

# 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