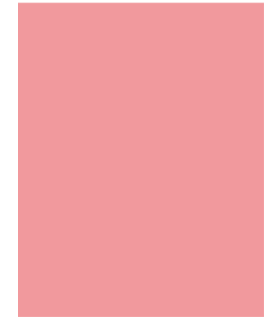


**3Q18**

**Earnings Release**



**2018.11.09**

**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.

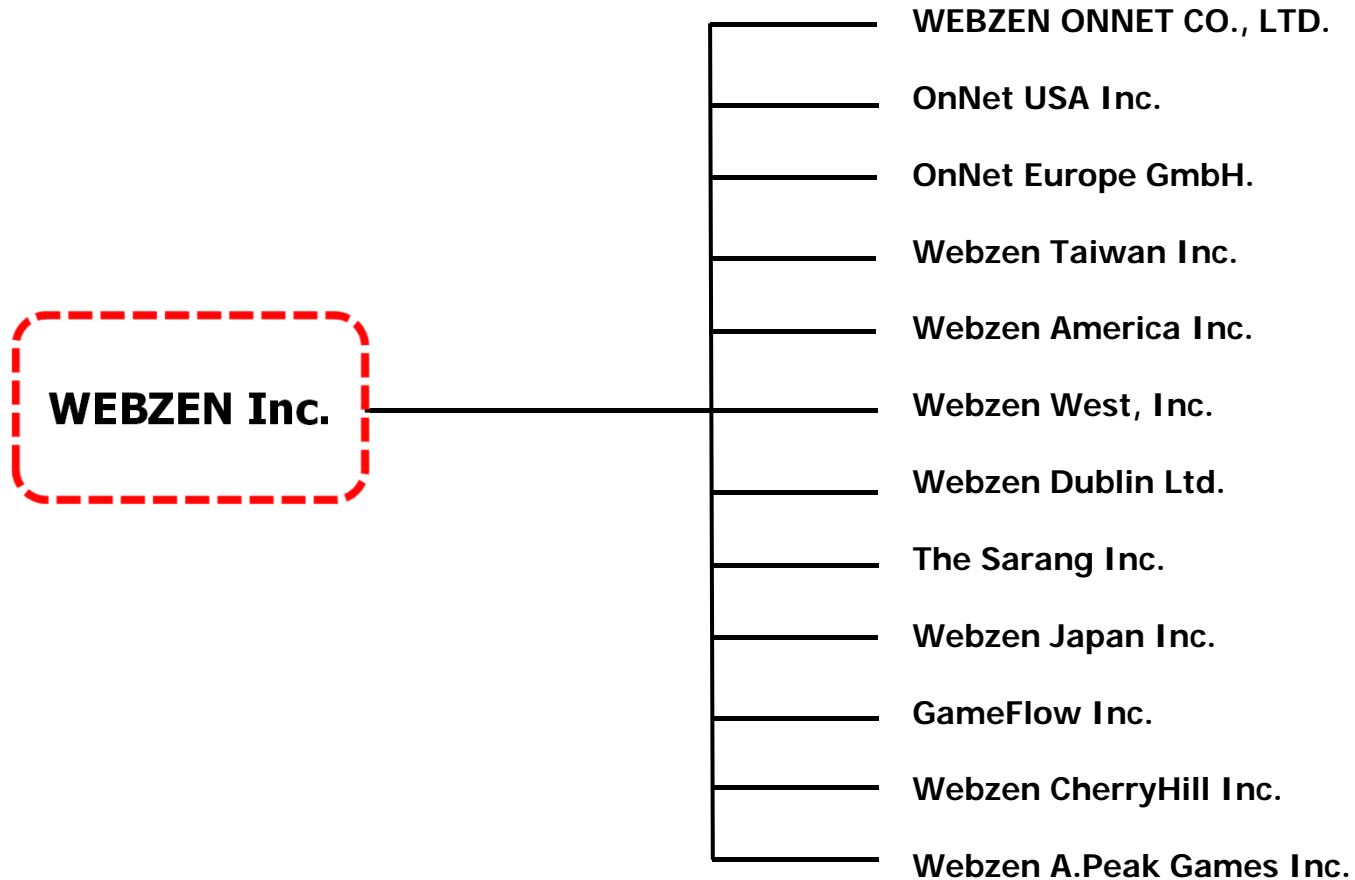
WEBZEN disclaims any duty to update the information in this material to reflect future events or circumstances.

# Consolidated Corporations

A Global Contents Company loved by customers



The followings are the subsidiaries of Webzen Inc.



# 3Q18 Result Analysis

# Summary of Financial Results

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(Unit : KRW million)

	3Q18	2Q18	QoQ	3Q17	YoY
<b>Revenue</b>	<b>63,930</b>	<b>48,913</b>	<b>31%</b>	<b>35,838</b>	<b>78%</b>
Game Sales	63,370	48,869	30%	35,793	77%
Others	560	44	1185%	45	1146%
Operating Expenses	43,988	36,044	22%	28,312	55%
<b>Operating Profit</b>	<b>19,941</b>	<b>12,869</b>	<b>55%</b>	<b>7,526</b>	<b>165%</b>
Income before tax	20,933	15,152	38%	8,295	152%
Income tax expenses	5,540	2,701	105%	5,452	2%
<b>Net Income</b>	<b>15,393</b>	<b>12,451</b>	<b>24%</b>	<b>2,843</b>	<b>441%</b>
Total comprehensive income	15,343	12,269	25%	3,226	376%

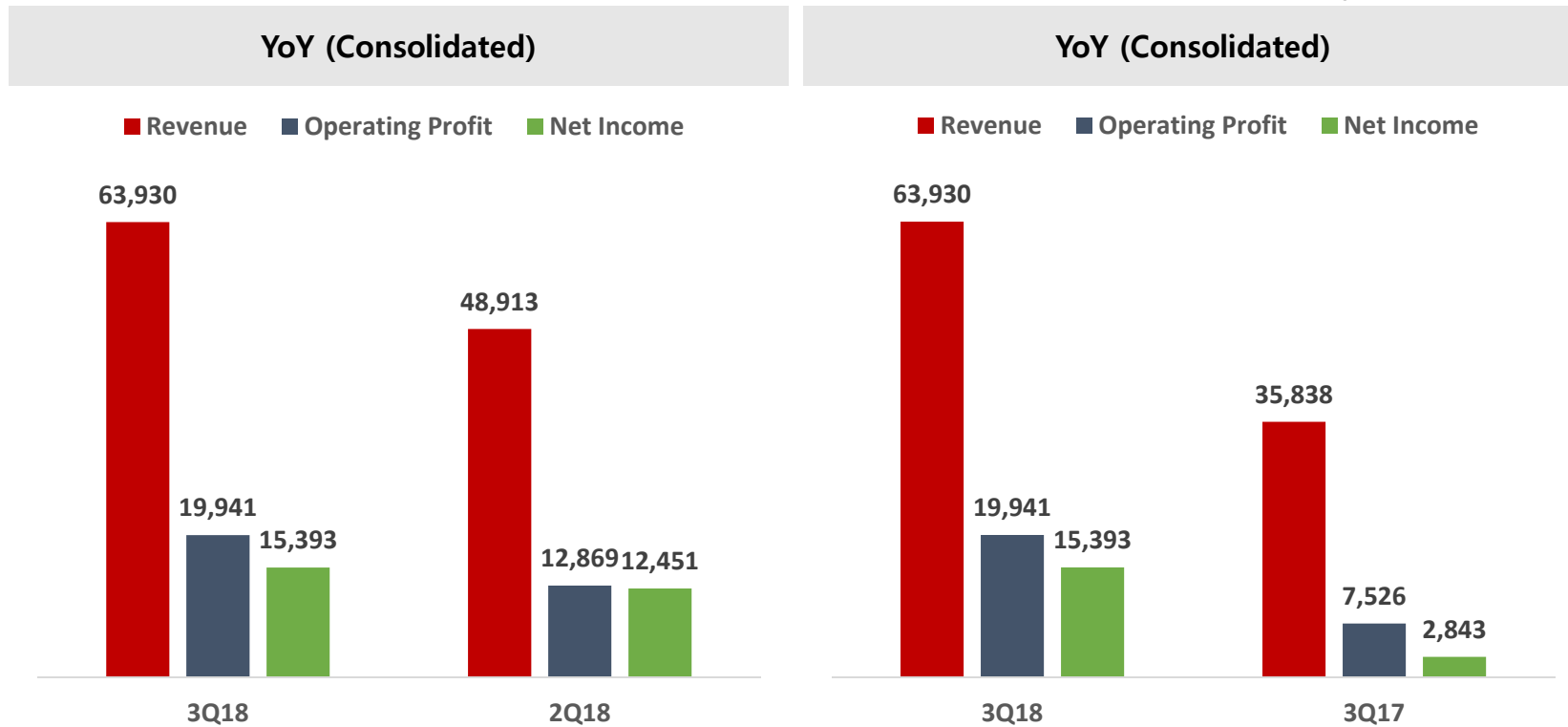
# Result Analysis (Consolidated)

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- ▷ Revenue 63.9b (QoQ ↑ 31%, YoY ↑ 78% based on consolidated)
- ▷ Operating Profit 19.9b (QoQ ↑ 55%, YoY ↑ 165% based on consolidated)
- ▷ Net Income 15.4b (QoQ ↑ 24%, YoY ↑ 441% based on consolidated)

(Unit : KRW million)



# Sales Breakdown (Consolidated)

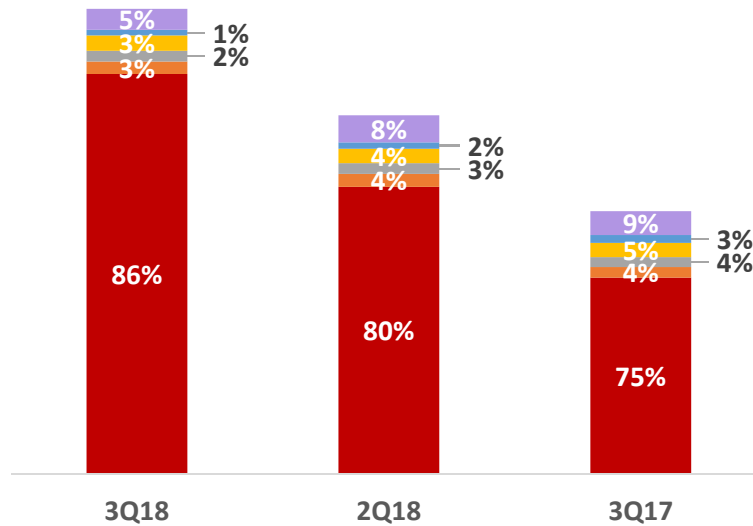
A Global Contents Company loved by customers



- ▷ Total Revenue on Game Services 63.4b (QoQ ↑ 30%, YoY ↑ 77% based on consolidated)
  - MU 54.5b (QoQ ↑ 39%, YoY ↑ 104% based on consolidated)
  - R2 1.7b (QoQ ↓ 4%, YoY ↑ 19% based on consolidated)
  - Metin2 2.1b (QoQ ↑ 7%, YoY ↑ 7% based on consolidated)

## Sales breakdown (by products)

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



(Unit : KRW million)

	3Q18	2Q18	3Q17
<b>Total</b>	<b>63,370</b>	<b>48,869</b>	<b>35,793</b>
<b>MU(*)</b>	54,489	39,119	26,749
<b>R2</b>	1,697	1,762	1,427
<b>Shot Online</b>	1,480	1,462	1,351
<b>Metin2</b>	2,088	1,958	1,954
<b>Webzen.com</b>	758	878	1,065
<b>Others</b>	2,858	3,690	3,246

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

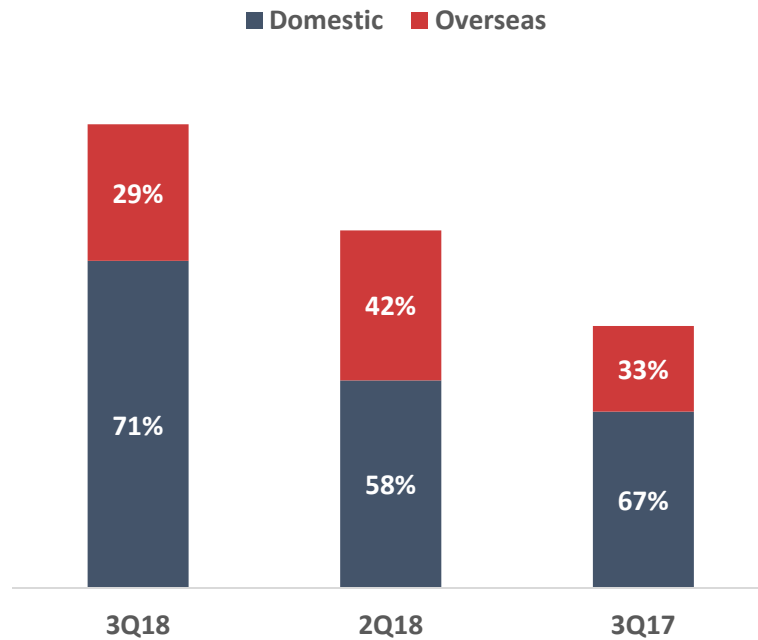
# Sales Breakdown (Consolidated)

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- ▷ Domestic Sales : 44.7b (QoQ ↑ 58%, YoY ↑ 85% based on consolidated)
- ▷ Overseas Sales : 18.7b (QoQ ↓ 9%, YoY ↑ 60% based on consolidated)
- ▷ Portion of Domestic : QoQ ↑ 13%p, YoY ↑ 4%p based on consolidated

Sales breakdown (by markets)



(Unit : KRW million)

	3Q18	2Q18	3Q17
<b>Total</b>	<b>63,370</b>	<b>48,869</b>	<b>35,793</b>
Domestic	44,697	28,364	24,100
Overseas	18,673	20,505	11,693



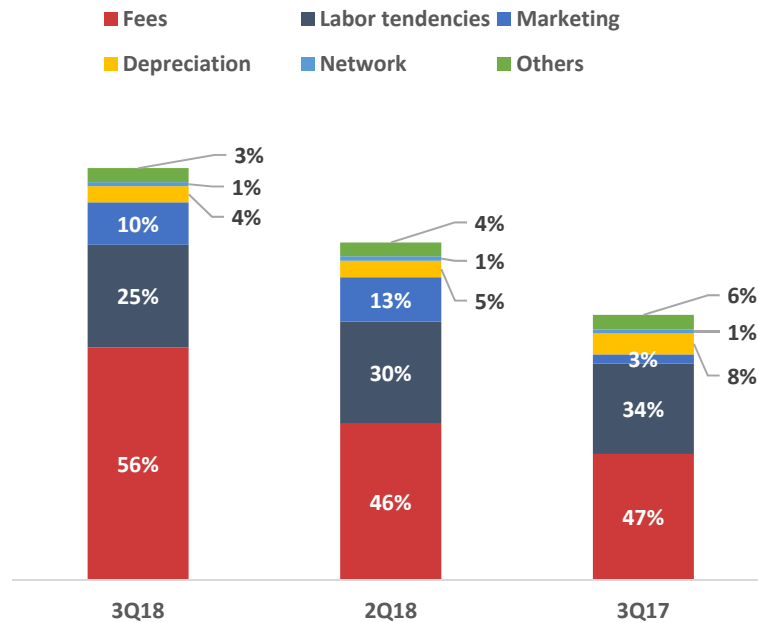
# Expenses Breakdown (Consolidated)

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- ▷ Operating Expenses 44.0b (QoQ ↑ 22%, YoY ↑ 55% based on consolidated)
  - Commission 24.8b (QoQ ↑ 49%, YoY ↑ 85% based on consolidated)
  - Labor tendencies 11.0b (QoQ ↑ 0.5%, YoY ↑ 14% based on consolidated)
  - Marketing 4.5b (QoQ ↓ 4%, YoY ↑ 368% based on consolidated)

## Expenses Breakdown (by nature)



(Unit : KRW million)

	3Q18	2Q18	3Q17
<b>Total</b>	<b>43,989</b>	<b>36,044</b>	<b>28,312</b>
Fees	24,819	16,652	13,443
Labor	10,984	10,930	9,664
Marketing	4,536	4,739	970
Depreciation	1,720	1,765	2,248
Network	423	481	401
Others	1,507	1,477	1,586

# Summary of F/S (Consolidated)

A Global Contents Company loved by customers



(Unit : KRW million)

	2018.09.30	2017.12.31
Current Assets	267,132	224,551
Non-Current Assets	115,551	98,928
<b>Total Assets</b>	<b>382,683</b>	<b>323,479</b>
Current Liabilities	56,609	40,446
Non-Current Liabilities	16,346	13,579
<b>Total Liabilities</b>	<b>72,955</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	(417)	16
Elements of Other Stockholder's Equity	(48,122)	(43,777)
Retained Earnings	190,248	145,036
Non-Controlling Interests	101	261
<b>Total Equities</b>	<b>309,728</b>	<b>269,455</b>

# Summary of F/S (Consolidated)

A Global Contents Company loved by customers



(Unit : KRW million)

	3Q18	2Q18	3Q17
<b>Revenue</b>	<b>63,930</b>	<b>48,913</b>	<b>35,838</b>
Game Sales	63,370	48,869	35,793
Others	560	44	45
Operating Expense	43,988	36,044	28,312
<b>Operating Profit (Loss)</b>	<b>19,941</b>	<b>12,869</b>	<b>7,526</b>
Profit (Loss) Before Tax	20,933	15,152	8,295
Corporate Tax	5,540	2,701	5,452
<b>Profit (Loss)</b>	<b>15,393</b>	<b>12,451</b>	<b>2,843</b>
Other comprehensive income	(49)	(182)	383
<b>Total comprehensive income</b>	<b>15,343</b>	<b>12,269</b>	<b>3,226</b>
Controlling interests	15,378	12,314	3,298
Non-controlling interests	(34)	(45)	(72)

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**Thank you**