

# **INVESTOR RELATIONS**

November 2021

# **KRAFTON**

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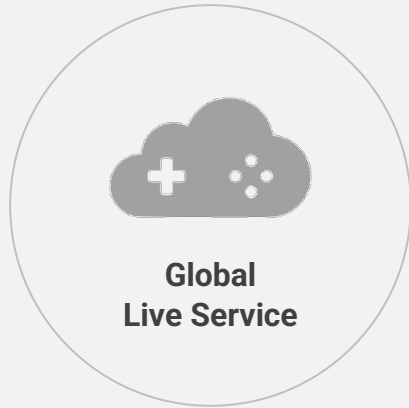
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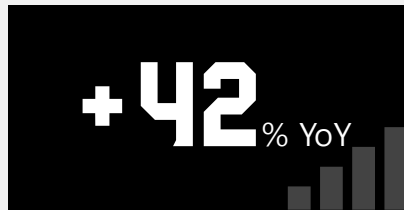
# 3Q21 Results at a Glance



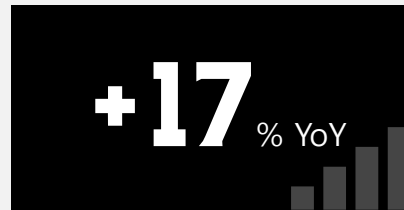
## KEY HIGHLIGHTS



## KEY PERFORMANCE



Revenue



Operating Profit



Adj. EBITDA Margin<sup>(1)</sup>

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

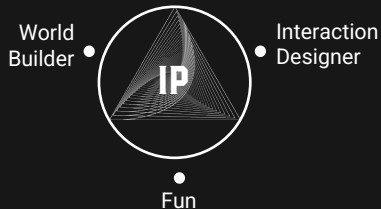


# KRAFTON

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

1

Create **Powerful IPs** where  
**Interactive Virtual World**  
fully expands



2

Establish **Leadership** in  
Emerging Markets including  
**India** and the **Middle East**

3

Secure unique **Creativity** and  
new **Growth** through **M&As**

4

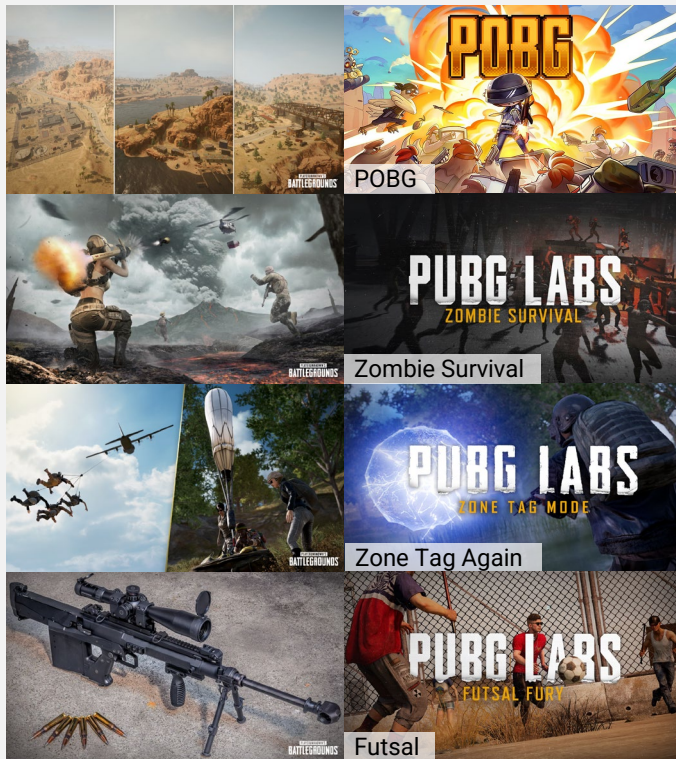
Take lead in **New Technology**  
including **Deep Learning**  
that will transform the future

# PUBG PC / Console



Paying User Expansion with Differentiated Live Service Efforts including Maps, Modes, Collaborations

## BR Content and Event Mode Updates



## Diversified Business Model Encompassing Casual and Core Users



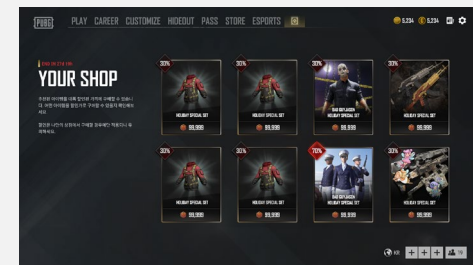
<BLACKPINK>

<Heung-min Son>

<Don Lee>



<Weapon Skin Upgrade System>



<Your Shop Feature>



## Enhanced In-Game Monetization backed by Attractive Content and Speedy Updates Suitable for Mobile Platform

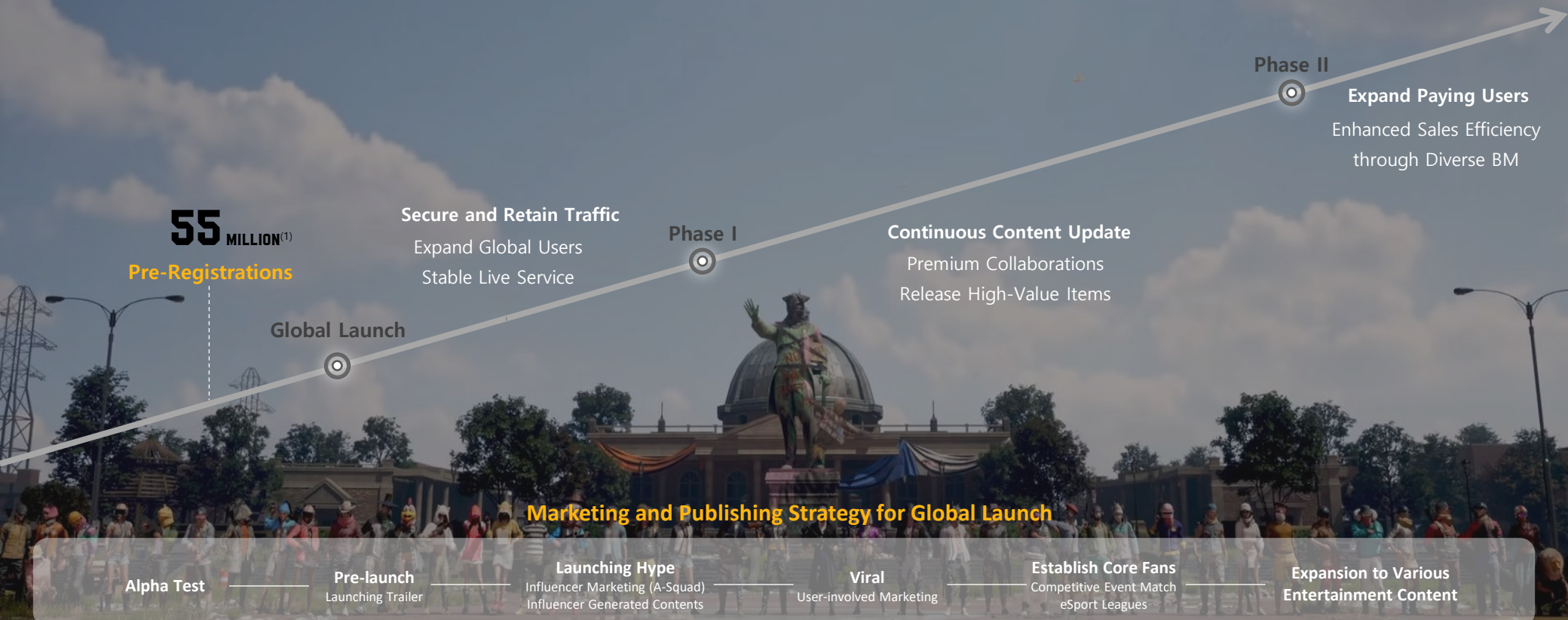


Note: (1) Collaborations (Tesla, Alan Walker) and Modes (Mission Ignition, Flora Menace) serviced during 3Q 2021



Now Ready to Wow the 55 million Global Fans Around the World with EXTREME Game Experience

## WE ARE NEXT-GEN BATTLE ROYALE



Note: (1) Pre-registrations as of November 11th 2021, excluding China and Vietnam



Soon Reaching Out to Broader Global Audience Beyond the Game Narratives

## PUBG UNIVERSE



<Mysteries Unknown>



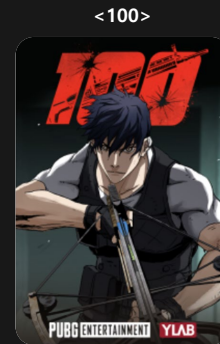
<Fall of Troi>



<Ground Zero>



<All Hunters Eve>



<India Pratilipi>



# Unknown Worlds Entertainment: New Growth



Build truly unique game experiences  
in unimaginable worlds  
Take players on a journey to  
the **unknown**

## Create Original Creativity

Passionate and Competent Game Development Leadership  
Various Concepts Transformed to Creative Games

**Top-Tier Development Leadership**

NATURAL SELECTION

SUBNAUTICA

SUBNAUTICA  
BELOW ZERO

## Beloved Open-World Survival Games of All-Time

Applicable for Mobile, VR, and Many Other Devices  
Open Opportunities Including Multi-Player Mode

**Live Service and Synergy with KRAFTON**



468K+  
Subscribers



84K+  
Members



345K+  
Followers



115K+  
Followers



62K+  
Followers

## Loyal Fans Around the World

Community-Focused, Early Access-Driven Game Development  
Strong Fan Community in Western PC and Console Market

**Expansion of KRAFTON's Game Ecosystem**

# 3Q21 Financials



**Revenue**                    **KRW 521.9bn** (+42.3% YoY, +13.6% QoQ)

Global live service expertise, diversified BM, and BGMI<sup>(1)</sup> launch accelerated growth in all PC, Mobile, and Console segment, led to a record high quarterly revenue

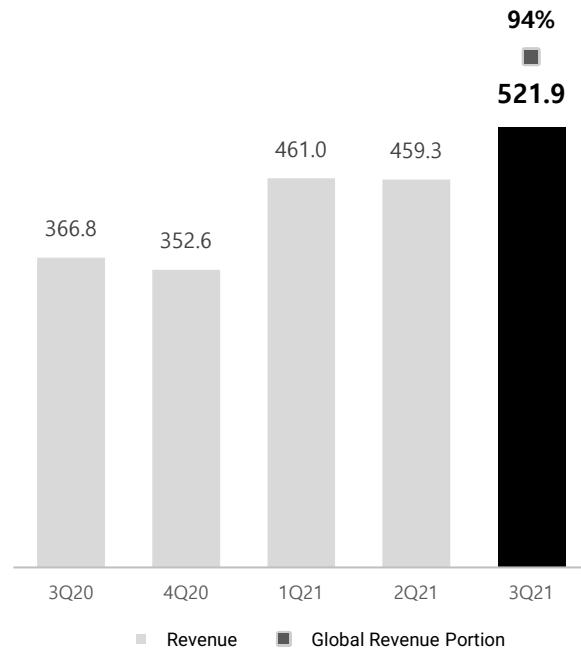
**Operating Profit**        **KRW 195.3bn** (+16.5% YoY, +12.1% QoQ)

Solid revenue growth in all segments, especially in PC, directly serviced by KRAFTON, bolstered operating profit increase

**Net Profit**                **KRW 178.3bn** (+62.1% YoY, +26.2% QoQ)

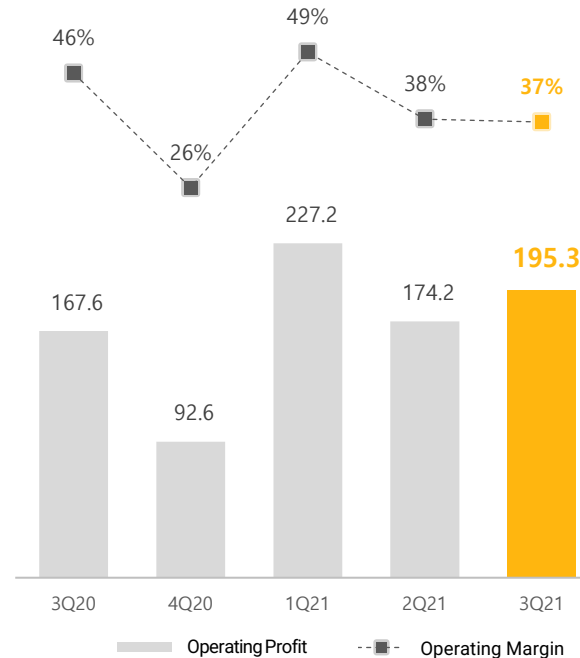
## Revenue

KRW bn



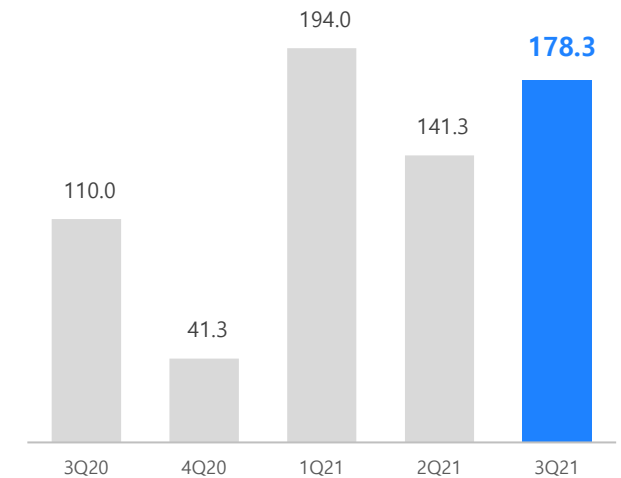
## Operating Profit

KRW bn



## Net Profit

KRW bn



Note: (1) Battlegrounds Mobile India

# Revenue Breakdown



**Revenue**                      **KRW 521.9bn** (+42.3% YoY, +13.6% QoQ)

- Mobile segment revenue reached KRW 380.5bn, a 31.1% increase YoY

Continuous growth of PUBG Mobile and BGMI launch led Mobile segment to excel for two consecutive quarters

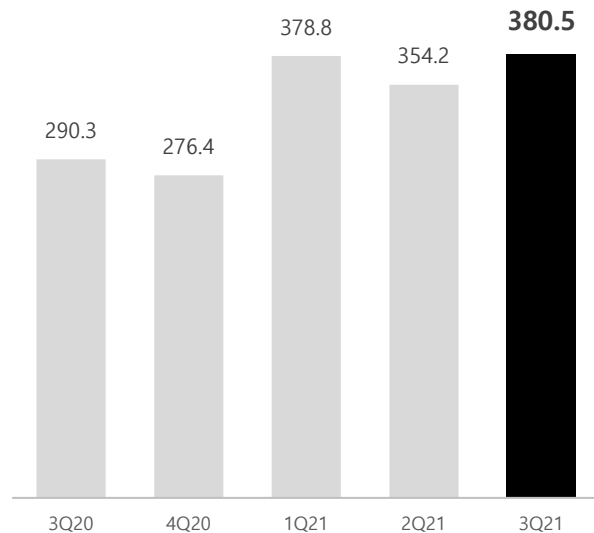
- PC segment revenue reached KRW 129.5bn, a 111.7% increase YoY

Transition into multi-dimensional live service aligned with the Big Bet Update (TAEGO Map) led to strong in-game ARPU and PC segment revenue

## Mobile

KRW bn

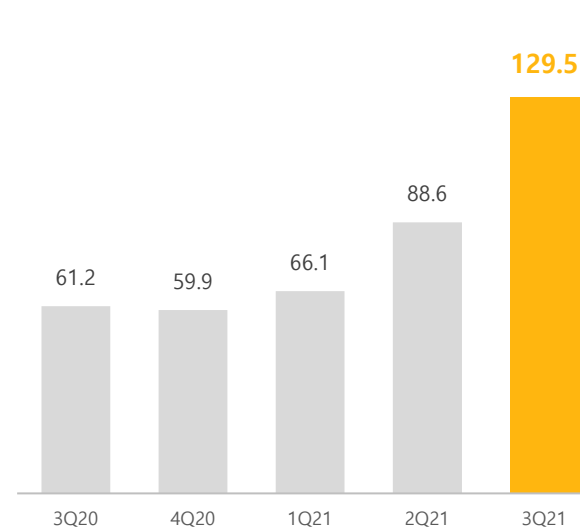
PUBGM, BGMI, Technology Service and more



## PC

KRW bn

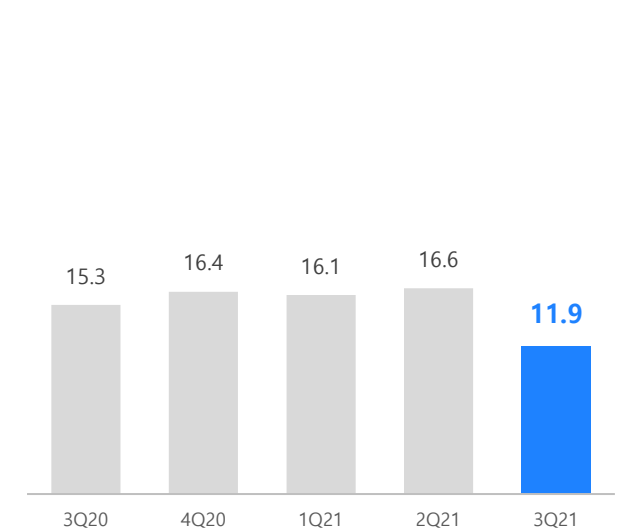
PUBG, TERA, ELYON



## Console / Other

KRW bn

PUBG, TERA, eSports and more



# Expense Breakdown



## Operating Costs **KRW 326.6bn** (+64.0% YoY, +14.5% QoQ)

- Personnel costs increased 19.2% YoY at KRW 80.8bn

YoY increased due to higher headcount from ongoing business expansion and salary raise

- Paid commissions increased 27.9% YoY at KRW 70.0bn

YoY increased due to in-house creative content, development of new games, and BGMI launch

KRW bn	3Q20	4Q20	1Q21	2Q21	3Q21	YoY	QoQ
<b>Operating Costs</b>	<b>199.2</b>	<b>260.1</b>	<b>233.8</b>	<b>285.2</b>	<b>326.6</b>	<b>64.0%</b>	<b>14.5%</b>
<i>% of Revenue</i>	54.3%	73.7%	50.7%	62.1%	62.6%	8.3%p	0.5%p
Personnel	67.8	108.2	84.7	93.4	80.8	19.2%	-13.5%
Platform fees / Cost of Revenue <sup>(1)</sup>	40.3	34.2	35.8	40.2	59.6	47.9%	48.5%
Paid Commissions	54.8	80.9	76.1	95.3	70.0	27.9%	-26.5%
Marketing	10.2	12.3	7.4	8.0	20.5	101.4%	157.1%
Share-based payment expenses	11.0	6.8	10.0	27.4	70.6	544.2%	157.4%
Others	15.1	17.7	19.8	20.9	25.1	64.9%	20.0%
<b>Operating Profit</b>	<b>167.6</b>	<b>92.6</b>	<b>227.2</b>	<b>174.2</b>	<b>195.3</b>	<b>16.5%</b>	<b>12.1%</b>
<i>% Margin</i>	45.7%	26.3%	49.3%	37.9%	37.4%	-8.3%p	-0.5%p
<b>Adj. EBITDA<sup>(2)</sup></b>	<b>189.4</b>	<b>112.0</b>	<b>252.1</b>	<b>218.2</b>	<b>283.3</b>	<b>49.6%</b>	<b>29.9%</b>
<i>% Margin</i>	51.6%	31.8%	54.7%	47.5%	54.3%	2.7%p	6.8%p
<b>Net Profit</b>	<b>110.0</b>	<b>41.3</b>	<b>194.0</b>	<b>141.3</b>	<b>178.3</b>	<b>62.1%</b>	<b>26.2%</b>

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

# Operating Profit



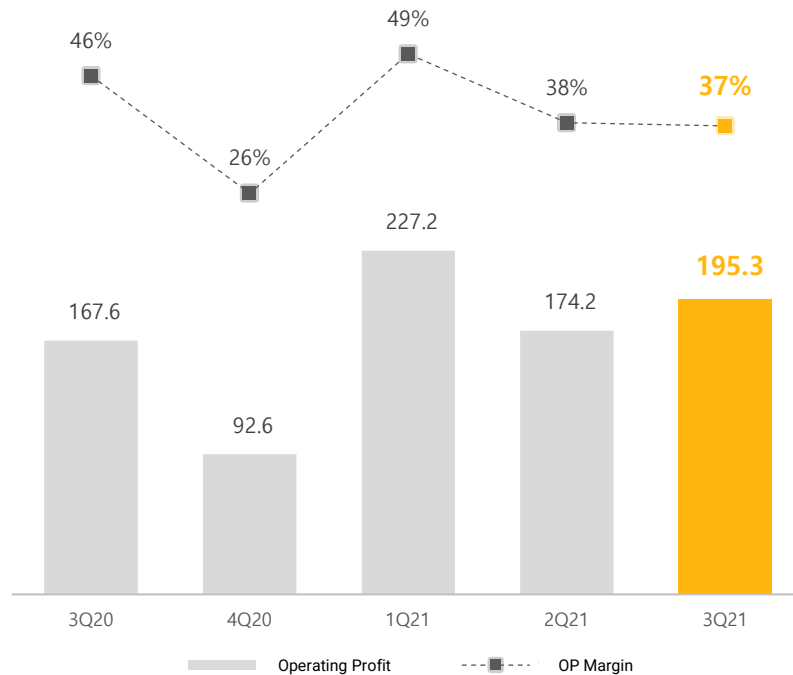
**Operating Profit**    **KRW 195.3bn** (+16.5% YoY, +12.1% QoQ)

**Adj. EBITDA**        **KRW 283.3bn** (+49.6% YoY, +29.9% QoQ)

• Adj. EBITDA increased 49.6% YoY, with adj. EBITDA margin of 54%

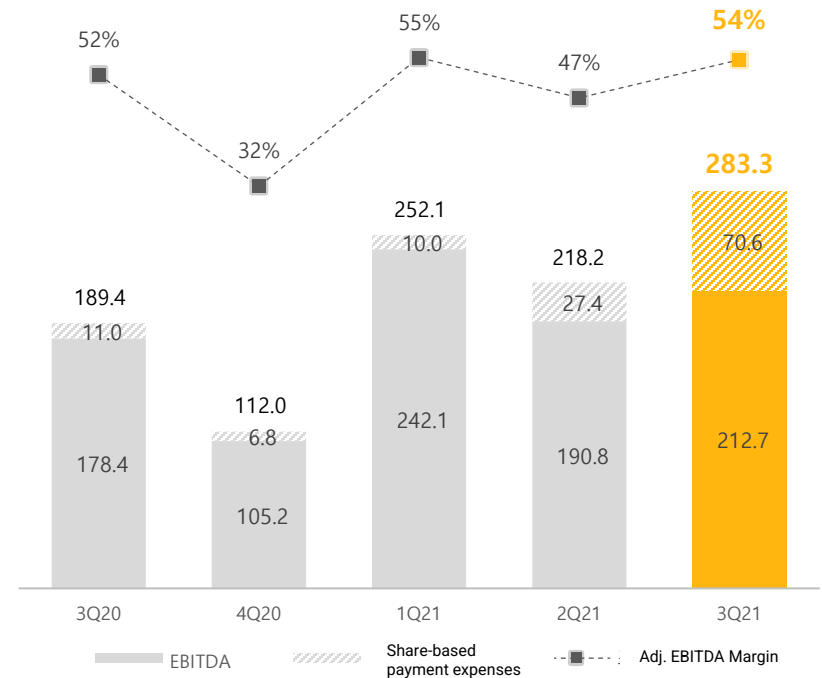
## Operating Profit

KRW bn



## Adj. EBITDA<sup>(1)</sup>

KRW bn



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

# Net Profit



**Profit Before Income Tax**     **KRW 269.9bn** (+89.5% YoY, +57.1% QoQ)

**Net Profit**     **KRW 178.3bn** (+62.1% YoY, +26.2% QoQ)

- Increase in both operating profit and non-operating profit led net profit to increase 62.1% YoY, with Net Profit Margin of 34%

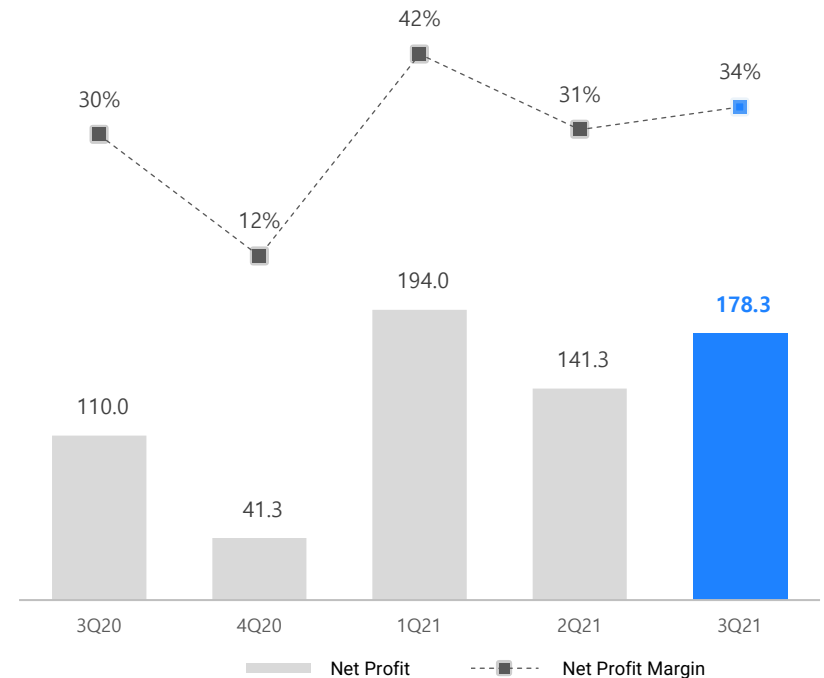
## Non-operating Profit & Profit Before Income Tax

KRW bn

	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Non-Operating Profit</b>	-25.1	-94.9	44.2	-2.4	74.7
<b>Non-Operating Income</b>	0.2	11.8	53.7	5.4	86.3
Other Income	-0.7	11.2	52.8	4.7	82.3
Finance Income	0.9	0.6	0.8	0.7	4.0
<b>Non-Operating Expense</b>	25.4	106.7	9.5	7.7	11.7
Other Expense	23.9	105.3	7.8	5.7	9.9
Finance Expense	1.5	1.4	1.7	2.1	1.8
<b>Profit Before Income Tax</b>	142.5	-2.3	271.4	171.8	269.9

## Net Profit

KRW bn



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



# Summary of Financial Statements



## Consolidated Income Statement

(Unit: Billions KRW)	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Revenue</b>	<b>366.8</b>	<b>352.6</b>	<b>461.0</b>	<b>459.3</b>	<b>521.9</b>
Operating Costs	199.2	260.1	233.8	285.2	326.6
<b>Operating Profit</b>	<b>167.6</b>	<b>92.6</b>	<b>227.2</b>	<b>174.2</b>	<b>195.3</b>
EBITDA	178.4	105.2	242.1	190.8	212.7
<b>Adj. EBITDA</b>	<b>189.4</b>	<b>112.0</b>	<b>252.1</b>	<b>218.2</b>	<b>283.3</b>
Non-operating profit	-25.1	-94.9	44.2	-2.4	74.7
Other Income	-0.7	11.2	52.8	4.7	82.3
Other Expenses	23.9	105.3	7.8	5.7	9.9
Finance Income	0.9	0.6	0.8	0.7	4.0
Finance Expenses	1.5	1.4	1.7	2.1	1.8
<b>Profit before Income Tax</b>	<b>142.5</b>	<b>-2.3</b>	<b>271.4</b>	<b>171.8</b>	<b>269.9</b>
Income Tax	32.5	-43.6	77.4	30.5	91.6
<b>Net Profit</b>	<b>110.0</b>	<b>41.3</b>	<b>194.0</b>	<b>141.3</b>	<b>178.3</b>

## Consolidated Statement of Financial Position

(Unit: Billions KRW)	3Q20	4Q20	1Q21	2Q21	3Q21
Current Assets	1,322.2	1,292.5	1,440.6	1,554.8	4,441.2
Cash and Cash Equivalents	690.4	719.8	750.2	624.5	3,593.9
Non-current Assets	317.9	426.6	657.1	735.7	863.0
<b>Total assets</b>	<b>1,640.1</b>	<b>1,719.1</b>	<b>2,097.7</b>	<b>2,290.5</b>	<b>5,304.2</b>
Current Liabilities	361.6	406.7	509.7	532.0	574.1
Non-current Liabilities	119.3	98.3	166.9	188.9	210.0
<b>Total Liabilities</b>	<b>480.9</b>	<b>505.0</b>	<b>676.6</b>	<b>720.8</b>	<b>784.2</b>
Paid-in Capital	4.0	4.3	4.3	4.3	4.9
Capital Surplus	985.8	1,003.8	1,003.8	1,065.6	3,837.2
Other Components of Equity	172.7	168.1	181.1	126.5	126.2
Retained Earnings	-3.4	37.9	232.0	373.3	551.6
Non-controlling Interests	0.0	0.0	0.0	0.0	0.1
<b>Total Equity</b>	<b>1,159.2</b>	<b>1,214.1</b>	<b>1,421.1</b>	<b>1,569.7</b>	<b>4,520.0</b>

# 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.**