

kakao

Q2 2024 Earnings Results

2024. 8. 8 | Kakao Investor Relations



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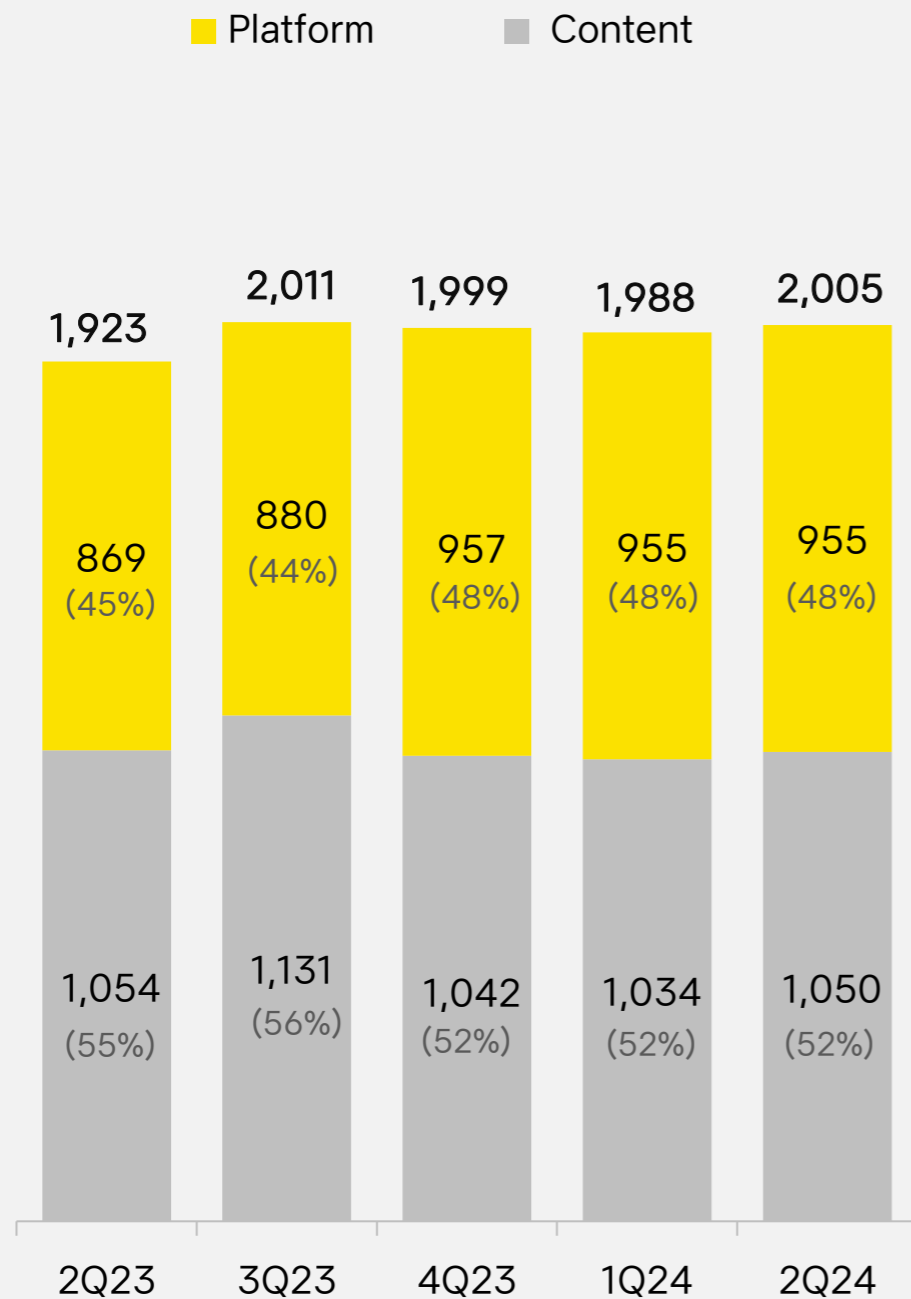
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Revenue

Q2 Revenue +4% YoY / +1% QoQ

Q2 Mix : Platform 48%, Content 52%

(in bn KRW)



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

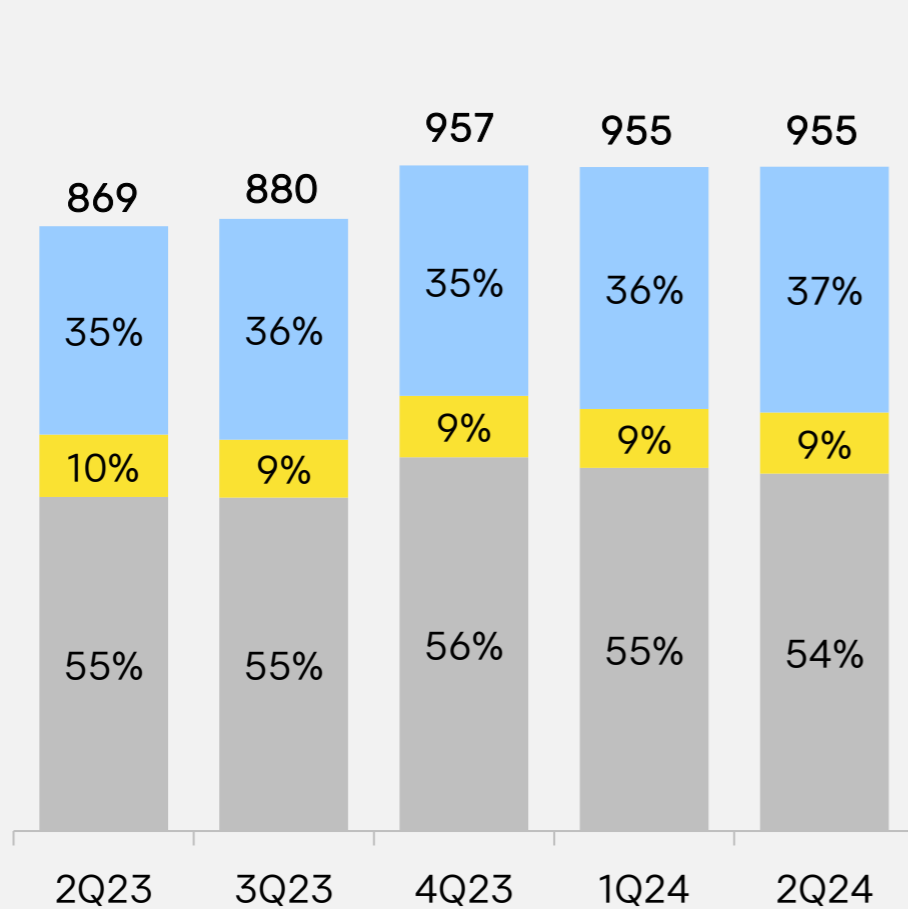
Revenue

Platform

2Q24 +10% YoY, +0.1% QoQ

(in bn KRW)

■ Talk Biz ■ Portal Biz ■ Platform-Others

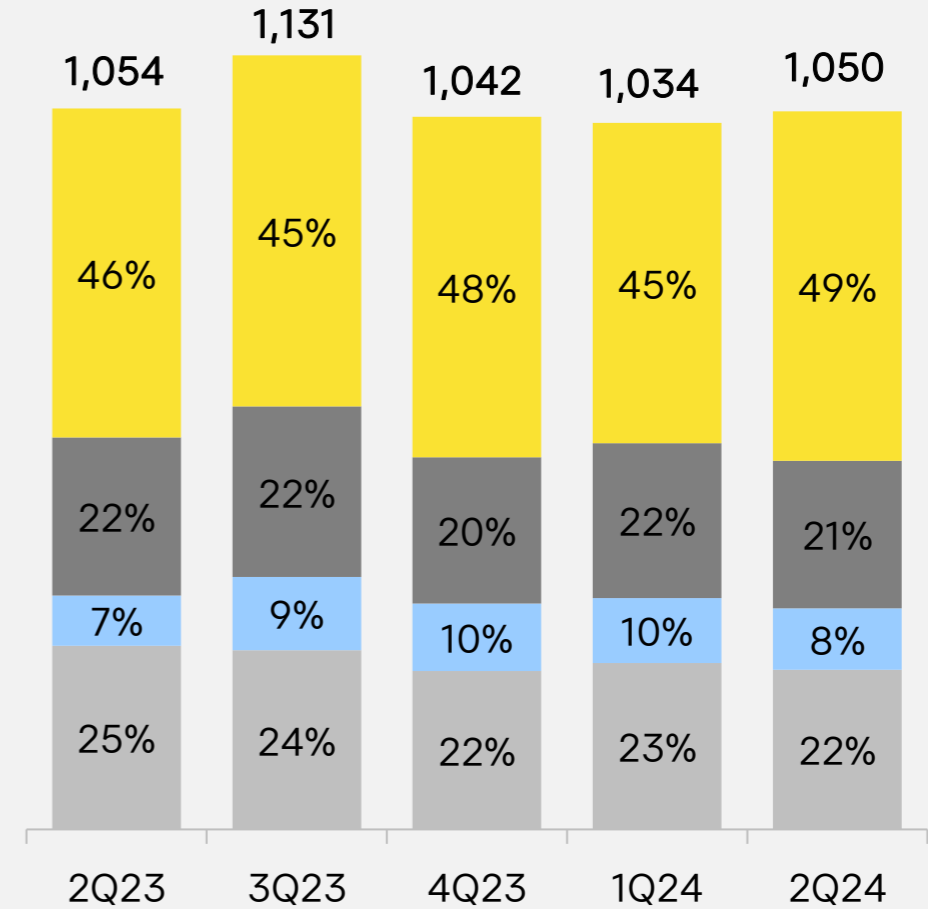


Content

2Q24 -0.4% YoY, +2% QoQ

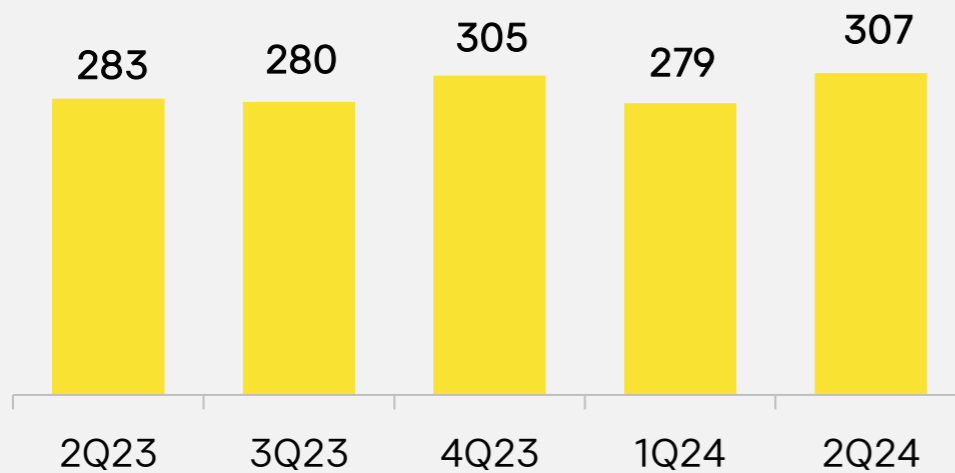
(in bn KRW)

■ Game ■ Media ■ Story ■ Music



Advertising

(in bn KRW)

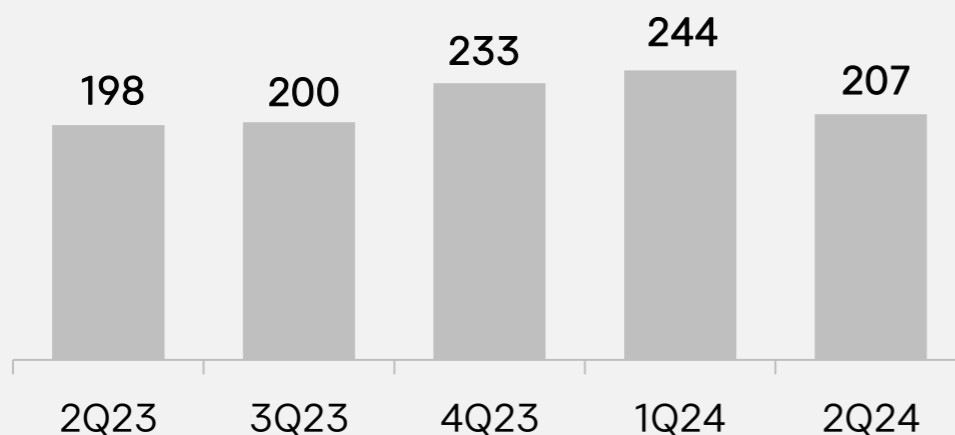


2Q24 +9% YoY, +10% QoQ

- (YoY) ① Business Messaging +16%, Increase in number of paying advertisers and channel friends
② Total DA +5%, Higher revenue contribution from Bizboard in Friends tab and Open Chat List Ad.
- (QoQ) High seasonality, record-high Business Messaging revenue

Commerce

(in bn KRW)

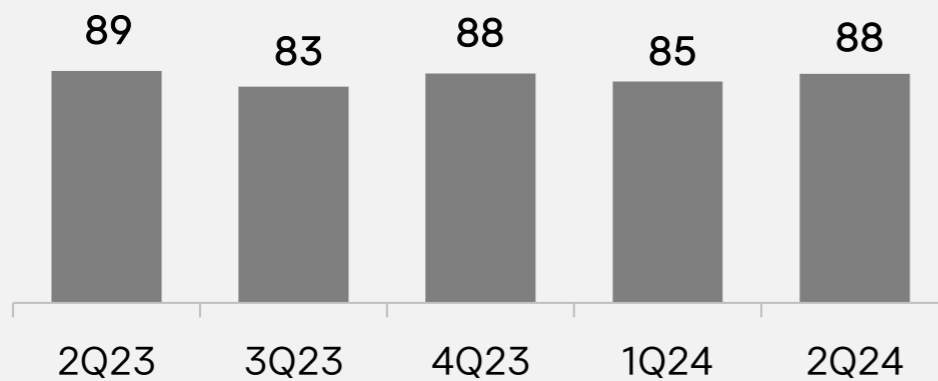


2Q24 +5% YoY, -15% QoQ

- Total Commerce GMV : 2.4 tn KRW (+6% YoY)
- (YoY) Talk Gift GMV +5%, gift reservation service prior to seasonal events e.g. Teacher's Day, Children's Day
Luxury Brand GMV +12% led by stronger brand line-up
- (QoQ) Key gifting occasions overlapped with weekends and holidays on top of low seasonality

Portal Biz

(in bn KRW)

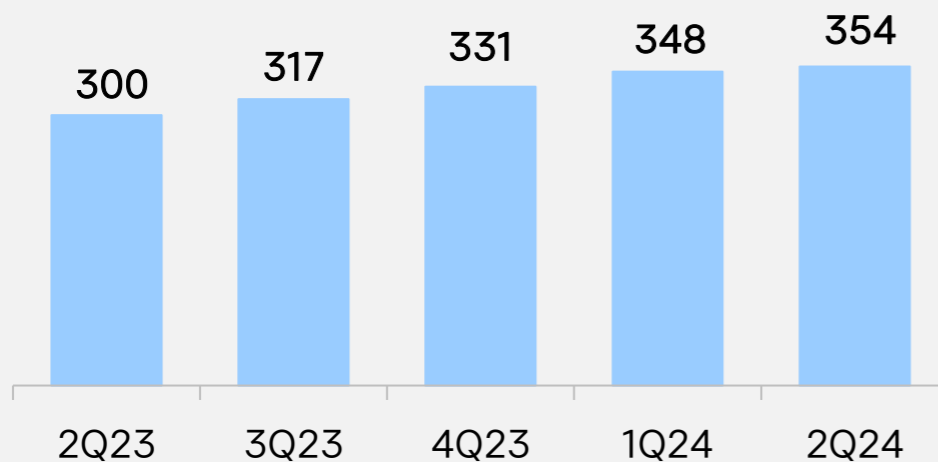


2Q24 -2% YoY, +4% QoQ

- (YoY) Decrease in user engagement
- (QoQ) Partnership with global leading ad partners
- Proactive endeavor on profitability and user traffic improvement through optimizing search ad.

Platform-Others

(in bn KRW)

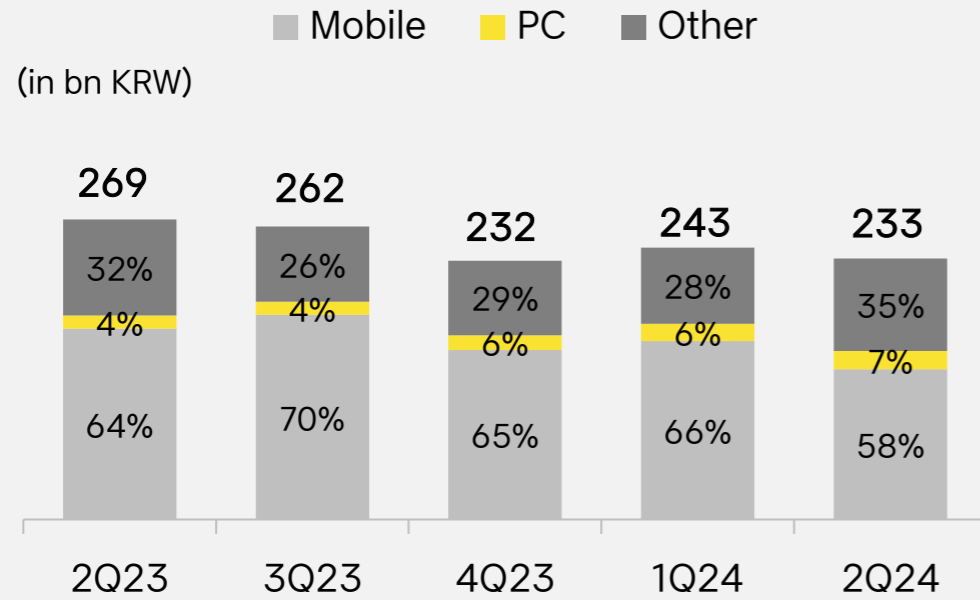


2Q24 +18% YoY, +2% QoQ

- **Mobility** : Increase in outdoor activity led higher user demand
 - **Pay** : TPV 41.1 tn KRW, +20% YoY
- (YoY) Double-digit growth across all service areas
(QoQ) Increase in Digital Finance (loan / securities / insurance)

Content | Game, Music

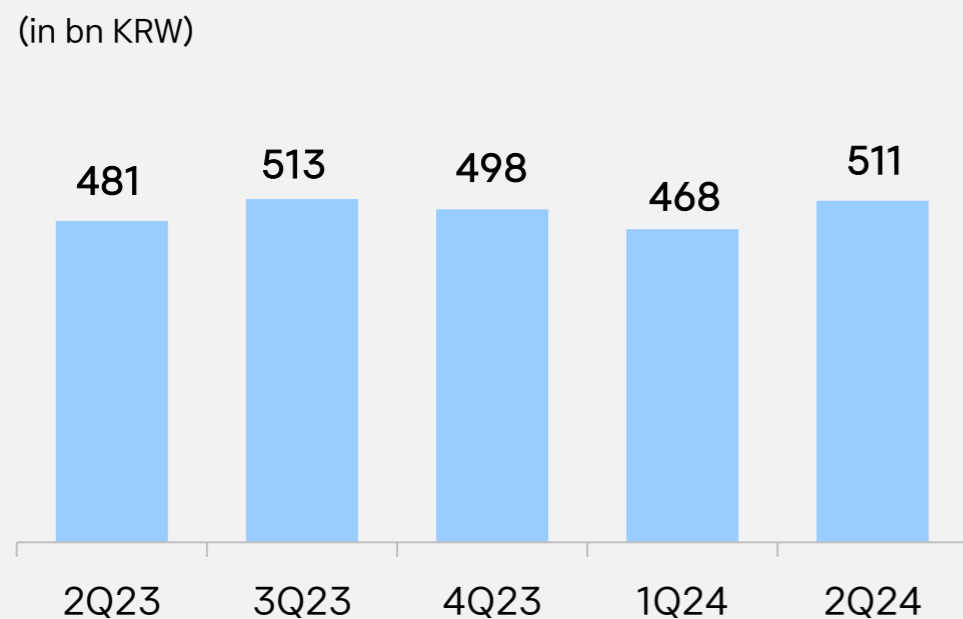
Game



2Q24 -13% YoY, -4% QoQ

- (YoY/ QoQ) Low revenue contribution from new titles
- Focusing on laying foundation for business changes and turnaround with major title releases in 2025

Music

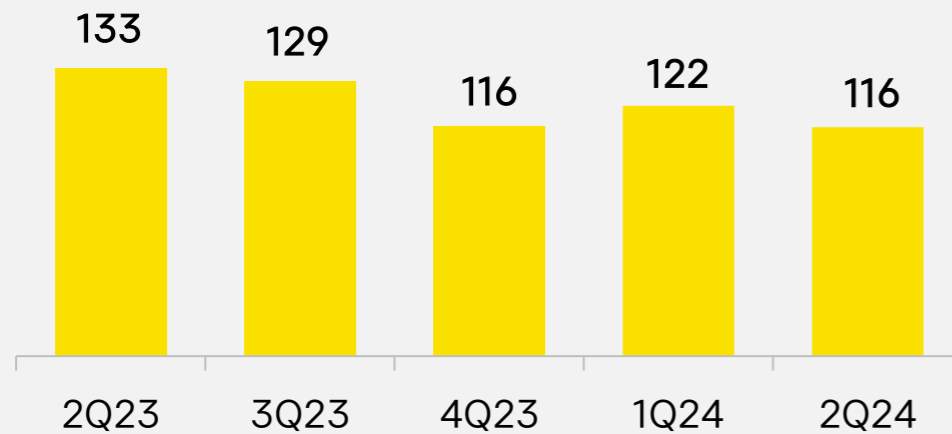


2Q24 +6% YoY, +9% QoQ

- (Label) New album release of <IVE>, <aespa>, <RIIZE> along with active concert activities
- (Distribution) Strengthened global distribution network and domestic music IP library
- (Melon) Maintained stable revenue stream

Piccoma

(in bn KRW)

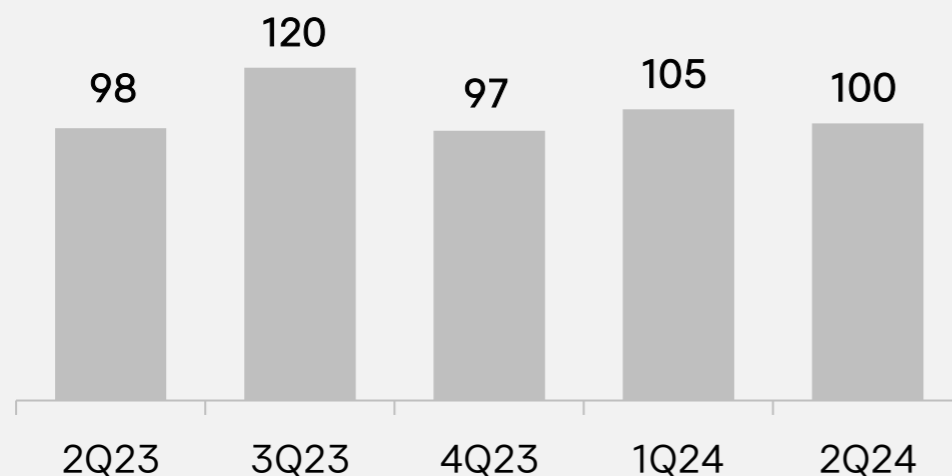


2Q24 -13% YoY, -5% QoQ

- (in Yen) Revenue -3% YoY, +0.3% QoQ, GMV +3% YoY, +6% QoQ
- (YoY) Change in IP mix and the impact of the weak yen
- (QoQ) Flat revenue growth in yen due to increased unused event coins from promotion
- 1H24, Recorded GMV 50 bn in Yen & record-high user KPI
2H24, Aim to secure high-quality content in diverse genre

Kakao Entertainment

(in bn KRW)

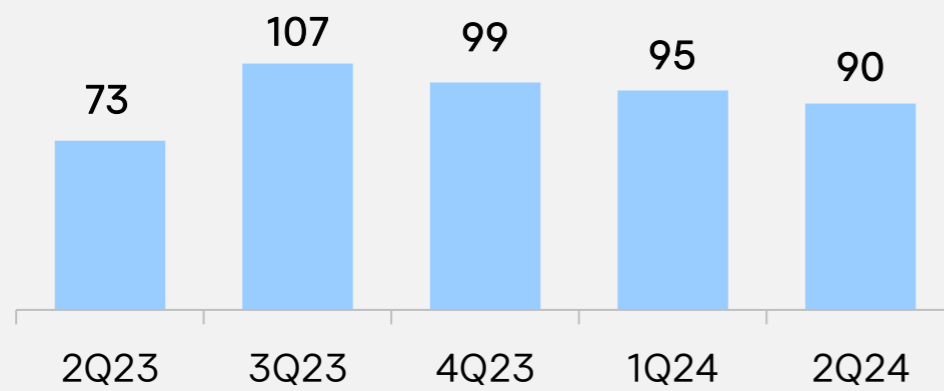


2Q24 +2% YoY, -5% QoQ

- (YoY) Increased user-base with efficient AI marketing
- (QoQ) Offsetting the reduction in IP distribution GMV due to intensified competition in Japan by strengthening domestic platform user-base
- In discussion to build sustainable IP pipeline with Piccoma and creators

Media

(in bn KRW)



2Q24 +22% YoY, -6% QoQ

- (YoY) Base effect due to the absence of production line-up in 1H23
- (QoQ) Difference in production stage of new IPs
- Secured stable IP distribution channel via volume deal, Maximize synergy between Webtoon and Media

Earnings Summary

(in bn KRW)	2Q23	1Q24	2Q24	YoY	QoQ
Total Revenue	1,923	1,988	2,005	4%	0.8%
Platform	869	955	955	10%	0.1%
Talk Biz	480	522	514	7%	-2%
Portal Biz	89	85	88	-2%	4%
Platform-Others	300	348	354	18%	2%
Content	1,054	1,034	1,050	-0.4%	2%
Game	269	243	233	-13%	-4%
Music	481	468	511	6%	9%
Story	231	227	216	-7%	-5%
Media	73	95	90	22%	-6%
OPEX	1,810	1,868	1,871	3%	0.2%
Operating Profit	113	120	134	18%	11%
<i>OPM</i>	5.9%	6.0%	6.7%	0.8%p	0.7%p
Net Profit	55	68	87	59%	29%
Controlling Interests	56	74	101	81%	37%
Non-controlling Interests	-1	-6	-14	-	-
<i>Net Profit Margin</i>	2.8%	3.4%	4.3%	1.5%p	0.9%p

Operating Expenses

(in bn KRW)	2Q23	1Q24	2Q24	YoY	QoQ
Operating Expenses	1,810	1,868	1,871	3%	0.2%
Labor	472	479	481	2%	0.3%
Cost of Revenue	780	820	797	2%	-3%
Outsourcing & Infrastructure	205	202	196	-5%	-3%
Marketing	100	89	108	8%	21%
Depreciation & Amortization	192	198	207	8%	5%
Misc.	60	80	82	38%	4%

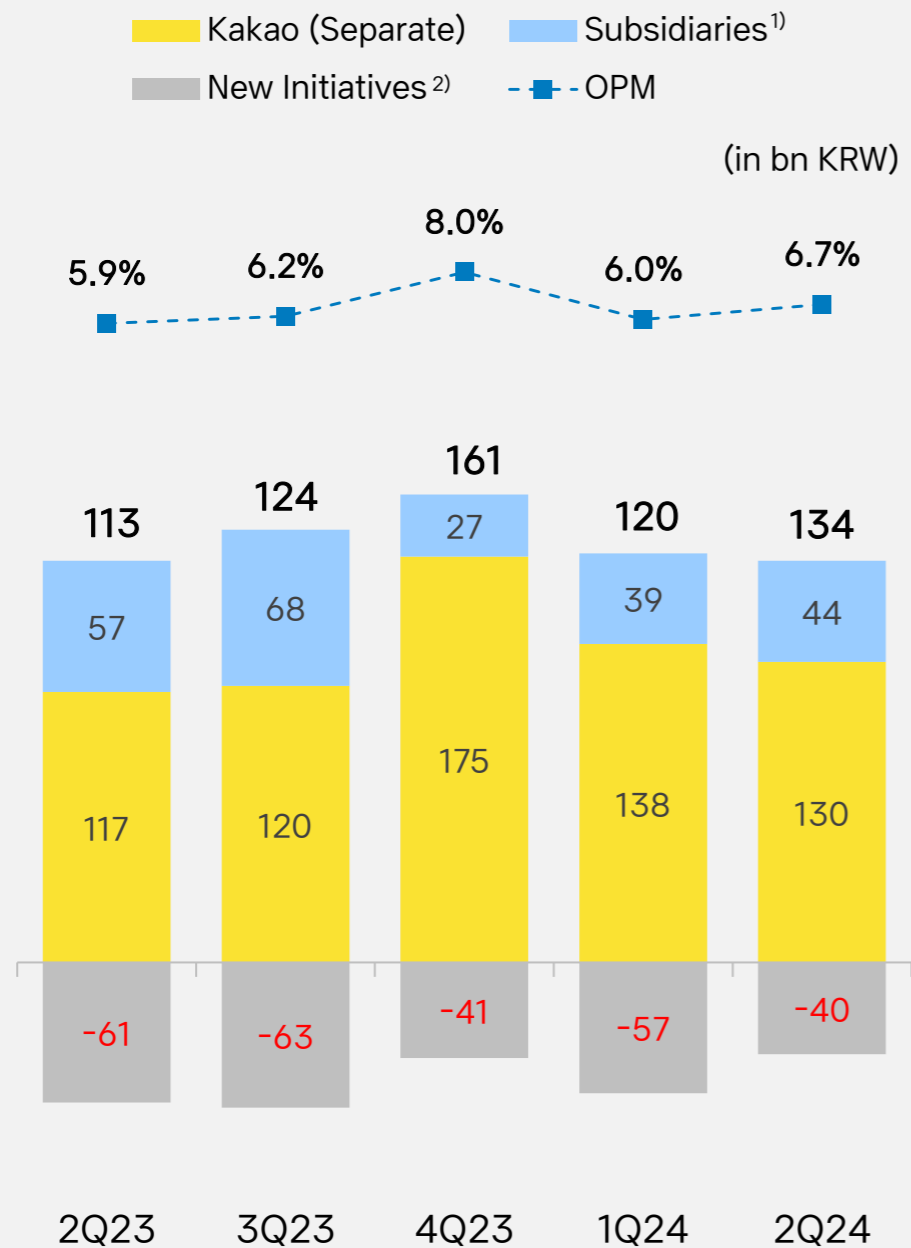
2Q Analysis

- Labor** (YoY) Salary increase and accrual recognition of incentive
 (QoQ) Maintain conservative head-count
- Cost of Rev.** (YoY) Increase in 1P revenue of Kakao Gifting and production cost of Kakao Entertainment
 (QoQ) Reduction in Kakao Enterprise's cloud related service cost
- Outsourcing & Infrastructure** (YoY/QoQ) One-time reduction in infrastructure cost due to acquisition of Kakao Brain
- Marketing** (YoY/QoQ) Increase in marketing activities from content division
- Depreciation & Amortization** (YoY/QoQ) Increase in investment in AI and machinery related to self-owned and newly leased data centers

Profits

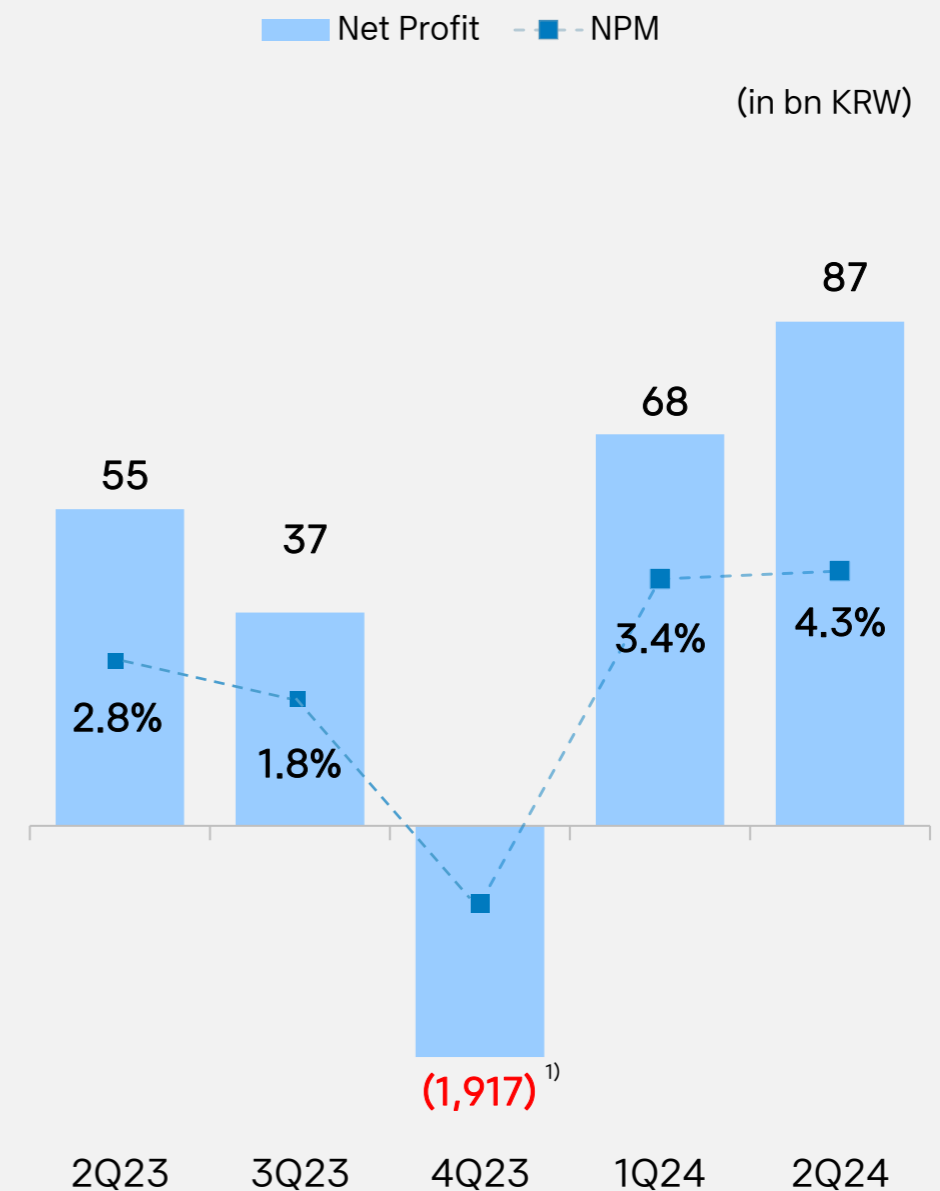
Operating Profit(M)

2Q24 +18% YoY, +11% QoQ



Net Profit(M)

2Q24 +59% YoY, +29% QoQ



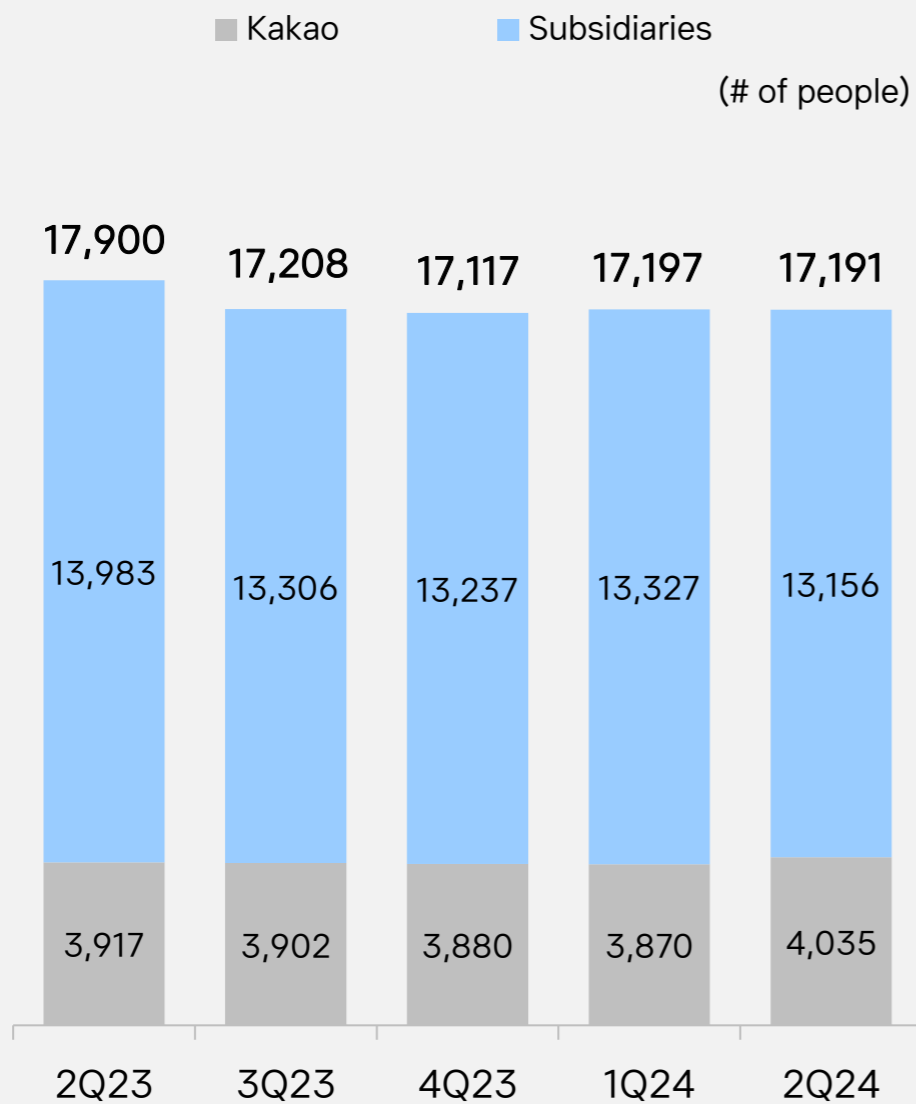
1) Subsidiaries: All business segments ex. Kakao & New Initiatives
 2) New Initiatives: Kakao Enterprise, Kakao Brain, Kakao Healthcare
 3) Subsidiaries includes internal transaction

1) 4Q23 : Net loss due to impairment of goodwill (1.48 tn) and PPA impairment (311 bn)

Employees / CapEx

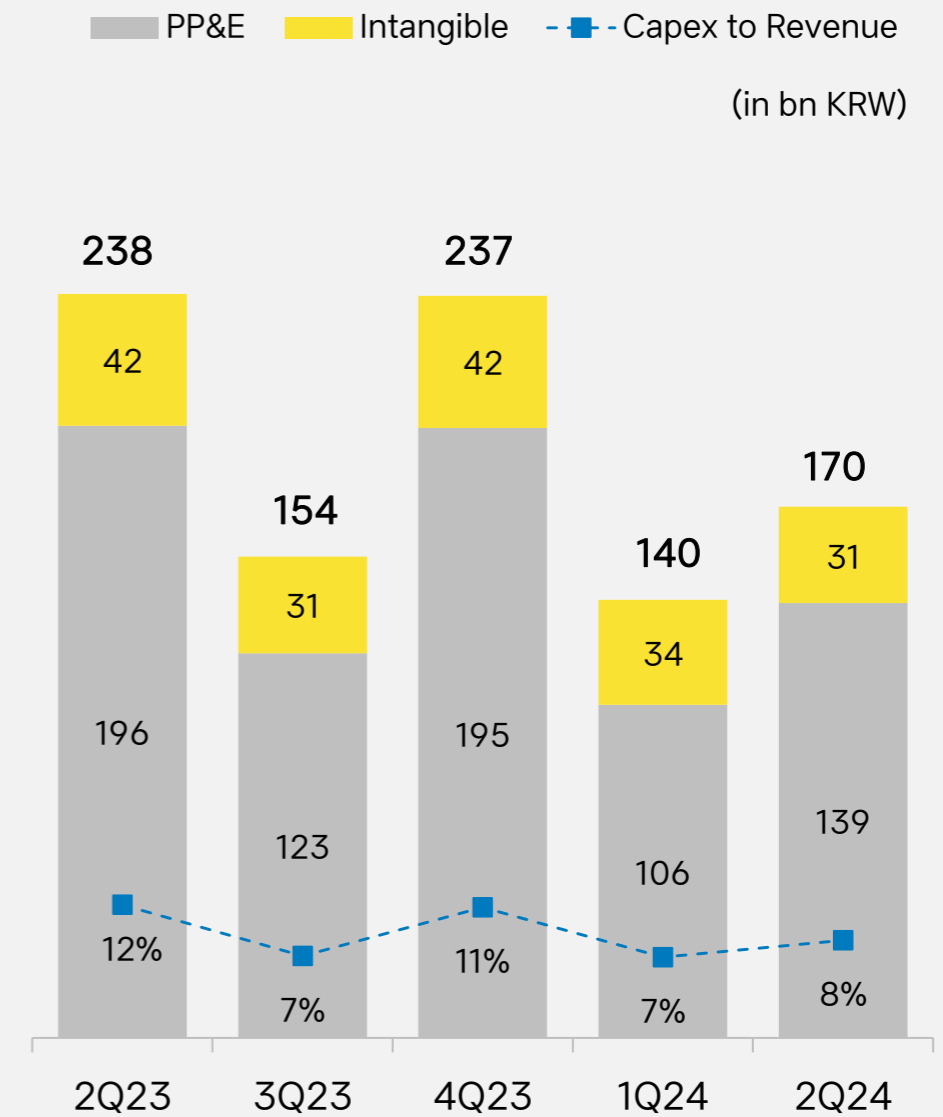
Employees

Maintain conservative hiring -709 YoY, -6 QoQ
 Kakao headcount increase due to Kakao Brain business transfer



CapEx

+30 bn QoQ investment in IDC, GPU and server networks



- 1) PP&E : Assets under construction related to data centers and machinery such as server networks
- 2) Intangible : Goodwill and other intangible assets including video production and distribution rights of story content

ESG Activities



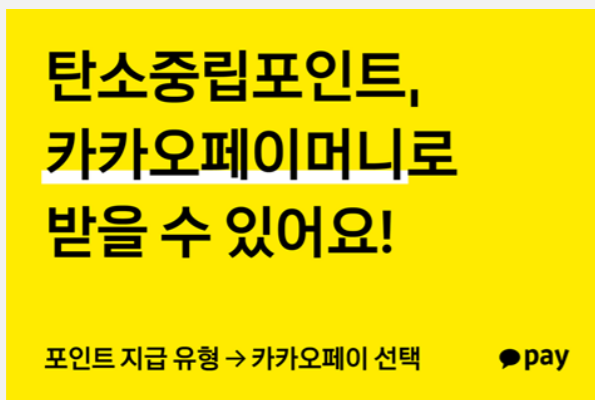
ESG Report '2023 Kakao's commitment and Responsibility to build a sustainable future for all'

- Includes ESG framework, performance highlights and key indicators in Environment/Social/Governance
- Illustrates ESG strategic direction: 'Technology for People, Resolution of Social Issues, Trust in Kakao, Growing Together for a Better Tomorrow, Efforts for the Planet'



'KakaoTalk Easy-read Tips' to fight digital alienation

- Designed in easy-read format using simple words and pictures to help digital literacy
- Covers three topics: 'Getting Started with KakaoTalk,' 'How to Use It in Different Situations,' and 'Staying Safe'



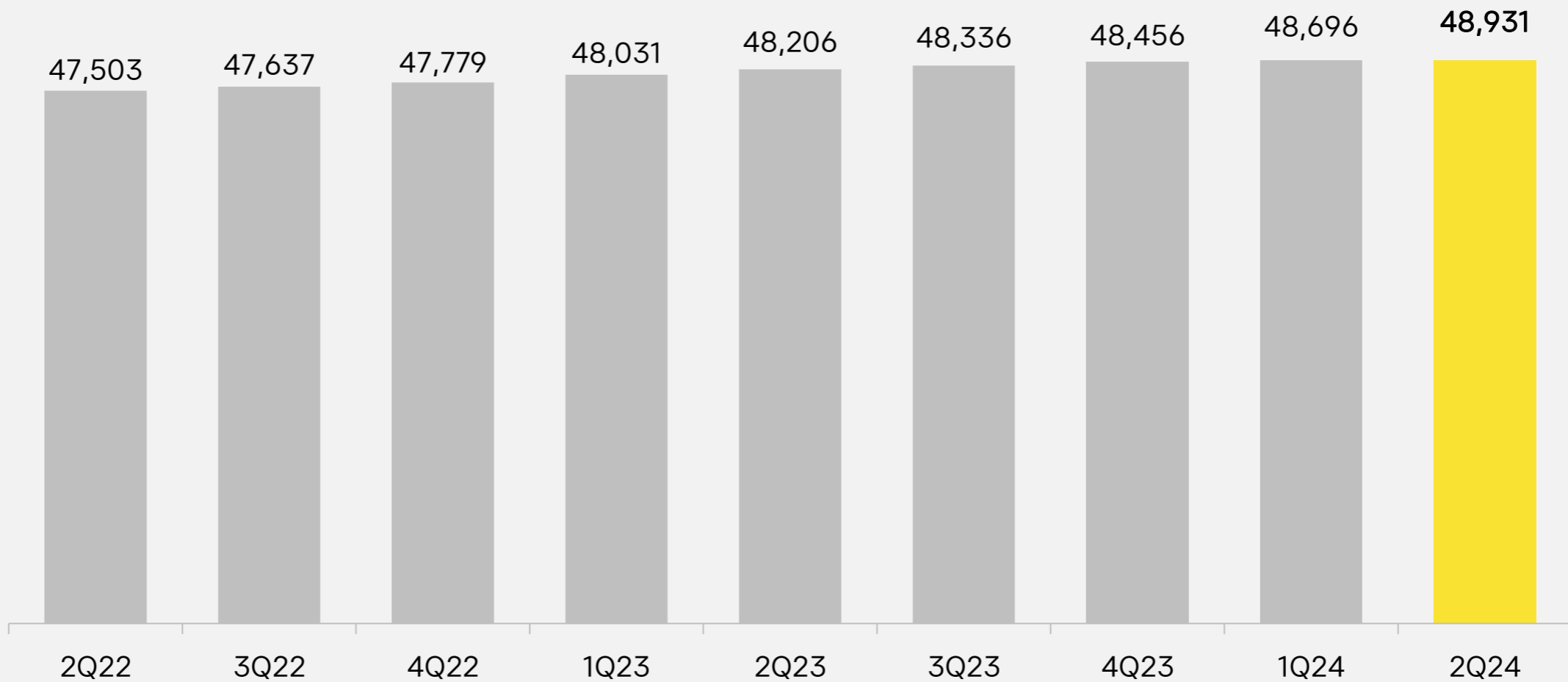
Signed MOU to promote a culture of carbon neutrality

- Ministry of Environment- Kakao&Pay&Mobility signed MOU
- Established the system to receive carbon neutral points in Kakao Pay Money
- Planning to run a joint campaign with Ministry of Environment and develop a public participation program promoting cycling using "Kakao Together" platform

Kakao Talk MAU

Monthly Active Users in Korea grew by +725K YoY, +235K QoQ

(in thousands)



Korea	47,503	47,637	47,779	48,031	48,206	48,336	48,456	48,696	48,931
Global	53,302	53,561	53,483	53,390	53,453	53,556	53,571	53,760	54,195

Average of monthly MAUs. Global includes domestic MAUs.

Thank You

