



FY2014 Q1 Earnings Release

WEMADE ENTERTAINMENT

INVESTOR RELATIONS May 09, 2014



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● Consolidated Companies

WeMade Entertainment, Joymax (IO Entertainment, Fever Studio, Link Tomorrow, Linyworks, D4Games)

WeMade Creative, Goblin Studio, Banana Fish, WeMade Entertainment Online, WeMade Entertainment USA

WeMade Entertainment Shanghai

FY2014 Q1 Earnings Release

I. FY2014 Q1 Results

1. Operational Highlights
2. Income Statement - WeMade
3. Income Statement - Joymax
4. Revenue by Game
5. Revenue by Region
6. Operating Expenses

II. Appendix

1. Revenue from "Legend of Mir2" (China)
2. Financial Statement - WeMade
3. Financial Statement - Joymax

I . FY2014 Q1 Results

1. Operational Highlights
2. Income Statement – WeMade
3. Income Statement – Joymax
4. Revenue by Game
5. Revenue by Region
6. Operating Expenses

1. Operational Highlights

Mobile Game

• Domestic Market

- Despite the solid performance of 'Everytown', 'Atlanstory', mobile revenues decreased QoQ as casual game declined.
- Revenues from core games increased thanks to '**Ark Sphere**', our new mobile MMOPRG.
- Finalizing touches to our highly anticipated '**WindRunner2**' & '**Shinmoo**' - Q2 launch
- 2 titles, 'Ark Sphere', 'Puzzle cat', slated for launch on new mobile game platform '**Band Game**' in Q2
- Mobile game revenues expected to increase in Q2 with more than 7 new titles including 'WindRunner2' & 'Shinmoo'

• Overseas Market

- Global launch of '**Atlanstory**' **international** version. Japanese version will be launched in Q2.
- Overseas mobile revenue decreased as 'LINE-WindRunner' revenue declined.
- Plans to increase our footprint in China with launch of such titles as 'Ark Sphere'.

Online Game

- PC MMORPG '**Icarus**' finalized for OBT on April 16th.
- Casual Action '**Lost Saga**' localized for service in Europe on Apr 24th. 1st CBT in China through 'Tencent' in Q2.
- Martial Arts MMORPG '**Changchun2**' localized for 1st CBT in Q2; commercial service targeted in 2nd half of 2014.

2. Income Statement - WeMade

- Total revenues of 39.8 billion won. (-25% QoQ, -33% YoY)
- Operating loss of 10.5 billion won as mobile revenues declined.

[Million KRW]

	Q1 '14	Q4 '13	QoQ	Q1 '13	YoY
Revenue	39,779	46,981	-15%	59,480	-33%
Mobile	20,482	27,181	-25%	36,606	-44%
Online	19,297	19,800	-3%	22,875	-16%
Op Expense	50,279	50,463	-0.4%	55,030	-9%
Labor	28,820	25,823	12%	24,307	19%
Service Fee	12,618	16,067	-21%	22,191	-43%
Marketing	838	1,517	-45%	1,716	-51%
D&A	2,860	2,756	4%	2,311	24%
Taxes	994	845	18%	1,030	-3%
Others	4,149	3,455	20%	3,475	19%
Op Income	-10,501	-3,483	-	4,451	-
Non-Op.	-1,998	-553	-	401	-
Financial	1,090	1,743	-37%	1,965	-45%
Equity Method	-197	-259	-	1,055	-
Income before taxes	-11,606	-2,551	-	7,872	-
Income tax	322	43	646%	2,510	-87%
Discont. Ops	-	-	-	-131	-
Net Income	-11,928	-2,594	-	5,231	-
Attributable to WeMade	-11,518	-5,431	-	2,672	-
Minority Interest	-410	2,837	-	2,559	-

3. Income Statement - Joymax

- Total revenues of 8.8 billion won. (-16% QoQ, -31% YoY)
- Operating loss of 0.9 billion won.

[Million KRW]

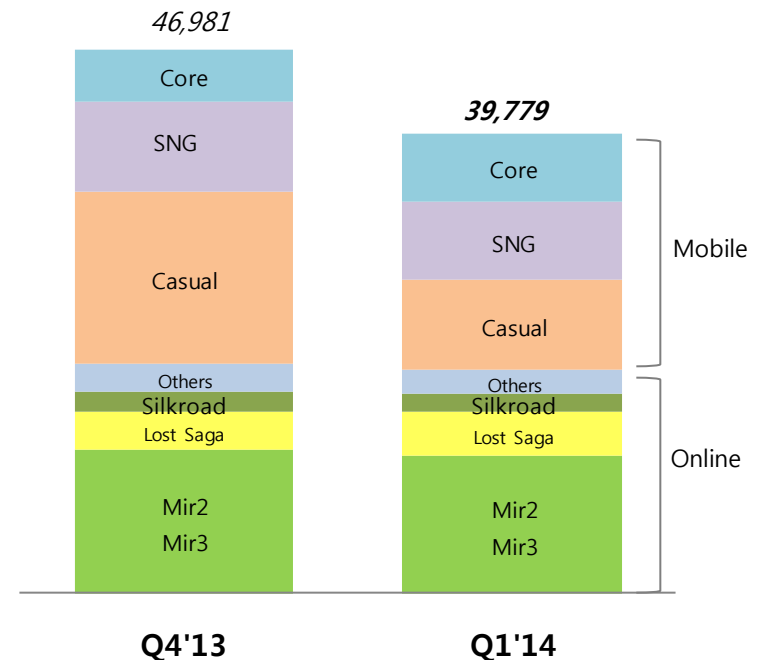
	Q1'14	Q4'13	QoQ	Q1'13	YoY
Revenue	8,848	10,495	-16%	12,891	-31%
Mobile	4,804	6,732	-29%	7,595	-37%
Online	4,044	3,763	7%	5,296	-24%
Op Expense	9,743	8,623	13%	8,352	17%
Labor	6,557	5,473	20%	3,812	72%
Service Fee	835	855	-2%	788	6%
Marketing	7	14	-51%	51	-86%
D&A	918	899	2%	728	26%
Taxes	72	37	93%	84	-14%
Others	1,353	1,344	1%	2,888	-53%
Op Income	-895	1,872		4,539	
Non-Op.	-3	248	-	-5	-
Financial	529	1,638	-68%	491	8%
Equity Method	-	-	-	-	-
Income before taxes	-368	3,758		5,025	
Income tax	381	690	-45%	1,918	-80%
Discont. Ops	-	-	-	-	-
Net Income	-750	3,068		3,107	
Attributable to Joymax	-985	1,921		1,287	
Minority Interest	235	1,146	-79%	1,820	-87%

4. Revenue by Game

- Revenues for core genre increased 34% QoQ, 94% YoY with the successful launch of 'Ark Sphere'
- Mobile game revenues declined 25% QoQ, 44% YoY as 'Windrunner' declined both domestic and overseas.
- Steady performance of PC online games - 'Mir2' & 'Lost Saga'.

[Million KRW]

	Q1'14	Q4'13	QoQ	Q1'13	YoY
Mobile	20,482	27,181	-25%	36,606	-44%
<i>Casual</i>	7,769	14,983	-48%	27,696	-72%
<i>SNG</i>	6,737	7,737	-13%	5,834	15%
<i>Core</i>	5,976	4,461	34%	3,075	94%
Online	19,297	19,800	-3%	22,875	-16%
<i>MIR2</i>	10,008	10,125	-1%	11,354	-12%
<i>MIR3</i>	1,851	2,291	-19%	2,290	-19%
<i>Lost Saga</i>	3,793	3,275	16%	3,357	13%
<i>Silkroad</i>	1,636	1,662	-2%	2,602	-37%
<i>Digimon Masters</i>	1,379	1,418	-3%	1,324	4%
<i>Others</i>	631	1,029	-39%	1,947	-68%
Total	39,779	46,981	-15%	59,480	-33%

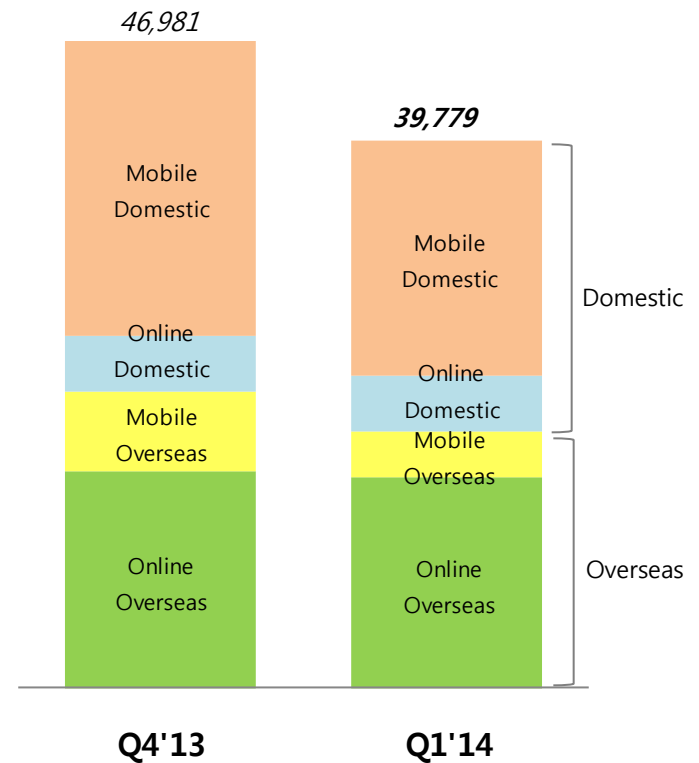


5. Revenue by Region

- Domestic revenues decreased 17% QoQ as major casual game titles declined.
- Overseas revenues decreased 2.9 billion won QoQ as a result of 'LINE-Windrunner'

[Million KRW]

	Q1 '14	Q4 '13	QoQ	Q1 '13	YoY
Domestic	21,184	25,490	-17%	39,811	-47%
<i>Mobile</i>	17,165	21,373	-20%	35,702	-52%
<i>Online</i>	4,019	4,117	-2%	4,109	-2%
Overseas	18,595	21,491	-13%	19,669	-5%
<i>Mobile</i>	3,317	5,808	-43%	903	267%
<i>Online</i>	15,278	15,683	-3%	18,766	-19%
Total	39,779	46,981	-15%	59,480	-33%



6. Operational Expenses

- Operational expenses decreased 0.4% QoQ
- Variable cost such as service fee declined 3.4 billion won as mobile game revenues declined.
- Labor cost grew 3.0 billion won as a result of annual salary adjustments and one-off incentive payments.

[Million KRW]

	Q1 '14	Q4 '13	QoQ	Q1 '13	YoY
Labor	28,820	25,823	12%	24,307	19%
Service Fee ¹	12,618	16,067	-21%	22,191	-43%
Marketing	838	1,517	-45%	1,716	-51%
D&A	2,860	2,756	4%	2,311	24%
Taxes	994	845	18%	1,030	-3%
Others	4,149	3,455	20%	3,475	19%
Total	50,279	50,463	-0.4%	55,030	-9%

*¹ Service fee includes commission to Google / Apple & Kakao

II. Appendix

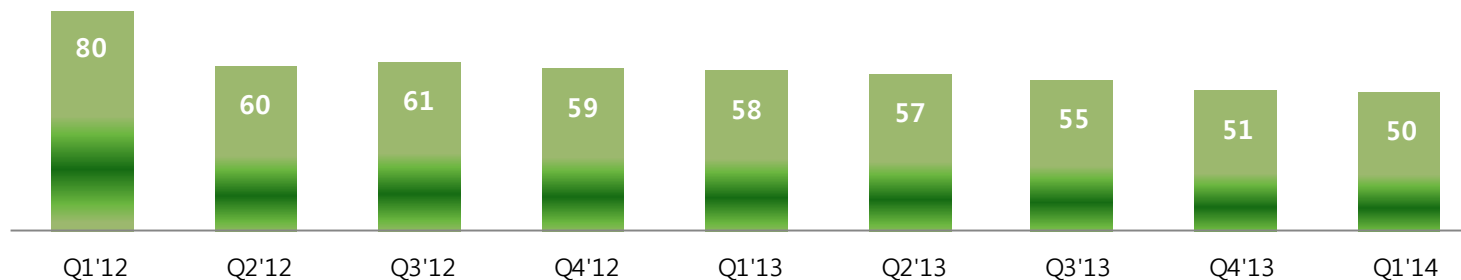
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1. Revenue from “Legend of Mir2” (China)

- Q1 revenue stayed relatively flat versus Q4 2013.
- Decreased 0.6% QoQ, 12.7% YoY on RMB basis.

• Mir2 China Revenue Trend

[Million RMB]



• Mir2 China Revenue by Currency

[Million RMB, Million USD, Million KRW]

	Q1 '14	Q4 '13	QoQ	Q1 '13	YoY
RMB	50.4	50.7	-0.6%	57.8	-12.7%
USD	8.2	8.3	-1.6%	9.3	-11.6%
KRW	8,794.5	8,838.7	-0.5%	10,173.6	-13.6%

2. Financial Statement - WeMade

• Statements of Financial Position (Condensed)

[Billion won]	2012	2013	Q1.2014
Current Assets	175.5	144.1	133.8
Non Current Assets	185.1	225.3	227.8
Total Assets	360.6	369.4	361.7
Liabilities	21.7	25.4	29.9
Equity	338.9	344.0	331.8
Liabilities & Equity	360.6	369.4	361.7

• Income Statement (Condensed)

[Billion won]	2012	2013	Q1.2014
Revenues	119.9	227.4	39.8
Op Expense	121.9	215.1	50.3
Op Profit	-2.0	12.3	-10.5
Non Op Inc/Exp	-2.8	6.5	-11.1
Income before Taxes	-4.8	18.9	-11.6
Taxes	2.9	6.5	0.3
Discontinued Ops	-0.3	-0.1	-
Net Income	-7.9	12.3	-11.9
Attributable to WeMade	-4.3	-	-11.5
Minority Interest	-3.7	12.3	-0.4

3. Financial Statement - Joymax

• Statements of Financial Position (Condensed)

[Billion won]	2012	2013	Q1 2014
Current Assets	50.4	73.5	73.2
Non Current Assets	57.7	46.1	48.2
Total Assets	108.1	119.6	121.4
Liabilities	8.2	10.5	14.5
Equity	99.9	109.1	106.9
Liabilities & Equity	108.1	119.6	121.4

• Income Statement (Condensed)

[Billion won]	2012	2013	Q1 2014
Revenues	27.6	51.4	8.8
Op Expense	29.2	33.3	9.7
Op Profit	-1.6	18.1	-0.9
Non Op Inc/Exp	-2.1	2.7	0.5
Income before Taxes	-3.7	20.8	-0.3
Taxes	1.1	6.2	0.4
Net Income	-4.8	14.6	-0.7
Attributable to Joymax	-4.1	7.1	-0.9
Minority Interest	-0.7	7.5	0.2

Thank You