

1H16

Earnings Release

2016.08.05

Webzen Inc.

Disclaimer

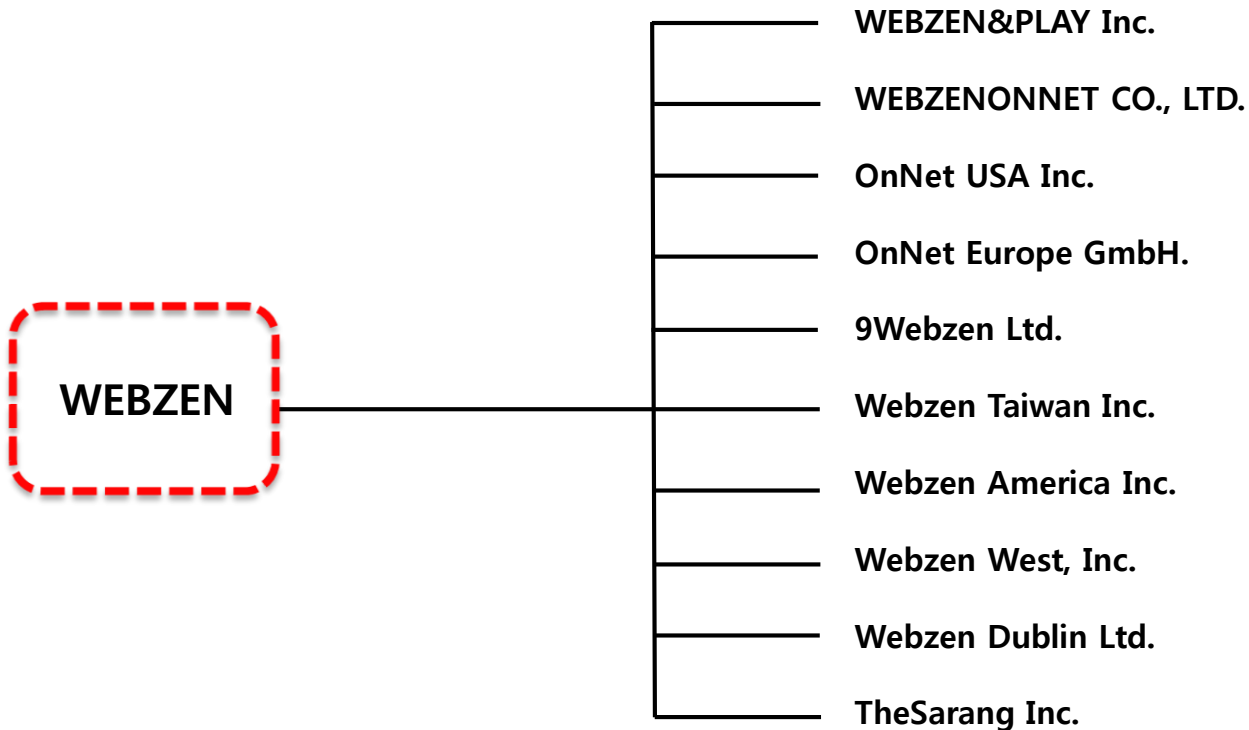
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There can be no assurance that the forward-looking statements used by WEBZEN are correct as results can differ from expectations.

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

A Global Contents Company loved by customers



[Consolidated]

(Unit : KRW million)

	1H2016	1H2015	YoY	G/R
Revenue	113,918	91,927	21,992	23.9%
Revenue on Game Services	113,873	91,794	22,079	24.1%
Other Revenue	45	133	(88)	-66.1%
Operating Expenses	82,224	60,481	21,742	35.9%
Operating Profit	31,695	31,446	249	0.8%
Income before tax	32,095	32,662	(568)	-1.7%
Income tax expenses	8,465	3,517	4,948	140.7%
Net Income	23,630	29,145	(5,516)	-18.9%
Total comprehensive income	24,162	28,811	(4,649)	-16.1%

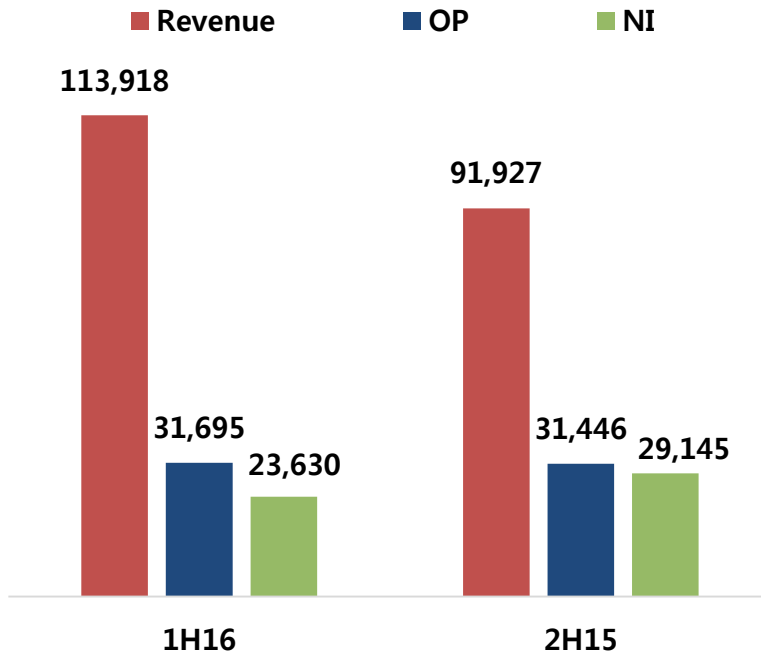
Result Analysis (Consolidated)

A Global Contents Company loved by customers



- ▶ Revenue 113.9b (YoY ↑ 24%)
- ▶ Operating Profit 31.7b (YoY ↑ 1%)
- ▶ Net Income 23.6b (YoY ↓ 19%)

YoY (Consolidated)



(Unit : KRW million)

	1H16	1H15	YoY
Revenue	113,918	91,927	23.9%
Operating Profit	31,695	31,446	0.8%
Net Income	23,630	29,145	-18.9%

Sales Breakdown (Consolidated)

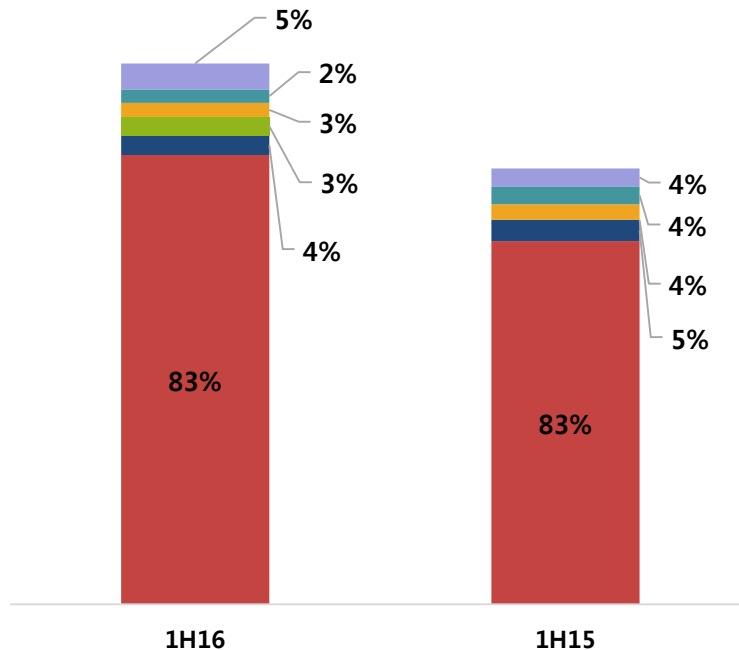
A Global Contents Company loved by customers



- ▶ Total Revenue on Game Services 113.9b (YoY ↑ 24%)
- ▶ MU 94.6b (YoY ↑ 24%) , R2 4.2b (YoY ↓ 7%)
- ▶ Metin2 3.0b (YoY ↓ 8%) , Webzen.com 2.8b (YoY ↓ 26%)

Sales breakdown (by products)

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



(Unit : KRW million)

	1H16	1H15	YoY
Total	113,873	91,794	24%
MU(*)	94,588	76,465	24%
R2	4,203	4,536	-7%
Shot Online(**)	3,834	-	-
Metin2	3,004	3,251	-8%
Webzen.com	2,805	3,780	-26%
Others	5,440	3,762	45%

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

(*) MU : serviced since April, 2015

(**) Shot Online : developed by Webzen OnNet(acquired Sep, 2015)

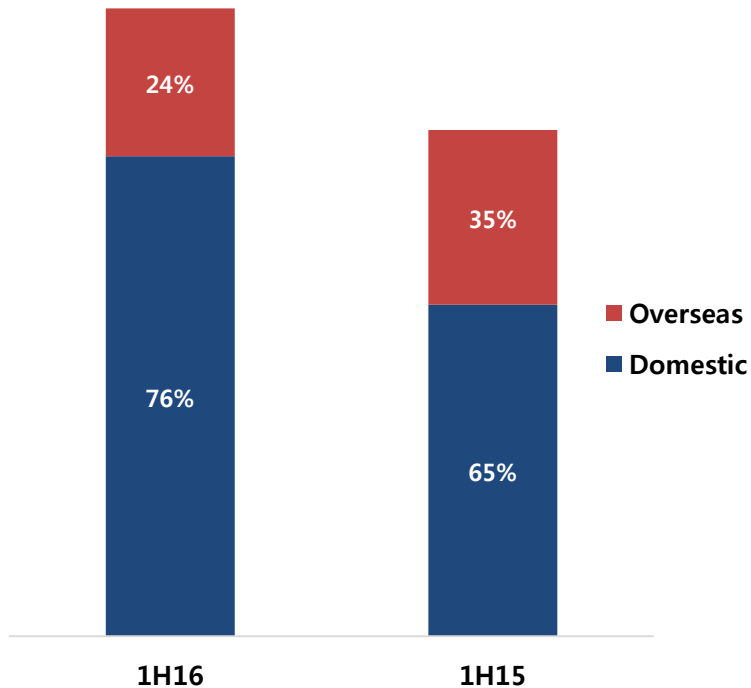
Sales Breakdown (Consolidated)

A Global Contents Company loved by customers



- ▷ Domestic Sales : 87.0b (YoY ↑ 45%)
- ▷ Overseas Sales : 26.8b (YoY ↓ 15%)
- ▷ Portion of Domestic : YoY ↑ 11%P

Sales breakdown (by markets)



(Unit : KRW million)

	1H16	1H15	YoY
Total	113,873	91,794	24%
Domestic	87,040	60,086	45%
Overseas	26,834	31,708	-15%

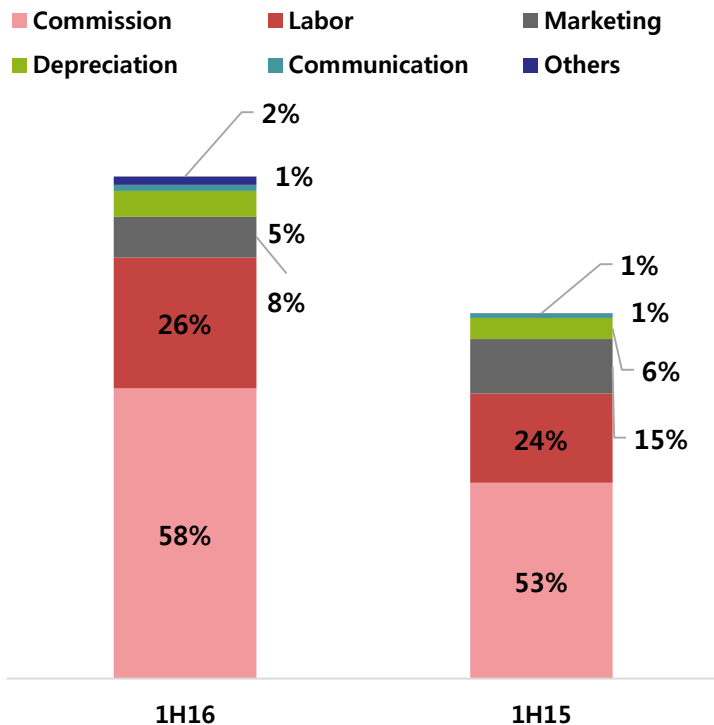
Expenses Breakdown (Consolidated)

A Global Contents Company loved by customers



- ▷ Operating Expenses 82.2b (YoY ↑ 36%)
- ▷ Commission 47.6b (YoY ↑ 48%)
- ▷ Labor 21.4b (YoY ↑ 47%)
- ▷ Marketing 6.6b (YoY ↓ 25%)

Expenses Breakdown (by nature)



(Unit : KRW million)

	1H16	1H15	YoY
Total	82,224	60,481	36%
Commission	47,550	32,093	48%
Labor	21,438	14,624	47%
Marketing	6,659	8,899	-25%
Depreciation	4,258	3,478	22%
Communication	958	703	36%
Others	1,361	684	99%

2Q16 Result Analysis

Summary of Financial Results

고객에게 사랑 받는 세계적인 게임 콘텐츠 기업



(Unit : KRW million)

	2Q16	1Q16	QoQ	2Q15	YoY
Revenue	53,873	60,046	-10.3%	71,295	-24.4%
Revenue on Online-Game Service	53,867	60,006	-10.2%	71,231	-24.4%
Other Revenue	6	39	-84.6%	65	-90.8%
Operating Expense	39,212	43,011	-8.8%	47,773	-17.9%
Operating Profit (Loss)	14,661	17,034	-13.9%	23,522	-37.7%
Profit (Loss) Before Tax	14,787	17,307	-14.6%	23,150	-36.1%
Corporate Tax	3,502	4,963	-29.4%	1,401	150.0%
Profit (Loss)	11,285	12,344	-8.6%	21,750	-48.1%
Total comprehensive income	11,382	12,780	-10.9%	21,917	-48.1%

Result Analysis (Consolidated)

A Global Contents Company loved by customers

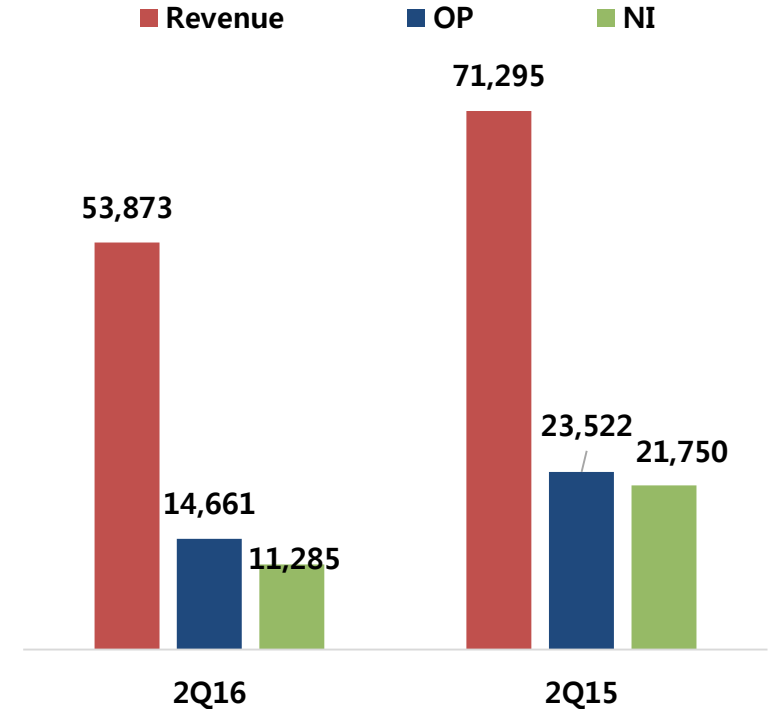
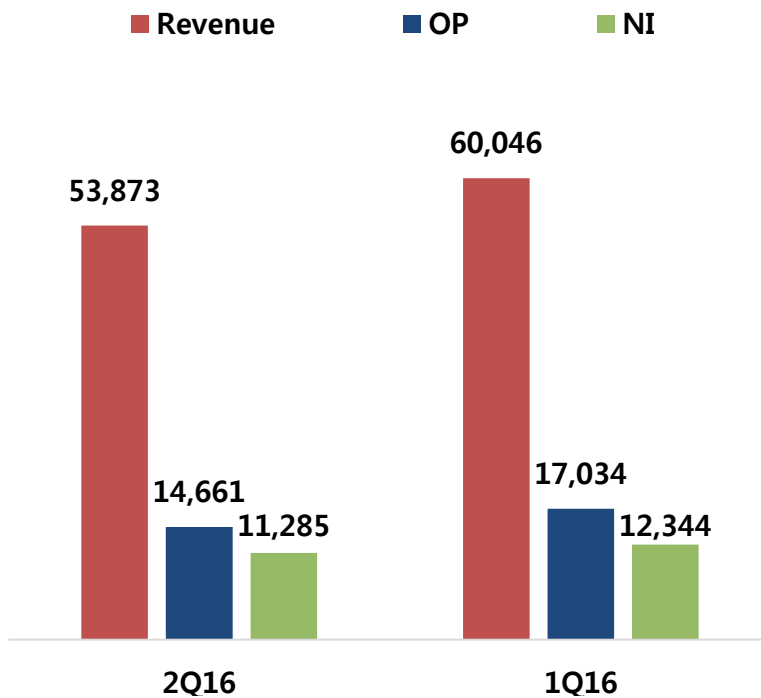


- ▶ Revenue 53.9b (QoQ ↓ 10% , YoY ↓ 24%)
- ▶ Operating Profit 14.7b (QoQ ↓ 14% , YoY ↓ 38%)
- ▶ Net Income 11.3b (QoQ ↓ 9% , YoY ↓ 47%)

QoQ

YoY

(Unit : KRW million)



Sales Breakdown (Consolidated)

A Global Contents Company loved by customers

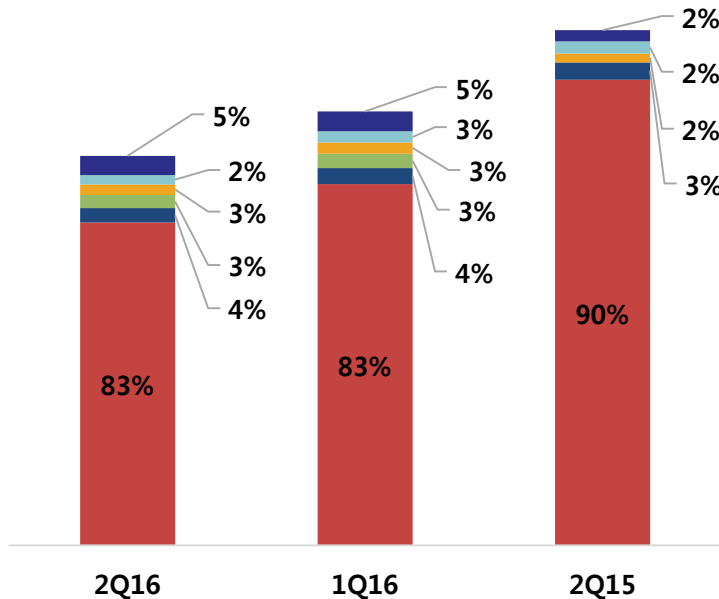


- ▶ Total Revenue on Game Services 53.9b (QoQ ↓ 10% , YoY ↓ 24%)
- ▶ MU 44.6b (QoQ ↓ 11% , YoY ↓ 31%) , R2 2.0b (QoQ ↓ 12% , YoY ↓ 16%)
- ▶ Metin2 1.5b (QoQ ↓ 6% , YoY ↑ 15%) , Webzen.com 1.3b (QoQ ↓ 17% , YoY ↓ 25%)

Sales breakdown (by products)

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

(Unit : KRW million)



	2Q16	1Q16	2Q15
Total	53,867	60,006	71,231
MU(*)	44,647	49,941	64,397
R2	1,970	2,233	2,353
Shot Online(**)	1,850	1,984	-
Metin2	1,453	1,551	1,264
Webzen.com	1,269	1,536	1,699
Others	2,679	2,761	1,518

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

(*) MU : serviced since April, 2015

(**) Shot Online : developed by Webzen OnNet(acquired Sep, 2015)

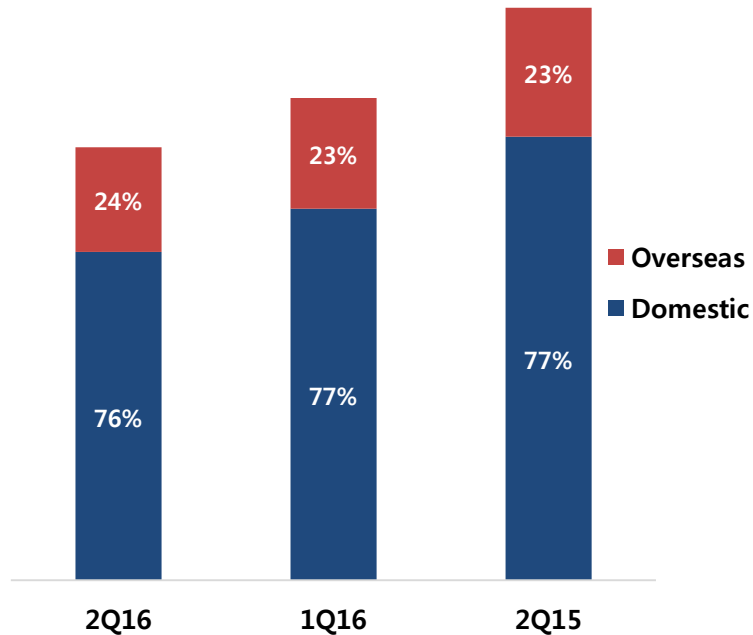
Sales Breakdown (Consolidated)

A Global Contents Company loved by customers



- ▷ Domestic Sales : 40.8b (QoQ ↓ 12% , YoY ↓ 26%)
- ▷ Overseas Sales : 13.0b (QoQ ↓ 6% , YoY ↓ 19%)
- ▷ Portion of Domestic : QoQ ↓ 1%P , YoY ↓ 1%P

Sales breakdown (by markets)



(Unit : KRW million)

	2Q16	1Q16	2Q15
Total	53,867	60,006	71,231
Domestic	40,836	46,203	55,187
Overseas	13,031	13,803	16,044

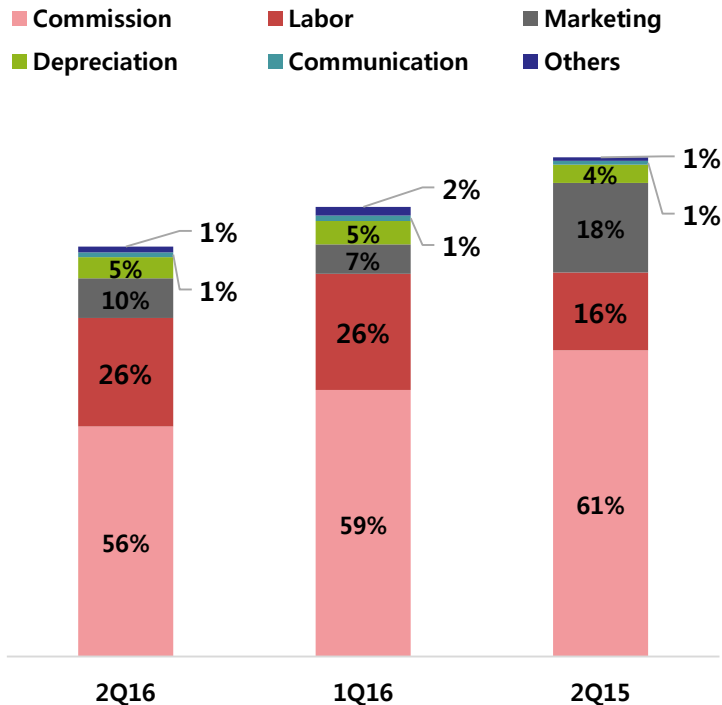
Expenses Breakdown (Consolidated)

A Global Contents Company loved by customers



- ▶ Operating Expenses 39.2b (QoQ ↓ 9% , YoY ↓ 18%)
- ▶ Commission 22.0b (QoQ ↓ 14% , YoY ↓ 25%)
- ▶ Labor 10.3b (QoQ ↓ 7% , YoY ↑ 39%)
- ▶ Marketing 3.8b (QoQ ↑ 35% , YoY ↓ 55%)

Expenses Breakdown (by nature)



(Unit : KRW million)

	2Q16	1Q16	2Q15
Total	39,212	43,011	47,773
Commission	22,031	25,519	29,303
Labor	10,350	11,088	7,437
Marketing	3,823	2,835	8,571
Depreciation	2,021	2,237	1,744
Communication	452	506	355
Others	534	827	364

Summary of F/S(Consolidated)

고객에게 사랑 받는 세계적인 게임 콘텐츠 기업



(Unit : KRW million)

	2016.06.30	2015.12.31
Current Assets	177,507	171,985
Non-Current Assets	108,160	105,676
Total Assets	285,667	277,662
Current Liabilities	50,358	67,864
Non-Current Liabilities	10,286	8,936
Total Liabilities	60,644	76,801
Contributed Equity	17,655	17,655
Capital Surplus for Equity	150,212	150,212
Accumulated Other Comprehensive Income for Equity	149	(399)
Elements of Other Stockholder's Equity	(38,365)	(38,365)
Retained Earnings	94,571	70,744
Non-Controlling Interests	801	1,015
Total Equities	225,023	200,861

Summary of F/S(Consolidated)

고객에게 사랑 받는 세계적인 게임 콘텐츠 기업



(Unit : KRW million)

	FY2016		FY2015	
	2Q16	1H16	2Q15	1H15
Revenue	53,873	113,918	71,295	91,927
Revenue on Online-Game Service	53,867	113,873	71,231	91,794
Other Revenue	6	45	65	133
Operating Expense	39,212	82,224	47,773	60,481
Operating Profit (Loss)	14,661	31,695	23,522	31,446
Profit (Loss) Before Tax	14,787	32,095	23,150	32,662
Corporate Tax	3,502	8,465	1,401	3,517
Profit (Loss)	11,285	23,630	21,750	29,145
Total comprehensive income	11,382	24,162	21,917	28,811

Thank you