UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2022

Commission File Number 001-39349

DoubleDown Interactive Co., Ltd.
(Exact name of registrant as specified in its charter)

Joseph A. Sigrist, Chief Financial Officer
c/o DoubleDown Interactive, LLC
605 5th Avenue, Suite 300
Seattle, WA 98104
+1-206-408-4545
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

☒ Form 20-F ☐ Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Issuance of Press Release; Financial Statements

On November 8, 2022, DoubleDown Interactive Co., Ltd. (the "Company") issued a press release announcing its financial results for the third quarter ended September 30, 2022. The Company also issued its unaudited consolidated financial statements for the three and nine months ended September 30, 2022.

The press release and unaudited financial statements are being furnished in this report on Form 6-K as Exhibits 99.1 and 99.2, respectively, pursuant to General Instruction B to the Form 6-K, and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release of the Company, dated November 8, 2022
99.2	Unaudited consolidated financial statements for the three and nine months ended September 30, 2022

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DOUBLEDOWN INTERACTIVE CO., LTD.

Date: November 8, 2022

By:	*/s/ Joseph A. Sigrist*
Name:	Joseph A. Sigrist
Title:	Chief Financial Officer

Exhibit 99.1

DoubleDown Interactive Reports Third Quarter 2022 Results

SEATTLE, WASHINGTON – November 8, 2022 — DoubleDown Interactive Co., Ltd. (NASDAQ: DDI) ("DoubleDown" or the "Company"), a leading gaming company, delivering unique player experiences across a variety of genres, today reported its unaudited financial results for the third quarter ended September 30, 2022.

Third Quarter 2022 Summary vs. Third Quarter 2021

- Revenues decreased from $87.0 million in the third quarter of 2021 to $78.8 million in the third quarter of 2022.
- Operating costs increased from $59.2 million in the third quarter of 2021 to $124.1 million in the third quarter of 2022, primarily due to a $70.25 million charge related to the previously announced agreement to settle the *Benson* class action and associated proceedings.
- Operating costs decreased to $53.9 million when excluding the charge of $70.25 million. Such charge was recorded as General and Administrative expenses, reflecting the incremental charge associated with the agreement in principle to settle the *Benson* class action complaint and associated proceedings as previously announced on August 29, 2022.
- Adjusted EBITDA decreased from $30.2 million for the third quarter of 2021 to $25.0 million for the third quarter of 2022, resulting in an Adjusted EBITDA margin of 31.7% for the third quarter of 2022, compared to an Adjusted EBITDA margin of 34.7% for the third quarter of 2021. Such decreases were primarily due to lower revenue in the third quarter of 2022.
- Net income was a loss of $24.0 million, or a loss of $9.69 per common share on a fully diluted basis (a loss of $0.48 per American Depositary Share ("ADS")) in the third quarter of 2022, compared to net income of $22.8 million, or $9.91 per common share on a fully diluted basis ($0.50 per ADS) in the third quarter of 2021. Note each ADS represents 0.05 share of a common share.
- Average Revenue Per Daily Active User ("ARPDAU") remained consistent at $0.96 in the third quarter of 2022 and 2021.
- Average monthly revenue per payer increased from $224 in the third quarter of 2021 to $225 in the third quarter of 2022.

"DoubleDown generated solid results in the third quarter of 2022 with another quarter of positive free cash flow and Adjusted EBITDA margin being above 30%, demonstrating the stickiness of our customer base and long-term engagement by our players," said In Keuk Kim, Chief Executive Officer of DoubleDown. "Revenue in the third quarter of 2022 was 14% higher than the third quarter of 2019, the most recent comparable period prior to the COVID pandemic, which we believe validates our success in capturing and retaining growth in our customer base and player spending over the past few years. Further, we were able to maintain our ARPDAU and average monthly revenue per payer metrics from the year-ago period, despite global inflationary pressure and recession concerns that have impacted player behavior, demonstrating the resilience of our business.

"Furthermore, during the third quarter, we reached an agreement in principle to settle the *Benson* class action complaint and as a result, recorded an associated charge on our income statement. Although the settlement remains subject to court approval, we do not expect to record any future charges related to *Benson* class action and are pleased to have this case resolved in principle, of course subject to final court approval. Looking ahead, we plan to launch our newest title, *Spinning in Space*, before year-end, while simultaneously developing additional new titles for 2023 and innovating our flagship *DoubleDown Casino* title as we look to grow our business. We will also continue to evaluate potential strategic M&A transactions that may offer opportunities to leverage our core capabilities and diversify our revenue stream. With $130 million of cash and equivalents, net of debt and *Benson* case accrual, we believe that we remain in a strong financial position."

Summary Operating Results for DoubleDown Interactive (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue ($ MM)	$ 78.8	$ 87.0	$ 244.9	$ 276.9
Total operating expenses	124.1	59.2	313.5	201.8
Loss Contingency	70.3	—	141.8	3.5
Adjusted EBITDA ($ MM)	25.0	30.2	76.9	61.0
Net income ($ MM)	$ (24.0)	$ 22.8	$ (39.6)	$ 60.7
Net income margin	(30.5%)	26.2%	(16.2%)	21.9%
Adjusted EBITDA margin	31.7%	34.7%	31.4%	22.0%
Non-financial performance metrics				
Average MAUs (000s)	2,267	2,254	2,301	2,447
Average DAUs (000s)	907	985	941	1,033
ARPDAU	$ 0.96	$ 0.96	$ 0.96	$ 0.98
Average monthly revenue per payer	$ 225	$ 224	$ 225	$ 218
Payer conversion	5.2%	5.7%	5.3%	5.8%

Third Quarter 2022 Financial Results

Revenue in the third quarter of 2022 was $78.8 million, a 9% decrease from the third quarter of 2021. The decrease was primarily due to the lifting of stay-at-home orders and other COVID-related restrictions compared to the prior year, as well as changes in player behavior relating to inflation and global economic concerns during 2022.

Operating expenses in the third quarter of 2022 were $124.1 million, a 110% increase from the third quarter of 2021. The increase was due to a charge of $70.25 million recorded in in General and Administrative expenses reflecting the incremental charge associated with the agreement in principle to settle the *Benson* class action complaint and associated proceedings as announced on August 29, 2022. In accordance with the agreement in principle, which remains subject to court approval, DoubleDown has agreed to contribute $145.25 million to the settlement. The incremental charge for the third quarter is in addition to amounts accrued in previous quarters of an aggregate of $75 million.

Net income in the third quarter of 2022 reflected a loss of $24.0 million, or a loss of $9.69 per common share (a loss of $0.48 per ADS) on a fully diluted basis, compared to net income of $22.8 million, or $9.91 per common share ($0.50 per ADS) on a fully diluted basis, in the third quarter of 2021. Note each ADS represents 0.05 share of a common share.

Adjusted EBITDA in the third quarter of 2022 was $25.0 million, a decrease compared to $30.2 million in the third quarter of 2021. The decrease was primarily due to lower revenue.

Net cash flows provided by operating activities for the third quarter of 2022 was $22.2 million, compared to $33.7 million in the third quarter of 2021. The decrease was primarily driven by the decline in operating income.

Conference Call

DoubleDown will hold a conference call today (November 8, 2022) at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) to discuss these results. A question-and-answer session will follow management's presentation.

To access the call, please use the following link: DoubleDown Third Quarter 2022 Earnings Call. After registering, an email will be sent, including dial-in details and a unique conference call access code required to join the live call. To ensure you are connected prior to the beginning of the call, please register a minimum of 15 minutes before the start of the call.

A simultaneous webcast of the conference call will be available with the following link: DoubleDown Third Quarter 2022 Webcast, or via the Investor Relations page of the DoubleDown website at ir.doubledowninteractive.com. For those not planning to ask a question on the conference call, the Company recommends listening via the webcast.

A replay will be available on the Company's Investor Relations website shortly after the event.

About DoubleDown Interactive

DoubleDown Interactive Co., Ltd. is a leading developer and publisher of digital games on mobile and web-based platforms. We are the creators of multi-format interactive entertainment experiences for casual players, bringing authentic Vegas entertainment to players around the world through an online social casino experience. Our flagship title, DoubleDown Casino, has been a fan-favorite game on leading social and mobile platforms for years, entertaining millions of players worldwide with a lineup of classic and modern games.

Safe Harbor Statement

Certain statements contained in this press release are "forward-looking statements" about future events and expectations for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on our beliefs, assumptions, and expectations of industry trends, our future financial and operating performance, and our growth plans, taking into account the information currently available to us. These statements are not statements of historical fact. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Therefore, you should not place undue reliance on such statements. Words such as "anticipates," "believes," "continues," "estimates," "expects," "goal," "objectives," "intends," "may," "opportunity," "plans," "potential," "near-term," "long-term," "projections," "assumptions," "projects," "guidance," "forecasts," "outlook," "target," "trends," "should," "could," "would," "will," and similar expressions are intended to identify such forward-looking statements. We qualify any forward-looking statements entirely by these cautionary factors. We assume no obligation to update or revise any forward-looking statements for any reason or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Use and Reconciliation of Non-GAAP Financial Measures

In addition to our results determined in accordance with the accounting principles generally accepted in the United States of America ("GAAP"), we believe the following non-GAAP financial measure is useful in evaluating our operating performance. We present "*adjusted earnings before interest, taxes, depreciation and amortization*" ("Adjusted EBITDA") because we believe it assists investors and analysts by facilitating comparison of period-to-period operational performance on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. The items excluded from the Adjusted EBITDA may have a material impact on our financial results. Certain of those items are non-recurring, while others are non-cash in nature. Accordingly, the Adjusted EBITDA is presented as supplemental disclosure and should not be considered in isolation of, as a substitute for, or superior to, the financial information prepared in accordance with GAAP, and should be read in conjunction with the financial statements furnished in our Form 6-K to be filed with the SEC.

In our reconciliation from our reported GAAP "net income before provision for taxes" to our Adjusted EBITDA, we eliminate the impact of the following six line items: (i)depreciation and amortization; (ii) loss contingency related to the *Benson* case; (iii) interest expense; (iv) foreign currency transaction/remeasurement (gain) loss; (v) short-term investments (gain) loss; and (vi) other (income) expense, net. The below table sets forth the full reconciliation of our non-GAAP measures:

Reconciliation of non-GAAP measures *(in millions, except percentages)*	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2022	**2021**	**2022**	**2021**
Net income	$ (24.0)	$ 22.8	$ (39.6)	$ 60.7
Income tax expense	(4.9)	(7.2)	(10.9)	(16.7)
Income before tax	(28.9)	30.0	(50.5)	44.0
Adjustments for:				
Depreciation and amortization	0.0	2.4	3.8	15.7
Loss contingency	70.3	—	141.8	3.5
Interest expense	0.4	0.5	1.4	1.5
Foreign currency transaction/remeasurement (gain) loss	(9.3)	(0.8)	(17.0)	(1.4)
Short-term investments (gain) loss	(5.7)	—	0.2	—
Other (income) expense, net	(1.9)	(1.9)	(2.6)	(2.3)
Adjusted EBITDA	$ 25.0	$ 30.2	$ 76.9	$ 61.0
Adjusted EBITDA margin	31.7%	34.7%	31.4%	22.0%

We encourage investors and others to review our financial information in its entirety and not to rely on any single financial measure.

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DoubleDown Interactive Co., Ltd.
Condensed Consolidated Balance Sheets

(Unaudited)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 310,468	$ 242,060
Accounts receivable, net	19,916	21,875
Prepaid expenses, and other assets	7,647	6,817
Total current assets	$ 338,031	$ 270,752
Property and equipment, net	348	384
Operating lease right-of-use assets, net	4,455	6,830
Intangible assets, net	50,048	53,679
Goodwill	633,965	633,965
Deferred tax asset	1,843	2,616
Other non-current assets	1,300	1,582
Total assets	$ 1,029,990	$ 969,808
Liabilities and Shareholders' Equity		
Accounts payable and accrued expenses	$ 14,743	14,752
Short-term operating lease liabilities	3,138	3,076
Contract liabilities	2,166	2,246
Loss Contingency	145,250	—
Other current liabilities	6,107	730
Total current liabilities	$ 171,404	$ 20,804
Long-term borrowings with related party	34,848	42,176
Long-term operating lease liabilities	2,103	4,688
Deferred tax liabilities, net	1,232	28,309
Loss Contingency	—	3,500
Other non-current liabilities	7,358	6,453
Total liabilities	$ 216,945	$ 105,930
Shareholders' equity		
Common stock, KRW 10,000 par value - 200,000,000 Shares authorized; 2,477,672 issued and outstanding	21,198	21,198
Additional paid-in-capital	619,470	671,831
Accumulated other comprehensive income	11,761	23,033
Retained earnings	160,616	147,816
Total shareholders' equity	$ 813,045	$ 863,878
Total liabilities and shareholders' equity	$ 1,029,990	$ 969,808

DoubleDown Interactive Co., Ltd.
Condensed Consolidated Statement of Income and Comprehensive Income
(Unaudited)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenue	$ 78,801	$ 87,007	$ 244,857	$ 276,902
Operating expenses:				
Cost of revenue(1)	27,119	30,485	83,464	96,823
Sales and marketing(1)	17,214	17,161	55,056	56,913
Research and development(1)	4,691	4,537	13,704	14,635
General and administrative(1)	4,821	4,674	15,771	14,184
Loss Contingency(1)(2)	70,250	—	141,750	3,500
Depreciation and amortization	45	2,359	3,751	15,704
Total operating expenses	124,140	59,216	313,496	201,759
Operating income (loss)	$ (45,339)	$ 27,791	$ (68,639)	$ 75,143
Other income (expense):				
Interest expense	(431)	(500)	(1,356)	(1,521)
Interest income	1,948	25	2,742	108
Gain on foreign currency transactions	541	634	856	1,040
Gain (loss) on foreign currency remeasurement, net	8,748	215	16,163	353
Gain (loss) on short-term investments	5,651	—	(155)	—
Other, net	(42)	1,853	(98)	2,261
Total other income (expense), net	$ 16,415	$ 2,227	$ 18,152	$ 2,241
Income (loss) before income tax	$ (28,924)	$ 30,018	$ (50,487)	$ 77,384
Income tax (expense) benefit	4,925	(7,185)	10,926	(16,713)
Net income (loss)	$ (23,999)	$ 22,833	$ (39,561)	$ 60,671
Other comprehensive income (expense):				
Pension adjustments, net of tax	102	(81)	(185)	(121)
Gain (loss) on foreign currency translation	(6,115)	(800)	(11,087)	415
Comprehensive income (loss)	$ (30,012)	$ 21,952	$ (50,833)	$ 60,965
Earnings per share:				
Basic	$ (9.69)	$ 9.91	$ (15.97)	$ 27.03
Diluted	$ (9.69)	$ 9.91	$ (15.97)	$ 27.03
Weighted average shares outstanding:				
Basic	2,477,672	2,303,192	2,477,672	2,244,404
Diluted	2,477,672	2,303,192	2,477,672	2,244,404

(1) Excluding depreciation and amortization
(2) Litigation Loss Contingency (refer to Note 11)

DoubleDown Interactive Co., Ltd.
Condensed Consolidated Statement of Cash Flows
(Unaudited)

	Nine months ended September 30, 2022	2021
Cash flow from (used in) operating activities:		
Net Income (loss)	$ (39,561)	$ 60,671
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	3,751	15,704
(Gain)Loss on foreign currency remeasurement	(16,163)	(353)
(Gain)Loss on short-term investments	155	—
Deferred taxes	(26,716)	3,524
Working capital adjustments:		
Accounts receivable	703	2,006
Prepaid expenses, other current and non-current assets	(1,391)	(2,628)
Accounts payable, accrued expenses and other payables	1,033	(795)
Contract liabilities	(80)	(868)
Income tax payable	—	(7,035)
Loss Contingency	141,750	3,500
Other current and non-current liabilities	8,215	3,858
Net cash flows from operating activities	$ 71,696	$ 77,584
Cash flow (used in) investing activities:		
Purchases of intangible assets	(3)	(12)
Purchases of property and equipment	(164)	(116)
Disposals of property and equipment	27	3
Purchases of short-term investments	(366,449)	—
Sales of short-term investments	366,293	—
Net cash flows (used in) investing activities	$ (296)	$ (125)
Cash flow from (used in) financing activities:		
Issuance of new shares - IPO	—	86,452
Net cash flows from (used in) financing activities:	$ —	$ 86,452
Net foreign exchange difference on cash and cash equivalents	(2,992)	(4,035)
Net increase (decrease) in cash and cash equivalents	$ 68,408	$ 159,875
Cash and cash equivalents at beginning of period	$ 242,060	$ 63,188
Cash and cash equivalents at end of period	$ 310,468	$ 223,062
Cash paid during year for:		
Interest	—	—
Income taxes	$ 11,415	$ 13,698

DoubleDown Interactive Co., Ltd.
Condensed Consolidated Financial Statements (unaudited)
September 30, 2022 and September 30, 2021

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Consolidated Financial Statements as of and for the three and nine months ended September 30, 2022 and 2021	
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DoubleDown Interactive Co., Ltd.
Condensed Consolidated Statements of Income and Comprehensive Income
(in thousands of U.S. Dollars, except per share amounts) (unaudited)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenue	$ 78,801	$ 87,007	$ 244,857	$ 276,902
Operating expenses:				
Cost of revenue(1)	27,119	30,485	83,464	96,823
Sales and marketing(1)	17,214	17,161	55,056	56,913
Research and development(1)	4,691	4,537	13,704	14,635
General and administrative(1)	4,821	4,674	15,771	14,184
Loss Contingency(1)(2)	70,250	—	141,750	3,500
Depreciation and amortization	45	2,359	3,751	15,704
Total operating expenses	124,140	59,216	313,496	201,759
Operating income (loss)	$ (45,339)	$ 27,791	$ (68,639)	$ 75,143
Other income (expense):				
Interest expense	(431)	(500)	(1,356)	(1,521)
Interest income	1,948	25	2,742	108
Gain on foreign currency transactions	541	634	856	1,040
Gain (loss) on foreign currency remeasurement, net	8,748	215	16,163	353
Gain (loss) on short-term investments	5,651	—	(155)	—
Other, net	(42)	1,853	(98)	2,261
Total other income (expense), net	$ 16,415	$ 2,227	$ 18,152	$ 2,241
Income (loss) before income tax	$ (28,924)	$ 30,018	$ (50,487)	$ 77,384
Income tax (expense) benefit	4,925	(7,185)	10,926	(16,713)
Net income (loss)	$ (23,999)	$ 22,833	$ (39,561)	$ 60,671
Other comprehensive income (expense):				
Pension adjustments, net of tax	102	(81)	(185)	(121)
Gain (loss) on foreign currency translation	(6,115)	(800)	(11,087)	415
Comprehensive income (loss)	$ (30,012)	$ 21,952	$ (50,833)	$ 60,965
Earnings per share:				
Basic	$ (9.69)	$ 9.91	$ (15.97)	$ 27.03
Diluted	$ (9.69)	$ 9.91	$ (15.97)	$ 27.03
Weighted average shares outstanding:				
Basic	2,477,672	2,303,192	2,477,672	2,244,404
Diluted	2,477,672	2,303,192	2,477,672	2,244,404

(1) Excluding depreciation and amortization
(2) Litigation Loss Contingency (refer to Note 11)

DoubleDown Interactive Co., Ltd.
Condensed Consolidated Balance Sheets
(in thousands of U.S. Dollars) (unaudited)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 310,468	$ 242,060
Accounts receivable, net	19,916	21,875
Prepaid expenses, and other assets	7,647	6,817
Total current assets	$ 338,031	$ 270,752
Property and equipment, net	348	384
Operating lease right-of-use assets, net	4,455	6,830
Intangible assets, net	50,048	53,679
Goodwill	633,965	633,965
Deferred tax asset	1,843	2,616
Other non-current assets	1,300	1,582
Total assets	$ 1,029,990	$ 969,808
Liabilities and Shareholders’ Equity		
Accounts payable and accrued expenses	$ 14,743	14,752
Short-term operating lease liabilities	3,138	3,076
Contract liabilities	2,166	2,246
Loss Contingency	145,250	—
Other current liabilities	6,107	730
Total current liabilities	$ 171,404	$ 20,804
Long-term borrowings with related party	34,848	42,176
Long-term operating lease liabilities	2,103	4,688
Deferred tax liabilities, net	1,232	28,309
Loss Contingency	—	3,500
Other non-current liabilities	7,358	6,453
Total liabilities	$ 216,945	$ 105,930
Shareholders’ equity		
Common stock, KRW 10,000 par value—200,000,000 Shares authorized; 2,477,672 issued and outstanding	21,198	21,198
Additional paid-in-capital	619,470	671,831
Accumulated other comprehensive income	11,761	23,033
Retained earnings	160,616	147,816
Total shareholders’ equity	$ 813,045	$ 863,878
Total liabilities and shareholders’ equity	$ 1,029,990	$ 969,808

See accompanying notes to consolidated financial statements

DoubleDown Interactive Co., Ltd.
Condensed Consolidated Statements of Changes in Shareholders' Equity
(in thousands of U.S. Dollars, except share amounts) (unaudited)

	Common shares	Common stock	Additional paid-in-capital	Accumulated other comprehensive income/(loss)	Retained earnings (deficit)	Total shareholders' equity
Three months ended September 30, 2021						
As of July 1, 2021	2,214,522	18,924	588,064	23,990	107,546	738,524
Net Income	—	—	—	—	22,833	22,833
Pension adjustments, net of tax	—	—	—	(81)	—	(81)
Gain(loss) on foreign currency translation, net of tax	—	—	—	(800)	—	(800)
Issuance of new shares - IPO	263,150	2,274	84,178	—	—	86,452
As of September 30, 2021	2,477,672	21,198	672,242	23,109	130,379	846,928
Three months ended September 30, 2022						
As of July 1, 2022	2,477,672	21,198	671,831	17,774	132,254	843,057
Net Income	—	—	—	—	(23,999)	(23,999)
Pension adjustments, net of tax	—	—	—	102	—	102
Gain(loss) on foreign currency translation, net of tax	—	—	—	(6,115)	—	(6,115)
Capital reserve reallocation	—	—	(52,361)	—	52,361	—
As of September 30, 2022	2,477,672	21,198	619,470	11,761	160,616	813,045

	Common shares	Common stock	Additional paid-in-capital	Accumulated other comprehensive income/(loss)	Retained earnings (deficit)	Total shareholders' equity
Nine months ended September 30, 2021						
As of January 1, 2021	2,214,522	18,924	588,064	22,815	69,708	699,511
Net Income	—	—	—	—	60,671	60,671
Pension adjustments, net of tax	—	—	—	(121)	—	(121)
Gain(loss) on foreign currency translation, net of tax	—	—	—	415	—	415
Issuance of new shares - IPO	263,150	2,274	84,178	—	—	86,452
As of September 30, 2021	2,477,672	21,198	672,242	23,109	130,379	846,928
Nine months ended September 30, 2022						
As of January 1, 2022	2,477,672	21,198	671,831	23,033	147,816	863,878
Net Income	—	—	—	—	(39,561)	(39,561)
Pension adjustments, net of tax	—	—	—	(185)	—	(185)
Gain(loss) on foreign currency translation	—	—	—	(11,087)	—	(11,087)
Capital reserve reallocation	—	—	(52,361)	—	52,361	—
As of September 30, 2022	2,477,672	21,198	619,470	11,761	160,616	813,045

See accompanying notes to consolidated financial statements

DoubleDown Interactive Co., Ltd.
Condensed Consolidated Statements of Cash Flows
(in thousands of U.S. Dollars) (unaudited)

	Nine months ended September 30, 2022	2021
Cash flow from (used in) operating activities:		
Net Income (loss)	$ (39,561)	$ 60,671
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	3,751	15,704
(Gain) Loss on foreign currency remeasurement	(16,163)	(353)
(Gain) Loss on short-term investments	155	—
Deferred taxes	(26,716)	3,524
Working capital adjustments:		
Accounts receivable	703	2,006
Prepaid expenses, other current and non-current assets	(1,391)	(2,628)
Accounts payable, accrued expenses and other payables	1,033	(795)
Contract liabilities	(80)	(868)
Income tax payable	—	(7,035)
Loss Contingency	141,750	3,500
Other current and non-current liabilities	8,215	3,858
Net cash flows from operating activities	$ 71,696	$ 77,584
Cash flow (used in) investing activities:		
Purchases of intangible assets	(3)	(12)
Purchases of property and equipment	(164)	(116)
Disposals of property and equipment	27	3
Purchases of short-term investments	(366,449)	—
Sales of short-term investments	366,293	—
Net cash flows (used in) investing activities	$ (296)	$ (125)
Cash flow from (used in) financing activities:		
Issuance of new shares—IPO	—	86,452
Net cash flows from (used in) financing activities:	$ —	$ 86,452
Net foreign exchange difference on cash and cash equivalents	(2,992)	(4,035)
Net increase (decrease) in cash and cash equivalents	$ 68,408	$ 159,875
Cash and cash equivalents at beginning of period	$ 242,060	$ 63,188
Cash and cash equivalents at end of period	$ 310,468	$ 223,062
Cash paid during year for:		
Interest	—	—
Income taxes	$ 11,415	$ 13,698

See accompanying notes to consolidated financial statements

Note 1: Description of business

Background and nature of operations

DoubleDown Interactive Co., Ltd. ("DDI," "we," "us," "our" or the "Company,") was incorporated in 2008 in Seoul, Korea as an interactive entertainment studio, focused on the development and publishing of casual games and mobile applications. DDI is a subsidiary of DoubleU Games Co., Ltd. ("DUG" or "DoubleU Games"), a Korean company and our controlling shareholder holding 67.1% of our outstanding shares. The remaining 32.9% of our outstanding shares are held by STIC Special Situation Private Equity Fund ("STIC", 20.2%) and the remainder by participants in our IPO (12.7%). In 2017, DDI acquired DoubleDown Interactive, LLC ("DDI-US") from International Gaming Technologies ("IGT") for approximately $825 million. DDI-US, with its principal place of business located in Seattle, Washington, is our primary revenue-generating entity.

We develop and publish digital gaming content on various mobile and web platforms through our multi-format interactive all-in-one game experience concept. We host DoubleDown Casino, DoubleDown Classic, DoubleDown Fort Knox and Undead World within various formats.

Initial Public Offering

On September 2, 2021, DoubleDown Interactive Co., Ltd. filed its initial public offering (the "Offering") of 6,316,000 American Depositary Shares (the "ADSs"), each representing 0.05 common share, with par value of ₩10,000 per share, of the Company, at a price to the public of $18.00 per ADS, before underwriting discounts and commissions. The number of ADSs sold by the Company was 5,263,000, and the number of ADSs sold by STIC Special Situation Diamond Limited, the selling shareholder in the Offering (the "Selling Shareholder"), was 1,053,000. The net proceeds to us from this offering was approximately $86.5 million, after deducting the underwriting discounts and commissions and the offering expenses in the aggregate of approximately $8.7 million.

Prior to this offering, there has been no public market for our common shares or ADSs. Our ADSs trade on the NASDAQ Stock Market ("NASDAQ") under the symbol "DDI."

Basis of preparation and consolidation

Our unaudited condensed consolidated financial statements include all adjustments of a normal, recurring nature necessary for the fair presentation of the results for the interim periods presented. The results for the interim period presented are not necessarily indicative of those for the full year. The condensed consolidated financial statements should be read in conjunction with our consolidated financial statements for the years ended December 31, 2021, 2020 and 2019.

The condensed consolidated financial statements include the balances and accounts of DDI and our controlled subsidiaries. All significant inter-company transactions, balances and unrealized gains or losses have been eliminated. We view our operations and manage our business as one operating segment.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires our management to make estimates and assumptions that affect financial statements and accompanying notes. We regularly evaluate estimates and assumptions related to provisions for income taxes, revenue recognition, expense accruals, deferred income tax asset valuation allowances, valuation of goodwill and intangibles, and legal contingencies. We base our estimates and assumptions on current facts, historical experience, and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources.

The actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment due to recent unrest in the eastern Europe region.

Functional currency and translation of financial statements

Our functional currency is the Korean Won ("KRW") and the U.S. Dollar ("dollar," "USD," "US$," or "$") is the functional currency of our United States subsidiaries. The accompanying consolidated financial statements are presented in USD. The consolidated balance sheets have been translated at the exchange rates prevailing at each balance sheet date. The consolidated statement of comprehensive income and statement of cash flows have been translated using the weighted-average exchange rates prevailing during the periods of each statement. The equity capital is denominated in the functional currency, KRW, and is translated at historical exchange rates. All translation adjustments resulting from translating into the reporting currency are accumulated as a separate component of accumulated other comprehensive income in shareholders' equity. Gains or losses resulting from foreign currency transactions are included in other income (expense).

Intercompany monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date with the gain or loss arising on translation recorded to other income (expense). Intercompany non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. When we parenthetically disclose USD amounts for certain financial instruments denominated in KRW for the benefit of the reader, we use the exchange rates in effect as of September 30, 2022, unless otherwise noted.

Capital Reserve Reallocation

On August 30, 2022 it was announced that a special board of directors meeting convened on August 26, 2022 which resulted in the approval of the reduction of the Company's capital reserve in the amount of ₩ 70,000,000,000 (US $52M) pursuant to Article 461-2 of the Korean Commercial Code.

Financial instruments and concentration of credit risk

Financial instruments, which potentially expose us to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable.

Accounts receivable are recorded and carried at the net invoiced amount, which is net of platform payment processing fees, unsecured, and represent amounts due to us based on contractual obligations where an executed contract exists. We do not require collateral and have not recognized an allowance as management estimates the net receivable is fully collectible. Apple, Inc. ("Apple"), Facebook, Inc. ("Facebook"), and Google, LLC ("Google") represent significant distribution, marketing, and payment platforms for our games. A substantial portion of our revenue was generated from players who accessed our games through these platforms and a significant concentration of our accounts receivable balance is comprised of balances owed to us by these platforms.

	Revenue Concentration			
	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Apple	54.1%	52.1%	54.2%	51.3%
Facebook	24.2%	25.6%	24.2%	26.2%
Google	18.6%	19.1%	18.7%	19.2%

The following table summarizes the percentage of revenues and accounts receivable generated via our platform providers in excess of 10% of our total revenues and total accounts receivable:

	Accounts Receivable concentration	
	As of September 30, 2022	As of December 31, 2021
Apple	56.8%	55.6%
Facebook	22.7%	23.7%
Google	17.2%	17.5%

Note 2: Revenue from Contracts with Customers

Our social and mobile apps operate on a free-to-play model, whereby game players may collect virtual currency free of charge through the passage of time or through targeted marketing promotions. If a game player wishes to obtain virtual currency above and beyond the level of free virtual currency available to that player, the player may purchase additional virtual currency. Once a purchase is completed, the virtual currency is deposited into the player's account and is not separately identifiable from previously purchased virtual currency or virtual currency obtained by the game player for free.

Once obtained, virtual currency (either free or purchased) cannot be redeemed for cash nor exchanged for anything other than gameplay within our apps. When virtual currency is played on any of our games, the game player could "win" and would be awarded additional virtual currency or could "lose" and lose the future use of that virtual currency. We have concluded that our virtual currency represents consumable goods, because the game player does not receive any additional benefit from the games and is not entitled to any additional rights once the virtual currency is substantially consumed.

Control transfers when the virtual currency is consumed for gameplay. We recognize revenue from player purchases of virtual currency based on the consumption of this currency. We determined through a review of play behavior that game players generally do not purchase additional virtual currency until their existing virtual currency balances, regardless of source (e.g., bonus currency, gifted currency through social media channels, daily free chips, etc.), have been substantially consumed.

Based on an analysis of customers' historical play behavior, purchase behavior, and the amount of virtual currency outstanding, we are able to estimate the rate that virtual currency is consumed during gameplay. Accordingly, revenue is recognized using a user-based revenue model with the period between purchases representing the timing difference between virtual currency purchase and consumption. This timing difference is relatively short.

We continuously gather and analyze detailed customer play behavior and assess this data in relation to our judgments used for revenue recognition.

Disaggregation of revenue

We believe disaggregation of our revenue based on platform and geographical location are appropriate categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

The following table represents our disaggregation of revenue between mobile and web platforms (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Mobile	$ 59,150	$ 63,676	$ 184,033	$ 200,997
Web	19,651	23,331	60,824	75,905
Total	$ 78,801	$ 87,007	$ 244,857	$ 276,902

The following table presents our revenue disaggregated based on the geographical location of our players (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
U.S. (1)	$ 70,044	$ 76,047	$ 214,394	$ 240,141
International	8,757	10,960	30,463	36,761
Total	$ 78,801	$ 87,007	$ 244,857	$ 276,902

(1) Geographic location is presented as being derived from the U.S. when data is not available.

Contract assets, contract liabilities and other disclosures

Customer payments are based on the payment terms established in our contracts. Payments for purchase of virtual currency are required at time of purchase, are non-refundable and relate to non-cancellable contracts that specify our performance obligations. All payments are initially recorded as revenue, as the player has no right of return after the purchase, consistent with our standard terms and conditions. Based on our analysis, at each period end, we estimate the number of days to consume virtual currency. This represents the revenue amount where the performance obligation has not been met and is deferred as a contract liability until we satisfy the obligation. The contract asset consists of platform fees for which revenue has not been recognized. For subscription revenue, the remaining portion of the daily ratable monthly subscription is recorded as a contract liability and the applicable platform fees as a contract asset.

The following table summarized our opening and closing balances in contract assets and contract liabilities (in thousands):

	As of September 30, 2022	As of December 31, 2021
Contract assets (1)	$ 650	$ 674
Contract liabilities	2,166	2,246

(1) Contract assets are included within prepaid expenses and other assets in our consolidated balance sheet.

Note 3: Short-term investments

The Company held investments in marketable securities with the intention of selling these investments within a relatively short period of time (3-6 months). Prior to September 30, 2022, our investments were comprised of bonds held for trading purposes. As such, gains or losses from holding or trading these securities were recognized in the Statements of Income. As of September 30, 2022, all investments were sold and converted to cash.

Note 4: Goodwill and intangible assets

There were no changes to the carrying amount of goodwill in the three months ended September 30, 2022. Changes in the carrying amount of intangible assets were as follows (in thousands):

		September 30, 2022			December 31, 2021		
	Useful life	Gross amount	Accum. Amort	Net Amount	Gross amount	Accum. Amort	Net Amount
Trademarks	indefinite	$ 50,000	$ —	$ 50,000	$ 50,000	$ —	$ 50,000
Customer relationships	4 years	75,000	(75,000)	—	75,000	(75,000)	—
Purchased technology	5 years	45,423	(45,423)	—	45,423	(41,811)	3,612
Development costs	3 years	9,486	(9,486)	—	9,486	(9,486)	—
Software	4 years	2,452	(2,404)	48	2,463	(2,396)	67
Total		$ 182,361	$ (132,313)	$ 50,048	$ 182,372	$ (128,693)	$ 53,679

The following reflects amortization expense related to intangible assets included with depreciation and amortization:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Amortization Expense	3.7 thousand	2,319 thousand	3,624 thousand	15,573 thousand

Note 5: Debt

4.60% Senior Notes due to related party due 2024

The 4.60% Senior Notes due to related party, which collectively total KRW100 billion (US$77 million) at inception, accrue 4.60% interest quarterly on the outstanding principal amount until maturity. Interest and principal are due in full at maturity (May 27, 2024).

	As of September 30, 2022	As of December 31, 2021
4.60% Senior Notes due to related party due 2024	$ 34,848	$ 42,176
Total debt	$ 34,848	42,176
Less: Short-term debt	—	—
Total Long-term debt	$ 34,848	$ 42,176

Note 6: Fair value measurements

The carrying values of our accounts receivable, prepaid expenses and other current assets, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

Our cash equivalents (Level 1 estimate) were comprised of money market funds totaling $310.5 million as of September 30, 2022. As of December 31, 2021, our cash and cash equivalents totaled $242.1 million and consisted of money market and Korean market government bonds. We rely on credit market data to track interest rates for other entities with similar risk profiles.

As of September 30, 2022 and December 31, 2021, we believe the fair value of our senior notes (a Level 3 estimate) approximates carrying value due to the nature of the instruments and the lack of meaningful change to our credit profile.

Note 7: Income taxes

We are subject to federal and state income taxes in Korea and the United States. We account for our provision for income taxes in accordance with ASC 740, Income Taxes, which requires an estimate of the annual effective tax rate for the full year to be applied to the interim period, taking into account year-to-date amounts and projected results for the full year.

Our effective tax rate varies from the statutory Korean income tax rate due to the effect of foreign rate differential, withholding taxes, state and local income taxes, foreign derived intangible income (FDII) deduction, research and development credits, and a valuation allowance on Korean deferred tax assets. Our effective tax rate could fluctuate significantly from quarter to quarter based on variations in the estimated and actual level of pre-tax income or loss by jurisdiction, changes in enacted tax laws and regulations, and changes in estimates regarding non-deductible expenses and tax credits. As of September 30, 2022, and December 31, 2021, we have provided a valuation allowance against our net deferred tax assets that we believe, based on the weight of available evidence, are more likely than not to be realized.

The income tax benefit of $4.9 million for the three months ended September 30, 2022, reflects an effective tax rate of 17.0% which is lower than the effective tax rate of 23.9% for the three months ended September 30, 2021. The decrease in rate from 2021 to 2022 is primarily due to a discrete tax provision and offsetting valuation allowance release of $3.2 million related to a significant foreign currency exchange gain in the three months ended September 20, 2022. The effective tax rate of 17.0% for the three months ended September 30, 2022, is lower than the Korean statutory rate of 20%, primarily due to the discrete foreign currency gain in the quarter.

The income tax benefit of $10.9 million for nine months ended September 30, 2022, reflects an effective tax rate of 21.6%, which is similar to the effective tax rate of 21.6% for the nine months ended September 30, 2021. The effective rate of 21.6% includes a discrete tax provision and offsetting valuation allowance release of $3.2 million related to a significant foreign currency exchange gain in the three months ended September 20, 2022. The effective tax rate of 21.6% for the nine months ended September 30, 2022, is higher than the Korean statutory rate of 20%, primarily due to foreign rate differential, the benefit of a FDII deduction and research tax credits offset by withholding taxes, state taxes, and a valuation allowance on certain Korean tax attributes.

Note 8: Net Income per share

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding for the period, without consideration for potentially dilutive securities. Diluted net income per share is computed by dividing net income by the weighted-average number of common shares and dilutive common share equivalents outstanding for the period determined using the treasury-stock and if-converted methods. There were no potentially dilutive securities outstanding in either period presented.

Note 9: Leases

We are lessee for corporate office space in Seattle, Washington and Seoul, Korea. The lessor for our Seoul, Korea leases is our parent, DoubleU Games (see Note 11). Our leases have remaining terms of twelve to twenty-five months. We do not have any finance leases. Our total variable and short-term lease payments are immaterial for all periods presented.

The Seattle, Washington lease originated in July 2012 and consists of 49,375 square feet. The lease will expire in October 2024.

In February 2019, we executed new subleases with our parent, DUG, for 21,218 square feet of office space in Gangnam-gu, Seoul, Korea. The lease term will expire in September 2023.

Supplemental balance sheet and cash flow information related to operating leases is as follows (in thousands):

	As of September 30, 2022	As of December 31, 2021
Operating lease right-of-use asset	$ 5,241	$ 7,764
Accrued rent	787	934
Total operating lease right-of-use asset, net	$ 4,454	$ 6,830
Short-term operating lease liabilities	3,138	3,076
Long-term operating lease liabilities	2,103	4,688
Total operating lease liabilities	$ 5,241	$ 7,764

Supplemental cash flow information related to leases was as follows (in millions):

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cash paid for amounts included in the measurement of operating lease liabilities	2.4 million	2.4 million

Note 10: Accumulated other comprehensive income

Changes in accumulated other comprehensive income (AOCI) by component for the three and nine months ended September 30, 2022 and 2021 were as follows (in thousands):

Three months ended September 30, 2021	Currency Translation Adjustments	Defined Benefit Pension Plan	Total
Balance at July 1, 2021	$ 25,022	$ (1,032)	$23,990
Foreign currency translation gain/(loss)	(800)	—	(800)
Actuarial gain/(loss), net of tax	—	(81)	(81)
Balance as of September, 2021	$ 24,222	$ (1,113)	$23,109

Three months ended September 30, 2022	Currency Translation Adjustments	Defined Benefit Pension Plan	Total
Balance at July 1, 2022	$ 19,339	$ (1,565)	$17,774
Foreign currency translation gain/(loss)	(6,115)	—	(6,115)
Actuarial gain/(loss), net of tax	—	102	102
Balance as of September 30, 2022	$ 13,224	$ (1,463)	$11,761

Nine months ended September 30, 2021	Currency Translation Adjustments	Defined Benefit Pension Plan	Total
Balance at January 1, 2021	$ 23,807	$ (992)	$ 22,815
Foreign currency translation gain/(loss)	415	—	415
Actuarial gain/(loss), net of tax	—	(121)	(121)
Balance as of September 30, 2021	$ 24,222	$ (1,113)	$ 23,109

Nine months ended September 30, 2022	Currency Translation Adjustments	Defined Benefit Pension Plan	Total
Balance at January 1, 2022	$ 24,311	$ (1,278)	$ 23,033
Foreign currency translation gain/(loss)	(11,087)	—	(11,087)
Actuarial gain/(loss), net of tax	—	(185)	(185)
Balance as of September 30, 2022	$ 13,224	$ (1,463)	$ 11,761

We do not tax effect foreign currency translation gain/(loss) because we have determined such gain/(loss) is permanently reinvested.

Note 11: Commitments and contingencies

Legal contingencies

On April 12, 2018, a class-action lawsuit was filed against DDI-US demanding a return of unfair benefit under the pretext that the Company's social casino games are not legal in the State of Washington, United States. Similar class-action lawsuits were concurrently filed with certain of our competitors, certain of which, announced settlements which the court has recently approved.

In August 2018, we filed a Motion to Compel Arbitration, which was denied and immediately appealed in December 2018. We were granted a Motion to Stay pending appeal in February 2019. In October 2019, a court date was issued and subsequently abated as the Ninth Circuit Appeals court heard the oral arguments and a resolution of appeal that was determined in a similar case with one of our competitors. On January 29, 2020, the Ninth Circuit affirmed the District Court's denial of arbitration, thereby denying our appeal to compel arbitration. The case is now in District Court. On June 17, 2020, we filed a motion in the United States District Court for the Western District of Washington, which, if granted, would certify certain questions of state law to the Washington State Supreme Court for interpretation in accordance with applicable state law. On August 11, 2020, the District Court denied DDI-US's motion to certify certain questions to the Washington State Supreme Court. We subsequently filed a motion for reconsideration of this ruling. On August 13, 2020, DDI-US filed a motion to strike the plaintiffs' nationwide class allegations, which was noted for consideration on October 2, 2020. On September 10, 2020, DDI-US filed a motion to dismiss under Fed. R. Civ P. 12 (B)(1) and a motion to abstain asking the District Court to stay this lawsuit pending the resolution of a Declaratory Judgment action filed by DDI-US (and IGT) in the Washington State Superior Court seeking a ruling on certain relevant issues under Washington state law, which was noted for consideration on October 2, 2020. No date for a hearing on these motions has been set. Additional discovery continued, including but not limited to, our issuance of discovery to plaintiffs. On January 15, 2021, our motion for reconsideration was denied. On February 25, 2021, plaintiffs filed a motion for class certification and for preliminary injunction. On March 19, 2021, our motion to strike the nationwide class allegations was denied. On April 25, 2021, plaintiffs filed their Second Amended Complaint, changing their allegations to include an additional corporate entity of co-defendant, IGT. DDI-US served plaintiffs with its expert disclosures and filed an Opposition to Plaintiffs' Motion for Class Certification and Preliminary Injunction on May 11, 2021. On June 29, 2021, the court denied the Company's motion for the certification of an interlocutory appeal from the court's order denying the Company's Motion to Strike Nationwide Class Action Allegations. On July 9, 2021, DoubleDown moved for relief from the upcoming settlement deadline and dispositive motions deadline. On July 19, 2021, the court extended the discovery completion and settlement conference deadlines to August 24, 2021 and September 7, 2021, respectively, and struck all subsequent case management deadlines, including the dispositive motion deadline and the trial date. The court stated in its July 19, 2021 order that it would reset case management deadlines after various motions, including plaintiffs' motion for class certification and preliminary injunction, and DoubleDown's renewed motion to stay pending arbitration, have been decided. On August 19, 2021, plaintiffs filed a motion for sanctions and request for evidentiary hearing, regarding alleged spoliation of electronic documents by DoubleDown.

IGT tendered its defense of the lawsuit to Double Down and sought indemnity for any damages from the lawsuit, based on various agreements associated with IGT's sale of Double Down. Double Down had previously tendered its defense to IGT and sought indemnity from it. The parties entered into a standstill or tolling agreement, which expired on September 1, 2021, and was extended by agreement until October 1, 2021. On December 20, 2021, IGT submitted a demand for mediation to Double Down. On June 16, June 24, and July 5, the parties or the plaintiffs moved for stays. Ultimately, the result from these three motions was a stay through August 1, 2022, to allow the parties to participate in a mediation session with the assistance of Phillips ADR on July 28, 2022. On Plaintiffs' request, the Court ordered an additional stay until August 8, 2022.

On August 29, 2022, per the parties' stipulation notifying the court of a proposed class wide settlement for $415,000,000 with both DoubleDown Interactive, LLC and IGT, the court stayed the case until October 21, 2022, in order to effectuate the proposed settlement. On the same date, the Company entered into an agreement in principle to settle the Benson class action and associated proceedings, pursuant to which, among other things, IGT and DoubleDown will contribute $269.75 million and $145.25 million, respectively, to the settlement fund. This agreement in principle is pending final court approval to date.

In accordance with ASC 450-20, the Company established an accrual for a loss contingency of $3.5 million related to the Benson class action and associated proceedings during 2021. In the second quarter of 2022, as a result of ongoing discussions with the parties to these matters, including non-binding mediation, the Company recorded an additional charge of $71.5 million, reflecting an increase in the low end of the reasonably possible range of loss of $75 million to $201.5 million associated with such legal proceedings. In accordance with the terms of the agreement in principle to settle the Benson class action and associated proceedings, the Company recorded an additional charge of $70.25 million in the third quarter of 2022, reflecting the incremental charge in addition to amounts accrued in previous quarters of an aggregate of $75 million.

Publishing and license agreements

DoubleU Games

We entered into the DoubleU Games License Agreement on March 7, 2018, and it was subsequently amended on July 1, 2019 and November 27, 2019. Pursuant to the DoubleU Games License Agreement, DoubleU Games grants us an exclusive license to develop and distribute certain DoubleU Games social casino game titles and sequels thereto in the social online game field of use. We are obligated to pay a royalty license fee to DoubleU Games in connection with these rights, with certain customary terms and conditions. The agreement remains in effect until either DUG no longer holds an interest, directly or indirectly, in DDI, or DDI no longer holds an interest, directly or indirectly, in DDI-US. In such event, the agreement provides that the parties will mutually renegotiate the terms of the agreement. As of September 30, 2022, we licensed approximately 45 game titles under the terms of this agreement.

International Gaming Technologies ("IGT")

In 2017, we entered into a Game Development, Distribution, and Services agreement with IGT, and it was subsequently amended on January 1, 2019. Under the terms of the agreement, IGT will deliver game assets so that we can port (a process of converting the assets into functioning slot games by platform) the technology for inclusion in our gaming apps. The agreement includes game assets that are used to create new games. Under the agreement, we pay IGT a royalty rate of 7.5% of revenue for their proprietary assets and 15% of revenue for third-party game asset types. We also pay a monthly fee for porting. The initial term of the agreement is ten (10) years with up to two additional five-year periods. Costs incurred in connection with this agreement for the three months ended September 30, 2022 and 2021 totaled $2.2 million and $2.7 million, respectively, and are recognized as a component of cost of revenue, and nine months ended September 30, 2022 and 2021 totaled $7.2 million and $8.7 million, respectively, and are recognized as a component of cost of revenue.

Note 12: Related party transactions

Our related party transactions comprise of expenses for use of intellectual property, borrowings, and sublease previously described. We may also incur other expenses with related parties in the ordinary course of business, which are included in the consolidated financial statements.

The following is a summary of expenses charged by our parent, DoubleU Games (in thousands):

	Three months ended September 30,		Nine months ended September 30,		Statement of Income and Comprehensive Income Line Item
	2022	2021	2022	2021	
Royalty expense	$ 832	$ 1,168	$ 2,522	$ 3,327	Cost of revenue
Interest expense	431	501	1,356	1,521	Interest expense
Rent expense	300	345	955	1,056	General and administrative expense
Other expense	59	39	173	136	General and administrative expense

Amounts due to our parent, DUG, are as follows (in thousands):

	At September 30, 2022	At December 31, 2021	Statement of Consolidated Balance Sheet Line Item
4.6% Senior Notes with related party	$ 34,848	$ 42,176	Long-Term borrowing with related party
Royalties and other expenses	342	511	A/P and accrued expenses
Short-term lease liability	1,168	1,309	Short-term operating lease liabilities
Accrued interest on 4.6% Senior Notes with related party	6,532	6,454	Other non-current liabilities
Long-term lease liability	5	1,078	Long-term lease liabilities

Note 13: Defined benefit pension plan

We operate a defined benefit pension plan under employment regulations in Korea. The plan services the employees located in Seoul and is a final waged-based pension plan, which provides a specified amount of pension benefit based on length of service. The total benefit obligation of $3.4 million and $3.4 million was included in other non-current liabilities as of September 30, 2022 and December 31, 2021, respectively, and the change in actuarial gains or losses, which is not significant, was included in other comprehensive income. The plan is funded.