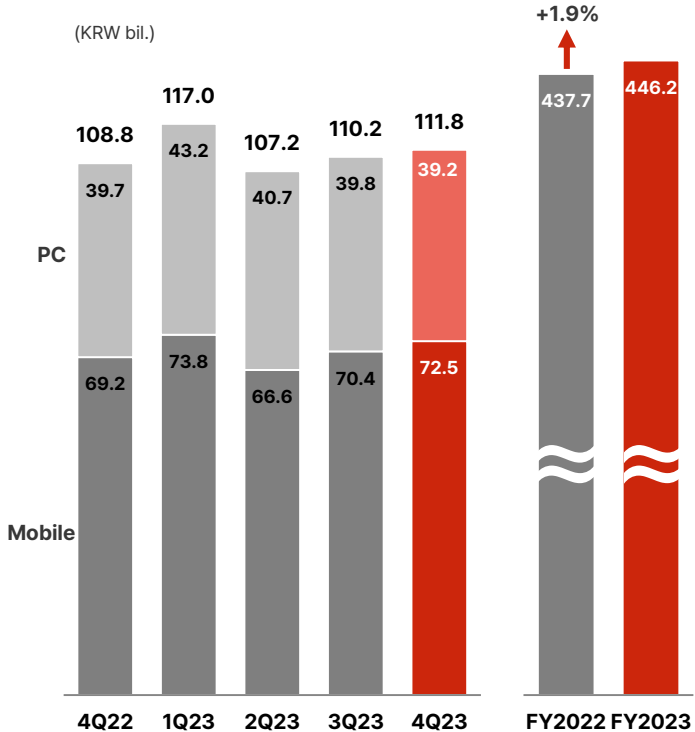
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1. Earnings Summary

(mil. KRW)	4Q22	1Q23	2Q23	3Q23	4Q23	Change		FY2023	Change
						YoY	QoQ		YoY
Operating Revenue	560,653	548,338	551,432	571,533	598,294	6.7%	4.7%	2,269,597	7.3%
Games	108,848	117,002	107,235	110,241	111,752	2.7%	1.4%	446,230	1.9%
Payment & Ad	237,074	249,408	257,952	265,138	292,961	23.6%	10.5%	1,065,459	19.7%
Commerce	73,915	50,591	51,866	60,679	73,354	-0.8%	20.9%	236,491	-27.6%
Technology	104,949	100,134	93,584	95,381	78,897	-24.8%	-17.3%	367,996	19.1%
Contents	49,538	41,845	50,488	50,026	49,749	0.4%	-0.6%	192,107	-2.7%
Others	3,858	11,392	10,910	10,267	13,246	243.3%	29.0%	45,814	310.3%
Internal Transaction	-17,530	-22,032	-20,603	-20,200	-21,666	-	-	-84,501	-
Operating Expenses	550,620	529,228	530,541	548,178	606,127	10.1%	10.6%	2,214,074	6.7%
Operating Income	10,033	19,110	20,892	23,355	-7,833	-	-	55,523	42.2%
OPM	1.8%	3.5%	3.8%	4.1%	-1.3%	-3.1%p	-5.4%p	2.4%	0.6%p
Net Income before income tax expense	-38,144	26,911	23,886	24,300	-68,678	-	-	6,419	321.9%
Income Tax Expenses	5,208	1,343	8,468	16,315	-10,741	-	-	15,385	-53.8%
Net Income	-43,352	25,567	15,419	7,985	-57,936	-	-	-8,965	-
NPM	-7.7%	4.7%	2.8%	1.4%	-9.7%	-2.0%p	-11.1%p	-0.4%	1.1%p

2-1. Operating Revenues : Games



Q4 Revenue KRW 111.8b

YoY +2.7%, QoQ +1.4%

- **PC Online Games KRW 39.2b**

YoY -1.1%, QoQ -1.5%

- Reverse base effect of last year's deregulation
- Increase in new users of "Poker Classic" due to new contents such as Las Vegas Hold'em

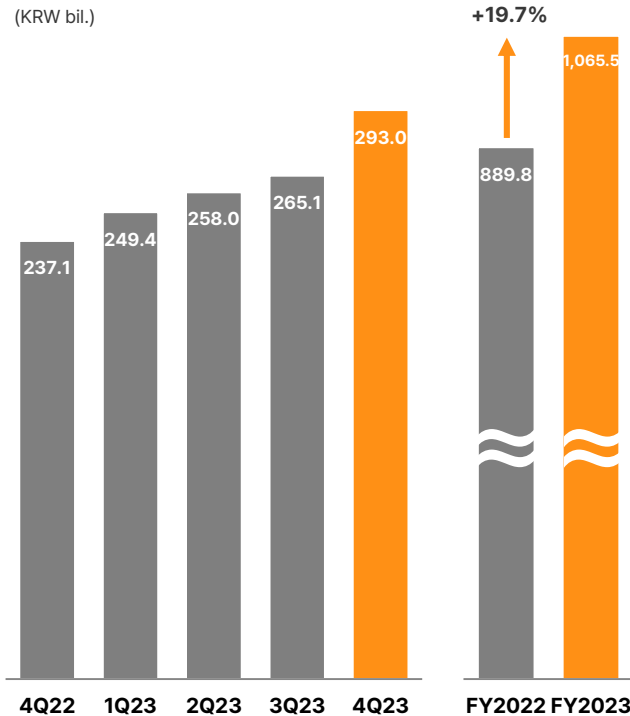
- **Mobile Games KRW 72.5b**

YoY +4.9%, QoQ +3.0%

- Mobile web board YoY +7.4%, despite a high comparison base from the same period last year
- Strong performance of newly launched mobile title "Wooparoo Odyssey"
- Japanese title "#Compass" also rebounded with collaboration effect

2-2. Operating Revenues : Payment & Ad

(KRW bil.)



Q4 Revenue KRW 293.0b

YoY +23.6%, QoQ +10.5%

- **NHN PAYCO**

- Q4 RTPV(Revenue TPV) grew +11% YoY
- Annual operating loss recorded KRW 15.7 billion, impact of marketing efficiency and sales-linked service growth (improved KRW 33.9 billion YoY)

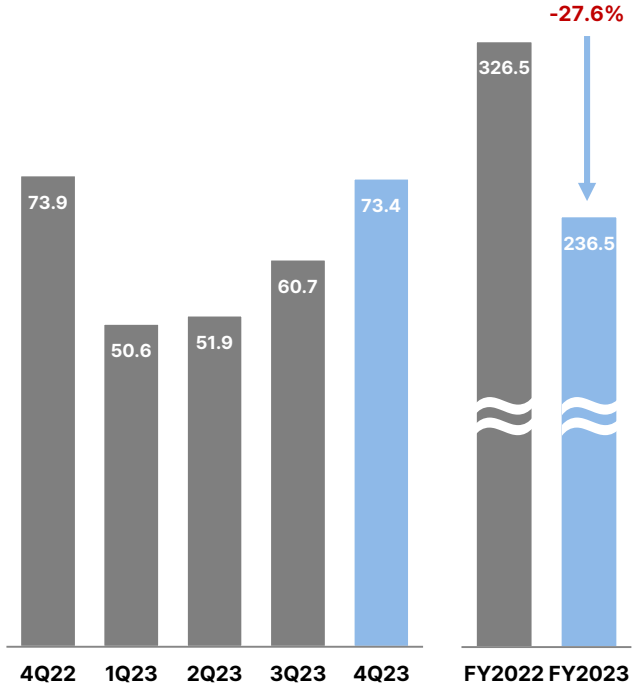
Note: Revenue TPV includes transaction amounts that generate sales, such as payments made with Points, Coupon, and Corporate Welfare Solutions, etc.

- **NHN KCP**

- Payment volume for PG (Payment Gateway) services has shown consistent growth at domestic/overseas major merchants
- Q4 transaction volume from overseas merchants hit an all-time

2-3. Operating Revenues : Commerce

(KRW bil.)



Q4 Revenue KRW 73.4b

YoY -0.8%, QoQ +20.9%

- **NHN Commerce**

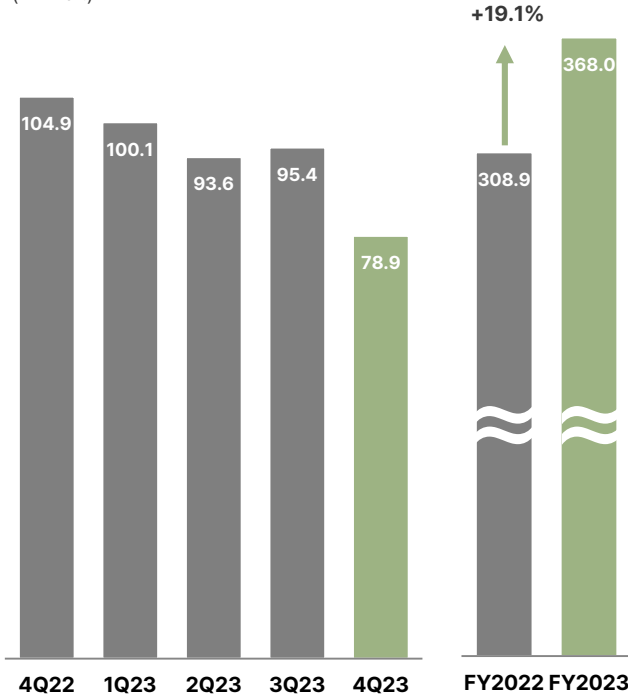
- Despite the limited effect of Single's day, up QoQ led by the low base effect
- Revenue of Italian luxury distributor 'IKONIC' increased 16.4% QoQ

- **NHN Global**

- Slightly up QoQ with the commission rate change even U.S. consumer sentiment continued to contract

2-4. Operating Revenues : Technology

(KRW bil.)



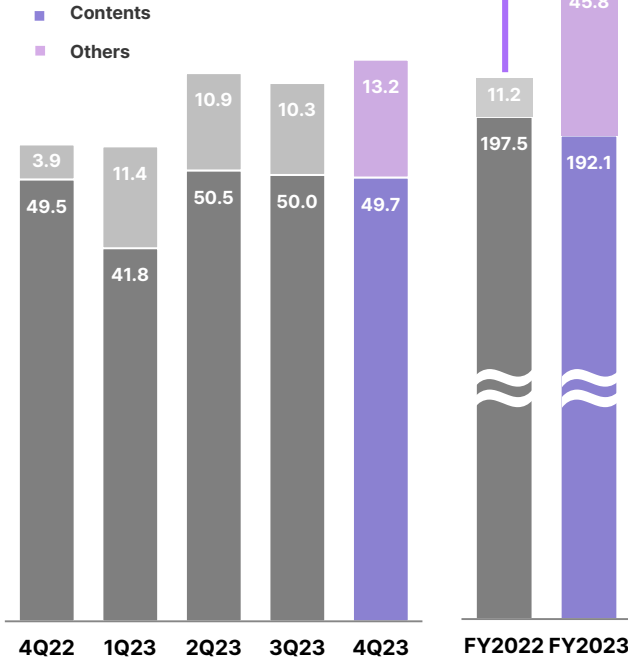
Q4 Revenue KRW 78.9b

YoY -24.8%, QoQ -17.3%

- **NHN Cloud**
 - Cloud sales in the private and financial sectors remained solid, but some sales were deducted in Q4 due to delays in Korean public institution projects
 - Expects to further provide the top-tier AI infrastructure
 - Signed MOU with Naver Cloud, Saltlux, and etc.
- **NHN Techorus**
 - AWS resale revenue showed a robust growth
 - Efforts are underway to strengthen NHN's MSP network across Japan
- **Cloudnexa**
 - Excluded from consolidation as of Q4

2-5. Operating Revenues : Contents / Others

(KRW bil.)



Q4 Revenue KRW 63.0b

YoY +18.0%, QoQ +4.5%

- **NHN Comico**
 - Managed to maintain stable traffic centered on 'romance fantasy' genre oriented
- **NHN Link**
 - Recorded strong sales even the KBO season ended
 - Continued growth in both performance ticket sales and contents development business
- **NHN Doctor Tour**
 - YoY and QoQ growth thanks to increased travel sales

3. Operating Expenses

Operating Expense KRW 606.1b : YoY +10.1%, QoQ +10.6%

- **Commission** : QoQ +12.6%, sales commissions increased in the payment business, revenue of IKONIC in commerce business also increased
- **Labor** : QoQ -2.8%, decrease in the number of consolidated employees, reflecting the reverse base effect from the bonus payment to certain subsidiaries in the prior quarter
- **Marketing** : QoQ -3.5%, marketing stabilization continued in payment and webtoon businesses
- **Depreciation + Communication** : QoQ +5.8%, reflected the accounting about IDC server lease of Cloud business, increased the depreciation cost as Gwangju National AI Data Center had operated
- **Others** : QoQ +77.9%, recognition of one-off bad debt expense for long-term unrecovered receivables in commerce business

(KRW mil.)	4Q22	1Q23	2Q23	3Q23	4Q23	Change		FY2023	Change
						YoY	QoQ		YoY
Operating Expenses	550,620	529,228	530,541	548,178	606,127	10.1%	10.6%	2,214,074	6.7%
Commission	364,143	352,376	355,751	367,851	414,343	13.8%	12.6%	1,490,321	9.2%
Labor	114,120	114,541	115,877	115,711	112,435	-1.5%	-2.8%	458,564	9.4%
Marketing	28,068	20,100	19,395	19,756	19,057	-32.1%	-3.5%	78,309	-38.2%
Depreciation	21,614	21,005	20,032	21,103	31,944	47.8%	51.4%	94,084	19.4%
Communication	6,614	6,508	6,513	5,956	-3,314	-	-	15,664	-39.4%
Others	16,061	14,698	12,971	17,800	31,662	97.1%	77.9%	77,132	28.6%

4. Incomes

Operating Loss KRW 7.8b : YoY, QoQ turned to deficit

Net Loss KRW 57.9b : YoY deficit widened, QoQ turned to deficit

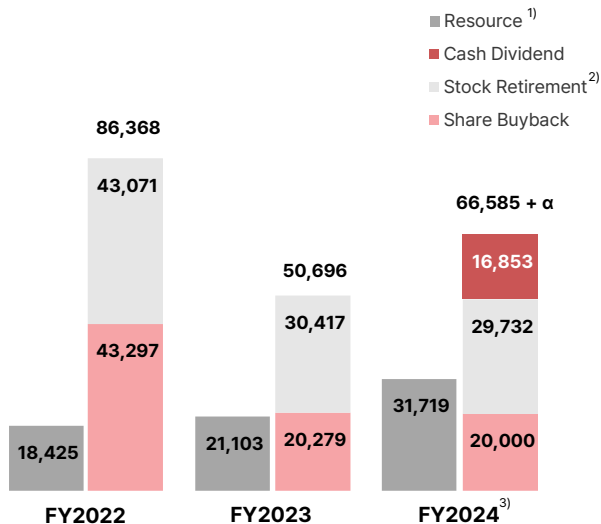
- Reflected impairment loss of KRW 30.9 billion on intangible assets such as goodwill, FVTPL valuation loss of KRW 24 billion, impairment of affiliates subject to equity method of KRW 10 billion, etc.

(KRW mil.)	4Q22	1Q23	2Q23	3Q23	4Q23	Change		FY2023	Change
						YoY	QoQ		YoY
Operating Income	10,033	19,110	20,892	23,355	-7,833	-	-	55,523	42.2%
<i>Operating Profit Margin</i>	<i>1.8%</i>	<i>3.5%</i>	<i>3.8%</i>	<i>4.1%</i>	<i>-1.3%</i>	<i>-3.1%p</i>	<i>-5.4%p</i>	<i>2.4%</i>	<i>0.6%p</i>
Non-Operating Profit	-48,177	7,801	2,995	945	-60,844	-	-	-49,104	-
Financial Income	23,091	22,241	7,751	9,051	29,082	25.9%	221.3%	68,126	-8.2%
Non-Operating Income	7,067	3,072	6,383	2,254	5,103	-27.8%	126.4%	16,812	-14.0%
Equity Method Income	979	3,007	6,294	6,190	391	-60.1%	-93.7%	15,882	165.2%
Financial Expense	48,373	9,555	8,701	13,841	46,615	-3.6%	236.8%	78,713	-7.3%
Non-Operating Expense	28,635	4,648	2,888	1,382	51,136	78.6%	3,600%	60,054	56.0%
Equity Method Loss	2,305	6,317	5,843	1,326	-2,330	-	-	11,157	-19.6%
Net Income before income tax expense	-38,144	26,911	23,886	24,300	-68,678	-	-	6,419	321.9%
Income tax	5,208	1,343	8,468	16,315	-10,741	-	-	15,385	-53.8%
Net Income	-43,352	25,567	15,419	7,985	-57,936	-	-	-8,965	-
<i>Net Profit Margin</i>	<i>-7.7%</i>	<i>4.7%</i>	<i>2.8%</i>	<i>1.4%</i>	<i>-9.7%</i>	<i>-2.0%p</i>	<i>-11.1%p</i>	<i>-0.4%</i>	<i>1.1%p</i>

5. Shareholder Return

Shareholder return breakdown

(KRW mil.)



Note 1) 30% of the previous year's non-consolidated EBITDA
(Based on the '3-Year Shareholder Return Plan' announced in 2022)

Note 2) Calculated based on the closing price of the previous day of the board of directors

Note 3) Shareholder return resource in 2024 may change after the results of external audit

Decided to return KRW 66.6 billion to shareholders, including the very first 'Cash dividend'.

Implemented shareholder returns that more than doubled the minimum resources for 3 consecutive years.

- Total KRW 16.9 billion of year-end cash dividend**
 - Dividend per share of 500 KRW
 - Market price - dividend ratio of 2.1%
 - Dividend record date: December 31, 2023, to be paid in April after approval at the annual shareholders' meeting
 - Dividend process improvement in progress, including a record date revision
- KRW 20.0 billion treasury buyback**
 - Expected acquisition period: February 14 - May 13, 2024
 - Number of shares: 787,500 (2.25% of currently issued shares)
- Retirement of 1,170,559 shares** (previously acquired)
 - 3.4% of currently issued shares
 - Accumulated 3,751,792 shares retired for 3 years (10% of issued shares as of the disclosure of the shareholder return policy)

Appendix

1. Employees












Consolidated Basis : 4,993, QoQ -278

NHN Parent Basis : 846, QoQ -5

	3Q23	4Q23	QoQ		3Q23	4Q23	QoQ			
	NHN	851	846	-5		NHN PlayArt	242	238	-4	
	NHN Cloud	488	482	-6		NHN Techorus	147	153	6	
	NHN KCP	380	377	-3	JAPAN	NHN Comico & etc.	198	186	-12	
	NHN PAYCO	223	223	-		NHN JAPAN	56	57	1	
	NHN Commerce	201	200	-1		NHN Fukuoka	24	23	-1	
	NHN AD	195	190	-5		USA	NHN Global & etc.	195	193	-2
	NHN Enterprise	128	135	7			Ikonic SRL	82	81	-1
KOREA	NHN Edu	123	124	1	Europe	New Deep Limited & etc.	14	7	-7	
	NHN Bugs	119	121	2		CHINA, etc.	NHN Commerce China	213	195	-18
	NHN Doctor Tour	117	116	-1	NHN ST		89	86	-3	
	NHN Dooray	114	100	-14	TOTAL		5,271	4,993	-278	
	NHN InjeINC	96	99	3						
NHN Crossent	58	38	-20							
NHN Diquest ¹⁾	207	0	-207							
Others	711	723	12							

Note 1) Disposition of NHN Diquest. completed in November 2023

2. Game Pipelines

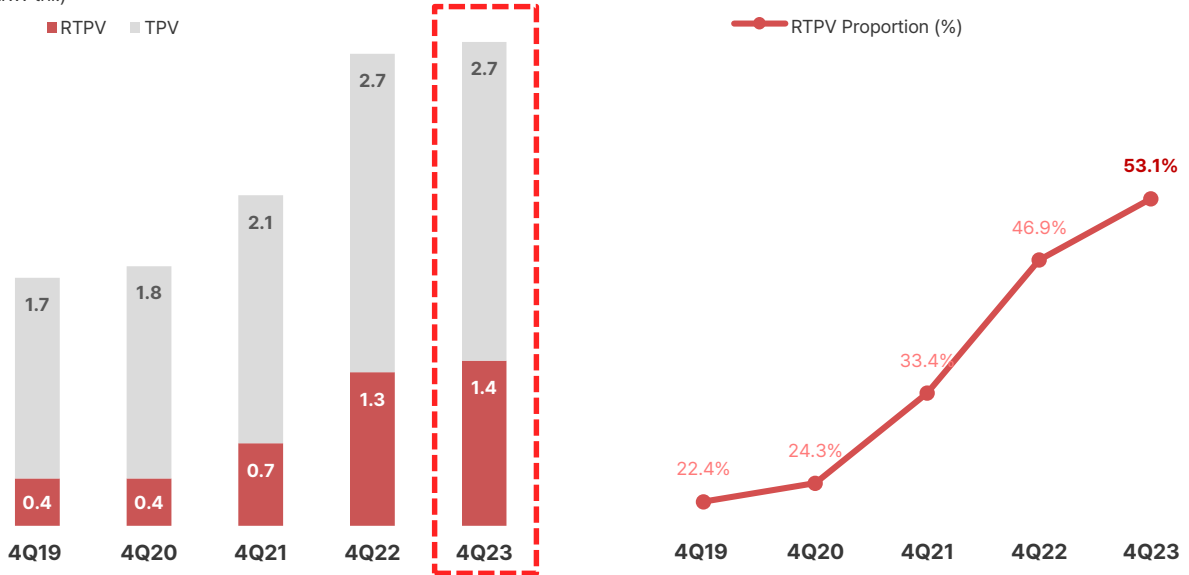
2024 (6 Titles)	2025 (6 Titles)
 <p>Darkest Days (Zombie Apocalypse) Publisher & Developer, NHN</p>	 <p>Project RE (Tentative, IP-based RPG) Publisher, NHN</p>
 <p>Wooparoo Odyssey Global (SNG) Publisher, NHN</p>	 <p>Project BA (Tentative, IP-based RPG) Developer, NHN PlayArt</p>
 <p>Stellar Fantasy (Collectible RPG) Publisher, NHN</p>	 <p>TigerGate (Tentative, Casual PvP) Publisher & Developer, NHN PlayArt</p>
 <p>Pebble City (Social Casino) Publisher & Developer, NHN</p>	 <p>Dream Hacker (Tentative, Action) Publisher & Developer, NHN PlayArt</p>
 <p>Project G (Tentative, IP-based RPG) Developer, NHN PlayArt</p> <p>Hidden Witch (Tentative, Puzzle) Publisher & Developer, NHN</p>	 <p>Project MM (Tentative, Puzzle) Publisher & Developer, NHN</p>  <p>Project D (Tentative, Action) Publisher & Developer, NHN</p>

3. PAYCO Revenue TPV (Sales Contribution Transaction Amount)

Revenue TPV reached KRW 1.4 trillion, marking a YoY +11% (Comprising 53.1% of the Total Transaction Volume, YoY +6.2%p)

- Revenue TPV includes transaction amounts that generate sales, such as payments made with Points, Coupon, and Corporate Welfare Solutions, etc.

(KRW tril.)



4-1. Financial Statement (Parent)

Income Statement

(KRW mil.)	4Q22	1Q23	2Q23	3Q23	4Q23
Sales	93,136	95,675	93,014	87,066	93,754
Game	76,041	83,717	79,621	74,960	81,546
Others	17,095	11,958	13,393	12,106	12,209
Operating Expenses	75,295	70,088	66,420	64,949	71,612
Commission	34,199	31,915	29,779	27,529	33,388
Labor	23,813	23,526	24,127	23,561	24,545
Marketing	11,815	10,042	7,133	8,202	8,186
Depreciation	2,361	2,209	2,213	2,379	2,489
Others	3,107	2,396	3,168	3,278	3,004
Operating Income	17,841	25,587	26,594	22,117	22,143
<i>OPM</i>	<i>19.2%</i>	<i>26.7%</i>	<i>28.6%</i>	<i>25.4%</i>	<i>23.6%</i>
Financial Income	5,251	6,193	73,771	2,263	17,629
Other Income	-1,508	861	894	633	57
Financial Expense	23,624	76,177	-5,008	-1,670	55,927
Other Expense	2,132	437	206	161	13,572
Pre-tax Income	-4,172	-43,973	106,061	26,522	-29,671
Income Tax	-1,326	-9,638	6,118	6,256	610
Net Income	-2,846	-34,335	99,942	20,266	-30,281
<i>NPM</i>	<i>-3.1%</i>	<i>-35.9%</i>	<i>107.4%</i>	<i>23.3%</i>	<i>-32.3%</i>

Balance Sheet

(KRW mil.)	4Q22	1Q23	2Q23	3Q23	4Q23
Current Assets	194,043	120,436	181,269	206,418	226,428
Cash and Cash Equivalent	87,518	57,044	128,070	155,965	170,551
Accounts Receivables	100,506	58,828	47,742	45,540	51,446
Others	6,019	4,565	5,457	4,912	4,431
Non-current Assets	1,619,805	1,727,214	1,764,035	1,765,633	1,748,345
Tangible Assets	142,427	139,974	138,965	137,901	134,119
Intangible Assets	14,364	14,546	14,700	14,635	14,693
Investment Assets	1,366,563	1,462,615	1,487,195	1,491,559	1,467,770
Others	96,451	110,079	123,175	121,538	131,763
Total Assets	1,813,848	1,847,650	1,945,304	1,972,051	1,974,773
Current Liabilities	64,848	70,796	69,182	72,421	102,390
Accounts Payables	33,928	30,561	27,877	34,398	32,853
Short-term Borrowings	0	0	0	0	0
Accrued Income Taxes	15,559	22,609	24,030	20,833	29,148
Others	15,361	17,626	17,274	17,189	40,389
Non-current Liabilities	68,594	146,633	149,772	149,101	145,658
Long-term Accounts Payables	2,733	2,733	2,733	2,733	2,733
Allowance for Severance Pay	27,638	29,509	31,207	32,500	35,380
Others	38,223	114,391	115,831	113,868	107,545
Total Liabilities	133,442	217,429	218,954	221,522	248,048
Shareholders' Equity	1,680,406	1,630,222	1,726,351	1,750,529	1,726,725
Paid-in Capital	18,759	18,759	18,759	18,759	18,759
Capital Surplus	1,264,694	1,264,694	1,264,694	1,264,694	1,264,694
Capital Adjustment	-161,631	-135,971	-135,839	-135,704	-134,385
Other Comprehensive Income	-11,415	-5,888	1,941	5,718	12,054
Retained Earnings	569,999	488,627	576,796	597,062	565,603
Total Equity	1,680,406	1,630,222	1,726,351	1,750,529	1,726,725

4-2. Financial Statement (Consolidated)

Income Statement						Balance Sheet					
(KRW mil.)	4Q22	1Q23	2Q23	3Q23	4Q23	(KRW mil.)	4Q22	1Q23	2Q23	3Q23	4Q23
Sales	560,653	548,338	551,432	571,533	598,294	Current Assets	1,348,600	1,472,033	1,432,466	1,559,228	1,540,994
Game	108,848	117,002	107,235	110,241	111,752	Cash and Cash Equivalent	630,551	740,963	742,942	785,509	771,651
Payment & Ads	237,074	249,408	257,952	265,138	292,961	Accounts Receivables	466,329	506,207	461,064	497,164	490,725
Commerce	73,915	50,591	51,866	60,679	73,354	Others	251,719	224,863	228,460	276,555	278,619
Technology	104,949	100,134	93,584	95,381	78,897	Non-current Assets	1,676,582	1,772,192	1,929,511	1,936,095	1,933,447
Contents	49,538	41,845	50,488	50,026	49,749	Tangible Assets	483,198	504,514	665,684	688,394	705,598
Others	3,858	11,392	10,910	10,267	13,246	Intangible Assets	413,101	418,018	417,249	444,018	427,878
Internal transactions	-17,530	-22,032	-20,603	-20,200	-21,666	Investment Assets	592,528	641,986	574,529	563,650	544,897
Operating Expenses	550,620	529,228	530,541	548,178	606,127	Accounts Receivable	55,103	60,094	61,995	66,208	51,001
Commission	364,143	352,376	355,751	367,851	414,343	Others	132,653	147,579	210,053	173,825	204,074
Labor	114,120	114,541	115,877	115,711	112,435	Total Assets	3,025,182	3,244,225	3,361,977	3,495,324	3,474,441
Marketing	28,068	20,100	19,395	19,756	19,057	Current Liabilities	746,993	760,213	709,366	809,795	876,570
Depreciation	21,614	21,005	20,032	21,103	31,944	Accounts Payables	504,266	452,481	421,706	519,806	610,379
Communications	6,614	6,508	6,513	5,956	-3,314	Short-term Borrowings	62,747	107,892	76,252	109,604	93,589
Others	16,061	14,698	12,971	17,800	31,662	Accrued Income Taxes	26,194	34,299	36,312	27,751	44,682
Operating Income	10,033	19,110	20,892	23,355	-7,833	Others	153,786	165,540	175,096	152,634	127,920
<i>OPM</i>	<i>1.8%</i>	<i>3.5%</i>	<i>3.8%</i>	<i>4.1%</i>	<i>-1.3%</i>	Non-current Liabilities	285,770	463,512	597,053	606,834	585,028
Financial Income	23,091	22,241	7,751	9,051	29,082	Long-term Accounts Payables	115,344	267,179	270,218	273,522	227,110
Equity Method Income	979	3,007	6,294	6,190	391	Long-term Borrowings	71,739	73,201	213,212	224,758	223,512
Other Income	7,067	3,072	6,383	2,254	5,103	Allowance for Severance Pay	62,776	67,087	71,131	75,153	82,423
Financial Expense	48,373	9,555	8,701	13,841	46,615	Deferred Income Tax Credits	13,179	16,153	9,119	5,325	13,173
Equity Method Loss	2,305	6,317	5,843	1,326	-2,330	Others	22,732	39,891	33,372	28,076	38,809
Other Expense	28,635	4,648	2,888	1,382	51,136	Total Liabilities	1,032,763	1,223,724	1,306,420	1,416,629	1,461,598
Net Income before income tax expense	-38,144	26,911	23,886	24,300	-68,678	Shareholders' Equity	1,693,035	1,683,233	1,699,738	1,719,917	1,656,782
Income Tax	5,208	1,343	8,468	16,315	-10,741	Paid-in Capital	18,759	18,759	18,759	18,759	18,759
Net Income	-43,352	25,567	15,419	7,985	-57,936	Capital Surplus	1,228,666	1,228,666	1,228,666	1,228,666	1,228,666
<i>NPM</i>	<i>-7.7%</i>	<i>4.7%</i>	<i>2.8%</i>	<i>1.4%</i>	<i>-9.7%</i>	Capital Adjustment	-134,886	-143,139	-130,692	-135,100	-130,013
						Other Comprehensive Income	760	20,164	14,238	19,713	2,688
						Retained Earnings	579,736	558,783	568,767	587,880	536,682
						Non-controlling Interests	299,385	337,267	355,819	358,778	356,061
						Total Equity	1,992,419	2,020,501	2,055,557	2,078,695	2,012,844

Thank you.

