

2Q 2023 Earnings Results

Investor Relations

2023. 8. 9

KRAFTON

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2023 2Q Results at a Glance

KEY PERFORMANCE



PUBG PC Revenue
YoY **35% ↑**

**BATTLEGROUNDS
MOBILE INDIA**

Resumed Service
May 29th(1)



Studio Investments
7⁽²⁾ / 15⁽³⁾

KEY FINANCIAL HIGHLIGHTS

387.1 bn KRW

Revenue

131.5 bn KRW

Operating Profit

34%

Operating Profit Margin

Note: (1) Service resumed on May 29, 2023 after a 10-month suspension from July 28, 2022 (2) Studio acquisitions and minority stake investments to be completed from January to May 2023, (3) Post-IPO studio acquisitions and minority stake investments

PC / Console

PUBG PC/Console Maintaining Sustainable Global Live Service with Diverse Updates and Improved Monetization

Enhancing In & Out Game Experience under F2P + No P2W



Tactical Gears Renewal



New Arcade Mode: Bluebomb Rush



Aston Martin & Seasonal Workshop



Street Fighter 6 Collaboration



Progressive Skin: Deadly Dollhouse SLR



Survivor Pass: The Big Score



New Weapon Dragunov



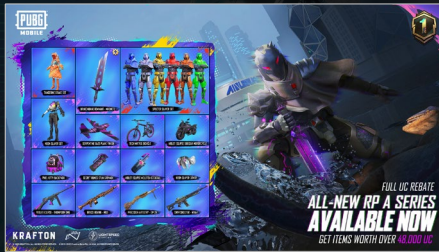
Miramar Map Sub Update



Mobile

PUBGM Generating Solid Traffic and Revenue Led by Growth in New Regions, BGMI Revenue Contribution Expected in 2H23

Live Service Expanding Traffic and Revenue



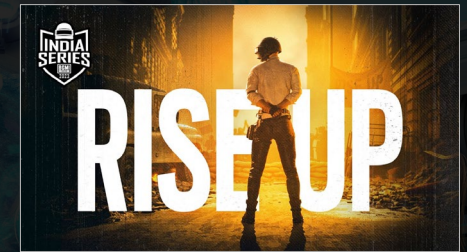
New Pass System RP A Series



Dinoground Mode



Dragon Ball Collaboration Skins & Mode



India BGIS 2023 Esports Tournament



Karol G Collaboration Skin & Voice Pack



X-Suit Upgrade Skin



Aston Martin Vehicle Skins



BGMI Login Event

Scale-Up the Creative

Scale-Up the Future Growth Potential with Transition from a Global Game Company into a Global Publisher

KRAFTON

PUBG
STUDIOS

UNKNOWN WORLDS
ENTERTAINMENT

Vector North

NEON
GIANT



KRAFTON
MONTREAL
STUDIO

nirvanana

GOVERNANT

1. Publishing Accountability

Studio/Project supervised by Champions
Virtual Organization System

2. Publishing Organization

Publishing by HQ (1PP & 2PP)
Restructuring to strengthen 2PP

3. Discovering New Creative

"The Creative"
Team of max 30 developers
Soft Launch in 1.5 years

Expand Minority Investments
Securing additional 2PP Titles

Game Studio Investments in 2023



[s:]
STUDIO SAI

FUNNY
STORM

PLAYGIG

GARDENS

+2 in progress⁽¹⁾

Games to be Launched⁽²⁾

24+

10

14

2021

2022

2023~2026

**"High Quality Games to
Scale-Up Future Growth Potential"**



KRAFTON

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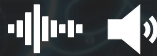
Note: (1) To be completed in August 2023 (2) Incubating projects as of August 2023

Beyond Game

Focusing on Enhancing Efficiency in Game Development and Discovering New Gameplay Through AI and Deep Learning

Deep Learning R&D Objectives and Core Technologies

① Game Dev Efficiency



TTS

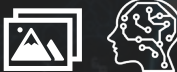


Image Generation



② New Gameplay



Language Model
& Chatbot



3D Avatar & Animation

Project Migaloo



- Deep Learning/AI technology applied to develop core open-world features and content
- Content creation and distribution using sandbox tools

2Q23 Financials

Revenue **KRW 387.1bn** (-28.2% QoQ, -8.6% YoY)

Revenue stabilized due to seasonality and major content updates concentrated in 2H23

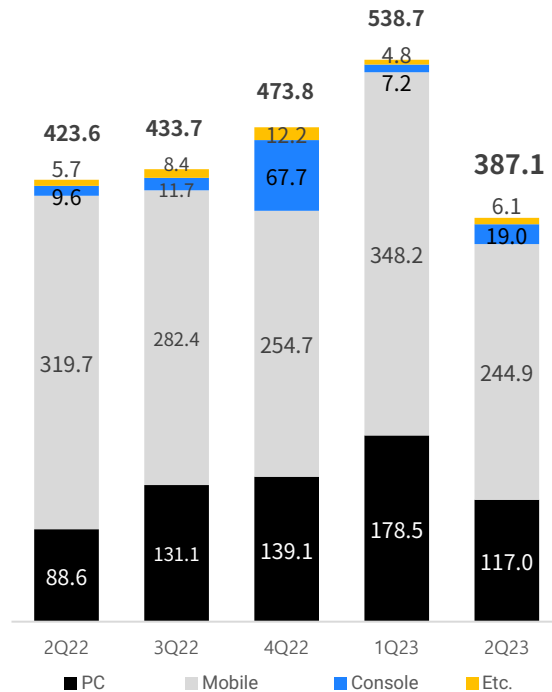
Operating Profit **KRW 131.5bn** (-53.5% QoQ, -20.7% YoY)

QoQ decline from stabilized revenue in 2Q23

Net Profit **KRW 128.5bn** (-51.9% QoQ, -33.7% YoY)

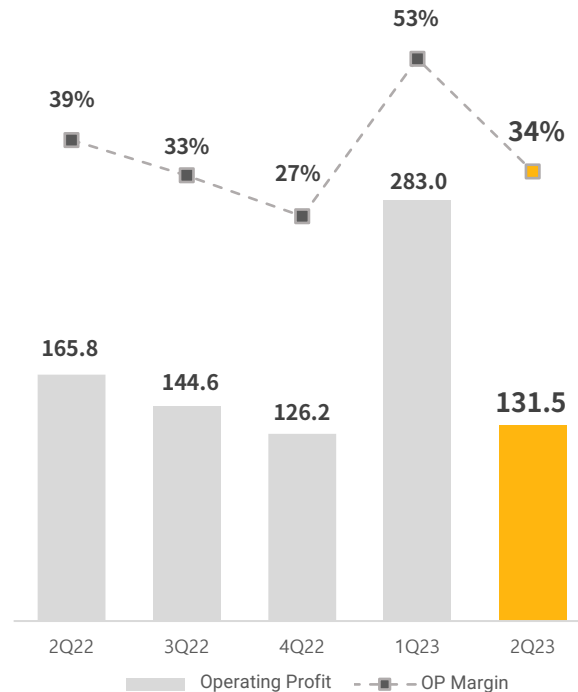
Revenue

KRW bn



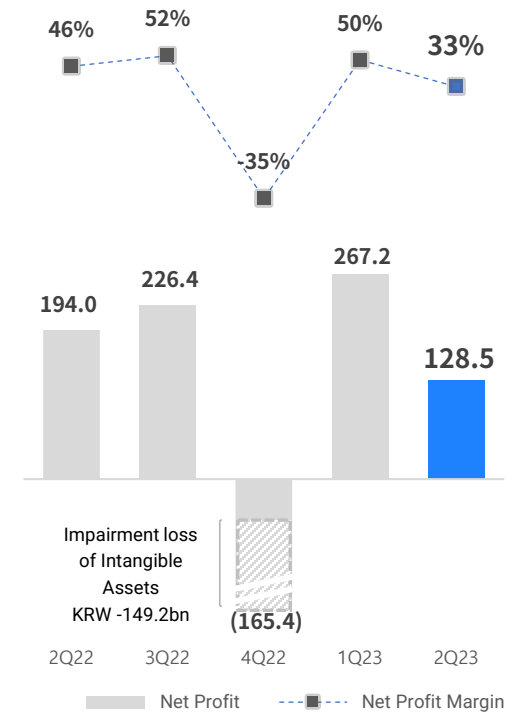
Operating Profit

KRW bn



Net Profit

KRW bn



Expense Breakdown

Operating Costs

KRW 255.6bn (-0.0% QoQ, -0.8% YoY)

- (Personnel) 2Q23 +2.4% QoQ, +9.6% YoY

Increased QoQ and YoY due to increase in headcount

- (Paid Commissions) 2Q23 +14.6% QoQ, -13.5% YoY

Increased QoQ on expenses related to PGS1 Esports event, decreased YoY from BGMI service suspension

KRW bn	2Q22	3Q22	4Q22	1Q23	2Q23	QoQ	YoY
Operating Costs	257.7	289.1	347.6	255.7	255.6	-0.0%	-0.8%
% of Revenue	60.8%	66.7%	73.4%	47.5%	66.0%	18.5%p	5.2%p
Personnel	94.2	98.9	63.4	100.8	103.2	2.4%	9.6%
Platform Fees/Cost of Revenue ⁽¹⁾	50.1	47.8	57.7	46.7	32.2	-31.2%	-35.8%
Paid Commissions	81.5	85.2	102.7	61.6	70.6	14.6%	-13.5%
Marketing	11.3	19.7	81.2	5.1	8.7	70.5%	-23.3%
Share-based Payment Expenses	(8.4)	7.8	(9.7)	10.0	9.1	-9.8%	N/M
Others	29.0	29.7	52.4	31.4	31.9	1.5%	10.0%
Operating Profit	165.8	144.6	126.2	283.0	131.5	-53.5%	-20.7%
% OP Margin	39.2%	33.3%	26.6%	52.5%	34.0%	-18.5%p	-5.2%p
Adj. EBITDA⁽²⁾	177.4	174.5	160.3	319.0	167.7	-47.4%	-5.4%
% Adj. EBITDA Margin	41.9%	40.2%	33.8%	59.2%	43.3%	-15.9%p	1.5%p

Note: (1) Platform Fees/Cost of Revenue consist of Steam, market commissions, etc, (2) Adj. EBITDA = EBITDA + Share-based payment expenses

Operating Profit / Adj. EBITDA

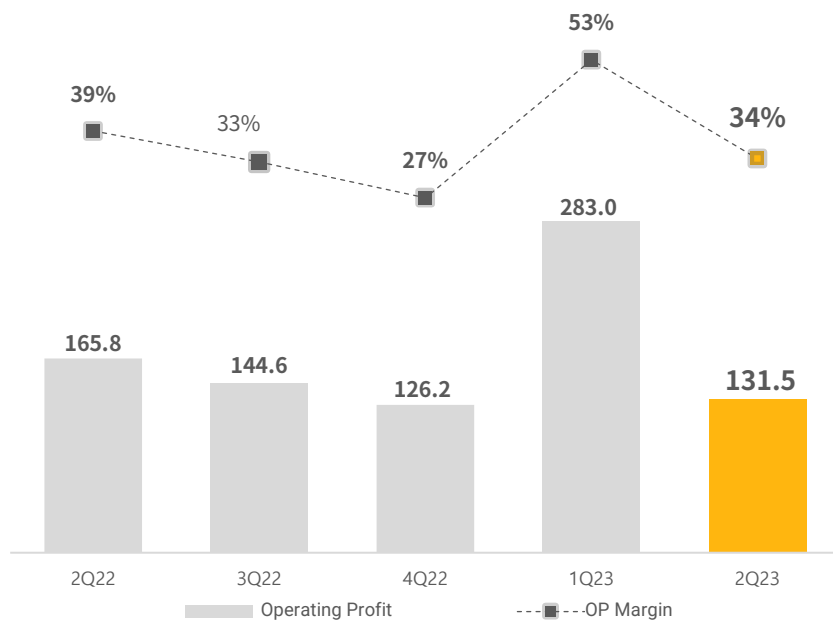
Operating Profit **KRW 131.5bn** (-53.5% QoQ, -20.7% YoY)

Adj. EBITDA **KRW 167.7bn** (-47.4% QoQ, -5.4% YoY)

- 2Q23 Adj. EBITDA decreased 5% YoY, with Adj. EBITDA margin of 43%

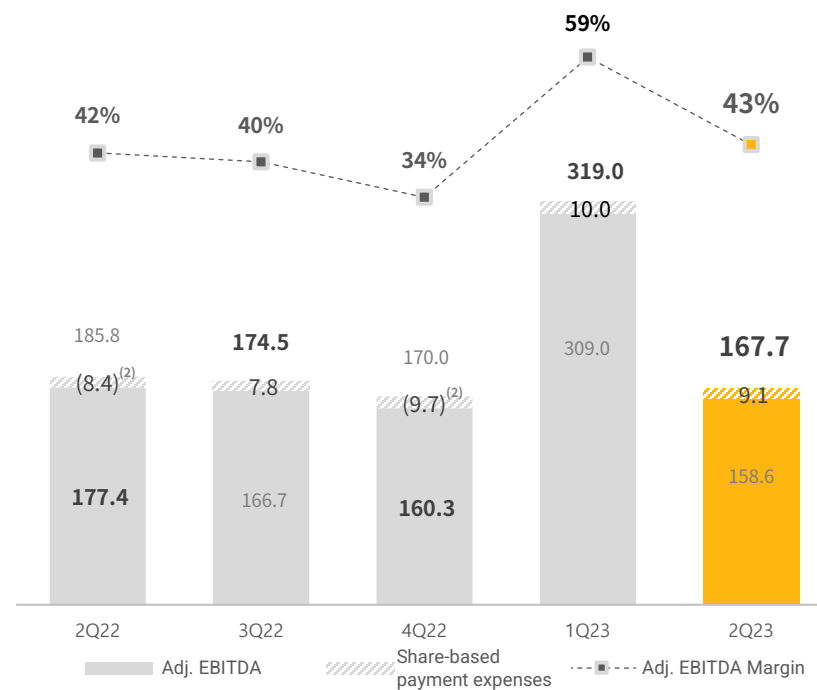
Operating Profit

Unit: KRW bn



Adj. EBITDA⁽¹⁾

Unit: KRW bn



Note: (1) Adj. EBITDA = EBITDA + Share-based payment expenses, (2) Reversal of Share-based payment expenses

Net Profit

Profit Before Income Tax **KRW 159.5bn** (-56.0% QoQ, -38.7% YoY)

Net Profit **KRW 128.5bn** (-51.9% QoQ, -33.7% YoY)

- 2Q23 Net Profit decreased YoY due to decreased Operating Profit and FX effects impacting Non-operating Profit

Non-Operating Profit & Profit Before Income Tax

Unit: KRW bn

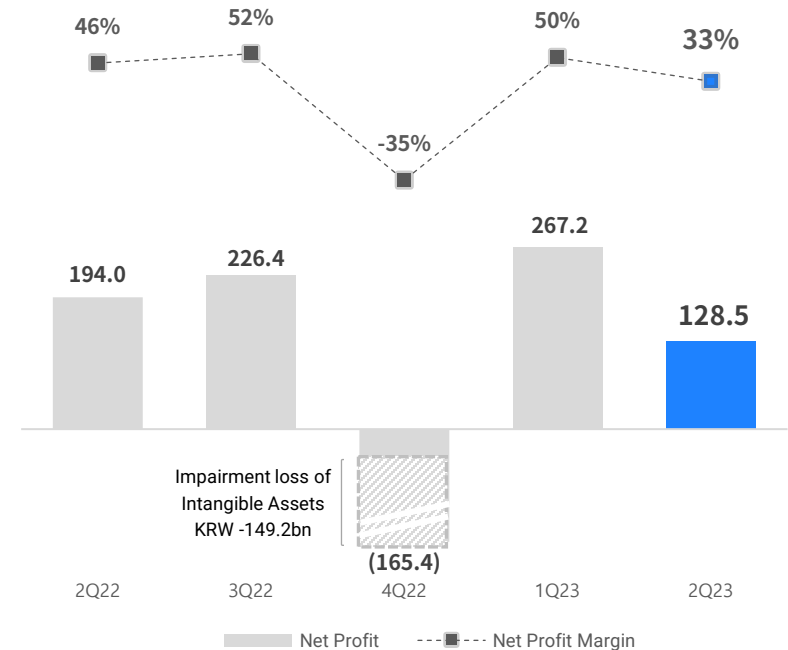
구분	2Q22	3Q22	4Q22	1Q23	2Q23
Non-operating Profit	94.5	169.1	(349.1)	79.4	28.0
Non-Operating Income	108.9	206.1	(40.2)	141.8	85.3
Other Income	101.3	196.2	(49.8)	131.9	74.0
Finance Income	7.5	9.9	9.6	9.9	11.3
Non-Operating Expense	14.4	37.0	308.9	62.4	57.3
Other Expense	12.8	35.5	306.0 ⁽¹⁾	60.5	54.9
Finance Expense	1.6	1.5	2.8	1.9	2.3
Profit Before Income Tax	260.3	313.7	(222.9)	362.4	159.5

Note: (1) Impairment loss of Intangible Assets (KRW -149.2bn)

(2) Gains and Losses on Valuation using equity method included in other income and expense

Net Profit

Unit: KRW bn



Q&A

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.