Q3 2023 Earnings Results

2023.11.9 | Kakao Investor Relations



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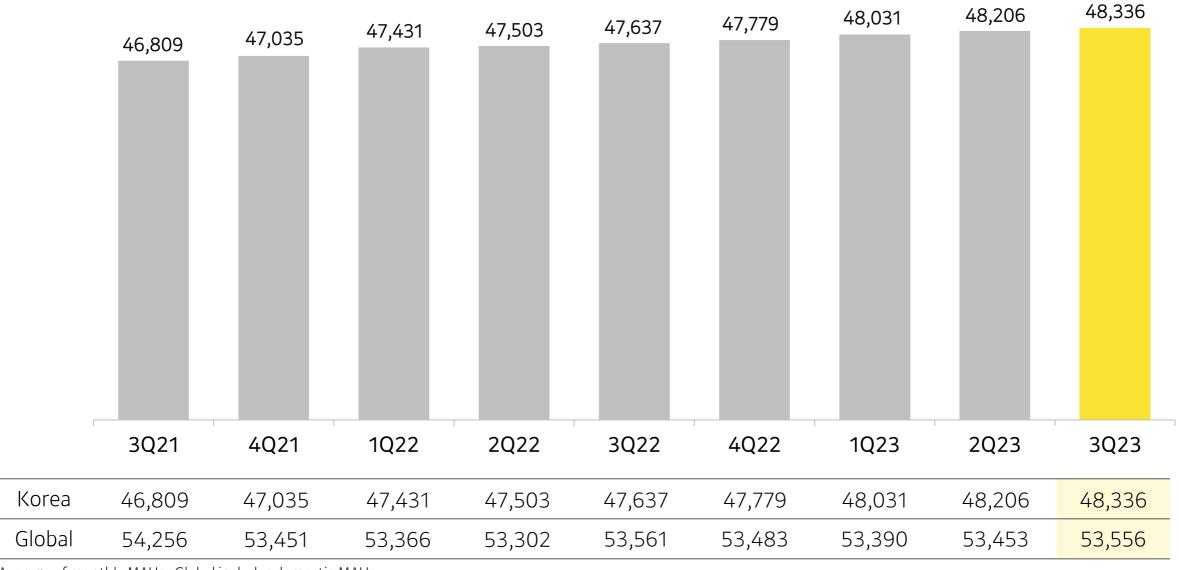
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KakaoTalk Monthly Active Users



Monthly Active Users in Korea grew by +699K YoY, +130K QoQ

(in thousands)

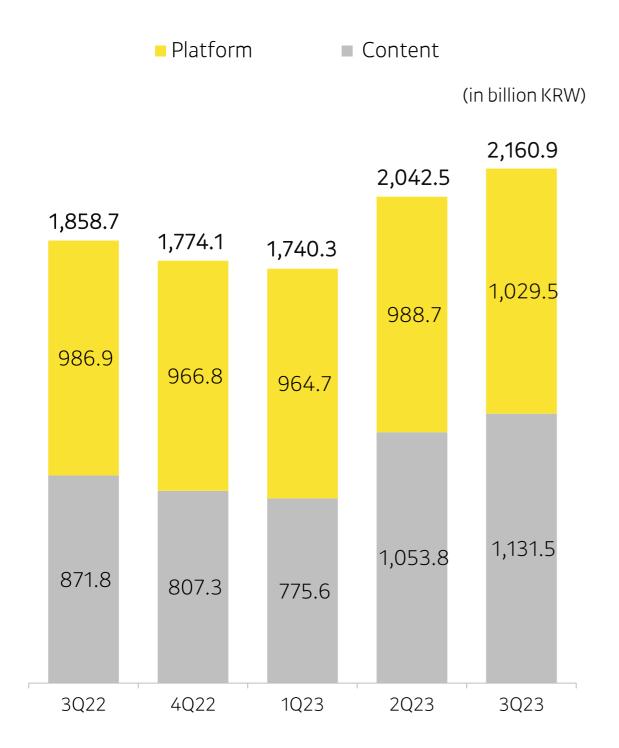


Average of monthly MAUs. Global includes domestic MAUs.

Revenue

Q3 Revenue YoY +16% / QoQ +6%

Mix - Platform 48%: Content 52%

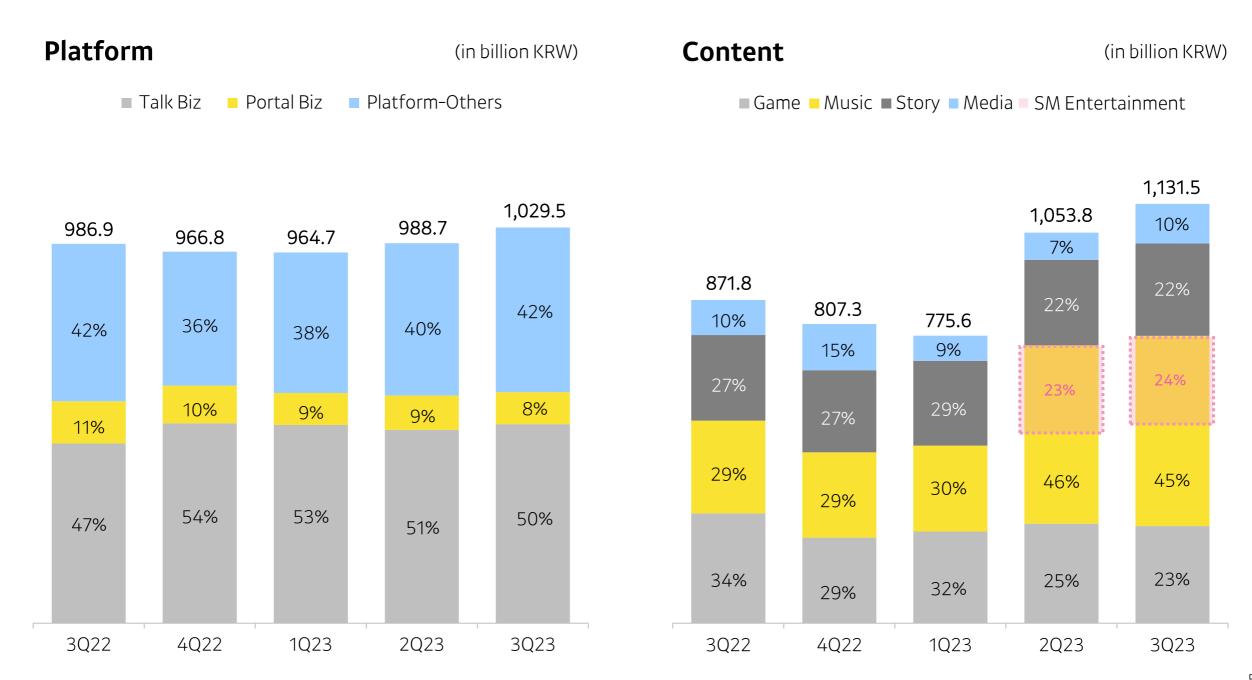


Revenue Breakdown					
Platform		Advertising - Bizboard, Talk Channel, Emoticon			
	Talk Biz	Commerce - Gift, Store, Makers, Kakao Friends Online			
	Portal Biz	Daum PC / Mobile Kakao Story / Style / Page Other Subsidiaries' Ad			
	Platform- Others	Mobility, Pay, Enterprise, Blockchain Other Subsidiaries, Kakao Friends- Others			
	Game	Mobile, PC, Other			
Content	Music	SM Entertainment, Melon, Digital Music Distribution, Album Distribution, Music Production			
	C+25.	Entertainment			
	Story	Piccoma			
	Media	Video Production, Talent Agency			

Platform / Content

Platform YoY +4% / QoQ +4%

Content YoY +30% / QoQ +7%



Platform | Talk Biz | Portal Biz | Platform-Others

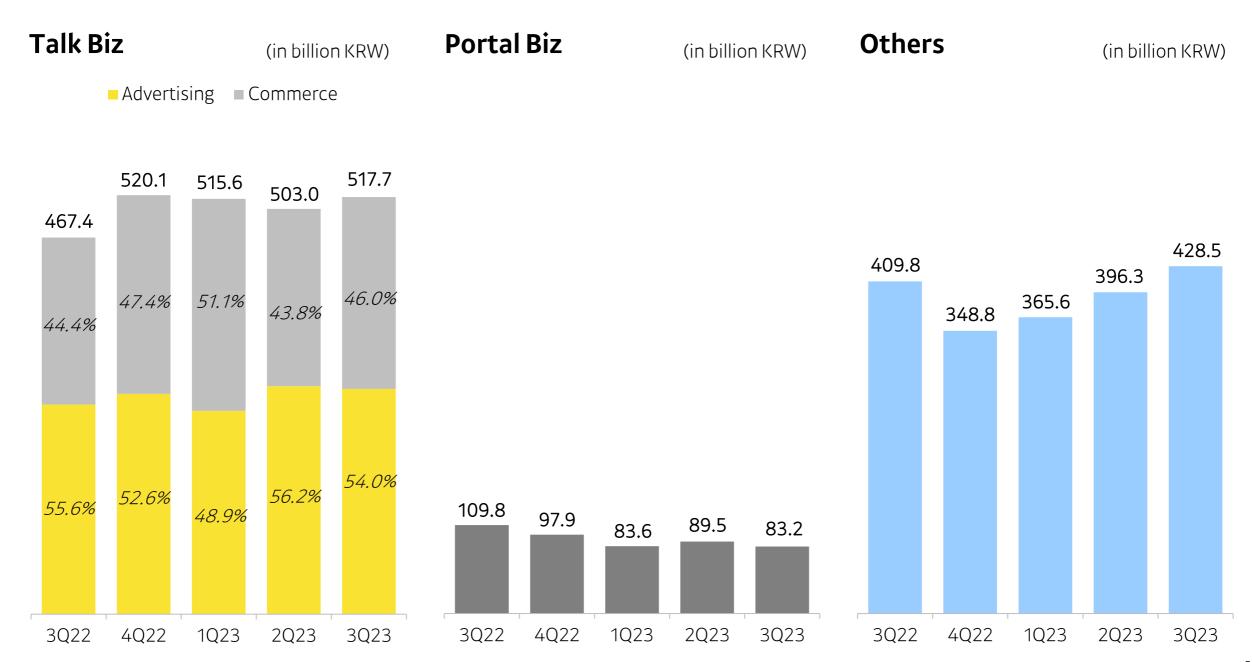
Talk Biz YoY +11% / QoQ +3%

Portal Biz YoY -24% / QoQ -7%

Others YoY +5% / QoQ +8%

- (Y) Message Ad (+11%), Talk Gift Luxury Brand GMV (+18%)
- (Q) Strong Seasonality of Commerce offset Low Seasonality of Ad
- (Y) Portal QC Decline
- (Q) Low Seasonality of Portal Service and Ad Industry

(Y/Q) Balanced Growth of Kakao Mobility & Kakao Pay



Content | **Game** Music

Game YoY -12% / QoQ -2%

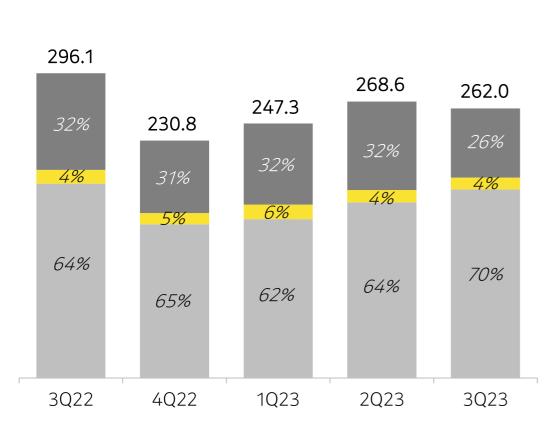
Music YoY +105% / QoQ +7%

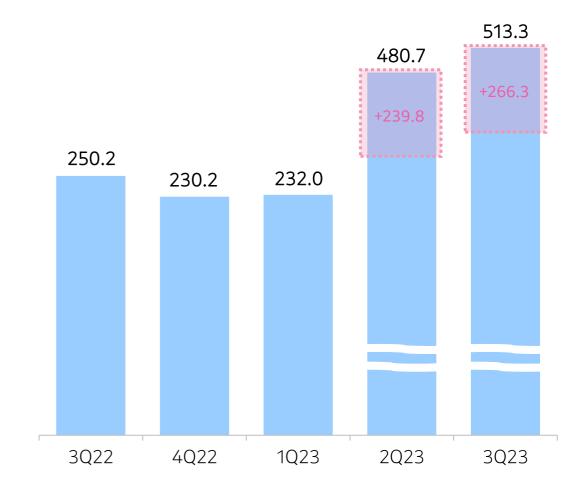
- ex-SM Entertainment 1) +3% (y) / +6% (q)

(Y/Q) Macro Headwind in Other Business

(Y/Q) In-house Artist Success, Record High Album Sales of SM







¹⁾ Before consolidation adjustment of SM Entertainment

Content | **Story** Media

Story YoY +8% / QoQ +8%

Entertainment +9% (y) / +22% (q),

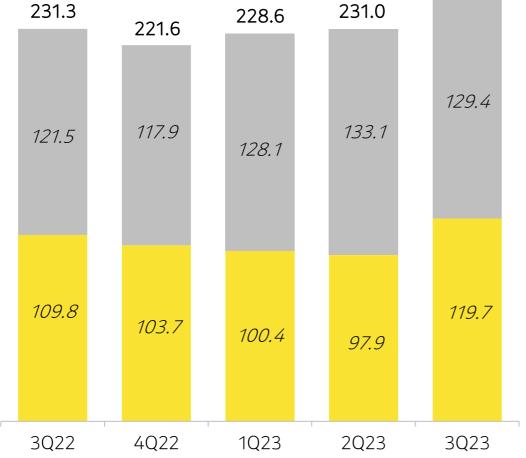
Piccoma +7% (y) / -3% (q), Excluding FX effect +10% (y) / +1% (q)

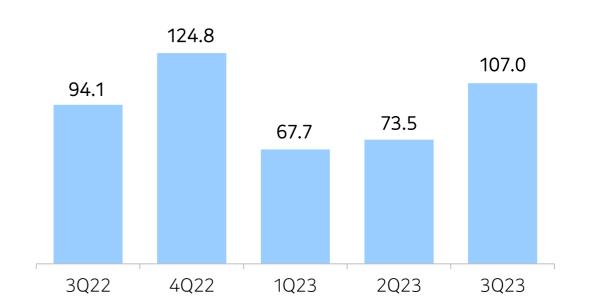
Media YoY +14% / QoQ +46%

Entertainment - Increase in ARPPU & Paying User Ratio Piccoma - Improved User Metric, Competitive IP Library

(Y/Q) New Production Line-up Concentrated in 2H23







Earnings Summary

(III BIIIIOTT)					
	3Q22	2Q23	3Q23	Change	
	JQZZ	2023	3423	YoY	QoQ
Total Revenue	1,858.7	2,042.5	2,160.9	16%	6%
Platform	986.9	988.7	1,029.5	4%	4%
Talk Biz	467.4	503.0	517.7	11%	3%
Portal Biz	109.8	89.5	83.2	-24%	-7%
Platform - Others	409.8	396.3	428.5	5%	8%
Content	871.8	1,053.8	1,131.5	30%	7%
Game	296.1	268.6	262.0	-12%	-2%
Music	250.2	480.7	513.3	105%	7%
Story	231.3	231.0	249.1	8%	8%
Media	94.1	73.5	107.0	14%	46%
Operating Expenses	1,708.4	1,929.0	2,020.6	18%	5%
Operating Profit	150.3	113.5	140.3	-7%	24%
Margin (%)	8.1%	5.6%	6.5%	-1.6%p	+0.9%p
Net Profit	137.2	56.0	49.5	-64%	-12%
Controlling Interests	106.3	57.0	33.3	-69%	-42%
Non-controlling Interests	30.8	(1.0)	16.2	-48%	Turn to Black

Earnings Summary - ex. SM Entertainment

	3Q22	2Q23	3Q23	Change		
	JQZZ	2023	3Q23	YoY	QoQ	
Total Revenue	1,858.7	1,804.0	1,904.5	2%	6%	
Platform	986.9	988.7	1,029.5	4%	4%	
Talk Biz	467.4	503.0	517.7	11%	3%	
Portal Biz	109.8	89.5	83.2	-24%	-7%	
Platform - Others	409.8	396.3	428.5	5%	8%	
Content	871.8	815.3	875.0	0.4%	7%	
Game	296.1	268.6	262.0	-12%	-2%	
Music	250.2	242.2	256.9	3%	6%	
Story	231.3	231.0	249.1	8%	8%	
Media	94.1	73.5	107.0	14%	46%	
Operating Expenses	1,708.4	1,703.3	1,789.4	5%	5%	
Operating Profit	150.3	100.7	115.1	-23%	14%	
Margin (%)	8.1%	5.6%	6.0%	-1.6%p	+0.9%p	
Net Profit	137.2	46.3	19.4	-86%	-58%	
Controlling Interests	106.3	56.1	23.1	-78%	-59%	
Non-controlling Interests	30.8	(9.8)	(3.7)	Turn to Red	CR	

Operating Expenses

	3Q22	2Q23	3Q23	Cha	nge
	JQZZ	ZQZJ	JQZJ	YoY	QoQ
Operating Expenses	1,708.4	1,929.0	2,020.6	18%	5%
Labor Cost	433.3	471.8	467.0	8%	-1%
Cost of Revenue	711.4	803.2	872.1	23%	9%
Outsourcing / Infrastructure	238.4	282.3	289.2	21%	2%
Marketing Expense	112.0	120.0	125.4	12%	5%
Depreciation and Amortization Cost	153.0	192.2	198.4	30%	3%
Misc.	60.4	59.6	68.6	14%	15%

Operating Expenses - ex. SM Entertainment

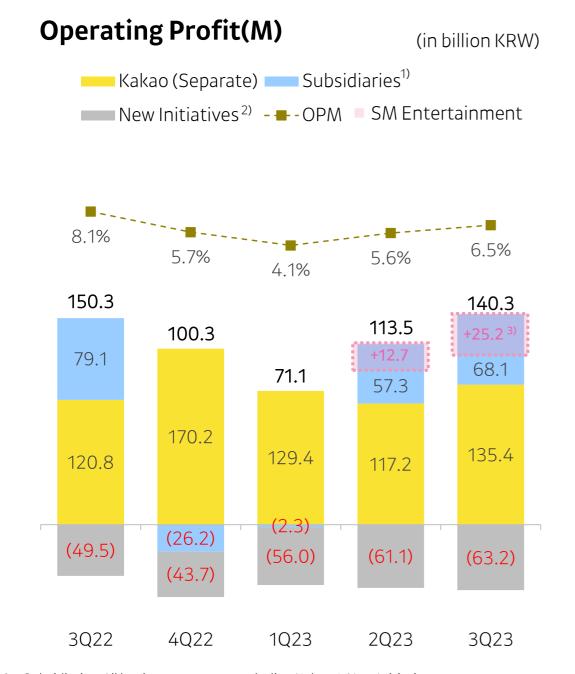
	3Q22	2Q23	3Q23	Cha	nge
	JQZZ	ZQZJ	JQZJ	YoY	QoQ
Operating Expenses	1,708.4	1,703.3	1,789.4	5%	5%
Labor Cost	433.3	451.6	447.7	3%	-1%
Cost of Revenue	711.4	649.1	726.4	2%	12%
Outsourcing / Infrastructure	238.4	270.5	280.3	18%	4%
Marketing Expense	112.0	119.6	112.7	1%	-6%
Depreciation and Amortization Cost	153.0	157.5	159.3	4%	1%
Misc.	60.4	54.9	63.0	4%	15%

Profits

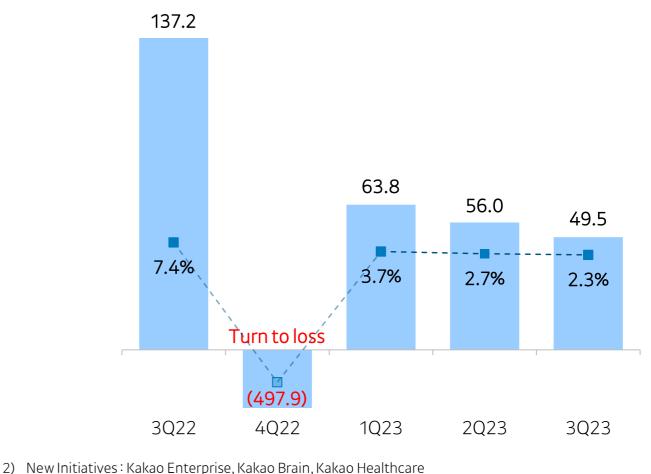
Operating Profit YoY -7% / QoQ +24%

Net Profit YoY -64% / QoQ -12%

- (Y) Al Investment, One-off Labor Cost of Subsidiaries
- (Q) Operating Cost Efficiency, Strong Talk Biz
- (Y) Decrease in Pre-tax Income
- (Q) Increase in Effective Tax Rate







¹⁾ Subsidiaries: All business segment excluding Kakao & New Initiatives

³⁾ Reflected PPA cost and consolidation adjustment from SM Entertainment OP (50.5bn)

^{1.} New Initiatives · Nakao Effici prise, Nakao Braili, Nakao Fleatificare

⁴⁾ Subsidiaries includes internal transaction

CapEx / Employees

CapEx YoY -17% / QoQ -35%

Employees YoY +1,284 / QoQ -692

(Y/Q) Server & GPU Optimization / Completion of DC Construction

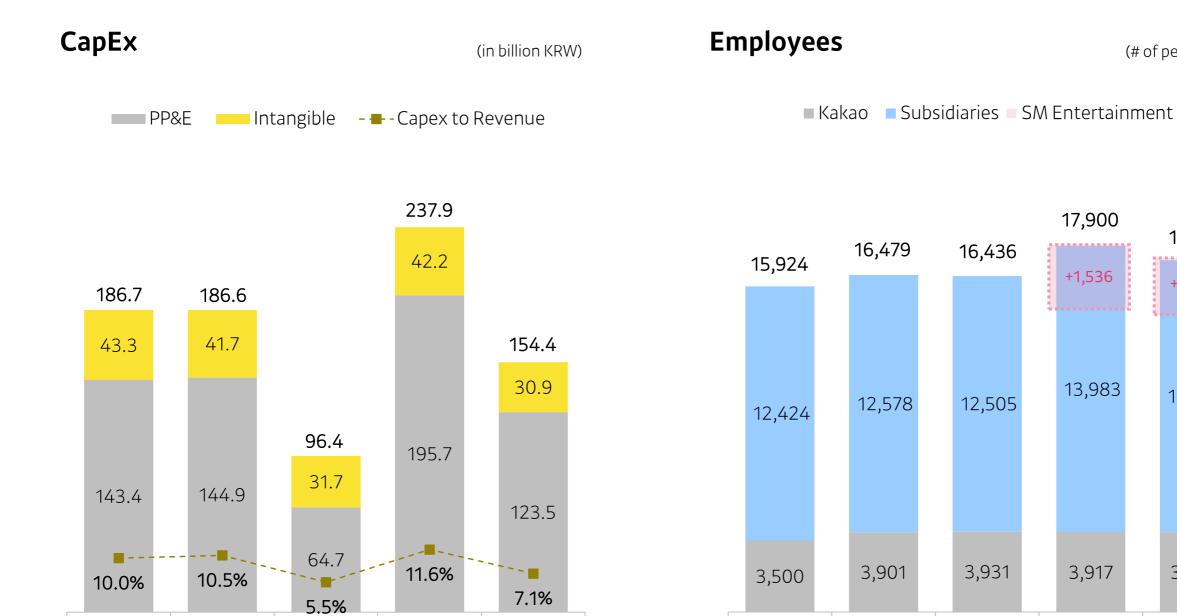
- (Y) Consolidation of SM Entertainment (Ex. SM, -212 YoY)
- (Q) Conservative Hiring, Restructuring of Subsidiaries

3Q22

4Q22

1Q23

2Q23



3Q23

1) CapEx is based on the cash outflow for new acquisition of tangible and intangible assets.

1Q23

3Q22

4Q22

2) 3Q23 CapEx is based on consolidated K-IFRS that have not been audited and may subject to change

2Q23

(# of people)

17,208

+1,496

13,306

3,902

3Q23

Financial Statements Summary - Consolidated

Income Statement					
(in billion KRW)	3Q22	4Q22	1Q23	2Q23	3Q23
Total Revenue	1,858.7	1,774.1	1,740.3	2,042.5	2,160.9
Platform	986.9	966.8	964.7	988.7	1,029.5
Talk Biz	467.4	520.1	515.6	503.0	517.7
Portal Biz	109.8	97.9	83.6	89.5	83.2
New Biz	409.8	348.8	365.6	396.3	428.5
Content	871.8	807.3	775.6	1,053.8	1,131.5
Game	231.3	221.6	228.6	231.0	249.1
Music	296.1	230.8	247.3	268.6	262.0
Story	94.1	124.8	67.7	73.5	107.0
Media	250.2	230.2	232.0	480.7	513.3
Operating Expenses	1,708.4	1,673.8	1,669.2	1,929.0	2,020.6
Labor Cost	433.3	410.6	445.8	471.8	467.0
Cost of Revenue	711.4	703.8	666.8	803.2	872.1
Outsourcing /	238.4	245.3	242.0	282.3	289.2
Infrastructure					
Marketing Expense	112.0	108.4	114.6	120.0	125.4
Depreciation and Amortization Cost	153.0	161.0	150.3	192.2	198.4
Misc.	60.4	44.8	49.6	59.6	68.6
Operating Profit	150.3	100.3	71.1	113.5	140.3
Margin (%)	8.1%	5.7%	4.1%	5.6%	6.5%
,,, <u>a</u> ,,g,,,,,,	0.770	3.770	7,770	3.070	0.570
Other Non-Operating	422.6	76.0	47.0	46 F	72.0
Income	133.6	76.0	17.0	16.5	72.8
Other Non-Operating	35.7	993.0	42.0	28.4	80.0
Expenses					
Financial Income	63.4	141.2	79.2	61.6	55.6
Financial Expenses	67.1	228.1	46.4	50.5	70.5
Equity-method gain	23.7	21.2	34.1	28.4	32.8
Equity-method loss	31.5	46.1	39.6	29.0	22.6
Profit before Income Tax	236.7	(928.5)	73.3	112.1	128.5
Income Tax	99.5	(430.5)	9.5	56.0	79.0
Net Profit	137.2	(497.9)	63.8	56.0	49.5
Controlling Interests	106.3	(124.1)	77.5	57.0	33.3
Non-controlling Interests	30.8	(373.8)	(13.7)	(1.0)	16.2
EBITDAR	301.8	253.6	221.5	305.7	339.7
Adjusted EBITDAR 1)	335.2	295.8	250.6	332.1	361.2

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Statement of Financial Po	OSILION		
(in billion KRW)	2021.12.31	2022.12.31	2023.9.30
Current Assets	8,102.2	7,755.7	8,695.3
Cash and Cash Equivalents	5,231.5	4,780.2	5,108.4
S-T Financial Instruments	1,573.6	1,210.2	1,534.2
Account Receivable Other Current Financial Assets	398.1 319.1	440.9 361.9	650.5 610.2
Other Current Assets	579.9	962.5	792.0
	37313	3 6 2.3	, 5 = 10
Non-Current Assets	13,712.0	14,450.9	16,936.1
Investments in Associates and Joint Ventures	3,215.8	2,651.9	3,216.4
Tangible Assets	554.9	885.4	1,227.3
Intangible Assets	6,347.8	6,022.4	7,360.1
Other Non-current Assets	3,593.5	4,891.3	5,132.4
F:	065 /	75.0	1.15 / 0
Finance Assets Total Assets	965.4 22,779.6	756.8 22,963.5	1,154.2 26,785.6
TOTALASSELS	22,779.0	22,903.5	20,765.0
Current Liabilities	5,630.3	5,148.3	6,696.2
Account Payable and Other	1,231.0	1,374.0	1,743.1
payable Short-term Borrowings	1,258.8	1,096.9	1,839.9
Income Tax Payable	188.9	1,090.9	1,839.9
Other Current Liabilities	2,951.6	2,519.8	2,997.6
	ŕ	,	,
Non-Current Liabilities	2,885.1	3,843.9	3,629.6
Non-Current Finance Lease Obligations	1,318.2	1,643.4	1,756.3
Deferred Income Tax Liabilities	756.8	652.6	729.9
Other Non-Current Liabilities	810.1	1,547.9	1,143.3
F*	671.0	/20 /	700.0
Finance Assets Total Liabilities	9,189.6	439.4 9,431.6	799.0 11,124.9
Total Elabilities	3,103.0	5,451.0	11,124.5
Paid-in Capital	44.6	44.6	44.5
Capital Surplus	7,781.2	8,115.9	8,869.4
Other Accumulated Earnings Accumulated Other	77.1	41.0	11.8
Comprehensive Income	371.8	(1,250.7)	(1,340.9)
Retained Earnings	1,709.6	3,046.5	3,166.2
Minority Interest	3,605.6	3,534.6	4,909.7
Total Equity	13,590.0	13,531.9	15,660.7
Total Liabilities & Equity	22,779.6	22,963.5	26,785.6

¹⁾ Adjusted EBITDAR: included equity compensation expense

Financial Statements Summary - Parent

Income Statement					
(in billion KRW)	3Q22	4Q22	1Q23	2Q23	3Q23
Total Revenue	613.4	650.5	640.7	634.6	655.6
Operating Expenses	492.7	480.3	511.3	517.4	520.2
Labor Cost	128.6	97.4	132.7	141.3	135.0
Cost of Revenue	209.9	237.5	234.0	217.5	229.8
Outsourcing / Infrastructure	67.5	73.8	69.9	77.9	68.0
Marketing Expense	7.6	9.7	3.4	4.9	8.8
Depreciation and Amortization Cost	61.8	60.2	59.6	63.9	66.0
Misc.	17.2	1.7	11.6	11.8	12.6
Operating Profit	120.8	170.2	129.4	117.2	135.4
Margin (%)	19.7%	26.2%	20.2%	18.5%	20.7%
Other Non-Operating					
Income	4.2	18.5	3.0	4.4	7.1
Other Non-Operating Expenses	10.4	91.0	1.9	6.1	17.8
Financial Income	39.4	35.4	34.3	13.8	24.4
Financial Expenses	43.8	27.7	14.1	15.5	13.6
Profit before Income Tax	110.2	105.4	150.7	113.9	135.6
Income Tax	33.3	(184.4)	27.4	21.0	35.5
Net Profit	76.9	289.8	123.3	92.9	100.1
EBITDAR	181.2	230.3	188.9	182.5	202.3
Adjusted EBITDAR 1)	198.3	247.8	203.5	194.4	213.7

Statement of Financial	Position		
(in billion KRW)	2021.12.31	2022.12.31	2023.9.30
Current Assets	2,418.0	2,334.9	2,061.5
Cash and Cash Equivalents	1,478.7	1,248.8	1,215.8
S-T Financial Instruments	255.4	211.0	121.5
Account Receivable	152.2	139.3	144.4
Other Current Assets	531.7	735.8	579.7
Non-Current Assets	7,606.7	8,456.6	9,537.2
Investments in Associates, Subsidiaries and Joint	3,547.8	4,751.7	5,671.2
Ventures Tangible Assets	312.6	500.5	674.0
Intangible Assets	1,573.6	1,608.6	1,599.0
Other Non-current Assets	2,172.7	1,595.9	1,593.1
o the right can ener assets	2, . , 2. ,	1,555.5	1,555.1
Total Assets	10,024.7	10,791.5	11,598.7
Current Liebilities	2 200 1	2 402 5	2 (20 1
Current Liabilities Account Payable and Other	2,299.1	2,183.5	2,620.1
payable	493.5	546.8	507.3
Short-term Borrowings	342.2	28.7	320.0
Income Tax Payable	55.5	74.2	57.3
Other Current Liabilities	1,407.9	1,533.9	1,735.5
Non-Current Liabilities	1,171.3	1,516.7	1,560.0
Non-Current Finance Lease Obligations	1,076.1	1,306.4	1,334.3
Deferred Income Tax Liabilities	-	97.1	104.8
Other Non-Current Liabilities	95.2	113.2	120.8
Total Liabilities	3,470.4	3,700.2	4,180.1
Paid-in Capital	44.6	44.6	44.5
Capital Surplus	5,489.2 77.1	5,636.7 41.0	5,721.1 11.8
Other Accumulated Earnings Accumulated Other			
Comprehensive Income	240.5	11.3	10.2
Retained Earnings	702.8	1,357.6	1,631.0
Total Equity	6,554.2	7,091.3	7,418.6
Total Liabilities & Equity	10,024.7	10,791.5	11,598.7

¹⁾ Adjusted EBITDAR: included equity compensation expense

Thank You

