



# FY 2018 2Q 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.

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### ● Wemade Entertainment (Consolidated)

Wemade Next Co., Ltd., Wemade Plus Co., Ltd., Wemade Icarus Co., Ltd. (Wemade IO Co., Ltd.), ChuanQi IP Co., Ltd., Wemade Tree Co., Ltd., Wemade Rexue Chuanqi 3D Co., Ltd. (Evo Games Co., Ltd.), JOYMAX Co., Ltd., FLERO Games Co., Ltd., Joy Studio Co., Ltd., IDLE idea factory Co., Ltd., Wemade Service Co., Ltd., Wemade Online Co., Ltd., Wemade Entertainment USA Inc., WEMADE HONG KONG LIMITED, Wemade Science Technology (Yinchuan) Co., Ltd., Wemade Entertainment Digital Technology (Shanghai) Co., Ltd., Beijing Wemade ChuanQi Science Technology Co., Ltd., Shenzhen Wemade ChuanQi Science Technology Co., Ltd., Shangrao Wemade ChuanQi Science Technology Co., Ltd., SuiZhou Wemade Science Technology Co.,Ltd.

# FY2018 2Q Earnings Results

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## 1. Key Results and Outlook

### 2Q Results

- Signed five new license agreements based on 'Mir' IP co-working with Zhongchuan Yuezhong Beijing Culture Development under Ministry of Culture in China
- Launched new license games based on 'Mir' IP, 'Zuichuanqi' (mobile), 'Longchengzhange' (HTML5)
- Launched new mobile games, 'Fishing Strike', 'WIND RUNNER Z', 'Cuisine Dimension'

### 3Q Update and Outlook

- Successfully launched a new mobile MMORPG game 'Icarus M' on July 26th in Korea; planning to roll out in Japan and/or Taiwan within this year
- Participated in IPCI(Intellectual Property Copyright Identifier) program, a new IP registration system under Ministry of Culture in China
- Expecting to launch one new mobile license game and three new HTML5 license games based on 'Mir' IP
- Started process to select a potential publishing partner in China for 'Legend of Mir 4'
- Setting out the development of 'Rexue Chuanqi 3D', a new mobile game based on 'Mir' IP
- JOYMAX, a subsidiary company, released its new mobile game 'Candy Pang : Juicy World'

## 2. 2Q Summary Consolidated Results

- Revenue (-21% QoQ, +25% YoY) : Rose 25% YoY but decreased QoQ on base effect of lump-sum settlement in license revenue last quarter
- Operating Income (-99% QoQ, Turn to profit YoY) : Down 99% QoQ but turned to profit YoY
- Net Income (-67% QoQ, Turn to profit YoY) : Fell 67% QoQ but turned to profit YoY

[Unit: Million won]

	2Q'18	1Q'18	QoQ	2Q'17	YoY
<b>Revenue</b>	<b>27,773</b>	<b>35,096</b>	<b>-21%</b>	<b>22,190</b>	<b>25%</b>
<b>Operating Expenses</b>	<b>27,690</b>	<b>27,642</b>	<b>0%</b>	<b>25,001</b>	<b>11%</b>
<b>Operating Income</b>	<b>83</b>	<b>7,454</b>	<b>-99%</b>	<b>-2,812</b>	<b>Turn to profit</b>
Non-Operating income (loss)	77	103		13,145	
Financial Income (loss)	6,432	652		1,278	
Equity Method	0	-		-134	
<b>Income before tax</b>	<b>6,592</b>	<b>8,209</b>	<b>-20%</b>	<b>11,476</b>	<b>-43%</b>
Income tax	5,113	3,749	36%	11,563	-56%
<b>Net Income</b>	<b>1,479</b>	<b>4,460</b>	<b>-67%</b>	<b>-87</b>	<b>Turn to profit</b>

※ 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 (-38% QoQ) : Decreased 38% QoQ due to base effect of lump-sum settlement last quarter**
- **Mobile (+30% QoQ) : Climbed 30% QoQ on new mobile games published by subsidiaries**
- **Online (+5% QoQ) : Up 5% QoQ driven by new updates of existing games**

[Unit: Million won]

	2Q'18	1Q'18	QoQ	2Q'17	YoY
Mobile	7,923	6,083	30%	7,806	1%
Online	3,883	3,682	5%	4,793	-19%
License	15,586	25,172	-38%	9,438	65%
Others	381	159	140%	153	149%
<b>Total</b>	<b>27,773</b>	<b>35,096</b>	<b>-21%</b>	<b>22,190</b>	<b>25%</b>

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## 3. Sales Breakdown (By Region)

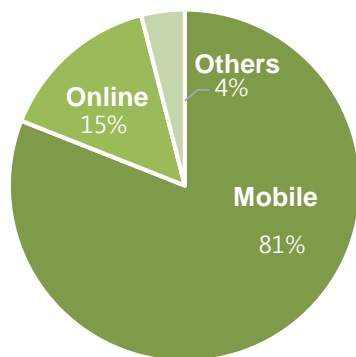
- Domestic (+23% QoQ) : Jumped QoQ thanks to new mobile game releases and new updates of existing games
- Overseas (-33% QoQ) : Mainly on base effect from lump-sum settlement last quarter

[Unit: Million won]

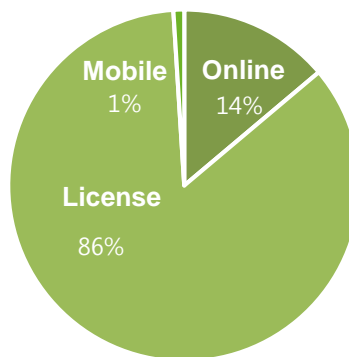
	2Q'18	1Q'18	QoQ	2Q'17	YoY
Domestic	9,577	7,762	23%	9,339	3%
Overseas	18,196	27,334	-33%	12851	42%
<b>Total</b>	<b>27,773</b>	<b>35,096</b>	<b>-21%</b>	<b>22,190</b>	<b>25%</b>

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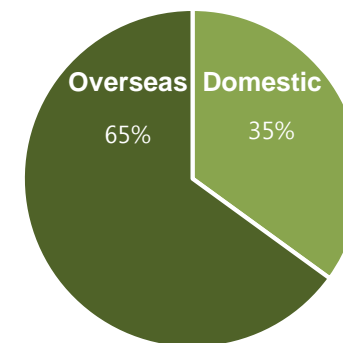
■ Domestic



■ Overseas



■ Total



## 4. Operating Expenses

- Operating Expenses (0% QoQ, +11% YoY) : Despite QoQ increase of new title-related labor and marketing costs, overall expenses remained flattish QoQ

### ■ 2Q'18 Operating Expenses

[Unit: Million won]

	2Q'18	1Q'18	QoQ	2Q'17	YoY
Labor*	13,514	12,604	7%	12,541	8%
Service Fee	8,926	10,964	-19%	7,561	18%
Marketing	1,830	666	175%	1,015	80%
Depreciation	1,192	1,340	-11%	1,499	-20%
Taxes	738	681	8%	707	4%
Others	1,489	1,387	7%	1,678	-11%
<b>Total</b>	<b>27,690</b>	<b>27,642</b>	<b>0%</b>	<b>25,001</b>	<b>11%</b>

\* 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	2Q'18
<b>Total Assets</b>	<b>403.4</b>	<b>453.3</b>	<b>435.0</b>
Current Assets	132.5	321.1	279.3
Non-Current Assets	270.9	132.2	155.7
<b>Total Liabilities</b>	<b>55.2</b>	<b>111.3</b>	<b>93.3</b>
Current Liabilities	20.9	93.6	90.2
Non-Current Liabilities	34.3	17.7	3.1
<b>Total Equity</b>	<b>348.2</b>	<b>342.0</b>	<b>341.8</b>
Capital Stock	8.7	8.7	8.7
Retained Earnings	137.5	137.5	142.3
<b>Total Liabilities &amp; Equity</b>	<b>403.4</b>	<b>453.3</b>	<b>435.0</b>

### ■ Consolidated Income Statements

[Unit: KRW Bn]

	2016	2017	2Q'18
<b>Revenue</b>	<b>108.0</b>	<b>109.6</b>	<b>62.9</b>
Operating Expenses	103.8	103.6	55.3
<b>Operating Profit</b>	<b>4.2</b>	<b>6.0</b>	<b>7.5</b>
Non-Operating Income(loss)	-92.7	8.6	7.3
Income before tax	-88.5	14.5	14.8
Income Tax	-15.6	15.4	8.9
<b>Net Income</b>	<b>-73.0</b>	<b>-0.9</b>	<b>5.9</b>
Controlling Interest	-71.0	9.7	15.2
Non-controlling Interest	-2.0	-10.6	-9.3

※ Above consolidated Income Statement figures are YTD figures

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**Thank you**