

A central green-tinted globe showing the Americas, surrounded by various green circular icons representing different business and technology concepts like a Wi-Fi signal, a magnifying glass, a bar chart, a lightbulb, a speech bubble, a document, a person, a gear, and a server rack.

FY2013 Q2 Earnings Release

WEMADE ENTERTAINMENT

INVESTOR RELATIONS

August 13, 2013

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WeMade Entertainment IR Group

- CFO Gene J. Kim genejkim@wemade.com
- Head of IR Paul Lee paulee@wemade.com



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1. Operational Highlights

Mobile Game

• Domestic market

- Solid performance of 'Wind Runner' in Q2. Maintained top 3 position in Google Play by revenues.
- 'Every Town' maintained strong growth in revenues ; one of the most popular SNGs in Korea.
- Cross promotions leveraging Wind Runner's high DAUs led to successful launch of new titles such as 'Air Hunter' & 'Flying Panda'.

Overseas market

- **Japan** : LINE-Wind Runner's revenue jumped 845% QoQ.
Robust 3Q performance is expected thanks to TV commercials and a major update in July.
- **China** : Signed a publishing contract with TENCENT for commercial launch of 'Moon Wolf' in Q4 2013.
'Wind Runner' was launched through 'Qihoo360'.

Online Game

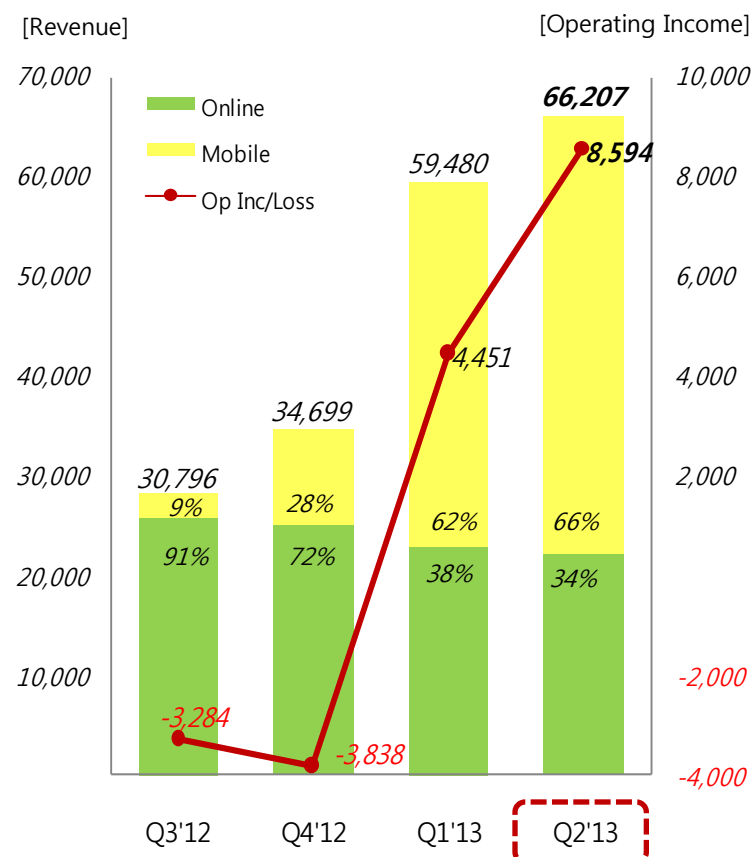
- 'Heavenly Dragon' – Chose GIANT as the publisher in China. Launch expected mid-2014.
- 'Lost Saga' – Began localization process for the China market. Commercial launch expected mid-2014.
- 'MIR2' - Achieved stable revenues for 5 consecutive quarters. Continued stability is expected in Q3 with the scheduled 'MIR Festival' promotion & large scale update in September.
- 'Icarus' – CBT for our next-generation MMORPG was successfully completed in early May.

2. Income Statement -WeMade

- 66 billion won, a historic high quarterly revenue thanks to robust growth of mobile revenue. (+11% QoQ)
- Operating income grew 93% QoQ.

[Million KRW]

	Q2 '13	Q1 '13	QoQ	Q2 '12	YoY
Revenue	66,207	59,480	11%	26,154	153%
Mobile	43,930	36,606	20%	-	-
Online	22,277	22,875	-3%	26,154	-15%
Op Expense	57,613	55,030	5%	27,831	107%
Labor	25,316	24,307	4%	15,818	60%
Service fee	23,768	22,191	7%	4,595	417%
Marketing	834	1,716	-51%	2,151	-61%
Depr. and Amort.	2,537	2,311	10%	2,021	26%
Taxes	923	1,030	-10%	924	-
Others	4,234	3,475	22%	2,323	82%
Op Income	8,594	4,451	93%	-1,678	Turn around
Non-Op.	2,029	401	406%	145	1,299%
Financial	1,566	1,965	-20%	1,608	-3%
Equity Method	248	1,055	-76%	-191	-
Income before taxes	12,437	7,872	58%	-115	Turn around
Income tax	3,564	2,509	42%	-1,379	-
Discont. ops	-	-131	-100%	50	-
Net Income	8,873	5,231	70%	1,313	576%
Attributable to WeMade	4,522	2,672	69%	1,670	171%
Minority Interest	4,351	2,559	70%	-356	Turn around



3. Income Statement - Joymax

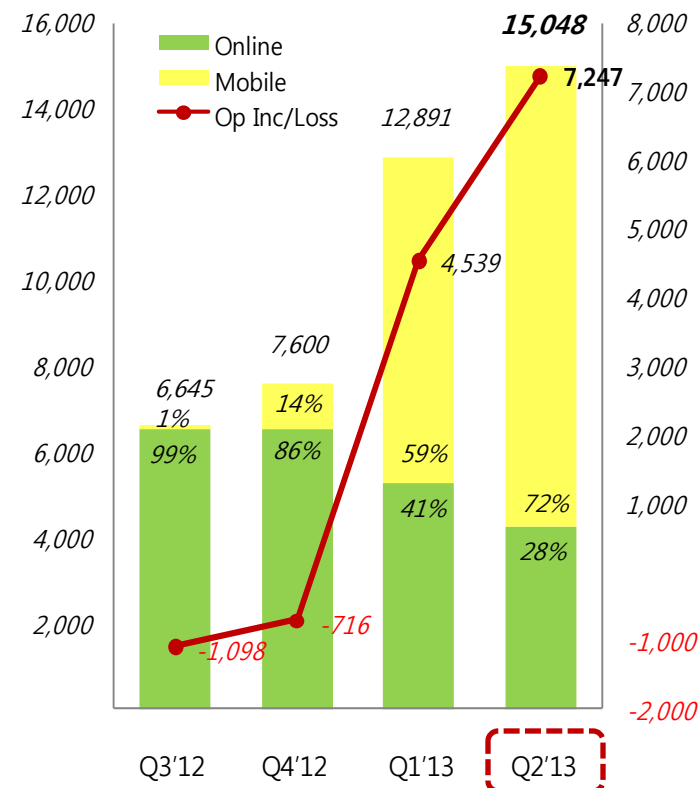
- 15 billion won, also a historic high revenue, attributable to mobile revenue growth. (+17% QoQ, +132% YoY)
- Operating profit margin 48%, Operating income 7.2 billion won. (+60% QoQ, +1,046% YoY)

[Million KRW]

	Q2'13	Q1'13	QoQ	Q2'12	YoY
Revenue	15,048	12,891	17%	6,474	132%
Mobile	10,770	7,596	42%	-	-
Online	4,278	5,295	-19%	6,474	-34%
Op Expense	7,801	8,352	-7%	7,240	8%
Labor	4,360	5,215	-16%	3,975	10%
Service fee	962	877	10%	1,203	-20%
Marketing	40	51	-23%	134	-70%
Depr. and Amort.	927	923	0.4%	742	25%
Taxes	65	90	-27%	25	159%
Others	1,447	1,196	21%	1,161	25%
Op Income	7,247	4,539	60%	-766	1,046%
Non-Op.	25	-5	609%	-3	839%
Financial	552	491	12%	645	-14%
Equity Method	-	-	-	-100	100%
Income before taxes	7,824	5,025	56%	-224	3,595%
Income tax	2,353	1,918	23%	-446	627%
Discont. ops	5,471	3,107	76%	222	2,363%
Net Income	2,771	1,287		428	
Attributable to WeMade	2,700	1,820		-206	

[Revenues]

[Op Profit]



4.Revenue by Game

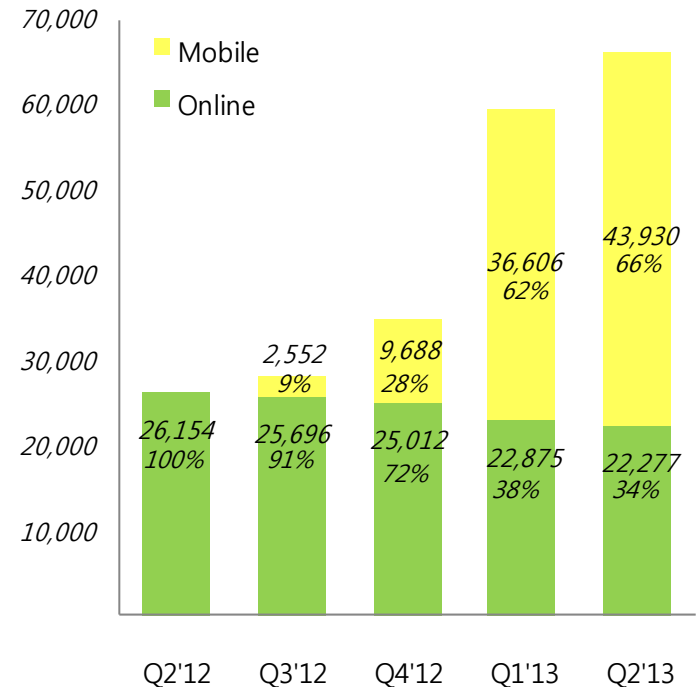
- Mobile revenues grew 20% QoQ, while online revenue decreased 3% QoQ.
- Strong sales of 'LINE-Wind Runner' and 'Every Town' contributed to double digit growth of mobile revenues in Q2.
- Slight decrease of online revenue was mostly due to weak performance of 'Silkroad'. Total revenue from 'Digimon Masters', 'Mir2' and 'Lost Saga' remained unchanged QoQ.

• Revenues by Game

[Million KRW]

구분	Q2 '13	Q1 '13	QoQ	Q2 '12	YoY
Mobile Games	43,930	36,606	20%	-	-
<i>Casual</i>	33,596	27,696	21%	-	-
<i>SNG</i>	8,993	5,834	54%	-	-
<i>Core</i>	1,342	3,075	-56%	-	-
Online Games	22,277	22,875	-3%	26,154	-15%
<i>MIR2</i>	11,453	11,354	1%	12,028	-5%
<i>MIR3</i>	2,087	2,290	-9%	2,338	-11%
<i>Lost Saga</i>	3,356	3,357	0%	2,871	17%
<i>Silkroad</i>	1,891	2,602	-27%	3,949	-52%
<i>Digimon Masters</i>	1,727	1,324	30%	1,423	21%
<i>Others</i>	1,763	1,947	-9%	3,544	-50%
Total	66,207	59,480	11%	26,154	153%

• Mobile/Online Revenue Trend



5. Revenue by Region

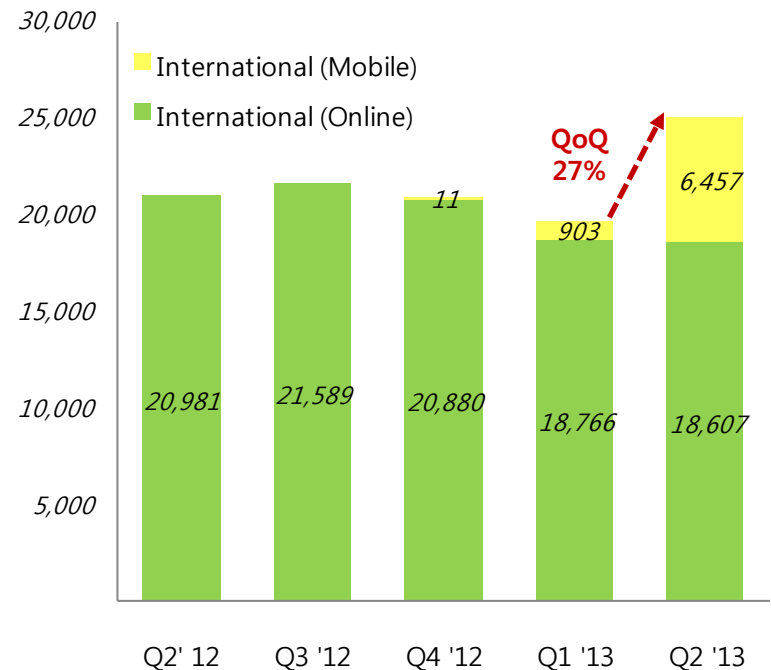
- Domestic revenue increased 3% QoQ due to stable revenues from 'Wind Runner' and 'Every town', as well as contributions from newly launched mobile titles.
- Overseas mobile revenues topped 6.5 billion won with the continued growth of 'LINE-Wind Runner'.

• Revenues by Region

[Million KRW]

구분	Q2 '13	Q1 '13	QoQ	Q2 '12	YoY
Domestic	41,143	39,811	3%	5,173	695%
<i>Mobile</i>	37,473	35,702	5%	-	-
<i>Online</i>	3,670	4,109	-11%	5,173	-29%
Overseas	25,064	19,669	27%	20,981	19%
<i>Mobile</i>	6,457	903	615%	-	-
<i>Online</i>	18,607	18,766	-1%	20,981	-11%
Total	66,207	59,480	11%	26,154	153%

• Overseas Revenue Trend



6. Operational Expenses

- 5% increase of operating expense can be attributed to increase in labor costs and service fees.
- Marketing expense decreased 51% QoQ as company relied on Wind Runner's DAU to promote new titles.

[Million KRW]

	Q2 '13	Q1 '13	QoQ	Q2 '12	YoY
Labor	25,316	24,307	4%	15,818	60%
Service fee ¹	23,768	22,191	7%	4,595	417%
Marketing	834	1,716	-51%	2,151	-61%
Depr. & Amort.	2,537	2,311	10%	2,021	26%
Taxes	923	1,030	-10%	924	-
Others	4,234	3,475	22%	2,323	82%
Total	57,613	55,030	5%	27,831	107%

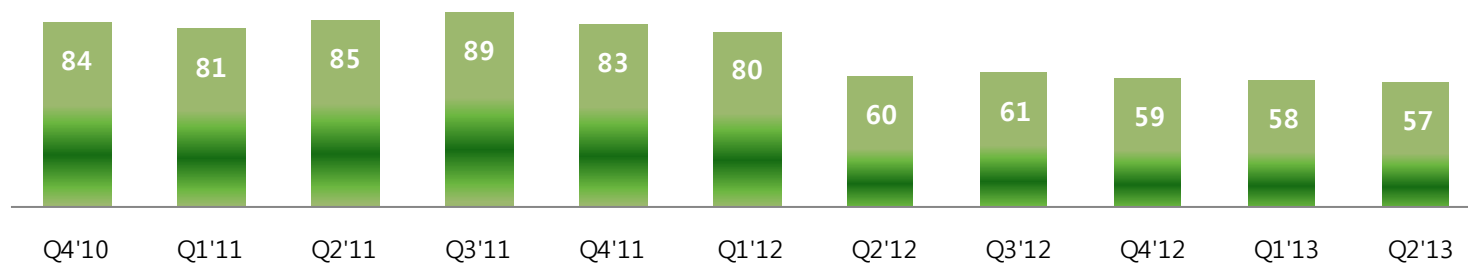
※ 1. Service fee includes commission to Google & Kakao

1. Revenue from Mir2 (China)

- Maintained stable revenue for 5 consecutive quarters despite seasonality in Q2.
- Revenue in Korean won grew 2.6% QoQ thanks to stronger dollar.

• Mir2 China Revenue Trend

[Million RMB]



• Mir2 China Revenue by Currency

[Million RMB, Million USD, Million KRW]

	Q2 '13	Q1 '13	QoQ	Q2 '12	YoY
RMB	56.7	57.8	-1.8%	59.5	-4.7%
USD	9.2	9.3	-0.7%	9.4	-1.7%
KRW	10,435.1	10,173.6	2.6%	10,833.5	-3.7%

2. Financial Statement - WeMade

• Statements of Financial Position (Condensed) • Income Statement (Condensed)

(Billion KRW)	2011	2012	2013.6.30
Current Assets	215.8	175.5	153.0
Non Current Assets	143.4	185.1	229.2
Total Assets	359.2	360.6	382.3
Liabilities	28.7	21.7	31.0
Equity	330.5	338.9	351.3
Liabilities & Equity	359.2	360.6	382.3

(Billion KRW)	2011	2012	2013 H1
Revenues	115.8	119.9	125.7
Op Expense	95.4	121.9	112.6
Op Profit	20.4	-2.0	13.0
Non Op Inc/Exp	6.1	-2.8	7.3
Inc before Taxes	26.5	-4.8	20.3
Taxes	-3.9	2.9	6.1
Discontinued Ops	-4.3	-0.3	-0.1
Net Income	26.1	-7.9	14.1
Attributable to Wemade	23.3	-4.3	7.2
Minority Interest	2.8	-3.7	6.9

3. Financial Statement -Joymax

• Statements of Financial Position (Condensed) • Income Statement (Condensed)

(Billion KRW)	2011	2012	2013.6.30
Current Assets	65.1	50.4	68.3
Non Current Assets	42.3	57.7	50.2
Total Assets	107.4	108.1	118.6
Liabilities	8.5	8.2	12.9
Equity	98.9	99.9	105.7
Liabilities & Equity	107.4	108.1	118.6

(Billion KRW)	2011	2012	2013 H1
Revenues	26.6	27.6	27.9
Op Expense	22.7	29.2	16.2
Op Profit	3.9	-1.6	11.8
Non Op Inc/Exp	2.9	-2.1	1.0
Inc before Taxes	6.8	-3.7	12.8
Taxes	0.8	1.1	4.3
Net Income	6.0	-4.8	8.6
Attributable to Wemade	6.0	-4.1	4.1
Minority Interest	-	-0.7	4.5