

3Q 2023 Earnings Results

Investor Relations

2023. 11. 7

K R A F T O N

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2023 3Q Results at a Glance

KEY PERFORMANCE



KEY FINANCIAL HIGHLIGHTS



Revenue



Operating Profit



Net Profit

Note: (1) Cumulative revenue up to 3Q23 / Total annual revenue for FY2022, (2) Full quarter comparison between 3Q23 MAU and 2Q22 MAU, just before the suspension since July 28, 2022

(3) Studio acquisitions and minority stake investments to be completed from January to November 2023, (4) Post-IPO studio acquisitions and minority stake investments

PC / Console

PUBG PC/Console Continues to Grow following F2P Transition, with Stable Live Service and New Game Experience

Live Service Updates by Communications with Users



Erangel Map Update



New Weapon Dragunov

Strong Traffic and Revenue for 4Q with New Map and Skins



New 8x8km Map "Rondo"



New PvE Arcade Mode



PUBG Dev Team Live Talk



Four Progressive Weapon Skins with Chroma



Mobile

Stable Traffic and Revenue from Growth in New Regions and Enhanced Monetization, Successful Resumption of BGMI

Global IP Collaborations and Premium Skins



Dragonball IP Collaboration Mode



Premium X-Suit Skins



Local Content for India



Enhanced Features for Popular Skins



Bi-monthly Pass System RP A Series



Esports Event BGIS 2023



Zombie's Edge Themed Mode



Winter Festival Themed Mode

Glacial Bride Set
New Gill Set Coming Soon

New Games for FY2024 - Dark and Darker Mobile



Genre and Launch Schedule

- Mobile Extraction RPG developed by Bluehole Studio
- Global Launch Targeting 1H24

Gameplay Features

- Combination of Medieval Fantasy RPG, Battle Royale, Dungeon Crawler
- Explore Dungeons, Combat Monsters and Other Players to Find Treasures and Escape
- Aiming to Secure a Leading Position in Mobile Extraction Genre



New Games for FY2024 - Project inZOI



Genre and Launch Schedule

- Life Simulation Game developed by KRAFTON
- Global Launch Targeting 2H24

Gameplay Features

- Experiencing the Life Players have Dreamed of
- Realistic and Immersive Gameplay based on UE5
- Players Feeling the Emotions of Life in their Own Stories



Scale-Up the Creative

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

Major Pipeline Titles



Project Black Budget



- Extraction Shooter
- PUBG Studios
- Targeting Launch in 2H24



The Next Subnautica



- Adventure / Survival
- Unknown Worlds
- Targeting Launch in 1H25

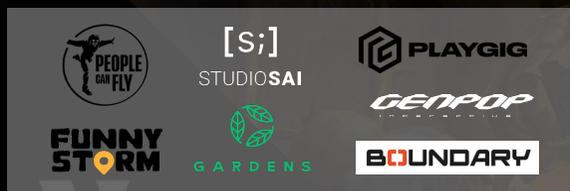


Project Gold Rush



- Action-Adventure Sandbox
- Vector North
- Targeting Launch in 1H25

Discovering New Creatives



Minority Investments in Global Studios

- 13 Investments in FY2023⁽¹⁾
- Secure IPs and Strengthen Pipeline



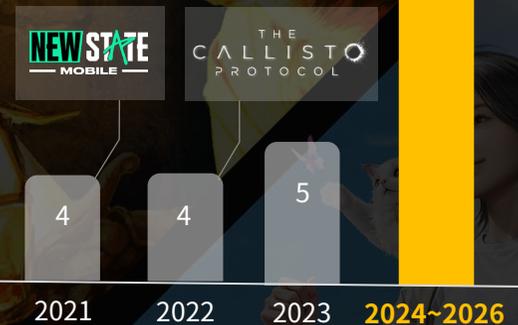
Established Flyway Games

- KRAFTON's 12th Game Studio
- 5 Internal Projects in Development
- Soft Launch Starting from FY2024

Total Games to be Launched⁽²⁾

- Dark and Darker Mobile (2024)
- Project inZOI (2024)
- Project Black Budget (2024)
- The Next Subnautica (2025)
- Project Gold Rush (2025)
- Project Windless (2026)
- 7+ 2PP Projects (2024~)

32+



“High Quality Games to Scale-Up Future Growth”

Multiple Launch of both Major Titles and Creative Games Annually

3Q23 Financials

Revenue **KRW 450.3bn** (QoQ +16.3%, YoY +3.8%)

Revenue increased due to BGMI Service Resumption and PUBG Mobile Growth

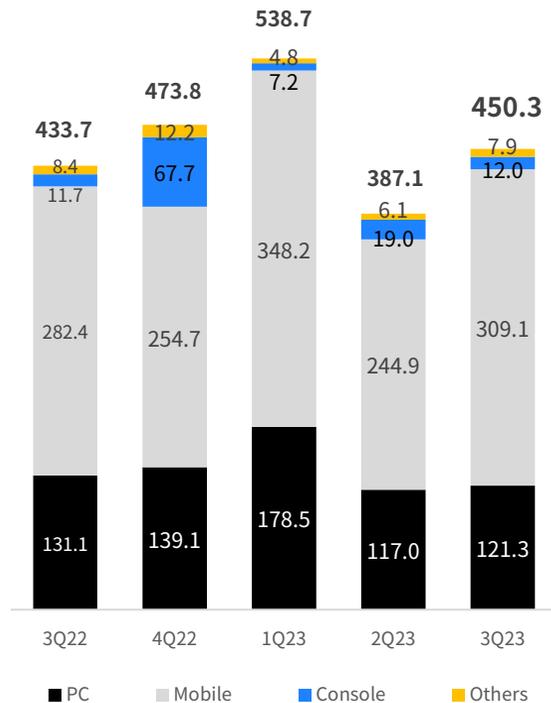
Operating Profit **KRW 189.3bn** (QoQ +44.0%, YoY +30.9%)

Growth in Operating Profit Driven by Mobile Revenue Expansion and Sustaining Efficient Cost Management

Net Profit **KRW 211.6bn** (QoQ +64.6%, YoY -6.6%)

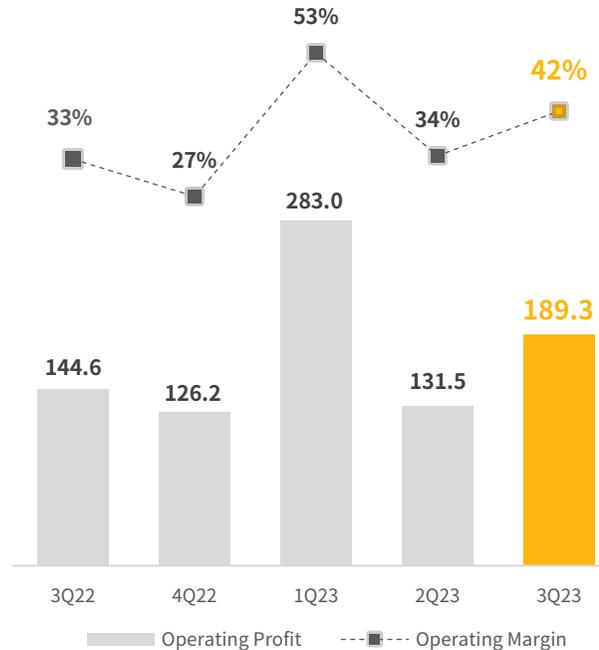
Revenue

KRW bn



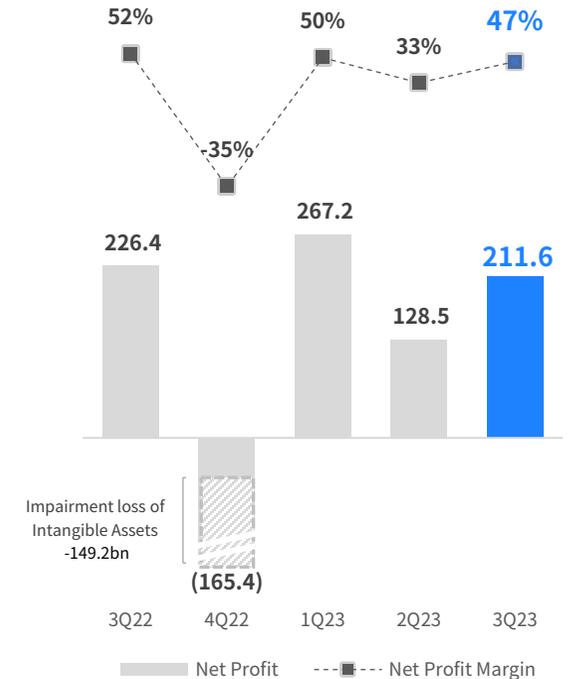
Operating Profit

KRW bn



Net Profit

KRW bn



Expense Breakdown

Operating Costs

KRW 261.0bn (QoQ +2.1%, YoY -9.7%)

- (Personnel) 3Q23 QoQ -0.9%, YoY +3.5%

Increased YoY due to increase in Headcount

- (Paid Commissions) 3Q23 QoQ -8.1%, YoY -23.9%

Decreased QoQ and YoY Due to decrease in Outsourcing Costs Following Completion of TCP Development

KRW bn	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY
Operating Costs	289.1	347.6	255.7	255.6	261.0	2.1%	-9.7%
<i>% of Revenue</i>	<i>66.7%</i>	<i>73.4%</i>	<i>47.5%</i>	<i>66.0%</i>	<i>58.0%</i>	<i>-8.1%p</i>	<i>-8.7%p</i>
Personnel	98.9	63.4	100.8	103.2	102.3	-0.9%	3.5%
Platform fees / Cost of Revenue ⁽¹⁾	47.8	57.7	46.7	32.2	59.9	86.4%	25.5%
Paid Commissions	85.2	102.7	61.6	70.6	64.9	-8.1%	-23.9%
Marketing	19.7	81.2	5.1	8.7	18.1	108.3%	-8.4%
Share-based payment expenses	7.8	(9.7)	10.0	9.1	(19.8)	N/M	N/M
Others	29.7	52.4	31.4	31.9	35.6	11.7%	19.9%
Operating Profit	144.6	126.2	283.0	131.5	189.3	44.0%	30.9%
<i>% Margin</i>	<i>33.3%</i>	<i>26.6%</i>	<i>52.5%</i>	<i>34.0%</i>	<i>42.0%</i>	<i>8.1%p</i>	<i>8.7%p</i>
Adj. EBITDA⁽²⁾	174.5	160.3	319.0	167.7	197.3	17.6%	13.1%
<i>% Margin</i>	<i>40.2%</i>	<i>33.8%</i>	<i>59.2%</i>	<i>43.3%</i>	<i>43.8%</i>	<i>0.5%p</i>	<i>3.6%p</i>

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

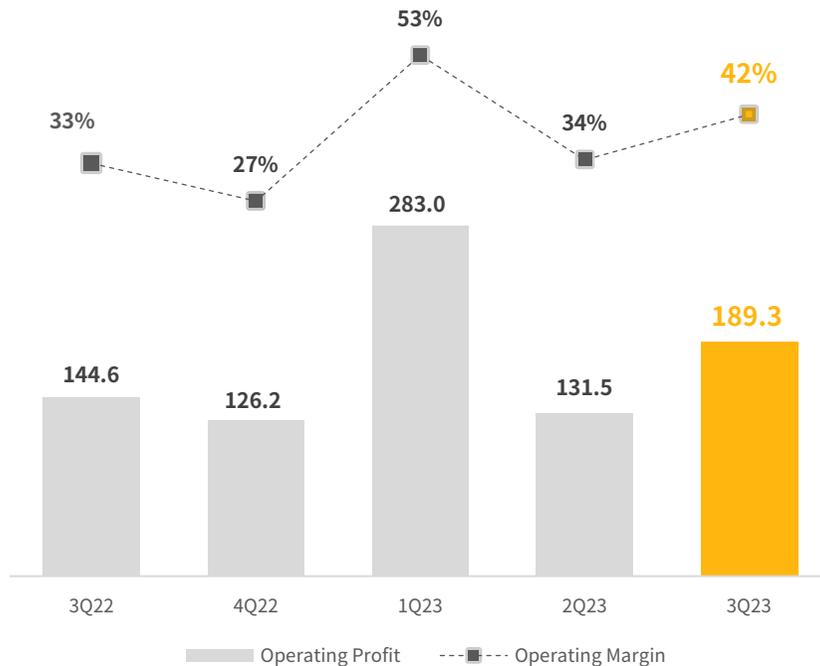
Operating Profit **KRW 189.3bn** (QoQ +44.0%, YoY +30.9%)

Adj. EBITDA **KRW 197.3bn** (QoQ +17.6%, YoY +13.1%)

- 3Q23 Adj. EBITDA increased 13% YoY, with Adj. EBITDA Margin of 44%

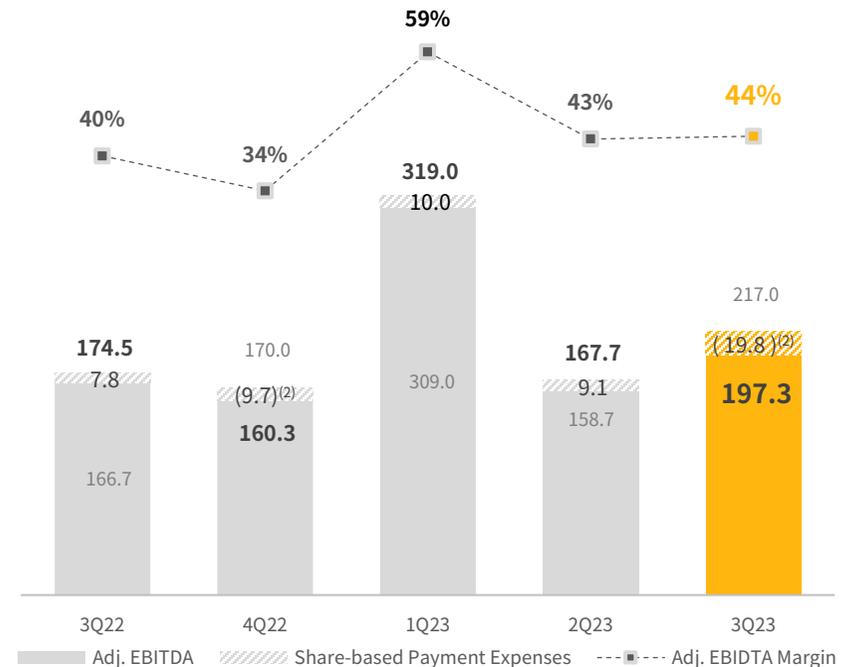
Operating Profit

KRW bn



Adj. EBITDA⁽¹⁾

KRW bn



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

Net Profit

Profit Before Tax

KRW 280.4bn (QoQ +75.8%, YoY -10.6%)

Net Profit

KRW 211.6bn (QoQ +64.6%, YoY -6.6%)

- 3Q23 Net Profit increased QoQ due to FX effects impacting Non-operating Profit

Non-operating Profit & Profit Before Tax

KRW bn

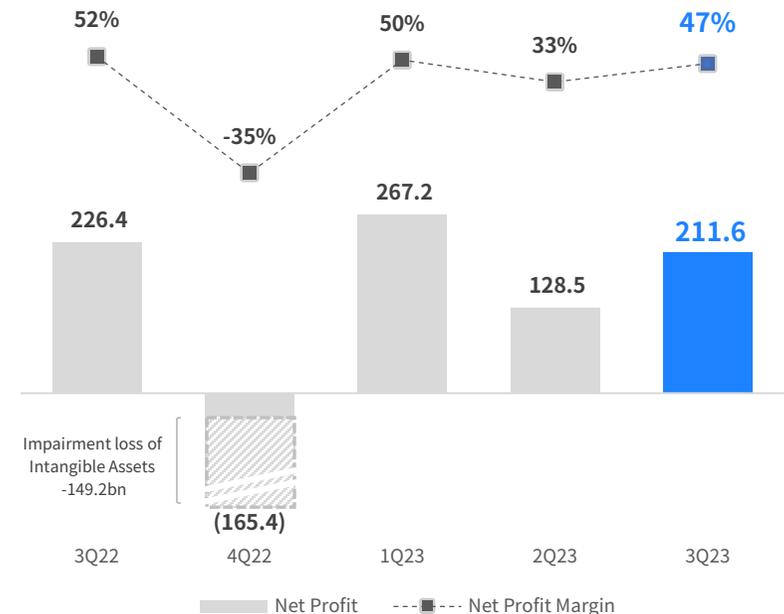
구분	3Q22	4Q22	1Q23	2Q23	3Q23
Non-Operating Profit	169.1	(349.1)	79.4	28.0	91.2
Non-Operating Income	206.1	(40.2)	141.8	85.3	103.3
Other Income ⁽²⁾	196.2	(49.8)	131.9	74.0	94.7
Finance Income	9.9	9.6	9.9	11.3	8.6
Non-Operating Expense	37.0	308.9	62.4	57.3	12.1
Other Expenses ⁽²⁾	35.5	306.0 ⁽¹⁾	60.5	54.9	9.8
Finance Expenses	1.5	2.8	1.9	2.3	2.3
Profit Before Tax	313.7	(222.9)	362.4	159.5	280.4

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

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

Net Profit

KRW bn



Summary of Financial Statements

Consolidated Income Statement

KRW bn	3Q22	4Q22	1Q23	2Q23	3Q23
Revenue	433.7	473.8	538.7	387.1	450.3
Operating Costs	289.1	347.6	255.7	255.6	261.0
Operating Profit	144.6	126.2	283.0	131.5	189.3
EBITDA	166.7	170.0	309.0	158.7	217.0
Adj. EBITDA	174.5	160.3	319.0	167.7	197.3
Non-Operating Profit	169.1	(349.1)	79.4	28.0	91.2
Other Income	196.2	(49.8)	131.9	74.0	94.7
Other Expenses	35.5	306.0	60.5	54.9	9.8
Finance Income	9.9	9.6	9.9	11.3	8.6
Finance Expenses	1.5	2.8	1.9	2.3	2.3
Profit Before Tax	313.7	(222.9)	362.4	159.5	280.4
Tax Expenses	83.1	(61.9)	95.2	31.0	68.9
Profit from Discontinued Operations	(4.2)	(4.4)	-	-	-
Net Profit	226.4	(165.4)	267.2	128.5	211.6

Consolidated Statement of Financial Position

(KRW bn)	3Q22	4Q22	1Q23	2Q23	3Q23
Current Assets	3,979.2	3,892.6	4,075.3	4,006.8	4,192.3
Cash and Cash Equivalents ⁽¹⁾	3,261.1	3,125.3	3,216.0	3,054.1	3,243.1
Non-current Assets	2,321.6	2,145.2	2,237.1	2,391.1	2,477.6
Total Assets	6,300.8	6,037.8	6,312.4	6,398.0	6,669.9
Current Liabilities	480.6	411.5	398.6	492.6	529.6
Non-current Liabilities	418.5	509.9	513.3	523.4	529.6
Total Liabilities	899.1	921.4	911.9	1,016.0	1,059.2
Paid-in Capital	4.9	4.9	4.9	4.9	4.9
Capital Surplus	1,475.1	1,448.6	1,467.7	1,470.1	1,470.3
Other Components of Equity	288.5	190.1	188.0	206.6	223.5
Retained Earnings	3,633.0	3,467.6	3,735.0	3,695.8	3,907.8
Non-controlling Interests	0.2	5.2	4.9	4.5	4.2
Total Equity	5,401.7	5,116.4	5,400.5	5,382.0	5,610.7

Note: (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.