

# 4Q20 and 2020 Annual Earnings Results

2021. 2. 9 | Kakao Investor Relations



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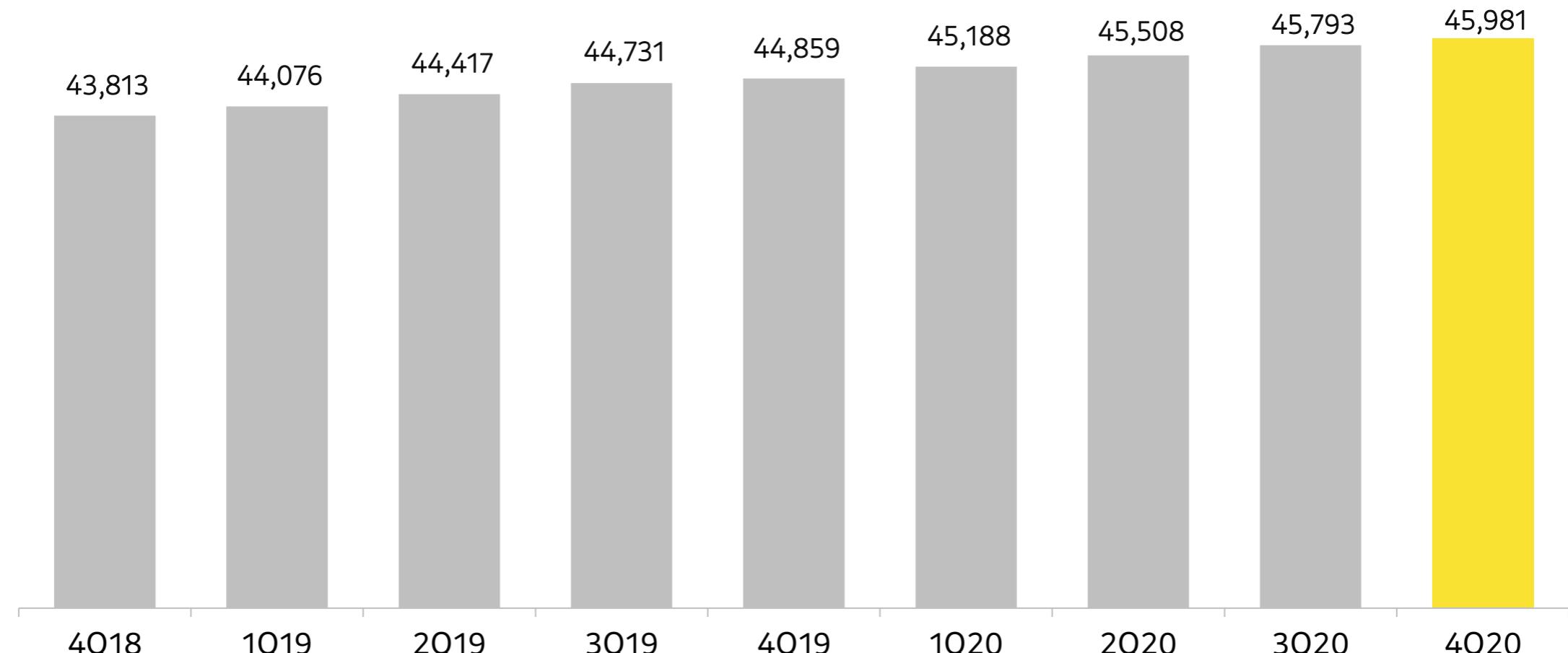
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# KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +1.1M YoY, +190K QoQ

(in thousands)



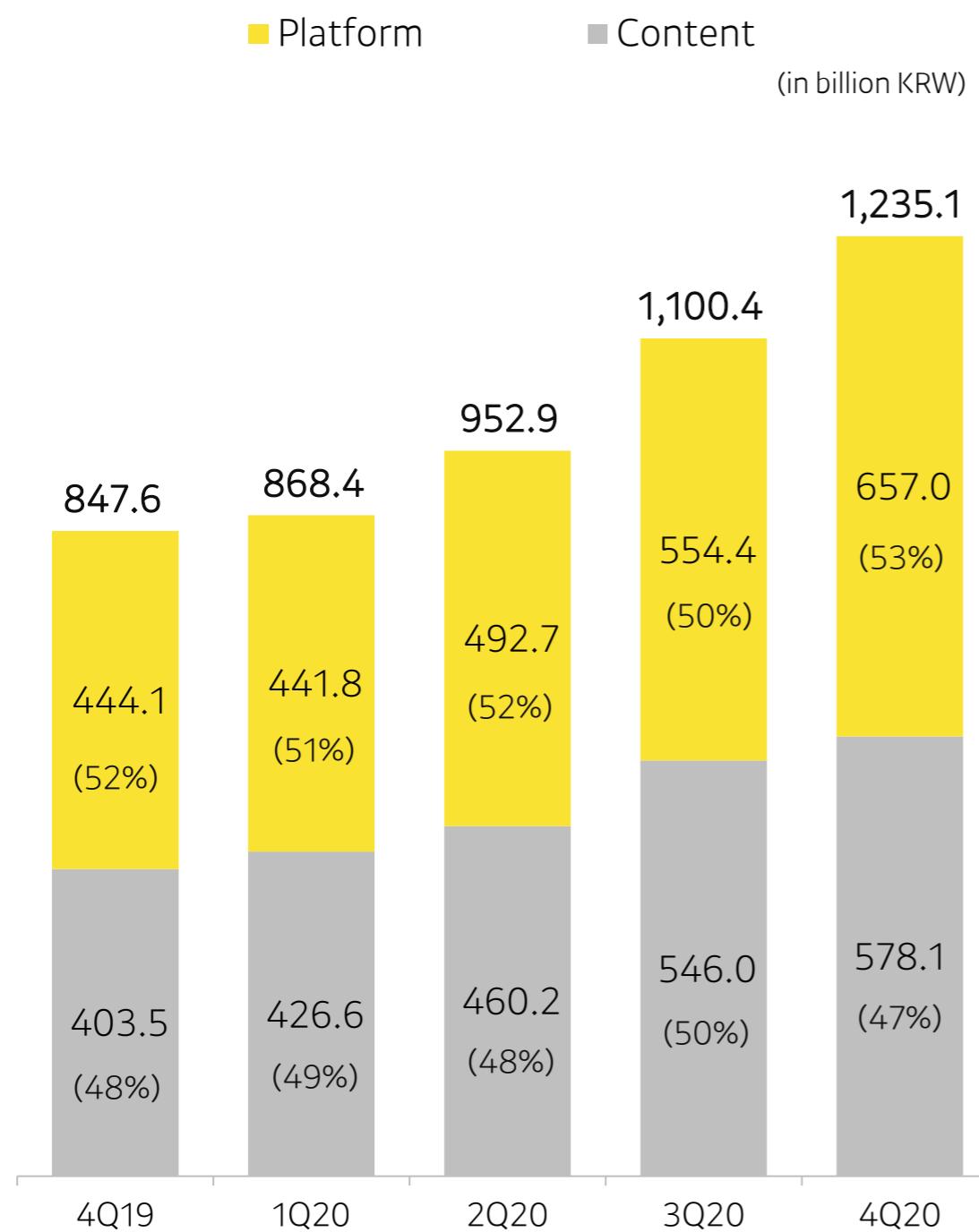
Korea	43,813	44,076	44,417	44,731	44,859	45,188	45,508	45,793	45,981
Global	50,220	50,548	50,882	51,374	51,495	51,768	52,133	52,299	52,223

Average of monthly MAUs. Global includes domestic MAUs.

# Revenue

Q4 Revenue YoY +46% / QoQ +12%

Mix - Platform 53% : Content 47%



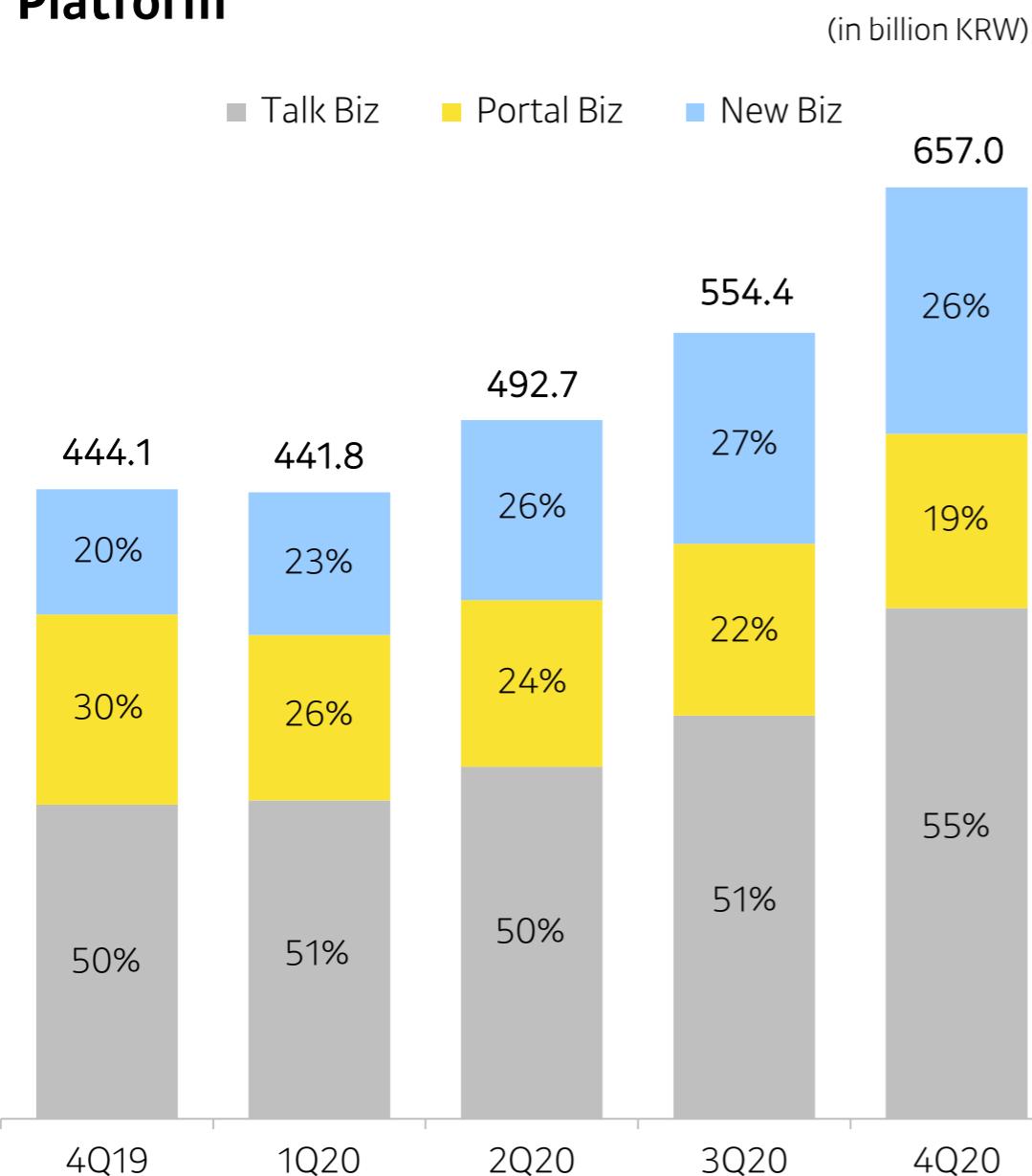
Revenue Breakdown		
Category	Sub-Categories	
	Talk Biz	KakaoTalk Ad (Bizboard, Talk Channel, Emoticon, etc.) Talk Commerce (Talk Gift Shop, Talk Store, Makers, etc.)
Platform	Portal Biz	Daum PC Daum Mobile Kakao Story/Style/Page Other Subsidiaries' Ad
Content	New Biz	Mobility Pay Enterprise Misc. (Other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

# Platform / Content

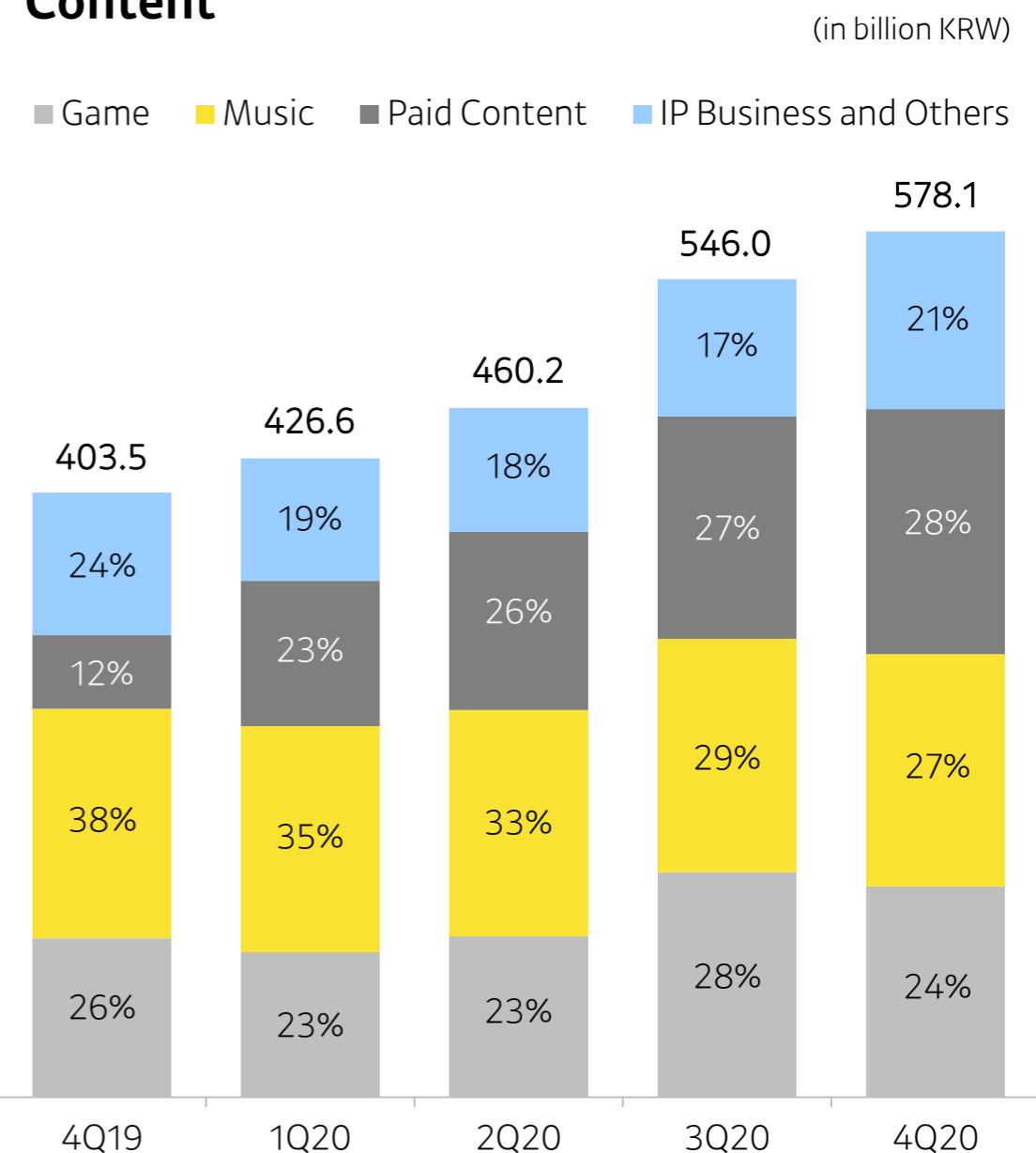
Platform YoY +48% / QoQ +19%

Content YoY +43% / QoQ +6%

## Platform



## Content



# Platform | Talk Biz Portal Biz New Biz

Talk Biz YoY +63% / QoQ +27%

High revenue growth thanks to peak seasonality and solid growth of Bizboard, overall GMV increase of Commerce platform

Portal Biz YoY -9% / QoQ +1%

YoY revenue decline due to prolonged COVID19 impact

New Biz YoY +97% / QoQ +17%

Continued rapid top-line growth thank to T-blue franchise expansion of Mobility, and growth of payment and financial service segments of Pay

## Talk Biz

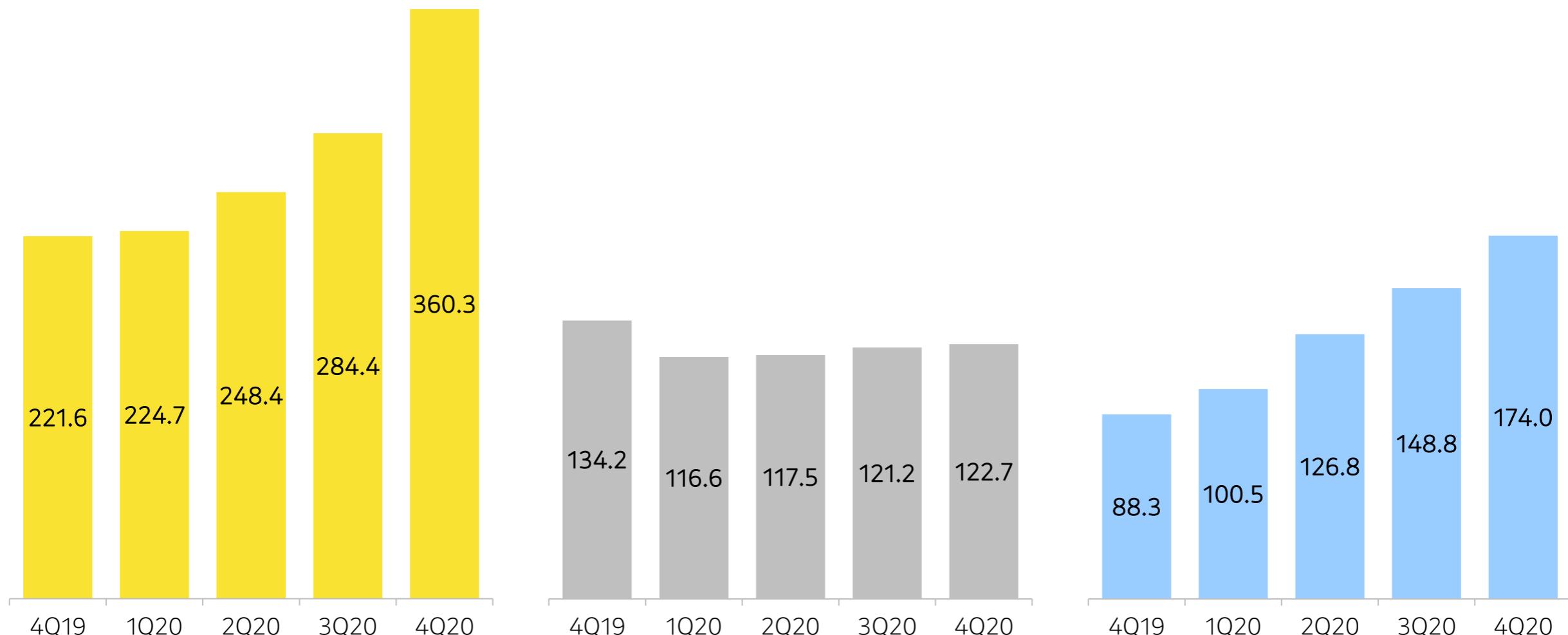
(in billion KRW)

## Portal Biz

(in billion KRW)

## New Biz

(in billion KRW)



# Content | Game Music

Game YoY +33% / QoQ -6%

↳ Mobile +20%(y)/-22%(q), PC +45%(y)/+18%(q), Kakao VX +62%(y)/ +15%(q)

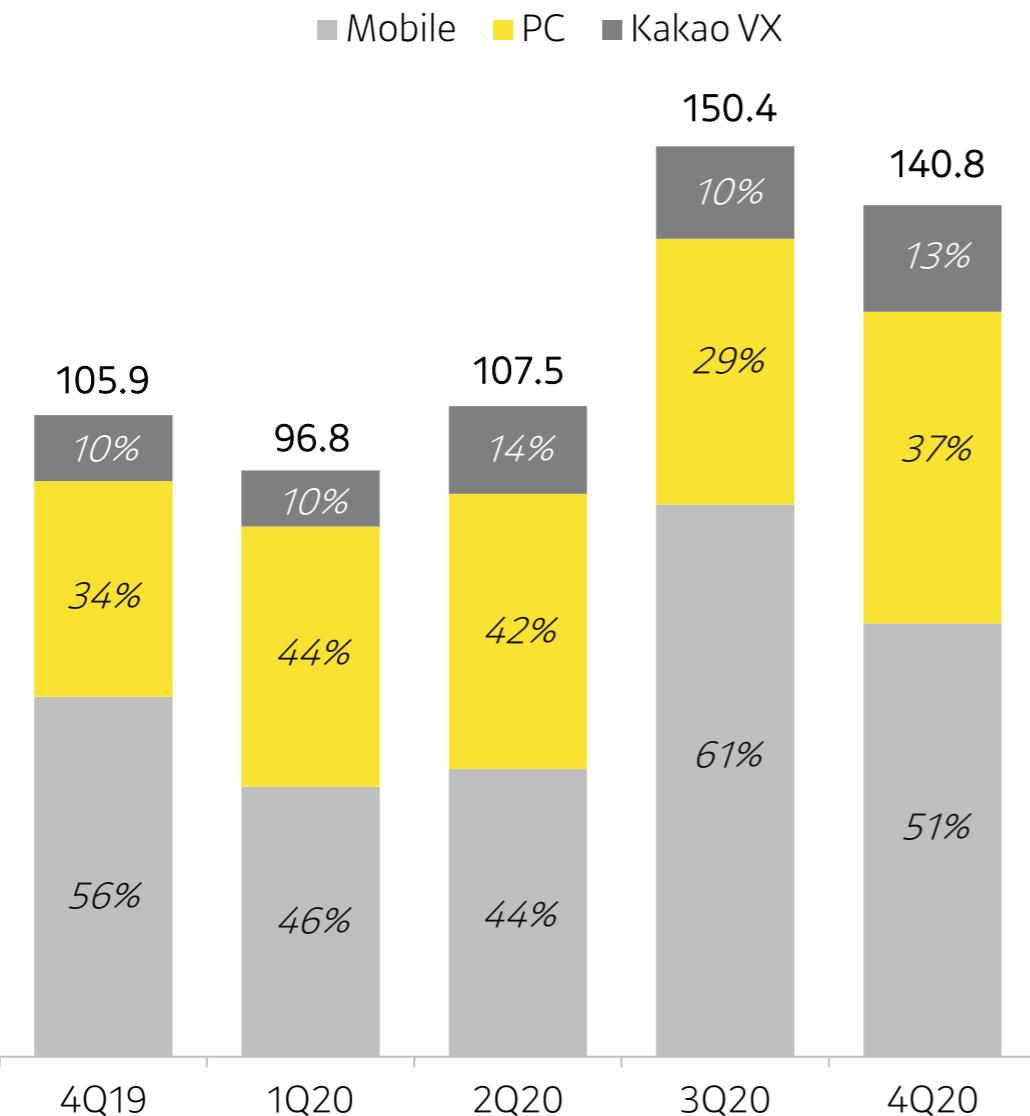
Music YoY +1.2% / QoQ -0.4%

YoY growth led by new launch effect of 'Guardian Tales' in Q3, and 'Elyon' in Q4

Steady revenue trend with solid paying user base of more than 5 million

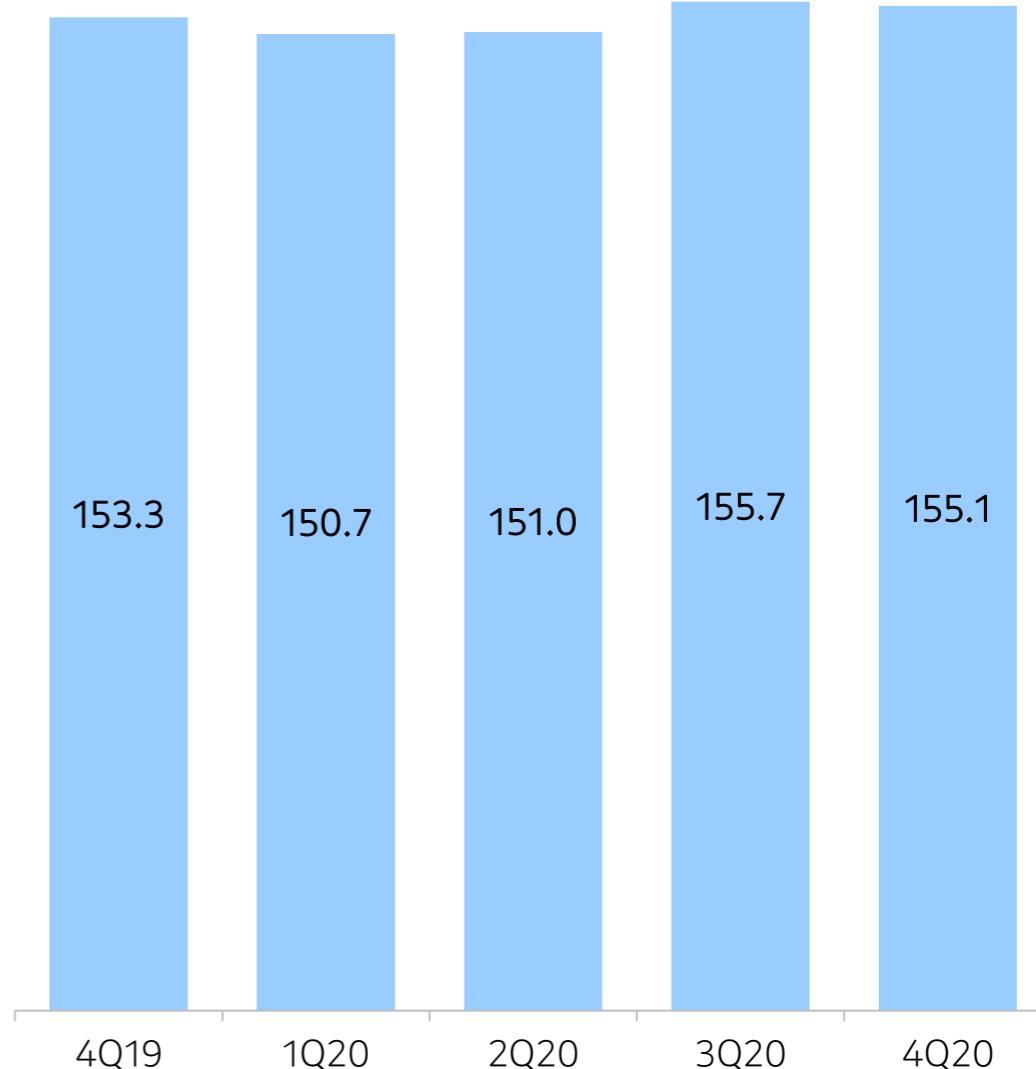
## Game

(in billion KRW)



## Music

(in billion KRW)



# Content | Paid Content IP Business and Others

Paid Content YoY +233% / QoQ +10%

└ Kakao Page +31% (y) / +8% (q), Piccoma +12% (q)

IP Biz and Others YoY +25% / QoQ +30%

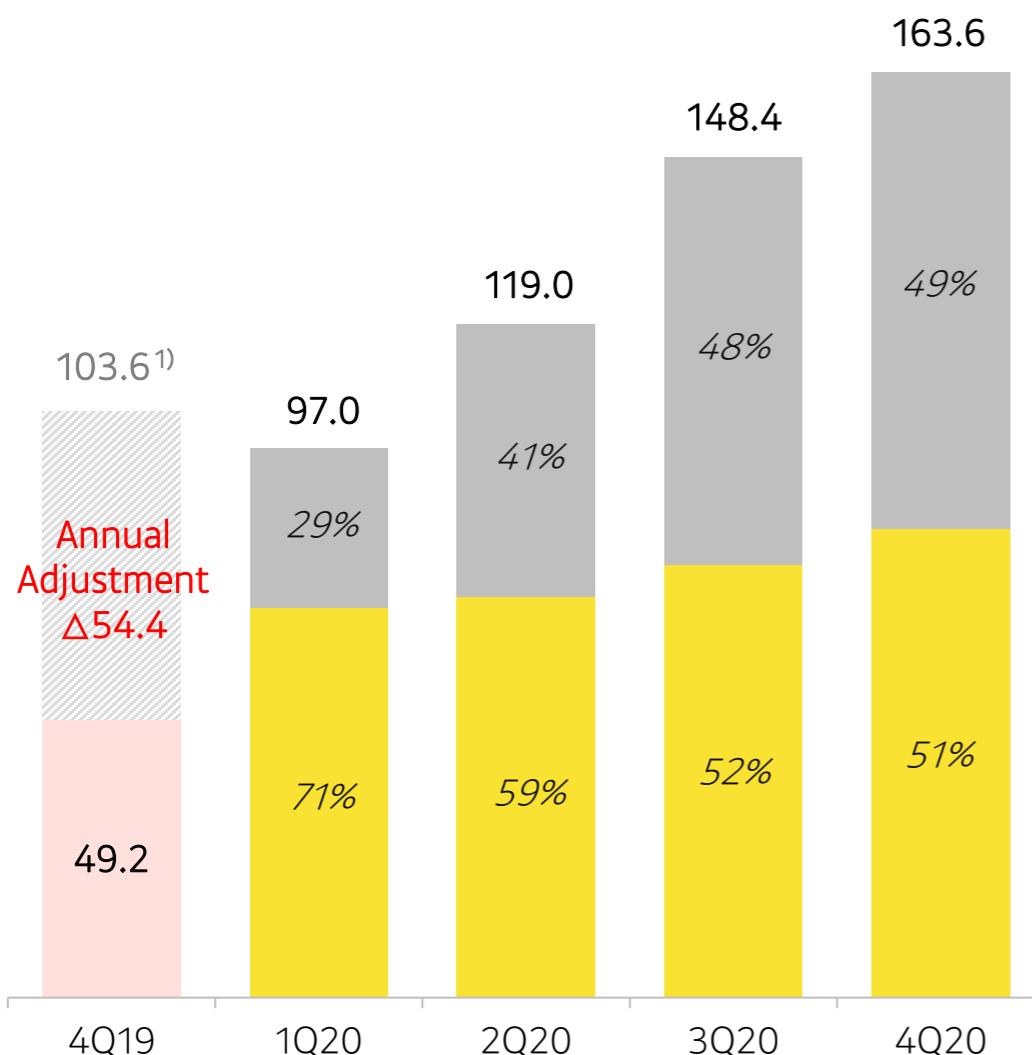
Huge YoY growth with low base effect of Q4 2019

Revenue growth from sales increase of video production and solid offline music distribution sales

## Paid Content

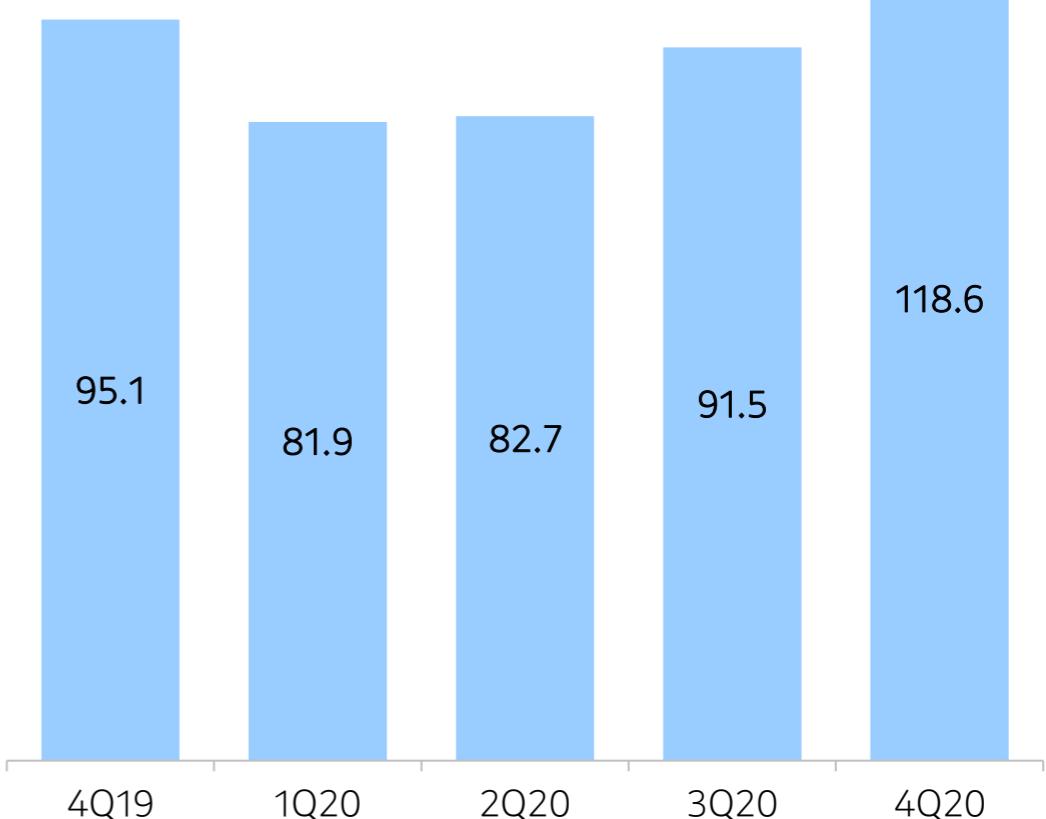
(in billion KRW)

■ Kakao Page ■ Piccoma



## IP Business and Others

(in billion KRW)



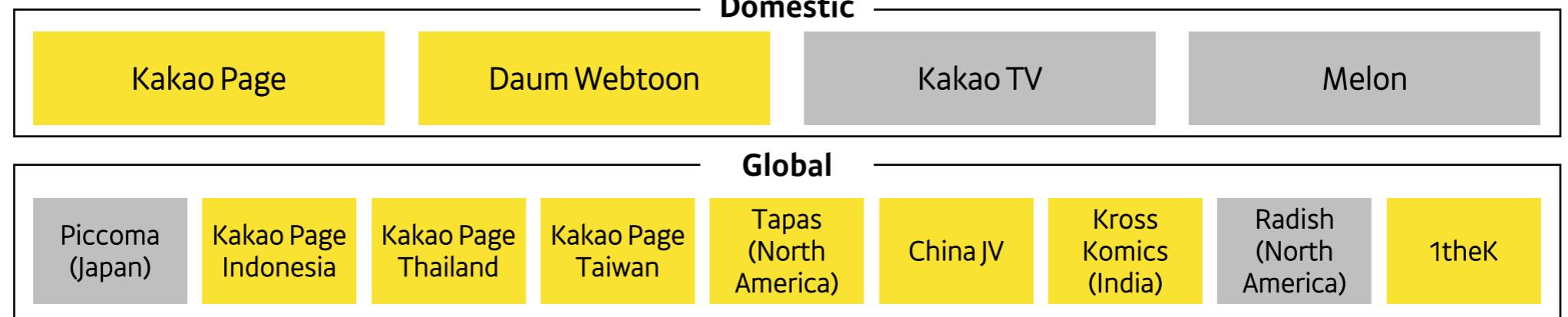
1) By implementing K-IFRS to Kakao Japan in 4Q19, the total annual adjustment for FY2019 (W54.4bn) were reflected into Piccoma's 4Q19 revenue.

# Kakao Entertainment | Big Bang of Value-chain

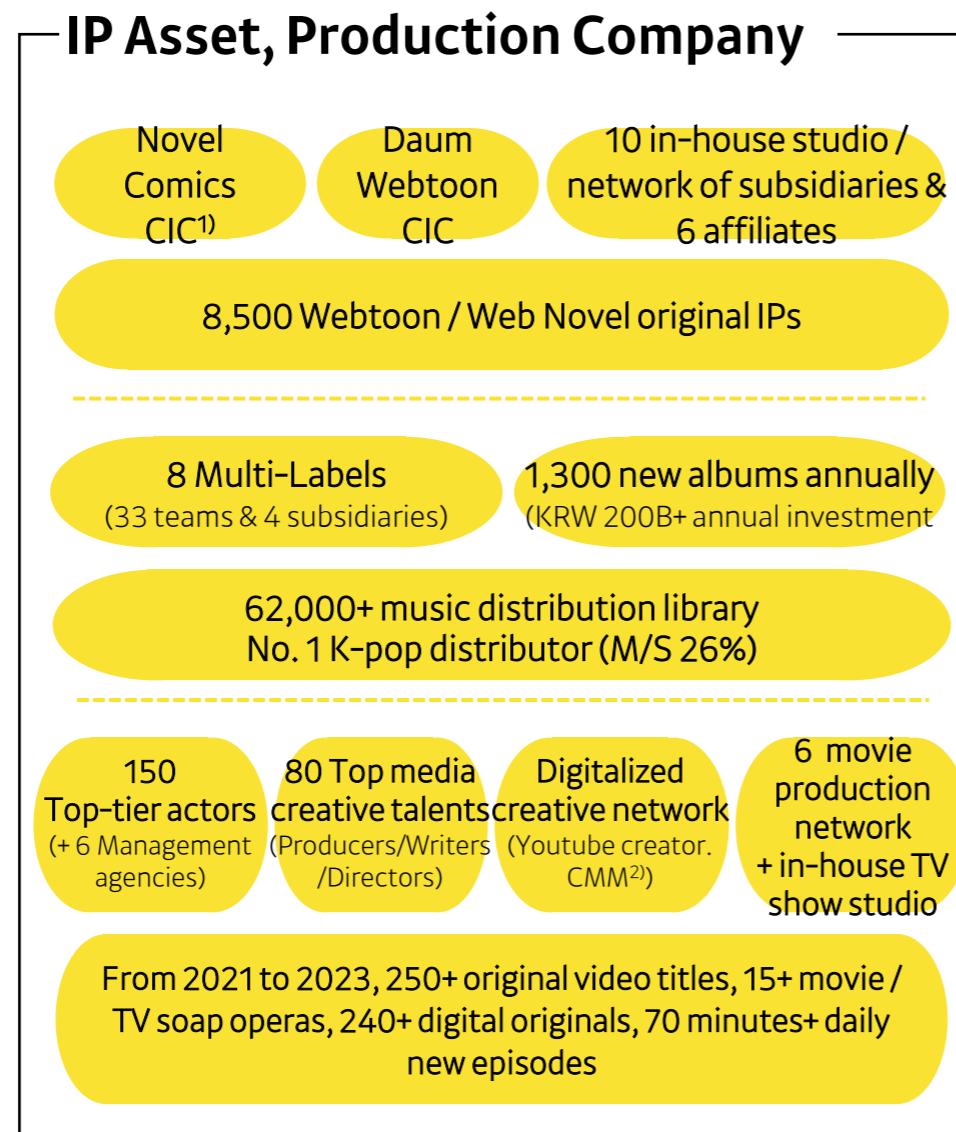
Subsidiary/In-house

Affiliate/Outsourcing

## Platform Network (13)

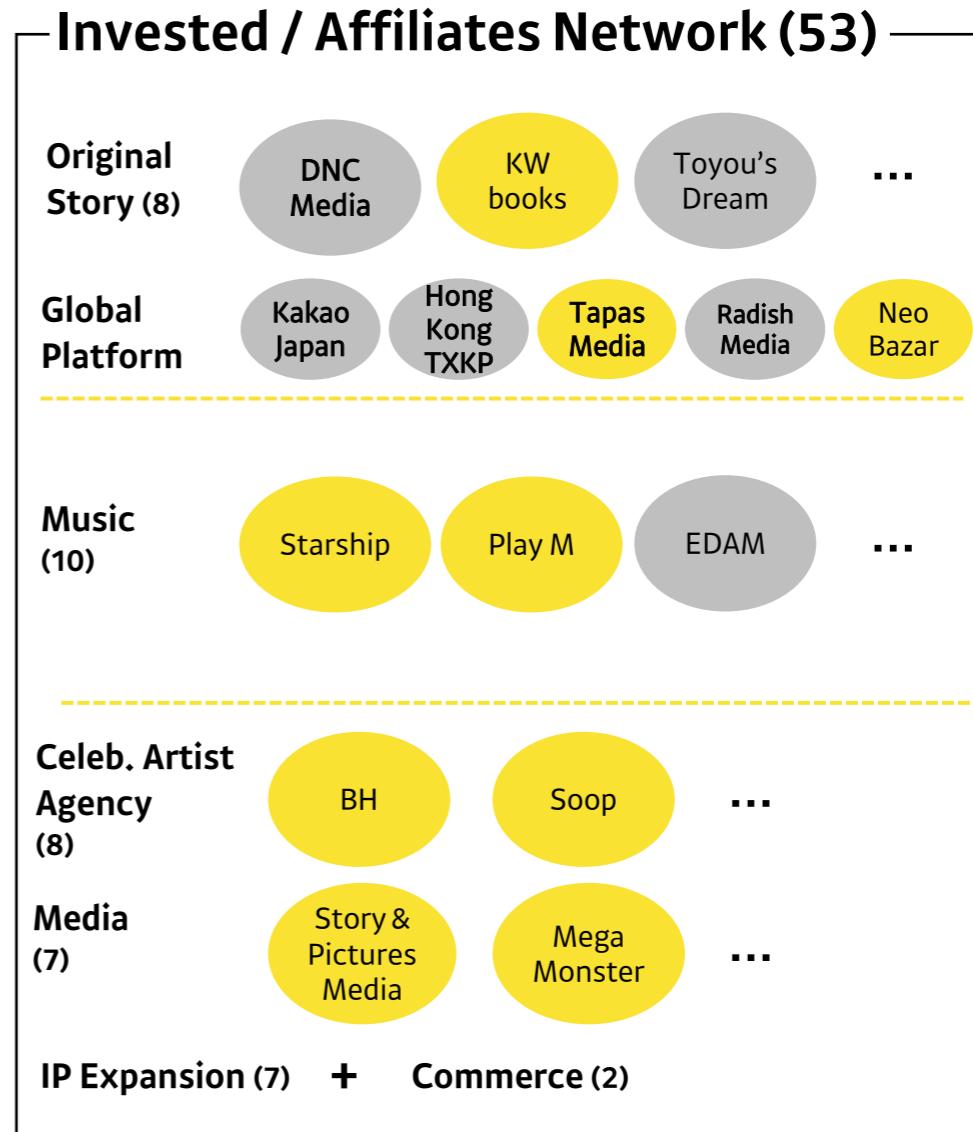


## Original Story



## Music

## Media



1) CIC : Company in Company

2) CMM : Celebrity-owned Media Management

# Earnings Summary - 2020 Q4

(in billion KRW)

	4Q19	3Q20	4Q20	Change	
				YoY	QoQ
Total Revenue	847.6	952.8	1,235.1	46%	12%
Platform	444.1	492.7	657.0	48%	18%
Talk Biz	221.6	248.4	360.3	63%	27%
Portal Biz	134.2	117.5	122.7	-9%	1%
New Biz	88.3	126.8	174.0	97%	17%
Content	403.5	460.2	578.1	43%	6%
Game	105.9	107.5	140.8	33%	-6%
Music	153.3	151.0	155.1	1%	-0%
Paid Content	49.2	119.0	163.6	233%	10%
IP Business and Others	95.1	82.7	118.6	25%	30%
Operating Expenses	768.0	855.1	1,085.3	41%	11%
Operating Profit	79.6	97.8	149.8	88%	25%
Margin (%)	9.4%	10.3%	12.1%	2.7%pt	1.2%pt
Net Profit	-441.9	145.2	-201.8	-	Turn-to-Loss
Controlling Interests	-423.0	139.8	-195.1	-	Turn-to-Loss
Non-controlling Interests	-18.9	5.5	-6.6	-	Turn-to-Loss

# Earnings Summary - 2020 Annual

(in billion KRW)

	2018	2019	2020	YoY
Total Revenue	2,417.0	3,070.1	4,156.7	+35%
Platform	1,039.3	1,434.7	2,145.9	+50%
Talk Biz	421.1	649.8	1,117.8	+72%
Portal Biz	495.4	523.6	477.9	-9%
New Biz	122.7	261.3	550.1	111%
Content	1,377.7	1,635.4	2,010.8	23%
Game	417.0	397.4	495.5	25%
Music	532.9	586.6	612.6	4%
Paid Content	218.4	297.2	528.0	78%
IP Business and Others	209.5	354.1	374.7	6%
Operating Expenses	2,344.0	2,863.3	3,700.7	29%
Operating Profit	72.9	206.8	456.0	121%
Margin (%)	3.0%	6.7%	11.0%	+4.3%pt
Net Profit	15.9	-341.9	167.1	Turn-to-Profit
Controlling Interests	47.9	-301.0	149.6	Turn-to-Profit
Non-controlling Interests	-32.0	-40.9	17.5	Turn-to-Profit

# Operating Expenses - 2020 Q4

(in billion KRW)

	4Q19	3Q20	4Q20	Change	
	YoY	QoQ			
Operating Expenses	768.0	980.2	1,085.2	41%	11%
Labor Cost	205.0	239.3	265.5	30%	11%
Cost of Revenue	340.4	463.7	491.6	44%	6%
Outsourcing / Infrastructure	106.6	113.9	145.1	36%	27%
Marketing Expense	41.5	76.3	87.5	111%	15%
Depreciation and Amortization Cost	56.4	66.8	78.2	39%	17%
Misc.	18.1	20.3	17.4	-4%	-14%

# Operating Expenses - 2020 Annual

(in billion KRW)

	2018	2019	2020	YoY
Operating Expenses	2,344.0	2,863.3	3,700.7	29%
Labor Cost	541.9	701.5	919.9	31%
Cost of Revenue	1,079.5	1,368.0	1,746.4	28%
Outsourcing / Infrastructure	314.4	360.1	457.7	27%
Marketing Expense	187.3	151.2	232.3	54%
Depreciation and Amortization Cost	138.1	220.6	265.3	20%
Misc.	82.9	61.8	79.1	28%

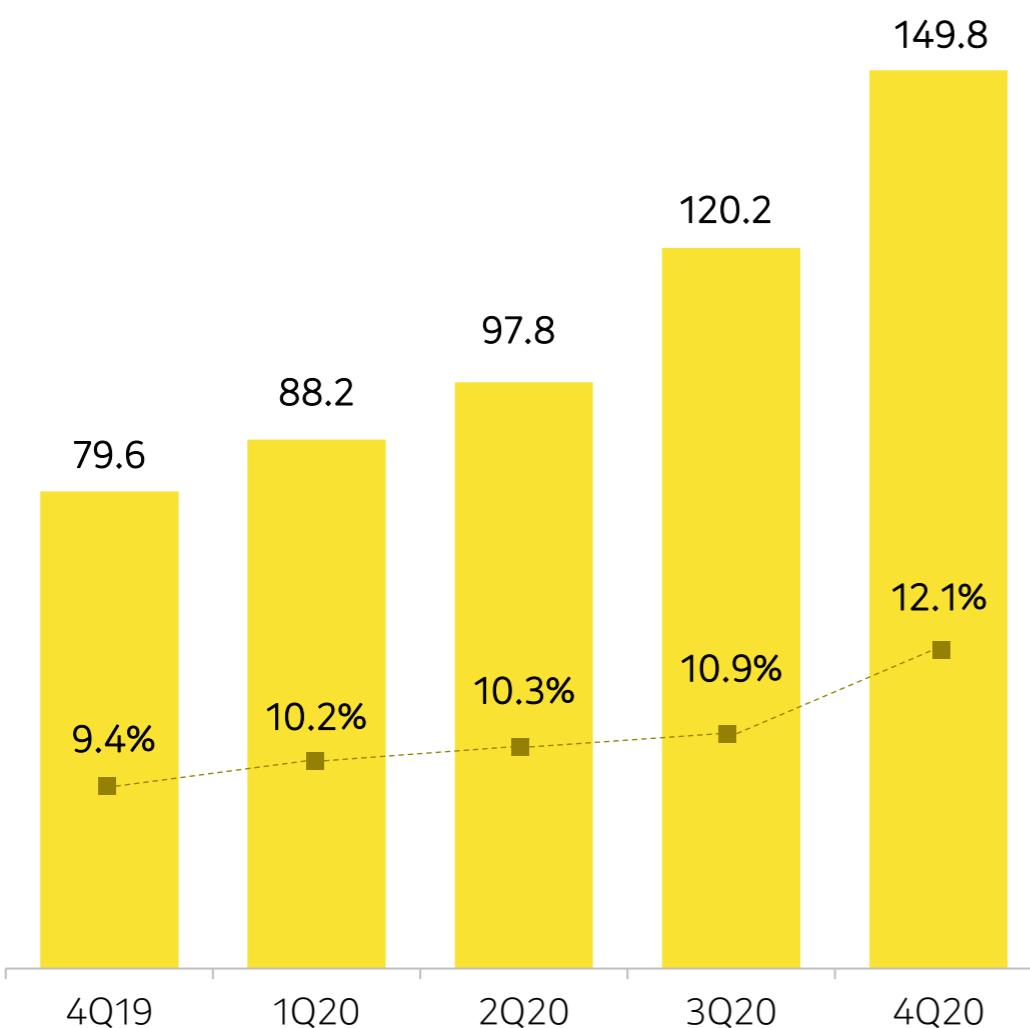
# Profits

Operating Profit YoY +88% / QoQ +25%

Net Loss

## Operating Profit(M)

(in billion KRW)

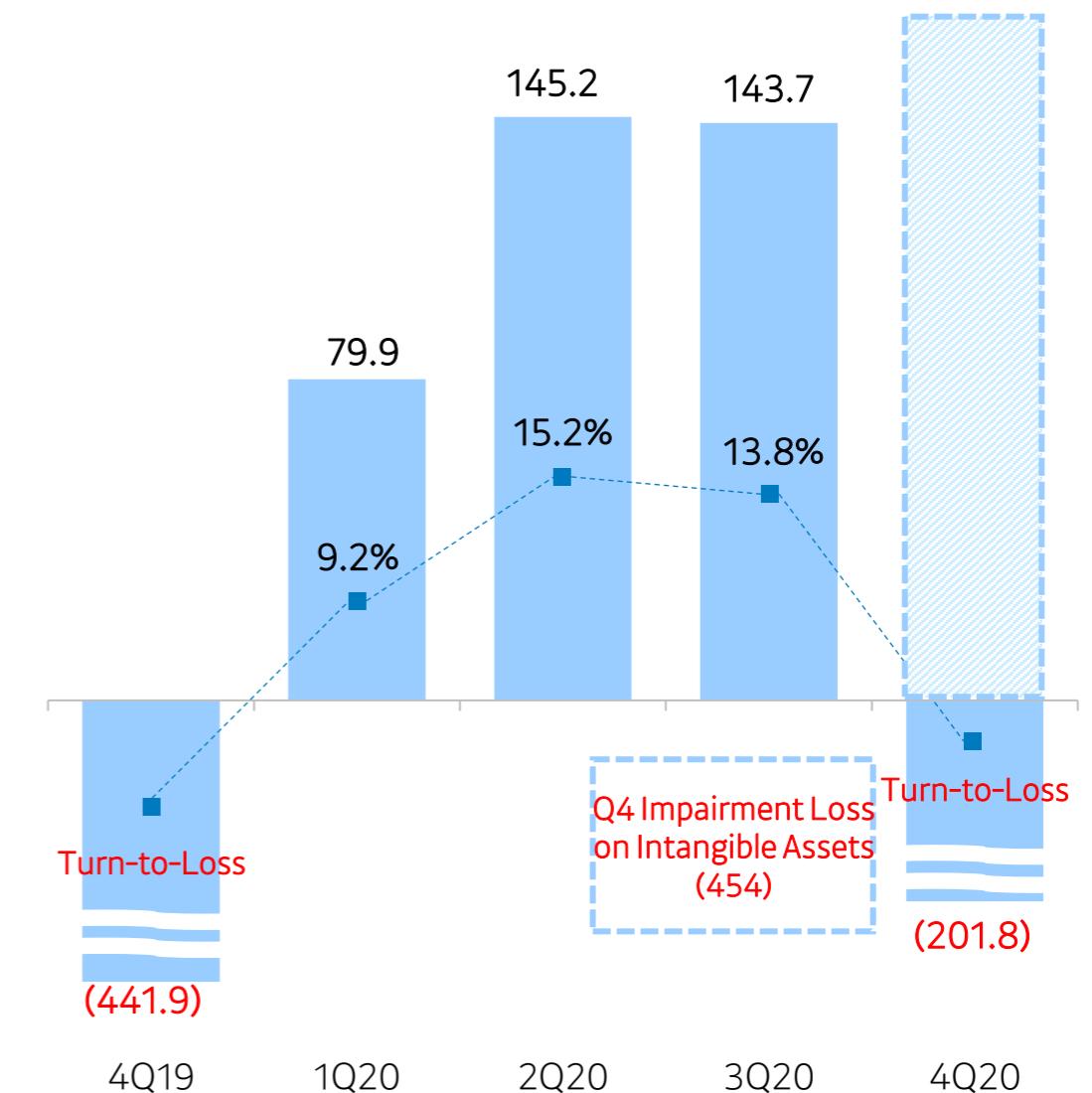


OP growth led by solid top-line growth of core biz and bottom-line improvement of new biz

Net loss booked, despite substantial OP improvement, due to KRW 454B of impairment loss on intangible assets

## Net Profit(M)

(in billion KRW)

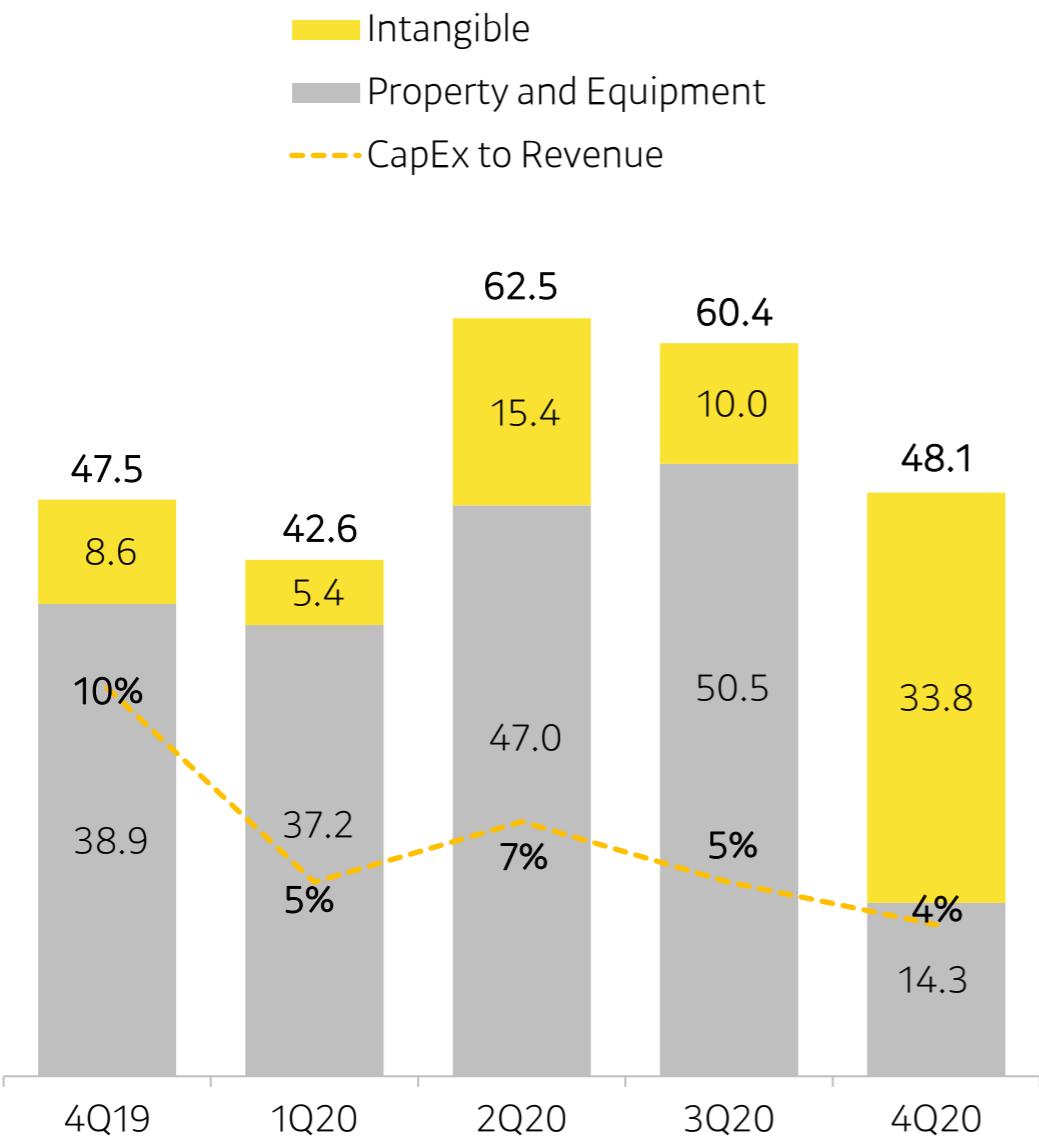


# CapEx / Employees

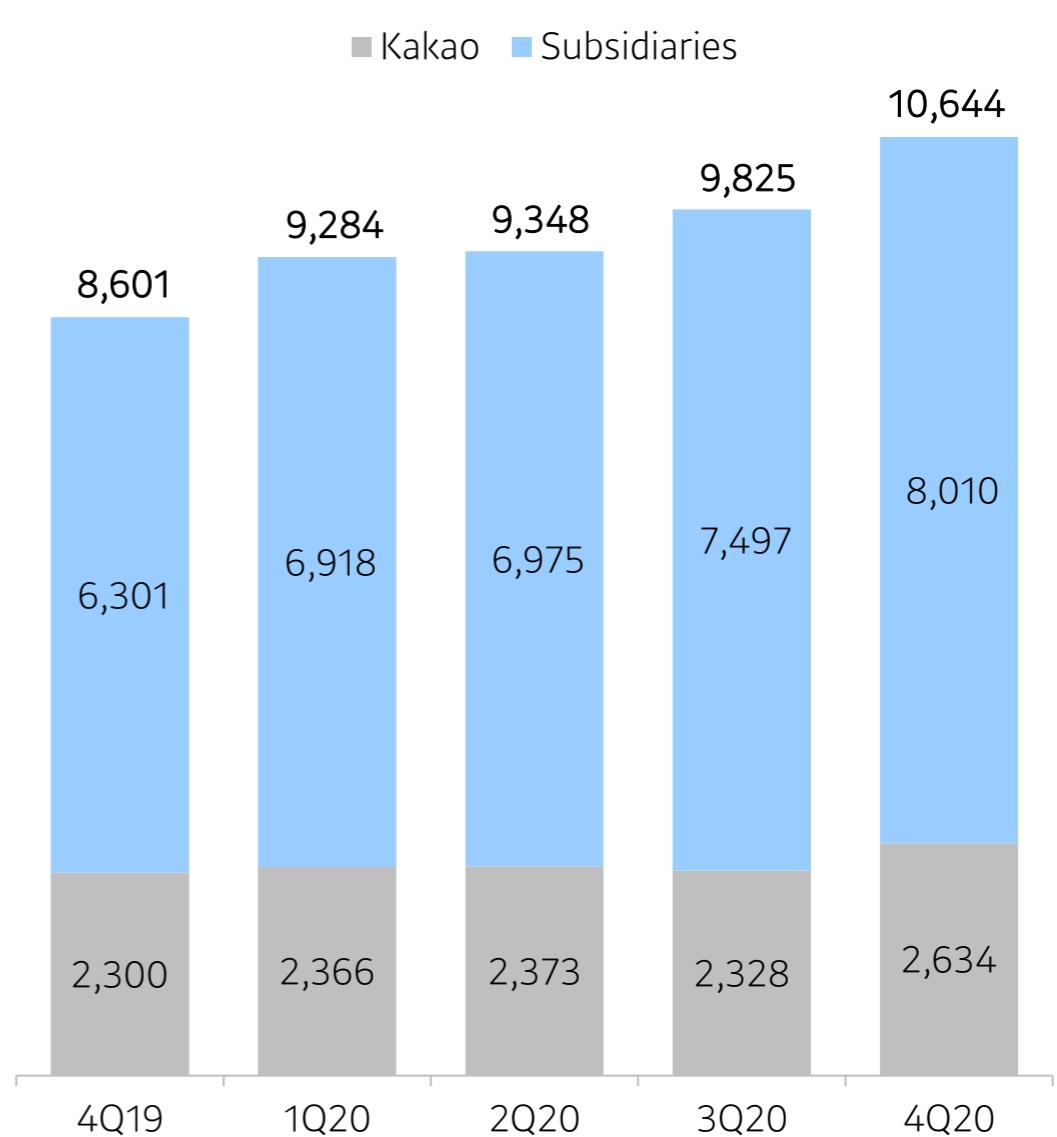
CapEx YoY +1% / QoQ -20%

Employees YoY +2,043 / QoQ +819

**CapEx** (in billion KRW)



**Employees** (# of people)



# Financial Statements Summary - Consolidated

Consolidated Income Statement					
(in billion KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
<b>Total Revenue</b>	<b>847.6</b>	<b>868.4</b>	<b>952.9</b>	<b>1,100.4</b>	<b>1,235.1</b>
Platform	444.1	441.8	492.7	554.4	657.0
Talk Biz	221.6	224.7	248.4	284.4	360.3
Portal Biz	134.2	116.6	117.5	121.2	122.7
New Biz	88.3	100.5	126.8	148.8	174.0
Content	403.5	426.6	460.2	546.0	578.1
Game	105.9	96.8	107.5	150.4	140.8
Music	153.3	150.7	151.0	155.7	155.1
Paid Content	49.2	97.0	119.0	148.4	163.6
IP Business and Others	95.1	81.9	82.7	91.5	118.6
<b>Operating Expenses</b>	<b>768.0</b>	<b>780.2</b>	<b>855.1</b>	<b>980.2</b>	<b>1,085.2</b>
Labor Cost	205.0	198.7	216.5	239.2	265.5
Cost of Revenue	340.4	381.7	409.5	463.7	491.6
Outsourcing / Infrastructure	106.6	92.1	106.6	113.9	145.1
Marketing Expense	41.5	29.9	38.5	76.3	87.5
Depreciation and Amortization Cost	56.4	58.7	61.6	66.8	78.2
Misc.	18.1	19.1	22.3	20.3	17.4
<b>Operating Profit</b>	<b>79.6</b>	<b>88.2</b>	<b>97.8</b>	<b>120.2</b>	<b>149.8</b>
Margin (%)	9.4%	10.2%	10.3%	10.9%	12.1%
Other Non-Operating Income	21.4	21.7	100.7	48.0	180.5
Other Non-Operating Expenses	482.2	9.5	14.6	17.6	493.2
Financial Income	4.2	36.8	21.3	29.2	98.6
Financial Expenses	15.1	15.9	2.0	4.0	35.2
Equity-method Income	-25.0	5.3	0.8	3.8	-2.3
<b>Profit before Income Tax</b>	<b>-417.2</b>	<b>126.6</b>	<b>204.1</b>	<b>179.6</b>	<b>-101.8</b>
Income Tax	24.8	46.7	58.9	35.9	100.0
<b>Net Profit</b>	<b>-441.9</b>	<b>79.9</b>	<b>145.2</b>	<b>143.7</b>	<b>-201.8</b>
Controlling Interests	-423.0	77.5	139.8	127.5	-195.1
Non-controlling Interests	-18.9	2.4	5.5	16.2	-6.6
EBITDAR <sup>1)</sup>	137.5	147.8	159.1	185.2	226.3

1) EBITDAR: Rental expenses are included in lease amortization from Q1 2019 (EBITDA till FY2018)

Consolidated Statement of Financial Position			
(in billion KRW)	2018.12.31	2019.12.31	2020.12.31
Current Assets	2,859.0	2,829.7	4,465.9
Cash and Cash Equivalents	1,247.0	1,918.2	2,877.5
S-T Financial Instruments	924.2	207.8	694.1
Account Receivable	193.7	157.2	247.3
Other Current Financial Assets	207.7	252.5	227.6
Other Current Assets	286.4	294.0	419.5
Non-Current Assets	5,100.6	5,907.6	6,942.1
Investments in Associates and Joint Ventures	305.2	978.9	1,499.4
Tangible Assets	314.8	349.8	424.1
Intangible Assets	3,865.3	3,548.4	3,350.5
Other Non-current Assets	615.3	1,030.4	1,668.1
Finance Assets	-	-	503.7
<b>Total Assets</b>	<b>7,959.5</b>	<b>8,737.3</b>	<b>11,911.6</b>
Current Liabilities	2,039.2	2,433.3	2,901.3
Account Payable and Other payable	460.8	578.6	821.1
Short-term Borrowings	609.5	448.6	177.2
Income Tax Payable	71.0	68.3	110.5
Other Current Liabilities	897.9	1,337.8	1,792.4
Non-Current Liabilities	293.2	563.8	1,180.2
Non-Current Finance Lease Obligations	0	72.3	273.6
Deferred Income Tax Liabilities	151.2	141.1	246.8
Other Non-Current Liabilities	142.0	350.5	659.8
Finance Assets	-	-	416.4
<b>Total Liabilities</b>	<b>2,332.4</b>	<b>2,997.1</b>	<b>4,497.8</b>
Paid-in Capital	41.7	43.2	44.3
Capital Surplus	4,647.5	5,043.2	5,836.8
Other Accumulated Earnings	1.5	7.2	18.6
Accumulated Other Comprehensive Income	-7.3	-16.4	75.3
Retained Earnings	453.4	148.2	310.3
Minority Interest	490.3	514.8	1,128.5
<b>Total Equity</b>	<b>5,627.2</b>	<b>5,740.1</b>	<b>7,413.8</b>
<b>Total Liabilities &amp; Equity</b>	<b>7,959.5</b>	<b>8,737.3</b>	<b>11,911.6</b>

# Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	4Q19	1Q20	2Q20	3Q20	4Q20
<b>Total Revenue</b>	431.5	406.6	415.1	449.5	508.0
<b>Operating Expenses</b>	365.0	341.2	359.4	377.1	401.5
Labor Cost	85.1	68.7	71.8	81.6	85.8
Cost of Revenue	188.7	191.8	200.2	211.3	210.2
Outsourcing / Infrastructure	43.0	42.7	50.0	43.1	55.8
Marketing Expense	14.3	3.1	4.0	5.0	7.5
Depreciation and Amortization Cost	29.1	30.8	28.5	30.8	37.6
Misc.	4.8	4.2	4.8	5.3	4.7
<b>Operating Profit</b>	66.5	65.4	55.7	72.4	106.5
<i>Margin (%)</i>	15.4%	16.1%	13.4%	16.1%	21.0%
Other Non-Operating Income	4.7	2.0	1.1	21.3	23.1
Other Non-Operating Expenses	440.6	10.1	9.1	5.1	381.3
Financial Income	-2.2	29.5	5.1	2.8	13.6
Financial Expenses	8.9	3.4	2.4	1.5	16.2
<b>Profit before Income Tax</b>	-380.5	83.4	50.4	90.0	-254.3
Income Tax	-7.3	27.7	16.3	12.9	27.5
<b>Net Profit</b>	-373.2	55.7	34.1	77.1	-281.8
EBITDAR <sup>1)</sup>	97.4	97.1	84.4	103.1	144.5

Statement of Financial Position			
(in billion KRW)	2018.12.31	2019.12.31	2020.12.31
Current Assets	1,261.5	1,014.0	1,782.4
Cash and Cash Equivalents	250.9	647.1	1,356.9
S-T Financial Instruments	601.7	15.6	65.5
Account Receivable	71.3	95.0	120.5
Other Current Assets	337.5	256.3	239.5
Non-Current Assets	4,941.4	5,470.3	5,537.9
Investments in Associates, Subsidiaries and Joint Ventures	1,496.5	2,212.4	2,391.8
Tangible Assets	236.0	248.3	272.1
Intangible Assets	2,875.5	2,458.6	2,106.2
Other Non-current Assets	333.3	551.1	767.8
<b>Total Assets</b>	<b>6,202.8</b>	<b>6,484.4</b>	<b>7,320.3</b>
Current Liabilities	1,250.7	1,371.0	1,406.5
Account Payable and Other payable	404.8	686.7	1,020.9
Short-term Borrowings	564.9	429.1	58.0
Income Tax Payable	59.2	38.1	49.6
Other Current Liabilities	221.8	217.1	278.1
Non-Current Liabilities	200.8	255.1	596.7
Non-Current Finance Lease Obligations	0	88.6	121.9
Deferred Income Tax Liabilities	126.4	88.0	106.4
Other Non-Current Liabilities	74.4	78.4	368.3
<b>Total Liabilities</b>	<b>1,451.5</b>	<b>1,626.1</b>	<b>2,003.2</b>
Paid-in Capital	41.7	43.2	44.3
Capital Surplus	4,096.2	4,462.3	4,986.9
Other Accumulated Earnings	35.5	41.3	18.6
Accumulated Other Comprehensive Income	-1.6	-2.9	55.2
Retained Earnings	579.4	314.5	212.1
<b>Total Equity</b>	<b>4,751.3</b>	<b>4,858.3</b>	<b>5,317.1</b>
<b>Total Liabilities &amp; Equity</b>	<b>6,202.8</b>	<b>6,484.4</b>	<b>7,320.3</b>

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

# Thank You

