

Q1 2022 Earnings Results

2022.5.4 | Kakao Investor Relations



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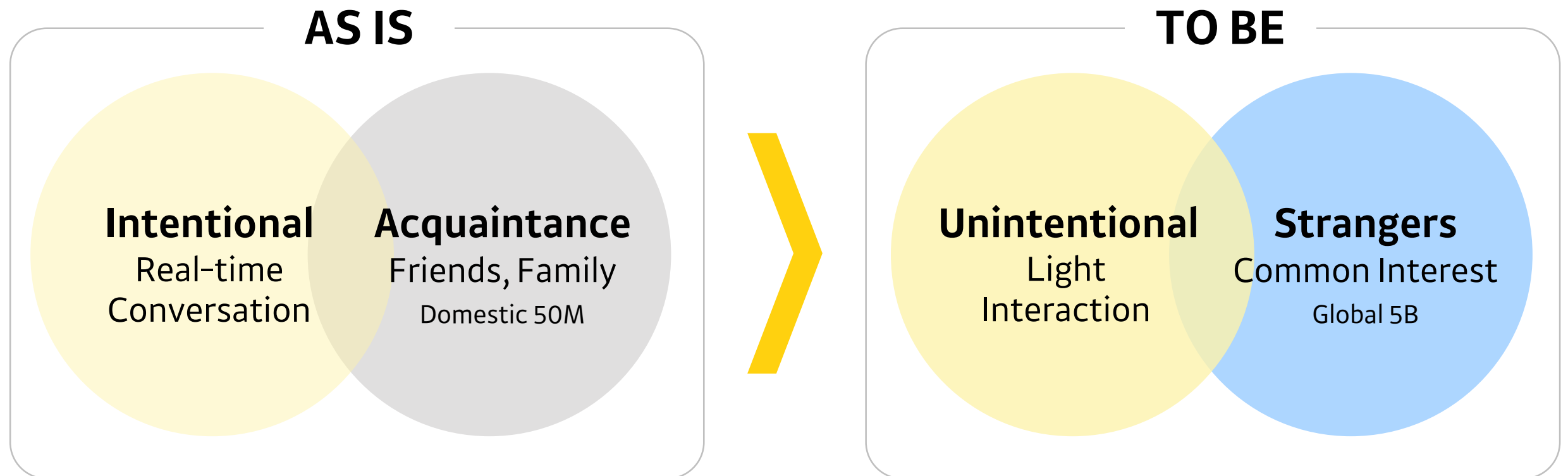
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Kakao's Strategic Direction

From real-time communication service for 1% to interest driven interaction service for 99%



1. Kakao Talk - more light interaction

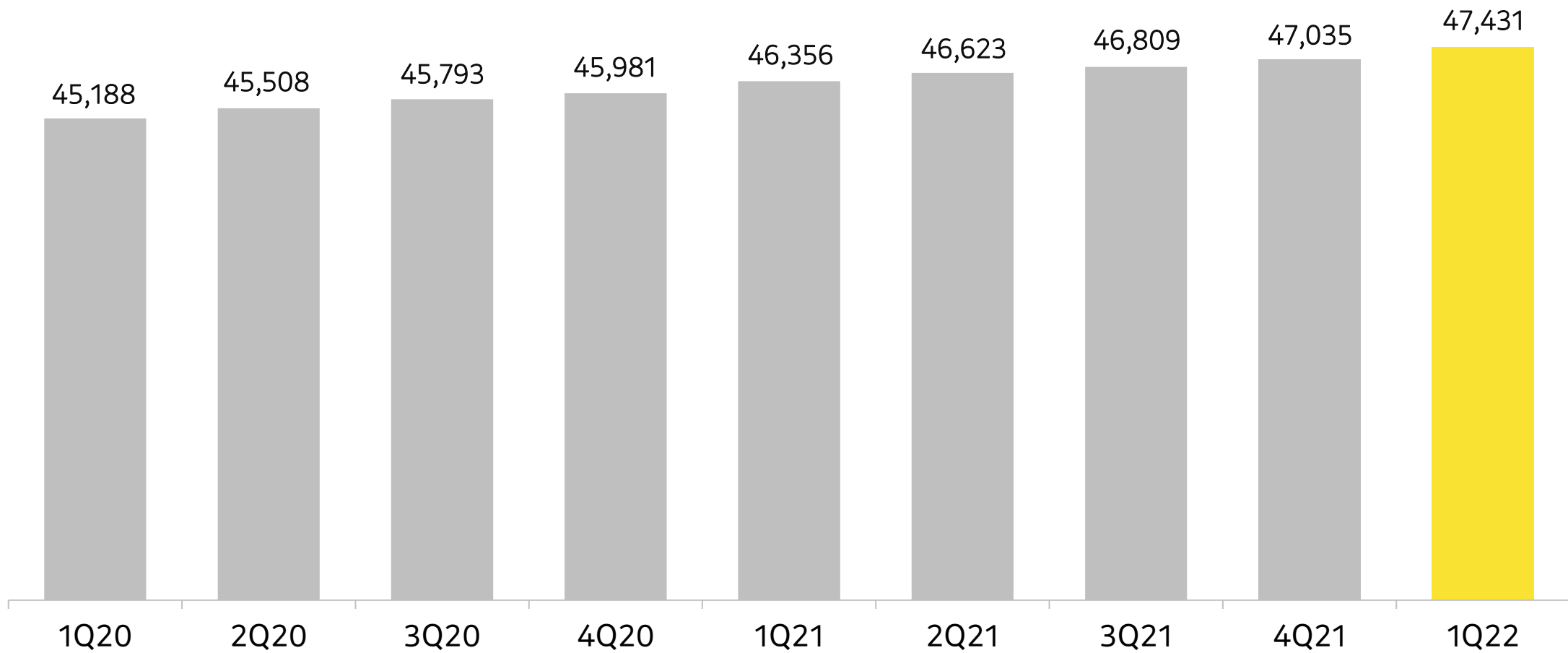
2. Open Chat - interest-oriented service

KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +1.1M YoY, +396K QoQ

(in thousands)



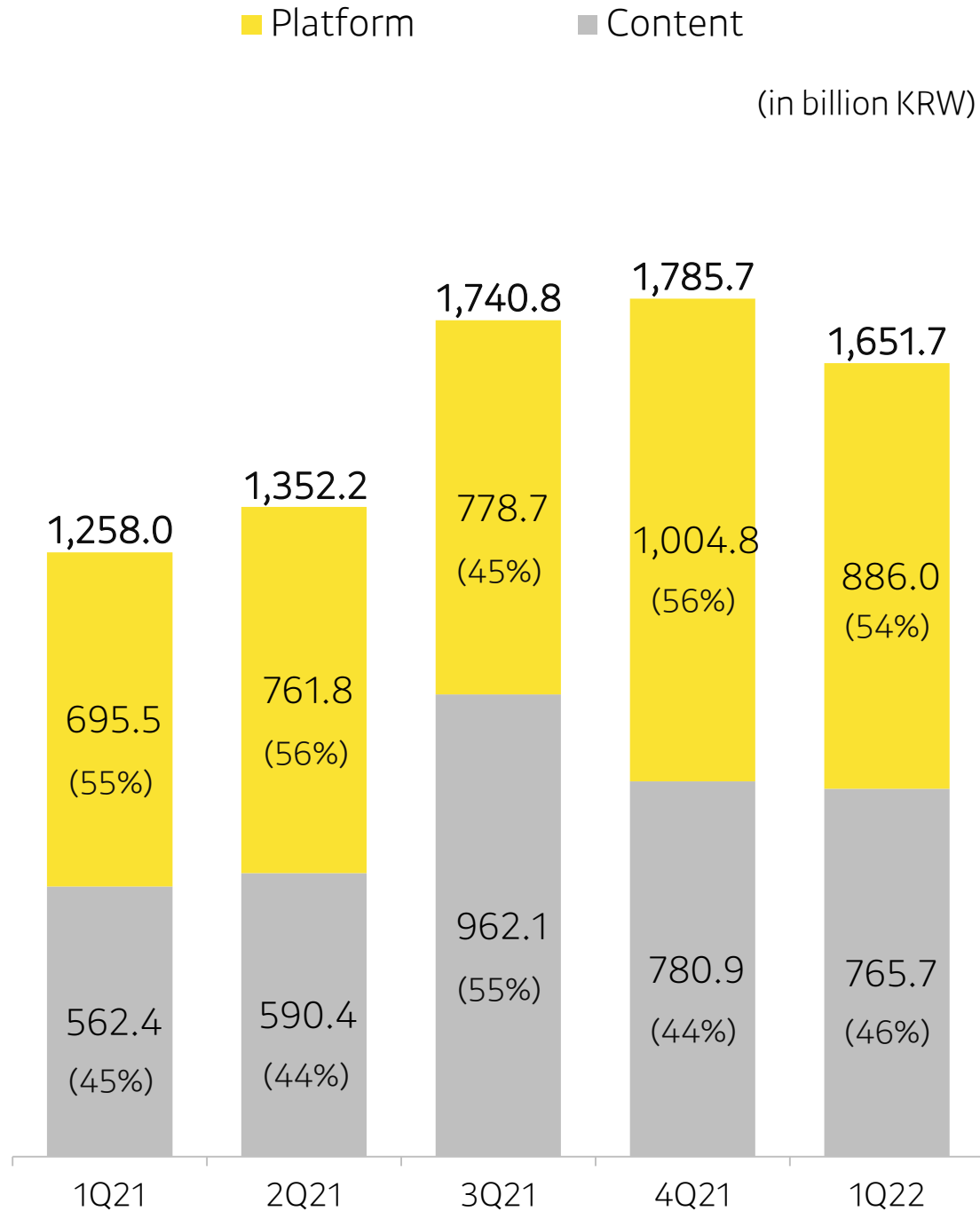
| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Korea | 45,188 | 45,508 | 45,793 | 45,981 | 46,356 | 46,623 | 46,809 | 47,035 | 47,431 |
| Global | 51,768 | 52,133 | 52,299 | 52,223 | 52,976 | 53,808 | 54,256 | 53,451 | 53,366 |

Average of monthly MAUs. Global includes domestic MAUs.

Revenue

Q1 Revenue YoY +31% / QoQ -8%

Mix - Platform 54% : Content 46%



| Revenue Breakdown | | |
|-------------------|---------------------------------|--|
| Platform | Talk Biz | Advertising - Bizboard, Talk channel, Emoticon |
| | | Commerce - Gift, Store, Makers, Kakao Friends Online |
| | Portal Biz | Daum PC / Mobile Kakao Story / Style / Page Other Subsidiaries' Ad |
| Content | Platform-Others | Mobility, Pay, Enterprise, Blockchain, Other Subsidiaries, Kakao Friends-Others |
| | Game | Mobile, PC, Other |
| | Music | Melon, Digital Music Distribution, Album Distribution, Music Production |
| | Story | Entertainment |
| | | Piccoma |
| Media | Video Production, Talent Agency | |

Platform / Content

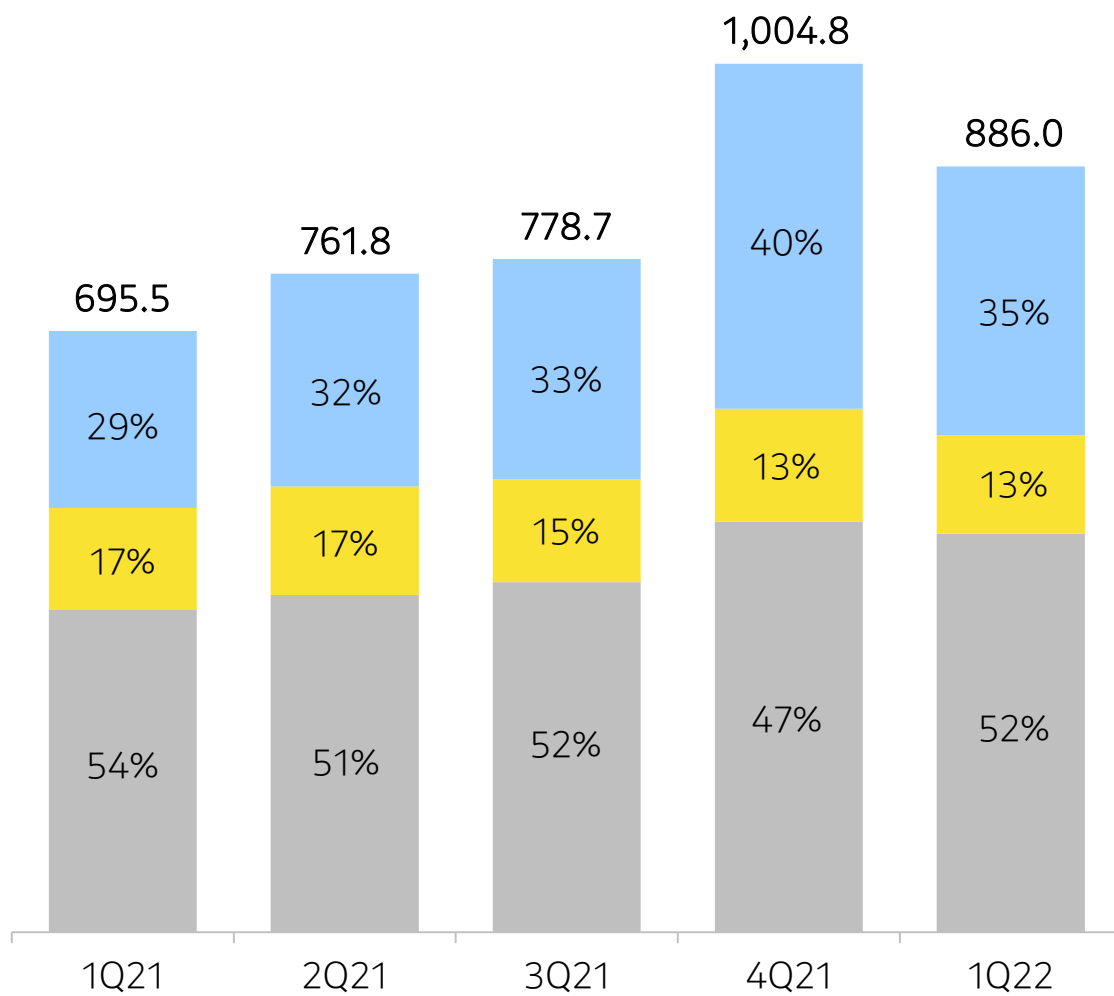
Platform YoY +27% / QoQ -12%

Content YoY +36% / QoQ -2%

Platform

(in billion KRW)

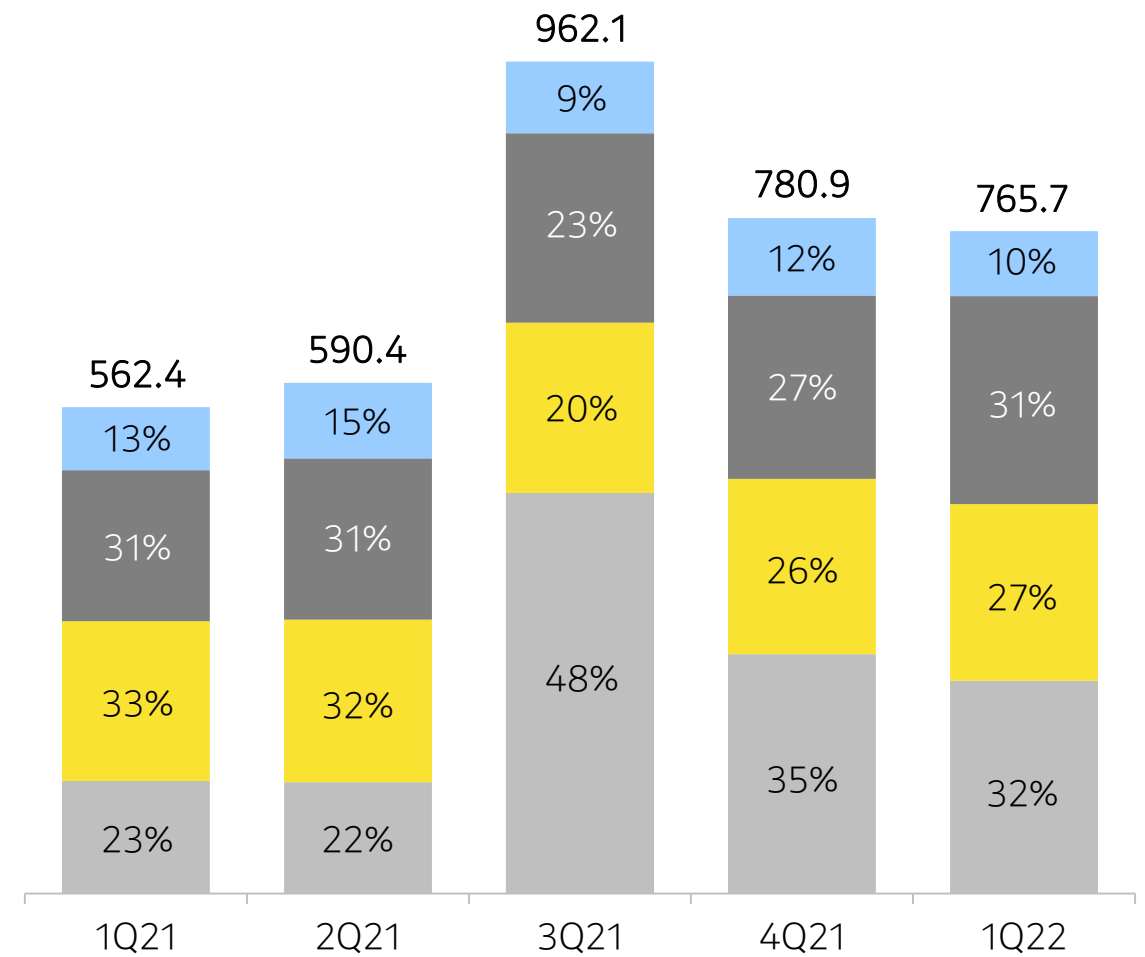
■ Talk Biz ■ Portal Biz ■ Platform-Others



Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media



Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +23% / QoQ -3%

Portal Biz YoY -3% / QoQ -13%

Others YoY +52% / QoQ -22%

Virtuous Cycle Between Advertising Products and Solid Growth of Commerce GMV

Decrease in Ad Spending and Low Seasonality

QoQ Decrease due to Seasonality but Strong YoY Growth Thanks to Business Expansion of Mobility and Pay

Talk Biz

(in billion KRW)

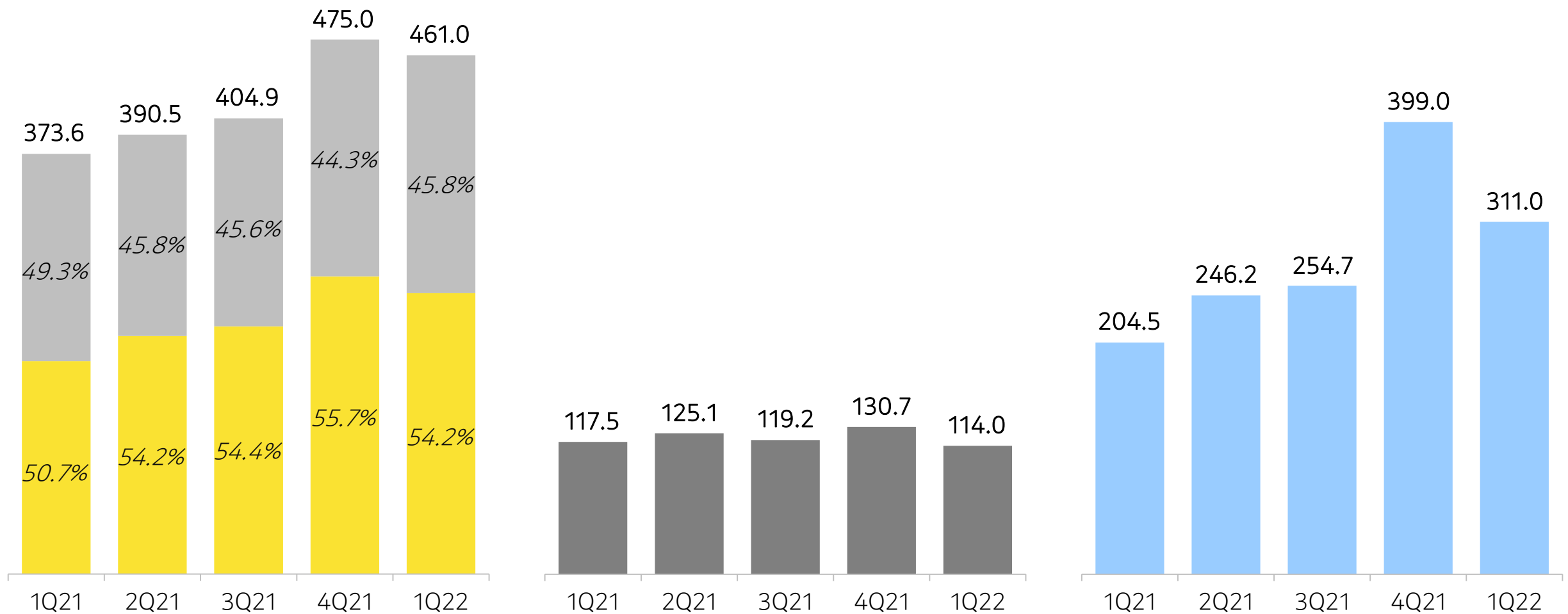
Portal Biz

(in billion KRW)

Others

(in billion KRW)

■ Advertising ■ Commerce



Content | Game Music

Game YoY +89% / QoQ -11%

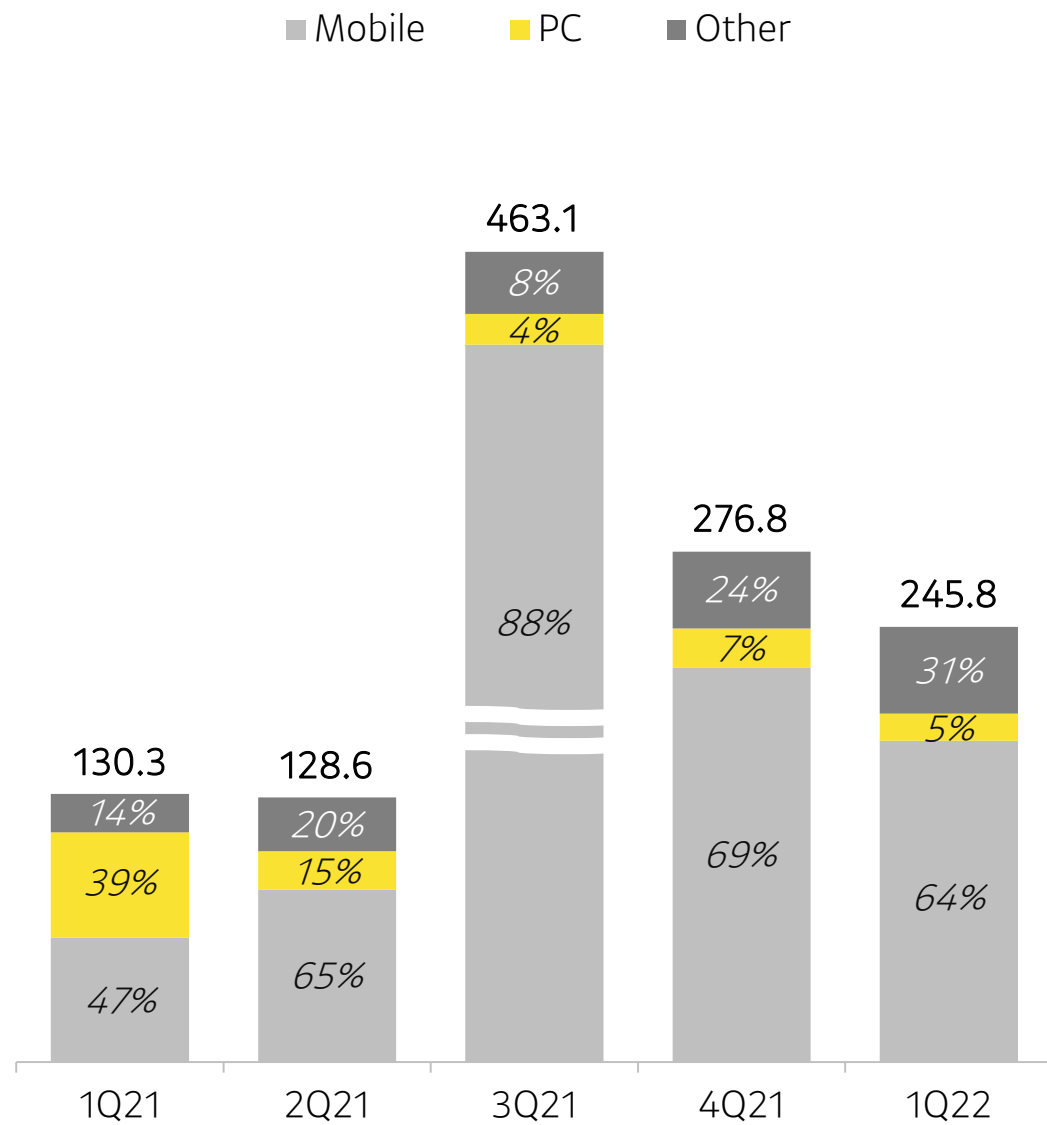
Music YoY +11% / QoQ +1%

On-quarter Slowdown due to Stabilization of Odin's Domestic Revenue

Music Production/Distribution Synergy on the Back of Melon Platform

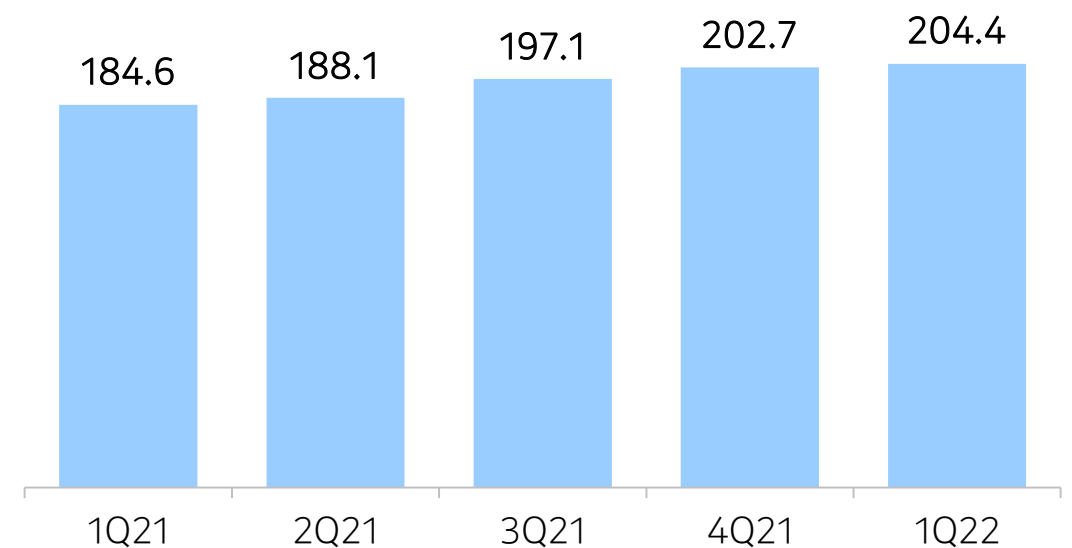
Game

(in billion KRW)



Music

(in billion KRW)



Content | Story Media

Story YoY +38% / QoQ +13%

↳ Entertainment +41% (y) / +14% (q), Piccoma +34% (y) / +13% (q)

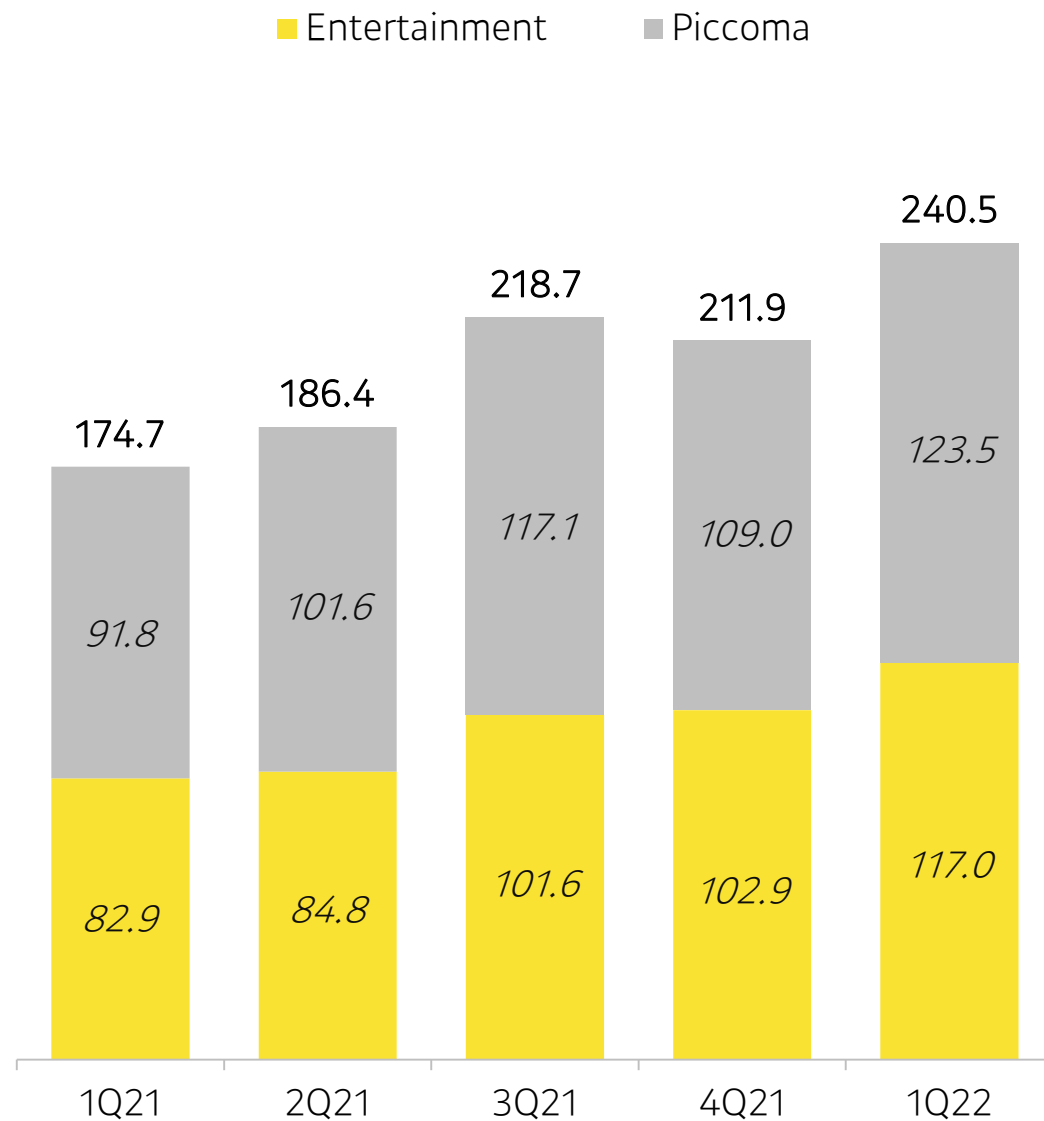
Media YoY +3% / QoQ -16%

Entertainment - Global Success of 'Business Proposal'
Piccoma - Dominant No.1 Market Presence in App Manga Market and Penetration into Web Market

On-quarter Decrease on High Base Effect in Video Production and Talent Agency

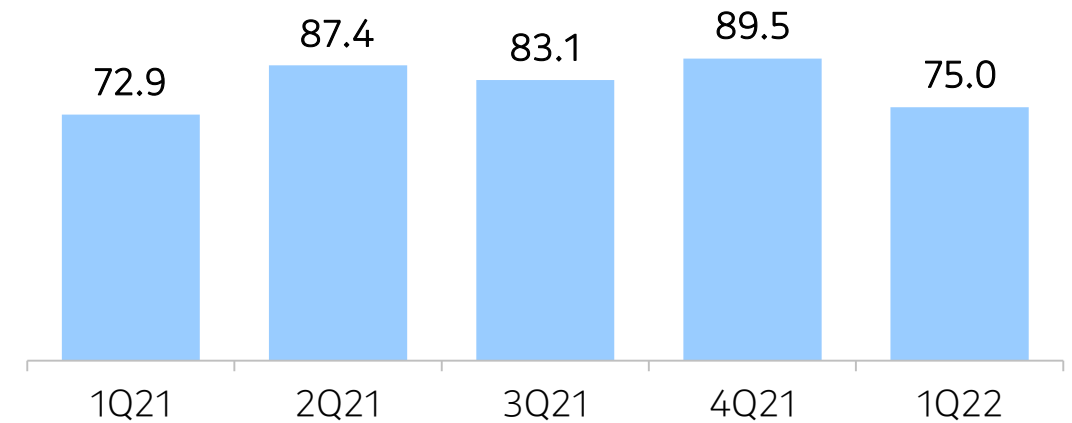
Story

(in billion KRW)



Media

(in billion KRW)



Earnings Summary

(in billion KRW)

| | 1Q21 | 4Q21 | 1Q22 | Change | |
|---------------------------|---------|---------|---------|---------|--------|
| | | | | YoY | QoQ |
| Total Revenue | 1,258.0 | 1,785.7 | 1,651.7 | 31% | -8% |
| Platform | 695.5 | 1,004.8 | 886.0 | 27% | -12% |
| Talk Biz | 373.6 | 475.0 | 461.0 | 23% | -3% |
| Portal Biz | 117.5 | 130.7 | 114.0 | -3% | -13% |
| Platform - Others | 204.5 | 399.0 | 311.0 | 52% | -22% |
| Content | 562.4 | 780.9 | 765.7 | 36% | -2% |
| Game | 130.3 | 276.8 | 245.8 | 89% | -11% |
| Music | 184.6 | 202.7 | 204.4 | 11% | 1% |
| Story | 174.7 | 211.9 | 240.5 | 38% | 13% |
| Media | 72.9 | 89.5 | 75.0 | 3% | -16% |
| Operating Expenses | 1,100.4 | 1,679.1 | 1,493.0 | 36% | -11% |
| Operating Profit | 157.5 | 106.6 | 158.7 | 1% | 49% |
| <i>Margin (%)</i> | 12.5% | 6.0% | 9.6% | -2.9%pt | 3.6%pt |
| Net Profit | 239.9 | 224.1 | 1,320.8 | 451% | 489% |
| Controlling Interests | 224.5 | 76.8 | 1,301.8 | 480% | 1,594% |
| Non-controlling Interests | 15.3 | 147.2 | 19.0 | 24% | -87% |

Operating Expenses

(in billion KRW)

| | 1Q21 | 4Q21 | 1Q22 | Change | |
|---------------------------------------|---------|---------|---------|--------|------|
| | | | | YoY | QoQ |
| Operating Expenses | 1,100.4 | 1,679.1 | 1,493.0 | 36% | -11% |
| Labor Cost | 292.9 | 515.8 | 420.0 | 43% | -19% |
| Cost of Revenue | 493.0 | 648.2 | 584.4 | 19% | -10% |
| Outsourcing / Infrastructure | 144.5 | 233.8 | 204.6 | 42% | -12% |
| Marketing Expense | 67.2 | 128.8 | 114.6 | 70% | -11% |
| Depreciation and Amortization Cost | 79.2 | 119.8 | 130.8 | 65% | 9% |
| Misc. | 23.6 | 32.8 | 38.7 | 64% | 18% |

Profits

Operating Profit YoY +1% / QoQ +49%

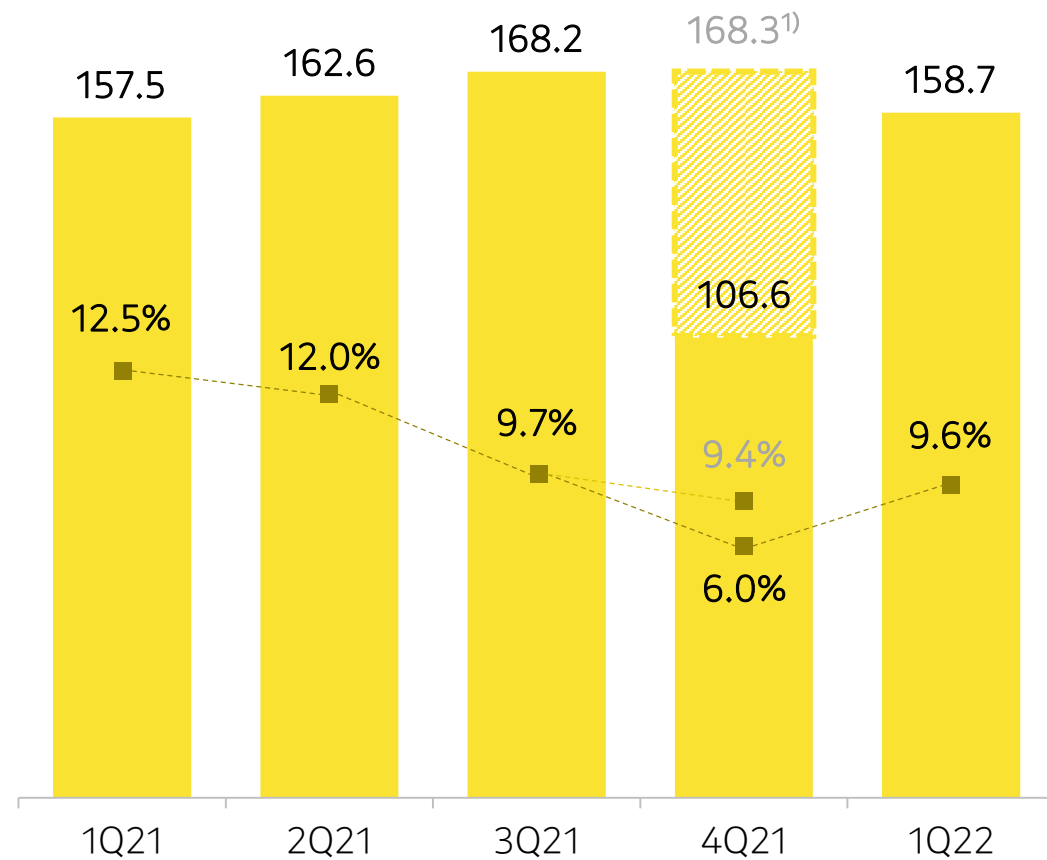
Net Profit YoY +451/ QoQ +489%

Despite Active Investment in Global Expansion and New Business Initiatives, Recorded Solid On-year Revenue and OP Growth

One-time Gain on Disposal of Equity Investment Stake Related to Change in Control of Dunamu

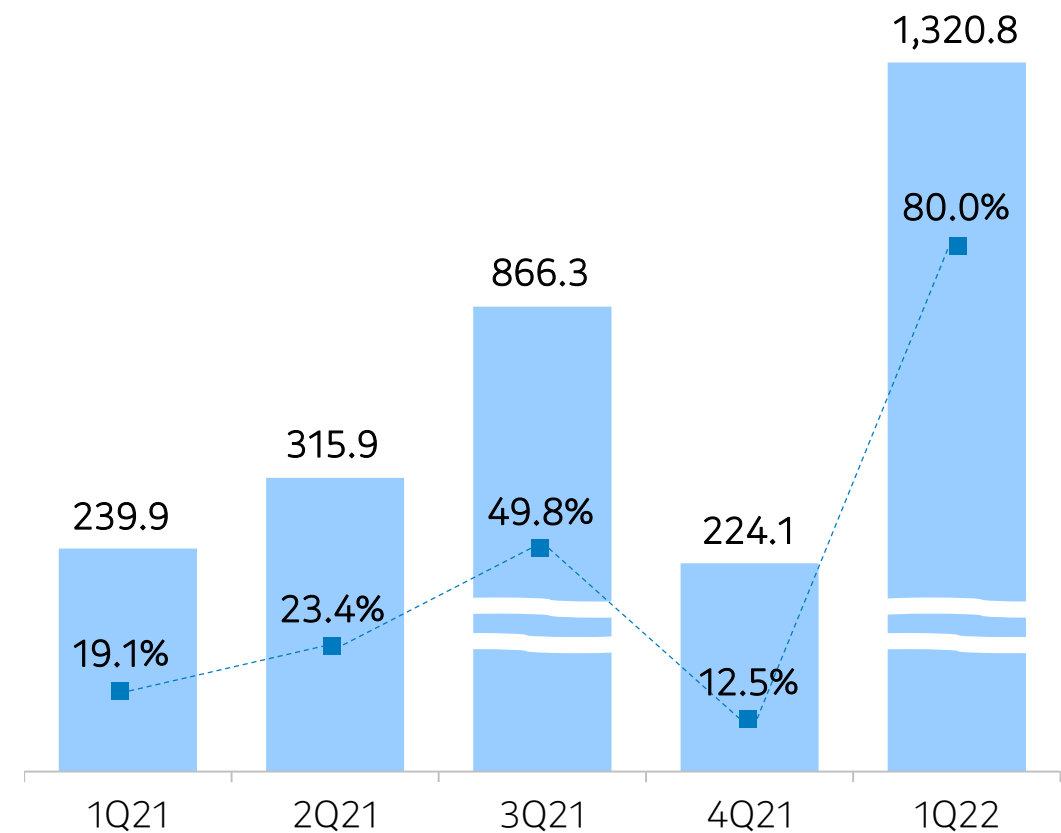
Operating Profit(M)

(in billion KRW)



Net Profit(M)

(in billion KRW)



1) Operating profit if one-off incentive (-61.7B) is included

CapEx / Employees

CapEx YoY +86% / QoQ -19%

Employees YoY +3,785 / QoQ +751

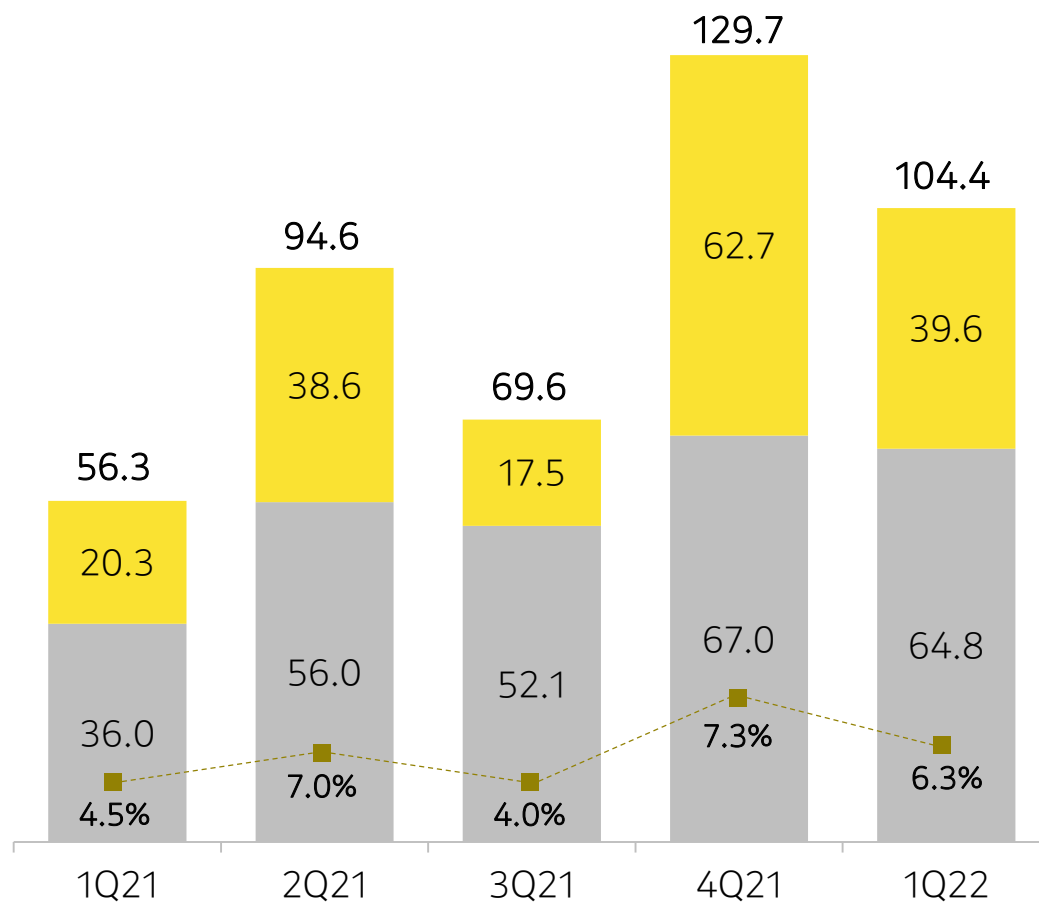
Investment in Servers and Contents

Business Expansion and Consolidation of Subsidiaries

CapEx

(in billion KRW)

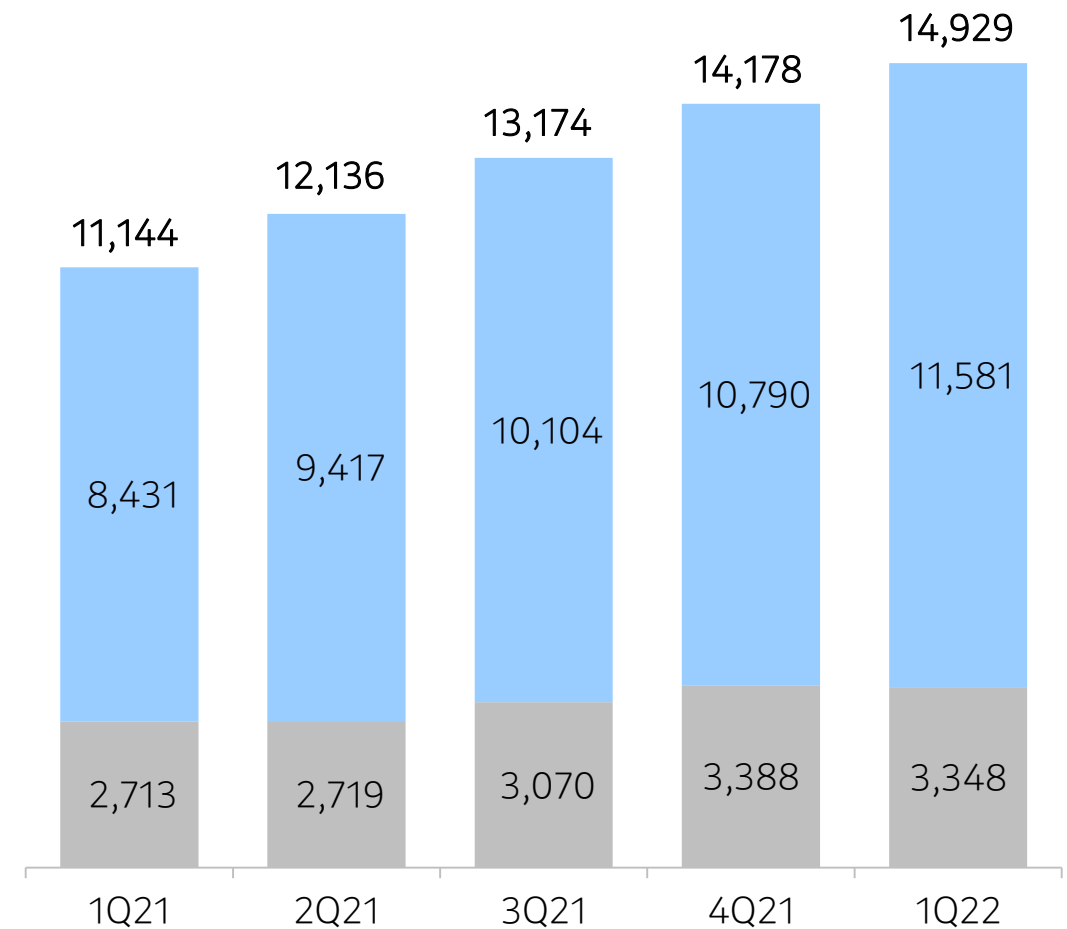
■ PP&E ■ Intangible ■ Capex to Revenue



Employees

(# of people)

■ Kakao ■ Subsidiaries



Financial Statements Summary – Consolidated

| Income Statement | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (in billion KRW) | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 |
| Total Revenue | 1,258.0 | 1,352.2 | 1,740.8 | 1,785.7 | 1,651.7 |
| Platform | 695.5 | 761.8 | 778.7 | 1,004.8 | 886.0 |
| Talk Biz | 373.6 | 390.5 | 404.9 | 475.0 | 461.0 |
| Portal Biz | 117.5 | 125.1 | 119.2 | 130.7 | 114.0 |
| New Biz | 204.5 | 246.2 | 254.7 | 399.0 | 311.0 |
| Content | 562.4 | 590.4 | 962.1 | 780.9 | 765.7 |
| Game | 130.3 | 128.6 | 463.1 | 276.8 | 245.8 |
| Music | 184.6 | 188.1 | 197.1 | 202.7 | 204.4 |
| Story | 174.7 | 186.4 | 218.7 | 211.9 | 240.5 |
| Media | 72.9 | 87.4 | 83.1 | 89.5 | 75.0 |
| Operating Expenses | 1,100.4 | 1,189.6 | 1,572.6 | 1,679.1 | 1,493.0 |
| Labor Cost | 292.9 | 301.0 | 307.2 | 515.8 | 420.0 |
| Cost of Revenue | 493.0 | 530.3 | 805.8 | 648.2 | 584.4 |
| Outsourcing / Infrastructure | 144.5 | 164.9 | 197.8 | 233.8 | 204.6 |
| Marketing Expense | 67.2 | 91.1 | 148.1 | 128.8 | 114.6 |
| Depreciation and Amortization Cost | 79.2 | 78.8 | 89.1 | 119.8 | 130.8 |
| Misc. | 23.6 | 23.4 | 24.7 | 32.8 | 38.7 |
| Operating Profit | 157.5 | 162.6 | 168.2 | 106.6 | 158.7 |
| <i>Margin (%)</i> | <i>12.5%</i> | <i>12.0%</i> | <i>9.7%</i> | <i>6.0%</i> | <i>9.6%</i> |
| Other Non-Operating Income | 54.4 | 66.1 | 799.6 | 813.4 | 1,665.3 |
| Other Non-Operating Expenses | 6.6 | 19.2 | 20.7 | 360.7 | 48.4 |
| Financial Income | 47.9 | 18.3 | 43.9 | 67.7 | 68.5 |
| Financial Expenses | 69.7 | 64.7 | 90.4 | 90.6 | 94.7 |
| Equity-method Income | 135.1 | 186.7 | 171.2 | 17.1 | 10.2 |
| Profit before Income Tax | 318.7 | 349.7 | 1,071.8 | 553.5 | 1,759.6 |
| Income Tax | 78.8 | 33.8 | 205.5 | 329.4 | 438.8 |
| Net Profit | 239.9 | 315.9 | 866.3 | 224.1 | 1,320.8 |
| Controlling Interests | 224.5 | 311.7 | 779.1 | 76.8 | 1,301.8 |
| Non-controlling Interests | 15.3 | 4.3 | 87.2 | 147.2 | 19.0 |
| EBITDAR | 236.7 | 241.0 | 255.1 | 225.4 | 288.5 |
| Adjusted EBITDAR ¹⁾ | 258.2 | 279.6 | 269.8 | 298.7 | 332.0 |

| Statement of Financial Position | | | |
|--|-----------------|-----------------|-----------------|
| (in billion KRW) | 2019.12.31 | 2020.12.31 | 2021.12.31 |
| Current Assets | 4,462.9 | 8,102.2 | 8,253.4 |
| Cash and Cash Equivalents | 2,877.5 | 5,231.5 | 4,768.2 |
| S-T Financial Instruments | 694.1 | 1,573.6 | 1,451.7 |
| Account Receivable | 247.4 | 398.1 | 355.3 |
| Other Current Financial Assets | 225.1 | 319.1 | 458.5 |
| Other Current Assets | 232.5 | 182.7 | 280.8 |
| Non-Current Assets | 6,987.4 | 13,712.0 | 15,452.7 |
| Investments in Associates and Joint Ventures | 1,504.4 | 3,215.8 | 2,697.6 |
| Tangible Assets | 430.7 | 554.9 | 590.2 |
| Intangible Assets | 3,351.6 | 6,347.8 | 6,432.3 |
| Other Non-current Assets | 166.5 | 345.5 | 330.6 |
| Finance Assets | 503.6 | 965.4 | 787.2 |
| Total Assets | 11,954.0 | 22,779.6 | 24,493.3 |
| Current Liabilities | 2,929.6 | 5,630.3 | 5,700.8 |
| Account Payable and Other payable | 836.0 | 1,231.0 | 1,914.2 |
| Short-term Borrowings | 188.4 | 1,258.8 | 1,286.9 |
| Income Tax Payable | 112.1 | 188.9 | 200.2 |
| Other Current Liabilities | 1,793.1 | 2,951.6 | 2,299.5 |
| Non-Current Liabilities | 1,166.1 | 2,885.1 | 3,381.6 |
| Non-Current Finance Lease Obligations | 273.3 | 1,318.2 | 1,492.1 |
| Deferred Income Tax Liabilities | 249.0 | 756.8 | 1,077.1 |
| Other Non-Current Liabilities | 643.8 | 810.1 | 812.5 |
| Finance Assets | 430.6 | 674.2 | 516.5 |
| Total Liabilities | 4,526.2 | 9,189.6 | 9,598.9 |
| Paid-in Capital | 44.3 | 44.6 | 44.7 |
| Capital Surplus | 5,833.1 | 7,781.2 | 7,853.9 |
| Other Accumulated Earnings | 18.6 | 77.1 | 101.7 |
| Accumulated Other Comprehensive Income | 86.6 | 371.8 | 287.4 |
| Retained Earnings | 316.3 | 1,709.6 | 2,988.4 |
| Minority Interest | 1,128.8 | 3,605.6 | 3,618.3 |
| Total Equity | 7,427.7 | 13,590.0 | 14,894.4 |
| Total Liabilities & Equity | 11,954.0 | 22,779.6 | 24,493.3 |

1) Adjusted EBITDAR : included equity compensation expense

Financial Statements Summary – Parent

| Income Statement | | | | | |
|------------------------------------|-------|-------|--------|-------|---------|
| (in billion KRW) | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 |
| Total Revenue | 490.9 | 521.4 | 468.4 | 652.3 | 596.2 |
| Operating Expenses | 414.1 | 424.1 | 371.9 | 520.8 | 473.1 |
| Labor Cost | 102.9 | 95.3 | 89.0 | 156.6 | 143.9 |
| Cost of Revenue | 214.9 | 221.6 | 163.8 | 127.6 | 106.9 |
| Outsourcing / Infrastructure | 55.4 | 64.7 | 73.5 | 165.2 | 154.9 |
| Marketing Expense | 3.4 | 4.5 | 4.9 | 11.8 | 4.2 |
| Depreciation and Amortization Cost | 32.1 | 32.1 | 33.9 | 46.3 | 50.9 |
| Misc. | 5.3 | 5.8 | 6.8 | 13.2 | 12.3 |
| Operating Profit | 76.7 | 97.3 | 96.5 | 131.5 | 123.1 |
| <i>Margin (%)</i> | 15.6% | 18.7% | 20.6% | 20.2% | 20.6% |
| Other Non-Operating Income | 3.3 | 5.9 | 44.6 | 7.0 | 1,405.8 |
| Other Non-Operating Expenses | 1.2 | 10.7 | 8.6 | 49.9 | 25.5 |
| Financial Income | 37.6 | 18.4 | 49.2 | 123.3 | 45.5 |
| Financial Expenses | 17.5 | 2.7 | 17.6 | 8.5 | 21.7 |
| Profit before Income Tax | 98.9 | 108.1 | 164.1 | 203.5 | 1,527.2 |
| Income Tax | 20.3 | 10.0 | (56.3) | 94.1 | 382.8 |
| Net Profit | 78.6 | 98.2 | 220.5 | 109.4 | 1,144.4 |
| EBITDAR | 109.0 | 129.3 | 130.3 | 177.7 | 173.7 |
| Adjusted EBITDAR ¹⁾ | 125.7 | 148.9 | 137.4 | 222.3 | 199.9 |

| Statement of Financial Position | | | |
|--|------------|------------|-----------|
| (in billion KRW) | 2020.12.31 | 2021.12.31 | 2022.3.31 |
| Current Assets | 1,782.4 | 2,418.0 | 2,441.1 |
| Cash and Cash Equivalents | 1,356.9 | 1,478.7 | 1,129.7 |
| S-T Financial Instruments | 65.5 | 255.4 | 220.6 |
| Account Receivable | 120.5 | 152.2 | 138.1 |
| Other Current Assets | 239.5 | 531.7 | 952.8 |
| Non-Current Assets | 5,563.1 | 7,606.7 | 9,305.7 |
| Investments in Associates, Subsidiaries and Joint Ventures | 2,393.4 | 3,547.8 | 3,577.1 |
| Tangible Assets | 272.1 | 312.6 | 334.8 |
| Intangible Assets | 2,106.2 | 1,573.6 | 1,603.1 |
| Other Non-current Assets | 791.3 | 2,172.7 | 3,790.6 |
| Total Assets | 7,345.5 | 10,024.7 | 11,746.8 |
| Current Liabilities | 1,421.6 | 2,299.1 | 2,351.2 |
| Account Payable and Other payable | 1,035.7 | 493.5 | 551.6 |
| Short-term Borrowings | 58.0 | 342.2 | 350.0 |
| Income Tax Payable | 49.8 | 55.5 | 86.2 |
| Other Current Liabilities | 278.1 | 1,408.0 | 1,363.3 |
| Non-Current Liabilities | 598.5 | 1,171.3 | 1,669.3 |
| Non-Current Finance Lease Obligations | 121.9 | 1,076.1 | 1,242.2 |
| Deferred Income Tax | 108.2 | - | 314.2 |
| Other Non-Current Liabilities | 368.3 | 95.2 | 113.0 |
| Total Liabilities | 2,020.1 | 3,470.4 | 4,020.5 |
| Paid-in Capital | 44.3 | 44.6 | 44.7 |
| Capital Surplus | 4,986.9 | 5,489.2 | 5,529.2 |
| Other Accumulated Earnings | 18.6 | 77.1 | 101.7 |
| Accumulated Other Comprehensive Income | 66.5 | 240.5 | 226.4 |
| Retained Earnings | 209.1 | 702.8 | 1,824.3 |
| Total Equity | 5,325.4 | 6,554.2 | 7,726.3 |
| Total Liabilities & Equity | 7,345.5 | 10,024.7 | 11,746.8 |

1) Adjusted EBITDAR : included equity compensation expense

Thank You

