

A person in silhouette is captured in the middle of kicking a soccer ball. The scene is set in a dark room with a large, curved wall. On the wall, the word 'KRAFTON' is written in large, bold, black letters. The person is positioned in the lower right quadrant of the frame, and the ball is on the floor near their feet. The overall atmosphere is dramatic and focused on the action of the kick.

# 1Q 2024 Earnings Results

**KRAFTON**

2024. 5. 8

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# REVENUE

1Q24 Revenue

KRW **665.9**bn

A new record high quarterly revenue driven by growth of PUBG PC, Mobile, and Console

# OPERATING PROFIT

1Q24 Operating Profit

KRW **310.5**bn

Operating profit rose 89% QoQ and 10% YoY bolstered by solid revenue growth and stable cost expenses

# INVESTMENT

Game Studio Investments to be completed in 1H24

**9**cases

Discovering unearthed creatives around the world and accelerating early-stage studio investments

# 1Q24 Results at a Glance

# PUBG IP Franchise

Strengthen Presence as a Global IP Contributed by Healthy Traffic of PUBG PC and Mobile

**PUBG**  
**BATTLEGROUNDS**

**PUBG**  
**MOBILE**

**BATTLEGROUNDS**  
**MOBILE INDIA**



User  
Engagement



Rondo Features, 7<sup>th</sup> Anniversary Updates



6<sup>th</sup> Anniversary Theme Mode, Home System



Indian Holiday Content, Bollywood Marketing



Profitability



Progressive Weapon Skin Seasonal Event



Bentley Collaboration Skins



UniPin Web Payment Service and Promotions

# Dark and Darker Mobile

**Preparing Global Launch** through Tests in Korea followed by Expanded Marketing

## DARK AND DARKER MOBILE

2Q24

### Closed Beta Test

- CBT in Korea to test build stability
- Focus Group Interview for global regions
- User feedback and market validation

Build Core Community

3Q24

### Open Beta Test

- OBT in Korea to enhance build quality
- In-game currency and monetization
- Initiate global marketing activities

Expansion of Global Marketing

4Q24

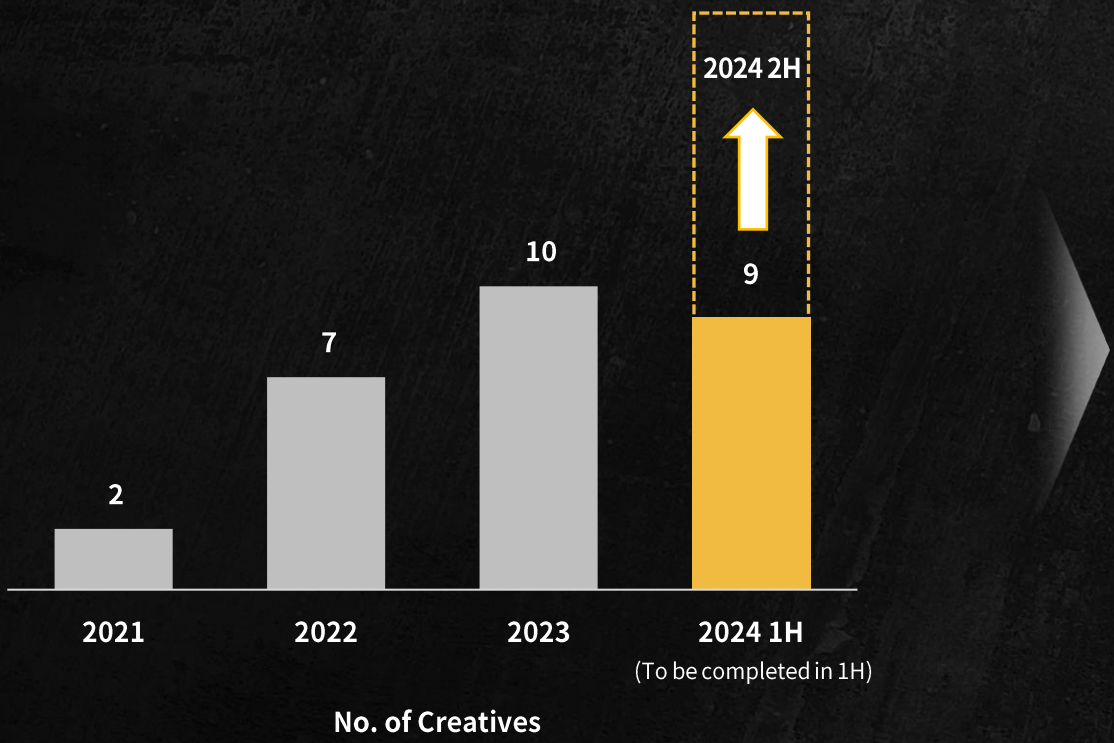
### Global Launch

- Targeted marketing for key regions
- Secure large global traffic
- In/Out-game content updates

Strengthen Traffic and Retention

# Equity Investment & 2PP

Accelerating Equity Investments and 2<sup>nd</sup> Party Publishing for **More and Faster Attempts**



## Major Investments in 1Q24



A New Studio Founded  
by Industry Veterans

Developing a Survival PvP Experience, 'Project Coltrane'



Securing Leaderships in  
Multiplayer Shooter

High Understanding of Western Gamers  
Leadership Roles on AAA Shooter Franchise Development

**Continued Expansion of Mid-to-Long Term Pipeline  
Through Securing Global Creatives**

## Aiming India's #1 Publisher through Game Publishing and Investments

### Game Publishing



#### Bullet Echo India

- Top-down BR Shooter
- Pre-registration ('24. 3. 26)
- Launch ('24. 4. 15)



#### CookieRun

- Casual Running Action
- Targeting launch in '24

Discovering Games Fit for Indian Market  
Planning to Publish 6+ New Games in 2024

### Investments and Strategic Partnerships



Continue to Invest for New Opportunities and Strategic Synergies  
Local Game Company Investments for Servicing New Games

Game Centric Investment to  
Strengthen Presence in India

### Indian Game Ecosystem



KRAFTON INDIA  
Gaming Incubator (KIGI)



Indian Digital Gaming Society

2 Start-ups Selected from 200 Applicants for KIGI ('24. 3)  
KRAFTON India CEO Appointed Vice President of IDGS ('24. 4)

Mutual Growth with Indian Gaming Market

## Focusing on **Game Development Efficiency** and **Discovering New Gameplay** through AI

### Increasing Efficiency in Development

#### Traditional Method

- Game design by developers
- Build game bots manually
- Script written by authors
- Continuous service cost
- Recordings by voice actors
- Limited voice and emotions
- Risks including Copyright issues
- Unable to use directly in games

#### KRAFTON

##### Reinforced Learning

- Bots for QA and game design
- Automated bot generation

##### LLM Agent

- Generate infinite dialogue
- Less burden to client/GPU

##### Text-to-Speech

- TTS with short voice samples
- Acting/emotions for games

##### KRAFTing Assets

- Generation of Assets
- Direct use in games

KRAFTingAssets  
2D→3D  
Art Generation Example



### Discovering New Gameplay

#### KRAFTON

100% Subsidiary

**ReLU**  
GAMES  
Relu Games

- Spin-off of Special Project 2 ('23. 6)
- Small & fast projects related to Deep Learning
- Focus on the fun of games and marketability
- 4 projects in development as of 1Q 2024
- Developed by ReLU Games
- AI based chat feature with NPCs using LLM
- Immersive detective adventure game
- Targeting Steam launch in June 2024

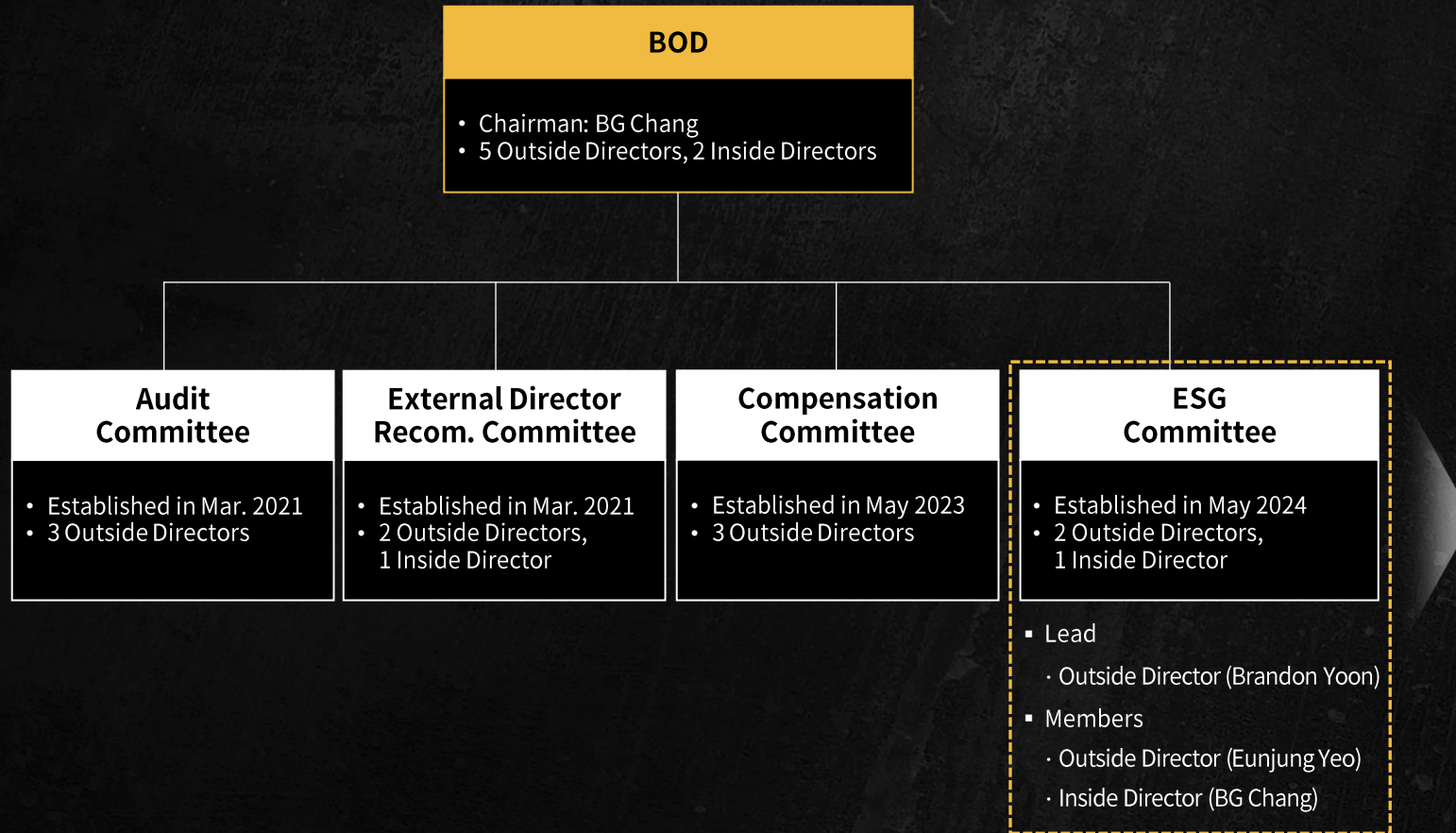


Uncover the Smoking Gun



# Establishing ESG Committee

Laying a Foundation for Sustainable Growth by **Ensuring Sustainability in Management Practices**



To Oversee and Manage Strategies, Ensuring Sustainable Management Practices in the Areas of ESG to Enhance Shareholder Value

- Phase I** Establish ESG Committee
- Phase II** Set Up ESG Management Strategy and Goal  
Oversee and Manage ESG Management Performance and Risks
- Phase III** Enhance Shareholder Value through Ensuring Sustainability in Management Decisions

# 1Q24 Financial Performance

# 1Q Earnings Summary

## Revenue

**KRW 665.9bn**

A quarterly record high revenue on the back of strong PUBG IP presence, rose 24.6% QoQ and 23.6% YoY

## Operating Profit

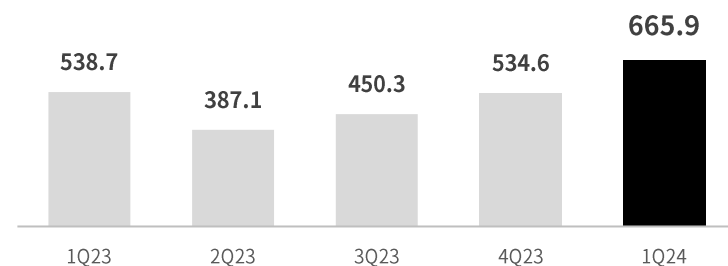
**KRW 310.5bn**

Rose 89.0% QoQ and 9.7% YoY on solid revenue growth of PUBG IP and stabilized cost trend

(Unit: KRW bn)	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
<b>Revenue</b>	<b>538.7</b>	<b>534.6</b>	<b>665.9</b>	<b>24.6%</b>	<b>23.6%</b>
PC	178.5	167.1	243.7	45.8%	36.5%
Mobile	348.2	342.7	402.3	17.4%	15.5%
Console	7.2	17.4	11.5	-34.0%	58.5%
Others	4.8	7.4	8.4	14.6%	77.2%
<b>Operating Expenses</b>	<b>255.7</b>	<b>370.2</b>	<b>355.4</b>	<b>-4.0%</b>	<b>39.0%</b>
<b>Operating Profit</b>	<b>283.0</b>	<b>164.3</b>	<b>310.5</b>	<b>89.0%</b>	<b>9.7%</b>
% Margin	52.5%	30.7%	46.6%	15.9%p	-5.9%p
<b>Adj. EBITDA<sup>1)</sup></b>	<b>319.0</b>	<b>219.7</b>	<b>378.5</b>	<b>72.3%</b>	<b>18.7%</b>
% Margin	59.2%	41.1%	56.8%	15.7%p	-2.4%p
<b>Net Profit</b>	<b>267.2</b>	<b>(13.2)</b>	<b>348.6</b>	<b>T/P<sup>2)</sup></b>	<b>30.5%</b>
% Margin	49.6%	-2.5%	52.4%	n/m	2.7%p

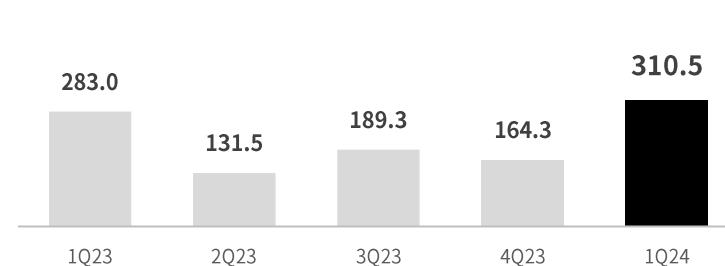
### Revenue

(Unit: KRW bn)



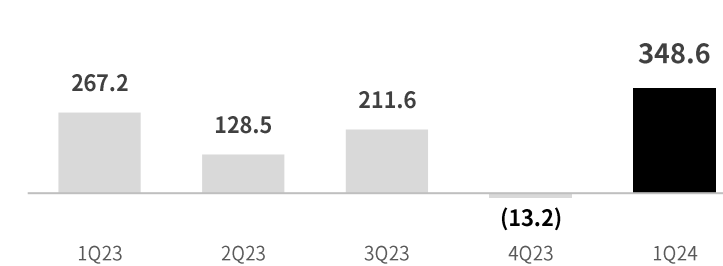
### Operating Profit

(Unit: KRW bn)



### Net Profit

(Unit: KRW bn)



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

2) T/P: Turned to Profit

# Revenue Breakdown

## Revenue

**PC** 1Q24 KRW 243.7bn (45.8% ↑ QoQ, 36.5% ↑ YoY)

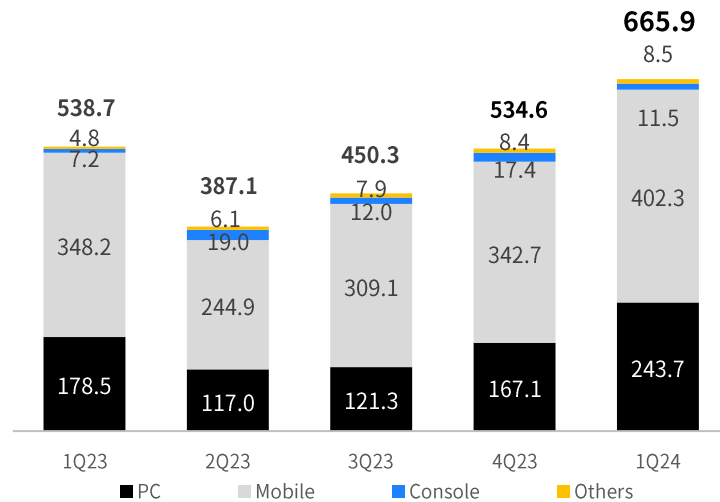
**Mobile** 1Q24 KRW 402.3bn (17.4% ↑ QoQ, 15.5% ↑ YoY)

**Console** 1Q24 KRW 11.5bn (34.0% ↓ QoQ, 58.5% ↑ YoY)

(Unit: KRW bn)	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
<b>Revenue</b>	<b>538.7</b>	<b>534.6</b>	<b>665.9</b>	<b>24.6%</b>	<b>23.6%</b>
PC	178.5	167.1	243.7	45.8%	36.5%
Mobile	348.2	342.7	402.3	17.4%	15.5%
Console	7.2	17.4	11.5	-34.0%	58.5%
Others	4.8	7.4	8.4	14.6%	77.2%

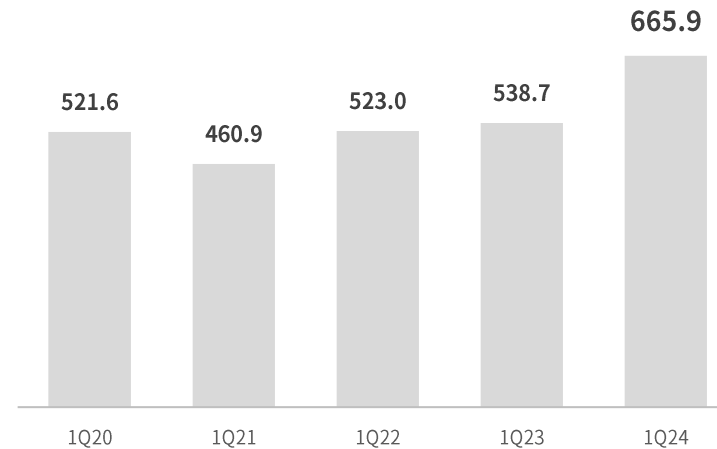
Revenue Breakdown (by Platform)

(Unit: KRW bn)



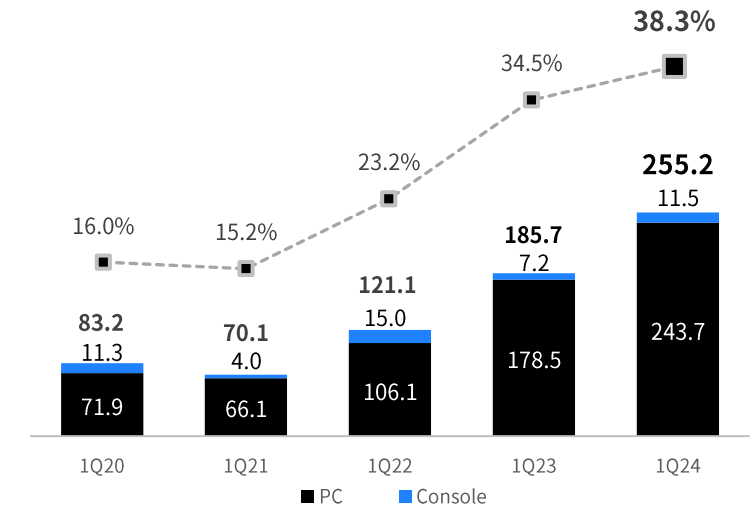
1Q Revenue Trend

(Unit: KRW bn)



PC/Console Revenue Proportion

(Unit: KRW bn)



# Operating Expenses & Profit

## Operating Expenses

**1Q24**      **KRW 355.4bn** (4.0% ↓ QoQ, 39.0% ↑ YoY)

Declined 4.0% QoQ on the back of stabilized cost trend,  
Increased 39.0% YoY due to rise in platform fees / cost of revenue  
and share-based payment expenses

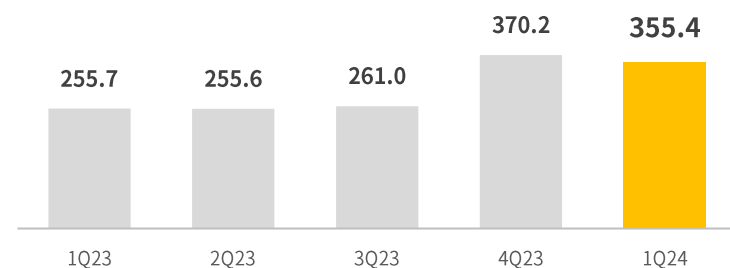
## Operating Profit

**1Q24**      **KRW 310.5bn** (89.0% ↑ QoQ, 9.7% ↑ YoY)

(Unit: KRW bn)	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
<b>Operating Expenses</b>	<b>255.7</b>	<b>370.2</b>	<b>355.4</b>	<b>-4.0%</b>	<b>39.0%</b>
Personnel	100.8	120.9	121.4	0.4%	20.4%
Platform fees / Cost of Revenue <sup>1)</sup>	46.7	87.9	85.9	-2.3%	83.8%
Paid Commissions	61.6	61.9	61.3	-1.0%	-0.4%
Marketing	5.1	34.2	12.4	-63.8%	144.1%
Share-based Payment Expenses	10.0	28.3	42.1	48.9%	319.5%
Others	31.4	36.9	32.3	-12.6%	2.6%
<b>Operating Profit</b>	<b>283.0</b>	<b>164.3</b>	<b>310.5</b>	<b>89.0%</b>	<b>9.7%</b>
% margin	52.5%	30.7%	46.6%	15.9%p	-5.9%p
<b>Adj. EBITDA<sup>2)</sup></b>	<b>319.0</b>	<b>219.7</b>	<b>378.5</b>	<b>72.3%</b>	<b>18.7%</b>
% margin	59.2%	41.1%	56.8%	15.7%p	-2.4%p

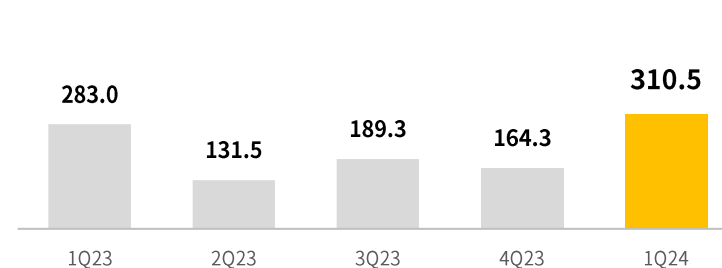
### Operating Expenses

(Unit: KRW bn)



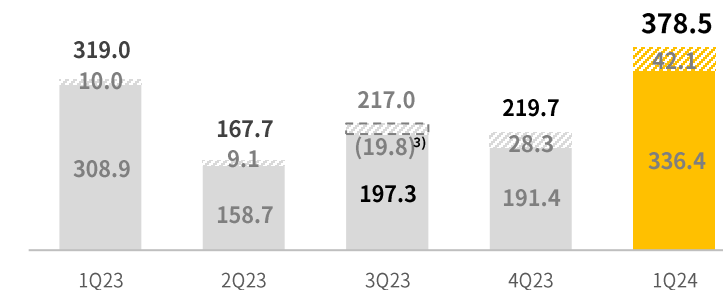
### Operating Profit

(Unit: KRW bn)



### Adj. EBITDA

(Unit: KRW bn)



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

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

3) Reversal of Share-based Payment Expenses

# Net Profit

## Net Profit

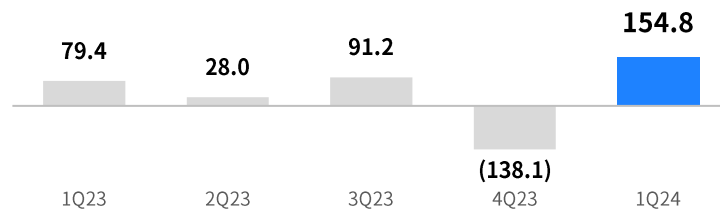
**1Q24**      **KRW 348.6bn** (T/P<sup>1</sup>) QoQ, 30.5% ↑ YoY

Turned to profit QoQ impacted by low based from impairment of intangible assets in 4Q23,  
Rose 30.5% YoY on the back of FX-related gains from strong dollar

(Unit: KRW bn)	1Q 2023	4Q 2023	1Q 2024	QoQ	YoY
<b>Non-Operating Profit</b>	79.4	(138.1)	154.8	T/P <sup>1</sup>	94.9%
<b>Non-Operating Income</b>	141.8	190.6	189.6	-0.5%	33.7%
Other Income	132.0	182.8	180.7	-1.2%	36.9%
Finance Income	9.9	7.8	8.9	15.0%	-9.4%
<b>Non-Operating Expense</b>	62.4	328.6	34.8	-89.4%	-44.2%
Other Expenses	60.5	326.3	32.5	-90.0%	-46.2%
Finance Expenses	1.9	2.4	2.3	-3.0%	18.8%
<b>Profit Before Income Tax</b>	362.4	26.3	465.3	1,670.7%	28.4%
Income Tax	95.2	39.5	116.7	195.3%	22.6%
<b>Net Profit</b>	267.2	(13.2)	348.6	T/P <sup>1</sup>	30.5%
<i>% margin</i>	49.6%	-2.5%	52.4%	n/m	2.7%p

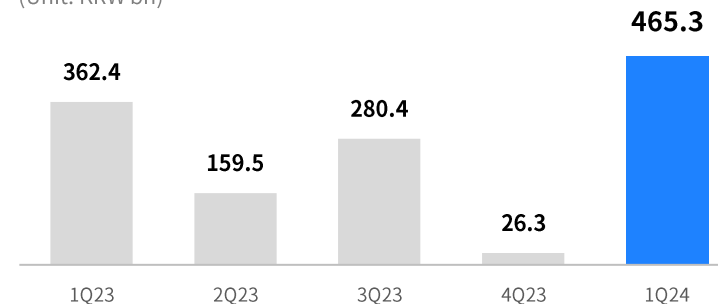
### Non-Operating Profit

(Unit: KRW bn)



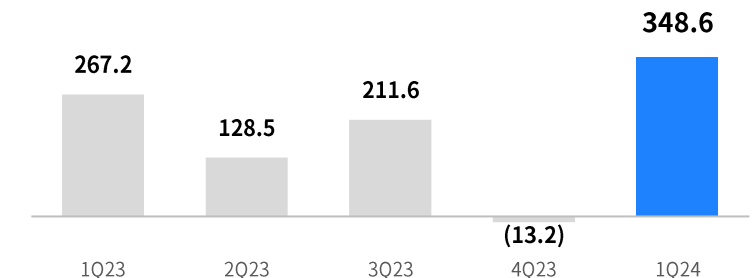
### Profit Before Income Tax

(Unit: KRW bn)



### Net Profit

(Unit: KRW bn)



1) T/P: Turned to Profit



# Summary of Financial Statements

## Consolidated Income Statement

(KRW bn)	2023				2024
	1Q	2Q	3Q	4Q	1Q
<b>Revenue</b>	538.7	387.1	450.3	534.6	665.9
Operating Costs	255.7	255.6	261.0	370.2	355.4
<b>Operating Profits</b>	<b>283.0</b>	<b>131.5</b>	<b>189.3</b>	<b>164.3</b>	<b>310.5</b>
EBITDA	308.9	158.7	217.0	191.4	336.4
<b>Adj. EBITDA<sup>1)</sup></b>	<b>319.0</b>	<b>167.7</b>	<b>197.3</b>	<b>219.7</b>	<b>378.5</b>
<b>Non-Operating Profit</b>	<b>79.4</b>	<b>28.0</b>	<b>91.2</b>	<b>(138.1)</b>	<b>154.8</b>
Other Income	132.0	74.0	94.7	182.8	180.7
Other Expenses	60.5	54.9	9.8	326.3	32.5
Finance Income	9.9	11.3	8.6	7.8	8.9
Finance Expenses	1.9	2.3	2.3	2.4	2.3
<b>Profit Before Income Tax</b>	<b>362.4</b>	<b>159.5</b>	<b>280.4</b>	<b>26.3</b>	<b>465.3</b>
Income Tax	95.2	31.0	68.9	39.5	116.7
Profit from Discontinued Operations	-	-	-	-	-
<b>당기순이익</b>	<b>267.2</b>	<b>128.5</b>	<b>211.6</b>	<b>(13.2)</b>	<b>348.6</b>

## Consolidated Statement of Financial Position

(KRW bn)	FY2023	1Q 2024
<b>Assets</b>		
<b>Current Assets</b>	<b>3,964.4</b>	<b>4,330.8</b>
Cash and Cash Equivalents <sup>1)</sup>	3,061.4	3,365.3
Others	903.0	965.5
<b>Non-current Assets</b>	<b>2,476.0</b>	<b>2,588.5</b>
Property and equipment	257.0	248.7
Intangibles	607.8	628.2
Investment in Associates	571.3	576.1
Others	1,039.9	1,135.5
<b>Total Assets</b>	<b>6,440.5</b>	<b>6,919.2</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>	<b>520.7</b>	<b>644.6</b>
<b>Non-current Liabilities</b>	<b>360.9</b>	<b>354.8</b>
<b>Total Liabilities</b>	<b>881.6</b>	<b>999.4</b>
<b>Equity</b>		
<b>Shareholders' equity</b>	<b>5,554.4</b>	<b>5,916.8</b>
Paid-in Capital	4.9	4.9
Capital Surplus	1,472.0	1,471.5
Other Components of Equity	182.5	195.5
Retained Earnings	3,895.0	4,244.9
<b>Non-controlling Interests</b>	<b>4.4</b>	<b>3.0</b>
<b>Total Equity</b>	<b>5,558.8</b>	<b>5,919.8</b>

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



# 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.