

WEMADE

1Q FY2022 Earnings Results

INVESTOR RELATIONS

2022. 5. 11.

Disclaimer

The financial information of this Presentation is the sales performance of Wemade Co., Ltd. (the "Company"), prepared in accordance with the standards of the K-IFRS. The result of 1Q 2022 is provided as a reference for the convenience of the investors, and without the completion of the external auditor's review, it is subject to any changes resulting from the accounting audit process and the instructions of the Financial Services Commission.

This document contains forward-looking statements regarding the financial situation, operation, sales performance, senior management's plan, and goals for the Company and its subsidiaries subject to consolidation. Such forward-looking statements include "predictive information" about the future. It is subject to change pending any unknown risks, uncertainties, or other factors which may impact the actual performance results of the Company.

This document has been prepared based on the current information available. Please be advised that the Company is not liable to update on any new piece of information or any future event which may cause any change of any nature in any public manner, and that there may also be significant differences from the Company's actual performance results in the future.

● Wemade (Consolidated)

Wemade Max Co., Ltd., Wemade XR Co., Ltd., Wemade Next Co., Ltd., Wemade M Co., Ltd., Wemade Plus Co., Ltd., ChuanQi IP Co., Ltd., Wemade Play Co., Ltd. (formerly Sunday Toz Co., Ltd.), LightCONN Co., Ltd., Joystudio Co., Ltd., Wemade Connect Co., Ltd., Wemade IF Co., Ltd., LIKEIT Games Co., Ltd., CaiShenChuanQi Co., Ltd., Wemade Innovation Co., Ltd., Wemade Entertainment USA, Inc., Wemade Online Co., Ltd., Wemade Science Technology (Yinchuan) Co., Ltd., WeRise Limited., WEMADE HONG KONG LIMITED, Wemade Entertainment Digital Technology Shanghai Co., Ltd., Beijing Wemade IP Service Co., LTD., Wemix Pte. Ltd., PGS-CNCI Korea New Technology Business Investment Fund No. 1, Shanghai Werise Network Technology Co., Ltd., Krypton Company Co., Ltd., Flysher Co., Ltd., Play Links Co., Ltd., Play Toz Co., Ltd., Play Magical Co., Ltd.

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1. Key Results and Plans

1Q 2022 Results

New games on WEMIX platform	<ul style="list-style-type: none"> Two new blockchain games released: <Rise of Stars>, <Gunship Battle: Crypto Conflict>
WEMIX Platform expanded: Exchange listing and participation in GDC	<ul style="list-style-type: none"> Additionally listed on one domestic exchange (Upbit) and six overseas exchanges (OKX, Bitget, Huobi global, Indodax, Crypto.com, Bittrex global) (total 20+ exchanges as of May 11) Participated in world's largest game developer conference (GDC) held in San Francisco, USA to introduce WEMIX Platform
WEMIX Platform service expanded: Defi service	<ul style="list-style-type: none"> WEMIX staking service launched (January 6) Blockchain Defi service "KLEVA Protocol" officially launched (January 19); total value locked (TVL) exceeded 500 million USD

2Q 2022 Update and Plans

<Mir M> preparing for domestic release	<ul style="list-style-type: none"> Pre-registration for MMORPG game <Mir M> initiated; preparing for domestic service in 2Q
WEMIX Platform new games	<ul style="list-style-type: none"> New blockchain game <YULGAN> (developed by Longtu Korea) launched via WEMIX Platform (April 1) Consolidated subsidiary Wemade Connect launched global service for blockchain game <Dark Eden M> on WEMIX (May 4)
WEMIX Platform's new games: 10 planned for 2Q	<ul style="list-style-type: none"> Consolidated subsidiary Wemade Play (formerly SundayToz) plans to launch a global blockchain-based social casino game in 1H 2022 Consolidated subsidiary Wemade Connect expected to launch blockchain game <Every Farm> globally Additional onboarding planned for over 10 games on WEMIX Platform in 2Q, including new blockchain games <FourGods> and <CryptoballZ>, <Icarus Online>, <DOKI DOKI RESTAURANT>, <Kingdom Hunter>, <Spirits Savor>

2. 1Q 2022 Summary of Consolidated Financial Results

- Revenue (+3% QoQ, +72% YoY) : Increased 3% QoQ and 72% YoY driven by newly consolidated subsidiary, Wemade Play (formerly Sunday Toz)
- Operating income (-75% QoQ, -77% YoY) : Decreased on cost increases due to new consolidated affiliate and increased workforce
- Net income (-100% QoQ, -98% YoY) : Down QoQ by base effect of recognizing valuation gains and losses at fair value (for about 280 bn KRW of previous quarter)

[Unit: Million KRW]

	1Q'22	4Q'21	QoQ	1Q'21	YoY
Revenue	131,035	126,700	3%	76,043	72%
Operating Expenses	124,541	101,198	23%	48,502	157%
Operating Income	6,494	25,502	-75%	27,541	-76%
Non-Operating Income(loss)	-1,517	3,014	-150%	1,534	-199%
Financial Income(loss)	3,986	284,421	-99%	2,842	40%
Equity Method	-1,614	-1,085	-49%	-281	-476%
Income before tax	7,349	311,852	-98%	31,637	-77%
Income tax	6,950	64,222	-89%	7,611	-9%
Net Income	399	247,629	-100%	24,025	-98%

* Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding

By Platform and License

- Game (+31% QoQ, +96% YoY) : Increased by 31% QoQ and 96% YoY mainly on adding a new subsidiary
- License (-64% QoQ, -24% YoY) : Fell QoQ on base effect from the previous quarter due to changes in accounting policy*
- WEMIX Platform (+47% QoQ) : Rose 47% QoQ reflecting NFT transaction fees on WEMIX Platform

* Lump-sum sales recognition of existing license contracts in 4Q 2021

[Unit: Million KRW]

	1Q'22	4Q'21	QoQ	1Q'21	YoY
Game (Mobile / PC Online)	115,802	88,588	31%	59,027	96%
License	12,943	36,100	-64%	16,991	-24%
WEMIX Platform	1,058	718	47%	-	-
Others	1,231	1,295	-5%	25	4720%
Total	131,035	126,700	3%	76,043	72%

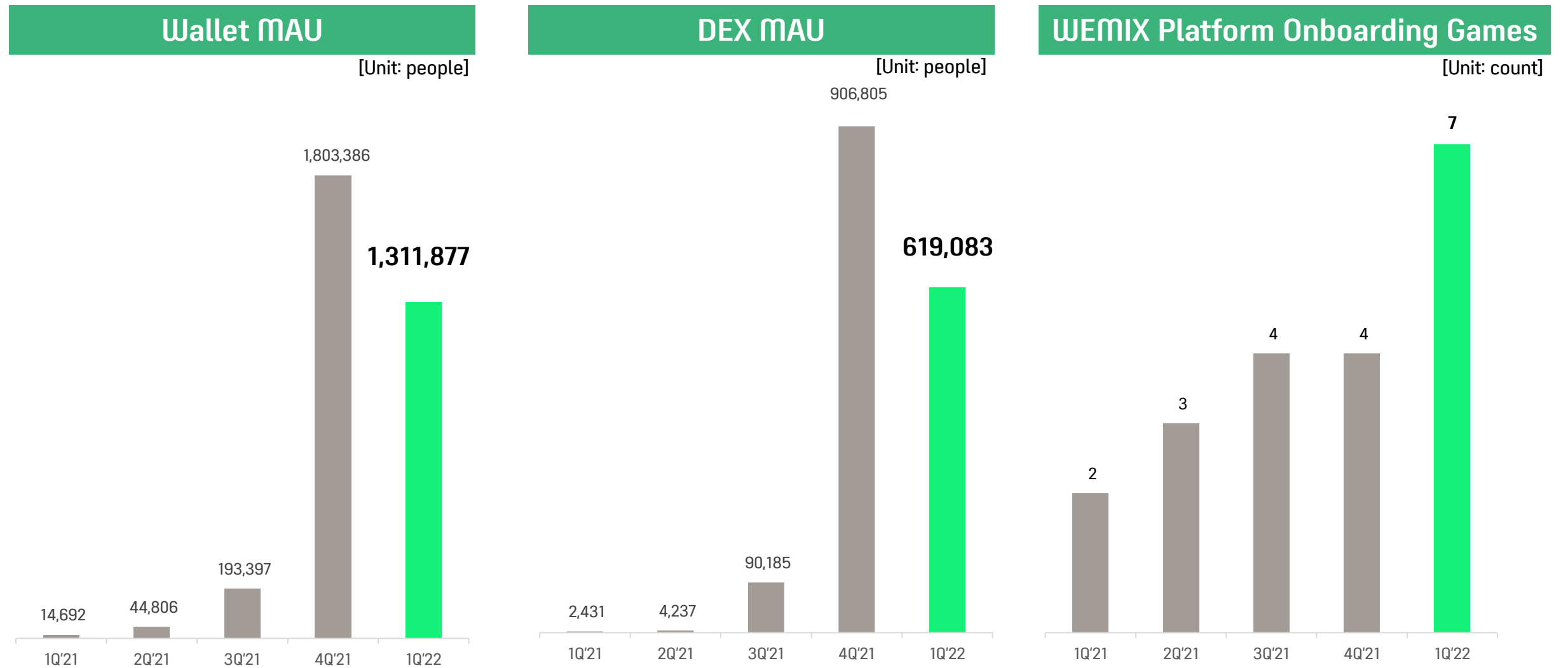
* Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.

** The existing mobile and PC online sales are classified as game sales from 4Q 2021.

*** WEMIX price for 1Q'22 WEMIX Platform sales is 1,647 KRW. WEMIX Platform sales is recognized from unearned revenue.

WEMIX Platform Key Performance Indicators (1)

- For 1Q 2022, WEMIX Wallet MAU and DEX MAU posted a monthly average of 1.3 million and 0.6 million, respectively.
- Total 7 games in service on WEMIX Platform; 10 more games planned for onboarding in 2Q



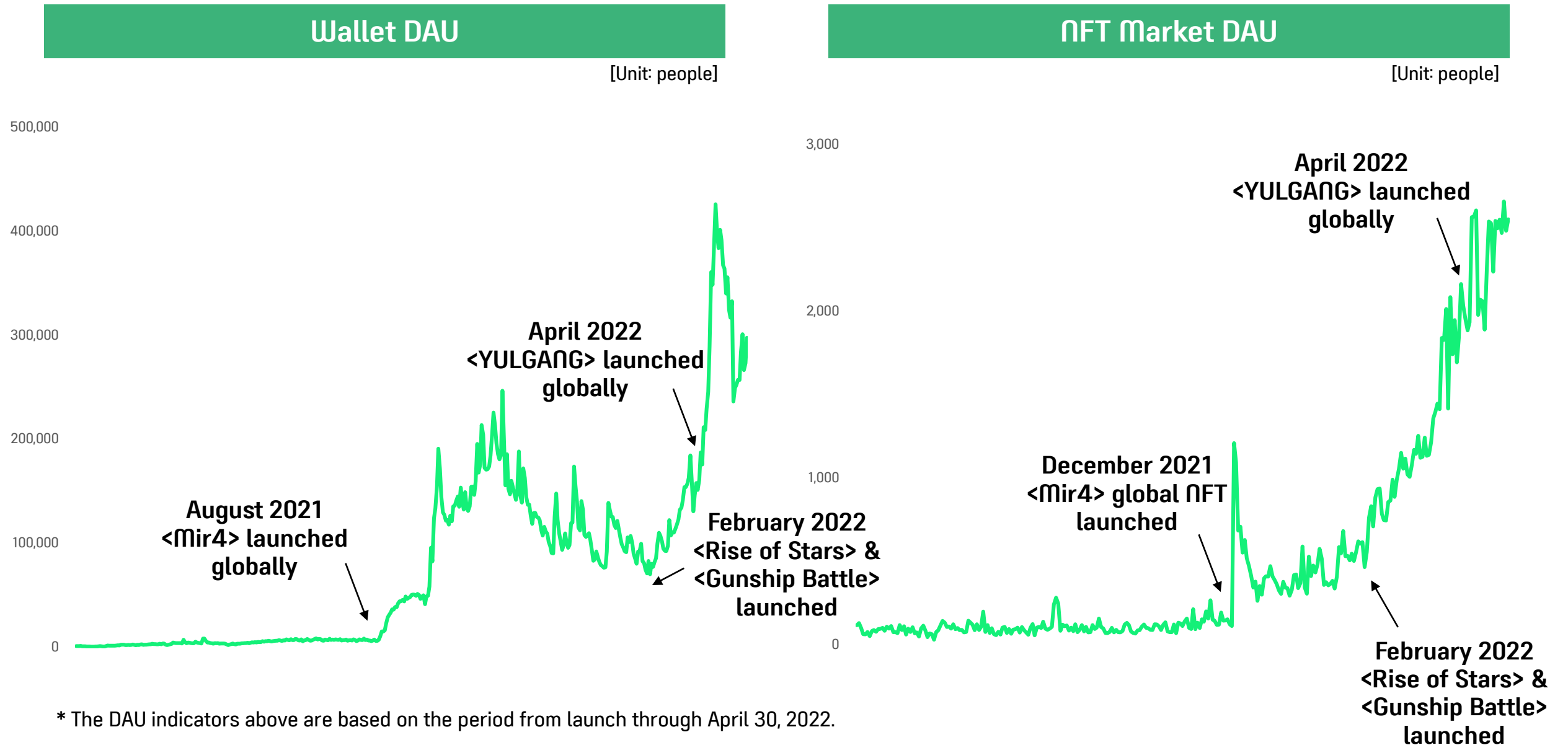
*The MAU above is based on the average value for each quarter. WEMIX Wallet MAU is based on visits, WEMIX DEX MAU is based on transaction usage.

** The 2021 DEX MAU figures are corrected from 4Q 2021 earnings release data.

*The number of WEMIX Platform onboarding games above is based on the games in service on the platform for each quarter. <YULGANG>, <Dark Eden M> will be reflected for 2Q.

WEMIX Platform Key Performance Indicators (2)

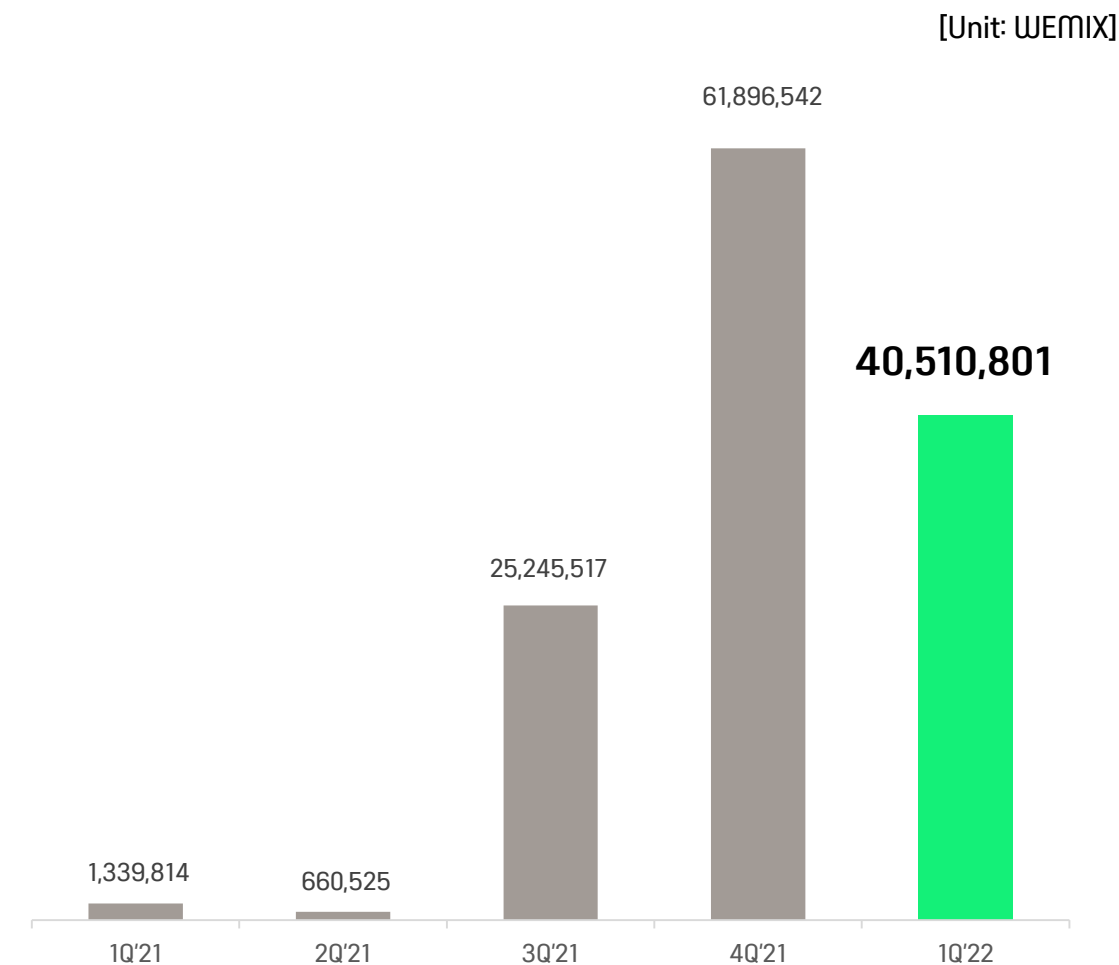
- WEMIX Wallet DAU and NFT Market DAU show a clear upward trend with more games released
- WEMIX Platform expected to expand competitiveness in line with the number of onboarding games



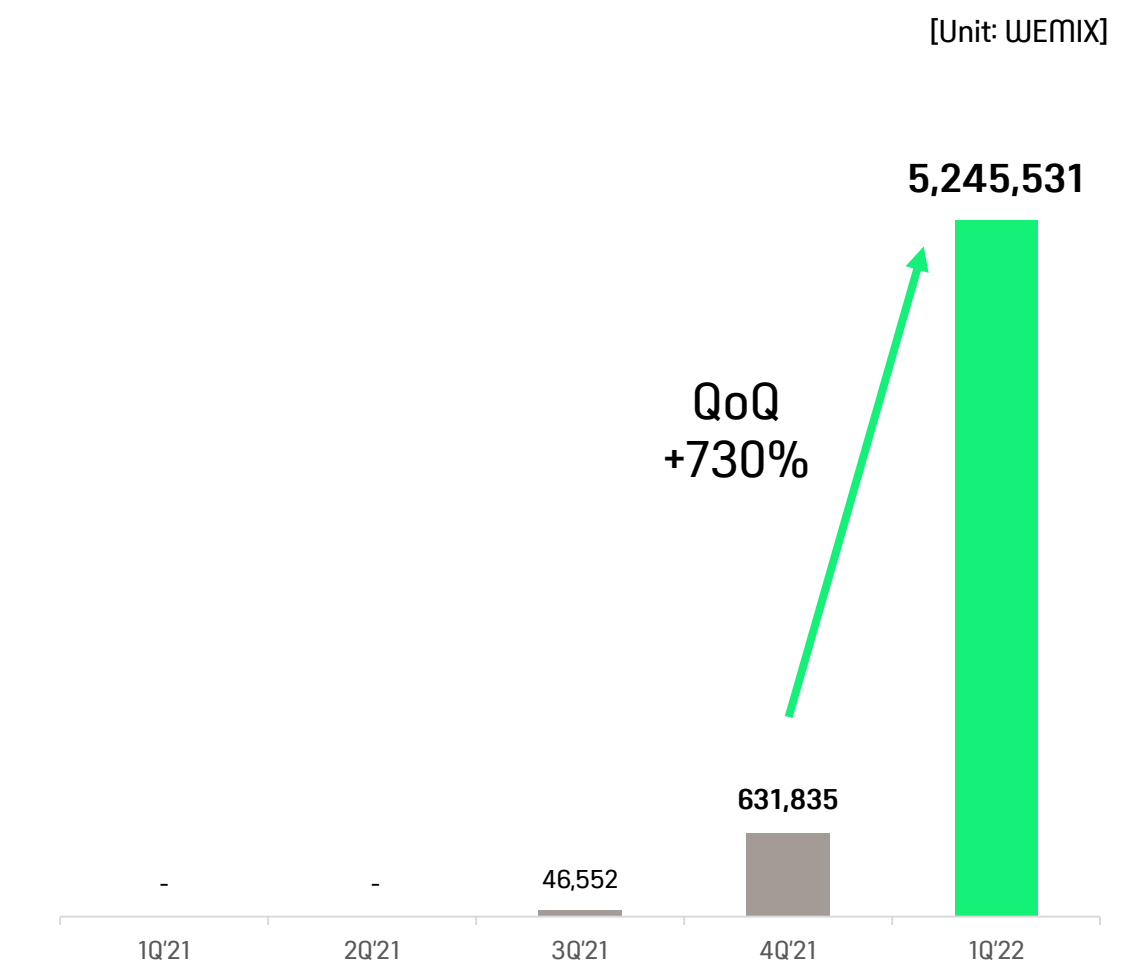
WEMIX Platform Key Performance Indicators (3)

- For 1Q 2022, WEMIX DEX transaction value was approximately 41 million WEMIX for 1Q 2022; transaction value expected to rise with increasing number of platform onboarding games at full force after 2Q
- Total value of NFT transactions within WEMIX Platform for 1Q 2022 is approximately 5 million WEMIX, posting a 730% increase QoQ

DEX Quarterly Transaction Value



NFT Quarterly Transaction Value



* The DEX transaction value indicator for 2021 is corrected from 4Q 2021 earning release data.

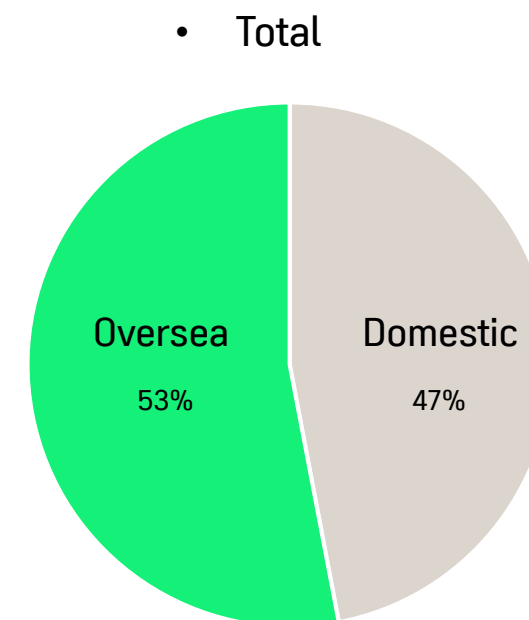
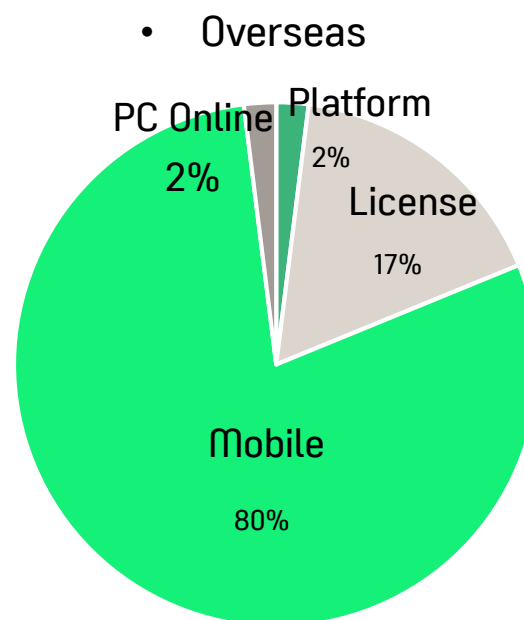
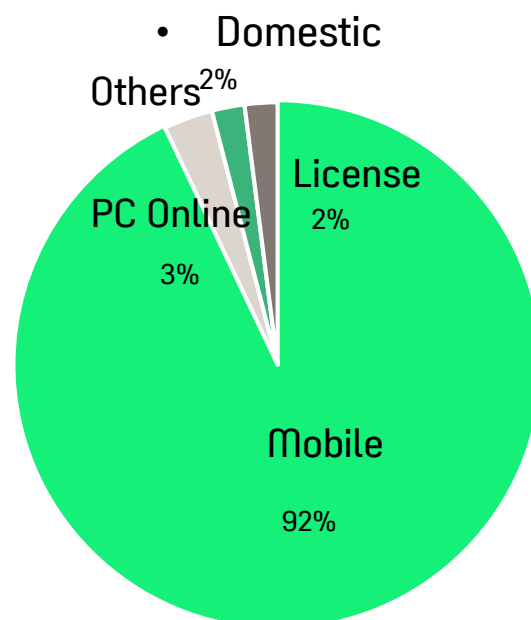
By Region

- Domestic (+163% QoQ, +8% YoY) : Jumped 163% QoQ thanks to Wemade Play's casual game sales
- Overseas (-33% QoQ, +271% YoY) : License sales decreased mainly because of the base effect from changes in accounting policy, but increased 271% YoY

[Unit: Million KRW]

	1Q'22	4Q'21	QoQ	1Q'21	YoY
Domestic	61,920	23,582	163%	57,430	8%
Overseas	69,115	103,118	-33%	18,613	271%
Total	131,035	126,700	3%	76,043	72%

* Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding



*Less than 1% is omitted from indications

4. Operating Expenses

- Operating expenses (+23% QoQ, +157% YoY) : Climbed 23% QoQ and 157% YoY due to increased labor costs following more headcounts, and increased advertising and depreciation costs primarily by Wemade Play

- 1Q 2022 Operating Expenses:

[Unit: Million KRW]

	1Q'22	4Q'21	QoQ	1Q'21	YoY
Labor*	44,367	37,685	18%	15,960	178%
Service Fee	46,481	33,446	39%	21,524	116%
Communication	14,011	17,565	-20%	1,870	649%
Marketing	13,453	6,434	109%	5,728	135%
Depreciation	2,813	1,063	165%	916	207%
Taxes	1,074	1,397	-23%	787	36%
Others	2,342	3,609	-35%	1,717	36%
Total	124,541	101,198	23%	48,502	157%

* Includes wages, retirement benefits, employee benefits, and stock compensation costs. Communication expenses include server operating costs.

* Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding

5. Summary of Consolidated Financial Statements

• Consolidated Balance Sheet

[Unit: 100 Million KRW]

	2020	2021	1Q'22
Total Assets	3,234	10,273	12,982
Current Assets	1,456	3,992	4,105
Non-current Assets	1,778	6,281	8,877
Total Liabilities	674	3,836	5,451
Current Liabilities	646	3,550	4,515
Non-current Liabilities	27	286	936
Total Equity	2,560	6,437	7,531
Capital Stock	87	169	171
Retained Earnings	776	3,876	3,551
Total Liabilities & Equity	3,234	10,273	12,982

• Consolidated Income Statement

[Unit: 100 Million KRW]

	2020	2021	1Q'22
Revenue	1,262	3,350	1,310
Operating Expenses	1,391	2,376	1,245
Operating Profit	-128	974	65
Non-operating Income(loss)	-18	2,945	9
Income before tax	-146	3,918	73
Income tax	37	837	69
Net Income	-184	3,081	4
Controlling Interest	-73	3,067	-33
Non-controlling Interest	-110	14	37

* The figures of the summary of consolidated income statement above are based on the accumulated amounts.

* Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.