

# WEMADE

## 2Q FY2022 Earnings Results

INVESTOR RELATIONS

2022. 07. 27.

# Disclaimer

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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 2Q 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.), LightCON 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

## 2Q 2022 Results

New MMORPG <Mir M>  
Launched in Korea

- New MMORPG <Mir M> successfully released (6/23)
- Ranked third most popular game on Apple Appstore and Google Play Store and third highest in revenue in the Google Play Store

New Games  
on WEMIX Platform

- Rolled out seven new games <YULGAN>, <Dark Eden M>, <Cryptoball Z>, <Four Gods>, <Every Farm>, <ASU>, <Icarus Online> on WEMIX platform
- 'Kakao games', 'SK Square' joined as new WEMIX governance partners

Successful Strategic Investment

- Sold-off 2.99% of Lionheart Studio shares (developer of <Odin: Valhalla Rising>), with proceeds of 118 billion KRW (initial total investment of 5 billion KRW; still holding 31,369 share (4.23% of total outstanding shares))

## 3Q 2022 Update and Plans

WEMIX 3.0 Announcement

- 1) Released WEMIX Play
- 2) Created REFLECT coin
- 3) Opened STAKE 360 service

- Launched new blockchain gaming platform 'WEMIX Play' (7/1) and synthetic asset token 'REFLECT', staking program 'STAKE 360'
- Opened WEMIX testnet
- Planning to introduce 'NILE platform' (WEMIX based DAO project) and 'WEMIX DeFi Service'

Upcoming New Blockchain Games

- 1) <Mi4 M> Global
- 2) Diversifying Genres of WEMIX Onboarding Games

- Developing the blockchain version of <Mir M> for a global launch in 2H '22
- To diversify the genres of WEMIX onboarding games (e.g. social casino game <Grand Pris Slots> by Playlinks (subsidiary of Wemade play) and sports prediction game <Project Wemix Sports> by NHN Bigfoot)

## 2. 2Q 2022 Summary of Consolidated Financial Results

- Revenue (-17% QoQ, +58% YoY) : Down QoQ on sales declines of existing games in service but rose YoY thanks to a consolidated subsidiary, Wemade Play
- Operating income (Turn to deficit QoQ, YoY) : Driven by marketing and labor costs with new game roll-outs
- Net income (Turn to deficit QoQ, YoY) : Turned to deficit QoQ and YoY

[Unit: Million KRW]

	2Q'22	1Q'22	QoQ	2Q'21	YoY
<b>Revenue</b>	<b>108,963</b>	<b>131,035</b>	<b>-17%</b>	<b>68,895</b>	<b>58%</b>
<b>Operating Expenses</b>	<b>142,220</b>	<b>125,715</b>	<b>13%</b>	<b>42,003</b>	<b>239%</b>
<b>Operating Income</b>	<b>-33,258</b>	<b>5,320</b>	<b>Turn to deficit</b>	<b>26,892</b>	<b>Turn to deficit</b>
Non-Operating Income(Loss)	-23,459	-454	-5,067%	-1,199	-1,857%
Financial Income(loss)	32,050	3,919	718%	-684	4,786%
Equity Method	-1,860	-1,614	-15%	-417	-346%
<b>Income before tax</b>	<b>-26,527</b>	<b>7,171</b>	<b>Turn to deficit</b>	<b>24,592</b>	<b>Turn to deficit</b>
Income tax	5,115	6,849	-25%	6,021	-15%
<b>Net Income</b>	<b>-31,642</b>	<b>322</b>	<b>Turn to deficit</b>	<b>18,571</b>	<b>Turn to deficit</b>

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

### 3. Sales Breakdown

## By Business Segment

- Game (-15% QoQ, +114% YoY) : Fell QoQ on sales decrease of existing games in service
- License (-35% QoQ, -58% YoY) : Dropped QoQ on limited contribution by new license games
- WEMIX Platform (-19% QoQ) : Down QoQ affected by lower transaction amounts in WEMIX DEX

[Unit: Million KRW]

	2Q'22	1Q'22	QoQ	2Q'21	YoY
Game (Mobile / PC Online)	97,945	115,802	-15%	45,792	114%
License	8,389	12,943	-35%	20,167	-58%
WEMIX Platform	858	1,058	-19%	-	-
Others	1,770	1,231	44%	2,937	-40%
<b>Total</b>	<b>108,963</b>	<b>131,035</b>	<b>-17%</b>	<b>68,895</b>	<b>58%</b>

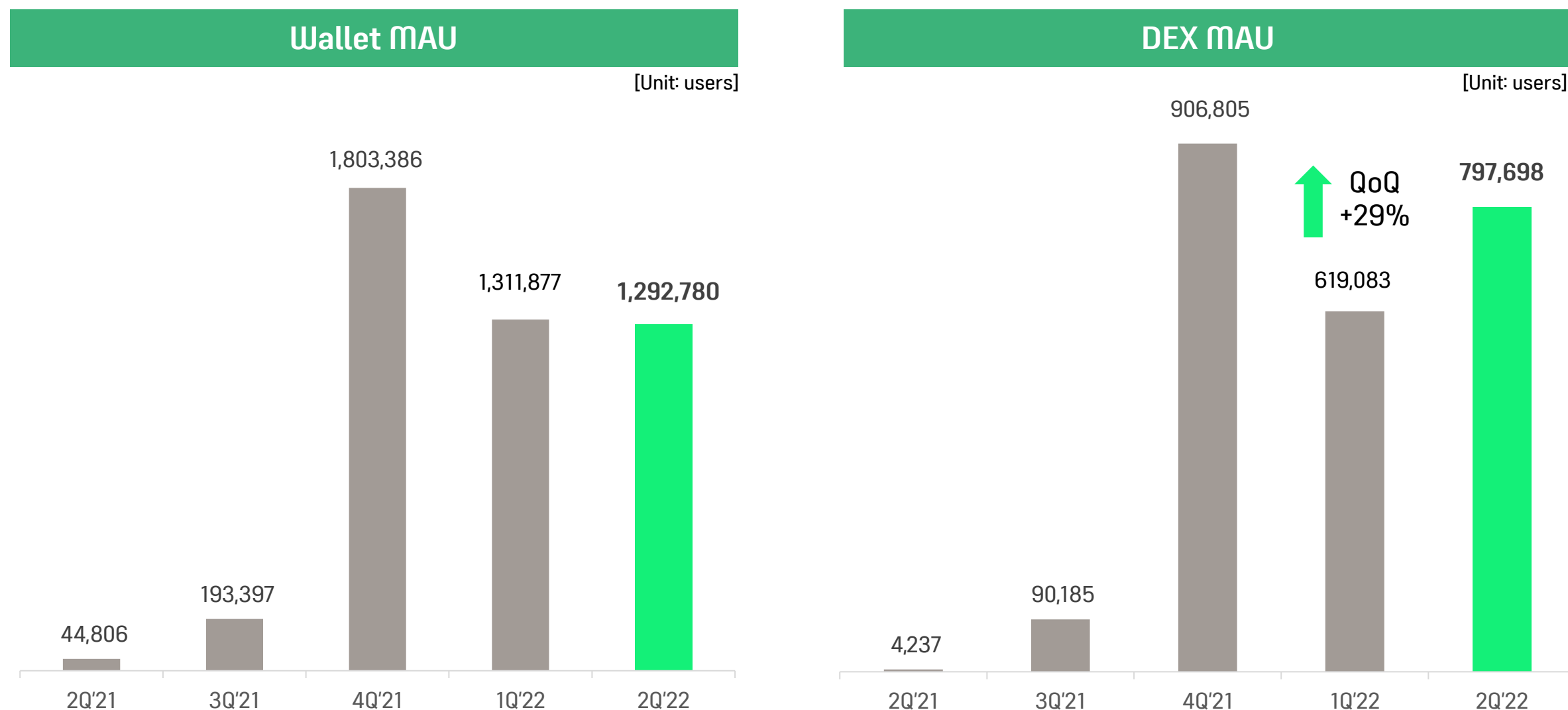
\* Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.

\*\* WEMIX price for 2Q'22 WEMIX Platform sales is 1,920 KRW. WEMIX Platform sales is recognized from unearned revenue.

## 3. Sales Breakdown

# WEMIX Platform Key Performance Indicators (1)

- For 2Q '22, WEMIX Wallet MAU reached 1.3 million and DEX MAU jumped to 0.8 million posting 29% QoQ growth
- WEMIX Wallet MAU posted 2,785% of increase YoY and DEX MAU rose 18,727% YoY



\*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.

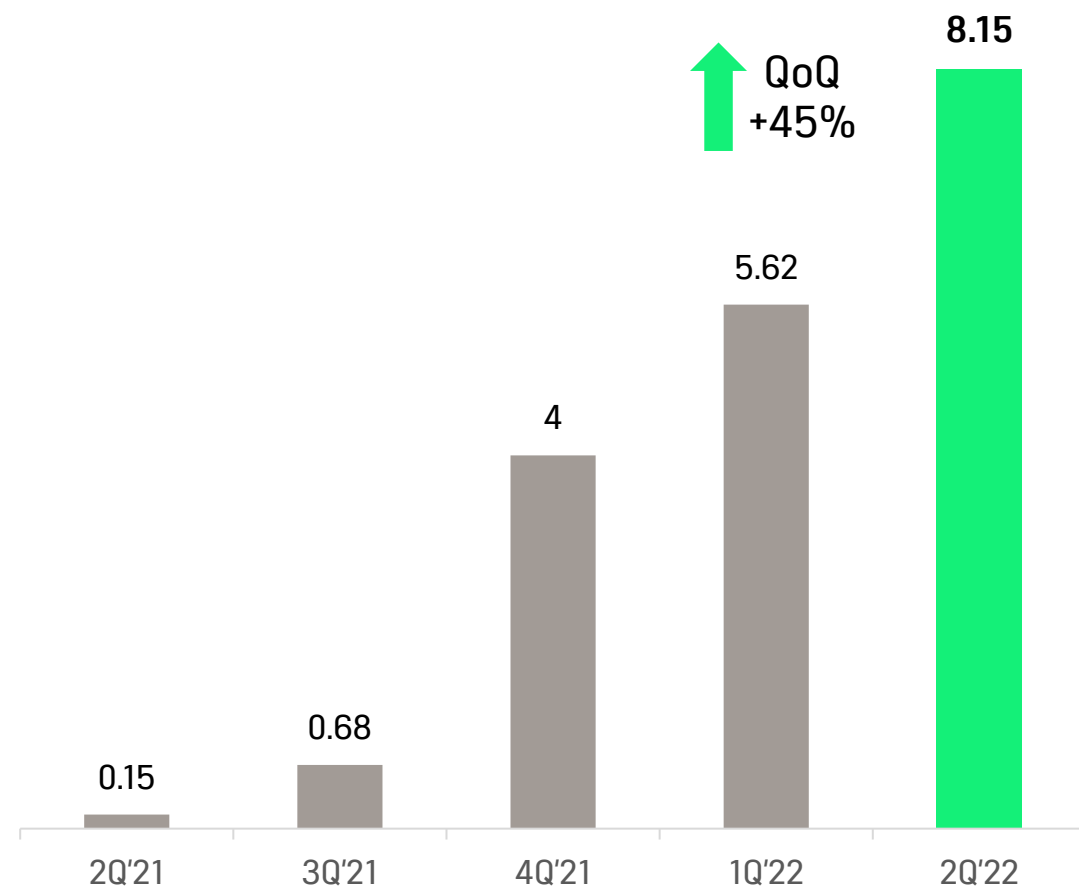
### 3. Sales Breakdown

## WEMIX Platform Key Performance Indicators (2)

- The cumulative number of WEMIX Wallet accounts increased to 8.2 million in 2Q '22, doubled YTD (+104%, +5,342% YoY)
- Total 14 games in service on WEMIX Platform as of 2Q '22 (+100% QoQ) with 7 new games released during the quarter

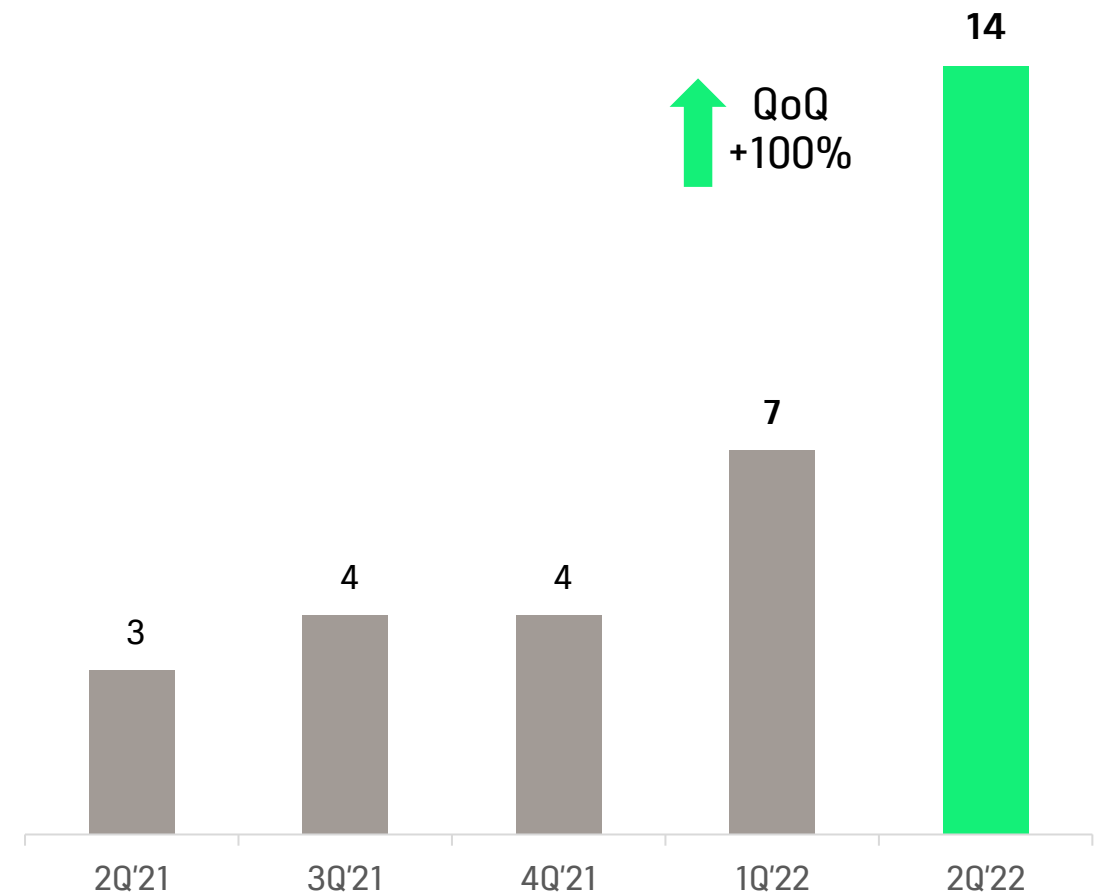
#### Cumulative Number of WEMIX Wallet accounts

[Unit: Million users]



#### WEMIX Platform Onboarding Games

[Unit: games]



\*The number of WEMIX Platform onboarding games above is based on the games in service on the platform for each quarter.



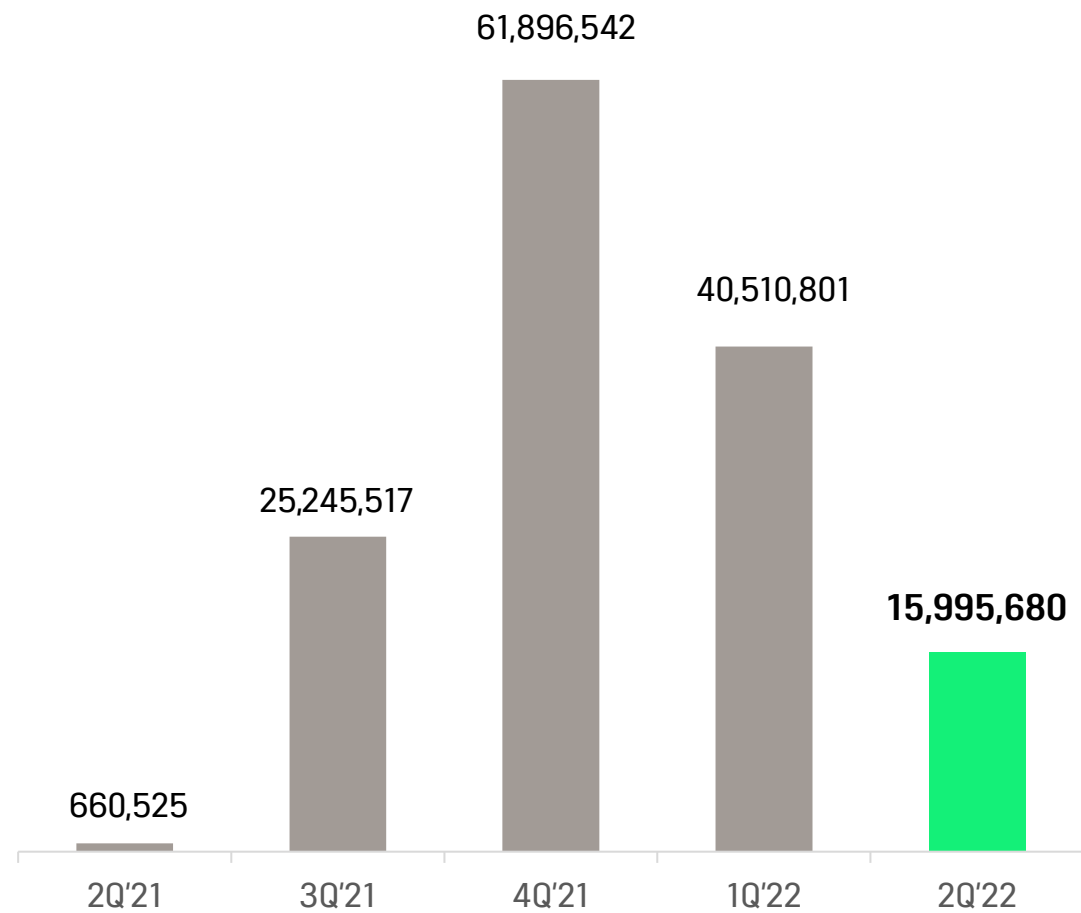
### 3. Sales Breakdown

# WEMIX Platform Key Performance Indicators (3)

- WEMIX DEX recorded 16 million WEMIX in transaction value in 2Q '22, impacted by the weak cryptocurrency market
- Total value of NFT transactions on WEMIX platform for 2Q '22 was 5.1 million WEMIX similar to 1Q '22

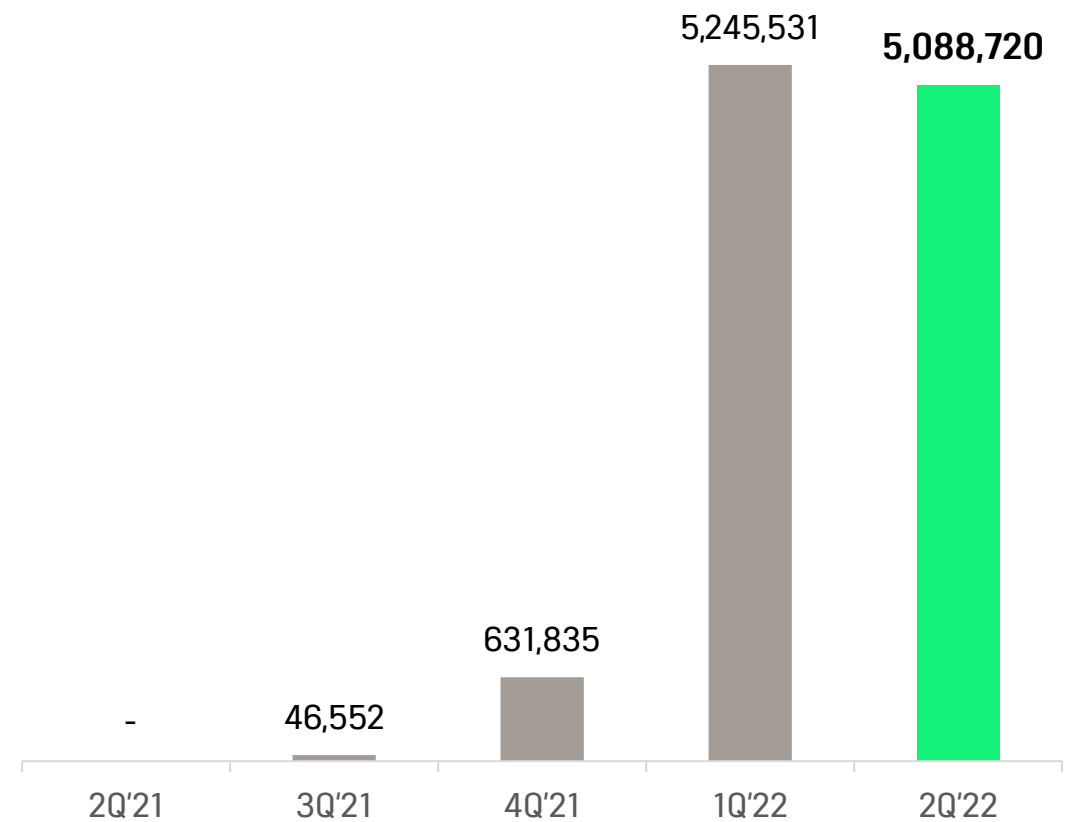
## DEX Quarterly Transaction Value

[Unit: WEMIX]



## NFT Quarterly Transaction Value

[Unit: WEMIX]



### 3. Sales Breakdown

## By Region

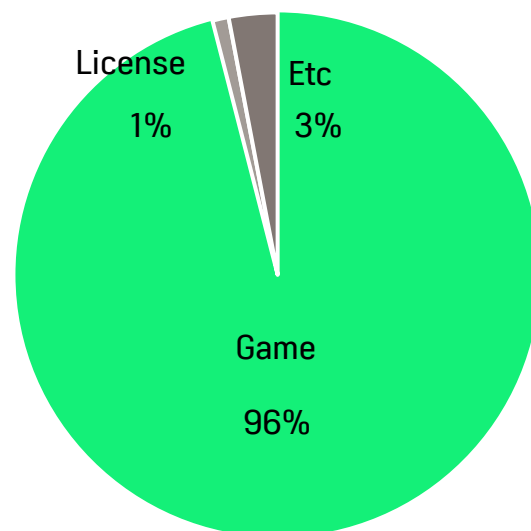
- Domestic (+3% QoQ, +43% YoY) : Up QoQ thanks to release of new MMORPG <Mir M> and contribution by existing casual games
- Overseas (-34% QoQ, +86% YoY) : Fell QoQ on softened revenue growth of existing games, but jumped 86% YoY

[Unit: Million KRW]

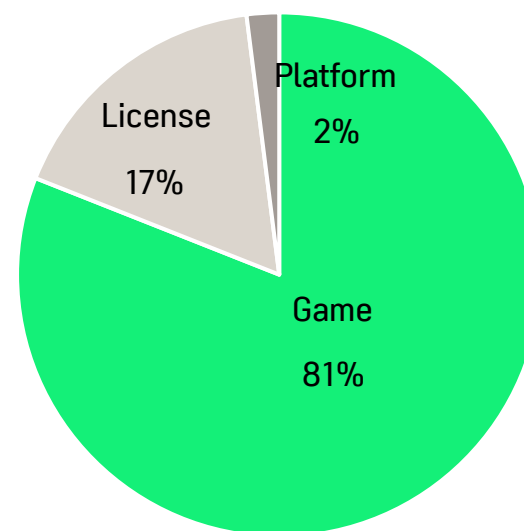
	2Q'22	1Q'22	QoQ	2Q'21	YoY
Domestic	63,528	61,920	3%	44,488	43%
Overseas	45,435	69,115	-34%	24,407	86%
Total	108,963	131,035	-17%	68,895	58%

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

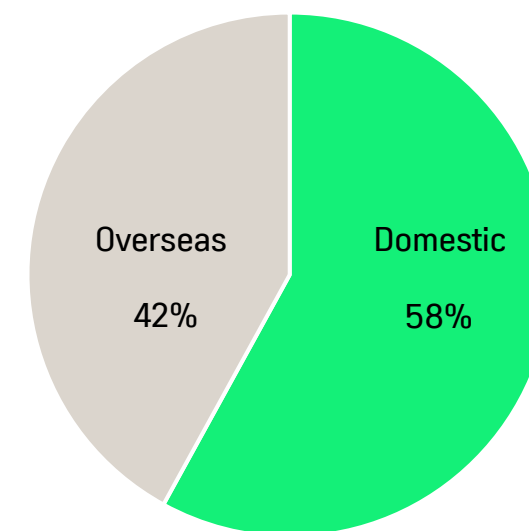
#### • Domestic



#### • Overseas



#### • Total



\*Less than 1% is omitted from indications

## 4. Operating Expenses

- Operating expenses (+13% QoQ, +239% YoY) : Increased QoQ on higher labor costs with more headcounts and expanded marketing expenses for new game launches
- 2Q '22 Operating Expenses

[Unit: Million KRW]

	2Q'22	1Q'22	QoQ	2Q'21	YoY
Labor*	56,200	44,367	27%	16,356	244%
Service Fee	40,505	46,887	-14%	15,732	157%
Communication*	12,317	14,011	-12%	1,681	633%
Marketing	24,457	13,453	82%	5,020	387%
Depreciation	4,526	2,666	70%	861	426%
Taxes	965	1,074	-10%	1,379	-30%
Others	3,250	3,257	0%	975	233%
<b>Total</b>	<b>142,220</b>	<b>125,715</b>	<b>13%</b>	<b>42,003</b>	<b>239%</b>

\* 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	2Q'22
<b>Total Assets</b>	<b>3,234</b>	<b>10,273</b>	<b>14,141</b>
Current Assets	1,456	3,992	4,322
Non-current Assets	1,778	6,281	9,819
<b>Total Liabilities</b>	<b>674</b>	<b>3,836</b>	<b>7,428</b>
Current Liabilities	646	3,550	5,363
Non-current Liabilities	27	286	2,065
<b>Total Equity</b>	<b>2,560</b>	<b>6,437</b>	<b>6,713</b>
Capital Stock	87	169	171
Retained Earnings	776	3,876	3,336
<b>Total Liabilities &amp; Equity</b>	<b>3,234</b>	<b>10,273</b>	<b>14,141</b>

## • Consolidated Income Statement

[Unit: 100 Million KRW]

	2020	2021	2Q'22
<b>Revenue</b>	<b>1,262</b>	<b>3,350</b>	<b>2,400</b>
Operating Expenses	1,391	2,376	2,679
<b>Operating Profit</b>	<b>-128</b>	<b>974</b>	<b>-279</b>
Non-operating Income(loss)	-18	2,945	86
Income before tax	-146	3,918	-194
Income tax	37	837	120
<b>Net Income</b>	<b>-184</b>	<b>3,081</b>	<b>-313</b>
Controlling Interest	-73	3,067	-335
Non-controlling Interest	-110	14	22

\* 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.