

Q3 2022 Earnings Results

2022.11.3 | Kakao Investor Relations



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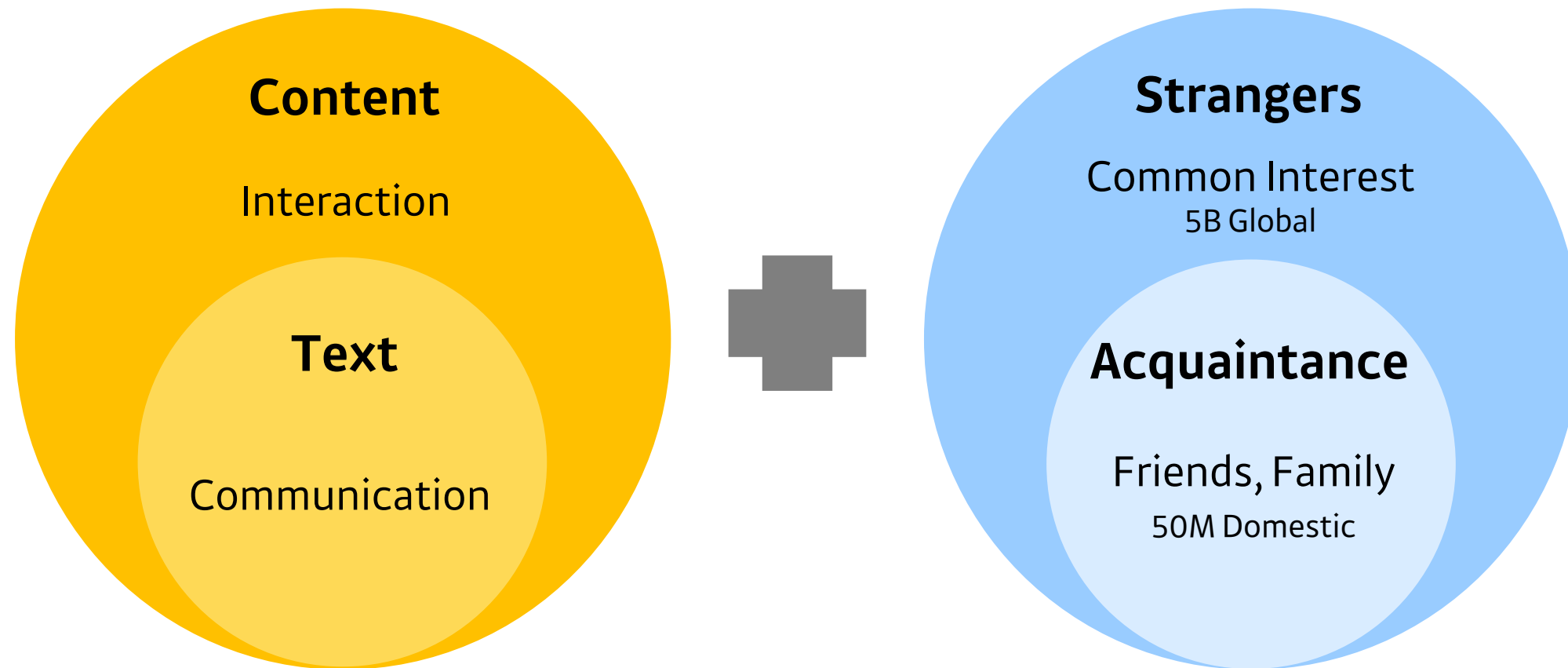
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Kakao's Strategic Direction

From real-time communication service for 1% to all-around interaction service for 99%



1. Kakao Talk - more light communication

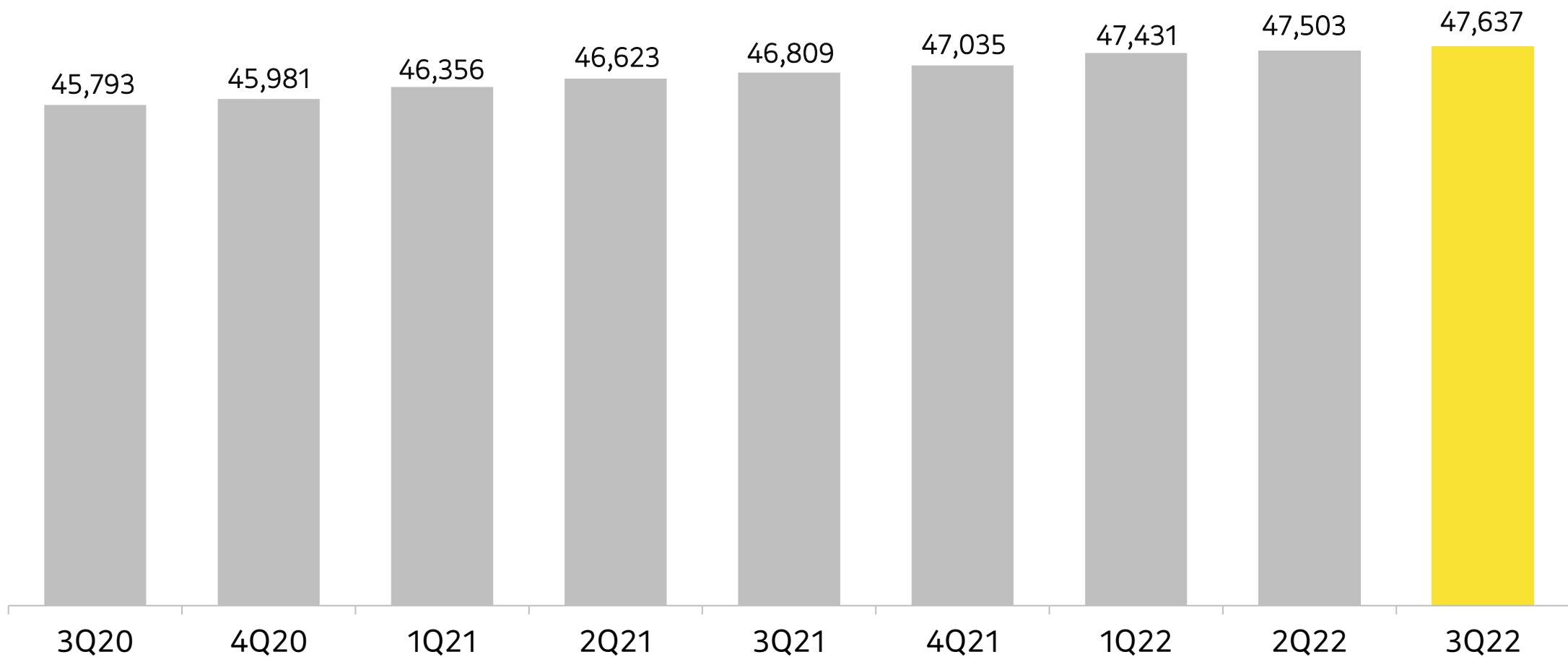
2. Open Link - interest-oriented service

KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +828K YoY, +134K QoQ

(in thousands)



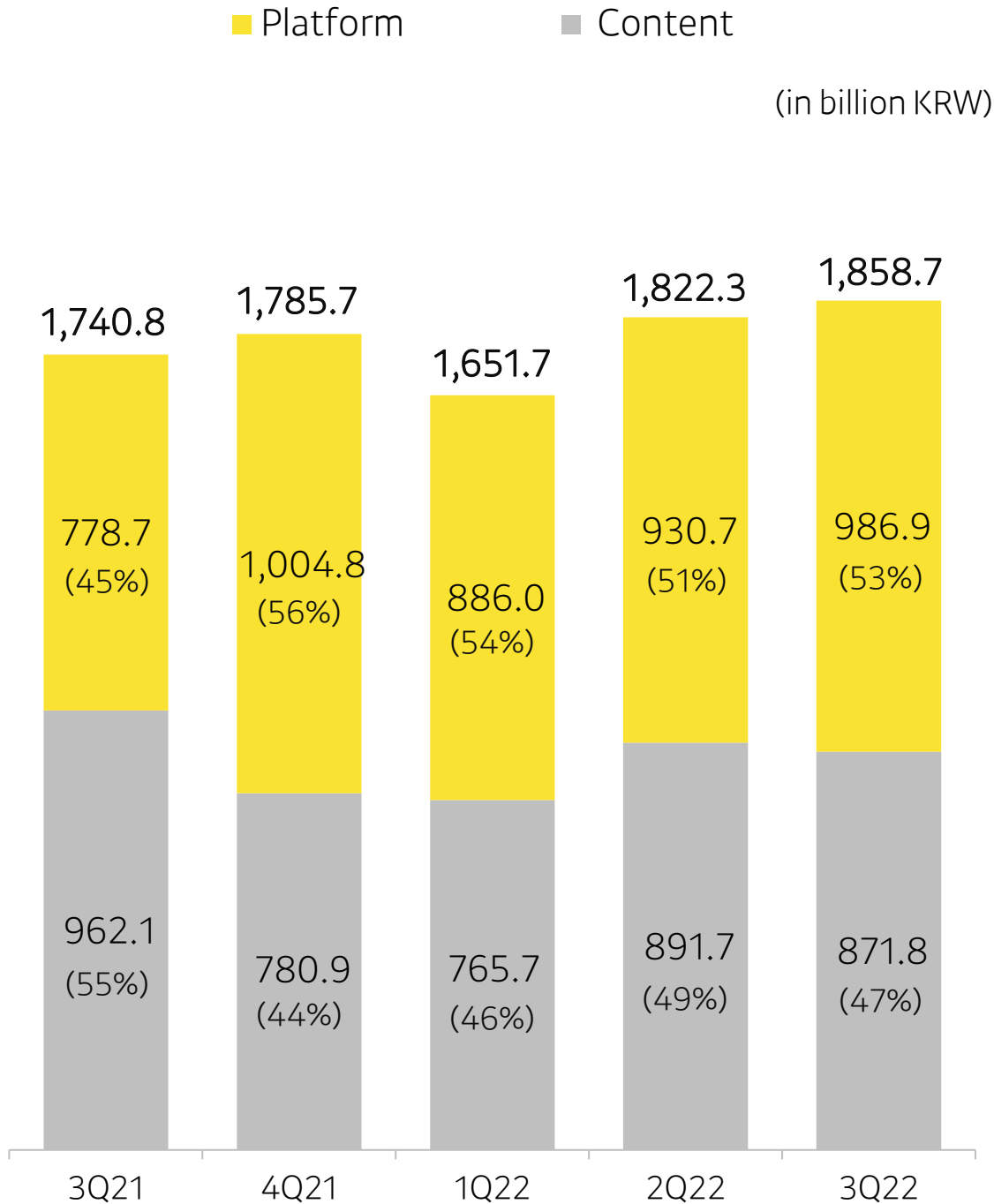
Korea	45,793	45,981	46,356	46,623	46,809	47,035	47,431	47,503	47,637
Global	52,299	52,223	52,976	53,808	54,256	53,451	53,366	53,302	53,561

Average of monthly MAUs. Global includes domestic MAUs.

Revenue

Q3 Revenue YoY +7% / QoQ +2%

Mix - Platform 53% : Content 47%



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

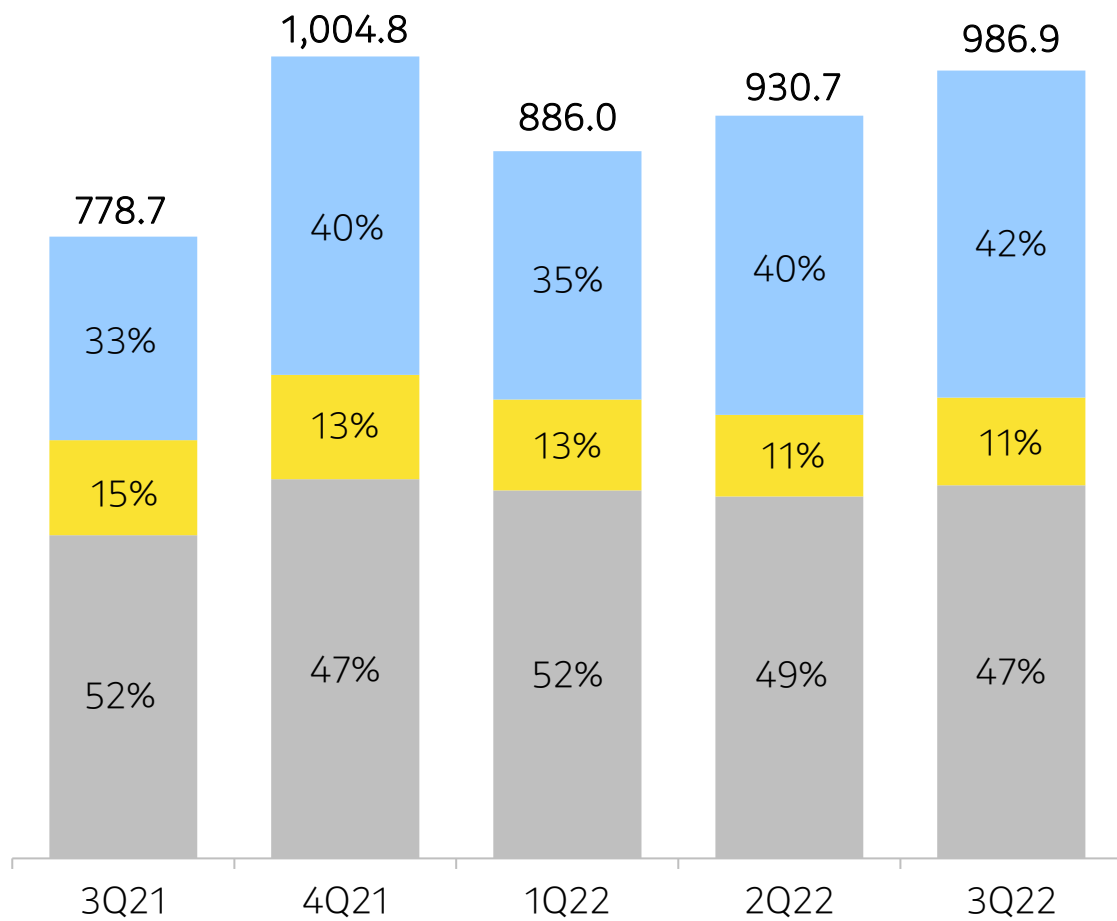
Platform YoY +27% / QoQ +6%

Content YoY -9% / QoQ -2%

Platform

(in billion KRW)

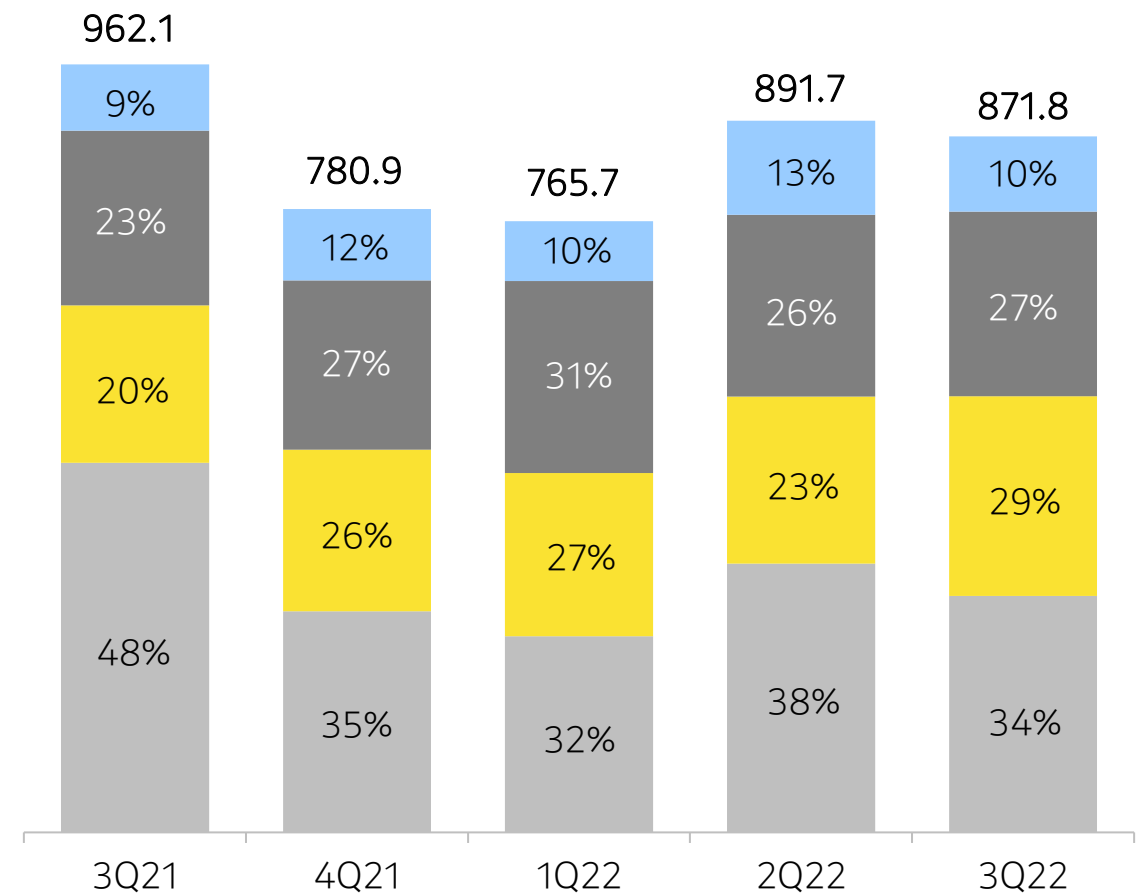
■ Talk Biz ■ Portal Biz ■ Platform-Others



Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media



Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +15% / QoQ +3%

Portal Biz YoY -8% / QoQ +7%

Others YoY +61% / QoQ +9%

Solid Growth of Talk Channel and Talk Gift

YoY Decrease due to Change in Accounting Method and Deconsolidation of Subsidiaries

Mobility - Full Recovery of Mobility Demand
Pay - Strong TPV Growth of Payment/Financial Services

Talk Biz

(in billion KRW)

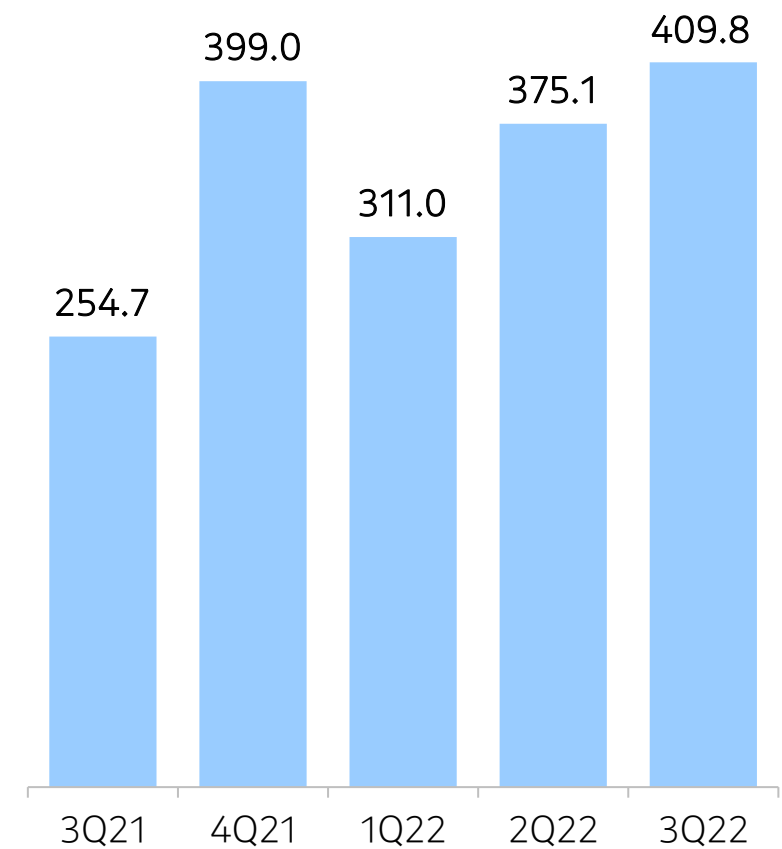
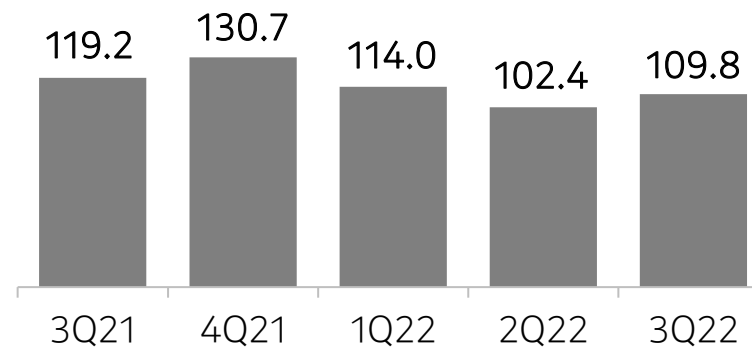
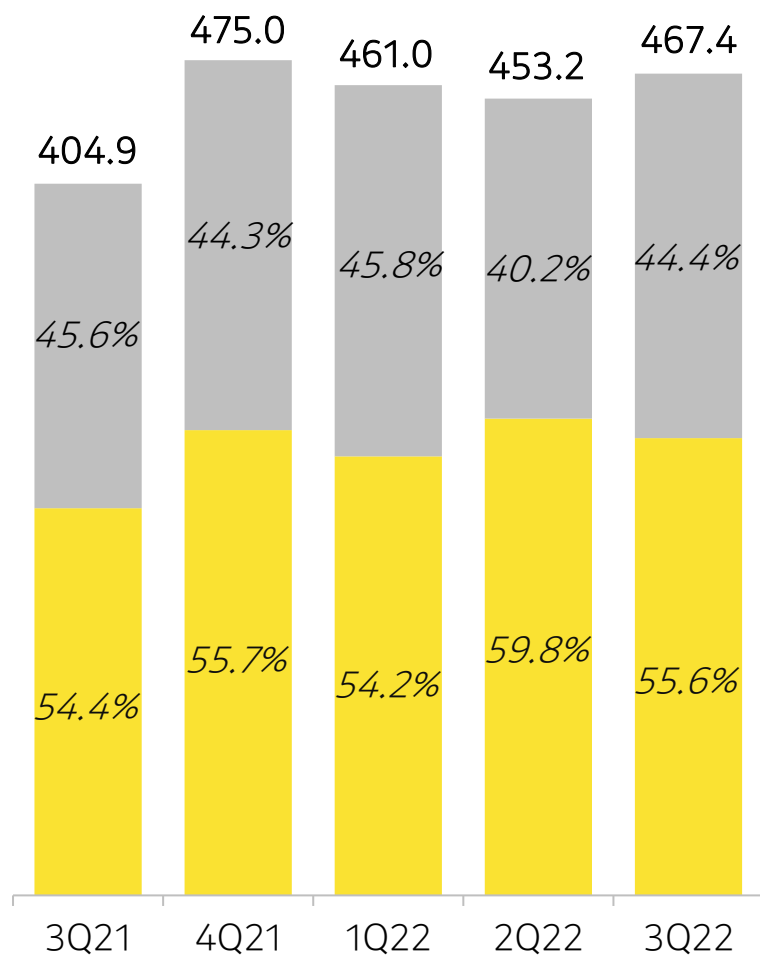
Portal Biz

(in billion KRW)

Others

(in billion KRW)

■ Advertising ■ Commerce



Content | Game Music

Game YoY -36% / QoQ -12%

Music YoY +27% / QoQ +20%

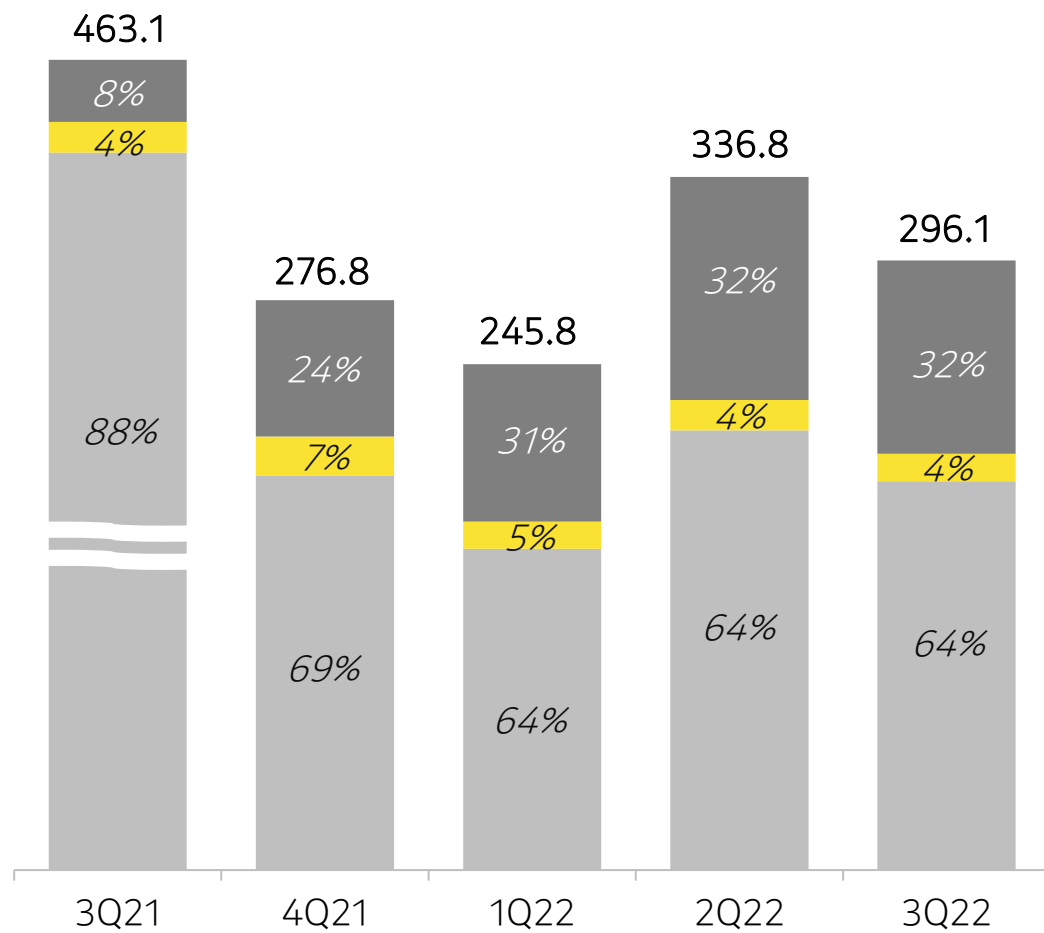
Revenue Stabilization of 'Odin'

Increase in Album and Concert Sales of In-house Artists

Game

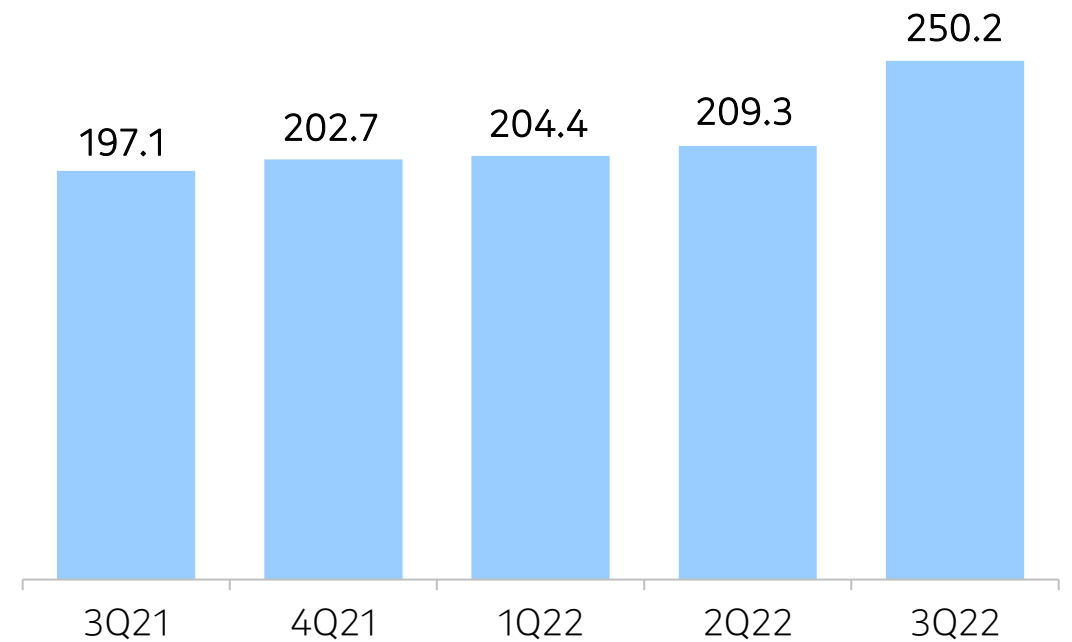
(in billion KRW)

■ Mobile ■ PC ■ Other



Music

(in billion KRW)



Content | Story Media

Story YoY +6% / QoQ +2%

↳ Entertainment +8% (y) / +1% (q), Piccoma +4% (y) / +2% (q)

Media YoY +13% / QoQ -20%

Steady Growth from High User Retention & Original IPs Despite Marketing Expense Cut

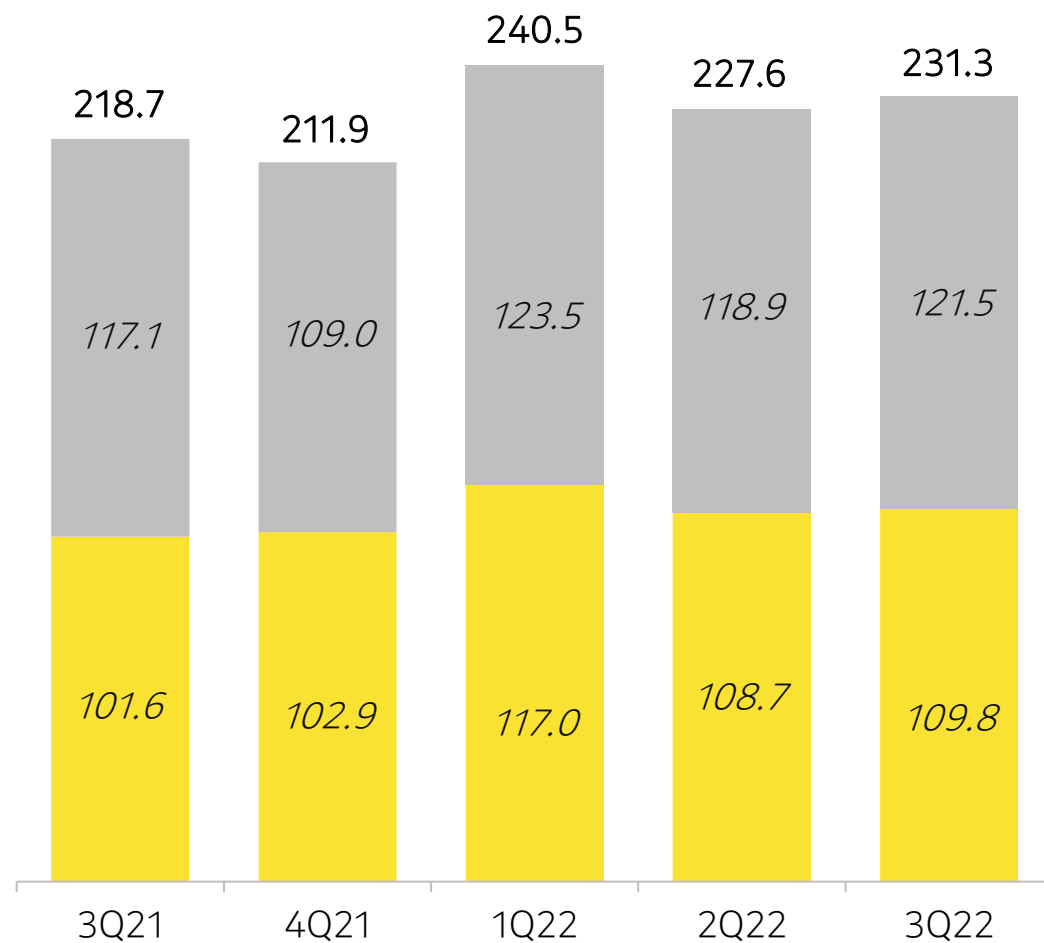
Piccoma - Excluding FX Effect +13% (y), +2% (q)

YoY Increase thanks to <Narco-Saints> and Production Line-up Expansion

Story

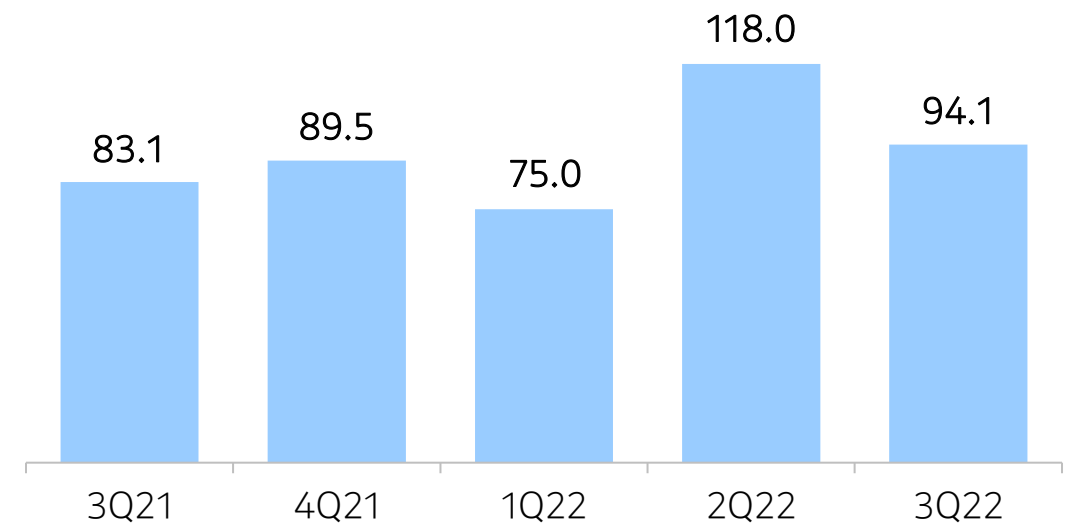
(in billion KRW)

■ Entertainment ■ Piccoma¹⁾



Media

(in billion KRW)



1) Piccoma's result does not include its advertising business

Earnings Summary

(in billion KRW)

	3Q21	2Q22	3Q22	Change	
				YoY	QoQ
Total Revenue	1,740.8	1,822.3	1,858.7	7%	2%
Platform	778.7	930.7	986.9	27%	6%
Talk Biz	404.9	453.2	467.4	15%	3%
Portal Biz	119.2	102.4	109.8	-8%	7%
Platform - Others	254.7	375.1	409.8	61%	9%
Content	962.1	891.7	871.8	-9%	-2%
Game	463.1	336.8	296.1	-36%	-12%
Music	197.1	209.3	250.2	27%	20%
Story	218.7	227.6	231.3	6%	2%
Media	83.1	118.0	94.1	13%	-20%
Operating Expenses	1,572.6	1,651.3	1,708.4	9%	3%
Operating Profit	168.2	171.0	150.3	-11%	-12%
<i>Margin (%)</i>	9.7%	9.4%	8.1%	-1.6%pt	-1.3%pt
Net Profit	866.3	101.2	137.2	-84%	36%
Controlling Interests	779.1	67.6	106.3	-86%	57%
Non-controlling Interests	87.2	33.6	30.8	-65%	-8%

Operating Expenses

(in billion KRW)

	3Q21	2Q22	3Q22	Change	
				YoY	QoQ
Operating Expenses	1,572.6	1,651.3	1,708.4	9%	3%
Labor Cost	307.2	426.2	433.3	41%	2%
Cost of Revenue	805.8	654.8	711.4	-12%	9%
Outsourcing / Infrastructure	197.8	235.8	238.4	21%	1%
Marketing Expense	148.1	150.3	112.0	-24%	-26%
Depreciation and Amortization Cost	89.1	135.6	153.0	72%	13%
Misc.	24.7	48.6	60.4	144%	24%

Profits

Operating Profit YoY -11% / QoQ -12%

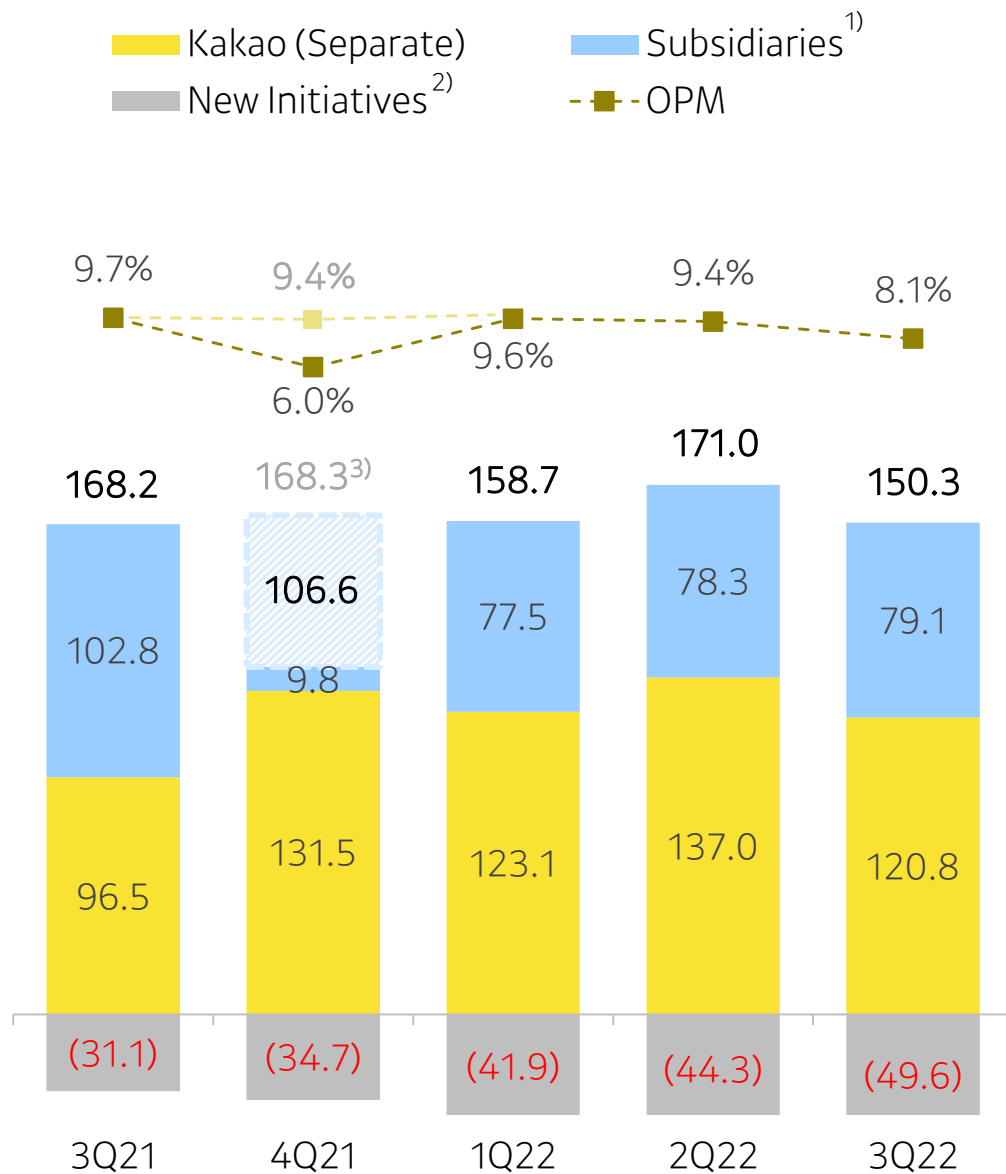
Net Profit YoY -84% / QoQ +36%

YoY Decrease due to Increase in Investment in New Initiatives and Profit Decrease from Major Subsidiaries

High-base of Prior Year due to Gain from Disposal of Equity Shares

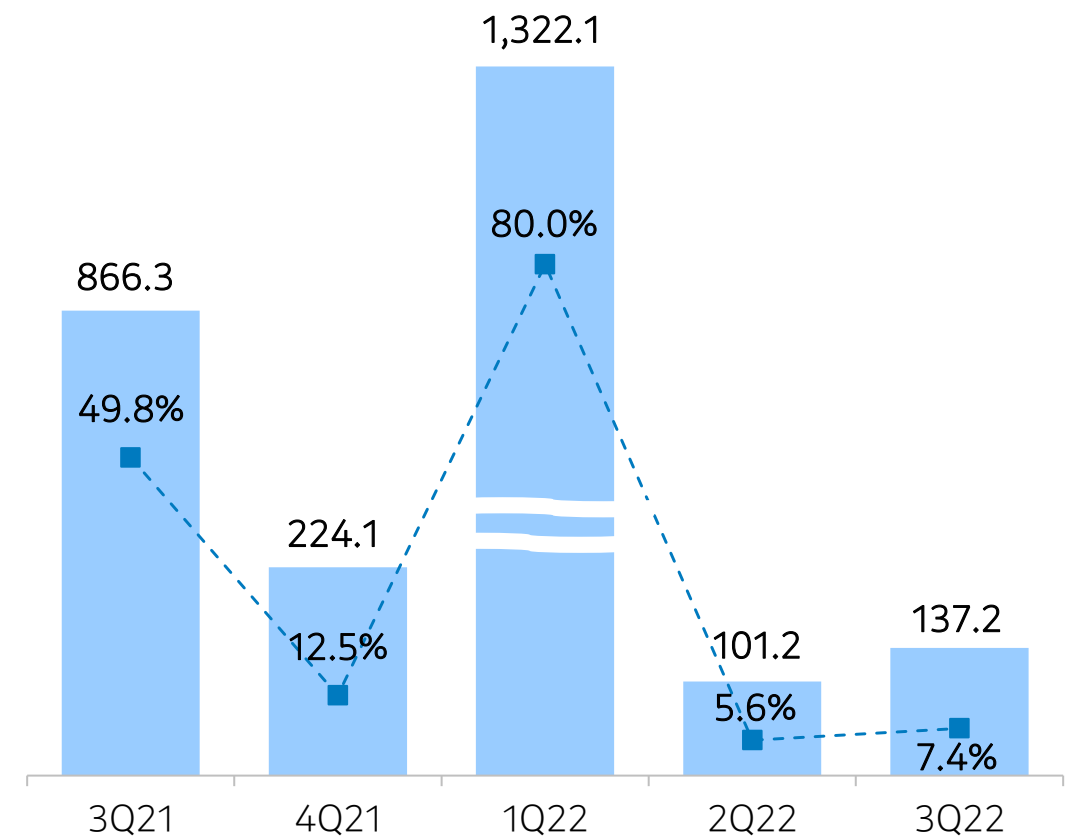
Operating Profit(M)

(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 +82% / QoQ +1%

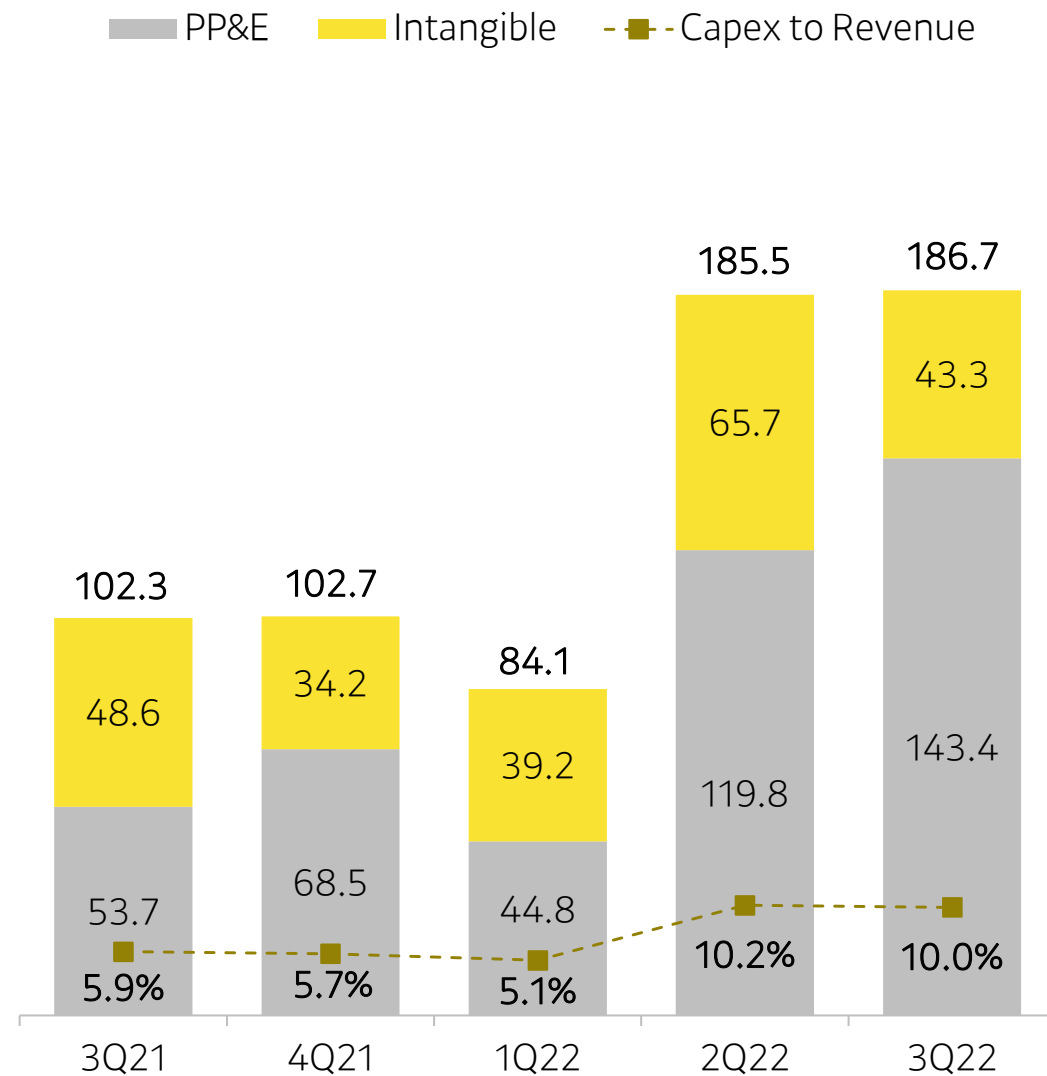
Employees YoY +2,504 / QoQ +369

Investment in IDC and Content

Conservative Hiring for New Business and Global Business

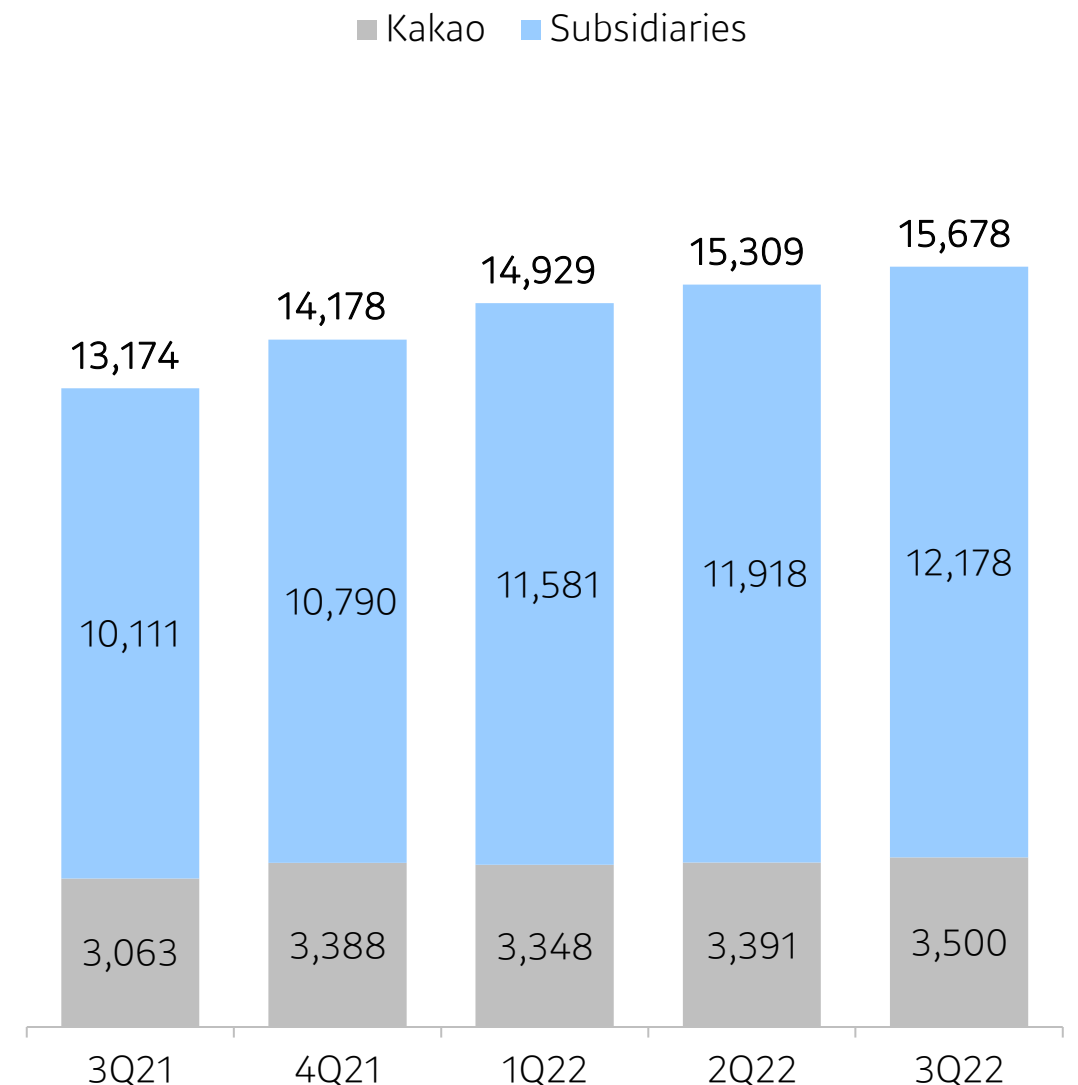
CapEx

(in billion KRW)



Employees

(# of people)



1) CapEx is based on the cash outflow for new acquisition of tangible and intangible assets
 2) CapEx for previous quarters has also been changed
 3) 3Q22 CapEx is based on consolidated K-IFRS that have not been audited. The number will be finalized and changed on 4Q22 Earnings Results PT

Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	3Q21	4Q21	1Q22	2Q22	3Q22
Total Revenue	1,740.8	1,785.7	1,651.7	1,822.3	1,858.7
Platform	778.7	1004.8	886.0	930.7	986.9
Talk Biz	404.9	475.0	461.0	453.2	467.4
Portal Biz	119.2	130.7	114.0	102.4	109.8
New Biz	254.7	399.0	311.0	375.1	409.8
Content	962.1	780.9	765.7	891.7	871.8
Game	463.1	276.8	245.8	336.8	296.1
Music	197.1	202.7	204.4	209.3	250.2
Story	218.7	211.9	240.5	227.6	231.3
Media	83.1	89.5	75.0	118.0	94.1
Operating Expenses	1,572.6	1,679.1	1,493.0	1,651.3	1,708.4
Labor Cost	307.2	515.8	420.0	426.2	433.3
Cost of Revenue	805.8	648.2	584.4	654.8	711.4
Outsourcing / Infrastructure	197.8	233.8	204.6	235.8	238.4
Marketing Expense	148.1	128.8	114.6	150.3	112.0
Depreciation and Amortization Cost	89.1	119.8	130.8	135.6	153.0
Misc.	24.7	32.8	38.7	48.6	60.4
Operating Profit	168.2	106.6	158.7	171.0	150.3
<i>Margin (%)</i>	<i>9.7%</i>	<i>6.0%</i>	<i>9.6%</i>	<i>9.4%</i>	<i>8.1%</i>
Other Non-Operating Income	799.6	813.4	1,665.3	138.6	133.6
Other Non-Operating Expenses	20.7	360.7	48.4	34.4	35.7
Financial Income	43.9	67.7	68.5	69.8	63.4
Financial Expenses	90.4	90.6	94.7	73.3	67.1
Equity-method gain	176.6	63.1	45.4	10.0	23.7
Equity-method loss	5.4	46.0	35.2	45.1	31.5
Profit before Income Tax	1,071.8	553.5	1,759.6	236.5	236.7
Income Tax	205.5	329.4	437.5	135.3	99.5
Net Profit	866.3	224.1	1,322.1	101.2	137.2
Controlling Interests	779.1	76.8	1,303.1	67.6	106.3
Non-controlling Interests	87.2	147.2	19.0	33.6	30.8
EBITDAR	255.1	225.4	288.5	306.1	301.8
Adjusted EBITDAR ¹⁾	269.8	298.7	332.0	345.5	335.2

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022.9.30
Current Assets	4,462.9	8,102.2	8,286.5
Cash and Cash Equivalents	2,877.5	5,231.5	4,555.3
S-T Financial Instruments	694.1	1,573.6	1,154.4
Account Receivable	247.4	398.1	420.7
Other Current Financial Assets	225.1	319.1	297.8
Other Current Assets	418.9	579.9	1,858.3
Non-Current Assets	6,987.4	13,712.0	16,385.2
Investments in Associates and Joint Ventures	1,504.4	3,215.8	2,743.7
Tangible Assets	430.7	554.9	787.0
Intangible Assets	3,351.6	6,347.8	7,168.8
Other Non-current Assets	1,700.8	3,593.5	5,685.7
Finance Assets	503.6	965.4	773.5
Total Assets	11,954.0	22,779.6	25,445.2
Current Liabilities	2,929.6	5,630.3	5,273.8
Account Payable and Other payable	836.0	1,231.0	1,347.3
Short-term Borrowings	188.4	1,258.8	1,351.2
Income Tax Payable	112.1	188.9	118.2
Other Current Liabilities	1,793.1	2,951.6	2,457.1
Non-Current Liabilities	1,166.1	2,885.1	4,353.2
Non-Current Finance Lease Obligations	273.3	1,318.2	1,605.1
Deferred Income Tax Liabilities	249.0	756.8	1,148.6
Other Non-Current Liabilities	643.8	810.1	1,599.5
Finance Assets	430.6	674.2	541.4
Total Liabilities	4,526.2	9,189.6	10,168.4
Paid-in Capital	44.3	44.6	44.6
Capital Surplus	5,833.1	7,781.2	7,915.1
Other Accumulated Earnings	18.6	77.1	31.2
Accumulated Other Comprehensive Income	86.6	371.8	300.1
Retained Earnings	316.3	1,709.6	3,169.4
Minority Interest	1,128.8	3,605.6	3,816.4
Total Equity	7,427.7	13,590.0	15,276.8
Total Liabilities & Equity	11,954.0	22,779.6	25,445.2

1) Adjusted EBITDAR : included equity compensation expense

Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	3Q21	4Q21	1Q22	2Q22	3Q22
Total Revenue	468.4	652.3	596.2	596.4	613.4
Operating Expenses	371.9	520.8	473.1	459.4	492.7
Labor Cost	89.0	156.6	143.5	129.0	128.6
Cost of Revenue	163.8	234.6	197.5	190.2	209.9
Outsourcing / Infrastructure	73.5	66.2	64.2	64.5	67.5
Marketing Expense	4.9	6.9	4.2	5.4	7.6
Depreciation and Amortization Cost	33.9	46.3	50.9	53.7	61.8
Misc.	6.8	10.2	12.8	16.5	17.2
Operating Profit	96.5	131.5	123.1	137.0	120.8
<i>Margin (%)</i>	<i>20.6%</i>	<i>20.2%</i>	<i>20.6%</i>	<i>23.0%</i>	<i>19.7%</i>
Other Non-Operating Income	44.6	7.0	1,405.8	6.7	4.2
Other Non-Operating Expenses	8.6	49.9	25.5	2.4	10.4
Financial Income	49.2	123.3	45.5	43.0	39.4
Financial Expenses	17.6	8.5	21.7	47.9	43.8
Profit before Income Tax	164.1	203.5	1,527.2	136.5	110.2
Income Tax	-	56.3	94.1	382.8	33.3
Net Profit	220.5	109.4	1,144.4	106.2	76.9
EBITDAR	130.3	177.7	173.7	129.3	181.2
Adjusted EBITDAR ¹⁾	137.4	222.3	199.9	213.2	198.3

Statement of Financial Position			
(in billion KRW)	2020.12.31	2021.12.31	2022.9.30
Current Assets	1,782.4	2,418.0	2,420.5
Cash and Cash Equivalents	1,356.9	1,478.7	725.1
S-T Financial Instruments	65.5	255.4	61.0
Account Receivable	120.5	152.2	127.3
Other Current Assets	239.5	531.7	1,507.1
Non-Current Assets	5,563.1	7,606.7	9,601.2
Investments in Associates, Subsidiaries and Joint Ventures	2,393.4	3,547.8	3,852.9
Tangible Assets	272.1	312.6	451.5
Intangible Assets	2,106.2	1,573.6	1,614.2
Other Non-current Assets	791.3	2,172.7	3,682.6
Total Assets	7,345.5	10,024.7	12,021.7
Current Liabilities	1,421.6	2,299.1	2,406.8
Account Payable and Other payable	1,035.7	493.5	545.6
Short-term Borrowings	58.0	342.2	416.0
Income Tax Payable	49.8	55.5	43.5
Other Current Liabilities	278.1	1,408.0	1,401.6
Non-Current Liabilities	598.5	1,171.3	1,796.2
Non-Current Finance Lease Obligations	121.9	1,076.1	1,331.4
Deferred Income Tax Liabilities	108.2	-	340.3
Other Non-Current Liabilities	368.3	95.2	124.5
Total Liabilities	2,020.1	3,470.4	4,202.9
Paid-in Capital	44.3	44.6	44.6
Capital Surplus	4,986.9	5,489.2	5,630.4
Other Accumulated Earnings	18.6	77.1	31.2
Accumulated Other Comprehensive Income	66.5	240.5	105.2
Retained Earnings	209.1	702.8	2,007.4
Total Equity	5,325.4	6,554.2	7,818.8
Total Liabilities & Equity	7,345.5	10,024.7	12,021.7

1) Adjusted EBITDAR : included equity compensation expense

Thank You

