



# NHN



**Investor Relations**  
**August, 2023**



# Content

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## 2Q23 Earnings Summary

### Major Services

- GAME
- Payment & Ad
- Commerce
- Technology
- Contents & Others

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## Appendix

# 2Q23 Earnings Summary

(KRW mil.)	2Q22	1Q23	2Q23	Change	
				YoY	QoQ
<b>Revenue</b>	<b>511,300</b>	<b>548,338</b>	<b>551,432</b>	<b>7.8%</b>	<b>0.6%</b>
Games	104,136	117,002	107,235	3.0%	-8.3%
PC	41,020	43,192	40,678	-0.8%	-5.8%
Mobile	63,116	73,810	66,557	5.5%	-9.8%
Payment & Ad	216,528	249,408	257,952	19.1%	3.4%
Commerce	81,661	50,591	51,866	-36.5%	2.5%
Technology	69,018	100,134	93,584	35.6%	-6.5%
Contents	49,996	41,845	50,488	1.0%	20.7%
Others	2,365	11,392	10,910	361.2%	-4.2%
Internal transaction	-12,405	-22,032	-20,603	-	-
<b>Operating Expenses</b>	<b>506,104</b>	<b>529,228</b>	<b>530,541</b>	<b>4.8%</b>	<b>0.2%</b>
Commission	327,425	352,376	355,751	8.7%	1.0%
Labor	100,476	114,541	115,877	15.3%	1.2%
Marketing	37,386	20,100	19,395	-48.1%	-3.5%
Depreciation	18,335	21,005	20,032	9.3%	-4.6%
Communications	6,621	6,508	6,513	-1.6%	0.1%
Others	15,861	14,698	12,971	-18.2%	-11.7%
<b>Operating Income</b>	<b>5,196</b>	<b>19,110</b>	<b>20,892</b>	<b>302.1%</b>	<b>9.3%</b>
<i>OPM</i>	<i>1.0%</i>	<i>3.5%</i>	<i>3.8%</i>	<i>2.8%p</i>	<i>0.3%p</i>
Non-Op Income	22,468	28,321	20,427	-9.1%	-27.9%
Non-Op Expenses	20,065	20,520	17,432	-13.1%	-15.0%
<b>Net Income before Income tax expense</b>	<b>7,599</b>	<b>26,911</b>	<b>23,886</b>	<b>214.3%</b>	<b>-11.2%</b>
Income Tax	12,903	1,343	8,468	-34.4%	530.3%
<b>Net Income</b>	<b>-5,305</b>	<b>25,567</b>	<b>15,419</b>	<b>Turned to Profit</b>	<b>-39.7%</b>
<i>NPM</i>	<i>-1.0%</i>	<i>4.7%</i>	<i>2.8%</i>	<i>-</i>	<i>-1.9%p</i>

**[Revenue] KRW 551.4bil. ↑ 7.8% YoY, ↑ 0.6% QoQ**

**[Game]** Web-board game revenue YoY ↑ 21.3% (PC+Mobile)

**[PC]** Reflected the negative base effect of the Lunar New Year holidays (1Q)

Planned to release the new web-board content 'LA Sut-da' (3Q), adding to diverse content offerings

**[Mobile]** Successfully mitigated the low seasonality with enhanced contents, even amidst

reduced marketing activities. Mobile web-board revenue recorded ↑ 46% YoY

The positive effect of collaboration event with 'Attack on Titan' of Yo-Kai Watch Puni Puni

**[Payment]** Despite streamlined marketing, PAYCO achieved a transaction volume of KRW 2.7 tril. ↑ 17% YoY

Transaction volumes for Campus Zone and Corporate Welfare solutions ↑ 50%, 63% YoY respectively

NHN KCP, QoQ, YoY growth resulted from the rise in PG volume of major domestic affiliates

**[Commerce]** NHN Commerce China, off-season in China's e-commerce and soft consumer sentiment prevail

In July, bolstered product sourcing channels and sales capabilities by acquiring

'Ikonic', a leading Italian luxury distributor

NHN Global, successfully navigated the off-peak season through bolstered commission

sales and new business achievements

**[Technology]** NHN Cloud, sustained YoY growth in public sector cloud conversion sales from 1Q,

even in the face of a negative base effect

AI semiconductor farm development and chip verification business orders received

NHN Techorus, ongoing growth from new enterprise clients, with a YoY +40%, QoQ +6%

**[Contents]** NHN Comico, continued to optimize the marketing of works currently being serialized

NHN Link, KBO(Korea Baseball Organization) tickets sales hit an all-time high

**[Operating Expenses] KRW 530.5bil. ↑ 4.8% YoY, ↑ 0.2% QoQ**

**[Commission]** Increased in sales-related commissions(Payment), offset by decrease in outsourcing commissions(Tech)

**[Labor]** Rise in stock compensation costs resulting from the issuance of stock options to the tech subsidiaries

**[Marketing]** Continued stabilization of marketing expenditures for the gaming and webtoon businesses

**[Depreciation]** Reduction in depreciation of right-of-use assets following the relocation of the corporate office in Japan

**[Others]** The effect of replacing some consumable costs to the asset ledger

**[Operating Income] KRW 209bil. ↑ 302.1% YoY, ↑ 9.3% QoQ**

**[Non-Operating Profit]** QoQ declined in gains on disposal and evaluation of FVTPL

**[Net Income] KRW 15.4bil. YoY Turned to profit, QoQ ↓ 39.7%**

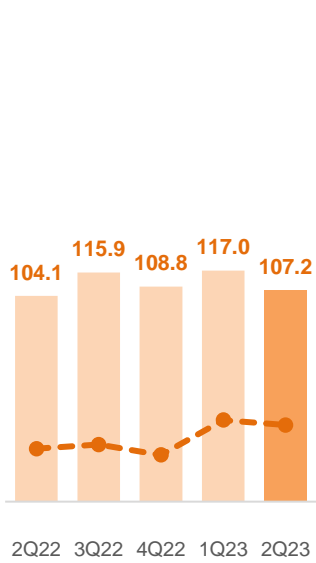
# Operating Revenue

(KRW bn)

## Game



↑ 3.0% YoY  
↓ 8.3% QoQ

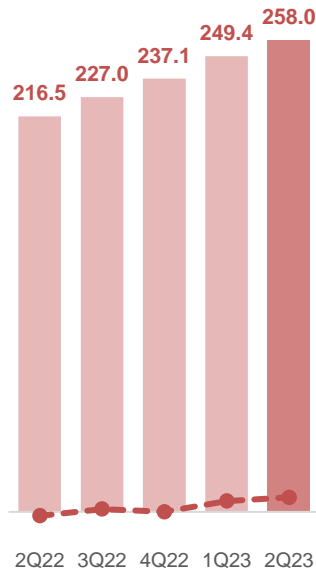


■ Sales —●— OP

## Payment & Ad



↑ 19.1% YoY  
↑ 3.4% QoQ

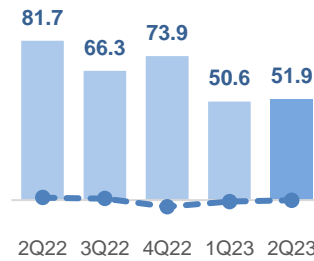


■ Sales —●— OP

## Commerce



↓ 36.5% YoY  
↑ 2.5% QoQ

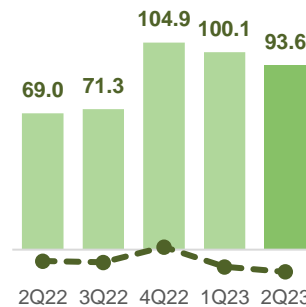


■ Sales —●— OP

## Technology



↑ 35.6% YoY  
↓ 6.5% QoQ

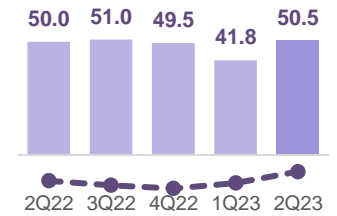


■ Sales —●— OP

## Contents



↑ 1.0% YoY  
↑ 20.7% QoQ

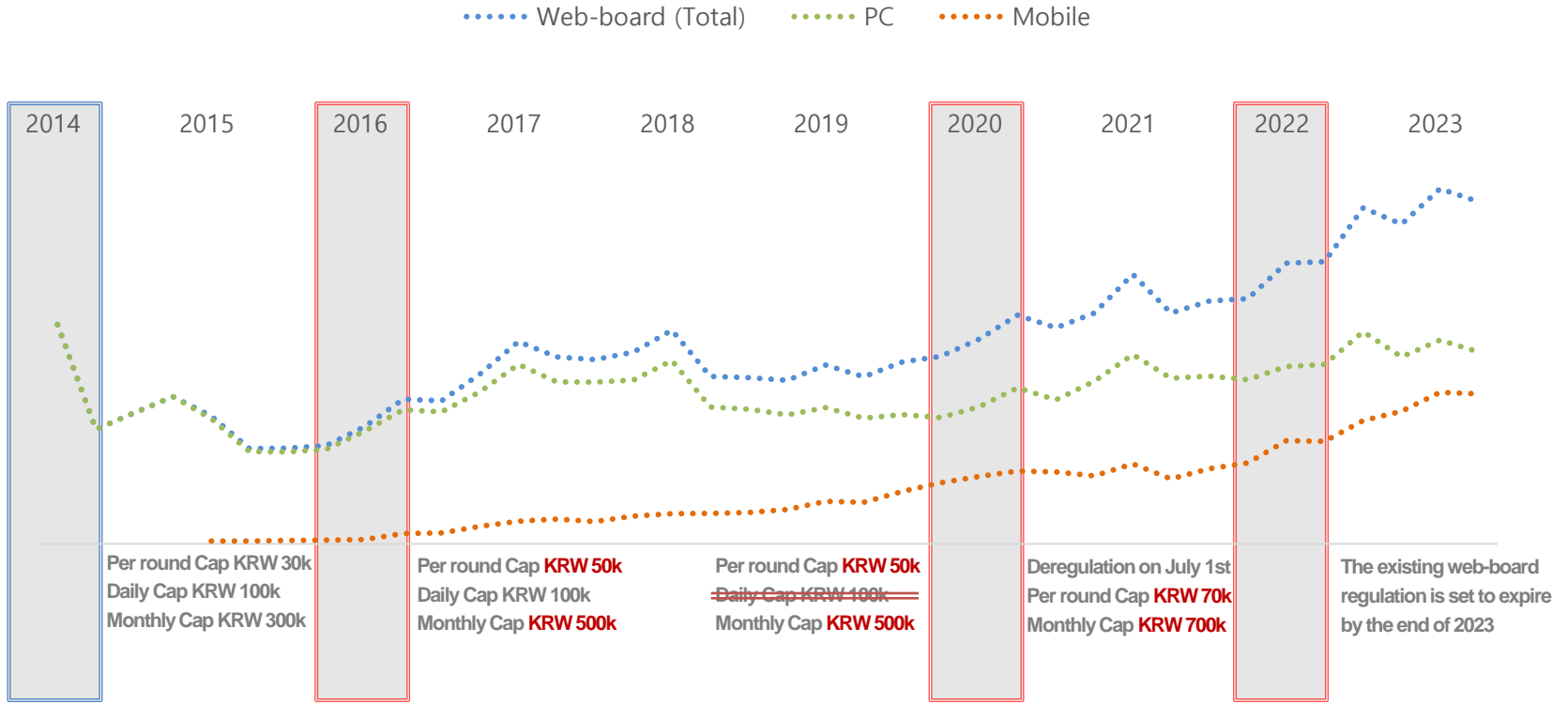


■ Sales —●— OP



## Web-board Game

Recognized as Korea's leading operator for PC and mobile web boards In 2Q23, web board sales (both PC & mobile) grew by 21% YoY, even amidst the off-season



GAME

• PC

- Operating Hangame, the premier web board service platform in Korea
- Hangame Poker Classic features PC to mobile integration
  - Available on Google Play since September 2020 and on Apple App Store from December 2021
- New content 'LA Sutda' is scheduled for launch in 3Q23



• Mobile

- Mobile web board is on an upward trajectory, enriched by distinctive content:
  - "Club Occupation War" in Mobile Poker
  - "Local Occupation War" and "Club" in Sutda & Matgo<sup>1)</sup>
- NHN PlayArt stands out as a leading mobile game developer in Japan



1) Sutda & Matgo : Korean version of Poker



LINE Disney Tsum Tsum (Jan 2014)

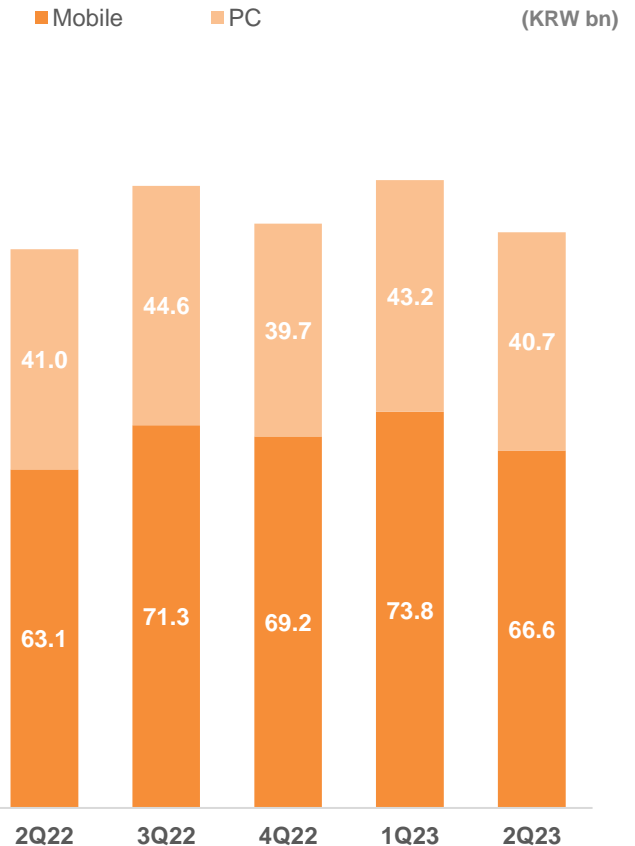


Yo-Kai Watch Puni Puni (Aug 2015)



#Compass (Dec 2016)

• Game Division's Revenue



## Upcoming Releases (Pipeline)

Diversifying game genres to expedite global expansion in 2023

2023

### Wooparoo Odyssey

P&E  
Social Network



- Developer, Highbrow
- Publisher, NHN
- IP Holder, NHN
- Mobile (AOS / iOS)
- Korea
- Global Onboarding (WEMIX platform)

### RogueEgg

Roguelike



- Developer, NHN
- Publisher, NHN
- Mobile (AOS / iOS)
- Korea, Global

### Darkest Days

Open World  
Shooter Looter



- Developer, NHN
- Publisher, NHN
- IP Holder, NHN
- Mobile (AOS / iOS)
- Korea, Global

### BYLO Sports

P&E  
Match Prediction



- Developer, NHN
- Publisher, Wemade
- Global Onboarding (WEMIX platform)

2024

### Marble Slots

P&E  
Social Casino



- Developer, NHN
- Publisher, NHN
- North America, Europe
- Global Platform to be determined

### Japanese IP Midcore

PvPvE



- Developer, NHN PA
- Based on popular IP in Japan
- Korea, Global

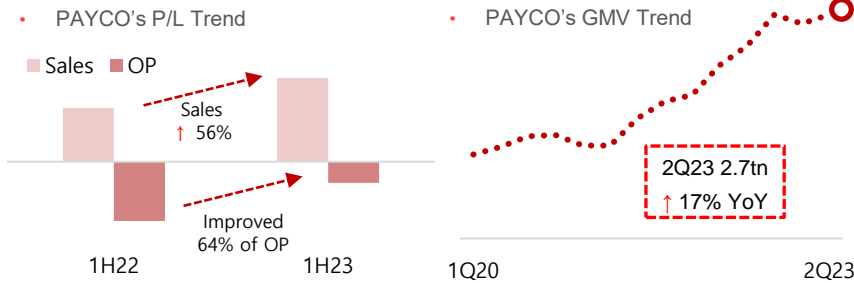
\* NHN PA: NHN PlayArt (subsidiary in Japan, 100% stake)



## Payment & Ad

### PAYCO

- Boosted profitability through a restructured sales-focused service and efficient marketing costs
- 2Q23 Points GMV ↑ 13% YoY, Coupon Revenue ↑ 16% YoY



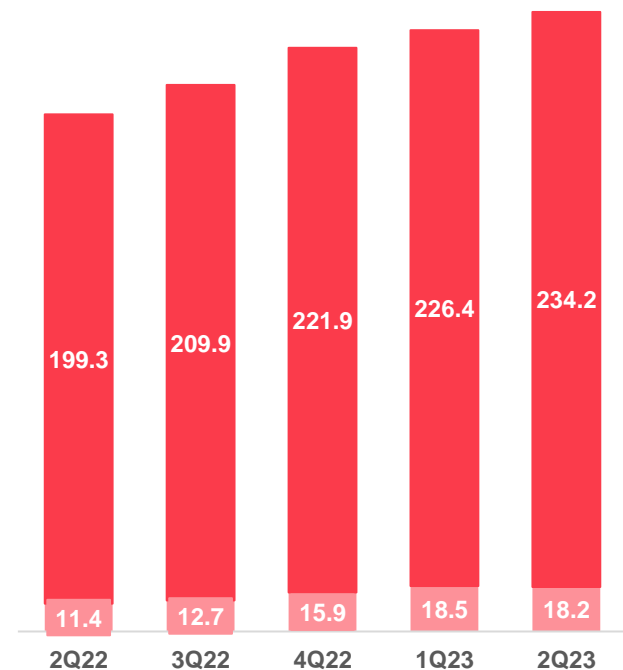
- Consistent growth observed in key services transaction values :
- 2Q23 corporate welfare solutions(meal coupons, welfare points, gift certificates) ↑ 63% YoY
- 2Q23 campus zone ↑ 50% YoY



- Recognized as the top Payment Gateway (PG) company in Korea
- Broadening international partnerships with big names like Apple and Tesla

### Operating Revenue of Key Payment Affiliates

■ NHN PAYCO ■ NHN KCP (KRW bn)








# Commerce

## COMMERCE ACCOMMATE [ Preparing for IPO ]

- Successfully facilitated the entry of local online shopping malls into the Chinese market, establishing our position as a leading global e-commerce operator
- Expansion and diversification of product offerings and sales channels:
  - Appointed as the official importer for TikTok in March 2023
  - Enhancing product sourcing and sales via the luxury distributor 'Ikonic'

shop by   
**godomall 5**

- Provision of online shopping mall solutions
- Delivering Cloud SaaS services
- Facilitating external service integrations

- Operating a B2C purchasing agency between Korea and China
- Managing a B2B2C platform
- Offering Brand store establishment and operational support

AMORE PACIFIC 

- Engaging in online B2B operations
- Supplying products / Offering brands for online sales
- Holding official licenses

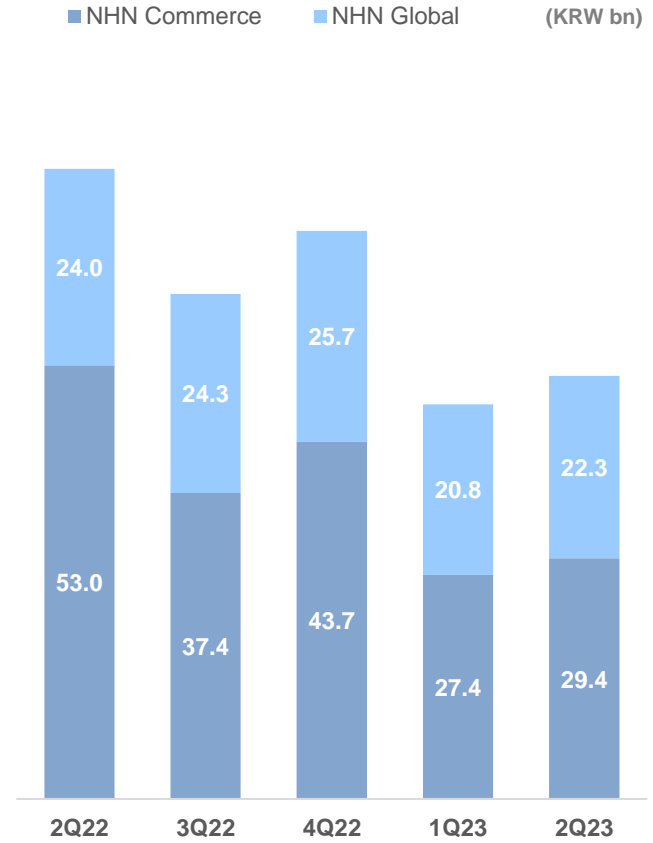
## GLOBAL

- Running 'FashionGo', the leading B2B fashion marketplace in the US
- Exploring new business models, including expanding into categories beyond fashion

- Retailer ↑ 11%, Vendor ↑ 19% YoY
- (As of June 2023)
- Introduced drop-shipping in April 2022
- Launched 'Home Deals' in November 2022



## Operating Revenue of Key Commerce Affiliates

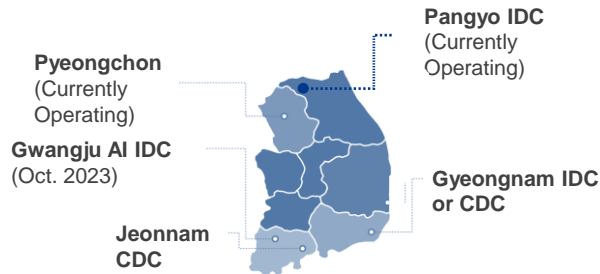




## Technology

### • CSP (Cloud Service Provider)

- **NHN Cloud** serves 5,093 customers, boasting high compatibility based on OpenStack
  - Ongoing success with public institution cloud transitions, with a growing client base in regional clouds for financial companies
  - Won contracts for government AI semiconductor farm construction and a semiconductor verification project, with plans to initiate operations at the Gwangju AI Center in the latter half of the year



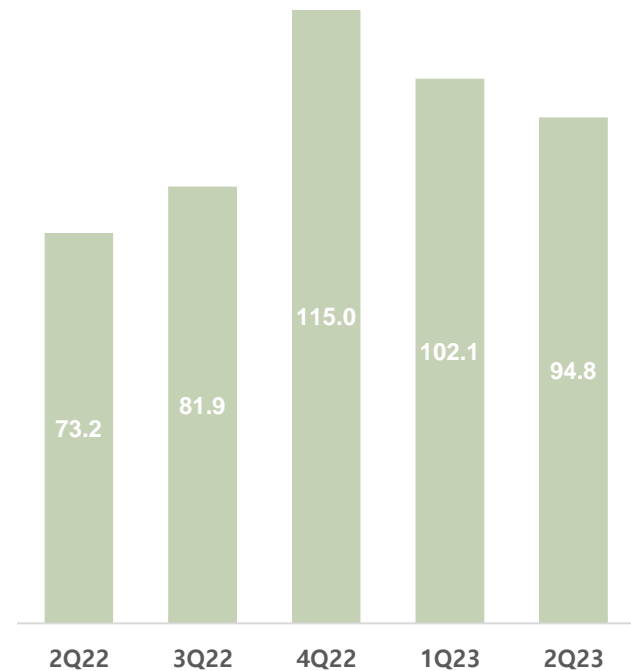
- **NHN Dquest**, advanced AI 'Call-bot Service'
- **NHN Dooray!**, All-in-one service for project / mail / messenger

### • MSP (Managed Service Provider)

- **Recognized as a top-rated 'Premier Consulting Partner' for AWS in Japan and the US**
  - NHN Techorus stands as one of the top 5 Managed Service Provider partners for AWS in Japan
  - Achieved the prestigious 'Google Cloud Premier Partner' Certification in August 2023
  - Consistent growth in customer base and an expanding network of dealerships across Japan

### • Cloud Business Revenue

(KRW bn)





## Contents & Others

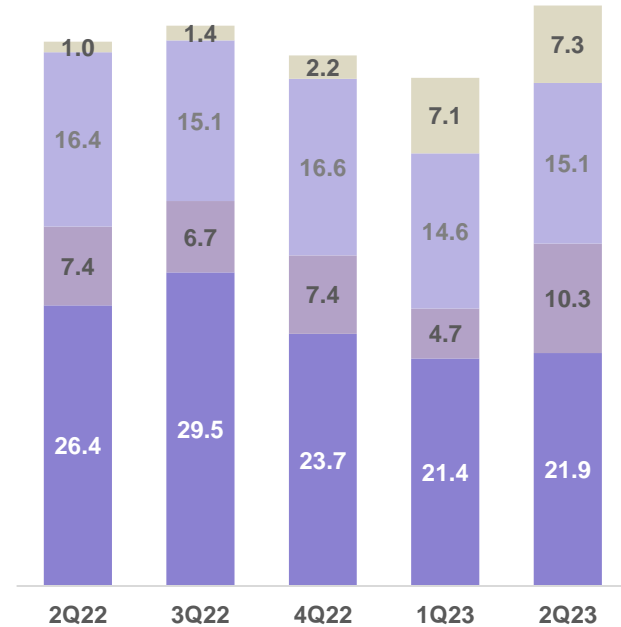
### COMICO

- Targeting Korea-Japan-Western markets with "Pocket Comics" for USA/Europe
- Aspiring to be a leading global women-oriented webtoon platform
- Strengthening art production and content sourcing efforts



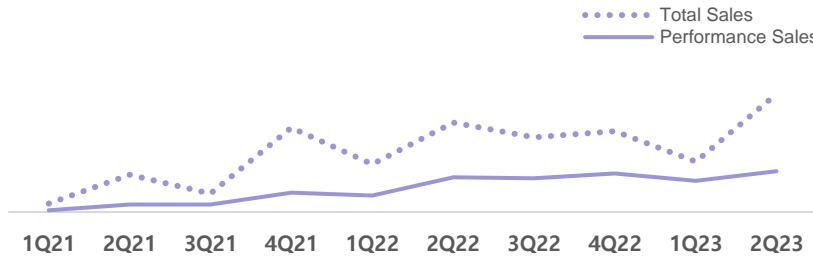
### Operating Revenue of Key Contents Affiliates

- NHN Comico
  - NHN Link
  - NHN Bugs
  - NHN Doctor Tour
- (KRW bn)



### LINK

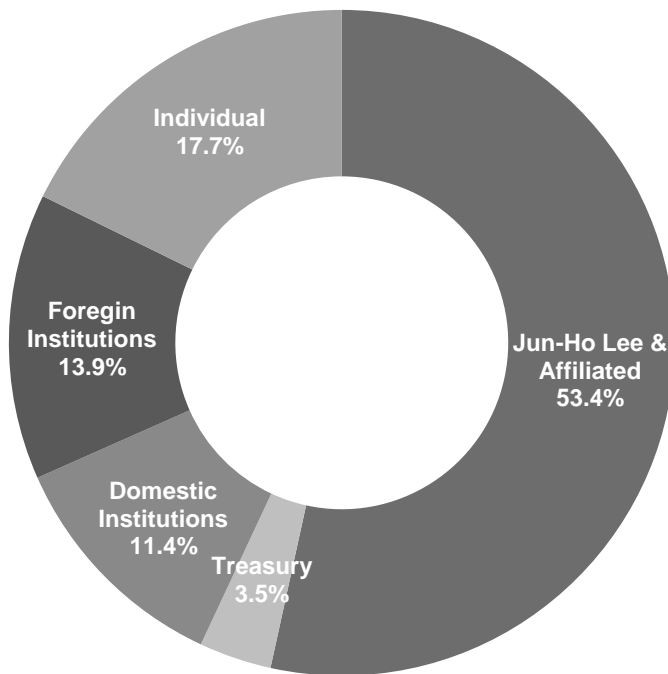
- Pro-baseball ticket sales hit an all-time high
- Performance and exhibition ticket sales have shown consistent growth both QoQ & YoY



### 여행박사

- Achieved QoQ growth, even amidst the 2Q off-season and a dip in domestic consumer sentiment
- Focused on promoting growth through premium products

## Shareholding Structure



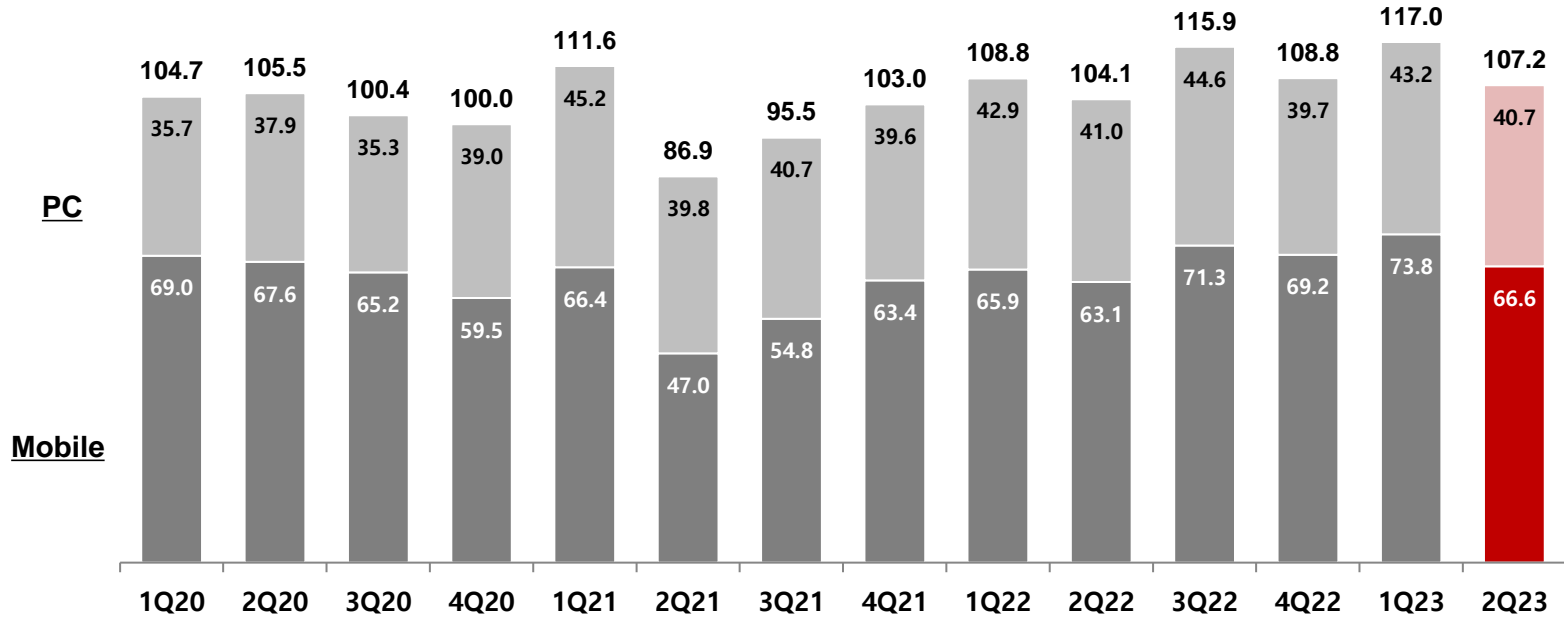
\* As of June 2023

## Description

- **Listed Market**  
 KOSPI  
 Ticker 181710 KS
- **Listed Shares**  
**34,936,682 Shares** (Treasury 1,230,902 shrs, 3.52%)  
\* As of March 31, 2023, a total of 1,080,516 shares were retired
- **Employees** (As of June 2023)  
**5,232 Employees (Consolidated)**  
 841 Employees (NHN)
- **Headquarters**  
 NHN Play Museum, 16, Daewangpangyo-ro 645 beon-gil,  
 Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea

### Game Revenue

(KRW bn)



Revenues Based	Domestic	49%	51%	51%	56%	55%	60%	58%	54%	57%	58%	61%	63%	64%	68%
	Overseas	51%	49%	49%	44%	45%	40%	42%	46%	43%	42%	39%	37%	36%	32%
Development Based	Domestic	59%	63%	62%	67%	63%	70%	67%	62%	64%	67%	69%	70%	72%	74%
	Overseas	41%	37%	38%	33%	37%	30%	33%	38%	36%	33%	31%	30%	28%	26%

## GAME

\*\*Consolidated



NHN PlayArt (100%)\*\*

## Technology



NHN Cloud (85%)\*\*



NHN Enterprise (100%)\*\*



NHN Dooray! (81%)\*\*



NHN Techorus (100%)\*\*



CLOUDNEXA INC (100%)\*\*



NHN Diquest (95%)\*\*



NHN DATA (100%)\*\*

## Contents



NHN COMICO (100%)\*\*



NHN BUGS (45%) – 104200 KS\*\*



NHN Link (100%)\*\*

\* Formerly, NHN Ticket Link

## PAYMENT



NHN PAYCO (68%)\*\*



NHN KCP (42%) – 060250 KS\*\*



UBIVELOX (9%) – 089850 KS

## Advertisement



NHN ACE (100%)\*\*



NHN AD (79%)\*\*

## Commerce



NHN Global (100%)\*\*



NHN Commerce (66%)\*\*



NHN Commerce China (100%)\*\*  
\* Formerly, Accommate Holdings

## Others



NHN Investment (100%)\*\*



NHN Doctor Tour (84%)\*\*

## Income Statement

(mil. KRW)	2Q22	3Q22	4Q22	1Q23	1Q23
<b>Sales</b>	<b>66,428</b>	<b>65,673</b>	<b>93,136</b>	<b>95,675</b>	<b>93,014</b>
Game	39,214	45,848	76,041	83,717	79,621
Others	27,214	19,824	17,095	11,958	13,393
<b>Operating Expenses</b>	<b>52,834</b>	<b>47,474</b>	<b>75,295</b>	<b>70,088</b>	<b>66,420</b>
Commission	28,917	25,124	34,199	31,915	29,779
Labor	12,837	12,387	23,813	23,526	24,127
Marketing	6,100	4,723	11,815	10,042	7,133
Depreciation	1,848	2,215	2,361	2,209	2,213
Others	3,132	3,024	3,107	2,396	3,168
<b>Operating Income</b>	<b>13,594</b>	<b>18,199</b>	<b>17,841</b>	<b>25,587</b>	<b>26,594</b>
<i>OPM</i>	20.5%	27.7%	19.2%	26.7%	28.6%
Financial Income	5,080	1,538	5,251	6,193	73,771
Other Income	17,320	4,078	-1,508	861	894
Financial Expense	13,729	-1,538	23,624	76,177	-5,008
Other Expense	910	249	2,132	437	206
<b>Pre-tax Income</b>	<b>21,355</b>	<b>25,104</b>	<b>-4,172</b>	<b>-43,973</b>	<b>106,061</b>
Income Tax	8,340	4,738	-1,326	-9,638	6,118
<b>Net Income</b>	<b>13,015</b>	<b>20,365</b>	<b>-2,846</b>	<b>-34,335</b>	<b>99,942</b>
<i>NPM</i>	19.6%	31.0%	-3.1%	-35.9%	107.4%

## Balance Sheet

(mil. KRW)	2Q22	3Q22	4Q22	1Q23	2Q23
<b>Current Assets</b>	<b>198,446</b>	<b>178,314</b>	<b>194,043</b>	<b>120,436</b>	<b>181,269</b>
Cash and Cash Equivalent	72,702	48,716	87,518	57,044	128,070
Accounts Receivables	87,552	123,140	100,506	58,828	47,742
Others	38,192	6,458	6,019	4,565	5,457
<b>Non-current Assets</b>	<b>1,666,520</b>	<b>1,670,333</b>	<b>1,619,805</b>	<b>1,727,214</b>	<b>1,764,035</b>
Tangible Assets	130,613	132,379	142,427	139,974	138,965
Intangible Assets	13,213	13,561	14,364	14,546	14,700
Investment Assets	1,477,259	1,483,721	1,366,563	1,462,615	1,487,195
Others	45,435	40,671	96,451	110,079	123,175
<b>Total Assets</b>	<b>1,864,966</b>	<b>1,848,647</b>	<b>1,813,848</b>	<b>1,847,650</b>	<b>1,945,304</b>
<b>Current Liabilities</b>	<b>59,623</b>	<b>38,716</b>	<b>64,848</b>	<b>70,796</b>	<b>69,182</b>
Accounts Payables	23,034	18,401	33,928	30,561	27,877
Short-term Borrowings	0	0	0	0	0
Accrued Income Taxes	19,688	7,369	15,559	22,609	24,030
Others	16,900	12,946	15,361	17,626	17,274
<b>Non-current Liabilities</b>	<b>52,372</b>	<b>52,678</b>	<b>68,594</b>	<b>146,633</b>	<b>149,772</b>
Long-term Accounts Payables	2,733	2,733	2,733	2,733	2,733
Allowance for Severance Pay	14,413	15,983	27,638	29,509	31,207
Others	35,227	33,962	38,223	114,391	115,831
<b>Total Liabilities</b>	<b>111,995</b>	<b>91,394</b>	<b>133,442</b>	<b>217,429</b>	<b>218,954</b>
Shareholders' Equity	1,752,971	1,757,253	1,680,406	1,630,222	1,726,351
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	-157,516	-102,837	-161,631	-135,971	-135,839
Other Comprehensive Income	-112	3,955	-11,415	-5,888	1,941
Retained Earnings	627,146	572,682	569,999	488,627	576,796
<b>Total Equity</b>	<b>1,752,971</b>	<b>1,757,253</b>	<b>1,680,406</b>	<b>1,630,222</b>	<b>1,726,351</b>

# Appendix

/ Consolidated

## Income Statement

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Communications	6,621	6,283	6,614	6,508	6,513
Others	15,861	15,631	16,061	14,698	12,971
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Financial Income	15,423	24,635	23,091	22,241	7,751
Equity Method Income	3,978	334	979	3,007	6,294
Other Income	3,066	6,360	7,067	3,072	6,383
Financial Expense	14,823	5,080	48,373	9,555	8,701
Equity Method Loss	2,391	4,763	2,305	6,317	5,843
Other Expense	2,851	1,296	28,635	4,648	2,888
<b>Net Income before income tax expense</b>	<b>7,599</b>	<b>28,487</b>	<b>-38,144</b>	<b>26,911</b>	<b>23,886</b>
Income Tax	12,903	7,074	5,208	1,343	8,468
<b>Net Income</b>	<b>-5,305</b>	<b>21,413</b>	<b>-43,352</b>	<b>25,567</b>	<b>15,419</b>
<i>NPM</i>	<i>-1.0%</i>	<i>4.1%</i>	<i>-7.7%</i>	<i>4.7%</i>	<i>2.8%</i>

## Balance Sheet

(mil. KRW)	2Q22	3Q22	4Q22	1Q23	2Q23
<b>Current Assets</b>	<b>1,395,017</b>	<b>1,285,418</b>	<b>1,348,600</b>	<b>1,472,033</b>	<b>1,432,466</b>
Cash and Cash Equivalent	684,040	597,762	630,551	740,963	742,942
Accounts Receivables	375,414	437,101	466,329	506,207	461,064
Others	335,562	250,555	251,719	224,863	228,460
<b>Non-current Assets</b>	<b>1,665,100</b>	<b>1,773,240</b>	<b>1,676,582</b>	<b>1,772,192</b>	<b>1,929,511</b>
Tangible Assets	406,593	488,320	483,198	504,514	665,684
Intangible Assets	387,768	427,229	413,101	418,018	417,249
Investment Assets	714,436	700,925	592,528	641,986	574,856
Accounts Receivable	30,547	31,605	55,103	60,094	61,995
Others	125,756	125,161	132,653	147,579	209,726
<b>Total Assets</b>	<b>3,060,117</b>	<b>3,058,658</b>	<b>3,025,182</b>	<b>3,244,225</b>	<b>3,361,977</b>
<b>Current Liabilities</b>	<b>719,660</b>	<b>654,507</b>	<b>746,993</b>	<b>760,213</b>	<b>709,366</b>
Accounts Payables	458,346	423,493	504,266	452,481	421,706
Short-term Borrowings	73,723	77,049	62,747	107,892	76,252
Accrued Income Taxes	31,037	12,231	26,194	34,299	36,312
Others	156,555	141,735	153,786	165,540	175,096
<b>Non-current Liabilities</b>	<b>275,076</b>	<b>282,660</b>	<b>285,770</b>	<b>463,512</b>	<b>597,053</b>
Long-term Accounts Payables	113,616	114,225	115,344	267,179	270,218
Long-term Borrowings	41,291	43,631	71,739	73,201	213,212
Allowance for Severance Pay	66,549	72,269	62,776	67,087	71,131
Deferred Income Tax Credits	22,285	23,811	13,179	16,153	9,119
Others	31,335	28,723	22,732	39,891	33,372
<b>Total Liabilities</b>	<b>994,736</b>	<b>937,167</b>	<b>1,032,763</b>	<b>1,223,724</b>	<b>1,306,420</b>
Shareholders' Equity	1,773,998	1,807,336	1,693,035	1,683,233	1,699,738
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	-192,612	-137,973	-134,886	-143,139	-130,692
Other Comprehensive Income	57,779	90,285	760	20,164	14,238
Retained Earnings	661,406	607,600	579,736	558,783	568,767
Non-controlling Interests	291,383	314,155	299,385	337,267	355,819
<b>Total Equity</b>	<b>2,065,381</b>	<b>2,121,491</b>	<b>1,992,419</b>	<b>2,020,501</b>	<b>2,055,557</b>