



2Q & 1H 2024 Earnings Results

KRAFTON

2024. 8. 12

Disclaimer

Financial statements included in this document are consolidated results of KRAFTON, Inc. (the “Company”) and its subsidiaries and have been prepared in accordance with K-IFRS.

Financial results and operational performance included herein have been prepared for investors’ convenience only and have not been audited by an independent auditor; as such, certain part (s) of this presentation are subject to change, upon completion of the audit review.

Company makes no representations as to the accuracy or completeness of the information herein, nor does the Company assume any duty to update any information, given that this presentation has been prepared based on currently available data.

Company shall not have any liability for any loss arising from any use of this presentation or its contents or otherwise arising in connection with this presentation, as this should not be construed to be related to any investment decision making and shall not be used for any legal proceedings.

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

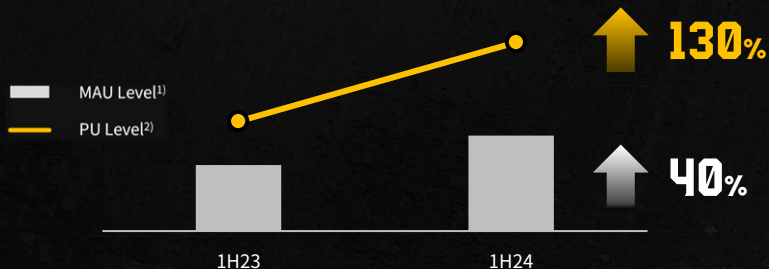


Erangel Classic Mode



NewJeans Collaboration

Key Performances in 1H24



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

2) PU: Paying User

PUBG MOBILE

Key Updates

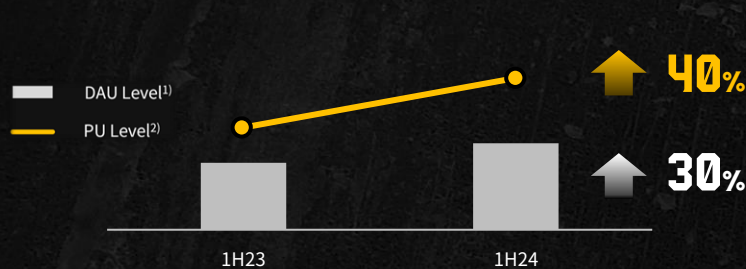


Myriam Fares Collaboration



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 1st to August 11th
- 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
- Targeting 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, 2nd Party Publishing

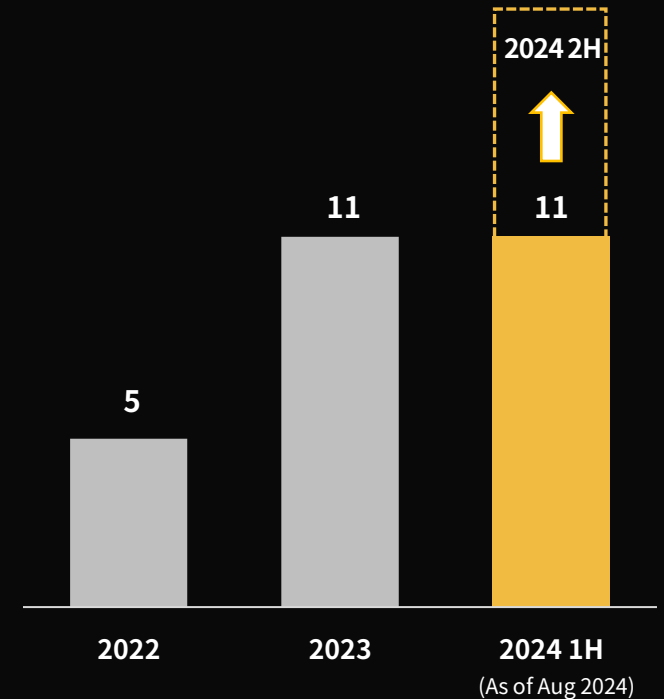
Total of 27 Investments Until 2024, **Diversifying Platform and Genre** Acquiring New IP and 2PP



Integration of Tango Gameworks Dev Team

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

BMPS 2023
Ahmedabad

BGIS 2023
Mumbai

BGIS 2024
Hyderabad

BMPS 2024
Kochi

Discovering New Gameplay With AI Technology

AI Technology

x

Gameplay

=

New Experience

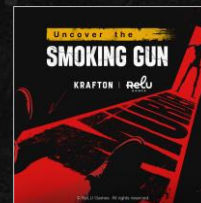


Speech-to-text
Generative AI

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

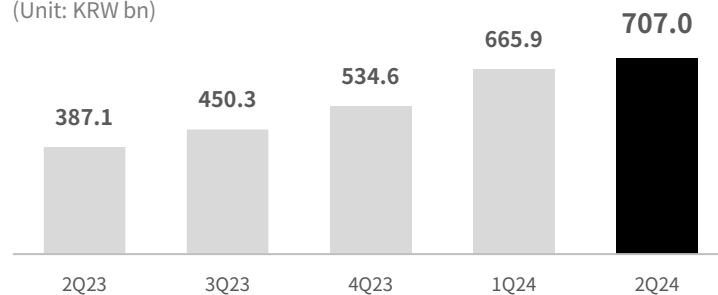
KRW 332.1bn

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

(Unit: KRW bn)	2Q 2023	1Q 2024	2Q 2024	QoQ	YoY
Revenue	387.1	665.9	707.0	6.2%	82.7%
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%
Operating Expenses	255.6	355.4	374.9	5.5%	46.7%
Operating Profit	131.5	310.5	332.1	7.0%	152.6%
<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>
Adj. EBITDA¹⁾	167.7	378.5	394.0	4.1%	134.9%
<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>
Net Profit	128.5	348.6	341.4	-2.1%	165.7%
<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>

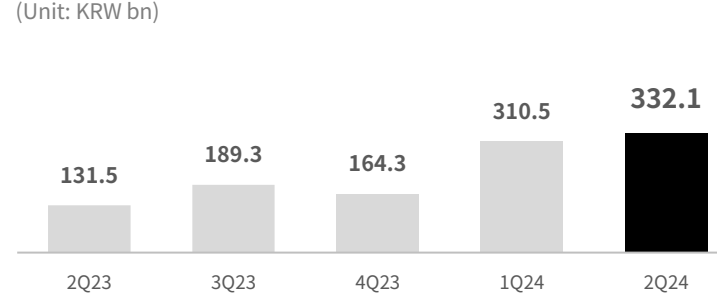
Revenue

(Unit: KRW bn)



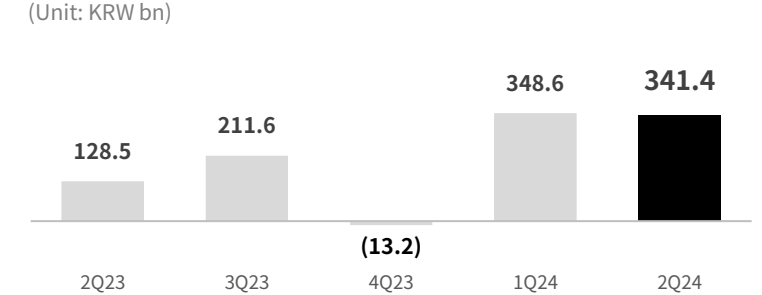
Operating Profit

(Unit: KRW bn)



Net Profit

(Unit: KRW bn)



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

Revenue Breakdown

Revenue

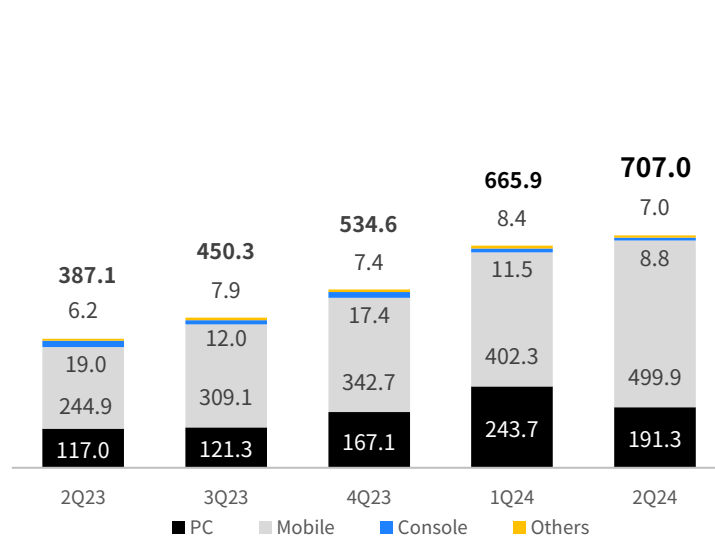
1H24 KRW 1372.9bn (39.4% ↑ HoH, 48.3% ↑ YoY)

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
Revenue	387.1	665.9	707.0	6.2%	82.7%	925.7	1,372.9	48.3%
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%

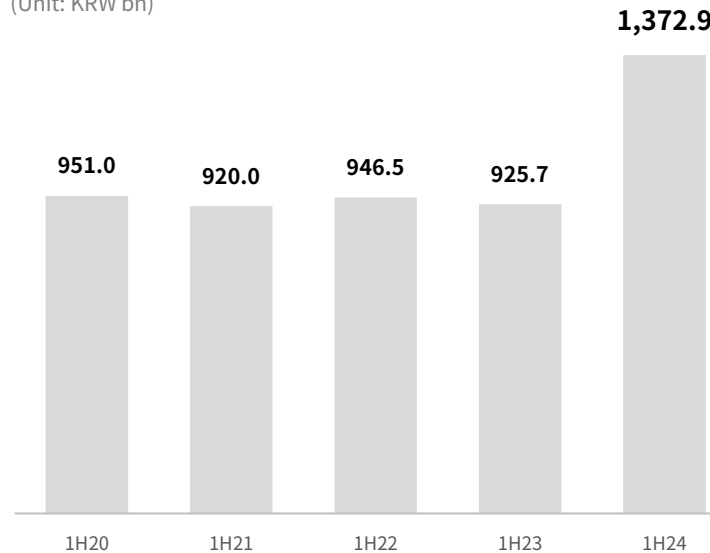
Quarterly Revenue Breakdown (by Platform)

(Unit: KRW bn)



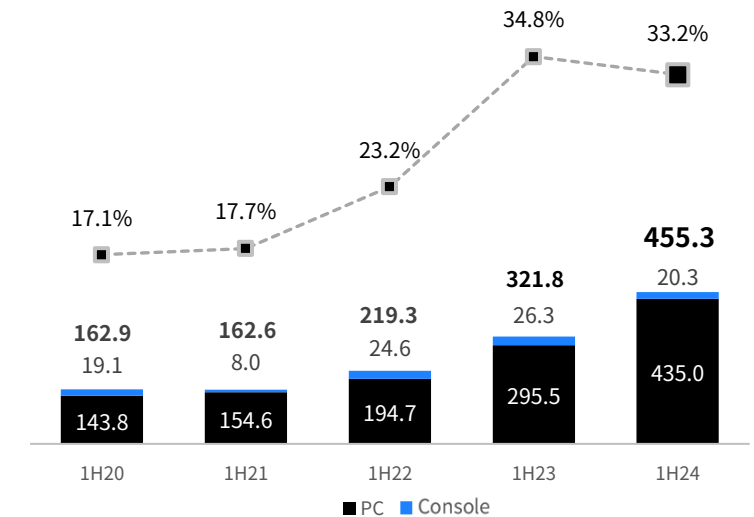
1H Revenue Trend

(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)

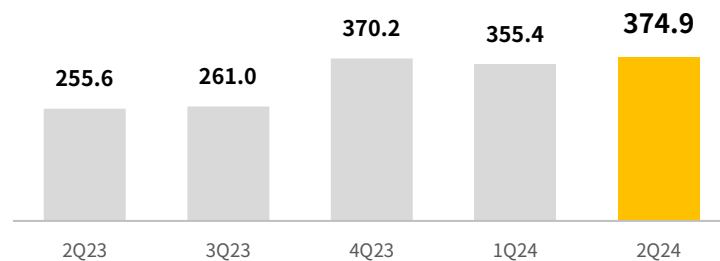
2Q24 KRW 332.1bn (7.0% ↑ QoQ, 152.6% ↑ YoY)

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
Operating Expenses	255.6	355.4	374.9	5.5%	46.7%	511.3	730.3	42.8%
Personnel	103.2	121.4	129.6	6.7%	25.6%	204.1	251.0	23.0%
Platform fees / Cost of Revenue ¹⁾	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%
Operating Profit	131.5	310.5	332.1	7.0%	152.6%	414.5	642.6	55.0%
<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>	<i>44.8%</i>	<i>46.8%</i>	<i>2.0%p</i>
Adj. EBITDA²⁾	167.7	378.5	394.0	4.1%	134.9%	486.7	772.5	58.7%
<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>	<i>52.6%</i>	<i>56.3%</i>	<i>3.7%p</i>

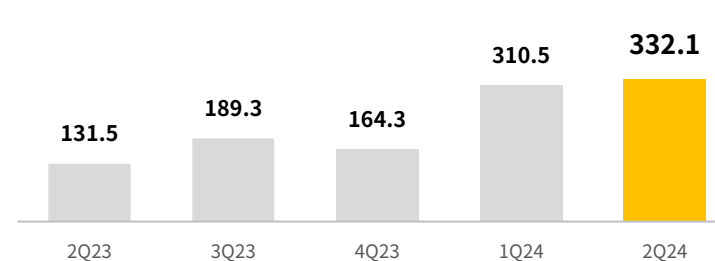
Operating Expenses

(Unit: KRW bn)



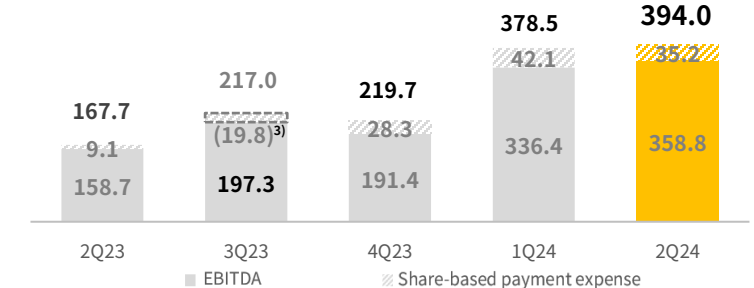
Operating Profit

(Unit: KRW bn)



Adj. EBITDA

(Unit: KRW bn)



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

3) Reversal of Share-based Payment Expenses

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

Net Profit

Net Profit

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

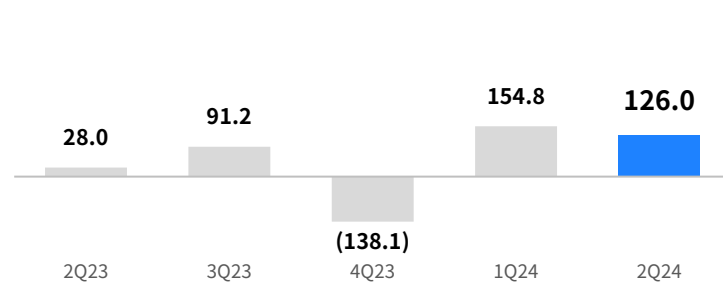
2Q24 KRW 341.4bn (2.1% ↓ QoQ, 165.7% ↑ YoY)

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

(KRW bn)	2Q 2023	1Q 2024	2Q 2024	QoQ	YoY	1H 2023	1H 2024	YoY
Non-Operating Profit	28.0	154.8	126.0	-18.6%	349.2%	107.4	280.8	161.3%
Non-Operating Income	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%
Non-Operating Expense	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%
Profit Before Income Tax	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%
Net Profit	128.5	348.6	341.4	-2.1%	165.7%	395.7	690.0	74.4%
<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>	<i>42.7%</i>	<i>50.3%</i>	<i>7.6%p</i>

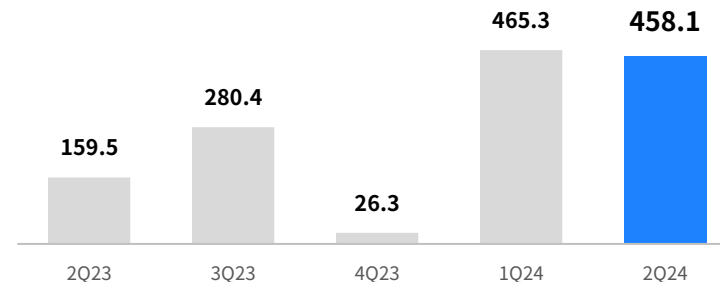
Non-Operating Profit

(Unit: KRW bn)



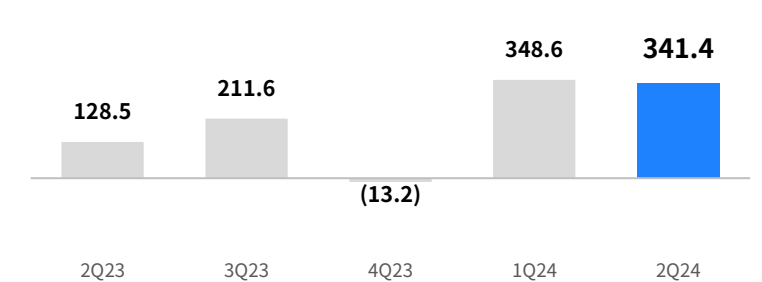
Profit before Income Tax

(Unit: KRW bn)



Net Profit

(Unit: KRW bn)



Q&A

Summary of Financial Statements

Consolidated Income Statement

(KRW bn)	2023			2024		
	1Q	2Q	1H	1Q	2Q	1H
Revenue	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
Operating Profits	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
Adj. EBITDA¹⁾	319.0	167.7	486.7	378.5	394.0	772.5
Non-Operating Profit	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
Profit Before Income Tax	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
Net Profit	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
Assets		
Current Assets	3,964.4	4,436.5
Cash and Cash Equivalents ¹⁾	3,061.4	3,333.2
Others	903.0	1,103.3
Non-current Assets	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
Total Assets	6,440.4	7,146.5
Liabilities		
Current Liabilities	520.7	685.9
Non-current Liabilities	360.9	365.2
Total Liabilities	881.6	1,051.1
Equity		
Shareholders' equity	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
Non-controlling Interests	4.4	2.6
Total Equity	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.