



# Investor Presentation

**KRAFTON**

August 2024

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# REVENUE

1H FY2024 Revenue

KRW **1,372.9**bn

Solid PUBG IP Performance,  
Record High Half-year Revenue

# OPERATING PROFIT

1H FY2024 Revenue Operating Profit

KRW **642.6**bn

Record High Half-year Operating Profit  
84% of FY2023 Full-year Operating Profit

# INVESTMENT

Game Studio Investments during Jan~Aug of FY2024

**11** Studios

Securing Long-term Pipeline by  
Discovering Global Original Creatives

# 1H24 Results at a Glance

# PUBG IP Franchise

Solid Performance on PC and Mobile, **Sustaining Growth as a Global Franchise IP**

## PUBG BATTLEGROUNDS

### Key Updates

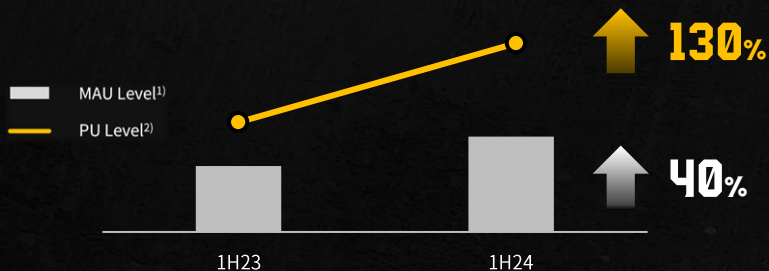


Erangel Classic Mode



NewJeans Collaboration

### Key Performances in 1H24



1) MAU: Monthly Active User, DAU: Daily Active User

2) PU: Paying User

## PUBG MOBILE

### Key Updates

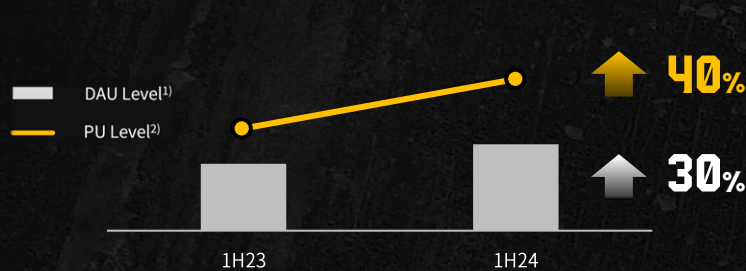


Myriam Fares Collaboration



Upgradable X-Suit Skin

### Key Performances in 1H24



## BATTLEGROUNDS MOBILE INDIA

### Key Updates



UC Bonus Challenge



Cricket Team Collaboration

### Key Performances in 1H24



### Expansion Strategies

- 3 New Languages
- Localized Content
- Growth of BGMI Esports



# New Games Lineup

## DARK AND DARKER MOBILE

Genre: Extraction RPG

Platform: Mobile

### Milestones

- 3Q24 Global Beta Test and Gamescom Showcase
- 4Q24 Global Launch

### Global Beta Test

- Conducted from August 1<sup>st</sup> to August 11<sup>th</sup>
- Regions in Korea, US, Japan, Türkiye & Expanded to iOS
- Non-Combat Content Different from Session-based Games
- Improved Combat Experience and User Interface

## inZOI

Genre: Life Simulation

Platform: PC (Steam)

### Milestones

- 3Q24 Influencer Test and Gamescom Showcase
- Steam Early Access in 2024

### Developing With the Fans

- Strengthening Fanbase with Direct Communication in Discord

### Unique Content

- Customization with Gen AI, Creating NPC Dialogues with LLM
- Various In-game Events through 'Community Simulation'



# Investments, 2<sup>nd</sup> Party Publishing

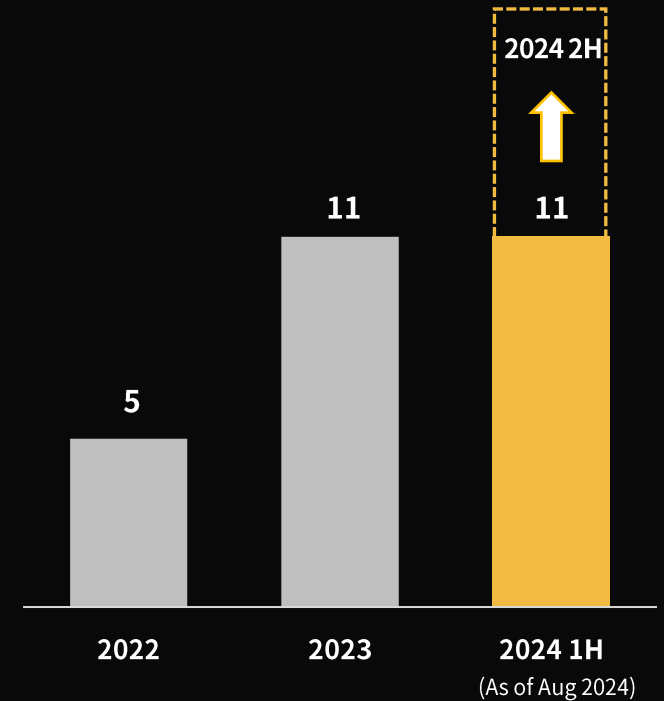
Total of 27 Investments Until 2024, **Diversifying Platform and Genre** Acquiring New IPs and 2PP



## Integration of Tango Gameworks Dev Team

- First Game Studio Investment in Japan
- Survival Horror Game 'The Evil Within' series
- Founded in 2010, acquired by Microsoft in 2021
- Action-Adventure Game 'Ghostwire: Tokyo'
- Secured sizable development team in Japan
- Rhythm-Action Genre-defining Game 'Hi-Fi RUSH'

## Creatives Acquired





# India / AI

## Expansion in India as a Future Growth Initiative, and Exploring New Gameplay Through AI

### Localized Marketing and Content, Broadening Esports

#### Telugu Movie Marketing



#### Marketing Campaigns



#### Advertisement Awards



New Event  
in 2024  
Gujarat



BGIS 2023  
Mumbai



BGIS 2024  
Hyderabad



BMPS 2024  
Kochi



BMPS 2023  
Ahmedabad



### Discovering New Gameplay With AI Technology

AI Technology x Gameplay = New Experience

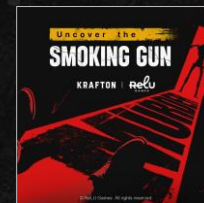


Speech-to-text  
Generative AI

One-of-a-kind  
Concept and Story

Combat by  
Chanting Spells  
and Voice  
Command

*"This game is sick. I want to be a magical girl."* – Steam Review



Language Model

Solving Mysteries  
as a Detective  
Strong Narratives

Suspect  
Interrogation  
by Questions,  
Conversations

*"The dialogues with robots are so philosophically and emotionally impressive."* – Steam Review

1~2 New Launches for 2H24 Using Reinforced Learning and LLM



# Mid-to-Long term Strategy

Aiming Sustainable Growth based on **PUBG IP Franchise** and **Securing Big IPs**

## Product Synergy

- New PUBG IP Games in Various Genres and Platforms
- Synergy with Core Product



## Fandom Expansion

- Expand to Global Fans
- Reach New Generations and Under-teen Audiences



**PUBG IP  
Franchise  
Expansion**

Annual Value  
of \$10B

+

**Securing  
New IPs with  
Franchise  
Potential**

Annual Value  
of \$1B

## In-house Development

- Increased Production
- Production Efficiency by Verifying Gameplay and Marketability



## 2PP Investments / M&A

- Observe and Evaluate IPs
- Quick Results based on Publishing
- Growth through Efficient M&A





# 2Q24 & 1H24 Financial Performance

# 2Q Earnings Summary

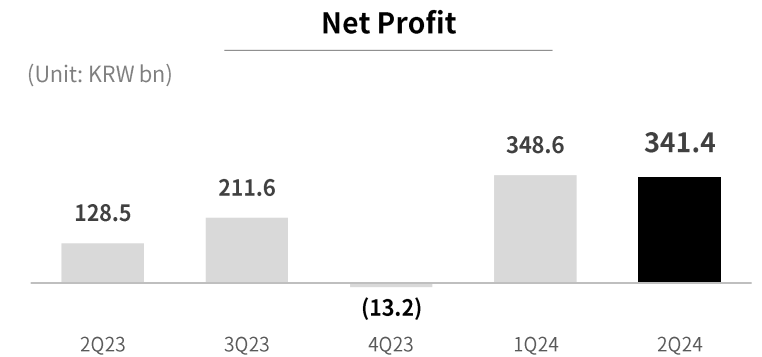
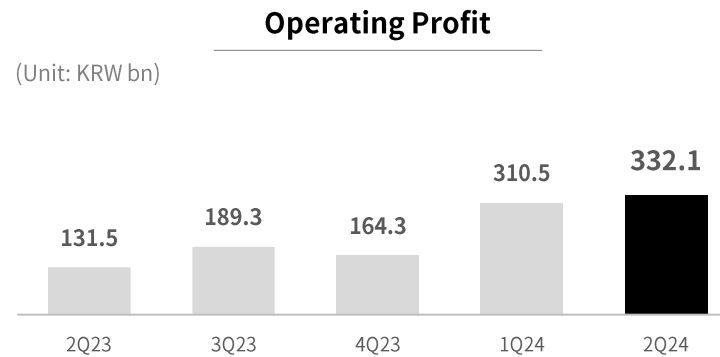
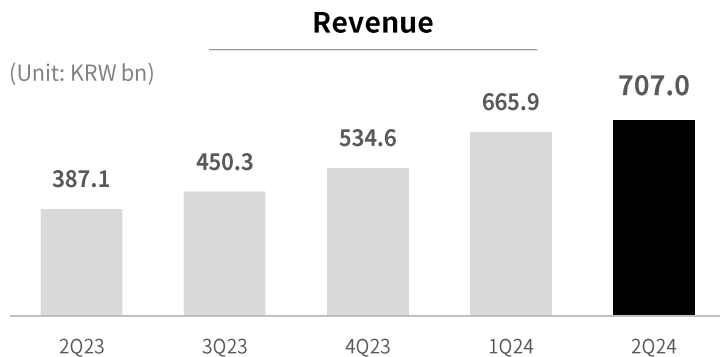
## Revenue **KRW 707.0bn**

Recorded high quarterly sales for 2 consecutive quarters based on PUBG IP, increased 6.2% QoQ and 82.7% YoY

## Operating Profit **KRW 332.1bn**

Increased 7.0% QoQ and 152.6% YoY based on revenue growth

(Unit: KRW bn)	2Q 2023	1Q 2024	2Q 2024	QoQ	YoY
<b>Revenue</b>	<b>387.1</b>	<b>665.9</b>	<b>707.0</b>	<b>6.2%</b>	<b>82.7%</b>
PC	117.0	243.7	191.3	-21.5%	63.5%
Mobile	244.9	402.3	499.9	24.3%	104.2%
Console	19.0	11.5	8.8	-23.6%	-53.9%
Others	6.2	8.4	7.0	-17.2%	14.1%
<b>Operating Expenses</b>	<b>255.6</b>	<b>355.4</b>	<b>374.9</b>	<b>5.5%</b>	<b>46.7%</b>
<b>Operating Profit</b>	<b>131.5</b>	<b>310.5</b>	<b>332.1</b>	<b>7.0%</b>	<b>152.6%</b>
<i>% Margin</i>	<i>34.0%</i>	<i>46.6%</i>	<i>47.0%</i>	<i>0.4%p</i>	<i>13.0%p</i>
<b>Adj. EBITDA<sup>1)</sup></b>	<b>167.7</b>	<b>378.5</b>	<b>394.0</b>	<b>4.1%</b>	<b>134.9%</b>
<i>% Margin</i>	<i>43.3%</i>	<i>56.8%</i>	<i>55.7%</i>	<i>-1.1%p</i>	<i>12.4%p</i>
<b>Net Profit</b>	<b>128.5</b>	<b>348.6</b>	<b>341.4</b>	<b>-2.1%</b>	<b>165.7%</b>
<i>% Margin</i>	<i>33.2%</i>	<i>52.4%</i>	<i>48.3%</i>	<i>-4.1%p</i>	<i>15.1%p</i>



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



# Revenue Breakdown

## Revenue

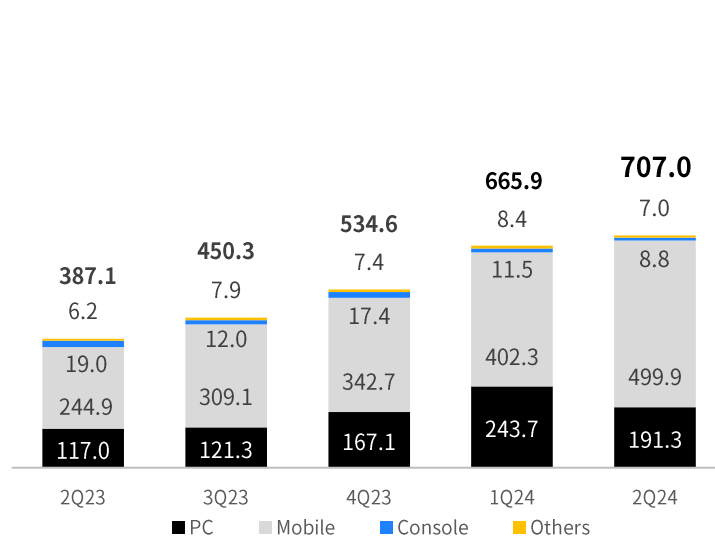
**1H24 KRW 1372.9bn** (39.4% ↑ HoH, 48.3% ↑ YoY)

**2Q24 KRW 707.0bn** (6.2% ↑ QoQ, 82.7% ↑ YoY)

(Unit: KRW bn)	2Q 2023	1Q 2024	2Q 2024	QoQ	YoY	1H 2023	1H 2024	YoY
<b>Revenue</b>	<b>387.1</b>	<b>665.9</b>	<b>707.0</b>	<b>6.2%</b>	<b>82.7%</b>	<b>925.7</b>	<b>1,372.9</b>	<b>48.3%</b>
PC	117.0	243.7	191.3	-21.5%	63.5%	295.5	435.0	47.2%
Mobile	244.9	402.3	499.9	24.3%	104.2%	593.1	902.2	52.1%
Console	19.0	11.5	8.8	-23.6%	-53.9%	26.3	20.3	-22.9%
Others	6.2	8.4	7.0	-17.2%	14.1%	10.8	15.4	41.7%

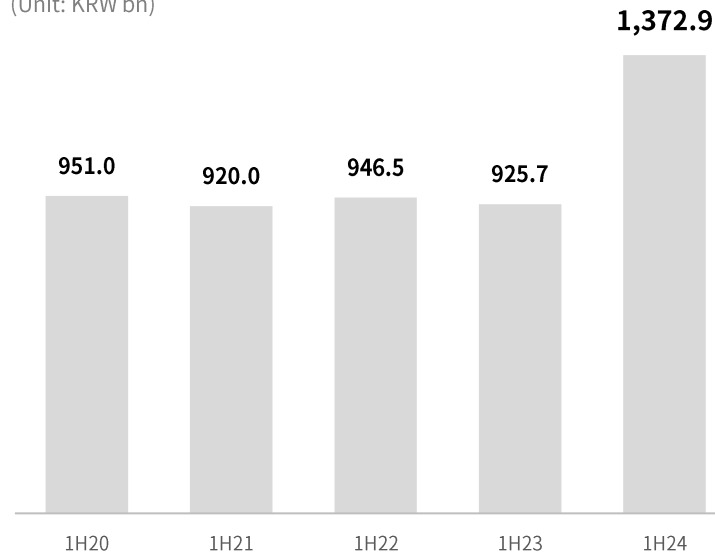
## Quarterly Revenue Breakdown (by Platform)

(Unit: KRW bn)



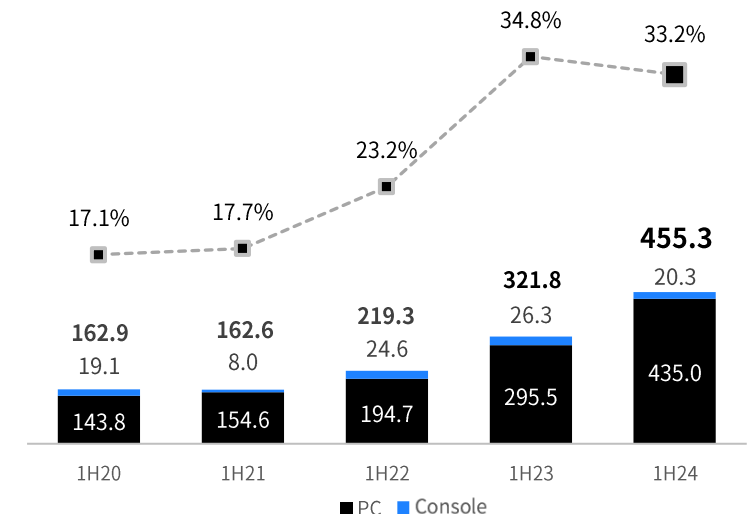
## 1H Revenue Trend

(Unit: KRW bn)



## 1H PC/Console Revenue Proportion

(Unit: KRW bn)



# Operating Expenses & Profit

## Operating Expenses

**1H24** KRW 730.3bn (15.7% ↑ HoH, 42.8% ↑ YoY)

**2Q24** KRW 374.9bn (5.5% ↑ QoQ, 46.7% ↑ YoY)

Increased 5.5% QoQ, 46.7% YoY due to rise in personnel, paid commissions and marketing expenses

## Operating Profit

**1H24** KRW 642.6bn (81.7% ↑ HoH, 55.0% ↑ YoY)

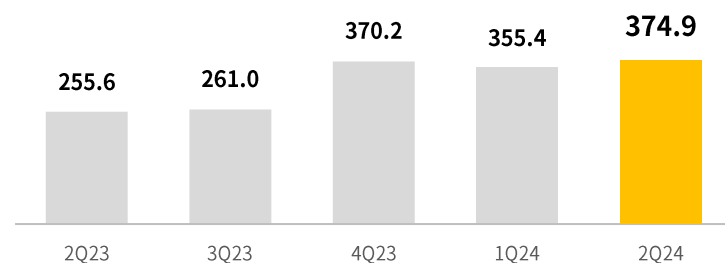
**2Q24** KRW 332.1bn (7.0% ↑ QoQ, 152.6% ↑ YoY)

Increased 7.0% QoQ, 152.6% YoY based on revenue growth

(Unit: KRW bn)	2Q 2023	1Q 2024	2Q 2024	QoQ	YoY	1H 2023	1H 2024	YoY
<b>Operating Expenses</b>	<b>255.6</b>	<b>355.4</b>	<b>374.9</b>	<b>5.5%</b>	<b>46.7%</b>	<b>511.3</b>	<b>730.3</b>	<b>42.8%</b>
Personnel	103.2	121.4	129.6	6.7%	25.6%	204.1	251.0	23.0%
Platform fees / Cost of Revenue <sup>1)</sup>	32.2	85.9	77.5	-9.7%	141.0%	78.9	163.4	107.1%
Paid Commissions	70.6	61.3	76.4	24.7%	8.3%	132.1	137.7	4.3%
Marketing	8.7	12.4	21.2	71.2%	145.1%	13.8	33.6	144.7%
Share-based Payment Expenses	9.1	42.1	35.2	-16.4%	288.7%	19.1	77.3	304.9%
Others	31.8	32.3	35.0	8.4%	10.1%	63.3	67.3	6.3%
<b>Operating Profit</b>	<b>131.5</b>	<b>310.5</b>	<b>332.1</b>	<b>7.0%</b>	<b>152.6%</b>	<b>414.5</b>	<b>642.6</b>	<b>55.0%</b>
% margin	34.0%	46.6%	47.0%	0.4%p	13.0%p	44.8%	46.8%	2.0%p
<b>Adj. EBITDA<sup>2)</sup></b>	<b>167.7</b>	<b>378.5</b>	<b>394.0</b>	<b>4.1%</b>	<b>134.9%</b>	<b>486.7</b>	<b>772.5</b>	<b>58.7%</b>
% margin	43.3%	56.8%	55.7%	-1.1%p	12.4%p	52.6%	56.3%	3.7%p

### Operating Expenses

(Unit: KRW bn)



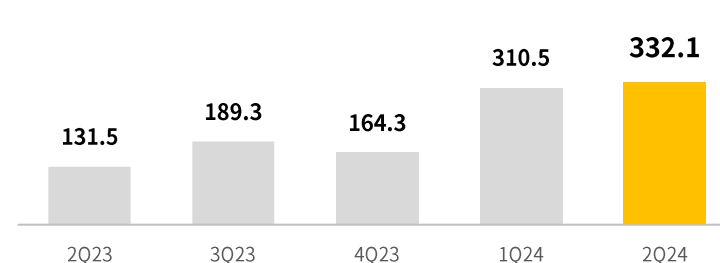
1) Platform fees / Cost of Revenue consist of Steam, market commissions, etc.

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

3) Reversal of Share-based Payment Expenses

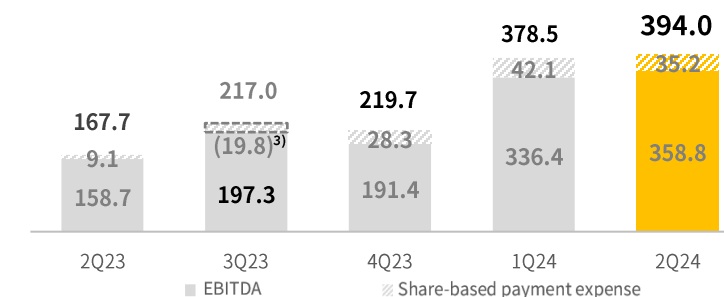
### Operating Profit

(Unit: KRW bn)



### Adj. EBITDA

(Unit: KRW bn)





# Net Profit

## Net Profit

**1H24 KRW 690.0bn** (247.9% ↑ HoH, 74.4% ↑ YoY)

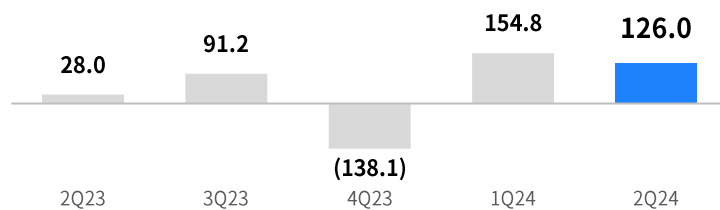
**2Q24 KRW 341.4bn** (2.1% ↓ QoQ, 165.7% ↑ YoY)

Declined 2.1% QoQ and increased 165.7% YoY due to FX related gain and losses

(KRW bn)	2Q 2023	1Q 2024	2Q 2024	QoQ	YoY	1H 2023	1H 2024	YoY
<b>Non-Operating Profit</b>	28.0	154.8	126.0	-18.6%	349.2%	107.4	280.8	161.3%
<b>Non-Operating Income</b>	85.3	189.6	144.1	-24.0%	68.9%	227.1	333.7	46.9%
Other Income	74.0	180.7	134.8	-25.4%	82.1%	206.0	315.5	53.2%
Finance Income	11.3	8.9	9.3	4.2%	-17.6%	21.1	18.2	-13.8%
<b>Non-Operating Expense</b>	57.3	34.8	18.1	-47.9%	-68.3%	119.7	52.9	-55.8%
Other Expenses	54.9	32.5	15.7	-51.7%	-71.4%	115.4	48.2	-58.2%
Finance Expenses	2.4	2.3	2.4	6.6%	3.5%	4.3	4.7	10.4%
<b>Profit Before Income Tax</b>	159.5	465.3	458.1	-1.6%	187.2%	521.9	923.4	76.9%
Income Tax	31.0	116.7	116.7	-0.0%	276.5%	126.2	233.4	84.9%
<b>Net Profit</b>	128.5	348.6	341.4	-2.1%	165.7%	395.7	690.0	74.4%
<i>% Margin</i>	33.2%	52.4%	48.3%	-4.1%p	15.1%p	42.7%	50.3%	7.6%p

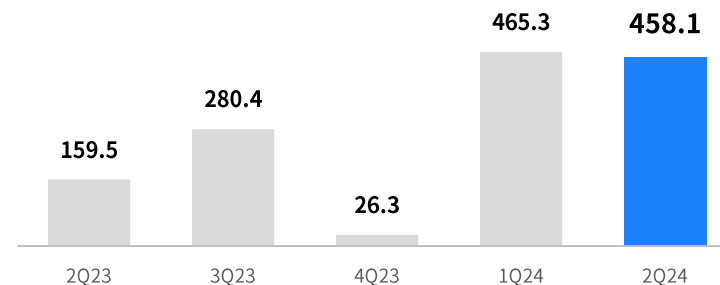
### Non-Operating Profit

(Unit: KRW bn)



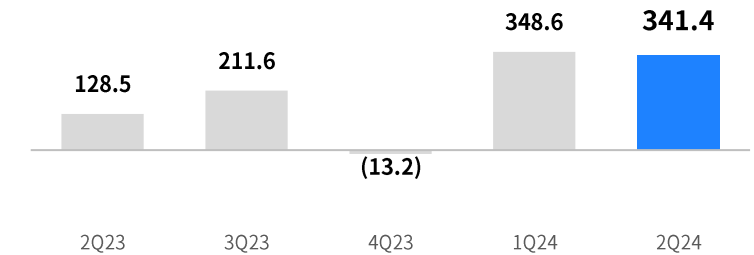
### Profit before Income Tax

(Unit: KRW bn)



### Net Profit

(Unit: KRW bn)



# Summary of Financial Statements

## Consolidated Income Statement

(KRW bn)	2023			2024		
	1Q	2Q	1H	1Q	2Q	1H
<b>Revenue</b>	538.7	387.1	925.8	665.9	707.0	1,372.9
Operating Costs	255.7	255.6	511.3	355.4	374.9	730.3
<b>Operating Profits</b>	283.0	131.5	414.5	310.5	332.1	642.6
EBITDA	309.0	158.7	467.7	336.4	358.8	695.2
<b>Adj. EBITDA<sup>1)</sup></b>	319.0	167.7	486.7	378.5	394.0	772.5
<b>Non-Operating Profit</b>	79.4	28.0	107.4	154.8	126.0	280.8
Other Income	131.9	74.0	206.0	180.7	134.8	315.5
Other Expenses	60.5	54.9	115.4	32.5	15.7	48.2
Finance Income	9.9	11.3	21.2	8.9	9.3	18.2
Finance Expenses	1.9	2.4	4.3	2.3	2.4	4.7
<b>Profit Before Income Tax</b>	362.4	159.5	521.9	465.3	458.1	923.4
Income Tax	95.2	31.0	126.2	116.7	116.7	233.4
<b>Net Profit</b>	267.2	128.5	395.7	348.6	341.4	690.0

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

## Consolidated Statement of Financial Position

(KRW bn)	2023년	2Q 2024
<b>Assets</b>		
<b>Current Assets</b>	3,964.4	4,436.5
Cash and Cash Equivalents <sup>1)</sup>	3,061.4	3,333.2
Others	903.0	1,103.3
<b>Non-current Assets</b>	2,476.0	2,710.0
Property and equipment	257.0	255.0
Intangibles	607.8	641.8
Investment in Associates	571.3	616.0
Others	1,039.9	1,197.2
<b>Total Assets</b>	6,440.4	7,146.5
<b>Liabilities</b>		
<b>Current Liabilities</b>	520.7	685.9
<b>Non-current Liabilities</b>	360.9	365.2
<b>Total Liabilities</b>	881.6	1,051.1
<b>Equity</b>		
<b>Shareholders' equity</b>	5,554.4	6,092.8
Paid-in Capital	4.9	4.9
Capital Surplus	1,472.0	1,473.9
Other Components of Equity	182.5	146.7
Retained Earnings	3,895.0	4,467.3
<b>Non-controlling Interests</b>	4.4	2.6
<b>Total Equity</b>	5,558.8	6,095.4



# 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.