

# Q1 2022 Earnings Results

2022.5.4 | Kakao Investor Relations



# Disclaimer

Financial information contained in this document is based on consolidated K-IFRS that have not been audited by an independent auditor.

Therefore, the information and financial data of Kakao and its subsidiaries (the “Company”, or “Kakao”) contained in this document are subject to change upon an independent auditor’s audit.

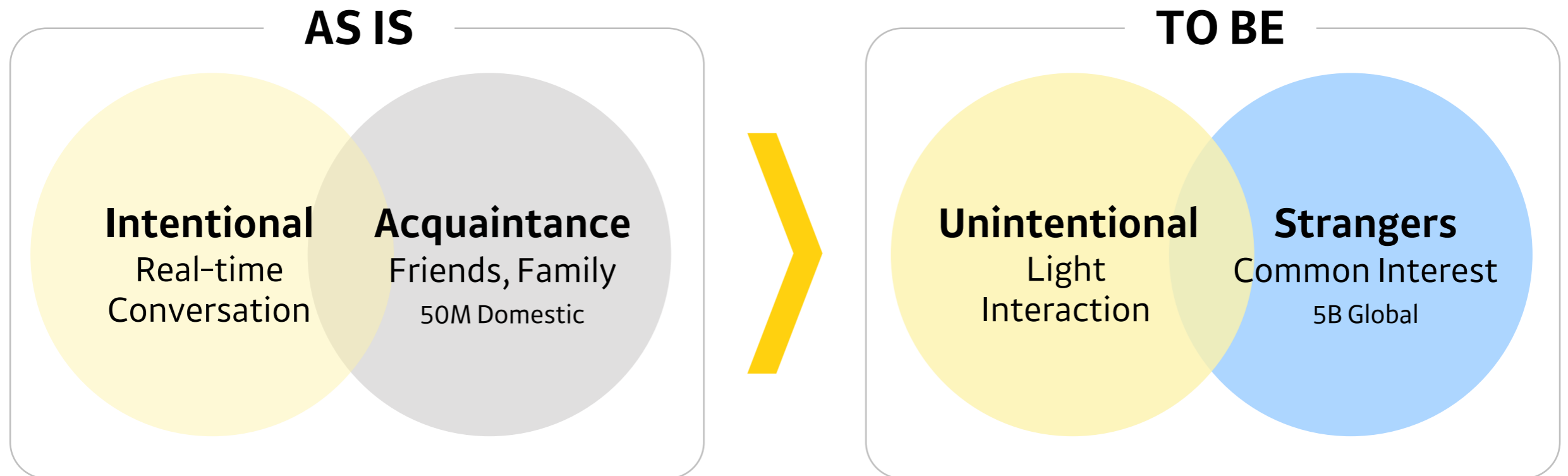
The Company does not make any representation or accept liability, as to the accuracy or completeness of the information contained in this material.

The format and contents of this document are subject to change for future filings and reports. Kakao is not liable for providing future updates on all figures included in this document.

Therefore, this presentation contained herein should not be utilized for any legal purposes in regards to investors’ investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors’ reliance on the information contained herein.

# Kakao's Strategic Direction

From real-time communication service for 1% to interest driven interaction service for 99%



**1. Kakao Talk - more light interaction**

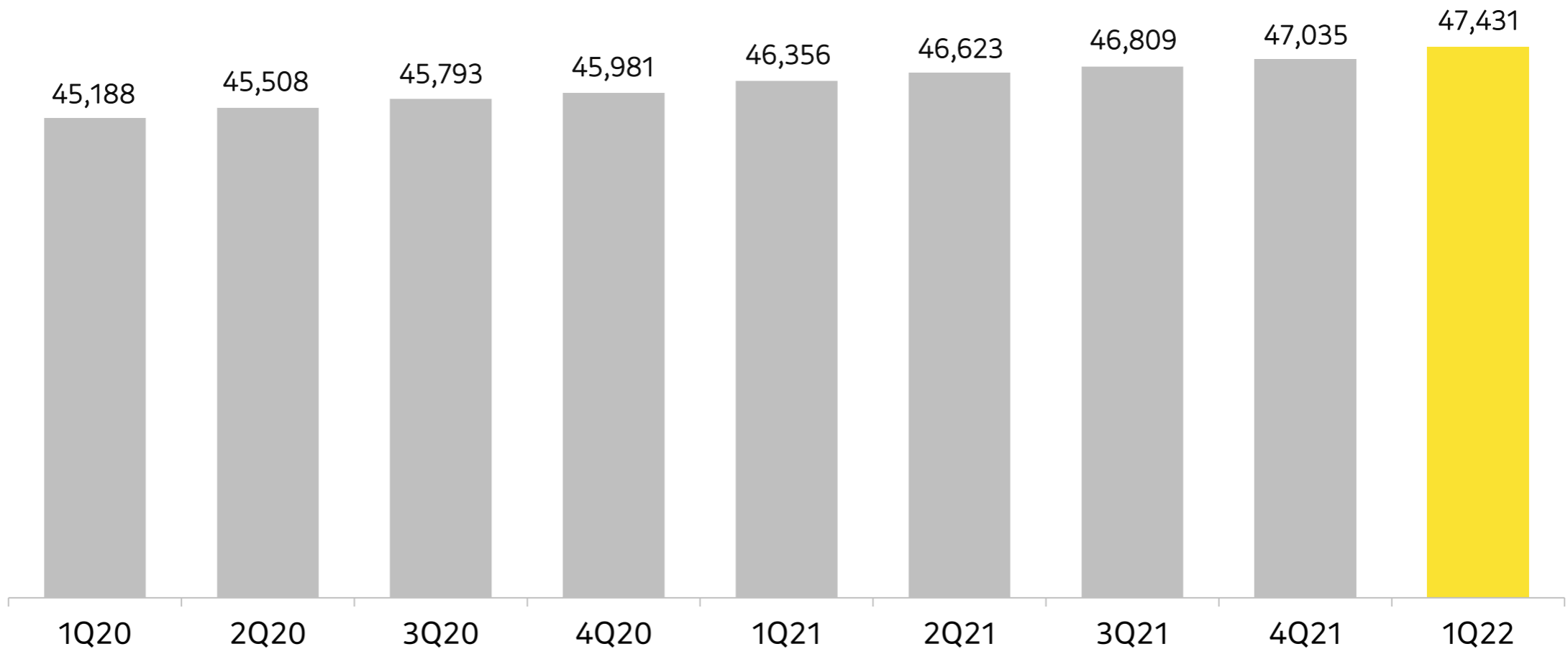
**2. Open Chat - interest-oriented service**

# KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +1.1M YoY, +396K QoQ

(in thousands)



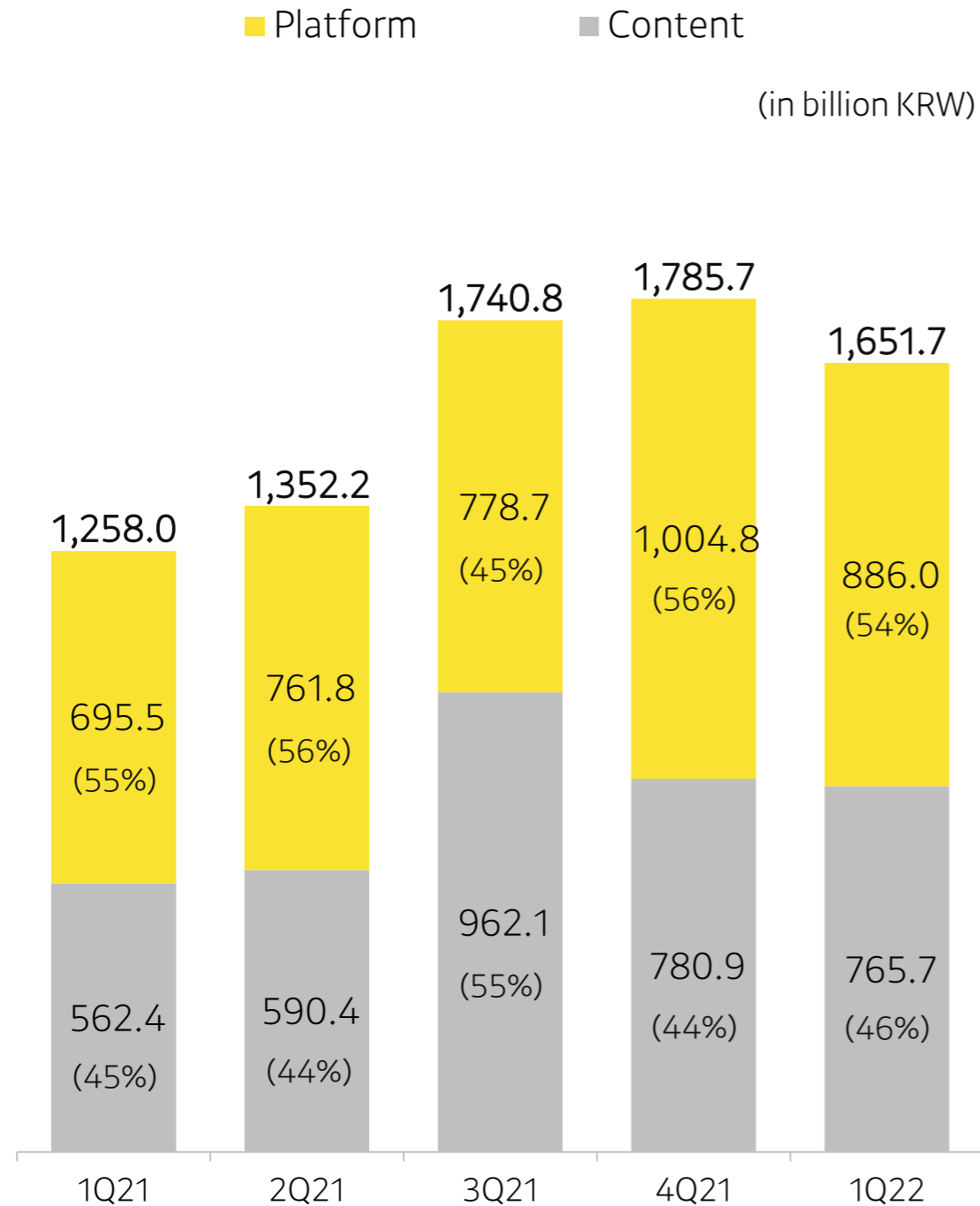
Korea	45,188	45,508	45,793	45,981	46,356	46,623	46,809	47,035	47,431
Global	51,768	52,133	52,299	52,223	52,976	53,808	54,256	53,451	53,366

Average of monthly MAUs. Global includes domestic MAUs.

# Revenue

Q1 Revenue YoY +31% / QoQ -8%

Mix - Platform 54% : Content 46%



Revenue Breakdown		
Platform	Talk Biz	Advertising - 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, Blockchain, 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

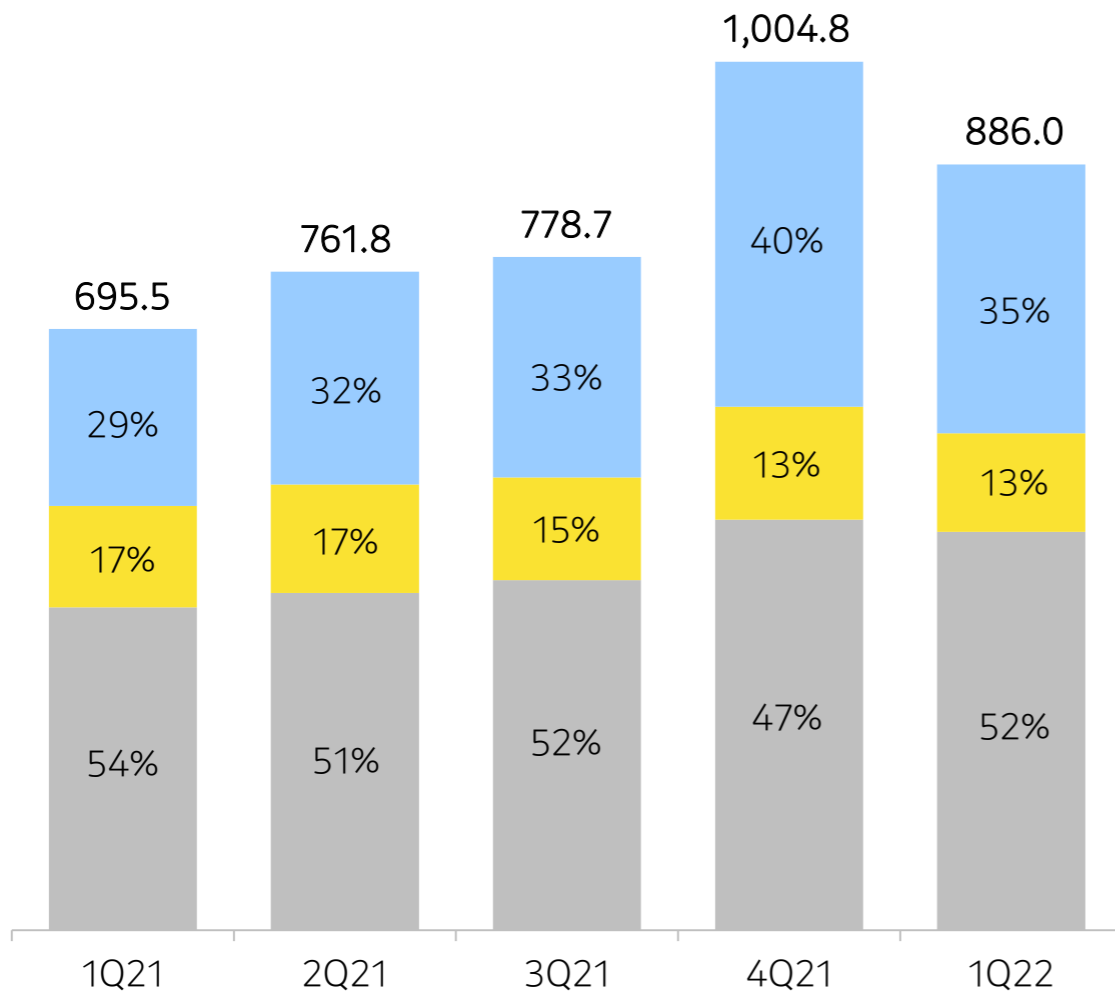
Platform YoY +27% / QoQ -12%

Content YoY +36% / QoQ -2%

## Platform

(in billion KRW)

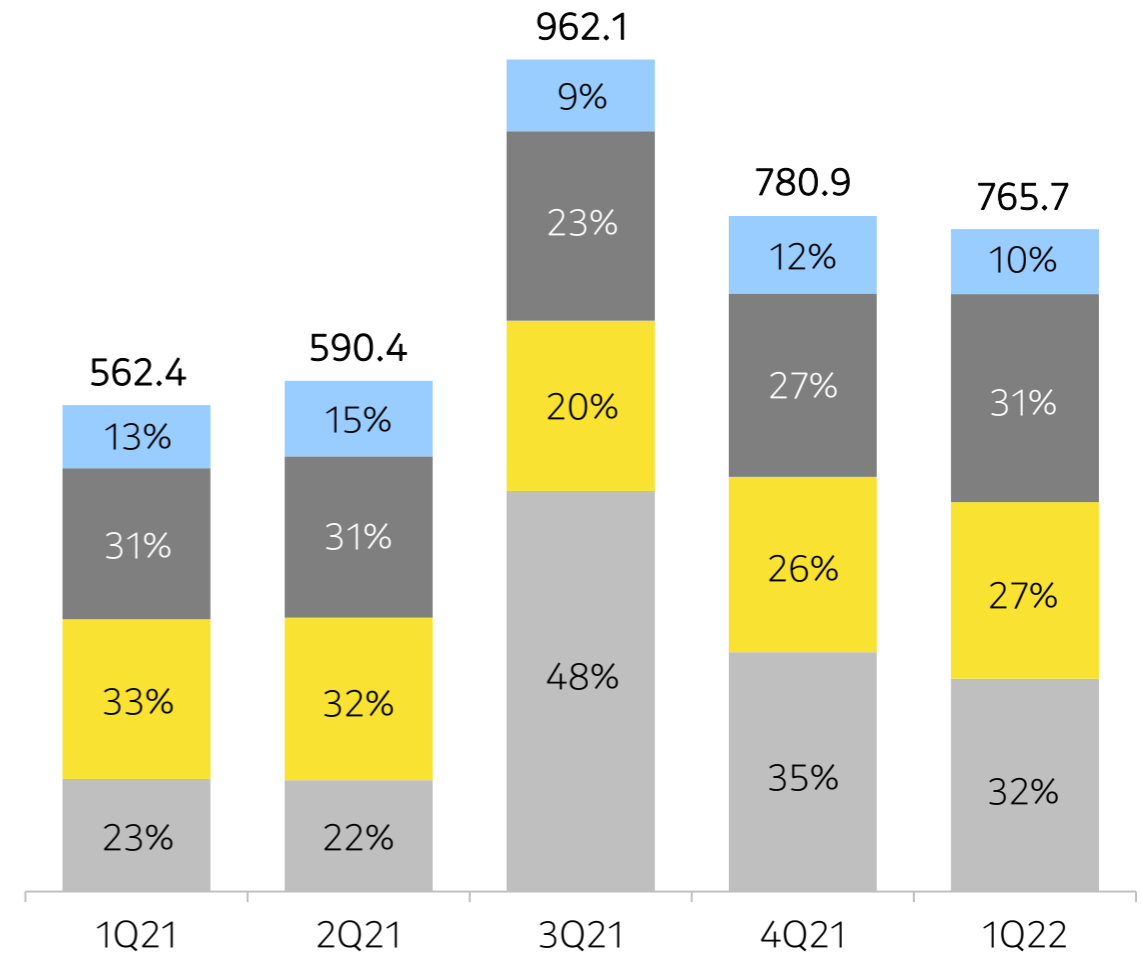
■ Talk Biz ■ Portal Biz ■ Platform-Others



## Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media



# Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +23% / QoQ -3%

Portal Biz YoY -3% / QoQ -13%

Others YoY +52% / QoQ -22%

Virtuous Cycle Between Advertising Products and Solid Growth of Commerce GMV

Decrease in Ad Spending and Low Seasonality

QoQ Decrease due to Seasonality but Strong YoY Growth Thanks to Business Expansion of Mobility and Pay

## Talk Biz

(in billion KRW)

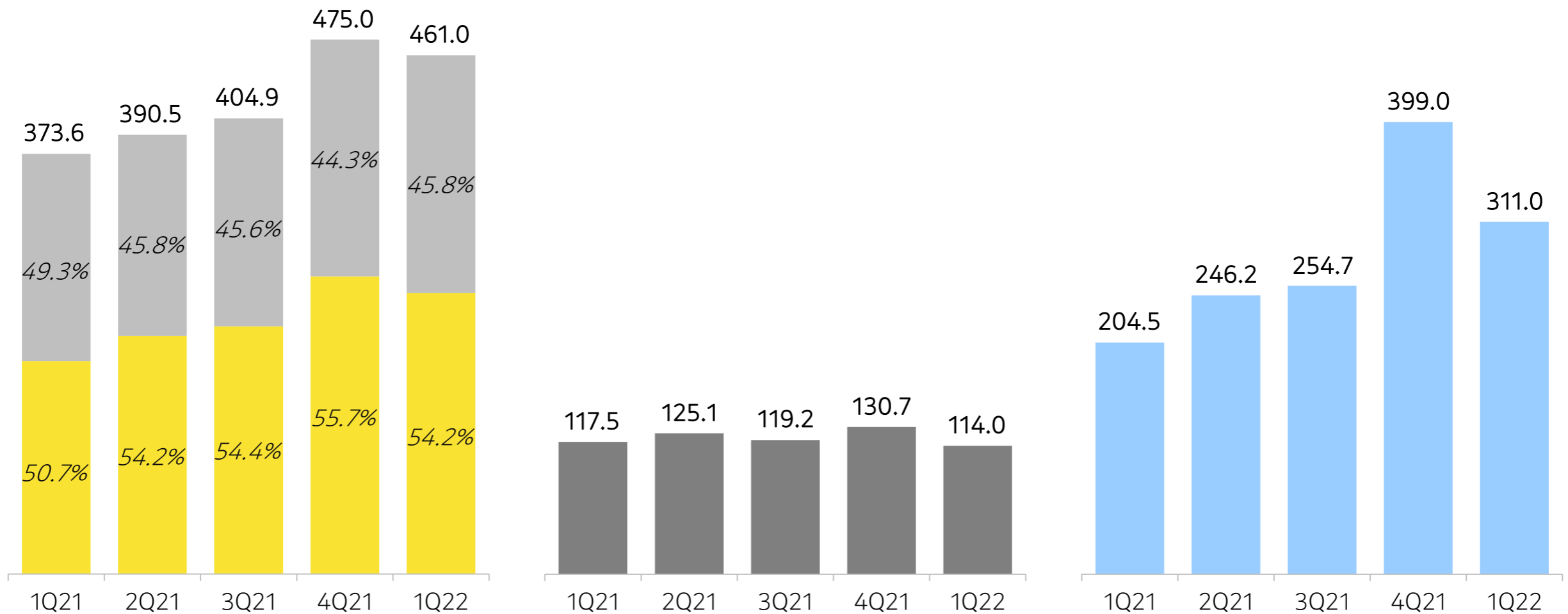
## Portal Biz

(in billion KRW)

## Others

(in billion KRW)

■ Advertising ■ Commerce



# Content | Game Music

Game YoY +89% / QoQ -11%

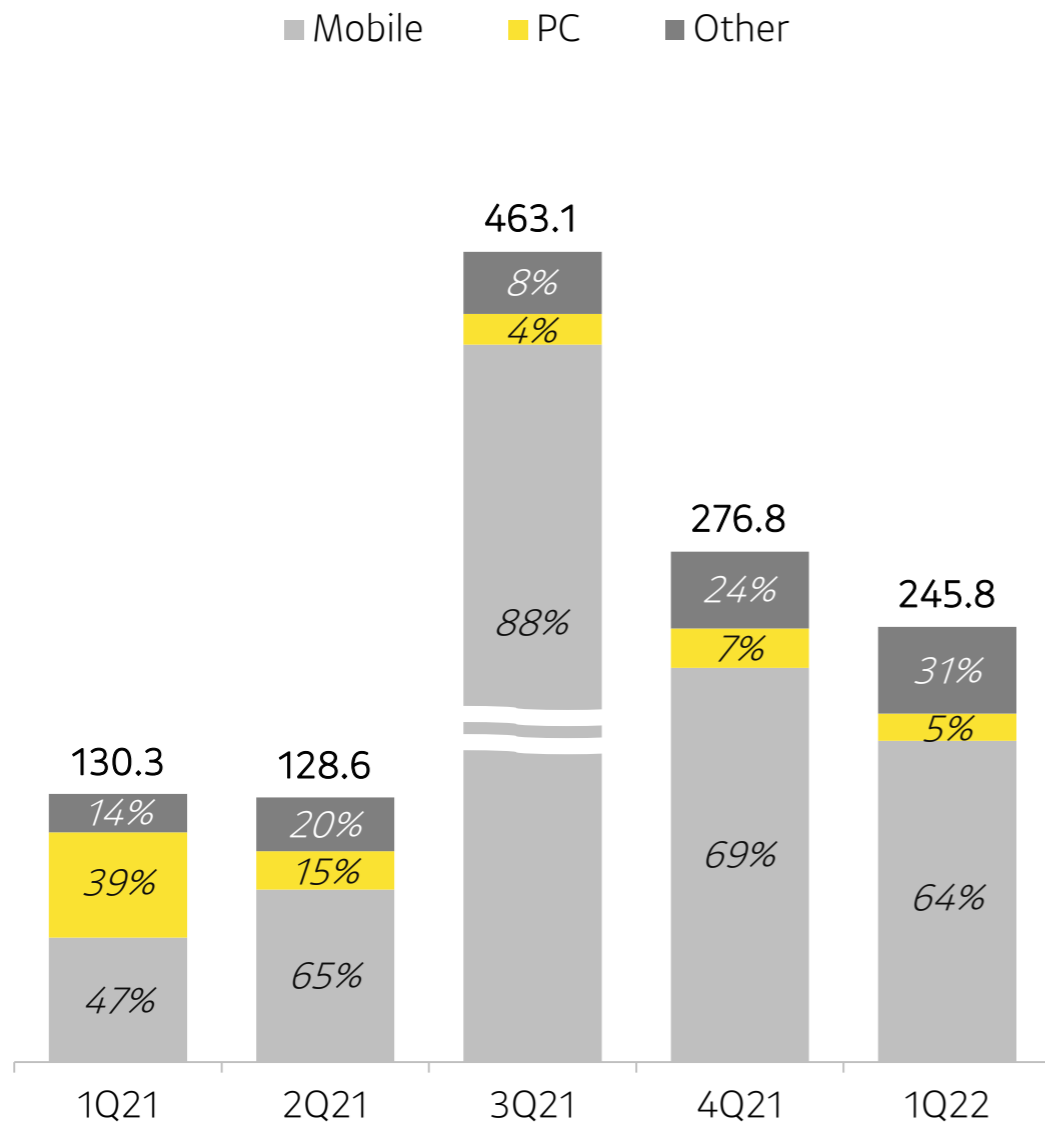
Music YoY +11% / QoQ +1%

On-quarter Slowdown due to Stabilization of Odin's Domestic Revenue

Music Production/Distribution Synergy on the Back of Melon Platform

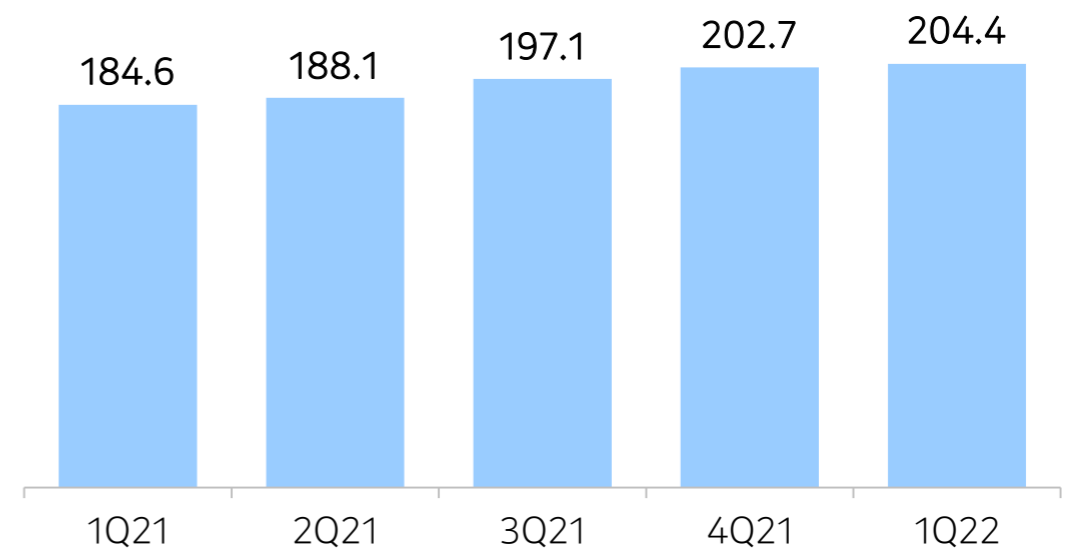
## Game

(in billion KRW)



## Music

(in billion KRW)





# Content | Story Media

Story YoY +38% / QoQ +13%

↳ Entertainment +41% (y) / +14% (q), Piccoma +34% (y) / +13% (q)

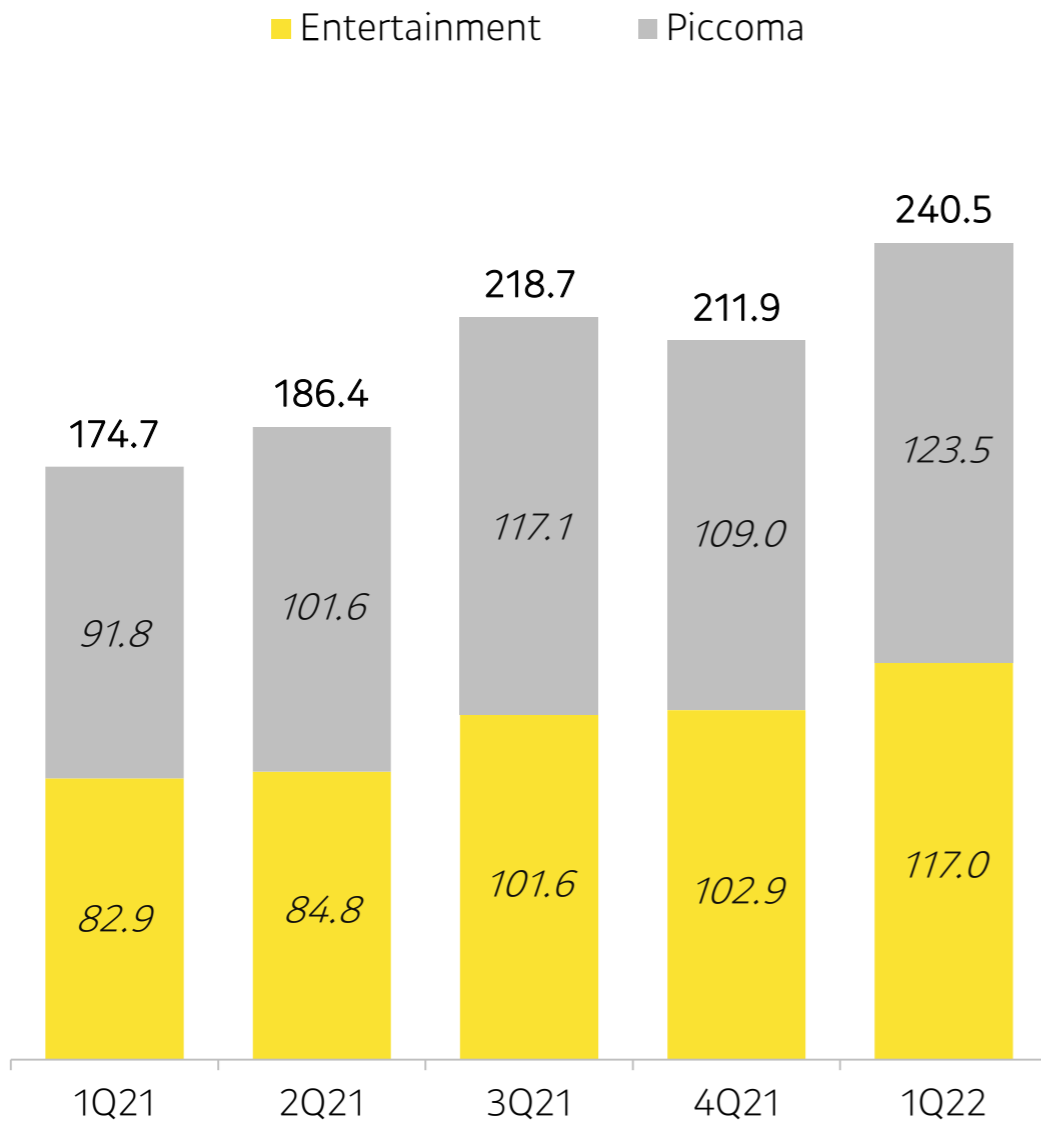
Media YoY +3% / QoQ -16%

Entertainment - Global Success of 'Business Proposal'  
 Piccoma - Dominant No.1 Market Presence in App Manga Market and Penetration into Web Market

On-quarter Decrease on High Base Effect in Video Production and Talent Agency

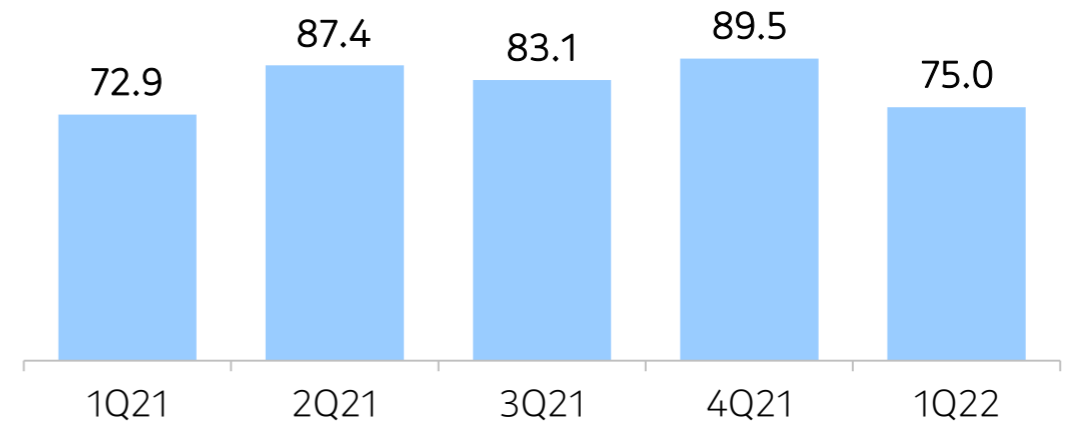
## Story

(in billion KRW)



## Media

(in billion KRW)



# Earnings Summary

(in billion KRW)

	1Q21	4Q21	1Q22	Change	
				YoY	QoQ
Total Revenue	1,258.0	1,785.7	1,651.7	31%	-8%
Platform	695.5	1,004.8	886.0	27%	-12%
Talk Biz	373.6	475.0	461.0	23%	-3%
Portal Biz	117.5	130.7	114.0	-3%	-13%
Platform - Others	204.5	399.0	311.0	52%	-22%
Content	562.4	780.9	765.7	36%	-2%
Game	130.3	276.8	245.8	89%	-11%
Music	184.6	202.7	204.4	11%	1%
Story	174.7	211.9	240.5	38%	13%
Media	72.9	89.5	75.0	3%	-16%
Operating Expenses	1,100.4	1,679.1	1,493.0	36%	-11%
Operating Profit	157.5	106.6	158.7	1%	49%
<i>Margin (%)</i>	12.5%	6.0%	9.6%	-2.9%pt	3.6%pt
Net Profit	239.9	224.1	1,320.8	451%	489%
Controlling Interests	224.5	76.8	1,301.8	480%	1,594%
Non-controlling Interests	15.3	147.2	19.0	24%	-87%

# Operating Expenses

(in billion KRW)

	1Q21	4Q21	1Q22	Change	
				YoY	QoQ
Operating Expenses	1,100.4	1,679.1	1,493.0	36%	-11%
Labor Cost	292.9	515.8	420.0	43%	-19%
Cost of Revenue	493.0	648.2	584.4	19%	-10%
Outsourcing / Infrastructure	144.5	233.8	204.6	42%	-12%
Marketing Expense	67.2	128.8	114.6	70%	-11%
Depreciation and Amortization Cost	79.2	119.8	130.8	65%	9%
Misc.	23.6	32.8	38.7	64%	18%

# Profits

Operating Profit YoY +1% / QoQ +49%

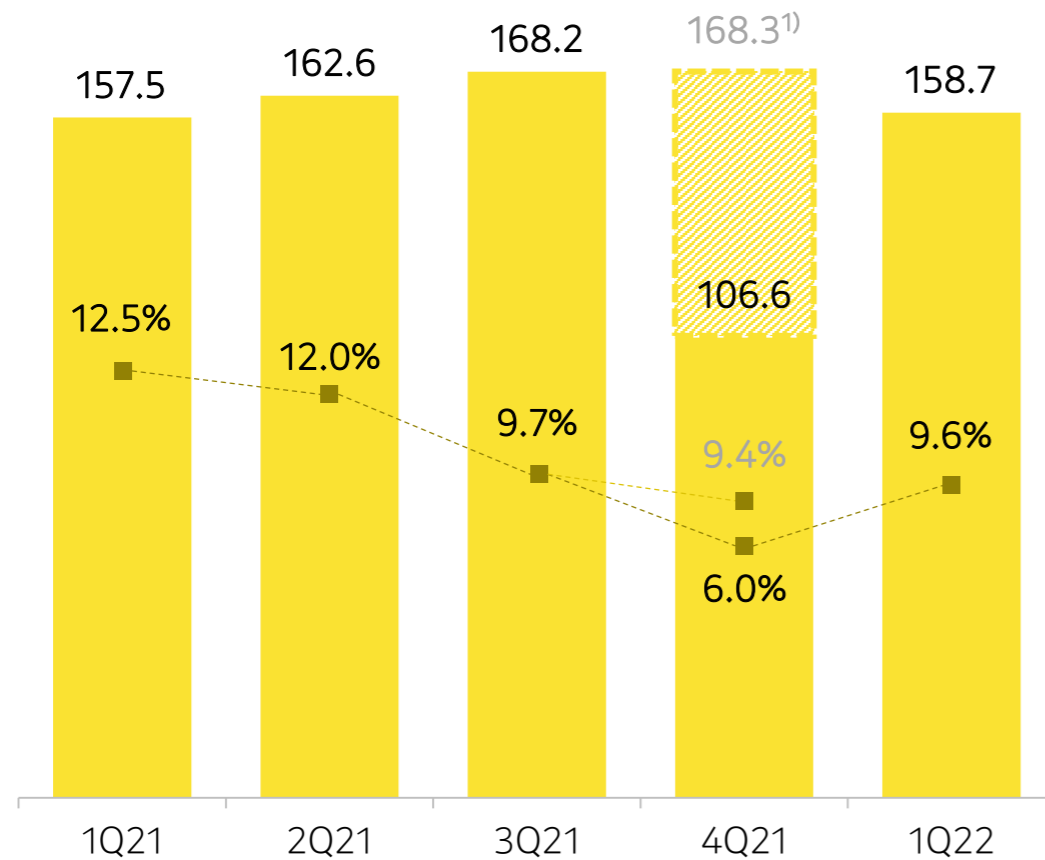
Net Profit YoY +451/ QoQ +489%

Despite Active Investment in Global Expansion and New Business Initiatives, Recorded Solid On-year Revenue and OP Growth

One-time Gain on Disposal of Equity Investment Stake Related to Change in Control of Dunamu

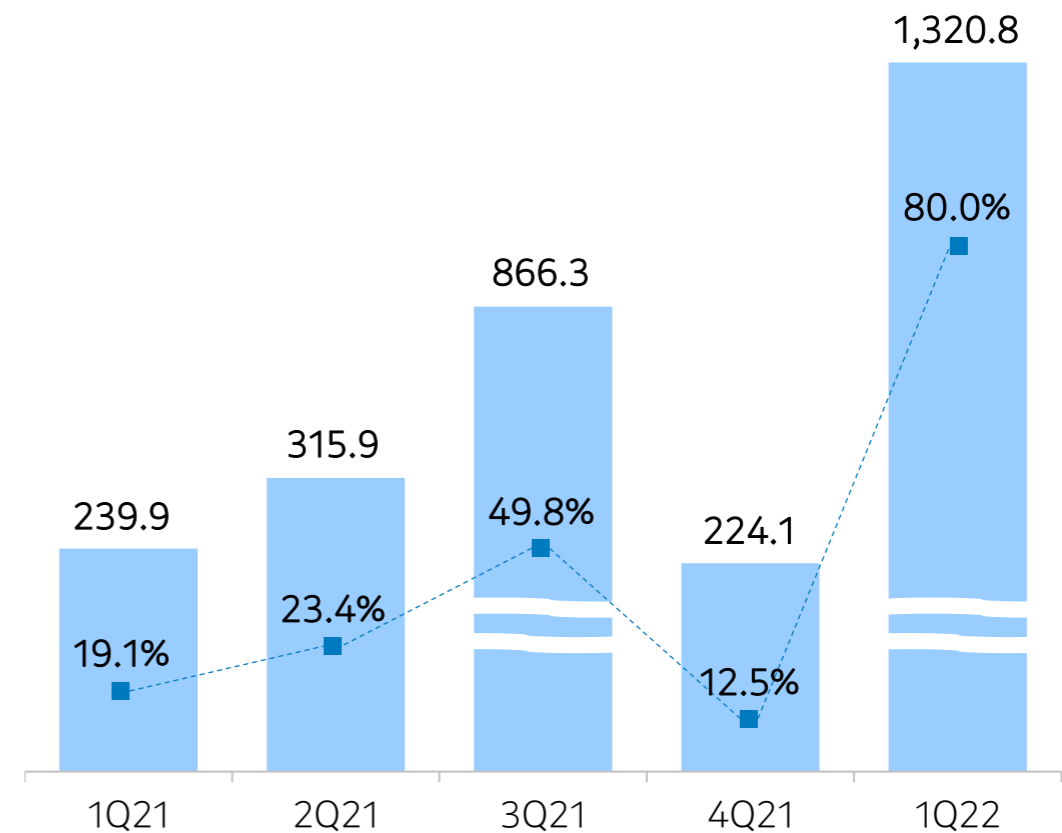
## Operating Profit(M)

(in billion KRW)



## Net Profit(M)

(in billion KRW)



1) Operating profit excluding one-off incentive (-61.7B)

# CapEx / Employees

CapEx YoY +86% / QoQ -19%

Employees YoY +3,785 / QoQ +751

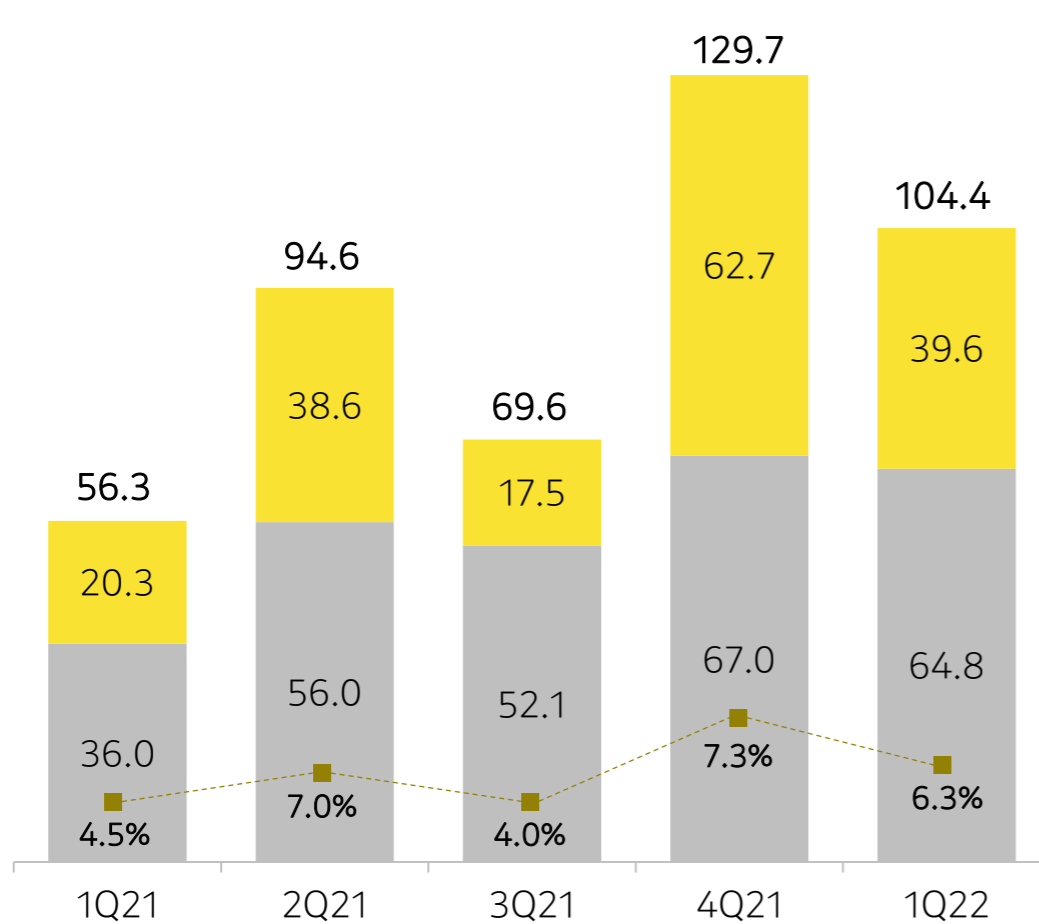
Investment in Servers and Contents

Business Expansion and Consolidation of Subsidiaries

## CapEx

(in billion KRW)

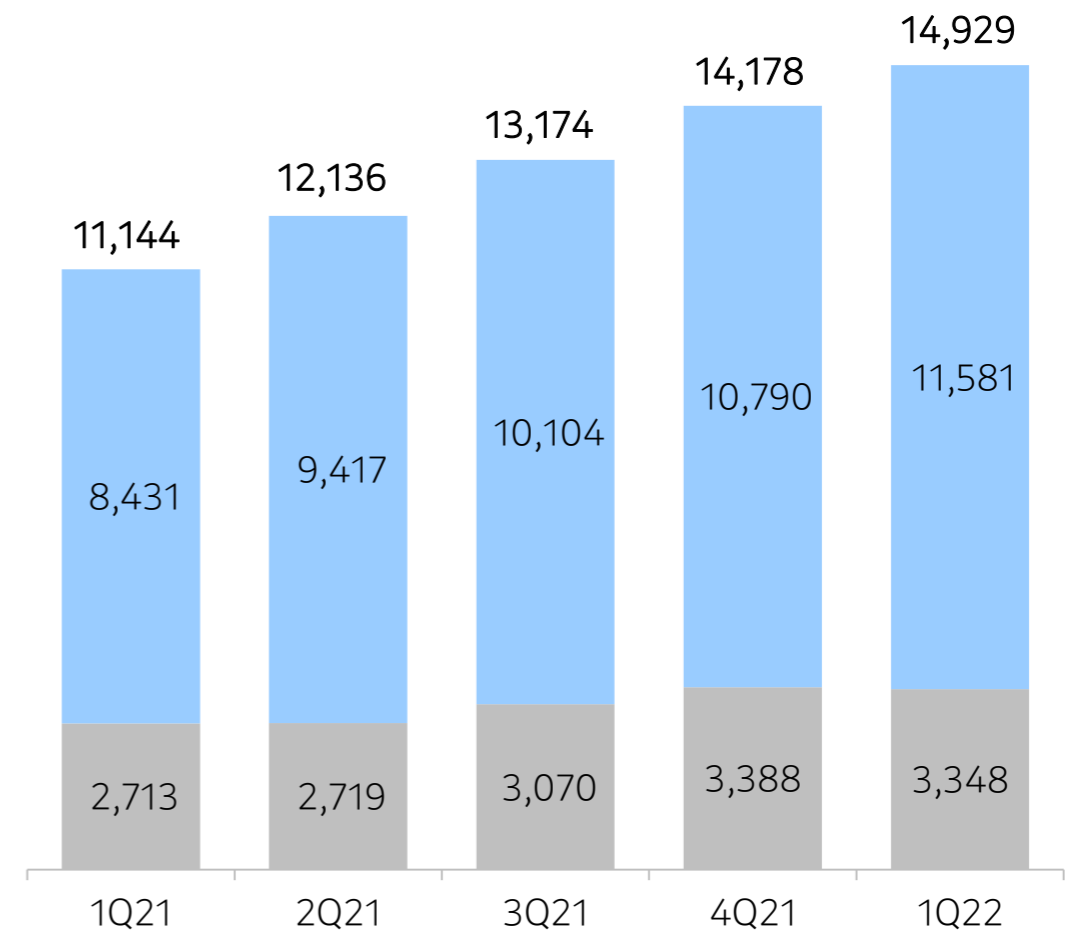
■ PP&E ■ Intangible ■ Capex to Revenue



## Employees

(# of people)

■ Kakao ■ Subsidiaries



# Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	1Q21	2Q21	3Q21	4Q21	1Q22
<b>Total Revenue</b>	<b>1,258.0</b>	<b>1,352.2</b>	<b>1,740.8</b>	<b>1,785.7</b>	<b>1,651.7</b>
Platform	695.5	761.8	778.7	1,004.8	886.0
Talk Biz	373.6	390.5	404.9	475.0	461.0
Portal Biz	117.5	125.1	119.2	130.7	114.0
New Biz	204.5	246.2	254.7	399.0	311.0
Content	562.4	590.4	962.1	780.9	765.7
Game	130.3	128.6	463.1	276.8	245.8
Music	184.6	188.1	197.1	202.7	204.4
Story	174.7	186.4	218.7	211.9	240.5
Media	72.9	87.4	83.1	89.5	75.0
<b>Operating Expenses</b>	<b>1,100.4</b>	<b>1,189.6</b>	<b>1,572.6</b>	<b>1,679.1</b>	<b>1,493.0</b>
Labor Cost	292.9	301.0	307.2	515.8	420.0
Cost of Revenue	493.0	530.3	805.8	648.2	584.4
Outsourcing / Infrastructure	144.5	164.9	197.8	233.8	204.6
Marketing Expense	67.2	91.1	148.1	128.8	114.6
Depreciation and Amortization Cost	79.2	78.8	89.1	119.8	130.8
Misc.	23.6	23.4	24.7	32.8	38.7
<b>Operating Profit</b>	<b>157.5</b>	<b>162.6</b>	<b>168.2</b>	<b>106.6</b>	<b>158.7</b>
<i>Margin (%)</i>	<i>12.5%</i>	<i>12.0%</i>	<i>9.7%</i>	<i>6.0%</i>	<i>9.6%</i>
Other Non-Operating Income	54.4	66.1	799.6	813.4	1,665.3
Other Non-Operating Expenses	6.6	19.2	20.7	360.7	48.4
Financial Income	47.9	18.3	43.9	67.7	68.5
Financial Expenses	69.7	64.7	90.4	90.6	94.7
Equity-method Income	135.1	186.7	171.2	17.1	10.2
<b>Profit before Income Tax</b>	<b>318.7</b>	<b>349.7</b>	<b>1,071.8</b>	<b>553.5</b>	<b>1,759.6</b>
Income Tax	78.8	33.8	205.5	329.4	438.8
<b>Net Profit</b>	<b>239.9</b>	<b>315.9</b>	<b>866.3</b>	<b>224.1</b>	<b>1,320.8</b>
Controlling Interests	224.5	311.7	779.1	76.8	1,301.8
Non-controlling Interests	15.3	4.3	87.2	147.2	19.0
EBITDAR	236.7	241.0	255.1	225.4	288.5
Adjusted EBITDAR <sup>1)</sup>	258.2	279.6	269.8	298.7	332.0

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022. 3.31
<b>Current Assets</b>	<b>4,462.9</b>	<b>8,102.2</b>	<b>8,253.4</b>
Cash and Cash Equivalents	2,877.5	5,231.5	4,768.2
S-T Financial Instruments	694.1	1,573.6	1,451.7
Account Receivable	247.4	398.1	355.3
Other Current Financial Assets	225.1	319.1	458.5
Other Current Assets	232.5	182.7	280.8
<b>Non-Current Assets</b>	<b>6,987.4</b>	<b>13,712.0</b>	<b>15,452.7</b>
Investments in Associates and Joint Ventures	1,504.4	3,215.8	2,697.6
Tangible Assets	430.7	554.9	590.2
Intangible Assets	3,351.6	6,347.8	6,432.3
Other Non-current Assets	166.5	345.5	330.6
Finance Assets	503.6	965.4	787.2
<b>Total Assets</b>	<b>11,954.0</b>	<b>22,779.6</b>	<b>24,493.3</b>
<b>Current Liabilities</b>	<b>2,929.6</b>	<b>5,630.3</b>	<b>5,700.8</b>
Account Payable and Other payable	836.0	1,231.0	1,914.2
Short-term Borrowings	188.4	1,258.8	1,286.9
Income Tax Payable	112.1	188.9	200.2
Other Current Liabilities	1,793.1	2,951.6	2,299.5
<b>Non-Current Liabilities</b>	<b>1,166.1</b>	<b>2,885.1</b>	<b>3,381.6</b>
Non-Current Finance Lease Obligations	273.3	1,318.2	1,492.1
Deferred Income Tax Liabilities	249.0	756.8	1,077.1
Other Non-Current Liabilities	643.8	810.1	812.5
Finance Assets	430.6	674.2	516.5
<b>Total Liabilities</b>	<b>4,526.2</b>	<b>9,189.6</b>	<b>9,598.9</b>
Paid-in Capital	44.3	44.6	44.7
Capital Surplus	5,833.1	7,781.2	7,853.9
Other Accumulated Earnings	18.6	77.1	101.7
Accumulated Other Comprehensive Income	86.6	371.8	287.4
Retained Earnings	316.3	1,709.6	2,988.4
Minority Interest	1,128.8	3,605.6	3,618.3
<b>Total Equity</b>	<b>7,427.7</b>	<b>13,590.0</b>	<b>14,894.4</b>
<b>Total Liabilities &amp; Equity</b>	<b>11,954.0</b>	<b>22,779.6</b>	<b>24,493.3</b>

1) Adjusted EBITDAR : included equity compensation expense

# Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	1Q21	2Q21	3Q21	4Q21	1Q22
<b>Total Revenue</b>	490.9	521.4	468.4	652.3	596.2
<b>Operating Expenses</b>	414.1	424.1	371.9	520.8	473.1
Labor Cost	102.9	95.3	89.0	156.6	143.9
Cost of Revenue	214.9	221.6	163.8	127.6	106.9
Outsourcing / Infrastructure	55.4	64.7	73.5	165.2	154.9
Marketing Expense	3.4	4.5	4.9	11.8	4.2
Depreciation and Amortization Cost	32.1	32.1	33.9	46.3	50.9
Misc.	5.3	5.8	6.8	13.2	12.3
<b>Operating Profit</b>	76.7	97.3	96.5	131.5	123.1
<i>Margin (%)</i>	15.6%	18.7%	20.6%	20.2%	20.6%
Other Non-Operating Income	3.3	5.9	44.6	7.0	1,405.8
Other Non-Operating Expenses	1.2	10.7	8.6	49.9	25.5
Financial Income	37.6	18.4	49.2	123.3	45.5
Financial Expenses	17.5	2.7	17.6	8.5	21.7
<b>Profit before Income Tax</b>	98.9	108.1	164.1	203.5	1,527.2
Income Tax	20.3	10.0	(56.3)	94.1	382.8
<b>Net Profit</b>	78.6	98.2	220.5	109.4	1,144.4
EBITDAR	109.0	129.3	130.3	177.7	173.7
Adjusted EBITDAR <sup>1)</sup>	125.7	148.9	137.4	222.3	199.9

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022.3.31
<b>Current Assets</b>	1,782.4	2,418.0	2,441.1
Cash and Cash Equivalents	1,356.9	1,478.7	1,129.7
S-T Financial Instruments	65.5	255.4	220.6
Account Receivable	120.5	152.2	138.1
Other Current Assets	239.5	531.7	952.8
<b>Non-Current Assets</b>	5,563.1	7,606.7	9,305.7
Investments in Associates, Subsidiaries and Joint Ventures	2,393.4	3,547.8	3,577.1
Tangible Assets	272.1	312.6	334.8
Intangible Assets	2,106.2	1,573.6	1,603.1
Other Non-current Assets	791.3	2,172.7	3,790.6
<b>Total Assets</b>	7,345.5	10,024.7	11,746.8
<b>Current Liabilities</b>	1,421.6	2,299.1	2,351.2
Account Payable and Other payable	1,035.7	493.5	551.6
Short-term Borrowings	58.0	342.2	350.0
Income Tax Payable	49.8	55.5	86.2
Other Current Liabilities	278.1	1,408.0	1,363.3
<b>Non-Current Liabilities</b>	598.5	1,171.3	1,669.3
Non-Current Finance Lease Obligations	121.9	1,076.1	1,242.2
Deferred Income Tax	108.2	-	314.2
Other Non-Current Liabilities	368.3	95.2	113.0
<b>Total Liabilities</b>	2,020.1	3,470.4	4,020.5
Paid-in Capital	44.3	44.6	44.7
Capital Surplus	4,986.9	5,489.2	5,529.2
Other Accumulated Earnings	18.6	77.1	101.7
Accumulated Other Comprehensive Income	66.5	240.5	226.4
Retained Earnings	209.1	702.8	1,824.3
<b>Total Equity</b>	5,325.4	6,554.2	7,726.3
<b>Total Liabilities &amp; Equity</b>	7,345.5	10,024.7	11,746.8

1) Adjusted EBITDAR : included equity compensation expense

# Thank You

