



FY 2017 Q3 Earnings Results

Wemade Entertainment

INVESTOR RELATIONS

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Disclaimer

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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.

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● 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.

FY2017 Q3 Earnings Results

- 1. Q3 Highlights**
- 2. Q3 Summary Consolidated Results**
- 3. Sales Breakdown**
 - By Platform and License
 - By Region
- 4. Operating Expenses**
- 5. Summary Consolidated Financial Statements**

1. Q3 Highlights

Overseas

- Signed strategic MOU with The People's government of Shangrao City and partners in China to further improve 'Mir' IP value.
 - Shangrao city : Established 'Alliance Committee of Intellectual Property Protection' to regulate and legalize non-authorized servers in China
 - Shangrao city and Shanghai Time Network Technology : Established 'Certified Product Alliance of ChuanQi' to further expand license revenue
- Accomplished revenue growth due to the launch of new HTML5 game '*Chuanqilaile* (传奇来了)' based on 'Mir' IP.

Domestic

- Developing new games such as 'Icarus Mobile', 'Fishing Strike' to meet the target launching date in Q1 2018.
- Strengthened mobile casual game portfolio from the acquisition of 'IDLE idea factory Co., Ltd.' by 'FLERO Games Co., Ltd.'

2. Q3 Summary Consolidated Results

- Total revenue of 24.4 billion won (+10% QoQ), operating income turned to profit QoQ.
- Net income turned to profit YoY and QoQ due to the financial profit of 3.2 billion won driven by 'NextFloor' disposable gain.

[Unit : Million won]

	Q3'17	Q2'17	QoQ	Q3'16	YoY
Revenue	24,389	22,190	10%	27,758	-12%
Operating Expense	23,420	25,001	-6%	23,780	-2%
Operating Income	969	-2,812	Turn to profit	3,978	-76%
Non-Operating Income(loss)	17	17	6%	-750	Turn to profit
Financial Income(loss)	4,456	14,406	-69%	-29,776	Turn to profit
Equity Method	-14	-134	deficit reduction	59	Turn to profit
Income before tax	5,428	11,476	-53%	-26,488	Turn to profit
Income tax	2,402	11,563	-	-4,437	-
Net Income	3,026	-87	Turn to profit	-22,051	Turn to profit

3. Sales Breakdown (By Platform and License)

- License : Sales increased 24% QoQ due to '*Rexuechuanqi* (熱血传奇)', '*Shabakechuanqi* (沙巴克传奇)', and new HTML5 game '*Chuanqilaile* (传奇来了)' sales growth.
- Mobile : The casual game '*Abyssrium*' newly contributed to sales. (+4% QoQ, +1% YoY)
- Online : Sales increased by 5% QoQ due to overseas market expansion.

[Unit : Million won]

	Q3'17	Q2'17	QoQ	Q3'16	YoY
Mobile	7,464	7,806	-4%	7,403	1%
Online	5,054	4,793	5%	6,135	-18%
License	11,713	9,438	24%	14,220	-18%
Others	158	153	3%	-	N/A
Total	24,389	22,190	10%	27,758	-12%

3. Sales Breakdown (By Region)

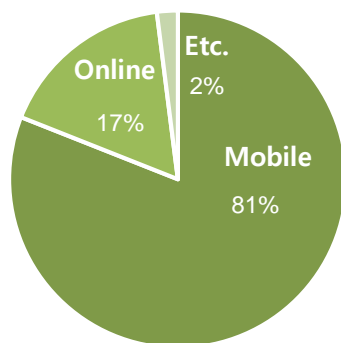
- **Domestic** : Mature stage of existing games' lifecycle continued. (-5% QoQ, +4% YoY)
- **Overseas** : License games' sales including HTML5 increased. (+20% QoQ)

[Unit : Million won]

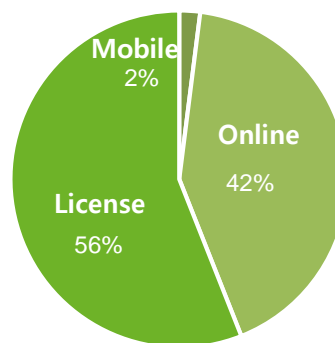
	Q3'17	Q2'17	QoQ	Q3'16	YoY
Domestic	8,911	9,339	-5%	8,581	4%
Overseas	15,477	12,851	20%	19,177	-19%
Total	24,389	22,190	10%	27,758	-12%

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

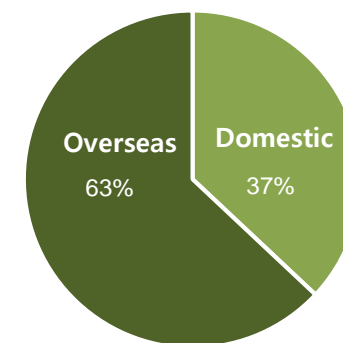
Domestic



Overseas



Total



4. Operating Expenses

- Operating expense decreased 6% QoQ due to well-managed labor and marketing cost.
- Taxes increased by 40% QoQ due to the increase of overseas tax payment.

[Unit : Million won]

	Q3'17	Q2'17	QoQ	Q3'16	YoY
Labor*	11,699	12,541	-7%	12,181	-4%
Service Fee	7,168	7,561	-5%	5,851	23%
Marketing	563	1,015	-45%	674	-16%
Depreciation	1,607	1,499	7%	2,049	-22%
Taxes	987	707	40%	959	3%
Others	1,396	1,678	-17%	2,065	-32%
Total	23,420	25,001	-6%	23,780	-2%

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

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

5. Summary Consolidated Financial Statements

• Consolidated Balance Sheet

[Unit : Billion won]

	2015	2016	Q3'17
Total Assets	493.5	403.4	437.2
Current Assets	125.2	132.5	311.0
Non-Current Assets	368.3	270.9	126.2
Total Liabilities	78.7	55.2	94.7
Current Liabilities	15.2	20.9	73.1
Non-Current Liabilities	63.5	34.3	21.6
Total Equity	414.8	348.2	342.5
Capital Stock	8.7	8.7	8.7
Retained Earnings	208.2	137.5	134.0
Total Liabilities & Equity	493.5	403.4	437.2

• Consolidated Income Statement

[Unit : Billion won]

	2015	2016	Q3'17
Revenue	126.6	108	80.4
Operating Expense	138.3	103.8	79.9
Operating Profit	-11.7	4.2	0.5
Non-Operating Income(loss)	-140.4	-92.7	14.6
Income before tax	-152.1	-88.5	15.1
Income Tax	-27.9	-15.6	14.6
Net Income	-123.9	-73	0.5
Controlling Interest	-107.3	-71	6.4
Non-controlling Interest	-16.6	-2	-5.9

※ Above consolidated Income Statement figures are YTD figures

Thank you.