

A person in silhouette is captured in the middle of kicking a soccer ball on a dark, reflective floor. The background is a large, curved wall with the word 'KRAFTON' written in large, bold, black letters. The scene is dimly lit, with the primary light source highlighting the person and the ball.

3Q 2024 Earnings Results

KRAFTON

2024. 11. 07

Disclaimer

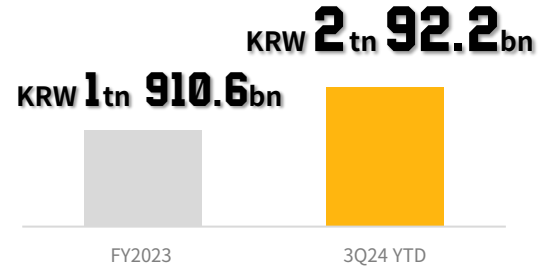
Financial statements included in this document are consolidated results of KRAFTON, Inc. (the “Company”) and its subsidiaries and have been prepared in accordance with K-IFRS.

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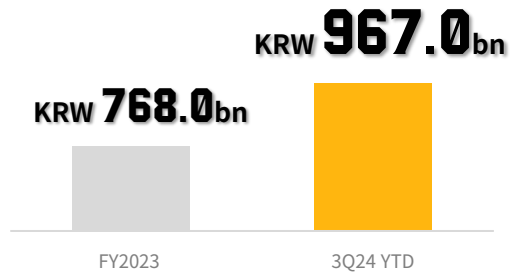
REVENUE



3Q 2024 Revenue KRW 719.3bn

Meaningful Traffic and Monetization Across All Core PUBG IP Products
Record High Quarterly Revenue for Three Consecutive Quarters

OPERATING PROFIT



3Q 2024 Operating Profit KRW 324.4bn

71.4% Growth YoY Driven by Strong Revenue Growth, Outperforming Annual OP of FY23 in Three Quarters

3Q24 Results at a Glance

AI INVESTMENT

KRW 1,000+ bn

Secure AI Talent and R&D of Foundation Technologies

Cumulative Investment from 2021 to Sept 2024

PUBG IP Franchise

Growth as a Global IP Franchise Continuing Strong Live Service Updates

PUBG BATTLEGROUNDS

Scaling-up Live Service and Exploring New Content Supported by High Global Traffic

MAJOR IN-GAME UPDATES

- Gunplay Updates and New In-game Features
- Robust Matchmaking and Anti-Cheat
- Map Updates and Preparing Transition to UE5

MAJOR OUT-GAME UPDATES

- Progressive Weapon Skin Seasonal Events
- Seasonal Workshop Supercar Collaborations
- Premium IP & K-Pop Artist Collaborations



Lamborghini Collaboration

PUBG MOBILE

New Gameplay with Themed Modes and Enhancing Revenue Efficiency through Elaborate Monetization

THEMED MODES AND MONETIZATION

- Version Updates and Shop/Pass Items based on New Themed Modes
- Monetization Strategy Considering User and Regional Preferences

STRONG GLOBAL TRAFFIC

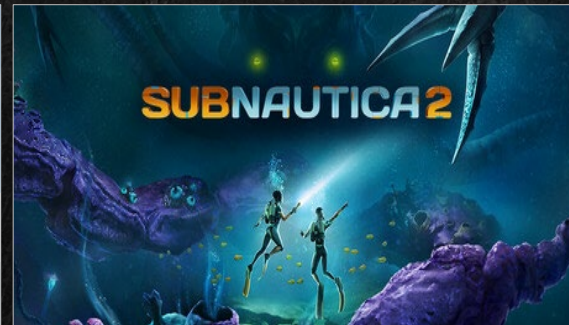
- Providing Fresh Gameplay through Modes such as World of Wonder and Metro Royale
- Focusing on New Mobile Gaming Markets including the MENA Region



Ocean Odyssey Themed Mode

New Games

Pipeline Expansion as a Global Game Company with Diverse Genres, Scales, and Platforms



KRAFTON

- Developed by KRAFTON
- Platform: PC, Console
- Genre: Life Simulation
- Steam Wishlist #12
- Application of AI technology and user generated content

UNKNOWN WORLDS

- Developed by Unknown Worlds
- Platform: PC, Console
- Genre: Open-Water Survival Adventure
- Partnership with Xbox Game Pass
- Co-op multiplayer and new world

PUBG STUDIOS ADRENALINE RUSH LAB

- Developed by PUBG Studios
- Platform: PC
- Genre: 5 vs 5 Top-down PvP Shooter
- Demo revealed at G-Star 2024
- Fast-paced shooting and unique art

5MINOLAB

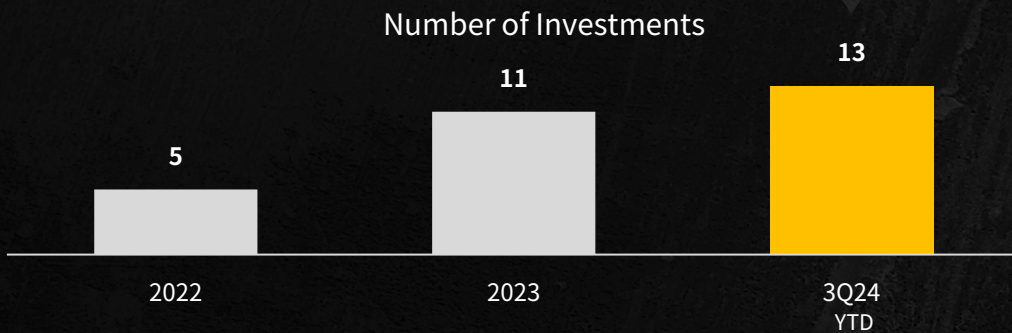
- Developed by 5minLab
- Multiplatform
- Genre: Frontier Life Simulation
- Mobile demo at G-Star 2024
- Live service game with strengthened multiplayer elements

Investment, 2PP / India

Active Mid to Long Term Investment and India Expansion Strategy

Investment Future Growth and Securing Unique IP

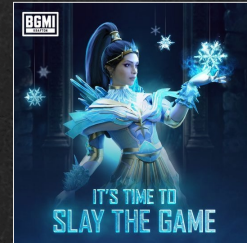
Palworld	Wolf Haus Games	Day 4 Night
IP License Agreement	Minority Investment	Minority Investment
Development of Palworld Mobile by KRAFTON Reinterpreting the Core Fun of the Original PC Game	Dev Team with Film/Gaming Industry Backgrounds Action Simulation (PC/Console) ROFN ¹⁾ on Publishing	Veteran Western Dev Team Action Adventure RPG (PC/Console) ROFN on Publishing



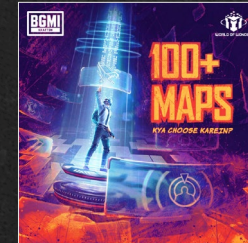
1) Right of First Negotiation

Localized Content for BGMI and 3rd Party Publishing

BGMI LOCAL CONTENT FOR INDIA



Bollywood Actress Collaboration



World of Wonder Updates



Artist Co-marketing



BGMI Esports

PUBLISHING



Cookie Run India



Archery King India

3Q24 Financial Results

3Q Earnings Summary

Revenue

KRW 719.3bn

Record high quarterly revenues for three consecutive quarters based on PUBG IP, increased 1.7% QoQ and 59.7% YoY

Operating Profit

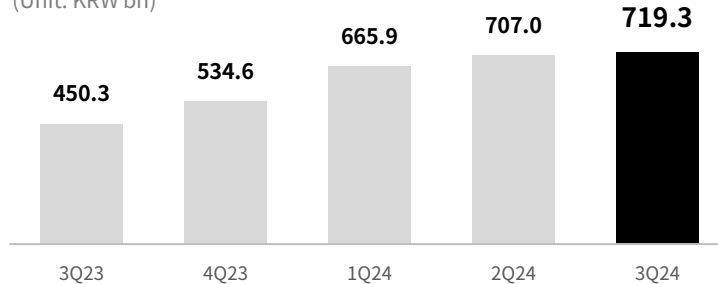
KRW 324.4bn

71.4% YoY increase due to strong revenue growth

(Unit: KRW bn)	3Q 2023	2Q 2024	3Q 2024	QoQ	YoY
Revenue	450.3	707.0	719.3	1.7%	59.7%
PC	121.3	191.3	274.3	43.4%	126.1%
Mobile	309.1	499.9	425.4	-14.9%	37.6%
Console	12.0	8.8	11.8	34.9%	-1.7%
Others	7.9	7.0	7.8	11.3%	-1.3%
Operating Expenses	261.0	374.9	394.9	5.3%	51.3%
Operating Profit	189.3	332.1	324.4	-2.3%	71.4%
<i>% margin</i>	<i>42.0%</i>	<i>47.0%</i>	<i>45.1%</i>	<i>-1.9%p</i>	<i>3.1%p</i>
Adj. EBITDA¹	197.3	394.0	365.4	-7.3%	85.2%
<i>% margin</i>	<i>43.8%</i>	<i>55.7%</i>	<i>50.8%</i>	<i>-4.9%p</i>	<i>7.0%p</i>
Net Profit	211.6	341.4	121.4	-64.5%	-42.6%
<i>% margin</i>	<i>47.0%</i>	<i>48.3%</i>	<i>16.9%</i>	<i>-31.4%p</i>	<i>-30.1%p</i>

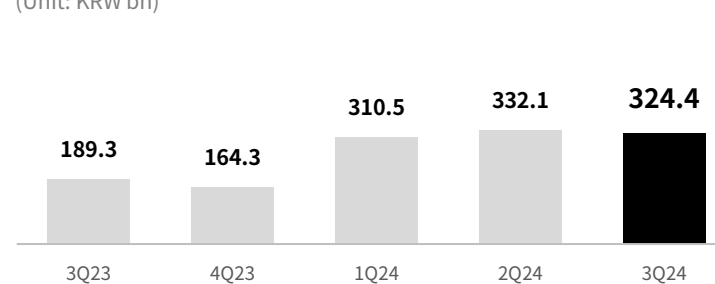
Revenue

(Unit: KRW bn)



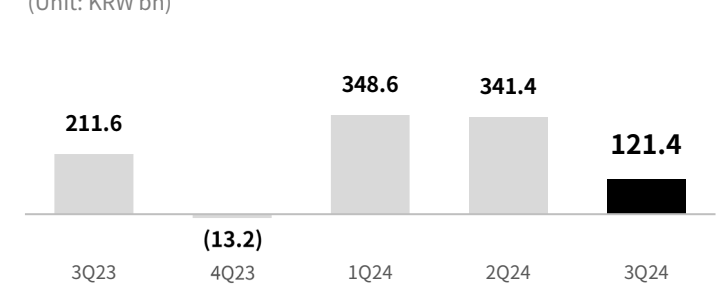
Operating Profit

(Unit: KRW bn)



Net Profit

(Unit: KRW bn)



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

Revenue Breakdown

Revenue

PC **3Q24 KRW 274.3bn** (QoQ 43.4% ↑, YoY 126.1% ↑)

Mobile **3Q24 KRW 425.4bn** (QoQ 14.9% ↓, YoY 37.6% ↑)

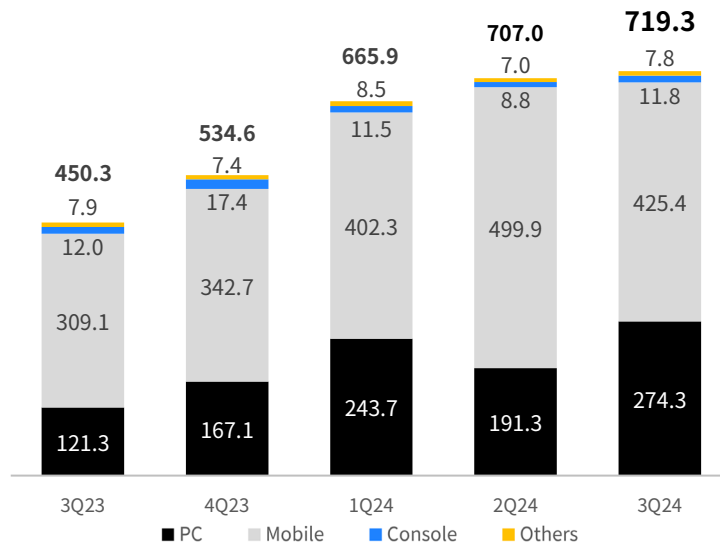
Console **3Q24 KRW 118bn** (QoQ 34.9% ↑, YoY 1.7% ↓)

(Unit: KRW bn)

	3Q 2023	2Q 2024	3Q 2024	QoQ	YoY
Revenue	450.3	707.0	719.3	1.7%	59.7%
PC	121.3	191.3	274.3	43.4%	126.1%
Mobile	309.1	499.9	425.4	-14.9%	37.6%
Console	12.0	8.8	11.8	34.9%	-1.7%
Others	7.9	7.0	7.8	11.3%	-1.3%

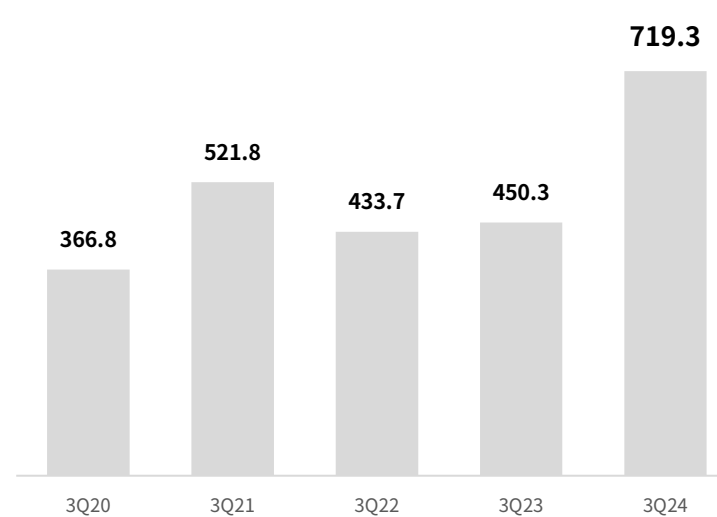
Quarterly Revenue Breakdown (by Platform)

(Unit: KRW bn)



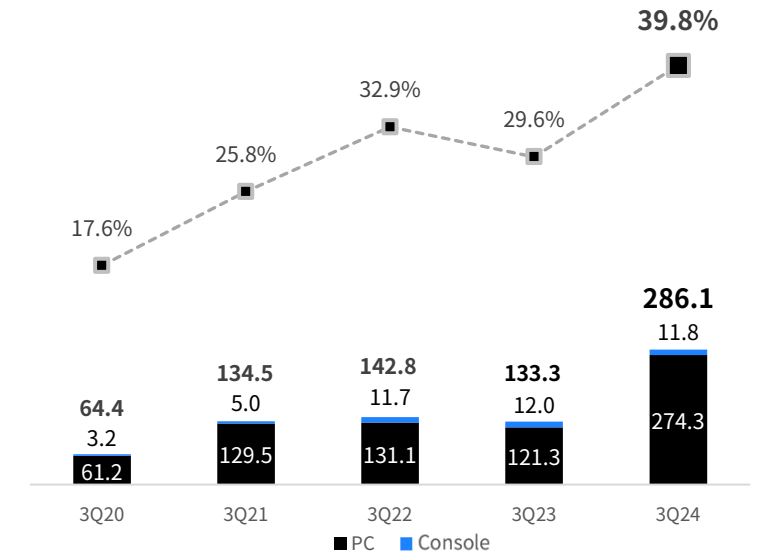
3Q Revenue Trend

(Unit: KRW bn)



3분기 PC/Console Revenue

(Unit: KRW bn)



Operating Expenses & Profit

Operating Expenses

3Q24 KRW 394.9bn (QoQ 5.3% ↑, YoY 51.3% ↑)

Increased 5.3% QoQ and 51.3% YoY due to rise in platform fees / cost of revenue and marketing expenses

Operating Profit

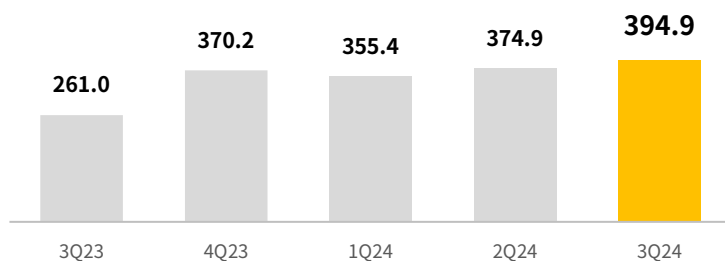
3Q24 KRW 324.4bn (QoQ 2.3% ↓, YoY 71.4% ↑)

Declined 2.3% QoQ and increased 71.4% YoY due to revenue growth despite the rise in expenses

(Unit: KRW bn)	3Q 2023	2Q 2024	3Q 2024	QoQ	YoY
Operating Expenses	261.0	374.9	394.9	5.3%	51.3%
Personnel	102.3	129.6	133.1	2.7%	30.1%
Platform Fees / Cost of Revenue ¹⁾	59.9	77.5	101.1	30.4%	68.6%
Paid Commissions	64.9	76.4	80.4	5.2%	24.0%
Marketing	18.1	21.2	29.9	40.8%	65.7%
Share-based Payment Expenses	(19.8)	35.2	14.5	-58.9%	n/m
Others	35.6	35.0	35.9	2.6%	0.8%
Operating Profit	189.3	332.1	324.4	-2.3%	71.4%
<i>% margin</i>	<i>42.0%</i>	<i>47.0%</i>	<i>45.1%</i>	<i>-1.9%p</i>	<i>3.1%p</i>
Adj. EBITDA²⁾	197.3	394.0	365.4	-7.3%	85.2%
<i>% margin</i>	<i>43.8%</i>	<i>55.7%</i>	<i>50.8%</i>	<i>-4.9%p</i>	<i>7.0%p</i>

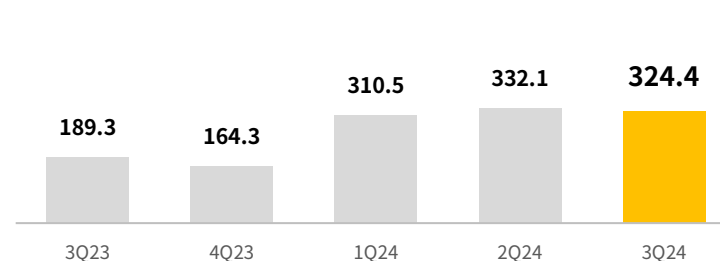
Operating Expenses

(Unit: KRW bn)



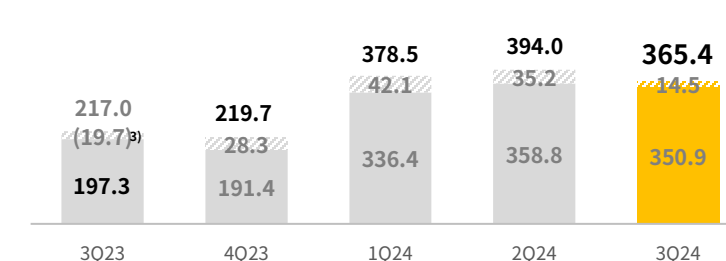
Operating Profit

(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

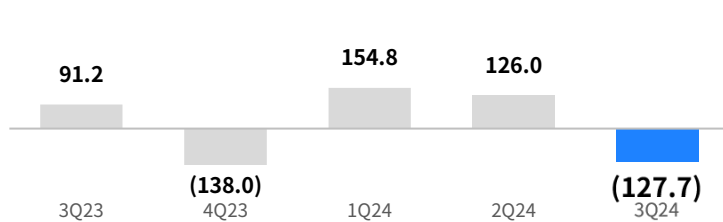
3Q24 KRW 121.4bn (QoQ 64.5 ↓, YoY 42.6% ↓)

Declined 64.5% QoQ and 165.7% YoY due to FX related losses

(Unit: KRW bn)	3Q 2023	2Q 2024	3Q 2024	QoQ	YoY
Non-Operating Profit	91.2	126.0	(127.7)	적자전환	적자전환
Non-Operating Income	103.3	144.1	(21.5)	적자전환	적자전환
Other Income	94.7	134.8	(28.3)	적자전환	적자전환
Finance Income	8.6	9.3	6.8	-26.7%	-20.5%
Non-Operating Expense	12.1	18.1	106.2	485.5%	779.2%
Other Expenses	9.8	15.7	103.8	561.0%	963.1%
Finance Expenses	2.3	2.4	2.4	-2.7%	2.3%
Profit Before Income Tax	280.4	458.1	196.7	-57.1%	-29.9%
Income Tax	68.8	116.7	75.4	-35.4%	9.4%
Net Profit	211.6	341.4	121.4	-64.5%	-42.6%
<i>% Margin</i>	47.0%	48.3%	16.9%	-31.4%p	-30.1%p

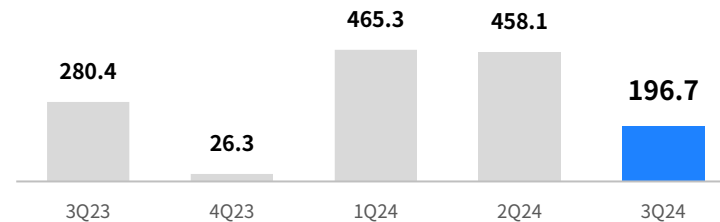
Non-Operating Profit

(Unit: KRW bn)



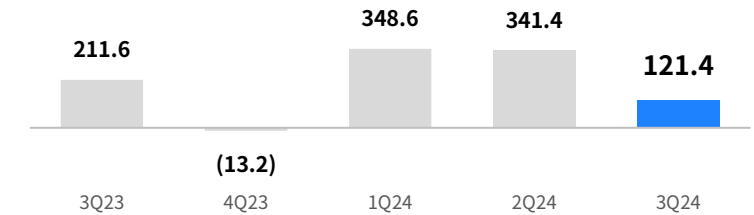
Profit before Income Tax

(Unit: KRW bn)



Net Profit

(Unit: KRW bn)



Q&A

CFO

Dongkeun Bae

Head of Deep Learning

Kangwook Lee

Summary of Financial Statements

Consolidated Income Statement

(KRW bn)	2023		2024		3Q
	3Q	4Q	1Q	2Q	
Revenue	450.3	534.6	665.9	707.0	719.3
Operating Costs	261.0	370.2	355.4	374.9	394.9
Operating Profits	189.3	164.4	310.5	332.1	324.4
Adj. EBITDA	217.0	191.4	336.4	358.8	350.9
Adj. EBITDA¹⁾	197.3	219.7	378.5	394.0	365.4
Non-Operating Profit	91.2	(138.1)	154.8	126.0	(127.7)
Other Income	94.7	182.8	180.7	134.8	(28.3)
Other Expenses	9.8	326.3	32.5	15.7	103.8
Finance Income	8.6	7.8	8.9	9.3	6.8
Finance Expenses	2.3	2.4	2.3	2.4	2.4
Profit Before Income Tax	280.4	26.3	465.3	458.1	196.7
Income Tax	68.8	39.5	116.7	116.7	75.3
Net Profit	211.6	(13.2)	348.6	341.4	121.4

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

Consolidated Statement of Financial Position

(KRW bn)	2023	3Q 2024
Assets		
Current Assets	3,964.4	4,494.2
Cash and Cash Equivalents ¹⁾	3,061.4	3,442.8
Others	903.0	1,051.4
Non-current Assets	2,476.0	2,783.2
Property and equipment	257.0	246.5
Intangibles	607.8	608.7
Investment in Associates	571.3	723.1
Others	1,039.9	1,204.9
Total Assets	6,440.4	7,277.4
Liabilities		
Current Liabilities	520.7	647.6
Non-current Liabilities	360.9	371.1
Total Liabilities	881.6	1,018.7
Equity		
Shareholders' equity	5,554.4	6,256.8
Paid-in Capital	4.9	4.9
Capital Surplus	1,472.0	1,478.3
Other Components of Equity	182.5	184.2
Retained Earnings	3,895.0	4,589.4
Non-controlling Interests	4.4	1.9
Total Equity	5,558.8	6,258.7

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.