

2018 3Q IR PRESENTATION

INVESTOR RELATIONS

SEPTEMBER 2018



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2018 Gravity Outlook

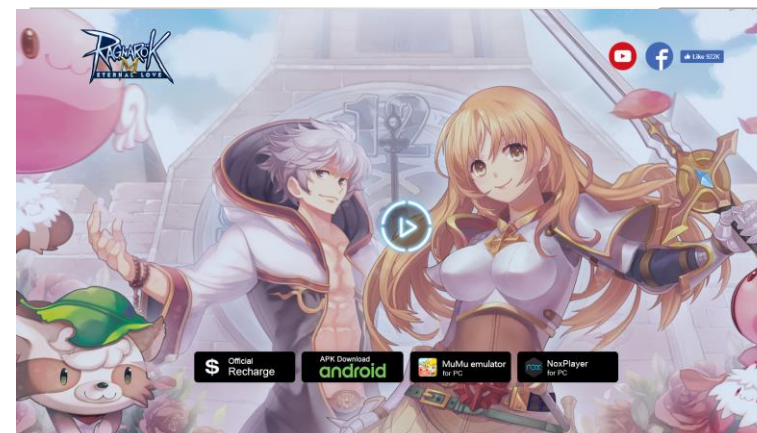
Exhibits



2018 3Q Updates

Ragnarok M is Coming to Southeast Asia

- 01 Ragnarok M : Southeast Asia Version Launching on October 31
- 02 Ragnarok M : 5.0 Episode Update
- 03 Ragnarok M : Additional Launching Plan



2,500,000 Pre-registration signups! (as of Oct 31 2018)

- Pre-registration website/Google/Apple iOS opened on September 19!
- Five Languages (Thai, Indonesian, English, Vietnamese, Simplified Chinese)
- Launching Area: 11 countries including Thailand, Indonesia, Philippines, Singapore, Malaysia, Vietnam

- Free download Rank No.1 in iOS in 5 countries on launching day!
(Thailand, Indonesia, the Philippines, Singapore, Malaysia)
- Grossing Rank No. 1 in iOS in Thailand and Indonesia

Attracting over 2,500,000 Pre registration signups!

Free download Rank No.1 in iOS in 5 countries on the launching day!

Grossing Rank No. 1 in iOS in Thailand and Indonesia

Preoccupy Southeast Asia Market and Active Communication with Users in Off-line Game shows



Thailand GAME SHOW 2018 (October 26~28)

- Boosting Ragnarok M's expectations with the history that Ragnarok Online have won the best MMORPG Game awards in Thailand Game Show 2016, 2017 two years in a row
- Gaining brand awareness and know-how for the localization through Ragnarok online

The Philippines Electronic Sports and Gaming Summit 2018 (October 26~28)

- Targeting the Philippines Market With Ragnarok IP based games and Ragnarok M

Taiwan Ragnarok M's Oct Event

- Going up Rank **No.1 mobile game(in term of sales)** in iOS and **No.4 in Google** after the October event, discounting clothes Gacha for the concept of "Wanderer on the Universe"
- Maintaining in the top ten of iOS (as of Oct 15)



Highlights of 5.0 Update

- New Jobs: Magician (Sage)
Archer (Bard, Dancer)
- A New City: Niffenheim, Realm of the Dead
- Add the boss of the deceased (World Boss)
- Add a function to compose pets

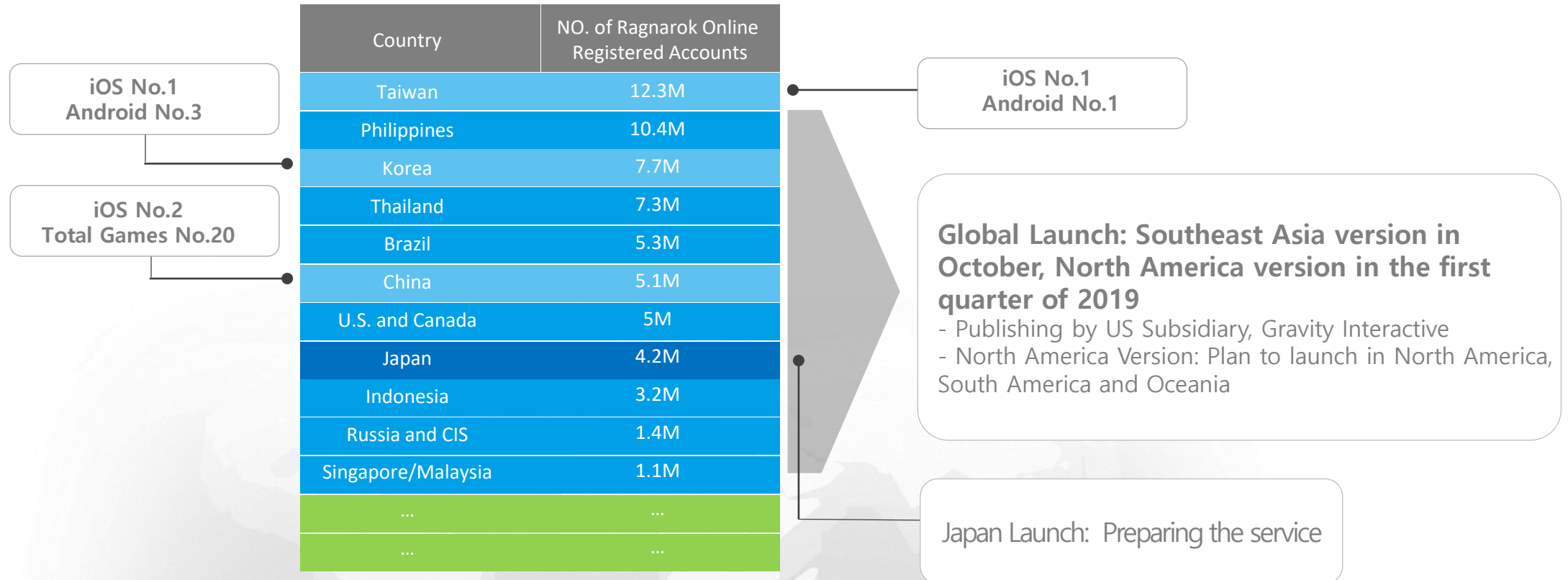
Taiwan/Korea
Ragnarok M: 5.0
Episode Update
planning on
November 8

Strengthen the lifecycle of Ragnarok M
through continuous updates

Loyal users with differentiated events and steady gamers



Ragnarok M: North America Version launching in the first half of 2019 and preparing the service for Japan



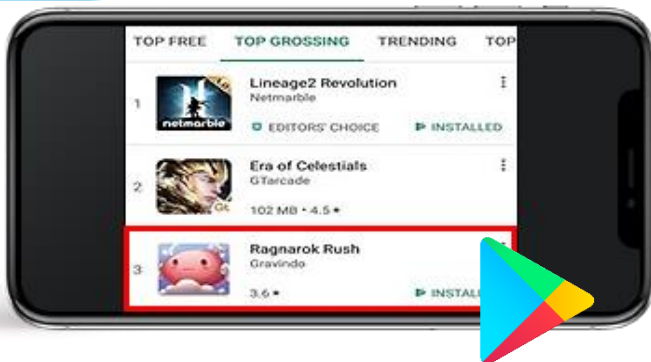


Ragnarok IP Global Awareness

Successful Entry Into the Global Market!

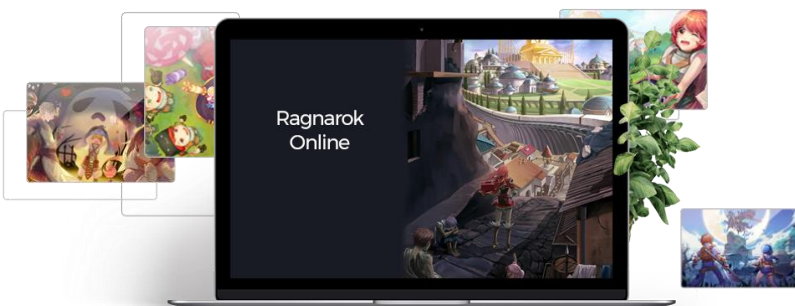
04 Ragnarok R(Ragnarok Rush) Indonesia Launching

Ragnarok Online Russia Re-launching on August 15



Google Store Top Grossing Rank No. 3 after the launch of Ragnarok R (Ragnarok Rush) in Indonesia

- ① Launching in Android on September 12 and in iOS on September 14
- ② Successful Entry into Indonesia (Market Google Play Top Grossing No.3)



Ragnarok Online Russia Re-launching on August 15

- ① Strengthen Ragnarok IP awareness by strategic alliance with new Local Publishers (Innova)
- ② Extend to global based on localization per market and hit in major Asian markets



Ragnarok IP based Main Line-up

Accelerating Growth with Various Genres of New Games

05 Diversification Strategy for Ragnarok IP Business

Expand lineups with In-house development

Accelerating Growth with Various Genres of New Games GRAVITY

Diversification Strategy of Ragnarok IP Business: Improve users satisfaction with the new games



Ragnarok M: First Love(MMORPG)

- Tencent Holdings Limited announced the Highly anticipated game, one of 20 titles in China joy, Ragnarok M: First Love on September 3
- In progress of CBT with about 10,000 applicants

Intro :

- Enhancing Functions (Climbing up a ladder, the change of weather/time etc.)
- Maximizing user's enjoyment
- Anticipating revenue growth from diverse monetization models



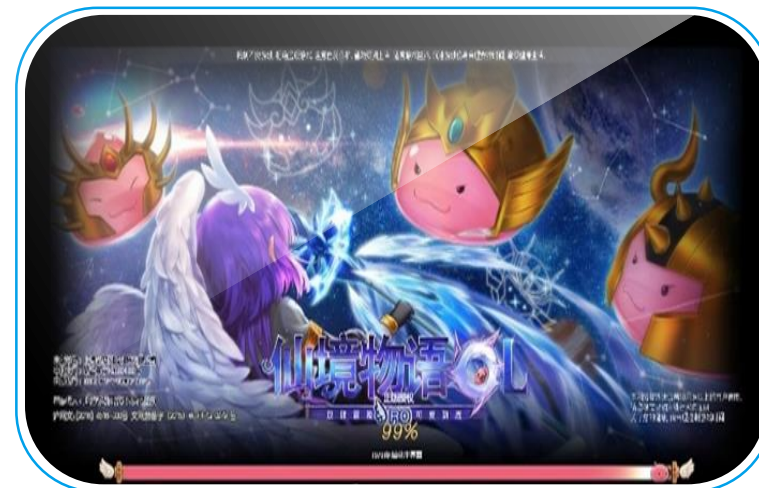
Ragnarok Mobile Adventurer(3D ARPG)

In Progress of development

Intro :

- The sequel to Ragnarok R and Team play functions with 3D graphics
- Real-time communication through voice chatting

Date : Plan to launch in 2019



3D Web Game

Intro :

- Upgraded the sequel to Ragnarok Prequel with delicate effects Full 3D

Date : Plan to launch in Taiwan during the first half of 2019

Accelerating Growth with Various Genres of New Games GRAVITY

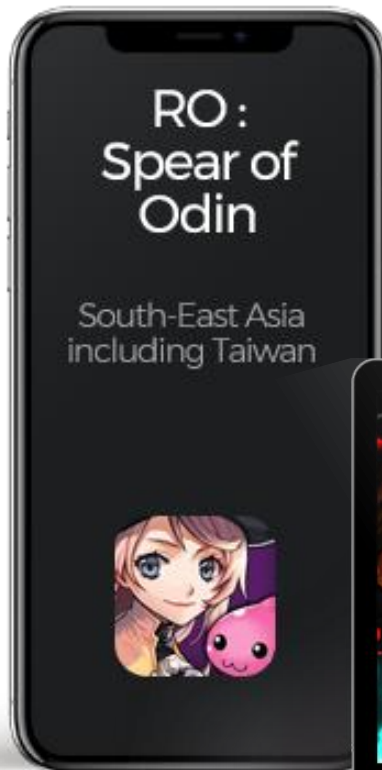
Expand line-up with In-house development

Ragnarok: Spear of Odin (ACTION MORPG)

Intro :

- Action RPG Game based on Ragnarok IP
- Selection of jobs: A thief, a knight, and a magician
- Collecting the card and improving the characters, being able to cooperation play in live

Date : Plan to launch in Taiwan during the first half of 2019



Preparing the other games based on Ragnarok IP

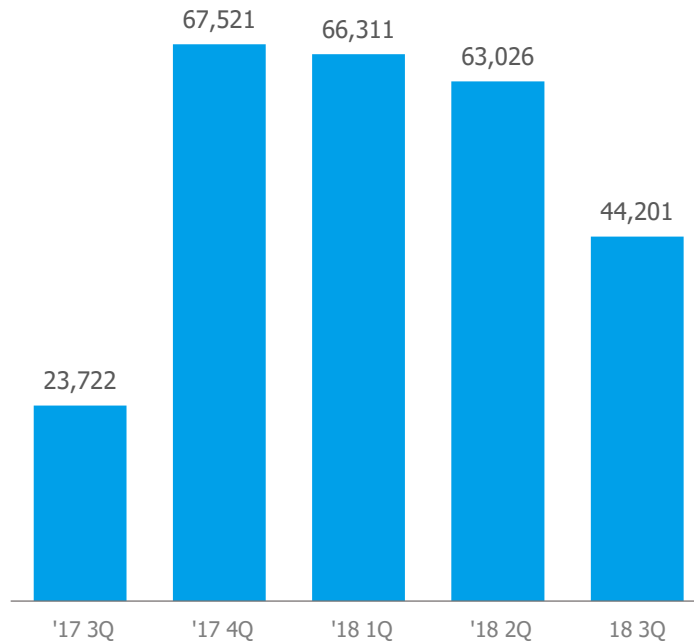


2018 3Q Analysis

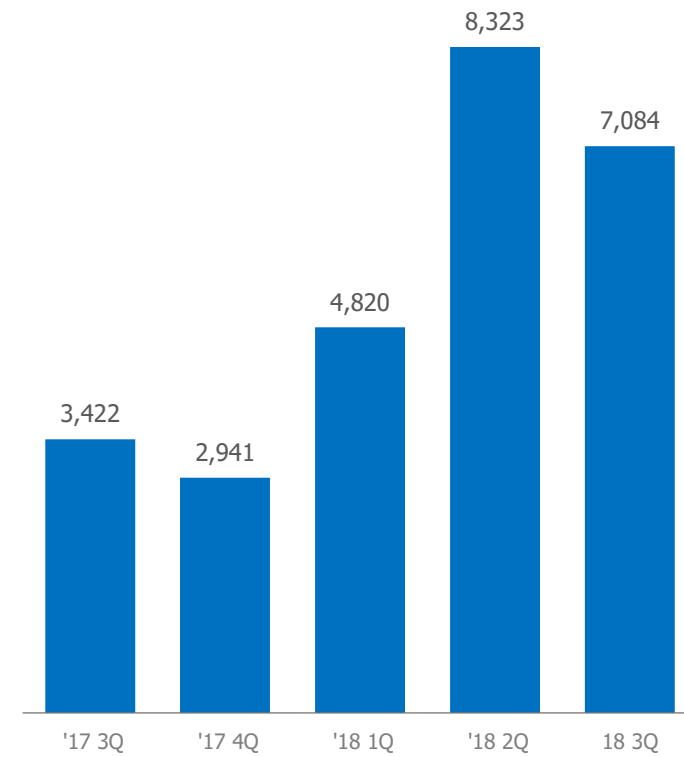
06 Operation Results Trend

07 Revenues Breakdown

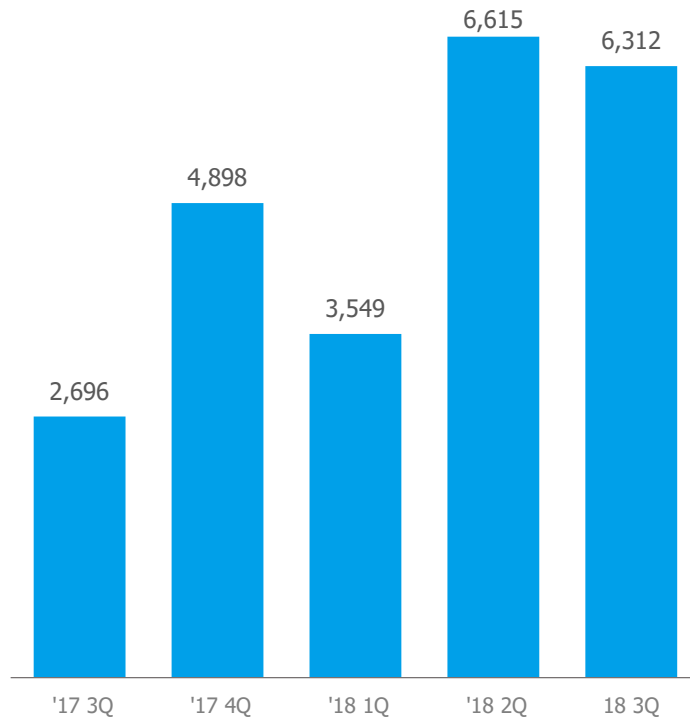
Revenues



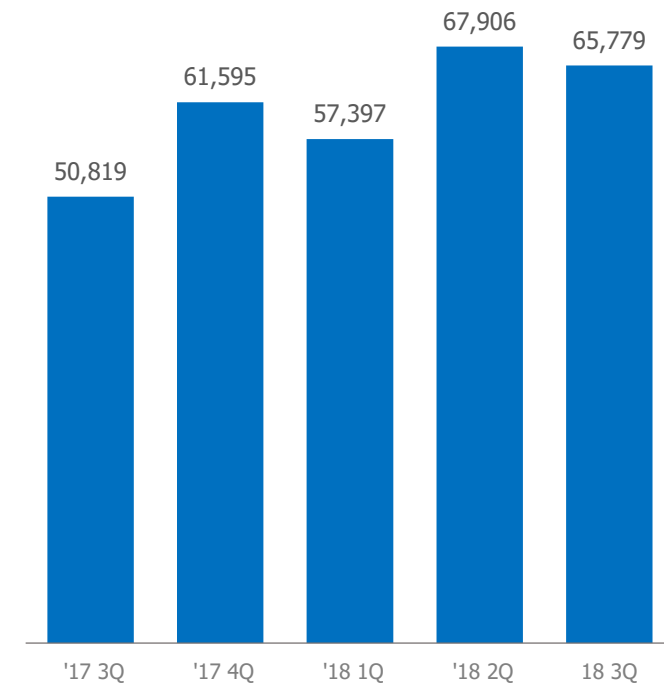
Operating Profit



Net Profit

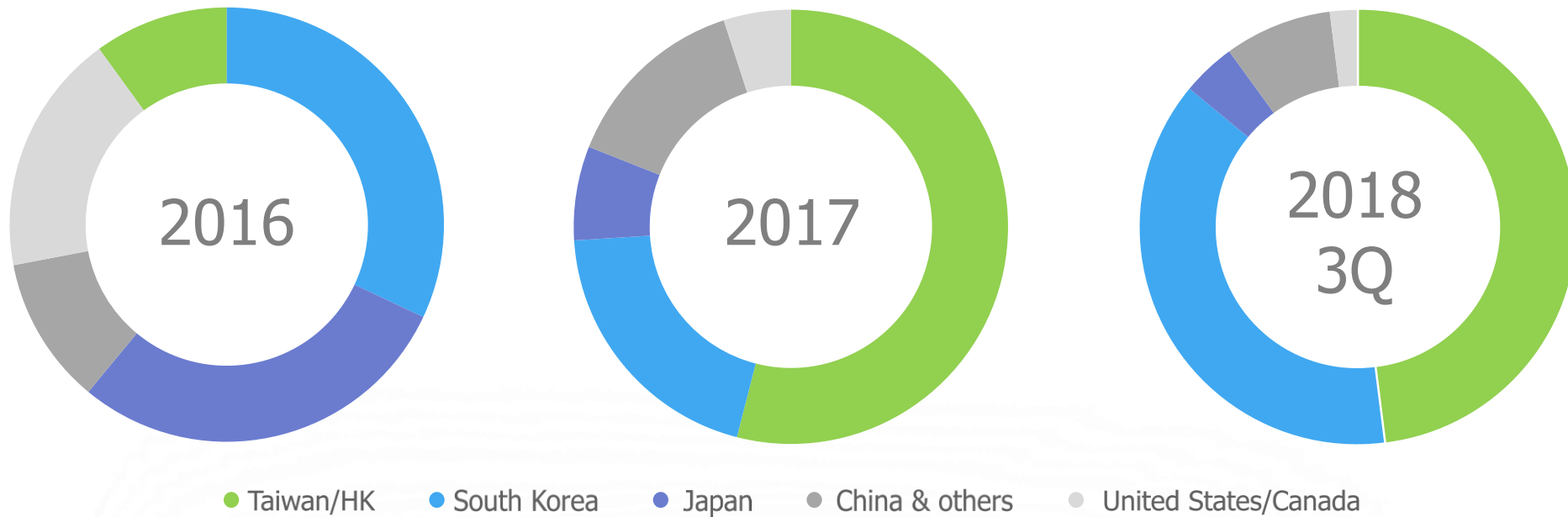


Cash and Short-term Financial Instruments



Revenues Breakdown

Market Area



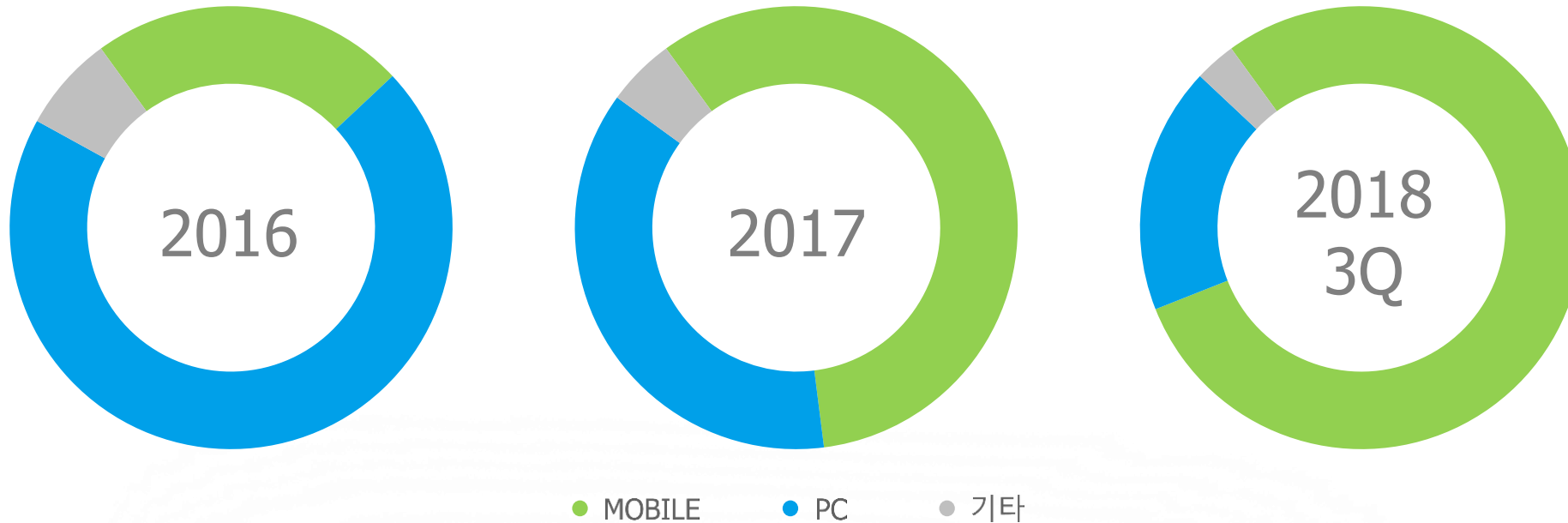
**Korea and Japan
Main Markets**



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

Revenues Breakdown

Game Platforms



Continues Revenue Growth in both Online and Mobile Games



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



2018 Gravity Outlook

08 Upcoming Launchings

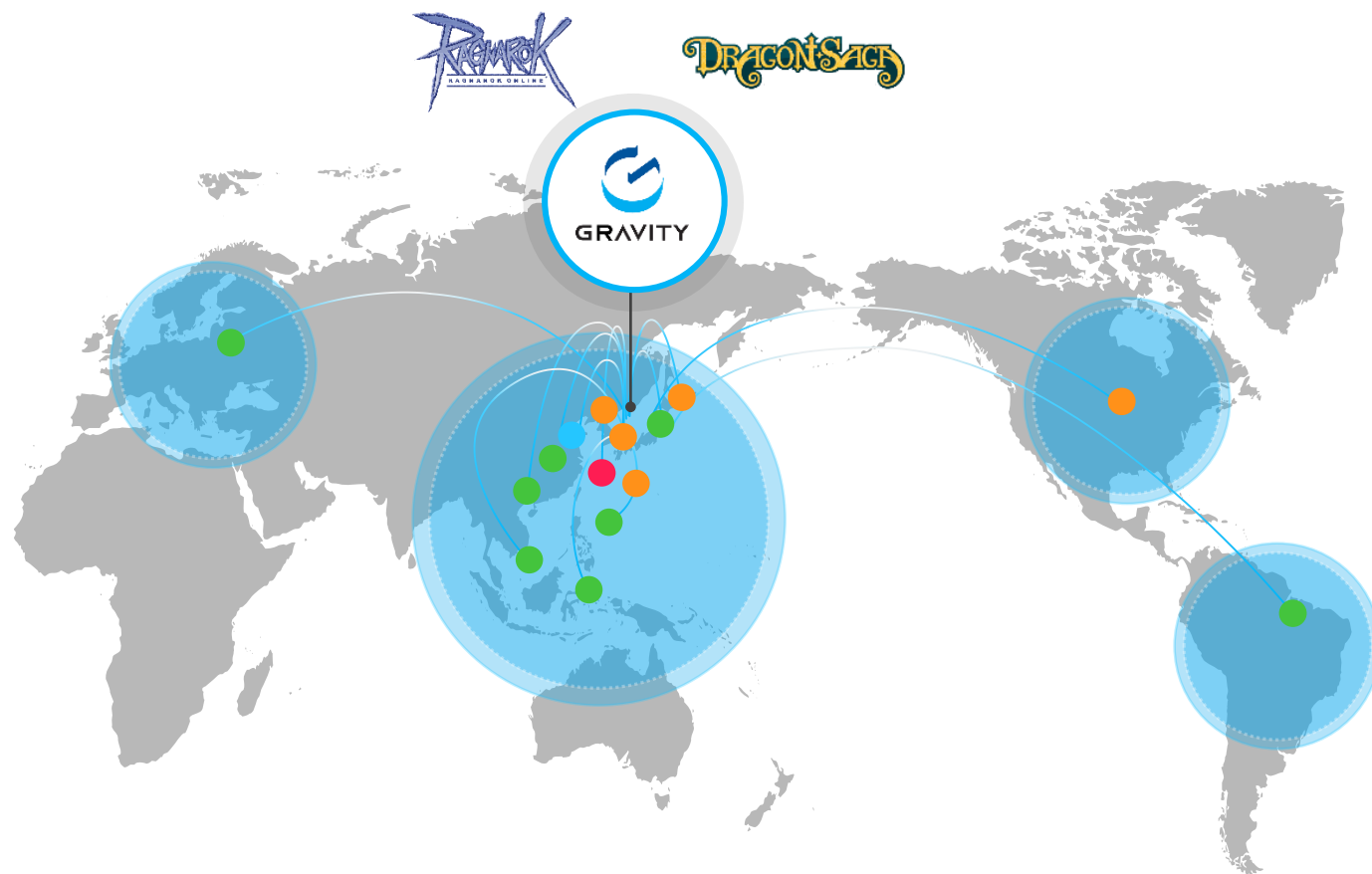
09 Global Market Strategy

Upcoming Launchings



Platform	Game	Plan	Schedule	Market
PC	Ragnarok Online	Additional Re-launching	2019	TBD
PC	Dragon Saga	Additional launching	TBD	China
Web Browser	Ragnarok Prequel (Ragnarok Journey)	Additional launching	2019	South East Asia
Web Browser	3D Web game	New launch	1H 2019	Taiwan
Mobile	Ragnarok R (Card RPG)	Additional launching	2019	South East Asia
Mobile	Ragnarok M (MMO RPG)	Additional launching	1Q 2019/ TBD	Global Markets/Japan
Mobile	RO : Idle Poring (Communication RPG)	Additional launching	2019	Japan
Mobile	Ragnarok: Spear of Odin (MO RPG)	New launch	1H 2019	Taiwan
Mobile	Mobile games based on Ragnarok IP	New launch	2019	TBD
Mobile	Valor Tactics Guard	New launch	2018 4Q	United States, Canada, the Philippines, Singapore, Malaysia
Mobile	Heroes of Dungeon(BURST)	New launch	2018 4Q	Korea
Mobile	Dawn Break	New launch	2018 4Q	Korea





Strategic Plans for Global Market

- US Subsidiary: Expand the global service to North America, South America, Oceania
- Global business targeting more than 80 countries → Expansion and buildup
- Strengthen Market power in Southeast Asia such as Indonesia, Thailand etc.
- Own growth engine through opportunity to find a new business



Exhibits

- 01 Company Information
- 02 Financial Statements
- 03 Subsidiaries

01

Exhibits

Company Information



Date of Establishment

April 4, 2000



Location

Seoul, Korea(HQ), Taipei, Taiwan (Subsidiary), California, USA (Subsidiary)



Employees

544 (Including Subsidiaries, as of September 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

Consolidated Statements of Comprehensive Income (IFRS)

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

Account	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q
	(unaudited)				
Revenues	23,722	67,521	66,311	63,026	44,201
Online games—subscription revenue	9,126	7,661	8,896	6,116	6,005
Online games—royalties and license fees	3,492	4,731	4,619	3,208	2,961
Mobile games and applications	9,730	52,592	51,396	51,790	33,387
Character merchandising, animation and other revenue	1,374	2,537	1,400	1,912	1,848
Cost of revenues	13,922	51,521	45,784	43,150	29,806
Gross Profit	9,800	16,000	20,527	19,876	14,395
Total operating expenses	6,378	13,059	15,707	11,553	7,311
SG&A	4,943	10,964	13,827	9,470	5,602
R&D expenses	1,436	1,899	1,874	1,742	1,760
Other expenses (income)	(1)	196	6	341	(51)
Operating Profit	3,422	2,941	4,820	8,323	7,084
Finance income	200	758	590	892	58
Financial costs	(1)	(804)	(293)	(573)	187
Profit before income tax expense	3,621	2,895	5,117	8,642	7,329
Income Tax Expense	914	(2,015)	1,593	2,042	1,024
Profit for the per	2,707	4,910	3,524	6,600	6,305
Profit (loss) attributable to:					
Non controlling interest	11	12	(25)	(15)	(7)
Owners of the Parent Company	2,696	4,898	3,549	6,615	6,312
Earnings (loss) per share—basic and diluted:	388	705	511	952	908
Earnings (loss) per ADS—basic and diluted:	388	705	511	952	908

Consolidated Statement of Financial Position (IFRS)

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

Account	2017 3Q	2017 4Q	2018 1Q	2018 2Q	2018 3Q
	(unaudited)	(audited)	(unaudited)		
Assets	74,453	115,883	111,792	108,198	98,756
Current Assets	71,964	108,871	104,748	101,137	90,956
Cash and cash equivalents	50,819	61,595	57,397	67,906	65,779
Account receivables, net	16,750	42,168	41,811	28,008	20,751
Others	4,395	5,108	5,540	5,223	4,426
Non Current Assets	2,489	7,012	7,044	7,061	7,800
Property and equipment, net	766	946	972	1,329	1,615
Intangible asset	157	1,036	947	520	526
Deferred tax assets	0	3,036	3,037	3,036	3,036
Other non-current financial assets	987	1,394	1,384	1,453	1,492
Others	579	600	704	723	1,131
Liabilities	35,617	71,885	64,010	54,119	38,418
Current Liabilities	29,022	64,744	57,464	48,043	33,532
Account Payables	13,032	44,410	38,248	29,028	18,720
Deferred Revenue	13,429	16,100	14,639	15,177	12,361
Others	2,561	4,234	4,578	3,838	2,451
Non Current Liabilities	6,595	7,141	6,546	6,076	4,886
Equity	38,836	43,998	47,782	54,079	60,338
Share capital	3,474	3,474	3,474	3,474	3,474
Capital surplus	27,149	27,164	27,164	27,164	27,140
Other components of equity	262	(40)	220	(83)	(118)
Retained earnings (Accumulated deficit)	8,524	13,962	17,511	24,126	30,438
Non-controlling interest	(573)	(562)	(587)	(602)	(596)
Total Liabilities and Equity	74,453	115,883	111,792	108,198	98,756

03

Exhibits Subsidiaries

Gravity Interactive, Inc.

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



NeoCyon, Inc.

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

Gravity Communications Co., Ltd.

- Strategic Planning for Asian Markets

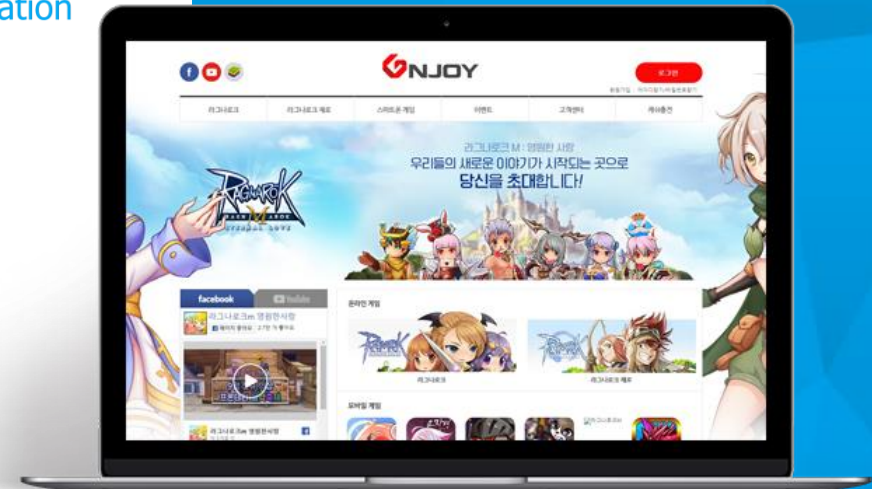
Gravity Entertainment Corporation

- Game Service in Japan



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: **GmJoy.com**

Investor Relations Contact Information



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

Thank You