

kakao

3Q 2022 | Kakao Investor Relations



Disclaimer

Financial information contained in this document is based on consolidated K-IFRS that have not been reviewed by an independent auditor.

Therefore, the information and financial data of Kakao and its subsidiaries (the “Company”, or “Kakao”) contained in this document are subject to change upon an independent auditor’s audit.

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.

Therefore, this presentation contained herein should not be utilized for any legal purposes in regards to investors’ investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors’ reliance on the information contained herein.

Table of Contents

Kakao Ecosystem	4
Kakao Business	8
Talk Biz - Ad	11
Talk Biz - Commerce	14
Mobility	15
Kakao Pay	16
Kakao Bank	17
Enterprise	18
Blockchain	19
Kakao Games	20
Music	21
Story	22
Media	23
Financial Overview	24

Kakao Ecosystem

Kakao Business

Financial Overview

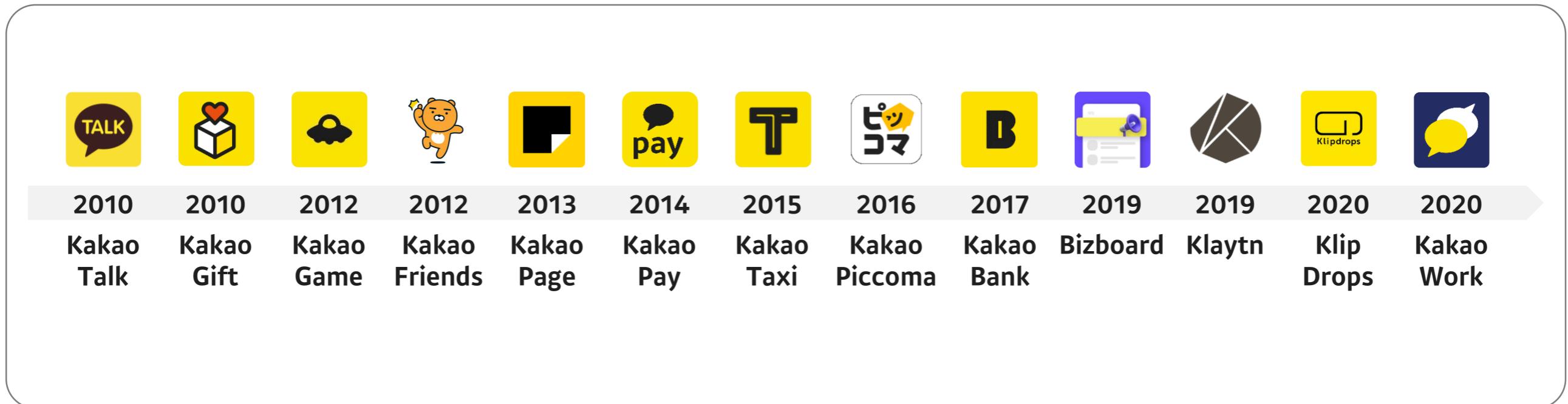
Mission

**Making a Better World
with People and Technology**

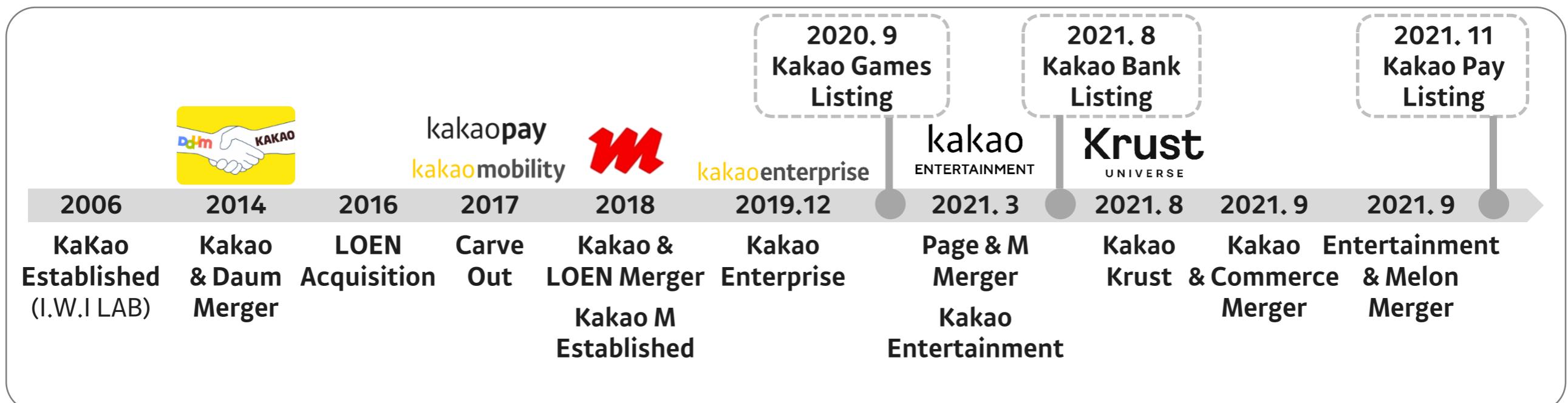


History

Innovative Service Launch

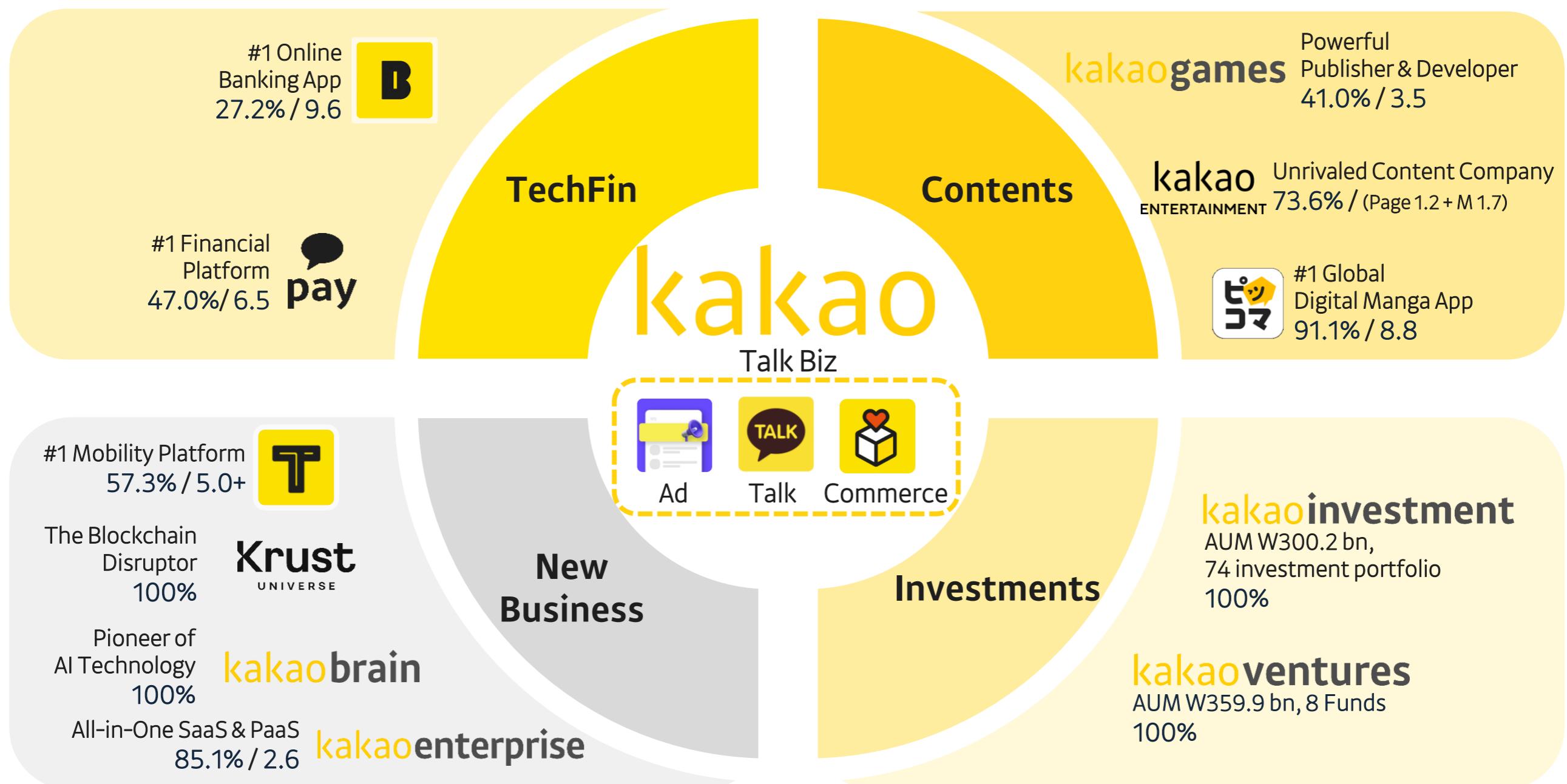


Changes in Business Structure & Listing of Subsidiaries



Kakao Ecosystem

● Kakao's Stake(%) / Transaction Valuation (KRW tn)¹⁾



1) Kakao's Stake and Transaction Valuation as of 2022.9.30

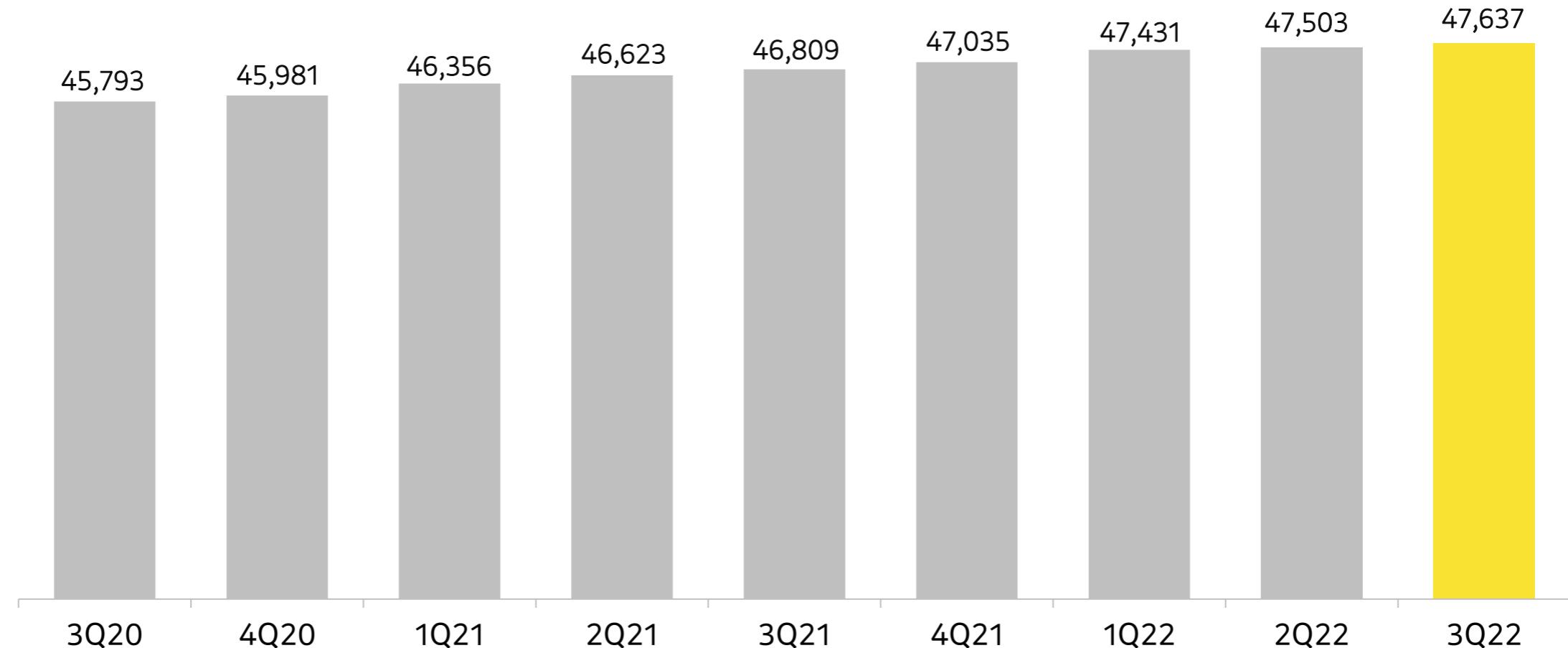
Kakao Ecosystem
Kakao Business
Financial Overview

KakaoTalk Monthly Active Users

Monthly Active Users in Korea Grew by +828K YoY, +134K QoQ



(in thousands)

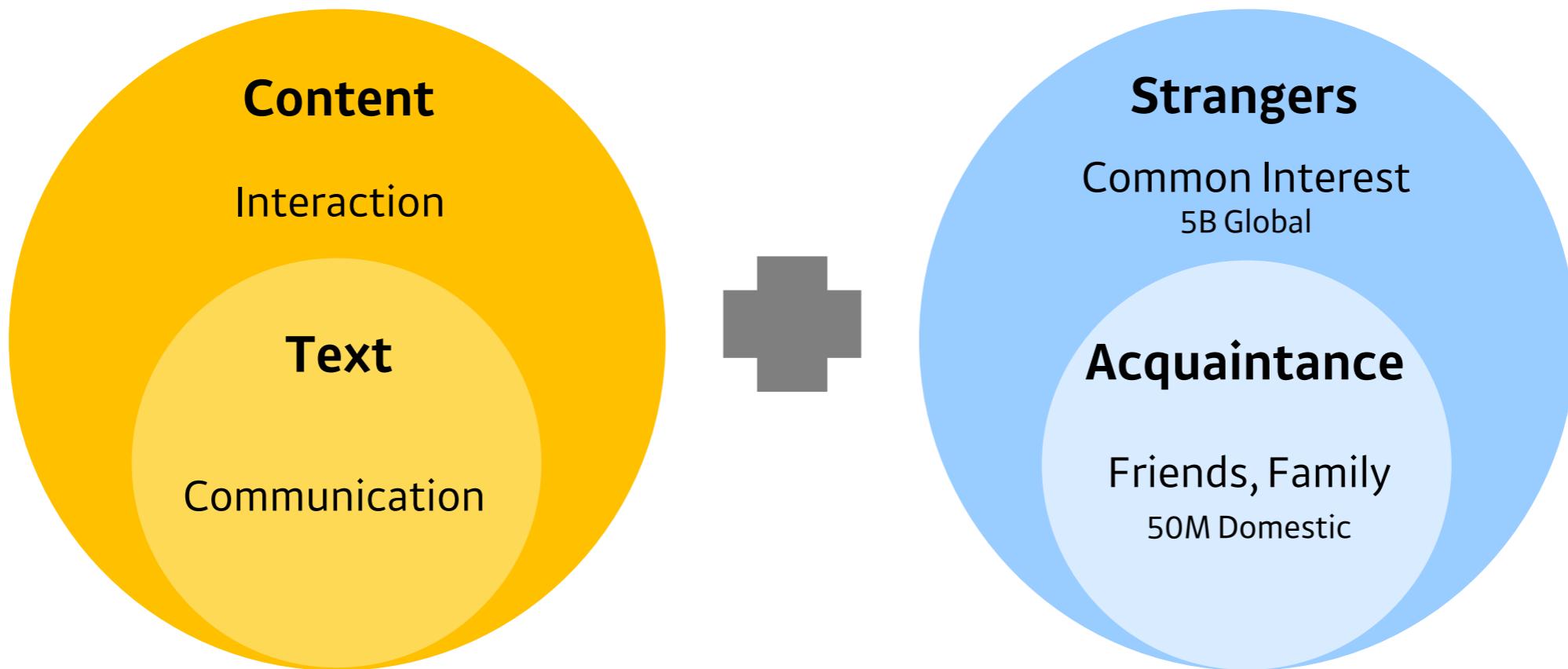


Korea	45,793	45,981	46,356	46,623	46,809	47,035	47,431	47,503	47,637
Global	52,299	52,223	52,976	53,808	54,256	53,451	53,366	53,302	53,561

Average of monthly MAUs. Global includes domestic MAUs.

Kakao's Strategic Direction

From real-time communication service for 1% to all-around interaction service for 99%



1. Kakao Talk - more light communication

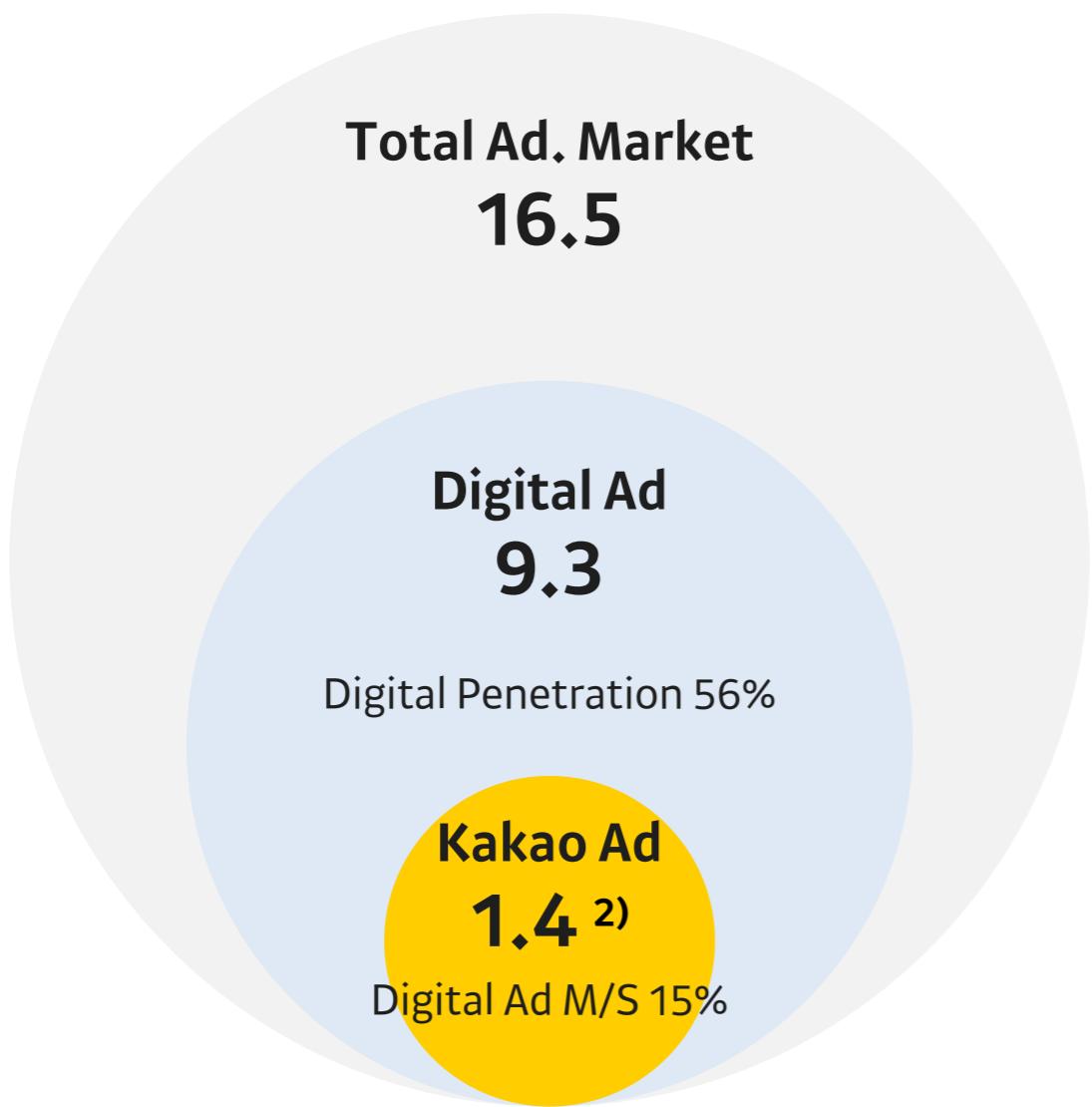
2. Open Link - interest-oriented service

Paradigm Shift in Advertising Industry

Significant Growth Opportunity in KakaoTalk as a Biz Platform

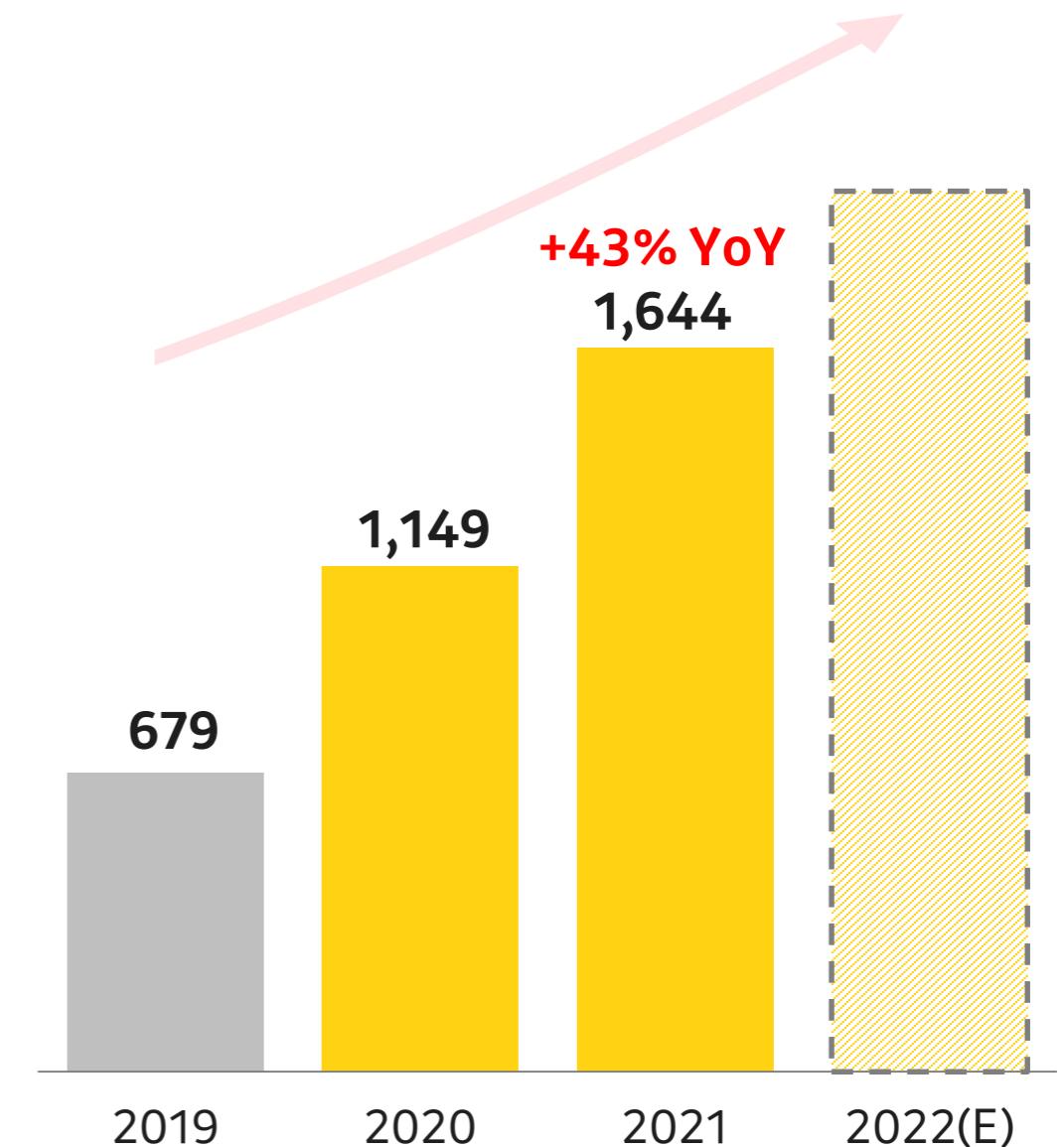
Domestic Ad Market Size (2021)¹⁾

(in KRW tn)



Talk Biz Revenue

(in KRW bn)



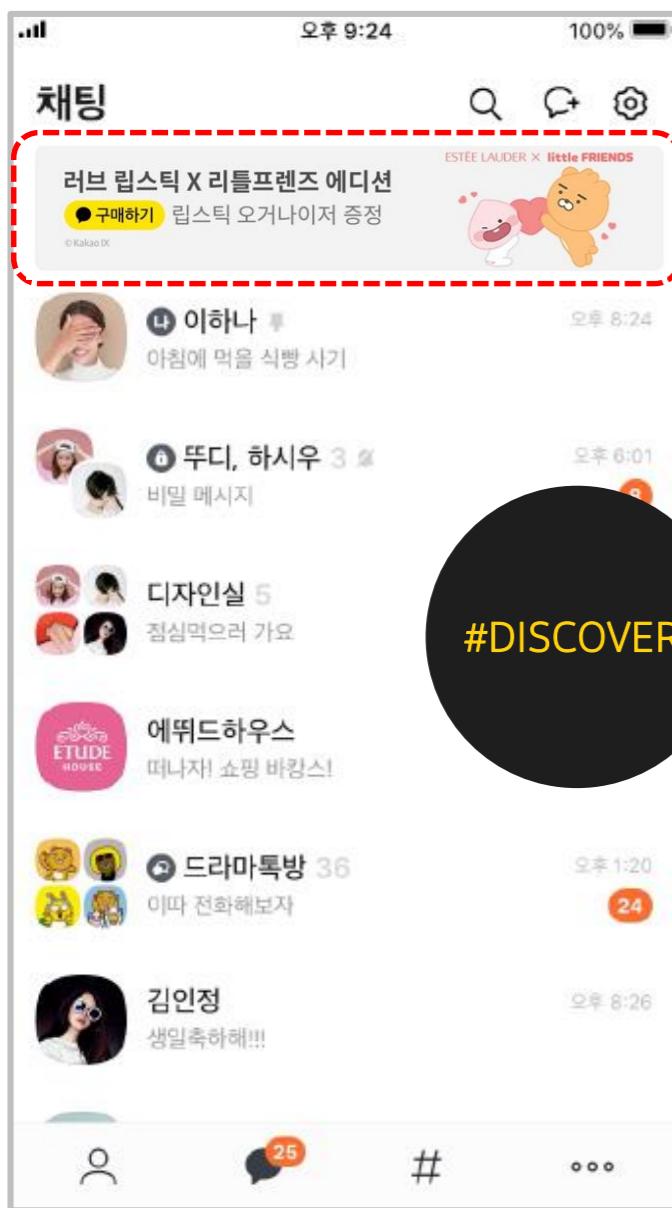
1) Source KOBACO, 2021 Korea Advertising Expenditure Research (2021.12)

2) Kakao Ad includes Talk biz advertising and Portal Biz Revenue

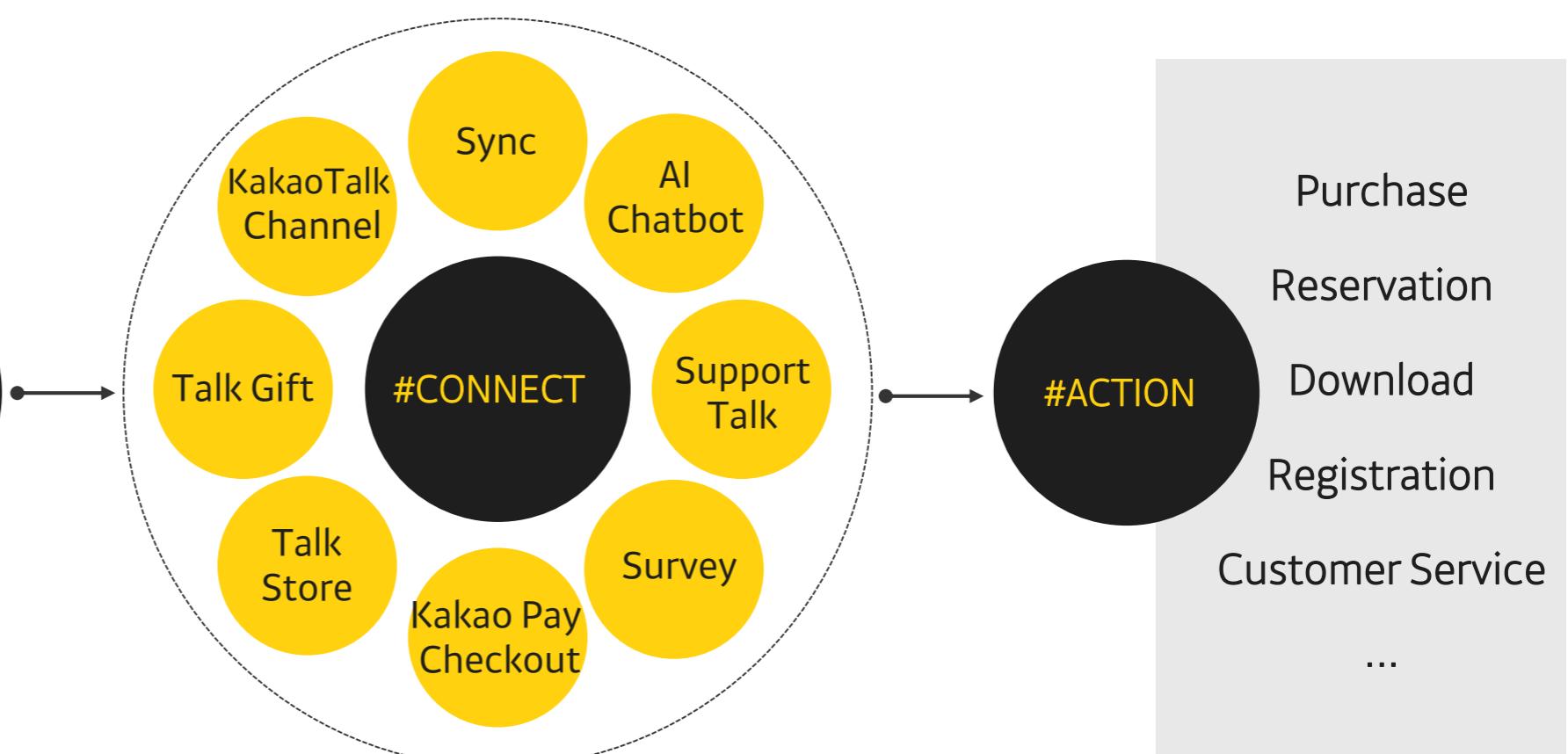
Talk Biz Advertising (Kakao Bizboard)

New Innovative Way to Connect 47 million Mega Traffic

Chat list tab is where users spend the most time



Users can get recommendations of their interests

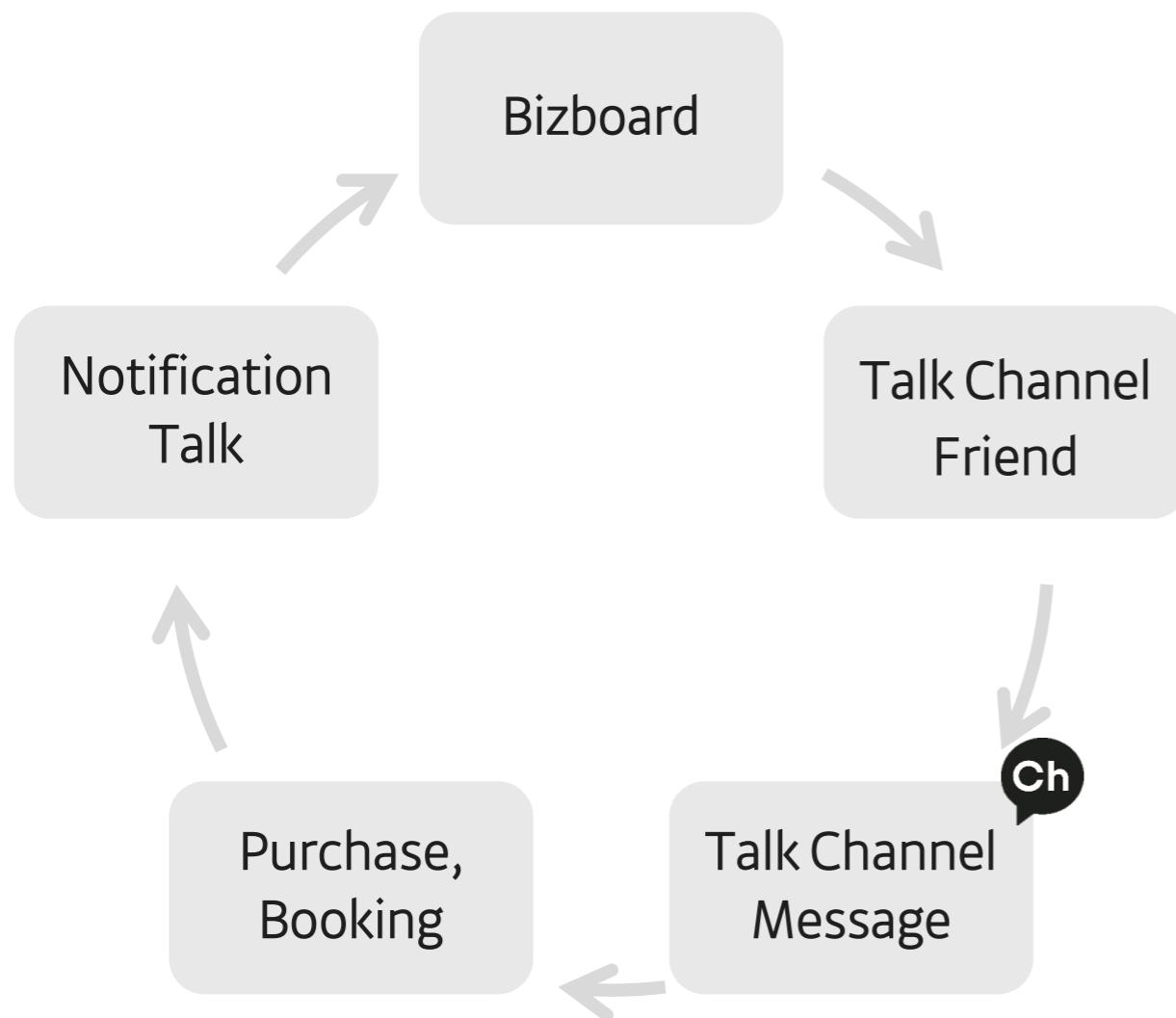


Users may fulfill any actions that wish to take

Talk Biz Advertising (Message Ad)

Virtuous Cycle with Bizboard, KakaoTalk Channel and Notification Talk

The Virtuous Cycle
Established with Bizboard

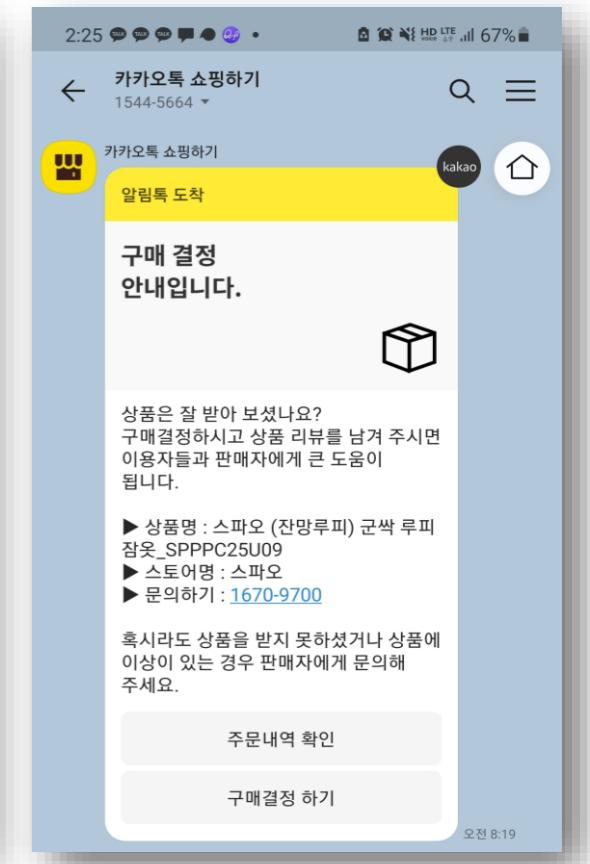


Message Business Model

'KakaoTalk Channel'
Message Ad



'Notification Talk' Informs
Payment, Delivery Updates



From Leveraging the Social Graph to any Talk-based Transactions

kakaocommerce Key indices

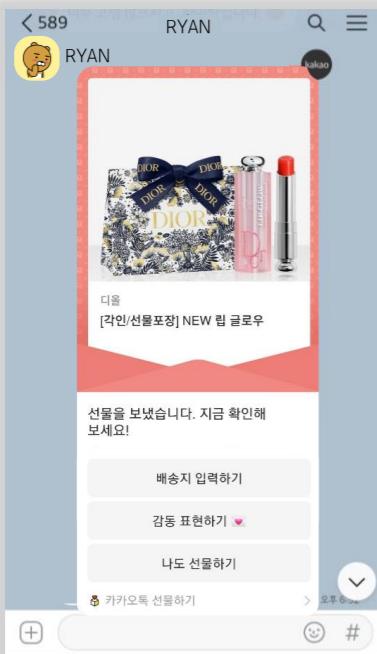


+12% YoY

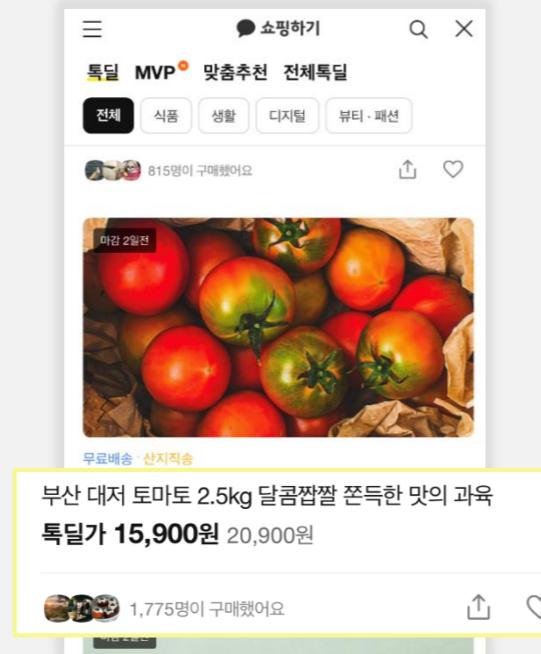


Talk Gift, Talk Store, Makers, ZigZag, Grip

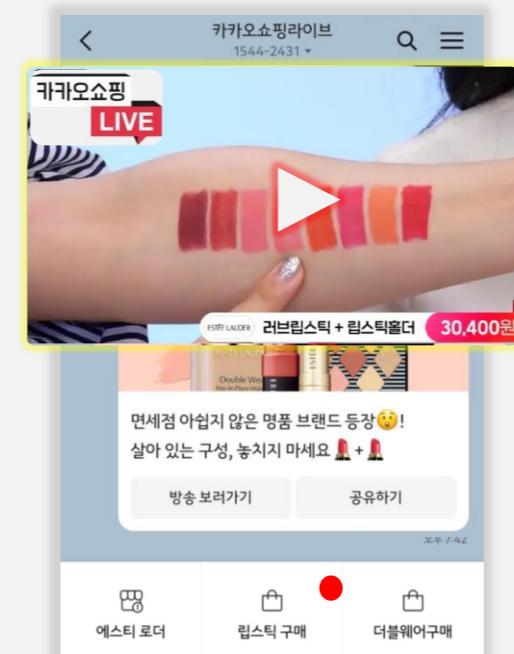
Talk Gift



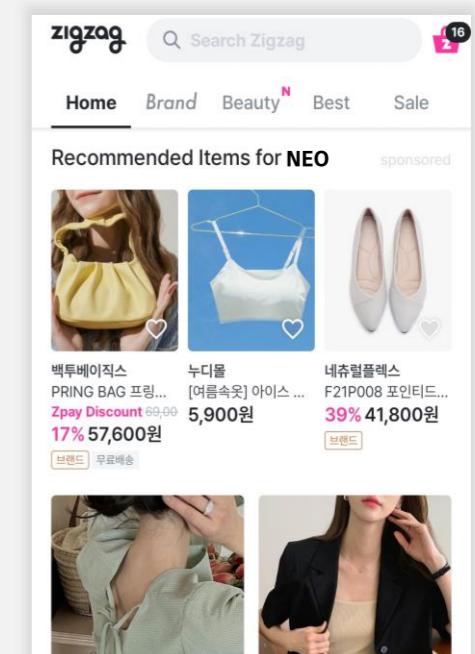
Talk Store > Talk Deal



Talk Store > Live Commerce



ZigZag



Satisfying Every Customers Need with All-in-One Mobility Platform



Kakao T Key Indices



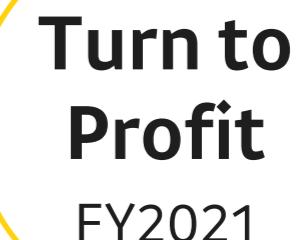
Largest # of users



Increase in demand & Supply of premium taxi

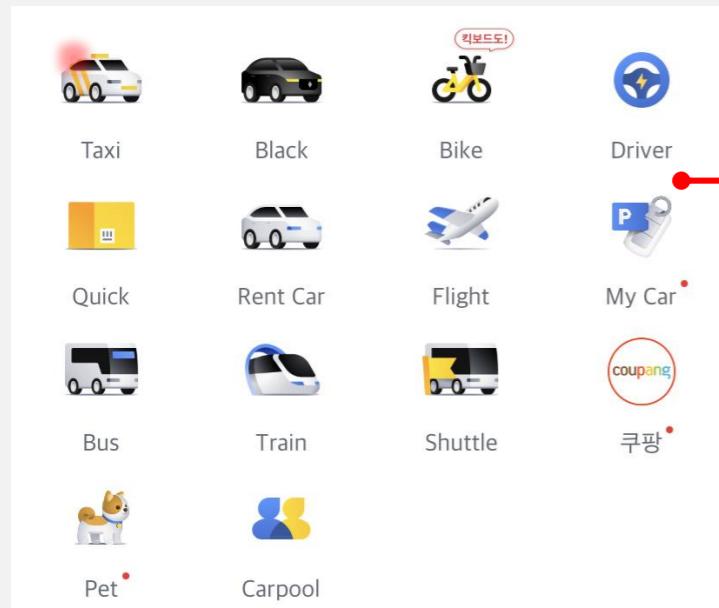


Parking, Quick, Bike, UAM

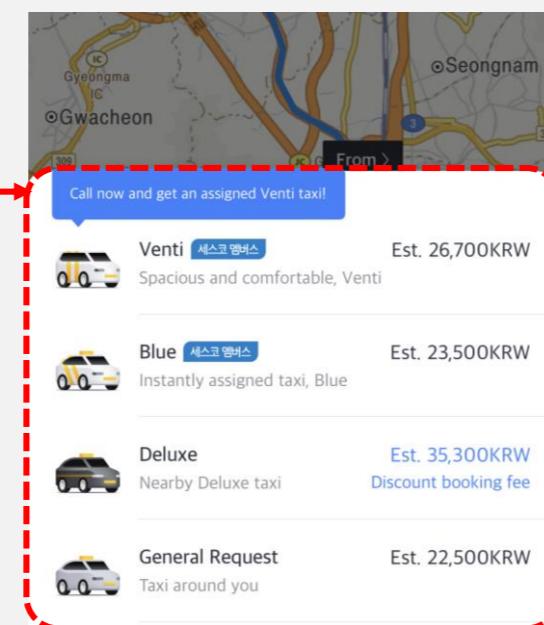


Targets for continuous improvement

Kakao T Application



Expansion of Premium Paying Service Option



Revolutionizing into a Service Meeting All Types of Mobility Demands



No.1 Comprehensive Daily Financial Platform



Kakao Pay Key Indices

38 M
Accumulated Members

MAU 23 M

W30.5 tn
3Q TPV

+21% YoY

9.1 tn
Revenue TPV

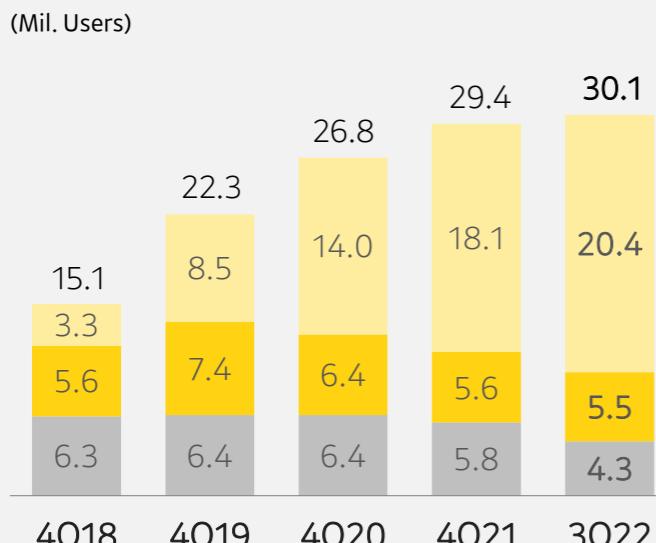
+28% YoY
30% of Total TPV

Digital Finance

Loan Referral Services,
Insurance Marketplace,
MTS

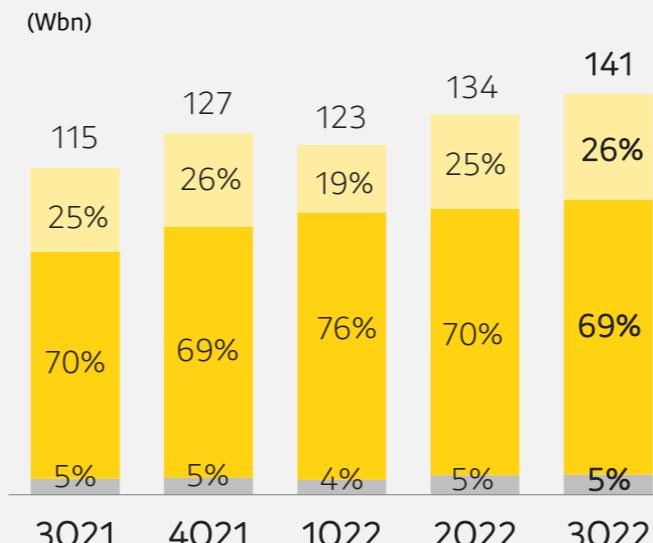
Annual Active Users Breakdown by # of Use Cases

■ 1 Case ■ 2 Cases ■ 3+ Cases

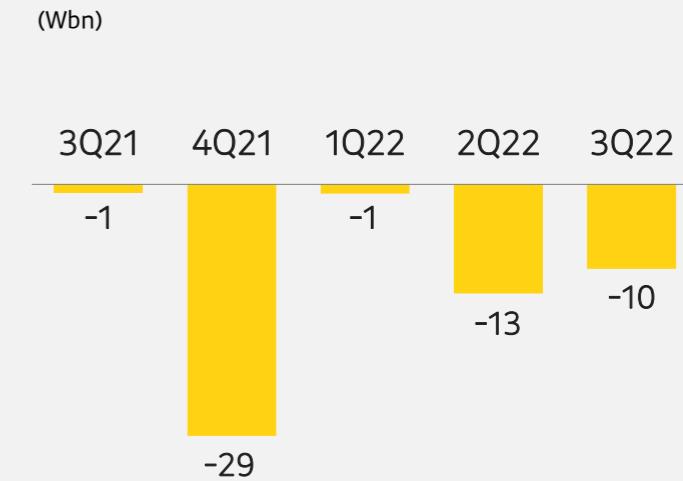


Revenue

■ Others ■ Digital Payment ■ Digital Finance



Operating Profit



1) Key Indices as of 3Q22

2) Kakao Pay's stand-alone financials may differ from Kakao consolidated financials

No.1 Online Banking with Innovative User-Friendly Technology



Kakao Bank Key Indices

19.8 M
Customer Base

MAU 16 M
#1 Mobile Banking App

W34.6 tn
Deposit

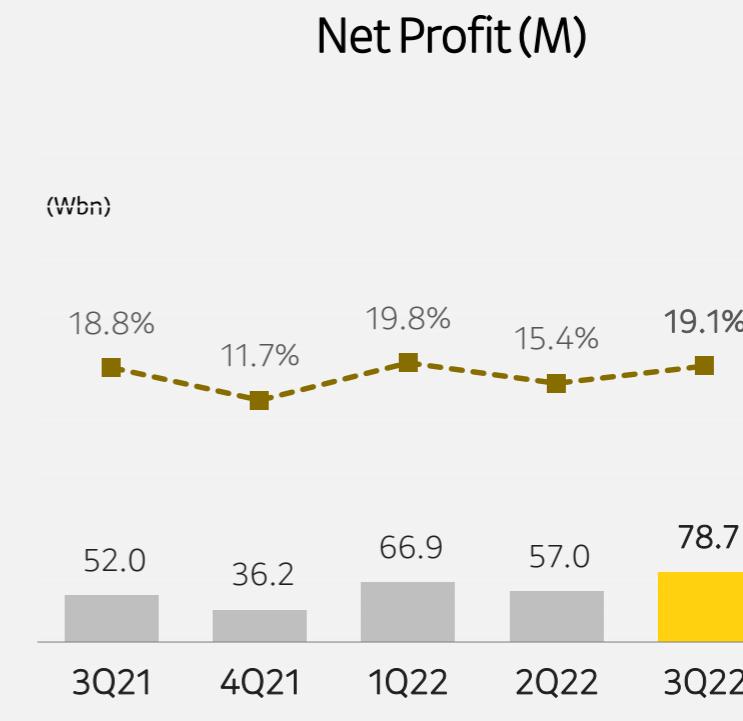
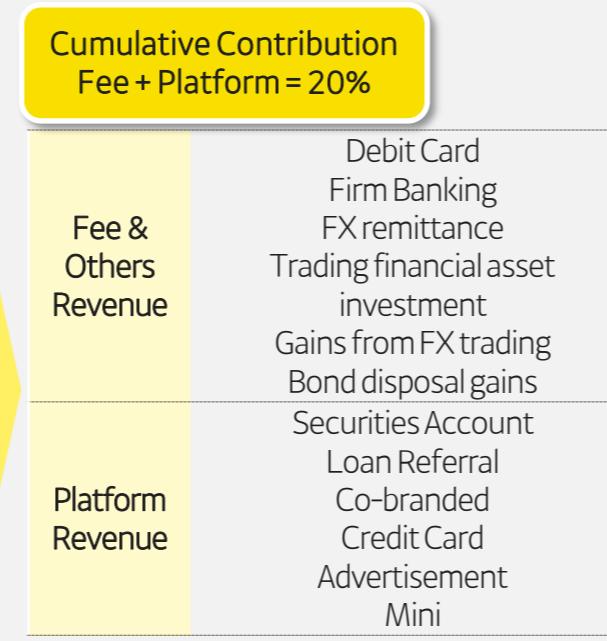
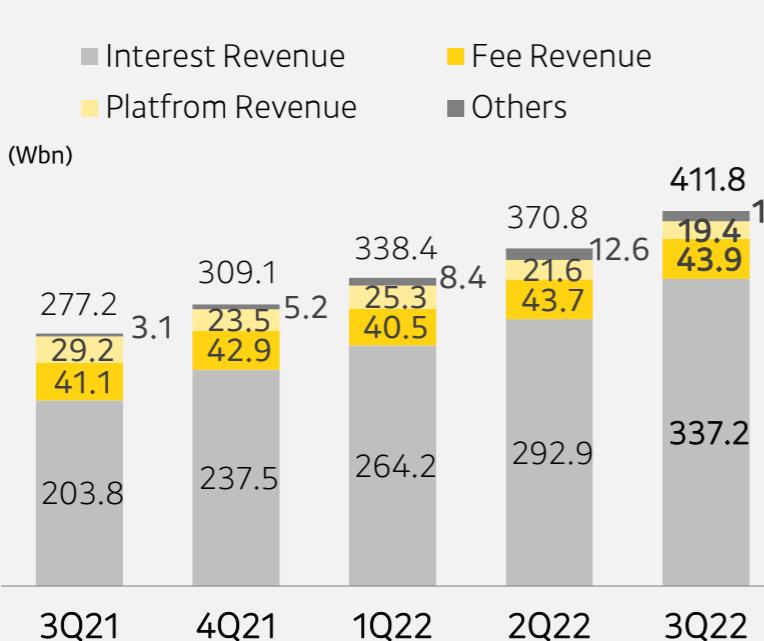
+19% YoY

W27.5 tn
Loan

+10% YoY
NIM 2.56%

W104.6 bn
3Q Operating Profit

Solid Growth from Fee Revenue + Platform Revenue



1) Key Indices as of 3Q22

2) Kakao Bank's financials are recognized as equity method gains

B2B Business Expansion with Differentiated AI Technology

kakaoenterprise Key Services



Integrated Enterprise Platform



10 Years of Accumulated Know-hows



Logistics Platform Interconnected with AI

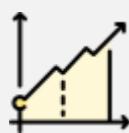


Business Service Platform



Industry Insight based Data

All-in-One Work Platform Kakao Work



1 M+ accum. users within 1 year of launch



AI assistant Kasper



20+ major partner services integration

Flexible and Scalable Kakao i Cloud



CSA STAR Gold Rank Certified by FSI for CSP

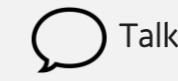


Connects all different forms of cloud

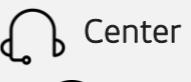


Specialized services for each and every industry

Packaged with AI Technology Kakao i Connect



Kakao i



Center



Assistant



Live



Chatbot



Voicebot

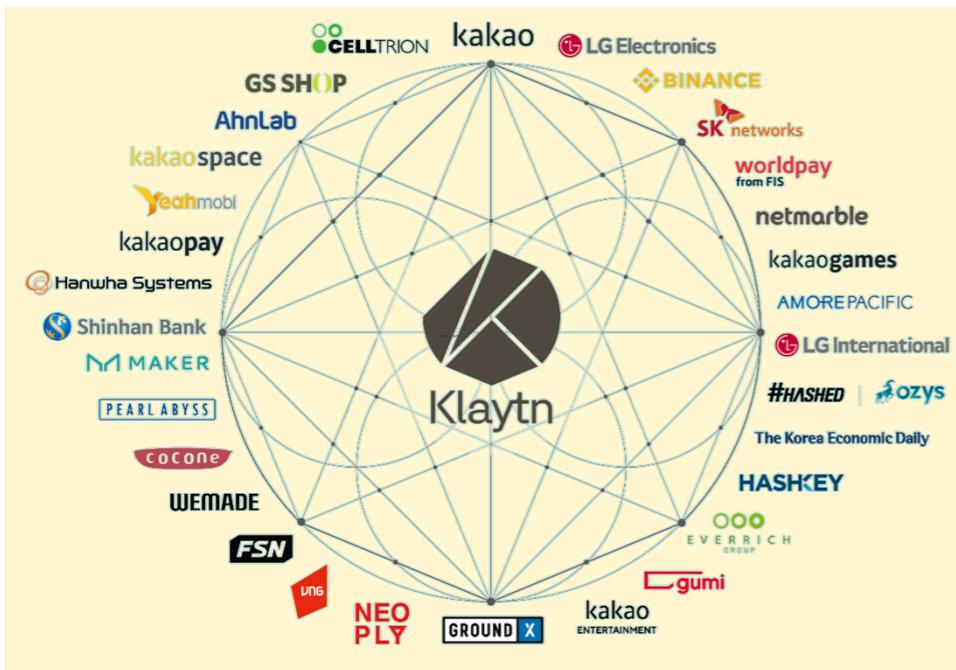


Customer

Blockchain

Transforming as a global blockchain platform most suited to metaverse

Klaytn Governance Council



Business Model



Klaytn Ecosystem

GameFi

Kakao Games/Bora 

Netmarble/MarbleX 

Neowiz/Neopin 

NFT

Klip Drops

Klaytn NFT Marketplace



One of 4 blockchains to be registered on world's largest NFT marketplace

DeFi / Exchange



Multi-Platform Game Company Encompassing PC and mobile



Kakao Games Key Indices

Game Value Chain

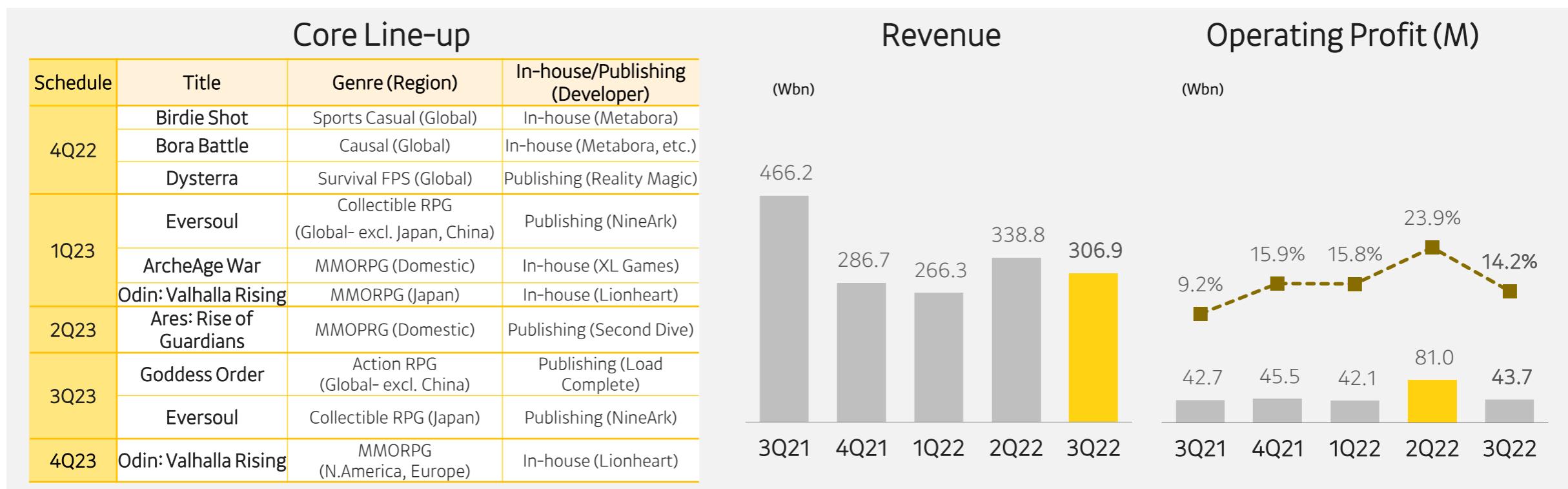
Acquisition of Lionheart Studio, XL Games

Global Expansion

Targets to release every game globally

Beyond Game

GameFi, Metaverse, Sports
New business initiatives



1) Key Indices as of 3Q22

2) Kakao Games' stand-alone financials may differ from Kakao consolidated financials

Expansion of In-house Artist, backed by solid growth from Melon

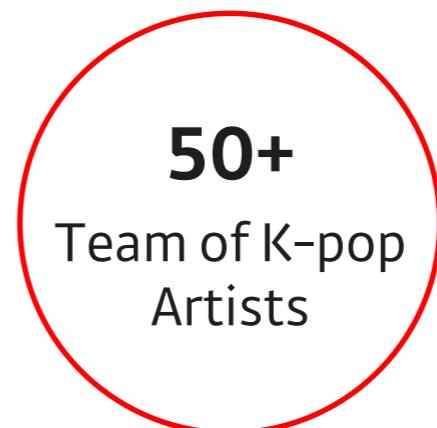
kakao Music Key Indices ENTERTAINMENT



Stable Cash Flow through
Music Production & Investment



Dominant Traffic
Largest Music Content



Multi-Label System
(Starship, IST, Antenna, EDAM, etc.)



3rd K-pop girl group to
surpass 1.5M album sales

Music Business Value-chain

No.1 Domestic Music Platform

In-house artist Achievement

#1 First week album sales
(0.9M) among artists
debuted in FY21-22

Strengthen IP competitiveness and Mid·Long-term growth momentum



Story Key Indices

10,000+
Original IP

Kakao Entertainment
Webtoon/Webnovel

W659.0 bn
3Q22 YTD
Piccoma GMV

+26% YoY

No. 1
Top grossing app
in Japan
※ incl. games

Kakao Piccoma

**Global
Expansion**

North America, SEA,
Europe

Large Market Opportunity
as a Snack Culture Platform²⁾

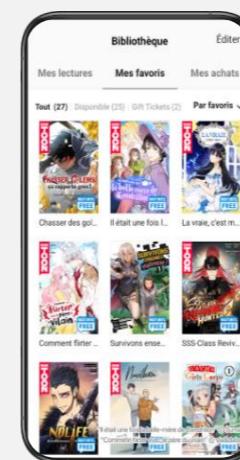
Content³⁾
¥14.6 tn

Mobile Content
¥2.8 tn

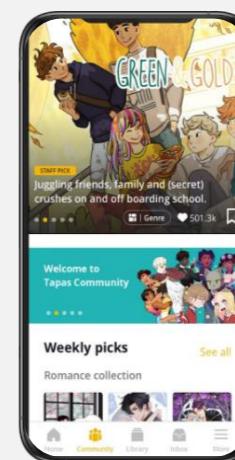
Digital Manga
¥466 bn



Kakao Webtoon
Global One
Build Platform



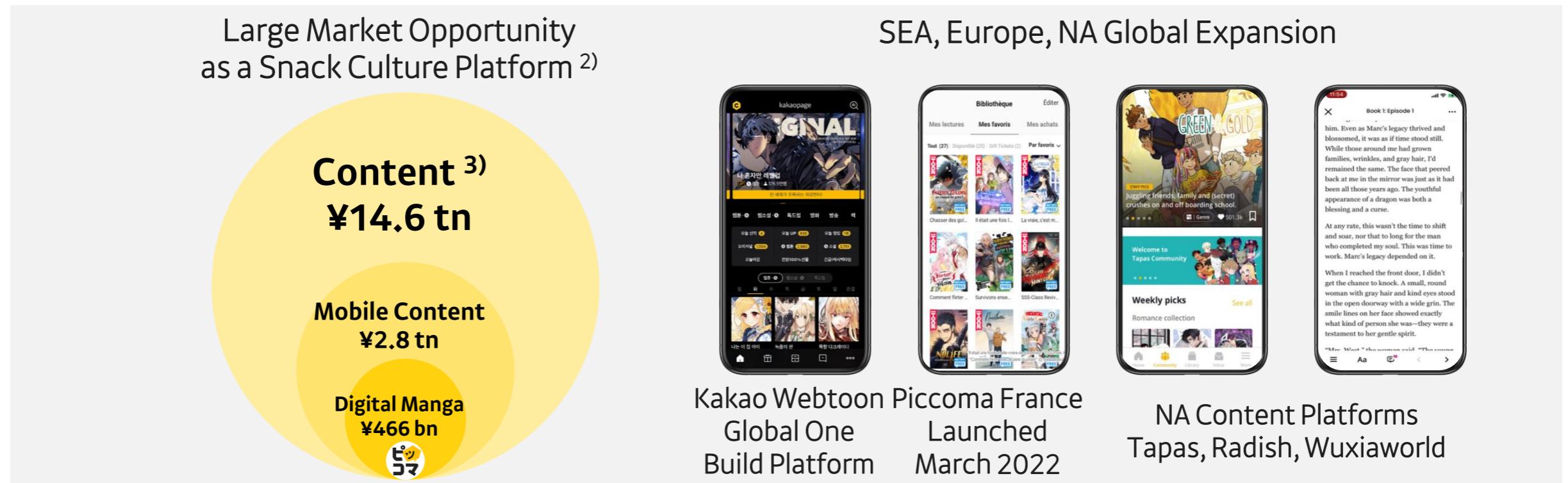
Piccoma France
Launched
March 2022



NA Content Platforms
Tapas, Radish, Wuxiaworld



SEA, Europe, NA Global Expansion



1) Key Indices as of 3Q22 2) Source: METI, Overview of global and Japan content market (Feb.2020), Mobile Content Forum (Jul.2021), IC, Digital book business research (Aug.2021)

3) Content market includes advertising spending for music, publishing, movie, game and character (both physical and digital)

Distinguished Content Production Capability and Content Portfolio

kakao Media Key Indices

ENTERTAINMENT



Global Actors/Model



Prominent PD/Writer/Director



Video Production of Webtoon/Webnovel



4Q22, 'Behind Every Star' (Baram Pictures)

Content Production Capability

Talent Pool

Competitive casting power

Production

Drama
Movie
Entertainment

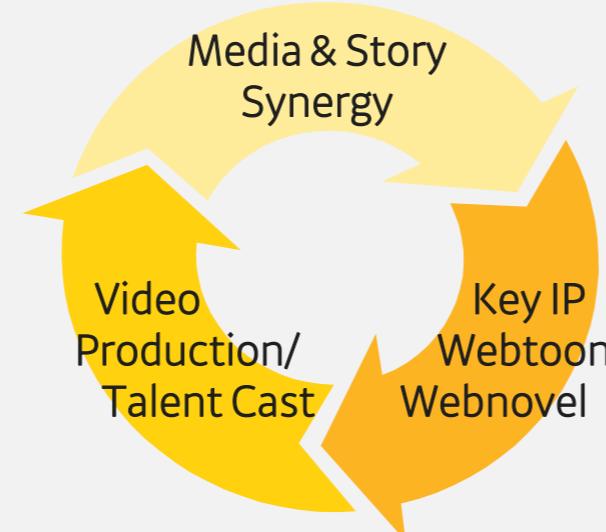
Story IP

Original IPs from Entertainment and Piccoma

Key Creator

Top-notch producers with the expertise

Virtuous Cycle of Content Value Chain



Content Portfolio Expansion



<Broker>
Festival
De Cannes



<Hunt>
Festival
De Cannes



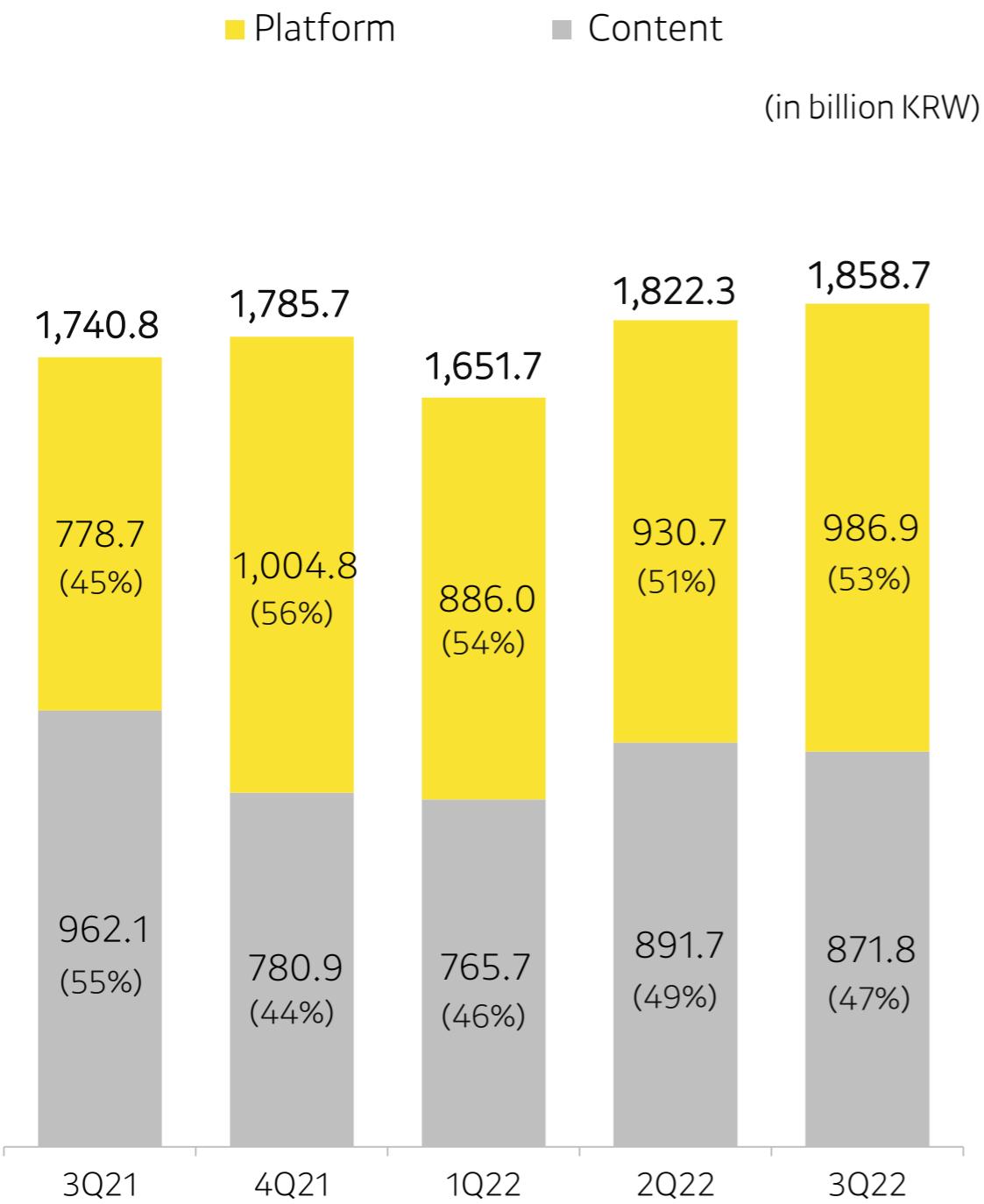
<Narco-Saints>
Netflix#1 in non-Eng. segment

Kakao Ecosystem
Kakao Business
Financial Overview

Revenue

Q3 Revenue YoY +7% / QoQ +2%

Mix - Platform 53% : Content 47%

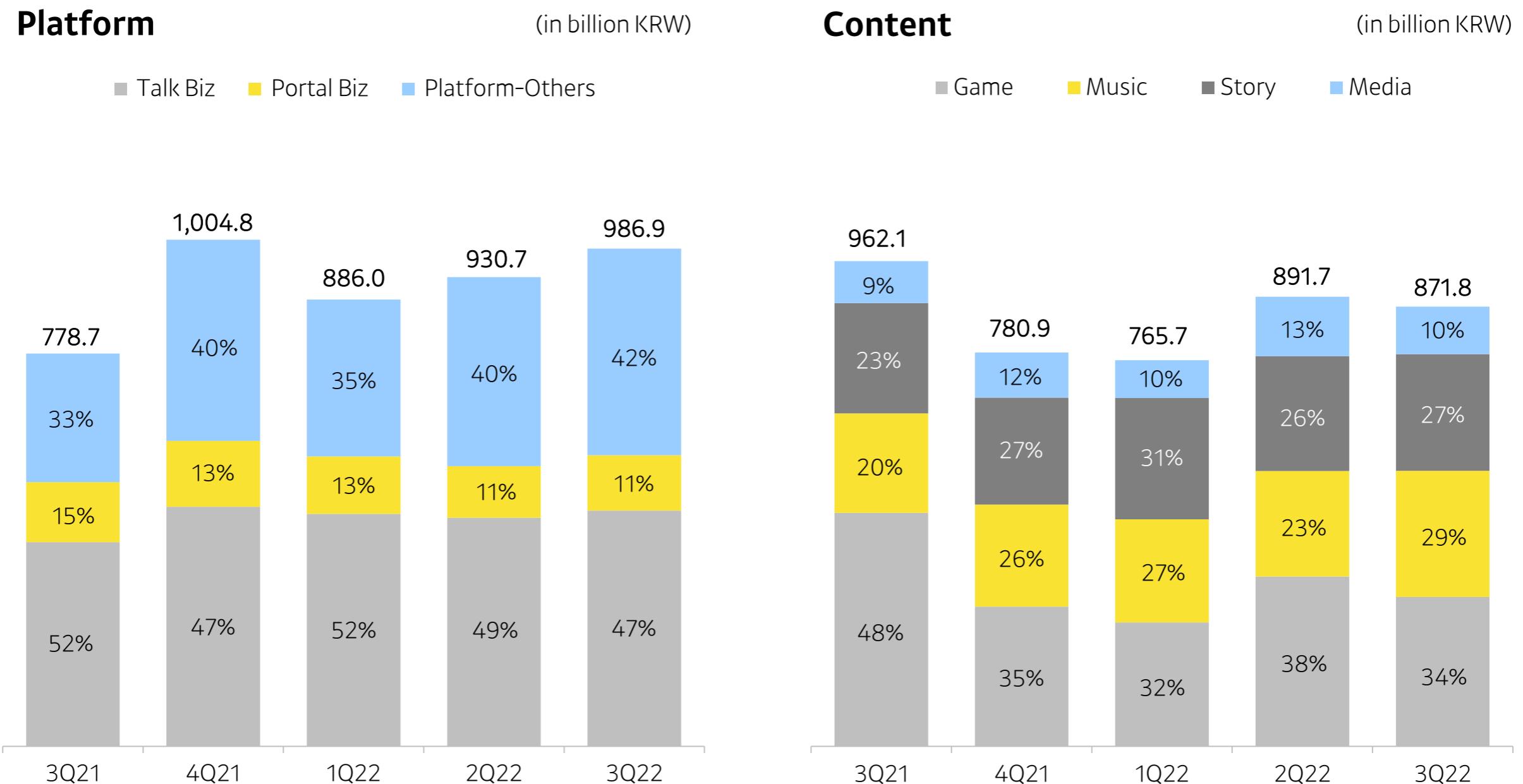


Revenue Breakdown	
Platform	Advertising - Bizboard, Talk Channel, Emoticon
Talk Biz	Commerce - Gift, Store, Makers, Kakao Friends
	Online
Portal Biz	Daum PC / Mobile Kakao Story / Style / Page Other Subsidiaries' Ad
Platform-Others	Mobility, Pay, Enterprise, Blockchain, Other Subsidiaries, Kakao Friends- 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 +6%

Content YoY -9% / QoQ -2%



Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +15% / QoQ +3%

Solid Growth of Talk Channel and Talk Gift

Portal Biz YoY -8% / QoQ +7%

YoY Decrease due to Change in Accounting Method and Deconsolidation of Subsidiaries

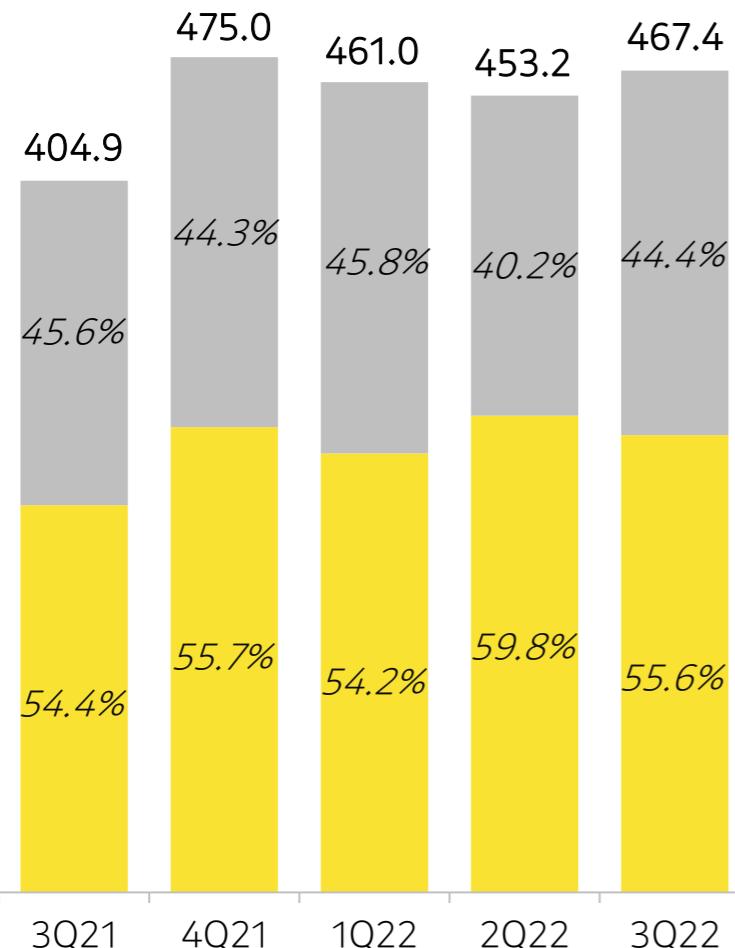
Others YoY +61% / QoQ +9%

Mobility - Full Recovery of Mobility Demand
Pay - Strong TPV Growth of Payment/Financial Services

Talk Biz

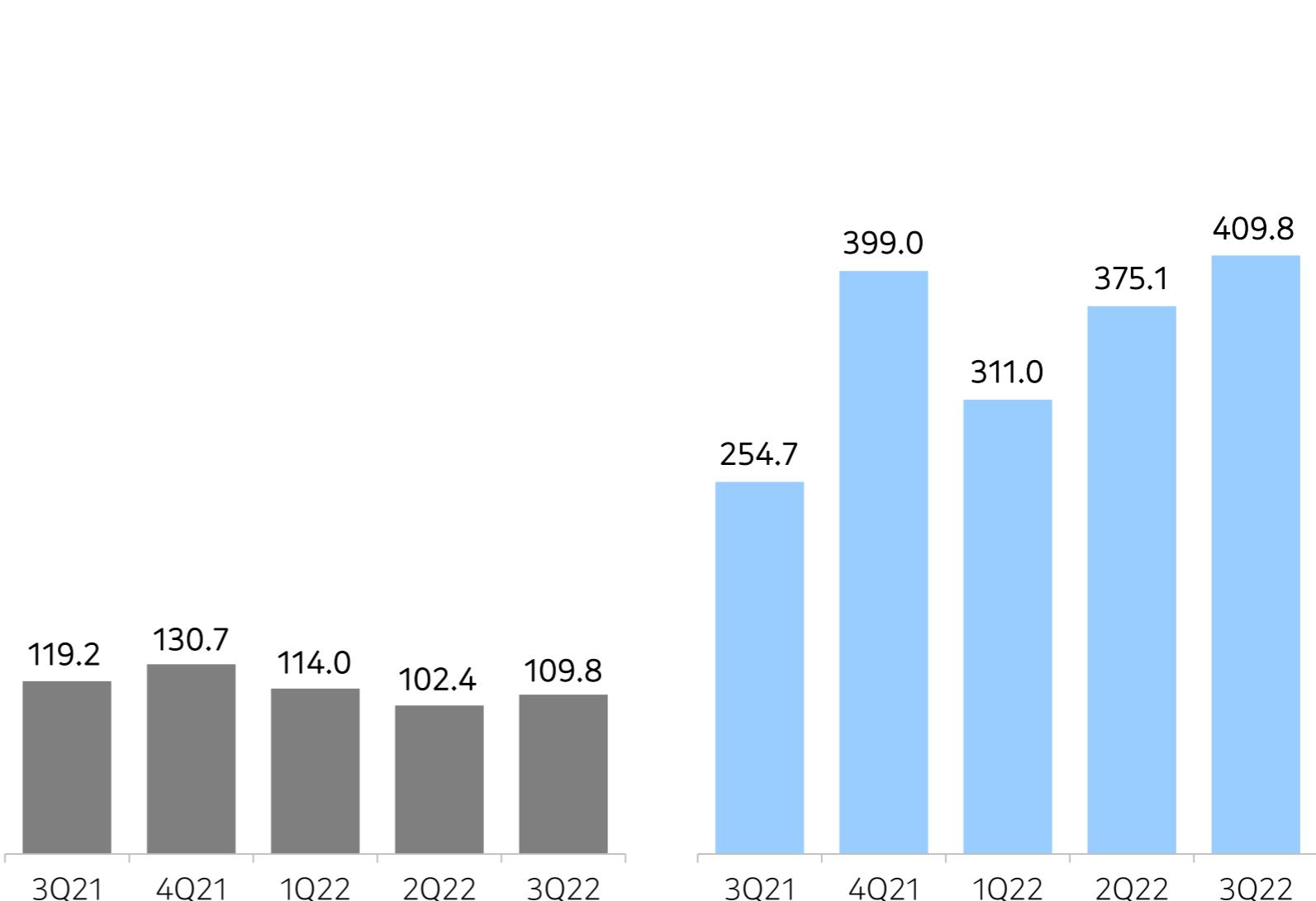
(in billion KRW)

■ Advertising ■ Commerce



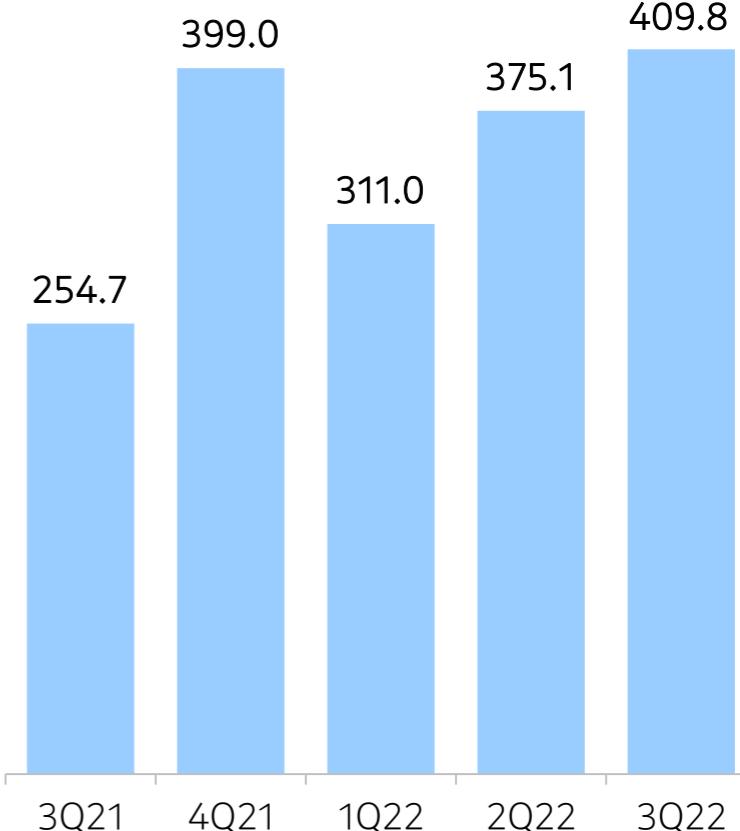
Portal Biz

(in billion KRW)



Others

(in billion KRW)



Content | Game Music

Game YoY -36% / QoQ -12%

Revenue Stabilization of 'Odin'

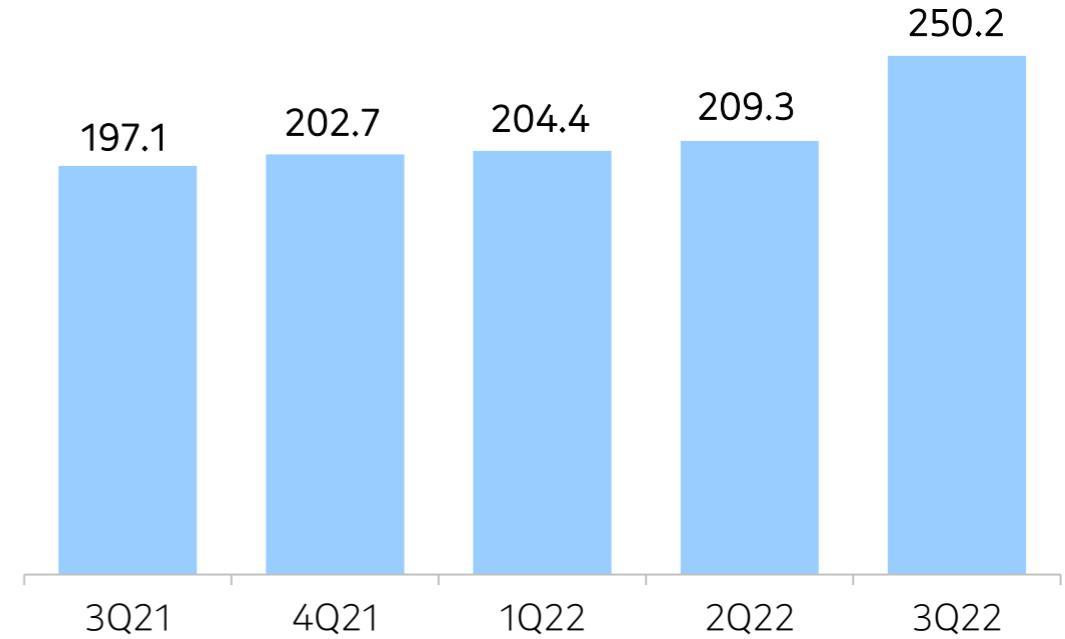
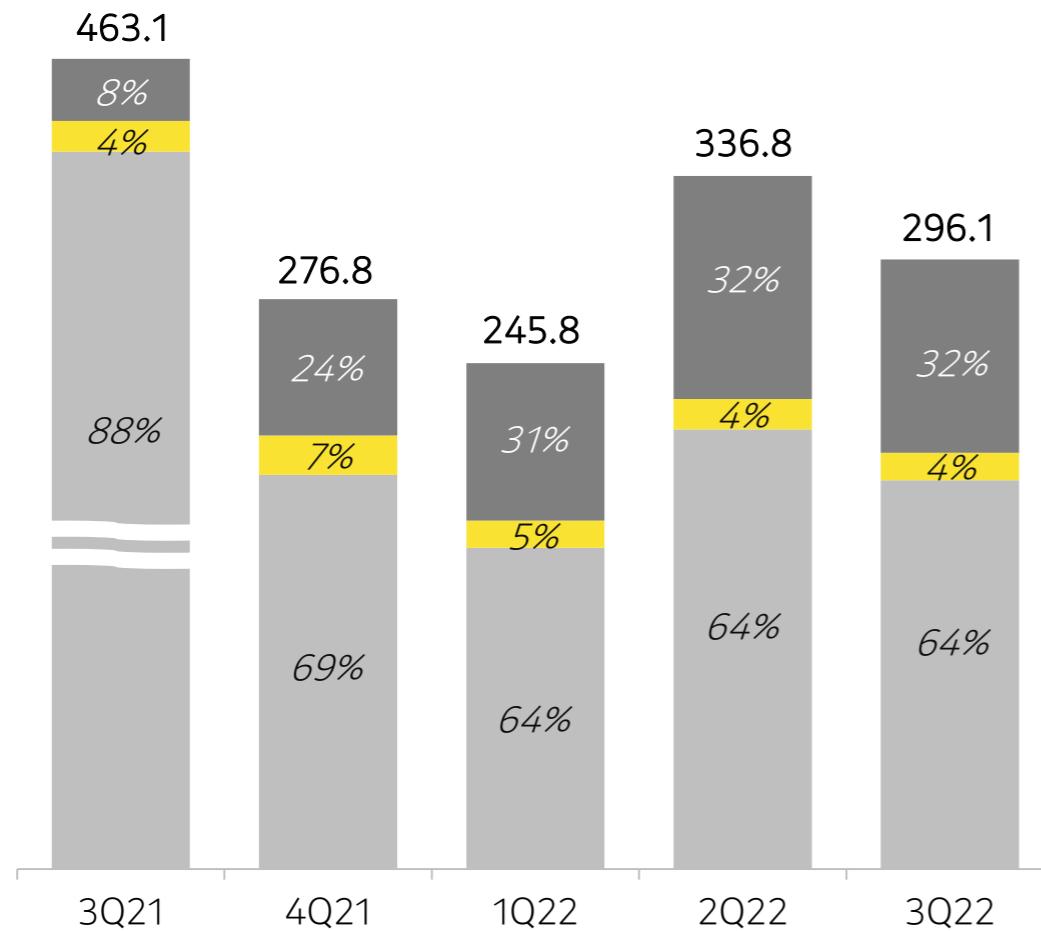
Music YoY +27% / QoQ +20%

Increase in Album and Concert Sales of In-house Artists

Game (in billion KRW)

Music (in billion KRW)

■ Mobile ■ PC ■ Other



Content | Story Media

Story YoY +6% / QoQ +2%

└ Entertainment +8% (y) / +1% (q), Piccoma +4% (y) / +2% (q)

Media YoY +13% / QoQ -20%

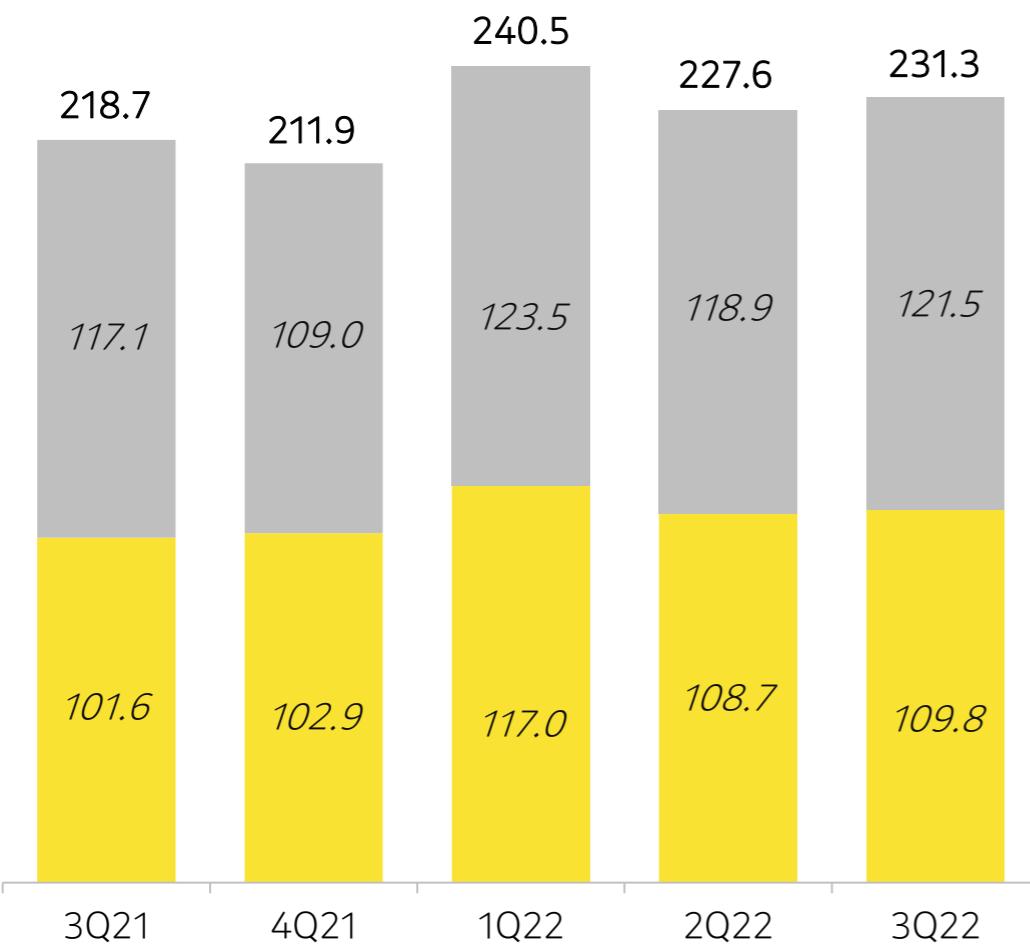
Steady Growth from High User Retention & Original IPs Despite Marketing Expense Cut

Piccoma - Excluding FX Effect +13% (y), +2% (q)

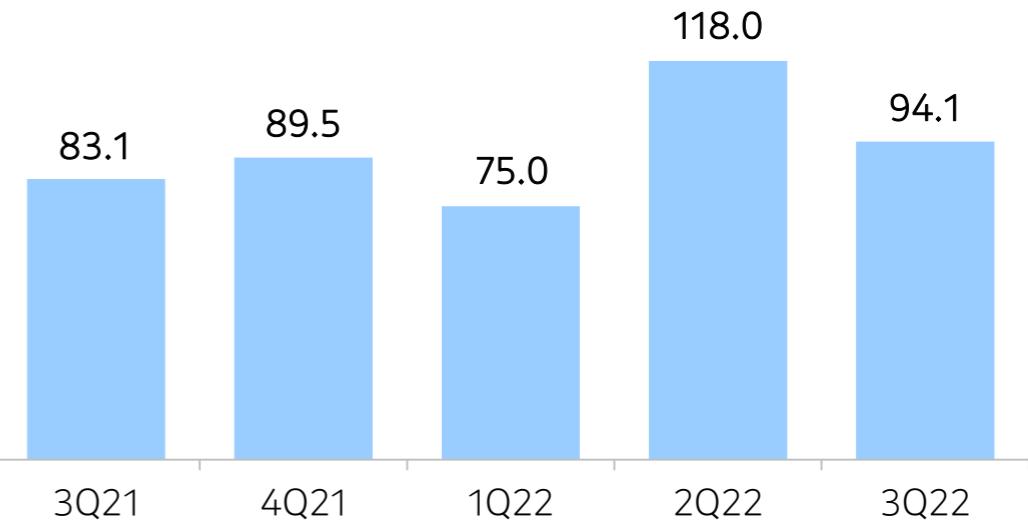
YoY Increase thanks to *<Narco-Saints>* and Production Line-up Expansion

Story (in billion KRW)

■ Entertainment ■ Piccoma¹⁾



Media (in billion KRW)



1) Piccoma's result does not include its advertising business

Earnings Summary

(in billion KRW)

	3Q21	2Q22	3Q22	Change	
				YoY	QoQ
Total Revenue	1,740.8	1,822.3	1,858.7	7%	2%
Platform	778.7	930.7	986.9	27%	6%
Talk Biz	404.9	453.2	467.4	15%	3%
Portal Biz	119.2	102.4	109.8	-8%	7%
Platform - Others	254.7	375.1	409.8	61%	9%
Content	962.1	891.7	871.8	-9%	-2%
Game	463.1	336.8	296.1	-36%	-12%
Music	197.1	209.3	250.2	27%	20%
Story	218.7	227.6	231.3	6%	2%
Media	83.1	118.0	94.1	13%	-20%
Operating Expenses	1,572.6	1,651.3	1,708.4	9%	3%
Operating Profit	168.2	171.0	150.3	-11%	-12%
Margin (%)	9.7%	9.4%	8.1%	-1.6%pt	-1.3%pt
Net Profit	866.3	101.2	137.2	-84%	36%
Controlling Interests	779.1	67.6	106.3	-86%	57%
Non-controlling Interests	87.2	33.6	30.8	-65%	-8%

Operating Expenses

(in billion KRW)

	3Q21	2Q22	3Q22	Change	
				YoY	QoQ
Operating Expenses	1,572.6	1,651.3	1,708.4	9%	3%
Labor Cost	307.2	426.2	433.3	41%	2%
Cost of Revenue	805.8	654.8	711.4	-12%	9%
Outsourcing / Infrastructure	197.8	235.8	238.4	21%	1%
Marketing Expense	148.1	150.3	112.0	-24%	-26%
Depreciation and Amortization Cost	89.1	135.6	153.0	72%	13%
Misc.	24.7	48.6	60.4	144%	24%

Profits

Operating Profit YoY -11% / QoQ -12%

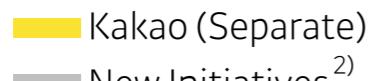
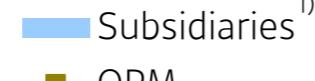
YoY Decrease due to Increase in Investment in New Initiatives and Profit Decrease from Major Subsidiaries

Net Profit YoY -84% / QoQ +36%

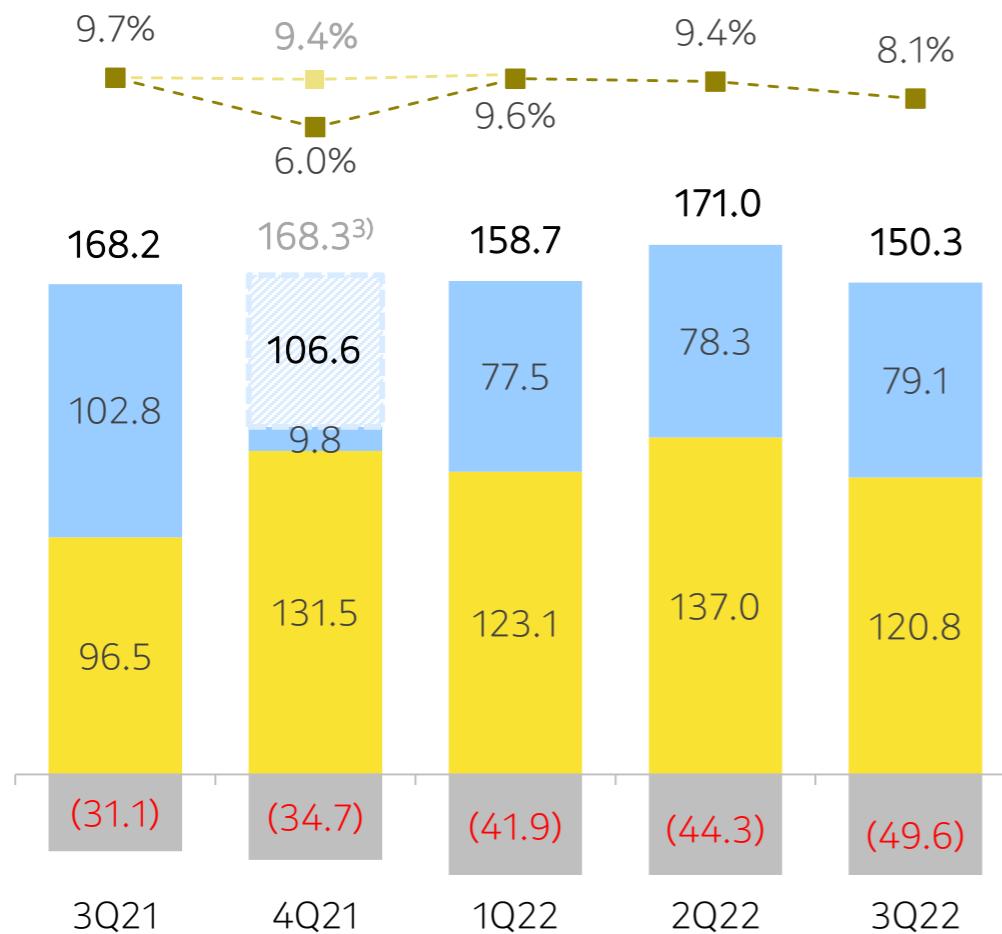
High-base of Prior Year due to Gain from Disposal of Equity Shares

Operating Profit(M)

(in billion KRW)

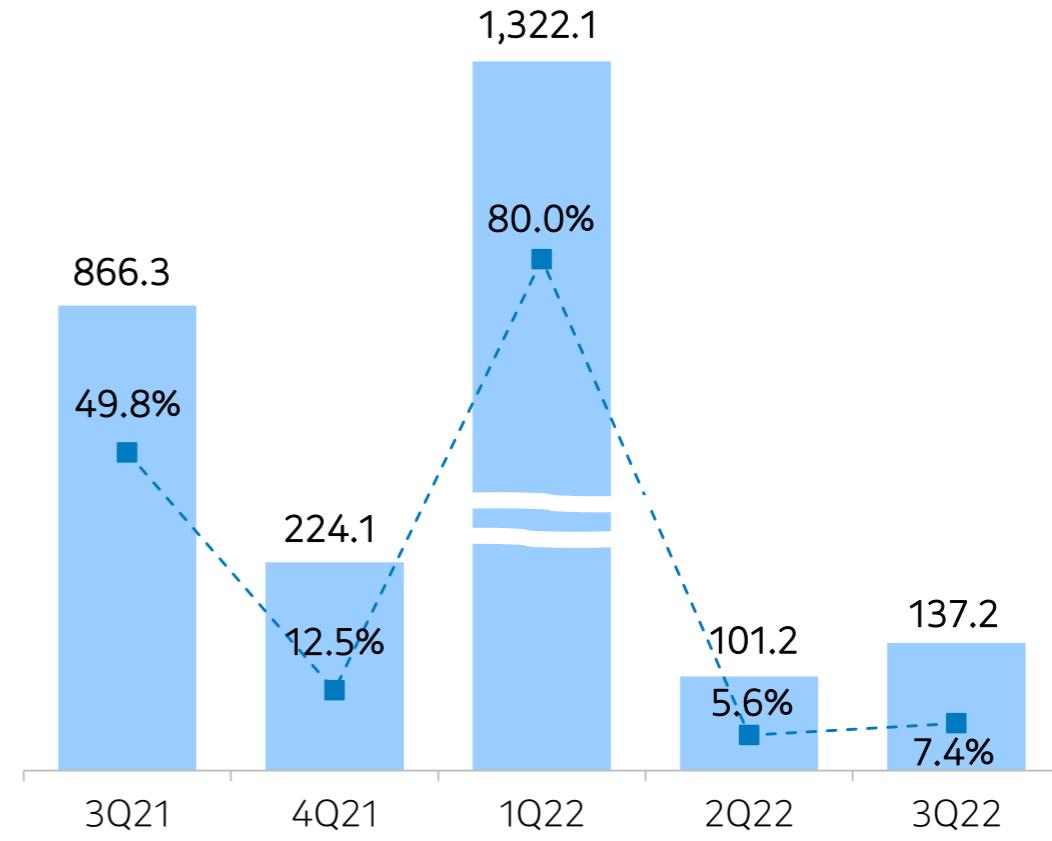







Net Profit(M)

(in billion KRW)



1) Subsidiaries: All business segment excluding Kakao & New Initiatives

3) Operating profit excluding one-off incentive (-61.7B)

2) New Initiatives : Kakao Enterprise, Kakao Brain, Kakao Healthcare

CapEx / Employees

CapEx YoY +82% / QoQ +1%

Investment in IDC and Content

Employees YoY +2,504 / QoQ +369

Conservative Hiring for New Business and Global Business

CapEx

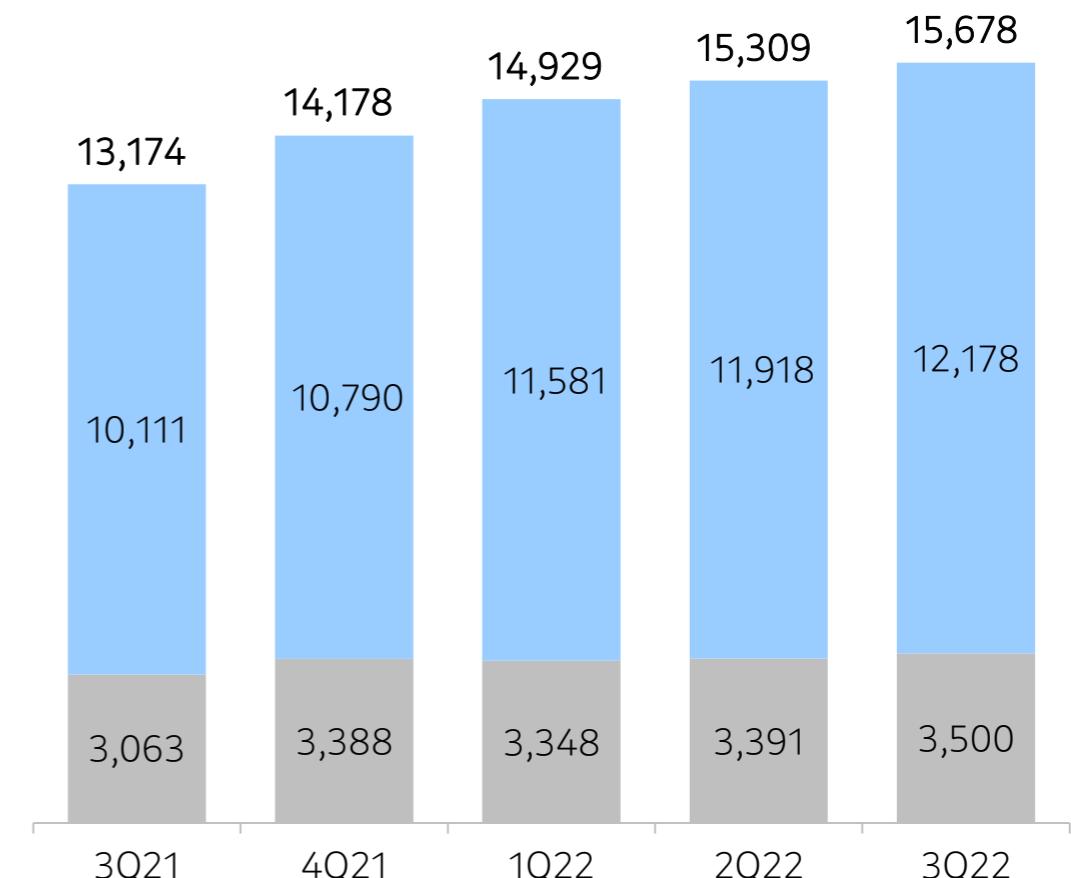
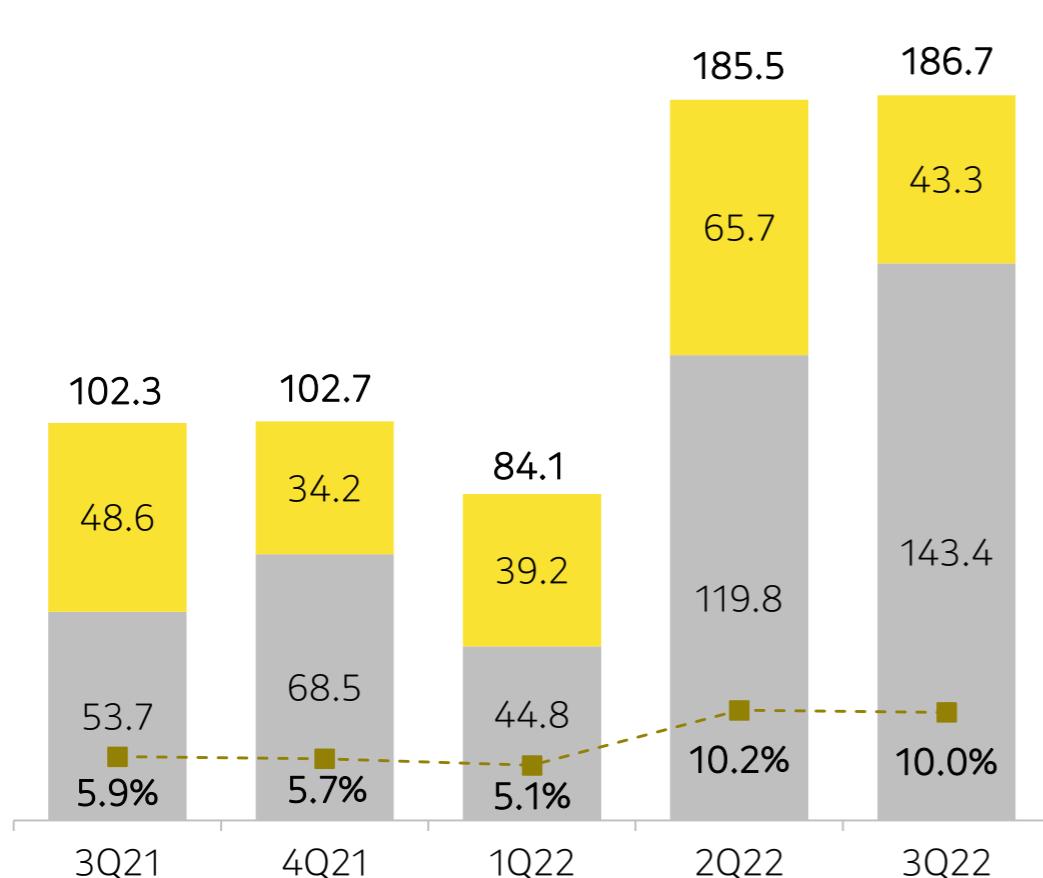
(in billion KRW)

Employees

(# of people)

PP&E Intangible Capex to Revenue

Kakao Subsidiaries



1) CapEx is based on the cash outflow for new acquisition of tangible and intangible assets

2) CapEx for previous quarters has also been changed

3) 3Q22 CapEx is based on consolidated K-IFRS that have not been audited. The number will be finalized and changed on 4Q22 Earnings Results PT

Financial Statements Summary - Consolidated

Income Statement					
(in billion KRW)	3Q21	4Q21	1Q22	2Q22	3Q22
Total Revenue	1,740.8	1,785.7	1,651.7	1,822.3	1,858.7
Platform	778.7	1004.8	886.0	930.7	986.9
Talk Biz	404.9	475.0	461.0	453.2	467.4
Portal Biz	119.2	130.7	114.0	102.4	109.8
New Biz	254.7	399.0	311.0	375.1	409.8
Content	962.1	780.9	765.7	891.7	871.8
Game	463.1	276.8	245.8	336.8	296.1
Music	197.1	202.7	204.4	209.3	250.2
Story	218.7	211.9	240.5	227.6	231.3
Media	83.1	89.5	75.0	118.0	94.1
Operating Expenses	1,572.6	1,679.1	1,493.0	1,651.3	1,708.4
Labor Cost	307.2	515.8	420.0	426.2	433.3
Cost of Revenue	805.8	648.2	584.4	654.8	711.4
Outsourcing / Infrastructure	197.8	233.8	204.6	235.8	238.4
Marketing Expense	148.1	128.8	114.6	150.3	112.0
Depreciation and Amortization Cost	89.1	119.8	130.8	135.6	153.0
Misc.	24.7	32.8	38.7	48.6	60.4
Operating Profit	168.2	106.6	158.7	171.0	150.3
Margin (%)	9.7%	6.0%	9.6%	9.4%	8.1%
Other Non-Operating Income	799.6	813.4	1,665.3	138.6	133.6
Other Non-Operating Expenses	20.7	360.7	48.4	34.4	35.7
Financial Income	43.9	67.7	68.5	69.8	63.4
Financial Expenses	90.4	90.6	94.7	73.3	67.1
Equity-method gain	176.6	63.1	45.4	10.0	23.7
Equity-method loss	5.4	46.0	35.2	45.1	31.5
Profit before Income Tax	1,071.8	553.5	1,759.6	236.5	236.7
Income Tax	205.5	329.4	437.5	135.3	99.5
Net Profit	866.3	224.1	1,322.1	101.2	137.2
Controlling Interests	779.1	76.8	1,303.1	67.6	106.3
Non-controlling Interests	87.2	147.2	19.0	33.6	30.8
EBITDAR	255.1	225.4	288.5	306.1	301.8
Adjusted EBITDAR ¹⁾	269.8	298.7	332.0	345.5	335.2

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022.9.30
Current Assets	4,462.9	8,102.2	8,286.5
Cash and Cash Equivalents	2,877.5	5,231.5	4,555.3
S-T Financial Instruments	694.1	1,573.6	1,154.4
Account Receivable	247.4	398.1	420.7
Other Current Financial Assets	225.1	319.1	297.8
Other Current Assets	418.9	579.9	1,858.3
Non-Current Assets	6,987.4	13,712.0	16,385.2
Investments in Associates and Joint Ventures	1,504.4	3,215.8	2,743.7
Tangible Assets	430.7	554.9	787.0
Intangible Assets	3,351.6	6,347.8	7,168.8
Other Non-current Assets	1,700.8	3,593.5	5,685.7
Finance Assets	503.6	965.4	773.5
Total Assets	11,954.0	22,779.6	25,445.2
Current Liabilities	2,929.6	5,630.3	5,273.8
Account Payable and Other payable	836.0	1,231.0	1,347.3
Short-term Borrowings	188.4	1,258.8	1,351.2
Income Tax Payable	112.1	188.9	118.2
Other Current Liabilities	1,793.1	2,951.6	2,457.1
Non-Current Liabilities	1,166.1	2,885.1	4,353.2
Non-Current Finance Lease Obligations	273.3	1,318.2	1,605.1
Deferred Income Tax Liabilities	249.0	756.8	1,148.6
Other Non-Current Liabilities	643.8	810.1	1,599.5
Finance Assets	430.6	674.2	541.4
Total Liabilities	4,526.2	9,189.6	10,168.4
Paid-in Capital	44.3	44.6	44.6
Capital Surplus	5,833.1	7,781.2	7,915.1
Other Accumulated Earnings	18.6	77.1	31.2
Accumulated Other Comprehensive Income	86.6	371.8	300.1
Retained Earnings	316.3	1,709.6	3,169.4
Minority Interest	1,128.8	3,605.6	3,816.4
Total Equity	7,427.7	13,590.0	15,276.8
Total Liabilities & Equity	11,954.0	22,779.6	25,445.2

1) Adjusted EBITDAR : included equity compensation expense

Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	3Q21	4Q21	1Q22	2Q22	3Q22
Total Revenue	468.4	652.3	596.2	596.4	613.4
Operating Expenses	371.9	520.8	473.1	459.4	492.7
Labor Cost	89.0	156.6	143.5	129.0	128.6
Cost of Revenue	163.8	234.6	197.5	190.2	209.9
Outsourcing / Infrastructure	73.5	66.2	64.2	64.5	67.5
Marketing Expense	4.9	6.9	4.2	5.4	7.6
Depreciation and Amortization Cost	33.9	46.3	50.9	53.7	61.8
Misc.	6.8	10.2	12.8	16.5	17.2
Operating Profit	96.5	131.5	123.1	137.0	120.8
<i>Margin (%)</i>	<i>20.6%</i>	<i>20.2%</i>	<i>20.6%</i>	<i>23.0%</i>	<i>19.7%</i>
Other Non-Operating Income	44.6	7.0	1,405.8	6.7	4.2
Other Non-Operating Expenses	8.6	49.9	25.5	2.4	10.4
Financial Income	49.2	123.3	45.5	43.0	39.4
Financial Expenses	17.6	8.5	21.7	47.9	43.8
Profit before Income Tax	164.1	203.5	1,527.2	136.5	110.2
Income Tax	-	56.3	94.1	382.8	30.2
Net Profit	220.5	109.4	1,144.4	106.2	76.9
EBITDAR	130.3	177.7	173.7	129.3	181.2
Adjusted EBITDAR ¹⁾	137.4	222.3	199.9	213.2	198.3

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022.9.30
Current Assets	1,782.4	2,418.0	2,420.5
Cash and Cash Equivalents	1,356.9	1,478.7	725.1
S-T Financial Instruments	65.5	255.4	61.0
Account Receivable	120.5	152.2	127.3
Other Current Assets	239.5	531.7	1,507.1
Non-Current Assets	5,563.1	7,606.7	9,601.2
Investments in Associates, Subsidiaries and Joint Ventures	2,393.4	3,547.8	3,852.9
Tangible Assets	272.1	312.6	451.5
Intangible Assets	2,106.2	1,573.6	1,614.2
Other Non-current Assets	791.3	2,172.7	3,682.6
Total Assets	7,345.5	10,024.7	12,021.7
Current Liabilities	1,421.6	2,299.1	2,406.8
Account Payable and Other payable	1,035.7	493.5	545.6
Short-term Borrowings	58.0	342.2	416.0
Income Tax Payable	49.8	55.5	43.5
Other Current Liabilities	278.1	1,408.0	1,401.6
Non-Current Liabilities	598.5	1,171.3	1,796.2
Non-Current Finance Lease Obligations	121.9	1,076.1	1,331.4
Deferred Income Tax Liabilities	108.2	-	340.3
Other Non-Current Liabilities	368.3	95.2	124.5
Total Liabilities	2,020.1	3,470.4	4,202.9
Paid-in Capital	44.3	44.6	44.6
Capital Surplus	4,986.9	5,489.2	5,630.4
Other Accumulated Earnings	18.6	77.1	31.2
Accumulated Other Comprehensive Income	66.5	240.5	105.2
Retained Earnings	209.1	702.8	2,007.4
Total Equity	5,325.4	6,554.2	7,818.8
Total Liabilities & Equity	7,345.5	10,024.7	12,021.7

1) Adjusted EBITDAR : included equity compensation expense

Thank You

