

# Third Quarter FY 2024 Earnings Results

November 12<sup>th</sup>, 2024

# Disclaimer

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This document contains information and financial data that have not been reviewed by an independent auditor.

The reason for our earnings release announcement prior to an independent auditor's review is to communicate our financial results to the market and investors in a timely manner.

Also, the information and projections contained in this document are based on our internal analysis of the market and industry environment. Please note that these estimates are subject to change according to the changes in the management environment and industry conditions.

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## 1. Earnings Summary

(KRW mil.)	3Q23	4Q23	1Q24	2Q24	3Q24	Change	
						YoY	QoQ
<b>Operating Revenues</b>	<b>571,533</b>	<b>598,312</b>	<b>604,395</b>	<b>599,404</b>	<b>608,367</b>	<b>6.4%</b>	<b>1.5%</b>
Games	110,241	111,752	121,869	106,432	112,543	2.1%	5.7%
Payment & Ad	265,138	292,961	288,357	295,752	292,579	10.3%	-1.1%
Commerce	60,679	73,353	63,736	57,405	60,973	0.5%	6.2%
Technology	95,381	78,897	95,124	98,013	102,667	7.6%	4.7%
Contents	50,026	49,768	44,994	53,396	50,545	1.0%	-5.3%
Others	10,267	13,246	11,989	9,044	10,013	-2.5%	10.7%
Internal Transactions	-20,200	-21,666	-21,674	-20,639	-20,953	-	-
<b>Operating Expenses</b>	<b>548,178</b>	<b>606,070</b>	<b>577,108</b>	<b>570,927</b>	<b>721,756</b>	<b>31.7%</b>	<b>26.4%</b>
<b>Operating Income</b>	<b>23,355</b>	<b>-7,758</b>	<b>27,287</b>	<b>28,477</b>	<b>-113,389</b>	<b>Turned deficit</b>	<b>Turned deficit</b>
<i>OPM</i>	<i>4.1%</i>	<i>-1.3%</i>	<i>4.5%</i>	<i>4.8%</i>	<i>-18.6%</i>	-	-
<b>Net Income before income tax expenses</b>	<b>24,300</b>	<b>-62,134</b>	<b>18,113</b>	<b>21,429</b>	<b>-97,356</b>	<b>Turned deficit</b>	<b>Turned deficit</b>
Income tax expenses	16,315	9,931	22,956	16,798	12,915	-20.8%	-23.1%
<b>Net Income</b>	<b>7,985</b>	<b>-72,065</b>	<b>-4,843</b>	<b>4,630</b>	<b>-110,270</b>	<b>Turned deficit</b>	<b>Turned deficit</b>
<i>NPM</i>	<i>1.4%</i>	<i>-12.0%</i>	<i>-0.8%</i>	<i>0.8%</i>	<i>-18.1%</i>	-	-

# Games Revenue KRW 112.5b

YoY +2.1% , QoQ +5.7%

## • PC Online Games KRW 44.0b

YoY +10.4%, QoQ +2.4%

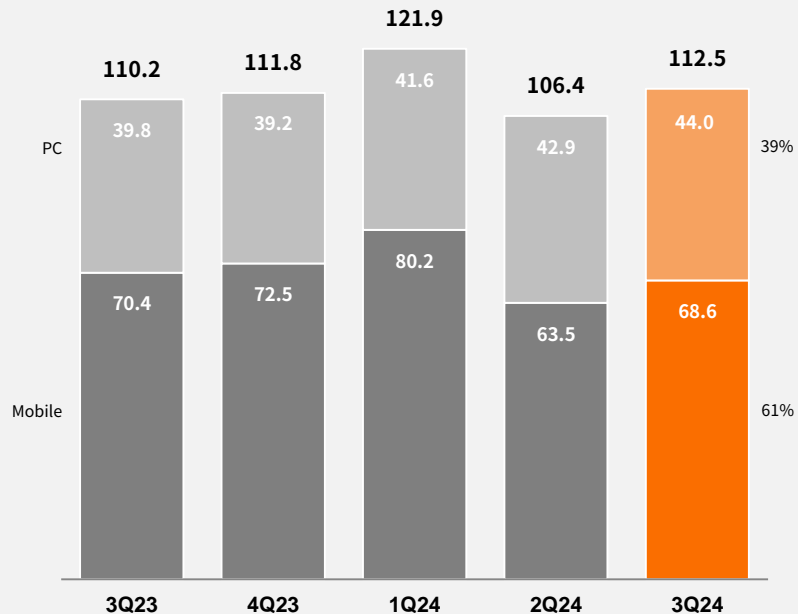
- YoY, QoQ increase in PC web-board games revenue due to the 5th anniversary event of 'Hangame Poker Classic' and Chuseok holiday effect
- Opened a new 'guild war' competition content in October

## • Mobile Games KRW 68.6b

YoY -2.6%, QoQ +8.0%

- #Compass, QoQ and YoY up due to IP collaboration with popular anime 'Fate/Stay Night'
- Yo-kai Watch Puni Puni, QoQ increase due to IP collaboration event with 'Hololive', YoY decline due to the reverse base effect of the 'Yo-kai Watch 10th anniversary' in 3Q23

(KRW bil.)



## Payment & Ad Revenue

**KRW 292.6b**

YoY +10.3%, QoQ -1.1%

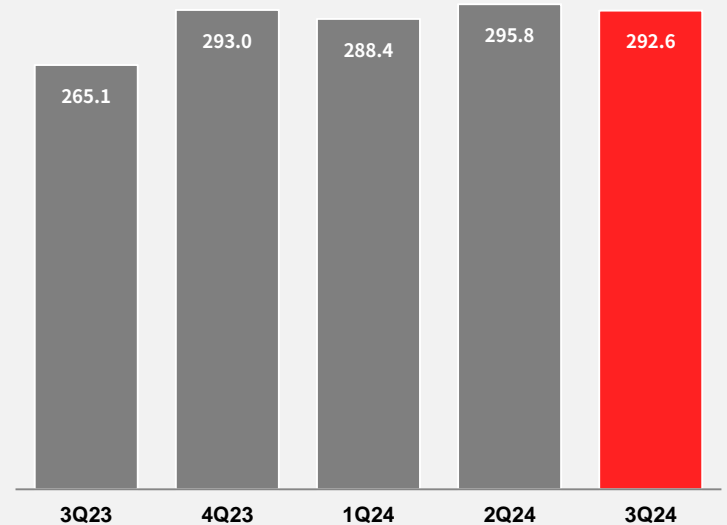
### • NHN PAYCO

- YoY, QoQ decline in online merchant sales related to 'TMON/WeMakePrice' and gift vouchers
- YoY +31% in Q3's B2B corporate welfare solution transaction volume, continuous effort to provide wider use of meal vouchers
- Business structure reorganization in progress to strengthen synergies with NHN KCP

### • NHN KCP

- Continuous growth in PG payment volume of both domestic and global merchant in YoY, but decline in QoQ due to the decreased transactions from imported car merchant
- Acquired additional stake in 'Korea Credit-card Electronic-settlement Service (KOCES)' on the end of October

(KRW bil.)



# Commerce Revenue KRW 61.0b

YoY +0.5%, QoQ +6.2%

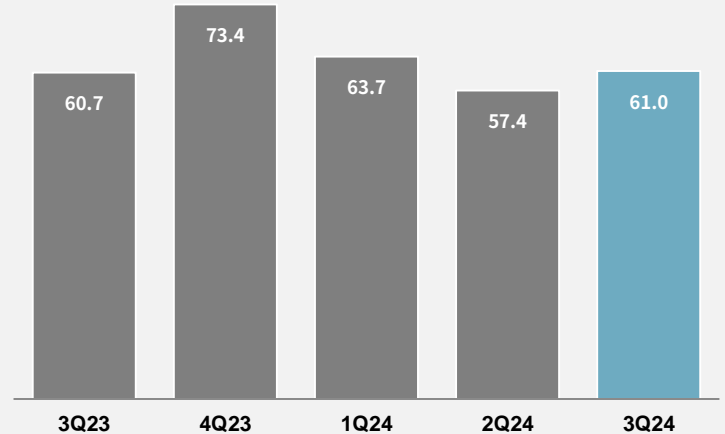
## • NHN Commerce / IBT

- IBT, continuous effort to streamline poor businesses
- YoY, QoQ growth reflects the efforts of discovering new brands and collaborating with popular Korean brands such as 'BBIA(cosmetic brand)'

## • NHN Global

- Minimal impact in revenue despite the decreased number of orders due to the US economic slowdown (YoY, QoQ)
- Persistent efforts in building user acquisition and lock-in strategies

(KRW bil.)



# Technology Revenue **KRW 102.7b**

YoY +7.6%, QoQ +4.7%

(YoY +21.5% excluding the effect of subsidiaries sold last year)

## • NHN Cloud

- Won the 'Pan-Government Service Integration Counter Cloud Lease Project' contract of the National Information Resources Services' data center in Daegu (NIRS Daegu)
- Reflected sales in '2024 cloud migration consulting and design business'

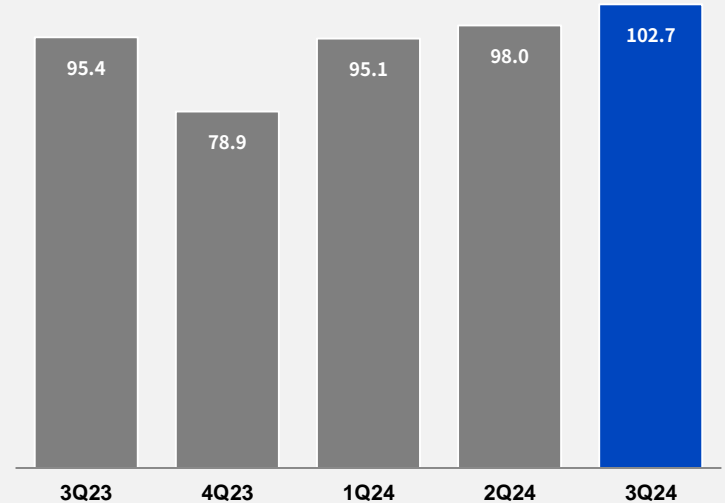
## • NHN Dooray

- Reflected business in public sector (QoQ, YoY), new contract with Korea Aerospace Administration / Ministry of Defense, etc.
- Released AI-powered collaboration tool 'Dooray AI' in October
- Targeting financial institutions, under discussion with 'Woori Financial Group', 'Shinhan Investment & Securities', etc.

## • NHN Techorus

- Steady growth due to AWS resale performance despite the exchange rate effect

(KRW bil.)





## Contents Revenue **KRW 50.5b**

YoY +1.0%, QoQ -5.3%

- **NHN Comico**

- Drive growth in revenue by empowering production

- **NHN Link**

- Revenues YoY +33% with an even growth in both sports and performance revenues

## Others Revenue **KRW 10.0b**

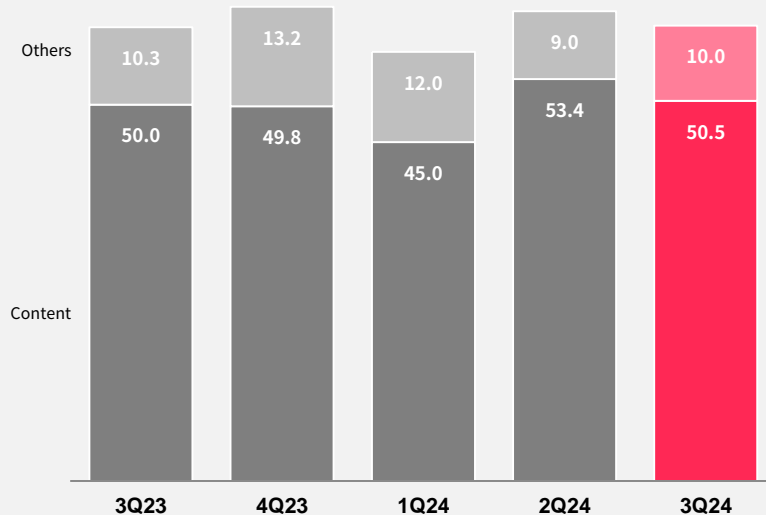
YoY -2.5%, QoQ +10.7%

- **NHN Doctor Tour**

- QoQ increase due to peak summer travel season

- Deconsolidation of 'Tournet Hawaii' led by liquidation in Sept. 1<sup>st</sup>

(KRW bil.)



### 3. Operating Expenses

#### Operating Expense KRW 721.8b : YoY +31.7%, QoQ +26.4%

- Commission QoQ +2.1% : Increase in sales-related commissions due to increase in mobile game and cloud sales
- Labor QoQ -3.6% : Decrease in salary and welfare expenses due to decrease in consolidated headcount despite the fixed bonus payment of NHN KCP
- Marketing QoQ +21.0% : Increase in web-board marketing such as ‘HanGame Poker Classic’
- Depreciation QoQ +7.0% : Depreciation of right-of-use assets due to increase in servers for cloud business
- Others QoQ +910.8 % : KRW 1,407 billion in bad debt expense for receivables related to TMON and WeMakePrice
  - 1) KRW 123.7b in NHN Payco, 2) KRW 10.2b in NHN Payco to replace the reversal of non-operating expenses in Q2,
  - 3) KRW 1.3 billion in NHN KCP, 4) KRW 5.5 billion in advertising/travel and others

(mil. KRW)	3Q23	4Q23	1Q24	2Q24	3Q24	Change	
						YoY	QoQ
<b>Operating Expenses</b>	<b>548,178</b>	<b>606,070</b>	<b>577,108</b>	<b>570,927</b>	<b>721,756</b>	<b>31.7%</b>	<b>26.4%</b>
Commission	367,851	414,660	394,111	400,422	409,012	11.2%	2.1%
Labor	115,711	112,764	113,577	111,257	107,278	-7.3%	-3.6%
Marketing	19,756	19,071	17,024	14,653	17,735	-10.2%	21.0%
Depreciation	21,103	31,742	24,597	25,408	27,194	28.9%	7.0%
Communication	5,956	-3,314	3,769	3,672	3,718	-37.6%	1.3%
Others	17,800	31,146	24,031	15,515	156,818	781.0%	910.8%

#### 4. Incomes

### Operating Loss of KRW 113.4b : YoY, QoQ Turned deficit

- Q3 operating profit of KRW 27.3 billion excluding one-time bad debt expense (YoY +16.8%, QoQ -4.2%)

### Net Loss of KRW 110.3b : YoY, QoQ Turned deficit

- Non-operating expenses, net of KRW 10.2 billion of NHN PAYCO's bad debt expenses reflected in Q2

(mil. KRW)	3Q23	4Q23	1Q24	2Q24	3Q24	Change	
						YoY	QoQ
<b>Operating Income</b>	<b>23,355</b>	<b>-7,758</b>	<b>27,287</b>	<b>28,477</b>	<b>-113,389</b>	<b>Turned deficit</b>	<b>Turned deficit</b>
<i>Operating Profit Margin</i>	<i>4.1%</i>	<i>-1.3%</i>	<i>4.5%</i>	<i>4.8%</i>	<i>-18.6%</i>	-	-
<b>Non-operating Profit</b>	<b>945</b>	<b>-54,376</b>	<b>-9,174</b>	<b>-7,048</b>	<b>16,033</b>	<b>1,596.2%</b>	<b>Turned surplus</b>
Financial Income	9,051	42,068	12,784	10,737	17,628	94.8%	64.2%
Non-operating Income	2,254	5,236	4,946	5,640	1,521	-32.5%	-73.0%
Equity Method Income	6,190	391	639	1,092	497	-92.0%	-54.4%
Financial Expense	13,841	45,660	8,742	9,850	9,114	-34.2%	-7.5%
Non-operating Expense	1,382	58,741	9,971	12,583	-8,104	-	-
Equity Method Loss	1,326	-2,330	8,829	2,083	2,604	96.3%	25.0%
<b>Net Income before Income tax expense</b>	<b>24,300</b>	<b>-62,134</b>	<b>18,113</b>	<b>21,429</b>	<b>-97,356</b>	<b>Turned deficit</b>	<b>Turned deficit</b>
Income Tax	16,315	9,931	22,956	16,798	12,915	-20.8%	-23.1%
<b>Net Income</b>	<b>7,985</b>	<b>-72,065</b>	<b>-4,843</b>	<b>4,630</b>	<b>-110,270</b>	<b>Turned deficit</b>	<b>Turned deficit</b>
<i>Net Profit Margin</i>	<i>1.4%</i>	<i>-12.0%</i>	<i>-0.8%</i>	<i>0.8%</i>	<i>-18.1%</i>	-	-

# APPENDIX

## 1. Employees

**Consolidated basis : 4,704, QoQ -122**

**NHN Parent basis : 823, QoQ -38**

	2Q24	3Q24	QoQ		2Q24	3Q24	QoQ			
Korea	NHN <sup>1)</sup>	861	823	-38	Japan	NHN PlayArt	250	249	-1	
	NHN KCP	379	386	7		NHN Comico & etc.	180	176	-4	
	NHN Cloud	373	371	-2		NHN Techorus	157	156	-1	
	NHN Commerce	227	224	-3		NHN JAPAN	61	63	2	
	NHN PAYCO	212	208	-4		Others	24	27	3	
	NHN AD	193	200	7		USA	NHN Global & etc.	170	172	2
	NHN Enterprise	136	131	-5			IBT & etc.	180	170	-10
	NHN Doctor Tour	130	126	-4		China & etc.	NHN ST	71	68	-3
	NHN Edu	124	121	-3			<b>Total</b>	4,826	4,704	-122
	NHN Bugs	113	109	-4						
	NHN Injae INC	103	107	4						
	NHN Dooray	99	104	5						
	NHN Wetoo	64	41	-23						
	NHN Crossent <sup>2)</sup>	35	-	-35						
	NHN Toastcam <sup>1)</sup>	-	23	23						
	Tournet Hawaii <sup>2)</sup>	18	-	-18						
	11H 11M <sup>2)</sup>	14	-	-14						
Others	652	649	-3							

1) NHN employees transferred to NHN Toastcam after the spin-off in June 2024

2) Deconsolidation of NHN Crossent in August 2024 due to loss of corporate control, Liquidation of Tournet Hawaii, Inc. in September 2024, 11H11M merged to NHN AD in July 2024

## 2. Game Pipelines

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2025



**Darkest Days** (Zombie Apocalypse)  
Publisher & Developer, NHN



**Pebble City** (Social Casino)  
Developer, NHN



**ABYSSDIA** (Collectible RPG)  
Publisher, NHN  
(Former, Stellar Fantasy)

**Project STAR**  
(Tentative, IP-based puzzle)  
Developer, NHN

**Project MM**  
(Tentative, Puzzle)  
Developer, NHN

**REM** (Former, Dream Hacker)  
(Tentative, Action)  
Publisher & Developer,  
NHN PlayArt

**TigerGate**  
(Tentative, IP-based PvP)  
Publisher & Developer,  
NHN PlayArt

**Project RE**  
(Tentative, IP-based RPG)  
Publisher, NHN

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2026

**Project G**  
(Tentative, IP-based RPG)  
Developer, NHN PlayArt

**Project BA**  
(Tentative, IP-based RPG)  
Developer, NHN PlayArt

### 3-1. Financial Statement (Parent)

#### Income Statement

(KRW mil.)	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Sales</b>	<b>87,066</b>	<b>93,754</b>	<b>93,811</b>	<b>94,330</b>	<b>91,621</b>
Game	74,960	81,546	81,090	80,734	80,795
Others	12,106	12,209	12,721	13,596	10,826
<b>Operating Expenses</b>	<b>64,949</b>	<b>71,612</b>	<b>68,965</b>	<b>68,683</b>	<b>67,772</b>
Commission	27,529	33,388	31,726	31,239	30,357
Labor	23,561	24,545	24,366	25,864	23,032
Marketing	8,202	8,186	7,911	5,816	8,860
Depreciation	2,379	2,489	2,601	2,525	2,634
Others	3,278	3,004	2,361	3,240	2,889
<b>Operating Income</b>	<b>22,117</b>	<b>22,143</b>	<b>24,846</b>	<b>25,647</b>	<b>23,849</b>
<i>OPM</i>	<i>25.4%</i>	<i>23.6%</i>	<i>26.5%</i>	<i>27.2%</i>	<i>26.0%</i>
Financial Income	2,263	17,629	34,151	23,863	2,804
Other Income	633	57	373	353	877
Financial Expense	-1,670	55,224	1,052	4,018	-4,039
Other Expense	161	13,572	595	355	171
<b>Pre-tax Income</b>	<b>26,522</b>	<b>-28,968</b>	<b>57,723</b>	<b>45,490</b>	<b>31,398</b>
Income Tax	6,256	17,269	12,896	7,559	6,194
<b>Net Income</b>	<b>20,266</b>	<b>-46,237</b>	<b>44,827</b>	<b>37,931</b>	<b>25,204</b>
<i>NPM</i>	<i>23.3%</i>	<i>-49.3%</i>	<i>47.8%</i>	<i>40.2%</i>	<i>27.5%</i>

#### Balance Sheet

(KRW mil.)	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Current Assets</b>	<b>206,418</b>	<b>225,950</b>	<b>203,560</b>	<b>204,994</b>	<b>212,220</b>
Cash and Cash Equivalent	155,965	170,551	141,452	149,368	127,265
Accounts Receivables	45,540	50,967	55,411	52,101	83,151
Others	4,912	4,432	6,698	3,524	1,804
<b>Non-current Assets</b>	<b>1,765,633</b>	<b>1,732,731</b>	<b>1,743,231</b>	<b>1,753,292</b>	<b>1,745,115</b>
Tangible Assets	137,901	134,119	135,061	134,621	132,085
Intangible Assets	14,635	14,693	14,578	15,665	16,938
Investment Assets	1,491,559	1,467,770	1,468,634	1,477,838	1,471,979
Others	121,538	116,149	124,958	125,168	124,113
<b>Total Assets</b>	<b>1,972,051</b>	<b>1,958,680</b>	<b>1,946,791</b>	<b>1,958,286</b>	<b>1,957,335</b>
<b>Current Liabilities</b>	<b>72,421</b>	<b>108,954</b>	<b>101,766</b>	<b>66,582</b>	<b>64,194</b>
Accounts Payables	34,398	32,765	28,203	29,690	31,135
Accrued Income Taxes	20,833	29,803	34,919	16,628	11,701
Others	17,189	46,386	38,644	20,264	21,357
<b>Non-current Liabilities</b>	<b>149,101</b>	<b>138,958</b>	<b>139,308</b>	<b>145,024</b>	<b>140,334</b>
Long-term Accounts Payables	2,733	2,733	2,733	2,733	2,733
Allowance for Severance Pay	32,500	35,380	36,327	37,472	37,731
Others	113,868	100,845	100,249	104,819	99,871
<b>Total Liabilities</b>	<b>221,522</b>	<b>247,911</b>	<b>241,074</b>	<b>211,606</b>	<b>204,528</b>
Shareholders' Equity	1,750,529	1,710,769	1,705,717	1,746,680	1,752,807
Paid-in Capital	18,759	18,759	18,759	18,759	18,759
Capital Surplus	1,264,694	1,264,694	1,264,694	1,264,694	1,264,694
Capital Adjustment	-135,704	-134,385	-105,874	-105,837	-115,840
Other Comprehensive Income	5,718	12,054	403	3,397	-5,677
Retained Earnings	597,062	549,647	527,735	565,667	590,871
<b>Total Equity</b>	<b>1,750,529</b>	<b>1,710,769</b>	<b>1,705,717</b>	<b>1,746,680</b>	<b>1,752,807</b>

### 3-2. Financial Statement (Consolidated)

#### Income Statement

(KRW mil.)	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Sales</b>	<b>571,533</b>	<b>598,312</b>	<b>604,395</b>	<b>599,404</b>	<b>608,367</b>
Game	110,241	111,752	121,869	106,432	112,543
Payment & Ads	265,138	292,961	288,357	295,752	292,579
Commerce	60,679	73,353	63,736	57,405	60,973
Technology	95,381	78,897	95,124	98,013	102,667
Contents	50,026	49,768	44,994	53,396	50,545
Others	10,267	13,246	11,989	9,044	10,013
Internal transactions	-20,200	-21,666	-21,674	-20,639	-20,953
<b>Operating Expenses</b>	<b>548,178</b>	<b>606,070</b>	<b>577,108</b>	<b>570,927</b>	<b>721,756</b>
Commission	367,851	414,660	394,111	400,422	409,012
Labor	115,711	112,764	113,577	111,257	107,278
Marketing	19,756	19,071	17,024	14,653	17,735
Depreciation	21,103	31,742	24,597	25,408	27,194
Communications	5,956	-3,314	3,769	3,672	3,718
Others	17,800	31,146	24,031	15,515	156,818
<b>Operating Income</b>	<b>23,355</b>	<b>-7,758</b>	<b>27,287</b>	<b>28,477</b>	<b>-113,389</b>
<i>OPM</i>	<i>4.1%</i>	<i>-1.3%</i>	<i>4.5%</i>	<i>4.8%</i>	<i>-18.6%</i>
Financial Income	9,051	42,068	12,784	10,737	17,628
Equity Method Income	6,190	391	639	1,092	497
Other Income	2,254	5,236	4,946	5,640	1,521
Financial Expense	13,841	45,660	8,742	9,850	9,114
Equity Method Loss	1,326	-2,330	8,829	2,083	2,604
Other Expense	1,382	58,741	9,971	12,583	-8,104
<b>Net Income before income tax expense</b>	<b>24,300</b>	<b>-62,134</b>	<b>18,113</b>	<b>21,429</b>	<b>-97,356</b>
Income Tax	16,315	9,931	22,956	16,798	12,915
<b>Net Income</b>	<b>7,985</b>	<b>-72,065</b>	<b>-4,843</b>	<b>4,630</b>	<b>-110,270</b>
<i>NPM</i>	<i>1.4%</i>	<i>-12.0%</i>	<i>-0.8%</i>	<i>0.8%</i>	<i>-18.1%</i>

#### Balance Sheet

(KRW mil.)	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Current Assets</b>	<b>1,559,228</b>	<b>1,537,395</b>	<b>1,429,420</b>	<b>1,421,508</b>	<b>1,295,524</b>
Cash and Cash Equivalent	785,509	771,672	643,975	672,006	646,072
Accounts Receivables	497,164	514,375	511,371	509,001	439,212
Others	276,555	251,348	274,073	240,501	210,240
<b>Non-current Assets</b>	<b>1,936,095</b>	<b>1,912,282</b>	<b>1,923,337</b>	<b>1,940,952</b>	<b>1,914,029</b>
Tangible Assets	688,394	706,341	710,444	698,078	698,672
Intangible Assets	444,018	426,769	432,005	436,042	420,727
Investment Assets	563,650	512,826	499,908	502,410	496,225
Accounts Receivable	66,208	56,670	72,344	73,964	78,333
Others	173,825	209,676	208,636	230,457	220,072
<b>Total Assets</b>	<b>3,495,324</b>	<b>3,449,677</b>	<b>3,352,756</b>	<b>3,362,460</b>	<b>3,209,553</b>
<b>Current Liabilities</b>	<b>809,795</b>	<b>888,431</b>	<b>822,668</b>	<b>828,219</b>	<b>783,239</b>
Accounts Payables	519,806	627,843	519,776	501,693	489,828
Short-term Borrowings	109,604	94,833	90,980	130,127	125,522
Accrued Income Taxes	27,751	44,783	47,993	35,681	26,455
Others	152,634	120,972	163,919	160,719	141,434
<b>Non-current Liabilities</b>	<b>606,834</b>	<b>571,454</b>	<b>590,264</b>	<b>583,318</b>	<b>594,971</b>
Long-term Accounts Payables	273,522	212,589	215,452	219,058	221,755
Long-term Borrowings	224,758	222,268	226,312	229,504	228,498
Allowance for Severance Pay	75,153	82,423	83,583	86,227	90,545
Deferred Income Tax Credits	5,325	15,207	15,111	15,041	13,384
Others	28,076	48,967	49,806	33,488	40,789
<b>Total Liabilities</b>	<b>1,416,629</b>	<b>1,459,885</b>	<b>1,412,933</b>	<b>1,411,536</b>	<b>1,378,209</b>
Shareholders' Equity	1,719,917	1,631,442	1,594,867	1,605,927	1,520,735
Paid-in Capital	18,759	18,759	18,759	18,759	18,759
Capital Surplus	1,228,666	1,228,666	1,228,666	1,228,666	1,228,666
Capital Adjustment	-135,100	-141,172	-104,748	-104,211	-106,574
Other Comprehensive Income	19,713	1,418	-2,320	2,218	-8,455
Retained Earnings	587,880	523,771	454,511	460,496	388,339
Non-controlling Interests	358,778	358,350	344,956	344,997	310,609
<b>Total Equity</b>	<b>2,078,695</b>	<b>1,989,792</b>	<b>1,939,824</b>	<b>1,950,923</b>	<b>1,831,344</b>



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