

kakao

1Q 2022 | Kakao Investor Relations



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Kakao Ecosystem

Kakao Business

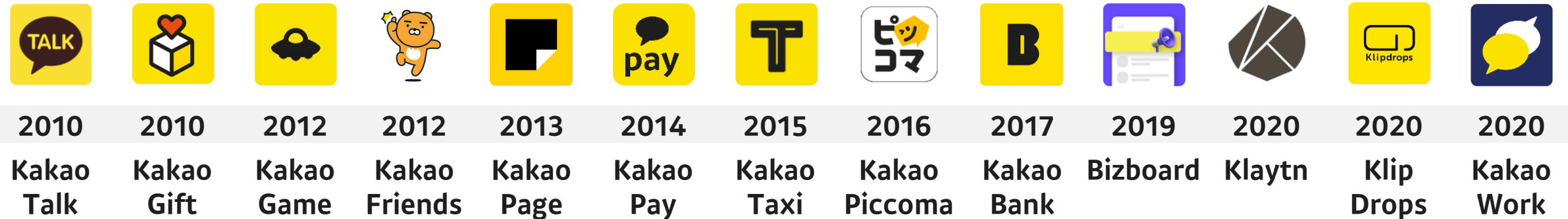
Financial Overview

Making a Better World with People and Technology

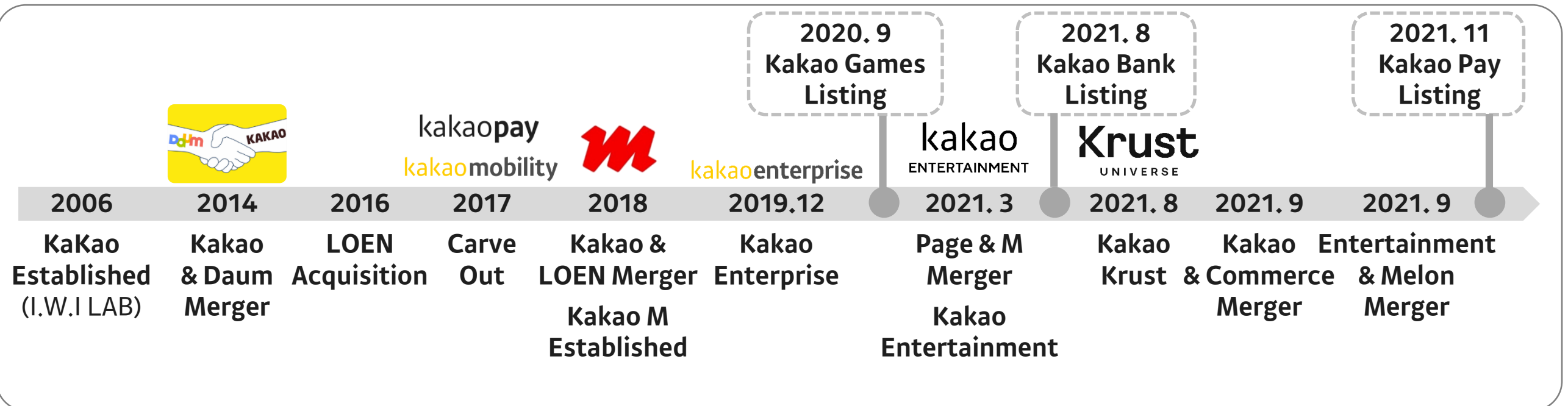


History

Innovative Service Launch

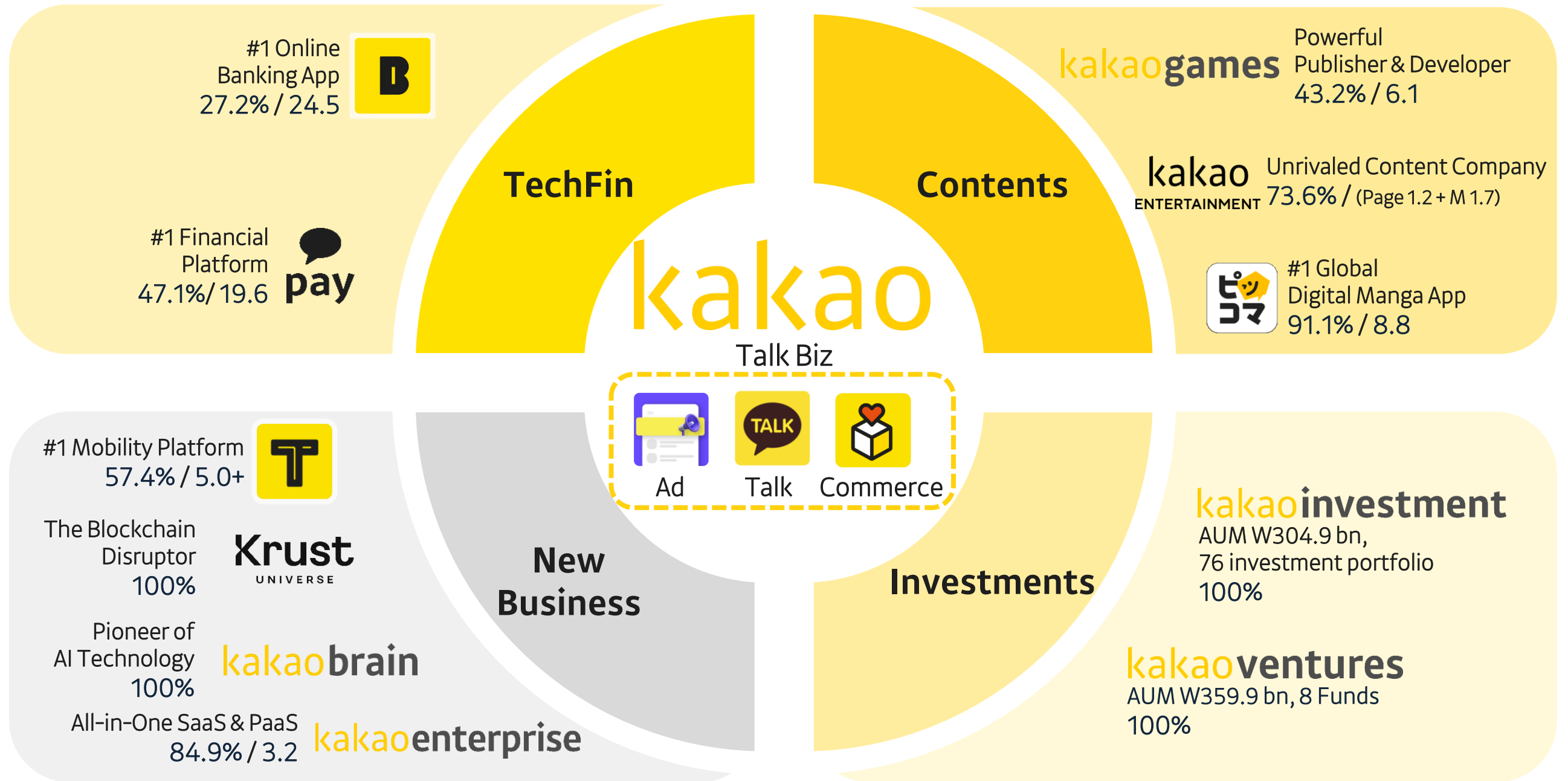


Changes in Business Structure & Listing of Subsidiaries



Kakao Ecosystem

● Kakao's Stake (%) / Transaction Valuation (KRW tn)¹⁾



1) Kakao's Stake and Transaction Valuation as of 2022.3.31

Kakao Ecosystem

Kakao Business

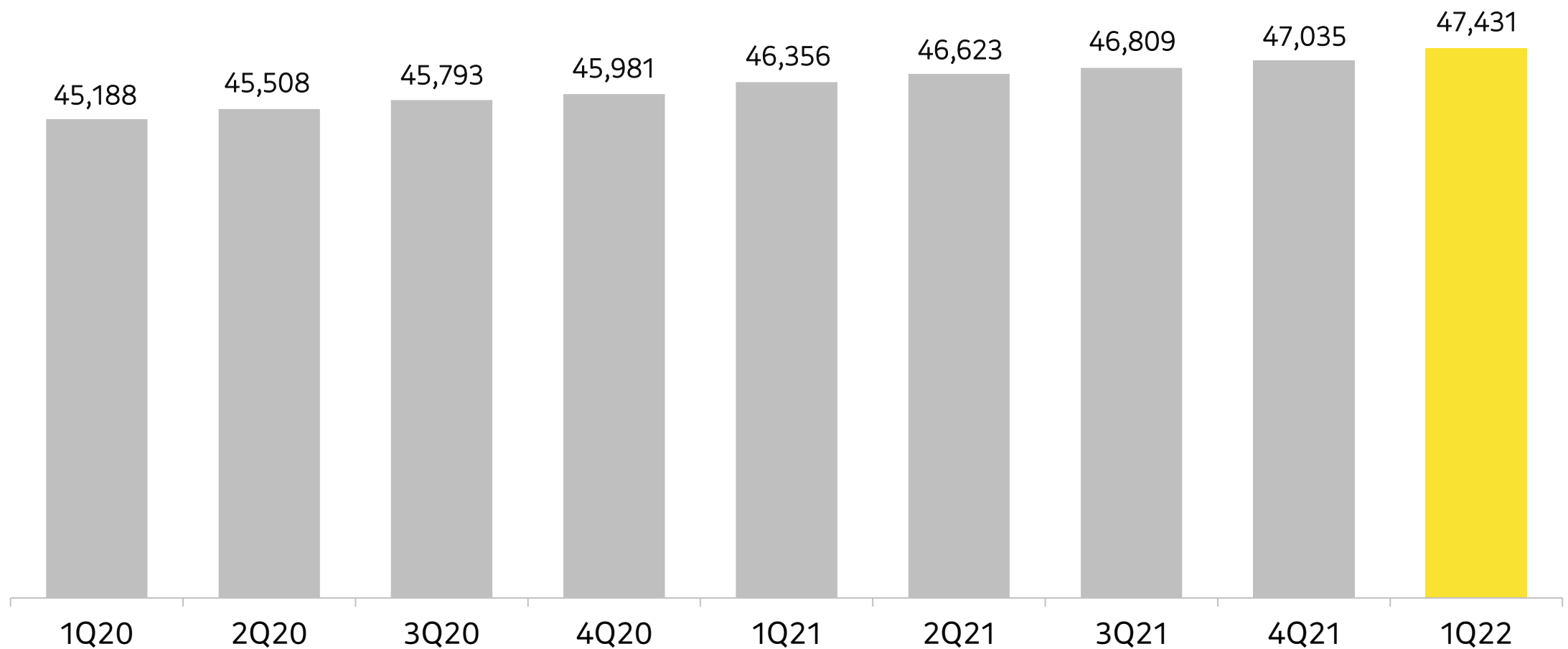
Financial Overview

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

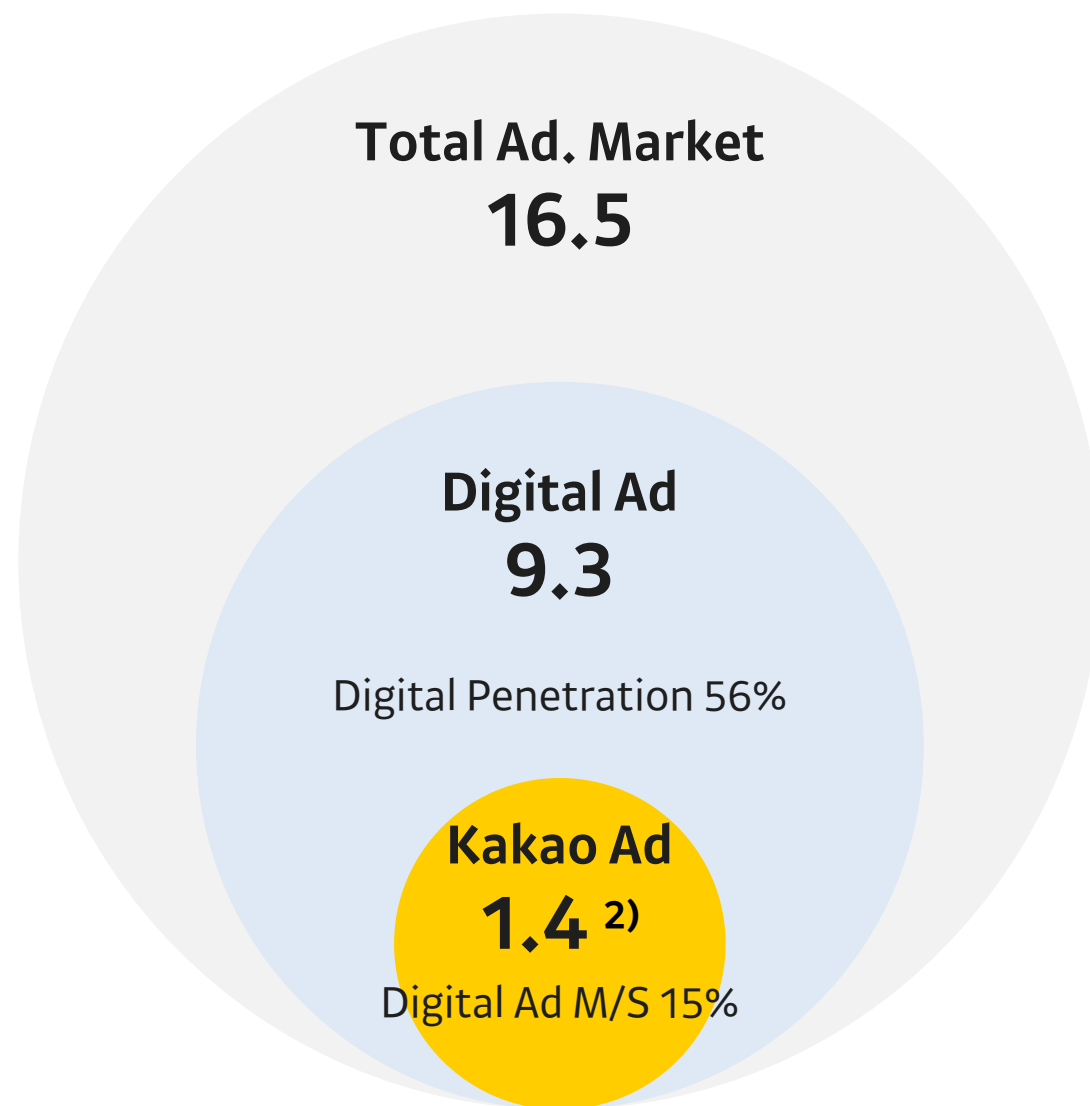
Average of monthly MAUs. Global includes domestic MAUs.

Paradigm Shift in Advertising Industry

Significant Growth Opportunity in KakaoTalk as a Biz Platform

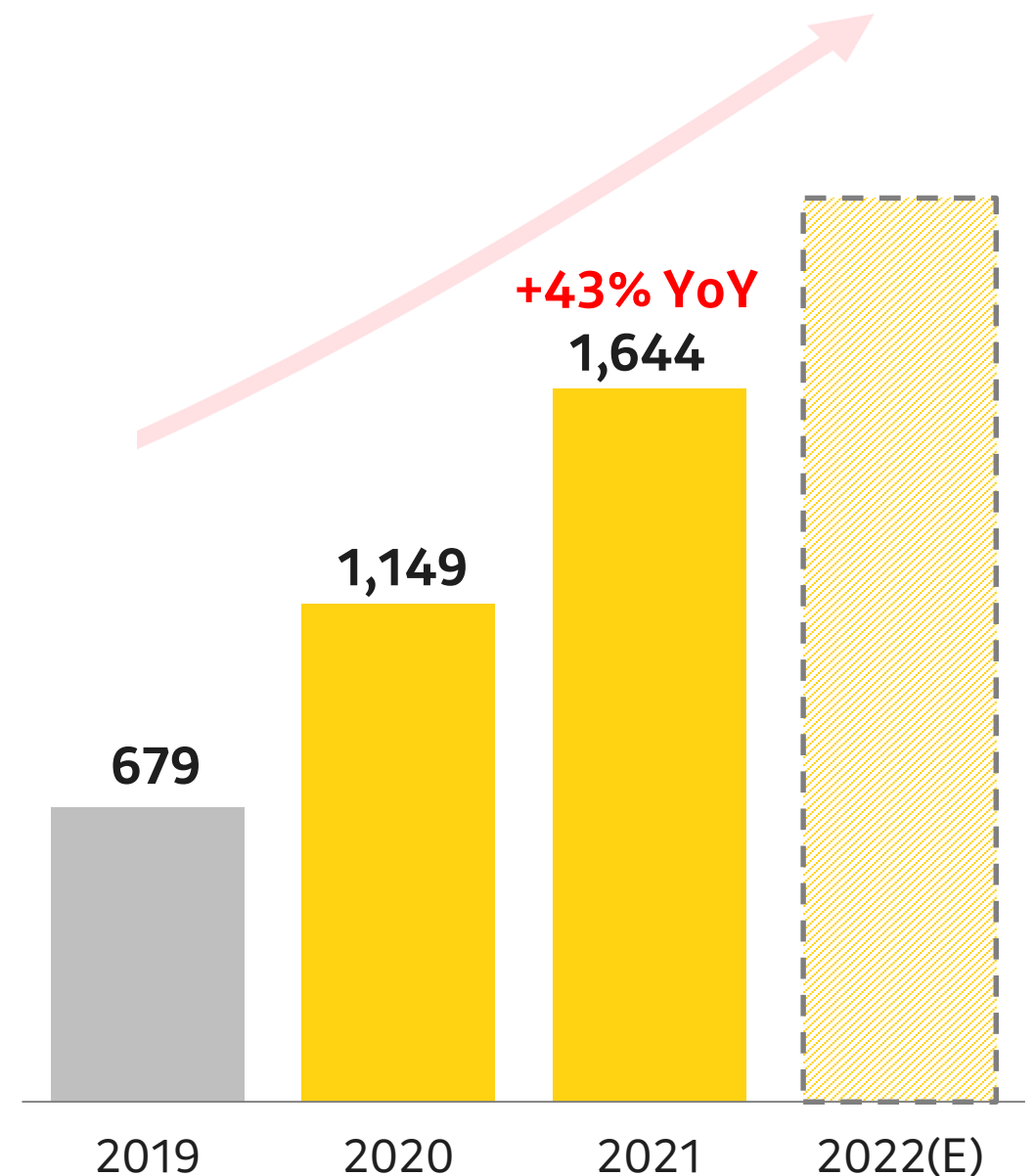
Domestic Ad Market Size (2021) ¹⁾

(in KRW tn)



Talk Biz Revenue

(in KRW bn)



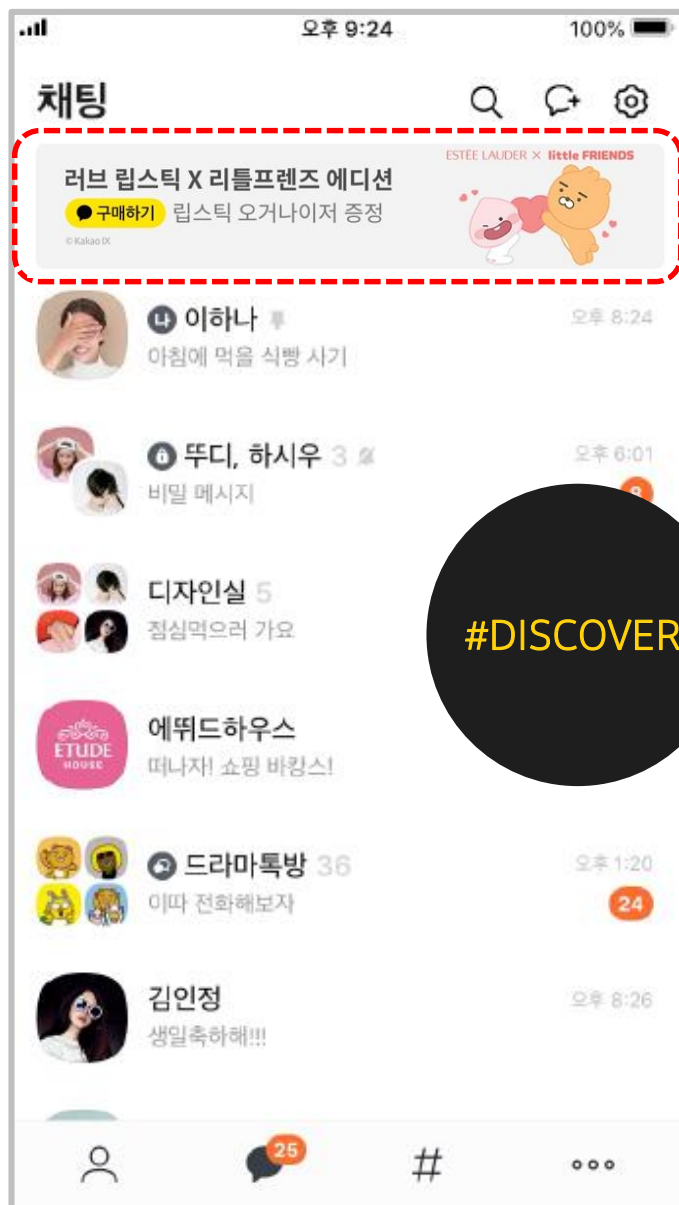
1) Source KOBACO, 2021 Korea Advertising Expenditure Research (2021.12)

2) Kakao Ad includes Talk biz advertising and Portal Biz Revenue

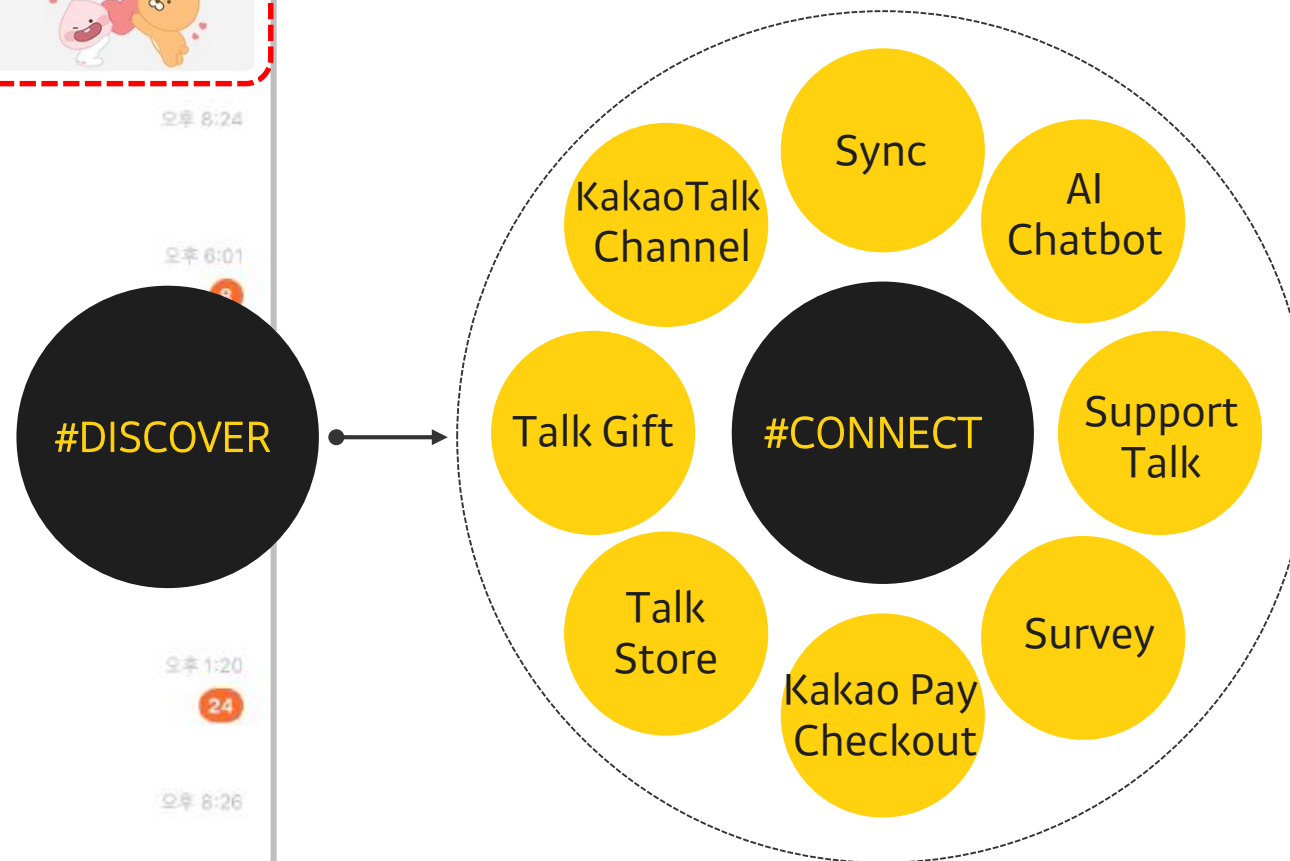
Talk Biz Advertising (Kakao Bizboard)

New Innovative Way to Connect 47 million Mega Traffic

Chat list tab is where users spend the most time



Users can get recommendations of their interests



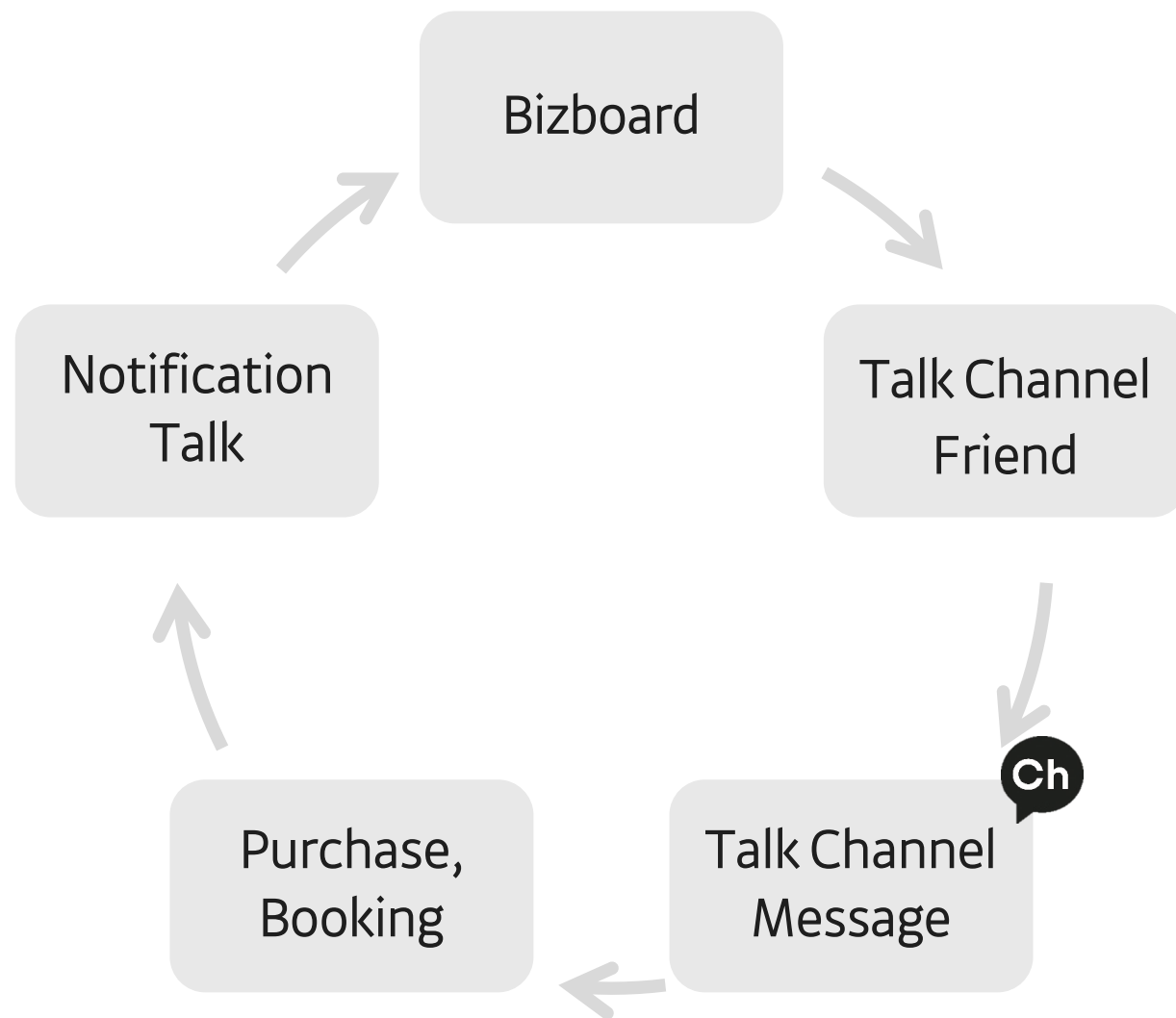
Users may fulfill any actions that wish to take



Talk Biz Advertising (Message Ad)

Virtuous Cycle with Bizboard, KakaoTalk Channel and Notification Talk

The Virtuous Cycle
Established with Bizboard

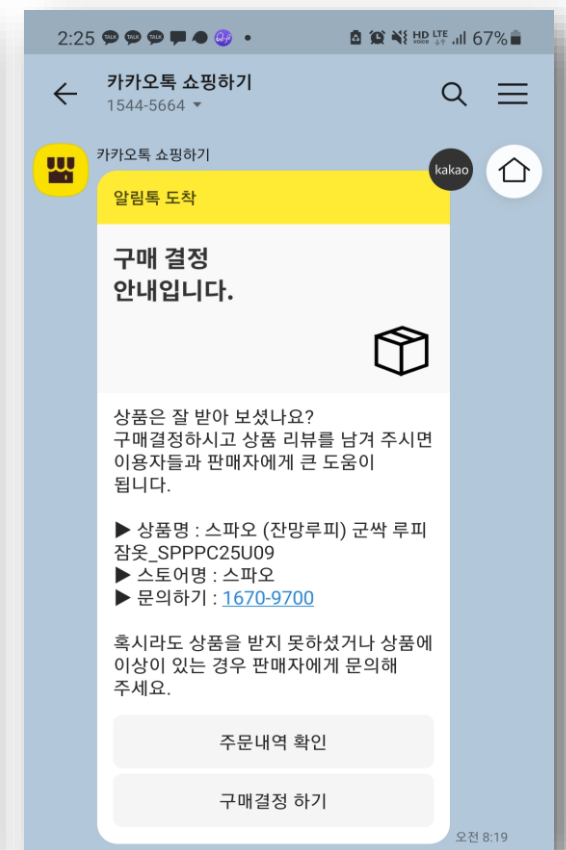


Message Business Model

‘KakaoTalk Channel’
Message Ad



‘Notification Talk’ Informs
Payment, Delivery Updates



From Leveraging the Social Graph to any Talk-based Transactions

kakaocommerce Key indices

W2.3 tn
1Q Total GMV

+32% YoY

32% YoY
Talk Gift

Delivery Gifts GMV
+46% YoY

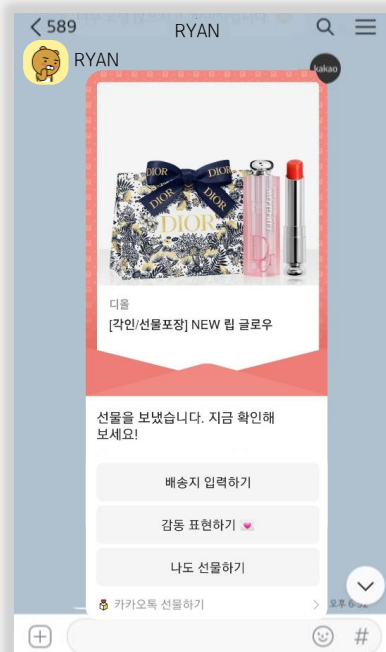
22% YoY
Talk Store

Seeking Synergy btwn
Talk Store & Talk Channel

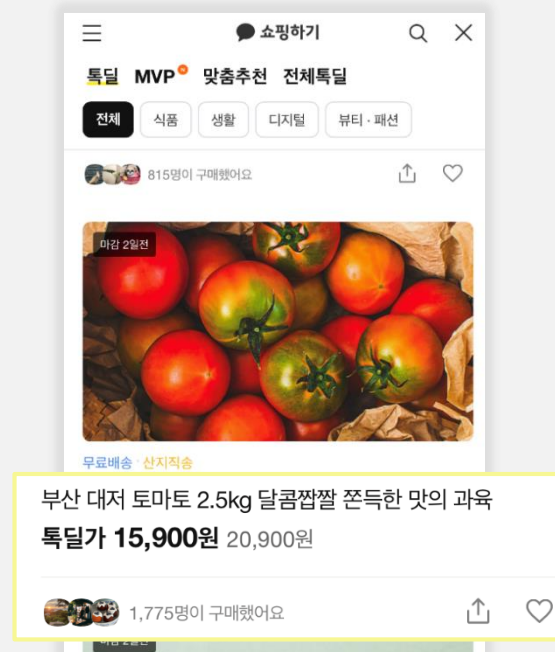
W10 tn
FY'22 GMV
Target

Talk Gift, Talk Store, Makers,
ZigZag, Grip

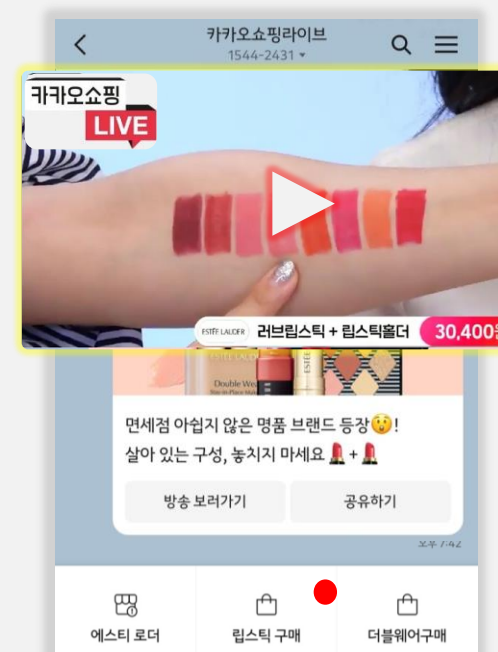
Talk Gift



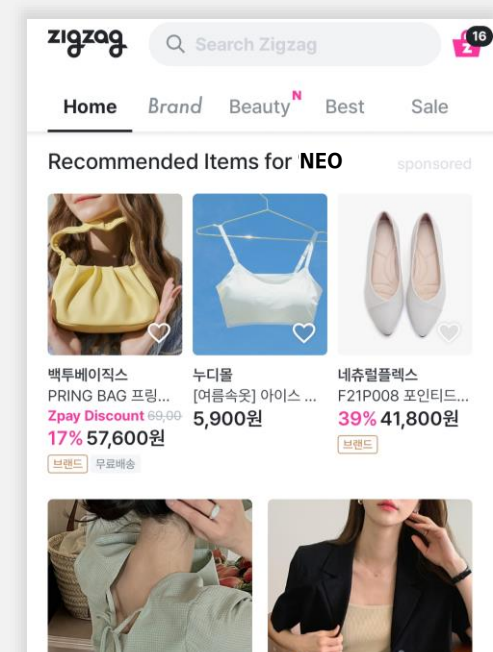
Talk Store > Talk Deal



Talk Store > Live Commerce

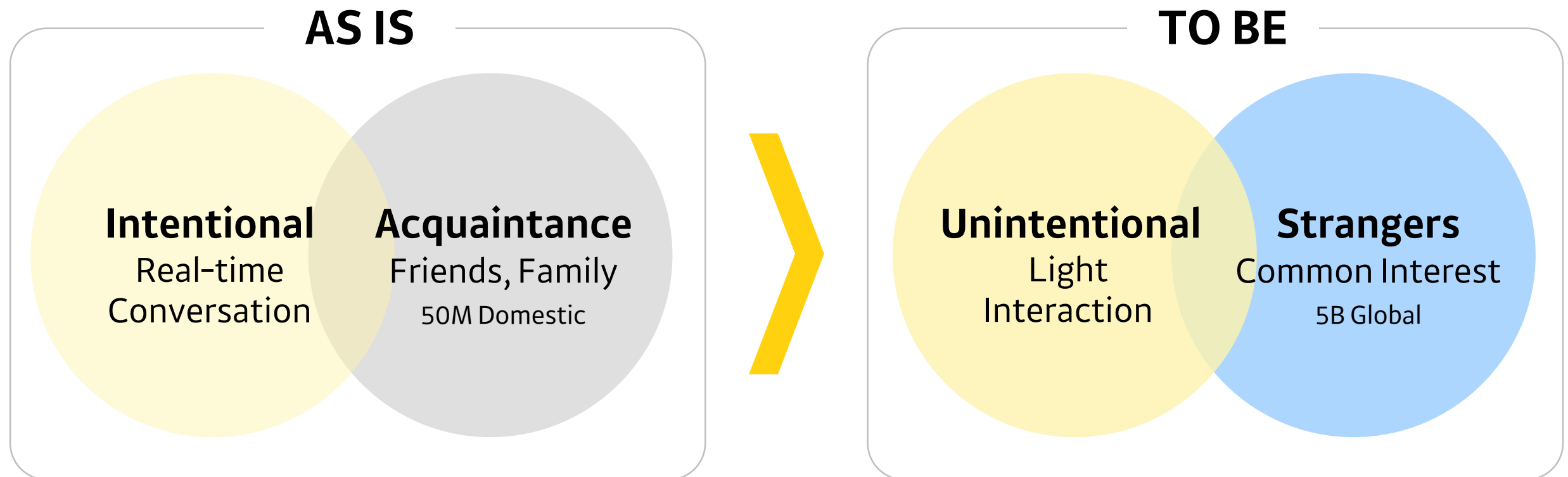


ZigZag



Kakao Talk'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

Satisfying Every Customers Need with All-in-One Mobility Platform



Kakao T Key Indices

31 M

Registered
Users

Largest # of users

37 K

T Blue Fleet

+2,000 QoQ

38% YoY

1Q # of completed
taxi rides

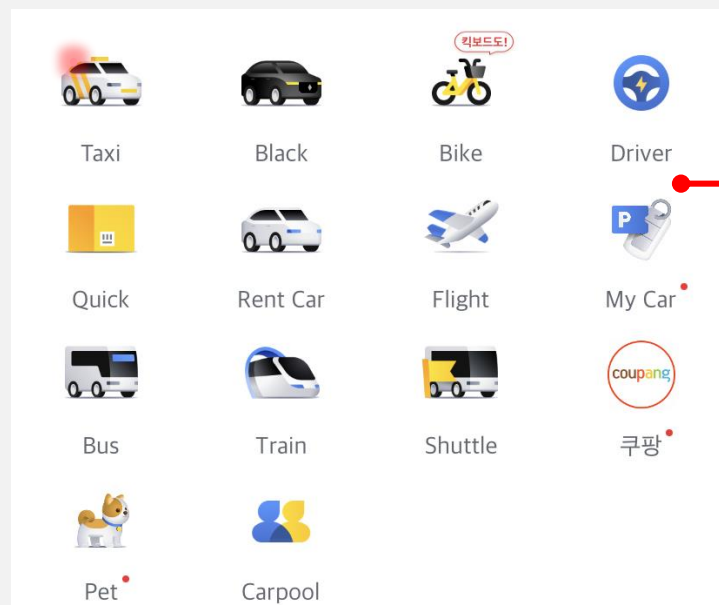
Increase in demand &
Supply of premium taxi

**Turn to
Profit**

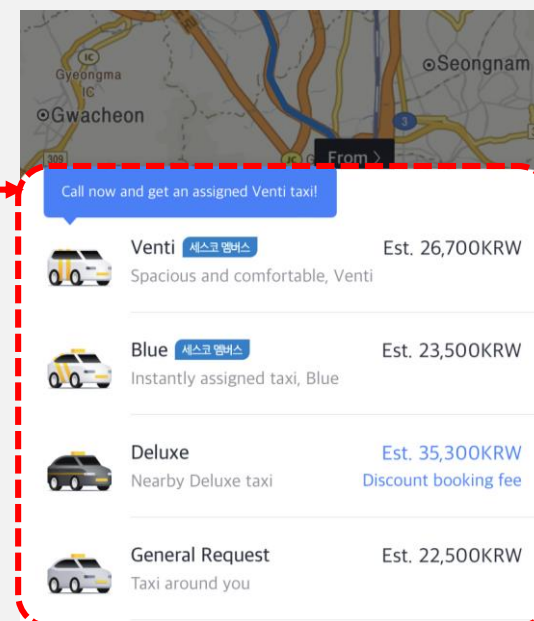
FY2021

Targets for continuous
improvement

Kakao T Application



Expansion of Premium Paying Service Option



Revolutionizing into a Service Meeting All Types of Mobility Demands



No.1 Comprehensive Daily Financial Platform



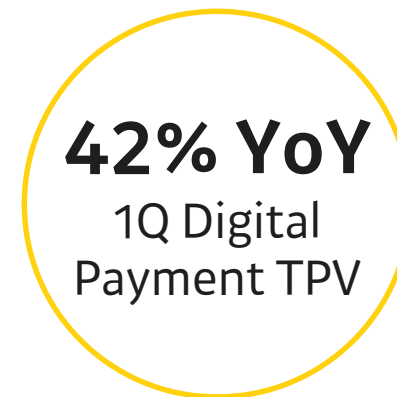
Kakao Pay Key Indices



MAU 2.2 K



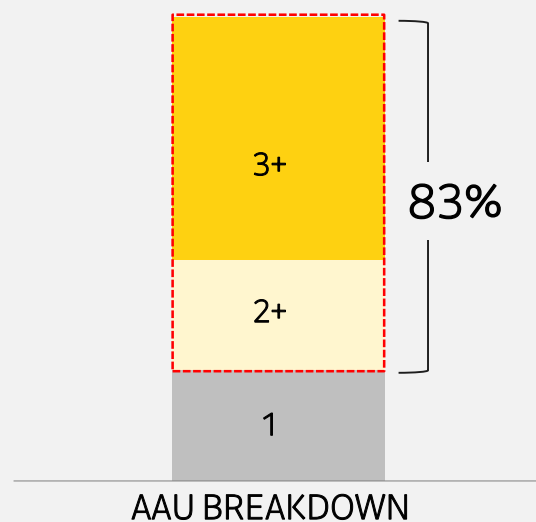
+20% YoY



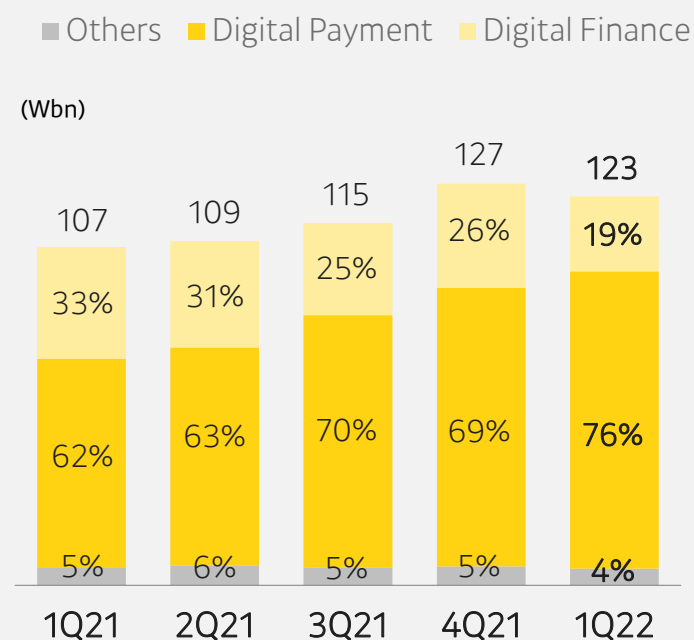
MTS (April 2022)
Insurance (3Q 2022(E))

83% Multi-service Users

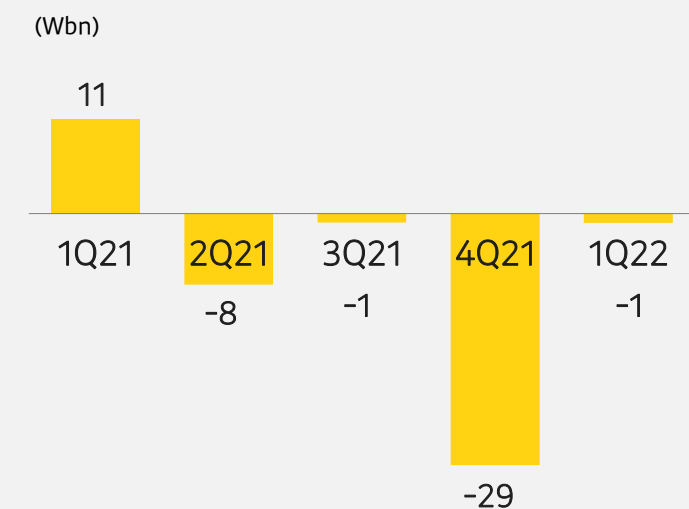
OF USE CASES
(MARCH. 2022)



Revenue



Operating Profit



1) Key Indices as of 1Q22

2) Kakao Pay's stand alone financials may differ from Kakao consolidated financials

No.1 Online Banking with Innovative User-Friendly Technology



Kakao Bank Key Indices

18.6 M
Customer Base

MAU 15 M
#1 Mobile Banking App

₩33.0 tn
Deposit

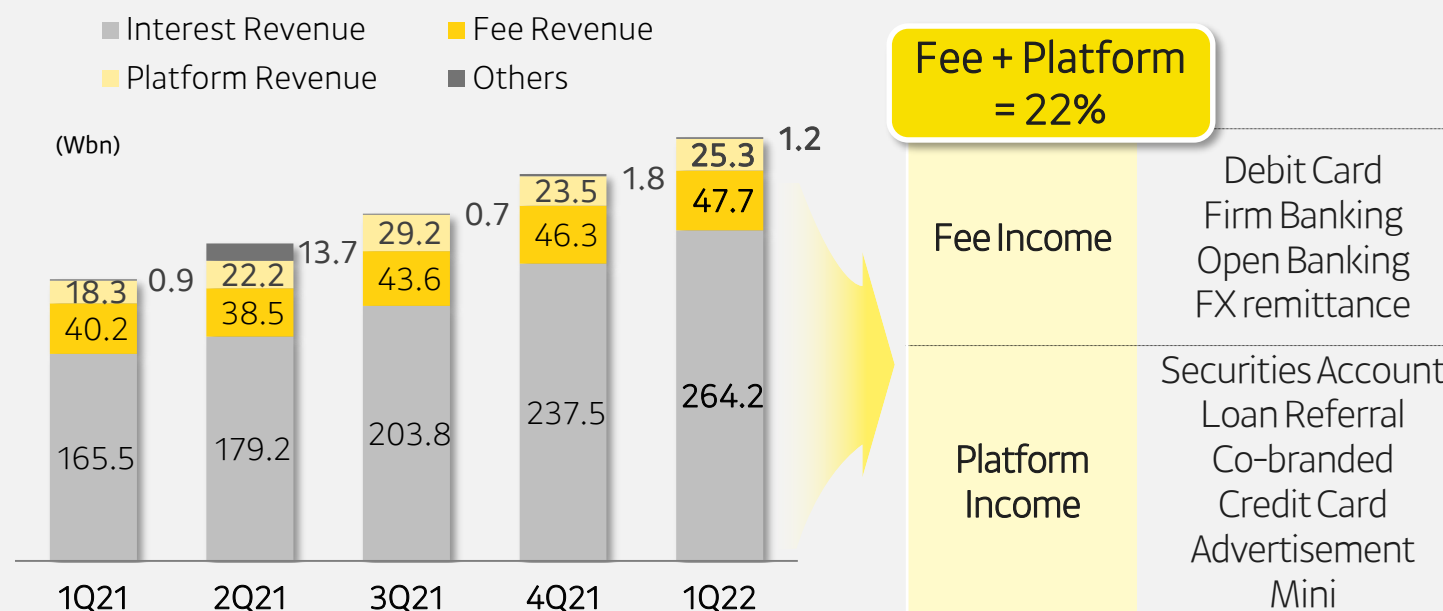
+30% YoY

₩26.0 tn
Loan

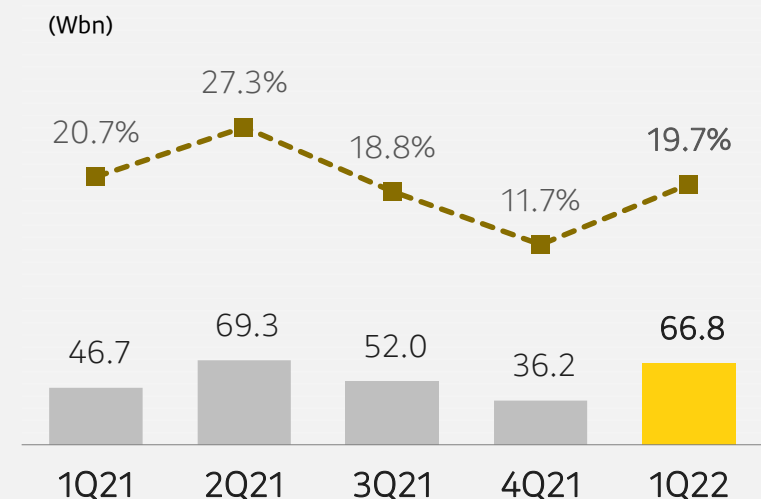
+20% YoY
NIM 2.22%

₩88.4 bn
1Q Operating Profit

Solid Growth from Fee Revenue + Platform Revenue

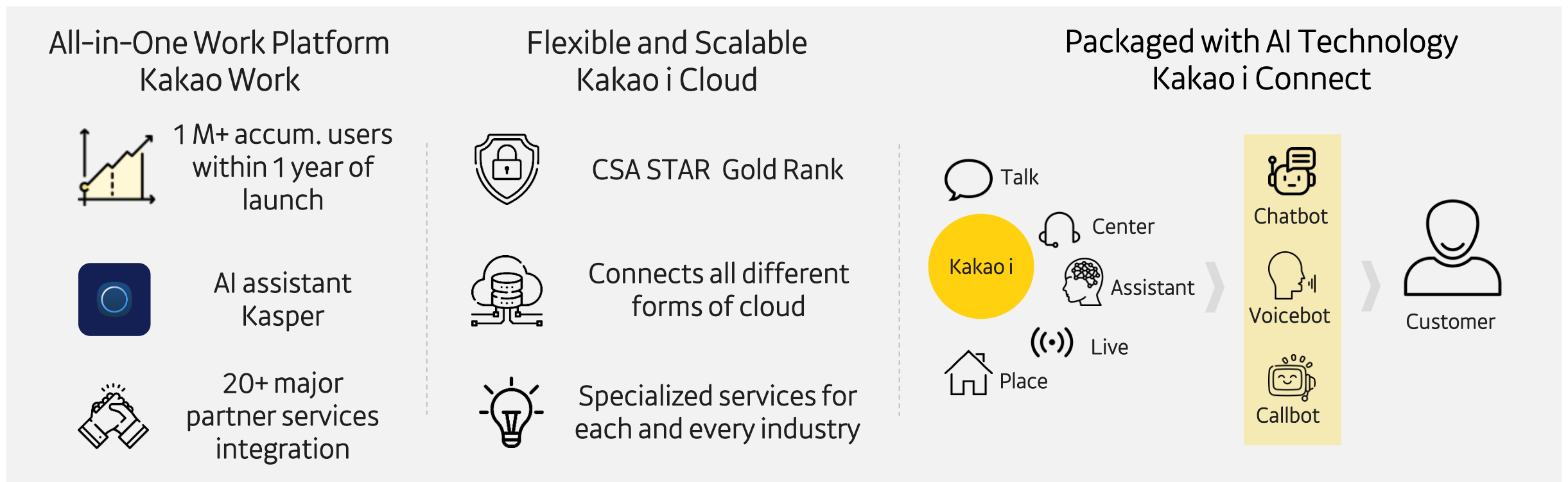
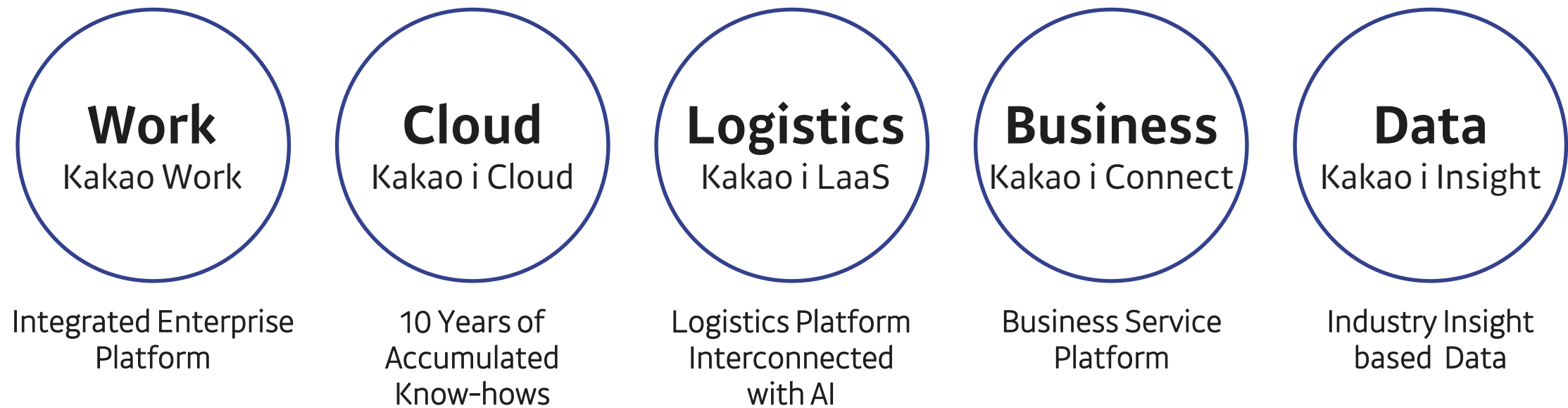


Net Profit (M)



B2B Business Expansion with Differentiated AI Technology

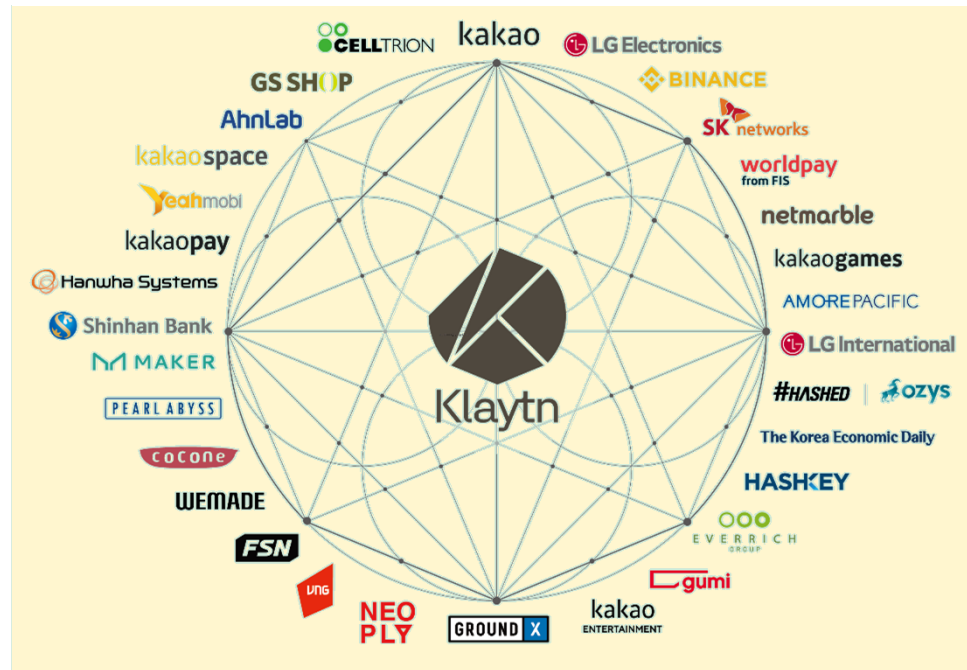
kakaoenterprise Key Services



Blockchain

Transforming as a global blockchain platform most suited to metaverse

Klaytn Governance Council



Business Model

B2B
BaaS

Mining

NFT Market
Klip Drops

Others

Klaytn Ecosystem

GameFi

Kakao Games/Bora  **BORA**

Wemade/Wemix



Neowiz/Neopin



NFT

Klip Drops

Klaytn NFT Marketplace



One of 4 blockchains to be registered on world's largest NFT marketplace

DeFi / Exchange



Multi-Platform Game Company Encompassing PC and mobile



Kakao Games Key Indices

Game Value Chain

Acquisition of a majority stake in Lionheart Studio

Global Expansion

Targets to release every game globally

Beyond Game

Sports, Metaverse, NFT
New business initiatives

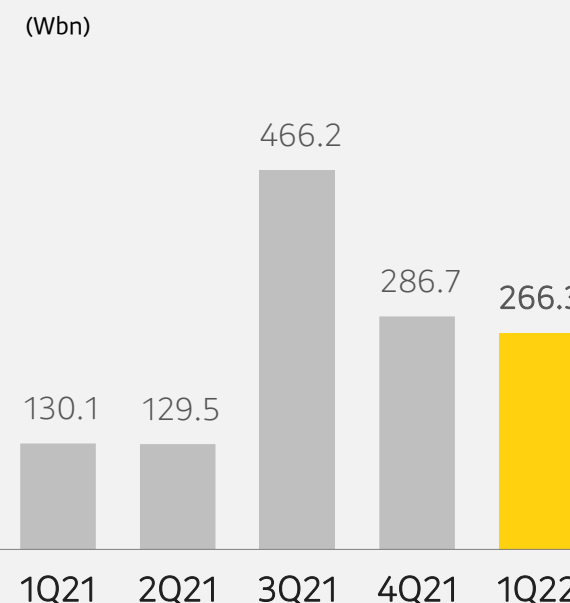
BORA 2.0

Global Blockchain Content Service

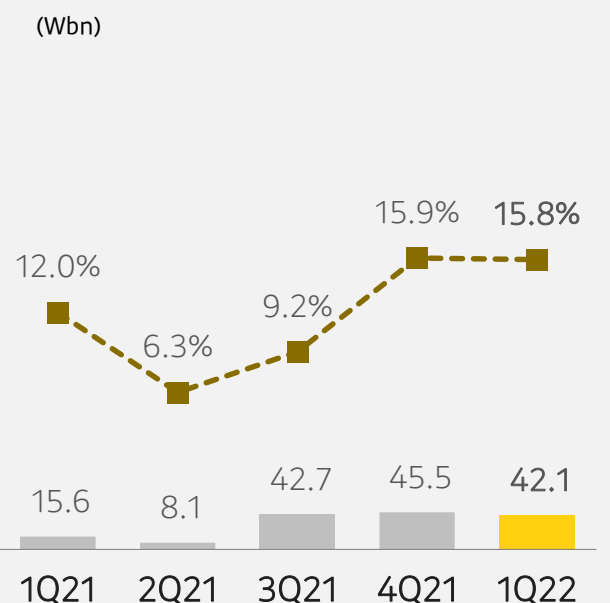
Release Line-up for 2022

Schedule	Title	Genre	In-house / Publishing (Developer)
1H '22	Uma Musume Pretty Derby	Growth Simulation	Publishing (Cygames)
2H '22	XL Games New Title	MMORPG	In-house (Friends Games)
	Eversoul	Collectible RPG	Publishing (NineArk)
	Dysterra (Early access)	Survival FPS	Publishing (Reality Magic)
	Ares: Rise of Guardians	MMORPG	Publishing (Second Dive)
	Odin: Valhalla Rising	MMORPG	Publishing (Lionheart)
1H '23	Goddess Order	Action RPG	Publishing (Load Complete)
	Ares: Rise of Guardians	MMORPG	Publishing (Second Dive)

Revenue



Operating Profit (M)



1) Key Indices as of 1Q22

2) Kakao Games' stand alone financials may differ from Kakao consolidated financials

Building a Powerful Value Chain with Korea's Largest Music Platform Melon

kakao
ENTERTAINMENT

Music Key Indices

No.1
K-pop Music
Distribution

Stable Cash Flow through
Music Production & Investment

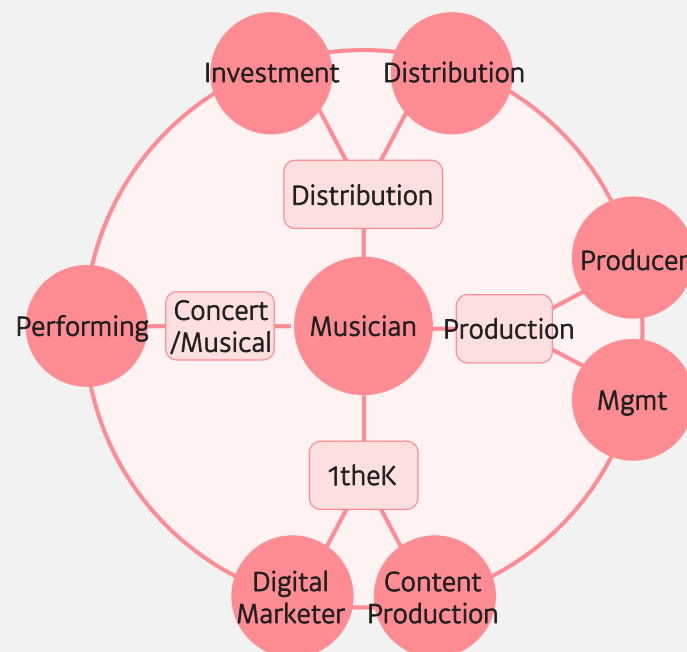
5 M+
Melon Paying
Subscribers

Dominant Traffic
Largest Music Content

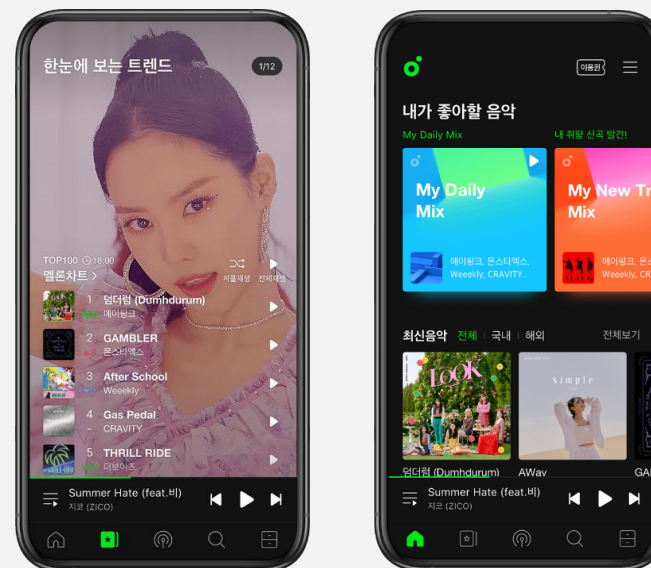
30+
Musician Team

4+ Major Multi-Label
(Starship, IST, Antenna, FlexM)

Music Business Portfolio



No.1 Domestic Music Platform



Starship <IVE> 'Eleven' 'Love Dive'



Growth through Innovative Business Model and Original IPs



Story Key Indices

W214.6 bn

1Q22
Piccoma GMV

+41% YoY

W231.0 bn

1Q22
Entertainment
GMV

Platform + IP GMV
+38% YoY

No. 1

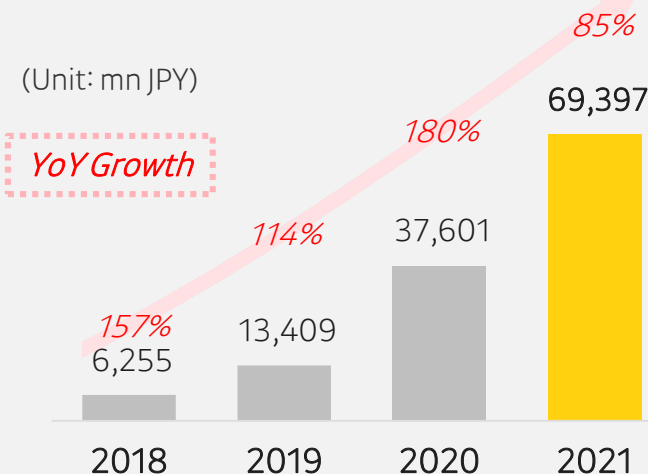
Japan & Global
Digital Comic
App

Kakao Piccoma

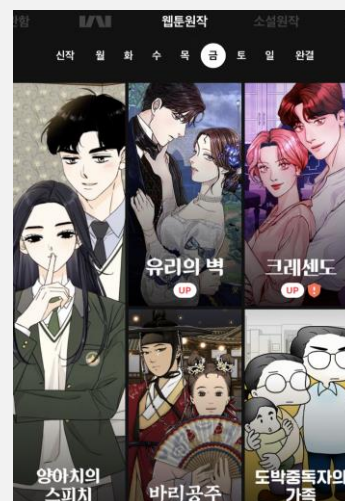
**Global
Expansion**

North America, SEA,
Europe

Piccoma's Yearly GMV



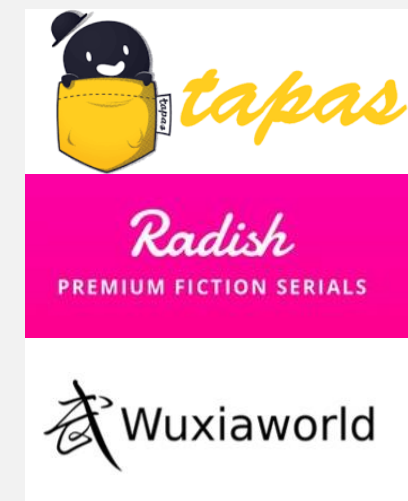
SEA, Europe, NA Global Expansion



Global One
Build Platform
Kakao Webtoon



Piccoma France
Launched
FY2022 March



North America
Tapas, Radish,
Wuxiaworld

Distinguished Content Production Capability and Top-tier Talent Pool

kakao Media Key Indices

ENTERTAINMENT

150+
Top-tier Actors

6+ Managements
Subsidiaries

80+
Key Creator

Prominent
PD/Writer/Director

**Virtuous
Content
Cycle**

Video Production of
Webtoon/Webnovel

15+
Original Video
Content Title

'Money Heist: Korea Joint
Economic Area', 'Broker'

Content Production Capability

Talent Pool

Competitive
casting power

Production

Drama
Movie
Entertainment

Story IP

Original IPs from
Entertainment and
Piccoma

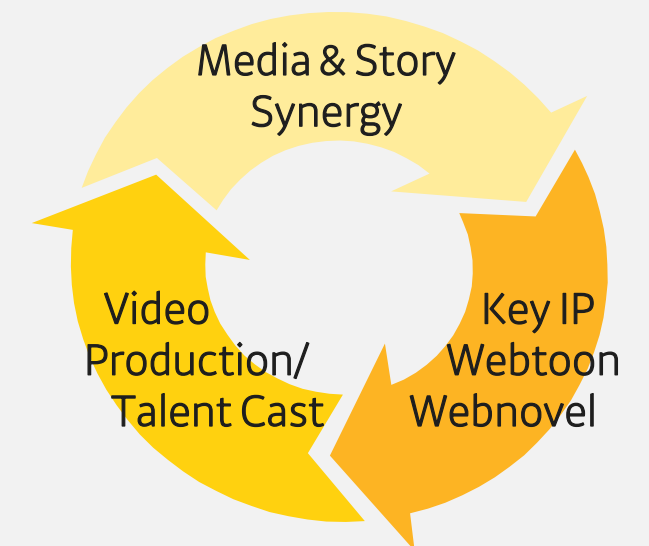
Key Creator

Top-notch
producers with
the expertise



Web novel → Webtoon → Drama → Music

Virtuous Cycle of Content Value Chain

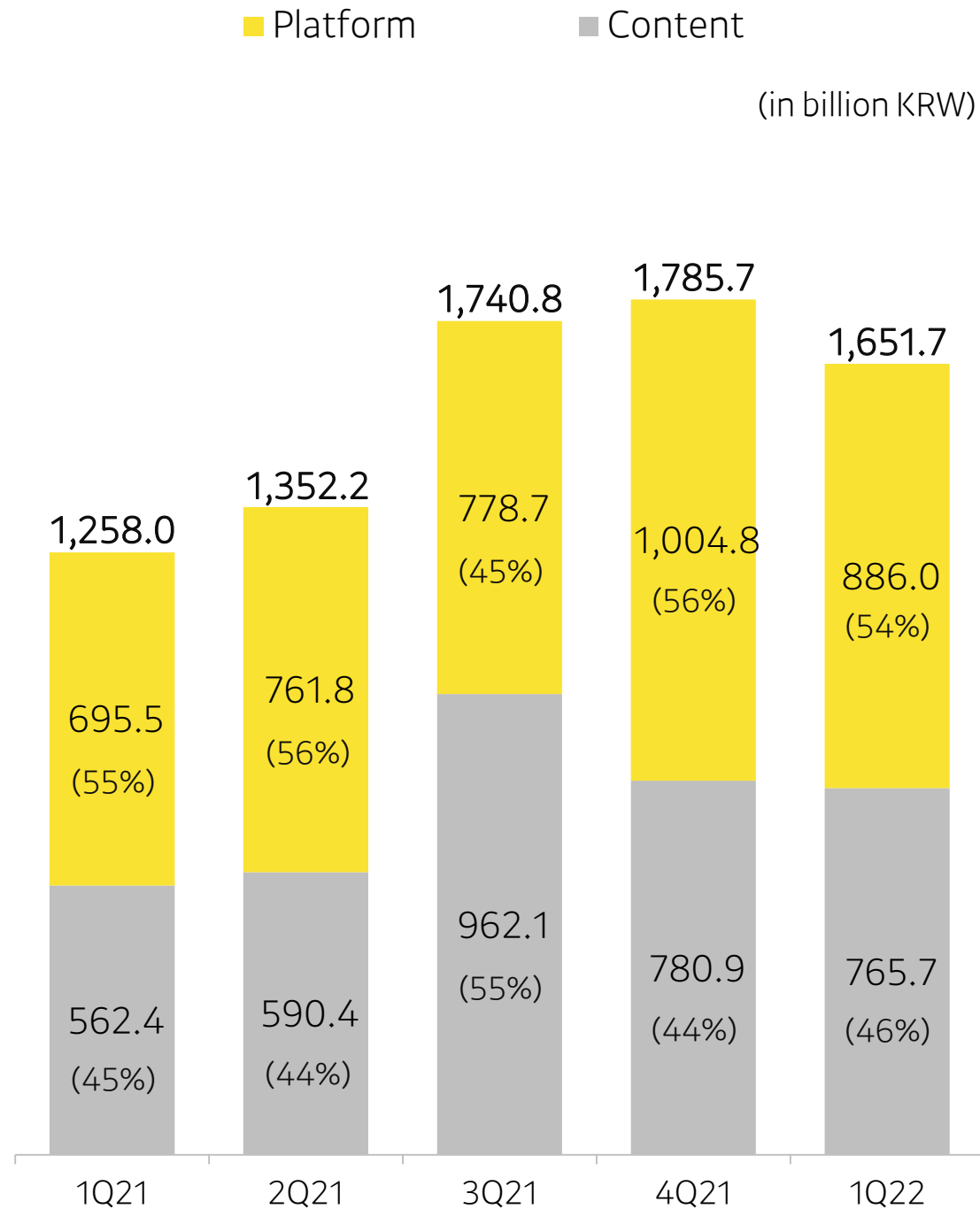


Kakao Ecosystem
Kakao Business
Financial Overview

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

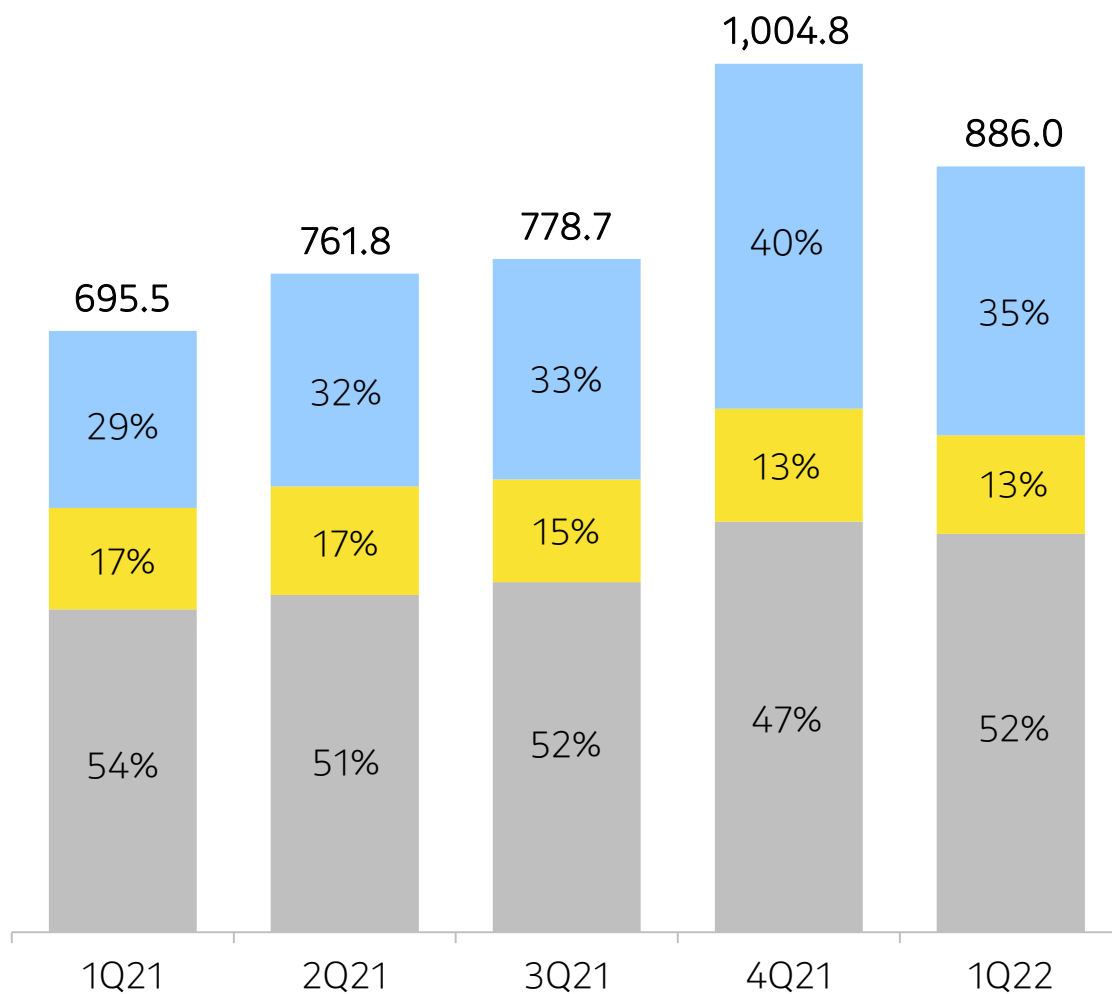
Platform YoY +27% / QoQ -12%

Content YoY +36% / QoQ -2%

Platform

(in billion KRW)

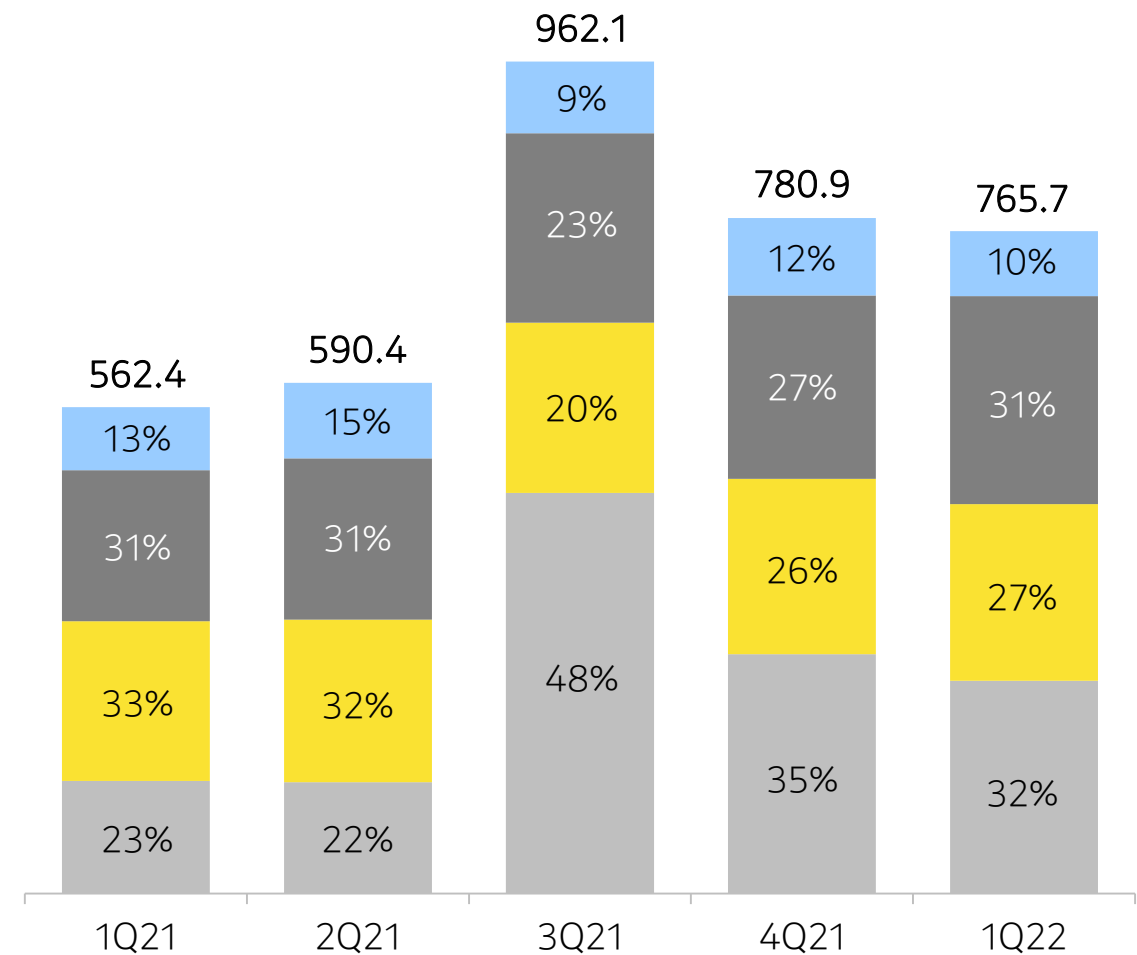
■ Talk Biz ■ Portal Biz ■ Platform-Others



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)

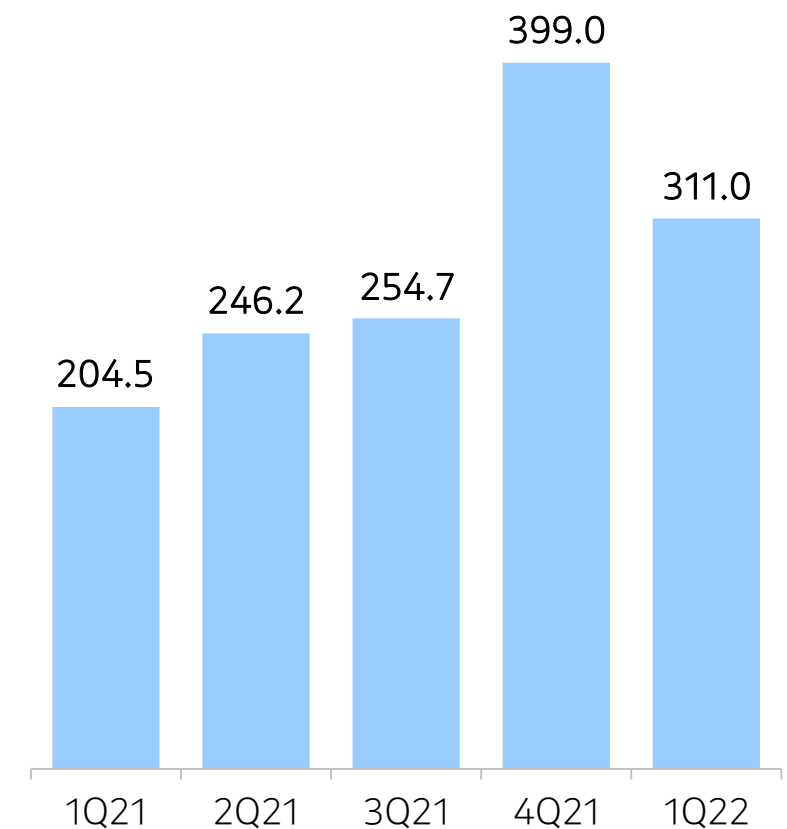
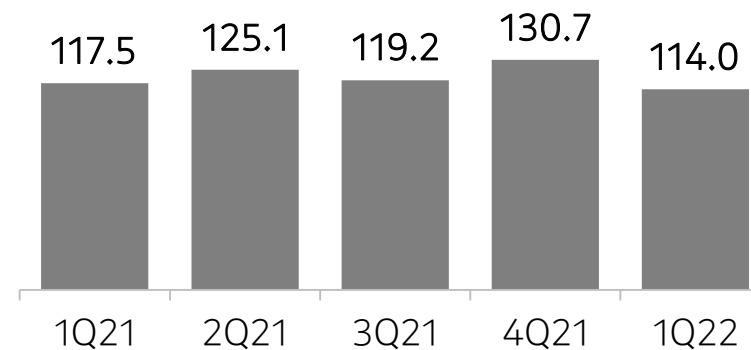
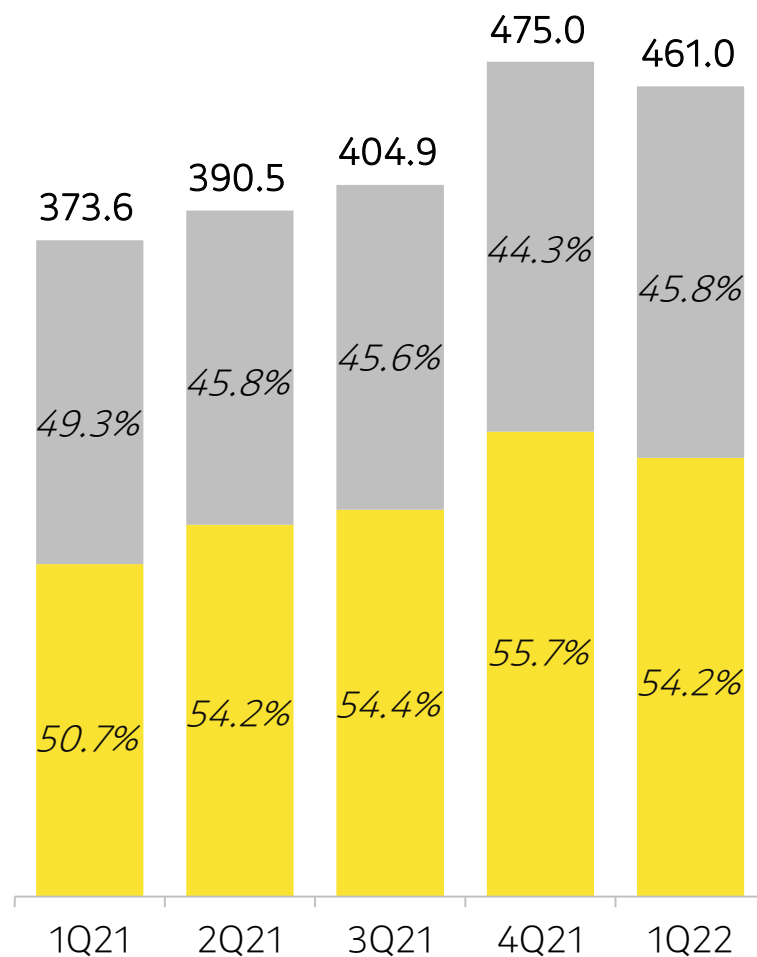
Portal Biz

(in billion KRW)

Others

(in billion KRW)

■ Advertising ■ Commerce



Content | Game Music

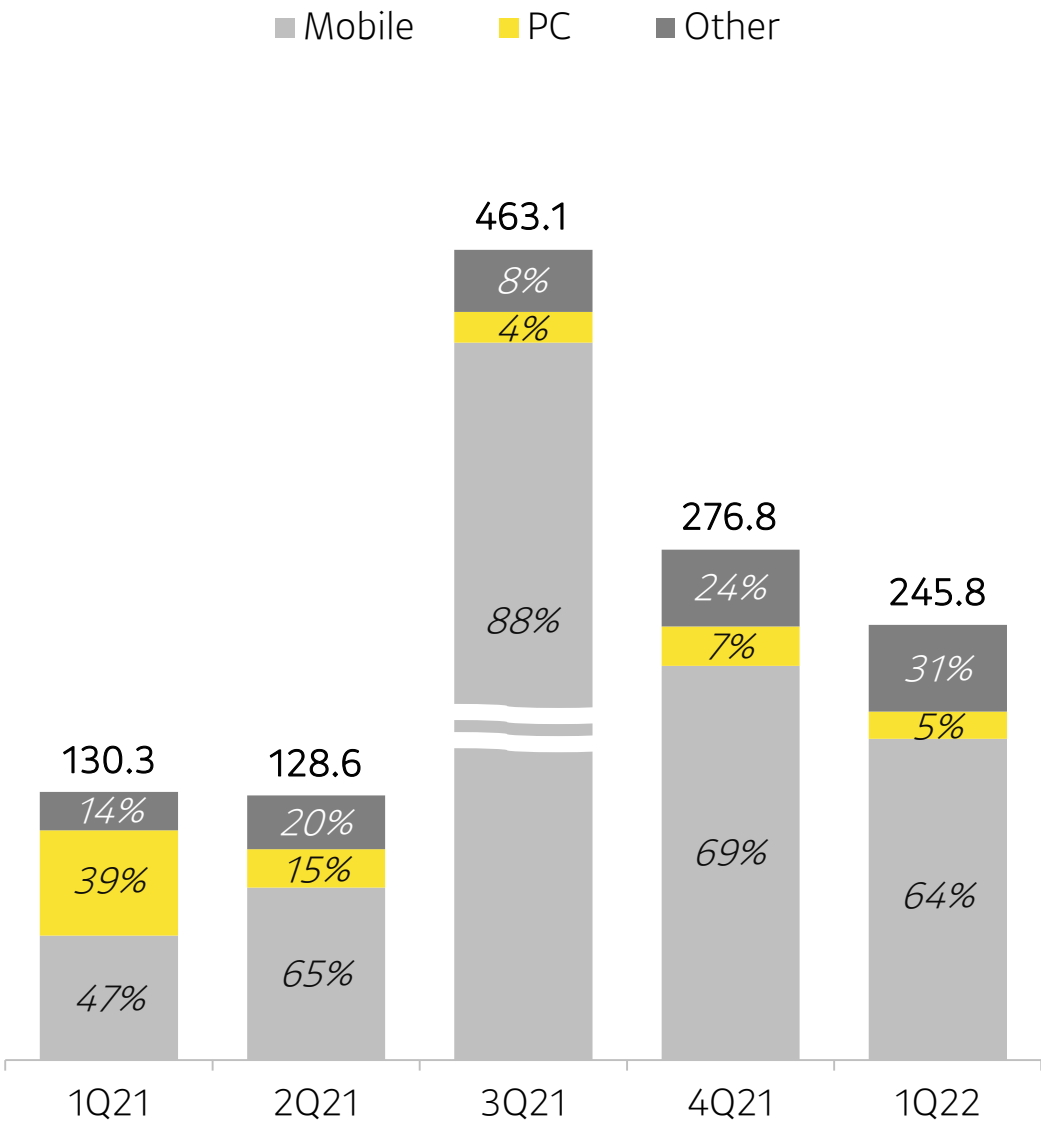
Game YoY +89% / QoQ -11%

Music YoY +11% / QoQ +1%

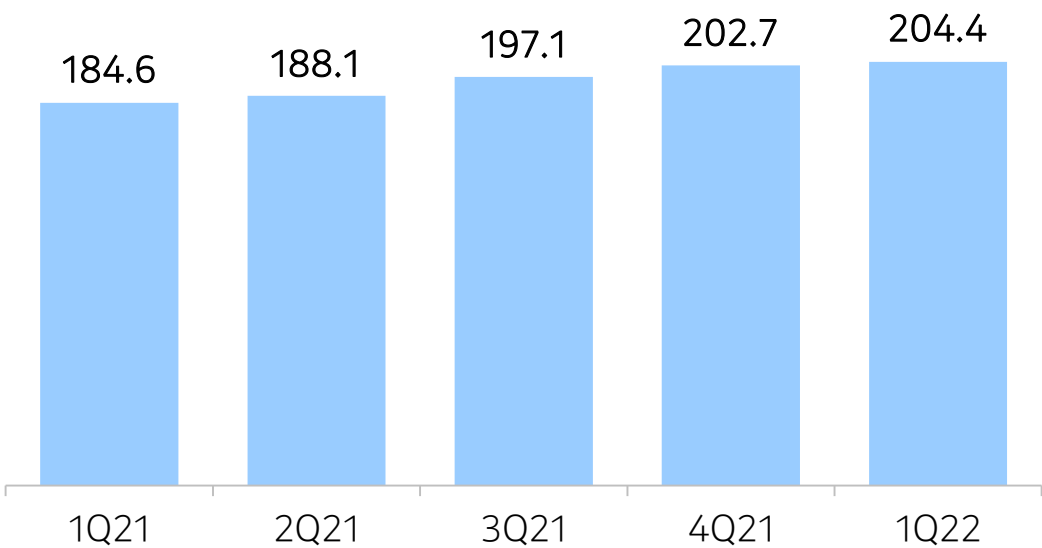
On-quarter Slowdown due to Stabilization of Odin's Domestic Revenue

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)

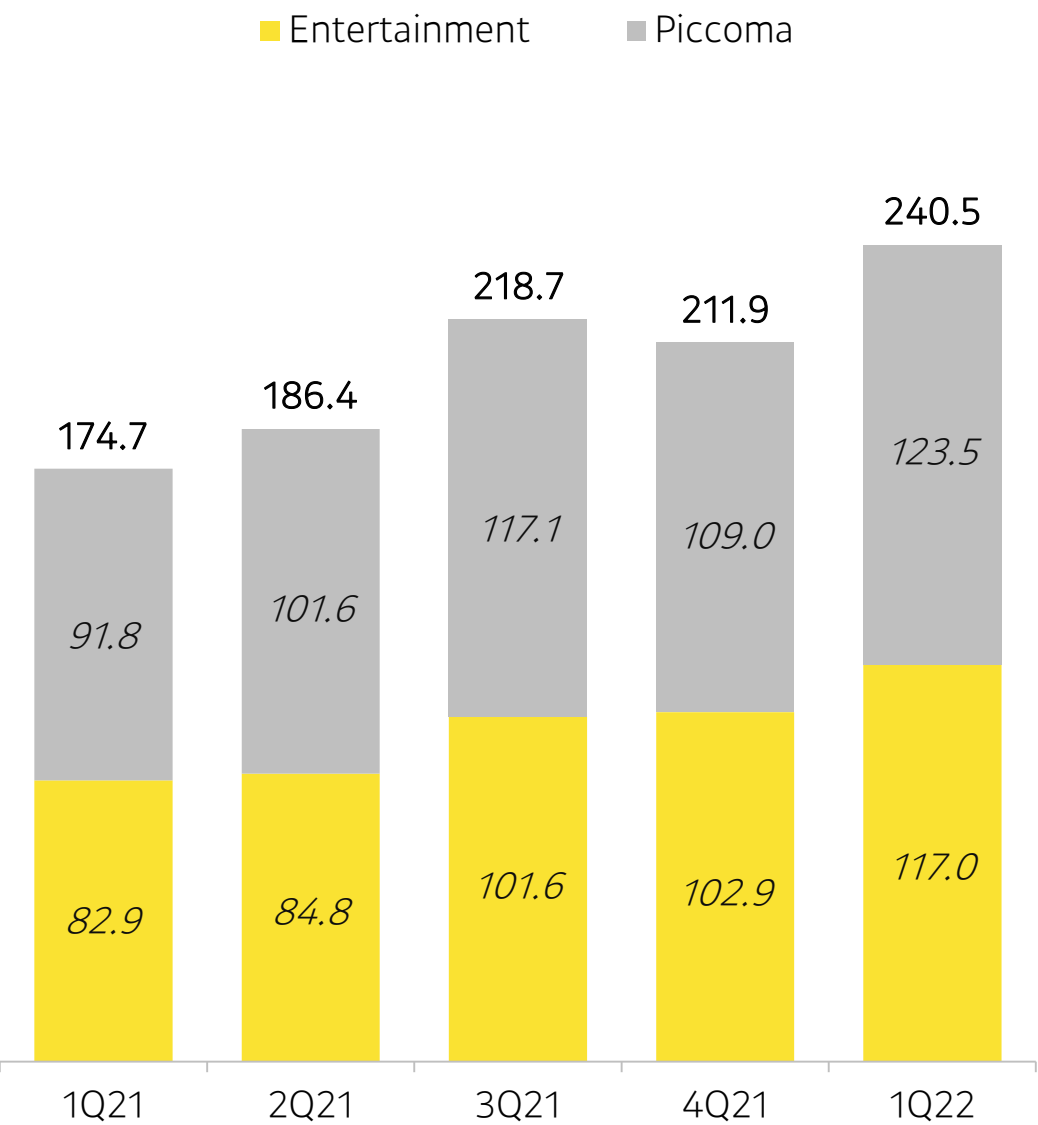
Media YoY +3% / QoQ -16%

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

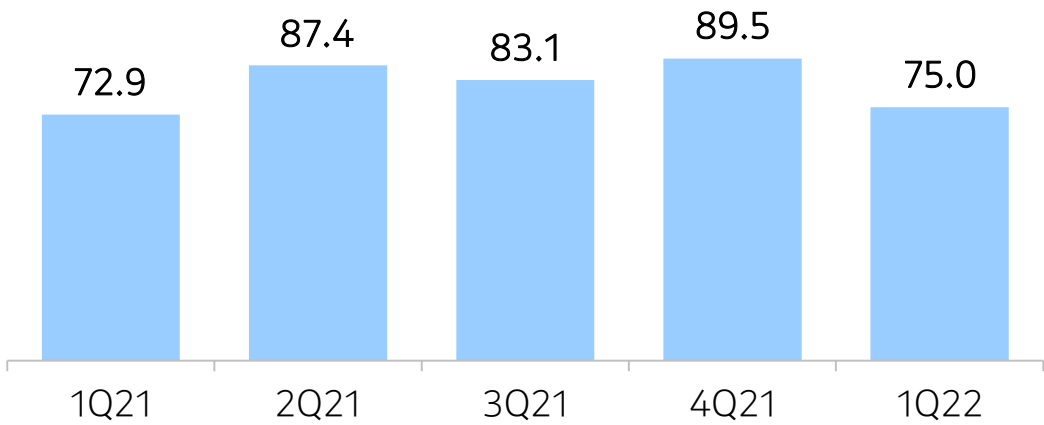
Story

(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%
Margin (%)	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%

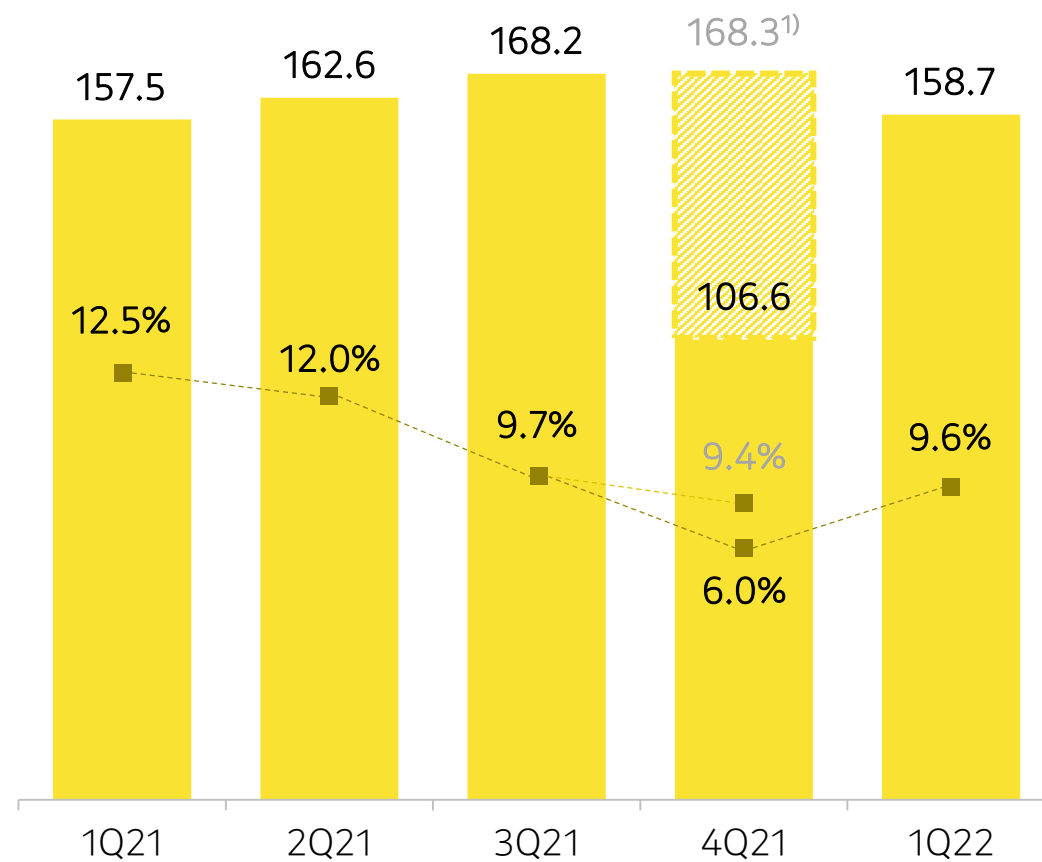
Net Profit YoY +451/ QoQ +489%

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

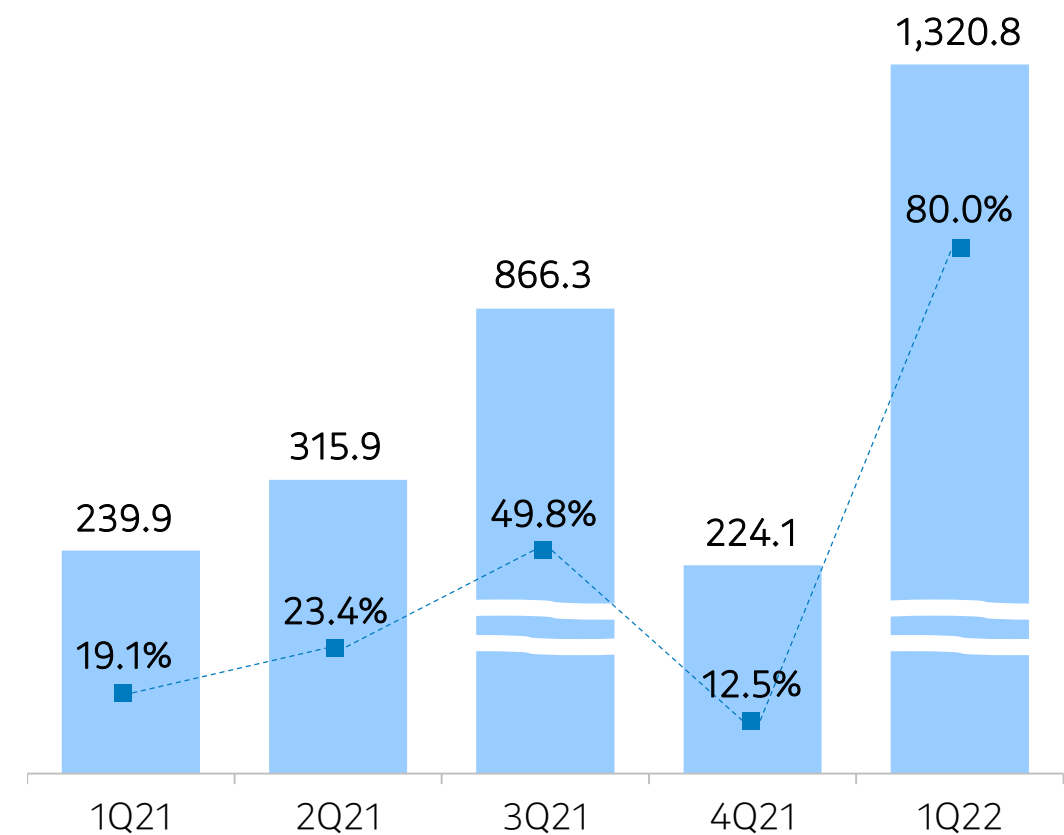
Operating Profit(M)

(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%

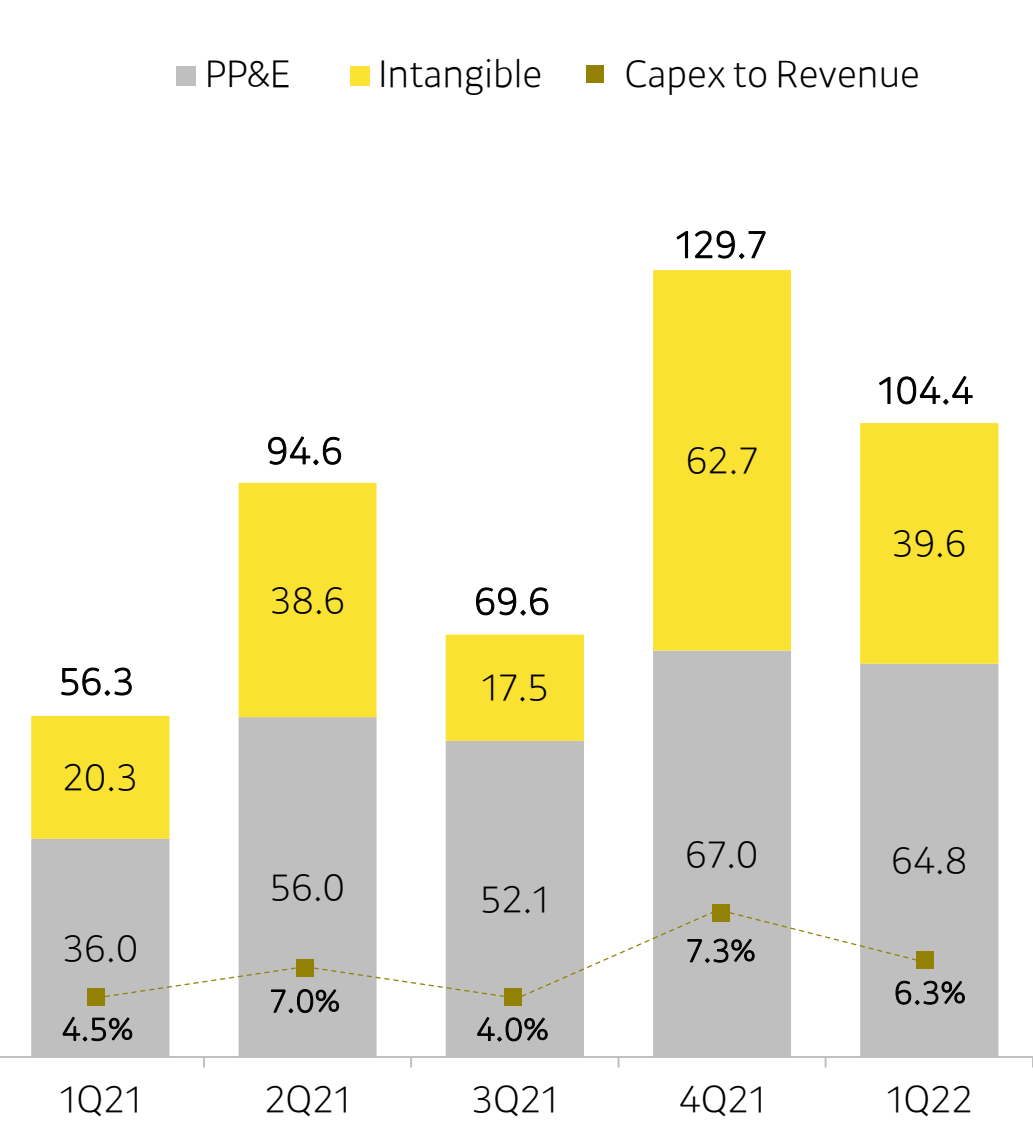
Employees YoY +3,785 / QoQ +751

Investment in Servers and Contents

Business Expansion and Consolidation of Subsidiaries

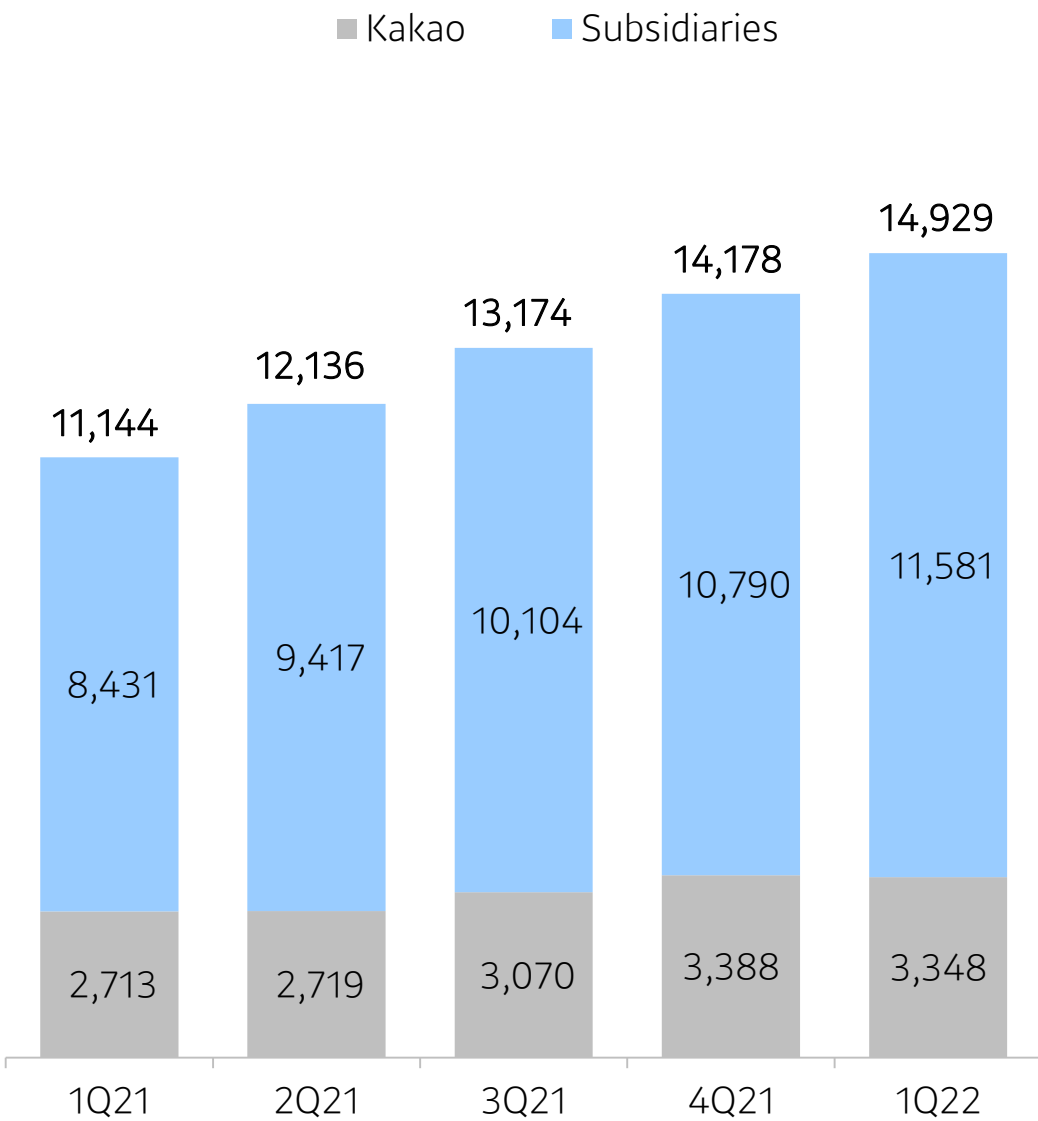
CapEx

(in billion KRW)



Employees

(# of people)



Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	1Q21	2Q21	3Q21	4Q21	1Q22
Total Revenue	1,258.0	1,352.2	1,740.8	1,785.7	1,651.7
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
Operating Expenses	1,100.4	1,189.6	1,572.6	1,679.1	1,493.0
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
Operating Profit	157.5	162.6	168.2	106.6	158.7
Margin (%)	12.5%	12.0%	9.7%	6.0%	9.6%
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
Profit before Income Tax	318.7	349.7	1,071.8	553.5	1,759.6
Income Tax	78.8	33.8	205.5	329.4	438.8
Net Profit	239.9	315.9	866.3	224.1	1,320.8
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 ¹⁾	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
Current Assets	4,462.9	8,102.2	8,253.4
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
Non-Current Assets	6,987.4	13,712.0	15,452.7
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
Total Assets	11,954.0	22,779.6	24,493.3
Current Liabilities	2,929.6	5,630.3	5,700.8
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
Non-Current Liabilities	1,166.1	2,885.1	3,381.6
Non-Current Finance Lease Obligations	273.3	1318.2	1492.1
Deferred Income Tax Liabilities	249.0	756.8	1077.1
Other Non-Current Liabilities	643.8	810.1	812.5
Finance Assets	430.6	674.2	516.5
Total Liabilities	4,526.2	9,189.6	9,598.9
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
Total Equity	7,427.7	13,590.0	14,894.4
Total Liabilities & Equity	11,954.0	22,779.6	24,493.3

1) Adjusted EBITDAR : included equity compensation expense

Financial Statements Summary – Parent

Income Statement

(in billion KRW)	1Q21	2Q21	3Q21	4Q21	1Q22
Total Revenue	490.9	521.4	468.4	652.3	596.2
Operating Expenses	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
Operating Profit	76.7	97.3	96.5	131.5	123.1
<i>Margin (%)</i>	<i>15.6%</i>	<i>18.7%</i>	<i>20.6%</i>	<i>20.2%</i>	<i>20.6%</i>
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
Profit before Income Tax	98.9	108.1	164.1	203.5	1,527.2
Income Tax	20.3	10.0	(56.3)	94.1	382.8
Net Profit	78.6	98.2	220.5	109.4	1,144.4
EBITDAR	109.0	129.3	130.3	177.7	173.7
Adjusted EBITDAR ¹⁾	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
Current Assets	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
Non-Current Assets	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
Total Assets	7,345.5	10,024.7	11,746.8
Current Liabilities	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
Non-Current Liabilities	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
Total Liabilities	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
Total Equity	5,325.4	6,554.2	7,726.3
Total Liabilities & Equity	7,345.5	10,024.7	11,746.8

1) Adjusted EBITDAR : included equity compensation expense

Thank You

