

# 2018 2Q IR PRESENTATION



## GRAVITY Investor Relation

June 2018

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# 2018 2Q Updates

## Ongoing Global Hit on Ragnarok M

- 01 Ragnarok M : 4.0 Episode Update
- 02 Ragnarok M : Additional Launching Plan

01

2018 2Q Updates

## Ragnarok M: 4.0 Episode Update

Ongoing Global Hit on Ragnarok M

**Rank No. 2** Mobile game(in terms of sales) in Taiwan AOS/iOS After  
**4.0 Update! Update will be continued!**



## Highlights of 4.0 Update

- A New Map "YUNO" Open
- Possibility of the fourth changing jobs, Update 10 kinds of job characters
- Add the battle mode such as MVP contents

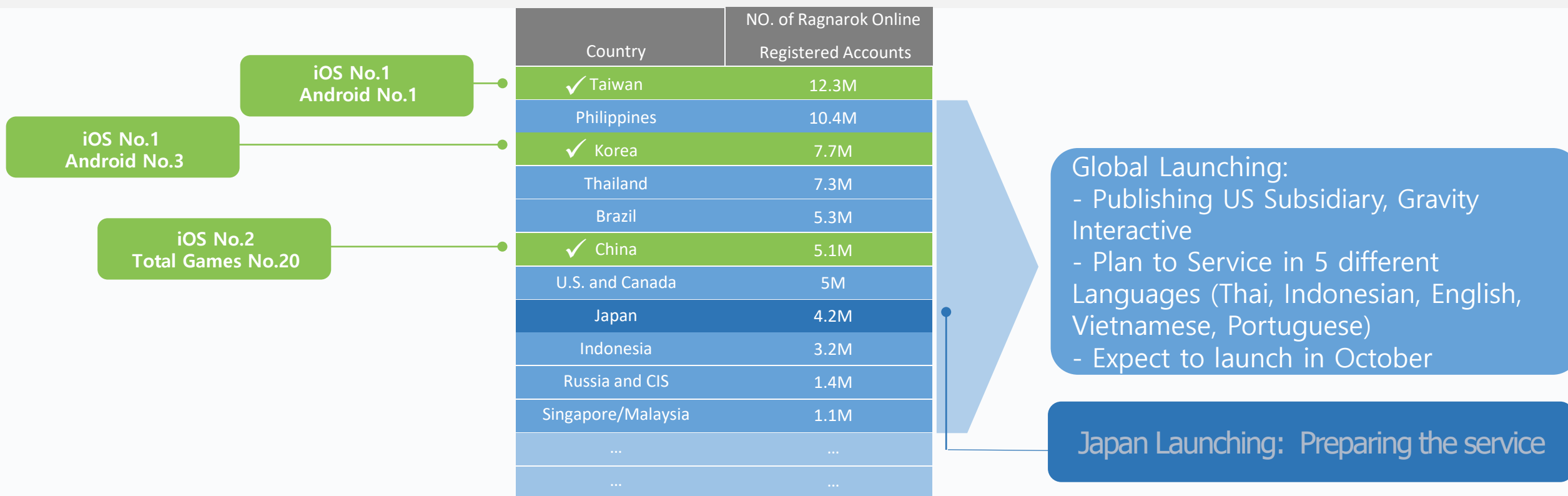
**Maximize the Fun through Continuous Updates  
 Contribute Steady Revenue with Various Events and  
 Abundant Contents**





# Ragnarok M: Additional Launching Plan

## Ongoing Global Hit on Ragnarok M, Expansion of the Game Service to Global Countries



✓ **Strengthen Market Power in Southeast Asia**

✓ **A Step towards the Global Corporation with North and South America Market Expansion**



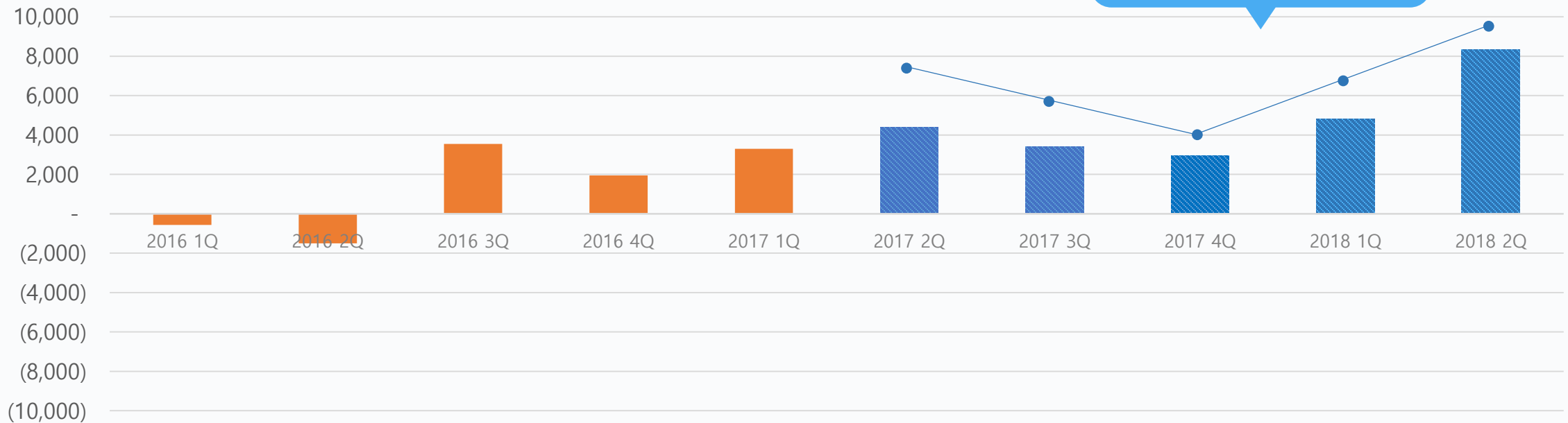
# 2018 2Q Highlights of Financial Results

## 03 Record High Operating Profit in the Second Quarter Financial Performance Improvement Factors

03

# 2018 2Q Highlights of Financial Results

## Record High Operating Profit in the Second Quarter Since Gravity was listed on NASDAQ



### Financial Performance Improvement Factors

- ✓ A Successful Launch of Ragnarok M in Korea on March 14<sup>th</sup>, 2018
- ✓ Top ranked in the mobile game during 9 months after the launch in Taiwan
- ✓ Ragnarok Online Revenue growth → Directly service to Taiwan/Hong Kong/Macao  
Re-launching Southeast Asia with a customized strategy





# DR Management Plan

## 04 DR Split, Global Market Transfer Plan

## 04

# DR Management Plan

## DR Split, Global Market Transfer Plan

**ADS:ADR = 2:1 → ADS:ADR = 1:1**

- ① Increase DR Liquidity with double the number of DR  
(Increase 1,644,602 shares to 3,289,204 shares as of June 30, 2018)
- ② Increase Investment accessibility to participate more investors in the long term

### Transferring to Nasdaq Global Market

- ① Transfer from Small Cap Market, Capital Market to Global Market with financial performance Improvement and stock price rise.
- ② Expect to attract various investors in wide spectrum market
- \* The company is satisfied Nasdaq's requirements for continued listing



# 2018 2Q, Analysis

05 Operation Results Trend

06 Revenues Breakdown

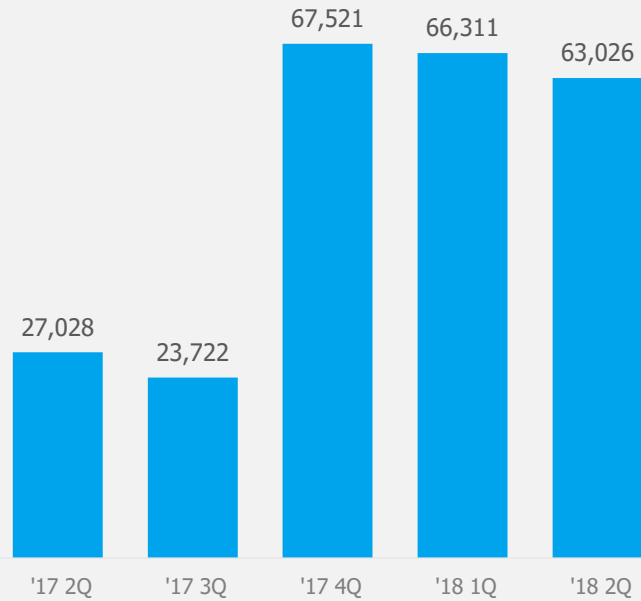


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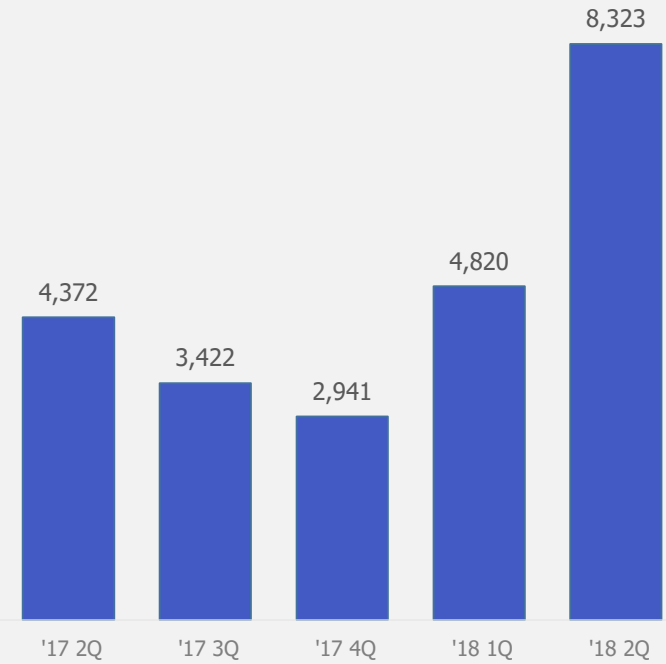
# 2018 2Q, Analysis

## Operation Results Trend

Revenues



Operating Profit

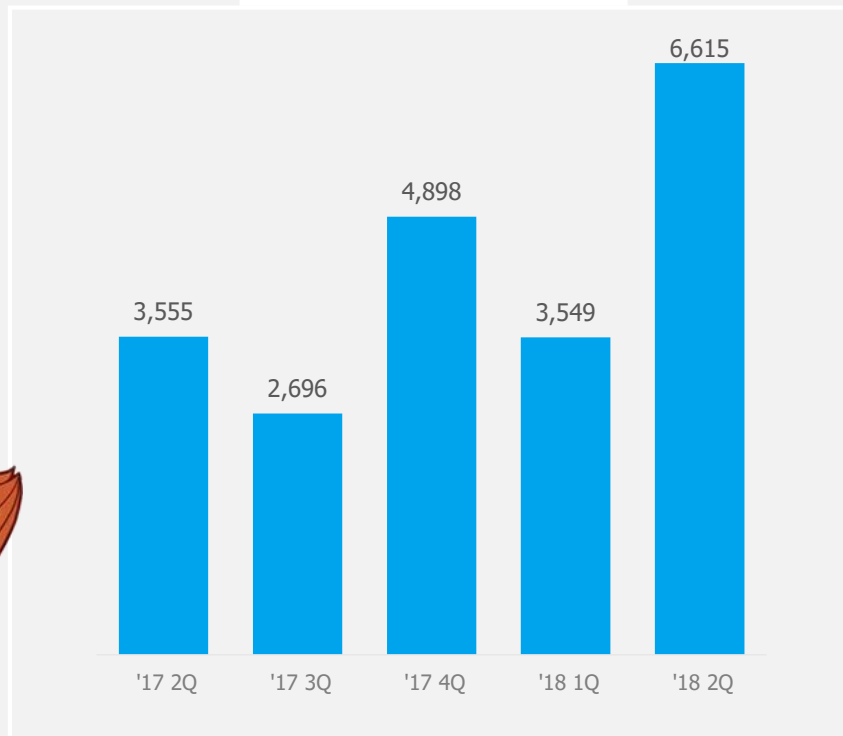


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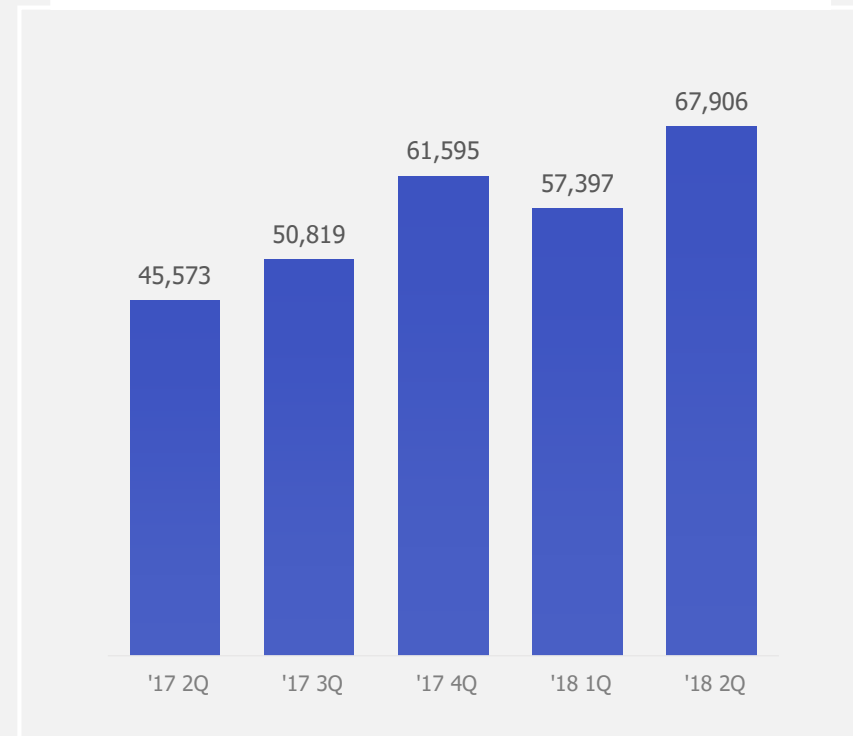
# 2018 2Q, Analysis

## Operation Results Trend

Net Profit

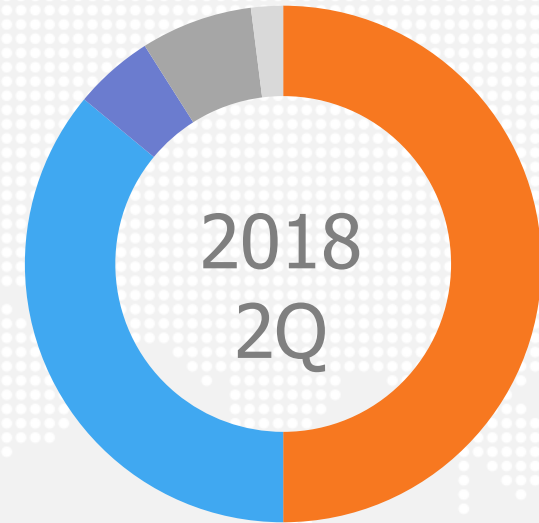
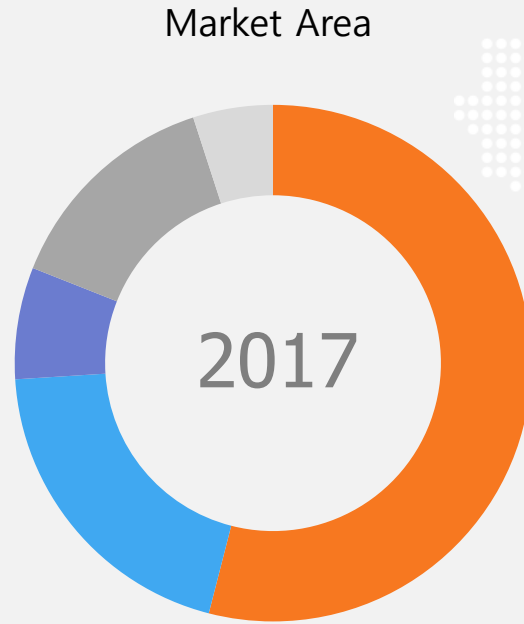
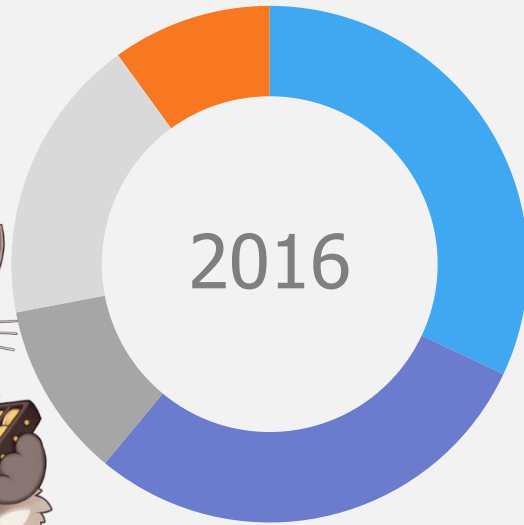


Cash and Short-term Financial Instruments



06

## 2018 2Q, Analysis Revenues Breakdown



● 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

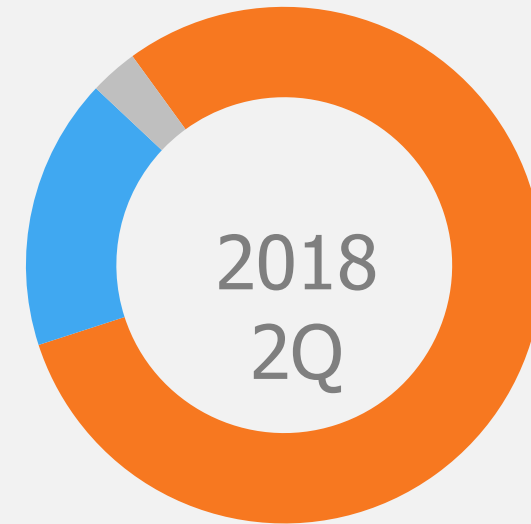
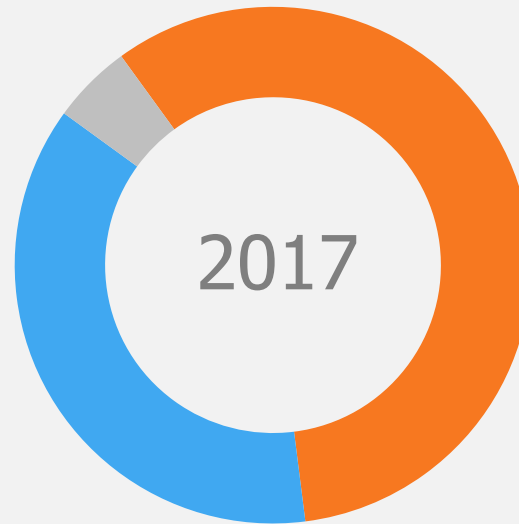
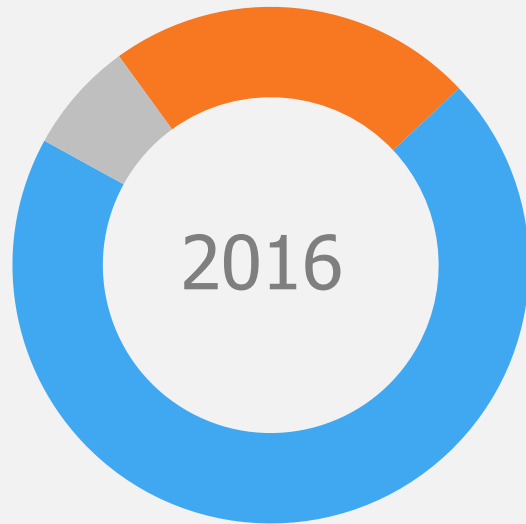


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## 2018 2Q, Analysis

### Revenues Breakdown

Game Platforms



● MOBILE ● PC ● 기타

Continues Revenue Growth in both Online and Mobile Games

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



# 2018 Gravity Outlook

07 Upcoming Launchings

08 Global Market Strategy

# 2018 Gravity Outlook

## Upcoming Launchings



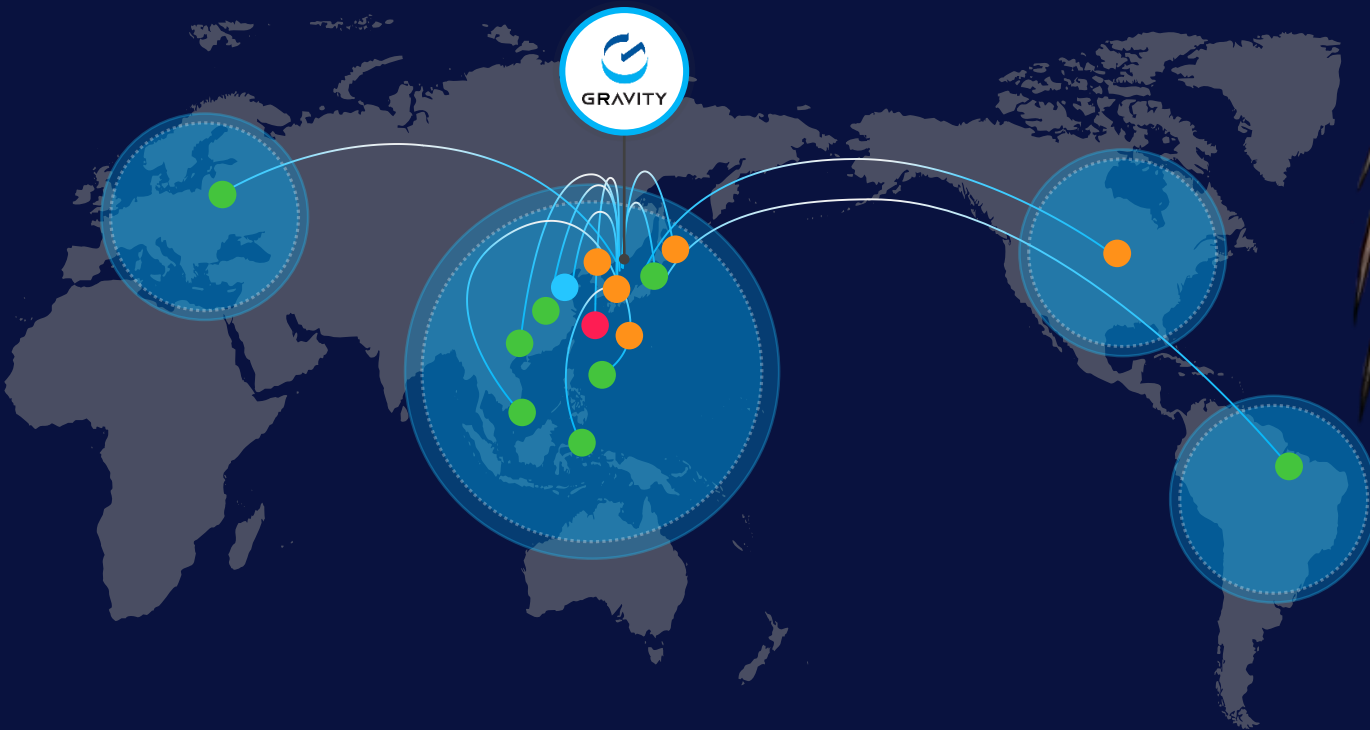
Platform	Game	Plan	Schedule	Market
PC	Ragnarok Online	Additional Re-launching	2018	Russia
PC	Ragnarok Zero/ Re: Start	Additional launching	TBD	Vietnam
Web Browser	Ragnarok Prequel (Ragnarok Journey)	Additional launching	2018	South East Asia
Mobile	Ragnarok R (Card RPG)	Additional launching	2018	Indonesia/TBD
Mobile	Ragnarok M (MMO RPG)	Additional launching	2018/TBD	Global Markets/Japan
Mobile	RO : Idle Poring (Text RPG)	Additional launching	2018	TBD
Mobile	Spear of Odin (MO RPG) (Ragnarok Dungeon Survivor)	New launch	2018	Philippines/Singapore/ Malaysia/Indonesia Thailand/ Vietnam
Mobile	Mobile games based on Ragnarok IP	New launch	2019	TBD
Mobile	Hillance Quest	New launch	2018	TBD
Mobile	RO IP: Puzzle Game	New launch	2018	TBD





# 2018 Gravity Outlook

## Global Market Strategy



### Strategic Plans for Global Market

- US Subsidiary: Global Game Service in more markets
- Global business targeting more than 80 countries -> Expansion and buildup
- Alliance with Russian Licensee->Relaunch of Ragnarok Online / Launch of Ragnarok ZERO
- Plan to expand the service in Indonesia
- Own growth engine through opportunity to find a new business



# Exhibits

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



## 01

# Exhibits

## Company Information



Date of  
Establishment

- April 4, 2000



Location

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



Employees

- 551 (Including Subsidiaries, as of June 30, 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

## 02

## Exhibits

## Financial Statements

- Consolidated Statements of Comprehensive Income (IFRS)

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

Account	2017 2Q	2017 3Q	2017 4Q	2018 1Q	2018 2Q
	(unaudited)				
<b>Revenues</b>	<b>27,028</b>	<b>23,722</b>	<b>67,521</b>	<b>66,311</b>	<b>63,026</b>
Online games—subscription revenue	9,786	9,126	7,661	8,896	6,116
Online games—royalties and license fees	3,546	3,492	4,731	4,619	3,209
Mobile games and applications	12,239	9,730	52,592	51,396	51,789
Character merchandising, animation and other revenue	1,457	1,374	2,537	1,400	1,912
Cost of revenues	15,116	13,922	51,521	45,784	43,150
Gross Profit	11,912	9,800	16,000	20,527	19,876
Total operating expenses	7,539	6,378	13,059	15,707	11,553
SG&A	6,577	4,943	10,964	13,827	9,470
R&D expenses	1,041	1,436	1,899	1,874	1,742
Other expenses (income)	(79)	(1)	196	6	341
<b>Operating Profit</b>	<b>4,373</b>	<b>3,422</b>	<b>2,941</b>	<b>4,820</b>	<b>8,323</b>
Finance income	382	200	758	590	892
Financial costs	(195)	(1)	(804)	(293)	(573)
Profit before income tax expense	4,560	3,621	2,895	5,117	8,642
Income Tax Expense	1,017	914	(2,015)	1,593	2,042
<b>Profit for the year</b>	<b>3,543</b>	<b>2,707</b>	<b>4,910</b>	<b>3,524</b>	<b>6,600</b>
Profit (loss) attributable to:					
Non controlling interest	(12)	11	12	(25)	(15)
<b>Owners of the Parent Company</b>	<b>3,555</b>	<b>2,696</b>	<b>4,898</b>	<b>3,549</b>	<b>6,615</b>
Earnings (loss) per share—basic and diluted:	512	388	705	511	952
Earnings (loss) per ADS—basic and diluted:	1,024	776	1,410	1,022	1,904





# Exhibits

## Financial Statements

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

- Consolidated Statement of Financial Position (IFRS)



Account	2017 2Q	2017 3Q	2017 4Q	2018 1Q	2018 2Q
	(unaudited)		(audited)	(unaudited)	
<b>Assets</b>	<b>73,397</b>	<b>74,453</b>	<b>115,883</b>	<b>111,792</b>	<b>108,198</b>
<b>Current Assets</b>	<b>71,372</b>	<b>71,964</b>	<b>108,871</b>	<b>104,748</b>	<b>101,137</b>
Cash and cash equivalents	45,573	50,819	61,595	57,397	67,906
Account receivables, net	22,689	16,750	42,168	41,811	28,008
Others	3,110	4,395	5,108	5,540	5,223
<b>Non Current Assets</b>	<b>2,025</b>	<b>2,489</b>	<b>7,012</b>	<b>7,044</b>	<b>7,061</b>
Property and equipment, net	775	766	946	972	1,329
Intangible asset	180	157	1,036	947	520
Deferred tax assets	0	0	3,036	3,037	3,036
Other non-current financial assets	972	987	1,394	1,384	1,453
Others	98	579	600	704	723
<b>Liabilities</b>	<b>37,311</b>	<b>35,617</b>	<b>71,885</b>	<b>64,010</b>	<b>54,119</b>
<b>Current Liabilities</b>	<b>29,741</b>	<b>29,022</b>	<b>64,744</b>	<b>57,464</b>	<b>48,043</b>
Account Payables	15,709	13,032	44,410	38,248	29,028
Deferred Revenue	11,871	13,429	16,100	14,639	15,177
Others	2,161	2,561	4,234	4,578	3,838
<b>Non Current Liabilities</b>	<b>7,570</b>	<b>6,595</b>	<b>7,141</b>	<b>6,546</b>	<b>6,076</b>
<b>Equity</b>	<b>36,086</b>	<b>38,836</b>	<b>43,998</b>	<b>47,782</b>	<b>54,079</b>
Share capital	3,474	3,474	3,474	3,474	3,474
Capital surplus	27,149	27,149	27,164	27,164	27,164
Other components of equity	218	262	(40)	220	(83)
Retained earnings (Accumulated deficit)	5,830	8,524	13,962	17,511	24,126
Non-controlling interest	(585)	(573)	(562)	(587)	(602)
<b>Total Liabilities and Equity</b>	<b>73,397</b>	<b>74,453</b>	<b>115,883</b>	<b>111,792</b>	<b>108,198</b>

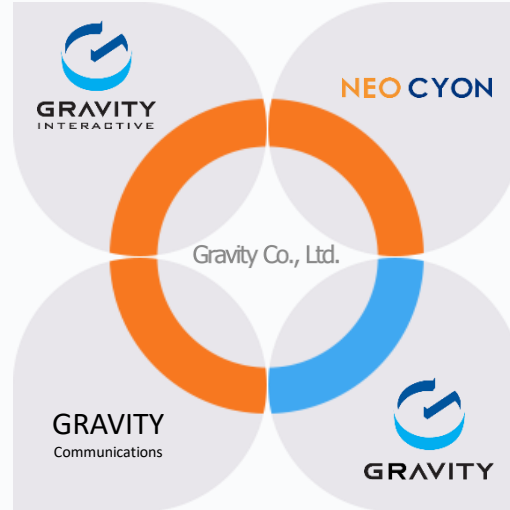
## 03

# 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.

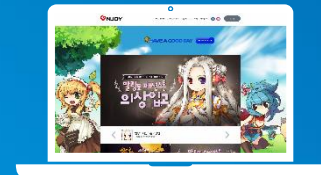
- Strategical Planning for Asian Markets

### 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

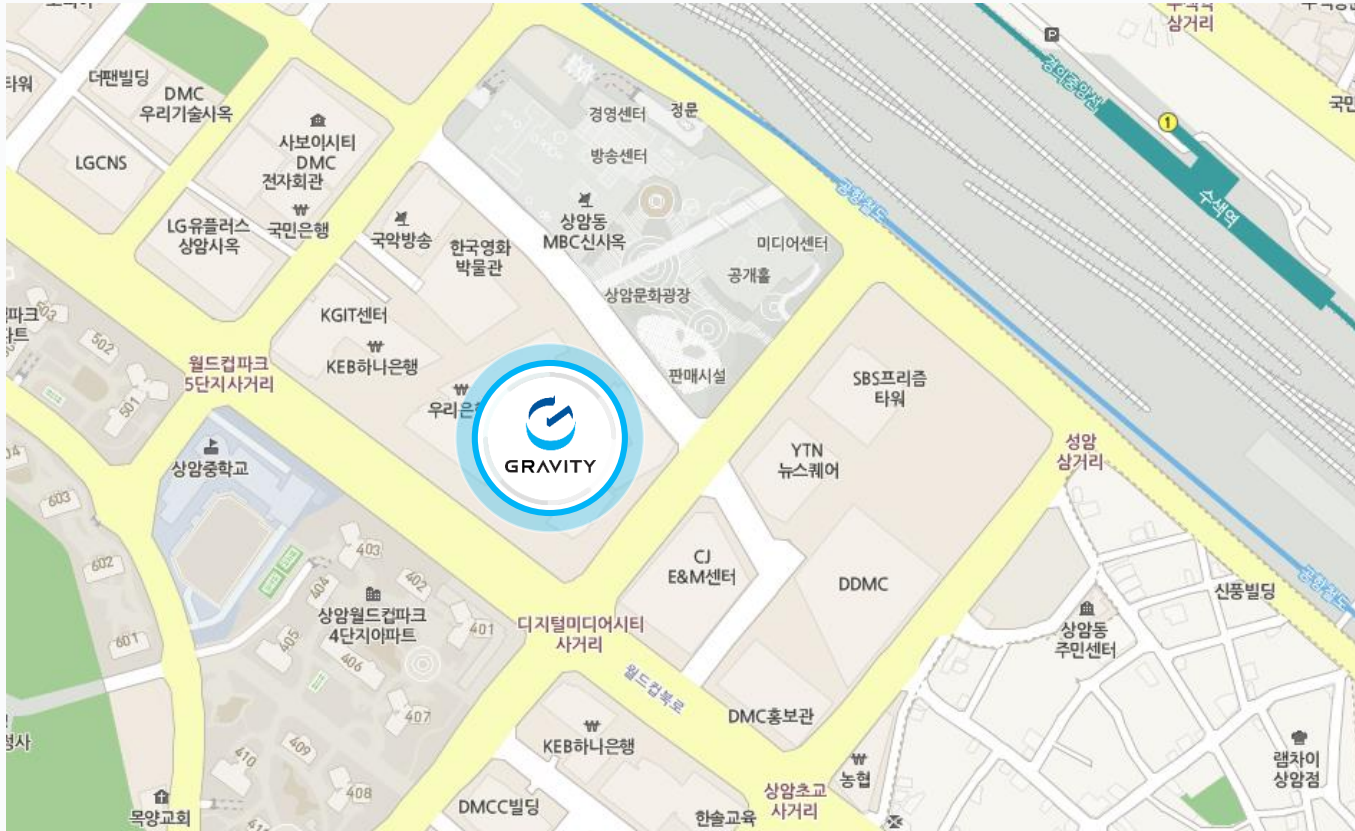
Gravity Interactive, Inc.

Gravity Co., Ltd. NeoCyon, Inc.

Gravity Communications Co., Ltd.

Taiwan Branch

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Gravity along with Ragnarok,  
We are dedicated to grow as a Global Leading Game Company

# Thank You