Answer letter to KB Asset Management

(Translated by JB Park at KBAM)

1. Summary of the questions from KB

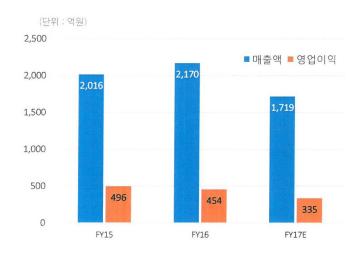
- 1) The rationale and background of the brand royalty rate of 3.3%
- 2) New investment plans and shareholder policies to defend the decline in ROE

2. The rationale and background of the brand royalty rate of 3.3%

- -> The reason behind high rate of royalty compared to peers
- 1) The brand of Golfzon is directly used to its product. However, brands of peers are used to increase their credibility.
- 2) It is a brand that monopolize the market
- 3) Its brand value was evaluated through consulting with accounting firm

3. Stagnant sales growth and declining OP

1) 3-years P/L



2) Cumulative sales volume of product (Virtual golf simulator)

구 분	2014	2015	2016
골프시뮬레이터	24,426	24,506	25,159

4. Growth momentum through new business

- 1) Golf academy
- -Golfzon has optimized academic system called GDR
- -We will work with our global partners to provide the best educational programs
- 2) Golf media
- -We established Golfzon media last year and are broadcasting programs since Feb 2018.
- -We will hold golf tournament and sell a relay tickets
- 3) Overseas business
- -We are preparing screen golf business in China, Vietnam, and Indonesia

5. New investment

- -> Acquisition of Joymaru
- 1) Potentials of Joymaru at Daejeon
- -It runs academy business for amateur preparing to become professional
- -Joymaru has broadcasting facilities for screen golf tournament
- 2) Acquiring Joymaru for new biz
- -Golf academy and gold media would be stepping stones for Golfzon to move on to the next level