



FY 2017 Q2 Earnings Release

WEMADE ENTERTAINMENT

INVESTOR RELATIONS 2017.08.09



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- Consolidated Companies

Wemade Entertainment, Wemade Next, Wemade Plus, Evo Games, Wemade IO, Joymax(Flero Games, D4Games, Joy Studio), ChuanQi IP Co., Ltd.

Wemade Ent. Online, Wemade Ent. USA, Wemade Hong Kong Limited (Wemade Ent. Shanghai)

Wemade Science Technology(Yinchuan)

FY2017 Q2 Earnings Release

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I . FY2017 Q2 Results

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1. Operating Highlights

Overseas

- Signed strategic MOU with the people's government of Shangrao city in China, and planning to expand Mir IP business starting with establishing Joint Venture in China through 'Shangrao city' game industry fund
- Signed web drama production contract using 'The legend of Mir2' IP with YZ Star Game in China
- Expecting license revenue growth in the second half of this year since the launch of new 'Mir IP' mobile game '烈火雷霆(Teamtop Interactive Entertainment) and HTML5 game '传奇来了'

Domestic

- Completed physical division of ChuanQi IP to manage overall 'Mir' business
- Increase revenue in mobile casual game area due to the new line-up 'Aero Strike', 'My little Chef'
- 'Fishing Strike' is expected to launch in the second half of this year
- 'Icarus M', 'Mir M' positioning development is in progress

2. Consolidated Income Statement

- Total revenues of 22.2 billion won (-34% Q/Q), due to decrease in one-time License revenue
- Income before taxes turned to profit due to the non-operating profit of 13.1 billion won (related income tax is 10.2 billion won) which source was mainly driven from the payment of Kakao common stock transfer.

[Million won]

	Q2"17	Q1"17	QoQ	Q2"16	YoY
Revenue	22,190	33,846	-34%	25,917	-14%
Mobile	7,806	6,329	23%	7,316	7%
Online	8,593	9,938	-14%	10,844	-21%
License	5,637	17,484	-68%	7,758	-27%
Others	153	94	63%	-	-
Op Expense	25,001	31,448	-21%	25,876	-3%
Labor	12,541	12,219	3%	14,519	-14%
Service Fee	7,561	5,672	33%	5,714	32%
Marketing	1,015	9,059	-89%	919	10%
D&A	1,499	1,566	-4%	2,180	-31%
Taxes	707	1,574	-55%	949	-26%
Others	1,678	1,359	23%	1,594	5%
Op Income	-2,812	2,398	Turn to deficit	41	Turn to deficit
Non-Op.	13,145	-21	-	-541	-
Financial	1,278	-4,032	-	-13,385	-
Equity Method	-134	-128	-	11	-
Income before taxes	11,476	-1,783	Turn to profit	-13,874	Turn to profit
Income tax	11,563	675	-	-1,708	-
Net Income	-87	-2,458	-	-12,165	-
Attributable to Wemade	57	303	-	-11,061	-
Minority Interest	-143	-2,761	-	-1,105	-

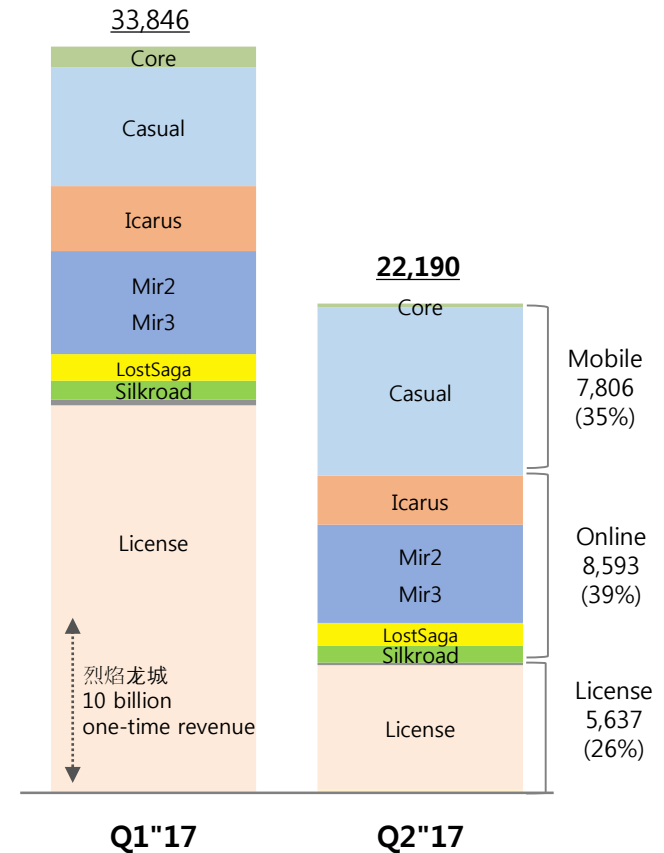
4. Revenue by Game

- License revenues decreased 25% Q/Q without the 10 billion one-time revenue
- Mobile game revenues increased 23% Q/Q thanks to the new line-up 'Aero Strike', 'My little Chef'
- Online game revenues decreased 14% Q/Q because of overall revenue decrease

• Q2 Revenue by Game

[Million won]

구분	Q2'17	Q1'17	QoQ	Q2'16	YoY
Mobile	7,806	6,329	23%	7,316	7%
Core	171	947	-82%	1,180	-86%
Casual ¹	7,635	5,382	42%	6,136	24%
Online	8,593	9,938	-14%	10,844	-21%
MIR2	3,776	3,944	-4%	4,473	-16%
MIR3	683	732	-7%	921	-26%
Icarus	2,221	2,947	-25%	2,615	-15%
Lost Saga	1,018	1,194	-15%	1,843	-45%
Silkroad	781	866	-10%	728	7%
Others	114	255	-55%	264	-57%
License	5,637	17,484	-68%	7,758	-27%
Others	153	94	63%	-	-
Total	22,190	33,846	-34%	25,917	-14%



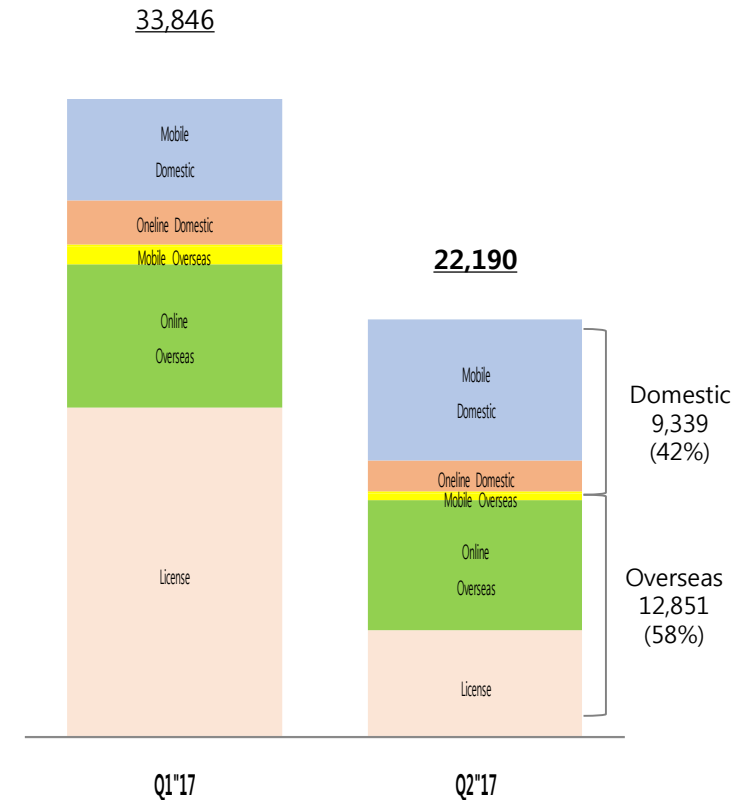
5. Revenue by Region

- Domestic revenue increased 20% and mobile game revenues increased by 39% thanks to new game line-up
- Overseas revenue decreased 51% Q/Q because the 10 billion one-time revenue was excluded
- Without the 10 billion one-time revenue, overseas revenue decreased 20% Q/Q

• Q1 Revenue by Region

[Million won]

구분	Q2"17	Q1"17	QoQ	Q2"16	YoY
Domestic	9,339	7,810	20%	9,032	3%
Mobile	7,514	5,406	39%	6,216	21%
Online	1,671	2,309	-28%	2,816	-41%
Others	153	94	62%	-	-
Overseas	12,851	26,036	-51%	16,885	-24%
Mobile	292	923	-68%	1,100	-73%
Online	6,922	7,629	-9%	8,027	-14%
License	5,637	17,484	-68%	7,758	-27%
Total	22,190	33,846	-34%	25,917	-14%



5. Operating Expenses

- Operating Expenses decreased 21% mainly due to lower marketing costs
- Service Fee increased 33% Q/Q due to increase of related service fee as a result of mobile game revenue increase

• Q2 Operating Expenses

[Million won]

	Q2"17	Q1"17	QoQ	Q2"16	YoY
Labor	12,541	12,219	3%	14,519	-14%
Service Fee	7,561	5,672	33%	5,714	32%
Marketing	1,015	9,059	-89%	919	10%
D&A	1,499	1,566	-4%	2,180	-31%
Taxes	707	1,574	-55%	949	-26%
Others	1,678	1,359	23%	1,594	5%
Total	25,001	31,448	-21%	25,876	-3%

II. Appendix

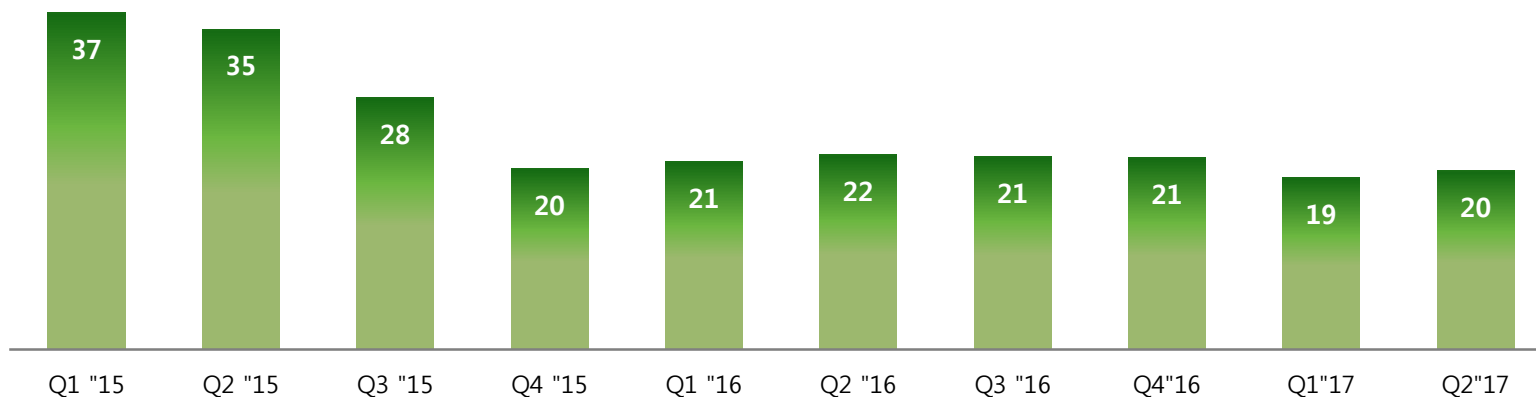
1. Revenue from “Legend of Mir2” (China)
2. Financial Statement – Wemade

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

- Revenue from ‘Mir2’ in China increased 4% Q/Q on Yuan basis and 3% on KRW basis.

• Mir2 China Revenue Trend

[Million RMB]



• Mir2 Revenue in China by Currency

[Million RMB, Million USD, Million KRW]

구 분	Q2" 17	Q1" 17	QoQ	Q2" 16	YoY
Mil. RMB	19.7	19.0	4%	21.50	-8%
Mil. USD	2.9	2.8	4%	3.3	-12%
Mil. KRW	3,260.5	3,152.1	3%	3,813.3	-14%

2. Financial Statement - Wemade (Consolidated)

• Statements of Financial Position

[Billion won]	2015	2016	2017.06.30
Current Assets	125.2	132.5	311.5
Non Current Assets	368.3	270.9	114.4
Total Assets	4,935	403.4	425.9
Liabilities	78.7	55.2	86.6
Equity	414.8	348.2	339.3
Liabilities & Equity	493.5	403.3	425.9

• Income Statement

[Billion won]	2015	2016	1H 2017
Revenues	126.6	108.0	56
Op Expense	138.3	103.8	56.5
Op Profit	-11.7	4.1	-0.4
Non Op Inc/Exp	-140.4	-92.7	10.1
Income before Taxes	-152.1	-88.6	9.7
Taxes	-27.9	-15.6	12.2
Net Income	-124.3	-73.0	-2.6
Attributable to Wemade	-4.5	-71.0	0.4
Minority Interest	-6.6	-2.0	-2.9

Thank you