

# Q4 2021 and Annual Earnings Results

2022.2.11 | Kakao Investor Relations



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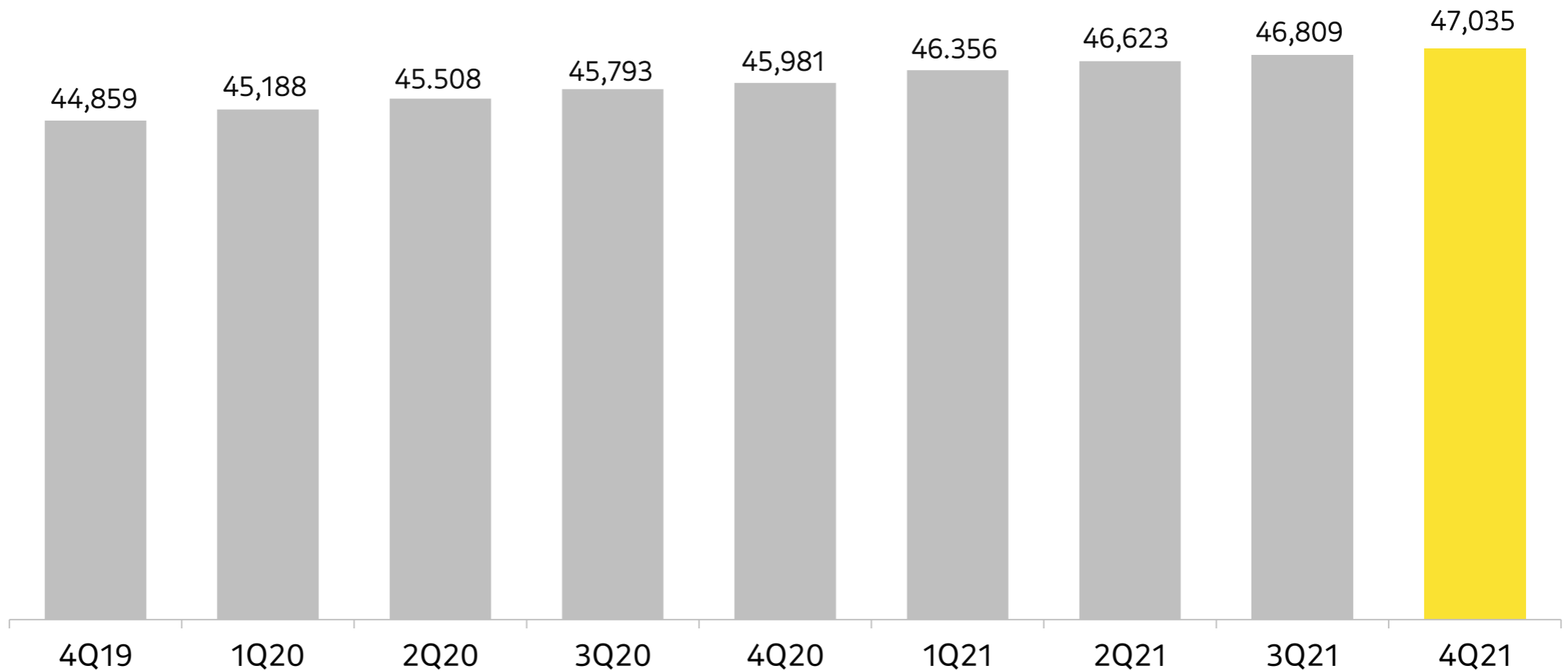
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# KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +1.1M YoY, +230K QoQ

(in thousands)



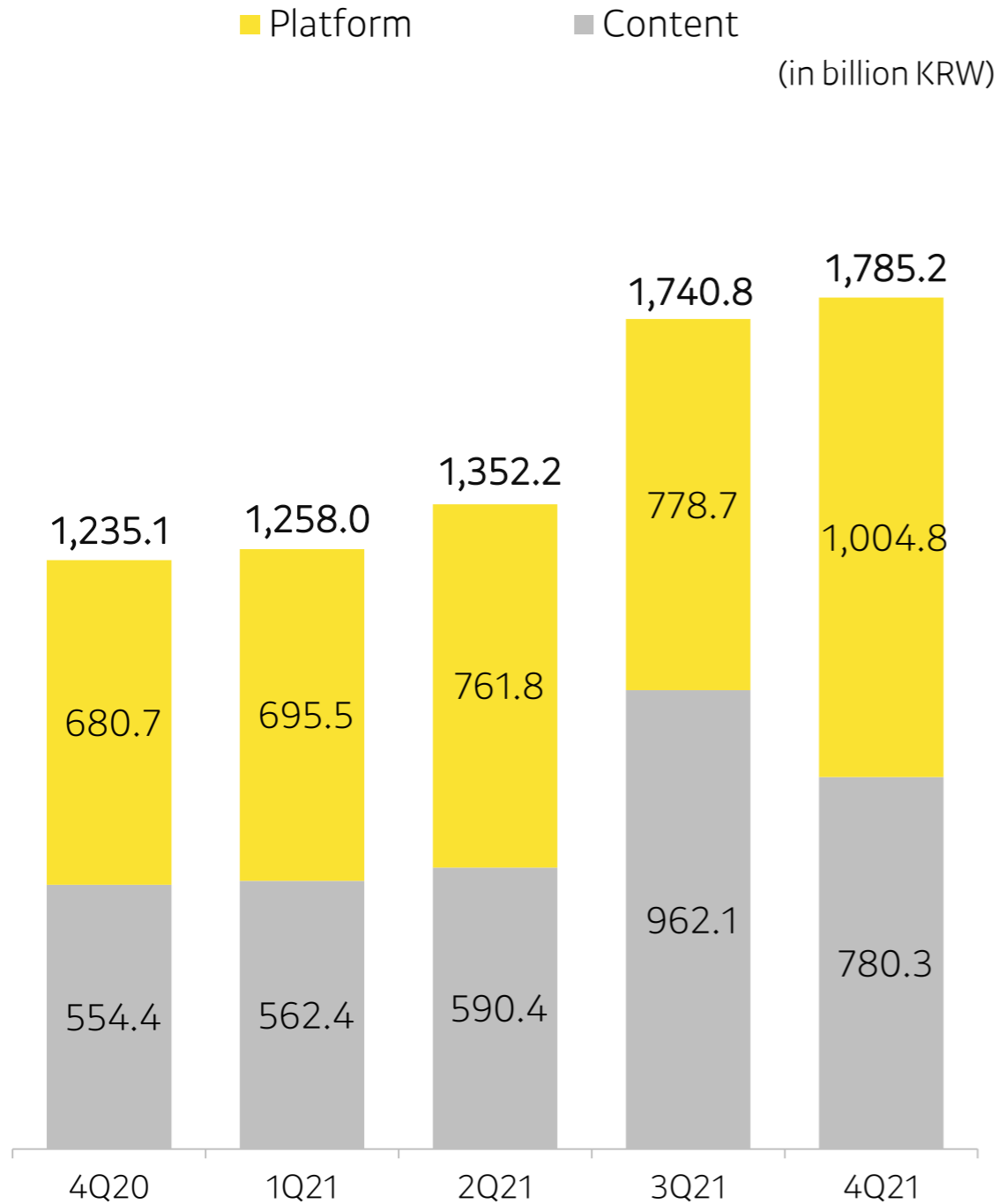
	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Korea	44,859	45,188	45,508	45,793	45,981	46,356	46,623	46,809	47,035
Global	51,495	51,768	52,133	52,299	52,223	52,976	53,808	54,256	53,451

Average of monthly MAUs. Global includes domestic MAUs.

# Revenue

Q4 Revenue YoY +45% / QoQ +3%

Mix - Platform 56% : Content 44%



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, Other
	Music	Melon, Digital Music Distribution, Album Distribution, Music Production
	Story	Entertainment
		Piccoma
Media	Video Production, Talent Agency	

# Platform / Content

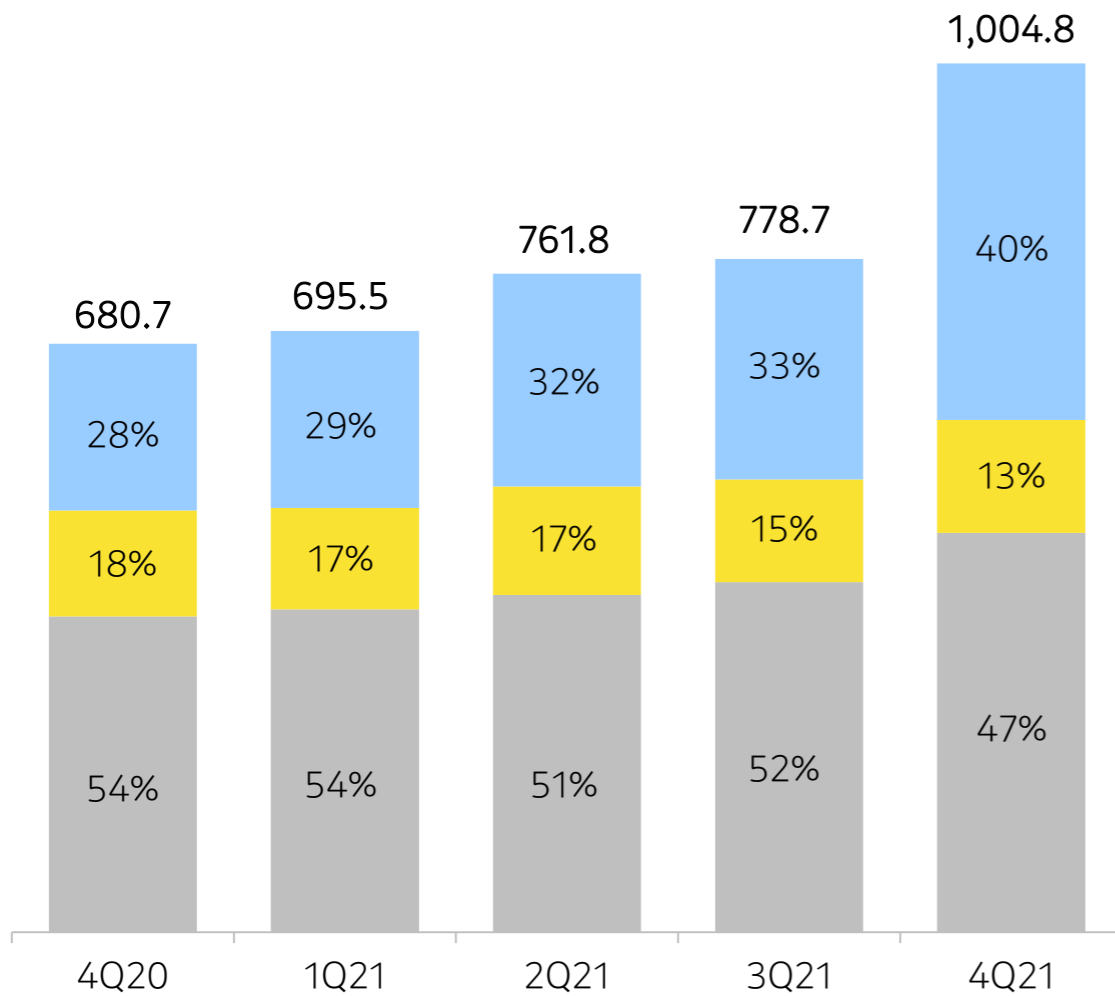
Platform YoY +48% / QoQ +29%

Content YoY +41% / QoQ -19%

## Platform

(in billion KRW)

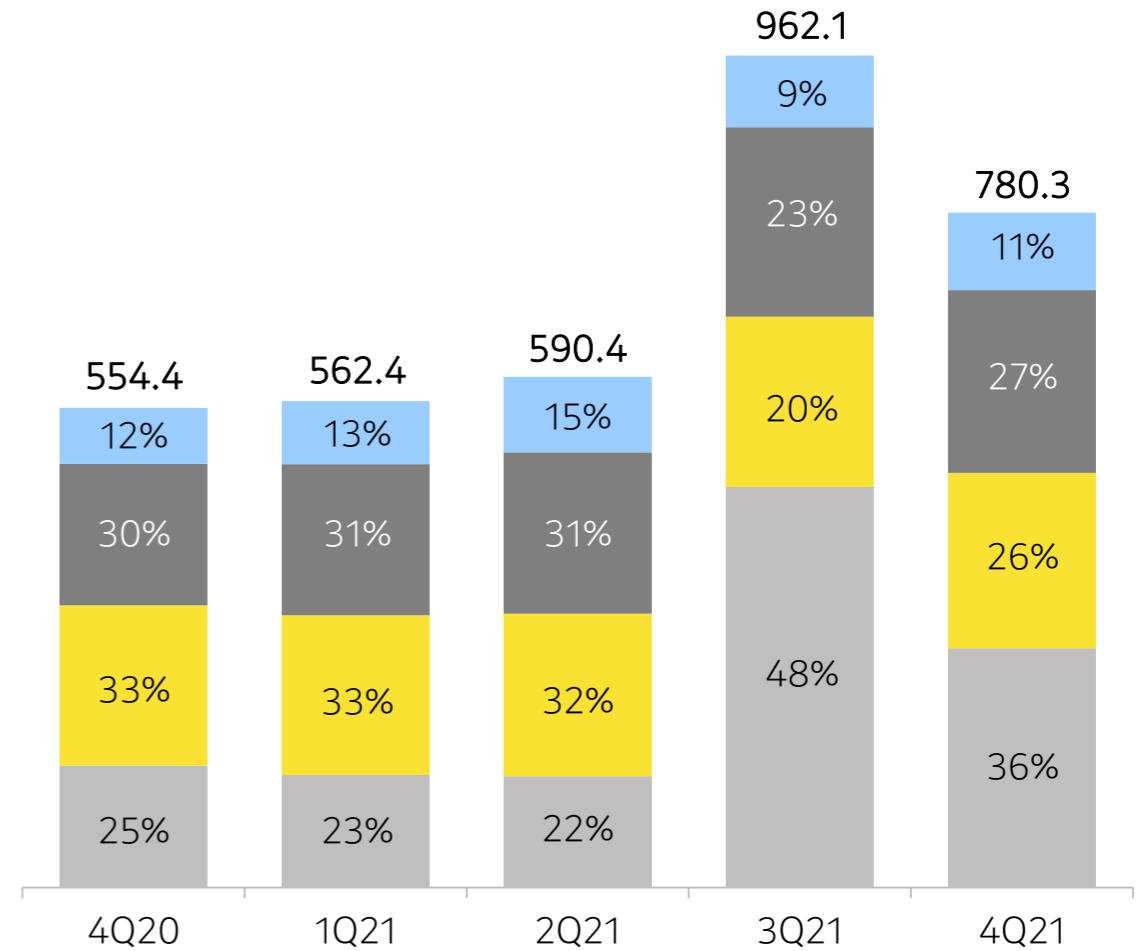
■ Talk biz ■ Portal Biz ■ Platform-Others



## Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media



# Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +30% / QoQ +17%

Portal Biz YoY +7% / QoQ +10%

Others YoY +107% / QoQ +57%

Strong Virtuous Cycle within Talk Ecosystem and Commerce GMV Surge

Higher DA Efficiency and Strong Seasonality

Mobility's T Blue Fleet Expansion, Pay's Payment TPV Increase and Enterprise's Cloud-related Revenue

## Talk Biz

(in billion KRW)

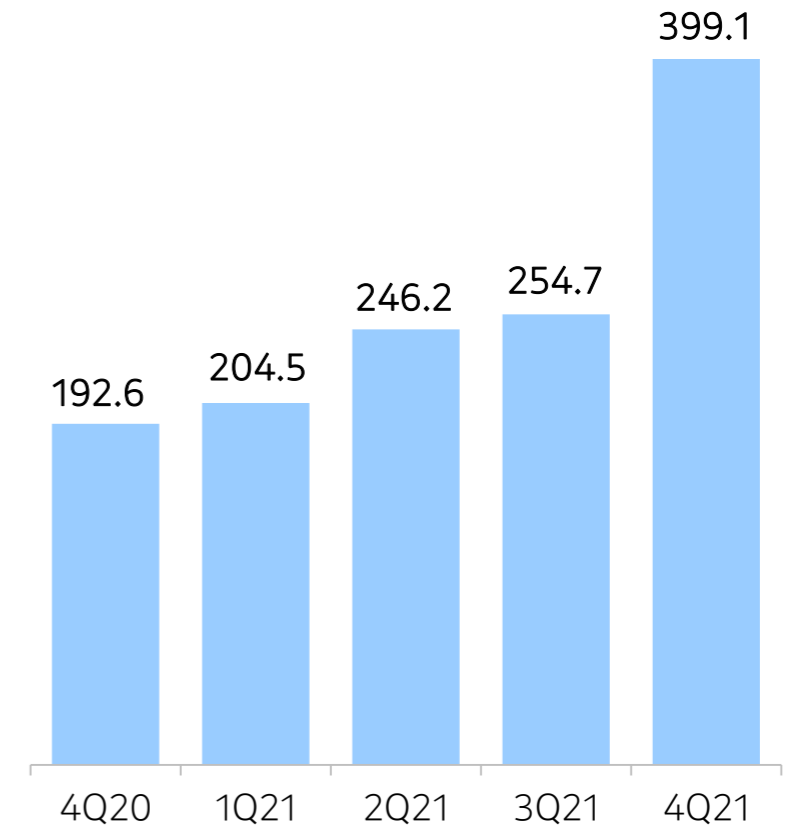
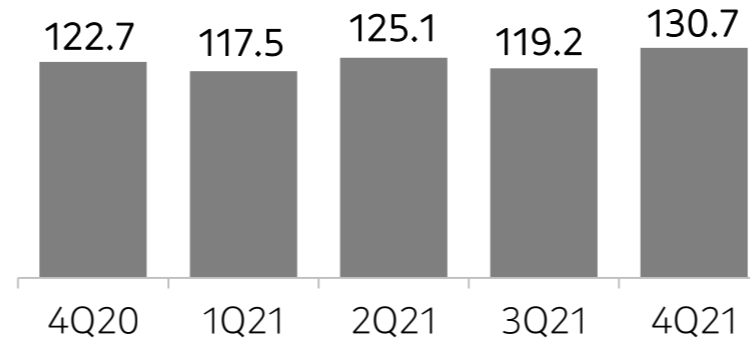
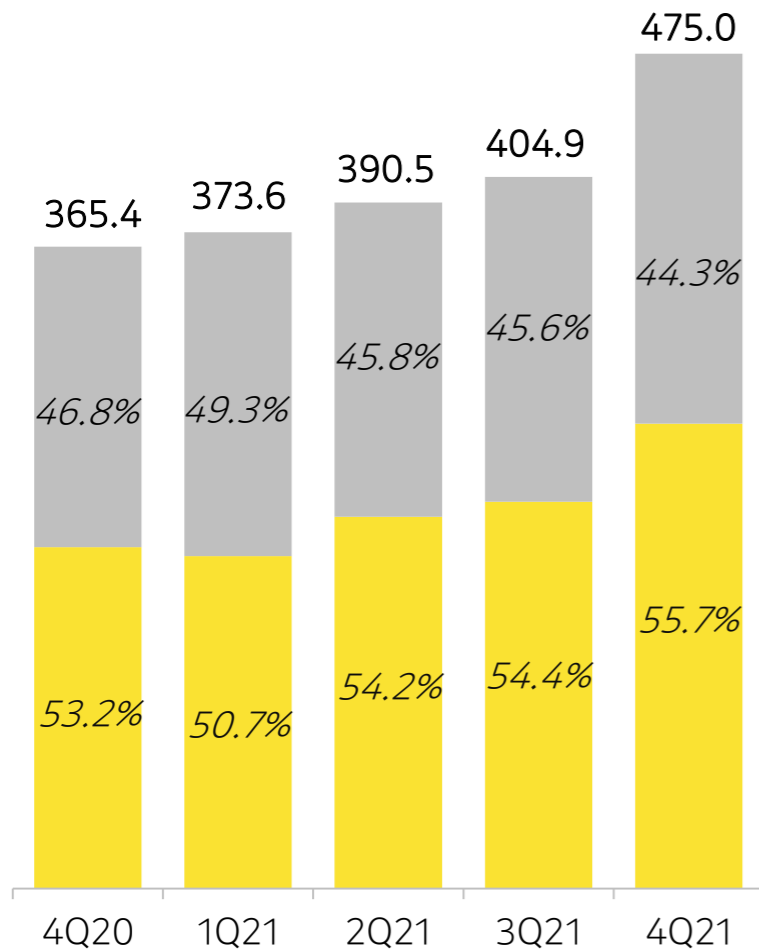
## Portal Biz

(in billion KRW)

## Others

(in billion KRW)

■ Advertisement ■ Commerce



# Content | Game Music

Game YoY +97% / QoQ -40%

Music YoY +9% / QoQ +3%

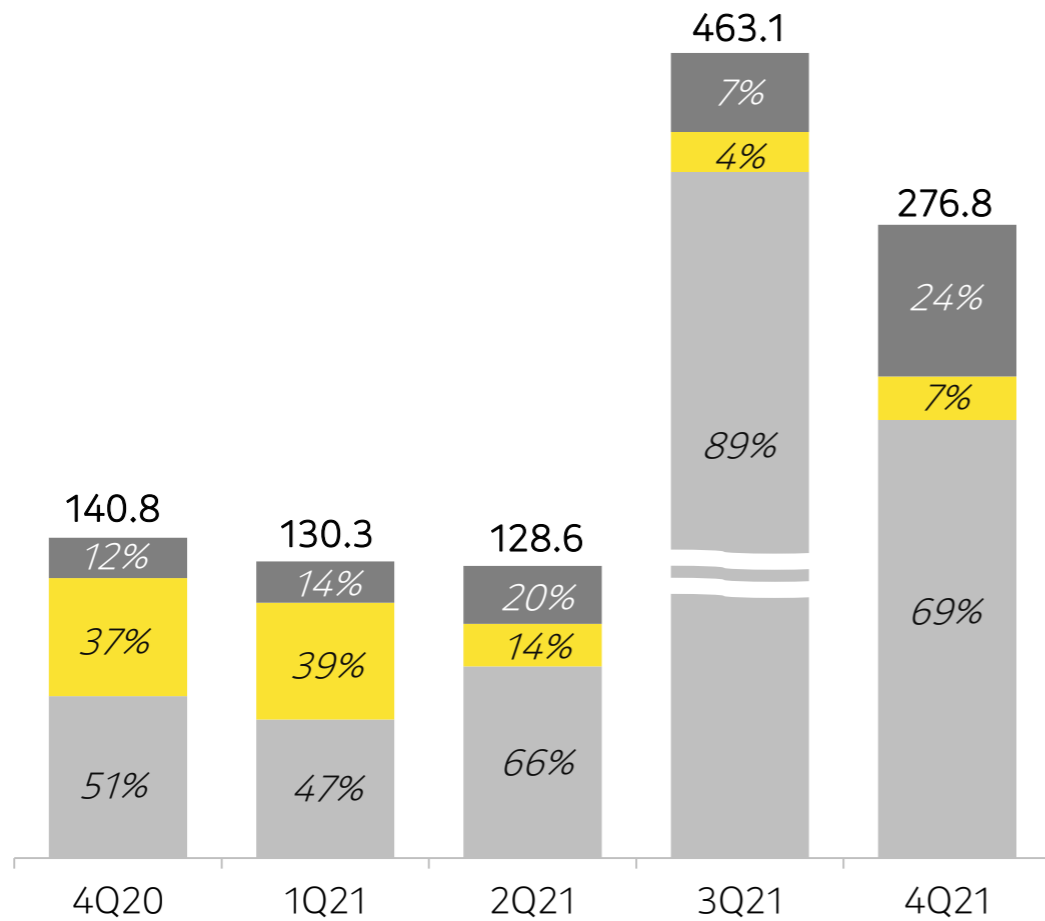
On-year Growth thanks to Success of Mobile Game 'Odin'

Music Distribution and Concert Revenue on top of Steady Melon Platform

## Game

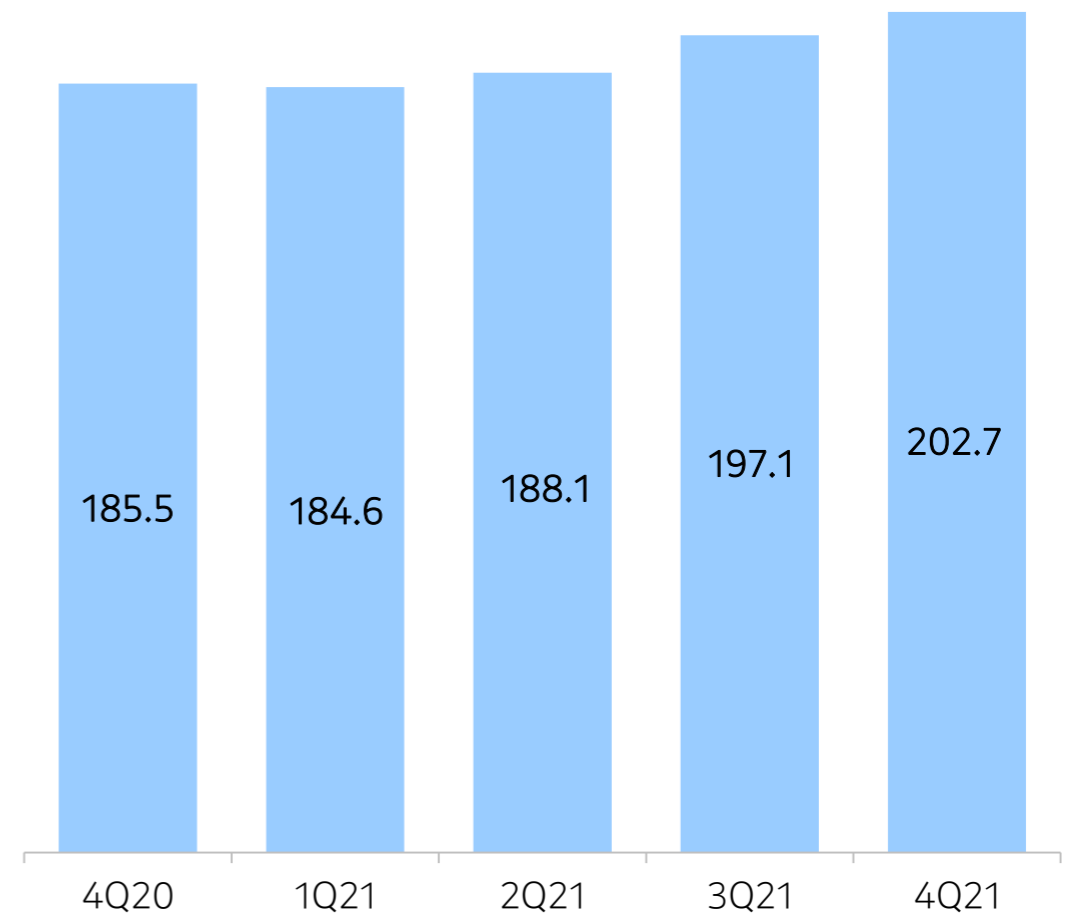
(in billion KRW)

■ Mobile ■ PC ■ Other



## Music

(in billion KRW)



# Content | Story Media

Story YoY +29% / QoQ -3%

↳ Entertainment +23% (y) / +1% (q), Piccoma +35% (y) / -7% (q)

Media YoY +39% / QoQ +8%

Entertainment - Original IP Expansion on Global Story Platforms

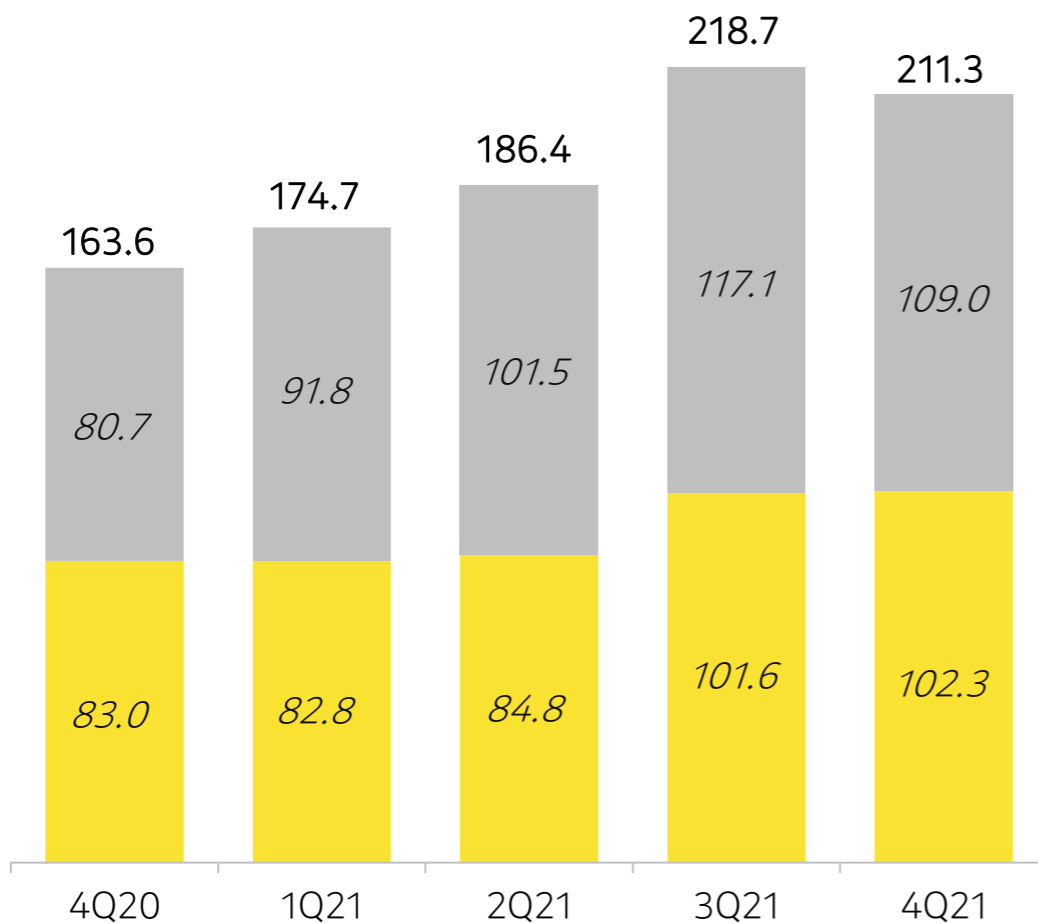
Piccoma - On-year Growth thanks to Dominance in Japanese Manga Market

Video Production and Talent Agency related Revenue Increase

## Story

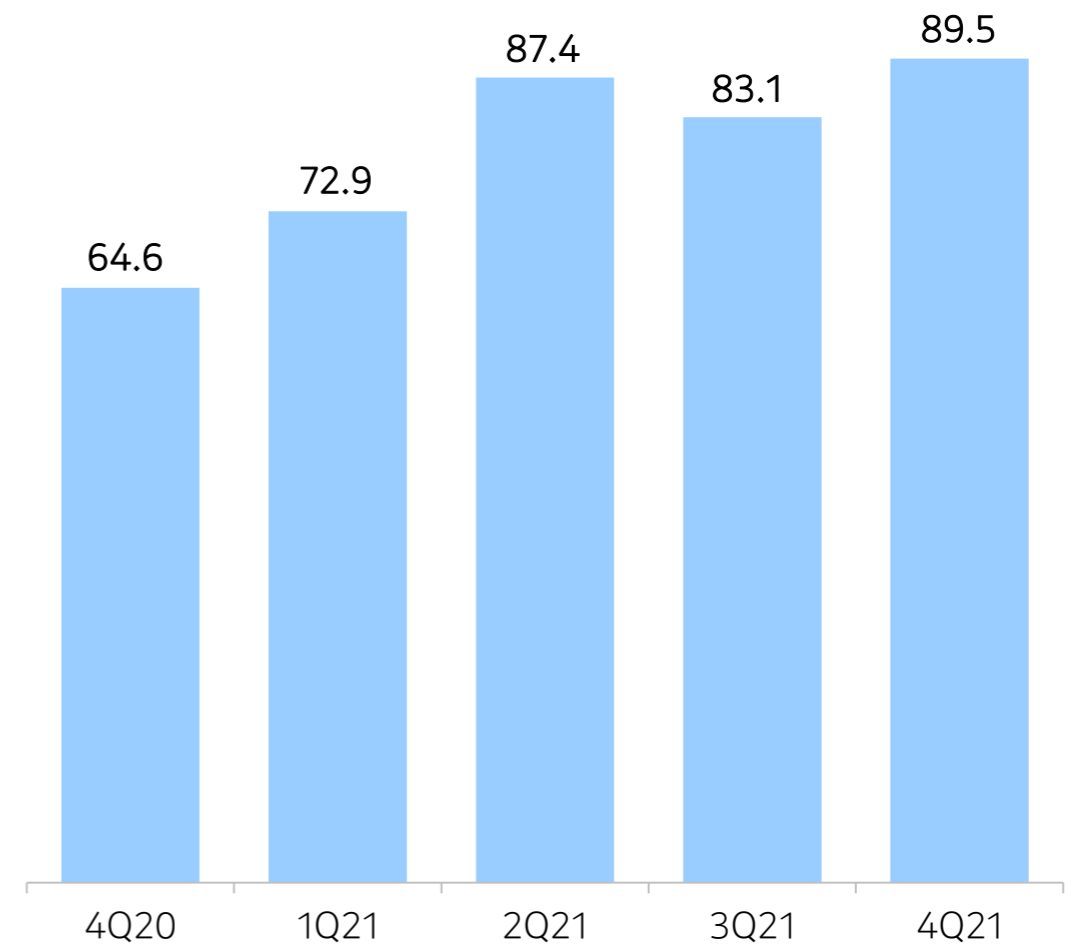
(in billion KRW)

■ Entertainment ■ Piccoma



## Media

(in billion KRW)





# Earnings Summary - 2021 Q4

(in billion KRW)

	4Q20	3Q21	4Q21	Change	
				YoY	QoQ
Total Revenue	1,235.1	1,740.8	1,785.2	45%	3%
Platform	680.7	778.7	1,004.8	48%	29%
Talk Biz	365.4	404.9	475.0	30%	17%
Portal Biz	122.7	119.2	130.7	7%	10%
Platform - Others	192.6	254.7	399.1	107%	57%
Content	554.4	962.1	780.3	41%	-19%
Game	140.8	463.1	276.8	97%	-40%
Music	185.5	197.1	202.7	9%	3%
Story	163.6	218.7	211.3	29%	-3%
Media	64.6	83.1	89.5	39%	8%
Operating Expenses	1085.5	1,572.6	1,676.6	54%	7%
Operating Profit	149.7	168.2	108.5	-27%	-35%
<i>Margin (%)</i>	12.1%	9.7%	6.1%	-6.0%pt	-3.6%pt
Net Profit	-195.5	866.3	219.8	-	-75%
Controlling Interests	-189.1	779.1	82.4	-	-89%
Non-controlling Interests	-6.4	87.2	137.5	-	58%

# Earnings Summary - 2021 Annual

(in billion KRW)

	2019	2020	2021	YoY
Total Revenue	3,070.1	4,156.8	6,136.1	48%
Platform	1,582.1	2,247.9	3,240.8	44%
Talk Biz	678.6	1,149.0	1,643.9	43%
Portal Biz	523.6	478.0	492.5	3%
Platform - Others	378.0	621.0	1,104.4	78%
Content	1,488.0	1,908.9	2,895.3	52%
Game	397.4	495.5	998.8	102%
Music	656.8	705.3	772.5	10%
Story	297.2	528.0	791.1	50%
Media	136.6	180.1	332.9	85%
Operating Expenses	2,863.3	3,701.0	5,539.2	50%
Operating Profit	206.8	455.9	596.9	31%
Margin (%)	6.7%	11.0%	9.7%	-1.2%pt
Net Profit	-341.9	173.4	1,641.9	847%
Controlling Interests	-301.0	155.6	1,397.7	798%
Non-controlling Interests	-40.9	17.7	244.2	1,277%

# Operating Expenses - 2021 Q4

(in billion KRW)

	4Q20	3Q21	4Q21	Change	
				YoY	QoQ
Operating Expenses	1,085.5	1,572.6	1,676.6	54%	7%
Labor Cost	265.7	307.2	512.7	93%	67%
Cost of Revenue	491.5	805.8	648.0	32%	-20%
Outsourcing / Infrastructure	145.1	197.8	233.8	61%	18%
Marketing Expense	87.5	148.1	128.6	47%	-13%
Depreciation and Amortization Cost	78.2	89.1	120.7	54%	36%
Misc.	17.4	24.7	32.7	88%	33%

# Operating Expenses - 2021 Annual

(in billion KRW)

	2019	2020	2021	YoY
Operating Expenses	2,863.3	3,701.0	5,539.2	50%
Labor Cost	701.5	920.2	1,413.8	54%
Cost of Revenue	1,368.0	1,746.4	2,477.1	42%
Outsourcing / Infrastructure	360.1	457.7	741.0	62%
Marketing Expense	151.2	232.3	435.1	87%
Depreciation and Amortization Cost	220.6	265.3	367.7	39%
Misc.	61.8	79.1	104.5	32%

# Profits

Operating Profit YoY -27% / QoQ -35%

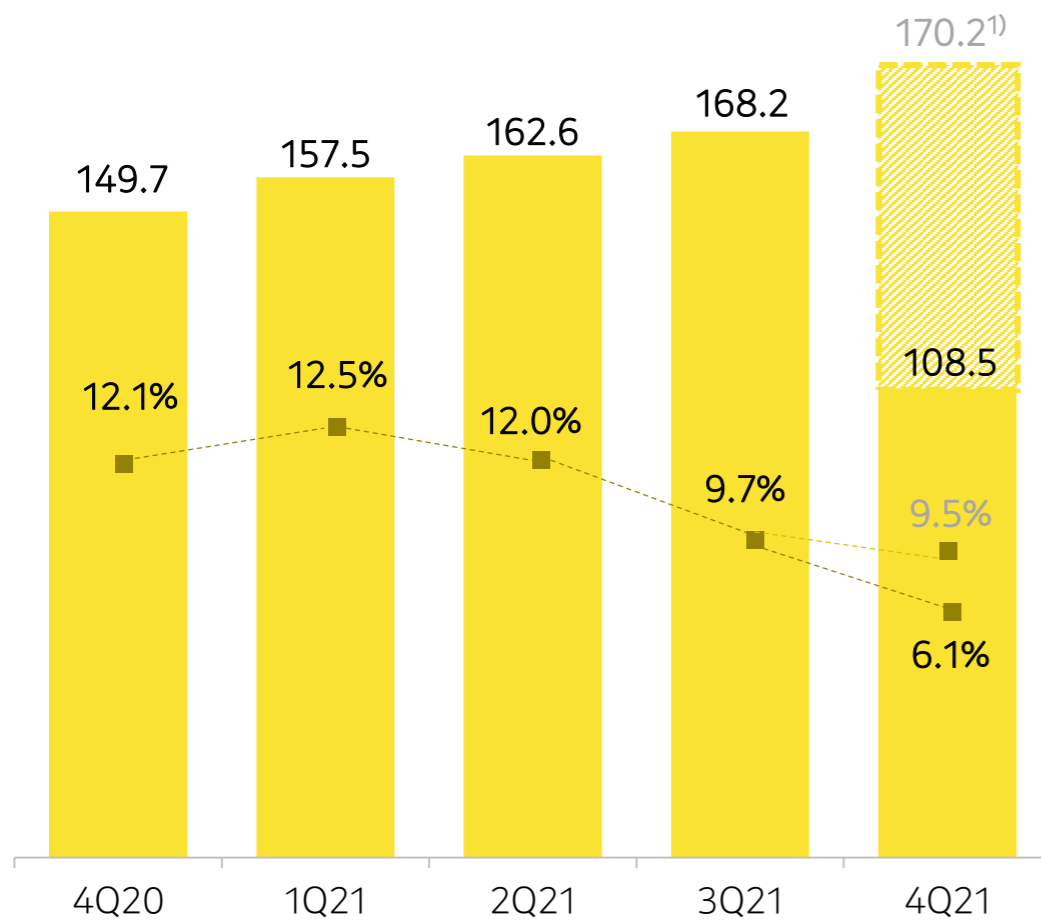
Net Profit YoY Turn to Black / QoQ -75%

Normalized OP of KRW 170B excluding One-off Incentive (KRW 61.7B)

Consolidation of Lion Heart Studio, Gain on the Disposal of Equity Investment Stake (dilution and partial disposal of dunamu stake)

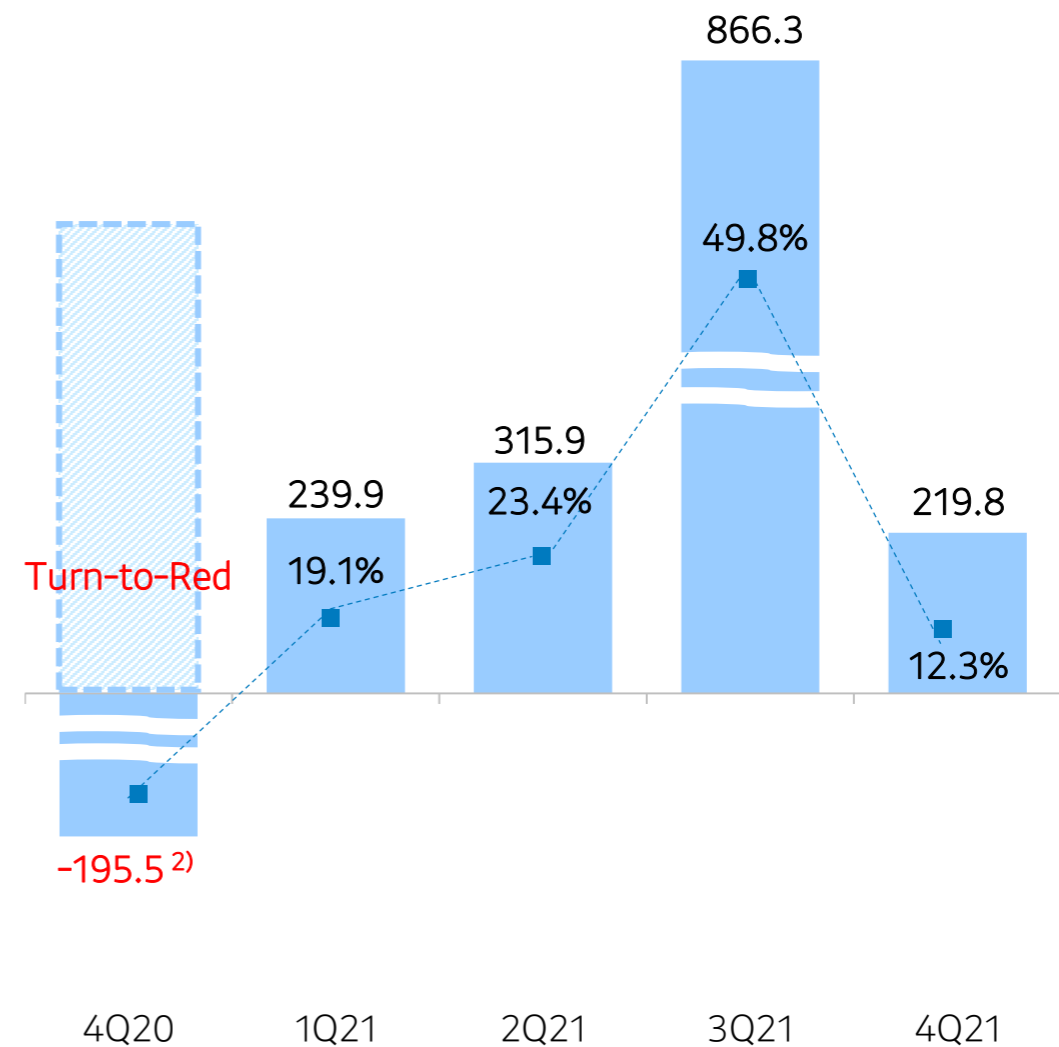
## Operating Profit(M)

(in billion KRW)



## Net Profit(M)

(in billion KRW)



1) Operating profit if one-off incentive (-61.7B) is included

2) 4Q20 Impairment Loss on Intangible Assets 454 billion KRW included

# CapEx / Employees

CapEx YoY +15% / QoQ -26%

Employees YoY +3,534 / QoQ +1,004

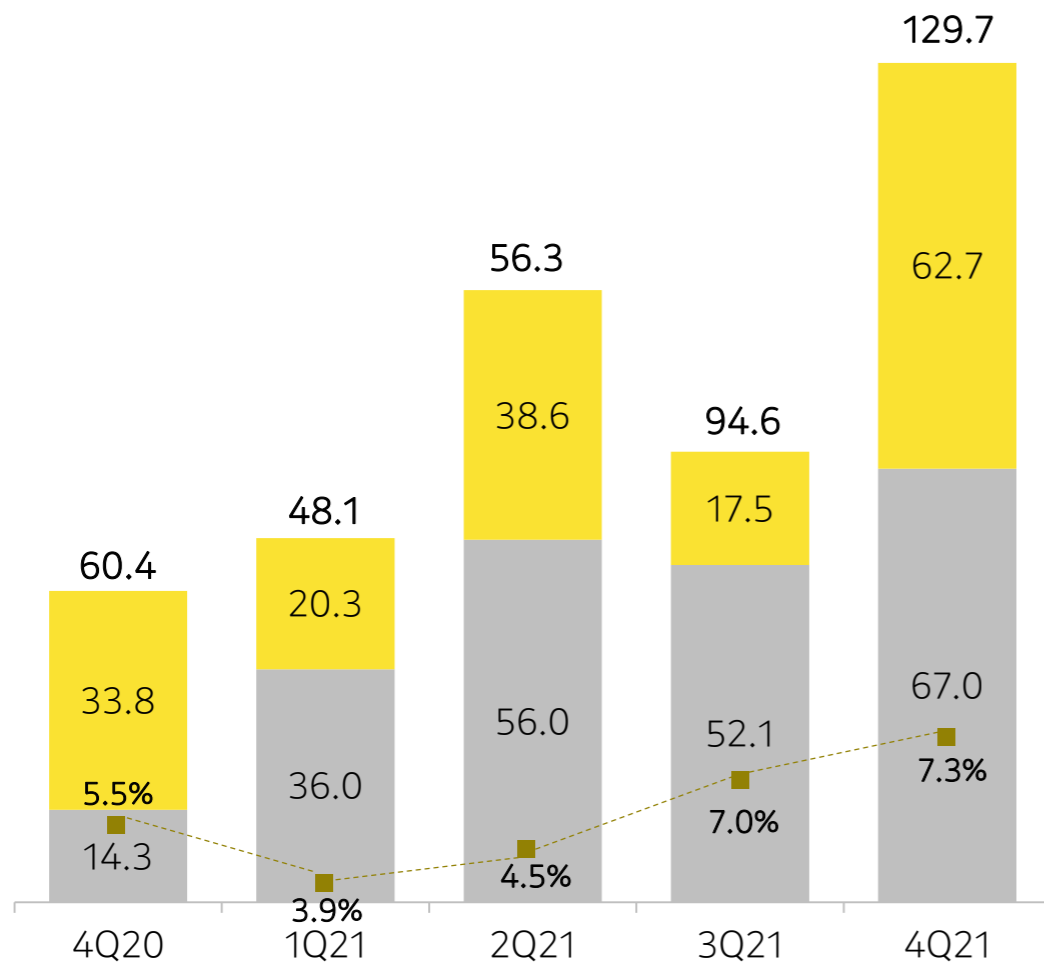
Investment in Servers and Contents

Business Expansion and Consolidation of Subsidiaries

## CapEx

(in billion KRW)

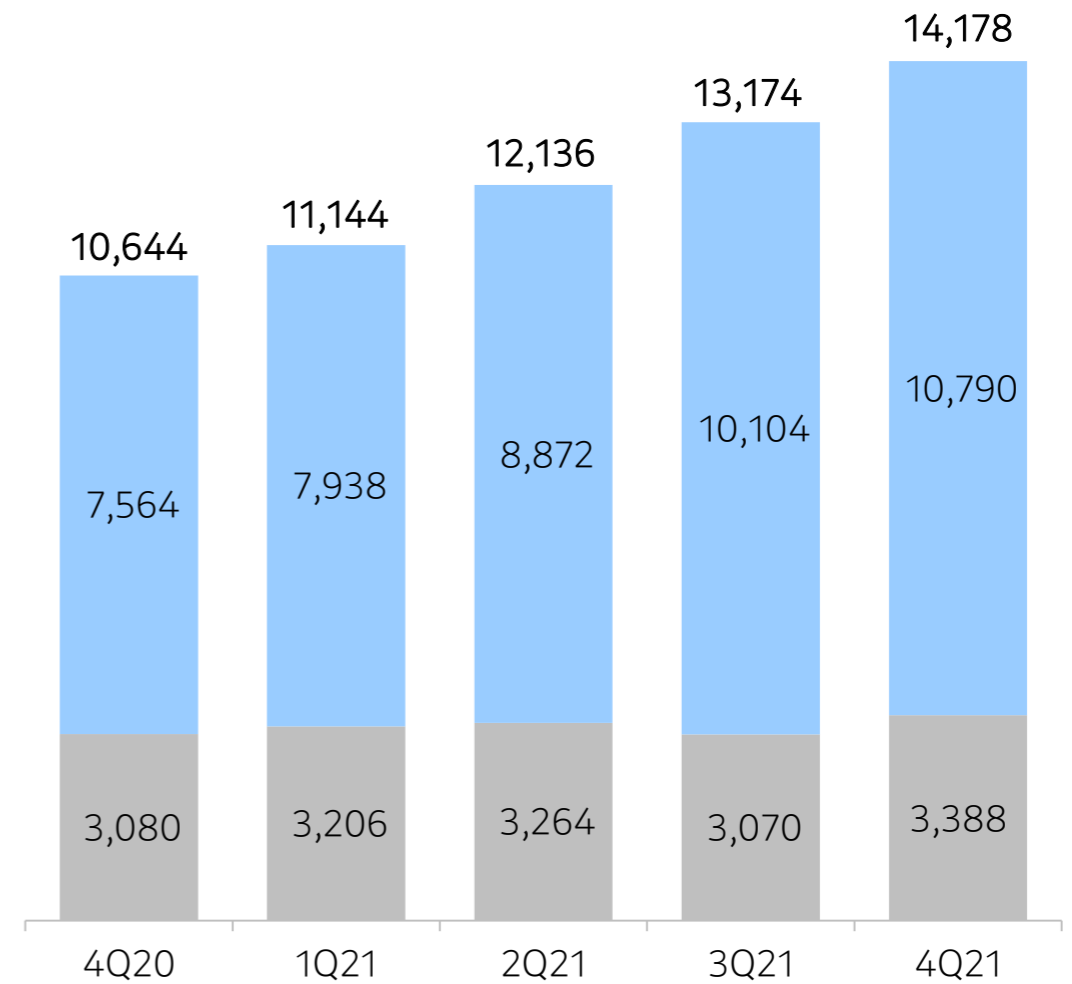
■ PP&E ■ Intangible ■ Capex to Revenue



## Employees

(# of people)

■ Kakao ■ Subsidiaries



# Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	4Q20	1Q21	2Q21	3Q21	4Q21
<b>Total Revenue</b>	<b>1,235.1</b>	<b>1,258.0</b>	<b>1,352.2</b>	<b>1,740.8</b>	<b>1,785.2</b>
Platform	680.7	695.5	761.8	778.7	1,004.8
Talk Biz	365.4	373.6	390.5	404.9	475.0
Portal Biz	122.7	117.5	125.1	119.2	130.7
New Biz	192.6	204.5	246.2	254.7	399.1
Content	554.4	562.4	590.4	962.1	780.3
Game	140.8	130.3	128.6	463.1	276.8
Music	185.5	184.6	188.1	197.1	202.7
Story	163.6	174.7	186.4	218.7	211.3
Media	64.6	72.9	87.4	83.1	89.5
<b>Operating Expenses</b>	<b>1,085.5</b>	<b>1,100.4</b>	<b>1,189.6</b>	<b>1,572.6</b>	<b>1,676.6</b>
Labor Cost	265.7	292.9	301.0	307.2	512.7
Cost of Revenue	491.5	493.0	530.3	805.8	648.0
Outsourcing / Infrastructure	145.1	144.5	164.9	197.8	233.8
Marketing Expense	87.5	67.2	91.1	148.1	128.6
Depreciation and Amortization Cost	78.2	79.2	78.8	89.1	120.7
Misc.	17.4	23.6	23.4	24.7	32.7
<b>Operating Profit</b>	<b>149.7</b>	<b>157.5</b>	<b>162.6</b>	<b>168.2</b>	<b>108.5</b>
<i>Margin (%)</i>	<i>12.1%</i>	<i>12.5%</i>	<i>12.0%</i>	<i>9.7%</i>	<i>6.1%</i>
Other Non-Operating Income	181.9	54.4	66.1	799.6	813.2
Other Non-Operating Expenses	504.3	6.6	19.2	20.7	360.9
Financial Income	120.6	47.9	18.3	43.9	67.1
Financial Expenses	42.6	69.7	64.7	90.4	89.9
Equity-method Income	-1.3	135.1	186.7	171.2	14.1
<b>Profit before Income Tax</b>	<b>-96.0</b>	<b>318.7</b>	<b>349.7</b>	<b>1,071.8</b>	<b>522.2</b>
Income Tax	99.4	78.8	33.8	205.5	332.4
<b>Net Profit</b>	<b>-195.5</b>	<b>239.9</b>	<b>315.9</b>	<b>866.3</b>	<b>219.8</b>
Controlling Interests	-189.1	224.5	311.7	779.1	82.4
Non-controlling Interests	-6.4	15.3	4.3	87.2	137.5
EBITDAR <sup>1)</sup>	226.1	236.7	241.0	255.1	228.6
Adjusted EBITDAR <sup>1)</sup>	237.0	258.2	279.6	269.8	302.1

Statement of Financial Position			
(in billion KRW)	2019.12.31	2020.12.31	2021.12.31
<b>Current Assets</b>	<b>2,829.7</b>	<b>4,462.9</b>	<b>8,158.3</b>
Cash and Cash Equivalents	1,918.2	2,877.5	5,251.5
S-T Financial Instruments	207.8	694.1	1,553.6
Account Receivable	157.2	247.4	377.9
Other Current Financial Assets	252.5	225.1	323.4
Other Current Assets	294.0	418.9	652.0
<b>Non-Current Assets</b>	<b>5,907.6</b>	<b>6,987.4</b>	<b>13,735.8</b>
Investments in Associates and Joint Ventures	978.9	1,504.4	3,217.0
Tangible Assets	349.8	430.7	554.9
Intangible Assets	3,548.4	3,351.6	6,354.6
Other Non-current Assets	1,030.4	1,700.8	3,609.3
Finance Assets	-	503.7	965.4
<b>Total Assets</b>	<b>8,737.3</b>	<b>11,954.0</b>	<b>22,859.5</b>
<b>Current Liabilities</b>	<b>2,433.3</b>	<b>2,929.6</b>	<b>5,732.0</b>
Account Payable and Other payable	578.6	836.0	1,771.9
Short-term Borrowings	448.6	188.4	1,258.2
Income Tax Payable	68.3	112.1	278.5
Other Current Liabilities	1,337.8	1,793.1	2,423.4
<b>Non-Current Liabilities</b>	<b>563.8</b>	<b>1,166.1</b>	<b>2,865.4</b>
Non-Current Finance Lease Obligations	165.0	273.3	1,318.2
Deferred Income Tax Liabilities	141.1	249.0	734.1
Other Non-Current Liabilities	257.8	643.8	813.2
Finance Assets	-	430.6	674.2
<b>Total Liabilities</b>	<b>2,997.1</b>	<b>4,526.2</b>	<b>9,271.7</b>
Paid-in Capital	43.2	44.3	44.6
Capital Surplus	5,043.2	5,833.1	7,756.0
Other Accumulated Earnings	7.2	18.6	77.1
Accumulated Other Comprehensive Income	-16.4	86.6	374.8
Retained Earnings	148.2	316.3	1,715.5
Minority Interest	514.8	1,128.8	3,619.9
<b>Total Equity</b>	<b>5,740.1</b>	<b>7,427.7</b>	<b>13,587.8</b>
<b>Total Liabilities &amp; Equity</b>	<b>8,737.3</b>	<b>11,954.0</b>	<b>22,859.5</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)	4Q20	1Q21	2Q21	3Q21	4Q21
<b>Total Revenue</b>	<b>508.0</b>	<b>490.9</b>	<b>521.4</b>	<b>468.4</b>	<b>652.3</b>
<b>Operating Expenses</b>	<b>401.5</b>	<b>414.1</b>	<b>424.1</b>	<b>371.9</b>	<b>520.8</b>
Labor Cost	85.8	102.9	95.3	89.0	156.6
Cost of Revenue	210.1	214.9	221.6	163.8	234.6
Outsourcing / Infrastructure	55.8	55.4	64.7	73.5	66.2
Marketing Expense	7.5	3.4	4.5	4.9	6.9
Depreciation and Amortization Cost	37.6	32.1	32.1	33.9	46.3
Misc.	4.7	5.3	5.8	6.8	10.2
<b>Operating Profit</b>	<b>106.5</b>	<b>76.7</b>	<b>97.3</b>	<b>96.5</b>	<b>131.5</b>
<i>Margin (%)</i>	<i>21.0%</i>	<i>15.6%</i>	<i>18.7%</i>	<i>20.6%</i>	<i>20.2%</i>
Other Non-Operating Income	23.1	3.3	5.9	44.6	7.0
Other Non-Operating Expenses	394.5	1.2	10.7	8.6	49.9
Financial Income	22.8	37.6	18.4	49.2	123.3
Financial Expenses	16.8	17.5	2.7	17.6	8.5
<b>Profit before Income Tax</b>	<b>-258.9</b>	<b>98.9</b>	<b>108.1</b>	<b>164.1</b>	<b>203.5</b>
Income Tax	25.9	20.3	10.0	-56.3	92.9
<b>Net Profit</b>	<b>-284.8</b>	<b>78.6</b>	<b>98.2</b>	<b>220.5</b>	<b>110.7</b>
EBITDAR <sup>1)</sup>	144.5	109.0	129.3	130.3	177.7

Statement of Financial Position			
(in billion KRW)	2019.12.31	2020.12.31	2021.12.31
<b>Current Assets</b>	<b>1,014.0</b>	<b>1,782.4</b>	<b>2,412.8</b>
Cash and Cash Equivalents	647.1	1,356.9	1,478.7
S-T Financial Instruments	15.6	65.5	255.4
Account Receivable	95.0	120.5	152.2
Other Current Assets	256.3	239.5	526.5
<b>Non-Current Assets</b>	<b>5,470.3</b>	<b>5,563.1</b>	<b>7,696.9</b>
Investments in Associates, Subsidiaries and Joint Ventures	2,212.4	2,393.4	3,547.8
Tangible Assets	248.3	272.1	312.6
Intangible Assets	2,458.6	2,106.2	1,573.6
Other Non-current Assets	551.1	791.3	2,262.9
<b>Total Assets</b>	<b>6,484.4</b>	<b>7,345.5</b>	<b>10,109.6</b>
<b>Current Liabilities</b>	<b>1,371.0</b>	<b>1,421.6</b>	<b>2,381.3</b>
Account Payable and Other payable	686.7	1,035.7	493.5
Short-term Borrowings	429.1	58.0	342.2
Income Tax Payable	38.1	49.8	137.6
Other Current Liabilities	217.1	278.1	1,408.0
<b>Non-Current Liabilities</b>	<b>255.1</b>	<b>598.5</b>	<b>1,171.3</b>
Non-Current Finance Lease Obligations	88.6	121.9	1,076.1
Deferred Income Tax	88.0	108.2	0.0
Other Non-Current Liabilities	78.4	368.3	95.2
<b>Total Liabilities</b>	<b>1,626.1</b>	<b>2,020.1</b>	<b>3,552.6</b>
Paid-in Capital	43.2	44.3	44.6
Capital Surplus	4,462.3	4,986.9	5,492.7
Other Accumulated Earnings	41.3	18.6	77.1
Accumulated Other Comprehensive Income	-2.9	66.5	238.6
Retained Earnings	314.5	209.2	704.1
<b>Total Equity</b>	<b>4,858.3</b>	<b>5,325.4</b>	<b>6,557.1</b>
<b>Total Liabilities &amp; Equity</b>	<b>6,484.4</b>	<b>7,345.5</b>	<b>10,109.6</b>

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



# Thank You

