



4Q23 & FY2023 Earnings Results

KRAFTON

FEBRUARY, 2024

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DARK AND DARKER

MOBILE

KRAFTON in 2024

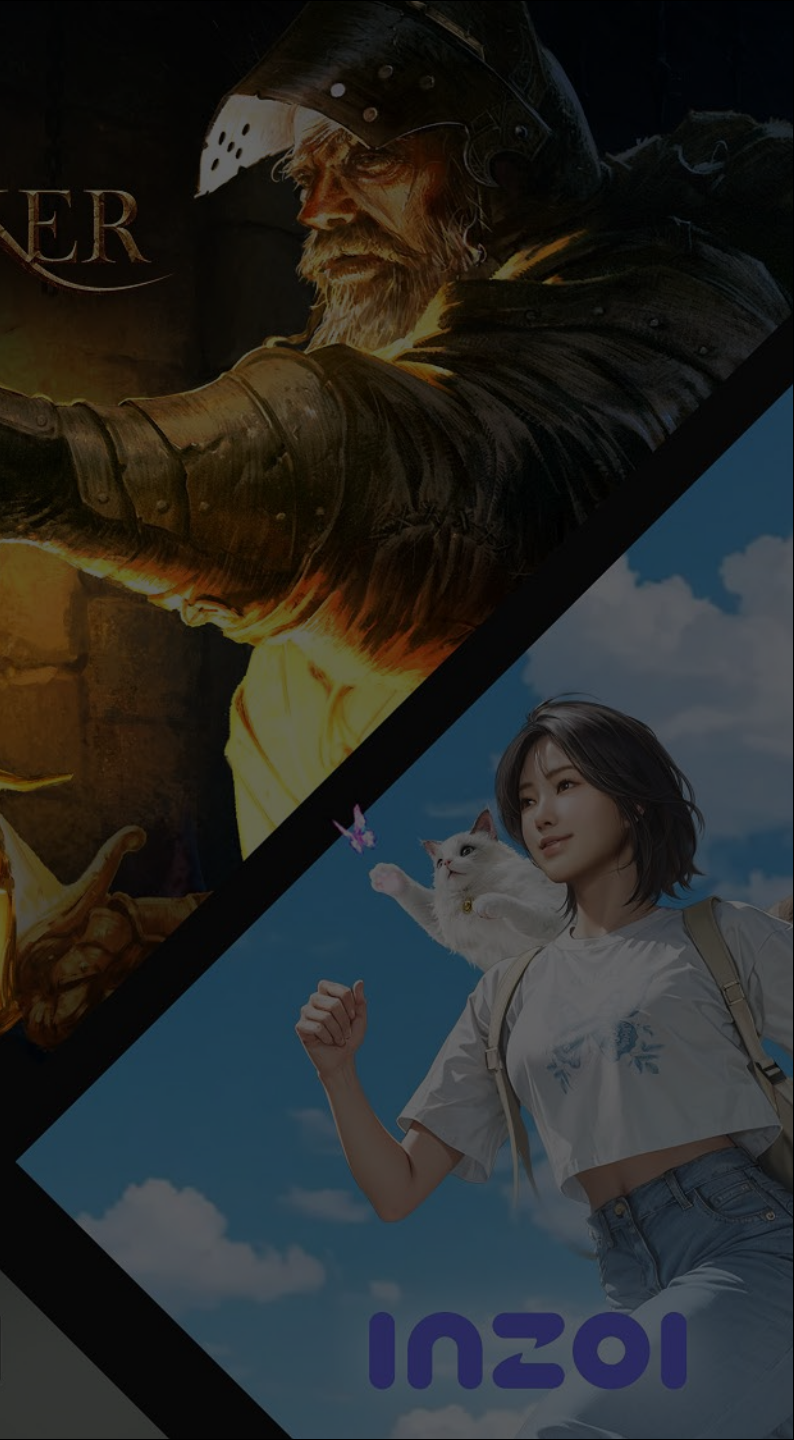
KRAFTON



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KRAFTON LIMITED SHOP

INZOI



Looking Back on 2023

Confidence in **Long-term Growth** and **Sustainability** of PUBG IP

2023 Message Recap: PUBG IP

- **Strengthened F2P transition momentum**
 - Overall enhancements of In & Out-game content
 - Solid growth in traffic and revenue
- **Continued global long-term service, sustaining growth to become a ‘beloved game’**
 - Fresh experience to returned and new generations
 - Focus on enhanced Anti-Cheat capabilities to increase user trust and satisfaction

Key Performance of PUBG in 2023

- **Solid growth of PUBG PC/Console**
 - Revenue growth for three consecutive years, 37% increase YoY
 - Highest PCU¹⁾ for the year in Dec, a 70% increase from the lowest
 - Improved monetization driven by In & Out-game content
- **Swift Recovery of BGMI after relaunch, confirming growth potential in the Indian market**
 - Record high traffic and revenue after relaunch
 - Localized content and marketing for revenue growth
 - Established dominant position in Indian Esports market

KRAFTON's 2024 Strategic Focus

From “Original Creative” to **“Scale-up the Creative”**

2023 Message Recap: Key Direction



Strengthen Production Management Capabilities

HQ control based on gameplay & quality standards
Maximize Performance of Creative Studios

Strengthen Publishing Capabilities

Expand our IP portfolio through investments + 2PP¹⁾
Maximize synergy by utilizing KRAFTON's global experiences & publishing process / infrastructure

2024 Strategic Focus: Scale-up the Creative

Discover original creatives to scale-up as “1B IP”s

- “Original Creative” DNA + a shift in perspective
- Scale-up discovered creatives, production, service
- Creatives are discovered vs. Creatives can be scaled-up

PUBG
BATTLEGROUNDS

- Amateur mod by PlayerUnknown called Battle Royale
- Implanted to a standalone game by skilled developers
- Global success as a mainstream genre
- Further success on mobile platform

| Scale-up Direction

Exploring Possibilities and Restructuring through Scale-up the Creative

Popularize Core Gameplay

IP Franchise

Transition to GaaS model

Expanding platforms

Reaching new markets

Expanding audience

Direction of Restructuring

- Multi-Publishing Line to efficiently launch multiple new titles
- A single command line established to achieve effective alignment
- Centralize organizations to HQ

Strategic Titles for 2024

DARK AND DARKER MOBILE

Bringing the pioneering original Extraction RPG to the mobile platform

- Realistic medieval low fantasy
- Battle Royale with survival, exploration and RPG elements
- Differentiated physics based non-target action combat
- A dungeon-crawler including various objects and terrains
- Mobile-friendly gameplay experience and communities



INZOI

Securing the unique position of a life simulation game

- Highly anticipated title based on global gamer reaction
- Ironically an opportunistic market being dominated by a single franchise for so long
- Unique hyper-realistic life simulation game by quickly adapting latest technologies
- Developed as a creative game through AI technologies



DINKUM Mobile

Expanding a solo developer's creativity to the mobile market

- Challenging new gameplay in a genre familiar to other platforms but rare to mobile
- Adopting the proven core mechanics of the original game for mobile gameplay
- Introducing monetization and seasonal updates for continuous live service



BLACK BUDGET

Popularizing the Extraction Shooter genre inheriting PUBG gunplay

- Essential genre specific experience of gambling
- A world demanding strategic choices during every session
- Player progression varied by Risk-Reward decisions
- Inheriting and enhancing PUBG's powerful gunplay
- Deep and challenging gameplay experience



SUBNAUTICA 2

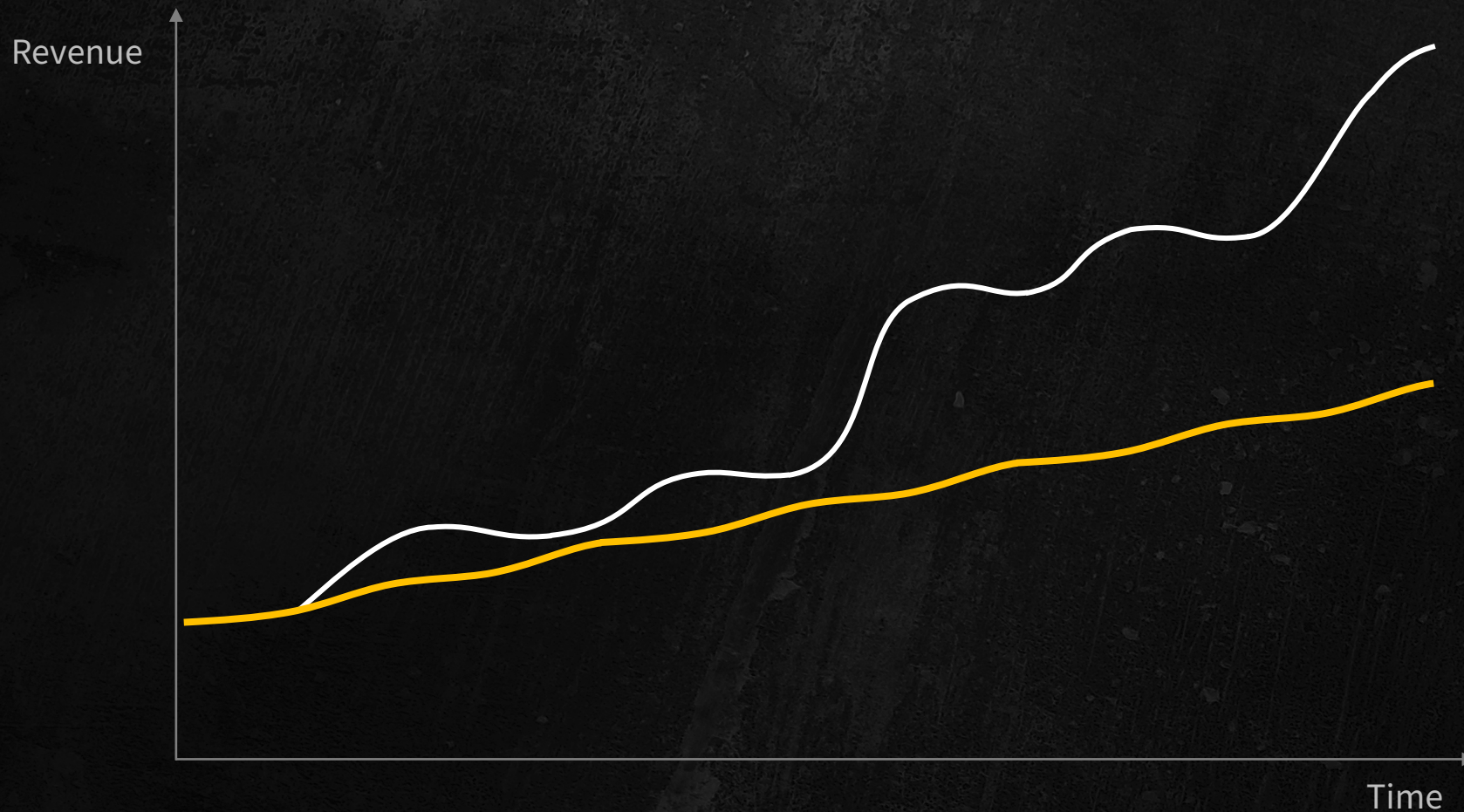
Sequel to the original IP pursuing community-first game development

- Explore an oceanic world in stunning stylized graphics powered by Unreal Engine 5
- Single-player or optional 2-4 player co-op to uncover the mysteries on an entirely new alien planet



| 2024, the Tipping Point for Stepwise Growth

Seeking **Solid Growth for PUBG IP** and **Stepwise Growth Through New IPs** under 'Scale-up the Creative'



**Scale-up the Creative
for Stepwise growth**

*Discover/nurture new IPs
Return on investment
In every 3 to 5 years*

**Solid Growth in
Existing Live Service**

*User-oriented service/Update
Operational excellence*

KEY INITIATIVES FOR FUTURE GROWTH

2027
2026
2025
2024

| PUBG IP Franchise

Expand as a PUBG IP **Multi-product** and Ultimately Scale-up to a **10B IP**

Enhance PUBG PC

Gameplay Platform

Strengthen Core & Community
Diversify Gameplay Experience

Venture Console

Reboot & Single-play

Implement Game Experience
Optimized for Console

Mobile Audience Expansion

Hardcore & Hybrid Casual

Mobile Adaptation of Hardcore Gaming
Casual Genre for Player Expansion

Explore changes in **platform/genre player experiences** reflecting **core values** of PUBG

Priority on strengthening and expanding IP through **games**

Gradual expansion of **branding** and **products beyond games** to create cultural trends

BGMI Solid Growth, Publishing/Esports/New Business Opportunities

Steady Growth of BGMI

Expand Publishing Titles Leveraging Strong Presence

Continuous Development of **BGMI Esports**

Increase Investment and Explore New Opportunities



Advancements in **Deep Learning** Technology to Lead the Future

2023 Key Activities

✓ AI Technology Development

LLM	LLM enhancements, Data generation / Programming / Application to learn game lores
Voice	Korean/Multi-language/Personalized TTS
Art	High Quality 2D Art generation, 2D→3D Avatar generation
Game AI	Reinforcement Learning / LLM-based Game AI Bot

✓ Most AI research papers in domestic game industry

- Five regular track papers published at NeurIPS 2023 (#1 among Korean game companies, #3 among global)

2024 Strategic Focus (AI Application and Acceleration)

Production Cost Down

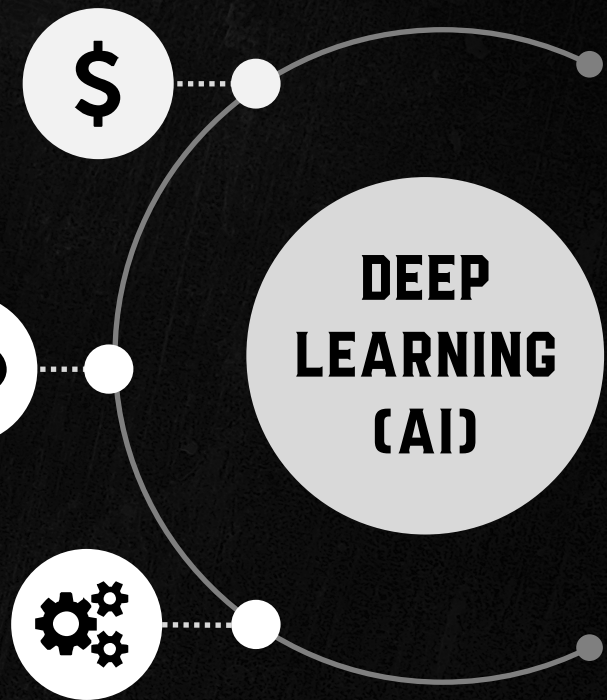
Dramatic reduction in costs, Significant increase in game production efficiency

New Gameplay

Reinvent gameplay, Provide personalized gaming experience

New Way to Create

Innovate the process of Creative production



| Wrapping Up

Focusing on Core Values of Original Creative

Scale-up the Creative: Long-term Perspective

More and Faster Attempts (2PP, Multi-Publishing Line)

Securing M&A Opportunities

Tipping Point for Stepwise Growth

**4Q23 & FY2023
Financial Performance**

KRAFTON

REVENUE

FY2023 Revenue

KRW 1.9^{tn}

Achieved all-time high revenue driven by our core IP, PUBG

PC/CONSOLE

FY2023 PC/Console Revenue vs. FY2020

2X^{Growth}

Robust growth of PC/Console revenue driven by F2P transition of PUBG PC/Console, enhanced live service, and stable traffic

ORIGINAL CREATIVE

Incubating Pipelines (As of December 2023)

30^{Projects}

Discovered 30 original creatives, Multi-Publishing Line for continuous release of new titles

2023 Results at a Glance

4Q Earnings Summary

Revenue

KRW 534.6bn

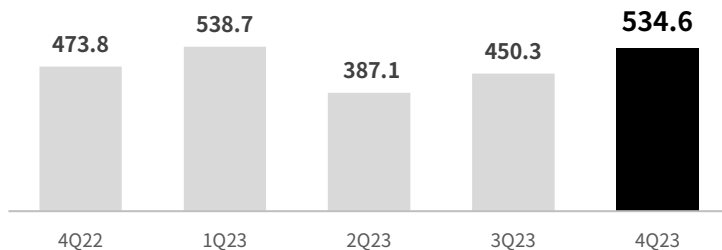
Revenue grew QoQ 18.7% and YoY 12.8% driven by growth in PC, Mobile, and Console despite low-seasonality

Operating Profit KRW 164.3bn

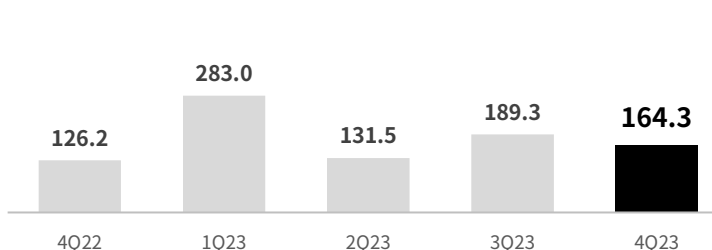
Operating profit grew 30.3% YoY on back of solid PUBG IP revenue, yet decreased 13.2% QoQ due to increased costs related to major games services

(KRW bn)	4Q 2022	3Q 2023	4Q 2023	QoQ	YoY	FY2022	FY2023	YoY
Revenue	473.8	450.3	534.6	18.7%	12.8%	1,854.0	1,910.6	3.1%
PC	139.1	121.3	167.1	37.8%	20.1%	465.0	583.9	25.6%
Mobile	254.7	309.1	342.7	10.9%	34.5%	1,252.8	1,244.8	-0.6%
Console	67.7	12.0	17.4	44.5%	-74.3%	104.1	55.7	-46.5%
Others	12.2	7.9	7.4	-6.6%	-39.3%	32.2	26.2	-18.6%
Operating Expenses	347.6	261.0	370.2	41.8%	6.5%	1,102.4	1,142.5	3.6%
Operating Profit	126.2	189.3	164.3	-13.2%	30.3%	751.6	768.0	2.2%
<i>% Margin</i>	<i>26.6%</i>	<i>42.0%</i>	<i>30.7%</i>	<i>-11.3%p</i>	<i>4.1%p</i>	<i>40.5%</i>	<i>40.2%</i>	<i>-0.3%p</i>
Adj. EBITDA¹⁾	160.3	197.3	219.7	11.4%	37.0%	792.7	903.7	14.0%
<i>% Margin</i>	<i>33.8%</i>	<i>43.8%</i>	<i>41.1%</i>	<i>-2.7%p</i>	<i>7.3%p</i>	<i>42.8%</i>	<i>47.3%</i>	<i>4.5%p</i>
Net Profit	(165.4)	211.6	(13.2)	T/D²⁾	C/D²⁾	500.2	594.1	18.8%
<i>% Margin</i>	<i>-34.9%</i>	<i>47.0%</i>	<i>-2.5%</i>	<i>-49.5%p</i>	<i>32.4%p</i>	<i>27.0%</i>	<i>31.1%</i>	<i>4.1%p</i>

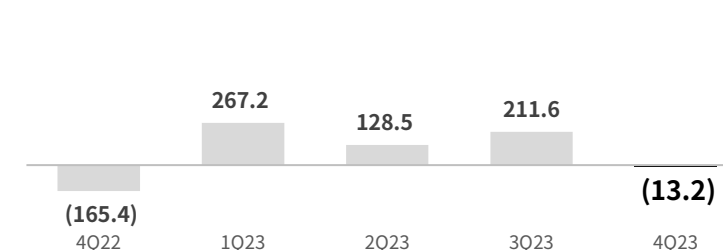
Revenue



Operating Profit



Net Profit



1) Adj. EBITDA = EBITDA + Share-based payment expenses

2) T/D: Turned to Deficit, C/D: Continued in Deficit

Revenue Breakdown

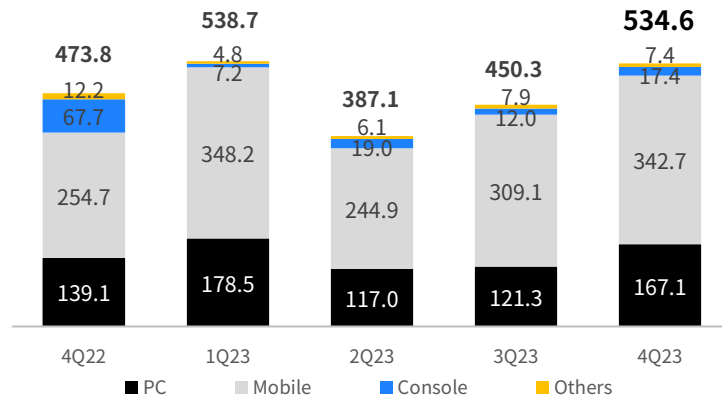
Revenue

2023 KRW 1,910.6bn (YoY 3.1% ↑)

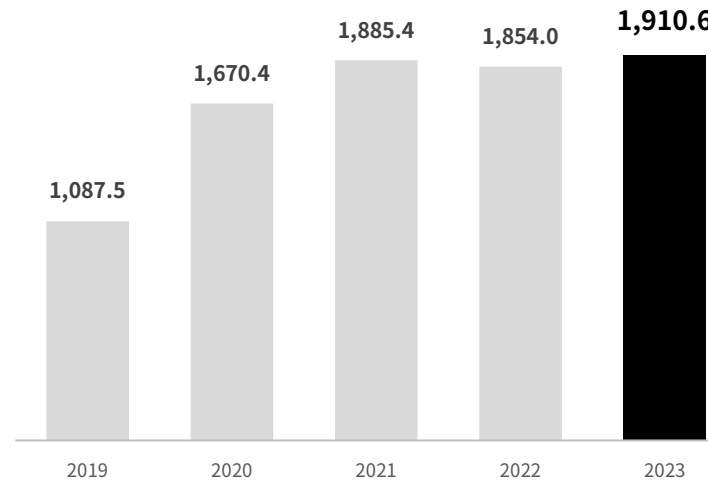
4Q23 KRW 534.6bn (QoQ 18.7% ↑, YoY 12.8% ↑)

(KRW bn)	4Q 2022	3Q 2023	4Q 2023	QoQ	YoY	FY2022	FY2023	YoY
Revenue	473.8	450.3	534.6	18.7%	12.8%	1,854.0	1,910.6	3.1%
PC	139.1	121.3	167.1	37.8%	20.1%	465.0	583.9	25.6%
Mobile	254.7	309.1	342.7	10.9%	34.5%	1,252.8	1,244.8	-0.6%
Console	67.7	12.0	17.4	44.5%	-74.3%	104.1	55.7	-46.5%
Others	12.2	7.9	7.4	-6.6%	-39.3%	32.2	26.2	-18.6%

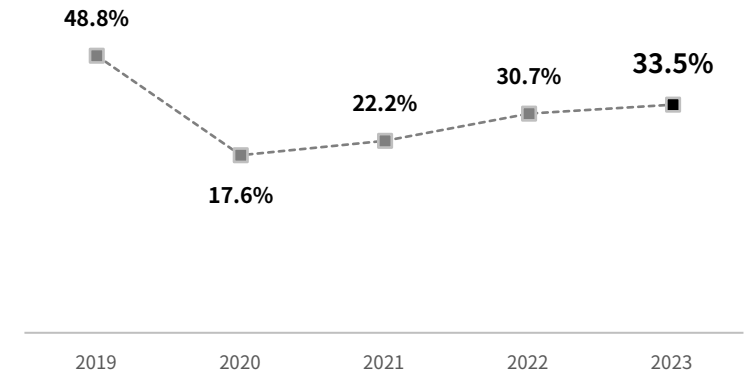
Revenue Breakdown (Quarterly)



Revenue (Annual)



PC/Console Revenue Proportion (Annual)



Operating Expenses & Profit

Operating Profit

2023 KRW 768.0bn (YoY 2.2% ↑)

4Q23 KRW 164.3bn (QoQ 13.2% ↓, YoY 30.3% ↑)

Adj. EBITDA

2023 KRW 903.7bn (YoY 14.0% ↑)

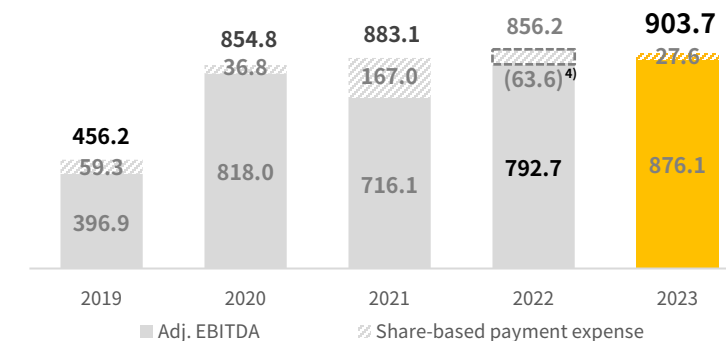
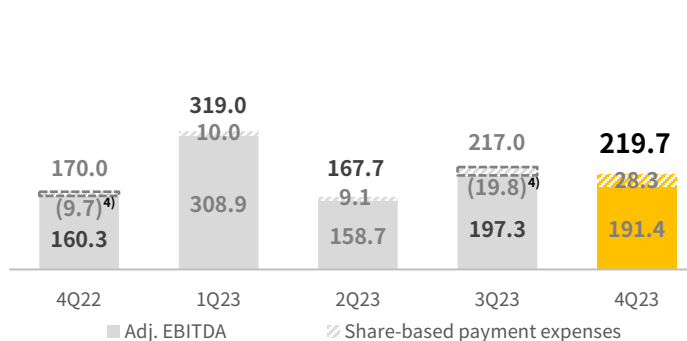
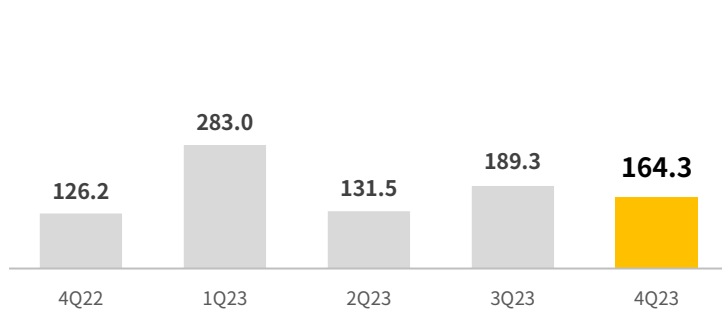
4Q23 KRW 219.7bn (QoQ 11.4% ↑, YoY 37.0% ↑)

(KRW bn)	4Q 2022	3Q 2023	4Q 2023	QoQ	YoY	FY2022	FY2023	YoY
Operating Costs	347.6	261.0	370.2	41.8%	6.5%	1,102.4	1,142.5	3.6%
Personnel	63.4 ¹⁾	102.3	120.9	18.2%	90.8%	364.8 ¹⁾	427.3	17.1%
Platform fees/Cost of Revenue ²⁾	57.7	59.9	87.9	46.7%	52.4%	207.1	226.8	9.5%
Paid Commissions	102.7	64.9	61.9	-4.5%	-39.7%	325.3	258.9	-20.4%
Marketing	81.2	18.1	34.2	89.7%	-57.8%	129.7	66.1	-49.1%
Share-based Payment Expenses	(9.7)	(19.8)	28.3	n/m	n/m	(63.6)	27.6	n/m
Others	52.4	35.6	36.9	3.6%	-29.6%	139.1	135.9	-2.3%
Operating Profit	126.2	189.3	164.3	-13.2%	30.3%	751.6	768.0	2.2%
% Margin	26.6%	42.0%	30.7%	-11.3%p	4.1%p	40.5%	40.2%	-0.3%p
Adj. EBITDA³⁾	160.3	197.3	219.7	11.4%	37.0%	792.7	903.7	14.0%
% Margin	33.8%	43.8%	41.1%	-2.7%p	7.3%p	42.8%	47.3%	4.5%p

Operating Profit (Quarterly)

Adj. EBITDA (Quarterly)

Adj. EBITDA (Annual)



1) 4Q 2022 reversal of provision (KRW 38bn)

2) Platform fees / Cost of Revenue consist of Steam, market commissions, etc

3) Adj. EBITDA = EBITDA + Share-based payment expenses

4) Reversal of share-based payment expenses

Net Profit

Net Profit

2023 KRW 594.1bn (YoY 18.8% ↑)

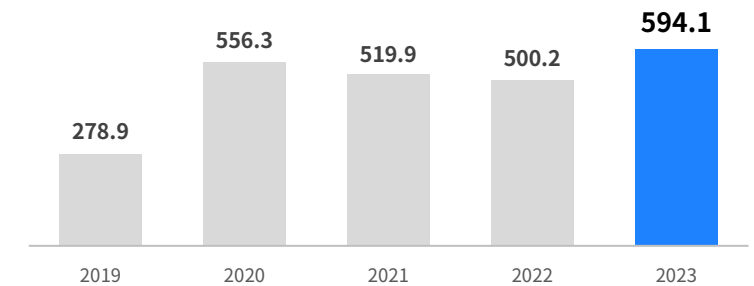
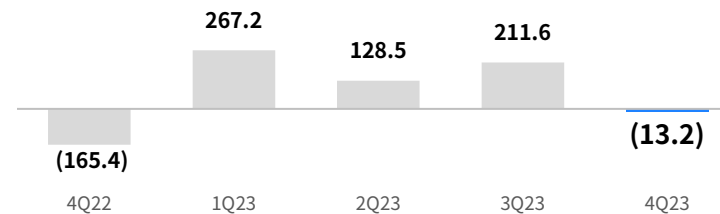
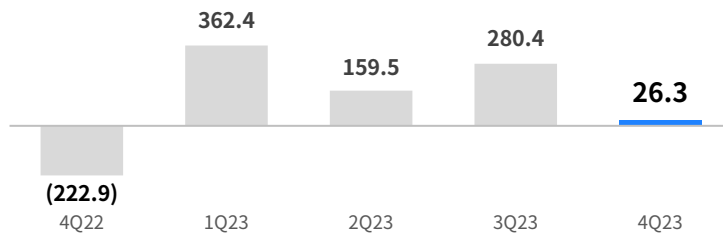
4Q23 KRW -13.2bn (QoQ T/D², YoY C/D²)

(KRW bn)	4Q 2022	3Q 2023	4Q 2023	QoQ	YoY	FY2022	FY2023	YoY
Non-Operating Profit	(349.1)	91.2	(138.0)	T/D²	C/D²	(67.7)	60.6	T/P²
Non-Operating Income	(40.2)	103.3	190.6	84.6%	n/m	318.5	521.0	63.6%
Other Income	(49.8)	94.7	182.8	93.1%	n/m	284.8	483.5	69.8%
Finance Income	9.6	8.6	7.8	-9.5%	-19.0%	33.7	37.5	11.3%
Non-Operating Expense	308.9	12.1	328.6	2,619.8%	6.4%	386.2	460.4	19.2%
Other Expenses	306.0	9.8	326.3	3,239.5%	6.6%	378.6	451.5	19.2%
Finance Expenses	2.8	2.3	2.4	1.7%	-17.3%	7.6	8.9	17.5%
Profit Before Income Tax	(222.9)	280.4	26.3	-90.6%	T/P²	683.9	828.6	21.2%
Income Tax	(61.9)	68.9	39.5	-42.6%	n/m	168.7	234.6	39.0%
Net Profit	(165.4)¹⁾	211.6	(13.2)	T/D²	C/D²	500.2¹⁾	594.1	18.8%
<i>% Margin</i>	<i>-34.9%</i>	<i>47.0%</i>	<i>-2.5%</i>	<i>-49.5%p</i>	<i>32.4%p</i>	<i>27.0%</i>	<i>31.1%</i>	<i>4.1%p</i>

Profit Before Tax (Quarterly)

Net Profit (Quarterly)

Net Profit (Annual)



1) Including loss from Discontinued Operations (4Q 2022 KRW 4.4bn, FY2022 KRW 15bn)

2) T/D: Turned to Deficit, C/D: Continued in Deficit, T/P: Turned to Profit

Summary of Financial Statements

Consolidated Income Statement

(KRW bn)	2022				2023				2022	2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	523.0	423.6	433.7	473.8	538.7	387.1	450.3	534.6	1,854.0	1,910.6
Operating Costs	208.0	257.7	289.1	347.6	255.7	255.6	261.0	370.2	1,102.4	1,142.5
Operating Profits	315.0	165.8	144.6	126.2	283.0	131.5	189.3	164.3	751.6	768.0
EBITDA	333.7	185.8	166.7	170.0	309.0	158.7	217.0	191.4	856.2	876.1
Adj. EBITDA¹⁾	280.5	177.4	174.5	160.3	319.0	167.7	197.3	219.7	792.7	903.7
Non-Operating Profit	17.8	94.5	169.1	(349.1)	79.4	28.0	91.2	(138.0)	(67.7)	60.6
Other Income	37.0	101.3	196.2	(49.8)	131.9	74.0	94.7	182.8	284.8	483.5
Other Expenses	24.3	12.8	35.5	306.0	60.5	54.9	9.8	326.3	378.6	451.5
Finance Income	6.7	7.5	9.9	9.6	9.9	11.3	8.6	7.8	33.7	37.5
Finance Expenses	1.6	1.6	1.5	2.8	1.9	2.3	2.3	2.4	7.6	8.9
Profit Before Income Tax	332.7	260.3	313.7	(222.9)	362.4	159.5	280.4	26.3	683.9	828.6
Income Tax	84.5	63.0	83.1	(61.9)	95.2	31.0	68.9	39.5	168.7	234.6
Profit from Discontinued Operations	(3.0)	(3.4)	(4.2)	(4.4)	-	-	-	-	(15.0)	-
Net Profit	245.2	194.0	226.4	(165.4)	267.2	128.5	211.6	(13.2)	500.2	594.1

1) Adj. EBITDA = EBITDA + Share-based Payment Expenses

Summary of Financial Statements

Consolidated Statement of Financial Position

(KRW bn)	FY 2022	FY 2023	(KRW bn)	FY 2022	FY 2023
Assets			Liabilities		
Current Assets	3,892.6	3,964.4	Current Liabilities	411.5	520.7
Cash and Cash Equivalents ¹⁾	3,125.3	3,061.4	Non-current Liabilities	509.9	360.9
Other Current Assets	49.2	49.0	Total Liabilities	921.4	881.6
Non-current Assets	2,145.2	2,476.0	Equity		
Property and equipment	223.4	257.0	Shareholders' equity	5,111.2	5,554.4
Intangibles	867.7	607.8	Paid-in Capital	4.9	4.9
Investment in Associates	425.3	571.3	Capital Surplus	1,448.6	1,472.0
Other Non-current Assets	28.5	30.1	Other Components of Equity	190.1	182.5
Total Assets	6,037.8	6,440.5	Retained Earnings	3,467.6	3,895.0
			Non-controlling Interests	5.2	4.4
			Total Equity	5,116.4	5,558.8

1) Including FVPL (Fair Value through Profit or Loss)

Our Vision

WHY

We believe **games** will become the world's **most powerful medium**.

HOW

Based on our **creativity**, steadfast dedication toward **new challenges** and **technological development**,

WHAT

We will further **expand our original IPs** and build **immersive, virtual worlds**, where our fans play together and share fun moments.

We will meet everyone in the world we are building.