

# Q1 2024 Earnings Release

May 10, 2024

NCSOFT IR



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## Disclaimer

The financial results for Q1 2024 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)

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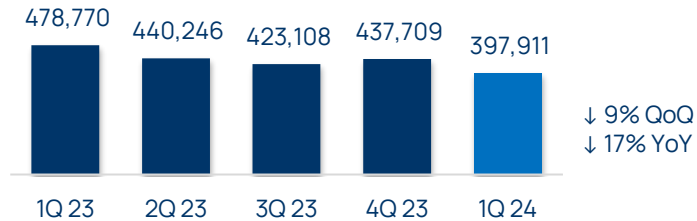
# 1. Financial Highlights

- Sales totaled KRW 397.9 billion, down 9% qoq and 17% yoy
- Operating profit was KRW 25.7 billion, an increase of 568% qoq but a decrease of 68% yoy

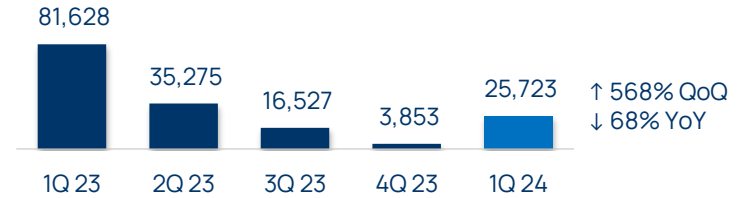
## Quarterly Performance

(Unit : KRW MN)

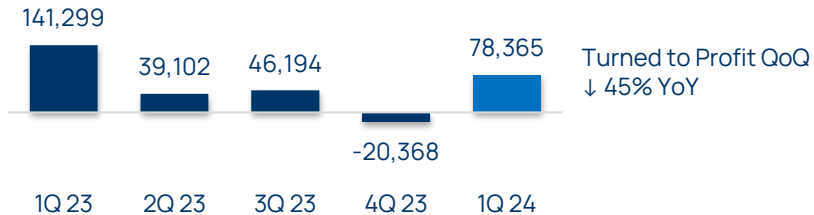
### Sales



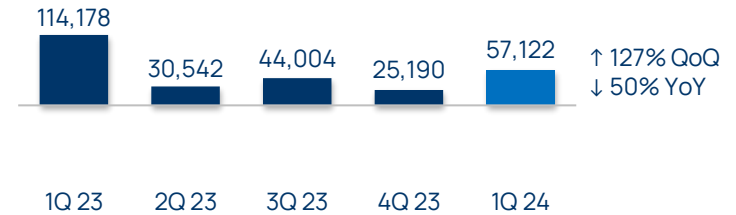
### Operating Profit



### Pre-tax Income



### Net Income

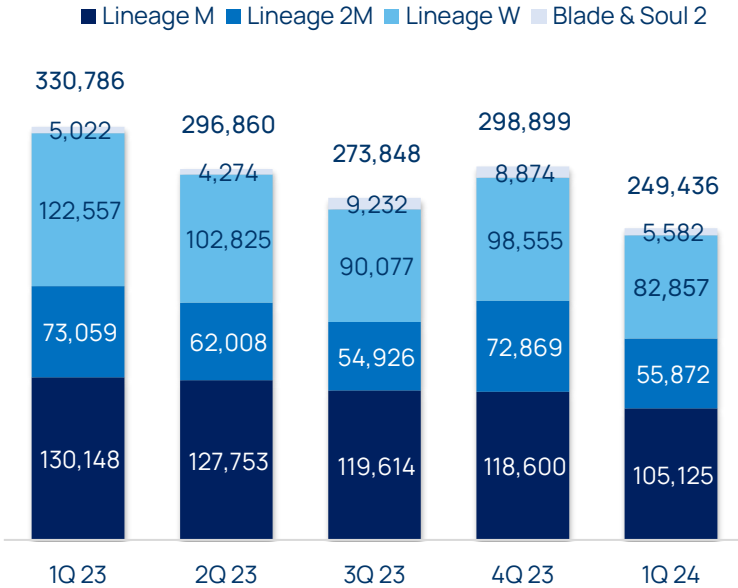


## 2. Sales Breakdown (by Game)

- Mobile game sales amounted to KRW 249.4 billion, down 17% qoq, due to the high base established by Lineage 2M and Lineage W. Mobile games generated 63% of total sales
- PC online games posted KRW 91.5 billion in sales, up 4% qoq, lifted by various updates. PC online games accounted for 23% of total sales

### Mobile Games

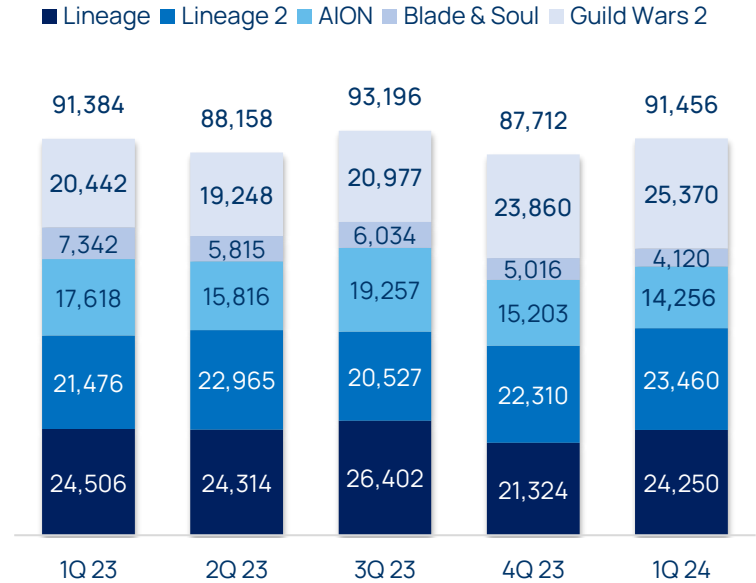
(Unit : KRW MN)



\* Not including other mobile games

### PC Online Games

(Unit : KRW MN)



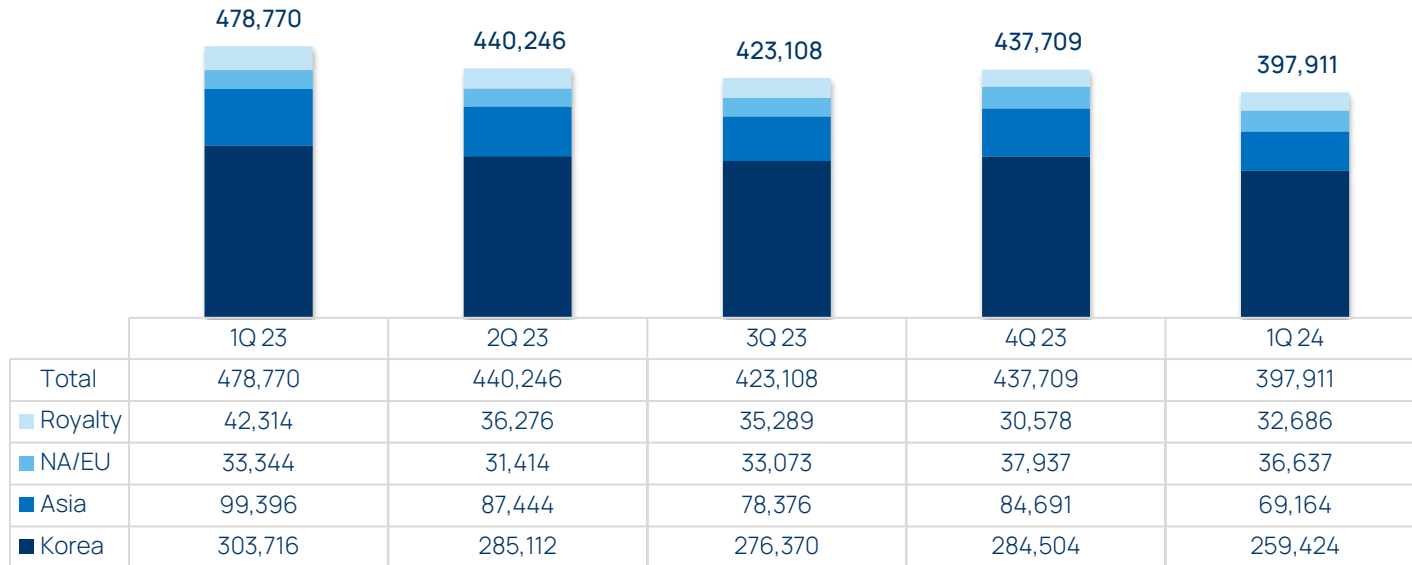
\* Not including other PC online games

## 2. Sales Breakdown (by Region)

- Korea sales posted KRW 259.4 billion, representing a 9% decline qoq
- Overseas and royalty sales dropped 10% qoq to KRW 138.5 billion, accounting for 35% of total sales

### Sales by Region

(Unit : KRW MN)

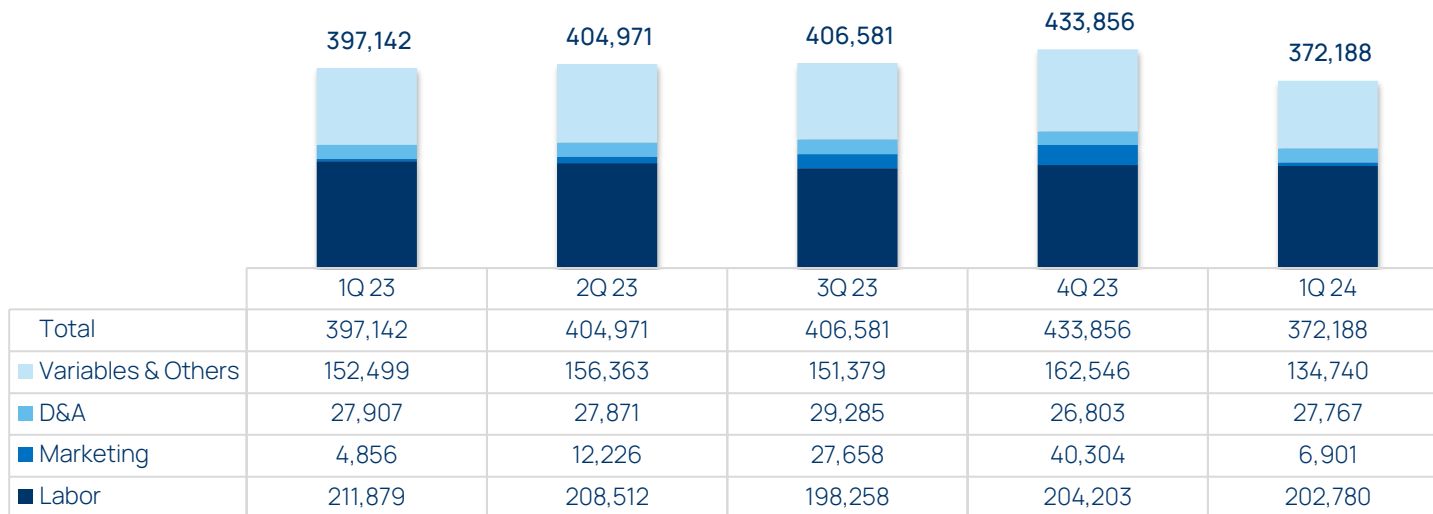


### 3. Cost Breakdown

- Total operating expenses reported KRW 372.2 billion, down 14% qoq and 6% yoy
- Labor cost was KRW 202.8 billion, declining 1% qoq and 4% yoy
- Marketing expenses dropped 83% qoq to KRW 6.9 billion, driven by efforts to optimize marketing spending including reduced ad campaigns for major game updates and new title releases in Korea
- Variables and other costs dropped 17% qoq to KRW 134.7 billion, on decreased distribution fees due to a decline in mobile game sales

#### Cost Breakdown

(Unit : KRW MN)



## 4. Consolidated Financial Statements

### Statement of Financial Position

(Unit : KRW MN)

	FY 2023	1Q 24
<b>Assets</b>		
<b>I. Current Assets</b>	<b>2,336,839</b>	<b>2,140,938</b>
Cash and cash equivalents	365,200	233,803
Short-term financial instruments	1,167,467	1,104,482
Account receivables	132,703	133,831
Other receivables	39,637	25,733
Short-term investment assets	585,401	595,275
Others	46,431	47,813
<b>II. Non-current Assets</b>	<b>2,056,962</b>	<b>2,154,671</b>
Long-term loans	7,347	7,534
Other receivables	21,281	22,110
Long-term investment assets	640,388	782,587
Investment stock in associated companies	24,887	24,162
Investment property	88,900	88,531
Tangible assets	1,000,513	983,105
Intangible assets	96,109	96,556
Others	177,537	150,086
<b>Total Assets</b>	<b>4,393,800</b>	<b>4,295,608</b>

	FY 2023	1Q 24
<b>Liabilities</b>		
<b>I. Current Liabilities</b>	<b>614,287</b>	<b>516,794</b>
Borrowings	239,954	129,980
Account payables	78,084	122,704
Lease liabilities	39,958	45,485
Current tax liabilities	1,537	1,469
Other current liabilities	254,754	217,157
Other provisions	-	-
<b>II. Non-current Liabilities</b>	<b>526,484</b>	<b>513,590</b>
Debentures and borrowings	169,691	169,714
Defined benefit obligations	5,819	947
Long-term employee benefits	23,075	23,911
Lease liabilities	192,673	182,998
Others	135,227	136,019
<b>Total Liabilities</b>	<b>1,140,772</b>	<b>1,030,384</b>
<b>Shareholders Equity</b>		
Capital Stock	10,977	10,977
Other Paid-in Capital	(189,424)	(189,424)
Other Components of Equity	(44,503)	(29,085)
Retained Earnings	3,472,647	3,469,396
Non-controlling Interest	3,332	3,361
<b>Total Stockholders Equity</b>	<b>3,253,029</b>	<b>3,265,224</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>4,393,800</b>	<b>4,295,608</b>



## 4. Consolidated Financial Statements

### Income Statement

(Unit : KRW MN)

	1Q 23	2Q 23	3Q 23	4Q 23	1Q 24
Sales	478,770	440,246	423,108	437,709	397,911
Operating Expenses	397,142	404,971	406,581	433,856	372,188
Operating Income	81,628	35,275	16,527	3,853	25,723
Non-operating Income	59,671	3,827	29,667	(24,221)	52,642
Pre-tax Income	141,299	39,102	46,194	(20,368)	78,365
Income Tax	27,121	8,561	2,190	(45,558)	21,244
Net Income	114,178	30,542	44,004	25,190	57,122
Equity Attribution to the Owners of the Parent Company	113,697	29,878	43,611	24,953	57,176
Non-controlling Interest	481	664	393	237	(55)

## 5. Strategies for Sales Growth

1

### Stabilizing legacy IPs

2

### Expanding the global presence of legacy IPs

- Launch B&S 2 in China, Lineage 2M in Southeast Asia, and TL globally
- Strengthen global partnerships

3

### Developing new genre games based on legacy IPs

- Launch 3 new genre games based on existing IPs

4

### Diversifying product offerings with new IPs

- Launch Battle Crush, BSS, Project G, AION 2, LLL, and more

5

### Pursuing business opportunities with PURPLE

- Aim to release 3rd party AAA-level games on PURPLE within this year

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