



FY 2017 Q1 Earnings Release

WEMADE ENTERTAINMENT

INVESTOR RELATIONS 2017.05.10



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- Consolidated Companies

Wemade Entertainment, Wemade Next, Wemade Plus, Evo Games, Wemade IO,
Joymax(Flero Games, D4Games, Joy Studio)
Wemade Ent. Online, Wemade Ent. USA, Wemade Hong Kong Limited (Wemade Ent. Shanghai)
Wemade Science Technology(Yinchuan)

FY2017 Q1 Earnings Release

I. FY2017 Q1 Results

1. Operational Highlights
2. Income Statement
3. Revenue by Game
4. Revenue by Region
5. Operating Expenses

II. Appendix

1. Revenue from PC 'Legend of Mir2' (China)
2. Financial Statement - Wemade Ent.

I . FY2017 Q1 Results

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1. Operating Highlights

Overseas

- Three new 'MIR' IP license agreements signed in Q1
 1. 'MIR' IP license agreement with "Suzhou XianFeng"
"烈焰龙城", 'Mir' IP mobile game – Already launched and successful
 2. 'MIR' IP license agreement with "Time Tech." for a new mobile game.
 3. 'MIR' IP license agreement with 'YouGuang' for a new HTML5 game.

Domestic

- Launched new mobile game "Aero Strike" in March.
- Expect to launch new mobile games - 'Fishing Strike', 'CandyPang2', 'Icarus M' in 2nd half.

2. Income Statement

- Total revenues of 34billion won (+52% Q/Q, +6% Y/Y), thanks to growth in License revenues
- Operating profit of 2.4 billion won (turned to profit Q/Q, +397% Y/Y)
- Net loss of 2.5 billion won due to loss on foreign currency translation (USD)

[Million won]

	Q1"17	Q4"16	QoQ	Q1"16	YoY
Revenue	33,846	22,302	52%	32,002	6%
Mobile	6,329	7,561	-16%	8,220	-23%
Online	10,033	11,403	-12%	15,115	-34%
License	17,484	3,338	424%	8,667	102%
Op Expense	31,448	22,672	39%	31,519	-0.2%
Labor	12,219	11,462	7%	15,812	-23%
Service Fee	5,672	6,150	-8%	6,686	-15%
Marketing	9,059	876	934%	3,320	173%
D&A	1,566	1,637	-4%	2,300	-32%
Taxes	1,574	899	75%	1,190	32%
Others	1,359	1,648	-18%	2,211	-39%
Op Income	2,398	-371	turn to profit	482	397%
Non-Op.	-21	-7,543	-	174	-
Financial	-4,032	-1,477	-	-39,194	-
Equity Method	-128	-206	-	-95	-
Income before taxes	-1,783	-9,596	-	-38,633	-
Income tax	675	-562	-	-8,883	-
Net Income	-2,458	-9,034	-	-29,750	-
Attributable to Wemade	303	-10,410	turn to profit	-29,349	turn to profit
Minority Interest	-2,761	1,376	-	-401	-

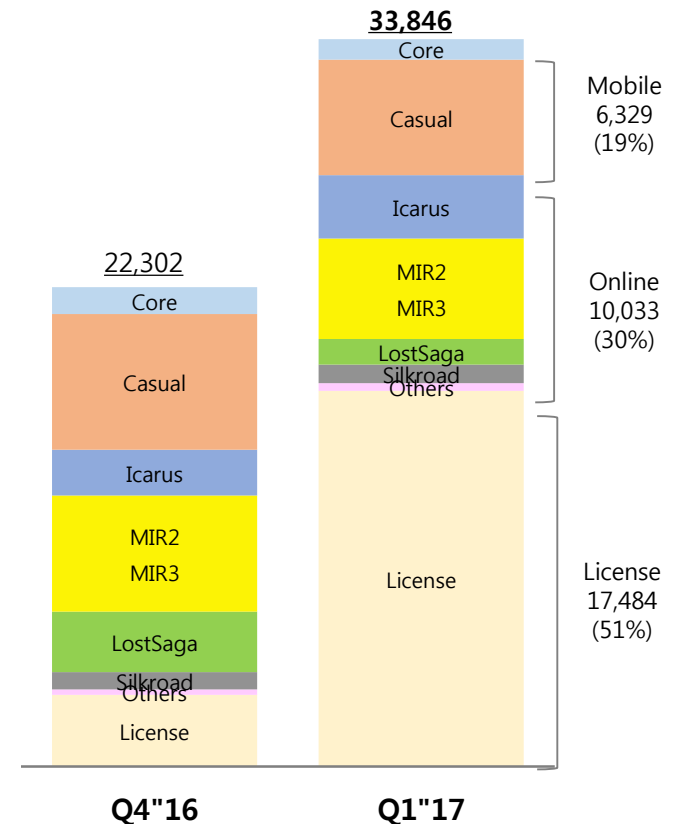
4. Revenue by Game

- License revenues increased 424% Q/Q thanks to a new Mir IP license mobile game (烈焰龙城,).
 - Recognized 10 billion one-time revenue from "烈焰龙城".
 - Without the 10 billion one-time revenue , the license revenues still increased about 124% Q/Q.
- Mobile game revenues decreased 16% Q/Q, Online game revenues decreased 12% Q/Q

• Q1 Revenue by Game

[Million won]

구분	Q1"17	Q4"16	QoQ	Q1"16	YoY
Mobile	6,329	7,561	-16%	8,220	-23%
Core	947	1,245	-24%	2,423	-61%
Casual ¹	5,382	6,316	-15%	5,797	-7%
Online	10,033	11,403	-12%	15,115	-34%
MIR2	3,944	4,533	-13%	4,484	-12%
MIR3	732	869	-16%	925	-21%
Icarus	2,947	2,135	38%	2,537	16%
Lost Saga	1,194	2,805	-57%	2,799	-57%
Silkroad	866	807	7%	1,437	-40%
Others	349	256	37%	2,933	-88%
License	17,484	3,338	424%	8,667	102%
Total	33,846	22,302	52%	32,002	6%



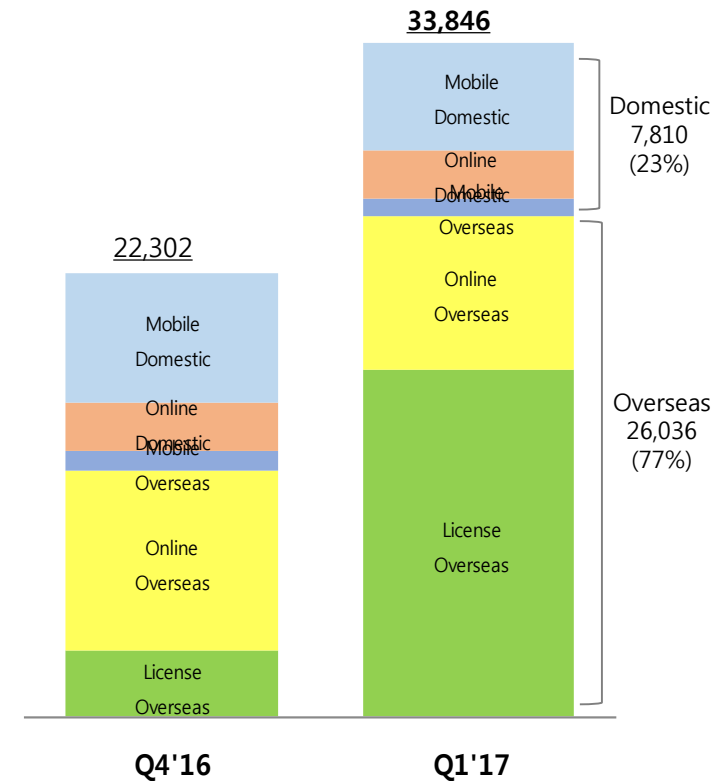
5. Revenue by Region

- Overseas revenues increased 95% Q/Q thanks to new Mir IP license mobile game.
- Online overseas revenues decreased 15%; in Q4 there was a one-time revenue recognition of 'Lost Saga'.
- Domestic revenues decreased 12% Q/Q

• Q1 Revenue by Region

[Million won]

구분	Q1'17	Q4'16	QoQ	Q1'16	YoY
Domestic	7,810	8,925	-12%	10,845	-28%
Mobile	5,406	6,518	-17%	7,101	-24%
Online	2,404	2,407	0%	3,744	-36%
Overseas	26,036	13,377	95%	12,490	108%
Mobile	923	1,043	-11%	1,119	-18%
Online	7,629	8,996	-15%	11,370	-33%
License	17,484	3,338	424%	8,667	102%
Total	33,846	22,302	52%	32,002	6%



5. Operating Expenses

- Operating Expenses increased 39% mainly due to higher marketing costs 934% Q/Q
 - One-time marketing costs of W8.7bn. related with the new Mir IP license mobile game (烈焰龙城)
 - Without the one-off marketing costs, operating expenses increased 0.3% Q/Q
- Taxes increased 75% Q/Q as a result of related with overseas revenue increase.

• Q4 Operating Expenses

[Million won]

	Q1"17	Q4"16	QoQ	Q1"16	YoY
Labor	12,219	11,462	7%	15,812	-23%
Service Fee	5,672	6,150	-8%	6,686	-15%
Marketing	9,059	876	934%	3,320	173%
D&A	1,566	1,637	-4%	2,300	-32%
Taxes	1,574	899	75%	1,190	32%
Others	1,359	1,648	-18%	2,211	-39%
Total	31,448	22,672	39%	31,519	-0.2%

II. Appendix

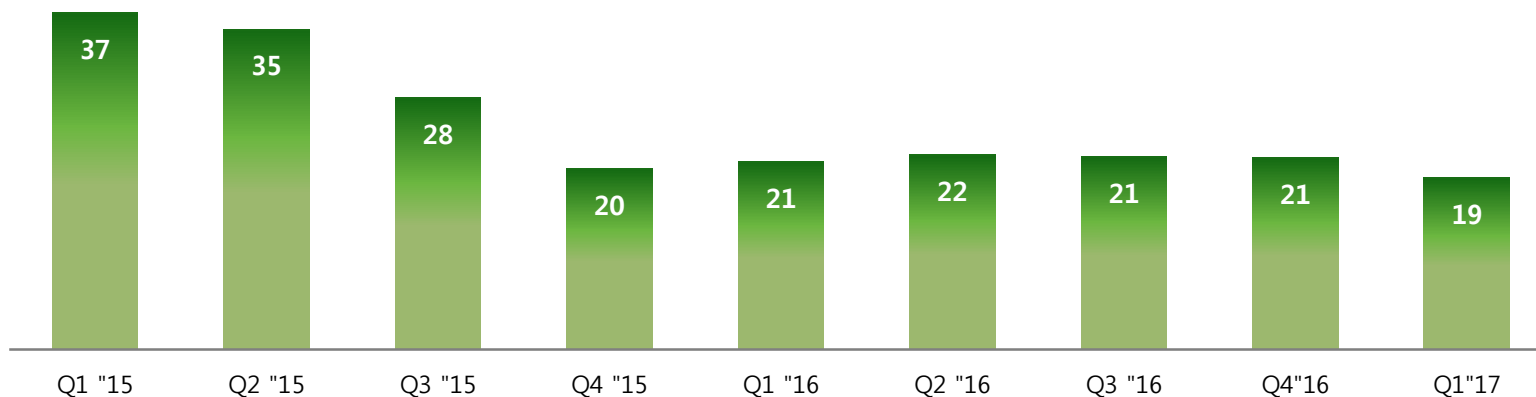
1. Revenue from “Legend of Mir2” (China)
2. Financial Statement – Wemade

1. Revenue from “Legend of Mir2” (China)

- Revenue from ‘Mir2’ in China decreased 10% Q/Q on Yuan basis.

• Mir2 China Revenue Trend

[Million RMB]



• Mir2 China Revenue by Currency

[Million RMB, Million USD, Million KRW]

	Q4'16	Q4'16	QoQ	Q1'16	YoY
RMB	19.0	21.2	-10%	20.75	-8%
USD	2.8	3.1	-10%	3.2	-12%
KRW	3,152.1	3,615.1	-13%	3,798.2	-17%

2. Financial Statement - Wemade (Consolidated)

• Statements of Financial Position

[Billion won]	2015	2016	2017.03.31
Current Assets	125.2	132.5	144.6
Non Current Assets	368.3	270.9	284.4
Total Assets	4,935	403.4	429.0
Liabilities	78.7	55.2	79.7
Equity	414.8	348.2	349.4
Liabilities & Equity	493.5	403.3	429.0

• Income Statement

[Billion won]	2015	2016	Q1 2017
Revenues	126.6	108.0	33.9
Op Expense	138.3	103.8	31.5
Op Profit	-11.7	4.1	2.4
Non Op Inc/Exp	-140.4	-92.7	-4.2
Income before Taxes	-152.1	-88.6	-1.8
Taxes	-27.9	-15.6	0.7
Net Income	-124.3	-73.0	-2.5
Attributable to Wemade	-4.5	-71.0	0.3
Minority Interest	-6.6	-2.0	-2.8

Thank you