Q1 2025 Earnings Release

2025. 5. 14 NCSOFT IR

Disclaimer

The financial results for Q1 2025 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), This Game Studio(40%, CAN), NC Vietnam Visual Studio(100%, VNM),
NCSOFT Asia Holdings(100%, SG), NC IDS(100%, KOR), NC QA(100%, KOR),
FirstSpark Games Co., Ltd.(100%, KOR), BigFire Games Co., Ltd.(100%, KOR),
Ludius Games Co., Ltd.(100%, KOR), NC AI Co., Ltd.(100%, KOR)

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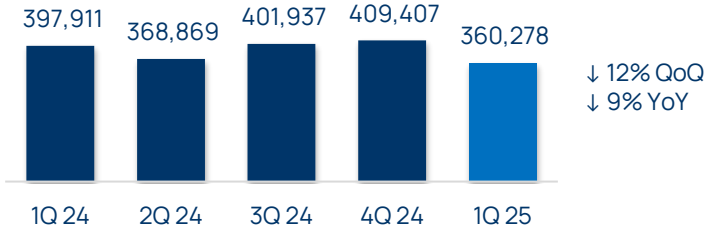
1. Financial Highlights

- Sales reported KRW 360.3 billion, down 12% qoq and 9% yoy
- Operating profit turned around to KRW 5.2 billion as the impact of severance costs in the previous quarter subsided

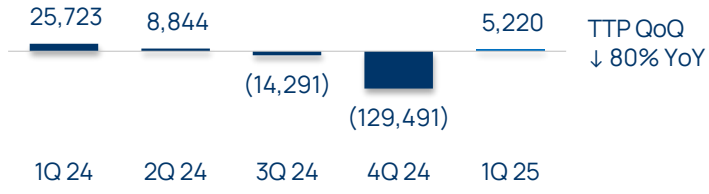
Quarterly Performance

(Unit : KRW MN)

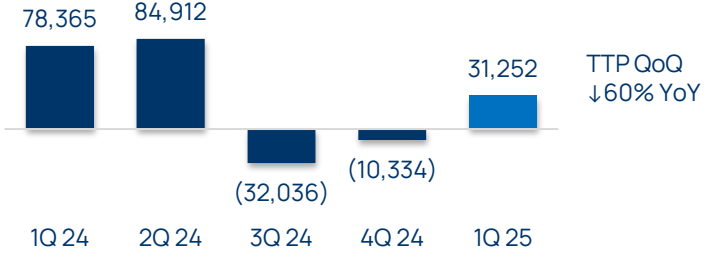
Sales



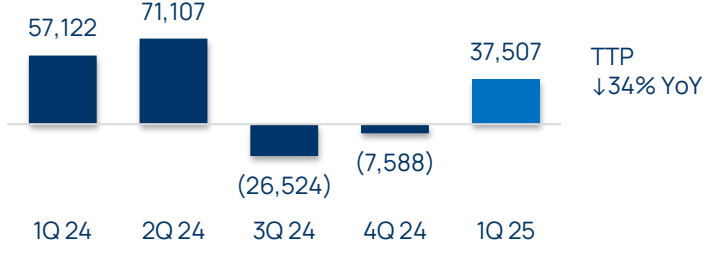
Operating Profit



Pre-tax Income



Net Income

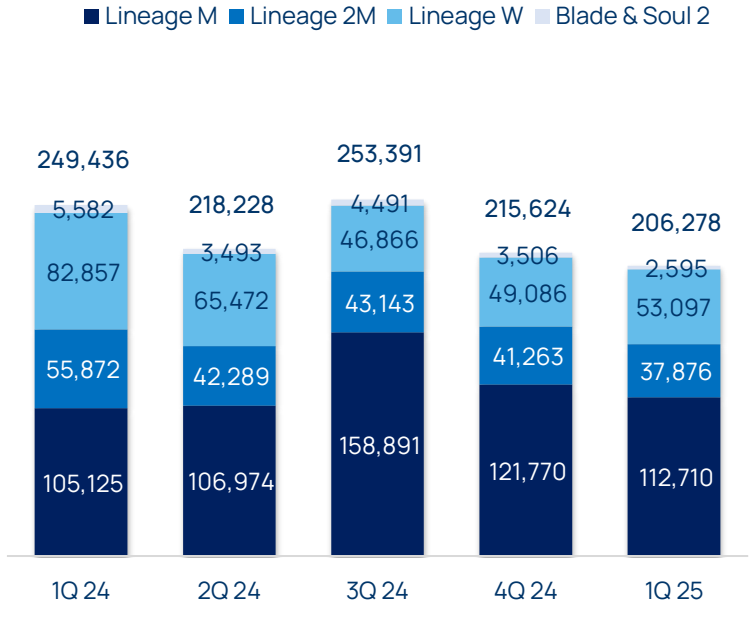


2. Sales Breakdown (by Game)

- Mobile game sales declined 4% qoq to KRW 206.3 billion, accounting for 57% of total sales
- Legacy online PC game sales declined 11% qoq to KRW 83.3 billion, representing 23% of total sales

Mobile Games

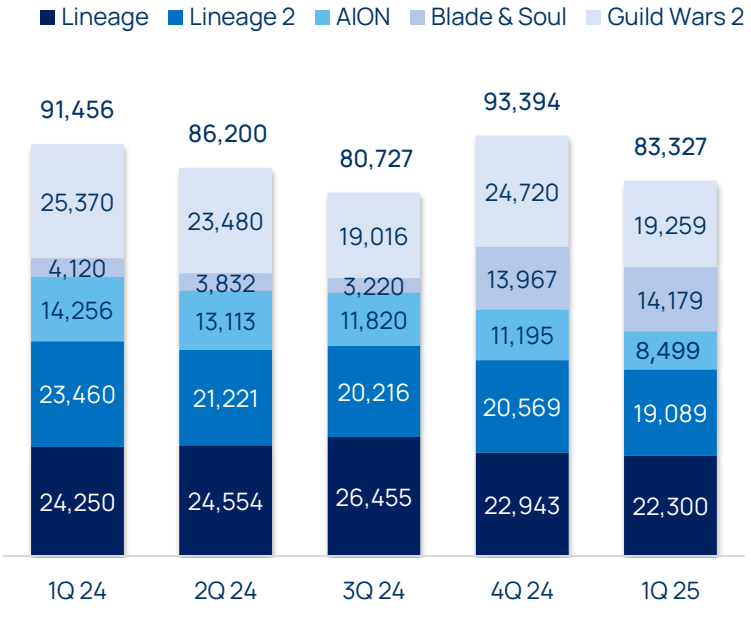
(Unit : KRW MN)



* Not including other mobile games

PC Online Games

(Unit : KRW MN)



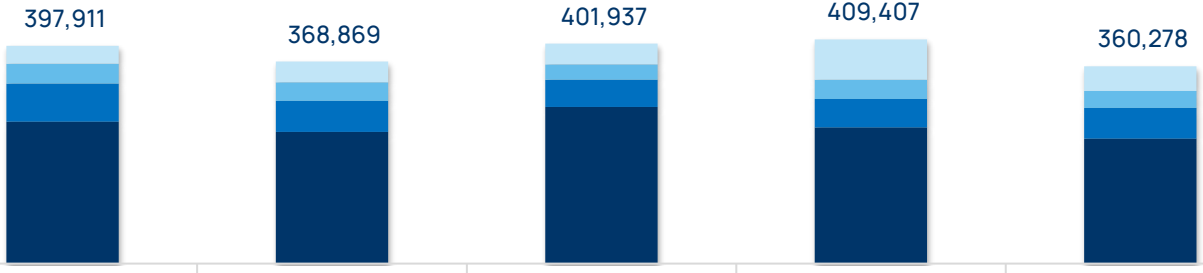
* Not including other PC online games

2. Sales Breakdown (by Region)

- Korea sales declined 8% qoq to KRW 228.3 billion
- Asia sales grew 8% qoq to KRW 56.1 billion, driven by increased sales of Lineage W
- Royalty sales declined 39% qoq due to the diminishing impact of TL's global release but rose 38% yoy to KRW 45.0 billion

Sales by Region

(Unit : KRW MN)



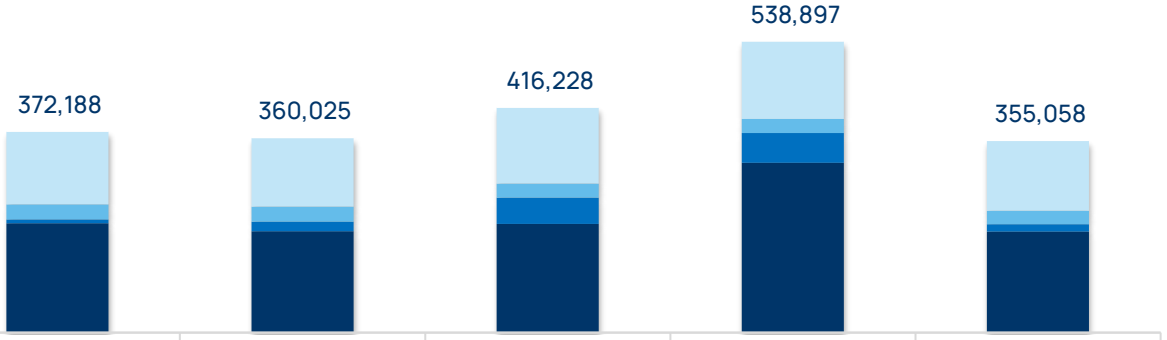
	1Q 24	2Q 24	3Q 24	4Q 24	1Q 25
Total	397,911	368,869	401,937	409,407	360,278
Royalty	32,686	37,668	38,107	73,538	44,955
NA/EU	36,637	33,950	28,242	35,366	30,897
Asia	69,164	56,926	49,378	52,025	56,108
Korea	259,424	240,324	286,210	248,479	228,318

3. Cost Breakdown

- Total operating expenses for Q1 decreased 34% qoq to KRW 355.1 billion
- Labor cost decreased 40% qoq to KRW 187.2 billion, as the impact from the previous quarter's severance costs tapered off
- Marketing expenses decreased 76% qoq to KRW 13.3 billion

Cost Breakdown

(Unit : KRW MN)



	1Q 24	2Q 24	3Q 24	4Q 24	1Q 25
Total	372,188	360,025	416,228	538,897	355,058
Variables & Others	134,740	126,795	139,949	143,236	129,389
D&A	27,767	27,879	26,504	25,931	25,147
Marketing	6,901	17,378	48,656	55,248	13,329
Labor	202,780	187,973	201,120	314,483	187,192

4. Consolidated Financial Statements

Statement of Financial Position

(Unit : KRW MN)

	FY 2024	1Q 25
Assets		
I. Current Assets	1,788,537	1,822,166
Cash and cash equivalents	1,260,473	464,239
Short-term financial instruments	178,293	379,231
Account receivables	130,279	148,573
Other receivables	36,941	22,543
Short-term investment assets	39,816	667,637
Non-current assets held for sale	87,425	87,425
Others	55,309	52,518
II. Non-current Assets	2,165,404	2,059,907
Long-term loans	8,050	600
Other receivables	22,131	21,936
Long-term investment assets	813,452	684,143
Investment stock in associated companies	50,198	62,616
Investment property	-	-
Tangible assets	997,620	1,002,581
Intangible assets	103,873	104,864
Others	170,079	183,167
Total Assets	3,953,941	3,882,073

	FY 2024	1Q 25
Liabilities		
I. Current Liabilities	322,188	368,172
Borrowings	-	-
Account payables	70,549	89,686
Lease liabilities	45,845	45,252
Current tax liabilities	721	1,092
Other current liabilities	193,718	222,000
Liabilities held for sale	11,354	10,142
II. Non-current Liabilities	568,165	494,655
Debentures and borrowings	169,805	169,820
Defined benefit obligations	1,263	1,201
Long-term employee benefits	21,033	21,477
Lease liabilities	163,806	161,338
Others	212,256	140,819
Total Liabilities	890,353	862,827
Shareholders Equity		
Capital Stock	10,977	10,977
Other Paid-in Capital	(365,222)	(239,101)
Other Components of Equity	(61,168)	(115,047)
Retained Earnings	3,473,871	3,357,541
Non-controlling Interest	5,130	4,876
Total Stockholders Equity	3,063,589	3,019,245
Total Liabilities and Shareholders Equity	3,953,941	3,882,073

4. Consolidated Financial Statements

Income Statement

(Unit : KRW MN)

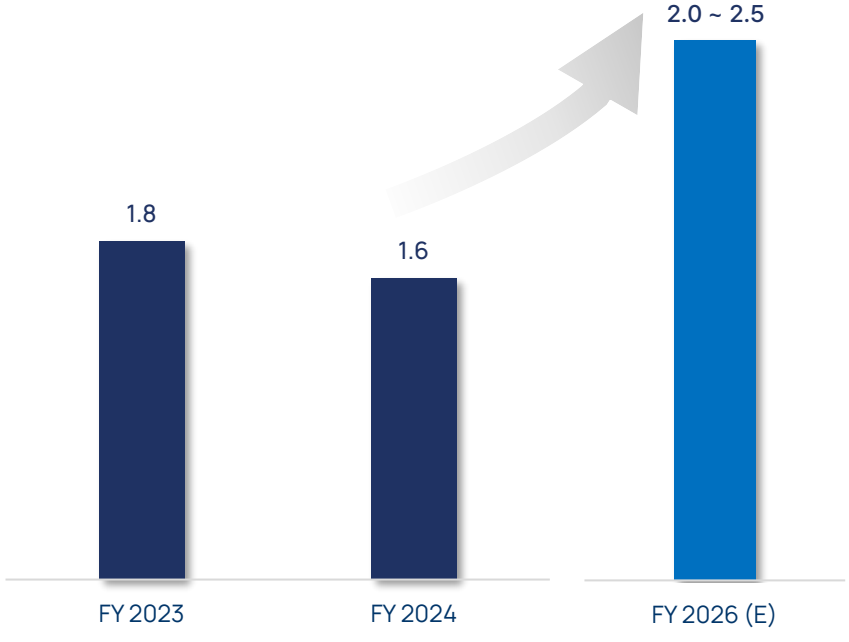
	1Q 24	2Q 24	3Q 24	4Q 24	1Q 25
Sales	397,911	368,869	401,937	409,407	360,278
Operating Expenses	372,188	360,025	416,228	538,897	355,058
Operating Income	25,723	8,844	(14,291)	(129,491)	5,220
Non-operating Income	52,642	76,069	(17,744)	119,156	26,032
Pre-tax Income	78,365	84,912	(32,036)	(10,334)	31,252
Income Tax	21,244	13,806	(5,512)	(2,746)	(6,255)
Net Income	57,122	71,107	(26,524)	(7,588)	37,507
Equity Attribution to the Owners of the Parent Company	57,176	70,994	(26,500)	(7,455)	37,760
Non-controlling Interest	(55)	112	(23)	(134)	(253)

5. FY 2026 Sales Guidance

- Through continued expansion of Legacy IPs and new title launches, **sales in FY 2026 are expected to reach KRW 2.0 trillion**, with potential upside to KRW 2.5 trillion depending on the success of the new releases

FY 2026 Sales Guidance

(Unit : KRW TN)



FY 2026 Sales Guidance Breakdown

(Unit : KRW TN)

Category	FY 2026 Sales Guidance
<Legacy IP> **• Diversified live game services** **• Regional expansion** **• Spin-off games** **• IP licensing**	1.4 - 1.5
<New Titles> **• In-house developments** **• External IP publishing**	0.6 - 1.0
Total Sales	2.0 - 2.5

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