



FY 2018 Q1 Earnings Results

Wemade Entertainment

Investor Relations

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● Wemade Entertainment (Consolidated)

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FY2018 Q1 Earnings Results

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1. Key Results and Outlook

Q1 Results

- License revenue based on 'Legend of Mir' IP continued to grow driven by platform and legalization business expansion
- Prepared to launch new major games and publishing projects including 'Fishing Strike' and 'Icarus M'

Q2 Update and Outlook

- Launched new mobile license game 'Zuichuanqi' based on 'Legend of Mir' IP and expecting to release one mobile game and two HTML5 games
- Started 'Legend of Mir' legalization business with Zhongchuan Yuezhong Beijing Culture Development owned by Ministry of Culture in China.
- Launched new mobile fishing game 'Fishing Strike' and preparing to launch MMORPG 'Icarus M' in July
- JOYMAX started pre-registration for its new mobile game 'WIND RUNNER Z' and FLERO Games launched new mobile RPG game, 'Cuisine Dimension'
- Started a process to select publishing partners in China for 'Icarus M' and 'Legend of Mir4'

2. Q1 Summary Consolidated Results

- Revenue (+20% QoQ, +4% YoY) : Significant QoQ growth helped by strong growth in license business
- Operating Income (+38% QoQ, +211% YoY) : 38% increase QoQ and 211% up YoY
- Net Income : Turn to profit QoQ and YoY

[Unit: Million won]

	Q1'18	Q4'17	QoQ	Q1'17	YoY
Revenue	35,096	29,144	20%	33,846	4%
Operating Expenses	27,642	23,724	17%	31,448	-12%
Operating Income	7,454	5,420	38%	2,398	211%
Non-Operating income (loss)	103	-432		-21	
Financial Income (loss)	652	-5,452		-4,032	
Equity Method	-	-123		-128	
Income before tax	8,209	-586	Turn to profit	-1,783	Turn to profit
Income tax	3,749	780	381%	675	455%
Net Income	4,460	-1,366	Turn to profit	-2,458	Turn to profit

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

3. Sales Breakdown (By Platform and License)

- License (+84% QoQ) : Thanks to lump-sum settlement for an existing license game and full quarterly contribution by new games introduced in Q4'17
- Mobile (-20% QoQ) : Due to absence of new game launches during the quarter
- Online (-52% QoQ) : Mainly caused by removal of one-off sales recognition from the last quarter

[Unit: Million won]

	Q1'18	Q4'17	QoQ	Q1'17	YoY
Mobile	6,083	7,564	-20%	6,329	-4%
Online	3,682	7,717	-52%	6,233	-41%
License	25,172	13,706	84%	21,190	19%
Others	159	158	1%	94	69%
Total	35,096	29,144	20%	33,846	4%

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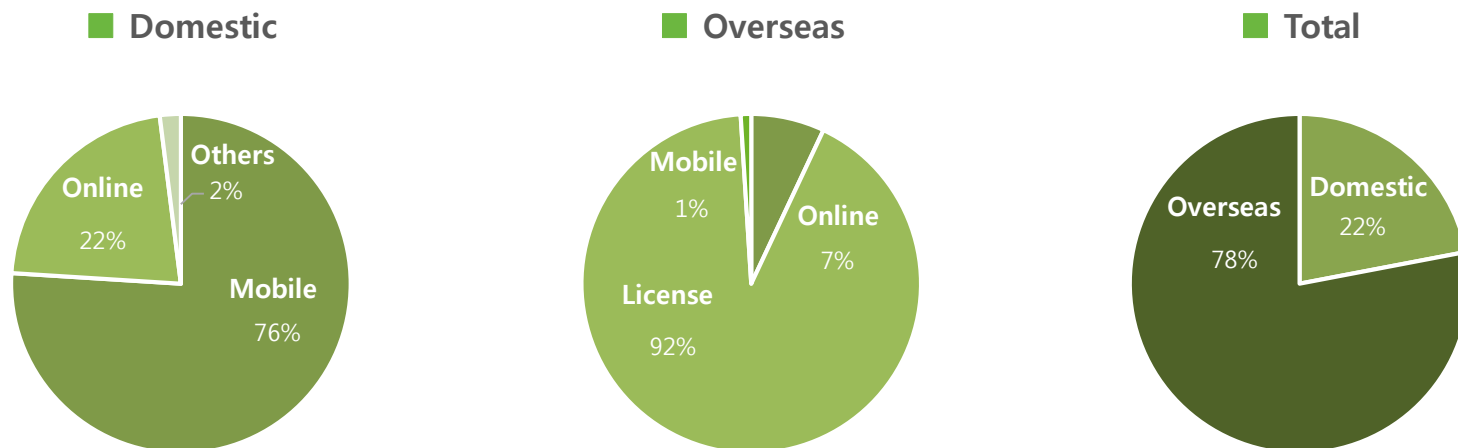
3. Sales Breakdown (By Region)

- Domestic (-18% QoQ) : Due to absence of new game roll-outs
- Overseas (+39% QoQ) : Driven by increase in license game sales (+84% QoQ)

[Unit: Million won]

	Q1'18	Q4'17	QoQ	Q1'17	YoY
Domestic	7,762	9,466	-18%	7,810	-1%
Overseas	27,334	19,678	39%	26,036	5%
Total	35,096	29,144	20%	33,846	4%

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4. Operating Expenses

- Operating Expenses (+17% QoQ, -12% YoY) : Mainly on labor and service fee increase QoQ, but considerably down YoY

■ Q1'18 Operating Expenses

[Unit: Million won]

	Q1'18	Q4'17	QoQ	Q1'17	YoY
Labor*	12,604	11,714	8%	12,219	3%
Service Fee	10,964	7,640	44%	5,672	93%
Marketing	666	757	-12%	9,059	-93%
Depreciation	1,340	1,642	-18%	1,566	-14%
Taxes	681	861	-21%	1,574	-57%
Others	1,387	1,111	25%	1,359	2%
Total	27,642	23,724	17%	31,448	-12%

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

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5. Summary Consolidated Financial Statements

■ Consolidated Balance Sheet

[Unit: KRW Bn]

	2016	2017	Q1'18
Total Assets	403.4	453.3	477.0
Current Assets	132.5	321.1	345.9
Non-Current Assets	270.9	132.2	131.1
Total Liabilities	55.2	111.3	137.9
Current Liabilities	20.9	93.6	119.7
Non-Current Liabilities	34.3	17.7	18.2
Total Equity	348.2	342.0	339.0
Capital Stock	8.7	8.7	8.7
Retained Earnings	137.5	137.5	136.5
Total Liabilities & Equity	403.4	453.3	477.0

■ Consolidated Income Statements

[Unit: KRW Bn]

	2016	2017	Q1'18
Revenue	108.0	109.6	35.1
Operating Expenses	103.8	103.6	27.6
Operating Profit	4.2	6.0	7.5
Non-Operating Income(loss)	-92.7	8.6	0.8
Income before tax	-88.5	14.5	8.2
Income Tax	-15.6	15.4	3.7
Net Income	-73.0	-0.9	4.5
Controlling Interest	-71.0	9.7	9.4
Non-controlling Interest	-2.0	-10.6	-5.0

※ Above consolidated Income Statement figures are YTD figures

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Thank you