

KRAFTON, Inc Full Fiscal Year 2023 Report Overview

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Goals and Objectives of the Research

Research Objective: To study Krafton, Inc. publicly available financial information, determine the company's development strategy, and compile an overview of its Annual Financial Reports.

Research Tasks:

- Find the company's comprehensive financial and corporate information;
- Analyze the gathered information;
- Draw conclusions based on the analyzed data.

Disclaimers

The information collected in this report reflects data from the company's public reports and is not questioned or verified via other sources. In other words, information from the company's public reports is taken and used as is.

If additional information from other sources is used or if the data used is reflective of the researcher's personal opinion, this will be labeled accordingly.

Document Markup

- FY - Financial Year;
- H - Half Year;
- Krafton - KRAFTON, Inc.;
- This report uses the American number format: a period is used as the decimal separator, while commas separate thousands;
- Year-over-year (YoY) calculations of relative values were not performed in cases where last year's profit changed to a loss in the current year and vice versa within the scope of the current report;
- Krafton report period is from January 1, 2023 to December 31, 2023;
 - The specified financial year coincides with the calendar year.

Conclusions

General Information

Parameter	KRAFTON, Inc
Website	krafton.com
Country (location)	KOR
Country (issuer)	KOR *
Year of foundation	2007 **
Founder	Byung-Gyu Chang
Sector	Communication Services ***
Type	Public
Year of IPO	2021 *
Stock market	KRX
Ticker	259960 *
Previous Annual Report from Data40	-
Previous Quarterly Report from Data40	KRAFTON, Inc Q2FY24 Report Overview

*Note: To access the registry, enter "259960" in the "Search Issue" field and click the magnifying glass icon.

**Note: Krafton was created in November 2018 to serve as the parent company of Bluehole, which was founded by Chang Byung-Gyu in Seoul in March 2007, along with its subsidiaries.¹

***Note: Krafton is part of the KRX 300 Communication Services. To access the registry, enter "KRX 300 Communication Service" in the "Search Issue" field and click the magnifying glass icon. To access the full list of "Constituent", click the "+" above the list.

¹ [Krafton Web, History](#)

Members of the Board and Managers^{2 3}

Board of Directors		
Name	Title	Since
Byung-Gyu Chang	Founder, Chairman of the Board of Directors, Member of Independent Director Recommendation Committee, Member of ESG Committee, Executive Director	2007 *
Changhan Kim	Chief Executive Officer	2020
Eun Jung Yeo	Chairman of Audit Committee, Member of ESG Committee	-
Sue Kyung Lee	Chairman of Independent Director Recommendation Committee	-
Bora Chung	Chairman of Compensation Committee, Member of Audit Committee	2023
Yang Hee Baik	Member of Audit Committee, Member of Independent Director Recommendation Committee	-
Kuh (Brandon) Yoon	Chairman of ESG Committee, Member of Compensation Committee	2023

Executive Team		
Name	Title	Since
Byung-Gyu Chang	Founder, Chairman of the Board of Directors, Member of Independent Director Recommendation Committee, Member of ESG Committee, Executive Director	2007 *
Changhan Kim	CEO	2020
Dong-Geun Bae	CFO	2018

*Note: Byung-Gyu Chang founded Bluehole in 2007 and Krafton in 2018.

² [Krafton Web, Directors](#)

³ [MarketScreener, Krafton](#)

Employees⁴

Parameter	Number of Employees
Number of Employees as of Mar 31, 2021	1,200
Number of Employees as of Mar 31, 2022	1,600
Number of Employees as of Mar 31, 2023	1,700

Shareholders

Shareholders Structure

Ownership Breakdown as of Sep 13, 2024 ⁵		
Owner Type	Number of Shares	Ownership Percentage, %
General Public	19,922,654	43.84
Institutions	9,629,433	21.19
Individual Insiders	9,250,121	20.35
Public Companies	6,641,640	14.62
Total Shares	45,443,848	100.00

Number of outstanding shares - 46,212,122⁶ (as of December 31, 2023).

⁴ [SimplyWall, Krafton Number of Employees](#)

⁵ [SimplyWall, Krafton Ownership](#)

⁶ [Krafton Consolidated Annual Report 2023, p.11](#)

Shareholders Equities

Top 10 Shareholders as of Sep 13, 2024 ⁷				
Name	Number of Shares	Current Value ⁸ , mill KRW	Last Reported Holding Date	Ownership Percentage, %
Byung-Gyu Chang	7,425,468	2,400,000	Aug 23, 2024	16.34
Tencent Holdings Limited	6,641,640	2,100,000	Aug 23, 2024	14.62
National Pension Service	3,123,397	1,000,000	Jun 30, 2024	6.87
The Vanguard Group, Inc.	1,335,357	428,400	Jul 31, 2024	2.94
BonAngels Venture Partners, Inc.	942,375	302,500	Aug 23, 2024	2.07
BlackRock, Inc.	919,285	294,800	Aug 30, 2024	2.02
Jung-Hoon Kim	843,275	270,700	Aug 23, 2024	1.86
Changhan Kim	554,055	177,900	Aug 23, 2024	1.22
Norges Bank Investment Management	452,110	145,100	Jun 30, 2024	0.99
Samsung Asset Management Company, Ltd.	312,128	100,200	Jul 30, 2024	0.69
Total Top 10	22,547,443	7,219,600	-	49.62

⁷ [SimplyWall, Krafton Top Shareholders](#)

⁸ As of September 13, 2024

Mergers, Acquisitions, and Subsidiaries

Mergers and Acquisitions for 2013 - 2023

Mergers and Acquisitions		
Name	Date	Price, mill KRW
L-Time Games	Jan. 2014	-
Ginno Game	Jan 1, 2015	-
PNIX GAMES	Jun. 2015	-
MAUI GAMES	Nov. 2015	-
Red Sahara Studio	Mar 12, 2018	-
Delusion Studio	Jun 22, 2018	-
Between	May 14, 2021	-
Dreamotion	Jun. 2021	-
Thingsflow	Jul. 2021	-
Unknown Worlds Entertainment	Dec 12, 2021	-
5minlab	Feb. 2022	23,800
Neon Giant	Nov. 2022	-

A list of subsidiaries of Krafton, Inc. as of December 31, 2023, is available in the [Krafton Consolidated Annual Report 2023, p.62-63](#).

Note: This section may not fully represent all the company's transactions, but, within the scope of this current report, it presents the maximum amount of information available via open sources.

Company Strategy⁹

“Krafton is dedicated to identifying and publishing games worldwide that offer a uniquely enjoyable experience, crafted by our globally recognized production studios known for their distinctive creativity. We continuously push the boundaries of gaming enjoyment by embracing new challenges and technologies, expanding our platforms and services to captivate an even larger fan base. In collaboration with our passionate and driven team, we strive to establish ourselves as a renowned creator of masterpieces in the global gaming market”.

Company Values:

- **Originality and Creativity:** “We are pioneers in everything that we do, which requires us to be curious and stay creative. Krafton’s culture is comprised of each of our studio’s unique creative identities and the cutting edge technology that powers them. Our passion for creativity, combined with our fan-centric mentality, ensure that the KRAFTON will always be loved and trusted”;
- **Courage:** “We believe that bold attempts are required to solve problems. Challenges will arise in new and unpredictable ways, but we treat each one as a new opportunity and lesson learned. We understand that success is a result, not a goal, so we are constantly seeking new challenges to make us better, helping us build a foundation for future success”;
- **Teamwork:** “Teamwork is the foundation that allows us to achieve our goals. Our team members share a common vision and passion to help us realize these goals. Together, we are stronger, and we believe in leveraging our multicultural team to bring their own beliefs, ideas, and experiences to Krafton to resolve any challenges as one”.

Divisions¹⁰

“Our company is engaged in the gaming business as its main business, and we are adding business purposes as we advance into new businesses and diversify our business. The purpose of the business conducted by our company and stated in the Articles of Incorporation are as follows”.

1. Software development industry;
2. Software distribution business;
3. Real estate rental business;
4. Other sports (arts, sports and leisure-related) service industry;
5. Educational service industry, including lifelong education and lifelong education facility operation business;
6. Blockchain-related business and research and development;
7. Film, drama, video, digital content production and distribution business;
8. Music, record production and distribution industry;
9. Comics, webtoon production and distribution business;
10. Management consulting and support business;
11. All incidental projects related to the above paragraph.

⁹ In this chapter, quotes are used from the [Krafton Web. About](#)

¹⁰ In this chapter, quotes are used from the [Krafton Consolidated Annual Report 2023, p.9](#)

Gaming Structure¹¹

“We have the capacity and organizational structure to service multiple titles ourselves, and have established a total of 12 studio systems.

As the parent company, we are responsible for developing the game's development plan and direction through continuous communication with affiliated development studios from the early stages of game development, promoting marketing strategies for release, and executing service operation strategies”.

Development studios:

- [PUBG Studios](#);
- [Bluehole](#);
- [Rising Wings](#);
- [Dream motion](#);
- [Striking Distance Studio](#);
- [Unknown Worlds](#);
- [5minlab](#);
- [Neon Giant](#);
- [Montreal Studio](#);
- Prague Studio;
- [ReLU Games](#);
- [Flyway Games](#).

Cybersport:

“Since hosting the PUBG Global Invitational (PGI) in Germany in 2018, we have continuously organized eSports tournaments for “Battlegrounds”. In April 2023, we held PUBG Global Series (PGS) 1 in Malaysia, followed by PGS 2 in Saudi Arabia in August 2023, and the PUBG Nations Cup (PNC) in South Korea in September 2023. Additionally, we will host the PUBG Global Championship (PGC) in Thailand in November 2023, which is expected to achieve the highest viewership in PGC history. We are preparing for various global eSports events in 2024 and plan to actively leverage investment and partnerships.

Our goal is to create a cohesive narrative across the entire league rather than just hosting isolated eSports events, so that the story can serve as content. Through these eSports tournaments, we aim to expand our engagement with the public and strengthen our content business, fostering a positive cycle of interaction between games and eSports. Furthermore, eSports tournaments not only provide game broadcasts but also allow for additional marketing benefits, such as promoting the company's IP and launching collaboration products during the event.

We are forming partnerships with influential companies and establishing long-term relationships through multiple sponsorship agreements. By managing eSports operations in this way, we anticipate not only an increase in game users but also additional revenue through sponsorships, broadcasting rights, ticket sales, merchandise, and promotions”.

¹¹ In this chapter, quotes are used from the [Krafton Consolidated Annual Report 2023, p.30, 46](#)

Technology¹²

AI, Deep Learning technology:

“By proactively investing in and researching AI/deep learning technology, we have significantly improved the efficiency of game production, publishing, and operation, and have also contributed to discovering new game playability. In particular, we have introduced generative AI, which is closely related to game production, throughout the production process, and are developing a Virtual Game Friend that can play games like a real person, beyond the AI bot that supports game services.

In 2023, we presented industry-leading research results, such as five of our papers being accepted as regular tracks at the NeurIPS conference.

In 2024, we plan to establish an additional dedicated organization to expand our AI/deep learning research and development capabilities and continuously develop our technology level, ultimately aiming to provide new game play experiences and innovate creative production methods”.

¹² In this chapter, quotes are used from the [Krafton Consolidated Annual Report 2023, p.49](#)

Games

Genres of Games

Main game genres:¹³

- Sandbox
- Real-time strategy (RTS)
- Shooter:
 - FPS
 - TPS
- Multiplayer online battle arena (MOBA)
- Role-playing:
 - RPG
 - ARPG
 - CRPG
 - MMORPG
 - TRPG
 - Roguelike
 - Roguelite
- Simulation and sports
- Puzzler and party game
- Action-adventure
- Survival and horror
- Platformer

Note: This gaming genre structure, in our view, is the most comprehensive and flexible when specifying the genre of a particular game.

Main Games¹⁴

The games currently in service by the company and its affiliated studios are as follows:

KRAFTON, Inc.	
Name	Genre
PUBG: Battlegrounds	Shooter
New State Mobile	Shooter
Thunder Tier One	Shooter
Bowling King	Simulation and sports

¹³ [Hp. Video Game Genres](#)

¹⁴ [Krafton Consolidated Annual Report 2023, p.44-45](#)

Mini Golf King	Simulation and sports
Golf King: World Tour	Simulation and sports
Castle Craft: World War	RTS
Defense Derby	RTS
Road to Valor: World War II	RTS
Ronin: The Last Samurai	ARPG
Road to Valor: Empires	RTS
Toy Clash	RTS
Smash Legends	Shooter
Rose and Lotus: Petals of Memories	Action-adventure
Kill The Crows	Shooter
Natural Selection 2	Shooter
Subnautica	Action-adventure
Subnautica: Below Zero	Action-adventure
Moonbreaker	RTS
The Ascent	ARPG
The Callisto Protocol	Survival and horror

Genres percentages

Name	Amount	Percentage, %
RTS	6	28.57
Shooter	6	28.57
Simulation and sports	3	14.29
Action-adventure	3	14.29
ARPG	2	9.52
Survival and horror	1	4.76
Total	21	100.00

Note: This section may not fully represent all the company's games, but, within the scope of this current report, presents the maximum amount of information available via open sources.

Announced Games

FY23 Slate – Announced Titles

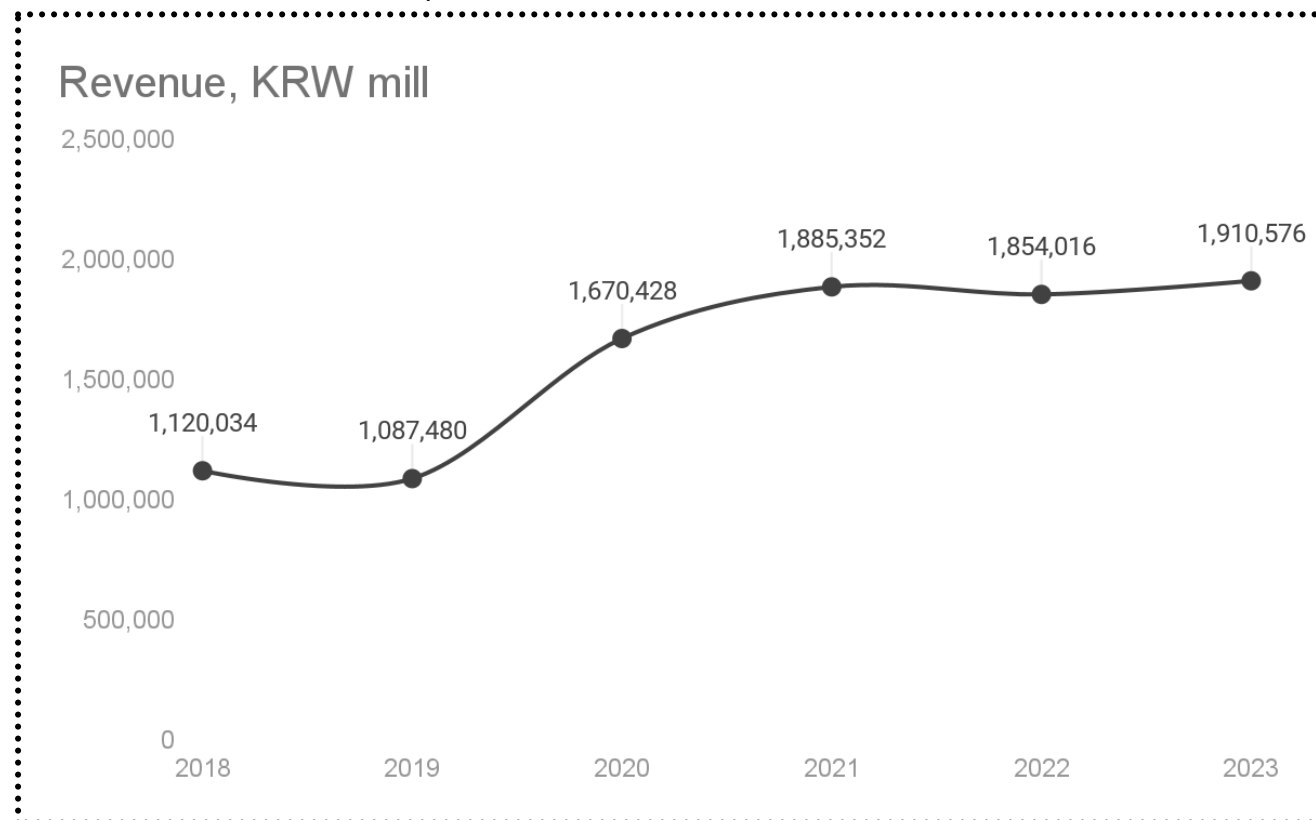
Title	Launch Date
Dark and Darker Mobile	2024
InZOI	2024
Project Black Budget	2024
ZETA	2025
The Bird that Drinks Tears	TBA

Note: This section may not fully represent all the company's games, but, within the scope of this current report, presents the maximum amount of information available via open sources.

Financial Statements for 2023 Fiscal Year Revenue Retrospective

Revenue Retrospective

KRAFTON, Inc Revenue Retrospective for 2018-2023^{15 16 17}



¹⁵ [Krafton Consolidated Annual Report 2023, p.50](#)

¹⁶ [Krafton Consolidated Annual Report 2021, p.38](#)

¹⁷ [Krafton Consolidated H1FY20 Report, p.38](#)

Sales by Platforms

Sales Volume by Platforms¹⁸

(In million, except Percentages)

Parameter	2023, KRW	YoY, %	2022, KRW	YoY, %	2021, KRW
Mobile	1,244,819	-0.63	1,252,773	-11.60	1,417,152
PC	583,896	25.57	464,978	16.70	398,447
Console	55,673	-46.51	104,081	430.16	19,632
Others	26,188	-18.63	32,184	-35.79	50,121
Total Consolidated Revenue	1,910,576	3.05	1,854,016	-1.66	1,885,352

Net Revenue per Platform 2023 Percentages

Parameter	Percentage, %
Mobile	65.15
PC	30.56
Console	2.91
Others	1.37

¹⁸ [Krafton Consolidated Annual Report 2023, p.24](#)

Sales per Region

Sales by Region¹⁹

(In million, except Percentages)

Parameter	2023, KRW	YoY, %	2022, KRW	YoY, %	2021, KRW
Asia	1,613,273	8.63	1,485,121	-8.92	1,630,504
America/Europe	179,086	-28.90	251,886	135.90	106,778
Korea	105,087	1.99	103,038	-15.39	121,784
Others	13,130	-6.02	13,971	-46.85	26,286
Total Consolidated Revenue	1,910,576	3.05	1,854,016	-1.66	1,885,352

Sales by Region 2023 Percentages

Parameter	Percentage, %
Asia	84.44
America/Europe	9.37
Korea	5.50
Others	0.69

Dividend Information²⁰

There were no preferred or other dividends declared for FY23. The company does not pay dividends.

¹⁹ [Krafton Consolidated Annual Report 2023, p.27](#)

²⁰ [Krafton Consolidated Annual Report 2023, p.273-274](#)

Balance Sheet²¹

(In million, except Percentages)

Parameter	at Dec 31, 2023, KRW	YoY, %	at Dec 31, 2022, KRW	YoY, %	at Dec 31, 2021, KRW
Assets					
Total Current Assets	3,964,417	1.85	3,892,564	6.54	3,653,732
Total Non-Current Assets	2,476,040	15.42	2,145,220	3.93	2,064,095
Total Assets	6,440,457	6.67	6,037,784	5.60	5,717,827
Liabilities					
Total Current Liabilities	520,691	26.55	411,460	-35.53	638,188
Total Non-Current Liabilities	360,946	-29.22	509,919	8.17	471,395
Total Liabilities	881,637	-4.31	921,379	-16.96	1,109,583
Total Equity	5,558,820	8.65	5,116,405	11.03	4,608,244

²¹ [Krafton Consolidated Annual Report 2023, p.50](#)

Income Statement²²

(In million, except EPS data and Percentages)

Parameter	2023, KRW	YoY, %	2022, KRW	YoY, %	2021, KRW
Revenue	1,910,576	3.05	1,854,016	-1.66	1,885,352
Operating Expenses	1,142,531	3.64	1,102,410	-10.72	1,234,744
Operating Income	768,046	2.19	751,607	15.52	650,608
Net Income	594,060	18.78	500,154	-3.79	519,878
EPS Basic*	12,812 KRW	20.12	10,666 KRW	-11.28	12,022 KRW
EPS Diluted*	12,750 KRW	20.56	10,576 KRW	-10.23	11,781 KRW

*Note: Our company conducted a stock split (par value of 500 won per share to 100 won per share) with an effective date of May 4, 2021. The above 'basic earnings per share' and 'diluted earnings per share' are figures that reflect the stock split.

Cashflow Statement^{23 24}

(In million, except Percentages)

Parameter	2023, KRW	YoY, %	2022, KRW	YoY, %	2021, KRW
Cash flows from operating activities	662,346	29.19	512,703	-28.18	713,908
Cash flows from investing activities	(394,207)	-86.23	(2,862,954)	138.64	(1,199,699)
Cash flows from financing activities	(225,308)	301.67	(56,093)	-	2,736,157

²² [Krafton Consolidated Annual Report 2023, p.50-51](#)

²³ [Krafton Consolidated Annual Report 2023, p.306](#)

²⁴ [Krafton Consolidated Annual Report 2021, p.272](#)

Criticism

In 2019, the company received two orders from the Ministry of Labor for violations of overtime and compensation regulations. In 2021, the company announced salary increases for employees, raising suspicions that this was an attempt to quell dissatisfaction over violations of working hour restrictions.^{25 26}

In 2021, Krafton faced criticism due to allegations of workplace harassment and commissioned its regular labor consultant to conduct an investigation. This raised doubts about the objectivity of the investigation, as the consultant had a longstanding working relationship with Krafton.²⁷

In 2021, while preparing for its listing, Krafton faced accusations of inflating its initial public offering (IPO) price. With only an abstract plan for "creating diverse content using intellectual property," the company overvalued its offering by including Marvel and Frozen's Disney as comparison companies. To address these allegations, Krafton removed Walt Disney and Warner Music from the list of comparable companies and reduced its IPO price by 10%.²⁸

In 2022, the game "The Callisto Protocol," developed by Krafton's subsidiary, Striking Distance Studios, received negative reviews on Steam. The criticism stemmed from the game's short duration, lack of replay value, and optimization issues.²⁹

In 2022, Krafton faced criticism from both shareholders and employees over its inability to recover falling stock prices. Analysts attribute the stock decline to the stagnating growth of "PlayerUnknown's Battlegrounds" and the poor reception of "The Callisto Protocol" among players.³⁰

²⁵ [Inven, Krafton suspected of violating 52-hour workweek system](#)

²⁶ [Naver, Krafton raised 20 million won in developer salary](#)

²⁷ [Naver, Scandal at Krafton, Investigation Entrusted to Advisory Law Firm](#)

²⁸ [Naver, "IPO Price Bubble Controversy" Krafton Eventually Lowered It](#)

²⁹ [GAMERANT, The Callisto Protocol Flooded With Negative User Reviews on Steam](#)

³⁰ [The Korea Times, Krafton founder slammed for plunging share price](#)

Analyst's Opinion

Summary

Krafton was created in November 2018 to serve as the parent company for Bluehole, founded by Chang Byung-Gyu in Seoul in March 2007, and its subsidiaries. Krafton is a Korea-based company in game software development and service. The company conducts online, mobile, and console game production, as well as domestic and international publishing business.

Shares of Krafton trade on the Korea Exchange under the ticker symbol 259960. As of December 31, 2023, the number of outstanding shares were 46,212,122. There were no preferred or other dividends declared for FY23.

Revenue for FY23 was 1,910,576 million KRW, an increase of 3.05% compared to 1,854,016 million KRW in FY22. Revenue for FY22 was a 1.66% decrease from 1,885,352 million KRW in FY21.

Sales per Platform in FY23: 65.15% from the Mobile platform at 1,244,819 million KRW, 30.56% from PC at 583,896 million KRW, 2.91% from Console at 55,673 million KRW, and 1.37% from Others at 26,188 million KRW.

Sales per Region in FY23 were distributed as follows: 84.44% from Asia, totaling 1,613,273 million KRW, 9.37% from America/Europe, totaling 179,086 million KRW, 5.50% from Korea, totaling 105,087 million KRW, and 0.69% from Others, totaling 13,130 million KRW of the total revenue.

As of December 31, 2023, Total Equity amounted to 5,558,820 million KRW, an increase of 8.65% compared to December 31, 2022 - 5,116,405 million KRW. Total Current Assets as of December 31, 2023, amounted to 3,964,417 million KRW, which exceeds Total Current Liabilities of 520,691 million KRW by 3,443,726 million KRW.

In FY23, the company announced the following games:

- Dark and Darker Mobile - 2024;
- InZOI - 2024;
- Project Black Budget - 2024;
- ZETA - 2025;
- The Bird that Drinks Tears - TBA.

In FY23, the company did not make any acquisitions or divestitures.

Follow the announcements of the release of new reports on the website [Data40.com](https://data40.com) in the [Calendars by section DATA40.com](#).

Sources List

- [KRAFTON, Inc. Web](#)
- [Wikipedia](#)
- [KRX](#)
- [MarketScreener](#)
- [LinkedIn](#)
- [Simply Wall St](#)
- [HP](#)
- [Krafton Consolidated Annual Report 2023](#)
- [Krafton Consolidated Annual Report 2021](#)
- [Krafton Consolidated H1FY20 Report](#)
- [Inven](#)
- [Naver](#)
- [GAMERANT](#)
- [The Korea Times](#)
- [Data40](#)

META



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DCS/GD-D40/KRA2-03-2024

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