



FY 2017 Earnings Results

Wemade Entertainment

Investor Relations

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This document contains forward-looking statements regarding financial situation and performance, as well as information related to plans and goals of the executives of the Company and its subsidiaries. Forward-looking statements include predictive information of the Company, and it may be changed by unknown risks, uncertainties and other factors which may influence the actual results or performance of the Company.

This document is written based on the current financial status. Please note that the actual results and performance of the Company may be materially different than those expressed in this document. The Company have no liability to outwardly perform based on new information or incidents which may be occurred in the future.

● Wemade Entertainment (Consolidated)

Wemade Next Co., Ltd., Wemade Plus Co., Ltd., Wemade IO Co., Ltd., ChuanQi IP Co., Ltd., Evo Games Co., Ltd., JOYMAX Co., Ltd., FLERO Games Co., Ltd., D4GAMES Co., Ltd., Joy Studio Co., Ltd., IDLE idea factory Co., Ltd., Wemade Online Co., Ltd., Wemade Entertainment USA Inc., Wemade Hong Kong Ltd., Wemade Entertainment Shanghai Co., Ltd, Wemade Science Technology (Yinchuan) Co., Ltd.

FY 2017 Earnings Results

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1. Q4 Highlights

Overseas

- Launched mobile game 'Liehuoleiting' and HTML5 games 'Shengshibaye', 'Zhizunchuanqi'
- Expanded the contents using 'Legend of Mir' Intellectual Property
 - Dedicated art exhibition was held and web-cartoon series newly introduced
- Starting the control and legalization of illegal servers with the partners in China including Shangrao City government

Domestic

- Introduced mobile MMORPG game 'Icarus M' at 2017 G-Star Global Game Exhibition with positive market feedback
- 'Fishing Strike' and 'Icarus M' will be launched in 1H 2018
- FLERO Games launched new RPG game, 'Grimmes Notes' and casual game, 'Yuna's closet'

2. Q4 Summary Consolidated Results

- Revenue (+19% QoQ, +31% YoY) : New license game contributed to increase in sales
- Operating Income (+459% QoQ, Turn to profit YoY) : Significant growth in both QoQ and YoY
- Net Income (Turn to deficit QoQ, Deficit Reduction YoY) : Korean won appreciation resulted in forex translation loss

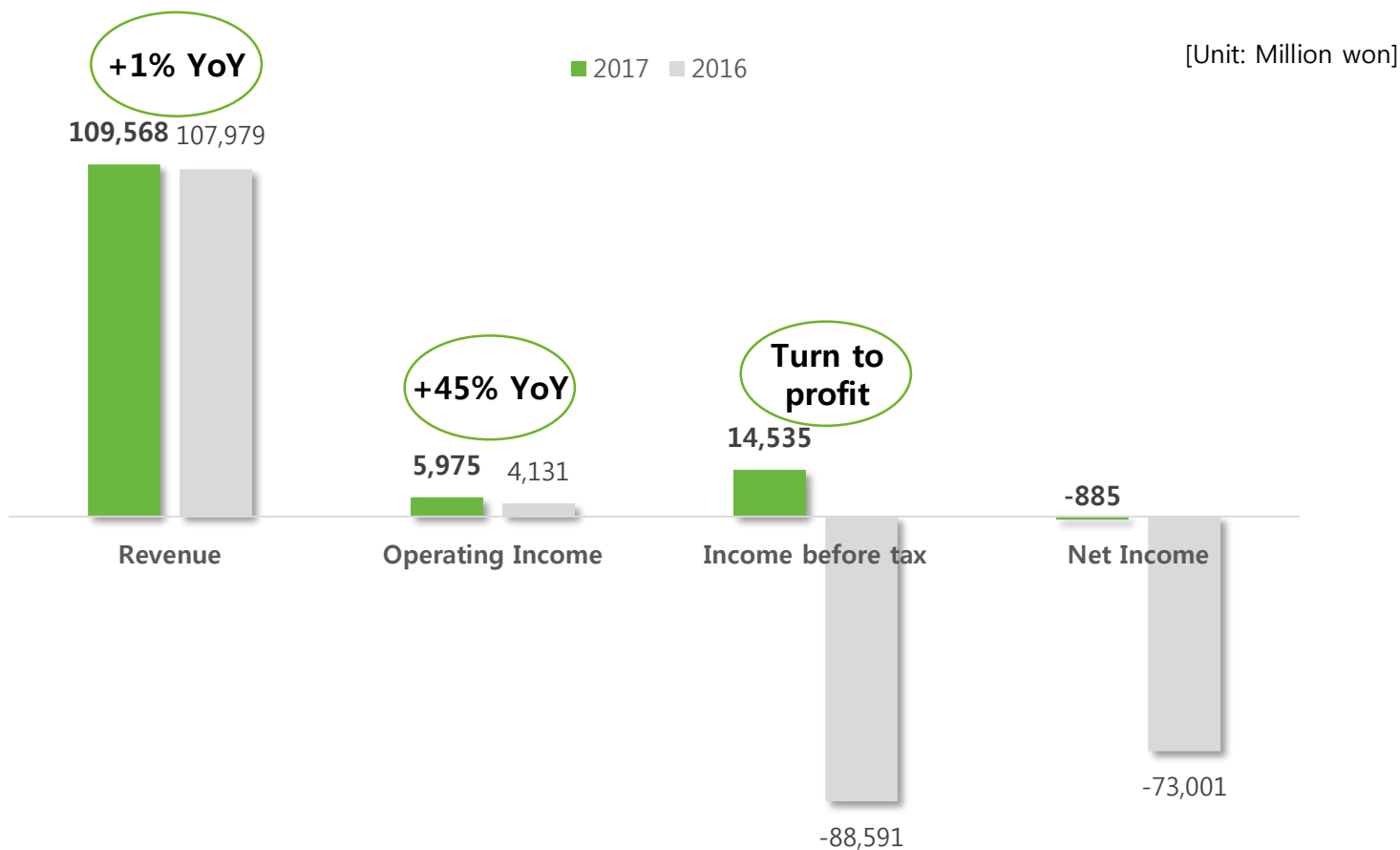
[Unit: Million won]

	Q4'17	Q3'17	QoQ	Q4'16	YoY
Revenue	29,144	24,389	19%	22,302	31%
Operating Expense	23,724	23,420	1%	22,672	5%
Operating Income	5,420	969	459%	-371	Turn to profit
Non-Operating income (loss)	-432	17	Turn to deficit	-7,543	-
Financial Income (loss)	-5,452	4,456	Turn to deficit	-1,477	-
Equity Method	-123	-14	-	-206	-
Income before tax	-586	5,428	Turn to deficit	-9,596	Deficit Reduction
Income tax	780	2,402	-68%	-562	-
Net Income	-1,366	3,026	Turn to deficit	-9,034	Deficit Reduction

※ Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding

3. FY2017 Summary Consolidated Results

- 2017 Revenue 109,568 Wmn (+1% YoY), Operating Income 5,975 Wmn (+45% YoY)
- Income before tax turn to profit and net loss significantly reduced



4. Sales Breakdown (By Platform and License)

- License (+17% QoQ) : Revenue increased from newly introduced games. 'Lihualeiting'(mobile) and 'Shengshibaye', 'Zhizunchuanqi' (HTML5)
- Mobile (+1% QoQ) : Contribution from 'Grimmes Notes'(RPG) and 'Yuna's closet'(Casual Game)
- Online (+53% QoQ) : One-off sales recognition from termination of 'Icarus'(PC-game) contract

[Unit: Million won]

	Q4'17	Q3'17	QoQ	Q4'16	YoY
Mobile	7,564	7,464	1%	7,561	-
Online	7,717	5,054	53%	7,034	10%
License	13,706	11,713	17%	7,628	80%
Others	158	158	-	79	100%
Total	29,144	24,389	19%	22,302	31%

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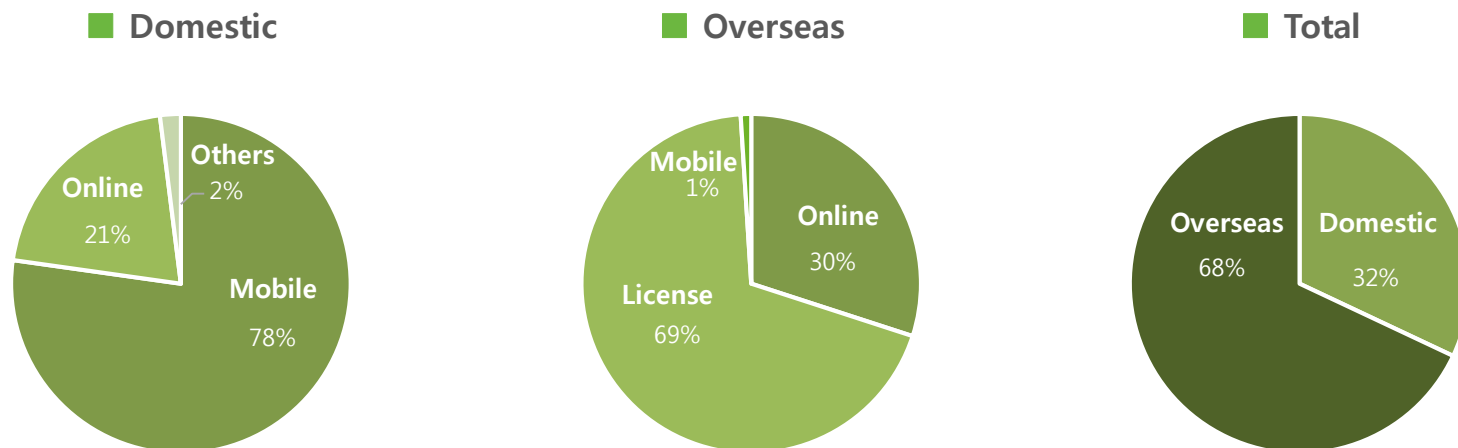
4. Sales Breakdown (By Region)

- **Domestic (+6% QoQ)** : Both new game launches and existing mobile games contributed to sales
- **Overseas (+27% QoQ)** : Recognized one-off sales. License game sales continue to increase

[Unit: Million won]

	Q4'17	Q3'17	QoQ	Q4'16	YoY
Domestic	9,466	8,911	6%	8,925	6%
Overseas	19,678	15,477	27%	13,377	47%
Total	29,144	24,389	19%	22,302	31%

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5. Operating Expense

- 4Q'17 Opex (+1% QoQ) : Slight increase due to marketing and service fee expenses
- FY'17 Opex (-0.2% YoY) : Overall flat growth YoY. Labor cost decreased by 11%

■ Q4'17 OPEX

	Q4'17	Q3'17	QoQ	Q4'16	YoY
Labor*	11,714	11,699	-	11,462	2%
Service Fee	7,640	7,168	7%	6,150	24%
Marketing	757	563	34%	876	-14%
Depreciation	1,642	1,607	2%	1,637	-
Taxes	861	987	-13%	899	-4%
Others	1,111	1,396	-20%	1,648	-33%
Total	23,724	23,420	1%	22,672	5%

■ FY'17 OPEX

[Unit: Million Won]

	2017	2016	YoY
Labor*	48,172	53,975	-11%
Service Fee	28,041	24,400	15%
Marketing	11,394	5,790	97%
Depreciation	6,314	8,166	-23%
Taxes	4,129	3,997	3%
Others	5,543	7,519	-26%
Total	103,593	103,848	-0.2%

* Labor cost includes wage, retirement benefits, employee benefits, stock compensation cost

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6. Summary Consolidated Financial Statements

■ Consolidated Balance Sheet

[Unit: Billion Won]

	2015	2016	2017
Total Assets	494	403	453
Current Assets	125	133	321
Non-Current Assets	368	271	132
Total Liabilities	79	55	111
Current Liabilities	15	21	94
Non-Current Liabilities	64	34	18
Total Equity	415	348	342
Capital Stock	8.7	8.7	8.7
Retained Earnings	208	138	138
Total Liabilities & Equity	494	403	453

■ Consolidated Income Statements

[Unit: Billion Won]

	2015	2016	2017
Revenue	127	108	110
Operating Expense	138	104	104
Operating Profit	-12	4	6
Non-Operating Income (loss)	-140	-93	9
Income before tax	-152	-89	15
Income Tax	-28	-16	15
Net Income	-124	-73	-0.9
Controlling Interest	-107	-71	10
Non-controlling Interest	-17	-2	-11

※ Above consolidated Income Statement figures are YTD figures

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Thank you