

2021 3Q Earnings Release

Investor Relations

November 11, 2021

KRAFTON

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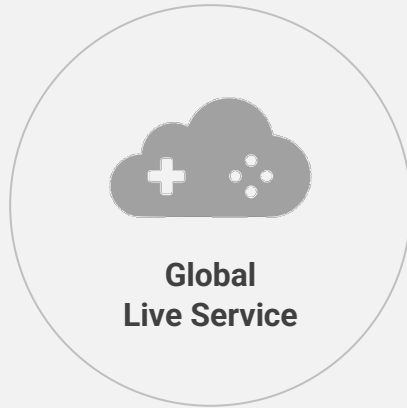
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3Q21 Results at a Glance



KEY HIGHLIGHTS



Global
Live Service



Battlegrounds
Mobile India



PUBG: NEW STATE

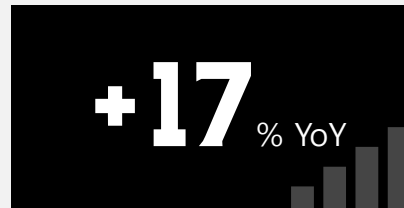


PUBG Universe

KEY PERFORMANCE



Revenue



Operating Profit



Adj. EBITDA Margin⁽¹⁾

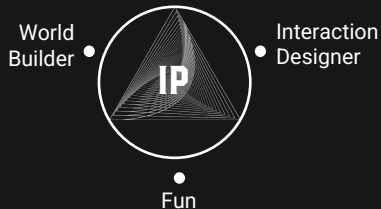
Note: (1) Adj. EBITDA = EBITDA + Share-based payment expenses

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

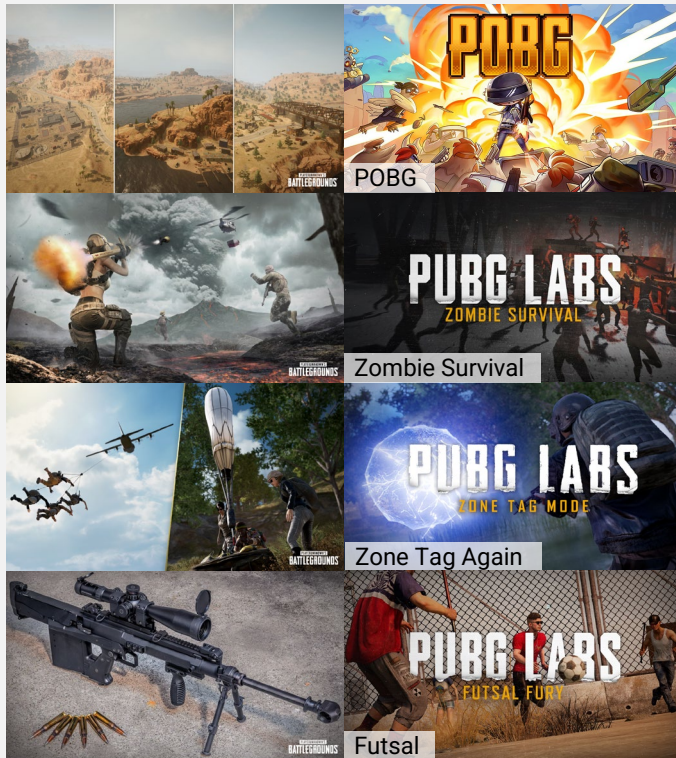
Take lead in **New Technology**
including **Deep Learning**
that will transform the future

PUBG PC / Console

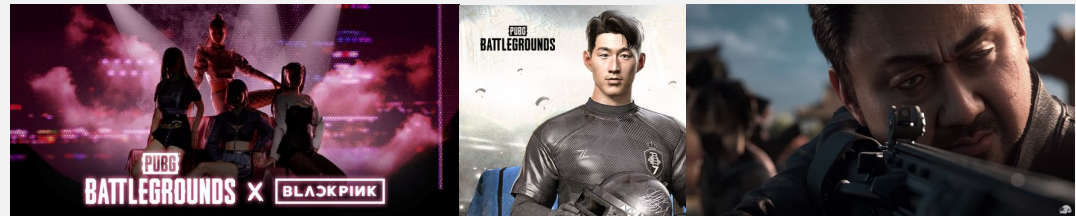


Paying User Expansion with Differentiated Live Service Efforts including Maps, Modes, Collaborations

BR Content and Event Mode Updates



Diversified Business Model Encompassing Casual and Core Users



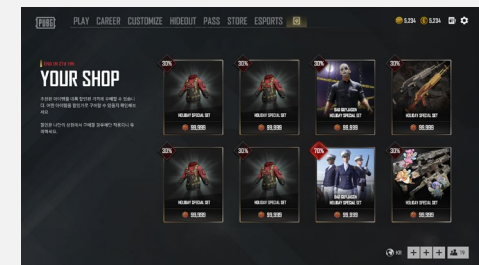
<BLACKPINK>

<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

PUBG: NEW STATE



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>



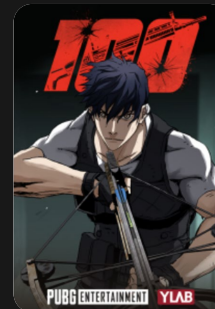
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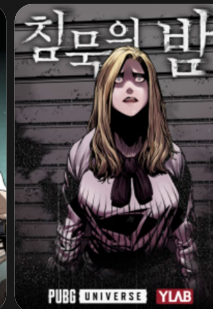
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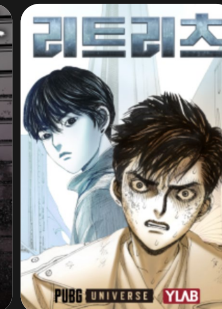
<100>



<Night of Silence>



<The Retreats>



<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⁽¹⁾ launch accelerated growth in all PC, Mobile, and Console segment, led to a record high quarterly revenue

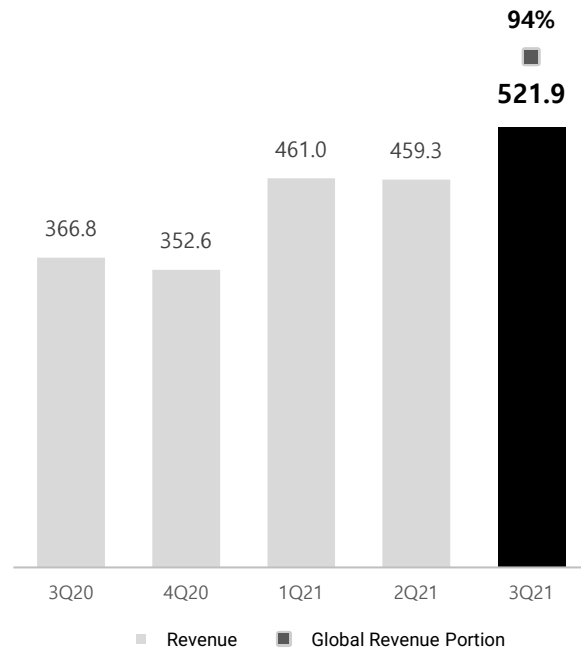
Operating Profit **KRW 195.3bn** (+16.5% YoY, +12.1% QoQ)

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)

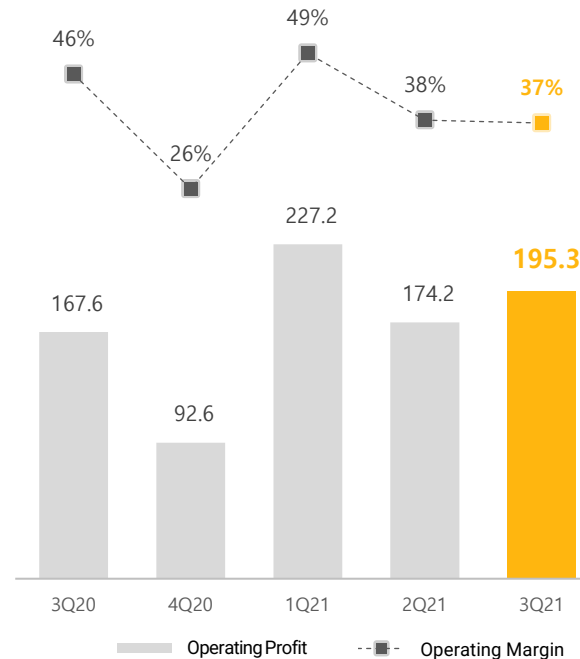
Revenue

KRW bn



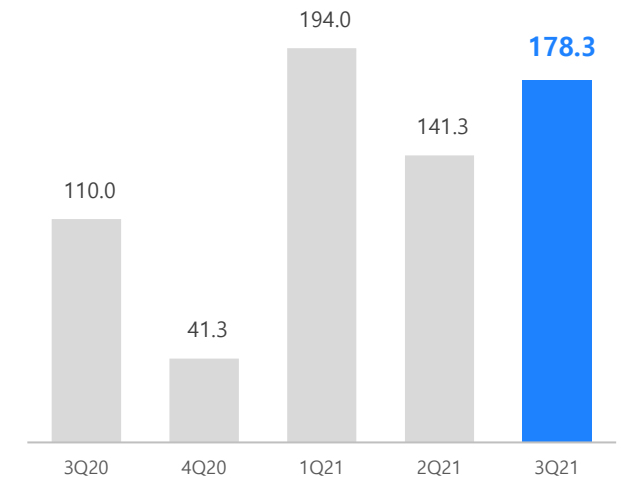
Operating Profit

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

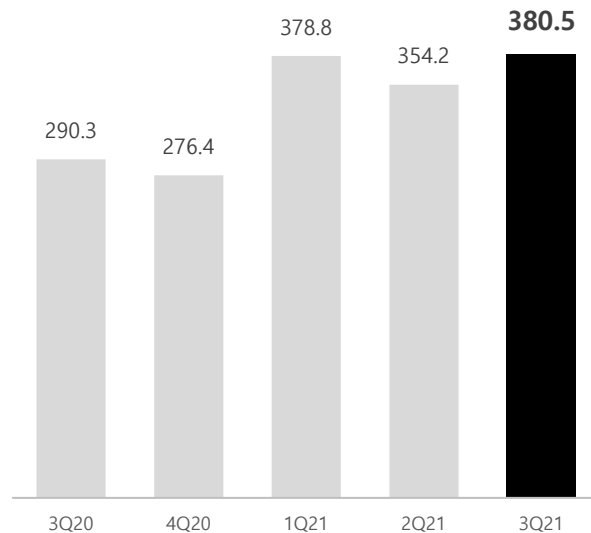
- PC segment revenue reached KRW 129.5bn, a 111.7% increase YoY

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

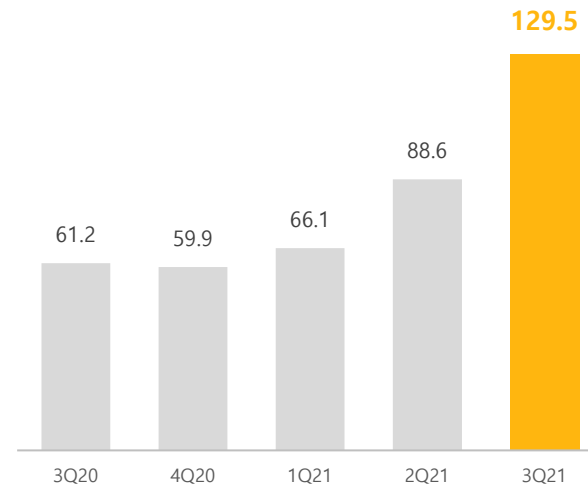
PUBGM, BGMI, Technology Service and more



PC

KRW bn

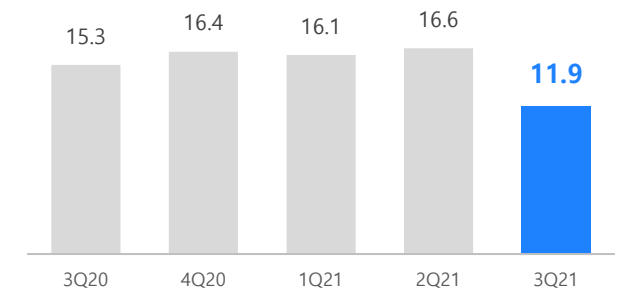
PUBG, TERA, ELYON



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
Operating Costs	199.2	260.1	233.8	285.2	326.6	64.0%	14.5%
% of Revenue	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 ⁽¹⁾	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%
Operating Profit	167.6	92.6	227.2	174.2	195.3	16.5%	12.1%
% Margin	45.7%	26.3%	49.3%	37.9%	37.4%	-8.3%p	-0.5%p
Adj. EBITDA⁽²⁾	189.4	112.0	252.1	218.2	283.3	49.6%	29.9%
% Margin	51.6%	31.8%	54.7%	47.5%	54.3%	2.7%p	6.8%p
Net Profit	110.0	41.3	194.0	141.3	178.3	62.1%	26.2%

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

Operating Profit



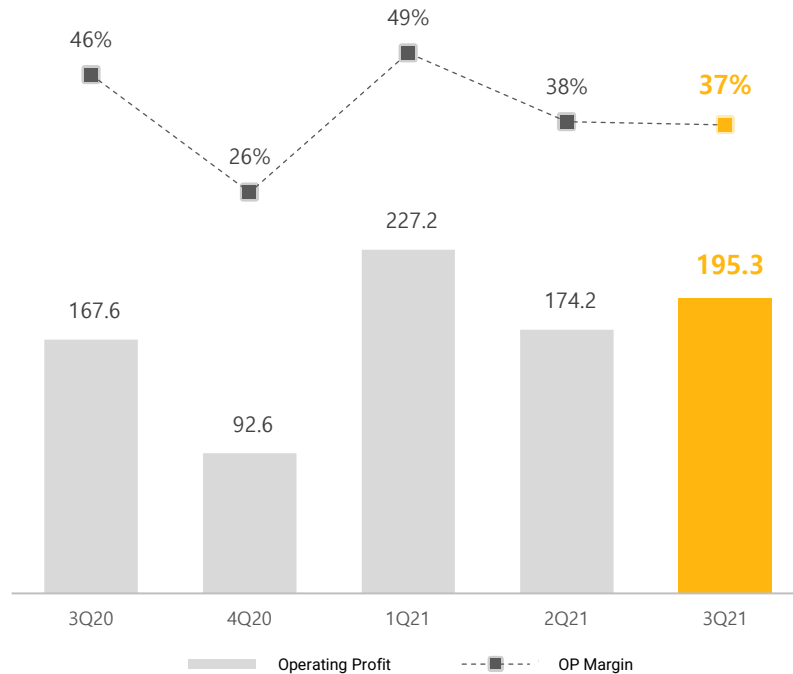
Operating Profit **KRW 195.3bn** (+16.5% YoY, +12.1% QoQ)

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

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

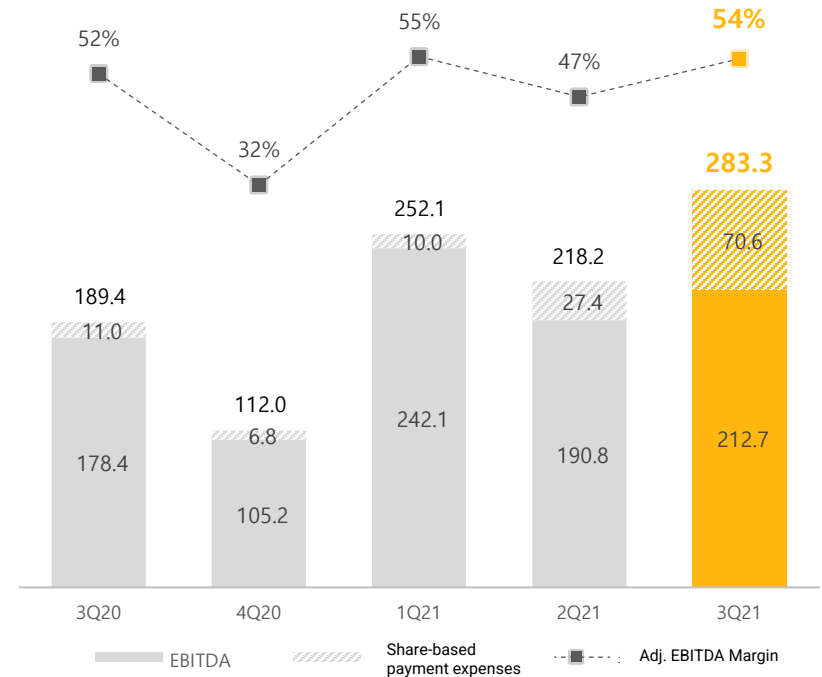
Operating Profit

KRW bn



Adj. EBITDA⁽¹⁾

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%

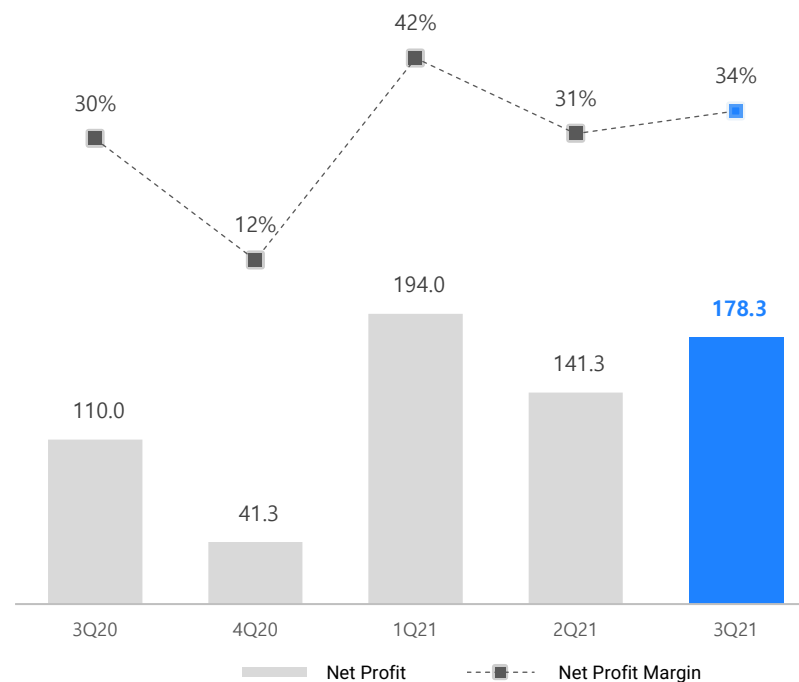
Non-operating Profit & Profit Before Income Tax

KRW bn

	3Q20	4Q20	1Q21	2Q21	3Q21
Non-Operating Profit	-25.1	-94.9	44.2	-2.4	74.7
Non-Operating Income	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
Non-Operating Expense	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
Profit Before Income Tax	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
Revenue	366.8	352.6	461.0	459.3	521.9
Operating Costs	199.2	260.1	233.8	285.2	326.6
Operating Profit	167.6	92.6	227.2	174.2	195.3
EBITDA	178.4	105.2	242.1	190.8	212.7
Adj. EBITDA	189.4	112.0	252.1	218.2	283.3
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
Profit before Income Tax	142.5	-2.3	271.4	171.8	269.9
Income Tax	32.5	-43.6	77.4	30.5	91.6
Net Profit	110.0	41.3	194.0	141.3	178.3

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
Total assets	1,640.1	1,719.1	2,097.7	2,290.5	5,304.2
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
Total Liabilities	480.9	505.0	676.6	720.8	784.2
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
Total Equity	1,159.2	1,214.1	1,421.1	1,569.7	4,520.0

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.