



GRAVITY

Investor Relations 2017

Third Quarter

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GRAVITY Investor Relations

GRAVITY and RAGNAROK

- 01 Kingdom of Ragnarok
- 02 Ragnarok: The 2nd Golden Days
- 03 Strengths of Ragnarok



Ragnarok Online [RO仙境傳說]

- Offered in **80** countries and markets
- **2.5D MMORPG** Online Game
- **62 million** Registered IDs (as of 3Q 2017)
- **A World-renowned** Online Game for 15 years
- **Rich Content** with **Continuous** Development

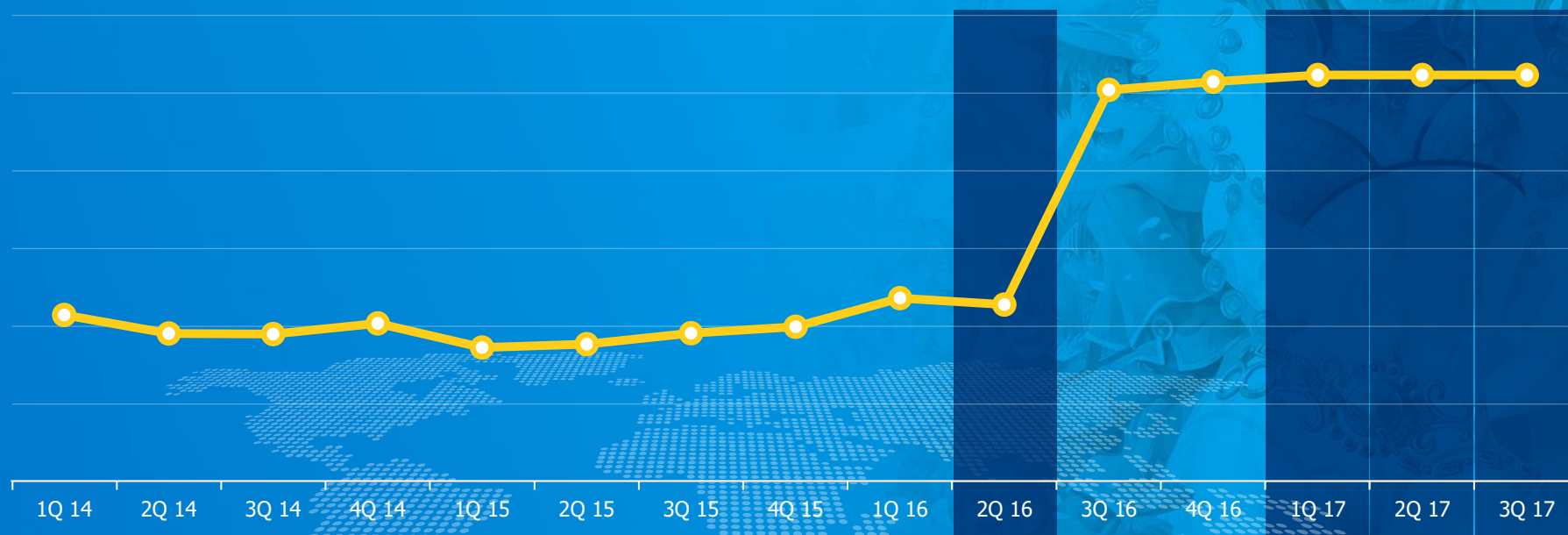


Registered IDs of Ragnarok Online



RAGNAROK: The 2nd Golden Days

Ragnarok Online Global Revenues Trend



2Q 2016

JUN  Taiwan Re-launch

JUL  Thailand Re-launch

1Q 2017

FEB  Indonesia Re-launch

2Q 2017

JUN  Philippines Re-launch

4Q 2017

4Q   Singapore, Malaysia Re-launch (plan)

RAGNAROK: The 2nd Golden Days

Global Launch of Ragnarok Online & Ragnarok IP Games

Ragnarok M

China MAR, 2017
Taiwan OCT, 2017



Ragnarok Clicker

AUG, 2016
North America [Web]
DEC, 2016
North America [Mobile]
APR, 2017
Worldwide [Mobile]



Ragnarok R

China OCT, 2016
Taiwan DEC, 2016
Thailand FEB, 2017
Korea APR, 2017



Ragnarok Online Re-launching

JUN, 2016 Taiwan
JUL, 2016 Thailand
FEB, 2017 Indonesia
JUN, 2017 Philippines



Ragnarok Prequel

MAY, 2015 China
JUL, 2016 Taiwan
MAR, 2017 North America
SEP, 2017 Thailand



Idle Poring

APR, 2016 China
SEP, 2017 Global
[Except Korea & Japan]



Strengths of RAGNAROK

Ragnarok Online, 15 years & More

2002, the First Golden Days



Active User Communication

through Global Offline Events and Surveys



Continuous Developments and Updates

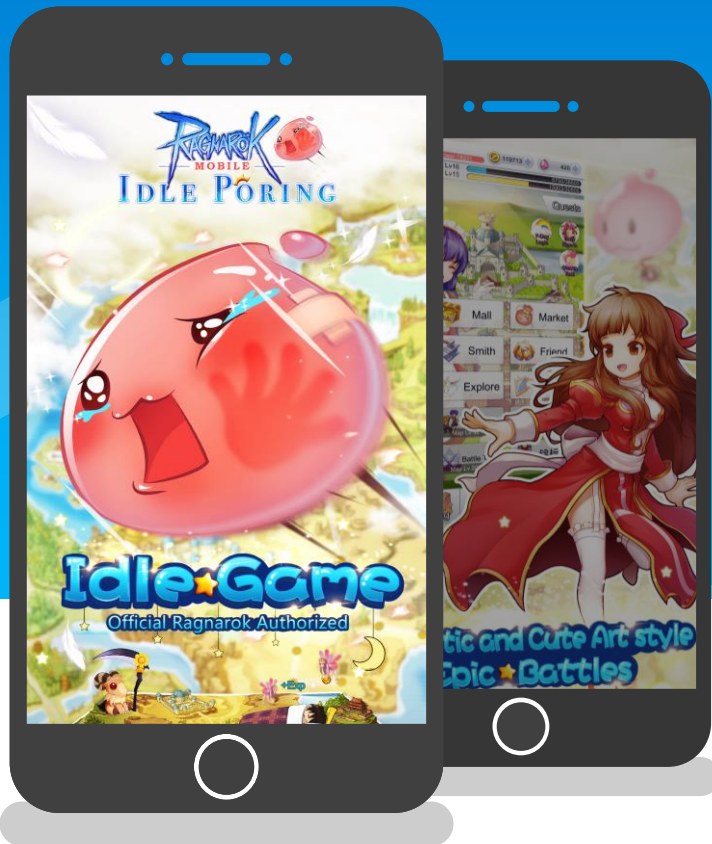


Various Game Platforms for Market Adaption

Strengths of RAGNAROK

Ragnarok Online, 15 years & More

2017, **The Second Golden Days**



- **Rich and Updated** Content Reflecting Users' Needs
- **Localized** for Various Markets
- **Recreated** on Multi Platform, including Mobile Phones
- **Increased** Value of Ragnarok IP

Strengths of RAGNAROK

Ragnarok & Global Ragnarok Users

2002

the First Golden Days

10s·20s

 The First Online Game Sensation
in Southeast Asia and China

 Formation of Loyal Global
Core Users



2017

The Second Golden Days

30s·40s

 Increased Purchase
Power of Ragnarok Users

 Increased new users and
return of old users

 Raised IP awareness and
Higher IP values



Strengths of RAGNAROK

Ragnarok into Multi Platform



Ragnarok Odyssey



Ragnarok Odyssey Ace



Ragnarok Online



Ragnarok Prequel



Ragnarok Clicker



Ragnarok R



Idle Poring



Pocket RO



Ragnarok M



Ragnarok : Clicker Mobile



Ragnarok : Path of Heroes

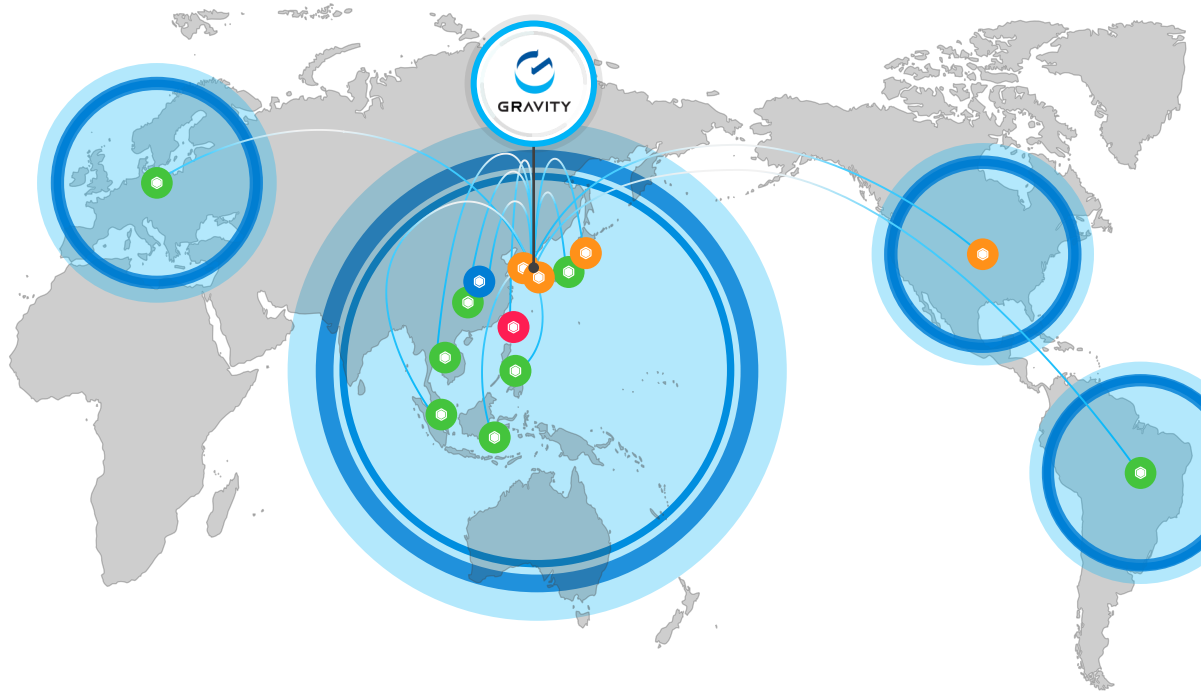


RO :Spear of Odin

Strengths of RAGNAROK

Global Business Network of Gravity

- Leading Game Publisher & Developer for more than 15 years in Asian market
- Game Service Network including North & South American market and European market
- Global game service know-how in more than 80 countries



Publisher

-  **Europe** WhyBe Online
-  **Japan** GungHo Online Entertainment
-  **Brazil** Level Up!
-  **Indonesia** Gravindo
-  **Philippines** Electronics Extreme
-  **Singapore/Malaysia** Electronics Extreme
-  **Thailand** Electronics Extreme
-  **China** Shanghai TA REN
Network Technology

Subsidiary

-  **Korea** NeoCyon
Gravity Games
-  **Japan** Gravity Entertainment
-  **U.S.A** Gravity Interactive

Branch

-  **Taiwan** Branch

Partnership

-  **China** Shanghai The Dream
Networks Technology

GRAVITY Investor Relations

Where We are

04 Business Updates

05 Operation Results

Business Updates

- Revenue Growth in Major Ragnarok Online Markets
- Value Growth of Ragnarok Online IP
- Business Expansion in Southeast Asian Markets
- ▶ **Stability of Game Operation Income**
- ▶ **Increase of Revenues and Growth Potentials**
- ▶ **Securing Future Revenue Sources by getting into new markets**



**Ragnarok Online
Re-launching**

2017 Popular Online Game in Philippines

'16-'17 Popular Online Game in Taiwan
Ragnarok Taiwan Championship

2016
Selected as Best Online Game in Thailand
500,000 Likes on Facebook Page

2015
IP Licensing and Development Agreement with Chinese developer
Publishing Agreement with a Local Licensee in China for re-launch



**Ragnarok
Prequel**

'16-'17

Popular Web Game
in Taiwan



Ragnarok R

2017

Ranked 4th in Korea
(iOS & Android)
(by Revenues)

'16-'17

Top 10 Mobile Game in Taiwan

2016

Top 10 Mobile Game in Thailand



Idle Poring

2017

Ranked 1st in Taiwan
(iOS & Android)
(by downloads)

2017

Popular Mobile Game in
North American, Thailand, Hong
Kong

Top 10 mobile game in
more than 10 countries



Ragnarok M

2017

Ranked 30th by revenues
and 3rd by downloads(iOS) in China

2017

Ranked 1st
in Taiwan and Hong Kong
(iOS & Android)
(by Revenues)

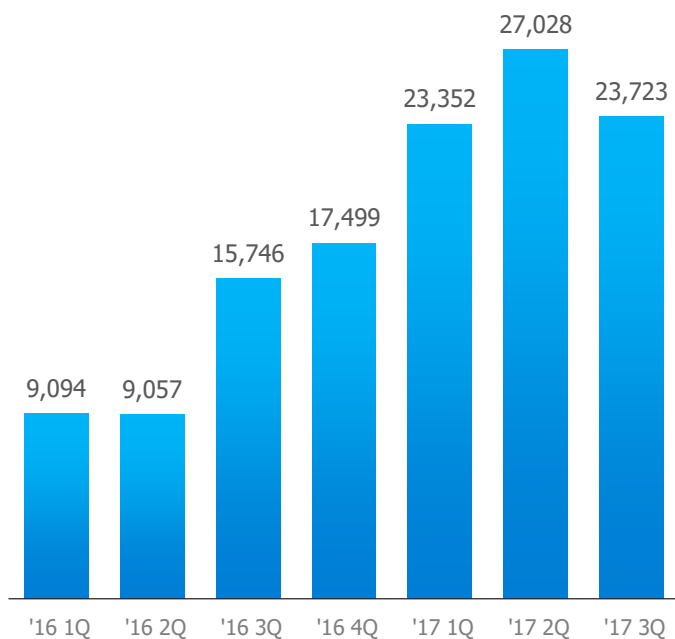
Ranked 1st in Bahamut in Taiwan

Earnings Trend

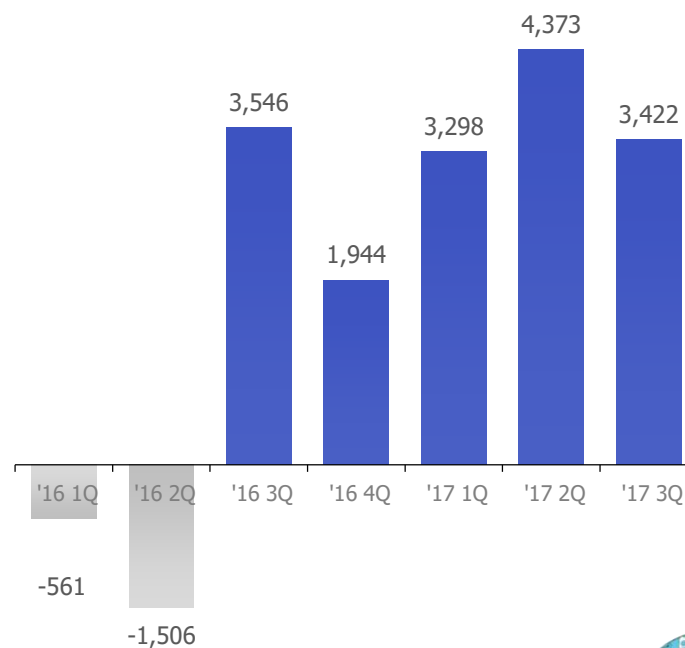
The Last year and 3Q in 2017 - Quarterly

In Million Won

Revenues



Operating Income(Loss)

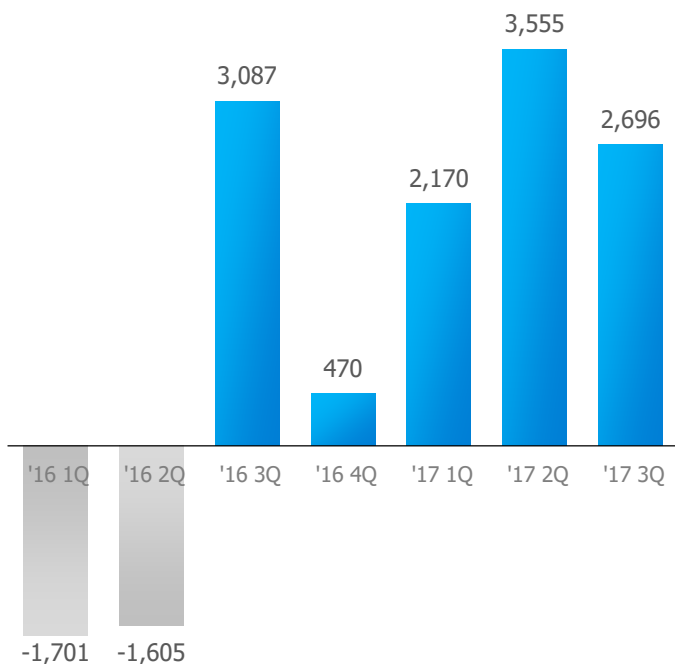


Earnings Trend

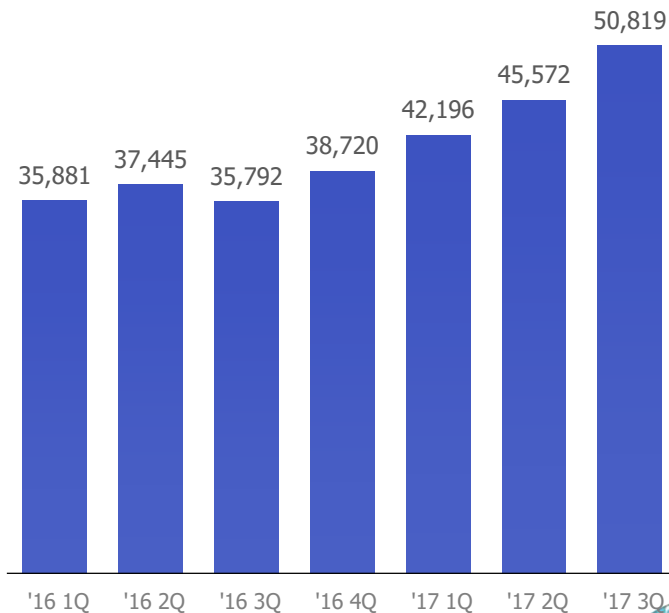
The Last year and 3Q in 2017 - Quarterly

In Million Won

Net Income (Loss)

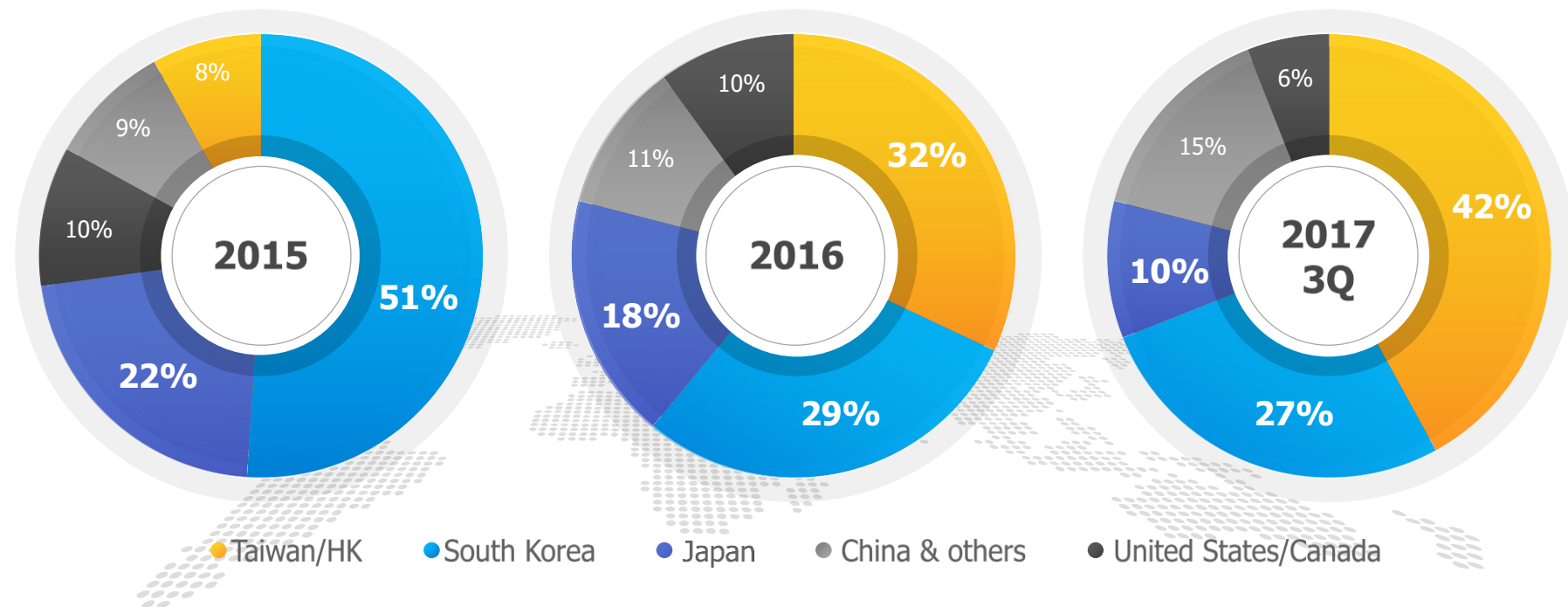


Cash & Short-term Financial Instruments



Operation Results: Revenues Breakdown '15 - 3Q '17

Revenues Breakdown : Market Area



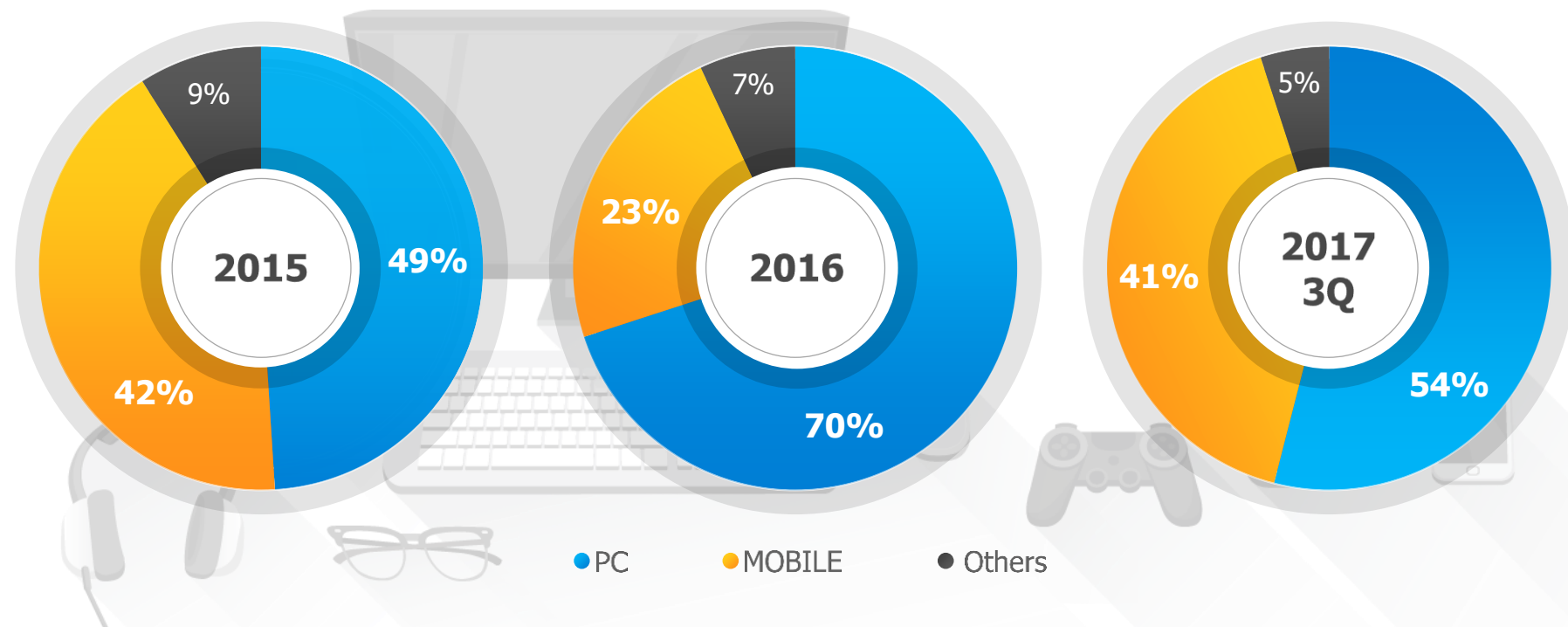
Most Revenues from Korea and Japan

Diversified Market Area

Due to Sales Growth in Taiwan and Other Asian Markets

Operation Results: Revenues Breakdown '15 - 3Q '17

Revenues Breakdown : Game Platforms



Revenue Growth of Ragnarok Online in 2016

Revenue Growth of Mobile Games in 2017

Growth in Online & Mobile Platforms

GRAVITY Investor Relations

Upcoming Launchings & Vision

06 Upcoming Launchings

07 Vision 2018



Upcoming Launchings



※ Game release plans are subject to change.



Platform	Game	Plan	Schedule	Market
PC	Ragnarok Online	Additional Re-launching	2017 4Q	Singapore / Malaysia
PC	Ragnarok Zero	Renewal launching	2017 4Q	Korea
Web Browser	Ragnarok Prequel (Ragnarok Journey)	Additional launching	2017 4Q/ 2018	Philippines / Korea
Mobile	Ragnarok R	Additional launching	2017 4Q / 2018	North America / South East Asia
Mobile	Ragnarok M	Additional launching	2018 1Q / 2018 1 Half	Korea / Thailand
Mobile	Sword and Fairy: Mirror's Mirage	New launch	2017 4Q	Korea
Mobile	RO : Idle Poring	Additional launching	2017 4Q	Korea
Mobile	Spear of Odin	New launch	2018	TBD
Mobile	Mobile games based on RO IP	New launch	2018	TBD



Global Market Strategy

- **New Games Servers(Korea, Taiwan), Additional Development of Ragnarok Online , More Offline Events such as revival of Ragnarok World Championship**
→ For revenue growth in major markets such as Korea, Japan, North America and Taiwan
- **Localization, Market Expansion in SE Asia, Direct Service in more markets**
→ Aggressive business expansion in Asia
- **Market Expansion in East Europe, Middle East and South America**
→ Revenue growth from more game markets

Strategy for Strong Game Lineups

- **In House development of mobile games, Console game, Online Game**
→ More in house developed game titles
- **Publishing of Diversified Game Lineups**
→ Securing more game IPs and various game services





Strategy for Higher Value of Ragnarok

- **Development and Distribution of Ragnarok Games on Various Platforms**
→ Targeting more users and markets based on game market trends
- **Additional Development and Renewal of Ragnarok Online**
→ Localization, game service improvement, **Service of Ragnarok Zero**
(a new version of Ragnarok Online)
- **Global Launch of Ragnarok LAND (Ragnarok Portal Site)**
→ for Providing Information on Ragnarok Games and for marketing of such games

Investment for Growth of Gravity Group

- **Consideration of Strategic Investment**
→ For diversifying source of revenues and for more growth potentials



GRAVITY Investor Relations

Exhibits

- 01 Company Overview
- 02 Condensed Financial Statements
- 03 Corporate Structure



Date of Establishment

- April 4, 2000

Location

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

Employees

- 436 (Including subsidiaries, as of 3Q 2017)

Business Area

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

Management

- CEO Hyunchul, Park, COO Yoshinori Kitamura,
CFO Heung Gon Kim



Condensed Financial Statements



Consolidated Statements of Operation (US GAAP)

Account	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q
	(unaudited)						
Revenues	9,094	9,057	15,746	17,500	23,352	27,028	23,723
Online games—subscription revenue	2,137	2,323	8,497	10,107	9,855	9,786	9,126
Online games—royalties and license fees	3,368	2,763	3,743	2,985	4,475	3,546	3,492
Mobile games and applications	2,830	3,138	2,830	3,243	8,063	12,239	9,730
Character merchandising, animation and other revenue	759	833	676	1,165	959	1,457	1,375
Cost of revenues	6,619	6,846	6,734	9,797	13,969	15,463	14,335
Gross Profit	2,475	2,211	9,012	7,703	9,383	11,565	9,388
Total operating expenses	3,036	3,717	5,466	5,759	6,085	7,192	5,966
SG&A	2,688	3,205	4,982	5,125	5,516	6,498	4,942
R&D Expense	343	512	484	634	569	694	1,024
Impairment Losses	5	0	0	0	0	0	0
Operating Income (Loss)	-561	-1,506	3,546	1,944	3,298	4,373	3,422
Other Income(Exp.)	-726	294	-22	450	84	187	199
Income(Loss) before income tax exp.	-1,287	-1,212	3,524	2,394	3,382	4,560	3,621
Income Tax Expense	433	410	465	1,932	1,228	1,017	914
Non-controlling Interest	-19	-17	-28	-8	-16	-12	11
Net Income (Loss)	-1,701	-1,605	3,087	470	2,170	3,555	2,696
Earnings (loss) per share—basic and diluted:	-245	-231	444	67	312	512	388
Earnings (loss) per ADS—basic and diluted:	-490	-462	888	134	624	1,024	776

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

Condensed Financial Statements



Consolidated Balance Sheet (US GAAP)

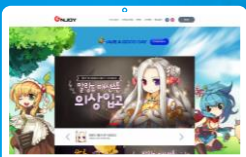
Account	2016 1Q	2016 2Q	2016 3Q	2016 4Q	2017 1Q	2017 2Q	2017 3Q
	(unaudited)			(audited)	(unaudited)		
Assets	49,642	46,886	52,260	55,190	62,409	73,397	74,452
Current Assets	47,714	44,782	50,280	53,391	60,515	71,372	71,964
Cash and cash equivalents	35,881	37,445	35,792	38,720	42,196	45,572	50,819
Account receivable	9,494	4,631	11,846	11,819	15,180	22,689	16,750
Others	2,339	2,706	2,642	2,852	3,139	3,111	4,395
Non Current Assets	1,928	2,104	1,980	1,799	1,894	2,025	2,488
Property and equipment, net	779	673	587	593	753	870	843
Intangible asset	123	112	101	91	89	85	80
Leasehold deposit	948	953	954	962	947	972	987
Others	78	366	338	153	105	98	578
Liabilities	21,288	20,148	22,218	25,096	29,911	37,311	35,616
Current Liabilities	15,736	15,155	17,983	20,686	25,646	29,741	29,021
Account Payable	8,269	7,072	8,468	10,033	13,056	15,709	13,032
Deferred Income	6,950	7,493	8,884	9,689	10,930	11,871	13,428
Others	517	590	631	964	1,660	2,161	2,561
Non Current Liabilities	5,552	4,993	4,235	4,410	4,265	7,570	6,595
Shareholders' equities	28,354	26,738	30,042	30,094	32,498	36,086	38,836
Common shares	3,474	3,474	3,474	3,474	3,474	3,474	3,474
APIC	75,076	75,076	75,076	75,076	75,076	75,076	75,076
Non-controlling interest	-510	-527	-555	-562	-578	-590	-579
Accumulated Other Comprehensive Income	776	782	1,027	617	867	912	955
Retained Earnings	-50,462	-52,067	-48,980	-48,511	-46,341	-42,786	-40,090
Total Liabilities and Shareholders' equity	49,642	46,886	52,260	55,190	62,409	73,397	74,452

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

Corporate Structure

Gravity Co., Ltd.

- Online & Mobile Game Development
- Ragnarok Online Service in Korea
- Other Online & Mobile Game service in Korea
- IP Licensing Business
- Global Business Planning/Marketing
- Operation of GnJoy.com (a Game Portal)



Gravity Interactive, Inc.

- Game Service on Steam
- Mobile Game Service for the Anglosphere
- Operation of Warpportal.com
- Global Online Game Service

NEO CYON

NeoCyon, Inc.

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



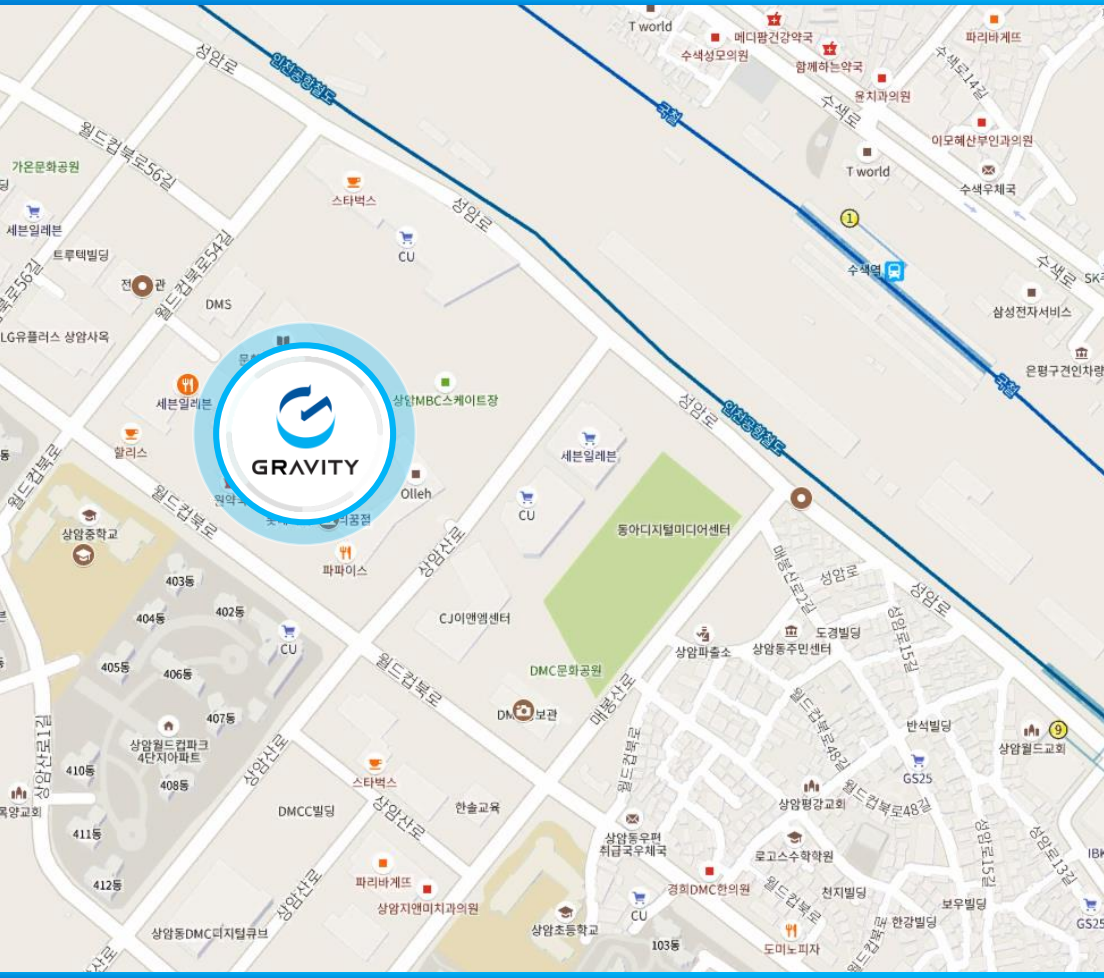
Taiwan Branch

- Online & Mobile Game Service in Taiwan, Hong Kong and Macao
- Operation of **Gnjoy.com.tw**

● HQ/Branch ● Subsidiaries



Investor Relations Contact Information



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Gravity and Ragnarok,
We are dedicated to grow as a Global Leading Game Company.

Thank You



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