



# FY 2018 3Q Earnings Results

**Wemade Entertainment**

**Investor Relations**

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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 HD 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., Chongqing Wemade Chuanqi IP Service Co., Ltd.

# FY2018 3Q Earnings Results

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## 1. Key Results and Outlook

### 3Q Results

- Launched a new mobile MMORPG game 'Icarus M' on July 26th in Korea
- Completed final pleading on infringement of 'Mir' IP copyright against '37-games' regarding 'Chuanqibaye' (Web); A final ruling is expected this year
- Completed hearing proceeding on a contract dispute case against 'KingNet' in Singapore ICC ; Final award is expected in early 2019
- Chinese court has granted an injunction against '37-games' to stop providing 'Tulongpoxiao' (Mobile) service in China
- Participated in IPCI\* platform, a new IP registration system under Ministry of Culture in China

\* Intellectual Property Copyright Identifier

### 4Q Update and Outlook

- Preparing global services of 'Icarus M' in Japan and Taiwan
- Negotiation in process with potential partners for a planned joint venture in China
- Developing 'Mir4' based on extended storyline of 'Mir', 'Mir M(Rexue Chuanqi HD)' inherited 'Legend of Mir2' online game, and strategic simulation game based on 'Mir' IP (developed by NDREAM)
- New license mobile game 'Legend of Mir 2 Reboot' scheduled to be launched in November in Korea

## 2. 3Q Summary Consolidated Results

- ▶ Revenue (+15% QoQ, +30% YoY) : Rose 15% QoQ and 30% YoY thanks to new mobile games launches
- ▶ Operating Income (Turn to deficit QoQ, YoY)
  - : Due to increase of service fee and marketing costs related to new mobile games launches
- ▶ Net Income (Turn to deficit QoQ, YoY) : Mainly on forex translation loss

[Unit: Million won]

	3Q'18	2Q'18	QoQ	3Q'17	YoY
<b>Revenue</b>	<b>31,791</b>	<b>27,773</b>	<b>+15%</b>	<b>24,389</b>	<b>30%</b>
<b>Operating Expenses</b>	<b>36,209</b>	<b>27,690</b>	<b>+31%</b>	<b>23,420</b>	<b>55%</b>
<b>Operating Income</b>	<b>-4,418</b>	<b>83</b>	<b>Turn to deficit</b>	<b>969</b>	<b>Turn to deficit</b>
Non-Operating income (loss)	66	77		17	
Financial Income (loss)	-1,370	6,432		4,456	
Equity Method	0	0		-14	
<b>Income before tax</b>	<b>-5,722</b>	<b>6,592</b>	<b>Turn to deficit</b>	<b>5,428</b>	<b>Turn to deficit</b>
Income tax	1,707	5,113	-67%	2,402	-29%
<b>Net Income</b>	<b>-7,429</b>	<b>1,479</b>	<b>Turn to deficit</b>	<b>3,026</b>	<b>Turn to deficit</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 (-17% QoQ)**

: Due to decrease in sales of several existing games and delay of new game launches in China

▶ **Mobile (+80% QoQ) : Climbed 80% QoQ mainly on new games roll-out**

▶ **Online (+6% QoQ) : Driven by contents update of existing games and overseas release of existing game**

[Unit: Million won]

	3Q'18	2Q'18	QoQ	3Q'17	YoY
Mobile	14,239	7,923	80%	7,464	91%
Online	4,102	3,883	6%	5,054	-19%
License	12,983	15,586	-17%	11,713	11%
Others	467	381	23%	158	196%
<b>Total</b>	<b>31,791</b>	<b>27,773</b>	<b>14%</b>	<b>24,389</b>	<b>30%</b>

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## 3. Sales Breakdown (By Region)

▶ **Domestic (+69% QoQ)**

: Jumped 69% QoQ thanks to new mobile game release and contents update of existing games

▶ **Overseas (-14% QoQ)**

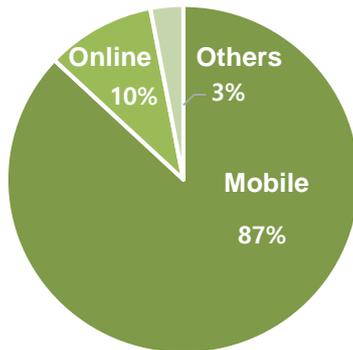
: Due to decrease in sales of several existing license games and delay of new license games launches

[Unit: Million won]

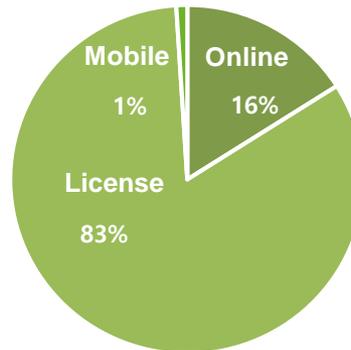
	3Q'18	2Q'18	QoQ	3Q'17	YoY
Domestic	16,171	9,577	69%	8,911	81%
Overseas	15,620	18,196	-14%	15,477	1%
<b>Total</b>	<b>31,791</b>	<b>27,773</b>	<b>14%</b>	<b>24,389</b>	<b>30%</b>

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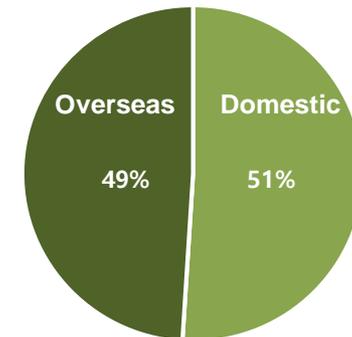
■ Domestic



■ Overseas



■ Total



## 4. Operating Expenses

▶ Operating Expenses (+31% QoQ, +55% YoY)

: Due to increase of service fee and marketing costs related to new games launches

### ■ 3Q'18 Operating Expenses

[Unit: Million won]

	3Q'18	2Q'18	QoQ	3Q'17	YoY
Labor*	13,996	13,514	4%	11,699	20%
Service Fee	11,358	8,926	27%	7,168	59%
Marketing	6,498	1,830	255%	563	1,053%
Depreciation	1,139	1,192	-5%	1,607	-29%
Taxes	674	738	-9%	987	-32%
Others	2,544	1,489	71%	1,396	82%
<b>Total</b>	<b>36,209</b>	<b>27,690</b>	<b>31%</b>	<b>23,420</b>	<b>55%</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	3Q'18
<b>Total Assets</b>	<b>403.4</b>	<b>453.3</b>	<b>424.3</b>
Current Assets	132.5	321.1	242.4
Non-Current Assets	270.9	132.2	181.9
<b>Total Liabilities</b>	<b>55.2</b>	<b>111.3</b>	<b>99.6</b>
Current Liabilities	20.9	93.6	96.9
Non-Current Liabilities	34.3	17.7	2.7
<b>Total Equity</b>	<b>348.2</b>	<b>342.0</b>	<b>324.7</b>
Capital Stock	8.7	8.7	8.7
Retained Earnings	137.5	137.5	138.5
<b>Total Liabilities &amp; Equity</b>	<b>403.4</b>	<b>453.3</b>	<b>424.3</b>

### ■ Consolidated Income Statements

[Unit: KRW Bn]

	2016	2017	3Q'18
<b>Revenue</b>	<b>108.0</b>	<b>109.6</b>	<b>94.7</b>
Operating Expenses	103.8	103.6	91.5
<b>Operating Profit</b>	<b>4.2</b>	<b>6.0</b>	<b>3.1</b>
Non-Operating Income(loss)	-92.7	8.6	6.0
Income before tax	-88.5	14.5	9.1
Income Tax	-15.6	15.4	10.6
<b>Net Income</b>	<b>-73.0</b>	<b>-0.9</b>	<b>-1.5</b>
Controlling Interest	-71.0	9.7	11.5
Non-controlling Interest	-2.0	-10.6	-13.0

※ Above consolidated Income Statement figures are YTD figures

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**Thank you**