

# 4Q 2020 Earnings Release

NCSOFT IR

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## Disclaimer

The financial results for 4Q 2020 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 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), KLAP (67%, KOR)

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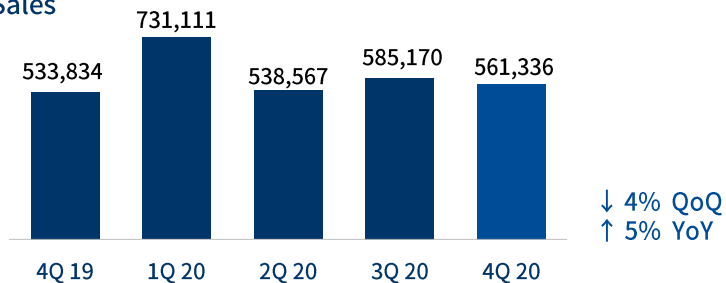
# 1. Financial Highlights (4Q 2020)

- 4Q sales totaled KRW 561.3 billion, down 4% qoq, but up 5% yoy
- Operating profit declined 28% qoq, but increased 11% yoy to KRW 156.7 billion

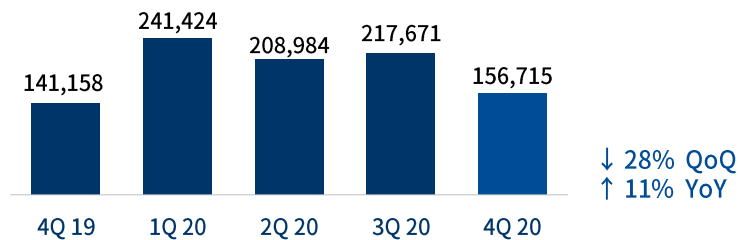
## 4Q Performance

(Unit: KRW MN)

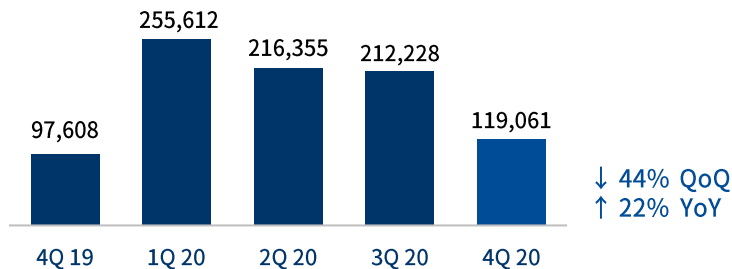
### Sales



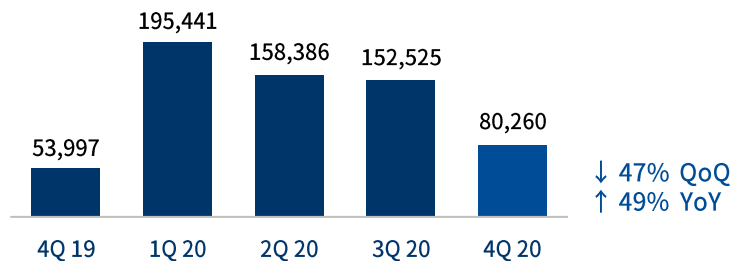
### Operating Profit



### Pre-tax Income

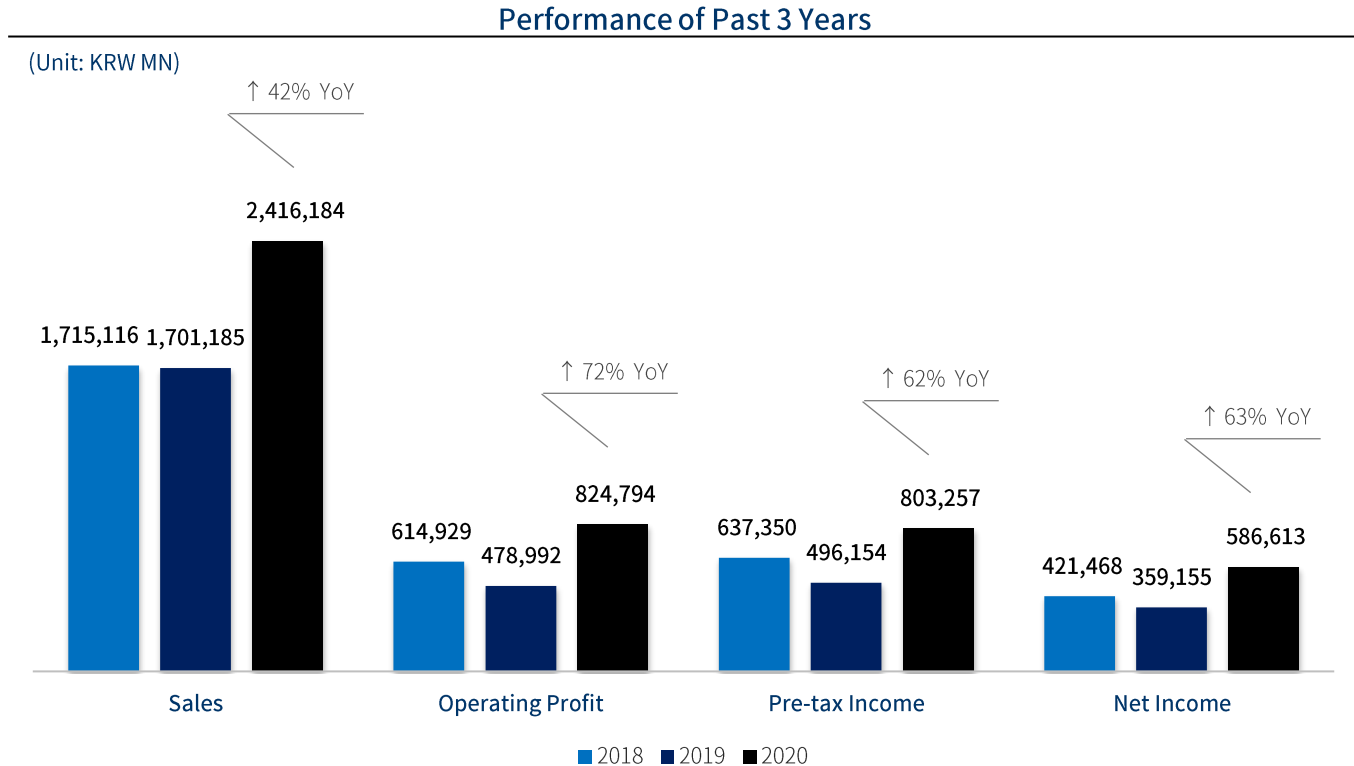


### Net Income



# 1. Financial Highlights (FY 2020)

- Full year 2020 sales was KRW 2,416.2 billion (YoY +42%), Operating profit was KRW 824.8 billion (YoY +72%)

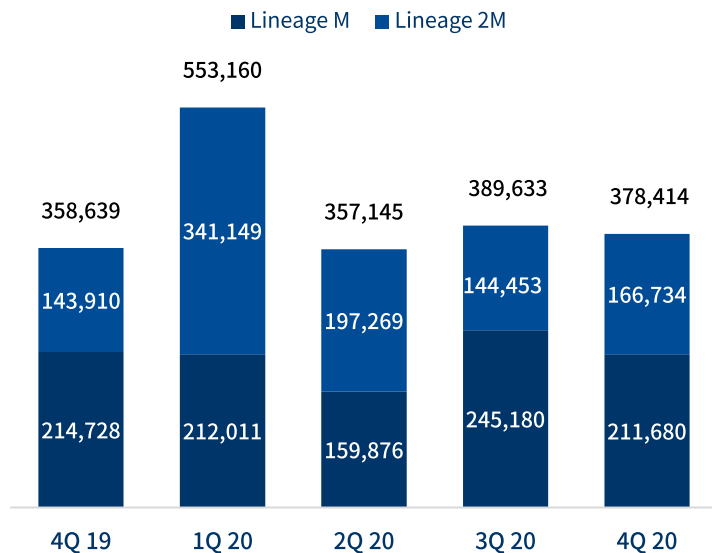


## 2. Sales Breakdown (4Q by Game)

- Mobile game sales was KRW 378.4 billion, as Lineage 2M achieved its first quarterly rebound since launch
- PC-based online game sales totaled KRW 121.3 billion, increased by 4% yoy, driven by the popularity of the AION classic server

### Mobile Games

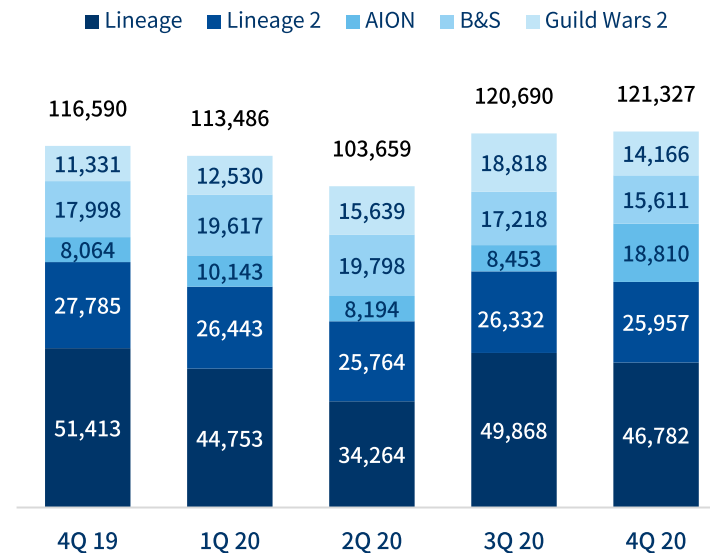
(Unit: KRW MN)



\* Not including other mobile games

### PC Online Games

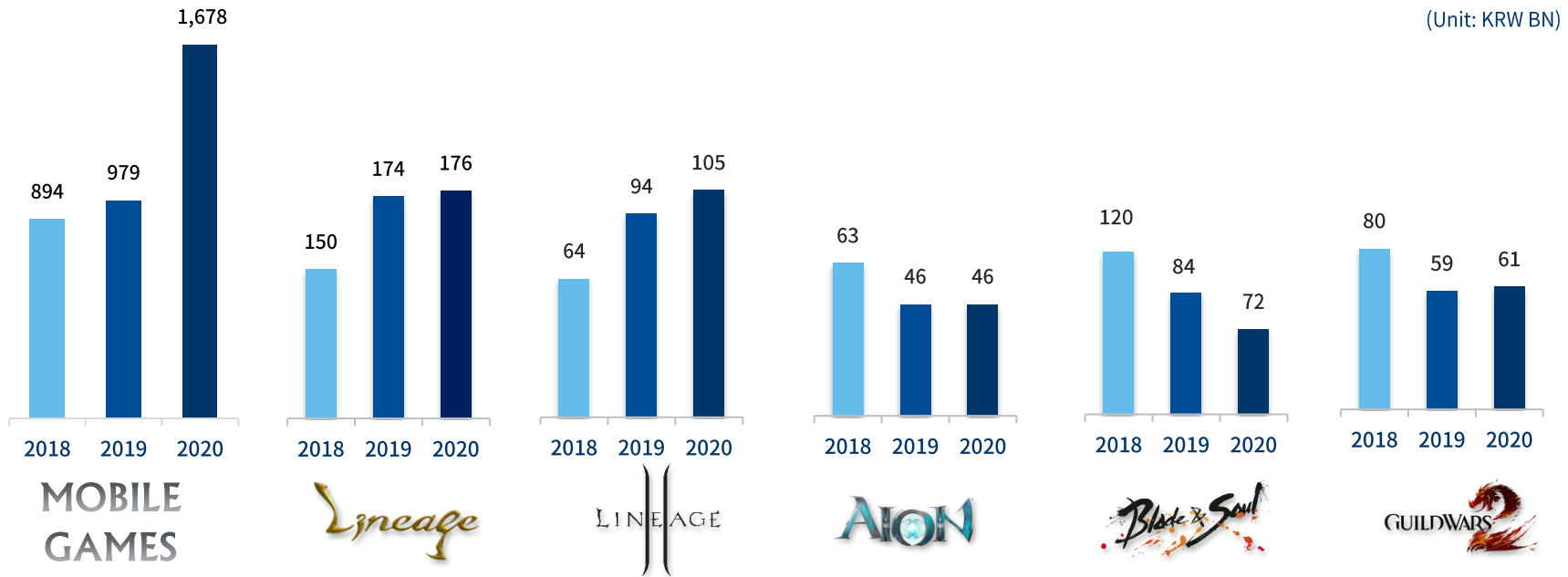
(Unit: KRW MN)



\* Not including other PC online games

## 2. Sales Breakdown (FY 2020 by Game)

- Mobile game sales reached KRW 1,678.4 billion, surging 72% yoy and representing 69% of total sales
- Lineage 1 posted KRW 175.7 billion, similar to the previous year that included the Remaster Update
- Lineage 2 recorded KRW 104.5 billion, up by 12% yoy due to the contents updates that focused on intensifying warfare

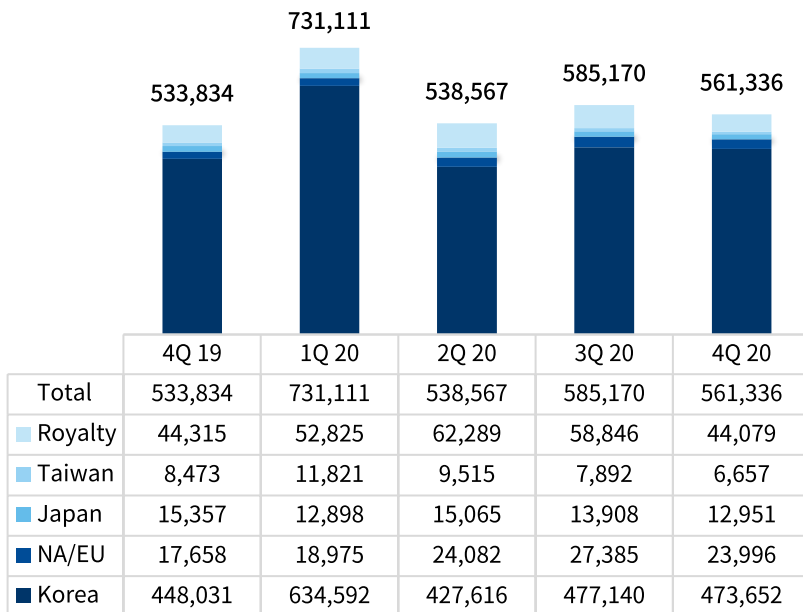


## 2. Sales Breakdown (by Region)

- 4Q royalty decreased 25% qoq, due to less sales across PC and mobile games
- For the full year, stronger sales from Lineage M Taiwan resulted in an increase of 10% yoy

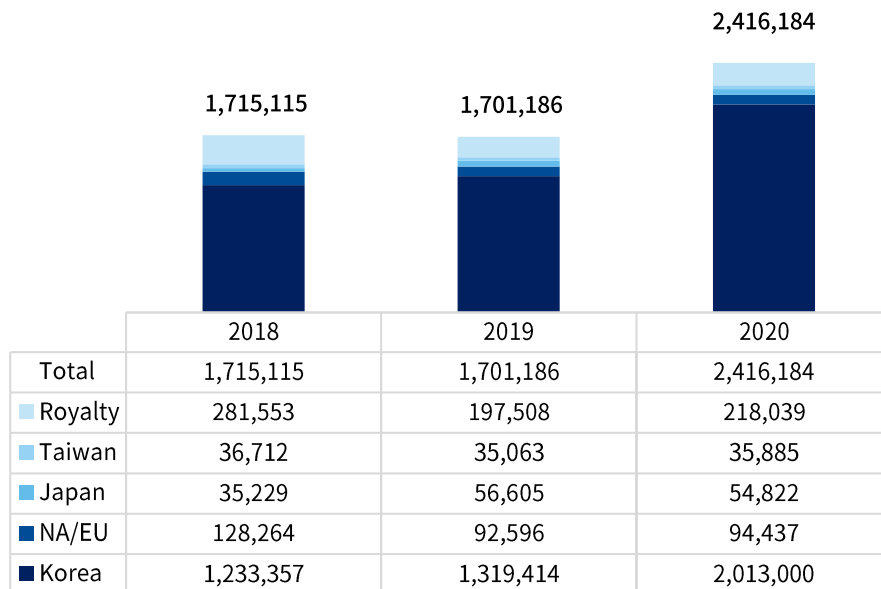
### Sales by Region (4Q 2020)

(Unit: KRW MN)



### Sales by Region (FY 2020)

(Unit: KRW MN)



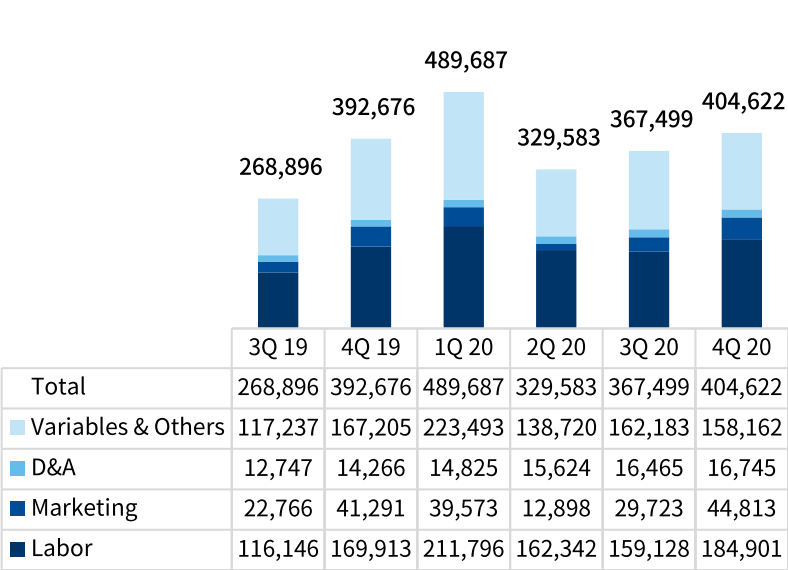


### 3. Cost Breakdown

- 4Q total operating expenses increased 10% qoq, 3% yoy; FY 2020 total expenses increased 30% yoy
- 4Q marketing was up 51% qoq due to large-scale updates and pre-launch ads for new titles; FY 2020 marketing increased 18% yoy
- 4Q labor cost was up 16% due to special bonuses paid and incentives recognized in advance; FY 2020 labor cost increased 29% yoy

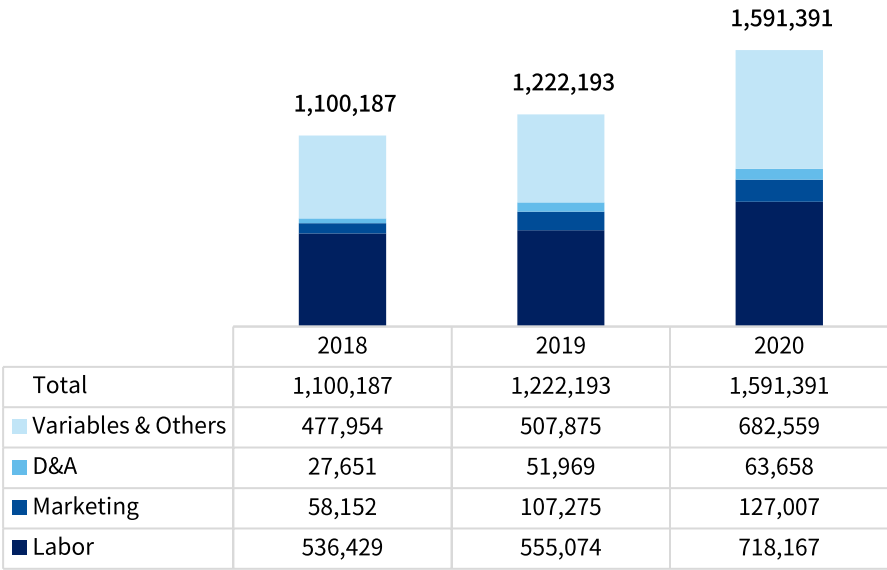
Cost Breakdown (4Q 2020)

(Unit: KRW MN)



Cost Breakdown (FY 2020)

(Unit: KRW MN)



## 4. Consolidated Financial Statements

### Statement of Financial Position

(Unit: KRW MN)

	FY 2019	FY 2020
<b>Assets</b>		
<b>I. Current Assets</b>	<b>2,087,864</b>	<b>2,444,363</b>
Cash and cash equivalents	303,443	157,273
Short-Term financial instruments	676,810	638,038
Account receivables	254,438	243,026
Other receivables	16,118	38,544
Short-Term investment assets	791,802	1,323,419
Others	45,253	44,063
<b>II. Non-current Assets</b>	<b>1,258,513</b>	<b>1,636,846</b>
Long-Term loans	4,588	4,594
Other receivables	10,836	15,562
Long-Term investment assets	698,726	1,021,880
Investments in Affiliated companies	43,614	67,326
Investment properties	93,685	92,370
Tangible assets	350,409	368,441
Intangible assets	49,580	49,661
Others	7,075	17,012
<b>Total Assets</b>	<b>3,346,377</b>	<b>4,081,209</b>

	FY 2019	FY 2020
<b>Liabilities</b>		
<b>I. Current Liabilities</b>	<b>449,765</b>	<b>509,342</b>
Borrowings	11,310	5,271
Account payables	52,863	79,964
Lease liabilities	31,381	36,908
Current tax liabilities	83,392	140,483
Other provisions	2	0
Other current liabilities	270,817	246,716
<b>II. Non-current liabilities</b>	<b>384,447</b>	<b>427,179</b>
Borrowings	249,364	249,607
Defined benefit obligations	12,320	6,889
Long-Term employee benefits	7,810	14,511
Lease liabilities	65,715	45,752
Others	49,238	110,420
<b>Total Liabilities</b>	<b>834,212</b>	<b>936,522</b>
<b>Shareholders Equity</b>		
<b>I. Capital Stock</b>	<b>10,977</b>	<b>10,977</b>
<b>II. Other Paid-in Capital</b>	<b>(2,245)</b>	<b>(4,350)</b>
<b>III. Other Components of Equity</b>	<b>108,350</b>	<b>278,190</b>
<b>IV. Retained Earnings</b>	<b>2,382,086</b>	<b>2,856,767</b>
<b>V. Non-controlling Interest</b>	<b>12,997</b>	<b>3,103</b>
<b>Total Stockholders Equity</b>	<b>2,512,165</b>	<b>3,144,687</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>3,346,377</b>	<b>4,081,209</b>

## 4. Consolidated Financial Statements

### Comprehensive Income Statement

(Unit : KRW MN)

	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20	FY 2019	FY 2020
Sales	533,834	731,111	538,567	585,170	561,336	1,701,185	2,416,184
Operating Expenses	392,676	489,687	329,583	367,499	404,622	1,222,193	1,591,391
Operating Income	141,158	241,424	208,984	217,671	156,715	478,992	824,794
Non-operating Income	(43,550)	14,188	7,371	(5,443)	(37,653)	17,161	(21,537)
Pre-tax Income	97,608	255,612	216,355	212,228	119,061	496,154	803,257
Income Tax	43,612	60,172	57,969	59,702	38,801	136,999	216,644
Net Income	53,997	195,441	158,386	152,525	80,260	359,155	586,613
Equity Attribution to the Owners of the Parent Company	54,223	195,459	158,210	153,161	80,573	358,174	587,403
Non-controlling Interest	(226)	(18)	177	(636)	(313)	981	(790)