

Q1 2023 Earnings Results

2023.5.4 | Kakao Investor Relations



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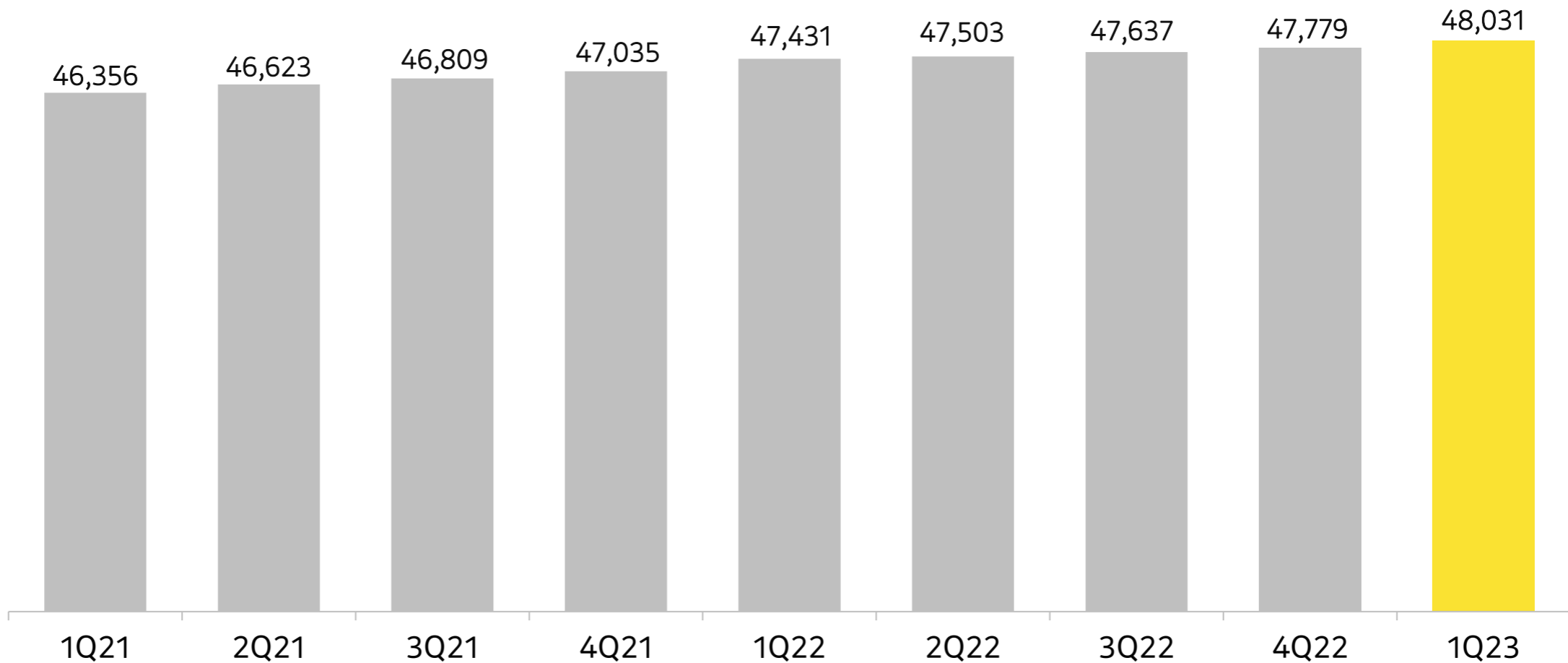
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KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +600K YoY, +252K QoQ

(in thousands)



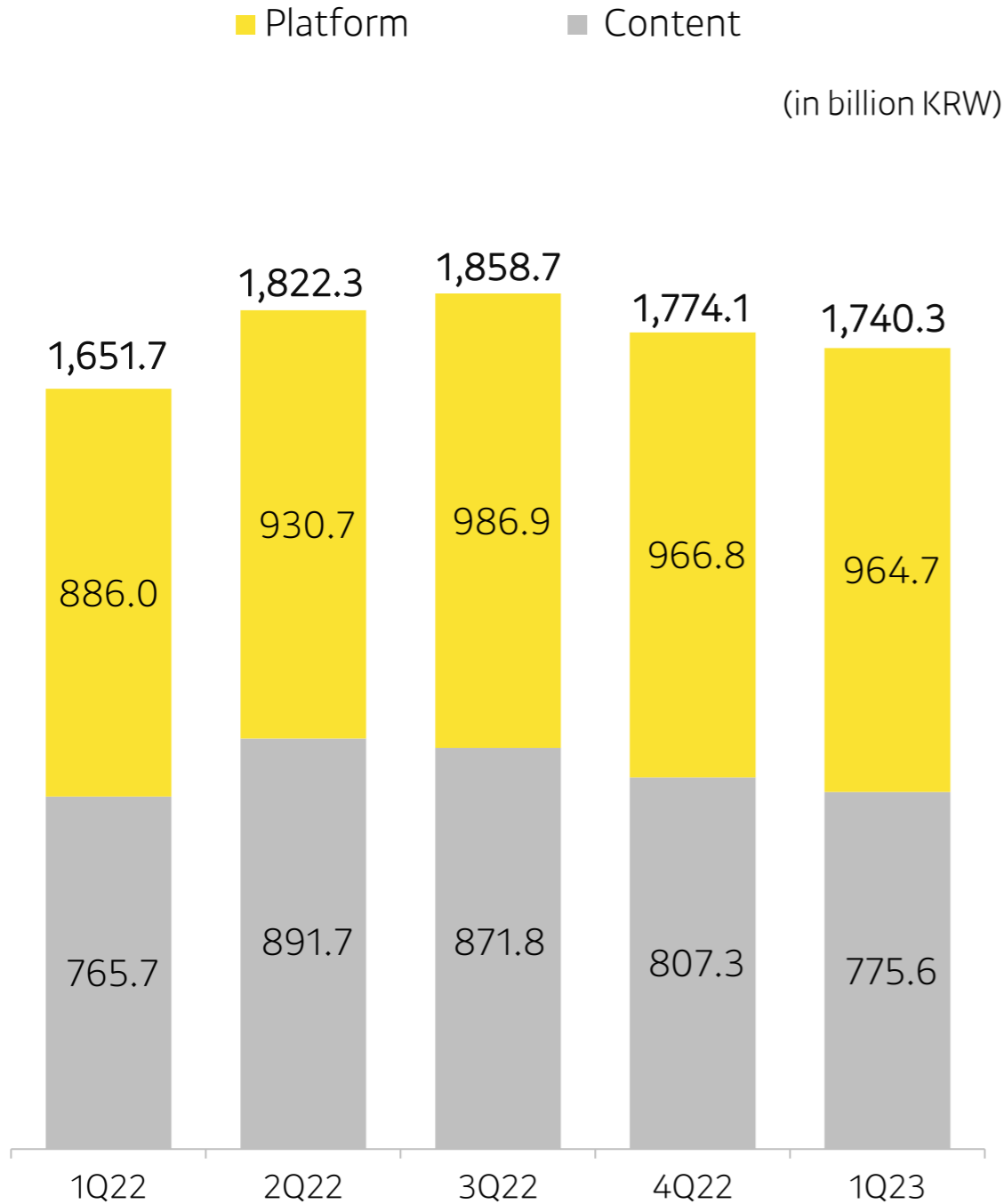
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
Korea	46,356	46,623	46,809	47,035	47,431	47,503	47,637	47,779	48,031
Global	52,976	53,808	54,256	53,451	53,366	53,302	53,561	53,483	53,390

Average of monthly MAUs. Global includes domestic MAUs.

Revenue

Q1 Revenue YoY +5% / QoQ -2%

Mix - Platform 55% : Content 45%



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

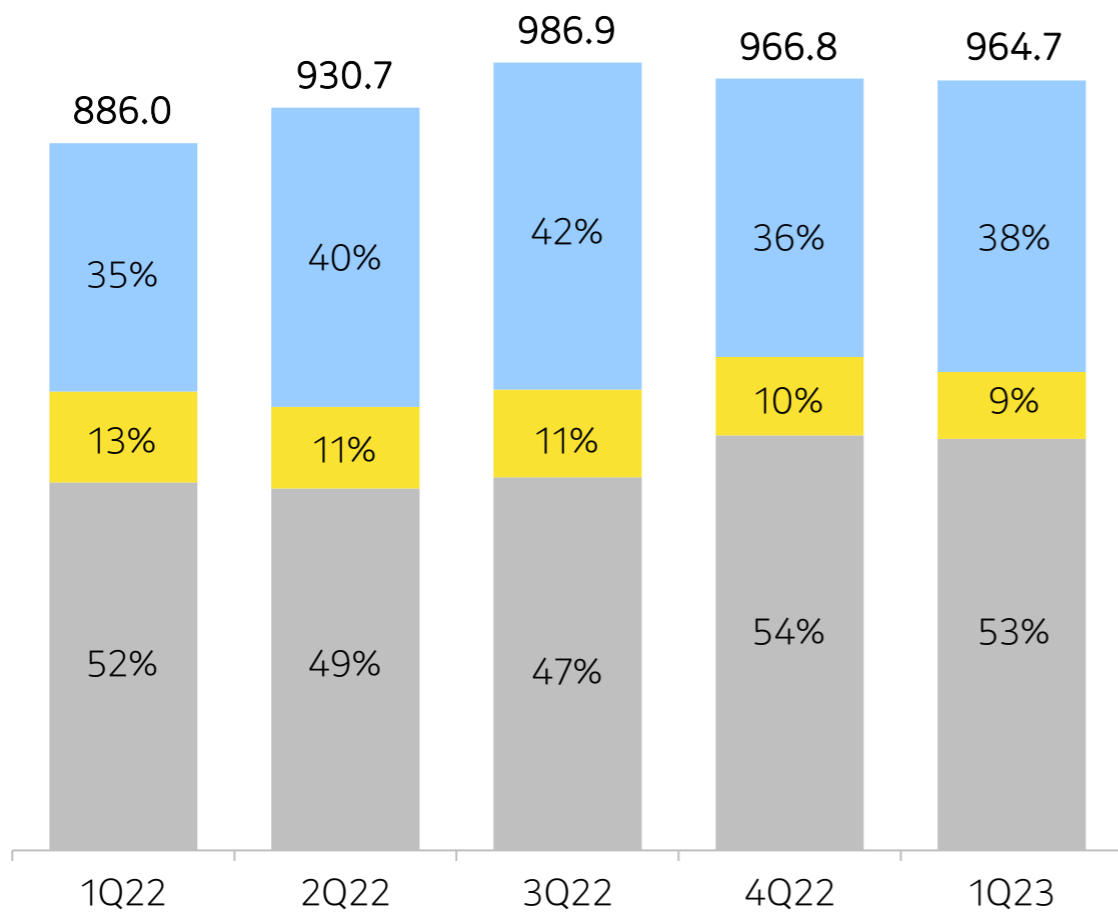
Platform YoY +9% / QoQ -0.2%

Content YoY +1% / QoQ -4%

Platform

(in billion KRW)

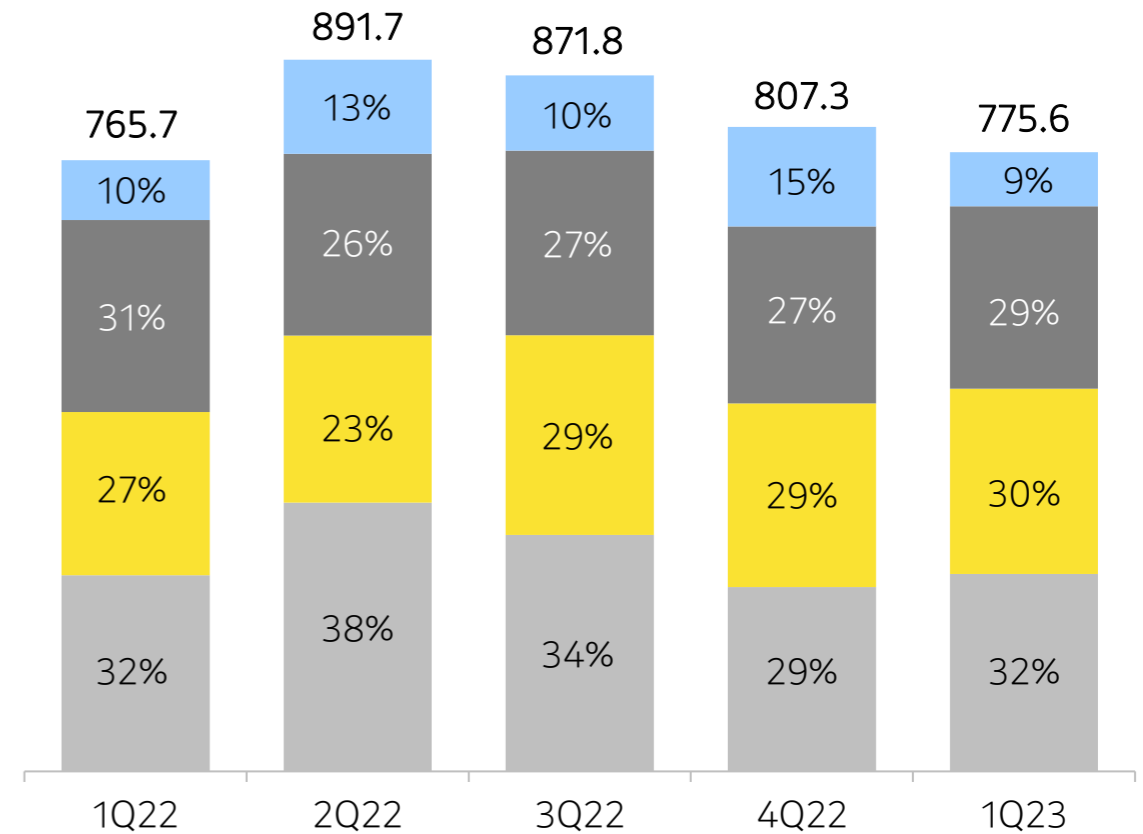
■ Talk Biz ■ Portal Biz ■ Platform-Others



Content

(in billion KRW)

■ Game ■ Music ■ Story ■ Media



Platform | Talk Biz Portal Biz Platform-Others

Talk Biz YoY +12% / QoQ -1%

(Y) Solid Growth of Biz Message and Talk Gift (1P and Delivered Gift)

Portal Biz YoY -27% / QoQ -15%

(Y) Deconsolidation of Subsidiaries and Decrease in Portal QC

Others YoY +18% / QoQ +5%

(Y) Mobility - Expansion of Taxi & Parking Business
(Y) Pay - Strong TPV of Payment & Financial Services

Talk Biz

(in billion KRW)

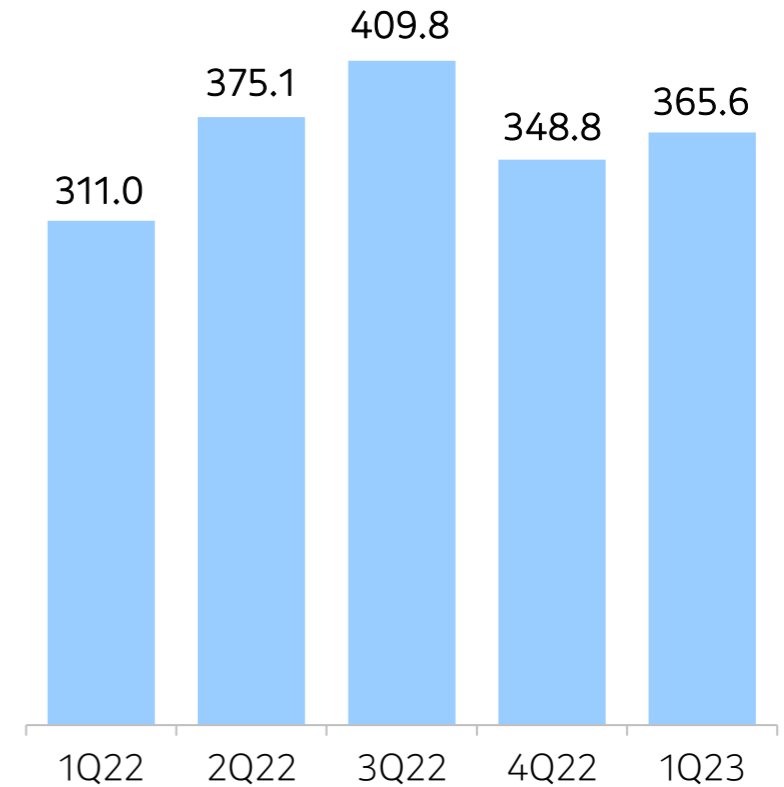
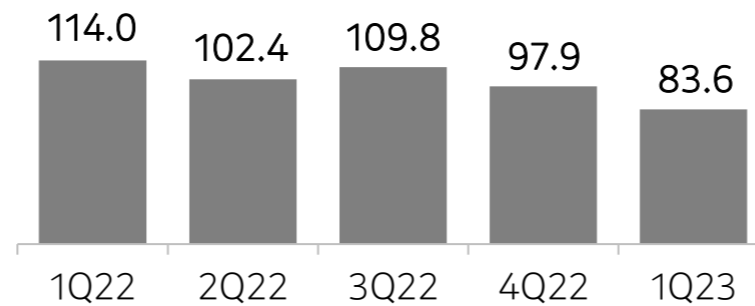
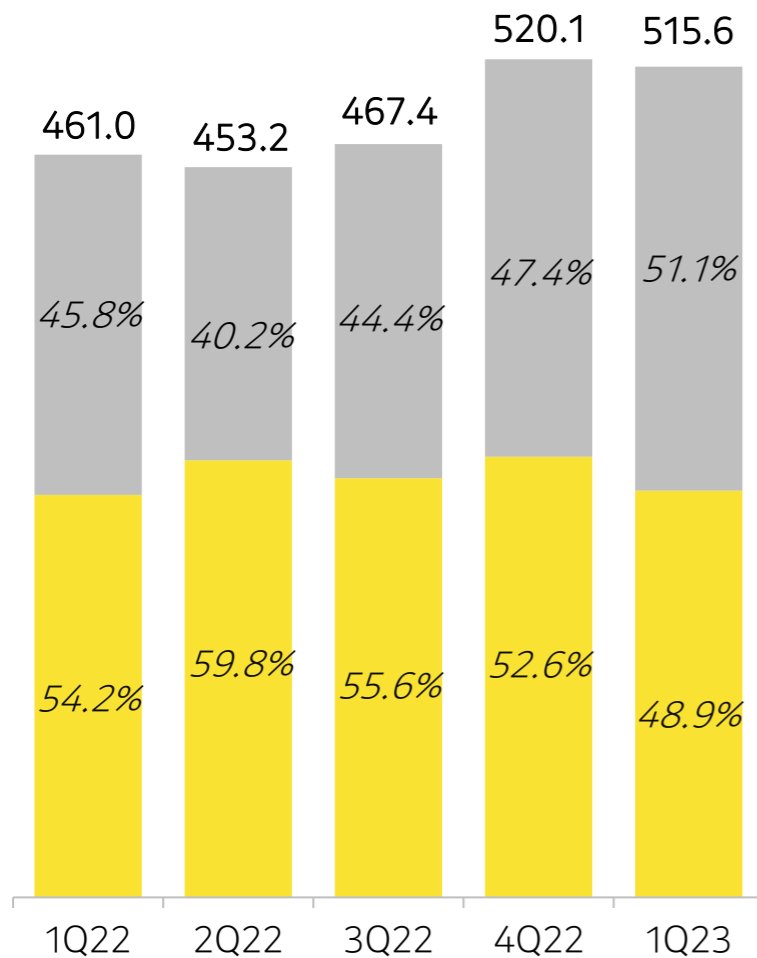
Portal Biz

(in billion KRW)

Others

(in billion KRW)

■ Advertising ■ Commerce



Content | Game Music

Game YoY +1% / QoQ +7%

Music YoY +13% / QoQ +1%

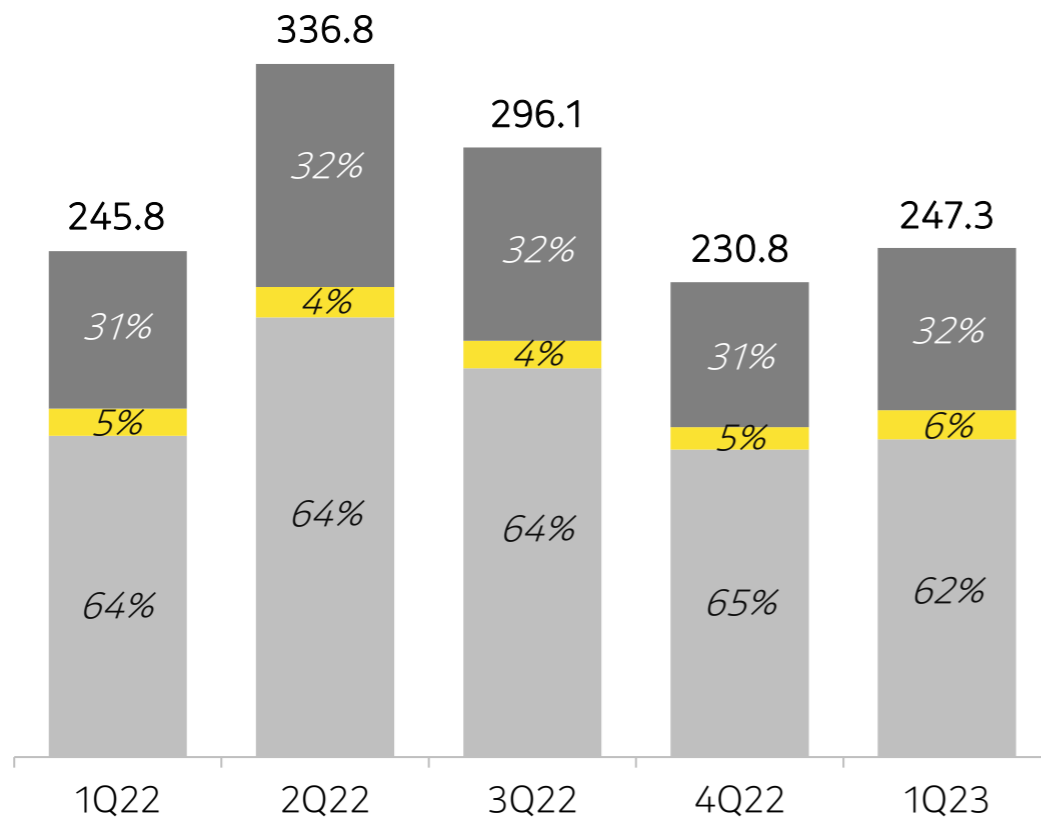
(Y) Revenue Stabilization of Existing Games Offset by Launch of New Games

(Y) Solid Revenue from Music Distribution and In-house Artists

Game

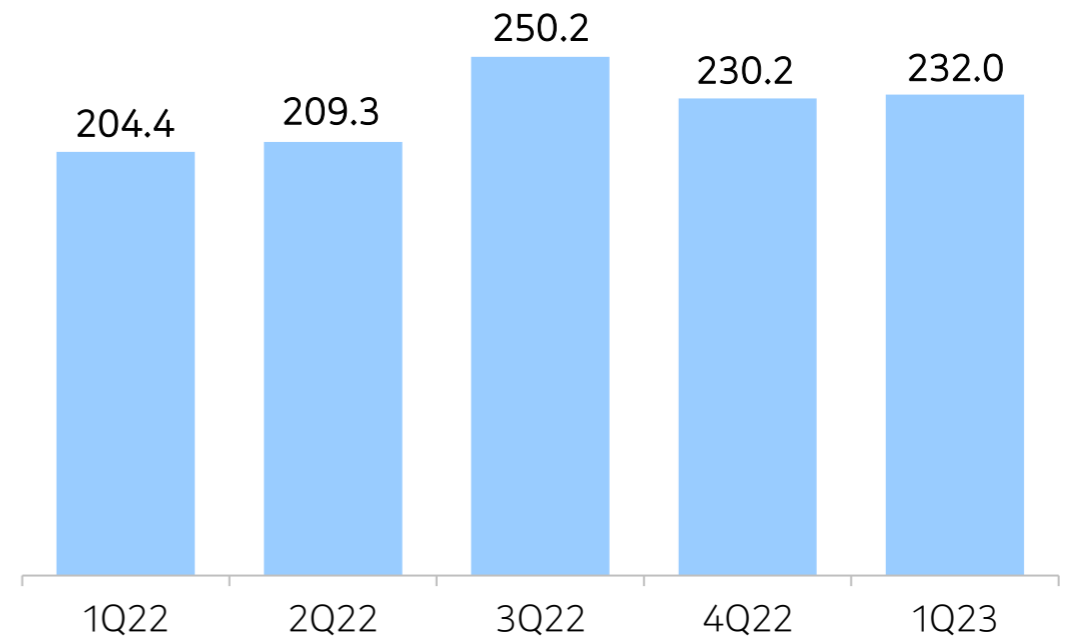
(in billion KRW)

■ Mobile ■ PC ■ Other



Music

(in billion KRW)



Content | Story Media

Story YoY -5% / QoQ +3%

↳ Entertainment -14% (y) / -3% (q), Piccoma +4% (y) / +9% (q)

Media YoY -10% / QoQ -46%

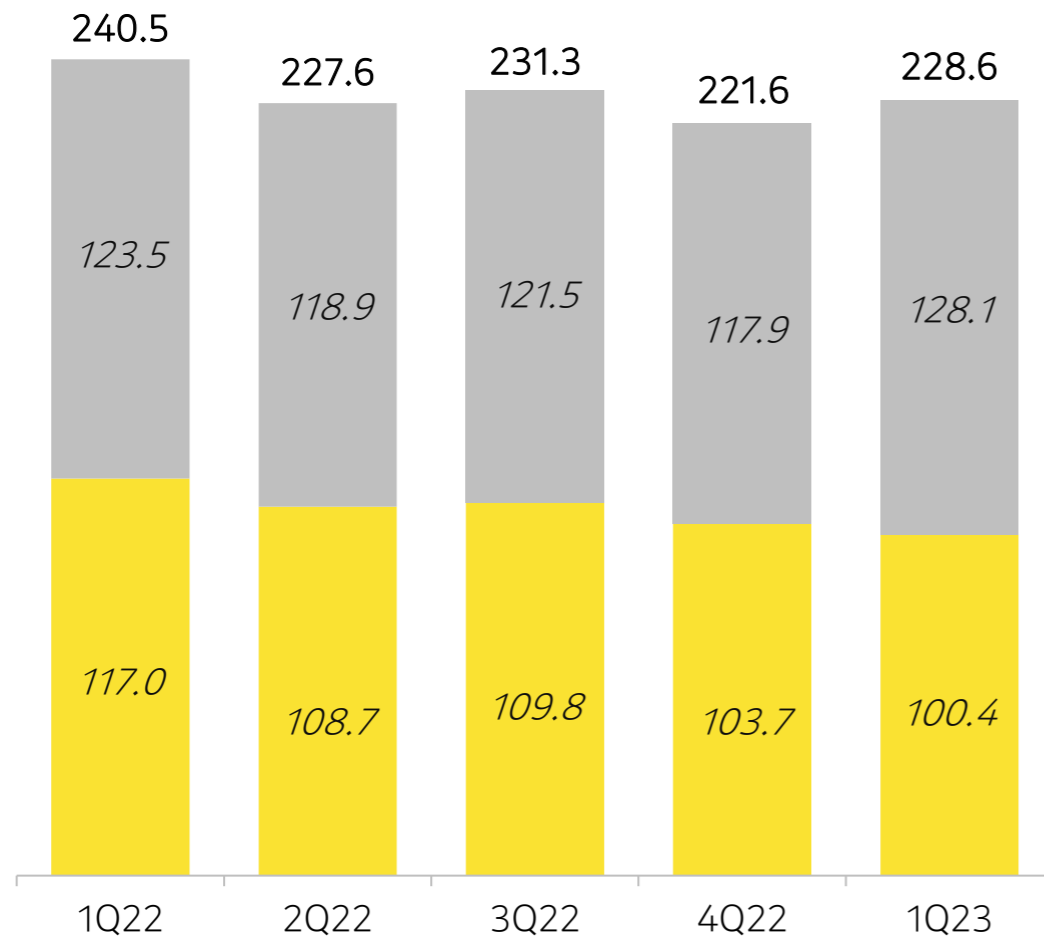
(Y) Entertainment - Decrease in User Activity due to Endemic, Business Restructuring in US
Piccoma - Excluding FX Effect +12% (y), +8% (q)

(Y) Declined due to Concentrated New Line-up in 2H23

Story

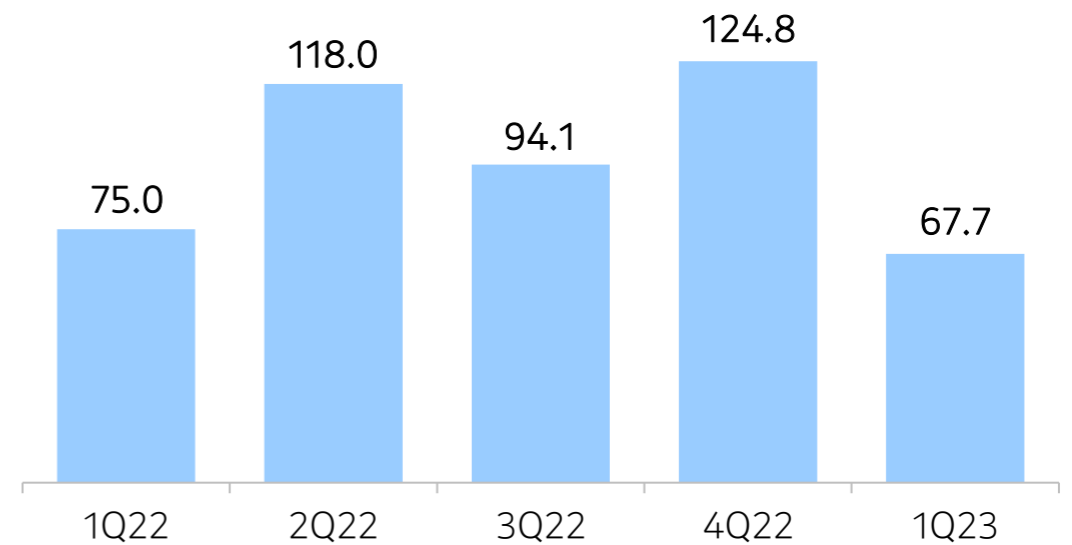
(in billion KRW)

■ Entertainment ■ Piccoma¹⁾



Media

(in billion KRW)



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

Earnings Summary

(in billion KRW)

	1Q22	4Q22	1Q23	Change	
				YoY	QoQ
Total Revenue	1,651.7	1,774.1	1,740.3	5%	-2%
Platform	886.0	966.8	964.7	9%	-0.2%
Talk Biz	461.0	520.1	515.6	12%	-1%
Portal Biz	114.0	97.9	83.6	-27%	-15%
Platform - Others	311.0	348.8	365.6	18%	5%
Content	765.7	807.3	775.6	1%	-4%
Game	245.8	230.8	247.3	1%	7%
Music	204.4	230.2	232.0	13%	1%
Story	240.5	221.6	228.6	-5%	3%
Media	75.0	124.8	67.7	-10%	-46%
Operating Expenses	1,493.0	1,673.8	1,669.2	12%	-0.3%
Operating Profit	158.7	100.3	71.1	-55%	-29%
<i>Margin (%)</i>	9.6%	5.7%	4.1%	-5.5%pt	-1.6%pt
Net Profit	1,322.1	(497.9)	87.1	-93%	turn to profit
Controlling Interests	1,303.1	(124.1)	97.5	-93%	turn to profit
Non-controlling Interests	19.0	(373.8)	(10.4)	turn to loss	CR

Operating Expenses

(in billion KRW)

	1Q22	4Q22	1Q23	Change	
				YoY	QoQ
Operating Expenses	1,493.0	1,673.8	1,669.2	12%	-0.3%
Labor Cost	420.0	410.6	445.8	6%	9%
Cost of Revenue	584.4	703.8	666.8	14%	-5%
Outsourcing / Infrastructure	204.6	245.3	242.0	18%	-1%
Marketing Expense	114.6	108.4	114.6	0.03%	6%
Depreciation and Amortization Cost	130.8	161.0	150.3	15%	-7%
Misc.	38.7	44.8	49.6	28%	11%

Profits

Operating Profit YoY -55% / QoQ -29%

Net Profit YoY -93% / QoQ turn to profit

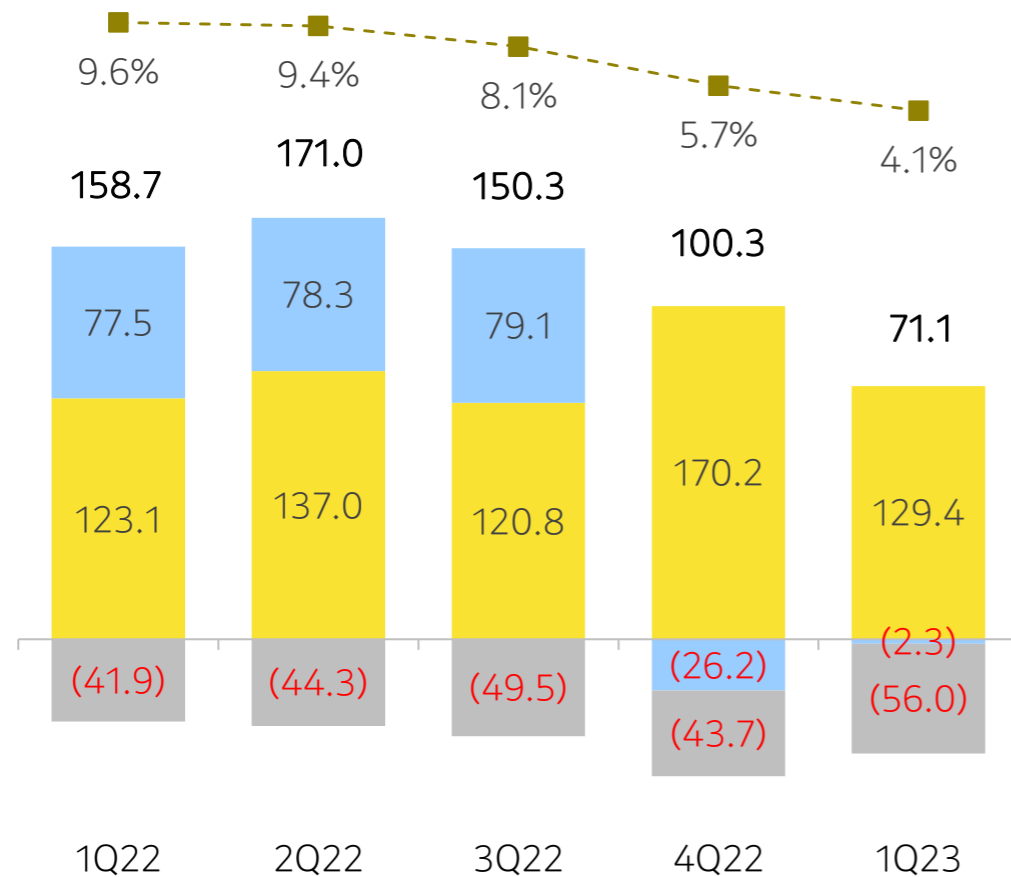
(Y) Increase in Infrastructure & Depreciation Cost due to Data Center Replication and Increase in AI related Investment

(Y) High Base Effect from Equity Method Stock Disposal Gain of Dunamu in 1Q22

Operating Profit(M)

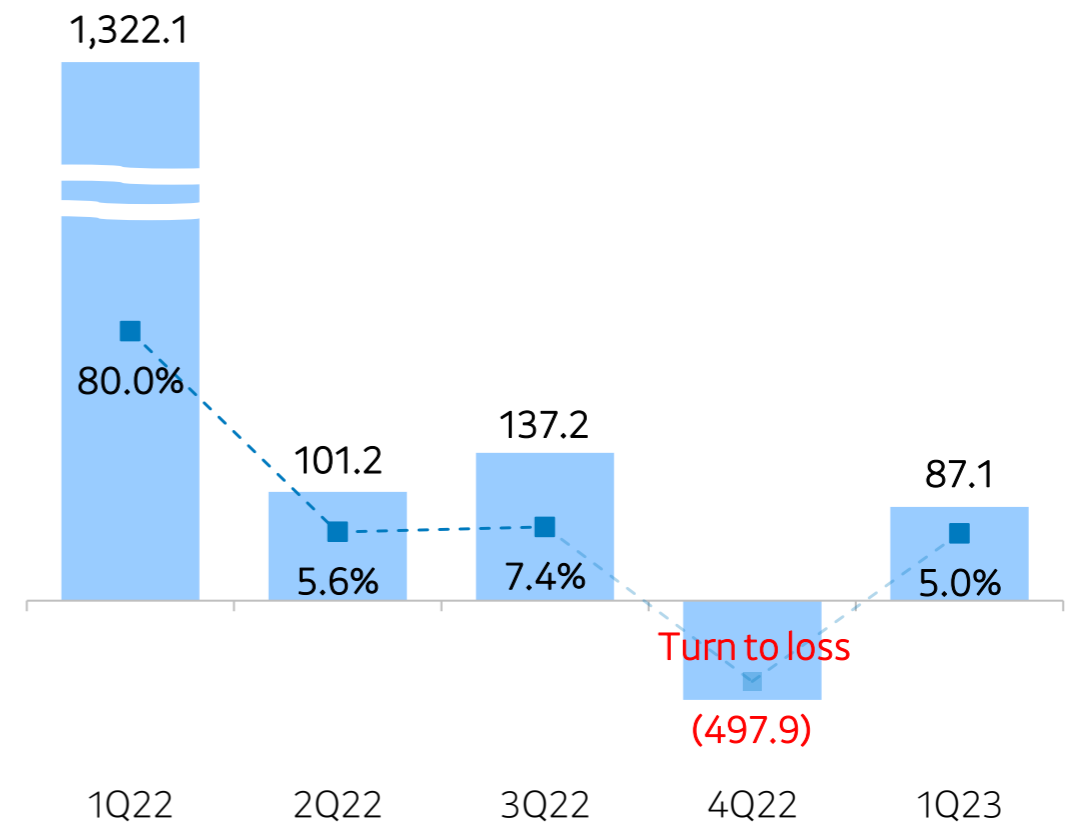
(in billion KRW)

■ Kakao (Separate)
 ■ Subsidiaries¹⁾
■ New Initiatives²⁾
-■- OPM



Net Profit(M)

(in billion KRW)



1) Subsidiaries: All business segment excluding Kakao & New Initiatives
 3) Subsidiaries includes internal transaction

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

CapEx / Employees

CapEx YoY +15% / QoQ -48%

Employees YoY +1,462 / QoQ -88

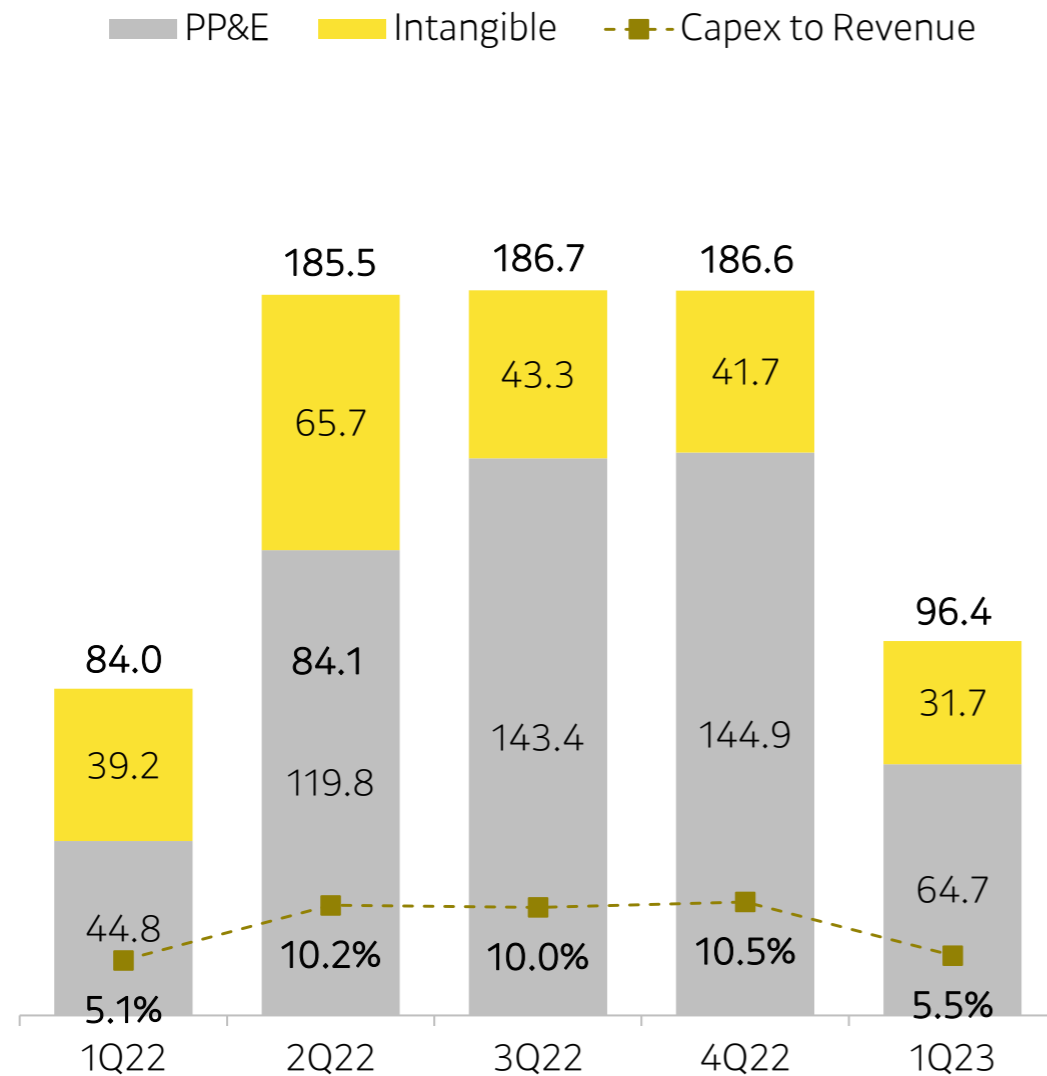
(Y) Continuous Investment in IDC, AI and Content Despite QoQ Decrease

(Y) Increased in Headcount on the Back of Business Expansion

(Q) Maintaining Conservative Hiring

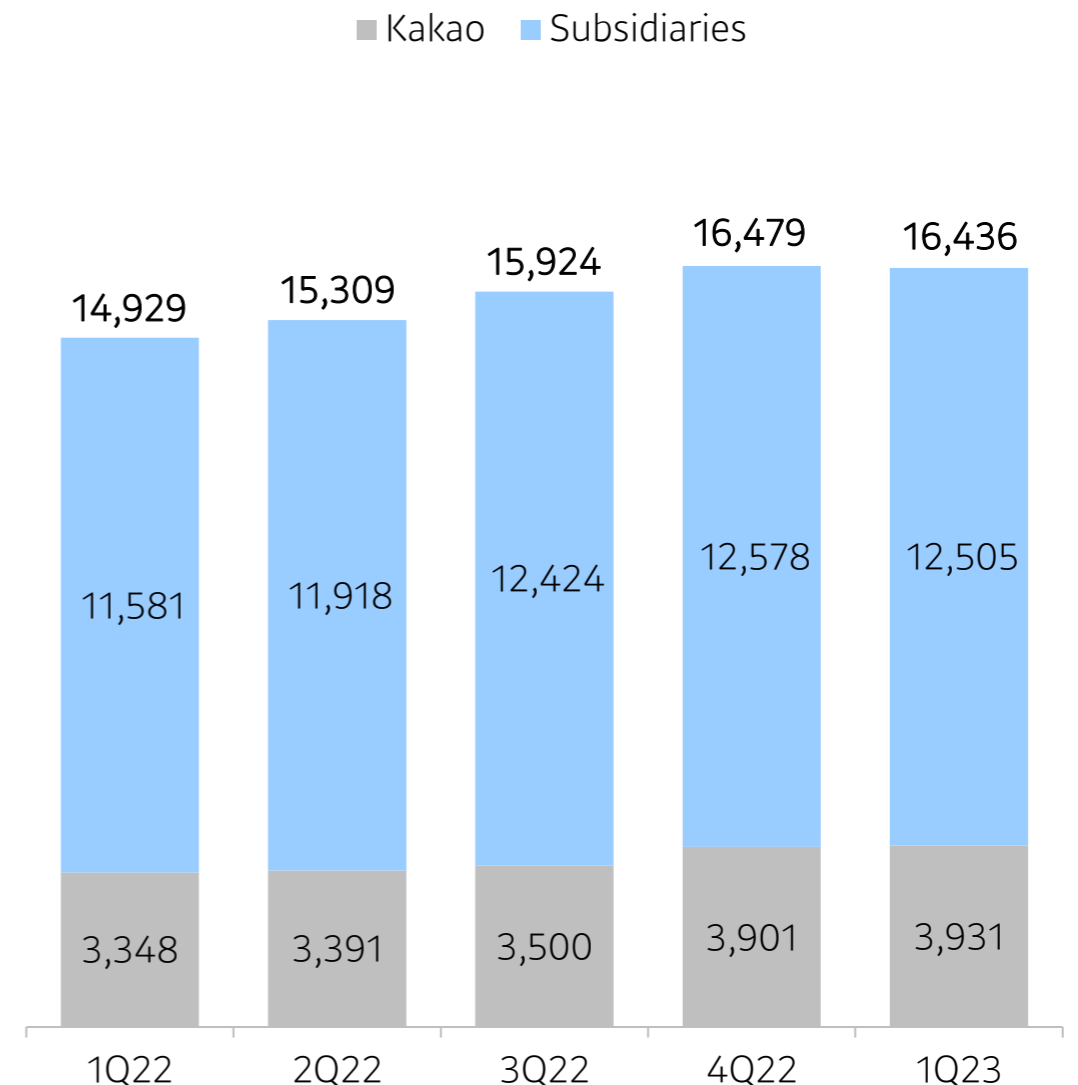
CapEx

(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) 1Q23 CapEx is based on consolidated K-IFRS that have not been audited and may subject to change

Financial Statements Summary – Consolidated

Income Statement					
(in billion KRW)	1Q22	2Q22	3Q22	4Q22	1Q23
Total Revenue	1,651.7	1,822.3	1,858.7	1,774.1	1,740.3
Platform	886.0	930.7	986.9	966.8	964.7
Talk Biz	461.0	453.2	467.4	520.1	515.6
Portal Biz	114.0	102.4	109.8	97.9	83.6
New Biz	311.0	375.1	409.8	348.8	365.6
Content	765.7	891.7	871.8	807.3	775.6
Game	240.5	227.6	231.3	221.6	228.6
Music	245.8	336.8	296.1	230.8	247.3
Story	75.0	118.0	94.1	124.8	67.7
Media	204.4	209.3	250.2	230.2	232.0
Operating Expenses	1,493.0	1,651.3	1,708.4	1,673.8	1,669.2
Labor Cost	420.0	426.2	433.3	410.6	445.8
Cost of Revenue	584.4	654.8	711.4	703.8	666.8
Outsourcing / Infrastructure	204.6	235.8	238.4	245.3	242.0
Marketing Expense	114.6	150.3	112.0	108.4	114.6
Depreciation and Amortization Cost	130.8	135.6	153.0	161.0	150.3
Misc.	38.7	48.6	60.4	44.8	49.6
Operating Profit	158.7	171.0	150.3	100.3	71.1
<i>Margin (%)</i>	<i>9.6%</i>	<i>9.4%</i>	<i>8.1%</i>	<i>5.7%</i>	<i>4.1%</i>
Other Non-Operating Income	1,665.3	138.6	133.6	76.0	17.0
Other Non-Operating Expenses	48.4	34.4	35.7	993.0	35.4
Financial Income	68.5	69.8	63.4	141.2	79.2
Financial Expenses	94.7	73.3	67.1	228.1	46.4
Equity-method gain	45.4	10.0	23.7	21.2	34.1
Equity-method loss	35.2	45.1	31.5	46.1	39.6
Profit before Income Tax	1,759.6	236.5	236.7	(928.5)	80.0
Income Tax	437.5	135.3	99.5	(430.5)	(7.1)
Net Profit	1,322.1	101.2	137.2	(497.9)	87.1
Controlling Interests	1,303.1	67.6	106.3	(124.1)	97.5
Non-controlling Interests	19.0	33.6	30.8	(373.8)	(10.4)
EBITDAR	288.5	306.1	301.8	253.6	221.5
Adjusted EBITDAR ¹⁾	332.0	345.5	335.2	295.8	250.6

Statement of Financial Position			
(in billion KRW)	2021.12.31	2022.12.31	2023.3.31
Current Assets	8,102.2	7,755.7	8,109.6
Cash and Cash Equivalents	5,231.5	4,780.2	5,062.8
S-T Financial Instruments	1,573.6	1,210.2	1,354.0
Account Receivable	398.1	440.9	560.5
Other Current Financial Assets	319.1	361.9	403.1
Other Current Assets	579.9	962.5	729.2
Non-Current Assets	13,712.0	14,450.9	16,495.2
Investments in Associates and Joint Ventures	3,215.8	2,651.9	3,115.8
Tangible Assets	554.9	885.4	969.8
Intangible Assets	6,347.8	6,022.4	7,108.4
Other Non-current Assets	3,593.5	4,891.3	5,301.2
Finance Assets	965.4	756.8	981.6
Total Assets	22,779.6	22,963.5	25,586.4
Current Liabilities	5,630.3	5,148.3	6,043.8
Account Payable and Other payable	1,231.0	1,374.0	1,496.7
Short-term Borrowings	1,258.8	1,096.9	1,609.2
Income Tax Payable	188.9	157.7	150.7
Other Current Liabilities	2,951.6	2,519.8	2,787.2
Non-Current Liabilities	2,885.1	3,843.9	3,522.2
Non-Current Finance Lease Obligations	1,318.2	1,643.4	1,733.2
Deferred Income Tax Liabilities	756.8	652.6	610.0
Other Non-Current Liabilities	810.1	1,547.9	1,179.0
Finance Assets	674.2	439.4	687.5
Total Liabilities	9,189.6	9,431.6	10,253.5
Paid-in Capital	44.6	44.6	44.6
Capital Surplus	7,781.2	8,115.9	8,641.5
Other Accumulated Earnings	77.1	41.0	42.0
Accumulated Other Comprehensive Income	371.8	(1,250.7)	(1,128.5)
Retained Earnings	1,709.6	3,046.5	3,095.8
Minority Interest	3,605.6	3,534.6	4,637.5
Total Equity	13,590.0	13,531.9	15,332.9
Total Liabilities & Equity	22,779.6	22,963.5	25,586.4

1) Adjusted EBITDAR : included equity compensation expense

Financial Statements Summary – Parent

Income Statement					
(in billion KRW)	1Q22	2Q22	3Q22	4Q22	1Q23
Total Revenue	596.2	596.4	613.4	650.5	640.7
Operating Expenses	473.1	459.4	492.7	480.3	511.3
Labor Cost	143.5	129.0	128.6	97.4	132.7
Cost of Revenue	197.5	190.2	209.9	237.5	234.0
Outsourcing / Infrastructure	64.2	64.5	67.5	73.8	69.9
Marketing Expense	4.2	5.4	7.6	9.7	3.4
Depreciation and Amortization Cost	50.9	53.7	61.8	60.2	59.6
Misc.	12.8	16.5	17.2	1.7	11.6
Operating Profit	123.1	137.0	120.8	170.2	129.4
<i>Margin (%)</i>	20.6%	23.0%	19.7%	26.2%	20.2%
Other Non-Operating Income	1,405.8	6.7	4.2	18.5	3.0
Other Non-Operating Expenses	25.5	2.4	10.4	91.0	1.9
Financial Income	45.5	43.0	39.4	35.4	34.3
Financial Expenses	21.7	47.9	43.8	27.7	14.1
Profit before Income Tax	1,527.2	136.5	110.2	105.4	150.7
Income Tax	382.8	30.2	33.3	(184.4)	27.4
Net Profit	1,144.4	106.2	76.9	289.8	123.3
EBITDAR	173.7	129.3	181.2	230.3	188.9
Adjusted EBITDAR ¹⁾	199.9	213.2	198.3	247.8	203.5

Statement of Financial Position			
(in billion KRW)	2021.12.31	2022.12.31	2023.3.31
Current Assets	2,418.0	2,334.9	1,767.9
Cash and Cash Equivalents	1,478.7	1,248.8	934.1
S-T Financial Instruments	255.4	211.0	241.0
Account Receivable	152.2	139.3	118.8
Other Current Assets	531.7	735.8	473.9
Non-Current Assets	7,606.7	8,456.6	9,206.5
Investments in Associates, Subsidiaries and Joint Ventures	3,547.8	4,751.7	5,517.9
Tangible Assets	312.6	500.5	496.0
Intangible Assets	1,573.6	1,608.6	1,607.6
Other Non-current Assets	2,172.7	1,595.9	1,585.0
Total Assets	10,024.7	10,791.5	10,974.4
Current Liabilities	2,299.1	2,183.5	2,261.0
Account Payable and Other payable	493.5	546.8	477.6
Short-term Borrowings	342.2	28.7	119.6
Income Tax Payable	55.5	74.2	85.8
Other Current Liabilities	1,407.9	1,533.9	1,578.1
Non-Current Liabilities	1,171.3	1,516.7	1,512.1
Non-Current Finance Lease Obligations	1,076.1	1,306.4	1,297.0
Deferred Income Tax Liabilities	-	97.1	100.4
Other Non-Current Liabilities	95.2	113.2	114.7
Total Liabilities	3,470.4	3,700.2	3,773.1
Paid-in Capital	44.6	44.6	44.6
Capital Surplus	5,489.2	5,636.7	5,662.4
Other Accumulated Earnings	77.1	41.0	42.0
Accumulated Other Comprehensive Income	240.5	11.3	14.2
Retained Earnings	702.8	1,357.6	1,438.0
Total Equity	6,554.2	7,091.3	7,201.2
Total Liabilities & Equity	10,024.7	10,791.5	10,974.4

1) Adjusted EBITDAR : included equity compensation expense

Thank You

