

WEMADE

4Q FY2019 Earnings Results

INVESTOR RELATIONS

2020. 2. 12.

Disclaimer

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This document contains forward-looking statements regarding financial situation and performance, as well as information related to plans and goals of the executives of the Company and its subsidiaries. Forward-looking statements include predictive information of the Company, and it may be changed by unknown risks, uncertainties and other factors which may influence the actual results or performance of the Company.

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● Wemade (Consolidated)

Wemade Next Co., Ltd., Wemade Plus Co., Ltd., Wemade XR Co., Ltd. (Wemade Icarus Co., Ltd.), ChuanQi IP Co., Ltd., Wemade Tree Co., Ltd., Wemade M Co., Ltd. (Wemade Rexue Chuanqi HD Co., Ltd.), JOYMAX Co., Ltd., FLERO Games Co., Ltd., Joy Studio Co., Ltd., IDLE idea factory Co., Ltd., Wemade Service Co., Ltd., Wemade Online Co., Ltd., Wemade Entertainment USA Inc., WEMADE HONG KONG LIMITED, Wemade Science Technology (Yinchuan) Co., Ltd., 江苏娱美德网络可以有限公司 Wemade Entertainment Digital Technology (Shanghai) Co., Ltd., Beijing Wemade ChuanQi Science Technology Co., Ltd., Shenzhen Wemade ChuanQi Science Technology Co., Ltd., Shangrao Wemade ChuanQi Science Technology Co., Ltd., Suizhou Wemade Science Technology Co.,Ltd., Chongqing Wemade ChuanQi IP Service Co., Ltd, Wemade Tree Pte. Ltd.

4Q FY 2019 Earnings Results

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1. Key Results and Plans

4Q 2019 Results

- Won six intellectual property right infringement cases regarding 'Mir' IP against 37 games, Kingnet and ACTOZ SOFT
- XL Games* successfully launched a new mobile MMORPG game <The Legendary Moonlight Sculptor>

* Wemade holds stakes as a strategic investor

1Q 2020 Updates and Plans

- Expecting to receive an award from the ICC International Court of Arbitration in Singapore on 'Mir' IP copyright infringement case against SENGQU GAMES(formerly Shanda Games)
- Awaiting the final court ruling regarding the copyright infringement case of 'Mir' IP against 37 games in China
- In the process of enforcing the arbitral award in China as a result of winning 'Mir' IP license agreement dispute case against Zhejiang Huanyou Network Technology at the ICC International Court of Arbitration in Singapore(Won the case on 22nd May, 2019)
- Looking forward to receiving an award from the ICC international Court of Arbitration in Singapore on 'Mir' IP license agreement dispute case against Jiu Ling, a subsidiary company of Kingnet
- Negotiating with potential partners regarding "ChuanQi Game Platform" for expansion of 'Mir' IP business in China
- Preparing for pre-launch tests(CBT/OBT) for domestic service of <Mir 4> (developed by Wemade Next and published by Wemade Service), and developing <Mir M> and <Mir W> as scheduled
- FLERO GAMES, a subsidiary company, released a new mobile game <Abyssrium Pole>
- WEMADE TREE, a subsidiary company, launched the blockchain game platform "WEMIX" and scheduled to release a new blockchain game <CRYPTOROMADO>
- JOYMAX, a subsidiary company, is planning to launch its new mobile game <CLASH OF STARS>

2. 4Q 2019 Summary Consolidated Results

- Revenue (-17% QoQ, -26% YoY) : Due to delay of new license game launches
- Operating Income (Turn to deficit QoQ, Deficit continues YoY) : Went into deficit QoQ
- Net Income (Deficit continues QoQ, YoY) : Mainly on income tax and forex translation loss

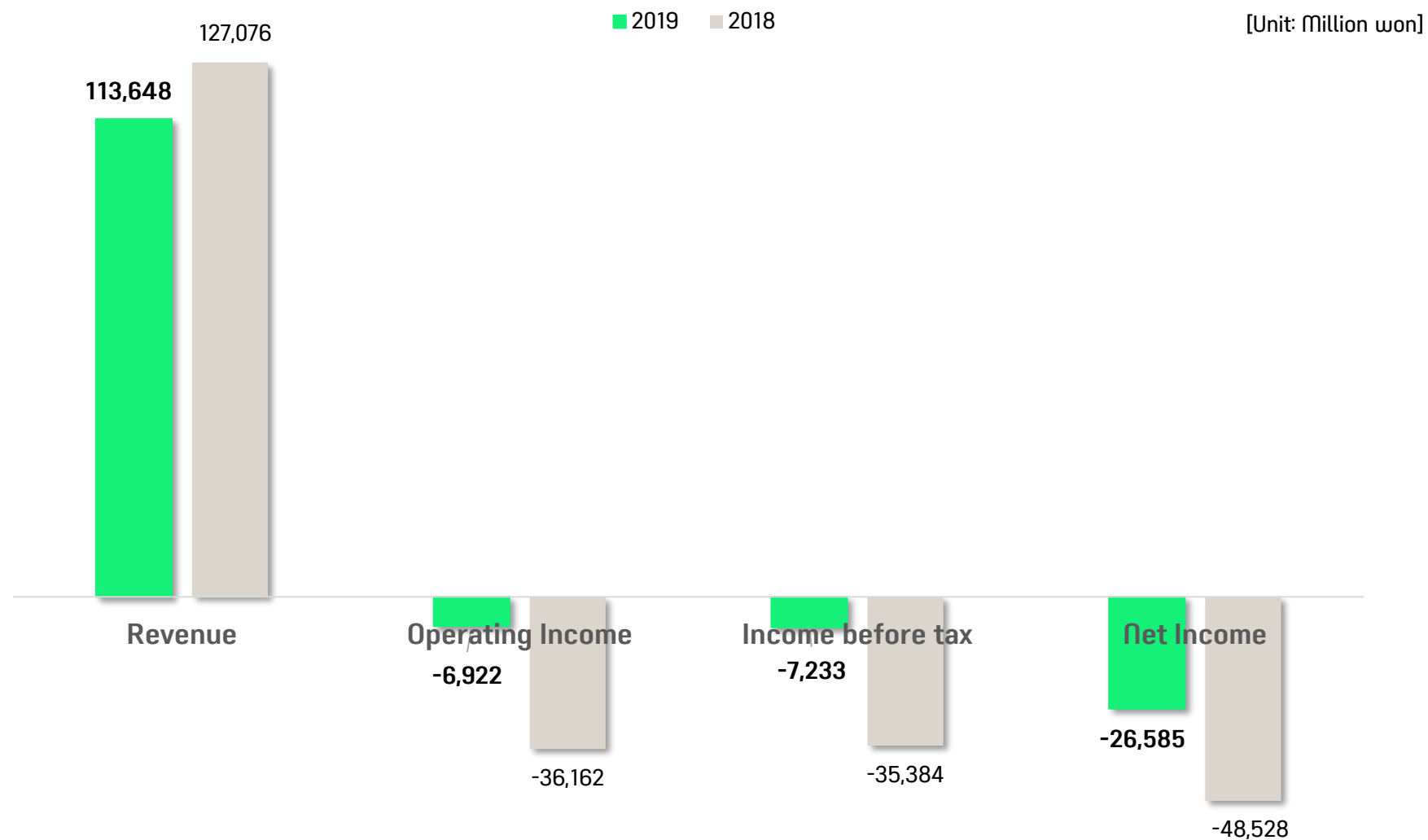
[Unit: Million won]

	4Q'19	3Q'19	QoQ	4Q'18	YoY
Revenue	24,142	28,946	-17%	32,416	-26%
Operating Expenses	26,800	28,723	-7%	71,697	-63%
Operating Income	-2,658	223	Turn to deficit	-39,281	Deficit continues
Non-Operating Income(loss)	-899	-20	-	-5,878	-
Financial Income(loss)	-4,105	2,284	-	696	-
Equity Method	-	0	-	0	-
Income before tax	-7,662	2,486	Turn to deficit	-44,464	Deficit continues
Income tax	11,112	2,967	275%	2,575	331%
Net Income	-18,774	-480	Deficit continues	-47,039	Deficit continues

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

3. FY 2019 Summary Consolidated Results

- Revenue (-11% YoY) : Caused by delay of major license game launches and moderating sales of existing license and mobile games
- Operating Income (Deficit continues, YoY) : Resulted from license revenue decline
- Net Income (Deficit continues, YoY) : Mainly on income tax and forex translation loss



By Platform and License

- License (-29% QoQ, -37% YoY) : Due to absence of new game releases during the quarter
- Mobile (+1% QoQ, -12% YoY) : Thanks to contents updates of existing games
- Online (+5% QoQ, +11% YoY) : Driven by contents updates for <Mir> PC game and promotional events of existing games

[Unit: Million won]

	4Q'19	3Q'19	QoQ	4Q'18	YoY
Mobile	8,496	8,398	1%	9,687	-12%
Online	4,669	4,455	5%	4,221	11%
License	11,307	15,986	-29%	18,066	-37%
Others	-330	107	-408%	442	-175%
Total	24,142	28,946	-17%	32,416	-26%

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By Region

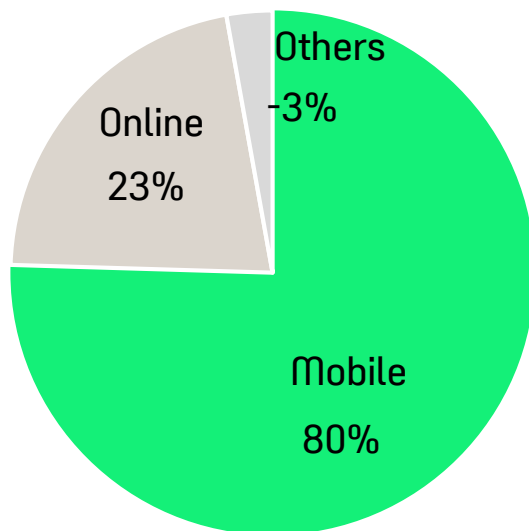
- Domestic (-1% QoQ, -9% YoY) : Slightly fell QoQ on sales slow-down of several existing games
- Overseas (-25% QoQ, -35% YoY) : Dropped QoQ due to delay of new license game launches in China

[Unit: Million won]

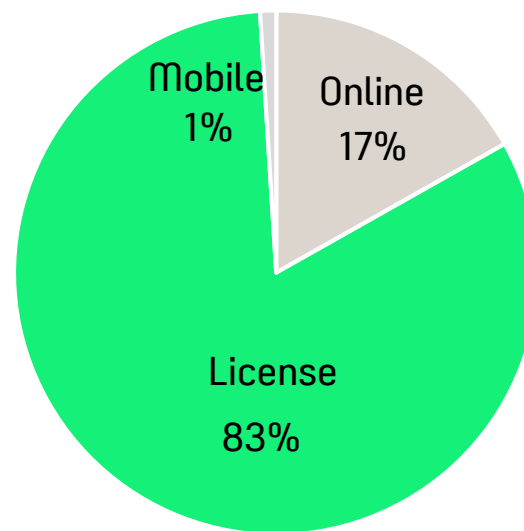
	4Q'19	3Q'19	QoQ	4Q'18	YoY
Domestic	10,476	10,614	-1%	11,550	-9%
Overseas	13,666	18,332	-25%	20,866	-35%
Total	24,142	28,946	-17%	32,416	-26%

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

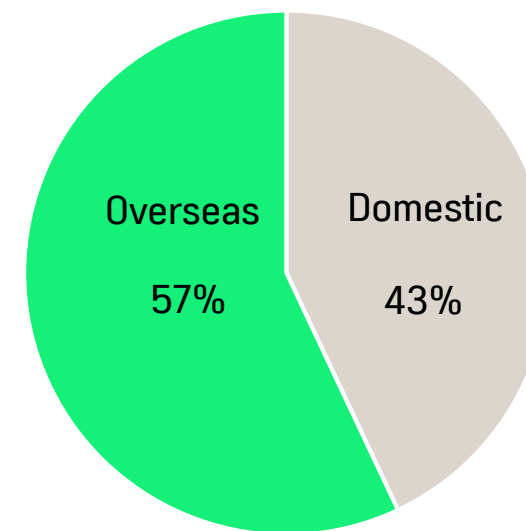
• Domestic



• Overseas



• Total



5. Operating Expenses

- Operating Expenses (-7% QoQ, -63% YoY) : Decreased QoQ thanks to 2% and 14% declines in labor and service fee respectively

- 4Q'19 Operating Expenses

[Unit: Million won]

	4Q'19	3Q'19	QoQ	4Q'18	YoY
Labor*	13,766	14,012	-2%	14,571	-6%
Service Fee	8,421	9,822	-14%	12,411	-32%
Marketing	1,224	1,140	7%	1,780	-31%
Depreciation	832	1,163	-28%	1,129	-26%
Taxes	695	772	-10%	599	16%
Others	1,861	1,815	-15%	41,208**	-96%
Total	26,800	28,723	-7%	71,697	-63%

* Includes wage, retirement benefits, employee benefits, stock compensation cost.

** Includes the allowance for doubtful accounts

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

6. Summary Consolidated Financial Statements

• Consolidated Balance Sheet

[Unit: KRW Bn]

	2017	2018	2019
Total Assets	453.3	350.8	296.5
Current Assets	322.1	177.9	132.9
Non-current Assets	131.2	173.0	163.6
Total Liabilities	111.3	75.2	59.8
Current Liabilities	93.6	73.0	58.2
Non-current Liabilities	17.7	2.3	1.6
Total Equity	342.0	275.6	236.8
Capital Stock	8.7	8.7	8.7
Retained Earnings	137.3	114.0	94.9
Total Liabilities & Equity	453.3	350.8	296.5

• Consolidated Income Statement

[Unit: KRW Bn]

	2017	2018	2019
Revenue	109.6	127.1	113.6
Operating Expenses	103.6	163.2	120.6
Operating Profit	6.0	(36.2)	(6.9)
Non-operating Income(loss)	8.6	0.8	(0.3)
Income before tax	14.5	(35.4)	(7.2)
Income tax	15.4	13.1	19.4
Net Income	(-0.9)	(48.5)	(26.6)
Controlling Interest	9.7	(-13.1)	(9.2)
Non-controlling Interest	(-10.6)	(-35.3)	(-17.4)

※ Above consolidated Income Statement figures are YTD figures

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