

GRAVITY Co., Ltd.  
Form 6-K  
November 24, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the month of November 2015**

**Commission File Number 000-51138**

**GRAVITY CO., LTD.**

**(Translation of registrant's name into English)**

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

**(Address of principal executive office)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**GRAVITY REPORTS THIRD QUARTER OF 2015 RESULTS**

Seoul, South Korea November 24, 2015 GRAVITY Co., Ltd. (NasdaqCM: GRVY) ( Gravity or Company ), a developer and publisher of online and mobile games based in South Korea, today announced its unaudited financial results for the third quarter ended September 30, 2015, prepared in accordance with generally accepted accounting principles in the United States.

**FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2015**

Revenues for the third quarter ended September 30, 2015 was KRW 8,671 million (US\$ 7,603 thousand), representing a 5.9% decrease from KRW 9,217 million for the second quarter ended June 30, 2015 ( QoQ ) and a 9.2% decrease from KRW 9,545 million for the third quarter ended September 30, 2014 ( YoY ).

**Review of Financial Results**

**Revenues**

Royalty and license fee revenues for the third quarter of 2015 were KRW 2,765 million (US\$ 2,424 thousand), representing a 0.4% decrease QoQ from KRW 2,777 million and a 14.2% decrease YoY from KRW 3,221 million. The decrease QoQ was primarily due to decreased revenues from *Ragnarok Online II* in Thailand and Vietnam. The Company recognized deferred revenues due a termination of license agreements in the second quarter of 2015 in such markets, which did not occur in the third quarter. The decrease YoY resulted mainly from decreased revenues from *Ragnarok Online* in Japan.

Subscription revenues for the third quarter of 2015 were KRW 1,965 million (US\$ 1,723 thousand), representing a 2.2% increase QoQ from KRW 1,922 million and a 9.1% decrease YoY from KRW 2,161 million. The increase QoQ was mainly attributable to an increase in revenues from *Ragnarok Online* in Korea and the United States/Canada. The decrease YoY was largely due to decreased revenues from *Ragnarok Online II* in Taiwan and the United States/Canada.

Mobile game and application revenues were KRW 3,160 million (US\$ 2,771 thousand) for the third quarter of 2015, representing a 14.7% decrease QoQ from KRW 3,703 million and a 4.1% decrease YoY from KRW 3,296 million. The decrease QoQ resulted primarily from decreased revenues from application development and operation service for 3<sup>rd</sup> parties. The decrease YoY was mainly driven by decreased revenues from *Ragnarok: Path of Heroes*.

Character merchandising and other revenues were KRW 781 million (US\$ 685 thousand) for the third quarter 2015, representing a 4.2% decrease QoQ from KRW 815 million and a 9.9% decrease YoY from KRW 867 million.

### Cost of Revenue and Operating Expenses

Cost of revenue was KRW 7,185 million (US\$ 6,300 thousand) for the third quarter of 2015, representing a 2.9% decrease QoQ from KRW 7,401 million and a 8.0% decrease YoY from KRW 7,808 million. The decrease QoQ was mostly from decreased outsourcing fee and commission paid. The decrease YoY was mainly attributable to decreased depreciation expenses and outsourcing fee.

Operating expenses were KRW 4,135 million (US\$ 3,626 thousand) for the third quarter of 2015, representing a 7.7% decrease QoQ from KRW 4,481 million and a 11.0% decrease YoY from KRW 4,644 million. The decrease QoQ was mainly due to decreased R&D expense and commission paid. The decrease YoY was mostly resulted from decreased advertising expense and salaries.

Loss before income tax expenses and others was KRW 2,148 million (US\$ 1,884 thousand) for the third quarter of 2015 compared with loss before income tax expenses and others of KRW 2,434 million for the second quarter of 2015 and loss before income tax expenses and others of KRW 2,676 million for the third quarter of 2014.

As a result of the foregoing factors, Gravity recorded a net loss attributable to parent company of KRW 2,460 million (US\$ 2,157 thousand) for the third quarter of 2015 compared with a net loss attributable to parent company of KRW 2,763 million for the second quarter of 2015 and a net loss attributable to parent company of KRW 3,035 million for the third quarter of 2014.

The balance of cash and cash equivalents and short-term financial instruments was KRW 38,864 million (US\$ 34,076 thousand) as of September 30, 2015.

Note: For convenience purposes only, the KRW amounts have been expressed in U.S. dollars at the exchange rate of KRW 1,140.50 to US\$ 1.00, the noon buying rate in effect on October 30, 2015 as quoted by the Federal Reserve Bank of New York.

### **About GRAVITY Co., Ltd.**

Based in Korea, Gravity is a developer and publisher of online and mobile games. Gravity's principal product, *Ragnarok Online*, is a popular online game in many markets, including Japan, Taiwan and Thailand, and is currently commercially offered in 71 markets and countries. For more information about Gravity, please visit <http://www.gravity.co.kr>.

### **Forward-Looking Statements:**

Certain statements in this press release may include, in addition to historical information, forward-looking statements within the meaning of the safe-harbor provisions of the U.S. Private Securities Litigation Reform Act 1995. Forward-looking statements can generally be identified by the use of forward-looking terminology, such as may, will, expect, intend, estimate, anticipate, believe project, or continue or the negative thereof or other similar words, although not all forward-looking statements contain these words. Investors should consider the information contained in our submissions and filings with the United States Securities and Exchange Commission (the SEC), including our annual report for the fiscal year ended December 31, 2014 on Form 20-F, together with such other documents that we may submit to or file with the SEC from time to time, on Form 6-K. The forward-looking statements speak only as of this press release and we assume no duty to update them to reflect new, changing or unanticipated events or circumstances.



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**GRAVITY Co., Ltd.****Consolidated Balance Sheet**

(In millions of KRW and in thousands of US\$)

|   | As of         |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | 31-Dec-14     |               | 30-Sep-15     |               |
|   | KRW           | US\$          | KRW           | US\$          |
|   | (audited)     | (unaudited)   | (unaudited)   | (unaudited)   |
| <b>Assets</b>                                   |               |               |               |               |
| Current assets:                                 |               |               |               |               |
| Cash and cash equivalents                       | 28,382        | 24,886        | 13,864        | 12,156        |
| Short-term financial instruments                | 14,500        | 12,714        | 25,000        | 21,920        |
| Accounts receivable, net                        | 5,159         | 4,523         | 4,495         | 3,941         |
| Other current assets                            | 2,651         | 2,324         | 1,868         | 1,638         |
| <b>Total current assets</b>                     | <b>50,692</b> | <b>44,447</b> | <b>45,227</b> | <b>39,655</b> |
| Property and equipment, net                     | 1,213         | 1,064         | 912           | 800           |
| Leasehold and other deposits                    | 937           | 822           | 934           | 819           |
| Intangible assets                               | 9,973         | 8,744         | 6,977         | 6,118         |
| Other non-current assets                        | 281           | 246           | 381           | 333           |
| <b>Total assets</b>                             | <b>63,096</b> | <b>55,323</b> | <b>54,431</b> | <b>47,725</b> |
| <b>Liabilities and Equity</b>                   |               |               |               |               |
| Current liabilities:                            |               |               |               |               |
| Accounts payable                                | 2,713         | 2,379         | 2,477         | 2,172         |
| Deferred revenue                                | 5,727         | 5,021         | 4,874         | 4,274         |
| Other current liabilities                       | 1,211         | 1,062         | 719           | 630           |
| <b>Total current liabilities</b>                | <b>9,651</b>  | <b>8,462</b>  | <b>8,070</b>  | <b>7,076</b>  |
| Long-term deferred revenue                      | 5,268         | 4,619         | 6,296         | 5,520         |
| Accrued severance benefits                      | 103           | 90            | 129           | 113           |
| Other non-current liabilities                   | 226           | 198           | 210           | 185           |
| <b>Total liabilities</b>                        | <b>15,248</b> | <b>13,369</b> | <b>14,705</b> | <b>12,894</b> |
| Common shares                                   | 3,474         | 3,046         | 3,474         | 3,046         |
| Additional paid-in capital                      | 75,076        | 65,827        | 75,076        | 65,827        |
| Retained earnings                               | (31,796)      | (27,879)      | (39,647)      | (34,763)      |
| Accumulated other comprehensive income          | 1,521         | 1,334         | 1,313         | 1,151         |
| <b>Total parent company shareholders equity</b> | <b>48,275</b> | <b>42,328</b> | <b>40,216</b> | <b>35,261</b> |

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|                              |        |        |        |        |
|------------------------------|--------|--------|--------|--------|
| Non-controlling interest     | (427)  | (374)  | (490)  | (430)  |
| Total equity                 | 47,848 | 41,954 | 39,726 | 34,831 |
| Total liabilities and equity | 63,096 | 55,323 | 54,431 | 47,725 |

\* For convenience purposes only, the KRW amounts are expressed in U.S. dollars at the rate of KRW 1,140.50 to US\$ 1.00, the noon buying rate in effect on October 30, 2015 as quoted by the Federal Reserve Bank of New York.

## GRAVITY Co., Ltd.

## Consolidated Statements of Operations

(In millions of KRW and in thousands of US\$, except for shares and ADS data)

|   | Three months ended                |                                   |                                   |                                    | Nine months ended                 |                                   |                                    |
|---|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
|   | 30-Jun-15<br>(KRW)<br>(unaudited) | 30-Sep-14<br>(KRW)<br>(unaudited) | 30-Sep-15<br>(KRW)<br>(unaudited) | 30-Sep-15<br>(US\$)<br>(unaudited) | 30-Sep-14<br>(KRW)<br>(unaudited) | 30-Sep-15<br>(KRW)<br>(unaudited) | 30-Sep-15<br>(US\$)<br>(unaudited) |
| <b>Revenues:</b>                          |                                   |                                   |                                   |                                    |                                   |                                   |                                    |
| Online games-subscription revenue         | 1,922                             | 2,161                             | 1,965                             | 1,723                              | 5,640                             | 5,585                             | 4,897                              |
| Online games-royalties and license fees   | 2,777                             | 3,221                             | 2,765                             | 2,424                              | 10,198                            | 8,054                             | 7,062                              |
| Mobile games and applications             | 3,703                             | 3,296                             | 3,160                             | 2,771                              | 11,733                            | 11,066                            | 9,703                              |
| Character merchandising and other revenue | 815                               | 867                               | 781                               | 685                                | 2,989                             | 2,252                             | 1,975                              |
| <b>Total net revenue</b>                  | <b>9,217</b>                      | <b>9,545</b>                      | <b>8,671</b>                      | <b>7,603</b>                       | <b>30,560</b>                     | <b>26,957</b>                     | <b>23,637</b>                      |
| <b>Cost of revenue</b>                    | <b>7,401</b>                      | <b>7,808</b>                      | <b>7,185</b>                      | <b>6,300</b>                       | <b>26,157</b>                     | <b>22,262</b>                     | <b>19,520</b>                      |
| <b>Gross profit</b>                       | <b>1,816</b>                      | <b>1,737</b>                      | <b>1,486</b>                      | <b>1,303</b>                       | <b>4,403</b>                      | <b>4,695</b>                      | <b>4,117</b>                       |
| <b>Operating expenses:</b>                |                                   |                                   |                                   |                                    |                                   |                                   |                                    |
| Selling, general and administrative       | 3,014                             | 3,366                             | 2,898                             | 2,541                              | 9,823                             | 8,406                             | 7,370                              |
| Research and development                  | 1,465                             | 1,278                             | 1,237                             | 1,085                              | 3,068                             | 4,160                             | 3,648                              |
| Impairment loss on intangible assets      | 2                                 |                                   |                                   |                                    |                                   | 2                                 | 2                                  |
| <b>Total operating expenses</b>           | <b>4,481</b>                      | <b>4,644</b>                      | <b>4,135</b>                      | <b>3,626</b>                       | <b>12,891</b>                     | <b>12,568</b>                     | <b>11,020</b>                      |
| <b>Operating loss</b>                     | <b>(2,665)</b>                    | <b>(2,907)</b>                    | <b>(2,649)</b>                    | <b>(2,323)</b>                     | <b>(8,488)</b>                    | <b>(7,873)</b>                    | <b>(6,903)</b>                     |
| <b>Other income (expenses)</b>            |                                   |                                   |                                   |                                    |                                   |                                   |                                    |
| Interest income                           | 181                               | 259                               | 154                               | 135                                | 817                               | 537                               | 471                                |
| Interest expense                          | (1)                               | (2)                               |                                   |                                    | (9)                               | (3)                               | (3)                                |
| Foreign currency income (loss), net       | 51                                | (26)                              | 347                               | 304                                | (164)                             | 402                               | 353                                |
| Others, net                               |                                   |                                   |                                   |                                    |                                   |                                   |                                    |



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|  |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Loss before income tax expenses and equity loss on investments | (2,434)   | (2,676)   | (2,148)   | (1,884)   | (7,844)   | (6,937)   | (6,082)   |
| Income tax expenses  | 351       | 371       | 338       | 296       | 1,140     | 976       | 856       |
| Loss before equity loss on investments                         | (2,785)   | (3,047)   | (2,486)   | (2,180)   | (8,984)   | (7,913)   | (6,938)   |
| Equity loss on investments, net                                |           |           |           |           |           |           |           |
| Net loss   | (2,785)   | (3,047)   | (2,486)   | (2,180)   | (8,984)   | (7,913)   | (6,938)   |
| Net loss attributable to:                                      |           |           |           |           |           |           |           |
| Non-controlling interest                                       | (22)      | (12)      | (26)      | (23)      | 51        | (62)      | (54)      |
| Parent company   | (2,763)   | (3,035)   | (2,460)   | (2,157)   | (9,035)   | (7,851)   | (6,884)   |
| Loss per share   |           |           |           |           |           |           |           |
| - Basic and diluted  | (398)     | (437)     | (354)     | (0.31)    | (1,300)   | (1,130)   | (0.99)    |
| Weighted average number of shares outstanding                  |           |           |           |           |           |           |           |
| - Basic and diluted  | 6,948,900 | 6,948,900 | 6,948,900 | 6,948,900 | 6,948,900 | 6,948,900 | 6,948,900 |
| Loss per ADS <sup>(1)</sup>                                    |           |           |           |           |           |           |           |
| - Basic and diluted  | (795)     | (874)     | (708)     | (0.62)    | (2,600)   | (2,260)   | (1.98)    |

\* For convenience purposes only, the KRW amounts are expressed in U.S. dollars at the rate of KRW 1,140.50 to US\$ 1.00, the noon buying rate in effect on October 30, 2015 as quoted by the Federal Reserve Bank of New York.

(1) Each ADS represents two common shares.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAVITY CO., LTD.

By: /s/ Heung Gon Kim  
Name: Heung Gon Kim  
Title: Chief Financial Officer

Date: November 24, 2015