

# 2018 1Q IR PRESENTATION



## GRAVITY Investor Relation

March 2018

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# 2018 Q Updates

- 01 Ragnarok M
- 02 The New Ragnarok Online

# 2018 Q Updates

## Ragnarok M

### Launch in Korea on March 14, 2018 Ranked as Top Mobile Game

- Up to No 1 in App Store, No 3 in Play Store
- Positioned as a Top Selling Mobile Game
- More than 1,200,000 downloads within a month after the launch
- Diversified Games Users



### Highly Ranked in Taiwan, HK, Macau

- Steady Ranking as one of the Top mobile games for more than 6 months
- Various Game Experience offered with continuous updates

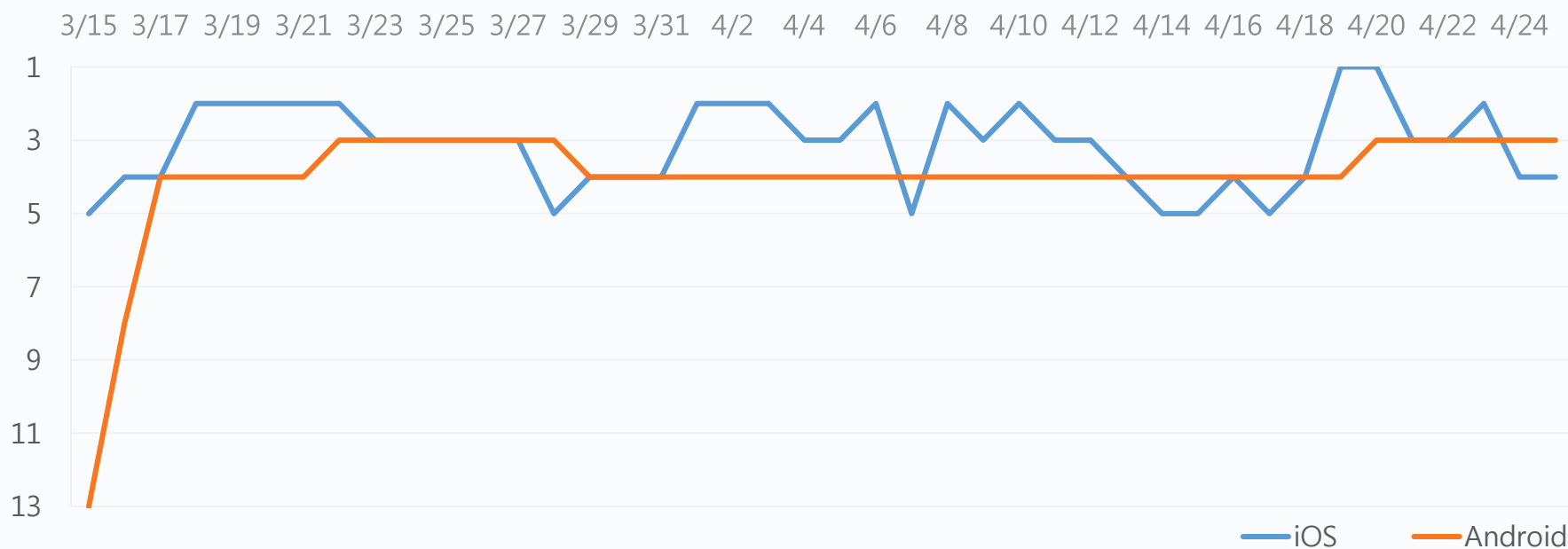




# 2018 Q Updates

## Ragnarok M

### Mobile Games Ranking in Korea( March 15, 2018~ April 27, 2018 by revenues)



2017  
MAR 14

Launch in  
Korea

Stably Positioned as one of the Top Selling Mobile Games  
Successfully Occupying Casual MMROPG Market ,while competing other Top MMORPG games



Ragnarok M Episode 3.0 Update on April 19, 2018

## No. 1 Mobile Game in Appstore after 3.0 Update

(By revenues)

### Highlights of Episode 3.0 Update

- War of Emperium Update, the killer contents of Ragnarok M
- New Game Characters: Rouge(thief) and Alchemist(merchant)
- New Maps and Extended Leveling System

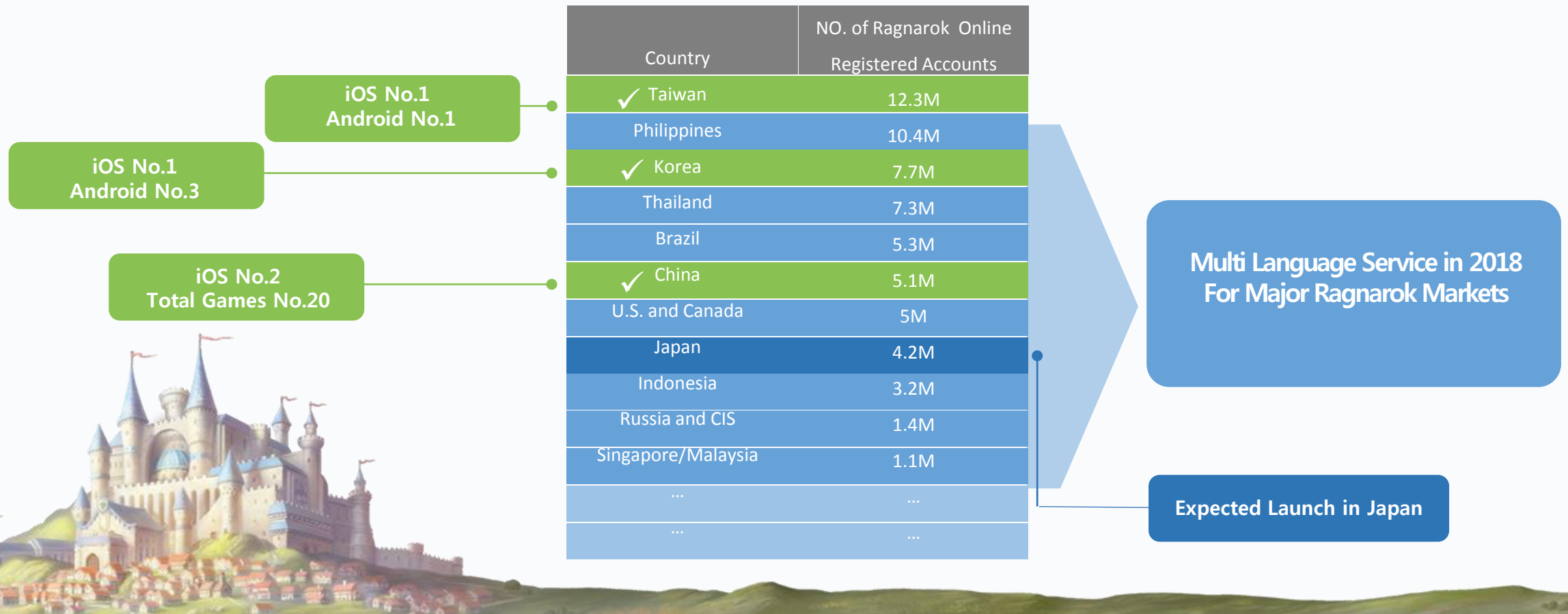
**Stronger User Bonds and Games Experiences**  
**>> Positive Game Operating Results**



# 2018 Q Updates

## Ragnarok M

### 2018, the Year of RAGNAROK M





# 2018 Q Updates

## The New Ragnarok Online

### New Versions of Ragnarok Online, Growth Engine for Online Game Revenues

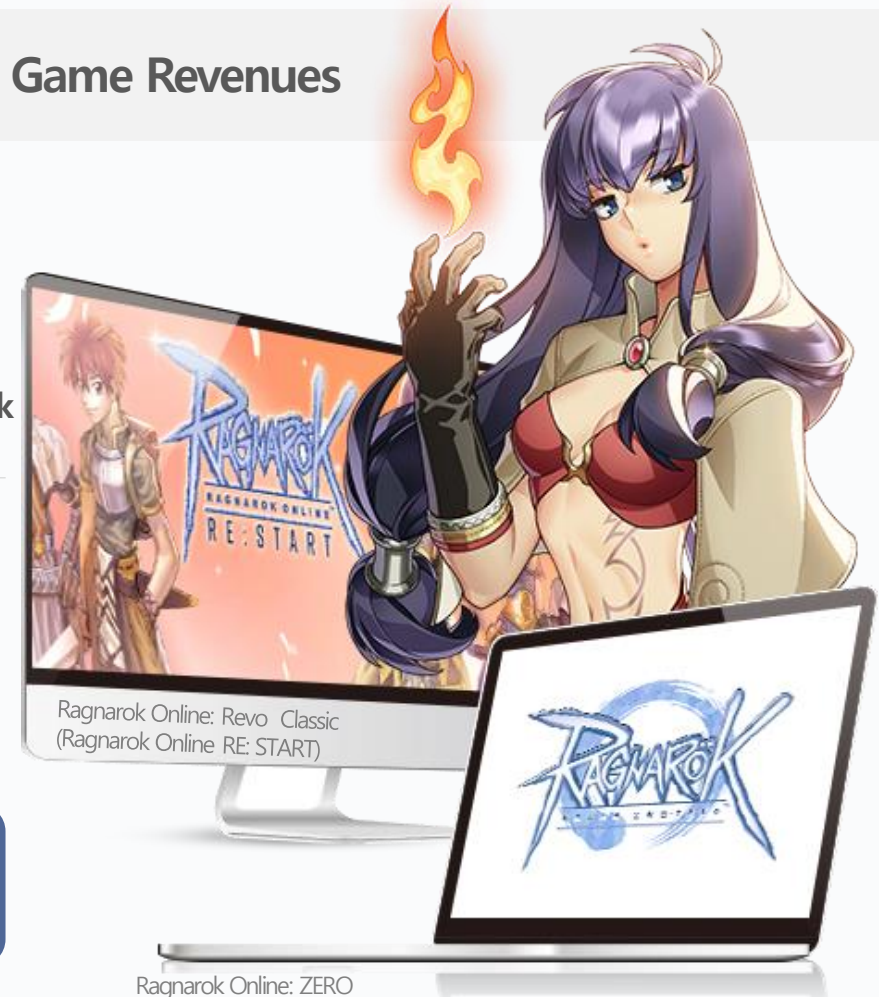
Ragnarok Online  
: ZERO

- Launch on December, 2017
- Ragnarok Online Revenues highly Increased in 2018 1Q
- Based on the current version of Ragnarok Online, developed to reflect old Ragnarok Fans' feedbacks

Ragnarok Online  
RE: START  
(Revo Classic)

- RO Revo Classic - Launch on July, 2016 in Thailand, July 2017 in Philippines, November 2017 in Singapore and Malaysia  
Approx. 6,000,000 Registered IDs
- RO RE: Start - June, 2017 in North America, January 2018 in Taiwan,  
Approx. 300,000 Registered IDs

More Launches of New Versions of Ragnarok Online in 2018





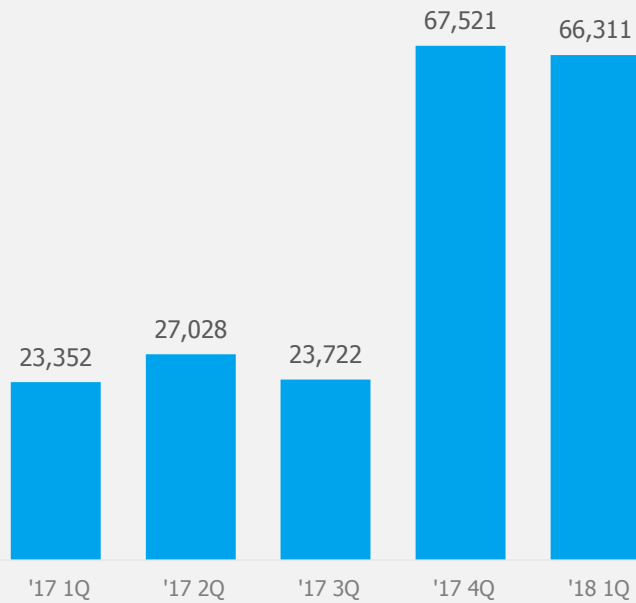
# 2018 1Q, Analysis

- 03 Operation Results Trend
- 04 Revenues Breakdown
- 05 2018 1Q MD&A

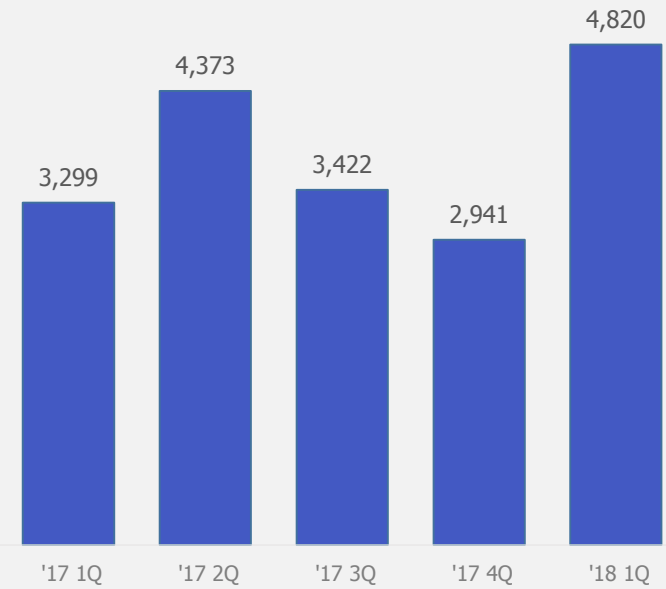
# 2018 1Q, Analysis

## Operation Results Trend

### Revenues



### Operating Profit

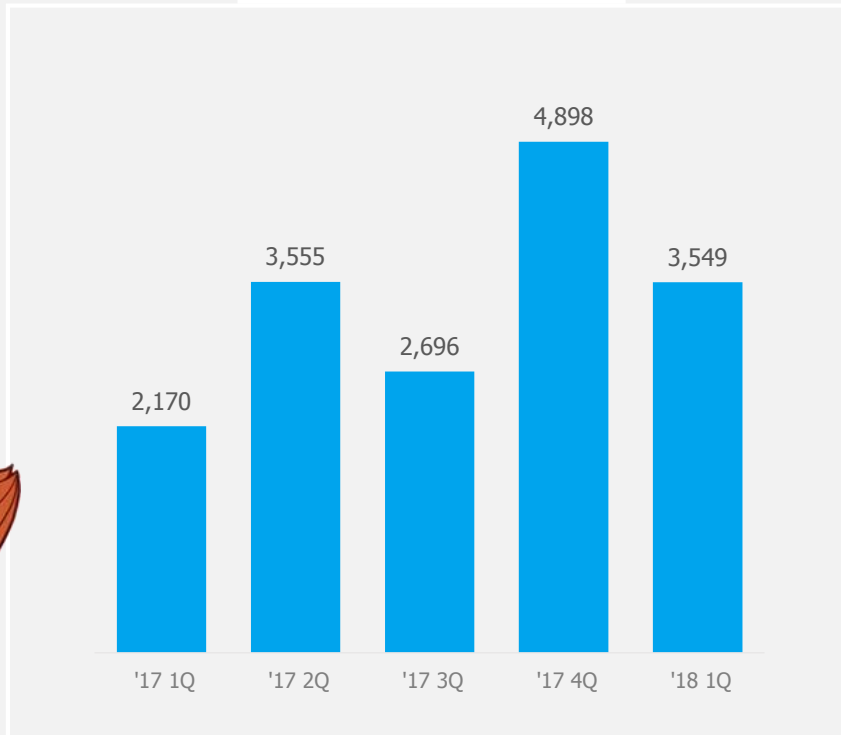




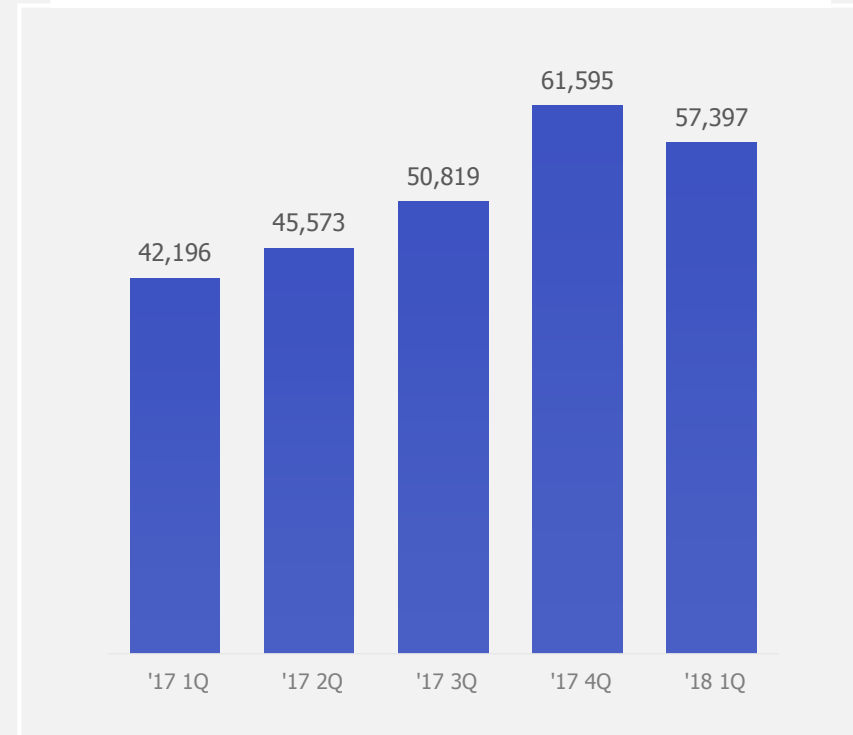
# 2018 1Q, Analysis

## Operation Results Trend

### Net Profit



### Cash and Short-term Financial Instruments

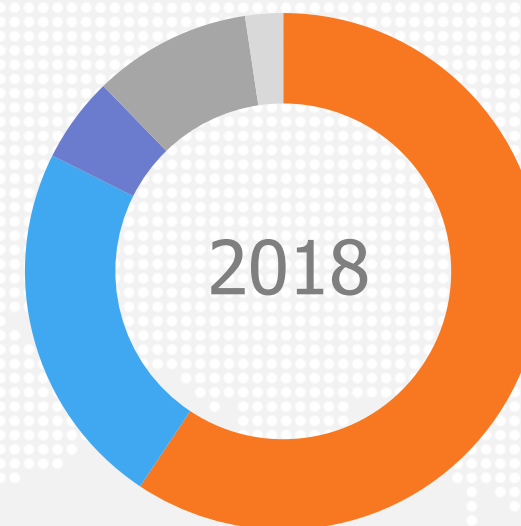
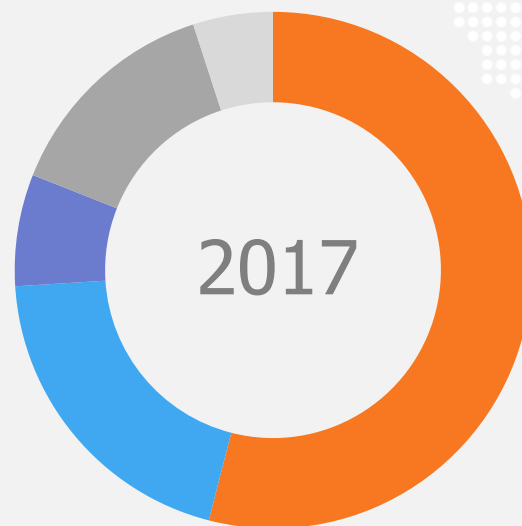
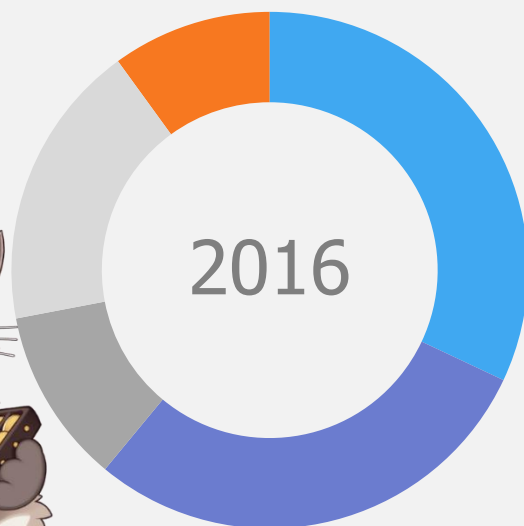


# 2018 1Q, Analysis

## Revenues Breakdown



Market Area



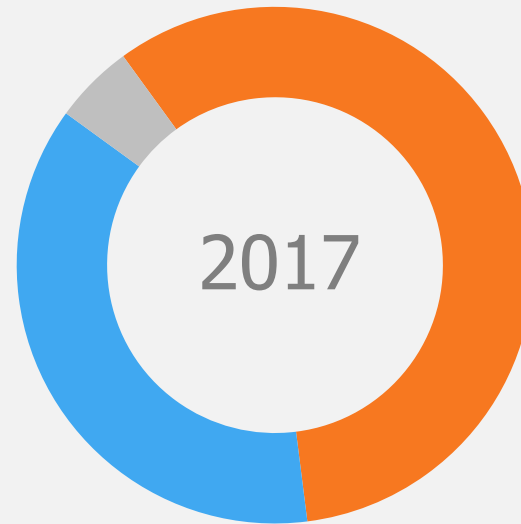
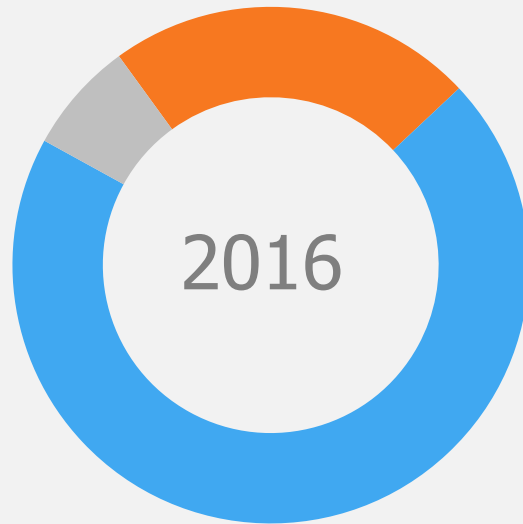
● Taiwan/HK ● South Korea ● Japan ● China & others ● United States/Canada

**Korea and Japan  
Main Markets**

**Revenue Growth in Taiwan and other Asian Markets  
Diversified Market Area**

## 2018 1Q, Analysis Revenues Breakdown

Game Platforms



● MOBILE ● PC ● Others

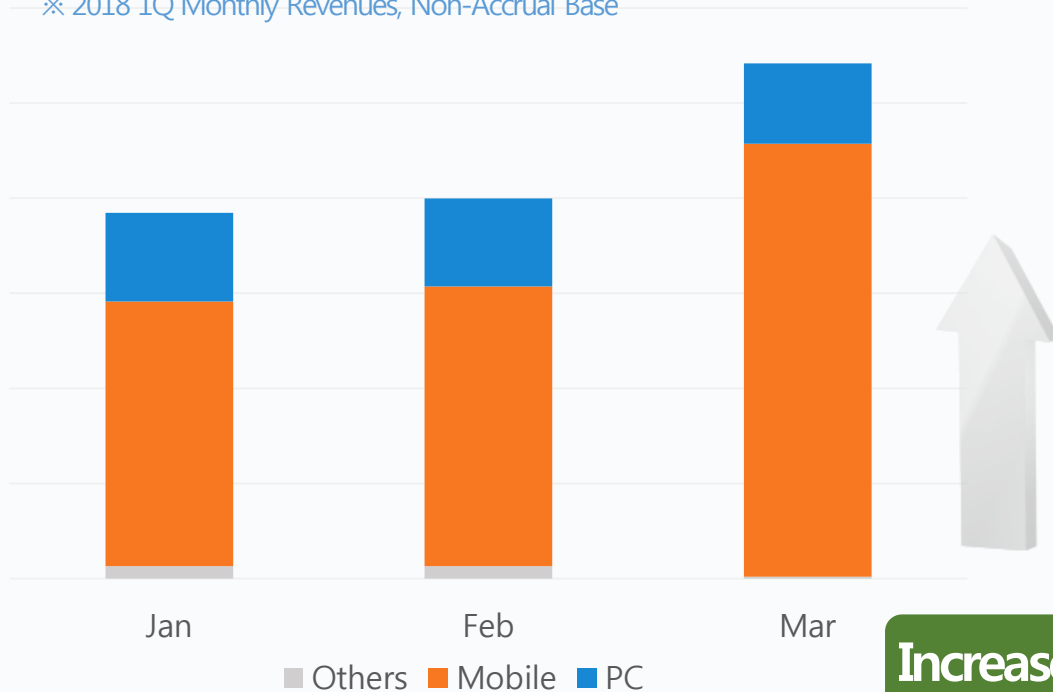
Continues Revenue Growth in both Online and Mobile Games

Gravity as a Leading Service Provide in  
Online and Mobile Game Markets



### Increase of Mobile Game Revenues : Ragnarok M Launch on March 14 in Korea

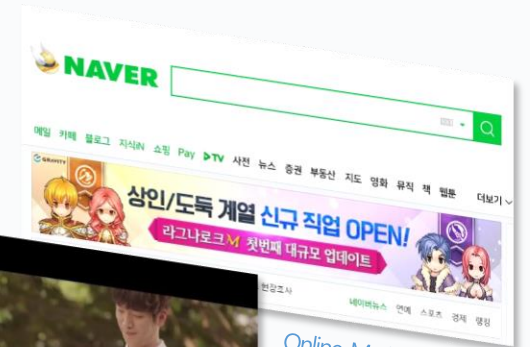
※ 2018 1Q Monthly Revenues, Non-Accrual Base



Pre-Marketing Events



TV Commercials



Online Marketing on Portal Sites

### Increase in Advertising Expenses related to Ragnarok M in Korea



# 2018 Gravity Outlook

- 06 Upcoming Launchings
- 07 Global Market Strategy

# 2018 Gravity Outlook

## Upcoming Launchings

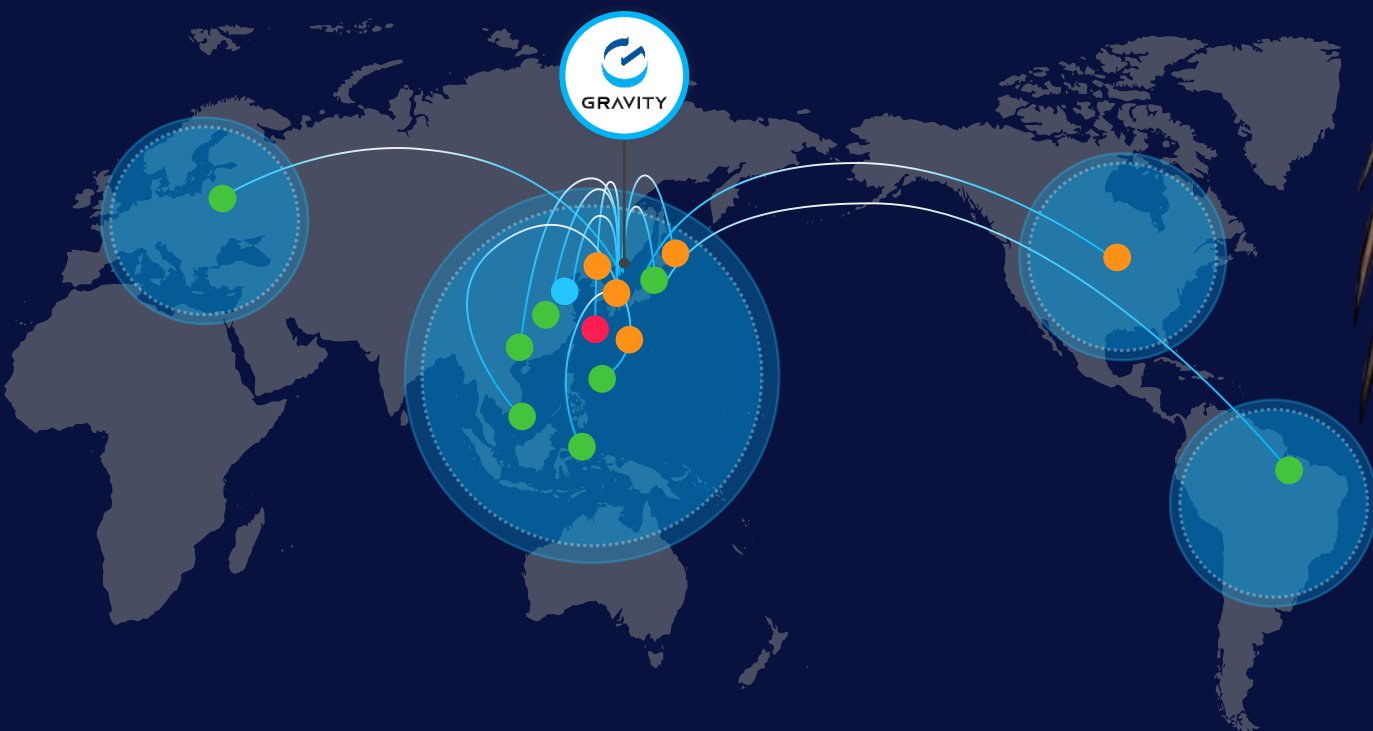


Platform	Game	Plan	Schedule	Market
PC	Ragnarok Online	Additional Re-launching	2018	Russia/TBD
PC	Ragnarok Zero/ Re: Start	Additional launching	2018	TBD
Web Browser	Ragnarok Prequel (Ragnarok Journey)	Additional launching	2018	Korea / South East Asia
Mobile	Ragnarok R	Additional launching	2018	South East Asia
Mobile	Ragnarok M	Additional launching	2018	Major Ragnarok Markets
Mobile	RO : Idle Poring	Additional launching	2018	TBD
Mobile	Spear of Odin	New launch	2018	South East Asia
Mobile	Mobile games based on Ragnarok IP	New launch	2018	TBD
Mobile	Hillance Quest	New launch	2018	TBD



# 2018 Gravity Outlook

## Global Market Strategy



### Expansion of Global Networks

- Global game service know-how in more than 80 countries
- Establishment of Taiwanese Subsidiary (April 13, 2018)
- Alliance with Russian Licensee->Relaunch of Ragnarok Online
- US Subsidiary: Game Service in more markets



# Exhibits

- 01 Company Information
- 02 Financial Statements
- 03 Subsidiaries/Branch



## Exhibits

## Company Information

Date of  
Establishment

- April 4, 200



Location

- Seoul Korea(HQ), Taipei Taiwan(Branch)



Employees

- 508(Including Subsidiaries, as of March 31, 2018)



Business Area

- Development and Publishing of Online Games and Mobile Games
- IP Licensing Business
- Character merchandizing and other IT Services



Management

- CEO Hyun Chul Park
- COO Yoshinori Kitamura
- CFO Heung Gon Kim



# Exhibits

## 03

## Financial Statements

- Consolidated Statements of Comprehensive Income (IFRS)

(In millions of KRW except share and per share data)

Account	2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q
	(unaudited)				
<b>Revenues</b>	<b>23,352</b>	<b>27,028</b>	<b>23,722</b>	<b>67,521</b>	<b>66,311</b>
Online games—subscription revenue	9,855	9,786	9,126	7,661	8,896
Online games—royalties and license fees	4,475	3,546	3,492	4,731	4,619
Mobile games and applications	8,063	12,239	9,730	52,592	51,396
Character merchandising, animation and other revenue	959	1,457	1,374	2,537	1,400
Cost of revenues	13,675	15,116	13,922	51,521	45,784
Gross Profit	9,677	11,912	9,800	16,000	20,527
Total operating expenses	6,378	7,539	6,378	13,059	15,707
SG&A	5,528	6,577	4,943	10,964	13,827
R&D expenses	863	1,041	1,436	1,899	1,874
Other costs (income)	(13)	(79)	(1)	196	6
<b>Operating Profit</b>	<b>3,299</b>	<b>4,373</b>	<b>3,422</b>	<b>2,941</b>	<b>4,820</b>
Finance income	535	382	200	758	590
Financial costs	(452)	(195)	(1)	(804)	(293)
Profit before income tax expense	3,382	4,560	3,621	2,895	5,117
Income Tax Expense	1,228	1,017	914	(2,015)	1,593
<b>Profit for the year</b>	<b>2,154</b>	<b>3,543</b>	<b>2,707</b>	<b>4,910</b>	<b>3,524</b>
Profit (loss) attributable to:					
Non controlling interest	(16)	(12)	11	12	(25)
<b>Owners of the Parent Company</b>	<b>2,170</b>	<b>3,555</b>	<b>2,696</b>	<b>4,898</b>	<b>3,549</b>
Earnings (loss) per share—basic and diluted:	312	512	388	705	510
Earnings (loss) per ADS—basic and diluted:	624	1,024	776	1,410	1,020



# Financial Statements

(In millions of KRW except share and per share data)

- Consolidated Statement of Financial Position (IFRS)



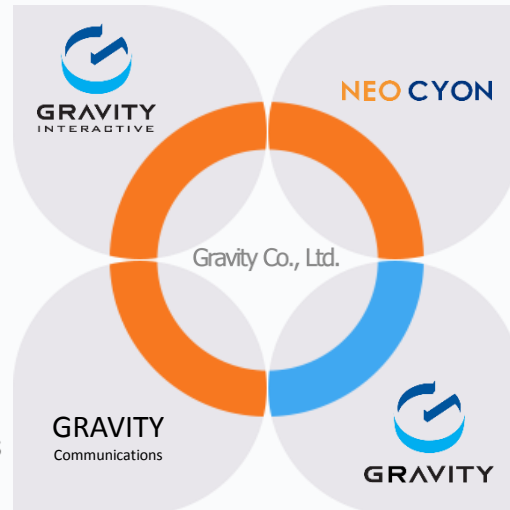
Account	2017 1Q	2017 2Q	2017 3Q	2017 4Q	2018 1Q
		(unaudited)		(audited)	(unaudited)
<b>Assets</b>	<b>62,409</b>	<b>73,397</b>	<b>74,453</b>	<b>115,883</b>	<b>111,792</b>
<b>Current Assets</b>	<b>60,515</b>	<b>71,372</b>	<b>71,964</b>	<b>108,871</b>	<b>104,748</b>
Cash and cash equivalents	42,196	45,573	50,819	61,595	57,397
Account receivables, net	15,180	22,689	16,750	42,168	41,811
Others	3,139	3,110	4,395	5,108	5,540
<b>Non Current Assets</b>	<b>1,894</b>	<b>2,025</b>	<b>2,489</b>	<b>7,012</b>	<b>7,044</b>
Property and equipment, net	639	775	766	946	972
Intangible asset	203	180	157	1,036	947
Deferred tax assets	0	0	0	3,036	3,037
Other non-current financial assets	948	972	987	1,394	1,384
Others	104	98	579	600	704
<b>Liabilities</b>	<b>29,912</b>	<b>37,311</b>	<b>35,617</b>	<b>71,885</b>	<b>64,010</b>
<b>Current Liabilities</b>	<b>25,646</b>	<b>29,741</b>	<b>29,022</b>	<b>64,744</b>	<b>57,464</b>
Account Payables	13,056	15,709	13,032	44,410	38,248
Deferred Revenue	10,930	11,871	13,429	16,100	14,639
Others	1,660	2,161	2,561	4,234	4,578
<b>Non Current Liabilities</b>	<b>4,266</b>	<b>7,570</b>	<b>6,595</b>	<b>7,141</b>	<b>6,546</b>
<b>Equity</b>	<b>32,497</b>	<b>36,086</b>	<b>38,836</b>	<b>43,998</b>	<b>47,782</b>
Share capital	3,474	3,474	3,474	3,474	3,474
Capital surplus	27,149	27,149	27,149	27,164	27,164
Other components of equity	2,273	5,830	8,524	(40)	17,511
Retained earnings (Accumulated deficit)	173	218	262	13,962	220
Non-controlling interest	(572)	(585)	(573)	(562)	(587)
<b>Total Liabilities and Equity</b>	<b>62,409</b>	<b>73,397</b>	<b>74,453</b>	<b>115,883</b>	<b>111,792</b>

# Exhibits

## Subsidiaries/Branch

### Gravity Interactive, Inc.

- Steam Service
- Operation of warportal.com
- Global Mobile Game Service
- Global Online Game Service



### NeoCyon, Inc.

- Mobile Games Development
- Mobile Game Service in Korea
- B2B IT Service

### Gravity Communications Co., Ltd.

- Strategical Planning for Asian Markets

### Taiwan Branch

- Online and Mobile Game Service in Taiwan, HK, Macau
- Operation of Gnjoy.com.tw

## Gravity Co., Ltd.

- Online and Mobile Game Development
- Ragnarok Online Service in Korea
- Online and Mobile Game Service in Korea
- IP Licensing Business
- Global Business Planning and Marketing



Game Portal Site  
GnJoy.com

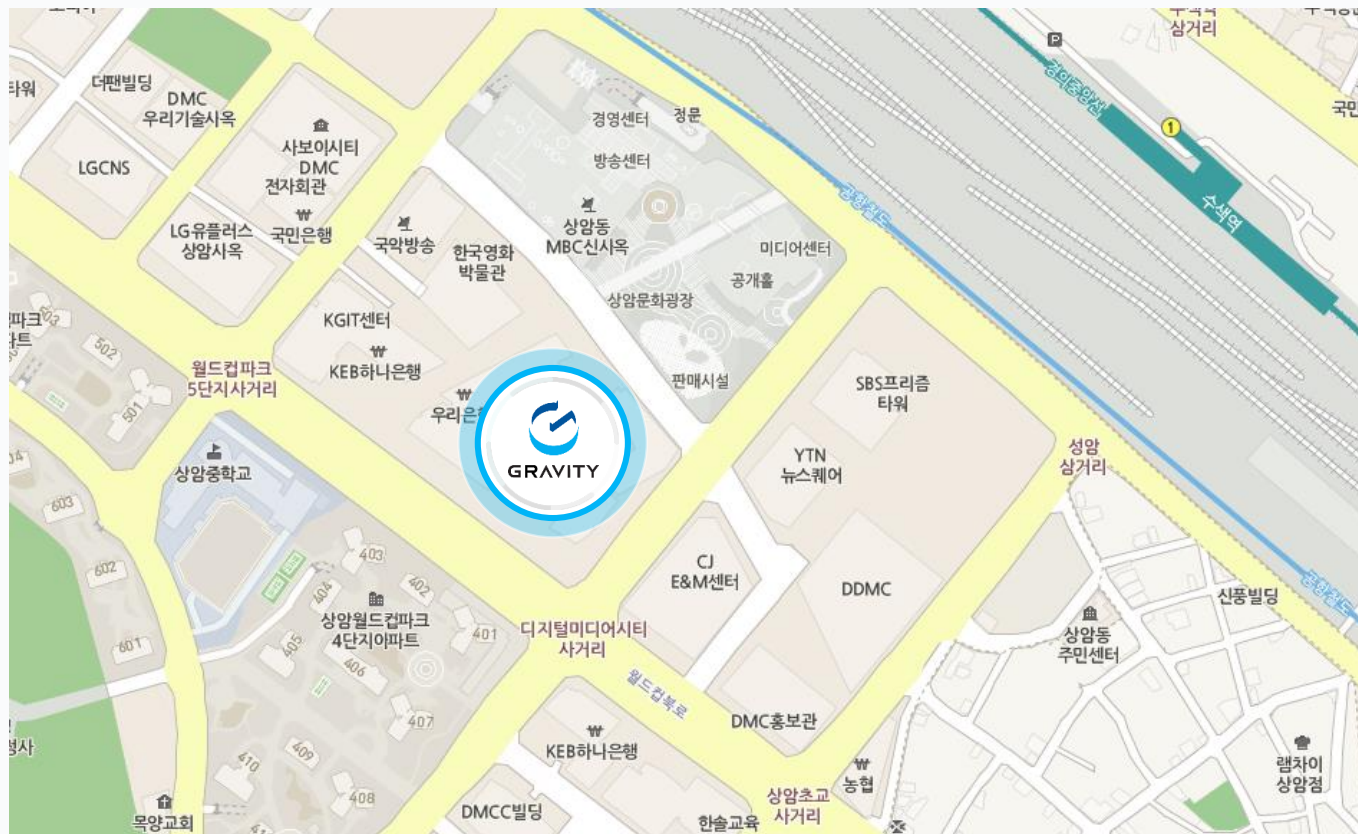
Gravity Interactive, Inc.

Gravity Co., Ltd. NeoCyon, Inc.

Gravity Communications Co., Ltd.

Taiwan Branch

# Investor Relations Contact Information



**Heung Gon Kim**  
Chief Financial Officer

**Ji Hee Kim**  
IR Manager



## Contact Information

**Address** | 15F, 396 World Cup buk-ro,  
Mapo-gu, Seoul 121-795, Korea

**E-mail** | [ir@gravity.co.kr](mailto:ir@gravity.co.kr)

**Tel** | +82 - 2 - 2132 - 7800~7801

**Fax** | +82 - 2 - 2132 - 7070





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# Thank You