

KAKAO CORP. and Subsidiaries

Consolidated Financial Statements

December 31, 2024 and 2023

KAKAO CORP. and Subsidiaries

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December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors and Shareholders of
KAKAO CORP.

Opinion

We have audited the consolidated financial statements of KAKAO CORP. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting for consolidation purposes as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 18, 2025 expressed an unqualified opinion.

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill of cash-generating units of internet portal service and other services, e-commerce services, game business, entertainment services and other mobile services

Reason why the matter was determined to be a Key Audit Matter

We focused on this area due to the significance of size of goodwill balance as at December 31, 2024 and because the assessment of the 'value in use' of the Group's cash generating units involves management's judgements about the future results of the business and the discount rates applied to future cash flow forecast. Details are described in Note 19.

In particular, we focused our audit effort on the remaining goodwill balance as at December 31, 2024, in relation to the significant cash generating units including internet portal services and other services, e-commerce services, game business, entertainment services and other mobile services. We identified accounting for the forementioned goodwill as a key audit matter due to its significant magnitude, and due to the significant judgements required for the Group's managements in determining the assumptions such as discount rates, growth rates and future cash flow forecasts to estimate the value-in-use.

How our audit addressed the Key Audit Matter

We have performed the following audit procedures to address the Key Audit Matter.

- Obtained an understanding of and evaluated the accounting policies and internal controls in connection with the impairment tests.
- Evaluated the effectiveness of design and operation of internal controls including review and approval by management for future cash flow estimates and significant assumptions in connection with the impairment tests.
- Evaluated the eligibility and independence of an external specialist hired by management.
- Evaluated the adequacy of valuation model used by management to estimate value-in-use.
- Evaluated the reasonableness of key assumptions used to estimate value-in-use.
- Confirmed that future cash flow estimates in connection with the impairment tests are consistent with the business plan approved by management, except for certain cash flows adjusted from the perspective of market participants.
- Reviewed the appropriateness of the carrying amount allocated to the cash generating units.
- Assessed the result of sensitivity analysis of the discount rates and perpetual growth rates used by management in order to assess the impacts of changes in key assumptions on the impairment tests.

Other Matter

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Seung Whan Lee, Certified Public Accountant.

The image shows a handwritten signature in cursive script that reads "Samil PricewaterhouseCoopers".

Samil PricewaterhouseCoopers

Seoul, Korea

March 18, 2025

<p>This report is effective as at March 18, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

KAKAO CORP. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

<i>(in millions of Korean won)</i>	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	4,7,8	₩ 6,145,133	₩ 5,389,191
Deposits	4,7,8	181,464	108,797
Short-term financial instruments	4,7,8	1,402,715	1,661,509
Financial assets at fair value through profit or loss	4,5,7,10	954,708	829,882
Financial assets at amortized cost	7	95,460	67,374
Derivative financial assets	4,5,7,10,26	672	220
Trade receivables	4,7,10	537,737	622,027
Other current financial assets	4,7,10	776,062	646,471
Income tax receivable		-	4,275
Inventories	15	64,901	138,644
Other current assets	14	435,961	470,153
Insurance contract assets		178	70
Assets held for sale	42	363,817	49,544
		<u>10,958,808</u>	<u>9,988,157</u>
Non-current assets			
Long-term financial instruments	4,7,8	10,587	12,992
Financial assets at fair value through profit or loss	4,5,7,10	403,279	487,467
Financial assets at fair value through other comprehensive income	5,7,10	2,147,496	1,658,868
Investments in associates and joint ventures	16	2,921,148	2,941,239
Non-current derivative financial assets	4,5,7,10,26	8,554	12,340
Other non-current financial assets	4,7,10	268,921	289,534
Property and equipment	17	1,286,075	1,336,930
Intangible assets	19	5,136,811	5,768,887
Investment property	18	112,169	73,807
Right-of-use assets	20	1,692,957	1,773,156
Net defined benefit assets	22	46,749	61,641
Other non-current assets	14	280,626	255,677
Non-current insurance contract assets		737	129
Deferred income tax assets	24	498,110	519,144
		<u>14,814,220</u>	<u>15,191,812</u>
Total Assets		<u>₩ 25,773,028</u>	<u>₩ 25,179,969</u>

KAKAO CORP. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

<i>(in millions of Korean won)</i>	Notes	2024	2023
Liabilities			
Current liabilities			
Trade and other payables	4,7,12	₩ 1,893,523	₩ 1,869,440
Short-term borrowings	4,7,21,37	1,886,868	1,629,452
Deposits received	4,7,13	1,624,684	1,236,620
Other current financial liabilities	4,7,13	1,655,208	1,559,179
Other current liabilities	14	848,681	808,720
Income tax payable	24	107,458	144,441
Provisions	25	33,783	20,673
Derivative financial liabilities	4,5,7,26	126,364	8,196
Short-term lease liabilities	4,20,37	316,124	285,586
Insurance contract liabilities		7,344	1,832
Liabilities held for sale	42	132,620	-
		<u>8,632,657</u>	<u>7,564,139</u>
Non-current liabilities			
Non-current trade and other payables	4,7,12	6,885	67,666
Long-term borrowings	4,7,21,37	327,870	845,628
Non-current provisions	25	78,732	81,786
Long-term lease liabilities	4,20,37	1,718,550	1,731,599
Net defined benefit liabilities	22	31,239	22,455
Other long-term employee benefits liabilities	23	77,468	72,660
Deferred income tax liabilities	24	726,297	719,232
Other non-current financial liabilities	4,7,13	212,644	176,655
Other non-current liabilities	14	17,132	38,620
Non-current insurance contract liabilities		660	930
		<u>3,197,477</u>	<u>3,757,231</u>
Total Liabilities		<u>11,830,134</u>	<u>11,321,370</u>
Equity			
Share capital	1,27	44,416	44,535
Share premium	27	8,911,043	8,839,891
Other components of equity	29	(34,079)	7,571
Accumulated other comprehensive loss	30	(723,579)	(1,050,415)
Retained earnings	31	1,943,498	1,922,137
Equity attributable to owners of the Parent			
Company		<u>10,141,300</u>	<u>9,763,719</u>
Non-controlling interests	41	<u>3,801,594</u>	<u>4,094,880</u>
Total Equity		<u>13,942,894</u>	<u>13,858,599</u>
Total Equity and Liabilities		<u>₩ 25,773,028</u>	<u>₩ 25,179,969</u>

The above consolidated statements of financial position should be read
in conjunction with the accompanying notes.

KAKAO CORP. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2024 and 2023

<i>(in millions of Korean won, except for share amounts)</i>	Notes	2024	2023
Revenue	6,11	₩ 7,871,692	₩ 7,557,002
Operating expenses	32	<u>7,411,480</u>	<u>7,096,144</u>
Operating profit		460,212	460,858
Other income	33	172,702	192,325
Other expenses	33	713,724	2,314,424
Finance income	34	405,789	317,437
Interest income		206,389	190,163
Other finance income		199,400	127,274
Finance costs	34	381,480	308,396
Gain of associates and joint ventures accounted for using equity method	16	147,351	122,169
Loss of associates and joint ventures accounted for using equity method	16	<u>93,666</u>	<u>118,209</u>
Loss before tax	6	(2,815)	(1,648,240)
Income tax expense	24	<u>159,056</u>	<u>168,429</u>
Loss for the year	6	<u>(161,871)</u>	<u>(1,816,669)</u>
Loss attributable to:			
Equity holders of the Parent Company		55,277	(1,012,551)
Non-controlling interests		<u>(217,148)</u>	<u>(804,118)</u>
Other comprehensive income			
<i>Other comprehensive income, before tax, that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities		(28,434)	(26,603)
Gain on valuation of equity instruments at fair value through other comprehensive income		350,310	137,433
Share of other comprehensive income of associates, net of tax		23,635	33,447
<i>Other comprehensive income, before tax, that will be reclassified to profit or loss</i>			
Share of other comprehensive income (loss) of associates, net of tax		8,695	(145)
Foreign currency translation adjustments, net of tax		4,964	(42,008)
Net financial loss on insurance contract assets (liabilities) through other comprehensive income		<u>(14)</u>	<u>-</u>
Other comprehensive income for the year, net of tax		<u>359,156</u>	<u>102,124</u>
Total comprehensive income (loss) for the year		<u>₩ 197,285</u>	<u>₩ (1,714,545)</u>
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Parent Company		₩ 387,289	₩ (883,798)
Non-controlling interests		<u>(190,004)</u>	<u>(830,747)</u>
Earnings (losses) per share to the equity holders of the Parent Company (in Korean won)			
Basic earnings (losses) per share	35	₩ 126	₩ (2,315)
Diluted earnings (losses) per share	35	92	(2,315)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

KAKAO CORP. and Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended December 31, 2024 and 2023

(in millions of Korean won)

(in millions of Korean won)

	Attributable to owners of the Parent										
	Notes	Share capital	Share premium	Other Components of equity	Accumulated Other Comprehensive Income	Retained Earnings	Total	Non-controlling Interests	Total Equity		
Balance at January 1, 2023		₩ 44,592	₩ 8,116,372	₩ 41,031	₩ (1,249,666)	₩ 3,031,388	₩ 9,983,718	₩ 3,532,000	₩ 13,515,717		
Total comprehensive income (loss)		-	-	-	-	-	-	-	-		
Loss for the year		-	-	-	-	(1,012,551)	(1,012,551)	(804,118)	(1,816,669)		
Foreign currency translation adjustments, net of tax	30	-	-	-	(20,578)	-	(20,578)	(21,429)	(42,007)		
Share of other comprehensive income of associates, net of tax		-	-	-	29,136	556	29,692	3,609	33,302		
Gain (loss) on valuation of financial instruments											
at fair value through other comprehensive income	30	-	-	-	138,269	-	138,269	(837)	137,433		
Reclassification of losses on valuation of financial instruments											
at fair value through other comprehensive income	30	-	-	-	71,485	(71,485)	-	-	-		
Net profit on insurance contract assets (liabilities) through other comprehensive income	30	-	-	-	-	-	-	-	-		
Remeasurements of net defined benefit obligation		-	-	-	(18,631)	-	(18,631)	(7,972)	(26,603)		
Reclassification of remeasurements of net defined benefit liabilities		-	-	-	(430)	430	-	-	-		
Total comprehensive income (loss)		-	-	-	199,251	(1,083,049)	(883,798)	(830,747)	(1,714,545)		
Transactions with owners											
Exercise of stock options		132	60,014	(29,823)	-	-	30,323	15,728	46,052		
Change of equity related to stock options		-	(930)	-	-	-	(930)	(2,236)	(3,166)		
Share-based compensation	28	-	-	43,287	-	-	43,287	39,999	83,285		
Retirement of treasury shares		(190)	47,112	(46,925)	-	-	(2)	-	(2)		
Cash dividends	36	-	-	-	-	(26,202)	(26,202)	-	(26,202)		
Change in ownership interest over subsidiaries		-	584,480	-	-	-	584,480	369,628	954,108		
Change in scope of consolidation		-	-	-	-	-	-	928,316	928,316		
Change in income tax effect		-	32,843	-	-	-	32,843	42,192	75,036		
Total transactions with owners		(57)	723,520	(33,461)	-	(26,202)	663,799	1,393,627	2,057,427		
Balance at December 31, 2023		₩ 44,535	₩ 8,839,891	₩ 7,571	₩ (1,050,415)	₩ 1,922,137	₩ 9,763,719	₩ 4,094,880	₩ 13,858,599		

KAKAO CORP. and Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended December 31, 2024 and 2023

(in millions of Korean won)

(in millions of Korean won)

	Attributable to owners of the Parent																
	Notes	Share capital		Share premium		Other Components of equity		Accumulated Other Comprehensive Income		Retained Earnings		Total	Non-controlling Interests	Total Equity			
Balance at January 1, 2024		₩	44,535	₩	8,839,891	₩	7,571	₩	(1,050,415)	₩	1,922,137	₩	9,763,719	₩	4,094,880	₩	13,858,599
Total comprehensive income (loss)																	
Profit (loss) for the year			-		-		-		-		55,277		55,277		(217,148)		(161,871)
Foreign currency translation adjustments, net of tax	30		-		-		-		20,178		-		20,178		(15,214)		4,964
Share of other comprehensive income of associates, net of tax			-		-		-		24,042		184		24,226		8,104		32,330
Gain on valuation of financial instruments																	
at fair value through other comprehensive income	30		-		-		-		306,429		-		306,429		43,881		350,310
Reclassification of gains on valuation of financial instruments																	
at fair value through other comprehensive income	30		-		-		-		(5,036)		5,036		-		-		-
Net loss on insurance contract assets (liabilities) through other comprehensive income	30		-		-		-		(7)		-		(7)		(8)		(14)
Remeasurement of defined benefit obligation			-		-		-		(18,815)		-		(18,815)		(9,619)		(28,434)
Reclassification of remeasurement of defined benefit obligation			-		-		-		44		(44)		-		-		-
Total comprehensive income (loss)			-		-		-		326,836		60,453		387,289		(190,004)		197,285
Transactions with owners																	
Exercise of stock options			78		43,171		(22,292)		-		-		20,957		10,904		31,860
Change of equity related to stock options			-		(8,232)		-		-		-		(8,232)		(3,388)		(11,620)
Share-based compensation	28		-		-		29,608		-		-		29,608		42,415		72,024
Retirement of treasury shares			(197)		49,162		(48,966)		-		-		-		-		-
Cash dividends	36		-		-		-		-		(26,749)		(26,749)		(16,725)		(43,475)
Change in ownership interest over subsidiaries			-		(12,949)		-		-		(12,342)		(25,292)		(65,600)		(90,892)
Change in scope of consolidation			-		-		-		-		-		-		(70,888)		(70,888)
Total transactions with owners			(119)		71,152		(41,650)		-		(39,092)		(9,708)		(103,282)		(112,990)
Balance at December 31, 2024		₩	44,416	₩	8,911,043	₩	(34,079)	₩	(723,579)	₩	1,943,498	₩	10,141,300	₩	3,801,594	₩	13,942,894

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

KAKAO CORP. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

<i>(in millions of Korean won)</i>	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations	37	₩ 1,454,889	₩ 1,600,533
Interest received		206,063	167,452
Interest paid		(202,286)	(168,396)
Dividend received		70,004	44,839
Income taxes paid		(278,211)	(303,330)
Cash flows provided by operating activities		1,250,459	1,341,098
Cash flows from investing activities			
Decrease (increase) in short-term financial instruments		247,584	(221,801)
Increase in long-term financial instruments		(576)	(3,051)
Purchase of property and equipment		(379,616)	(575,150)
Disposal of property and equipment		31,906	13,898
Purchase of intangible assets		(126,311)	(147,080)
Disposal of intangible assets		38,999	11,852
Purchase of financial assets at fair value through profit or loss		(209,067)	(395,575)
Disposal of financial assets at fair value through profit or loss		353,249	826,779
Purchase of financial assets at fair value through other comprehensive income		-	(13,968)
Disposal of financial assets at fair value through other comprehensive income		519	25,032
Purchase of investments in associates and joint ventures		(75,086)	(86,477)
Disposal of investments in associates and joint ventures		73,818	77,180
Acquisition of subsidiaries and changes in scope of consolidation, net of cash acquired		(989)	(1,215,429)
Disposal of subsidiaries and changes in scope of consolidation, net of cash transferred		23,868	(7,048)
Decrease in other current financial assets		22,300	6,892
Increase in other non-current financial assets		(14,313)	(26,518)
Other cash inflow (outflow) from investing activities		24,138	(49,468)
Cash flows provided by (used in) investing activities		10,423	(1,779,932)
Cash flows from financing activities			
Proceeds from short-term borrowings	21	1,441,258	1,386,091
Repayments of short-term borrowings	21	(1,805,466)	(1,444,749)
Proceeds from long-term borrowings	21	225,060	202,000
Repayments of long-term borrowings	21	-	(3,012)
Principal elements of lease payments		(250,639)	(215,478)
Exercise of stock options		22,813	34,257
Payments of dividends		(43,475)	(54,575)
Cash inflows from transactions with non-controlling interests		17,518	1,181,314
Cash outflows from transactions with non-controlling interests		(128,247)	(52,068)
Other cash outflow from financing activities		(139)	(14,193)
Cash flows provided by (used in) financing activities		(521,317)	1,019,587
Effects of exchange rate changes on cash and cash equivalents		47,893	(27,472)
Increase in cash and cash equivalents		787,458	553,281
Cash and cash equivalents included in assets of disposal group		(31,516)	-
Cash and cash equivalents at the beginning of year		5,389,191	4,835,909
Cash and cash equivalents at the end of year		₩ 6,145,133	₩ 5,389,191

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

1. General Information

Kakao Corp. (the “Parent Company”) has prepared the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1110 *Consolidated Financial Statements*, and its consolidated subsidiaries include Kakao Ventures Corp. and 157 entities (collectively referred to as the “Group”).

(1) Description of the Parent Company

The Parent Company was incorporated in February 1995 for the purpose of computer program developments and online services, and provides advertising services, contents offerings including emoticons, games and music, and other online services through its online platforms.

The Parent Company was listed on the KOSDAQ market in Korea on November 9, 1999, and was transferred to the KOSPI market in Korea on July 10, 2017.

The Parent Company’s headquarters are located in Youngpyong-dong, Jeju City, in Jeju Province, Korea. As at December 31, 2024, the Parent Company’s paid capital amounted to ₩ 44,416 million and the Parent Company’s shareholders are as follows:

	Number of shares (in shares)	Percentage of ownership (%)
Kim Bum Soo	58,968,747	13.3
K Cube Holdings Co., Ltd.	46,253,222	10.4
National Pension Service	26,722,598	6.0
MAXIMO PTE. LTD.	26,396,880	6.0
Others	285,320,670	64.3
	<u>443,662,117</u>	<u>100.0</u>

(2) Consolidated Subsidiaries

1) Details of the consolidated subsidiaries as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Name of entity	Share capital	Primary business	Location	Closing month	Percentage of ownership (%)
Kakao Ventures Corp.	₩ 26,456	Holding company	Korea	December	100.0
KAKAO Venture Fund ²	1,200	Investment/holding company	Korea	December	36.7
Kakao digital contents Fund ²	5,565	Investment/holding company	Korea	December	40.4
Kakao Game Growth Share Fund	3,100	Investment/holding company	Korea	December	100.0
Kakao Copilot Fund No. 1	32,300	Investment/holding company	Korea	December	99.1
Kakao Copilot Fund No. 2	24,336	Investment/holding company	Korea	December	98.6
KAKAO_CCVC Jeju Creative Economy Innovative Fund	2,000	Investment/holding company	Korea	December	95.0

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in millions of Korean won)

Name of entity	Share capital	Primary business	Location	Closing month	Percentage of ownership (%)
KnWorks Co., Ltd.	1,611	Service operations	Korea	December	100.0
DK Techin	19,450	Service operations	Korea	December	100.0
DK CHINA Co., Ltd.	1,093	Service operations	China	December	100.0
Seoul Arena Co., Ltd	20,400	Real estate development	Korea	December	98.0
Kakao healthcare Corp.	75,900	Information communication services	Korea	December	100.0
LINKAGE LAB Co., Ltd.	149	Services	Korea	December	100.0
Kakao Investment Co., Ltd.	7,460	Holding company	Korea	December	100.0
KI SG PTE. LTD. ⁵	3,928	Holding company	Singapore	December	100.0
Kakao Piccoma Corp.	27,674	Software development and services	Japan	December	91.3
Piccoma Kumamoto Corp. ³	587	Advertising agency and others.	Japan	December	100.0
Piccoma Europe ³	55,710	Application software development and distribution	France	December	100.0
Studio1pic Corp. ³	275	Application software development and distribution	Korea	December	100.0
Sherpa Studio Corp. ³	1,993	Electronic publishing	Japan	December	60.0
Voithru Inc. ³	1,294	Information communication services	Korea	December	95.1
Voithru Japan Inc. ⁴	48	Information communication services	Japan	December	100.0
Kakao G Corp.	64,243	Software development and services	Japan	December	100.0
PANZEA Pte. Ltd. ²¹	150,042	Software development	Singapore	December	100.0
KRUST UNIVERSE PTE. LTD. ²²	147,069	Software development	Singapore	December	100.0
Ground X Corp. ²³	6,782	E-commerce, internet information services	Korea	December	100.0
Kakao Mobility Corp.	25,522	Software development and distribution	Korea	December	57.2
KM Solution Corp. ¹⁸	35	Services	Korea	December	100.0
KM parking and space Corp. ¹⁸	159	Services	Korea	December	70.0
CMNP Corp. ¹⁸	1,009	Transportation service	Korea	December	100.0
K Drive Corp. ²⁰	3,020	Services	Korea	December	100.0
TJ Partners Corp. ¹⁸	762	Transportation service	Korea	December	100.0
KM ONE Corp. ¹⁹	69	Taxi services	Korea	December	100.0
KM Three Corp. ¹⁹	80	Taxi services	Korea	December	100.0
KM Four Corp. ¹⁹	71	Taxi services	Korea	December	100.0
KM Five Corp. ¹⁹	71	Taxi services	Korea	December	100.0
KM SIX Corp. ¹⁹	93	Taxi services	Korea	December	100.0
KM Seven Corp. ¹⁹	61	Taxi services	Korea	December	100.0
Donggo Taxi Corp. ¹⁹	103	Taxi services	Korea	December	100.0
KM PARK.CO., Ltd ¹⁸	23,000	Services	Korea	December	100.0
RS Solutions Corp ¹⁸	232	Software development and consulting	Korea	December	100.0

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

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(in millions of Korean won)

Name of entity	Share capital	Primary business	Location	Closing month	Percentage of ownership (%)
Korea freight forwarders association Corp. ^{2,18}	50	Services	Korea	December	49.0
Kakao Entertainment Corp.	22,164	Software development and services	Korea	December	66.1
SamyangCNC Co., Ltd. ⁶	50	Contents production and distribution	Korea	December	100.0
Daon Creative inc. ⁶	283	Contents production and distribution	Korea	December	100.0
PT. Neo Bazar Indonesia ⁷	12,908	Software development and services	Indonesia	December	100.0
Feelyeon Management ⁶	24	Contents production and distribution	Korea	December	72.7
Intime ⁶	200	Contents production and distribution	Korea	December	70.0
PAGE LAB Inc. ⁶	4	Contents production and distribution	Korea	December	94.0
KWBOOKS ⁶	101	Contents production and distribution	Korea	December	50.5
IST Entertainment Corp. ⁶	50	Entertainment management	Korea	December	100.0
EDAM Entertainment Corp. ⁶	50	Entertainment management	Korea	December	52.5
OOTB Incorporated ⁶	13	Movies and videos production	Korea	December	100.0
Mega Monster Corporations ⁶	256	Contents production	Korea	December	94.1
J,WIDE-COMPANY ⁶	53	Entertainment management	Korea	December	100.0
BH Entertainment ⁶	574	Entertainment management	Korea	December	100.0
READY ENTERTAINMENT ⁶	450	Entertainment management	Korea	December	100.0
SOOP ENTERTAINMENT CO., LTD. ⁶	1,372	Entertainment management	Korea	December	100.0
AWESOMEENT CO., LTD. ⁶	547	Entertainment management	Korea	December	100.0
Moonlight film Corp. ⁶	1	Movies production	Korea	December	81.0
SANAI PICTURES ⁶	2	Movies production	Korea	December	81.0
VAST.CO., Ltd. ⁶	50	Entertainment management	Korea	December	100.0
Antenna Corp. ⁶	65	Entertainment management	Korea	December	57.9
Baram Pictures Corp. ⁶	152	Broadcast programs production	Korea	December	100.0
Logos Film Corporation ⁶	50	Broadcast programs production	Korea	December	100.0
STORY & PICTURES MEDIA ⁶	100	Broadcast programs production	Korea	December	100.0
STARSHIP ENTERTAINMENT CORP. ⁶	64	Record production and entertainment management	Korea	December	58.2
SHOWNOTE Inc. ¹⁶	324	Performance planning	Korea	December	100.0
KAKAO ENTERTAINMENT ASIA CO., LTD. ¹⁷	2,032	Digital contents production and distribution in Thailand	Thailand	December	100.0
Kakao Entertainment	1,081	Publishing and electronic	Thailand	December	100.0

KAKAO CORP. and Subsidiaries

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(in millions of Korean won)

Name of entity	Share capital	Primary business	Location	Closing month	Percentage of ownership (%)
(Thailand) Ltd. ⁶		publishing			
Kiwi Vine Corp. ⁶	124	Translation services	Korea	December	80.9
STUDIO PHEONIX CO., LTD. ²⁴	1,079	VR CONTENTS DEVELOPMENT	Thailand	December	100.0
STUDIO ORANGE CO., LTD. ²⁵	1,079	Animation studio	Thailand	December	100.0
3Y Corporation ⁶	14	Broadcast programs production	Korea	December	100.0
TAPAS ENTERTAINMENT, INC. ⁶	34,596	Publishing and electronic publishing	USA	December	100.0
Wuxiaworld Limited ²⁶	2	Information communication services	Hong Kong	December	100.0
Wuxiaworld Publishing USA Ltd. ²⁷	12	Information communication services	USA	December	100.0
INISOFT Co., Ltd. ⁶	1,250	IT Biz including video streaming	Korea	December	100.0
KROSS COMICS INDIA PRIVATE LIMITED ⁶	117	Information communication services	India	December	100.0
Glink Media Corp. ⁶	30	Advertising agency	Korea	December	100.0
Gleline Corp. ⁶	20	Creation and art related services	Korea	December	70.0
Dolphin Films ⁶	-	Advertisements and movie videos productions	Korea	December	100.0
Studio K110 Co., Ltd. ⁶	100	Advertisements production and advertising agency	Korea	December	100.0
Zip Cinema Corp. ⁶	84	Movies production	Korea	December	100.0
Nextlevelstudio Inc. ⁶	21	Print publishing	Korea	December	61.2
Kakao Games Corp. ²	8,287	Game development and services	Korea	December	41.1
Kakao Games Europe B.V. ⁸	1,006,525	Game software development and distribution	Netherlands	December	100.0
Kakao Games USA, Inc. ¹²	2,305	Game software development and distribution	USA	December	100.0
Kakao Games Japan Corp. ⁸	2,024	Game software development and distribution	Japan	December	100.0
GLOHOW HOLDINGS PTE. LTD. ¹²	1,669	Game software distribution	Singapore	December	54.9
GLOHOW Co., Ltd. ¹⁴	343	Game software distribution	Thailand	December	100.0
Glohow Co., Ltd. Taiwan ¹⁴	209	Game software distribution	Taiwan	December	100.0
Glohow Joint Stock Company ¹⁴	60	Game software distribution	Vietnam	December	80.0
Kakao VX ⁸	22,516	Software development and distribution	Korea	December	65.2
TAESIK MAUMGOLF. CO., LTD. ¹³	578	Golf simulator sales	China	December	100.0
GSWING SPORTING GOODS CO., LTD. ¹³	574	Golf simulator sales	China	December	100.0
Gaseung Development Company ¹³	100	Golf course development and operation	Korea	December	55.0

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Name of entity	Share capital	Primary business	Location	Closing month	Percentage of ownership (%)
Beagle Co., Ltd. ¹³	650	Software development and distribution	Korea	December	100.0
FRIENDS GOLF HOLDINGS VN JOINT STOCK COMPANY ¹³	3,815	Golf simulator sales	Vietnam	December	51.0
Teins Valley ¹³	296	Services, software consulting and development distribution	Korea	December	100.0
METABORA Co., Ltd. ⁸	1,790	Game software development and distribution	Korea	December	57.7
METABORA SINGAPORE PTE. LTD. ⁹	-	System software development and distribution	Singapore	March	100.0
METABORA GAMES – FZCO ^{1,9}	4	Software design	United Arab Emirates	December	100.0
Bora Ecosystem Fund LP ⁵⁰	12,672	Fund management	Singapore	December	86.7
NGLE CORPORATION ⁹	205	Software planning, development and distribution	Korea	December	51.2
Dalian Technology Co., Ltd. ¹⁰	374	Software planning, development and distribution	China	December	100.0
XLGAMES Inc. ⁸	4,341	Game software development and distribution	Korea	December	52.8
Lionheart Studio Corp. ⁸	37,451	Game software development and distribution	Korea	December	54.9
Ocean Drive Studio Corp. ⁸	5	Game software development and distribution	Korea	December	65.2
OCEAN DRIVE GAMES, INC. ⁵¹	733	Game software development and distribution	USA	December	100.0
Kakaopay Corp. ²	67,317	Software development and distribution	Korea	December	46.3
KP Insurance Services Corp. ¹¹	761	Financial services and insurance services	Korea	December	96.9
Kakaopay Securities Corp. ¹¹	53,834	Financial services	Korea	December	67.4
Kakaopay Insurance Corp. ¹¹	200,000	Financial services	Korea	December	100.0
Paymint Inc. ^{11,49}	1,712	Electronic payment agency	Korea	December	100.0
Kakao Enterprise Corp.	8,328	Software development and distribution	Korea	December	85.1
EXNTU Corp. ¹⁵	100	Software development and distribution	Korea	December	100.0
SM Entertainment Co., Ltd. ^{2,28}	11,915	Music planning, recording business and entertainment management	Korea	December	41.5
SM Studios Co., Ltd. ^{28,29}	978	Holding business	Korea	December	100.0
SM Culture & Contents Co., Ltd. ^{2,28,30}	48,357	Advertising, video contents production and distribution, entertainment management	Korea	December	30.6
HANEUL DAMDA CO., LTD. ^{28,33}	70	Cosmetics manufacturing and sales	Korea	December	60.0
KEYEAST Co., Ltd. ^{2,28,31}	9,774	Video contents planning and production, copyright business, entertainment	Korea	December	33.7

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Name of entity	Share capital	Primary business management	Location	Closing month	Percentage of ownership (%)
SM Life Design Group Co., Ltd. ^{2,28,32}	23,375	Print manufacturing and contents distribution	Korea	December	29.3
MOA L&B International Co., Ltd. ^{28,34}	2,600	Import and export of alcoholic beverages	Korea	December	100.0
SMTOWN PLANNER Co., Ltd. ^{28,29}	3,800	Real estate investment and development consulting	Korea	December	100.0
S.M. ENTERTAINMENT USA, INC. ^{28,29}	18,871	Entertainment management	USA	December	100.0
S.M. Innovative Holdings, LLC ^{28,35}	14,476	Holding business	USA	December	100.0
S.M. Innovative Amusement, LLC ^{28,36}	5,547	Real estate development	USA	December	100.0
Creative Space Development, LLC ^{28,36}	1,562	Real estate investment and restaurant business	USA	December	100.0
Creative Space Development Property, LLC ^{28,36}	4,960	Real estate development	USA	December	100.0
Creative Space Entertainment, Inc. ^{2,28,36}	4,227	Investment/holding company	USA	December	50.0
Creative Space Innovation, LLC ^{28,37}	4,153	Real estate investment and development consulting	USA	December	100.0
S.M. ENTERTAINMENT JAPAN, INC. ^{28,29}	556	Holding business	Japan	December	100.0
Stream Media Corporation ^{28,38}	15,480	Broadcast programs distribution	Japan	December	66.1
everyting Japan Co., Ltd. ^{28,40}	855	Mobile application development and operation	Japan	December	59.5
SMEJ Plus, Inc. ^{28,39}	3,972	Fan club planning and operation	Japan	December	100.0
DREAM MAKER Entertainment Ltd. ^{28,29}	1,421	Domestic and overseas performance business	Hong Kong	December	77.0
Dream With Us Co., Ltd. ^{28,41}	100	Personal protection services and facility security services	Korea	December	100.0
S.M.(BEIJING) ENTERTAINMENT MEDIA CO., LTD. ^{28,41}	5,191	Entertainment management, broadcast programs production services	China	December	100.0
Beyond Live Corporation ^{28,42}	1,114	Internet transmission and sales of music/image/video contents and others	Japan	December	63.0
Beyond Live Japan ^{28,43}	106	Invitation of domestic and foreign artists, internet transmission and sales of music/image/video contents and others	Japan	December	51.0
DREAM MAKER ENTERTAINMENT U.S.A. INC. ^{28,41}	3,545	Entertainment management	USA	December	100.0
STUDIO REALIVE ^{28,29}	9,000	Metaverse contents production	Korea	December	100.0
STUDIO A Co., Ltd. ^{28,44}	1,000	VR contents production	Korea	December	51.0

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Name of entity	Share capital	Primary business	Location	Closing month	Percentage of ownership (%)
Studio CLON ^{28,44}	267	Broadcast program post production, entertainment production	Korea	December	51.0
Catchers Cultural Industry Company ^{28,45}	10	Broadcast programs production	Korea	December	100.0
SM CULTURE PARTNERS CO., Ltd. ^{28,29}	50,000	Venture investment	Korea	December	100.0
Kreation Music Rights CO., Ltd. ^{28,29}	27,100	Fan club planning and operation	Korea	December	100.0
Kreation Music Rights Europe AB ^{28,46}	13	Copyright agency brokerage	Sweden	December	100.0
SM Universe Co., Ltd. ^{28,29}	8,100	Applied music academy operation	Korea	December	72.2
KAKAO SM ENTERTAINMENT (SHANGHAI) CO., LTD. ^{28,29}	4,580	Culture and entertainment brokerage services	China	December	100.0
SM BRAND MARKETING Co., LTD. ^{28,29}	3,717	Intellectual property licensing, performance venue operation, clothing design and manufacturing and wholesale/retail sales	Korea	December	84.4
SM LIFESTYLE JOINT STOCK COMPANY ^{28,47}	1,781	MD sales and CAFÉ operation using artist IP	Vietnam	December	100.0
PT. SMBM INDONESIA CORPORA ^{28,47}	2,367	MD sales and CAFÉ operation using artist IP	Indonesia	December	99.5
Urban Coconut Inc. ^{28,47}	1,867	Sales of albums and MD products in the USA	USA	December	100.0
SM & Kakao Entertainment America Corp. (formerly, Kakao Entertainment America Corp.) ^{28,29}	2,560	Performance planning	USA	December	100.0
MADE IN KOREA MEDIA LIMITED ^{28,48}	-	Entertainment management	UK	December	66.7
Made In Korea Music 1 Ltd ^{1,28}	-	Entertainment management	UK	December	100.0

¹ Newly established in 2024.

² The Group has classified the investee as a subsidiary because its shareholding is 50% or less, but the Group has determined that it can exercise control based on the substantive potential voting rights it has over the investee.

³ As a subsidiary of Kakao Piccoma Corp., the percentage of ownership represents Kakao Piccoma Corp.'s ownership as at December 31, 2024.

⁴ As a subsidiary of Voithru Inc., the percentage of ownership represents Voithru Inc.'s ownership as at December 31, 2024.

⁵ As a subsidiary of Kakao Investment Co., Ltd., the percentage of ownership represents Kakao Investment Co., Ltd.'s ownership as at December 31, 2024.

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

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⁶ As a subsidiary of Kakao Entertainment Corp., the percentage of ownership represents Kakao Entertainment Corp.'s ownership as at December 31, 2024.

⁷ As a subsidiary of Kakao Entertainment Corp., the percentage of ownership represents Kakao Entertainment Corp. and Kakao Investment Co., Ltd.'s ownership as at December 31, 2024.

⁸ As a subsidiary of Kakao Games Corp., the percentage of ownership represents Kakao Games Corp.'s ownership as at December 31, 2024.

⁹ As a subsidiary of METABORA Co., Ltd., the percentage of ownership represents METABORA Co., Ltd.'s ownership as at December 31, 2024.

¹⁰ As a subsidiary of NGLE CORPORATION., the percentage of ownership represents the Parent Company and NGLE CORPORATION's ownership as at December 31, 2024.

¹¹ As a subsidiary of Kakaopay Corp., the percentage of ownership represents Kakaopay Corp.'s ownership as at December 31, 2024.

¹² As a subsidiary of Kakao Games Europe B.V., the percentage of ownership represents Kakao Games Europe B.V.'s ownership as at December 31, 2024.

¹³ As a subsidiary of Kakao VX, the percentage of ownership represents Kakao VX's ownership as at December 31, 2024.

¹⁴ As a subsidiary of GLOHOW HOLDINGS PTE. LTD., the percentage of ownership represents GLOHOW HOLDINGS PTE. LTD.'s ownership as at December 31, 2024.

¹⁵ As a subsidiary of Kakao Enterprise Corp., the percentage of ownership represents Kakao Enterprise Corp.'s ownership as at December 31, 2024.

¹⁶ As a subsidiary of STARSHIP ENTERTAINMENT CORP., the percentage of ownership represents STARSHIP ENTERTAINMENT CORP.'s ownership as at December 31, 2024.

¹⁷ As a subsidiary of Kakao Entertainment Corp., the percentage of ownership represents Kakao Entertainment Corp., STUDIO PHEONIX CO., LTD. and STUDIO ORANGE CO., LTD.'s ownership as at December 31, 2024.

¹⁸ As a subsidiary of Kakao Mobility Corp., the percentage of ownership represents Kakao Mobility Corp.'s ownership as at December 31, 2024.

¹⁹ As a subsidiary of TJ Partners Corp., the percentage of ownership represents TJ Partners Corp.'s ownership as at December 31, 2024.

²⁰ As a subsidiary of CMNP Corp., the percentage of ownership represents CMNP Corp.'s ownership as at December 31, 2024.

²¹ As a subsidiary of Kakao G Corp., the percentage of ownership represents Kakao G Corp.'s ownership as at December 31, 2024.

²² As a subsidiary of PANZEA Pte. Ltd., the percentage of ownership represents PANZEA Pte. Ltd.'s ownership as at December 31, 2024.

²³ As a subsidiary of KRUST UNIVERSE PTE. LTD., the percentage of ownership represents KRUST UNIVERSE PTE. LTD.'s ownership as at December 31, 2024.

²⁴ As a subsidiary of Kakao Entertainment Corp., the percentage of ownership represents STUDIO ORANGE CO., LTD. and STUDIO ORANGE CO., LTD.'s ownership as at December 31, 2024.

²⁵ As a subsidiary of Kakao Entertainment Corp., the percentage of ownership represents STUDIO ORANGE CO., LTD. and STUDIO PHEONIX CO., LTD.'s ownership as at December 31, 2024.

²⁶ As a subsidiary of TAPAS ENTERTAINMENT, INC., the percentage of ownership represents TAPAS ENTERTAINMENT, INC.'s ownership as at December 31, 2024.

²⁷ As a subsidiary of Wuxiaworld Limited, the percentage of ownership represents Wuxiaworld Limited's ownership as at December 31, 2024.

KAKAO CORP. and Subsidiaries

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²⁸ SM Entertainment Co., Ltd. and its subsidiaries have been included in the Group's subsidiaries in 2023, and Fair Trade Commission conditionally approved the combination of enterprises in 2024.

²⁹ As a subsidiary of SM Entertainment Co., Ltd., the percentage of ownership represents SM Entertainment Co., Ltd.'s ownership as at December 31, 2024.

³⁰ As a subsidiary of SM Studios Co., Ltd., the percentage of ownership represents SM Studios Co., Ltd. and DREAM MAKER ENTERTAINMENT LIMITED's ownership as at December 31, 2024.

³¹ As a subsidiary of SM Studios Co., Ltd., the percentage of ownership represents SM Studios Co., Ltd. and S.M.ENTERTAINMENT JAPAN, INC.'s ownership as at December 31, 2024.

³² As a subsidiary of SM Studios Co., Ltd., the percentage of ownership represents SM Studios Co., Ltd.'s ownership as at December 31, 2024.

³³ As a subsidiary of SM Culture & Contents Co., Ltd., the percentage of ownership represents SM Culture & Contents Co., Ltd.'s ownership as at December 31, 2024.

³⁴ As a subsidiary of SM Life Design Group Co., Ltd., the percentage of ownership represents SM Life Design Group Co., Ltd.'s ownership as at December 31, 2024.

³⁵ As a subsidiary of S.M. ENTERTAINMENT USA, INC., the percentage of ownership represents S.M. ENTERTAINMENT USA, INC.'s ownership as at December 31, 2024.

³⁶ As a subsidiary of S.M. Innovative Holdings, LLC, the percentage of ownership represents S.M. Innovative Holdings, LLC's ownership as at December 31, 2024.

³⁷ As a subsidiary of Creative Space Entertainment, Inc., the percentage of ownership represents Creative Space Entertainment, Inc.'s ownership as at December 31, 2024.

³⁸ As a subsidiary of S.M.ENTERTAINMENT JAPAN, INC., the percentage of ownership represents S.M.ENTERTAINMENT JAPAN, INC. and KEYEAST Co., Ltd.'s ownership as at December 31, 2024.

³⁹ As a subsidiary of S.M.ENTERTAINMENT JAPAN, INC., the percentage of ownership represents S.M.ENTERTAINMENT JAPAN, INC.'s ownership as at December 31, 2024.

⁴⁰ As a subsidiary of Stream Media Corporation, the percentage of ownership represents Stream Media Corporation's ownership as at December 31, 2024.

⁴¹ As a subsidiary of DREAM MAKER ENTERTAINMENT LIMITED, the percentage of ownership represents DREAM MAKER ENTERTAINMENT LIMITED's ownership as at December 31, 2024.

⁴² As a subsidiary of DREAM MAKER ENTERTAINMENT LIMITED, the percentage of ownership represents DREAM MAKER ENTERTAINMENT LIMITED and Stream Media Corporation's ownership as at December 31, 2024.

⁴³ As a subsidiary of Beyond Live Corporation, the percentage of ownership represents Beyond Live Corporation's ownership as at December 31, 2024.

⁴⁴ As a subsidiary of STUDIO REALIVE, the percentage of ownership represents STUDIO REALIVE's ownership as at December 31, 2024.

⁴⁵ As a subsidiary of Studio CLON, the percentage of ownership represents Studio CLON and Kakao Entertainment Corp.'s ownership as at December 31, 2024.

⁴⁶ As a subsidiary of Kreation Music Rights CO., Ltd., the percentage of ownership represents Kreation Music Rights CO., Ltd.'s ownership as at December 31, 2024.

⁴⁷ As a subsidiary of SM BRAND MARKETING Co., LTD., the percentage of ownership represents SM BRAND MARKETING Co., LTD.'s ownership as at December 31, 2024.

⁴⁸ As a subsidiary of SM & Kakao Entertainment America Corp., the percentage of ownership represents SM & Kakao Entertainment America Corp.'s ownership as at December 31, 2024.

⁴⁹ As at December 31, 2024, the percentage of ownership is 87.7%. However, due to the

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

existence of potential voting rights that in substance currently give access to the returns associated with the ownership interest, the ownership percentage is recorded as 100.0%.

⁵⁰ As a subsidiary of METABORA GAMES - FZCO, the percentage of ownership represents METABORA GAMES - FZCO's ownership as at December 31, 2024.

⁵¹ As a subsidiary of Ocean Drive Studio Corp., the percentage of ownership represents Ocean Drive Studio Corp.'s ownership as at December 31, 2024.

⁵² In accordance with the agreements with non-controlling interests of some of the above subsidiaries, the Group should obtain a pre-approval from investors, when the Group wants to dispose of the investments in subsidiaries within the period specified in the agreements through a transfer to the third party or other methods not determined in the agreements such as exercise of tag-along right.

2) Subsidiaries newly included in the consolidation for the year ended December 31, 2024:

Name of entity	Reason
KEP CORP	Newly established
Teins Valley	Included to a subsidiary through acquisition of control
Made In Korea Music 1 ltd	Newly established
CXR LAB CORP.	Newly established
METABORA GAMES - FZCO	Newly established

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Notes to the Consolidated Financial Statements

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3) Subsidiaries excluded from the consolidation for the year ended December 31, 2024:

Name of entity	Reason
KAKAO IX CHINA CO.,LTD.	Liquidation
MonoTree Inc.	Merged with Kreation Music Rights CO., Ltd., a subsidiary
KEP CORP	Merged with DK Techn, a subsidiary
Kakao Space Corp.	Merged with Kakao Corp.
Cradle Studio Corp.	Liquidation
KROSS TELEVISION INDIA PRIVATE LIMITED	Excluded from consolidation due to loss of control
KROSS PICTURES INDIA PRIVATE LIMITED	Excluded from consolidation due to loss of control
Sena Technologies Co., Ltd.	Excluded from consolidation due to loss of control
SENA Technologies,Inc.	Excluded from consolidation due to loss of control
Shenzhen Sena Technologies Co., Ltd.	Excluded from consolidation due to loss of control
SENA Europe GmbH	Excluded from consolidation due to loss of control
SENA SAS	Excluded from consolidation due to loss of control
Qingyuan SENA smart Helmets, Inc.	Excluded from consolidation due to loss of control
KAKAO BRAIN Corp.	Merged with DK Techn, a subsidiary
KAKAO IX HK LTD.	Liquidation
CXR LAB CORP.	Excluded from consolidation due to loss of control
Kross Pictures Corp.	Liquidation
Shanghai Ready Entertainment Co.,Ltd.	Liquidation
SM BRAND MARKETING SE ASIA HOLDINGS PTE.LTD.	Liquidation
Daum Global Holdings	Merged with Kakao Corp.
Jinhwa Corp.	Merged with KM One Corp., a subsidiary
KM Two Corp.	Merged with KM One Corp., a subsidiary

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(3) Summarized Financial Information

Summarized financial information for major consolidated subsidiaries as at and for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

Subsidiary ¹	2024						Total	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year		comprehensive income (loss)	
Kakaopay Corp.	₩ 3,360,853	₩ 1,238,925	₩ 2,121,928	₩ 618,855	₩ 45,190	₩	40,446	
Kakao Entertainment Corp.	2,577,286	1,512,579	1,064,707	1,245,408	(245,695)		(249,241)	
Kakao Games Corp.	1,753,444	794,239	959,205	594,262	(95,842)		(20,319)	
Kakao investment Corp.	1,906,913	154,000	1,752,913	2	(3,435)		232,515	
Kakao Mobility Corp.	1,396,665	356,927	1,039,738	446,499	26,775		25,127	
Kakaopay Securities Corp.	1,433,584	1,268,684	164,900	136,360	(26,129)		(26,819)	
Kakao Games Europe B.V.	855,687	428,394	427,293	3,106	(111,541)		(113,969)	
SM Entertainment Co., Ltd.	857,728	328,901	528,827	662,746	60,261		58,808	
Kakao Piccoma Corp.	866,044	145,885	720,159	538,253	34,954		35,111	
Lionheart Studio Corp.	463,477	67,688	395,789	91,988	42,043		41,579	
Kakao VX	300,721	84,839	215,882	124,176	(18,437)		(18,983)	
S.M.Entertainment JAPAN,INC.	320,884	6,708	314,176	2,974	(30,280)		(30,781)	

¹ The above amounts are presented based on the respective separate financial statements.

(in millions of Korean won)

Subsidiary ¹	2023						Total	
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year		comprehensive income (loss)	
Kakaopay Corp.	₩ 3,287,180	₩ 1,205,932	₩ 2,081,248	₩ 555,635	₩ 66,103	₩	63,688	
Kakao Entertainment Corp.	2,778,031	1,480,275	1,297,756	1,356,276	(1,219,262)		(1,230,703)	
Kakao Games Corp.	1,636,576	662,810	973,766	685,952	(459,574)		(451,677)	
Kakao Investment Co., Ltd.	1,599,829	79,431	1,520,398	17	27,422		186,173	
Kakao Mobility Corp.	1,315,545	309,455	1,006,090	399,909	(83,764)		(84,589)	
Kakaopay Securities Corp.	1,017,532	825,814	191,718	79,313	(51,668)		(52,190)	
Kakao Games Europe B.V.	876,867	648,559	228,308	6,651	(508,255)		(483,826)	
SM Entertainment Co., Ltd.	871,215	328,928	542,287	619,490	64,924		62,503	
Kakao Piccoma Corp.	826,288	169,452	656,836	551,407	2,563		(1,191)	
Lionheart Studio Corp.	419,846	66,468	353,378	118,326	66,716		66,035	
Kakao VX	332,566	98,581	233,985	146,381	(10,854)		(12,911)	

¹ The above amounts are presented based on the respective separate financial statements.

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2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments),
- Liabilities for cash-settled share-based compensation – measured at fair value,
- Defined benefit plans – net defined benefit assets measured at fair value and other long-term and short-term employee benefits liabilities, and
- Non-current assets held for sale – measured at fair value less costs to sell

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(2) Changes in Accounting Policies and Disclosures

- Changes in presentation method of assets and liabilities of financial services business in consolidated statements of financial position from an order based on liquidity to classification of current and non-current items

From the first annual reporting period beginning on or after January 1, 2024, the Group changed the presentation method of assets and liabilities of financial services business in the statements of financial position from an order based on liquidity to classification of current and non-current items. With these changes in accounting policies, the Group believes that it provides reliable and more

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relevant information by increasing the comparability of financial information within the same industry. When accounting policies change in accordance with Korean IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group retrospectively restated the comparative financial statements for the prior year. The retroactive effect of the changes in accounting policies is described in Note 43.

- New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2024.

*1) Amendments to Korean IFRS 1001 **Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants***

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period.

The Group classified redeemable exchangeable bonds amounting to ₩ 397,435 million and convertible bonds amounting to ₩ 7,641 million as current liabilities at the end of the reporting period in consideration of the settlement period of liabilities resulting from the transfer of the Group's own equity instruments because the exchange right of the exchangeable bonds and conversion right of the convertible bonds issued for the year ended December 31, 2024 are not an equity instrument.

*2) Amendments to Korean IFRS 1007 **Statement of Cash Flows**, Korean IFRS 1107 **Financial Instruments: Disclosures – Supplier finance arrangements***

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments do not have a significant impact on the financial statements.

*3) Amendments to Korean IFRS 1116 **Leases – Lease Liability in a Sale and Leaseback***

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

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The amendments do not have a significant impact on the financial statements.

4) Amendments to Korean IFRS 1001 *Presentation of Financial Statements – Disclosure of Cryptographic Assets*

The amendments require an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. Details related to the amendments are described in Notes 2 and 19.

- *New standards and interpretations not yet adopted by the Group*

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group.

(1) Amendments to Korean IFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and 1101 *First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability*

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

2) Amendments to Korean IFRS 1109 *Financial Instruments*, Korean IFRS 1107 *Financial Instruments: Disclosures*

Korean IFRS 1109 *Financial Instruments* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been amended to respond to recent questions arising in practice, and to include new requirements. The amendments should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures of impact on the entity and the extent to which the entity is exposed for each type of financial instruments if the timing or amount of contractual cash flow changes due to amendment of contract term; and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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3) Annual Improvements to Korean IFRS -Volume 11

Annual Improvements to Korean IFRS -Volume 11 should be applied for annual periods beginning on or after January 1, 2026, and earlier application is permitted.

- Korean IFRS 1101 *First-time Adoption of International Financial Reporting Standards: Hedge accounting by a first-time adopter*
- Korean IFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition and implementation guidance*
- Korean IFRS 1109 *Financial Instruments: Derecognition of lease liabilities and definition of transaction price*
- Korean IFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Korean IFRS 1007 *Statement of Cash Flows: Cost method*

Early application of the amendments is permitted, and the Group does not expect the amendments to have a significant impact on the consolidated financial statements.

(3) Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

1) Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. The Group controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins from the date the Group obtains control of a subsidiary and ceases when the Group loses control of the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by standards. Acquisition-related costs are expensed as incurred.

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Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Parent Company and its subsidiaries are eliminated during the consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In transactions with non-controlling interest, which do not result in loss of control, the Group recognizes directly in equity any difference between the amount of the non-controlling interests and the fair value of the consideration paid or received, and attributes it to the equity holders of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value and the difference between its fair value and carrying amount is recognized in profit or loss.

2) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

3) Joint arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

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(4) Segment Reporting

Information of each operating segment is reported in a manner consistent with the business segment reporting provided to the chief operating decision maker. As it is disclosed in Note 6, the Group has eight reportable segments including advertising, game and entertainment. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

(5) Foreign Currency Translation

1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other non-operating income or other non-operating expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on nonmonetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

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3) Translation into the presentation currency

The results of operations and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period; and
- Income and expenses for each statement of comprehensive income are translated at average rates; and
- Equity is translated at the historical exchange rate; and
- All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period.

(6) Material Accounting Policies

1) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits in banks, and other short-term highly liquid investments with original maturities of three months or less.

2) Financial Assets

i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

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For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

① Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other non-operating income or expenses' and impairment losses are presented in 'other non-operating expenses'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive income within 'finance income and costs' in the year in which it arises.

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On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group evaluates the way business is being managed, and the purpose of the business model for managing a financial asset best reflects the way information is provided to management at its portfolio level. Such information considers the following:

- The accounting policies and purpose specified for the portfolio, the actual operation of such policies. This includes strategy of management focusing on the receipt of contractual interest revenue, maintaining a certain level of interest income, matching the duration of financial assets and the duration of corresponding liabilities to obtain the asset, and outflow or realization of expected cash flows from disposal of assets.
- The way the performance of a financial asset held under the business model is evaluated, and the way such evaluation is being reported to management.
- The risk affecting the performance of the business model (and financial assets held under the business model), and the way such risk is being managed.
- The compensation plan for management (e.g., whether management is being compensated based on the fair value of assets or based on contractual cash flows received).
- Frequency, amount, timing and reason for sale of financial assets in the past, and forecast of future sale activities.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose.

Financial assets that qualify the definition of trading or portfolio performance is evaluated on a fair value basis shall be measured at fair value through profit or loss.

The principal is defined to be the fair value of a financial assets at initial recognition. Interest is not only composed of consideration for the time value of money, consideration for the credit risk related to remaining principal at a certain period of time, and consideration for other cost (e.g. liquidity risk and cost of operation) and fundamental risk associated with lending, but also profit.

When evaluating whether contractual cash flows are solely payments of principal and interests, the Group considers the contractual terms of the financial instrument. When a financial asset contains contractual conditions that modify the timing and amount of contractual cash flows, it is required to determine whether contractual cash flows that arise during the remaining life of the financial instrument due to such contractual condition are solely payments of principal and interest.

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The Group considers the following elements when evaluating the above:

- Conditions that lead to modification of timing or amount of cash flows
- Contractual terms that adjust contractual nominal interest, including floating rate features
- Early payment features and maturity extension features
- Contractual terms that limit the Group's claim on cash flows arising from certain assets (e.g. non-recourse feature)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

② Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income and costs' in the consolidated statement of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

iii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

When assessing whether a financial asset's credit risk has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes qualitative, quantitative information and analysis based on the Group's historical experience and informed credit assessment, including forward-looking information.

① Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the differences between all contractual cash flows to be received in accordance with the contract and the contractual cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

② Credit-impaired financial assets

At the end of each reporting period, the Group assesses whether the credit of financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

③ Presentation of allowance for expected credit losses in the consolidated statement of financial position

The loss allowance for a financial asset measured at amortized cost is deducted from the gross carrying amount of the asset.

For debt instruments measured at fair value through other comprehensive income, the loss allowance is included in profit or loss and recognized in other comprehensive income.

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④ Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

vi) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classifies the financial liability as "borrowings" in the consolidated statement of financial position.

v) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3) Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the consolidated statement of comprehensive income as 'finance income (costs)' according to the nature of transactions.

4) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 10 for further information about the Group's accounting for trade receivables.

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5) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving-weighted average method.

6) Non-current Assets (or Disposal Group) Held for Sale

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

7) Property and Equipment

Property and equipment are stated at its historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property and equipment, except land, is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

	Useful lives
Buildings	15 – 50 years
Structures	3 – 20
Machinery and equipment	4 – 6
Vehicles	4 – 6
Furniture	2 – 5

The depreciation method, residual values and useful lives of property and equipment are reviewed and adjusted at each financial year-end, if appropriate, accounted for as changes in accounting estimates.

8) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

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9) Government Grants

Government grants are recognized at their fair values when there is reasonable assurance that the grant will be received and the Group will comply with the conditions attached to it. Government grants related to assets are presented by deducting the grants in arriving at the carrying amount of the assets, and grants recognized as income are deferred and presented by deducting the expenses related to the purpose of the government grants.

10) Intangible Assets

i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and business combination are included in intangible assets. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associates, joint ventures and businesses at the date of acquisition. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognized immediately as an expense and is not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or group of CGUs, that is expected to benefit from the synergies of the combination. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell.

ii) Membership and brand

Membership and brand are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

iii) Other intangible assets

Other intangible assets such as development costs and industrial property rights are initially recognized at its historical costs and amortized using the straight-line method over their estimated useful lives and the unit of production method. Other intangible assets have definite useful life and are carried at cost less accumulated amortization.

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Their estimated useful lives of other intangible assets are as follows:

	Useful lives
Industrial property rights	3 – 10 years
Others	Indefinite, 2 – 15
Development costs	5
Exclusive rights	Contractual period

iv) Crypto assets

① Issuer of crypto assets (KLAY, currently, KAIA)

The Group implemented the Klaytn governance roadmap which was established from the beginning of 2019 and realized the decentralization of Klaytn, which is entered into the maturity stage of Decentralization Phase during the previous period. At the same time, through the KLAY tokenomics restructuring (KGP-6), the Group retired undistributed reserved volume held internally by the Group and completed the transfer of pre-committed volume. As a result, no undistributed reserved volume is held by the Group as at December 31, 2024. The Group is not an issuer of KLAY (currently, KAIA) as at December 31, 2024.

The Group recorded development costs as expenses at the time of expenditure since it was not deemed that the development activities of platforms and crypto assets meet the recognition criteria of intangible assets prescribed in Korean IFRS 1038 paragraph 57. Relevant development costs were not recorded as assets.

As the issuance cost for the Group's crypto assets does not qualify for the definition of assets, costs incurred in the course of the issuance of crypto assets have been recorded as expenses.

The Group distributed and retired the issued volume of KLAY to third parties and itself through sales with consideration, business development, R&D investment and distribution to developers.

No amounts were recognized as assets in relation to the reserved portion held as an issuer.

While developing the Klaytn Mainnet in 2019, the Group also completed its development for the crypto asset named KLAY. KLAY was developed using blockchain focused technologies for the purpose of being used as a payment means for various fees incurred while using Klaytn Mainnet. It is used to pay fees when creating and implementing Smart Contract within Klaytn Mainnet, or transmitting, recording and uploading transactions through Dapp registered in Klaytn Mainnet, as well as using services provided by Dapp.

In accordance with the announced White Paper, Klaytn Position Paper, the Group completed its roadmap including upgrades and user-friendly interface development for the advancement in Mainnet through various tasks related to supporting major toolkits, platform advancement and ecosystem expansion, began the governance transfer and completed its performance obligations in 2021.

a. Issuance and distribution of crypto assets

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The Group issued 10 billion units of KLAY at the point of development completion of Klaytn Mainnet in 2019, and through the process of distribution and retirement, there are no undistributed reserved volumes as at December 31, 2024.

(in units)

	Total volume issued ²	Sales with consideration	Distributed volume (cumulative)			Undistributed reserved volume
			Business development, R&D and development service investment	Others ³	Total	
2023 ¹	10,000,000,000	1,637,682,258	1,045,966,578	7,316,351,164	10,000,000,000	-

¹ As at December 31, 2024, there are no undistributed reserved volumes other than distributed volumes acquired and held by the Group.

² Quantity of KLAY which is not issued by the Group but created as Block rewards is not included.

³ Others consist of the retired volume through KIP-103 rebalancing.

b. Recognition of revenue from sales of crypto assets for consideration

In accordance with the announced White Paper, Klaytn Position Paper, the Group completed its roadmap including upgrades and user-friendly interface development for the advancement in Mainnet through various tasks related to supporting major toolkits, platform advancement and ecosystem expansion, began the governance transfer and completed its performance obligations and recognized revenues in 2021. The related amount recognized in the consolidated statement of comprehensive income for the previous year ended December 31, 2023, is ₩ 1,615 million (accumulated amount up to the year ended December 31, 2023: ₩ 165,200 million).

c. Current status and future management plan for reserved volumes

As at December 31, 2024, there are no undistributed reserved volumes held by the Group other than distributed volumes acquired and held by the Group as a holder.

② Issuer of crypto assets (BORA)

On July 1, 2021, the Group acquired crypto assets through business combination with Way2bit Co., Ltd.

Way2bit Co., Ltd. issued crypto assets through METABORA SINGAPORE PTE. LTD. (formerly known as BORANETWORK PTE. LTD.), a subsidiary domiciled in Singapore. Relevant development costs were not recorded as assets.

The Group's crypto assets were issued before the business combination. As the issuance cost for the Group's crypto assets does not qualify for the definition of assets, costs incurred in the course of the occurrence have been recorded as expenses.

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The issued volumes of the crypto assets have been transferred through exchange with other crypto assets, sales with consideration, distribution for the purpose of ecosystem revitalization and distribution to developers. The amounts arising from sales with consideration are recorded as a contract liabilities and revenues are recognized at the point of fulfilling performance obligations prescribed in the White Paper regarding the crypto assets.

No amounts were recognized as assets in relation to the reserved portion held by the issuer.

When the crypto assets are returned into the issuer at the stage before the completion of performance obligations, if there are outstanding balances of contract liabilities, the contract liabilities and the consideration paid shall be offset first.

BORA was issued based on Ethereum chain in 2018 before the Group's merger with Way2bit Co., Ltd. After the merger during 2021, Mainnet was developed based on Klaytn chain and transfer was made.

BORA developed by the Group is exchangeable with game tokens of those games operated in the BORA platform. The Group is continuously onboarding various games to the BORA platform so that the value of BORA and the ecosystem can be maintained and activated. Also the Group makes efforts to ensure that a large number of users can enjoy the games. This aims to connect various games through one platform and satisfy common interests based on interaction between users.

The reserved volumes of BORA as at December 31, 2024, account for 20% of total volumes issued, and if distributed through additional sales and others, it may act as a dilution factor in the exchange market price.

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a. Issuance and distribution of crypto assets

A total of 1,325,000,000 units of BORA was issued in 2018, and 119,250,000 units were retired, resulting in distributable volumes of 1,205,750,000 units. The sum of volumes reserved and the volumes held by the Group as at December 31, 2024, are 269,522,955 units.

(in units)	Distributed volumes (cumulative)								Volumes reserved and held
	Total volume issued	Sales with consideration	Distribution without consideration	Volumes for developers	Retirement	Investment	Consideration for services	Total	
2023	1,325,000,000	548,711,967	38,769,397	197,683,684	119,250,000	44,722,440	60,940,319	1,010,077,807	314,922,193
2024	1,325,000,000	579,573,209	40,097,709	202,263,653	119,250,000	44,722,440	69,570,034	1,055,477,045	269,522,955

Upon initial private sales before the business combination, 925,770,641 units were distributed including sales of 530,000,000 units for exchange with other crypto assets, and after the business combination, 129,706,404 units were distributed to the Group.

b. Recognition of revenue from sales of crypto assets with consideration

After the issuance, 579,573,209 units of BORA were allocated to sales with consideration (including private sales of 530 million units for exchange with other crypto assets at the time of issuance in 2018 before the business combination and subsequent sales for exchange with other crypto assets), 44,722,440 units to investing activities for ecosystem revitalization and 69,570,034 units to consideration for services.

The Group recognizes liabilities for 129,706,404 units used for sales with consideration (including exchange sales), investment and consideration for services that have been carried out since the business combination dated July 1, 2021, as the performance obligations in the White Paper have not been fulfilled.

The Group collected 14,552 units of BORA in 2024, as a consideration for service within the platform, which results in recognizing revenues by deducting contract liabilities.

In cases where the holders of crypto assets distributed through sales with consideration and without consideration use the crypto assets when paying fees for the service within the platform, the Group recognizes the revenues based on the volumes collected.

(in units and in millions of Korean won)

Total volume distributed	Sales with consideration and others				Volumes used in the platform			Amount recognized as revenue			Outstanding balances of contract liabilities
	Sales with consideration	Consideration for services	Others ¹	Total	2023	2024	Cumulative	2023	2024	Cumulative	
1,055,477,045	579,573,209	69,570,034	44,722,440	693,865,683	45,623	14,552	132,241	₩ 7	₩ 3	₩ 42	₩ 35,304

¹ Investment for ecosystem revitalization is included.

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c. Current status and future management plan for reserved volumes

The reserved volumes of BORA issued by the Group as at December 31, 2024, are 269,522,955 units. 5 million units are expected to be paid as a node compensation (consideration for services) of GC participating company, and there are no other specific plans.

② Holder of crypto assets

The Group holds crypto assets through platform operations based on the smart contracts and paid acquisitions.

The Group classifies the acquired crypto assets as intangible assets. Initial acquisition cost is recognized at fair value depending on the types of acquisition or by adding the costs that are reliably measurable and directly attributable to the acquisition to the purchasing price.

The crypto assets classified as intangible assets are considered to have an indefinite useful life and are not amortized, and their cost is determined using the moving average method.

Impairment test is performed for crypto assets classified as intangible assets annually or when there is an indication of impairment. The crypto assets are carried at cost less accumulated impairment losses.

Impairment loss and gains or losses on disposal of crypto assets are classified as non-operating income or expenses.

11) Investment Properties

Investment property is a property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 40 years.

12) Impairment of Non-financial Assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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The goodwill acquired in a business combination is allocated to each cash-generating unit that is expected to benefit from the synergy effect of the business combination. Impairment losses on cash-generating units allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other asset in the cash-generating unit on a pro rata basis. An impairment loss recognized for goodwill is not reversible in a subsequent period.

13) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

14) Financial Liabilities

i) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, any directly attributable transaction costs are recognized in profit or loss as incurred.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade and other payables', 'borrowings' and 'other financial liabilities' in the consolidated statement of financial position. These financial liabilities are initially measured at fair value deducting the transaction costs directly attributable to the issue. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, and interest expenses are recognized using the effective interest method.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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Preferred shares that require mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the consolidated statement of comprehensive income as 'finance costs', together with interest expenses recognized from other financial liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

ii) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any noncash assets transferred or liabilities assumed) is recognized in profit or loss.

15) Provisions

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

16) Current and Deferred Income Tax

Income tax expense for the period consists of current and deferred income tax. Income tax is recognized as income or expense for the period in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, or it relates to a business combination. In this case, income tax is also recognized in other comprehensive income or directly in equity, respectively.

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The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred income tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred income tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group reviews the carrying amount of the deferred income tax asset at the end of each reporting period and reduces the carrying amount of the deferred income tax asset if it is no longer probable that sufficient taxable income will be available to allow the benefits of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and deferred income tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

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17) Employee Benefits

i) Post-employment benefits

The Group operates pension plans. The Group has both defined contribution plans and defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expenses when an employee has rendered service.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. On the other hand, remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

ii) Share-based compensation

Equity-settled share-based compensation granted to employees are estimated at fair value of equity instruments at the grant date and recognized as employee benefit expenses over the vesting period. The number of equity instruments expected to vest is remeasured with consideration to non-market vesting conditions at the end of the reporting period, with any changes from the original measurement recognized in profit or loss for the year and equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as capital stock (nominal value) and capital surplus.

Under cash-settled share-based compensation plan, the Group compensates the difference of the fair value and exercise price of option as the consideration for employee services received. Total expense that will be recognized over the vesting period is determined by reference to the fair value of the option granted. Until the liability is settled, the Group is required to remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognized in profit or loss for the year.

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iii) Other long-term employee benefits

The Parent Company and certain subsidiaries provide long-term employee benefits, which are entitled to employees with service period for at least three years. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits liabilities and remeasurement as profit or loss for the year. These liabilities are valued annually by independent and qualified actuaries.

iv) Short-term employee benefits

Short-term employee benefits are recognized at the amount expected to be settled within 12 months from the end of the reporting period in which the employee has provided service in exchange for the service, and are recognized in profit or loss when the service is provided. Short-term employee benefits are recognized at an undiscounted amount.

18) Paid Capital

The Group classifies ordinary shares as equity. Incremental costs directly attributable to the equity transactions are recognized as a deduction from equity, net of any tax effects.

When the Group repurchases its equity instruments, the amount of the consideration paid is recognized as a deduction from equity and classified as treasury shares. The profits or losses from the purchases, disposal, reissue, or retirement of treasury shares are not recognized as current profit or loss. If the Group acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

19) Revenue Recognition

Revenues are mainly comprised of advertisement, content, commerce revenue and merchandise sales.

i) Advertising revenue

The Group generally provides advertising services to a customer during the period of a contract and recognizes the allocated transaction price for a performance obligation over the period of service as revenue. However, in the case of a contract in which advertising services are priced based on the sum of the total number of advertising services provided other than the contracted period, the Group recognizes revenue when it satisfies its performance obligation. Advertising revenue is either prepaid by the customer at the set transaction price, or charged afterwards as the Group satisfies its obligations.

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ii) Contents revenue

The Group provides a variety of contents to a customer including games, music, videos and webtoon. Transaction prices are immediately paid when a customer purchases contents online. The Group recognizes revenue at the time when contents are used at which point the right to use contents are transferred and controlled by the customer and there are no unfulfilled obligations of the Group that may affect the use of contents.

The Group recognizes revenue over the period of time when there are obligations of the Group that may affect the use of contents over the period over which contents are used by customers.

The revenue from the sale of the Group's contents is recognized over the period during which the items are expected to be used based on the result of past performance and this can be significantly changed depending on the changes in future market conditions and users.

The Group pays the commission fees when a customer pays for the game services provided by the Group. The incremental costs are those commission fees that the Group incurs to acquire a contract with a customer that would not have been incurred if the contract had not been acquired. In accordance with the application of Korean IFRS 1115, the Group recognizes the incremental costs as an asset and amortizes it over the expected period of providing the game service to customers.

iii) Commerce revenue and goods sales

The Group sells goods or provides services as a principal or agent through KakaoTalk platforms and recognizes revenue when the performance obligation is satisfied.

iv) Fintech revenue

The Group runs a comprehensive fintech service business that provides payment agency through the platform. In accordance with the application of Korean IFRS 1115, services provided by the Group are identified as separate performance obligations and recognized as revenues at the point when the control is transferred.

v) Other revenues

The Group mainly engages in database-oriented information providing services. The revenue consists of the fair value of the consideration received or receivable for the sales of goods and rendering of services from the Group's ordinary activities.

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20) Finance Income and Finance Costs

The Group's finance income and finance cost include:

- Interest income
- Interest expense
- Dividend income
- Net gains or losses on the disposal of investments in debt securities measured at fair value through other comprehensive income
- Net gains or losses on financial assets measured at fair value through profit or loss
- Foreign currency gains and losses on financial assets and financial liabilities
- Impairment loss (or reversal of impairment loss) on investments in debt securities measured at amortized cost or fair value through other comprehensive income

Interest income or interest expense is recognized using the effective interest method. Dividend income is recognized when the Group's right to receive dividends is established.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or to the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

21) Dividend

Dividend to the Group's shareholders is recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the Group's shareholders.

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22) Leases

i) Lessor

The Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices at inception or on modification of a contract that contains a lease component.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies Korean IFRS 1115 to allocate the consideration in the contract.

When the Group is a lessor, the Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. Initial direct cost incurred by the Group in arranging an operating lease are added to the carrying amount of the underlying asset and recognized as an expense on the same basis as the lease income. Each leased asset is presented in the consolidated statement of financial position on the basis of its characteristics.

ii) Lessee

The Group leases offices, vehicles and machinery. Lease contracts are typically made for fixed periods, but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, with respect to real estate leases for which the Group is a lessee, the Group applied a practical expedient and elected not to separate a non-lease component from a lease component, and instead account for them as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as collaterals for the borrowings.

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The Group determines the lease term by including the enforceable extended period when the lessee is reasonably certain to exercise an extension option within the non-cancellable period of lease and when the lessee is reasonably certain not to exercise a termination option. When assessing the enforceable period, the Group considers economic penalties imposed on the lessee and lessor when they have right to terminate the lease contract without the counterparty's consent.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date,
- Amounts expected to be payable by the Group (the lessee) under residual value guarantees,
- The exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option.

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group calculates the incremental borrowing interest rate as follows.

- If possible, reflect the change in financial position after receiving third-party financing in the latest third-party financial interest rate received by individual lessees.
- Reflect lease-specific adjustments such as country, currency, collateral, and guarantee.

When an individual lessee can readily observe the interest rate on a loan with a same term but a different payment profile (via recent financing sources or market data), the Group sets that interest rate as a starting point for calculating the incremental borrowing interest rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. When the carrying amount of a right-of-use asset decreases to zero, the remeasurement amount is recognized in profit or loss.

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Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

iii) Variable lease payments

Some leases contain variable payment terms that are linked to usage and revenue. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for machinery. Variable lease payments that depend on usage are recognized in profit or loss when machinery is used and when the usage is confirmed by the settlement.

iv) Extension and termination options

Extension and termination options are included in a property across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. Most of the extension and termination options held by the Group can be exercised upon agreement between the lessors and the Group.

23) Earnings per Share

Basic earnings per share is calculated by dividing net profit for the year available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit for the year available to ordinary shareholders, adjusted for the effects of dilution, by the sum of weighted-average number of ordinary shares outstanding and the weighted average number of potential dilutive shares during the year, to include the potentially dilutive effect of ordinary share equivalents outstanding.

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24) Business Combinations between Entities under a Common Control

Book value method applies to a business combination under a common control. Related assets and liabilities are measured at book value of the consolidated financial statements. In addition, the difference between the sum of book values of the assets and liabilities transferred and the consideration paid is recognized as share premium.

25) Compound Financial Instruments

Compound financial instruments are convertible bonds, convertible preferred shares and redeemable convertible preferred shares that can be converted into equity instruments of the Parent Company at the option of the holder and exchangeable bond that can be converted into equity instruments of the subsidiary at the option of the holder.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have equity conversion rights and exchange rights. The equity component is recognized initially on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to the initial recognition, it will not be remeasured. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Meanwhile, the entire amount of compound financial instruments may be accounted for liability as the event of default of these instruments is considered contingent settlement provisions.

In accordance with the Interpretation Statements No.00094 issued by the Financial Supervisory Service in Korea, the Group recognized some conversion rights and exchange rights (pre-emptive rights) as equity. This accounting treatment is applicable within Korean IFRS as defined in item1 of paragraph1 of Article 13 of Acts on External Audit for Stock Companies.

26) Insurance Contracts

(Scope of application)

The Group applies Korean IFRS 1117 *Insurance Contracts* to issued insurance contracts and reinsurance contracts, ceded reinsurance contracts, investment contract with discretionary participation features issued by the entity issuing the insurance contracts.

In addition, Korean IFRS 1117 determines whether a set or series of contracts should be regarded as a single contract when identifying contracts within scope. Also, it is necessary to determine whether the embedded derivatives, the investment component, and the goods and services component should be separated and accounted for in accordance with other standards.

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(Level of aggregation)

After identifying a portfolio of insurance contracts consisting of contracts that are exposed to similar risks and managed together, the Group classifies contracts with similar profitability within the portfolio to groups of insurance contracts. Each portfolio is divided into annual cohorts based on the year of issuance, and each annual cohort is further divided into the following three sets.

- a group of contracts that are onerous at initial recognition
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- a group of remaining contracts in the annual cohort

(Measurement: Premium allocation approach)

In accordance with Korean IFRS 1117, the Group simplifies the measurement of a group of insurance contracts using the premium allocation approach for a group of contracts if it is expected that there will be no material difference from the liability for remaining coverage applied the general model of a group of insurance contracts, or the coverage period of each contract in the group (including insurance contract services within the contract boundary) is one year or less at the inception of the group.

Contracts applying the premium allocation approach are initially recognized considering the premiums received and the cash flows from insurance acquisition, and subsequently, the insurance liability is amortized over the period in which insurance services are provided. If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group shall calculate the difference between the carrying amount of the liability for remaining coverage and the current estimate of the fulfillment cash flows related to it and add it to the liability for remaining coverage, and recognize a loss in profit or loss.

The Group uses all available information neutrally at the end of the reporting period and updates the assumptions to be applied to the accounting for insurance contracts, considering the accumulated experience. When calculating assumptions, actuarial methods are applied by considering calculation units, product characteristics, and actuarial properties.

The discount rate used for the valuation of insurance contracts in accordance with Korean IFRS considers the time value of money, the characteristics of the cash flows of the insurance contracts, and the degree of liquidity. The Group determines the discount rate taking into account factors such as the final observation maturity, the final convergence point, the long-term forward interest rate, and the liquidity premium.

The discount rate applied to the valuation of insurance contracts is an interest rate with a liquidity premium added to the basic risk-free interest rate term structure, and may change in the future depending on changes in estimates of future inflation rates and economic growth rates. The basic risk-free interest rate term structure is calculated using the Smith-Wilson interpolation method based on the yield of government bonds until the final observation maturity and the long-term forward

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interest rate after the initial convergence point.

The non-financial risk adjustment is calculated by multiplying the best estimate by the risk adjustment ratio, and the risk adjustment ratio is calculated by applying a confidence level (75% Percentile), considering the statistical period and calculation unit. However, if there are additional requirements from the supervisory authority, these will be taken into consideration to determine the final risk adjustment ratio. In addition, changes in non-financial risk adjustment are presented separately into insurance service components and insurance finance components.

The Group identifies the investment component of the contract by determining the amount to be repaid to the policyholder even if an insurance event does not occur, and the investment component is not recognized as insurance revenue. Guarantee insurance, a type of general insurance, does not have a refund payable to the policyholder if an insurance event does not occur, and thus the original insurance contract may not have an investment component. The Group classifies the nature of services by dividing them into guaranteed services or investment services according to cash flow.

The carrying amount of a group of insurance contracts is exposed to the time value of money and financial risk. The Group includes time value of money and financial risk, and the effect of changes in the time value of money and financial risk related to the groups of insurance contracts in the insurance finance income or expenses, and presents the insurance finance income and expenses for the period by systematically allocating them to the profit or loss and other comprehensive income for each contract group.

The Group reflects the effects calculated by applying the discount rate at the date of occurrence of the insurance event to the contract group in profit or loss, and presents the effects of discount rate changes applied on the reporting date in other comprehensive income. However, in the case of liabilities for remaining coverage of a group of contracts applying the premium allocation approach, the time value of money, financial risk, and their fluctuating effects are recognized in profit or loss for the relevant period.

Meanwhile, a reinsurance contract refers to an insurance contract issued by the reinsurer to compensate another entity for claims arising from insurance contracts issued by that other entity (underlying contracts). For the group of reinsurance contracts held, assumptions that are consistent with the groups of underlying insurance contracts are applied when measuring the estimates of the present value of the future cash flows for the group of reinsurance contracts.

27) Approval of Issuance of the Financial Statements

The issuance of the consolidated financial statements of the Group was initially approved by the Board of Directors on February 12, 2025, and re-approved due to revision on March 11, 2025, which is subject to change with approval at the annual shareholders' meeting.

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3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(1) Impairment loss on goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units are determined based on value-in-use calculations (Note 19).

(2) Income taxes

The taxable income generated from the Group's operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 24).

If certain portion of the taxable income is not used for investments or increase in wages in accordance with the relevant taxation law, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments and increase in wages, there is an uncertainty measuring the final tax effects.

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5).

(4) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's experience, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 4).

(5) Provisions

As at December 31, 2024, the Group recognizes provisions as explained in Notes 2 (6) 15). These provisions are estimated based on experience.

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(6) Net defined benefit liabilities (assets)

The present value of net defined benefit liabilities (assets) depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 22).

(7) Other long-term employee benefits liabilities

The present value of other long-term employee benefits liabilities depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 23).

(8) Share-based compensation

The Group measures equity-settled share-based compensation using fair value at the grant date of equity instruments. The fair value is estimated by using the valuation model which considers vesting conditions of equity instruments. In addition, the Group measures cash-settled share-based compensation based on the fair value of share options granted by considering the service conditions. The amount of liability is re-estimated at the end of each reporting period and at the settlement date until the liability is settled.

(9) Revenue recognition

When the Group recognizes points paid under contracts with customers as separate performance obligation and allocates the transaction price to the performance obligation, the transaction price is allocated in accordance with the relative individual selling prices of the products and points. The individual selling price of the points is estimated based on the discount granted when the points are repaid, and the possibility of repayment based on past experience, and the individual selling price of the product is estimated based on the retail price.

In addition, when the expected usage period are to be estimated in recognizing revenue over the usage period of the content, the expected usage period of the content is estimated by analyzing the customer's behavioral patterns and others in accordance with the attributes of each content. The Group continuously reviews whether these estimations have changed.

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(10) Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office, vehicles and machinery, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices, vehicles and machinery leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. Financial Risk Management

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

1) Market risk

i) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty caused by fluctuations in interest rates.

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As at December 31, 2024, if the market interest rate of floating rate deposits had increased/decreased by 1.0%p with other variables held constant, the effect on profit before income tax for the year ended December 31, 2024, would have been increased/decreased by ₩ 20,085 million (2023: ₩ 21,367 million) and ₩ 5,817 million (2023: ₩ 18,521 million) due to increased/decreased interest income of floating rate deposits and borrowings, respectively.

ii) Price risk

The Group invests in debt and equity securities for managing liquidity, operational needs and others. The Group's investment portfolio consists of direct and indirect investments in listed and non-listed securities.

As at December 31, 2024, if all other variables were constant and the value of marketable equity had increased or decreased by 5.0%, gain and loss on valuation of equity securities at fair value (before income tax) and other comprehensive income (before income tax) would have been increased or decreased by ₩ 51,836 million (2023: ₩ 41,974 million).

Impacts of investment financial instruments of the Group on profit or loss and other comprehensive income are described in Note 10.

iii) Foreign exchange risk

Foreign exchange risk is defined as the risk that the fair value of financial instruments or future cash flows fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from financial instruments presented in currencies other than functional currency. Therefore, foreign exchange risk does not arise from non-monetary financial instruments or financial instruments presented in functional currency.

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The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Korean won, was as follows:

(in millions of Korean won)	2024						
	USD	JPY	CNY	EUR	GBP	HKD	NZD
Financial assets							
Cash and cash equivalents	₩ 422,909	₩ 31,325	₩ 1,169	₩ 948	₩ -	₩ -	₩ -
Short-term financial instruments	2,093	-	1,982	-	-	-	-
Trade receivables	27,961	29,207	842	38	-	-	-
Other financial asset	275,993	-	-	-	-	-	-
	<u>₩ 728,956</u>	<u>₩ 60,532</u>	<u>₩ 3,993</u>	<u>₩ 986</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>
Financial liabilities							
Trade and other payables	₩ 6,501	₩ 143	₩ 788	₩ 59	₩ 11	₩ -	₩ -
Other financial liabilities	274,373	-	-	-	-	-	-
	<u>₩ 280,874</u>	<u>₩ 143</u>	<u>₩ 788</u>	<u>₩ 59</u>	<u>₩ 11</u>	<u>₩ -</u>	<u>₩ -</u>

(in millions of Korean won)	2024						
	IDR	SGD	THB	TWD	VND	CAD	BRL
Financial assets							
Cash and cash equivalents	₩ -	₩ 18	₩ -	₩ 4	₩ -	₩ -	₩ -
Short-term financial instruments	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-
Other financial asset	-	-	-	-	-	-	-
	<u>₩ -</u>	<u>₩ 18</u>	<u>₩ -</u>	<u>₩ 4</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>
Financial liabilities							
Trade and other payables	₩ -	₩ -	₩ 429	₩ -	₩ -	₩ -	₩ -
Other financial liabilities	-	-	-	-	-	-	-
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 429</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>

If the Korean won has weakened/strengthened by 5% with all other variables held constant, the effect on profit before income tax for the year ended December 31, 2024, would have been increased/decreased by ₩ 25,609 million (2023: ₩ 17,905 million). The translation risk of the financial statements of overseas operations for the year ended December 31, 2024, is not included.

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2) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks or financial institutions, as well as credit exposures to customers, including outstanding receivables.

i) Risk management

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If corporate customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's investments in debt instruments are considered to be low risk investments.

ii) Credit enhancements

Some trade receivables are provided with guarantees or credit enhancements such as letters of credit that may require performance if the counterparty fails to comply with the contract.

iii) Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of goods and provision of services, and
- other financial assets carried at amortized cost.

While cash equivalents are also subject to the impairment requirement, the identified impairment loss was immaterial.

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A. Trade receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected allowance for credit losses for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses include forward-looking information.

On that basis, the allowance for credit losses as at December 31, 2024 was determined as follows for trade receivables:

<i>(in millions of Korean won)</i>	Current	Within 3 months past due	Within 6 months past due	Within 9 months past due	More than 9 months past due	Total
Trade receivables						
Expected loss rate	0.18%	0.93%	4.18%	12.32%	43.16%	3.40%
Gross carrying amount	₩ 480,147	₩ 27,227	₩ 5,897	₩ 3,728	₩ 39,662	₩ 556,661
Allowance for credit losses	(849)	(252)	(247)	(459)	(17,117)	(18,924)

Trade receivables are written off when collection is no longer reasonably anticipated. Indicators that can no longer reasonably anticipate recovery include failure to comply with the debt adjustment with the Group and others.

Impairment on trade receivables is presented net amount of bad debt expenses in the consolidated statement of comprehensive income. The subsequent collection of the written off amount is recognized as a deduction for the same account.

Movements in the allowance for credit losses for trade receivables for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	₩ 23,651	₩ 12,390
Changes in scope of consolidation	(107)	(13)
Increase in allowance for credit losses recognized in profit or loss during the year	1,751	15,042
Reversal	-	(2,488)
Write-off	(3,725)	(912)
Others (reclassification to assets held for sale, effects of exchange rate changes and others)	(2,646)	(368)
Ending balance	₩ 18,924	₩ 23,651

Maximum exposures to credit risk of the Group as at December 31, 2024, are the entire carrying amounts.

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B. Other financial assets at amortized cost

Other financial assets at amortized cost include non-trade receivables, loans and other receivables.

Movements in allowance for credit losses for other financial assets at amortized cost for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		2024		2023
Beginning balance	₩	68,298	₩	39,077
Increase in allowance for credit losses recognized in profit or loss during the year		54,987		19,289
Others (changes in scope of consolidation and effects of exchange rate changes)		(14,101)		9,932
Ending balance	₩	<u>109,184</u>	₩	<u>68,298</u>

All financial assets at amortized costs other than lease receivables are considered to have low credit risk, and the allowance for credit losses recognized during the period was, therefore, limited to 12 months expected losses. Financial instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Bad debt expenses and other bad debt expenses recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		2024		2023
Trade receivables				
Changes in loss allowance of trade receivables	₩	1,751	₩	15,042
Other financial assets				
Changes in loss allowance of other financial assets		54,987		19,289

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Maximum exposures to credit risk of the Group as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Cash equivalents	₩	6,145,062	₩	5,388,962
Deposits		181,464		108,797
Short-term financial instruments		1,402,715		1,661,509
Trade receivables		537,737		622,027
Current derivative financial assets		672		220
Non-current derivative financial assets		8,554		12,340
Financial assets at fair value through profit or loss		1,109,154		983,160
Financial assets at amortized cost ¹		96,286		68,037
Other current financial assets		776,062		646,471
Long-term financial instruments		10,587		12,992
Other non-current financial assets		268,921		289,536
	₩	<u>10,537,214</u>	₩	<u>9,794,051</u>

¹ Deferred loan origination fees are not included.

3) Liquidity Risk

Cash flow forecasting is performed by the Group finance department. The Group finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements.

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Details of the Group's liquidity risk analysis as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Trade and other payables	₩ 1,893,523	₩ -	₩ -	₩ 1,893,523
Short-term and long-term borrowings ¹	2,102,256	333,270	856	2,436,382
Derivative financial liabilities	126,364	-	-	126,364
Other current financial liabilities	163,411	-	-	163,411
Brokerage deposits	1,491,796	-	-	1,491,796
Deposits received	1,624,684	-	-	1,624,684
Short-term lease liabilities	323,029	-	-	323,029
Non-current trade and other payables	-	570	6,392	6,962
Other non-current financial liabilities	-	6,535	206,139	212,674
Long-term lease liabilities	-	394,909	1,818,461	2,213,370
Financial guarantee contracts ²	66,041	-	-	66,041
Financing arrangements ²	14,538	-	-	14,538
	₩ 7,805,642	₩ 735,284	₩ 2,031,848	₩ 10,572,774

¹ For convertible bonds and exchangeable bonds, total cash flow is disclosed with the contractual early repayment date as maturity.

² Cash flows from financial guarantee contracts and financing arrangements that are not presented in the consolidated financial statements are disclosed.

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(in millions of Korean won)

	2023			
	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Trade and other payables	₩ 1,869,440	₩ -	₩ -	₩ 1,869,440
Short-term and long-term borrowings ¹	1,708,460	712,534	158,812	2,579,806
Derivative financial liabilities	8,196	-	-	8,196
Other current financial liabilities	145,181	-	-	145,181
Brokerage deposits	1,413,998	-	-	1,413,998
Deposits received	1,236,620	-	-	1,236,620
Short-term lease liabilities	290,955	-	-	290,955
Non-current trade and other payables	-	5,835	61,834	67,669
Other non-current financial liabilities	-	922	175,782	176,704
Long-term lease liabilities	-	263,859	2,043,087	2,306,946
Financial guarantee contracts ²	65,080	-	-	65,080
Financing arrangements ²	19,763	-	-	19,763
	<u>₩ 6,757,693</u>	<u>₩ 983,150</u>	<u>₩ 2,439,515</u>	<u>₩ 10,180,358</u>

¹ For convertible bonds and exchangeable bonds, total cash flow is disclosed with the contractual early repayment date as maturity.

² Cash flows from financial guarantee contracts and financing arrangements that are not presented in the consolidated financial statements are disclosed.

The table above analyses the Group's non-derivative financial liabilities into relevant maturity. The amounts disclosed in the table are the contractual undiscounted cash flows including interest.

(2) Capital risk management

The Group's objectives when managing capital are to maintain an optimal capital structure. The Group monitors financial ratios such as debt-to-capital ratio, which is calculated by dividing total liabilities by total equity.

The debt-to-capital ratios as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024	2023
Total liabilities (A)	₩ 11,830,134	₩ 11,321,370
Total equity (B)	13,942,894	13,858,599
Debt-to-capital ratio (A/B)	<u>84.85%</u>	<u>81.69%</u>

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(3) Offsetting financial assets and financial liabilities

The following table presents the recognized financial assets that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at December 31, 2024 and 2023.

(in millions of
Korean won)

	2024					
				Net amounts presented in the consolidated statement of financial position	Amounts not offset	Net amount
	Gross assets		Gross liabilities set off			
Non-trade receivables ¹	₩ 495,715	₩	336,622	₩ 159,093	₩ -	₩ 159,093

(in millions of
Korean won)

	2024					
				Net amounts presented in the consolidated statement of financial position	Amounts not offset	Net amount
	Gross liabilities		Gross assets set off			
Non-trade payables ¹	₩ 499,709	₩	336,622	₩ 163,087	₩ -	₩ 163,087

¹ Due to difference in the timing of settlements of consignment sales, the outstanding balance of sales/purchase was offset.

(in millions of
Korean won)

	2023					
				Net amounts presented in the consolidated statement of financial position	Amounts not offset	Net amount
	Gross Assets		Gross liabilities set off			
Non-trade receivables ¹	₩ 319,347	₩	253,002	₩ 66,345	₩ 35,975	₩ 30,370

(in millions of
Korean won)

	2023					
				Net amounts presented in the consolidated statement of financial position	Amounts not offset	Net amount
	Gross Liabilities		Gross assets set off			
Non-trade payables ¹	₩ 320,652	₩	253,002	₩ 67,650	₩ 35,975	₩ 31,675

¹ Due to difference in the timing of settlements of consignment sales, the outstanding balance of sales/purchase was offset

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5. Fair Value

(1) Fair value of financial instruments

There are no significant changes in the business environment and economic environment that affect the fair value of the Group's financial assets and financial liabilities during the current year.

(2) Fair value hierarchy

The Group classifies financial instruments into three levels specified in the standard in order to provide information on the reliability of inputs used to measure fair value. The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in measurements.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment (Level 3).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. And, the Group recognizes the movements within levels of fair value hierarchy at the end of the reporting period in which changes occur.

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Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss ¹	₩ 3,803	₩ 904,113	₩ 450,072	₩ 1,357,988
Financial assets at fair value through other comprehensive income	1,032,911	-	1,114,585	2,147,496
Derivative financial assets	-	-	9,225	9,225
	<u>₩ 1,036,714</u>	<u>₩ 904,113</u>	<u>₩ 1,573,882</u>	<u>₩ 3,514,709</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ -	₩ -	₩ 230,185	₩ 230,185
Derivative financial liabilities	421	-	125,943	126,364
	<u>₩ 421</u>	<u>₩ -</u>	<u>₩ 356,128</u>	<u>₩ 356,549</u>

¹ SHIFT UP Corporation., 3 Billion Inc. and Triller Group Inc. were listed during the year ended December 31, 2024, and related financial instruments were transferred from level 3 to level 1.

(in millions of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	₩ 2,620	₩ 741,789	₩ 572,940	₩ 1,317,349
Financial assets at fair value through other comprehensive income	836,863	-	822,005	1,658,868
Derivative financial assets	-	5,289	7,272	12,561
	<u>₩ 839,483</u>	<u>₩ 747,078</u>	<u>₩ 1,402,217</u>	<u>₩ 2,988,778</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	₩ -	₩ -	₩ 230,376	₩ 230,376
Derivative financial liabilities	-	-	8,196	8,196
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 238,572</u>	<u>₩ 238,572</u>

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Changes in level 3 for fair value measurements for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Derivative financial assets	Derivative financial liabilities
Beginning balance	₩ 572,940	₩ 822,005	₩ 230,376	₩ 7,272	₩ 8,196
Acquisitions	228,428	2,046	-	729	181,653
Disposals	(278,334)	(2,760)	-	(2,800)	(9,733)
Total profit or loss					
Amount recognized in profit or loss	(83,280)	-	(3,188)	4,024	(49,912)
Amount recognized in other comprehensive income	3	243,771	-	-	-
Others ¹	10,314	49,523	2,997	-	(4,261)
Ending balance	₩ 450,071	₩ 1,114,585	₩ 230,185	₩ 9,225	₩ 125,943

¹ Others include transfers in and out of financial assets measured at fair value due to changes in the percentage of ownership held by the Group.

(in millions of Korean won)

	2023				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Derivative financial assets	Derivative financial liabilities
Beginning balance	₩ 926,960	₩ 743,217	₩ 15,073	₩ 6,562	₩ 37,616
Acquisitions	426,457	5,618	-	4,252	1,762
Disposals	(760,682)	(30,106)	-	-	(24,639)
Total profit or loss					
Amount recognized in profit or loss	(59,655)	-	(3,584)	1,746	(8,820)
Amount recognized in other comprehensive income	-	101,222	-	-	-
Changes in scope of consolidation	38,973	1,861	2,521	-	2,277
Others ¹	887	193	216,366	(5,288)	-
Ending balance	₩ 572,940	₩ 822,005	₩ 230,376	₩ 7,272	₩ 8,196

¹ Others include transfers in and out of financial assets measured at fair value due to changes in the percentage of ownership held by the Group.

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(3) Valuation techniques and the inputs

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, a company in the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 consist primarily of KOSPI and KOSDAQ equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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Valuation techniques and inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy as at December 31, 2024, are as follows. The Group periodically reviews the adjustments of evaluation by determining the adequacy of unobservable inputs with significant risks.

(in millions of Korean won)

(in millions of Korean won)		2024			
	Fair value	Level	Valuation techniques	Inputs	
Financial assets at fair value through profit or loss					
Investment deposit	₩ 904,113	2	Market value method	Interest rate and others	
Beneficiary certificates and others	262,089	3	DCF model and others	Discount rate, estimated cash flow and others	
Non-listed equity securities and others	187,982	3	DCF model, acquisition cost method and others	Discount rate, estimated cash flow, acquisition cost and others	
	<u>₩ 1,354,184</u>				
Financial assets at fair value through other comprehensive income					
Non-listed equity securities and others	₩ 1,114,585	3	DCF model, acquisition cost method and others	Discount rate, estimated cash flow, acquisition cost and others	
	<u>₩ 1,114,585</u>				
Financial liabilities at fair value through profit or loss					
Other financial liabilities	₩ 230,185	3	DCF model and others	Discount rate, estimated cash flow and others	
	<u>₩ 230,185</u>				
Derivative financial assets					
Call options and others	₩ 9,225	3	Binominal tree method	Probability of risk neutral, price of underlying assets and others	
	<u>₩ 9,225</u>				
Derivative financial liabilities					
Put options and others	₩ 125,943	3	Binominal tree method	Probability of risk neutral, price of underlying assets and others	
	<u>₩ 125,943</u>				

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(4) Valuation processes and sensitivity analysis for fair value measurements categorized as Level 3

The financial division of the Group performs the fair value measurements required for financial reporting purposes, including level 3 fair values. This division reports to the Chief Financial Officer (“CFO”) and the Audit Committee, and discusses valuation processes and results with CFO and Audit Committee at least once every year depending on the materiality.

The results of the sensitivity analysis for the effect on profit or loss (before income tax) or other comprehensive income (before income tax) from changes in fair value (1%) for each financial instrument for the year ended December 31, 2024, are as follows:

<i>(in millions of Korean won)</i>		Favorable changes		Unfavorable changes
Financial assets¹				
Financial assets at fair value through profit or loss	₩	11,205	₩	(9,359)
Financial assets at fair value through other comprehensive income		16,140		(13,795)
Derivative financial assets		457		(363)
Financial liabilities¹				
Financial liabilities at fair value through profit or loss		4,777		(4,432)
Derivative financial liabilities		14,871		(15,769)

¹ Sensitivity analysis on the change of fair value is calculated by increasing or decreasing the discount rate, which is a major unobservable input, by 1% or increasing or decreasing the volatility of the underlying asset by 10%.

(5) Gains and losses on valuation at the transaction date

In the case that the Group measures the fair value of derivative financial instruments with unobservable inputs, the Group recognizes the fair value of the instrument at the transaction price if the fair value at initial measurement is different from the transaction price. The difference between the fair value calculated through valuation technique and the transaction price is amortized and deferred using the effective interest method until the maturity of the financial instruments, and recognized in profit or loss. In the case where inputs of the valuation techniques become observable in markets, the remaining difference is immediately recognized in profit or loss. Deferred amounts as at December 31, 2024, are ₩ 70,999 million.

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6. Segment Information

The financial information reported to the chief operating decision-maker to allocate resources to operating segment and to evaluate the performance of operating segment is consistent with the disclosed financial statements.

The following summary describes the operations of each reportable segment.

- (1) Kakao Corp.: Advertising, platform based service provision
- (2) Kakao Games Corp.: Game development and publishing
- (3) Kakao Entertainment Corp.: Entertainment management and contents production and distribution
- (4) Kakao Mobility Corp.: Database information provision
- (5) Kakaopay Corp.: Mobile platform based financial services
- (6) Kakao Piccoma Corp.: Platform provision and webtoon distribution
- (7) SM Entertainment Co., Ltd.: Entertainment management and contents production and distribution
- (8) Others: Application software development and distribution

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(in millions of Korean won)

	2024				
	Kakao Corp.	Kakao Games Corp. ¹	Kakao Entertainment Corp.	Kakao Mobility Corp.	Kakaopay Corp.
Revenue	₩ 2,595,101	₩ 881,309	₩ 1,812,790	₩ 674,987	₩ 766,235
Revenue from intercompany transactions	(172,473)	(19,192)	(113,427)	(16,531)	(156,512)
Net revenue	₩ 2,422,628	₩ 862,117	₩ 1,699,363	₩ 658,456	₩ 609,723
Segment profit (loss) before tax	₩ 170,139	₩ (118,308)	₩ (225,978)	₩ 70,911	₩ (5,381)
Segment profit (loss)	38,157	(128,089)	(259,070)	28,869	(21,538)
Segment assets	11,607,487	3,173,239	3,081,492	1,517,079	4,414,712
Segment liabilities	4,393,162	1,694,882	1,920,009	468,086	2,503,904
Segment depreciation	300,098	35,657	36,365	92,591	29,756
Segment amortization	19,870	36,593	63,648	2,247	22,714

¹ Profit or loss from discontinued operations is included.

(in millions of Korean won)

	2024				
	Kakao Piccoma Corp.	SM Entertainment Co., Ltd.	Others	Consolidation adjustments	Total
Revenue	₩ 566,576	₩ 986,199	₩ 351,740	₩ (763,245)	₩ 7,871,692
Revenue from intercompany transactions	(19,442)	(30,239)	(235,428)	763,245	-
Net revenue	₩ 547,134	₩ 955,960	₩ 116,312	₩ -	₩ 7,871,692
Segment profit (loss) before tax	₩ 23,184	₩ 22,690	₩ (176,756)	₩ 236,683	₩ (2,815)
Segment profit (loss)	17,459	(2,570)	(188,434)	353,345	(161,871)
Segment assets	888,832	1,411,006	3,269,146	(3,589,965)	25,773,028
Segment liabilities	157,934	590,028	862,912	(760,783)	11,830,134
Segment depreciation	9,430	33,934	56,224	(18,388)	575,668
Segment amortization	759	28,877	6,979	77,943	259,629

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	2023				
	Kakao Corp.	Kakao Games Corp.	Kakao Entertainment Corp.	Kakao Mobility Corp.	Kakaopay Corp. ¹
Revenue	₩ 2,499,600	₩ 1,025,086	₩ 1,873,535	₩ 601,811	₩ 615,363
Revenue from intercompany transactions	(186,952)	(28,628)	(99,930)	(13,754)	(158,224)
Net revenue	₩ 2,312,648	₩ 996,458	₩ 1,773,605	₩ 588,057	₩ 457,139
Segment profit (loss) before tax	₩ 201,283	₩ (365,122)	₩ (1,242,184)	₩ (46,479)	₩ (5,646)
Segment profit (loss)	102,109	(322,406)	(1,223,466)	(124,183)	(22,907)
Segment assets	11,354,868	3,471,016	3,305,195	1,437,546	3,966,487
Segment liabilities	4,171,696	1,845,489	1,878,486	417,741	2,031,711
Segment depreciation	237,431	34,614	36,390	92,688	27,719
Segment amortization	20,199	61,407	69,077	2,698	18,881

(in millions of Korean won)

	2023				
	Kakao Piccoma Corp.	KAKAO G Corp.	Others	Consolidation adjustments	Total
Revenue	₩ 577,215	₩ 756,076	₩ 319,598	₩ (711,282)	₩ 7,557,002
Revenue from intercompany transactions	(10,565)	(15,327)	(197,903)	711,282	-
Net revenue	₩ 566,650	₩ 740,749	₩ 121,695	₩ -	₩ 7,557,002
Segment profit (loss) before tax	₩ 2,578	₩ 89,670	₩ (248,765)	₩ (33,575)	₩ (1,648,240)
Segment profit (loss)	(25,251)	59,671	(257,075)	(3,161)	(1,816,669)
Segment assets	858,097	1,540,974	3,233,013	(3,987,228)	25,179,969
Segment liabilities	181,836	631,576	791,648	(628,813)	11,321,370
Segment depreciation	9,918	15,600	46,975	(12,104)	489,231
Segment amortization	462	3,786	7,711	87,204	271,424

For the years ended December 31, 2024 and 2023, the Group's revenues are primarily generated in Korea, and the most of non-current assets held by the group are located in Korea.

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The geographic information below analyses the Group's revenue for the years ended December 31, 2024 and 2023, by the Group's country of domicile.

*(in millions of
Korean won)*

	2024					
	Korea	Asia	North America	Europe	Others	Total
Revenue	₩ 6,230,791	₩ 1,069,043	₩ 396,664	₩ 155,680	₩ 19,515	₩ 7,871,693

*(in millions of
Korean won)*

	2023					
	Korea	Asia	North America	Europe	Others	Total
Revenue	₩ 6,080,792	₩ 958,520	₩ 313,433	₩ 148,110	₩ 56,147	₩ 7,557,002

There was no external customer contributing more than 10% of the total revenue for the years ended December 31, 2024 and 2023.

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7. Financial Instruments by Category

Carrying amounts of financial assets and liabilities by category as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		2024		2023
Financial assets				
Financial assets at fair value through profit or loss	₩	1,357,987	₩	1,317,349
Financial assets at fair value through other comprehensive income		2,147,496		1,658,868
Financial assets at amortized cost				
Cash and cash equivalents		6,145,133		5,389,191
Deposits		181,464		108,797
Short-term financial instruments		1,402,715		1,661,509
Long-term financial instruments		10,587		12,992
Financial assets at amortized cost		95,460		67,374
Trade receivables		537,737		622,027
Other current financial assets		776,062		646,471
Other non-current financial assets		268,921		289,534
		<u>9,418,080</u>		<u>8,797,897</u>
Derivative financial assets				
Current derivative financial assets		672		220
Non-current derivative financial assets		8,554		12,340
		<u>9,225</u>		<u>12,560</u>
	₩	<u>12,932,789</u>	₩	<u>11,786,675</u>

<i>(in millions of Korean won)</i>		2024		2023
Financial liabilities				
Financial liabilities at fair value through profit or loss ¹	₩	230,185	₩	230,376
Financial liabilities at amortized cost				
Trade and other payables		1,893,523		1,869,440
Short-term borrowings		1,886,868		1,629,452
Deposits received		1,624,684		1,236,620
Brokerage deposits ²		1,491,796		1,413,998
Other current financial liabilities ³		103,053		57,954
Non-current trade and other payables		6,885		67,666
Long-term borrowings		327,870		845,628
Other non-current financial liabilities ³		42,818		33,506
		<u>7,377,497</u>		<u>7,154,264</u>
Derivative financial assets				
Current derivative financial assets		126,364		8,196
		<u>126,364</u>		<u>8,196</u>
	₩	<u>7,734,046</u>	₩	<u>7,392,835</u>

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¹ It is the amount included in other current financial liabilities and other non-current liabilities in the consolidated statements of financial position (Note 13).

² It is the amount included in other current financial liabilities in the consolidated statements of financial position.

³ As at December 31, 2024, non-controlling interests in fund with maturity recognized as financial liabilities by the Group amount to ₩ 25,689 million (2023: ₩ 24,254 million).

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Net gains or losses on each category of financial instruments for the years ended December 31, 2024 and 2023, are as follows:

(in millions of
Korean won)

	2024					
	Gain on valuation (other comprehensive income)	Gain (loss) on valuation / sales (profit or loss)	Interest income (expenses)	Dividend income	Impairment loss	Gain on foreign currency translation and transaction
Financial assets						
Financial assets at fair value through profit or loss	₩ -	₩ (34,350)	₩ 524	₩ 884	₩ -	₩ 59
Financial assets at fair value through other comprehensive income	350,310	-	-	45,320	-	-
Financial assets at amortized cost and other financial assets	-	-	213,754	-	(44,543)	38,752
Derivative financial assets	-	149	-	-	-	-
Financial liabilities						
Financial liabilities at fair value through profit or loss	-	3,188	-	-	-	-
Financial liabilities at amortized cost and other financial liabilities	-	-	(136,518)	-	-	5,248
Derivative financial liabilities	-	49,912	-	-	-	-

(in millions of
Korean won)

	2023					
	Gain on valuation (other comprehensive income)	Gain (loss) on valuation / sales (profit or loss)	Interest income (expenses)	Dividend income	Impairment loss	Gain (loss) on foreign currency translation and transaction
Financial assets						
Financial assets at fair value through profit or loss	₩ -	₩ (21,040)	₩ 1,448	₩ 2,758	₩ -	₩ 5,887
Financial assets at fair value through other comprehensive income	137,433	-	-	26,827	-	-
Financial assets at amortized cost and other financial assets	-	-	194,071	-	(3,252)	(1,856)
Derivative financial assets	-	3,860	-	-	-	-
Financial liabilities						
Financial liabilities at fair value through profit or loss	-	183	(6)	-	-	28
Financial liabilities at amortized cost and other financial liabilities	-	-	(107,351)	-	-	(2,242)
Derivative financial liabilities	-	7,548	-	-	-	-

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8. Cash and Cash Equivalents, Short-term and Long-term Financial Instruments and Restricted Financial Instruments

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Details of cash and cash equivalents and short-term and long-term financial instruments as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Cash in bank and on hand and others	₩ 6,145,133	₩ 5,389,191
Short-term financial instruments	1,402,715	1,661,509
Long-term financial instruments – time deposits and others	10,587	12,992
	<u>₩ 7,558,435</u>	<u>₩ 7,063,692</u>

¹ See Note 38 for information about restricted deposits, trust and payment guarantees.

In addition, the Group's deposits of ₩ 33,388 million are pledged as collateral in relation to employees' bank loans (Note 38).

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Details of deposits as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
General instrument deposit	₩	24,000	₩	4,000
Separate investment deposit		4,000		8,300
Foreign currency separate investment deposit		80,962		5,025
Deposit for trading shares in foreign currency (trust)		63,072		83,437
Market derivatives transaction deposit		400		3,000
Deposit for opening a checking account		2		2
Other deposits		9,029		5,033
	₩	<u>181,464</u>	₩	<u>108,797</u>

Details of financial instruments that are reserved in accordance with the related laws as at December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won)</i>	Category	2024		2023		Purpose
Deposit	Separate investment deposit ¹	₩	4,000	₩	8,300	Separate depositing of customer's deposit
	Foreign currency separate investment deposit ¹		80,962		5,025	Separate depositing of customer's deposit
	Other deposits		2,500		2,500	Korea Exchange and securities market margin
Financial assets at fair value through profit or loss	Separate investment deposit (trust) ¹		904,113		674,177	Separate depositing of customer's deposit
	Joint funds for damages ²		1,010		1,010	Korea Exchange and Korea Securities Depository
		₩	<u>992,584</u>	₩	<u>691,012</u>	

¹ In accordance with Paragraph 4 in Article 74 of Financial Investment Services and Capital Markets Act, the Group separated customer's deposit and placed it in deposits with Korea Securities Finance Corp. in order to return the customer's deposit or to meet the demand of the customers. The deposits shall not be transferred to or provided as collateral and shall not be offset or seized by anyone.

² In accordance with Article 394 and Article 303 of Financial Investment Services and Capital Markets Act, the Group set aside the joint funds for damages in Korea Exchange and Korea Securities Depository to jointly compensate for losses incurred from default arising from transactions on the securities market.

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9. Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Cash and cash equivalents are all deposited in the financial institutions with high credit ratings.

10. Financial Assets

(1) Financial assets at fair value through profit or loss and derivative financial assets

Financial assets mandatorily measured at fair value through profit or loss and derivative financial assets include the following classes of financial assets:

<i>(in millions of Korean won)</i>	2024		2023	
Financial assets at fair value through profit or loss				
Current				
Beneficiary securities and others	₩	50,595	₩	155,705
Separate investment deposit (trust)		904,113		674,177
		<u>954,708</u>		<u>829,882</u>
Non-current				
Listed shares		3,804		2,620
Beneficiary securities and others		211,494		184,519
Unlisted equity securities and others		187,982		300,328
		<u>403,279</u>		<u>487,467</u>
	₩	<u>1,357,987</u>	₩	<u>1,317,349</u>
Derivative financial assets				
Current derivative financial assets	₩	672	₩	220
Non-current derivative financial assets		8,554		12,340
	₩	<u>9,225</u>	₩	<u>12,560</u>

The amounts recognized in profit or loss are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Losses on financial assets at fair value through profit or loss	₩	(32,884)	₩	(10,948)
Gains on derivative financial assets		149		3,860

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(2) Financial assets at fair value through other comprehensive income

Equity investments at fair value through other comprehensive income comprise the following individual investments:

<i>(in millions of Korean won)</i>	2024	2023
Non-current		
Listed equity securities		
FNC ENTERTAINMENT	₩ 1,804	₩ 3,263
SK TELECOM CO., LTD.	212,326	192,709
SK Square Co., Ltd.	197,188	130,796
Kadokawa Corporation	370,268	329,517
Action Square Co., Ltd.	3	2
VAIV company Inc	3,740	7,070
Krafton Corp.	236,547	161,333
ITOXI Corp.	64	71
ezCaretech Co., LTD.	7,705	8,459
KeyHolder Inc	3,264	3,643
	<u>1,032,911</u>	<u>836,863</u>
Unlisted equity securities	<u>1,114,585</u>	<u>822,005</u>
	<u>₩ 2,147,496</u>	<u>₩ 1,658,868</u>

The amounts recognized in the consolidated statements of comprehensive income are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Gains on financial assets at fair value through other comprehensive income	₩ 45,320	₩ 26,827
Other comprehensive income on financial assets at fair value through other comprehensive income	350,310	137,433

Upon disposal of these equity investments, any balance within the accumulated other comprehensive income (loss) for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

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(3) Trade receivables, other current financial assets and other non-current financial assets

Trade receivables and allowance for doubtful accounts as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Trade receivables	₩	556,661	₩	645,678
Less: loss allowance (Note 4)		(18,924)		(23,651)
Trade receivables - net	₩	<u>537,737</u>	₩	<u>622,027</u>

There is no collateral held by the Group.

Details of other current financial assets, other non-current financial assets and loss allowance as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Other current financial assets				
Non-trade receivables	₩	730,195	₩	556,171
Accrued revenues		27,008		37,730
Short-term loans receivable		14,139		23,489
Short-term loans to employees		2,891		2,081
Leasehold deposits		38,758		29,392
Others		15,103		13,037
		<u>828,094</u>		<u>661,900</u>
Other non-current financial assets				
Long-term non-trade receivables		34,346		37,439
Long-term accrued revenues		59		91
Long-term loans receivable		32,312		27,581
Long-term loans to employees		3,247		2,349
Leasehold deposits		174,592		187,194
Others		81,517		87,750
		<u>326,073</u>		<u>342,404</u>
		1,154,167		1,004,303
Less: loss allowance (Note 4)		(109,184)		(68,298)
	₩	<u>1,044,983</u>	₩	<u>936,006</u>

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11.Contract Assets and Liabilities

(1) Contract assets, incremental costs, contract liabilities and refund liabilities

Details of contract assets (other current assets), incremental costs of obtaining customers (other current and non-current assets), and contract liabilities and refund liabilities (other current and non-current liabilities), recognized in relation to contracts with customers, as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>		2024		2023
Contract assets	₩	50,720	₩	39,717
Incremental costs of obtaining contracts		8,607		9,588
Contract liabilities		466,080		448,340

There are no significant changes in contract assets, incremental costs of obtaining contracts and contract liabilities for the year ended December 31, 2024.

(2) Expenses and revenue recognized in relation to incremental costs of obtaining contracts and contract liabilities

The following table shows how much of the revenue and expenses recognized in the current reporting period relates to carried-forward incremental costs of obtaining contracts and contract liabilities.

<i>(in millions of Korean won)</i>		2024		2023
Expenses recognized that was included in the incremental costs of obtaining contracts balance at the beginning of the year				
Incremental costs of obtaining contracts	₩	7,494	₩	5,955
Revenue recognized that was included in the contract liabilities balance at the beginning of the year				
Contract liabilities		353,412		306,190

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(3) Classification of revenue from contracts with customers

<i>(in millions of Korean won)</i>	2024		2023	
Timing of revenue recognition				
At a point in time	₩	5,485,712	₩	5,204,668
Over time		2,273,099		2,304,483
Revenue from other sources				
Gains on valuation and sales of financial instruments		29,809		21,727
Gains on transaction of derivatives		219		3,188
Interest income		12,572		9,206
Gains on foreign currency transaction		33,981		8,016
Insurance revenue		35,560		5,594
Other operating income		741		120
	₩	<u>7,871,692</u>	₩	<u>7,557,002</u>

12.Trade and Other Payables

Trade and other payables as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Trade and other payables				
Trade payables	₩	227,323	₩	241,859
Non-trade payables		1,660,417		1,622,362
Withhold deposits received		5,783		5,219
		<u>1,893,523</u>		<u>1,869,440</u>
Non-current trade and other payables				
Long-term non-trade payables		6,488		67,268
Withhold deposits received		397		397
		<u>6,885</u>		<u>67,666</u>
	₩	<u>1,900,408</u>	₩	<u>1,937,106</u>

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13. Other Financial Liabilities

Other financial liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Other current financial liabilities		
Accrued expenses	₩ 161,107	₩ 142,112
Leasehold deposit received	685	-
Convertible preferred shares liabilities ¹	1,619	2,521
Brokerage deposits	1,491,796	1,413,998
Others	-	547
	<u>1,655,208</u>	<u>1,559,179</u>
Deposits received		
Deposits received	1,624,684	1,236,620
Other non-current financial liabilities		
Long-term accrued expenses	196,927	161,161
Long-term leasehold deposit received	15,718	14,494
Others	-	1,000
	<u>212,644</u>	<u>176,655</u>
	<u>₩ 3,492,535</u>	<u>₩ 2,972,453</u>

¹ Financial liabilities at fair value through profit or loss include the convertible preferred shares issued by a subsidiary and its details are as follows.

<i>(in millions of Korean won)</i>	Details
Issuer	Ocean Drive Studio Corp.
Date of issue	June 1, 2020
Value at issue	₩ 3,010
Conversion period	From a day after issuance date to a day before 10 years from issuance date (if not converted within the existence period, converted on a day after the expiration of the existence period)
Conversion rate	1 preferred share for 1 ordinary share (includes certain adjustments based on IPO offering price)

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14. Other Assets and Liabilities

Other assets as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Other current assets		
Advance payments	₩ 312,912	₩ 346,991
Prepaid expenses	99,069	94,716
Prepaid value added tax	8,503	9,410
Corporate tax refund receivable	12,537	12,618
Others	2,940	6,418
	<u>435,961</u>	<u>470,153</u>
Other non-current assets		
Long-term advance payments	268,902	245,155
Long-term prepaid expenses	11,723	10,522
	<u>280,626</u>	<u>255,677</u>
	<u>₩ 716,587</u>	<u>₩ 725,830</u>

Other liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Other current liabilities		
Advances from customers	₩ 343,976	₩ 227,079
Deferred revenues	144,533	97,201
Withholdings	41,749	185,011
Value added tax payable	82,075	87,220
Short-term employee benefits liabilities	236,034	211,738
Others	315	472
	<u>848,681</u>	<u>808,720</u>
Other non-current liabilities		
Long-term withholdings	143	-
Long-term advances from customers	10,845	16,499
Long-term deferred revenues	3,874	20,814
Others	2,269	1,307
	<u>17,132</u>	<u>38,620</u>
	<u>₩ 865,813</u>	<u>₩ 847,340</u>

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15. Inventories

Details of inventories as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Merchandise	₩ 50,582	₩ 92,533
Less: Valuation allowance for merchandise	(7,536)	(7,217)
Finished goods	29,484	24,490
Less: Valuation allowance for finished goods	(11,470)	(8,827)
Raw materials	450	28,116
Less: Valuation allowance for raw materials	(140)	(2,277)
Others	3,544	11,839
Less: Valuation allowance for others	(14)	(12)
	<u>₩ 64,901</u>	<u>₩ 138,644</u>

Inventories recognized as an expense during the year ended December 31, 2024, amounted to ₩ 507,254 million (2023: ₩ 493,281 million). These were included in 'operating expenses'.

Details of losses on abandonment and valuation of inventories included in operating expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Losses on valuation	₩ 7,655	₩ 5,765
Losses on abandonment	298	552
	<u>₩ 7,953</u>	<u>₩ 6,317</u>

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16. Investments in Associates and Joint Ventures

Investments in associates and joint venture¹ as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

(in millions of Korean won)

	Location	Percentage of ownership ¹⁰	2024		2023	
			Acquisition cost	Book amount	Book amount	
Associates						
Adlock Advertainment ³	Korea	12.1%	₩ 1,000	₩ 1,132	₩ 1,132	
Anycall Mobility Corp.	Korea	20.0%	1,000	1,114	1,085	
ATU e-sports Growth PE Fund ⁸	Korea	25.1%	5,195	4,760	5,204	
Caring Corp. ³	Korea	8.5%	3,142	2,447	2,613	
CNT TECH CO., LTD. ³	Korea	18.2%	5,001	7,970	7,479	
CHEQUER GLOBAL, Inc. ⁵	USA	-	-	-	-	
Deleo Korea Co., Ltd. ^{3,7}	Korea	9.0%	3,000	-	-	
DGT Mobility.	Korea	35.1%	3,095	6,406	5,152	
DIGISONIC CO., LTD. ³	Korea	9.5%	100	14	36	
D&C MEDIA CO., LTD.	Korea	22.9%	33,789	43,930	42,635	
DEVOTION FOODS Inc. ^{3,7}	Korea	17.7%	3,000	-	-	
DAEWON C.I. INC ³	Korea	19.8%	15,048	9,861	11,328	
DOZN CO., LTD ³	Korea	9.4%	547	4,305	3,355	
325 E&C	Korea	40.0%	2,400	1,012	1,140	
EASYGO CO., LTD.	Korea	20.0%	100	92	92	
G&G ENTERPRISE CO., LTD. ^{3,7,14}	Korea	1.8%	375	-	-	
GC Social Media Marketing, Inc.	USA	39.4%	3,578	1,163	3,463	
GOOD GANG LABS PTE. LTD. ³	Singapore	11.1%	2,586	2,888	2,610	
Haksan Publishing Co., Ltd. ³	Korea	19.8%	14,653	4,415	6,150	
Wyatt Co., Ltd ⁵	Korea	-	-	-	29,526	
Helios KDBC Video Digital Contents No. 1	Korea	42.2%	4,442	3,977	4,142	
Highup Entertainment	Korea	40.0%	4,000	423	3,927	
LEEMITELEESYUN CULTURE INDUSTRIAL JEONMUNHOESA INC. ⁷	Korea	20.0%	4	-	-	
InnoSignal CO., LTD. ³	Korea	14.3%	100	187	187	
JASON GROUP Co., Ltd. ³	Korea	13.1%	29,997	3,589	16,928	
KakaoBank Corp. ⁸	Korea	27.2%	788,748	1,807,789	1,694,798	
Korea Credit Data	Korea	21.3%	4,246	13,949	9,126	
K Cube NEO Fund ³	Korea	15.6%	2,520	1,359	1,878	
Kakao Growth Hacking Fund ³	Korea	15.3%	14,400	12,962	12,844	
KIF-Kakao Wooribank Technology Financing Fund ^{3,8}	Korea	19.7%	9,600	27,469	23,239	

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	Location	2024		2023	
		Percentage of ownership ¹⁰	Acquisition cost	Book amount	Book amount
Loadstars ⁷	Korea	22.3%	82	-	-
MANNACEA ⁷	Korea	21.9%	10,000	-	-
Keytalk AI Inc. ^{3,7}	Korea	14.0%	5,000	-	-
Neptune Co., Ltd.	Korea	41.0%	383,191	162,069	178,810
Socialbean Co., Ltd ⁵	Korea	-	-	-	476
Super Comics.	Korea	20.0%	2,000	517	1,089
Second Dive ³	Korea	19.8%	10,000	7,236	9,234
Skelter Labs, Inc. ¹¹	Korea	-	-	-	-
Seoul Media Comics, INC.	Korea	22.2%	10,000	8,204	7,461
S&T Solution Co.,Ltd.	Korea	20.0%	1,245	1,101	1,057
Stage five Co., Ltd. ¹¹	Korea	-	-	-	16,135
Kakao-Shinhan 1st TNYT Fund ³	Korea	19.4%	5,970	3,426	3,805
TOROOO Inc. ³	Korea	8.0%	1,000	138	89
Tide Square Co., Ltd. ⁷	Korea	22.4%	26,464	-	1,824
Teins Valley ¹⁵	Korea	-	-	-	435
UNION K-Culture Contents Investment Fund ⁸	Korea	33.3%	4,633	4,092	7,039
MUSTIT. CO., Ltd. ³	Korea	4.4%	9,992	713	4,618
Kakao Style Corp. ⁶	Korea	50.6%	173,437	126,703	125,917
UTC Kakao SK Telecom ESG Fund	Korea	48.2%	10,000	9,198	9,495
HongKong TXKP Limited	Hong Kong	49.0%	23,196	12,763	21,060
Nubility ³	Korea	7.4%	2,000	462	1,089
Reality Magic ⁷	Korea	21.1%	5,556	-	-
Autonomous A2Z ³	Korea	9.1%	11,000	6,010	7,640
Humanscape ³	Korea	17.7%	17,028	4,224	4,875
Grip Company	Korea	48.2%	177,077	68,910	94,774
Metaverse Entertainment	Korea	23.0%	12,000	395	7,639
Atwater Capital Partners I, L.P. ¹⁴	USA	38.2%	1,143	2,100	1,905
Romance Crew ⁷	Korea	20.0%	40	-	-
Bluepoint Discovery Venture Fund No.2	Korea	20.8%	2,000	1,673	1,887
TNK Factory	Korea	40.5%	38,302	36,838	40,075
Galux ³	Korea	4.8%	5,001	1,863	3,960
RECON Labs. ³	Korea	1.9%	500	121	142
e.Form Works ^{3,7}	Korea	19.3%	733	-	4
LOVO INC. ³	USA	17.3%	4,107	2,114	2,338
Atwater Soundtrack SPV, LP ²	USA	26.6%	3,825	5,779	4,096
HitchMED Co., Ltd. ¹³	Korea	-	-	-	179

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	Location	2024			2023
		Percentage of ownership ¹⁰	Acquisition cost	Book amount	Book amount
Mediasphere CO., LTD. ³	Korea	13.0%	300	184	11
MORE VISION	Korea	20.0%	1,500	153	1,755
GRAYGO Corp.	Korea	34.1%	68,247	18,601	31,154
TheCheat	Korea	23.6%	2,509	2,744	2,568
Siebert Financial Corp.	USA	20.1%	23,255	30,262	22,810
altimobility Corp. ^{3,7}	Korea	11.8%	5,600	-	-
TEEware Corp. ^{2,13}	Korea	-	-	-	1,707
Let's go Together Kakao Games Win-win Fund	Korea	38.7%	8,000	7,201	7,712
Jeju-vision Venture Investment Association No.1.	Korea	21.9%	300	284	289
Enolink Holdings, Inc. ³	USA	7.4%	7,264	-	4,158
Girl Rivers Cultural Industry Company Ltd. ⁷	Korea	30.0%	3	-	-
YANADU. ^{3,7}	Korea	16.8%	5,842	-	-
KLleon Inc. ³	USA	12.7%	2,618	333	1,960
GOLF VX CORP. ¹²	USA	-	-	-	2,445
Haotoun China Co., Ltd	China	22.0%	876	272	852
PT Green Wind Culture	China	40.2%	135	136	110
Galaxia SM, INC. ¹²	Korea	-	-	-	12,722
ESTEEM ³	Korea	18.5%	1,964	2,768	2,396
MYSTIC STORY INC. ⁷	Korea	20.7%	-	-	-
Dreamus Company ³	Korea	13.4%	33,740	33,077	35,563
DEAR U Co., Ltd.	Korea	33.7%	367,853	265,042	256,698
Studio Flow, Inc.	Korea	31.6%	29,424	14,549	22,749
KIDS NOTE, INC	Korea	48.4%	29,690	15,494	27,520
UJUMUNBANGGU CO., LTD. ³	Korea	9.1%	800	546	754
SNCO SOFTWARE PTE. LTD.	Singapore	35.1%	1,018	449	987
DOZN GLOBAL PTE. LTD ³	Singapore	10.0%	99	72	92
YUMOBILRITISAMO INVESTMENT LIMITED PARTNERSHIP	Korea	36.6%	5,000	4,890	4,988
KDBC-FP Technext Investment Association No.1	Korea	22.2%	3,575	3,721	3,537
KEENS GROUND CO.,LTD. ^{2,3}	Korea	10.2%	32	30	-
New Ark No. 24-1 Private Equity Fund ²	Korea	23.9%	8,000	7,915	-
KORNATUS. CO.,LTD. ^{2,3}	Korea	5.3%	2,000	757	-
SOY MEDIA CO.,LTD. ^{2,3}	Korea	13.9%	2,955	3,038	-
ADLER INC. ^{2,3}	Korea	4.3%	500	396	-

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	Location	Percentage of ownership ¹⁰	2024	2023	
			Acquisition cost	Book amount	Book amount
SNAPTAG INC. ^{2,3}	Korea	4.0%	2,000	1,572	-
LEMONTREE INC. ^{2,3}	Korea	7.6%	2,000	1,750	-
LG Uplus VoltUp Corp. ²	Korea	50.0%	50,000	36,356	-
VOICE CADDIE X, LTD. (formerly, VC Soft) ^{2,3}	Korea	12.7%	1,000	937	-
Others (69 companies) 2,3,4,5,7,8,11,14,16	Korea and others	0.2%~49.0%	57,131	22,406	33,929
			<u>2,637,418</u>	<u>2,905,797</u>	<u>2,928,682</u>
Joint ventures					
DAUM KAKAO PHILIPPINES CORP. ⁷	Philippines	50.0%	1,072	-	-
PHI digital healthcare Inc.	Korea	50.0%	5,000	4,112	4,451
SPLYT GROUP LTD. ^{7,9}	UK	49.0%	-	-	-
FITNESSCANDY CO., LTD ¹³	Korea	-	-	-	1,127
CHANGWON CULTURE BOKHAP TOWN CO., LTD. ⁹	Korea	18.2%	370	349	353
SM True Company Limited ⁹	Thailand	49.0%	5,517	10,889	6,626
			<u>11,959</u>	<u>15,350</u>	<u>12,557</u>
			<u>₩ 2,649,377</u>	<u>₩ 2,921,148</u>	<u>₩ 2,941,239</u>

¹ All investments in associates and joint venture are unlisted securities excluding D&C MEDIA CO., LTD., Neptune Co., Ltd., KakaoBank Corp., Galaxia SM, INC., DEAR U Co., Ltd. and Siebert Financial Corp.

² Newly and additionally acquired during 2024.

³ Although the Group holds less than 20% of equity shares, the Group is considered to have a significant influence as the Group holds voting power to participate in the investee's Board of Directors.

⁴ Small-sized entities invested by KAKAO Venture Fund, Kakao digital contents Fund, Kakao Game Growth Share Fund, KAKAO CCVC Jeju Creative Economy Innovative Fund, Kakao Copilot Fund No. 1 and Kakao Copilot Fund No. 2 with the ownership percentage of 0.2%~49.0% and classified as associates as the Group is considered to have a significant influence.

⁵ Entirely disposed of during 2024.

⁶ Although the equity interest exceeds 50%, considering related agreements, the Group has significant influence over the investee, thus recognized it as an associate.

⁷ The use of equity method was ceased due to decrease of carrying values resulted from sluggish sales and others.

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⁸ Dividends received from investees were deducted from the book amount of investments in associates.

⁹ Although the Group holds less than 50% of equity shares, the entities were recognized as joint ventures as the Group has a joint control over the entities.

¹⁰ Presented as effective percentage of ownership considering treasury shares.

¹¹ Reclassified to a financial asset at fair value through profit or loss from an associate due to loss of significant influence during 2024.

¹² Investments in associates are reclassified to assets held for sale during 2024.

¹³ Excluded from associates and joint ventures due to liquidation during 2024.

¹⁴ Partially disposed of during 2024.

¹⁵ Reclassified from an associate to a subsidiary due to acquisition of control during 2024.

¹⁶ Reclassified to a financial asset at fair value through other comprehensive income from an associate due to loss of significant influence during 2024.

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Changes in carrying amounts of investments in associates and joint venture for the years ended December 31, 2024 and 2023, are as follows:

(in millions of
Korean won)

(in millions of Korean won)

2024																				
	Beginning balance		Changes in scope of consolidation		Acquisition		Disposal		Dividends		Impairment		Reclassifi- cation		Profits (losses) of associates accounted for using equity method	Share of other comprehensive income (loss) of associates	Others ¹	Ending balance		
Associates																				
Adlock Advertainment	₩	1,132	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	1,132
Anycall Mobility Corp		1,085		-		-		-		-		-		-		29	-	-		1,114
ATU e-sports Growth PE Fund ⁶		5,204		-		-		-		(304)		-		-		(140)	-	-		4,760
Caring Corp.		2,613		-		-		-		-		-		-		(173)	-	8		2,4478
CNT TECH CO., LTD.		7,479		-		-		-		-		-		-		510	(19)	-		7,970
DGT mobility.		5,152		-		-		-		-		-		-		1,255	-	-		6,407
DIGISONIC CO., LTD.		36		-		-		-		-		-		-		(22)	-	-		14
D&C MEDIA CO., LTD.		42,635		-		-		-		-		-		-		2,023	(762)	34		43,930
DAEWON C.I. INC.		11,328		-		-		-		-		(1,969)		-		164	338	-		9,861
DOZN CO., LTD		3,355		-		-		-		-		-		-		994	6	(50)		4,305
325 E&C		1,140		-		-		-		-		-		-		(128)	-	-		1,012
EASYGO CO., LTD.		92		-		-		-		-		-		-		1	-	-		93
e.Form Works ⁵		4		-		-		-		-		-		-		(4)	-	-		-
GC SOCIAL MEDIA MARKETING, INC.		3,463		-		-		-		-		(2,412)		-		(327)	439	-		1,163
GOOD GANG LABS PTE. LTD.		2,610		-		-		-		-		-		-		-	278	-		2,888
Haksan Publishing Co., Ltd.		6,150		-		-		-		-		(1,528)		-		(88)	(120)	-		4,414
Wyatt co., Ltd ⁴		29,526		-		-		(28,270)		-		-		-		(1,224)	(32)	-		-
Helios KDBC Video Digital		4,142		-		-		-		-		(82)		-		(83)	-	-		3,977

KAKAO CORP. and Subsidiaries

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	2024										
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	Ending balance
Contents No. 1											
Highup Entertainment	3,927	-	-	-	-	(2,011)	-	(1,493)	-	-	423
InnoSignal CO., LTD.	187	-	-	-	-	-	-	-	-	-	187
JASON GROUP Co., Ltd.	16,928	-	-	-	-	(13,155)	-	(181)	(3)	-	3,589
KakaoBank Corp. ⁶	1,694,798	-	-	-	(19,430)	-	-	117,940	14,660	(179)	1,807,789
Korea Credit Data	9,126	-	-	-	-	-	-	(8,251)	2,714	10,360	13,949
K Cube NEO Fund	1,878	-	-	-	-	-	-	(504)	(15)	-	1,359
Kakao Growth Hacking Fund	12,844	-	-	-	-	-	-	118	-	-	12,962
KIF-Kakao Wooribank Technology Financing Fund ⁶	23,239	-	-	-	(4,748)	-	-	5,706	3,272	-	27,469
Neptune Co., Ltd.	178,810	-	-	-	-	(12,341)	-	(15,000)	10,853	(253)	162,069
Socialbean Co., Ltd ⁴	476	-	-	(562)	-	-	-	86	-	-	-
Super Comics.	1,089	-	-	-	-	(418)	-	(180)	26	-	517
Second Dive	9,234	-	-	-	-	(1,836)	-	(162)	-	-	7,236
Seoul Media Comics, INC.	7,461	-	-	-	-	(19)	-	795	(33)	-	8,204
S&Tsolution Co.,Ltd.	1,057	-	-	-	-	-	-	43	-	-	1,100
Stage five Co., Ltd. ⁹	16,135	-	-	-	-	-	(15,512)	(386)	(4)	(233)	-
Kakao-Shinhan 1st TNYT Fund	3,805	-	-	-	-	-	-	(379)	-	-	3,426
TOROOO Inc.	89	-	-	-	-	-	-	49	-	-	138
Tide Square Co., Ltd. ⁵	1,824	-	-	-	-	-	-	(2,100)	276	-	-
Teins Valley ¹¹	435	(390)	-	-	-	-	-	(45)	-	-	-
UNION K-Culture Contents	7,039	-	-	-	(2,033)	-	-	(913)	-	-	4,092

KAKAO CORP. and Subsidiaries
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	2024										
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	Ending balance
Investment Fund ⁶											
MUSTIT. CO., Ltd.	4,618	-	-	-	-	(3,597)	-	(309)	-	-	712
Kakao Style Corp.	125,917	-	-	-	-	-	-	1,093	(122)	(184)	126,704
UTC Kakao SK Telecom ESG Fund	9,495	-	-	-	-	-	-	(297)	-	-	9,198
HongKong TXKP Limited	21,060	-	-	-	-	(7,904)	-	(3,100)	2,707	-	12,763
Nubility	1,089	-	-	-	-	-	-	(728)	-	101	462
Autonomous A2Z	7,640	-	-	-	-	-	-	(4,708)	947	2,131	6,010
Humanscape	4,875	-	-	-	-	-	-	(654)	(20)	23	4,224
Grip Company	94,774	-	-	-	-	(19,417)	-	(6,499)	-	53	68,911
Metaverse Entertainment	7,639	-	-	-	-	-	-	(7,195)	(49)	-	395
Atwater Capital Partners I, L.P. ⁸	1,905	-	-	(1)	-	-	-	(65)	262	-	2,101
Bluepoint Discovery Venture Fund No.2	1,887	-	-	-	-	-	-	(214)	-	-	1,673
TNK Factory	40,075	-	-	-	-	-	-	(1,806)	232	(1,663)	36,838
Galux	3,960	-	-	-	-	(1,020)	-	(770)	(307)	-	1,863
RECON Labs.	142	-	-	-	-	-	-	(93)	-	72	121
LOVO Inc.	2,338	-	-	-	-	-	-	(521)	297	-	2,114
Atwater Soundtrack SPV, LP ³	4,096	-	79	-	-	-	-	959	655	(10)	5,779
HitchMED Co., Ltd. ¹⁰	179	-	-	(179)	-	-	-	-	-	-	-
Mediasphere CO., LTD.	11	-	-	-	-	-	-	(126)	-	299	184
MORE VISION	1,755	-	-	-	-	(799)	-	(803)	-	-	153
GRAYGO Corp.	31,154	-	-	-	-	(7,509)	-	(5,044)	-	-	18,601

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	2024										
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	Ending balance
TheCheat	2,568	-	-	-	-	-	-	177	-	-	2,745
Siebert Financial Corp.	22,810	-	-	-	-	-	-	4,008	3,509	(66)	30,261
TEEware Corp. ^{3,10}	1,707	-	300	(1,998)	-	-	-	(18)	9	-	-
Let's go Together Kakao Games Win-win Fund	7,712	-	-	-	-	-	-	(512)	-	-	7,200
Jeju-vision Venture Investment Association No.1.	289	-	-	-	-	-	-	(5)	-	-	284
Enolink Holdings, Inc.	4,158	-	-	-	-	(1,751)	-	(2,756)	348	1	-
KLleon Inc.	1,960	-	-	-	-	(1,267)	-	-	-	(360)	333
GOLF VX CORP. ⁷	2,445	-	-	-	-	-	(1,921)	(804)	280	-	-
Haotoon China Co., Ltd	852	-	-	-	-	(508)	-	(118)	46	-	272
PT Green Wind Culture	110	-	-	-	-	-	-	15	11	-	136
Galaxia SM, INC. ⁷	12,722	-	-	-	-	(1,744)	(11,004)	-	-	26	-
ESTEEM	2,396	-	-	-	-	-	-	373	(1)	-	2,768
Dreamus Company	35,563	-	-	-	-	-	-	(2,469)	(17)	-	33,077
DEAR U Co., Ltd.	256,698	-	-	-	-	-	-	7,481	863	-	265,042
Studio Flow, Inc.	22,749	-	-	-	-	(6,605)	-	(1,613)	18	-	14,549
KIDS NOTE, INC	27,520	-	-	-	-	(12,092)	-	21	45	-	15,494
UJUMUNBANGGU CO., LTD.	754	-	-	-	-	-	-	(209)	-	-	545
SNCO SOFTWARE PTE. LTD.	987	-	-	-	-	(639)	-	(4)	105	-	449
DOZN GLOBAL PTE. LTD	92	-	-	-	-	-	-	(28)	8	-	72
YUMOBILRITISAMO	4,988	-	-	-	-	-	-	(99)	-	-	4,889

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	2024										
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	Ending balance
INVESTMENT LIMITED PARTNERSHIP											
KDBC-FP Technext Investment Association No.1	3,537	-	-	-	-	-	-	184	-	-	3,721
KEENS GROUND CO.,LTD. ²	-	-	32	-	-	-	-	(2)	-	-	30
New Ark No. 24-1 Private Equity Fund ²	-	-	8,000	-	-	-	-	(85)	-	-	7,915
KORNATUS. CO.,LTD. ²	-	-	2,000	-	-	-	-	(1,243)	-	-	757
SOY MEDIA CO.,LTD. ²	-	-	3,202	-	-	-	-	(192)	28	-	3,038
ADLER INC. ²	-	-	500	-	-	-	-	(104)	-	-	396
SNAPTAG INC. ²	-	-	2,000	-	-	-	-	(428)	-	-	1,572
LEMONTREE INC. ²	-	-	2,000	-	-	-	-	(250)	-	-	1,750
LG Uplus VoltUp Corp. ²	-	-	50,000	-	-	-	-	(6,460)	(7,184)	-	36,356
VOICE CADDIE X, LTD. (formerly, VC Soft) ²	-	-	1,000	-	-	-	-	(63)	-	-	937
Others (84 companies) ^{2,3,4,5,6,8,9,10,12}	33,929	-	6,097	(4,740)	(534)	30	(6,019)	(10,237)	(28)	3,909	22,405
	2,928,682	(390)	75,210	(35,750)	(27,049)	(100,593)	(34,456)	51,610	34,516	14,019	2,905,797
Joint ventures											
PHI digital healthcare Inc.	4,451	-	-	-	-	-	-	(339)	-	-	4,112
FITNESSCANDY CO., LTD ¹⁰	1,127	-	-	-	-	(563)	-	(564)	-	-	-
CHANGWON CULTURE BOKHAP TOWN CO.,	353	-	-	-	-	-	-	(4)	-	-	349

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	2024										Ending balance
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	
LTD.	6,626	-	-	-	-	-	-	2,982	1,281	-	10,889
SM True Company Limited ⁷	12,557	-	-	-	-	(563)	-	2,075	1,281	-	15,350
	₩ 2,941,239	₩ (390)	₩ 75,210	₩ (35,750)	₩ (27,049)	₩ (101,156)	₩ (34,456)	₩ 53,686	₩ 35,796	₩ 14,019	₩ 2,921,148

KAKAO CORP. and Subsidiaries
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¹ Others include gain or loss on disposal from changes in percentage of ownership while maintaining significant influence during 2024.

² Newly acquired and established during 2024.

³ Additionally acquired during 2024.

⁴ Entirely disposed of during 2024.

⁵ The use of equity method was ceased due to decrease of carrying values resulted from sluggish sales and others.

⁶ Dividends received from investees were deducted from the book amount of investments in associates.

⁷ Investments in associates are reclassified to assets held for sale during 2024.

⁸ Partially disposed of during 2024.

⁹ Reclassified to a financial asset at fair value through profit or loss from an associate due to loss of significant influence during 2024.

¹⁰ Excluded from associates and joint ventures due to liquidation during 2024.

¹¹ Reclassified from an associate to a subsidiary due to acquisition of control during 2024.

¹² Reclassified to a financial asset at fair value through other comprehensive income from an associate due to loss of significant influence during 2024.

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2023																			
	Beginning balance		Changes in scope of consolidation		Acquisition		Disposal		Dividends		Impairment		Reclassifi- cation		Profits (losses) of associates accounted for using equity method	Share of other comprehensive income (loss) of associates	Others ¹	Ending balance	
Associates																			
Adlock Advertainment	₩	1,132	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	1,132
Anycall Mobility Corp		1,026		-		-		-		-		-		-	59		-	-	1,085
ATU e-sports Growth PE Fund		5,308		-		-		-		-		-		-	(103)		-	-	5,205
Caring Corp.		8,057		-		-		-		-		-		-	276		-	(5,720)	2,613
CLAIR, Inc. ¹²		210		-		-		-		-		-	(88)		(122)		-	-	-
CNT TECH CO., LTD.		6,948		-		-		-		-		-		-	364		166	-	7,478
Deleo Korea Co., Ltd. ⁶		162		-		-		-		-		-		-	(162)		-	-	-
DGT mobility. ⁴		4,664		-		-		(577)		-		-		-	1,065		-	-	5,152
DIGISONIC CO., LTD.		55		-		-		-		-		-		-	(20)		-	-	35
D&C MEDIA CO., LTD.		42,426		-		-		-		-		-		-	437		2	(229)	42,636
DEVOTION FOODS Inc.		2,155		-		-		-		-	(1,780)		-		(666)		-	291	-
DAEWON C.I. INC.		10,303		-		-		-		-		-		-	1,025		-	-	11,328
DOZN CO., LTD		2,276		-		-		-		-		-		-	1,111		-	(32)	3,355
325 E&C		1,819		-		-		-		-	(735)		-		56		-	-	1,140
EASYGO CO., LTD.		92		-		-		-		-		-		-	-		-	-	92
e.Form Works		-		-		-		-		-		-		-	(596)		-	600	4
G&G ENTERPRISE CO., LTD.		3,112		-		-		-		-	(2,444)		-		(668)		-	-	-
GC SOCIAL MEDIA MARKETING, INC.		3,570		-		-		-		-		-		-	(172)		65	-	3,463
GOOD GANG LABS PTE. LTD. ²		-		-		2,610		-		-		-		-	-		-	-	2,610
Haksan Publishing Co.,		11,632		-		-		-		-	(4,538)		-		(770)		(173)	-	6,151

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	2023										Ending balance
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	
Ltd.											
Wyatt co., Ltd ³	7,121	-	28,089	-	-	(9,523)	-	3,628	82	129	29,526
Helios KDBC Video Digital Contents No. 1	4,269	-	-	-	-	-	-	(128)	-	-	4,141
Highup Entertainment	3,510	-	-	-	-	-	-	417	-	-	3,927
InnoSignal CO., LTD.	185	-	-	-	-	-	-	2	-	-	187
JASON GROUP Co., Ltd.	17,236	-	-	-	-	-	-	(309)	-	-	16,927
KakaoBank Corp. ⁸	1,589,134	-	-	-	(10,363)	-	-	92,895	25,224	(2,093)	1,694,797
Korea Credit Data	20,423	-	-	-	-	-	-	(11,667)	(562)	932	9,126
K Cube NEO Fund	1,981	-	-	-	-	-	-	(117)	15	-	1,879
Kakao Growth Hacking Fund ⁸	14,349	-	-	-	(1,600)	-	-	95	-	-	12,844
KIF-Kakao Wooribank Technology Financing Fund ⁸	22,180	-	-	-	(9,939)	-	-	9,087	1,910	-	23,238
Loadstars ⁶	11	-	-	-	-	-	-	(11)	-	-	-
LUXROBO CO., LTD.	1,348	-	-	-	-	-	-	(458)	21	29	940
MANNACEA ⁶	113	-	-	-	-	-	-	(129)	16	-	-
Neptune Co., Ltd.	193,064	-	-	-	-	-	-	(18,090)	4,302	(466)	178,810
Ocean Drive Studio Corp. ^{6,9}	3,359	-	-	-	-	-	-	(3,359)	-	-	-
Socialbean Co., Ltd	40	-	-	-	-	-	-	103	-	333	476
Super Comics.	1,392	-	-	-	-	-	-	(303)	-	-	1,089
Second Dive	7,761	-	-	-	-	-	-	1,474	-	-	9,235
Skelter Labs, Inc. ⁶	369	-	-	-	-	-	-	(369)	(1)	1	-

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	2023										Ending balance
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	
Seoul Media Comics, INC.	7,374	-	-	-	-	-	-	87	-	-	7,461
S&Tsolution Co.,Ltd.	1,100	-	-	-	-	-	-	(43)	-	-	1,057
Stage five Co., Ltd. ¹³	64,019	-	-	-	-	-	(41,121)	(4,458)	(16)	(2,290)	16,134
Kakao-Shinhan 1st TNYT Fund	4,747	-	-	-	-	-	-	(941)	(1)	-	3,805
TOROOO Inc.	66	-	-	-	-	-	-	(41)	-	64	89
Tide Square Co., Ltd.	7,015	-	-	-	-	-	-	(5,012)	(179)	-	1,824
Teins Valley	404	-	-	-	-	-	-	31	-	-	435
UNION K-Culture Contents Investment Fund ^{3,8}	7,865	-	2,500	-	(3,333)	-	-	7	-	-	7,039
MUSTIT. CO., Ltd.	5,723	-	-	-	-	-	-	(1,105)	-	-	4,618
Kakao Style Corp.	132,611	-	-	-	-	-	-	(4,867)	(1,603)	(224)	125,917
UTC Kakao SK Telecom ESG Fund ³	5,710	-	4,000	-	-	-	-	(215)	-	-	9,495
HongKong TXKP Limited	23,581	-	-	-	-	-	-	(2,960)	440	-	21,061
Nubility	1,556	-	-	-	-	-	-	(524)	-	57	1,089
Reality Magic	4,557	-	-	-	-	(4,084)	-	(473)	-	-	-
The M Company ⁵	1,167	-	-	(1,167)	-	-	-	-	-	-	-
Autonomous A2Z ^{3,4}	5,229	-	5,000	(347)	-	-	-	(4,250)	203	1,805	7,640
Humanscape	15,078	-	-	-	-	-	-	(8,051)	36	(2,188)	4,875
Grip Company	164,121	-	-	-	-	(58,460)	-	(9,844)	-	(1,043)	94,774
Metaverse Entertainment	9,152	-	-	-	-	(5,905)	-	(3,842)	59	8,175	7,639
Atwater Capital Partners I, L.P.	1,753	-	-	-	-	-	-	185	29	(62)	1,905
Bluepoint Discovery	738	-	1,200	-	-	-	-	(51)	-	-	1,887

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	2023										
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	Ending balance
Venture Fund No.2 ³											
TNK Factory	39,910	-	-	-	-	-	-	166	(1)	-	40,075
Galux	4,210	-	-	-	-	-	-	(556)	306	-	3,960
RECON Labs.	382	-	-	-	-	-	-	(240)	-	-	142
LOVO Inc.	4,183	-	-	-	-	(1,810)	-	(76)	44	(3)	2,338
Atwater Soundtrack SPV, LP	5,110	-	-	-	-	-	-	(1,122)	108	-	4,096
HitchMED Co., Ltd.	1,447	-	-	-	-	(586)	-	(682)	-	-	179
Mediasphere CO., LTD. ²	-	-	300	-	-	-	-	(289)	-	-	11
MORE VISION	1,676	-	-	-	-	-	-	79	-	-	1,755
Love Alarm Culture Industry Special Purpose Company Ltd. ^{8,10}	10	-	-	(1)	(8)	-	-	(1)	-	-	-
Catchers Cultural Industry Company. ⁹	1	(1)	-	-	-	-	-	(6)	-	5	-
GRAYGO Corp.	71,005	-	-	-	-	(37,543)	-	(2,309)	-	-	31,153
TheCheat	2,545	-	-	-	-	-	-	23	-	-	2,568
Siebert Financial Corp. ²	-	-	23,255	-	-	-	-	428	(873)	-	22,810
altimobility Corp. ⁶	2,882	-	-	-	-	-	-	(2,882)	-	-	-
TEEware Corp. ³	1,301	-	649	-	-	-	-	(285)	43	-	1,708
Let's go Together Kakao Games Win-win Fund ³	5,942	-	2,000	-	-	-	-	(230)	-	-	7,712
Jeju-vision Venture Investment Association No.1.	300	-	-	-	-	-	-	(11)	-	-	289
Enolink Holdings, Inc.	6,348	-	-	-	-	-	-	(6,170)	2,929	1,052	4,159

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	2023										
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassifi- cation	Profits (losses) of associates accounted for using equity method	Share of other comprehen- sive income (loss) of associates	Others ¹	Ending balance
Girl Rivers Cultural Industry Company Ltd. ⁶	1	-	-	-	-	-	-	(1)	-	-	-
KLleon Inc. ¹⁵	640	-	-	-	-	-	1,018	194	25	83	1,960
GOLF VX CORP. ²	-	-	2,549	-	-	-	-	(136)	31	-	2,444
Haotoun China Co., Ltd ²	-	-	882	-	-	-	-	32	(63)	-	851
PT Green Wind Culture ²	-	-	135	-	-	-	-	-	(24)	-	111
SM BRAND MARKETING Co., LTD. ^{7,9}	-	-	-	-	-	-	-	355	11	(366)	-
Galaxia SM, INC. ⁷	-	8,837	-	-	-	-	-	428	3,457	-	12,722
ESTEEM ⁷	-	1,964	-	-	-	-	-	14	-	417	2,395
Dreamus Company ⁷	-	33,740	-	-	-	-	-	(455)	3	2,274	35,562
SPEEKER CO., LTD. ^{5,7}	-	220	-	(226)	-	-	-	6	-	-	-
UAM CO., LTD. ^{5,7}	-	13	-	(13)	-	-	-	-	-	-	-
MILLION MARKET CO., LTD. ^{5,7}	-	282	-	(336)	-	-	-	54	-	-	-
DEAR U Co., Ltd. ⁷	-	367,853	-	-	-	(115,624)	-	5,527	(420)	(638)	256,698
Studio Flow, Inc. ⁷	-	29,424	-	-	-	(6,168)	-	(523)	15	-	22,748
KIDS NOTE, INC ¹¹	-	-	-	-	-	-	29,690	(1,984)	(186)	-	27,520
UJUMUNBANGGU CO., LTD. ²	-	-	800	-	-	-	-	(45)	-	-	755
SNCO SOFTWARE PTE. LTD. ²	-	-	1,018	-	-	-	-	(46)	15	-	987
DOZN GLOBAL PTE. LTD ²	-	-	99	-	-	-	-	(6)	(1)	-	92
YUMOBILRITISAMO INVESTMENT LIMITED PARTNERSHIP ²	-	-	5,000	-	-	-	-	(12)	-	-	4,988

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(in millions of Korean won)

	2023										
	Beginning balance	Changes in scope of consolidation	Acquisition	Disposal	Dividends	Impairment	Reclassification	Profits (losses) of associates accounted for using equity method	Share of other comprehensive income (loss) of associates	Others ¹	Ending balance
KDBC-FP Technext Investment Association No.1 ¹⁴	-	-	-	-	-	-	3,575	(38)	-	-	3,537
Others (83 companies) 2,3,4,5,6,7,8,10,12	43,074	-	6,100	(8,263)	(888)	(507)	(492)	(11,434)	541	4,861	32,992
	2,647,325	442,332	86,186	(10,930)	(26,131)	(249,707)	(7,418)	5,275	35,995	5,755	2,928,682
Joint ventures											
DAUM KAKAO PHILIPPINES CORP. ⁶	-	-	-	-	-	-	-	-	-	-	-
PHI digital healthcare Inc.	4,574	-	-	-	-	-	-	(123)	-	-	4,451
SPLYT GROUP LTD. ^{2,6}	-	-	-	-	-	-	-	-	-	-	-
The Celebrity Inc. ^{5,7}	-	-	-	-	-	-	-	-	-	-	-
FITNESSCANDY CO., LTD ^{3,7}	-	1,958	1,323	-	-	-	-	(2,153)	-	-	1,128
CHANGWON CULTURE BOKHAP TOWN CO., LTD. ⁷	-	370	-	-	-	-	-	(17)	-	-	353
SM True Company Limited ⁷	-	5,517	-	-	-	-	-	979	130	-	6,626
	4,574	7,845	1,323	-	-	-	-	(1,314)	130	-	12,557
	₩ 2,651,898	₩ 450,177	₩ 87,509	₩ (10,930)	₩ (26,131)	₩ (249,707)	₩ (7,418)	₩ 3,960	₩ 36,125	₩ 5,755	₩ 2,941,239

KAKAO CORP. and Subsidiaries
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¹ Others include gain or loss on disposal from changes in percentage of ownership while maintaining significant influence during 2023.

² Newly acquired during 2023.

³ Additionally acquired during 2023.

⁴ Partially disposed of during 2023.

⁵ Entirely disposed of during 2023.

⁶ The use of equity method was ceased due to a decrease of carrying values resulted from sluggish sales and others.

⁷ As the Group acquired the control over SM Entertainment Co., Ltd. during 2023, its associates are newly included.

⁸ Dividends received from investees were deducted from the book amount of investments in associates.

⁹ Reclassified to a subsidiary from an associate due to acquisition of additional shares during 2023.

¹⁰ Excluded from associates due to liquidation during 2023.

¹¹ Reclassified from a subsidiary to an associate due to loss of control during 2023.

¹² Reclassified to a financial asset at fair value through other comprehensive income from an associate due to loss of significant influence during 2023.

¹³ Investments in associates are partially reclassified to assets held for sale.

¹⁴ Reclassified to associates from financial assets measured at fair value through profit or loss as the Group acquired significant influence during 2023.

¹⁵ Reclassified to associates as the criteria under conditional acquisition arrangement to convert the financial assets measured at fair value through profit or loss to equity shares has been met.

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Fair value of investments in associates that has a quoted market price as at December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

	2024		2023	
	Fair value	Book amount	Fair value	Book amount
Associates				
KakaoBank Corp.	₩ 2,726,685	₩ 1,807,789	₩ 3,691,711	₩ 1,694,798
Neptune Co., Ltd.	100,025	162,069	126,687	178,810
D&C MEDIA CO., LTD.	59,635	43,930	71,278	42,635
Galaxia SM, INC.	-	-	9,149	12,722
Dreamus Company	16,991	33,077	29,649	35,563
DEAR U Co., Ltd.	288,285	265,042	256,698	256,698
Siebert Financial Corp ¹	37,513	30,262	17,493	22,810

¹ Listed in NASDAQ in USA

The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in material associates and joint venture.

(in millions of Korean won)

	2024				
	Net assets at the end of the year (a) ¹	Group's share in % (b) ²	Group's share in KRW(a*b)	Goodwill and others ³	Book amount
KakaoBank Corp.	₩ 6,526,912	27.2%	₩ 1,774,540	₩ 33,249	₩ 1,807,789
Neptune Co., Ltd. ⁴	366,579	41.0%	150,228	11,841	162,069
D&C MEDIA CO., LTD. ⁴	86,483	22.9%	19,786	24,144	43,930
DEAR U Co.,Ltd.	196,001	33.7%	66,027	199,014	265,041
Kakao Style Corp. ⁵	18,868	49.8%	9,394	117,309	126,703
TNK Factory	53,442	40.5%	21,660	15,178	36,838
Grip Company	116,681	48.2%	56,218	12,692	68,910

¹ Net assets after adjustment of share options and others

² Adjusted equity interest percentage considering preferred shares and others

³ The amount includes fair value adjustments as a result of PPA and may decrease by depreciation and amortization.

⁴ The equity interest percentage excluding treasury shares is used.

⁵ The Group's share in net asset is calculated by taking into account of conditions of the investing companies' preferred shares.

KAKAO CORP. and Subsidiaries

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(in millions of Korean won)

	2023				
	Net assets at the end of the year (a) ¹	Group's share in % (b) ²	Group's share in KRW(a*b)	Goodwill and others ³	Book amount
KakaoBank Corp.	₩ 6,103,755	27.2%	₩ 1,657,975	₩ 36,823	₩ 1,694,798
Neptune Co., Ltd. ⁴	366,450	41.1%	150,490	28,320	178,810
D&C MEDIA CO., LTD. ⁴	78,802	22.9%	18,055	24,580	42,635
DEAR U Co., Ltd.	162,327	33.7%	54,684	202,014	256,698
Kakao Style Corp. ⁵	14,460	49.4%	7,144	118,773	125,917
TNK Factory ⁵	76,864	32.4%	24,897	15,178	40,075
Grip Company	128,583	48.5%	62,302	32,472	94,774

¹ Net assets after adjustment of share options and others

² Adjusted equity interest percentage considering preferred shares and others

³ The amount includes fair value adjustments as a result of PPA and may decrease by depreciation and amortization.

⁴ The equity interest percentage excluding treasury shares is used.

⁵ The Group's share in net asset is calculated by taking into account of conditions of the investing companies' preferred shares.

A summary of financial information on the associates and joint venture for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)

	2024							
	KakaoBank Corp.	Neptune Co., Ltd.	D&C MEDIA CO., LTD.	DEAR U Co., Ltd.	Kakao Style Corp.	TNK Factory	Grip Company	Total
Current assets	₩ -	₩ 73,511	₩ 65,551	₩ 169,025	₩ 69,450	₩ 14,940	₩ 130,493	₩ 522,970
Non-current assets	-	334,604	49,361	50,944	26,495	49,105	6,564	517,073
Assets of financial service business	62,805,282	-	-	-	-	-	-	62,805,282
Current liabilities	-	22,281	26,563	20,708	70,253	5,580	13,495	158,880
Non-current liabilities	-	15,920	1,747	3,260	6,603	2,122	4,667	34,319
Liabilities of financial service business	56,265,151	-	-	-	-	-	-	56,265,151
Revenue	2,945,621	122,042	83,239	74,863	200,358	41,567	16,886	3,484,576
Profit (loss) for the year	440,065	4,226	9,301	23,925	3,172	(226)	(12,885)	467,578
Other comprehensive income (loss)	53,452	(661)	(34)	2,563	17	(65)	-	55,272
Total comprehensive income (loss)	493,517	3,565	9,267	26,488	3,188	(290)	(12,885)	522,850

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(in millions of Korean won)	2023							
	KakaoBank Corp.	Neptune Co., Ltd.	D&C MEDIA CO., LTD.	DEAR U Co., Ltd.	Kakao Style Corp.	TNK Factory	Grip Company	Total
Current assets	₩ -	₩ 73,242	₩ 59,946	₩ 147,355	₩ 58,083	₩ 32,911	₩ 144,262	₩ 515,799
Non-current assets	-	336,116	37,755	43,258	26,545	55,869	6,503	506,046
Assets of financial service business	54,488,157	-	-	-	-	-	-	54,488,157
Current liabilities	-	33,757	15,891	16,856	65,969	26,380	14,319	173,172
Non-current liabilities	-	12,625	1,660	4,243	3,317	2,207	5,264	29,316
Liabilities of financial service business	48,370,463	-	-	-	-	-	-	48,370,463
Revenue	2,494,045	99,747	60,679	75,692	165,097	36,928	18,201	2,950,389
Profit (loss) for the year	354,912	(17,992)	3,096	26,190	(18,381)	959	(19,616)	329,168
Other comprehensive income (loss)	92,278	(927)	-	(377)	(29)	-	-	90,945
Total comprehensive income (loss)	447,190	(18,919)	3,096	25,812	(18,410)	959	(19,616)	420,112

The tables below provide unrecognized share of losses of associates and joint ventures, both for the reporting period and cumulative amounts, because the Group has discontinued to recognize its share of losses of associates and joint ventures when applying the equity method for 22 investees.

(in millions of Korean won)	2024		2023	
	Unrecognized loss	Unrecognized accumulated losses	Unrecognized loss	Unrecognized accumulated losses
SPLYT GROUP LTD.	₩ 1,840	₩ 5,655	₩ 3,815	₩ 3,815
altimobility Corp.	4,790	5,664	873	873
Others	7,265	23,706	12,032	18,763
	₩ 13,895	₩ 35,025	₩ 16,720	₩ 23,451

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17. Property and Equipment

Changes in property and equipment for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024															
	Land		Buildings		Structures		Machinery and equipment		Vehicles		Furniture		Construc- tion in progress		Total	
Opening net book amount	₩	159,378	₩	129,463	₩	16,937	₩	389,016	₩	7,087	₩	238,865	₩	396,184	₩	1,336,930
Acquisition		251		30,484		4,463		223,199		1,566		31,775		70,210		361,949
Changes in scope of consolidation		(11,460)		(11,034)		-		(4,685)		(98)		(724)		-		(28,001)
Disposals		(5,728)		(6,736)		(481)		(1,228)		(781)		(8,067)		(4,073)		(27,093)
Depreciation		-		(11,384)		(7,729)		(155,938)		(3,127)		(86,103)		-		(264,281)
Impairment		-		-		(229)		-		(25)		(2,567)		(399)		(3,219)
Transfer ²		(11,724)		297,183		14,534		19,890		2		7,166		(340,254)		(13,202)
Others ¹		(27,726)		(12,760)		(185)		(19)		(523)		(6,672)		(29,124)		(77,007)
Closing net book amount	₩	102,991	₩	415,217	₩	27,311	₩	470,236	₩	4,101	₩	173,674	₩	92,546	₩	1,286,075
December 31, 2024																
Acquisition cost	₩	102,991	₩	443,579	₩	59,661	₩	1,053,049	₩	15,082	₩	460,042	₩	93,016	₩	2,227,421
Government grants		-		-		-		(227)		(40)		(2,426)		-		(2,694)
Accumulated depreciation		-		(28,362)		(32,117)		(582,586)		(10,941)		(283,406)		-		(937,412)
Accumulated impairment		-		-		(234)		-		-		(535)		(471)		(1,240)
Net book amount	₩	102,991	₩	415,217	₩	27,311	₩	470,236	₩	4,101	₩	173,674	₩	92,546	₩	1,286,075

¹ Others include currency translation effects.

² Amounts reclassified from property and equipment to assets held for sale for the year ended December 31, 2024, are included.

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	2023									
	Land	Buildings	Structures	Machinery and equipment	Vehicles	Furniture	Construction in progress	Total		
Opening net book amount	₩ 109,896	₩ 49,790	₩ 12,810	₩ 299,418	₩ 9,026	₩ 238,390	₩ 181,104	₩ 900,435		
Acquisition	11,692	19,302	4,371	205,662	1,798	68,737	282,600	594,162		
Changes in scope of consolidation	44,513	9,899	5,462	504	1,445	19,513	15,920	97,256		
Disposals	-	(1,728)	(469)	(717)	(1,819)	(7,272)	-	(12,005)		
Depreciation	-	(2,362)	(6,649)	(119,705)	(3,493)	(88,972)	-	(221,180)		
Impairment	-	-	-	-	-	(69)	(330)	(400)		
Transfer	(4,835)	55,332	1,435	3,858	121	9,173	(83,292)	(18,209)		
Others ¹	(1,889)	(770)	(24)	(3)	9	(634)	183	(3,129)		
Closing net book amount	₩ 159,378	₩ 129,463	₩ 16,937	₩ 389,016	₩ 7,087	₩ 238,865	₩ 396,184	₩ 1,336,930		
December 31, 2024	-	-	-	-	-	-	-	-		
Acquisition cost	₩ 159,378	₩ 150,423	₩ 44,499	₩ 844,180	₩ 18,417	₩ 492,240	₩ 396,510	₩ 2,105,648		
Government grants	-	-	-	(300)	(58)	(2,447)	-	(2,805)		
Accumulated depreciation	-	(20,960)	(27,563)	(454,865)	(11,272)	(250,854)	-	(765,513)		
Accumulated impairment	-	-	-	-	-	(74)	(326)	(400)		
Net book amount	₩ 159,378	₩ 129,463	₩ 16,937	₩ 389,016	₩ 7,087	₩ 238,865	₩ 396,184	₩ 1,336,930		

¹ Others include currency translation effects.

Some land and buildings of the Group's property and equipment are provided as collateral in relation to the loan agreement (Note 38).

During the year, the Group has capitalized borrowing costs amounting to ₩ 1,623 million (2023: ₩ 10,129 million) on property and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 4.39% (2023:3.71%).

The amounts of major contractual commitments that the Group entered into for the acquisition of property and equipment is ₩ 372,961 million (2023:₩ 371,543 million).

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18. Investment Property

Changes in investment properties for the years ended December 31, 2024, and 2023, are as follows:

(in millions of Korean won)

	2024					
	Land		Buildings		Total	
Opening net book amount	₩	10,438	₩	63,369	₩	73,807
Changes in scope of consolidation		280		520		800
Acquisition		-		44,679		44,679
Depreciation		-		(4,861)		(4,861)
Transfer		-		(858)		(858)
Others		226		(1,623)		(1,398)
Closing net book amount	₩	10,944	₩	101,226	₩	112,169
December 31, 2024						
Acquisition cost	₩	10,944	₩	116,243	₩	127,187
Accumulated depreciation		-		(15,018)		(15,018)
Net book amount	₩	10,944	₩	101,226	₩	112,169

(in millions of Korean won)

	2023					
	Land		Buildings		Total	
Opening net book amount	₩	-	₩	20,878	₩	20,878
Changes in scope of consolidation		7,112		15,143		22,255
Depreciation		-		(2,212)		(2,212)
Transfer		1,854		29,727		31,581
Others		1,472		(167)		1,306
Closing net book amount	₩	10,438	₩	63,369	₩	73,807
December 31, 2024						
Acquisition cost	₩	10,438	₩	68,569	₩	79,007
Accumulated depreciation		-		(5,200)		(5,200)
Net book amount	₩	10,438	₩	63,369	₩	73,807

The Group provides some of the right-of-use assets held as lessee to third parties as operating leases, classifying the right-of-use assets as investment properties, and amortizing for the operating lease period using straight line method.

During the current period, rental income from operating leases generated from investment property is ₩ 5,914 million (2023: ₩ 2,456 million), and related operating expenses (including maintenance and repair costs) are ₩ 1,850 million (2023: ₩ 982 million). These revenues and expenses are included in operating income and operating expenses, respectively.

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19. Intangible Assets

Changes in intangible assets for the years ended December 31, 2024 and 2023 are as follows:

(in millions of Korean won)	2024						Total
	Goodwill	Development costs	Industrial property rights	Exclusive rights	Membership / Brand	Other intangible assets ²	
Opening net book amount	₩ 4,078,204	₩ 41,949	₩ 34,917	₩ 320,319	₩ 574,979	₩ 718,519	₩ 5,768,887
Acquisition	-	1,751	3,208	13,220	11,750	115,532	145,461
Changes in scope of consolidation	(34,562)	-	(15,382)	370	-	(6,444)	(56,018)
Disposal	-	(101)	(48)	-	(24,918)	(14,679)	(39,747)
Amortization	-	(16,661)	(9,358)	(96,071)	(3,706)	(133,832)	(259,629)
Impairment	(317,716)	-	(58)	(8,603)	(2,289)	(72,617)	(401,283)
Transfer ¹	-	13,368	1,408	(360)	1,198	(16,852)	(1,237)
Others	(25,892)	4	(5,509)	(853)	626	12,000	(19,624)
Closing net book amount	₩ 3,700,034	₩ 40,310	₩ 9,177	₩ 228,023	₩ 557,639	₩ 601,627	₩ 5,136,811
December 31, 2024							
Acquisition cost	₩ 7,279,639	₩ 106,213	₩ 55,867	₩ 491,398	₩ 686,780	₩ 1,695,866	₩ 10,315,763
Government grants	-	-	(12)	-	-	(351)	(364)
Accumulated amortization	-	(65,679)	(44,774)	(233,655)	(72,827)	(617,894)	(1,034,829)
Accumulated impairment	(3,579,604)	(224)	(1,904)	(29,720)	(56,314)	(475,993)	(4,143,758)
Net book amount	₩ 3,700,034	₩ 40,310	₩ 9,177	₩ 228,023	₩ 557,639	₩ 601,627	₩ 5,136,811

¹ Long-term advance payments which qualify for recognizing assets are reclassified into intangible assets.

² Includes ₩ 97,568 million of crypto assets held by the Group as at December 31, 2024.

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	2023						
	Goodwill	Development costs	Industrial property rights	Exclusive rights	Membership / Brand	Other intangible assets ²	Total
Opening net book amount	₩ 4,489,771	₩ 46,631	₩ 38,425	₩ 49,290	₩ 412,737	₩ 1,056,059	₩ 6,092,913
Acquisition	-	4,771	2,335	4,285	18,946	161,264	191,601
Changes in scope of consolidation	1,058,042	-	3,587	367,766	194,045	43,193	1,666,632
Disposal	-	-	(255)	(507)	(3,944)	(82,689)	(87,395)
Amortization	-	(14,303)	(9,997)	(89,139)	(6,428)	(151,557)	(271,424)
Impairment	(1,483,358)	-	(18)	(15,153)	(50,064)	(333,616)	(1,882,210)
Transfer ¹	(2,789)	4,842	811	-	9,908	18,191	30,964
Others	16,538	8	29	3,778	(221)	7,673	27,805
Closing net book amount	<u>₩ 4,078,204</u>	<u>₩ 41,949</u>	<u>₩ 34,917</u>	<u>₩ 320,319</u>	<u>₩ 574,979</u>	<u>₩ 718,519</u>	<u>₩ 5,768,887</u>
December 31, 2024							
Acquisition cost	₩ 7,259,566	₩ 91,212	₩ 88,485	₩ 480,453	₩ 704,210	₩ 1,699,205	₩ 10,323,131
Government grants	-	-	(3)	-	-	(217)	(220)
Accumulated amortization	-	(49,038)	(53,461)	(139,017)	(72,778)	(554,363)	(868,656)
Accumulated impairment	(3,181,362)	(224)	(106)	(21,117)	(56,454)	(426,106)	(3,685,369)
Net book amount	<u>₩ 4,078,204</u>	<u>₩ 41,949</u>	<u>₩ 34,917</u>	<u>₩ 320,319</u>	<u>₩ 574,979</u>	<u>₩ 718,519</u>	<u>₩ 5,768,887</u>

¹ Long-term advance payments which qualify for recognizing assets are reclassified into intangible assets.

² Includes ₩ 93,434 million of crypto assets held by the Group as at December 31, 2023.

Management reviews sales performance based on region and type of sales and manages goodwill at operating segment level.

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The following is a summary of goodwill allocation for cash generating units ("CGU"s) operated by management for the years ended December 31, 2024 and 2023:

(in millions of
Korean won)

	2024				
	Beginning balance	Changes in scope of consolidation ¹	Impairment ²	Other adjustments ^{3,4}	Ending balance
Internet portal service and other service	₩ 1,081,856	₩ -	₩ -	₩ -	₩ 1,081,856
Music service	-	-	-	-	-
Other mobile service	406,811	-	(72,518)	(5,017)	329,276
Game business	1,311,373	(34,562)	(21,678)	(20,875)	1,234,258
Commerce service	270,913	-	-	-	270,913
Financial services	12,567	-	-	-	12,567
Entertainment service	994,684	-	(223,520)	-	771,164
	₩ 4,078,204	₩ (34,562)	₩ (317,716)	₩ (25,892)	₩ 3,700,034

¹ Represents the change arising from the business combination of Teins Valley and the sale of Sena Technology Co., Ltd. during 2024.

² Includes the impairment losses amounting to ₩ 90,583 million for SM Entertainment Co., Ltd. and its subsidiaries and ₩ 205,456 million for Kakao Entertainment Corp and its subsidiaries in 2024.

³ Includes the amount reclassified to assets held for sale of Kakao VX and others.

⁴ Includes the provisional amount presented due to the purchase price allocation related to the business combination of Paymint Inc. not being determined in 2023, which was reclassified to identifiable assets upon completion of the purchase price allocation during 2024, and also includes foreign currency effects of goodwill from acquisition of foreign companies.

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(in millions of Korean won)	2023					
	Beginning balance	Increase ¹	Changes in scope of consolidation	Impairment ²	Other adjustments ³	Ending balance
Internet portal service and other service	₩ 1,081,856	₩ -	₩ -	₩ -	₩ -	₩ 1,081,856
Music service	231,361	-	-	(231,361)	-	-
Other mobile service	977,328	31,623	(2,667)	(613,017)	13,545	406,811
Game business	1,424,472	71,154	-	(184,280)	27	1,311,373
Commerce service	270,913	-	-	-	-	270,913
Financial services	12,567	-	-	-	-	12,567
Entertainment service	491,275	958,023	-	(454,645)	32	994,684
	<u>₩ 4,489,771</u>	<u>₩ 1,060,799</u>	<u>₩ (2,667)</u>	<u>₩ (1,483,304)</u>	<u>₩ 13,604</u>	<u>₩ 4,078,204</u>

¹ Includes the increase due to business combination of SM Entertainment Co., Ltd., Ocean Drive Studio Corp. and others, and adjustments due to the completion of purchase price allocation of goodwill increased as a result of business combination in 2023.

² Includes the impairment losses amounting to ₩ 280,430 million for SM Entertainment Co., Ltd., ₩ 459,788 million for TAPAS ENTERTAINMENT, INC. (formerly, Radish Media, Inc.), ₩ 142,955 million for Lionheart Studio Corp., ₩ 231,361 million for Melon business division and others.

³ Includes foreign currency effects of goodwill from acquisition of foreign companies.

The Group annually tests impairment of its goodwill. The recoverable amounts of CGU or group of CGUs are the higher of fair value less costs to sell and value in use. These calculations use cash flow projections based on mid- and long-term business plan approved by management.

Cash flows beyond the period of business plan are based on the estimated long-term growth rates stated below. These growth rates do not exceed the expected long-term average growth rate of the industry report.

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The following table sets out major assumption, operating profit rate, revenue growth rate, perpetual growth rate and discount rate used in the value-in-use calculations for those CGUs that have significant goodwill allocated to them. Additionally, where there has been an impairment loss in a CGU, the recoverable amount is also presented below.

(in millions of Korean won)	2024						
	Internet portal service and other service ¹	Music service	Other mobile service	Game business	E-commerce service ²	Financial services ³	Entertain- ment service
Operating profit rate	18.8% ~ 21.8%	-	(-)267.0% ~ 69.6%	7.3% ~ 65.6%	26.9% ~ 29.4%	(-)13.7% ~ 35.7%	(-)1913.7% ~ 1303.0%
Revenue growth rate	1.5% ~ 4.2%	-	(-)74.3% ~ 123.6%	(-)42.5% ~ 286.8%	2.9% ~ 6.0%	23.2% ~ 40.9%	(-)63.3% ~ 1456.9%
Perpetual growth rate	1.0%	-	0.0% ~ 1.0%	1.0%	1.0%	1.0%	0.0% ~ 1.0%
Discount rate	10.0%	-	9.3% ~ 13.9%	9.5% ~ 14.3%	9.9%	13.7%	7.5% ~ 14.4%
Recoverable amount	N/A	N/A	₩ 1,764,010	₩ 2,731,826	N/A	N/A	₩ 3,367,960

¹ If a perpetual growth rate is lower than the management's estimate by 0.5%, the value in use will be reduced by 3.4%. If post-tax discount rate used in estimation is higher than the management's estimate by 1.0%, the value in use will be reduced by 9.2%.

² If a perpetual growth rate is lower than the management's estimate by 0.5%, the value in use will be reduced by 3.7%. If post-tax discount rate used in estimation is higher than the management's estimate by 1.0%, the value in use will be reduced by 9.8%.

³ If a perpetual growth rate is lower than the management's estimate by 0.5%, the value in use will be reduced by 3.0%. If post-tax discount rate used in estimation is higher than the management's estimate by 1.0%, the value in use will be reduced by 10.4%.

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(in millions of Korean won)	2023						
	Internet portal service and other service ¹	Music service	Other mobile service	Game business	E-commerce service ²	Financial services ³	Entertain- ment service
Operating profit rate	15.6% ~ 18.9%	5.9% ~ 6.6%	(-)590.4% ~ 42.3%	(-)150.1% ~ 70.9%	23.5% ~ 34.2%	(-)51.6% ~ 34.1%	(-)187.1% ~ 19.6%
Revenue growth rate	3.5% ~ 6.6%	(-)10.1% ~ 0.6%	(-)31.1% ~ 203.4%	(-)35.5% ~ 145.5%	7.6% ~ 9.3%	21.7% ~ 97.2%	(-)54.1% ~ 742.2%
Perpetual growth rate	1.0%	0.0%	0.0% ~ 1.0%	0.0% ~ 1.0%	1.0%	1.0%	0.0% ~ 1.0%
Discount rate	10.2%	14.8%	12.3% ~ 16.5%	12.8% ~ 15.8%	10.1%	15.1%	10.3% ~ 16.6%
Recoverable amount	N/A	₩ 157,979	₩ 1,391,792	₩ 2,813,415	N/A	N/A	₩ 3,714,928

¹ If a perpetual growth rate is lower than the management's estimate by 0.5%, the value in use will be reduced by 3.6%. If post-tax discount rate used in estimation is higher than the management's estimate by 1.0%, the value in use will be reduced by 9.5% as at December 31, 2023.

² If a perpetual growth rate is lower than the management's estimate by 0.5%, the value in use will be reduced by 3.8%. If post-tax discount rate used in estimation is higher than the management's estimate by 1.0%, the value in use will be reduced by 10.0% as at December 31, 2023.

³ If a perpetual growth rate is lower than the management's estimate by 0.5%, the value in use will be reduced by 1.8%. If post-tax discount rate used in estimation is higher than the management's estimate by 1.0%, the value in use will be reduced by 9.8% as at December 31, 2023.

These assumptions were used for each cash generating unit within the operating segment.

The discount rate reflects the specific risk associated with the segment to which the CGUs (group) belongs.

As a result of impairment assessment for goodwill, the Group determined that the carrying amount of the internet portal service and other service and financial services and e-commerce service cash-generating units will exceed the recoverable amount, and did not recognize impairment loss on goodwill.

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Crypto assets

The Group owns crypto assets for various business purposes.

The Group was allocated the token in return for provision of services by participating in establishment of the platform of crypto assets, Klaytn and BORA, and token development process as a developer. However, there is no book amount recognized.

Status of acquisition and holding of crypto assets by the Group is as follows:

(in thousands of Korean won and in unit)

Name	Listing status ¹	Quantity			December 31, 2024	Fair value (per unit) ²	
		December 31, 2023	Acquisition	Disposal and others		December 31, 2024	December 31, 2023
KAIA (formerly, KLAY)	Listed	1,196,581	41,249	(54,607)	1,183,223	₩ -	₩ -
BORA	Listed	314,922	3,105	(48,504)	269,523	-	-
BTC	Listed	-	-	-	-	141,484	55,388
ETH	Listed	-	-	-	-	5,245	2,944
USDC	Listed	2,461	14	(1,701)	774	1	1
USDT	Listed	2,086	3,711	(1,921)	3,876	1	1
WEMIX	Listed	6,674	417	(62)	7,029	1	4
ISK	Listed	33,935	20,843	-	54,778	-	-
MBX	Listed	6,142	121	(121)	6,142	1	1
OAS	Listed	50,000	5,302	-	55,302	-	-
Others	-	1,697,344	887,340	(373,713)	2,210,971	-	-

¹ Listed in domestic and overseas exchanges such as BINANCE.COM, BITHUMB.COM and others.

² Calculated using monthly average market price as at the end of the reporting period provided by COINMARKETCAP.COM.

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Crypto assets recognized in the consolidated statement of financial position are as follows: The amount recognized as impairment loss on intangible assets related to crypto assets is ₩ 17,505 million (2023: ₩ 18,734 million) for the year ended December 31, 2024.

(in millions of Korean won)

Name	Line item	Valuation Technique	Acquisition Methods	2024			2023		
				Acquisition cost	Accumulated impairment	Book amount	Acquisition cost	Accumulated impairment	Book amount
KAIA (formerly, KLAY)	Intangible assets	Cost method	Paid acquisition, Block rewards and others	₩ 61,571	₩ (991)	₩ 60,580	₩ 52,932	₩ (947)	₩ 51,986
BTC	Intangible assets	Cost method	Paid acquisition	1,458	-	1,458	1,394	(186)	1,208
ETH	Intangible assets	Cost method	Paid acquisition	84	-	84	160	-	160
USDC	Intangible assets	Cost method	Paid acquisition	1,126	-	1,126	3,166	-	3,166
USDT	Intangible assets	Cost method	Paid acquisition	6,428	(1,148)	5,280	3,669	(1,147)	2,522
WEMIX	Intangible assets	Cost method	Paid acquisition, Block rewards	5,210	(532)	4,678	3,838	(433)	3,405
ISK	Intangible assets	Cost method	Paid acquisition	14,286	(12,118)	2,168	8,006	-	8,006
MBX	Intangible assets	Cost method	Paid acquisition	4,179	-	4,179	3,666	-	3,666
OAS	Intangible assets	Cost method	Paid acquisition,	2,056	-	2,056	1,289	-	1,289
Others	Intangible assets	Cost method	Paid acquisition, Block rewards and others	40,202	(24,242)	15,960	35,675	(17,649)	18,026

Disposals of crypto assets during the years ended December 31, 2024 and 2023, are as follows: Acquired crypto assets were sold by exchange transaction with crypto assets, and the amount recognized as gain (loss) on sales of intangible assets is ₩ 80 million (2023: ₩ (-)228 million) for the year ended December 31, 2024.

(in millions of Korean won and in unit)

	2024 ¹				2023 ¹			
	Disposal quantity	Disposal amount	Book amount	Gain (loss) on sales	Disposal quantity	Disposal amount	Book amount	Gain (loss) on sales
KAIA (formerly, KLAY) ²	₩ 12,915	₩ 3,263	₩ 5,223	₩ (1,960)	₩ 2,963	₩ 718	₩ 668	₩ 50
BTC	-	943	691	252	-	-	-	-
ETH	-	253	142	111	-	6	6	-
USDC	1,700	2,468	2,488	(19)	2,712	3,526	3,527	(1)
USDT	1,922	4,079	2,578	1,501	350	448	433	15
WEMIX	63	286	218	67	-	-	-	-
MBX	121	229	120	108	291	154	154	1
Others	373,713	2,132	2,112	20	11,431	2,761	3,053	(292)

¹ BORA, which is the crypto assets issued by the Group, is not included

² The amounts represents the disposal of KAIA acquired by Block rewards

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The fair value of crypto assets held by the Group as at December 31, 2024 is changing significantly after December 31, 2024, however, the effect of these significant changes on the financial statements cannot be estimated as at the reporting date. The possible adjustments due to such uncertainty are not reflected in the Group's consolidated financial statements.

20. Leases

(1) Amounts recognized in the consolidated statements of financial position

The consolidated statement of financial position as at December 31, 2024 and 2023 shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2024	2023
Right-of-use assets		
Properties	₩ 1,423,933	₩ 1,609,660
Machinery	256,403	148,780
Vehicles	12,621	14,716
	<u>₩ 1,692,957</u>	<u>₩ 1,773,156</u>

<i>(in millions of Korean won)</i>	2024	2023
Lease liabilities		
Current	₩ 316,124	₩ 285,586
Non-current	1,718,550	1,731,599
	<u>₩ 2,034,674</u>	<u>₩ 2,017,185</u>

The right-of-use assets decreased by ₩ 80,199 million for the year ended December 31, 2024 (increased by ₩ 54,471 million for the year ended December 31, 2023). The amount does not include any right-of-use asset that have been derecognized due to sublease.

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(2) Amounts recognized in the consolidated statements of comprehensive income

The consolidated statements of comprehensive income for the years ended December 31, 2024 and 2023 recognize the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2024		2023	
Depreciation of right-of-use assets				
Properties	₩	210,897	₩	202,648
Machinery		89,703		57,303
Vehicles		5,926		5,887
	₩	306,526	₩	265,838
Interest expense on lease liabilities (included in finance cost)	₩	82,034	₩	74,781
Expense relating to short-term leases (included in operating expenses)		8,491		10,073
Expense relating to leases of low-value assets that are not short-term leases (included in operating expenses)		4,648		4,647
Expense relating to variable lease payments not included in lease liabilities (included in operating expenses)		57,940		45,284
Income from subleases of right-of-use assets		9,157		6,659

The total cash outflow for leases in 2024 was ₩ 403,754 million (2023: ₩ 347,696 million).

(3) Changes in lease liabilities

Changes in lease liabilities for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	2,017,185	₩	1,890,134
Changes in scope of consolidation		(2,717)		104,092
Increase		398,266		265,307
Payments		(332,673)		(290,259)
Disposals		(33,373)		(23,497)
Amortization of present value discounts		82,034		74,781
Others ¹		(94,047)		(3,374)
Ending balance	₩	2,034,674	₩	2,017,185

¹ Others include reclassifications to liabilities held for sale.

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(4) Maturity analysis of lease receivables

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

<i>(in millions of Korean won)</i>		2024
Less than one year	₩	22,867
One to two years		23,180
Two to three years		23,318
Three to four years		20,832
Four to five years		18,840
More than five years		12,014
Total undiscounted lease receivables		121,051
Unearned finance income		(25,733)
Net investment in the lease	₩	95,319

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

<i>(in millions of Korean won)</i>		2024
Less than one year	₩	5,397
One to two years		2,960
Two to three years		1,373
Three to four years		592
Four to five years		582
More than five years		1,187
	₩	12,091

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21. Borrowings and Bonds

Short-term borrowings as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Category	Creditor	Annual interest rate (%) as at December 31, 2024	Latest maturity	2024	2023
Exchangeable bonds ¹	Foreign currency denominated non-guaranteed senior exchangeable bonds	2.6%	April 2029	₩ 311,934	₩ -
	Discount on issuance of bonds			(67,496)	-
				<u>244,438</u>	<u>-</u>
Exchangeable bonds ^{1,2,3}	Unregistered non-interested non-guarantee private exchangeable bonds	0.0%	August 2029	245,271	-
	Discount on issuance of bonds			(92,274)	-
				<u>152,997</u>	<u>-</u>
Convertible bonds ^{2,4,5}	1 st non-guaranteed, non-interested private convertible bonds	0.0%	March 2026	11,000	463,354
	Discount on issuance of bonds			(22)	(1,688)
				<u>10,978</u>	<u>461,667</u>
Convertible bonds ^{6,7}	4 th private convertible bonds	-	-	-	10,000
	Conversion right adjustments			-	(5,401)
				<u>-</u>	<u>4,599</u>
Convertible bonds ^{5,6,9}	5 th private convertible bonds	0.0%	June 2029	14,500	-
	Redemption premium			740	-
	Conversion right adjustments			(7,599)	-
				<u>7,641</u>	<u>-</u>
Debentures	Corporate bonds	-	-	-	100,000
	Discount on issuance of bonds			-	(82)
				<u>-</u>	<u>99,918</u>
Short-term operation capital	NongHyup Bank	4.2%	April 2025	70,000	-
Short-term operation capital ⁸	Shinhan Bank	3.1% ~ 5.2%	June 2025 ~ March 2027	212,077	353,085
Short-term operation capital	Woori Bank	4.1% ~ 5.4%	January 2025 ~ June 2025	187,586	35,000
Short-term operation capital	Kookmin Bank	4.1% ~ 9.5%	April 2025 ~ November 2025	217,093	175,000
Short-term operation capital ⁸	KB Securities, Korea Development Bank and others	1.9% ~ 5.7%	January 2025 ~ February 2029	518,506	208,380
Commercial paper	Shinhan Bank and others	3.6% ~ 4.8%	March 2025 ~ September 2025	200,000	279,000
Financial institutions and others	Ryan Mobility 1st Co. ¹⁰ , individual and others	0.0% ~ 5.4%	January 2025 ~ October 2025	52,720	2,082
Redeemable convertible preferred shares ⁵				12,832	10,722
				<u>₩ 1,886,868</u>	<u>₩ 1,629,452</u>

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¹ Although the maturity of the exchangeable bonds is 2029, the exchangeable bonds have been classified as current due to the exercisability of the exchange rights.

² Bonds issued by Kakao Games Corp., a subsidiary.

³ During the year ended December 31, 2024, issuance price corresponding to ₩ 24,750 million was exchanged for shares through the exercise of exchange rights.

⁴ Total face value corresponding to ₩ 36,646 million was converted during the period prior to the previous year, and, total face value corresponding to ₩ 452,354 million was repaid through exercise of early redemption rights during the year ended December 31, 2024.

⁵ It is classified as short-term borrowings as the investor's early redemption right is exercisable within one year.

⁶ Convertible bonds issued by KEYEAST Co., Ltd., a subsidiary.

⁷ It was early repaid in full amount during the year ended December 31, 2024.

⁸ Included the amount to be redeemed within one year out of long-term borrowings with installment redemption feature.

⁹ Although the maturity of the convertible bonds is 2029, the convertible bonds have been classified as current due to the exercisability of the conversion rights.

¹⁰ Includes the amounts reclassified from long-term borrowings to short-term borrowings as maturity dues within a year as at December 31, 2024.

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Long-term borrowings and long-term lease liabilities as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

Category	Creditor	Annual interest rate (%) as at December 31, 2024	Latest maturity date	2024	2023
Loans for operation capital	Kookmin Bank	4.5%	April 2026	₩ 45,000	₩ 189,736
Loans for operation capital	Korea Development Bank	4.4%	April 2026	15,000	-
Loans for operation capital	Shinhan Bank	3.1% ~ 4.8%	April 2026~ March 2027	87,106	221,179
Loans for operation capital	Woori Bank	5.7%	September 2026	45,000	93,504
Loans for operation capital	Hana Bank	6.1%	October 2026-	50,000	239,736
Loans for operation capital	Korea SMEs Startups Agency	2.3%	February 2029	704	937
Loans for operation capital	Others	5.1% ~ 5.2%	May 2026~ July 2026	85,000	50,535
Loans for operation capital	Gyeonggi Province Economic & Science Promotion Agency Foundation	0.0%	August 2026	60	-
Others ¹	Ryan Mobility 1 st Co.	-	-	-	50,000
				₩ 327,870	₩ 845,628

¹ Reclassified from long-term borrowings to short-term borrowings as maturity dues within a year as at December 31, 2024.

Movements in the borrowings for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024	2023
Beginning balance	₩ 2,475,080	₩ 2,273,065
Changes in scope of consolidation	(277)	19,297
Additions	1,666,318	1,588,091
Repayments	(1,805,466)	(1,447,761)
Amortization of present value discounts	17,649	3,679
Others ^{1,2}	(138,565)	38,709
Ending balance	₩ 2,214,738	₩ 2,475,080

¹ Others include currency translation effects.

² During the year ended December 31, 2024, the exchange rights and early redemption rights embedded in the exchangeable bonds issued by the Group meet the conditions to bifurcate the embedded derivatives and are separately accounted for as derivative liabilities, which is included in

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the amount.

Details of exchangeable bonds and convertible bonds issued by the Group are as follows:

		Details
Type		Foreign currency denominated non-guaranteed senior exchangeable bonds
Principal amount		USD 212,200,000
Interest rate	Coupon rate	2.625%
	Yield rate	2.625%
Date of issuance		April 29, 2024
Date of maturity ¹		April 29, 2029
Principal redemption method		(a) Redemption on maturity date: Unless exchanged for the Parent Company's treasury shares, redeemed early, or repurchased and extinguished before the maturity date, the entire principal of these bonds will be redeemed in cash on the maturity date. (b) Early redemption: Issuer has a call option, whereas bond holders have a put option.
Matters relating to exchange	Exchange ratio(%)	100%
	Exchange price (in Korean won)	₩ 63,700
	Type of shares to be exchanged	Registered ordinary shares issued by the Parent Company (treasury shares)
	Exchange period	June 9, 2024 ~ April 19, 2029
	Exchange price adjustments	In the event prescribed in the terms of the bond issuance to adjust the exchange price (capital increase without consideration, share split or reverse split, change in the type of shares, share dividend, cash dividend, grant of options to shareholders, issuance of warrants or other rights, issuance of new shares below market price, issuance of equity-linked securities and others), an adjustment shall be made in accordance with the terms specified in the terms of bond issuance.
Issuer's early redemption right (Call Option)		1) In case where the closing price of the Parent Company's ordinary share on 20 days out of 30 consecutive trading days is at least 130% of then-applicable exchange price during the period from the date past three years and fourteen days of the bond issuance until 30 business days prior to the maturity date
		2) In case where the principal amount of the bonds not redeemed is less than 10% of the original principal amount at the time of issuance
		3) In case where changes in tax-related laws or their interpretations obligate the Parent Company to withhold taxes on bond payments, which results in the Parent Company having to bear an additional payment obligation

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Details

	equivalent to the withholding amount
	1) In case where a change of control occurs in the Parent Company
Bond holder's early redemption right (Put Option)	2) In case where the shares of the Parent Company are delisted from the Korea Exchange or where trading is suspended on the Exchange for more than 30 consecutive trading days
	3) On the date that is three years from the bond issuance date

¹ Although the maturity of the exchangeable bonds is 2029, the exchangeable bonds have been classified as current due to the exercisability of the exchange rights.

Details

Type ¹	Unregistered non-guaranteed zero-coupon private exchangeable bonds
Principal amount	₩ 270,021 million
Interest rate	Coupon rate 0.00%
	Yield rate 0.00%
Date of issuance	August 19, 2024
Date of maturity ¹	August 19, 2029
Matters relating to exchange	Exchange ratio(%) 100%
	Exchange price (in Korean won) ₩ 324,027
	Type of shares to be exchanged Registered ordinary share of Krafton Corp.
	Exchange period September 19, 2024 ~ July 19, 2029
	Exchange price adjustments Adjusted in the event of issuance of stock-related bonds below the market price, capital increase with and without consideration, stock dividends and other occasions prescribed in the agreement
Issuer's early redemption right (Call Option)	Allows for request every three months from the date 30 months after the issuance
Bond holder's early redemption right (Put Option)	Allows for requests from the date corresponding to one month after the issuance date until one month before the maturity date, with interval of three-month from each date (subject to a limit of 25% of the bond issuance amount initially acquired by the bond holder).

¹ Exchangeable bonds issued by Kakao Games Corp., a subsidiary.

² Although the maturity of the exchangeable bonds is 2029, the exchangeable bonds have been classified as current due to the exercisability of the exchange rights.

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³ During the year ended December 31, 2024, issuance price corresponding to ₩ 24,750 million was exchanged for shares through the exercise of exchange rights.

Details

Type ¹	1 st non-guaranteed zero-coupon private convertible bonds
Principal amount ²	₩ 500,000 million
Interest rate	Coupon rate
	Yield rate
	0%
	0%
Date of issuance	March 31, 2021
Date of maturity ³	March 31, 2026
Conversion price (<i>in Korean won</i>)	₩ 52,100
Conversion period	From one year after the date of issuance to one month before the maturity date of repayment
Conversion price adjustments	Adjusted in the event of issuance of stock-related bonds below the market price, capital increase with and without consideration, stock dividends and other occasions prescribed in the agreement
Investor's early redemption right (Put Option)	Allows for request every six months from the date 3 years after the issuance
Issuer's early redemption right (Call Option)	Allows for request from the date 12 months after the issuance until the date 54 months after issuance

¹ Convertible bonds issued by Kakao Games Corp., a subsidiary.

² Total face value corresponding to ₩ 36,646 million was converted prior to the previous year, and total face value corresponding to ₩ 452,354 million was repaid through the exercise of early redemption rights during the year ended December 31, 2024.

³ It is classified as short-term borrowings as the investor's early redemption right is exercisable within one year.

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Details

Type ¹	5 th private convertible bonds
Principal amount ²	₩ 14,500 million
Interest rate	Coupon rate 0.0%
	Yield rate 1.0%
Date of issuance	June 25, 2024
Date of maturity ³	June 25, 2029
Conversion price (<i>in Korean won</i>)	₩ 6,080
Conversion period	From one year after the date of issuance to the maturity date
Conversion price adjustments	Adjusted in the event of issuance of stock-related bonds below the market price, capital increase with and without consideration, stock dividends and other occasions prescribed in the agreement
Investor's early redemption right (Put Option)	Allows for request every three months from the date 2 years after the issuance
Issuer's early redemption right (Call Option)	Allows for requests from the date one year after the issuance until 23 months after the issuance, with one month interval from each date

¹ Convertible bonds issued by KEYEAST Co., Ltd., a subsidiary.

² It is classified as short-term borrowings as the investor's conversion right is exercisable within one year.

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Details of redeemable convertible preferred shares issued by subsidiaries as at December 31, 2024, are as follows:

(in millions of Korean won)	Details			
	METABORA Co., Ltd.	METABORA Co., Ltd.	METABORA Co., Ltd.	METABORA Co., Ltd.
Date of issue	May 2018	August 2019	July 2020	April 2021
Value at issue	₩ 7,000	₩ 2,300	₩ 1,000	₩ 3,900
Dividend rate for preferred shares	1% of face value	1% of issue value	1% of issue value	1% of issue value
Guaranteed yield upon redemption	8%	5%	5%	5%
Conversion period	From the day after issuance date to the day before 10 years from issuance date	From the day after payment date to the day before 10 years from payment date	From the day after payment date to the day before 10 years from payment date	From the day after payment date to the day before 10 years from payment date
Conversion rate	1 preferred share for 1 ordinary share (includes certain adjustments in IPO offering price)	1 preferred share for 1 ordinary share (includes certain adjustments in IPO offering price)	1 preferred share for 1 ordinary share (includes certain adjustments in IPO offering price)	1 preferred share for 1 ordinary share (includes certain adjustments in IPO offering price)
Redemption period	Redeemable from one year after issuance date	Redeemable from three years after payment date	Redeemable from three years after payment date	Redeemable from three years after payment date

22. Net Defined Benefit Liabilities

Details of net defined benefit liabilities (assets) recognized in the statements of financial position as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024	2023
Present value of defined benefit obligations	₩ 471,684	₩ 401,497
Fair value of plan assets	(487,195)	(440,683)
Net defined benefit liabilities	31,239	22,455
Net defined benefit assets	(46,749)	(61,641)

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Movements in the defined benefit obligations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	401,497	₩	304,817
Increase (decrease) due to change in scope of consolidation		(10,008)		18,648
Current service cost		93,842		80,391
Past service cost		(87)		3,426
Interest expense		18,216		16,487
Remeasurements:				
Actuarial loss arising from change in demographic assumptions		281		1,325
Actuarial loss arising from change in financial assumptions		19,811		16,285
Actuarial loss arising from experience adjustments		13,625		11,340
Payments from plans		(61,570)		(51,404)
Transfer from (to) affiliated companies		(338)		210
Others		(3,586)		(28)
Ending balance	₩	<u>471,684</u>	₩	<u>401,497</u>

Movements in the fair value of plan assets for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	440,683	₩	356,040
Increase (decrease) due to change in scope of consolidation		(985)		18,522
Interest income		19,558		19,406
Contribution		96,505		92,244
Payments from plans		(51,973)		(44,821)
Transfer from (to) affiliated companies		(7,934)		4,114
Remeasurements:				
Return on plan assets (excluding amounts included in interest income)		(3,632)		(5,223)
Others		(5,027)		401
Ending balance	₩	<u>487,195</u>	₩	<u>440,683</u>

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The amounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Current service cost	₩	93,842	₩	80,391
Past service cost		(87)		3,426
Net interest cost		(1,342)		(2,919)
Others		838		-
	₩	<u>93,252</u>	₩	<u>80,899</u>

Total service cost from defined benefit plan amounting to ₩ 93,252 million (2023: ₩ 80,899 million) is included in operating expenses for the year ended December 31, 2024. In addition, total service cost from defined contribution plan was ₩ 21,783 million (2023: ₩ 25,445 million) for the year ended December 31, 2024.

The significant actuarial assumptions as at December 31, 2024 and 2023, are as follows:

<i>(in percentage, %)</i>	2024	2023
Discount rate	3.5% ~ 5.7%	3.6% ~ 5.7%
Salary growth rate	2.0% ~ 7.0%	3.0% ~ 7.0%

The sensitivity of the defined benefit liabilities to changes in the principal assumptions is:

<i>(in millions of Korean won)</i>	1% increase		1% decrease	
Discount rate	₩	(31,739)	₩	36,344
Salary growth rate		35,627		(31,697)

A decrease in corporate bond yields will increase defined benefit liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the consolidated statement of financial position.

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Plan assets as at December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	2024	2023
Equity linked bond	₩ 22,368	₩ -
Time deposits	165,883	183,585
Financial instruments with fixed rate	223,581	190,778
Interest guarantee insurance	9,816	6,190
Others	65,547	60,130
	<u>₩ 487,195</u>	<u>₩ 440,683</u>

Management of the Group estimates that ₩ 90,104 million will be contributed to plan assets in the next fiscal year.

The weighted average duration of the defined benefit obligation is 4.60 ~ 12.15 years.

The Group annually reviews the level of fund accumulated in the plan and operates a policy to compensate for any deficit in the fund.

23. Other Long-term and Short-term Employee Benefits Liabilities

The Group classifies paid absences recognized in respect of service rendered by employees in the current period and long-term paid absences that are expected to be settled within 12 months after the end of the reporting period in which the employees render the related services as short-term employee benefits liabilities, and the amounts that are expected to be settled after 12 months are classified as long-term employee benefits liabilities.

Details of other long-term and short-term employee benefits liabilities as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Short-term employee benefits liabilities ¹	₩ 236,034	₩ 211,738
Long-term employee benefits liabilities	77,468	72,660

¹ Included in other current liabilities.

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24. Tax Expense and Deferred Income Tax

Income tax expense for the years ended December 31, 2024 and 2023, consists of:

<i>(in millions of Korean won)</i>	2024	2023
Current tax:		
Current tax on profit for the year	₩ 255,036	₩ 234,363
Adjustments in respect of prior years	(16,800)	14,688
Total current tax	<u>238,236</u>	<u>249,051</u>
Deferred income tax:		
Origination and reversal of temporary differences	(79,180)	(80,622)
Income tax expense	<u>₩ 159,056</u>	<u>₩ 168,429</u>

Reconciliation between actual income tax expense and amount computed by applying the statutory tax rate to loss before income tax for the years ended December 31, 2024 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2024	2023
Loss before income tax expense	₩ (2,815)	₩ (1,648,240)
Income tax expense computed at statutory tax rate	(650)	(380,743)
Tax effects of:		
Income not subject to tax	(52,342)	(33,246)
Expenses not deductible for tax purposes	90,580	101,786
Changes in valuation allowance of deferred income tax asset	272,576	470,343
Adjustments in respect of prior years	(16,800)	14,688
Effects of the tax system for recirculation of corporate income	3,333	(9,100)
Tax credits	(137,642)	4,701
Income tax expense	<u>₩ 159,056</u>	<u>₩ 168,429</u>

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The tax effect relating to components of other comprehensive income (expenses) for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)	2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Other comprehensive income						
Gains on valuation of equity instruments at fair value through other comprehensive income	₩ 458,618	₩ (108,322)	₩ 350,296	₩ 184,061	₩ (46,628)	₩ 137,433
Remeasurements of net defined benefit liabilities	(37,349)	8,915	(28,434)	(34,173)	7,570	(26,603)
Share of other comprehensive income of associates	35,796	(3,466)	32,330	36,125	(2,823)	33,302
Foreign currency translation adjustments	5,013	(48)	4,964	(41,989)	(18)	(42,007)
	<u>₩ 462,077</u>	<u>₩ (102,921)</u>	<u>₩ 359,156</u>	<u>₩ 144,024</u>	<u>₩ (41,900)</u>	<u>₩ 102,124</u>

The aggregate current and deferred income tax relating to items that are charged or credited directly to equity for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)	2024			2023		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Other reserves						
Gains on sales of treasury share	₩ 7,102	₩ (1,738)	₩ 5,364	₩ 16,547	₩ (4,201)	₩ 12,346
Other component of equity	-	(11,620)	(11,620)	-	(3,166)	(3,166)
Others	-	-	-	-	78,886	78,886
	<u>₩ 7,102</u>	<u>₩ (13,357)</u>	<u>₩ (6,256)</u>	<u>₩ 16,547</u>	<u>₩ 71,519</u>	<u>₩ 88,067</u>

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Deferred income tax assets (liabilities) recognized in the consolidated statements of financial position as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Deferred income tax assets		
Deferred income tax asset to be recovered after more than 12 months	₩ 1,224,645	₩ 1,181,053
Deferred income tax asset to be recovered within 12 months	183,096	105,409
	<u>1,407,741</u>	<u>1,286,462</u>
Deferred income tax liabilities		
Deferred income tax liability to be recovered after more than 12 months	(1,578,904)	(1,460,326)
Deferred income tax liability to be recovered within 12 months	(57,023)	(26,223)
	<u>(1,635,927)</u>	<u>(1,486,550)</u>
Deferred income tax liabilities, net	<u>₩ (228,186)</u>	<u>₩ (200,088)</u>

The gross movements in the deferred tax for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	₩ (200,088)	₩ (112,606)
Changes in scope of consolidation	7,262	(201,925)
Deferred income tax charged to profit or loss	79,180	80,622
Deferred income tax charged to other comprehensive income	(102,921)	(41,900)
Deferred income tax charged to other equity	(11,620)	75,721
Ending balance	<u>₩ (228,186)</u>	<u>₩ (200,088)</u>

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The movements in deferred income tax assets and liabilities for the years ended December 31, 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in millions of Korean won)	2024					
	Beginning balance	Changes in scope of consolidation	Profit or loss	Other comprehensive income	Other equity	Ending balance
Deferred income tax liabilities						
Accrued revenue	₩ (9,920)	₩ -	₩ 2,218	₩ -	₩ -	₩ (7,701)
Property and equipment	(6,019)	-	1,161	-	-	(4,857)
Intangible assets	(374,927)	4,290	14,268	-	-	(356,369)
Financial assets at fair value through profit or loss	(34,841)	-	(1,812)	-	-	(36,653)
Financial assets at fair value through other comprehensive income	(213,169)	-	5,536	(108,322)	-	(315,955)
Plan assets	(79,617)	219	(14,489)	-	-	(93,887)
Derivative financial instruments	(2,234)	-	(15,326)	-	-	(17,559)
Lease	(464,913)	263	(18,332)	-	-	(482,983)
Investments in subsidiaries and associates	(271,047)	-	28,798	(3,466)	-	(245,716)
Others	(29,863)	-	(44,335)	(48)	-	(74,246)
	<u>(1,486,550)</u>	<u>4,771</u>	<u>(42,312)</u>	<u>(111,837)</u>	<u>-</u>	<u>(1,635,927)</u>
Deferred income tax assets						
Property and equipment	14,448	-	386	-	-	14,834
Advances from customers	9,266	-	1,884	-	-	11,151
Other intangible assets	20,126	-	292	-	-	20,418
Allowance for doubtful accounts	12,113	7,497	12,412	-	-	32,022
Accrued expenses	35,591	(36)	(1,580)	-	-	33,975
Provisions	21,852	(335)	17,414	-	-	38,931
Government grants	655	-	26	-	-	681
Defined benefit liabilities	71,684	(223)	8,159	8,915	-	88,536
Other long-term employee benefits liabilities	39,367	(17)	4,243	-	-	43,593
Financial assets at fair value through profit or loss	17,610	-	4,816	-	-	22,426
Financial assets at fair value through	6,281	-	(2,960)	-	-	3,321

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(in millions of Korean won)	2024					
	Beginning balance	Changes in scope of consolidation	Profit or loss	Other comprehensive income	Other equity	Ending balance
other comprehensive income						
Derivative financial instruments	3,777	-	28,696	-	-	32,473
Lease	497,186	(315)	30,373	-	-	527,245
Share-based compensation	37,128	(590)	(14,327)	-	(11,620)	10,592
Others	499,374	(3,490)	31,660	-	-	527,543
	<u>1,286,462</u>	<u>2,491</u>	<u>121,493</u>	<u>8,915</u>	<u>(11,620)</u>	<u>1,407,741</u>
Deferred income tax assets (liabilities), net	₩ (200,088)	₩ 7,262	₩ 79,180	₩ (102,921)	₩ (11,620)	₩ (228,186)

(in millions of Korean won)	2023					
	Beginning balance	Changes in scope of consolidation	Profit or loss	Other comprehensive income	Other equity	Ending balance
Deferred income tax liabilities						
Accrued revenue	₩ (7,105)	₩ (300)	₩ (2,515)	₩ -	₩ -	₩ (9,920)
Property and equipment	(7,280)	-	1,261	-	-	(6,019)
Intangible assets	(290,773)	(204,688)	120,534	-	-	(374,927)
Financial assets at fair value through profit or loss	(43,578)	-	8,737	-	-	(34,841)
Financial assets at fair value through other comprehensive income	(163,382)	-	(3,159)	(46,628)	-	(213,169)
Plan assets	(67,615)	-	(12,002)	-	-	(79,617)
Derivative financial instruments	(1,362)	-	(872)	-	-	(2,234)
Lease	(526,910)	(15,593)	77,589	-	-	(464,913)
Investments in subsidiaries and associates	(321,149)	(16,752)	69,678	(2,823)	-	(271,047)
Goodwill	(10,737)	-	10,737	-	-	-
Others	14,696	-	(44,541)	(18)	-	(29,863)
	<u>(1,425,195)</u>	<u>(237,334)</u>	<u>225,448</u>	<u>(49,470)</u>	<u>-</u>	<u>(1,486,550)</u>
Deferred income tax assets						
Property and equipment	9,510	1,800	3,139	-	-	14,448
Advances from customers	7,183	-	2,083	-	-	9,266
Other intangible assets	15,349	-	4,777	-	-	20,126

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(in millions of Korean won)	2023					
	Beginning balance	Changes in scope of consolidation	Profit or loss	Other comprehensive income	Other equity	Ending balance
Allowance for doubtful accounts	8,265	4,717	(869)	-	-	12,113
Accrued expenses	35,199	3,648	(3,256)	-	-	35,591
Provisions	18,000	-	3,852	-	-	21,852
Government grants	548	-	106	-	-	655
Defined benefit liabilities	56,569	138	7,408	7,570	-	71,684
Other long-term employee benefits liabilities	26,743	-	12,625	-	-	39,367
Financial assets at fair value through profit or loss	3,927	-	13,684	-	-	17,610
Financial assets at fair value through other comprehensive income	2,896	415	2,971	-	-	6,281
Derivative financial instruments	4,618	-	(841)	-	-	3,777
Lease	542,502	23,175	(68,491)	-	-	497,186
Share-based compensation	39,305	-	989	-	(3,166)	37,128
Others	541,975	1,517	(123,004)	-	78,886	499,374
	<u>1,312,588</u>	<u>35,409</u>	<u>(144,826)</u>	<u>7,570</u>	<u>75,721</u>	<u>1,286,462</u>
Deferred income tax assets (liabilities), net	<u>₩ (112,606)</u>	<u>₩ (201,925)</u>	<u>₩ 80,622</u>	<u>₩ (41,900)</u>	<u>₩ 75,721</u>	<u>₩ (200,088)</u>

The Group did not recognize deferred income tax asset of ₩ 661,758 million as at December 31, 2024, related to the investments in subsidiaries and associates considering the possibility of realization (scheduled not to be disposed of, etc.). As at December 31, 2024, the deferred income tax assets of unrecognized deductible temporary differences arising from subsidiaries' net loss carryforwards and others amount to ₩ 90,475 million.

Impact of Pillar Two income taxes

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group has either passed the transitional safe harbor in most countries where it operates, or the GloBE effective tax rate exceeds 15% in those countries. However, due to low statutory tax rates, the Group recognized a Pillar Two current income tax expense of ₩ 435 million in certain segments in countries where the transitional safe harbor does not apply.

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25. Provisions

Changes in provisions for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

		2024					
	Beginning balance	Changes in scope of consolidation	Increase	Decrease	Foreign currency exchange rate differences	Ending balance	
Current							
Provision for mileage	₩ 9,771	₩ -	₩ 4,817	₩ (140)	₩ 73	₩ 14,522	
Provision for restoration	682	(314)	2,651	(552)	(5)	2,462	
Provision for returns	2,496	(1,469)	2,307	(940)	4,265	6,659	
Other provisions	7,724	(110)	7,470	(4,944)	-	10,140	
	<u>20,673</u>	<u>(1,893)</u>	<u>17,246</u>	<u>(6,577)</u>	<u>4,333</u>	<u>33,783</u>	
Non-current							
Provision for mileage	316	-	58	(374)	-	-	
Provision for restoration	81,470	(960)	9,343	(13,035)	138	76,956	
Other provisions	-	-	1,776	-	-	1,776	
	<u>81,786</u>	<u>(960)</u>	<u>11,177</u>	<u>(13,409)</u>	<u>138</u>	<u>78,732</u>	
	<u>₩ 102,459</u>	<u>₩ (2,853)</u>	<u>₩ 28,424</u>	<u>₩ (19,985)</u>	<u>₩ 4,471</u>	<u>₩ 112,515</u>	

(in millions of Korean won)

		2023					
	Beginning balance	Changes in scope of consolidation	Increase	Decrease	Foreign currency exchange rate differences	Ending balance	
Current							
Provision for mileage	₩ 10,764	₩ (36)	₩ 62	₩ (1,018)	₩ -	₩ 9,771	
Provision for restoration	1,233	20	224	(794)	-	682	
Provision for returns	2,311	2	2,441	(2,258)	-	2,496	
Other provisions	6,295	-	8,034	(6,515)	(89)	7,724	
	<u>20,603</u>	<u>(14)</u>	<u>10,760</u>	<u>(10,586)</u>	<u>(89)</u>	<u>20,673</u>	
Non-current							
Provision for mileage	226	-	150	(60)	-	316	
Provision for restoration	68,077	8,201	8,643	(3,224)	(227)	81,470	
Other provisions	2,944	-	-	(2,944)	-	-	
	<u>71,247</u>	<u>8,201</u>	<u>8,793</u>	<u>(6,229)</u>	<u>(227)</u>	<u>81,786</u>	
	<u>₩ 91,850</u>	<u>₩ 8,187</u>	<u>₩ 19,554</u>	<u>₩ (16,816)</u>	<u>₩ (316)</u>	<u>₩ 102,459</u>	

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26. Derivative Financial Instruments

The carrying amounts of derivative financial assets, liabilities and commitments as at December 31, 2024 and 2023, are as follows:

(a) Derivative financial assets

<i>tin millions of Korean won)</i>	2024	2023
Call option (Grip Company)	₩ 5	₩ 220
Put option (HIGROUND Co., Ltd.)	5,249	4,252
Call option (Autonomous A2Z)	3,305	-
Call option (KEYEAST Co., Ltd.)	666	-
Currency forward	-	5,289
Put option (JELLYFISH Entertainment CO., LTD.)	-	2,800
	<u>₩ 9,225</u>	<u>₩ 12,560</u>

(b) Derivative financial liabilities

<i>(in millions of Korean won)</i>	2024	2023
Redemption right and conversion right (METABORA Co., Ltd.) ¹	₩ -	₩ 3,137
Early redemption right and conversion right (KEYEAST Co., Ltd.) ^{2,3}	7,522	2,821
Put option (Mono Labs Co., Ltd.)	-	1,762
Put option (A) ³	4	475
Securities forward transaction	421	-
Early redemption right of foreign currency exchangeable bonds ³	35,281	-
Exchange right of exchangeable bonds ³	83,136	-
	<u>₩ 126,364</u>	<u>₩ 8,196</u>

¹ Redemption right and conversion right granted to redeemable convertible preferred shares issued by METABORA Co., Ltd (Note 21).

² Redemption right and conversion right granted to convertible bonds issued by KEYEAST Co., Ltd (Note 21).

³ Classified as a liability due to conditions that exercise price is adjusted based on changes in the issuer's share price.

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27. Share Capital and Share Premium

As at December 31, 2024, the Parent Company's total number of ordinary shares issued is 443,662,117 shares.

The Parent Company retired its treasury shares of 500,000 shares by appropriating retained earnings in the previous period. Therefore, the total par value of capital shares issued differs from the total par value of capital shares outstanding.

(in millions of Korean won, except for number of shares and par value)

Shares issued					
Number of shares issued (in shares)	Par value (in Korean won)	Total par value	Share capital	Difference	
443,662,117	₩ 100	₩ 44,366	₩ 44,416	₩ 50	

During 2024, the Parent Company retired 1,966,496 treasury shares held by the Parent Company upon the resolution at the Board of Directors' meeting on March 28, 2024, and recognized the difference between the acquisition price and par value of ordinary shares as loss from capital reduction.

The Parent Company may grant share options to its employees and directors of the Parent Company and its affiliates who contribute or have capabilities to contribute to the establishment, management, overseas business and technical innovation of the Group, with the resolution of special shareholders meeting or board of directors up to 15% of total number of issued shares. As at December 31, 2024, the number of unexercised share options that can be converted into ordinary share among those granted is 6,401,314 shares (Note 28).

The Parent Company is authorized to issue convertible bonds and bonds with warrants into registered ordinary shares for up to the total par value of ₩ 500 billion to investors other than current shareholders, with the resolution of the board of directors. As at December 31, 2024, there are no convertible bonds issued.

The Parent Company may issue various classes of shares which are different in respect of their particulars as to the dividend, voting rights, conversion and redemption rights up to 50% of the total number of shares issued. The Parent Company has only issued ordinary shares and no other classes having the above conditions as at December 31, 2024.

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Changes in share capital and share premium during the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won, except number of shares)</i>		Number of ordinary shares (in shares)		Share capital		Share premium		Total
Date	Description							
January 1, 2023	Beginning balance	445,923,689	₩	44,592	₩	5,797,092	₩	5,841,684
	Exercise of share							
January 19, 2023	options	90,536		9		2,928		2,938
	Exercise of share							
February 21, 2023	options	74,203		7		2,097		2,105
	Exercise of share							
March 23, 2023	options	68,319		7		2,129		2,135
	Exercise of share							
April 25, 2023	options	184,381		18		4,572		4,590
	Retirement of							
May 3, 2023	treasury shares ¹	(1,897,441)		(190)		-		(190)
	Exercise of share							
May 23, 2023	options	160,519		16		6,458		6,474
	Exercise of share							
June 21, 2023	options	159,084		16		3,714		3,730
	Exercise of share							
July 25, 2023	options	87,800		9		3,093		3,102
	Exercise of share							
August 23, 2023	options	69,942		7		2,607		2,614
	Exercise of share							
September 21, 2023	options	64,412		6		2,474		2,480
	Exercise of share							
October 25, 2023	options	10,526		1		387		388
	Exercise of share							
November 22, 2023	options	253,190		25		8,561		8,586
	Exercise of share							
December 21, 2023	options	100,718		10		4,425		4,435
December 31, 2023	Ending balance	<u>445,349,878</u>	₩	<u>44,535</u>	₩	<u>5,840,538</u>	₩	<u>5,885,073</u>
January 1, 2024	Beginning balance	445,349,878	₩	44,535	₩	5,840,538	₩	5,885,073
	Exercise of share							
January 22, 2024	options	149,209		15		4,998		5,013
	Exercise of share							
February 26, 2024	options	154,263		15		5,693		5,708
	Exercise of share							
March 22, 2024	options	90,537		9		3,097		3,106
	Exercise of share							
April 22, 2024	options	48,794		5		2,063		2,068
	Retirement of							
May 3, 2024	treasury shares ¹	(1,966,496)		(197)		-		(197)
	Exercise of share							
May 21, 2024	options	69,095		7		3,523		3,530
	Exercise of share							
June 24, 2024	options	48,096		5		2,323		2,328
	Exercise of share							
July 22, 2024	options	48,467		5		2,303		2,308

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(in millions of Korean won, except number of shares)

Date	Description	Number of ordinary shares (in shares)	Share capital	Share premium	Total
August 22, 2024	Exercise of share options	35,546	4	1,372	1,376
September 23, 2024	Exercise of share options	3,519	-	112	113
October 22, 2024	Exercise of share options	21,626	2	925	927
November 21, 2024	Exercise of share options	10,947	1	336	338
December 19, 2024	Exercise of share options	98,636	10	3,788	3,798
December 31, 2024	Ending balance	<u>444,162,117</u>	<u>₩ 44,416</u>	<u>₩ 5,871,073</u>	<u>₩ 5,915,489</u>

¹ During 2024 and 2023, retired treasury shares held by the Parent Company and recognized the difference between the acquisition price and the par value as loss from capital reduction.

As at December 31, 2024, the number of treasury shares held by the Parent Company is 4,653,062 shares.

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28. Share-based Payment

Details of the share options as at December 31, 2024, are as follows:

(a) Share-based payment transactions with cash alternatives

Grant method: Issuance of new ordinary shares, treasury shares or payment of cash. The Group will determine in its discretion grant method at the time of exercise and accounts for them as equity-settled share option based on the assumption that it will be granted by issuance of new shares or grant of treasury shares in the future.

- Vesting condition and exercisable period:

	Description
24 th , 41 st tranches	The requisite service period is two years for the 50% of options granted, exercisable from two years to seven years after grant date. The requisite service period of remaining 50% is three years, exercisable from three years to seven years after grant date.
25 th tranches	The requisite service period is two years for the 50% of options granted, exercisable from two years to seven years after grant date. The requisite service period of remaining 50% is three years, exercisable from three years to seven years after grant date. It is exercisable only when there is a case that the average price of the shares calculated at the end of each month within two years to four years from grant date exceeds 150% of exercise price. If there is a case of exceeding 200% of exercise price, all the granted options will be exercisable from the two years from grant date.
27 th , 31 st , 32 nd tranches	The requisite service period is two years for the 30% of options granted, exercisable from two years to seven years after grant date. The requisite service period of another 30% is three years, exercisable from three years to seven years after grant date. The requisite service period of remaining 40% is four years, exercisable from four years to seven years after grant date. It is exercisable only when there is a case that the average price of the shares calculated at the end of each month within two years to seven years from grant date exceeds 150% of exercise price. If there is a case of exceeding 200% of exercise price, all the granted options will be exercisable from the two years from grant date.
28 th , 30 th , 35 th , 36 th , 37 th , 38 th , 42 nd , 43 rd , 44 th , 45 th tranches	The requisite service period is two years for the 30% of options granted, exercisable from two years to seven years after grant date. The requisite service period of another 30% is three years, exercisable from three years to seven years after grant date. The requisite service period of remaining 40% is four years, exercisable from four years to seven years after grant date.

(b) Equity-settled share option

- Type of shares issued through exercise of share option: Registered ordinary shares.
- Grant method: Issuance of new ordinary shares or grant of treasury shares.

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- Vesting condition and exercisable period:

	Description
33 rd , 48 th , 49 th , 51 st tranches	The requisite service period is two years for the 50% of options granted, exercisable from two years to seven years after grant date. The requisite service period of remaining 50% is three years, exercisable from three years to seven years after grant date.
34 th , 46 th , 47 th tranches	The requisite service period is two years for the 30% of options granted, exercisable from two years to seven years after grant date. The requisite service period of another 30% is three years, exercisable from three years to seven years after grant date. The requisite service period of remaining 40% is four years, exercisable from four years to seven years after grant date.
50 th tranches	The requisite service period is two years, exercisable from two years to seven years after grant date.

(c) Cash-settled share option

- Vesting condition and exercisable period:

	Description
5 th tranches	The requisite service period is two years for the 50% of options granted, exercisable from two years to seven years after grant date. The requisite service period of remaining 50% is three years, exercisable from three years to seven years after grant date.
7 th , 9 th , 10 th tranches	The requisite service period of 30% of options granted is two years, exercisable from two years to seven years after grant date. The requisite service period of another 30% is three years, exercisable from three years to seven years after grant date. The requisite service period of remaining 40% is four years, exercisable from four years to seven years after grant date.

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(d) Grant of treasury shares

- Vesting condition and exercisable period:

	Grant date	Description
2 nd tranches	October 1, 2021	Treasury shares granted under individual conditions will be given only to those who have served as an employee from the date of grant until the date of payment under individual conditions. 30% of shares are granted on the initial grant date. 30% of shares are granted at one year after the initial grant date. 40% of shares are granted at two years after the initial grant date. However, if the requisite service period (one year after each grant date) is not met, cash equivalent of the amount of shares must be repaid.
3 rd tranches	November 3, 2021	

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Details of the Parent Company's share-based compensation transactions with cash alternatives and equity-settled share options outstanding as at December 31, 2024, are as follows:

Tranche	Grant date ³	Exercise price (in Korean won)	Number of shares (in shares)						Outstanding as at December 31, 2024 ²	Exercisable as at December 31, 2024
			Outstanding as at January 1, 2024	Granted	Forfeited	Exercised	Adjusting quantities for treasury shares retirements ¹			
18th	March 2, 2017	W 17,343	36,823	-	-	36,823	-	-	-	
19th	March 2, 2017	17,343	39,108	-	-	39,108	-	-	-	
21st	May 2, 2017	18,004	48,318	-	-	48,318	-	-	-	
22nd	September 28, 2017	26,722	9,695	-	-	9,662	33	-	-	
24th	August 31, 2018	25,072	215,667	-	-	68,087	909	146,671	144,684	
25th	August 31, 2018	25,072	31,524	-	-	21,747	44	9,733	9,733	
27th	May 16, 2019	25,279	53,770	-	-	-	238	53,532	53,532	
28th	May 16, 2019	25,279	625,946	-	-	113,877	2,490	509,579	509,579	
30th	May 6, 2020	35,166	2,455,434	-	42,832	311,109	10,326	2,091,167	2,003,349	
31st	May 6, 2020	35,166	551,674	-	-	97,366	2,182	452,126	452,126	
32nd	September 24, 2020	76,446	49,425	-	-	-	219	49,206	-	
33rd	May 4, 2021	115,872	379,511	-	13,538	-	2,009	363,964	350,984	
34th	September 1, 2021	152,696	49,425	-	-	-	219	49,206	29,522	
35th	March 22, 2019	28,368	154,064	-	-	23,797	663	129,604	126,008	
36th	July 2, 2019	28,368	998	-	-	479	3	516	-	
37th	October 17, 2019	28,368	9,461	-	-	3,663	37	5,761	5,761	
38th	November 15, 2019	28,368	4,848	-	-	4,699	11	138	138	
41st	September 3, 2018	58,888	2,401	-	-	-	13	2,388	2,388	
42nd	May 9, 2019	62,999	5,012	-	402	-	28	4,582	4,582	
43rd	November 15, 2019	64,928	17,501	-	-	-	81	17,420	17,420	
44th	June 23, 2020	75,863	53,599	-	5,258	-	258	48,083	47,875	
45th	March 5, 2021	226,215	9,300	-	2,197	-	35	7,068	4,238	
46th	November 3, 2021	126,176	330,935	-	840	-	1,471	328,624	196,893	
47th	December 15, 2021	125,404	291,533	-	6,300	-	1,311	283,922	148,643	
48th	March 29, 2022	102,847	510,700	-	20,702	-	2,776	487,222	231,770	
49th	March 28, 2023	62,449	641,978	-	28,056	-	3,366	610,556	-	
50th	March 28, 2023	62,449	49,787	-	-	-	220	49,567	-	
51st	March 28, 2024	54,671	-	730,400	26,097	-	3,624	700,679	-	
			6,628,437	730,400	146,222	778,735	32,566	6,401,314	4,339,225	

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¹ During 2024, the number of grants and exercise prices were adjusted due to the retirement of treasury shares.

² Outstanding shares include the number of employees transferred to spun-off entity (125,619 shares of Kakao Entertainment Corp.).

³ It is prepared based on the initial grant date for the 35th~45th tranches, which were transferred due to the merger with Kakao Commerce Co., Ltd.

In addition to the aforementioned equity-settled share options, the Group granted equity-settled share options in relation to the shares of its subsidiaries such as Kakao Games Corp., XLGAMES Inc., Lionheart Studio Corp., Ltd., Kakao VX, METABORA Co., Ltd., Ocean Drive Studio Corp., Kakao Enterprise Corp., Kakao Piccoma Corp., Kakao Mobility Corp., Kakao healthcare Corp., Kakaopay Corp., SM Culture & Contents Co., Ltd., HANEUL DAMDA CO., LTD., DREAMMAKER Entertainment Ltd., KEYEAST Co., Ltd., Stream Media Corporation, Beyond Live Corporation, SM BRAND MARKETING Co., LTD., Kakao Entertainment Corp., SamyangCNC Co.,Ltd, KW Books, Inc., TAPAS ENTERTAINMENT, INC., STARSHIP ENTERTAINMENT CORP., EDAM Entertainment Corp., Daon Creative inc. and KM parking and space Corp.

Compensation costs of the Parent Company's share-based payments with cash alternatives and equity-settled share options are calculated by applying a fair value approach using Binomial model and LSMC (Least Square Monte-Carlo) model. The related assumptions are as follows:

Tranche		Fair value of option at grant date ² (in Korean won) ²	Weighted average share price at grant date (in Korean won)	Price volatility	Dividend yield	Expected option life	Risk-free interest rate
24th	₩	5,542	₩ 25,000	14%	0.12%	2~3 years	2.25%
25th		1,075	25,000	14%	0.12%	2~3 years	2.25%
27th		2,184	26,700	12%	0.10%	2~4 years	1.80%
28th		6,097	26,700	12%	0.10%	2~4 years	1.80%
30th		16,958	39,900	33%	0.06%	2~4 years	1.40%
31st		8,537	39,900	33%	0.06%	2~4 years	1.40%
32nd		10,165	70,400	36%	0.04%	2~4 years	1.28%
33rd		51,180	115,500	38%	0.03%	2~3 years	1.99%
34th		63,291	150,400	35%	0.02%	2~4 years	1.86%
35th ¹		6,172	27,917	15%	0.00%	2~4 years	1.91%
36th ¹		5,802	27,921	15%	0.00%	2~4 years	1.57%
37th ¹		5,787	27,921	15%	0.00%	2~4 years	1.55%
38th ¹		5,957	27,921	15%	0.00%	2~4 years	1.72%
41st ¹		13,041	56,945	16%	0.00%	2~3 years	2.24%
42nd ¹		22,437	62,018	30%	0.00%	2~4 years	1.82%
43rd ¹		26,916	63,912	37%	0.00%	2~4 years	1.72%
44th ¹		16,941	74,669	18%	0.00%	2~4 years	1.24%
45th ¹		55,913	222,634	19%	0.00%	2~4 years	1.70%
46th		54,986	124,500	38%	0.02%	2~4 years	2.41%
47th		49,626	118,500	37%	0.03%	2~4 years	2.14%
48th		49,750	105,500	38%	0.03%	2~3 years	2.94%

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Tranche	Fair value of option at grant date ² (in Korean won) ²	Weighted average share price at grant date (in Korean won)	Price volatility	Dividend yield	Expected option life	Risk-free interest rate
49th	29,416	60,700	42%	0.09%	2~3 years	3.29%
50th	29,358	60,700	42%	0.09%	2 years	3.29%
51st	22,546	54,400	33%	0.10%	2~3 years	3.39%

¹ For the 35th~45th tranches, which were transferred due to the merger with Kakao Commerce Corp., the fair value and the weighted average share price are adjusted by the ratio agreed upon at the time of the merger.

² During 2024, the fair value was adjusted for the retirement of treasury shares.

Details of the Parent Company's cash-settled share options outstanding as at December 31, 2024, are as follows:

Tranche	Grant date	Exercise price (in Korean won)	Number of shares (in shares)					Outstanding as at December 31, 2024	Exercisable as at December 31, 2024
			Outstanding as at January 1, 2024	Granted	Forfeited	Exercised	Adjusting quantities for treasury shares retirements ¹		
5 th	August 31, 2018	₩ 25,072	9,884	-	-	-	44	9,840	9,840
7 th	May 16, 2019	25,279	5,931	-	-	-	27	5,904	5,904
9 th	September 1, 2021	152,696	24,712	-	-	-	110	24,602	14,760
10 th	October 13, 2022	58,344	109,531	-	-	-	484	109,047	32,714
			150,058	-	-	-	665	149,393	63,218

¹ During 2024, the number of grants and exercise prices were adjusted due to the retirement of treasury shares.

In addition to the aforementioned cash-settled share options, the Group granted cash-settled share options in relation to the shares of its subsidiaries such as Kakao Entertainment Corp., Kakaopay Corp. and Kakaopay Securities Corp.

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The fair value of the Group's cash-settled share options was determined using Binomial model and LSMC (Least Square Monte-Carlo) option pricing model. The related assumptions are as follows:

Tranche		Fair value of option at the evaluation date (in Korean won)	Share price at the evaluation date (in Korean won)	Price volatility	Dividend yield	Expected option life	Risk-free interest rate
5 th	₩	13,781	₩ 38,200	37%	0.10%	2~3 years	2.70%
7 th		14,209	38,200	37%	0.10%	2~4 years	2.75%
9 th		531	38,200	37%	0.10%	2~4 years	2.80%
10 th		5,970	38,200	37%	0.10%	2~4 years	2.80%

Details of the Parent Company's share options granting treasury shares outstanding as at December 31, 2024, are as follows:

Tranche	Grant date	Disclosure date for sale	Closing price at grant date (in Korean won)	Number of shares (in shares)				Adjusting quantities for treasury shares retirements ¹	Outstanding as at December 31, 2023 ²
				Outstanding as at January 1, 2024	Granted	Forfeited	Exercised		
2 nd	October 1, 2021	December 15, 2021	116,500	74,361	-	21,057	23,158	146	30,000
	November 3, 2021	November 3, 2021	124,500	54,952	-	813	53,070	2	1,067
3 rd				129,313	-	21,870	76,228	148	31,067

¹ During 2024, the number of grants and exercise prices were adjusted due to the retirement of treasury shares.

Share-based compensation recognized as expenses for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024	2023
Share-based compensation transactions with cash alternatives and equity-settled share option	₩ 69,652	₩ 74,869
Cash-settled share option	1,251	955
Grant of treasury shares	2,371	8,416
	₩ 73,275	₩ 84,240

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29. Other Components of Equity

Other components of equity as at December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Treasury shares	₩ (1,034)	₩ (1,034)
Loss from capital reduction	(176,887)	(127,921)
Share options	149,271	141,955
Other capital adjustments	(5,430)	(5,430)
	<u>₩ (34,079)</u>	<u>₩ 7,571</u>

As at December 31, 2024, the Group holds 4,653,062 treasury shares for the purpose of stabilizing share prices and enhancing shareholder value, and the amount is accounted for as other components of equity.

30. Accumulated Other Comprehensive Losses

Accumulated other comprehensive losses as at December 31, 2024 and 2023, consists of:

<i>(in millions of Korean won)</i>	2024	2023
Foreign currency translation adjustments, net of tax	₩ 65,635	₩ 45,457
Share of other comprehensive income of associates, net of tax	33,007	8,965
Losses on valuation of equity instruments at fair value through other comprehensive income	(767,725)	(1,069,118)
Net financial loss on insurance contract assets (liabilities) through other comprehensive income	(7)	-
Remeasurement of defined benefit obligation, net of tax	(54,490)	(35,718)
	<u>₩ (723,579)</u>	<u>₩ (1,050,415)</u>

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Changes in accumulated other comprehensive losses for the years ended December 31, 2024 and 2023, are as follows, and the changes in the table represents amount net of tax.

(in millions of Korean won)	2024			
	Beginning balance	Increase (Decrease)	Reclassification to retained earnings	Ending balance
Foreign currency translation adjustments, net of tax	₩ 45,457	₩ 20,178	₩ -	₩ 65,635
Share of other comprehensive income (loss) of associates, net of tax	8,965	24,042	-	33,007
Gains (losses) on valuation of equity instruments at fair value through other comprehensive income	(1,069,118)	306,429	(5,036)	(767,725)
Net financial gain on insurance contract assets (liabilities) through other comprehensive income	-	(7)	-	(7)
Remeasurement of defined benefit obligation, net of tax	(35,718)	(18,815)	44	(54,490)
	₩ (1,050,415)	₩ 331,828	₩ (4,992)	₩ (723,579)

(in millions of Korean won)	2023			
	Beginning balance	Increase (Decrease)	Reclassification to retained earnings	Ending balance
Foreign currency translation adjustments, net of tax	₩ 66,035	₩ (20,578)	₩ -	₩ 45,457
Share of other comprehensive income (loss) of associates, net of tax	(20,172)	29,136	-	8,965
Gains (losses) on valuation of equity instruments at fair value through other comprehensive income	(1,278,872)	138,269	71,485	(1,069,118)
Net financial gain on insurance contract assets (liabilities) through other comprehensive income	-	-	-	-
Remeasurement of defined benefit obligation, net of tax	(16,657)	(18,631)	(430)	(35,718)
	₩ (1,249,666)	₩ 128,197	₩ 71,055	₩ (1,050,415)

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31. Retained Earnings

Retained earnings as at December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	2024	2023
Legal reserves ¹	₩ 24,645	₩ 20,603
Other reserve	5	5
Unappropriated retained earnings	1,918,848	1,901,529
	<u>₩ 1,943,498</u>	<u>₩ 1,922,137</u>

¹ The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment but may be transferred to share capital or used to reduce accumulated deficit.

32. Operating Expenses

Operating expenses for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Salaries	₩ 1,433,291	₩ 1,382,857
Post-employment benefits	115,034	106,148
Share-based compensation	73,275	84,240
Employee benefits	261,808	252,166
Training expenses	3,630	4,866
Travel and transportation expense	29,672	30,087
Taxes and dues	31,659	30,783
Rental and maintenance expenses	102,313	92,449
Commission expenses	879,630	834,863
Sales-related expenses	2,577,029	2,522,652
Cost of goods sold	507,254	493,281
Advertising expenses	399,920	399,885
Depreciation	575,668	478,459
Amortization	259,629	271,424
Bad debt expenses	37,551	1,040
Expenses for events	6,450	5,961
Others	117,665	104,983
	<u>₩ 7,411,480</u>	<u>₩ 7,096,144</u>

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33. Other Income and Expenses

Details of other income and expenses for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024		2023	
Other income				
Gains on sales of property and equipment	₩	14,656	₩	3,919
Gains on sales of intangible assets		16,125		3,232
Gains on sales of investments in associates		67,799		109,714
Gains on sales of investments in subsidiaries		5,777		21,133
Gains on foreign currency transactions		16,879		9,742
Gains on foreign currency translation		7,243		1,529
Miscellaneous income		39,452		38,864
Rental income		134		262
Reversal of impairment loss on investments in associates		-		263
Reversal of provision for restoration		901		1,137
Gains on sales of assets held for sale		2,435		-
Government grant income		77		80
Reversal of impairment losses on intangible assets		271		1,023
Gains on change in lease		316		646
Gain on debt forgiveness		45		-
Reversal of other allowance for doubtful account		591		653
Others		-		129
	₩	172,702	₩	192,325
Other expenses				
Losses on sales of property and equipment	₩	5,830	₩	4,963
Losses on sales of intangible assets		7,251		18,821
Loss on sales of assets held for sale		27,162		-
Losses on abandonment of property and equipment, and intangible assets		5,783		4,236
Impairment losses on property and equipment		3,296		3,036
Impairment losses on intangible assets		401,554		1,882,210
Impairment loss on other assets		8,686		-
Impairment loss on right-of-use assets		4,070		-
Impairment losses on investments in associates		100,593		249,970
Impairment loss on investments in joint ventures		563		-
Losses on sales of investments in associates		13,318		15,430
Losses on sales of investments in subsidiaries		221		4,986
Donations		23,082		30,853
Commission expenses		21,362		39,559

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<i>(in millions of Korean won)</i>	2024	2023
Losses on foreign currency transactions	14,270	13,614
Losses on foreign currency translation	2,020	2,213
Miscellaneous losses ¹	59,039	22,816
Losses on change in lease	48	45
Other bad debt expenses	13,799	21,598
Increase of other provision	1,777	73
	<u>₩ 713,724</u>	<u>₩ 2,314,424</u>

¹ Includes administrative fine of ₩ 39,706 million imposed by the Personal Information Protection Commission during the year ended December 31, 2024.

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34. Finance Income and Costs

Finance income and costs for the years ended December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024		2023	
Finance income				
Interest income	₩	206,389	₩	190,163
Dividend income		46,198		29,580
Gains on valuation of derivatives		55,653		19,747
Gains on transaction of derivatives		11		68
Gains on valuation of financial assets at fair value through profit or loss		32,544		38,108
Gains on valuation of financial liabilities at fair value through profit or loss		3,188		183
Gains on sales of financial assets at fair value through profit or loss		24,451		31,570
Gains on foreign currency transactions		4,276		2,476
Gains on foreign currency translation		32,767		4,398
Fund finance income		312		1,144
	₩	405,789	₩	317,437
Finance costs				
Interest expense	₩	203,712	₩	162,778
Losses on valuation of derivatives		1,718		6,623
Loss on transaction of derivatives		707		-
Losses on foreign currency transactions		2,878		4,529
Losses on foreign currency translation		16,588		1,860
Losses on valuation of financial assets at fair value through profit or loss		113,783		107,836
Losses on sales of financial assets at fair value through profit or loss		6,514		3,858
Loss on repayment of debentures		3,617		-
Fund finance costs		31,613		19,242
Other finance costs		350		1,670
	₩	381,480	₩	308,396

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35. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average shares outstanding during the financial year excluding treasury shares.

Basic earnings per share for the years ended December 31, 2024 and 2023, is calculated as follows:

<i>(in millions of Korean won)</i>	2024	2023
Profit (loss) attributable to the ordinary equity holders of the Parent Company	₩ 55,277	₩ (1,012,551)
Weighted average shares <i>(in shares)</i>	<u>438,707,736 shares</u>	<u>437,420,901 shares</u>
Basic earnings (losses) per share <i>(in Korean won)</i>	<u>₩ 126</u>	<u>₩ (2,315)</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Parent Company has exchangeable bonds and share options as dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Parent Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the share options are exercised.

The exchangeable bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

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Diluted earnings per share for the years ended December 31, 2024 and 2023, is calculated as follows:

<i>(in millions of Korean won, except number of shares and per share data)</i>	2024	2023
Profit (loss) attributable to ordinary equity holders of the Parent Company	₩ 55,277	₩ (1,012,551)
Adjustment of profit (loss) related to exchangeable bonds, and others	(14,344)	-
	<u>40,934</u>	<u>(1,012,551)</u>
<i>(in shares)</i>		
Weighted average shares in issue	438,707,736	437,420,901
Adjustment for:		
Share options	1,032,867	-
Exchangeable bonds	<u>3,103,772</u>	<u>-</u>
Weighted average number of diluted potential ordinary shares	<u>4,123,756</u>	<u>-</u>
Weighted average shares for diluted earnings per share	<u>442,844,375</u>	<u>437,420,901</u>
<i>(in Korean won)</i>		
Diluted earnings per share ¹	₩ 92	₩ (2,315)

Anti-dilutive effect occurs during the year ended December 31, 2023. Therefore, basic earnings per share is identical to diluted earnings per share.

36. Dividends

Dividends paid by the Parent Company for the years ended December 31, 2024 and 2023, are ₩ 26,749 million (₩ 61 per share) and ₩ 26,202 million (₩ 60 per share), respectively.

A dividend in respect of the year ended December 31, 2024, of ₩ 68 per share, amounting to a total dividend of ₩ 29,857 million, is to be proposed to shareholders at the annual general meeting on March 26, 2025. The Company's consolidated financial statements do not reflect this dividend payable.

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37. Cash Generated from Operations

Details of cash generated from operations for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Loss before income tax	₩ (2,815)	₩ (1,648,240)
Adjustments for:		
Bad debt expense	37,551	1,040
Depreciation	575,668	489,231
Amortization	259,629	271,424
Impairment losses on intangible assets	401,283	1,882,210
Impairment losses on property and equipment	3,296	3,036
Losses (gains) on sales of property and equipment	(9,094)	443
Losses on abandonment of property and equipment	5,783	4,235
Losses (gains) on disposal of intangible assets	(8,874)	15,589
Post-employment benefits	93,252	81,125
Share-based compensation	73,275	84,240
Interest income	(218,846)	(199,369)
Interest expense	220,818	174,192
Dividend income	(46,204)	(29,585)
Profit of associates and joint ventures accounted for using equity method	(53,685)	(3,960)
Losses on sales of investments in associates	13,318	15,430
Gains on sales of investments in associates	(67,799)	(109,714)
Gains on sales of investments in subsidiaries	(5,777)	(21,133)
Losses on sales of investments in subsidiaries	221	4,986
Impairment losses on investments in associates	101,156	249,707
Gains on sales of financial assets at fair value through profit or loss	(24,451)	(31,570)
Losses on sales of financial assets at fair value through profit or loss	6,514	3,858
Gains on valuation of financial assets at fair value through profit or loss	(36,500)	(41,151)
Losses on valuation of financial assets at fair value through profit or loss	113,831	107,840
Gains on valuation of financial liabilities at fair value through profit or loss	(3,188)	(183)
Gains on valuation of derivatives	(53,936)	(13,124)
Losses (gains) on transaction of derivatives	696	(68)
Loss on repayment of debentures	3,617	-
Loss on sales of assets held for sale	24,726	-
Impairment loss on sales of assets held for sale	8,686	-
Other bad debt expenses	13,208	20,944

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Other long-term employee benefits	27,162	21,349
Gains on foreign exchange translation	(51,556)	(7,173)
Losses on foreign exchange translation	29,473	4,794
Losses on valuation of inventories	7,655	5,765
Losses on abandonment of inventories	298	552
Impairment loss on right-of-use assets	4,070	-
Others	16,775	15,860
Changes in operating assets and liabilities		
Trade receivables	(20,345)	(108,007)
Inventories	473	43,477
Other current financial assets	(62,004)	(119,289)
Other current assets	24,501	(78,914)
Other non-current financial assets	(1,439)	(938)
Other non-current assets	(14,694)	9,094
Trade and other payables	(26,981)	417,774
Other current liabilities	35,684	74,353
Other current financial liabilities and deposits received	124,257	(3,375)
Other non-current liabilities	(17,836)	(3,293)
Other non-current financial liabilities	192	(67)
Net defined benefit liabilities	(103,442)	(102,361)
Other long-term employee benefits liabilities	(2,574)	(6,131)
Financial assets at fair value through profit or loss	(228,644)	(178,246)
Deposits received	377,199	399,414
Deposits	(61,121)	(41,088)
Financial assets at amortized cost	(27,355)	(50,251)
Others	(217)	(4,198)
Cash generated from operations	₩ 1,454,889	₩ 1,600,533

Significant transactions not affecting cash flows for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Increase in provision for restoration to specific property and equipment account	₩ 2,669	₩ 4,566
Write-offs of trade receivables	3,725	912
Increase (decrease) in non-trade payables related to acquisition of property and equipment	(17,719)	19,012
Decrease in non-trade receivables related to sales of property and equipment	(1,204)	(7,624)
Increase (decrease) in non-trade payables related to acquisition of intangible assets	592	(4,871)
Transfer from advance payments and long-term advance payments to property and equipment	31	1,049

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<i>(in millions of Korean won)</i>	2024	2023
Transfer from advance payments and long-term advance payments to intangible assets	6,079	11,692
Exchange of exchangeable bonds	25,974	-
Transfer to current portion of long-term borrowings	764,366	563,852
Increase (decrease) in non-trade payables related to payment of lease liabilities	(1,495)	3,191
Transfer from investments in associates to financial assets at fair value through other comprehensive income	5,703	88

Changes in liabilities arising from financial activities for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	Liabilities from financing activities			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
At January 1, 2023	₩ (1,096,884)	₩ (1,176,181)	₩ (1,890,134)	₩ (4,163,200)
Acquisitions – leases	-	-	(265,307)	(265,307)
Disposal – lease	-	-	23,497	23,497
Cash flows	58,658	(198,988)	290,259	149,930
Exchange differences	(1,596)	(33,973)	3,374	(32,195)
Change in scope of consolidation	(19,256)	(42)	(104,092)	(123,390)
Transfer from/to current portion	(563,852)	563,852	-	-
Unwind of discount	(3,382)	(297)	(74,781)	(78,460)
Others	(3,140)	-	-	(3,140)
At December 31, 2023	₩ (1,629,452)	₩ (845,628)	₩ (2,017,185)	₩ (4,492,265)
At January 1, 2024	₩ (1,629,452)	₩ (845,628)	₩ (2,017,185)	₩ (4,492,265)
Acquisitions – leases	-	-	(398,266)	(398,266)
Disposal – lease	-	-	33,373	33,373
Cash flows	364,209	(225,060)	332,673	471,822
Exchange differences	(29,942)	(21,824)	(232)	(51,998)
Change in scope of consolidation	1	276	2,717	2,994
Transfer from/to current portion	(764,366)	764,366	-	-
Unwind of discount	(17,649)	-	(82,034)	(99,683)
Others	190,332	-	94,278	284,610
At December 31, 2024	₩ (1,886,868)	₩ (327,870)	₩ (2,034,674)	₩ (4,249,412)

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38. Commitments and Contingencies

The Group has provided the following guarantees as at December 31, 2024 and 2023:

<i>(in millions of Korean won)</i>		Amount		Guaranteed item
Beneficiary	Guarantor	2024		
Employees ¹	Shinhan Bank and others	₩	28,041	
Customers ²	Korea Investment Savings Bank and others		38,000	
		₩	66,041	

¹ The Group provided its employees payment guarantee with banks for the employees' bank loans related to their welfare and the Group's deposits of ₩ 33,388 million are pledged as collateral.

² Debt guarantee provided for the customer's instalment amount for financial institutions among the purchase amounts. In relation to such debt guarantee, financial instruments of ₩ 5,872 million of the Group are provided as collateral.

<i>(in millions of Korean won)</i>		Amount		Guaranteed item
Beneficiary	Guarantor	2023		
Employees ¹	Shinhan Bank	₩	3,080	Employee loans Guarantee for sales instalment
Customers ²	Korea Investment Savings Bank and others		62,000	
		₩	65,080	

¹ The Group provided its employees payment guarantee with banks for the employees' bank loans related to their welfare and the Group's deposits of ₩ 33,388 million are pledged as collateral.

² Debt guarantee provided for the customer's instalment amount for financial institutions among the purchase amounts. In relation to such debt guarantee, financial instruments of ₩ 12,539 million of the Group are provided as collateral.

The Group has been provided with the following guarantees by others as at December 31, 2024 and 2023:

(in millions of Korean won)		Amount				
Guarantor	Details	2024		2023		Beneficiary
Seoul Guarantee Insurance and others	Performance guarantee and others	₩	383,840	₩	323,897	Korea Financial Telecommunications & Clearings Institute, Korea Workers' Compensation & Welfare Service and others
Executive of subsidiaries ¹	Guarantee for borrowings and others		-		4,833	-
Seoul Guarantee Insurance and others	Guarantee for payment of construction		371,303		371,910	Seoul Arena Co., Ltd
		₩	755,143	₩	700,640	

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¹ It includes amounts guaranteed by CEO and executives of subsidiaries as at December 31, 2023.

As at December 31, 2024, the Group is involved in 34 lawsuits amounting to ₩ 106,342 million as a defendant or co-defendant. The Group recognizes related liabilities when it is highly probable that there will be an outflow of resources embodying economic benefits in order to fulfil obligations pursuant to law. The Group does not expect that these cases would have a material impact on its consolidated financial statements.

The Group's agreements with financial institutions and commitments as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)		2024	
Financial Institution	Agreements	Maximum limit	Amount executed
DB INSURANCE CO.,LTD. ^{2,3,4,5}	Long-term loan	₩ 18,000	₩ -
Gyeonggi Province Economic & Science Promotion Agency Foundation	Operation capital	60	60
Kyongnam Bank Co.,Ltd. ^{2,3,4,5}	Long-term loan	50,000	-
Kookmin Bank ^{2,3,4,5}	Credit offerings	20,000	-
Kookmin Bank	Operation capital	160,000	160,000
Kookmin Bank	General loans	99,093	99,093
Kookmin Bank ^{2,3,4,5}	Long-term loan	65,000	-
Kookmin Bank	Limit loan agreement	110,000	3,000
Industrial Bank of Korea	General loans	600	500
Nonghyup Life Insurance Co.,Ltd. ^{2,3,4,5}	Long-term loan	40,000	-
NongHyup Bank	General loans	70,000	70,000
Lotte Non-Life Insurance Co.,Ltd. ^{2,3,4,5}	Long-term loan	48,000	-
Sumitomo Mitsui Banking Corporation	Limit loan agreement	936	187
SAMSUNG SECURITIES CO.,LTD	Commercial paper	30,000	30,000
Samsung Fire & Marine Insurance Co.,Ltd. ^{2,3,4,5}	Long-term loan	24,000	-
SUHYUP BANK ^{2,3,4,5}	Long-term loan	30,000	-
Shinhan Bank	Commercial paper	80,000	80,000
Shinhan Bank	Credit transaction agreement	8,000	-
Shinhan Bank	Operation capital	90,000	90,000
Shinhan Bank	General loans	209,183	209,183
Shinhan Bank	Limit loan agreement	312,100	-
iM LIFE INSURANCE CO.,Ltd ^{2,3,4,5}	Long-term loan	15,000	-
Woori Bank	Operation capital	50,000	50,000
Woori Bank	General loans	182,586	182,586
Woori Bank ^{2,3,4,5}	Long-term loan	65,000	-
Korea SMEs and Startups Agency	Operation capital	921	921
Korea SMEs and Startups Agency	Limit loan agreement	17	17

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(in millions of Korean won)		2024	
Financial Institution	Agreements	Maximum limit	Amount executed
KDB Life Insurance ^{2,3,4,5}	Long-term loan	35,000	-
KB Securities	Commercial paper	90,000	90,000
KB Securities	Operation capital	50,000	50,000
Hana Bank	Operation capital	140,000	140,000
Hana Bank	General loans	267,586	267,586
Hana Bank ¹	Loans for daily transactions	3,000	-
Hana Bank	Limit loan agreement	105,050	508
Korea Development Bank	Operation capital	60,000	60,000
Korea Development Bank	General loans	15,000	15,000
Korea Development Bank	Limit loan agreement	40,000	-
The Export-Import Bank of Korea	Limit loan agreement	50,000	-
Citibank Korea Inc.	Operation capital	50,000	50,000
Korea Securities Finance Corp	Retail Banking loans	50,000	-
Korea Securities Finance Corp	Loans for acquisition	80,000	-
Korea Securities Finance Corp	Loans for daily transactions	30,000	-
Korea Investment & Securities Co.,Ltd.	General loans	85,000	85,000
Heungkuk Fire & Marine Insurance Co.,Ltd. ^{2,3,4,5}	Long-term loan	30,000	-

¹ ₩ 4,000 million of time deposit and ₩ 2,000 million of MMT (Korea Securities Finance Corp) are held as collateral with respect to the agreement.

² Seoul Arena Co., Ltd, a subsidiary, has entered into a loan agreement with Kookmin Bank and 11 other financial institutions in relation to the private investment project for the multi-cultural complex. The agreement categorizes the loans according to their intended purposes into four classifications: A, B, C, and D, as well as credit extension loans. The long-term loan agreements A, C, and D are designed to finance the construction of facilities necessary for the private investment project of the multi-cultural complex, including the construction works and additional interior costs. Meanwhile, the long-term loan agreement B pertains to financing specific construction items, such as fire safety measures, for works not covered by the intended purposes outlined in A, C, and D.

³ Seoul Arena Co., Ltd, a subsidiary, has entered into security transfer contract regarding all contracts related to the private investment project for the multi-cultural complex, which was executed with a third party in connection with the loan agreements with KB Kookmin Bank and 11 other financial institutions. Under this agreement, the rights associated with these contracts have been transferred or provided as collateral. The maximum amount secured by collateral is ₩ 572,000 million.

⁴ Seoul Arena Co, Ltd, a subsidiary, has established a collateralized right in the operational and management rights of the social infrastructure facility, which primarily involves the maintenance, management, and revenue generation from users of the completed multi-cultural complex, in relation to the loan agreements with KB Kookmin Bank and 11 other financial institutions. The maximum amount secured by collateral is ₩ 572,000 million.

⁵ Seoul Arena Co., Ltd, a subsidiary, has provided collateral on the insurance claim rights related to

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the insurance contracts associated with the project pertaining to the loan agreements with Kookmin Bank and 11 other financial institutions. The maximum amount secured by collateral is ₩ 572,000 million.

<i>(in millions of Korean won)</i>		2023	
Financial Institution	Agreements	Maximum limit	Amount executed
Kookmin Bank	Facility loans	₩ 5,000	₩ -
Kookmin Bank	Short-term borrowings	15,000	-
Kookmin Bank	Loans for operation capital	180,500	175,000
Kookmin Bank	Long-term borrowings	189,736	189,736
Kookmin Bank	Limit loan agreement	22,000	-
Kookmin Bank	Limit loans for operation capital	100,000	-
Korea Development Bank	Limit loan agreement	40,000	-
Volksbank	Short-term borrowings	357	357
Volksbank	Long-term borrowings	1,422	535
Industrial Bank of Korea	Short-term borrowings	500	500
Industrial Bank of Korea	Loans for small and medium-sized businesses	100	-
Industrial Bank of Korea	Limit loan agreement	201	-
NongHyup Bank	General loans	2,000	-
NongHyup Bank	Limit loan agreement	7,000	-
Korea Development Bank	Loans for operation capital	74,000	74,000
Shinhan Bank	Short-term borrowings	3,000	3,000
Shinhan Bank	Loans for operation capital	180,000	100,000
Shinhan Bank	Long-term borrowings	221,179	221,179
Shinhan Bank	Limit loan agreement	29,000	-
Shinhan Bank	Limit loans for operation capital	250,100	250,000
Shinhan Bank	General loans	85	85
Woori Bank	Loans for operation capital	35,000	35,000
Woori Bank	Long-term borrowings	102,249	93,504
Woori Bank	Limit loan agreement	1,240	-
Hana Bank	Loans for enterprise operating general fund	11,000	-
Hana Bank	Loans for operation capital	160,000	60,000
Hana Bank ¹	Loans for daily transactions	3,000	-
Hana Bank	Long-term	239,736	239,736

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(in millions of Korean won) Financial Institution	Agreements	2023	
		Maximum limit	Amount executed
	borrowings		
Hana Bank	Receivables secured loans	5,050	-
Korea Securities Finance Corp	Retail Banking loans	50,000	-
Korea Securities Finance Corp	Loans for acquisition	80,000	-
Korea Securities Finance Corp	Loans for daily transactions	30,000	-
Hanmi Bank	Short-term borrowings	6,724	-
Korea SMEs and Startups Agency	Office secured loans	1,137	1,137
Korea SMEs and Startups Agency	Long-term borrowings	975	17
Korea SMEs and Startups Agency	Limit loan agreement	58	-
Korea SMEs and Startups Agency	Current portion of long-term borrowings	33	33
The Export-Import Bank of Korea	Limit loan agreement	50,000	35,000
Citibank Korea Inc.	Loans for operation capital	50,000	50,000
KB Securities	Long-term borrowings	50,000	50,000
Hanmi Bank	Limit loan agreement	6,724	1,817
Sumitomo Mitsui Banking Corporation	Short-term borrowings	913	456
Shinhan Bank	Commercial paper	80,000	80,000
KB Securities	Commercial paper	155,000	155,000
SAMSUNG SECURITIES CO.,LTD	Commercial paper	30,000	30,000

¹ ₩ 4,000 million of time deposit and ₩ 2,000 million of MMT (Korea Securities Finance Corp) are held as collateral with respect to the agreement.

In accordance with the agreements with non-controlling interests of certain subsidiaries including Kakao Entertainment Corp., the Group is required to obtain a consent from investors, when the Group intends to dispose of the investments in subsidiaries within the period specified in the agreements through a transfer or other methods to third party other than prescribed manners in the agreements such as exercise of tag-along right.

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Financial instruments restricted as at December 31, 2024 and 2023:

<i>(in millions of Korean won)</i>	2024		2023		
Cash and cash equivalents	₩	42,204	₩	5,723	Restrictions on withdrawals related to customer complaints and restrictions on the use of loan agreement, etc. ¹
Short-term financial instruments and others		8,000		8,000	Withdrawal restriction in relation to firm banking ²
		8,610		8,541	Pledged as collateral and guarantees for a contract
		30,500		30,000	Providing collateral for a shareholder association loan
		1,250		1,550	Pledged as collateral for Shinhan Card and others ³
		5,450		5,450	Providing collateral for stock option loans
		-		1,407	Payment guarantee for office lease
		500		1,810	Pledged as collateral for loan services
		2,200		3,100	Pledged as collateral for a franchise contract
Long-term financial instruments and others		2		2	Deposits for opening checking accounts and others
		3,388		3,388	Payment guarantee for employee's loan
		15		15	Deposits
Deposits and financial assets at fair value through profit or loss		4,000		4,000	Provision of collateral for Hana Bank overdraft
		2		2	Deposits for opening checking accounts and others
		206		3,000	Market derivative instrument transaction deposit
		3,510		3,510	Deposit for security transactions for Korea Exchange Market
		84,962		13,325	Separate investment deposit (ordinary deposit) ⁴
		904,113		674,177	Separate investment deposit (financial asset) ⁴
		5,356		-	OTC securities forward transactions
	₩	1,104,268	₩	767,000	

¹ Seoul Arena Co., Ltd, a subsidiary, has established a collateralized right on ordinary deposit amounting to ₩ 28,243 million in relation to the loan agreements with Kookmin Bank and 11 other financial institutions as at December 31, 2024. The maximum amount secured by collateral is ₩ 572,000 million.

² The withdrawal is restricted in relation to the firm banking contract with DGB Daegu Bank and Industrial Bank of Korea.

³ Pledged as collateral to cover potential losses incurred by credit card companies according to the business cooperation agreements with Shinhan Card and other credit card companies in relation to 'Automated Payment via Kakao Pay'.

⁴ Deposited separately at Korea Securities Finance Corp. to meet the customer's requests such as return of investment deposit under Section 4 of Article 74 of Financial Investment Services and Capital Markets Act. It cannot be transferred or provided as collateral and cannot be offset or seized by anyone.

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The following assets are pledged as collateral in relation to guarantees for contract fulfilment and borrowings as at December 31, 2024:

<i>(in millions of Korean won)</i>	Book amount		Secured amount		Type of Guarantee	Secured party
Land, buildings and others	₩	2,024	₩	2,768	Collateral for facility loans	Shinhan Bank, etc.
Subsidiary shares ¹		-		130,000	Establishment of pledge on shares	Kookmin Bank, Woori Bank, etc.

¹ The 20 million shares of Seoul Arena Co., Ltd, a subsidiary held by the Group, have been provided as collateral. The entirety of these shares has been established of a collateralized right with Kookmin Bank and 11 other financial institutions. The maximum amount secured by this collateralized right agreement is ₩ 572,000 million.

In addition, the Group has provided a note (par value: ₩ 15.3 billion) as collateral to WTC SEOUL CO., LTD. in relation to the lease agreement for the trade center parking lot.

Pursuant to the Electronic Financial Transactions Act and its Enforcement Decree, the Group is required to trust and deposit the prepaid deposit received from users, as well as the cash deposit for intermediary sales services, with external institutions or obtain a payment guarantee. As of the end of the reporting period, the Group has entrusted ₩ 1,921,191 million with Shinhan Bank and others, which is included in cash and cash equivalents. The entrusted amount is recalculated daily.

The Group grants the right to subscribe for new shares, preferential purchase rights, and tag- along rights to the shares held by third party investors in accordance with shareholders' agreements entered into with those investors.

Kakaopay Corp., a subsidiary, entered into an agreement to pay incentives to shareholders of non-controlling interests of Kakaopay Securities Corp., a subsidiary, for earnings generated from fiscal year 2018 to 2021. These earnings are calculated in accordance with the agreement and incentives are paid in dividends and bonus through discussion between shareholders. The Group pays incentives unless the entity subject to payment recognizes net loss and to the extent it is permitted under laws or regulations (including unenforceable guidelines and administrative guidance of government organization).

In relation to the equity investment of non-controlling shareholders of Kakao Entertainment Corp., a subsidiary, the Group entered into a shareholders' agreement granting put option on the shares held by those non-controlling shareholders. If the Group fails to fulfill important obligations stipulated in the agreement or there is a change in the majority shareholder of KAKAO CORP., the non-controlling shareholders of Kakao Entertainment Corp., a subsidiary may request the Group to purchase the shares issued by the subsidiary and held by the shareholders during the period described in the agreements. The Group believes that the Group can control pre-requisites to trigger non-controlling shareholders to exercise the option and therefore, as at December 31, 2024, the Group believes that the possibility for non-controlling shareholders to exercise the put option is remote.

Former executives of the Group and the Group itself have been indicted on charges of market manipulation related to the shares of SM Entertainment Co., Ltd., and the case is currently in

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progress. At the end of the reporting period, the outcome of the trial and its impact on consolidated financial statements cannot be predicted.

The Parent Company holds 27.2% of the voting shares of KakaoBank Corp., an Internet-only bank, in accordance with Article 5 (Special Cases of Limits on Stockholding by Non-Financial Investor) of the Act On Special Cases Concerning Establishment And Operation Of Internet-only Banks. Requirements for approval related to holding of shares thereof shall be determined in the Attached Table in consideration of the following:

1. Investment capability, financial status, and social credibility;
2. Effect on concentration of economic power;
3. Appropriateness of a plan for shareholder composition;
4. Asset ratio of companies which engage in information and communications business;
5. Contribution plan for promotion of convergence between finance and information and communications technology, microfinance support and others

According to the Table, in order for the Parent Company to receive an exemption for special cases of limits on stockholding, the executive partner or the executive officer shall have no record of a criminal penalty equivalent to or heavier than a fine imposed for a violation of any of the statutes specified in finance-related statutes, the Monopoly Regulation and Fair Trade Act, the Punishment of Tax Offenses Act or the Aggravated Punishment of Specific Economic Crimes Act during the latest five years. However, if the severity of such violations is deemed minor by the Financial Services Commission, holding stocks in excess of limit under special cases is not prohibited.

In the aforementioned case, due to the finance-related statutes (Capital Market Act), if criminal penalties equivalent to or heavier than a fine imposed are confirmed (the Supreme Court appeal confirmed), depending on the review by the Financial Services Commission, the application of the above special cases may not be possible.

In the aforementioned case, the Parent Company may be required to dispose of its shares in KakaoBank Corp. that exceeds 10% of voting shares, in accordance with Article 15 (Limits on Stock-Holding by Same Person) of the Banking Act.

Former executives of the Group have been indicted on charges of allegations of breach of trust in connection with the acquisition of shares in Baram Pictures Corp., and the case is currently underway. At the end of the reporting period, the outcome of the trial and its impact on consolidated financial statements cannot be predicted.

As at December 31, 2024, other commitments of the Group are as follows:

(1) Kakao Entertainment Corp., a subsidiary, has entered into shareholders' agreements with MORE VISION that requires Kakao Entertainment Corp. to sell the remaining shares held by the subsidiary when the counterparty expresses an intention to purchase during the two year period from the date that five years have passed since the investment contract was concluded. The selling price should be the larger of the two between the amount evaluated by an external evaluation institution and ₩ 750 million per share.

(2) Kakao Entertainment Corp., a subsidiary, pledged shares held by certain shareholders who have

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participated in the Group's paid-in capital increase as collateral. If those shareholders who participated in the subsidiary's paid-in capital increase intend to sell their share before certain conditions are met, they are required to obtain the consent of the subsidiary.

(3) In accordance with the non-controlling interests of some subsidiaries and associates including STARSHIP ENTERTAINMENT CORP. and others, Kakao Entertainment Corp., a subsidiary, is required to obtain written consent from stakeholders and investors when Kakao Entertainment Corp. intends to dispose of all or part of investments in subsidiaries or associates by transfer, sale, providing collateral, or other means before certain period or conditions are met.

(4) Some shareholders of subsidiaries and associates, including STARSHIP ENTERTAINMENT CORP., a subsidiary, and others, can request the Group to purchase share of subsidiaries and associates if certain conditions are met in accordance with the shareholders' agreement.

(5) Kakao Entertainment Corp., a subsidiary, has lent money to an individual and, all the shares of subsidiaries owned by the individual is pledged as collateral.

(6) The Group holds the right to subscribe for new shares, preferential purchase rights, and tag-along rights in accordance with the terms of contracts with subsidiaries and associates.

(7) Kakao Entertainment Corp., a subsidiary, has entered into shareholders' agreement. According to the agreement, if Gleline Corp. achieves the agreed accumulated operating profit within 5 years starting from 2022, Kakao Entertainment Corp. has the right to purchase the remaining shares held by the counterparty at a price agreed between the parties.

(8) The Group has entered into a put option agreement in relation to its partial equity investments in certain subsidiaries and associates. According to the put option, if the counterparty intentionally neglects its obligation to disclose its qualification as a public company or violates contractual obligations, and the Group expresses its intention to sell its shares, the counterparty is obliged to purchase all, or part of the shares held by the Group at a price that adds a certain amount to the per-share acquisition price.

(9) Kakao Entertainment Corp., a subsidiary, has entered into an agreement for sale of shares with Legendaries Corp., a subsidiary. According to the agreement, if the counterparty expresses an intention to purchase during the two year period from the date that one year has passed since the conclusion of the share sale agreement, the party or a person designated by the counterparty must sell the remaining shares held by the subsidiaries at a price evaluated by an external evaluation agency.

(10) As at December 31, 2024, the Group has entered into a business partnership agreement with WEMIX PTE. Ltd. regarding the entry and services on the WEMIX platform, and has borrowed WEMIX to participate as an NCP (Node Council Partner) for WEMIX 3.0. The Group has borrowed a certain quantity of WEMIX to stake for node operations, which is a mandatory requirement for participation; however, it determined that it does not have effective control over the WEMIX coins. Consequently, this transaction is considered as lack of economic substance, and is not recorded in the consolidated financial statements.

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(11) As at December 31, 2024, if there are legal violations, sanctions by regulatory authorities, or modifications of audit opinions regarding certain non-controlling shareholders of Kakao Entertainment Corp., a subsidiary, the Group has an obligation to purchase all or part of the shares held by the non-controlling shareholders at a specific price. The Group has recorded the amount as a financial liability.

(12) As at December 31, 2024, Kakao Entertainment Corp., a subsidiary, is obligated to purchase certain shares held by the counterparty in connection with the purchase of shares of Feelyeon Management and PAGE LAB Inc. at an agreed price or a specific price at a certain time when the counterparty expresses its intention to sell, and the Group has recorded the amount as a financial liability.

(13) The Group has deposited 4,599,111 shares, which are subject to be exchanged in connection with the 13th foreign currency exchangeable bonds issued during the year ended December 31, 2024, with the Korea Securities Depository.

(14) Kakao Entertainment Corp., a subsidiary, has committed to invest ₩ 6.4 billion to Helios KDBC Video Digital Contents No. 1, ₩ 4.4 billion was invested as at December 31, 2024, with a remaining investment commitment of ₩ 2 billion. Also, in the case that the investment amount is less than the total committed amount for the fund as of the settlement date, the subsidiary provides the fund replenishment commitment to be obliged to pay for the deficit.

(15) Kakao Entertainment Corp., a subsidiary, has committed to invest ₩ 20 billion to Penture K-Content Investment Association, ₩ 12 billion was invested as at December 31, 2024, with a remaining investment commitment of ₩ 8 billion.

(16) As at December 31, 2024, the Group has entered into a contract with Barunson Entertainment & Arts Corporation to receive an investment of ₩ 20 billion as a main investment and ₩ 10 billion as a partial investment for the movie produced by the Group. If the distribution of profits for the partial investment is less than the principal amount of partial investment by the time the profit distribution period expires, the Group must pay the shortfall to Barunson Entertainment & Arts Corporation.

(17) Kakao Games Corp., a subsidiary, has the right to subscribe for new shares, right of first refusal, and drag-along rights related to the shares of XL Games Inc., Ocean Drive Studio Corp., and Second Dive Corp. through shareholders' agreements, and in the case of XL Games Inc. and Ocean Drive Studio Corp., Kakao Games Corp. has entered into an agreement regarding the put options of major shareholders.

(18) As at December 31, 2024, in shareholders' agreement entered into between Kakao Games Corp., a subsidiary, and stakeholders of XL Games Inc., even if the target company achieves the conditions for initial public offering, if the subsidiary opposes, the stakeholders can request the subsidiary to purchase all of their shares for a period of time described in the agreements. Management of the subsidiary believes that a situation in which the put option can be exercised will not arise as it is possible to control those conditions for exercise of the put option by stakeholders.

(19) With respect to Kakao VX, a subsidiary, under the terms of the new share acquisition agreement entered into with external investors, non-controlling shareholders of Kakao VX may request that Kakao VX and/or Kakao Games Corp. purchase their shares for a period of time described in the

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agreements, when Kakao VX and/or Kakao Games Corp. fails to perform important obligations stated in the contract due to willful misconduct or gross negligence. Management of the Group believes that a situation in which the put option can be exercised will not arise as it is possible to control those conditions for exercise of the put option by investor.

(20) As at December 31, 2024, under the terms of the shareholders' agreement entered into between Kakao Games Corp., a subsidiary, and external investors of Kakao VX, the external investors of Kakao VX may request that Kakao VX purchase the shares they hold for a period of time described in the agreements if the subsidiary loses its status as a Kakao Group enterprise group. The Group believes it can control the terms of this agreement. In addition, the external investors have the right to participate in co-sale if the Group transfers its shares of Kakao VX to a third party other than an affiliate of Kakao Games Corp.

(21) As at December 31, 2024, Kakao Games Corp., a subsidiary, has entered into the shareholders' agreement with stakeholders in relation to Lionheart Studio Corp. The Group has pre-emptive purchase rights, tag-along rights, call option for equity shares, pre-emptive purchaser rights for their assets.

(22) As at December 31, 2024, if initial public offering of Lionheart Studio Corp. is completed, In accordance with the shareholders' agreement entered into between Kakao Games Corp., a subsidiary, and the stakeholders of, The stakeholders of Lionheart Studio Corp. can request the subsidiary to purchase their shares up to 20% of the target company's outstanding shares within 3 months from the date after 5 years have passed since the completion of the initial public offering. The Group has recorded the amount as a financial liability. In addition, if there is mutual agreement not to pursue an initial public offering, stakeholders may request the subsidiary to purchase a part or all of the shares of Lionheart Studio Corp. held by stakeholders. The Group's management believes that the case is controllable.

(23) Kakao Games Corp., a subsidiary, has entered into an agreement to sell the shares of Sena Technologies, Inc., According to the agreement, if the final offering price of Sena Technologies, Inc. for its initial public offering (IPO) within three years falls below the sales price of the agreement, the Group is required to compensate for the difference. However, as at December 31, 2024, the Group assesses that the possibility of having to cover this difference is remote considering the fair value per share.

(24) As at December 31, 2024, according to the share purchase agreement entered into between Kakao Games Corp., a subsidiary, and stakeholders of SENA Technologies, Inc., a subsidiary, while the target company achieves the conditions for initial public offering, if the subsidiary opposes, the stakeholders can request the subsidiary to purchase all of their shares for a period of time described in the agreements. The Group's management believes that the case is controllable.

(25) Kakao Games Corp., a subsidiary, has committed to invest ₩ 10 billion to Let's go Together Kakao Games Win-win Fund, ₩ 8 billion was invested as at December 31, 2024, with a remaining investment commitment of ₩ 2 billion.

(26) As at December 31, 2024, Kakao Games Corp., a subsidiary, has entered into shareholders' agreements with major shareholders and external investors of According to the agreement, the major

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shareholders may request the subsidiary to purchase all of their shares when agreed-upon time is due. In addition, if the subsidiary's percentage of ownership of Ocean Drive Studio Corp. exceeds 50%, external investors may request to purchase all of their shares for a period of time described in the agreements. The Group has recorded the amount related to the agreement as a financial liability.

(27) As at December 31, 2024, Kakao Games Corp., a subsidiary, has entered into investment contract with external investors of METABORA Co., Ltd. Conditions such as pre-emptive purchase rights, drag-along rights, pre-emptive purchaser rights for assets and others are stipulated in the contract.

(28) As at December 31, 2024, Kakao Games Corp., a subsidiary, has entered into shareholders' agreements with major shareholders of Neptune Co., Ltd. The agreement includes the put option of shares held by major shareholders in case of the subsidiary's violation of agreement.

(29) Kakaopay Corp., a subsidiary, has committed to invest ₩ 3 billion to IMM Startup Venture Fund No. 1, ₩ 1.8 billion was invested as at December 31, 2024, with a remaining investment commitment of ₩ 1.2 billion.

(30) Kakaopay Corp., a subsidiary, acquired the shares of Paymint Inc., and classified it as a subsidiary for the year ended December 31, 2023. The share acquisition agreement includes an obligation to purchase the existing shareholders' shares at an agreed price at a certain point in time, and the Group has recorded the amount as a financial liability.

(31) As the main transaction was terminated due to the failure of the secondary transaction with Siebert Financial Corp., and the related shareholders' agreement was amended and concluded. Kakaopay Corp., a subsidiary, has agreed to receive USD 500,000 quarterly from Siebert Financial Corp., starting from March 29, 2024 to June 30, 2026, for a total of USD 5,000,000.

(32) Kakao Mobility Corp., a subsidiary, may establish and operate a separate decision-making body under the Board of Directors (the Committee), which is composed of the Parent Company and the non-controlling shareholder investors.

As at December 31, 2024, pursuant to the shareholders' agreement, the non-controlling shareholder investors agreed to delay the exercise of its right to appoint a majority of the Committee. Accordingly, as at the date of these consolidated financial statements, the Parent Company has right to constitute the majority of the Committee.

Following the expiration of the agreed-upon period with the non-controlling shareholder investors, the authority of the Parent Company to constitute a majority of the Committee will be adjusted. Consequently, the Group plans to reassess the scope of consolidation.

(33) Kakao Enterprises Corp., a subsidiary of the Group, acquired shares of e.Form Works in the previous period, and classified them as an associate. The share acquisition contract includes a provision in which Kakao Enterprises Corp. will receive 20% of the shares of e.Form Works from Ion Communications Co., Ltd., the major shareholder of e.Form Works, depending on whether e.Form Works achieves the KPI.

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(34) Kakao Enterprise Corp., a subsidiary of the Group, entered into a contract with Company A in the previous period, and grants put option to sell all of Company B's shares (78.29% of Company B's total issued shares) held by Company A from the 36th month to the 48th month after the acquisition of Company B's shares.

(35) The Group entered into shareholders' agreement granting a put option in relation to equity investment in STUDIO A Co., Ltd., a subsidiary, and the Group accounts for the amount as financial liabilities.

(36) The Group is exploring various methods to comply with the corrective order from Korean Communications Commission regarding violations of restriction on ownership of advertising sales agencies. At the end of the reporting period, the impact on the consolidated financial statements cannot presently be determined.

(37) Kakao Investment Co., Ltd., a subsidiary, has sold 250,540 ordinary shares and 152,516 convertible preferred shares of its associate, Wyatt Co., Ltd., to the CEO of Wyatt Co., Ltd. Additionally, a settlement agreement regarding the sale price for the third-party sale of these shares has been established. Under this agreement, if the CEO of Wyatt Co., Ltd. sells the shares to a third party within four years from the payment date of the fourth installment, the CEO is required to pay the Group a certain percentage of the additional profit obtained from such sale (90% if sold within one year from the payment date of the fourth installment, 80% if sold within two years, 70% if sold within three years, and 60% if sold within four years).

(38) In the process of selling 250,540 ordinary shares and 152,516 convertible preferred shares of Wyatt Co., Ltd. to the CEO of Wyatt Co., Ltd., Kakao Investment Co., Ltd. agreed to execute an advance transfer of the shares at the request of the CEO, while establishing a pledge on shares equivalent to the sale price payable as collateral. Consequently, as of the end of the reporting period, there remains a pledge on the sale prices for the third installment (50,382 shares, ₩ 2,507,562,522) and the fourth installment (308,337 shares, ₩ 15,346,250,781) from the total sale price for the four installments.

(39) Kakao Investment Co., Ltd., a subsidiary, holds shares in certain associates ("the target company"). According to the shareholders' agreement, if the target company meets the conditions for initial public offering but does not make its best efforts toward the IPO, the other shareholders and stakeholders may request the target company to initiate the IPO in writing. If, despite such requests from other shareholders and stakeholders, there is no initiation of efforts for a specified period, they may request the subsidiary or the target company to purchase some or all of their shares. As at December 31, 2024, the subsidiary believes that circumstances will not arise that would trigger the exercise of the put option.

(40) Kakao Investment Co., Ltd., a subsidiary, has entered into shareholders' agreements with individuals stipulating that when the counterparty expresses an intention to purchase, the subsidiary is required to sell 38,002 preferred shares of its associate, Kids Note Co., Ltd., at the agreed-upon price. As at December 31, 2024, the subsidiary anticipates that circumstances requiring a sale under this agreement will not arise.

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(41) Kakao Investment Co., Ltd., a subsidiary, has expressed its intention to exercise the right to purchase shares in Hexland Co., Ltd., an investee, as the conditions for exercising the right have been met for the year ended December 31, 2024. To fulfill the obligations under the share purchase agreement, collateral has been established on the assets of the counterparty.

(42) KakaoPay Corp., a subsidiary, has agreed to invest ₩ 1.5 billion in Fintech Innovation Private Equity Investment Fund #2, with the accumulated contribution being ₩ 120 million, and the remaining balance of the committed contribution amount is ₩ 1.38 billion.

(43) The Group has an obligation to replenish funding up to a total of ₩ 57 billion in connection with the loan agreement being undertaken by Seoul Arena Co., Ltd, a subsidiary, for the purpose of the private investment project in the multi-cultural complex. In the event of early termination of the agreement or triggering of put option, if the termination payment or purchase amount paid by the relevant authorities is insufficient to cover the repayment of secured debts, related fees, and other financial costs incurred in the collection of receivables, the Group will bear the obligation to provide funding in proportion to its share of the obligations.

(44) Kakao Games Corp., a subsidiary, has entered into publishing and channeling agreements with key developers for numerous PC and mobile games. To ensure stable access to games and revenue sharing, the subsidiary holds rights of first negotiation and final refusal with game developers. Additionally, the subsidiary is in the process of establishing regional licensing agreements to provide overseas services and intellectual property (IP). For certain games, a specified percentage of revenue is paid to the licensors as royalties.

(45) As at December 31, 2024, investigations by the Personal Information Protection Commission (PIPC), the Financial Services Commission, and the Fair Trade Commission regarding potential violations of the Personal Information Protection Act, the Credit Information Use and Protection Act, and the Franchise Business Act are ongoing against the Group. The Group recognizes provisions for these matters if they meet the recognition criteria for provisions. However, the outcome of the investigation and its impact on consolidated financial statements cannot be currently determined.

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39. Business Combinations

In 2024, the Group acquired the shares of Teins Valley, which became its subsidiaries. Details of the percentage of ownership acquired, the consideration transferred, and goodwill recognized thereto are as follow:

<i>(in millions of Korean won)</i>	Percentage of ownership acquired (%)	Consideration transferred	Goodwill
Teins Valley	100.0%	₩ 1,868	₩ 436

Details of the purchase consideration, the assets and liabilities recognized as a result of the acquisition, and fair value of the non-controlling interest at the acquisition date in relation to business combinations in 2024, are as follows:

<i>(in millions of Korean won)</i>	Teins Valley
Consideration transferred	
Cash and cash equivalents ²	₩ 1,261
Fair value of equity interest held before the business combination	607
Total consideration	₩ 1,868
Assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 272
Short-term financial instruments	302
Trade receivables	182
Investment property	800
Property and equipment	12
Right-of-use assets	46
Intangible assets	400
Deferred income tax assets	126
Other assets	9
Trade payables	(47)
Borrowings	(368)
Lease liabilities	(46)
Deferred income tax liabilities	(74)
Other liabilities	(181)
Net identifiable assets acquired	1,432
Non-controlling interest	-
Goodwill	₩ 436

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(1) Sales and net profit of subsidiaries after the acquisition date, which were included in the consolidation and reflected in the consolidated statement of comprehensive income during the year ended December 31, 2024, were ₩ 920 million and ₩ 71 million, respectively.

(2) If the subsidiary, included in consolidation through business combination, had been consolidated from the beginning of the current period, the Group's sales and net profit would have been ₩ 1,881 million and ₩ 1 million, respectively.

40. Related Parties Transactions

The Parent Company is the ultimate parent company that prepares consolidated financial statements. The list of related parties as at December 31, 2024 and 2023, is as follows:

2024	
Relationship	Related parties ¹
Associates	<p>DAUM Venture Fund, CNT TECH CO., LTD., Creativecomms Corp., CNT Tech 1st Start-up Investment Fund, CNT Tech 2nd Start-up Investment Fund, CNT Tech 5th Startup Investment, CNT Tech 7th Start-up Investment Fund, Hacktokon Investment Fund No.1, AI Angel CNT Tech Personal Investment Fund, CNT Tech 11th Startup Investment Fund, CNT Tech 15th Start-up Investment Fund, CNT Tech Vine Supporters Investment Fund, Tide Square Co., Ltd., CC Partners, Allstay Co., Ltd., TIDESQUARE VIETNAM CO., LTD, Tidesquare Japan Co., Ltd, KakaoBank Corp., Korea Credit Data, Korea Merchant Experience Co., Ltd., Korea Business Connect, ImU, Korea Payment Networks Limited, BOTTLED, Kakao Style Corp., CROQUIS Inc., UTC Kakao SK Telecom ESG Fund, G&G ENTERPRISE CO.,LTD., Caring Corp., Caring Community Care, CARING CARE CO., LTD., SEONHADA INC., DAON TECH CO.,LTD., Grip Company, GRIP US, INC., Jeju-vision Venture Investment Association No.1, KDBC-FP Technext Investment Association No.1, DEAR U Co., Ltd., Dreamus Company, Iriver Enterprise Ltd., Iriver China Co., Ltd., Dongguan Iriver Electronics Co., Ltd., Life Design Company Inc., ESTEEM, MYSTIC STORY INC., Studio Flow, Inc., ORIGIN FILM Co., Ltd., koylaps, PABLO AIR CO.LTD, Enolink Holdings, Inc., Kakao-Shinhan 1st TNYT Fund, Kakao Growth Hacking Fund, KIF-Kakao Wooribank Technology Financing Fund, D&C MEDIA CO.,LTD., THE ANT, Studio Boom, SOUL CREATIVE CO.,LTD, PULSE CLIP CO., LTD., Keytalk AI Inc., keytalk AI America Inc., DAIWAON. C.I. INC, HAEDAM ENT CO.,LTD, Haksan Publishing Co., Ltd., TOYOU DREAM, AKEO STUDIO CO.,LTD., STUDIO INIUS CO.,LTD., CONTIMAKER STUDIO CO.,LTD., STUDIO R2G, STORY PLUS CO.,LTD., STUDIO TOYOU CORP., TOYOU STUDIO JP, AniLand Co., Ltd., Studio Griffin Corp., SEOUL MEDIA.INC., LEEMITELEESYUN CULTURE INDUSTRIAL JEONMUNHOESA INC., Super Comics., HongKong TXKP Limited, Chengdu Podoteng Technology Co., Ltd., 325E&C co., ltd., UNION K-Culture Contents Investment Fund, Highup Entertainment, Helios KDBC Video Digital Contents No. 1, Metaverse Entertainment, Atwater Capital Partners I, L.P., MORE VISION CO., LTD., GRAYGO Corp., SEOBUK CO.,LTD., Clove Corp., Girl Rivers Cultural Industry Company Ltd., MANNACEA, Farmit, Farmit II, TANGRAM FACTORY AMERICA, INC., Deleo Korea Co., Ltd., YANADU., Foxsoft Co., Ltd., Daeyoung Chaevi CO., Ltd, Adlock Advertainment, DEVOTION FOODS Inc., JASON GROUP Co., Ltd., MUSTIT. CO., Ltd., Nubility, Kileon Inc., CLEON CO.,LTD, Bluepoint Discovery Venture Fund No.2, DIGISONIC CO., LTD., InnoSignal CO., LTD., TNK Factory, QUICKWIN STUDIO CO.,LTD., Atwater</p>

KAKAO CORP. and Subsidiaries
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2024	
Relationship	Related parties ¹
	Soundtrack SPV, L.P., Humanscape, Nexthealth, Humanscape US Inc., Herit Healthcare, Impian Asia, HUMANSCAPE VIETNAM COMPANY LIMITED, GENOSCAPE PTE.LTD., Kids Note Co., Ltd., UJUMUNBANGGU CO.,LTD., ATU e-sports Growth PE Fund , e.Form Works, LOVO Inc., LOVO Korea, GOOD GANG LABS PTE. LTD., TOROOC Inc., Galux, RECON Labs., MIDIEOSEUPIEO CO.,LTD., Second Dive, Neptune Co., Ltd., Nimble Neuron, NEXPORTS Corporation, PRETTYBUSY, PLAYHARD, Treeplla Inc., Ncrokey, Reality Magic, Let's go Together Kakao Games Win-win Fund, Loadstars, GOLF VX CORP., GC SOCIAL MEDIA MARKETING, INC., SNCO SOFTWARE PTE.LTD., Romance Crew, K Cube NEO Fund, DGT mobility, S&Tsolution Co., Ltd., Anycall Mobility Corp, Altimobility Corp., Autonomous A2Z, YUMOBILRITISAMO INVESTMENT LIMITED PARTNERSHIP, EASYGO CO., LTD., DOZEN CO.,LTD, DOZN GLOBAL PTE.LTD., TheCheat Corp., Siebert Financial Corp., Muriel Siebert & Co., Inc., Siebert AdvisorNXT, Inc., Park Wilshire Companies, Inc., Siebert Technologies, LLC, RISE Financial Services, LLC, StockCross Digital Solutions, Ltd., FiNovus Lab CO., LTD., Haotoon China Co., Ltd, PT Green Wind Culture, GT ENT CO.,LTD., KORNATUS. CO.,LTD., New Ark No. 24-1 Private Equity Fund, EK Games Co.,Ltd., Joy City - CNT Tech 1st Investment Fund, HYPENCOMPANY CO., LTD., KEENS GROUND CO.,LTD., SNAPTAG INC., LEMONTREE INC., LG Uplus VoltUp Corp., SOY MEDIA CO.,LTD., ADLER INC., VOICE CADDIE X, LTD., JIENEM CO.,LTD., DEAR U INTERNATIONAL INC. and others (70 companies)
Joint ventures	DAUM KAKAO PHILIPPINES CORP., PHI DIGITAL HEALTHCARE Inc., CHANGWON CULTURE BOKHAP TOWN CO., LTD., SPLYT GROUP LTD., SPLYT TECHNOLOGIES LTD., SPLYT SINGAPORE PTE. LTD., SPLYT MALAYSIA SDN. BHD., SPLYT USA INC., SM True Company Limited
Other related parties	Stage Asset Co., Ltd., K Cube Holdings Co., Ltd., NPLUTO, GOLF&FRIEND CO., LTD., Brian Impact Foundation, Kakao Impact Foundation, Colorverse Inc., SUNYOUNG STORY. CO., LTD, Kakao Creative Foundation, Kakaobank Corporation Employee Welfare Fund, Kakao Entertainment Corp. Employee Welfare Fund, KHAKI HOLDINGS, LP, MOBILITY CO-INVEST, LIMITED PARTNERSHIP, executives of affiliates

¹ Include associates and joint ventures of the Group and the entities that are not the related party in accordance with Korean IFRS 1024 but belong to the Large Enterprise Group to which the Group also belongs in accordance with the Monopoly Regulation and Fair-Trade Act.

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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2023	
Relationship	Related parties ¹
Associates	<p>DAUM Venture Fund, CNT TECH CO., LTD., Creativecomms Corp., CNT Tech 1st Start-up Investment Fund, CNT Tech 2nd Start-up Investment Fund, CNT Tech 5th Startup Investment, CNT Tech 7th Start-up Investment Fund, Hacktokon Investment Fund No.1, AI Angel CNT Tech Personal Investment Fund, CNT Tech 11th Startup Investment Fund, CNT Tech 15th Start-up Investment Fund, CNT Tech Vine Supporters Investment Fund, Tide Square Co., Ltd., CC Partners, Allstay Co., Ltd., TIDESQUARE VIETNAM CO., LTD, Tidesquare Japan Co., Ltd, KakaoBank Corp., Korea Credit Data, Korea Merchant experience Co., Ltd., Korea Business Connect, ImU, Korea Payment Networks Limited, BOTTLED, Kakao Style Corp., CROQUIS Inc., UTC Kakao SK Telecom ESG Fund, G&G ENTERPRISE CO.,LTD., Socialbean Co., Ltd, SSANGN, WILDCAT, Caring Corp., Caring Community Care, CARING CARE CO., LTD., SEONHADA INC., Grip Company, GRIP US, INC., Jeju-vision Venture Investment Association No.1., KDBC-FP Technext Investment Association No.1, DEAR U Co., Ltd., Dreamus Company, Iriver Enterprise Ltd., Iriver China Co., Ltd., Dongguan Iriver Electronics Co., Ltd., Dolphiners Films, Life Design Company Inc., Galaxia SM, INC., ESTEEM, ESTEEM ENTERTAINMENT CO., LTD., MYSTIC STORY INC., Studio Flow, Inc., Voyageur Film, ORIGIN FILM Co., Ltd., koylaps, PABLO AIR CO.LTD, HitchMED Co., Ltd., Enolink Holdings, Inc., Kakao-Shinhan 1st TNYT Fund, Kakao Growth Hacking Fund, KIF-Kakao Wooribank Technology Financing Fund, D&C MEDIA CO.,LTD., D&C WEBTOON BIZ, THE ANT, Studio Boom, SOUL CREATIVE CO.,LTD, Keytalk AI Inc., GLAMAI INC., DAIWAON. C.I. INC, HAEDAM ENT CO.,LTD, Haksan Publishing Co., Ltd., TOYOU DREAM, AniLand Co., Ltd., Studio Griffin Corp., SEOUL MEDIA.INC., LEEMITELEESYUN CULTURE INDUSTRIAL JEONMUNHOESA INC., Super Comics. , Trace Culture Business Limited, HongKong TXKP Limited, Chengdu Podoteng Technology Co., Ltd., 325E&C co., Ltd., UNION K-Culture Contents Investment Fund, Highup Entertainment, Helios KDBC Video Digital Contents No. 1, Metaverse Entertainment, Atwater Capital Partners I, L.P. , MORE VISION CO., LTD., GRAYGO Corp., Clove Corp.,, Girl Rivers Cultural Industry Company Ltd., Wyatt co., Ltd, MANNACEA , Farmit, Farmit II,, TANGRAM FACTORY AMERICA, INC Deleo Korea Co., Ltd., YANADU., Fixel Hub co, Ltd., Foxsoft co.ltd, Daeyoung Chaevi CO., Ltd, Adlock Advertainment, Stage five Co., Ltd., DEVOTION FOODS Inc., JASON GROUP Co., Ltd. , MUSTIT. CO., Ltd., Nubility, Kileon Inc., CLEON CO.,LTD, Bluepoint Discovery Venture Fund No.2, DIGISONIC CO., LTD., InnoSignal CO., LTD., CHEQUER GLOBAL, INC., CHEQUER, TNK Factory, Atwater Soundtrack SPV, LP, Humanscape, nexthealth, Humanscape US Inc., herit healthcare, Impian Asia, HUMANSCAPE VIETNAM COMPANY LIMITED, GENOSCAPE PTE.LTD., Kids Note Co., Ltd., UJUMUNBANGGU CO.,LTD., ATU e-sports Growth PE Fund, LUXROBO CO., LTD., e.Form Works, LOVO Inc., LOVO Korea., GOOD GANG LABS PTE. LTD., Skelter Labs, Inc., TOROOC Inc. , Galux, RECON Labs., MIDIEOSEUPIEO CO.,LTD., Second Dive, Neptune Co., Ltd., HNC Games, Nimble Neuron, MAGNET, NEXPORTS Corporation, PRETTYBUSY, Mammo6 Co., Ltd., Mammossix Asia Co., Ltd., PLAYHARD, treeplla Inc. , Ad X plus Co., Ltd, Ncrokey, CodeDog, Remake Digital Co., Ltd., Reality Magic, Together Kakao Games win-win fund, Loadstars , Teins Valley, GOLF VX CORP., GC SOCIAL MEDIA MARKETING, INC., SNCO SOFTWARE PTE.LTD., Romance Crew, K Cube NEO Fund, DGT mobility., S&Tsolution Co., Ltd. , Anycall Mobility Corp, altimobility Corp., Autonomous A2Z, YUMOBILRITISAMO INVESTMENT LIMITED PARTNERSHIP, EASYGO CO., LTD., DOZEN CO.,LTD, DOZN GLOBAL PTE. LTD., TheCheat Corp., Siebert Financial Corp., Muriel Siebert & Co., Inc., Siebert AdvisorNXT, Inc., Park Wilshire Companies, Inc., Siebert Technologies, LLC, RISE Financial</p>

KAKAO CORP. and Subsidiaries

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2023	
Relationship	Related parties ¹
Joint ventures	Services, LLC, StockCross Digital Solutions, Ltd., TEEware, Haotoon China Co., Ltd, PT Green Wind Culture, GT ENT CO.,LTD. and others (73 companies)
Other related parties	DAUM KAKAO PHILIPPINES CORP., PHI DIGITAL HEALTHCARE Inc., FITNESSCANDY CO., LTD., CHANGWON CULTURE BOKHAP TOWN CO., LTD., SPLYT GROUP LTD., SPLYT TECHNOLOGIES LTD., SPLYT SINGAPORE PTE. LTD., SPLYT MALAYSIA SDN. BHD., SPLYT USA INC., SM True Company Limited Stage Asset Co., Ltd., K Cube Holdings Co., Ltd., New learn English Inc., Onyx K., NPLUTO, GOLF&FRIEND CO., LTD., KCUBE IMPACT Co., Ltd., H3 Corp., Brian Impact Foundation, Kakao Impact Foundation, Colorverse Inc, SUNYOUNG STORY. CO., LTD, Kakao Creative Foundation, Kakaobank Corporation Employee Welfare Fund, Kakao Entertainment Corp. Employee Welfare Fund, Beyond Studio City Inc., everysing korea, KHAKI HOLDINGS, LP, MOBILITY CO-INVEST, LIMITED PARTNERSHIP

¹ Include associates and joint ventures of the Group and the entities that are not the related party in accordance with Korean IFRS 1024 but belong to the Large Enterprise Group to which the Group also belongs in accordance with the Monopoly Regulation and Fair-Trade Act.

KAKAO CORP. and Subsidiaries

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Sales and purchases with related parties for the years ended December 31, 2024 and 2023, are as follows:

(1) Transactions

(in millions of Korean won)

	2024					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
Associates						
YANADU.	₩ 132	₩ -	₩ -	₩ 13	₩ -	₩ -
Fixel Hub co., Ltd. ²	-	-	-	5	-	-
CNT TECH CO., LTD.	323	-	-	6	-	-
Deleo Korea Co., Ltd.	-	-	-	18	-	-
DGT mobility. ⁴	67,967	-	-	3,556	59	-
D&C MEDIA CO., LTD.	29	-	-	28,434	2	292
DAIWAON. C. I. INC	21	-	17	1,359	-	113
DOZN CO., LTD.	1,180	-	-	3,817	-	40
325E&C co., Ltd.	-	-	-	627	-	-
G&G ENTERPRISE CO., LTD.	69	-	-	-	-	-
Haksan Publishing Co., Ltd.	42	-	-	3,304	-	141
Wyatt co., Ltd. ²	702	-	-	-	-	-
JASON GROUP Co., Ltd.	2,007	-	-	359	-	-
KakaoBank Corp. ¹	30,558	3,288	-	13,575	22	38
Leferi ²	12	-	-	-	-	20
Stage five Co., Ltd. ²	810	-	-	-	-	-
Socialbean Co., Ltd. ²	767	-	-	-	-	74
Super Comics.	43	69	-	2,176	-	345
SEOUL MEDIA.INC.	181	-	-	3,671	-	110
S&Tsolution Co., Ltd.	736	-	-	1,360	-	-
Tangram Factory, inc.	-	-	-	-	-	1
Tide Square Co., Ltd.	1,461	-	-	263	20	101
Cleaning Lab	336	-	-	7	-	79
CULTUREHERO	242	-	-	96	-	352
HUMART COMPANY(TROST) ²	7	-	-	-	-	-

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in millions of Korean won)

	2024					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
Korea Credit Data	338	-	-	-	-	-
Highup						
Entertainment	-	-	-	1,703	-	-
MUSTIT. CO., Ltd.	390	-	-	-	-	-
Daeyoung Chaevi CO., Ltd	2	-	-	-	1	2
LEEMITELEESYUN CULTURE INDUSTRIAL JEONMUNHOESA INC.	9	-	-	-	-	-
Kakao Style Corp.	15,136	-	608	-	2,830	-
HongKong TXKP Limited	-	23	-	-	-	-
Force Teller ²	34	-	-	-	-	-
TNK Factory	1,669	-	-	236	-	-
Carrot Market	187	-	-	-	-	-
Atwater Capital Partners I, L.P.	-	-	-	-	-	22
e.Form Works	1	-	-	-	-	-
Time&Co	203	-	-	2	-	-
Humanscape	23	-	-	6	-	-
Caring Corp.	6	-	-	-	-	-
THE ANT	78	-	-	1,827	-	1,029
Grip Company	714	112	-	-	-	-
Teins Valley ³	-	-	-	49	-	-
MORE VISION CO., LTD.	91	-	-	1,206	-	-
NEW WAVE COMMERCE	-	-	-	-	-	-
MOYO	74	-	-	-	-	-
Neptune Co., Ltd.	75	16	-	7,636	2,885	-
Nimble Neuron	23	-	-	776	2	-
K Cube NEO Fund	188	-	-	-	-	-
KIF-Kakao Wooribank Technology FinancingFund ¹	991	11	-	-	-	-
Kakao-Shinhan 1st TNYT Fund	342	-	-	-	-	-
Kakao Growth Hacking Fund ¹	1,288	-	-	-	-	-
TheCheat Corp.	-	-	-	126	-	-
GRAYGO Corp.	56	-	-	-	-	-
Nautilus	2	-	-	-	-	-

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2024					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
Nubility	-	-	-	-	-	-
Clove Corp.	5	-	-	-	-	-
Reality Magic	-	-	-	6	-	-
Bosalpim	1	-	-	-	-	-
Korea Payment Networks Limited	340	-	-	21	-	-
altimobility Corp.	39	-	-	-	-	-
BUNKER KIDS CO., LTD.	1	-	-	-	-	-
Exo Systems Inc. ²	-	-	-	-	-	-
HIGH LOCAL CO., LTD.	1	-	-	-	-	-
Girl Rivers Cultural Industry Company Ltd.	-	-	3	5	-	-
Korea Business Connect	1	-	-	-	-	-
Dreamus Company	15,720	-	-	15,064	-	2,010
ESTEEM	29	-	-	103	-	9
TOROOO INC.	1	-	-	-	-	-
Anycall Mobility Corp	294	-	-	773	-	-
DEAR U Co., Ltd.	2,546	-	-	-	-	-
MIDIEOSEUPIEO CO., LTD.	2	-	-	-	-	-
Kids Note Co., Ltd.	2,512	-	-	1,476	-	-
Second Dive	-	-	-	9,300	-	1,400
SSANGN ²	-	-	-	-	-	-
SEONHADA INC.	-	-	-	-	-	21
CastingN ²	1	-	-	-	-	-
PT Green Wind Culture	-	-	-	-	-	388
MYSTIC STORY INC.	1,417	-	-	2,192	-	4
Life Design Company Inc.	13,257	-	-	1	-	138
ESTEEM ENTERTAINMENT CO., LTD. ²	49	-	-	7	-	31
PABLO AIR CO.LTD	1	-	-	-	-	-
Triggers Co., Ltd.	18	-	-	-	-	-
HitchMED Co., Ltd.	-	-	-	-	-	-
²	-	-	-	-	-	-
Studio Flow, Inc.	-	-	-	-	-	1,677

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

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(in millions of Korean won)

	2024					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
Metaverse						
Entertainment	-	-	-	258	-	141
GT ENT CO., LTD.	-	-	-	94	-	10
TOYOU DREAM	1,151	231	-	10,612	-	318
GOLF VX CORP.	1,520	-	-	-	-	-
DAUM Venture Fund ¹	-	1	-	-	-	-
Chengdu Podoteng Technology Co., Ltd.	1,395	-	-	-	-	-
BOTTLED	-	-	-	-	-	-
LEMONTREE INC.	-	-	-	-	-	-
KEENS GROUND CO.,LTD.	-	-	-	-	-	51
Keytalk AI Inc.	-	-	-	-	-	-
21st market	-	-	-	-	-	-
Maker Hall CO.,LTD. ²	2	-	-	-	-	36
ImU	-	-	-	-	-	-
HYPENCOMPANY CO., LTD.	2	-	-	-	-	-
Korea Merchant Experience Co., Ltd.	1	-	-	-	-	-
Autonomous A2Z	54	-	-	-	-	-
BIND	574	-	-	-	-	-
DEVOTION FOODS Inc.	-	-	-	-	-	-
JIENEM CO.,LTD. ²	-	-	-	-	-	-
Romance Crew	-	-	-	-	-	9,693
FiNovus Lab CO., LTD.	-	50	-	-	-	-
SOY MEDIA CO.,LTD.	22	-	-	187	-	42
Studio Boom	-	-	-	36	-	-
STUDIO INIUS CO.,LTD.	-	-	-	524	-	-
Contimaker STUDIO CO.,LTD.	-	-	-	6	-	-
TOYOU STUDIO JP	-	-	-	12	-	-
	170,499	3,800	629	116,887	5,821	18,731
Joint venture						
SPLYT TECHNOLOGIES LTD.	710	-	-	584	-	69

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2024					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
SM True Company Limited	7,630	-	-	-	-	-
SPLYT GROUP LTD.	-	2,105	-	-	-	-
	8,340	2,105	-	584	-	69
Other related parties						
Kakao Impact Foundation	323	-	-	-	-	11,701
K Cube Holdings Co., Ltd.	4	6	-	-	-	-
Brian Impact Foundation	239	4	-	-	-	-
Kakao Creative Foundation	5	-	11	-	-	2,000
	572	10	11	-	-	13,701
	₩ 179,412	₩ 5,915	₩ 640	₩ 117,471	₩ 5,821	₩ 32,501

¹ During the year ended December 31, 2024, the Group received dividends from associates and deducted the dividends from the book amount of investments in associates, which were not included in the above transaction amount.

² Excluded from the related parties during the year ended December 31, 2024, and the transaction amount up to the date of exclusion is presented.

³ Transferred from associates to subsidiaries as the control was acquired through additional acquisition during the year ended December 31, 2024, and the transaction amount up to the date of transition is presented.

⁴ The transaction amount is based on the total amount settled during the year ended December 31, 2024.

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Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2023					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
Associates						
YANADU.	₩ 575	₩ -	₩ -	₩ 17	₩ -	₩ 10
Fixel Hub co., Ltd.	-	-	-	12	-	-
CLAIR, Inc. ²	39	-	-	-	-	7
CNT TECH CO., LTD.	584	-	-	10	24	-
Deleo Korea Co., Ltd.	-	-	-	16	-	-
DGT mobility. ⁴	60,707	-	-	3,075	31	244
D&C MEDIA CO., LTD.	2	-	-	6,940	-	-
DAIWAON. C. I. INC	60	-	-	1,857	-	9
DOZN CO., LTD.	962	-	-	3,962	-	6
325E&C co., Ltd.	3	-	-	1,319	-	1
G&G ENTERPRISE CO., LTD.	83	-	-	-	-	-
Haksan Publishing Co., Ltd.	13	-	-	3,264	-	-
Wyatt co., Ltd	2,338	-	-	5	-	-
JASON GROUP Co., Ltd.	3,752	-	-	675	-	-
KakaoBank Corp. ¹	26,943	3,029	-	15,023	20	159
Leferi	187	-	-	307	8	-
Keytalk AI Inc.	-	-	-	816	-	-
Stage five Co., Ltd.	2,107	6	-	11	-	-
Socialbean Co., Ltd	1,242	-	-	-	-	2
Super Comics.	36	64	-	1,392	-	66
SEOUL MEDIA.INC.	179	-	-	4,098	-	-
S&Tsolution Co., Ltd.	496	-	-	1,073	-	-
Tangram Factory, inc.	-	-	-	-	-	2
Tide Square Co., Ltd.	1,098	-	3	89	4	15
Cleaning Lab	319	-	-	5	-	78
CULTUREHERO	328	-	-	102	-	515
HUMART COMPANY(TR OST)	13	-	-	-	-	-

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2023					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
Korea Credit Data	191	-	-	-	4	-
Highup Entertainment	-	-	-	2,911	-	6,817
MUSTIT. CO., Ltd.	345	-	-	-	-	-
Daeyoung Chaevi CO., Ltd	3	-	-	1	2	1
Square Lab Inc. ²	43	-	-	-	-	-
LUXROBO CO., LTD.	-	-	-	-	-	-
LEEMITELEESY UN CULTURE INDUSTRIAL JEONMUNHOE SA INC.	12	-	-	-	-	-
Kakao Style Corp.	11,404	-	-	-	2,122	-
HongKong TXKP Limited	-	18	-	-	-	-
Force Teller	34	-	-	-	-	-
TNK Factory	1,569	-	-	351	2	-
Carrot Market	567	-	-	-	15	-
Atwater Capital Partners I, L.P.	-	-	-	21	-	-
e.Form Works	5	-	-	-	-	-
Code Squad	-	-	-	-	-	24
Time&Co	148	-	-	10	-	-
Humanscape	6	-	-	-	-	-
Caring Corp.	9	-	-	-	-	-
THE ANT	80	-	-	2,184	-	744
Grip Company	1,535	136	-	-	-	-
Teins Valley	-	-	-	116	-	-
GC Social Marketing Inc.	-	-	-	-	264	-
MORE VISION CO., LTD.	89	-	-	772	-	-
D&C WEBTOON BIZ	40	-	-	15,694	4	-
NEW WAVE COMMERCE	1	-	-	-	-	-
MOYO	30	-	-	-	-	-
Artificial Society Inc.	-	-	-	-	-	-
Neptune Co., Ltd.	114	176	-	7,325	-	-
Nimble Neuron	10	-	-	1,137	10	-
MAGNET	-	-	-	129	-	-

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2023					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
Ocean Drive Studio Corp. ³	-	344	-	-	-	-
K Cube NEO Fund	205	-	-	-	-	-
KIF-Kakao Wooribank Technology FinancingFund ¹	1,057	37	-	-	-	-
Kakao-Shinhan 1st TNYT Fund	386	-	-	-	-	-
Kakao Growth Hacking Fund ¹	1,436	-	-	-	-	-
TheCheat Corp.	-	-	-	124	-	-
GRAYGO Corp.	136	-	-	-	-	21
Nautilus	13	-	-	-	-	-
Nubility	-	-	-	-	-	-
DEVOTION FOODS Inc.	-	-	-	2	-	-
Clove Corp.	7	-	-	-	-	-
Reality Magic	-	-	-	49	-	-
TEEware	-	2	1	22	-	-
Adlock Advertainment	-	-	-	-	-	-
Bosalpim	5	-	-	-	-	-
Korea Payment Networks Limited	191	-	-	12	-	-
altimobility Corp.	14	-	-	15	-	-
Chengdu Podoteng Technology Co., Ltd.	2,290	-	-	43	-	-
BUNKER KIDS CO., LTD.	6	-	-	-	-	-
Exo Systems Inc.	-	-	-	-	-	-
HIGH LOCAL CO., LTD.	3	-	-	-	-	-
Girl Rivers Cultural Industry Company Ltd.	10	-	-	233	-	1,209
Ad X plus Co., Ltd	-	-	-	519	-	-
Korea Business Connect	79	-	-	-	-	-
Dreamus Company	19,489	-	6	24,391	7,853	-
ESTEEM	64	-	-	-	682	-

KAKAO CORP. and Subsidiaries
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(in millions of Korean won)

	2023					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
TOROOC INC.	-	-	-	-	-	-
Anycall Mobility Corp	392	-	-	637	-	-
DEAR U Co., Ltd.	2,235	-	-	-	-	42
SM BRAND MARKETING Co., LTD. ³	17,921	-	-	736	-	301
MIDIEOSEUPIE O CO., LTD.	2	-	-	-	-	-
MEDIR INC.	7	-	-	-	-	-
Kids Note Co., Ltd.	2,067	-	-	1,772	-	-
Second Dive	-	-	-	14,321	-	700
Allstay	-	-	-	-	-	-
SSANGN	-	-	-	-	-	-
CLEON CO.,LTD	-	-	-	-	-	-
Loonshot Company Inc.	-	-	-	-	-	-
SEONHADA INC.	-	-	-	-	-	-
AWINS ²	-	-	-	-	-	-
Kasa	5	-	-	-	-	-
CastingN	1	-	-	-	-	-
Love Alarm Culture Industry Special Purpose Company Ltd. ^{1,2}	-	-	-	-	-	2
Remake Digital Co., Ltd.	-	-	-	-	235	-
PT Green Wind Culture	-	-	-	-	-	137
Galaxia SM, INC.	-	-	-	-	18	-
MYSTIC STORY INC.	1,829	-	-	3,242	205	-
Life Design Company Inc.	5,436	-	-	-	291	-
SM LIFESTYLE JOINT STOCK COMPANY ³	132	-	-	-	-	-
ESTEEM ENTERTAINMENT CO., LTD.	34	-	7	-	223	-
MILLION MARKET CO.,LTD. ²	-	-	-	550	-	-
Urban Coconut Inc. ³	696	-	-	-	-	-

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2023					
	Revenue and others			Operating expenses and others		
	Revenue	Interest income	Other non-operating income	Commission expenses	Advertising expenses	Other non-operating expenses
PT.SMBM INDONESIA CORPORA ³	884	-	-	-	-	-
PABLO AIR CO.LTD	2	-	-	-	-	-
Triggers Co., Ltd.	5	-	-	-	-	-
HitchMED Co., Ltd.	-	-	-	-	-	-
Studio Flow, Inc.	55	-	-	-	-	123
Catchers Cultural Industry Company ³	20	-	-	-	-	-
Metaverse Entertainment	-	-	-	225	-	13
GT ENT CO., LTD.	-	-	-	65	-	-
TOYOU DREAM	755	100	-	24,732	-	-
Siebert Financial Corp.	-	-	5,979	-	-	-
	176,172	3,911	5,997	146,409	12,018	11,249
Joint venture						
SPLYT TECHNOLOGIES LTD.	326	1,536	-	2	-	-
SM True Company Limited	3,957	-	-	-	-	-
FITNESSCANDY CO., LTD.	5	-	-	-	-	-
	4,287	1,536	-	2	-	-
Other related parties						
Kakao Impact Foundation	268	-	-	-	-	10,773
K Cube Holdings Co., Ltd.	7	8	-	-	-	-
Brian Impact Foundation	895	25	-	-	-	-
Colorverse Inc.	1	-	-	-	-	-
Gamein Foundation ²	-	-	1	-	-	-
Kakao Creative Foundation	-	-	10	-	-	2,004
Kakao Entertainment Corp. Employee Welfare Fund	-	-	-	-	-	5
	1,171	32	11	-	-	12,783
	₩ 181,631	₩ 5,480	₩ 6,007	₩ 146,411	₩ 12,018	₩ 24,032

KAKAO CORP. and Subsidiaries
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¹ During the year ended December 31, 2023, the Group received dividends from associates and deducted the dividends from the book amount of investments in associates, which were not included in the above transaction amount.

² Excluded from the related parties during the year ended December 31, 2023, and the transaction amount up to the date of exclusion is presented.

³ Transferred from associates to subsidiaries as the control was acquired through additional acquisition during the year ended December 31, 2023, and the transaction amount up to the date of transition is presented.

⁴ The transaction amount is based on the total amount settled during the year ended December 31, 2023.

KAKAO CORP. and Subsidiaries
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(2) Outstanding balances arising from sales/purchases of goods and services as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	2024					
	Receivables			Payables		
	Trade receivables	Loans	Other receivables and others	Non-trade payables	Other payables	
Associates						
YANADU.	₩ -	₩ -	₩ 15	₩ 1	₩ -	
CNT TECH CO., LTD.	6	-	-	423	-	
Deleo Korea Co., Ltd.	-	-	-	2	-	
DGT mobility	5,862	-	-	513	-	
D&C MEDIA CO., LTD.	2	-	4,446	2,584	11	
DAIWAON. C. I. INC	-	-	781	86	4	
DOZN CO., LTD.	101	-	11	1,049	-	
325E&C co., Ltd.	-	-	952	-	21	
G&G ENTERPRISE CO., LTD.	-	-	-	1	-	
Haksan Publishing Co., Ltd.	1	-	1,475	149	16	
JASON GROUP Co., Ltd.	-	-	-	32	-	
KakaoBank Corp.	4,345	-	140,445	3,712	10,499	
Super Comics.	1	1,500	1,793	319	5	
SEOUL MEDIA.INC.	1	-	1,076	556	-	
Tide Square Co., Ltd.	-	-	-	97	-	
CULTUREHERO	-	-	-	30	-	
Cleaning Lab	-	-	-	161	-	
Neptune Co., Ltd.	419	-	-	446	995	
Higup Entertainment	-	-	5,655	-	41	
Kakao Growth Hacking Fund	1,288	-	-	-	-	
Nimble Neuron	-	-	20	-	-	
MUSTIT. CO., Ltd.	-	-	-	-	-	
HongKong TXKP Limited	-	441	42	-	-	
Kakao Style Corp.	587	-	287	4,589	672	
TNK Factory	67	-	2	1	-	
Carrot Market	15	-	-	-	-	
Time&Co	-	-	-	99	-	
THE ANT	-	-	335	155	49	
Metaverse Entertainment	-	-	-	5	-	
Grip Company	37	-	3,131	188	773	
MORE VISION CO., LTD.	-	-	1,484	-	7	
Reality Magic	-	-	-	-	-	
Second Dive	-	-	1,200	1,402	-	

KAKAO CORP. and Subsidiaries
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(in millions of Korean won)

	2024				
	Receivables			Payables	
	Trade receivables	Loans	Other receivables and others	Non-trade payables	Other payables
NEW WAVE COMMERCE	-	-	-	-	-
K Cube NEO Fund	188	-	-	-	-
KIF-Kakao Wooribank Technology Financing Fund	3,389	-	-	-	-
TheCheat Corp.	-	-	-	12	-
GRAYGO Corp.	-	-	-	17	-
Nautilus	-	-	-	2	-
Kakao-Shinhan 1st TNYT Fund	4	-	-	-	-
e.Form Works	-	-	-	-	1
Girl Rivers Cultural Industry Company Ltd.	-	-	1	1	-
Korea Payment Networks Limited	-	-	-	263	-
Clove Corp.	-	-	-	-	-
Dreamus Company	1,230	-	2	1,682	81
DEAR U Co., Ltd.	3,019	-	1	-	-
S&Tsolution Co., Ltd.	18	-	-	151	-
MIDIEOSEUPIEO CO., LTD.	-	-	-	8	-
Anycall Mobility Corp	9	-	-	79	-
MYSTIC STORY INC.	97	-	-	176	123
Life Design Company Inc.	2,072	-	1	5	140
Kids Note Co., Ltd.	348	-	-	186	192
PT GREENWIND CULTURE	-	-	-	22	-
ESTEEM	-	-	-	5	19
GT ENT CO., LTD.	-	-	15	7	-
Romance Crew	-	-	11,287	-	400
TOYOU DREAM	-	5,094	2,931	692	25
Siebert Financial Corp.	-	-	3,722	-	-
GOLF VX CORP.	180	-	-	-	-
Chengdu Podoteng Technology Co., Ltd.	254	-	-	-	6,477
MOYO	1	-	-	4	-
Humanscape	-	-	-	1	-
Korea Credit Data	-	-	-	-	-
Keytalk AI Inc.	-	-	-	2	-
FINOVUS LAB CO., LTD.	-	1,000	1,000	-	-
HIGH LOCAL CO., LTD.	-	-	-	4	-
SEOBUK CO.,LTD.	-	-	-	-	-
SOY MEDIA CO.,LTD.	-	-	1,151	19	2

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2024				
	Receivables			Payables	
	Trade receivables	Loans	Other receivables and others	Non-trade payables	Other payables
Studio Boom	-	-	24	-	-
ACEO STUDIO CO.,LTD.	-	-	30	-	-
STUDIO INIUS CO.,LTD.	-	-	-	28	-
Contimaker studio CO.,LTD.	11	-	-	6	-
Haotoon Co.,Ltd.	-	-	26	-	-
	23,553	8,035	183,340	19,973	20,553
Joint ventures					
SPLYT TECHNOLOGIES LTD.	1,036	-	1,469	-	-
SM True Company Limited	1,178	-	103	-	401
CHANGWON CULTURE BOKHAP TOWN CO., LTD	-	-	-	-	156
SPLYT GROUP LTD. ¹	-	22,428	3,641	-	-
	2,214	22,428	5,213	-	557
Other related parties					
Kakao Impact Foundation	16	-	-	-	51
K Cube Holdings Co., Ltd.	-	-	221	-	1,071
SUNYOUNG STORY. CO., LTD	-	-	1,360	-	-
Kakao Creative Foundation	-	-	1	-	-
	16	-	1,582	-	1,122
₩	25,783	₩ 30,463	₩ 190,135	₩ 19,973	₩ 22,233

¹ The Group accounted for the whole amounts of trade receivables and short-term loans as bad debts.

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in millions of Korean won)

	2023					
	Receivables			Payables		
	Trade receivables	Loans	Other receivables and others	Non-trade payables	Other payables	
Associates						
YANADU.	₩ -	₩ -	₩ -	₩ 9	₩ -	
CNT TECH CO., LTD.	-	-	-	509	-	
Deleo Korea Co., Ltd.	-	-	-	2	-	
DGT mobility.	6,646	-	-	-	877	
D&C MEDIA CO.,LTD.	3	-	4,006	1,858	-	
Doctor Brain Culture Industry Special Purpose Company Ltd.	23	-	-	-	-	
DREAMSIDE Culture Industry Special Purpose Company Ltd.	-	-	400	-	-	
DAIWAON. C. I. INC	-	-	841	120	3	
DOZEN CO.,LTD	52	-	13	1,255	-	
325E&C co,ltd.	-	-	2,036	-	21	
G&G ENTERPRISE CO.,LTD.	-	-	-	1	-	
Haksan Publishing Co., Ltd.	-	-	2,165	199	7	
Wyatt co., Ltd	98	-	-	930	175	
JASON GROUP Co., Ltd.	-	-	-	53	-	
KakaoBank Corp.	1,721	-	181,009	3,870	8,869	
Stage five Co., Ltd.	765	-	2,013	-	301	
Socialbean Co., Ltd	3	-	-	360	-	
Super Comics.	-	1,500	685	190	-	
SEOUL MEDIA.INC.	-	-	1,302	410	2	
Tide Square Co., Ltd.	-	-	-	2,219	2	
HUMART COMPANY(TROST)	1	-	-	8	-	
CULTUREHERO	-	-	-	60	-	
Cleaning Lab	-	-	-	146	-	
Leferi	-	-	-	11	-	
Neptune Co., Ltd.	714	4,500	176	882	995	
Highup Entertainment	-	-	4,935	-	47	
Kakao Growth Hacking Fund	1,436	-	-	-	-	
Nimble Neuron	9	-	2,225	2,018	-	
MUSTIT. CO., Ltd.	3	-	-	-	-	
Daeyoung Chaevi CO., Ltd	-	-	-	9	-	
HongKong TXKP Limited	-	387	-	-	-	
Kakao Style Corp.	320	-	-	3,666	-	
Force Teller	-	-	-	-	-	
TNK Factory	111	-	2	2	-	
Carrot Market	15	-	-	-	-	

KAKAO CORP. and Subsidiaries
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(in millions of Korean won)

	2023				
	Receivables			Payables	
	Trade receivables	Loans	Other receivables and others	Non-trade payables	Other payables
Time&Co	-	-	-	63	-
THE ANT	7	-	295	195	-
Metaverse Entertainment	-	-	115	26	1
Grip Company	37	-	3,995	483	773
MORE VISION CO., LTD.	58	-	-	65	-
D&C WEBTOON BIZ	4	-	-	512	-
Fixel Hub co.,ltd.	-	-	5	-	-
Threepoint ¹	3	50	-	-	-
Reality Magic	-	-	-	5	-
Second Dive	-	-	-	3,426	-
NEW WAVE COMMERCE	-	-	-	1	-
K Cube NEO Fund	205	-	-	-	-
KIF-Kakao Wooribank Technology Financing Fund	1,057	-	2,250	-	-
Teins Valley	-	-	8	10	-
TheCheat Corp.	-	-	-	12	-
GRAYGO Corp.	-	-	-	4	-
Nautilus	-	-	-	6	-
Kakao-Shinhan 1st TNYT Fund	96	-	-	-	-
e.Form Works	-	-	-	-	1
TEEware	-	451	-	-	-
Girl Rivers Cultural Industry Company Ltd.	-	-	-	12	-
Korea Payment Networks Limited	-	-	-	145	-
Chengdu Podoteng Technology Co., Ltd.	984	-	-	-	6,735
Clove Corp.	-	-	-	1	-
Dreamus Company	1,693	-	-	1,848	-
DEAR U Co.,Ltd.	4,469	-	-	-	-
Playhard	-	-	-	-	-
treeplla Inc.	-	-	24	-	-
S&Tsolution Co.,Ltd.	18	-	-	-	120
MIDIEOSEUPIEO CO.,LTD.	-	-	-	3	-
Anycall Mobility Corp	30	-	-	-	77
Galaxia SM, INC.	-	-	-	1	-
MYSTIC STORY INC.	303	-	-	-	-
Life Design Company Inc.	1,299	-	-	45	-
ESTEEM ENTERTAINMENT CO., LTD.	-	-	2,073	145	124

KAKAO CORP. and Subsidiaries
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(in millions of Korean won)

	2023				
	Receivables			Payables	
	Trade receivables	Loans	Other receivables and others	Non-trade payables	Other payables
Kids Note Co., Ltd.	253	-	-	196	192
LEEMITELEESYUN CULTURE INDUSTRIAL JEONMUNHOESA INC.	7	-	-	-	-
PT Green Wind Culture	-	-	-	27	-
ESTEEM	17	-	-	12	-
Studio Flow, Inc.	3	-	-	-	-
GT ENT CO.,LTD.	-	-	19	11	-
Romance Crew	-	-	4,300	-	-
TOYOU DREAM	1	5,000	2,944	1,103	117
Siebert Financial Corp.	-	-	6,008	-	-
	22,465	11,888	223,846	27,143	19,439
Joint ventures					
SPLYT TECHNOLOGIES LTD. ¹	326	17,027	31	1,536	1
SM True Company Limited	837	-	-	-	-
CHANGWON CULTURE BOKHAP TOWN CO.,LTD.	-	-	-	-	156
	1,163	17,027	31	1,536	158
Other related parties					
Kakao Impact Foundation	18	-	2	-	54
K Cube Holdings Co., Ltd.	-	-	308	-	1,571
Brian Impact Foundation	17	-	987	-	249
SUNYOUNG STORY. CO., LTD	-	-	1,200	-	-
Kakao Creative Foundation	-	-	1	-	-
	35	-	2,499	-	1,874
	₩ 23,663	₩ 28,915	₩ 226,376	₩ 28,679	₩ 21,471

¹ The Group accounted for the whole amounts of trade receivables and short-term loans as bad debts.

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

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(3) Fund transactions with related parties for the years ended December 31, 2024 and 2023, are as follows:

(in millions of
Korean won)

	2024											
	Loan transactions						Finance lease transactions					
	Contributions (Collections)	Beginning balance	Loans	Repayment	Exchange differences	Ending balance	Loans ¹	Amortization	Collection			
Associates												
threepoint ⁵	₩ -	₩ 50	₩ -	₩ (50)	₩ -	₩ -	₩ -	₩ -	₩ -			-
HongKong TXKP Limited	-	387	54	-	-	441	-	-	-			-
TOYOU DREAM	-	5,000	94	-	-	5,094	-	-	-			-
Super Comics.	-	1,500	-	-	-	1,500	-	-	-			-
TEEware	(173)	451	-	(463)	12	-	-	-	-			-
Grip Company	-	-	-	-	-	-	3,130	112	851			-
KakaoBank Corp.	-	-	-	-	-	-	103,488	3,286	12,091			-
Neptune Co., Ltd.	-	4,500	-	(4,500)	-	-	-	-	-			-
TALENTREE CO., LTD. ³	300	-	-	-	-	-	-	-	-			-
LG Uplus VoltUp Corp. ³	25,000	-	-	-	-	-	-	-	-			-
Atwater Soundtrack SPV, LP	79	-	-	-	-	-	-	-	-			-
DAUM Venture Fund ⁴	(395)	-	-	-	-	-	-	-	-			-
ATU e-sports Growth PE Fund ⁴	(304)	-	-	-	-	-	-	-	-			-
UNION K-Culture Contents Investment Fund ⁴	(667)	-	-	-	-	-	-	-	-			-
KIF-Kakao Wooribank Technology Financing Fund ⁴	(900)	-	-	-	-	-	-	-	-			-
FINOVUS LAB CO., LTD.	-	-	1,000	-	-	1,000	-	-	-			-
	22,939	11,888	1,148	(5,013)	12	8,035	106,619	3,397	12,941			
Joint venture												
SPLYT TECHNOLOGIES LTD. ²	-	17,027	3,050	-	2,351	22,428	-	-	-			-
	-	17,027	3,050	-	2,351	22,428	-	-	-			-
Other related parties												
Brian Impact Foundation	-	-	-	-	-	-	-	4	207			
K Cube Holdings Co., Ltd.	-	-	-	-	-	-	221	6	87			
	-	-	-	-	-	-	221	10	295			
	₩ 22,939	₩ 28,915	₩ 4,198	₩ (5,013)	₩ 2,363	₩ 30,463	₩ 106,839	₩ 3,407	₩ 13,236			

¹ The amount represents the ending balance of lease receivables to be received by maturity under the sub-lease agreement with the related party in 2024.

² The Group accounted for the loans as bad debts.

³ The Group additionally acquired through capital increase with consideration during 2024.

⁴ The Group recovered some of the principal of investment through the distribution during 2024.

⁵ Excluded from the Group's associate during the year ended December 31, 2024, and the transaction amount before exclusion is presented.

KAKAO CORP. and Subsidiaries

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(in millions of
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	2023											
	Loan transactions								Finance lease transactions			
	Contributions (Collections)	Beginning balance	Changes in scope of consolidation	Loans	Repayment	Exchange differences	Ending balance	Loans ¹	Amortization	Collection		
Associates												
threepoint ²	₩	-	₩	50	₩	-	₩	-	₩	-	₩	-
Ocean Drive Studio Corp. ³		-	10,000	(10,000)		-	-	-	-	-	-	-
HongKong TXKP Limited		-	380	-	10	(3)	-	387	-	-	-	-
TOYOU DREAM		-	-	-	5,000	-	-	5,000	-	-	-	-
Super Comics.		-	1,000	-	500	-	-	1,500	-	-	-	-
TEEware		-	-	-	451	-	-	451	64	1		63
Grip Company		-	-	-	-	-	-	-	3,981	136		836
KakaoBank Corp.		-	-	-	-	-	-	-	103,670	3,028		9,707
SM BRAND MARKETING Co., LTD. ³		-	-	-	-	-	-	-	-	-		82
Neptune Co., Ltd.		-	-	-	4,500	-	-	4,500	-	-		-
UTC Kakao SK Telecom ESG Fund ⁴		4,000	-	-	-	-	-	-	-	-		-
MOYO ⁴		500	-	-	-	-	-	-	-	-		-
Medility Inc. ⁴		150	-	-	-	-	-	-	-	-		-
Bluepoint Discovery Venture Fund No.2 ⁴		1,200	-	-	-	-	-	-	-	-		-
UNION K-Culture Contents Investment Fund ⁴		2,500	-	-	-	-	-	-	-	-		-
Together Kakao Games win-win fund ⁴		2,000	-	-	-	-	-	-	-	-		-
Autonomous A2Z ⁴		5,000	-	-	-	-	-	-	-	-		-
Kakao Growth Hacking Fund ⁵		(1,600)	-	-	-	-	-	-	-	-		-
KIF-Kakao Wooribank Technology Financing Fund ⁵		(1,950)	-	-	-	-	-	-	-	-		-
Love Alarm Culture Industry Special Purpose Company Ltd. ^{5,6}		(3)	-	-	-	-	-	-	-	-		-
	11,797	11,430	(10,000)	10,461	(3)	-	11,888	107,715	3,165	10,688		
Joint venture												
SPLYT TECHNOLOGIE		-	-	13,443	2,590	-	993	17,027	-	-		-

KAKAO CORP. and Subsidiaries

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(in millions of
Korean won)

2023										
	Contributions (Collections)	Beginning balance	Changes in scope of consolidation	Loan transactions				Finance lease transactions		
				Loans	Repayment	Exchange differences	Ending balance	Loans ¹	Amortization	Collection
S LTD. ²										
FITNESSCANDY CO.,LTD ⁴	1,323	-	-	-	-	-	-	-	-	-
	1,323	-	13,443	2,590	-	993	17,027	-	-	-
Other related parties										
Brian Impact Foundation	-	-	-	-	-	-	-	987	25	278
K Cube Holdings Co., Ltd.	-	-	-	-	-	-	-	308	8	85
	-	-	-	-	-	-	-	1,295	32	364
W	13,120	W 11,430	W 3,443	W 13,051	W (3)	W 993	W 28,915	W 109,010	W 3,197	W 11,052

¹ The amount represents the ending balance of lease receivables to be received by maturity under the sub-lease agreement with the related party in 2023.

² The Group accounted for the whole amounts of loans as bad debts.

³ Transferred from associates to subsidiaries during the year ended December 31, 2023, and the transaction amount before transfer is presented.

⁴ The Group additionally acquired through capital increase with consideration during 2023.

⁵ The Group recovered some of the principal of investment through the distribution during 2023.

⁶ Excluded from the Group's associate during the year ended December 31, 2023, and the transaction amount before exclusion is presented.

(4) Transactions with executives of affiliates for the year ended December 31, 2024, are as follows:

Kakao Investment Co., Ltd., a subsidiary, has sold all 403,056 shares of Wyatt Co., Ltd. to the CEO of Wyatt Co., Ltd. for ₩ 20,061 million.

Kakao Entertainment Corp, a subsidiary, has acquired 134,170 shares of Daon Creative Co., Ltd. from the CEO of Daon Creative inc. for ₩ 20,913 million.

(5) The compensation paid or payable to key management for the years ended December 31, 2024 and 2023, consists of:

(in millions of Korean won)	2024	2023
Salaries	₩ 4,107	₩ 5,425
Post-employment benefits	234	116
Other long-term benefits	-	5
Share-based compensation	547	1,242
	<u>₩ 4,888</u>	<u>₩ 6,788</u>

KAKAO CORP. and Subsidiaries

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41. Information for Non-controlling Interests

(1) Changes in accumulated non-controlling interests

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2024 and 2023, is as follows:

(in millions of Korean won)	2024						
	Non-controlling interest rate (%)	Accumulated non- controlling interests at the beginning of the year	Profit or loss allocated to non- controlling interests	Dividend allocated to non- controlling interests	Investment by non- controlling interests and disposal of shares	Others	Accumulated non- controlling interests at the end of the year
Kakao Games Corp.	58.9	₩ 1,051,361	₩ (81,920)	₩ -	₩ (71,673)	₩ 35,584	₩ 933,352
Kakaopay Corp.	53.7	1,064,815	(15,190)	-	2,388	(69)	1,051,944
Kakao Entertainment Corp.	33.9	614,726	(77,753)	-	(9,509)	14,341	541,806
Kakao Mobility Corp.	42.8	442,312	10,940	-	924	2,415	456,592
SM Entertainment Co., Ltd.	65.3	808,949	(44,375)	(16,725)	(48,924)	3,959	702,884

(in millions of Korean won)	2023					
	Non- controlling interest rate (%)	Accumulated non-controlling interests at the beginning of the year	Profit or loss allocated to non- controlling interests	Investment by non- controlling interests and disposal of shares	Others	Accumulated non-controlling interests at the end of the year
Kakao Games Corp.	58.7	₩ 996,788	₩ (232,325)	₩ (34,624)	₩ 321,522	₩ 1,051,361
Kakaopay Corp.	53.6	1,035,258	(16,410)	(3,420)	49,386	1,064,815
Kakao Entertainment Corp.	33.9	494,858	(360,807)	458,471	22,204	614,726
Kakao Mobility Corp.	42.7	495,207	(54,050)	130	1,025	442,312
SM Entertainment Co., Ltd.	66.1	-	(124,582)	940,668	(7,137)	808,949

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(2) Summarized financial information on subsidiaries

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized consolidated statements of financial position

(in millions of Korean won)

	2024				
	Kakao Games Corp.	Kakaopay Corp.	Kakao Entertainment Corp.	Kakao Mobility Corp.	SM Entertainment Co., Ltd.
Current assets	₩ 1,069,084	₩ 3,907,692	₩ 1,161,983	₩ 693,292	₩ 814,044
Non-current assets	2,104,155	507,021	1,919,509	823,786	596,962
Current liabilities	1,199,409	2,380,942	1,438,160	332,808	484,573
Non-current liabilities	495,473	122,962	481,849	135,278	105,455
Equity	1,478,357	1,910,809	1,161,483	1,048,992	820,978

(in millions of Korean won)

	2023				
	Kakao Games Corp.	Kakaopay Corp.	Kakao Entertainment Corp.	Kakao Mobility Corp.	SM Entertainment Co., Ltd.
Current assets	₩ 1,020,760	₩ 3,430,144	₩ 1,152,707	₩ 633,038	₩ 858,316
Non-current assets	2,450,257	536,343	2,152,488	804,508	682,658
Current liabilities	710,111	1,908,762	1,499,912	249,418	519,297
Non-current liabilities	1,135,377	122,949	378,575	168,322	112,279
Equity	1,625,528	1,934,776	1,426,709	1,019,806	909,398

KAKAO CORP. and Subsidiaries
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Summarized consolidated statements of comprehensive income

(in millions of Korean won)

	2024									
	Kakao Games Corp.		Kakaopay Corp.		Kakao Entertainment Corp.		Kakao Mobility Corp.		SM Entertainment Co., Ltd.	
Revenue	₩	881,309	₩	766,235	₩	1,812,790	₩	674,987	₩	986,199
Profit (loss) for the year	₩	(128,089)	₩	(21,538)	₩	(259,070)	₩	28,869	₩	(2,570)
Other comprehensive income (loss)		48,116		(2,663)		(2,111)		(8,203)		4,961
Total comprehensive income	₩	(79,973)	₩	(24,201)	₩	(261,181)	₩	20,666	₩	2,391

(in millions of Korean won)

	2023									
	Kakao Games Corp.		Kakaopay Corp.		Kakao Entertainment Corp.		Kakao Mobility Corp.		SM Entertainment Co., Ltd.	
Revenue	₩	1,025,086	₩	615,363	₩	1,873,535	₩	601,811	₩	756,076
Profit (loss) for the year	₩	(322,406)	₩	(22,907)	₩	(1,223,466)	₩	(124,183)	₩	59,671
Other comprehensive income		(21,253)		(4,455)		(7,340)		(832)		(9,230)
Total comprehensive income (loss)	₩	(343,659)	₩	(27,361)	₩	(1,230,806)	₩	(125,015)	₩	50,441

KAKAO CORP. and Subsidiaries
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Summarized consolidated statements of cash flows

(in millions of Korean won)

	2024									
	Kakao Games Corp.		Kakaopay Corp.		Kakao Entertainment Corp.		Kakao Mobility Corp.		SM Entertainment Co., Ltd.	
Cash flows from operating activities	₩	27,388	₩	127,032	₩	130,360	₩	176,303	₩	135,873
Cash flows from (used in) investing activities		85,364		191,310		(94,685)		1,037		55,815
Cash used in financing activities		(137,107)		(12,023)		(71,149)		(59,993)		(144,546)
Increase (decrease) in cash and cash equivalents		(24,355)		306,319		(35,474)		117,347		47,142
Cash and cash equivalents at beginning of period		653,718		1,257,258		567,645		445,674		303,140
Effects of exchange rate changes on cash and cash equivalents		239		665		7,724		-		8,073
Cash and cash equivalents included in assets of disposal group		(24,633)		-		(6,883)		-		-
Cash and cash equivalents at end of period	₩	604,969	₩	1,564,242	₩	533,012	₩	563,021	₩	358,355

(in millions of Korean won)

	2023									
	Kakao Games Corp.		Kakaopay Corp.		Kakao Entertainment Corp.		Kakao Mobility Corp.		SM Entertainment Co., Ltd.	
Cash flows from operating activities	₩	124,621	₩	253,114	₩	110,013	₩	103,507	₩	84,386
Cash flows from (used in) investing activities		(53,998)		(417,165)		(818,378)		17,387		255,559
Cash flows from (used in) financing activities		(43,900)		(42,188)		1,064,187		(65,813)		(30,701)
Increase (decrease) in cash and cash equivalents		26,723		(206,239)		355,822		55,082		309,244
Cash and cash equivalents at beginning of period		626,770		1,463,509		211,258		390,592		-
Effects of exchange rate changes on cash and cash equivalents		225		(12)		565		-		(6,104)
Cash and cash equivalents at end of period	₩	653,718	₩	1,257,258	₩	567,645	₩	445,673	₩	303,140

KAKAO CORP. and Subsidiaries

Notes to the Consolidated Financial Statements

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(3) Transactions with Non-controlling Interests

Effects of transactions with non-controlling interests on the equity attributable to equity holders of the Parent Company for the years ended December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Capital increase of a subsidiary	₩ -	₩ 649,759
Others ¹	<u>(25,292)</u>	<u>(65,279)</u>
Net effect on equity	<u>₩ (25,292)</u>	<u>₩ 584,480</u>

¹ During the reporting period, SM Entertainment Co., Ltd., a subsidiary, acquired treasury shares, and the corresponding amount is included in 'Others'. The total acquisition amount is ₩ 46,125 million. Due to the above transaction, the non-controlling interest decreased by ₩ 30,206 million as at the date of capital increase and the share capital attributed to the equity holders of the Group decreased by ₩ 15,919 million.

KAKAO CORP. and Subsidiaries
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42. Assets Held for Sale

Details of assets and liabilities held for sale as at December 31, 2024 and 2023, are as follows:

(in millions of Korean won)	2024 ^{1,2}		2023	
Assets held for sale				
Cash and cash equivalents	₩	31,516	₩	-
Short-term financial instruments		28,934		-
Trade receivables		14,796		-
Other current financial assets		3,699		-
Inventories		16,152		-
Other current assets		14,845		-
Long-term financial instruments		2,066		-
Financial assets at fair value through profit or loss		9,227		-
Financial assets at fair value through other comprehensive income		1,500		-
Investments in associates		2,459		41,121
Long-term trade receivables		8,607		-
Other non-current financial assets		7,350		-
Property and equipment		77,727		7,928
Intangible assets		36,350		495
Investment property		807		-
Right-of-use assets		93,370		-
Deferred income tax assets		11,365		-
Other non-current assets		268		-
Net defined benefit assets		2,779		-
	₩	363,817	₩	49,544
Liabilities held for sale				
Trade and other payables	₩	16,501	₩	-
Short-term borrowings		368		-
Other current financial liabilities		3,737		-
Short-term lease liabilities		10,581		-
Other current liabilities		9,806		-
Long-term trade payables		563		-
Other non-current financial liabilities		545		-
Other non-current liabilities		1,131		-
Net defined benefit liabilities		493		-
Deferred income tax liabilities		1,094		-
Long-term lease liabilities		87,801		-
	₩	132,620	₩	-

KAKAO CORP. and Subsidiaries

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¹ Management of the Group decided to sell some of equity securities of Nextlevelstudio Inc., 3Y Corporation, and IST Entertainment Corp., which are subsidiaries, for the year ended December 31, 2024, and the sale was completed in February 2025.

² The Group established a sales plan for Kakao VX and its subsidiaries in December 2024, with the expectation that the sales will be executed within 2025. Accordingly, the assets and liabilities related to this segment have been classified as held for sale. However, the completion of this sales plan requires the consent of the non-controlling shareholders of Kakao VX. As at December 31, 2024, the Group is in the process of obtaining consent from the shareholders of non-controlling interests and it determines that it is probable for the agreement being finalized.

43. Changes in Accounting Policy

As described in Note 2, the Group retrospectively restated the prior year financial statements to reflect the changes in accounting policy regarding presentation method in accordance with the Amendments to Korean IFRS 1001 *Presentation of Financial Statements*. Adjustments recognized for each item in the consolidated financial statements as at December 31, 2023 and January 1, 2023, due to the changes in accounting policies are as follows.

The impacts of changes in accounting policies on the consolidated statements of financial position as at December 31, 2023 and January 1, 2023, are as follows:

(in millions of Korean won)

		December 31, 2023		
	Notes	Formerly reported amount	Effect of changes in accounting policy	Restated amount
Assets				
Current assets				
Cash and cash equivalents	4,7,8	₩ 5,268,779	₩ 120,412	₩ 5,389,191
Deposits	4,7,8	-	108,797	108,797
Short-term financial instruments	4,7,8	1,661,509	-	1,661,509
Financial assets at fair value through profit or loss	4,5,7,10	154,695	675,187	829,882
Financial assets at amortized cost	4,7	-	67,374	67,374
Derivative financial assets	4,5,7,10,26	220	-	220
Trade receivables	4,7,10	622,027	-	622,027
Other current financial assets	4,7,10	575,469	71,002	646,471
Income tax receivable		4,275	-	4,275
Inventories	15	138,644	-	138,644
Other current assets	14	468,099	2,054	470,153
Insurance contract assets		-	70	70
Assets held for sale	42	49,543	-	49,543
		8,943,260	1,044,897	9,988,157
Non-current assets				
Long-term financial instruments	4,7,8	12,992	-	12,992
Financial assets at fair value through profit or loss	4,5,7,10	484,753	2,714	487,467

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(in millions of Korean won)

		December 31, 2023		
	Notes	Formerly reported amount	Effect of changes in accounting policy	Restated amount
Financial assets at fair value through other comprehensive income	5,7,10	1,658,868	-	1,658,868
Investments in associates and joint ventures	16	2,941,239	-	2,941,239
Non-current derivative financial assets	4,5,7,10,26	12,340	-	12,340
Other non-current financial assets	4,7,10	289,480	54	289,534
Property and equipment	17	1,322,051	14,878	1,336,930
Intangible assets	19	5,688,508	80,379	5,768,887
Investment property	18	73,807	-	73,807
Right-of-use assets	20	1,770,900	2,256	1,773,156
Net defined benefit assets	22	60,429	1,212	61,641
Other non-current assets	14	255,674	3	255,677
Non-current insurance contract assets		-	129	129
Deferred income tax assets	24	519,144	-	519,144
		15,090,187	101,625	15,191,812
Assets of financial services business				
Cash and cash equivalents		120,412	(120,412)	-
Deposits		108,797	(108,797)	-
Financial assets at fair value through profit or loss		677,902	(677,902)	-
Financial assets at amortized cost		67,375	(67,375)	-
Property and equipment		14,878	(14,878)	-
Intangible assets		80,379	(80,379)	-
Right-of-use assets		2,256	(2,256)	-
Net defined benefit assets		1,212	(1,212)	-
Reinsurance assets		199	(199)	-
Other financial assets		71,055	(71,055)	-
Other assets		2,057	(2,057)	-
		1,146,522	(1,146,522)	-
Total Assets		₩ 25,179,969	₩ -	₩ 25,179,969
Liabilities				
Current liabilities				
Trade and other payables	4,7,12	₩ 1,799,199	₩ 70,241	₩ 1,869,440
Short-term borrowings	4,7,21,37	1,629,452	-	1,629,452
Deposits received	4,7,13	521,689	714,931	1,236,620
Other current financial liabilities	4,7,13	1,556,291	2,888	1,559,179
Other current liabilities	14	802,219	6,501	808,720
Income tax payable	24	144,441	-	144,441
Provisions	25	20,652	21	20,673
Derivative financial liabilities	5,7,26	8,196	-	8,196
Short-term lease liabilities	4,20,37	284,615	971	285,586
Insurance contract liabilities		-	1,832	1,832

KAKAO CORP. and Subsidiaries
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(in millions of Korean won)

		December 31, 2023		
	Notes	Formerly reported amount	Effect of changes in accounting policy	Restated amount
		6,766,753	797,386	7,564,139
Non-current liabilities				
Non-current trade and other payables	4,7,12	67,666	-	67,666
Long-term borrowings	4,7,21,37	845,628	-	845,628
Non-current provisions	25	80,962	823	81,786
Long-term lease liabilities	4,20,37	1,730,858	741	1,731,599
Net defined benefit liabilities	22	22,455	-	22,455
Other long-term employee benefits liabilities	23	69,997	2,662	72,660
Deferred income tax liabilities	24	719,232	-	719,232
Other non-current financial liabilities	4,7,13	161,765	14,890	176,655
Other non-current liabilities	14	38,620	-	38,620
Non-current insurance contract liabilities		-	931	931
		3,737,184	20,047	3,757,231
Liabilities of financial services business				
Deposits received		714,931	(714,931)	-
Other long-term employee benefits liabilities		4,485	(4,485)	-
Provisions		845	(845)	-
Insurance contract liabilities		2,763	(2,763)	-
Lease liabilities		1,711	(1,711)	-
Other financial liabilities		88,019	(88,019)	-
Other liabilities		4,679	(4,679)	-
		817,434	(817,434)	-
Total Liabilities		11,321,370	-	11,321,370
Equity				
Share capital	1,27	44,535	-	44,535
Share premium	27	8,839,891	-	8,839,891
Other components of equity	29	7,571	-	7,571
Accumulated other comprehensive income(loss)	30	(1,050,415)	-	(1,050,415)
Retained earnings	31	1,922,137	-	1,922,137
Equity attributable to owners of the Parent Company	41	9,763,719	-	9,763,719
Non-controlling interests		4,094,880	-	4,094,880
Total Equity		13,858,599	-	13,858,599
Total Equity and Liabilities		₩ 25,179,969	₩ -	₩ 25,179,969

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(in millions of Korean won)

(in millions of Korean won)	January 1, 2023						
	Notes		Formerly reported amount		Effect of changes in accounting policy		Restated amount
Assets							
Current assets							
Cash and cash equivalents	4,7,8	₩	4,780,244	₩	55,665	₩	4,835,909
Deposits	4,7,8		-		66,511		66,511
Short-term financial instruments	4,7,8		1,210,213		-		1,210,213
Financial assets at fair value through profit or loss	4,5,7,10		565,644		396,137		961,781
Financial assets at amortized cost	4,7		-		6,175		6,175
Derivative financial assets	4,5,7,10,26		351		-		351
Trade receivables	4,7,10		440,899		-		440,899
Other current financial assets	4,7,10		361,873		15,364		377,238
Inventories	15		160,328		-		160,328
Other current assets	14		236,180		3,659		239,839
			7,755,733		543,511		8,299,244
Non-current assets							
Long-term financial instruments	4,7,8		10,132		-		10,132
Financial assets at fair value through profit or loss	4,5,7,10		502,078		100,480		602,557
Financial assets at fair value through other comprehensive income	5,7,10		1,449,567		-		1,449,567
Non-current financial assets at amortized cost	4,7		-		10,000		10,000
Investments in associates and joint ventures	16		2,651,898		-		2,651,898
Non-current derivative financial assets	4,5,7,10,26		6,211		-		6,211
Other non-current financial assets	4,7,10		269,788		226		270,014
Property and equipment	17		885,397		15,037		900,435
Intangible assets	19		6,022,352		70,561		6,092,913
Investment property	18		20,878		-		20,878
Right-of-use assets	20		1,715,592		3,093		1,718,685
Net defined benefit assets	22		69,448		289		69,737
Other non-current assets	14		353,770		13,522		367,292
Deferred income tax assets	24		493,980		-		493,980
			14,451,091		213,209		14,664,300
Assets of financial services business							
Cash and cash equivalents			55,665		(55,665)		-
Deposits			66,511		(66,511)		-
Financial assets at fair value through profit or loss			496,616		(496,616)		-
Financial assets at amortized cost			16,175		(16,175)		-
Property and equipment			15,037		(15,037)		-
Intangible assets			70,561		(70,561)		-

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(in millions of Korean won)

		January 1, 2023			
	Notes	Formerly reported amount	Effect of changes in accounting policy	Restated amount	
Right-of-use assets		3,093	(3,093)	-	
Net defined benefit assets		289	(289)	-	
Other financial assets		15,590	(15,590)	-	
Other assets		17,181	(17,181)	-	
		756,720	(756,720)	-	
Total Assets		₩ 22,963,544	₩ -	₩ 22,963,544	
Liabilities					
Current liabilities					
Trade and other payables	4,7,12	₩ 1,373,954	₩ 15,820	₩ 1,389,773	
Short-term borrowings	4,7,21,37	1,096,884	-	1,096,884	
Deposits received	4,7,13	442,303	394,287	836,590	
Other current financial liabilities	4,7,13	38,623	2,216	40,839	
Other current liabilities	14	1,801,743	6,392	1,808,136	
Income tax payable	24	157,670	-	157,670	
Provisions	25	20,574	260	20,835	
Derivative financial liabilities	5,7,26	34,075	-	34,075	
Short-term lease liabilities	4,20,37	244,391	1,446	245,838	
Insurance contract liabilities		-	152	152	
		5,210,219	420,574	5,630,793	
Non-current liabilities					
Non-current trade and other payables	4,7,12	110,592	-	110,592	
Long-term borrowings	4,7,21,37	1,176,181	-	1,176,181	
Non-current provisions	25	70,152	863	71,016	
Long-term lease liabilities	4,20,37	1,643,416	881	1,644,297	
Net defined benefit liabilities	22	18,514	-	18,514	
Other long-term employee benefits liabilities	23	73,168	2,342	75,510	
Non-current derivative financial liabilities	5,7,26	3,540	-	3,540	
Deferred income tax liabilities	24	606,586	-	606,586	
Other non-current financial liabilities	4,7,13	25,620	15,073	40,693	
Other non-current liabilities	14	70,105	-	70,105	
		3,797,874	19,160	3,817,034	
Liabilities of financial services business					
Deposits received		394,287	(394,287)	-	
Other long-term employee benefits liabilities		2,845	(2,845)	-	
Provisions		1,124	(1,124)	-	
Insurance contract liabilities		152	(152)	-	
Lease liabilities		2,327	(2,327)	-	
Other financial liabilities		33,109	(33,109)	-	
Other liabilities		5,890	(5,890)	-	
		439,733	(439,733)	-	
Total Liabilities		9,447,827	-	9,447,827	

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

(in millions of Korean won)

		January 1, 2023		
	Notes	Formerly reported amount	Effect of changes in accounting policy	Restated amount
Equity				
Share capital	1,27	44,592	-	44,592
Share premium	27	8,116,372	-	8,116,372
Other components of equity	29	41,031	-	41,031
Accumulated other comprehensive income(loss)	30	(1,249,666)	-	(1,249,666)
Retained earnings	31	3,031,388	-	3,031,388
Equity attributable to owners of the Parent Company	41	9,983,718	-	9,983,718
Non-controlling interests		3,532,000	-	3,532,000
Total Equity		13,515,717	-	13,515,717
Total Equity and Liabilities		₩ 22,963,544	₩ -	₩ 22,963,544

The changes related to the restatement of the consolidated statement of financial position above have no impact on the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows.

KAKAO CORP. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

43. Events After the Reporting Period

Pursuant to the resolution of the Board of Directors' meeting held on February 12, 2025, the Parent Company disposed of 695 treasury shares, for the purpose of employee bonuses on February 26, 2025.

At the Board of Directors' meeting held on February 25, 2025, the Parent Company resolved to acquire the 13th foreign currency denominated non-guaranteed senior exchangeable bonds prior to their maturity, and on March 13, 2025, the Parent Company acquired USD 203,900,000 of the total par value of USD 212,200,000.

The Parent Company is expected to retire 2,202,644 treasury shares pursuant to the resolution of the Board of Directors' meeting held on March 11, 2025.

The Group resolved in its Board of Directors' meeting held on February 21, 2025, to acquire 2,711,351 shares of DEAR U Co., Ltd. for ₩ 135,568 million, as part of its strategy to enhance IP production capabilities under the SM 3.0 initiative. The expected acquisition date is March 24, 2025.

In January 2025, the Group was imposed a penalty of ₩ 5,968 million by the Personal Information Protection Commission (PIPC) for violating regulations regarding the Protection of Information Transferred Overseas from the Personal Information Protection Act. The Group recognizes this amount as provisions in the statement of financial position.

**Independent Auditor's Report on
Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
KAKAO CORP.

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We have audited Internal Control over Financial Reporting (ICFR) of KAKAO CORP. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2024, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 18, 2025 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on

our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes

The Group's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. The Group's ICFR for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Seung Whan Lee, Certified Public Accountant.



Samil PricewaterhouseCoopers

Seoul, Korea

March 18, 2025

This report is effective as at March 18, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Group's ICFR for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**Management's Report on the Effectiveness of
Internal Control over Financial Reporting for Consolidation Purposes**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee
of KAKAO CORP.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of KAKAO CORP. (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) for consolidation purposes for the year ended December 31, 2024.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes.

We assessed the design and operating effectiveness of ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements.

We designed and operated ICFR for consolidation purposes in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR for consolidation purposes based on *Best Practice Guidance for Evaluating and Reporting Internal Control over Financial Reporting* established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2024, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein.

We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

March 11, 2025

Shina Chung,
Chief Executive Officer

Wonmoon Oh,
Internal Control over Financial Reporting Officer