



Investor Presentation

KRAFTON

2024. 5. 8

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REVENUE

1Q24 Revenue

KRW **665.9**bn

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

OPERATING PROFIT

1Q24 Operating Profit

KRW **310.5**bn

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

INVESTMENT

Game Studio Investments to be completed in 1H24

9cases

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

1Q24 Results at a Glance

PUBG IP Franchise

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

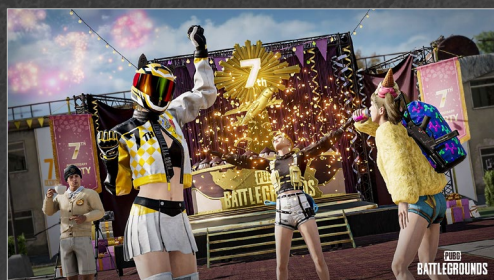
PUBG
BATTLEGROUNDS

PUBG
MOBILE

BATTLEGROUNDS
MOBILE INDIA



User
Engagement



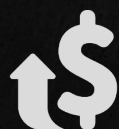
Rondo Features, 7th Anniversary Updates



6th Anniversary Theme Mode, Home System



Indian Holiday Content, Bollywood Marketing



Profitability



Progressive Weapon Skin Seasonal Event



Bentley Collaboration Skins



UniPin Web Payment Service and Promotions

Dark and Darker Mobile

Preparing Global Launch through Tests in Korea followed by Expanded Marketing

DARK AND DARKER MOBILE

2Q24

Closed Beta Test

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

Build Core Community

3Q24

Open Beta Test

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

Expansion of Global Marketing

4Q24

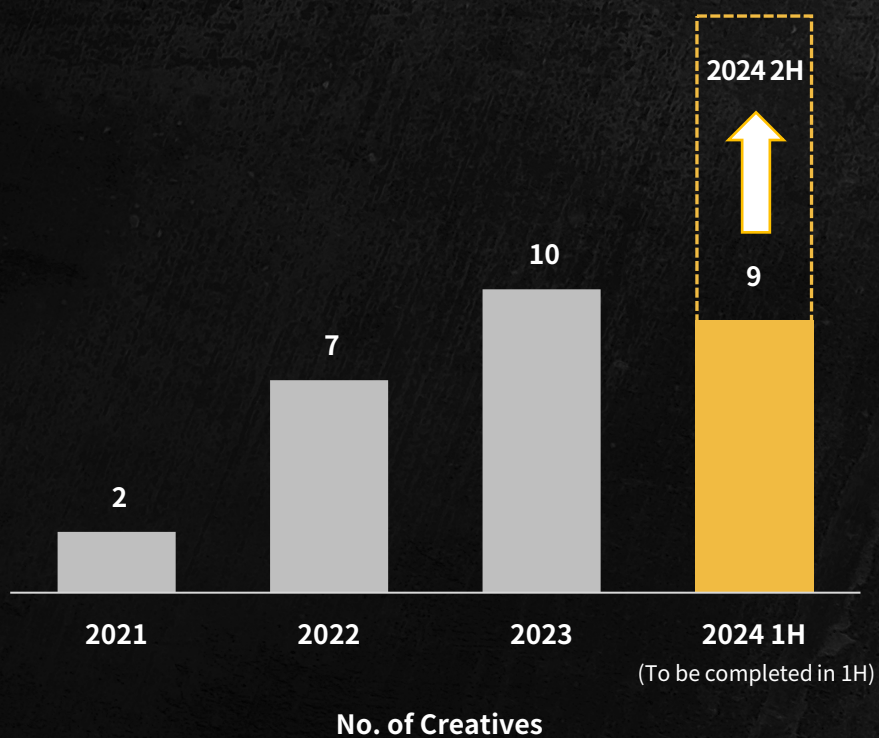
Global Launch

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

Strengthen Traffic and Retention

| Equity Investment & 2PP

Accelerating Equity Investments and 2nd Party Publishing for **More and Faster Attempts**



Major Investments in 1Q24



A New Studio Founded
by Industry Veterans

Developing a Survival PvP Experience, 'Project Coltrane'



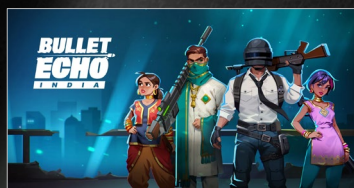
Securing Leaderships in
Multiplayer Shooter

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

Discovering Games Fit for Indian Market
Planning to Publish 6+ New Games in 2024

Investments and Strategic Partnerships



Continue to Invest for New Opportunities and Strategic Synergies
Local Game Company Investments for Servicing New Games

Game Centric Investment to
Strengthen Presence in India

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)

Mutual Growth with Indian Gaming Market

Identify Demand and Growth Potential

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

Reinforced Learning

- Bots for QA and game design
- Automated bot generation

LLM Agent

- Generate infinite dialogue
- Less burden to client/GPU

Text-to-Speech

- TTS with short voice samples
- Acting/emotions for games

KRAFTing Assets

- Generation of Assets
- Direct use in games

KRAFTing Assets
2D→3D
Art Generation Example



Discovering New Gameplay

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100% Subsidiary

Relu
GAMES
Relu Games

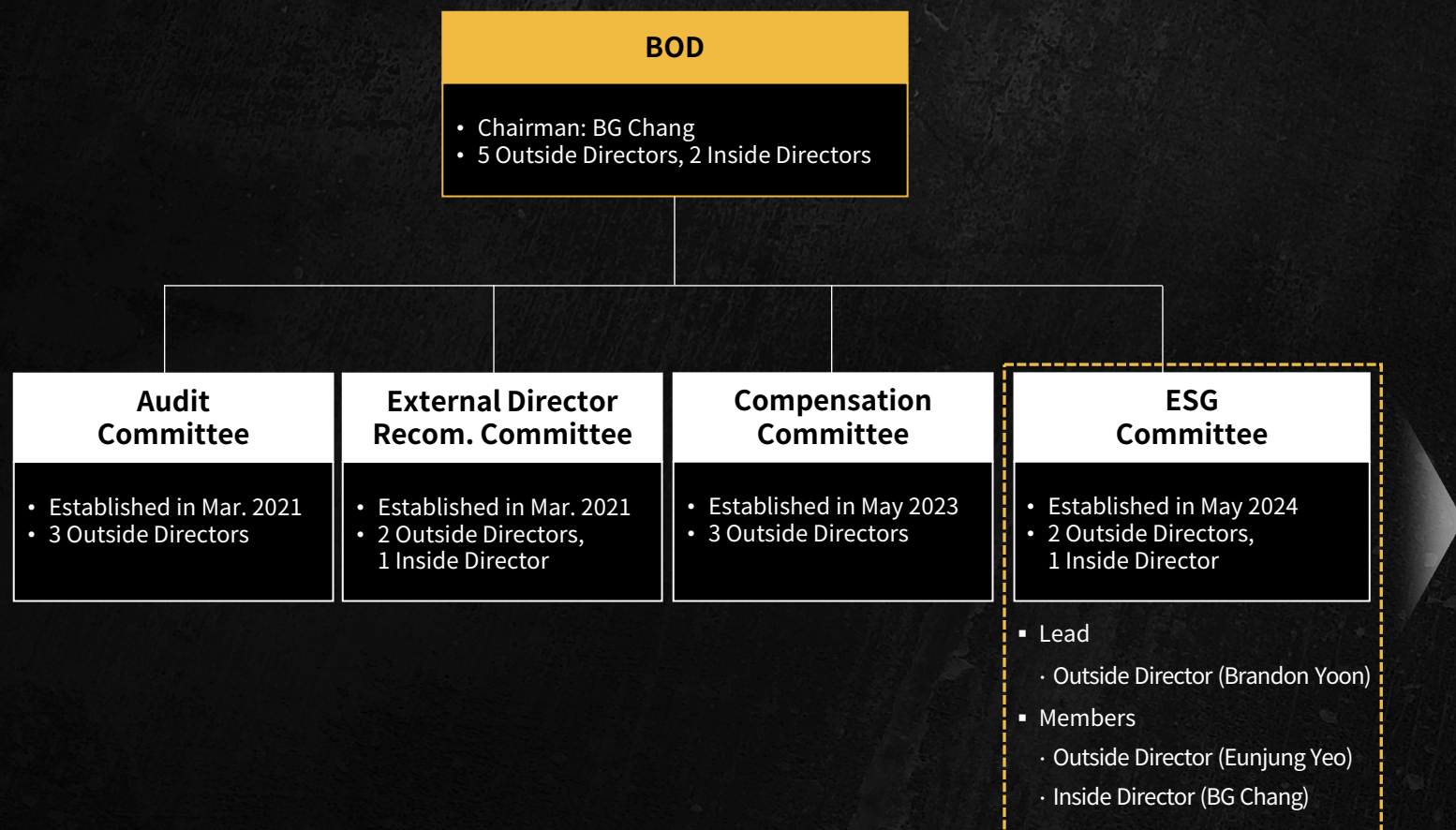
- Spin-off of Special Project 2 ('23. 6)
- Small & fast projects related to Deep Learning
- Focus on the fun of games and marketability
- 4 projects in development as of 1Q 2024
- Developed by ReLU Games
- AI based chat feature with NPCs using LLM
- Immersive detective adventure game
- Targeting Steam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



Uncover the Smoking Gun

Establishing ESG Committee

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



**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

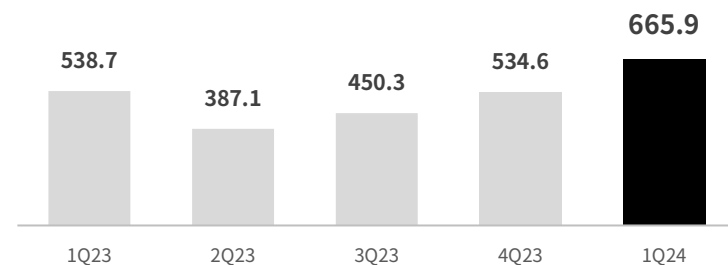
KRW 310.5bn

Rose 89.0% QoQ and 9.7% YoY on solid revenue growth of PUBG IP and stabilized cost trend

(Unit: KRW bn)	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
Revenue	538.7	534.6	665.9	24.6%	23.6%
PC	178.5	167.1	243.7	45.8%	36.5%
Mobile	348.2	342.7	402.3	17.4%	15.5%
Console	7.2	17.4	11.5	-34.0%	58.5%
Others	4.8	7.4	8.4	14.6%	77.2%
Operating Expenses	255.7	370.2	355.4	-4.0%	39.0%
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. EBITDA¹⁾	319.0	219.7	378.5	72.3%	18.7%
% Margin	59.2%	41.1%	56.8%	15.7%p	-2.4%p
Net Profit	267.2	(13.2)	348.6	T/P²⁾	30.5%
% Margin	49.6%	-2.5%	52.4%	n/m	2.7%p

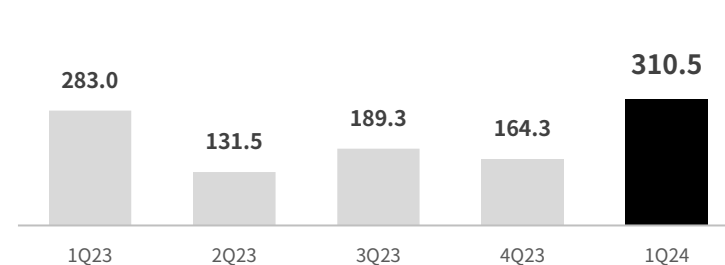
Revenue

(Unit: KRW bn)



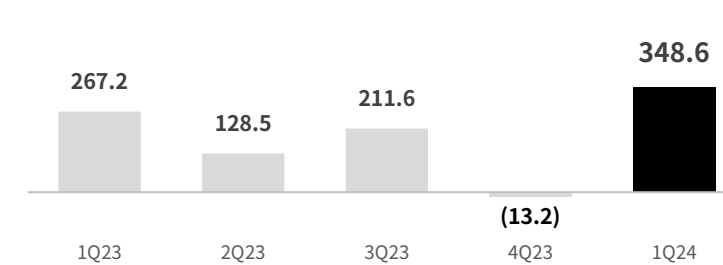
Operating Profit

(Unit: KRW bn)



Net Profit

(Unit: KRW bn)



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

2) T/P: Turned to Profit

Revenue Breakdown

Revenue

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

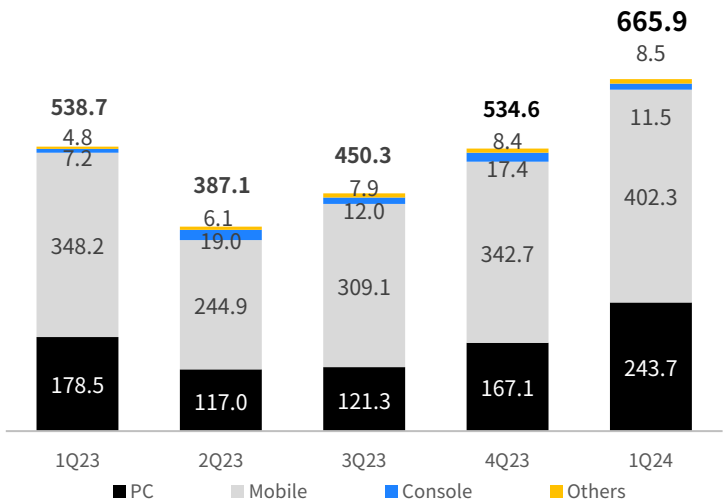
Mobile **1Q24 KRW 402.3bn** (17.4% ↑ QoQ, 15.5% ↑ YoY)

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

(Unit: KRW bn)	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
Revenue	538.7	534.6	665.9	24.6%	23.6%
PC	178.5	167.1	243.7	45.8%	36.5%
Mobile	348.2	342.7	402.3	17.4%	15.5%
Console	7.2	17.4	11.5	-34.0%	58.5%
Others	4.8	7.4	8.4	14.6%	77.2%

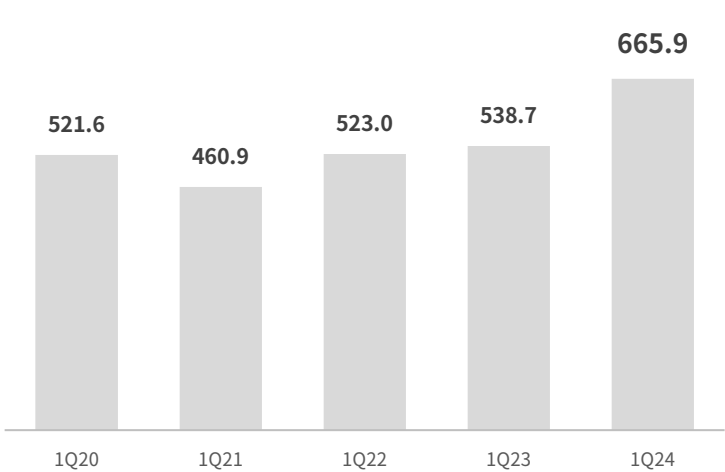
Revenue Breakdown (by Platform)

(Unit: KRW bn)



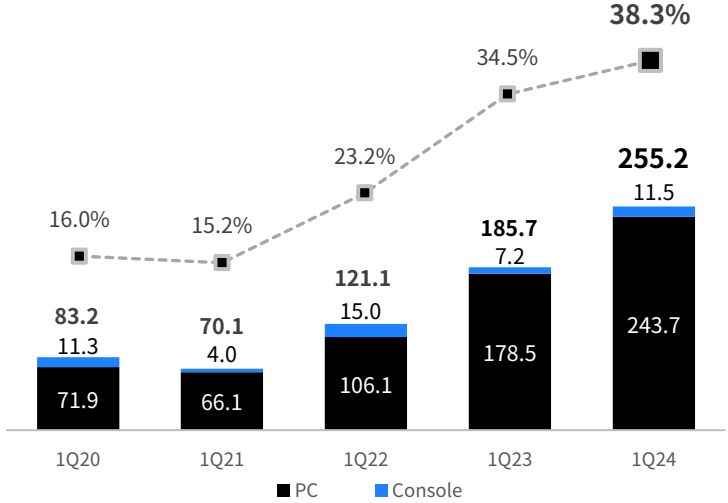
1Q Revenue Trend

(Unit: KRW bn)



PC/Console Revenue Proportion

(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

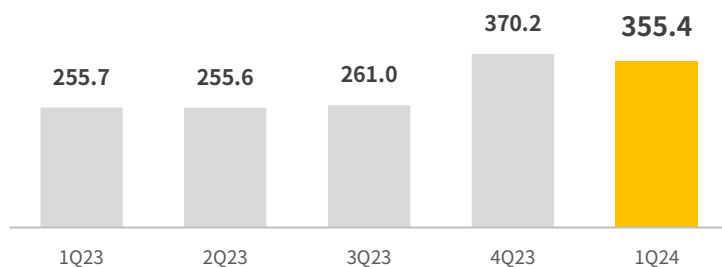
Operating Profit

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%
<i>% margin</i>	<i>52.5%</i>	<i>30.7%</i>	<i>46.6%</i>	<i>15.9%p</i>	<i>-5.9%p</i>
Adj. EBITDA²⁾	319.0	219.7	378.5	72.3%	18.7%
<i>% margin</i>	<i>59.2%</i>	<i>41.1%</i>	<i>56.8%</i>	<i>15.7%p</i>	<i>-2.4%p</i>

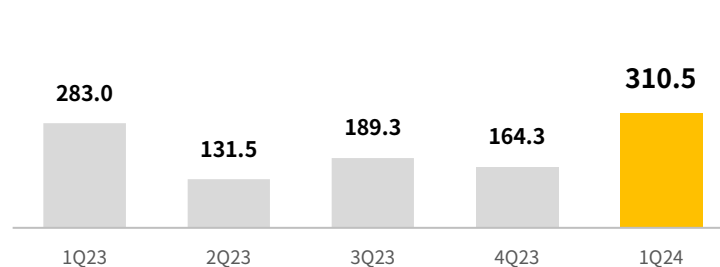
Operating Expenses

(Unit: KRW bn)



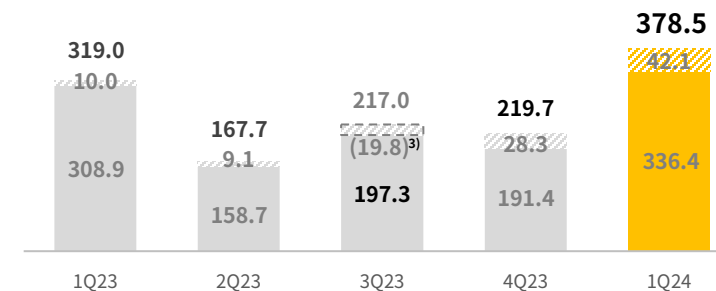
Operating Profit

(Unit: KRW bn)



Adj. EBITDA

(Unit: KRW bn)



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

Net Profit

Net Profit

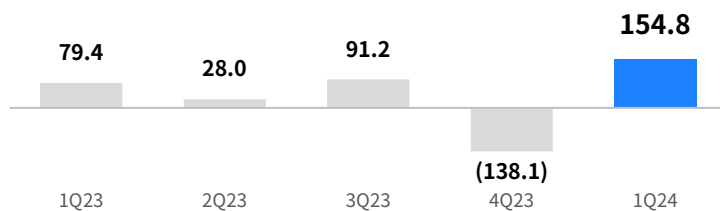
1Q24 KRW 348.6bn (T/P¹) QoQ, 30.5% ↑ YoY

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

(Unit: KRW bn)	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
Non-Operating Profit	79.4	(138.1)	154.8	T/P¹	94.9%
Non-Operating Income	141.8	190.6	189.6	-0.5%	33.7%
Other Income	132.0	182.8	180.7	-1.2%	36.9%
Finance Income	9.9	7.8	8.9	15.0%	-9.4%
Non-Operating Expense	62.4	328.6	34.8	-89.4%	-44.2%
Other Expenses	60.5	326.3	32.5	-90.0%	-46.2%
Finance Expenses	1.9	2.4	2.3	-3.0%	18.8%
Profit Before Income Tax	362.4	26.3	465.3	1,670.7%	28.4%
Income Tax	95.2	39.5	116.7	195.3%	22.6%
Net Profit	267.2	(13.2)	348.6	T/P¹	30.5%
% margin	49.6%	-2.5%	52.4%	n/m	2.7%p

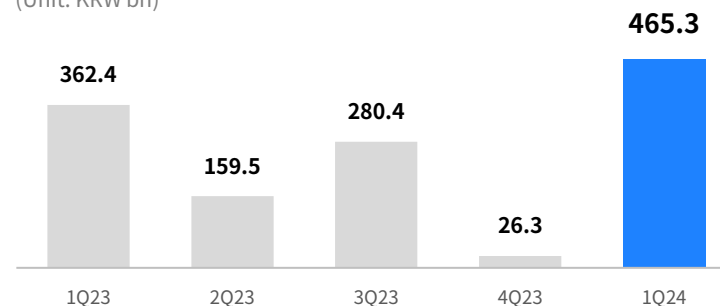
Non-Operating Profit

(Unit: KRW bn)



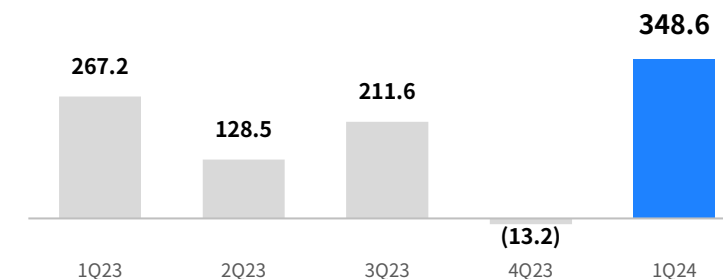
Profit Before Income Tax

(Unit: KRW bn)



Net Profit

(Unit: KRW bn)



1) T/P: Turned to Profit

Q&A

Summary of Financial Statements

Consolidated Income Statement

(KRW bn)	2023				2024
	1Q	2Q	3Q	4Q	1Q
Revenue	538.7	387.1	450.3	534.6	665.9
Operating Costs	255.7	255.6	261.0	370.2	355.4
Operating Profits	283.0	131.5	189.3	164.3	310.5
EBITDA	308.9	158.7	217.0	191.4	336.4
Adj. EBITDA¹⁾	319.0	167.7	197.3	219.7	378.5
Non-Operating Profit	79.4	28.0	91.2	(138.1)	154.8
Other Income	132.0	74.0	94.7	182.8	180.7
Other Expenses	60.5	54.9	9.8	326.3	32.5
Finance Income	9.9	11.3	8.6	7.8	8.9
Finance Expenses	1.9	2.3	2.3	2.4	2.3
Profit Before Income Tax	362.4	159.5	280.4	26.3	465.3
Income Tax	95.2	31.0	68.9	39.5	116.7
Profit from Discontinued Operations	-	-	-	-	-
당기순이익	267.2	128.5	211.6	(13.2)	348.6

Consolidated Statement of Financial Position

(KRW bn)	FY2023	1Q 2024
Assets		
Current Assets	3,964.4	4,330.8
Cash and Cash Equivalents ¹⁾	3,061.4	3,365.3
Others	903.0	965.5
Non-current Assets	2,476.0	2,588.5
Property and equipment	257.0	248.7
Intangibles	607.8	628.2
Investment in Associates	571.3	576.1
Others	1,039.9	1,135.5
Total Assets	6,440.5	6,919.2
Liabilities		
Current Liabilities	520.7	644.6
Non-current Liabilities	360.9	354.8
Total Liabilities	881.6	999.4
Equity		
Shareholders' equity	5,554.4	5,916.8
Paid-in Capital	4.9	4.9
Capital Surplus	1,472.0	1,471.5
Other Components of Equity	182.5	195.5
Retained Earnings	3,895.0	4,244.9
Non-controlling Interests	4.4	3.0
Total Equity	5,558.8	5,919.8

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.