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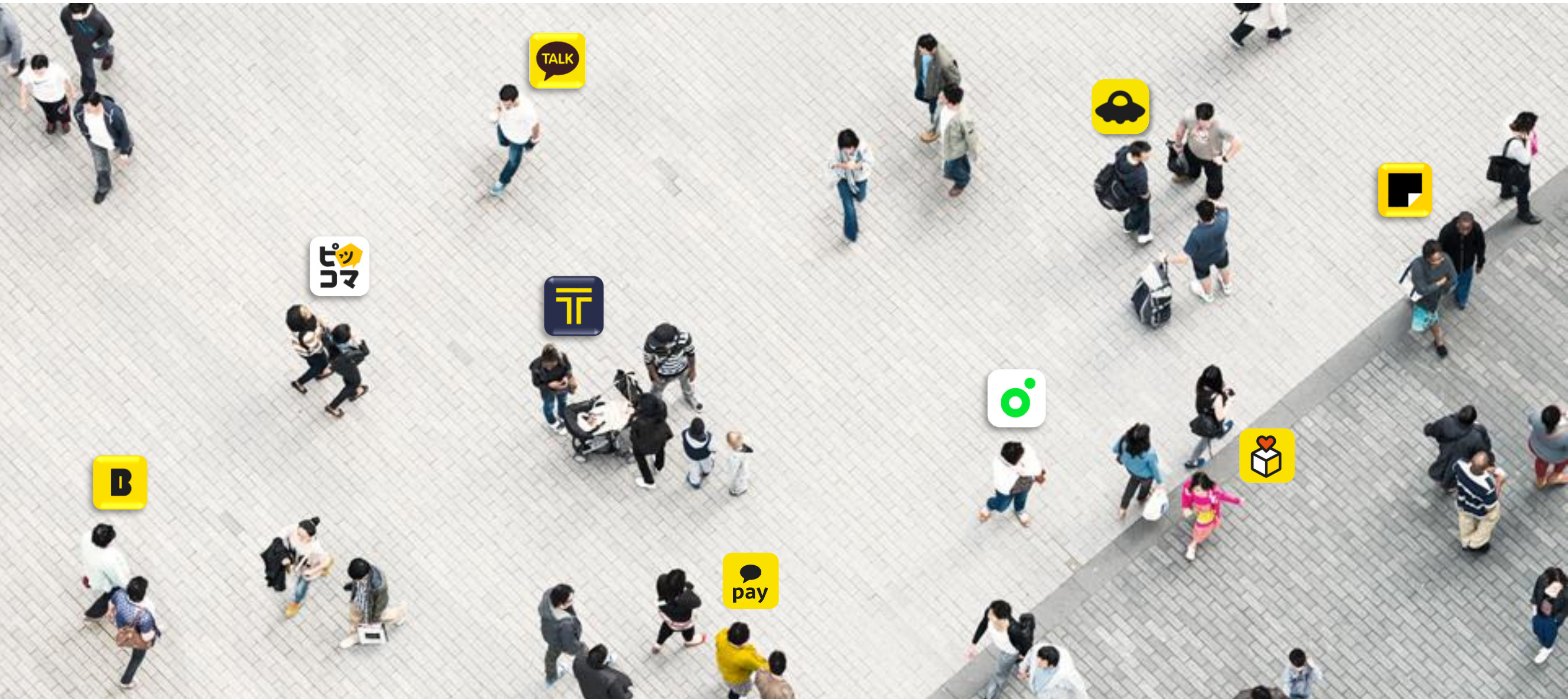
Kakao ecosystem

Kakao business

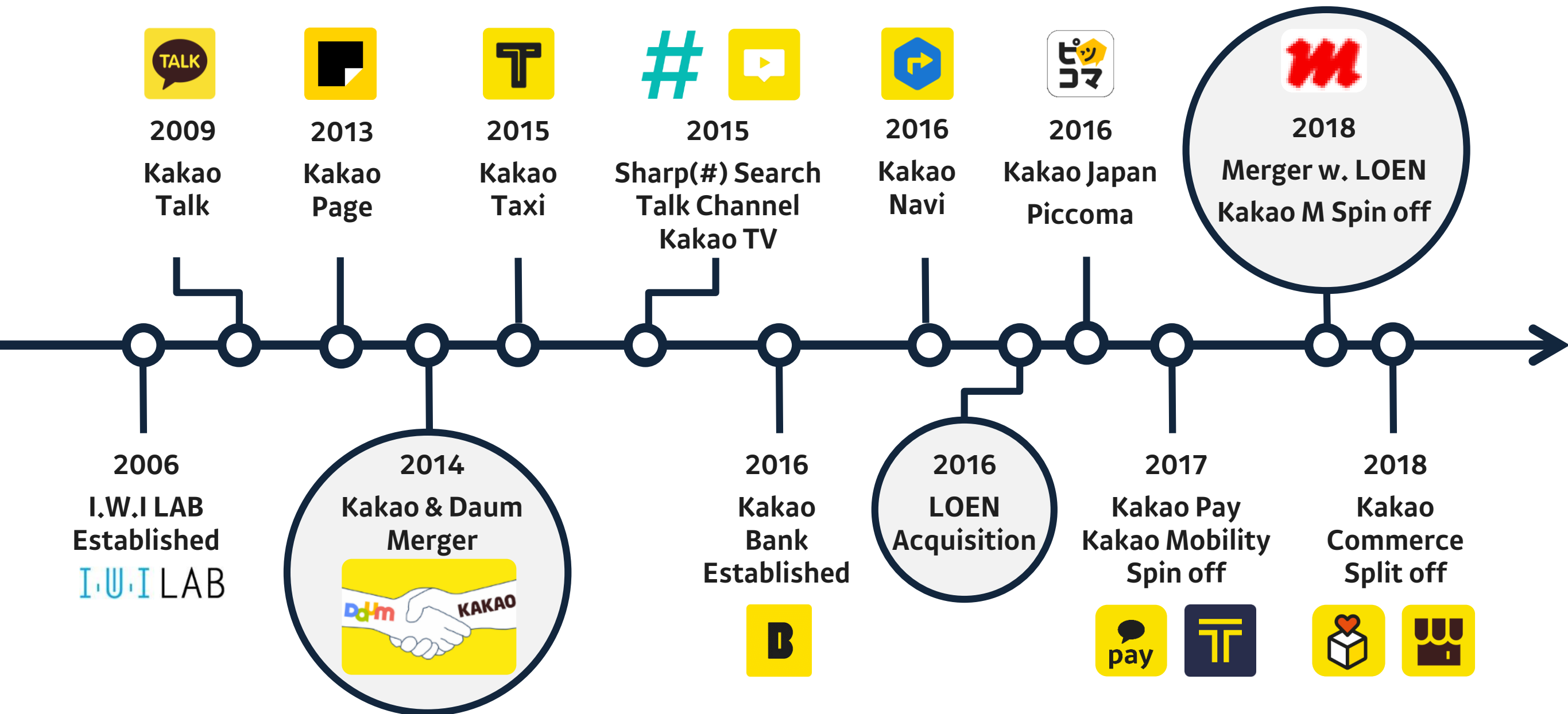
Financial overview

“Connect Everything”

Innovating the way we connect for a better tomorrow



History



Undisputed Market Leader



No1. Mobile Messenger Service in Korea
44 Million MAU in Korea
97% Market Share
85% Population Penetration



#1 Brand Power
Across 220 Industries in Korea



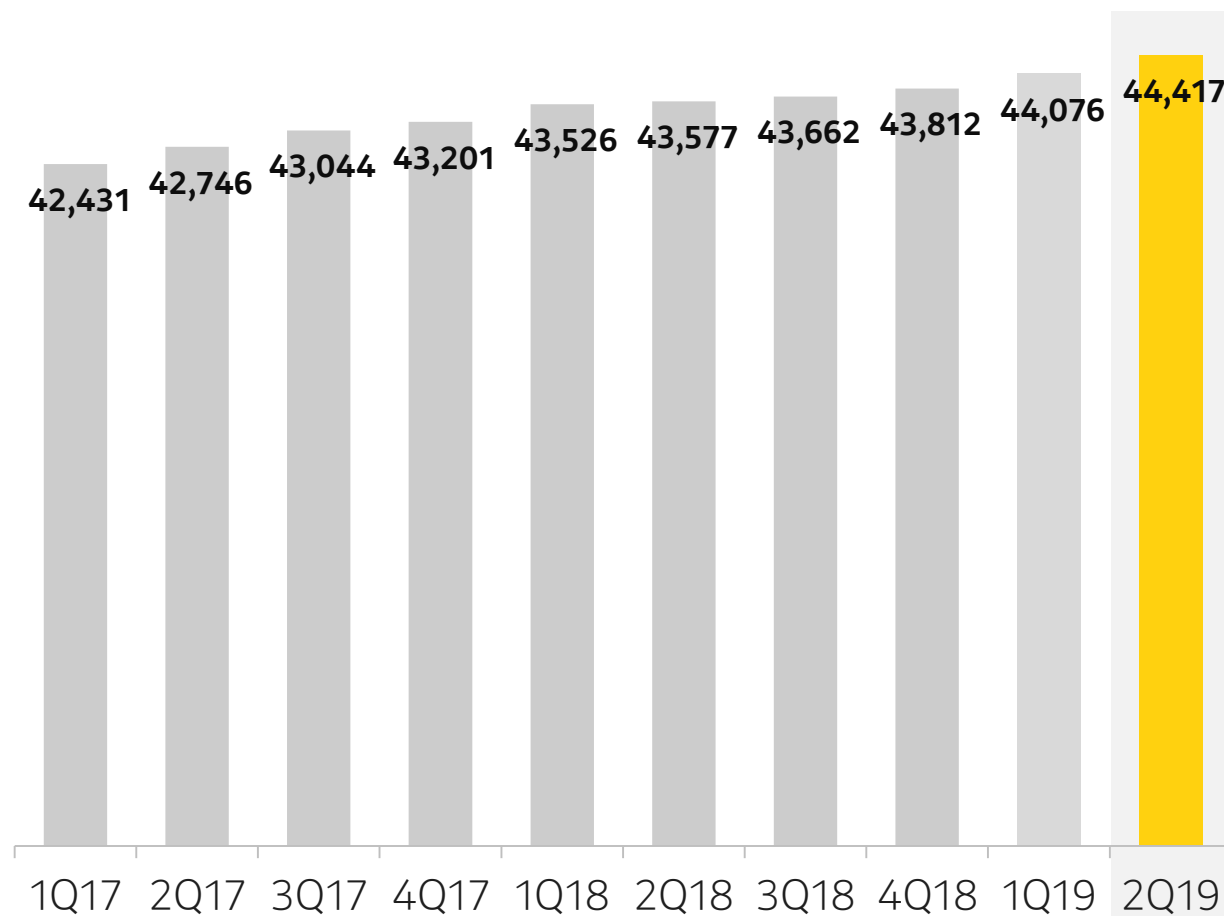
Most Admired Workplace
Among Top 100 Companies in Korea by Market Cap.



#1 Social Contribution Index
Among the 57 Largest Conglomerate Groups in Korea



Kakao Talk Monthly Active Users



	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Korea	42,431	42,746	43,044	43,201	43,526	43,577	43,662	43,812	44,076	44,417
Global	49,158	49,468	49,844	49,709	50,348	50,113	50,187	50,219	50,547	50,882

Average of monthly MAUs. Global includes domestic MAUs (000).

Kakao Ecosystem

kakao

Interactive Business Platform

Content Ecosystem & Global Expansion



Advertising

Talk Bizboard Launch

Evolving as a Business Platform

“Launching TalkBoard based on Big Data and AI technology”



Commerce

Kakao Commerce

Talk based transactional Business Model

“Explosive Growth & Business Model Expansion”



Mobility

Unrivaled Positioning

No.1 Mobility Application

“Multimodal Platform with All-Inclusive Transportation Needs”



Tech-Fin

Leading Tech-Fin

30 Million Domestic Users

“Reshaping the Korean Financial Industry”



AI / Blockchain

Sustained Growth for Future

Expanding Kakao i & Blockchain Main Net

“Future Growth Engine”



Game

Business Expansion

In-house IP Game Development

“Regaining Leadership via Integration”



Web Literature

#1 App

In Mobile Literature

“Aggressive Global Expansion via Unique Business Model”



Music / Video

Dominant Platform

Music Streaming & Downloads

“One-of-a-Kind Business Model with Superior Profitability”



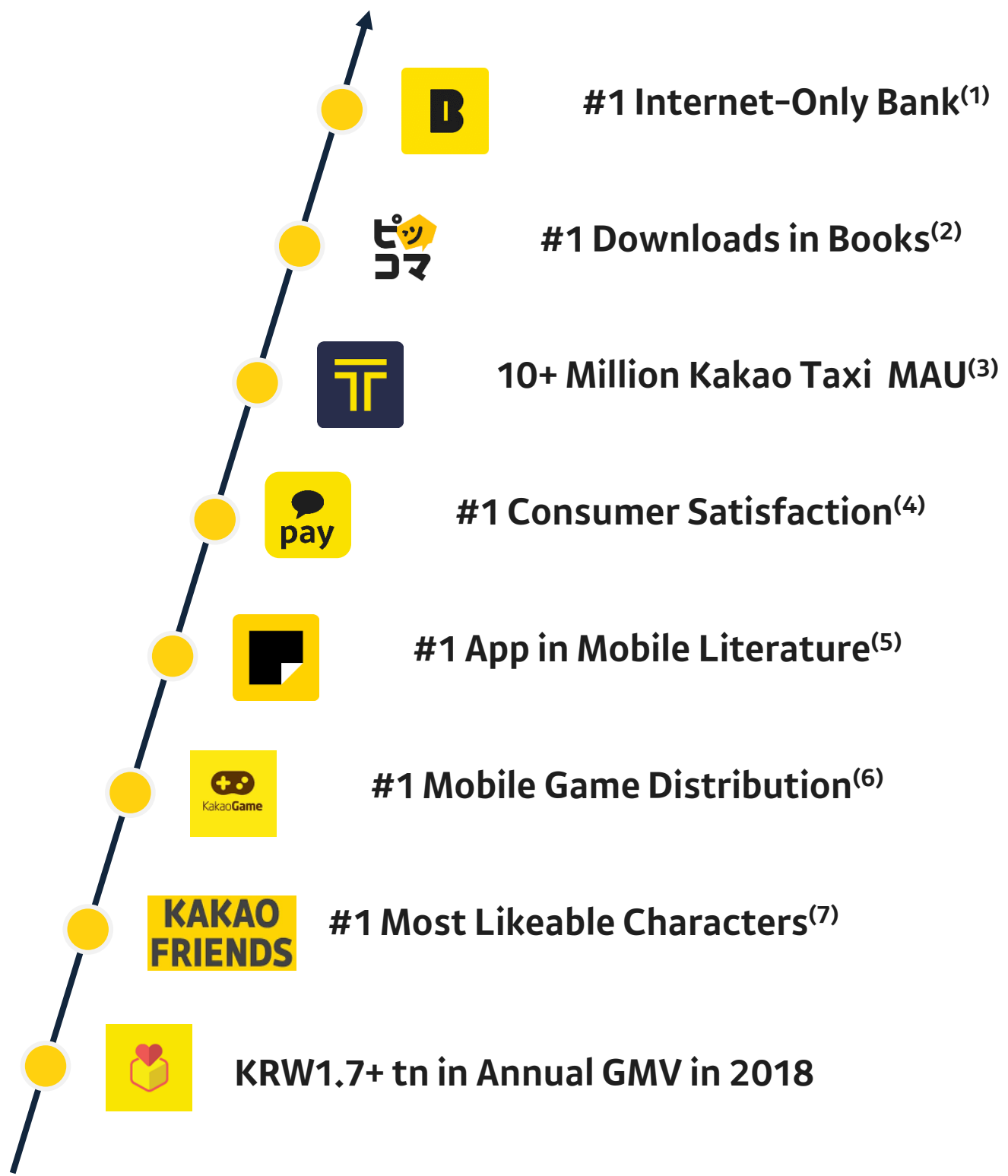
IP Business

#1 Characters

Most Likeable among Koreans

“Cash & Loyalty Generator Through IP”

Repeatable Success Formula

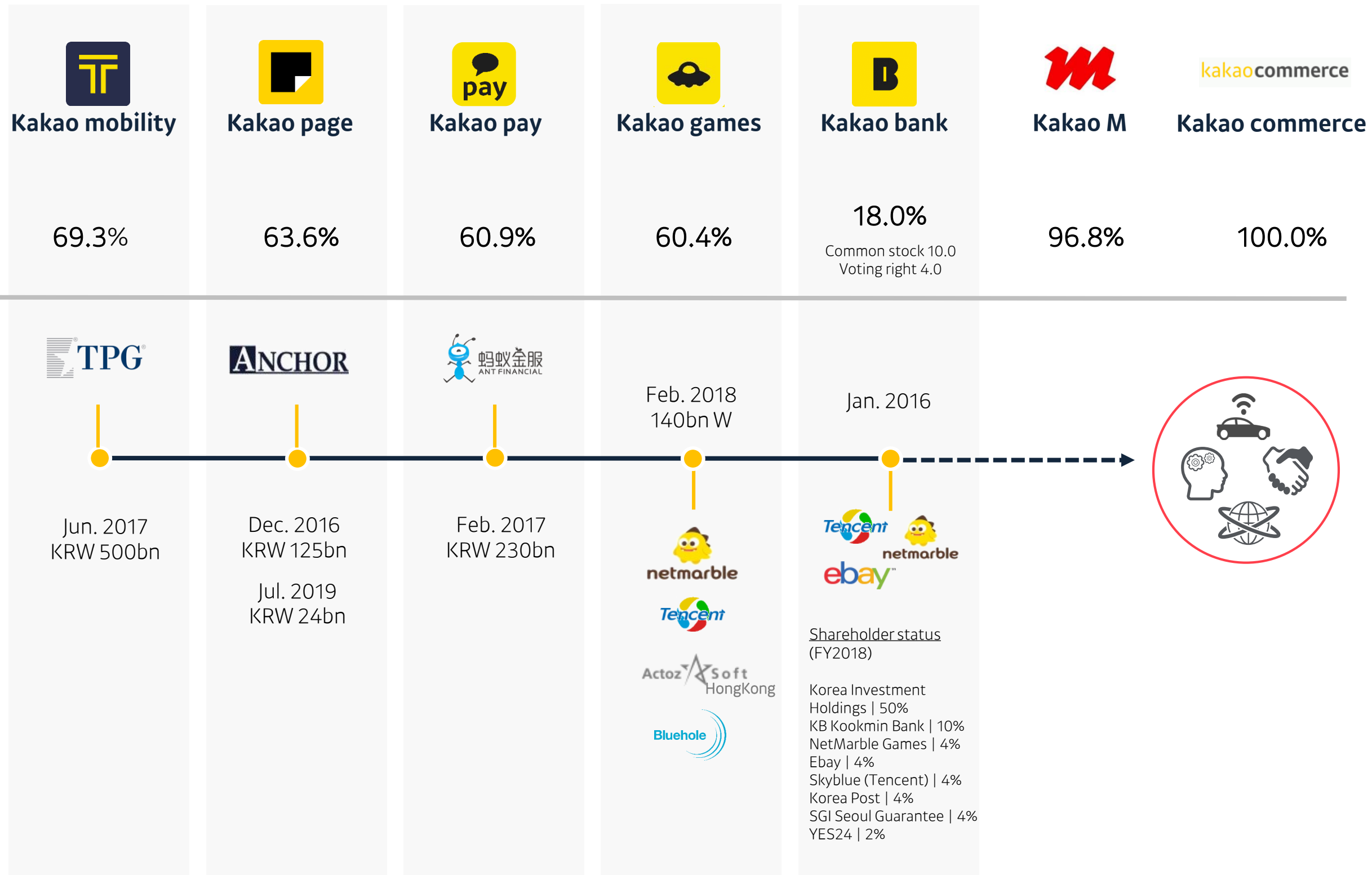


Unique Success Factors for New Businesses:

- ✓ **Large User Base Encompassing an Entire Nation**
- +
- ✓ **Kakao's Nationwide Following Ensuring Success of New Service Launches**
- +
- ✓ **Unrivaled Access and Insight to User Data**
- +
- ✓ **Minimal User Acquisition Costs**

Notes: (1) In terms of asset size. (2) In terms of Japan App Store Books category. (3) Source: Kakao Mobility (4) Survey by Korea Consumer Board, Consumer satisfaction for mobile payment (5) Based on app downloads. (6) App Annie. Based on number of games in Top 100 on App Store in Korea in terms of grossing. (7) Korea Creative Content Agency survey

Stake of Major Subsidiaries and Strategic Partnerships



Company Management

Brian Kim Founder & Chairman



“Korean Web Pioneer”
By Forbes Asia

1998



Established **Hangame**, one of the first online game portals globally

2001



Merged Hangame with **Naver.com** and co-headed **NHN**, the merged entity until 2007

2010



Founded **Kakao** and launched **Kakao Talk**

2014

kakao

Merged **Kakao** with **Daum** and became the Chairman of the merged entity

Our Management



Mason Yeo



Sean Joh

Key Subsidiaries

kakaogames



Nkay Namkoong



Leo Cho



Jay Kim



Stephan Kim

kakaomobility



John Jung



Alex Ryu

kakaopage



Joy Lee

kakaopay



Alex Ryu

Source: Insight Korea, Forbes Asia. Notes: (1) Based on survey by Insight Korea.

Kakao ecosystem

Kakao business

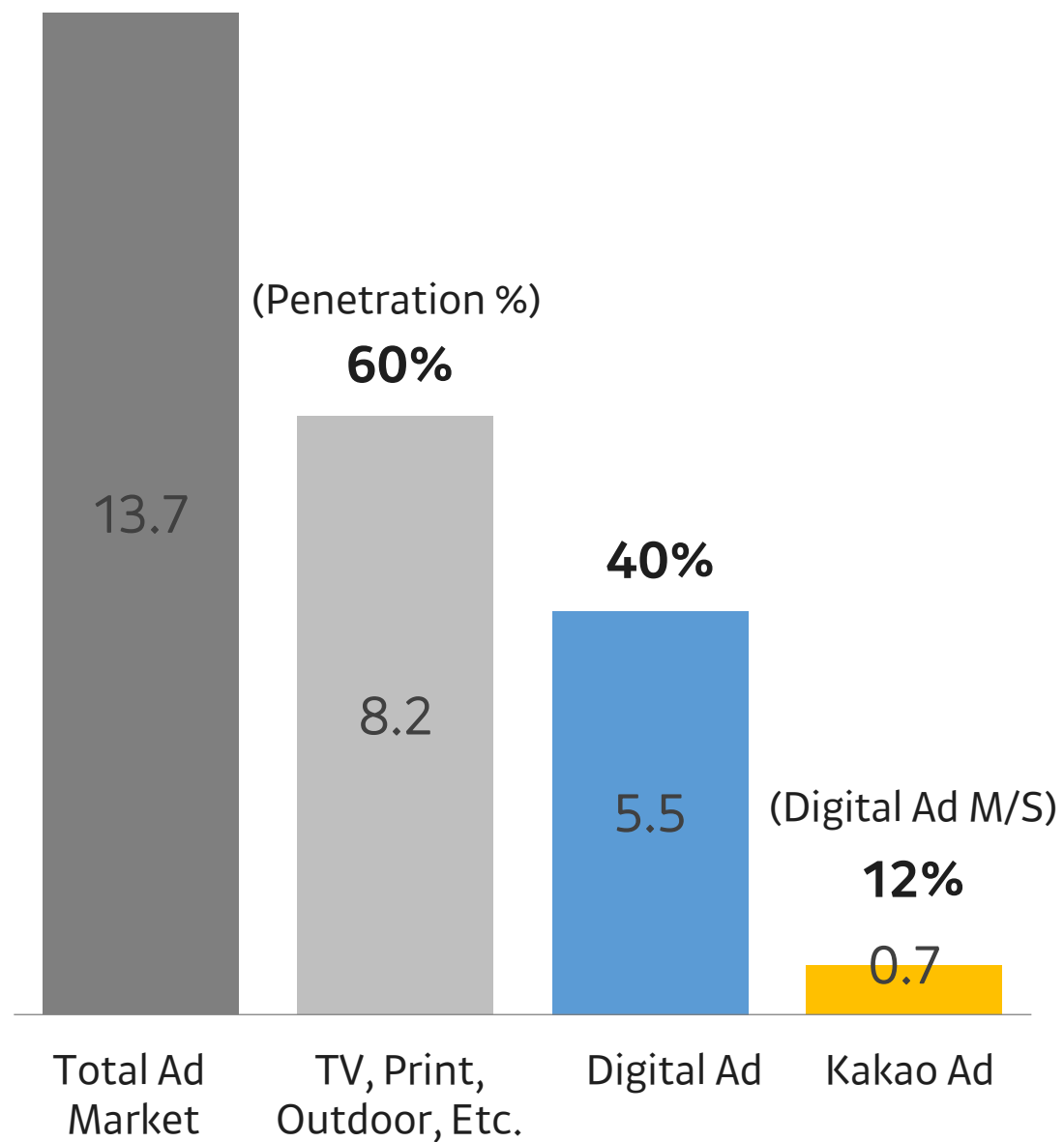
Financial overview

Paradigm Shift in Advertising Industry

Significant Growth Opportunity in Kakao Talk as a Biz Platform

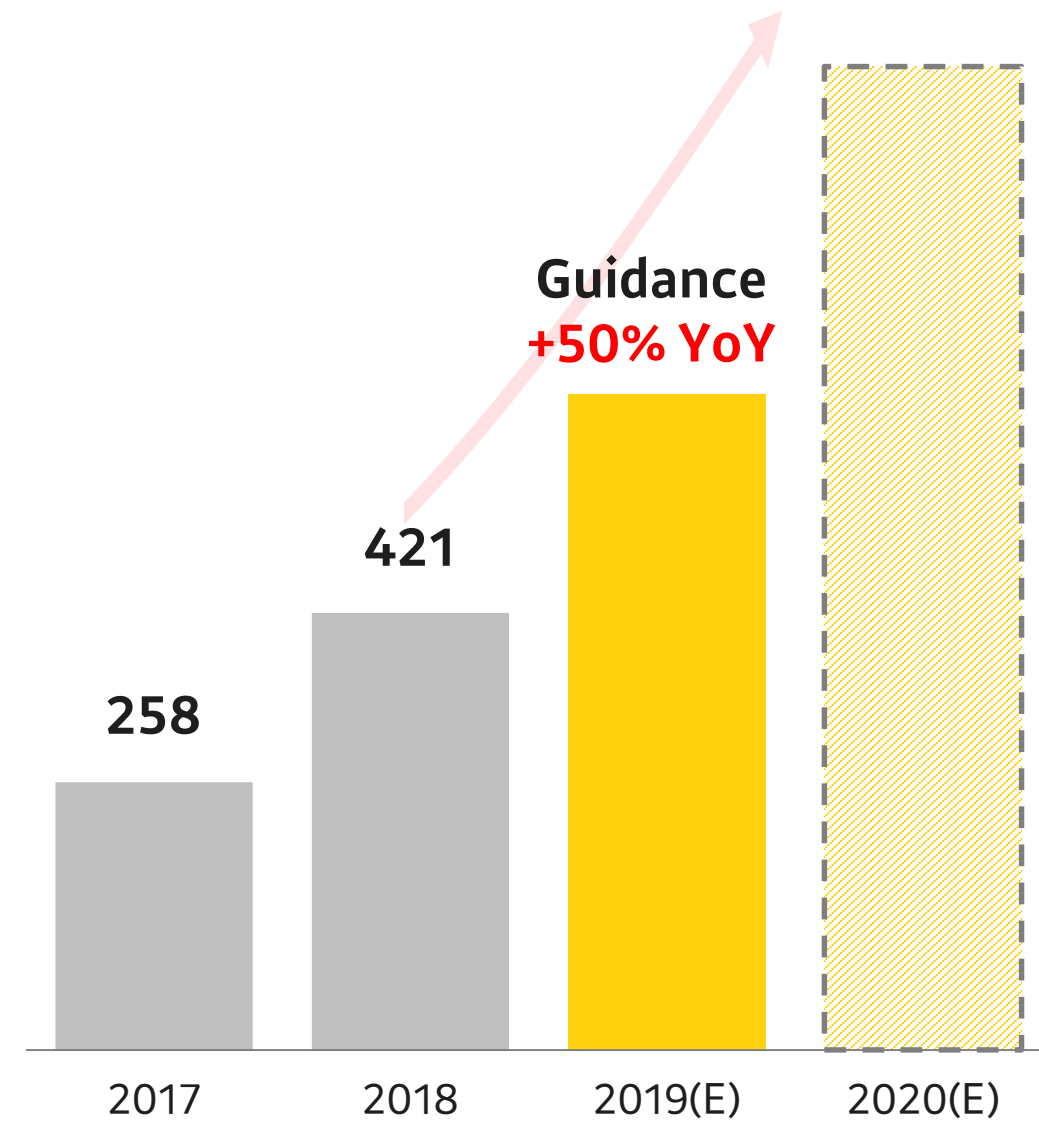
Ad Market Size (2018)

(Unit: KRW trn, %)



Talk Biz Revenue

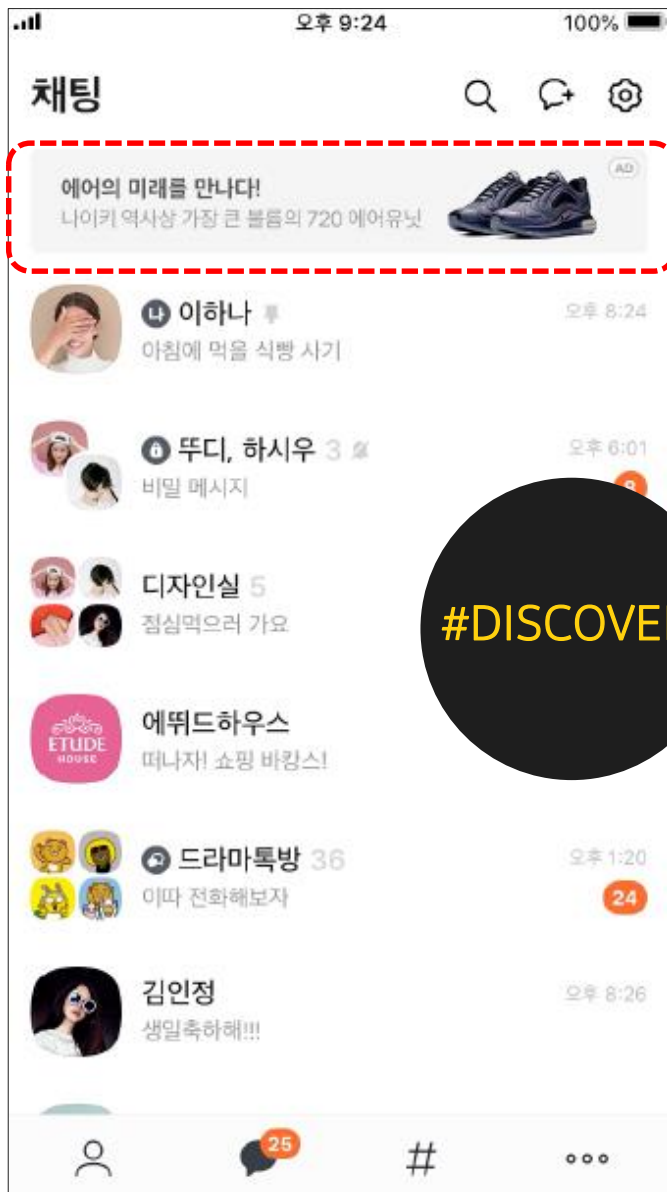
(Unit: KRW bn)



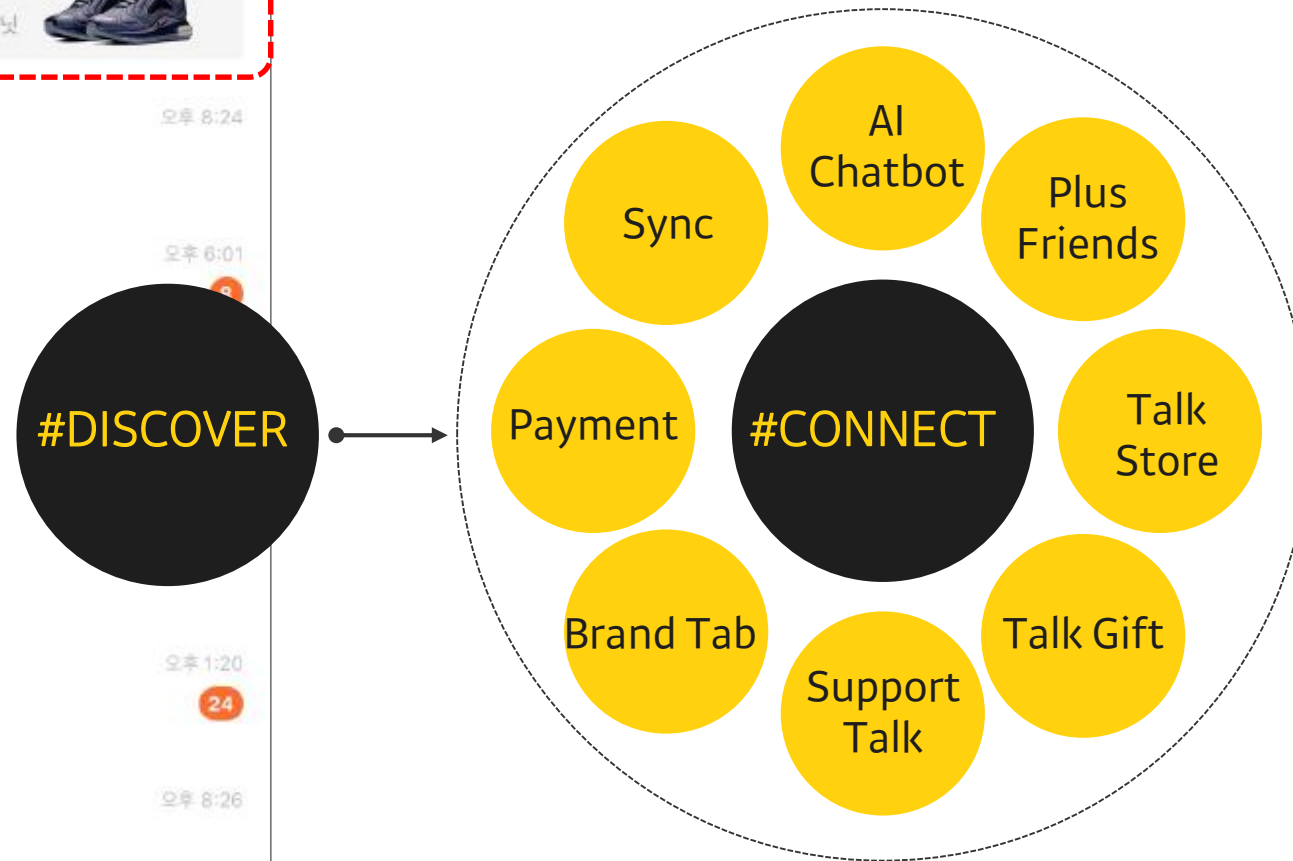
Kakao Talk Bizboard (TalkBoard)

TalkBoard, a New Innovative Way to Connect 44million Mega Traffic

Chat list tab is where users spend the most time



Users can get recommendations of their interests



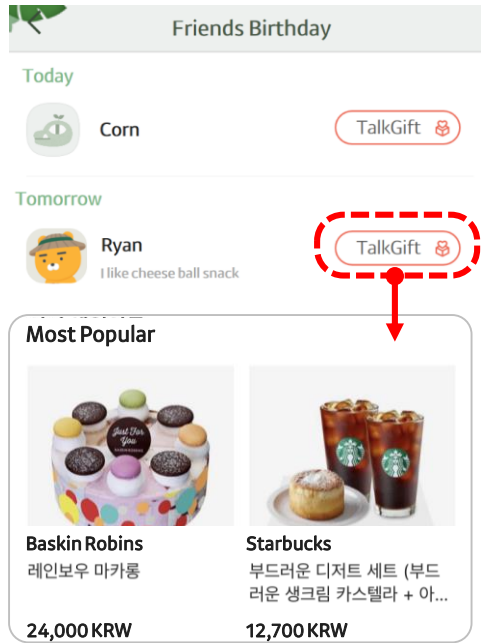
Users may fulfill any actions that wish to take

- Purchase
- Reservation
- Download
- Registration
- Customer Service
- ...

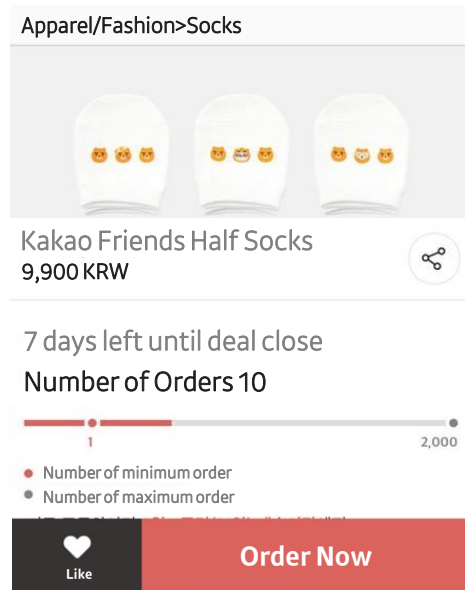
Talk Biz Commerce

From Leveraging the Social Graph to any Talk-based Transactions

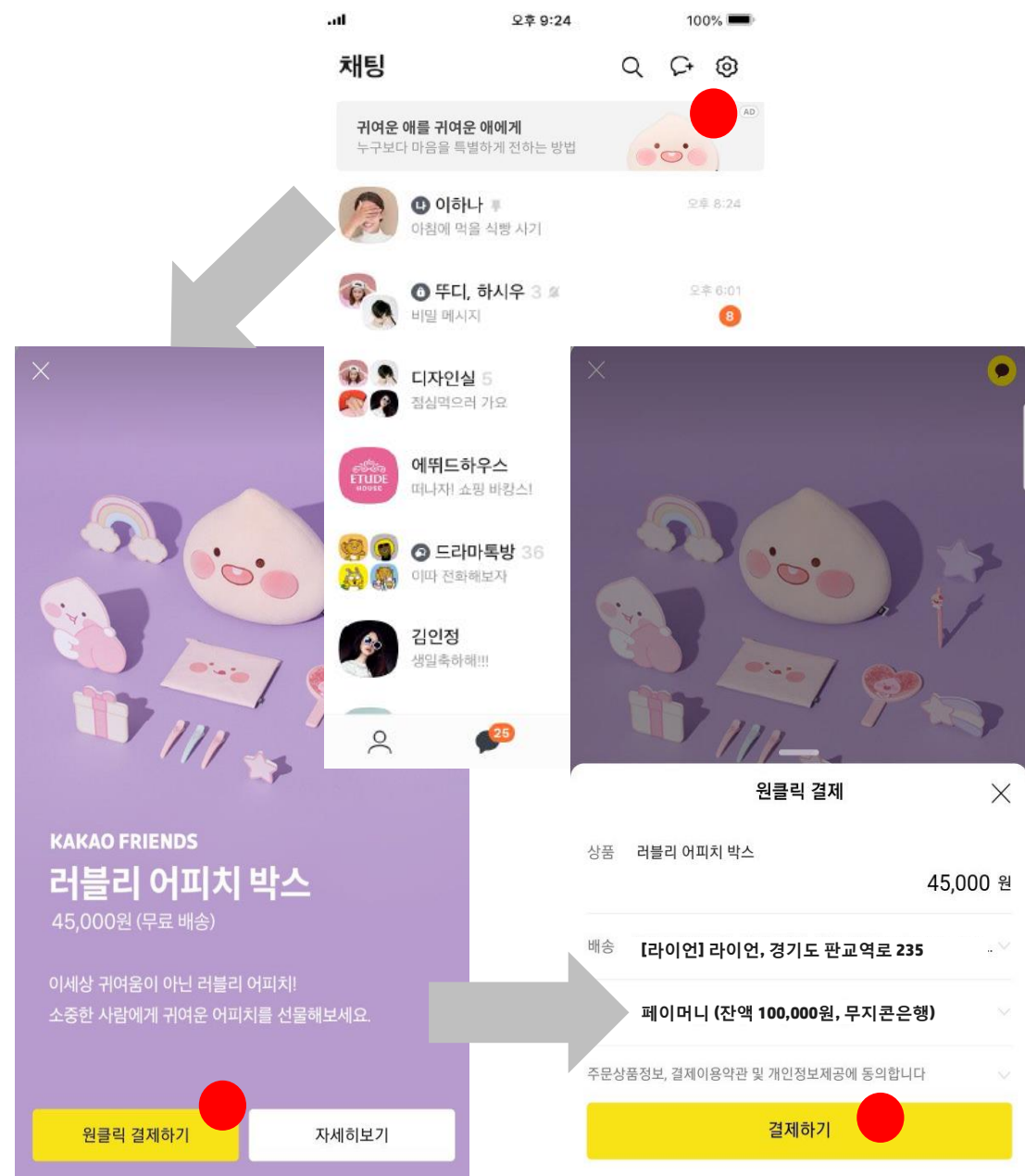
Talk Gift



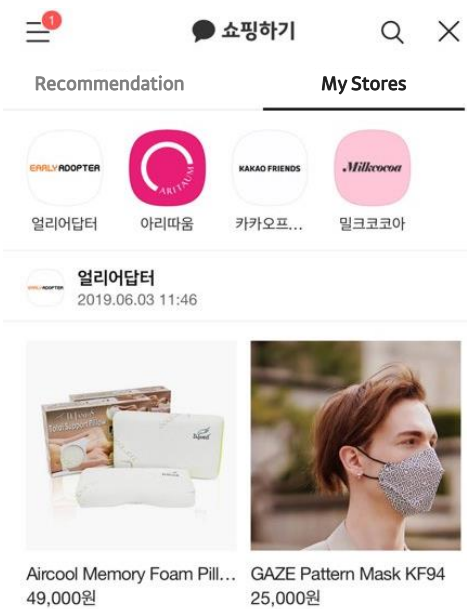
Kakao Makers



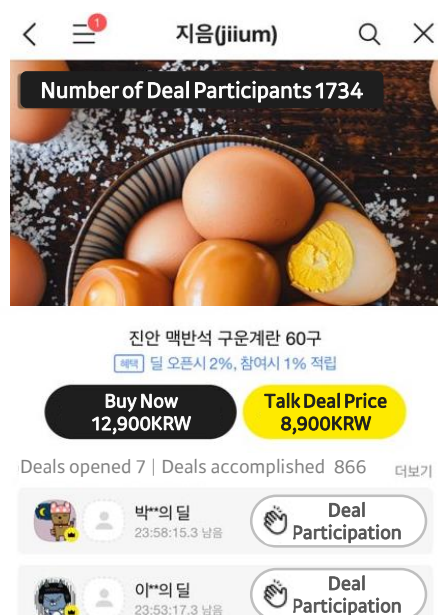
TalkBoard will revolutionize daily commerce experience



Talk Store



Talk Deal



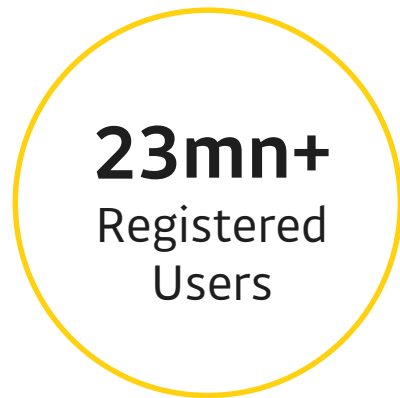
Multimodal Platform with All-Inclusive Transportation Needs



Kakao T Key Indices



Dominant Traffic



70+% of economically
active population



Based on large user
base and registered
taxi driver base



Ready to Pay Users
(As of June 2019)

The image shows a screenshot of the Kakao T app interface. The top navigation bar includes 'Taxi', 'Black', 'Carpool', 'Driver', 'Parking', and 'Bike'. The main screen displays a map with a 'From' location and a 'Destination' field. Below the map, there are four taxi service options: 'General call' (Call a taxi around you), 'Smart Call' (We'll find a driver asap.), 'Waygo Blue' (We'll match a driver right away.), and 'Taxis for women (coming soon)' (A kind female driver is coming.). A red dashed box highlights the 'Smart Call', 'Waygo Blue', and 'Taxis for women' options. Below the screenshot, the text 'Now offering more premium options' is written in red. To the right of the screenshot, there is a white car with blue accents and the 'waygo Blue' logo, with the text 'Waygo Blue Rejection-Free Premium Taxi Service' above it.

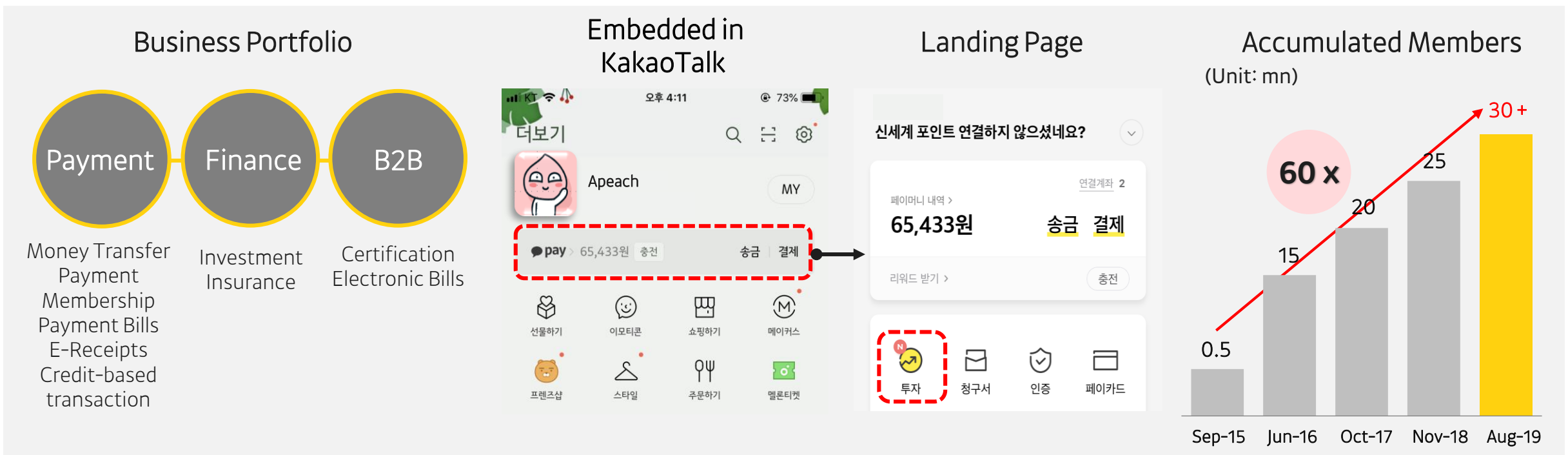
No.1 All-Encompassing Financial Platform



Kakao Pay Key Indices



FY2019 1H GMV 22trn
(FY2018 Total GMV W20trn)



No.1 Internet-Only Bank with Innovation

B Kakao Bank Key Indices



26 Weeks Installment Saving

My Credit Information

Kakao Bank Moim Service*

*Kakao Talk-based Group Banking Account, Another innovative approach led to huge success by integrating social network w. financial products

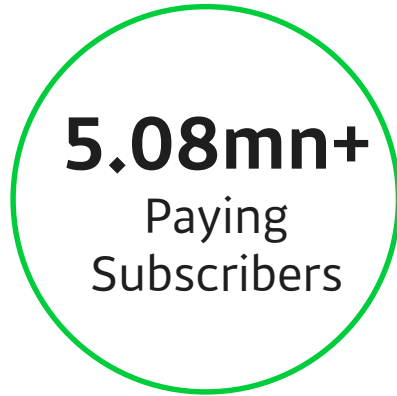
- +1mn users** In one month
- +2.43mn users** In 4 months
- 3.01 persons** Avg per account
- Women over 30** Most active
- Social gathering** Main Usage
 - > Family expenses
 - > Travel
 - > Dating

Music

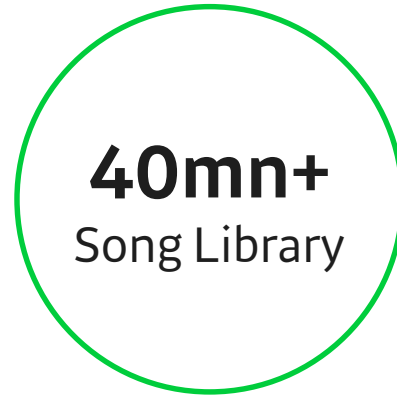
1 Digital Music Platform with Unparalleled Market Presence



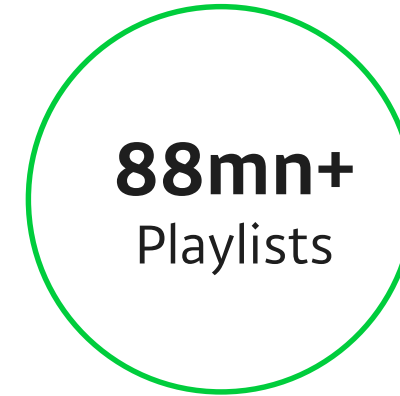
Melon Key Indices



7mn Unique Visitor Dominant Traffic



Largest Music Content



More personalized, customized functions

Music Revenue ¹⁾

(Unit: bn)

Quarter	Revenue (bn)
1Q17	110
1Q18	126
1Q19	145

Real-Time Charts (Brand Power)

Melon DJ (Human Curation)

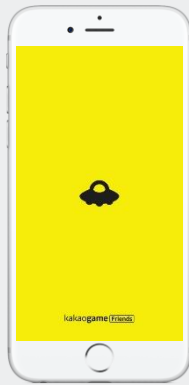
Music DNA (Big Data)

Kakao related contents

1) Music revenue includes Melon, kakao music, digital music distribution and ticket

Multi-Platform Publisher to Global Game Provider

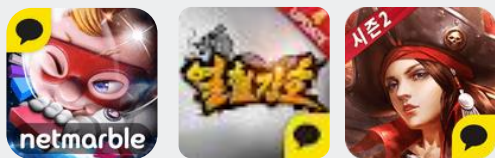
Mobile Game Channel



No.1 Mobile Game Marketing Platform

Distribution via Kakao Talk and Daum Portal

550 Million Accumulated Users

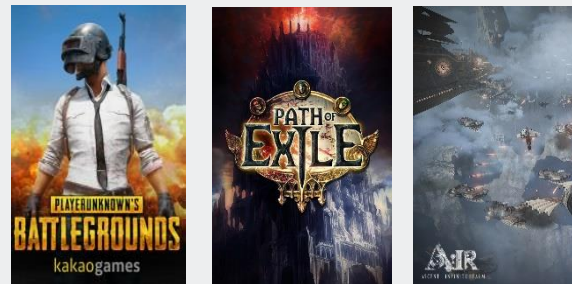


Mobile/PC Game Publishing

Mobile Publishing

Investment Based Partnership

PC Publishing



PUBG POE A:IR

✓ Black Desert(Overseas) /PUBG/POE
More Users, Improved Stability

✓ Ascent: Infinite Realm
Signed Online Publishing Agreement for Bluehole's Next MMORPG in Korea, North America, and Europe

Mobile Game Development

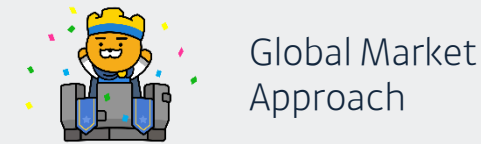
FRIENDS GAMES

1 IP: Kakao Friends



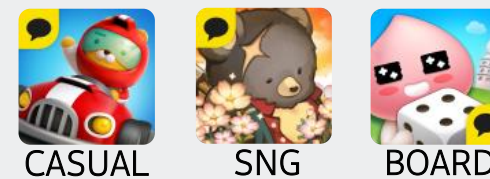
Most Beloved Character in Korea

2 IP Collaboration



Global Market Approach

3 Casual, Mid-core



CASUAL SNG BOARD

Global Expansion

✓ Global Expansion through casual game development



<Friends Racing>



<Friends Town>



<Disney Friends Ping Pong>

Paid Content (Web Literature)

Growth through Innovative Business Model and Original IPs



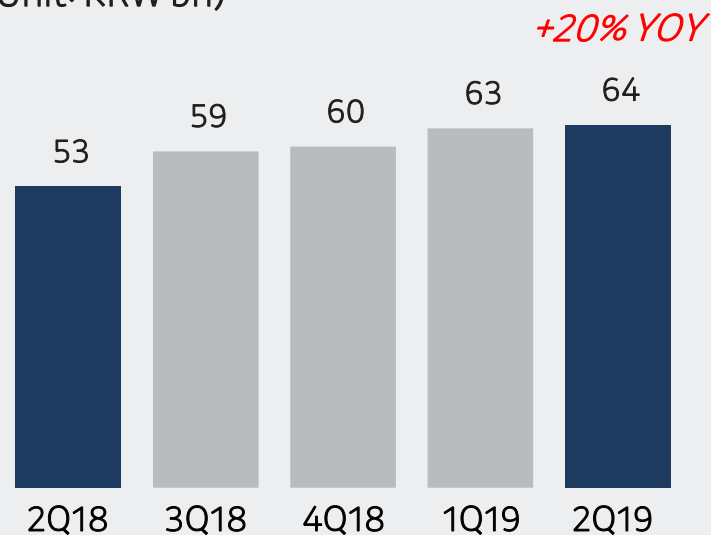
Kakao Page

- ✓ 20 mm cumulative registered users
- ✓ 5.5 mm monthly active users
- ✓ Largest original IP Pool in Korea

Secured
IPs

Daewon C.I
Haksan Publishing
Seoul Media Comics
DNC Media
Samyang CNC
Daon Creative

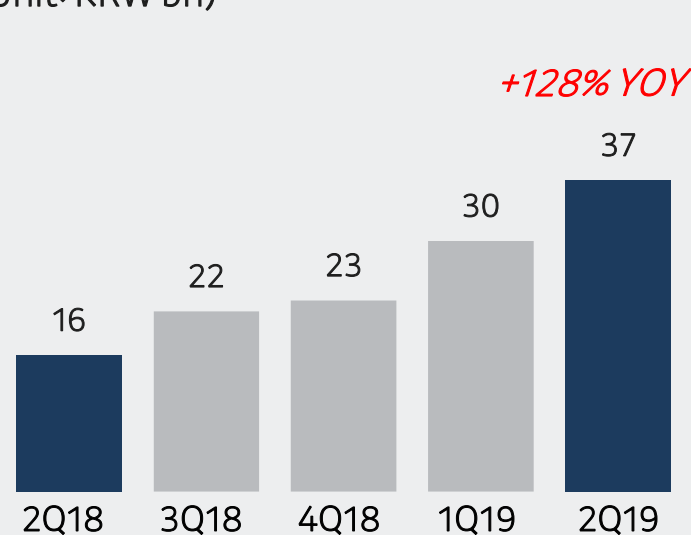
Kakao Page Quarterly GMV
(Unit: KRW bn)



Piccoma (Kakao Japan)

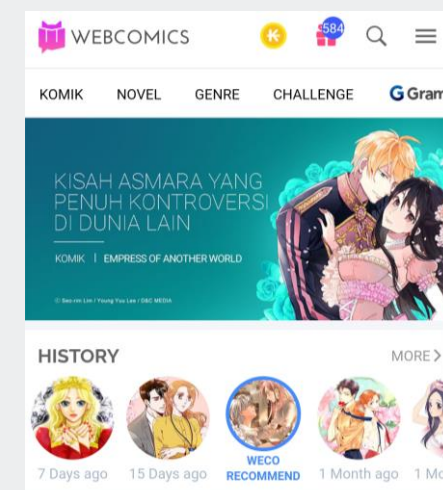
- ✓ Japanese webtoon platform launched by kakao Japan in 2016
- ✓ Ranking #1 Top, #2 Grossing App in the Google Play Store book category
- ✓ 4mn monthly active users
- ✓ Successful localization efforts
- ✓ # of stories is growing fast. 8,000 stories in 2Q19 (+38% YoY)

Piccoma Quarterly GMV
(Unit: KRW bn)



Global Expansion

- ✓ Established K-Content ecosystem in Southeast Asia



Neobazzar,
Indonesia

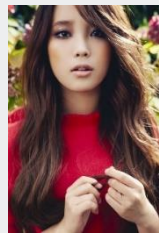
- ✓ Maximize the content value through creating Super IPs



Transforming into a Leading Global Content Provider

Music Content

- ✓ # 1 Digital Music Distribution
- ✓ Over 40 years of expertise in content distribution, industry leading brand power, and network
- ✓ +180 deals with music labels, +800 key title releases annually



IU



THE BOYZ



Apink



Monsta X

- ✓ Production: Multi-label System



Talent/ Original IP

- ✓ Vertical integration in content production value chain



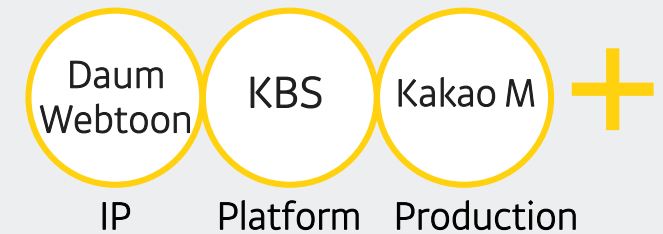
- ✓ Secured the top-tier talent pool with more than 100 actors



- ✓ Collaboration with Kakao Page, who boasts the most # of original IPs in Korea

Video Content

- ✓ Making strong partnerships, securing project line-ups



- ✓ Expanding into mobile short-form content production and well-made originals



<Red Moon, Blue Sun>

Nov 2018 on MBC

- ✓ Top 5 Most Subscribed K-Pop Channel on Youtube (17mn Subscribers)



Kakao Friends




Successfully Expanded into a Full-Fledged IP Business Player




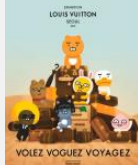

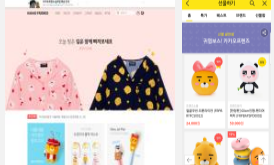






Kakao Friends IP



KAKAO FRIENDS

Going Global

-  Japan | Tokyo Omotesando store open(Dec. 2018)
-  China | Tmall(domestic & global), JD.com
-  North America | Amazon

Merchandising	Game		Licensing	
 Offline Stores	 Friends Popcorn	 Friends Marble	 VOLEZ VOLEZ VOYAGEZ	 LOUIS VUITTON
 Online Stores	 Friends Sachung	 Friends Pop	 Kiehl's	 Kiehl's SINCE 1851
			 Callaway	 Callaway

Flagship & Global Stores



GangNam
July 2016



HongDae
November
2016



Busan
August 2017



Japan Tokyo
Omotesando
December 2018

Kakao ecosystem

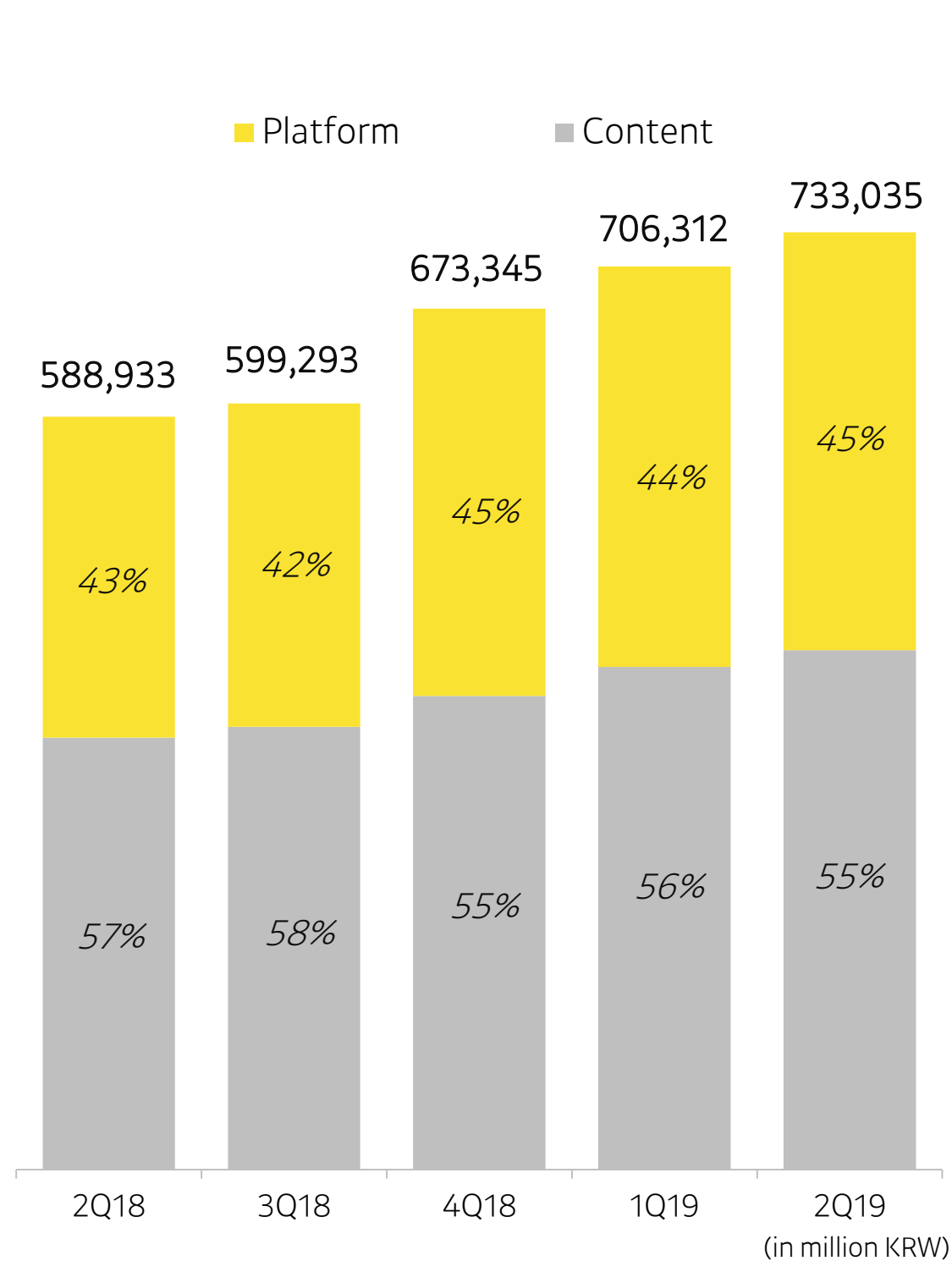
Kakao business

Financial overview

Total Revenue

2Q Total Revenue YoY +24% / QoQ +4%

Platform Business accounts for 45%, Content Business 55%



Revenue Breakdown	
Platform	Talk Biz KakaoTalk (Plus Friends, #Tab, Talk Store, etc.) Talk Gift Shop, Kakao Makers KakaoTalk Brand/B2C Emoticon New BM in KakaoTalk (Talk Bizboard, Chat Bot, etc.)
	Portal Biz Daum PC Daum Mobile Other subsidiaries' ad Kakao Story/Style/Page
	New Biz Mobility, Pay Misc. (Other Subsidiaries)
Content	Game Mobile PC Kakao VX
	Music Melon Kakao Music Digital music distribution Ticket
	Paid Content Kakao Page Daum Webtoon Piccoma
	IP Business and Others Kakao IX Kakao M (Excluding digital music distribution)

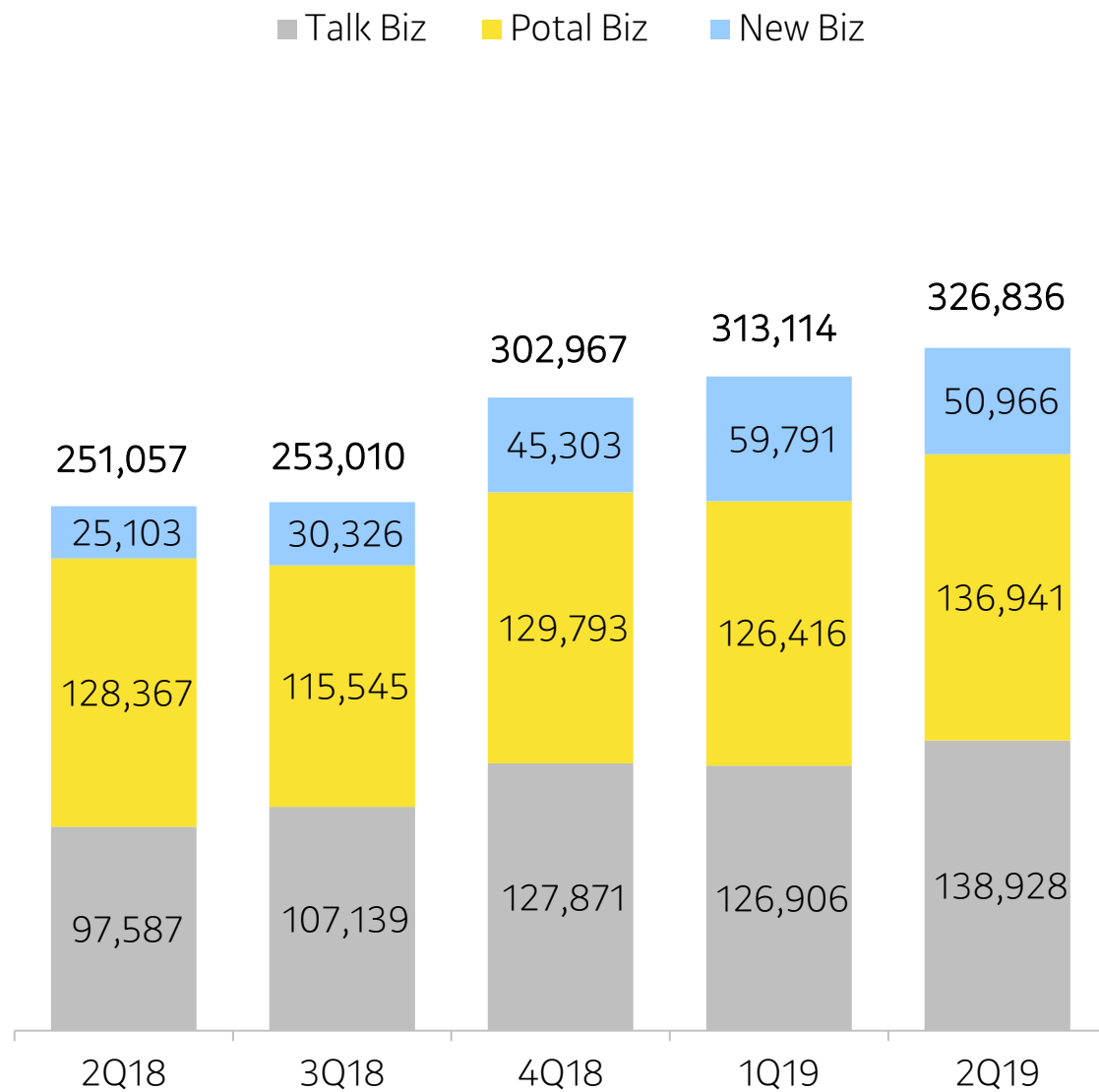
Platform / Content

Platform YoY +30% / QoQ +4%

Content YoY +20% / QoQ +3%

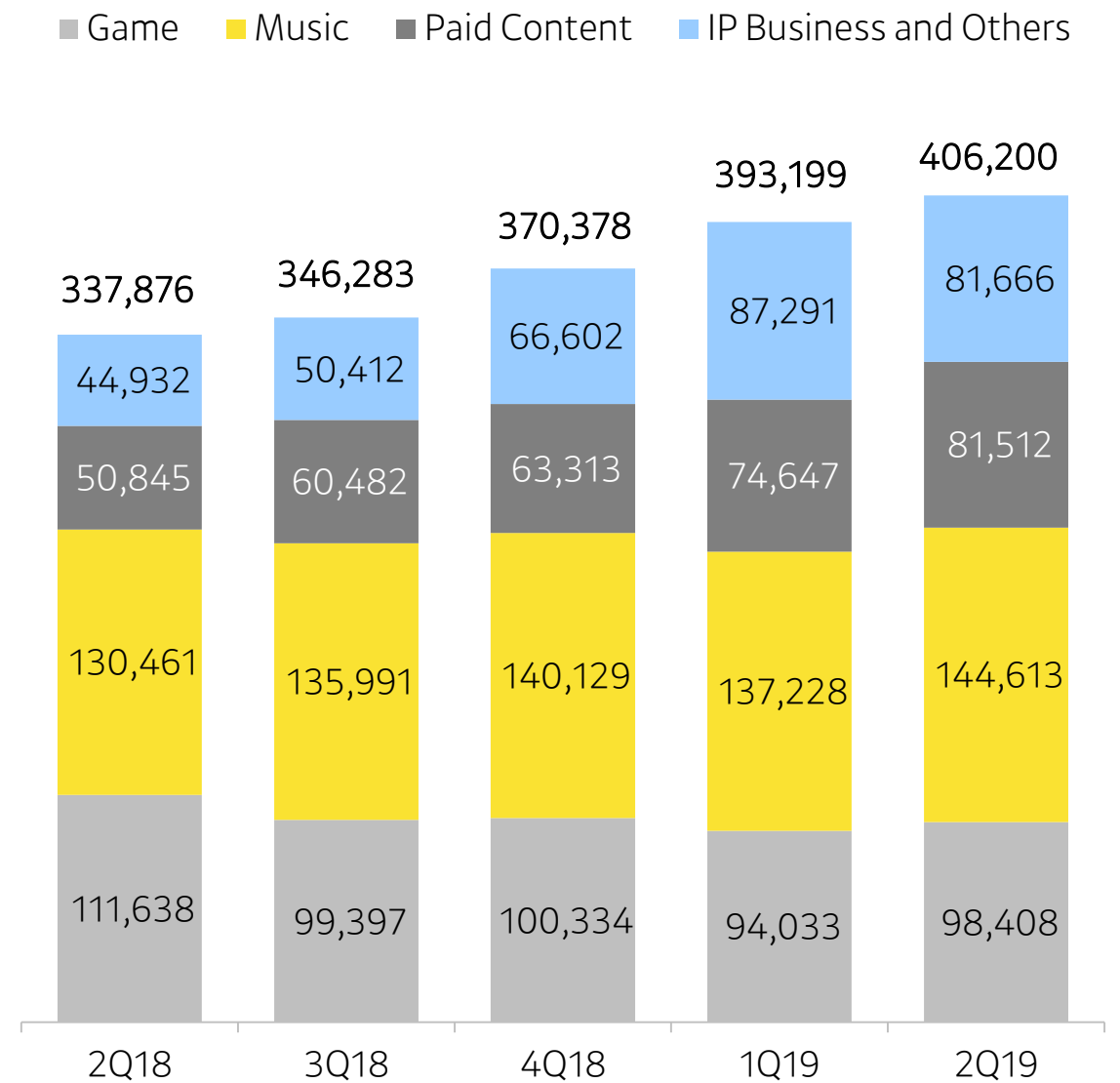
Platform

(in million KRW)



Content

(in million KRW)



Platform | Talk Biz Portal Biz New Biz

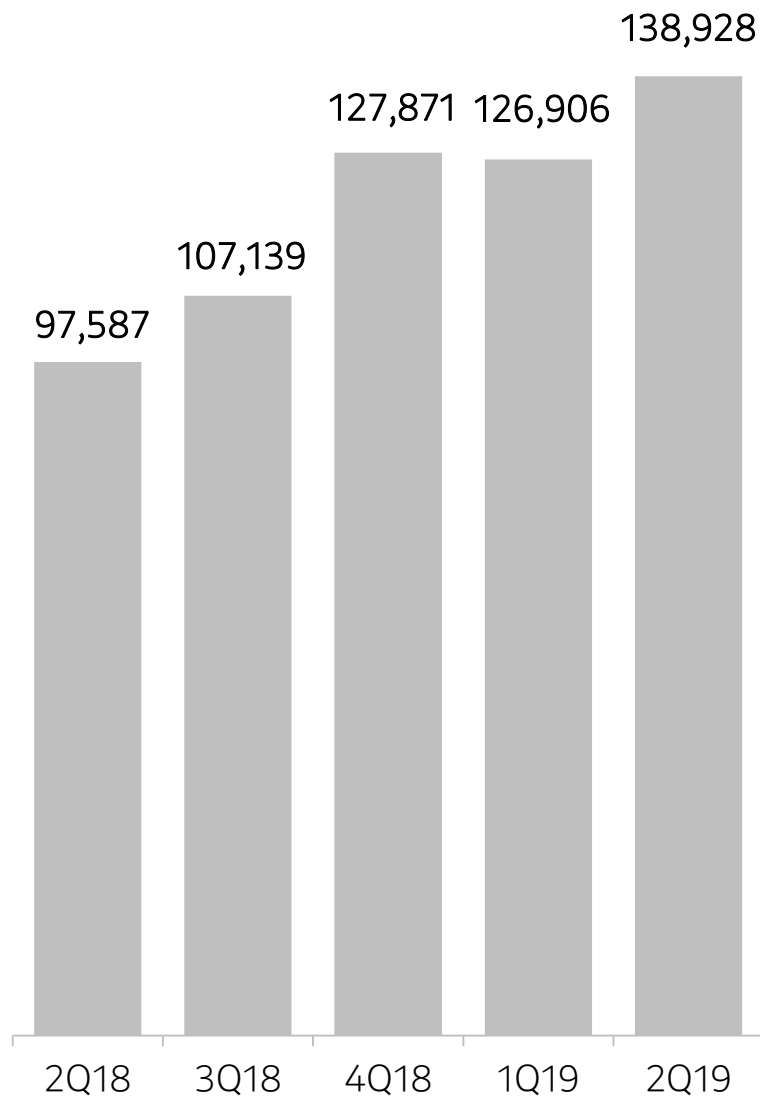
Talk Biz YoY +42% / QoQ +9%

Portal Biz YoY +7% / QoQ +8%

New Biz YoY +103% / QoQ -15% QoQ Decrease due to the exclusion of consolidated subsidiary

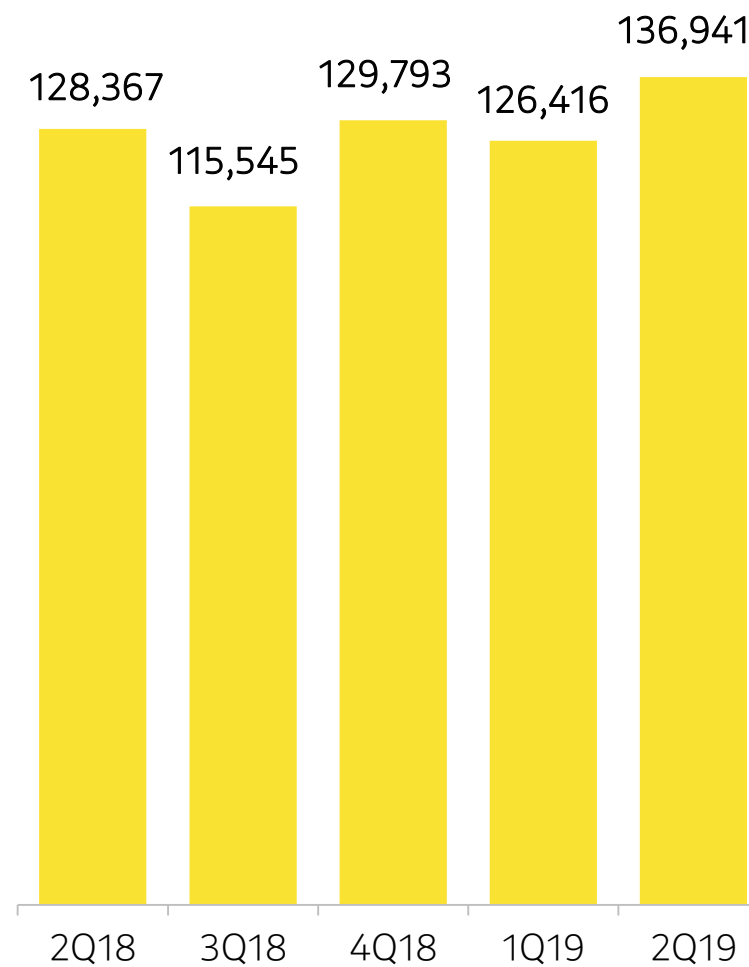
Talk Biz

(in million KRW)



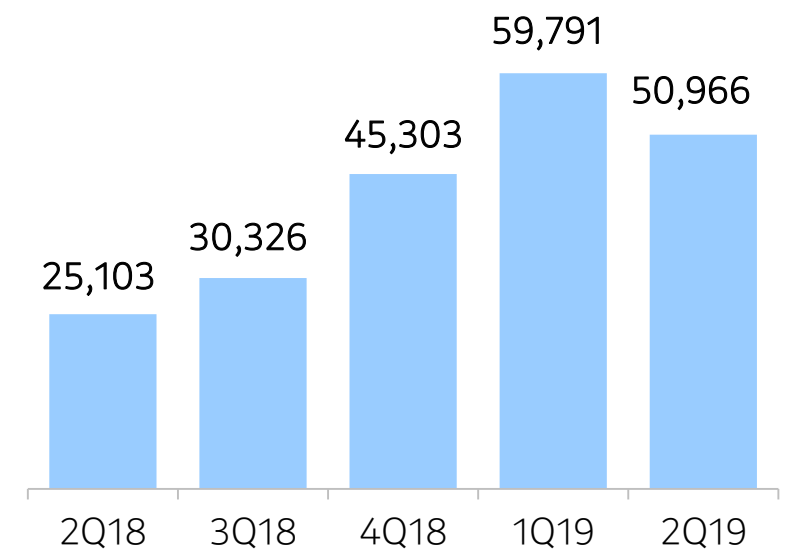
Portal Biz

(in million KRW)



New Biz

(in million KRW)



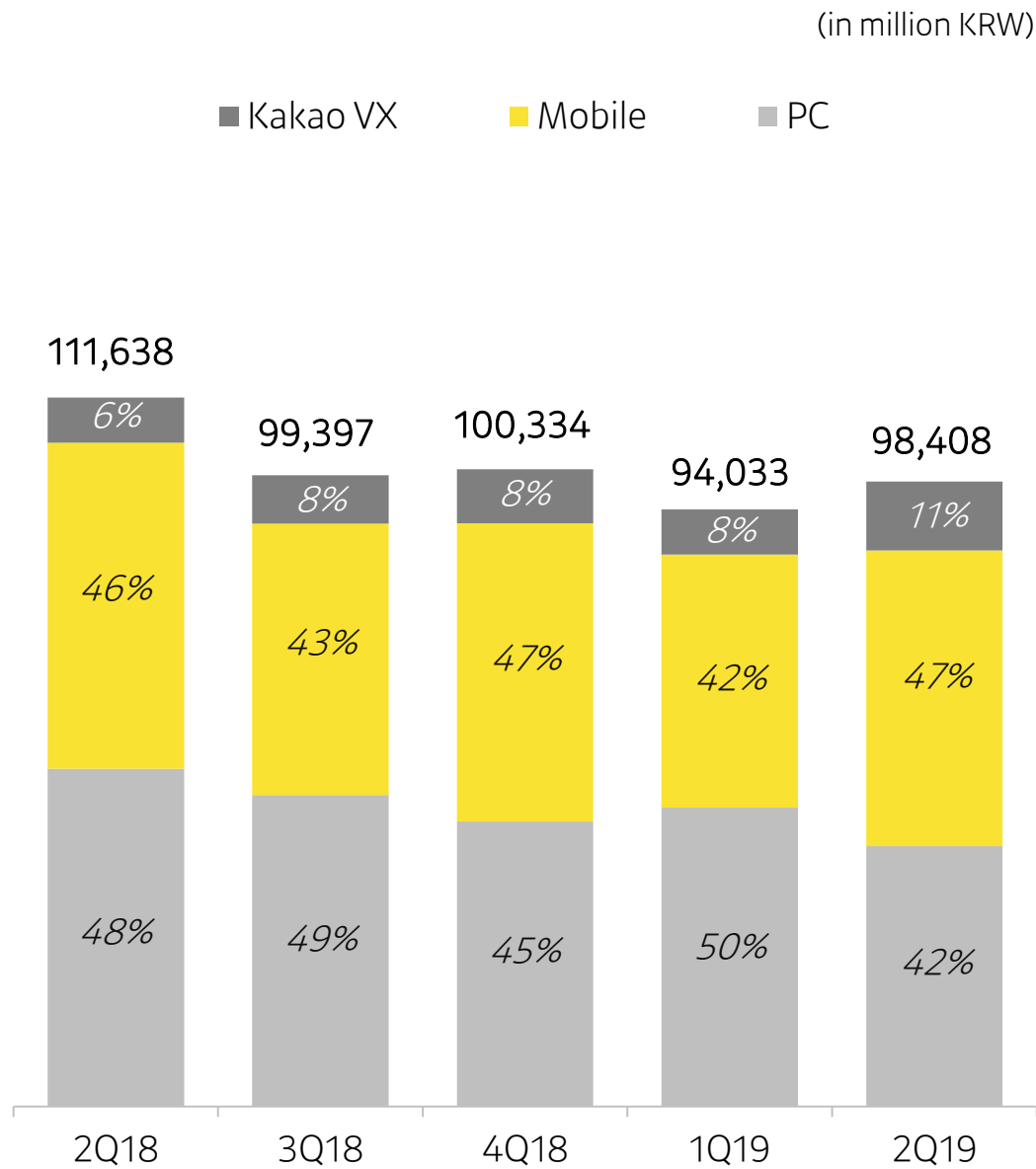
Content | Game Music

Game YoY -12% / QoQ +5%

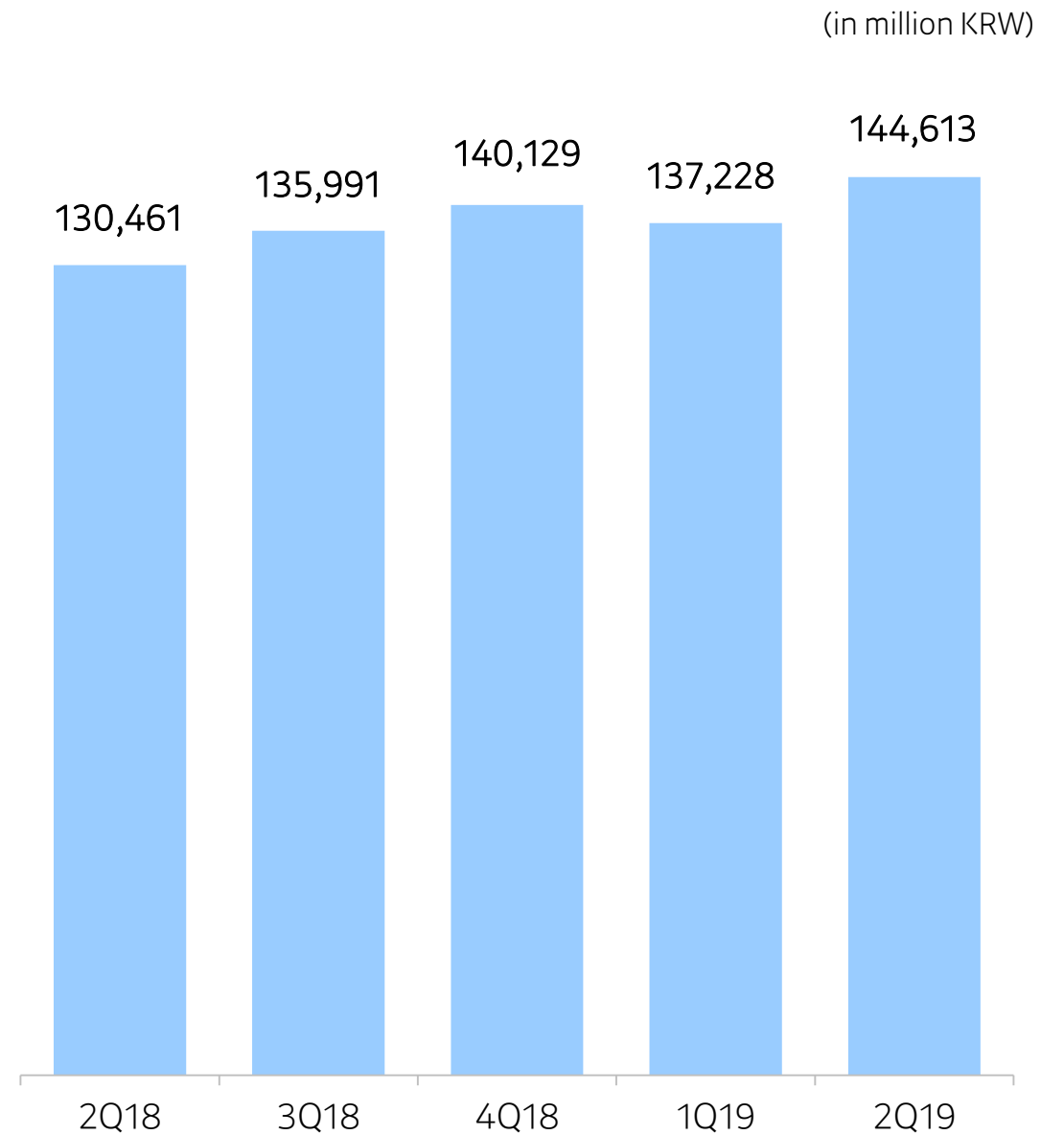
Kakao VX +52% (y) / +52% (q) Mobile -9% (y) / +17% (q) PC -23% (y) / -13% (q)

Music YoY +11% / QoQ +5%

Game



Music



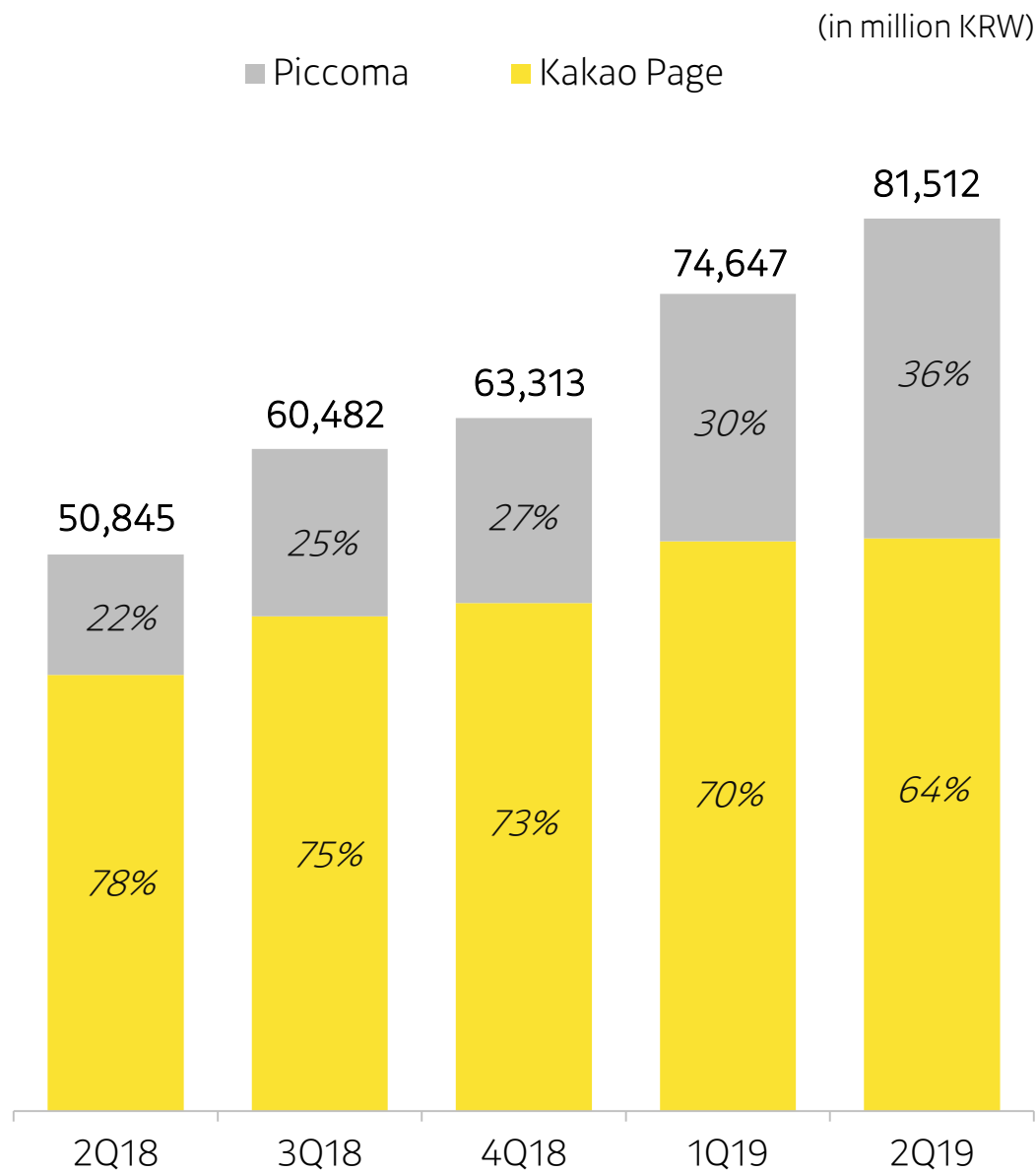
Content | Paid Content IP Business and Others

Paid Content YoY +60% / QoQ +9%

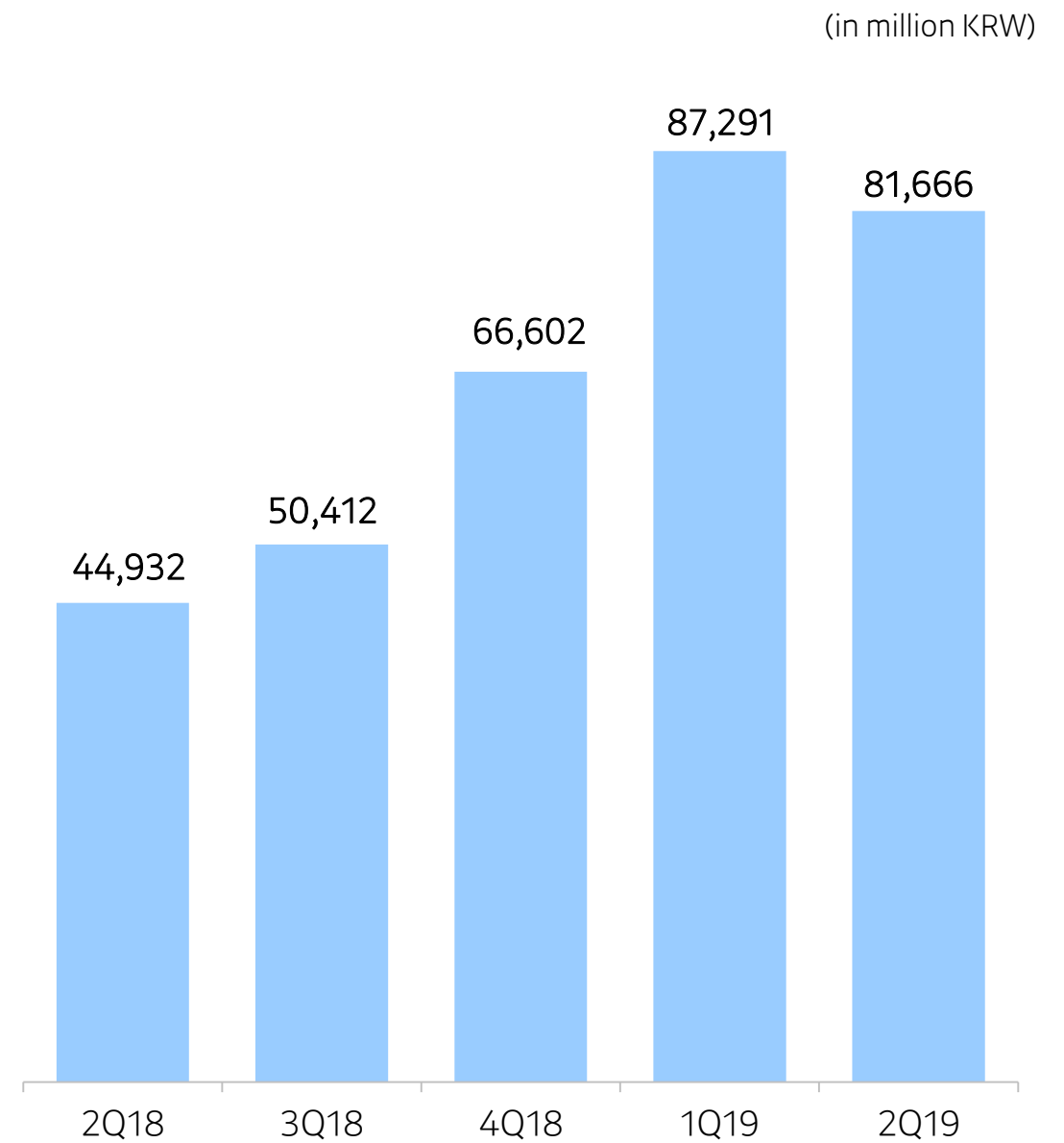
Piccoma +165% (y) / +29% (q) Kakao Page +31% (y) / +0.5% (q)

IP Business and Others YoY +82% / QoQ -6%

Paid Content



IP Business and Others



Earnings Summary

(in million KRW)

	2Q18	1Q19	2Q19	Chg.	
				YoY	QoQ
Total Revenue	588,933	706,312	733,035	24%	4%
Platform	251,057	313,114	326,836	30%	4%
Talk Biz	97,587	126,906	138,928	42%	9%
Portal Biz	128,367	126,416	136,941	7%	8%
New Biz	25,103	59,791	50,966	103%	-15%
Content	337,876	393,199	406,200	20%	3%
Game	111,638	94,033	98,408	-12%	5%
Music	130,461	137,228	144,613	11%	5%
Paid Content	50,845	74,647	81,512	60%	9%
IP Business and Others	44,932	87,291	81,666	82%	-6%
Operating Expenses	561,343	678,649	692,577	23%	2%
Operating Profit	27,590	27,663	40,459	47%	46%
<i>Margin (%)</i>	4.7%	3.9%	5.5%	+0.8%p	+1.6%p
Net Profit	22,494	17,564	30,992	38%	76%
Controlling Interests	18,366	27,512	38,775	111%	41%
Non-controlling Interests	4,128	-9,948	-7,782	-	-

Operating Expenses

(in million KRW)

	2Q18	1Q19	2Q19	Chg.	
				YoY	QoQ
Operating Expenses	561,343	678,649	692,577	23%	2%
Labor Cost	125,921	160,127	159,044	26%	-1%
Cost of Revenue	260,802	330,644	341,883	31%	3%
Outsourcing / Infrastructure	73,743	89,930	84,424	14%	-6%
Marketing Expense	46,062	32,947	39,937	-13%	21%
Depreciation and Amortization Cost	33,943	50,142	53,360	57%	6%
Misc.	20,872	14,859	13,928	-33%	-6%

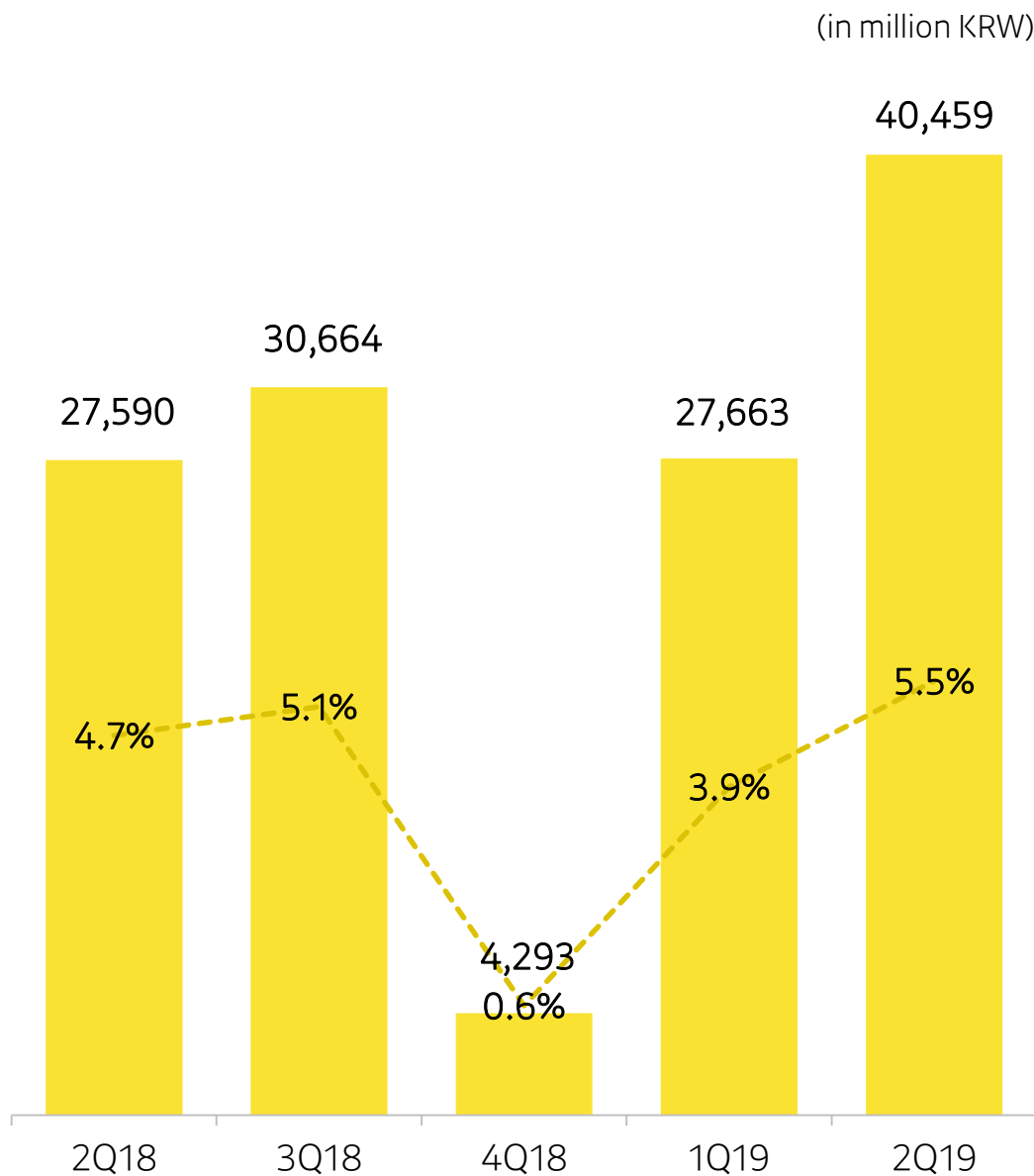
Profits

2Q Operating Profit YoY +47% / QoQ +W46%

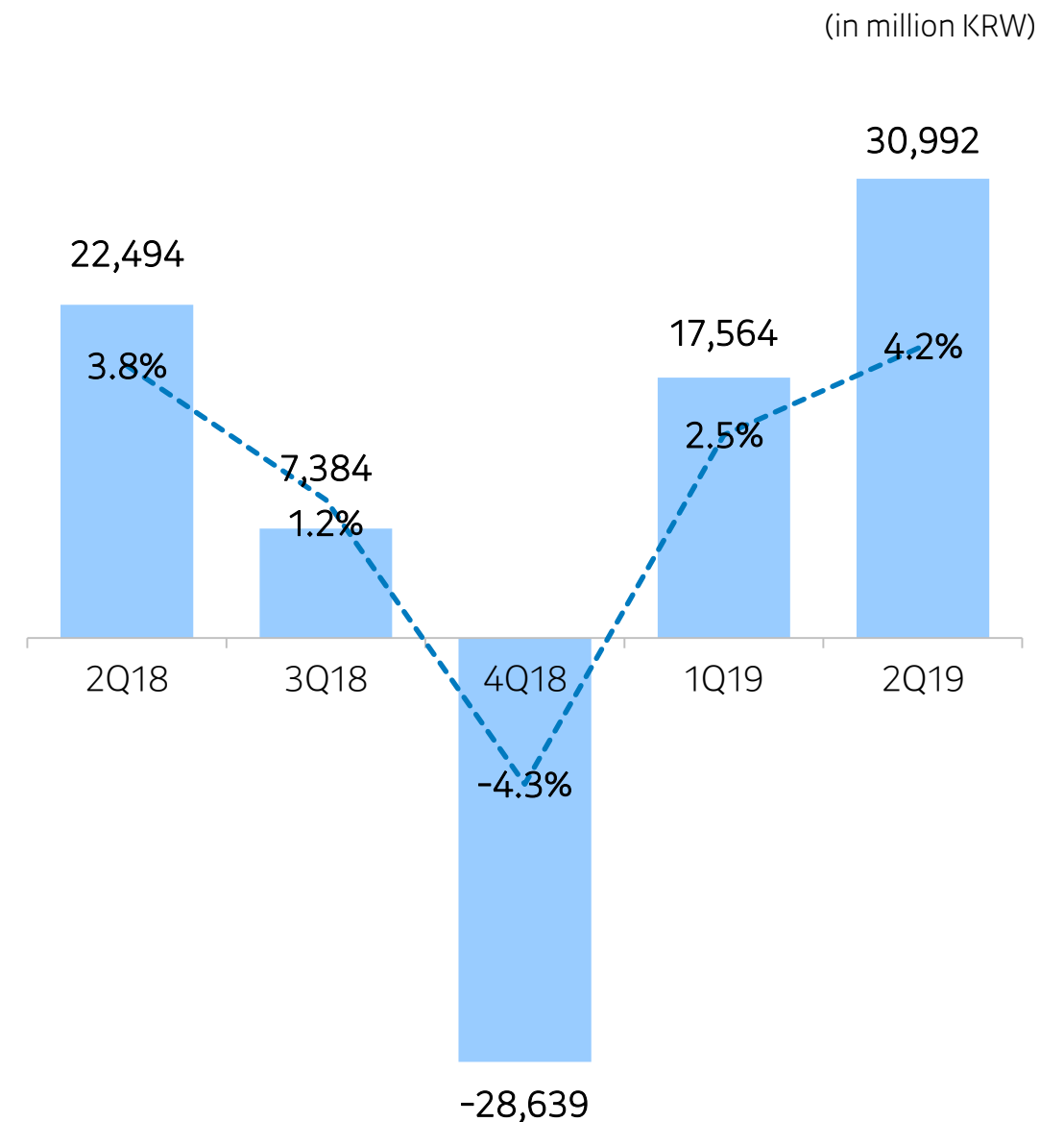
Operating Profit from Existing Businesses excluding New Businesses(Mobility, Tech-fin, Global Expansion, Artificial Intelligence and Blockchain) KRW87.5bn

Net Profit YoY +38% / QoQ +76%

Operating Profit(Ratio)



Net Profit(Ratio)



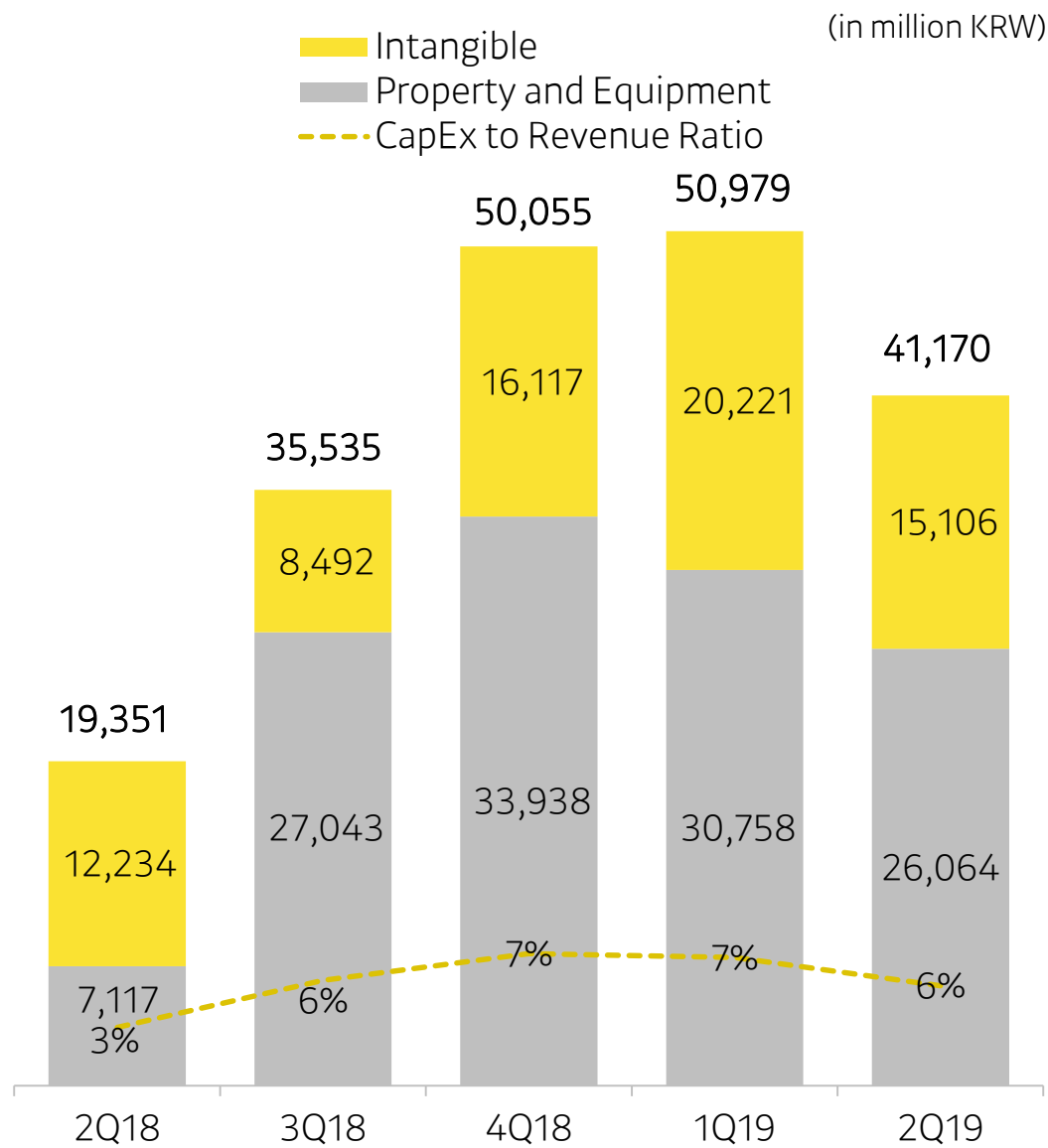
CapEx / Employees

CapEx 2Q CapEx to Revenue Ratio 6% / YoY +113%

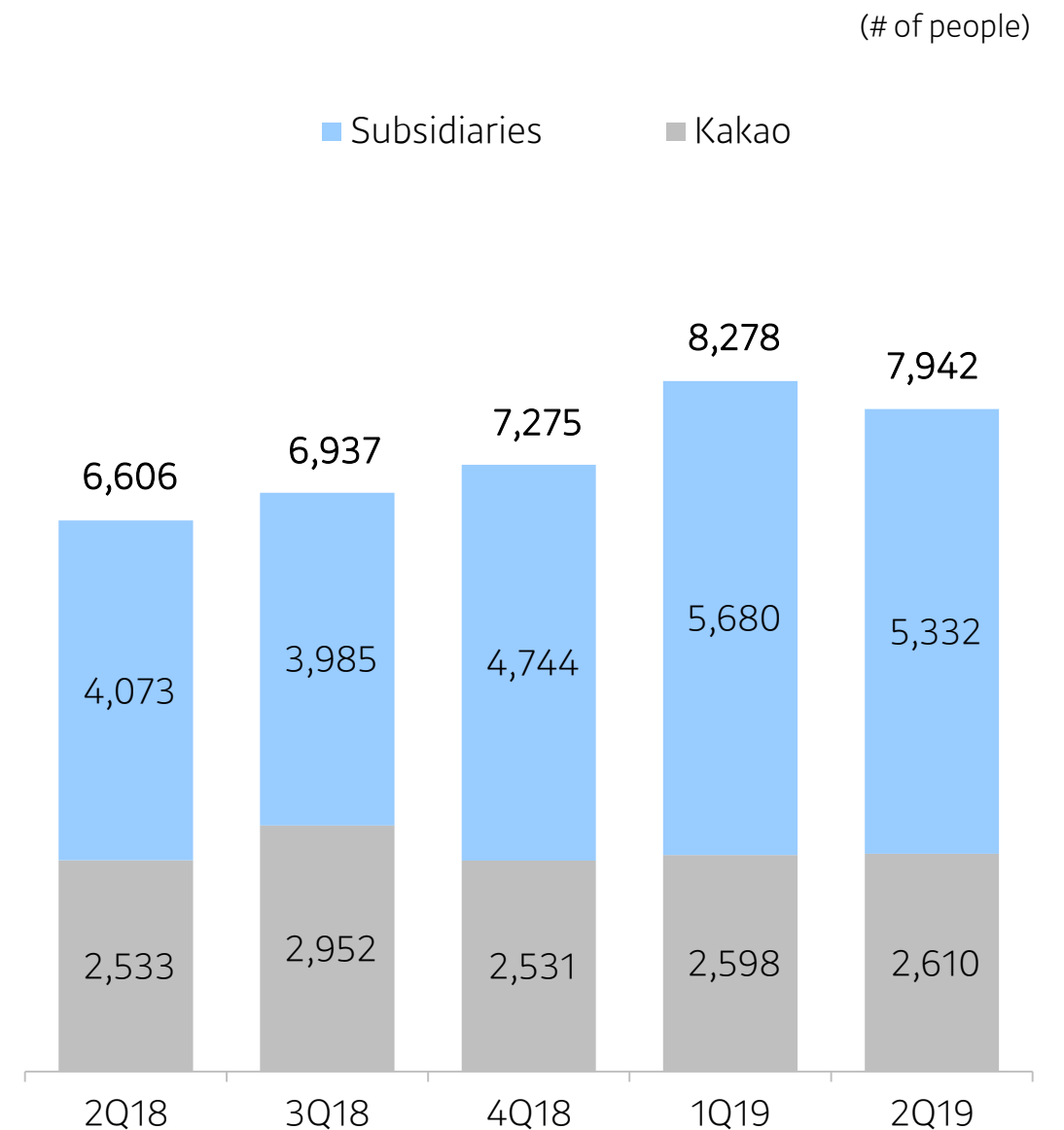
Employees 2Q Total 7,942 Employees, QoQ -336 People

QoQ Decrease due to the exclusion of consolidated subsidiary

CapEx



Employees



Consolidated Financial Statements Summary

Consolidated Income Statement					
(in million KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Total Revenue	588,933	599,293	673,345	706,312	733,035
Platform	251,057	253,010	302,967	313,114	326,836
Talk Biz	97,587	107,139	127,871	126,906	138,928
Portal Biz	128,367	115,545	129,793	126,416	136,941
New Biz	25,103	30,326	45,303	59,791	50,966
Content	337,876	346,283	370,378	393,199	406,200
Game	111,638	99,397	100,334	94,033	98,408
Music	130,461	135,991	140,129	137,228	144,613
Paid Content	50,845	60,482	63,313	74,647	81,512
IP Business and Others	44,932	50,412	66,602	87,291	81,666
Operating Expenses	561,343	568,629	669,052	678,649	692,577
Labor Cost	125,921	130,349	158,323	160,127	159,044
Cost of Revenue	260,802	261,099	306,867	330,644	341,883
Outsourcing / Infrastructure	73,743	84,719	87,804	89,930	84,424
Marketing Expense	46,062	37,187	55,741	32,947	39,937
Depreciation and Amortization Cost	33,943	34,532	38,193	50,142	53,360
Misc.	20,872	20,742	22,124	14,859	13,928
Operating Profit	27,590	30,664	4,293	27,663	40,459
<i>Margin (%)</i>	<i>4.7%</i>	<i>5.1%</i>	<i>0.6%</i>	<i>3.9%</i>	<i>5.5%</i>
Other Non-Operating Income	12,504	27,492	21,676	8,837	13,463
Other Non-Operating Expenses	13,415	24,616	33,536	16,048	10,955
Financial Income	35,388	18,429	44,077	22,801	13,319
Financial Expenses	7,140	6,500	27,918	5,729	13,770
Equity-method Income	2,093	2,769	-20,361	2,988	11,052
Profit before Income Tax	57,021	48,238	-11,769	40,512	53,567
Income Tax	34,527	40,854	16,870	22,948	22,575
Net Profit	22,494	7,384	-28,639	17,564	30,992
Controlling Interests	18,366	16,635	-969	27,512	38,775
Non-controlling Interests	4,128	-9,251	-27,670	-9,948	-7,782
EBITDA	60,607	65,648	40,753	78,113	94,190

Consolidated Statement of Financial Position			
(in million KRW)	2018.12.31	2019. 3.31	2019. 6.30
Current Assets	2,858,950	2,772,525	2,647,247
Cash and Cash Equivalents	1,247,013	1,633,397	1,617,254
S-T Financial Instruments	924,215	496,452	380,159
Account Receivable	193,669	104,408	127,484
Other Current Financial Assets	207,656	233,342	240,958
Other Current Assets	286,397	304,926	281,392
Non-Current Assets	5,100,592	5,302,453	5,531,061
Investments in Associates and Joint Ventures	305,188	302,881	352,323
Tangible Assets	314,812	331,638	329,072
Intangible Assets	3,865,265	3,867,635	3,837,592
Other Non-current Assets	615,327	800,299	1,012,073
Total Assets	7,959,542	8,074,978	8,178,308
Current Liabilities	2,039,196	1,969,879	2,036,752
Account Payable and Other payable	460,813	413,977	474,869
Short-term Borrowings	609,480	554,202	501,631
Income Tax Payable	71,040	83,985	51,701
Other Current Liabilities	897,863	917,714	1,008,551
Non-Current Liabilities	293,188	467,147	475,568
Long-term Borrowings	44,995	47,150	64,466
Deferred Income Tax Liabilities	151,228	155,890	149,519
Other Non-Current Liabilities	96,965	264,107	261,583
Total Liabilities	2,332,385	2,437,026	2,512,321
Paid-in Capital	41,744	41,749	41,779
Capital Surplus	4,647,543	4,645,830	4,661,890
Other Accumulated Earnings	1,492	3,854	5,575
Accumulated Other Comprehensive Income	-7,329	-9,313	-4,976
Retained Earnings	453,400	470,860	509,635
Minority Interest	490,307	484,972	452,083
Total Equity	5,627,158	5,637,952	5,665,987
Total Liabilities & Equity	7,959,542	8,074,978	8,178,308

Financial Statements Summary (Kakao only)

Income Statement					
(in million KRW)	2Q18	3Q18	4Q18	1Q19	2Q19
Total Revenue	252,523	291,778	385,046	331,522	361,961
Operating Expenses	223,005	255,788	344,574	296,869	316,612
Labor Cost	59,443	63,665	83,431	66,316	66,071
Cost of Revenue	92,106	110,641	164,786	151,260	162,666
Outsourcing / Infrastructure	44,123	47,963	50,438	45,234	47,056
Marketing Expense	3,380	7,140	12,875	2,184	4,844
Depreciation and Amortization Cost	17,478	19,471	25,810	28,277	31,438
Misc.	6,476	6,908	7,234	3,599	4,537
Operating Profit	29,518	35,990	40,472	34,654	45,348
<i>Margin (%)</i>	<i>11.7%</i>	<i>12.3%</i>	<i>10.5%</i>	<i>10.5%</i>	<i>12.5%</i>
Other Non-Operating Income	3,545	2,613	2,359	1,006	1,344
Other Non-Operating Expenses	7,317	3,192	26,873	13,664	12,060
Financial Income	39,812	5,791	16,795	13,638	12,494
Financial Expenses	1,439	6,934	18,552	3,995	4,446
Profit before Income Tax	64,120	34,268	14,201	31,639	42,680
Income Tax	19,806	40,820	15,117	10,435	16,543
Net Profit	44,314	-6,552	-915	21,204	26,137
EBITDA	46,614	56,313	65,396	63,188	76,797

Statement of Financial Position			
(in million KRW)	2018.12.31	2019. 3.31	2019. 6.30
Current Assets	1,261,480	1,269,433	1,047,722
Cash and Cash Equivalents	250,920	666,790	704,126
S-T Financial Instruments	601,712	257,254	15,533
Account Receivable	71,333	64,135	77,196
Other Current Assets	337,515	281,254	250,867
Non-Current Assets	4,941,359	5,053,845	5,238,661
Investments in Associates, Subsidiaries and Joint Ventures	1,496,538	1,485,643	1,474,580
Tangible Assets	236,016	252,342	250,128
Intangible Assets	2,875,510	2,882,313	2,882,375
Other Non-current Assets	333,295	433,548	631,578
Total Assets	6,202,839	6,323,279	6,286,383
Current Liabilities	1,250,706	1,268,220	1,205,494
Account Payable and Other payable	404,760	520,230	539,098
Short-term Borrowings	564,921	516,575	458,234
Income Tax Payable	59,204	67,533	33,754
Other Current Liabilities	221,821	163,881	174,407
Non-Current Liabilities	200,790	289,560	281,695
Long-term Borrowings	39,939	39,946	39,952
Deferred Income Tax Liabilities	126,350	125,046	119,751
Other Non-Current Liabilities	34,501	124,568	121,991
Total Liabilities	1,451,496	1,557,780	1,487,188
Paid-in Capital	41,744	41,749	41,779
Capital Surplus	4,096,216	4,097,226	4,103,033
Other Accumulated Earnings	35,547	37,909	39,630
Accumulated Other Comprehensive Income	-1,606	-1,978	-1,978
Retained Earnings	579,442	590,594	616,731
Total Equity	4,751,343	4,765,499	4,799,195
Total Liabilities & Equity	6,202,839	6,323,279	6,286,383

Thank You

