



2019 2Q IR PRESENTATION

Investor Relation

August 2019

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2019 2Q Updates

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Ragnarok M:Eternal Love Southeast Asia New Sever Open on July 24

Ragnarok M:Eternal Love SEA New Sever Over 1 Million Pre-registration Signups



- Ragnarok M: Eternal Love SEA new server and episode 5.0 update through collaboration with Blackpink Lisa
- Achieved more than **1 million** pre-registration signups
- Ranking in SEA rose with the new server and episode 5.0 update



After releasing Ragnarok M:Eternal Love new server,
new user and DAU on the rise in Southeast Asia

Ragnarok M: Eternal Love Japan

Global MMORPG Game, Ragnarok M: Eternal Love (locally named Ragnarok Masters) Smooth Launching in Japan on June 5!

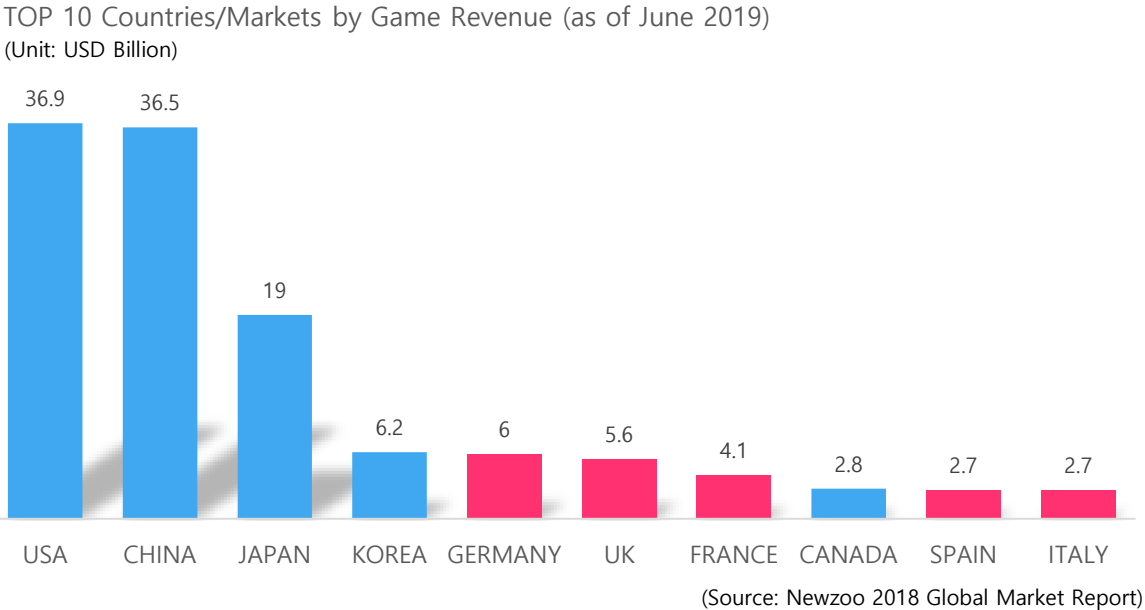
Press Release

Continued marketing by TV Commercials, Internet Portal advertising, YouTube events, and offline marketing



Brand Marketing

New users acquisition through brand marketing such as TV advertising



- Including 5 European countries among top 10 countries by game revenue and the combined market size of the five countries is larger than that of Japan
- Turning point for the long-term operation by launching Ragnarok M: Eternal Love in Europe
- Preparing the service for 2019 3Q target
- Regions: Europe (except for some regions), Turkey and Russia
- Languages: English / Portuguese/ Spanish / Russian / German / French / Turkish / Simplified Chinese planned

Expanding Ragnarok M: Eternal Love to Europe Markets
Driving Long-term Revenue by Selection and Concentration

Ragnarok M: Eternal Love China/Taiwan/Korea Episode 6 Update

Episode 6.0 Update Major Contents

- Decorate the house content 'Housing System'
- New growing contents 'Rune'
- New job 'Super Novice'
- New magic creator
- New 'Ride item' for each job
- New Area 'Lightharlsen'



China

Episode 6.0 Update

- Date : June 26

Taiwan/Korea

Episode 6.0 Update

- Korea: August 27
- Taiwan: Expect new servers to be released in the second half of 2019

Diversity of contents via large-scale update episode update of Ragnarok M: Eternal Love

➔ Improving Retention

Strong motivation to new/dormant users by providing abundant contents



2019 Business Strategy

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New Game, Ragnarok M: First Love

Preparing the service for 2020 Target

- Ragnarok M: First Love: Differentiating MMORPG contents inherited by unique features of Ragnarok's graphic
- Highlight Ragnarok originality and apply the latest trends of UI/UX



Introduction

- Enhancing Functions (Climbing up a ladder, the change of weather/time etc.)
- Maximizing user's enjoyment
- Anticipating revenue growth from diverse monetization models
- Improving ease of use on a mobile device and set up automated systems

Various Genre of Game Portfolio based on RO IP

Game Portfolio



Ragnarok M: First Love (MMORPG)

Preparing the service for 2020 Target



Ragnarok Web MMORPG

(3D New Version): launched in Taiwan/Hong Kong/Macau on June 5, 2019



Project RTS

(RPG): Plan to launch in the second half of 2019



Ragnarok: Spear of Odin

(Action MORPG) (Ragnarok Dungeon Survivor):
Plan to launch in Taiwan/Hong Kong/Macau in the second half of 2019



RO Click H5 (Idle Game):

Plan to launch global market in September 2019



RO H5 (MMORPG)

Plan to launch in Korea during 2019

IP License and Publishing Business

Ragnarok Online Indonesia Service



■ Ragnarok Online (MMORPG)

Intro :

- Plan to be re-launched by Gravity Game Link after the service termination between Gravity and Gravindo

Date : Plan to be launched in Indonesia in September 2019

The Color of Dream Fantasy, Latale (Mobile MMORPG) Japan Service



■ The Color of Dream Fantasy, Latale (Mobile MMORPG)

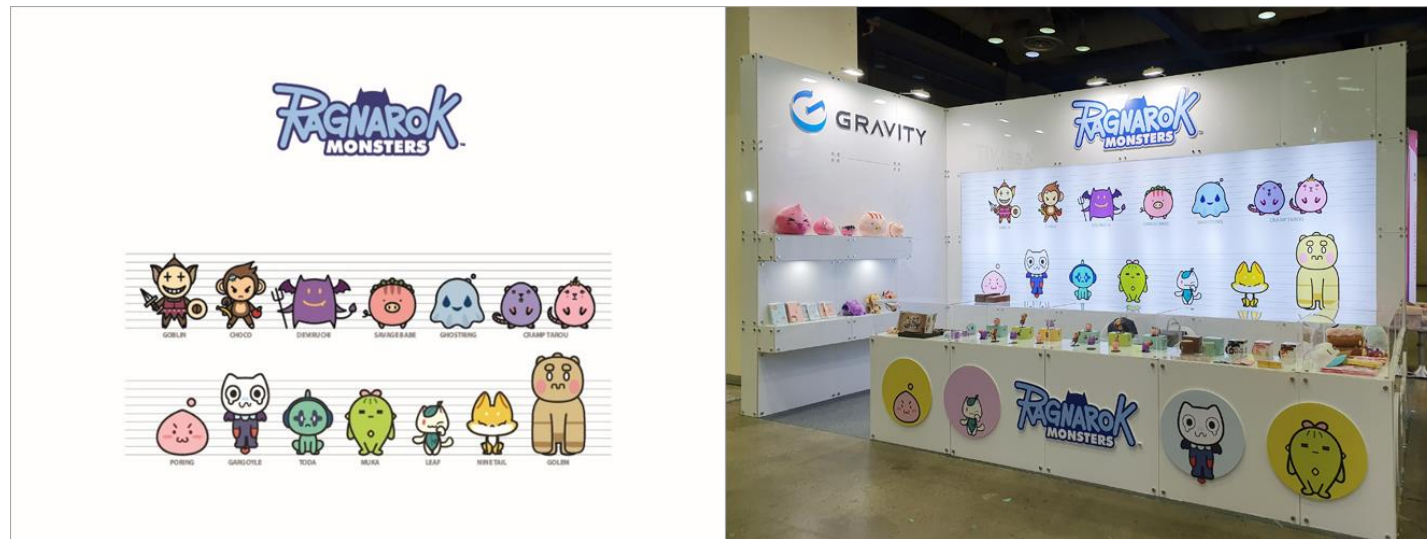
Intro :

- Cute and attractive characters for Japan market
- Designed for simple and easy operation for overall

Date: Plan to be launched during the second half of 2019

Expansion of Ragnarok IP Character Business

Introduce Ragnarok Monsters in 'Character Licensing Fair 2019'



- Ragnarok Monsters(the character made of Ragnarok Online's monsters) booth participation in 'Character Licensing Fair 2019' that take place July 17 to 21
- Expansion of various additional business such as character, emoticon, game production and goods, and publishing based on Ragnarok Online IP
- Get a foothold for global expansion of diverse additional business



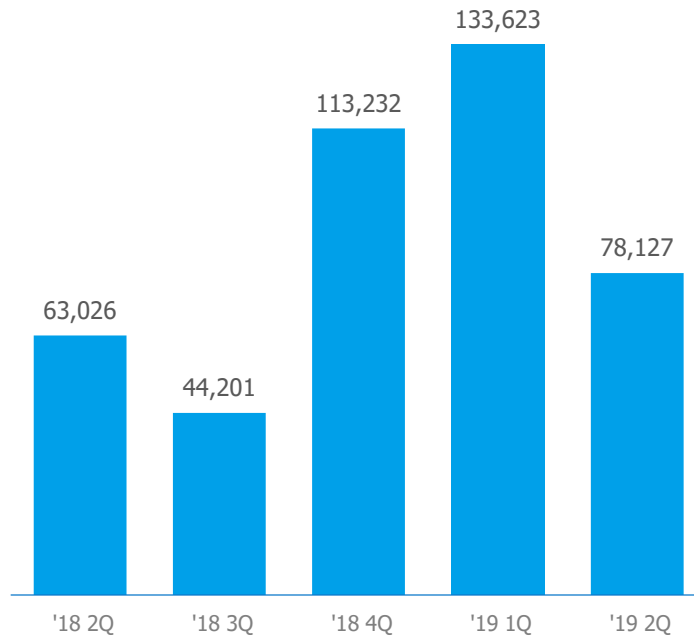
2019 2Q Analysis

09 Operation Results Trend

10 Revenues Breakdown

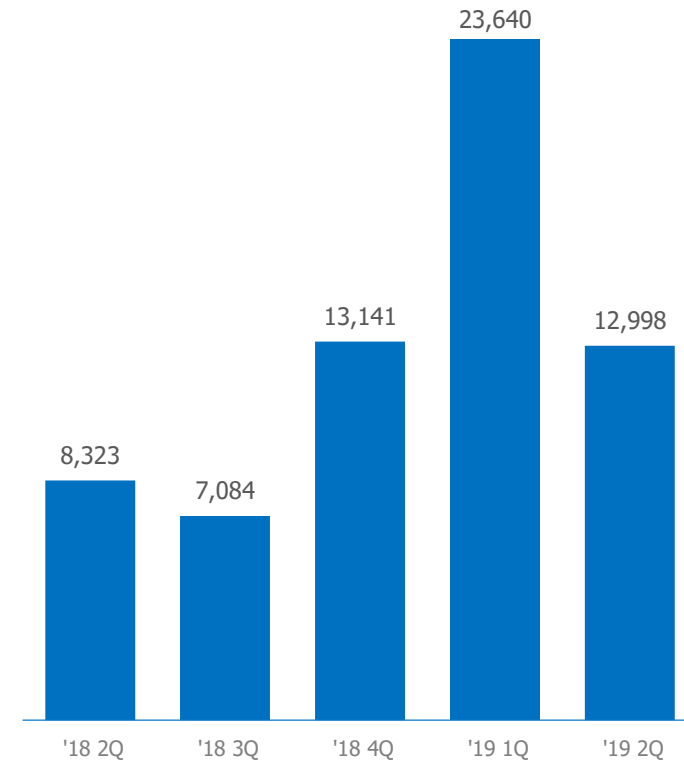
Operation Results Trend

Revenues



Operating Profit

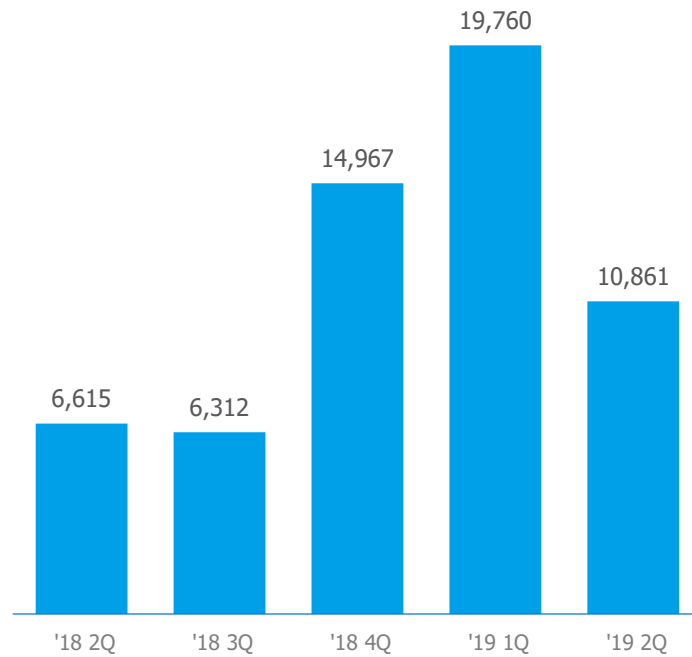
(In Million of KRW)



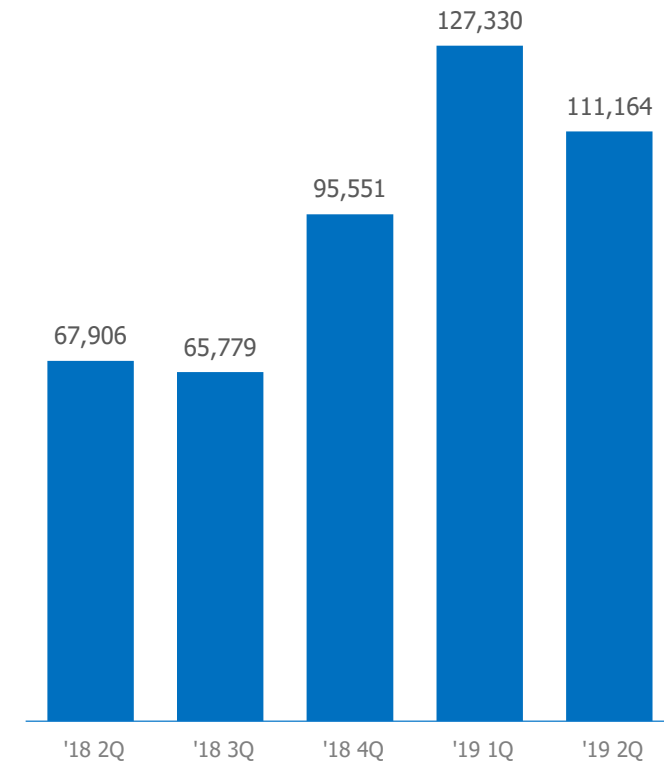
Operation Results Trend

(In Million of KRW)

Net Profit

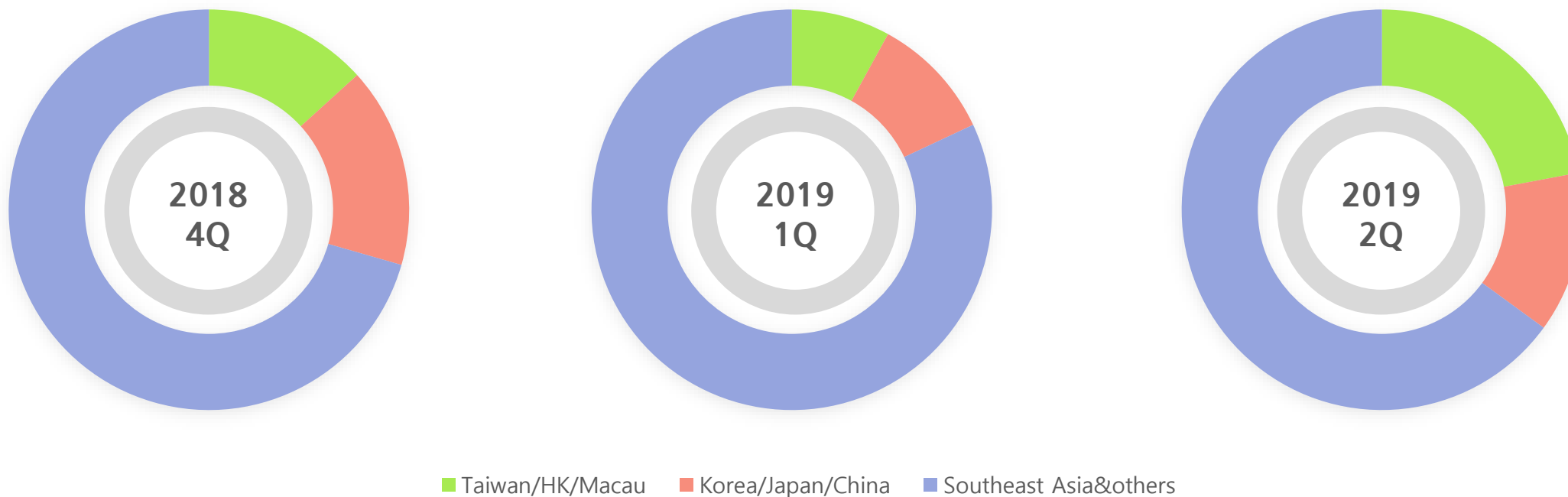


Cash and Short-term Financial Instruments



Revenues Breakdown

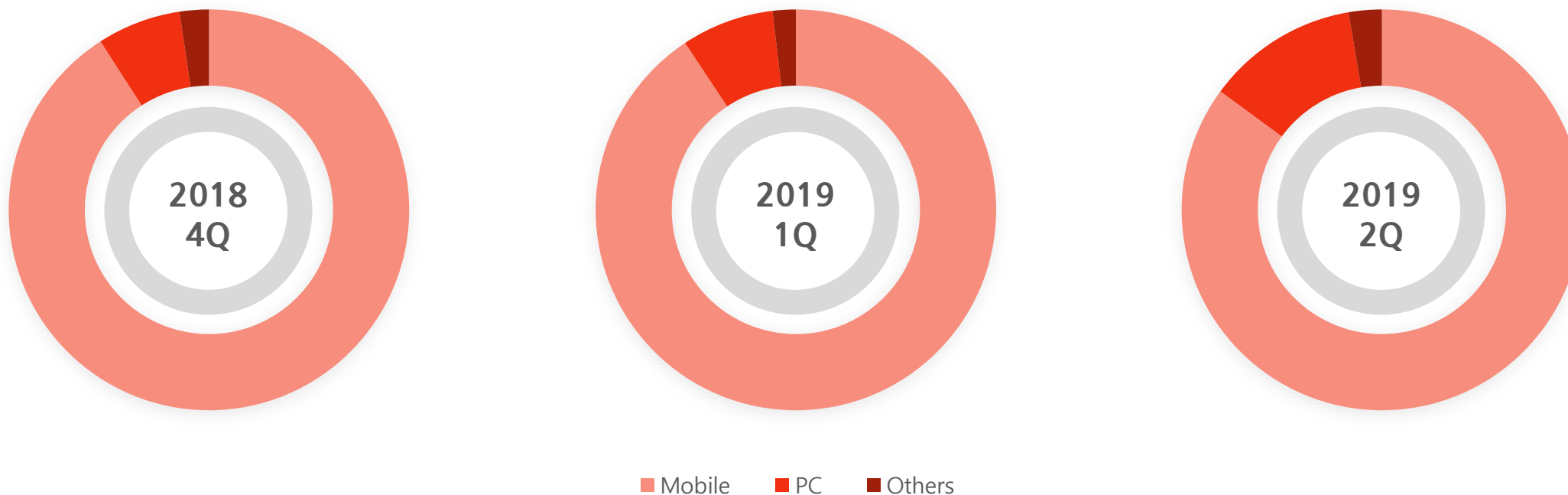
Breakdown (by Region)



Sales on the rise from 2018 4Q to 2019 1Q due to Ragnarok M: Eternal Love Southeast Asia, North America, South America, and Oceania service, Secured **stable revenue** in 2019 2Q

Revenues Breakdown

Breakdown (By Game Platforms)



- Sustainable Revenues in Both Online and Mobile Games
- **One Source Multi Business** in Global Market with using RO IP



2019 Gravity Outlook

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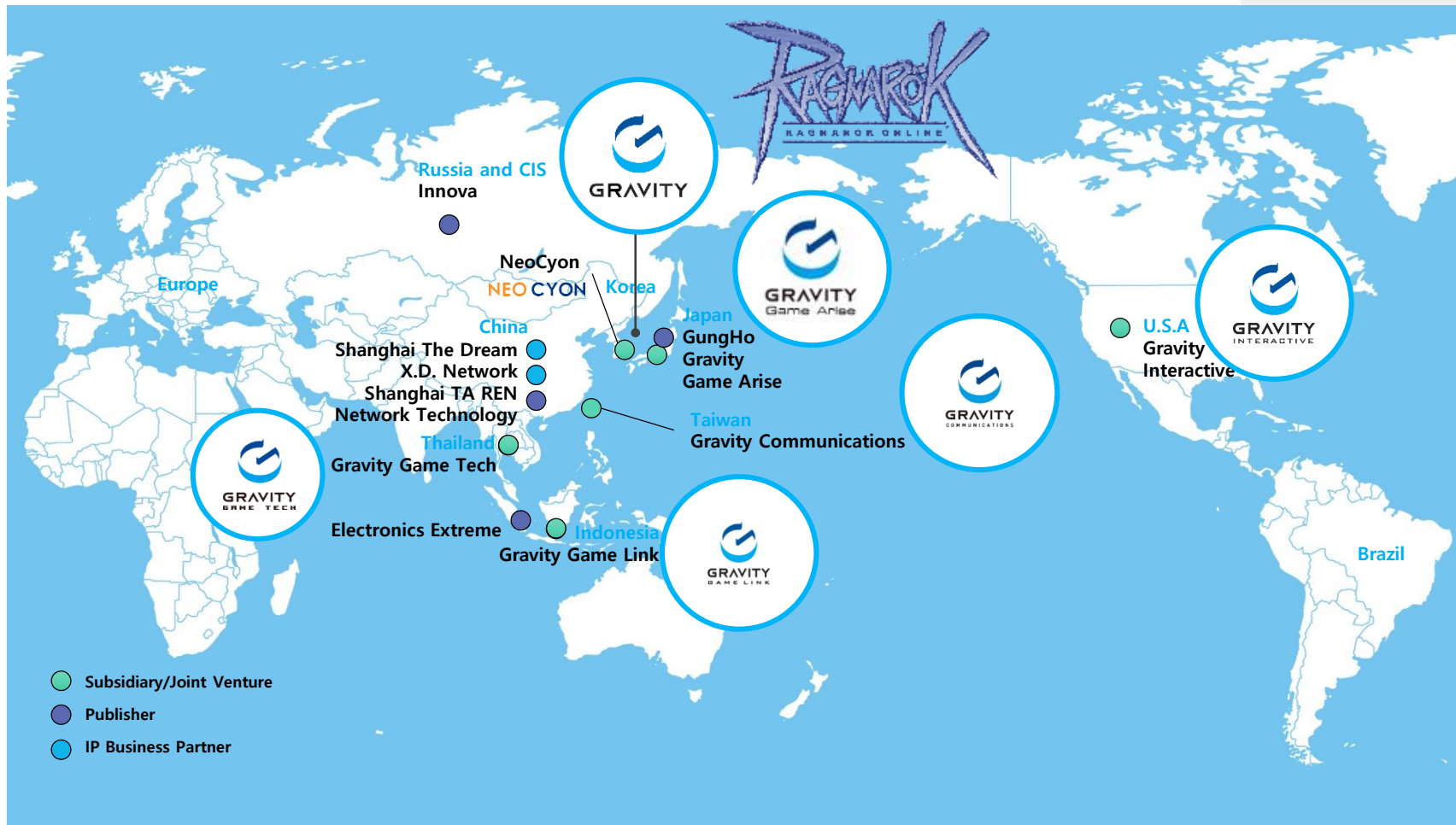
Upcoming Launchings



Platform	Game	Plan	Schedule	Market
PC	Ragnarok Zero	Additional launching	2019	TBD
Mobile	Ragnarok M (MMORPG)	Additional launching	3Q 2019	Europe
Mobile	Ragnarok: Spear of Odin (MO RPG)	New launch	2H 2019	Taiwan/Hong Kong/Macau
Mobile	Mobile games based on Ragnarok IP	New launch	2019	TBD
Mobile	Project RTS (RPG)	New launch	2H 2019	TBD
Mobile	Project K2 (Card RPG)	New launch	2019	Thailand
HTML5	RO Click H5 (Idle Game)	New launch	SEP 2019	Global Markets
HTML5	RO H5 (MMORPG)	New launch	2019	Korea



Global Market Strategy




Strategic Plans for Global Market

- Targeting Southeast Asia markets with various games based on RO IP through subsidiary in Thailand and joint venture in Indonesia
- Expand the game service to Myanmar, Cambodia, and Laos
- Plan to move into Europe/Turkey/Russia through subsidiary in the United States
- Global business targeting more than 80 countries along with Ragnarok IP
→ Expansion and buildup
- Obtain growth engine through opportunity to find a new business




Exhibits

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- 

Date of Establishment

April 4, 2000
- 


Location

Seoul, Korea(HQ), Taipei, Taiwan (Subsidiary), California, USA (Subsidiary)
Bangkok, Thailand(Subsidiary), Jakarta, Indonesia (JV) Japan Tokyo (Subsidiary)
- 

Employees

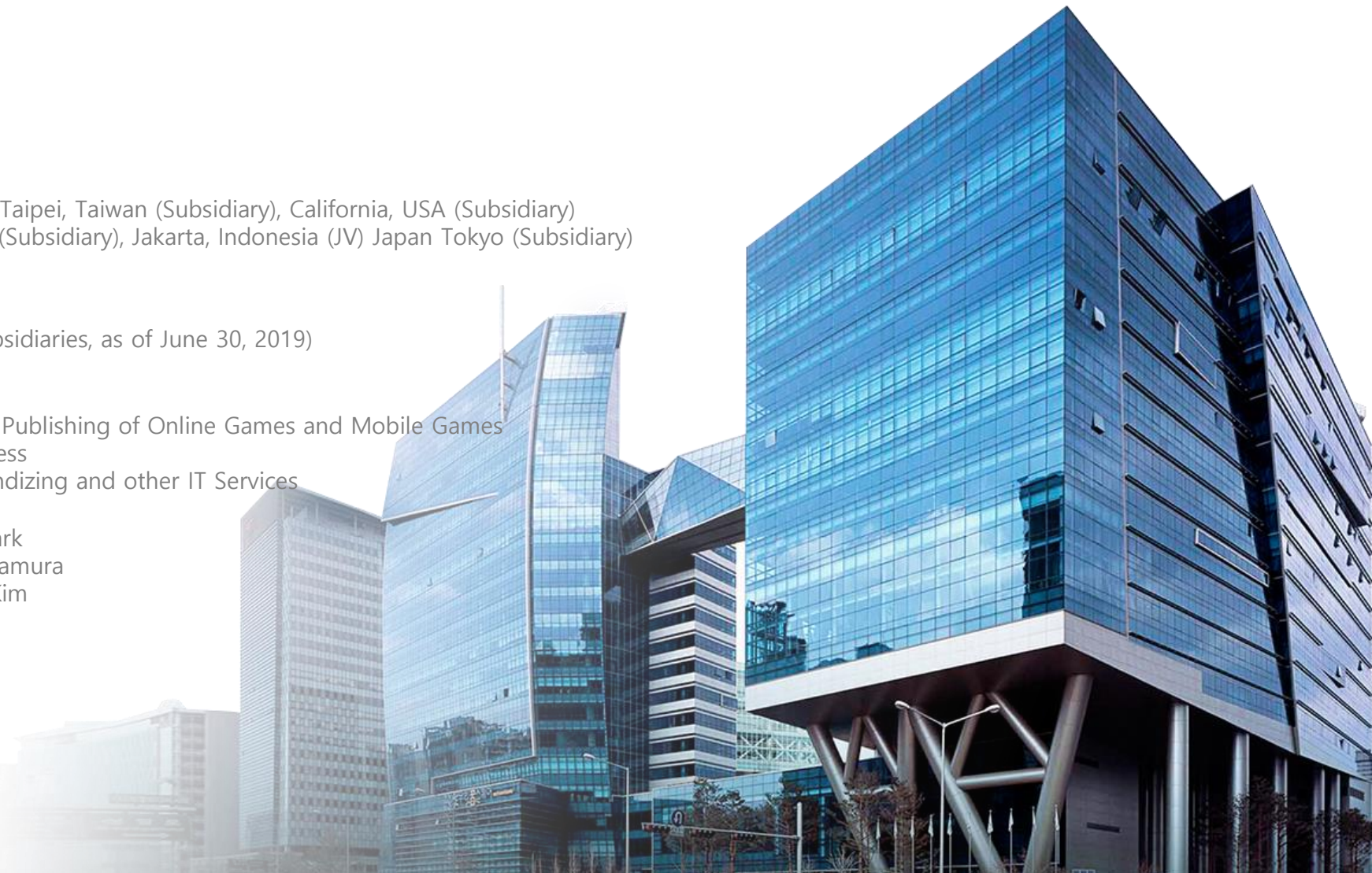
619 (Including Subsidiaries, as of June 30, 2019)
- 

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)

Account	(In millions of KRW except share and per share data)				
	2018 2Q (unaudited)	2018 3Q (unaudited)	2018 4Q (audited)	2019 1Q (unaudited)	2019 2Q (unaudited)
Revenues	63,026	44,201	113,232	133,623	78,127
Online games—subscription revenue	6,116	6,005	4,880	6,256	6,746
Online games—royalties and license fees	3,208	2,961	2,768	3,720	2,832
Mobile games and applications	51,790	33,387	102,916	121,147	66,463
Character merchandising, animation and other revenue	1,912	1,848	2,668	2,500	2,086
Cost of revenues	43,150	29,806	91,304	101,237	56,858
Gross Profit	19,876	14,395	21,928	32,386	21,269
Total operating expenses	11,553	7,311	8,787	8,746	8,271
SG&A	9,470	5,602	5,921	6,665	5,733
R&D expenses	1,742	1,760	2,642	1,877	2,432
Other expenses (income)	341	(51)	224	204	106
Operating Profit	8,323	7,084	13,141	23,640	12,998
Finance income	892	58	533	1,062	1,141
Financial costs	(573)	187	(323)	(313)	(102)
Profit before income tax expense	8,642	7,329	13,351	24,389	14,037
Income Tax Expense	2,042	1,024	(1,606)	4,627	3,208
Profit for the period	6,600	6,305	14,957	19,762	10,829
Profit (loss) attributable to:					
Non controlling interest	(15)	(7)	(10)	2	(32)
Owners of the Parent Company	6,615	6,312	14,967	19,760	10,861
Earnings (loss) per share—basic and diluted:	952	908	2,154	2,844	1,563
Earnings (loss) per ADS—basic and diluted:	952	908	2,154	2,844	1,563

Consolidated Statement
of Financial Position
(IFRS)

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

Account	2018 2Q	2018 3Q	2018 4Q	2019 1Q	2019 2Q
	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)
Assets	108,198	98,756	173,174	198,031	168,236
Current Assets	101,137	90,956	160,168	181,789	150,706
Cash and cash equivalents	67,906	65,779	95,551	127,330	111,164
Account receivables, net	28,008	20,751	60,664	50,691	34,817
Others	5,223	4,426	3,953	3,768	4,725
Non Current Assets	7,061	7,800	13,006	16,242	17,530
Property and equipment, net	1,329	1,615	1,498	5,148	5,843
Intangible asset	520	526	1,163	1,022	1,687
Deferred tax assets	3,036	3,036	7,413	6,978	7,035
Other non-current financial assets	1,453	1,492	1,494	1,497	1,554
Others	723	1,131	1,438	1,597	1,411
Liabilities	54,119	38,418	97,622	102,440	61,778
Current Liabilities	48,043	33,532	93,521	97,303	57,417
Account Payables	29,028	18,720	71,928	75,127	38,350
Deferred Revenue	15,177	12,361	16,476	14,395	12,421
Others	3,838	2,451	5,117	7,781	6,646
Non Current Liabilities	6,076	4,886	4,101	5,137	4,361
Equity	54,079	60,338	75,552	95,591	106,458
Share capital	3,474	3,474	3,474	3,474	3,474
Capital surplus	27,164	27,140	27,141	27,140	27,140
Other components of equity	(83)	(118)	138	244	277
Retained earnings (Accumulated deficit)	24,126	30,438	45,405	65,165	76,026
Non-controlling interest	(602)	(596)	(606)	(432)	(459)
Total Liabilities and Equity	108,198	98,756	173,174	198,031	168,236

Subsidiaries



Gravity Game Arise Co., Ltd

- Game Service in Japan



Gravity Communications Co., Ltd.

- Strategical Planning for Asian Markets



Gravity Game Tech Co., Ltd

- IP Licensing Business
- Online/Mobile Game Service in Thailand

Gravity Co., Ltd.



Gravity Interactive, Inc.

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



Gravity Game Link Co., Ltd

- A Joint Venture with Lyto
- IP Licensing Business
- Online/Mobile Game Service in Indonesia

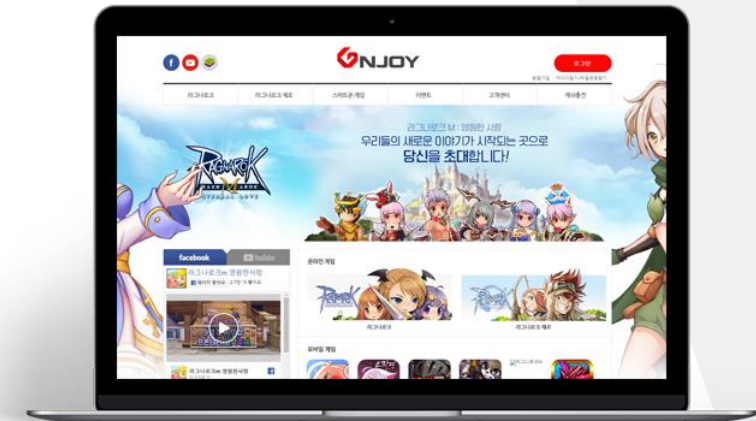
NEO CYON

NeoCyon, Inc.

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

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**



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THANK YOU

