3Q 2024 Results

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SHIFT UP

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01. ’24 3Q Highlight

1 User Engagement

<Goddess of Victory: Nikke>
Stable user traffic

<Stellar Blade>
Continued IP popularity

2 Profitability

Revenue **58 bn KRW**
Operating Profit **36 bn**
OP margin **61%**

Industry-leading profitability maintained

3 Global Footprint

Nikke **new market entry** and Stellar Blade **platform expansion prepared**

Launch within 2025
under review for both IP

Note : 2024 result is based on preliminary financial information

02. Financial Results

3Q ‘24 Results

3Q ‘24 revenue 58 bn KRW, operating profit 36 bn KRW, net profit 24 bn KRW

(Unit: M KRW,%)

Category	3Q23	4Q23	1Q24	2Q24	3Q24	Diff.	
						YoY	QoQ
Revenue	**38,091**	**45,818**	**37,376**	**65,202**	**58,018**	**52.3%**	**-11.0%**
GoV: Nikke	38,416	45,410	36,471	38,467	34,231	-10.9%	-11.0%
Stellar Blade	-	-	-	25,863	22,584	-	-12.7%
Others	(325)	408	905	871	1,202	469.5%	38.0%
Operating Expense	**21,951**	**13,431**	**11,440**	**20,195**	**22,441**	**2.2%**	**11.1%**
Operating Profit	**16,140**	**32,387**	**25,935**	**45,007**	**35,577**	**120.4%**	**-21.0%**
OPM	*42.4%*	*70.7%*	*69.4%*	*69.0%*	*61.3%*	*18.9%*	*-7.7%*
Non-operating P&L	1,973	(1,335)	3,287	2,113	(3,754)	-290.2%	-277.6%
Net Profit before corporate tax	18,113	31,052	29,222	47,120	31,824	75.7%	-32.5%
Net profit	**23,936**	**32,618**	**24,700**	**40,260**	**23,484**	**-1.9%**	**-41.7%**
NPM	*62.8%*	*71.2%*	*66.1%*	*61.7%*	*40.5%*	*-22.4%*	*-21.3%*

Note : 2024 result is based on preliminary financial information

03. Operating Revenue

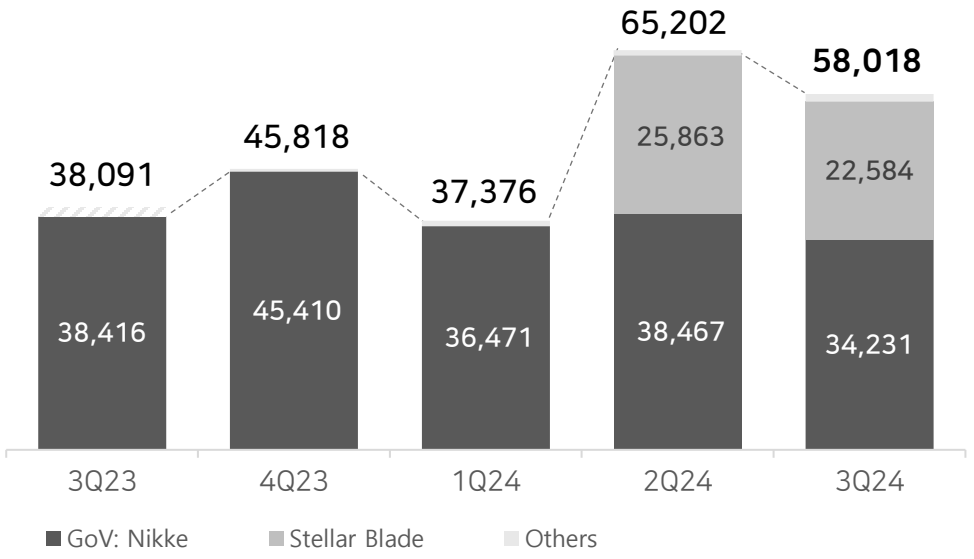
3Q ‘24 Results

3Q ‘24 revenue 58 bn KRW (QoQ -11.0%, YoY 52.3%) / EBITDA 37 bn (QoQ -20.0%, YoY 120.2%)

- <GoV: Nikke> maintaining stable user traffic (MAU) with 2nd anniversary event ahead
- <Stellar Blade> operating revenue recognized from 3Q sales profit settlement

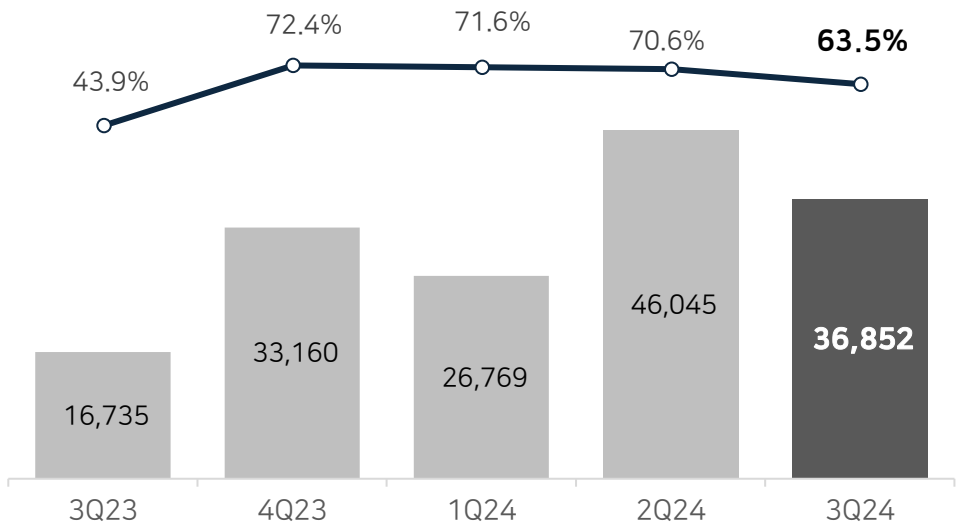
▶ Revenue

(Unit: M KRW)



▶ EBITDA

(Unit: M KRW, %)



Note : 2024 result is based on preliminary financial information

04. Operating Expense

3Q '24 Results

3Q '24 operating expense 22 bn KRW (QoQ 11.1%, YoY 2.2%)

- Labor cost increased by 11.0% QoQ, reaching 19 bn KRW, due to Stella Blade release and performance incentives

(Unit: M KRW, %)

Category	3Q23	4Q23	1Q24	2Q24	3Q24	Diff.	
						YoY	QoQ
Operating Expense	21,951	13,431	11,440	20,195	22,441	2.2%	11.1%
Labor Cost[1]	18,992	10,933	9,123	17,199	19,083	0.5%	11.0%
Variable Cost[2]	1,443	877	686	890	833	-42.3%	-6.4%
Fixed Cost[3]	1,515	1,621	1,631	2,107	2,525	66.6%	19.8%

※ # of Employees (quarterly)

(Unit: Headcount, %)

Category	3Q23	4Q23	1Q24	2Q24	3Q24	Diff.	
						YoY	QoQ
Total # of employees	287	289	296	309	314	9.4%	1.6%
Development	253	257	265	276	278	9.9%	0.7%
Directors / Non-dev.	34	32	31	33	36	5.9%	9.1%

Note : 1 Includes wage, incentives, retirement pay, compensation related to stock option; 2 Includes transaction fee, etc.; 3 Includes amortization, rent, other costs

05. Operating Profit / Net Profit

3Q ‘24 Results

3Q ’24 operating profit 36 bn KRW (QoQ -21.0%, YoY 120.4%) / net profit 24 bn (QoQ -41.7%, YoY -1.9%)

- Non-operating P&L reaching -4 bn KRW due to FX loss and one-time costs regarding IPO

(Unit: M KRW, %)

Category	3Q23	4Q23	1Q24	2Q24	3Q24	Diff.	
						YoY	QoQ
Operating Profit	**16,140**	**32,387**	**25,935**	**45,007**	**35,577**	120.4%	-21.0%
OPM	*42.4%*	*70.7%*	*69.4%*	*69.0%*	*61.3%*	*18.9%*	*-7.7%*
Non-operating P&L	1,973	(1,335)	3,287	2,113	(3,754)	-290.2%	-277.6%
Net Profit before corporate tax	18,113	31,052	29,222	47,120	31,824	75.7%	-32.5%
Corporate tax	(5,823)	(1,567)	4,523	6,859	8,340	-243.2%	21.6%
Net Profit	**23,936**	**32,618**	**24,700**	**40,260**	**23,484**	-1.9%	-41.7%
NPM	*62.8%*	*71.2%*	*66.1%*	*61.7%*	*40.5%*	*-22.4%*	*-21.3%*

Note : 2024 result is based on preliminary financial information

06. Q&A

<Goddess of Victory: Nikke>

Q.1 : What are the reasons behind underwhelming results of <GoV: Nikke> in 3Q '24, and what are the improvement measures?

A.1 : In 3Q '24, the global result of <GoV: Nikke> reached 34.2 billion KRW, a decrease of 11%p QoQ, which was 38.5 billion KRW. We were able to maintain stable user traffic through the July summer event and the August <Evangelion> collaboration event, ahead of the 2nd Anniversary event.

Yet, the result of the <Evangelion> collaboration event was somewhat underwhelming. We identified that the collaboration characters did not fully resonate with our users. For the 2025 collaboration events, we will closely incorporate user feedback on the collaboration conducted in 2024.

Q.2 : What is the expected performance and results of <GoV: Nikke> in 4Q '24?

A.2 : For the 4Q of 2024, we have planned events such as the 2nd Anniversary event and winter event. The new characters (including 2 pickup characters) and 2 skin gacha released as part of the ongoing 2nd anniversary event are receiving a great response from the users (In the first week of the 2nd Anniversary event launch, we achieved the highest iOS market revenue rankings: No. 1 in Korea, No. 2 in Japan, and No. 1 in Taiwan.)

Since the 2nd Anniversary event will feature more substantial content compared to the previous 1st Anniversary event, we are expecting to achieve results similar to or better than last year's performance

Q.3 : When would <GoV: Nikke> enter the new market and what are the expected results there?

A.3 : We are closely collaborating with a global publisher experienced in local services in China, and are considering a release during 1st half of 2025.

By thoroughly analyzing the release cases and recent successes of other subculture games, we are preparing a differentiated strategy and marketing plan to ensure that <Goddess of Victory: Nikke> can achieve stable and long-term success in the new market

06. Q&A

<Stellar Blade>

Q.1 : How were the results of <Stellar Blade> in 3Q ‘24 and what are the expectations until the end of this year?

A.1 : After its release as a PS5 exclusive title in April, sales continued at a stabilized level through the 3Q. To enhance the IP value and maintain momentum, we have been consistently releasing content patches and updates, which has helped sustain the game’s popularity. With the addition of the <Nier: Automata> DLC and ongoing marketing activities, we plan to maintain the IP's popularity until the platform expansion

Q.2: When is the expected date of platform expansion of <Stellar Blade> and what are the expected results?

A.2 : The release is being considered within 2025. Considering recent trends such as Steam's expanding market share in the AAA game sector and the global success of <Black Myth: Wukong>, we expect the performance on PC to exceed that on consoles.

06. Q&A

<Others>

Q.1 : What are items included in 'others' revenue, and are there any plans for business diversification such as merchandising products or animation?

A.1 : Most of our 'others' operating revenue is composed of merchandising and IP royalty income. We are actively pursuing various IP-related ventures to enhance the value of our intellectual properties, including not only merchandising but also new game development and adaptations for motion picture. (We plan to finalize a service contract based on the <Destiny Child> IP with Com2us in Q4 2024)

Q.2 : What is the incentive/compensation structure for employees such as bonus?

A.2 : We place great importance on offering competitive incentives to our developers, who are the core asset of the company, in order to reliably develop high-quality games. Our incentives are provided based on a systematic plan, taking into account the recent performance of each IP, such as successful launches and milestone achievements.

Q.3 : Any updates on <Project Witches>?

A.3 : We are currently developing <Project Witches> with the goal of launching it after 2027. We are considering communicating with users and the market in the first half of next year to share specific details about <Project Witches>.

Appendix: Financial Statements (Condensed)

3Q '24 Results

Balance sheet

(Unit: M KRW)

Category	2023	3Q24
Assets	**203,918**	**732,292**
Current Assets	177,201	707,202
Non-current Assets	26,717	25,089
Liabilities	**22,860**	**26,037**
Current Liabilities	11,199	16,028
Non-current Liabilities	11,661	10,009
Stockholders' Equity	**181,058**	**706,255**
Capital Stock	9,916	11,667
Capital Surplus	87,670	529,652
Retained Earnings	71,097	159,541
Other Comprehensive Income	(53)	(53)
Capital Adjustment	12,428	5,448
Total Equity & Liabilities	**203,918**	**732,292**

Income statement

(Unit: M KRW)

Category	3Q23	4Q23	1Q24	2Q24	3Q24
Revenue	**38,091**	**45,818**	**37,376**	**65,202**	**58,018**
Operating Expense	21,951	13,431	11,440	20,195	22,441
Operating Profit	**16,140**	**32,387**	**25,935**	**45,007**	**35,577**
Non-operating Revenue	3,512	488	3,643	2,843	3,640
Non-operating Expense	1,539	1,823	356	730	7,394
Net Profit before Corporate Tax	18,113	31,052	29,222	47,120	31,824
Corporate Tax	(5,823)	(1,567)	4,523	6,859	8,340
Net Profit	**23,936**	**32,618**	**24,700**	**40,260**	**23,484**

Note : 2024 result is based on preliminary financial information

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