

CEO Letter to Shareholders (October 2025)

Dear Esteemed Shareholders,

This is Shina Chung, CEO of Kakao Corp.

Following my first letter to you shortly after my appointment last year, I am pleased to now share with you this second shareholder letter.

In my first shareholder letter, I promised that Kakao would chart a new growth curve beyond the mobile era, with AI as our next growth engine. To honor the promise to our 1.7 million shareholders and millions of users, my team and I have worked relentlessly to refine our execution and strategic direction.

Today, as we stand before the transformative wave of AI, I believe Kakao's foremost priority must be to seize this opportunity ahead of others and deliver breakthrough growth that directly enhances shareholder value. In this letter, I would like to lay out a concrete plan and strategic direction on how Kakao will grow onward by combining two core pillars: KakaoTalk and AI.

One Year of Fortifying the Foundation, Preparing for a Quantum Leap

Over the past year, we have reinforced the foundation for growth by focusing on the essence of the business and accelerating governance restructuring.

As a result, the total number of affiliates currently stands at 99, a significant decrease from 132 affiliates on my first day of work. And we do have a plan to further reduce the number to around 80 by the end of this fiscal year. This strategy refocuses Kakao on its core businesses for the AI era and takes a decisive step toward restoring public trust.

Furthermore, to establish a sound financial structure, we have diligently worked on corporate-wide cost optimization, as well as focusing on the core business. As a result, Kakao Corp. posted record-high quarterly consolidated operating profit of KRW 185.9 billion in Q2 this year, a 39% year-on-year increase. These results reflect not temporary gains but a sustainable and structurally stronger financial foundation.

With these efforts to streamline governance and secure a stable financial structure, I believe that the fundamentals of Kakao are now fully restored as promised in last year's shareholder letter.

AI for Users: Innovating the Daily Lives of 50 Million, Once More

Over the past year and a half, Kakao has stayed true to this direction, concentrating on the essence of "AI for users." Building on these efforts, Kakao is now ready to introduce AI that will be easy and convenient for all 50 million KakaoTalk users, tailored to their needs and preferences.

The first step is ChatGPT for Kakao, which will begin rolling out just days after this letter. Co-developed with OpenAI, this product connects ChatGPT with Kakao's agent ecosystem—integrating Kakao Map, Talk Gift, Talk Calendar, Melon, and a wide range of external partners—so users can enjoy a seamless end-to-end task completion experience. This new jointly developed product will be available directly in the Chatting Tab.

Moving forward, Kakao will continue to place user-centric AI at the core of our approach, working with global AI leaders such as OpenAI to orchestrate the optimal combination of models, computing, services, and agents, to deliver the best possible AI experience.

Next, we are preparing to launch Kanana in KakaoTalk, our on-device AI designed with privacy as the top priority. Developed in direct response to users' growing demand for stronger privacy, Kanana Nano is a lightweight AI model that runs entirely on and only

within a mobile device without any external server connection. By safeguarding personal information while leveraging the full context of conversations, it understands user intention, anticipates needs, and proactively suggests helpful actions—delivering an entirely new level of user experience.

Kanana Nano also delivers more than 40% better performance in Korean context understanding than global big-tech models, while providing the highest levels of data protection and user satisfaction. And because it operates locally on a mobile device, Kakao can reduce GPU costs significantly, ensuring not only stronger privacy but also economic efficiency in scaling AI services.

In addition, Kakao took a major step in August by unveiling its Model Context Protocol (MCP) and agentic AI platform, accelerating the expansion of an ecosystem where diverse external services can be connected via agents. Unlike the ecosystem during the mobile era, in the ecosystem fueled by AI agents, users will no longer need to search for and visit different apps, but will be able to execute all intended tasks and receive completed actions via chats. Through the agentic AI platform, Kakao will enable services both inside and outside the group to easily build and link AI agents.

Moreover, Kakao is taking proactive steps to advance both policies and technologies for a safer AI environment. As the first Korean company to establish and put into practice ethical AI principles, Kakao has built on this foundation to strengthen user protection across its services. In particular, we developed Kanana Safeguard—a Korean language- and culture-specific guardrail model that blocks harmful outputs in advance—and applied it across Kakao's AI services, further strengthening user protection.

Finally, Kakao has, for the first time in Korea, introduced a system that orchestrates multiple AI technologies—including ChatGPT, our own language models, on-device AI, and MCP—to deliver the most effective response to each user request. Notably, our adoption of on-device AI marks the first such attempt both domestically and globally by a platform provider, rather than a mobile-device manufacturer. As part of this rapid progress, Kakao reorganized last year to operate as an AI-native organization,

establishing small, agile ‘AI Studios’ that quickly build MVPs (Minimum Viable Products), test them with users, and validate market potential. Through these bold experiments, the studios have accumulated assets and knowledge that we are proud to say surpass those of any other company.

Going forward, Kakao will keep its highest priority on “AI for all 50 million users,” delivering yet another wave of everyday innovation.

Meanwhile, in September, KakaoTalk underwent a major update, shifting itself from a conversation-centric, purpose-driven messenger to a relationship and context-centric platform. We remain deeply mindful of the concerns voiced by our shareholders pertaining to this update, and Kakao will continue to listen closely to user feedback, communicate openly, and take proactive steps to make necessary improvements.

As part of these efforts, we plan to reintroduce the previous friends list in ‘Friends Tab,’ while keeping the new feed-type social feature as an optionality, available through a sub-tab or tab-in-tab option in Q4. Kakao will continue its endeavor to achieve dual objectives of maximizing user acceptance while simultaneously driving business growth.

Responsible Management: For Shareholders, AI Talent, and SMEs

Kakao began as a startup and has always understood that its growth must go hand in hand with the progress of society. Today, our approach to responsible management rests on three pillars: delivering shareholder value, nurturing Korea’s AI talent, and supporting the growth of our partners and small businesses.

Among these pillars, enhancing shareholder value remains our foremost duty. This year, we have expanded our TSR-linked compensation framework from senior management to all executives. Since my appointment, I have personally purchased Kakao shares on four occasions, totaling KRW 400 million, with other executives joining me—turning responsibility into action. I believe Kakao must live up to its

promise as a growth company by achieving meaningful expansion and sharing the results with our shareholders.

Next, we will focus on nurturing Korea's AI talent. Beyond introducing a new AI education program dedicated for youth, we will also partner with the four leading Korean science and technology institutions to invest KRW 50 billion over a five-year period starting next year to support AI-based education, research, and startup incubation. By strengthening the virtuous cycle that connects youth, universities, research, and entrepreneurship, Kakao aims to build a sustainable AI talent ecosystem in Korea.

Lastly, the growth of our small business partners is inseparable from the success of Kakao's ecosystem. We are therefore launching a task force titled 'Integrated Support for SMB' to consolidate scattered functions and strengthen unified support, ensuring customized assistance tailored to each partner's stage of growth.

Throughout my tenure, I will remain committed to the three pillars of responsible management, proving that Kakao is a company that progresses together with society.

Relentless Pursuit for Overwhelming Growth

Over the past year and a half, Kakao has accelerated the restructuring of its governance structure and carried out group-wide cost optimization, building a financial foundation that enables us to focus on future growth. With this foundation in place, we will, in the second half of this year, introduce a new wave of everyday innovation powered by the integration of AI and KakaoTalk.

Recognizing the fleeting innovation window that has opened for AI, Kakao will move with agility to seize market leadership and drive overwhelming growth, and in doing so, maximize shareholder value.

Our purpose has always been to “bring the future closer with technology that understands people,” and all of us at Kakao remain committed to delivering on that promise.

I invite you to join us on this journey, as Kakao combines KakaoTalk and AI to create new moments of growth.

Thank you.

Shina Chung

CEO, Kakao Corp.

A handwritten signature in black ink, appearing to read 'Shina Chung', with a stylized flourish at the end.