

# **2021 2Q Earnings Release**

**Investor Relations**

August 12, 2021

# **KRAFTON**

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# 2Q21 Results at a Glance



## KEY PERFORMANCE



**PUBG IP**  
Presence

**~59** MILLION

Global Daily Active Users<sup>(1)</sup>



Battlegrounds Mobile India  
**Registered Users**<sup>(3)</sup>

**~46** MILLION



PUBG: NEW STATE  
**Pre-registration**<sup>(2)</sup>

**~27** MILLION



**Games-as-a-Service**<sup>(4)</sup>

**6** COLLABORATIONS, **5** MODES

## MORE THAN NUMBERS



Total  
**Revenue Growth**

**+7** % YoY



PUBG Mobile Global  
**Revenue Growth**

**~+30** % QoQ



PUBG PC  
**In-game ARPU**

**~+80%** QoQ



Adj. EBITDA<sup>(5)</sup> Margin  
**Profitability**

**47** %  
(+2.0%p YoY)

Note: (1) Global average DAU is the total sum of PUBG Mobile, PC, Console and BGMI in 2Q 2021 (2) Pre-registration as of August 2021, excluding iOS, China, Vietnam and India (3) Registered users as of August 2021

(4) Collaborations (PC: El Solitario, Mobile: Godzilla vs Kong, McLaren, Kartrider Rush+, KFC, Line Friends), Modes (PC: POBG, Racing, Mobile: Godzilla vs Kong, Titan Strikes, Insectoid), (5) Adj. EBITDA = EBITDA + Share-based payment expenses

# 2Q21 Results at a Glance



**Revenue**                    **KRW 459.3bn** (+7.0% YoY, -0.4% QoQ )

Growth sustained from mobile and PC segments driven by differentiated expertise in live ops and in-game monetization efforts

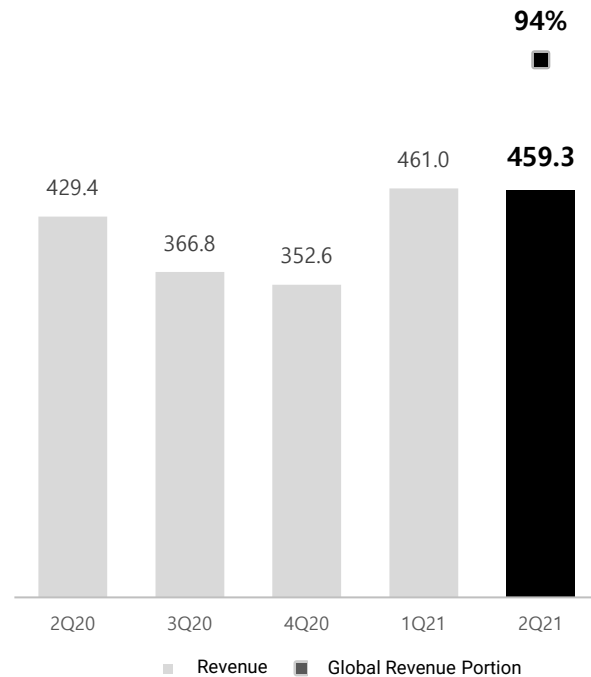
**Operating Profit**        **KRW 174.2bn** (-0.3% YoY, -23.3% QoQ)

Despite the high base, continuous revenue growth offset the risen expenses from business expansion resulting in similar OP compared to the same period last year

**Net Profit**                **KRW 141.3bn** (+16.6% YoY, -27.2% QoQ)

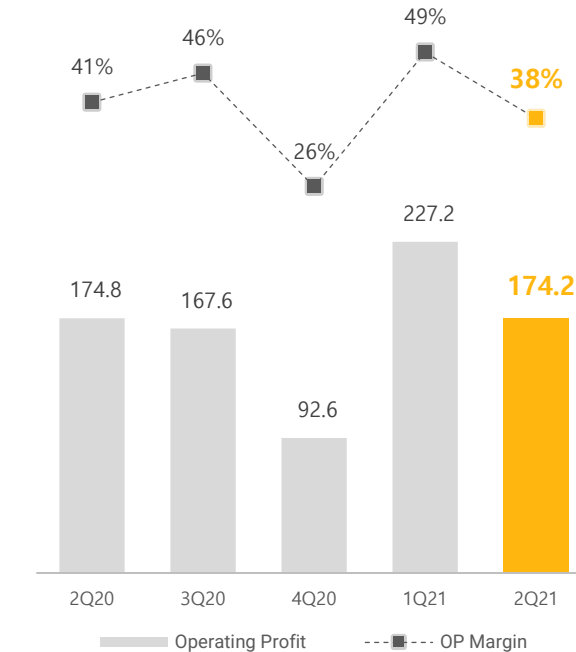
## Revenue

KRW bn



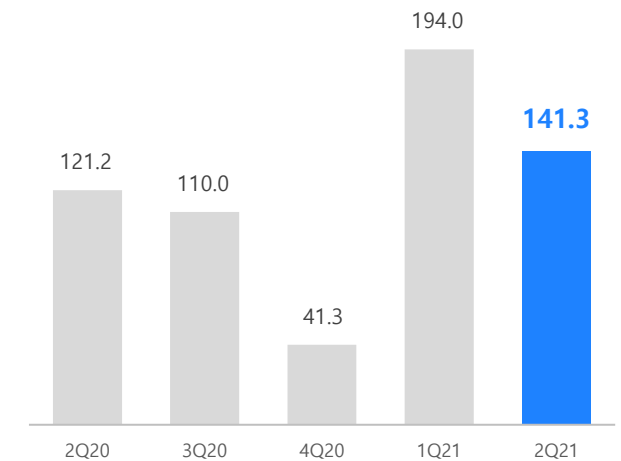
## Operating Profit

KRW bn



## Net Profit

KRW bn



# Revenue Breakdown



**Revenue** **KRW 459.3bn** (+7.0% YoY, -0.4% QoQ)

- Mobile segment revenue reached KRW 354.2bn, a 4.3% increase YoY

Successful in-game monetization, including various updates and brand collaborations led to a record high quarterly revenue for PUBG Mobile

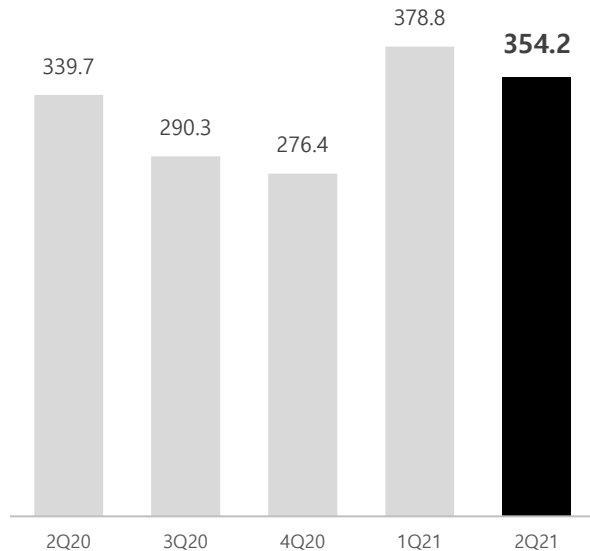
- PC segment revenue reached KRW 88.6bn, a 23.1% increase YoY

Weapon Skin Upgrade System introduced in June bolstered the increase in paying users as well as record high in-game ARPU in PUBG PC

## Mobile

KRW bn

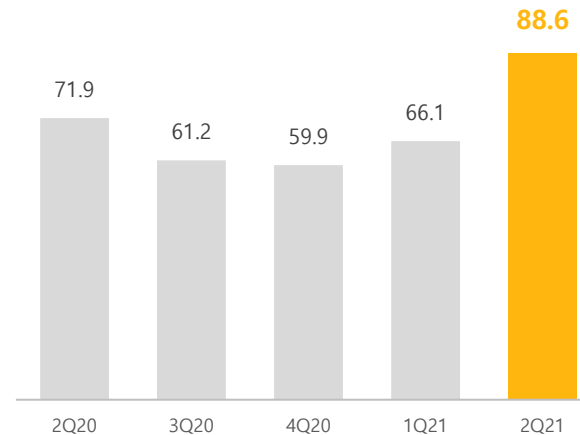
PUBGM, Technology Service and more



## PC

KRW bn

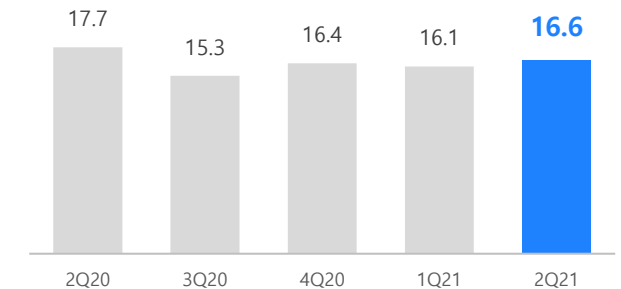
PUBG, TERA, ELYON



## Console / Other

KRW bn

PUBG, TERA, STADIA and more



# Profits

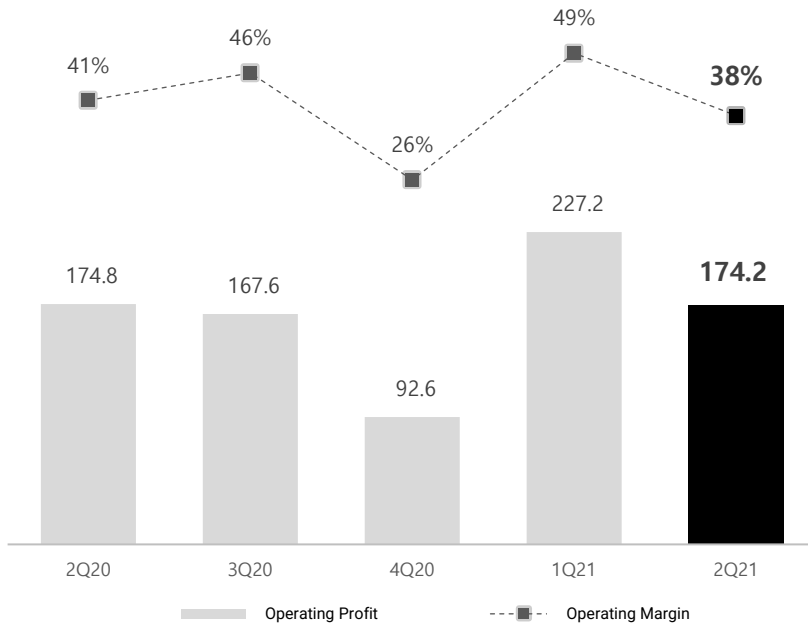
**Operating Profit**     **KRW 174.2bn** (-0.3% YoY, -23.3% QoQ)

**Adj. EBITDA**     **KRW 218.2bn** (+11.7% YoY, -13.5% QoQ)

- Adj. EBITDA reflecting share-based payment expenses with some one-offs increased 11.7% YoY, with adj. EBITDA margin of 47%

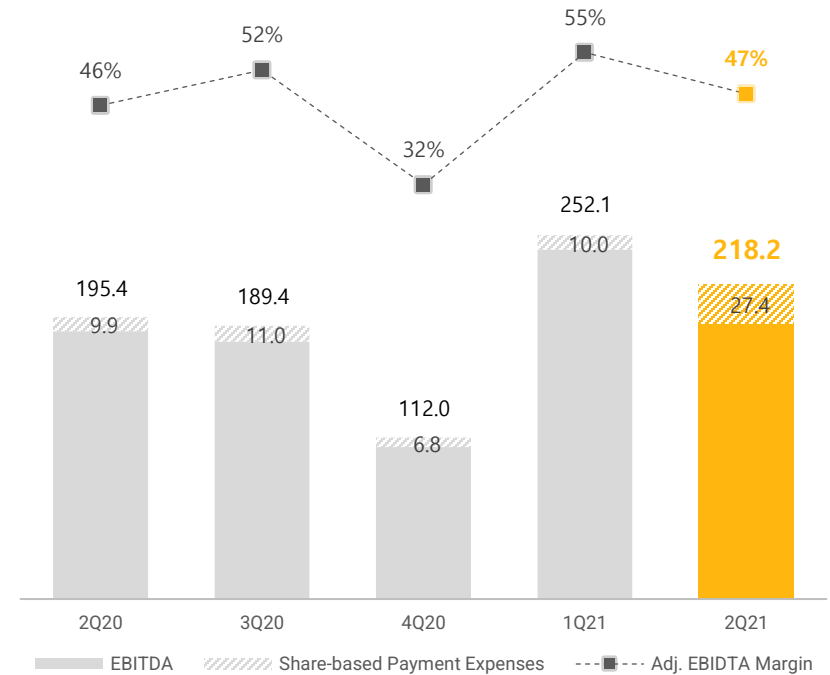
## Operating Profit

KRW bn



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

KRW bn



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

# Expense Breakdown



## Operating Costs KRW 285.2bn (+12.0% YoY, +22.0% QoQ)

- Personnel costs increased 16.6% YoY, and increased 14.1% QoQ at KRW 73.9bn

Increase in headcount due to the inclusion of newly consolidated subsidiary, Dreamotion, ongoing business expansion as well as salary-base raise

- Paid commissions increased 21.7% YoY, and increased 25.2% QoQ at KRW 95.3bn

Caused by hosting eSports tournaments (PGL S, PCS4) in 1H21, outsourcing costs from developing new titles, server costs for BGMI Early Access launch

KRW bn	2Q20	3Q20	4Q20	1Q21	2Q21	YoY	QoQ
<b>Operating Costs</b>	<b>254.6</b>	<b>199.2</b>	<b>260.1</b>	<b>233.8</b>	<b>285.2</b>	<b>12.0%</b>	<b>22.0%</b>
<i>% of Revenue</i>	59.3%	54.3%	73.7%	50.7%	62.1%	2.8%p	11.4%p
Personnel	63.4	61.9	86.7	64.8	73.9	16.6%	14.1%
Platform fees / Cost of Revenue <sup>(1)</sup>	40.6	40.3	34.2	35.8	40.2	-0.9%	12.3%
Paid Commissions	78.3	54.8	80.9	76.1	95.3	21.7%	25.2%
Marketing	9.5	10.2	12.3	7.4	8.0	-16.1%	7.0%
Share-based payment expenses / Performance-based incentives	48.3	16.8	28.3	30.0	46.9	-2.9%	56.6%
Others	14.5	15.2	17.6	19.7	20.9	43.7%	5.9%
<b>Operating Profit</b>	<b>174.8</b>	<b>167.6</b>	<b>92.6</b>	<b>227.2</b>	<b>174.2</b>	<b>-0.3%</b>	<b>-23.3%</b>
<i>% Margin</i>	40.7%	45.7%	26.3%	49.3%	37.9%	-2.8%p	-11.4%p
<b>Adj. EBITDA<sup>(2)</sup></b>	<b>195.4</b>	<b>189.4</b>	<b>112.0</b>	<b>252.1</b>	<b>218.2</b>	<b>11.7%</b>	<b>-13.5%</b>
<i>% Margin</i>	45.5%	51.6%	31.8%	54.7%	47.5%	2.0%p	-7.2%p
<b>Net Profit</b>	<b>121.2</b>	<b>110.0</b>	<b>41.3</b>	<b>194.0</b>	<b>141.3</b>	<b>16.6%</b>	<b>-27.2%</b>

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

# 2H21 Strategy – PUBG IP



**IP life cycle extension through fresh and attractive content and monetization scheme for 60 million global avg. DAU**

Advanced global live service expertise encompassing PC, mobile, in-game contents (maps, events, collaborations) and PUBG Universe

From casual to core user base, we cater to different game play preferences, with season/event passes, WSUS<sup>(1)</sup>, and many more to come!



**Strengthen user engagement with differentiated expertise in live ops**



<PUBG Universe – Ground Zero>



<TAEGO Map launched in July>



<Don Lee Character Skin>



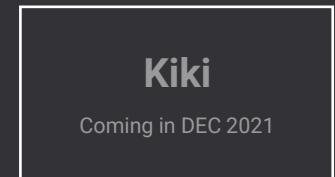
<Heung-Min Son x PUBG>



<BlackPink x PUBG>



<Weapon Skin Upgrade System>



<KiKi Map – To be launched in Dec.>

Note: (1) WSUP: Weapon Skin Upgrade System



# 2H21 Strategy – NEW Game Launch



## PUBG® NEW STATE

The first premium mobile game in PUBG Universe to be launched globally during 2H 2021

BEYOND BATTLE ROYALE experience through high-end graphics, realistic gunplay and optimized physics engines for mobile games

Level up both gaming experience and profitability by adding new content including character, weapon customization, drone shop features



Note: (1) Pre-registration as of August 2021, excluding iOS, China, Vietnam, India (2) Global launch excluding China and Vietnam

# Summary of Financial Statements



## Consolidated Income Statement

(Unit: Billions KRW)	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Revenue</b>	<b>429.4</b>	<b>366.8</b>	<b>352.6</b>	<b>461.0</b>	<b>459.3</b>
Operating Costs	254.6	199.2	260.1	233.8	285.2
<b>Operating Profit</b>	<b>174.8</b>	<b>167.6</b>	<b>92.6</b>	<b>227.2</b>	<b>174.2</b>
EBITDA	185.5	178.4	105.2	242.1	190.8
<b>Adj. EBITDA</b>	<b>195.4</b>	<b>189.4</b>	<b>112.0</b>	<b>252.1</b>	<b>218.2</b>
Non-operating profit and loss	-17.8	-25.1	-94.9	44.2	-2.4
Other Income	0.1	-0.7	11.2	52.8	4.7
Other Expenses	17.5	23.9	105.3	7.8	5.7
Finance Income	1.0	0.9	0.6	0.8	0.7
Finance Expenses	1.4	1.5	1.4	1.7	2.1
<b>Profit before Income Tax</b>	<b>157.0</b>	<b>142.5</b>	<b>-2.3</b>	<b>271.4</b>	<b>171.8</b>
Income Tax	35.8	32.5	-43.6	77.4	30.5
<b>Net Profit</b>	<b>121.2</b>	<b>110.0</b>	<b>41.3</b>	<b>194.0</b>	<b>141.3</b>

## Consolidated Statement of Financial Position

(Unit: Billions KRW)	2Q20	3Q20	4Q20	1Q21	2Q21
Current Assets	1,224.1	1,322.2	1,292.5	1,440.6	1,554.8
Cash and Cash Equivalents	349.6	690.4	719.8	750.2	624.5
Non-current Assets	284.2	317.9	426.6	657.1	735.7
<b>Total assets</b>	<b>1,508.3</b>	<b>1,640.1</b>	<b>1,719.1</b>	<b>2,097.7</b>	<b>2,290.5</b>
Current Liabilities	374.6	361.6	406.7	509.7	532.0
Non-current Liabilities	125.4	119.3	98.3	166.9	188.9
<b>Total Liabilities</b>	<b>500.0</b>	<b>480.9</b>	<b>505.0</b>	<b>676.6</b>	<b>720.8</b>
Paid-in Capital	4.0	4.0	4.3	4.3	4.3
Capital Surplus	985.7	985.8	1,003.8	1,003.8	1,065.6
Other Components of Equity	131.9	172.7	168.1	181.1	126.5
Retained Earnings	-113.4	-3.4	37.9	232.0	373.3
Non-controlling Interests	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>1,008.3</b>	<b>1,159.2</b>	<b>1,214.1</b>	<b>1,421.1</b>	<b>1,569.7</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.**