Financial statements included in this document are consolidated results of KRAFTON, Inc. (the “Company”) and its subsidiaries and have been prepared in accordance with K-IFRS.

Financial results and operational performance included herein have been prepared for investors’ convenience only and have not been audited by an independent auditor; as such, certain part(s) of this presentation are subject to change, upon completion of the audit review.

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**1Q24 Revenue**

Revenue: KRW 665.9bn

A new record high quarterly revenue driven by growth of PUBG PC, Mobile, and Console

**1Q24 Operating Profit**

Operating Profit: KRW 310.5bn

Operating profit rose 89% QoQ and 10% YoY bolstered by solid revenue growth and stable cost expenses

**1Q24 Investment**

Investment: 9 cases

Discovering unearthed creatives around the world and accelerating early-stage studio investments
PUBG IP Franchise

Strengthen Presence as a Global IP Contributed by Healthy Traffic of PUBG PC and Mobile

<table>
<thead>
<tr>
<th>PUBG Battlegrounds</th>
<th>PUBG Mobile</th>
<th>Battlegrounds Mobile India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rondo Features, 7th Anniversary Updates</td>
<td>6th Anniversary Theme Mode, Home System</td>
<td>Indian Holiday Content, Bollywood Marketing</td>
</tr>
<tr>
<td>User Engagement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progressive Weapon Skin Seasonal Event</td>
<td>Bentley Collaboration Skins</td>
<td>UniPin Web Payment Service and Promotions</td>
</tr>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Dark and Darker Mobile

Preparing Global Launch through Tests in Korea followed by Expanded Marketing

2Q24

Closed Beta Test
- CBT in Korea to test build stability
- Focus Group Interview for global regions
- User feedback and market validation

3Q24

Open Beta Test
- OBT in Korea to enhance build quality
- In-game currency and monetization
- Initiate global marketing activities

4Q24

Global Launch
- Targeted marketing for key regions
- Secure large global traffic
- In/Out-game content updates

Build Core Community
Expansion of Global Marketing
Strengthen Traffic and Retention
Equity Investment & 2PP

Accelerating Equity Investments and 2\textsuperscript{nd} Party Publishing for More and Faster Attempts

![Bar chart showing the increase in number of creatives from 2021 to 2024 1H.](chart.png)

- **2021**: 2 creatives
- **2022**: 7 creatives
- **2023**: 10 creatives
- **2024 1H** (To be completed in 1H): 9 creatives

**Major Investments in 1Q24**

- A New Studio Founded by Industry Veterans
  - Developing a Survival PvP Experience, ‘Project Coltrane’

- Securing Leadership in Multiplayer Shooter
  - High Understanding of Western Gamers
  - Leadership Roles on AAA Shooter Franchise Development

**Continued Expansion of Mid-to-Long Term Pipeline Through Securing Global Creatives**
Aiming India’s #1 Publisher through Game Publishing and Investments

**Game Publishing**
- **Bullet Echo India**
  - Top-down BR Shooter
  - Pre-registration (24.3.26)
  - Launch (24.4.15)
- **CookieRun**
  - Casual Running Action
  - Targeting launch in ‘24

**Investments and Strategic Partnerships**
- Discovering Games Fit for Indian Market
- Planning to Publish 6+ New Games in 2024

**Indian Game Ecosystem**
- **KRAFTON INDIA Gaming Incubator (KIGI)**
- Indian Digital Gaming Society
- 2 Start-ups Selected from 200 Applicants for KIGI (24.3)
- KRAFTON India CEO Appointed Vice President of IDGS (24.4)

**Identify Demand and Growth Potential**

**Game Centric Investment to Strengthen Presence in India**

**Mutual Growth with Indian Gaming Market**

1| Cumulative investment for 2021-2024 Q
Focusing on **Game Development Efficiency and Discovering New Gameplay through AI**

### Increasing Efficiency in Development

**Traditional Method**
- Game design by developers
- Build game bots manually
- Script written by authors
- Continuous service cost
- Recordings by voice actors
- Limited voice and emotions
- Risks including Copyright issues
- Unable to use directly in games

**KRAFTON**
- Bots for QA and game design
- Automated bot generation
- Generate infinite dialogue
- Less burden to client/GPU
- TTS with short voice samples
- Acting/emotions for games
- Generation of Assets
- Direct use in games

### Discovering New Gameplay

- Spin-off of Special Project 2 (’23. 6)
- Small & fast projects related to Deep Learning
- Focus on the fun of games and marketability
- 4 projects in development as of 1Q 2024
- Developed by ReLU Games
- AI based chat feature with NPCs using LLM
- Immersive detective adventure game
- Targeting Steam launch in June 2024

**KRAFTON**

![KRAFTON Logo](https://example.com/krafton_logo)

**ReluGames**

![ReluGames Logo](https://example.com/relu_games_logo)

![Uncover the Smoking Gun](https://example.com/smoking_gun_image)

**KRAFTing Assets**

$2D \rightarrow 3D$

Art Generation Example
Establishing ESG Committee

Laying a Foundation for Sustainable Growth by **Ensuring Sustainability in Management Practices**

**BOD**
- Chairman: BG Chang
- 5 Outside Directors, 2 Inside Directors

**Audit Committee**
- Established in Mar. 2021
- 3 Outside Directors

**External Director Recom. Committee**
- Established in Mar. 2021
- 2 Outside Directors, 1 Inside Director

**Compensation Committee**
- Established in May 2023
- 3 Outside Directors

**ESG Committee**
- Established in May 2024
- 2 Outside Directors, 1 Inside Director
  - Lead: Outside Director (Brandon Yoon)
  - Members:
    - Outside Director (Eunjung Yeo)
    - Inside Director (BG Chang)

---

**To Oversee and Manage Strategies, Ensuring Sustainable Management Practices in the Areas of ESG to Enhance Shareholder Value**

**Phase I**
- Establish ESG Committee

**Phase II**
- Set Up ESG Management Strategy and Goal
  - Oversee and Manage ESG Management Performance and Risks

**Phase III**
- Enhance Shareholder Value through Ensuring Sustainability in Management Decisions
1Q24 Financial Performance
1Q Earnings Summary

Revenue  KRW 665.9bn
A quarterly record high revenue on the back of strong PUBG IP presence, rose 24.6% QoQ and 23.6% YoY

Operating Profit  KRW 310.5bn
Rose 89.0% QoQ and 9.7% YoY on solid revenue growth of PUBG IP and stabilized cost trend

<table>
<thead>
<tr>
<th></th>
<th>1Q 2023</th>
<th>4Q 2023</th>
<th>1Q 2024</th>
<th>QoQ</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>538.7</td>
<td>534.6</td>
<td>665.9</td>
<td>24.6%</td>
<td>23.6%</td>
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<tr>
<td>PC</td>
<td>178.5</td>
<td>167.1</td>
<td>243.7</td>
<td>45.8%</td>
<td>36.5%</td>
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<tr>
<td>Mobile</td>
<td>348.2</td>
<td>342.7</td>
<td>402.3</td>
<td>17.4%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Console</td>
<td>7.2</td>
<td>17.4</td>
<td>11.5</td>
<td>-34.0%</td>
<td>58.5%</td>
</tr>
<tr>
<td>Others</td>
<td>4.8</td>
<td>7.4</td>
<td>8.4</td>
<td>14.6%</td>
<td>77.2%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>255.7</td>
<td>370.2</td>
<td>355.4</td>
<td>-4.0%</td>
<td>39.0%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>283.0</td>
<td>164.3</td>
<td>310.5</td>
<td>89.0%</td>
<td>9.7%</td>
</tr>
<tr>
<td>% Margin</td>
<td>52.5%</td>
<td>30.7%</td>
<td>46.6%</td>
<td>15.9%p</td>
<td>-5.9%p</td>
</tr>
<tr>
<td>Adj. EBITDA&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>319.0</td>
<td>219.7</td>
<td>378.5</td>
<td>72.3%</td>
<td>18.7%</td>
</tr>
<tr>
<td>% Margin</td>
<td>59.2%</td>
<td>41.1%</td>
<td>56.8%</td>
<td>15.7%p</td>
<td>-2.4%p</td>
</tr>
<tr>
<td>Net Profit</td>
<td>267.2</td>
<td>(13.2)</td>
<td>348.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Margin</td>
<td>49.6%</td>
<td>-2.5%</td>
<td>52.4%</td>
<td>n/m</td>
<td>2.7%p</td>
</tr>
</tbody>
</table>

<sup>1</sup> Adj. EBITDA = EBITDA + Sharebased Payment Expenses
<sup>2</sup> T/P: Turned to Profit
Revenue Breakdown

Revenue

PC

1Q24 KRW 243.7bn (45.8% ↑ QoQ, 36.5% ↑ YoY)

Mobile

1Q24 KRW 402.3bn (17.4% ↑ QoQ, 15.5% ↑ YoY)

Console

1Q24 KRW 11.5bn (34.0% ↓ QoQ, 58.5% ↑ YoY)

Revenue Breakdown (by Platform)

(Unit: KRW bn)

1Q23 2Q23 3Q23 4Q23 1Q24

PC 348.2 450.3 402.3 243.7

Mobile 387.1 309.1 342.7 167.1

Console 121.3 7.9 17.4

Others 178.5 117.0 11.5

1Q Revenue Trend

(Unit: KRW bn)

1Q20 1Q21 1Q22 1Q23 1Q24

PC 521.6 460.9 523.0

Mobile 83.2 61.3

Console 70.1 121.1

Others 185.7 178.5

PC/Console Revenue Proportion

(Unit: KRW bn)

1Q20 1Q21 1Q22 1Q23 1Q24

PC 83.2 71.9 121.1 185.7

Console 43.8 15.0 78.5

Others 14.7 15.0 178.5

}(Unit: KRW bn)
Operating Expenses & Profit

Operating Expenses

1Q24  KRW 355.4bn (4.0% ↓ QoQ, 39.0% ↑ YoY)

Declined 4.0% QoQ on the back of stabilized cost trend,
Increased 39.0% YoY due to rise in platform fees / cost of revenue
and share-based payment expenses

Operating Profit

1Q24  KRW 310.5bn (89.0% ↑ QoQ, 9.7% ↑ YoY)

(Unit: KRW bn)  1Q 2023  4Q 2023  1Q 2024  QoQ  YoY
Operating Expenses 255.7  370.2  355.4  -4.0%  39.0%
Personnel 100.8  120.9  121.4  0.4%  20.4%
Platform fees / Cost of Revenue\(^1\) 46.7  87.9  85.9  -2.3%  83.8%
Paid Commissions 61.6  61.9  61.3  -1.0%  -0.4%
Marketing 5.1  34.2  12.4  -63.8%  144.1%
Share-based Payment Expenses 10.0  28.3  42.1  48.9%  319.5%
Others 31.4  36.9  32.3  -12.6%  2.6%
Operating Profit 283.0  164.3  310.5  89.0%  9.7%
% margin 52.5%  30.7%  46.6%  15.9%p  -5.9%p
Adj. EBITDA\(^2\) 319.0  219.7  378.5  72.3%  18.7%
% margin 59.2%  41.1%  56.8%  15.7%p  -2.4%p

---

1) Platform fees / Cost of Revenue consist of Steam, market commissions, etc.
2) Adj. EBITDA = EBITDA + Share-based Payment Expenses
3) Reversal of Share-based Payment Expenses

---

13
Net Profit

1Q24  KRW 348.6bn (T/P\(^1\) QoQ 30.5% ↑ YoY)

Turned to profit QoQ impacted by low based from impairment of intangible assets in 4Q23, Rose 30.5% YoY on the back of FX-related gains from strong dollar
# Summary of Financial Statements

## Consolidated Income Statement

<table>
<thead>
<tr>
<th>(KRW bn)</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>Revenue</td>
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<td>387.1</td>
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<tr>
<td>Operating Costs</td>
<td>255.7</td>
<td>255.6</td>
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<tr>
<td>Operating Profits</td>
<td>283.0</td>
<td>131.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>308.9</td>
<td>158.7</td>
</tr>
<tr>
<td>Adj. EBITDA(1)</td>
<td>319.0</td>
<td>167.7</td>
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<tr>
<td>Non-Operating Profit</td>
<td>79.4</td>
<td>28.0</td>
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<tr>
<td>Other Income</td>
<td>132.0</td>
<td>74.0</td>
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<tr>
<td>Other Expenses</td>
<td>60.5</td>
<td>54.9</td>
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<tr>
<td>Finance Income</td>
<td>9.9</td>
<td>11.3</td>
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<tr>
<td>Finance Expenses</td>
<td>1.9</td>
<td>2.3</td>
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<tr>
<td>Profit Before Income Tax</td>
<td>362.4</td>
<td>159.5</td>
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<tr>
<td>Income Tax</td>
<td>95.2</td>
<td>31.0</td>
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<tr>
<td>Profit from Discontinued</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operations</td>
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<tr>
<td>P&amp;L (KRW bn)</td>
<td>267.2</td>
<td>128.5</td>
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</table>

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

## Consolidated Statement of Financial Position

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<tr>
<th>(KRW bn)</th>
<th>FY23</th>
<th>1Q 24</th>
</tr>
</thead>
<tbody>
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<td>Assets</td>
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<tr>
<td>Current Assets</td>
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<tr>
<td>Cash and Cash Equivalents(1)</td>
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<td>Others</td>
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<td>Non-current Assets</td>
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<td>2,588.5</td>
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<td>Property and equipment</td>
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<td>248.7</td>
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<tr>
<td>Intangibles</td>
<td>607.8</td>
<td>628.2</td>
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<tr>
<td>Investment in Associates</td>
<td>571.3</td>
<td>576.1</td>
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<tr>
<td>Others</td>
<td>1,039.9</td>
<td>1,135.5</td>
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<tr>
<td>Total Assets</td>
<td>6,440.5</td>
<td>6,919.2</td>
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<tr>
<td>Liabilities</td>
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<td>Current Liabilities</td>
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<td>Non-current Liabilities</td>
<td>360.9</td>
<td>354.8</td>
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<td>Total Liabilities</td>
<td>881.6</td>
<td>999.4</td>
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<tr>
<td>Equity</td>
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<td></td>
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<tr>
<td>Shareholders’ equity</td>
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<td>Paid-in Capital</td>
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<td>4.9</td>
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<td>Capital Surplus</td>
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<td>Other Components of Equity</td>
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<td>195.5</td>
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<td>Retained Earnings</td>
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<tr>
<td>Non-controlling Interests</td>
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<td>3.0</td>
</tr>
<tr>
<td>Total Equity</td>
<td>5,558.8</td>
<td>5,919.8</td>
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</tbody>
</table>

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.