

# Q3 2021 Earnings Results

2021.11. 4 | Kakao Investor Relations



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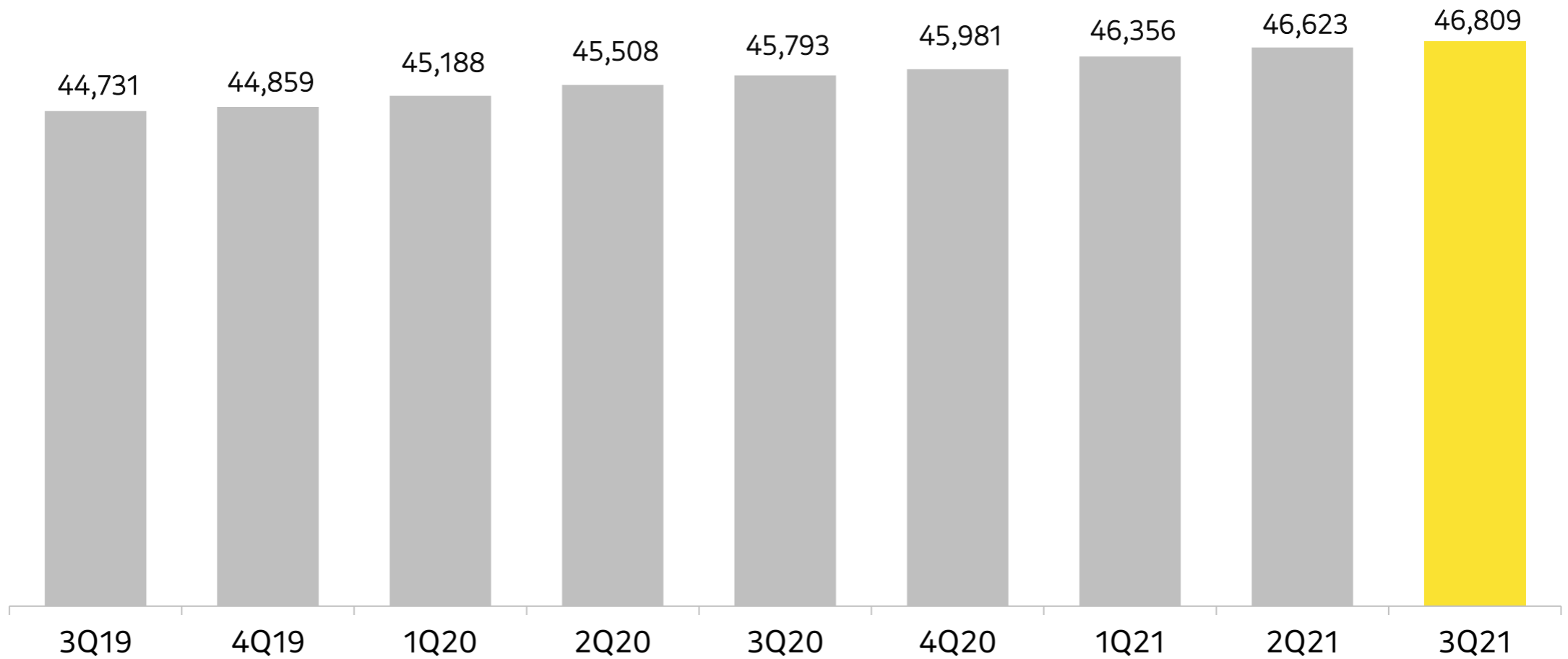
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# KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +1M YoY, +190K QoQ

(in thousands)



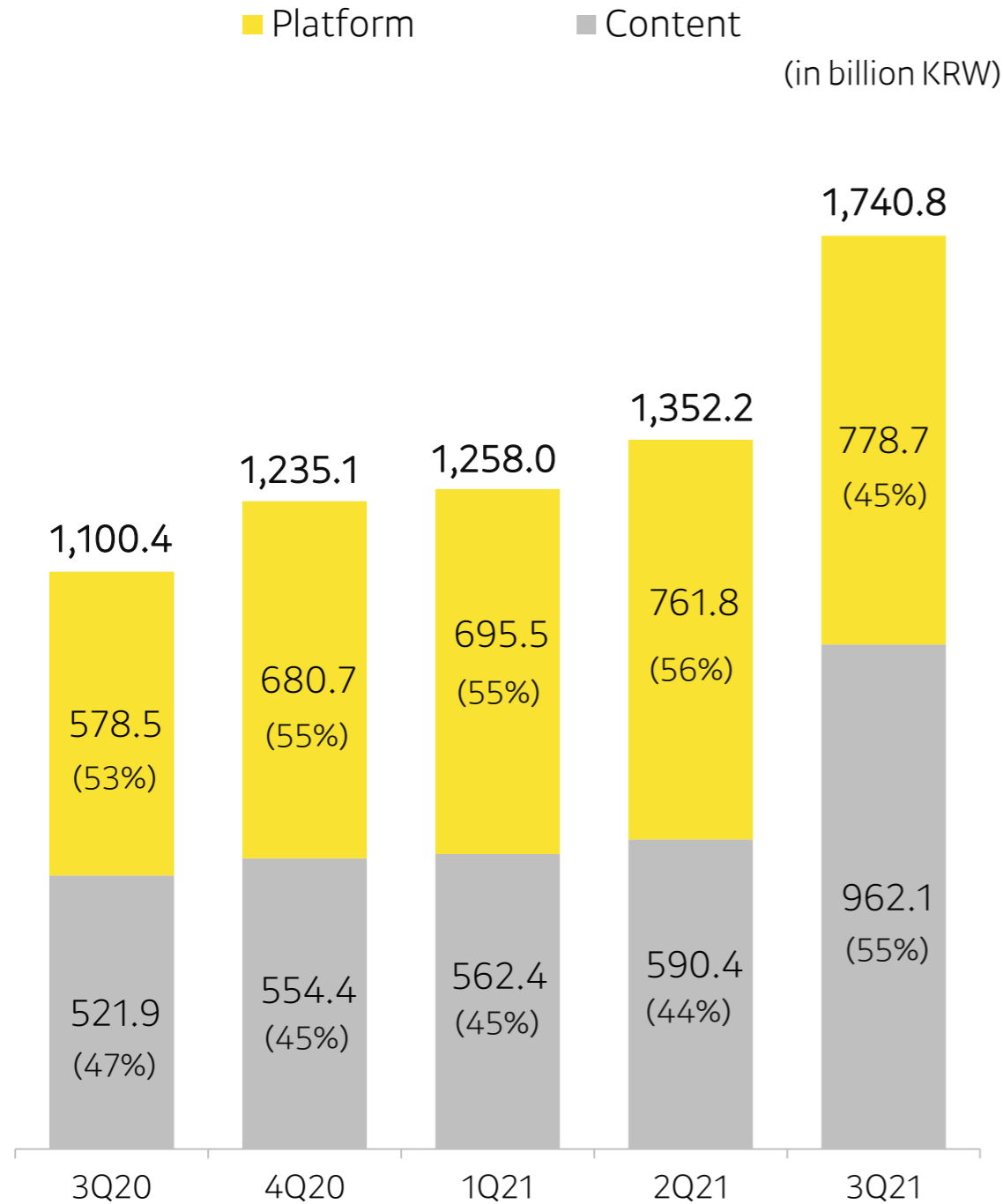
	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Korea	44,731	44,859	45,188	45,508	45,793	45,981	46,356	46,623	46,809
Global	51,374	51,495	51,768	52,133	52,299	52,223	52,976	53,808	54,181

Average of monthly MAUs. Global includes domestic MAUs.

# Revenue

Q3 Revenue YoY +58% / QoQ +29%

Mix - Platform 45% : Content 55%



Revenue Breakdown		
Platform	Talk Biz	Advertisement - 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, Other Subsidiaries, Kakao Friends-Others
	Game	Mobile, PC, Kakao VX
	Music	Melon, Digital Music Distribution, Album Distribution, Music Production
	Story	Entertainment (Page, Kakao Webtoon, IP Distribution)
		Piccoma
Media	Video Production, Talent Agency	

# Platform / Content

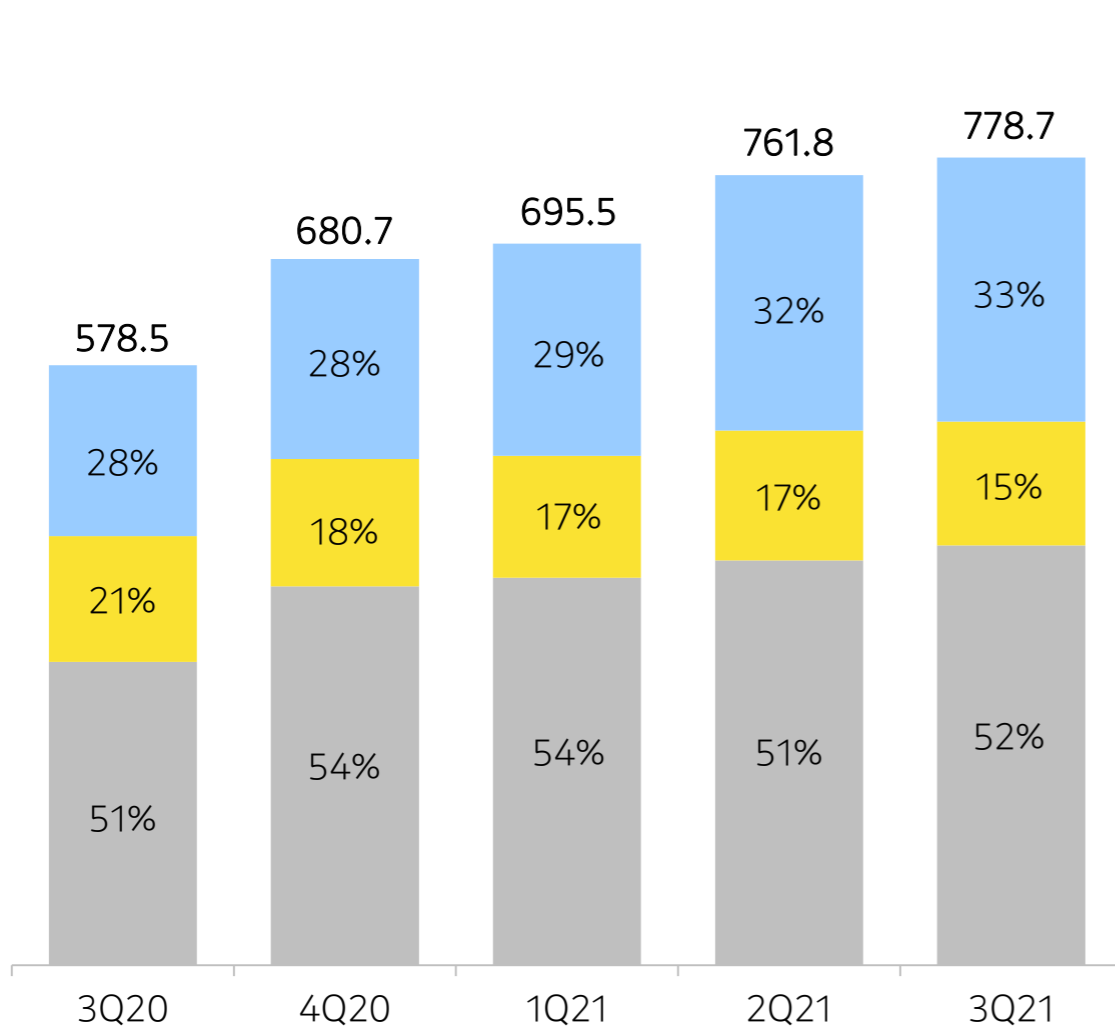
Platform YoY +35% / QoQ +2%

Content YoY +84% / QoQ +63%

## Platform

(in billion KRW)

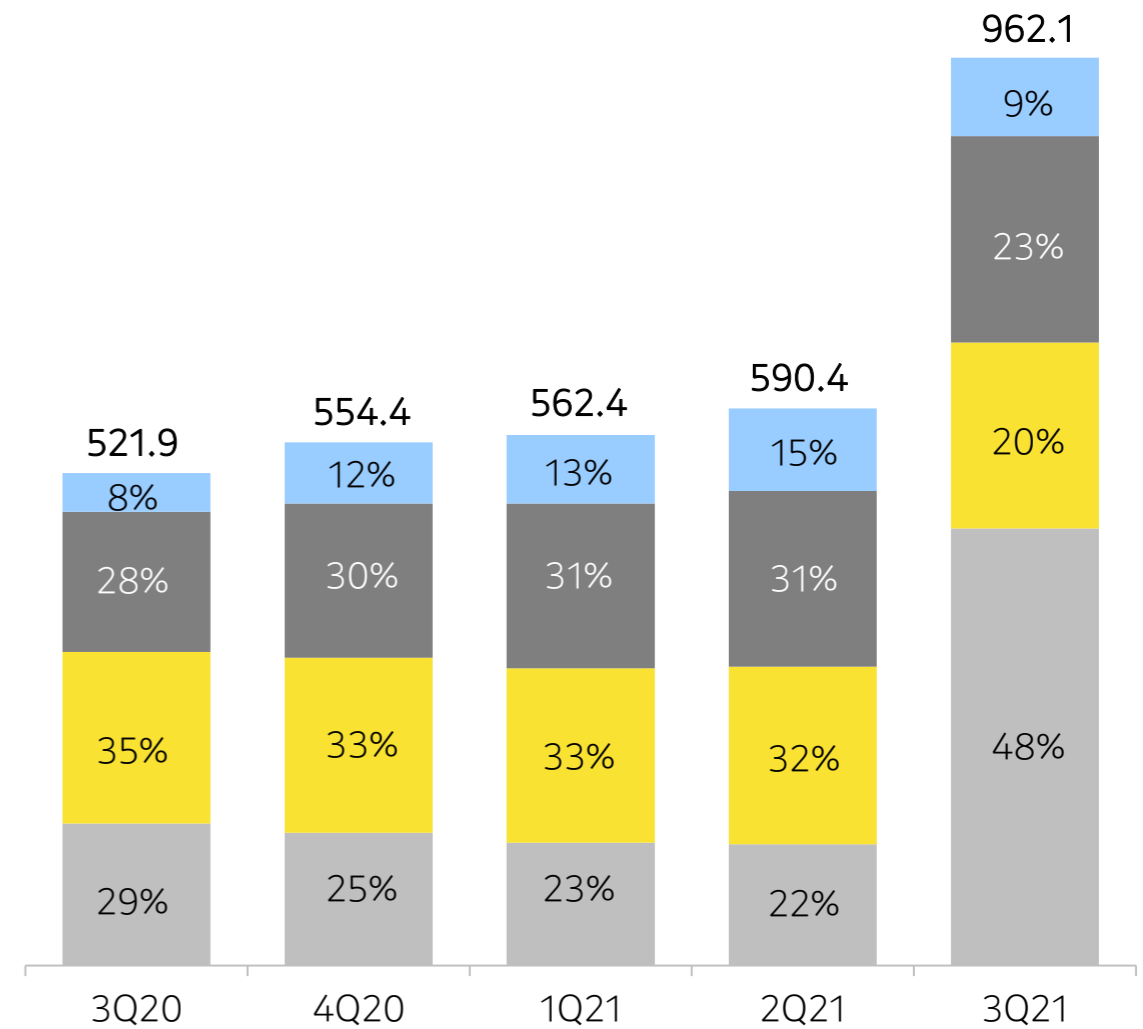
■ Talk biz ■ Portal Biz ■ Platform-Others



## Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media



# Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +38% / QoQ +4%

Portal Biz YoY -2% / QoQ -5%

Others YoY +54% / QoQ +3%

Solid growth thanks to the virtuous cycle inside Talk Ad. ecosystem and commerce GMV surge

Decrease in revenue due to off-seasonality and service termination of few SA products

Mobility's taxi franchise expansion and Pay's payment GMV increase

## Talk Biz

(in billion KRW)

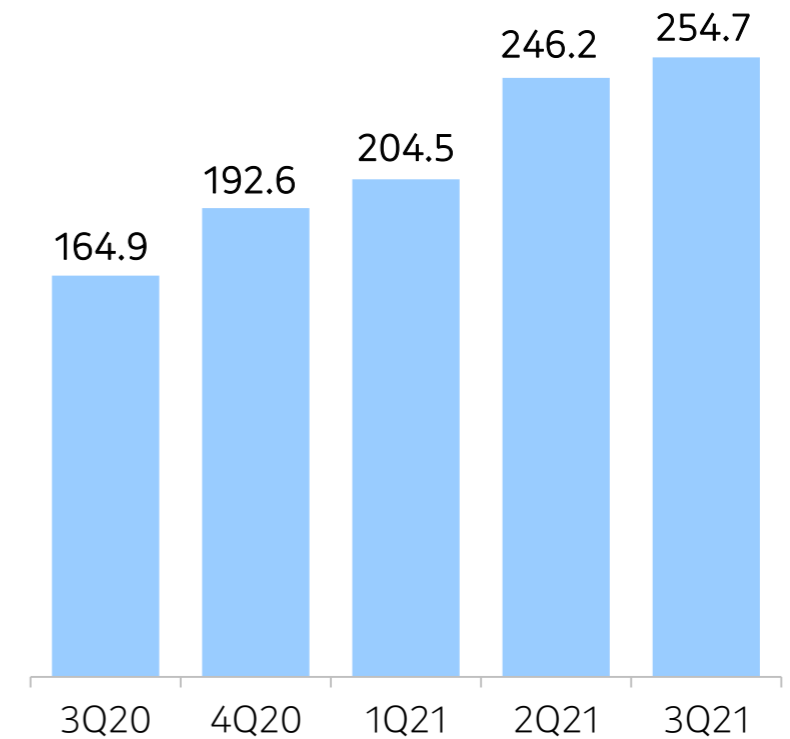
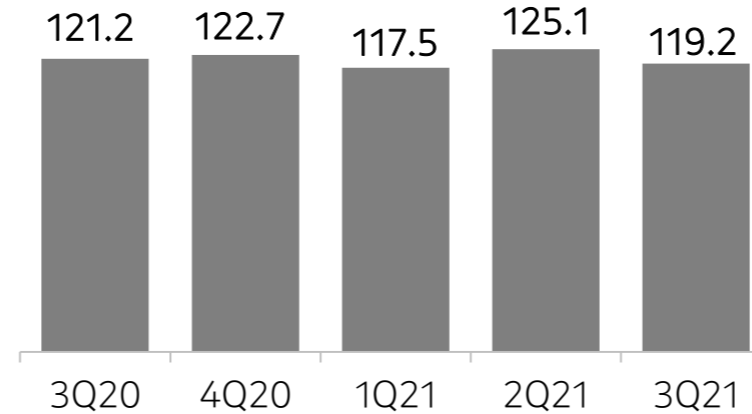
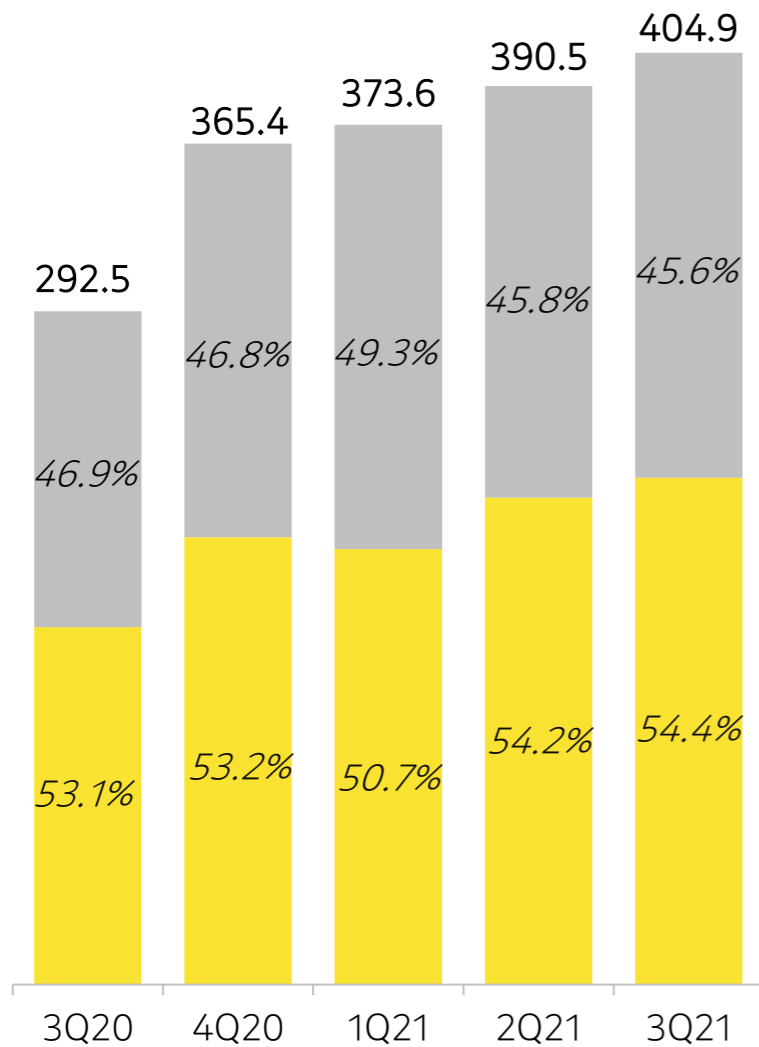
## Portal Biz

(in billion KRW)

## Others

(in billion KRW)

■ Advertisement ■ Commerce



# Content | Game Music

Game YoY +208% / QoQ +260%

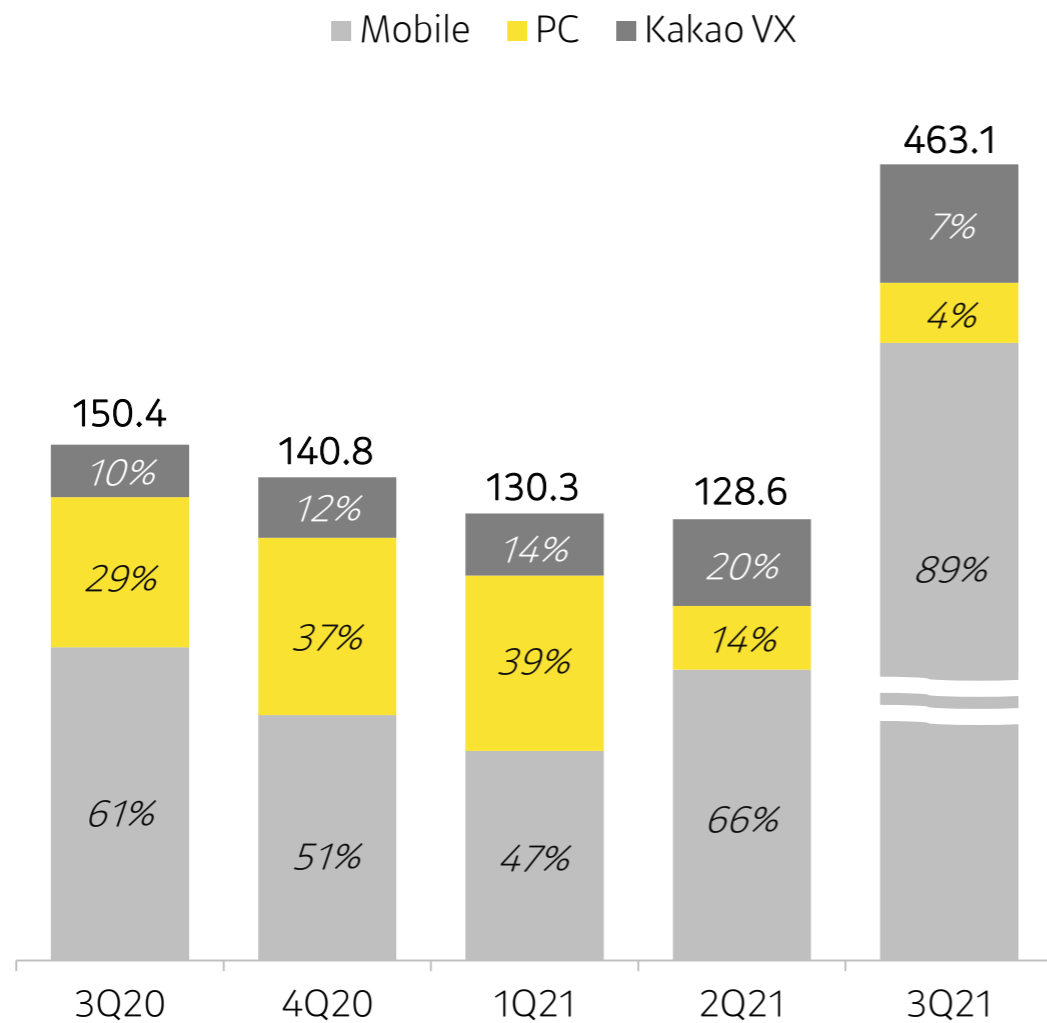
Music YoY +8% / QoQ +5%

Record-high quarterly revenue thanks to Mobile game 'Odin'

Steady revenue coming from Melon, expansion of distribution pipeline

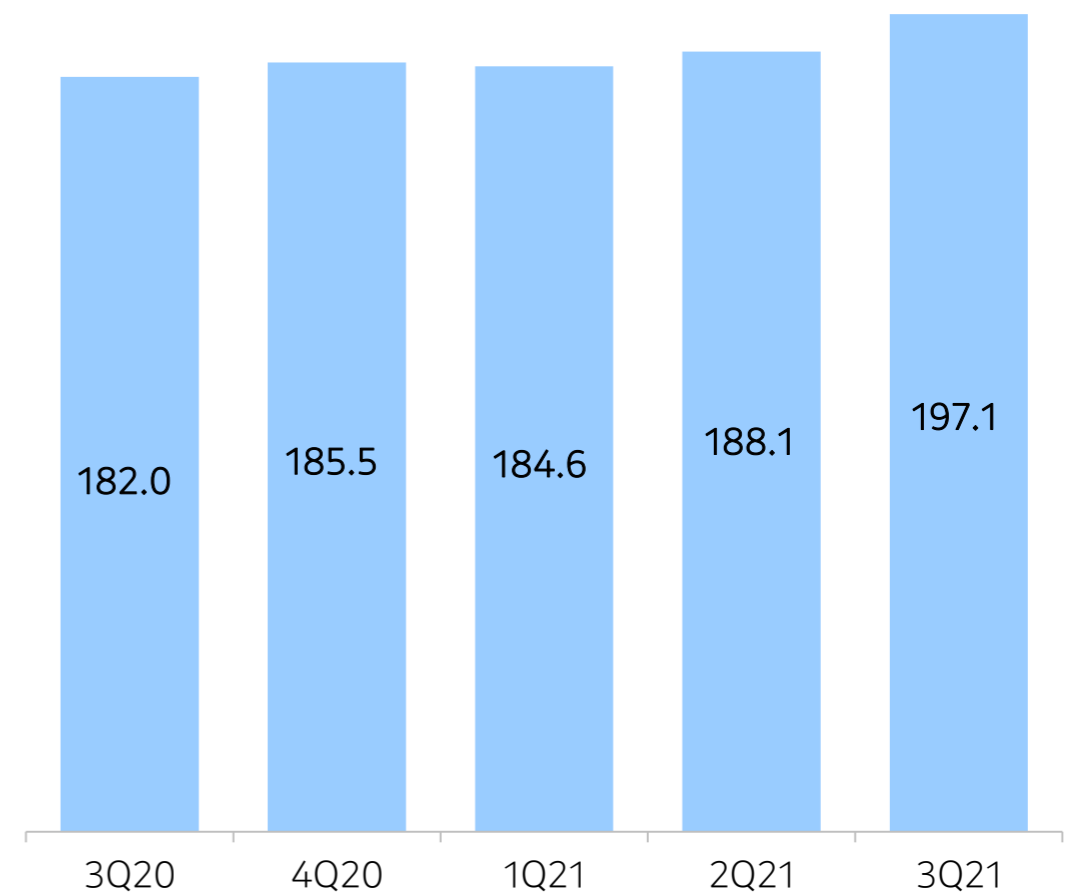
## Game

(in billion KRW)



## Music

(in billion KRW)



# Content | Story Media

Story YoY +47% / QoQ +17%

↳ Entertainment +33% (y) / +20% (q), Piccoma +63% (y) / +15% (q)

Media YoY +102% / QoQ -5%

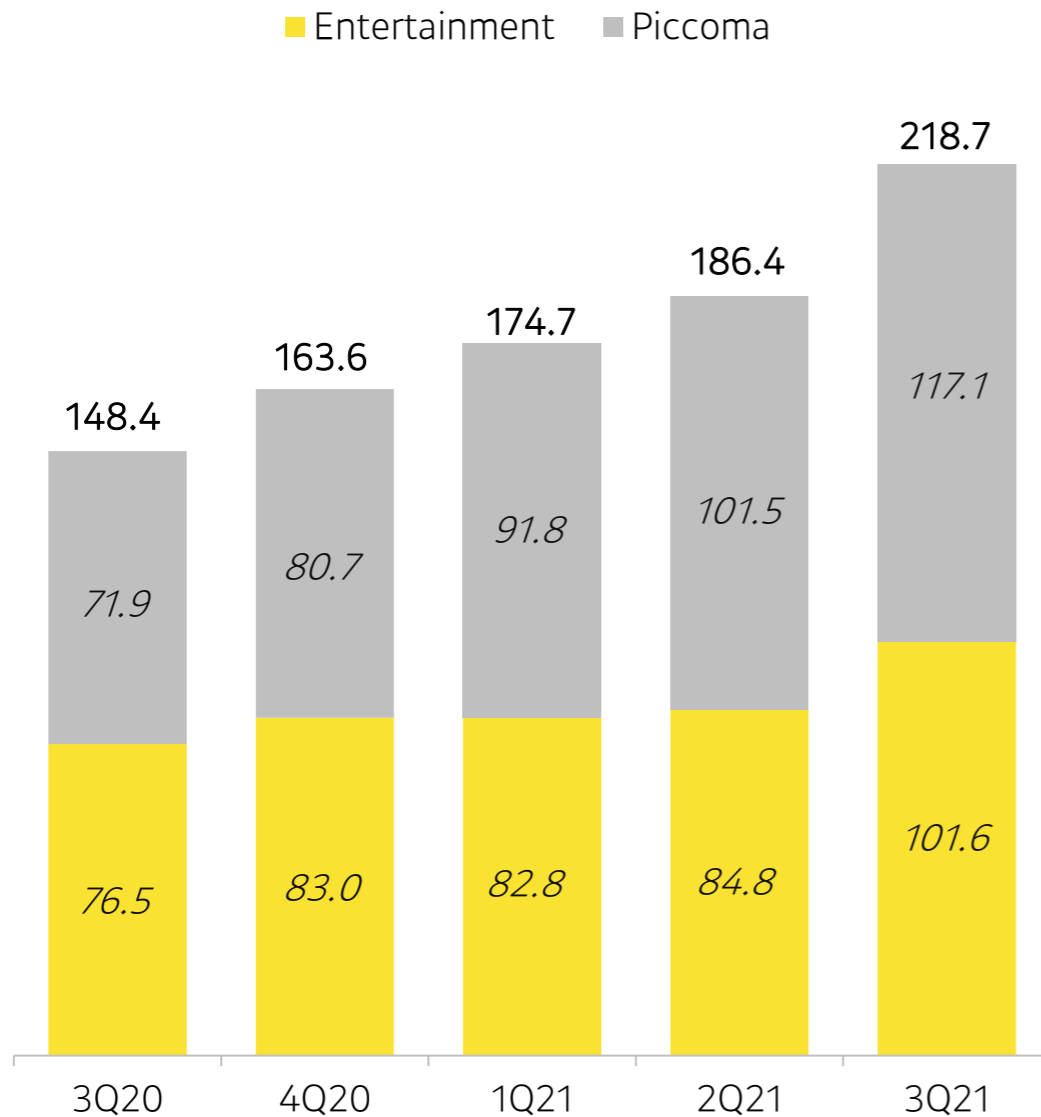
Entertainment - Global network expansion and renewal of domestic Kakao Webtoon

Piccoma - Rapid user base expansion along with the rise in ARPU

Increase in production capability and talent agency contribution

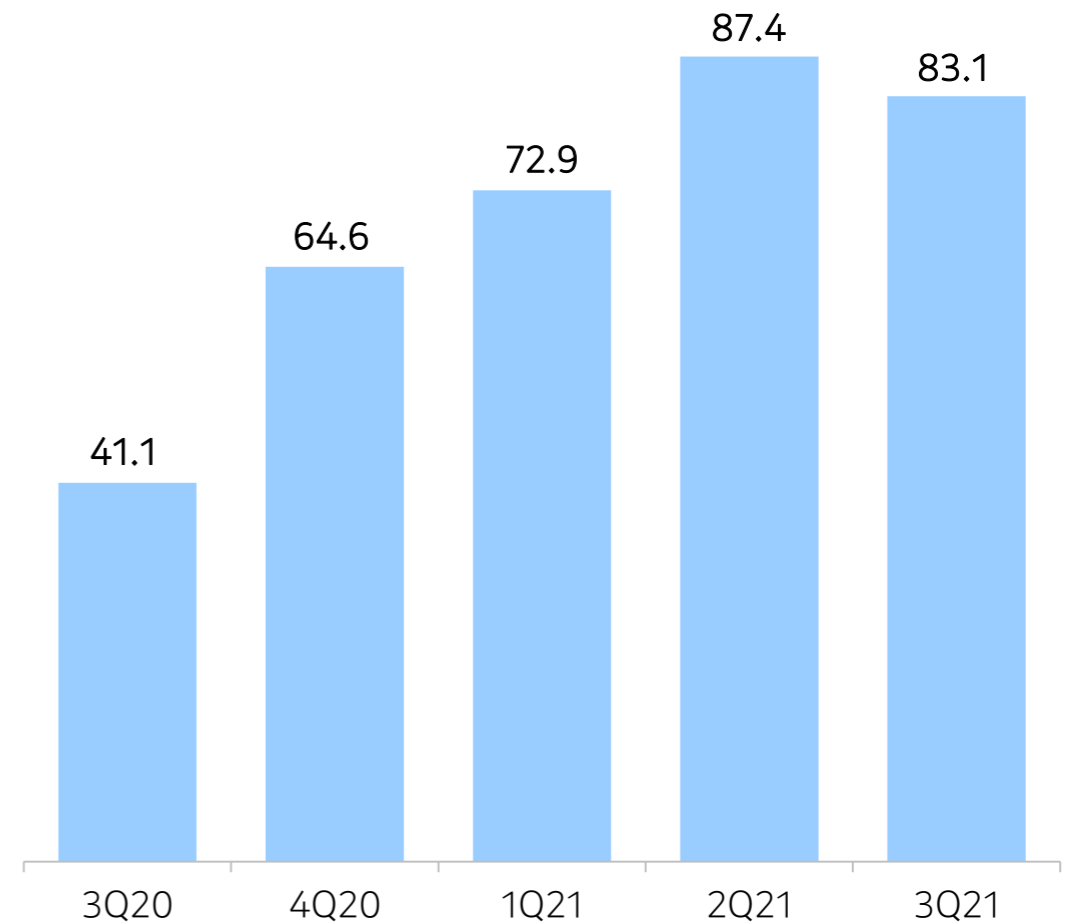
## Story

(in billion KRW)



## Media

(in billion KRW)





# Earnings Summary

(in billion KRW)

	3Q20	2Q21	3Q21	Change	
				YoY	QoQ
Total Revenue	1,100.4	1,352.2	1,740.8	58%	29%
Platform	578.5	761.8	778.7	35%	2%
Talk Biz	292.5	390.5	404.9	38%	4%
Portal Biz	121.2	125.1	119.2	-2%	-5%
Platform - Others	164.9	246.2	254.7	54%	3%
Content	521.9	590.4	962.1	84%	63%
Game	150.4	128.6	463.1	208%	260%
Music	182.0	188.1	197.1	8%	5%
Story	148.4	186.4	218.7	47%	17%
Media	41.1	87.4	83.1	102%	-5%
Operating Expenses	980.2	1,189.6	1,572.6	60%	32%
Operating Profit	120.2	162.6	168.2	40%	3%
<i>Margin (%)</i>	10.9%	12.0%	9.7%	-1.2%pt	-2.3%pt
Net Profit	143.7	315.9	866.3	503%	174%
Controlling Interests	127.5	311.7	779.1	511%	150%
Non-controlling Interests	16.2	4.3	87.2	438%	1,944%

# Operating Expenses

(in billion KRW)

	3Q20	2Q21	3Q21	Change	
				YoY	QoQ
Operating Expenses	980.2	1,189.6	1,572.6	60%	32%
Labor Cost	239.3	301.0	307.2	28%	2%
Cost of Revenue	463.7	530.3	805.8	74%	52%
Outsourcing / Infrastructure	113.9	164.9	197.8	74%	20%
Marketing Expense	76.3	91.1	148.1	94%	62%
Depreciation and Amortization Cost	66.8	78.8	89.1	33%	13%
Misc.	20.3	23.4	24.7	22%	6%

# Profits

Operating Profit YoY +40% / QoQ +3%

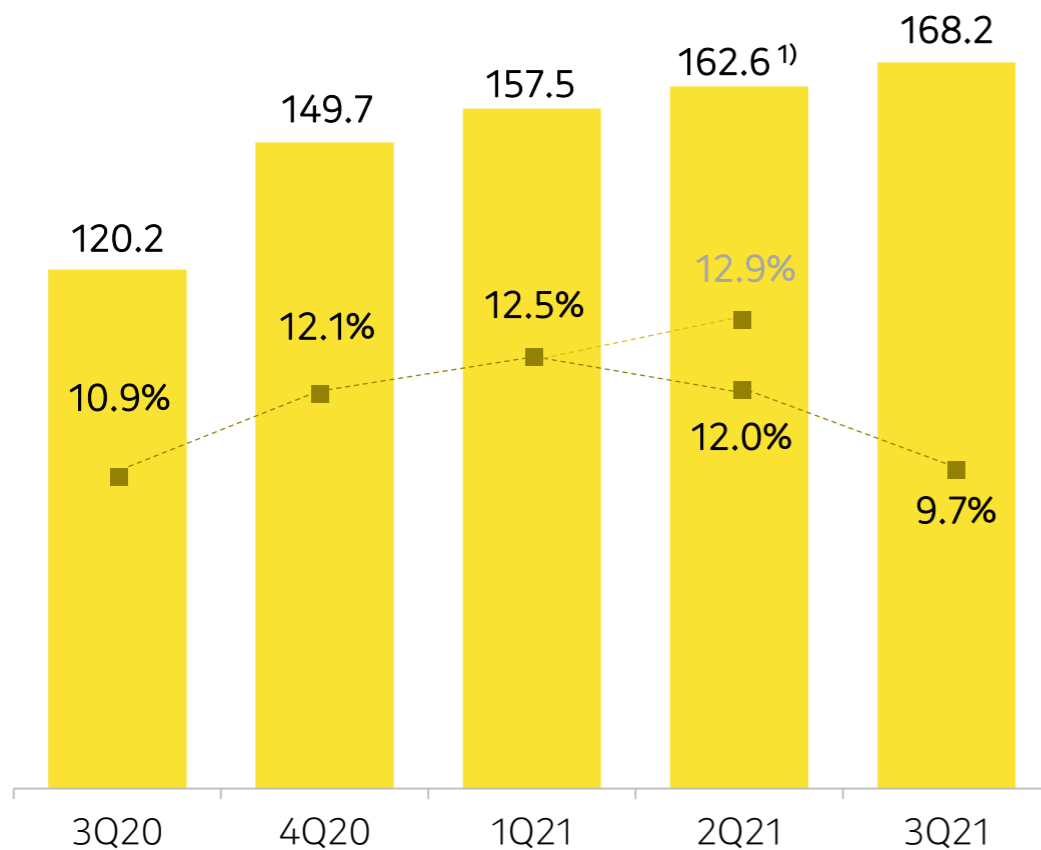
Increase in OP despite active marketing and investing activities thanks to robust revenue stream of core biz and margin improvement of new biz

Net Profit YoY +503% / QoQ +174%

Gain on the disposal of equity investment stake (Kakao Bank's IPO, acquisition of Tapas and Radish) on top of OP improvement

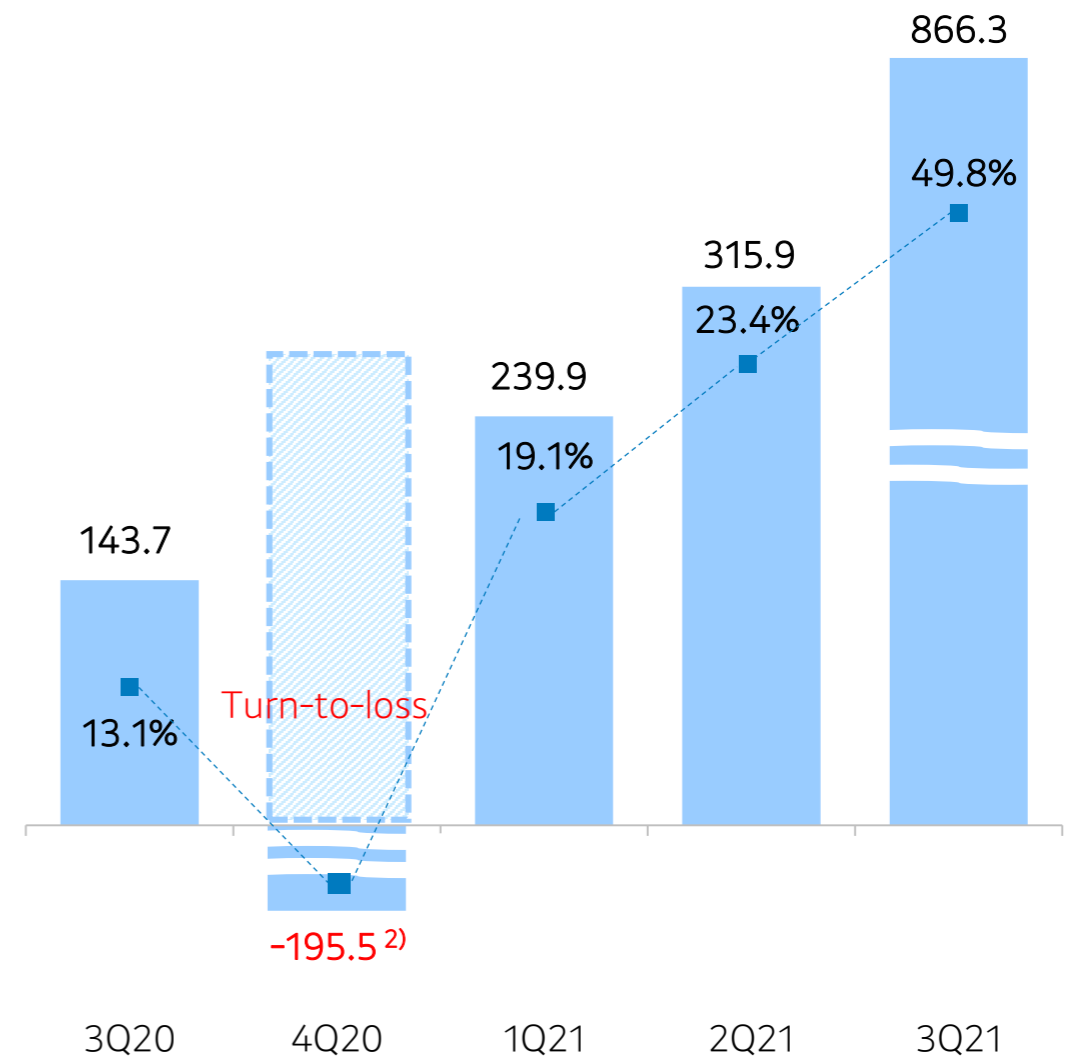
## Operating Profit(M)

(in billion KRW)



## Net Profit(M)

(in billion KRW)



1) 2Q21 One-off Equity Compensation Expense 12.1 billion KRW included  
 2) 4Q20 Impairment Loss on Intangible Assets 454 billion KRW included

# CapEx / Employees

CapEx YoY +15% / QoQ -26%

Employees YoY +3,349 / QoQ +1,038

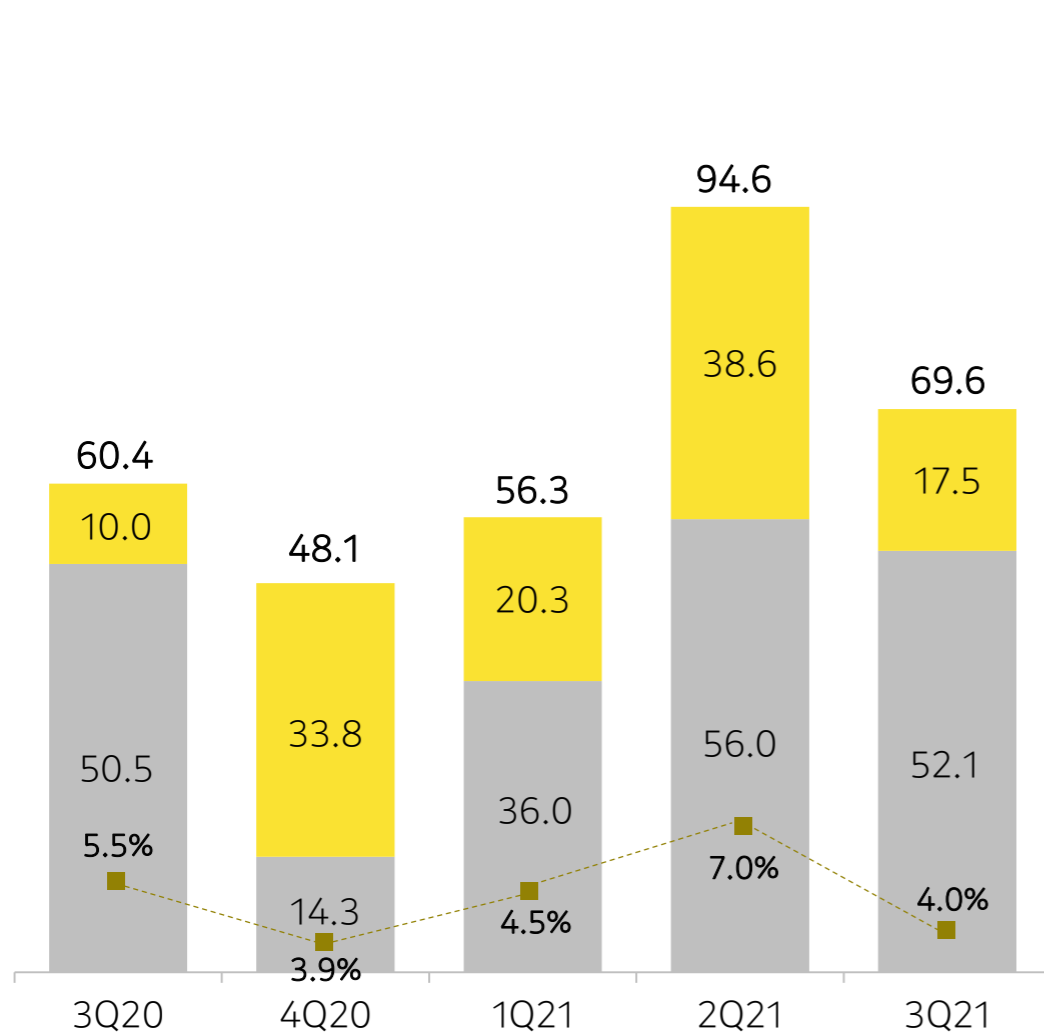
Increase in other intangible asset due to continuous investment in content

Overall increase in headcounts, while Kakao's headcount decreased due to Melon spin-off

## CapEx

(in billion KRW)

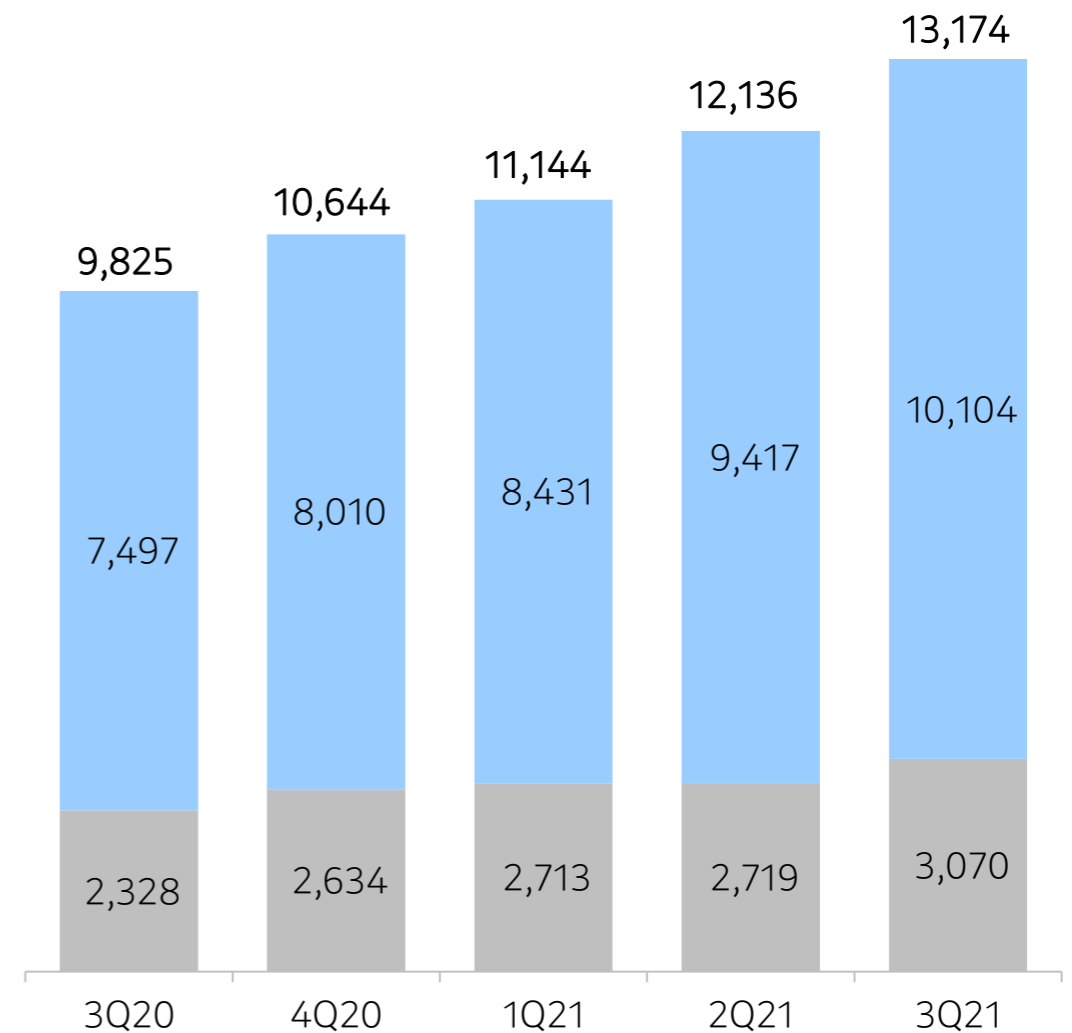
■ PP&E ■ Intangible ■ Capex to Revenue



## Employees

(# of people)

■ Kakao ■ Subsidiaries



# Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Total Revenue</b>	<b>1,100.4</b>	<b>1,235.1</b>	<b>1,258.0</b>	<b>1,352.2</b>	<b>1,740.8</b>
Platform	578.5	680.7	695.5	761.8	778.7
Talk Biz	292.5	365.4	373.6	390.5	404.9
Portal Biz	121.2	122.7	117.5	125.1	119.2
New Biz	164.9	192.6	204.5	246.2	254.7
Content	521.9	554.4	562.4	590.4	962.1
Game	150.4	140.8	130.3	128.6	463.1
Music	182.0	185.5	184.6	188.1	197.1
Paid Content	148.4	163.6	174.7	186.4	218.7
IP Business and Others	41.1	64.6	72.9	87.4	83.1
<b>Operating Expenses</b>	<b>980.2</b>	<b>1,085.5</b>	<b>1,100.4</b>	<b>1,189.6</b>	<b>1,572.6</b>
Labor Cost	239.3	265.7	292.9	301.0	307.2
Cost of Revenue	463.7	491.5	493.0	530.3	805.8
Outsourcing / Infrastructure	113.9	145.1	144.5	164.9	197.8
Marketing Expense	76.3	87.5	67.2	91.1	148.1
Depreciation and Amortization Cost	66.8	78.2	79.2	78.8	89.1
Misc.	20.3	17.4	23.6	23.4	24.7
<b>Operating Profit</b>	<b>120.2</b>	<b>149.7</b>	<b>157.5</b>	<b>162.6</b>	<b>168.2</b>
<i>Margin (%)</i>	<i>10.9%</i>	<i>12.1%</i>	<i>12.5%</i>	<i>12.0%</i>	<i>9.7%</i>
Other Non-Operating Income	48.0	181.9	54.4	66.1	799.6
Other Non-Operating Expenses	17.6	504.3	6.6	19.2	20.7
Financial Income	37.4	120.6	47.9	18.3	43.9
Financial Expenses	12.2	42.6	69.7	64.7	90.4
Equity-method Income	3.8	-1.3	135.1	186.7	171.2
<b>Profit before Income Tax</b>	<b>179.6</b>	<b>-96.0</b>	<b>318.7</b>	<b>349.7</b>	<b>1,071.8</b>
Income Tax	35.9	99.4	78.8	33.8	205.5
<b>Net Profit</b>	<b>143.7</b>	<b>-195.5</b>	<b>239.9</b>	<b>315.9</b>	<b>866.3</b>
Controlling Interests	127.5	-189.1	224.5	311.7	779.1
Non-controlling Interests	16.2	-6.4	15.3	4.3	87.2
EBITDAR <sup>1)</sup>	185.2	226.1	236.7	241.0	255.1
Adjusted EBITDAR <sup>1)</sup>	199.9	237.0	258.2	279.6	269.8

Statement of Financial Position			
(in billion KRW)	2019.12.31	2020.12.31	2021.9.30
<b>Current Assets</b>	<b>2,829.7</b>	<b>4,462.9</b>	<b>6,997.7</b>
Cash and Cash Equivalents	1,918.2	2,877.5	3,433.6
S-T Financial Instruments	207.8	694.1	941.4
Account Receivable	157.2	247.4	419.3
Other Current Financial Assets	252.5	225.1	356.8
Other Current Assets	294.0	418.9	1,846.5
<b>Non-Current Assets</b>	<b>5,907.6</b>	<b>6,987.4</b>	<b>10,355.7</b>
Investments in Associates and Joint Ventures	978.9	1,504.4	3,006.5
Tangible Assets	349.8	430.7	498.2
Intangible Assets	3,548.4	3,351.6	4,448.5
Other Non-current Assets	1,030.4	1,700.8	2,382.5
Finance Assets	-	503.7	897.8
<b>Total Assets</b>	<b>8,737.3</b>	<b>11,954.0</b>	<b>18,231.2</b>
<b>Current Liabilities</b>	<b>2,433.3</b>	<b>2,929.6</b>	<b>4,447.4</b>
Account Payable and Other payable	578.6	836.0	1,180.9
Short-term Borrowings	448.6	188.4	910.1
Income Tax Payable	68.3	112.1	64.1
Other Current Liabilities	1,337.8	1,793.1	2,292.3
<b>Non-Current Liabilities</b>	<b>563.8</b>	<b>1,166.1</b>	<b>2,180.0</b>
Non-Current Finance Lease Obligations	165.0	273.3	436.4
Deferred Income Tax Liabilities	141.1	249.0	570.6
Other Non-Current Liabilities	257.8	643.8	1,172.9
Finance Assets	-	430.6	698.7
<b>Total Liabilities</b>	<b>2,997.1</b>	<b>4,526.2</b>	<b>7,326.1</b>
Paid-in Capital	43.2	44.3	44.6
Capital Surplus	5,043.2	5,833.1	6,642.7
Other Accumulated Earnings	7.2	18.6	53.2
Accumulated Other Comprehensive Income	-16.4	86.6	406.3
Retained Earnings	148.2	316.3	1,633.4
Minority Interest	514.8	1,128.8	2,125.0
<b>Total Equity</b>	<b>5,740.1</b>	<b>7,427.7</b>	<b>10,905.1</b>
<b>Total Liabilities &amp; Equity</b>	<b>8,737.3</b>	<b>11,954.0</b>	<b>18,231.2</b>

1) EBITDAR: Rental expenses are included in lease amortization from Q1 2019 (EBITDA till FY2018) / Adjusted EBITDAR : included equity compensation expense

# Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	3Q20	4Q20	1Q21	2Q21	3Q21
<b>Total Revenue</b>	<b>449.5</b>	<b>508.0</b>	<b>490.9</b>	<b>521.4</b>	<b>468.4</b>
<b>Operating Expenses</b>	<b>377.1</b>	<b>401.5</b>	<b>414.1</b>	<b>424.1</b>	<b>371.9</b>
Labor Cost	81.6	85.8	102.9	95.3	89.0
Cost of Revenue	211.3	210.1	214.9	221.6	163.8
Outsourcing / Infrastructure	43.1	55.8	55.4	64.7	73.5
Marketing Expense	5.0	7.5	3.4	4.5	4.9
Depreciation and Amortization Cost	30.8	37.6	32.1	32.1	33.9
Misc.	5.3	4.7	5.3	5.8	6.8
<b>Operating Profit</b>	<b>72.4</b>	<b>106.5</b>	<b>76.7</b>	<b>97.3</b>	<b>96.5</b>
<i>Margin (%)</i>	<i>16.1%</i>	<i>21.0%</i>	<i>15.6%</i>	<i>18.7%</i>	<i>20.6%</i>
Other Non-Operating Income	21.3	23.1	3.3	5.9	44.6
Other Non-Operating Expenses	5.1	394.5	1.2	10.7	8.6
Financial Income	2.8	22.8	37.6	18.4	49.2
Financial Expenses	1.5	16.8	17.5	2.7	17.6
<b>Profit before Income Tax</b>	<b>90.0</b>	<b>-258.9</b>	<b>98.9</b>	<b>108.1</b>	<b>164.1</b>
Income Tax	12.9	25.9	20.3	10.0	-56.3
<b>Net Profit</b>	<b>77.1</b>	<b>-284.8</b>	<b>78.6</b>	<b>98.2</b>	<b>220.5</b>
EBITDAR <sup>1)</sup>	103.1	144.5	109.0	129.3	130.3

Statement of Financial Position			
(in billion KRW)	2019.12.31	2020.12.31	2021.9.30
<b>Current Assets</b>	<b>1,014.0</b>	<b>1,782.4</b>	<b>2,413.5</b>
Cash and Cash Equivalents	647.1	1,356.9	722.8
S-T Financial Instruments	15.6	65.5	385.4
Account Receivable	95.0	120.5	122.7
Other Current Assets	256.3	239.5	1,182.6
<b>Non-Current Assets</b>	<b>5,470.3</b>	<b>5,563.1</b>	<b>6,287.4</b>
Investments in Associates, Subsidiaries and Joint Ventures	2,212.4	2,393.4	3,236.9
Tangible Assets	248.3	272.1	304.6
Intangible Assets	2,458.6	2,106.2	1,567.8
Other Non-current Assets	551.1	791.3	1,178.1
<b>Total Assets</b>	<b>6,484.4</b>	<b>7,345.5</b>	<b>8,700.9</b>
<b>Current Liabilities</b>	<b>1,371.0</b>	<b>1,421.6</b>	<b>1,719.1</b>
Account Payable and Other payable	686.7	1,035.7	450.0
Short-term Borrowings	429.1	58.0	0
Income Tax Payable	38.1	49.8	23.9
Other Current Liabilities	217.1	278.1	1,245.1
<b>Non-Current Liabilities</b>	<b>255.1</b>	<b>598.5</b>	<b>700.6</b>
Non-Current Finance Lease Obligations	88.6	121.9	192.6
Deferred Income Tax	88.0	108.2	97.6
Other Non-Current Liabilities	78.4	368.3	410.4
<b>Total Liabilities</b>	<b>1,626.1</b>	<b>2,020.1</b>	<b>2,419.7</b>
Paid-in Capital	43.2	44.3	44.6
Capital Surplus	4,462.3	4,986.9	5,324.1
Other Accumulated Earnings	41.3	18.6	53.2
Accumulated Other Comprehensive Income	-2.9	66.5	266.0
Retained Earnings	314.5	209.2	593.4
<b>Total Equity</b>	<b>4,858.3</b>	<b>5,325.4</b>	<b>6,281.3</b>
<b>Total Liabilities &amp; Equity</b>	<b>6,484.4</b>	<b>7,345.5</b>	<b>8,700.9</b>

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

# Thank You

