

# kakao

August 2020 | Investor Relations



## Disclaimer

Financial information contained in this document is based on consolidated K-IFRS that have not been reviewed by an auditor: therefore, the information and financial data contained in this document are subject to change upon an independent auditor's review.

The company does not make any representation or accept liability, as to the accuracy or completeness of the information contained in this material. The format and contents of this document are subject to change for future filings and reports. Kakao is not liable for providing future updates on all figures included in this document.

# Table of Contents

|                           |           |
|---------------------------|-----------|
| <b>Kakao Ecosystem</b>    | <b>4</b>  |
| <b>Kakao Business</b>     | <b>12</b> |
| Talk Biz                  | 13        |
| Mobility                  | 16        |
| Techfin(Pay)              | 17        |
| Techfin(Bank)             | 18        |
| Music                     | 19        |
| Game                      | 20        |
| Paid Content              | 21        |
| IP Business(M)            | 22        |
| IP Business(IX)           | 23        |
| B2B Business              | 24        |
| <b>Financial Overview</b> | <b>25</b> |

# **Kakao ecosystem**

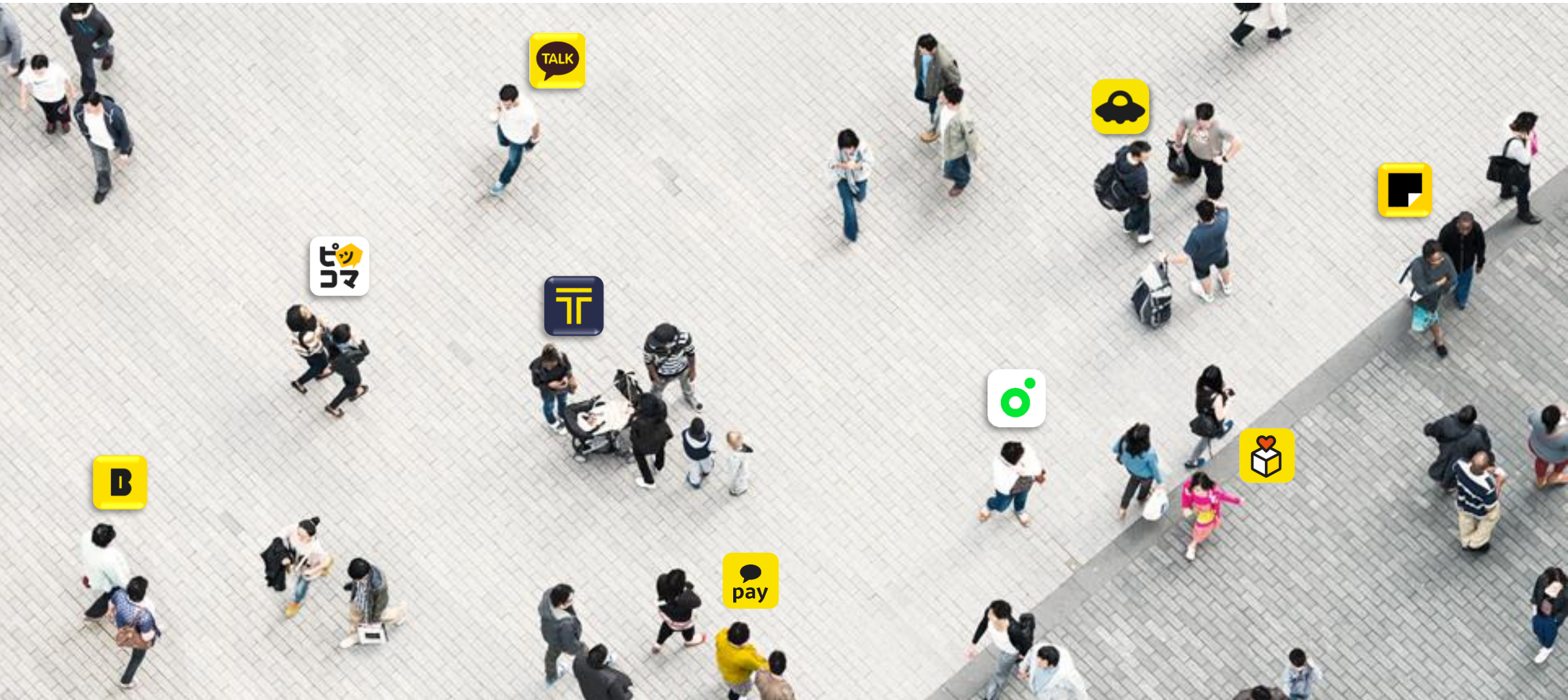
Kakao business

Financial overview

# Mission

## Making a better world with people and technology.

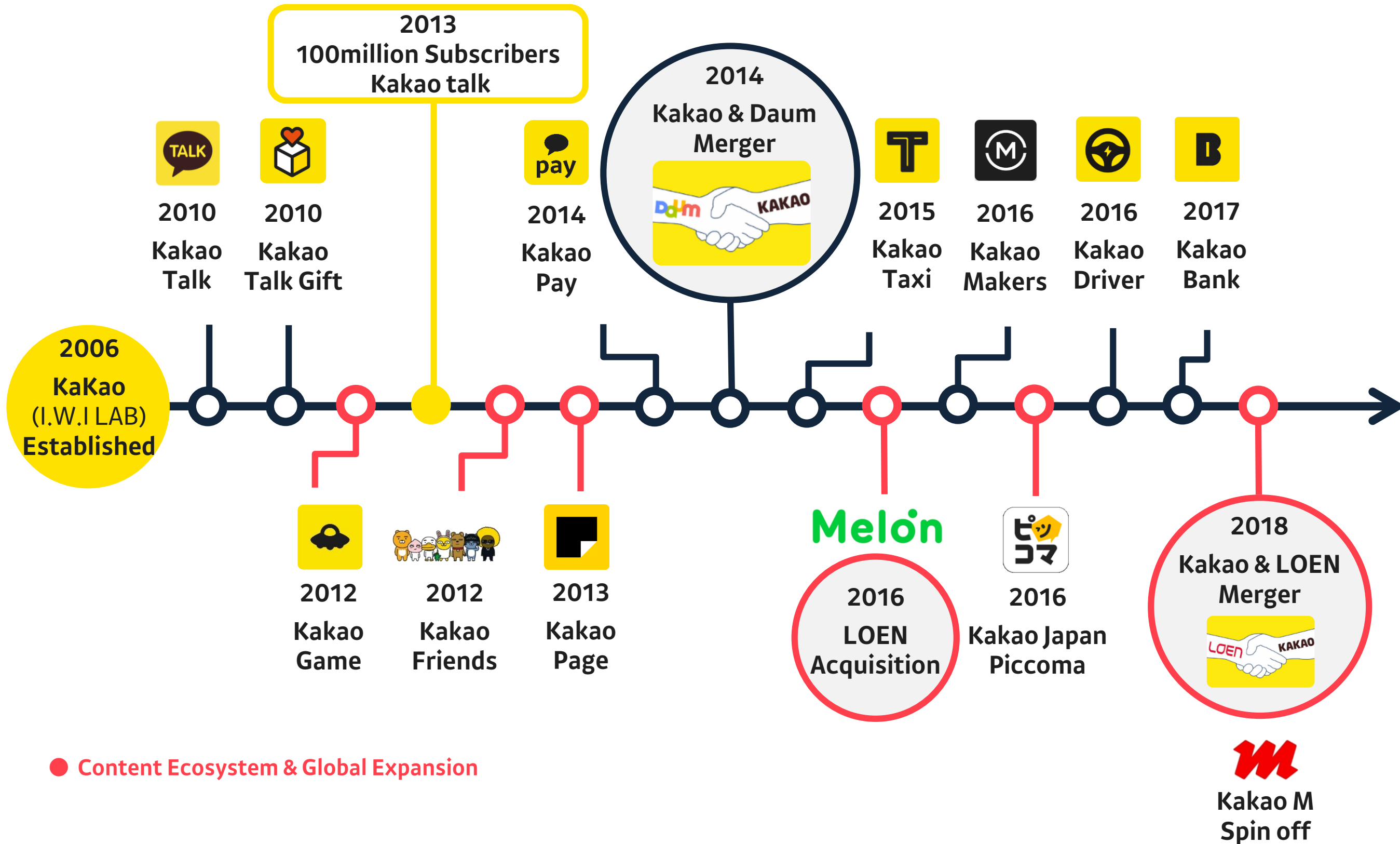
Building meaningful relationship beyond the connection





# History

## ● Interactive Business Platform



# Undisputed Market Leader



**No1. Mobile Messenger Service in Korea**  
46 Million MAU in Korea  
97% Market Share  
88% Population Penetration



**#1 Brand Power**  
Across 220 Industries in Korea



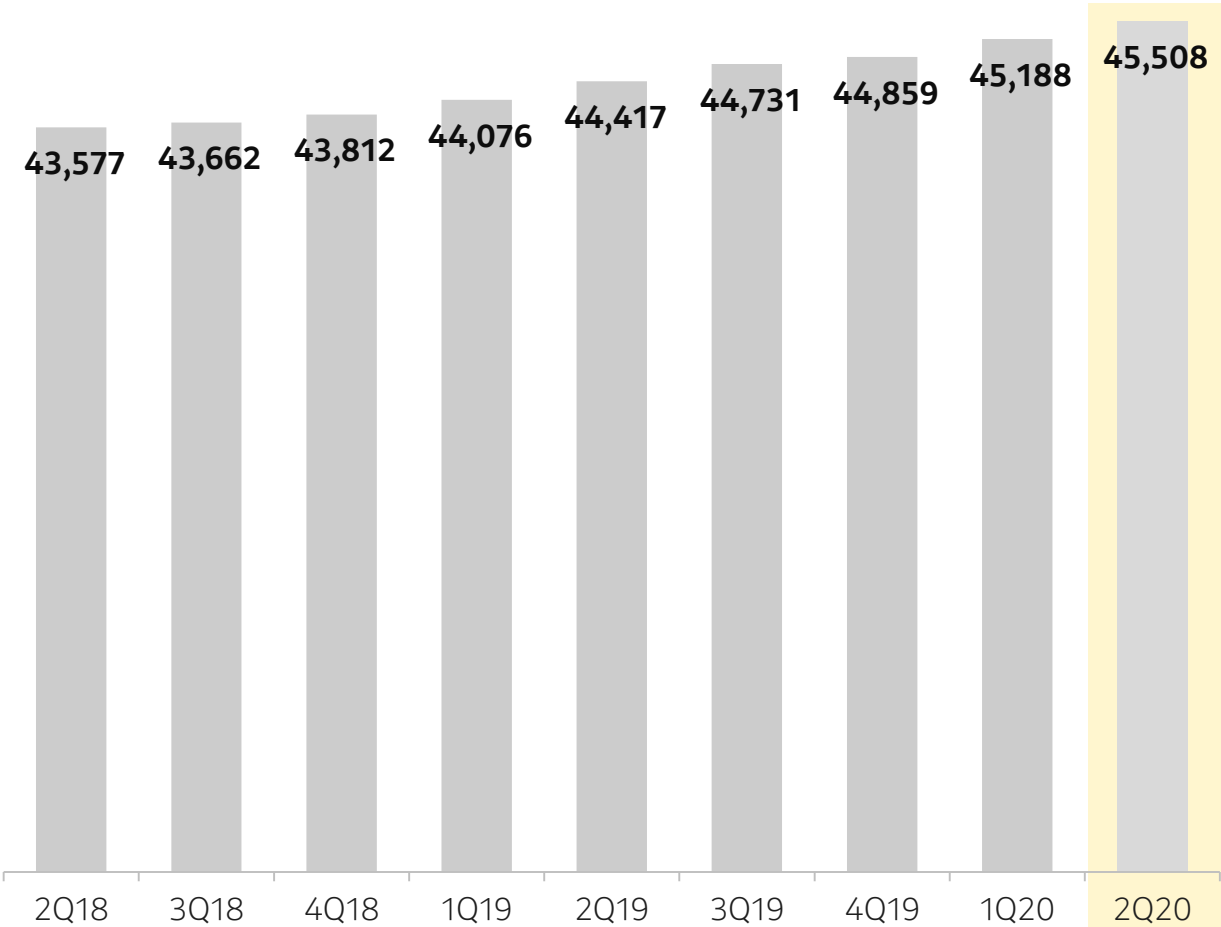
**Most Admired Workplace**  
Among Top 100 Companies in Korea by Market Cap.



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



## Kakao Talk Monthly Active Users



|        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Korea  | 43,577 | 43,662 | 43,812 | 44,076 | 44,417 | 44,731 | 44,859 | 45,188 | 45,508 |
| Global | 50,113 | 50,187 | 50,219 | 50,547 | 50,882 | 51,374 | 51,495 | 51,768 | 52,133 |

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

# Kakao Ecosystem

# kakao

## Interactive Business Platform

## Content Ecosystem & Global Expansion



### Advertising

**Kakao Bizboard**  
Leverage Bizboard as an Entry Point

“Meaningful Relationship Extension”



### 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**  
Innovation in Mobile Finance

“Reshaping the Korean Financial Industry”



### AI / Blockchain

**Future Growth Engine**  
Expanding B2B Business & Blockchain Main Net

“Sustained Growth for Future”



### Game

**Global Game Company**  
Publishing & Developing Capabilities

“Competitive Edge to be a Formidable Player”



### Web Literature

**#1 App**  
The Largest Number of Original IPs

“Aggressive Global Expansion via Unique Business Model”



### Music / Video

**Dominant Platform**  
Music Streaming & Downloads

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



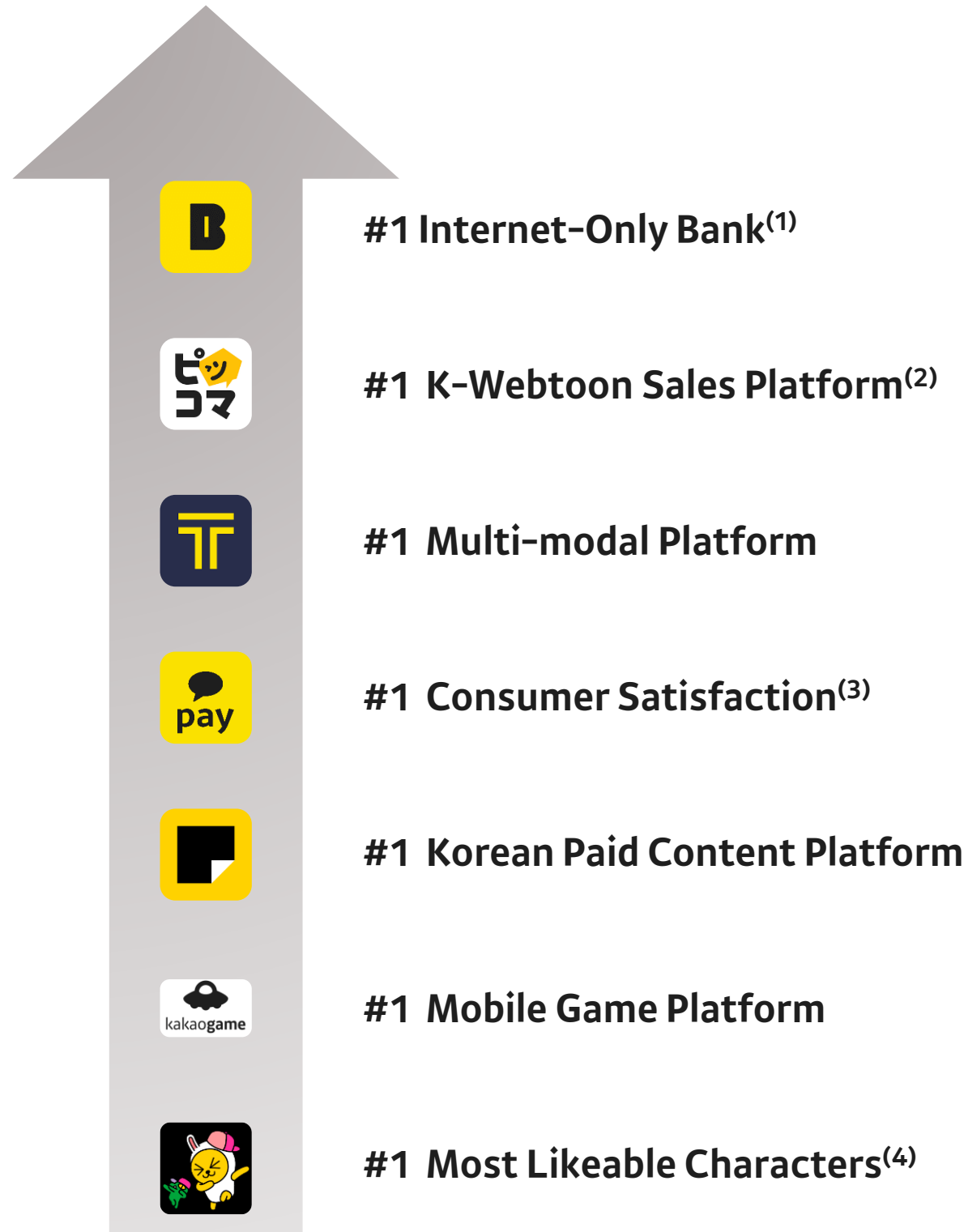
### IP Business

**#1 Celeb IP**  
Korean Top Talent & Character

“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) KakaoJapan's Piccoma, 2019 annual sales record in Japanese digital manga market. (3) Survey by Korea Consumer Board, Consumer satisfaction for mobile payment. (4) Korea Creative Content Agency survey.

# Global Strategic Partnerships

|  | <br><b>Kakao Mobility</b> | <br><b>Kakao Page</b> | <br><b>Kakao Pay</b> | <br><b>Kakao Games</b>   | <br><b>Kakao M</b> | <br><b>Kakao Bank</b>   |
|--|--|---|---|---|---|--|
|  <b>Kakao's Stake<sup>1)</sup></b>        | 69.3%  | 63.5%   | 56.1%   | 58.9%   | 78.2%   | 33.5%  |
|  <b>Strategic Partner</b>                |                          |                     |                     | <br><b>ACEVILLE</b><br><br><b>KRAFTON</b> |                  | <br><br><br><br> |
|  <b>Transaction Valuation (KRW trn)</b> | Jun. 2017<br><b>1.6</b>  | Jul. 2019<br><b>1.2</b>   | Jul. 2020<br><b>1.1</b>   | Feb. 2018<br><b>0.8</b>   | Mar. 2020<br><b>1.7</b>   | Capital <sup>1)</sup><br><b>1.8</b>  |
|  <b>Investment Amounts (KRW bn)</b>     | <b>500</b>   | 125<br>Dec. 2016<br><b>24</b><br>Jul. 2019  | 230<br>Feb. 2017<br><b>115</b><br>Jul. 2020   | <b>140</b>  | <b>210</b>  |  |

1) Latest filings

# Company Management

## Kakao Founder & Chairman



**Brian Kim**  
“Korean Web Pioneer”  
By Forbes Asia

## Kakao CEO



Mason Yeo



Sean Joh

## Key Subsidiaries

**1998** Founder & CEO



One of the first online game portals globally  
\* Merged with NAVER (in 2000)

**2001** CEO



#1 Search portal in Korea

**2009** Founder & Chairman



#1 Mobile messaging app company in Korea  
\*Merged with Daum (in 2014)

Kakao Games



Nkay Namkoong



Leo Cho

Kakao Mobility



Alex Ryu

Kakao Pay



Alex Ryu

Kakao Page



Joy Lee

Kakao Japan



Jay Kim

Kakao M



Stephan Kim

Kakao  
Enterprise



Andrew Beak

Kakao ecosystem

**Kakao business**

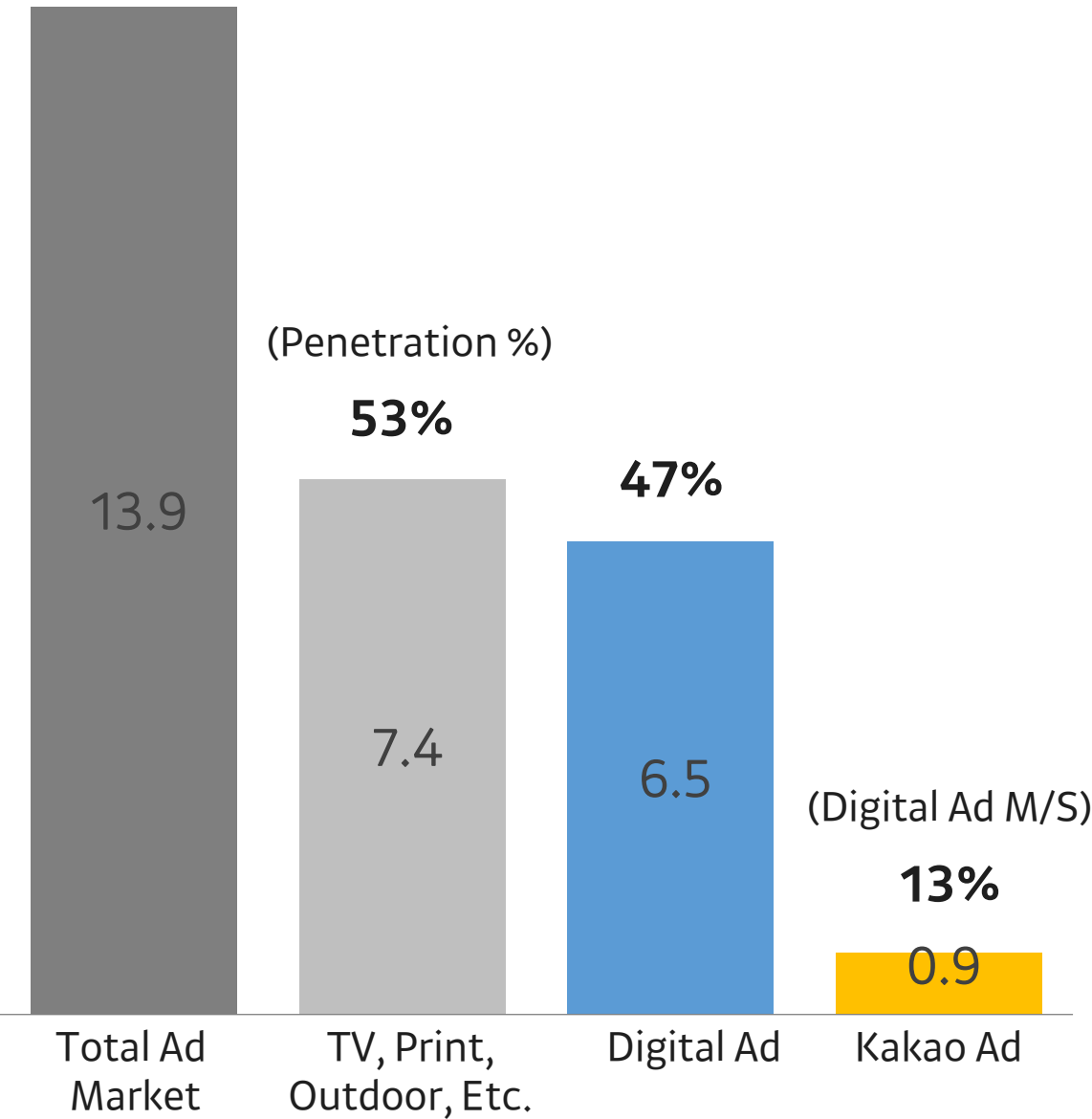
Financial overview

# Paradigm Shift in Advertising Industry

## Significant Growth Opportunity in Kakao Talk as a Biz Platform

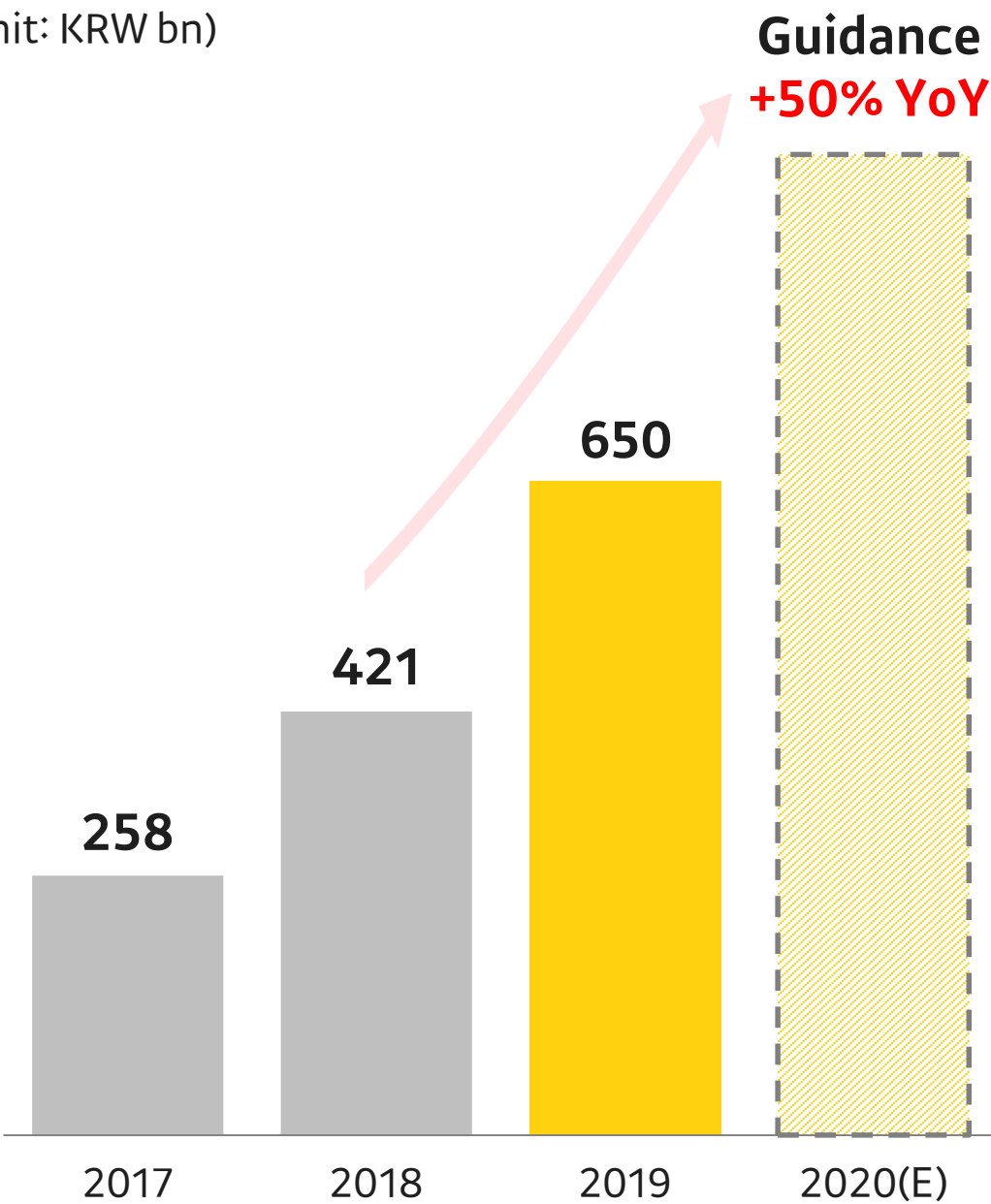
Ad Market Size (2019)

(Unit: KRW trn, %)



Talk Biz Revenue

(Unit: KRW bn)

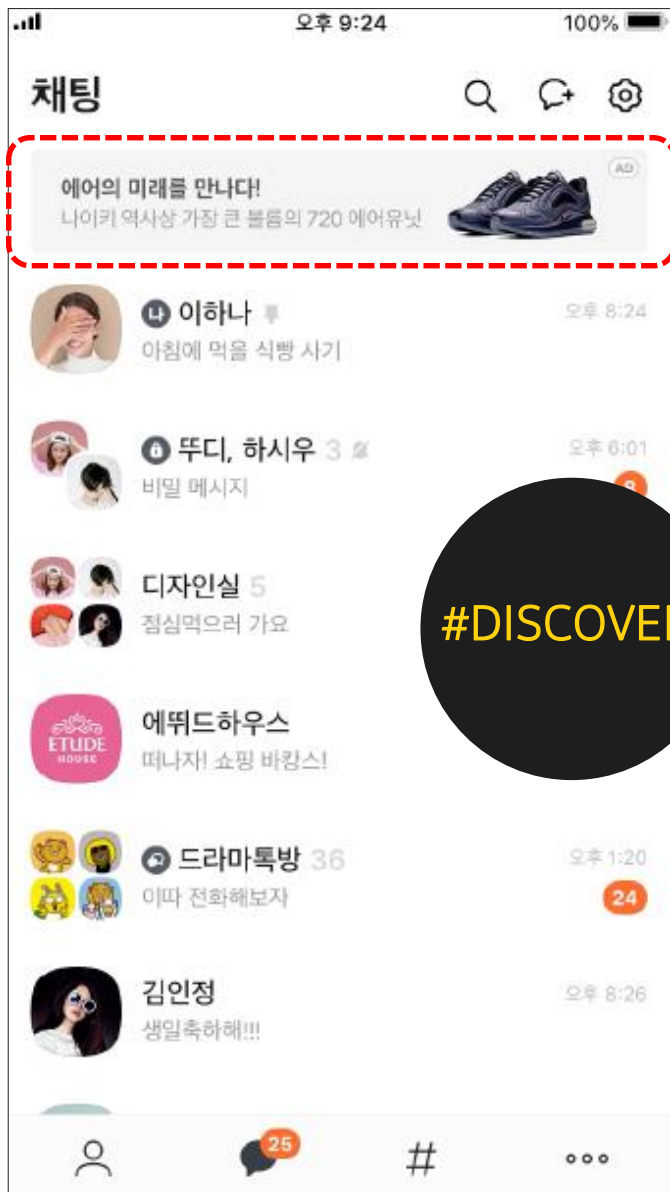


1) Kakao Ad includes Talk biz advertising and Portal Biz Revenue in FY2019

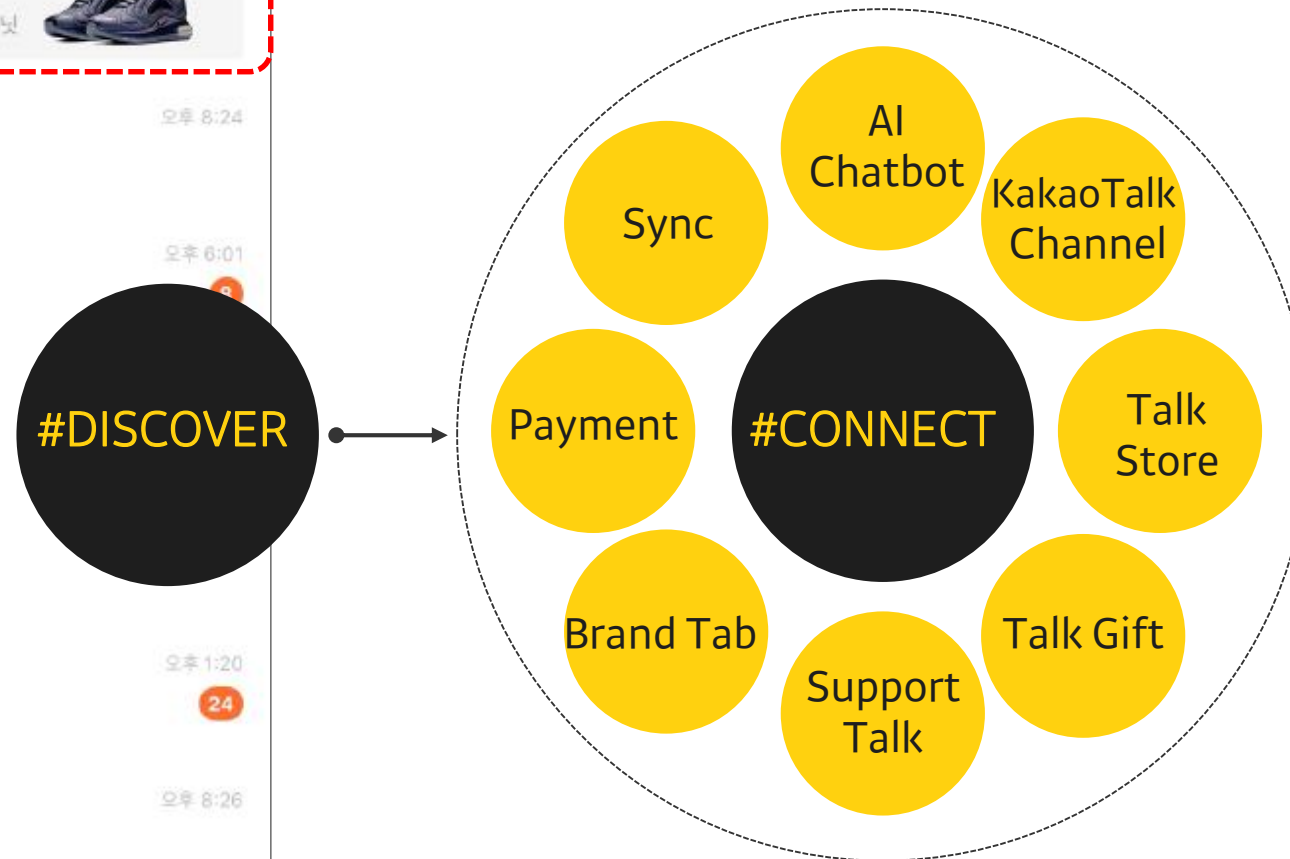
# Talk Biz Advertising(Kakao Bizboard)

## Kakao Bizboard, a New Innovative Way to Connect 46million Mega Traffic

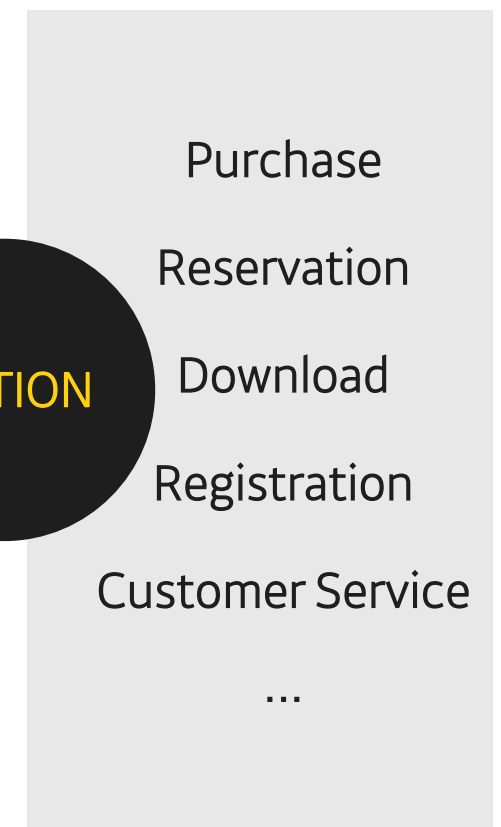
Chat list tab is where users spend the most time



Users can get recommendations of their interests



Users may fulfill any actions that wish to take

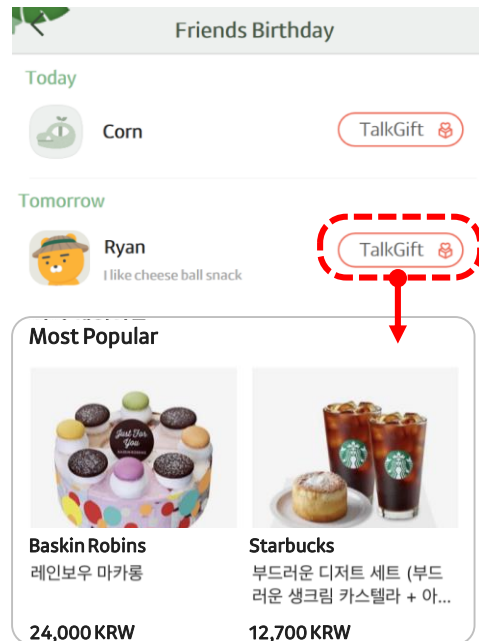




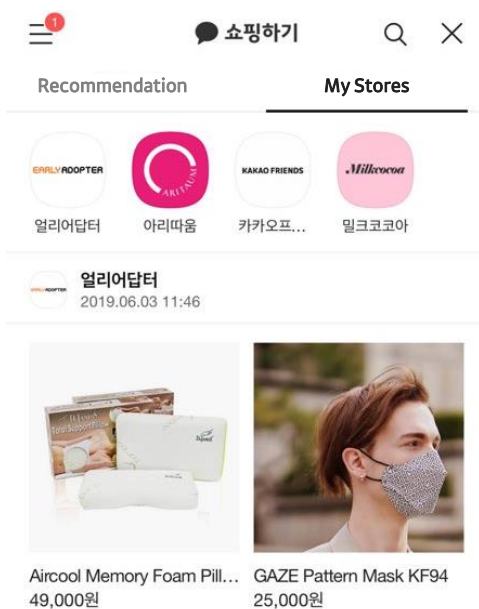
# Talk Biz Commerce

## From Leveraging the Social Graph to any Talk-based Transactions

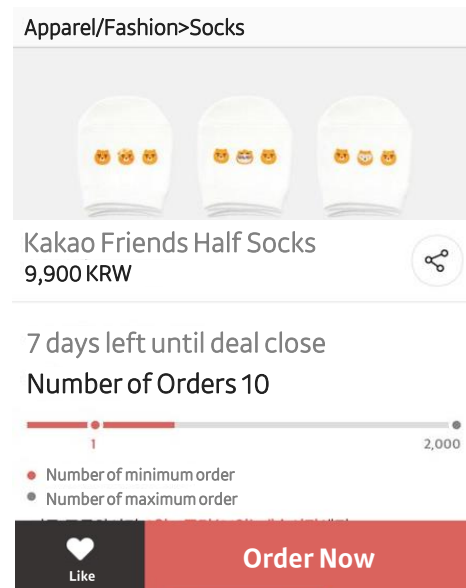
### Talk Gift



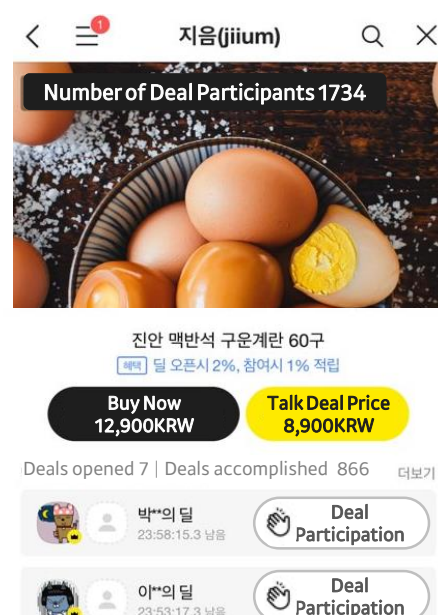
### Talk Store



### Kakao Makers



### Talk Deal



## Kakao Bizboard will revolutionize daily commerce experience



## Multimodal Platform with All-Inclusive Transportation Needs



### Kakao T Key Indices

**10mn+**  
MAU

Dominant Traffic

**25mn+**  
Registered  
Users

70+% of Economically  
Active Population

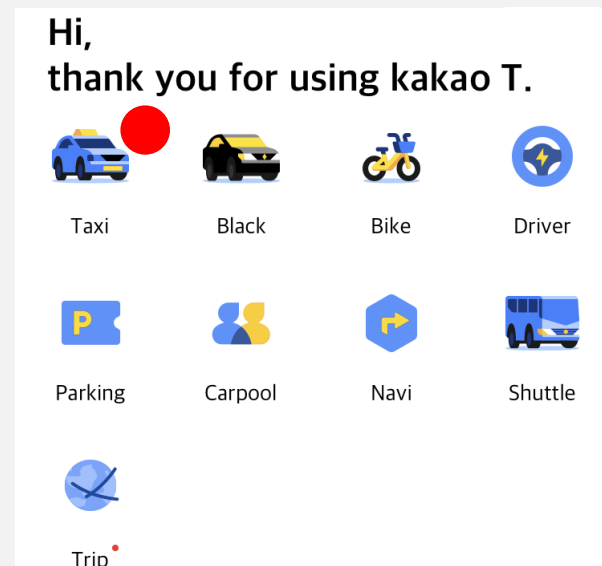
**2.9mn+**  
Peak Daily  
Taxi-Hailing  
Orders

Based on Large User  
Base and Registered  
Taxi Driver

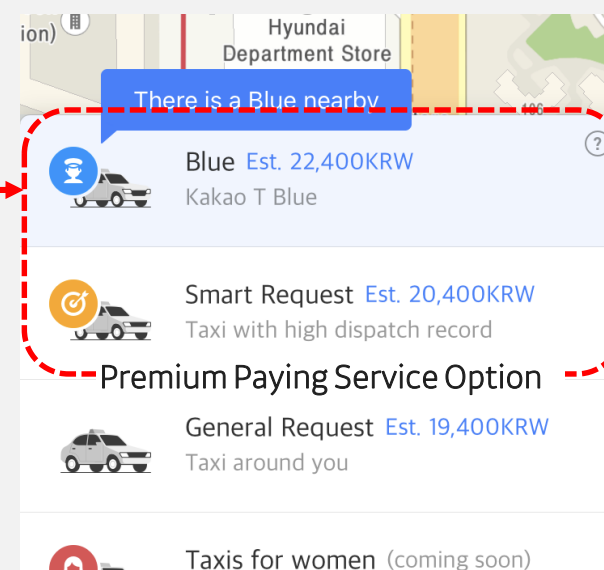
**11.1mn+**  
Credit Card  
Registrants

Ready to Pay Users  
(As of March 2020)

### Kakao T Application



### Taxi Service Option



### Creating a Kakao's Own Mobility Ecosystem thru Partnerships



### Kakao T Blue

Expanding the service coverage  
in the regional area

## No.1 All-Encompassing Daily Financial Platform



### Kakao Pay Key Indices

**34mn+**  
Accumulated  
Members

**20mn+**  
MAU

**W14.8trn**  
2Q20 GMV

+31% YoY  
(FY2019 Total GMV W48trn)

### Money 2.0 Strategy

#### Money 1.0

Prepaid Top-up BM  
(Non-Benefit for Deposit)

Limit on Balance

Limited Scope of  
Financial Service

#### Money 2.0

Real Name Account  
(Interest Benefit)

Equivalent to  
Brokerage Account

Diversified Financial  
Products

### Kakao Pay Money Upgrade

매주 월요일마다  
알아서 쌓이는 잔고

카카오페이머니 업그레이드

**5%**

\*최대, 연(세전), 100만원까지(~5/31)

### Creating New Investment Culture

AI, Big data

Customized WM

Differentiated  
Financial Content

WM Service Improvement

Real Name Based Account  
Daily Financial Platform

## No.1 Internet-Only Bank with Innovation



### Kakao Bank Key Indices

**W1.8trn**  
Capital

**12.5mn**  
(# of Clients)  
Accounts

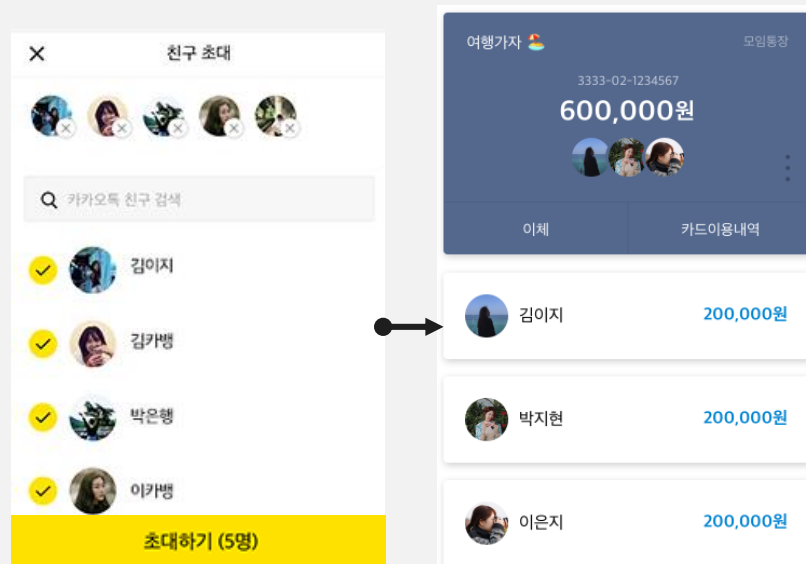
**W22.3trn**  
Deposits

**W17.3trn**  
Credit Loans

**W45.3bn**  
Net Income  
1H20

FY2019 Net Profit W13.7bn

### Kakao Bank Moim Service(Dec 2018)



### Pioneering a New Market Frontier



Offered 1trn+ Mid-priced Loans in 2019  
(Equivalent to 110% of total mid-priced loan in 2018)

**개인사업자 사잇돌대출**

**바쁜 사업자를 위한  
제금융권 신용대출**

| 최대한도 | 최저금리   | 중도상환해약금 |
|------|--------|---------|
| 2천만원 | 연3.48% | 면제      |

\* 최저금리 등 자세한 사항은 카카오뱅크 앱에서 확인하세요.

**복잡한 서류 제출 없이  
스마트폰에서 간편하게**

- 1 한도/금리 조회
- 2 사업자/소득 정보 확인
- 3 모바일 대출 계약서 작성
- 4 대출 실행

### Platform Business Expansion - Partnership with 4 credit card companies



## # 1 Digital Music Platform with Unparalleled Market Presence



### Melon Key Indices

**5.13mn+**  
Paying  
Subscribers

7mn Unique Visitor  
Dominant Traffic

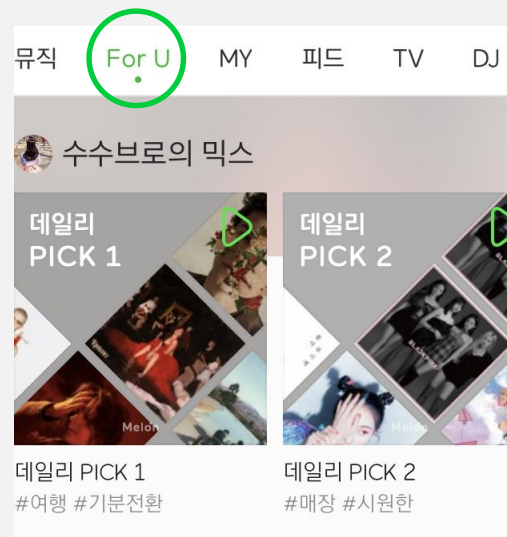
**40mn+**  
Song Library

Largest Music Content

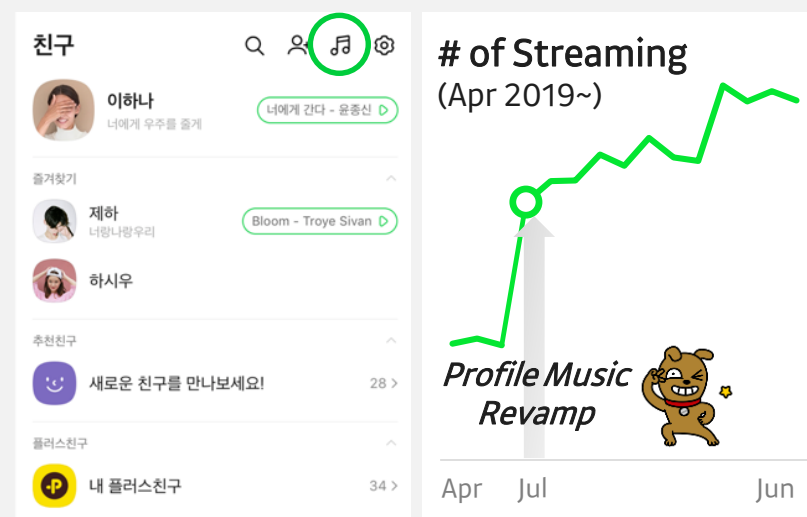
**108mn+**  
Playlists

More Personalized &  
Customized Functions

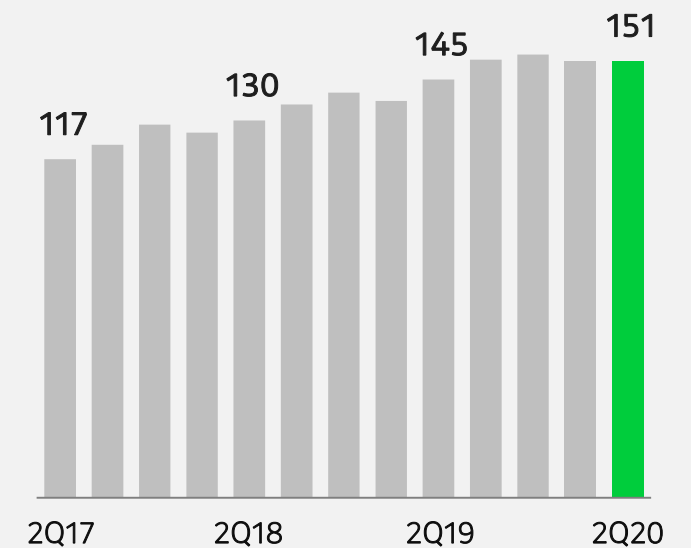
#### Customized Curation Melon DJ, FOR U



#### Increased Streaming Trend thru Talk Music



#### Music Revenue<sup>1)</sup> (Unit: W bn)



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



## Multi-Platform Game Company encompassing PC and mobile



### Game Key Indices

**1,100+**  
Publishing

20mn+ MAU  
No.1 Mobile Game  
Platform

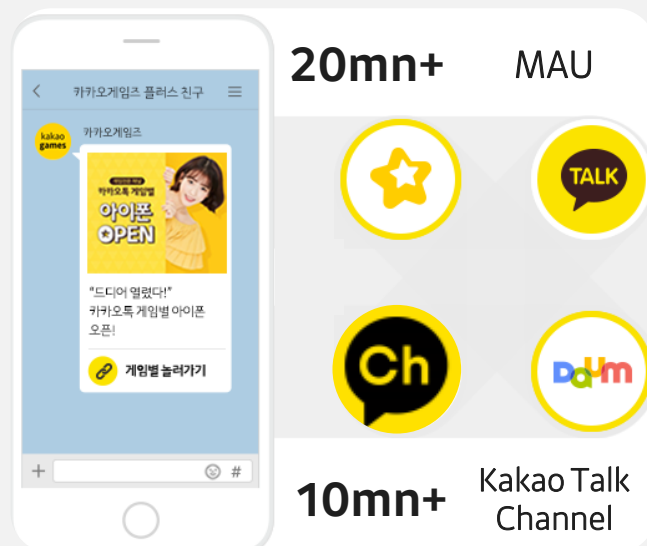
**No.1**  
Publisher

Game Service  
Encompassing  
PC and Mobile

**Global  
Potential**

Going Global  
Leveraging Proven IPs

### Game Marketing Platform



20mn+ MAU

10mn+ Kakao Talk  
Channel

### Publishing Game Line-up



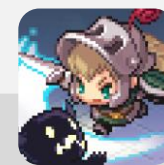
MOBILE



Princess  
connect!  
Re:dive



Legendary  
Moonlight  
Sculptor



Guardian  
Tales



PC



PUBG



POE



ELYON  
2020(E)

### Global Business Expansion

#### Partnership

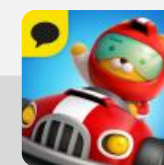
Expansion in overseas  
publishing thru  
global partnerships

#### Development

In company  
development expertise

**XLGAMES**

### Casual Game Development



Friends  
Racing



Friends  
Town



Doraemon  
Park



# Paid Content (Web Literature)

Growth through Innovative Business Model and Original IPs



## Paid Content Key Indices

**W173.1bn**

Global GMV  
in 2Q20

+72% YoY  
(W430bn in FY2019)

**7,000+**  
Original IPs

The Largest # of  
Original IPs

**+130%**

Piccoma GMV  
in FY2019

The Fastest Growing  
Manga Platform  
in Japan

### Accelerating K-Content Distribution

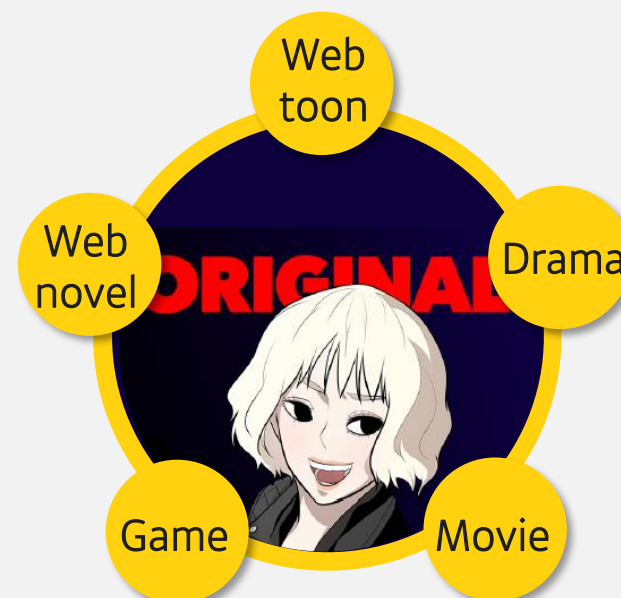


Kakao Japan  
Piccoma



Indonesia  
Kakaopage Global

### Story IP Value & Utilization Up



### Secondary Video Content based on Original IPs



## Transforming into a Leading Global Content Provider

### Kakao M Key Indices

**No.1**  
Music  
Distribution

Stable Cash Flow

**₩80bn+**  
Investment  
in K-pop

Annual Investment in  
Music Distribution

**19mn+**  
1theK  
Subscriber

No.1 K-pop  
YouTube Channel

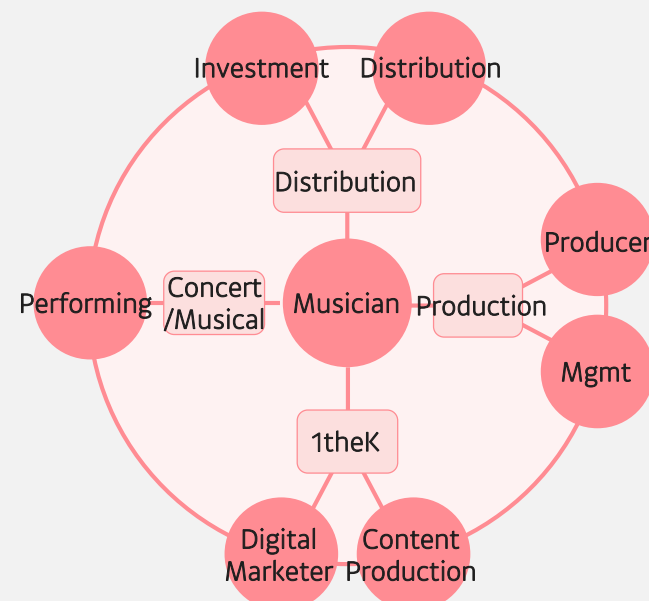
**90+**  
Musician

4 Music Labels

**150+**  
Actors&  
Actresses

Korea's Largest  
Talent Pool

### Kakao M's Music Business Portfolio



### Vertical Integration in Content Production



### Content Production Capability

#### Talent Pool

Competitive  
casting power

#### Production

Mega Monster,  
in-house  
production studio

#### Story IP

Original IPs from  
Kakao Page and  
Piccoma

#### Key Creator

Top-notch  
producers with  
the expertise




## Successfully Expanded into a Full-Fledged IP Business Player

### Kakao Friends IP

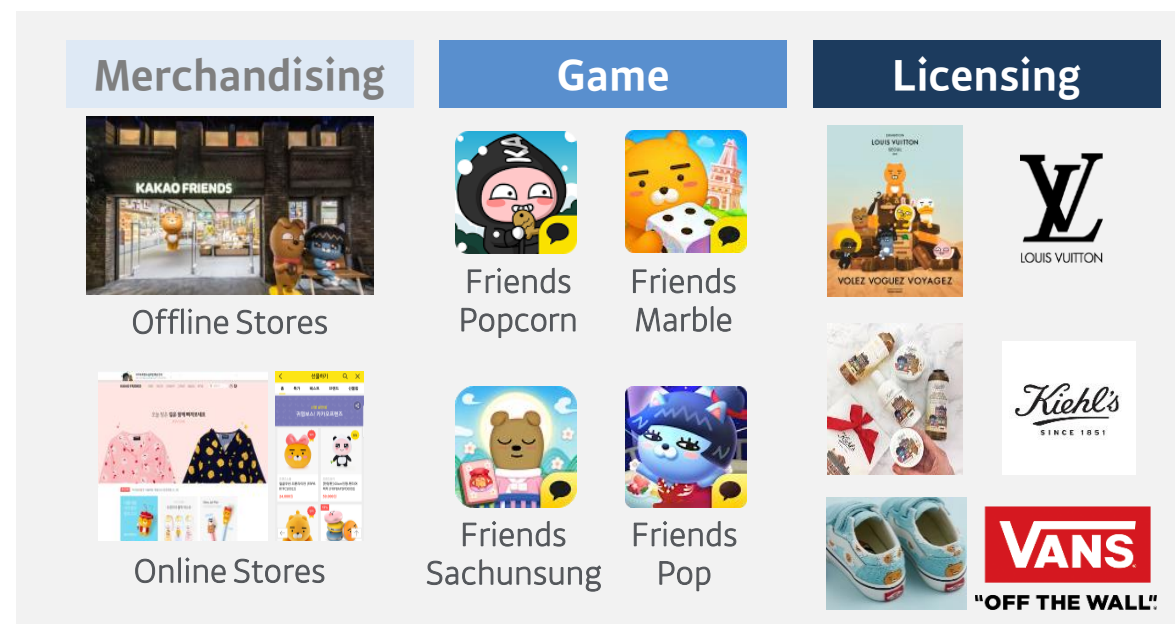


**KAKAO FRIENDS**

### Going Global

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

### Flagship & Global Stores



GangNam  
July 2016



HongDae  
November 2016



Busan  
August 2017

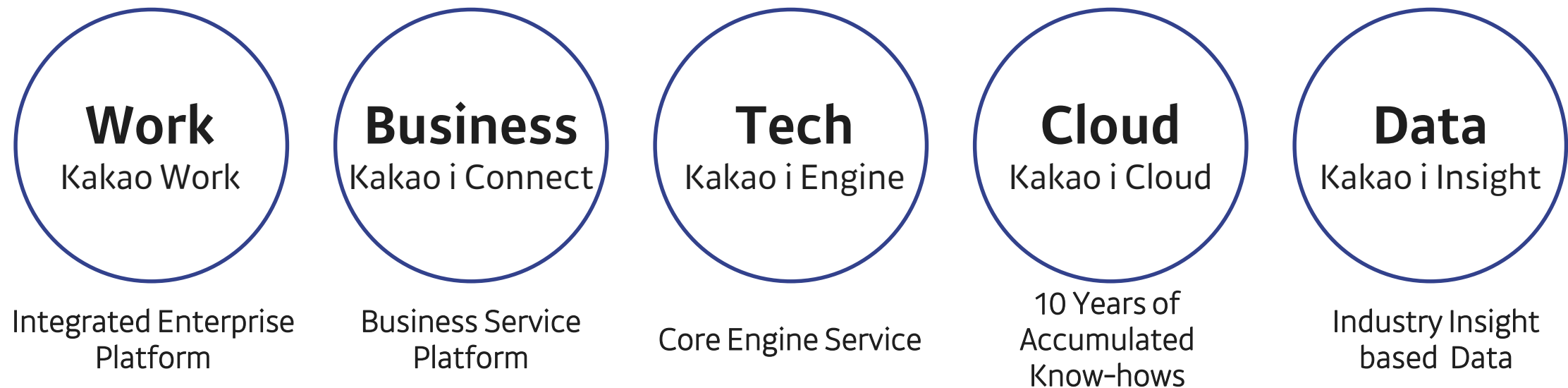


Japan Tokyo  
Omotesando  
December 2018

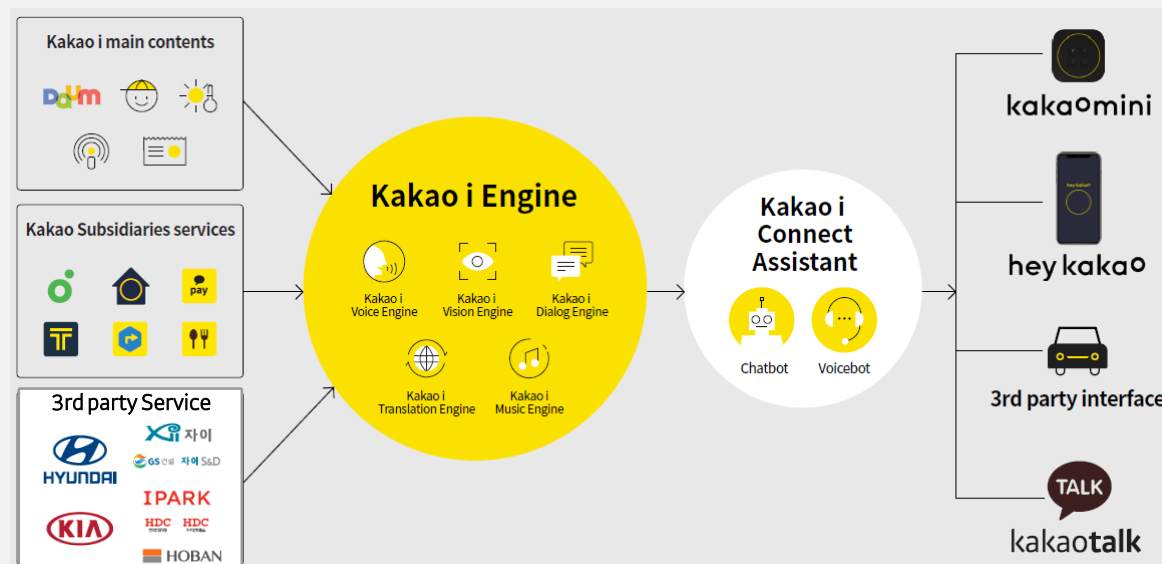


## B2B Business expansion with Differentiated AI Technology

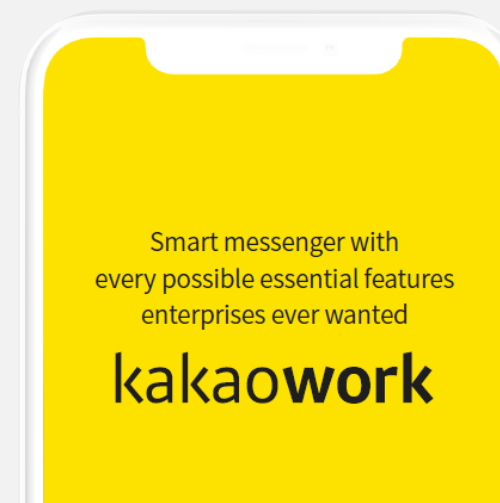
### kakaoenterprise 5 Key Services



Kakao i Connect : Applying Kakao i technology and services to clients' service, device and platform



Integrated Enterprise Platform 'Kakao Work' (Expected to Launch in 2H20)



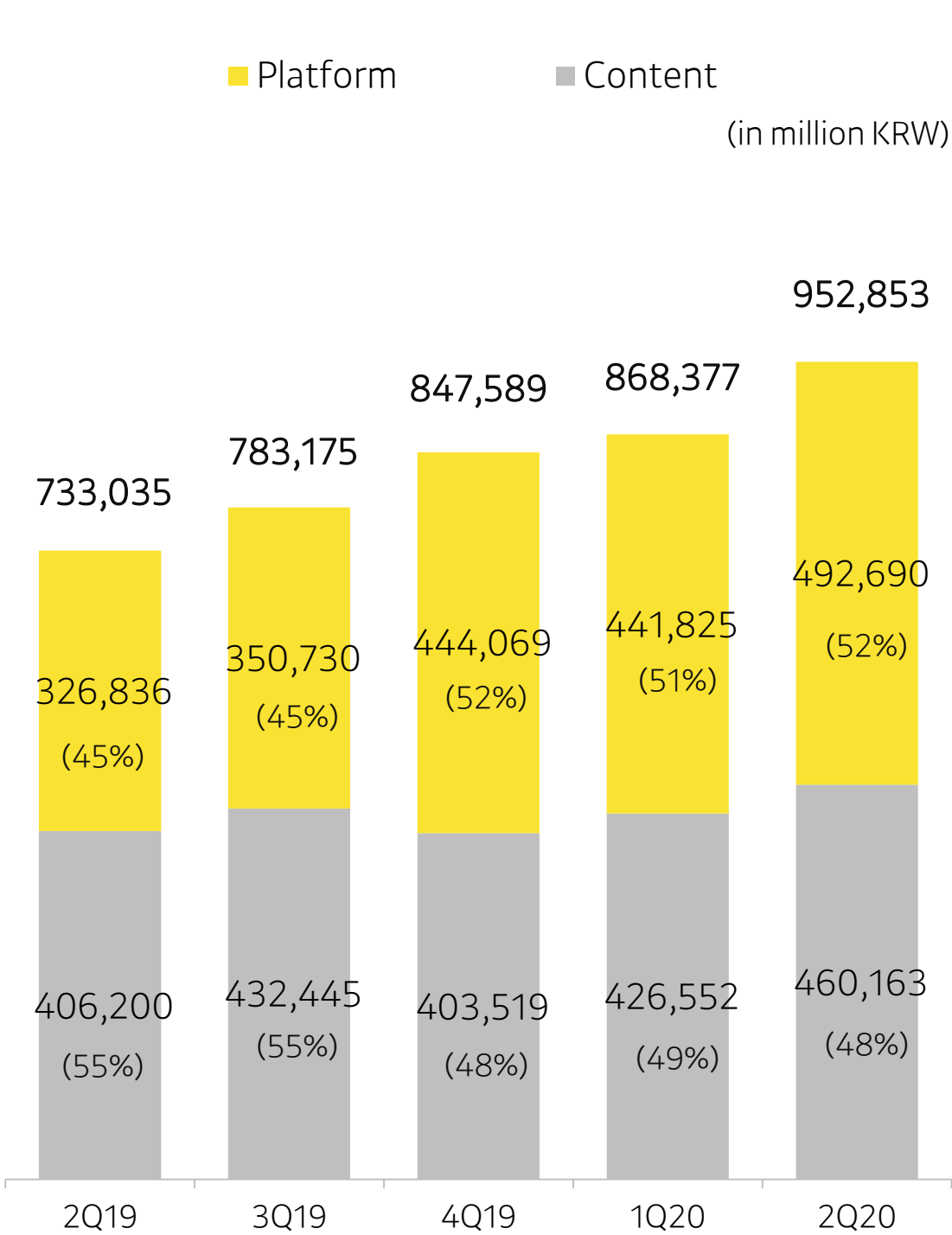
- Leveraging out of familiar Kakao Talk UI
- Streamlined workflow
- Keeping users' personal and professional life separate
- Superior security and privacy protection

Kakao ecosystem  
Kakao business  
**Financial overview**

# Total Revenue

2Q Total Revenue YoY +30% / QoQ +10%

Platform 52%, Content 48%



| Revenue Breakdown |                        |   |
|-------------------|------------------------|---|
| Platform          | Talk Biz               | KakaoTalk Ad (Bizboard, Talk Channel, Emoticon, etc.)<br>Talk Commerce (Talk Gift Shop, Talk Store, Makers, etc.) |
|                   | Portal Biz             | Daum PC   Daum Mobile<br>Kakao Story/Style/Page<br>Other Subsidiaries' Ad   |
|                   | New Biz                | Mobility   Pay<br>Misc. (Other Subsidiaries)  |
| Content           | Game                   | Mobile   PC   Kakao VX  |
|                   | Music                  | Melon   Digital music distribution<br>Kakao Music   Ticket  |
|                   | Paid Content           | Kakao Page   Daum Webtoon<br>Piccoma  |
|                   | IP Business and Others | Kakao IX<br>Kakao M (Excluding digital music distribution)  |



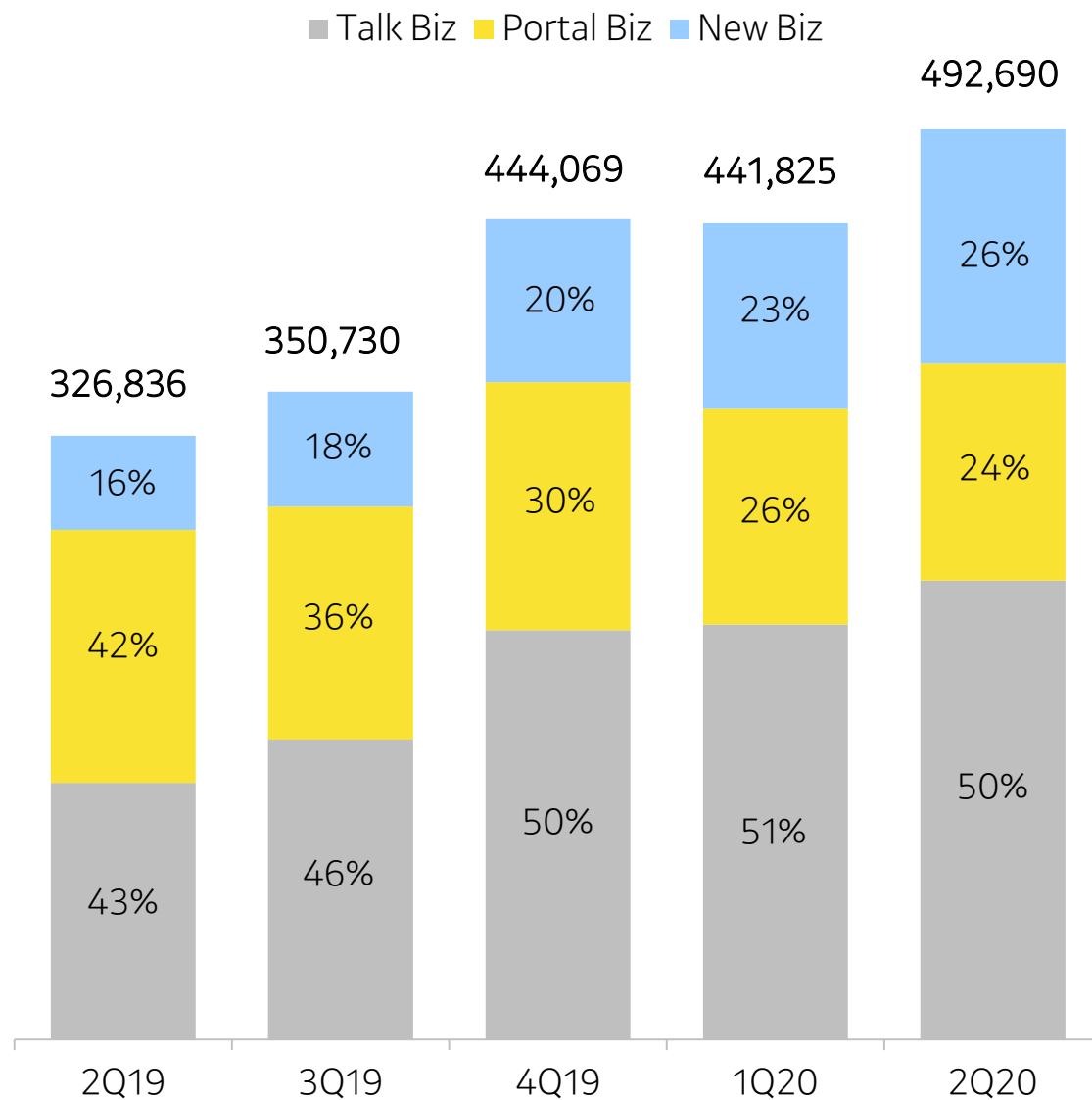
# Platform / Content

Platform YoY +51% / QoQ +12%

Content YoY +13% / QoQ +8%

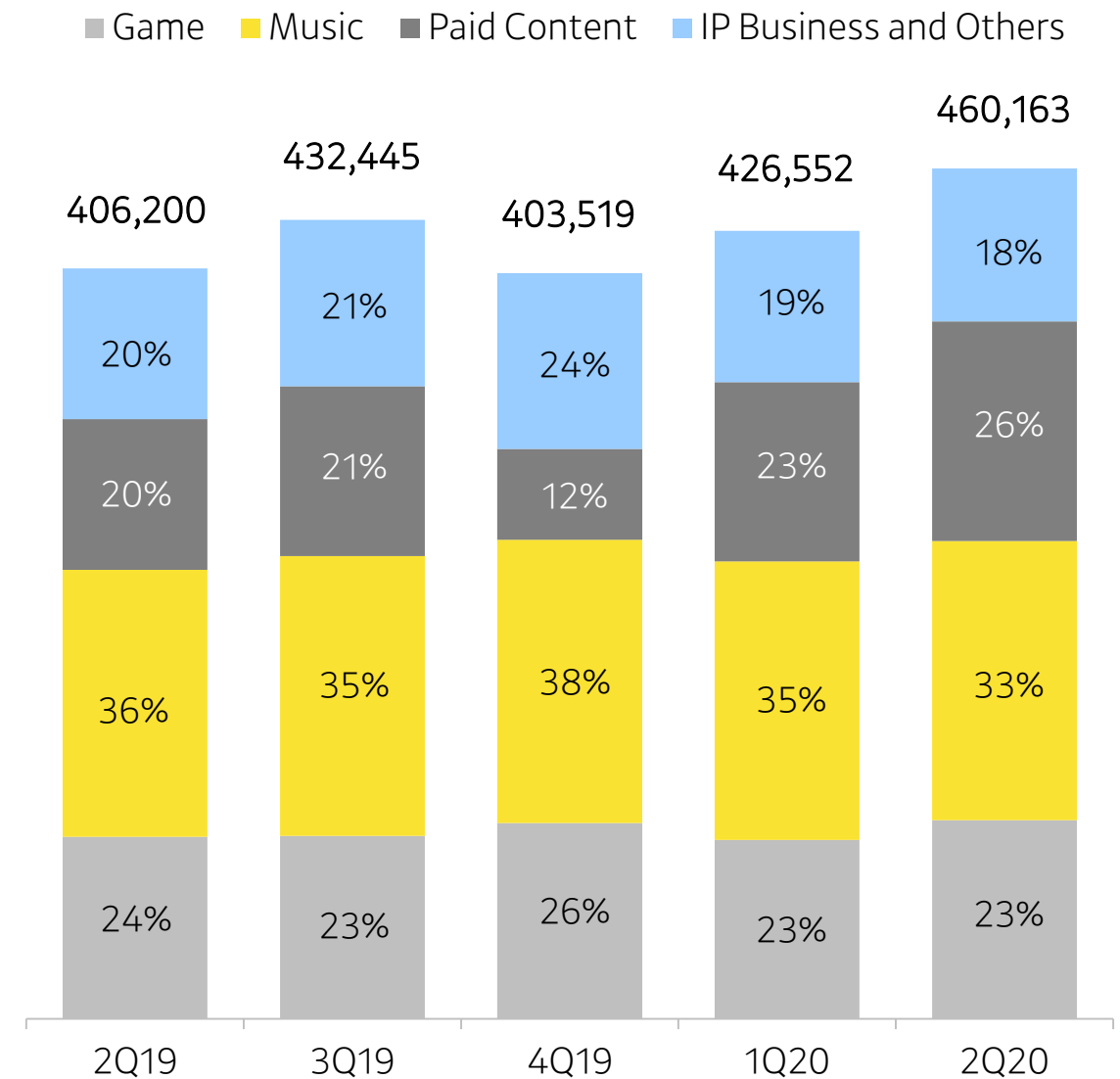
## Platform

(in million KRW)



## Content

(in million KRW)



Platform | **Talk Biz** **Portal Biz** **New Biz**

Talk Biz YoY +79% / QoQ +11%

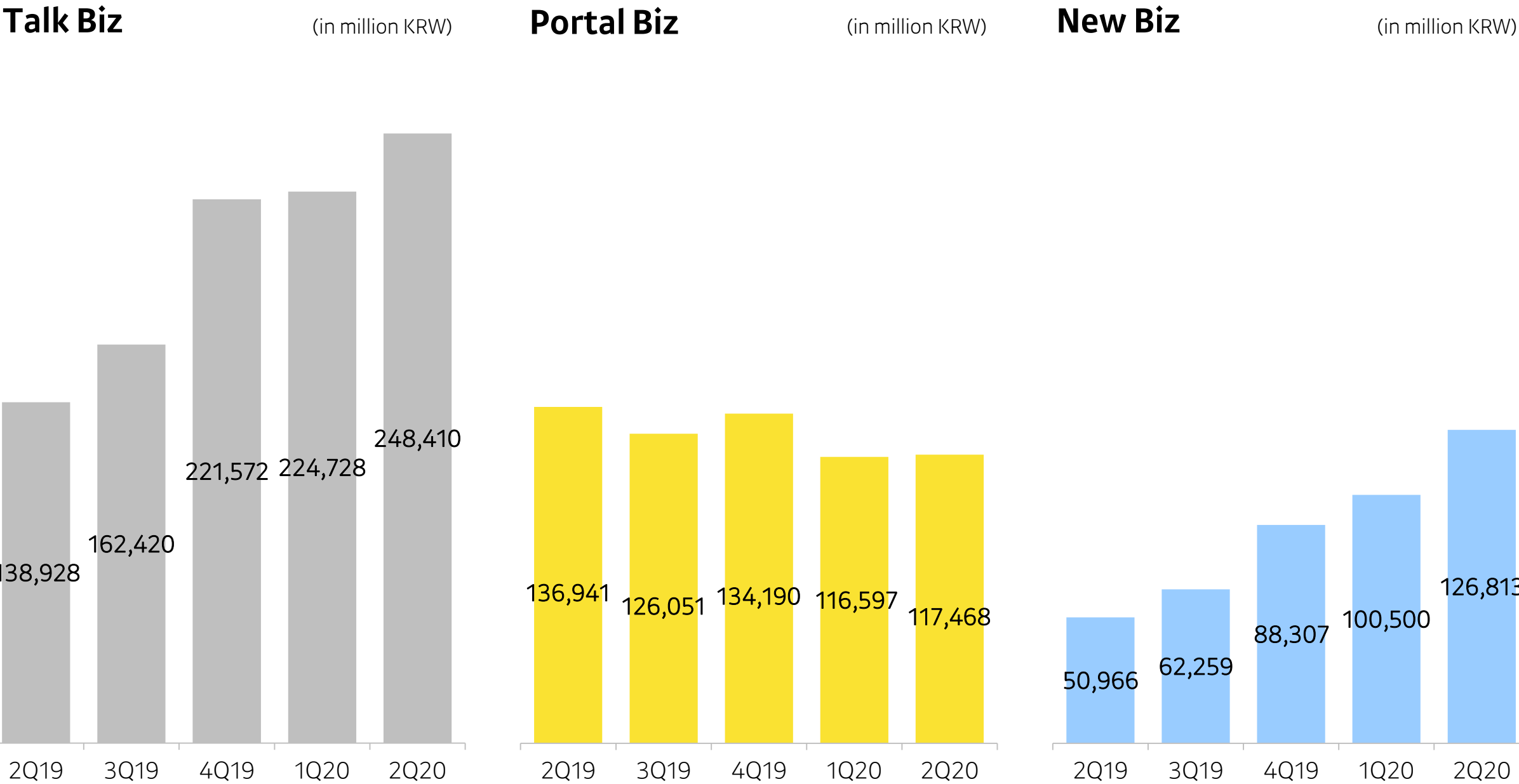
Portal Biz YoY -14% / QoQ +1%

New Biz YoY +149% / QoQ +26%

Revenue increase due to robust growth from Kakao Bizboard and Commerce

Revenue still expanded QoQ despite prolonged impact from COVID-19

Strong growth from Mobility business expansion, Pay's payment and financial service expansion



# Content | Game Music

Game YoY +9% / QoQ +11%

Solid revenue contribution from existing mobile games

└ Mobile +2%(y)/+6%(q), PC +11%(y)/+6%(q), Kakao VX +34%(y)/ +56%(q)

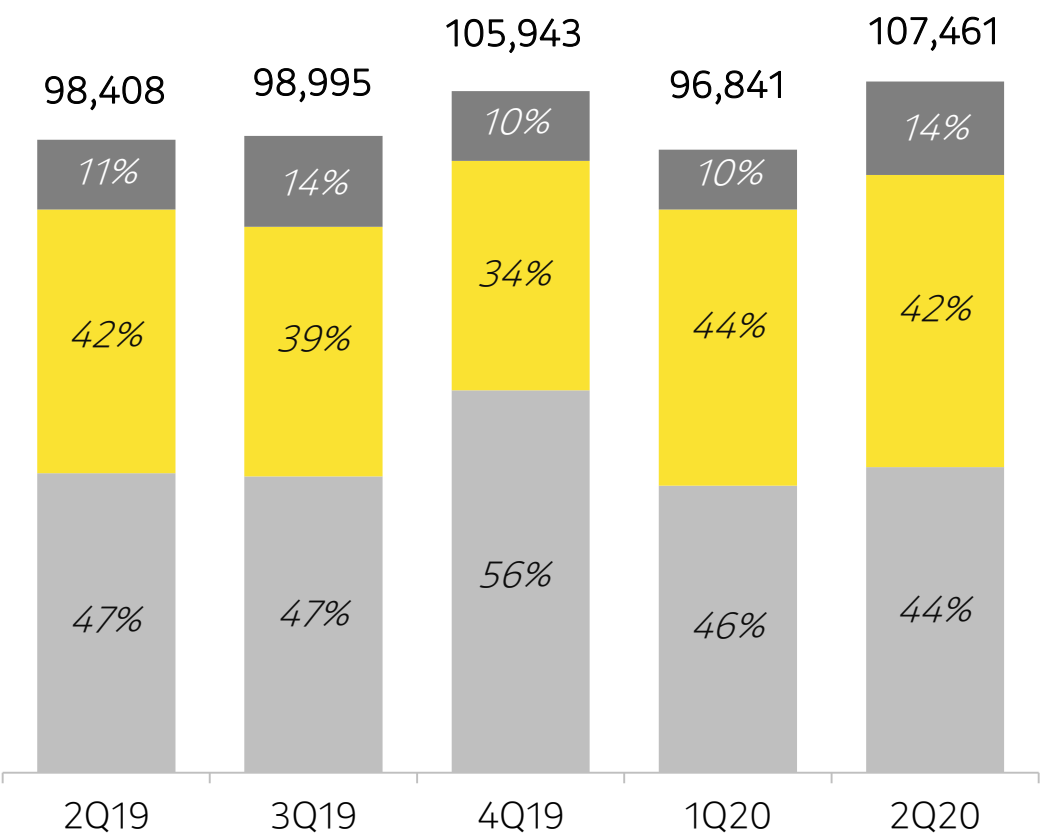
Music YoY +4% / QoQ +0.2%

Resilient growth from Melon’s paying subscriber and digital music distribution

## Game

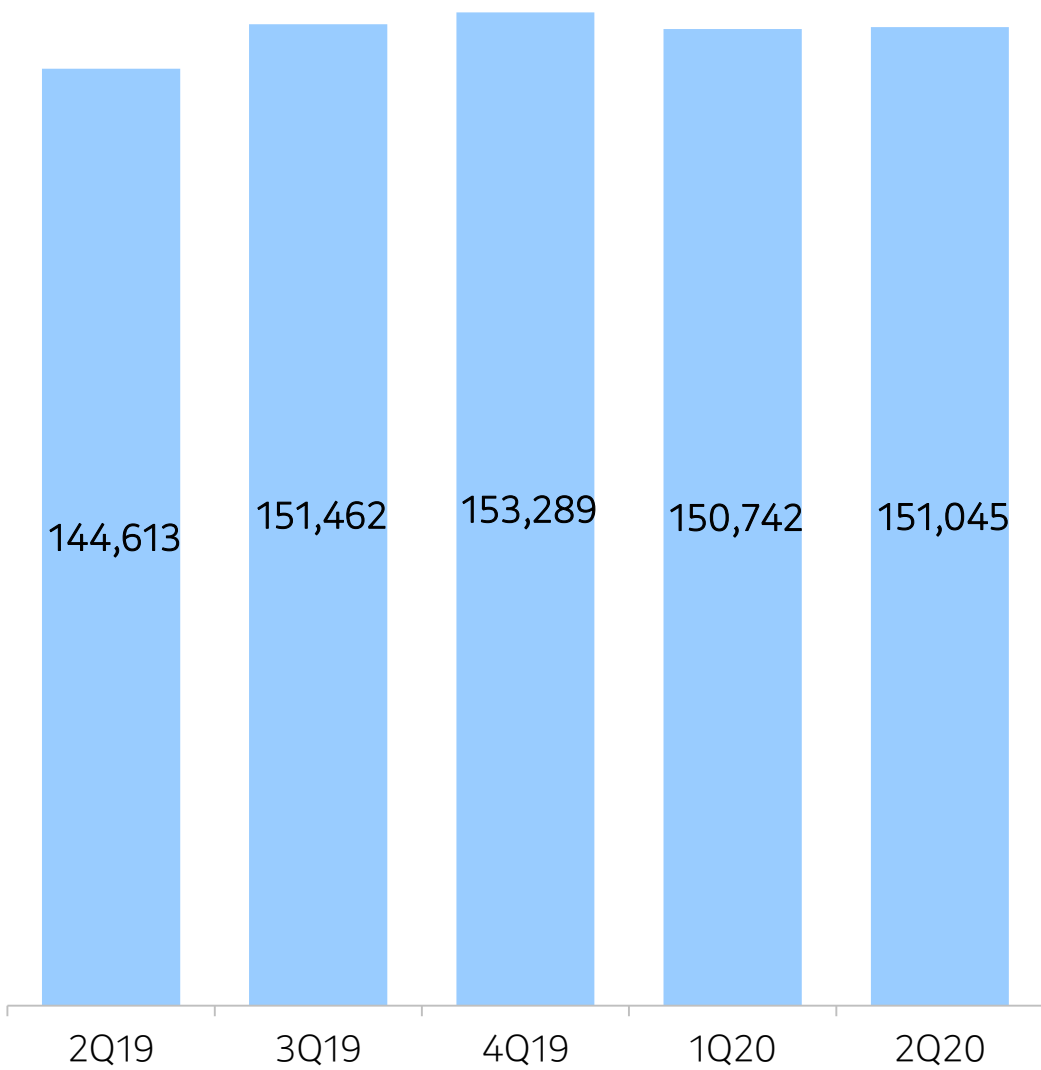
(in million KRW)

■ Mobile ■ PC ■ Kakao VX



## Music

(in million KRW)



# Content | Paid Content IP Business and Others

Paid Content YoY +46% / QoQ +23%

└ Kakao Page +35%(y)/+3%(q), Piccoma +65%(y)/ +71%(q)

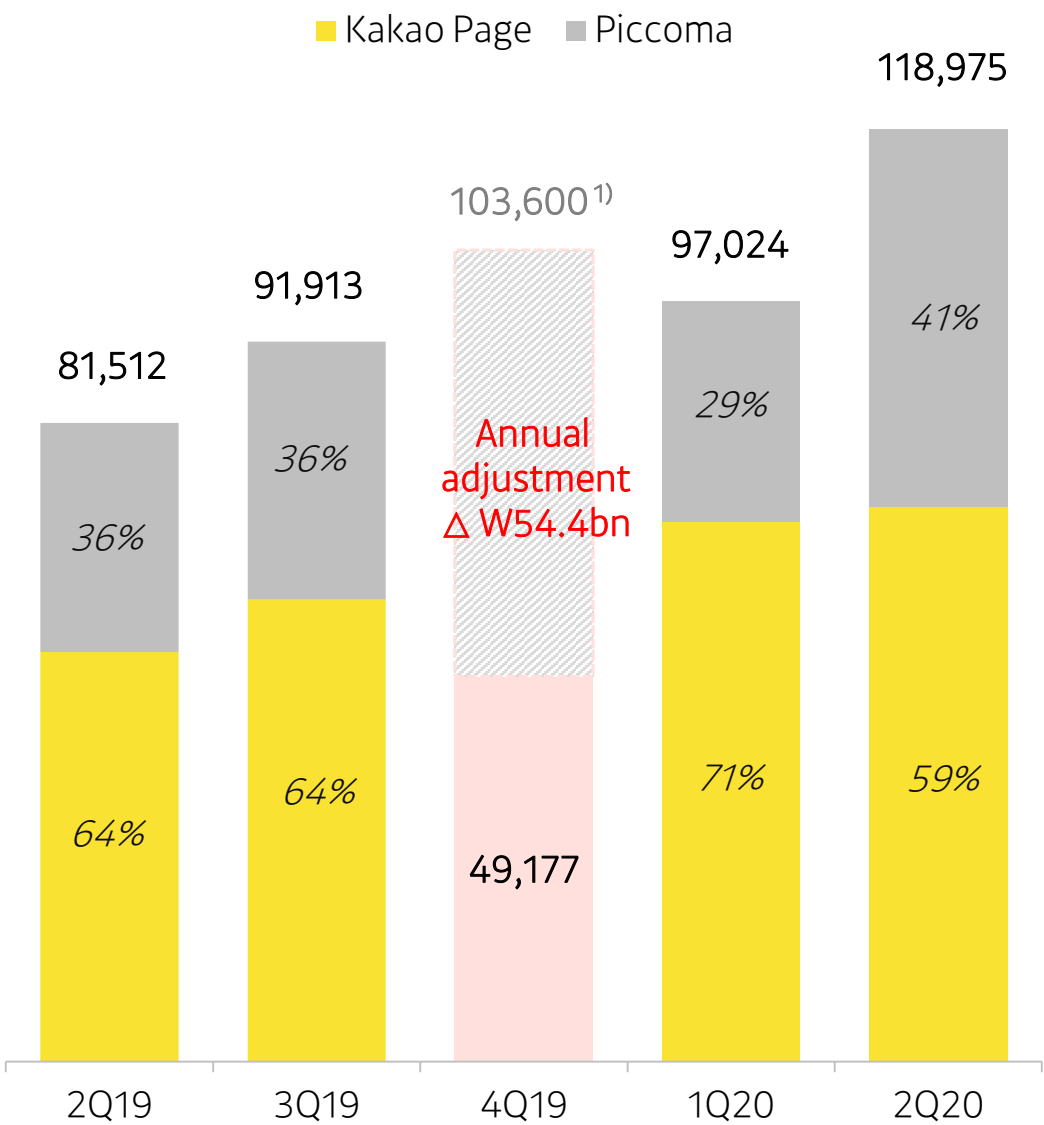
IP Business and Others YoY +1% / QoQ +1%

Revenue increase thanks to sharp growth from Piccoma GMV and Page’s IP business expansion

COVID-19 negatively impacted on Kakao Friend's retail store sales(IX), yet, Kakao M's resumption of overall businesses offset the impact

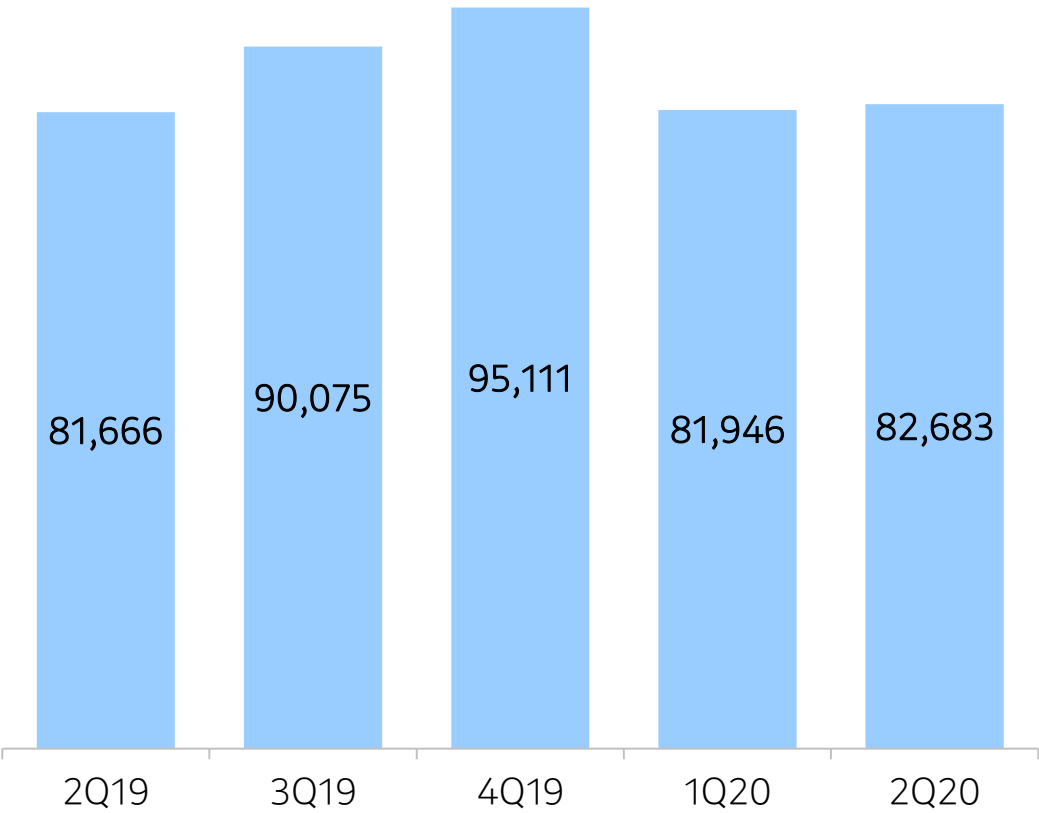
## Paid Content

(in million KRW)



## IP Business and Others

(in million KRW)



1) Due to Kakao Japan’s change in an accounting from 4Q19, the total annual adjustment for FY2019 (W54.4bn) were reflected into Piccoma's 4Q19 revenue.

# Earnings Summary

(in million KRW)

|                           | 2Q19    | 1Q20    | 2Q20    | Chg.   |        |
|---------------------------|---------|---------|---------|--------|--------|
|                           |         |         |         | YoY    | QoQ    |
| Total Revenue             | 733,035 | 868,377 | 952,853 | 30%    | 10%    |
| Platform                  | 326,836 | 441,825 | 492,690 | 51%    | 12%    |
| Talk Biz                  | 138,928 | 224,728 | 248,410 | 79%    | 11%    |
| Portal Biz                | 136,941 | 116,597 | 117,468 | -14%   | 1%     |
| New Biz                   | 50,966  | 100,500 | 126,813 | 149%   | 26%    |
| Content                   | 406,200 | 426,552 | 460,163 | 13%    | 8%     |
| Game                      | 98,408  | 96,841  | 107,461 | 9%     | 11%    |
| Music                     | 144,613 | 150,742 | 151,045 | 4%     | 0.2%   |
| Paid Content              | 81,512  | 97,024  | 118,975 | 46%    | 23%    |
| IP Business and Others    | 81,666  | 81,946  | 82,683  | 1%     | 1%     |
| Operating Expenses        | 692,577 | 780,166 | 855,082 | 23%    | 10%    |
| Operating Profit          | 40,459  | 88,211  | 97,771  | 142%   | 11%    |
| Margin (%)                | 5.5%    | 10.2%   | 10.3%   | 4.8%pt | 0.1%pt |
| Net Profit                | 30,992  | 79,899  | 145,222 | 369%   | 82%    |
| Controlling Interests     | 38,775  | 77,461  | 139,761 | 260%   | 80%    |
| Non-controlling Interests | -7,782  | 2,439   | 5,461   | -      | 124%   |

# Operating Expenses

(in million KRW)

|                                       | 2Q19    | 1Q20    | 2Q20    | Chg. |     |
|---------------------------------------|---------|---------|---------|------|-----|
|                                       |         |         |         | YoY  | QoQ |
| Operating Expenses                    | 692,577 | 780,166 | 855,082 | 23%  | 10% |
| Labor Cost                            | 159,044 | 198,670 | 216,526 | 36%  | 9%  |
| Cost of Revenue                       | 341,883 | 381,664 | 409,484 | 20%  | 7%  |
| Outsourcing /<br>Infrastructure       | 84,424  | 92,088  | 106,611 | 26%  | 16% |
| Marketing Expense                     | 39,937  | 29,932  | 38,545  | -3%  | 29% |
| Depreciation and<br>Amortization Cost | 53,360  | 58,711  | 61,621  | 15%  | 5%  |
| Misc.                                 | 13,928  | 19,101  | 22,295  | 60%  | 17% |



# Profits

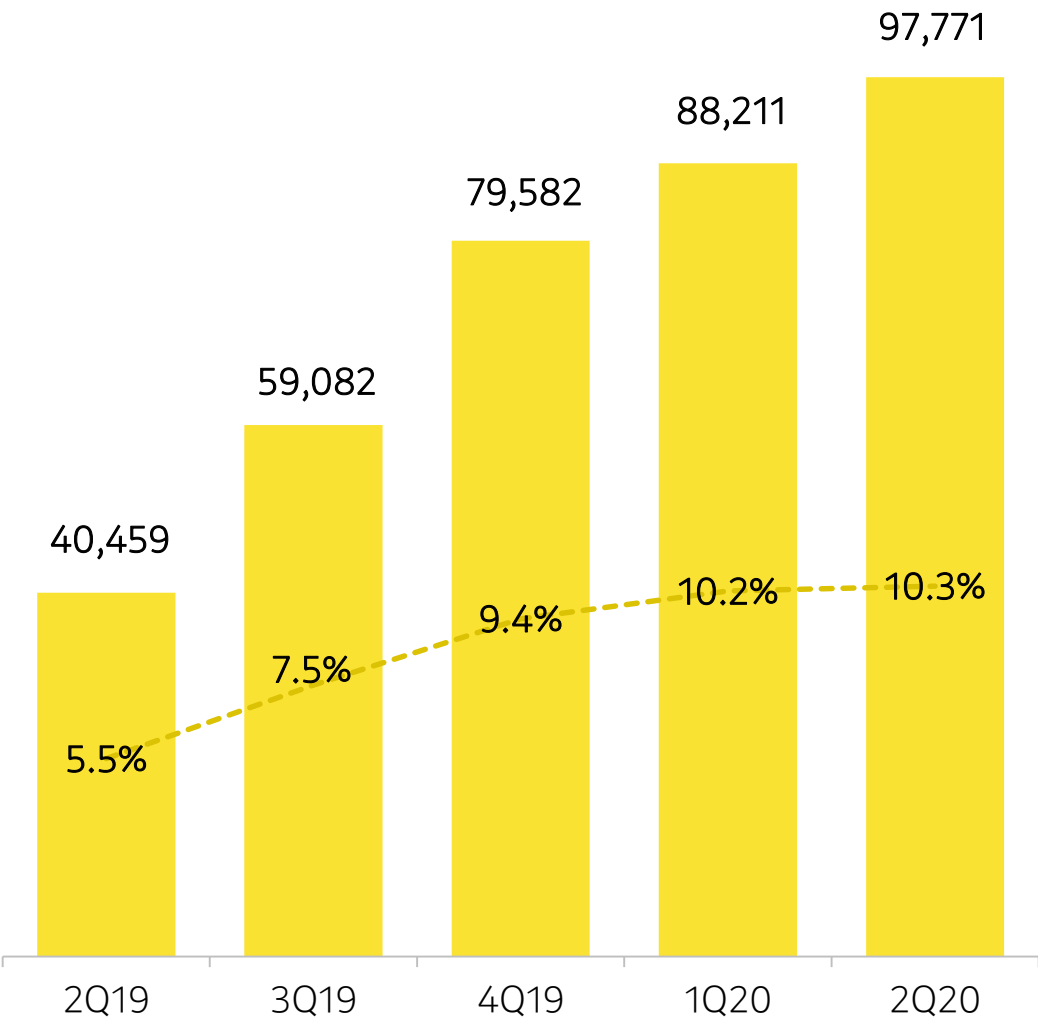
Operating Profit YoY +142% / QoQ +11%

Net Profit YoY +369% / QoQ +82%

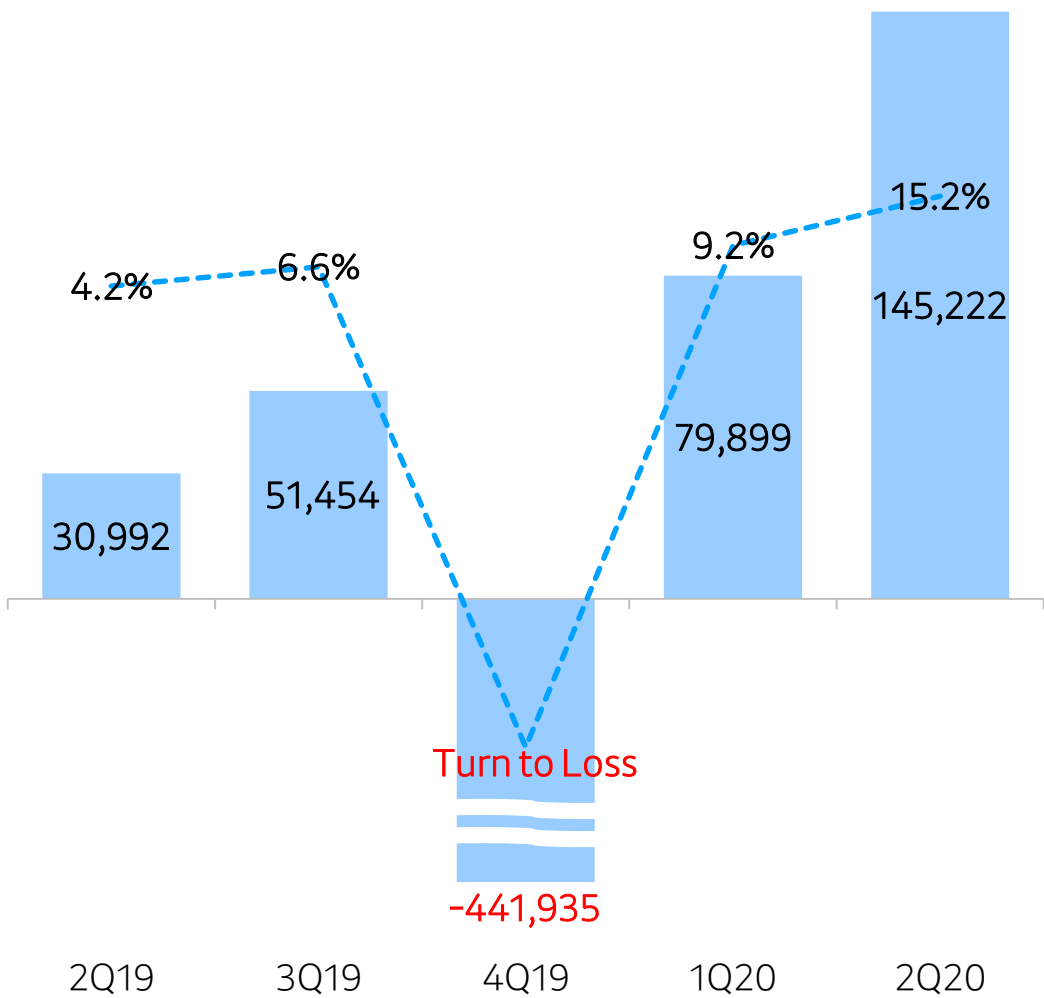
Record high operating profit for 6 consecutive quarters thanks to outstanding revenue growth from overall businesses

Sharp increase due to OP expansion and investment asset disposal gain

Operating Profit(Ratio) (in million KRW)



Net Profit(Ratio) (in million KRW)



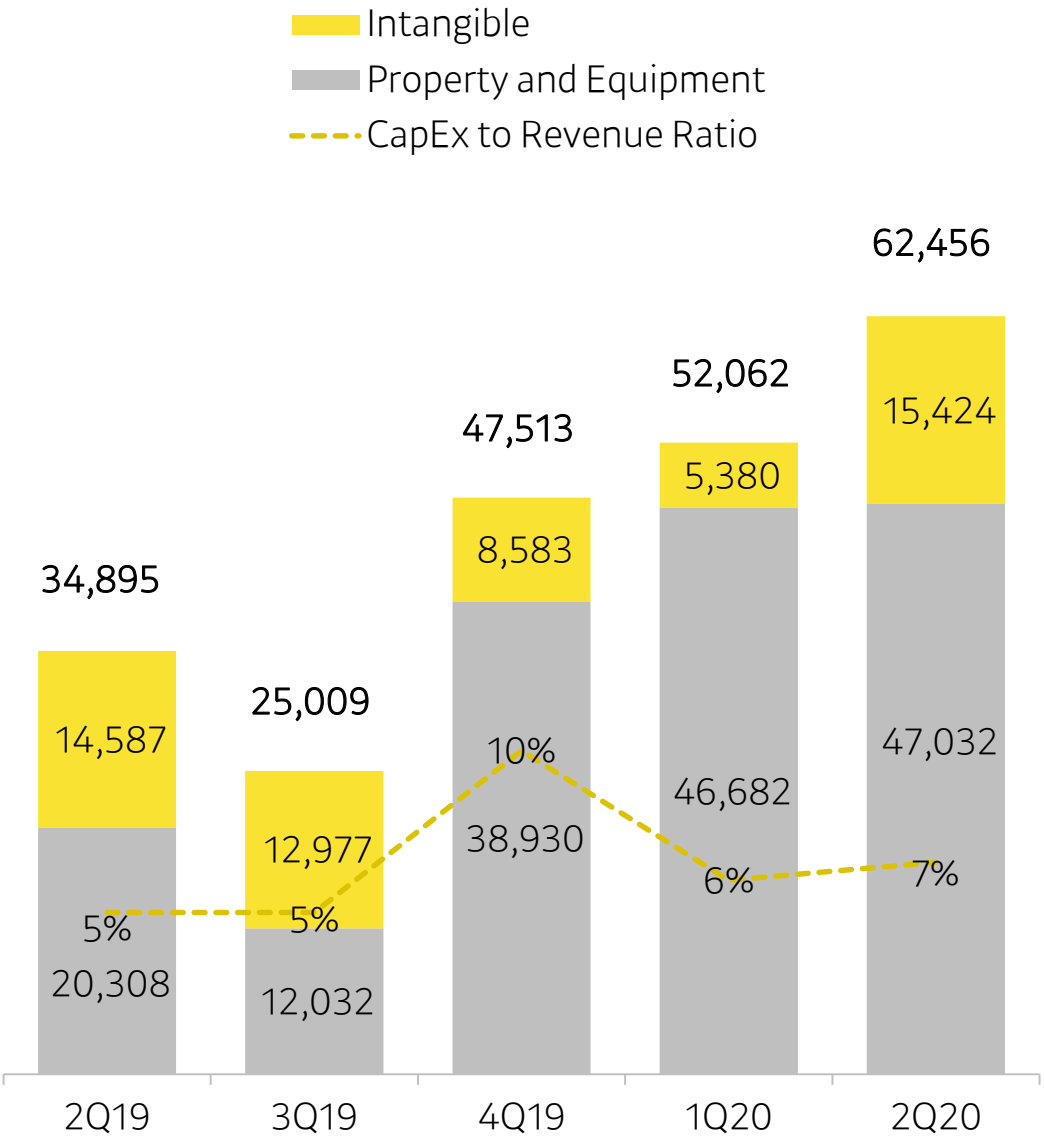
# CapEx / Employees

CapEx YoY +79% / QoQ +20%

Employees YoY +1,414 / QoQ +64

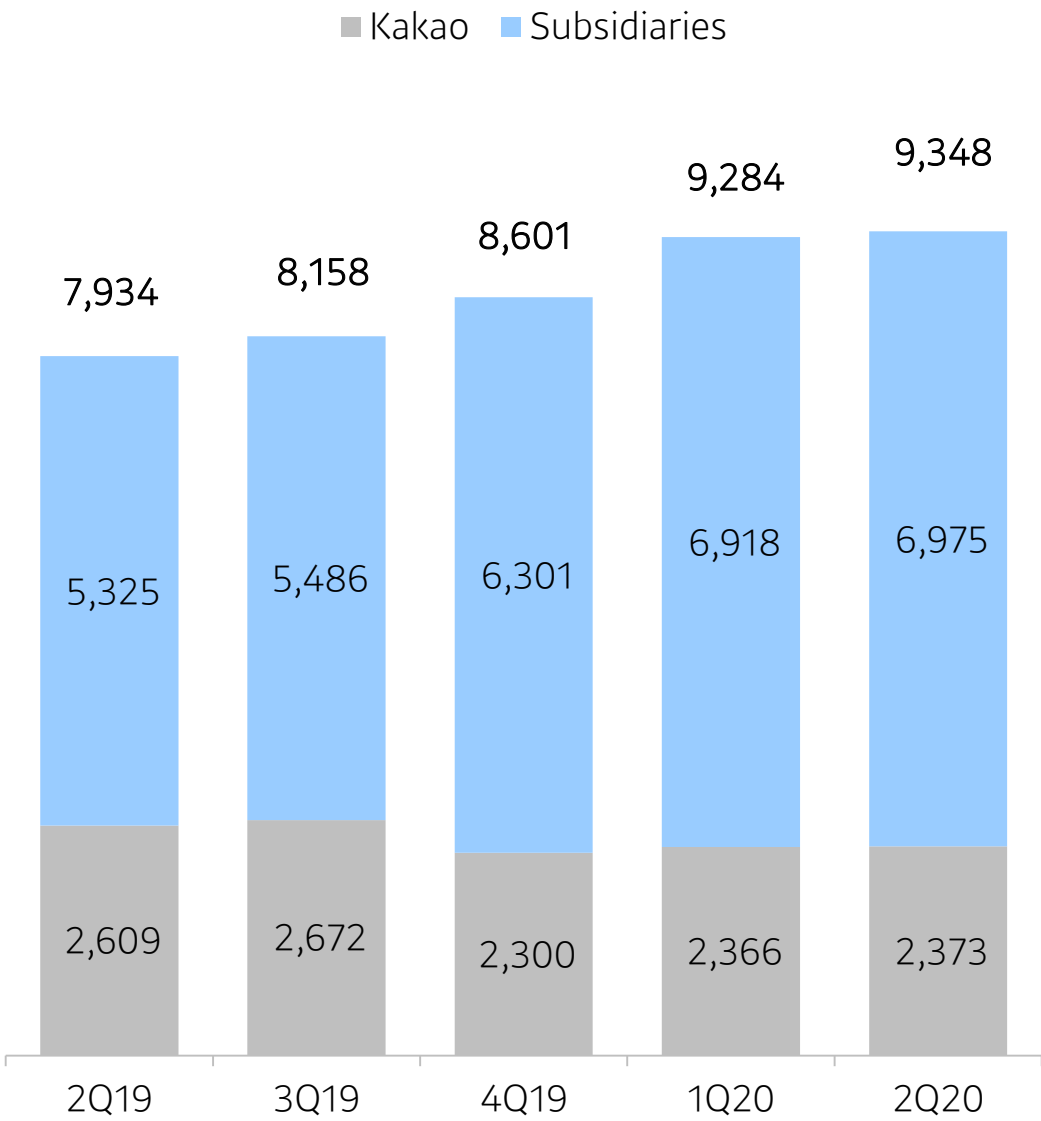
## CapEx

(in million KRW)



## Employees

(# of people)



# Consolidated Financial Statements Summary

| Consolidated Income Statement      |                |                |                 |                |                |
|------------------------------------|----------------|----------------|-----------------|----------------|----------------|
| (in million KRW)                   | 2Q19           | 3Q19           | 4Q19            | 1Q20           | 2Q20           |
| <b>Total Revenue</b>               | <b>733,035</b> | <b>783,175</b> | <b>847,589</b>  | <b>868,377</b> | <b>952,853</b> |
| Platform                           | 326,836        | 350,730        | 444,069         | 441,825        | 492,690        |
| Talk Biz                           | 138,928        | 162,420        | 221,572         | 224,728        | 248,410        |
| Portal Biz                         | 136,941        | 126,051        | 134,190         | 116,597        | 117,468        |
| New Biz                            | 50,966         | 62,259         | 88,307          | 100,500        | 126,813        |
| Content                            | 406,200        | 432,445        | 403,519         | 426,552        | 460,163        |
| Game                               | 98,408         | 98,995         | 105,943         | 96,841         | 107,461        |
| Music                              | 144,613        | 151,462        | 153,289         | 150,742        | 151,045        |
| Paid Content                       | 81,512         | 91,913         | 49,177          | 97,024         | 118,975        |
| IP Business and Others             | 81,666         | 90,075         | 95,111          | 81,946         | 82,683         |
| <b>Operating Expenses</b>          | <b>692,577</b> | <b>724,093</b> | <b>768,007</b>  | <b>780,166</b> | <b>855,082</b> |
| Labor Cost                         | 159,044        | 177,401        | 204,970         | 198,670        | 216,526        |
| Cost of Revenue                    | 341,883        | 355,005        | 340,438         | 381,664        | 409,484        |
| Outsourcing / Infrastructure       | 84,424         | 79,145         | 106,617         | 92,088         | 106,611        |
| Marketing Expense                  | 39,937         | 36,840         | 41,526          | 29,932         | 38,545         |
| Depreciation and Amortization Cost | 53,360         | 60,746         | 56,366          | 58,711         | 61,621         |
| Misc.                              | 13,928         | 14,955         | 18,089          | 19,101         | 22,295         |
| <b>Operating Profit</b>            | <b>40,459</b>  | <b>59,082</b>  | <b>79,582</b>   | <b>88,211</b>  | <b>97,771</b>  |
| <i>Margin (%)</i>                  | <i>5.5%</i>    | <i>7.5%</i>    | <i>9.4%</i>     | <i>10.2%</i>   | <i>10.3%</i>   |
| Other Non-Operating Income         | 13,463         | 30,070         | 21,385          | 21,747         | 100,713        |
| Other Non-Operating Expenses       | 10,955         | 12,193         | 482,216         | 9,541          | 14,582         |
| Financial Income                   | 13,319         | 30,091         | 4,176           | 36,847         | 21,324         |
| Financial Expenses                 | 13,770         | 9,359          | 15,142          | 15,945         | 1,987          |
| Equity-method Income               | 11,052         | -8,844         | -24,967         | 5,280          | 883            |
| <b>Profit before Income Tax</b>    | <b>53,567</b>  | <b>88,847</b>  | <b>-417,182</b> | <b>126,599</b> | <b>204,123</b> |
| Income Tax                         | 22,575         | 37,392         | 24,753          | 46,699         | 58,901         |
| <b>Net Profit</b>                  | <b>30,992</b>  | <b>51,454</b>  | <b>-441,935</b> | <b>79,899</b>  | <b>145,222</b> |
| Controlling Interests              | 38,775         | 55,717         | -423,006        | 77,461         | 139,761        |
| Non-controlling Interests          | -7,782         | -4,263         | -18,929         | 2,439          | 5,461          |
| EBITDAR <sup>1)</sup>              | 94,190         | 115,809        | 137,478         | 147,765        | 159,126        |

| Consolidated Statement of Financial Position |                  |                  |                   |
|--|------------------|------------------|-------------------|
| (in million KRW)                             | 2018.12.31       | 2019.12.31       | 2020. 6.30        |
| <b>Current Assets</b>                        | <b>2,858,950</b> | <b>2,829,694</b> | <b>3,275,475</b>  |
| Cash and Cash Equivalents                    | 1,247,013        | 1,918,225        | 1,526,517         |
| S-T Financial Instruments                    | 924,215          | 207,767          | 476,787           |
| Account Receivable                           | 193,669          | 157,221          | 146,669           |
| Other Current Financial Assets               | 207,656          | 252,461          | 260,754           |
| Other Current Assets                         | 286,397          | 294,021          | 864,748           |
| <b>Non-Current Assets</b>                    | <b>5,100,592</b> | <b>5,907,561</b> | <b>6,317,800</b>  |
| Investments in Associates and Joint Ventures | 305,188          | 978,944          | 1,104,361         |
| Tangible Assets                              | 314,812          | 349,818          | 367,551           |
| Intangible Assets                            | 3,865,265        | 3,548,416        | 3,729,784         |
| Other Non-current Assets                     | 615,327          | 1,030,383        | 1,116,103         |
| Finance Assets                               | -                | -                | 451,756           |
| <b>Total Assets</b>                          | <b>7,959,542</b> | <b>8,737,256</b> | <b>10,045,031</b> |
| <b>Current Liabilities</b>                   | <b>2,039,196</b> | <b>2,433,322</b> | <b>2,322,819</b>  |
| Account Payable and Other payable            | 460,813          | 578,567          | 644,113           |
| Short-term Borrowings                        | 609,480          | 448,596          | 197,640           |
| Income Tax Payable                           | 71,040           | 68,348           | 63,789            |
| Other Current Liabilities                    | 897,863          | 1,337,811        | 1,417,277         |
| <b>Non-Current Liabilities</b>               | <b>293,188</b>   | <b>563,816</b>   | <b>616,443</b>    |
| Non-Current Finance Lease Obligations        | 0                | 72,269           | 175,117           |
| Deferred Income Tax Liabilities              | 151,228          | 141,056          | 169,089           |
| Other Non-Current Liabilities                | 141,960          | 350,491          | 272,237           |
| Finance Assets                               | -                | -                | 385,547           |
| <b>Total Liabilities</b>                     | <b>2,332,385</b> | <b>2,997,138</b> | <b>3,324,809</b>  |
| Paid-in Capital                              | 41,744           | 43,161           | 43,973            |
| Capital Surplus                              | 4,647,543        | 5,043,199        | 5,631,397         |
| Other Accumulated Earnings                   | 1,492            | 7,238            | -22,785           |
| Accumulated Other Comprehensive Income       | -7,329           | -16,393          | -24,502           |
| Retained Earnings                            | 453,400          | 148,154          | 377,923           |
| Minority Interest                            | 490,307          | 514,759          | 714,216           |
| <b>Total Equity</b>                          | <b>5,627,158</b> | <b>5,740,118</b> | <b>6,720,222</b>  |
| <b>Total Liabilities &amp; Equity</b>        | <b>7,959,542</b> | <b>8,737,256</b> | <b>10,045,031</b> |

1) EBITDAR: Rental expenses are included in lease amortization from 1Q 2019 (EBITDA till FY2018)

# Financial Statements Summary (Kakao only)

| Income Statement                   |                |                |                 |                |                |
|------------------------------------|----------------|----------------|-----------------|----------------|----------------|
| (in million KRW)                   | 2Q19           | 3Q19           | 4Q19            | 1Q20           | 2Q20           |
| <b>Total Revenue</b>               | <b>361,961</b> | <b>388,482</b> | <b>431,506</b>  | <b>406,609</b> | <b>415,094</b> |
| <b>Operating Expenses</b>          | <b>316,612</b> | <b>338,958</b> | <b>364,968</b>  | <b>341,164</b> | <b>359,373</b> |
| Labor Cost                         | 66,071         | 78,716         | 85,082          | 68,679         | 71,789         |
| Cost of Revenue                    | 162,666        | 168,150        | 188,654         | 191,777        | 200,238        |
| Outsourcing / Infrastructure       | 47,056         | 45,549         | 43,023          | 42,657         | 50,016         |
| Marketing Expense                  | 4,844          | 5,054          | 14,338          | 3,066          | 4,049          |
| Depreciation and Amortization Cost | 31,438         | 36,881         | 29,058          | 30,790         | 28,523         |
| Misc.                              | 4,537          | 4,608          | 4,814           | 4,196          | 4,759          |
| <b>Operating Profit</b>            | <b>45,348</b>  | <b>49,524</b>  | <b>66,538</b>   | <b>65,445</b>  | <b>55,721</b>  |
| <i>Margin (%)</i>                  | <i>12.5%</i>   | <i>12.7%</i>   | <i>15.4%</i>    | <i>16.1%</i>   | <i>13.4%</i>   |
| Other Non-Operating Income         | 1,344          | 3,915          | 4,699           | 1,988          | 1,142          |
| Other Non-Operating Expenses       | 12,060         | 6,482          | 440,649         | 10,137         | 9,123          |
| Financial Income                   | 12,494         | 31,625         | -2,190          | 29,478         | 5,066          |
| Financial Expenses                 | 4,446          | 2,505          | 8,887           | 3,395          | 2,361          |
| <b>Profit before Income Tax</b>    | <b>42,680</b>  | <b>76,076</b>  | <b>-380,489</b> | <b>83,381</b>  | <b>50,444</b>  |
| Income Tax                         | 16,543         | 9,391          | -7,291          | 27,655         | 16,325         |
| <b>Net Profit</b>                  | <b>26,137</b>  | <b>66,686</b>  | <b>-373,197</b> | <b>55,725</b>  | <b>34,119</b>  |
| EBITDAR <sup>1)</sup>              | 76,797         | 82,975         | 97,351          | 97,096         | 84,389         |

| Statement of Financial Position                            |                  |                  |                  |
|--|------------------|------------------|------------------|
| (in million KRW)   | 2018.12.31       | 2019.12.31       | 2020. 6.30       |
| <b>Current Assets</b>                                      | <b>1,261,480</b> | <b>1,014,031</b> | <b>1,198,575</b> |
| Cash and Cash Equivalents                                  | 250,920          | 647,121          | 272,880          |
| S-T Financial Instruments                                  | 601,712          | 15,590           | 85,435           |
| Account Receivable   | 71,333           | 94,991           | 66,001           |
| Other Current Assets                                       | 337,515          | 256,327          | 774,259          |
| <b>Non-Current Assets</b>                                  | <b>4,941,359</b> | <b>5,470,330</b> | <b>5,476,744</b> |
| Investments in Associates, Subsidiaries and Joint Ventures | 1,496,538        | 2,212,394        | 2,199,772        |
| Tangible Assets  | 236,016          | 248,311          | 271,488          |
| Intangible Assets  | 2,875,510        | 2,458,575        | 2,452,631        |
| Other Non-current Assets                                   | 333,295          | 551,050          | 552,854          |
| <b>Total Assets</b>  | <b>6,202,839</b> | <b>6,484,361</b> | <b>6,675,319</b> |
| <b>Current Liabilities</b>                                 | <b>1,250,706</b> | <b>1,370,950</b> | <b>1,091,942</b> |
| Account Payable and Other payable                          | 404,760          | 686,650          | 749,492          |
| Short-term Borrowings                                      | 564,921          | 429,063          | 106,926          |
| Income Tax Payable   | 59,204           | 38,119           | 28,137           |
| Other Current Liabilities                                  | 221,821          | 217,118          | 207,387          |
| <b>Non-Current Liabilities</b>                             | <b>200,790</b>   | <b>255,100</b>   | <b>226,746</b>   |
| Non-Current Finance Lease Obligations                      | 0                | 88,643           | 91,420           |
| Deferred Income Tax Liabilities                            | 126,350          | 88,039           | 90,829           |
| Other Non-Current Liabilities                              | 74,440           | 78,418           | 44,498           |
| <b>Total Liabilities</b>                                   | <b>1,451,496</b> | <b>1,626,050</b> | <b>1,318,688</b> |
| Paid-in Capital  | 41,744           | 43,161           | 43,973           |
| Capital Surplus  | 4,096,216        | 4,462,250        | 4,908,835        |
| Other Accumulated Earnings                                 | 35,547           | 41,293           | 11,269           |
| Accumulated Other Comprehensive Income                     | -1,606           | -2,897           | -24,320          |
| Retained Earnings  | 579,442          | 314,504          | 416,873          |
| <b>Total Equity</b>  | <b>4,751,343</b> | <b>4,858,311</b> | <b>5,356,631</b> |
| <b>Total Liabilities &amp; Equity</b>                      | <b>6,202,839</b> | <b>6,484,361</b> | <b>6,675,319</b> |

1) EBITDAR: Rental expenses are included in lease amortization from 1Q 2019 (EBITDA till FY2018)

**Thank You**

