

Q2 2022 Earnings Results

2022.8.4 | Kakao Investor Relations



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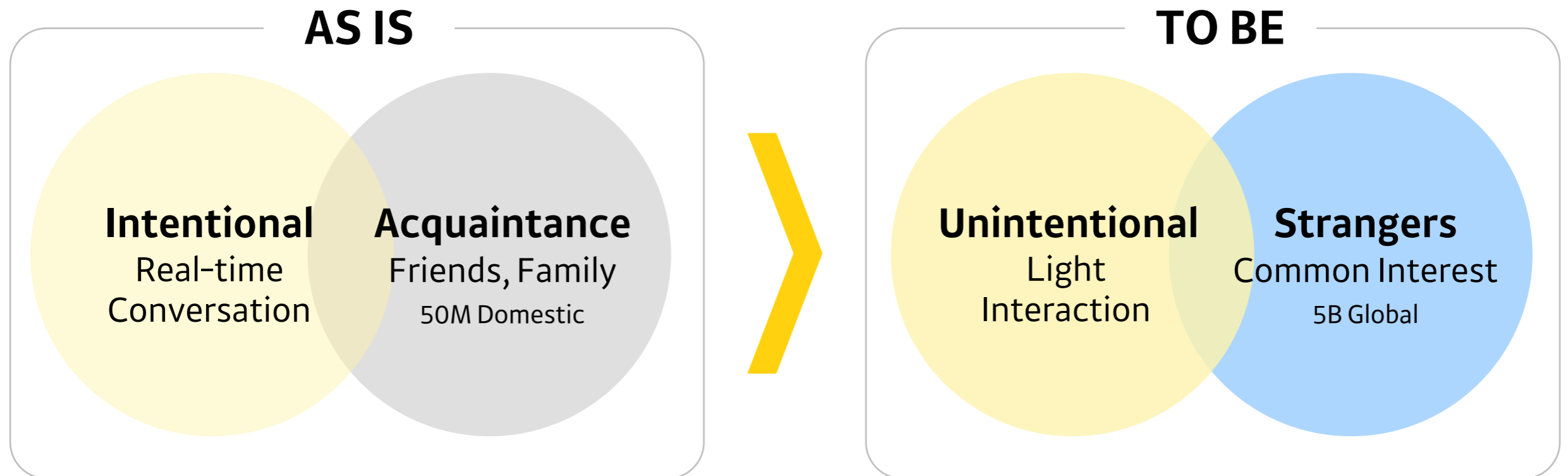
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Kakao's Strategic Direction

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



1. Kakao Talk - more light interaction

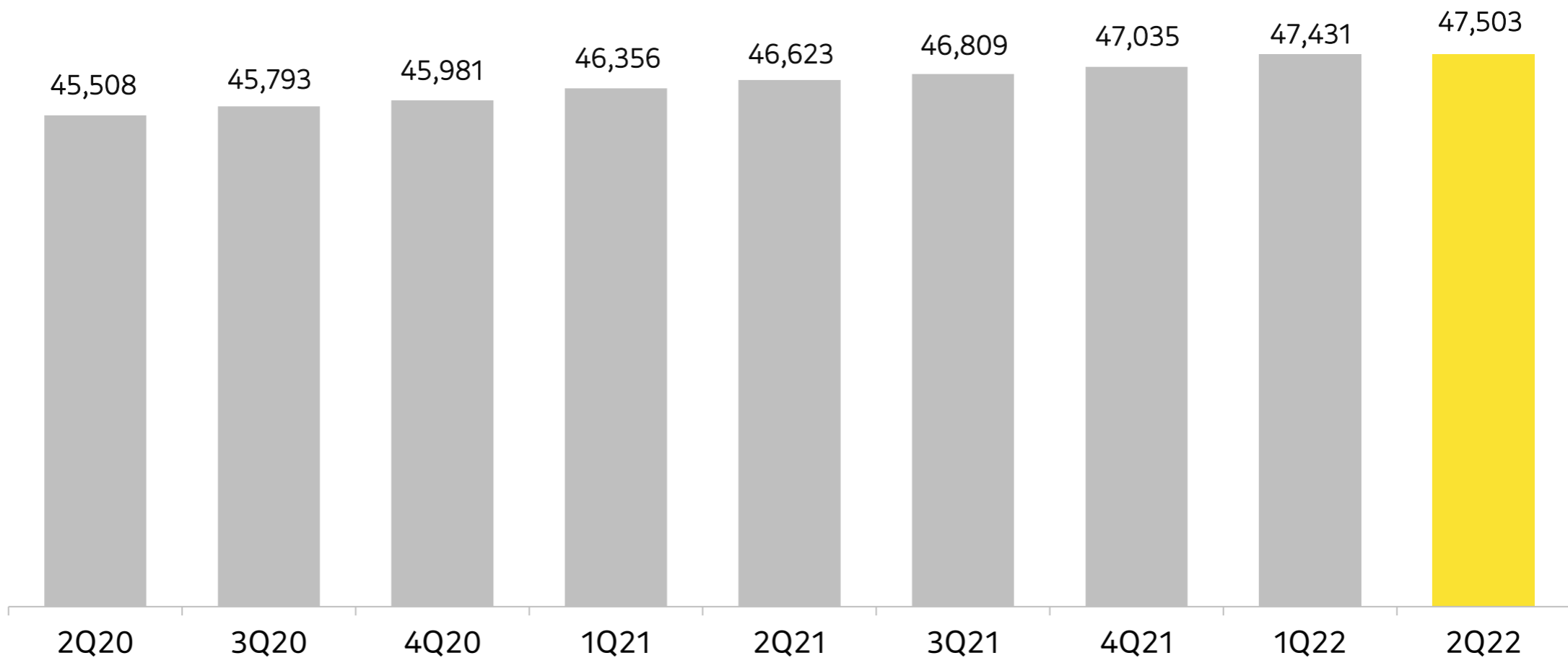
2. Open Chat - interest-oriented service

KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +880K YoY, +72K QoQ

(in thousands)



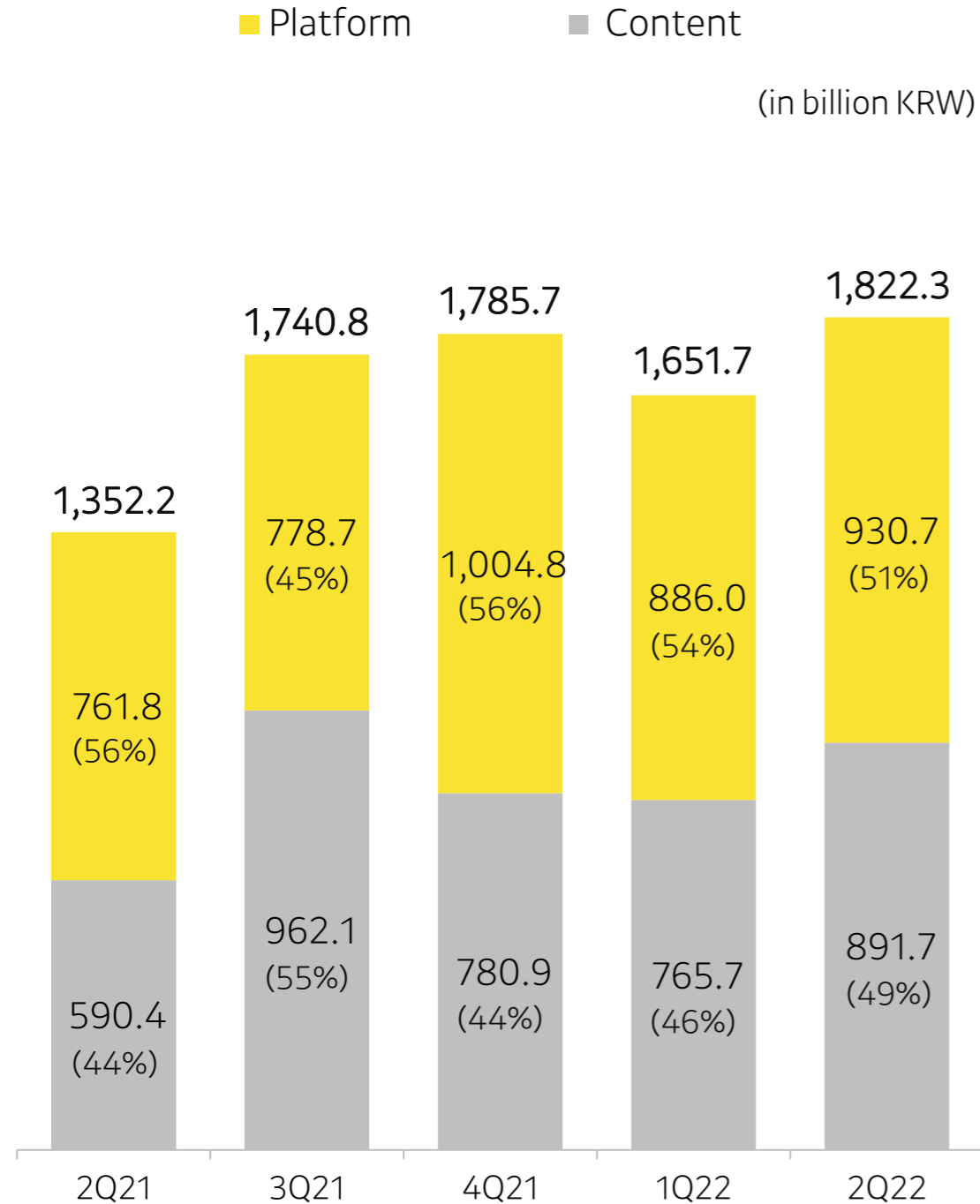
	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Korea	45,508	45,793	45,981	46,356	46,623	46,809	47,035	47,431	47,503
Global	52,133	52,299	52,223	52,976	53,808	54,256	53,451	53,366	53,302

Average of monthly MAUs. Global includes domestic MAUs.

Revenue

Q2 Revenue YoY +35% / QoQ +10%

Mix - Platform 51% : Content 49%



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

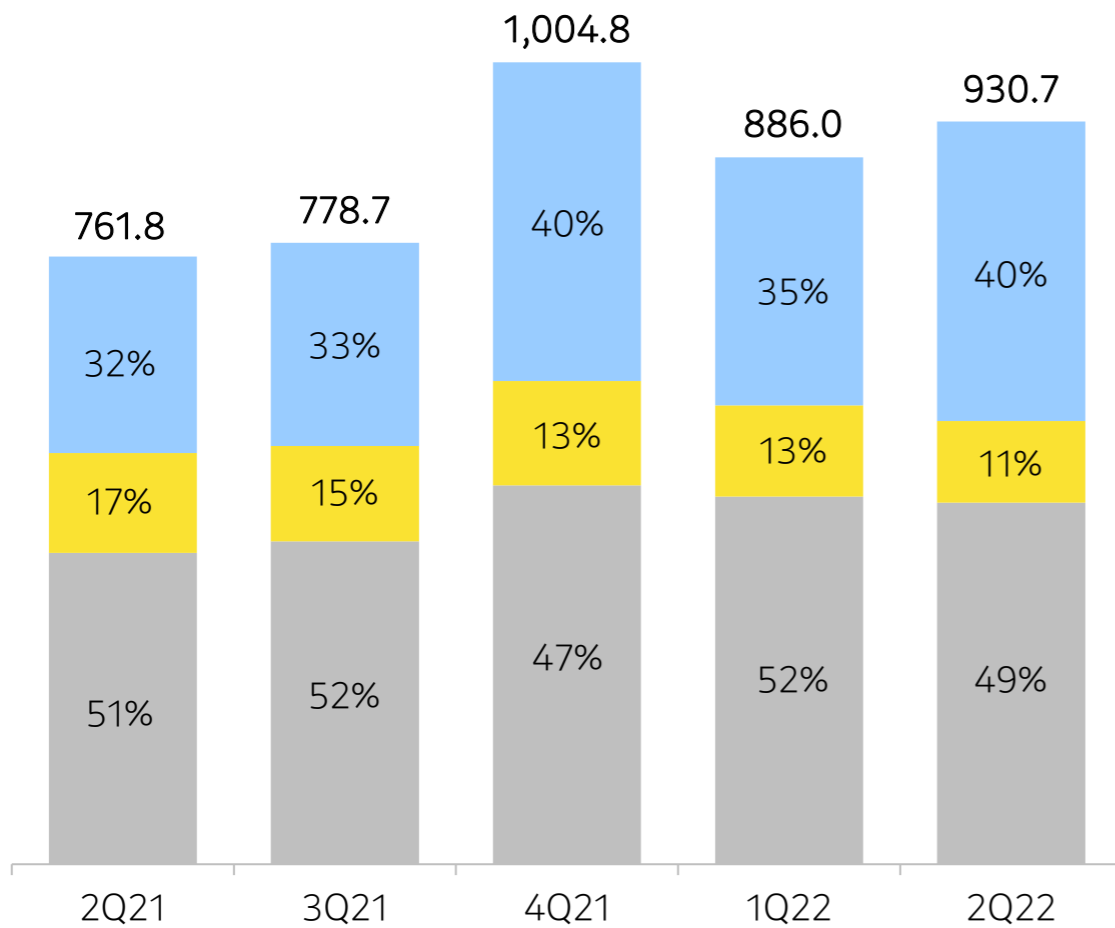
Platform YoY +22% / QoQ +5%

Content YoY +51% / QoQ +16%

Platform

(in billion KRW)

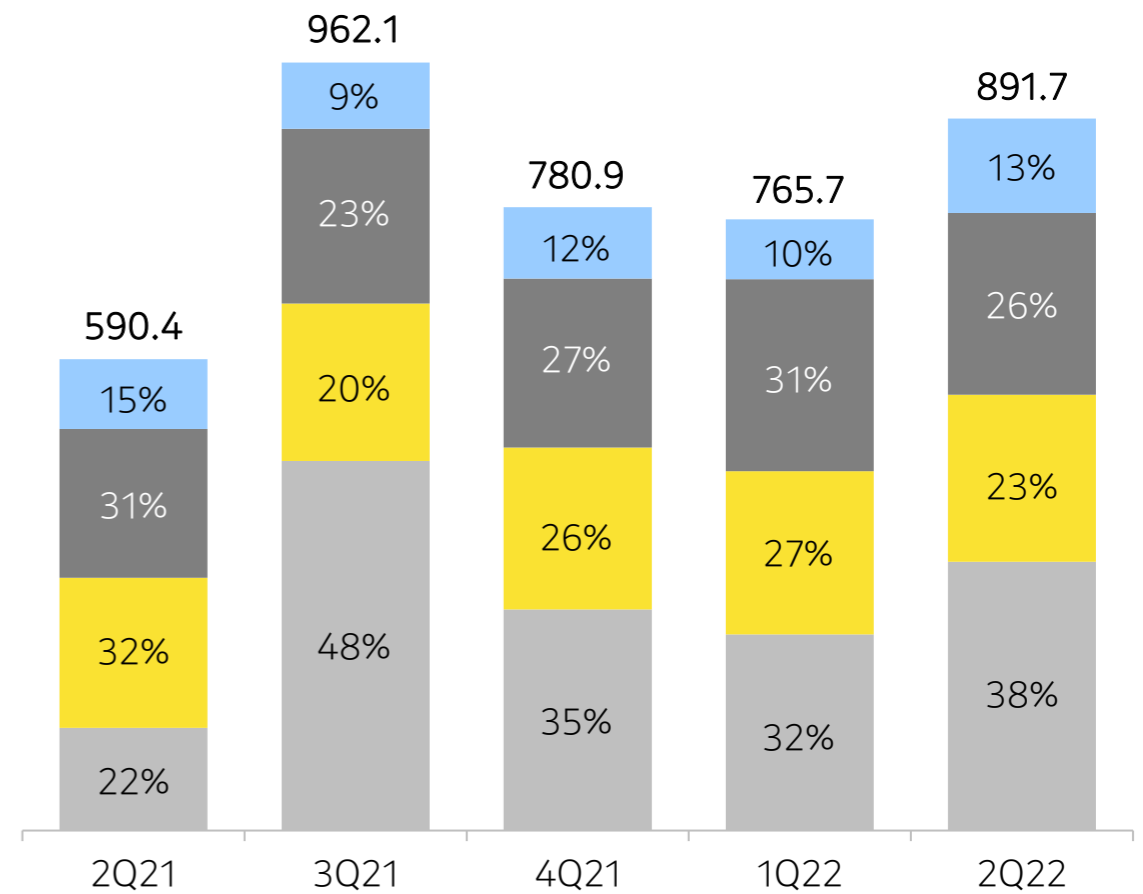
■ Talk Biz ■ Portal Biz ■ Platform-Others



Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media



Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +16% / QoQ -2%

Portal Biz YoY -18% / QoQ -10%

Others YoY +52% / QoQ +21%

Solid Growth Continued for Bizboard, Talk Channel and Talk Gift

Decrease due to Change in Accounting Method but QoQ Increase when disregarded

Mobility - Full Recovery of Demand along with Post-Covid Reopening
Pay - Diversification of Financial Services Revenue Streams

Talk Biz

(in billion KRW)

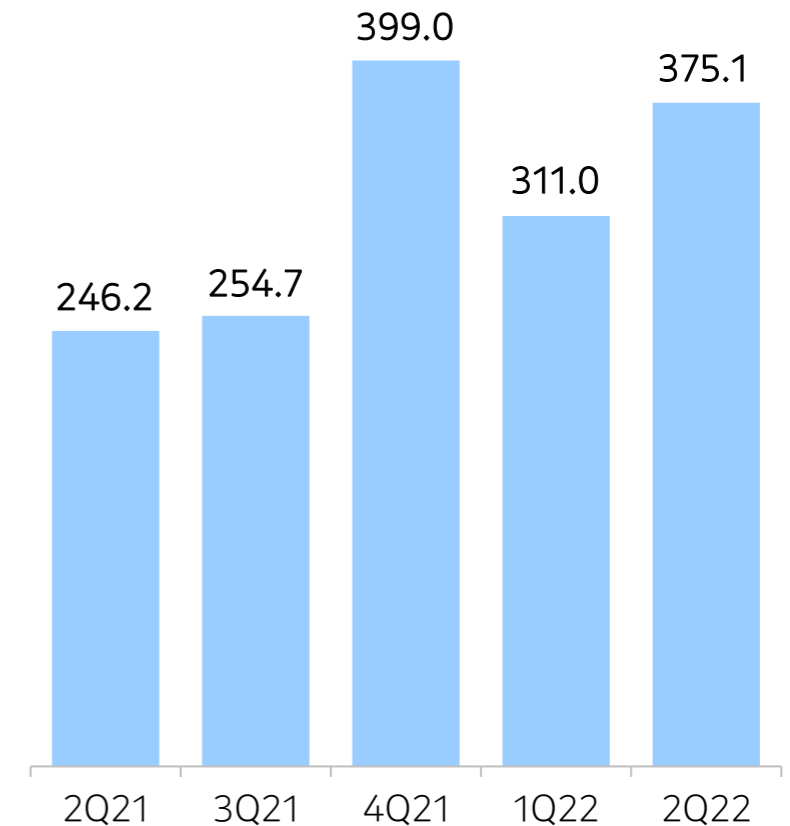
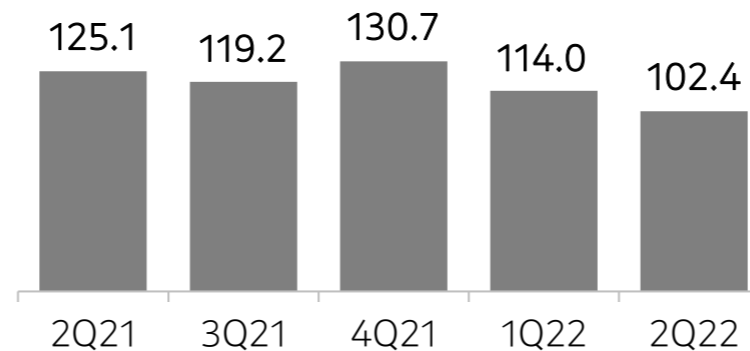
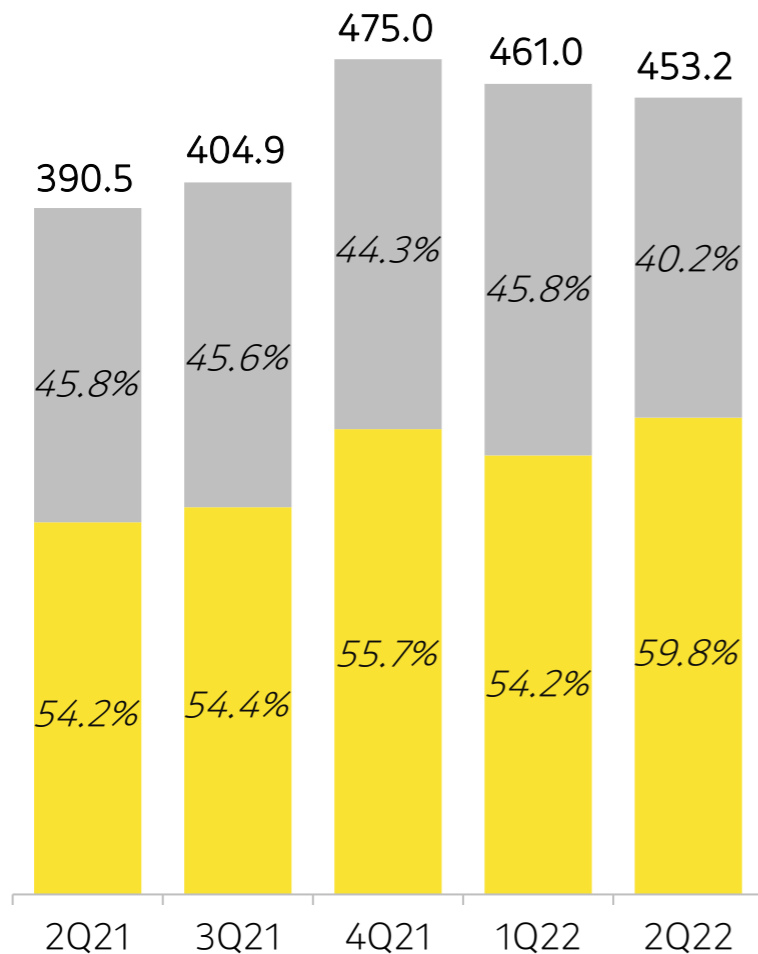
Portal Biz

(in billion KRW)

Others

(in billion KRW)

■ Advertising ■ Commerce



Content | Game Music

Game YoY +162% / QoQ +37%

Music YoY +11% / QoQ +2%

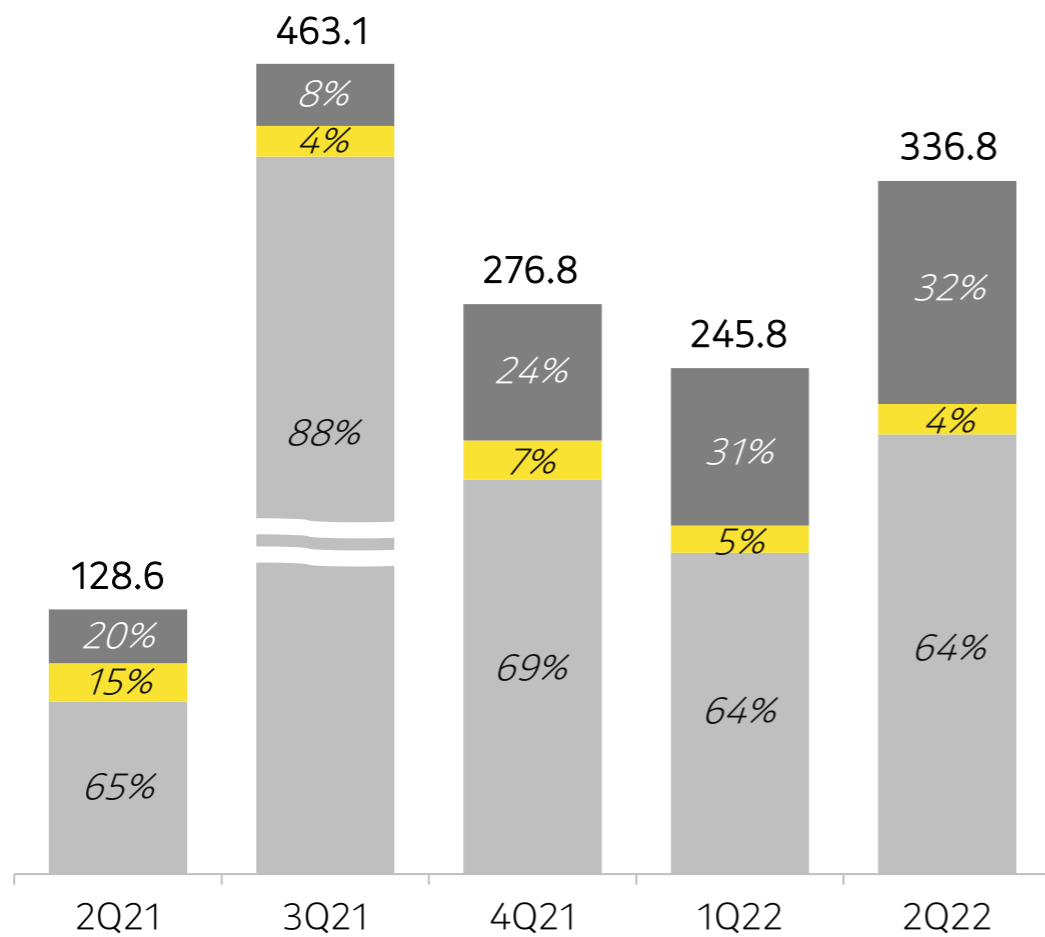
Solid Performance of 'Odin' & 'Uma Musume'

Consistent Melon Platform and Increase in Global Music Distribution

Game

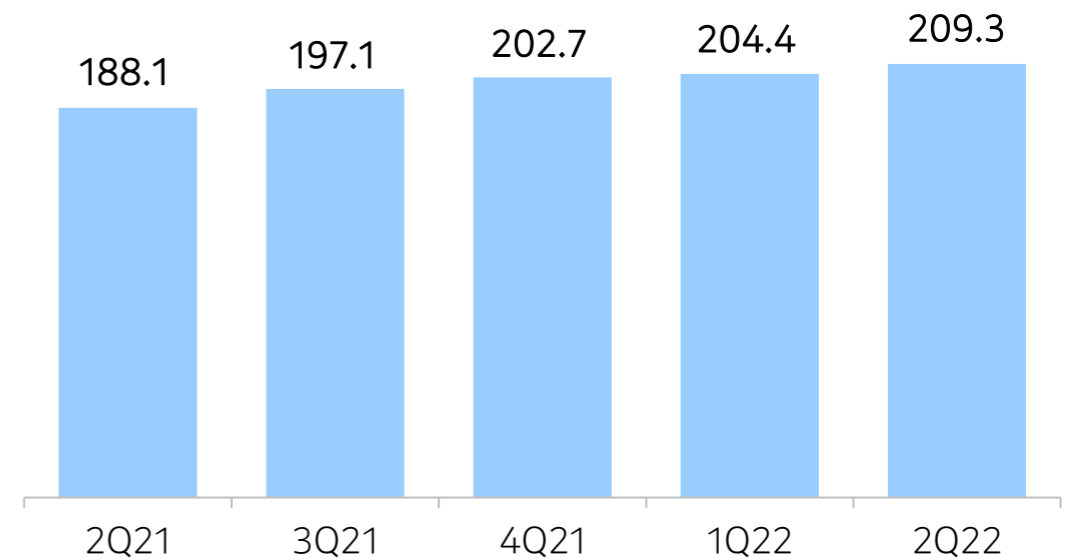
(in billion KRW)

■ Mobile ■ PC ■ Other



Music

(in billion KRW)



Content | Story Media

Story YoY +22% / QoQ -5%

↳ Entertainment +28% (y) / -7% (q), Piccoma +17% (y) / -4% (q)

Media YoY +35% / QoQ +57%

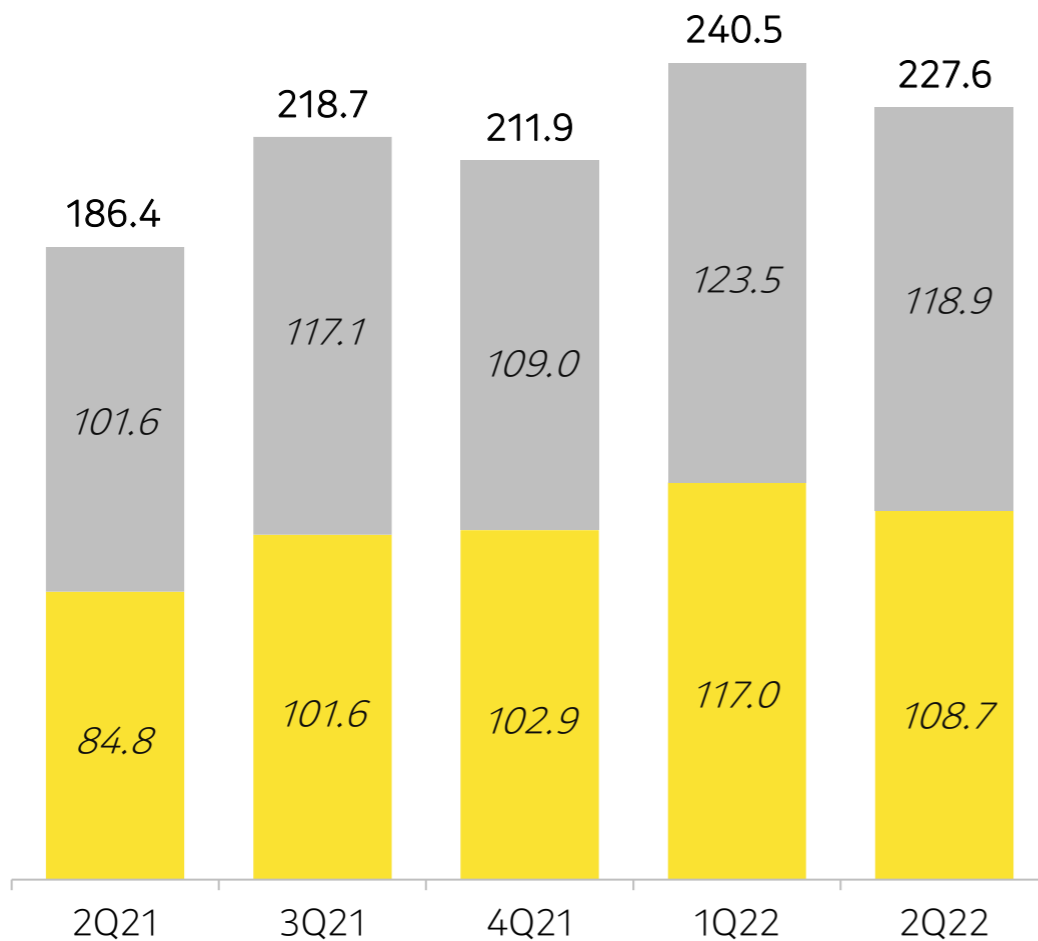
Decrease in User Activity due to Endemic, Weak JPY/KRW
Piccoma - Excluding FX Effect, +27% YoY, +5% QoQ

Expansion of Production Line-up

Story

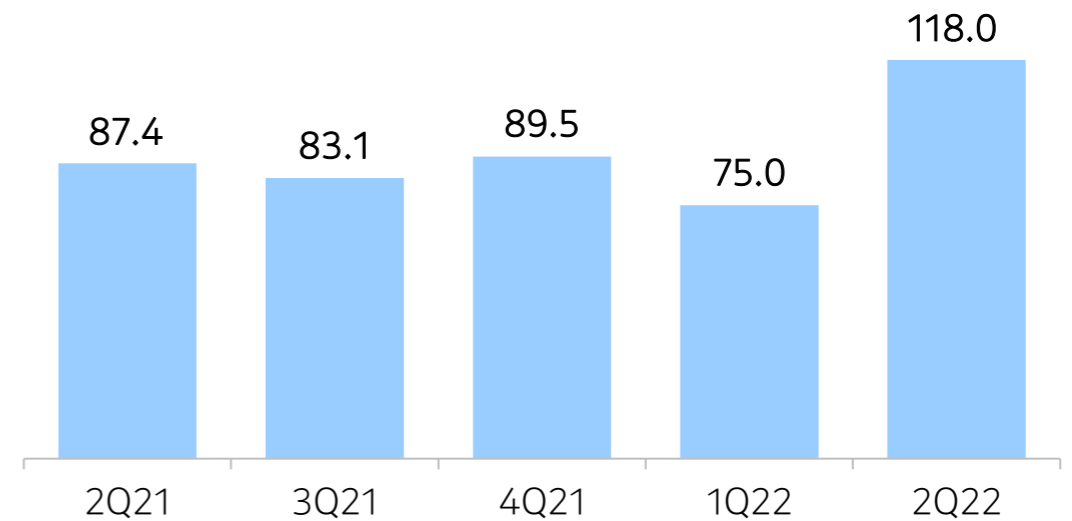
(in billion KRW)

■ Entertainment ■ Piccoma



Media

(in billion KRW)



Earnings Summary

(in billion KRW)

	2Q22	1Q22	2Q22	Change	
				YoY	QoQ
Total Revenue	1,352.2	1,651.7	1,822.3	35%	10%
Platform	761.8	886.0	930.7	22%	5%
Talk Biz	390.5	461.0	453.2	16%	-2%
Portal Biz	125.1	114.0	102.4	-18%	-10%
Platform - Others	246.2	311.0	375.1	52%	21%
Content	590.4	765.7	891.7	51%	16%
Game	128.6	245.8	336.8	162%	37%
Music	188.1	204.4	209.3	11%	2%
Story	186.4	240.5	227.6	22%	-5%
Media	87.4	75.0	118.0	35%	57%
Operating Expenses	1,189.6	1,493.0	1,651.3	39%	11%
Operating Profit	162.6	158.7	171.0	5%	8%
<i>Margin (%)</i>	12.0%	9.6%	9.4%	-2.6%pt	-0.2%pt
Net Profit	315.9	1,322.1	101.2	-68%	-92%
Controlling Interests	311.7	1,303.1	67.6	-78%	-95%
Non-controlling Interests	4.3	19.0	33.6	688%	77%

Operating Expenses

(in billion KRW)

	2Q21	1Q22	2Q22	Change	
				YoY	QoQ
Operating Expenses	1,189.6	1,493.0	1,651.3	39%	11%
Labor Cost	301.0	420.0	426.2	42%	1%
Cost of Revenue	530.3	584.4	654.8	23%	12%
Outsourcing / Infrastructure	164.9	204.6	235.8	43%	15%
Marketing Expense	91.1	114.6	150.3	65%	31%
Depreciation and Amortization Cost	78.8	130.8	135.6	72%	4%
Misc.	23.4	38.7	48.6	108%	26%

Profits

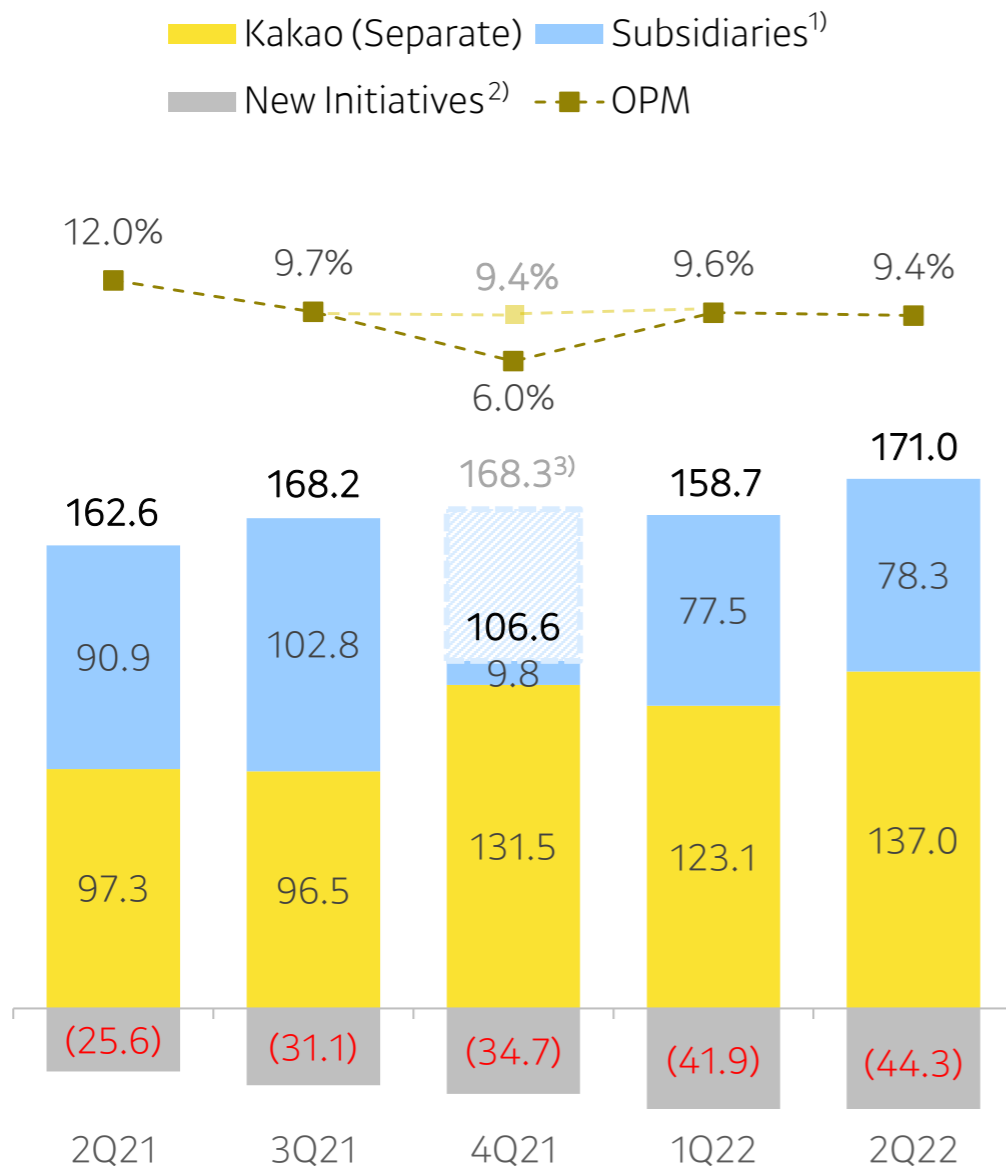
Operating Profit YoY +5% / QoQ +8%

Net Profit YoY -68% / QoQ -92%

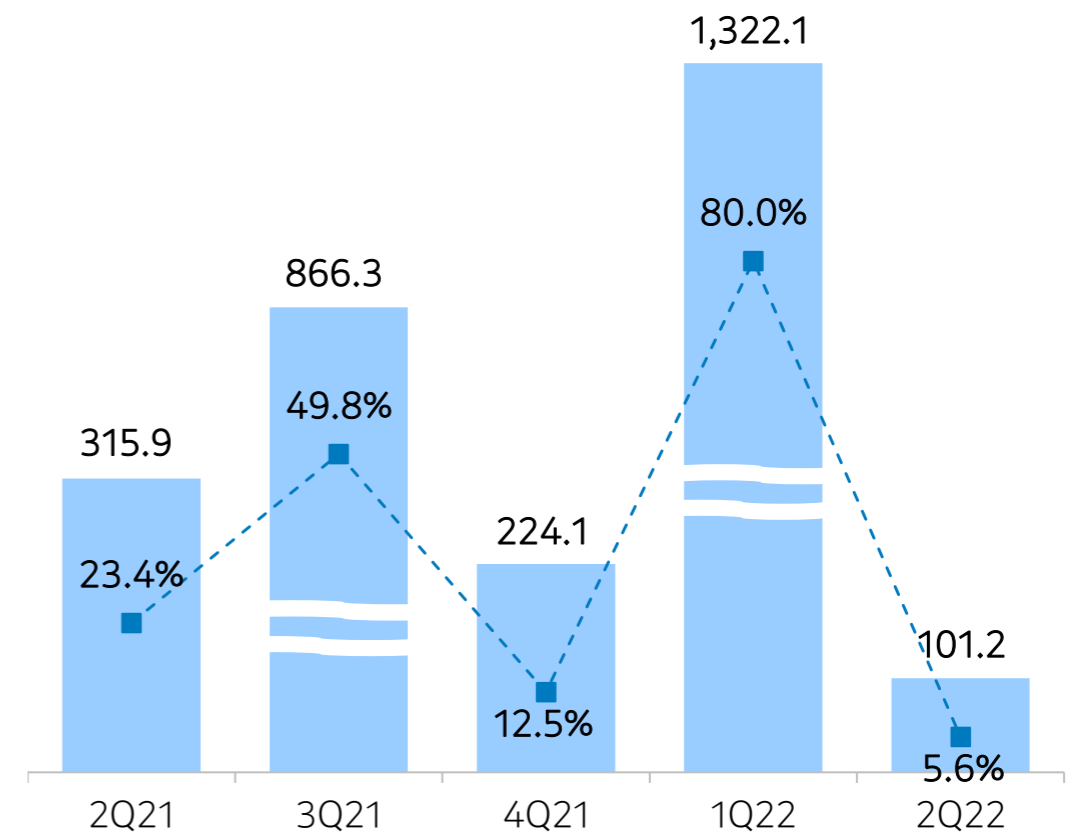
Despite Active Investment in Global Expansion and New Business Initiatives, Recorded Solid On-year Revenue and OP Growth

YoY Decrease due to Change in Effective Tax Rate

Operating Profit(M) (in billion KRW)



Net Profit(M) (in billion KRW)



1) Subsidiaries: All business segment excluding Kakao & New Initiatives
 3) Operating profit excluding one-off incentive (-61.7B)

2) New Initiatives : Kakao Enterprise, Kakao Brain, Kakao Healthcare

CapEx / Employees

CapEx YoY +80% / QoQ +63%

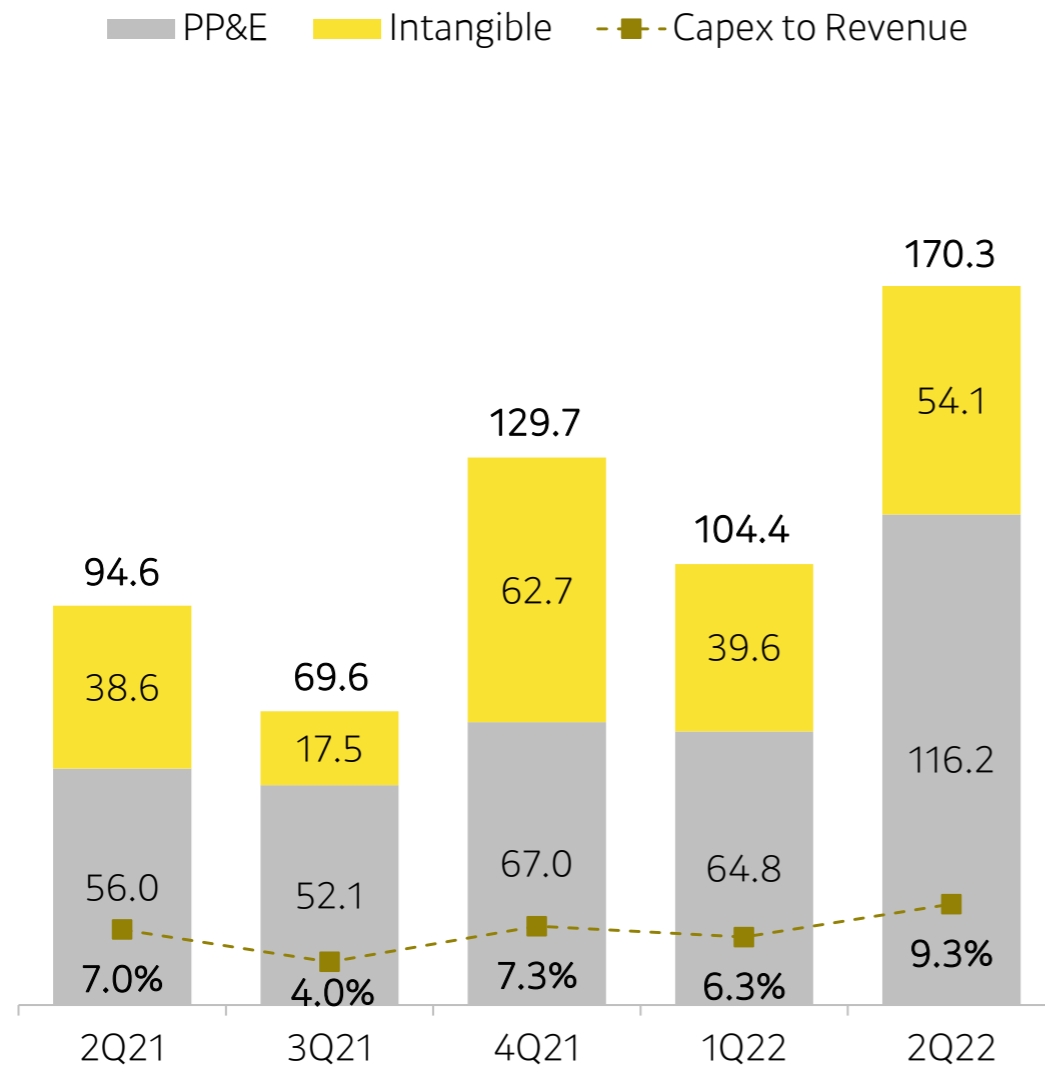
Employees YoY +3,600 / QoQ +807

Investment in IDC and Content

Business Expansion and Consolidation of Subsidiaries

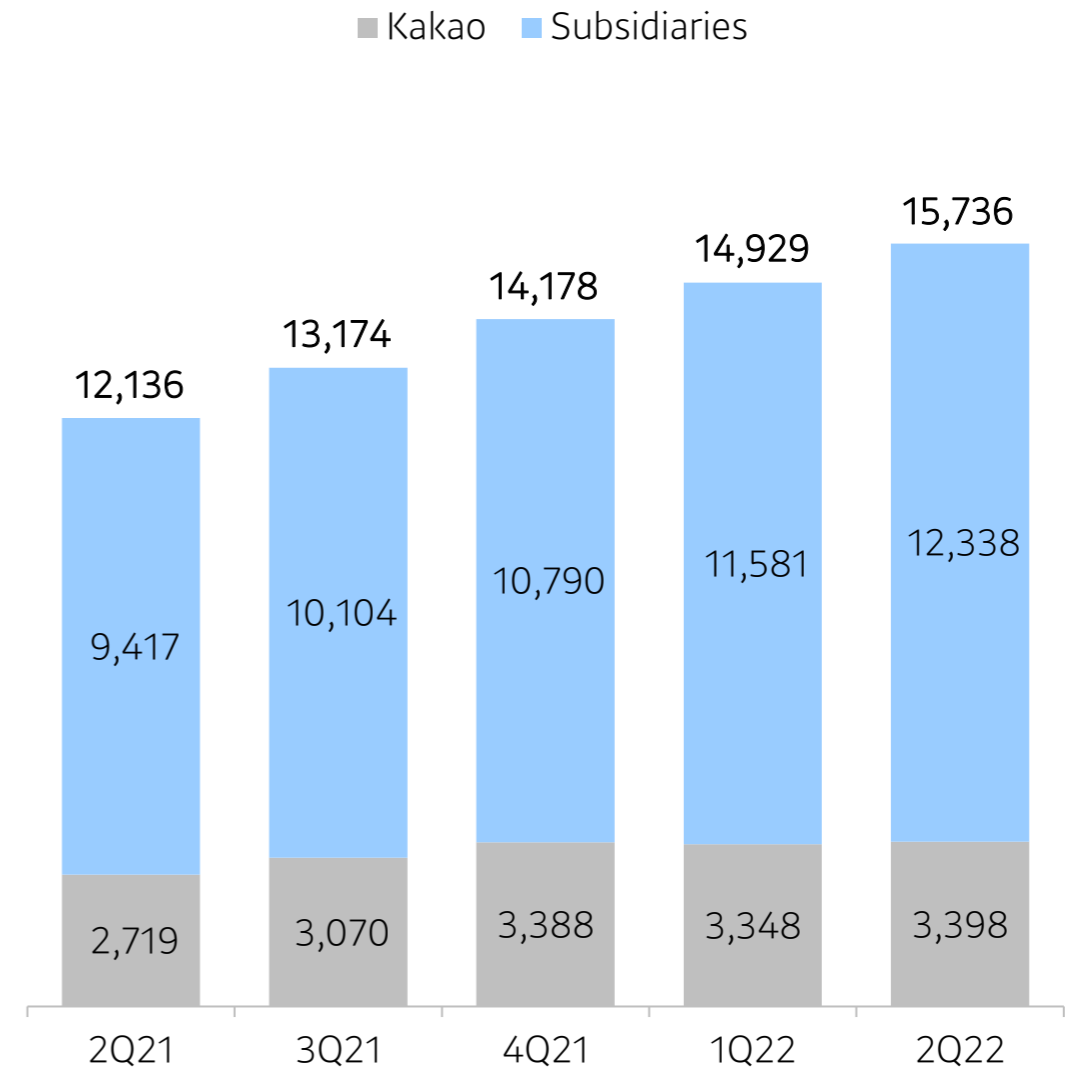
CapEx

(in billion KRW)



Employees

(# of people)



Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	2Q21	3Q21	4Q21	1Q22	2Q22
Total Revenue	1,352.2	1,740.8	1,785.7	1,651.7	1,822.3
Platform	761.8	778.7	1,004.8	886.0	930.7
Talk Biz	390.5	404.9	475.0	461.0	453.2
Portal Biz	125.1	119.2	130.7	114.0	102.4
New Biz	246.2	254.7	399.0	311.0	375.1
Content	590.4	962.1	780.9	765.7	891.7
Game	128.6	463.1	276.8	245.8	336.8
Music	188.1	197.1	202.7	204.4	209.3
Story	186.4	218.7	211.9	240.5	227.6
Media	87.4	83.1	89.5	75.0	118.0
Operating Expenses	1,189.6	1,572.6	1,679.1	1,493.0	1,651.3
Labor Cost	301.0	307.2	515.8	420.0	426.2
Cost of Revenue	530.3	805.8	648.2	584.4	654.8
Outsourcing / Infrastructure	164.9	197.8	233.8	204.6	235.8
Marketing Expense	91.1	148.1	128.8	114.6	150.3
Depreciation and Amortization Cost	78.8	89.1	119.8	130.8	135.6
Misc.	23.4	24.7	32.8	38.7	48.6
Operating Profit	162.6	168.2	106.6	158.7	171.0
<i>Margin (%)</i>	<i>12.0%</i>	<i>9.7%</i>	<i>6.0%</i>	<i>9.6%</i>	<i>9.4%</i>
Other Non-Operating Income	66.1	799.6	813.4	1,665.3	138.6
Other Non-Operating Expenses	19.2	20.7	360.7	48.4	34.4
Financial Income	18.3	43.9	67.7	68.5	69.8
Financial Expenses	64.7	90.4	90.6	94.7	73.3
Equity-method Income	186.7	171.2	17.1	10.2	(35.2)
Profit before Income Tax	349.7	1,071.8	553.5	1,759.6	236.5
Income Tax	33.8	205.5	329.4	437.5	135.3
Net Profit	315.9	866.3	224.1	1,322.1	101.2
Controlling Interests	311.7	779.1	76.8	1,303.1	67.6
Non-controlling Interests	4.3	87.2	147.2	19.0	33.6
EBITDAR	241.0	255.1	225.4	288.5	306.1
Adjusted EBITDAR ¹⁾	279.6	269.8	298.7	332.0	345.5

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022. 6.30
Current Assets	4,462.9	8,102.2	7,929.4
Cash and Cash Equivalents	2,877.5	5,231.5	4,279.9
S-T Financial Instruments	694.1	1,573.6	1,450.4
Account Receivable	247.4	398.1	461.3
Other Current Financial Assets	225.1	319.1	302.8
Other Current Assets	418.9	579.9	1,435.0
Non-Current Assets	6,987.4	13,712.0	16,028.0
Investments in Associates and Joint Ventures	1,504.4	3,215.8	2,662.5
Tangible Assets	430.7	554.9	697.7
Intangible Assets	3,351.6	6,347.8	6,938.1
Other Non-current Assets	1,700.8	3,593.5	5,729.7
Finance Assets	503.6	965.4	819.6
Total Assets	11,954.0	22,779.6	24,777.0
Current Liabilities	2,929.6	5,630.3	5,187.0
Account Payable and Other payable	836.0	1,231.0	1,295.2
Short-term Borrowings	188.4	1,258.8	1,460.7
Income Tax Payable	112.1	188.9	103.5
Other Current Liabilities	1,793.1	2,951.6	2,327.5
Non-Current Liabilities	1,166.1	2,885.1	4,200.5
Non-Current Finance Lease Obligations	273.3	1,318.2	1,626.5
Deferred Income Tax Liabilities	249.0	756.8	1,142.4
Other Non-Current Liabilities	643.8	810.1	1,431.6
Finance Assets	430.6	674.2	568.4
Total Liabilities	4,526.2	9,189.6	9,955.8
Paid-in Capital	44.3	44.6	44.5
Capital Surplus	5,833.1	7,781.2	7,885.3
Other Accumulated Earnings	18.6	77.1	19.7
Accumulated Other Comprehensive Income	86.6	371.8	209.0
Retained Earnings	316.3	1,709.6	3,063.2
Minority Interest	1,128.8	3,605.6	3,599.4
Total Equity	7,427.7	13,590.0	14,821.2
Total Liabilities & Equity	11,954.0	22,779.6	24,777.0

1) Adjusted EBITDAR : included equity compensation expense

Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	2Q21	3Q21	4Q21	1Q22	2Q22
Total Revenue	521.4	468.4	652.3	596.2	596.4
Operating Expenses	424.1	371.9	520.8	473.1	459.4
Labor Cost	95.3	89.0	156.6	143.5	129.0
Cost of Revenue	221.6	163.8	234.6	197.5	190.2
Outsourcing / Infrastructure	64.7	73.5	66.2	64.2	64.5
Marketing Expense	4.5	4.9	6.9	4.2	5.4
Depreciation and Amortization Cost	32.1	33.9	46.3	50.9	53.7
Misc.	5.8	6.8	10.2	12.8	16.5
Operating Profit	97.3	96.5	131.5	123.1	137.0
<i>Margin (%)</i>	18.7%	20.6%	20.2%	20.6%	23.0%
Other Non-Operating Income	5.9	44.6	7.0	1,405.8	6.7
Other Non-Operating Expenses	10.7	8.6	49.9	25.5	2.4
Financial Income	18.4	49.2	123.3	45.5	43.0
Financial Expenses	2.7	17.6	8.5	21.7	47.9
Profit before Income Tax	108.1	164.1	203.5	1,527.2	136.5
Income Tax	10.0	(56.3)	94.1	382.8	30.9
Net Profit	98.2	220.5	109.4	1,144.4	105.5
EBITDAR	129.3	130.3	177.7	173.7	190.9
Adjusted EBITDAR ¹⁾	148.9	137.4	222.3	199.9	213.2

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022.6.30
Current Assets	1,782.4	2,418.0	2,178.2
Cash and Cash Equivalents	1,356.9	1,478.7	823.9
S-T Financial Instruments	65.5	255.4	181.1
Account Receivable	120.5	152.2	125.1
Other Current Assets	239.5	531.7	1,048.2
Non-Current Assets	5,563.1	7,606.7	9,602.7
Investments in Associates, Subsidiaries and Joint Ventures	2,393.4	3,547.8	3,848.4
Tangible Assets	272.1	312.6	383.4
Intangible Assets	2,106.2	1,573.6	1,609.3
Other Non-current Assets	791.3	2,172.7	3,761.7
Total Assets	7,345.5	10,024.7	11,781.0
Current Liabilities	1,421.6	2,299.1	2,215.0
Account Payable and Other payable	1,035.7	493.5	466.2
Short-term Borrowings	58.0	342.2	374.3
Income Tax Payable	49.8	55.5	46.8
Other Current Liabilities	278.1	1,408.0	1,327.8
Non-Current Liabilities	598.5	1,171.3	1,809.3
Non-Current Finance Lease Obligations	121.9	1,076.1	1,340.4
Deferred Income Tax	108.2	-	351.5
Other Non-Current Liabilities	368.3	95.2	117.4
Total Liabilities	2,020.1	3,470.4	4,024.3
Paid-in Capital	44.3	44.6	44.5
Capital Surplus	4,986.9	5,489.2	5,630.3
Other Accumulated Earnings	18.6	77.1	19.7
Accumulated Other Comprehensive Income	66.5	240.5	132.3
Retained Earnings	209.1	702.8	1,929.8
Total Equity	5,325.4	6,554.2	7,756.7
Total Liabilities & Equity	7,345.5	10,024.7	11,781.0

1) Adjusted EBITDAR : included equity compensation expense

Thank You

