

# 4Q 2021 Earnings Release

NCSOFT IR

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## Disclaimer

The financial results for 4Q 2021 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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# Contents

## I. Consolidated Earnings

1. Financial Highlights
2. Sales Breakdown
3. Cost Breakdown

## II. Appendix

4. Consolidated Financial Statements

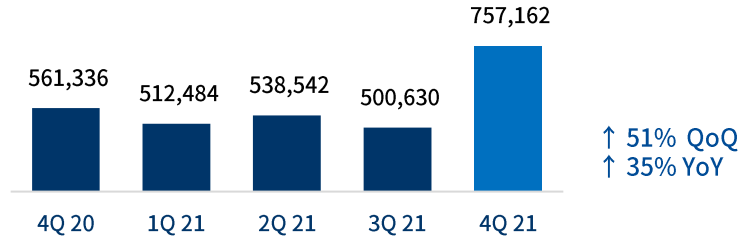
# 1. Financial Highlights (4Q 2021)

- Sales was KRW 757.2 billion, increase of 51% qoq and 35% yoy
- Operating profit was KRW 109.5 billion, up by 14% qoq, but down 30% yoy

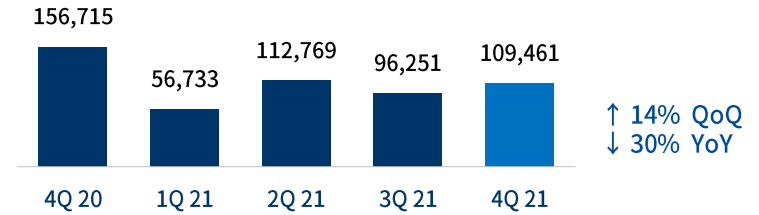
## 4Q Performance

(Unit: KRW MN)

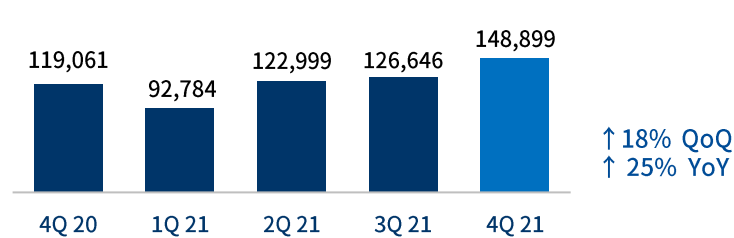
### Sales



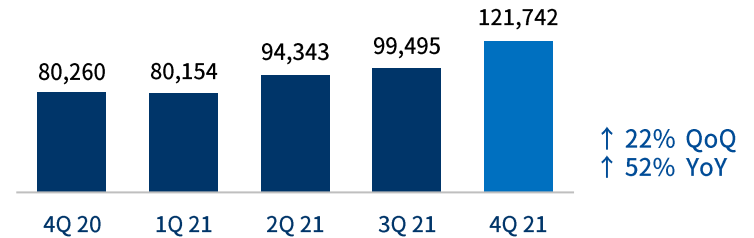
### Operating Profit



### Pre-tax Income



### Net Income

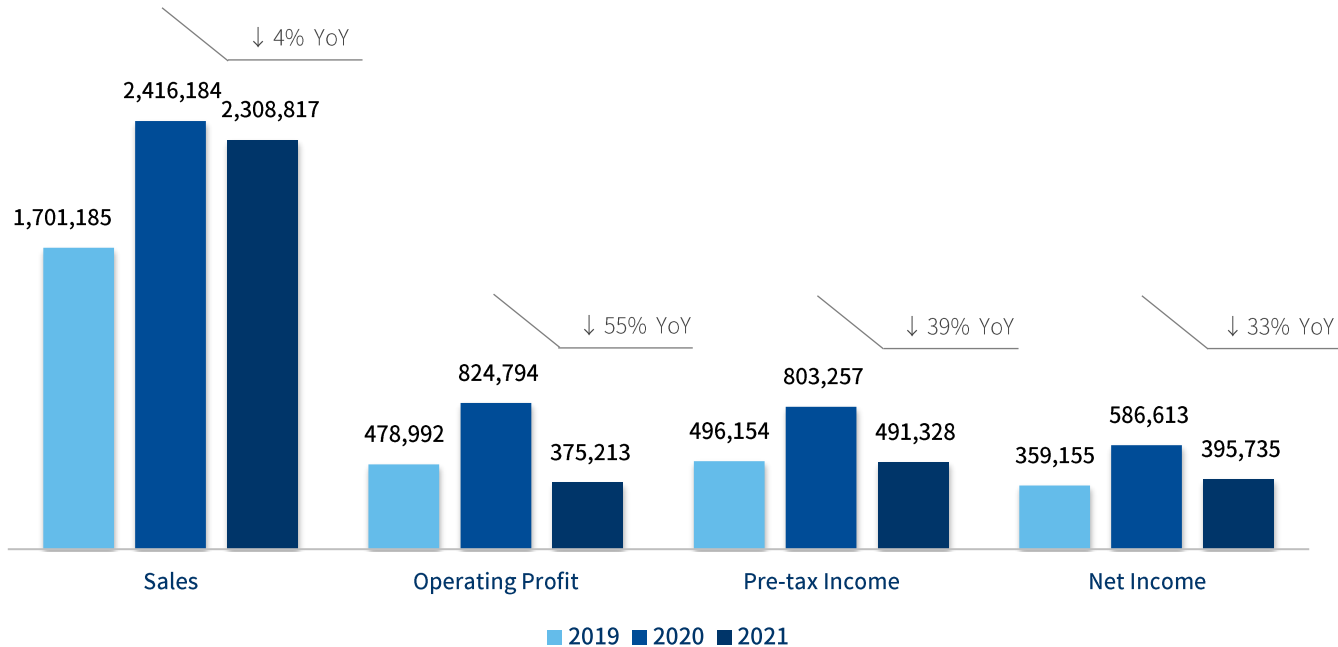


# 1. Financial Highlights (FY 2021)

- Full year 2021 sales was KRW 2,308.8 billion (YoY -4%), Operating profit was KRW 375.2 billion (YoY -55%)

## Performance of Past 3 Years

(Unit: KRW MN)

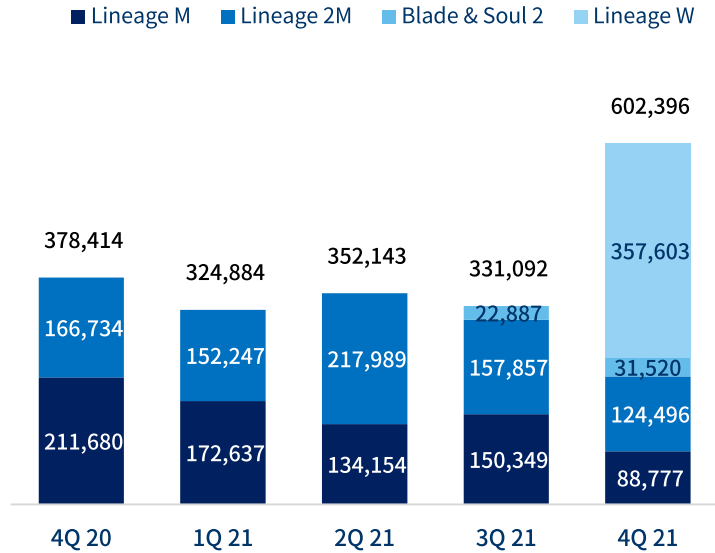


## 2. Sales Breakdown (4Q by game)

- Mobile game sales was KRW 602.4 billion, increased by 82% qoq, thanks to the launch of Lineage W
- Legacy PC online game sales posted KRW 89.5 billion, down by 12% qoq

### Mobile Games

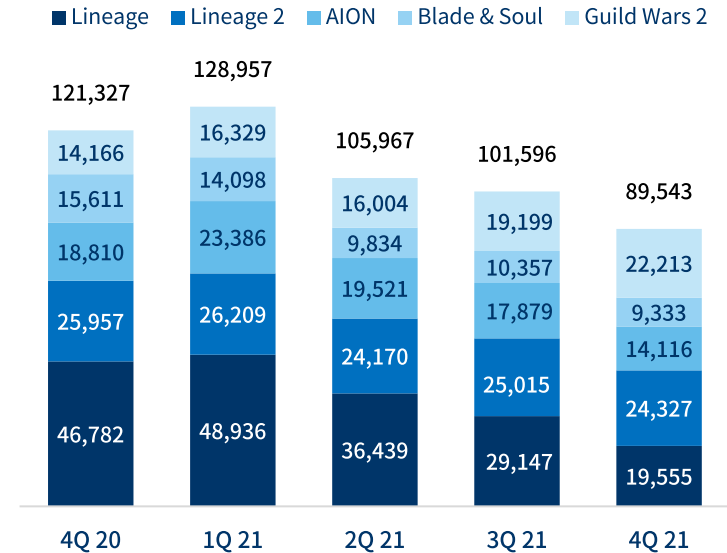
(Unit: KRW MN)



\* Not including other mobile games

### PC Online Games

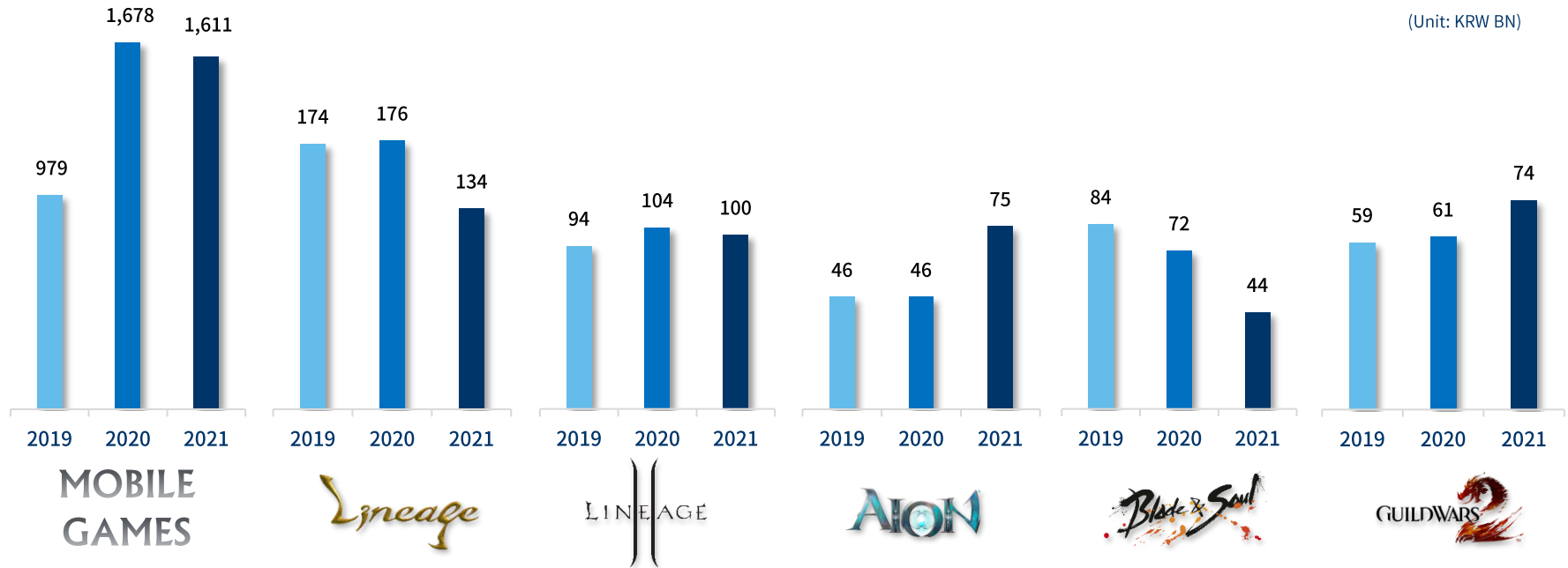
(Unit: KRW MN)



\* Not including other PC online games

## 2. Sales Breakdown (FY 2021 by Game)

- Mobile games recorded KRW 1,610.5 billion, down by 4% yoy, representing 70% of total sales
- AION recorded KRW 74.9 billion, increase of 64% yoy due to opening of the classic server
- Guild Wars 2 posted KRW 73.7 billion, up by 21% yoy on the back of expectations on the new expansion pack

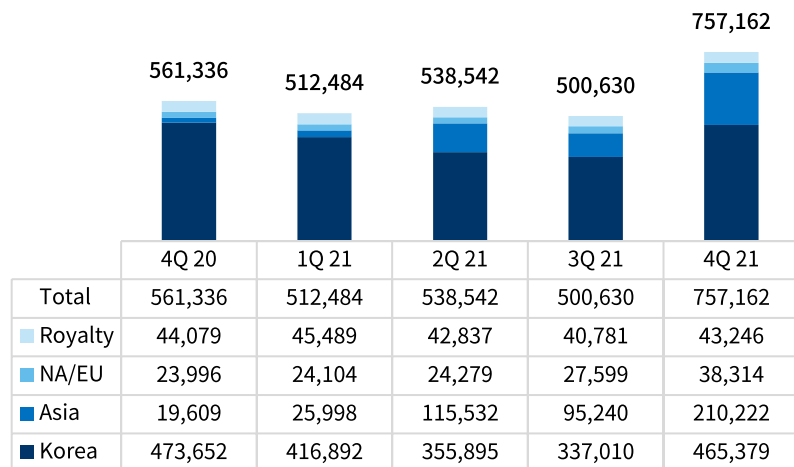


## 2. Sales Breakdown (by Region)

- New title release drove 4Q sales in Korea, Asia and NA/Europe higher qoq by 38%, 121% and 39% respectively
- For the full year, overseas and royalty revenue increased 82% yoy and accounted for 32% of total sales

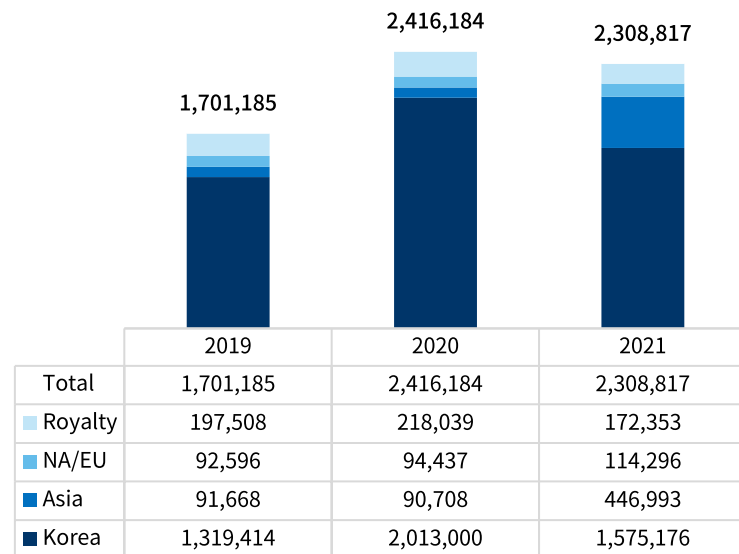
### Sales by Region (4Q 2021)

(Unit: KRW MN)



### Sales by Region (FY 2021)

(Unit: KRW MN)



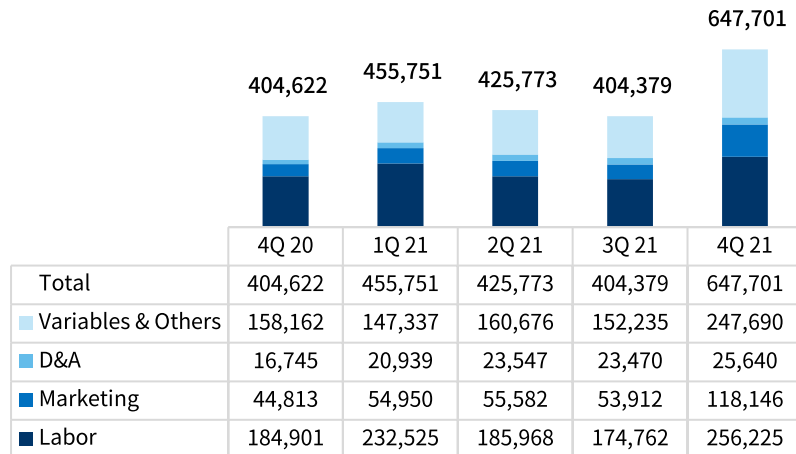


### 3. Cost Breakdown

- 4Q operating expenses increased 60% qoq ; FY 2021 total expenses increased 22% yoy
- 4Q labor cost was up 47% qoq mainly due to early recognition of LW incentives ; FY 2021 labor cost increased 18% yoy
- 4Q marketing was up 119% qoq mainly due to advertising for the global launch of LW ; FY 2021 marketing increased 122% yoy

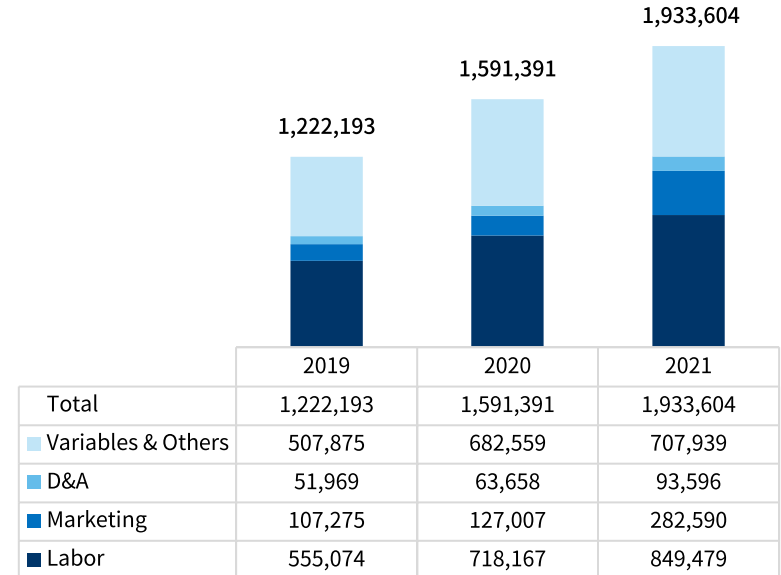
#### Cost Breakdown (4Q 2021)

(Unit: KRW MN)



#### Cost Breakdown (FY 2021)

(Unit: KRW MN)



## 4. Consolidated Financial Statements

### Statement of Financial Position

(Unit: KRW MN)

	FY 2020	FY 2021
<b>Assets</b>		
<b>I. Current Assets</b>	<b>2,444,363</b>	<b>2,452,606</b>
Cash and cash equivalents	157,273	255,942
Short-Term financial instruments	638,038	420,420
Account receivables	243,026	277,920
Other receivables	38,544	48,889
Short-Term investment assets	1,323,419	1,385,155
Others	44,063	64,280
<b>II. Non-current Assets</b>	<b>1,636,846</b>	<b>2,129,283</b>
Long-Term loans	4,594	7,228
Other receivables	15,562	20,312
Long-Term investment assets	1,021,880	1,139,532
Investment stock in Affiliated companies	67,326	54,644
Investment property	92,370	91,055
Tangible assets	368,441	747,288
Intangible assets	49,661	42,322
Others	17,012	26,901
<b>Total Assets</b>	<b>4,081,209</b>	<b>4,581,889</b>

	FY 2020	FY 2021
<b>Liabilities</b>		
<b>I. Current Liabilities</b>	<b>509,342</b>	<b>663,361</b>
Borrowings	5,271	145,137
Account payables	79,964	74,026
Lease liabilities	36,908	36,058
Current tax liabilities	140,483	63,520
Other current liabilities	246,716	344,620
Other provisions	-	-
<b>II. Non-current liabilities</b>	<b>427,179</b>	<b>767,302</b>
Borrowings	249,607	409,120
Defined benefit obligations	6,889	6,041
Long-Term employee benefits	14,511	20,231
Lease liabilities	45,752	182,481
Others	110,420	149,428
<b>Total Liabilities</b>	<b>936,522</b>	<b>1,430,663</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>(4,350)</b>	<b>(189,424)</b>
<b>III. Other Components of Equity</b>	<b>278,190</b>	<b>255,838</b>
<b>IV. Retained Earnings</b>	<b>2,856,767</b>	<b>3,071,454</b>
<b>V. Non-controlling Interest</b>	<b>3,103</b>	<b>2,382</b>
<b>Total Shareholders Equity</b>	<b>3,144,687</b>	<b>3,151,227</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>4,081,209</b>	<b>4,581,889</b>

## 4. Consolidated Financial Statements

### Comprehensive Income Statement

(Unit: KRW MN)

	1Q 21	2Q 21	3Q 21	4Q 21	FY 2020	FY 2021
Sales	512,484	538,542	500,630	757,162	2,416,184	2,308,817
Operating Expenses	455,751	425,773	404,379	647,701	1,591,391	1,933,604
Operating Income	56,733	112,769	96,251	109,461	824,794	375,213
Non-operating Income	36,051	10,230	30,395	39,438	(21,537)	116,115
Pre-tax Income	92,784	122,999	126,646	148,899	803,257	491,328
Income Tax	12,631	28,656	27,150	27,157	216,644	95,593
Net Income	80,154	94,343	99,495	121,742	586,613	395,735
Equity Attribution to the Owners of the Parent Company	80,877	94,398	99,749	121,868	587,403	396,893
Non-controlling Interest	(723)	(55)	(254)	(126)	(790)	(1,158)