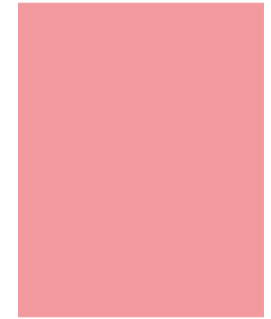


# 1Q18

# Earnings Release



2018.05.11

Webzen Inc.

## Disclaimer

Some contents may reflect forward-looking statements and have been prepared based on the expectations according to the dates on which these statements were made.

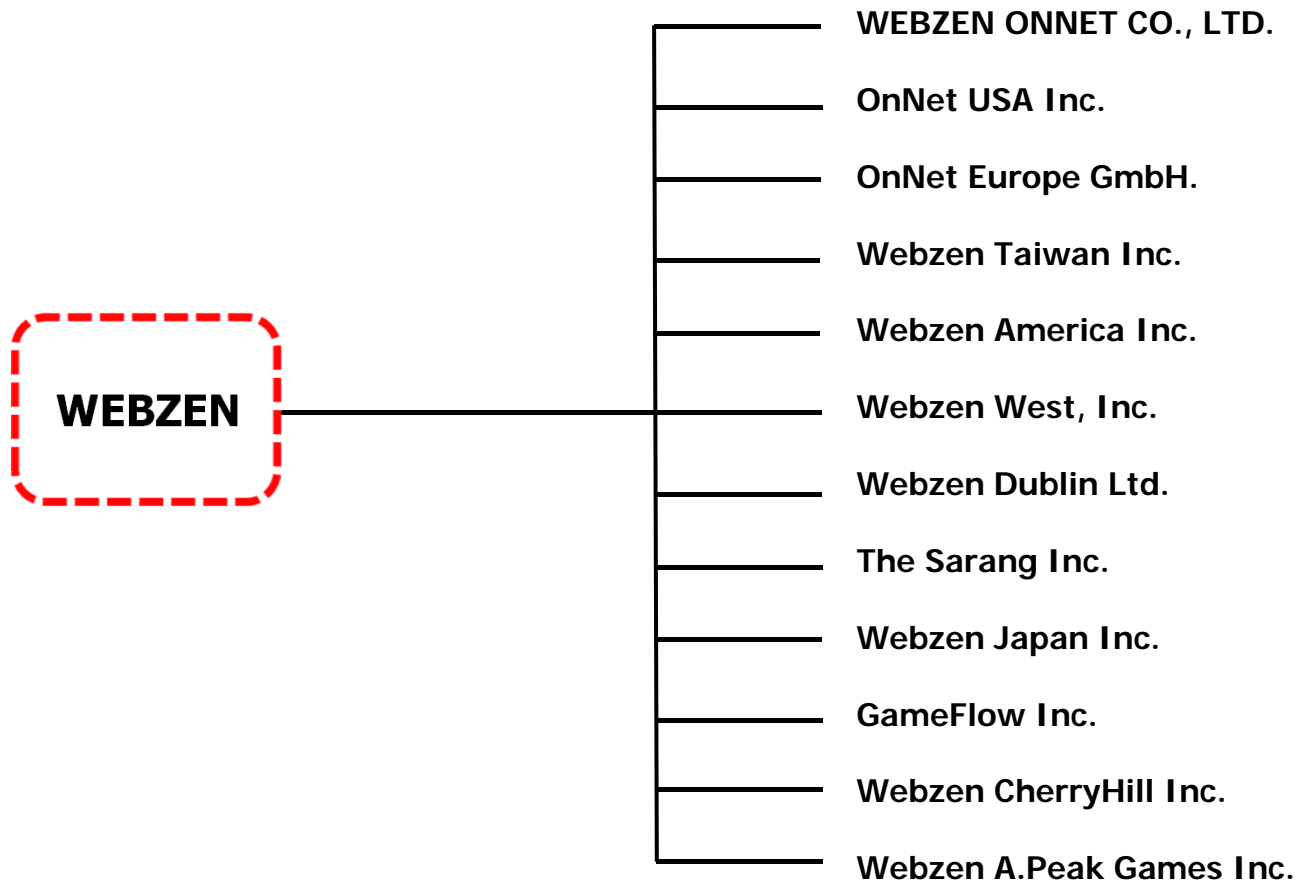
There can be no assurance that the forward-looking statements used by WEBZEN are correct as results can differ from expectations.

Therefore WEBZEN will not be responsible for individual investment decisions based solely on this material.

WEBZEN disclaims any duty to update the information in this material to reflect future events or circumstances.



The followings are the subsidiaries of Webzen Inc.



# Summary of Financial Results

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(Unit : KRW million)

	1Q18	4Q17	QoQ	1Q17	YoY
Revenue	54,684	43,567	26%	43,119	27%
Revenue on Game Services	54,644	43,526	26%	43,119	27%
Other Income	39	41	-3%	0	-
Operating Expenses	30,531	29,189	5%	32,213	-5%
Operating Profit	24,153	14,378	68%	10,906	122%
Income before tax	25,057	13,481	86%	10,872	131%
Income tax expenses	8,290	3,788	119%	3,493	137%
Net Income	16,767	9,693	73%	7,379	127%

# Result Analysis(consolidated)

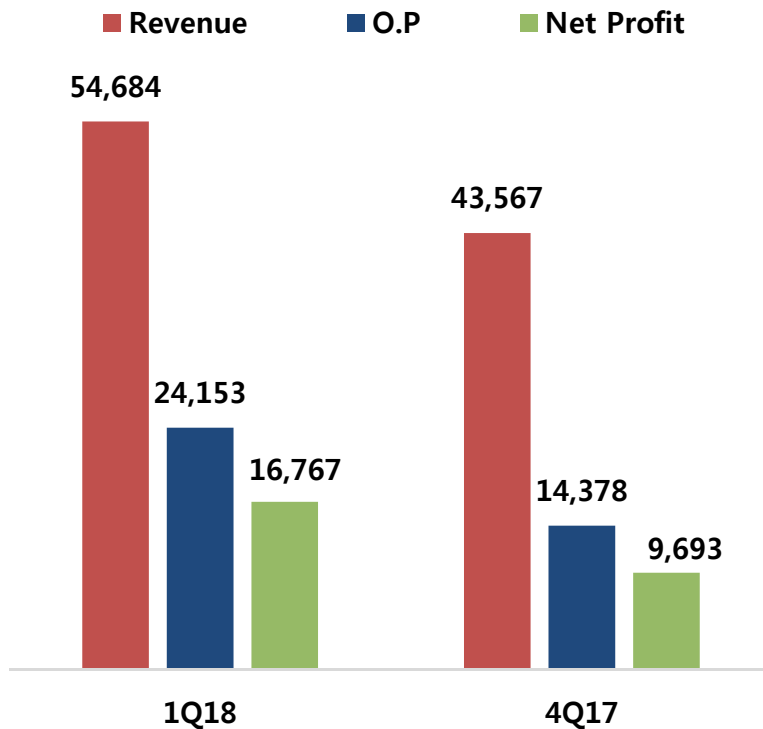
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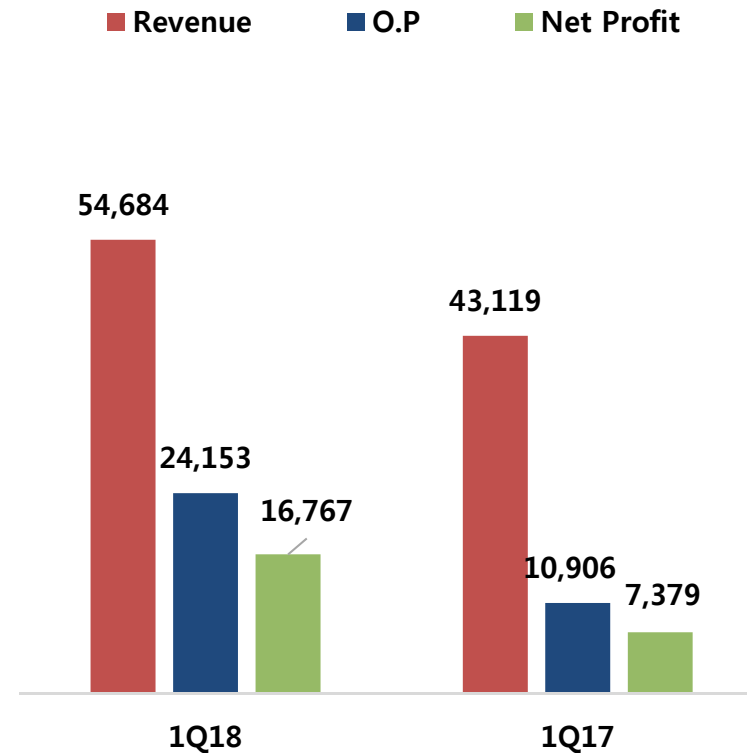
- Revenue : QoQ ↑ 26 % based on consolidated , YoY ↑ 27 % based on consolidated
- Operating Profit : QoQ ↑ 68 % based on consolidated , YoY ↑ 122 % based on consolidated
- Net Income : QoQ ↑ 73 % based on consolidated , YoY ↑ 127 % based on consolidated

(Unit : KRW million)

### QoQ(consolidated)



### YoY(consolidated)



# Sales Breakdown

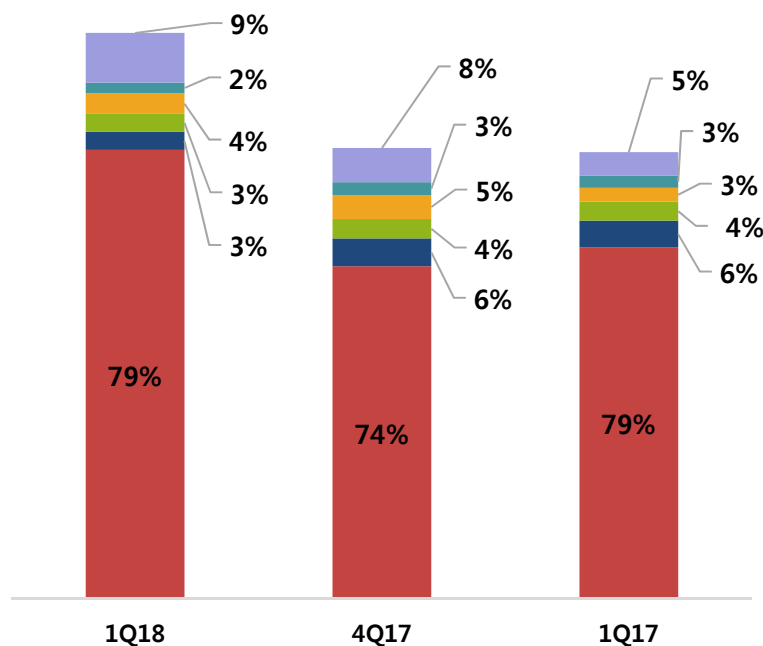
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- MU 43.3b (QoQ ↑ 35 % , YoY ↑ 28 % ) , R2 1.8b (QoQ ↓ 35% , YoY ↓ 33%)
- Shot Online 1.7b (QoQ ↓ 8% , YoY ↓ 7% ) , Metin2 2.0b (QoQ ↓ 14% , YoY ↑ 51%)
- webzen.com(Global Game Portal) 1.0b (QoQ ↓ 16% , YoY ↓ 13%)

## Sales breakdown (by products)

■ MU ■ R2 ■ Shot Online ■ Metin2 ■ webzen.com ■ Others



(Unit : KRW million)

	1Q18	4Q17	1Q17
<b>Total</b>	<b>54,644</b>	<b>43,526</b>	<b>43,119</b>
<b>MU (*)</b>	43,335	32,087	33,896
<b>R2</b>	1,750	2,689	2,599
<b>Shot Online</b>	1,732	1,879	1,853
<b>Metin2</b>	1,992	2,322	1,322
<b>Webzen.com</b>	1,035	1,237	1,193
<b>Others</b>	4,800	3,313	2,256

(\*) MU includes the sales of MU IP franchising games (such as 大天使之劍, 全民奇迹, MU Origin etc.)

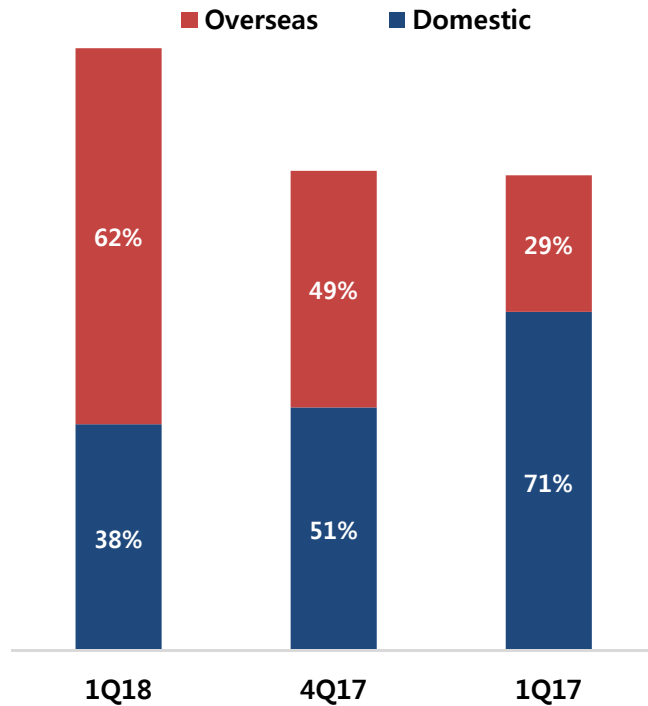
# Sales Breakdown

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- Overseas Sales : 34.1b - QoQ ↑ 59% , YoY ↑ 175%
- Domestic Sales : 20.6b - QoQ ↓ 7% , YoY ↓ 33%
- The Portion of Overseas : QoQ ↑ 13%P, YoY ↑ 33%P

## Sales breakdown (by markets)



(Unit : KRW million)

Total	1Q18	4Q17	1Q17
Domestic	54,644	43,526	43,119
Overseas	20,554	22,078	30,737
<b>Total</b>	<b>34,091</b>	<b>21,448</b>	<b>12,382</b>

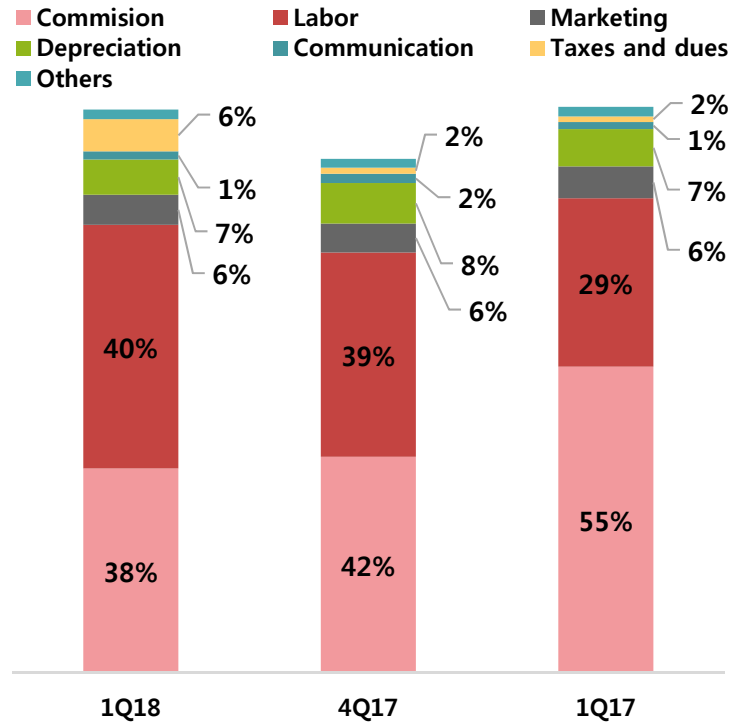
# Expenses Breakdown

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- Operating Expenses 30.5b (QoQ ↑ 5% , YoY ↓ 5%)
- Commision 11.7b (QoQ ↓ 5% , YoY ↓ 33%)
- Labor 12.2b (QoQ ↑ 7% , YoY ↑ 30 %)
- Marketing 1.7b (QoQ ↑ 4% , YoY ↓ 5%)

## Expenses Breakdown



(Unit : KRW million)

	1Q18	4Q17	1Q17
<b>Total</b>	<b>30,531</b>	<b>29,189</b>	<b>32,213</b>
<b>Commision</b>	11,740	12,409	17,594
<b>Labor</b>	12,160	11,397	9,360
<b>Marketing</b>	1,735	1,669	1,831
<b>Depreciaion</b>	2,027	2,323	2,145
<b>Communication</b>	463	536	406
<b>Taxes and dues</b>	1,850	355	326
<b>Others</b>	555	501	551



# Summary of F/S

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(Unit : KRW million)

	2018.03.31	2017.12.31
Current Assets	254,550	224,551
Non-Current Assets	93,324	98,928
<b>Total Assets</b>	<b>347,874</b>	<b>323,479</b>
Current Liabilities	45,756	40,446
Non-Current Liabilities	15,657	13,579
<b>Total Liabilities</b>	<b>61,413</b>	<b>54,024</b>
Contributed Equity	17,655	17,655
Capital Surplus for Equity	150,263	150,263
Accumulated Other Comprehensive Income for Equity	(199)	16
Elements of Other Stockholder's Equity	(43,777)	(43,777)
Retained Earnings	162,339	145,036
Non-Controlling Interests	180	261
<b>Total Equities</b>	<b>286,461</b>	<b>269,455</b>

# Summary of F/S

A Global Contents Company loved by customers



(Unit : KRW million)

	1Q18	4Q17	1Q17
Revenue	54,684	43,567	43,119
Revenue(Game Service)	54,644	43,526	43,119
Other Income	39	41	0
Operating Expense	30,531	29,189	32,213
Operating Profit (Loss)	24,153	14,378	10,906
Profit (Loss) Before Tax	25,057	13,481	10,872
Corporate Tax	8,290	3,788	3,493
Profit (Loss)	16,767	9,693	7,379
Other comprehensive income	302	(628)	(518)
Total comprehensive income	17,069	9,064	6,861

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**Thank you**