

kakao

Company Presentation
August 2024



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Company Overview



Korea's mobile communication leader with the undisputed dominant messenger app **Kakao Talk**
48 mm domestic MAU vs. 52 mm population in Korea (93% penetration)



Multiple revenue streams across platform and content business, capturing the full range of **everyday mobile activities**
Communication, e-commerce, payment & banking, ride-hailing, music streaming, webtoon, etc.



Total package portfolio across corporate growth cycle
Early-stage growth (AI, healthcare, cloud and VC Investments) to self-sustaining growth (mobility, entertainment, and game) and profitable growth (Kakao Talk's advertising and commerce)

Platform Businesses

BACKBONE

TALK



Advertising



Commerce

85~100%⁽¹⁾

NEW INITIATIVES

- kakaobrain** AI
- kakaoenterprise** B2B / cloud
- kakaohealthcare** healthcare

CONNECTED SERVICES

57.3%⁽¹⁾

kakaomobility
ride-hailing & other mobility

46.3%⁽¹⁾

kakaopay
payments & tech-fin

27.2%⁽¹⁾ (Associate)

kakaobank
internet banking

Content Businesses

GLOBAL GROWTH DRIVERS

66.0%⁽¹⁾

kakao
ENTERTAINMENT

music / K-pop, media, and webtoon / web novel

91.1%⁽¹⁾

kakaopiccoma

webtoon (Japan)

40.3%⁽¹⁾

SM ENTERTAINMENT
GROUP

K-pop

40.8%⁽¹⁾

kakaogames

mobile / PC games, virtual golf

Note: (1) Percentage figures indicate Kakao Corp's ownership stake in subsidiaries; all entities are consolidated subsidiaries but for Kakaobank (equity method accounting).

2Q24 Results Summary

- Revenue of 2 trillion KRW (YoY +4%) despite challenging macro environment on the back of robust growth in Talkbiz advertising and commerce
- Consolidated operating profit of 134 billion KRW (YoY +18%), with OPM of 6.7%(+0.8%p) thanks to continued growth in high-margin Talkbiz and restructuring of subsidiaries

Defining Kakao Talk and AI as the Core Growth Engines of Kakao Corp.

- Focus on Talkbiz growth and AI innovation through efficient resource allocation, minimize investment in non-core businesses and execute cost optimization plan
- Talk Biz : Launch new advertising and commerce products in 2H24; Identify 3rd revenue stream beyond existing advertising and commerce from a mid-to-long term perspective
- AI: Release first B2C AI service as a separate application by year-end in the form of a chatting platform

Balancing Growth and Financial Stability

- Build a sound cost structure that supports long-term financial stability over short-term cost savings
- Prioritize business efficiency based on indicators such as ROI and ROE

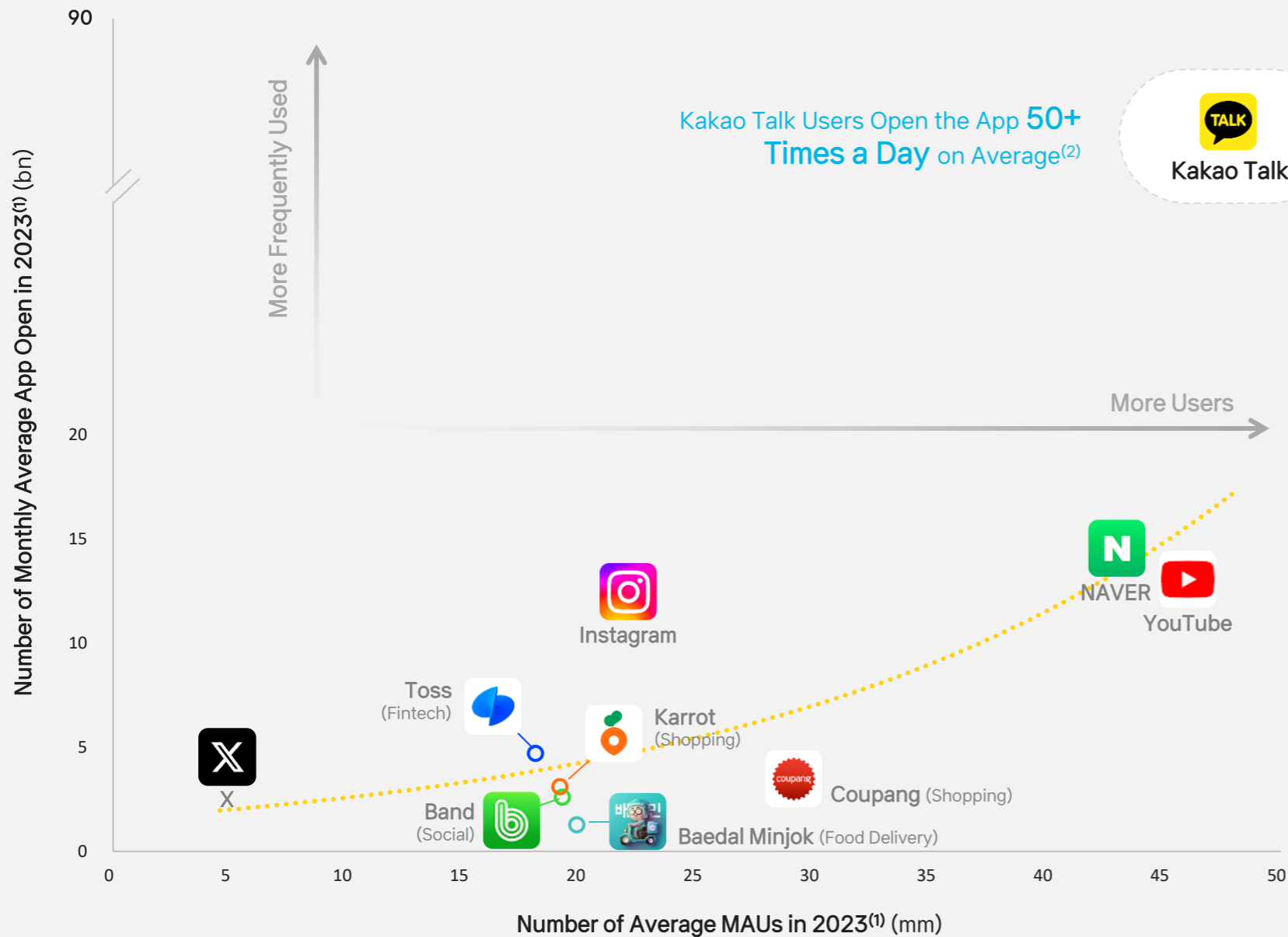
FY2024 Guidance and Strategy

- Expect double-digit growth in consolidated revenue and improved operating profit margin vs 2023; Talk Biz aims to outperform the overall industry growth rate
- Enhance user traffic and engagement through service revamp of five tabs inside KakaoTalk
- Explore new monetization opportunity by expanding relationships and offering innovative chatting experience

Undisputed Market Leader in Korea's Mobile Space

Kakao Talk: No. 1 Mobile App in Korea

2023 Most Popular Apps in Korea by User Traffic & Usage Frequency⁽¹⁾



No. 1 Messenger in Korea

93% Population Penetration⁽³⁾



No. 1 Mobility Platform in Korea

Taxi-Hailing, Designated Driver, Parking



No. 1 Digital Bank in Korea

by Deposit & Loan Balance



No. 1 Webtoon Platform in Korea

by In-App Purchase Revenue in 2023



Global No. 1 Webtoon Platform

by In-App Purchase Revenue in 2023



Top 1% Sustainability Distinction

by S&P Global's Corporate Sustainability Assessment in 2022 & 2023

Source: Company Information, Wiseapp Retail Goods, Korea's Fair Trade Commission, Sensor Tower, Mobile Index.

Note: (1) Based on mobile app user data in January - November 2023 for Android and iOS, except for X (MAU as of 1H 2023 as compiled by Mobile Index). (2) Calculated as [avg. monthly app launch by MAUs] / [avg. number of MAUs] / 30 days based on the data from Wiseapp Retail Goods. (3) Based on annual average MAUs in 2023 and the number of total population in Korea as of April 2024.

Making Every Korean's Daily Lives Better


A Life that Cannot Be Imagined without kakao





Shopping
Fashion Items


Monitor
My Health


Ask Merchant
for Service


Advertise
My Products


Book
Flight Ticket


Find **Best Route** to
Destination



Key Products & Positioning - Kakao Talk

Solid Growth and Profitability Built on Unique, Differentiated Competitive Moat

Advertising



Advertising Inventory backed by Unique Traffic Base of No. 1 Messenger App

Korea's Digital Advertising

KRW9 tn
Online Ads TAM⁽¹⁾

16% Share
Digital Ads

E-Commerce



E-Commerce Platform with Unique Business Model of Gifting

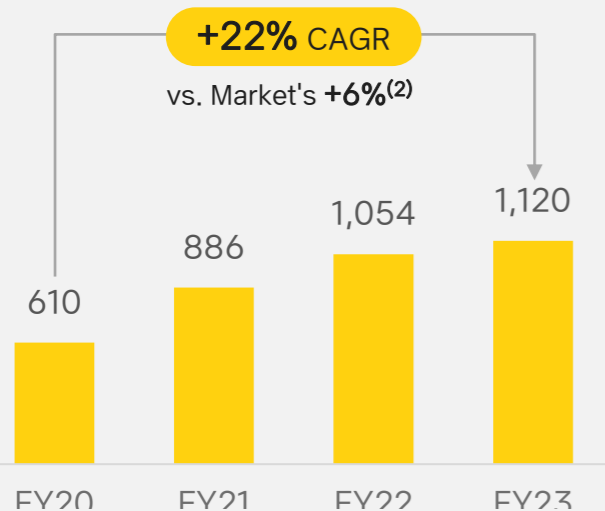
Korea's E-Commerce

KRW227 tn
Online Retail TAM⁽⁴⁾

4% Share
E-Commerce



Kakao Talk's Advertising Revenue Growth (KRW bn)



Key Growth Initiatives

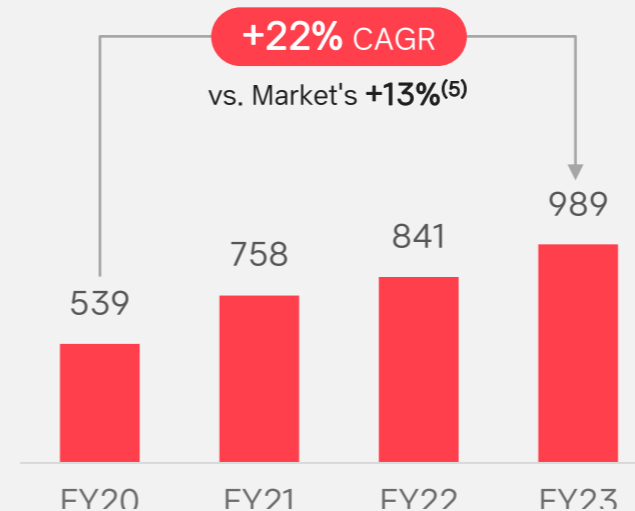
Focus on Enhancement of KakaoTalk Traffic Quality⁽³⁾

Expansion of the SME Advertiser Pool

Maintained Growth Momentum with Unique Products & High ROAS



Kakao's E-Commerce Revenue Growth (KRW bn)



Key Growth Initiatives

Expansion of Selections to Luxury / High-end Brands

Synergy Between Brand Store & Talk Channel

Use Case Expansion from Gifting to Self-Purchases

Source: Korea Broadcast Advertising Corporation (KOBACO), Korea Statistical Information Service (KOSIS), Company Filings.

Note: All revenue figures are before restatement as per the recent changes in accounting policy for the purpose of consistent growth comparison.

(1) Korea's online advertisement market as of FY2023. (2) Korea's online advertisement market as per KOBACO.

(3) Ultimately leading to inventory expansion on the back of increased traffic in open chat and friend tabs. (4) Korea's online shopping market as of FY2023. (5) Korea's online shopping GMV as per KOSIS.

Leadership Across Key Verticals With Continued Business Model Innovation

Mobility

kakaomobility

Market Leadership

No. 1 Mobility Platform in Korea

Growth Strategy



Taxi

Expand **network of affiliated taxis**

Develop **advanced ads products**



Others

Evolve into **gig & car owner platform**

Story

kakao ENTERTAINMENT
kakaopiccoma

Global No. 1 Webtoon Platform by In-App Purchase Rev. | **50%+** Digital Webtoon Market Share in Japan



Ent.

Enhance **monetization & diversify IP library**



piccoma

Strengthen **original IPs & expand ads biz. model**

Music

kakao ENTERTAINMENT
SM ENTERTAINMENT GROUP

Top 2 Entertainment Group in Korea | **30%+** Music Digital Retail Market Share in Korea



Music

Develop **localized IPs in global markets**



SM

Accelerate **global expansion** in North America & Japan

Game

kakaogames

Top 5 Game Publisher | **KRW1+ tn** Revenue (FY2023)



Publish

Secure game **IPs with global potential**



Develop

Expand to **console games & secure global hubs**

Tech-Fin

kakaopay
kakaobank

KRW141 tn Total Payment Volume (FY2023) | **No. 1** Internet Bank



Pay

Maximize **cross-selling** (24.7 mm users using 3+ use cases in 2023 vs. 8.5 mm in 2022)

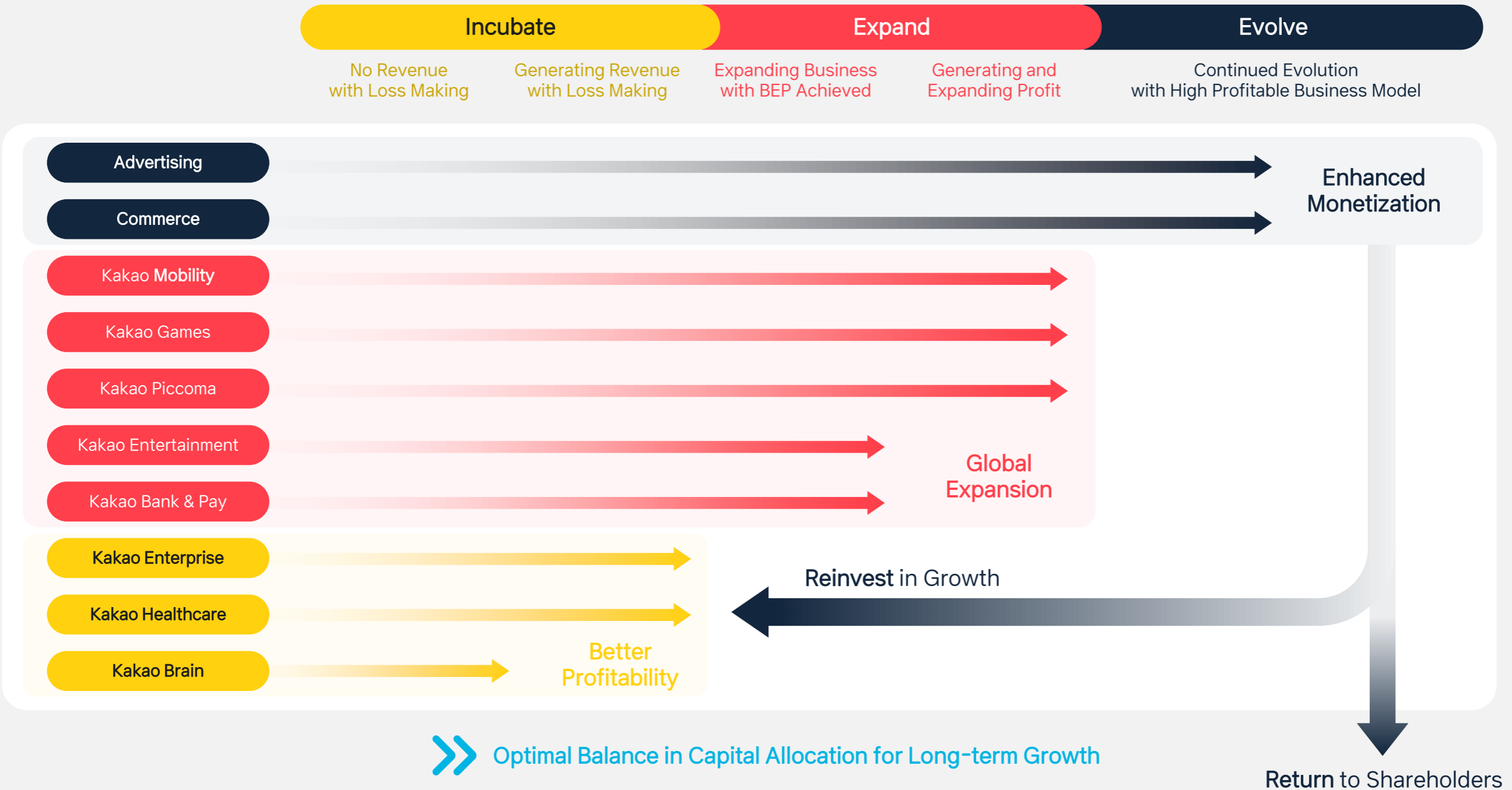


Bank

Deepen **penetration across all demographics** (Growth in all ages in FY2023)

Source: Company Information, Korea's Fair Trade Commission, Sensor Tower.

Operating on the Full Range of Growth Cycle

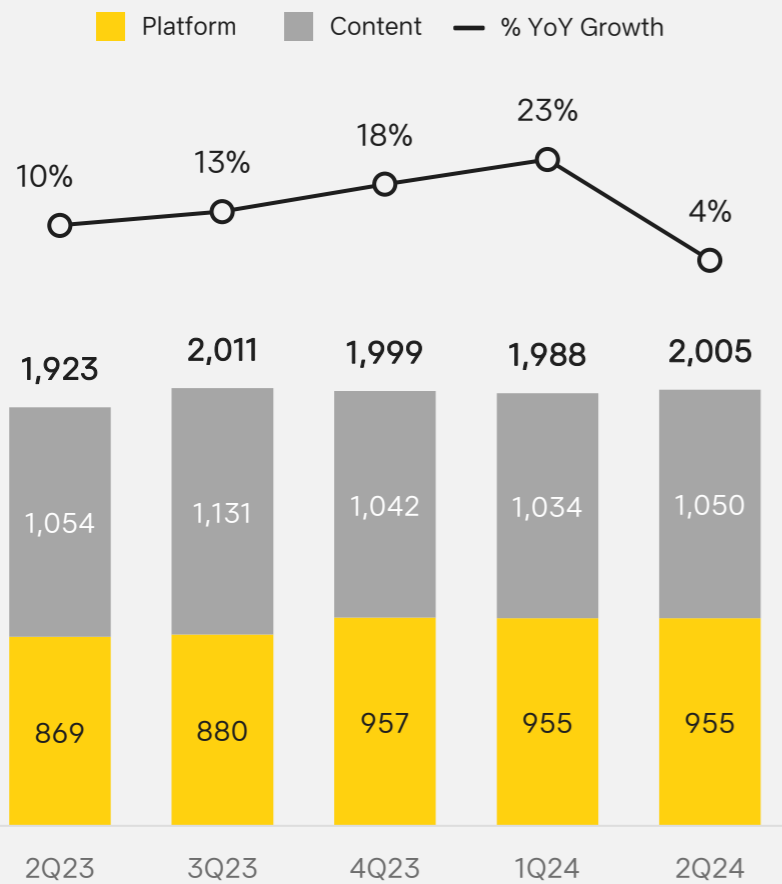


Key Financial Performance

Robust Financial Performance With Continued Transformation

Revenue

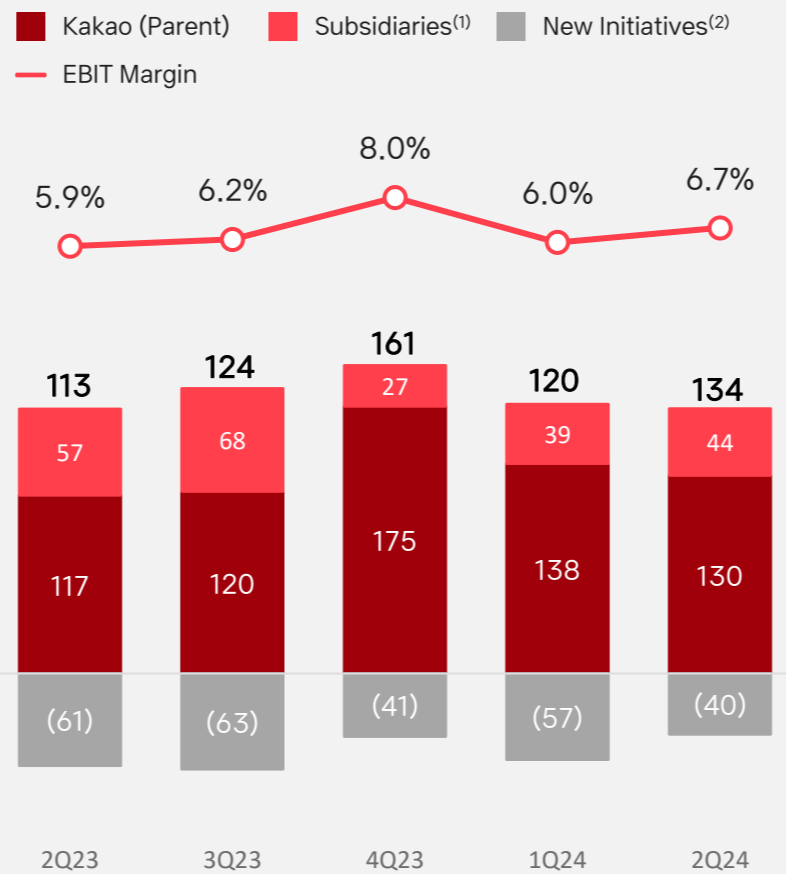
Quarterly Revenue (KRW bn)



- Overall growth with continued growth of Kakao Talk MAUs and Kakao Talk-native biz.
- Driven by robust performance of advertising (+9% YoY) and commerce (+5% YoY)

EBIT

Quarterly EBIT (KRW bn)



- Subsidiaries EBIT turnaround with continued business development
- New Initiative's narrowing loss with ongoing optimization of operations

2Q24 Highlights



Increased Advertising Revenue
 (2Q24 +9% YoY, +10% QoQ)
 greater contribution from 1st & 3rd Tab DA
 record-high Business Messaging revenue



Increased Commerce Revenue
 (2Q24 +5% YoY, -15% QoQ)
 Gift reservation prior to seasonal events
 expansion of premium brands



Expanded Profitability
 (2Q24 EBIT +18% YoY, +11% QoQ)
 cost reduction of New Initiatives with
 continued profit generation from subsidiaries




Note: (1) All business segments excl. Kakao (Parent) and New Initiatives. (2) Includes Kakao Enterprise, Kakao Brain, and Kakao Healthcare.

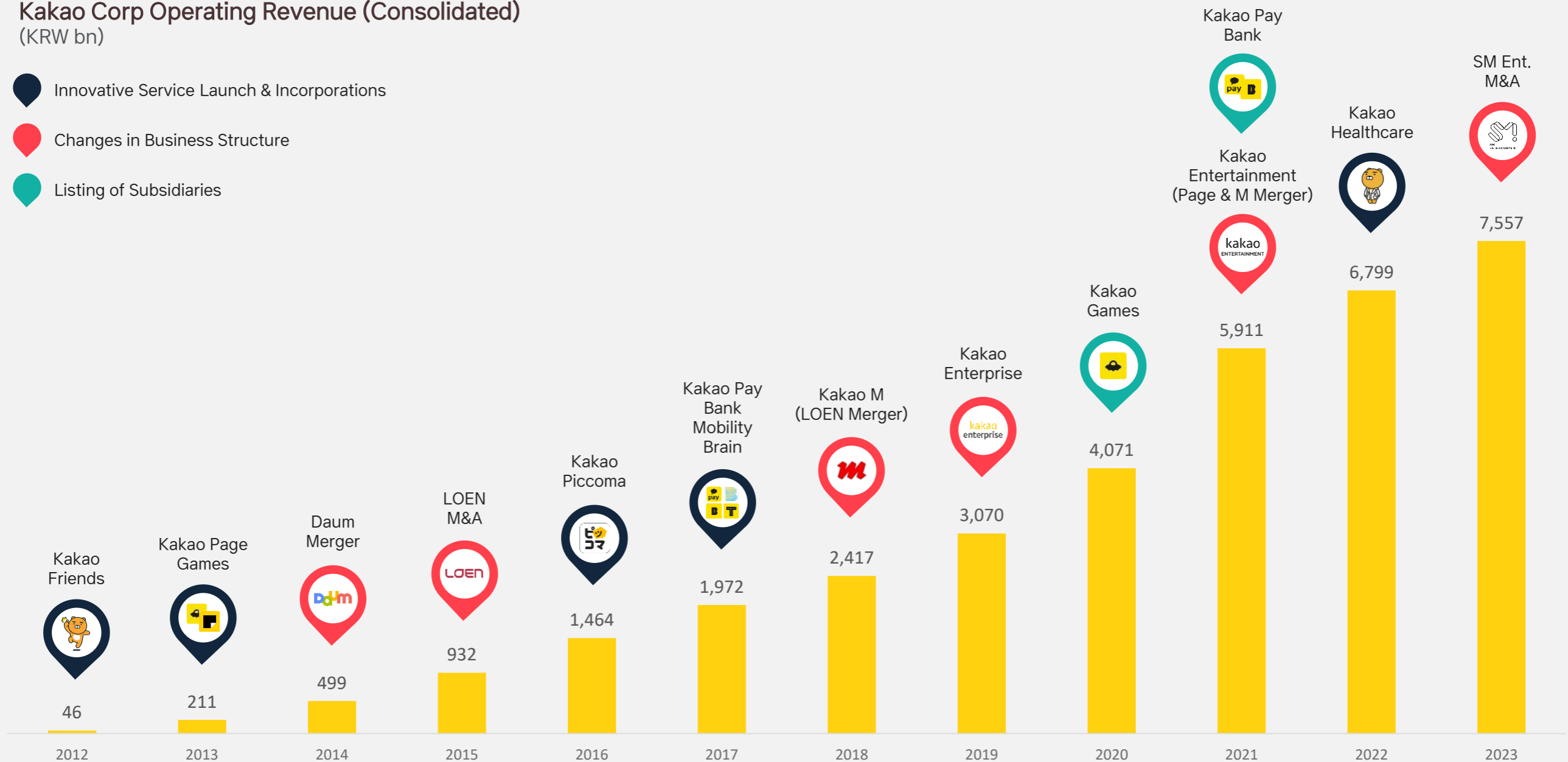
Appendix

Phenomenal Growth Trajectory Along With Growing Ecosystem

Key Milestones

Kakao Corp Operating Revenue (Consolidated)
(KRW bn)

-  Innovative Service Launch & Incorporations
-  Changes in Business Structure
-  Listing of Subsidiaries



Note: 2022 / 2023 operating revenue figures are based on those after restatement as per the change in accounting policy.

Kakao's Continued Focus on ESG Initiatives

Key ESG Initiatives


Environment



RE100⁽¹⁾
at Jeju Office



Upcycling
Projects⁽²⁾



Green Digital
Campaigns⁽³⁾

Social



KRW300 bn
Established support fund for
SMEs' digital transformation



Tech Campus
with universities to
nurture technical talents



'Kakao Together'
Fundraising project for
causes in need

Governance



DAO⁽⁴⁾ Appointment
First IT company to
appoint DAO in Korea



New Committees
Appointment of technology
ethics and ERM committees



CEO KPI
15% of CEO KPI dedicated
to ESG related initiatives

ESG Ratings



Rated A (2023)
From MSCI ESG ratings



Grade A (2023)
From KCGS ESG ratings



Top 1% (2024)
From S&P Global for
sustainability distinction



Member (2023)
Member of DJSI World,
Asia Pacific, and Korea

Note: (1) RE100: An international agreement to replace 100% of electricity used by businesses with renewable energy by 2050. (2) Upcycling used T-shirts and sweaters to socks and cardigans. (3) Dark-mode of Kakao Talk, mobile e-bills, etc.

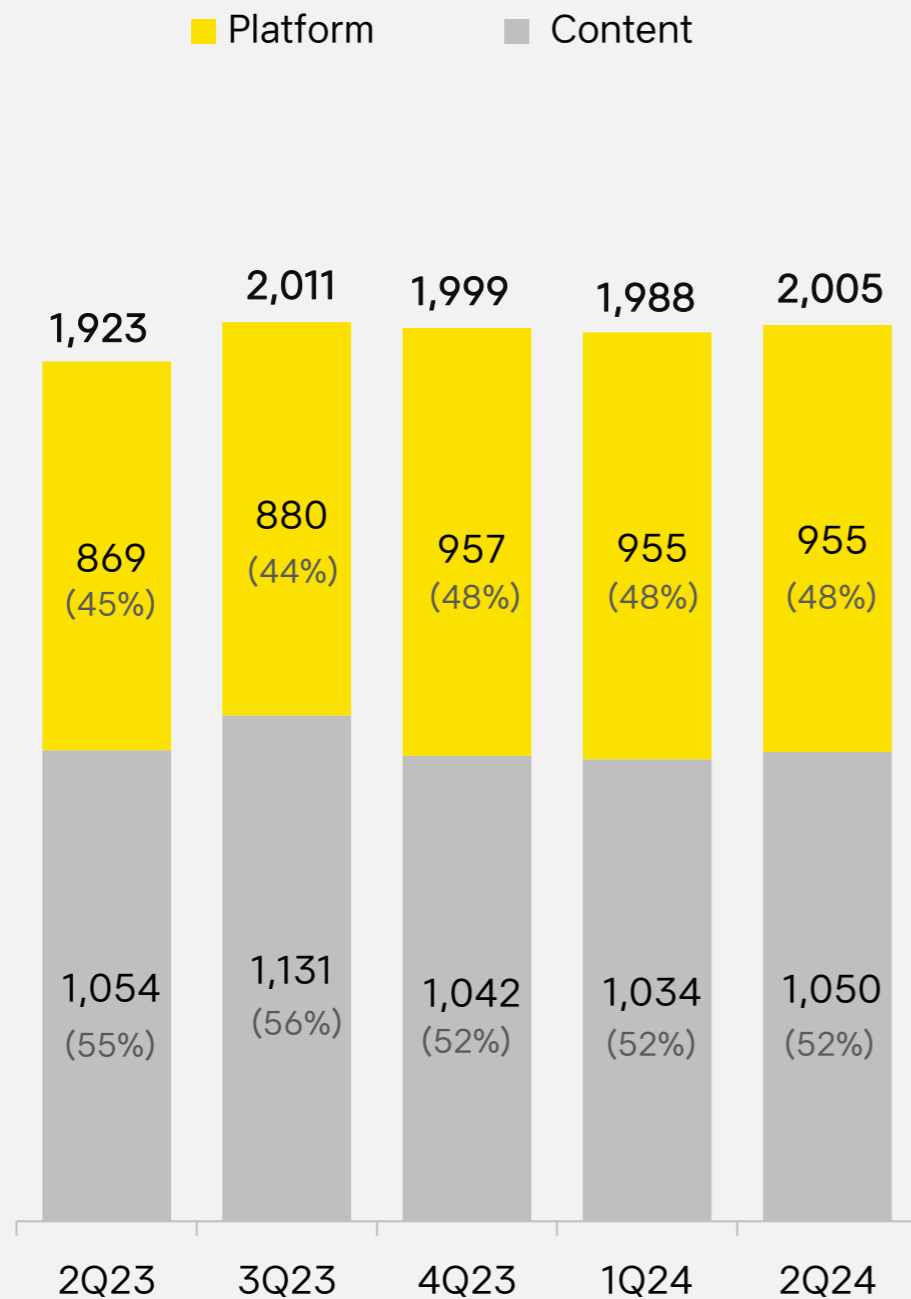
Q2 2024 Earnings Results

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

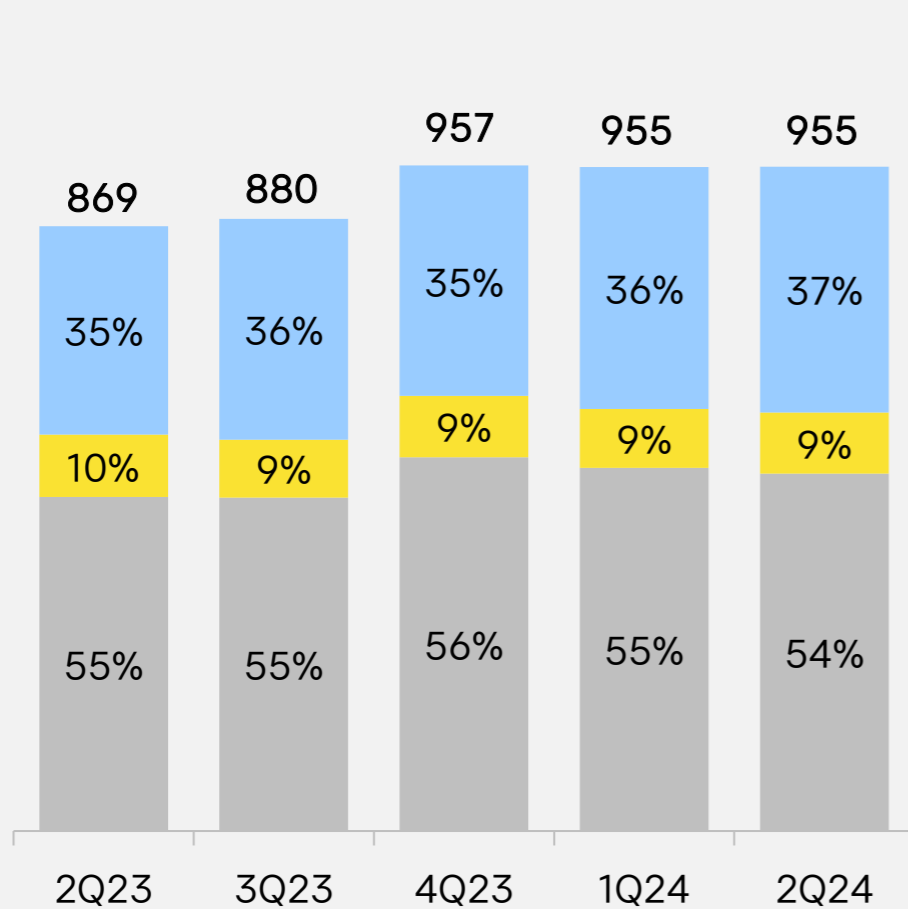
Revenue

Platform

2Q24 +10% YoY, +0.1% QoQ

(in bn KRW)

■ Talk Biz ■ Portal Biz ■ Platform-Others

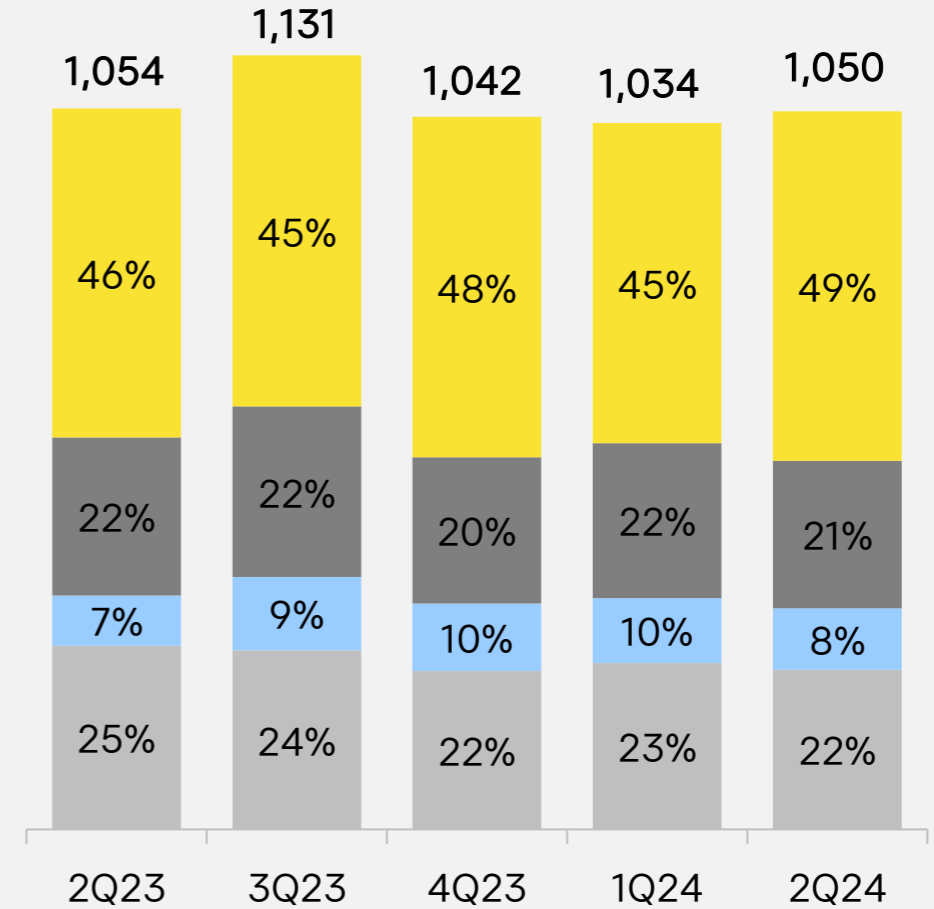


Content

2Q24 -0.4% YoY, +2% QoQ

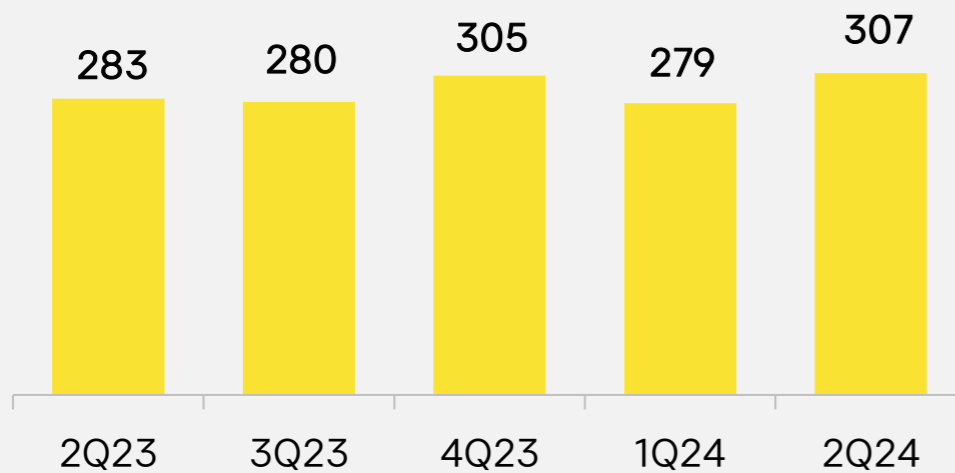
(in bn KRW)

■ Game ■ Media ■ Story ■ Music



Advertising

(in bn KRW)

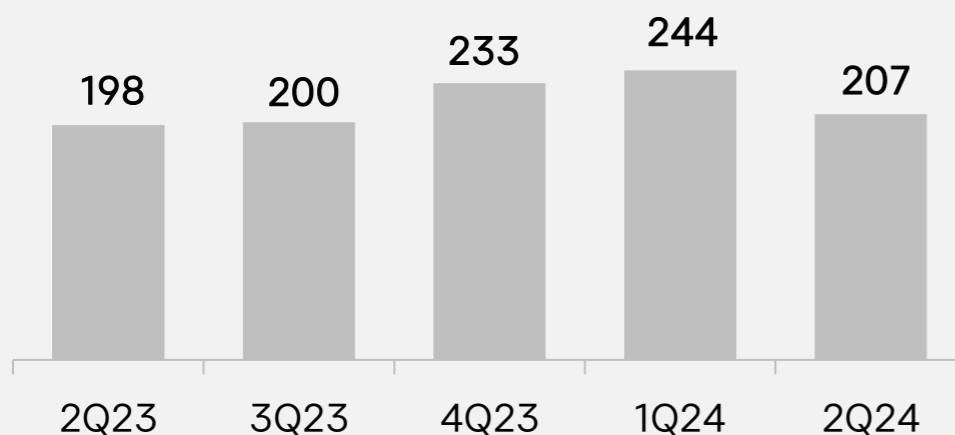


2Q24 +9% YoY, +10% QoQ

- (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)

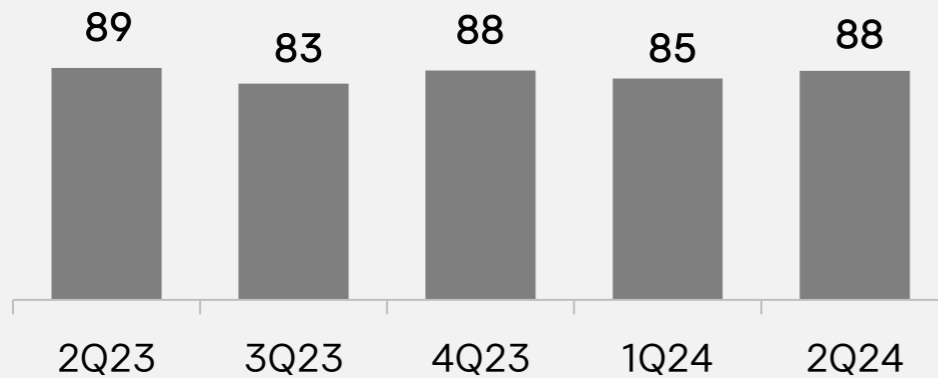


2Q24 +5% YoY, -15% QoQ

- 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)

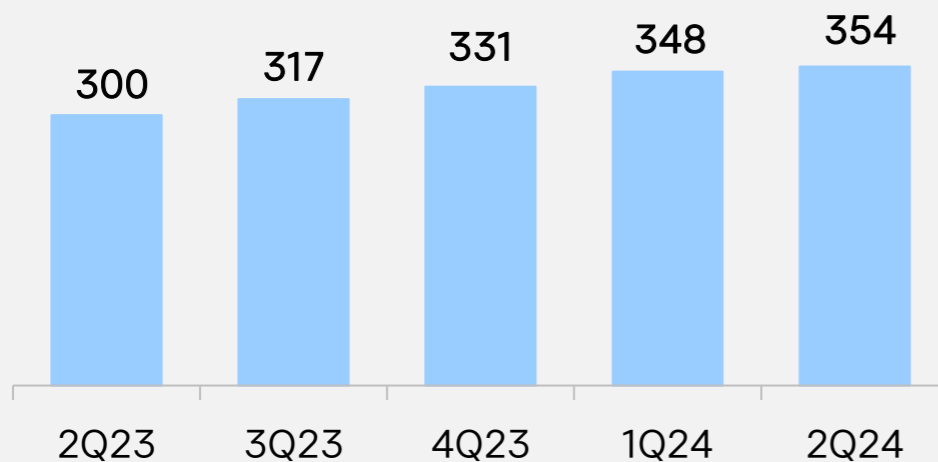


2Q24 -2% YoY, +4% QoQ

- (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)

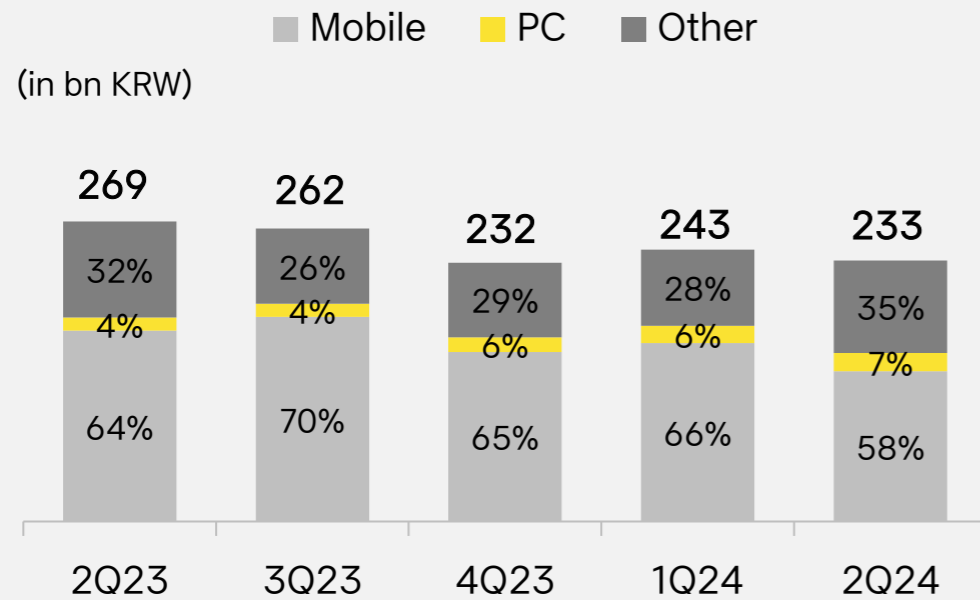


2Q24 +18% YoY, +2% QoQ

- **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

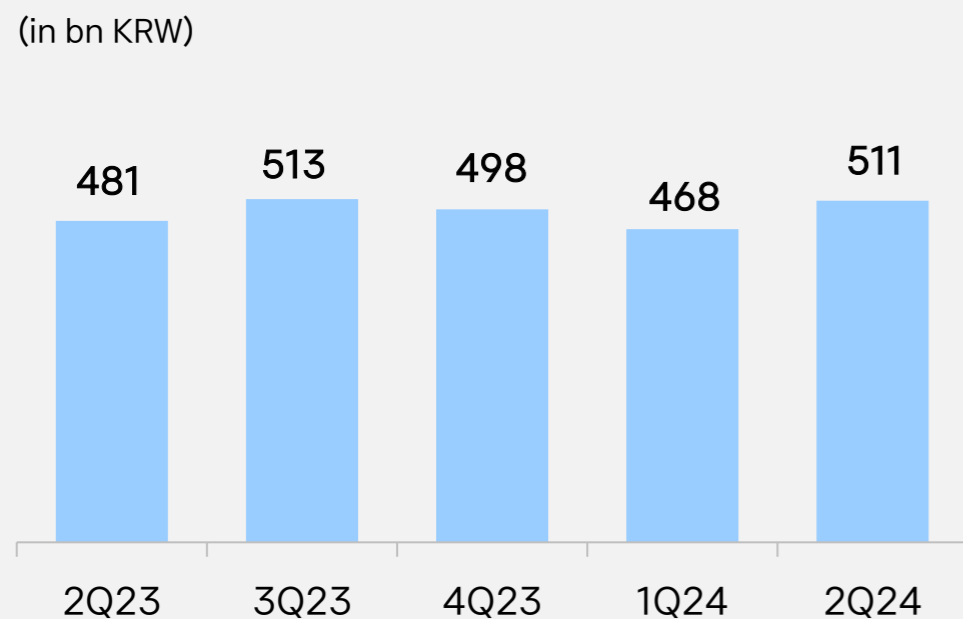
Game



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

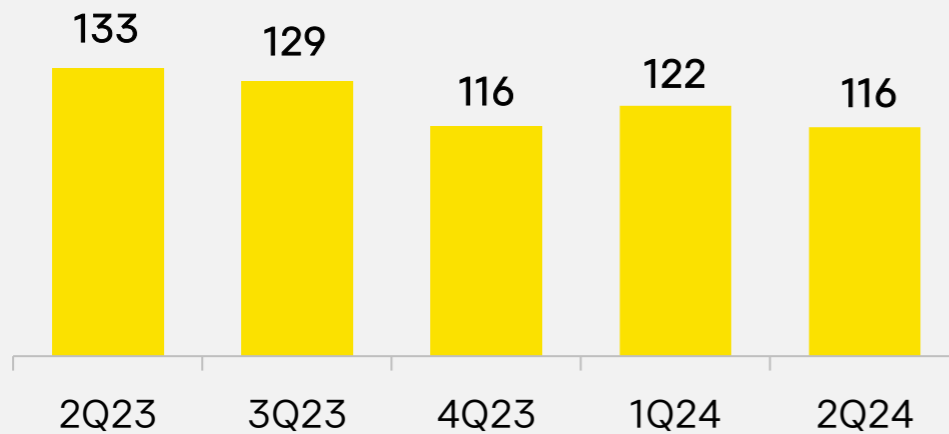


2Q24 +6% YoY, +9% QoQ

- (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)

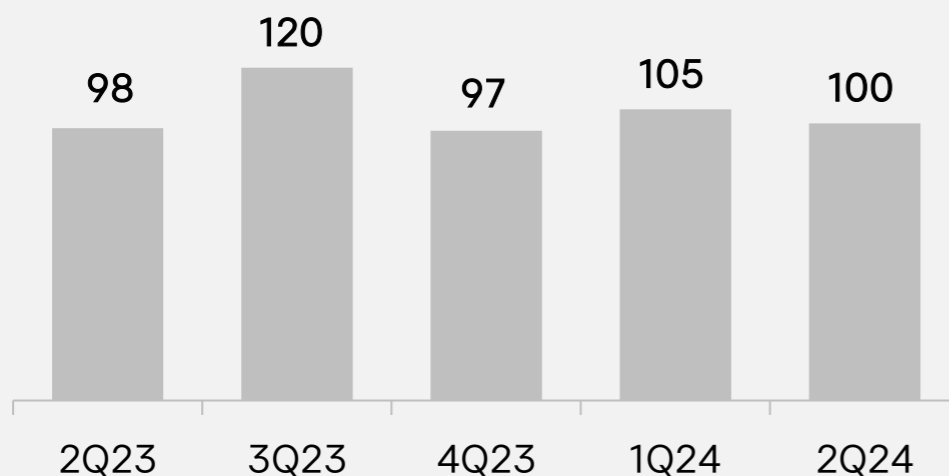


2Q24 -13% YoY, -5% QoQ

- (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)

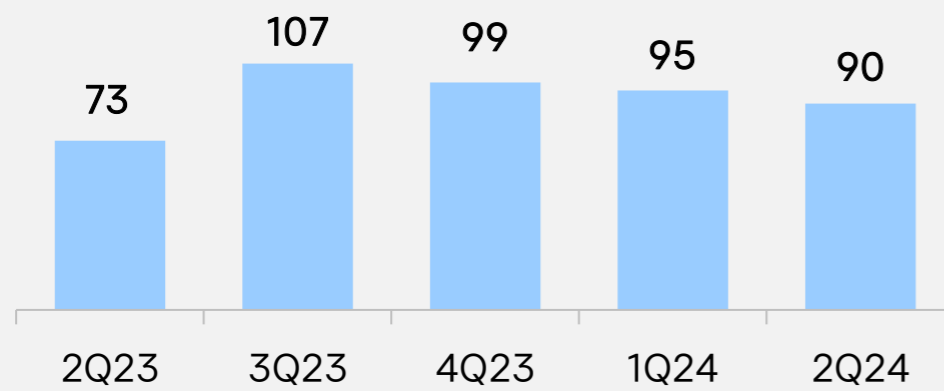


2Q24 +2% YoY, -5% QoQ

- (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%

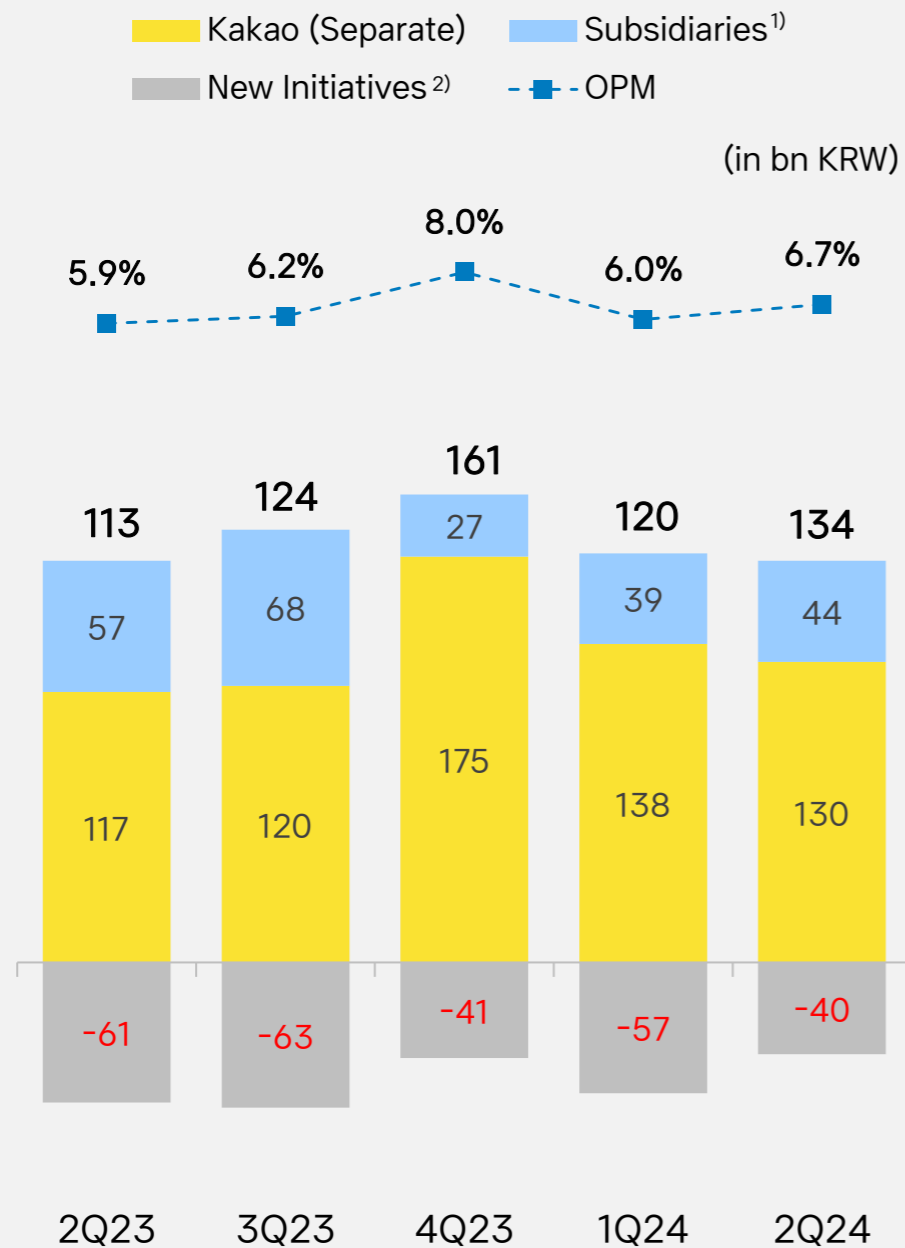
2Q Analysis

- 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

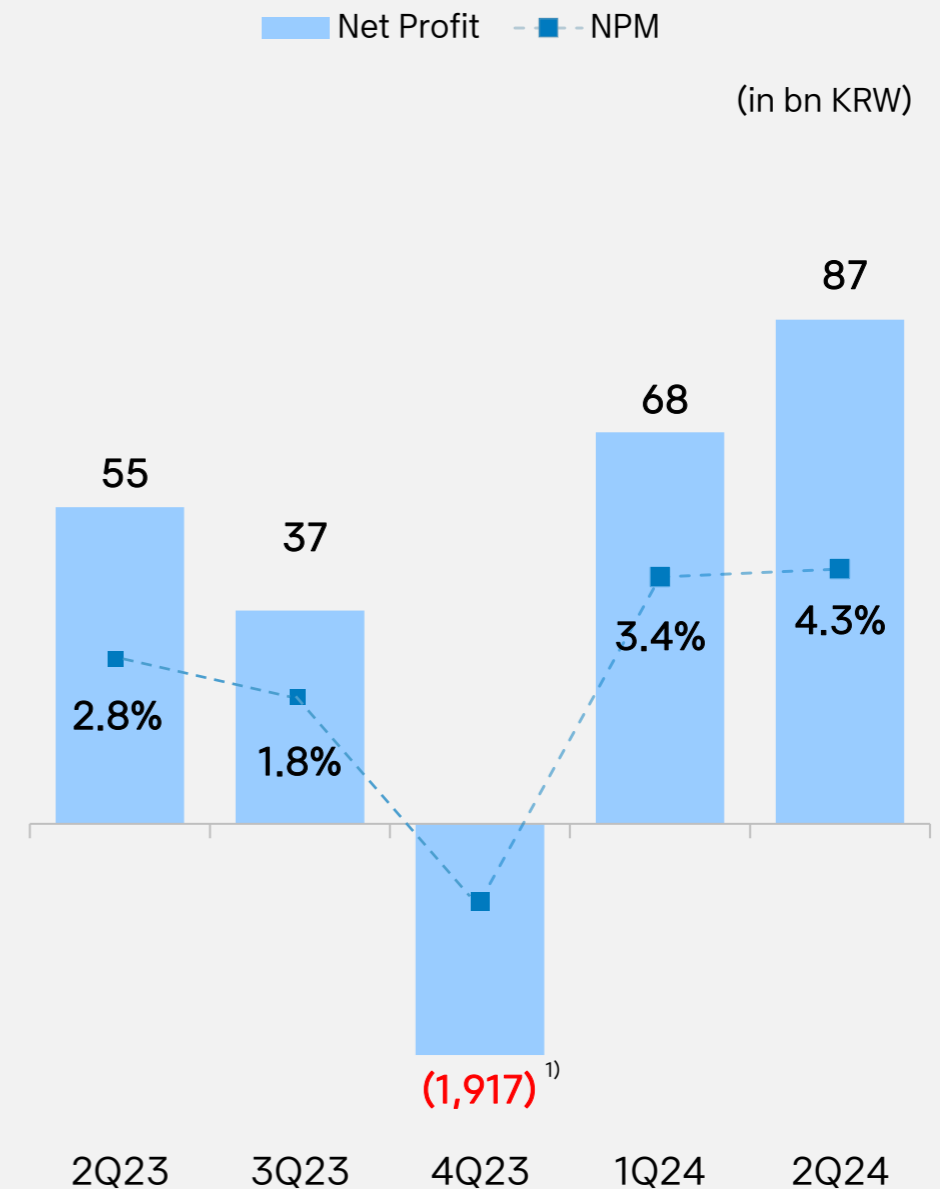
Operating Profit(M)

2Q24 +18% YoY, +11% QoQ



Net Profit(M)

2Q24 +59% YoY, +29% QoQ



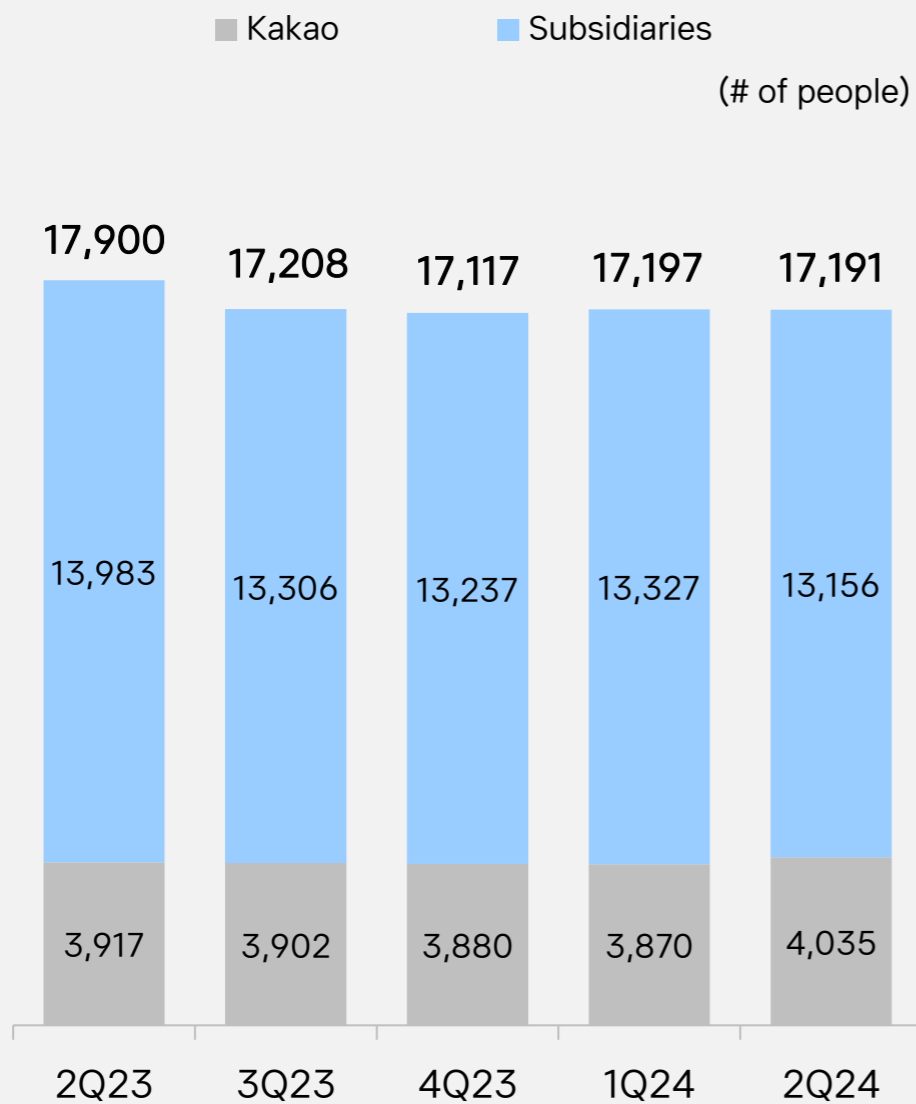
1) Subsidiaries: All business segments ex. Kakao & New Initiatives
 2) New Initiatives: Kakao Enterprise, Kakao Brain, Kakao Healthcare
 3) Subsidiaries includes internal transaction

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

Employees / CapEx

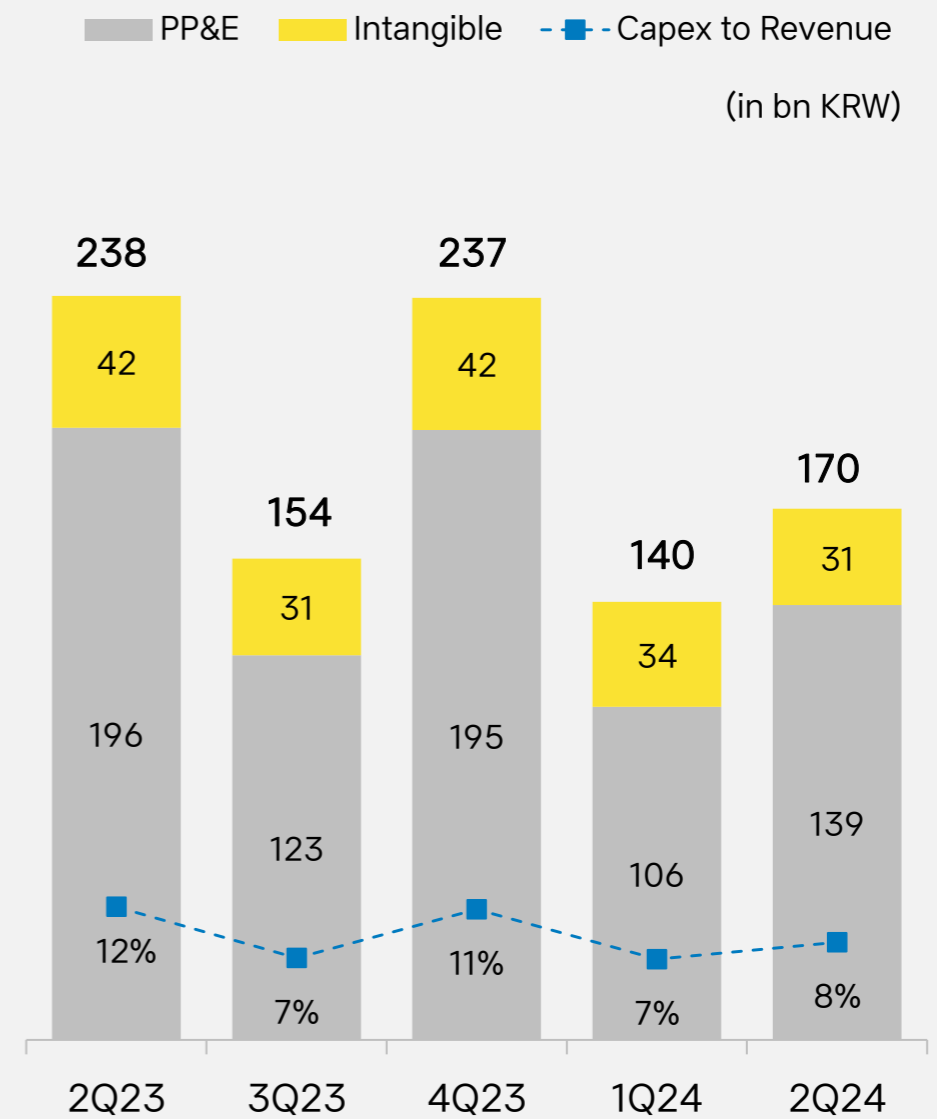
Employees

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



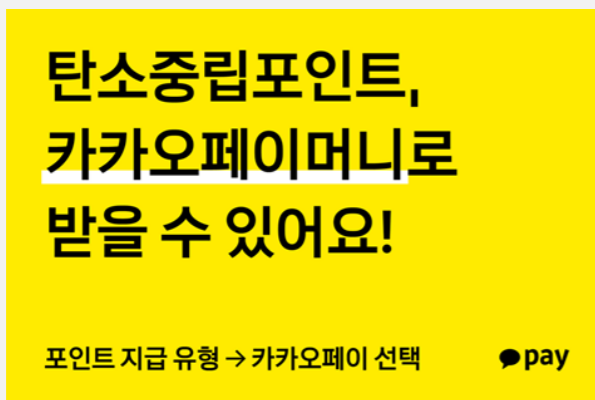
ESG Report '2023 Kakao's commitment and Responsibility to build a sustainable future for all'

- 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'



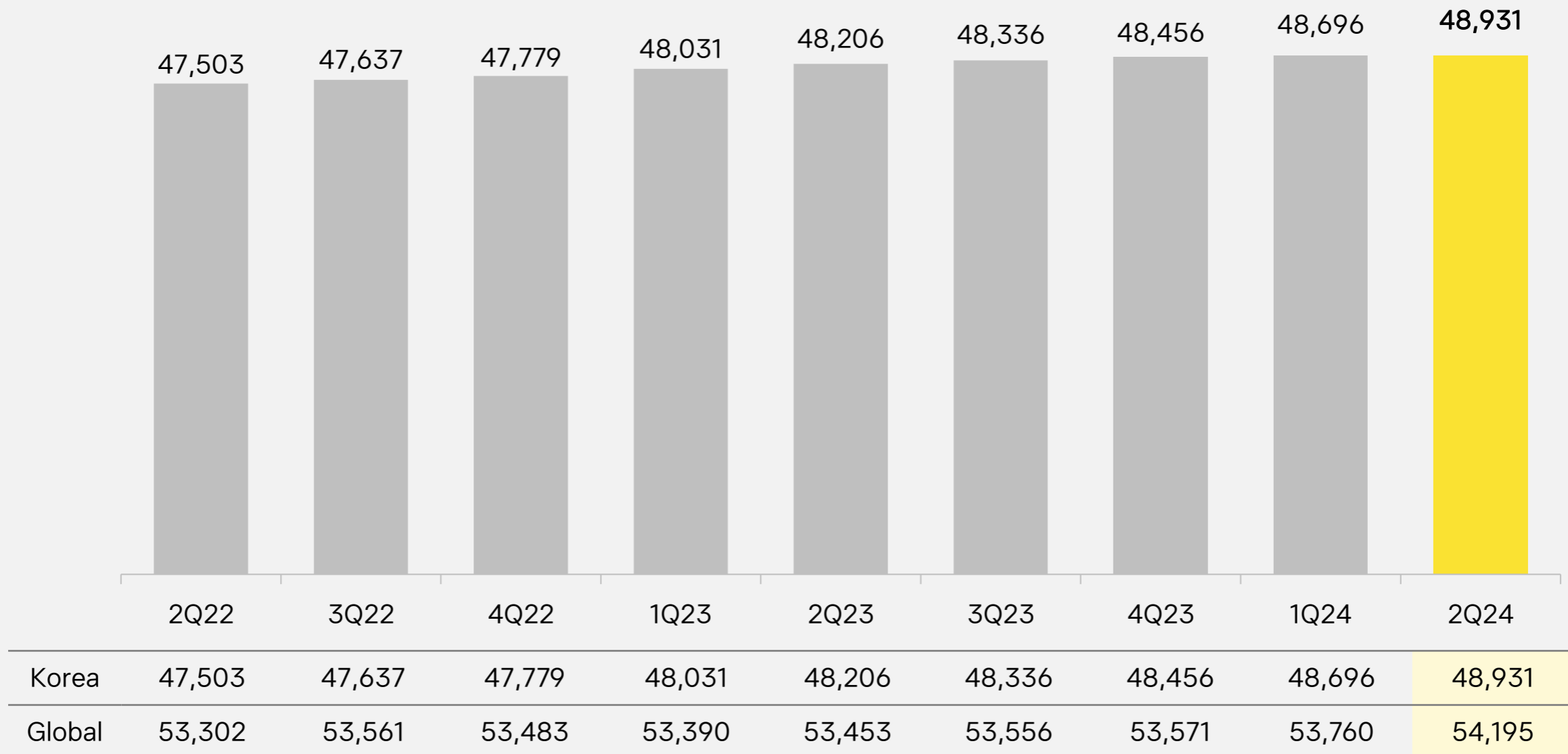
Signed MOU to promote a culture of carbon neutrality

- 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)



Average of monthly MAUs. Global includes domestic MAUs.

Thank You

