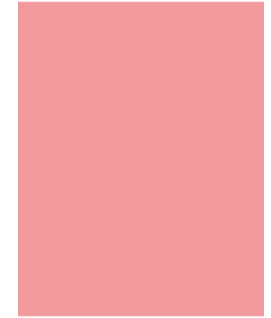


# 3Q16 Earnings Release



2016.11.04

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.

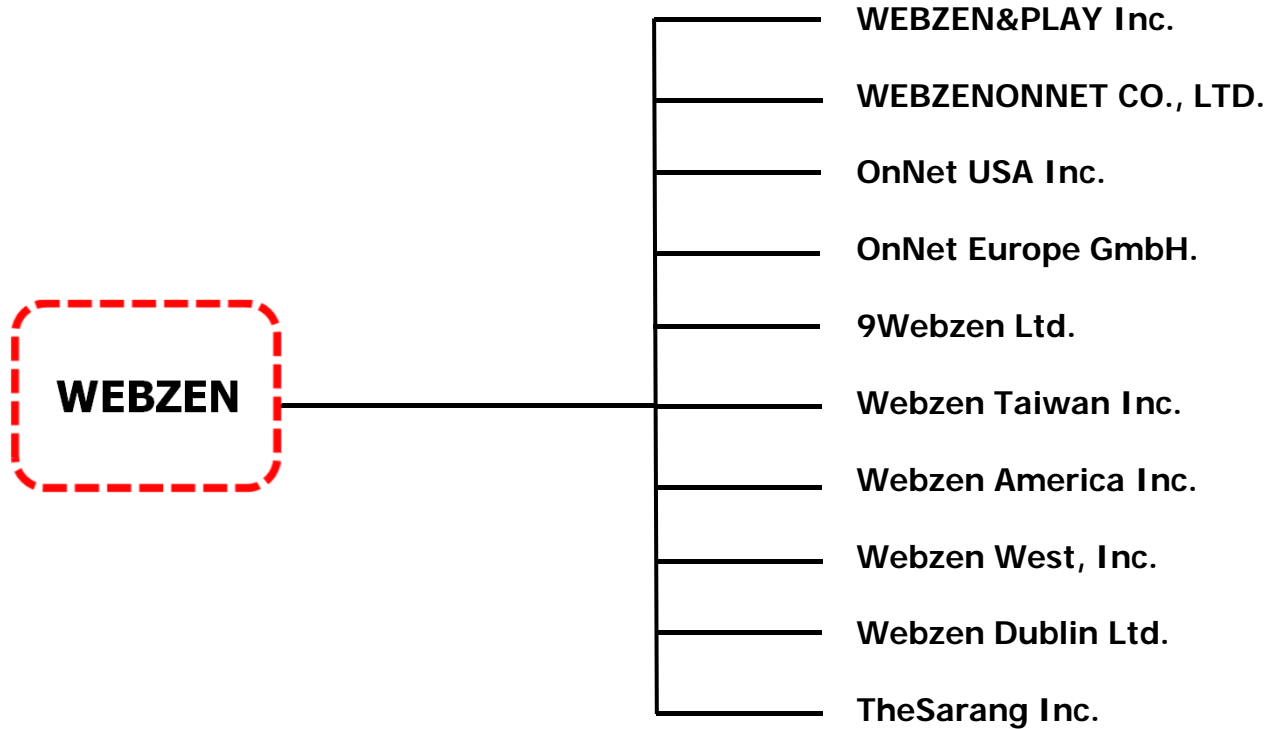
WEBZEN disclaims any duty to update the information in this material to reflect future events or circumstances.

# Consolidated Corporations

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The followings are the subsidiaries of Webzen Inc.



# Summary of Financial Results

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## [Consolidated]

(Unit : KRW million)

	3Q16	2Q16	QoQ	3Q15	YoY
Revenue	48,631	53,873	-10%	78,222	-38%
Revenue on Game Services	48,626	53,867	-10%	78,171	-38%
Other Revenue	6	6	0%	52	-89%
Operating Expenses	38,711	39,212	-1%	49,267	-21%
Operating Profit	9,920	14,661	-32%	28,955	-66%
Income before tax	10,975	14,787	-26%	22,283	-51%
Income tax expenses	3,160	3,502	-10%	(4,199)	-175%
Net Income	7,815	11,285	-31%	26,482	-70%

# Result Analysis

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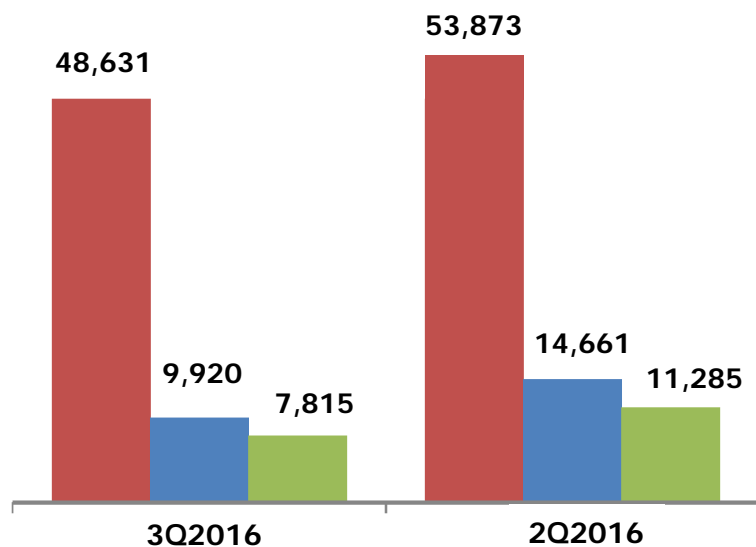


- ▶ Revenue 48.6b - QoQ ↓ 10% , YoY ↓ 38% based on consolidated
- ▶ Operating Profit 9.9b - QoQ ↓ 32% , YoY ↓ 66% based on consolidated
- ▶ Net Income 7.8b - QoQ ↓ 31% , YoY ↓ 70% based on consolidated

## QoQ(Consoliated)

Revenue O.P. N.I.

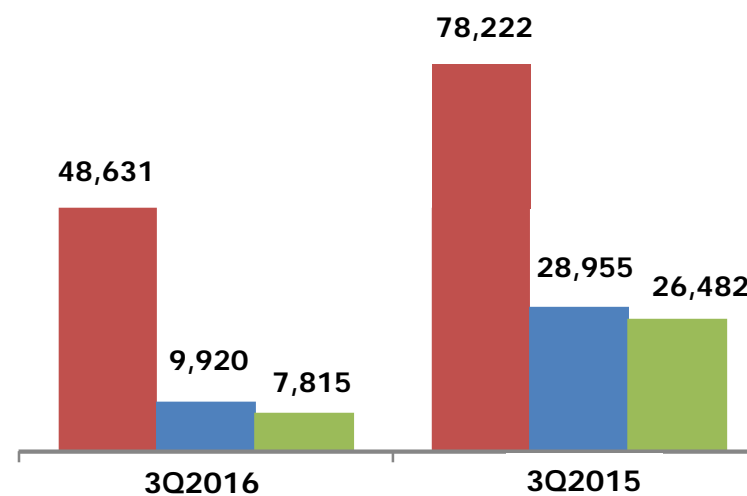
(Unit : KRW million)



## YoY(Consoliated)

Revenue O.P. N.I.

(Unit : KRW million)



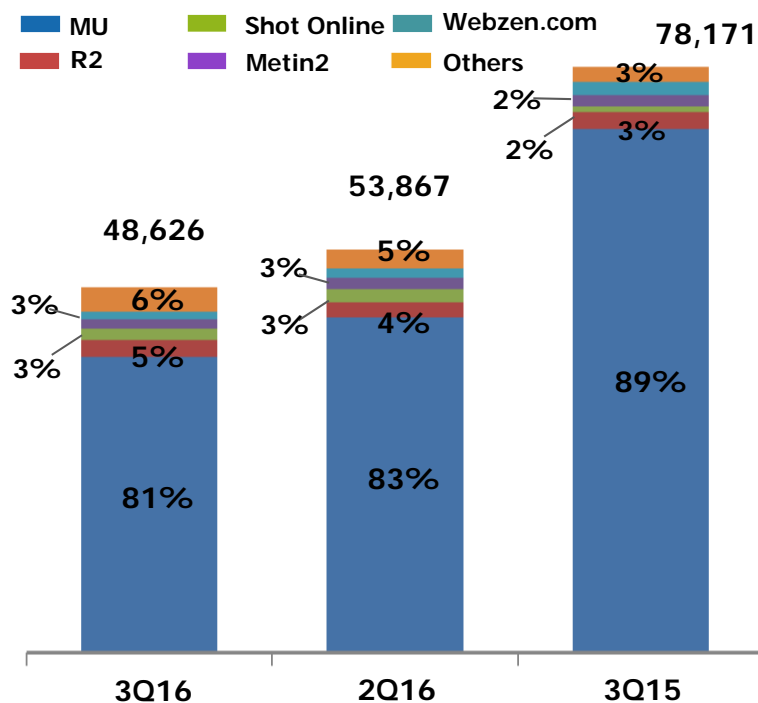
# Sales Breakdown

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- ▶ MU 39.4b - QoQ ↓ 12% , QoQ ↓ 44% based on consolidated
- ▶ R2 2.2b - QoQ ↑ 14% , YoY ↑ 7% based on consolidated
- ▶ Metin2 1.3b - QoQ ↓ 11% , QoQ ↓ 13% based on consolidated
- ▶ webzen.com 1.1b - QoQ ↓ 13% , QoQ ↓ 33% based on consolidated

## Sales breakdown (by products)



(Unit : KRW million)

	3Q16	2Q16	3Q15
<b>Total</b>	<b>48,626</b>	<b>53,867</b>	<b>78,171</b>
MU (*)	39,365	44,647	69,902
R2	2,249	1,970	2,101
Shot Online	1,478	1,850	951
Metin2	1,299	1,453	1,493
Webzen.com	1,108	1,269	1,661
Others	3,128	2,679	2,063

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

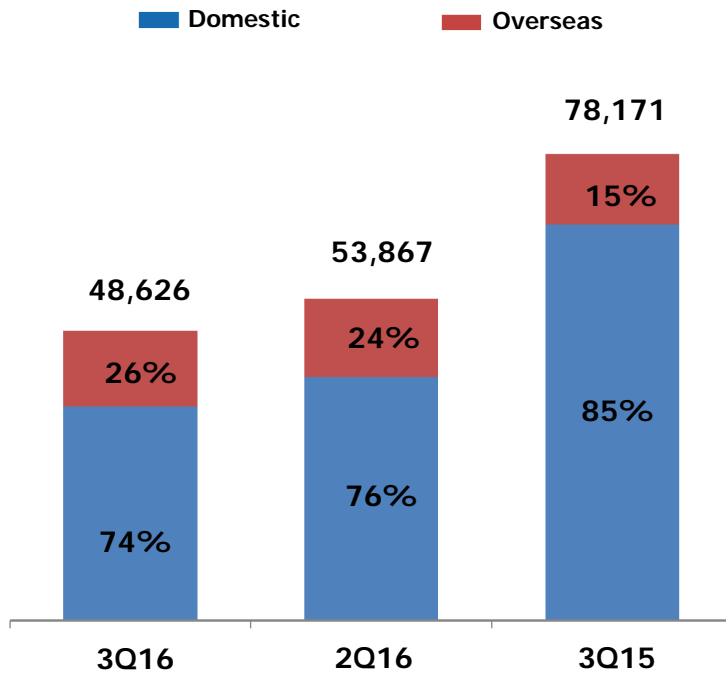
# Sales Breakdown

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- ▶ Overseas Sales 12.8b - QoQ ↓ 2% , YoY ↑ 9% based on consolidated
- ▶ Domestic Sales 35.8b - QoQ ↓ 12% , YoY ↓ 46% based on consolidated
- ▶ Portion of Overseas 26% - QoQ ↑ 2%P , YoY ↑ 11%P based on consolidated

## Sales breakdown (by markets)



(Unit : KRW million)

	3Q16	2Q16	3Q15
<b>Total</b>	<b>48,626</b>	<b>53,867</b>	<b>78,171</b>
Domestic	35,794	40,836	66,355
Overseas	12,832	13,031	11,815

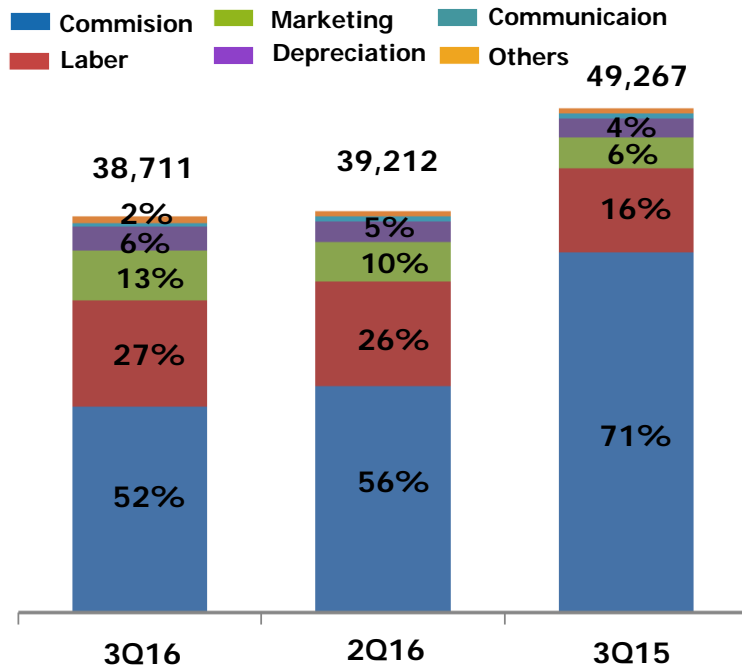
# Expenses Breakdown

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- ▶ Operating Expenses 38.7b - QoQ ↓ 1% , YoY ↓ 21% based on consolidated
- ▶ Commission 20.2b - QoQ ↓ 8% , YoY ↓ 43% based on consolidated
- ▶ Labor 10.3b - QoQ ↓ 1% , YoY ↑ 26% based on consolidated
- ▶ Marketing 5.0b - QoQ ↑ 31% , YoY ↑ 65% based on consolidated

## Expenses Breakdown



(Unit : KRW million)

	3Q16	2Q16	3Q15
<b>Total</b>	<b>38,711</b>	<b>39,212</b>	<b>49,267</b>
Commission	20,164	22,031	35,225
Labor	10,261	10,350	8,125
Marketing	5,002	3,823	3,030
Depreciation	2,243	2,021	1,849
Communication	428	452	508
Others	614	534	529



# Summary of F/S

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## [Consolidated]

(Unit : KRW million)

	2016.09.30	2015.12.31
Current Assets	180,758	171,985
Non-Current Assets	103,522	105,676
<b>Total Assets</b>	<b>284,280</b>	<b>277,662</b>
Current Liabilities	46,500	67,864
Non-Current Liabilities	10,294	8,936
<b>Total Liabilities</b>	<b>56,794</b>	<b>76,801</b>
Contributed Equity	17,655	17,655
Capital Surplus for Equity	150,212	150,212
Accumulated Other Comprehensive Income for Equity	(227)	(399)
Elements of Other Stockholder's Equity	(43,371)	(38,365)
Retained Earnings	102,464	70,744
Non-Controlling Interests	754	1,015
<b>Total Equities</b>	<b>227,486</b>	<b>200,861</b>

# Summary of F/S

A Global Contents Company loved by customers



## [Consolidated]

(Unit : KRW million)

	3Q16	2Q16	3Q15
Revenue	48,631	53,873	78,222
Revenue on Online-Game Service	48,626	53,867	78,171
Other Revenue	6	6	52
Operating Expense	38,711	39,212	49,267
Operating Profit (Loss)	9,920	14,661	28,955
Profit (Loss) Before Tax	10,975	14,787	22,283
Corporate Tax	3,160	3,502	(4,199)
Profit (Loss)	7,815	11,285	26,482
Revenue	(345)	97	(749)
Revenue on Online-Game Service	7,470	11,382	25,732

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**Thank you**